



# Titan Company Limited

*Delivering value by creating brands*

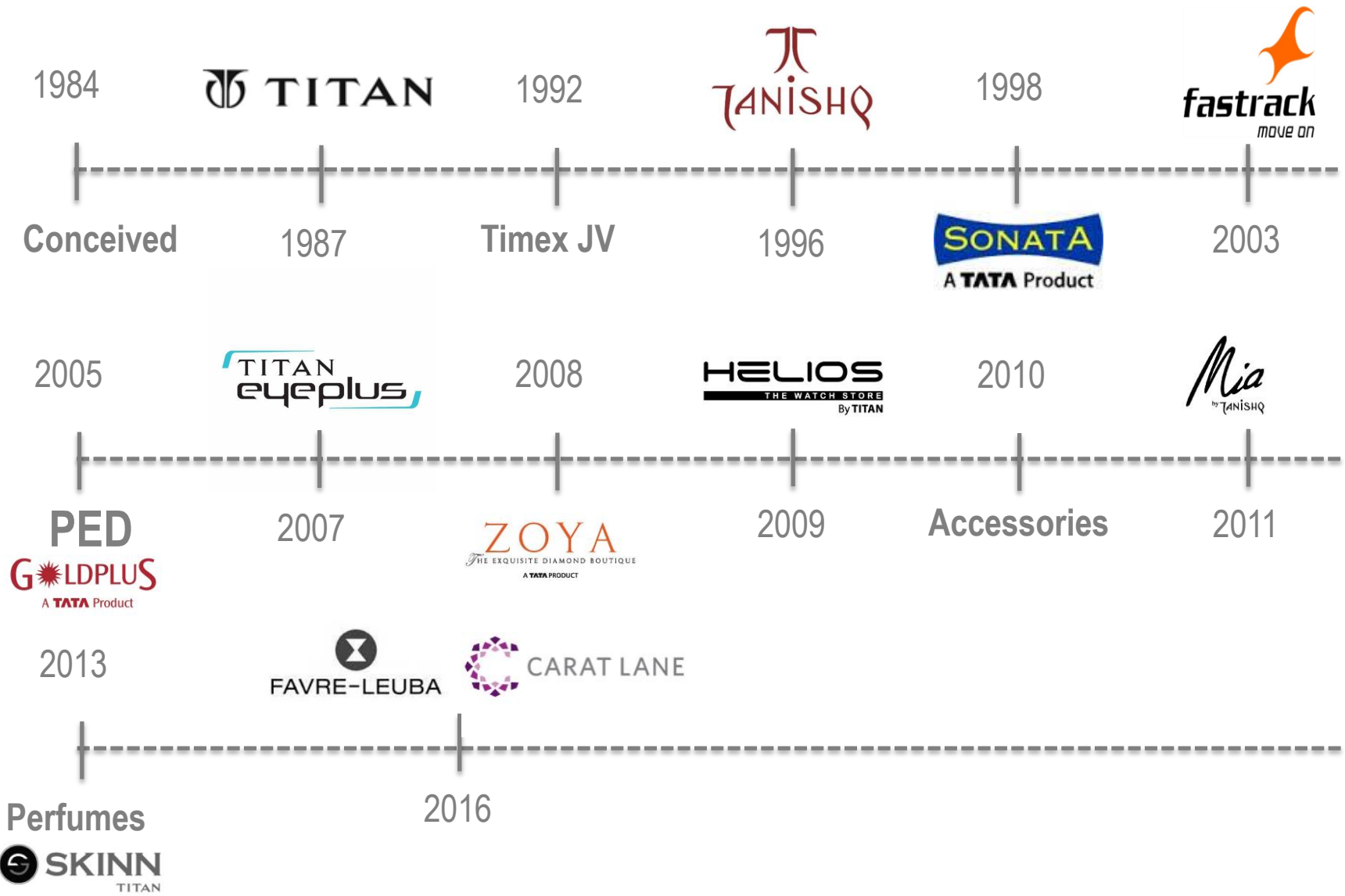
*November, 2017*

# 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



# Titan Today

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**5<sup>th</sup>**

largest watch  
maker

**~\$8.5 bn**

market cap

**~\$2 bn**

annual revenue

**4**

times in Forbes  
Asia Fab Fifty

**1415**

stores with 1.8 mn  
sft retail space

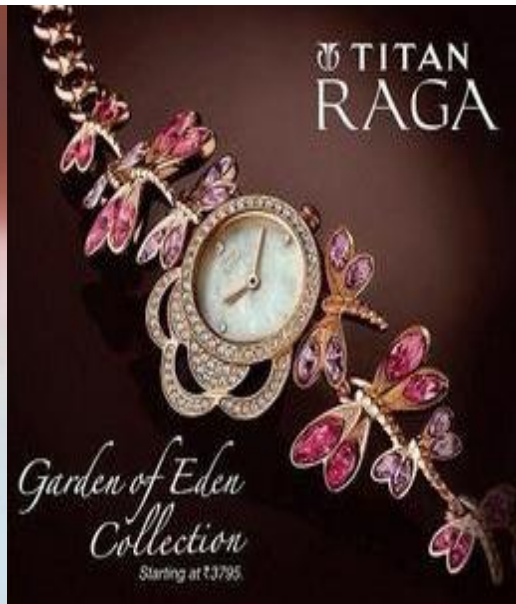
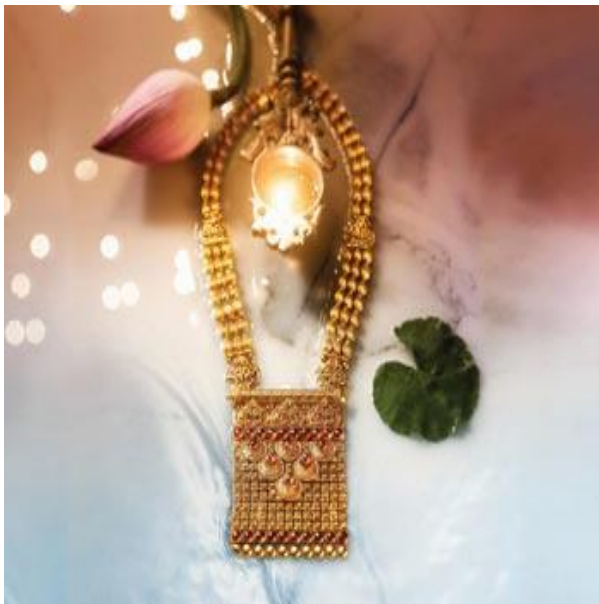
**7.5k+**

employees on rolls

**11k+**

mutli-brand outlets

# Our Strengths



## Design and Development

800+ New time products every year

reddot Award to 2 Edge watches

Differentiated Jewellery Collections

Customized lenses with 3D visual mapping

## Manufacturing

12 Manufacturing and assembly facilities

State of the art Karigar Centres for Jewellery

Components exported to Swiss watch makers

3600+ employees engaged in factories

## Brand Building

Sonata: India's largest selling watch brand

Fastrack: India's largest youth brand

Tanishq: India's leading Jewellery brand

Raga: Exclusive women's watch brand

## Retail and Customer Service

Exceptional Customer Experience

Merchandising Effectiveness

Impactful Retail Identities

Engagement of store staff

Extensive After Sales Service network

# Our Brands

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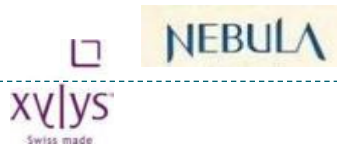


Luxury



ZOYA

Premium



TANISHQ

Mid Market



TITAN eyeplus



Mia



GLARES by TITAN



Mass Market





# Our EBO Network



ZOYA (2)

Luxury

Premium

**HELIOS** (62)  
THE WATCH STORE  
By TITAN

**π** (229)

**WORLD of TITAN** (485)  
THE EXCLUSIVE TITAN SHOWROOM

**TANISHQ**

**TITAN eyeplus**

Mid Market

(462)

Watch Care Centres (716)  
**fastrack** (166)

*Mia* (30)  
**CARAT LANE** (24)

Mass Market

**GOLDPLUS** (7)  
A TATA Product

1425 Exclusive Stores

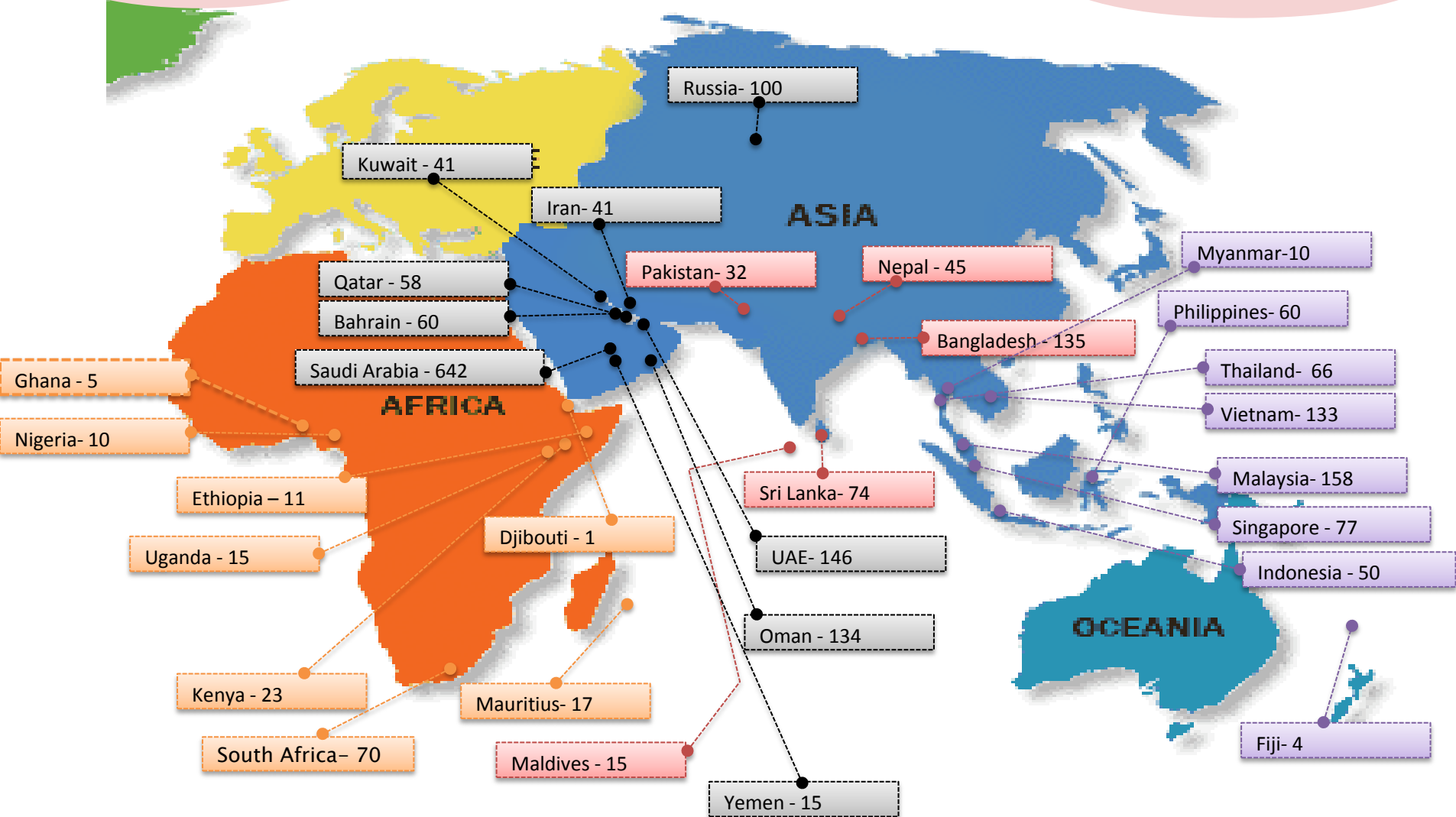
266 Towns

Over 1.8 mn sq ft of retail space

# International Presence

32 Countries

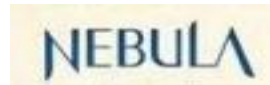
2,264 Outlets





# Watches

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## Brands

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6 major in-house brands & 8 licensed brands

## Manufacturing

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6, state of the art, watch and component manufacturing/assembly plants

## Points of Sale

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EBO: World of Titan, Fastrack Stores

OWN MBO: Helios

MBO: present across 11k+ dealers/ MBOs

LFS: Large format departmental stores

ECOM: [www.titan.co.in](http://www.titan.co.in) and market places

EXPORTS: 2,264 pos in 32 countries

## Customer Service

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Largest network of exclusive service centers

716 watch care centers in 277 towns

## Sophisticated Design & Development

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Core strength: Industrial, Retail and Graphic design

