

Titan Industries Limited

“Delivering value by creating Brands”



June 2012

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.

Indian Economy: Some Facts

	FY09	FY10	FY11	FY12E	FY13E
Nominal GDP (US\$ bn)	1,224	1,362	1,684	1,853	1,907
Per Capita GDP (US\$)	1,061	1,163	1,416	1,535	1,692
Real GDP growth	6.7%	8.4%	8.4%	6.5%	7.0%
Pvt Consumption growth	7.1%	7.0%	8.1%	6.5%	6.5%
Inflation - WPI (Avg)	8.0%	3.6%	8.6%	8.8%	7.4%
Rs/US\$ - Average	46.0	47.4	45.6	48.1	53.5

Source: CSO, RBI, Ministry of Finance and CIRA estimates

- Despite the slowdown, relatively high growth economy
- 4th largest economy in terms of purchasing power parity (expected to be 3rd largest by 2020)
- Premium segment – 14 million (expected to grow five-folds in the next decade)
- Middle class - 200 m (expected to double in the next decade)

Titan Industries

Our Businesses

B2C

B2B

Watches

Jewellery

Eyewear

Precision
Engineering
Division

Our Brands



Luxury

ZOYA

Premium

xv|ys™
Swiss made

TANISHQ

Mid Market

TITAN

TITAN

ZOOP TITAN fastrack

Mia

fastrack

Mass Market

SONATA
A TATA PRODUCT

GOLDPLUS
from TATA

fg
TEEN DIAMONDS
by Tanishq

EYE+

India's largest specialty retailer

Luxury

ZOYA  2

Premium

 HELIOS  25

Mid Market

 **WORLD of TITAN**  332

 TANISHQ

TITAN EYE+
WORLD CLASS OPTICAL STORES

 205

Service Centres

 728

fastrack

 102

 129

Mass Market

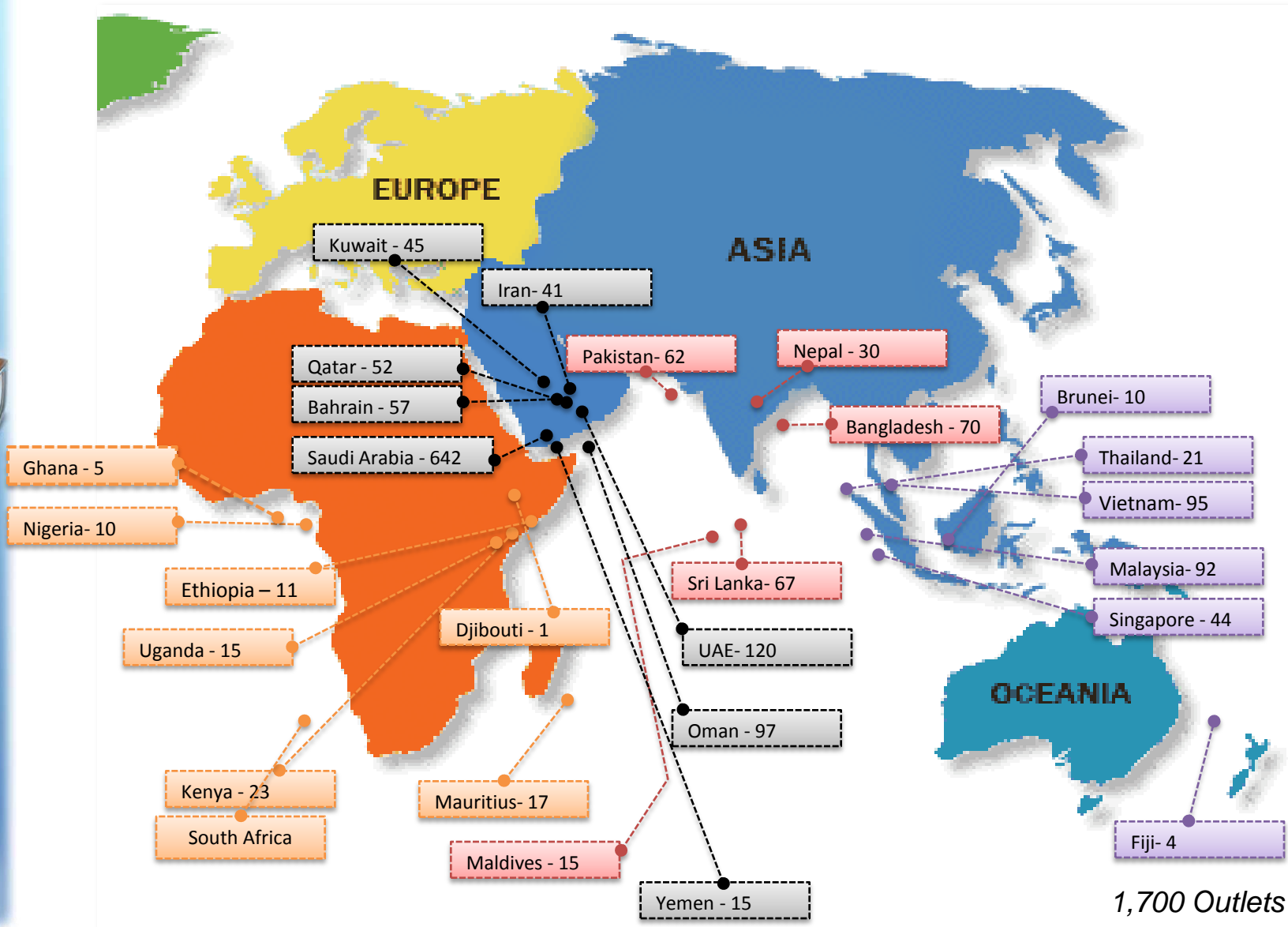
 **GOLDPLUS**
from **TATA**  32

827 exclusive stores

157 Towns

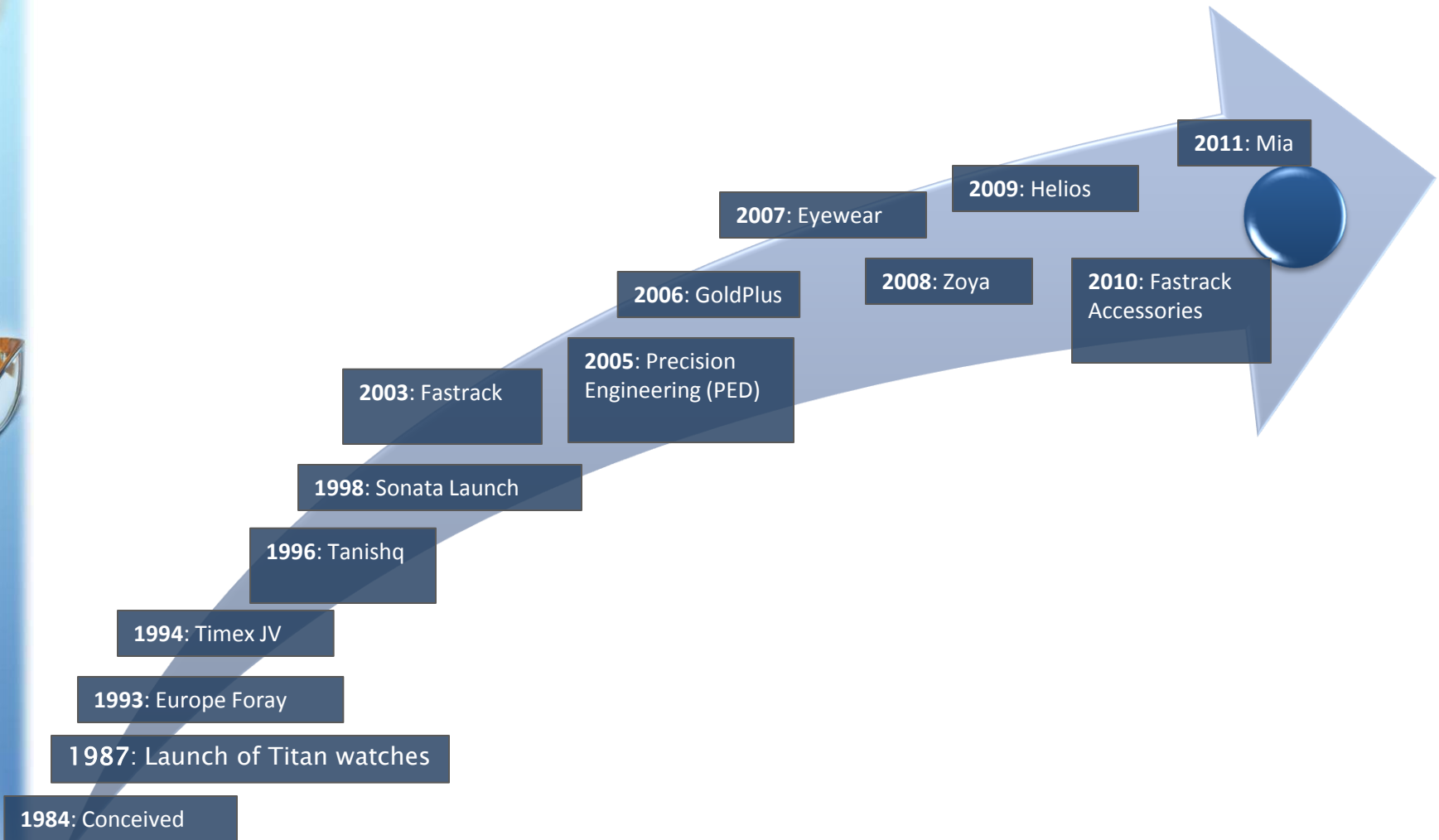
Over a million sft of retail space

International presence



1,700 Outlets

Silver Jubilee: The Journey



Where we stand today

- World's 5th largest Watch Manufacturer
- 65% market share in organized watch market
- Sonata: India's largest selling watch brand
- Tanishq: India's leading Jewellery Player and a game changer
- Titan Eye+: India's largest retail chain in eyewear
- Strength in Retail: Over 800 stores with over 1 million sft
- Distribution: More than 11,000 Multi-brand outlets
- First acquisition completed – Favre Leuba brand acquired for Euro 1.5 million

Watches Division



Indian Watch Market

- Total estimated market
 - Volume: 53 million
