

Titan Company Limited

Delivering value by creating brands

November, 2016



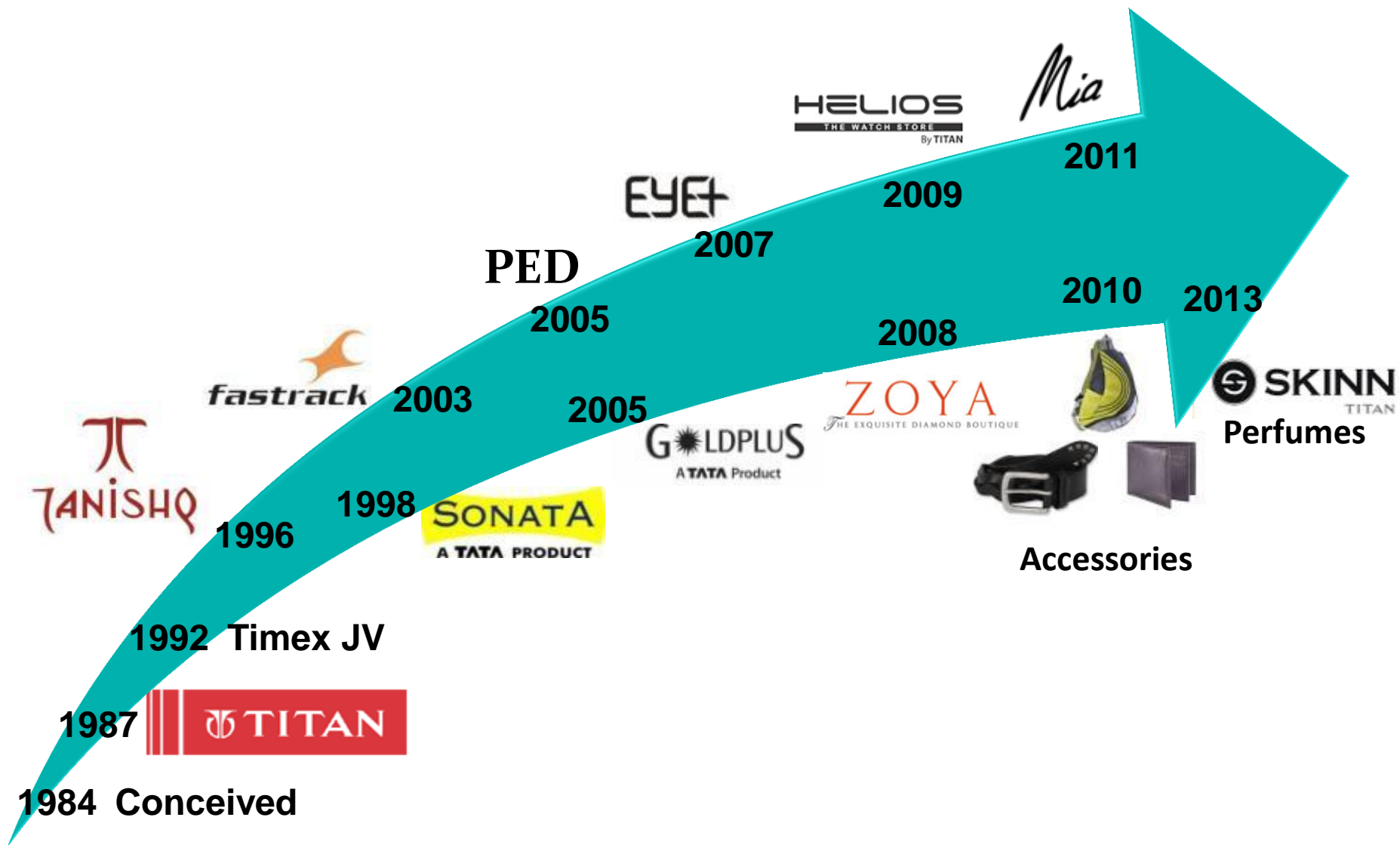
Disclaimer



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



Strengths Across the Value Chain



800+ New time products every year
reddot Award to 2 Edge watches
Differentiated Jewellery Collections
Customized lenses with 3D visual mapping

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

Design & Development



Brand Building



Manufacturing



Retail & Customer Service

12 Manufacturing and assembly facilities
State of the art Karigar Centres for Jewellery
Components exported to Swiss watch makers
3600+ employees engaged in factories

Exceptional Customer Experience
Merchandising Effectiveness
Impactful Retail Identities
Engagement of store staff
Extensive After Sales Service network



Our Brands



Luxury

Premium

Mid Market

Mass Market



India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS THE WATCH STORE By TITAN 44

TANISHQ 198

Mid Market

WORLD of TITAN THE EXCLUSIVE TITAN SHOWROOM 467

TITAN EYE+ 413

Watch Care Centres 702

fastrack 163

Regnl Offering

GOLDPLUS A TATA Product 29

1,316 Exclusive stores

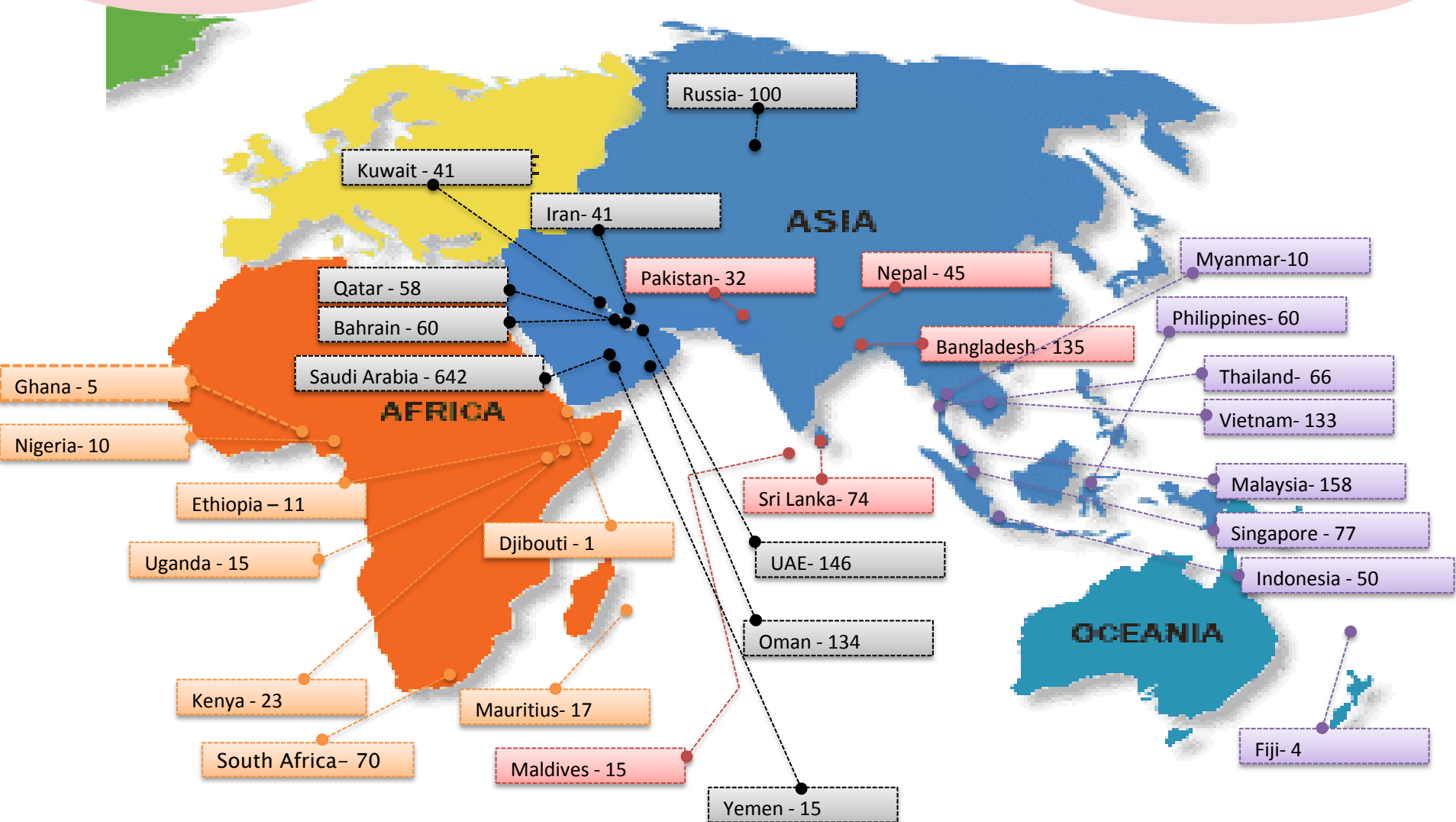
253 Towns

Over 1.75 million sft of retail space

International presence

32 Countries

2,264 Outlets



Watch Division



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



Titan Juxt: Smart is now Stunning



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



Xyllys: Swiss made watches, Crafted for Connoisseurs





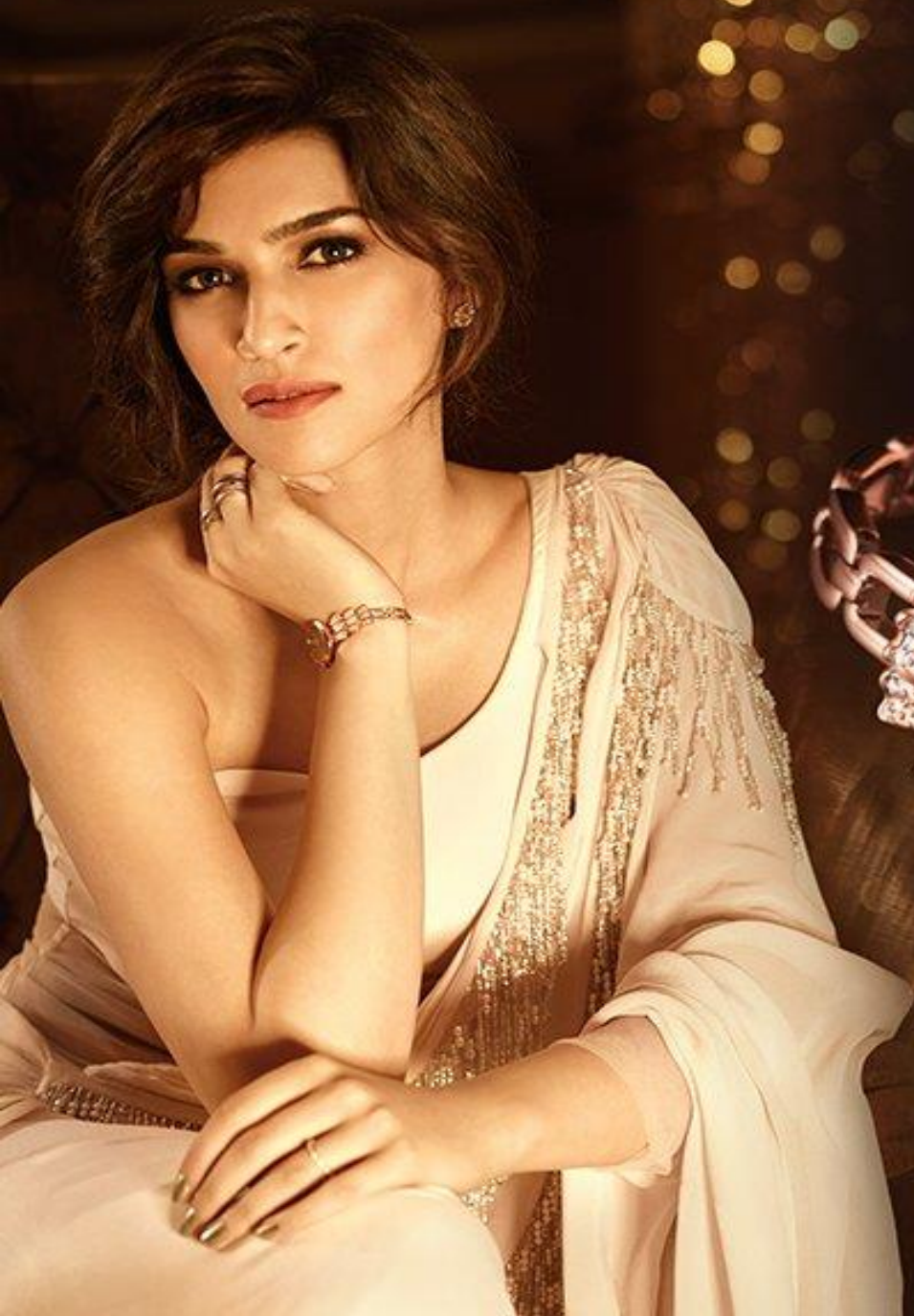
Introducing

 TITAN
JUXT PRO

THE TOUCHSCREEN SMARTWATCH

Smarter. By far.

