

TITAN INDUSTRIES LIMITED

4 June 2009

‘Delivering value by creating desirable brands’



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 mfg (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

XLYYS

TANISHQ

GOLD PLUS

TITAN EYE+

ZOOP!

Our businesses

B2C businesses: Products

Premium

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Mid-premium

 		 Fastrack accessories
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Mass

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Watches

Jewellery

Others

B2C businesses: Retail

 1 store 2,700 sq ft	 2 stores 6,700 sq ft	
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 265 stores 2,50,000 sq ft 2 stores, 1000 sq ft	 113 stores 2,20,000 sq ft	 61 stores 65,000 sq ft
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	 30 stores 48,000 sq ft	
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Watches

Jewellery

Others



B2B businesses: PED and MBA

TITAN INDUSTRIES

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)



2008-09 : Q4

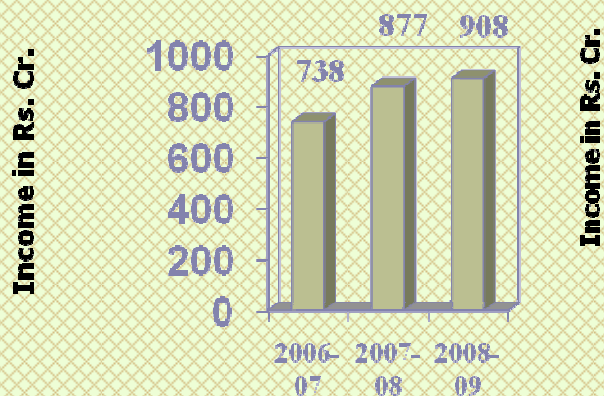
- Watch revenues and results impacted by the planned downstocking of Sonata
(For the year as a whole, sales of the Watch Division increased by 3.60% in value terms; but with volume de-growth of 0.59 million to 9.69 million watches)
- Jewellery Sales impacted by sharp rise in Gold prices
Sales increased by 11% in value terms, but with a Gold price increase of 23% there was volume de-growth for the first time.
(For the year as a whole, sales increased by 36% in value terms; with volume growth of about 11%)
- Provision / write-off of Rs 29 crores to cover the closing-down costs of the two Tanishq stores in the USA



THE THREE YEAR JOURNEY...