 - Value: close to US\$ 1 billion
 - Organized market ~ 23 million
- Only 27% of Indians own a watch
- Market size expected to double in next 5 years
- Competitor brands : 65
- Titan's market share of organized market: 65%

Titan – Watches Division

- Four major brands

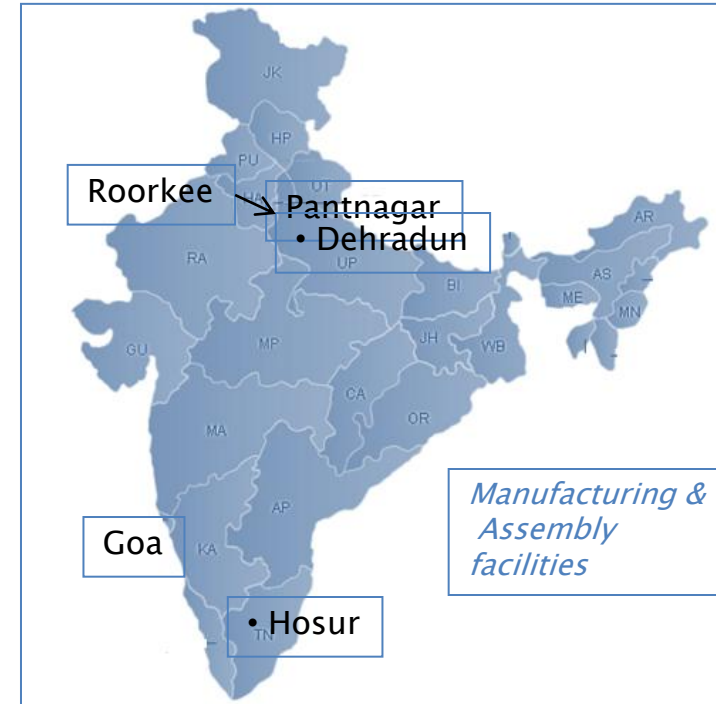
TITAN
xvlys
SONATA
fastrack

- Sold through

- Exclusive “World of Titan” outlets
- “Fastrack” outlets
- Multi-brand outlets “Helios”
- Multi-brand dealers and stores
- Large-format stores like Shoppers’ Stop, Lifestyle, etc.

- Large network of exclusive service centers
- Sophisticated Design & Development Center
 - Core strength in Industrial, Retail and Graphic design
 - Numerous international award-winning designs to its credit

BOSS
fcuk™
TOMMY HILFIGER



Watches – Distribution

Retail All India

- 11,000 dealers
- 2,500 towns

World of Titan

- 332 showrooms (21 added in 2011-12)
- 132 towns – 339k Sft

Fastrack

- 102 stores / kiosks (55 added in 2011-12)
- 49 towns – 49k sft

Helios

- 25 stores (19 added in 2011-12)
- 11 towns – 42k sft

Service Centres

- 728 outlets
- 270 towns

International

- 1,700 outlets
- 28 countries

Jewellery Division

ZOYA

TANISHQ

GOLDPLUS
from TATA

Mia

fg
TEEN
DIAMONDS
by TANISHQ



Indian Jewellery Market

- India has been the largest consumer of gold in the world, accounting for 25% of world consumption
- FY11-12 Demand for gold
 - Volume: 854 tonnes (Jewellery: 534 tonnes)
 - Value : US\$45 billion (Jewellery: US\$28 billion)
- Independent Jewellers : 300,000
- Organized players (regional) with multiple outlets ~ 15
- Titan is one of the few national players in the market
- Titan's share < 5% of total market
- Headroom for growth significant

Titan – Jewellery Division

- ▶ Largest jewellery retailer in India
- ▶ Three major brands – Tanishq, GoldPlus and Zoya
- ▶ Sub-brand - Mia, for the working woman
- ▶ Manufacturing facilities in Hosur and Dehradun
- ▶ Innovative Services – Golden Harvest / Future scheme, gift vouchers, gold exchange schemes and made to order facility
- ▶ Loyalty Programmes - Anuttara & Ananta
- ▶ Customer First and Lean initiatives in manufacturing and retailing

