TITAN INDUSTRIES LIMITED

5 November 2009

'Delivering value by creating desirable brands'

TITAN INDUSTRIES

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.

Titan Industries

The surging spirit of India !

Titan Industries

- Pioneer
- Breaker of rules
- Leader in two businesses:premium and mass market
- Manufacturer, designer, brand owner, marketer, retailer and after-sales service provider
- Unique culture
- First company to dare to challenge the Swiss
- B2C and B2B player
- In four businesses from 2007-08
- One of the Jewels of the Tata Group

Our Heritage – the TATA Group

- Titan is a part of the TATA Group having a turnover of about USD 30 bn, equivalent to over 2.5% of India's GDP and having the biggest market capitalization in India

- The Tata group is India's largest employer in the private sector – 222,000+ employees across 85 companies

- The TATA group has achieved many Firsts for India:
  - First private sector Steel mill
  - First private sector Power utility
  - First luxury hotel (Taj)
  - First Airline (now Air India)
  - The World's least expensive car (Tata Nano)
  - India's largest software company (TCS)
  - India's largest watch & jewellery mfgr (Titan)

About Us

- Titan is the world's fifth largest, integrated manufacturer-brand for watches
- Commencing production in 1986-87, the Company is today the leader in the Watch & Jewellery businesses in India
  - First & largest player in the branded jewellery segment (Tanishq)
  - >60% share of the organised watch market
  - Over 90 million watches sold across 30 countries, cumulatively
- Manufacturing Facilities
  - Main Watch & Jewellery plants in Hosur near Bangalore (India's "Silicon Plateau")
  - Watch assembly plants at Dehradun, Baddi, and Roorkee. ECB plant in Goa; Jewellery-making facility at Dehradun
  - Investment of US$150 million in 450,000 sq.ft. state-of-the-art manufacturing facilities
- Owned by Tata: 25.17% and TIDCO: 27.88%
- Professionally managed by TATA group & an independent Board

Recognition and Awards in many categories

- India's most admired consumer durables company having the most trusted brand in India -TITAN.
- Both TITAN and TANISHQ adjudged best retail brands in IFF survey
- JRD QV (Malcolm Baldrige) Award in 2006 to the Watch Division, and score was re-affirmed in 2007 and in 2008.
- ET and "Great place to work survey" selects Titan as best employer in Retail and among the top 25 nationally
- President of India Award for best employer of the physically challenged.

Our businesses

- Watches
- Jewellery
- Eyewear
- Precision Engineering

Currently Marketing our Products in 26 countries with a larger footprint in the Middle East and Asia-Pacific regions

Our Brands

- TITAN
- SONATA
- FASTRACK
- XYLYS
- TANISHQ
- GOLD PLUS
- TITAN EYE+
- ZOOP!

Our businesses

	B2C businesses: Products			B2C businesses: Retail		
	Watches	Jewellery	Others	Watches	Jewellery	Others
Premium	xylys, Nebula from TITAN, TOMMY HILFIGER, HUGO HUGO BOSS			HELIOS 1 store 2,700 sq ft	ZOYA 2 stores 6,700 sq ft	
Mid-premium	TITAN, fastrack move on		TITAN EYE+, fastrack eye gear Fastrack accessories	WORLD 273 stores 2,60,000 sq ft fastrack move on 10 stores,5000 sq ft	TANISHQ 116 stores 2,43,000 sq ft	TITAN EYE+ 70 stores 70,000 sq ft
Mass	SONATA A TATA Product				GOLDPLUS from TASTA 30 stores 49,000 sq ft	

+

B2B businesses: PED and MBA

TITAN INDUSTRIES

Organised Retailing –The New Buzz

Seize the Opportunity !

Our retail network, now comprising of

116 Tanishq stores
273 World of Titan stores
30 Goldplus stores
2 Zoya stores
1 Helios store
4 Fastrack Kiosks
10 Fastrack stores
10 Sonata stores
70 Titan Eye+ stores

- **...accounts for Rs 3000 crs of annual sales making us India's largest speciality retailer**

2008-09 – Summarised Results

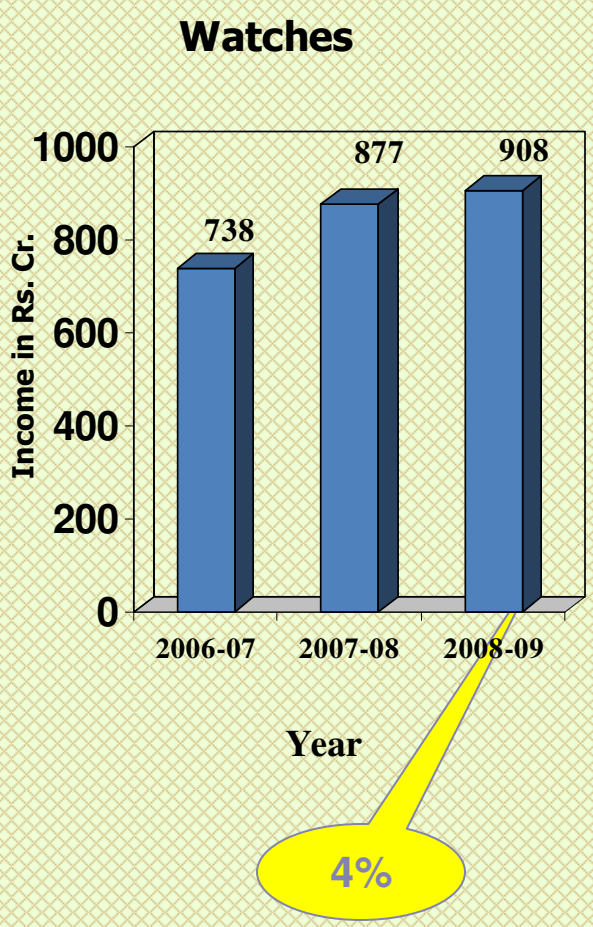
(Rupees in Crores)	Watches	Jewellery	Others	Corporate	Total
Sales / Income from Operations	946.19	2760.23	141.3	-	3847.72
Less : Excise Duty	39.22	-	5.12	-	44.34
Net Sales / Income from Operations	906.97	2760.23	136.18	-	3803.38
Add : Other income	1.52	2.97	0.11	0.66	5.26
Net Sales / Income from Segments	908.49	2763.20	136.29	0.66	3808.64
Profit before interest and taxes	137.86	164.40	-24.11	-18.16	259.99
Less : Interest					29.43
Profit before taxes					230.56
Less : Taxes for the year					60.68
Taxes of previous years					10.92
Net profit after taxes					158.96

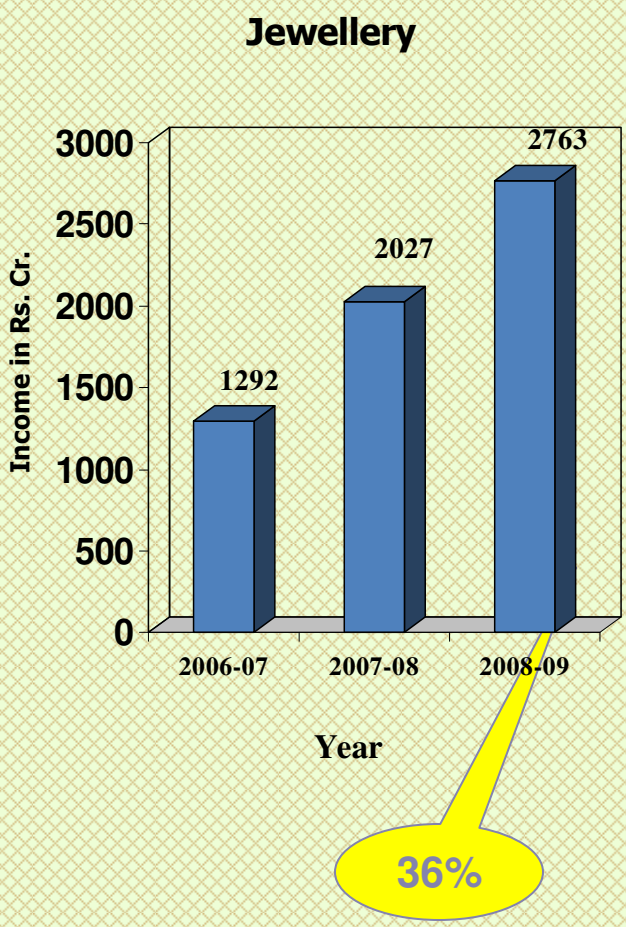
2008-09 – continued growth despite the slowdown

