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7<sup>th</sup> November 2024

The General Manager, DCS – CRD  
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The General Manager, DCS – CRD  
National Stock Exchange of India Ltd  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East),  
MUMBAI - 400 051  
Symbol: **TITAN**

Dear Sirs,

**Sub: Earnings Call Transcripts**

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call to discuss the Unaudited Financial Results (standalone and consolidated) for the quarter and half year ended 30<sup>th</sup> September 2024 is attached herewith.

The transcript is also available on the website of the Company: [www.titancompany.in](http://www.titancompany.in)

Kindly take the same on record and acknowledge receipt.

Yours truly,  
For TITAN COMPANY LIMITED

Dinesh Shetty  
General Counsel & Company Secretary

Encl. As stated



# “Titan Company Limited Q2 FY25 Earnings Conference Call”

**November 05, 2024**



## **MANAGEMENT:**

<b>MR. C. K. VENKATARAMAN</b>	<b>– MANAGING DIRECTOR, TITAN COMPANY LIMITED</b>
<b>MR. ASHOK SONTHALIA</b>	<b>– CHIEF FINANCIAL OFFICER</b>
<b>MR. SWADESH BEHERA</b>	<b>– CHIEF PEOPLE OFFICER</b>
<b>MR. AJAY CHAWLA</b>	<b>– CEO, JEWELLERY DIVISION</b>
<b>MS. SUPARNA MITRA</b>	<b>– CEO, WATCHES &amp; WEARABLES DIVISION</b>
<b>MR. RAGHAVAN N S</b>	<b>– CEO, EYECARE DIVISION</b>
<b>MR. KURUVILLA MARKOSE</b>	<b>– CEO, INTERNATIONAL BUSINESS DIVISION</b>
<b>MR. AMBUJ NARAYAN</b>	<b>– CEO, INDIAN DRESSWEAR DIVISION</b>
<b>MR. MANISH GUPTA</b>	<b>– CEO, FRAGRANCES &amp; FASHION ACCESSORIES DIVISION</b>
<b>MR. SAUMEN BHAUMIK</b>	<b>– MANAGING DIRECTOR, CARATLANE</b>



*Titan Company Limited  
November 05, 2024*

**Moderator:** Ladies and gentlemen, good day, and welcome to Q2 FY25 Earnings Conference Call of Titan Company Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. C. K. Venkataraman, Managing Director from Titan Company Limited. Thank you and over to you, sir.

**C. K. Venkataraman:** Thank you very much. Good evening, everyone on the call. It's good to join you immediately after a wonderful Diwali. Happy Diwali belated to all of you. And we are also happy to do this call on top of a good growth quarter in Q2. I would like to circle back at the end of the call to give my broader comments on the Company and the various parts.

Now, I can hand it over to the people who would like to ask us questions, please.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on your touchtone phone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking the questions. Ladies and Gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Devanshu Bansal from Emkay Global, please go ahead.

**Devanshu Bansal:** Thanks for the opportunity, and congratulations on a good growth performance in Q2. My first question is on margin, Sir. In the jewellery segment, there has been a 270 bps margin drop. I just wanted to understand if you could segregate this into various margin brackets. Is it like due to a pressure in gold price margin, weaker revenue mix or higher promotions on making charge marketing, etc., So, broadly if you could help us understand the breakup of the this?

**Ajoy Chawla:** Hi, this is Ajoy here. We had two-three impacts on margin this quarter.

One was a substantial part of it is on account of the one-time custom duty loss, which has flown in already part of it in this quarter and partly in the next. That's a substantial part of it. Beyond that, it is to do with the studded mix being lower than the expected one, again on account of two factors. One is there was a gold rush of sorts in quarter two. Therefore, the gold component was much higher, including a substantial rise in gold coins and bullion purchases. And the other is, in studded, Solitaire, particularly the large carat stone demand has been under pressure due to price uncertainties in the market, linked to international demand supply situation. So, all these three factors actually contributed to most of the reasons for the margin drop. Some amount of

marketing investments for the brand, etc., to drive growth, would have contributed, but that's not substantial. That would be a very small impact.

**Ashok Sonthalia:** And maybe we can just quantify Ajoy custom duty impact in the quarter is Rs. 290 crores.

**Devanshu Bansal:** Yes, that's mentioned in the PPT, Sir. Ajoy, I also wanted to understand the reason behind this weak sort of growth in studded. Obviously, Solitaire, you mentioned. So, if we have to divide it into two broader reasons, one is from a studded perspective, the other competition is sort of giving relatively better pricing on studded. That is one. And the second obviously is the growing noise around the lab grown diamond. So, what do you attribute this to as of now among these two reasons?

**Ajoy Chawla:** So, as I said, the Solitaire demand has been a big contributor to the impact on overall studded. If I exclude Solitaire and look at the growth without Solitaire, actually the studded growth is quite healthy. Okay. And even within Solitaires, I can further specify that the bigger stones where price uncertainty is high and where there is a certain investment mindset which exists for those people who are buying higher carat stones, one carat, two carat and so on and so forth, they have been holding back because they are waiting for prices to settle down. Now, it is not entirely clear is it because of lab grown, but it is also true that international demand in China and many other markets which have nothing to do with lab grown has also been on the back foot and therefore, there is a demand supply issue on large size Solitaire stones. Competitive pressures wise, I don't see a big issue because as I said studded jewellery demand has been good and in fact buyer growth have been in healthy double digits across price bands. So, even the sub-1 lakh price band which some people might ask, so actually we are very happy with the buyer growth in studded therefore more customers are in the market for studded.

