



SEC 63 / 2025-26

11th August 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Maharashtra, India
Scrip Code: 500114

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Maharashtra
Symbol: TITAN

Dear Sir/ Madam,

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 first quarter ended 30th June 2025 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 Shetty
General Counsel & Company Secretary

Encl. As stated



“Titan Company Limited
Q1 FY'26 Earnings Conference Call”
August 07, 2025



MANAGEMENT:

MR. C. K. VENKATARAMAN	– MANAGING DIRECTOR, TITAN COMPANY LIMITED
MR. ASHOK SONTHALIA	– CHIEF FINANCIAL 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

Moderator: Ladies and gentlemen, good day and welcome to Titan Company Limited's Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. C.K. Venkataraman, Managing Director, Titan Company Limited. Thank you and over to you, Mr. Venkataraman.

C. K. Venkataraman: Thank you. Hello, everyone. It's been a very satisfying quarter for Titan Company across businesses, markets, and subsidiaries. The results have been published and the deck has also been up for review, so I will hand over for the questions to start.

Moderator: The first question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Hi, Sir. Congratulations on a good margin performance across segments. First question is on growth for jewellery segment. The rest three quarters have a relatively higher base, obviously, because there was a 900-bps duty cut that happened. Do you foresee some growth moderation in the rest of FY '26 or we should be able to sustain the momentum that we have seen in Q1?

Ajoy Chawla: You are right, Devanshu, that quarter 2 particularly had a higher base effect, has a higher base effect going forward because of last year's custom duty reduction and some deferment from quarter 1 into quarter 2 because people were on the fence. So, I think 22nd or 23rd July onwards, we saw that impact. So, that is one factor.

The other factors are, of course, we have been constantly using the leverage of ticket size growth and repeat customer base that has given us good results, even while gold prices are high. I am not sure to what extent this should manifest in quarter 3 and quarter 4 in as much as it may manifest, the base effect may manifest more in quarter 2.

But it is too early to conclude anything and I would say that we started well in quarter 2. Of course, we have had to advance the Festival of Diamonds which has the studded activation and that has helped us. So, overall, I would wait and watch. I would not necessarily come to any conclusion given the significant uncertainties that we are seeing every day due to external factors and therefore consequent impact on gold prices.

Devanshu Bansal: Thanks for this. Secondly, I wanted to understand on margins. There is indication that there is some 50 bps of one-off in this segment for Q1 and there was some one-off in Q4 as well. Firstly, I wanted to understand what is the nature of this and whether both these one-offs are expected to reverse in the rest of FY'26?

Subsequent margin question is also that if we exclude this one-off, there has been still a pretty robust margin performance as the mix was weaker due to lower studded and higher coin sales.

So, do you see scope of beating the upper end of your margin band which is 11%-11.5% in FY '26?

Ashok Sonthalia:

Hi, Ashok here. So, in this quarter, we had a benefit of INR 100 crores one time distributed equally between jewellery and watches. In watches division, we have some valuation of inventory which we do annually, our runs and that is what has led into this benefit.

Every year a small benefit do come because of the input costs and wages going up, but this time it was pretty marked and that adjust watches division reported margin by almost 4%. Like 22 point some percent we have reported, you should think that 4% will be this one time and actually this one time will reverse as we move forward in quarter 2, quarter 3 when that inventory which has got re-valued get liquidated, it will hit the COGS and to that extent watch division has to kind of absorb this thing.

As far as jewellery is concerned, we have about which accounts for about 50 basis points. This is also one time outstanding hedging because of so much volatility in the market. There is MTM again sitting in our favour and which will also as these forwards and futures gets squared up in quarter 2 and quarter 3, this will also reverse itself. So these are the two major reasons in this quarter which has benefited overall company as well as jewellery and watches in particular.

As far as going forward is concerned, apart from these reversals which would happen in quarter 2 and quarter 3 and several actions which are being taken by jewellery division in particular to tackle whatever pressure they have, but we will not say that we will operate at upper end or lower end. 11 to 11.5 still remains our guidance on which we are trying to work on.

Devanshu Bansal:

Understood. Thanks for this. Just a follow up so that Q4 gain that was there that will also reverse in the coming quarters?

Management:

Quarter 4 I don't think there were something very specific and I am trying to remember what exactly was it significant. I don't think anything was significant, but I will just review that and maybe during the call I will revert back.

Devanshu Bansal:

Sure.

Moderator:

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

Avi Mehta:

Hi team. Thanks for the opportunity. I wanted to get your thoughts on the market share in the jewellery segment. Now for the last few quarters we have seen a situation where our same store sales growth momentum has been lagging the other larger listed players. So I wanted to know how are you seeing this and what do you envisage is the way forward?

Is this something that is because of the size and is expected, would love to hear your thoughts on that?

Ajoy Chawla:

Hi, Avi. Ajoy here. See I think given the construct of the jewellery market, it is a multipolar play. It is not just two players or three players fighting for share amongst each other and therefore

it is not easy to conclude. There are at least seven, eight large national players. There are 8 to 10 large regional chains and then there is a host of regional players who are selective to given cities or states or markets.