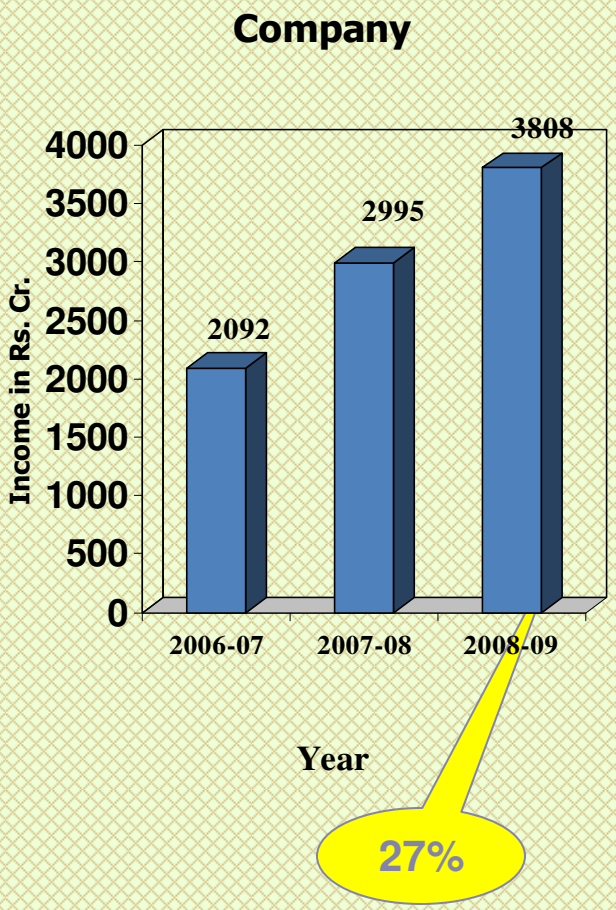
- Financials
  - Company Income crossed Rs 3750 Crores (US$ 750 million)
  - PBT crossed Rs 230 Crores (US$ 46 million)
- Brands
  - Brand Tanishq crossed Rs 2370 Crores (US$ 475 million)
  - Brand GoldPlus crossed Rs 390 Crores (US$ 78 million)
  - Brand Fastrack crossed 1.50 million watches
- Retailing
  - World of Titan stores crossed 250
  - Tanishq and GoldPlus outlets touched 150
- New Business
  - Titan Eye+ outlets reached 70 (from 10)

