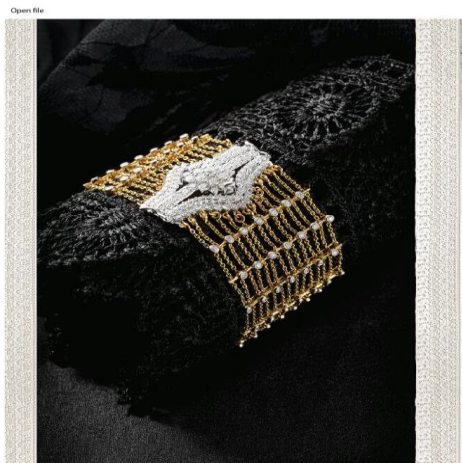


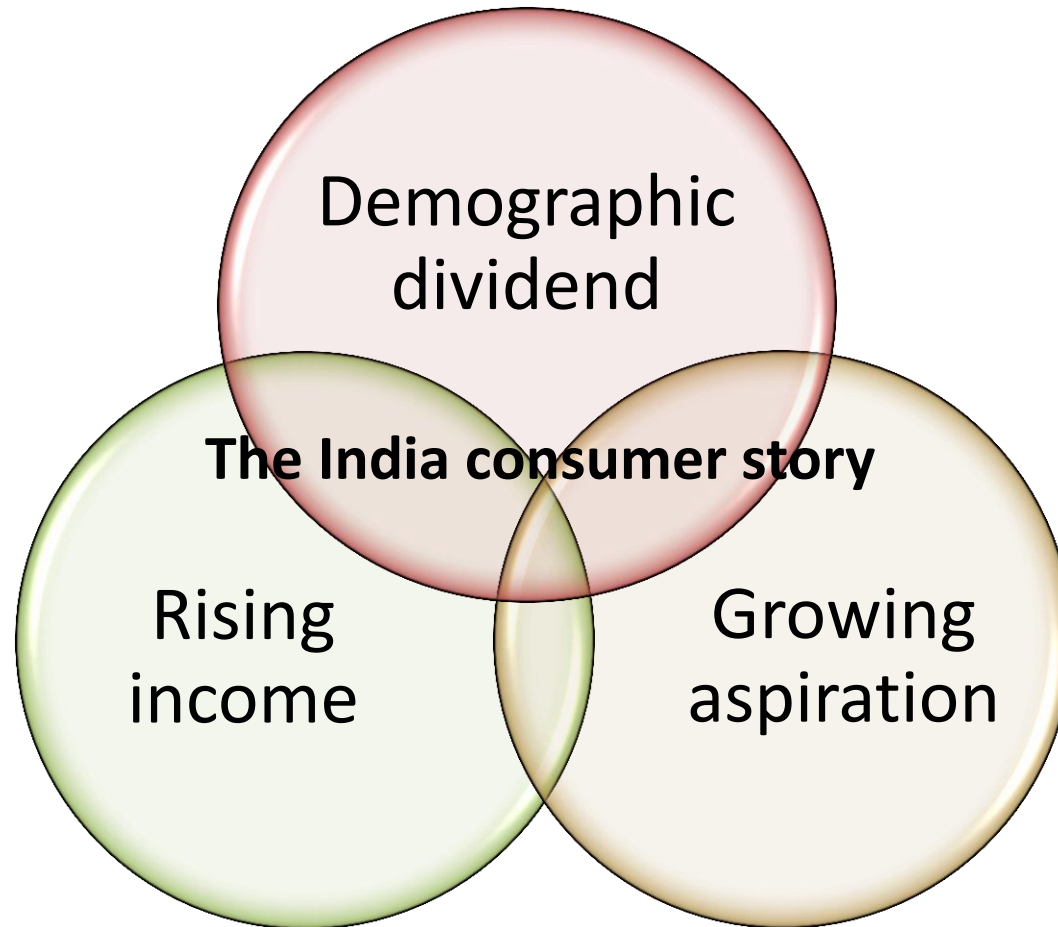


Restless, Responsible, Respected



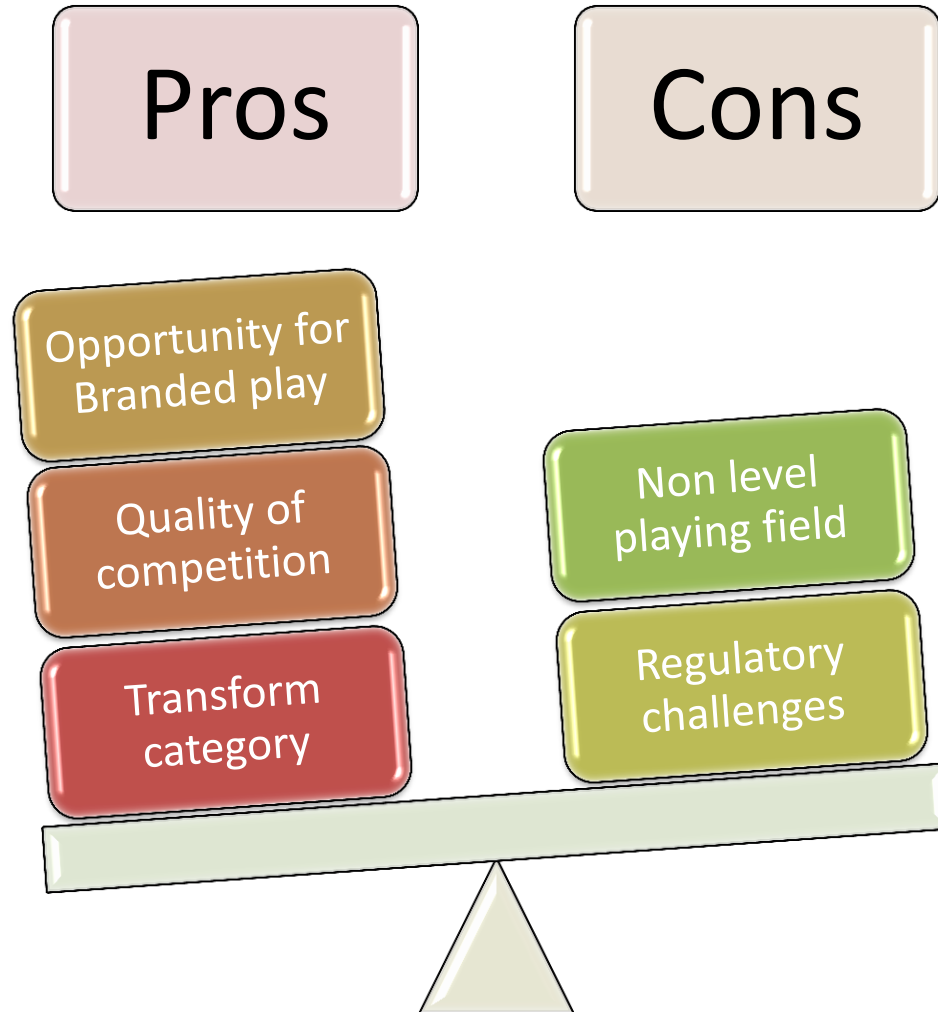
# The India consumption story – what excites us

