SEC 176 / 2024-25

7th February 2025

The General Manager, DCS – CRD
BSE Limited
Corporate Relationship Department
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Rotunda Building, P J Towers
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MUMBAI - 400 001
Scrip Code: **500114**

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 nine months ended 31st December 2024 is attached herewith.

The transcript is also available on the website of the Company: www.titancompany.in

Kindly take the same on record and acknowledge receipt.

Yours truly,
For TITAN COMPANY LIMITED

DINESH SHIVANNA SHETTY
Digitally signed by DINESH SHIVANNA SHETTY
Date: 2025.02.07 14:28:26 +05'30'

Dinesh Shetty
General Counsel & Company Secretary

Encl. As stated

"Titan Company Limited Q3 FY25 Earnings Conference Call"

February 05, 2025

MANAGEMENT:

MR. C. K. VENKATARAMAN	**– MANAGING DIRECTOR, TITAN COMPANY LIMITED**
MR. SWADESH BEHERA	**– CHIEF PEOPLE OFFICER**
MR. AJOY CHAWLA	**– CEO, JEWELLERY DIVISION**
MS. SUPARNA MITRA	**– CEO, WATCHES & WEARABLES DIVISION**
MR. RAGHAVAN N S	**– CEO, EYECARE DIVISION**
MR. KURUVILLA MARKOSE	**– CEO, INTERNATIONAL BUSINESS DIVISION**
MR. AMBUJ NARAYAN	**– CEO, INDIAN DRESSWEAR DIVISION**
MR. MANISH GUPTA	**– CEO, FRAGRANCES & FASHION ACCESSORIES DIVISION**
MR. SAUMEN BHAUMIK	**– MANAGING DIRECTOR, CARATLANE**
MR. VIJAY GOVINDRAJAN	**– HEAD, CORPORATE FINANCE**

Moderator: Ladies and gentlemen, good morning and welcome to the Titan Company Limited Q3 FY25 Conference Call.

As a reminder, all participant lines will remain 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 now being recorded.

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

C. K. Venkataraman: Thank you very much. Good morning, everyone, from this beautiful campus on a beautiful Tuesday morning in Bangalore, and it's been a very good quarter for Titan Company across the board. And we can straightaway jump into the questions that you have.

Moderator: Thank you. Ladies and Gentlemen, 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 comes from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Hi, Good morning. So, two questions from me. Firstly, on jewellery, can you give us a sense of how you expect sort of margins to pan out? We've seen sort of a significant bump up in studded growth in the quarter. But if I look at the margins relative to the growth, at least the EBIT, growth still remains a little bit lower. So, I'm wondering if we see a further aspiration in the EBIT growth in 4Q normalized for this one-off inventory impact of the customs duty?

And the second question on the Analog watches, I think, again, a very strong growth here. Do you see yourself sort of also building out sort of more lower-end Analog watches to drive faster and sort of more broader growth in that category?

Ajoy Chawla: Yes. I'll go first. I'm Ajoy, I'll go first on the jewellery margins. Yes, it's been a very good quarter and for studded as well. Now what happened in this quarter is that the rate at which gold is growing, is kind of exceeding significantly the rate at which studded is going. And in our minds, we see them as two independent opportunities, and therefore we maximize growth on both fronts.

As a consequence, the ratio kind of swing here and there, and that plays up in the way the GC (Gross Contribution) and EBIT margin percentages start looking like, though in absolute crores and growth in absolute dollar terms in terms of GC or EBIT is something that we are very happy with.

Gold coins, particularly in Q3, which is normally very high in that festive quarter, but this time it was even further, perhaps reflective of the high gold -- interest in gold as an investment instrument given the way gold prices have been going. So that's one big factor. This is beyond the custom duty one-time impacts of -- in the quarter.

The second big factor that is playing out is, there is a certain dilution in the GC percentages for studded, largely because of this unprecedented rise in gold price. I had explained this earlier in our previous call, maybe previous couple of calls I think, that when the relative weight of gold versus diamonds in the studded product category by itself changes, thanks to the price rise in gold, given the differential margins we earn on gold or stones, there is an impact of this gold price on the overall GC studded percentages.

As a consequence, with spiralling gold prices, there is likely to be some impact on the line-item level GC studded. And therefore, that also shows up. So, these are the two main factors which have played up in quarter 3, and we believe this could continue to play. It's very difficult to predict, given the way gold prices have been swinging upward even in the month of Jan and Feb, thanks to whatever is happening in the US and the dollar is going up. So, there's a lot of volatility, and therefore one can't rule out GC dilution.

But we have been trying to make up some of it through other initiatives. Some of those take time to catch up, whether it is on material cost or also on overhead management. But yes, therefore, long story short, I think we can expect to be anchored around the current levels of EBIT margins. And for an annualized basis between 11% to 11.5% is what I think we are likely to realistically achieve. The absolute growth in profit and absolute growth in EBIT and GC is something that we constantly target. And we should look at that perhaps more than just the percentage.

Aditya Soman: Understood. Very clear. And maybe just a follow-up on that, sorry.

Ajoy Chawla: Maybe, do you want Suparna to answer your other question before that?

Aditya Soman: Yes, sure.

