

## **ANNUAL INVESTORS AND ANALYSTS FORUM 2022**

### **Speaker: C K Venkataraman - Managing Director, Titan Company Limited**

We have two more colleagues here among us and Rajeshwari Srinivasan, our Chief Strategy Officer and N.E. Sridhar our Head of Sustainability. It is wonderful when I came to know that Titan company is sort of first of the block in having an in-person investor meet. It's always been a pleasure meeting you in small groups on the earnings call and in forums like this over the last, you know, close to two decades for me at least and we have benefitted so much through these interactions, you have raised the bar, you have made us think about our strategies, our competitive advantage and made us a much better, more responsible company, so thank you very much all of you here, all of you on the call for keeping us on our feet and making us a good performing company all the time.

Now, when we think of companies we often think of them most often from our capability lens how good is the strategy of that company, how good is their execution. There are some parts that we do not really think about, you know, it may be somewhere, you know, below the surface in our consciousness some of us maybe thinking about it a lot. This presentation is about sharing some parts of that so that the whole of Titan is something that you can perceive better, than this meeting today, and also the businesses which we represent are wide, but from a shareholder investor point of view often it gets, you know, focussed on to businesses which typically on the face of it appear to create a maximum shareholder value and also I wanted to spend some time in my presentation on that. The whole is greater than the sum of its parts is the message that I want to give and also talk about some of those parts which are just below the surface which certainly from your point of view have a lot to continue.

The first part is what I call capability, culture and commitment. I am just using a still from our most recent blockbuster television digital commercial on Mother's day to illustrate this. You know, people used to ask us overtime particularly with reference to the large competitors in the jewellery industry that we have, in the watch industry that we have, from, you know, they also have money, they also have, you know, large organizations, so how can you compete? And one of the things that we used to say is that you know people love to work for Titan. Titan is a talent magnet, the best people in the industry across functions love to work for Titan and work for Titan. The result is an example like this and I am choosing marketing communication example to illustrate but this is equally, for example, the watch I am wearing, it is the slimmest mechanical watch in the world which is created by Titan company designers, engineers and manufacturing specialists, a product like this at this price is impossible in the world to actually get. So, that capability magnet that Titan is, we need to appreciate, it does not, money can't buy everything. Other competitors may have a war chest which is half as big or as big as ours but their ability to attract people who can create stuff like this is low.

The second is culture, and there are some aspects of the culture I wanted to just, you know, talk and leave it with you, a culture which encourages a free flow of ideas without the hierarchy stifling it. We can have the most junior person joining the company today and in a meeting where I am present or any of the CXO is present, make a point of view which is countering the prevailing view in that room and actually nobody would, you know, take offense. That is the liberating democracy of ideas. A culture which enables dissent and debate to generate the most effective solution, there is, you know, group think is not, you know, that easily, you know, happening in Titan. There is a lot of debate and discussion because we are different personalities, we bring different stuff to the table. A culture that emphasises individual accountability even while it sort of enables what we call a family environment, in fact sometimes I joke that we are the world's largest family concern. A culture that encourages a very good sense of humour, you know, we have often said that if you are a fly on the wall in a Titan management council meeting, you will wonder how these people are actually running, you know, what is the reason of the successful enterprise like this because we you know, crack up all the time about something or the other but in the midst of that a lot of serious work is happening, lot of innovation, cutting edge stuff is being created. A culture that makes us all care for each other. There is no concept, you know, I have been in Titan 32 years now, the concept of a rat race. I do not even know what it means, but I know many of my classmates from college, you know, they talk about it, take a premature retirement, say, man this rat race is, I am sort of fed up I want to be alone. We just do not know what rat race is because Titan is a company where there is no ego. We do not have to win by climbing on top of somebody else. We can together win and a culture which makes us all not take ourselves serious. You know when there is a crisis, we do not know how to get all worked up about it and pass that anxiety and tension all the way down, but we take our work, that gives us the mind space to actually look at the work seriously.

The last is the commitment and this is the picture on the annual report of FY-21 and this lady who represents all the staff in our stores, there are 15,000 of them nearly across all our brand stores. All of them wore masks, double masks, shield through much of FY-21, much of FY-22 so that the company can actually recover fast, prosper. They give back to the company, that kind of commitment. So this combination of capability and commitment is really something difficult to be, so this is the first part of Titan that I want to leave you with. You would not know this, I mean of course you would know us, but I am talking about thousands and thousands of people who combine capability and commitment and thrive in a culture of that nature. The second is lifelong partnerships. When I was in Banaras on Saturday and coincidentally Banaras was my first market visit in Titan way back in 1990 and one of the partners I met, I met his son, that son was 33 years old or something like that and I was recollecting that he was a 1-year-old baby when I first went to Banaras as a Titan employee way back in 1990 and I have been going to Banaras every 2-3 years ever since and I have seen that boy grow up and he is now, you know, strapping 32-year-old person and I joke that the babies that sometimes we used to carry around

way back in the mid 90s are asking tough questions on store ROA to me today because they are running the businesses of their fathers today. That kind of relationship which is over time, now if you take some of my colleagues here, they are all 30 years, 25 years, 20 years in the company. So, there are of course many companies where people spend that kind of time, but the kind of deep relationships that we establish with our franchise partners, distributor partners, vendor partners is unique and therefore the whole ground swell of a feeling for Titan company that this generates among them and among their employees is invaluable, so that is the lifelong partnership, you know part of it. You must, you know, sometime come to a Karigar Meet that we have, or a vendor employee meet that we have. It is something else, some 400-500 employees who work in Bombay for example we took them to this, what is that outside Bombay that, like Disney world, yeah, so we took them there and full day of water slides and all that, so that deep engagement of those people, and we are there with them, that is the second big part of Titan.

The third is portfolio vibrancy. You know, I remember many years back, when I was a Jewellery CEO on one such annual investor meet somebody asked, I happened to be on the stage, somebody asked why can't Titan just focus on the Jewellery business? you know, from a shareholder point of view, so I said no and I was the Jewellery CEO at that time, I said no. Titan is a multiple stakeholder company. When that lady steps out of the shower, dresses up and then sprays that Amalfi Bleu on her, in the morning, that feeling that it generates for her is no less than when she puts on that 80 lakhs solitaire in the evening when she steps out for a party. So from a customer impact point of view, that Amalfi Bleu and that 80 lakhs solitaire, honestly is no different if you really think of it and when I wear a 1,000 rupee Fastrack sunglass, I mean, I am suddenly the handsome guy who otherwise perhaps, in my own view I was not. So how do you value the impact of that product's benefit just by, you know, taking its 1,000 rupees versus 80 lakh rupees. The impact is different. Sure, that 80 lakh rupee generates a gross margin which is maybe 30 lakhs or 40 lakhs or whatever it is and maybe you are all looking at that, but we are looking at, you know when the person is wearing that or spraying that or wearing that, therefore, the portfolio which is a wide portfolio is a beautiful thing for us and we are going to build on that and this part of what I am going to talk about is that, which is our most recent baby, the women's ethnic wear and our dream is to become India's most loved women's ethnic wear brand by FY-27. We are looking at 100 plus stores of course a huge omni thrust, more than 1,000 crores of sales, 1.5 million pieces and a transformation of the supply chain like what we have achieved in other businesses and most recently in the jewellery business which is also of that kind. How are we going to do it? Revibe and we have used the word 'vibe' instead of revive because we want to really target the young women, you know, the saree is no longer attractive for the young women because of lifestyle, because of convenience, but even though young women, I have two daughters 29 and 25, I know how they feel and how we feel when they dress up in a beautiful saree and it is our duty, our responsibility and it is going to be the task of Titan company to make the saree exciting for the young girl, and using forms which make it easier for her to wear, revive

the saree. Contemporary, elegant, differentiated designs. India under one roof, we have brought so many clusters across the country. Many of them so unknown and we are giving in a way reviving the craftsmen's or the craftswomen's situation and by bringing all that in a way giving honour to all that you know creating a differentiated proposition. handmade, authentic, very immersive retail experience and those of you who come to particularly some of the villa you know retail format strategies that we are doing, you know we have one in Bengaluru, the other one we are inaugurating next week in Hyderabad. So, that is a very different you know ethnic wear saree in my experience and of course the sort of Tata trust and everything that comes with it.

So, this is the new baby of a Titan company, the Bangalore store, in fact we have set up a loom, a full loom as part of the Bangalore store, again to give, you know honor to the bunkar, to the weaver and get customers to immerse themselves in this. We are also transforming the supply chain and giving the izzat and the income to the weavers, so this we were there, Ambuj and I were there in Banaras last week. So this, before and after is the weaver's shala as we are calling it and how, you see the looms and the infrastructure and all that. Therefore, transformation which, is a strategic aspect of it as well as responsibility aspect.

Coming to the second big baby, women's bags we have been in it for about 7-8 years now. We are going to take off in FY-23 on this category. Market leadership is what we are gunning for. Bag as utility, bag as expression. Wearing a bag, people are no longer carrying bags. Young women wear a bag. So we want to make it possible for young women to wear more and more exciting bags. Of course, multichannel 3.5 million pieces, 1,000 crores. To enhance the styling and mobility needs of girls by creating a unique wear a bag brand that helps them to express authentic style and these are about one-year-old and exceptional response particularly in department stores and we are going to build on it and we will have more to share by September of 2022 on our real big thrust into this category.

The next part is international significance, you know despite you know going into Dubai way back in 1990 or 1991, the share of international sales to Titan has remained very small, under 1% or maybe under half percent of total sales, but at the same time, you know, when you think of it, India is one country yes, but it's not one economy, I mean it's a 5 trillion economy, come on. If you put together half of Europe, you know, that is that, so therefore we never looked at you know going outside India as something you know, from an emotional or a ego point of view, we looked at it purely from a market opportunity point of view. So, if India has got so much of opportunity, why do we go abroad and that is the last you know many years ever since we decided to close our operations in the US of Tanishq in 2008. That has been our thinking, it has really you know helped us to consolidate, grow in the Indian market, but at the same time there is this large NRI/PIO opportunity. So, the brand of choice for the Indian diaspora is large opportunity for Tanishq and of course for Titan brand as well and the diaspora opportunity is

actually quite strong. It has been becoming stronger in the last decade, I would say, affinity for Indian tradition and culture very, very strong. You know people who are living outside India are more Indian than we are because it helps them to stay emotionally connected, stronger and of course all the successes of Indians and various areas in the US for example, running so many companies is giving that confidence to them, pride in India and you know various reasons the jewellery category in the US in the west Asian countries is more underserved than in India itself and therefore from a competitive play point of view, it gives us a lot of opportunity. So big ambition here, brand of choice of Tanishq becoming the brand of choice for the Indian diaspora in North America and West Asia looking at 30 stores Omni Channel, 125k volume, 2,500 crore plus sales. Of course, we will not be a global company at this scale, because the domestic opportunity for Titan company is so large especially because of the jewellery industry in India being what it is and the runway for Tanishq and other brands of Titan company being what it is. But, from where we are, you know some time back to where we will be, 2,500 crores is a significant presence, but who knows it is a, you know beachhead for our next leap international. This is our Al Barsha you know the mall front where our Dubai Al Barsha store is, it is an exquisite store and the kind of feedback that we have got from, not just NRI/PIOs but other nationalities like Jordanians, Emiratis, Egyptians, Saudis, Filipinos, Pakistanis, Bangladeshis and therefore the opportunity that is sitting for Titan company through this to start with and of course we are also taking you know bigger steps in the watch business and establishing even Titan Eyecare soon in West Asia. This is the design of our New Jersey store which is going to open July of 22, just about two months away. So that was the international significance.

