

TITAN INDUSTRIES LIMITED

26 May 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

**A Happening Company in
a Happening India !**



TITAN INDUSTRIES

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 mfr (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 most admired brands in India for the last 4 years.
- Adjudged Retail Company of the year.
- JRD QV (Malcolm Baldrige) Award in 2006 to the Watch Division, and score was re-affirmed in 2007 and in 2008.
- Selected as "Asian Dynamo" by BCG
- Ideator Awards for Titan designers.
- Best Corporate Citizen – Mother Teresa, Helen Keller, Rotary and Chamber of Commerce Awards.
- President of India Award for best employer of the physically challenged.



Our businesses

Watches

Jewellery

Eyewear

Precision Engineering

International Business

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+

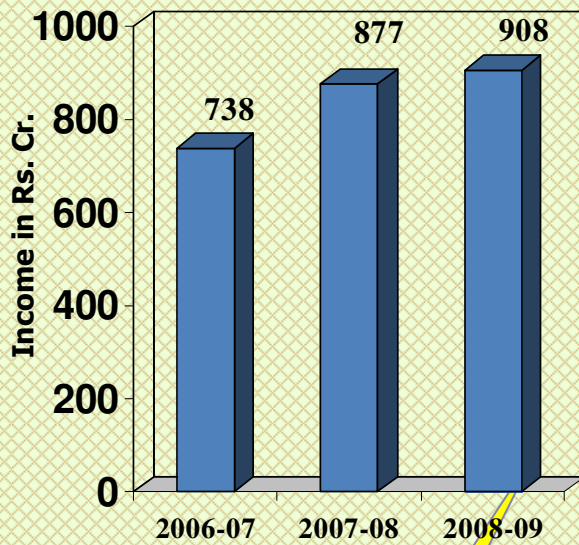


TITAN INDUSTRIES

THE THREE YEAR JOURNEY...

