

# TITAN INDUSTRIES LIMITED

4 December 2008

‘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

- 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





# 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





## 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

International Business

Precision Engineering

Prescription Eyewear

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+

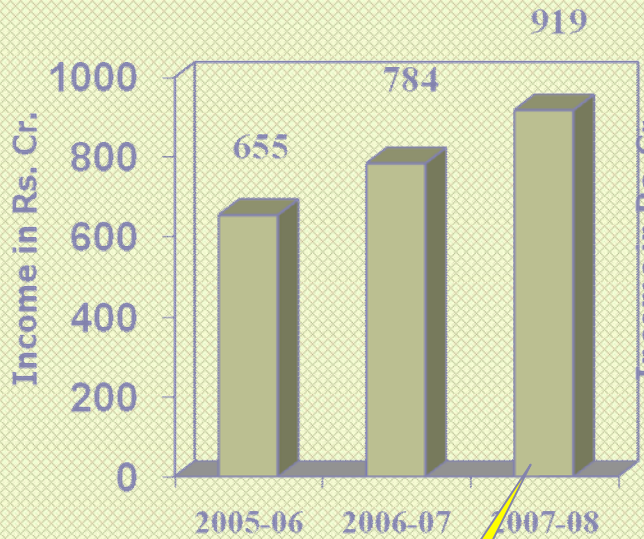




# YEAR JOURNEY

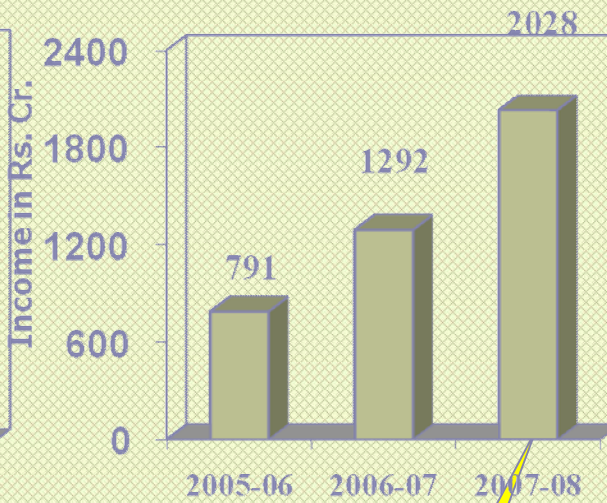
## INCOME

### Watches



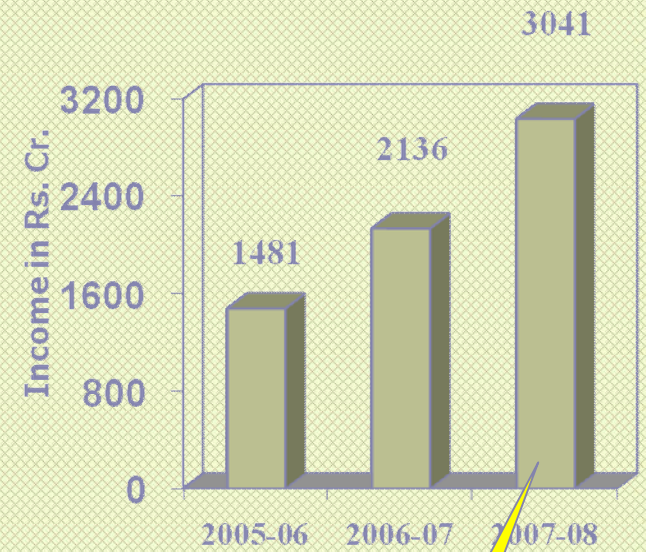
17%

### Jewellery



57%

### Company



42%

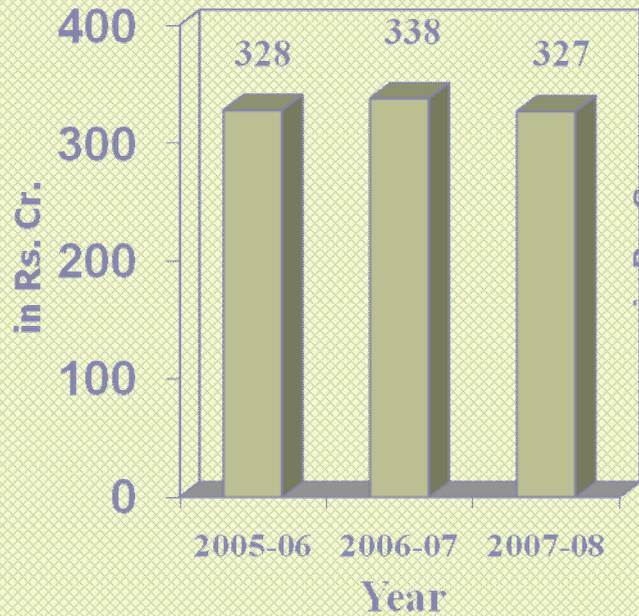




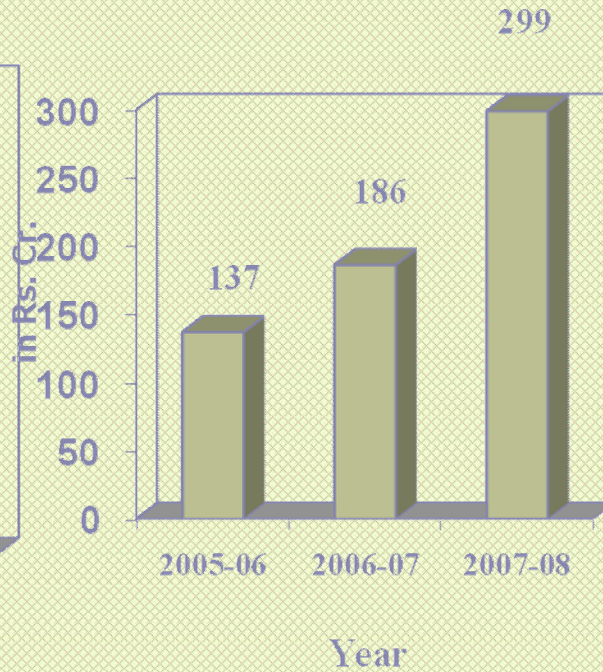
# YEAR JOURNEY

## CAPITAL EMPLOYED

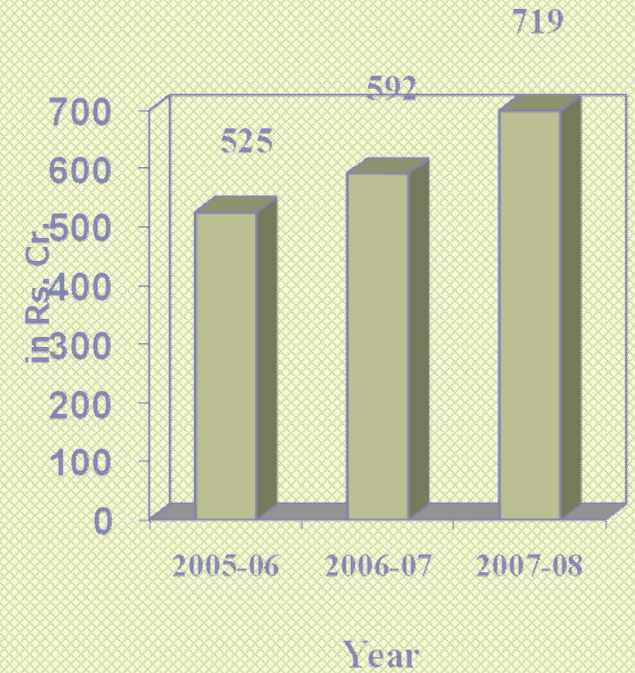
