

# Titan Industries

BSE SENSEX	S&P CNX	CMP: INR202				TP: INR195				Neutral		
17,194	5,199											
Bloomberg	TTAN IN	<b>Year</b>	<b>Net Sales</b>	<b>PAT</b>	<b>EPS</b>	<b>EPS</b>	<b>P/E</b>	<b>P/BV</b>	<b>RoE</b>	<b>RoCE</b>	<b>EV/</b>	<b>EV/</b>
Equity Shares (m)	887.8	<b>End</b>	<b>(INR m)</b>	<b>(INR m)</b>	<b>(INR)</b>	<b>Gr. (%)</b>	<b>(X)</b>	<b>(X)</b>	<b>(%)</b>	<b>(%)</b>	<b>Sales</b>	<b>EBITDA</b>
52-Week Range (INR)	238/147	03/11A	65,209	4,336	4.9	65.8	41.4	17.5	49.6	61.8	2.6	28.9
1,6,12 Rel. Perf. (%)	7/-5/19	03/12E	88,295	5,837	6.6	34.6	30.8	12.6	47.7	61.8	1.9	22.1
M.Cap. (INR b)	179.6	03/13E	106,120	7,231	8.1	23.9	24.8	9.3	43.2	55.2	1.6	17.4
M.Cap. (USD b)	3.6	03/14E	127,438	8,868	10.0	22.6	20.3	7.1	34.9	51.5	1.3	10.6

Titan Industries' (TTAN) 3QFY12 results were below estimates. Adj. PAT of INR1.6b (v/s est. of INR1.8b) was impacted by a 5% decline in jewelry volumes and a steep 590bp decline in watch margins, even as other businesses (Eyewear and PE) were EBIT positive at INR52m. We are lowering FY12 and FY13 EPS estimates by 1-4%, driven by 1) lower margins in watch business, 2) lower volume growth but flat margins in jewelry, and 3) lower losses in other businesses. Flat gold prices and delay in demand recovery in Jewelry are key downside risks to FY13 estimates. The stock currently trades at 31x FY12E EPS of INR6.6 and 25x FY13E EPS of INR8.1 with PAT CAGR of 29%. We remain **Neutral**.

### Jewelry volumes decline 5%; watch margins drop 590bp

- Jewelry volumes declined 5% due to high volatility in gold prices and slowdown in consumer demand. Sales grew 26% and EBIT grew 19%; margins declined 50bp to 9%.
- Watch business reported 17% sales growth (11% volume growth) but EBIT dropped 20% as margins contracted 590bp owing to input cost pressures and retail store expansion in Helios. Benefit of 6-7% price increase across most brands and up to 27% increase in solid gold Nebula could only be availed from Dec-2011.
- Eyewear sales jumped 77% as 6 stores were added in 3Q; even LTL sales grew a robust 26% due to aggressive consumer promotions.
- PE (Precision Engineering) business revenues increased sharply, enabling Others (Eyewear and PE) to report EBIT of INR52m.

Y/E March	FY11				FY12E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY11	FY12E
Jewelry Volume Gr %	28	17	28	15	40	0	-5	0	22	7
Gold Price chg YoY %	23	20	19	23	23	35	38	30	19	32
Net Sales	12,528	15,360	19,546	17,776	20,205	20,963	24,401	22,726	65,209	88,295
YoY Change (%)	41.9	33.9	46.6	35.6	61.3	36.5	24.8	27.8	39.5	35.4
Total Exp	11,415	13,624	17,596	16,718	18,361	18,961	22,272	21,029	59,353	80,623
EBITDA	1,113	1,736	1,950	1,058	1,845	2,002	2,129	1,697	5,856	7,672
EBITDA Growth %	126	61	82	-9	66	15	9.2	60	53	31
Margins (%)	8.9	11.3	10.0	6.0	9.1	9.6	8.7	7.5	9.0	8.7
Depreciation	82	86	86	91	99	106	119	126	345	450
Interest	26	24	20	12	11	2	10	21	82	44
Other Income	81	82	155	243	231	201	247	248	561	928
PBT	1,085	1,707	1,999	1,198	1,966	2,096	2,247	1,798	5,990	8,107
Tax	274	430	591	360	532	567	608	563	1,654	2,270
Rate (%)	25.2	25.2	29.6	30.0	27.1	27.1	28.5	31.3	27.6	28.0
Adjusted PAT	812	1,278	1,408	839	1,434	1,529	1,639	1,235	4,336	5,837
YoY Change (%)	258.9	64.7	79.7	1.2	76.6	19.7	16.4	47.3	65.8	34.6
Extraordinary Income	0	0	0	0	0	0	0	0	-32	
Reported PAT	812	1278	1408	839	1,434	1,529	1,639	1,235	4,304	5,837