INCOME

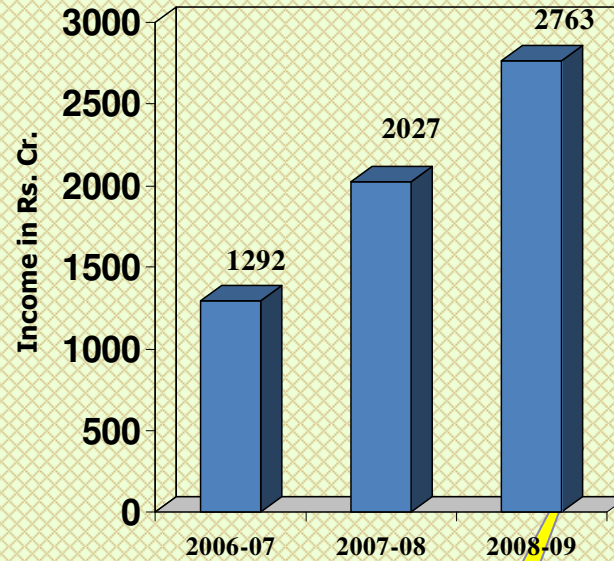
Watches



Year

4%

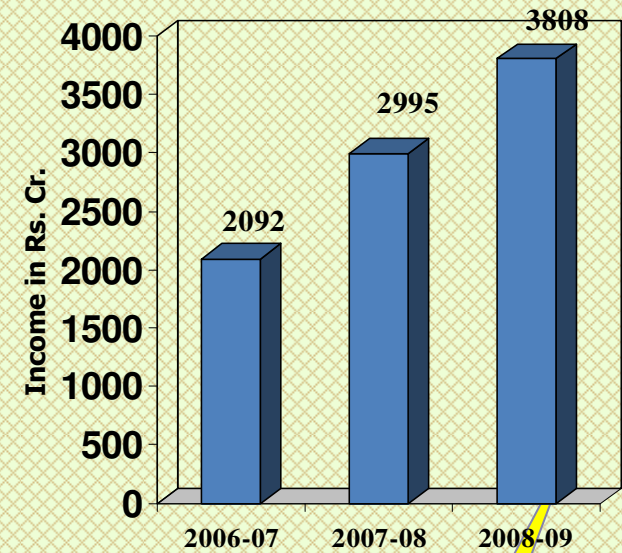
Jewellery



Year

36%

Company



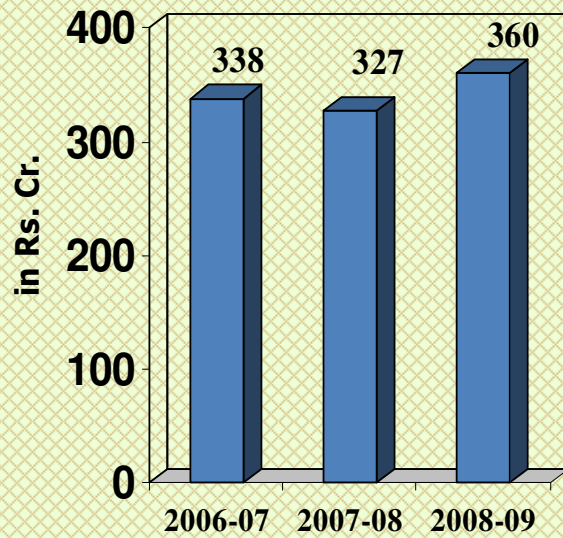
Year

27%

THE THREE YEAR JOURNEY...

