

Titan Company Limited

Delivering value by creating brands

October 2014



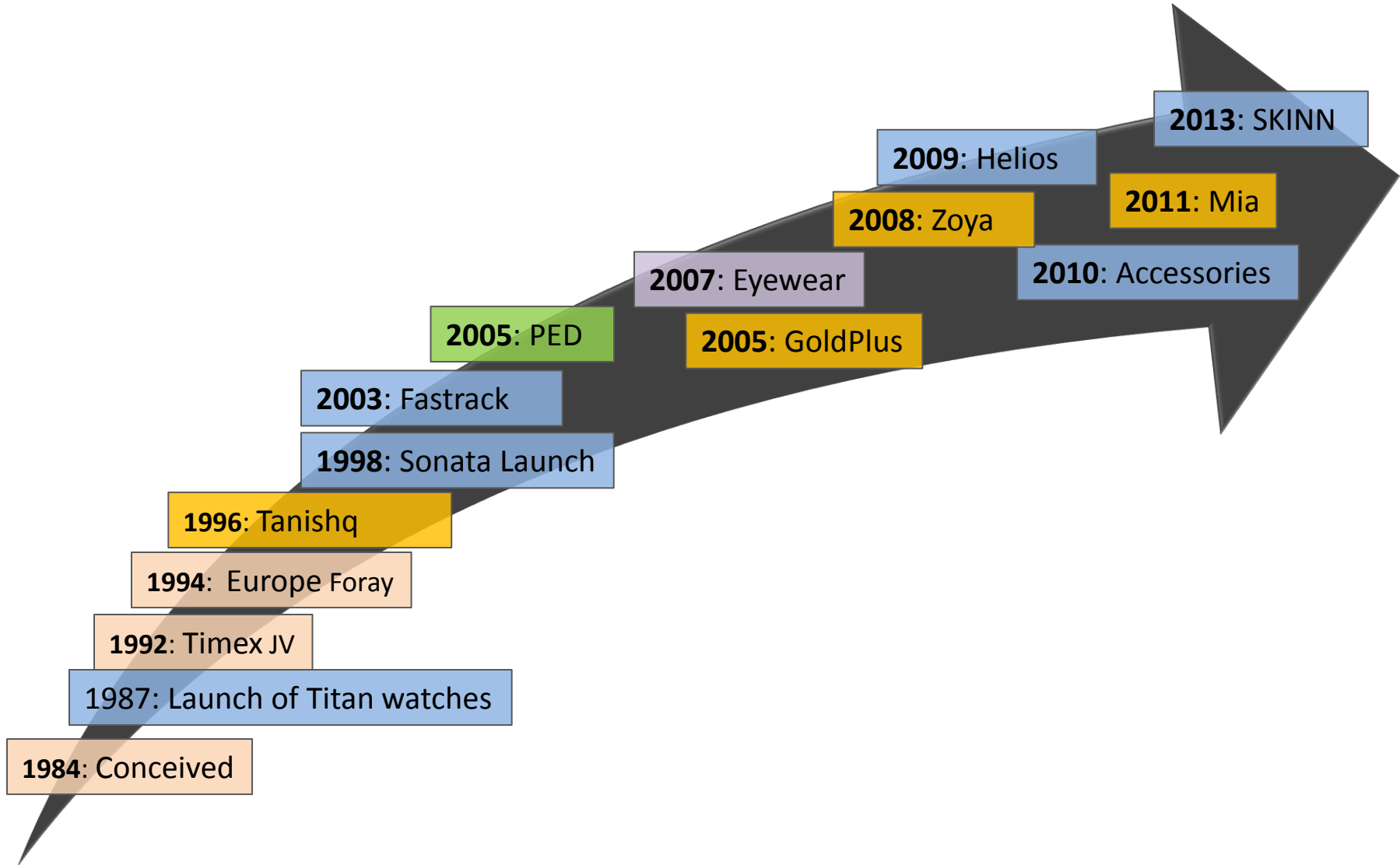
Disclaimer



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



Mass Market



India's largest specialty retailer



Luxury

ZOYA 3

Premium

HELIOS 43

Mid Market

WORLD of TITAN 417

TANISHQ 167

TITAN EYE+
WORLD CLASS OPTICAL STORES
323

Service Centres 754

fastrack 150

Mass Market

GOLDPLUS 33
from TATA

1,136 Exclusive stores

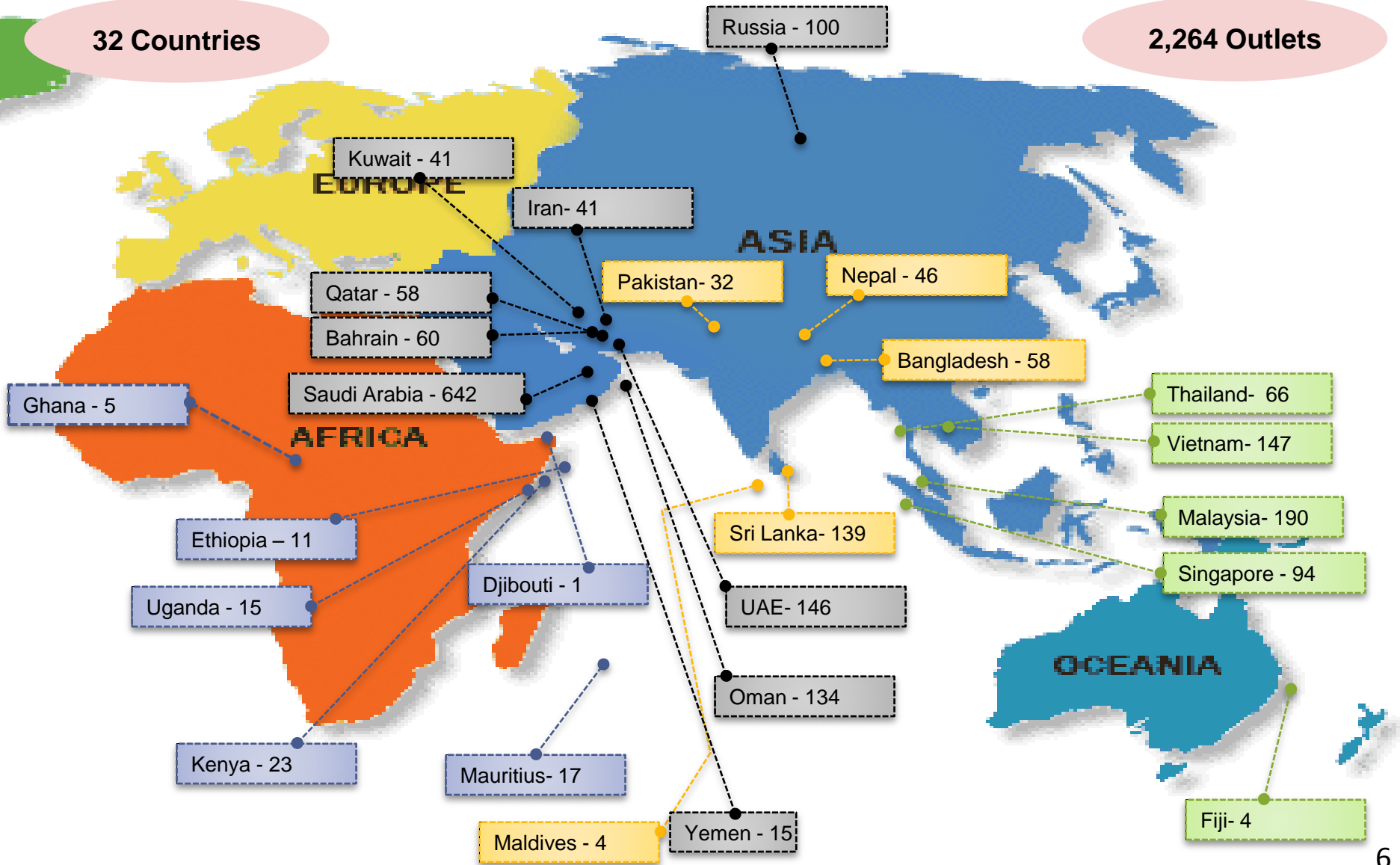
215 Towns

Over 1.52 million sft
of retail space

International presence

32 Countries

2,264 Outlets



Where we stand today

- World's 5th 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: 1,136 stores with over 1.52 million sft area
- Distribution: More than 11,000 multi-brand outlets
- Precision Engineering: Preferred vendor for high precision components to many global manufacturers

Watch Division



Watch Division

Five major brands



Points of Sales

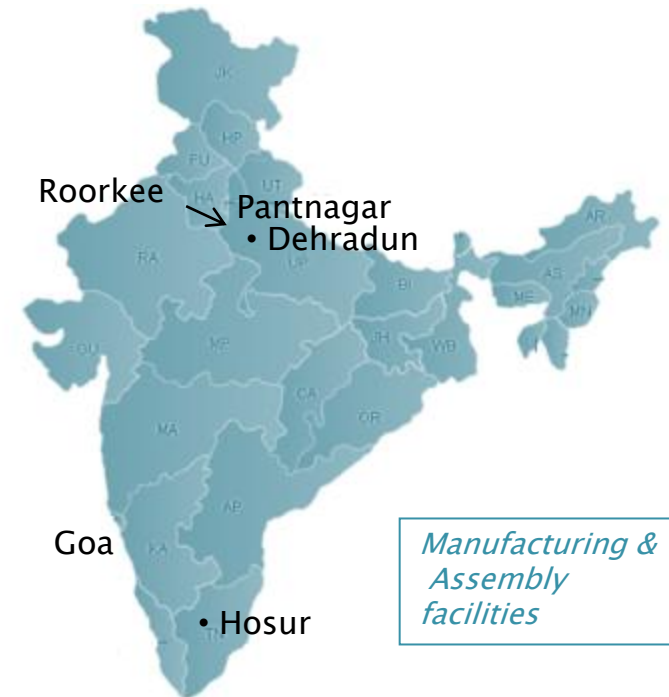
- Exclusive “World of Titan” outlets
- “Fastrack” outlets
- Multi-brand outlets: “Helios”
- Multi-brand dealers and stores
- Large-format stores like Shoppers’ Stop, Lifestyle etc