THE THREE YEAR JOURNEY…

INCOME

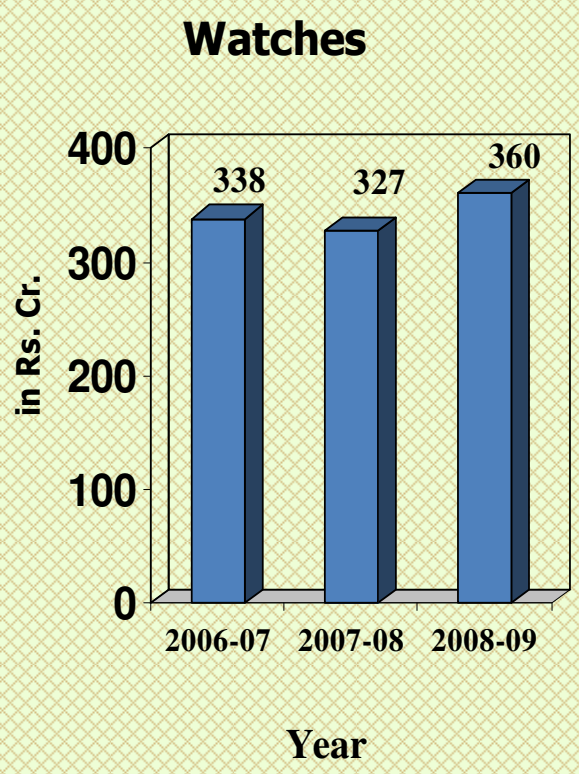


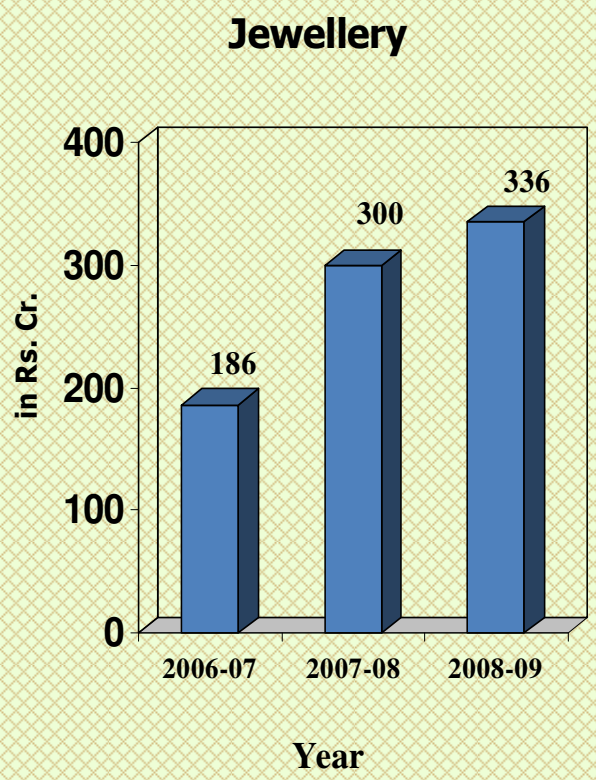


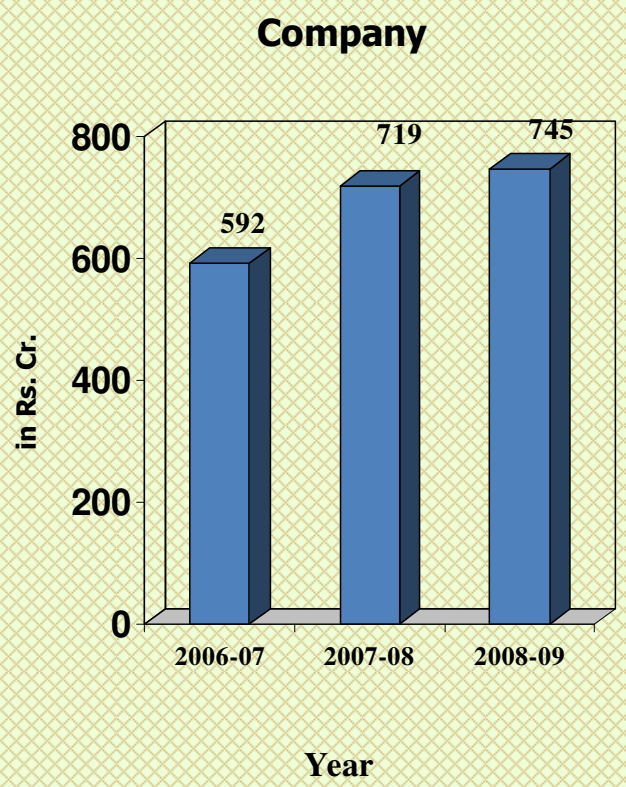


THE THREE YEAR JOURNEY…

CAPITAL EMPLOYED

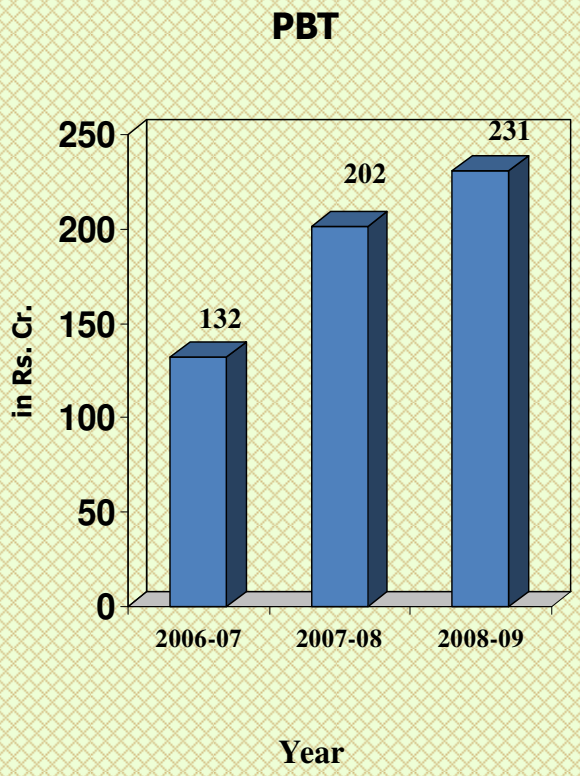


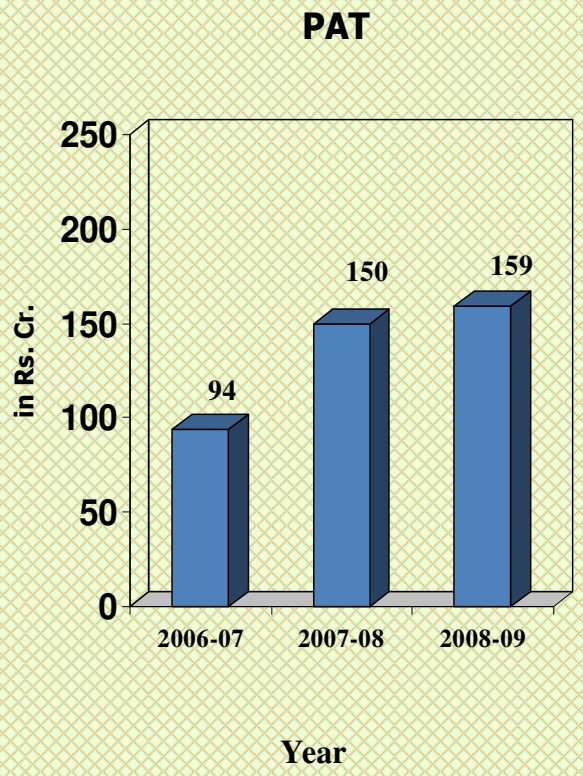




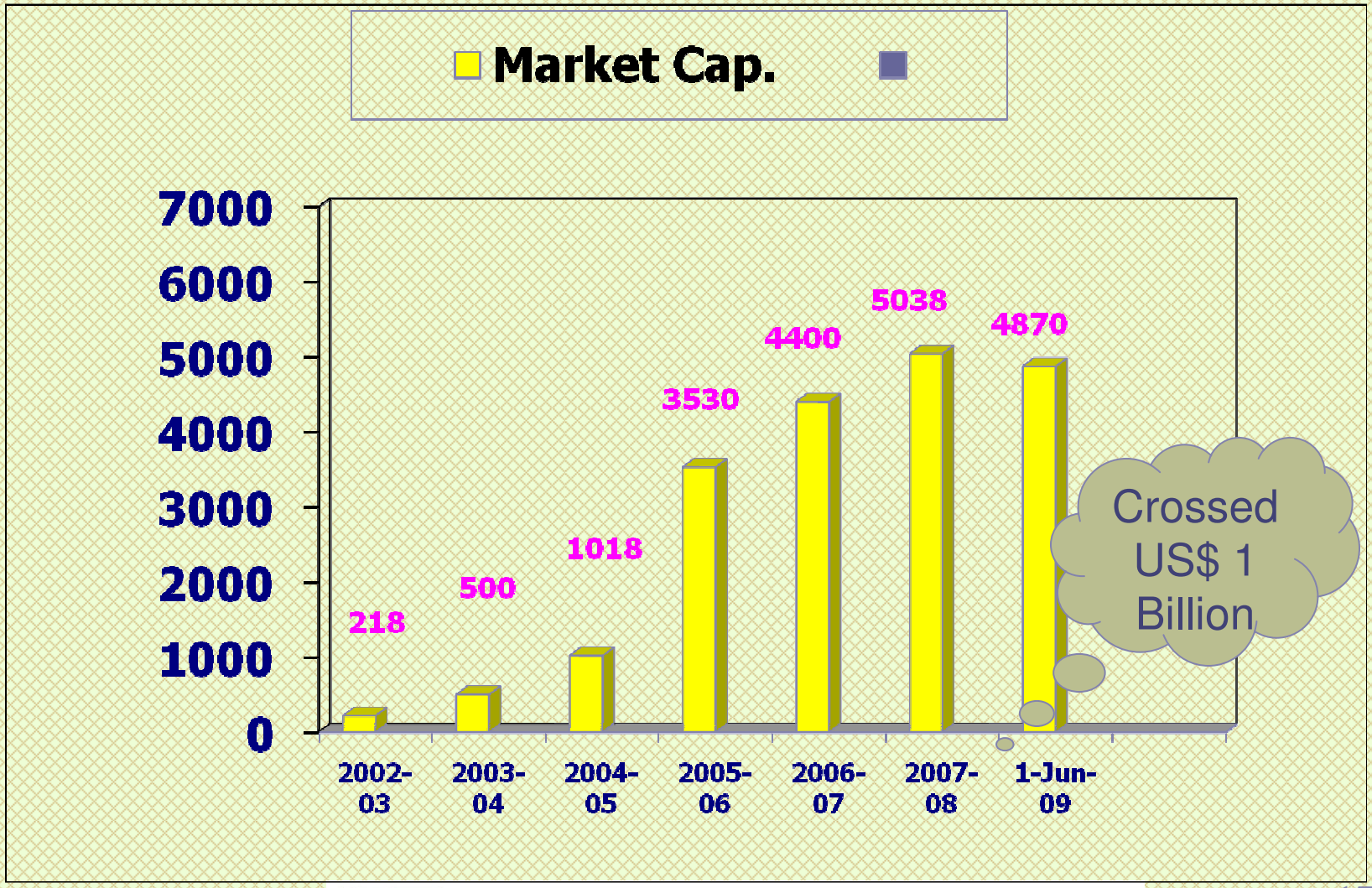
THE THREE YEAR JOURNEY…

COMPANY PROFITABILITY





Market Capitalisation (Rs. Crores)