TITAN
RAGA | *Aurora
Collection*



fasttrack

MOTORHEADS



move on

Watch Division

Five major brands

TITAN SONATA *fastrack* xv|ys NEBULA

Licensed Brands

TOMMY HILFINGER fcuk™ **Timberland** POLICE

Points of Sales



- Multi-brand dealers and stores
- Large-format stores like Shoppers' Stop, Lifestyle etc
- Ecommerce : www.titan.co.in and other websites

Large network of exclusive service centers

Sophisticated Design & Development Center

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

Watch Division



Watch factory, Hosur



Pantnagar factory



Watch Assembly



Watch Distribution



- 467 showrooms (Net 15 additions YTD)
- 208 towns – 428k sft



- 163 stores / kiosks (Net 4 additions YTD)
- 86 towns – 95k sft



- 44 stores
- 25 towns – 46k sft



- 702 outlets
- 268 towns



- 11,000 dealers
- 2,500 towns



- 2,264 outlets
- 32 countries



TITAN
COMPANY

Jewellery

Mia
by
TANISHQ



Mia: Jewellery for Modern Working Woman

Open File

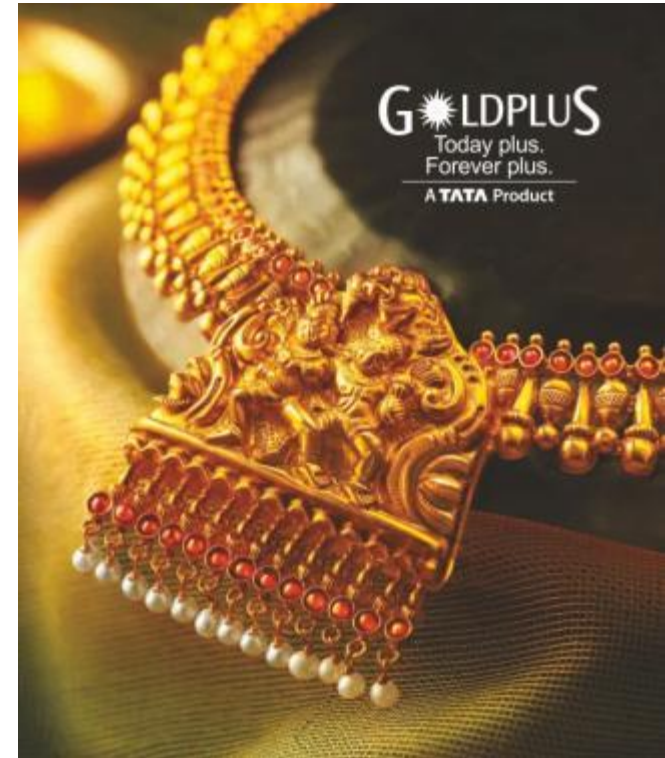


ZOYA
THE EXQUISITE DIAMOND BOUTIQUE
PRESENTS
Lace

Zoya draws inspiration from this exquisite fabric to bring out a collection of superbly designed, finely crafted masterpieces.

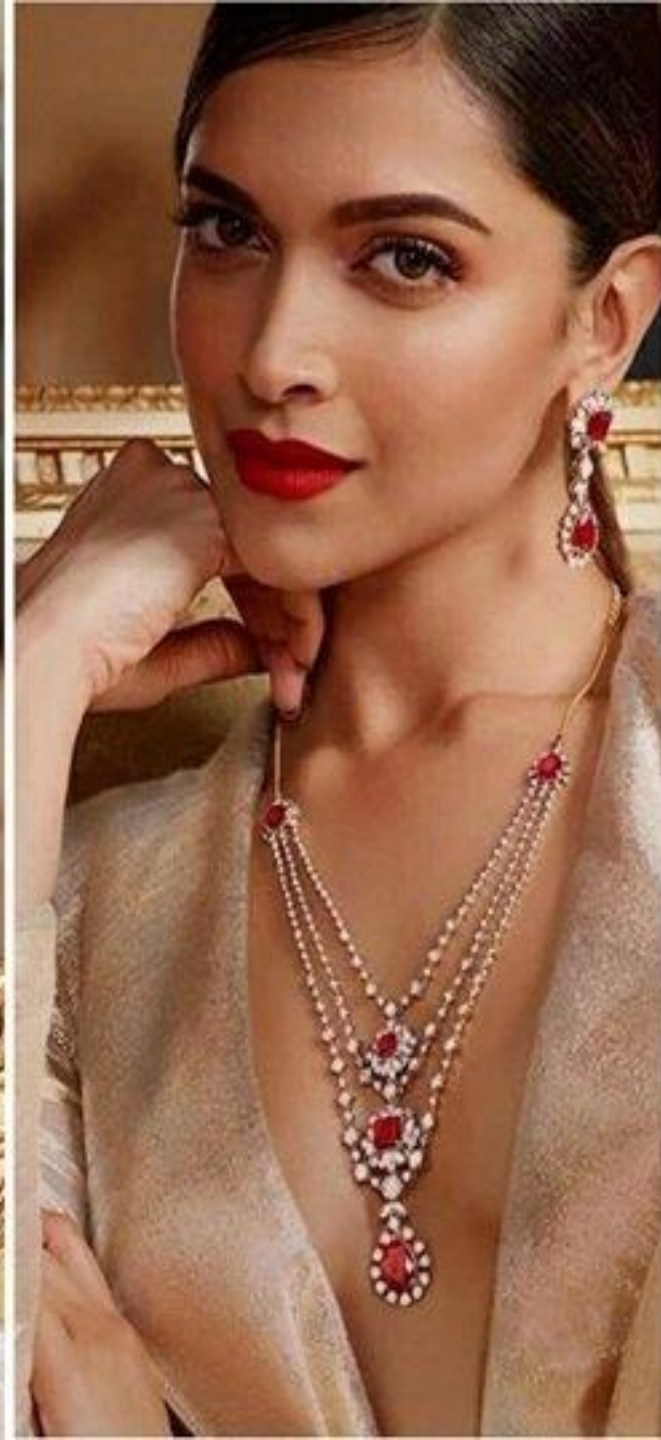
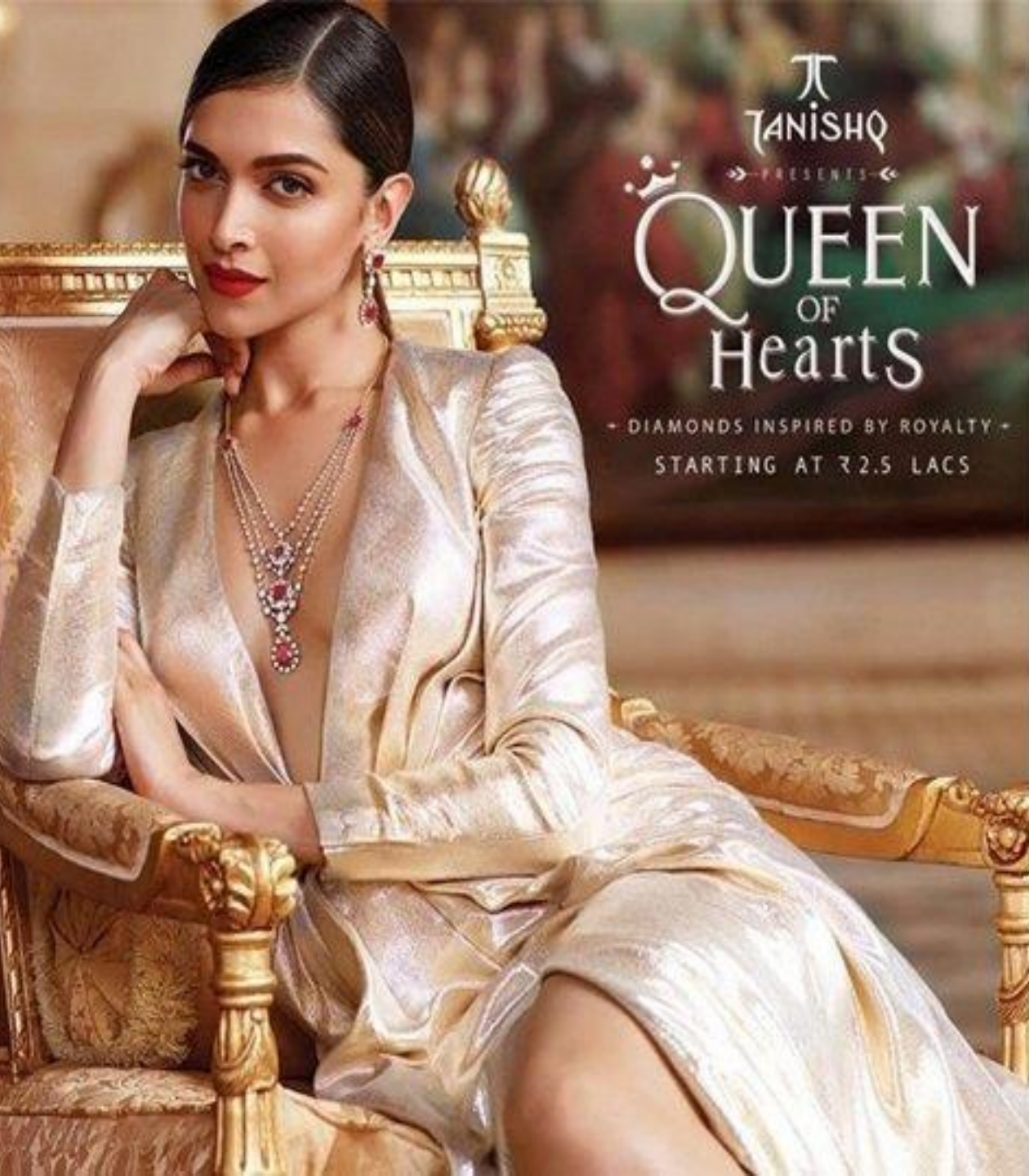
Tanishq Wedding Collection pays eloquent tribute to the Indian bride. From the magnificent polki and kundan work favored by brides of the North to the vankis and the unique hair ornaments of a South India bride.

TANISHQ
A TATA PRODUCT



GOLDPLUS
Today plus.
Forever plus.
A TATA Product

Goldplus provides wide range of jewellery at affordable prices. It offers the best value on exchange for gold jewellery, 100% buyback, net weight of gold and stones are weighed separately.





Mia

π
by TANISHQ

Multitaskers



TANISHQ
amara

*Intrinsically Beautiful
Light Weight Collection
Starting at ₹18,000*



Jewellery

Largest Jewellery Retailer in India

3 Major brands – Tanishq, Gold Plus, Zoya and sub-brand Mia



TANISHQ



GOLDPLUS
A TATA Product



ZOYA



Mia

Customer First and Lean initiatives in manufacturing and retailing

Studded jewellery mostly manufactured in-house - plain gold outsourced

4 State of the art Karigar Centers in Hosur- Industry Best Practice

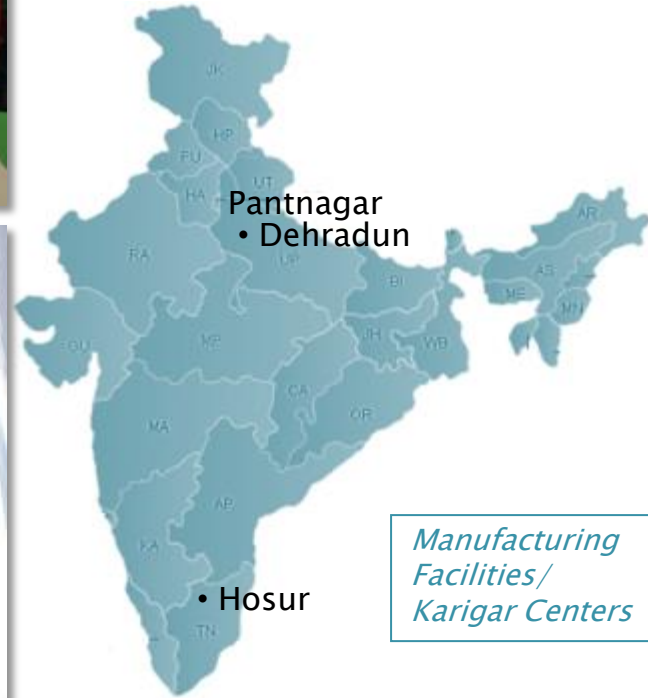
- Re-defining Hand made jewellery manufacturing, by transforming work place and stay to make the karigars live in a “home away from home”
- Retain the best of the artisans in the Jewellery Industry
- Improved Karigar productivity and multiskilling capability, thus ensuring inclusive growth



TITAN
COMPANY

Jewellery

Karigar Center, Hosur



Pantnagar
• Dehradun

• Hosur

*Manufacturing
Facilities/
Karigar Centers*

Jewellery Distribution



TANISHQ

- 200 stores including 2 Zoya stores (6 added YTD FY 17)
- 835k sft (~22k sft added YTD FY 17)
- 115 towns



GOLDPLUS
from TATA

- 29 stores
- 73k sft
- 29 towns

Eye Wear



Frames

In-house Brands



Sunglasses

In-house Brands



Lens Labs



Eyewear



India's largest optical retail chain

- 413 retail outlets, 176 towns

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

Creating differentiation in the mind of the consumer

- Zero-error testing
- Differentiated and stylish frames & sunglasses backed by high-tech lenses
- Browse, touch and feel display

Innovation in creating access

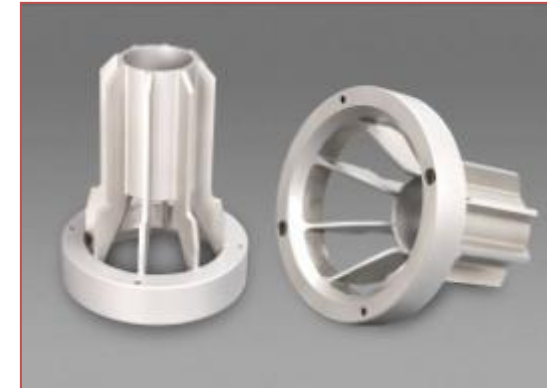
- Vision check online
- Remote eye testing at stores
- New Spexx stores in hospitals

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

State of the art Lens manufacturing facility at Chikkaballapur

Precision Engineering

Precision Engineering Components and Sub Assemblies (PECSA)



Machine Building & Automation (MBA)



Precision Engineering



B2B business – spun out of Watches manufacturing in 2005

Leverages in-house engineering capabilities

PECSA (Precision Engineering Components 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

Sixty clients across the world

- Including UTAS, Thales, HAL, Textron, Pratt & Whitney, ABB, Schneider, Bosch, Magna, Inteva, Continental

Q2 Performance

Q2 Background

- Despite a flat top-line in Q2 FY 16-17, the profits of the Company grew 35% due to a good growth in gross margin in jewellery and watches business
- Customer walk-ins continue to be driven only by attractiveness of the new products/collections and deals/discounts
- Demand for gold jewellery adversely affected by high gold prices
- In this period of economic uncertainty, the Company continues its thrust on overhead control resulting in an improvement in the profit margin
- Due to poor gold demand it was often available on discount in the spot market hence the Company procured most of its Gold on spot this quarter
- The Company funded the cash requirement for procuring gold on spot with internal accruals and short term debt in the form of Commercial papers raised at very attractive rates
- The Company continues its network expansion journey with addition of 34 stores spanning over 32k sq feet, across different formats so far in FY16-17
- The Company is exploring a foray into Special Occasion Ethnic Wear Category and has done an initial pilot exhibition for the purpose of market research

Q2 Background

Jewellery

- The Division had its studded jewellery activation in Q2 FY 17 which recorded a 51% growth in sales over previous year's activation and a significant increase in the average ticket size
- Despite a very successful activation and a favourable base (activation started in Q1 last year), the top-line remained flat largely due to pressure on Gold jewellery sales
- Retail growth of 9% at Tanishq stores is largely due to higher consumer price on account of high gold prices but does not get reflected in financials due to the company's policy of hedging gold
- Sharp increase in Gold price (Gold rate increased by 21% in Q2 in Rupee terms over last year) discouraged investment in gold due to which gold quantity sold fell sharply
- The gross margins of the division grew well on account of a 42% studded ratio, benefits to gold jewellery margin on account of higher gold prices
- Tanishq launched the "Queen of Hearts" collection of high value studded jewellery which was received extremely well by the customers
- Tanishq added 6 new stores, adding up to 22k sq feet in FY 16-17

Q2 Background

Watches

- The domestic watch business continues to grow across all channels
- The division continues to face challenges in exports (Middle East affected badly by oil prices) and OEM business and decline in service revenue due to reorganization of that business. These put together constitute 10-12% of the revenues of the division
- The division launched the second version of its smart watch branded “Juxt Pro” along with other collections during the quarter

Eyewear

- Slow industry growth and drop in sunglasses business lead to a suppressed revenue growth
- The division added 11 Titan Eye Plus stores and closed 9 Spexx stores in H1 FY 16-17

Precision Engineering

- The division continued its topline growth momentum in Q2 as well
- MBA grew by 8% and PECSA by 36%

Other Comprehensive Income: IND AS Impact

- Other Comprehensive Income (OCI) of Rs 89 cr for Q2 FY 16-17 and Rs 23 cr for H1 FY 16-17 on account of IND AS adaptation
- Under IND AS 19, Actuarial losses and gains as provided is disclosed under Other comprehensive Income (post taxes) as against adjusting in Employee costs that is done in earlier GAAP
- Under IND AS 109, Mark to Market losses and Gains on open contracts designated as hedge and disclosed as Hedging reserve earlier, is to be now disclosed under OCI
- This effectively requires the Company to state the OCI in accordance with the status of the open contracts, for example:

Open Contracts	
Purchase Rate (Rs /gram)	2500
Purchase Quantity (Kgs)	1000
Sell Forward Rate (Rs/gram)	2550
Reporting Period End rate (Rs /gram)	2700
Rate Diff Between reporting and sell forward (Rs /gram)	-150
Hedging Gain/ (Loss) (Rs cr)	(15)

Hedging Reserve under GAAP

OCI under IND AS

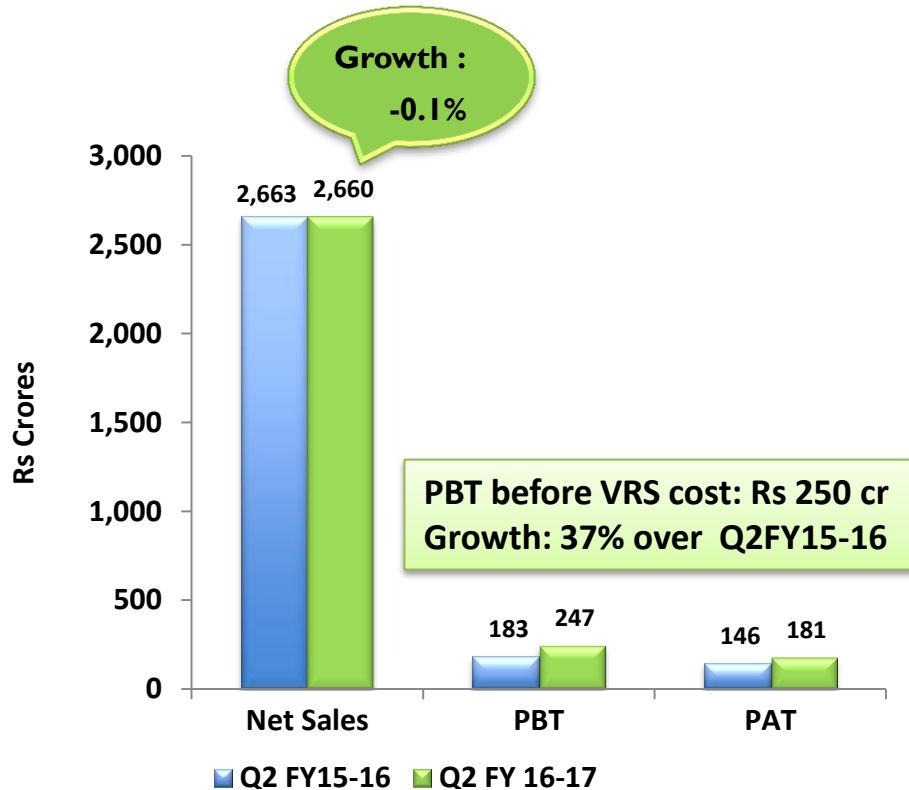
- Closed contracts get accounted either as a part of sales or as hedging gain or loss (under other expenses), depending on the effectiveness of the hedge

Q2 - Retail growth

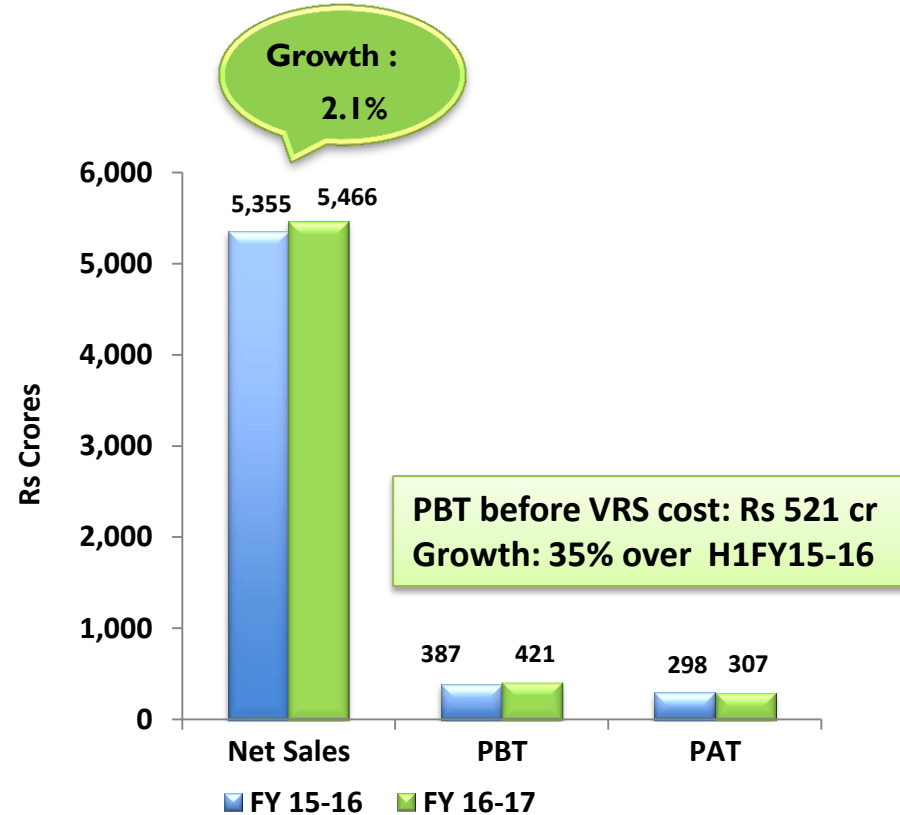
	<u>Sales value growth</u>	<u>Like to like growth</u>
World of Titan	4%	-2%
Tanishq	9%	4%
Goldplus	-10%	-7%
Helios	1%	1%
Fastrack	-1%	-5%
LFS	11%	4%
Titan Eye+	10%	4%