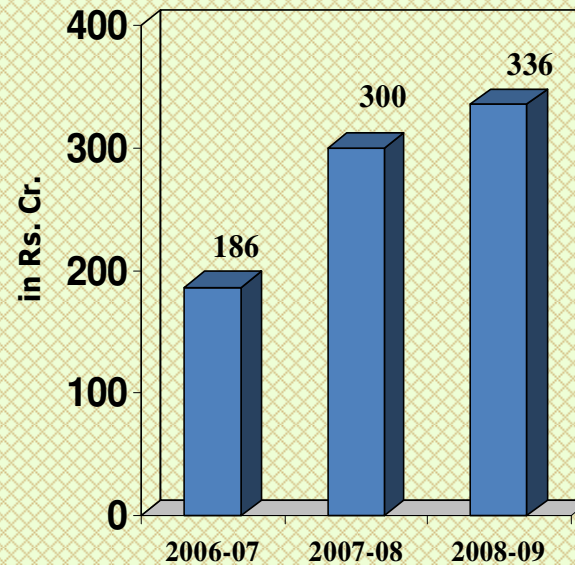
CAPITAL EMPLOYED

Watches



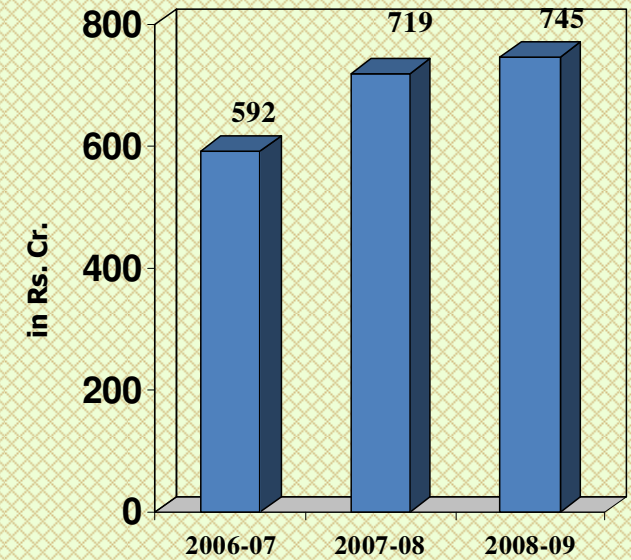
Year

Jewellery



Year

Company

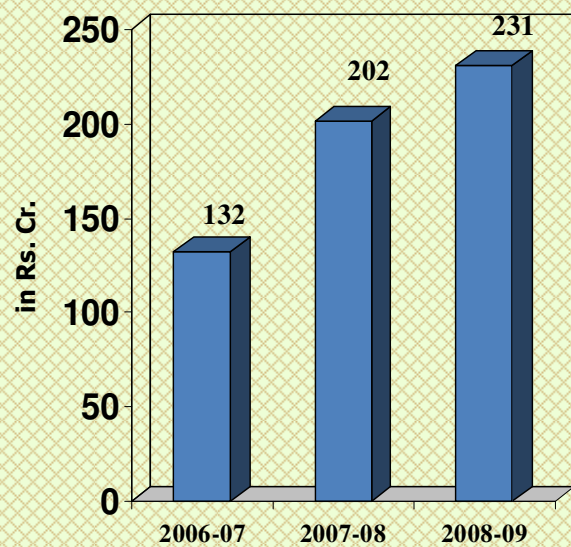


Year

THE THREE YEAR JOURNEY...