Jewellery – Distribution

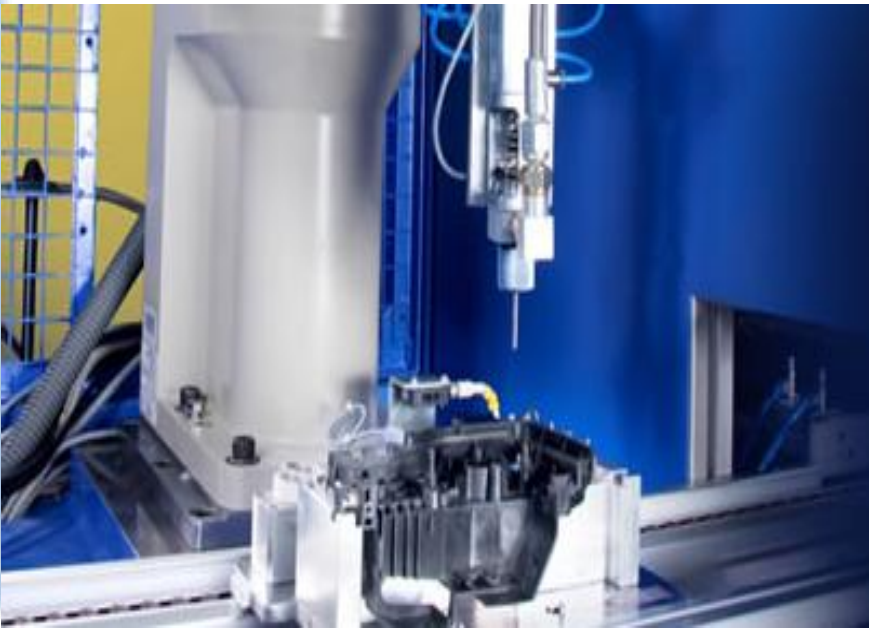
Tanishq

- 131 stores including 2 Zoya stores (10 added in 2011-12)
- 394k sft (102k sft added in 2011-12)
- 79 towns

GoldPlus

- 32 stores (3 added in 2011-12)
- 67k sft (16k sft added in 2011-12)
- 32 towns

Eyewear & Precision Engineering



Eyewear

- India's largest optical retail chain
 - 205 retail outlets (55 added in 2011-12) across 69 towns
- State of the art eye-testing facilities
- Lens manufacturing facility
- Products include frames, sunglasses, contact lenses, ready readers, lens cleaning solutions and other accessories
- Three in-house brands
 - Titan, Eye+ and Dash
- Several international and luxury brands
- Key differentiators – Style consultants, Zero-error prescription, free eye testing, scratch-resistant lenses, lens accuracy certificate

Precision Engineering

- Leverages engineering capabilities
- B2B business – balances risk of B2C businesses

The Opportunity

- India growing as a manufacturing base for precision products
 - Cost pressures and offset requirements guarantee a long term opportunity
 - High cost of switching for customers
 - Large & growing market: US\$ 32 billion globally
-
- ▶ Catering to Industries
 - ▶ Automotive
 - ▶ Electrical and Telecommunication
 - ▶ Aerospace
 - ▶ Oil Exploration & Production
 - ▶ Healthcare
 - ▶ Solar & Other Engineering
 - ▶ Clients include
 - ▶ Eaton, US
 - ▶ Hamilton Sunstrand, US
 - ▶ Microtechnica, Italy
 - ▶ Pratt & Whitney, US
 - ▶ Ford, UK
 - ▶ Bosch, India
 - ▶ Timken, India

Q4 Performance

Q4 - Background

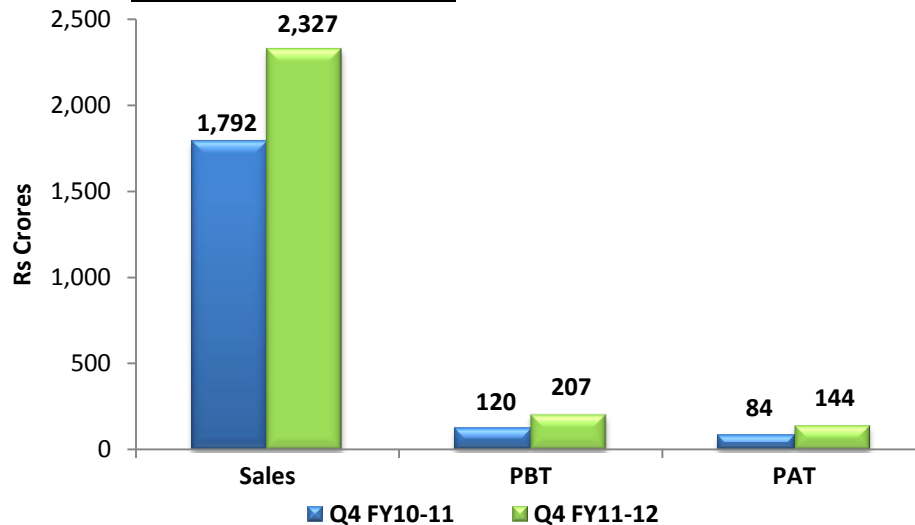
- Slowdown in economy continued due to high inflation coupled with high interest rates
- Depreciation of the Indian rupee affected input costs
- High gold prices affect gold volumes – customers were paying more but buying less quantity
- Company focus on retail network expansion continues
47 outlets (33k sft) added in the quarter across divisions
- Commenced commercial production in the new Jewellery Unit in Pantnagar
- Launched Sonata Super Fibre watches at Rs 225
- Launched “Tees” collection of watches from Fastrack
- Limited launch of fq – diamonds for teens

Q4 - Retail growth

	Sales value growth	Like to like growth
<i>World Of Titan</i>	18%	14%
<i>Tanishq</i>	38%	25%
<i>Goldplus</i>	36%	23%
<i>Helios</i>	3.9 times	-9%
<i>Fastrack</i>	95%	16%
<i>LFS – Watches</i>	34%	19%
<i>Titan Eye+</i>	32%	-1%