Company performance

Q2 FY 16-17



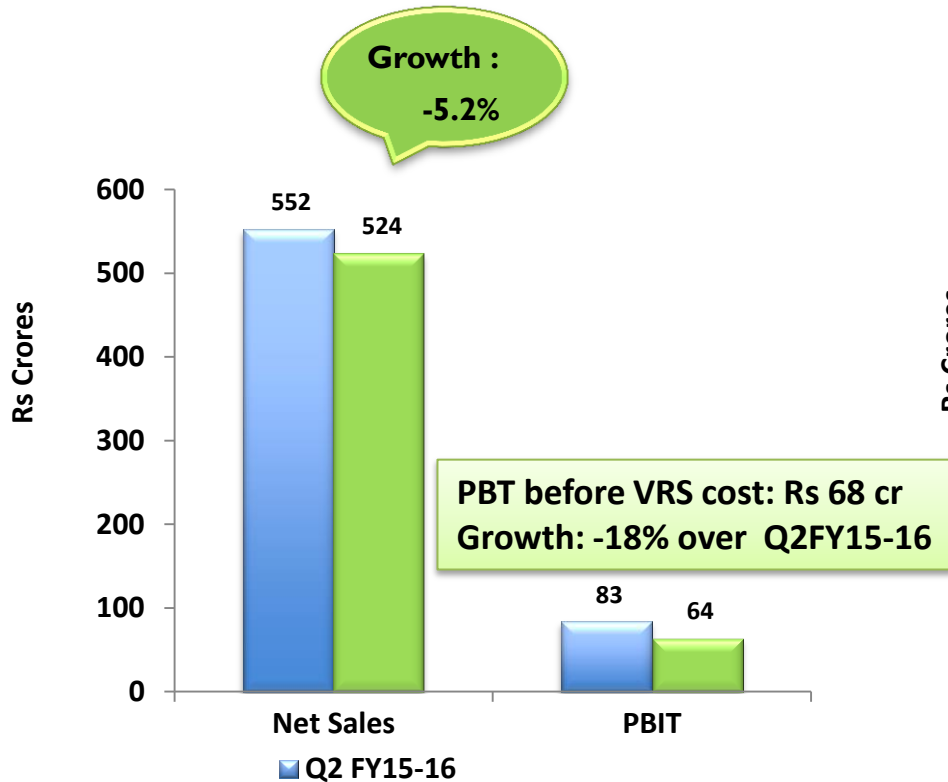
YTD FY 16-17



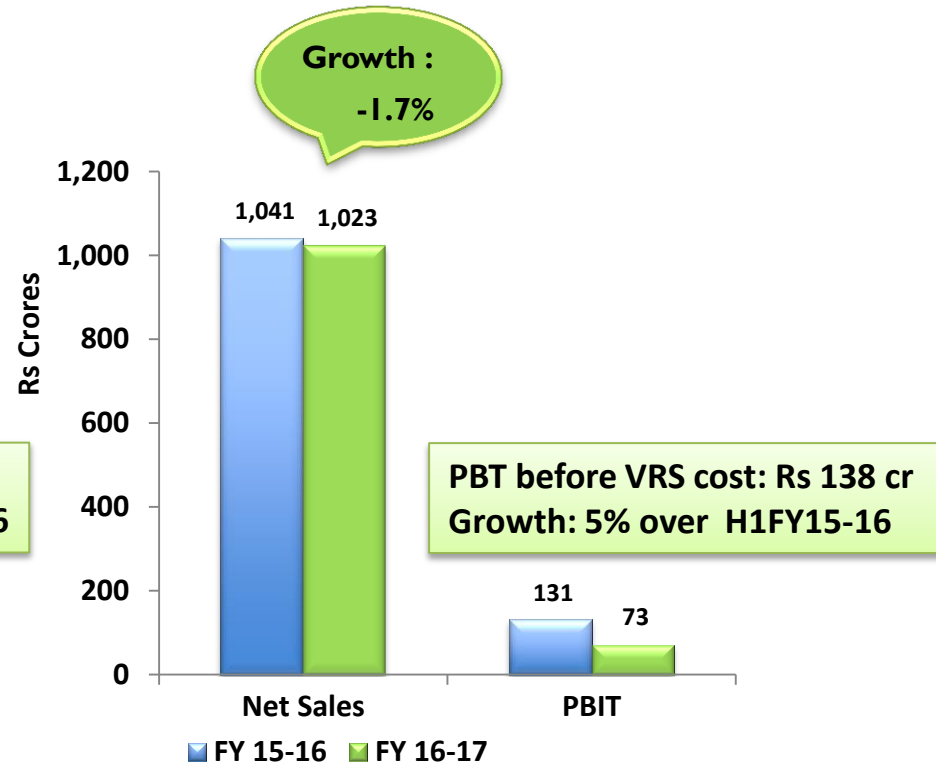
- While topline remained flat, PBT (excluding VRS cost) grew by 37% in Q2 and 35% in H1 mainly on account of high gross margin in jewellery business and control on overheads
- The Company has spent around Rs 100 cr for VRS which was opted to by about 270 employees

Watches

Q2 FY 16-17



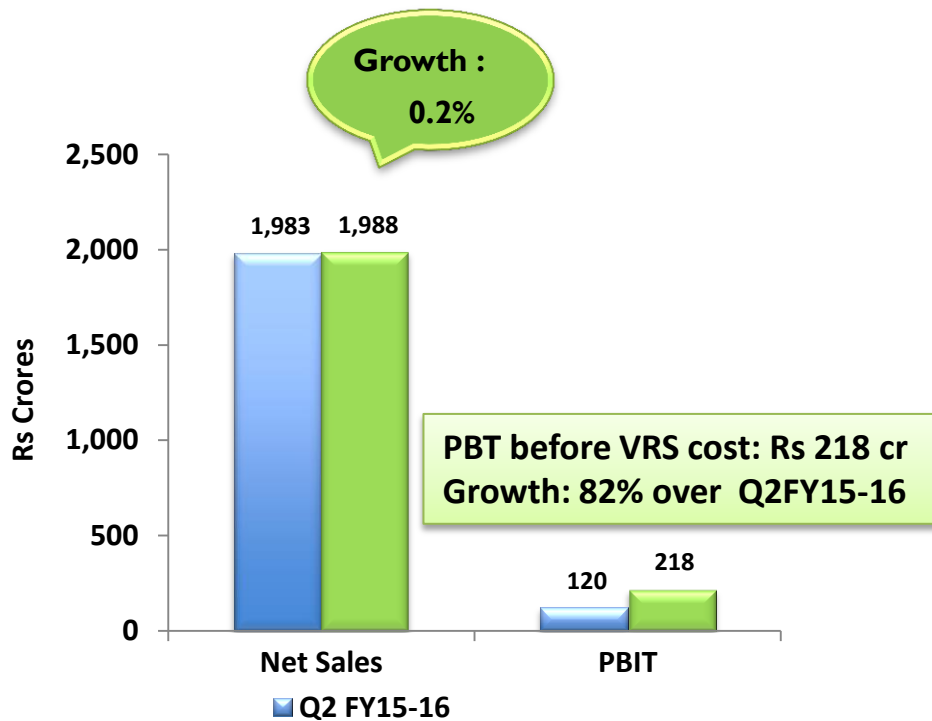
YTD FY 16-17



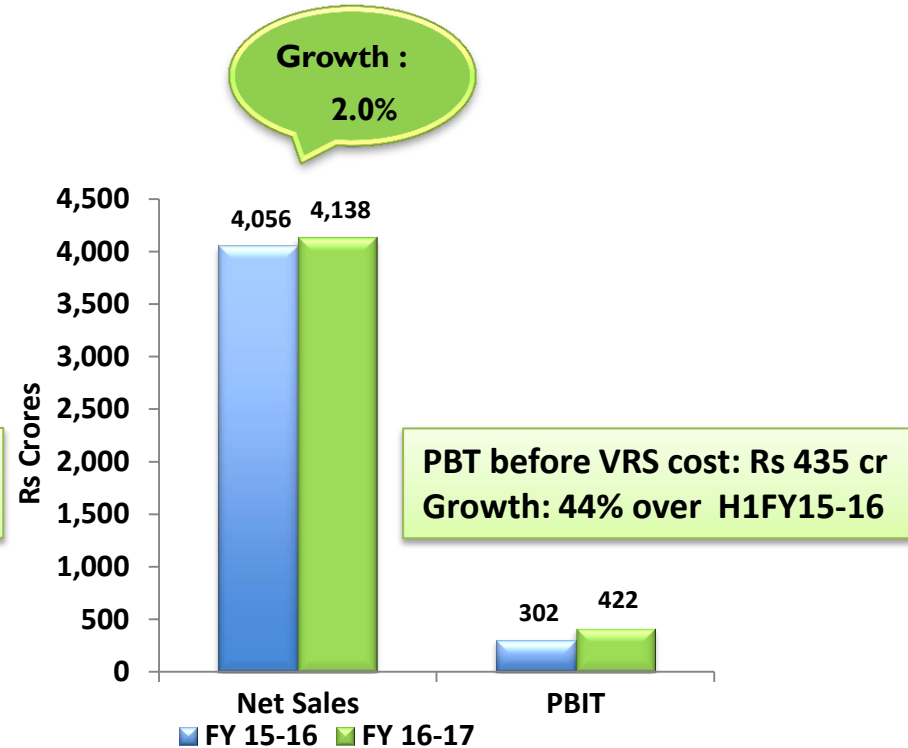
- Revenue decline due to timing of Titan activation (Q2 last year) and decline in exports and service business
- Gross margin grew on account of better product mix for Titan and Fastrack

Jewellery

Q2 FY 16-17



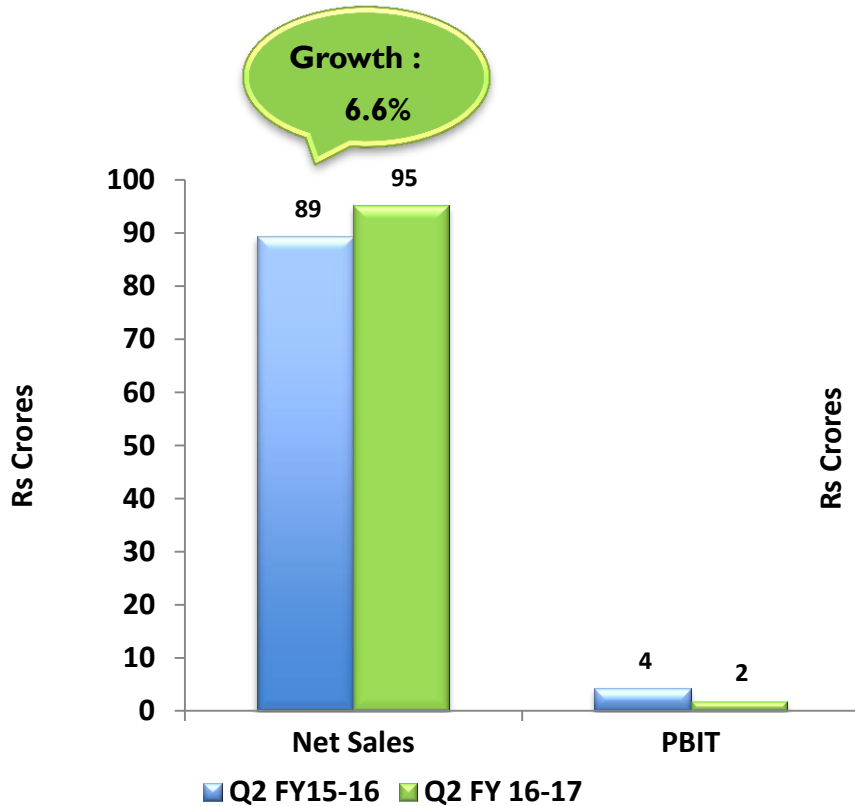
YTD FY 16-17



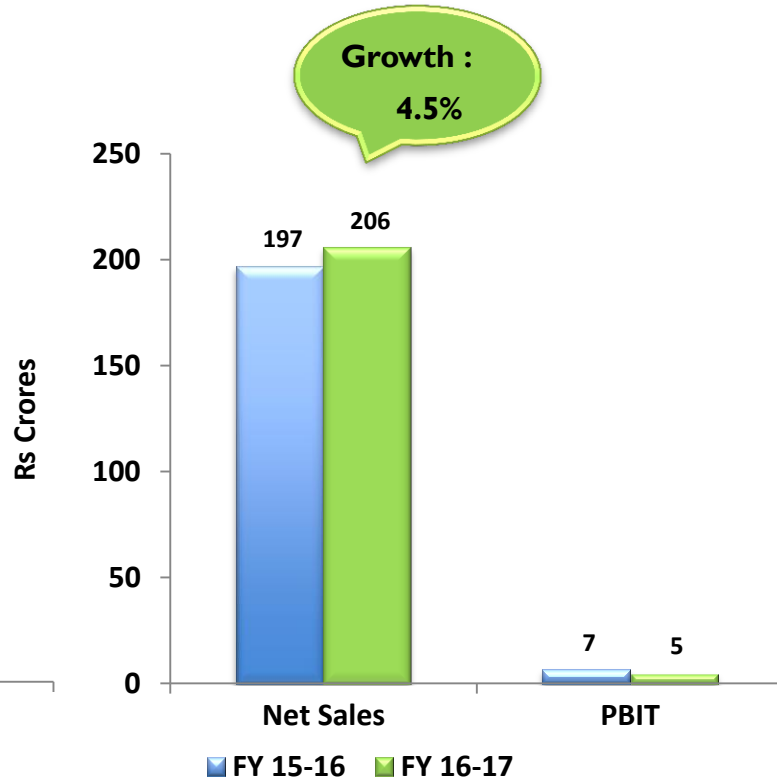
- Growth in profits in H1 FY 15-16 (44% before VRS cost), despite flat topline, on account of good gross margin growth
- Gross margin growth due to higher studded ratio and increase in Gold jewellery gross margin
- Studded ratio was 42% for Q2 and 32% for H1 (26% last year)
- Gold Jewellery grammage in H1 declined by 14% as compared to H1 last year