The next is the digital expertise. You know Titan has become a very very strong probably the most accomplished assisted E-commerce company in India today with multifarious initiatives that it has rolled out. You know from next to nothing, in fact nothing I would say in 2019 calendar, we are in the 900 crore ballpark for video assisted sales of Tanishq today in a year. From nothing we are at 1,100 crores of Assisted Commerce, 750 crores of Endless Aisle. You know people are going to store-A looking at the Endless Aisle, deciding on a piece which is somewhere else, getting that piece to be, you know delivered there, most often only one piece and they buy on trust and on the overall visualization that we have been able to do in the Endless Aisle application. Boundaryless engagement and service, we have done a lot of propensity models and recommendations based on our deep understanding of customers, their journeys and all that, and we are reaping the benefits of investments that we made in 2016, 2017 about 100 crore plus in various digital technologies.

Leading with data, democratizing data access, so we have more than 890 users in the company using data and very very vivid simple KPIs which tell us, tell them what to do, 320 dashboards, 50 plus models. So, if you see the digitalization of the front of Titan today, including CaratLane it is sort of very very high sophisticated evolved level. We have also started experimenting using AI for design. There is a fair amount of design work that we do, which is very, very you know

new and path breaking and differentiated. There is also a fair amount of work that we do which what we call as gap fillers and refreshers, which typically use principles of design of products which have done well in the past. Now, through AI we are hoping to liberate the designers from the work, the hard work relating to putting what is called a better mouse trap together and thereby releasing their time for doing deep design work. Across the value chain, we are now digitalizing processors with our partners, with our distributors, even with our multi-brand retailers in the watch business whereby the stocking of what they need to keep in order to get a very good turn and the reordering of those which sell on the basis of how long they took to sell on the sales, rate and all that is actually dramatically improving efficiencies.

If you see the Taneira thing, it is actually a weaver to wearer traceability, so as soon as we pickup that saree from the weaving unit, this thing is fixed and it is like a provenance you know till the last point and if that label is removed, that prominence is lost and the system can detect that it is no longer the authentic piece to which it was stuck. So, we are using digital technologies in all parts of our business today.

The next is retailer for the nation, now every year we talk about how many stores are you opening, that is a question that you know all of you ask, we say, but what is not sufficiently conversed at that time is what I am going to show. Where we are going? It is not just 60 stores of Tanishq, 140 stores of World of Titan, 250 stores of Titan EyePlus, it is not just the number. It is where the Titan Company flag is being planted well, well before the next competitor even thinks of that town. I am just running through this just for you to get a flavour, Basti, Mandi, and I wanted to do a quiz on like where is Mandi. So, okay Rajasthan is represented here. Where is Ballabgarh, okay Haryana is represented in this room, kind of quiz, but you know maybe I don't have the time for that, but that is the level of deep. So, Malda, Jajpur, Coochbehar, Ambikapur, Eluru, where is Eluru? this is a very northwest and east Indian audience, Eluru is in Andhra Pradesh or Telangana, I am not sure, but the earlier AP. Pollachi, Bahraich, Suratgarh, Bankura, Bhadrak, Itanagar, Biharsharif, Raxaul, that is the town even I did not know, Katihar, Boisar, Kalakuruchi, that would be a tough one, Amalapuram, Ranipet, Nippani, anybody in Titan knows where Nippani is, that means we are really going deep, Nippani is in Karnataka near Belgaum or Gulbarga. Sorry, so CaratLane, a new brand and a brand which we would associate sort of with the city right? Young women, cool, online, digital kind of thing, Hisar, Aligarh, Bilaspur I have been there, Guntur, I have been there, so that is the deep retailer for the nation. We are not just a retailer, but The Retailer for the nation. We are transforming the standards of retailing in these small towns and offering overall exceptional value to the customer in all parts. Very good product, very good quality, very good value for money, exceptional in-store experience, exceptional after sales service, what more do you want? That is what we are taking this to.

The last part is the company with a conscience. We have been like this actually from day 1. It is very fortunate that we are part of the Tata group, so we are sort of born with a gene and it just became more systematic as time passed and today of course we are very obsessed with it. So, the S of the ESG first we have more than close to 20,000 girl children under the Titan Kanya program that we partner with KC Mahindra Foundation and Nandi Foundation. On the one hand, an IIM impact which is IIM Ahmadabad Alumni NGO on the other, and not only a partner with them, not only fund them, but many of us are there on the ground in the villages once or twice a year and keeping up very, very sharp eye on the execution, on the governance, on the impact and sort of push our partners to improve the programs on this front. Very, very deep work with ITIs Industrial Training Institutes particularly in Tamil Nadu and a bit in Karnataka. A lot of skilling related work, lot of affirmative action related work, another thing that we are very proud of. Another beautiful thing that we do is integrated village development in Uttarakhand and you know especially in the hills, where living is so difficult, I think Titan company's intervention helps a lot of these, you know, villagers, you know deal with a better life and delivers to them a more sustained you know living, where they learn you know new skills. Bringing water to villages in Uttarakhand so that the women do not have to walk one hour, one and half hours every day for the next 30 or 40 years and that is the kind of impact that our contribution in Uttarakhand and the water thing delivers. Happy Eyes is a big thing, we are a Eyecare company we do a lot of interventions, particularly with school children. Lot of volunteering work that company employees are involved, feel strongly in Pantnagar, in Hosur, in Bangalore, in various parts of the country. On the environment side, this is the beautiful lake which is next to our Titan campus, I think a few of you have been to the Titan campus in Electronic City, may be when you came that lake was not brimming with water, but it is now one of the most beautiful lakes that we have seen and we are fortunate to have a lake just where it overlooks our office, so when we stand on our campus we can see this beautiful lake which we have you know worked to rejuvenate. This is the second lake next to our jewellery factory in Hosur coming up, in another 1-2 years there will be another beautiful body of water.

Lot of work on check dams, farm ponds, percolation, etc. Wind energy, we are moving very fast to get 100% renewable energy for all our manufacturing locations across the country, in the next one year to 18 months, we hope to reach that kind of achievement. Unfortunately most of our energy is consumed in our stores and the stores are all scattered. We have more than 2,000 stores now to get renewables into retail is very, very challenging but certainly manufacturing is. This is a 4 million litre cistern that we have inside the jewellery plant for rainwater harvesting. We are also a lot into forestry, Miyawaki forest if you are familiar with it, it is a beautiful forest for those of you who are not, you should go to a Miyawaki forest, it is so thick. You just cannot walk through it, but that is a new technology through which actually the plants get their strength.

Coming to governance, I do not know how many of you are aware but in the first ever Best Boards award instituted by Economic Times and Amrop, this was done in September-October of

2021, Titan company was judged the Best Large Cap Company Board in the country. We are very, very you know happy about it and to be in the presence of such stalwart companies and I won't even mention who they are much, much bigger than we are for us to be judged like that was a feather in the cap for us, and in a group which is extremely well known, very well respected for ethics, we are a benchmark company on ethics and POSH processes.

So, overall these are the things that I wanted to share with you. The businesses are now going to speak to you about the ambitions for the businesses, in most cases we are giving a sense of a distant future, in some cases we are talking about FY-23 because that is to do with our level of preparation and discussion on this subject and I hope I have given you a flavour of Titan company, the other parts of the Titan company which you are not that familiar with and also leading you to think about how the whole is actually greater than the sum of its parts. And on closing, maximising shareholder value through stakeholder focus, being good is good for business.

Being good is good for business.



## **Speaker: Saumen Bhaumik - CEO, EyeCare**

Good morning. Glad to be here after almost three years, actually long time. It suddenly feels lot more than three years and last time around I was here in 2019, but I was in a slightly different role and in a way, you know good to be here physically that, you know, and other part is that this happens to be my first face-to-face interaction with you since the time I have come onboard in 2020.

Last couple of years, I think at one level it is life altering, I think all of us have experienced. From the point of view of business it has been truly, truly transformational. During the course of these three years, we kind of realized we are probably little less about just Eyewear and lot more about EyeCare. So, it did not take too long for us to sort of rename our business as EyeCare division. We kind of discovered our true DNA is not something new that we, you know, we invented, it was just there under the surface and we articulate this today as expertise and empathy. We believe we are truly experts of the category who genuinely care for our customers and this realization was quite powerful. It actually opened up lot of things for us, simplified our life and we are quite clear today, what we are, what we are not, what we should be doing and what we should not be, notwithstanding the noise around us. And, manifestation of expertise for example you would have seen through the last, you know, so many innovations that we have brought to the market in a limited period of time of two years, say, from anti-fog lenses that when we got in, we are just about grappling with the new reality of Covid, mask become an integral part of our face and those who were using glasses you would know, you already had a fog vision. So, timing of anti-fog could not have been any better. When we are obsessed with the, you know, the sanitizers, we brought what is called antiviral frames and lenses.

Our ClearSight lens is really a breakthrough as far as we are concerned. It packs in 7 distinct features in 1 lens, starting from UV to blue-ray protection, to you know, best in class scratch resistance and so and so forth. Likewise, our Neo progressive range was an instant success. These two together, ClearSight and Neo, actually contributes the huge part of what total Titan lens sells.

On the other hand, the area where we are not that strong, we did not have a very strong range of economy solution. We created that at 999. We have a platform approach for our frames after researching about 1000 face structures across the country. Today we can almost, with certainty say that 80% of the Indian faces will have a perfect fit throughout our in-house developed frames. We are the first one, first Indian company to bring audio smart sunglasses, I think about two years back and Titan Signature collection that was launched two years back is only growing in its popularity every passing month, and not to forget our, you know, mastery of optometry. So all these are clear evidence of the expertise that you believe is one of our core strength.

On the other hand, we have nearly half a million customers who rate us in public domain as nearly five star. This to us certainly is not an accident, it is the reflection of our genuine empathy for our customer in every interaction that we are doing across 100s of stores. So, these two together if it is generating that growing customer confidence, it is the tailwind we have been waiting for and therefore the path ahead is lot more stronger and clear.

Last two years also taught us lot of things. Hardship generally brings out the best of us and we realized you know that less can really accomplish more and that became a kind of a default mindset of the division across board. And, with the clarity of empathy and expertise and as I said the less can do more, all this kind of led to the question why do we need a sale or lets say activation in a category which is mostly need based. So we just decided to drop what is called activation which we are used for last, almost as long as we are in existence. So, we have no discount sale, no activation over the last two years. I frankly do not know what we have lost, but what we gained is way too significant if we look at our P&L. Whatever has not been making economic sense, whatever has been not making value add for customers, we decided to deal with it. So, therefore; we had seven lens labs across the country. We did not hesitate to shutdown 4, and today we produce lot more lenses from the balance 3 than we ever did with the 7. So productivity improved, cost became to our advantage and also because of the standardized process that we have created, the quality consistency became even better. Likewise, channels which were not really making sense, we exited large format stores, CSD being some of the examples.