INCOME

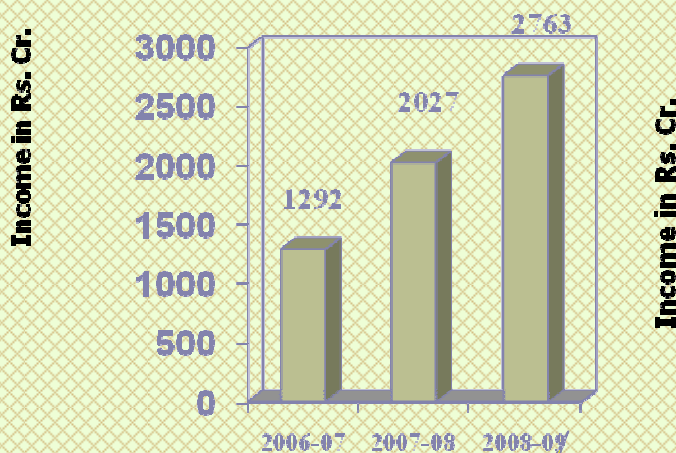
Watches



Year

4%

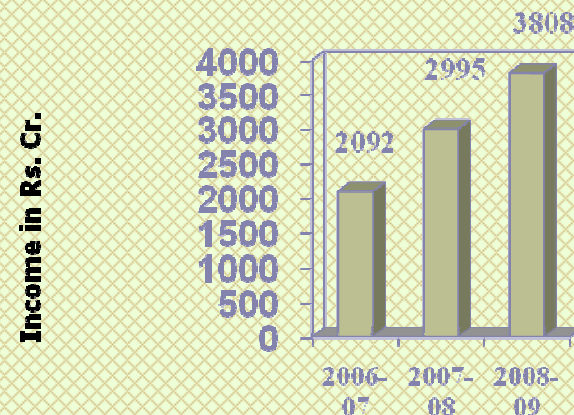
Jewellery



Year

36%

Company



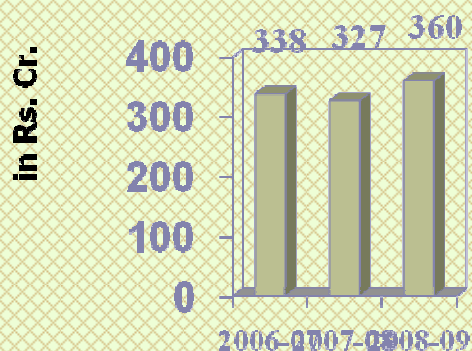
Year

27%

THE THREE YEAR JOURNEY...

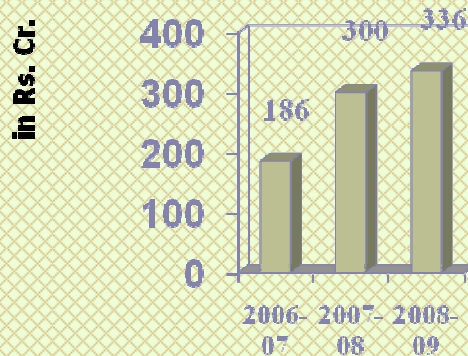
CAPITAL EMPLOYED

Watches



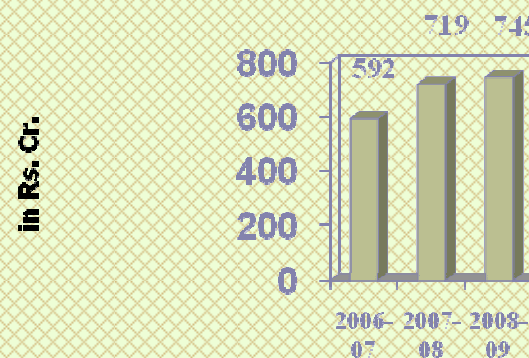
Year

Jewellery



Year

Company



Year

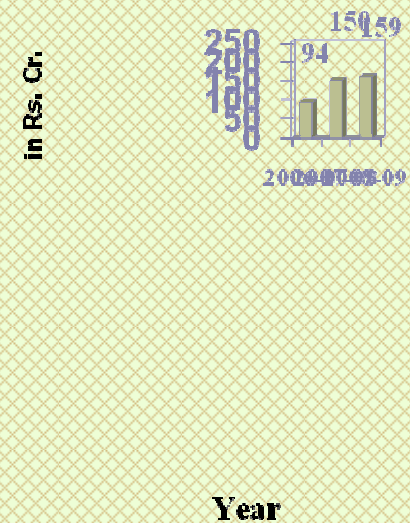
THE THREE YEAR JOURNEY...