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



Watch Distribution

 WORLD of TITAN	<ul style="list-style-type: none">• 417 showrooms (16 added YTD)• 180 towns – 409k sft
	<ul style="list-style-type: none">• 150 stores / kiosks• 80 towns – 88k sft
	<ul style="list-style-type: none">• 43 stores (6 closed YTD)• 21 towns – 54k sft
Service Centres	<ul style="list-style-type: none">• 754 outlets• 268 towns
Retail All India	<ul style="list-style-type: none">• 11,000 dealers• 2,500 towns
International	<ul style="list-style-type: none">• 2,264 outlets• 32 countries

Jewellery



ZOYA

TANISHQ

GOLDPLUS
from TATA

Mia

fq
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 –
Gift vouchers, Gold
exchange schemes

Jewellery Distribution



TANISHQ

- 170 stores including 3 Zoya stores (5 added YTD)
- 695k sft (56k sft added YTD)
- 94 towns



GOLDPLUS
from TATA

- 33 stores
- 81k sft
- 33 towns

Eyewear & Precision Engineering



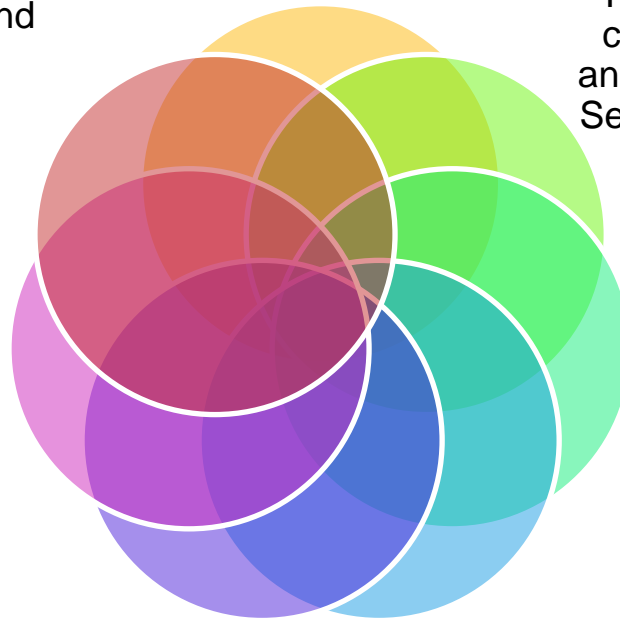
Eyewear

India's largest optical retail chain
- 323 retail outlets, 113 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

Q2 Performance

Q2 Background

- Improvement of sentiment in the Indian economy with the new government taking charge
- Premature closure of Jewellery purchase schemes (Golden Harvest and Swarna Nidhi) – positive impact on sales
- No change in 80:20 rule for gold imports and customs duty on gold
- Average gold price declines by 4% during the quarter; 12% y-o-y decline in September
- Focus on retail network expansion continues – 36 stores (41 k sft) added during the quarter across divisions. Year-to-date addition of 58 stores (77k sft)
- Titan Raga launches the Garden of Eden collection
- Tanishq launches the second version of Inara, the high value diamond jewellery collection
- Watch division commissions the new stainless steel case manufacturing plant in Coimbatore, Tamilnadu
- Company decides to spin off its Precision Engineering Division as a wholly owned subsidiary

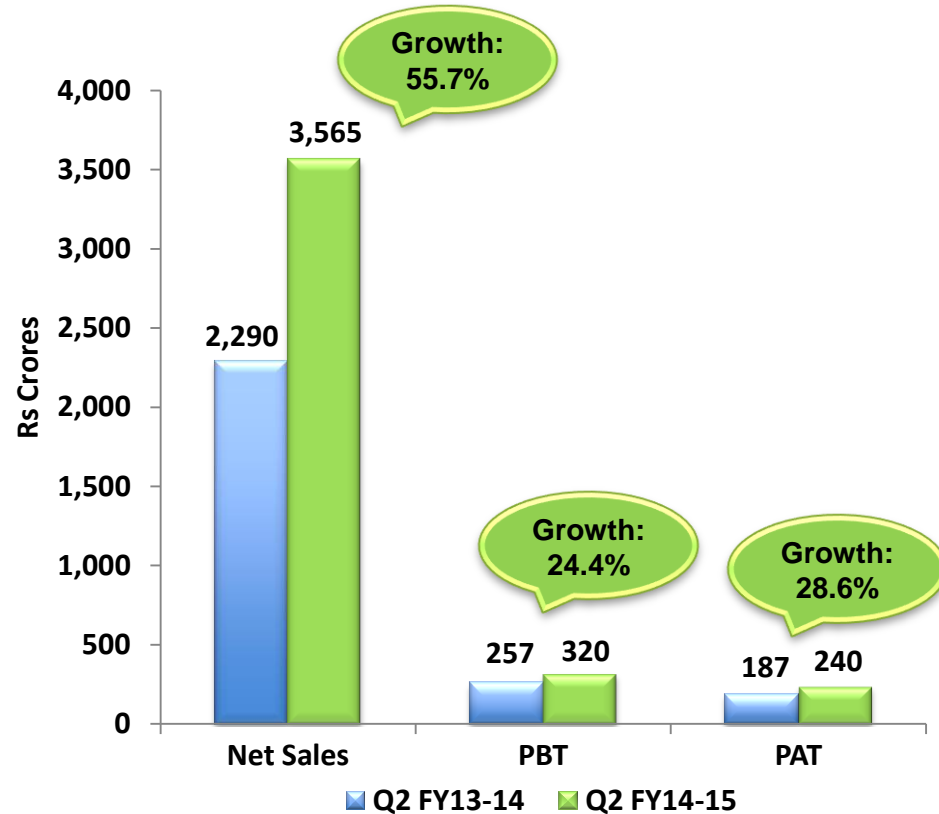
Q2 - Retail growth

	Sales value growth	Like to like growth
World of Titan	15%	10%
Tanishq	75%	68%
Goldplus	84%	81%
Helios	4%	9%
Fastrack	8%	1%
LFS	3%	1%
Titan Eye+	34%	19%



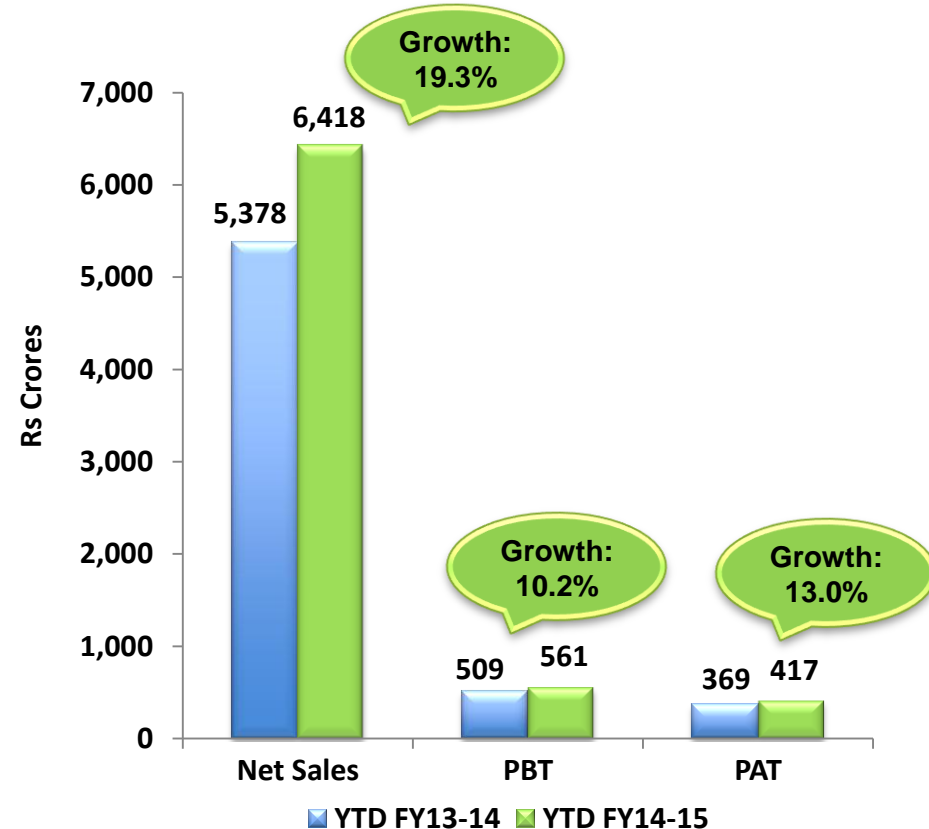
Company performance

Q2 Performance



- Huge sales growth due to forced termination of jewellery purchase scheme
- PBIT margin declined from 12.1% to 9.3% mainly due to lower studded ratio, higher payouts, gold premium charge -off
- PBT margin declined from 11.2% to 9% despite lower finance cost

YTD Performance

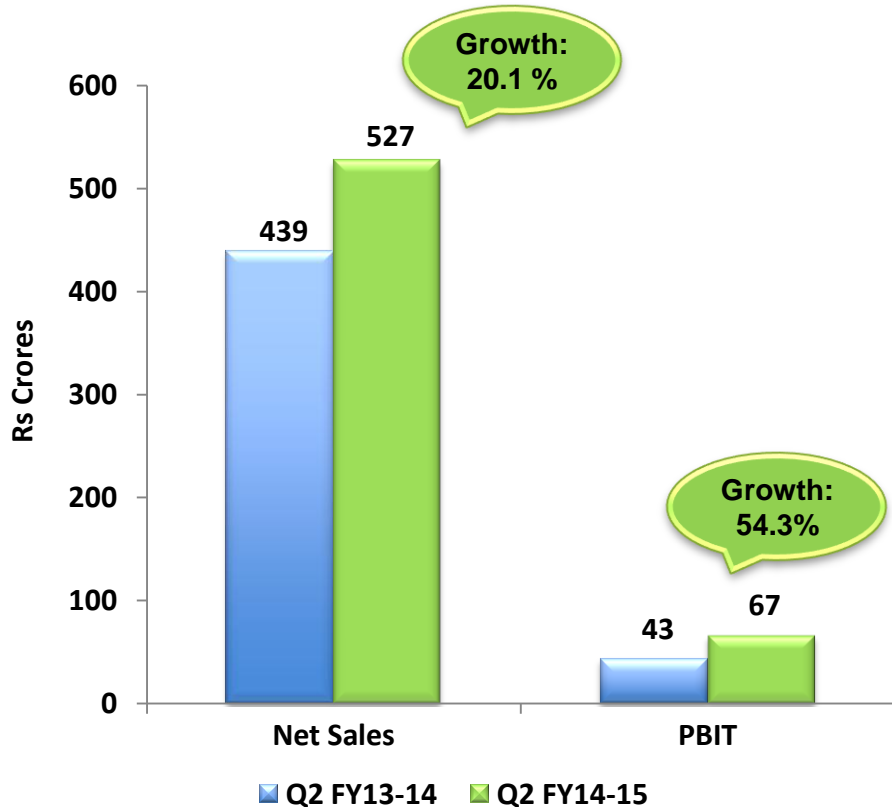


- Good sales growth due to GHS redemption effect doing better than the “Gold rush” of previous year.
- PBIT margin declined from 10.1% to 9.4% due to lower studded ratio
- PBT margin declined from 9.5% to 8.7% with higher finance cost