Eyewear

Q2 FY 16-17



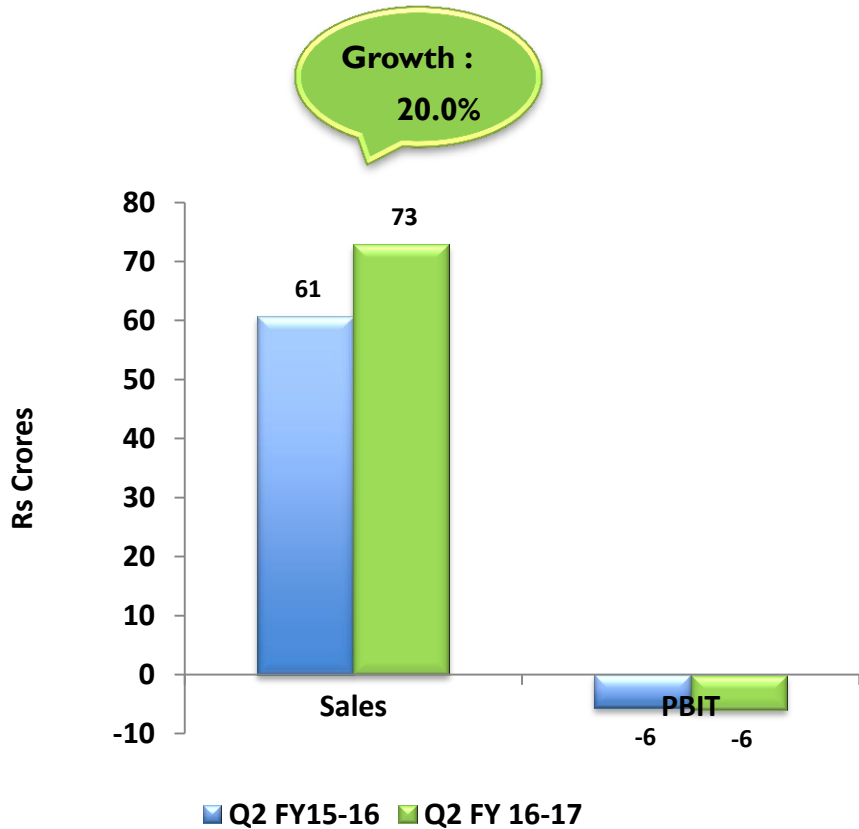
YTD FY 16-17



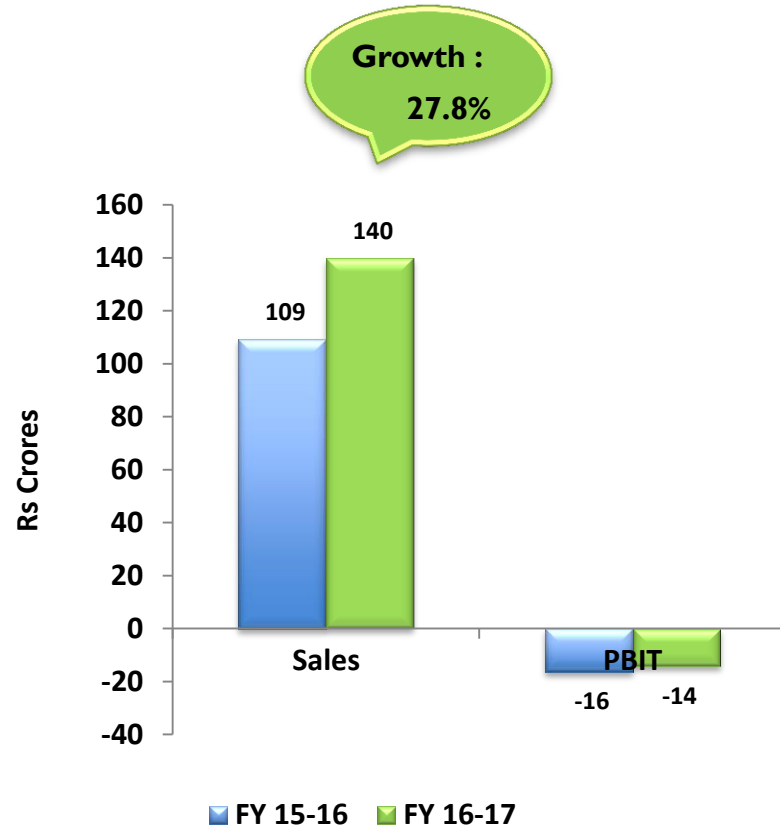
- PBT before VRS cost for eyewear division Rs.2 cr for Q2 and Rs.9 cr for H1

Others Segment

Q2 FY 16-17

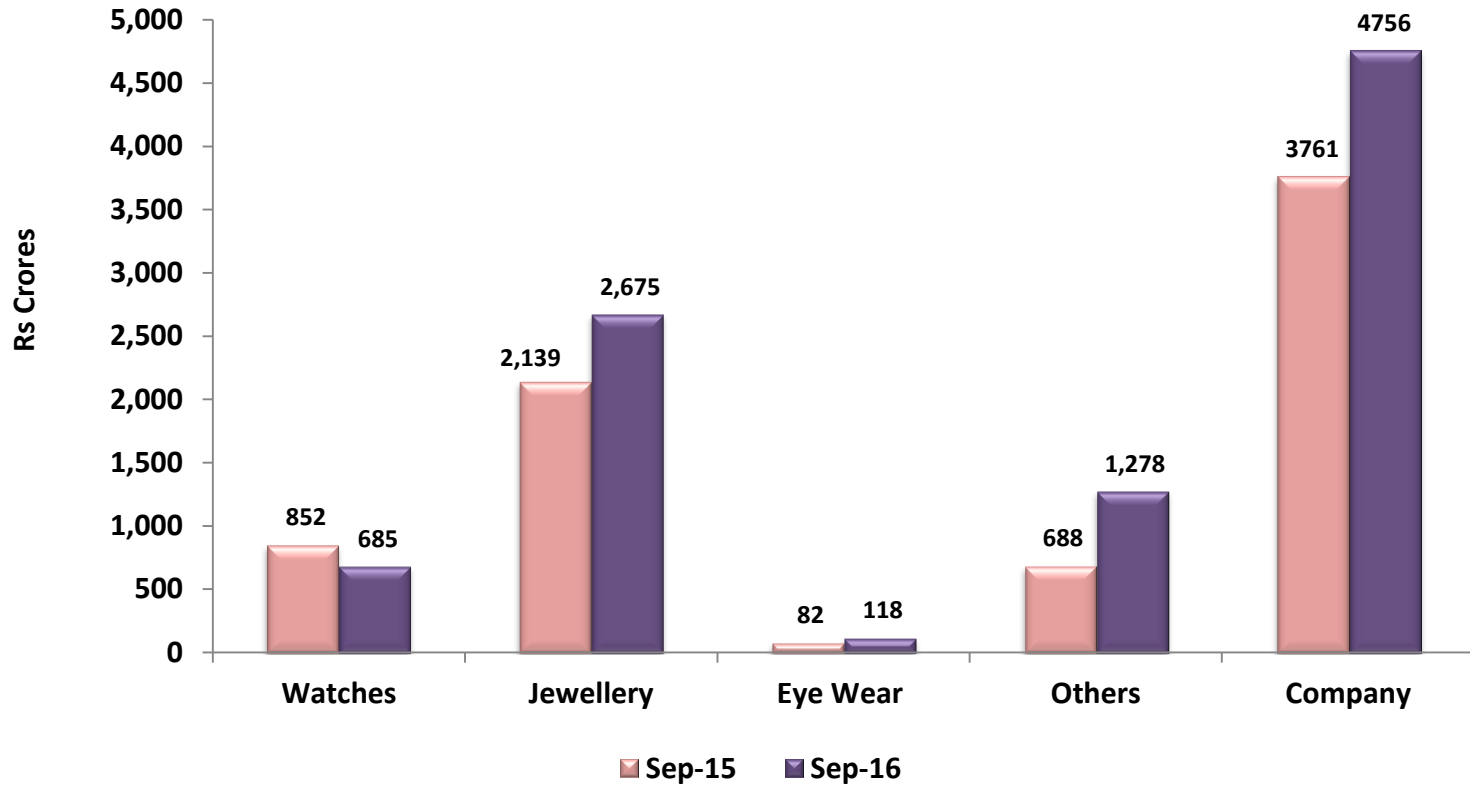


YTD FY 16-17



- PBT before VRS cost for company Rs.(-6) cr for Q2 and Rs.(-8) cr for H1
- PED revenue grew by 23% in Q2 FY 17 and 35% in H1FY 17

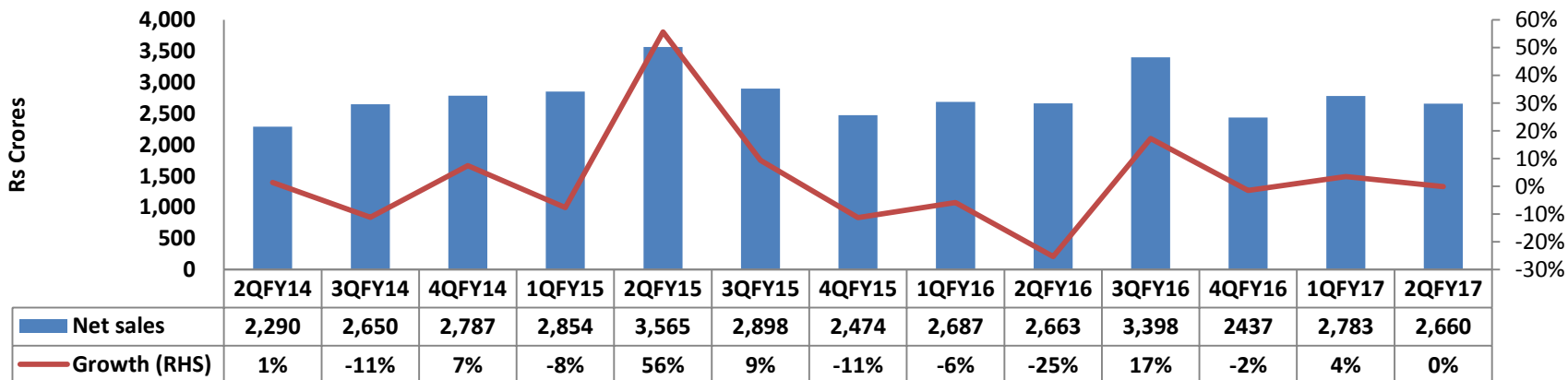
Capital employed



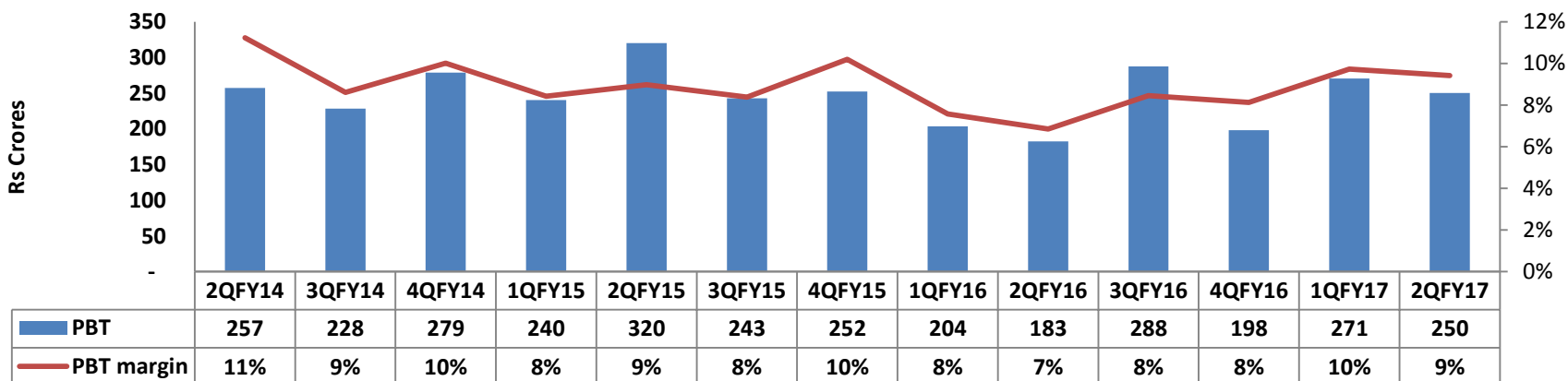
- Capital employed increased due to stock build up for earlier festive season this year and investment in CaratLane (Rs 357 cr)

