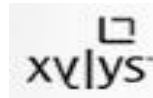


# Titan Company Limited



***Delivering value by creating Brands***

***October 2013***



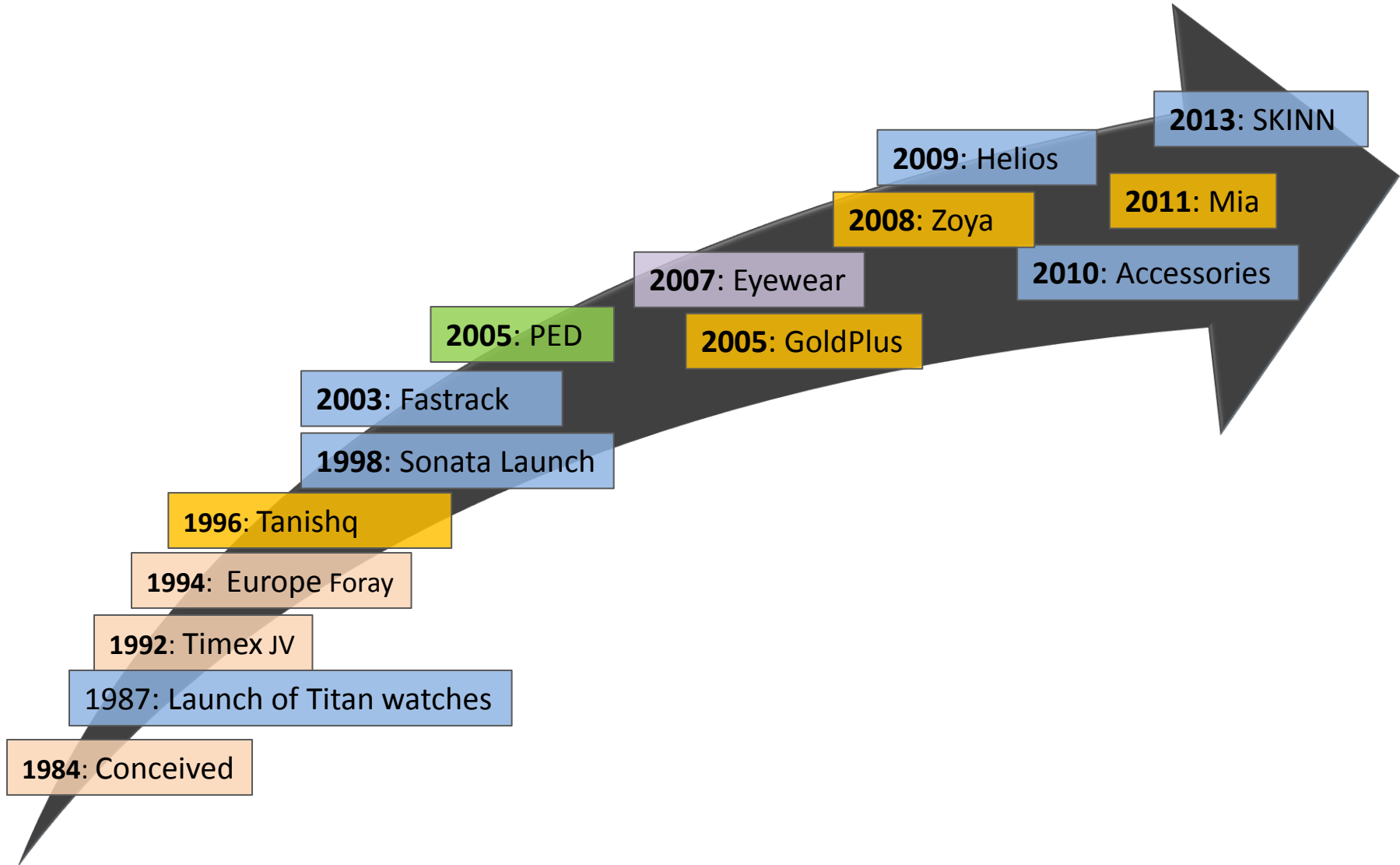
# Disclaimer



*Certain statements are included in this release which contain words or phrases such as “will,” “aim,” “will likely result,” “believe,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “project,” “should,” “will pursue” and similar expressions or variations of these expressions that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for our products, our growth and expansion, the adequacy of our allowance for credit to franchisees, dealers and distributors, technological changes, volatility in income, cash flow projections and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.*

*In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business activities; inflation, unanticipated turbulence in interest rates, foreign exchange rates, the prices of raw material including gold and diamonds, or other rates or prices; changes in Indian and foreign laws and regulations, including tax and accounting regulations; and changes in competition and the pricing environment in India. The Company may, from time to time make additional written and oral forward-looking statements, including statements contained in the Company’s filings with SEBI and the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company, to reflect events or circumstances after the date thereof.*

# The Journey



# Our Brands



Luxury

ZOYA

Premium



Mid Market



TANISHQ

TITAN



Mia



Mass Market



GOLDPLUS  
from TATA



EYE+

# India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS 48

Mid Market

WORLD of TITAN 367

TITAN One 83

TANISHQ 157

TITAN EYE+  
WORLD CLASS OPTICAL STORES

248

Service Centres

748

fastrack 147

Mass Market

GOLDPLUS 33  
from TATA

984 Exclusive stores  
(excl Titan One & Spexx)

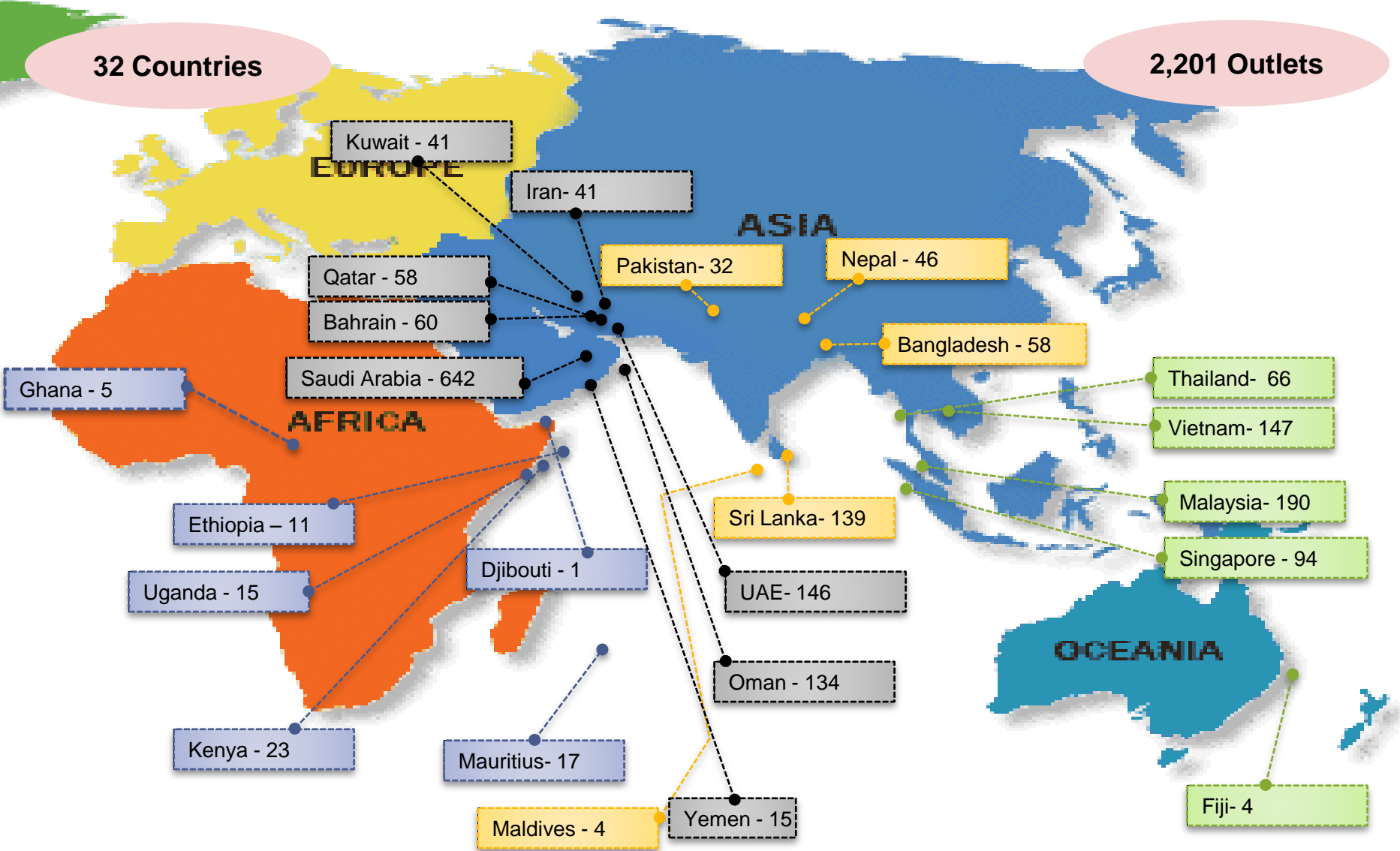
218 Towns

Over 1.35 million sft  
of retail space

# International presence

32 Countries

2,201 Outlets



# Where we stand today



- World's 5<sup>th</sup> largest Watch Manufacturer
- 65% market share in organized watch market
- *Sonata*: India's largest selling watch brand
- *Fastrack*: India's largest youth brand
- *Tanishq*: India's leading Jewellery player
- *Titan Eye+*: India's largest retail chain in Eyewear
- Strength in Retail: 984 stores with over 1.35 million sft area
- Distribution: More than 11,000 multi-brand outlets
- Precision Engineering: Preferred vendor for high precision components to many global manufacturers

# Watches Division





# Watches

## Five major brands

TITAN

xv|ys

NEBULA

SONATA

**fastrack**

## Points of Sales

- Exclusive “World of Titan” outlets
- “Fastrack” outlets
- Multi-brand outlets: “Helios”
- “TITAN One” outlets
- Multi-brand dealers and stores
- Large-format stores like Shoppers’ Stop, Lifestyle etc

## Large network of exclusive service centers

## Sophisticated Design & Development Center

- Core strength in Industrial, Retail and Graphic design
- Numerous international award-winning designs