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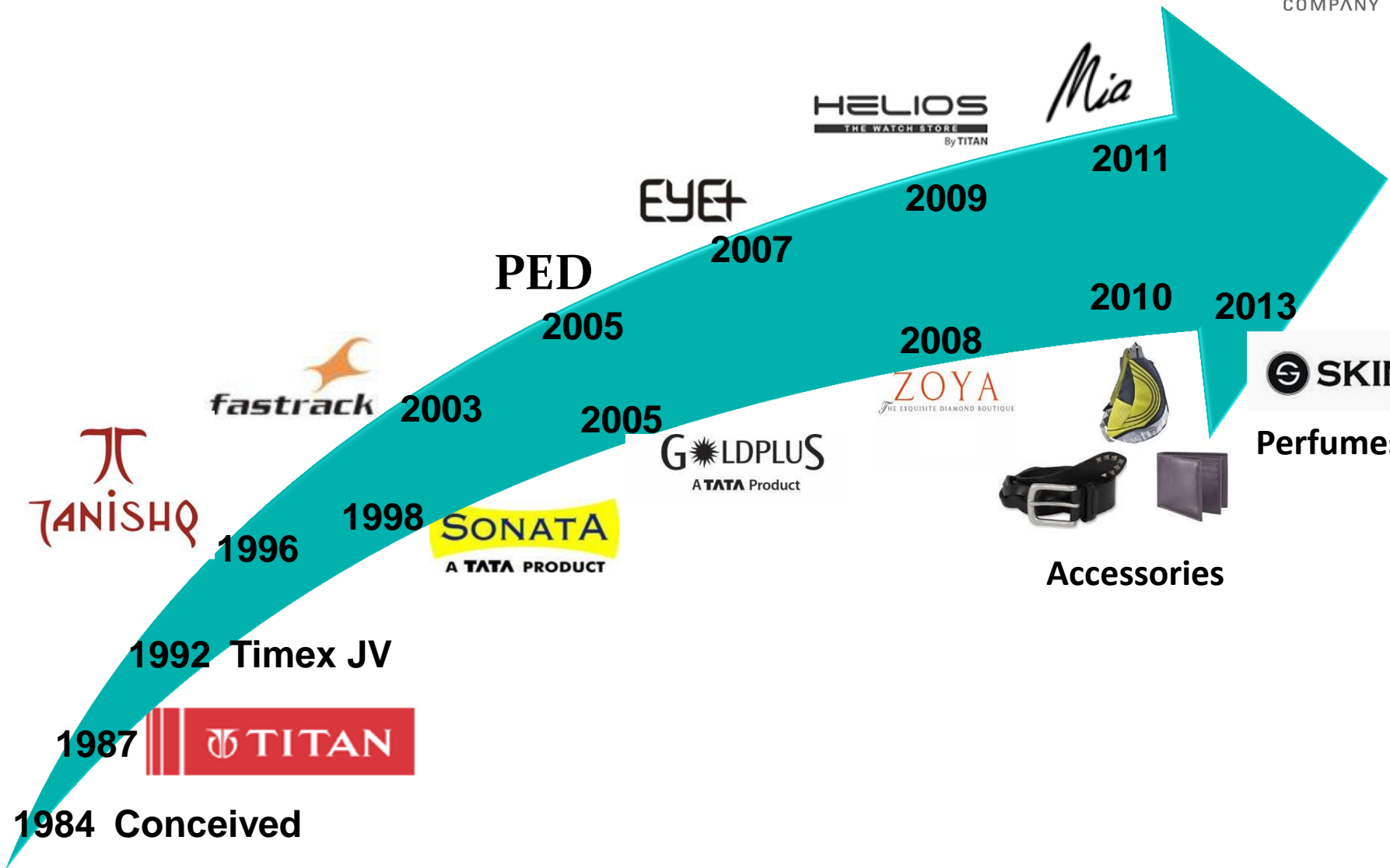


# Our categories

Unorganised, Under-served, Under-penetrated



# Our journey



Open, informal, nurturing  
Non Hierarchical  
Freedom to Challenge  
Intrapreneurial and “Dare to Try”  
Respect for the individual