Suparna Mitra: Yes. So, your question was that, would the mainstream, the middle end of the market of watches, would it be growing? So, we are seeing, of course, very good growth in the premium segment. In our premium brands like Edge, Nebula, Xylys, we have seen more than 50% growth. But I'm also happy to note that we are seeing very good growth in brands like Fastrack and Sonata, which are in the more affordable space.

And in Q3, for example, we've seen 33% growth in Fastrack and 24% growth in Sonata, which is about a lot of product and restaging and new products. So, the product strategy is working well in terms of the value and the fashion offered at those price points. Titan, which is the flagship brand, and Raga continue a very good growth. So unlike maybe a year – year and half back, when we were seeing good growth in the premium, but the economy ranges were not performing well, now we are seeing both the engines, premium continuing to do very well and even our more affordable brands are doing better.

Aditya Soman: Thank you. That's very clear, Suparna. And just one follow-up, Ajoy. So, the diamond prices on your own wouldn't have come off, right? I mean, on diamonds specifically? I mean I understand the gold mix going up and the price of gold going up?

Ajoy Chawla: No, we have not seen that. Whatever has happened, has happened in big stones, that too at the wholesale price level. So, we are not seeing any diamond price dilution per se.

Aditya Soman: That's very clear. Thank you.

Moderator: Thank you. The next question comes from the line of Abneesh Roy from Nuvama Wealth. Please go ahead.

Abneesh Roy: Thanks. My first question is on the Emerging Business. Ideally for any company, emerging business should be the fastest growth. And unfortunately for you, it seems to be the slowest growth. And we have seen only 1 store addition in Taneira, and Taneira growth is flat. So, is Taneira the only reason behind the slow growth?

And in Taneira, do you need to go back to the drawing board in terms of pricing, design, etcetera? And would you go slow until you figure out what's happening there? Because in marriage season, ideally Taneira should have seen a good growth.

Ambuj Narayan: Hi Abneesh, thank you for that question. Ambuj, here. Yes. So, you're right. Taneira's sales growth was flattish. But if you look at our retail growth, we grew by 30% and our buyer growth was 38%. The reason why it looks flattish is because last year we had opened seven L3 stores in quarter 3, and whereas this year we opened only one L3. And we also allowed for some inventory correction in some L3 stores.

Having said that, we have also introduced a lot of new products at accessible price points across sarees and non-saree segment, which was received very well by our customers, both existing and new, and that actually brought down our AUCP (Average

Consumer Price), but it delivered the required buyer growth, though I think we could have done better if we had gotten more new buyers. So that's what we are working on right now.

We opened only one store in this quarter, but we are continuing to -- we'll continue to open stores. Now we are focusing more on metros and Tier-1 cities, and not going to smaller towns. So, there has been a small change in our strategy, and we would like to populate more stores in the existing and operational cities.

Abneesh Roy: One quick follow-up on watches. So good numbers. So how much of these good numbers in terms of double-digit revenue growth and margin expansion is because of the marriage season? And next two quarters, also marriage season is strong.

And second is, would you see the wearables declining sharply for you and industry as a blessing in disguise, because there was no big right to win there and clearly customer fatigue is also very high. And your right to win in Analog and premium is much, much superior and much stronger. So, do you see that as a blessing in disguise?

Suparna Mitra: So, I'll take the first question first. Yes watches, Analog watches are very large component (in gifting). Our estimate in retail is more than 50% is for gifting. And we know a large part of that is for wedding. So, weddings do have a direct correlation, especially in the higher-priced watches. In fact, interestingly, you would imagine that watches bought for wedding / gifting are lower priced than for self, but we have actually seen there is no difference. So, wedding season does have a good correlation, and I think that, along with a slew of very attractive new products, should work in our favour.

The second question is on wearables. So yes, the category was led by a certain paradigm, and of course now we see a very big correction in the category. And we are actually at the place when we are re-looking at our strategy and playing to our strength, which is a lot of consumer centricity, design, product, trust, assurance, quality, access of customers through our channel and higher price points. And I think that strategy has already started seeing some green shoots. We should be able to implement and see the results in the next, I'd say, 6 to 18 months.

Abneesh Roy: So, thanks. That's all from my side. Thank you.

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

Avi: Hi, team. Thanks a lot for this opportunity. So, I just wanted to kind of follow up on the studded jewellery margin aspect. So where are we in the journey for normalization of the studded jewellery margin? And how long do you see that kind of taking to kind of reach there?

Because you did allude towards making adjustments in the product portfolio, and where I'm trying to get to is this 11.0% - 11.5%, when do you see it kind of moving to 11.5% to 12.0%, which is historically the margin range that we've been able to achieve on a steady state basis? That's my first question. And I'll come back to the watch segment for the second question.

Ajoy Chawla: Sure. Thanks, Avi. So, I think it's actually becoming very difficult to predict how the gold rate will continue moving and how much it will continue to move. If it accelerates at the rate at which it is going, sometimes 5% within a month itself, it becomes extremely challenging. Overall, if you see over the last 1 year, it's a 25% jump in gold price. And diamond prices have remained where they are.

So consequently, the weighted average material mix, material cost mix, is swinging quite a bit. And all initiatives that we can take, it's not going to swing it overnight like this. It takes time. And the product mix is also -- one is what we put out there; the other is also what customers prefer.