Numerous international award-winning designs



*Multipiece Case Construction*

# Watches



*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*



*Fastrack Reflex Activity Tracker Band: Geared up for Action*



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

*Titan Juxt: Smarter. By far.*



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



*Xyllys: Swiss made watches, Crafted for Connoisseurs*

# Watches Manufacturing



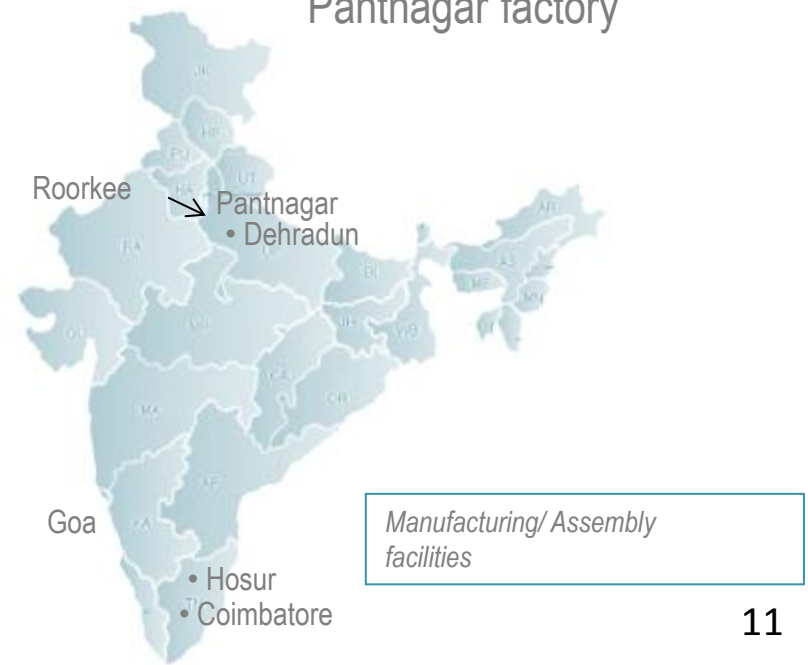
Watch factory, Hosur



Pantnagar factory



Watch Assembly







## WORLD OF TITAN

485 showrooms (Net 11 additions YTD)

220 towns – 418k sft



## FASTRACK STORES

166 showrooms (Net 11 additions YTD)

85 towns – 94k sft



## HELIOS STORES

62 showrooms (Net 13 additions YTD)

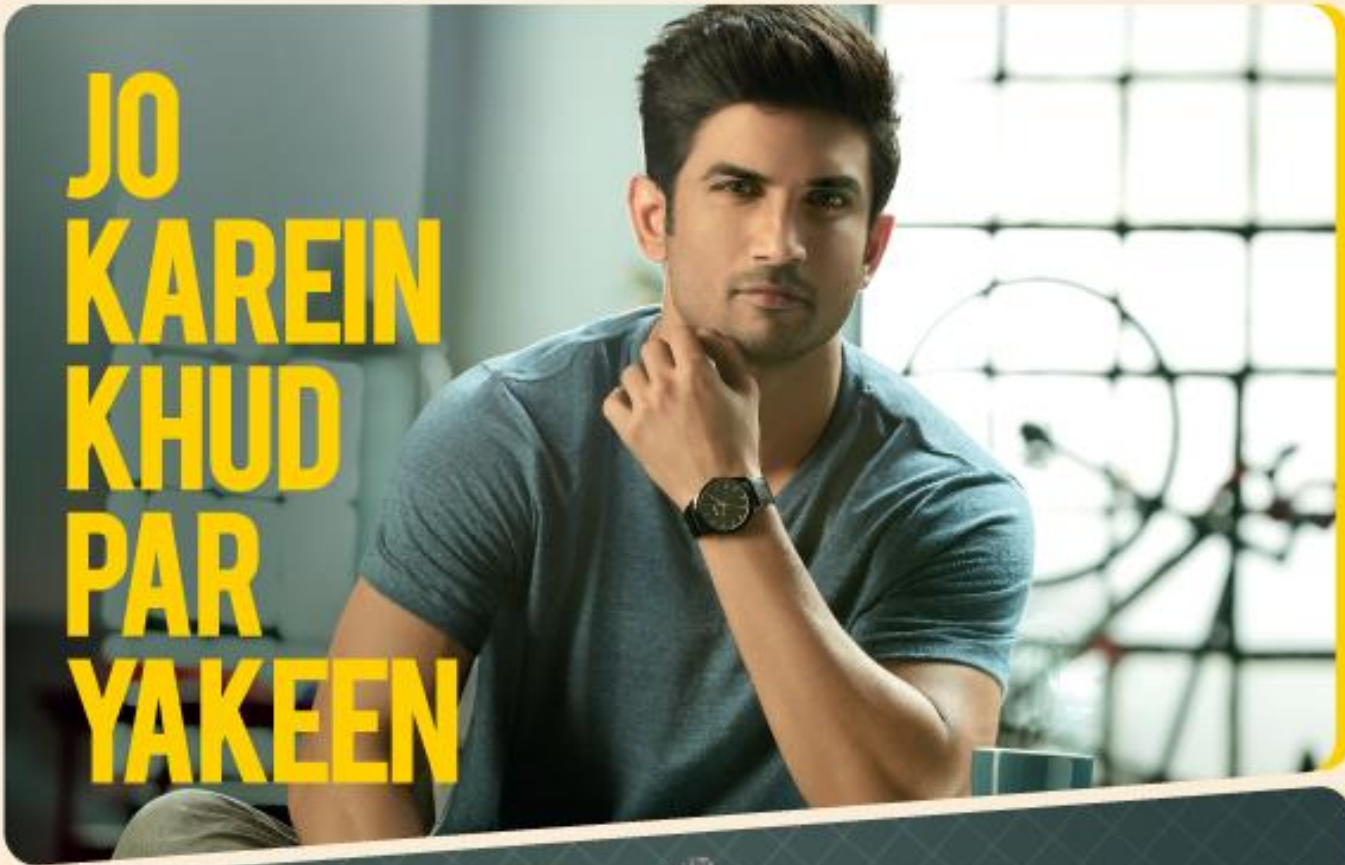
28 towns – 60k sft





TITAN  
RAGA  
*Espana*

JO  
KAREIN  
KHUD  
PAR  
YAKEEN



**SONATA**

A TATA PRODUCT



# Jewellery

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Mia



CARAT LANE

ZOYA



## Brands

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TANISHQ: flagship brand

ZOYA: luxury segment play

MIA: Tanishq sub-brand for work wear jewellery

CARATLANE: a Tanishq partnership, ecommerce brand

## Manufacturing

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Studded jewellery manufactures mostly in-house

Plain gold jewellery mostly outsourced

3 manufacturing facilities

4 state of the art karigar centers: Industry best practice

## Points of Sale

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Largest jewellery retailer in the country

Jewellery sales through EBO and ecommerce

EBO: Tanishq, Mia, Caratlane


Ecommerce: [www.titan.co.in](http://www.titan.co.in) and [www.caratlane.com](http://www.caratlane.com)

## Design Excellence

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Key product differentiator

Capability for in-house design of many collections

  
**TANISHQ**  
 HUM  
 HAR SHAADI  
 — KE LIYE —  
 TAYAAR HAIN!



Mia  
by TANISHQ

As beautiful  
as your work.



CARATLANE.COM  
India's Trusted Online Jeweller

Diamond and Gemstone  
Jewellery

[View Collection](#)

Dream Diamond Weddings  
**ZOYA**  
THE EXQUISITE DIAMOND BOUTIQUE  
FROM THE HOUSE OF  
TANISHQ



*Inspired by life. Crafted with passion. Adorned with joy. And designed for eternal love.  
In this exquisite new wedding collection, Zoya gives the Indian bride all the radiance she needs to  
celebrate the beginning of a wonderful journey, with spectacular diamonds in both  
classic and contemporary designs.*



106, NIFERASIA ROAD AND WARDEN ROAD JUNCTION, OFF AT STEPHENS CHURCH,  
MUMBAI - 40 00 02 (MUMBAI) AND 500 00 00 (HYD) FOR FURTHER DETAILS.  
[www.zoyajewellery.com](http://www.zoyajewellery.com)



# Jewellery

## Karigar Center, Hosur





## Tanishq Stores

231 showrooms (Including 2 Zoya stores)

Net 21 Tanishq stores added YTD, including 16 erstwhile Gold Plus stores (65k sft added YTD)

140 towns – 940k sft





## Gold Plus Stores

7 showrooms (Net 16 conversions YTD)

7 towns – 14k sft



## Mia Stores

30 stores across 9 cities (~7.3k sq ft)



## Carat Lane Stores

24 showrooms across 8 towns (~16k sq ft)



VIACOM  
18 MOTION PICTURES

The Goddess Queen

Viacom18 Motion Pictures & Bhansali Productions Present

# Padmavati

Directed By Sanjay Leela Bhansali

BHANSALI  
PRODUCTIONS

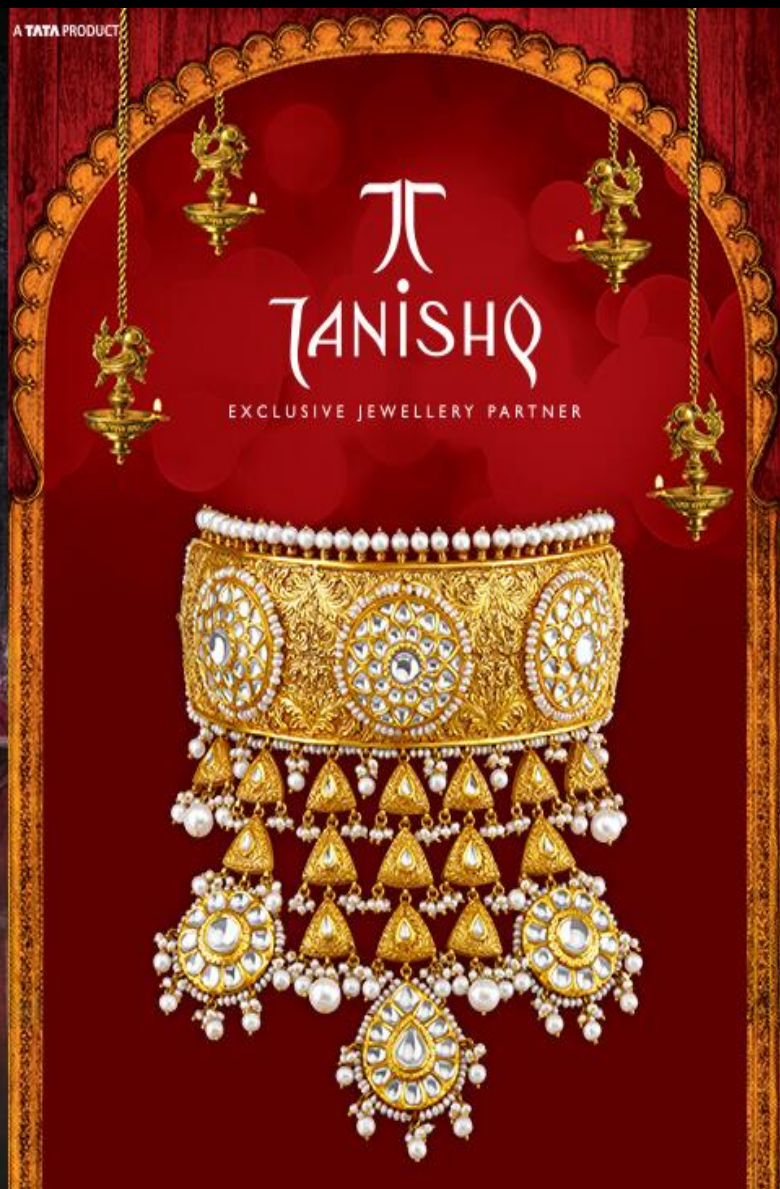
A TATA PRODUCT



Amazon  
Prime

© 2018 Viacom18 Motion Pictures

VIACOM18



TANISHQ

EXCLUSIVE JEWELLERY PARTNER



TANISHQ  
PRESENTS  
JEWELS  
OF  
ROYALTY



2717 NDG

Presenting Jewels of Royalty. Inspired by the iconic jewellery of Indian royalty that is unmatched in its beauty and craft, this collection reinterprets classic masterpieces in unique trends such as flat tassels, pixelated pearl strings and exaggerated centers.