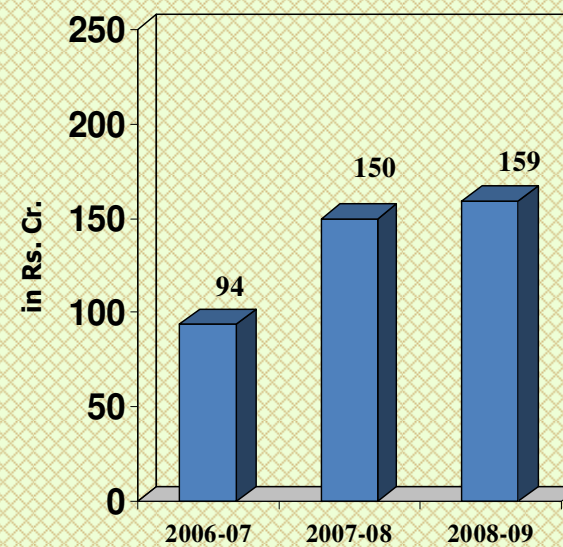
COMPANY PROFITABILITY

PBT



Year

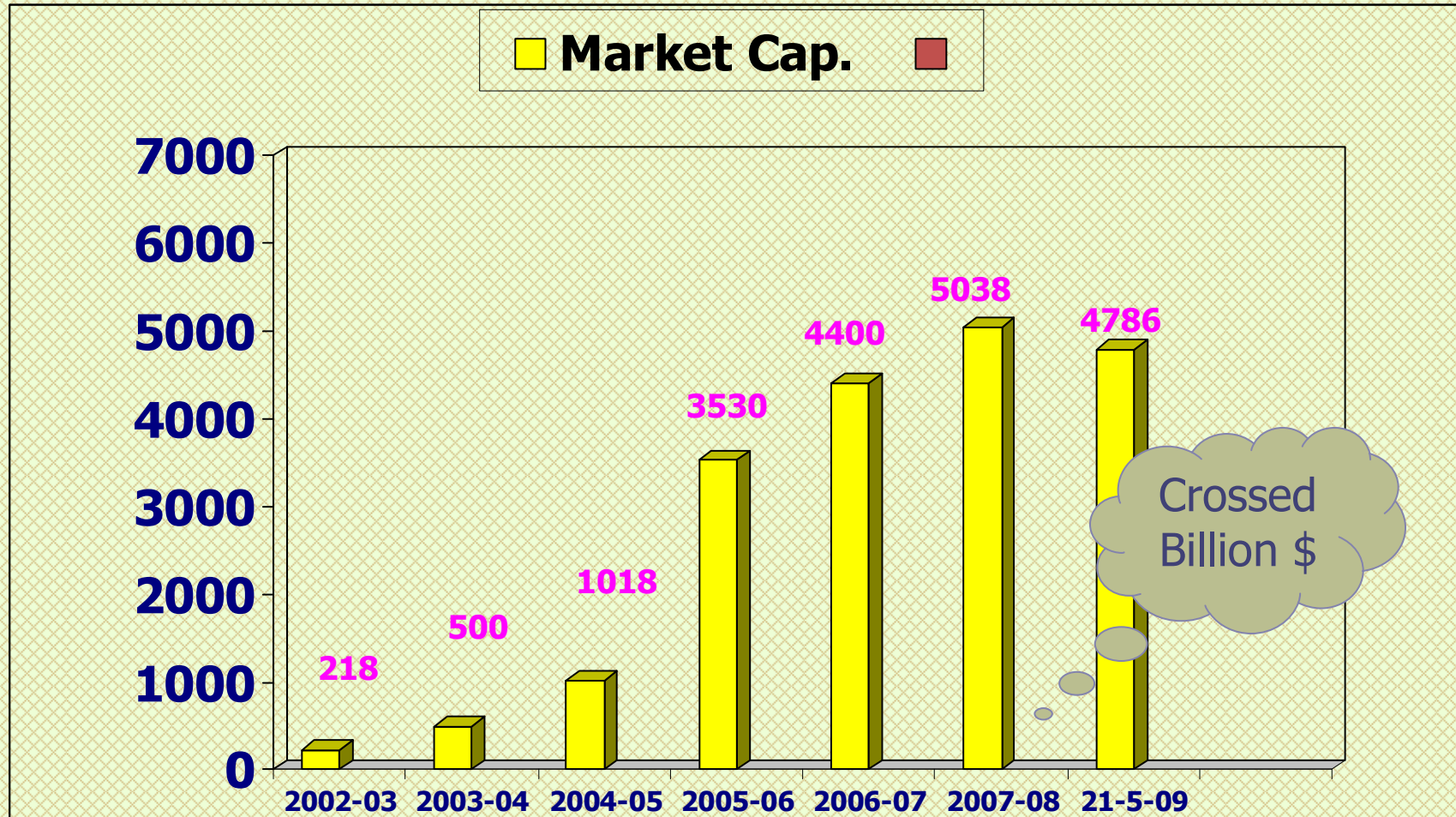
PAT



Year



Market Capitalisation (Rs. Crores)



2008-09 – a year to remember...

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)