E: MOSL Estimates

### Below expectations due to decline in jewelry volumes and weak watch margins

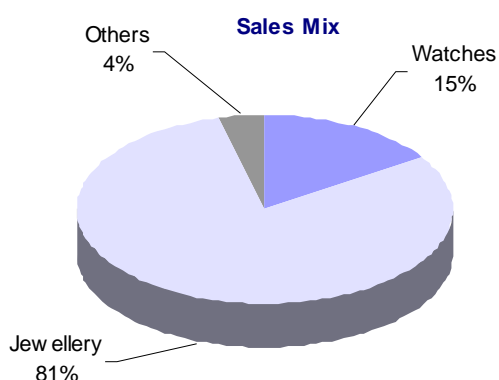
- Titan Inds 3QFY12 results are below estimates with Adj PAT of INR1.6b (est INR1.8b), impacted by 5% decline in jewelry volumes and a steep 590bp decline in watch margins even as other businesses (Eyewear and PE) were EBIT positive at INR52m.
- TTAN continues to incubate new businesses like 1) Fastrack watches and accessories targeting youth, 2) Helios multibrand watch outlets, 3) Titan Eye+ eyewear, and 4) Titan branded premium accessories. Aggressive store expansion and new launches are likely to keep near term margins under check.
- Jewelry demand growth has slowed down due to 38% YoY price increase; although gold prices have softened 6-7% from the peak, it may take some time for demand to regain vibrancy. We are modeling in 7% grammage increase for FY12 and 10% for FY13; 9MFY12 grammage increased 9%.
- We are lowering FY12 and FY13 EPS estimates by 1-4% on back of 1) lower margins in watch business, 2) lower volume growth but flat margins in jewelry, and 3) lower losses in other businesses. Flat gold prices and delay in demand recovery in Jewelry are key downside risks to FY13 estimates.

#### Segmental analysis: Growth impacted by 590bp decline in watch margins

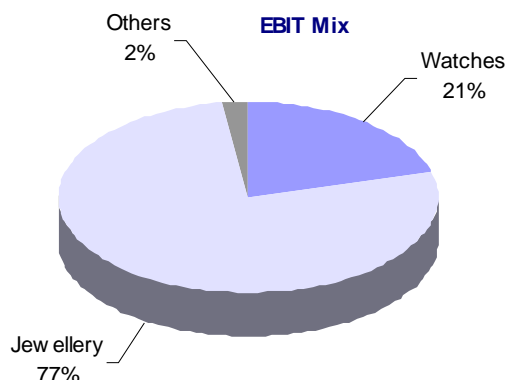
	1QFY12	1QFY11	2QFY12	2QFY11	3QFY12	3QFY11	9MFY12	9MFY11	FY11
<b>Sales</b>	<b>20,243</b>	<b>12,584</b>	<b>21,138</b>	<b>15,428</b>	<b>24,632</b>	<b>19,633</b>	<b>66,173</b>	<b>47,714</b>	<b>65,376</b>
Watches	3,131	2,540	4,174	3,594	3,831	3,268	11,159	9,407	12,665
YoY Growth (%)	23.2	21.8	16.1	21.6	17.2	35.6	18.6	26.3	23.3
<b>Jewellery</b>	<b>16,337</b>	<b>9,505</b>	<b>16,312</b>	<b>11,274</b>	<b>19,859</b>	<b>15,808</b>	<b>52,645</b>	<b>36,656</b>	<b>50,272</b>
YoY Growth (%)	71.9	49.6	44.7	37.0	25.6	49.9	43.6	45.9	43.5
<b>Others</b>	<b>775</b>	<b>538</b>	<b>652</b>	<b>560</b>	<b>942</b>	<b>557</b>	<b>2,368</b>	<b>1,651</b>	<b>2,439</b>
YoY Growth (%)	44.0	37.5	16.3	80.6	69.1	38.4	43.5	49.5	60.7
<b>EBIT</b>	<b>1,872</b>	<b>1,116</b>	<b>2,157</b>	<b>1,754</b>	<b>2,316</b>	<b>2,051</b>	<b>6,505</b>	<b>4,934</b>	<b>5,973</b>
Watches	458	416	672	774	480	602	1,634	1,797	1,862
YoY Growth (%)	9.9	46.9	-13.2	32.9	-20.2	70.2	-9.1	46.1	14.4
EBIT Margin (%)	14.6	16.4	16.1	21.5	12.5	18.4	14.6	19.1	14.7
Jewellery	1,450	683	1,499	1,026	1,785	1,500	4,870	3,218	4,291
YoY Growth (%)	112.4	223.0	46.0	77.8	18.9	102.3	51.3	75.5	73.5
EBIT Margin (%)	8.9	7.2	9.2	9.1	9.0	9.5	9.3	8.8	8.5
Others	-36	17	-14	-47	51	-52	2	-82	-181