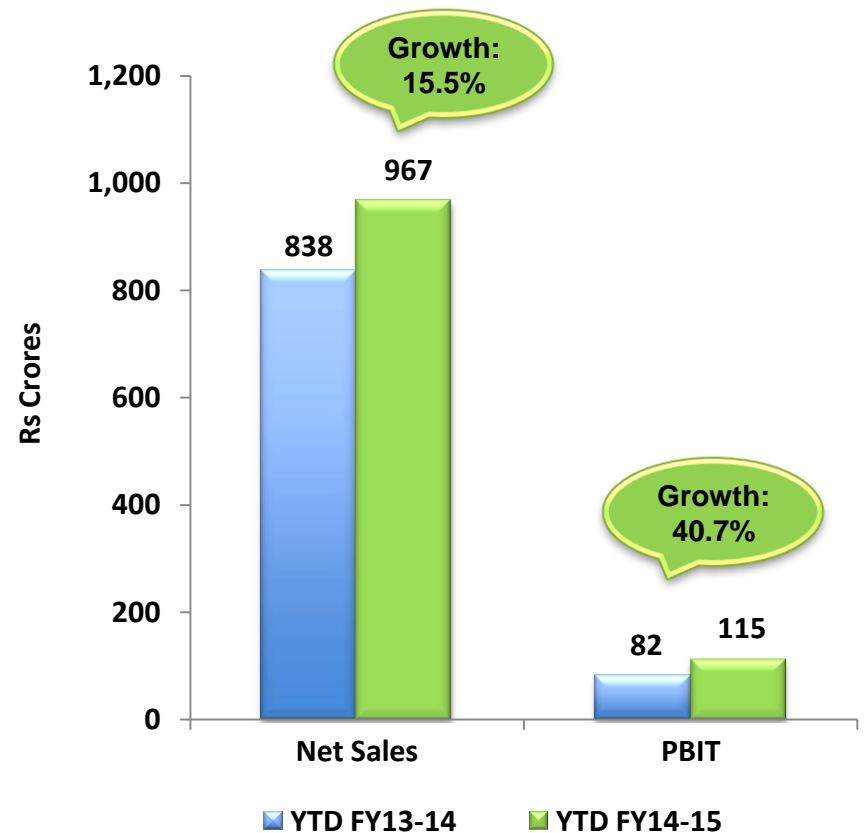
Watches

Q2 Performance



- Volume growth: 9% on the back of promotion scheme
- Positive impact of price increases over last year
- PBIT margin improves from 9.8% to 12.6% - result of focus on cost optimisation

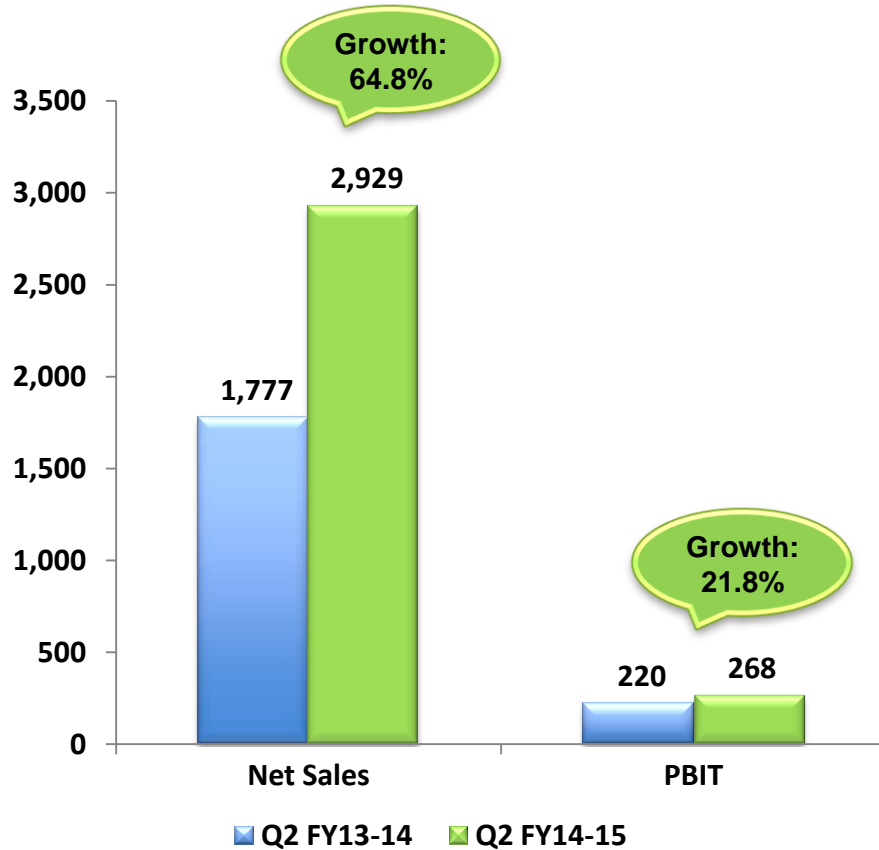
YTD Performance



- Volume growth: 9%
- PBIT margin improves from 9.7% to 11.9% - result of focus on cost optimisation

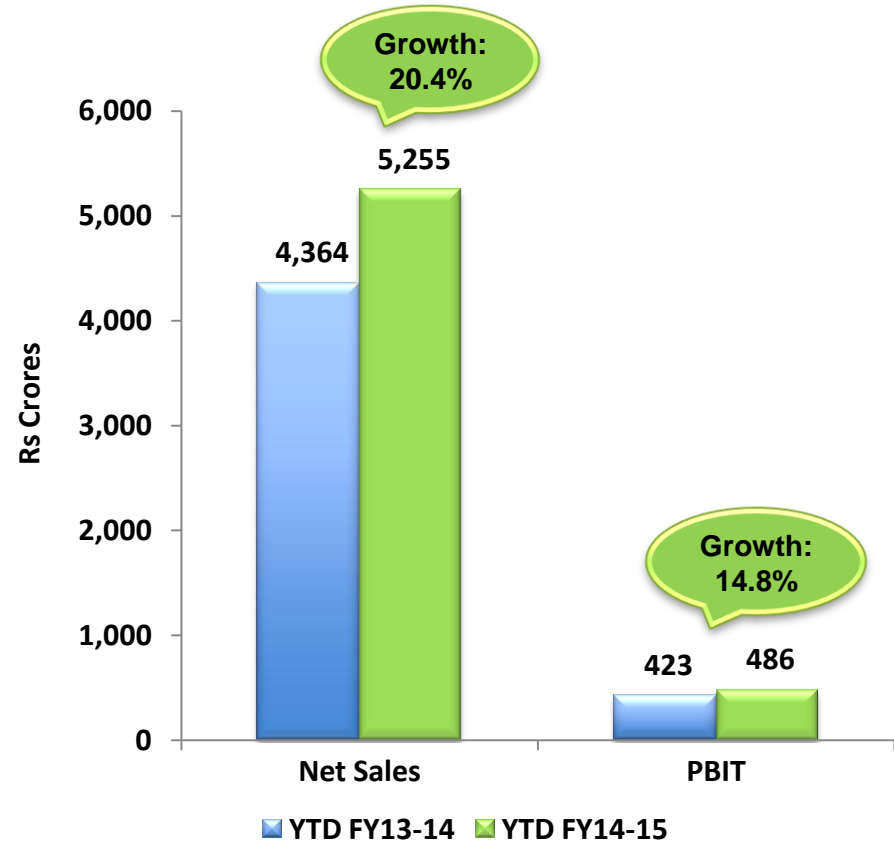
Jewellery

Q2 Performance



- Sales growth (excl coins): 60%; Customer growth: 97%
- Grammage growth: 75%, excluding coins: 65%
- Studded jewellery share: 35% (Prev year: 39%), studded revenue growth: 48%
- PBIT Margin declined due to higher discounts/payouts largely due to GHS redemption (Rs 59 cr), premium on gold purchases charged off (Rs 50 cr)

YTD Performance

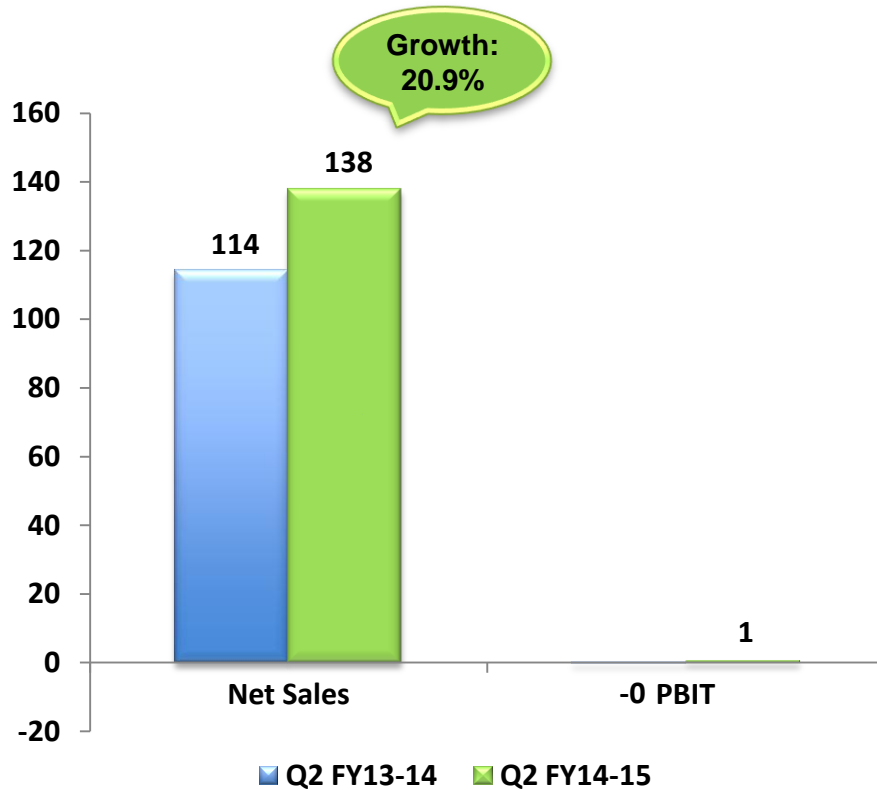


- Sales growth (excluding coins): 23%
- Customer growth: 25%
- Grammage growth: 8%; excluding coins: 11%
- Share of studded jewellery: 30% (Prev year: 26%)
- Q1 had a negative growth due to high base effect