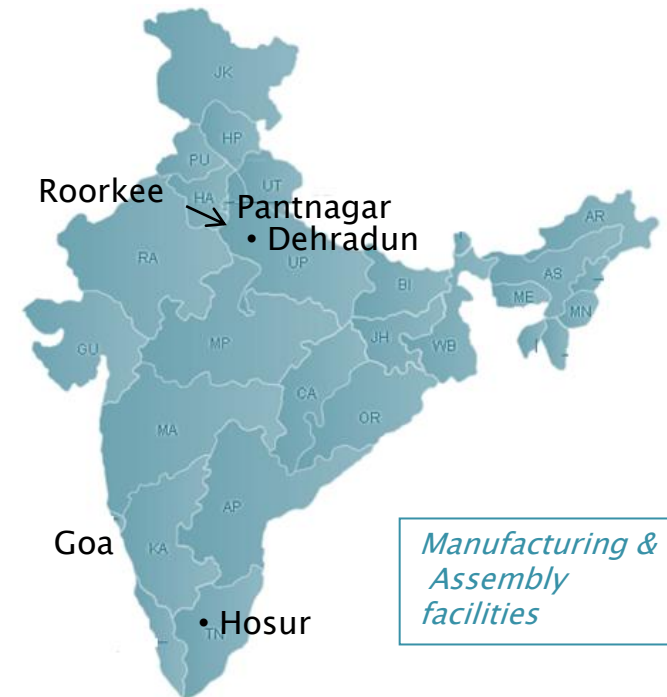
## Licensed brands

TOMMY HILFINGER





**Timberland** 

fcuk™

**POLICE**



# Watch Distribution

	<ul style="list-style-type: none"><li>• 367 showrooms</li><li>• 142 towns – 380k Sft</li></ul>
	<ul style="list-style-type: none"><li>• 147 stores / kiosks</li><li>• 71 towns – 83k sft</li></ul>
	<ul style="list-style-type: none"><li>• 48 stores</li><li>• 21 towns – 66k sft</li></ul>
	<ul style="list-style-type: none"><li>• 83 stores (3 added in Q2)</li><li>• 71 towns – 46k sft</li></ul>
<b>Service Centres</b>	<ul style="list-style-type: none"><li>• 748 outlets</li><li>• 265 towns</li></ul>
<b>Retail All India</b>	<ul style="list-style-type: none"><li>• 11,000 dealers</li><li>• 2,500 towns</li></ul>
<b>International</b>	<ul style="list-style-type: none"><li>• 2,201 outlets</li><li>• 32 countries</li></ul>

# Jewellery



ZOYA

TANISHQ

GOLDPLUS  
from TATA

Mia

fg  
TEEN  
DIAMONDS  
by TANISHQ



# Jewellery

Largest jewellery  
retailer in India

Three major brands  
– Tanishq, GoldPlus  
and Zoya

Sub-brand - Mia, for  
the working woman;  
fq for the teens

Customer First and  
Lean initiatives in  
manufacturing and  
retailing



Manufacturing  
facilities in Hosur,  
Dehradun and  
Pantnagar

Innovative Services –  
Golden Harvest  
scheme, Gift  
vouchers, Gold  
exchange schemes

# Jewellery Distribution

  
TANISHQ

- 159 stores including 2 Zoya stores (6 added in Q2)
- 586k sft (21k sft added in Q2)
- 89 towns

 GOLDPLUS  
from TATA

- 33 stores
- 81k sft
- 33 towns

# Eyewear & Precision Engineering





# Eyewear

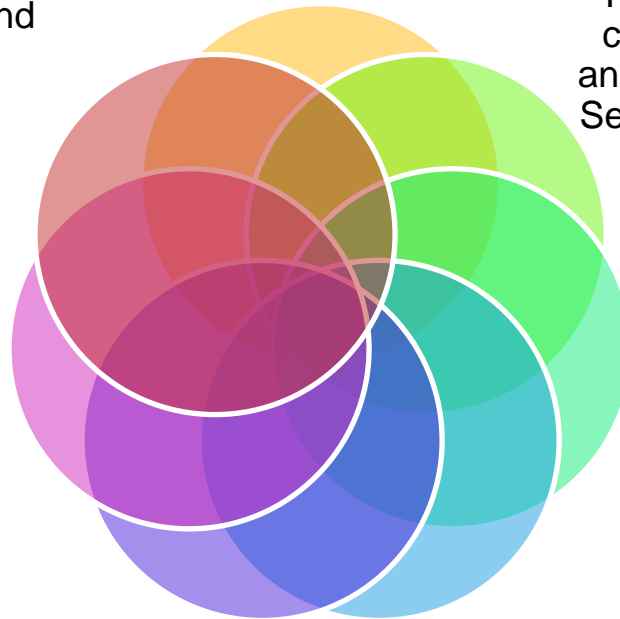


India's largest optical retail chain - 248 retail outlets, 91 towns

Products include frames, lenses, sunglasses, contact lenses, ready readers and accessories

House brands in frames for different consumer segments; Titan, Eyeplus, and Dash; Sunglasses: Titan, Fastrack; Several international and luxury brands

Key differentiators: Zero-error testing, differentiated and stylish frames & sunglasses backed by high-tech lenses; Browse, touch and feel display



State of the art Lens manufacturing facility at Chikkaballapur, near Bangalore

Tie-up with Sankar Nethralaya for training of store staff and optometrists

Vision check online – creating access; Remote eye testing at stores; New Spexx stores in hospitals

# Precision Engineering

Leverages engineering capabilities

B2B business – balances risk of B2C businesses

Sixty clients across the world including Eaton (US), Hamilton Sunstrand (US), Microtechnica (Italy), Pratt & Whitney (US), Ford (UK), Bosch (India)



PECSA (Precision Engineering Component and Sub-assemblies) - provides components and sub-assemblies to Aerospace, Automotive, Oil & Gas, Electrical and Medical Equipments industries

MBA (Machine Building and Automation) - provides assembly and testing lines catering to Automotive, Electrical & Electronics, Solar and Medical Equipments industries



# Titan Company Limited



## ***Q2 Performance***

# Q2 Background

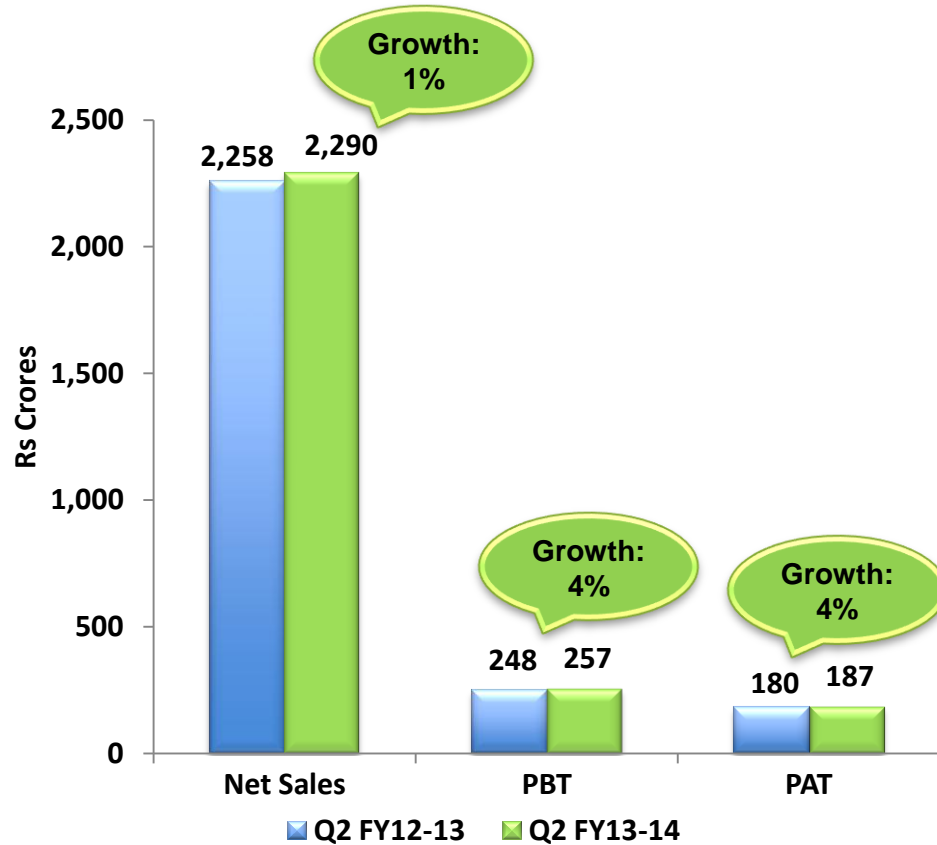
- Slowdown in economy continued – weak consumer demand
- Average gold price was 5% lower than previous year level
- RBI disallows gold-on-lease facility – company resorts to debt
- Issues with gold supply in the market
- Significant depreciation/ fluctuation of Rupee against US Dollar
- Successful activation programme for diamond jewellery during the quarter
- Sale of gold coins discontinued to help the government's efforts to reduce CAD
- Perfumes launched under the brand name 'SKINN'
- Focus on retail network expansion continues – 34 outlets (40k sft) added during the quarter across divisions
- Jewellery – Tanishq 'Inara' collection of diamond jewellery launched
- Eyewear – 'FLAIR' collection of frames launched

# Q2 - Retail growth

	<b>Sales value growth</b>	<b>Like to like growth</b>
World of Titan	-6%	-11%
Tanishq	1%	-7%
Goldplus	-20%	-21%
Helios	35%	-1%
Fastrack	30%	1%
LFS - Watches	7%	-5%
Titan Eye+	35%	25%