Source: Company/MOSL

#### 3QFY12 sales mix



#### 3QFY12 EBIT mix



Source: Company/MOSL

### Watches: 17% sales growth; volume growth at 11%; margins decline 590bp due to store expansion and input cost pressure

- **3QFY12 Watch sales increased 17% YoY to INR3.8b**; volume growth declined to 11% (19% in 2Q); volume growth was broadbased across brands.
- All the key store formats ranging from World of Titan to large format stores reported decline in LTL sales growth indicating poor consumer sentiment. In terms of store formats, World of Titan sales increased 10%, Fastrack sales increased 77% and Helios sales increased 4.7x. Like to like growth in World of Titan was lower at 8% (16% in 2Q), in Helios at 18% (10% in 2Q) and in Fastrack at 21% (72% in 2Q). Large format watch stores posted a 1% decline in LTL sales growth (24% in 2Q).
- **EBIT margins declined sharply by 590bp to 12.5%** due to 1) rupee depreciation of higher gold prices, 2) investments in A&P and retail store expansion, and 3) one month benefit of price increase effected in 3Q.
- **Management is cautious on the demand scenario** in the near term and has shown resolve to invest behind store formats like Fastrack and Helios. We believe poor consumer demand and aggressive store expansion will keep watch margins under check in the near term.

#### Watch LTL sales growth slows down; aggressive store expansion continues

Watches	2QFY12			3QFY12		
	Sales Growth	LTL Growth	Stores (x)	Sales Growth	LTL Growth	Stores (x)
World of Titan	20	16	317	10	8	326
Helios	400	10	14	470	18	21
Fastrack	100	72	64	77	21	85
LFS - Watches	52	24	NA	24	-1	NA
<b>Sales Gr</b>		<b>16</b>			<b>17</b>	
<b>Volume Growth</b>		<b>19</b>			<b>11</b>	

Source: Company/MOSL

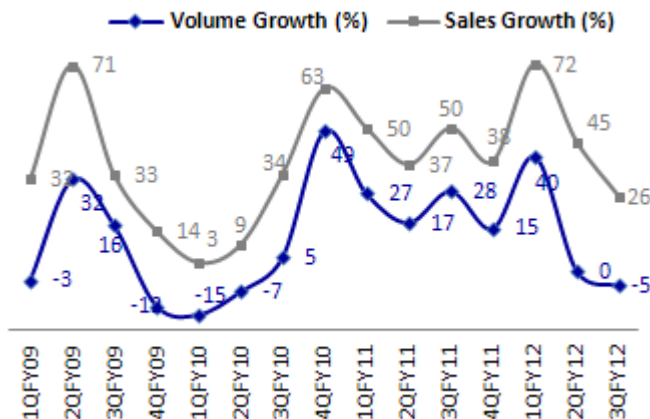
### Jewelry: Volumes decline 5%; sales up 26% led by higher gold prices; margins decline 50bp; pick-up in volume growth key watch-out