2717 NBO

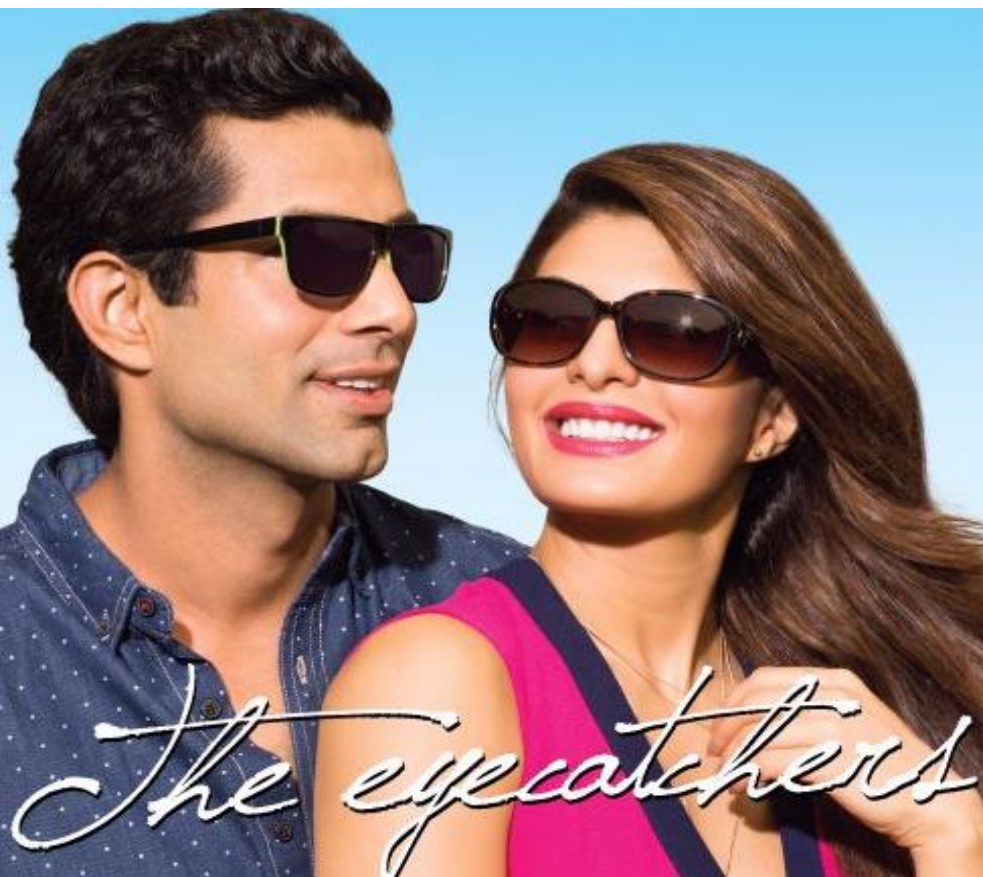
RANGE STARTING AT ₹3 LAKHS

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TITAN  
eyeplus

  
fastrack

GLARES  
by TITAN



## Brands

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TITAN EYE PLUS: Retail brand

TITAN: main in-house frames and lenses brand

FASTRACK and GLARES: in-house sunglasses brand

LICENSED BRANDS: for frames and lenses

## Manufacturing

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State of the art lens lab in Chikkaballapur

Satellite lens labs in major cities to improve turn around time

Frame manufacturing facility to commence operations soon

## Points of Sale

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TITAN EYE PLUS: India's largest optical retail chain  
Sunglasses sales through departmental store kiosks and MBO format also

## Differentiators

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Zero-error testing

Vision check online

Remote eye testing at stores

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



# Eye Wear



## Frames

In-house Brands



## Sunglasses

In-house Brands



## Lens Labs



# *fasttrack*

SUNGLASSES



**SUNBLOCKS** COLLECTION





## Titan Eye Plus Stores

462 showrooms (Net 14 additions YTD)

204 towns – 304k sft



# Fragrance

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## Brands

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SKINN by Titan

Fine French perfumes at very attractive price points  
12 fragrances launched so far

## Manufacturing

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Manufactured in France by celebrated perfumers, and distilled from the finest ingredients  
Bottled in France and India

## Points of Sale

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Sold through World of Titan Channel, key departmental store chains and Ecommerce  
One of the highest selling perfumes in all departmental stores  
Plans to strengthen the distribution further in the coming year  
Packaging innovations for trial and gifting

## Differentiators

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Exceptional fragrances at a very attractive price point  
Similar products from international competition at very high price points  
Domestic branded competition almost non-existent

## *Q2 Performance*

## Q2 Background

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- The Company had one more excellent quarter despite the introduction of GST and the effect of the application of the Prevention of Money Laundering Act to jewellery sector during the quarter.
- Market share gains in the jewellery segment continued and good growth in the Watches division helped the Company achieve 30% growth in revenue and almost 74% growth in profit before tax.
- Post introduction of GST, revenue numbers are not strictly comparable as current Net revenue figures are after deduction of GST which includes the erstwhile Excise duty and VAT. Previously only VAT was deducted from revenue and Excise duty was shown separately.
- While GST transition at the front end has been smooth and has not caused any disruption to business, work on the back end has been taking considerable time of the company and it is expected that it will take one more quarter for situation to normalise.
- Stock levels at the business associates level are back to normal levels.
- The Government extended the application of the Prevention of Money Laundering Act to the jewellery segment in end August 2017. KYC norms were applicable to sales over Rs 50,000 and there was some impact on our sales. However based on representations from the jewellery associations, the Government suspended the applicability of the Act in early October till regulations are framed specifically for the sector. One of the main changes we expect are substantial increase of the limit for KYC norms and reporting requirements.
- The Company added 49 stores with a retail space of 38k sq feet in H1 FY 17-18
- The Company has moved into its new Corporate office premises in Electronic City, Bengaluru



## Q2 Background

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### Jewellery

- The division had an excellent quarter, delivering 36% growth on the top line and an even better 68% growth at the EBIT level. Retail growth was 22% with same store growth at 18%.
- While we reported GST related advancement of sales in the previous quarter to the tune of an estimated Rs 250 cr, the festive season was also ahead this year and compensated for the lower July sales. Primary sales were also higher this quarter due to the stocking requirement for the festive season.
- The division had its diamond studded activation during the quarter and fell a little short of internal expectations as the businessmen client base were preoccupied with the introduction of GST. Studded ratio therefore fell to 36% in the quarter compared to 42% in the previous year.
- Gold tonnage increased by 49% for the quarter
- Despite a lower studded ratio compared to the previous year, the division achieved a higher gross margin due to better product margins. Hedging gains were about the same as the previous year.
- The division designed all the jewellery for the Hindi film “Padmavati” and the collection under the same name has been a huge hit.
- GHS contribution is now up to 18% this year
- Wedding jewellery and high value studded categories are growing very well and have contributed significantly to market share gains
- Store openings have been behind schedule with only 5 stores with 12k sft being opened so far this year. The rate is expected to rise considerably in the second half.

## Q2 Background

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### Watches

- Q2 was a very good quarter for the Watch division. While the top line growth was 9%, if figures were restated for excise duty corrections, the growth in the quarter comes to 13.6% .
- Domestic watches sales have grown by 16% with volume growth at 15%.
- The quarter had the Titan brand activation which did fairly well.
- Exports continue to remain a concern declining 15% in revenue terms.
- Titan launched the “Regalia Sovereign” and Raga “Espana” collections during the quarter.
- Fastrack launched its “Lightweight” collection also during the quarter. Fastrack wearables have been a great hit with the target customer base.
- The NXT2 collection came from the Sonata stable. Sonata has also appointed Sushant Singh Rajput as its brand ambassador.
- The division added 11 WOTs, 11 Fastrack and 13 Helios stores adding upto 15,000 sq feet in the year so far

### Eye Wear

- Prescription eye wear business was under some pressure in the quarter and growth was 3.5%
- The sunglass business had a very successful activation and grew by 39%
- Fastrack frames were launched for the first time targeted at the youth
- 14 stores measuring 10k sft were added in the year

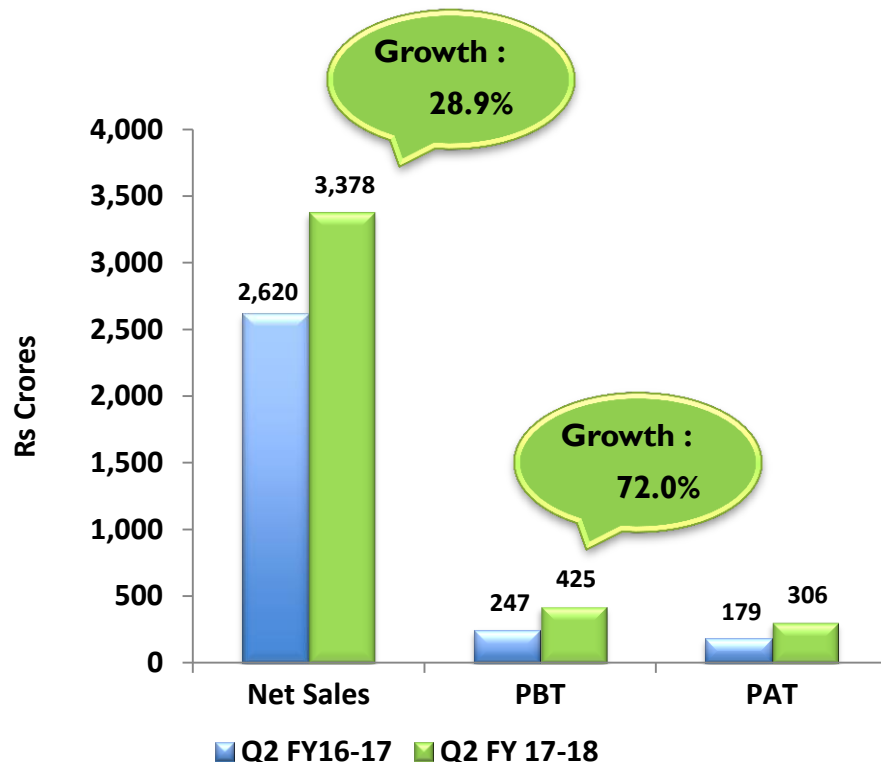
## Q2 FY 17-18 Retail Growth

|                       | <u>Sales value growth</u> | <u>Like to like growth</u> |
|-----------------------|---------------------------|----------------------------|
| <b>World of Titan</b> | 7%                        | 5%                         |
| <b>Tanishq</b>        | 22%                       | 18%                        |
| <b>Helios</b>         | 9%                        | -9%                        |
| <b>Fastrack</b>       | 4%                        | 2%                         |
| <b>LFS</b>            | 4%                        | 1%                         |
| <b>Titan Eye+</b>     | 10%                       | 3%                         |