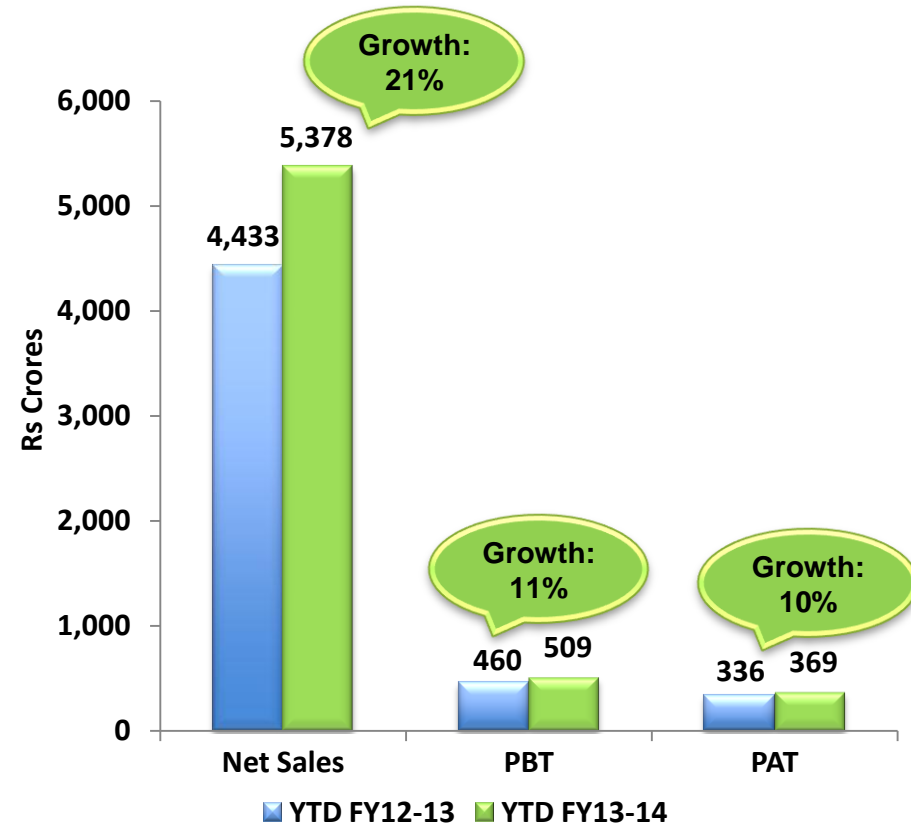
# Company performance

## Q2 Performance



- Sales growth (excluding coin sales): 8.4%
- PBT margin improved from 11.0% to 11.2%
- Margin: higher in Jewellery, lower in Watches

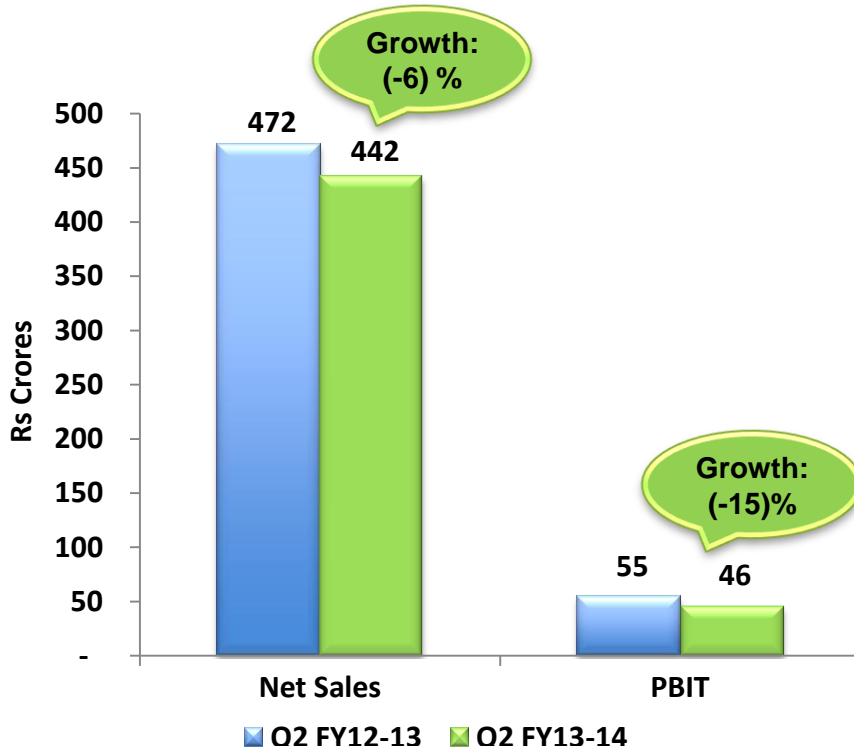
## YTD Performance



- Good growth in revenue in all divisions except Watches
- PBT margin declined from 10.4% to 9.5%
- Margin decline in Jewellery and Watches

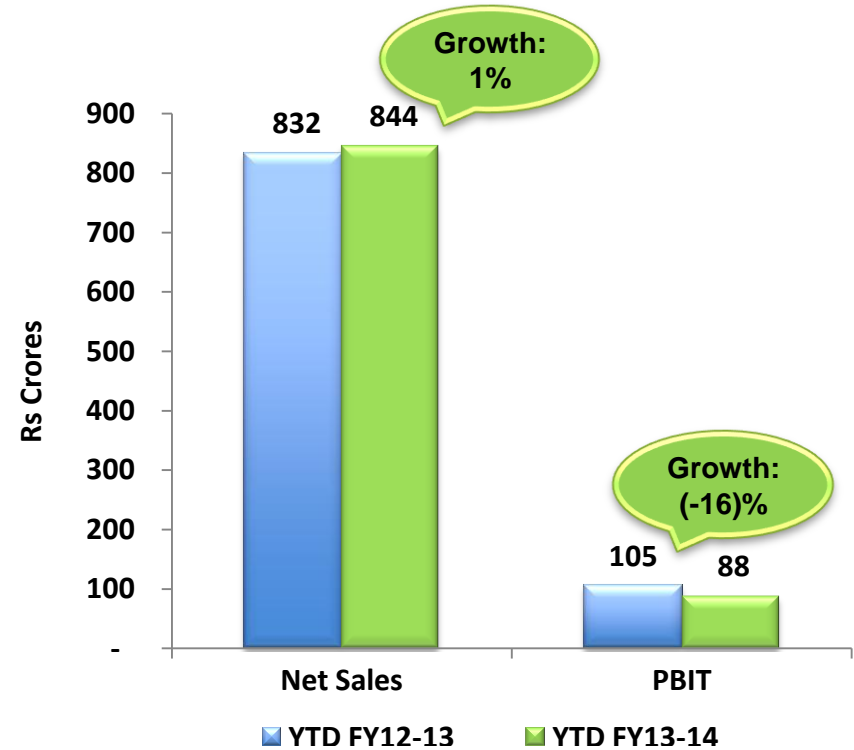
# Watches

## Q2 Performance



- Volume decline: 22%
- PBIT margin declined from 11.6% to 10.5%
- Margin affected by higher overheads and lower sales

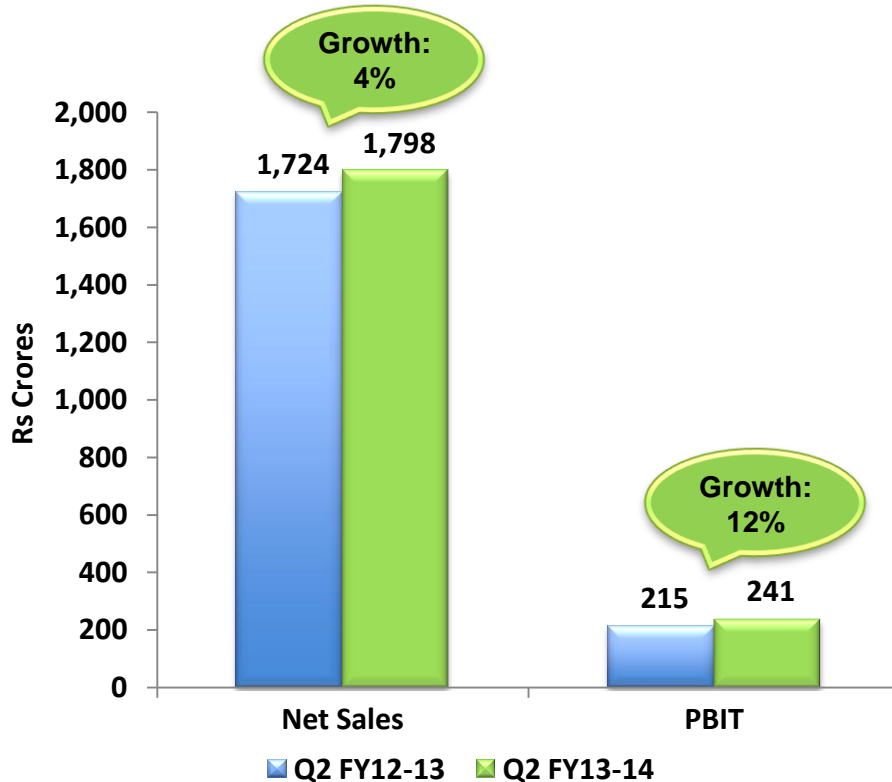
## YTD Performance



- Volume decline: 12%
- PBIT margin declined from 12.6% to 10.4%

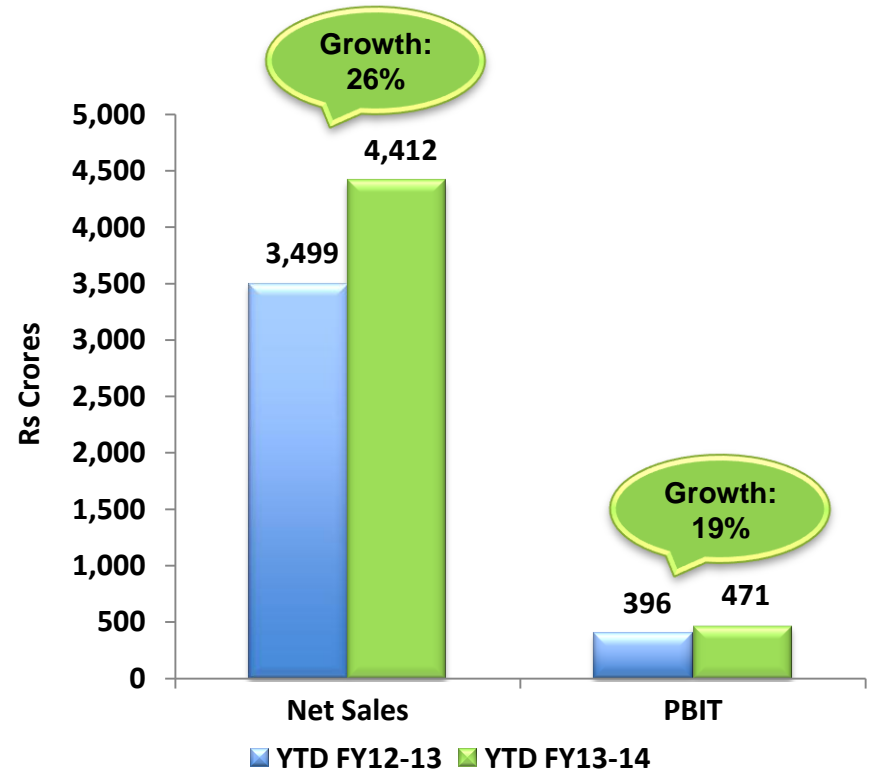
# Jewellery

## Q2 Performance



- Sales growth (excluding coins): 13.6%
- Customer growth: (-3%) - purchase advanced in Q1
- Grammage growth: (-4%); excluding coins: 10.4%
- High studded share: 37% - successful activation
- PBIT margin improved from 12.5% to 13.4%