2009-10 PERFORMANCE FIRST HALF

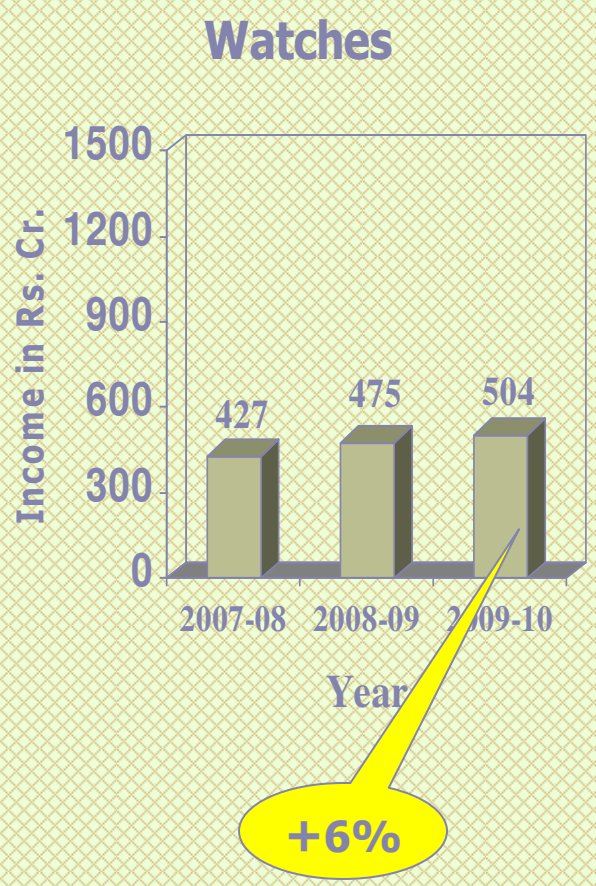
2009-10 : Q1

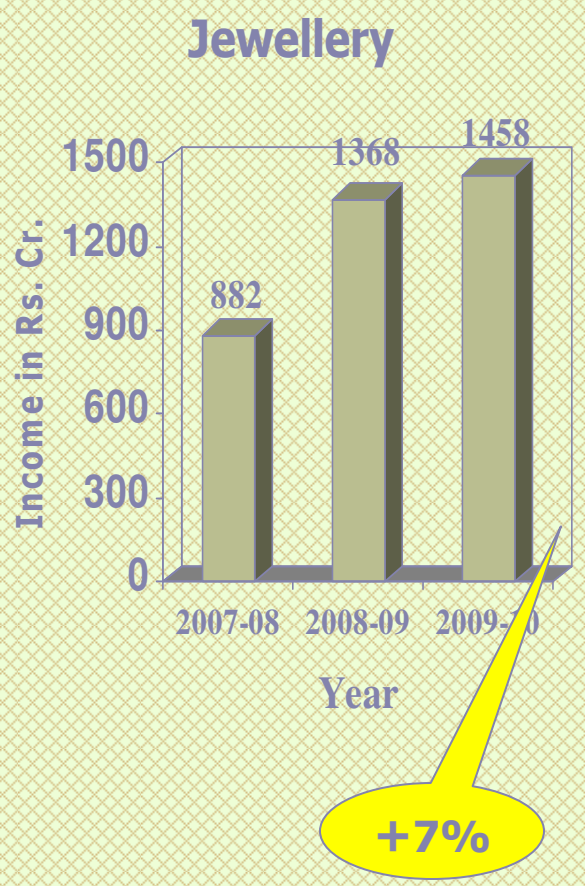
- Watch revenues and results were positively impacted by the improved product mix from higher sales of Fastrack and Titan watches (due to wedding season) and the successful re-launch of Sonata after completion of the planned down-stocking in Q4.
- Jewellery sales were impacted by by the high Gold prices. Sales increased by 3% in value terms, but with a Gold price increase of almost 20% the volume de-growth of Q4 continued in Q1. Results were also impacted by the adoption of AS 30 and inventory valuation by FIFO.
- The Eyewear chain grew from 69 to 77 outlets and the Company continues to invest in this business which will continue to grow and break even only by 2012.
- Precision Engineering made a loss of Rs 5 crores due to deferral of deliveries at the request of several customers. It is expected to break even once again, by Q3.

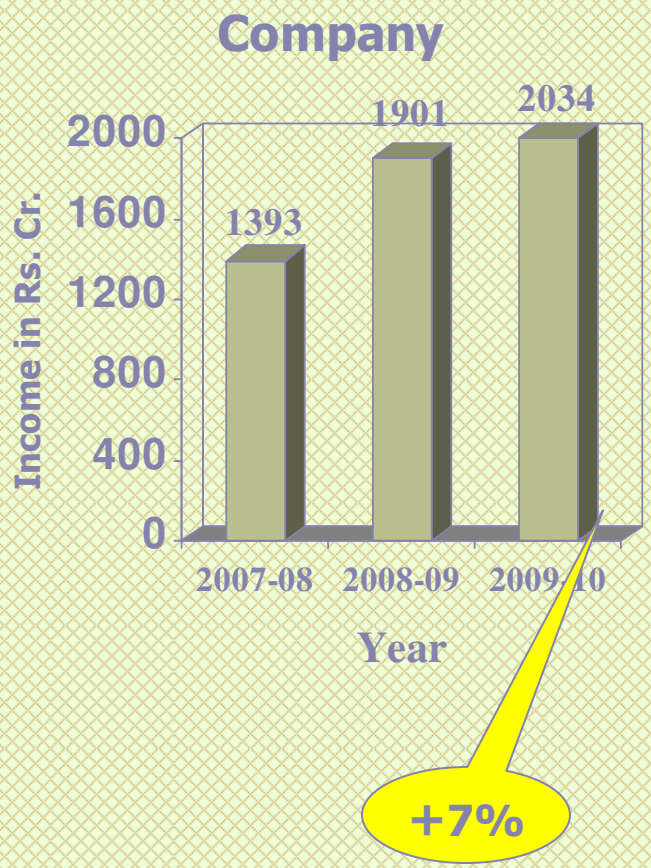
2009-10 : Q2

- Watch revenues and results were impacted by the high "base effect" of the previous year (Q2FY09) and the previous quarter (Q1FY10) both of which had seen sales growth of over 20%. Retail sales continued to grow, but sales to dealers fell, resulting in a sales decline of 2%.
- Jewellery continued to be impacted by high Gold prices. Sales increased by 9% in value, but due to the Gold price increase, the volume de-growth was about 10% which was lower than the 15% volume de-growth seen in Q1.
- The Eyewear chain saw sales growth of over 15% compared to Q2FY09 and is relocating 7 outlets.
- Precision Engineering had a difficult quarter with several deferrals of orders resulting in a fall in sales turnover to Rs 14 crores from Rs 21 crores in Q2FY09, resulting in a loss of Rs 4 crores for the quarter. It is expected to break even once again, by Q3.

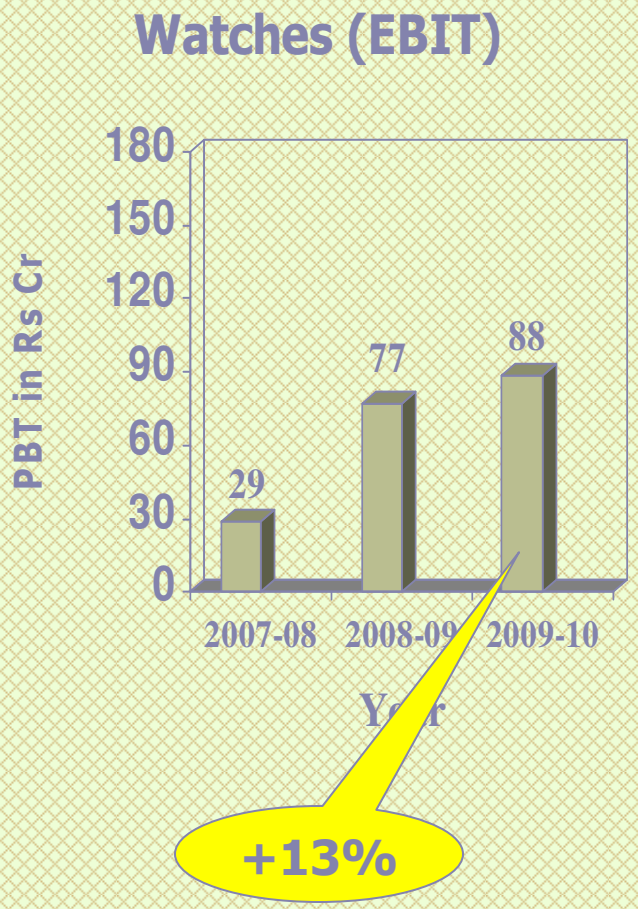
PERFORMANCE – 2009-10 – FIRST HALF INCOME