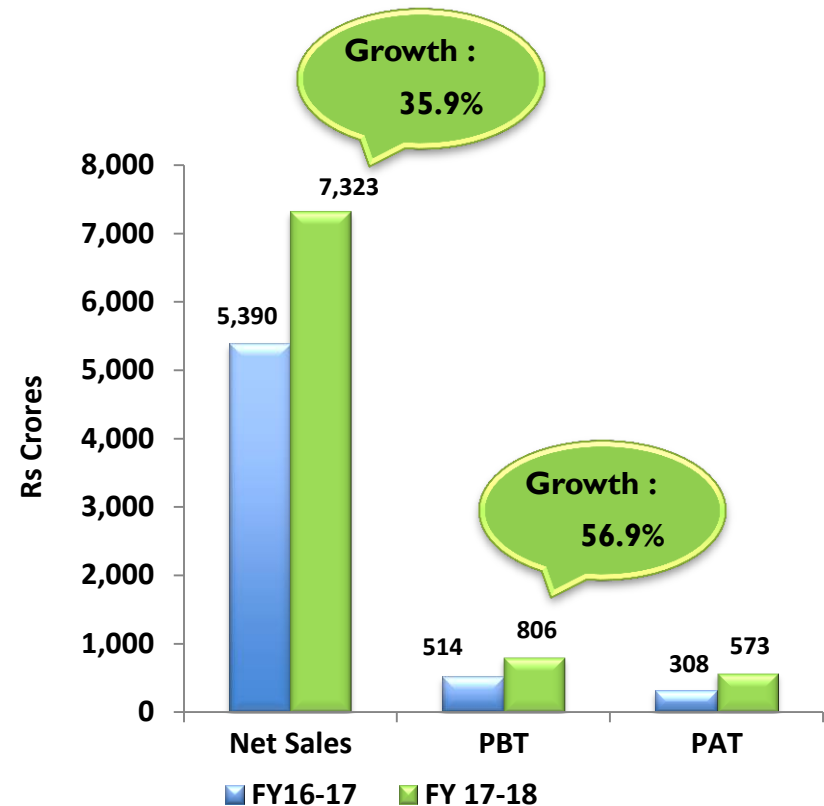


# Company Performance Q2 FY 17-18- Standalone

## Q2 FY 17-18

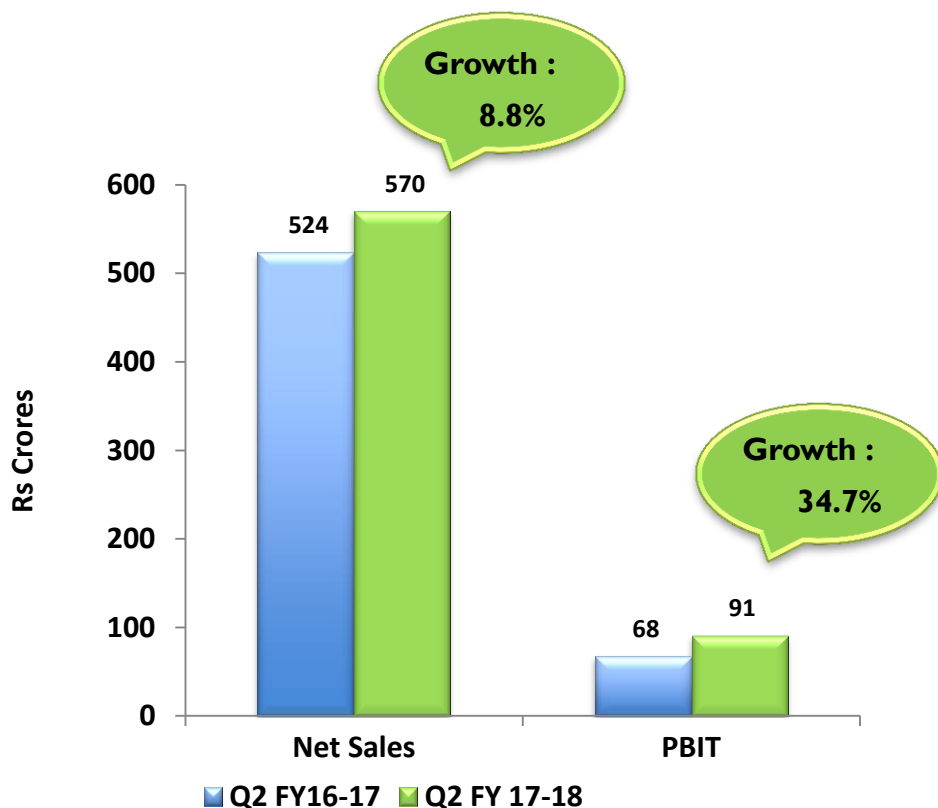


## YTD FY 17-18

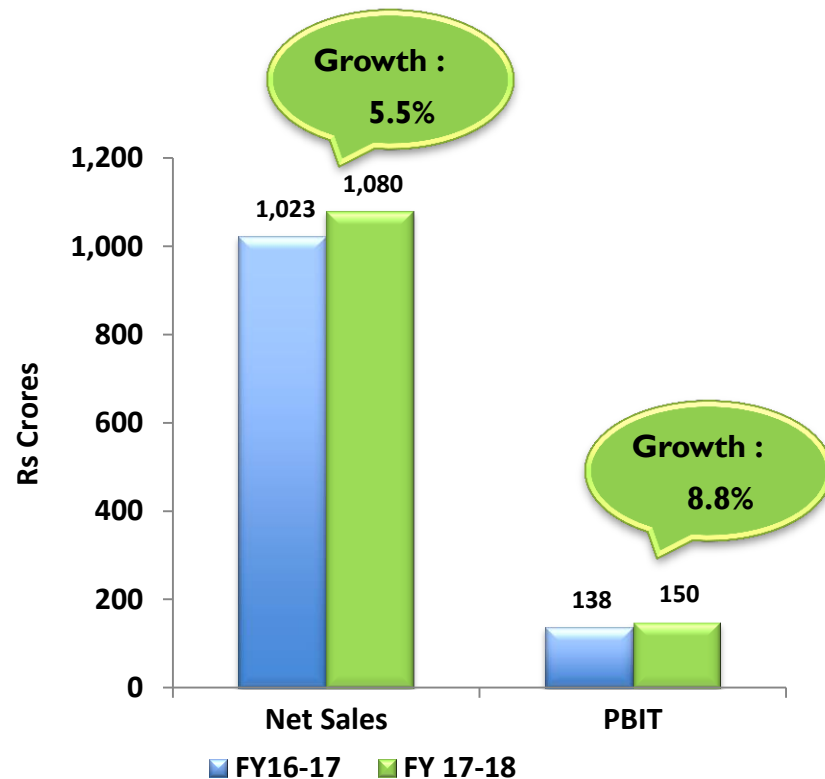


- Significant market share gain resulted in sales growth of 29% for Q2FY17-18 and operating leverage helped PBT margin rise to record 12.6%
- PBT indicated above is before VRS impact for the company of Rs.3 cr for Q2 FY 16-17, Rs.11 cr for YTD FY 17-18 and Rs.94 cr for YTD FY 16-17.
- Other Expenses in Q2 FY 17-18 declined by 31% on account of GST related disclosure changes (excise duty on stock and octroi/local body taxes) and a large favourable swing in hedging ineffectiveness between PY and CY

## Q2 FY 17-18

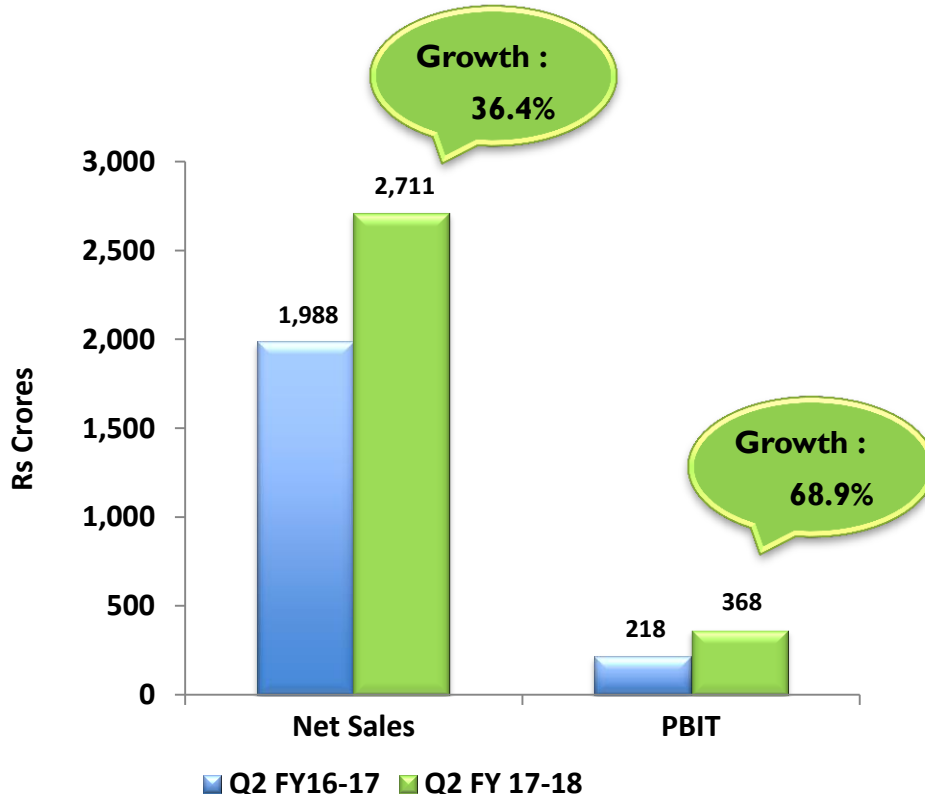


## YTD FY 17-18

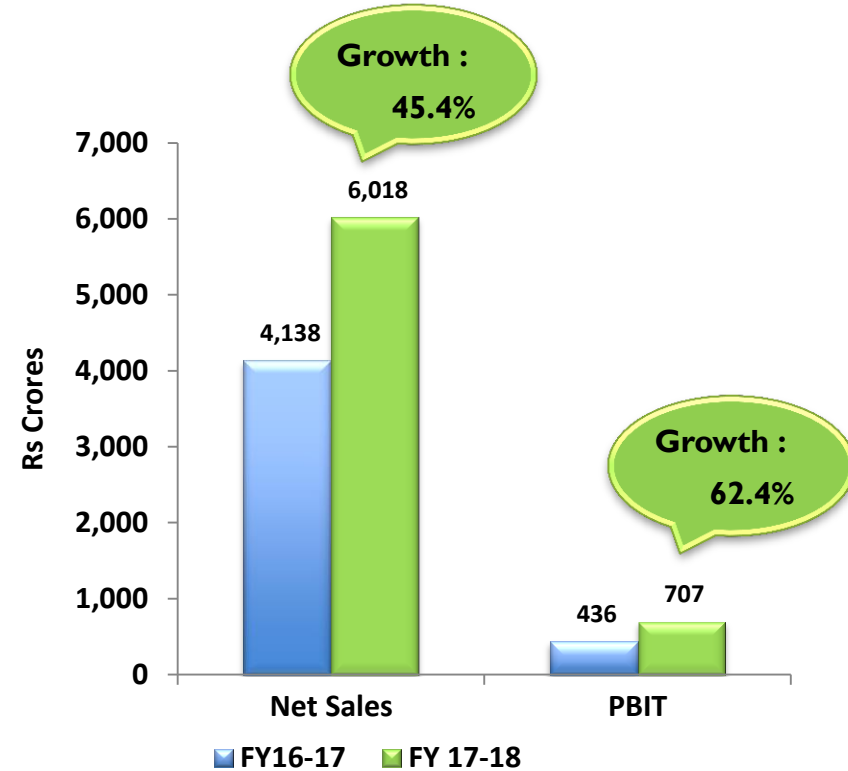


- Revenue growth would be 13.6% for Q2 FY 17-18, after adjusting for excise duty/exemptions in PY and CY
- Domestic watches sales have grown by 16% with volume growth at 15%
- PBIT above is before VRS impact for the division of Rs.10 cr for YTD 17-18 and Rs.64 cr for YTD FY 16-17
- PBIT margin of 13.9% for H1 FY17-18 on the back of strong revenue growth and control on costs

## Q2 FY 17-18



## YTD FY 17-18

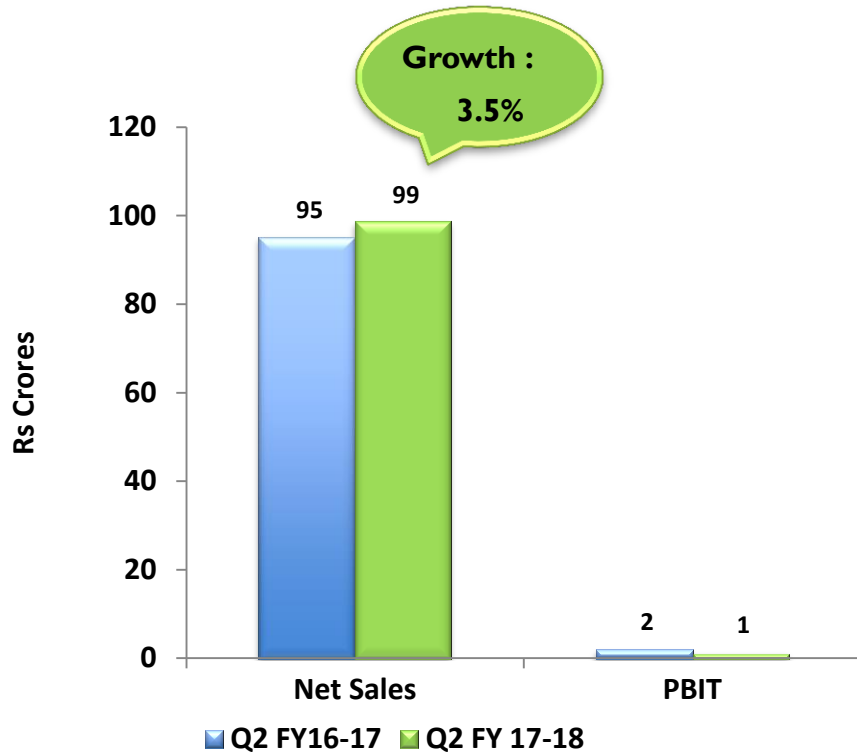


- Success of wedding jewellery efforts resulted in a grammage growth of 49% for Q2 FY 17-18
- The studded ratio was 36% for the year as compared to 42% for PY
- PBIT above is before VRS impact for the division of Rs. 14 cr for YTD FY 16-17