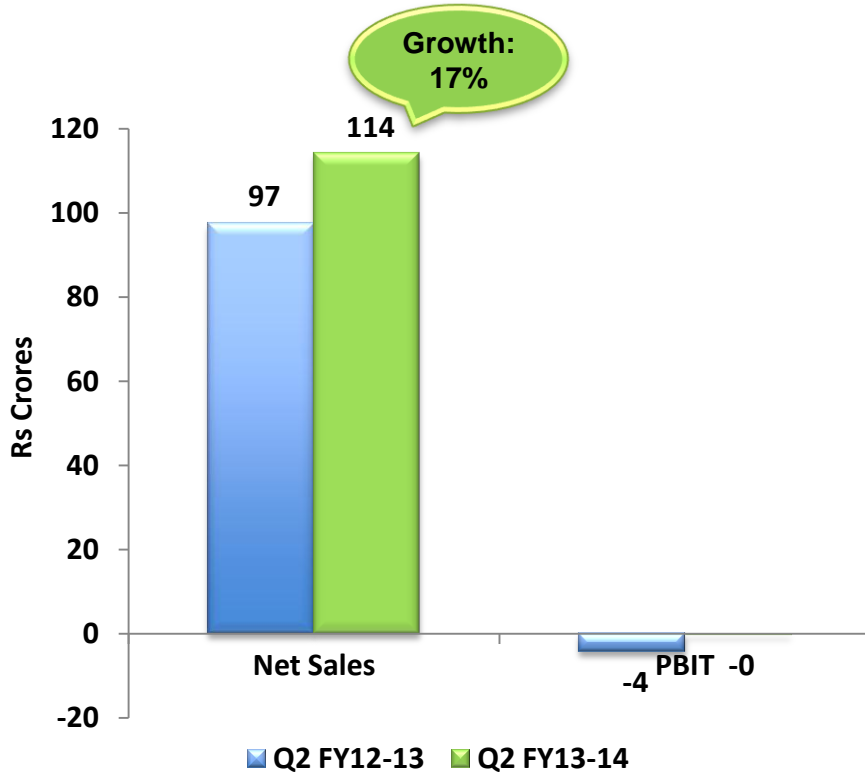
## YTD Performance



- Grammage growth: 35%
- Customer growth: 26%
- Studded share: 25%
- PBIT margin declined from 11.3% to 10.7%

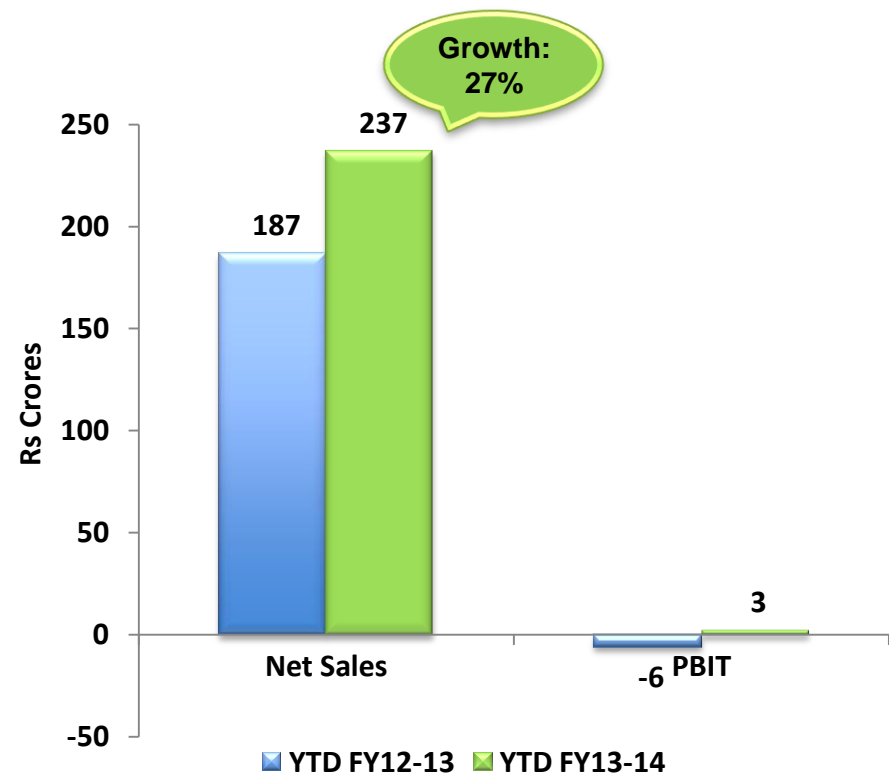
# Others Segment

## Q2 Performance



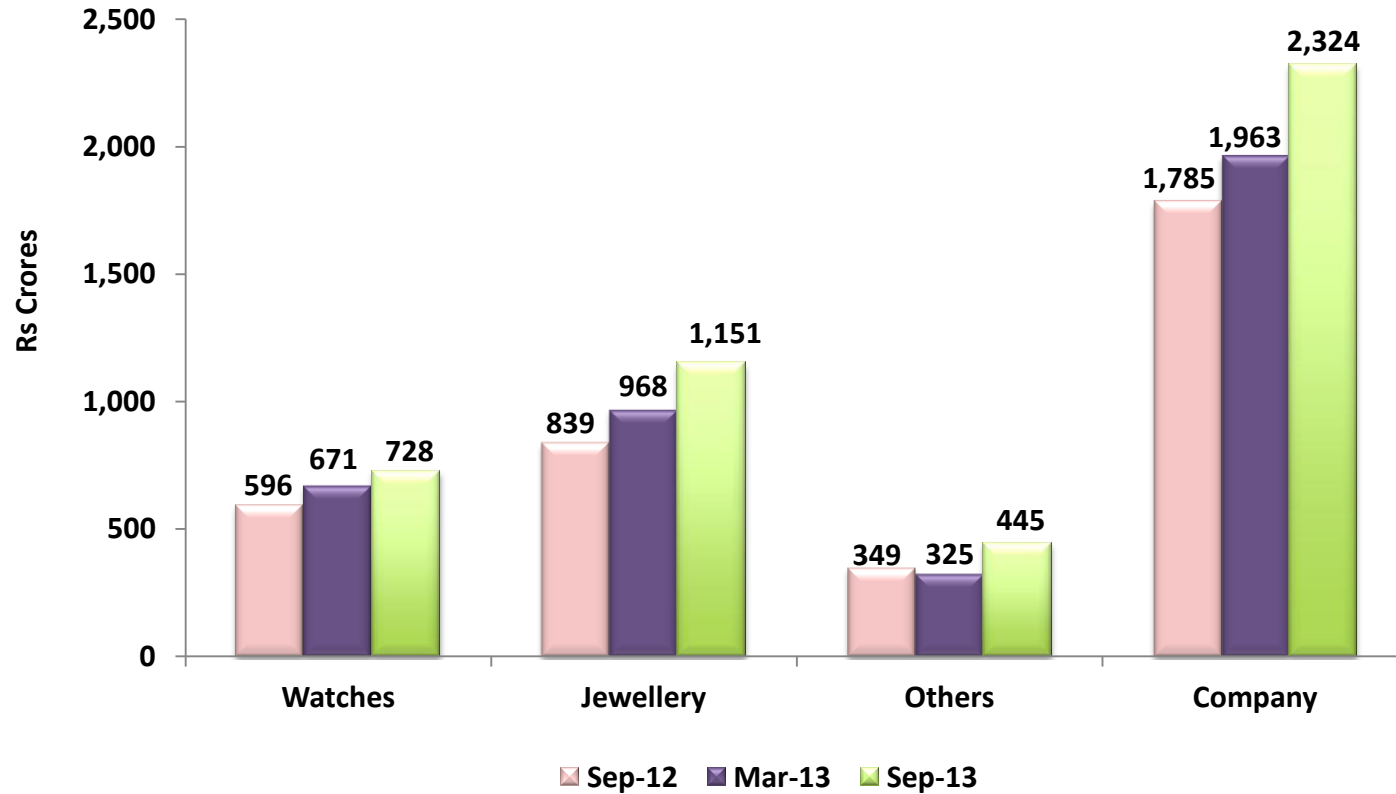
- Eyewear revenue growth: 32%
- PED revenue growth: 5%