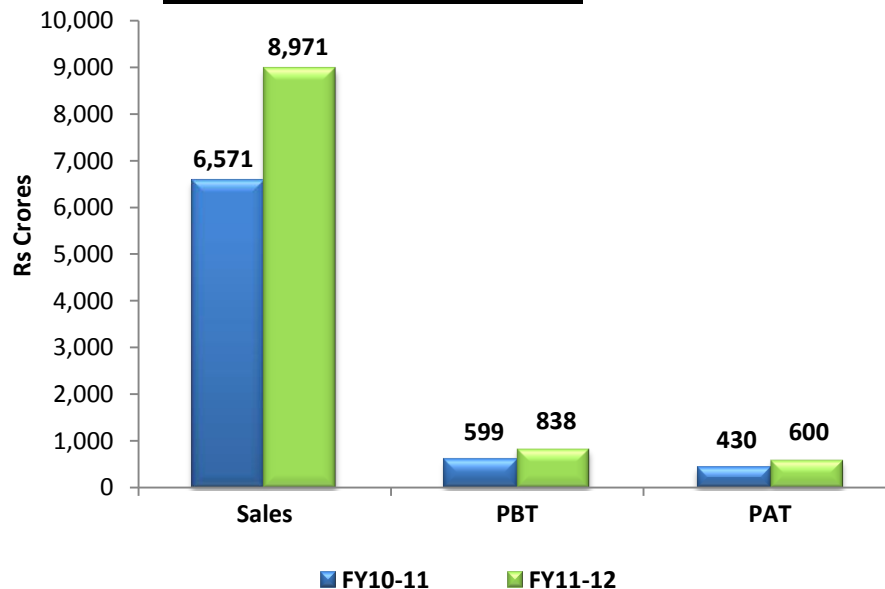
Company performance

Q4 Performance



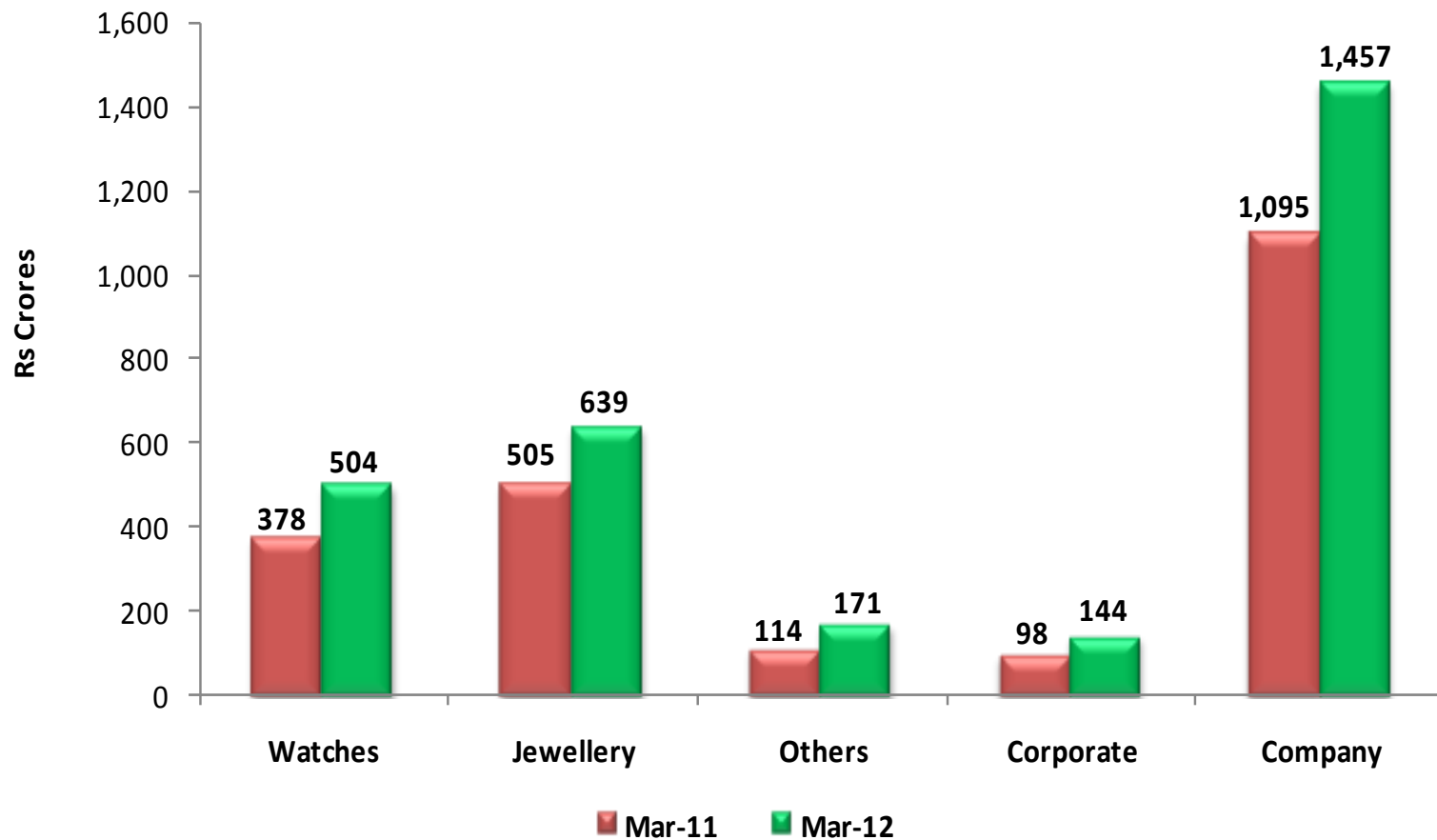
- Revenue growth at 30% despite slowdown in economy
- PBT growth : 73% (31% after adjusting for non recurring expenditure last year)

Annual Performance



- Revenue growth : 37%
- PBT growth : 40% (32% after adjusting for non recurring expenditure last year)

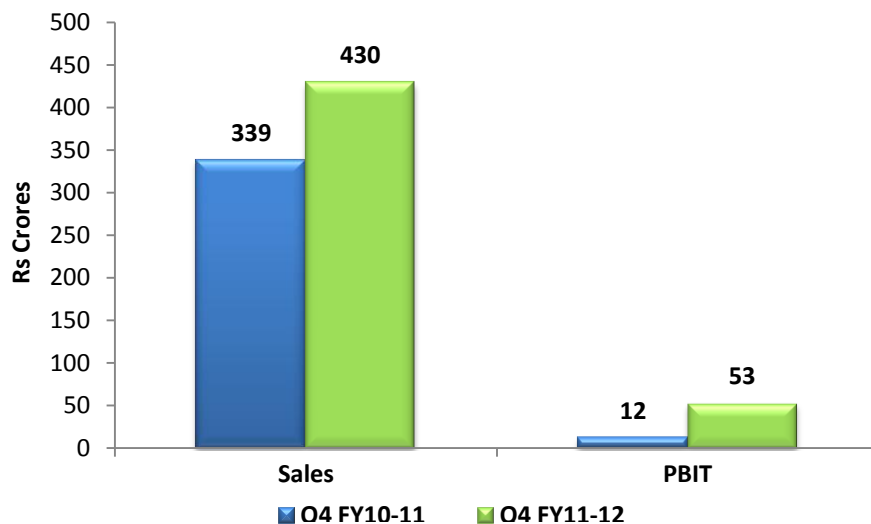
Capital Employed



- Higher inventory levels and investments in fixed assets contributed to increase in capital employed