So many complex forces. And I'm sorry, I'm probably giving you a roundabout answer, but GC on studded, where it will stabilize, when it will stabilize, is slightly difficult to predict. What we do look at is how the total GC growth in studded is happening or how the total GC growth for studded plus gold plus coins is happening quarter-to-quarter, year to year, and over the next 2 to 3 years. So therefore, these percentages, which perhaps play a significant role in your predictions, hold lesser weightage in our workings because we have to maximize on all fronts.

And therefore, whether it's 11.0% to 11.5%, when it will move up on account of operating leverage, that question also becomes difficult because we are constantly also investing back in growth, because we are prioritizing growth given the headroom and the opportunity and the single-digit market share that we have and the formalization forces in India opportunity. We think it would be appropriate to chase growth over margins. And in a way, that has been our enduring strategy.

C.K. Venkataraman: Also continuing to deliver exceptional customer value, defending and increasing share in individual cities and states and delivering a really leading class shareholder returns. So, it's actually that is the combination that Ajoy is referring to while growing. So that's the perspective you should have on that.

Ajoy Chawla: And just one more element. We focus also a lot on two other aspects of growth. One is buyer growth because that is volume for us and that's very critical top of the funnel.

And the second, buyer growth again by gold and studded independently. And the other thing that we focus a lot on is same-store growth because that's what really gives the kicker in many ways, even while our expansion plans continue.

C.K. Venkataraman: Because one of the unusual things in this category it may not be that apparent, that while everyone by and large, at least the people that we compete with are all marked in the making charges for example in gold dissolved in percentage terms, but as the price of gold keeps rising, a 5% difference between us and another leading player, let's say, in Delhi, the 5% translates to a higher and higher amount every day or every month, every week.

And it's not -- customers don't simply see it only as 5%. It is now ₹ 200, ₹ 500, ₹ 1,000 and so on and so forth, that difference. And therefore, we have to do a lot of juggling to continue to deliver to customer. So, it's quite a complex type of work that the business has to do to deliver to multiple stakeholders.

Moderator: Thank you. Ladies and Gentlemen, we request you to restrict to two questions per participant. The next question comes from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Thanks for taking my questions and congratulations on a very good quarter. Ajoy, jewellery SSG has clearly improved from 15% in Q2 to 22% in Q3. We have not seen a secular uptick in SSG trends for other listed peers where they are either similar or slightly lower versus Q2.

So just wanted to check on what corrective actions have you taken to see this growth improvement and how sustainable are these growth initiatives?

Ajoy Chawla: I think we focused a lot on, as I said buyer growth is one story. And in this quarter particularly if you ask me what has helped is ticket size growth, particularly in gold because of the upswing on wedding-related purchases and occasion purchases. Even in studded while we saw healthy buyer growth -- in fact, the buyer growth in studded was healthier than that in gold, much healthier rather I would say.

But the value growth in studded has also got an additional kicker, thanks to a lot of high-value studded sales, where we are seeing very good traction. We did a lot of exhibitions of special collections, red carpet, etcetera. We also did a lot of activity around wedding collections. We had the launch of Tarun Tahiliani and Rivaah collab 2.0.

And a lot of exhibitions and customer outreach, especially to these high-value customers has happened which has resulted in fairly good ticket size growth, which comes typically from repeat customers. So yes, how sustainable it is? Well, our efforts are sustainable. We will continue to put efforts, how much the customer response is also not entirely in our hands, but we continue to push both on buyer and ticket size growth even in this quarter and the quarters ahead.

Devanshu Bansal: Second, I wanted to understand this there has been a sourcing loophole that has been plugged by the government in the budget where gold was being imported in the form of alloy. Do you feel this was happening in pretty large quantities and which can lead to some reduction in competitive intensity from a gold pricing point of view?

Ajoy Chawla: Difficult to comment.

C.K. Venkataraman: Since we are not part of that kind of activity, it's very difficult for us to comment.

Ajoy Chawla: Yes, difficult. I mean anything which helps prevent or reduce illegal flows of gold in the country is most welcome is what I would say.

Devanshu Bansal: Understood. And otherwise, Ajoy, generally are you seeing some rationality in competition from a making charge perspective, given that gold is now being hallmarked and certain (as we discuss) major routes of gold smuggling are also being closed by the government. So, any general otherwise are you seeing some rationality from a making charge pricing perspective?

Ajoy Chawla: Not so much making charge. I think in quarter 2 the gold rate -- price wars on the gold rate was quite intense. That seems to have kind of stabilized in quarter 3. And perhaps further cut on illegal imports, etcetera, might help in keeping the gold rates stable. Making charges, I think it is pretty much what it was.

Devanshu Bansal: Got it, sir. That’s it from my end. Thanks for taking my question.

Moderator: Thank you. The next question comes from the line of Videesha Sheth from Ambit Capital. Please go ahead.

Videesha Sheth: Hi, I hope I am audible. Thank you for taking my question. The first one is on the studded -- sorry to harp on this again. But for Titan, the studded mix has been under pressure. I appreciate that it’s a base effect that’s playing out like gold price is driving this. But when we look at your closest peer, the studded mix has been stable for them. I understand that it might be difficult to comment on competition, but just wanted your thoughts on what could be driving this divergence.