## YTD Performance



- Eyewear revenue growth: 33%
- PED revenue growth: 26%

# Capital Employed

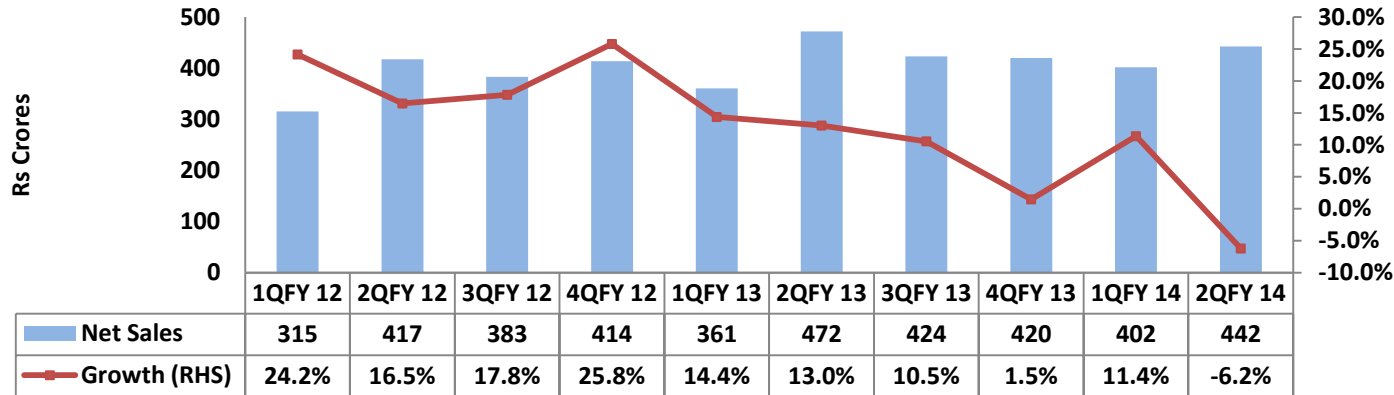


Capital employed for Jewellery and the Company is net of debt of Rs 604 Cr

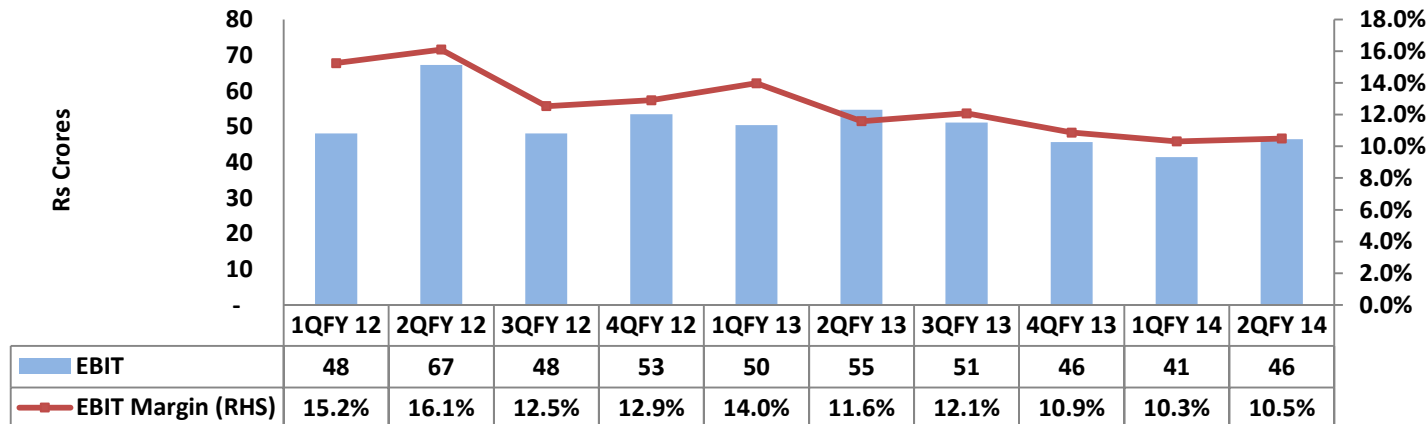


# Performance Trends - Quarterly

### Watches: Net Sales

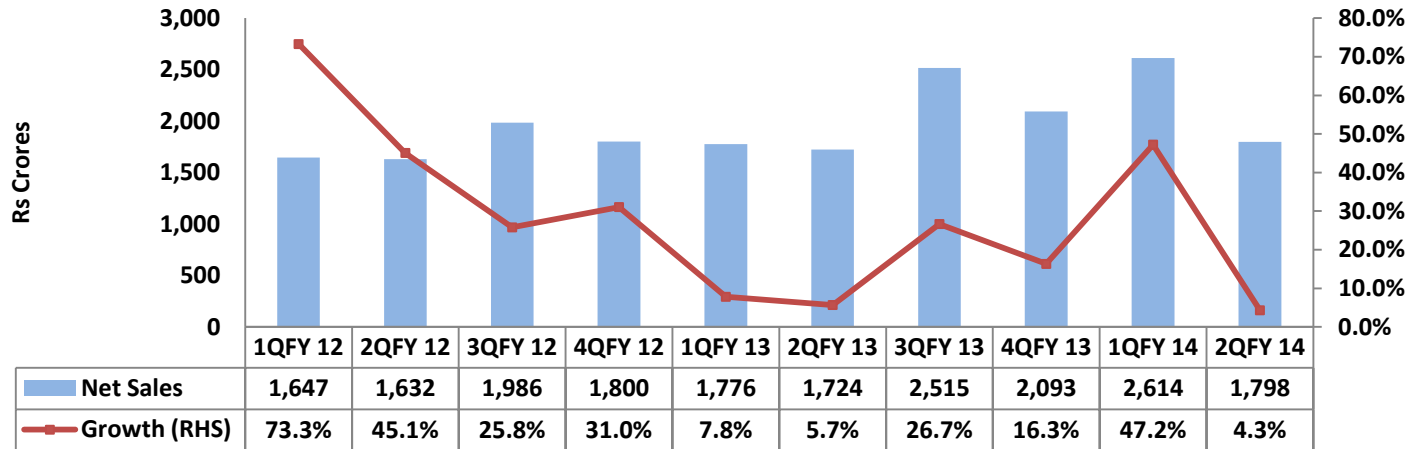


### Watches: EBIT and Margin

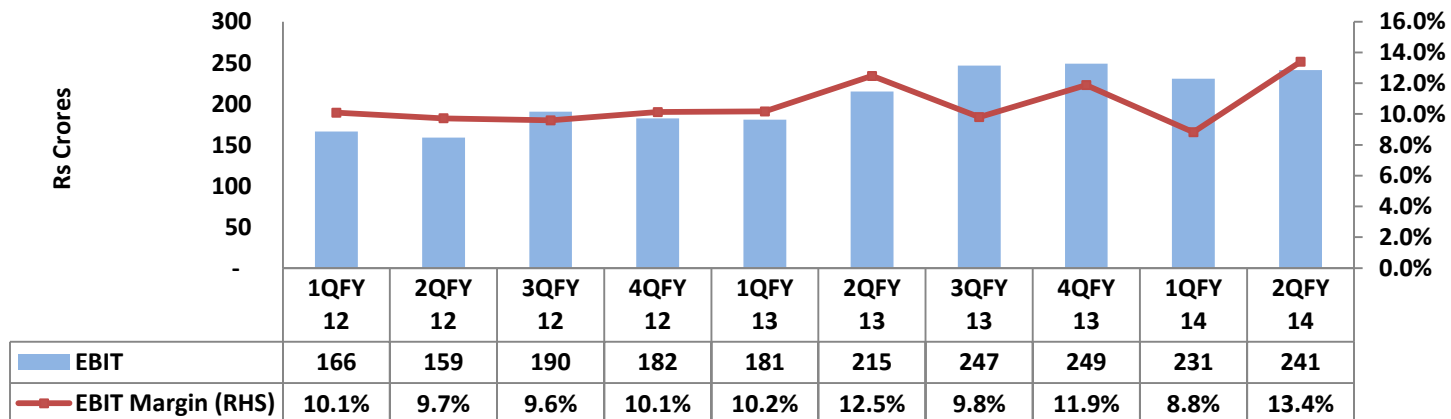


# Performance Trends - Quarterly

## Jewellery: Net Sales

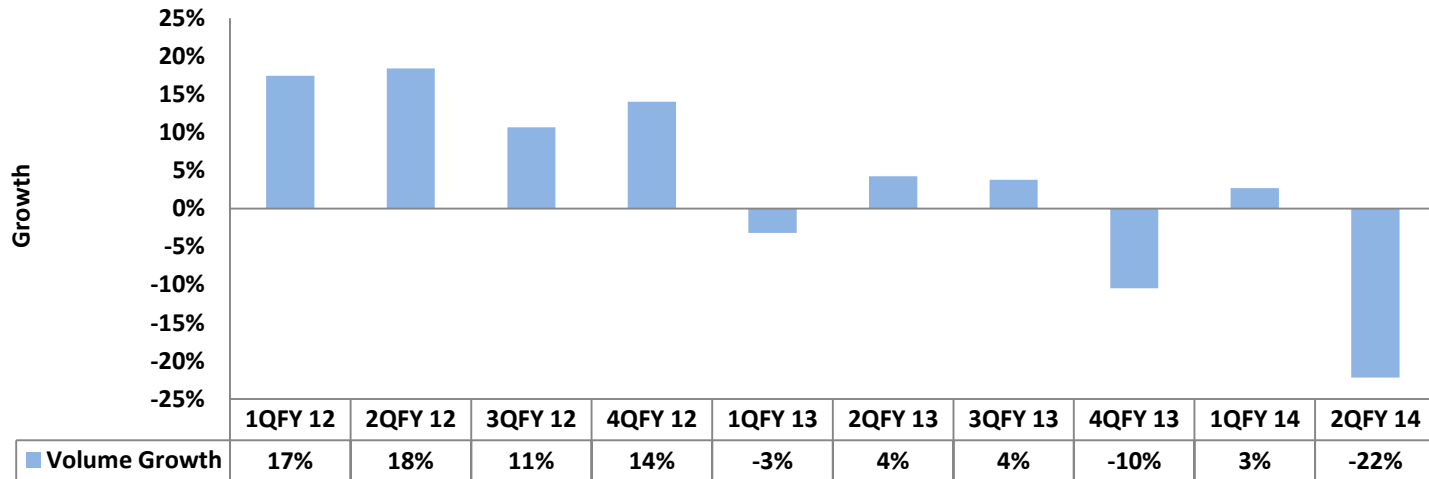