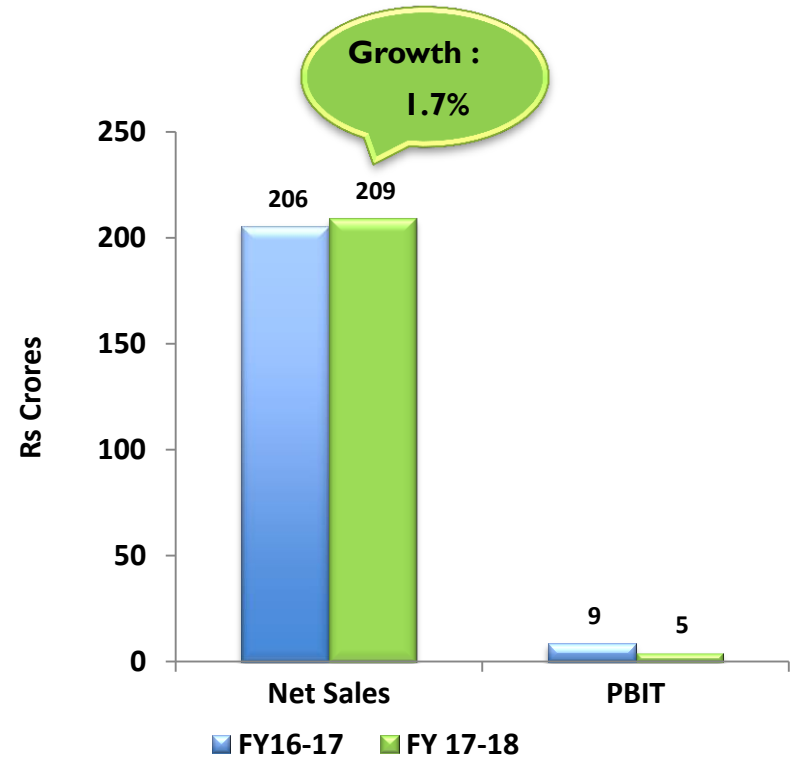


# Eye Wear

Q2 FY 17-18



YTD FY 17-18

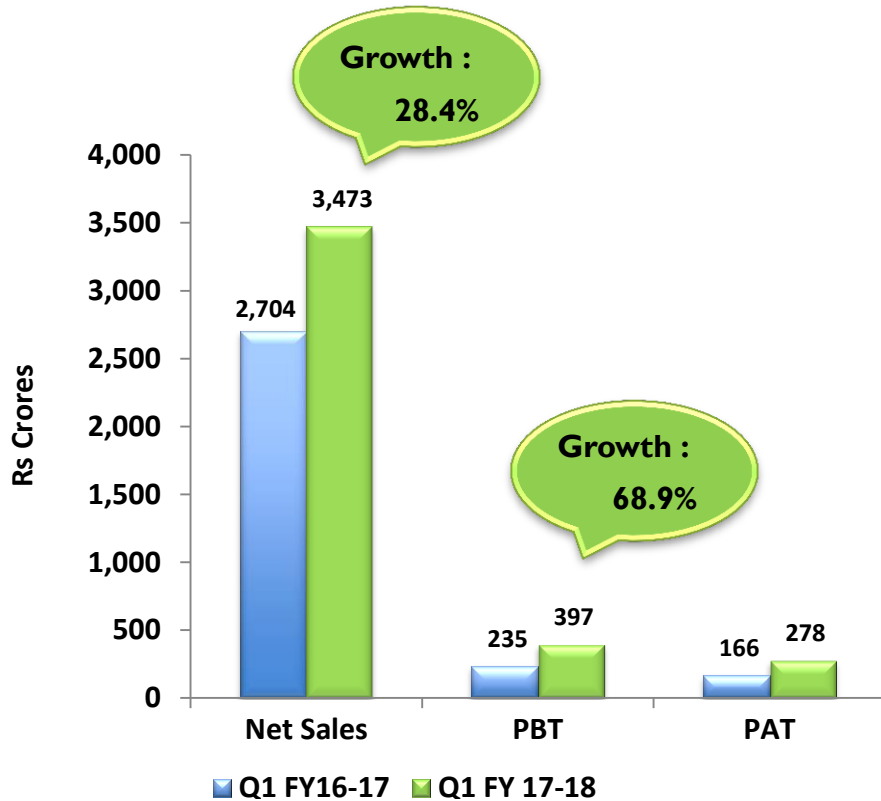


- Sunglasses business grew by 39% for Q2 FY 17-18 due to a very successful activation. Dealer stocks are now at normal levels
- The prescription eye wear business declined by 3% largely on account of higher payouts to franchisees for compensation of GST related losses.
- PBIT above is before VRS for the division of Rs.4 cr for YTD FY 16-17.

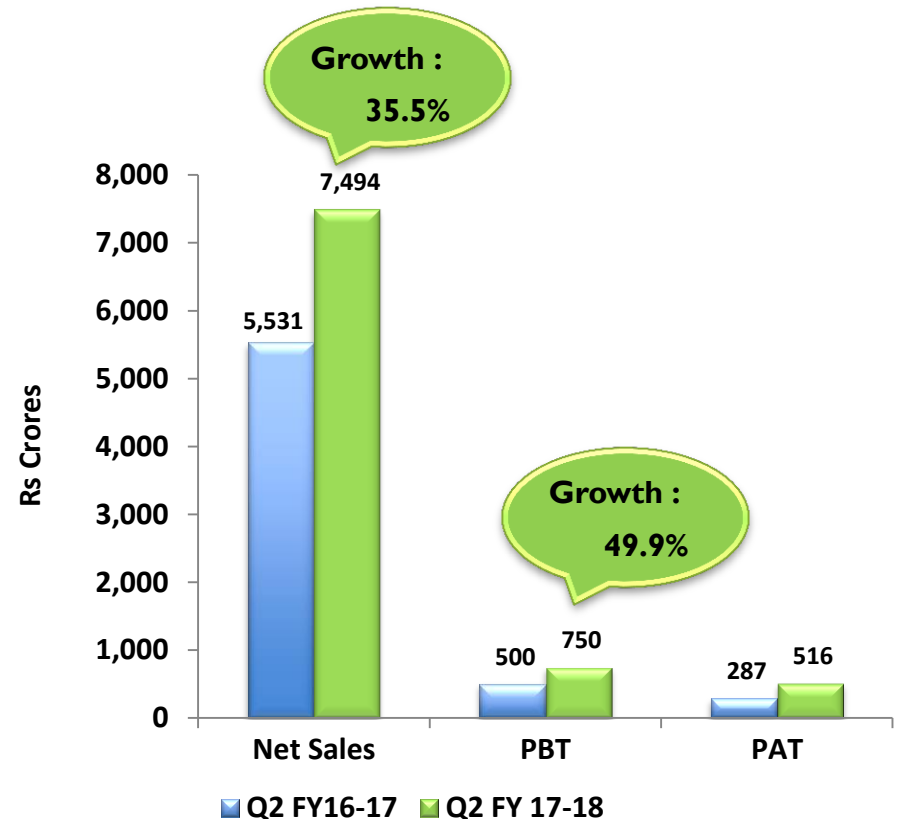
# Company Performance - Consolidated



## Q2 FY 17-18

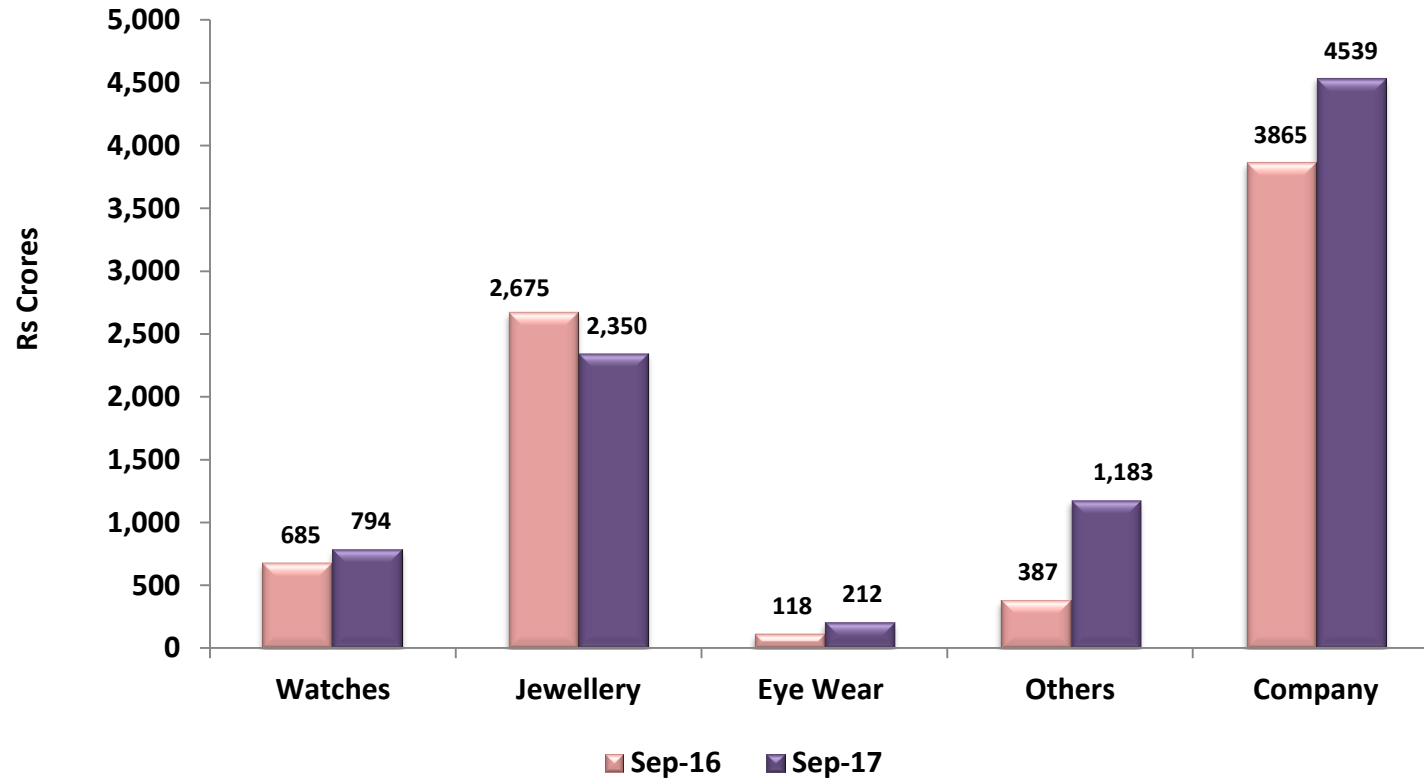


## YTD FY 17-18



- Growth in revenues in Caratlane has been excellent in the quarter while TEAL struggled for growth in the first half
- PBT figures are before consolidated VRS cost of Rs 100 cr for YTD FY16-17 and Rs.11 cr for YTD FY17-18.

# Capital Employed

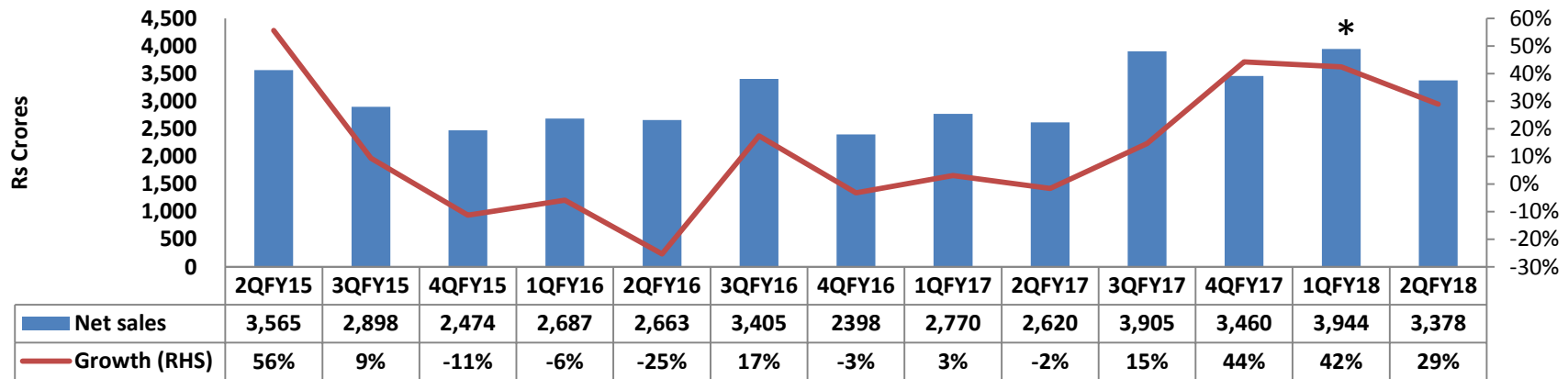


- Jewellery capital employed declined as the division procured more Gold on Lease this year
- Sharp increase in corporate capital employed due to capital expenditure for new corporate office, increase in cash & equivalents and sharp decrease in working capital borrowings