## Foster a culture of Innovation to achieve breakthroughs in

Products

Brands

Business Model

Consumer Touch-points

Customer experience

## Enablers of Innovation

Innovation Bazaar



Innovation newsletter



InterWeave



Innovation school of Mgmt



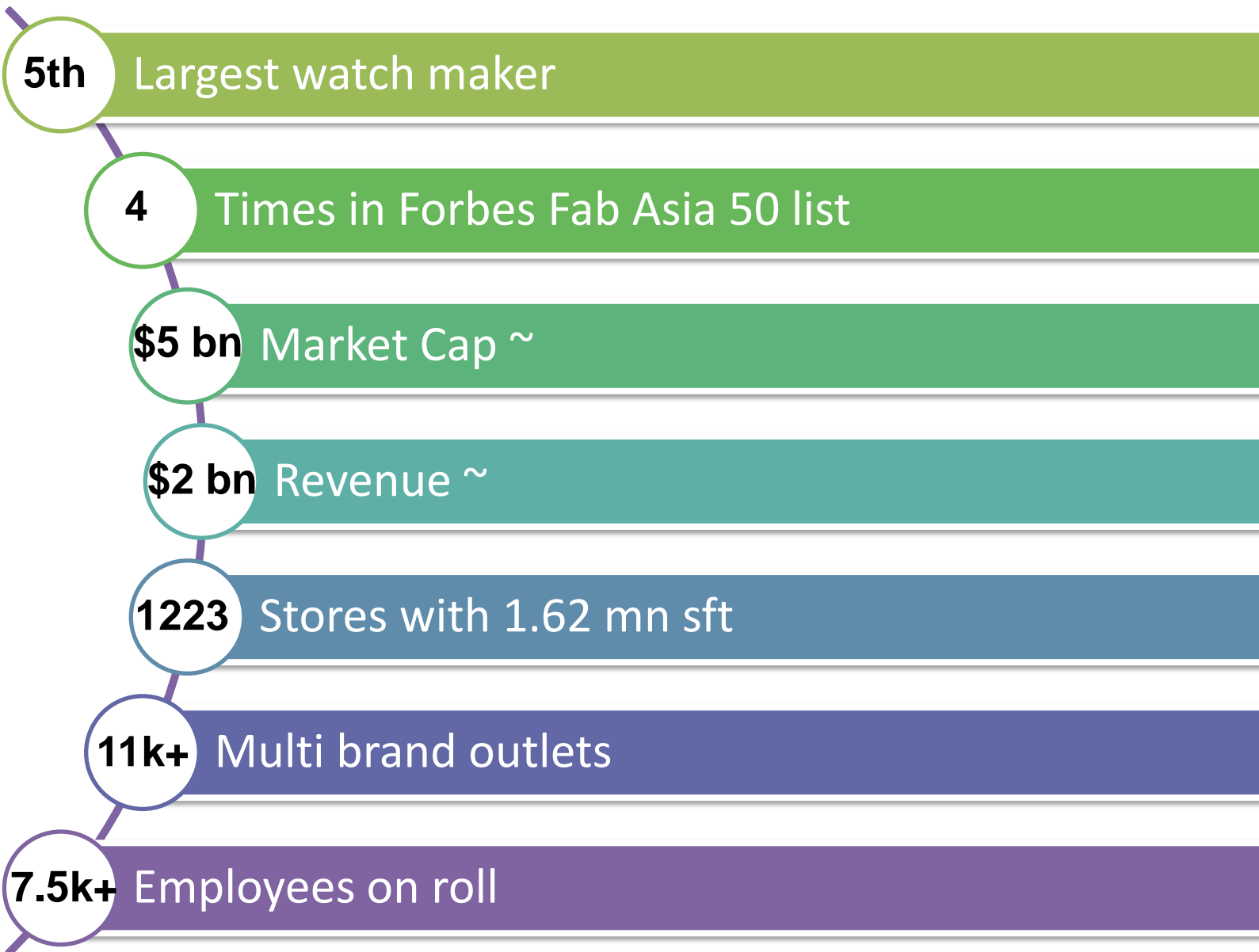
Product Innovation through partnering



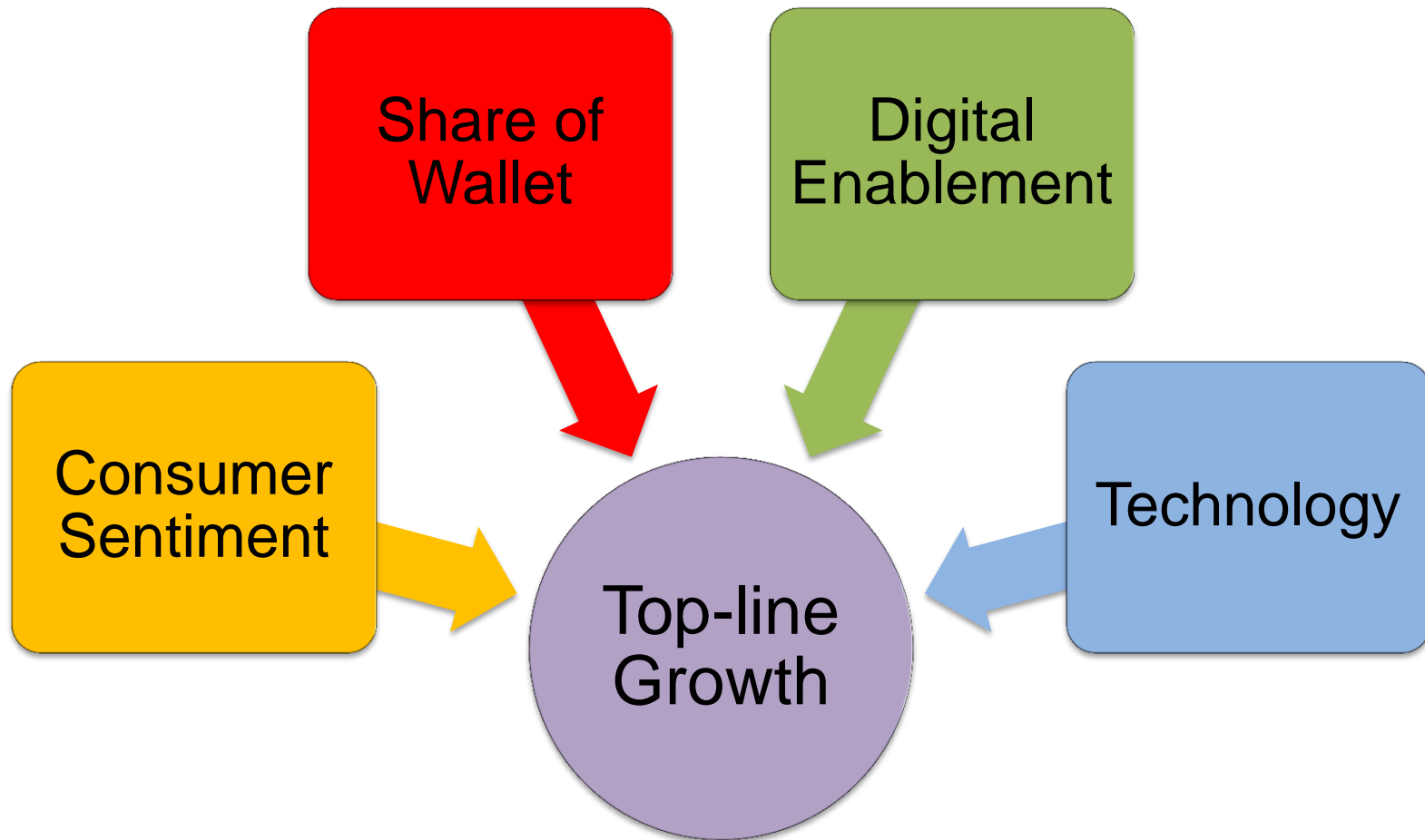
Innovation Hub



# Resulting in Titan today



# Market dynamics today





Consumer  
Sentiment



Top-line  
Growth

- Challenging consumer sentiment scenario in past
- Improvements expected in coming quarter
- Bullish on the long term India Story

## Where Economic Attitudes Are Improving

*Current economy is good*

	2014	2015	Change
	%	%	
Nigeria	39	57	+18
Argentina	26	38	+12
India	64	74	+10
Pakistan	37	47	+10
Spain	8	18	+10

Note: Only double-digit changes are shown.

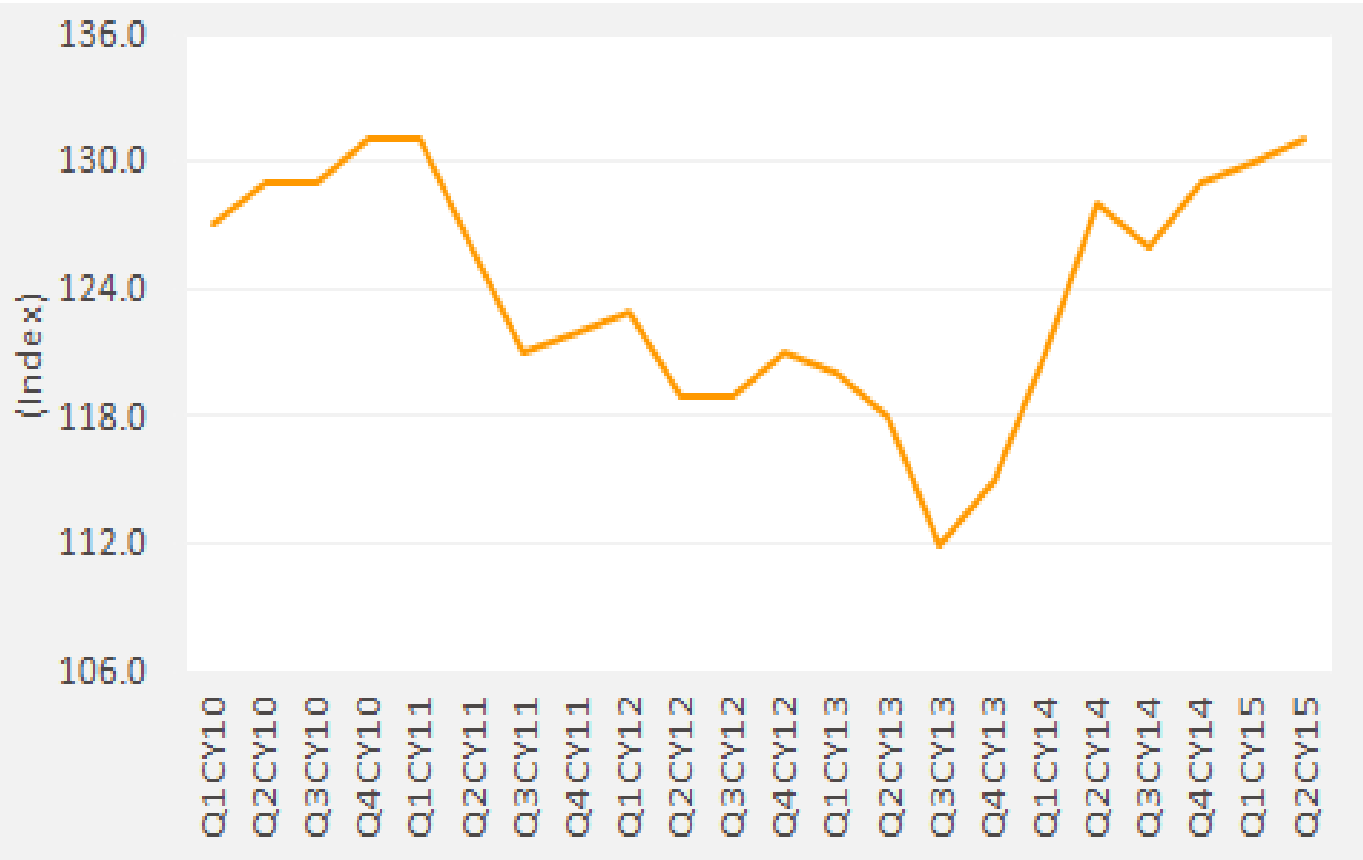
Source: Spring 2015 Global Attitudes survey. Q3.

PEW RESEARCH CENTER

# Market dynamics - Consumer sentiment

nielsen

## INDIA INDEX TREND..



Consumer  
Sentiment



Top-line  
Growth

# Market dynamics - Consumer sentiment

## GLOBAL CONSUMER CONFIDENCE

60 COUNTRIES - 3-MONTH TREND  
Q2-2015 NIELSEN CONSUMER CONFIDENCE INDEX

● DECREASE ● INCREASE ● NO CHANGE



Consumer Sentiment



Top-line Growth

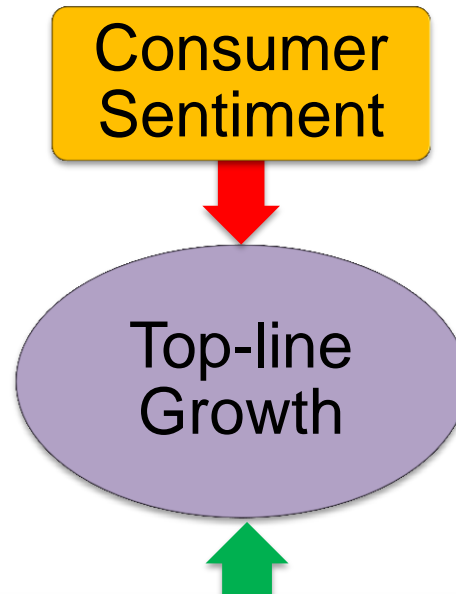


CONSUMER CONFIDENCE

CONCERNS AND SPENDING INTENTIONS AROUND THE WORLD

QUARTER 2, 2015

# Market dynamics - Consumer sentiment



- Thrust on advertising and marketing like never before
- Store renovations and expansions in all businesses
- Middle India (200+ towns) - Retail thrust across categories
- Richer product mix with focus on differentiation
- Premiumisation journey
- Enhancement of customer store experience / delight
- Customer Retention/Revival and increase in ticket size