## Jewellery: EBIT and Margin

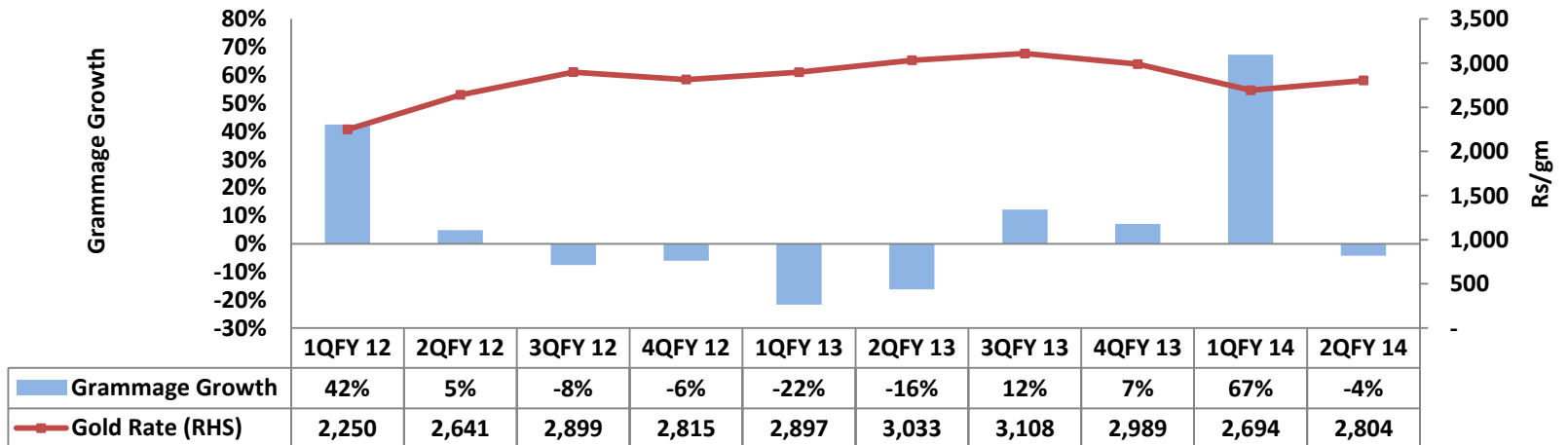


# Performance Trends - Quarterly

## Watches: Volume Growth

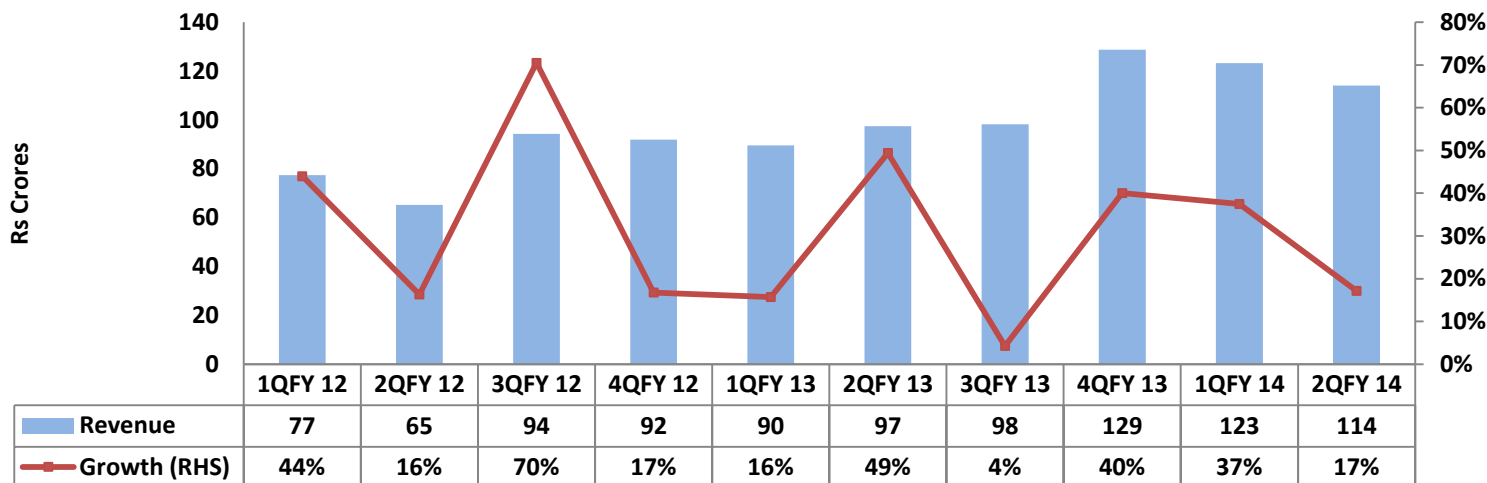


## Jewellery: Gold Rate and Grammage Growth

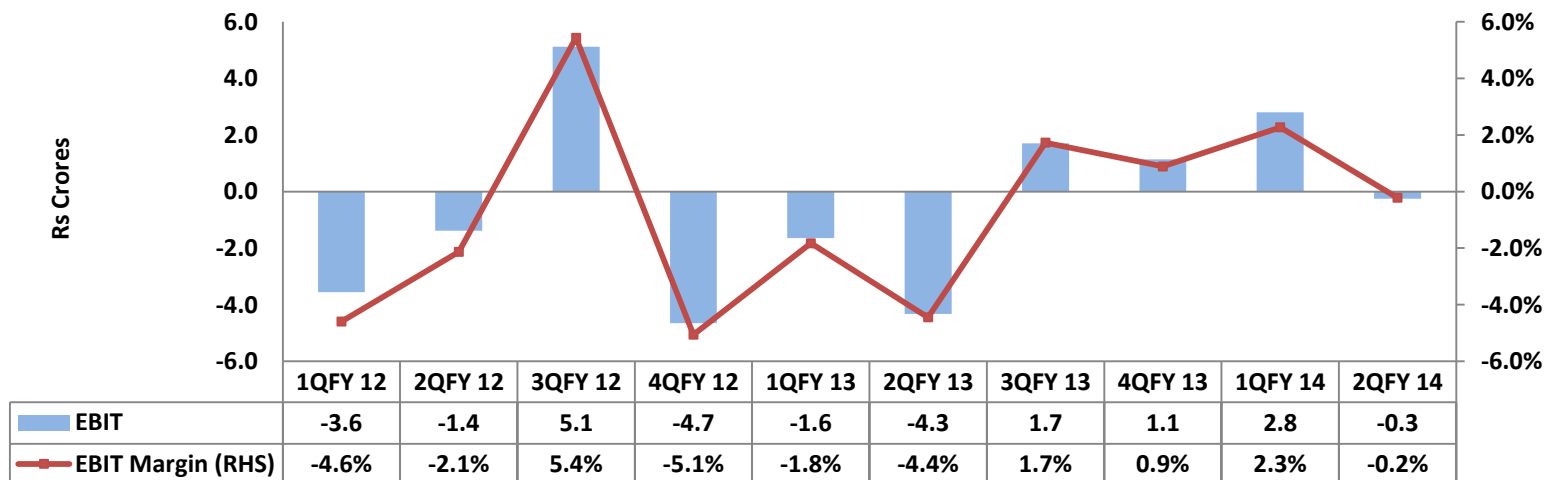


# Performance Trends - Quarterly

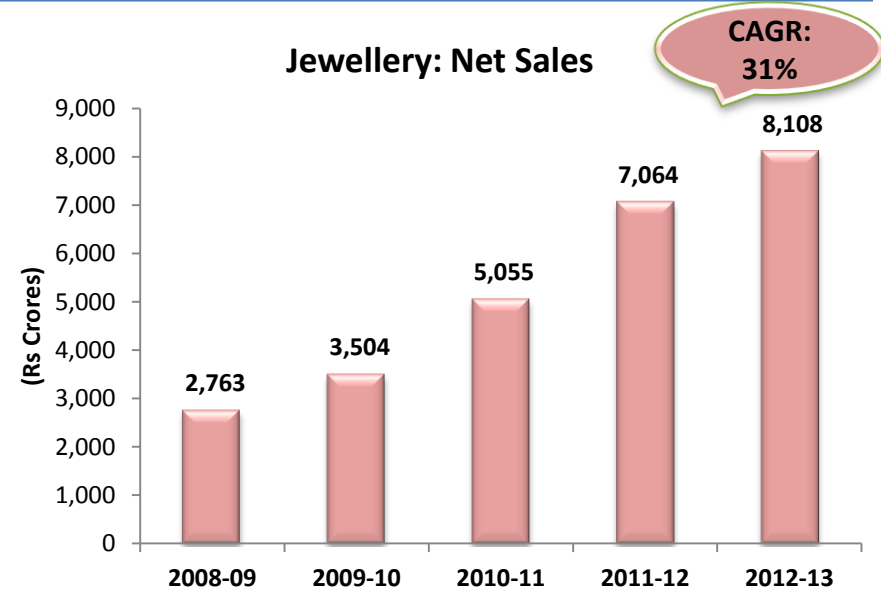
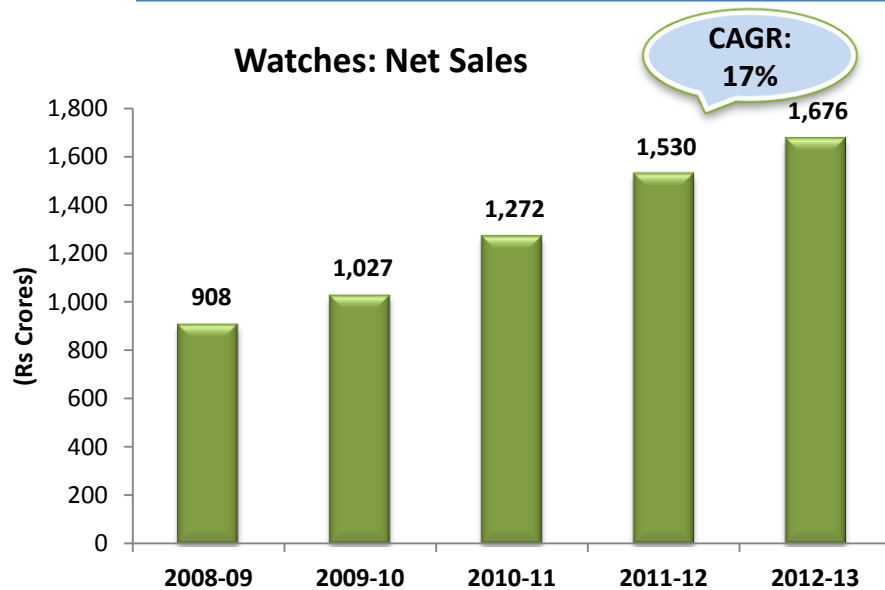
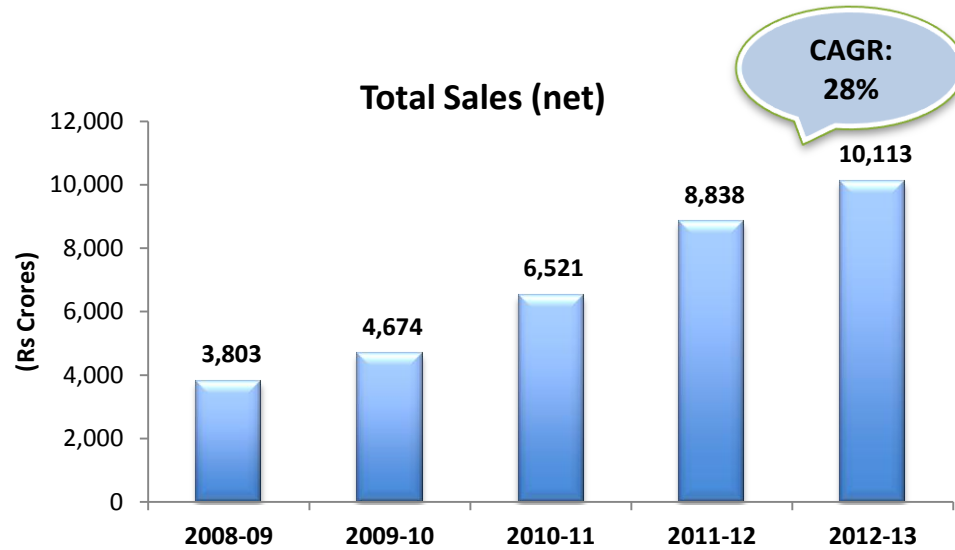
## Others: Net Sales