So typically we believe even last year we have gained market share and we triangulate it in different ways. We look at overall market data. We look at our own tracks. We look at World Gold Council data, all of that. So to us last fiscal, last financial year we have gained market share. In some markets we may not have gained.

In some other markets we have gained. So national picture I am telling you. In quarter 1 our understanding is we have sustained market share when I look at the total market. This is after triangulating all these data points that I shared with you. And how it will play out I don't know. But our base certainly is much, much higher.

And, therefore, in certain markets where our base is very, very high and many of the other national players are kind of entering there on a small base early entry. In those markets it may suddenly look like our same store growth is comparable to the same store growth of some of those other players. But very often we see that it is possible that growth is there in many players and some share is lost by regional players.

So it becomes very difficult to assess. So when we look at it, we look at the market share on the total addressable market in that segment. Quarter 1 summary, we have I think sustained share nationally. Last year we had gained share marginally I would say in the previous year.

Avi Mehta: Got it, Ajoy. Ajoy where I am coming from is, is this a case where the segment that we cater to is where we are gaining market share or is it more a geography mix? That's the clarification that I wanted to understand more than just a follow up on that?

Ajoy Chawla: It's a geography mix I would say and in a way, geography also leads to segment because certain geographies are more towards gold, some geographies are more towards studded and some to higher value, some to lower value, but to answer your question simply geography led is what I would say.

Avi Mehta: Got it. And just a follow up, sorry not a follow up but just a second question that leads to it. From a margin point of view now you have a range of 11 to 11.5. Wanted to understand is margin at all a lever to change or which we need to evaluate to remain competitive or this is not the right approach when you look at the segment. So that is the last part?

Ajoy Chawla: So we are not constraining growth by way of trying to somehow keep a high margin. We have been very competitive and aggressive when it comes to gold rates. We have been very responsive in those markets. In fact, we have also consolidated a lot of that. We have also been quite competitive when it comes to introducing products, especially in the gold segment at lower making charge and lower complexity.

And we are seeing that product mix also play out in a particular way. We have introduced gold intensive studded products also. So many of these we have done keeping in mind both consumer

and competitive response. We have not held back on retail, let us say expansion or renovations and increasing the footprint of our existing stores.

And we have continued to invest in marketing in as much as it is needed. So none of our growth engines we are holding back on. And, therefore, I do not know whether you are referring to whether we can do more of those and compromise some of the margin. We have not really gone out there and cut our investments in growth to kind of fund margin.

Avi Mehta: Very clear. That is all from my side. I will come back in the queue for the other questions. Thank you.

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

Videesha Sheth: Yes, hi. Some of my questions have been answered. So just one from my side. With 9 carat also coming under the purview of hallmarking, how are you thinking of exposing multiple formats, multiple brands of yours, be it CaratLane or Mia or maybe even have a separate brand. I understand that you have already launched certain assortment under 9 carat and CaratLane and Mia last quarter, but just wanted to know where do you stand or where will this karatage we focused on?

Ajoy Chawla: So Mia is still early days. CaratLane has done a lot more work on 9 carat and I will let Saumen answer that.

Saumen Bhaumik: Hi. We launched 9 carat diamond jewellery in the last Valentine. And it was kind of a response to the gold rate was spiralling upwards. And it was certainly putting a lot of pressure on the margin structure of the company. And we were also vacating price points and CaratLane were predominantly playing between INR 30,000 to INR 40,000 rupees. And a lot of products which were at top 30 moved away from that price band.

So we needed to fix. So 9 carat, 14 carat are ways to sort of make sure there is enough and more range for the customer to look for. And since then it was originally only online play. And thereafter we started placing it in limited number of stores. So far we are seeing a very steady traction. The hesitation that we had and we launched it even before 9 carat was hallmarking.

Meaning announcement of hallmarking happened immediately. But we have been seeing a steady growth of this. There are people who are buying the jewellery, 9 carat notwithstanding, diamond jewellery and pretty comfortable with this. And we didn't see any resistance at all whether it's online or offline.

So our view is that with the gold price increasing, all those earlier resistance of customers towards karatage. I think especially in the lower segment which is not more on the adornment space, less on the let's say investment space, I think it's going to be the way. And we are banking on it and therefore we are expanding it. In fact, we just decided that we'll be taking it to all 300 stores very soon.