COMPANY PROFITABILITY

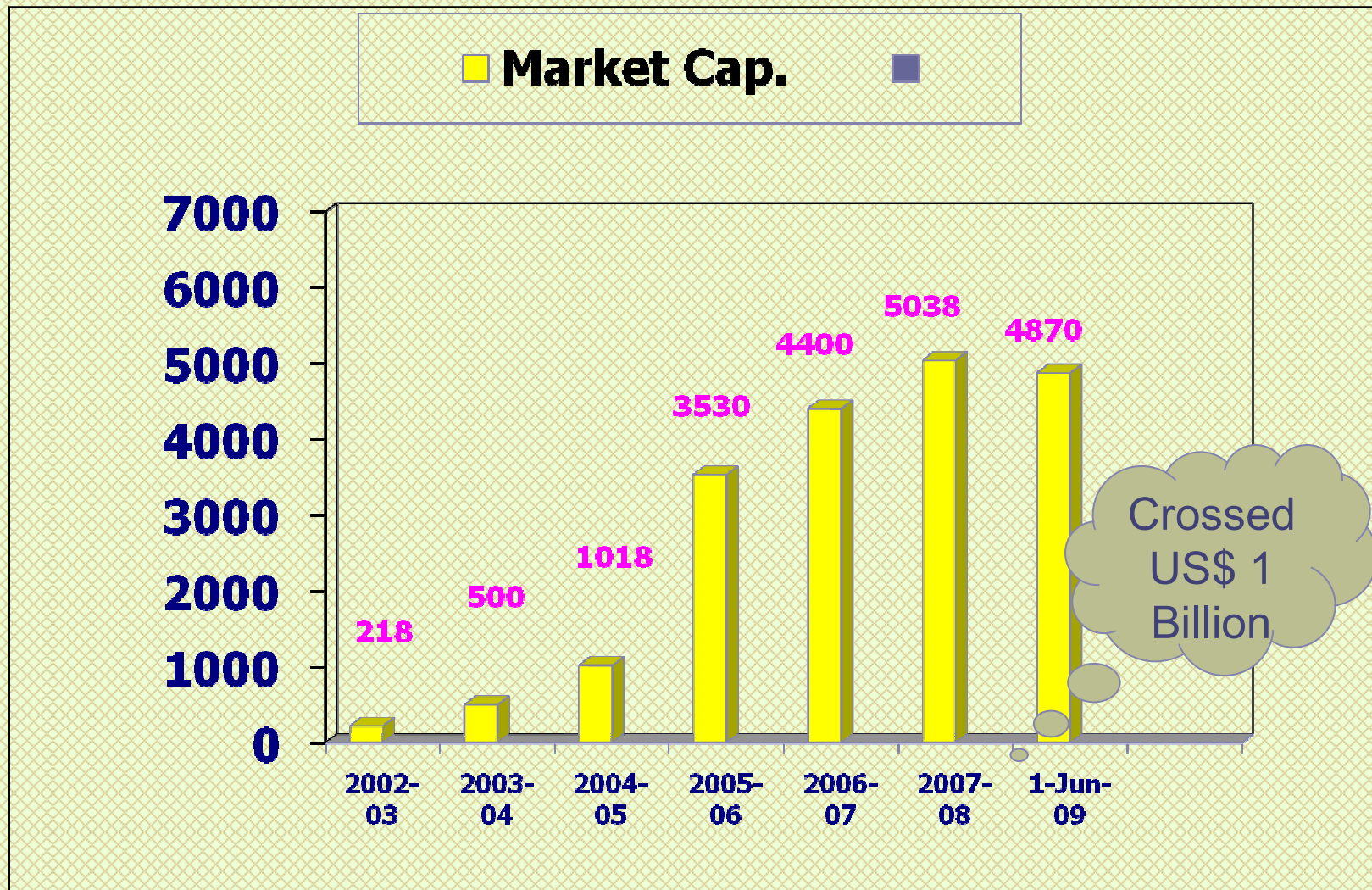
PBT



PAT



Market Capitalisation (Rs. Crores)





2009-10

- Turnover to grow by about 20% over previous year (at constant gold prices), to target Rs 4,600 crores
- Operating Profit to grow in similar fashion
- Continued retail network expansion



Seize the Opportunity!