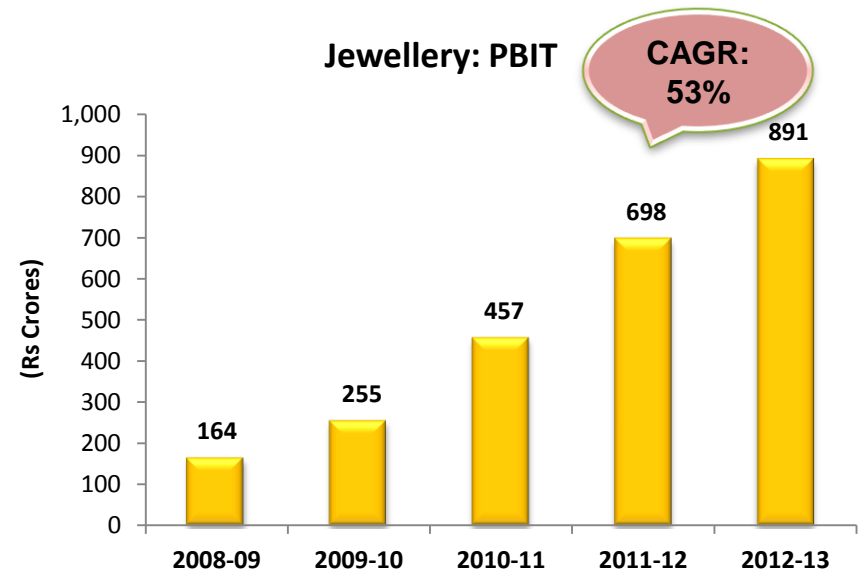
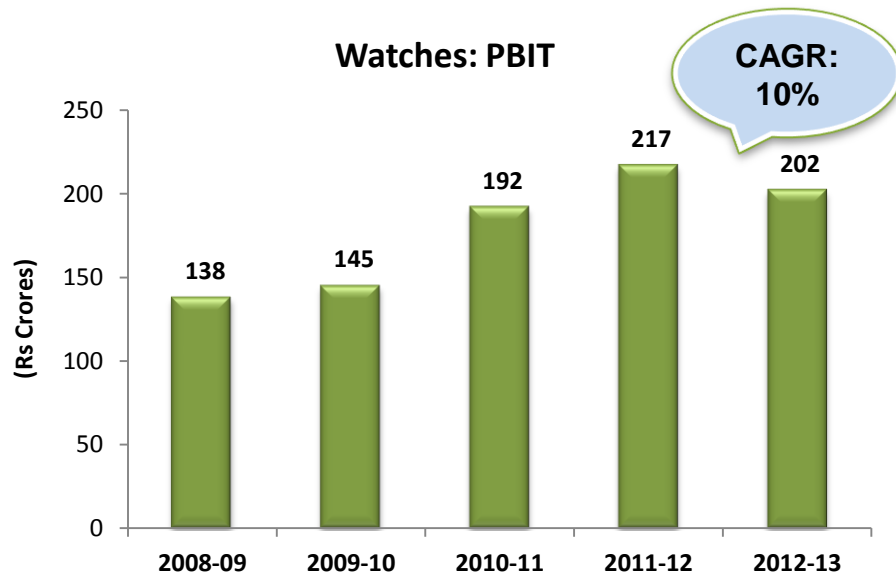
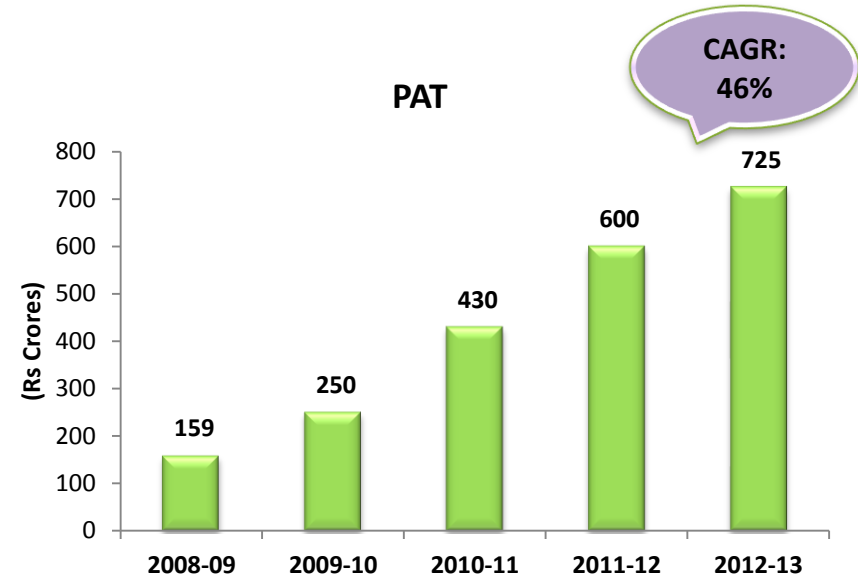
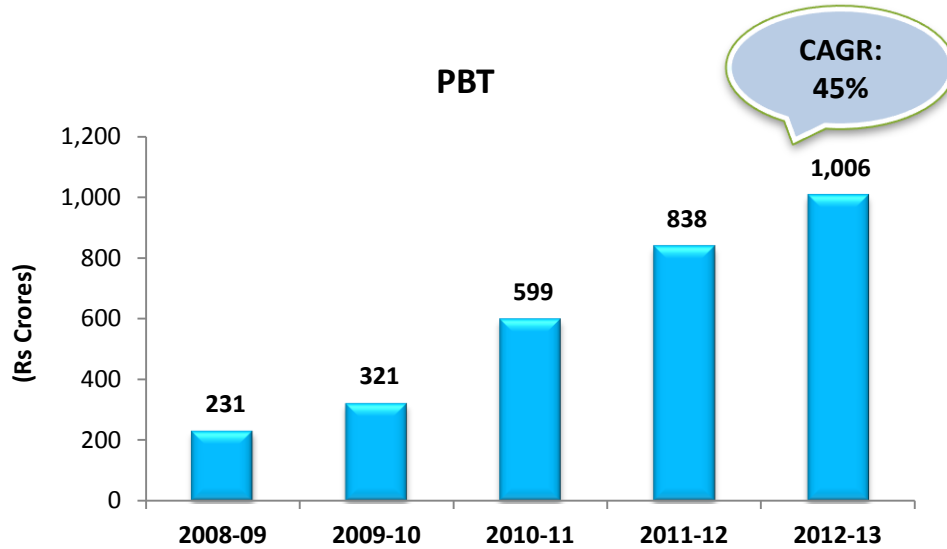
## Others: EBIT & Margin