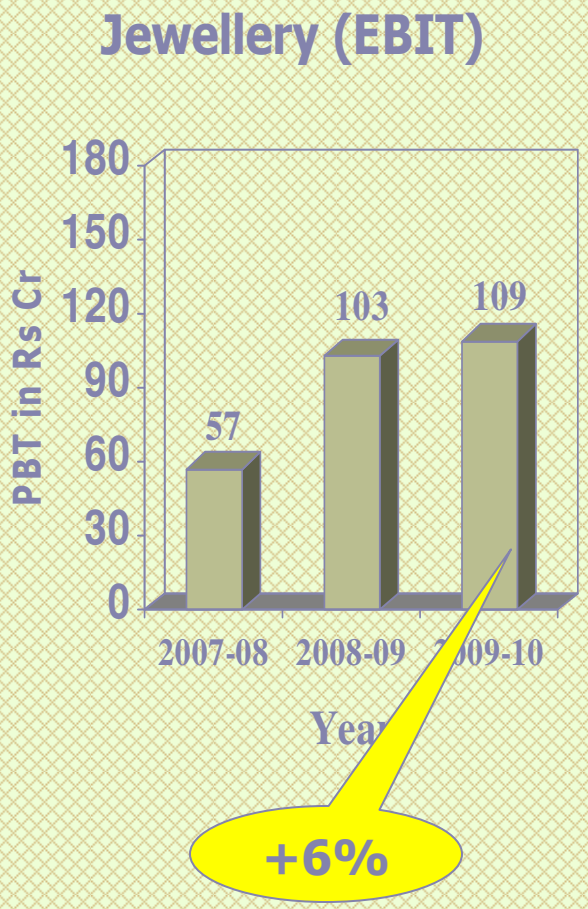


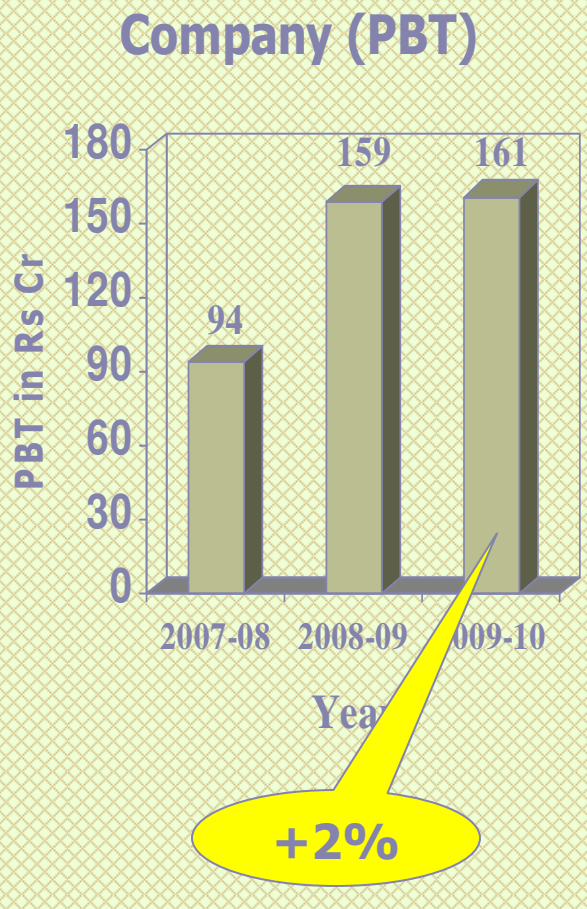




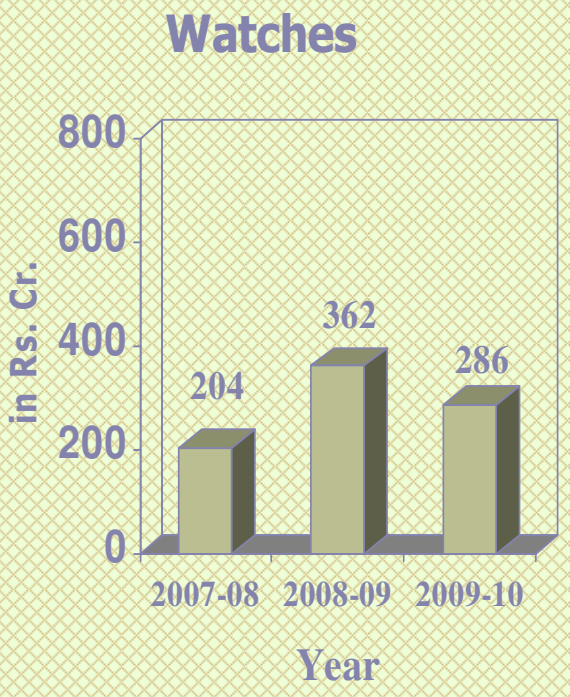
PERFORMANCE – 2009-10 – FIRST HALF

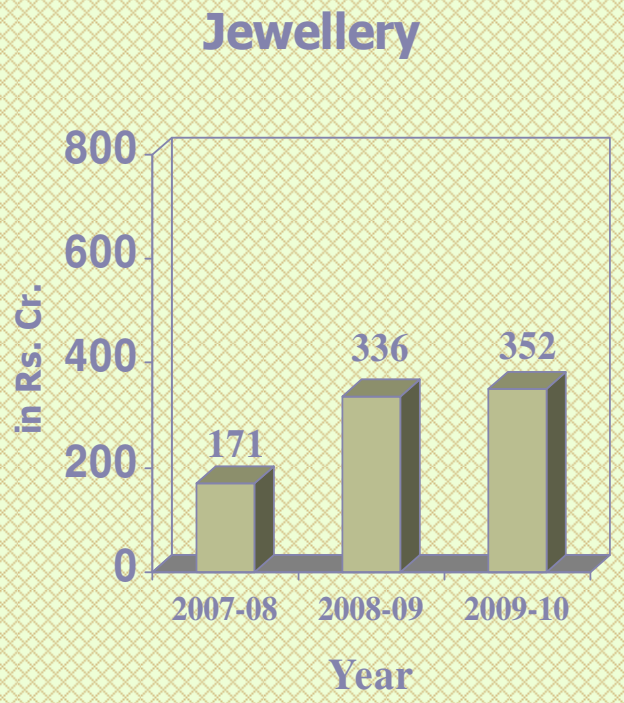


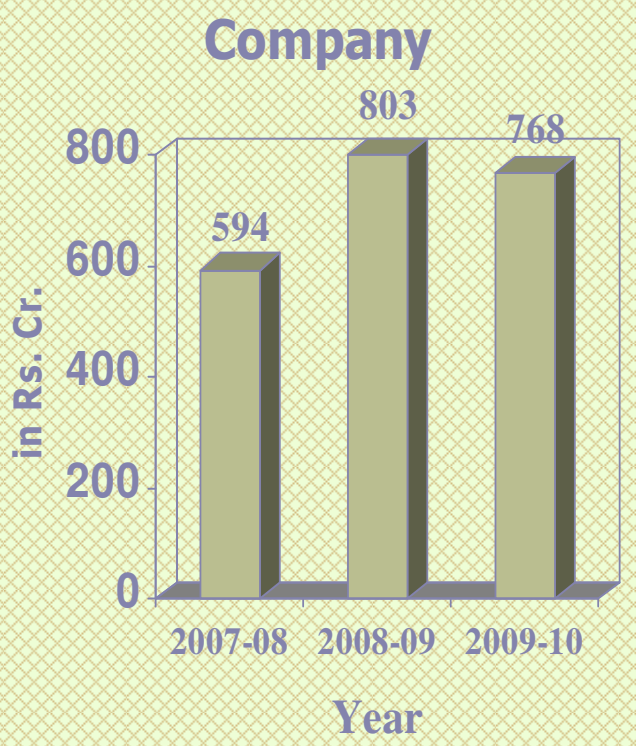




PERFORMANCE – 2009-10 – FIRST HALF
CAPITAL EMPLOYED (END-SEPTEMBER)







CHANGE IN METHOD OF INVENTORY VALUATION FOR GOLD

India will be adopting International Financial Reporting Standards (IFRS) from 1 April 2011.

Essentially, this involves the adoption of several new (and different) accounting standards. One way of doing this is to wait until April 2011 and change over in one shot. However, the more prudent course is to progressively adopt these standards over the two-year period available to us. One of the new standards is AS 30 which covers hedge and derivative accounting. Our gold stocks are completely hedged and this standard is therefore applicable to us and we decided to adopt it from 1 April 2009.

Our inventory of gold (including finished jewellery) was earlier valued on a "Weighted Average Cost" system. However, when one adopts hedge accounting, this method of inventory valuation gives a slight distortion to the operating results. FIFO gives a much lower distortion (in theory, no distortion at all) and Titan Industries Ltd has therefore simultaneously adopted FIFO.

For the first quarter, the change in stock valuation is about Rs 30 crores, and for the second quarter, it is Rs 1.89 crores, both of which have been accounted under “Decrease / Increase in stock-in-trade”.

An illustrative comparison of the two methods follows.