Organised Retailing –The New Buzz

Our retail network comprising of

115 Tanishq stores

265 World of Titan stores

30 Goldplus stores

2 Zoya stores

1 Helios store

4 Fastrack Kiosks

4 Fastrack stores

10 Sonata stores

70 Titan Eye+ stores

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



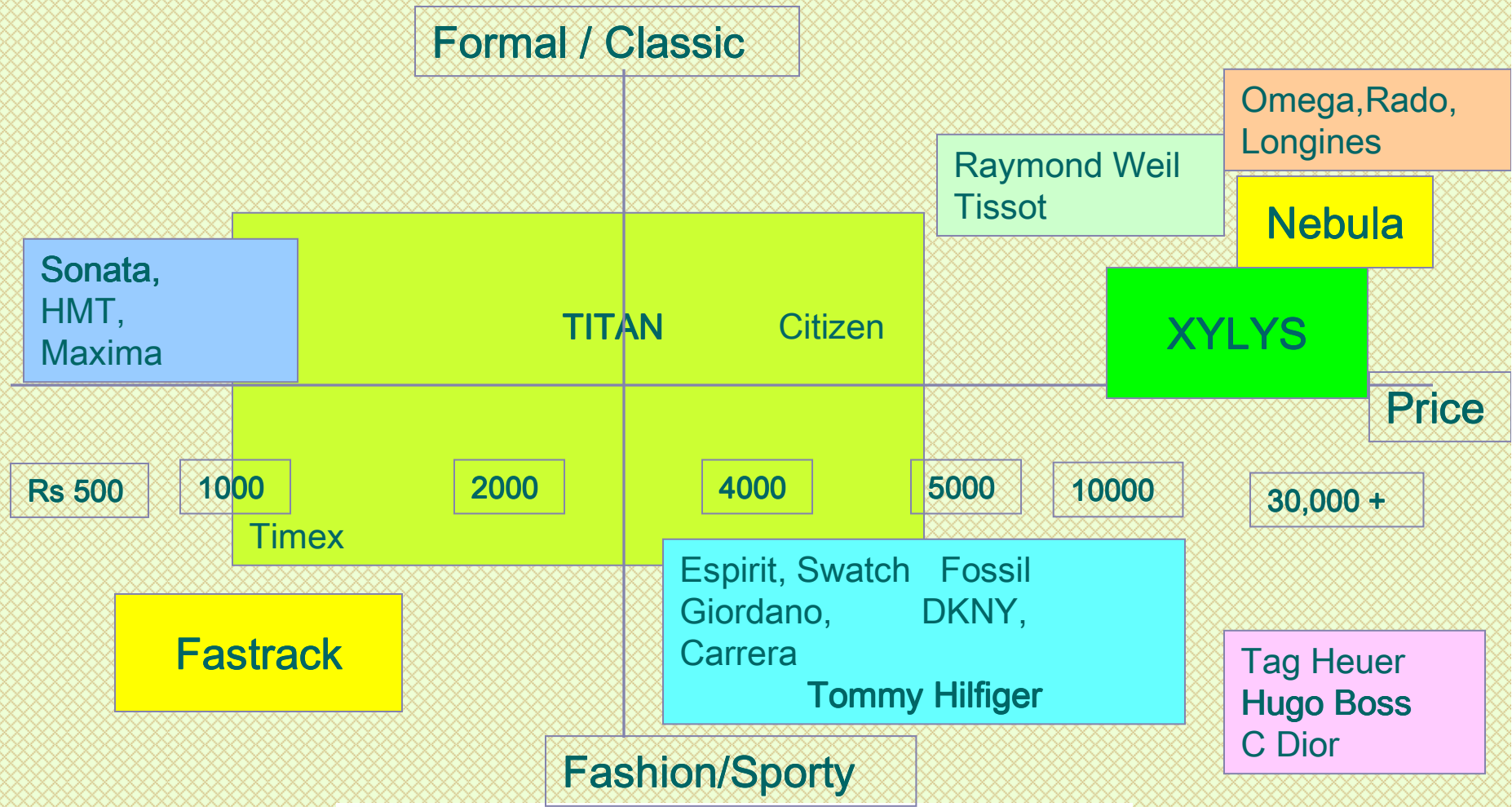
I Watch Business



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 2008-09 Volume ~ 43.5 mn units & Value: Rs 3000 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, 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 some Asian countries
- Selling over 675k watches annually with increasing presence in jewellery.
- Total export sales of over Rs 130 crores in 2008-09