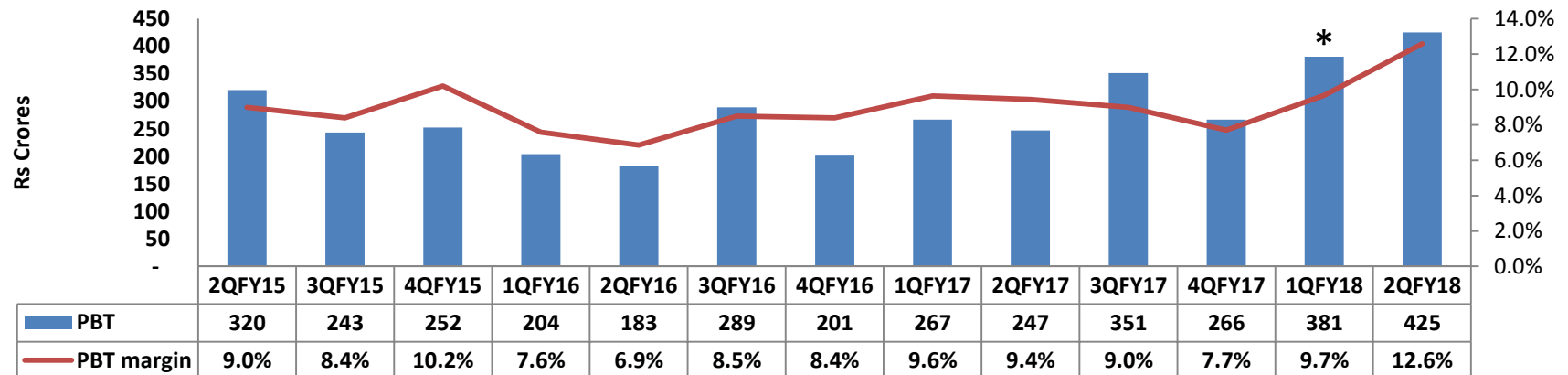


# Quarterly Performance Trends

## Company: Net Income



## Company: PBT & Margin

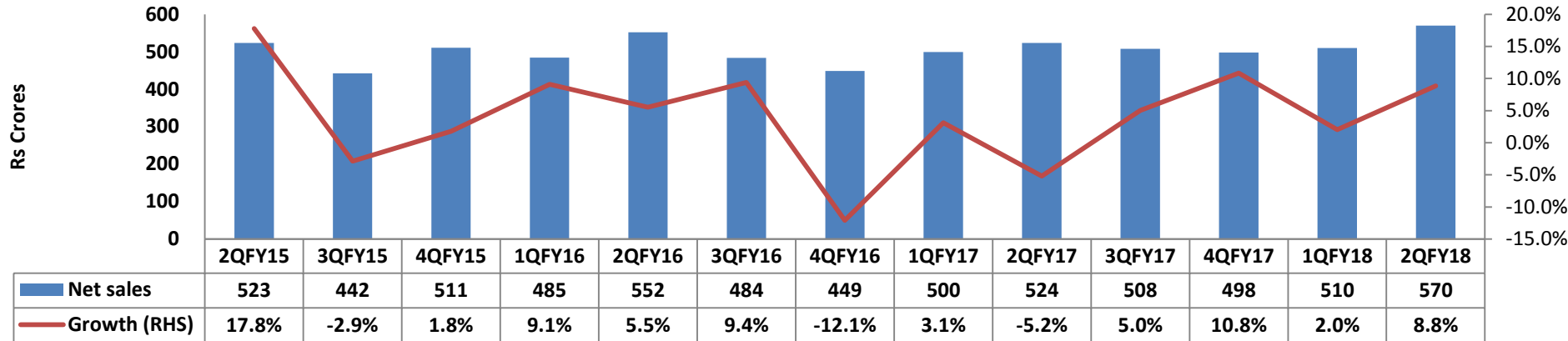


\* Financials of the Company do not include PED from Q2 FY 17-18 onwards due to its demerger into TEAL

