

# INVESTOR MEET - 3 August 2007

**Bhaskar Bhat**  
**Managing Director**  
**Titan Industries Limited**

**'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: Mid and mass market
- Manufacturer, designer, brand owner, marketer, retailer and customer service provider
- Unique culture
- First company to dare to challenge the Swiss
- B2C and B2B player
- Will be in at least FOUR businesses
- Pride of the Tata Group



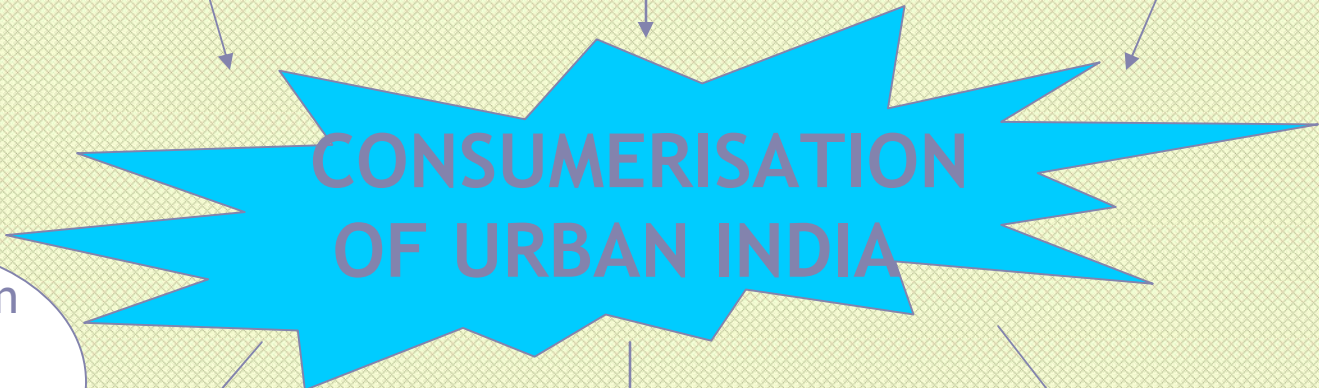
**Needs**

Increasing % of young Population

Increase in Income levels

Changing Spending pattern

**Effect**



Increase in Number working urbans

**Enablers**

Increase in Number Of working women

Increase in Spending power

Rising Aspiration levels

**Outcome**

Consumption of Lifestyle Items

Organised retail market at Rs.97000 Cr by 2010 (CAGR 31%)



# Heritage . the TATA Group

- Titan is a part of the TATA group having a turnover of > USD 29 bn, equivalent to over 2.5% of India's GDP and having the biggest market capitalization
- 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)
  - India's largest software company (TCS)
  - India's largest watch & jewelry mfg (Titan)



# About Us

- Titan is the world's sixth 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 Valley)
  - Watch assembly plants at Dehradun, Baddi, and Roorkee. ECB plant in Goa; Jewellery Plant at Dehradun
  - Investment of US\$130 million in a 450,000 sq.ft. state-of-the-art facility
- Owned by Tata:25.17% and TIDCO:27.88%
- Professionally managed by the TATA group & an independent Board



## and Awards in many categories

- “ The Watch Division won the coveted JRD QV (Malcolm Baldrige) Award in 2006.
- “ India’s most admired consumer durables company having the most trusted brand -TITAN.
- “ Both Watches and Jewellery adjudged most admired brands for the last 4 years. Also adjudged Retail Company of the year.
- “ Retail Asia and Media Award-Singapore, for Retailing and preferred brands.
- “ 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.





## Firms among S&P's challengers to global majors

BS Reporter / New Delhi May 11, 2007

Eight Indian firms from industries as diverse as cement, hospitality, textiles and consumer goods are expected to emerge as challengers to the world's leading blue chip companies, according to rating agency Standard & Poor's (S&P) annual rating of global challengers

	<b>Market Cap</b> (\$million)
ACC	4,590.91
Siemens India	4,320.96
Indian Hotels Co.	2,044.46
Lakshmi Machine Works	1,004.50
<b>Titan Industries</b>	<b>861.56</b>
Marico	742.54
Hotel Leela Venture	530.02
Jain Irrigation Systems	505.19

Source: S&P, m-cap as of Dec 31, 2006



# Our businesses

Watches

Jewellery

International Business

Precision Engineering

Prescription Eyewear

Operating in  
30 countries  
with a larger  
footprint in the  
Middle East and  
Asia-Pacific  
regions