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

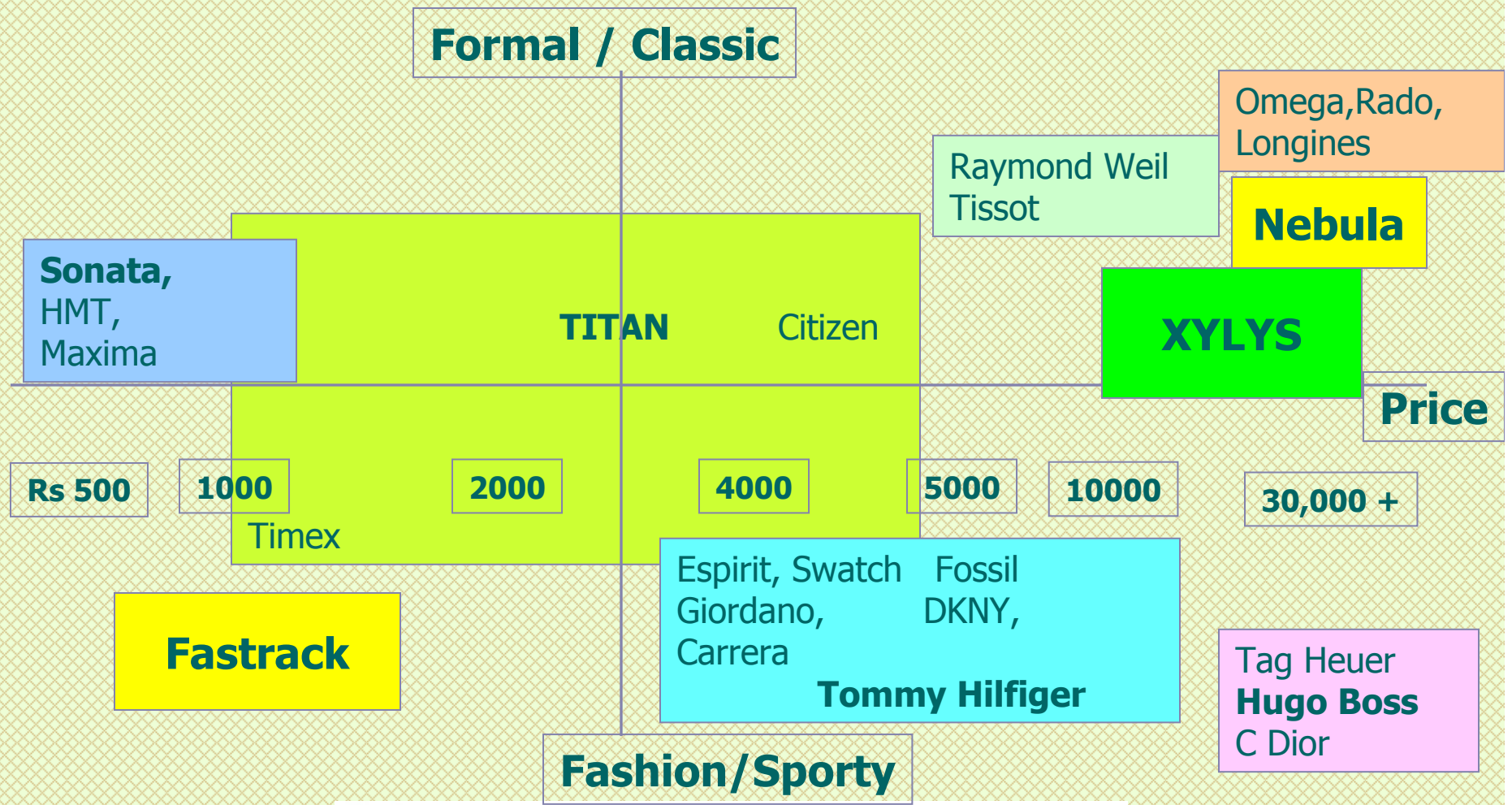


The Watch Market & Industry in India

- India is an under-penetrated market for watches – only 27 % of Indians own a watch
- Total estimated market in 2008-09 Volume ~ 44 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. 121 Crores
- * PBT (2008/09) - Rs. 130 Crores

ROCE

- * ROCE (2005/06) - 50%
- * ROCE (2006/07) - 50%
- * ROCE (2007/08) - 56%
- * ROCE (2008/09) - 52%





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



TANISHQ TODAY – A BRIEF 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

- PBT (2005/06) - Rs. 35 crores
- PBT (2006/07) - Rs. 77 crores
- PBT (2007/08) - Rs. 101 crores
- PBT (2008/09) - Rs. 151 crores