- Videesha Sheth:** Okay. I understand it's early days, but do you believe it warrants a separate format or would you be playing this specifically through CaratLane and Mia only?
- Saumen Bhaumik:** For CaratLane I will speak here is that customer who are looking for price points, more often than not is in the gifting segment. So they come with a budget. And within that, I suppose if we have an offering, it plays out well.
- And 9 carat is basically addressing this issue of gifting which we are not able to otherwise cater to after gold price went up so much. 14 carat was the initial step and now 9 carat is the next step. So I suppose it is a segment we were actually -- that is the segment CaratLane lost some customers below 30,000. It is in a way our effort to get back those customers in the cash flow.
- Ajoy Chawla:** But I don't think it needs a separate brand. Even in Mia, as we roll it out, it is going to be under the same brand. In fact, Mia also sells a little bit of silver. It is under Mia brand only. So I don't think it will require a separate brand or format, but it may have a greater play online in my sense because of the price point it can cater to.
- Videesha Sheth:** Got it. And the second question was around Studded Jewellery. Any indications beyond besides CaratLane, any indication on improvement of the studded ratio or studded assortment?
- Ajoy Chawla:** I didn't follow the question. What do you mean by any indication?
- Videesha Sheth:** Sorry is there any indication of the overall studded portfolio growth picking up versus the 11% growth which we saw this quarter?
- Ajoy Chawla:** Well, we hope it will pick up. And already we advanced our Festival of Diamonds. We had the offer that has given us good results in July. How it will play out for the rest of the quarters and year, we will wait to see. We always target. The good part, I will tell you the buyer growth on studded is actually better than the buyer growth in gold jewellery. I am keeping coins aside. And that indicates that there are many more customers, new customers, and new buyers in the market for studded relative to, let's say, gold.
- So that's a positive sign. Of course, how we leverage our repeat business and repeat buyers to also give us ticket-size lead growth to complement this will determine how well we grow in the subsequent quarters.
- Videesha Sheth:** And this buyer growth which you are referring to in studded being better versus plain gold, that would be inclusive of CaratLane or excluding CaratLane?
- Ajoy Chawla:** Excluding CaratLane. CaratLane is separately tracked.
- Videesha Sheth:** Understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Tejas Shah from Avendus Spark. Please go ahead.

- Tejas Shah:** Hi. Thanks for the opportunity. For a change, I will start with watches and then eyewear. So watches delivered exceptional quarter. So what led to this growth and how should we think about sustainability of the same?
- Suparna Mitra:** So it was many things that we had been working on for many quarters kind of came to a pinnacle of results. Premiumization as well as in the volume side, a lot of work on mass customization, especially for brands like Sonata and Fastrack. So we've seen exceptional growth across channels, both retail as well as multi-brand and e-commerce.
- I think it was that was building up and this quarter was probably where it all kind of came together very well. In terms of continuing, of course, this was an exceptional quarter. We are hoping quarter 2 will also be good and festive we will wait and watch. But things are looking good and quite solid from a building block point of view.
- Tejas Shah:** And on the eyewear, despite store closures, we are delivering decent growth. So what's the strategy there going forward?
- N.S. Raghavan:** Yes. Hi. This is Raghavan here. Yes. We have been reimagining the eyewear business in terms of what is the CVP (consumer value proposition). So for us the positioning of Titan Eye Plus is a multi-price and a multi-brand so that we are able to cater to a larger set of an audience. So as far as store closures are concerned, stores which we believe are not performing well and stores which are not relevant are the ones which are being closed. So this is something which we will continue to do.
- Parallelly, we're also opening stores. So it is the stronger consumer value proposition and a greater shopper experience is what we believe is leading to a greater engagement with the brand.
- Tejas Shah:** Sure. And last one, if I may. Given the U.S. tariff environment, are you seeing any impact on demand pricing or sourcing strategies for the international jewellery business, especially in the U.S.?
- C. K. Venkataraman:** First quarter has gone pretty well. We were aware of the build up towards the tariffs and we had prepared everything on the ground to deal with it. And actually we have done very well in the first quarter of FY26. But the current signals are quite volatile and we don't want to take any knee-jerk reaction with respect to pricing because the claims are at a bloated level.
- And we'll wait out August to end to see what finally develops. To finally administer the price that we think we should go with. So that's on the price. On the sourcing and because the U.S. share to our company sales is just about 2% or a little more than that, it's not a deal breaker for us to approach this in any knee-jerk fashion. We can just wait it out and calmly do that.
- As far as supply chain is concerned, the international business is becoming, jewellery business is becoming bigger and bigger for us. With our recent entry into the GCC in a bigger way through the new investment, the GCC business itself of jewellery will be very large soon. And that combined with the U.S. could top 6% or thereabouts of the company sales. And by itself, it merits independent of tariff advantages.

It merits thinking about global supply chains in those parts of the world. And that's something that we are starting to think about and explore. But no concrete plan to share at the moment.

Tejas Shah: Got it. Thanks and all the best.

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

Siddhant Dand: Yes, hi. I had a question regarding TEAL. Could you speak more on the numbers, the scalability, the sustainability of this quarter's numbers and the semiconductor business that we are doing?

C. K. Venkataraman: Yes, so Siddhant, hi. There are three parts to the TEAL business. One part is the manufacturing services business where traditionally our customers have been aerospace customers from outside India and that sector is starting to improve. Our ability to move up the value chain from parts to minor subassemblies has been successful over the last few years. And we're seeing more and more traction.

For example, if you were to take a company like Raytheon or a Pratt. Our ability to move sideways into other parts of Raytheon, other parts of Pratt is giving us annuity businesses. And that business is actually an annuity business. And once you strike a deal after a year or a year and a half of preparation, it's for many years. So that is a sustainable business. And we certainly expect to continue growing in the manufacturing services side.