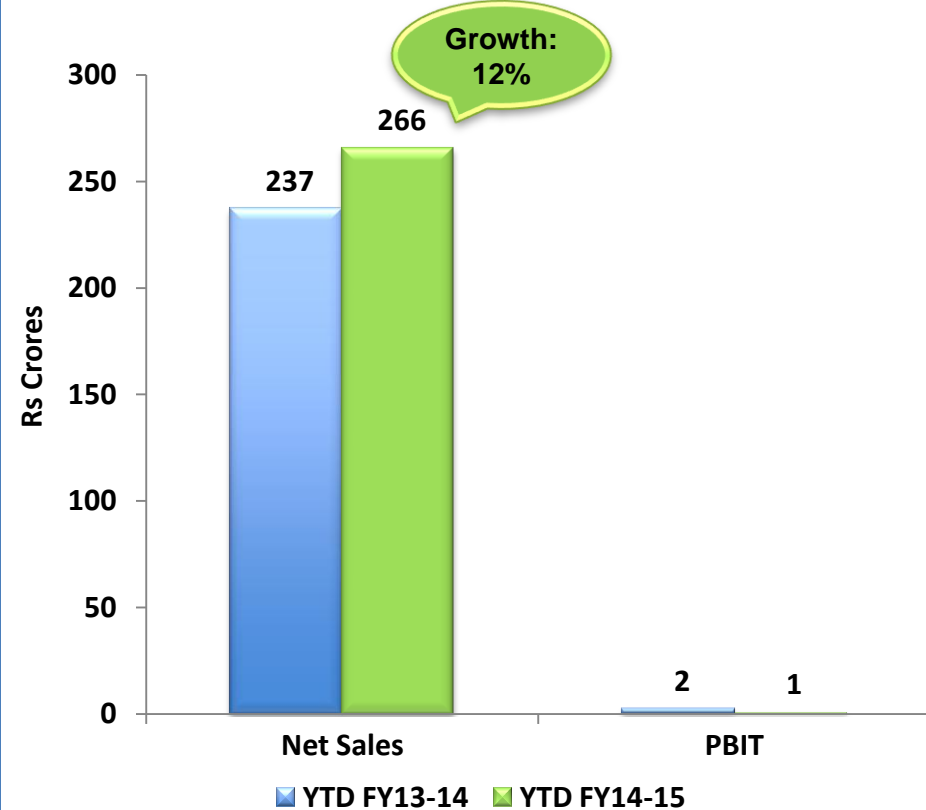
Others Segment

Q2 Performance



- Eyewear revenue growth: 33%
- PED revenue growth: 30%

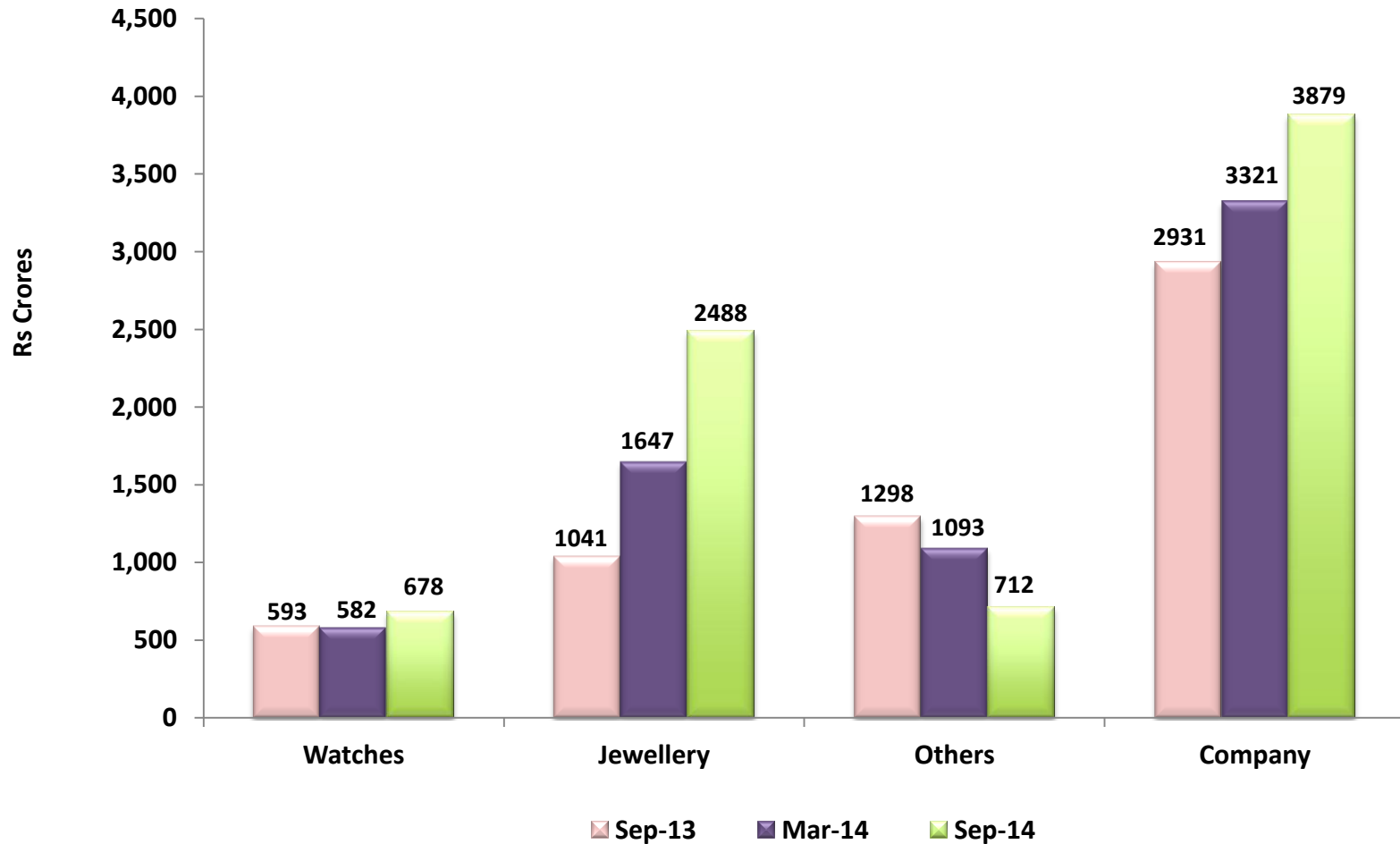
YTD Performance



- Eyewear revenue growth: 29%
- PED revenue growth: (-5)%



Capital Employed

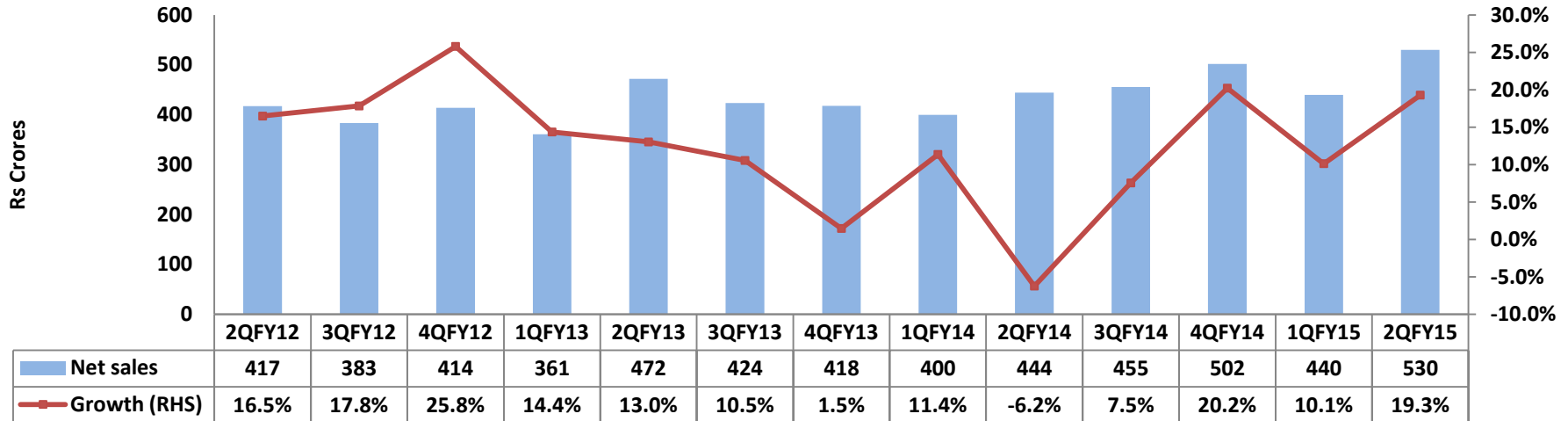


- As per management review numbers, capital employed for Jewellery was Rs 2,451 cr in Sep'14, Rs 2,301 cr in Mar'14, Rs 1,758 cr in Sep'13 - difference from published figures due to reclassification of cash to "Others" segment from Q4 FY 2013-14
- Increase in Capital Employed over previous year is mainly due to reduction in the Gold on lease and GHS liabilities