# Our Brands

TITAN

SONATA

FASTRACK

XYLYS

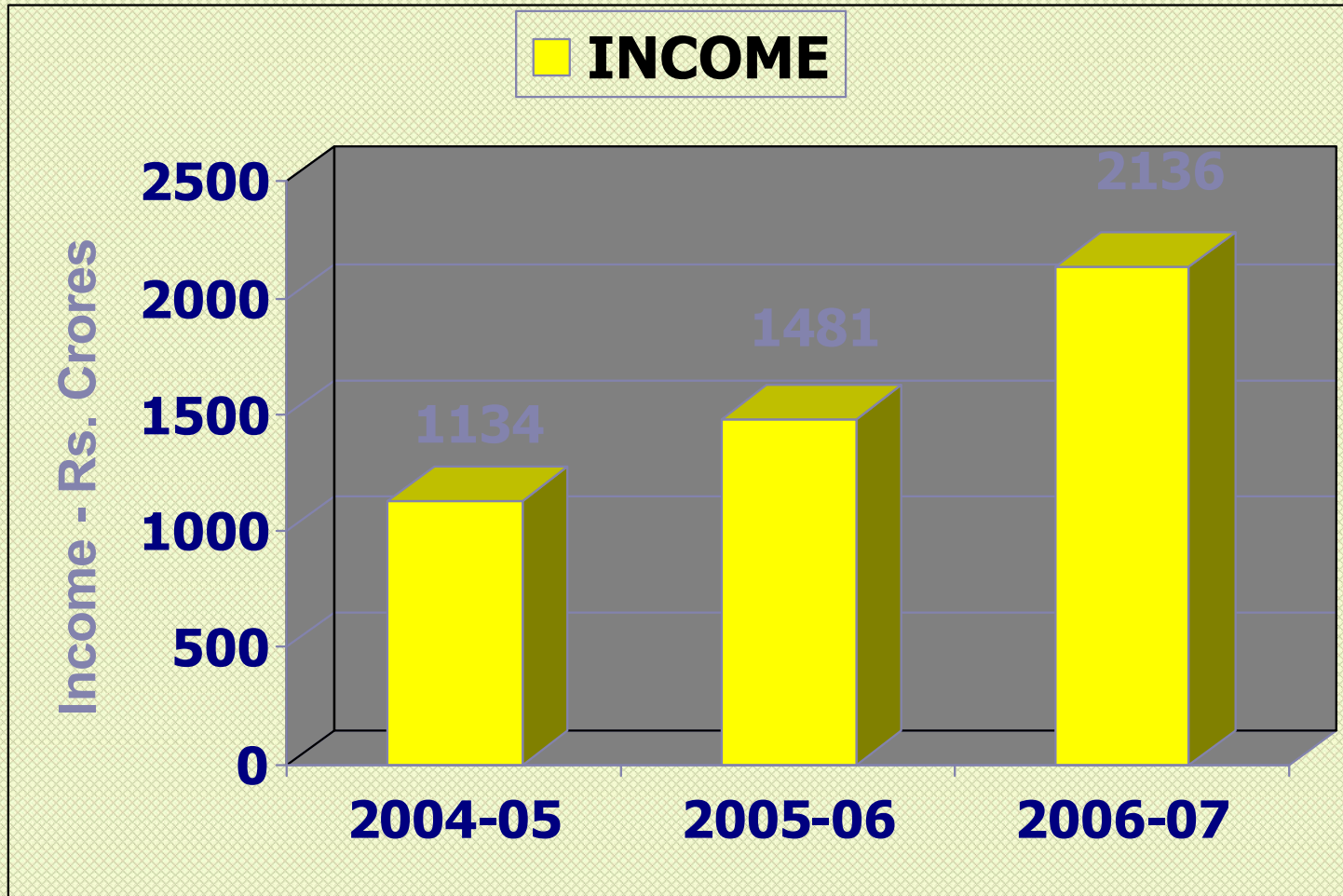
TANISHQ

GOLD PLUS

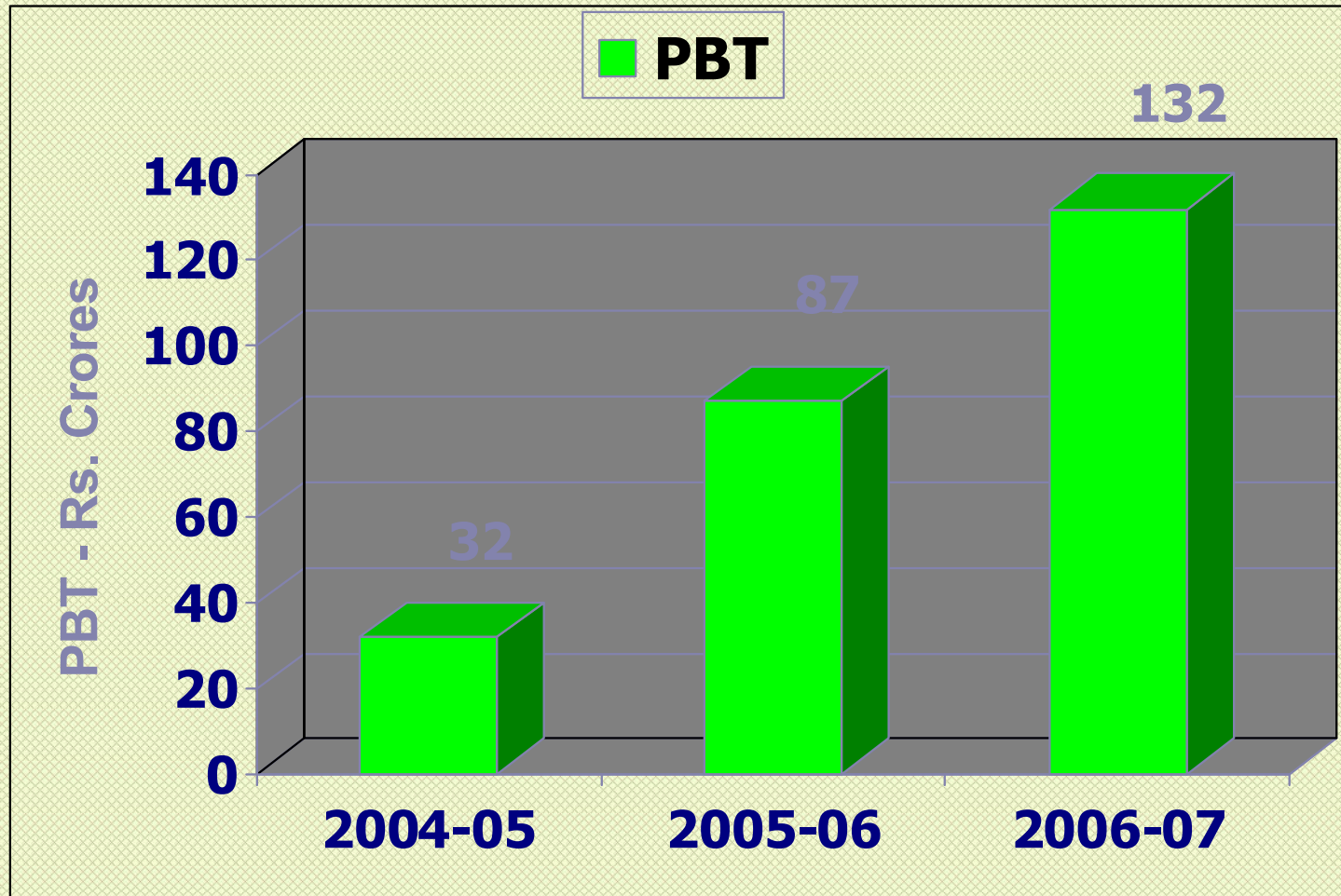
TITAN EYE+



# THREE YEAR JOURNEY..

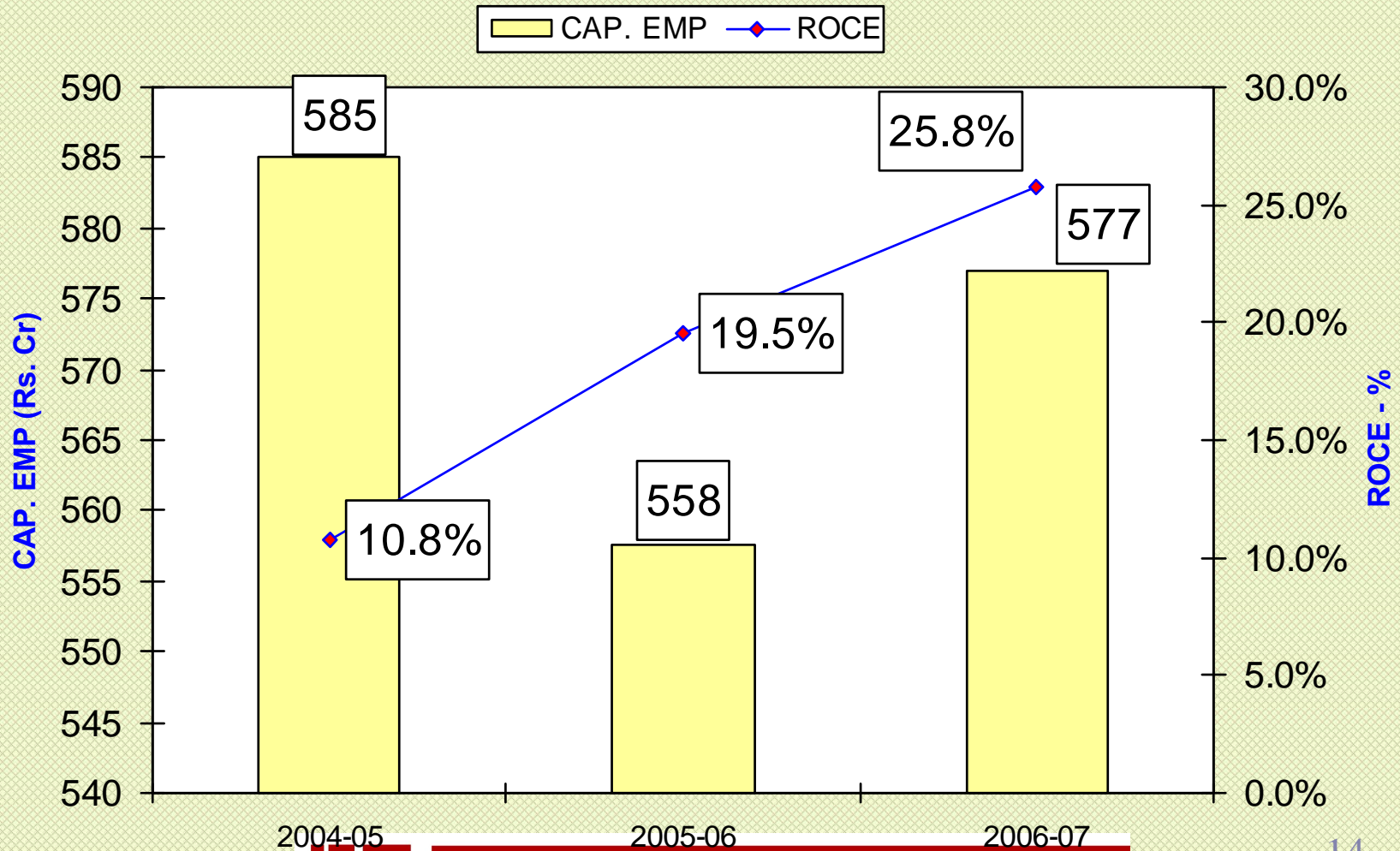


# THREE YEAR JOURNEY..

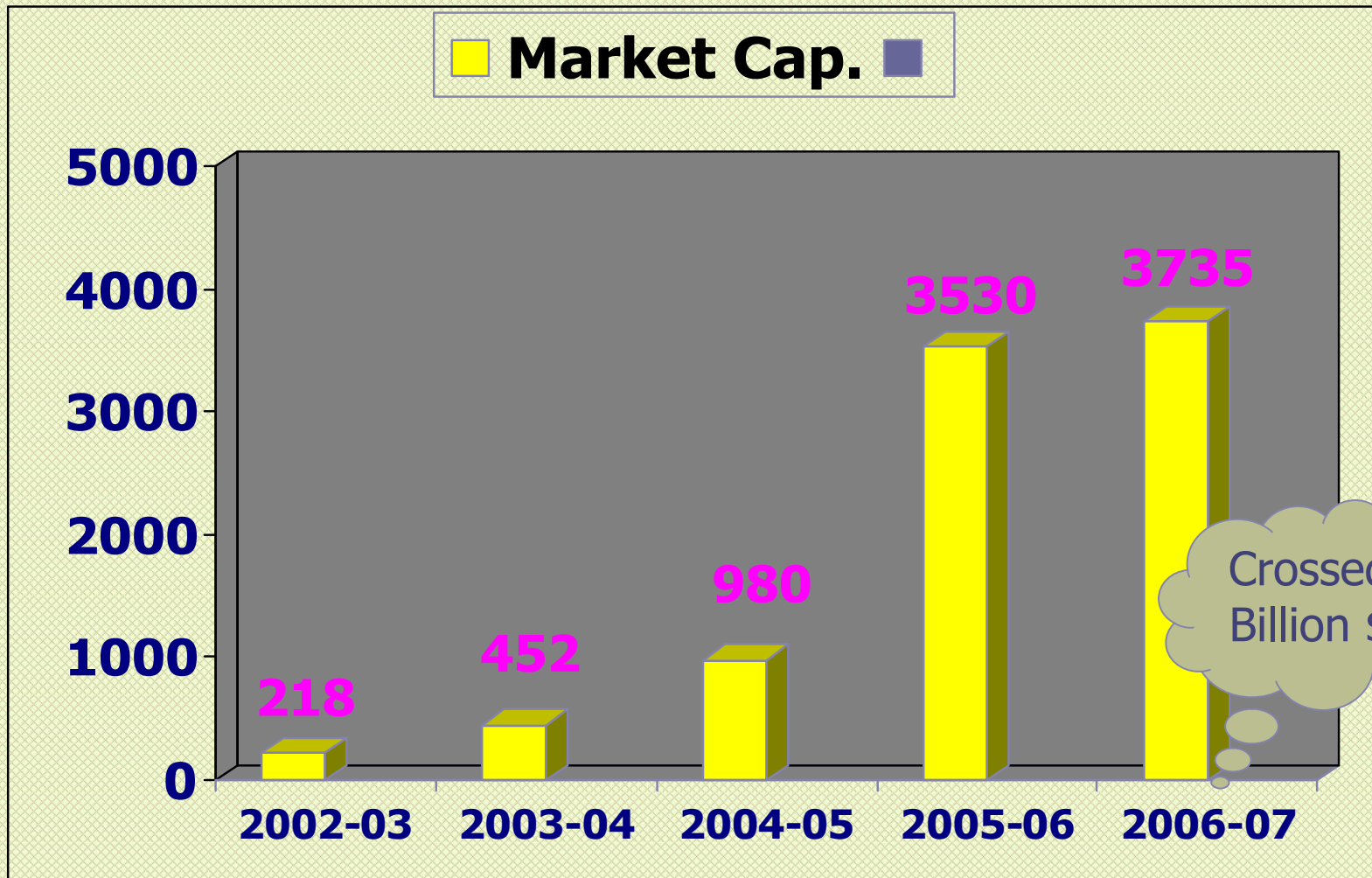


# THREE YEAR JOURNEY..

## CAPITAL EMPLOYED & ROCE



# Market Capitalisation (Rs. Cr.)



# . An year to remember..

## Financials

- Company Income crossed Rs. 2000 Crore mark
- PBT crossed Rs. 100 Crore mark
- Share price crossed Rs. 1000 and Market cap crossed a billion dollar

## Brands

- Brand Tanishq crossed Rs. 1000 Crore mark
- Brand Titan crossed Rs. 500 Crore mark
- Brand Sonata crossed Rs. 300 Crore mark
- Brand Fastrack crossed Rs. 100 Crore mark

## Retailing

- World of Titan stores crossed 200
- Retail space . added over 60000 sqft.
- Large format Flagship store . Rs. 100 Crore in first year