The second part is the automation solutions, which has got two parts. One is the traditional automation where it's a bespoke automation and assembly and testing solutions, which we've been very good at both in India and outside India. And that continues to – it's not that – it's not an annuity business. It's not that predictable.

And it – but because of a decent mix between automotive, CPG, medical and some other categories, we have built a certain predictability and also the international versus domestic certain predictability about and there's a lot of EV-related work that we are doing in that. The third is for a single large global customer, which uses the capabilities of the same automation solutions business, which is now – and it's also related to the recent acquisition of a company called Justech that TEAL did some time back.

And that's a third stream, which is more like a product business, but it uses the capabilities of the same automation services solutions division. So these are the three parts. And because they are very different from each other, in a way it also gives a good balancing mix to the predictable growth.

We are very, very excited about the overall growth prospects of TEAL because the, for example Raytheon, we keep getting the best supplier award from Raytheon and that's given to the top 10 or 15 suppliers out of 12,000-plus suppliers globally, and TEAL is one of them. Therefore, the reputation that TEAL has today for creating very high-end technology solutions and very reliable solutions is very strong. So, from a sales growth point of view, we are very, very bullish. From a profitability, I wouldn't comment about the future.

- Siddhant Dand:** Okay. That's wonderful. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.
- Harit Kapoor:** Yes. Hi. Good evening. So, my first question was on the watches business again. So, even adjusting for this INR 50 crores, this 18.5% EBIT margin is extremely strong and way ahead of our expected guidance. So, just for the full year, is it likely to be a higher profitability year for watches or is there something sustainably that you think is going to be at the higher end now? That's my first question.
- Ashok Sonthalia:** I think we are hopeful that mid-teen kind of number we should be able to deliver full year basis for FY '26. Yes.
- Harit Kapoor:** Got it. Got it. And just to follow up on this, analog seems to be doing significantly better. There's not much of talk of wearables in your release now. Is there a shift in the market or a mean diversion that's happened towards analog, if you could just give some sense on that?
- Suparna Mitra:** Yes. This is Suparna here. So analog for us is doing really well, as you saw the numbers. Smart watches have gone through a big correction. I think a lot of it happened last year in calendar year '24. It continues to be somewhat subdued right now. A lot of correction in terms of oversupply, undercutting of price, etcetera.
- We were relatively better off. So we are at this point maintaining and gaining market share and coming out with newer products which should do well. But yes, the very overheated kind of growth that we have seen in smartwatches in calendar years '21, '22 and '23, that phase is over now.
- Harit Kapoor:** Got it. And the last question was on Tanishq. Over the last two quarters, you've seen a slower rate of store expansion, even this quarter, three stores. So, just wanted to get a sense, is this year going to be slightly more back-ended? How do we see that?
- Ajoy Chawla:** No, plans are broadly similar. It's probably just timing issues of execution. Quarter one, I agree with you, was slower than our own plans. How much of it we'll catch up in quarter two, I can't say. But our plans for the year are pretty strong. And usually, we try to squeeze in many more stores just before festive season, which happens to be earlier this year in October. So, I'm hopeful that quarter two, we should be able to catch up on some of the...
- C. K. Venkataraman:** Also, I'm not sure whether the square feet thing is that apparent. No?
- Ajoy Chawla:** Yes.
- C. K. Venkataraman:** For example, just to illustrate, like, I was personally there in the small town, Brahmapur in Odisha, where the existing Tanishq store was totally reimaged to a much, much bigger size. So therefore, the strategic importance of that may be missed in the number.

- Ajoy Chawla:** Yes. So just to get to that point, for example, in quarter one, while we opened three new stores, all of them bigger size than earlier, we also relocated or expanded significantly about eight other stores, which are -- which is part of the retail transformation program that's going on. All of that is really helping on increasing the total retail capacity in terms of square feet.
- C. K. Venkataraman:** So we can highlight this, Venkatesh, in a better way maybe, just think about it. Yes. So that was just an additional point.
- Harit Kapoor:** Great. Thanks and we wish you all the best. Thank you so much.
- C. K. Venkataraman:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Sachdeva from UBS. Please go ahead.
- Amit Sachdeva:** Hi. Good evening and thank you so much for taking my question. Sir, my question is on the studded growth, which is 11%, and I think, it's been going on in the same range for the last two quarters, three quarters. But surprisingly, CaratLane continues to grow strongly in 30s, and you also make a point that premium solitaires, they are up 60%.
- And you also sort of given a mix of revenue in the slide, which is studded versus gold, and that includes CaratLane and the numbers seems to be unchanged. But then does it signal that in the studded segment, the ticket sizes now are coming down? And is there something consumer trends are telling us at Tanishq or Zoya level or at least the premium formats level, while the market is going towards more affordable diamond jewellery? How should we see the trend? And could you also update what is the diamond overall market would be in India level studded market and how the market growth is happening?
- Ajoy Chawla:** Okay. Many questions rolled in one. But at a broad level, Amit, studded market, our best estimate, and this could vary based on whom you ask the question to, is around INR 75,000 crores, give or take here and there. Last year, I think we did around in Tanishq, Mia, Zoya. And if I were to add CaratLane put together maybe around INR 17,000 crores, INR18,000 crores. Okay, and maybe something like that, but you can pick the figures there.
- Now, is the market growing? The studded market is certainly growing overall. In fact, even if you listen to what De Beers and etcetera, commentary, India is probably one of the few markets which is growing in studded and we are now the second largest market for diamonds in the world.
- Now, the question that you're asking is, is there a studded, we've been seeing a slightly dichotomous behaviour in the last two levels. One is between solitaires and non-solitaires. We saw the correction happen in solitaires, particularly in the higher karatage, because of the price uncertainties that the media narrative also played out. That has now stabilized because now that is in the base, okay? And therefore, last year, if I were to look at it, the studded jewellery grew better than solitaires.

Amit Sachdeva: Okay.

Ajoy Chawla: Now, that bit has got equalized, if you ask me. Now, the second...

Amit Sachdeva: Okay.

Ajoy Chawla: Piece is on price. The other dichotomous behaviour that we saw was on price band. In fact, I was mentioning this even earlier that in this quarter as well as last year, we actually saw better buyer growth in studded than in gold. So, actually, number of customers is there. Now, the value piece, as you rightly pointed out, is it that people are migrating to a lower price band? I am not so sure about that. I think a lot more newer customers are coming in, who come in at the lower price band, given India's demography, given a lot of young working women, people wanting every day. So, I think it is certainly growing.

The higher value segment, if I look at it, is doing pretty well. If I look at the INR5 lakh plus, for example, in Tanishq as well as in Zoya, we are seeing fairly good growth. In the sub INR2 lakhs, if I look at Tanishq, Mia, CaratLane put together, the portfolio is growing fairly well. Some gives or takes may be happening between the three, let us say, formats and three retail chains or the three brands. I do not see that as a big issue.

Amit Sachdeva: Okay.

Ajoy Chawla: Value growth will come, I believe, if we are able to excite the customer, even in the INR 2 lakh to INR 8 lakh space, where I think a large number of customers today would be ready to buy. So, I think a lot of it is to do with market development and that is an opportunity and an agenda for us.

Amit Sachdeva: Got it. Okay. Thanks.

C. K. Venkataraman: One other thing, I think, for all of us also to think about, the association of CaratLane with Tanishq has been there for so many years, and therefore, somebody who is buying a CaratLane is well buying also into the Tanishq sub-brand, whatever you call it. And therefore the while the -- from a standalone point of view, we look at the jewellery division of Titan Company and from a total point of view, we look at CaratLane as a subsidiary. The customer is looking at the choices from the same company in a way. And therefore, that 11 of Tanishq and maybe 25 of Mia and the 35 of CaratLane, all that is from a price point of view, you have to integrate and see and not how come CaratLane is growing at 25 while Tanishq is growing only at 11.

So, in a way, many of the what one would call a budget kind of customer of Titan Company is buying between Tanishq, CaratLane and Mia. And maybe more and more of them are buying Mia and CaratLane because those are primarily with that appeal, whereas Tanishq is premium higher value primarily. So, those are the -- so we have to see it together also.

Amit Sachdeva: Got it. No. That is very, very helpful Venkat. Thanks so much for that. And can I just ask a small follow up on, given the gold price is very high and most jewellers have tried to make a light

jewellery and several SKU innovations to excite buyers and including lower karatage – lower sort of karatage as well. So, my question is that, has that changed some competitive dynamics on making charges? Just to get a sense of that. Are you seeing at the margin things are same or has that been a little bit more intense on pricing front?

Ajoy Chawla:

I am not sure if the two are connected. We will reflect on it. But one thought which you said that lighter weight and perhaps lower karats also. Even in gold, we have experimented with 18 karat in certain markets. And we have seen a good response to that. Therefore, we see greater opportunity in studded. 18 carat going to 14 karat and then Saumen talked about 14 going to 9. So, lower karats are being accepted in the market. So, that is one route. Lower weight is another route in gold also. The second part of the piece on making charges, I think as the gold prices have gone up, there is a sliding effect on the customer's willingness to pay for more complex products, higher making charges.

So, even at the higher price point, some customers are preferring to go towards slightly lower complexity products and therefore the making charges do come under pressure sometimes. So, I think it is more to do with gold prices at the rate -- at the high levels they are. And making charges, yes, that will perennially remain, but it is more or less same like what it was before, between us and competition.

Ashok Sonthalia:

Just one point which I wanted to add on previous conversation which was happening and Venkat was saying, if you see amid this time the disclosure, the way we have made in quarterly update, as well as in our presentation, where we are bringing the whole jewellery including CaratLane and international piece separately, just to bring that point also alive that there might be interplay between Mia, Tanishq, CaratLane on certain segment, and we need to start looking at totality. And you would have also noticed that international business has actually turned positive operating profit in this quarter. So the whole change in disclosure also is intended to drive that point that we start – we need to start looking the revenue growth and overall margin, etcetera, in that manner.

Amit Sachdeva:

Thank you so much, Ashok, and thank you so much for the disclosure as well. It is very, very helpful and thank you so much for the detailed answers. Thank you, Ajoy, and thank you, Venkat. Thank you, Ashok. Thank you so much.

Moderator:

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

Percy Panthaki:

Hi, Sir. Just a question on lab grown diamonds. I know we have been discussing this on and off in the quarterly calls. But I think it's been probably four or five quarters since we all first raised the question as to how Titan is looking at LGD and whether it wants to have a play in this or not.

And we are seeing now news items on several relatively small but PE funded players who are going to set up LGD stores over the next couple of years. We will have significant supply coming into the Indian retail market. It's not as if LGD is not available now. But proper retail frontage,

enough number of touch points, square feet, etcetera. That we have not seen till now which I think over the next two years will come in.

So the question is, do we want to participate in that at all or, I mean, that's something that, because we are a natural diamond player, we don't want to get into that and we believe that while they might garner a certain amount of sales, we will focus only on the other part of the market. So just some thoughts here.

Ajoy Chawla:

I think the push has been coming from your cohort, from all the analysts, etcetera, more often and because there is a lot of media narrative. I will make 2 or 3 comments after that you can draw your conclusions.

One is that let's be honest today, despite 50 odd players and maybe more coming in and 100 plus stores and several online players as well, the narrative is far larger than the reality. The reality is that, the lab grown market estimated by us is less than 2% of the total diamond studded market, as we speak.

It could go up of course in the future, nobody is denying that. But this is where it stands. This is a hard reality check. The second observation and comment I want to make is that prices of lab grown diamonds have been coming down, retail prices as well, not just the wholesale price.

Wholesale prices come down much faster. Retail prices in India are hovering between INR 30,000 to INR 50,000 a carat. About a year ago it was much, much higher, and everyday new players are launching and they are coming in at lower price points as well. Entry barriers are rather low. Differentiation is also very limited as we see in the market.

So, there is a very strong chance that unless you come up with a good IP, this could get a very commoditized play, where price point led bigger stone or more stones or more diamonds for less price is where it may head. A few players may land up differentiating, so we have to see.

Consequently, unit economics at the store level can come under huge pressure. You are right, PE funds are backing. And therefore, you may see a plethora of stores more coming up. Maybe another 100, 200 stores can easily come up in the next one year itself. I believe that will further commoditize the play. So, for Titan to make a meaningful play, one, the consumer should be excited and there is something that she wants. Two, what is the IP that we can create? And three, unit economics have to start making sense.

But we are not being dismissive of it. We are constantly watching, studying, analysing, and really reading what is going on at the customer and the industry level. And therefore, we will see what to do. We will reserve the right to play the way we want to play when we want to play.

Percy:

Okay. Secondly, this 11% studded growth, is that number including CaratLane?

Ajoy Chawla:

No, it excludes.

Percy:

Including CaratLane, I mean, as a company as a whole, what is your studded growth?

Ashok Sonthalia:

We'll just...

- Ajoy Chawla:** We will work out and send it to you. I mean, I don't know.
- Ashok Sonthalia:** Venkatesh will kind of share that.
- Percy:** I don't know if that 11% materially changes or maybe just goes up to 12%, 13% or something like that. But my question on this was that -- see, we have traditionally always held that we are not too focused on the studded percentage, because of gold inflation; gold jewellery is selling more and that percentage has naturally come down.
- But we have a good, absolute growth in studded. Now, that is not true for this quarter. So, absolute growth itself is on the lower side. So, what is driving this absolute growth to be low? And is it just a quarterly one-off? Or is there some pressure, which can continue for a longer period of time?
- C. K. Venkataraman:** Percy, you are very right on that first point that you mentioned. We were always focused on the studded growth. And whatever is the consequent share, because of higher gold thing, it's fine.
- So, 11% is certainly low. The point that I was making and Ashok was also adding to, is still valid. That whatever is the incremental extra growth that you add with CaratLane, we have to add. And we will just add that and share with you. That may still not be, that may not top 15%, for example, which is lower than our normal growth rate, which is low. So, nobody is...
- Percy:** So...
- C. K. Venkataraman:** We will just confirm on that in a while. But the overall growth for Tanishq, is lower than what we would like, without doubt. It is 16% including CaratLane, by the way.
- Percy:** Okay.
- C. K. Venkataraman:** But the target for Tanishq is certainly more than 11% and we are behind on that. But I guess the overall consumption situation today is an issue. And this is playing in that consumption constraint situation. So, obviously, we have to innovate more in the competitive intensities also. And everybody is chasing diamond jewellery, I am sure, for profit reasons and all that.
- These are general statements without any, connecting the dots. But they are real. Even if I cannot connect the dots, they are real because customers are exposed to constraints on the pocket, I mean, the money. And, of course, choices from the competition side.
- So, obviously, the company and the Tanishq brand need to innovate more, execute better to grow. So, that is the only comment I would make on this.
- Percy::** On this one last follow-up on the first question on the LGD part. See, again, just your take on this because right now the situation is too nascent and we don't have any real data. So, I am just asking your take on it for the future.