Now let us look at some of the recent developments meaning what we did in the last 3-6 months time. You are familiar with the brand Fastrack, known for its watches, sunglasses. Fastrack now got into serious prescription eyewear, meaning frames and lenses combined as a solution. We began that as an online play first. We also have our first store in Bangalore now, second one is just a month away. Clearly toward this, the youth segment, and also to take the fight to the competition in a way, because I think this is one space we have not paid enough attention and the last 2-3 months figures if I look at it all of this are very, very encouraging for us to take a plunge on this.

After wave 2, we decided to press the accelerator on expansion. Our Ecolite format enabled it greatly. Today I can open a store with 300 square feet anywhere in the country with an investment less than or equal to 20 lakhs. That kind of made things lot easier, because most of our network is franchise. So with this last year, in fact last year, we had 10 months, we have opened 180 stores, which is almost double of the best that we have ever done in the last 14 years, and this is our new signage as you can see it is cleaner, uncluttered and I think more of like the understated elegance of the brand Titan that we are so used to.

We have been toying with this, you know, smart eyewear for sometime, 2019 is when we made the first attempt. We wanted to learn, not by burning our own money, but what others have done and in December of 2021, is when we made our serious foray into smart eyewear. Product that you see is designed by us for one part of it and part of it from an Indian partner. We have not gone outside and the product is certainly not made in China. It actually added one extra year of lead time, but we decided that it will not be made in China.

Now, I am not going to talk about the loads of feature it has. The fact is that this product is available at Rs. 9,999. You won't find another product right now in the world, as it is by far and few players and those who are using these products are going to swear by the comfort for which the product was really designed like a specs and for the audio quality. Therefore, it was really not a surprise when we got the Red Dot award for 2022.

We also came up with our, you know, the variant two of ClearSight. Earlier version had a bit of residual colours, some of the people had mentioned that as you know something they did not like, that is eliminated and therefore; ClearSight became even stronger going forward. One specific lens we have developed what is called OfficePro, many of you who are in the office spending 8, 10, 12 hours in front of your screen, mobile or a TV within the cabin, this really, really really sharpens your vision, I am a user, I can certainly vouch for it.

Now let's look at the slightly bigger picture. In a country of 140 crores, it is an established fact that 35-40% has vision deficiency of which one-third are adopters, so which means balance 40 crore are actually blissfully unaware of the fact that they don't have perfect vision. Now we decided to do something about it. We have been doing eye test right from the day we have opened our first store. But, we are talking about 40 crore eye tests. It is just simply not a possibility. Second problem, Covid kind of made things even more difficult. If you can avoid a contact, we will not come near you. So, we got to solve this problem. So, that is when our optometry team and tech team came together. We looked at the 20 tests that we do in the clinic, picked one which could be the best way of eye screening, which is called a Duochrome test. We digitized it and today it is just, you know, Whatsapp away, I can send you this QR code, you can scan, you can go and do your eye test, it will take not longer than 10 seconds. So, armed with this, we decided, of course, as simply as I am saying it did not happen overnight, many months of hard work by the, you know, optometry and tech team has lead to this because you have to adjust it for the distance of 40 cm from your mobile phone or laptop. What you do is a 7 x 9 clinic that you have everything set for. So, that is the changes and it is certified by the Ophthal.

So you know, with this in our kitty, we decided that lets create some excitement, lets build some momentum and, Venkat was talking about, you know, anybody can ask anything in Titan. One young kid actually came and asked how about breaking the Guinness book of records. So, frankly who knew what is the Guinness book of records for eye screening, so, we checked. We

talked to those guys, then we got the number, then he said why not go for it. So, on the 21<sup>st</sup> of April, last month, we actually went for it. The whole Titan company went for it actually, so to say, and we broke the world record in 45 minutes and in this stipulated hour of 24 hours, you know, we had 130,616 people who took that digital eye screening. So, this to us, and also through the experiments that we did is a clear track of customer acquisition going forward, okay. Now you must be curious what happened to this 130,000 people, 44,000 people would need further investigation. Now if I collate the data of the last four to six months that we have experimented around the country, if I actually screen 100 people, it turns out 30-40 people need further investigation and eventually found 2-3 customers, 2-4 customers really landing up into our store. So, as I said, it is more or less an established fact, so we are not fighting the war where the ocean is already red. This is also a head of a blue ocean by itself waiting to be addressed.

So, all of this that I said and the complete dedication of our three and a half thousand strong team across the length and breadth of the country has made FY-22 the best ever year in our history. So, if you look at the top line in terms of energy, we are not very far away from our highest ever and our most turbulent performance chart, you can see there is the beginning of a hockey stick. So, we believe now that we have established a sustainable business model which can deliver to all stakeholder's expectations and we also believe that probably after three years we will see a full 12 months of a year. So FY-23, we have set a goal of 40% top line growth and EBIT quantum growth of about 50%. There are many things that would lead us there. These are 5 thrust areas as far as we are concerned. We will continue our retail expansion. Our product innovation has made a big difference that would be another continued stream of operation. Customer experience has been our strength. So, that as we will have to maintain and we said well before Covid that we cannot be, you know, permanently dependent on a country with whom we are at loggerheads. So, that an alternate therefore India hub has been our, you know, sincere, serious attempt and I think we made good progress and this will remain our priority for another two to three years at least and last two years we have never really felt safe enough to put in a big buck in the area of marketing and communication because whatever we did it was more tactical in nature. We kept aside good amount of money, also that Fastrack is going to come full time into the prescription is the other reason, I will get to that.

Few specific, you know, goals for the year. We hope to be 1000+ stores of Titan EyePlus by March 2023. We will have 25 at least Fastrack physical stores. We will have 500 model stores which are in the distribution channel, meaning model stores are those where, by and large they sell Titan brands, yeah, many of the opticians are actually converting to sell our products. On the product front as I said that has been one of our biggest, you know, success story and this will continue and there are several products that are in the pipeline from lens, frames or even in the space of smart, it will unfold as the year progresses.

On the communication front, as I said we will make investment, there are three main buckets. I explained to you about the 40 crore of population who are not even aware. So, one large block of our marketing expenses would be in the area of an awareness creation. Customer experience has been our strength. But, it seems like a very well kept secret. Not enough people know about it. So, we are going to make people aware of it. In fact we are doing this since last March. I don't know how many of you have seen the Ayushmann Khurrana's film. It seemed to have had a positive impact in our business in a span of a month. We are restarting this soon and of course to showcase the innovation that you bring it to the market. Just to show you some of this just as an illustration, can you just play this.

### **Advertisement from 17:02 to 18:11**

Yeah, so that is some illustration of some of the thing that we do and already doing. Few other aspects, we are investing large sum in order to augment our capacity. We will have more than double of frame production as well as lens capacity. Also, as I said, India Hub is rising to the occasion, I think we have already got good number of vendors producing lot to our quality standards and the coming year also we will see at least a 30% increase from India sources.

We have three centralized lens fixing unit in three of the largest cities, we have got multiple stores. We are going to invest in five more cities. What it does is, it ensures consistent quality, finally it is the assembled piece, the frame and lens gives you the real experience of vision correction. Even a best quality lens can give you trouble if it is not fitted properly right? So, that is where the investment is going to be. So, that is more or less the plan that I have for the year. I have restricted our plan to FY-23 because we have not seen a full year for the last three years. So, let's get the baseline right for FY-23 before we make any, you know, future projections. On the other hand, many of the ideas that I spoke about, none of them are for a quarter or for six months. Runway for each of them is pretty long, so connecting the dots won't be that difficult thereafter. In the meanwhile, we are only not looking at the, India as the only opportunity, we are looking beyond, Venkat mentioned about this and it is quite likely that by the end of this year we will have a couple of stores in Dubai, Titan EyePlus store in Dubai and that experiment will tell us our play in the GCC countries and beyond.

Thank you for your patience.

## **Speaker: Suparna Mitra - CEO, Watches and Wearables**

I will first take you through a section on the Analog watch side and then later through the Wearables. The watches business is the oldest, the original mother business of the company and these are the four huge pillars of strength that have really energized us and kept us in a superb market leadership position for more than three decades. Very strong portfolio brands, Titan, of course, Fastrack, Sonata, Xylys; sub brands of Titan, like Nebula, Raga, Zoop, etc. Unmatched access on ground and online channel, so the matrix of the portfolio of brands in the portfolio of channels and I will take you through them. Robust manufacturing and supply chain systems, end-to-end value chain where we have complete mastery in the entire system, from design to after-sales service and a very deep rooted culture of innovation. This has kept us at good stead and while the pandemic was particularly harsh on a completely discretionary and desire led category, watches are, you know, something that we faced a lot of headwinds when there was a complete lockdown and then people were sitting at home, not going out, you know, watches are a very social kind of accessory and with social life coming to a standstill, it became a big problem. But in the last two years, we have actually really reared back. Some of the observations, the premium recovery, the premium watches, that segment recovered really fast, huge boom in online sales and we have both our own brand e-com sites as well as a very good presence in marketplace e-com, that took a huge, you know, obviously during pandemic, it became a very big part. We saw much better recovery of smaller towns, bigger towns were particularly hit, I think Bombay, Delhi, Bangalore, Chennai, all of them took longer to recover and one of the things we realized is that with this kind of big external challenge, we found a new culture of being agile and very focused on value creation. So actually in many ways, this unprecedented crisis brought out a lot of resilience and a lot of newness in the way we work. The big question that remains unstated is what is the role of this category, what is the future of analog watches, who is wearing analog watches, why should they even wear an analog watch, obviously it is not meant for keeping time. We all have multiple devices for keeping time. It is about style, it is about self expression, it is about status and what we have observed is that there is enough data to say that there is a very strong intent to buy this category. A lot of the consumer work we do quantitative numbers on strong intent to buy across all customer groups and in the "Covid free months", we have seen very good retail growths; 18% during festive, 15% during the Feb-March. I think it is really and these are real, you know, retail numbers and we feel very, very energized and very optimistic about the analog watch business. Some other indicators in the large format store, the departmental stores, the watches category contribution has actually gone up in the last two years, so there is a lot more interest, search volume growth in some of the big, you know, search engines like Amazon, Google, huge interest in watches and now with normalcy coming back, we know that there is a heightened desire to dress up. All of the occasions are back, the gifting occasions, special occasions, birthdays, anniversaries, so many other things that, you know, watches make the perfect gift for, the need to socialize, the need to dress up for working from offices, the need to dress up for going to colleges, etc. and like the overall style statement of how your entire ensemble works from top to toe and what is the role of