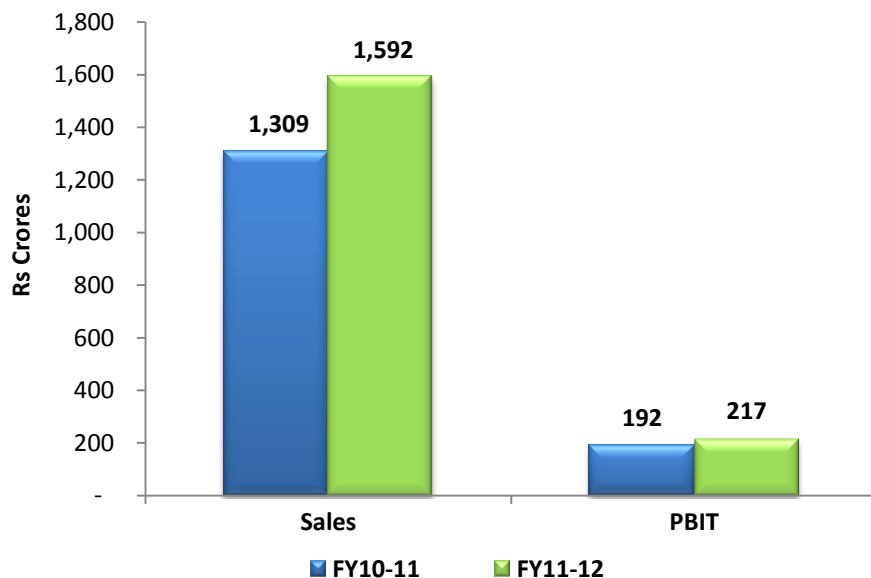
Watches

Q4 Performance



- Volume growth : 14%
- Revenue growth : 27%

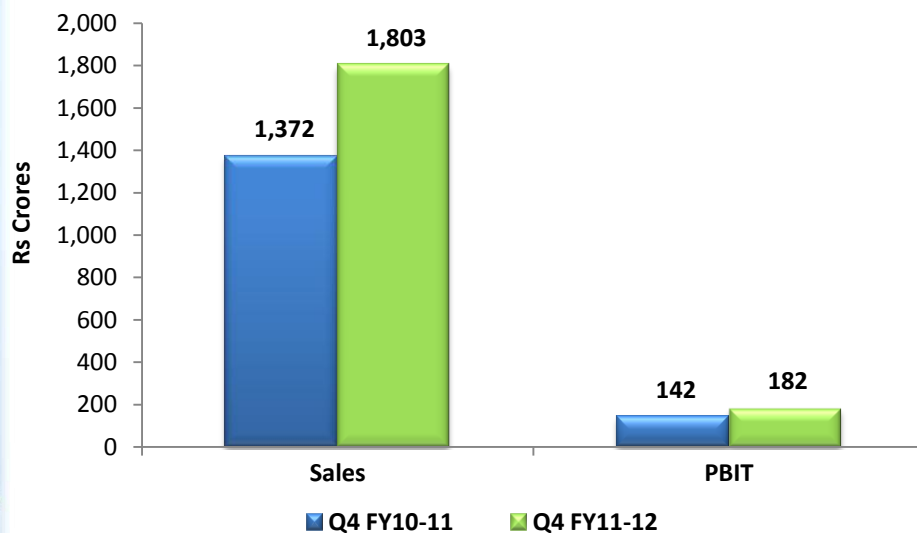
Annual Performance



- Volume growth : 15%
- Revenue growth : 22%
- Margins under pressure due to input cost rise as rupee weakens against other currencies

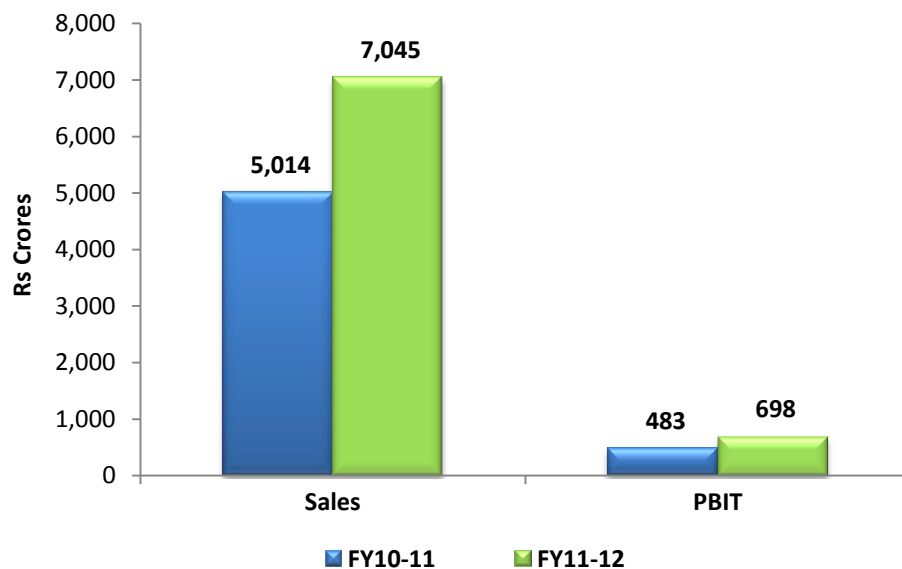
Jewellery

Q4 Performance



- Customer growth : 4%
- Jewellery volume declines by 7%
- Studded share : 32%
- Revenue growth : 31%
- PBIT growth : 28%

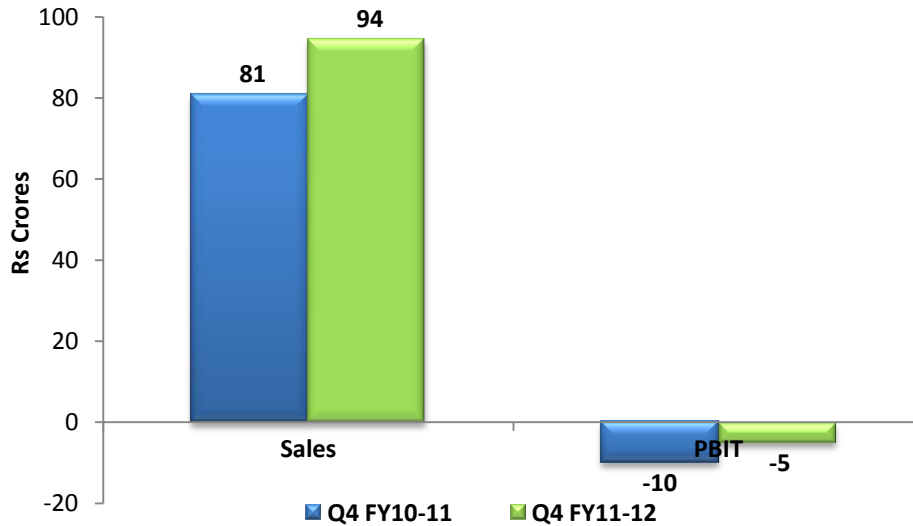
Annual Performance



- Customer growth : 14%
- Jewellery volume growth : 5%
- Studded share : 26%
- Revenue growth : 41%
- PBIT growth : 45%