EXAMPLE - COMPARISON OF FIFO & WAM

FIFO Method	Weight – gm	Rate/gm	Value	Weighted Average Method	Weight - gm	Rate/gm	Value
Opening Stock	60	1,000	60,000	Opening Stock	60	1,000	60,000
Purchases (Fixed)	30	1,200	36,000	Purchases (Fixed)	30	1,200	36,000
Sales	80	1,300	104,000	Sales	80	1,300	104,000
Closing stock	10	1,200	12,000	Closing stock	10	1,067	10,667
Profit (Sales less cost of sales)---(A)			20,000	Profit (Sales less cost of sales)---(A)			18,667

Hedging

	Weight	Rate	Value
Opening Sell forward	60	1,000	60,000
Sell forward	30	1,200	36,000
Buy forward	80	1,300	104,000
Closing sell forward	10	1,200	12,000
Loss payable to bank ------ (B)			(20,000)

FIFO Method		Weighted Average Method	
Net P/L Impact---(C)=(A-B)	NIL	Net P/L Impact---(C)=(A-B)	(1,333)

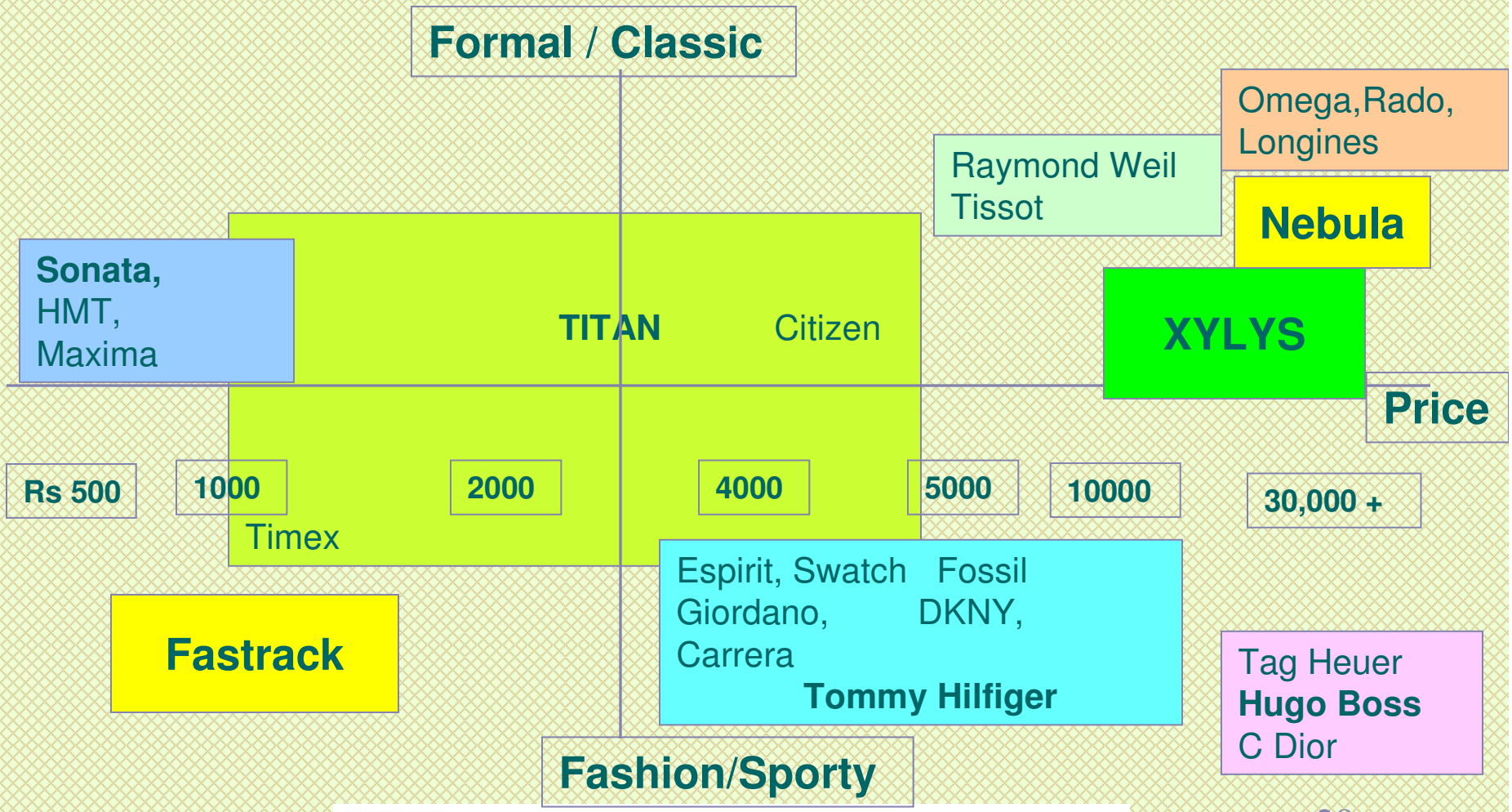
- Under FIFO method- No profit or loss
- Under Weighted average method- Loss of Rs. 1333 which will be recouped when the closing stock is sold in the next period

I Watch Business

The Watch Market & Industry in India

- India is an under-penetrated market for watches – only 27 % of Indians own a watch
- Total estimated market in 2009-10
  Volume ~ 44 mn units
  Value: Rs 3100 Crores (USD 600 Mn)
- Vast proportion of the Indian market is below Rs 500 ~ 68% (85% by volume)
- Market has been split into: Low end, Mass market, Premium, and Luxury

Watch Market Map



OUR WATCH BUSINESS – OVERVIEW

Revenues

* Significant growth over the past three years
* Rs. 800 Crores Sales excluding exports and after-sales service (over Rs 1200 crores at retail prices)

Profits

Consistent growth

* PBT (2005/06)	- Rs. 90 Crores
* PBT (2006/07)	- Rs. 96 Crores
* PBT (2007/08)	- Rs. 133 Crores
* PBT (2008/09)	- Rs. 127 Crores

ROCE

* ROCE (2005/06)	- 50%
* ROCE (2006/07)	- 50%
* ROCE (2007/08)	- 62%
* ROCE (2008/09)	- 52%

INTERNATIONAL BUSINESS

- One of India's first companies to market a consumer brand overseas.
- Now present in 26 countries outside India
- Among the top 3 brands in several Asian countries
- Selling over 675k watches annually with increasing presence in jewellery.
- Total export sales of over Rs 130 crores in 2008-09 and Rs 43 crores in H1FY10.

II Jewellery Business

Jewellery – Market & Industry highlights

Market

- Size of market: Rs 80,000 crores (~ US$ 17 billion)
- Urban market is about 38% of this base
- Branded jewellery is less than 10% of the overall market
- Importance of jewellery to Indian consumers –
  Gold is seen as auspicious, an investment, for adornment….
- Product mix: largely plain gold 22kt, with gem set jewellery constituting less than 10% of the market

Players

- Key players: Fragmented market, mainly retailer driven.
- Most retailers are unorganised and stand alone
- Absence of hallmarking
- Tanishq - the first branded jewellery player (1996)
- Increased investment by industry bodies (DTC, PGI, WGC) is spurring rapid growth of the branded jewellery market in India

TANISHQ TODAY – A BRIEF OVERVIEW

Brand

- Strongest and most aspirational brand in the jewellery category
- Awarded most admired brand and Retailer of the year by Images Fashion
- Enjoys a market share of over 40% in branded jewellery

Network

- India's only national jewellery retailer
- 116 stores in 72 towns – prime high street locations
- Many of these stores are run by franchisees

Customer Base

- Over 1.5 million customers shopped at Tanishq last year

Gold Plus :Size of the opportunity

- Semi-urban and rural market estimated to be as much as 40% of the total : Over Rs 30,000 crs.
- Value conscious consumers, buying traditional jewellery
- Very fragmented industry with under-karatage still prevalent in many parts of the country
- A new business model and a new brand to exploit this opportunity
- Sales of Rs 95 crs in 2006-07,Rs 200 crs in 2007-08 and Rs 390 crs in 2008-09
- 30 outlets as at 31 March 2009 and at present.

OUR JEWELLERY BUSINESS - OVERVIEW

Revenues

- Rapid growth of 40% p.a. over the past three years
- Rs. 2350 crores during the latest financial year
- 60% of the Company's revenues

Profits

Impressive turnaround in domestic market

- PBT (2005/06) - Rs. 35 crores
- PBT (2006/07) - Rs. 77 crores
- PBT (2007/08) - Rs. 101 crores
- PBT (2008/09) - Rs. 194 crores

ROCE

- ROCE (2005/06) - 34%
- ROCE (2006/07) - 61%
- ROCE (2007/08) - 60%
- ROCE (2008/09) - 84%

IV Precision Engineering Business

Precision Engineering Business

Rationale

- Leveraging Engineering capabilities
- B2B business – balances risk of B2C businesses

The Opportunity

- India growing as a manufacturing base for precision products across industries
- Cost pressures and offset requirements guarantee a long term opportunity
- High cost of switching for customers
- Large & growing market: The global market for precision engineering products addressable by Titan is Rs.135,000 cr.