## New Businesses

- Expansion of Gold Plus
- Titan Eye + began its journey



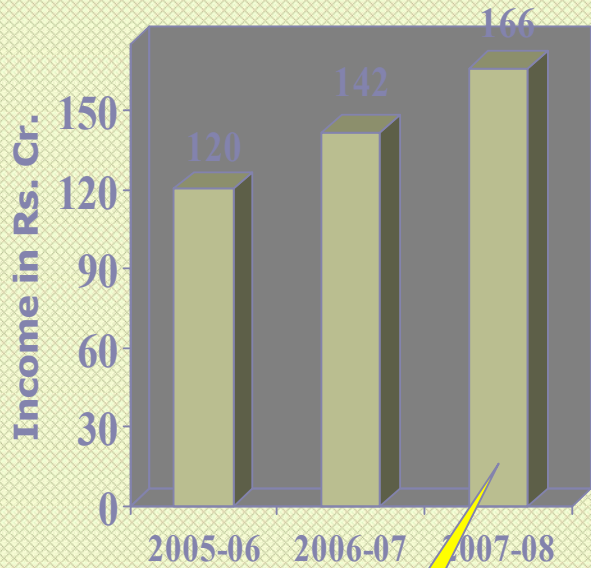


# 2007-08 PERFORMANCE QUARTER 1

# 2007-08 – I QTR

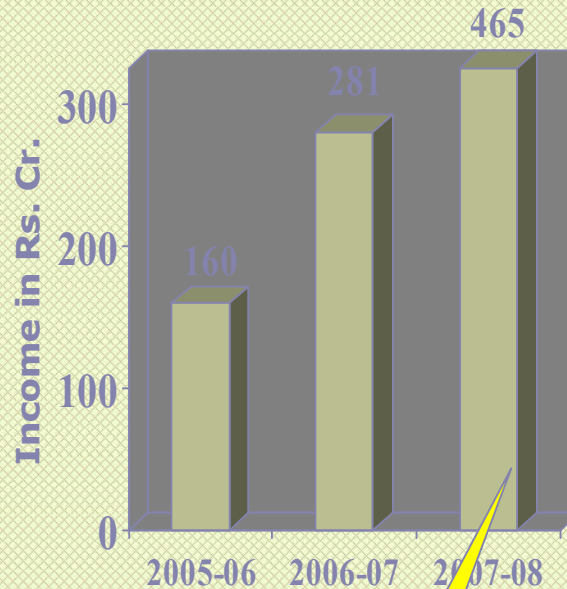
## INCOME

### Domestic Watches



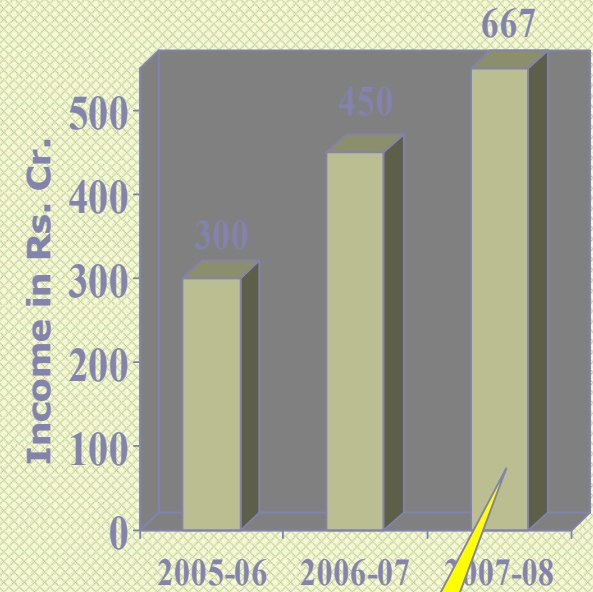
Year  
17%

### Domestic Jewellery



Year  
65%

### Company



Year  
48%



# I Watch Business

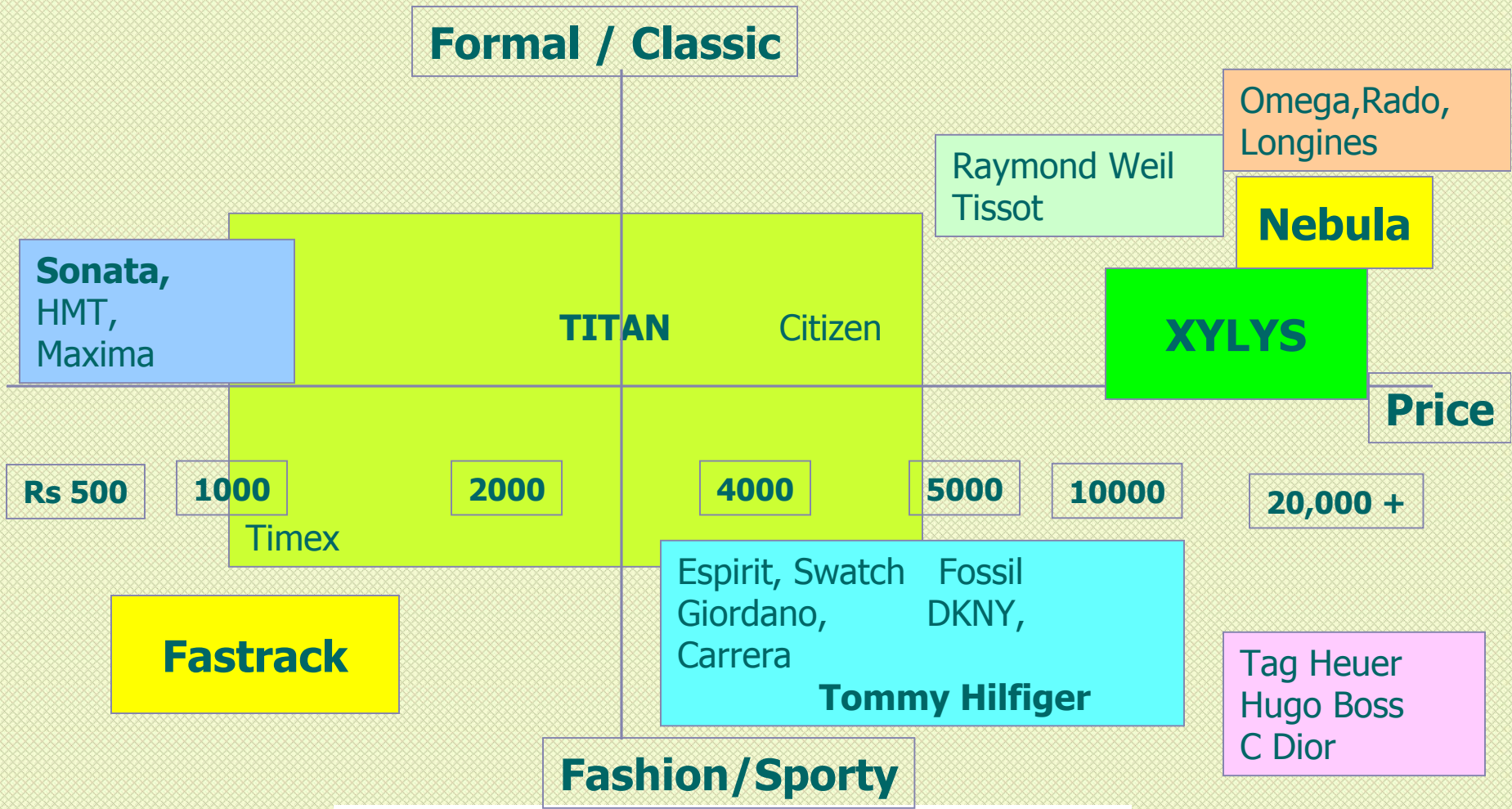


# The watch market & industry in India

- India is an under-penetrated market for watches . only 27 % of Indians own a watch
- Total estimated market as of 2007 Volume ~ 39 mn units & Value: Rs 2500 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, Mid market, Premium



# Watch Market Map



## WATCH BUSINESS – OVERVIEW

### Revenues

- \* Significant growth over the past three years
- \* Rs. 746 Crores Sales during the latest financial year

### Profits

#### Impressive turnaround

- \* PBT (2004/05) - Rs. 70 Crores
- \* PBT (2005/06) - Rs. 90 Crores
- \* PBT (2006-07) - Rs. 96 Crores