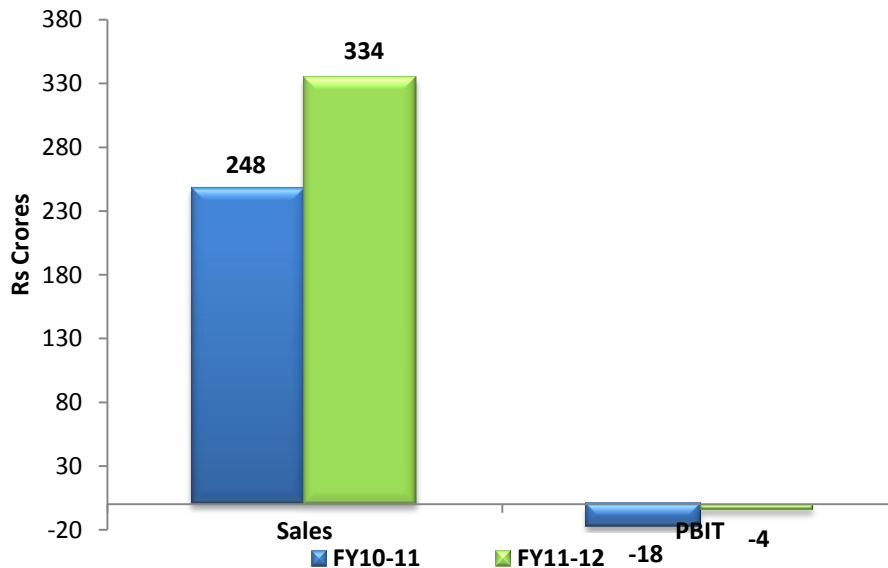
“Others” Segment

Q4 Performance



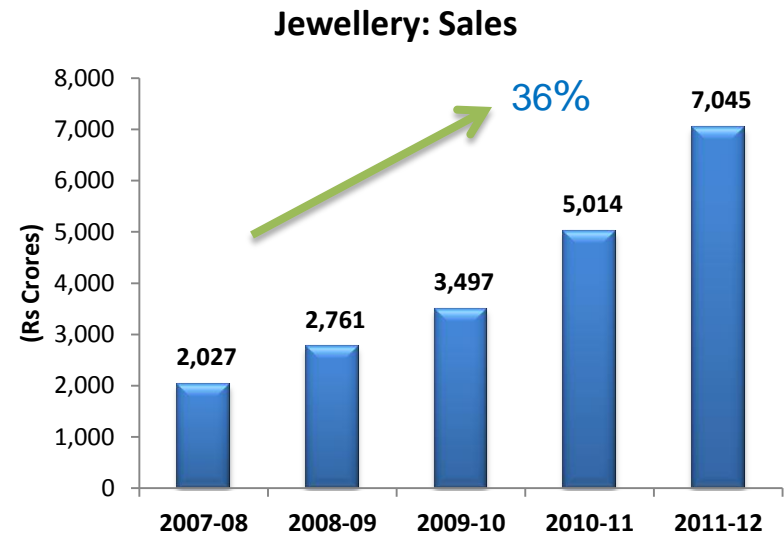
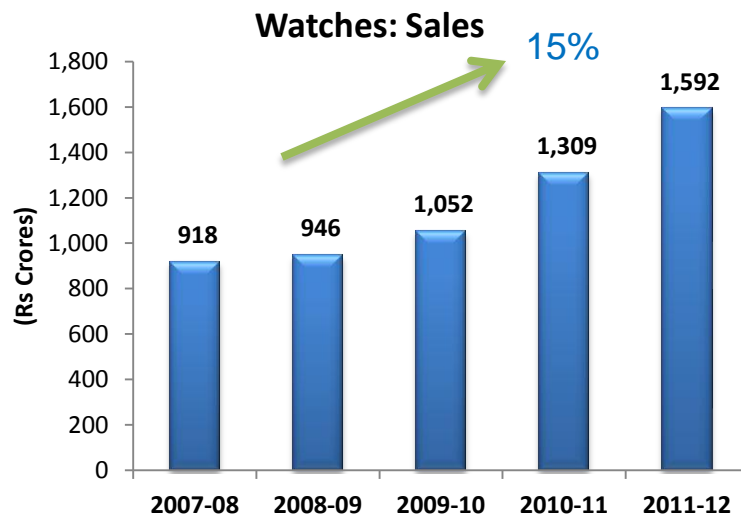
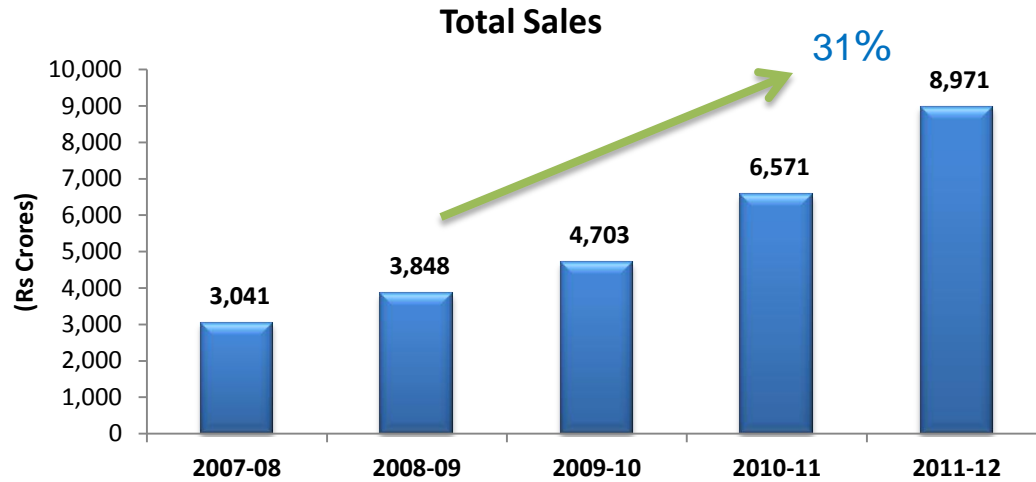
- Revenue growth : 17%
- PED growing profitably

Annual Performance



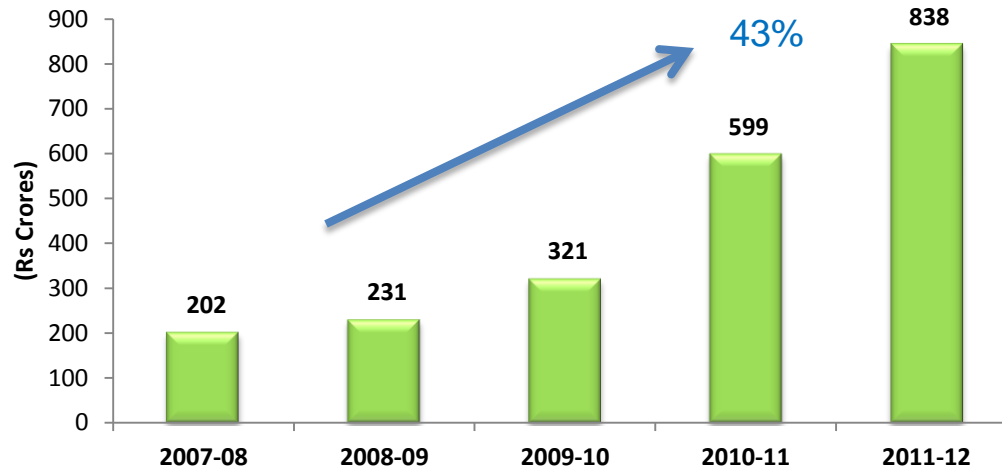
- Revenue growth : 35%
- Eyewear revenue growth : 26%
- PED turned profitable

Performance Trends

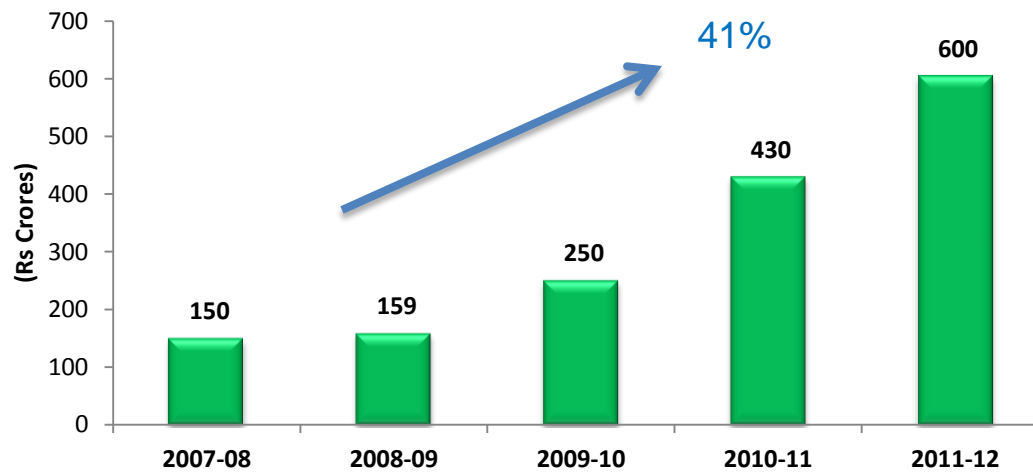


Performance Trends (contd.)