ROCE

- ROCE (2005/06) - 34%
- ROCE (2006/07) - 61%
- ROCE (2007/08) - 60%
- ROCE (2008/09) - 80%

Impressive turnaround

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





III INTERNATIONAL OPERATIONS

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





IV Precision Engineering Business

Precision Engineering Business

Rationale

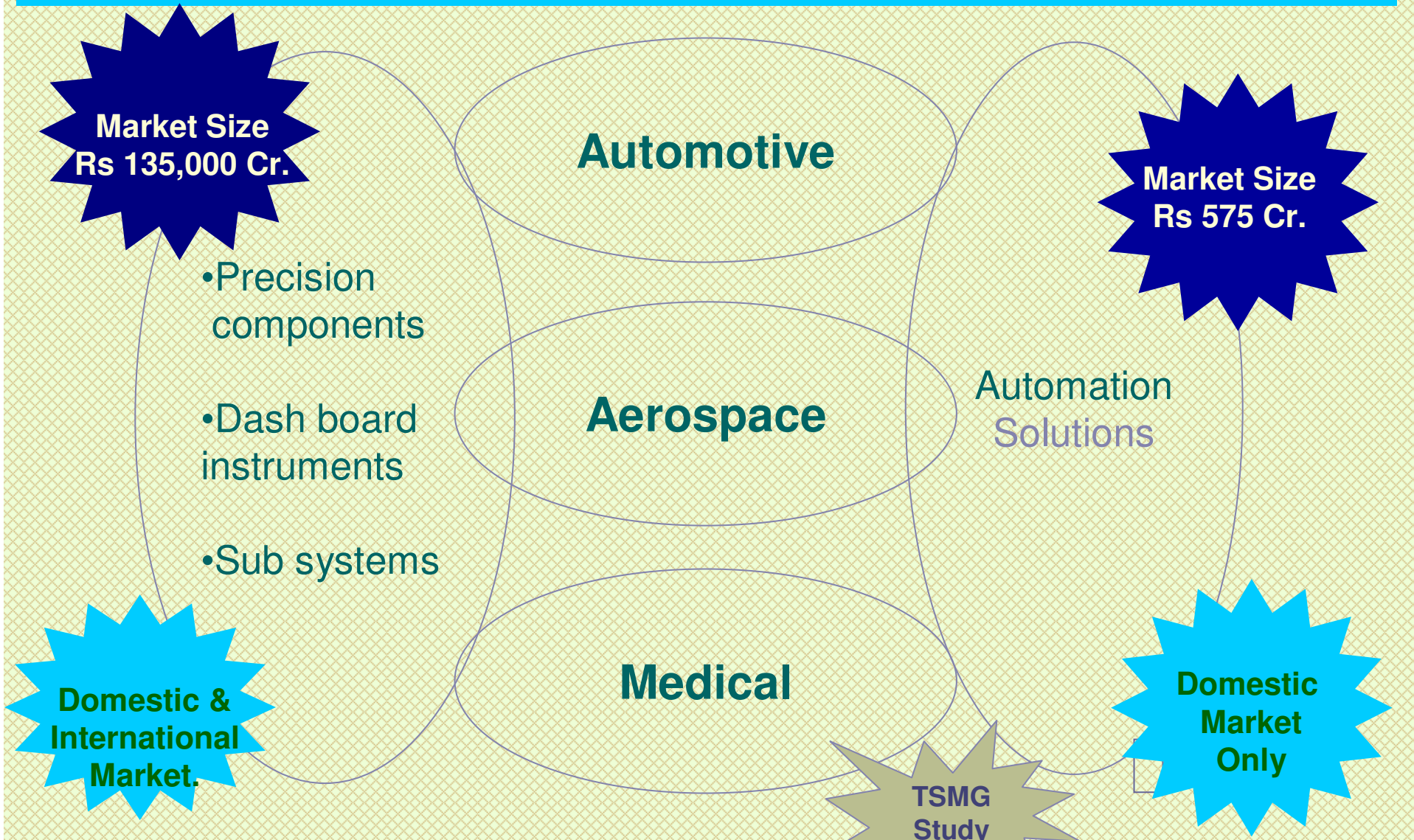
- Leveraging Engineering capabilities
- B2B business – balances risk of B2C businesses

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



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 90 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 60 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!



