



Titan Company Limited

Instrument	Amount	Rating Action
	In Crore	September 2015
Fund Based Facilities	200	[ICRA]AA+ Stable Outlook (Reaffirmed)
Non-Fund Based Facilities	1000	[ICRA]A1+ (Reaffirmed)
Fixed Deposit Programme	800	MAAA Stable Outlook (Reaffirmed)

ICRA has reaffirmed the rating assigned to the Rs. 200 crore fund based limits of Titan Company Limited (Titan) at [ICRA]AA+ (pronounced as ICRA Double A Plus). ICRA has also reaffirmed the [ICRA]A1+ (pronounced as ICRA A One Plus) rating assigned to the Rs. 1000 crore non fund based limits of Titan. The rating of MAAA (pronounced as M Triple A) assigned to the Rs. 800 crore fixed deposit programme of Titan has also been reaffirmed. The outlook on the long and medium term ratings is stable.

The rating reaffirmation continues to factor in Titan's leadership in the organised watches and jewellery segments drawing on the high quality of its products, the wide product range catering to various styles and price points and the extensive distribution and service network. Titan's strong parentage and the high financial flexibility arising from the high profitability, healthy cash generation and low debt levels are other factors that support the rating. Titan however faces growth pressures in the watches division given the increasing competitive intensity, the presence of mobile phones as time-keeping devices and the continued weak consumer sentiment. ICRA also notes that the jewellery division has been impacted by adverse regulatory developments in the recent past, including the moves to limit domestic gold imports and the move to tighten gold leasing norms for domestic jewellers. While these measures have been eased, Titan was forced to close the customer advance schemes in the jewellery division in August 2014 as these did not comply with the Deposit Regulations of the Companies Act 2013. While Titan introduced a new customer advance scheme in November 2014 which is compliant with the Deposit Regulations of the Companies Act 2013, consumer response had been muted over the initial few months, although there is now increasing traction. On account of the pre-closure of the earlier scheme and the initial poor response to the new scheme, sales on account of the new customer advance scheme are expected largely in Q4 2015-16. This, combined with the continued weakness in consumer sentiment can considerably impact the division's growth in the current fiscal. ICRA also notes that the total amount of deposits raised under the new scheme is capped at 25% of Titan's net worth, due to which, sales from such schemes will be much lower than in previous years (close to 30% of the division's revenues). However, ICRA draws comfort from the large size of the jewellery industry in India and Titan's low level of penetration which, combined with the brand strengths translate into strong long-term growth prospects. The ratings also continue to be constrained by competitive pressures within the watches/jewellery businesses, the cyclical nature of demand for Titan's products, the vulnerability of jewellery demand to gold price fluctuations and the working capital intensive nature of its operations. Nevertheless, Titan's financial profile is expected to continue to remain consistent with the rated category.

Company Profile

Titan Company Limited, formerly Titan Industries Limited, was incorporated in 1984 as a joint venture between the Tata Group and Tamil Nadu Industrial Development Corporation Limited (TIDCO). Tata Group and TIDCO currently hold 25.17% and 27.88% respectively in Titan with the rest held by institutional investors and the public. Titan is a market leader in the domestic wristwatches (with brands such as 'Titan', 'Sonata', 'Fastrack' and 'Xylys') and domestic branded jewellery markets ('Tanishq', 'Zoya' and 'Gold Plus' brands). In 2014-15, Titan's jewellery division contributed 79% of its revenues; sales of watches contributed to 16% with the balance coming from sale of precision engineering components and eye-wear.



Recent Results

For the financial year 2014-15, Titan has reported profit after taxes (PAT) of Rs. 823.07 crore on net sales of Rs. 11903.21 crore as against PAT of Rs. 741.14 crore on net sales of Rs. 10915.79 crore for the previous year. In Q1 of financial year 2015-16 the company has reported PAT of Rs. 151.06 crore on net sales of Rs. 2686.71 crore.

September 2015

For further details please contact:

Analyst Contacts:

Mr. Rohit Inamdar (Tel. No. +91-124-4545847)
rohit.inamdar@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

© Copyright, 2015, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500