Ajoy Chawla: So, in Tanishq historically we have been lower on the market share in gold vis-a-vis being the leaders in market share in studded. And for most of the other traditional players who are there who have been largely gold focused. And therefore, for them the market share is lower in studded, whereas relatively the market share may be better off in gold.

I think these could be playing out. But we are well distributed across the country, North, West, etcetera, where studded plays a bigger role. So again, market mix could be playing a role. Very difficult to comment, but as far as we are concerned, we are very happy with the growth in both. And if gold is growing fast, which means we are gaining market share which is actually very good for us because it's playing out exactly the way we want it to play out.

So again, the absolute growth in individual segments is perhaps more important to see than seeing the share as a percentage, which is a win-loss in our calculation.

Videesha Sheth: Understood. That helps. And second was just two small questions on CaratLane. First one was just a clarification that do you stick to the potential guidance for CaratLane which was given out during your annual investor meet and how do you see the trajectory moving along?

Management: Hi, we will just open Saumen's line for answering it. Just a second. Hi Saumen Sir, you may please answer it.

Saumen Bhaumik: Hi this is Saumen. I think last two quarters have been good. Last quarter in particular we had good revenue growth and that actually the single largest factor and we I think managed our overall cost quite well, despite the dilution in margin which is because of customs duty and gold rate increase. The impact of these two has certainly made our EBIT percentage a lot better.

That is a bit of Q3 phenomena. It is not significantly different than previous year also. So overall the effort will be in that direction to keep EBIT percentage rise, but this is only one quarter. I think we'll look at quarter-by-quarter as it progresses.

Videesha Sheth: And the second is on CaratLane. Is it possible to share the catchment growth for 3Q or the 9 months given that SSG could be depressed due to higher store density?

Saumen Bhaumik: I didn't get your question, please?

Videesha Sheth: Is it possible to share the catchment level growth for either third quarter or 9 months given that SSGs could be depressed due to the higher store density, the cluster level growth or the catchment growth?

Saumen Bhaumik: Our overall growth in quarter 3 has been quite good. And I can give you some indication of our like-to-like store growth which is also very good, the 16% in quarter

3 and previous quarter is 21% which is significantly higher than what happened in the previous four or five quarters.

Videesha Sheth: No problem. I will circle back. Thank you. That's all from my side.

Moderator: Thank you. Ladies and Gentlemen, we request you to restrict to two questions per participant. The next question comes from the line of Sheela Rathi from Morgan Stanley. Please go ahead.

Sheela Rathi: Thanks for taking my question. So, my first question was you sounded very optimistic on the trends which we have seen this quarter. So, any callouts here in terms of geography-wise performance and Ajoy you also mentioned that buyer growth is important for us. So, what is the mix of new buyer and existing buyer growth?

And is there a diverging trend in studded and gold jewellery buying for a new buyer and existing buyer and is it fair to say that when you buy gold coins, it's generally the new buyer who is buying more of these gold coins because you also said that we had some very strong trends there. That was my first question?

Ajoy Chawla: Yes. So geographically for the quarter, South and East have grown faster than the national. North which was a little subdued in quarter 2 has bounced back very strongly for us. And West has been even, I would say, because there are some markets which have done very well and some markets are still a little subdued. So broadly that's the region wise split of growth.

We are seeing Tier 2, Tier 3 towns do better than the top metros, but then that has also been a thrust for us over the last several years and so much expansion have happened across all these markets, but yes overall that is there, aspirations are high. In terms of new versus repeat for the quarter 3 that was -- that we declared results for, 48% new and 52% repeat. That's pretty much the pattern which was there even last year in quarter 3.

Typically, in festive quarters there is always a lot of new buyer activity because many more buyers enter the brand for us. Now gold coin is not necessarily a new buyer oriented (phenomena). I would say gold jewellery has been because that's where we want to gain share by going deeper into regions or by simply seeing so many people are already gold buyers. So, they -- it's easy for them to migrate to Tanishq from an unorganized space into gold first. Studded is something which happens later, but of late, if I were to look at the last 1 - 1.5 years, amongst a certain segment of customers, let's say, younger, modern, maybe more urban, top towns we are seeing enough new buyer growth even in studded, though largely under the sub ₹100,000 price band and segment.

And this happens across Tanishq, CaratLane and Mia. And perhaps the many players which are there now in this new age space, new age competition I'll call them, which are mainly studded everyday wear, that is something which is emerging as well. So, in a way new buyer growth comes from both studded, but mostly in studded on the modern everyday wear jewellery and in gold it is more in the traditional space where we are gaining market share.

I mean, broadly, that's way to look at it. Coins is something which is investment buyer. It could very well be an existing Tanishq buyer. There is no such pattern of new and repeat.

Sheela Rathi: Understood. And my second and final question is, I mean, Venkat made the point on how on a monthly basis the trend change on the pricing side and currency. I just want to understand how should we think about the competitive landscape? Is it a monthly affair, a quarterly affair, in terms of the trends which you see especially from the independent and regional jewellers or is it more like a regular phenomenon where you can see a trend and that doesn't change very quickly. And also, if you can just guide us on how the landscape has been especially in the recent quarter?

Ajoy Chawla: Competitive activity, yes, of course, I mean all of us know and you would also obviously have it in the back of your mind is a daily affair. I mean everyday things can change, but we review it. So operating teams review it weekly to see what's happening. It's fairly dynamic. I look at it monthly. And perhaps at Venkat's level and at the Board level it is a quarterly review. So, we tend to review it at certain periodicity.