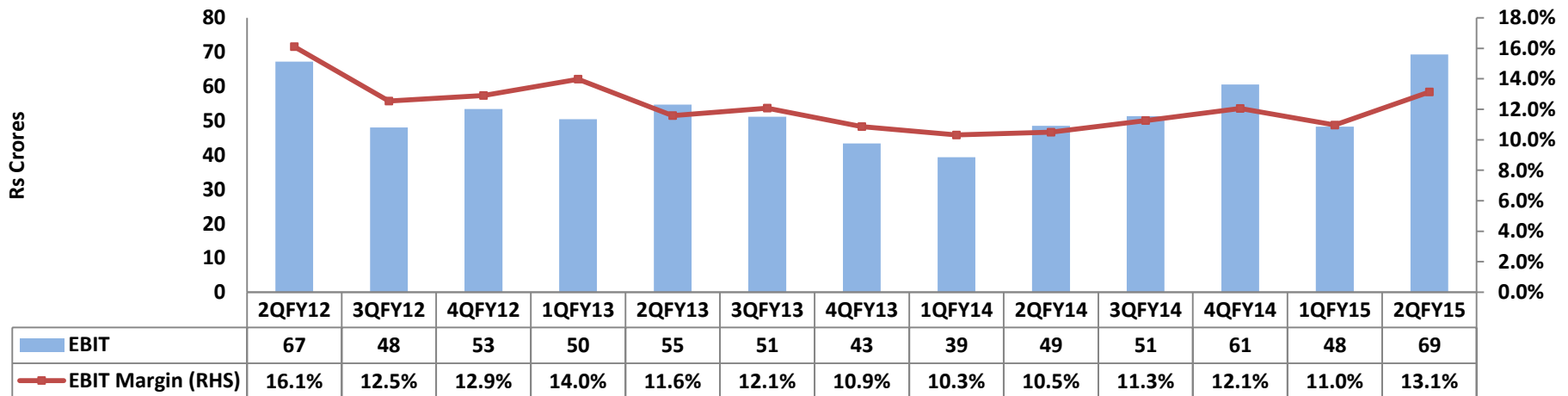


Performance Trends - Quarterly

Watches: Net Income



Watches: EBIT and Margin

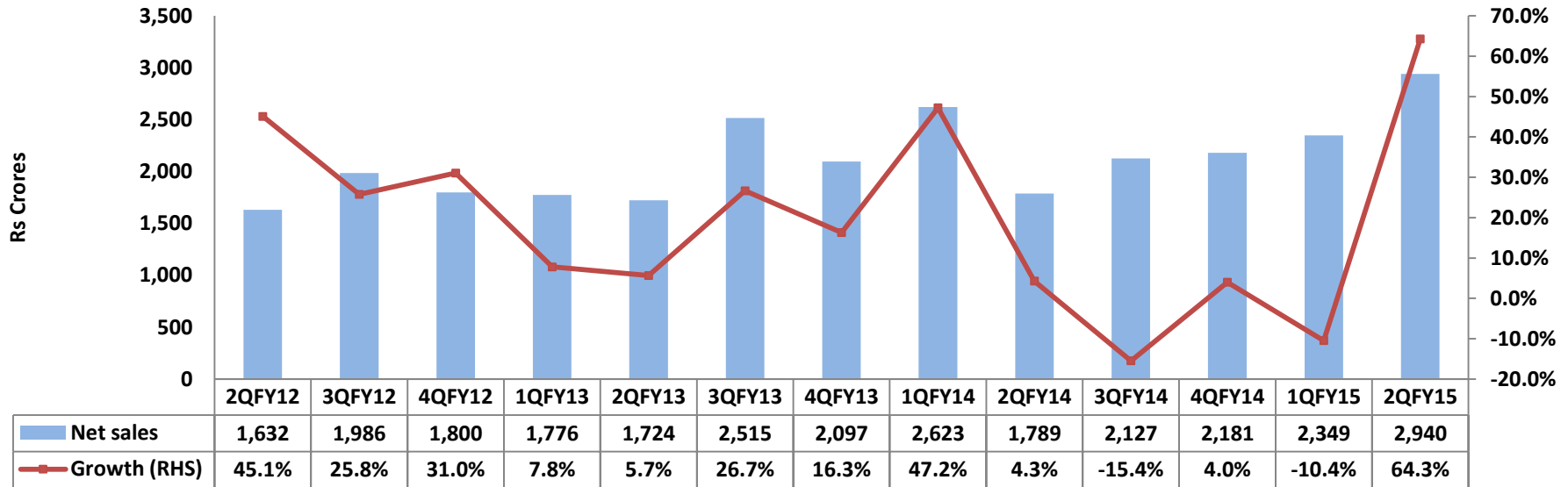


Note: EBIT as per management review numbers

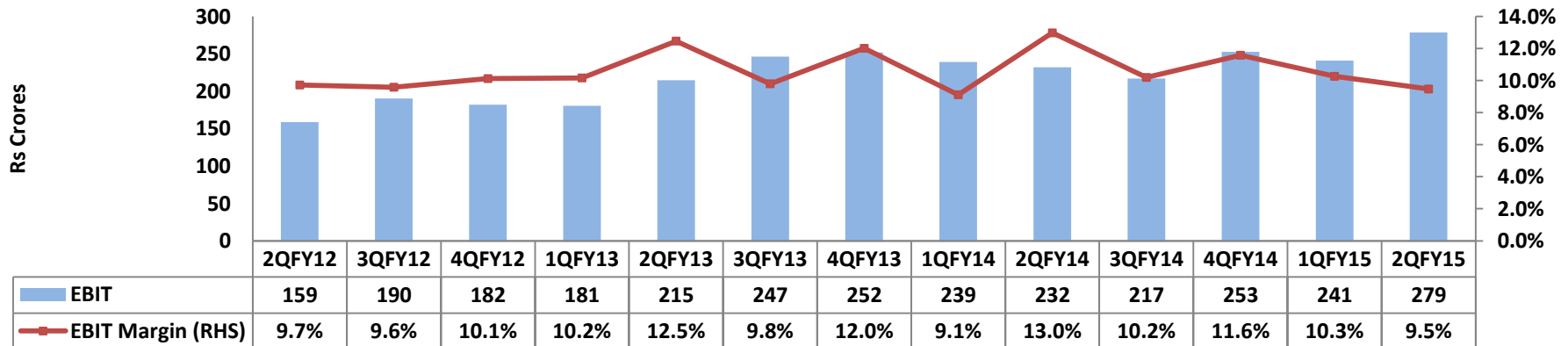


Performance Trends - Quarterly

Jewellery: Net Income



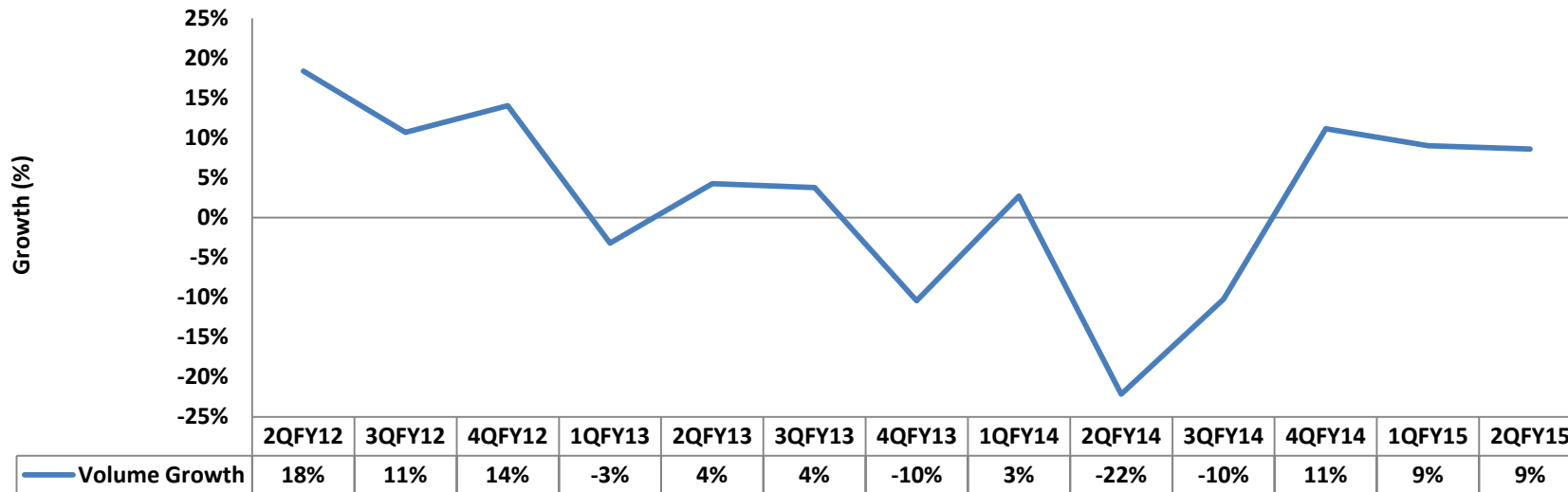
Jewellery: EBIT and Margin



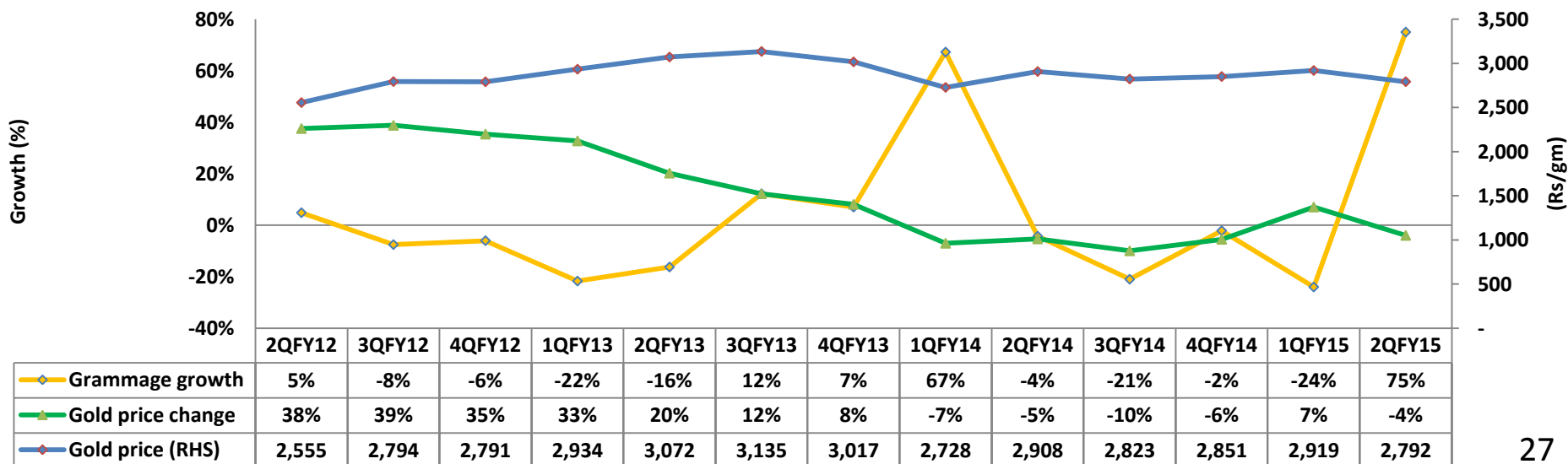
Note: EBIT as per management review numbers