Performance Trends - Quarterly

Company: Net Income

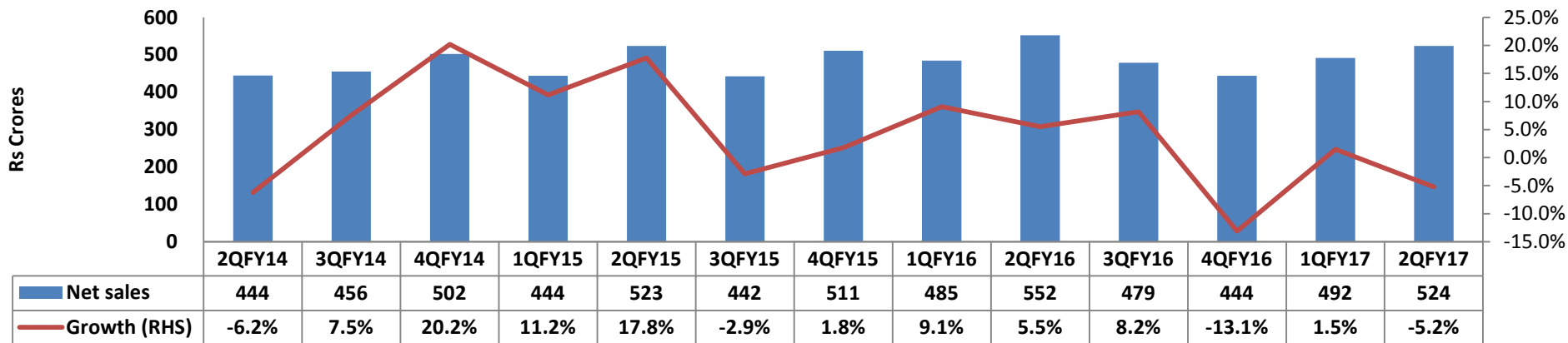


Company: PBT & Margin

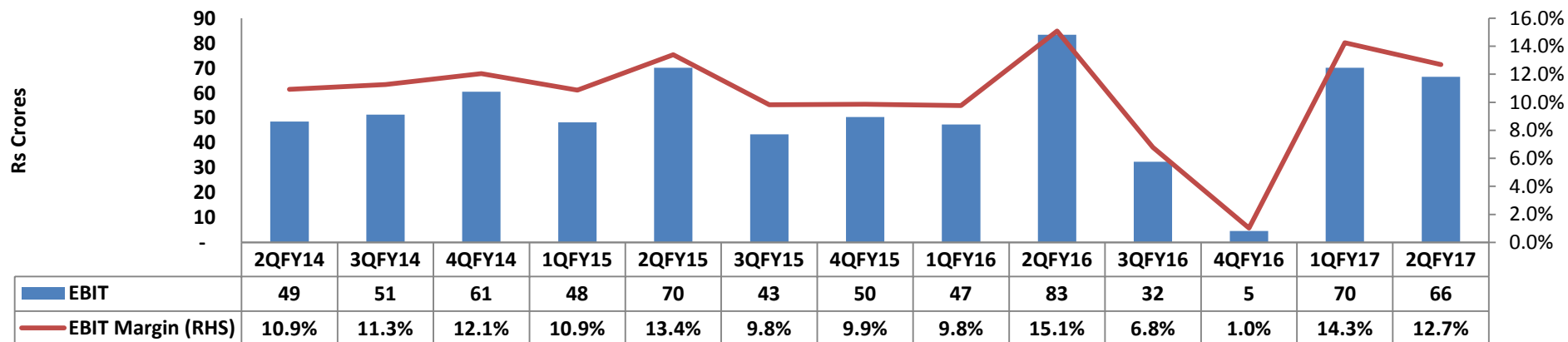


Performance Trends - Quarterly

Watches: Net Income

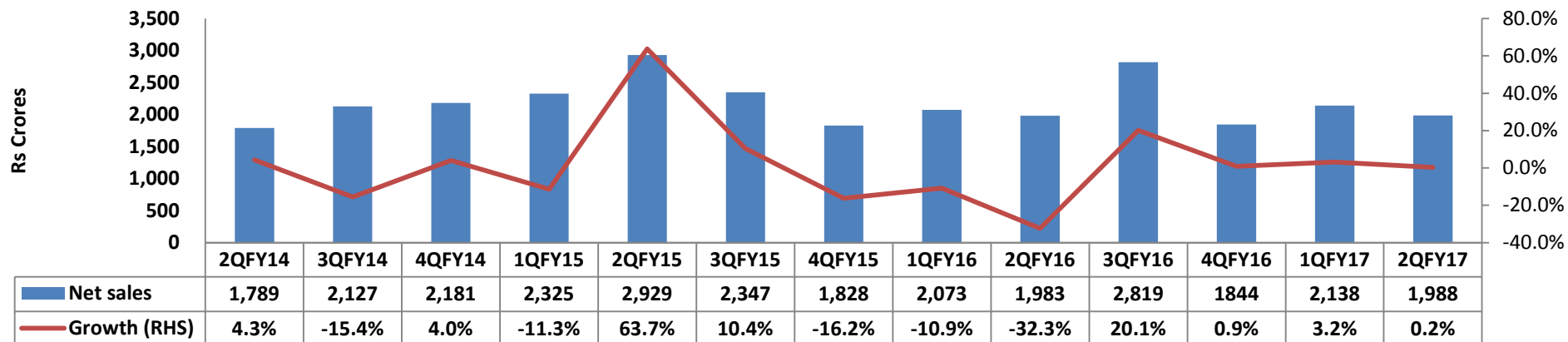


Watches: EBIT & Margin

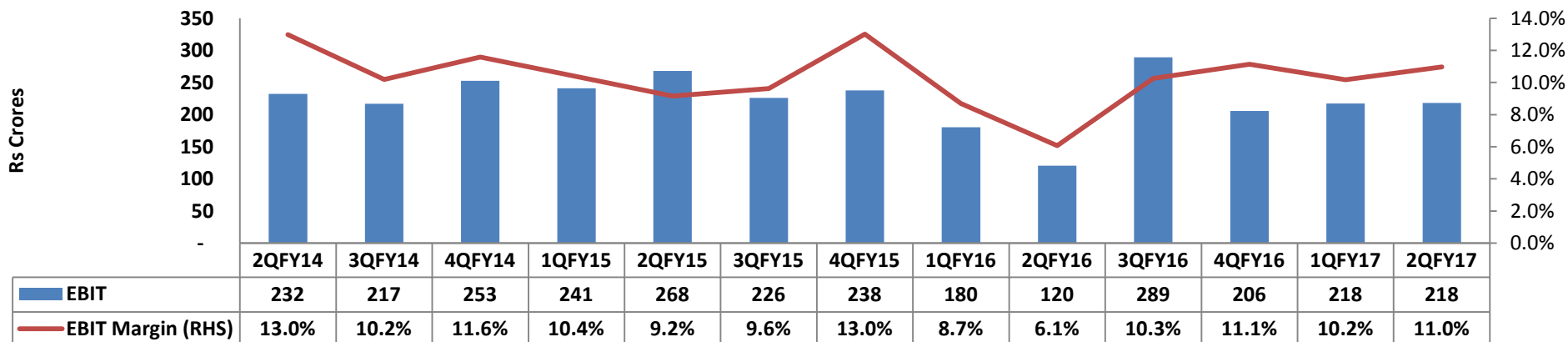


Performance Trends - Quarterly

Jewellery: Net Income

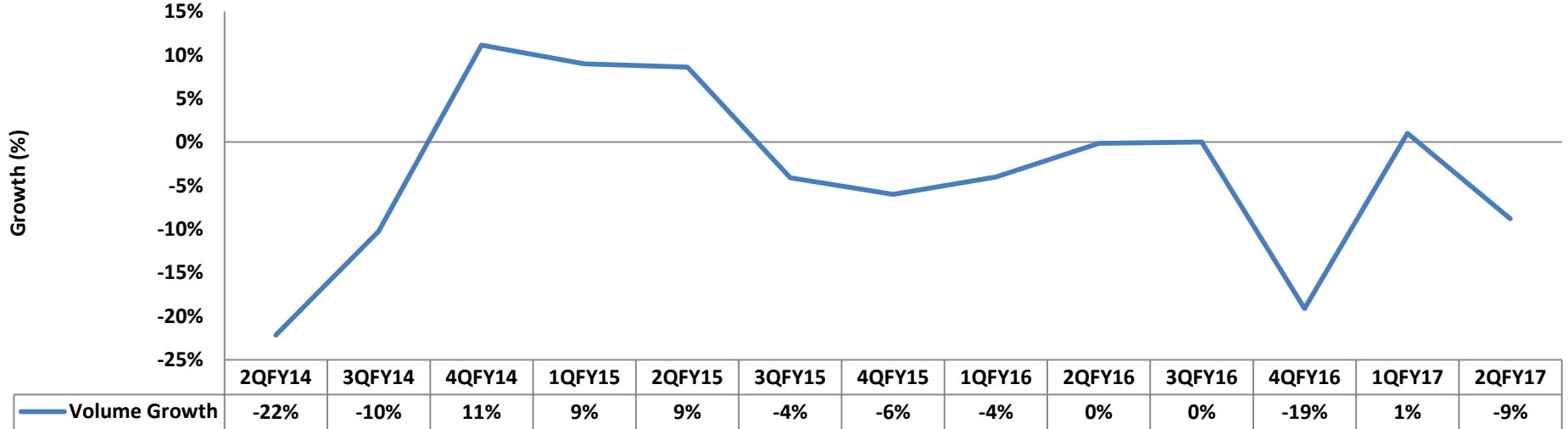


Jewellery: EBIT & Margin

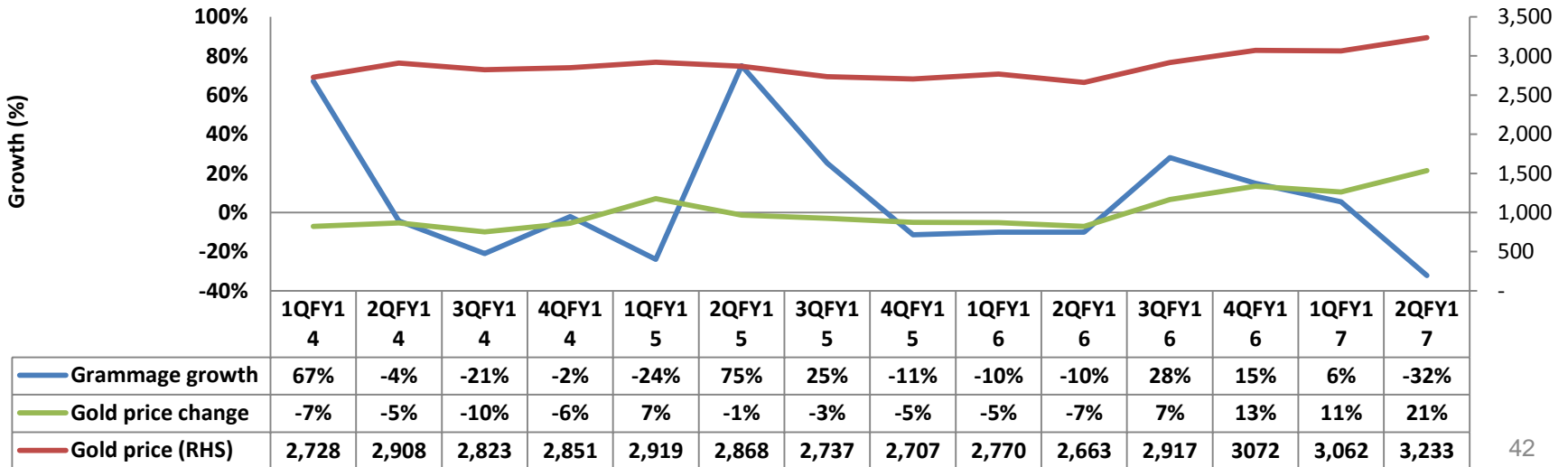


Performance Trends - Quarterly

Watches: Volume growth



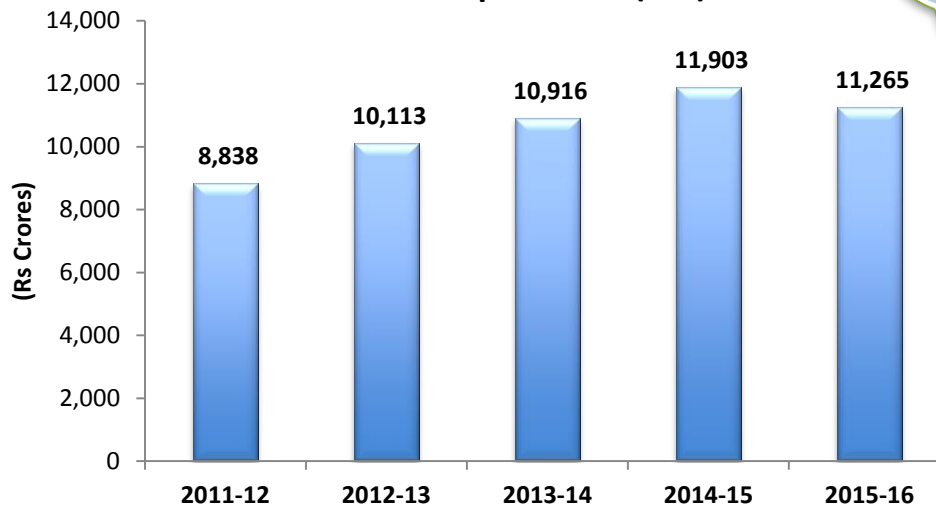
Jewellery: Gold price (24kt) and Grammage growth





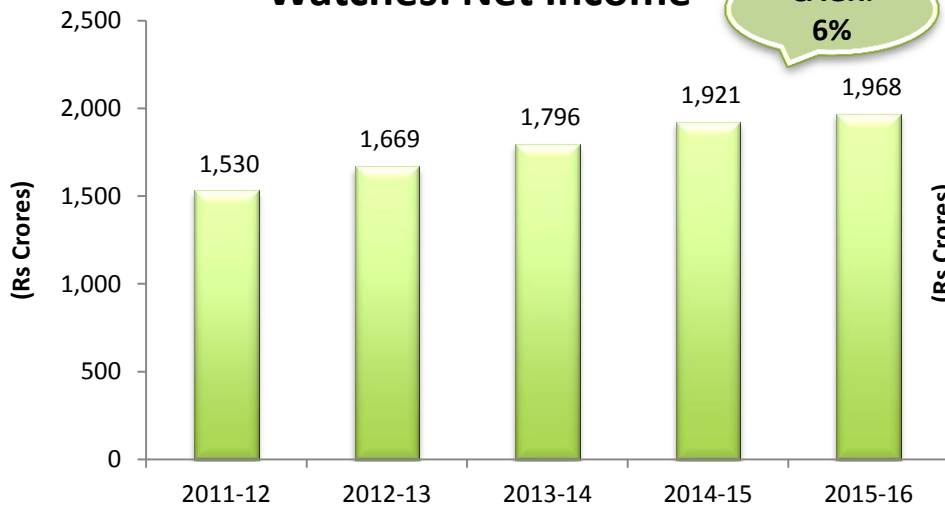
Performance Trends - Annual

Income from operations (net)