- **Jewelry sales increased 26% to INR24.6b**; EBIT grew 19% to INR1.8b; EBIT margin declined 50bp to 9.0%. Studied jewelry proportion was 26.2% as against 28% in 2Q.
- **Jewelry volumes declined 5%**; LTL sales growth in Tanishq was lower by 5% while it declined sharply by 31% QoQ in Gold Plus.
- 38% YoY higher Gold prices and high volatility kept customers away even in the festive season.
- **TTAN added 4 Tanishq and 2 Gold Plus stores in 3Q**. Tanishq reported 33% sales growth and 26% LTL growth; Gold Plus reported 24% sales growth with 13% LTL growth.
- **We expect volume growth recovery to be slow**, although gold prices are down by 6-7% from the peak levels. We are reducing FY12 volume growth estimates from 10% to 7% while we are increasing FY13 volume growth estimates from 8% to 10% led by higher store expansion plans.
- Management seems confident of achieving full year revenue growth of 40-45% with flat to 20-30bp expansion in EBIT margins.

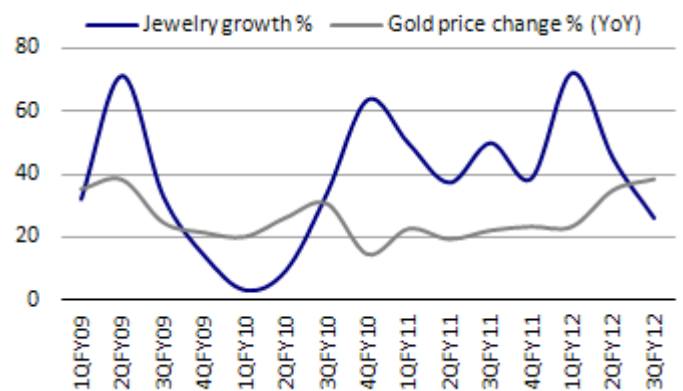
- We are factoring in 10% volume growth, 10% increase in realization for FY13, and flat margins for FY12.

We believe TTAN has advantage of higher gold prices till 1QFY13 assuming flat Gold prices; this will enable higher making charges/gm and enable absorption of increased overheads from store expansions. However, flat gold prices and delay in volume growth post 1QFY13 are key risks to our estimates.

Jewelry volumes decline by 5%....



.... due to volatility in gold prices



Source: Company/MOSL

LTL sales growth slows down; Gold Plus feels more heat

Jewelry	2QFY12		3QFY12	
	Tanishq	GoldPlus	Tanishq	GoldPlus
Sales Gr %	39	44	33	24
LTL Growth %	31	49	26	13
Stores	125	30	129	32

Jewelry volumes decline 5%

Jewelry	2QFY12	3QFY12	9mFY12
Volume Gr (%)	3	-5	9
Customer Gr (%)		8	17
Studded Share (%)	28	26.2	26.9
Sales Gr (%)	45	25	44

**Eyewear sales growth at 77%; PE business enabled positive EBIT for others; accessories incubated as new growth engine**

- **Others reported 69% increase in sales** and EBIT of INR52m led by profitable operations in PE (precision engineering).
- **Eyewear reported 77% sales growth** and achieved profit in one month. Aggressive store expansion continued with 6 more stores added during the quarter taking the total addition to 41. LTL sales increased 26% led by extensive consumer promotion schemes during the quarter.
- Management believes that PE business profitability is unsustainable at these levels.
- **Titan Inds is incubating two new businesses:** (1) Fastrack bags, belts and accessories targeting youth, and (2) Titan branded leather accessories targeting premium consumers. Fastrack volumes are expected to cross 1m soon while Titan accessories are being tested in Bangalore and Chennai. Management expects these verticals to have margins in line with watch business in the coming years. We are very positive on the Fastrack accessories due to their positioning and focused approach.