the analog watch. We have also seen that, in the watch market, there has been growth at the premium and unprecedented in premium and luxury and that is something that we are really, you know, riding that wave and also seen a lot of growth in the mass segment sub thousand, a lot of it is actually on market place e-com sites, which has given unprecedented access to this category to millions of Indians who want to wear fashionable watches at affordable prices. So, the growth strategy for our this financial year, there is premiumisation, I will talk about a little bit. There is a volume focus. So, we are aiming to serve about 17 million consumers in this financial year and the numbers of pieces of watches is actually about numbers of consumers and you know, if I refer back to what Venkat was talking, it is an opportunity to serve and please all these millions of consumers. The other very big thing that has happened in the last two years during, you know, the pandemic-ridden years is transformation of existing channels and I will take you through a little bit of this. We have two big, what I call legacy channels, the EBO channels of World of Titan, which we are now calling Titan World as well as the multi-brand outlet, the MBR channel, which used to be called Trade. These two channels have served us really well for the last 20-30 years and now, we have taken a huge step in investing in these channels to modernize them, to upgrade their look and feel, the customer experience and the overall value that they offer to customers, and also the underlying bedrock of digital and data, which we have adopted in a very big way and made it a way of life. So, these are some of the premiumisation things, which are the channels like Helios, Titan World, the premium multi-brand outlets and the large format stores, the departmental stores, which are, all attract premium customers, the premium brands doing really well. We have seen a lot of increase in the sale of Titan brand products above 10,000 and this is coming through differentiated products of innovation and design excellence and a differentiated customer experience in store. I think that is something that we are really working on. Volume focus, the two big channels of multi-brand retail and market place e-commerce. This is where millions of consumers actually come and that is where the market share game is being played where our brands through their outstanding products and value offering are actually, we are able to grab market share from our competitors. A lot of low cost innovation in terms of product offering in Sonata, Fastrack and in the lower end of Titan, and expansion, which is in what I would call mass LFS where you know we have partnered with some of our departmental store partners who are going deep into tier II, tier III and into smaller towns as well as through our own format which we have called Neolite and you would have seen the pictures in Venkat's presentation, there were many pictures where there was Titan World and Titan Eye going together to really small towns. The packaging of that retail solution in terms of, is very very attractive to the franchise and there is a lot of consumption happening in the small town, so that is really how we are attempting to gain significant volume in this. Digital, as I said, is the way of life. Online sales between market place, e-commerce, and brand e-commerce is about 19-20% of our sales, obviously omnichannels is again, is totally established, every last person in the store understands the value of omnichannel, how to really get, you know, get customers to understand that hybrid way of work of selling, and digital and social marketing is very big part of us, in fact, 16% is for the overall division, for a brand like Fastrack it is about

35%. We have 10 million social media followers for Fastrack between Facebook, Instagram, probably one of the largest for any Indian brand and very deep and very active engagement for our customers. So, overall, from a marketing strategy, the combination of brand trust and Titan being the eighth most trusted brand in India in a recent survey, design differentiation, the very deep capability of consumer insight and segmentation that has served this division well, things like Fastrack, Raga, all this has come from this very deep and committed understanding of how consumers are feeling, thinking what they require, how they are changing and an overall modernization of the brands. So, quickly these are the brands for Titan, I think these are the big pillars, brand love, premiumisation, I talked about it, millennial affinity, modernization, I think Titan has now become in the last two years, its appeal to younger, more modern consumers have gone up phenomenally and we see that in the growth. Raga Refresh where we are looking at the next chapter as well as volume drive.

#### **Advertisement from 10:45 to 10:59**

So, as you see in this film, you know, you think of mechanical watches belonging to a very stuffy old world of wood panel layering and leather armchairs but this is the modern rendition of mechanicals which makes it very appealing to younger people. This is the new face of Raga, we have recently signed on Alia Bhatt and she totally embodies this, very bold, beautiful, very confident, self-confident and self-expressive, new Raga woman and we will soon see a lot of advertising and marketing communication on this, and this is the lineup of products.

#### **Advertisement from 11:36 to 14:26**

I think that gives, you know, the pictures say more than, this is like videos say more than maybe a million words, that the kind of passion and innovation that goes into a product offering, which is so enticing and so attractive to the customer.

Now, I will talk about Fastrack. This is a brand that has always been known as the super stylish, super-cool brand and these are the big pillars, really reviving the brand magic and consolidating the positioning of affordable fashion for young people. And the channel strategy, which is that because young customers have, of course, all of us have moved online, but I think the young of the country have moved online in a very very determined and decisive way and therefore, how do we actually chart the customer decision journey of Fastrack consumers, where do they start and where do they end, and really thinking that through.



### **Advertisement from 15:27 to 17:39**

See, a very cool, fashionable, very in, and a lot of, I would say, innovations based on materials, based on plating, based on colors, based on movements, all of which will kind of bring that kind of cool fashion vibe to the Fastrack watches.

Now, coming into Sonata and that is a different flavour. In Sonata, you know, these are really watches below 1,500, mostly between I would say, 600 to 1,200 and we think of these consumers, the big penny drop is that there may be a budget but there is no limitation on the style aspiration, so it is a very aspirational in terms of style and what kind of look they want but with that price point in mind, the other big understanding we have of Sonata is that the Sonata consumer is actually very deeply located in their geography and there is a lot of pride in their language, in their state, in their culture and these are young people who are able to traverse that and you know keep that regional identity very, as part of their persona and they want to put it out as also as part of their watch brand. An online access, and I mentioned this earlier, the lower price points, I think the explosion came actually from market place e-com. So, I will play a film which actually talks a little bit about the deep connect and pride and geography.

### **Advertisement from 19:13 to 19:45**

So, that is Sonata for you. We also have a very nice portfolio of international brands. We have the license of these brands and they really, you know, flank the house brands in the overall domination of the entire Analog watch category from the house of Titan. Tommy, Anne Klein, Coach, Kenneth Cole, Police some of them are more women's brands, some of men, and some like Tommy are actually for both genders. Very strong product portfolio, brand salience and impactful retail presence, these are the big things if you are looking at. We also have in some cases brand ambassadors and there is a lot of marketing at a very channel level that is very impactful for these. Coming to sales strategy, we have like I said, multiple channels and each channel serves a purpose. So, this chart is very briefly telling you that there are three types of customers. There are customers who are brand decided, there are customers who are category decided but open and really want to see multiple brands and there are people who are category and brand undecided. They are just you know in the market consumption, and we have actually each channel that actually fits in. Clearly, the number of people who are in brand decided, the people who are coming to the World of Titan, Fastrack stores or our brand e-com sites, the numbers are lower but the conversion is huge because they have already decided, and if you go

on the other side, people who are coming in, just walking into a Shopper's Stop for example or into an Amazon, they are, it depends on the marketing we do, they are not necessarily looking for a watch and they are possibly not necessarily looking for our brands, but they stumble upon it. The numbers of consumers on the other side are in millions and sometimes billions. So, the possibilities are enormous and we have different strategies for each to capture these customers who are coming into the funnel. So our channels and I talked briefly about the two big channels, Titan World and the Multi Brand Retail where we have done a lot of work on completely upgrading and transforming these channels from where they were, so just a brief on this. Titan World is being re-imagined to be much more premium, international, modern and smart, and this is what consumers want and you saw the video of Titan products, those fantastic innovative Titan products need the right stage for them to play out their drama and this is the huge upgradation that we are doing and I will come to the numbers of the kind of stores that we have touched. We have renovated 130 stores last year, we added 60 new stores and in this year we are renovating another 140, so our original base of 530 stores, more than 60% would be completely new looking, I will show you what that looks like to attract today's customer and of course new stores and that is another very big plank that we have in terms of expansion and growth.

#### **Advertisement from 23:04 to 24:00**

So these are, Titan was completely re-imagined, very international. We have the brand directory out on in front because we have so many international brands and many consumers are not aware and they do want to see all the international brands.

Helios, this is a very interesting thing, you know, we have been talking about Helios and the combination of Helios and Titan World has just unleashed possibilities. We have many, many combo stores and I will show you video #1, people come in, they want to look at all the Helios brands, the Swiss brands, the other fashion brands and they actually, if there is a attached Titan World, they go there and they look at the Titan, sometimes they buy the Helios brands, the international. In many, many cases, they come back and select the Titan watch because just as a watch it is such a powerful proposition. So this, when we add a Helios to a Titan World, obviously the overall sales go up but what is so counter intuitive and compelling is that the Titan World sales actually go up. We see growth once we add the international. So, this is a very unique, you know, formula that is working very well, we call it a combo store. Helios, these are the kind of stores that we have right now. We are expanding again heavily this year about 15 new Helios stores, very high price point and the combo working like gang busters. This is in Connaught Place, New Delhi.

## Advertisement from 25:30 to 26:26

So, this has unlocked great possibilities for us. Quickly moving on to Multi Brand Retail, as I said, we are looking at greatly transforming the look and feel. These multi-brand retailers have actually been the bed rock. This is still the largest channel by value and over 7,500 retailers of which the top 1,000 are really important to us. But many of them through generations have not necessarily invested, understood, they have seen a modern world go and they are like “*e-coms pe sara dhandha chal raha hai*” but now they are totally aligned and we are together investing, the company is spending a lot of money, they are spending money in transforming the look and feel of the stores, the solution, that you know, the merchandising solution, the really good watches that they have in the right quantities, elevating their staff, giving them training, giving them uniforms, giving them that pride of working for Titan in some ways because they are selling Titan watches. Digitization, a lot of our orders are now being taken online. You know, the old method of the distributors, staff going, a lot of, very deep transformation digitally has happened and customer relationship management of their, you know, customers, so we think of CRM as something digital and tech, but actually some of our multi brand retailers they know their customers through generations. They will tell you, you know, if you go to them they will really address you by name, know your father, know your grandfather, ask you about your children, has so and so come back from the US, and that is the deep connection, so we sometimes underestimate the value that our multi-brand dealers bring to the table. This is a program to really take them and lift them to where they need to be where they should be. Two other channels, and I will not spend much time, large format stores very important channel, premium customers are very much there and it allows us to play the market share game as well as in some cases get from other categories. People come in to buy apparel and market place e-com, we are very happy that we are actually doing very well, some of our partners like, all these partners, are people that we work with very closely having joined business plans, we have all our brands in the top 5, Fastrack is the biggest brand in Flipkart and so on. It is replicating the market leadership and dominance that we have seen in the on-ground channels for years.

Manufacturing, I think, these are the big pillars but the one that I am going to talk about is Make in India. You know, in March 2020, 49% of the value of our watches we had an import content. By March 2023, it will come down to 30% and by March 2024, it will be 20% so this is a very big exercise of capability building in India. Sometimes within our manufacturing capacity, sometimes with our Indian vendors. Huge work on plastic ecosystem, internalization of movements, cases, plating colours, all of this earlier we were dependent on outside the country

vendors and now a massive amount of work which is internalizing and indigenizing our manufacturing.

Okay, now coming into Wearables and I will probably take about 5-10 minutes. The Wearables market, we all know, these are IDC sources, it has just exploded. This last financial year approximately 8,000 crores, then this financial year is supposed to be about 9,500 odd crores and it is, we see, where this landscape is and where we are working. So, if you see this chart, there, on the x-axis that the average price points and then the brands in the side, so less than 3,000-3,500 very big Indian home grown brands doing massive volumes, very online and then right at the top is greater than 20,000-25,000 Fossil, Samsung, Garmin and of course Apple sitting at greater than 35,000, again huge value and if you look at it, it is between the say 4,000 to 15,000 that, you know, we are playing our game. Fastrack between, say, 3,000 to about 6,000 and Titan from around 6,000-7,000 to all the way about 15,000 to 20,000. That is a white space, there are not a lot of players there, there are some, but if you keep at, you know the two polarities apart, the white space in the middle is where our brands naturally exist, Fastrack's average price point is actually that. Titan's average price point is actually between 6,000 to 15,000, so this is where we are playing the game. This is one of our launches.