Basically, see, in US, etc., we have seen LGD penetrate into mainly the solitaire category and take a substantial share of the solitaire category. In India, the solitaire category is quite small. We are a small diamonds market. But even in a small diamond market, there is a significant price arbitrage.

So, let's say a piece which costs INR 80,000 in natural diamonds, that similar kind of piece in LGD might cost, let's say, INR 30,000 – INR 35,000 in the LGD segment. So, the Indian consumer being a little more price sensitive, especially at the slightly lower end, of course, a INR 5-lakh – INR 10-lakh customer, is not going to shift because he might be interested in natural diamonds only.

But let's say a customer in that price point of INR 70,000 – INR 1-lakh, is it likely that if he is getting it at 50%, 60% cheaper that he might shift to LGD? Even if, let's say, the business economics of LGD as a business is not very attractive, but what is your take on the market share loss that you might suffer because of this phenomenon?

Ajoy Chawla:

So, what you asked is a logical assumption. But what we find interestingly is the people who are initially considering and exploring LGDs, are the ones who are already accomplished diamond buyers. They already have enough naturals. They are people, who could otherwise easily afford INR 3 lakh, INR 5 lakh, INR 10 lakh products.

And they are the ones who are saying, okay, why not a little bit, I'll also take some of this because they can carry off. Second piece is, even in India, the early adopters are the ones who are looking at solitaires and bigger stones because the arbitrage is much larger.

And in the INR 70,000 – INR 80,000 or let's say sub - INR1 lakh space, the kind of customer who is there is also, many of them are saying that if I am buying something which is, a studded jewellery, I might as well buy the natural thing and the real thing because it holds value.

And I don't want to be, she's not yet comfortable migrating wholesale to LGD because it's a little confusing to her as to whether this will hold value and whether it's a real thing. So, it's really the nature of customers who are currently buying their additional purchases by people who are already in the diamond segment.

And new buyers, very few may be going to LGD. The new studded buyers are still preferring the naturals.

C. K. Venkataraman:

One of the markers of affluence, moving into a higher status in life, is also diamond jewellery. And a lot of households and a lot of women in India, in every society which has gone through this affluence from \$5,000 to \$8,000 and so on, per capita, have gone through this.

And therefore, the Indian women are waiting to buy the diamond jewellery at INR 1 lakh because most of the first-time buyers buy at INR 1 lakh and not at INR 5 lakh. So, therefore, that first-time buyer at INR1 lakh is looking for the real thing. And therefore, because if that was the case and with a lot of these brands and stores operating, the sale of LGD should be something else than 2% that Ajoy is referring to.

Percy:: Right. Very helpful. Thank you very much.

Ajoy Chawla: Thank you.

C. K. Venkataraman: Thank you.

Moderator: Thank you. The next question is from the line of Nihal Mahesh Jham from HSBC Securities. Please go ahead.

Nihal Mahesh Jham: Yes. Good evening, team. I had a follow-up question on LGDs, more on the studded part. If I look at the last four quarters, even adjusting this quarter, say for the number you've given, including CaratLane, just looking at Tanishq, there has been a moderation in the studded growth.

So, I just wanted to understand the reasons as per you, is it maybe a case of LGDs which you said is not the case? Or is it more a case that as diamond prices have not seen any appreciation or they have been contracting over the last 24 months, that that is in a way making people not being very keen in terms of investing in diamond or investing in diamond pieces?

Ajoy Chawla: See, last year because I think I've shared this before, but I'll repeat here. Last year, the studded growth in value was impacted because of solitaires underperforming, in fact, showing a decline, especially the one karat plus and one and a half, two karat plus. If I go back a few years, that was a very small part or almost a negligible part of our business, we, in fact, grew the solitaire business 3x in a few years, in two or three years.

And on that base, there was a correction because there was an issue of what will the price of that solitaire be going forward, thanks to the strong media narrative. And therefore, amongst a certain cohort of people, including some of us here around this table and yourselves on the call, there is this overriding feeling that, oh, now diamond does not hold value.

But that is a very, very small part of the total diamond buying segment in India. And it was largely on the solitaire. So, if I exclude the solitaires, actually, diamond business grew pretty well in-line with what you would expect last year.

If I include solitaires, the higher value, yes, to that extent, it has played a certain role. This year, in the first quarter, therefore, I am delinking last year's and this year's. This year, now, that base effect of the solitaire is no longer there.

This year, it is a different reason. As we explained earlier and Venkat also talked about the fact that there is a consumption-related challenge. And we have to figure out how to innovate and excite the customer, especially in the INR 1 lakh plus, INR 2 lakh plus segment and in a way, gain share of wallet.

C. K. Venkataraman: Yes, like today's paper, 25% growth in international travel in FY '24. 25%. So, and a lot of people, I remember over the decades, two decades, conversations with customers would say, should I buy that INR 3 lakh necklace for myself or should we travel together as family to Thailand, kind of thing.