### Watches



### Jewellery



### Company

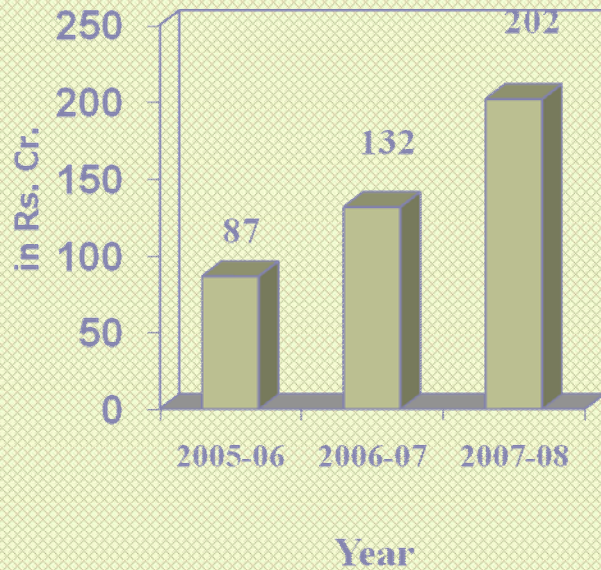




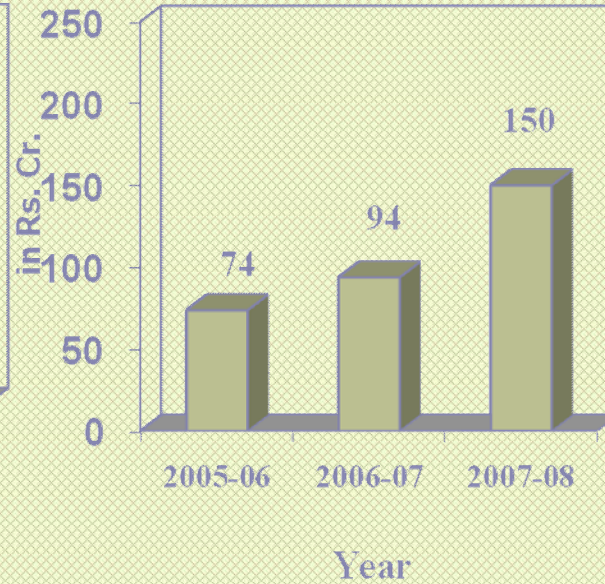
# YEAR JOURNEY

## COMPANY PROFITABILITY

**PBT**

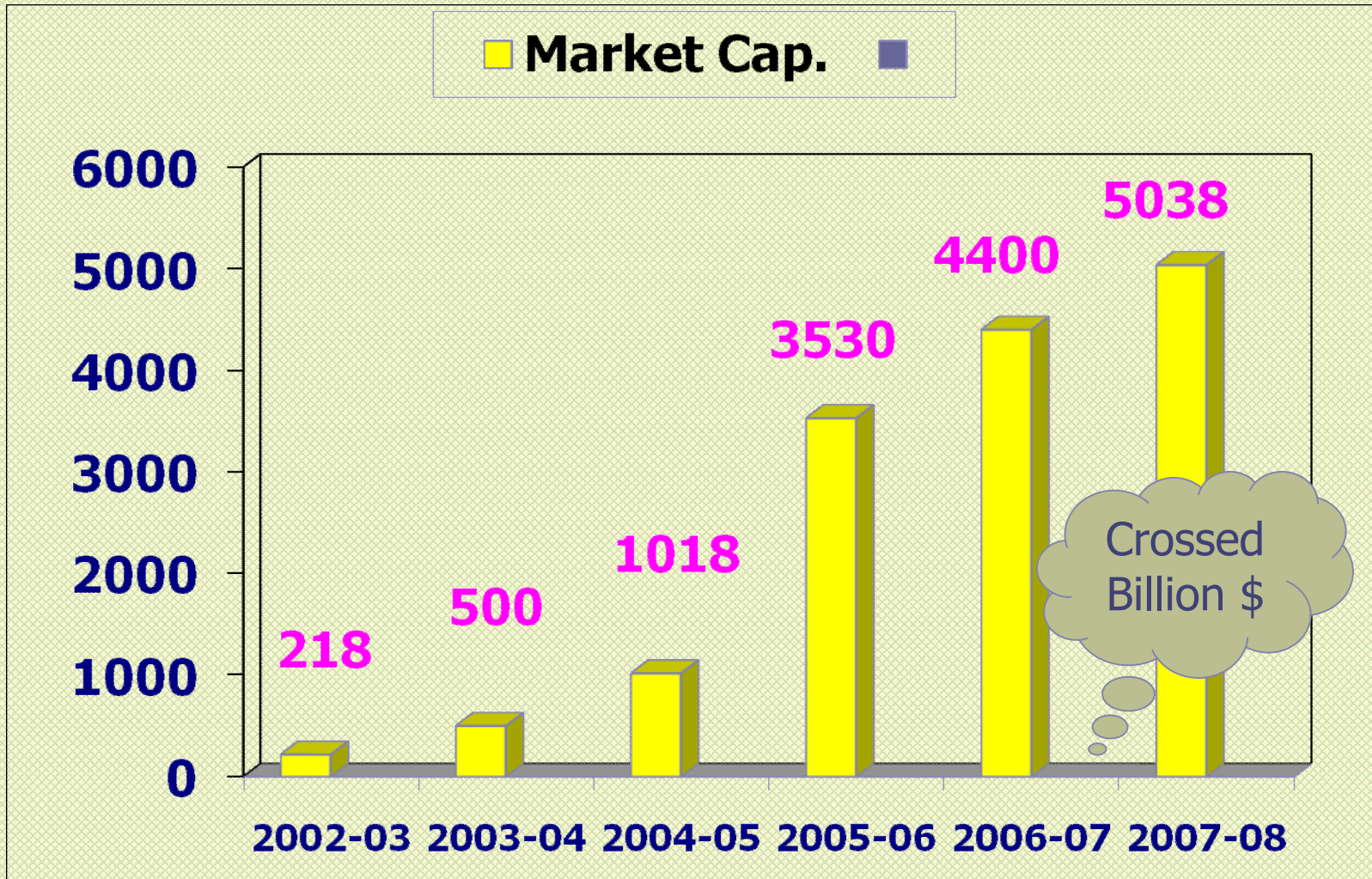


**PAT**





# Market Capitalisation (Rs. Crores)





## 2017 - a year to remember

### Financials

- Company Income crossed Rs 3000 Crore mark
- PBT crossed Rs 200 Crore mark

### Brands

- Brand Tanishq crossed Rs 1800 Crore mark
- Brand GoldPlus crossed Rs 200 Crore mark
- Brand Sonata touched 5 million watches
- Brand Fastrack crossed 1 million watches

### Retailing

- World of Titan stores crossed 200
- Tanishq boutiques crossed 100

### New Businesses

- Gold Plus outlets reached 22 (from 10)
- Titan Eye+ outlets reached 10 (from 1)





## 2008-09

- Turnover to grow by over 33% over previous year, to cross Rs 4,000 crores
- Profit to grow in similar fashion
- Significant retail network expansion





Seize the Opportunity!

# Organised Retailing –The New Buzz

Our retail network comprising of

115 Tanishq stores

245 World of Titan stores

28 Goldplus stores

4 Fastrack Kiosks

12 Sonata stores

39 Titan Eye+ stores

168 Watch Care Centres (717 ASC)

... accounts for over Rs 2400 crs  
of annual sales making us  
India's largest speciality retailer



## 8-09 Some initiatives

- International Business merged back into watches and jewellery divisions
- Precision Engineering formed as a stand -alone division
- Cost reduction programme launched
- Tanishq launches store in Chicago