#### **Advertisement from 31:36 to 32:35**

So, this is Titan Smart selling at Rs. 9,000 and this is doing very well. The next product is Fastrack Reflex Vox, we are actually having a stock out situation because of the extreme demand in this product, can we have the video please.

#### **Advertisement from 32:52 to 33:35**

And this is Titan Smart Pro, again doing really well at a price point of 12,995 with an AMOLED display and this is the kind of marketing done, we have done a lot of marketing in both online as well as on ground because a lot of our customers are actually buying this in World of Titan stores and lot of on-ground channels, a lot also selling online. This is the lineup we have for this financial year, we have 14 new products and you know lot of design features which are currently really trending, people are asking for it, large screen, AMOLED, curved edges, functional features like BT calling, AI voice, ECG, music playback and we also have our own Titan Smart Lab which is in Hyderabad which is the extended arm which is, if you recall in 2020, we had

actually hired a company called Hug Innovations, that whole tech team, now bigger, better, is working on a lot of R&D for differentiated products so there is a parity product play and there is a differentiated product play. This is coming up like next week, Fastrack Reflex Curv, very large curved glass, very very fashionable with 24 sports mode, body temperature and this is the Titan Smart 2, which is different shape, the Smart has the round shape, this is Smart 2, which is at 7,995 AMOLED display and you know whole host of features, again this is bound to be something that will just get lapped up by customers. Platform, the Titan Smart lab team is also working on the Platform and this is where the stickiness comes in on the customer engagement, gamification, rewards, etc. We are targeting one million plus app downloads and like I said all of the channels are selling and in all channels we are tweaking our play for Smart watches which is different from the watches.

So, the future is ours to make. We are super confident and really passionate about the Analog watches business and of course Smart, you saw the numbers on the market, so there is a huge uptick on that, that we can see and this is our dream, 10,000 crores by the year 2025-26 with an EBIT margin of 18% and out of the 10,000 very roughly 7,000 crores on the watches side which is about 15% CAGR for the next four years and on the wearable side 3,000 crores which of course will be much higher but then the market in 2025-26, if you can extrapolate will also be quite high. So, this is something that, you know, the entire division all the 3,000 odd people in the division are super excited, passionate and very committed to making this dream come true.

Thank You.

## **Speaker: Ajoy Chawla - CEO, Jewellery**

Good afternoon, or rather it is still morning, but good morning. Happy to meet you in person. The buzz outside was amazing, missed that, I think zoom calls and virtual interactions can never replicate the energy that we feel when we meet. Venkat has laid the foundation and we have seen some amazing innovative work that the other divisions have shared with you. Let me quickly walk you through what the jewellery game plan is. I will try and cover the industry opportunity as well as, you know our growth engines and our sources of competitive advantage and leave you behind with some kind of a short term margin outlook.

The last two years has seen significant disruption and despite that very happy to share that our business has proven to be very resilient, of course thanks to the wonderful work done by the entire team. We have an ecosystem of 25,000 people if you consider, the karigars who work for us as well as the frontline staff who braved Covid and kind of you know lived up to the gold standard safety that we all came for and that has really shown up. While we have shown you only 4 years here but the 5 year CAGR for this business has been 18%, we stand on the shoulders of giants. The kind of work that has gone-in in creating iconic brands and especially Tanishq is what actually we are seeing the benefit that is being reaped. EBIT of course has been even better and margins have been by and large stable barring the Covid year that you see. The market is seeing a shift, the India story is still strong. I mean if you look at it from a 3 year, 5 year, 10 year horizon, or even a 20 year horizon I think the India story is rock solid, so that is the firm conviction from where we come from. There is volatility, significant volatility that we are seeing be it in consumer sentiment, be it on macro factors, be it on gold prices and diamond prices for e.g. diamond prices over the last six months have jumped you know around 30-35%. Actually the range is much wider depending on the type of diamonds from 20% to 40% plus, and this is something that we have figured out how to poke. Disruptions and inflation led issues are things which we as a business and we as a team have now learned how to cope, in fact the last two years have been great training ground. I like to put this example that what started off as a war room meeting, initially safety led war room meetings and then thereafter how to get back to business war room meetings across a wide collaborative range of people at the middle management and senior management in the division, it has now become a way of life, I think Arun here leads that activity, we see now over the last 2.5 years or almost 3 years you know we are seeing this activity go on and it has become an operating rhythm and therefore growth opportunities do come and will keep coming, but along with it just like the tide, you know there is a high tide and there is a low tide, something comes in and something goes back, and we have figured out when things are coming in how do you pull and then when things are going back how do you pull and that is the muscle that we have learnt and therefore maximizing, preparing for growth while managing the volatility has become our mantra, and somebody asked me how come we grew, amazing growth that we saw in quarter 3, I said if I sit back and look at it I do not know they were customers in the market who came but what did we do, we prepared for that growth, that is all we did and thereafter magic happened. If we were not prepared we wouldn't

have grown. As they say I think Nadal or Djokovic, you can never win the balls you do not take, so we have to be prepared to take those balls and hopefully we will win most of the time. There is formalization I think the tailwinds of formalization are pretty much there, it has been there for the last few years, it has probably become intensified, thanks to the disruptive behavior of how markets have been and I think post-hallmarking and post so many other moves that the government is constantly doing there is clearly a wave in favor of organized players and the organized players are indeed pushing strong, I think every player is planning for big expansion, every player is competing intensively for customers, and even the family jewelers and the standalone jewelers are holding very tight on to their customers so what we are seeing as an outcome of all this is intense, competitive intensity and price was on gold price and making charges and everything else. So, for us the most important thing is to invest in differentiation. There will be competitive intensity, we have to be prepared for that and we have to invest in differentiation. We have to lead the customer; we have to lead the industry.

The customer in the last two years, I think a lot has happened to everybody's minds, you know all of us have changed in ways that we don't imagine and the customer has also in a way adapted to this. Living for today and seeking authenticity and trusted players, we have seen that happen and that is why we are seeing new buyer growth you know leading the total buyer growth for us. We have in the last quarter I think we saw 51 to 52% contribution from new buyers which used to be in the mid-40s you know if you go back two years ago. We are also seeing people seek not just progressiveness but they are also seeking pride in culture. She wants to participate in what is her cultural heritage and wants to learn more and be educated more and in a way be a partaker of that culture, as opposed to something which is a hand-me down. And, her journey is more important than in general what is going on. I think everybody wants to express themselves, Suparna talked about it in terms of self expressiveness and I think they are seeing that if it is the millennial bride she wants to express herself in unique ways at the same time craft out her own journey which is in sync with the pride in the culture that she has inherited. In effect, that plays greatly to our strengths in fact we as a brand have prided ourselves in the imaginative and progressive brand narrative that we have laid out and more importantly we are also engaging with her directly not just through our digital channels but also through our stores and you will see a little bit of that.

I do not know how many of you if I may ask you how many of you seen this. Can you please put a pause, yeah, how many, okay only so many, I thought it has gone viral and I was told that more than 7,000,000 people have seen it and it has been forwarded but since so many of you have not seen it, can we have it on please. This is the band narrative that I would like to talk about.

### **Advertisement starts from 08:17 to 10:11**

I think many customers have written to us but one content comment was I think these guys get us, you know, Tanishq gets what the woman actually feels. I think that is the biggest badge of honor that we can all wear as brand makers. But I think the larger piece here is that the narrative

that the brand takes as to keep moving the envelope ahead even while we fight the other battles and the other exciting things that we have taken on and this brand narrative as Venkat rightly pointed out comes from where, it comes from minds who work in the organization with our partners. This film was in a way an outcome of the effort of two young people in our team who worked very closely with the digital marketing agency and they took the call, I got this ad only later on in the afternoon. They said this has already gone on air and I am sure you like it, you know and that is the way things operate.

There is huge headroom, no question. Our internal estimates talk about a 400 thousand crore market, but many of you have better estimates, whichever way you look at it whether it is 5%, 6%, or 7% the headroom is big. Clearly, there are segments where we have lot more headroom whether it is weddings or solitaires or high value studded on the one hand, or regional markets. Our dispersion can vary from 2% to 10% market share across the entire geography. Middle India is booming, in fact, Venkat laid out the foundation beautifully showing you the kinds of places where action is there and 300 plus towns are exciting places for us to be in. We are there in 220 towns right now, and even within existing towns there are emerging catchments, there are zip codes that you know are showing up great opportunity. There is a very strong emergence of a young modern segment, where perhaps it is more of a blue ocean strategy and less of a red ocean strategy to borrow Saumen's words, but the opportunities are huge, and the implications for us are very clear in the background of competitive intensity and large players having aggressive plans as well as there is huge opportunity. The best thing to do is just target a huge ambition you know and then go after it with all guns blazing and chase multiple segments. We do not want to leave any segment opportunity because it's simply ours to lose. So, the ambition for jewellery some of you would have already seen it, I saw it in the CNBC and profit channel which was playing in the restroom of this, they had already done the math and people had put some figures out there. Pretty much following with the previous ambition of 2.5X which by the way this year is the fifth year of that previous ambition and as somebody said you guys are likely to be a 2.25 or something, I said '*picture abhi bakhi hai*'. We have still another 10 months, we will see where we end but from where we ended last year to where we want to go, I think the opportunity is huge. We do not have a very exact figure on stores and many of you keep asking that but we have taken a punt, we are still in the process of building a strategic plan, the direction is clear so we see an opportunity for 600 and this includes stores of Mia, Zoya and Tanishq. We have not indicated here the other stores of CaratLane which Mithun shall present thereafter some flavor to you as to how he is looking at CaratLane but the opportunity is large.