So, in a way, this discretionary expenditure basket is a wide basket. So, it's a very complex thing. And therefore, as the jewellery becomes really at the top of the list, must buy, if I have money, then the woman will buy this instead of going to Thailand. So, that, something like that.

Ajoy Chawla: Yes, so, I still feel, given the spread of our business across markets and different segments, clearly, LGD is not the cause for any, because that is still so small, it will not account for any of this, even at a buyer level.

Nihal Mahesh Jham: Understood. One point here, when you're saying the 2% share in value, would it be better to look at it from a karatage perspective? Because it's at the end of it, one-fifth the price. So, 10% of the total carat age is maybe a decent start. Just asking your opinion on that.

Ajoy Chawla: I don't have a figure to give you, boss. These estimates are very wild. And without data, it would be crazy to give you any response on this. Whether it's 2%, 5%, 10%, 8%, 6%, no idea.

Nihal Mahesh Jham: Point taken. Just one last question on the margin bit to Ashok, that this quarter, despite, say, started going lower, a very high share of gold coin sales, as you highlighted, our margins are flat in jewellery, excluding the one-off benefits. So, maybe operating leverage or some optimization of advertising, given the Festival of Diamonds spends happens in Q2. If you could just give some highlights?

Ashok Sonthalia: Gold coin share has remained elevated for some time. So, it's not that extraordinary in this quarter vis-à-vis the earlier quarters. We explained that 50 basis point is, of course, one-off and it will reverse itself. And the rest is all very, very small, small stock inventory changes, which has come. And nothing worth making them a definite reason for this quarter.

So, that is where I will leave this. And that is why, when the question was that, should we start thinking about higher level of band, I still don't want to guide you to that. It is still 11% to 11.5% and which side of the band, given the market reality, volatility, and gold prices, we will ultimately land up. We don't know.

And at the same time, to one question which came that, Ajoy clarified, the growth and market share remains our top priority. So, some tactical investment, if required, we will not constrain ourselves that we are going to breach 11% and whatever is the right for the business will be done.

Ajoy Chawla: And sometimes some timing of costs may also affect us between quarters. So, I wouldn't read too much into one quarter's exact figure. And last year quarter might have had some other timing issue. This year quarter may have some other timing issue. So, I think it is better to look at it over a slightly larger number of quarters.

Nihal Mahesh Jham: Thank you so much.

Ajoy Chawla: Thank you.

Moderator: The next question is from the line of Abhijeet Kundu from Antique Stock Broking. Please go ahead.

Abhijeet Kundu: Thanks for the opportunity given. It was just more of an accounting question. In both jewellery, there is a 50 bps impact of hedging. And in watches, there is a sort of a 400 bps benefit of revaluation of -- of (inventory) revaluation, which you said will reverse in the forthcoming quarters. So, from a modelling angle, when we have to take recurring PAT or recurring EBIT, if this is reversing, then we can consider it in the recurring PAT rate. I mean recurring PAT and recurring EBIT rate, both this one-time items?

Ashok Sonthalia: If they are going to reverse in quarter-2 and quarter-3, it will be opposite impact. And that is where someone asked about watch. After adjusting, it is becoming 18%, but this 4% also will further reverse.

So, 18% has to come down and that is where I guided mid-teen is much more reasonable expectation from watch division. It could be 16%, I don't know. It could be 14%, but mid-teen ballpark is fine.

And for the same thing, jewellery. Sometimes it may happen that there are so many things, very difficult to predict particularly on some of these aspects, that while this is reversing and something else is kind of offsetting that. So, we will discuss more if that happens.

But yes, these things would reverse. Jewellery certainly in quarter 2 and quarter 3 would reverse. Watches would take the same time period. So, next two quarters will have these opposite direction movement on EBIT margin pressure. And that you must account for your account keeping or bookkeeping, whatever you want to do that.

Abhijeet Kundu: And you would be specifying that whatever reversals happen in the second and third quarter, that would be sort of the way you have given it.

Ashok Sonthalia: It has to reverse. there is no way. But what happens during the quarter, again few things get created. And gets created and slightly complex. I don't want to end the call with, a very complex explanation, where we go out of the call not that delighted, which you should all be delighted. And we are feeling delighted about the performance.

But the point is that, say, all the outstanding forwards and future, where MTM benefit came this time, it has to reverse when these forwards and future gets squared up. But there would be new set of forwards and future and which direction they will operate, we don't know.

Nowadays, these are not very meaningful differences once we move to fair value hedge accounting of inventory. But still, there are some minor differences keep cropping up depending on volatility of prices, etc. Because the basis for evaluation of forward, future and inventory are two different bases. They are not the same basis and that creates this kind of differences in these numbers. But if something is worth calling out, we will certainly call out. Okay?

Abhijeet Kundu: Okay. Got it. Thank you. And congrats on a great set of numbers.

Ashok Sonthalia: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Mr. Venkataraman for closing comments.

C. K. Venkataraman: Thank you very much, everyone. See you in the next quarter.

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