# Market dynamics - Share of wallet

Share of Wallet

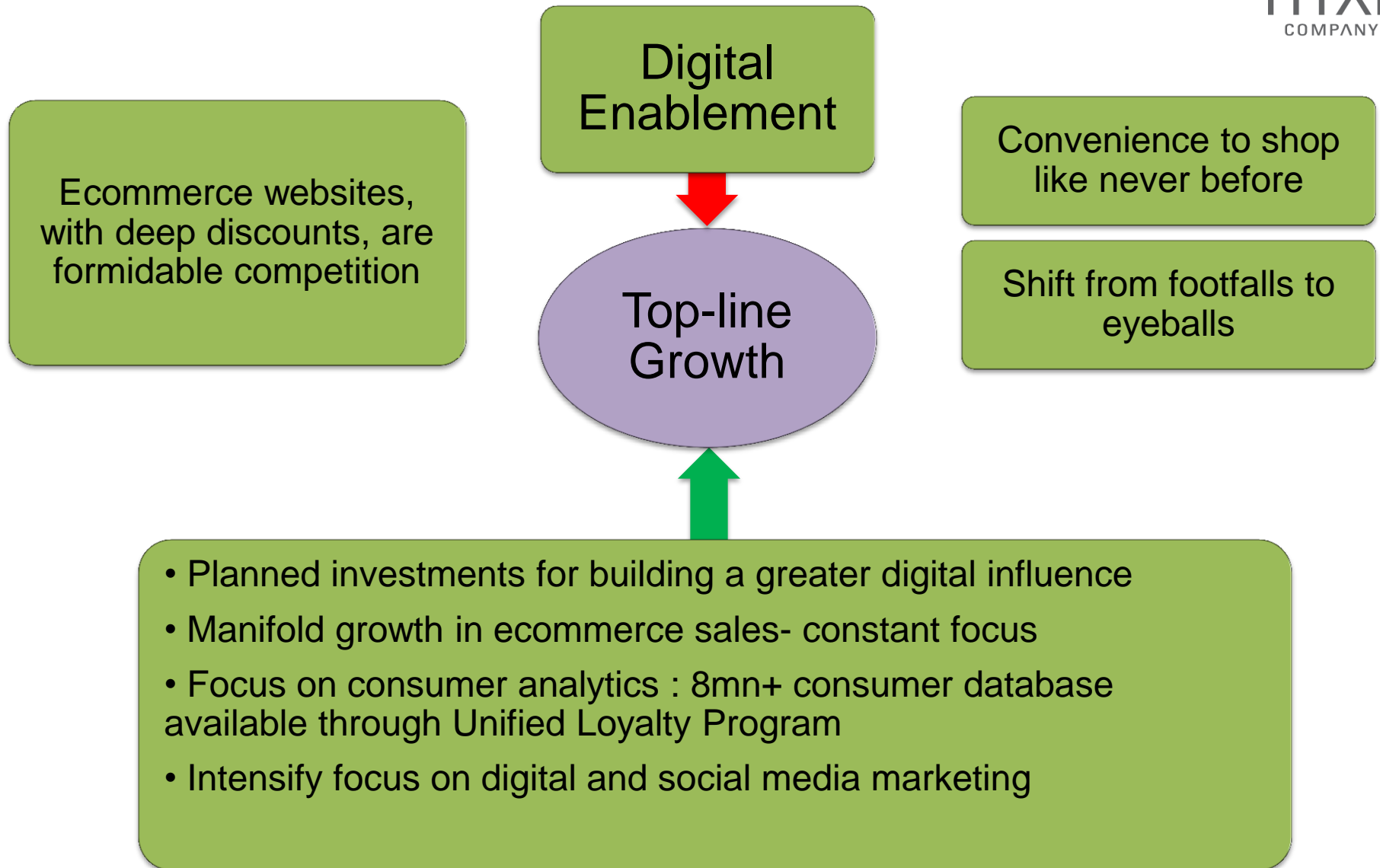
An explosion in product categories, all targeted towards the finite consumer wallet

Choices and ease of shopping like never before

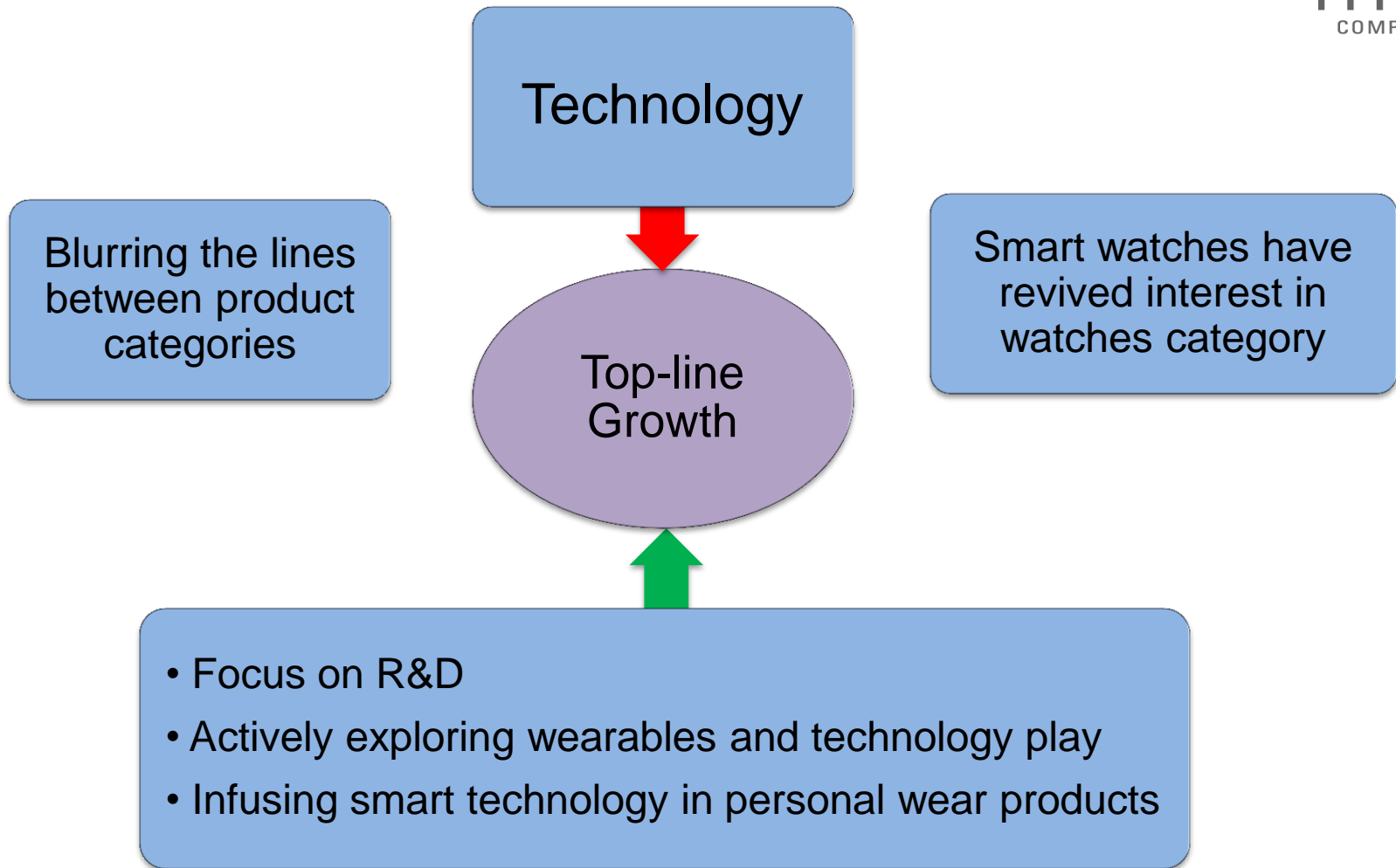
Top-line Growth

- New/ more exciting products in existing categories
- Continuously expanding the product portfolio / richer mix
- Actively exploring new product categories for Company to foray
- Growing the newly launched business like accessories and fragrances