Most of the growth engines are expected to fire well. The way to read this is the green is what will lead the growth, the yellow or the amber is the one where we think it will be as per the overall growth and the orange or the red will be the one which will be perhaps lagging, so we have seen some laggards in the last two years and we have seen some greens as well, in fact digital which is not just omni and online, including remote, which is video calling and endless aisle etc. has really jumped. Last year we ended this particular engine at about 12% contribution



to the overall sale which is around 2,800 to 2,900 crores and which included about 1,100 crores of online plus Omni and if I just pick that segment of online plus Omni it was 125 went to 500, ended at 1,100 last year and we are targeting 2,000 plus. So, the headroom there is fantastic and between what Tanishq is doing and what CaratLane is doing we can be the dominant player and if I quote one of our independent directors on the CaratLane board, he says why can't you guys be 100% owner of whichever segment that you chose to chase and I think we really have that opportunity sitting. But yes, Many India's and Grow the Core are very big areas. Why I have highlighted those is because Grow the Core it was about getting your funnel right, if we do not have adequate new customers coming in, three years later only they will become a two lakh plus buyer and that is something which was a little worrying for us when I had just got in and in that particular year FY 20 was a particularly bad year from a volume perspective, but thanks to the focus we have got back to a 43% contribution on core. High value studded and Solitaires continues to be a huge opportunity. The PAN card comes out much more easily now, I don't think people are hesitant. It is show me, excite me, delight me and the PAN card comes out. I think that is the big news here which was earlier a little bit of a defensive situation for us. Wedding as well as Many Indias is a huge opportunity for the regionalization play and let me bring it alive in many ways but all I can say is that we are expecting all the engines to fire and you shall see a lot of action on each of them. The Many Indias opportunity which was earlier termed as low market share strategy, hero market strategy which we then exploded especially during Covid times we realized the opportunity to play different games at the same point in time because of the different ways in which markets were behaving, brought it alive even more and we had a strategic investment in the south market where our market share of Tamil Nadu was less than 2% and Sigaram was the internal project name and pardon me for the Tamilians here if I have pronounced it wrongly, but Sigaram has been a great success, it has been a 360 degree approach on product, policy, retail and the deep customer connect that you are seeing.

#### **Advertisement starts from 17:21 to 18:50**

Pudhumai Penn is about gate keepers of tradition and catalysts of change and I think weaving that customer insight, the customer truth of today with the brand narrative and the brand truth is what the magic that has been created and that again requires that level of depth of engagement and seeing how it connects with time. But, we have not just done this in Tamil Nadu, I mean Tamil Nadu by the way we are among the fastest growing brands and gaining share, sure we have a huge headroom there, we still I think the biggest player there is perhaps 7 or 8 times our size so you can see the headroom that is sitting there but we have also done this in what we call as Bharat Markets, this is an example of what happened in Patna actually and I will talk a little bit more about it later. The Rivaah Brides of Patna was the fabulous engagement on the ground with huge number of real women who have then become our brand ambassadors. We are doing a lot of work in most of these Bharat Markets and they are segmented, but yet we have to view the brand narrative in such a manner that stands for the same Tanishq. Recently, we did for Poila Baisakh, it's a Poila Baisakh collection, sorry for the missed word there called Uttama, now this

collection, what was unique about this, we do this every year under the Sonar Bangla initiative. What is unique is we actually had, I think about 8,000 customers who voted and helped us co-create the collection, so we had a much larger offering and based on what these 8,000 people said what they loved about this collection that was the final curated version that went out there and that of course was accompanied by a campaign in Bengali and everything else, so all of that is something which is happening live as we speak engaging with the customer and these were some of the products that came and it has done fabulously well this Poila Baisakh which was around 14<sup>th</sup> of April. We will maximize growth and we will pursue multiple segments we have Rivaah and Mia as our sub brands, and we have Zoya and CaratLane as independent brands but from the same stable.

On Rivaah, the community based approach is huge and that will continue in fact I think we have barely scratched the surface. I think we are catering to about 20 plus communities right now, but the depth with which we can go into on the trousseau and on the imagery and on the cataloging and the content that we can provide to win over the millennial customer so that she can go back to her parents and say you know what let us first go to Tanishq, if you guys are not happy with that then we will go to the traditional jeweler and that is the message that we want to give to this bride. And not just for our regional brides, but also for the metro where there is polki and there is diamond play, I think both these opportunities, these two are more profitable than the regionalization play but having said that wedding play in general is much more profitable for us in terms of making charges etc. compared to the average let's say core products that we might be selling.

For Mia, the young and the restless, as I would like to call the team is the fastest growing brand. It has hit close to 300 crores, their pre-wave 2 budget was around 240, they said forget all that irrespective of what happened in quarter 1 we will go for 300, they got within kissing distance of that, March and January a little bit of a dampener, but having said that the team has said we want to hit 2,000 crores in the next three years, in fact they have said we want to do much more, I have brought a slightly more conservative figure on this forum and the number of points of sale while it is growing all the time, but this includes Mia stores as well as the Tanishq stores and some online play, I think that is expected to double in the next three years. Clearly, this brand is about fashion, style, and self-expression but it is also looking at going green in a big way which is to say 100%. It is already using 100% recycled gold and actively exploring along with our manufacturing team how to get 100% recycled diamonds as well because we get a lot of exchange gold back and diamonds coming back into our system. A quick look at what this latest collection which was offered.

### **Advertisement starts from 23:38 to 24:22**

So this was the recently launched in Mumbai at Soho. I did not know much about Soho until Mithun took me there for a meal and that is supposed to be the creative space, I think where a lot of creative peoples come there and this was a PR launch with all the media influencers. In fact,

there is a lot of work that Mia has been doing with influencers and these are just a few representations but they have literally reached out to I think 25-30 different influencers, some of them with 20 million plus followers who have in a way set Mia ablaze on the digital word and this is a brand which is really about the young and restless and the self-expressive modern woman of today.

Zoya, it is one of the most exciting Indian luxury brands. We have heard of western luxury but Indian luxury is something that we are really-really proud of. The pillars of course are about craftsmanship, about rare stones, and patented cuts, the product stories are really deep design, for some of you who have seen it, if not please go on to our Insta pages and you will get a sense of it, and personalized experiences. It is a bespoke brand, it is about customizing, we talk in terms of number of customers that we serve, you know is it 3,000 customers, at 4,000 customers and in fact the team has said the crores will follow, we will chase 4x or 5x and why is it that we are going to chase that kind of number because luxury is expected to explode in India and a previous report talked about 300,000 HNIs and growing at a very rapid pace and ultra HNIs are growing at even more rapid pace and that segment is clearly unaffected by whatever happens on volatility. The only thing that affects them is which holiday destination I will go to this summer or you know why can't I go here, and the base will suddenly go 4x in three years and the number of boutiques, we now have Zoya galleries in some of our Tanishq stores, we have six of them and we are expecting boutiques and galleries to grow over a period of the next three years into this footprint. It won't be a very large footprint like what luxury brands are all about exquisiteness, but we do a lot of trunk shows as well. This is a image of our Gurgaon store, the fifth which is there and there is one coming up in the Taj Colaba next to the LV store I think, so in a few months it should be ready and you can all visit that place. This was a collection that we launched Aeterna. You have been probably seeing the Zoya collections because they have taken front page of Bombay Times and Bangalore Times and many places so I won't, but the stories are deep and this one is really doing very well. This is the last collection that was launched. The personalized Zoya experience is something that we are proud of. I think last year we did 300 or such personalized experiences. We also participate in many interesting events that happen across the country, which involve culture, which involve a very special audience and we are always there where it is required.

Let me quickly talk about not just the growth engines but what is it that helps us differentiate ourselves vis-à-vis the rest of the market. Clearly the brand narrative is something that you have seen; I am going to take you through a little bit more about that. Our category and product leadership which is, the foundation is in design, but the manifestation is in terms of craftsmanship, in terms of manufacturing and sourcing excellence, which is about transforming the value chain as well and of course our customer intimacy which we are extremely proud of where every customer is one person at a time, one transaction at a time. This was something which we have now taken up, I remember Venkat coming back from a customer meet saying, customers are saying why do you need brand ambassadors when we are your biggest

ambassadors. We have taken that to heart and in fact the latest campaign on diamonds which was around the activation, which was typically around 20% off, we said can be converted into a brand building opportunity and the marketing team has come out with this “heera ho tum” – “Every Woman a Diamond”. I think the customer truth and the category truth and the brand truth coming together beautifully together, and these were real women who you know I think would have put to shame some models and they have done a fabulous job in the shoot and they are all real women and the kind of narrative we have seen on social media on these is amazing.

### **Advertisement starts from 29:18 to 30:03**

So it is about self-expression, it is about her journey, her story, but it is also in the context in which it is not me alone, it is me in the context of we and that is the Tanishq woman and that is the narrative that only we can know.

Building leadership in product and category, some examples here, last year we did a lot of work but this is something which we are very-very proud of. Finally with all the narrative with all the wonderful experiences in the store the customer is coming to buy a product in which she is delighted and the emotion has to be true. Baskar used to keep telling us all this is great and finally show me where is your category going? Where is the product quality, where is the craftsmanship, where is the design story, and where is the rarity of the gems and whatever else that you are proposing? I think our design team has done a fabulous job. This is about romance of Polki which we have just launched in the last few months.

### **Advertisement starts from 31:03 to 31:17**

Polki was a category which we actually created excitement in with Jodha Akbar few years back and I was surprised when I visited Jaipur that we are an insignificant small player in perhaps a 5,000 or 10,000 crore category. So, the single line you know direction that we took was can we just do 10x of what we are doing and then maybe the next year we look at doing you know 5x or 3x or whatever and I think this Polki has really set the stage on fire. We have hardly been able to supply to the top 3 towns or top 4 towns maybe and the sell throughs are amazing and I think it is a great opportunity for us. Dór, this actually came out as a capsule collection which was supposed to be something for the modern customer, the design team does this without any brief and they took on mangalsutras and said can we contemporize it and from that came out Dór and Dór has now become a platform, in fact the marketing team loved it so much that it has now become almost like a sub-cluster within our system, and mangalsutras are big in Maharashtra and to bring an innovation in that and to bring excitement in that, that is something which is unique to us and this collection you will see now in every Tanishq store will be a platform for mangalsutra and then more excitement will keep coming here. There are many such other things. There is stuff happening in gents, there is stuff happening in faith and believe, there is stuff happening in children, I am not taking you through all of that. All segments are up for grabs. The opportunity is mind blowingly huge. We have a huge head room.

This is something that we are currently doing. Last year, we did something around earrings and we said an earring is not just an earring, there are at least 20 different categories and can we provide a depth and width of 1,000 SKUs during a particular period and that is a fantastic response, so this year the team has said let us do it with bangles and Kalai is the campaign which we have launched during Akshaya Tritiya and this will continue right through the first quarter where weddings are big, even bangles there are at least 15-20 different categories, not just machine made and handmade, and then of course if you take a regional split it goes all the way. Coming to our third important differentiator or source of competitive advantage is the customer intimacy. Venkat talked a lot about the culture and you will see a lot of that flowing in into the way in which we interact with customers, but there is a process, there is a science. We have been following the net promoter score as a metric for the last now about two years, we started off at 60s or something like that and over the last one year you can see these are benchmarks across the world, 88% net promoter score is mind blowing and this comes on the back of a response rate of 30 to 40% of people that means the number of people who are giving a response from the number of buyers who came to our store is 30 to 40% so it is a large sample size and in order to ensure that this is driven strongly in the core, the team also looks at below one lakh, below 50,000 and today we are no longer worried about the score, we are saying what is the next best action that a given store can do and we are tracking how many stores have a clear next best action in their respective and the store is empowered to take those actions but it is also a lot about culture. This is our Women's Day celebration across stores. Every occasion whether it is festival or it is a Women's Day, or it is Mother's Day, or it is World Environment Day, I think stores take it up. There are some amazing actions which have happened. Indore for example does a massive event every year around Karwa chauth and we talked about brides of India. So, what started off in Patna, in fact it won an innovation award in our internal awards that we do just two days back it was so good that it is now being taken across to 12 cities, so we did ramp shows across 12 different cities with real brides. Now these are brides to be recent brides or brides of 20 years above. There were 8,000 women across 12 different cities who participated and what is the pay-off for them, not just their love for Tanishq or that they get to wear jewellery and adorn the ramp but 10 of them in each city were to be selected by a jury who in turn then you know based on that we would do a shoot with them finally and they would get featured in the outdoor and promotions and digital marketing in that particular city and these are some of those real brides who have actually gone through that shoot and you shall see them in your respective cities where ever they are. This is something which requires a whole ecosystem and a culture of customer centricity which I think our retail team has brought to the table and at scale. We are at 390 stores and every store gets inspired by some of this and the best practices are you know shared.

Finally coming to the very important backbone which actually supporting all this the manufacturing and sourcing and supply chain. It is an incredibly complex system. I think last year we processed 35 tons of gold and several millions of diamond pieces and doing it responsibly, however, is the big challenge. These are our plants in Hosur and Pantnagar. I will

walk you through some parts of it. You all have not visited, you are invited to visit our factory, we do that with our customers. During Covid, it was a big break but very happy to welcome you to visit our factories and actually walk you through what happens, but for those of you who are still waiting to come there, these are some glimpses. This is how a jewellery plant looks like. It does not feel like a jewellery plant anywhere in the world. It looks like an automated machine shop and this is at Hosur. This is German technology at its best. We can see the kind of CNC fingerings; you know these can process a fingering in half an hour from start to finish. It is one piece at a time. It can customize. So, the capability that we have got at the backend is amazing. We are limited by the imagination that we can do and the scale at which we can do this on the front. Platinum is something which we are building in a big way. We see there is a huge opportunity especially since price of gold has really shot beyond and platinum is growing at a rapid pace. In Pantnagar plant we are building a huge platinum capability and capacity. We are a very responsible player. We have been doing this for a few years but we thought it is important to bring it alive. LBMA gold is what we are sourcing. LBMA gold has two-three qualities, it is both the quality, reliability as well as the ethical sourcing it has. Today LBMA gold is the most ethically sourced gold but I am also told that there are good refineries in Dubai, Etihad, and Emirates refineries which are giving a strong competition to the Swiss refineries and there is an emerging hub there. We have also signed an FTA etc., so we will be open to sourcing from the most reputed refineries the gold that comes, of course it will be via banks. So, you know about 45% is fresh bullion which a lot of the times you see 45-50% gold on lease which you all see that is all fresh bullion that comes in. The customer exchange gold is about 40% this is GEP and TEP, Tanishq exchange and customer exchange gold and then there is outright sourcing with some of our vendor partners. We do supply gold to a lot of our outwork vendor partners but we also you know buy jewellery from some partners who make to our designs and that part of the gold is about 15%. So, we audit, we ensure that this gold is being used and that is something which is very important. But, we have also taken a big step in diamond supplies and let me tell you big diamonds are easier yet because the rough and the big diamond connectivity and traceability is straight. Big diamantaires manage it in very large organized factories in Surat, but when it comes to the smalls and that is more than 60% of our requirement, they get job worked and manufactured it in all kinds of sub-contract vendor places across Saurashtra, Gujarat, and ensuring that we have end to end traceability there and we are ensuring that there is a pipeline integrity that there is no contamination with lab grown so that, that is a separate business those who want to pursue but for natural diamonds it is screen and that the polishing is happening in a TSEP complaint unit which is the Titan Supplier Engagement Protocol for diamond suppliers. We are learning, we are again pioneering our way here, lot of resistance from the diamond tests and from the jewellery manufacturers but this is something that we have taken it up very-very seriously to ensure that everything that is done is done in the right manner. We have a third party audit, which has a 70 point checklist to ensure that every subcontract vendor is compliant on labor practices on all the practices in fact I am coming to that. Indian jewellery used to get made and in fact it still gets made like this in the bulk of the manufacturing, okay, absolutely

absolute processes. It is cottage industry, it is child labor, it is karigars at the age of 40-43 tend to take retirement and go back to their respective villages to pursue agriculture or whatever because the pollution and the way of working has not left them fit to continue what they are doing. Venkat showed you something about the way karigars are done but we have taken it quite systematically in the last few years. We have looked at a 4P framework which is from People, Process, Place and Planet and then categorized all our jewellery manufacturers and vendors into level 0 to level 3 and it is our commitment. Covid actually pushed us back by about nine months. We had earlier plan in March 22, but the team is saying Covid or no Covid let us say by December of this year all our suppliers will be falling into the standard mode and some of course maybe in the world class mode as well, and this is a huge effort requiring major change management not just with our vendor partners who have to invest money but also with karigars who in turn have to adopt newer practices ergonomics. They used to sitting and working, they do not realize it is bad for them. They need to sit and they need to use a microscope for setting. It is a completely big journey and we have about 15,000 karigars whom we need to transform in our ecosystem. There is a code of practices for vendor partners on this as I said there is a third party audit and there is a 71 point checklist and it is a journey, so this has been going on for the last 2.5 years and it will continue for the next nine months and then thereafter audits right through and there are clear milestones and targets which get reviewed at the CEO level and also at the MD level.

These are some illustrations of what you saw, how those kind of units have transformed themselves across, this across the place. I have given you example of Kolkata and Thrissur but this is happened in Bombay, in Jaipur, in Gujarat, in Coimbatore wherever we have gone we have insisted. In fact, vendors used to tell me, vendor partners, sir this is the Tanishq area, these are the Tanishq karigars, they are used to a certain quality, world's best quality and whatever else that you guys do and then this is the rest of it. Even those who are organized players, because they had earmarked the way in which Tanishq wants to work our quality assessors who are there, our quality checks were there, and they are all taken through the entire process of training and capability development.

So, the strategic thrust, I have come to the end of my piece. We have shared about four important competitive advantages which are very often not visible so we tried to bring it alive for you but you are most welcome to visit us and we can take you more through that but as we look forward we see growth as the biggest opportunity. We see a huge headroom and you know more than the EBIT margins and percentages etc. or even studied ratios etc. that many of you are used to modeling in your excel sheets, I think it is very important to look at the absolute crores of top line, absolute crores of gross margin, absolute crores of EBIT, because at the end of the day it does not matter, that ratio is an outcome. There are two different businesses sitting, there is a gold business and there is a studded business. Sometime, the gold buyer may buy diamond, but by and large at that point in time they are pretty much fixed on what they want and therefore one should not limit the other. If gold coin sells at some 6-7% making charge or 8% making charge

why should it bother us? They are going to come back and buy gold, exchange that gold coins in Tanishq so why should we limit gold coin sale and try and show a higher studded ratio, so we said let us liberate this business, let each part of it pursue aggressive growth. If regionalization is going to mean a certain dilution in the percentage, but an absolute growth in number of customers and number in the market share then the operating leverage will kick in and that is what will give us, but at the same time we realize that these are challenging times, competitive intensity is very high, volatility is very high, gold prices and diamond prices are yo-yoing. Customer sentiment is fragile, at least in certain markets and for certain period of time, but we will be prepared for growth and we will invest for growth and therefore between operating leverage and invest for growth and the other four factors we think we can manage the EBIT margins. At least in the next one or two years we think EBIT margin should remain stable, do not expect them to jump because we want to invest for growth, but operating leverage will help us tide over some of the pluses and minuses that. Beyond that, of course we have not done the strategic plan and we have not even discussed this with the Board so we will do that and maybe at some point if we can share it, we will.

Thank you, you guys have been very patient to hear a very long presentation. I hope you enjoyed it.



**Speaker: Mithun Sacheti, MD, CaratLane**

Thank you, my first time doing this, so I hope I get all the caveats right that I am supposed to manage around it. Shining since 2008, that's what we would like to believe, it is a business we had started in, you know, as an idea of working away from being merchandise heavy, to being marketing heavy. We felt that the consumer was moving online and that's where we wanted to be. Not going to spend a lot of time. Everybody knows how D2C has moved in India itself. Titan acquired us in 2016 and since then it has been an amazing journey as a part of that. There are three things that I would love for you guys to take away.

One is that how do we add value back to Titan. I think that is very important for many people. As an entire jewellery outfit that our jewellery division as we are looked at. Many times we get this question, are we competing, are we not? It actually is not really, in our eyes, it does not work like that. Sure there is overlap. I think overlap is always good for any business as well, because you don't leave anything out in between. Think of a continuum of jewellery where on one side you have investment, that's why gold jewellery starts off and the other side you have consumption, and our aim, I think as a collective company would be that we should play across every aspect of this and then the aim also is that on the consumption side we should keep stretching it further and further ahead because that is what increases the addressable market for us also.

Hold that thought for now, because I'll come back to it once again later. We are really, about a year back and I was talking, you know, to Ajoy, Venkat, everybody when we had our meeting and I realized that, you know, I always thought that what we were building was a business of jewellery and some data threw something through us off really. In the quarter of, I think, the second quarter last year, I realized that 80,000 people had written personalized notes through our, you know, "Gift a Message" program online. So, what they do is that they have a narrative for their family and friends and they say like, you know, Dear Anjali, "I love you, this is our 10<sup>th</sup> anniversary, I hope you enjoy this earring as much as I enjoyed choosing this for you, looking forward to 10 more years" messages like that. What I realized at that point was that while jewellery is really the form factor that they are buying, what they are trying to do is express an emotion. Whether they buy it for themselves or they buy it for somebody else, the expressing of emotions are very, very powerful aspect and so CaratLane has a really large role to play in it, but we were failing because if you think of a computerized note and all of you would have ordered something as a gift at some point, by the fourth day to about a year from now that computerized note or that gift card that comes which is printed and comes across even though now we have cursive and all the fonts in it, it sort of gets lost. You do not tend to save it with the same enthusiasm that you have the jewellery with.

Now, forward four years ahead and you realize that four years ahead you don't remember whether this was given for a birthday or was this given for an anniversary and this happens in my life all the time, because I love gifting jewellery and we are not really clear whether it was for the

4<sup>th</sup> anniversary or the 5<sup>th</sup> anniversary and now we are on the 17<sup>th</sup> anniversary. So, there is just no way to know all of this. So, as a person who believes that my role is to express emotion, help the consumer express emotions, we are failing and that became our single biggest challenge that we decided to take on and we need to solve for it because ultimately, if you want to expand our category what we really need to do is that for everybody who thinks about gifting we need to make sure that jewellery becomes even more relevant. The price points are falling and that is going to happen. If you look at India vs US right now in data, India is at \$2,000 per capita income, studded jewellery is at about \$1,000 if you take the top 10 brands and put it together, that is about this ASP spend. The US \$44,000 per capita income, studded jewellery ASP is \$250. That amount of space is available for us to go down and that is why I believe that the price point at which we operate is a very nice price point. We could take away from a lot of other categories because the highest amount of emotion involved in giving a gift is in jewellery. You don't tend to give this just without any depth to that relationship that you have with the person, but if you bring it at the right price point and you can add and you can protect a way to save these emotions into that, I think, you could add a lot of value to it. That is the journey we are on this year, not a lot more to give away on that, but during the course of the year you will see that.