PBT

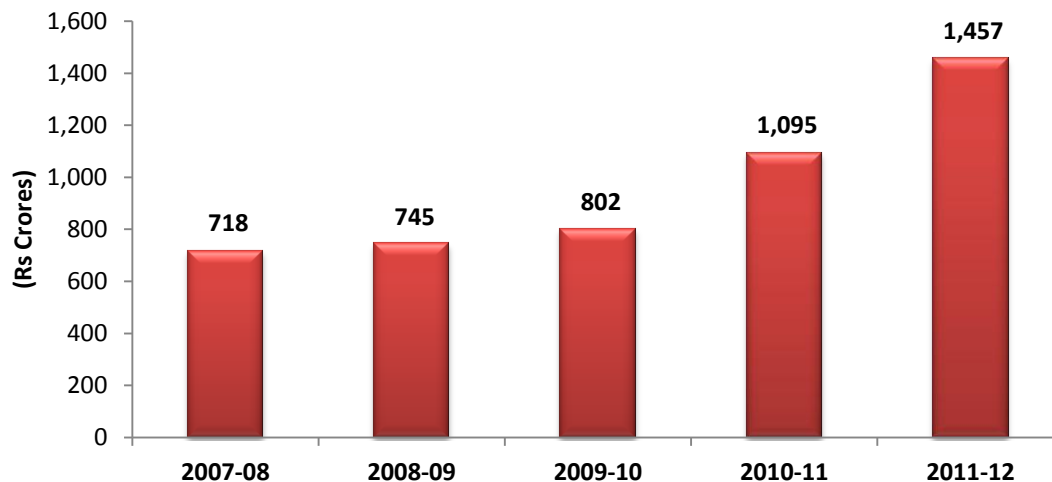


PAT



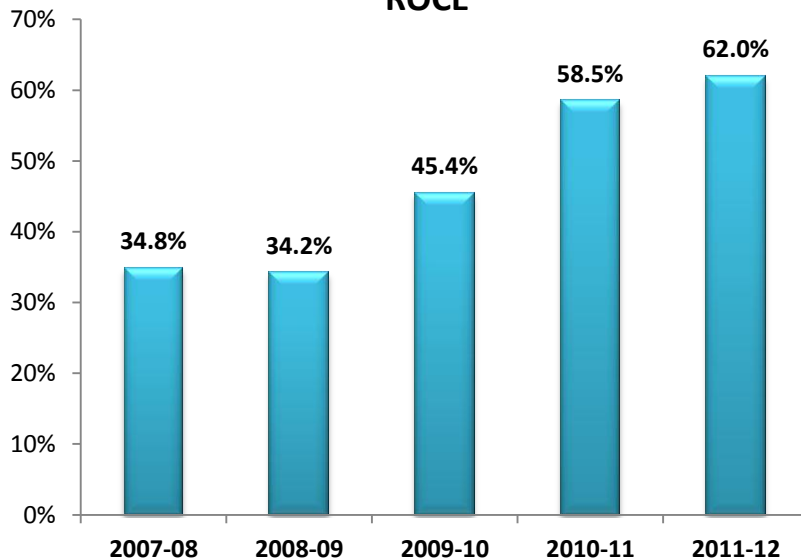
Performance Trends (contd.)