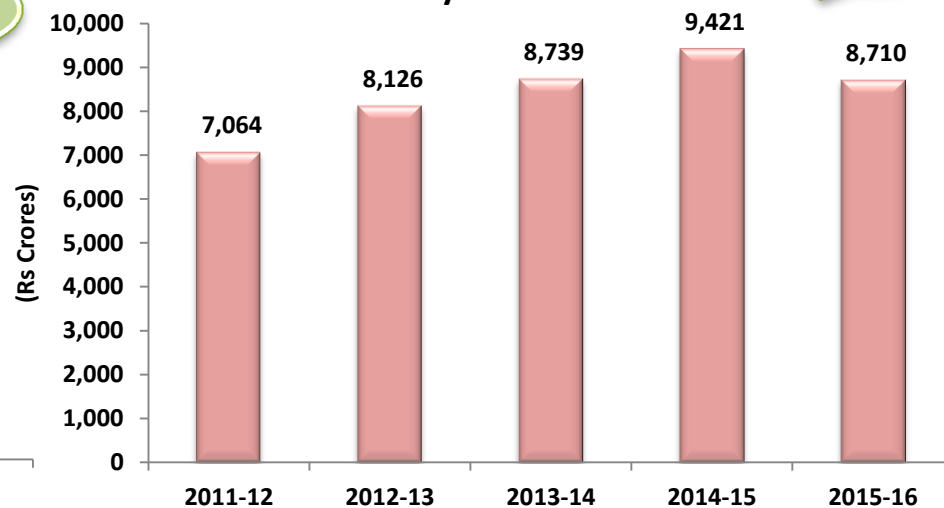
CAGR:
6%

Watches: Net Income



CAGR:
6%

Jewellery: Net Income



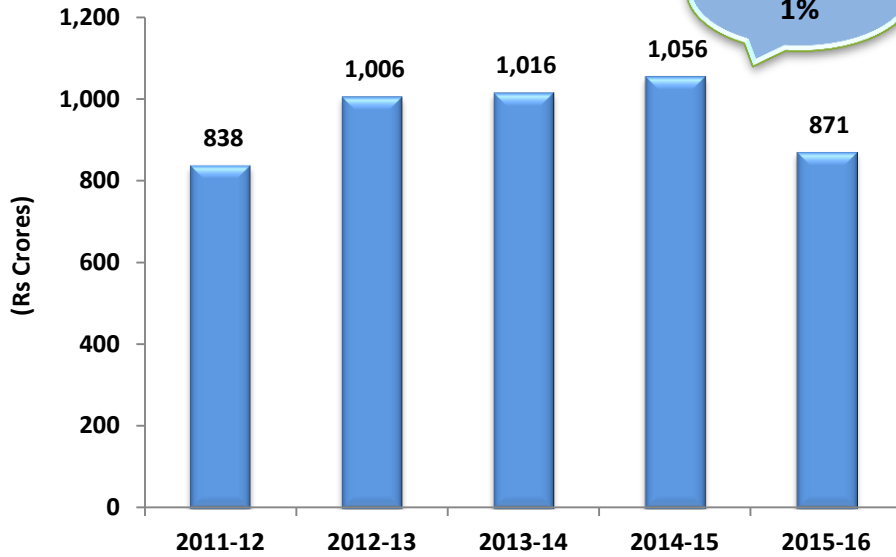
CAGR:
5%



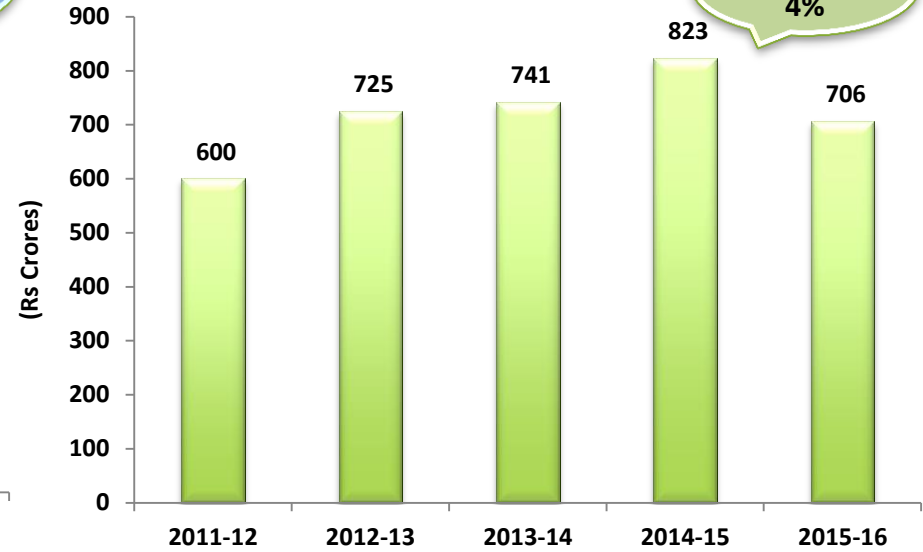
TITAN
CORPORATION

Performance Trends - Annual

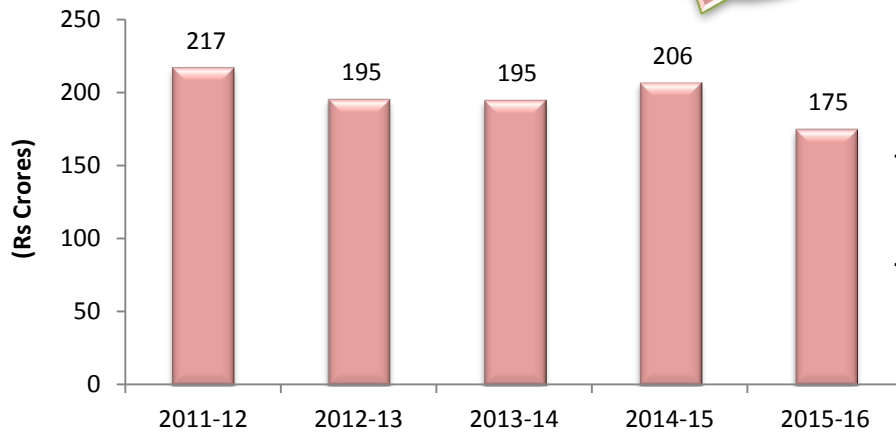
PBT



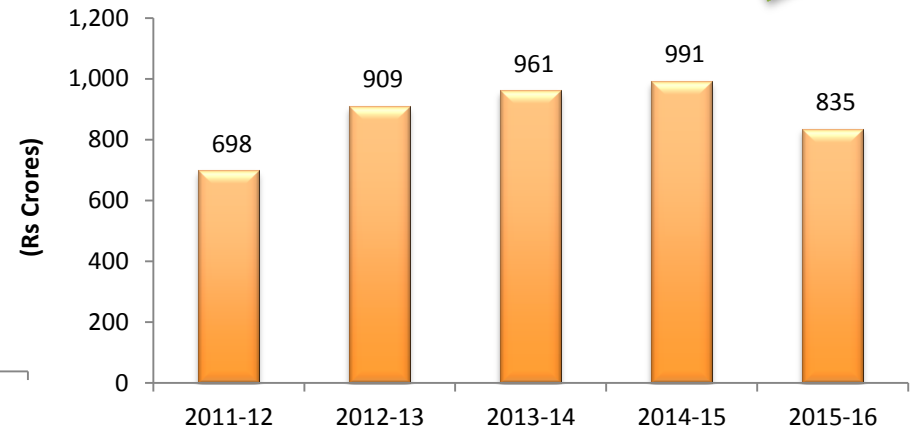
PAT



Watches: PBIT



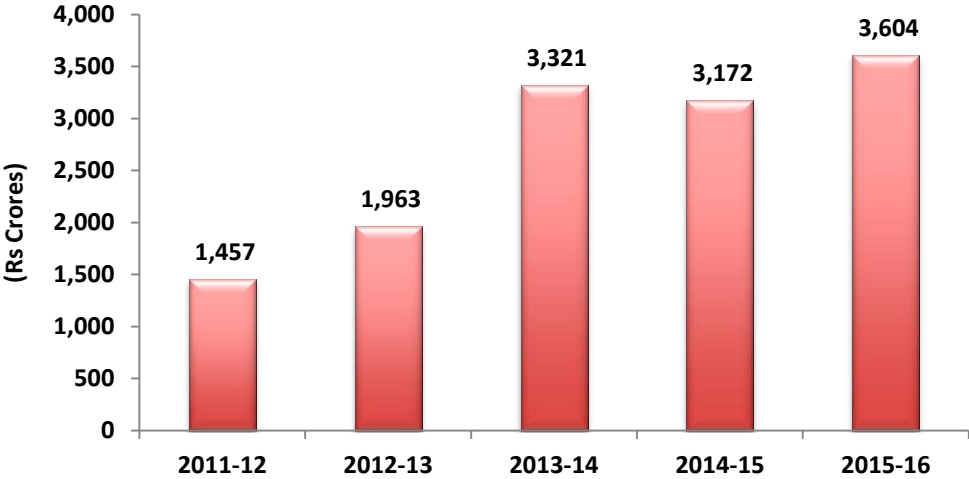
Jewellery: PBIT



Performance Trends - Annual

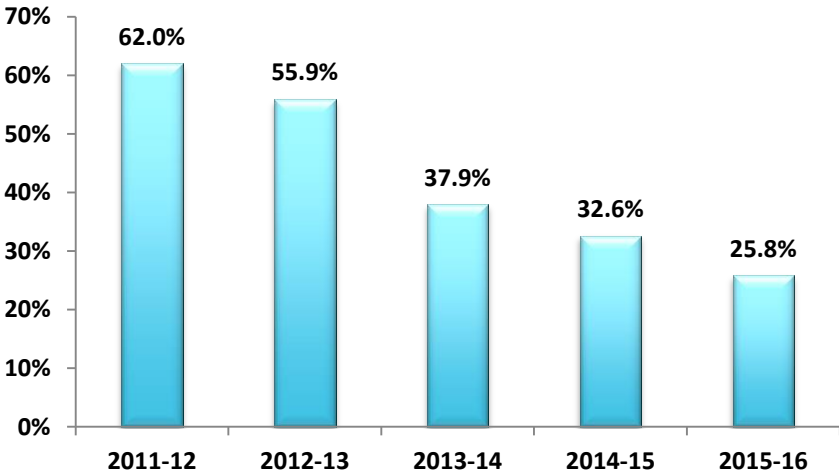