**Titan Eye+ LTL sales up due to promotions**

Titan Eye+	2QFY12	3QFY12
Stores	185	191
Sales Gr (%)	16	77
LTL Gr (%)	-19	26

Source: Company/MOSL

**Valuation and view: near term headwinds sustain; cutting estimates by 1-3%; jewelry volume growth trend key monitorable; Neutral**

- **TTAN is facing strong headwinds** due to slowdown in consumer demand and volatile gold prices. We believe consumer demand will take some time to bounce back given high inflation and uncertain environment.
- **TTAN continues to incubate new businesses** like 1) Fastrack watches and accessories targeting youth, 2) Helios multibrand watch outlets, 3) Titan Eye+ eyewear, and 4) Titan branded premium accessories. Aggressive store expansion and new launches are likely to keep near term margins under check.
- **Jewelry demand growth has slowed down** due to 38% YoY price increase; although gold prices have softened 6-7% from the peak, it may take some time for demand to regain vibrancy. We are factoring in 7% grammage increase for FY12 and 10% for FY13; 9MFY12 grammage increased 9%.
- We are lowering FY12 and FY13 EPS estimates by 1-4% on back of 1) lower margins in watch business and 2) lower volume growth but flat margins in jewelry and 3) lower losses in other businesses. 4Q numbers will show significant growth QoQ due to provision for onetime bonus payment of INR350-400m for FY11 (reflected in 4QFY11).
- The stock currently trades at 31x FY12E EPS of INR6.6 and 25x FY13E EPS of INR8.1 with PAT CAGR of 29%. Maintain **Neutral**.

## Titan Industries: an investment profile

### Company description

Titan is one of the largest specialty retailers in India. The company is a market leader in watches and a pioneer in the branded jewelry market. The company's economy segment watch 'Sonata' is the largest selling watch in the country. Titan entered the branded jewelry segment in 1996 with the Tanishq brand and continues to be the largest player in this segment.

### Key investment arguments

- Titan is a market leader in the organized segment of the domestic watch industry with ~60% market share. The branded watch retailing segment is expected to report strong growth given that 60% of the watch retailing industry is dominated by the unorganized segment.
- *Tanishq*, Titan's branded jewelry brand, is the largest player in the Rs70b branded jewelry market in India. Branded jewelry accounts for less than 10% of the total jewelry market in India and is expected to report 40% CAGR over the next 5 years.
- Operating margins are expected to expand, as fiscal benefits from units in backward areas and aggressive cost cutting initiatives undertaken by the company yield results.

### Key investment risks

- Rise in gold prices would impact volume growth in Jewelry division impacting the margins.
- Longer than expected break even period of Titan Eye+ is likely to strain profitability of the company.

### Recent developments

- During the quarter, the company added 31 stores in watches and 35 stores in Eyewear.

### Valuation and view

- We are cutting FY12 and FY13 estimates by 1-4% to INR6.6 and INR8.1 in FY12 and FY13.
- The stock trades at 31x FY12 and 25x FY13E EPS. Maintain **Neutral**.

### Sector view

- We believe specialty retailers are better placed to ward off the impact of the current slowdown. Ability to generate cash flows to adequately finance expansion plans put them in a better position.

### Comparative valuations

		Titan	Pantaloon	Shoppers Stop
P/E (x)	FY12E	30.8	21.2	31.1
	FY13E	24.8	17.4	23.3
EV/EBITDA (x)	FY12E	22.1	6.6	15.3
	FY13E	17.4	6.2	11.6
EV/Sales (x)	FY12E	1.9	0.6	1.3
	FY13E	1.6	0.6	1.0
P/BV (x)	FY12E	12.6	1.2	4.3
	FY13E	9.3	1.1	3.7

### Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	53.5	53.4	53.4
Domestic Inst	5.9	5.5	8.6
Foreign	13.2	13.3	10.4
Others	27.5	27.9	27.6

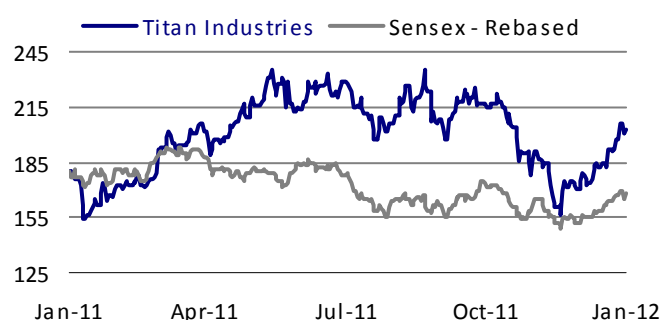
### EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	6.6	6.7	-2.0
FY13	8.1	8.3	-2.1