It's difficult to answer whether it remains stable. It depends on so much activity. But as we see it right now at an aggregate level, I think the high levels of competitive intensity have been continuing for a while now, and we see that to continue. Okay. player A may get replaced by player B, player C may come in. Some new unorganized guy may suddenly become very active, or a new player may get launched in the market while an existing player may run into some trouble, etcetera.

Those are just incidentals. We watch them, but frankly, we focus a lot more on the customer and see what we can try to win the customer. The competition is incidental.

Moderator: Thank you. The next question comes from the line of Jay Doshi from Kotak.

Jay Doshi: Hi. Thanks for the opportunity. My first question is on demand. You've had a good 25% growth for the past 2 quarters. Do you think that kind of growth rates can sustain for a few more quarters, especially because gold prices are up 25% - 30% Y-o-Y. That's my first question. Second is on this 11% to 11.5% EBIT margin guidance. Is it at a consolidated level for jewellery business or a stand-alone level?

And third is, although you did mention about that your focus is on driving the absolute EBIT growth in the jewellery business given that gold price increases are much ahead of expectation, so you are overshooting on the growth plans versus what you had given guidance at your investor meet. But at the EBIT level, EBIT growth, what is that target in your mind that you sort of are internally sort of thinking?

What's the right EBIT growth now that one assumes that margin seems to have settled or stabilized at a level? So those were my 3 questions. Thank you.

C. K. Venkataraman: I'll start answering the first question. Amidst all the consumption pressure -- private consumption pressure that we see all around company results what is getting covered a lot, if you were to sort of separate the upper middle class, the upper classes, and the really affluent versus the middle class and below in that, we see both, if you see sector performances, those of you who may have aggregated sectors and seen. That points to a marked difference in sector performance. Those which are catering to the upper middle class and above, like Titan company is, is performing better than typically mass-market volume kind of sectors. Why is that? If you look at the long-term trend, which is sort of visualized by FY30, so top 2 income segments are expected to grow from 13% share in, I think, FY21 to 26% share in FY26.

So, it's a secular trend that is reported that will underscore the per capita GDP moving to the US$5,500. And the real concrete stuff relating to that is if you just see calendar 2024, there is a ₹75 lakh crore increase in the market cap in the country. I mean that's a hell of a lot of crores of -- lakhs of crores of market cap, which is obviously in the hands of a few crore people. And of course, FIIs and all that, but certainly a few crores of people, the wealth effect of those people is certainly one aspect.

And if you look at, for example, the change in the number of income tax payers, below ₹5 lakhs between 2014 and 2024, it's about 2x, whereas the number of income tax payers from ₹5 lakh and above, it is 4.2x. So clearly, I mean, the inequality rising is one consequence of that. But clearly, from a consumption point of view, these classes of households are in a much better position.

And the role of inflation, which is substantially staples, grocery, to some extent rent maybe, the role of those in the total income is low. So their incomes are rising very highly. The costs are not rising to that extent. And wealth has risen substantially. Therefore, both abilities to spend as well as the safety net the wealth effect provides.

So, these are the reasons why companies like Titan continue to do well. And of course, on top of that, we have another advantage of being a strong jewellery industry company, and the price of gold is another reason for people to -- even people with less money -- to actually convert money into gold. So, these are the long answer, but these are the significant factors.

Jay Doshi: Thank you. Sorry if I may...

Ajoy Chawla: And just weighing in on the gold -- you said gold price and this thing -- currently there is a fair amount of volatility on gold price. And therefore, during a very volatile period, consumers also kind of become a little cautious. But other than getting caught in the noise -- see, this year, quarter 1 was subdued. And we saw the bounce back in quarter 2 and then there was a Shraddha effect quarter 2, quarter 3, a lot of quarter-to-quarter volatility.

My suggestion is look at the last 3 quarters consolidated level, and then you will probably get to a more normalized understanding. Similarly, even on studded, look at how Q2 plus Q3 played out, it gives you a better understanding of how things could play out, because very high growth rates may not be so easily sustainable, but rolling basis, it might be good.

C. K. Venkataraman: The other thing I forgot to share; Titan is one of those few companies which has got an exceptional 'tech touch' aspect with respect to its customers. Our total customer database exceeds 4 crores today. And a very good part of these 4 crore customers are personally known to our staff, their milestone events in their lives, their purchase history, all that is known through our CRM system.

Therefore, our ability to connect the customer with the right trigger at the right time is really benchmark level, which many other companies lack, and therefore we end up getting that share of wallet a little more easily than others may be able to.

Jay Doshi: Sure. And sir, my question on margin?

Ajoy Chawla: Yes, margin is on a standalone basis what we gave, 11% to 11.5%. Consol I am not giving.

Moderator: The next question comes from the line of Amit Sachdeva from UBS Group.

Amit Sachdeva: Hi. Good morning and thank you for taking my question. A good set of numbers in jewellery. My question is, I mean, alluding to your conjecture on that, there's a price war of some sort which emerged in gold price. And given that context, I think 28% in secondary growth, and you know, 25% kind of jewellery growth seems very impressive. And so, congratulations for that. The next question is that is it -- if the market is now in new pricing equilibrium of some sort that you're comfortable growing in that context?