Performance Trends - Quarterly

Watches: Volume growth



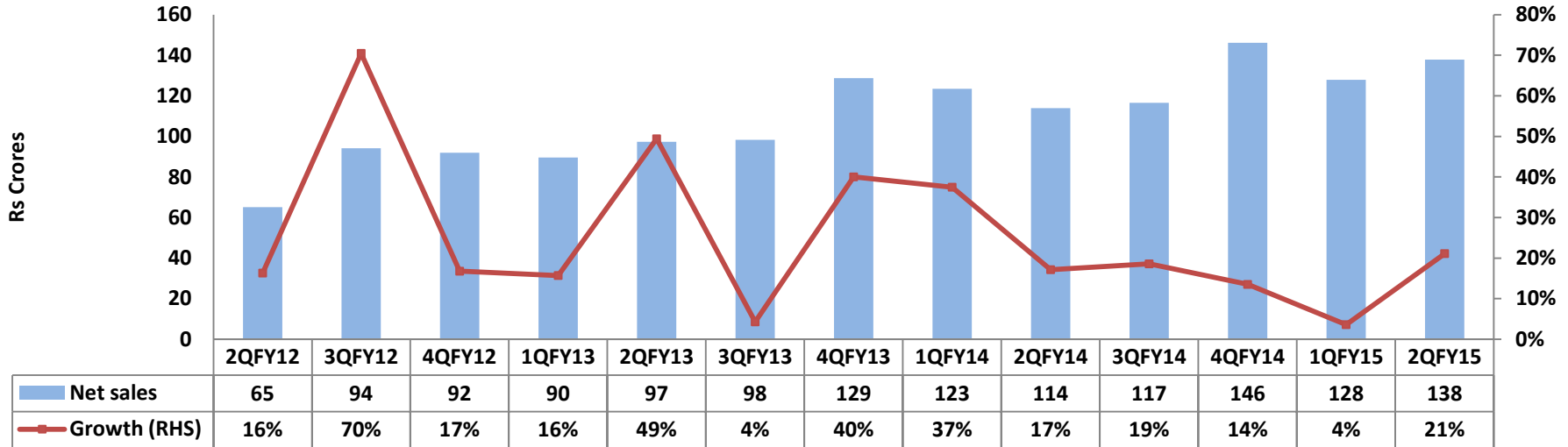
Jewellery: Gold price and Grammage growth



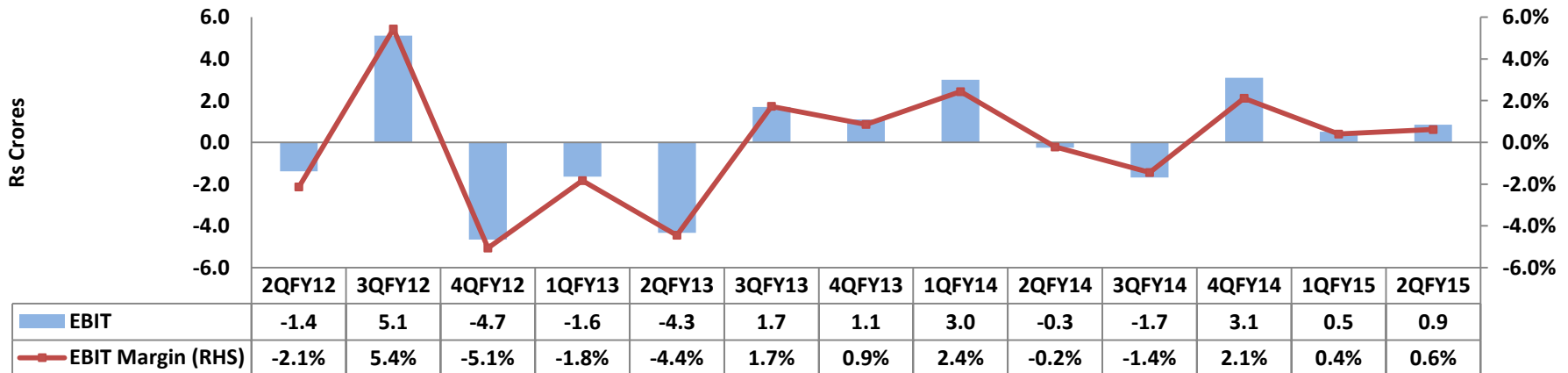


Performance Trends - Quarterly

Others: Net Income



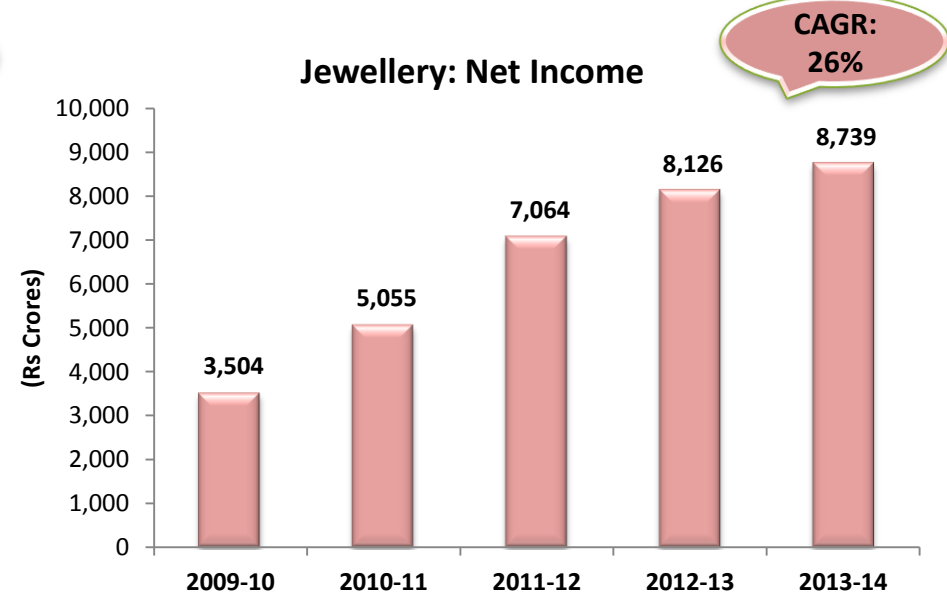
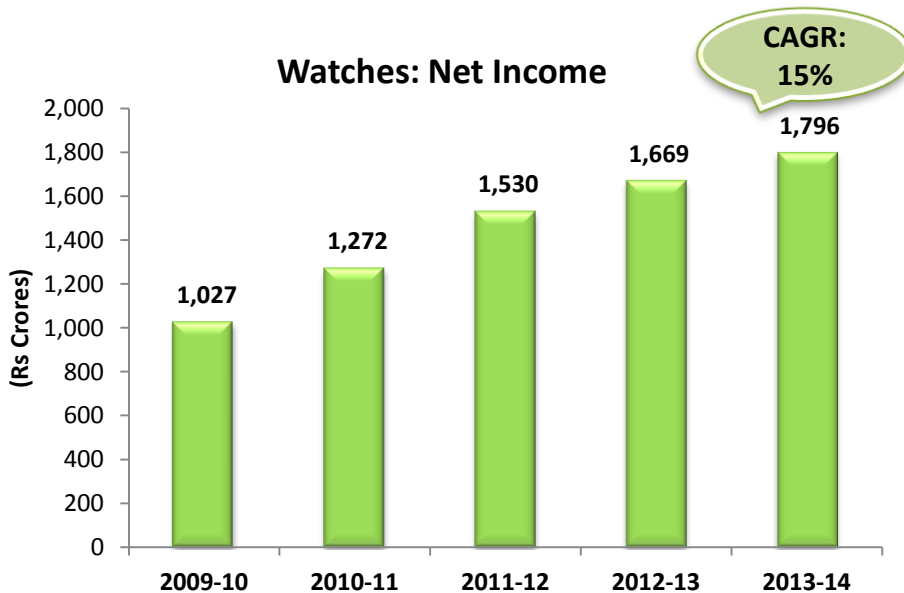
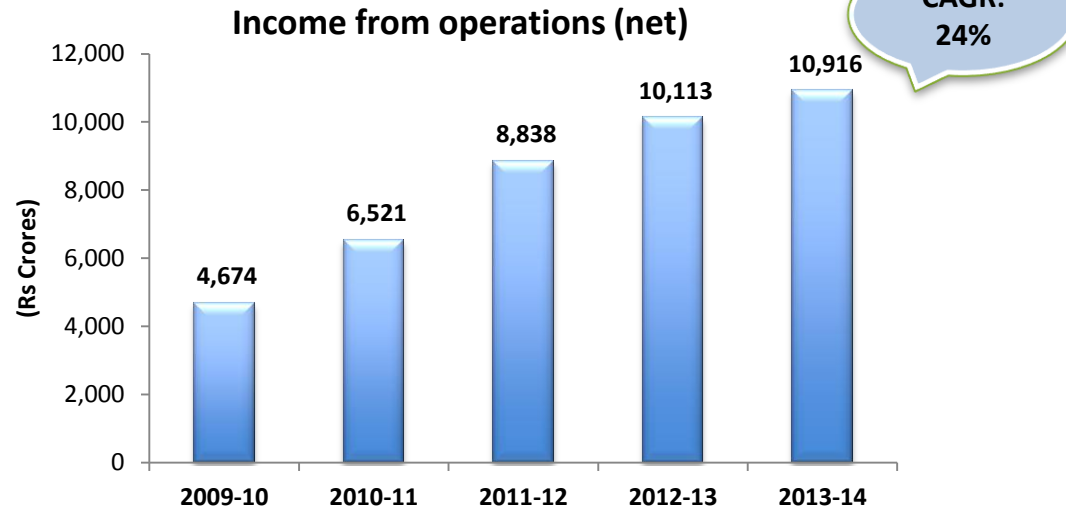
Others: EBIT and Margin