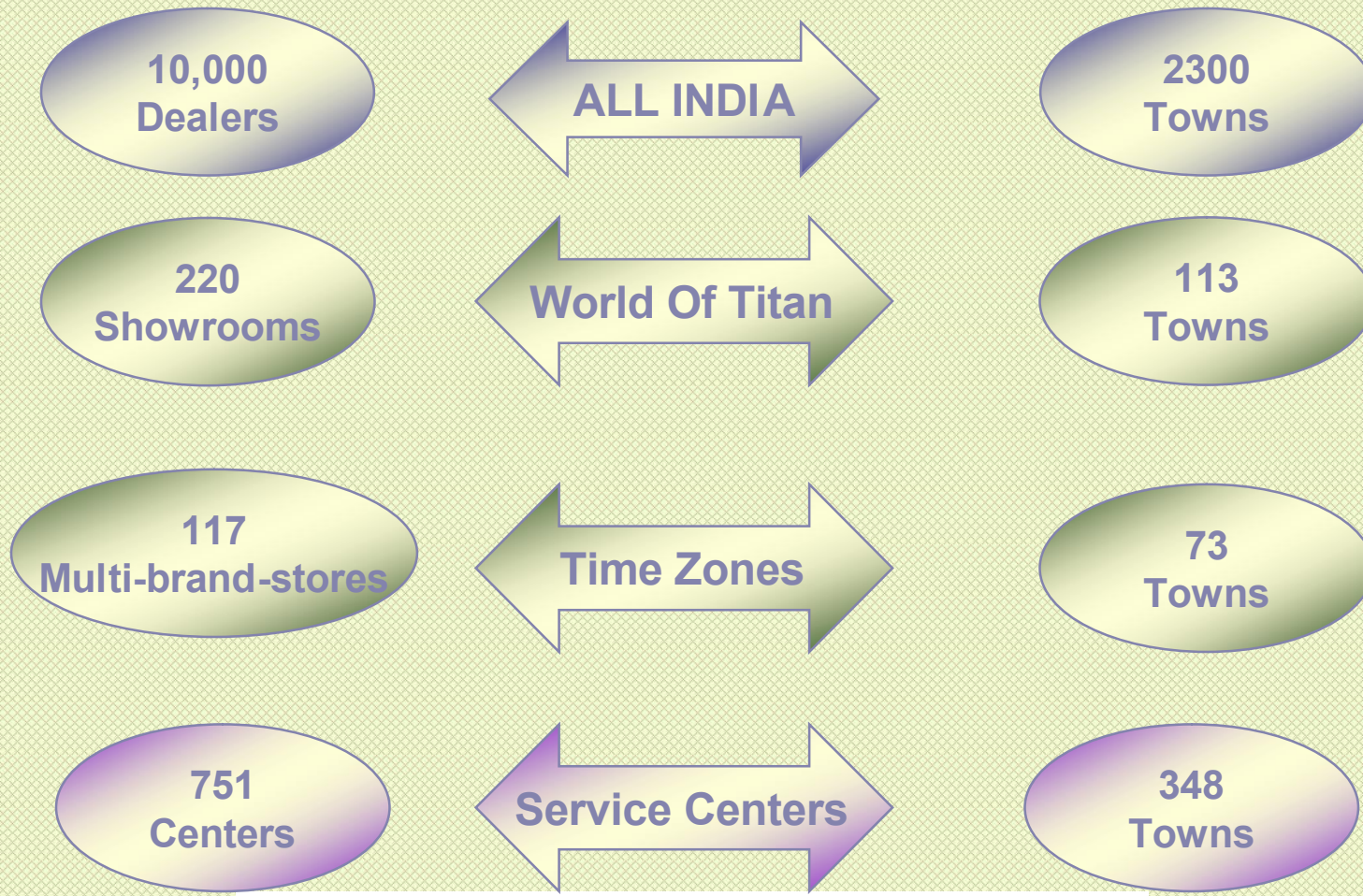
### ROCE

#### ROCE exceeds Cost of Funds

- \* ROCE (2004/05) - 39%
- \* ROCE (2005/06) - 50%
- \* ROCE (2006-07) - 50%



# brand leadership of >50% uses the distribution network



## II Jewellery Business





# Market & industry highlights

## Market

- “Size of market: Rs 65000 crores (~ US\$ 15 billion)
- “Urban market is about 38% of this base
- “Branded jewellery is less than 2% 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 20% 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

- É Strongest and most aspirational brand in the jewellery category
- É Award most admired brand and Retailer of the year by Images Fashion
- É Enjoys a market share of 70% in branded jewellery

## Network

- É India's only national jewellery retailer
- É 94 stores in 67 towns – prime high street locations
- É Most of these stores are run by franchisees

## Customer Base

- É 1.5 million customers shopped at Tanishq last year



# DAY – A BRIEF OVERVIEW

## Revenues

É Rapid growth of 40% p.a. over the past three years  
É Rs. 1252 crores during the latest financial year  
É 58% of the Company's revenues

## Profits

### Impressive turnaround

É PBT (2004/05)	- Rs. 20 crores
É PBT (2005/06)	- Rs. 35 crores
É PBT (2006-07)	- Rs. 77 crores

## ROCE

### ROCE exceeds Cost of Funds

É ROCE (2004/05)	- 29%
É ROCE (2005/06)	- 34%
É ROCE (2006-07)	- 61%



# III INTERNATIONAL OPERATIONS



# NATIONAL BUSINESS

- One of India's first companies to market a consumer brand overseas.
- Now present in 30 countries
- Among the top 3 brands in some Asian countries
- Selling 750k watches annually with increasing presence in jewellery.
- Total export sales of over Rs 100 crores in 2006 -07



## IV Precision Engineering Business



# on Engineering Business

## Rationale

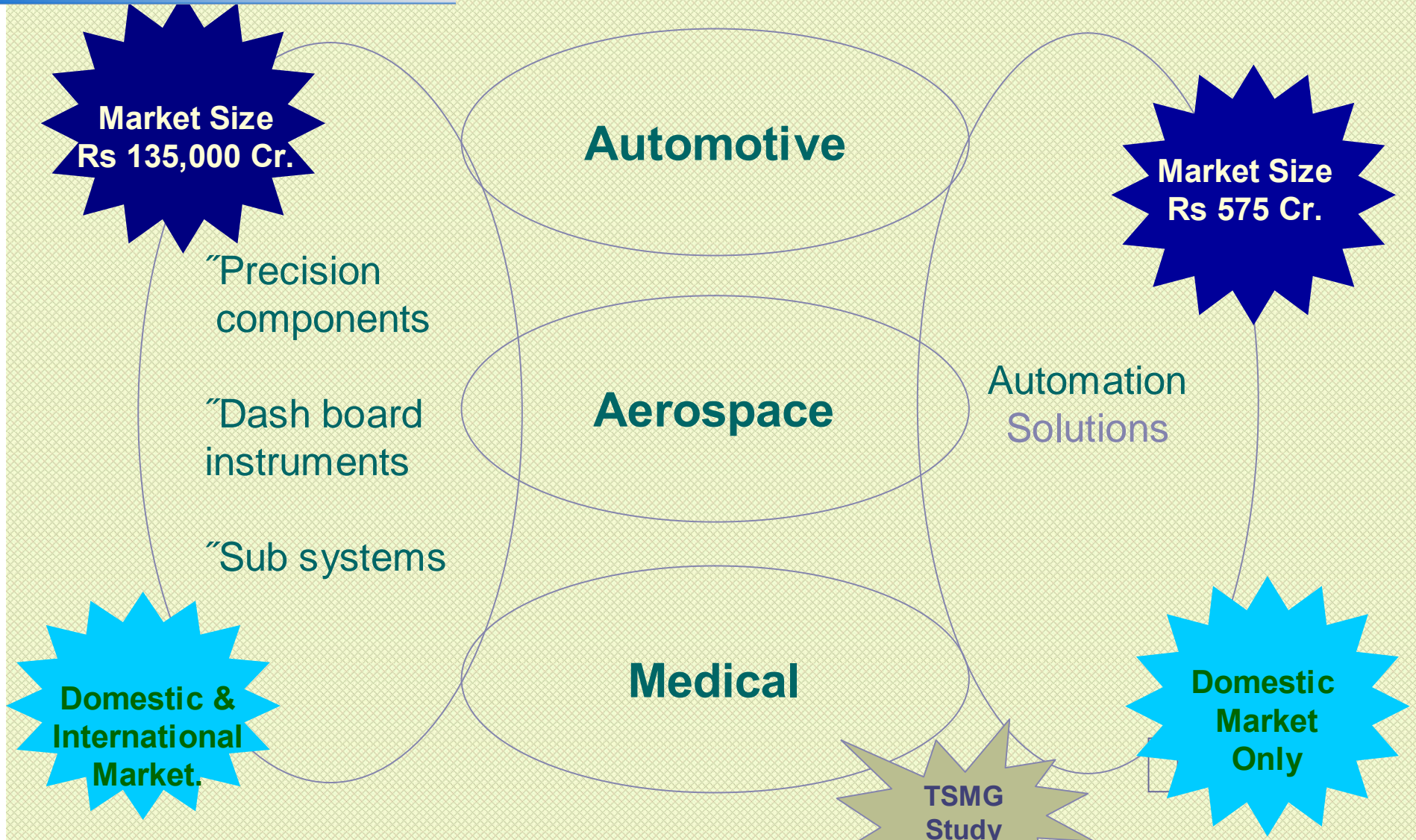
- Leveraging Engineering capabilities
- B2B business . balances risk of B2C businesses