Capital Employed

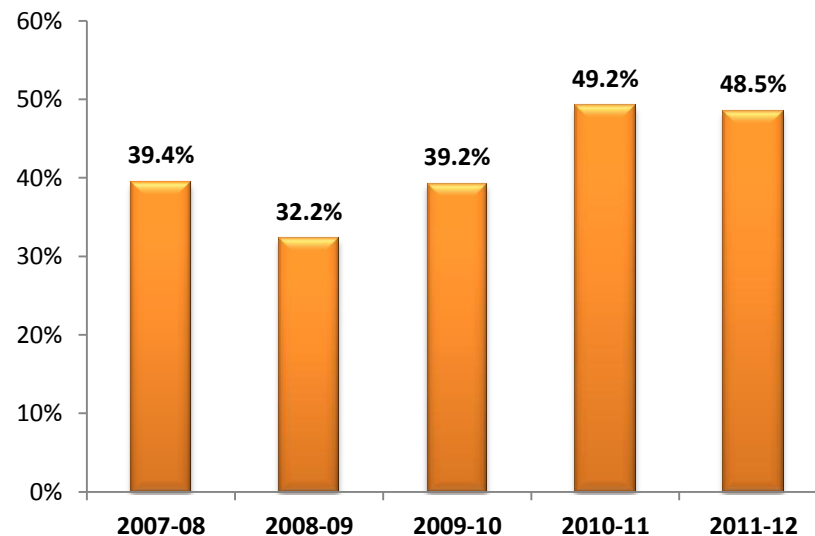


Cash balance up by Rs. 908 crores over the period

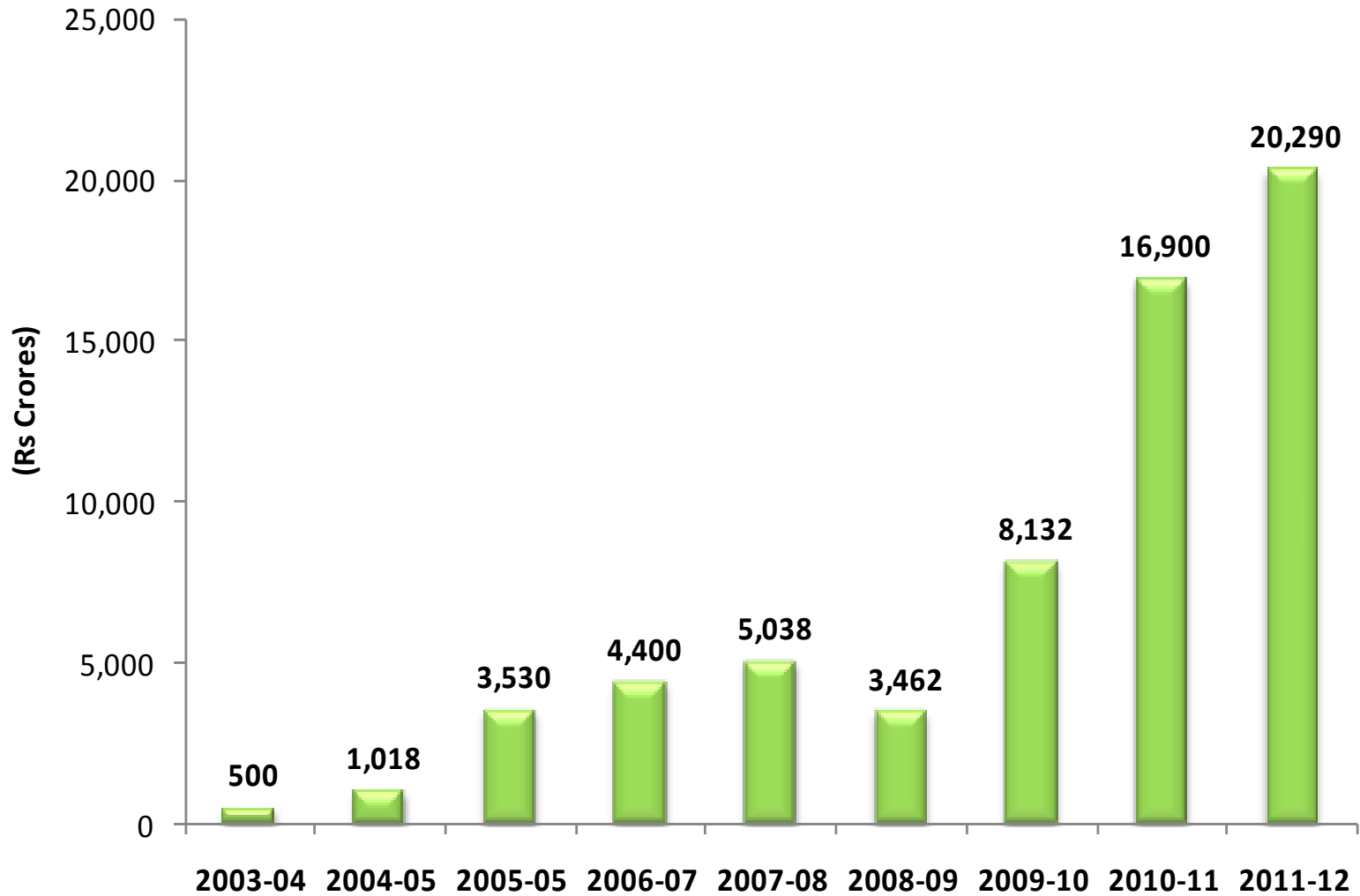
ROCE



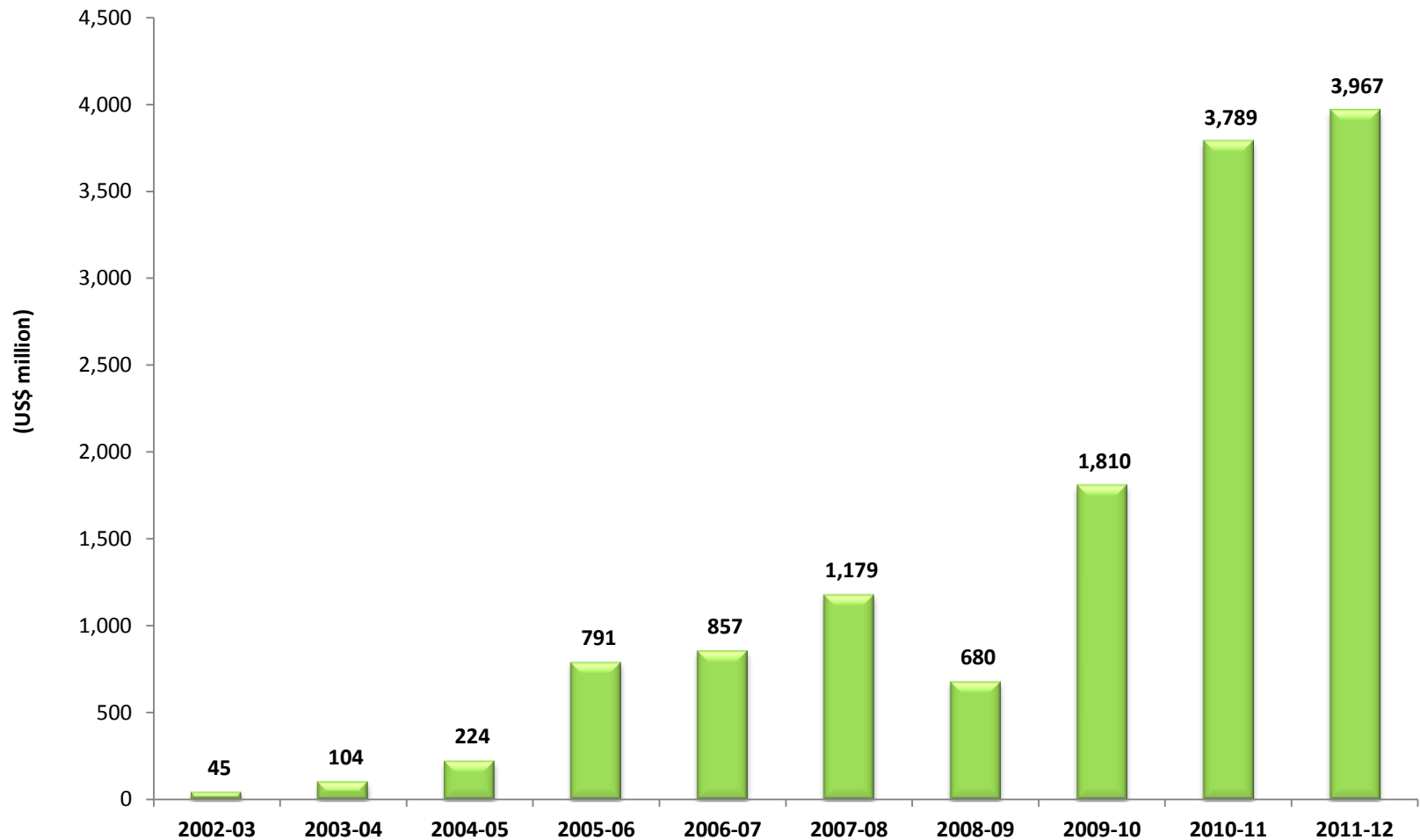
RONW



Market Capitalisation



Market Capitalisation (US\$)



Note: Market capitalisation is based on BSE closing prices at year end

Recent Recognition



Corporate

- ET Retail award for “Excellence in Employee Practices”
- IMAGES Fashion Award for Most Admired Fashion Company of the Year
- “ET Retail Personality of the Year” award for Mr Bhaskar Bhat



Watches

- IAMA Digital Media Awards: Gold awards for TITAN & Fastrack
- Economic Times: Brand TITAN ranked 73 amongst top 100 brands in India
- Brand Trust Report card (2012): TITAN is 12th most trusted across categories, Fastrack is 59th.
- 4 awards for TITAN and 1 award for Fastrack at the “Creative ABBY Awards” 2012



Jewellery

- ET Retail award for Tanishq for “Innovative Operating Idea of the Year”
- IMAGES Fashion Award for Most Admired Jewellery Brand of the Year for Tanishq
- Award for Tanishq at the “Creative ABBY Awards” 2012
- Special brooches designed by Tanishq worn by the head of states at the 4th BRICS summit at New Delhi

Thank You