# Market dynamics – Digital enablement



# Market dynamics - Technology



# Expansion and Investment plans

We will continue to make smart investment choices to enhance our capabilities across the value chain and build competitive advantage

Continuous Domestic & International Organic Growth

Growing the newly introduced categories

- Accessories
- Fragrances

New Business: Actively exploring opportunities in lifestyle space

Bullish on India-Continuous Retail Expansion

Thrust on DIGITAL

- Consumer Analytics
- Ecommerce
- Digital Marketing

Inorganic Growth

- Not searching actively
- Open to attractive opportunities



# Capital Allocation & Dividend policy

Continuous investment in existing and new business

- ROI to be given prime importance
- IRR should exceed cost of equity

Asset Light Model –  
More Franchisees

Gold on Lease Vs Spot  
Purchase & Hedging –  
Opportunistic

PED: Subsidiarisation  
and Capitalization  
- Poised for high growth

Capital Expenditure- Rs  
150-200 Crs (Including  
new corp. office  
expenses)

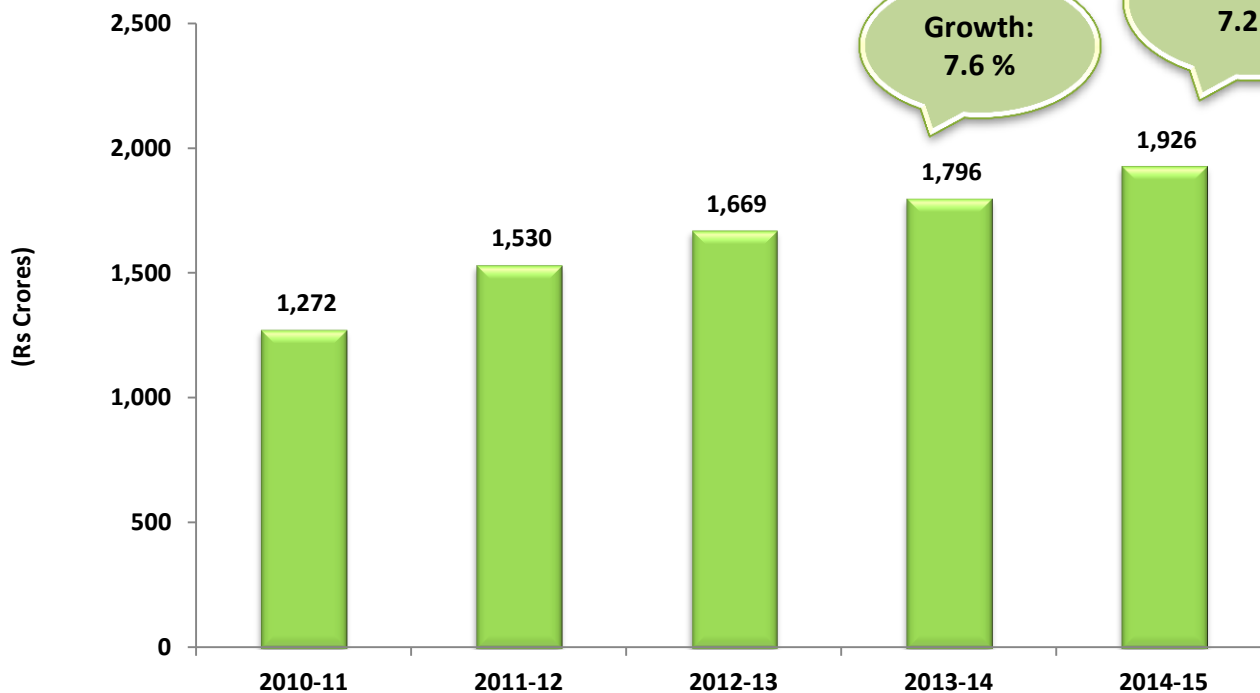
Dividend Policy: Payout  
Ratio expected to be  
similar to past levels  
25-30%

# Watches and Accessories Business

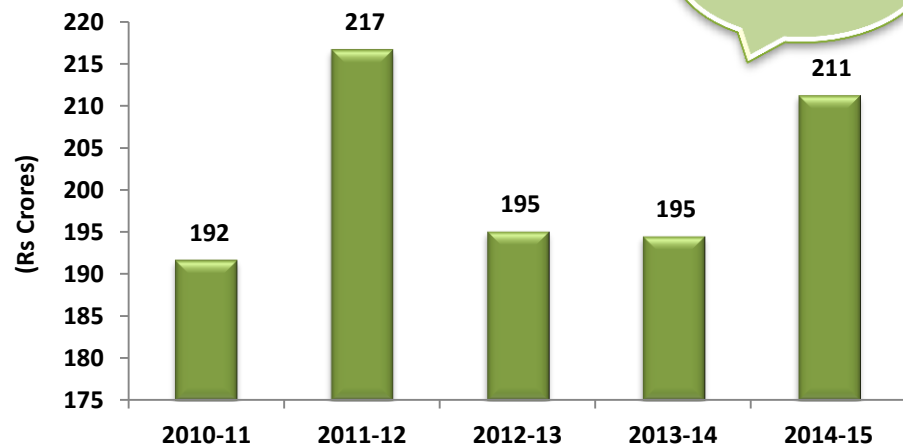
# Performance Trends - Annual



Watches: Net Income



Watches: PBIT



Note: Numbers as per management review

## The future....

- Technology products (smart watches/ wearables) are bringing excitement to the category
- Mechanical watches lend an air of premium-ness to the category

## The present.....

- In economic downturns, does the watch category become less relevant to consumers ?
- Watches are seen as fashion accessories.....only?
- The mobile phone impact ?

# Share of Voice to Share of....

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- Share of Voice:
  - The noise level in categories like mobile phones, real estate, apparel, consumer electronics and Automobiles are making the watch category seem relatively quiet
- Share of Wallet :
  - Many categories in lifestyle “space”

## Category to “adjacent” category

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### The Modern Consumer ...25 to 40, Top metros

- **Indulgence without guilt** – especially in categories that are exciting like apparel, shoes and gadgets.
- **Weekend entertainment** is another important part of the spends
- **Snacking**; spending in bursts – spread out and not at once
- **Impulse**: driving purchase
- Access new styles and options in **different categories** – more experimentative – Using the internet to access information

# Retail Landscape

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- The retail landscape has changed with the emergence of:
  - EBOs across categories
  - High-end watch MBOs
  - Larger and better LFS
  - E-Commerce buzz



# Technology wave

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- Most mobile phone companies are introducing or have introduced smart watches
- Watch brands are also introducing smart watches
- The hype about smart watches has brought some focus and excitement back onto the watch category





# Network



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- 427 showrooms (Net 3 deletions)
- 193 towns – 412k sft



- 157 stores / kiosks (net 3 added)
- 84 towns – 92k sft



- 43 stores (net 1 added)
- 21 towns – 53k sft



- 685 outlets
- 267 towns



- 11,000 dealers
- 2,500 towns



- 2,200+ outlets
- 30 countries

# Portfolio



**Raga:** Inspired by the modern woman who transcends roles with poise and elan



**Sonata Super Fibre:** For the young and active

**Fastrack:** For those who wear their attitude on their wrist



**Edge :** the slimmest watch in the universe - a mere 3.5mm



**Xyllys:** Swiss made watches, Crafted for Connoisseurs



**Nebula:** A collection of watches crafted from solid gold



**Titan Automatic** inseparable from world-class timekeeping



**Zoop:** for the imaginative, talented and energetic child of today



**HTSE:** watches so sensitive that a mere flicker from a candle light is enough to trigger them



# Opportunities

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- Watch prices don't come down
- Participation in the technology "space"
- The booming sports and fashion segments
- Leveraging Retail

## Consumer Exp.

- Renovating WOTs to the new look
- Premium shop-in shops at key Large Format Stores (LFS)
- Introducing technology to enhance retail experience (Tablets for billing & feedback, touch screens for viewing products, etc.)