# Tanishq in Chicago





# Tanishq in Chicago





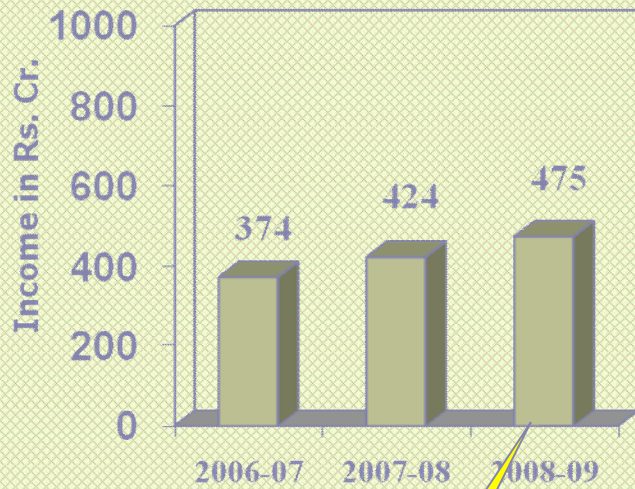
# 2008-09 PERFORMANCE FIRST HALF



# 2008-09 . FIRST HALF

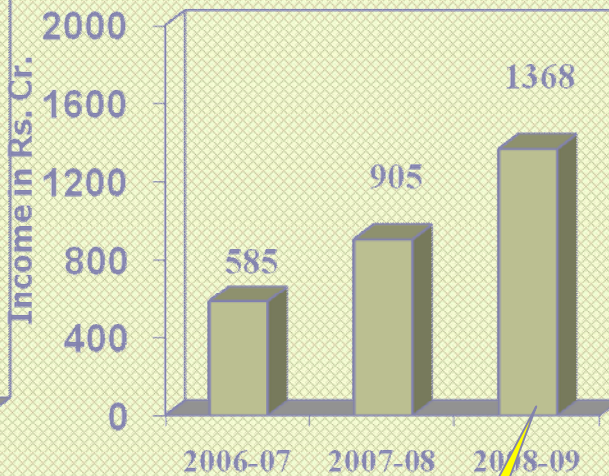
## INCOME

### Watches



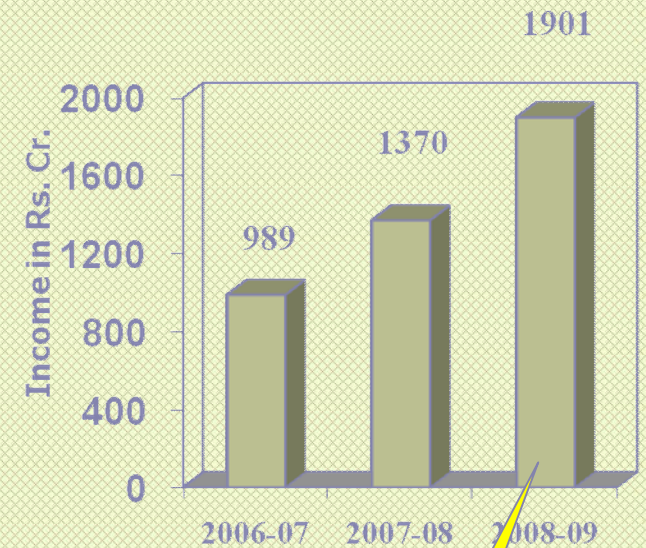
12%

### Jewellery



51%

### Company

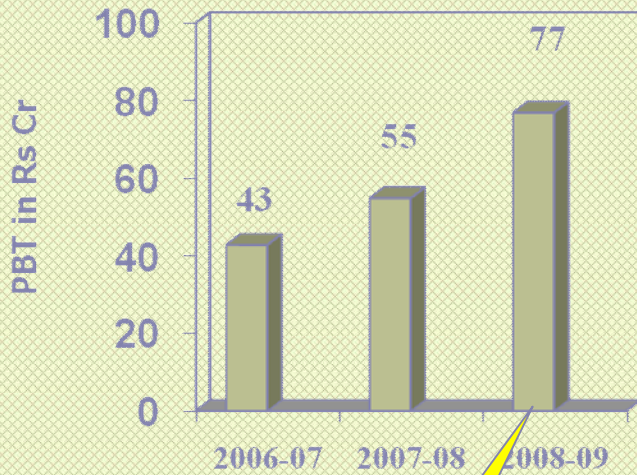


38%



# 2008-09 . FIRST HALF

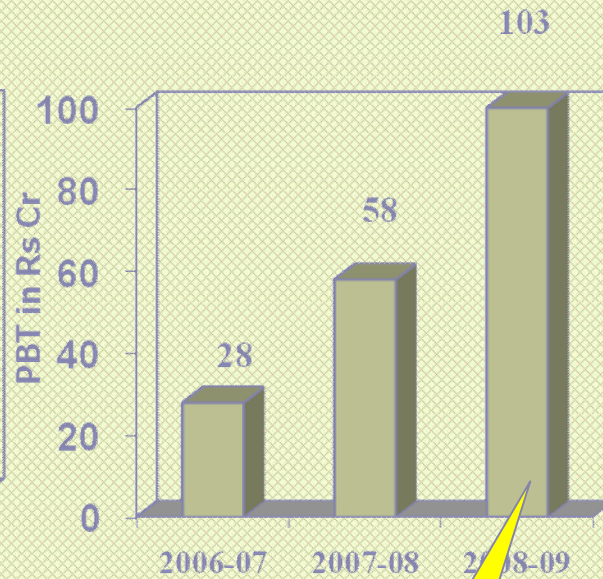
### Watches (EBIT)



Year

**+41%**

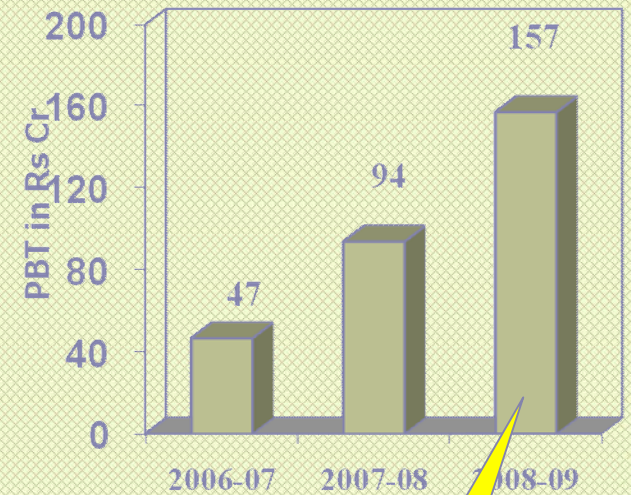
### Jewellery (EBIT)



Year

**+76%**

### Company (PBT)



Year

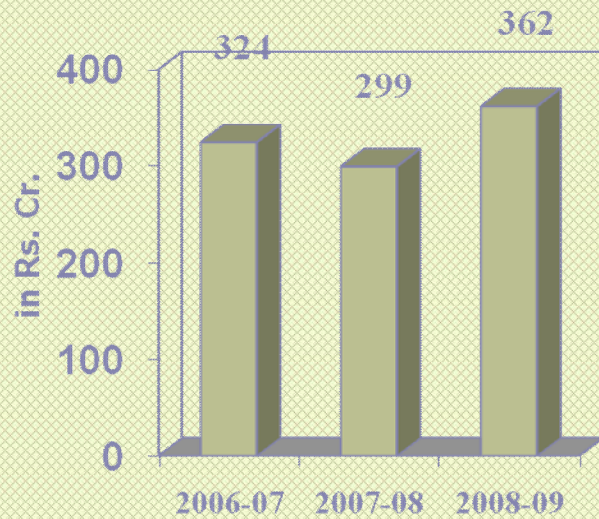
**+67%**





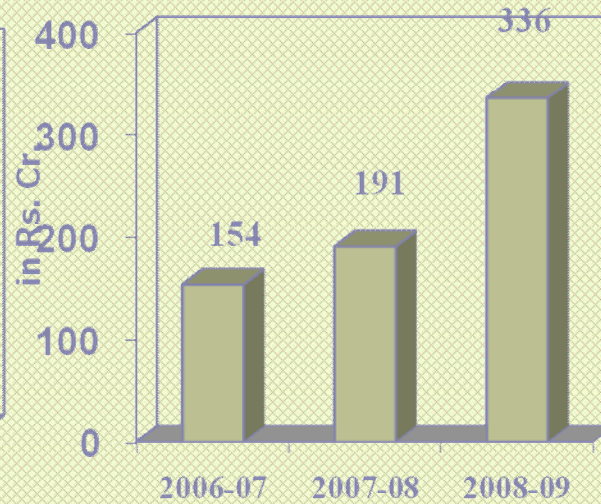
# 2008-09 . FIRST HALF CAPITAL EMPLOYED (END SEPTEMBER)

### Watches



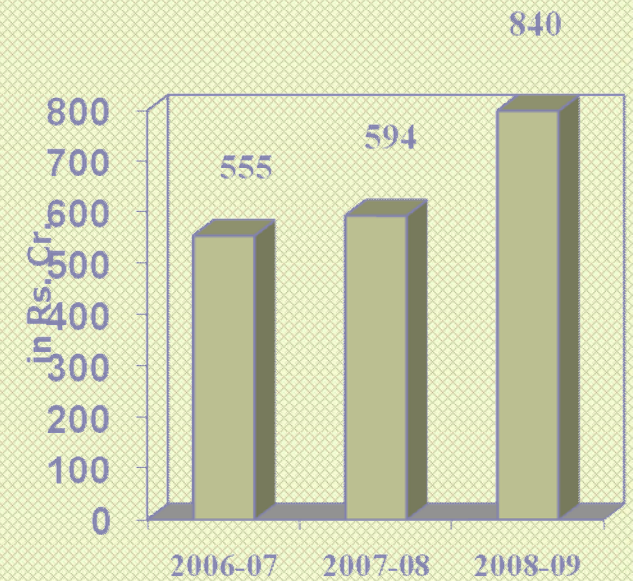
Year

### Jewellery



Year

### Company



Year





# I Watch Business





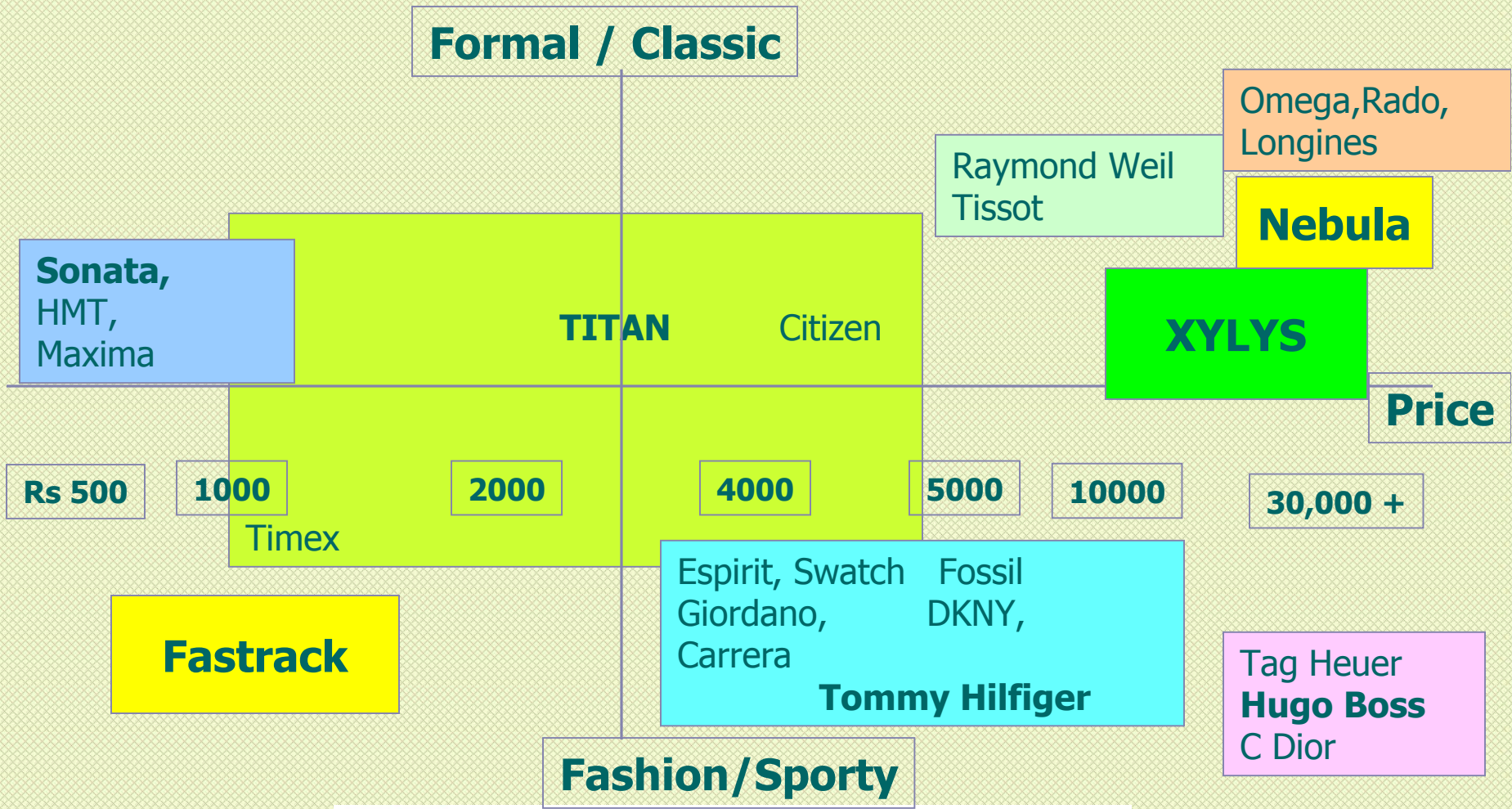
# The watch Market & Industry in India

- India is an under-penetrated market for watches . only 27 % of Indians own a watch
- Total estimated market in 2007 -08 Volume ~ 42 mn units & Value: Rs 2750 Crores (USD 550 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





## WATCH BUSINESS – OVERVIEW

### Revenues

- \* Significant growth over the past three years
- \* Rs. 880 Crores Sales during the latest financial year (over Rs 1000 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

### ROCE

#### ROCE exceeds Cost of Funds

- \* ROCE (2005/06) - 50%
- \* ROCE (2006/07) - 50%
- \* ROCE (2007/08) - 56%





## II Jewellery Business





# Market & Industry highlights

## Market

- "Size of market: Rs 75,000 crores (~ US\$ 19 billion)
- "Urban market is about 38% of this base
- "Branded jewellery is less than 5% 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





# DAY – 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
- “ 114 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





# DAY – A BRIEF OVERVIEW

## Revenues

- " Rapid growth of 40% p.a. over the past three years
- " Rs. 1800 crores during the latest financial year
- " 60% of the Company's revenues

## Profits

### Impressive turnaround

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

## ROCE

### ROCE exceeds Cost of Funds

- " ROCE (2005/06) - 34%
- " ROCE (2006/07) - 61%
- " ROCE (2007/08) - 60%





## s :Size of the opportunity

- Semi-urban and rural market estimated to be as much as 50% 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 and Rs 200 crs in 2007-08
- 28 outlets as at 30 September 2008





# III INTERNATIONAL OPERATIONS





# NATIONAL 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 650k watches annually with increasing presence in jewellery.
- Total export sales of over Rs 130 crores in 2007-08 (up from Rs 115 crores in 2006-07).