Current position: 3 segments 3 streams

Market Size Rs 135,000 Cr.

Automotive

Market Size Rs 575 Cr.

- Precision components
- Dash board instruments
- Sub systems

Aerospace

Automation Solutions

Medical

Domestic & International Market.

Domestic Market Only

TSMG Study

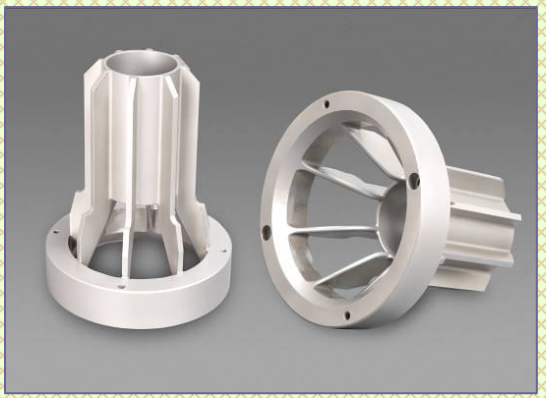
Wiper Motor Assembly Lucas TVS

- Value Rs.289 lakhs
- Complete assembly & Testing of wiper motors – 23 models
- 21 Stations
- 14 stations with universal fixtures
- 13.5 Seconds cycle time
- Lean design of stations
- Performance Testing, Noise Testing

Recent Products

Upper Head
SS
Schlumberger

End Cap
SS
Schlumberger



Centraliser
AMS Grade Steel 17-4 PH
Schlumberger

Filter- AMS Grade Steel
Schlumberger

Index Pin
Titanium
Schlumberger

Precision Engineering Business

The Customers

- Eaton, US
- Hamilton Sunstrand, US
- Microtechnica, Italy
- Schlumberger, US
- Ford, UK
- Visteon, US / India

Bosch, India
Lucas, India
Tata Motors, India
Timken, India
Turbo Energy, India
Stanadyne, India
Tyco Electronics, India

The Achievement

- Achieved a turnover of Rs 76 crores in 2008-09 (up from Rs 56 crores in 2007-08)
- Achieved break-even for 2008-09
- Targeting a turnover of Rs 80 crores in 2009-10

THE EYE WEAR BUSINESS

- Started in 2004-05 by marketing Sunglasses under the Fastrack brand
- Targeted the youth segment
- Pilot project for Prescription Eyewear started in March 2007
- Achieved a sales turnover of over Rs 66 crores in 2008-09 up from Rs 40 crores in 2007-08
- 70 Titan Eye+ outlets as on 30 September 2009

THE EYEWEAR MARKET – AN UNTAPPED OPPORTUNITY

Incidence:
30% of population typically needs correction in vision ~ 300 mn
Users: 84mn users – which is about 25% of those who need the correction
Consumers change their glasses / frames once in 3 to 4 years on an average

Market size:
•25-35 million units per annum
•Rs 1500-1800 crs per annum
•Comparable to the watch industry
•Repeat purchase is a regular feature from adolescence to old age.
Customer lifetime value is very high
•Almost everyone over 40 yrs needs correction.

- **Growth: Market has been growing in double digits ~ 15-20% per annum and likely to sustain**
- **Demand drivers: Urbanization, literacy, Penetration of TV & computers, Poor eye health due to lifestyles/ improper diet, etc.**
- **Margins: Overall mark ups of up to 300% exist between landed cost & retail price!**

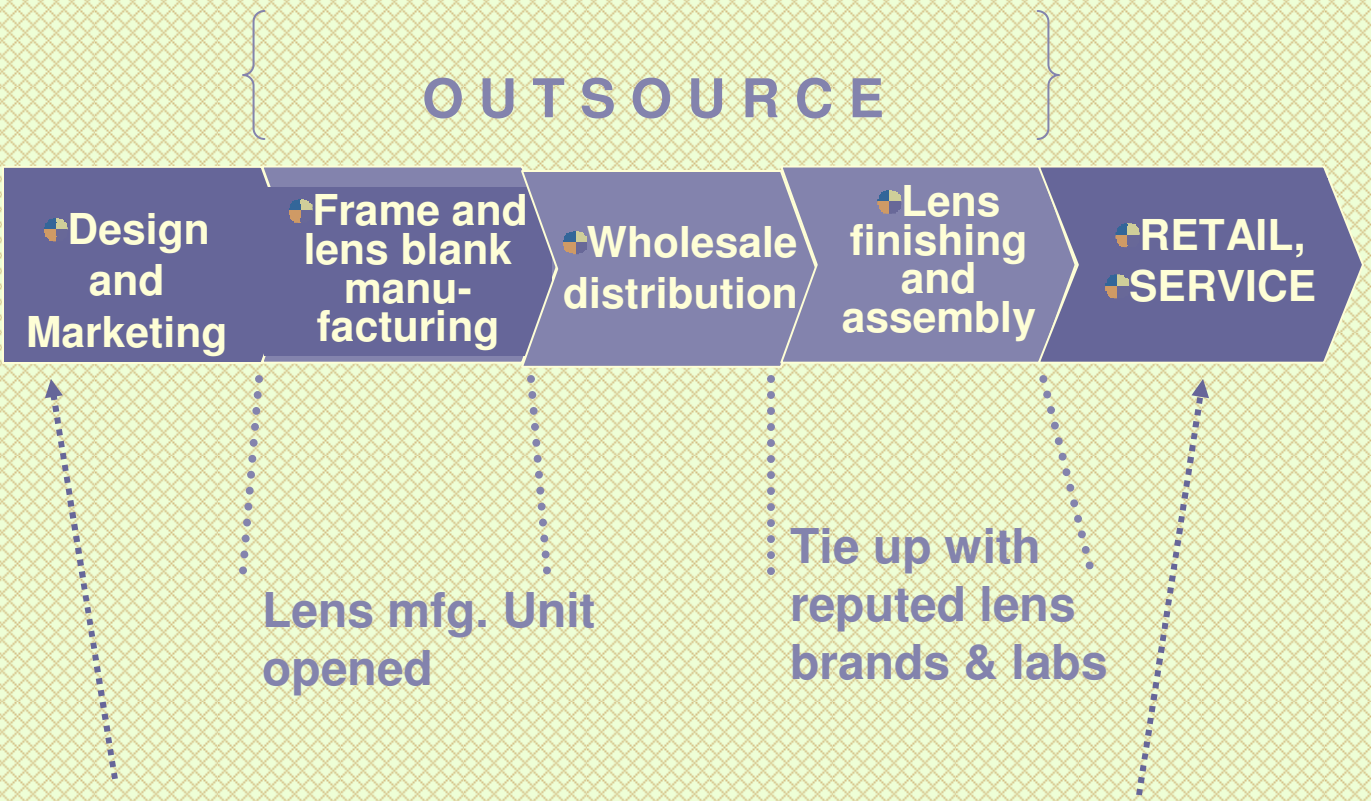
OUR BUSINESS PROPOSITION

To enter as a retail brand – Chain of Stand Alone Stores

- Product / Service Offering:

- Eye checking, Optometry
- Range of frames - Titan & licensed brands
- Range of **Branded** Lenses
- Sunglasses – Titan, Fastrack & licensed brands
- Contact Lenses, Accessories

WHERE WILL WE PLAY IN THE VALUE CHAIN



Focus on strengths and high margin areas: DESIGN, RETAIL, SERVICE & MARKETING

Way Forward

2009-10

- Turnover to grow by about 20% over previous year to target Rs 4,600 crores (US$ 1 billion)
- Operating Profit to grow in similar fashion
- Continued retail network expansion to