II Jewellery Business

Jewellery – Market & Industry highlights

Market

- Size of market: Rs 80,000 crores (~ US\$ 16 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
- 115 stores in 70 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



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

Impressive turnaround in domestic market

Profits

- | | |
|-----------------|------------------|
| • 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

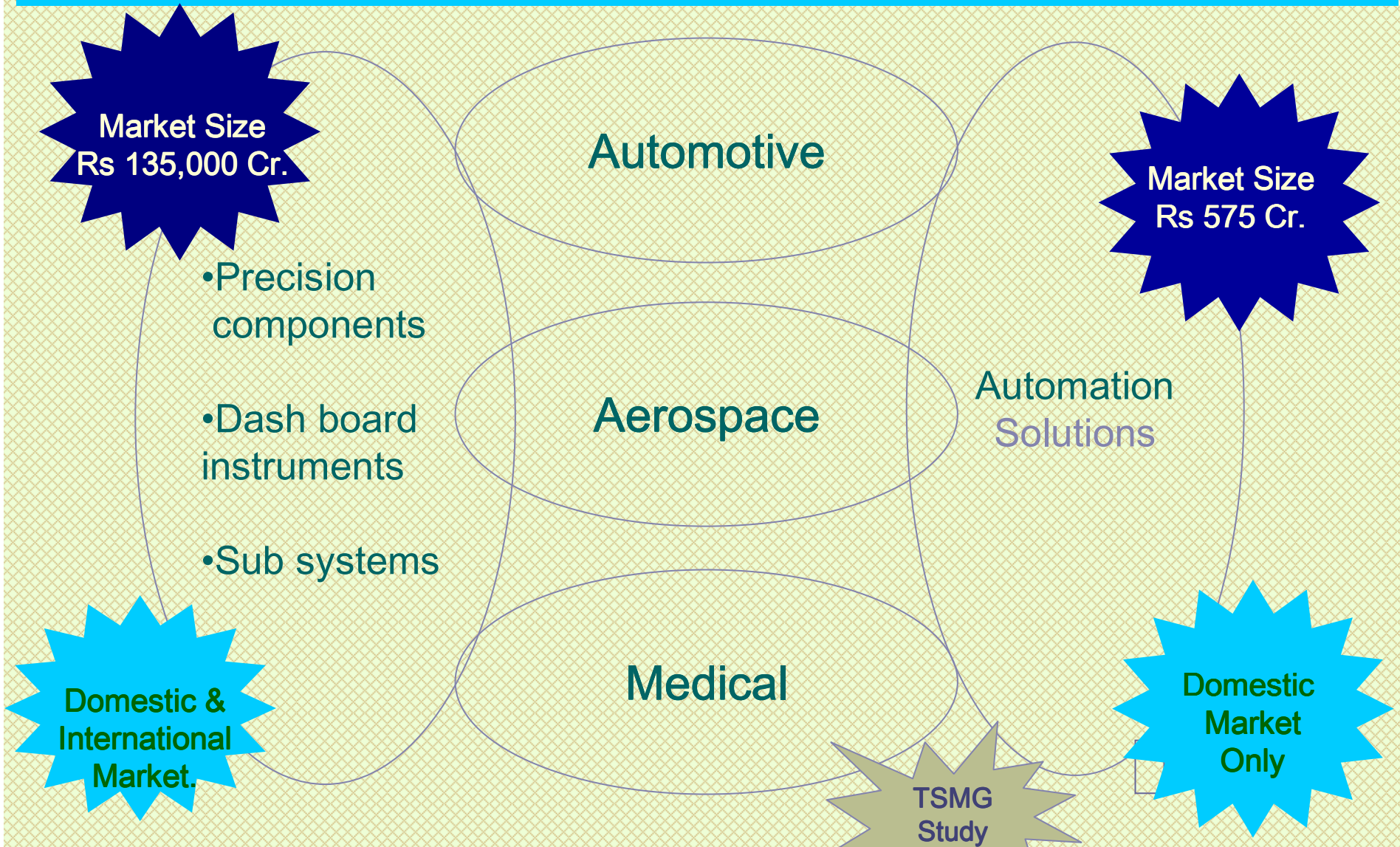
- Leveraging Engineering capabilities
- B2B business – balances risk of B2C businesses

The Opportunity

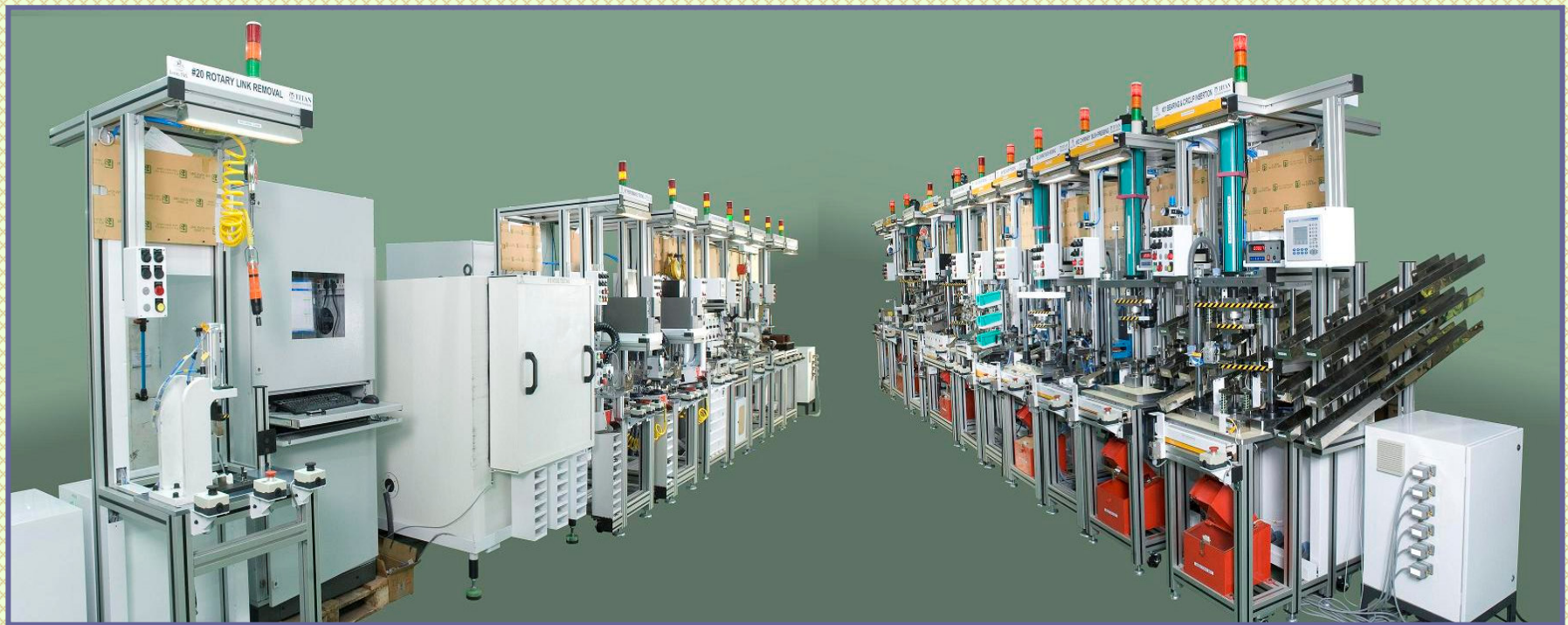
- India growing as a manufacturing base for precision products across industries
- Cost pressures and offset requirements guarantee a long term opportunity
- High cost of switching for customers
- Large & growing market: The global market for precision engineering products addressable by Titan is Rs.135,000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