### Target Price and Recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
202	195	-3.5	Neutral

### Stock performance (1 year)



## Financials and valuations

Income Statement		(INR Million)				
Y/E March	2009	2010	2011	2012E	2013E	
Net Sales	38,034	46,744	65,209	88,295	106,120	
Change (%)	27.0	22.9	39.5	35.4	20.2	
Total Expenditure	34,779	42,929	59,353	80,623	96,609	
<b>EBITDA</b>	<b>3,255</b>	<b>3,815</b>	<b>5,856</b>	<b>7,672</b>	<b>9,510</b>	
Change (%)	27.8	17.2	53.5	31.0	24.0	
Margin (%)	8.6	8.2	9.0	8.7	9.0	
Depreciation	418	360	345	450	457	
Int. and Fin. Charges	228	254	82	44	20	
Other Income - Recur	53	119	561	928	1,010	
<b>Profit before Taxes</b>	<b>2,662</b>	<b>3,320</b>	<b>5,990</b>	<b>8,107</b>	<b>10,043</b>	
Change (%)	31.6	24.7	80.4	35.3	23.9	
Margin (%)	7.0	7.1	9.2	9.2	9.5	
Tax	630	838	1,686	2,451	3,037	
Deferred Tax	65	134	32	182	225	
Tax Rate (%)	21.2	21.2	27.6	28.0	28.0	
<b>Profit after Taxes</b>	<b>2,097</b>	<b>2,615</b>	<b>4,336</b>	<b>5,837</b>	<b>7,231</b>	
Change (%)	29.4	24.7	65.8	34.6	23.9	
Margin (%)	5.5	5.6	6.7	6.6	6.8	
<b>Reported PAT</b>	<b>1,631</b>	<b>2,503</b>	<b>4,336</b>	<b>5,837</b>	<b>7,231</b>	

Balance Sheet		(INR Million)				
Y/E March	2009	2010	2011	2012E	2013E	
Share Capital	444	444	444	888	888	
Preference Share Cap	0	0	0	0	0	
Reserves	5,069	6,800	9,810	13,351	18,360	
<b>Net Worth</b>	<b>5,512</b>	<b>7,244</b>	<b>10,254</b>	<b>14,238</b>	<b>19,247</b>	
Loans	1,754	728	677	200	200	
Deferred Tax	182	48	15	197	422	
<b>Capital Employed</b>	<b>7,448</b>	<b>8,019</b>	<b>10,946</b>	<b>14,635</b>	<b>19,869</b>	
Gross Block	5,298	5,611	6,089	7,614	8,989	
Less: Accum. Depn.	3,017	3,145	3,393	3,818	4,250	
<b>Net Fixed Assets</b>	<b>2,281</b>	<b>2,466</b>	<b>2,696</b>	<b>3,796</b>	<b>4,739</b>	
<b>Intangibles</b>	<b>464</b>	<b>160</b>	<b>135</b>	<b>110</b>	<b>84</b>	
Capital WIP	195	123	194	150	150	
Investments	77	76	91	91	91	
<b>Curr. Assets, L&amp;A</b>	<b>14,777</b>	<b>18,037</b>	<b>34,224</b>	<b>42,724</b>	<b>53,548</b>	
Inventory	12,027	13,403	19,938	28,286	34,677	
Account Receivables	1,062	936	1,137	1,470	1,767	
Cash and Bank Balan	547	1,867	10,949	10,235	13,843	
Others	1,141	1,831	2,200	2,733	3,261	
<b>Curr. Liab. and Prov.</b>	<b>10,346</b>	<b>12,843</b>	<b>26,394</b>	<b>32,235</b>	<b>38,744</b>	
Current Liabilities	9,411	11,496	24,193	29,404	35,327	
Provisions	934	1,347	2,201	2,831	3,417	
<b>Net Current Assets</b>	<b>4,432</b>	<b>5,194</b>	<b>7,830</b>	<b>10,488</b>	<b>14,804</b>	
<b>Application of Funds</b>	<b>7,448</b>	<b>8,019</b>	<b>10,946</b>	<b>14,635</b>	<b>19,869</b>	