Note: EBIT as per management review numbers



Performance Trends - Annual



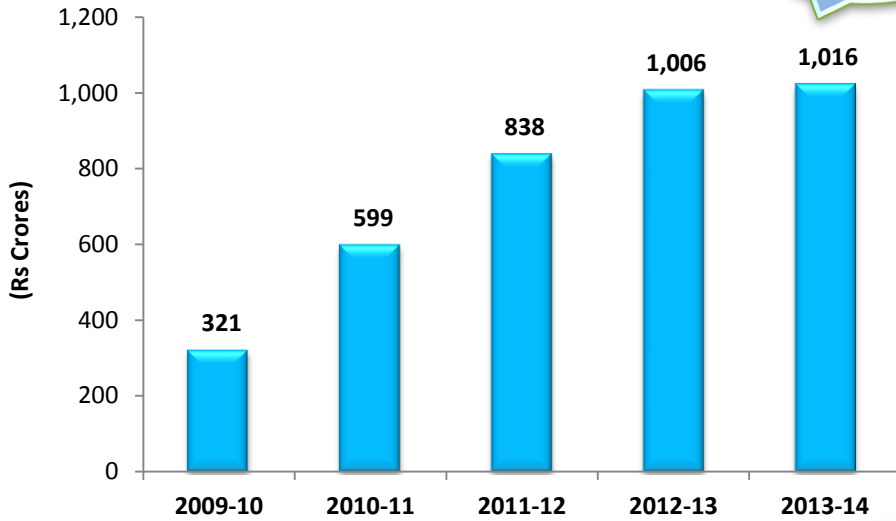
Note: Numbers as per management review



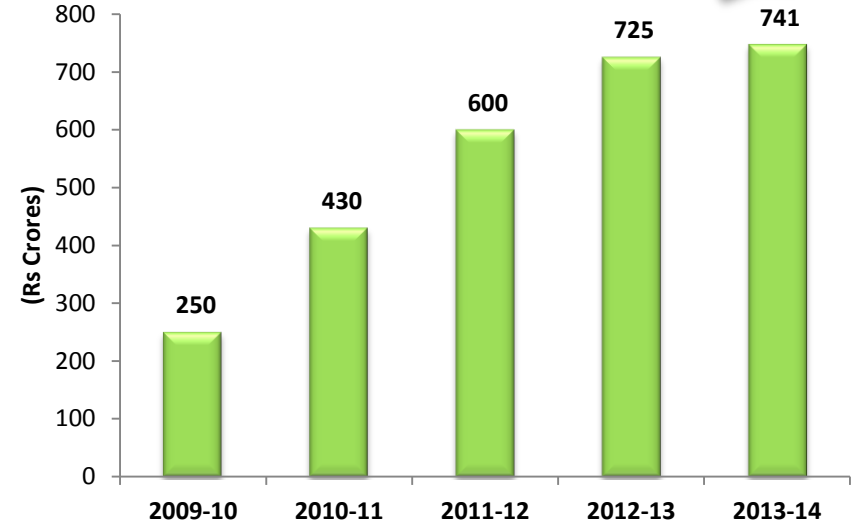
TITAN

Performance Trends - Annual

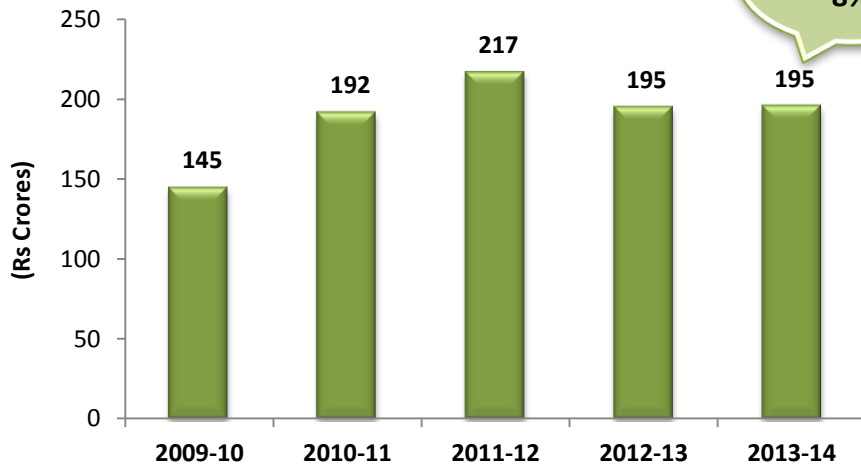
PBT



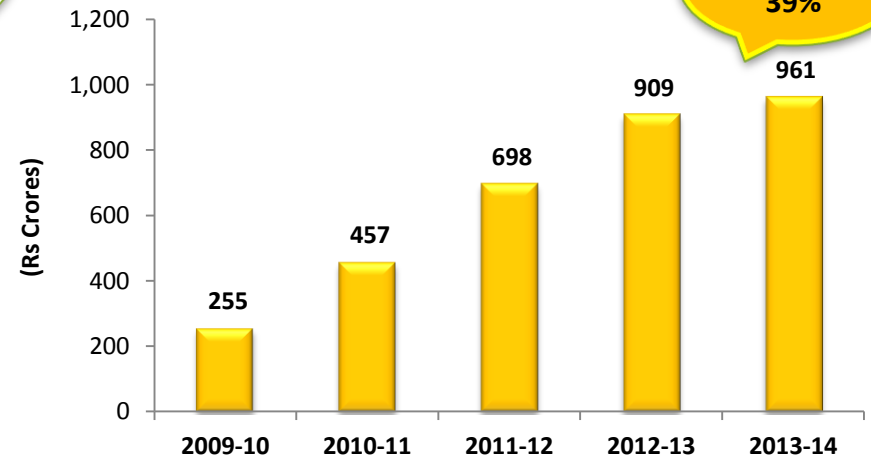
PAT



Watches: PBIT



Jewellery: PBIT

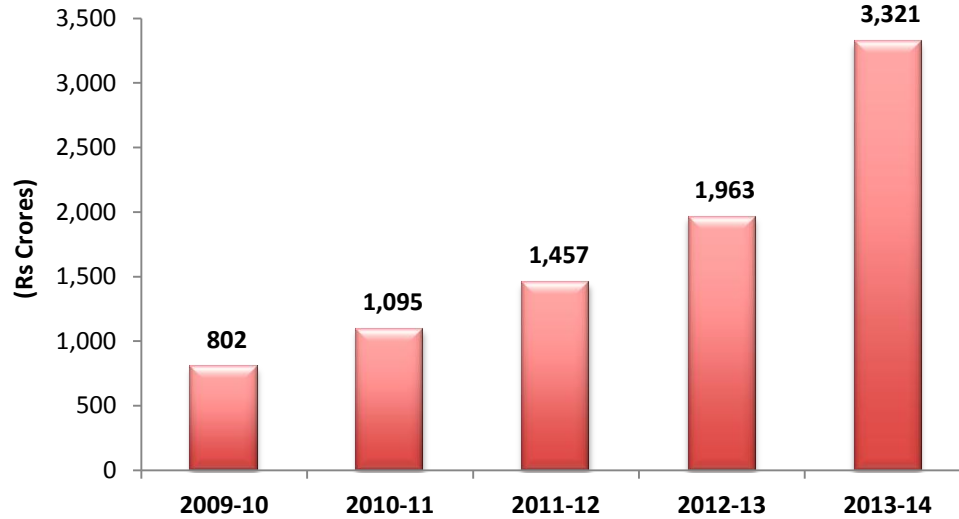


Note: Numbers as per management review



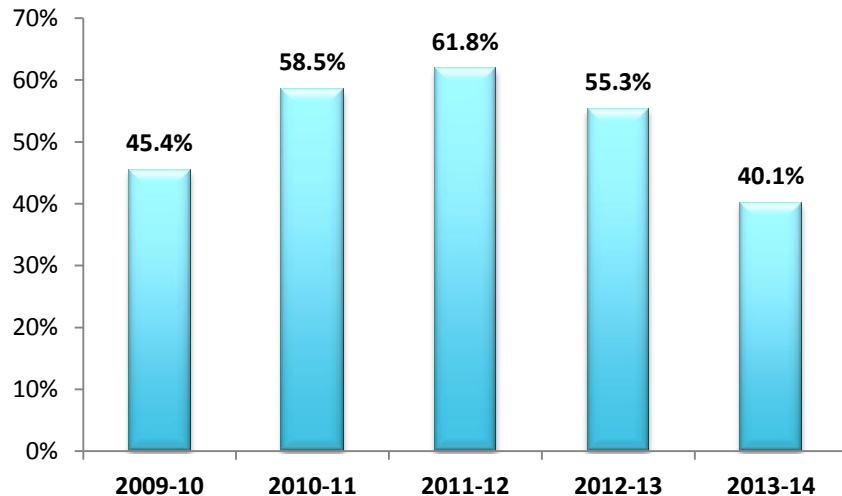
Performance Trends - Annual

Capital Employed

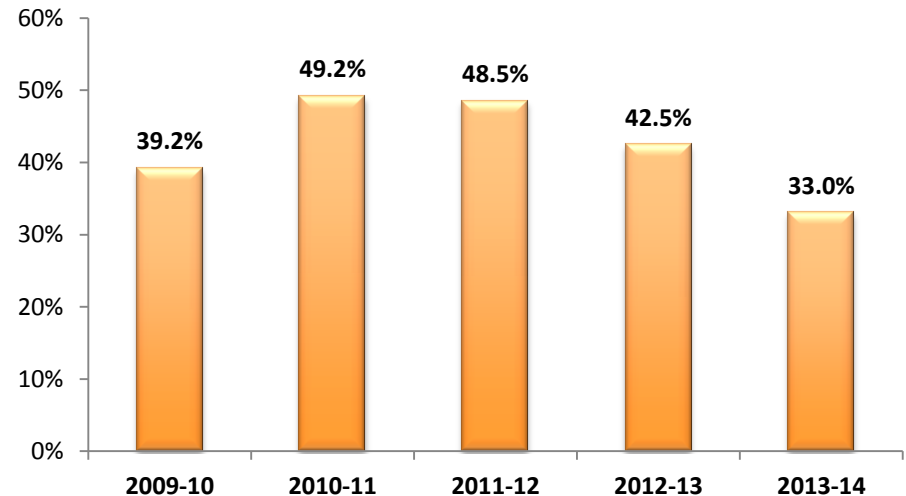


- Suspension of Gold on lease increases Capital Employed sharply
- Cash balance up by Rs 702 crores over the period