## Channel Expansion

- 70 new stores (40 WOTs and 30 FTS) for expansion into middle India
- E Commerce

Driving excitement and growth in the  
category

# CELESTIAL TIME

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CELEBRATING MOONPHASE

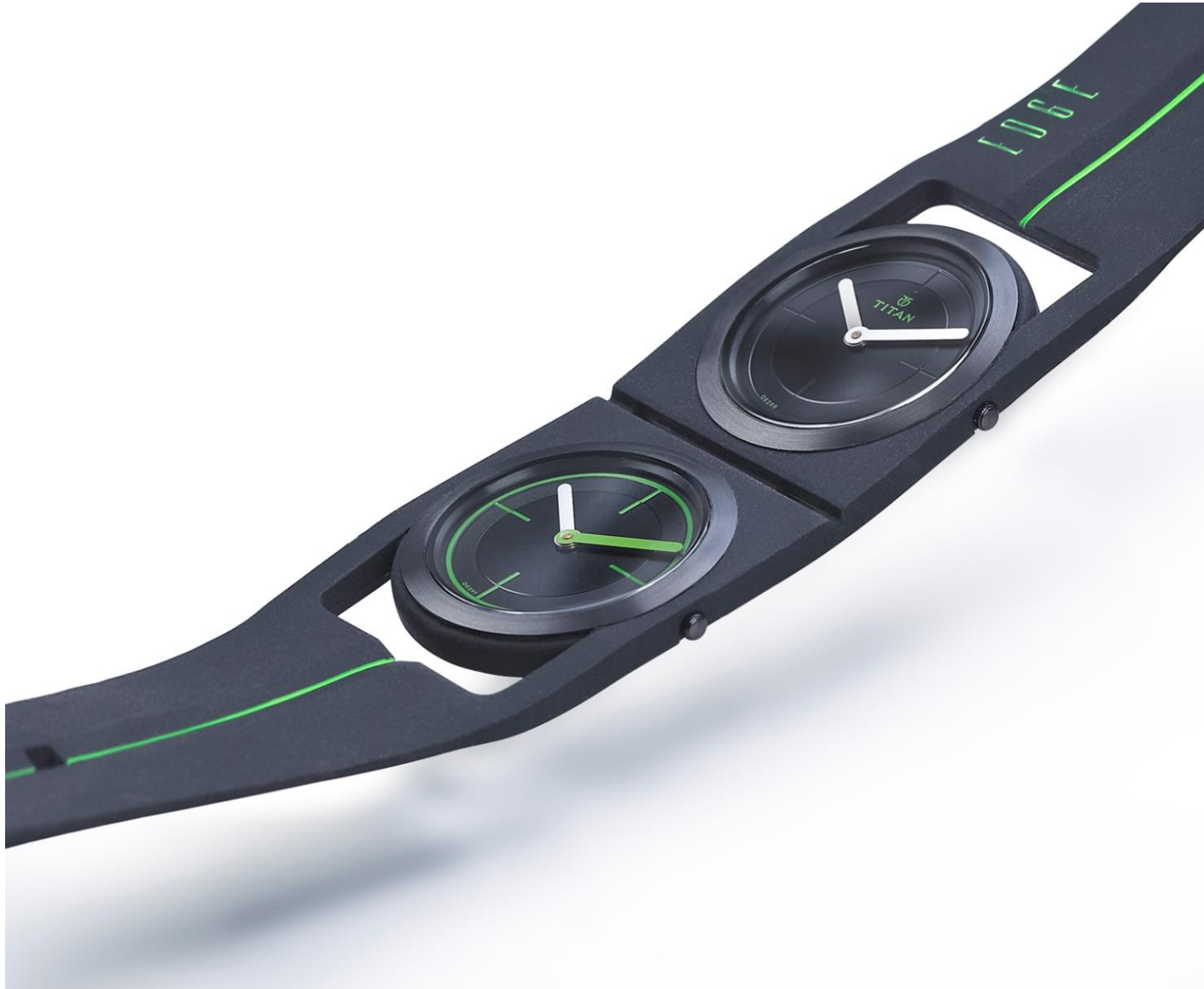


# CELESTIAL TIME

CELEBRATING MOONPHASE



# Edge Dual Time







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enigma  
from TITAN

Love your  
new look

Eyewear

TITAN EYE+

# Industry Outlook



- The rise of Online Players
- Online players moving offline
- Launch of US brand in prescription and sunglasses



# Competition

- Business growth among National players has been low
- Expansion being driven by regional players
- International players looking at acquisitions
- Ray Ban, Oakley and Vogue getting stronger



# Titan Eyeplus Business Snapshot FY 14-15

Turnover – Rs. 361 Cr.



Number of Stores: 351  
(including Spexx)



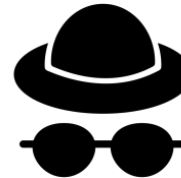
1.3 million walk-ins



1.1 million buyers



Sunglass Buyers–0.14mn



Frame Buyers – 0.96 Mn



## **Lead the Eyewear Market**

### **Scale up:**

Vision - Double buyers in 3 years  
& increase desirability of the brand

-Double volume of FT Sunglasses in 3 yrs

# Pillars of Growth

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**Strengthen Leadership:**  
Aggressive expansion of stores  
Customer acquisition

**Own the style platform –**  
communication & design differentiation

**Make Hearts Beat Program**

**Bigger Sunglass Play**  
Fastrack – double sales  
Glare – build the brand

**Seeding International play**

**Building Capability- mfg**



Eye-testing on Mobile



RX lenses with mirror  
finish



Bifocal lens without the  
line/visible zone



Anti fog property on  
any lens by using anti  
fog cleaning cloth

- Investments in
  - Frame Manufacturing
  - R&D
  - Regional Lens labs
  - Store renovations
  - 10 new Company stores



# Initiatives for the year

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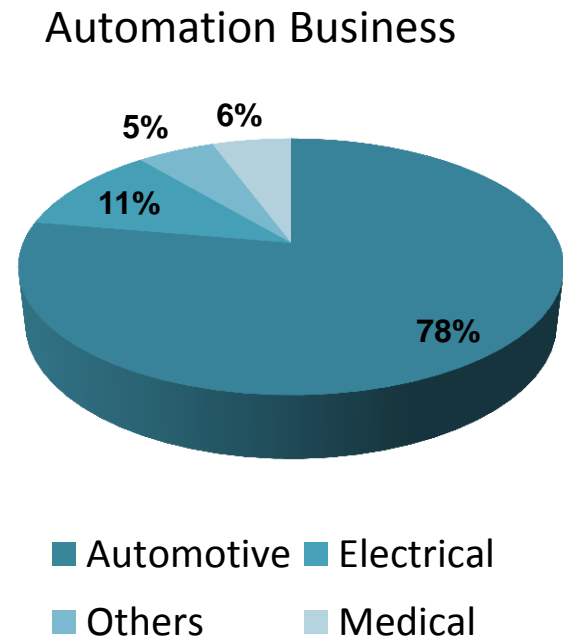
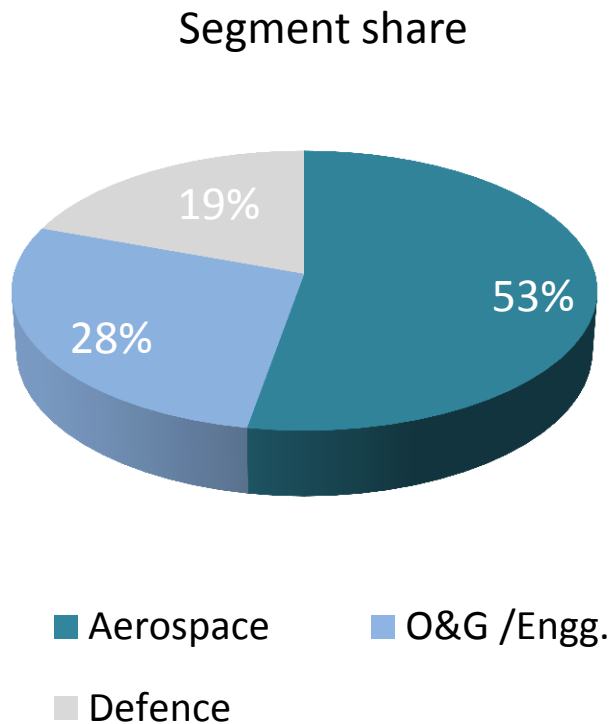
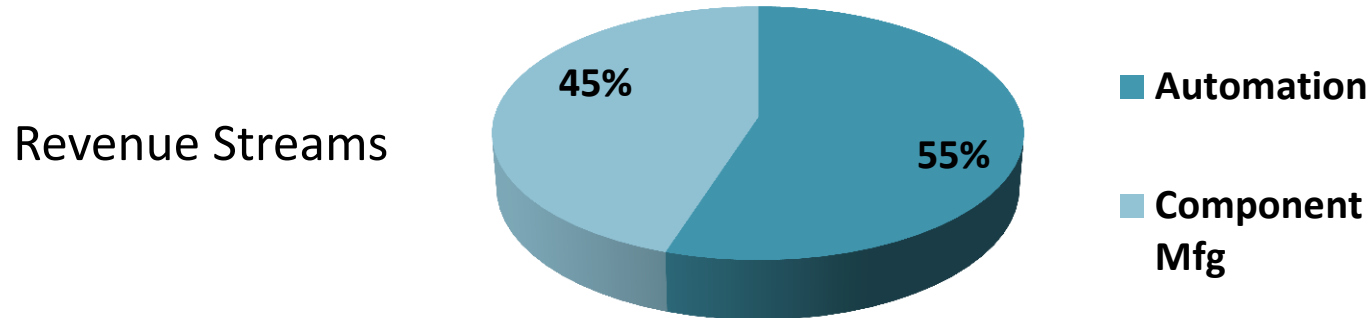


- Outlook: Aggressive growth
- Key initiatives
  - Invest in strengthening the brand
  - Aggressive expansion of stores including small size low cost stores
  - Home eye-testing
  - Satellite lens labs to reduce delivery timelines
  - Building capability - Frame manufacturing lab
  - Seeding International markets
  - New products: 300+ frames and 200+ sunglasses
  - New retail identity roll out and aggressive renovation of old stores
  - Phase 2 of Making Hearts Beat program

# Precision Engineering Division

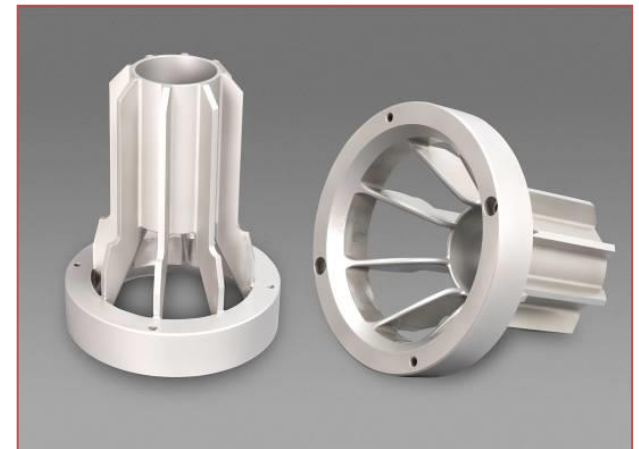


# Precision Engineering Business



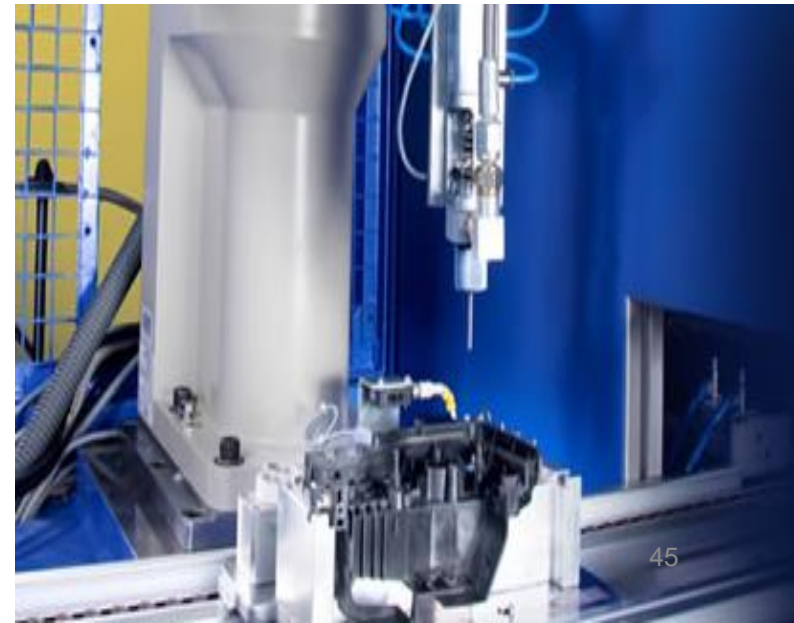
# PECSA Market Outlook

- Aerospace
  - Significant increase in opportunities in the civilian aerospace sector
  - Customers ramping up production for new platforms like 787, A320 new, A350 XWB and regional jets like the C-Series and MRJ
  - Movement towards enhancing the content in Low cost countries -India on the growth map
  - Lot of new projects for these new platforms - growth prospects in the next few years promising
- Defence
  - With increased emphasis on Make-in-India, renewed interest with PSUs as well as MNC OEMs to source from the private sector
  - Significantly enhanced content with HAL on their Engine programs



# PECSA Growth Strategy

- Aerospace
  - Investing in new capabilities - add greater value to customers and improve margins
  - Be amongst the biggest suppliers for our existing customers
  - Focus on Aerospace Systems, Engine components and Engine accessories
- Defence
  - Enhance to system integration capabilities with HAL
  - Work on high precision systems within the Defence sector



# Automation Market Outlook

- Automotive
  - Industry expected to grow by 11-12%.
  - Auto components export is the major factor with a CAGR of 29%.
  - Projects enquiry level increased by 60%
- Other Industry
  - Electrical switch gear companies started floating enquiries after long silence - mostly export projects
  - Medical devices companies are evolving slowly in India. Enquiry for export market encouraging.



# Automation Growth Strategy

- Penetrate existing customers' manufacturing plants in Europe and China. (More than 600 plants)
- Establish sales and service centers in China and Europe.
- Invest in R&D to substitute import components to be competitive against global competition.
- Invest in training to build competency.