Ratios						
Y/E March	2009	2010	2011	2012E	2013E	
<b>Basic (Rs)</b>						
EPS	2.4	2.9	4.9	6.6	8.1	
Cash EPS	2.7	3.3	5.2	7.1	8.6	
BV/Share	6.2	8.2	11.5	16.0	21.7	
DPS	0.8	0.9	1.5	2.0	2.4	
Payout %	32.7	31.0	30.0	30.0	30.0	
<b>Valuation (x)</b>						
P/E			41.4	30.8	24.8	
Cash P/E			38.8	28.7	23.4	
EV/Sales			2.6	1.9	1.6	
EV/EBITDA			28.9	22.1	17.4	
P/BV			17.5	12.6	9.3	
Dividend Yield (%)			0.7	1.0	1.2	
<b>Return Ratios (%)</b>						
RoE	42.5	41.0	49.6	47.7	43.2	
Operating RoE	41.1	44.2	128.1	197.9	110.3	
RoCE	50.0	53.6	61.8	61.8	55.2	
<b>Working Capital Ratios</b>						
Debtor (Days)	10	7	6	6	6	
Asset Turnover (x)	5.1	5.8	6.0	6.0	5.3	
<b>Leverage Ratio</b>						
Debt/Equity (x)	0.3	0.1	0.1	0.0	0.0	

Cash Flow Statement		(INR Million)				
Y/E March	2009	2010	2011	2012E	2013E	
OP/(loss) before Tax	2,662	3,320	5,990	8,107	10,043	
Int./Div. Received	53	119	561	928	1,010	
Deffered Revenue Ex	0	0	0	0	0	
Depreciation and An	418	360	345	450	457	
Interest Paid	228	254	82	44	20	
Direct Taxes Paid	630	838	1,686	2,451	3,037	
Incr in WC	519	-558	-6,445	3,372	707	
<b>CF from Operations</b>	<b>1,755</b>	<b>3,264</b>	<b>11,573</b>	<b>3,618</b>	<b>7,746</b>	
Extraordinary Income	-466	-112	0	0	0	
Incr in FA	382	-63	524	1,456	1,350	
Investments	-397	0	15	0	0	
<b>CF from Invest.</b>	<b>-450</b>	<b>-49</b>	<b>-539</b>	<b>-1,456</b>	<b>-1,350</b>	
Issue of Shares	53	0	0	0	0	
Incr in Debt	-821	-1,026	-51	-477	0	
Dividend Paid	415	519	776	1,290	1,751	
Others	94	350	1,125	1,262	1,365	
<b>CF from Fin. Activity</b>	<b>-1,277</b>	<b>-1,895</b>	<b>-1,952</b>	<b>-3,029</b>	<b>-3,116</b>	
<b>Incr/Decr of Cash</b>	<b>28</b>	<b>1,320</b>	<b>9,082</b>	<b>-867</b>	<b>3,280</b>	
Add: Opening Balance	519	547	1,867	10,949	10,235	
<b>Closing Balance</b>	<b>547</b>	<b>1,867</b>	<b>10,949</b>	<b>10,082</b>	<b>13,515</b>	

## Disclosures

This report is for personal information of the authorized recipient and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

The information contained herein is based on publicly available data or other sources believed to be reliable. While we would endeavour to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

### Disclosure of Interest Statement

### Titan Industries

- |   |    |
|---|----|
| 1. Analyst ownership of the stock                       | No |
| 2. Group/Directors ownership of the stock               | No |
| 3. Broking relationship with company covered            | No |
| 4. Investment Banking relationship with company covered | No |

## Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

## Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

### For U.K.

This report is intended for distribution only to persons having professional experience in matters relating to investments as described in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (referred to as "investment professionals"). This document must not be acted on or relied on by persons who are not investment professionals. Any investment or investment activity to which this document relates is only available to investment professionals and will be engaged in only with such persons.

### For U.S.

MOST is not a registered broker-dealer in the United States (U.S.) and, therefore, is not subject to U.S. rules. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., Motilal Oswal has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, Marco Polo and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.



## Motilal Oswal Securities Ltd

3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motilaloswal.com