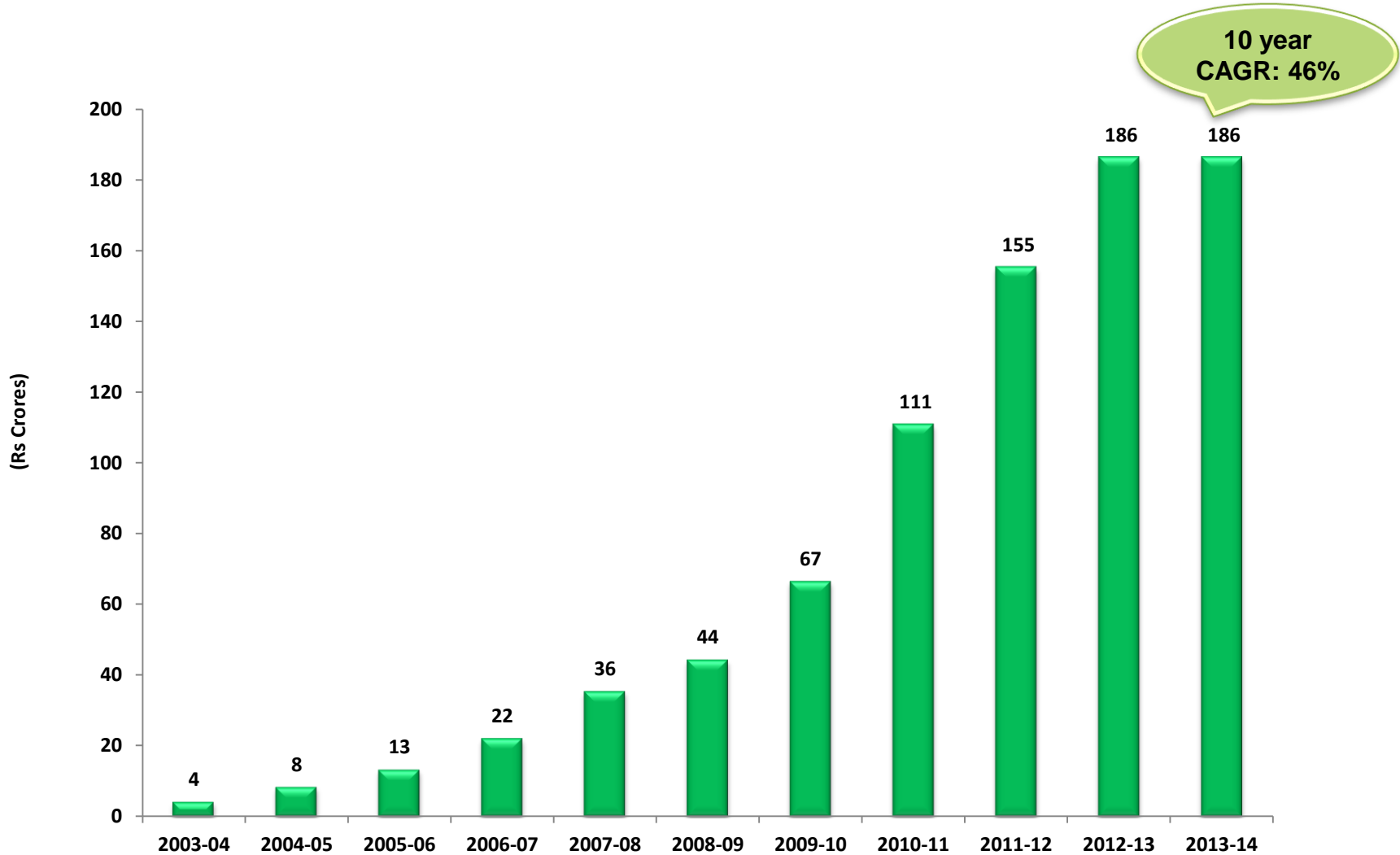
ROCE



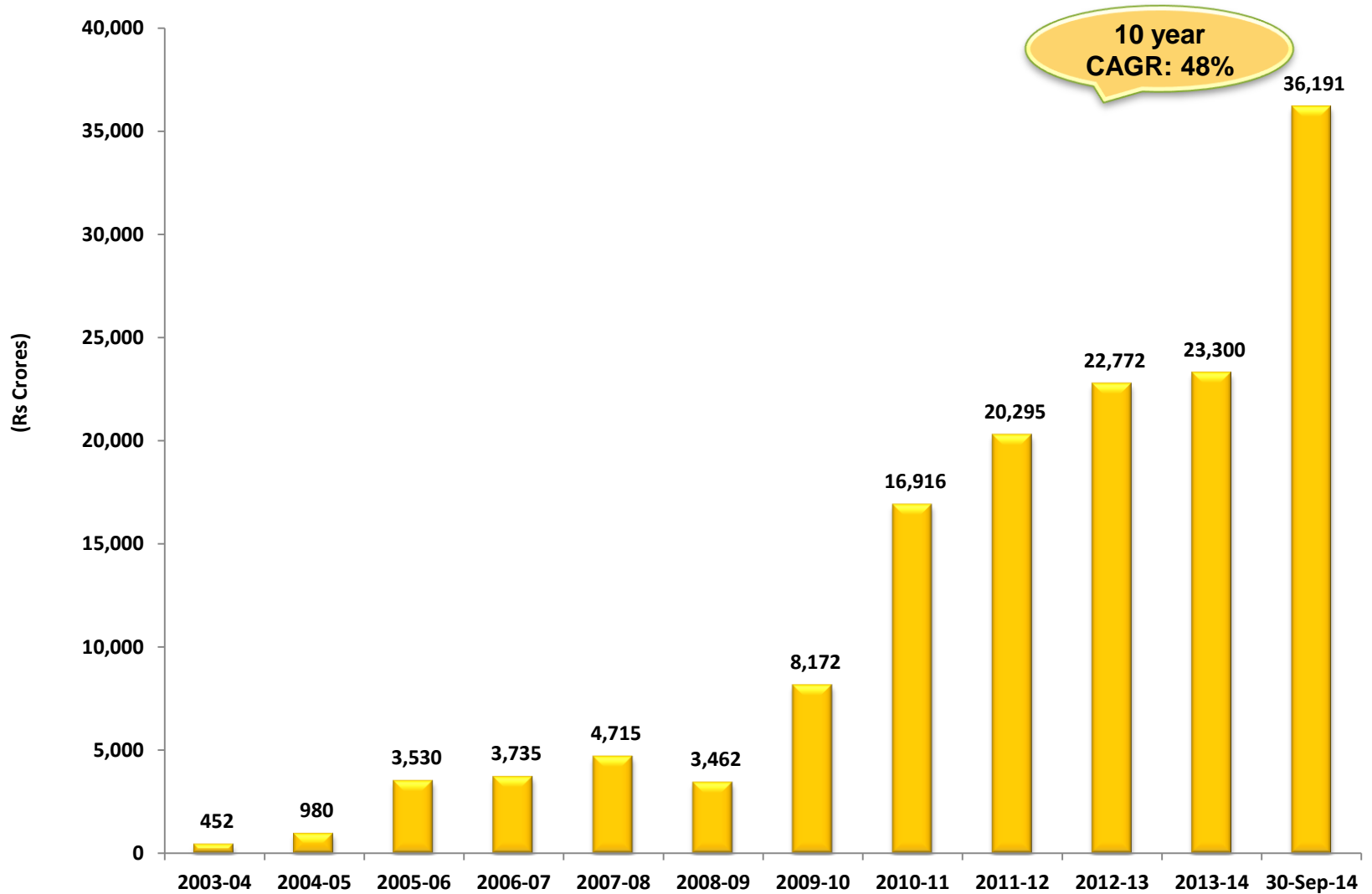
ROE



Dividend



Market Capitalisation



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

*Titan Company envisages empowering the underprivileged, neglected and weaker sections of society in those locations where it has significant influence through interventions in **Education, Employability, Skill Building and Arts & Crafts**, leading to meaningful and sustainable change.*

- **Current initiatives**

1. Supporting Girl Child Education: the Titan Kanya Program. Currently covers 12,000 children. Going forward, this will be an integrated program with multiple interventions through education, livelihood, skilling etc.
2. Supporting Affirmative Action through Education - Tribal school children, Titan scholarships
3. Employability: Support to ITIs, Creation of Titan Skill Institute, work with NSDC to create Titan Standards of excellence across Industry segments
4. Exploring arts, crafts and culture, leveraging core competencies of Titan
5. Eye care for the needy: Partnering with Institutes of National Repute – will touch 150,000 lives in the first year
6. Partnering and working towards rehabilitation efforts in Uttarakhand with Tata Relief Committee and Uttarakhand Government
7. Supporting the Swachh Bharat Mission – toilet facility construction in about 100 schools in Tamilnadu / Karnataka

Recent Recognition

Corporate

- Titan ranked among the 100 most sustainable corporations in Asia in the Channel NewsAsia Sustainability Ranking 2014
- Top Indian company award under the sector Gems and Jewellery at the Dun & Bradstreet Corporate Awards 2014
- Titan continues to be in *Forbes Asia's* FAB 50 companies list for 2013

Watches

- "Best product design of the year- Watches and Jewelry " award by Red Dot for Edge skeletal for 2014
- Bronze medal at the Indian Effies Awards for Fastrack
- Sonata received recognition at the ABP Pitch Brands 50 Awards 2013

Jewellery

- "Most admired retailer of the year" award in the Jewellery category by Images Retail Awards
- Global Awards for Excellence in Quality Management & Leadership by World Quality Congress for Tanishq
- Tanishq is the first Indian brand to enter the list of top 30 Best Retail Brands in Asia Pacific and stands at #13 as per Interbrand

Eyewear

- TRAINN (Trust for Retailers and Retail Association of India) Awards in the lifestyle category
- Qimpro convention award for best practices for its pioneering work on the Titan Vision Check (online)

Thank You



TITAN
COMPANY