**Devanshu Bansal:** Just a small follow up, what would be qualitatively the margin difference between Solitaires within studded and the other smaller pieces that we sell under the studded jewellery?

**Ajoy Chawla:** No significant difference.

**Moderator:** Thank you. The next question is from the line of Tejas Shah from Avendus Spark Institutional Equities. Please go ahead.

**Tejas Shah:** Hi, Thanks for the opportunity. Ajoy, the first question is, with most categories, the consumer categories at large being soft this quarter, except our jewellery has actually done well at large even as a sector, how do you gauge consumer sentiment? Any early read on festive or wedding demand trends also?

**Ajoy Chawla:** I think the consumer sentiment was good, I would say, in this quarter. The only slight, let's say, adjustment we have to make, last year, Shradh was in October, all of Shradh. This year, 13 days out of the 15 days of Shradh was in September, so it kind of shifted quarters. And that, while we

factor it into our business plan, that when you look at it from a calendar perspective may not strike you, and therefore, I see sentiment to be very good. Even festive sentiment has been excellent. So, I think it's fantastic.

**Tejas Shah:** And the same you would extend to wedding jewellery demand also?

**Ajoy Chawla:** Yes, wedding jewellery demand started picking up post the custom duty reduction announcement because there were many fence-sitters which we believe from first quarter and election and all of those factors which impacted first quarter who were waiting. Once gold prices corrected, many people came in. And as we speak also, because festive is a good period to also pick up jewellery festive, wedding has picked up. And we think it's a good run ahead for the next two quarters.

**Tejas Shah:** A small follow up there. So, with high gold prices, are you seeing any shift towards lighter or more affordable jewellery or any preference trending across price points or regions you can share?

**Ajoy Chawla:** Actually, no. We have seen that higher value jewellery in gold, especially if I look at it, has continued to do well. In the very low-price points, because of the price of gold having gone up, some products have moved price bands. So, on gold, I would say there is in fact no indication that it is only lightweight which people are interested in. It's pretty much what it is. In the diamond studded, there was some, but I think I am not sure if it's a consumer sentiment. I think the ticket size in studded was impacted partly on account of Solitaire and partly on account of a delayed launch from our side in certain price bands. But I don't see any correlation coming out there. Lower price bands in diamonds have done very well, whether you look at CaratLane, whether you look at Tanishq or Mia. So, not seeing any trends.

**Tejas Shah:** And the last one on lab grown diamonds, so we have been wait-and-watch or monitoring phase for last few quarters, as you called out. Any early findings on consumer interest now or any pilot initiatives underway that you can share?

**Ajoy Chawla:** No, we continue to observe. We are not seeing inquiries across our stores other than clarifying that all the diamonds we are selling are natural, etc., We continue to observe and study the customer and keeping a close track of it. So, as of now, nothing more to report.

**Moderator:** Thank you. The next question is from the line of Avi Mehta from Macquarie. Please go ahead.

**Avi Mehta:** Hi Team, Thanks for the opportunity. Just on the margin front, first, we have seen the first half at almost about 11.3% adjusted for this custom duty. Would you still look at 11.5%-12.5% for the year? Is that a range that we can kind of, how should we look at FY25, if you could give us some sense?

- Ashok Sonthalia:** Ashok here. I think given what we have done in H1 and the likely attraction of gold continuing, I think FY25 looks like more between 11% and 11.5%. And then maybe we can come back that are we going to go back to our original guidance for the next year.
- Avi Mehta:** And just a second question is on, again, sorry, on lab-grown diamond. I hear you clearly on the consumer adoption. I just wanted to appreciate that within the Tata Group, one other Company has launched lab-grown diamond. Does that indicate or preclude any possible entry by us? Or how should we look at that or would love to hear your thoughts on the same?
- C. K. Venkataraman:** Hi Avi, Venkat here. Trent is a big box retailer and Westside sells multiple categories. So, they sell perfumes, Titan sells perfumes, they sell women's bags, Titan sells women's bags and salwar kameez and so on. So, in a way, it is natural for a big box retailer to consider fashion jewellery and the introduction / use of the lab-grown diamonds in the fashion jewellery. We are a category expert, we create brands, we create EBOs and we play the game very differently. And both of us are free to pursue our own destinies. I think because the lab-grown diamond is a strategic subject in the jewellery industry, obviously this question is raised as opposed to perfumes and bags, I understand that. But it certainly does not preclude us at all from doing anything that we want. It is just that we choose to do our business in a particular way and this is a matter of such strategic importance that we would announce it when we are ready to announce it. That is all.
- Avi Mehta:** And Sir, just to clarify, if I heard your comment correctly, the current performance of non-solitaire studded jewellery reaffirms our expectations. That is the right read through on how we look at lab-grown?
- Ajoy Chawla:** Yes. The non-solitaire side of the demand is very good and healthy. Even solitaires, the smaller carats are actually doing very well. There are carats where the investment-oriented buyer is there who is waiting and watching and that is what customers have also told us.
- Avi Mehta:** And Sir, any share that you could share of how roughly it would be in salience for us, the large diamonds because I would assume it would be a little bit smaller share?
- Ashok Sonthalia:** It is a fairly small share, but in the recent past we had upped the game in the last 2-3 years, so we had clocked in very good growth so the base effect has played a role. Otherwise, it is a small share.
- Moderator:** Thank you. The next question is from the line of Jay Doshi from Kotak. Please go ahead.
- Jay Doshi:** Hi, Thanks for the opportunity. Just clarifying on the guidance for EBIT margin, the earlier guidance was 11.5%-12.5% at the consol jewellery EBIT margin. So, has this now changed to 11%-11.5%? Basically, it is consol jewellery EBIT or standalone?