## 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





## The Customers

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



## 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.
- Highly value conscious consumer, buying traditional jewellery
- Very fragmented industry with underkaratage still prevalent in many parts
- A new business model and new brand to exploit this opportunity



# EYE WEAR BUSINESS

- Started in 2004-05 by marketing Sunglasses under the Fastrack brand
- Targeted the youth segment
- Achieved a sales turnover of over Rs 25 crores in 2006 - 07
- Pilot project for Prescription Eyewear started in Q4 2006 - 07



# Way Forward





Seize the Opportunity !

A Company that endears itself to  
millions of Indians ò

**Will touch the lives of almost  
14 million customers  
this year ...**

Based in Happening India





Seize the opportunity !

## Happening India : A \$ 270 Billion market !!

Emerging consumption patterns driven by :

- “The upwardly mobile young adult
- “The working woman
- “The new rich
- “The aspiring middle class



Seize the opportunity !

## Changing Consumption Basket - Lifestyle related spends moving up at the expense of Regular spends

Urban working women in India , on an average , spend about 24% of their earnings on enhancing the quality of their own life & on self grooming as compared to 13% on household purchases .

### Tanishq & Raga

õ positioned to capture  
the Indian woman's  
heart





Seize the Opportunity !

The Rural and semi urban  
renaissance.. Global  
retailers talking of Tier II  
and III cities ...

Sonata and Gold Plus ..  
Our Company's strengths ..  
Encashing the opportunity..





Seize the Opportunity!

Top 9 cities account for 30% of urban market, next 130 cities provide an equally large market

Consumer spend in Tier II cities estimated at \$34 billion

Distribution of malls to be 50% in Tier I cities and 50% in Tier II and III cities





Seize the Opportunity !

## A young and resurgent India

50% of India's population are less than 25 years of age !

Young affluents on the rise

India adds around 3 million young earners in the age group 20-24 annually

Fastrack explores the opportunity the youth offer

80 million new jobs opening up in by 2011



Seize the Opportunity!

## Organised Retailing –The New Buzz

**94 Tanishq stores**  
**220 World of Titan stores**  
**12 Goldplus stores**  
**15 Sonata stores**  
**117 Timezones and**  
**135 Watch Care Centres**

**...this year accounted for Rs 1700  
cr of sales making us India's  
largest speciality retailer**



Seize the opportunity!

## Retailing Expansion 2007 – 08

WORLD OF TITAN

207 TO 268

SONATA

15 TO 25

FASTRACK KIOSKS

10 TO 40

TANISHQ

88 TO 96

GOLD PLUS

10 TO 18

TITAN EYE+

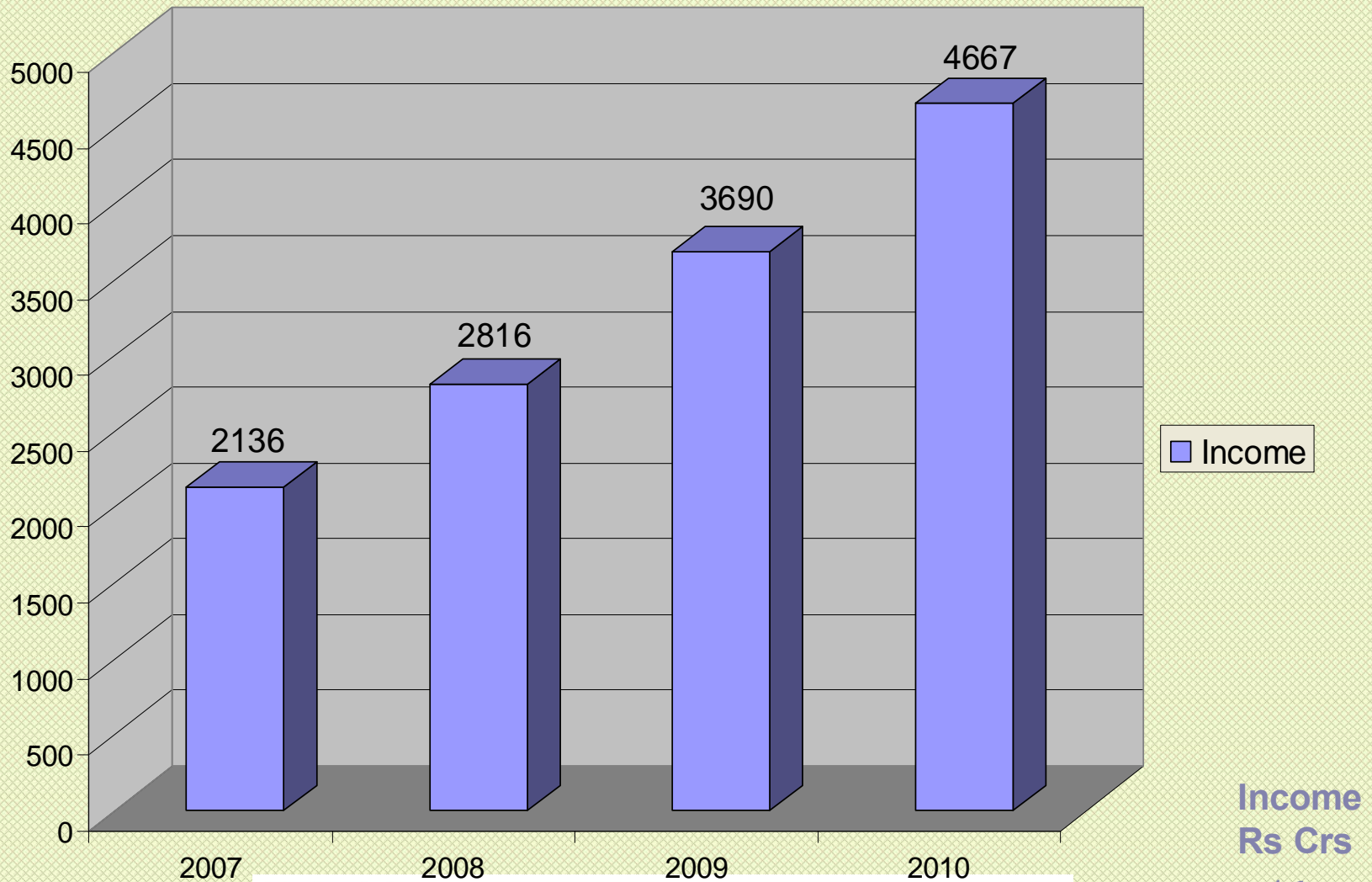
6 TO 18



So what kind of company?



# By 2010, More than a billion \$ company



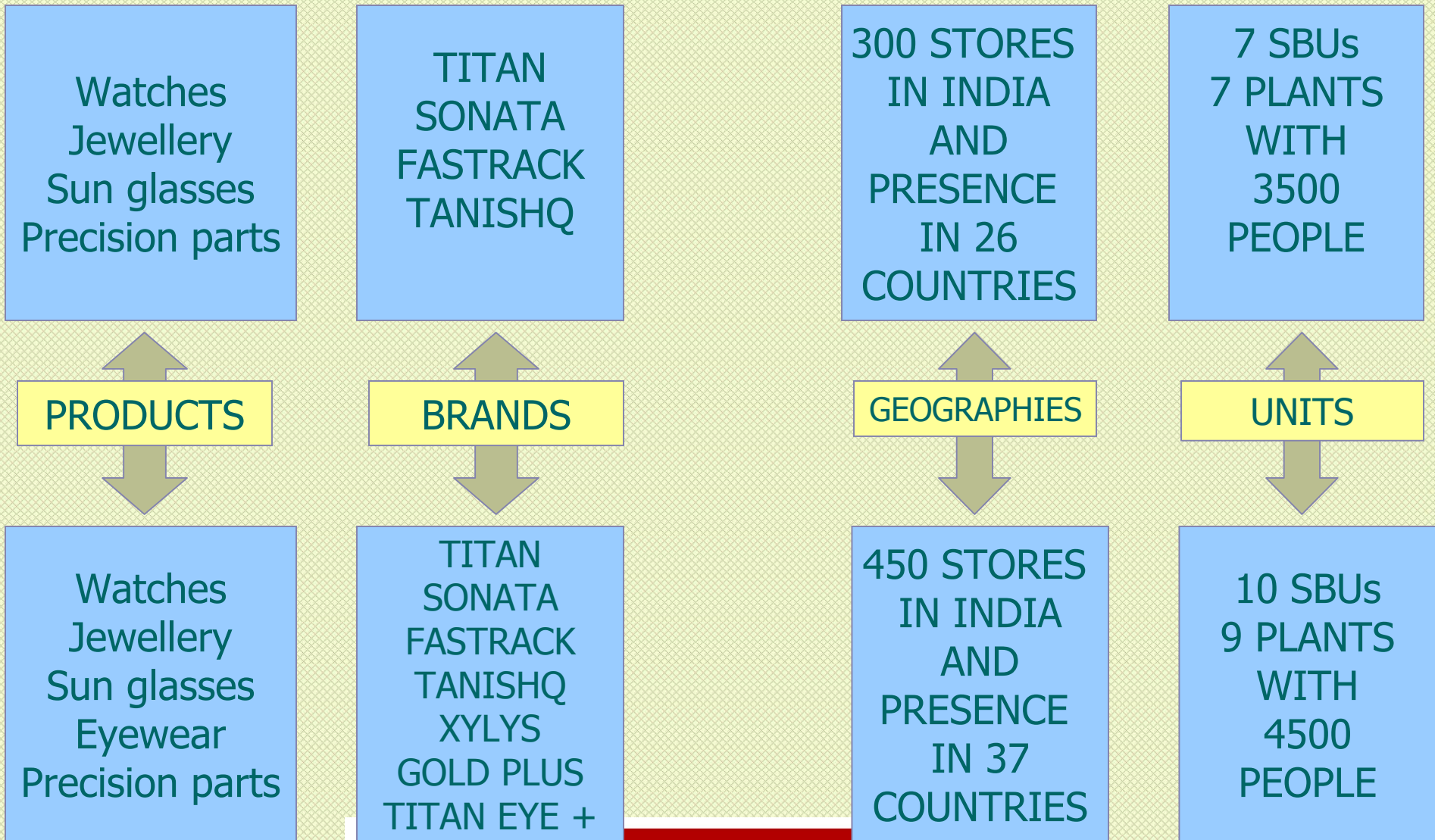
Income  
Rs Crs

46



**TITAN INDUSTRIES**

## Businesses , Brands and Geographies





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