  300 World of Titan outlets

  120 Tanishq outlets

  30 GoldPlus outlets

  25 Fastrack outlets

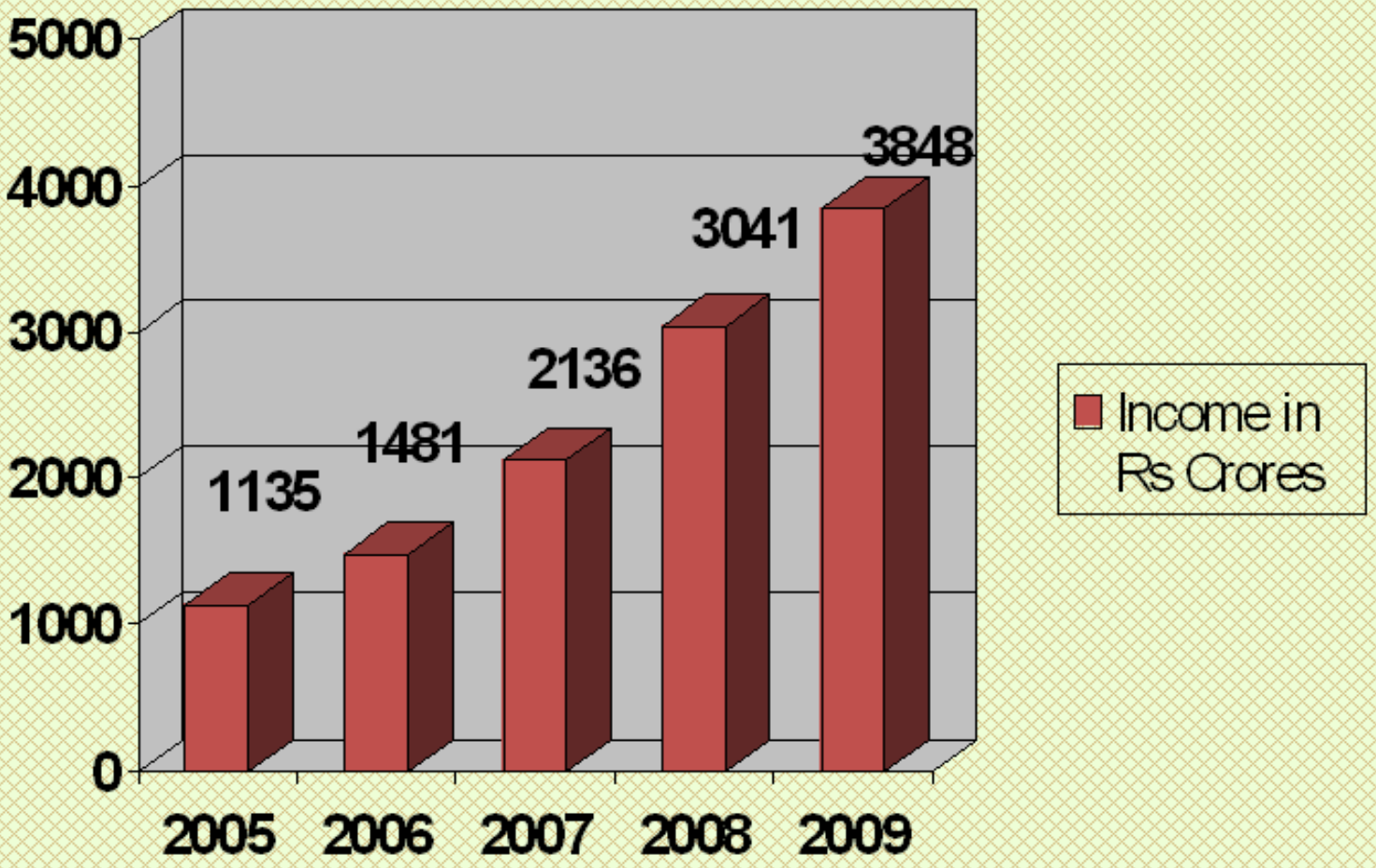
  90 Titan Eye+ outlets

  5 Helios / Zoya outlets

The Five Year Story….Multiple Businesses, Brands & Geographies

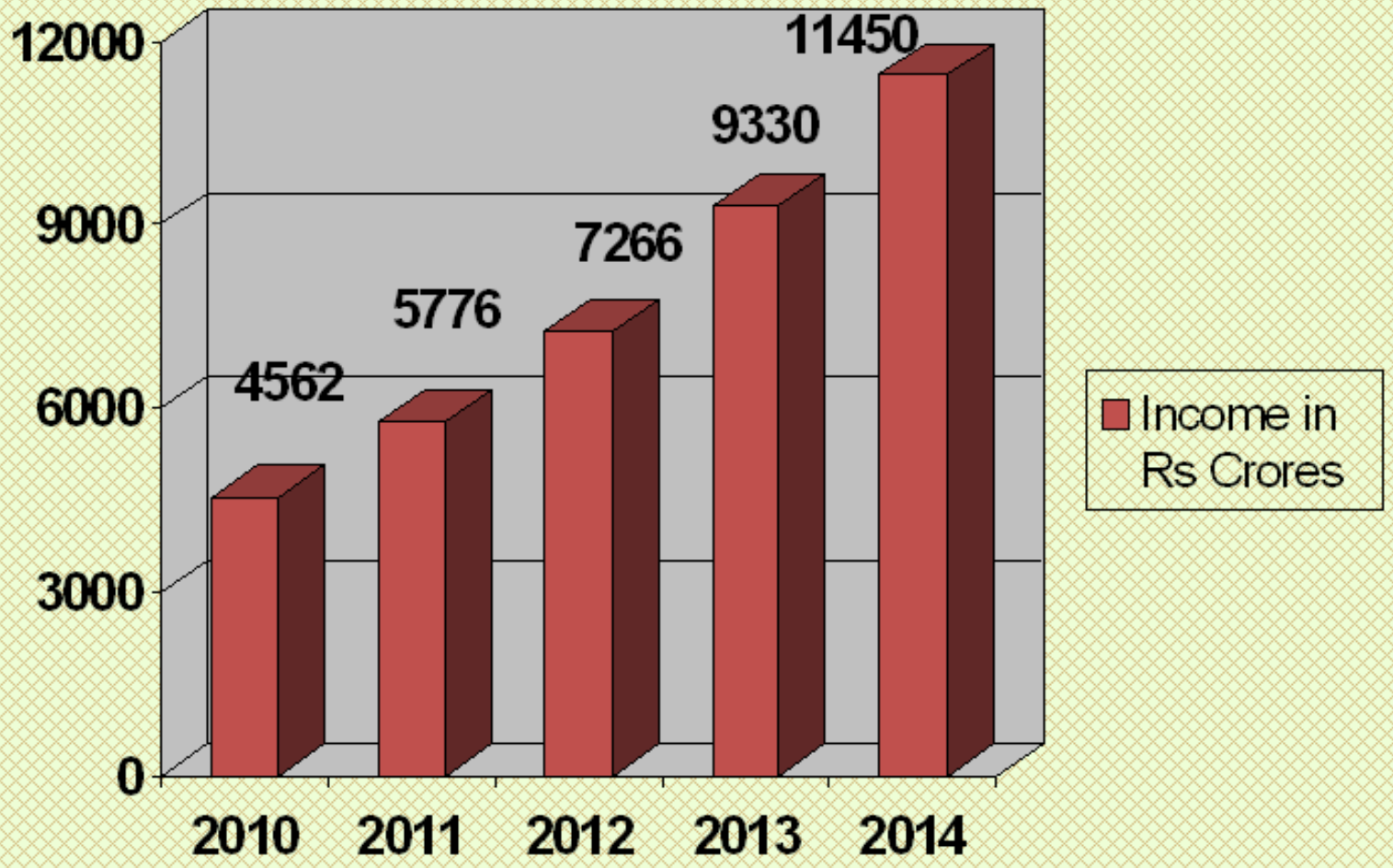
PRODUCTS	BRANDS	GEOGRAPHIES	UNITS
Watches Jewellery	TITAN SONATA TANISHQ	200 STORES IN INDIA AND PRESENCE IN 17 COUNTRIES	2 DIVISIONS 3 PLANTS WITH 2500 PEOPLE
Watches Jewellery Sunglasses Eyewear Precision parts	TITAN SONATA FASTRACK XYLYS TANISHQ GOLD PLUS TITAN EYE+	500 STORES IN INDIA AND PRESENCE IN 26 COUNTRIES	10 SBUs 9 PLANTS WITH 4500 PEOPLE

The last five years saw a three-fold growth….



TITAN INDUSTRIES

… and in the next five years we will become a US$ 2.50 billion company !



TITAN INDUSTRIES

Further information is available on www.titan.co.in

THANK YOU