**Ashok Sonthalia:** So, yes, you must appreciate that the Titan jewellery is the significant part of that. So, whatever applies to Tanishq would actually hold true for the consolidated also. So, it is overall.

**Jay Doshi:** So, if I look at the first half numbers, recurring consol EBIT margin is 10.5% for jewellery business. And for you to sort of deliver 11.5%, it means the second half should be 11% at a lower end, second half should be 100 bps better than first half, so are there any sort of efficiency levers or any trends that you are seeing in the market that gives you confidence of improvement in second half, margin improvement versus what we have seen in first half. And I am referring to recurring, excluding onetime impact of import duty?

**Ashok Sonthalia:** No, I understand, So, some of the initiatives which have been taken on and they are in the early stage or some are slightly advanced stages, kind of makes us believe that some improvement we can do, even like diamond jewellery, the gold content and the inherent margin of that stuff have gone down slightly, may slightly stabilize. And even quarter 3 and quarter 4, likely performance which we think, including CaratLane, CaratLane also margin trajectory would be slightly better in H2, for sure. And that is what gives us confidence in H2, we will be slightly better off than H1.

**Ajoy Chawla:** I will just supplement, on the demand side, we have always maintained that this year, quarter 1 would be the weakest because of the many factors at play. We spoke about it. H2 is therefore expected to be certainly better than H1 and certainly for diamond studded, even more so. And that gives us the confidence that it would be a better margin play in H2.

**Jay Doshi:** And is it possible so when we look at this quarter's margin of 11.4% versus 14.1% last year, there is a 270 basis point drop. And when we look at 1Q, the drop was actually not that much on a Y-o-Y basis and 1Q was a much weaker quarter from topline growth or operating leverage perspective. So, is it possible to break down this 270 basis point recurring EBIT margin drop this quarter? How much of that is attributable to, let us say, weakness on the studded side or mix? And how much of that is basically competitive pressure in the gold business?

**Ajoy Chawla:** Most of it is the studded product mix and studded product mix and gold coin mix also being there and some of it, as Ashok pointed out, the gold price component in the total material cost of the studded piece also adds up into that and therefore it is really linked to studded share, not so much on the competitive margin. Studded margin will get impacted, therefore on that gold price going up and product mix on account of studded share and gold coin share. These are the three factors beyond.

**Jai Doshi:** As a thumb rule, my understanding was 100 bps drop in studded share would account for about 20 bps impact on margin. Is that correct or you think it will be much higher?

**Ashok Sonthalia:** We can't confirm that because product level margin discussion we don't do.

- Moderator:** Thank you. Next question is from the line of Percy from IIFL. Please go ahead.
- Percy:** I had a question on consumer behavior. So, supposing if there is a consumer with a budget of let us say 1 lakhs to 1.5 lakhs who wants to buy diamond jewellery, and supposing this customer is now saying that, okay, let me evaluate a jewellery made from lab-grown diamonds, then what does he do in this situation? Does he buy similar type of jewellery by slashing his budget or does he more or less maintain his budget and upgrade the quality or rather the caratage of the diamonds?
- Ajoy Chawla:** It is a very hypothetical question. I will try to answer it in the most factual way I can. ₹1-₹. 2 lakhs price segment has seen fantastic buyer growth for Tanishq in this quarter and it continues. So, I sense that customer is not swinging too much. If it was, we would have started seeing some weakness. Second piece of information that I have picked up from whatever consumer understanding and market work is the moment lab-grown jewellery goes beyond ₹1,00,000, the customer interest significantly falls. In fact, most of the players are selling products largely in the sub ₹1 lakh space and maybe ₹50,000, ₹60,000, ₹70,000. There is a segment of people at the very top end who might be asking their jeweler to give them a lab-grown in big stones, which may be in that ₹10-₹15 lakhs. That is it. It is difficult to estimate that demand. But most of the players that you see in the marketplace are selling pretty much sub-one lakh. So, I think beyond one lakh, there is a barrier in the customer's mind is my understanding from whatever I've picked up.
- Percy:** So, let us say supposing there is a customer who wants to buy in that ₹1-₹1.5 lakh ticket size and supposing, I know you said that he is unlikely to go to lab-grown diamonds, but supposing he wants to buy a very similar piece made through lab-grown diamonds, then how much does he actually save on his budget? Does that ₹1.5 lakh become ₹50,000 or does it become ₹1 lakh? What is the rough ballpark here?
- Ajoy Chawla:** It will be below ₹50,000.
- Percy:** So, basically even at a ₹1.5 lakh ticket size which is a studded jewellery which means that there are multiple pieces of diamonds in it, even at that point he saves like 65% of his cost?
- Ajoy Chawla:** I don't know whether he can get the same piece with the same stone configuration. He may be able to get something at ₹50,000 - ₹60,000 which may not have exactly the same stone configuration. It is a very difficult hypothetical question. But by and large, I think, the person would bring it, the budget would come down to ₹50,000, ₹60,000, maybe max ₹70,000 or maybe it would be ₹50,000.
- C. K. Venkataraman:** And for what it is worth, to answer your first question in the American market, the general tendency of people is to buy a much bigger product for the budget that they came with. So, if it is \$10,000, so I would buy a much bigger stone for the \$10,000 and in a way make myself and



my bride to be happy with that bigger stone. And that is the tendency in the US as opposed to buy a similar product at one-third the price.