## IV Precision Engineering Business





# on Engineering Business

## Rationale

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

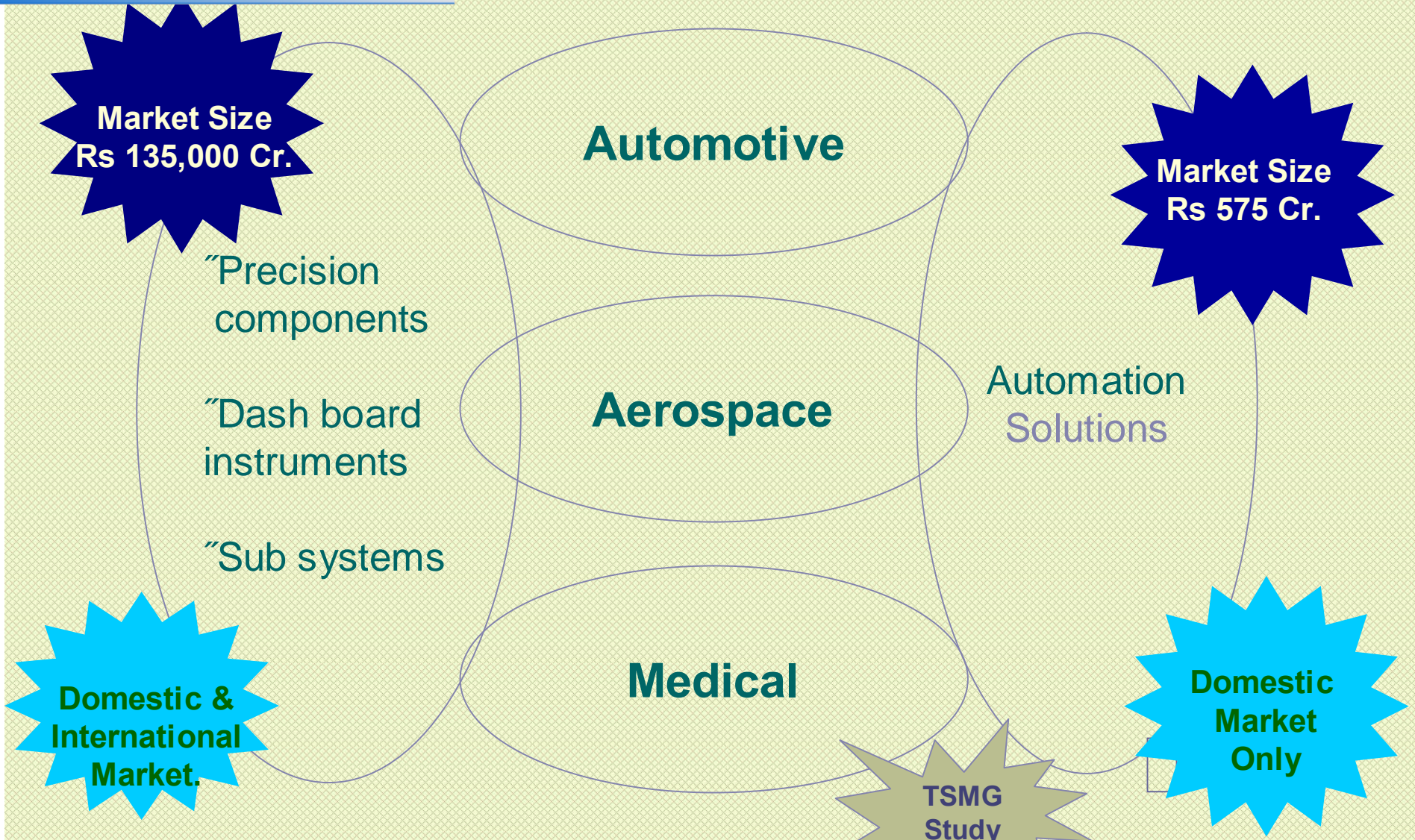
## The Opportunity

- 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.





# 3 segments 3 streams





# on Engineering Business

## The Customers

- Eaton, US
- Hamilton Sunstrand, US
- Microtechnica, Italy
- 
- Ford, UK
- Bosch, India
- Timken, India
- Lucas, India
- Visteon, US / India
- Tyco Electronics, India
- Stanadyne, India
- Tata Motors, India
- Turbo Energy, India





# 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 Q4 2006-07
- Achieved a sales turnover of over Rs 25 crores in 2006-07 and Rs 40 crores in 2007-08
- 34 Titan Eye+ outlets as on 30 September 2008





## 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

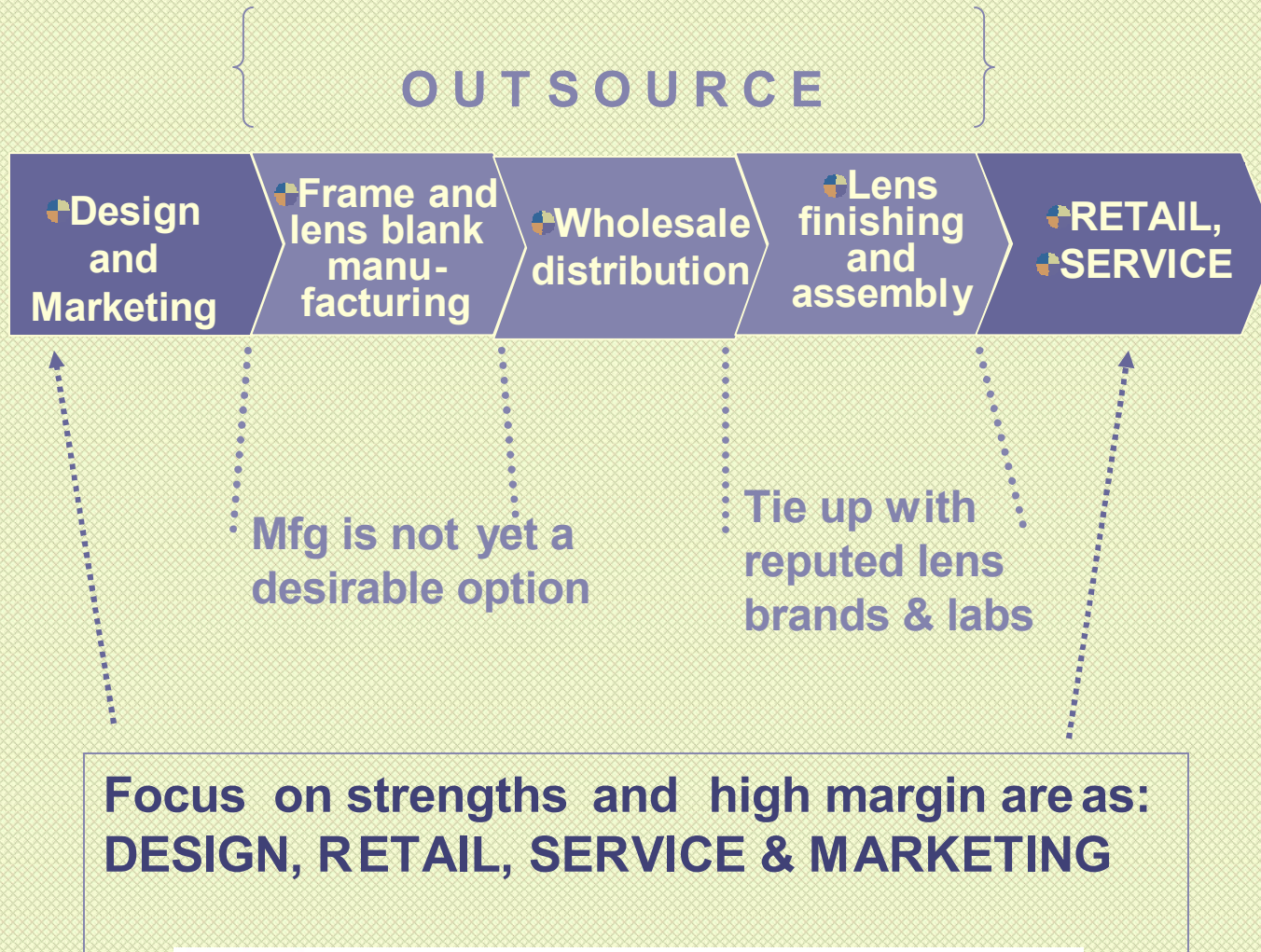
To enter as a retail brand . Chain of Stand Alone Stores

- 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



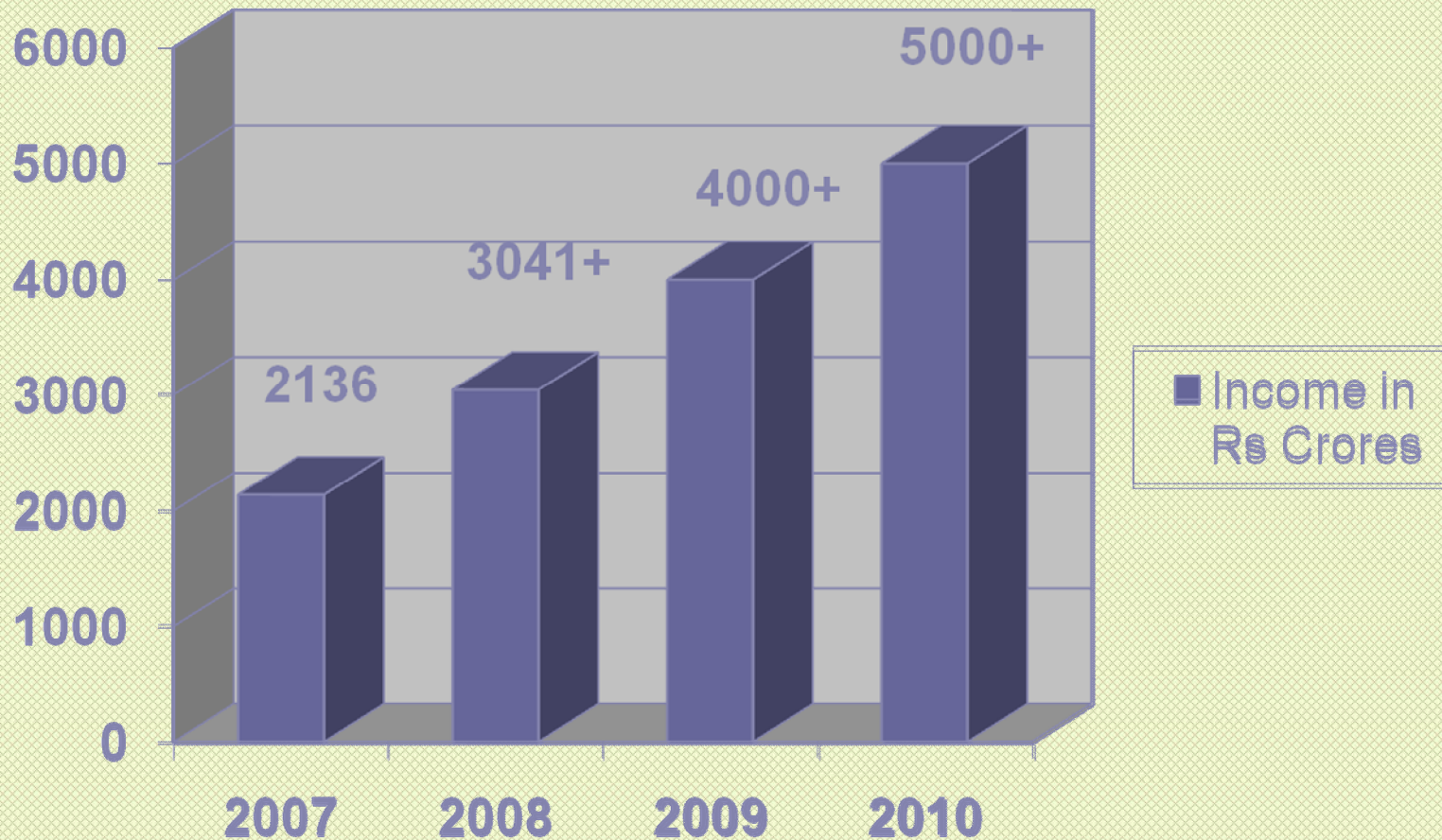


# Way Forward





By FY 2010, we can be a billion \$ company !







# Businesses, Brands and Geographies

Watches  
Jewellery  
Sun glasses  
Precision parts

TITAN  
SONATA  
FASTRACK  
TANISHQ

300 STORES  
IN INDIA  
AND  
PRESENCE  
IN 26  
COUNTRIES

7 SBUs  
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 SBUs  
9 PLANTS  
WITH  
4500  
PEOPLE





Further information is available on [www.titanworld.com](http://www.titanworld.com)





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