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# Jewellery

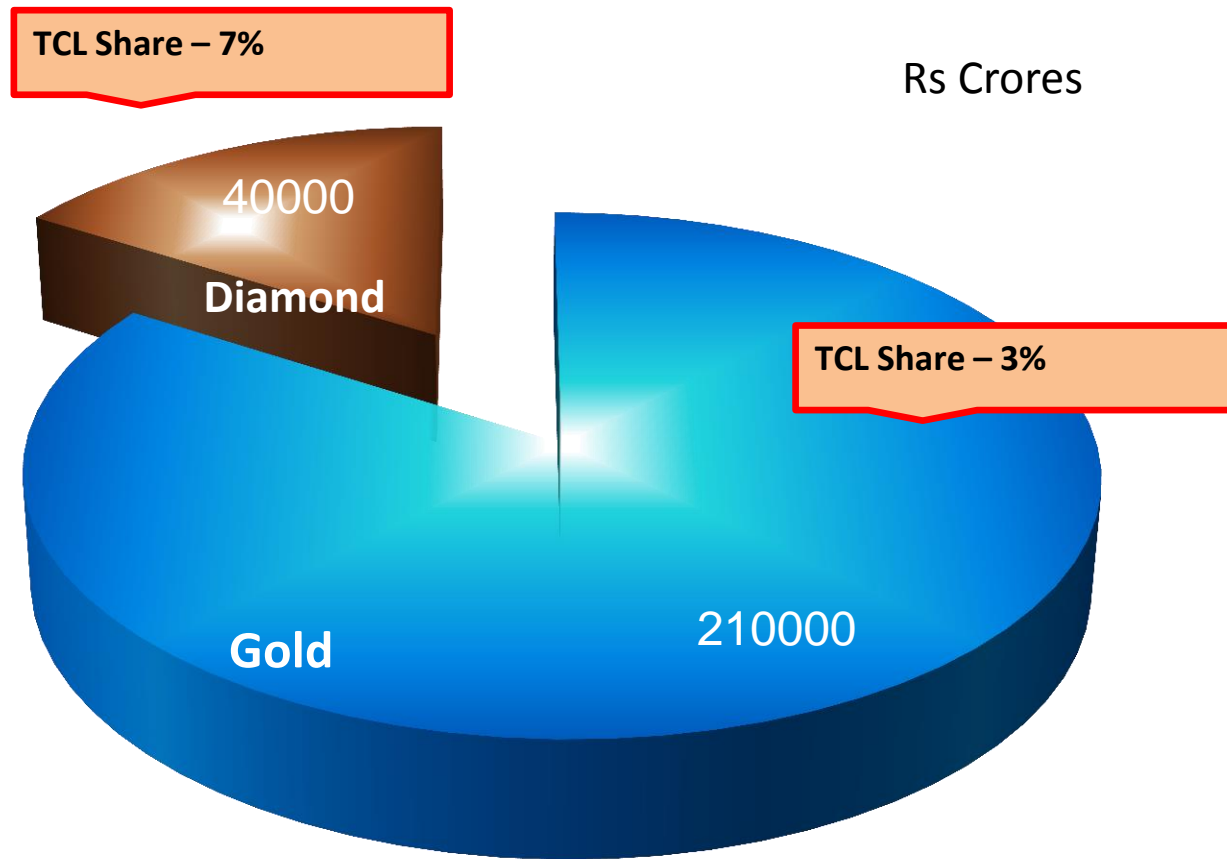


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TANISHQ  
*Jodhaa  
Akbar*  
COLLECTION

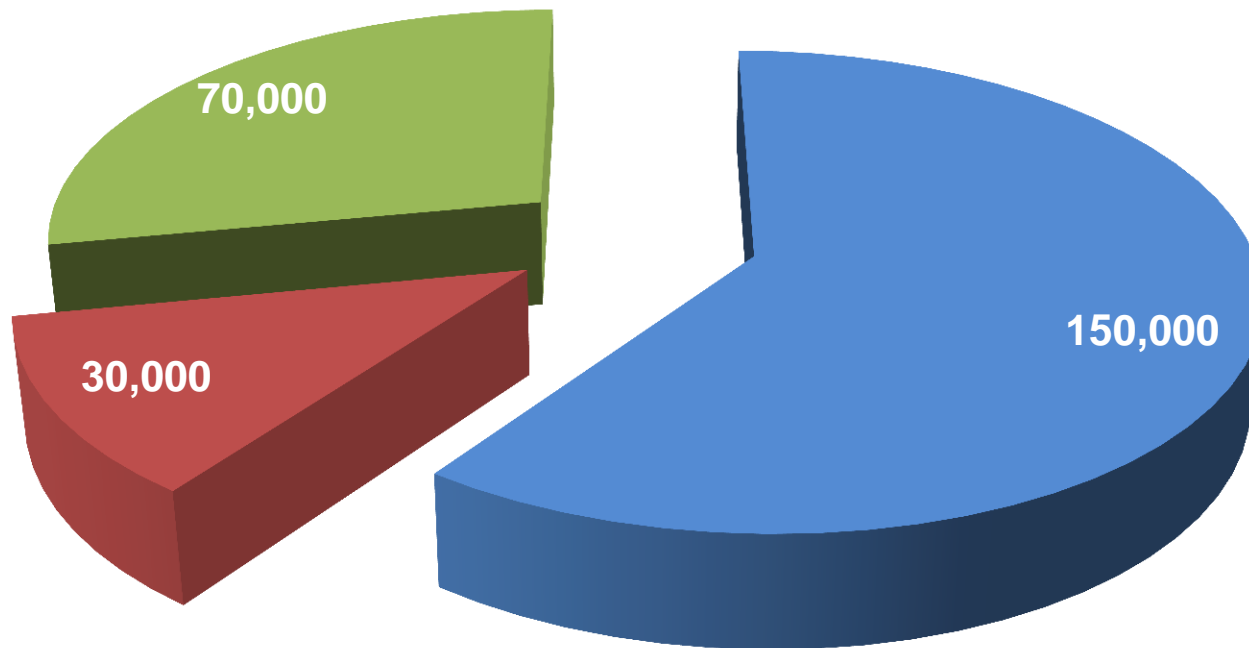


# From Leader in 2015 to Icon in 2020

# Domestic Jewellery Market 2014

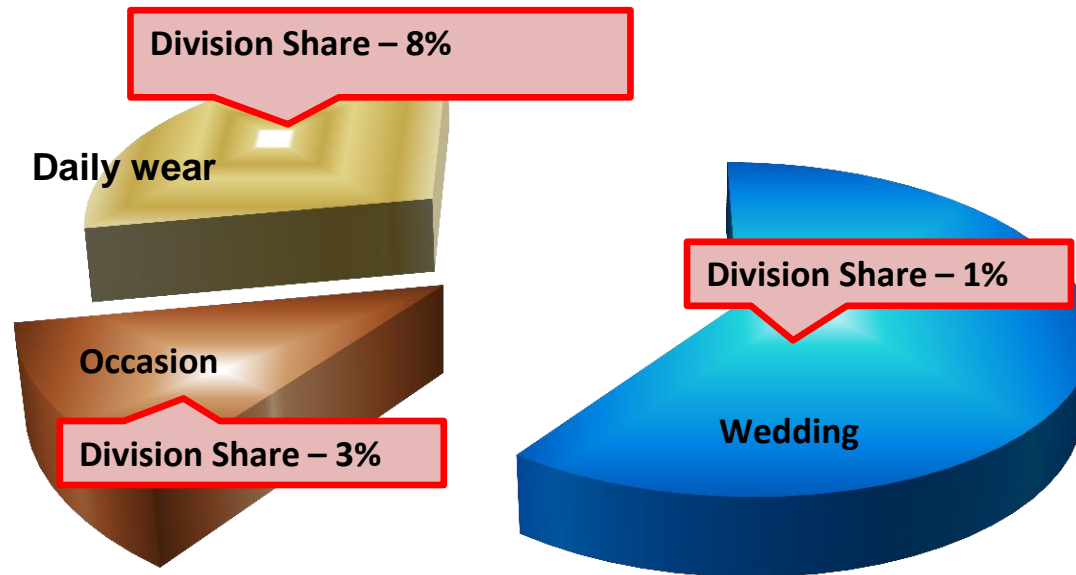


# Occasion share of market



■ Wedding ■ Occasion ■ Dailywear

# Division share of occasions



**Overall Division Share 4%**

# Role of Jewellery & Customer segments



**Adornment**



**Status**

**Savings**



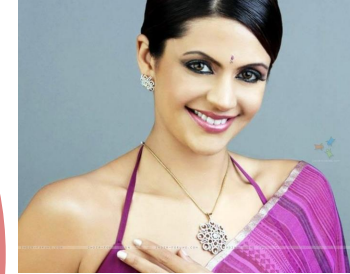
# Customer Profile and spend

Upper Middle, Upper

Service Class,  
Professional

*Avg Bill Value – 75K*

Adornment  
Progressor



Savings  
Traditionalist

Middle, Lower Middle

Service Class,  
Traders

*Avg Bill Value – 100K*

Status  
Projector



Upper Middle, Upper

Business Class,  
Professional

*Avg Bill Value –  
150K*

# Titan's approach

---

- Dominate in the Adornment segment
- Play in the Status segment
- Participate in the Savings segment



# Favourable trends

---

- Large young population earning and spending more and more: Adornment will increase and Brands will be in demand more and more
- Diamond jewellery increasing its share in weddings: 1% of customers buy 40% of value
- Career working women on the rise
- Romance and inter-state marriages exploding
- Small town aspirations rising
- Pressure on black money pushing younger generation to turn white





# Strengths of the brand / organisation

- Highest Desire for the Brand
- Share of consideration and preference now very high
- Widest and deepest network, and franchisee model asset light
- Customer understanding best-in-class
- Designing, manufacturing, outsourcing and retail operations best-in-class
- Across-the-board talent quality and its commitment unbeatable



# Drivers of Sales growth and margin

- Weddings
- High Value Diamond Jewellery and Solitaires
- Working Women's Jewellery
- Network Expansion



# Environmental and regulatory risks

- Gold rate: its fall and its impact on margins and volume
- Government's view on gold imports influencing supplies as well as domestic price variations
- GST on jewellery and its impact on store of value



# International ambitions

---

- NRI focus
  - GCC in the next 5 years



**Thank You**



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