**Percy:** So, if that is the case, Venkat, then what stops us from getting into this segment? Because my understanding is what is stopping us is the value depletion that if we start offering LGD, the topline itself will suffer even if the volume goes up, but if the topline is more or less maintained and the gross margins anyways are quite healthy on LGD, then what is the detriment in you launching this product?

**C. K. Venkataraman:** Why do you think anything is stopping us from getting into this? We have not yet launched.

**Moderator:** Thank you. The next question is from the line of Nihal Mahesh from Ambit Capital. Please go ahead.

**Nihal Mahesh:** I have my first question on the demand with Ajoy, the press release mentioned that there was strong momentum till mid-September. Just wanted to clarify that after the initial spurt that you saw post the duty cut, has the demand trend sustained or there has been a sharp moderation, just wanted to clarify that part first?

**Ajoy Chawla:** No, it is sustained. I would only say that there was a pause during the Shradh period which started around the 17th of September till the end of the month and actually till 2nd of October. From 3rd onwards, again, it picked up. Of course, this excludes Bengal because they start their Pujo purchases. But after that, it has continued well into the season.

**Nihal Mahesh:** Understood, that's clear. The second question was again on the LGD bit. As you also highlighted, based on what we have discussed in this call, that the demand for LGDs is mainly the sub ₹1 lakh price point at this point in time. And more than Tanishq, I think CaratLane operates in that point with a very high share of solitaires. So, is it right to say the kind of a customer that a CaratLane serves and also say if LGD becomes more fashion oriented, that is the brand which could see maybe more migration of customers, and maybe that is the brand where LGD launch would make sense, just your thoughts on that?

**C. K. Venkataraman:** Actually, we wouldn't like to share anything about our strategy, whatever that is, when it is going to be on this. Actually, if you really think about it, it is a matter of strategy that you are asking us to reveal before we actually launch anything like that, right? So, like I said earlier on the call, we would speak about it in detail when we are ready to speak about it.

**Ashok Sonthalia:** Just one factual correction that CaratLane doesn't have, it looks like you said that they are selling a lot of solitaire.

**Nihal Mahesh:** Studded.

**Ajoy Chawla:** So, let me also just reiterate another point. CaratLane growth has been fantastic in this quarter. Mia growth has been fantastic in this quarter. Tanishq sub ₹1 lakh studded growth has been fantastic this quarter. And overall buyer growth also has been in early double digits, which is very good for studded. So, there is no current sense that this is getting impacted, if that is the hypothesis you have.

**Nihal Mahesh:** So, I will just correct. Maybe it is not about this quarter and lot about the impact, but just that would that customer be more relevant from an LGD perspective, let us put it that way, rather than a Tanishq customer?

**Ajoy Chawla:** Very difficult to comment, because right now there is no data to give evidence on that front, not just now, over the last several quarters. And this question has been coming and this hypothesis seems to be alive since the last several quarters almost continuously and currently the data is not showing up.

**Moderator:** Thank you. Ladies and Gentlemen, in order to ensure that the Management is able to answer questions of all participants, please limit your questions to two per participant. If you have a follow-up question, you may rejoin the queue. The next question is from the line of Shirish Pardeshi from Centrum Broking. Please go ahead.

**Shirish Pardeshi:** Hi, Good evening. Thanks for the opportunity. Ajoy, just two observations. Our studded ratio has come down to 30% and in Tanishq it has grown about 12% while in the CaratLane what I am reading is about the growth is about 41%. So, is the nature of the business, what I am trying to understand is there any overlap of the customers between CaratLane and Tanishq and what you mentioned is the shift which is happening from say a particular customer who is buying say less than ₹1 lakh studded at Tanishq is now moving to CaratLane?

**Ajoy Chawla:** So, we do look at it as a portfolio. And in sub ₹1 lakh studded as I said, the portfolio is growing double digits in terms of buyer growth. And the growth in CaratLane is certainly high because of the expansion that has happened in the past and will continue to be showing higher growth. It is also a much smaller base. In the case of Tanishq, there is no reason to believe because even Tanishq has a large dependence on the sub ₹1 lakh studded number of buyers. And we have seen actually good buyer growth even for Tanishq and Mia, which is there in Tanishq stores as well as Mia as a channel by itself. So, there may be some flow here and there that keeps happening, but it is very difficult to quantify that. We have not really got into that level of depth. We do look at it as an overall portfolio. Saumen wants to further add.

**Saumen Bhaumik:** Saumen here, CaratLane's play is by and large in the sub-50k, if you look at the real price point-based segment. So, it is not even at ₹1,000,000. It is significantly below ₹1,000,000 and ₹30,000-₹50,000 would be the max of our product that we sell.

- Shirish Pardeshi:** The reason why I am saying I had a first-hand experience around Diwali. So, we went a nearby store which was next to CaratLane and we saw a lot of people around CaratLane and people were completely buying only gold from Tanishq. Is there is a segmentation happening within the consumer minds? That is my fear.
- C. K. Venkataraman:** Actually, there are multiple angles sitting here. First of all, CaratLane is Tanishq. Secondly, CaratLane is so famous for good looking affordable jewellery. Tanishq is so famous for exquisite jewellery. And the first thing you think of Tanishq is not good looking affordable. That is not Tanishq. Tanishq plays, when you ask so much about the wedding, for example, or if you take the campaign of Tanishq for Diwali, it is Nav-raani, which is exclusive big jewellery. So, natural place for customers to go for affordable good looking jewellery would be a CaratLane or a Mia and therefore you will see a lot more people sort of crowding in that store and in a small store, 10 people will look crowded. In a big store 20 people will look not so crowded. So, that is also there. But the more important thing is what the brand is famous for and why people buy, a lot of gifting happens in CaratLane. All these are there as dimensions.
- Ajoy Chawla:** And gold, season time gold is a very big draw. The play of gold in Tanishq is far higher than the play of gold in CaratLane or Mia for that matter. It is completely the other way. So, there will be a crowd for gold always.
- Shirish Pardeshi:** Just one quick follow up on Jewellery. Venkat, what is the new buyer contribution or new buyer growth because you have given total buyer growth at 12%?
- Ajoy Chawla:** Total, the contribution of new to repeat in the current quarter continues to be similar as last year. The growth is around the same, around the same percentage that we have seen, so both have grown at the same rate.
- Shirish Pardeshi:** Second and last question to Suparna, Watches, we have seen that Analog is doing much faster and last 2-3 quarters it is double digit, so is there a particular trend or is there particular product innovation or mix we have tried to showcase to the consumer? And how long will this growth continue? Do you think this is now in the base?
- Suparna Mitra:** Suparna here, you are right. Analog is seeing good growth in the last few quarters, and it is on the back of very strong product design and innovation. Also, on premiumization, so if you see, Titan brand or the Helios chain or the international brands doing very well, the premium sub-brands like Nebula, Edge, etc., doing very well. So, this has been going on for a while and this trend is becoming stronger and it is really getting manifested in very well-designed collections with very good value for the consumer for that price point and also supported by very good execution both in our stores, on-ground stores as well as in the play that we have in online. So, it is a combination of many things coming together and we do believe that our product pipeline and the overall product strategy will keep delivering good results for the next few quarters.

- Shirish Pardesi:** I Got that, Does that mean that 14.9% EBIT margin what we have shown there is upside to this margin?
- Suparna Mitra:** Difficult to say, I would go back to what we had said during the investor day that 13%-14% is definitely in the range that we will commit to.
- Moderator:** Thank you. The next question is from the line of Krish Shanbhag, an Individual Investor. Please go ahead.
- Krish Shanbhag:** Sir, my question is on the loss due to import duty cut. Historically, you have always said that you hedge your gold, so there is no impact of falling gold prices. So, why is there a loss when you have hedged yourself?
- Ashok Sonthalia:** So, we will try to explain. We source a lot of gold through Gold on Lease program, which is a natural hedge because price is fixed on the date of sale. So, that gold inventory is in a way price-wise not exposed, but custom duty is already paid. The day we source that gold on lease, custom duty is paid, but the price is fixed on the date of sale, so that inventory is always exposed to custom duty variation. In the past, sometime, when custom duty went up, we made some gains also. And that also, if you go in our quarterly results, you will find that we have talked about that. This time, the drop was very steep, and that is why a significant loss.
- C. K. Venkataraman:** So, just to elaborate and make it totally clear, if ₹100 was the import rate, and ₹15 was the customs duty paid; we paid the ₹15, but that ₹100 was floating till we fixed it which we typically match with sale. So, if ₹100 became ₹105, we sold it at ₹105, fixed it at ₹105, no loss, but the ₹15 was ₹15, and we couldn't hedge that 15 separately. And if the ₹15 fell to ₹6 as it fell, ₹9 we had to lose; we ended up losing.
- Moderator:** Thank you. The next question is from the line of Sourav Mondal from RK Advisory. Please go ahead.
- Sourav Mondal:** My question is about Analog watches. What is the trend there and if you could give some sense about price category trend and last 3 years and going forward, what is the revenue share of analog to wearables category?
- Suparna Mitra:** So, the trend is, like I mentioned earlier, there is a very clear premiumization trend where watches above ₹ 5,000, ₹10,000, ₹15,000, etc., are doing very well. We are seeing good growth in, like I said brand Titan, which is kind of spearheading the growth. As far as the proportion of analog to wearables, the last couple of years we have seen wearables share go up, but now with the wearables market in a bit of a correction mode, we are seeing that the analog share is higher.
- Moderator:** Thank you. The next question is from the line of Aditya Soman from CLSA. Please go ahead.

- Aditya Soman:** Hi, Good Afternoon. Two questions, so firstly, in terms of steady-state margins for jewellery, what would be sort of a steady-state margin one should expect over a medium term? And has the guidance on that changed at all? And the second question is on these emerging businesses. We see the level of profitability even on a year-on-year basis hasn't improved slightly. So, how do you think the trajectory on profitability plays out over the next few years, and what should be the drivers for improvement?
- Ashok Sonthalia:** So, emerging businesses for sure are in the investment phase. Growth is far more important than margin, but as the scale is growing, some of the gross margins are improving, so they can, but I think we are right now focused on them achieving the right scale and rightful position in the market. Jewellery, as we answered earlier, for FY25, we think 11%-11.5% seems to be the band which we will be able to deliver. And then at the end of the year and beginning of next financial year, we will be able to have much more clarity that going forward, what kind of number can be delivered and then maybe we will. But no significant change in terms of the structure is happening, 11.5%-12.5% to now we have talked about right now 11%-11.5%. So, we might go back to the original band, but yes, we will wait for some more time to kind of give that guidance.
- Moderator:** Thank you. The next question is from the line of Siddhant Dand from Goodwill. Please go ahead.
- Siddhant Dand:** Sir, my first question was about there has been a proposal to hike GST on luxury watches, about ₹25,000, I think. So, what percentage of our sales would that be? And secondly, would it hamper our plans to open ultra luxury watches stores in Helios?
- Suparna Mitra:** So, right now, it is a proposal. I think the group of ministers has recommended to the GST Council. So, we will have to wait and see how it actually pans out. Our proportion of watches above ₹25,000 is not very high right now. But given the fact that premiumization is a very continuing trend, it will become higher and higher over the next few years.
- Siddhant Dand:** Would you give a rough band of what percentage of topline would those be?
- Suparna Mitra:** At this point, we will not be able to share.
- Siddhant Dand:** Secondly, my question was regarding our golden harvest, competitors have come up with a little more aggressive scheme, so has that program been affected?
- Ajoy Chawla:** No, in fact, we ourselves have innovated a little bit on the golden harvest. We have launched another version which also enables customers to fix their gold rate, etc., and the benefit is different from the Golden Harvest usual scheme. So, put together, both programs are doing well and enrollments have been good. We have not been impacted by whatever competitors have offered. They have continued to offer historically, also more aggressively. So, it is not that something new has happened.

**C. K. Venkataraman:** And I think there is an intrinsic sort of relationship between preference for that brand and preference for that Golden Harvest equivalent of that brand. People want to buy Tanishq, and people sign up with GHS. People want to buy some other brand, they sign up with the program of that brand.

**Siddhant Dand:** My third and last question would be, one of our biggest moat was we were able to give a Karameter and verify people's adulterated gold back in the day. So, is there any sort of pilot or any idea around identifying whether someone's jewellery is a lab-grown one versus the mined one within the store itself?

**Ajoy Chawla:** Good idea. We should attempt it. We mentioned it in our media interaction when we did the De Beers tie-up. We have done a tie up. And we anyway use all their equipment for a lot of our value chain to ensure that there is absolutely no contamination. And they themselves have also innovated and come out with more, let us say, smaller device, etc., which can be deployed in stores. So, we are going to experiment with some of this in some of the cities and see what it yields. And we are also anyway separately testing out other competition and other jewelers' product to see how much is truly natural, how much is mixed, etc., so all that work is on, but good idea. We will consider your thoughts.

**Siddhant Dand:** So, are you seeing on-ground adulteration going up in general?

**Ajoy Chawla:** I don't have data for that right now. It is too early to. We have started doing some studies. But very interestingly on gold, on a side note, even today we get 2-3 carats below the 22 carat in our exchange program. And it surprises me now and in certain markets, it goes down by even more, few more carats. So, even after so many years of hallmarking and so many years of doing it, we still get very low carats in our gold itself.

**Moderator:** Thank you. The next question is from the line of Rahul from Anion Investment Service. Please go ahead.

**Rahul:** Thank you so much for taking my question Sir. So, like in the last quarter, like we have data like you will be the expansion plan of the Tanishq, Mia and CaratLane especially, so could you provide an update about the store expansion plans, especially how many Tanishq, Mia and CaratLane stores have been added in Q2 and are you guys on track for their target, if the data is handy?

**Ashok Sonthalia:** Sure, So, we have added in Tanishq 22 stores. In fact, in this month itself, in October, we have added another 10 or 11 stores, rather. We have added 33, therefore, up to 30th October and our aim is to add between 40 and 50, depending on finding the right property, etc., and typically, that is what we have added. Mia is also likely to reach 250 by the end of the fiscal. On CaratLane, Saumen will share.

**Saumen Bhaumik:** As far as CaratLane is concerned, we recently crossed a milestone of 300 stores. Currently, it is 301. Net addition is 29 for the year and we hope to add another 20 before March.

**Moderator:** Thank you. The next question is from the line of Ashish Kanodia from Citi. Please go ahead.

**Ashish Kanodia:** Thank you for the opportunity. The first question is on the competitive intensity. So, given the steep increase in gold price, if you can highlight how the regional and local players are behaving, are they giving some offer on the gold price? Because we also noticed Tanishq was offering discount on the gold price for the first time and post the discount, the gold price was matching the gold price what some of the other large player offers. So, that is the first question?

**Ashok Sonthalia:** Yes, you are right. The competitive intensity on gold rates itself has gone up. Thanks to the very high price of gold. And many local players have been either on their own or sometimes in response to other national players or chains come out strongly with gold price offers. And this year, we saw many players do that. So, we also decided to play it a little differently and ensure that our discount payouts during the festive season was smartly distributed between making charges and gold rate and other offers that we do. So, psychologically, it helped the customer kind of feel a little bit more comfortable. But we still manage the payout in a manner that we look at them in totality and therefore it is not just a flow through.

**Ashish Kanodia:** So, instead of more discounts, part of the discount was routed through lower gold prices. Is that the right understanding?

**Ashok Sonthalia:** Yes. And what also it helped interestingly is during festive, the exchange became even more attractive because people bring in their old gold at a certain rate and then this is a discount, not the gold rate per se. So, it actually means in their mind, they gain a lot more by bringing in old gold, and we wanted people to do a lot of that. So, we ran a festival of exchange as well during this period, and this played to that.

**Ashish Kanodia:** Sure Sir, that's very helpful. The second question is, just going back on the LGD part, you have seen over the years how CZ or ADs have kind of, instead of becoming a jewellery, it basically ended up being just a fashion accessories, right, so any learning from that or anything, when the AD was ramping up in India, we were in a very different zone, but any similarities or difference you see when ADs or CZ was scaling up and now when LGD is scaling up and second, given what a Westside has done and maybe some other places are also doing, we will see ultimately, lab-grown diamond just fading away as accessories rather than really replacing it as a jewellery?

**C. K. Venkataraman:** So, the first thing is that certainly LGDs are far superior to ADs in any other form, because optically, chemically, physically, they mimic, they are diamonds in a sense, right? And they are just grown in the lab. So, to that extent, to compare them with AD is perhaps not right. The other thing is, finally, the sustainability side of LGD is also an angle which is being brought in and all that. So, I won't compare it like that, but will have to actually see the way it plays out in the next

many years. It is not easy to predict how it will actually go. And your second part, what was it to do with the Westside?

**Ashish Kanodia:** My point was because if you are getting an LGD in a big box retailer, as a consumer you will not necessarily see it as a jewellery, right? It ultimately becomes a fashion accessory.

**C. K. Venkataraman:** Correct. So, that was the point I was making about why the Westside is choosing to do it like this and how it does not really impact whatever we may do.

**Ajoy Chawla:** Also, what we have heard and seen Pandora and Swarovski has gone into that space and how they shape that category and how it does and of course, prices coming down. So, you could be right, but really very difficult to put a forecast on that.

**Ashish Kanodia:** Just one last bit is on the custom duty impact. So, last quarter, I think you called out that the total impact could be maybe between ₹500 - ₹550 crores and given that the gold prices have actually moved up, my understanding is the impact could be slightly lower than that. So, is it significantly lower to call it out separately that instead of ₹550 crores, the total impact could be lower?

**Ashok Sonthalia:** No, actually, that was estimate, of course, at that point of time. And the gold prices going up have very little impact on that. So, actually our current estimate, which is much more firmer is that quarter 3 may witness about ₹275 - ₹280 crores kind of number.

**Moderator:** Thank you. The next question is from the line of SL from Mehta's Family Office. Please go ahead.

**SL:** I have one question with regards to lab-grown diamonds. In the past, we have seen something in the pearls. The pearls were considered as precious and luxurious jewellery, but, however, pearl farming changed the entire situation and after the pearl lost all its charm, is lab-grown doing the same to the mined diamonds?

**Ajoy Chawla:** Your guess is as good as mine, to be honest. And frankly, it is very difficult to predict what will happen. We can look at what happened in the US. So, it is very difficult to gauge. We have also had that in emeralds. We have also had that in rubies. But the same trend in play out, like it played out in pearls, I don't know. Emeralds continue to be natural emeralds, and rubies continue to be very important.

**Moderator:** Thank you. Next question is from the line of Saurabh Patwa from Quest Investment Advisors. Please go ahead.

**Saurabh Patwa:** Thanks for the opportunity Sir. I just wanted to have your thoughts on the rising gold prices and lack of commensurate pricing increase in diamonds, in fact which has been falling. Do you see rise of 18 carat and below kind of jewellery to make the products more, in terms of most of the



jewelers, making those products affordable as well as maintain their margin for the studded jewellery. Could this be a trend we could see as we move ahead?

**C. K. Venkataraman:** You are asking only for studded?

**Saurabh Patwa:** Yes, largely for studded, Sir. That is how you will make the jewelries lighter as well as the mix for your diamond and gold. Mix could be the proportion in terms of value could be maintained?

**Saumen Bhaumik:** There is actually, this is Saumen from CaratLane. There is actually enough evidence, especially in the northern region and the western region, the high-value jewellery of diamond has moved to 14 carat and it has happened over a period of time and it is actually a substantial segment of the higher end of diamond jewellery.

**Ajoy Chawla:** So, typically, also I will clarify, most of the studded jewellery has been in 18 carat. There is a small segment of 22 carat studded jewellery only in the South, which is a closed setting, which it is called. That continues to be what it is. And 14 carat is the other bit which, in fact, most of Mia is 14 carat and a good part of CaratLane is also 14 carat. And now what Saumen mentioned. So, whether 18kt will become 14kt as we go forward for the bulk of the market is difficult to say, because there are enough people who say, if I am buying a diamond jewellery, and especially if it is in the ₹5,000,00 plus ₹8,000,00 plus, in certain markets, they are okay. If it is 14kt, in many markets, they are saying, no, it has to be 18kt. So, it is not a very clear trend. It is a mixed bag.

**C. K. Venkataraman:** Customer segments, like the point that Ajoy was making about emeralds, there is something to be said, 18 carat is closer to it being pure, in a sense and therefore, when I am buying something expensive, exquisite, I would rather have that. It is partly psychological, partly color, and all that. So, we are so much into 18 carat diamond jewellery and not 14 carat.

**Ajoy Chawla:** To share with you, we keep experimenting in different markets and we keep learning from it. And there is a geographic preference/ difference that Saumen also pointed out.

**Saurabh Patwa:** And Sir, just second question, when you highlighted there is a price fall in the solitaire, how does it work for the smaller diamonds that we use for our studded jewellery? How has the pricing been there? While selling you may not be explicitly mentioning that, but from your buying perspective, those diamonds, how has the pricing been?

**Ajoy Chawla:** Pricing has been fairly stable. In fact, it has gone up post the Ukraine war because of Al-Rosa sanctions, etc., and therefore, there was a certain shortage of supply. Thereafter, it has been pretty stable. There will always be deals going on here and there. In fact, we have not seen any softness in that price in the smalls. Though Rapaport keeps publishing all kinds of data, but at the very small ones, their data reports are not really relevant. It is mostly in the solitaires where the reports are relevant. So, it is stable I would say.

**Saurabh Patwa:** And lastly, just a quick clarification, you highlighted that you expect around ₹280 crores of inventory loss because of custom duty. Is this included in your margin guidance?

**Ashok Sonthalia:** No, margin guidance is always normalized. We have always clarified that this is one-time event. Margin guidance, normalized guidance. So, you have to account for, adjust this ₹280 crores in quarter 3.

**Moderator:** Thank you. The next question is from the line of Sheela Rathi from Morgan Stanley. Please go ahead.

**Sheela Rathi:** Sir, first question was actually just in connection to the previous question. So, what was the key reason for the EBIT margin improvement for CaratLane this quarter? And should we expect the trend to continue to improve?

**Saumen Bhaumik:** This is Saumen. Part of the reason is about the sales growth that has been significant. Second reason is also we have been able to hold the studded margin and there has been also some marginal gain that would have come through the price of procurement, etc., all these three. And the cost front, I think we have managed to contain our cost. All put together, we would have seen about 1% plus delta over last year and it is expected to be better.

**Sheela Rathi:** And second, Ajoy, for you, historically, you have guided us in terms of what the gold exchange for Tanishq jewellery as well as non-Tanishq jewellery has been. So, if you could update us on that number for this quarter and additionally, if you can tell us if there is a similar number which we have with respect to diamond exchange and if we have that number for this quarter, it will be very helpful?

**Ajoy Chawla:** I don't have a number for diamond exchange, though it is an integral part of the Tanishq exchange number which I have historically given. First on the gold exchange, which is non-Tanishq gold, this quarter we saw a lower gold exchange, probably because I suppose people saw a good amount on gold and wanted to hold on to gold as much as they could. So, it is 3% points lower contribution than usual. And that is what it looks like. But if I discount the sale of coins, because that is like buying coins, then it is a very marginal drop in contribution, then it is only a 1% drop in contribution. So, it could be a very temporary Q2 specific phenomena. And in Tanishq exchange, significant part, not immaterial part, the material part of it comes also from solitaire exchange. That has certainly reduced, especially at the higher end. I don't have a number to give you on that. So, I am not able to share with you. But still, ballpark, we are in that 8%-9%, sometimes it may swing to 10%, it may be 8% or 9%. I don't have an exact figure right now.

**Sheela Rathi:** And if I may ask, can a customer who owns diamond jewellery, studded diamond jewellery, or a solitaire, can they exchange it for gold jewellery?

**Ajoy Chawla:** Yes.

**Sheela Rathi:** And just one final question, with respect to inventory, you attributed the customs duty related inventory loss, but will we have any inventory loss with respect to solitaire in the upcoming quarter?

**Ajoy Chawla:** No.

**Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I now hand the conference over to Mr. C. K. Venkataraman for closing comments.

**C. K. Venkataraman:** Thank you very much everyone. So, like I started, it has been a very satisfying quarter for us from our growth point of view. And across businesses, it has been quite satisfying. We have already spoken about jewellery and the analog watch business and just spending a minute on the analog watch business, I think what the team has done and the division has done is actually focus substantially on product innovation, retailing, branding and premiumization and we expect to push the envelope on this and continue this great trajectory for many many years because this is actually a product with limitless appeal. So, that is the long-term comment on watches.

As far as EyeCare is concerned, there was no question, but I want to clarify. I want to tell you that the strategy that we started executing about 8-9 months back continues to be in full swing and the customer acquisition rate continues to be at a very satisfying level. People are so excited about the Titan Eye+ offering products, affordable fashion on the one hand, affordable progressive lenses on the other, premium frames and sunglasses on the third. So, across the spectrum, we are delivering exceptional, refined product value and building a solid foundation of growth over the next many quarters. And you will hear about all this and the results in the quarters to follow.

The foundation of Taneira has become stronger and stronger and stronger. And we expect certainly FY26 to be a sort of blockbuster year for Taneira. We aim to take it to its rightful place in the ethnic wear industry and make it a very prominent, very respected name in that market.

We are an established name in the perfumes business and doing very well in H1. The first exclusive brand outlet of IRTH was launched in October. It is a fabulous store. All of you who live in Mumbai, please go to the Palladium Mall and take a look at this, an idea which is waiting to explode and you will see the explosion of that across the country over the next many months. And combined with the omni-potential for that category, we aim to make a big mark in the organizing, formalizing, right serving of that category as well.

The international business continues to be on a roll. First half as well as the October season were very very exciting. We are opening stores by and large as per plan and everywhere hitting the ground running to exceptional customer acclaim. And even the engineering business as one of the investors had messaged me about a week back, TEAL is also doing very well. So, overall the portfolio of Titan Company is in a very good place and thank you very much for all the



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support and confidence that you have put on us over the years and we hope to keep you delighted in the quarters to come. Thank you very much.

**Moderator:**

Thank you. On behalf of Titan Company Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.