Or incrementally as the gold price is very volatile, now this frontier of so-called price war can shift into making charges? Because as the gold price increases, somebody can obviously theoretically offer discounts on making charges and this results in another reaction and another reaction. So, I just want to understand, as we grow at the margin in the marketplace, the linked question is that do you feel comfortable with pricing equilibrium that exists between the organized players?

And regional players which are sort of -- compete with you? That's question number one.

Ajoy Chawla: So, a tough one to answer. Our attempt is always to keep that premium between us and competition. It is not just unorganized. Even with organized players, we have a premium over them. And it's a perennial push. I think a lot of that has to do with what we do on the ground as well as the investments we do in the brand as an air cover. So, it's an ongoing thing. I don't think there is anything -- Amit, I don't know whether you can say there's stability in competitive intensity on pricing.

I think it is an ever-increasing spree, and therefore our efforts are also in that direction to see what we can do between product mix, between better sourcing, between working on minimising gold loss, GC max, a lot of execution, which kind of helps us stay afloat, including even good strategies on hedging and spot buying versus gold metal loans.

So, there are many variables at play, and that's what helps us to try and keep -- so our aim is to try and keep GC stable on a longer-term basis, but competitive intensity, there is nothing like stability, I would say.

C. K. Venkataraman: Just -- I don't know whether we would term it a price war. A very, very dynamic price situation, yes. And because of multiple types of competitors across the country, the complexity of that, apart from the daily fluctuation, has also risen. And therefore, our ability to remain agile, that has increased -- has to increase, even continue to be there. But it's not a war, because a war would mean you're actually fighting with somebody every day. I think it's the gold prices, because it is changing every day.

Amit Sachdeva: So, in that sense, can I ask for how the Q4 is evolving so far, and studded to gold, and could you comment on that a bit? And...?

Ajoy Chawla: So, we started very well in the first few weeks of January, first 2 to 3 weeks. And then suddenly after many exciting developments in the international, especially US, has created a lot of excitement on gold price again and dollars. So, everything else is dynamic. I think there's a lot of noise right now. I mean it's actually very difficult to predict how Q4 will go because the next few weeks and how much is posturing, how much is real.

Then the gold moved from London market to Comex because of anticipated tariffs, suddenly there was gold shortage in the market last 1 week. And gold metal loan price -- interest rates are also fluid. Banks themselves don't know what to do. So, this is a little bit of mice. Difficult to predict how this quarter will go. It started off well, then it kind of hovered somewhere. And right now, I think a lot of customers are also thinking, let's see where this gold price stabilizes. But if it doesn't come down at all, then people may think it's better to buy right now rather than wait. So difficult to predict. We hope that we are able to sustain some kind of growth rates that we have seen between -- cumulatively between all the quarters put together, or at least quarter 2 plus quarter 3, but slightly difficult to predict. But longer term, we are more confident.

C. K. Venkataraman: And what I would add, Amit, is that what the division has done in the last 4-5 months, particularly, to stay on top of the game in all parts of the business is what is actually also in delivering the kind of growth that we got in quarter 3. And therefore, from a customer value point of view as well as a competitive point of view, to the extent we need to compete like that, I think we are in a very good place.

What Ajoy is talking about is completely outside our control, outside anybody's control, frankly, of an external situation, which is early days and it's playing out with so much intensity because it's just a week, 10 days into that situation. I think in other 10 days, 2 weeks, a lot of dialogues are going on across the world between various people. I'm sure all that will settle.

And the intrinsic competitive advantage of the brand and the division will start extracting the natural value that we deserve.

Amit Sachdeva: Got it. Thanks so much for taking this. My second and my last question is basically -- is a business model question. Given so many moving parts are there, studded mix, diamond pricing, customers' willingness to pay diamond, to gold price volatility and competitiveness, all forces are sort of coinciding at the same point. But the question then is that as you look to maximize revenue growth and keeping the margin in a respectable zone, which is now 11% to 11.5%.

My question is, would you have sort of threshold margin that, at a business model level, we will not go below, say, 10%, and that's the margin is the lowest for us and we design the economics around that? Or is it something that threshold doesn't exist and you will maximize it. But how one should think about what could be floor of that strategy and what could be the cap on that strategy?

Ajoy Chawla: Yes. So okay, I'll take that one. So, first of all, we don't look at margin at the quarter level. We look at annualized because of the seasonality shifts, etcetera. And frankly, in my mind, at least, to me, 11% is a little bit of a threshold that is going below 11% would not feel right to me, unless it's a very extreme situation, what we had during COVID or something, totally wild and unpredictable.

But by and large, not going below 11% on an annualized basis is for sure my threshold. I don't know how much leeway the Board or Venkat will give me.

Amit Sachdeva: Got it. Fair enough. That's very helpful. Thanks a lot.

Moderator: Ladies and Gentlemen, in interest of time and fairness to others, we request you to restrict to one question per participant and rejoin the question queue. The next question comes from the line of Tejas Shah from Avendus Park Institutional Equities.

Tejas Shah: Hi Good morning. Thanks for opportunity. Couple of questions on jewellery. So, in our channels, we are seeing that a new competitor is securing good locations near our stores. Now our store performance in this area is in line with division's average or weaker. And I just wanted to check, Ajoy, on your previous comment?

Have we tested removing our gold price premium? And wherever we would have done that, does our consumer or customer recruitment actually goes much higher than the average?

Ajoy Chawla: So, I'll answer the second question first. Yes, whenever we have brought down the premium on our gold prices vis-a-vis our, let's say, most relevant competitor in the market, we have seen customer acquisition becomes much easier. Takes out 1 question out of the equation.

And we've seen that in certain regional markets. We've seen that in certain other markets wherever we've done that. And in a way, over a period of time we have rationalized gold rate markup premiums in the last 5 years. It has been a sustained year-to-year effort and quarter-to-quarter effort, and we've migrated those towards either making charges or product mix.

The first one, wherever a new competitor has come and has opened a store next to us, it's difficult. There are pluses and minuses. There are gains and losses. What we do is we also have a pre-emptive strategy, the competitive strategy, in which we know when the competitor is opening, and therefore we go out of the way to strengthen our product mix.

We do a lot of work on repeat customers. We up the presence and amp up the visibility of the store in that market. And by and large, we feel that we've been able to blunt that. But there are stores which might be, let's say, intrinsically needing a bigger location or, let's say, the operational effectiveness of the store has been a little question mark. In those markets, in that particular store, we do see an impact.

But by and large, we've been able to actually grow well, better than what we would have grown, whenever we put in the right investments and proactive approach. That's been our approach and that's a separate part of our on-ground competitive strategy.

C. K. Venkataraman: The other aspect we need to keep in mind is not all the players in the jewellery sector are competitors to us. There are many in the news, not all are competitors. We know who our competitors are because the customer conversations, the customer value proposition, all that tell us that, and we keep an eye on them, not an eye on everybody.

Tejas Shah: Got it. And second and last, one source of volatility coming from Trump tariff is also that we picked up from media news item that gold lease can actually get impacted globally. So, any early read through there? I know it's volatile, but any read through there?

Ajoy Chawla: Vijay, you can answer.

Vijay Govindrajan: Yes. So, one of the things that we are seeing is in the last 1-month phenomena is a slight increase in the gold on lease rates indicated by the banks. But again, there is also a supply situation that they are also trying to address. So, we need to see, therefore, over the next few months how the supply situation of gold plays out and, in that context, how these rates finally stabilize.

But definitely the initial indications are that the gold on lease rates could go up. It's just that we need to wait for a month or two to understand how the supply, and therefore the pricing, will play out.

Ajoy Chawla: And just to add on to that, even if they do play out, we have other levers on hand to kind of manage it between spot, and we are also operating through GIFT City, and many other levers are there for us to kind of manage that mix between gold on lease and spot, and exchange, of course, continues to be a very strong driver for us.

Tejas Shah: Got it. Clear and all the best for the coming quarters.

Moderator: The next question comes from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora: Are you seeing any impact of the LGD stores which are coming up? I know on a national level there will not be any impact. But like in specific locations, for example, Borivali, I see that there are 8, 10 stores, LGD selling within kilometers from Tanishq and CaratLane. So, are you seeing any impact on those stores in terms of studded business of Tanishq or on the sales of CaratLane?

Ajoy Chawla: See, one way for -- the way I look at it is I see it as a portfolio play between Tanishq, CaratLane, Mia and the rest of the market. And as far as we are concerned, we are seeing fairly good buyer growth continue in studded in the sub-100,000 segment, which is where most of the LGD players are playing.

So as of now, we have not yet seen that impact. But in specific markets like Borivali, I'm not able to answer right now whether in Borivali market we are seeing some impact, because I'll have to see a portfolio play for Borivali market for all our brands, because we've also expanded with a multiple portfolio play.

But so far, even the spot checks that we do at Mia store, CaratLane store and Tanishq store, customers at least have not commented, "Why are you not keeping LGD?" Many of them continue to say, I hope your diamonds are all natural, and by any chance do you have LGD, or it is only natural?

There's more clarificatory questions that we are getting. But you're right, we can't be sure how these things play out. So, thanks for sharing this sharper question. We will -- I will identify certain markets and keep a close track on it.

Kunal Vora: And second quick one on the new income tax change, there will be higher disposable income, and it also looks like more people will be willing to disclose slightly higher income, maybe instead of 7,8 lakhs, like 12 lakhs. Do you see this benefiting the organized jewellery? Do you think showing PAN card has been an issue for certain customers?

C. K. Venkataraman: I think it will benefit the whole consumption sector, not just the jewellery sector. Of course, we will get our due share of that. It is certainly a welcome move from multiple angles. And I'm sure our confidence in the FY '26 growth got another additional boost four days back.

Ajoy Chawla: And PAN card, who don't want to show PAN card are really the very, very rich. I'm not sure how this plays out. But I hope what Venkat said is benefiting us.

Kunal Vora: Understood. And like many would not be having much of reported income. So at least the reporting level also could go up from the business class?

C. K. Venkataraman: They are betting on that, but even the ₹1 lakh crores becoming ₹2 lakh crores in total because the multiplier and all should flow. The due share should flow to us.

Moderator: The next question comes from the line of Harit Kapoor from Investec.