Capital Employed

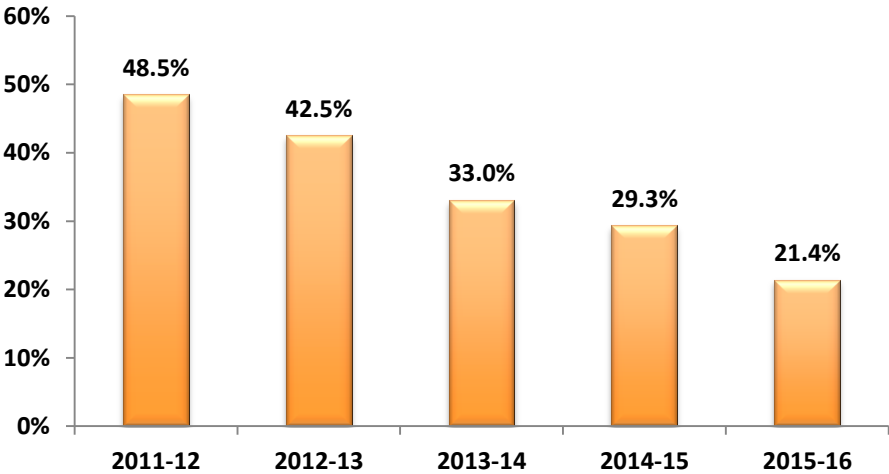


• Disruption in Gold on lease scheme increased Capital Employed sharply in 2013-14

ROCE

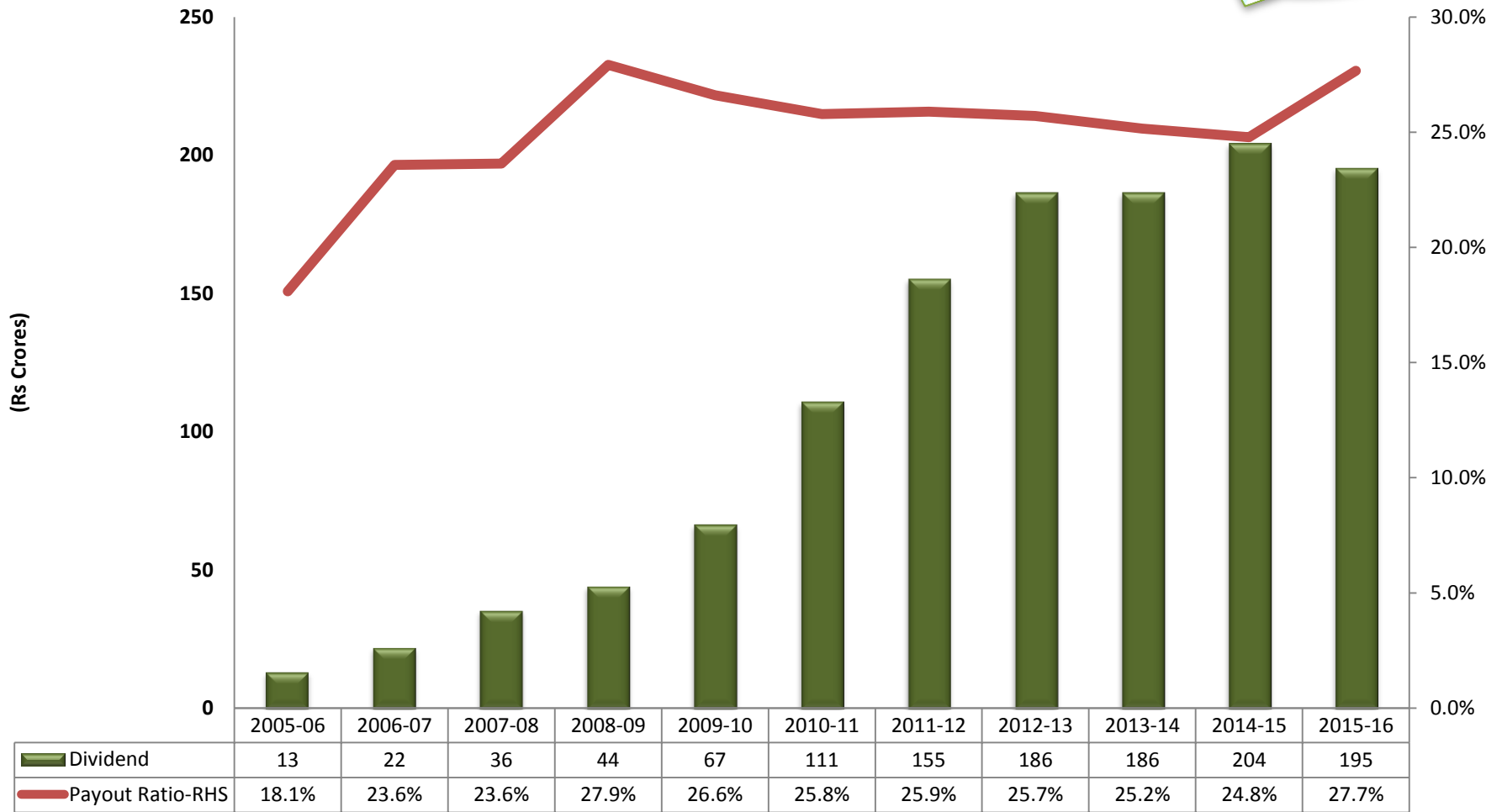


ROE



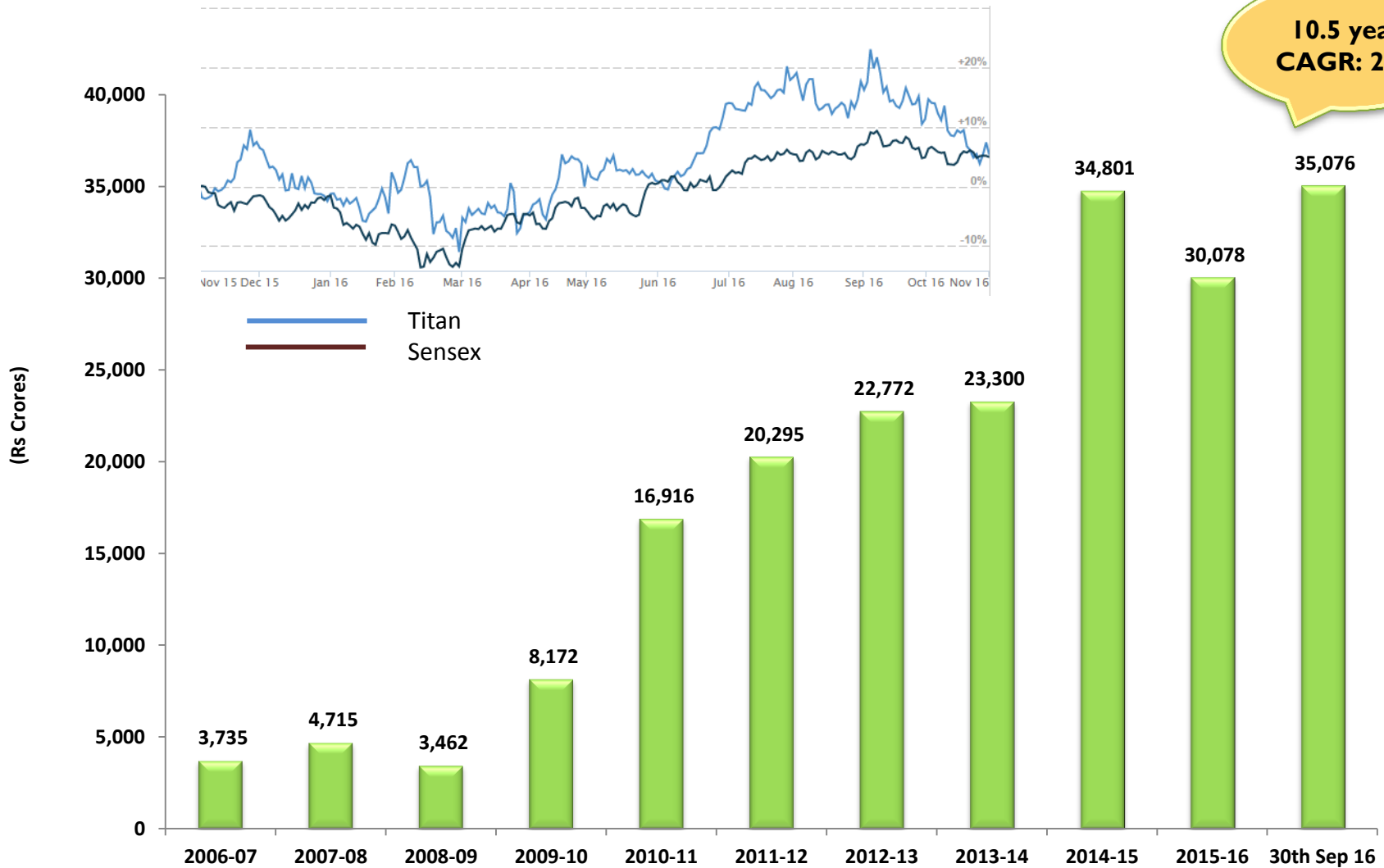
Dividend

10 year
CAGR: 31%





Market Capitalisation



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

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



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