

**FOR IMMEDIATE RELEASE**

October 5, 2010

**ICRA assigns A1+ rating to the enhanced bank facilities of Titan Industries Limited**

ICRA has assigned an A1+ (pronounced as A One Plus) rating to the Rs. 500 crore<sup>1</sup> non fund based limits of Titan Industries Limited (TIL)<sup>†</sup>. ICRA has an outstanding rating of LAA (pronounced as L Double A) for the Rs. 52.83 crore non convertible debenture (NCD) programme, the Rs. 100 crore bond programme, the Rs. 50 crore term loan programme and the Rs. 200 crore fund based limits of Titan Industries Limited<sup>†</sup>. ICRA also has an outstanding rating of A1+ for the Rs. 10 crore commercial paper programme and the Rs. 1000 crore non fund based limits of TIL<sup>†</sup>.

The rating factors in TIL's market leadership in the organised watches and branded jewellery segments and its strong financial risk profile characterised by healthy growth in revenues, sustained profitability levels, improving cash accruals and a conservative capital structure all resulting in high financial flexibility. The rating continues to draw comfort from the strong parentage of TIL and the expectation of continued market leadership given the wide product range catering to various styles and price points, high quality products, wide distribution and service network and TIL's growing penetration into the sizeable unorganised market for watches and jewellery. ICRA notes that revenue growth in both the watches and jewellery divisions has improved considerably over 2008-09 levels, indicating a revival in consumer demand which is expected to be sustained over the medium term. The ratings are however constrained by the intensifying competition in the wristwatches and branded jewellery segments and consequent pressure on margins, vulnerability of jewellery demand to gold price movements and the high working-capital intensity of operations.

**Company Profile**

TIL, part of the Tata Group of companies, was incorporated in 1984, as a joint venture between Tata group and TIDCO. Tata Group and TIDCO currently hold 25.46% and 27.88% respectively in TIL with the rest held by institutional investors and the public. TIL is a market leader in the domestic wristwatches (brands 'Titan', 'Sonata' and 'Xyllys') and domestic branded jewellery markets (brand 'Tanishq' and 'Gold Plus'). In 2009-10, TIL's jewellery division contributed 75% of its revenues, sales of watches contributed to 22% with the balance coming from sale of precision engineering components and eye-wear. TIL's net sales and PAT for 2009-10 were Rs 4674.42 crore and Rs 253.24 crore respectively and for the three months ended June 30, 2010 were at Rs. 1252.76 crore and Rs. 81.28 crore respectively.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications