SEC 60 / 2022-23

10th November 2022

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 second quarter and half year ended 30th September 2022 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: 2022.11.10 10:13:34 +05'30'

Dinesh Shetty
General Counsel & Company Secretary

Encl. As stated

“Titan Company Limited Q2 FY23 Earnings Conference Call”

November 04, 2022

MANAGEMENT:	**MR. C.K. VENKATARAMAN – MANAGING DIRECTOR – TITAN COMPANY LIMITED**	
	MR. ASHOK SONTHALIA	**– CFO, TITAN COMPANY LIMITED**
	MR. AJOY CHAWLA	**– CEO, JEWELLERY DIVISION**
	MS. SUPARNA MITRA	**– CEO, WATCHES & WEARABLES DIVISION**
	MR. SAUMEN BHAUMIK	**– CEO, EYECARE DIVISION**
	MR. MANISH GUPTA	**– CEO, FRAGRANCES AND FASHION ACCESSORIES DIVISION**
	MR. AMBUJ NARAYAN	**– CEO, INDIAN DRESS WEAR DIVISION**

Moderator: Ladies and gentlemen, good day and welcome to Titan Company Limited Q2 FY23 Earnings Conference Call. As a reminder all participants line would 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 the operator by pressing star then zero on touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. C.K. Venkataraman, Managing Director, Titan Company Limited. Thank you, and over to you, Mr. Venkataraman.

C. K. Venkataraman: Thank you very much. Good evening, everyone on the call. For the last many, I would say, dozens of quarters, there was one person who was a constant source of encouragement, support for Titan Company, and he is not on this call. We all miss Rakesh.

Quarter 2 was a very, very good quarter for the company. All the macro factors in a way, continue to remain in favor of companies like Titan and you would see from our note on the quarter that the season continued to be a good season and our major businesses delivered a growth between 17% and 19% over the same period last year.

So overall, we remain confident about the immediate future. And certainly, the medium-term outlook is also very positive in our view. And since the presentation has anyway been uploaded, I don't have anything further to add, and we will wait for the questions to unravel. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead

Abneesh Roy: Yes, sir, thanks and congrats on extremely good set of numbers. So, first question on Jewellery, if I see one observation was the studded share, see most of the consumption habits have now come back versus pre-Covid, studded you have done well on YoY basis. But when I compare pre-Covid, there is a 500 bps difference still. So, is this because the mix of the business is now far more south focused versus earlier? I'm not saying entire business is south focused, but since pre-Covid is the south mix higher. And that's why reaching the 37% number this quarter was 500 bps lower or is it also because of the festive mismatch or gold prices being much higher than three years back? What was the key reason?

Ajoy Chawla: Hi Abneesh, Ajoy here. Yes, studded ratios have started climbing back, but they are still below Q2 of FY20, pre pandemic is what you're saying. Just to share the numbers. It was 41% then, and it is 35% now on a retail sales basis. Your base may be slightly different. The reality is that, this is quarter 2 of FY20, also was actually a slightly abnormal quarter where gold prices had shot up dramatically, if you recollect. So therefore, the share of studded as a share contribution was perhaps a little overstated.

But having said that, the dynamic is playing out. We have done a lot more work on, as you rightly said, different markets and particularly South and East and some of the other markets. So there is a trajectory for gold, which is taken off at a higher rate, and that remains. And studded, you know we cannot really give an exact figure, but we are very happy with the growth. So if I look at year-on-year growth, as you said, it's very good. It's 25% in retail terms. And on FY20 also, it's 56%, which would probably give us a CAGR of 15-18%. So it's a pretty healthy growth. But gold may be growing at a faster rate. So that's - this is just an outcome.

Abneesh Roy: My follow-up question on Jewellery was on international business, it has become 5x YoY or 400% growth. If I do the math, it comes to around 3% of your overall Jewellery business is coming out from international. So, I wanted to understand the confidence on the US foray? Secondly, other geographies, if you could give color in terms of international, are they also doing well? And where do you see this number settling over a three-year time frame, given the kind of success you've seen in the initial quarter. So is there a risk that this may slow down also in the coming quarters?

Ashok Sonthalia: Before Venkat comes in to give you more perspective. Just one clarification I will give you, that as the IBD network, international network is expanding, so whatever supply happens from India to fill up the inventory and prepare the inventory for new stores, that is also sitting there Abneesh and that is where that 3% is sitting. But the rest of the question, of course, I will ask Venkat to respond to you.

C. K. Venkataraman: Yes, we have now many stores in the GCC region. Each store is playing to its potential as well as plan. We are quite gung-ho. Many franchisees from India are lining up to partner with us there. We're also looking at external partners. The US store is yet to open, hopefully sometime in November because some of the complications relating to permission and all that, we are – these are new to us.

But once we get our first store and become clear about what all is required, I think the ramp-up will begin. And every store is playing out to plan, diamond ratio, ticket size, customer satisfaction, which is a Net Promoter Score and even our trunk shows in New Jersey, in Houston, in Dallas, before we actually set up the store are all confirming the potential.

So we are pretty gung-ho. And currently, we are staying with the indication we had given in the investor meet, which is 2,500 by 2025, if I recollect.

Abneesh Roy: Sure. My last question is on the EyeCare business. So are you happy with the 4.9% sales growth because on a much smaller base, obviously, it is growing much slower than your other 2 larger businesses. And when I see the advertising spend, say around 7-8% of the sales, it's up sharply YoY. I don't think it's that relevant given Covid impact in the base quarter. So for the category also, is this the kind of 7-8% in terms of ad spend and 4.9% growth, how do you look at this versus the category growth?

Saumen Bhaumik: Hi, this is Saumen here, Abneesh. Quarter 2, if I break into two parts, July is actually pretty good, okay, and fulfilled our own expectation of the numbers. It is in August and September, more so in the month of September by the time when the festivities came in, we saw a sluggish demand. And therefore, sale was below our own expectation. So to that extent, growth was lower.

But given that people are celebrating Diwali after two disrupted years, I don't think spectacles was top of anybody's list. And therefore, we would consider that as one of those, if we have got something as the need-based category's advantage in the last year, we probably have seen the other side of it. So that would be my take on the growth side.

As far as marketing is concerned, I think we invested more than what we did last year, and it's going to get only higher in the 2 quarters that we are entering into.

Abneesh Roy: Yes. I asked because out of all your 3 key businesses, the smallest business is the highest margin. So that on such a smaller size, that kind of 16.5% EBIT margin seems slightly on the higher side. So I hope you are not underinvesting there?

Saumen Bhaumik: We take your view on this, and as I said, the second half would see a lot more investment in the customer acquisition side as well as the footprint that we have already promised ourselves that we'll reach 1,000.

Moderator: The next question is from the line of Jaykumar Doshi from Kotak. Please go ahead

Jaykumar Doshi: Yeah, thanks for opportunity. Just a follow-up on the question asked earlier on international. So in this quarter, primary sales for international business must be around INR 225-250 crores. Can you call out what will be the secondary sales. The reason I'm asking this is your guidance of INR 2,500 crores indicated about 30 stores by FY27. And currently, you have 4 stores and in this quarter, primary sales reported is about INR 225-250 crores. So just to get a sense whether anything has surprised you positively in terms of revenue throughput per store for the international business versus what you were looking at?

C. K. Venkataraman: So like Ashok was clarifying, actually don't look at the billing from India into this. I'd like to confirm that the stores are in the INR 80-120crores average per year. That's the full year, wherever it is full year, or run rate wherever it is new. So we are sort of so far so good on track for that FY27 figure that you're describing. 30 stores, 2,500 should happen. Obviously, the network has to fall in place, but the run rates are consistently happening.

Jaykumar Doshi: Second is, in this quarter, YoY sales growth for Jewellery is 18%, whereas UCP sales growth is about 13%. Is this usual, or is there any change in store mix? Or this is perhaps also related to the international sort of sales?

Ajoy Chawla: Yes. So I'll take that, I am Ajoy. The 13%, I would like to first offer a correction for everybody on this call is to be read as 15% because when you look at all channels, Tanishq, Mia, Zoya, e-commerce and institutional - domestic growth actually is 15%. This 13% probably reflects only one channel. And therefore, the like-to-like is likely to be closer to 11%. Having said that, is 15%, good, bad ugly, that's the question that you seem to ask. We think it was...

Jaykumar Doshi: No -- my question was related to the gap between 18 and 13, which looked higher than usual, but if it is 15 and 18, it's not very different from what we have seen in the past.

Ajoy Chawla: The rest of it is explained by pipeline filling which Ashok explained.

Jaykumar Doshi: Final one is first half, your EBIT margin for Jewellery business standalone is 14.4%. And you've maintained 12-13% as your comfort zone or range. Would you like to upward revise that band?

Ashok Sonthalia: So Jay, Ashok here, the focus on this quarter, where we have 15.3% is the Jewellery margin. And there are about 2% represented by certain items, which are not sustainable. One is, of course, our custom duty related gains, the other one is also on diamond pricing. And this being a studded quarter, of course, so we are at 13.3%. So quarter 2 being a studded quarter should have a high margin. But 13.3% to 15.3% is not sustainable. So we are still talking about that band 12-13% in the medium term, next 12 to 18 months. That's the range which we think more comfortable with.

Jaykumar Doshi: A quick one diamond prices come off? And are you seeing any sort of change there?

Ajoy Chawla: Can you repeat your question? Your voice broke

Jaykumar Doshi: Have diamond prices come off from peak?

Ajoy Chawla: Okay. So diamond prices are no longer going up like they went up earlier, but we have not seen any reduction, a little bit of softening on the higher caratage solitaire, but on the bulk of them, which is more in the small diamonds or the melee diamonds as we say, there is no letup. Supply still remains a little constrained. Have we hit the top - perhaps. We don't expect it to go up further.

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

Avi Mehta: Hi Team. Congratulations on this performance. Just continuing with where Ajoy left, essentially on the other segments as well, in particular, Watches, we had shared that you would look at now close to 13% as the most steady state, but the first half has been very healthy. So just wanted to get your sense whether there is a one-off over there? Or should we assume that 13% probably can be breached? And similarly, in the eyewear that you had indicated an over 15% kind of expectation, should we also revisit that segment on the margin side?

Ashok Sonthalia: So there is no one-off in watches. Similarly, nothing in EyeCare. EyeCare is still we believe mid-teen is the number. Just in the earlier question, you heard there is a need to invest more on marketing and store expansions are happening. So I would still say that mid-teen number is much better to anchor expectations. As far as Watches is concerned, they are doing well, growing well.

The premium part of the watches and channels are doing well, and that is where margin is good. We have always talked that Watch is a high operating leverage business. And yes, so but I would say 13-14% seems to me better expectation anchoring rather than thinking about quarter 2 margin.

Avi Mehta: And the second part is on the demand side. You had shared last time risk from low ticket size demand, that you saw weakness. There has been some players who have been arguing about pricing-based competition rising. Anything on the demand side that makes you worried?

C. K. Venkataraman: You're talking about any particular sector or across?

Avi Mehta: Jewellery, in particular.

Ajoy Chawla: Yes. On the entry point, in fact, we've seen a good healthy pickup on gold in the season. And during the quarter 2, we saw a good pickup on studded as well because it is a studded activation. But at an overall level, I would still say that in the sub-50,000 and sub-1 lakh, there is some amount of, let's say, there is some amount of pressure. The growth on the higher segment is coming more easier, perhaps because different segments of the population have got affected differently. And also inflation has been there both in gold and diamonds over time. So I think that may also be adding to a little bit of stress in the sub-1 lakh segment, at the buyer level.

Avi Mehta: Sir, but then in that, just hoping a little bit more. You have stated 17-19% growth in the festive period on a like-to-like basis. Would it be fair to say that your expectation would be a double-digit growth in the third quarter at least despite the high base? Or there are too many moving parts that would make it difficult to extrapolate that?

Ajoy Chawla: So you're right, there are many moving parts. What we can say for sure is the 36 days that we looked at from first day of Navaratra to end of October compared to a similar period last year and Jewellery, it was in that close to 18.5-19%. How that will pan out in the rest of the two months is difficult to say because quarter 3 was a high base last year, and it was a very good growth over the previous year. And that, in turn, was a very good growth over the pre-pandemic. So difficult to say. Things are a little volatile.

Avi Mehta: And sir, what's the growth in the - sorry, what I meant is was this growth in the next post-festive period? Is that what how the base was? I'm just trying to understand the base that we are...

Ajoy Chawla: No, the base was good only, even post-festive. And for us to be able to commit to any kind of growth for quarter 3 is very difficult to say right now. But what we have shared with you is how the season has gone, which I think is a substantial.

C. K. Venkataraman: And we are still in the midst of enjoying that 19% growth that we closed two days back, for us to start thinking about the next two weeks or so.

Moderator: Thank you. The next question is from the line of Shirish Pardeshi from Centrum Broking. Please go ahead

Shirish Pardeshi: Hi Venkat, Good evening team, thanks for the opportunity. I gave a full comment and full marks for this outstanding growth in this quarter. And I was quite impressed what you've spoken during four five months before, during the analyst meet. I think the margins in the Watches & Wearables and in fact, it was heartening to see the turnaround which is happening in Eyewear. The only concern which I have in the both businesses, as you and Ashokji mentioned that there is a strong operating leverage.

But I think going back in the past four or five things, what we have corrected and now we have got the model right, do you think this business, both the businesses have a lot of strong momentum in terms of demand? Because on a prima facie, it looks like discretionary demand is going to be stronger in the next two quarters. So are you saying that all the past and the learnings we have already implemented and these two businesses will not look back again?

Suparna Mitra: Shirish for the Watches & Wearables Division, we have seen strong growth coming in for both quarter 1 and quarter 2. Quarter 1, of course, in a very walk based by quarter 2, except July, August and September was already back in full swing. We are seeing good demand in the higher-priced brands, higher-priced products and in the more premium channels and that continues very, to pick in very strong. So at this point, that is the way that we are riding on.

The more economy-oriented price points are not doing as well. So there are some pressures in terms of demand there. But overall, being multi category, which is Watches & Wearables as well as multi-brands as well as multichannel, so the interplay between the brands and channels, the way it is standing out right now, is that brick-and-mortar has come back strongly, the premium brands are doing well, premium channels are doing well. I think that is probably going to be similar. It is going to be similarly a couple of quarters after that, we'll have to wait and watch on how things pan out.

Saumen Bhaumik: Hi, This is Saumen. As far as EyeCare business is concerned, Shirish, I think we have got our basics organized, and therefore, we do not anticipate any more shocks atleast. And on the demand side, I think what I mentioned earlier, after two years, people put the need-based category in the secondary list, I suppose you can't fault it, and that's our take on the quarter 2. As I said, July was very good. August and September is what we expect that we actually experienced a bit of a sluggishness. And if you were to go over the last seven days soon after Diwali as an indicator of what lies ahead, I would say that we should bounce back in the quarter 3 well. But whatever said and done, it's still a need-based category and people who buy as they need. And so we are positive about the quarter 3 and time will tell.

Shirish Pardeshi: I got that. That's helpful, Suparna, Saumen. But my only worry is that now we have reached to a better margin profile. So I just wanted to hear from you what is the strategy? Are we going to maintain the margin and look at the growth as a stabilized matter or we go back and say that because we have taken a very aggressive target for expanding stores. So what I need to understand and confirm from you that the model and the business is on the sound footing and whatever new products, what we are getting into it, and for example, Reflex is one of the things which has picked up very well. So I think is that the thing which is in our confidence and in our control.

Suparna Mitra: Yes, I agree that the basics are working well. In terms of - you're right, that we've taken very aggressive growth as the main focus. Margin, as was explained by Ashok a little earlier, we are looking at 13-14% and really investing in the growth of the business for Watches and Wearables for at least this financial year.

Shirish Pardeshi: Okay.

Saumen Bhaumik: And the similar thing for EyeCare also, while we did 20% plus, we maintain, and we have been consistent on this, about 15%, give or take, would be the expectation in terms of margin. And the rest of the energy and focus would be in order to sort of expand our stores.

Shirish Pardeshi: My last question is on the Jewellery business. I think sometime when we met in person, somewhere we picked up that we were still underrepresented into high-value studded jewellery. So is that the thing which we are now focusing and that has really helped us to expand the Jewellery sales and contribution? Or still it is underway?

Ajoy Chawla: No, it is certainly under pitched even now though we have focused a lot on it, and we have seen a very good jump in, high value studded is back to what it was, let's say, three years ago, pre-pandemic level as a contribution. So that we have seen disproportionate growth there because we've also focused a lot on that. Having said that, the opportunity on that, we are still scratching the surface. I mean, there's a huge opportunity, a lot also depends on how customers are comfortable bringing out their PAN cards etcetera above a certain level. So that's a gradual process. But the opportunity is large.

Shirish Pardeshi: Yes. I'm only telling this with confidence because having spoken to many people on ground, I think all those big bang weddings, which has not happened in early part of the year, they all are coming back. And this is a very opportune time for us because we are one of the preferred and trusted brands. So we should get that opportunity.

Ajoy Chawla: Let’s hope so.

Moderator: Thank you. The next question is from the line of Percy Panthaki from IIFL. Please go ahead

Percy Panthaki: My first question is on the Jewellery margins. You mentioned that there are certain one-off gains there, and one of them was related to diamond pricing. Can you elaborate on that? I did not understand what that refers to?

Ashok Sonthalia: So Ashok here, diamond pricing have a few aspects to it. We have been, as our risk mitigation strategy when the supply chains were getting disrupted, we started buying ahead of time and stocking up. So some of, and then diamond price kept on going up for some time. Today now, they are plateauing, but some of those purchase decisions, which were part of risk mitigation strategy have worked really well for us, and that's the stock, which is giving us good realization and margin. That is what I meant.

Percy Panthaki: And a couple of quarters earlier, our commentary used to be that there is a lot of price competition amongst the organized players. So what is the situation on that aspect currently? Any comments on that, please?

Ajoy Chawla: Yes. Percy, I think the price competition continues. In fact, it has intensified and every player, whether organized or independent jeweler or a regional chain is now fighting strong to retain their customers. So the price intensity is high - price competitive intensity.

Percy Panthaki: Despite that and adjusted for the 200 bps gain, we are still posting 13.3% margin despite high competition, so then where is that high competition manifesting? And in what way do we see it manifesting because the margins are normal, growth is good. So then is it really relevant point for us?

Ajoy Chawla: Yes. So two factors beyond the one-offs of 200 bps. One is this was a studded quarter. And typically, you should compare it to a studded quarter EBIT margin because the mix changes the situation. And therefore, annualized, it may be very different. Second piece is that some amount of operating leverage also kicks in when we do a certain quantum of sales. So, but I would give more weightage to the first point that I said.

Percy Panthaki: Second question also on Jewellery segment. The growth is very-very strong right now on a 3-year CAGR basis, we are doing 25%-plus in jewellery, etcetera. Of course, there's a pricing element on a 3-year although not on a YoY. My question here is that this is not by linearly every quarter, etcetera. There can be sort of periods of troughs and peaks, people can postpone prepone etcetera, etcetera. So I mean, keeping this in mind, are you worried about FY24 growth in the sense that people have bought so much jewellery in the last 3-4 quarters, that there might be some amount of satiation reached in the customers and FY24 growth could be at risk on a YoY basis. Any thoughts there?

Ajoy Chawla: It's rather early to think about FY24 growth. But just to clarify, I don't know the 25% you've derived based on the primary sales reported, etcetera. So to help clarify that, for the quarter, it's a CAGR of around 23% over a 3-year period. So pre-pandemic to this recent quarter. And if I look at that, that is a mix of healthy buyer growth. The ticket size growth will be about 6% or so. So the rest of it, about 17% is a CAGR on buyer growth over the three years. What gives us hope and confidence is our continued gain in market share, our continued share of new buyers. So even for the quarter that went by, we saw a new buyer contribution of 46%. The same figure in quarter 1 was around 43%, new buyer share. And therefore, it gives us the confidence that more and more we are able to attract new buyers. So whether or not people have satisfied their share of jewellery purchases, very difficult to comment, but the headroom for us to grow on market share itself is huge.

C. K. Venkataraman: And also Percy unlike other expenses, discretionary categories, jewellery is also a store of value. And there have been so many instances where, let's say, yesterday, a woman came and bought something worth 2 lakhs and 20 days later, a beautiful collection comes and the salesperson calls her. And she again buys 2 lakhs worth 20 days later because this is a store of value in India. Whereas in most other countries, it's a discretionary product, which is an expenditure. So in that sense, there is never a satiation limit kind of thing for jewellery. I mean I'm saying in a broad sense. Plus in a 400,000 crores plus market and in 34,000 crores thereabout kind of sale in FY23, maybe for the jewellery division and the market share opportunity like Ajoy said, and I'm just pinning it with the thousands of, tens of thousands of crores, sitting outside our share to play in, innovate and actually grow.

Ashok Sonthalia: And just to add, you know Percy, if you look at our GHS, and if that indicates any intent of buyer to buy after 10 months, 12 months, we are seeing very healthy enrollment and growth. So I think, yes, that's also one of the indicators, which gives us confidence that nothing is much changing in FY24 until unless something unusual happens.

Moderator: Thank you. Your next question is from the line of Siddhant Dand from Goodwill. Please go ahead. Mr Siddhant please go ahead with questions. Your line is unmuted.

Siddhant Dand: My first question was regarding CaratLane, how is their balance sheet looking like and they've been growing very well. So will they need further equity infusion? Or are they good to go for now?

Ashok Sonthalia: So CaratLane is good to go for now. And anything which they need to do, they have the borrowing capacity and banks are willing to extend them at competitive rates. Being a part of Titan group helps them in that context, because then debt equity ratios are slightly immaterial from their ability to borrow more. So at this point of time, I don't think there is any primary equity infusion is contemplated. They can borrow and fund their growth.

Siddhant Dand: Currently, do they have any debt on the books?

Ashok Sonthalia: They have working capital. They have gold metal loan. So they would have about, I think, INR 400 crores worth of working capital loan on the books.

Siddhant Dand: And second question was regarding IRTH our new launch in the purses division. So what's the market size and focus for us over there? Or it's too early to comment over there?

Manish Gupta: So, this is Manish. So we are estimating the market size to be about INR 4,500 crores. 1/3 is organized, growing at a fast pace. So maybe in about five years, it will be about INR 3,000 crores, and we are having an ambition of targeting INR 1,000 crores in INR 3,000 crores organized share.

Siddhant Dand: INR 1,000 crores in five years?

Manish Gupta: That's right.

Siddhant Dand: And so currently, I noticed that you've been just importing from China. So do we plan an in-house theme for those or how does it go?

Manish Gupta: No. So at this point in time, we are still evaluating option, but we are - yes, we are importing from China, but we are building capacity and capability also with some of our lines from Made in India from, for e-comm purpose, for example. And we'll evaluate option in the future from a vendor base in India.

Siddhant Dand: And my last question is regarding Taneira. So it's still a relatively unknown brand, of course. I think I noticed that you've doubled your marketing...

C. K. Venkataraman: Siddhant I think you have gone on mute.

Moderator: We'll move to the next question, which is from the line of Manish Poddar from Motilal Oswal Asset Management. Please go ahead

Manish Poddar: Yes, sir. Two questions. One is the absolute ad spend, which we do annually. If you could just help me understand the broader breakup, what would that be for the jewellery segment and for the other segments?

Ashok Sonthalia: So no, we will not be able to disclose that, Manish, but businesses are mature, have different level of maturity and scale. And that is how they take themselves - how much percentage of their revenue is appropriate for them to do. And depending on different product launches, collections, etcetera, all those things and festivities, etcetera. So we were not able to kind of give you business-wise advertisement details here

Manish Poddar: So do you look at the spend as an absolute amount as you look at as a percentage of sales because this number was roughly about INR 522 crores in both FY19. And FY20, I understand there were some Covid hit and stuff like that, this number was about INR 475 crores. So I'm just trying to understand, because INR 600 crores is a large sum for a company. I'm just trying to understand, do you look at an absolute number or looking as a percentage spend?

C. K. Venkataraman: I mean in the mature business, it is certainly a percentage of sales because it's a value chain building thing and new businesses, which is absolute because we need minimum levels of investments to break through.

Manish Poddar: And second bit is probably early days, but one of your peer set or one of the larger peers is rolling out this franchisee model. I know it's early days, but any sort of on ground, when you interact with your channel partners, any sort of difference in terms of negotiation? Or, and just a thought around this?

Ajoy Chawla: So I think none of our channel partners, franchisees from the business will be participating in that. I understand where you're coming from. There were some statements made by this peer amongst a group of analysts, as I was given to understand, but none of our franchisee partners is participating in that. And it's very clear for them and for us.

Moderator: Thank you. The next question is from the line of Siddhant Dand from Goodwill. Please go ahead.

Siddhant Dand: Yes, I don't know why it was disconnected. But my question was regarding Taneira. So it remains quite an unknown brand as of now, relatively speaking. So when do we plan an inflection point where we get a brand ambassador, pan-India marketing campaigns, things like that?

Ambuj Narayan: So hi Siddhant, this is Ambuj. And you're right. So we are investing in advertising and building brand visibility and building the brand. And we are getting, we are seeing some very good results of that. And looking at whether we get in the brand ambassador or not, I mean that's not a discussion that we are having right now. We are focused on building the footprint across the country. So now we have 31 stores in 14 cities, and we were 20 stores by the end of FY22. And so we are satisfied with the progress, and of store expansion and sales growth. And maybe just watch a few quarters and we will share more with you.

Siddhant Dand: So how many stores do we plan to add this and in the next year?

Ambuj Narayan: We plan to close this year, which is FY23, around 50 stores. So next year, again, we would be opening about 30 to 35 stores.

Siddhant Dand: And most of these new stores will be franchisee or owned by us.

Ambuj Narayan: So as I speak, the franchisee stores contribution is already 55%, continue to be largely franchisee.

Moderator: Thank you. The next question is from the line of Latika Chopra from JPMorgan. Please go ahead.

Latika Chopra: Hi, thanks for the opportunity. So I have a few questions of clarification on the Jewellery segment. The first one was if you could share some color on wedding demand through the quarter? Or how do you anticipate this to play out over the second half of fiscal, you would have some sense on pre bookings, or pre orders, if you could share that with us?

Ajoy Chawla: The wedding demand Latika has been muted, if you ask me both in quarter one and quarter two, even though there were weddings in quarter one, perhaps because of timing of purchase, people might have bought it earlier, etcetera. Last year, quarter two actually had a good incidence of wedding buyers perhaps due to uncertainty of what may happen coming out of a Covid situation, etcetera. This year, we have seen that it has gone back to the lower contribution that you usually see in quarter two. So given that both the first two quarters have been muted, our anticipation is that there should be a fairly strong wedding demand, though early signs are not yet clear.

But sometimes, we have to just take a punt and be prepared for growth when it comes. And this is something that we've seen happen time and again in the last 18, 20 months. So we are actually funding and pitching strongly for wedding demand, and we have got enough collections and campaigns and on the ground events that we are continuing to do because we see a very good potential for this. Even if something doesn't come up in a particular quarter, it doesn't matter. Our share of market share in this is so low that anything we do now will keep on building a strong pipeline for the future. So my, we are hoping, we are hopeful and optimistic of a very strong second half for weddings. But yes, early days yet, we will wait and watch how things pan out over the next few months

Latika Chopra: All right. The second bit was on new buyer growth, which has been fairly impressive. I just wanted to check that if you exclude the new stores that you've added over the course of the past year or so, how does the new buyer growth looked like on a like-to-like basis? Is that tracking your expectations, is the difference versus the 10% that you saw in this quarter significant or is it on similar side?

Ajoy Chawla: So we are seeing reasonably healthy like-to-like buyer growth. We have seen good buyer growth over, in terms of new buyers, we are seeing healthy both new as well as total buyer growth, including same-store-sales growth. I won't be able to give you a number, but the percentages are fairly good.

Latika Chopra: And are these new customers coming for the high-ticket price purchases? Or are you seeing more of these coming at the entry level for your existing stores?

Ajoy Chawla: So usually, new buyers will come in at entry level. But this time around in quarter two, we have also seen adequate number of new buyers come in at the upper end, especially for the high-value studded end as well. So, and earlier on some few months ago, we had also seen some new buyers come in for something like the Polki collection, which we had launched. So, but yes, the majority still come in in the entry point, but now we have started also seeing some incidents of high-value purchases from new buyers.

Latika Chopra: The other bit, which I wanted more clarity was that you alluded to the fact that price competition in the category has intensified. But have you also participated in this with more competitive pricing. So, has your price premium versus the other organized players increased or it is stable, because you've decided to match it?

Ajoy Chawla: It's a complex question to answer because pricing in gold, it's a function of gold rate as well as making charge. So we have tried to balance it out between the two, though it's difficult to argue whether it's on an absolute level gone up or low. Very difficult to answer. We've become more competitive on gold rates, but we are managing product mix, we are managing making charge and as a combination of that. In studded, I think our premiums have gone a little higher, because we've kind of implemented price increases as and when we've seen the costs going up. I'm not sure if the rest of the market has done that in that manner. So maybe on a like-to-like basis, some premiums have gone up on the studded side.

Latika Chopra: All right. And maybe the last bit was on store expansion. First half 14 stores added for Tanishq and about 19, 20 stores for CaratLane. What is the number or largely, you expect for the full year FY23?

Ajoy Chawla: Okay. So I'll give a clarity, 14 stores for Tanishq -- but what we don't report here is also the significant expansion in existing stores. So almost another 11 stores, we have expanded significantly by 40-50%, their area has gone up. So each of those expanded portion is like a store on an average of 2,600 square feet we've added per expansion. So technically, you can say Tanishq has added almost close to 25 or so. Mia has added about 30-odd stores till October, maybe 29, I think some such number was there.

Ajoy Chawla: For the quarter, it's there. For the quarter it's 16, but Mia I add -- we've had a lot of openings in October, so I'm giving you an updated view. And Caratlane also, we've added quite a few, we added, I think, 20 in the first half, 14 in quarter two. But thereafter, we've added quite a few more actually. We've added another 13 or 14 stores in Caratlane. So overall, each of our brands is on a fairly aggressive expansion spree because the opportunity is there in new catchments as well as new towns.

So I think I don't know, guidance Tanishq will probably see totally new stores of 30-35, but we may also land up expanding about 20-odd stores by the end of the year. Mia will probably see 70, 60-70 store additions and Caratlane also is gunning for an aggressive similar number.

Moderator: Thank you. The next question is from the line of Vishal Gutka from Phillip Capital. Please go ahead

Vishal Gutka: Yeah, Hi sir, congrats on a good performance. I have two questions. First question is that India has signed an with UAE or for getting gold on concessional duty rate, 1% concession it is on import duty with first installment been restricted to 200 tonnes. So are we applying to get gold under the scheme? Any sense on that?

Ajoy Chawla: Yes. Vishal. We have done so in the first installment for the first quarter. When it started, we got 540kg licens e. And we are now, in fact, in the process of utilizing that because that was extended till November. In the next quarter, we've actually been given a significantly larger, we had put an application. So we've got, again, a significant quantity on that.

Ashok Sonthalia: Just to add to Ajoy, this 200 tonnes which you mentioned, it is over 5 years, like it starts from 120 tonnes and then it goes up to 200 tonnes in the fifth year. And then there are quarterly allocations which are happening. So first allocation came in quarter two, but it came very late. So import time has been provided till November end. And then the quarter 3 reference, which Ajoy spoke about, we have got some higher allocations based on our capacity, etcetera. So it's a quarter-to-quarter thing, but we are very much participating in that actively.

Vishal Gutka: So indirectly, it's a win-win for organized players because larger organized players will be able to generally get this gold at a concessional rate. That 1% concession is there. So overall beneficial for organized right, because smaller players will find it difficult to procure in the scheme.

Ajoy Chawla: Many jewellery vendors are also fairly large. So they have also applied and that benefit can translate to other players as well. So I wouldn't make that assumption entirely.

Vishal Gutka: And sir, second question is on any sense of benefit coming on hallmarking front. Have you seen that benefit coming to us because now almost more than 9, 10 months, that hallmarking is mandatory in India. So any sense if we can provide on hallmarking trend, it would be helpful.

Ajoy Chawla: Difficult to estimate whether we have got any direct benefit by virtue of hallmarking specifically. Yes, the broader theme of migration of customers from unorganized to organized continues to be a secular trend. But frankly, on hallmarking, I can't really say whether we are getting any specific - it's very difficult to arrive at that view

Moderator: Thank you, the next question is from the line of Anush Mokashi from Yadnya Academy Private Limited. Please go ahead

Anush Mokashi: Thank you for the opportunity. My question is about the Zoya segment. So like what is the growth we are looking in this segment on a quarter-on-quarter basis, a year-on-year basis? And some plans about expansion or, if you can share some guidance on this.

Ajoy Chawla: Yes. So just to give you a flavor, Zoya, a few years ago, three years back, if I'm not mistaken, it was around INR 66 crores, then it went to some INR 70-80 crores. Last year, we did about INR 135 crores. This is all consumer price, so not NSVs. And this year, we have completed that INR 135 crores of last year in the first seven months. So we are looking at anything between INR 230-250 crores. And given that the base being so small and very few stores that we have, and a very small customer base right now out of the very significant HNI population and that's growing, I think the opportunity is very large. And we, on that very small base, you can take any growth you want. It won't materially alter the jewellery division or the company's top line. But for that brand, yes, can we see it to be a INR 500-700 crores business over the next few years? Surely. Can it go beyond that, perhaps, But don't have a view on it right now

Anas Mokashi: Okay. And my second question was about a region-wise contribution in the Jewellery segment revenue mix. So how much is South region contributing, can you share that data?

Ajoy Chawla: South region. Yes, we'll probably give it to you later. I don't have the exact fix, but it's beginning to get to its fair share among the 4 regions. I think by the end of this year, probably it may be 1/4th or maybe slightly less than 1/4th, but I don't have the exact fix now

Moderator: Thank you. The next question is from the line of Vijay Gala from Gala Consultancy. Please go ahead.

Management: Hello, Yes, we can hear you.

Vijay Gala: Say, regarding everything asked on the Jewellery point of view, well congratulation first for the good result, Tata is a brand name and really we hope so that, I think one of the point of view, subsidiary Tata Engineering Automation Limited. So defense portfolio is there with you, how much order position is there in the Aerospace and Automation projects

C. K. Venkataraman: Could you just repeat the last couple of sentences?

Vijay Gala: We have one subsidiary type Titan Engineering and Automation Limited.

C. K. Venkataraman: Yes

Vijay Gala: So how is the Aerospace division doing? And what is your order position?

C. K. Venkataraman: No, we are not in a position to share the order position

Vijay Gala: But doing very good though?

Ashok Sonthalia: The numbers are there for you to see. I think they have done well in quarter two. They have two businesses there. One is the Manufacturing Services we call, where Aerospace, Defense and some of the newer tech area equipment they are supplying and the other one is Automation Solution services. Both these businesses in quarter two, particularly, they have done well, and they are expected to continue to do well, while the end customer environment is not so certain at this point of time, they serve to US and European customers as well as Indian customers. So it is more linked to cyclicality of economy, this business. But currently, they are doing well, good order inquiry, good order booking. So yes, all okay.

Vijay Gala: What about that - that is continuous division will be going on? Or what will be otherwise we demerged into another company?

Ashok Sonthalia: It is too premature to start discussing anything on that

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

Sheela Rathi: Thank you for the opportunity I just had one question. When I just draw the conclusions from what you have said. The point you made was that the entry-level demand was weak, wedding demand was weak for second quarter in a row and the new buyers are coming at the upper end. Of course, this was an activation quarter where the results have been phenomenal. But going ahead, is there something we are worried about, especially with respect to weakness in wedding demand and as well as the entry-level demand?

Ajoy Chawla: Yes. I'll answer this. So first of all, when I say weak, it is relatively weaker. It is still healthy growth, but the growth in the higher end is better. And therefore, I think in relative terms, perhaps I didn't clarify. Growth is coming easier upward, but it is coming, but it's not as easy and free flowing as it is in the upper end. Secondly, even for new buyers, I would like to moderate that comment and say that a few new buyers are now coming at the higher entry price point, but the bulk and the majority still come at the entry level, sub-1 lakh.

Thirdly, growth of new vis-a-vis growth of, let's say, repeat customers continues to be well balanced and in fact, both in activation period of quarter two as well as in the festive season, we have seen new buyer growth outstripping total buyer growth. So therefore, we don't, we are not worried about it at all. And whatever little bit of pressure is there at the entry point - we are anyway addressing it in many different ways because the opportunity continues to be large. So nothing to be worried about.

Sheela Rathi: And just a follow-up here, is there a divergence with respect to the region? I mean, are we seeing stronger growth coming from Western region and weakness coming from the Southern region - is there any divergence there?

Ajoy Chawla: Not really. See, when you look at it point-to-point, year-to-year, you will always find some ups and down. When you look at it over a 3-year horizon, South continues to grow for us because our penetration and our own market share there is much lower, so the headroom there is much higher. Certain bigger cities, let's say, last two years, metros went through a tough time because of Covid. So it may look like, oh, in this quarter, metros have done better and Tier 2 might have done slightly lesser, but both have grown. And to draw some long-term conclusions on that, I would be wary of. So overall, I would say, certain pockets, yes, there have been, which have seen a little bit lower growth, some parts of the East and some parts of Eastern UP, they have been affected by floods, etcetera. But really, you can't draw large conclusion based on that. And therefore, we are powering and chasing growth on all the fronts. And we see that some of these ups and downs are like noise in a volatility situation. But secularly, I would say that there is no clear trend emerging.

Moderator: Thank you, the next question is from, the participant has left the queue. Anyone who wishes to ask a question may press star and one. As there are no further questions from the participants, I now hand the conference over to Mr. Venkataraman for closing comments.

C. K. Venkataraman: Thank you very much, everyone, for all the piercing questions, as always, and the encouragement given to the company and all of us. Thank you, and see you soon.

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.