Harit Kapoor: I just have two quick ones. One was on -- so if you look at all your format performances this quarter, so it's probably the first quarter in 7, 8 quarters where everything in terms of sales value growth has been in double digit, and even the 7, 8 quarters back had a low-ish kind of COVID base?

Apart from your internal initiatives that you've articulated on this call, I mean, do you believe that this -- the segment price points that you're operating at in jewellery, and even some of the mid-premium, etcetera, on Analog watches?

There is demand trends have -- I won't say inelastic, but they have been significantly more stable and likely to continue to be so as compared to a lot of other consumption spaces? Because this dichotomy of double-digit growth across your formats is something that you're not seeing in most other consumption spaces?

C. K. Venkataraman: Very much so. So, the one big thing is this segment of sort of premium to the inflation, low wage growth, maybe even job losses and all that. And that's in our favour. That's the first.

The second is, in multiple categories we have low market share. And the formalization acceleration is to our advantage, which many other companies across sectors may not have.

The third is overall strategy as well as execution has improved, particularly in some of the new businesses. And you saw a Ambuj clarification about Taneira that was reported actually hides a rather better picture on the ground in terms of offtake.

And even internationally, I mean we didn't speak at all to the question, but if you look at the international growth, it's exceptional in GCC and North America, so I think it's a combination of segments which are in our favour, and the growing in income as well as the numbers, the market share opportunity continues to be strong for virtually all our categories.

The assets on the ground, because we are a unique company with more than -- our 90% of our sales is EBF. That's a very rare situation and a very strong brand, very strong partners. We have 1,000 partners across the length and breadth of the country. No company can boast of 1,000 people with fire in their belly as well as in their hearts, and actually driving the performance of the company that we all boast.

That is -- we can't even gauge the power of that, right? And of course, the 'touch tech' things that I spoke of, the customer relationship, knowledge. Therefore, certainly we see a long runway on this thing.

Harit Kapoor: Second was CaratLane. On last 2 quarters, on a Y-o-Y basis, the margin expansion has been very strong. Would you attribute this largely to strong same-store sales growth, strong like-for-like growth which has come back, which is driving operating leverage? Or what are the other factors kind of play into this?

C. K. Venkataraman: Yes. Saumen, you can now answer.

Saumen Bhaumik: Last 2 quarters, I think we tried a lot more on the sales growth, and there are very many things that we did in the space of product newness as well as some tweak in the way we reach out to customers and talk about the marketing media mix, but little experiments that we have done. All that has worked in our favour when it comes to the revenue.

On the other hand, we also kind of looked back at productivity, and we kind of managed our multiple elements of cost quite well. I think these are the 2 things that I would say the key factors that has expanded our performance in terms of profitability, profit margin and so on and so forth.

Moderator: The next question comes from the line of Vivek Maheshwari from Jefferies.

Vivek Maheshwari: Just one question. When -- you mentioned about diamond prices being stable, but when we talk to industry players, my understanding, and correct me if I'm wrong, but through the course of the last yar and second half of this quarter, the diamond prices actually continued to slide down. Is that understanding not correct?

Ajoy Chawla: I think the players we are speaking of are talking about wholesale prices in dollars, and largely for the U.S. market and big stones. Mostly, they are all big stones. So, when it comes to small stones, which is, by the way, the bulk of our studded jewellery, there is a very different outlook and reality.

The other piece here is, as far as we are concerned, any efficiencies in buying at reasonable prices, etcetera, helps us. But from a retail price point of view for what we are selling to the market, it has been stable.

So, a lot of that gets covered in narratives and by diamond players and many other things they're talking about, they're really talking about their selling prices of the rough, and -- or -- sorry, they're buying prices are rough and they're selling prices of big stones at wholesale level for international and domestic markets.

And the things they quote Rappaport, Rapnet, etcetera, frankly, the reality is at the price you buy from them versus -- and the price you set in the market. So, it is from that context I was saying as far as we are concerned, we are seeing fairly stable prices in diamonds.

Vivek Maheshwari: Got it. And just a follow-up. So when you talk about in the last few years you have taken efforts to, let's say, bring some level of clarity with the -- on the gold side, in case of diamond, is there a micro market need to also look at, because there aren't that many players in the market on the diamond side?

So how do you ensure that you are competitive? Or, given that you are, like your -- you face very little competition, you in a way determine the price of the jewellery, the studded jewellery?

Ajoy Chawla: No. Nothing like we determine the price. Market is full of players, there are enough players today in the market, new age as well as existing traditional players who are doing strong work on studded.

All I would say is I think our focus has been on continuing to build brand desire for Tanishq diamonds and newness of designs and all the things that Venkat spoke about, just in the preceding answer. So really, it's a question of maintaining an edge on product and brand superiority and customer experience that really helps us.

Vivek Maheshwari: Got it. And last bit on this one only. So, Sir, is -- so with a particular piece of studded jewellery, will it -- the price will be the same across the country, or it can change based on the micro market and the competition in that market?

Ajoy Chawla: No. It's the same across the country.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we take that as the last question, and we conclude the question-and-answer session. I now hand the conference over to Mr. Ajoy Chawla, CEO of Jewellery, for his closing comments.

Ajoy Chawla: Yes. On behalf of Venkat, who had to step out for an urgent call, I would like to thank all of you for all the challenging and exciting questions that you'll keep asking us. Until we see you next time, bye.

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.