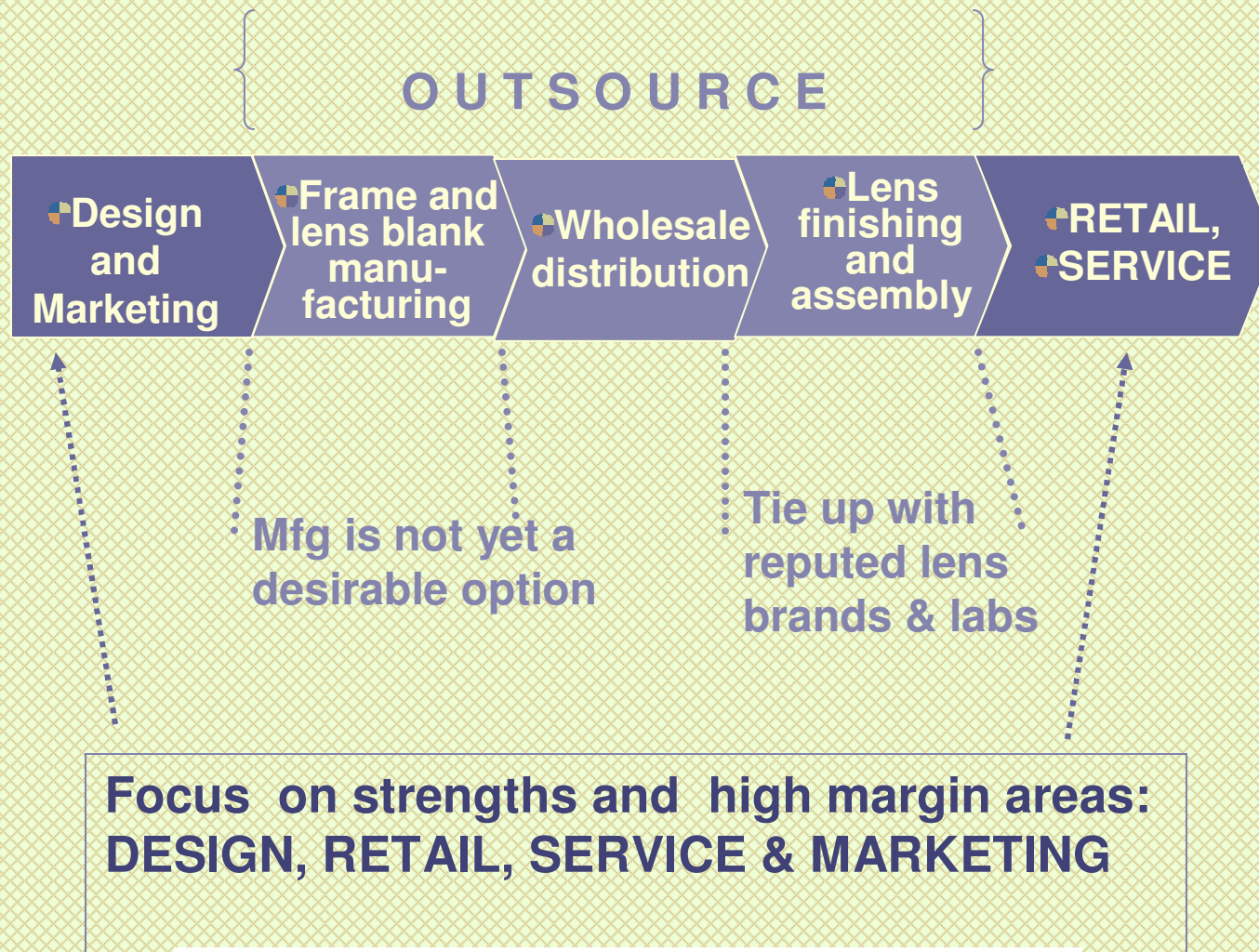


OUR BUSINESS PROPOSITION

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

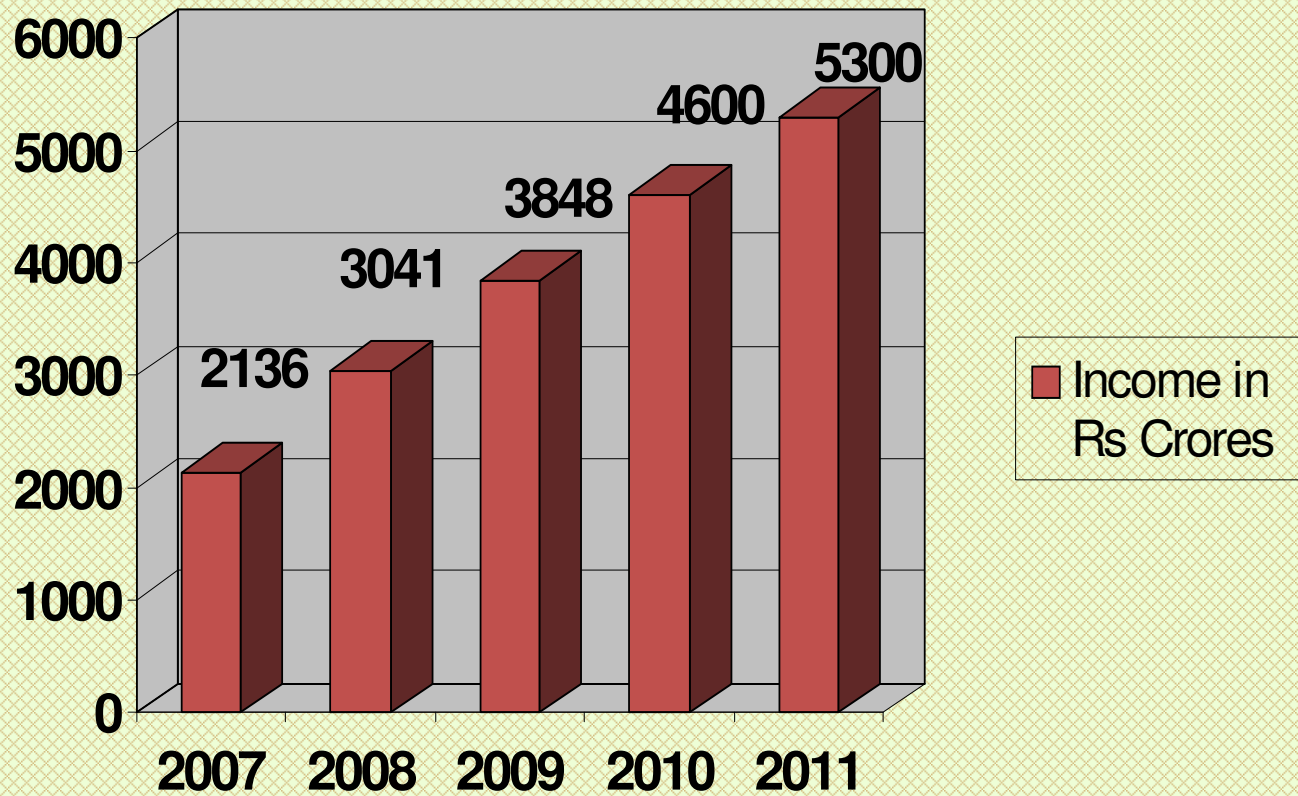
- Product / Service Offering:
 - Eye checking, Optometry
 - Range of frames - Titan & licensed brands
 - Range of **Branded** Lenses
 - Sunglasses – Titan, Fastrack & licensed brands
 - Contact Lenses, Accessories

WHERE WILL WE PLAY IN THE VALUE CHAIN



Way Forward

By FY 2011, we can be a billion \$ company !



TITAN INDUSTRIES

Multiple Businesses, Brands and Geographies

Watches
Jewellery
Sun glasses
Precision parts

TITAN
SONATA
FASTRACK
TANISHQ

300 STORES
IN INDIA
AND
PRESENCE
IN 26
COUNTRIES

7 SBU's
7 PLANTS
WITH
3500
PEOPLE

PRODUCTS

BRANDS

GEOGRAPHIES

UNITS

Watches
Jewellery
Sun glasses
Eyewear
Precision parts

TITAN
SONATA
FASTRACK
TANISHQ
XYLYS
GOLD PLUS
TITAN EYE +

450 STORES
IN INDIA
AND
PRESENCE
IN 37
COUNTRIES

10 SBU's
9 PLANTS
WITH
4500
PEOPLE

TITAN INDUSTRIES

Further information is available on www.titanworld.com

THANK YOU