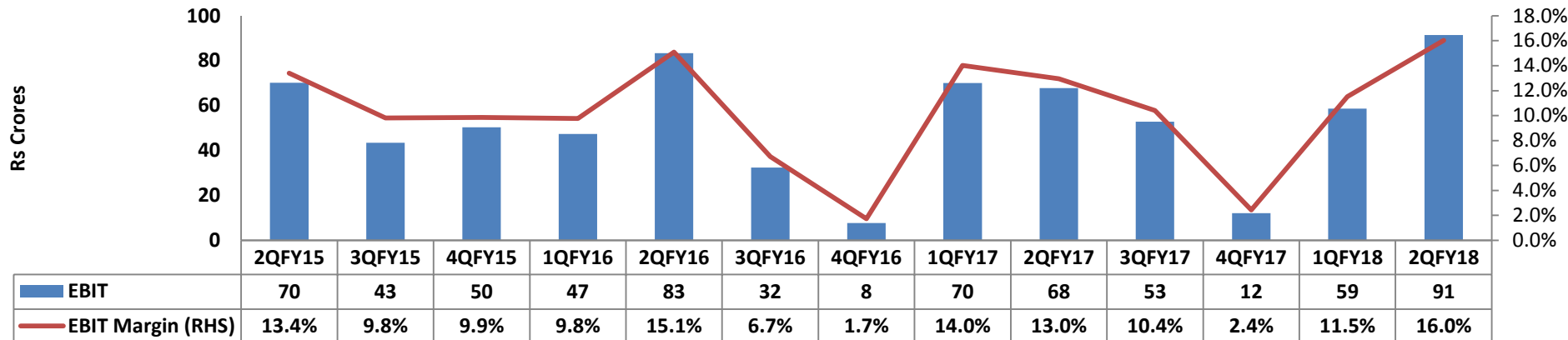
# Quarterly Performance Trends



## Watches: Net Income

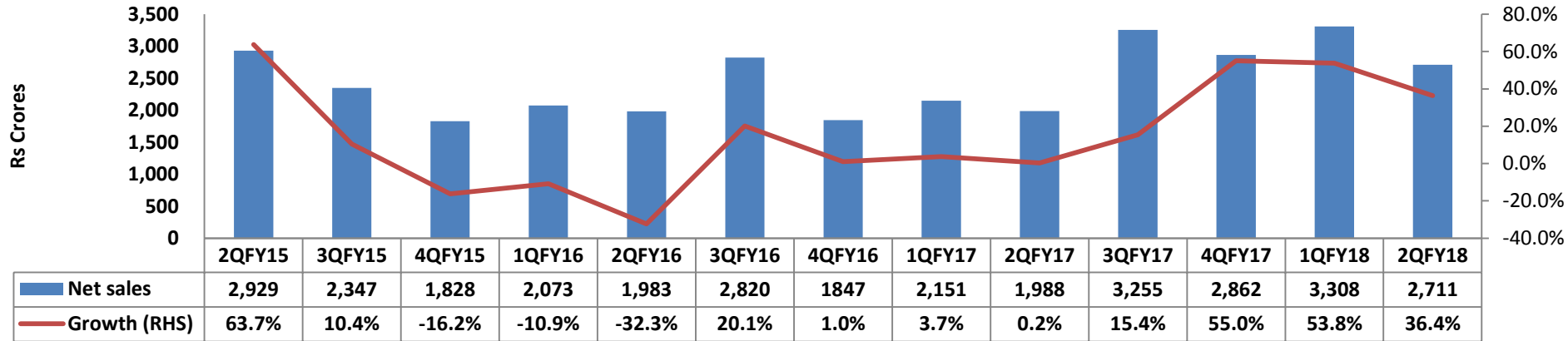


## Watches: EBIT & Margin

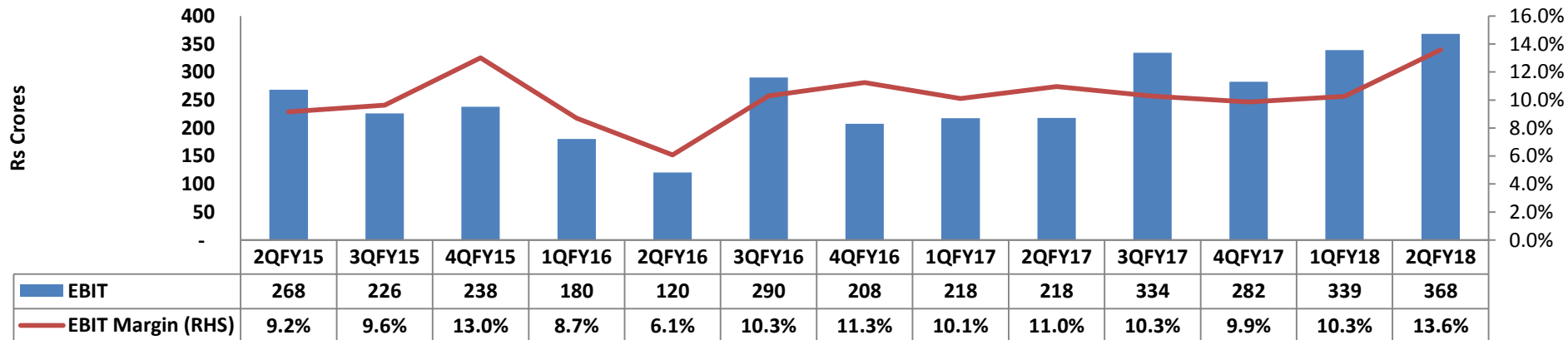


# Quarterly Performance Trends

## Jewellery: Net Income



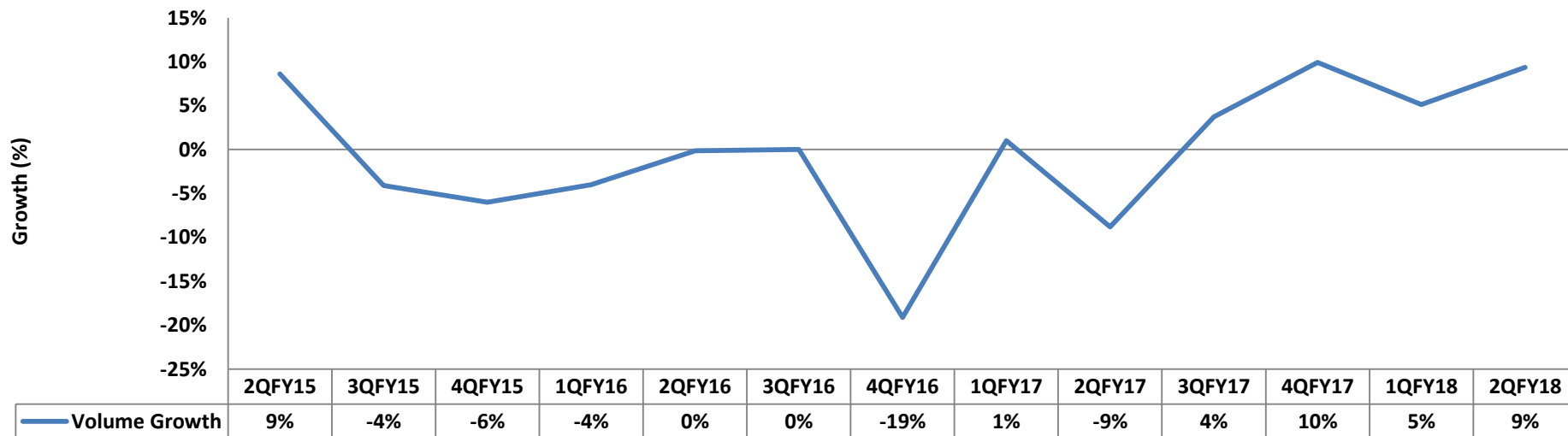
## Jewellery: EBIT & Margin



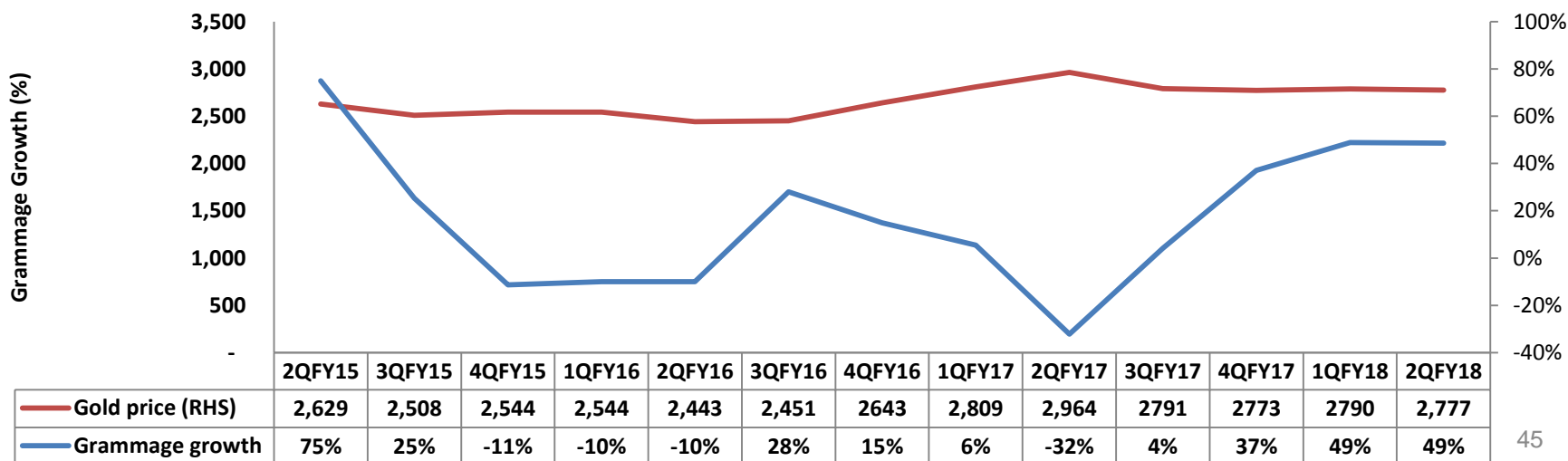


# Quarterly Performance Trends

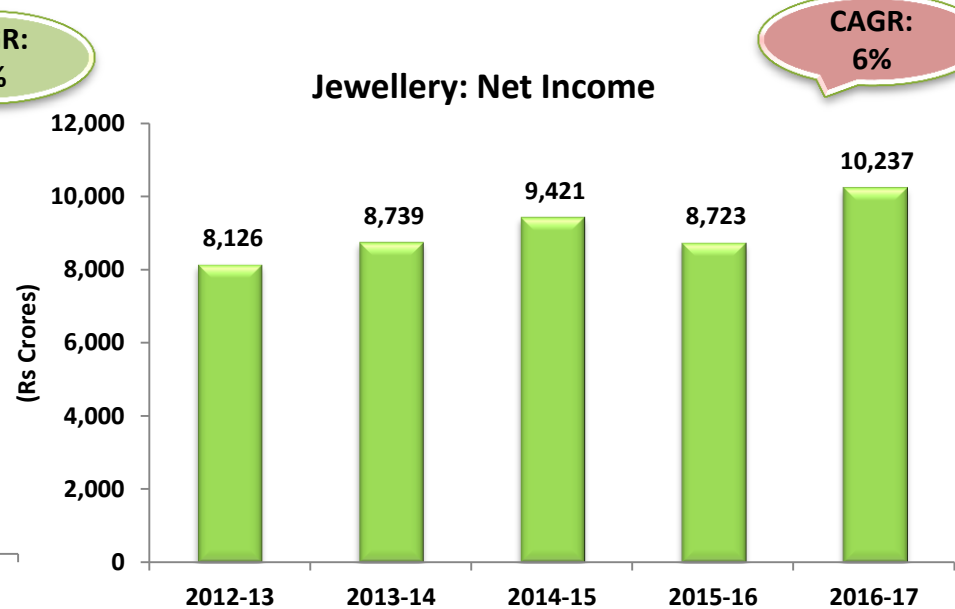
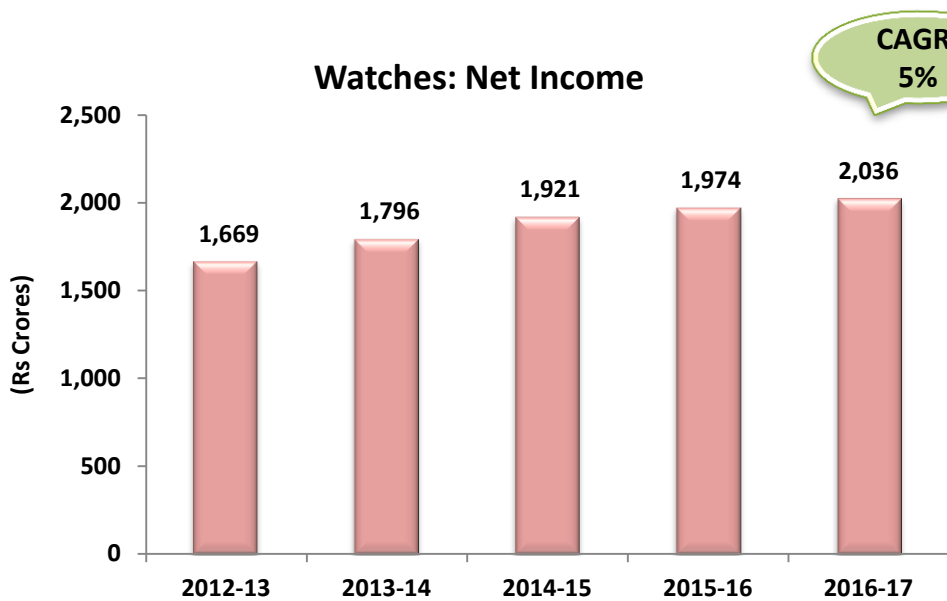
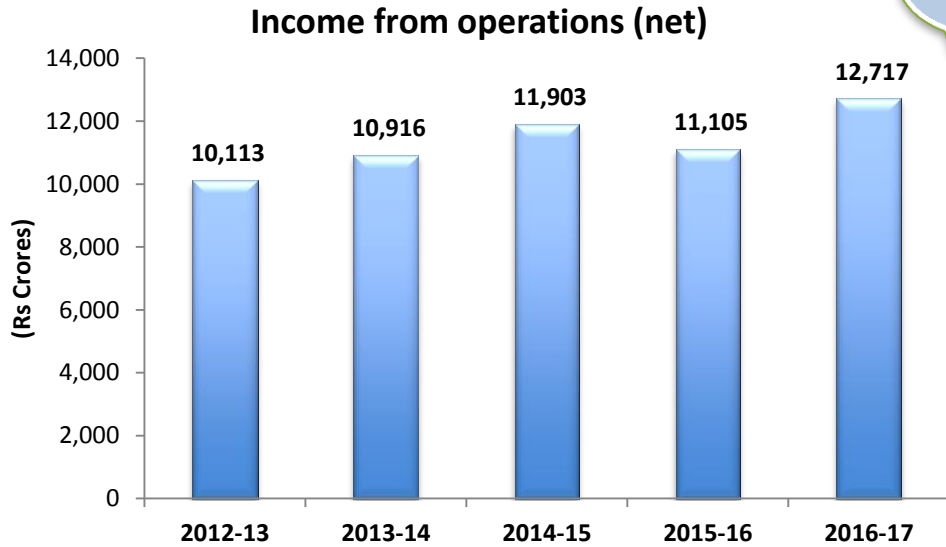
### Watches: Volume growth



### Jewellery: Gold price (22kt) and Grammage growth

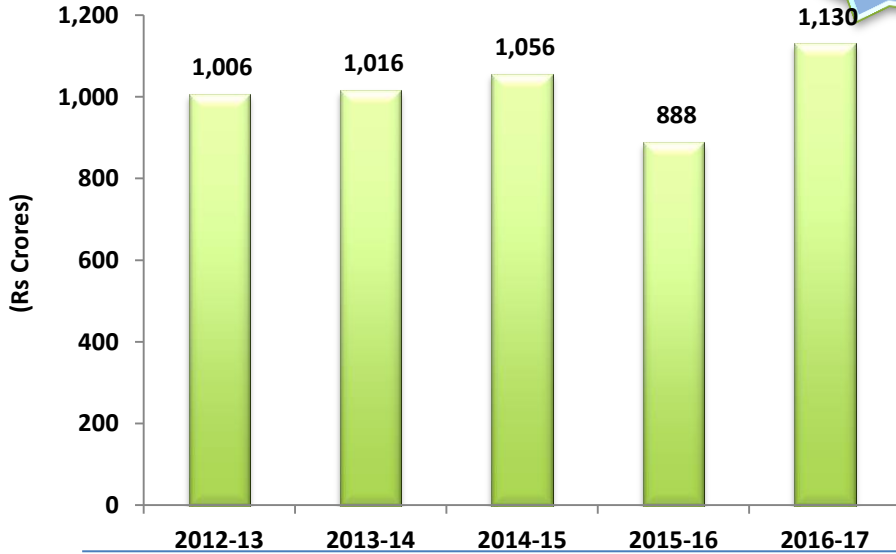


# Annual Performance Trends

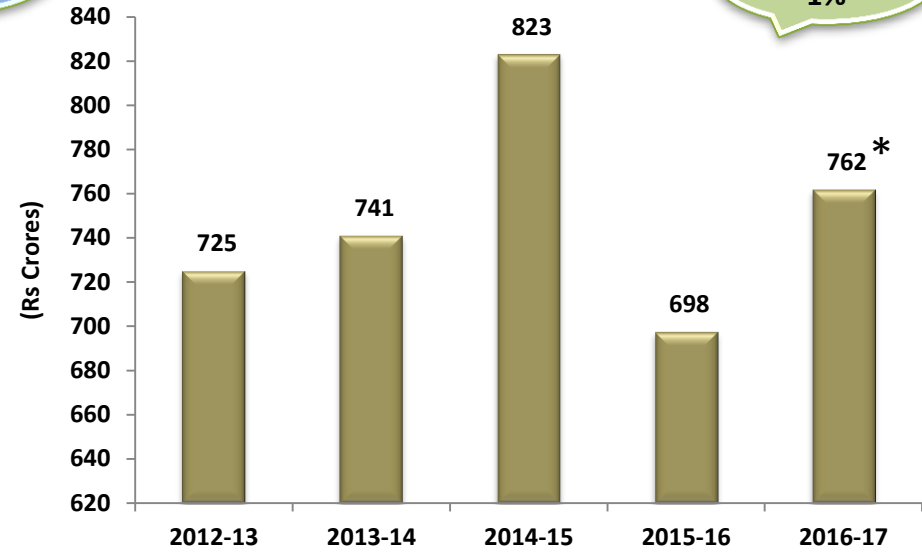


# Annual Performance Trends

**PBT**

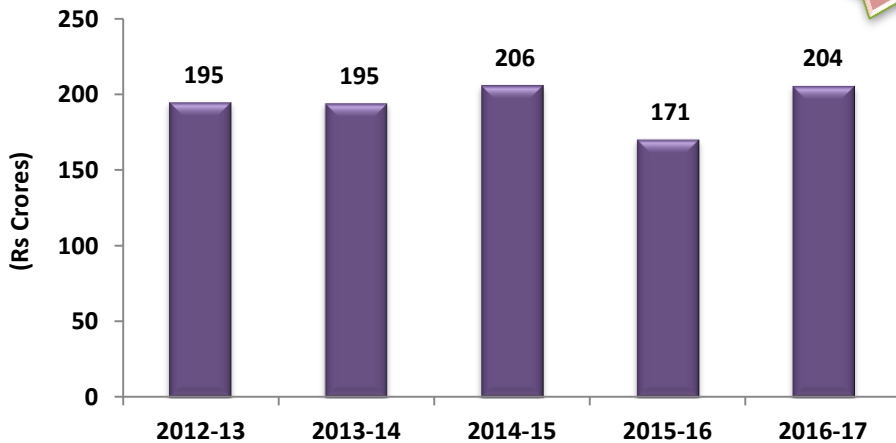


**PAT**

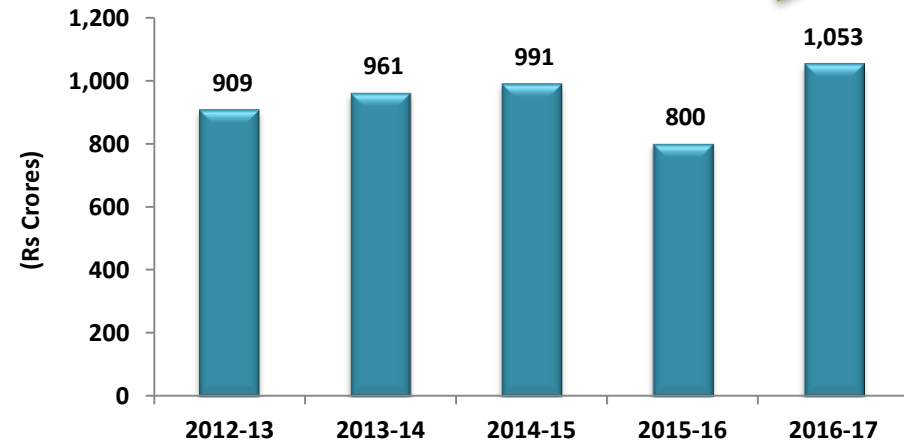


\* PAT after VRS cost of Rs 100 cr

**Watches: PBIT**

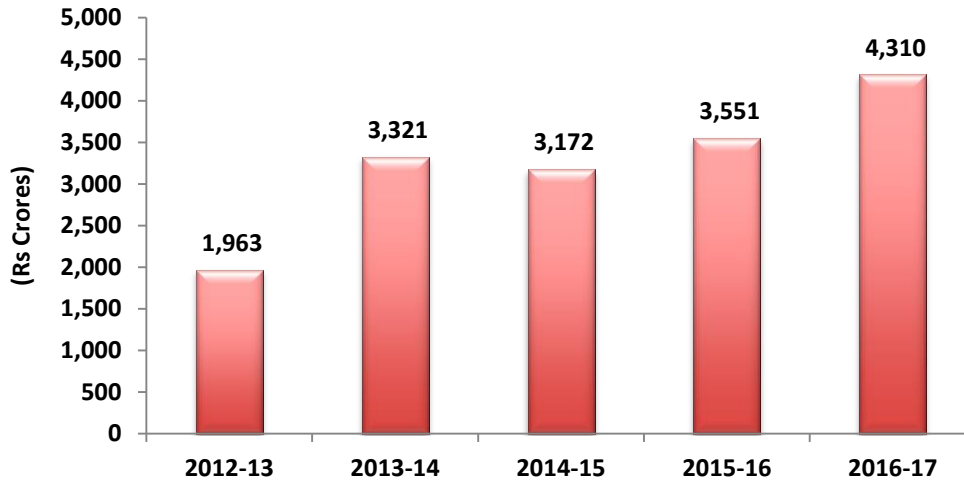


**Jewellery: PBIT**



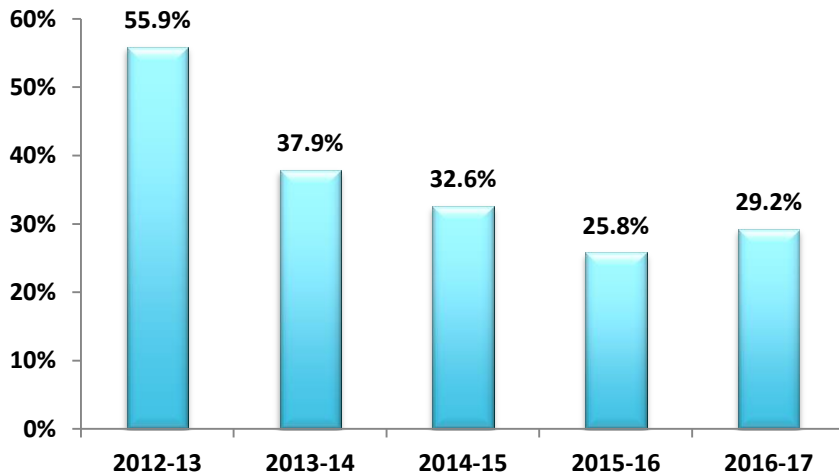
# Annual Performance Trends

## Capital Employed

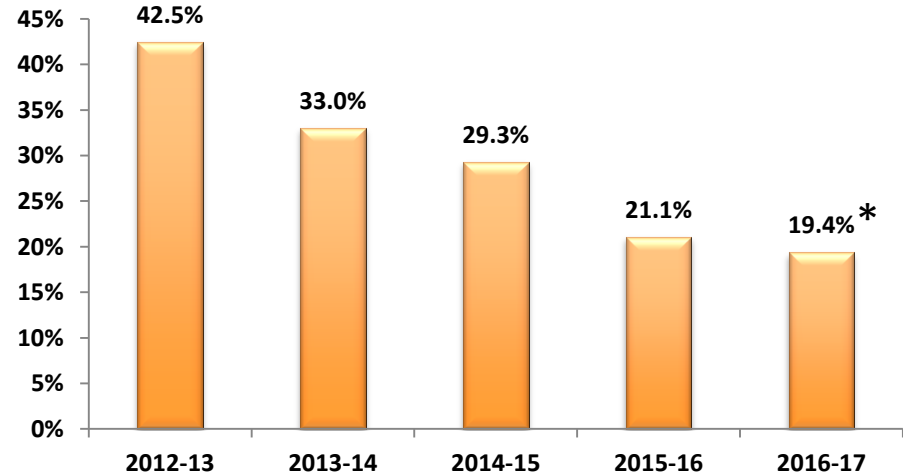


• Disruption in Gold on lease scheme increases Capital Employed sharply in FY 13-14

## ROCE



## ROE

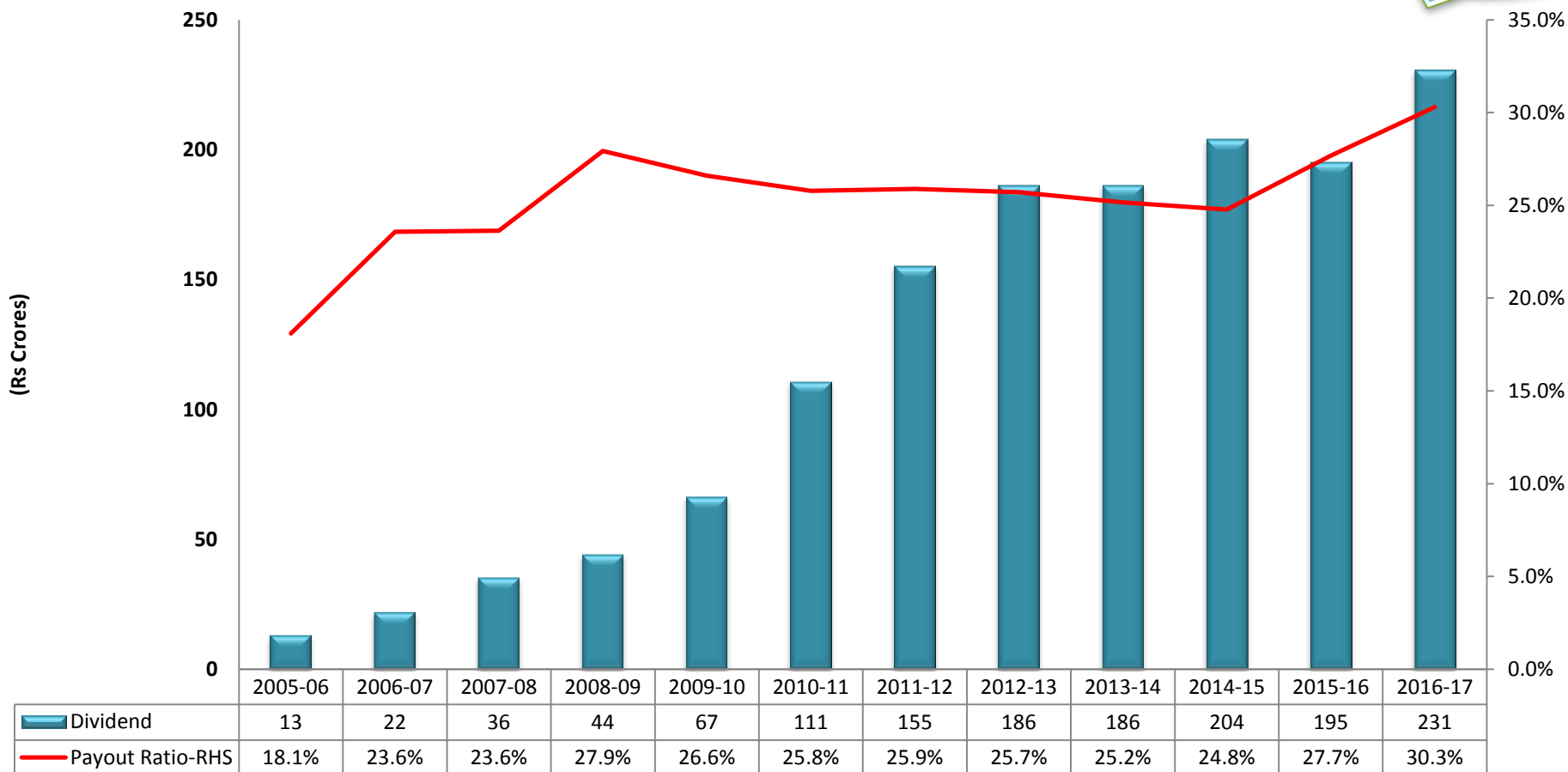


\* ROE after VRS cost of Rs 100 cr



# Dividend

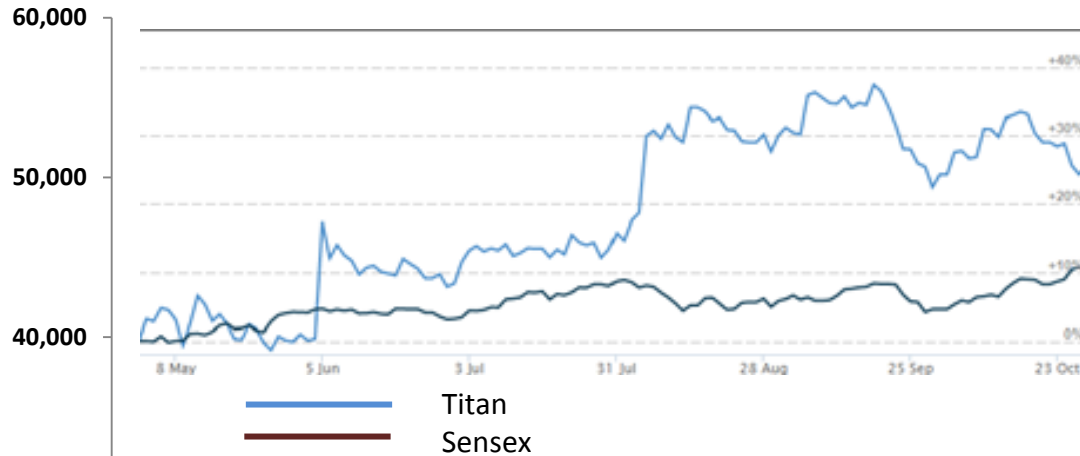
**10 year  
CAGR: 26%**



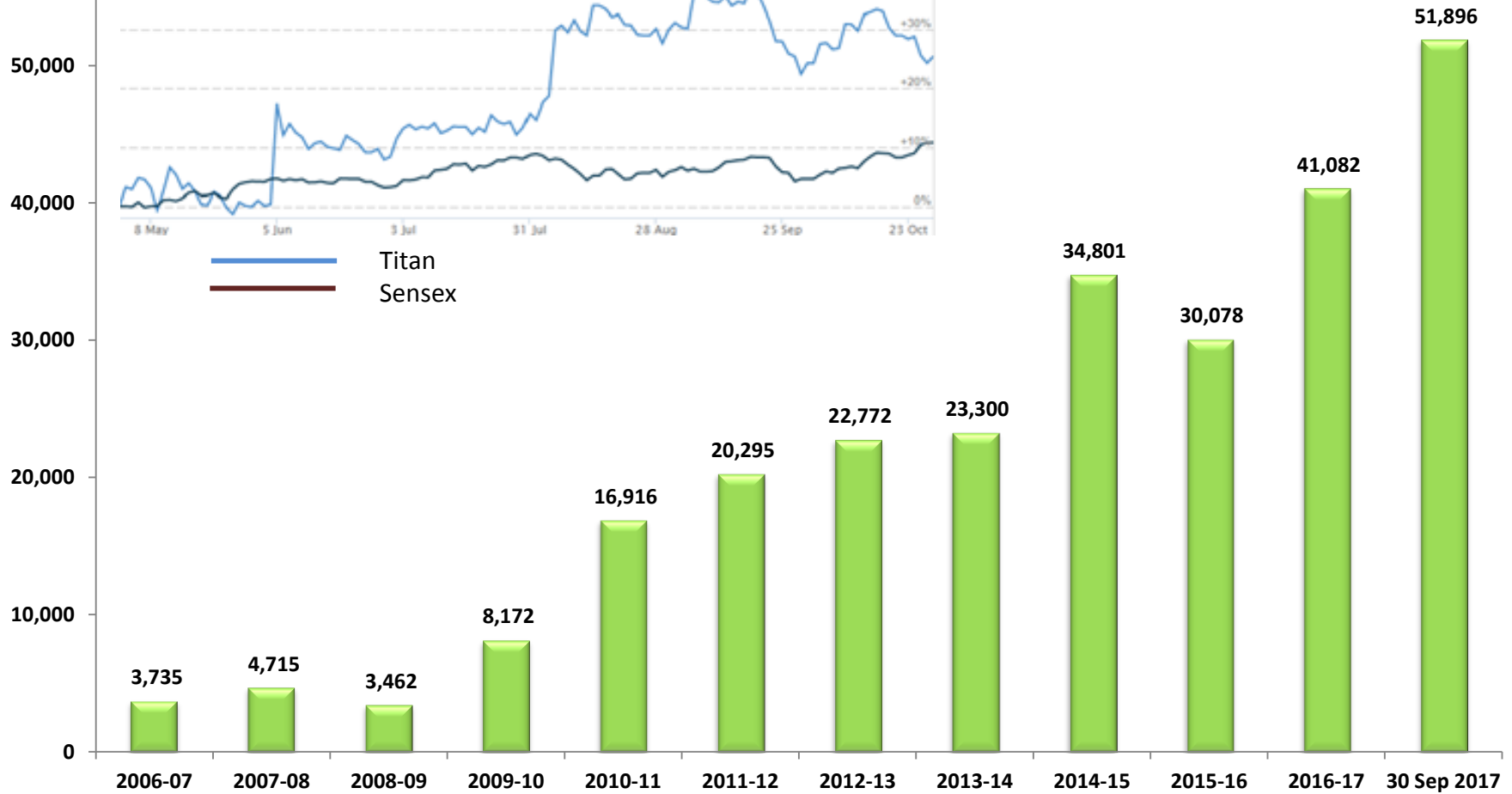
# Market Capitalisation

**10 year  
CAGR: 26%**

Stock Performance Vs Sensex



(Rs Crores)



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

# Sustainability @ Titan

## Formally defined CSR Policy in line with the company's vision

The CSR focus at Titan will be driven by broad themes such as upliftment of the underprivileged girl child, Skill development and support for Indian Arts, Crafts and Heritage

### Key initiatives driven:

#### **Girl Child / education:**

- Educating the underprivileged girl child – Covering close to 10,000 girls across Krishnagiri, Uttarakhand and other regions
- Supporting Education for the tribal children and building capacity through faculty training near Mysore
- Scholarships for the needy and meritorious – Close to 200 scholarships given this year

#### **Skill development**

- Creating Pilot Skill centre at Bangalore , targeting employability led skilling of 1000 underprivileged youth in areas of Retail, animation, etc
- Adoption of ITI , having close to 900 students and 100 faculty , building skills and capacity

#### **Supporting Arts Crafts . Heritage / Celebrating Indian Heritage**

- Working with Porgai Artisans association, supporting revival of craft by Lambadi Women , skilling them
- Restoration of Finial of Humayun Tomb
- Engaging in supporting Art and culture through India Foundation for Arts , Ranga Shankara

#### **Support towards local and National Causes -Responsible citizenship**

- Construction of Toilets for girl children - 60 toilets
- Uttarakhand Rehabilitation program
- Happy Eyes – Eye screening and supporting cataract operations for underprivileged children and adults

**Thank You**



**TITAN**  
COMPANY