Current position: 3 segments 3 streams



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

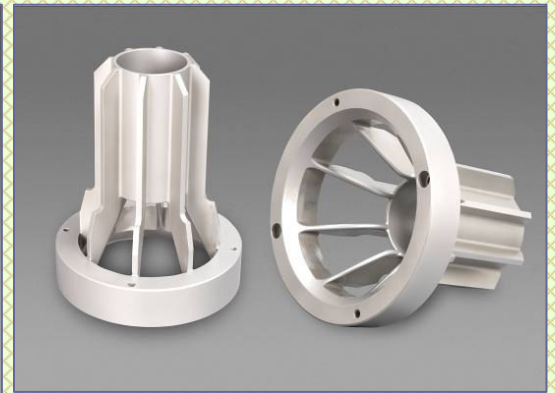
Recent Products



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 the year
- Targeting a turnover of Rs 83 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 31 March 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!





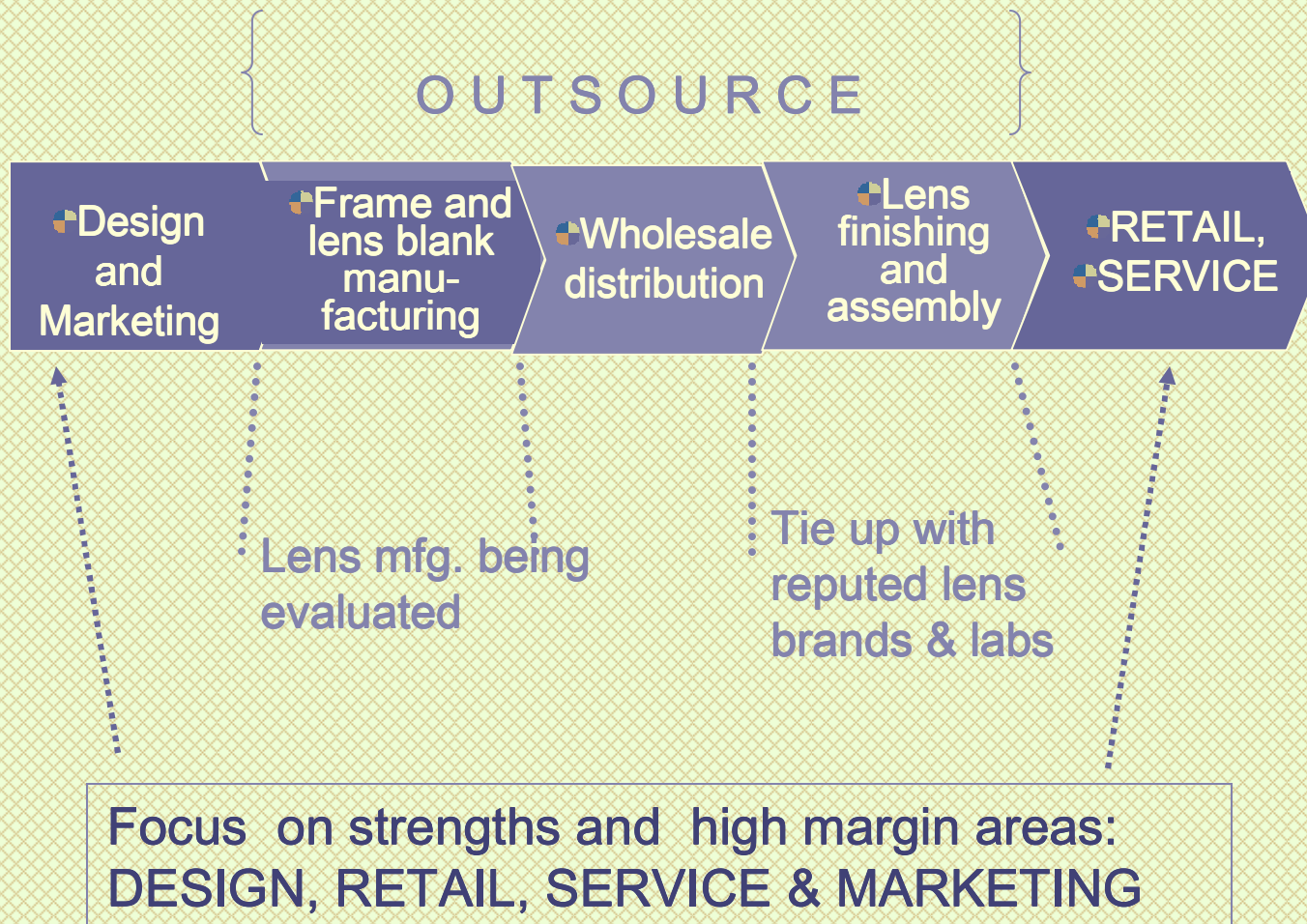
OUR BUSINESS PROPOSITION

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

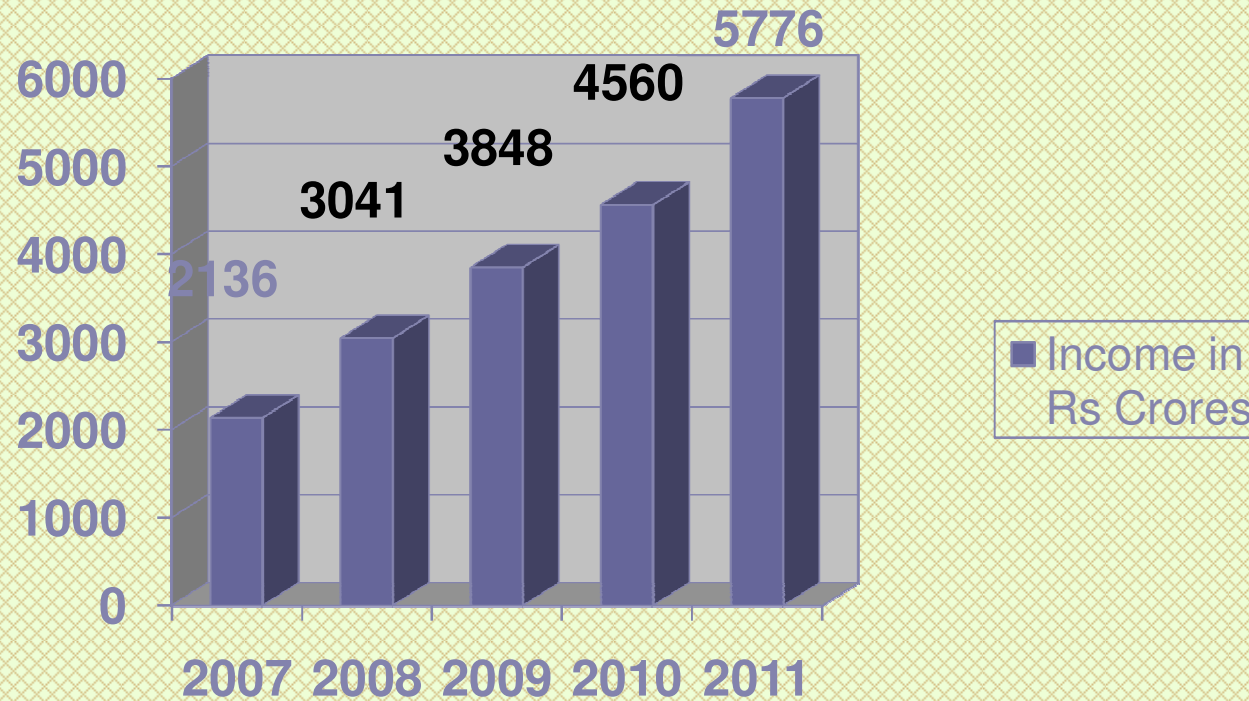


WHERE WILL WE PLAY IN THE VALUE CHAIN



Way Forward

By FY 2014 we can be a US \$2B company



TITAN INDUSTRIES

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Further information is available on www.titanworld.com

THANK YOU