# Performance Trends - Annual

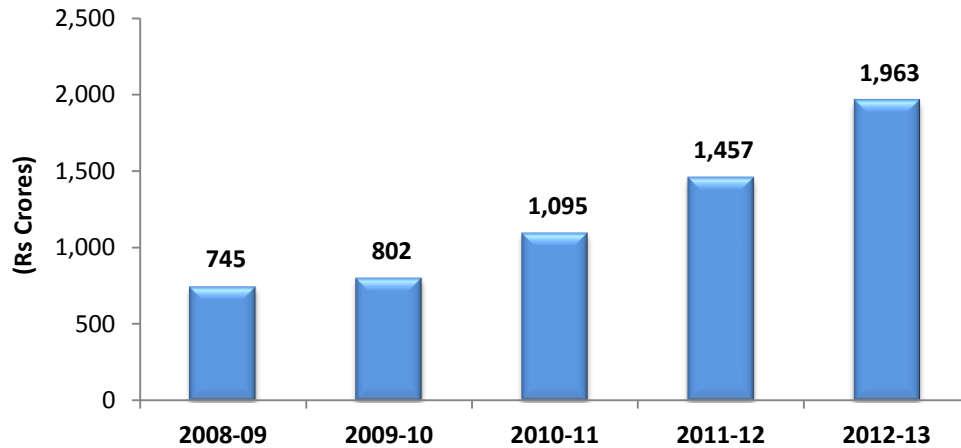


# Performance Trends - Annual



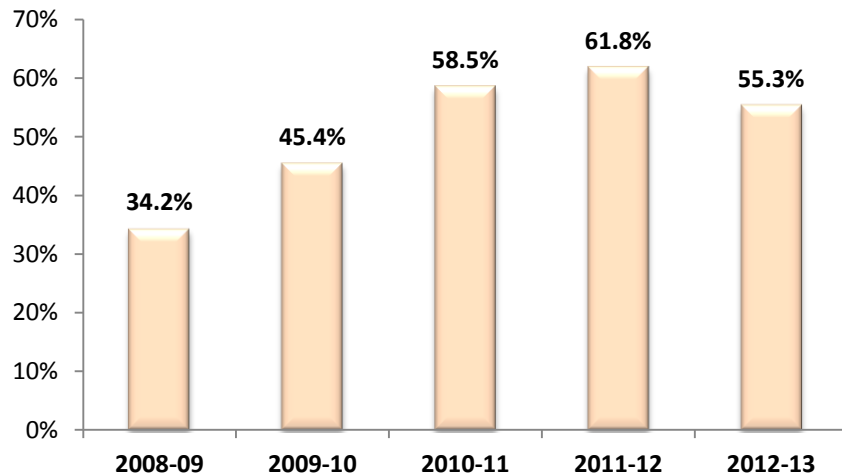
# Performance Trends - Annual

## Capital Employed

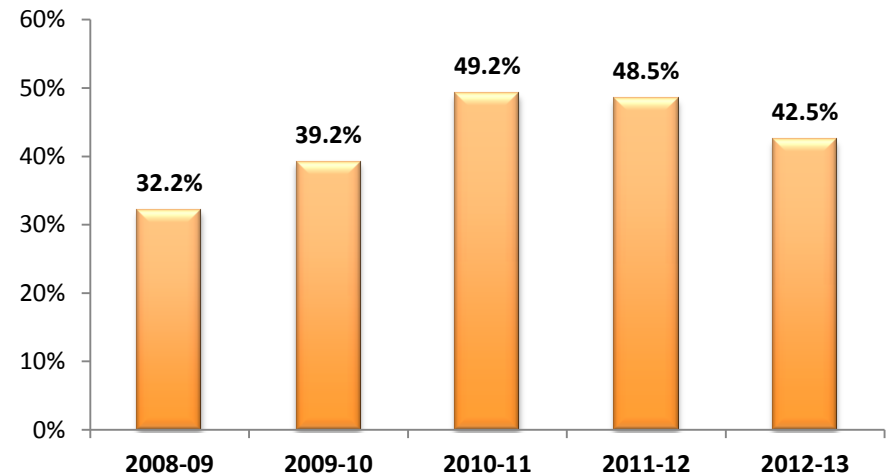


Cash balance up by  
Rs 1,082 Crores  
over the period

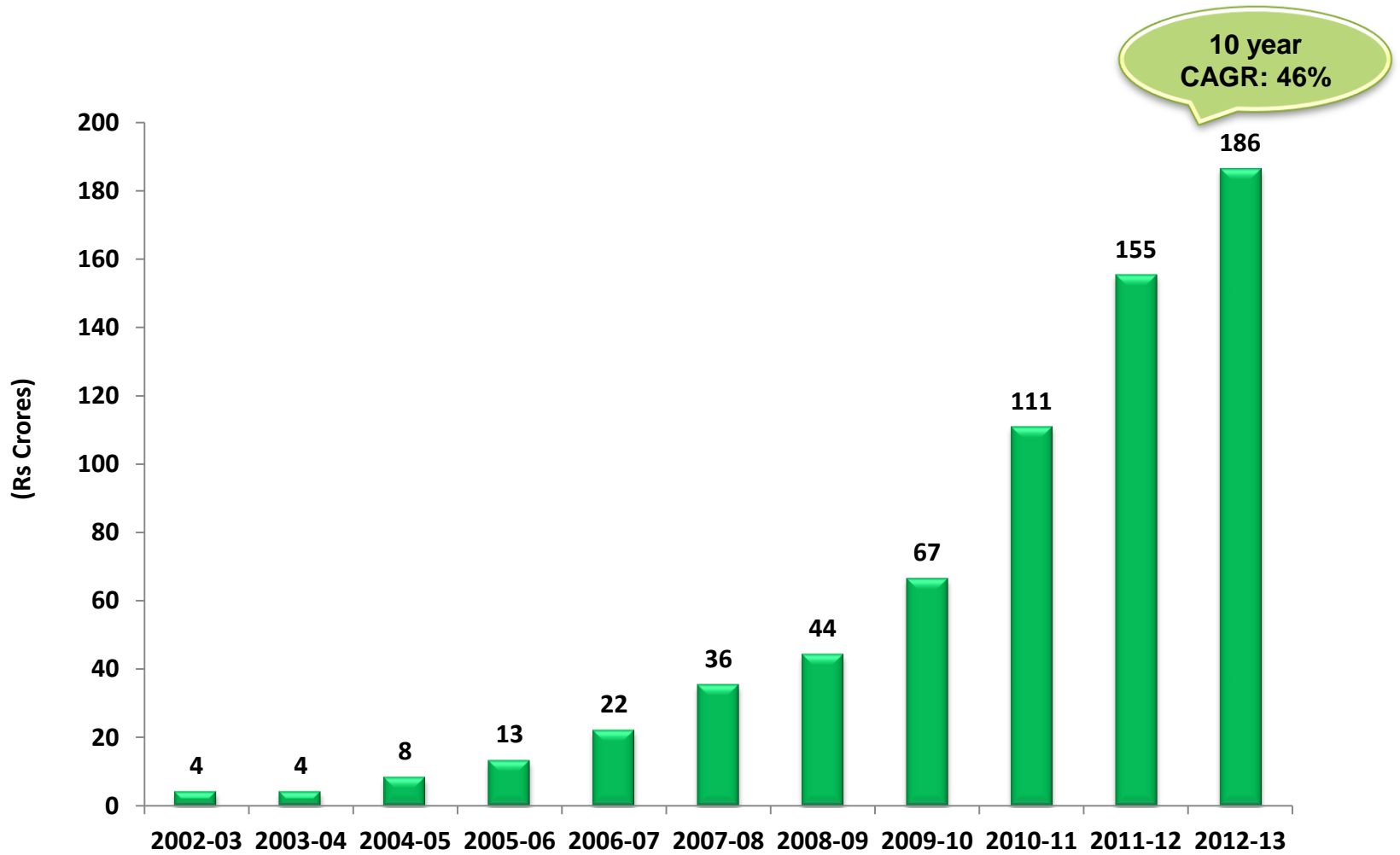
## ROCE



## ROE

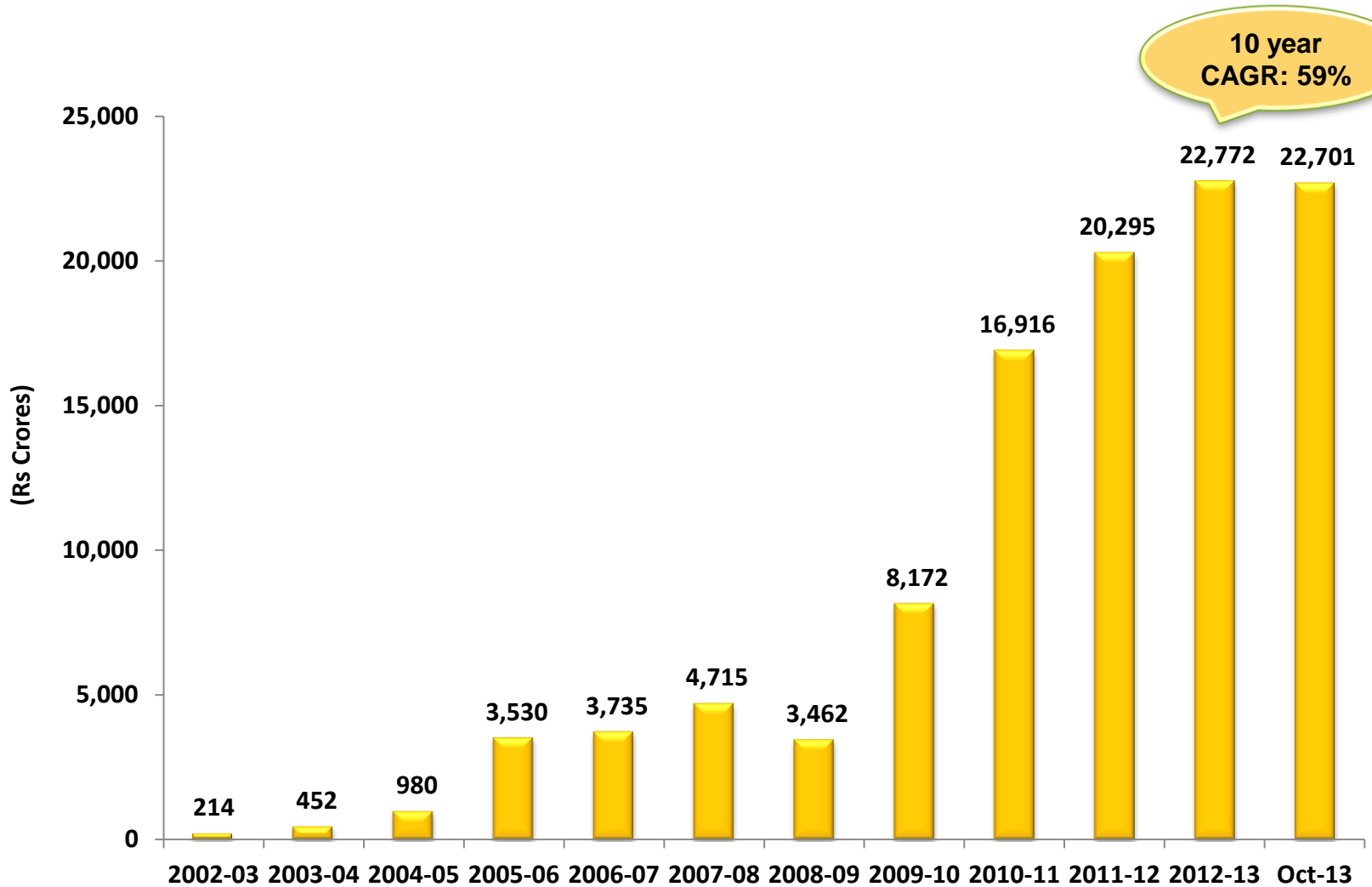


# Dividend





# Market Capitalisation



Note: Based on BSE closing prices at the end of the period

# Sustainability @TITAN



- CSR focus on the most neglected and exploited sections of society and empowering them through education, health and employability related initiatives
  - Support Girl Child Education: the Titan Kanya Program covers close to 12,000 children
  - Titan Scholarship: 150 scholarships each year
  - Employability: support to ITI's and creation of employment oriented skill training; creation of Titan Skill institute in long run
- Continue to work with Women Self Help Groups and the Karigars of the Jewellery industry and transform their lives
- Climate Change
  - Continuous monitoring and working on carbon footprint reduction
  - Investment in Green energy: wind power at our Hosur plants; piloting solar applications
  - Our factories at Hosur are Zero discharge plants
  - Focus on piloting green retail stores and rooftop solar applications during current year

# Recent Recognition



## Corporate

- Titan continues to be in *Forbes Asia's* FAB 50 companies list for 2013
- Gold Award (the best in India) and Best-of-the-Best Award (among the top 5 in Asia Pacific) at the Retail Asia-Pacific Top 500 Awards 2013
- “Transformational Leader of the Year” Award for Mr Bhaskar Bhat, MD at Managing India Awards 2013 by AIMA
- Best Governed Company Award 2012 from Asian Centre For Corporate Governance & Sustainability

## Watches

- CII award for Excellence in Energy management for the Watch Manufacturing Division, Hosur
- Sonata received recognition at the ABP Pitch Brands 50 Awards 2013
- Fastrack is placed 4<sup>th</sup> and Titan is placed 16<sup>th</sup> in the list of most exciting brands in India in the survey conducted by A C Nielsen and the *Economic Times* (Brand Equity)
- Silver Effie award for an effective 360 degree campaign for Titan HTSE

## Jewellery

- IIFT Fashion & Lifestyle Award 2013 for Tanishq
- IJ Jewellers Choice Award in the ‘Diamond Jewellery under 5L’ category for a necklace from ‘Ganga’ collection
- Designomics award for Mia product design and CII’s Best product design (Lifestyle category) award for Mia

# Titan Company Limited



***Thank You***