Speaking of the addressable market right now and how we've seen it grow, the five year CAGR of jewellery searches has been about 17% whereas CaratLane itself has been about 47% on growth. Now, I read a very nice McKinsey article which spoke about, if you were to breakdown growth and look it in different ways, how does it play out.

There are three parts that they broke growth down into. One part was, shift in bringing a new category into your business or expanding market, I mean in simple English for that. The second part they spoke about was taking away share from existing markets on that and the third piece that they spoke about was a new paradigm, if you are able to bring something new. New paradigm doesn't happen very often. In our case we believe that digital brings a new paradigm to it or changing ASP and bringing it significantly lower brings a new paradigm to it. But, the most important part is the combined forces of these two. The fact that we have been able to bring average selling price of jewellery at a significantly lower price and at the same time make it available before somebody walks into a store, I think, changed the way this whole thing operates for us and that has been the growth for us across this whole thing. If we are able to crack emotions the way we think about it, we think there is a very large play to make against the gifting category itself.

Just the participation or just the searches that happen for occasions and gift segment is about 362 million at that and even if 10% of that could convert into jewellery purchase, not just for us, for everybody, that is a huge number that, that could go on. This is the challenge that we want to take on in the journey that we are now going forward from this point on. Our past has been such that from 2008 to 2012, we took a challenge like that, we grew 10x, 2012 to 2016 we found something we grew 10x, 2016 to 2021 we grew 10x and our hope is that this is the same 10x we take on for the next 4-5 years as well.

Just to give you a sense of numbers, one part of it got a little extended or deleted. We were at 16 stores, we are at about 137, I'm going to talk about it later as to how we go about this. The growth typically for us has been in the, 47 is the average of that whole thing. But, what is important to see is that most businesses indeed to see and you guys cover a lot of them, either have been focused on growing the top line or have been focused on efficiency. Very few businesses have been able to do both at the same time and we have been fairly efficient in the way we have still managed to grow at a fairly high pace on this.

Our addressable market for us is very clear, it's a Global Indian. It is something that we took on two years back and said that, you know, the borders are breaking, people are going in and out very easily, the conversations between, there was a time where your influencer you would look at would only be an Indian influencer living over here. I was talking to a New York based influencer as we were doing some work with her on that. She is a 22-year-old girl having 1.2 million Indians as followers on that, 1.2 million Indians are definitely not following her from America and she does only Indian content on that. All her followers, basically about 80% of her followers come from India. So if you think about it that if Indians are following consumers over there and consumers over there are following Indian influencers over here, do we really need to think about this as a geographical restriction or should we now be thinking about this as Indians living anywhere in the world and that thought process leads us to think about Global Indians.

We seeded our international business and our thought towards Global India about 2 years back doing that. We did a lot of work towards it. At this point, with about 5 or 6 people working on that, it's a very robust fast growing part of our business. We are investing heavily on it. What you see as the inefficiency of the entire P&L right now comes from the fact that, that is an area of growth we are investing towards. There are about 100 crore high margin business opportunities with these individuals sitting outside. If you look at just US alone in this, it is about half of that and their average per capita income is at \$90,000 for Indians living there, 2x the average of an average American over there. So, it is a huge opportunity in itself and we feel that we are very well poised to once again go after that. The nature of design and work we do lends towards this audience very well.

This is our playbook, we like to call it that, these are the pillars that we work on. I will go through each of these things individually, but effectively these 7-8 pillars is what makes us happen, what makes the 10x growth work for us. As an enabler, obviously we are in the business of jewellery, so it is very important to us and our origin for a lot of us is that, we take on arts and we decide that how do we take this and make this thing work for the audience we are going after. We contemporarise the style that we are going, I mean, the old Indian arts and work towards it. There is a particular one I'll talk about that is Meenakari enameling on this. We launched with Lotus as our first collection in 2016. In 2018, we launched Butterfly. Butterfly is a 12-piece collection and in jewellery numbers do not rise that fast, but that 12-piece collection is now worn by roughly 3 lakh Indians. So, that is the power that something like this goes and I have seen myself where consumers tell us 'Woh butterfly wala brand' or you know that when

they see somebody else wearing it, they can recognize it as well also. It is also one of the most copied designs on Amazon that one can find, like about 20 brands try and sell the same thing.

This is our real way of doing Omni. We obsess about Omni to a crazy level, I would say that we are at 20% of the ideas that we are. There is another 80% of growth possible for us in this. If you look at Faridabad, it is an example I have put out over here for you to see, Faridabad is not a jewellery centre, there are no jewellery stores in that place. There is one jewellery market slightly away from there, but it is not directly where the audience sits.

We, before the store opening, were having about 2,49,000 sessions. We had a business conversion of about 0.5% and the data that you can see through resulting in about 3.51 crores of business at that point. We opened a store over there. We drop in a store basis of this data, not basis of where the market is and what we would have done traditionally on that. In a location where there is no other jewellery store, where there is hardly any retail itself also on that, just that there is good parking, so people can come, buy and do that and that is very important for our customers.

Between November 21 to February 22, you can see how the numbers have changed. The sessions are slightly lower at that point. It is a function of how much traffic we were going after in that region as well, but the business conversion jumps 3x. It goes to 1.53 times. The catchment results in 8 crores of business for us and this is the addressable opportunity we are going after, drives both growth as well as efficiency. It is just sheer understanding on how we look at data. We have identified 112 catchments like that this year for us to go after, because there is a threshold beyond which we go after. Similarly we will invest in more such activities which will take us next year into figuring out what more catchments can we go after.

85% of our online orders are influenced, 68% of these customers, 68% of our orders that we go after where we can identify N=1. We can identify the customer's journey from the time he started browsing from the keyword he came to the actual piece that he bought. That is the level at which we are right now. The deeper we get into this, the better we will get at, you know, having to spend less on marketing, but more on converting people across this and improve the throughput of what we do. Our end goal is actually matching customer, so its N=1 as a customer, Q=1 at production and inventory that we need to keep which is relevant for the catchment itself. We have over a period of time been reducing our SKU count. You know, it is counter-intuitive for a lot of people when they hear it first time, but we have gone from 8,000 to 6,500, now down to 4,000 and we just want to keep, we want to find that there are 118 need states that people think about when they want to buy jewellery. These are keywords that people have in their mind when they think about it. First, we want to solve for these by having ample choice in each of these. Once we solve for that, I think, we will be in a position to go after more as well. But for that, we don't need to have 10 or 12,000 piece catalog, because what it results is that I have visibility, but I don't have supply and that dissonance causes a lot of loss of sale for us in the business.

The last piece on this digital piece is the single view of a customer. We have built a module called One View, where every interaction that a customer has, whether it is online through a chat, through any part of our, in any of our systems as well, we have a single view of that for our sales person to see when he walks into the customer. He will also know whether it is an irate customer, not an irate customer, customer who has already placed an order, not placed an order, at every touch point, that information is available to them. We build this by incentivizing obviously, but we also make sure that we manage with data privacy.

I was talking about the catalog, from 5,800, we brought it down to 4,029, that is what we have done, very focused on it. I have to thank an ex-Titan board member, Ireena for helping us do this work. Twice in a year we have reviews on this, we remove all our low performers. The next piece is what I think interests us a lot, every time we launch a new collection, we artificially seed traffic to those collections. We artificially incentivize sales people to make sure that they are showing it more to people and trying to get a sales throughput on that. The combination of these two gives us data where it tells us whether we should back this collection or not back it. So, giving example we launched three collections for Akshaya Tritiya, we realized which is the one we want to back and we went after Borla, which was the collection we went after, because of the data that came through this and that improves throughput once again a lot for us. It also allows us within the collection what to back far more than any other product that we are going after. It enables calculated risk on inventory and we hope that, you know, while we will go inefficient a little bit for now, but in the long run all this will teach us to become far more efficient on our inventory terms.

There is to make all this happen the secret sauce really is the people who work at CaratLane and I really want to give you a flavor of what the company is like because you will not get a sense. It is an energy that we work with.

### **CaratLane People Song from 17:28 to 19:47**

Every time I see this, I have a bunch of actors I feel working in CaratLane on that.

It's, you know, the tagline for us right now and we have put this as a team for ourselves is, "*Yeh hai apna time*" and we really feel that the next five years for us are very crucial, at the same time every business has a golden period, I think for jewellery industry, is like that. Venkat, once very long back told me and I used to think 1,000 crores how does he even think about that. I think 2007, 10<sup>10</sup>, that he spoke of and it feels like this is our time to make something like that happen. We see, we have the ideas, we have the energy and we have the focus to make something like this grow. We work towards improving every single day.

In all of you here, you know, I read something beautiful which always stays with me and every audience that I try and talk to. The first thing I look at is the customer and in all of you I think, you know, it's very important for me to think about that as well. If you think our words are simple and if you think that you can speak about it, I think it would really help us, if everybody

could help us find more customers as well. Every time you write it, it does bring us that, so we really look forward to growing.

Thank you so much for listening and this is a very exciting phase of CaratLane and I hope you guys see great dividends from it.

Thank you.

**Speaker: Ashok Sonthalia - Chief Financial Officer, Titan Company Limited**

Good afternoon, fabulous five presentations, great five presenters, they have put in so much effort and to put this together for you, I think, we must give them a good round of applause, guys. In the tea-time, I was hearing some of you were so enamored by those presentations, that kind of once more, once more, kind of thing, so I thought I'll start where the day started. How is it if I do that? So, you know, it is they only who can pull their presentations so I am not going to even attempt that, but let's go forward from here. Venkat talked about capability, culture, commitment and what I see from there that actually capability gives a CAGR which is, you know, our ability to grow top line, bottom line consistently, sustainably, beyond peers and every time beyond industry. Contribution is about not only contributing to profit but contributing to society, contributing to our employees, everyone, multi-stakeholder view comes from there. And commitment, it's not about financial capital, it's about human capital, it's about natural capital, it's about social capital which we take from this society, from the planet, from everyone else and that is where when you use that capital responsibly to make contribution, I think, that is the centre of ESG which also Venkat talked so nicely so I am not going to talk it again.

So, now you understand that this presentation is going to be about finance presentation. Growth, margin and cash and that I can pull out very good, okay. So, moving on guys, this is what happens many times I see in our previous earning calls or whatever we discuss, at that point of time, focus is too much on about what happened in the last quarter, what we are going to do about next two-three quarters, or and I have always felt that if you kind of slightly look at longer horizon then you can actually assess what shifts are happening and that I use in my own performance when I look at you know, inside the company, let us go back a little bit what was happening and then we really understand and that is where I thought I will put this 5 year 15.8% and the other thing which I wanted to talk to you that with our international significance, with our CaratLane growing, there is lot going to be sitting outside the standalone. So, suggest that you start looking at consolidated. Today, I understand standalone accounts for 93% of revenue and 99% of perhaps profit but as we move forward for next 5 years, you will really find significant shifting. At this point of time, numbers are more or less same, so you really need not worry that I never looked at consolidated, now this guy is showing us some new number, how we are going to kind of understand that, so numbers are almost same, so 15.8% CAGR of revenue in last 5 years, and if you still look at our segments like jewellery, of course it includes CaratLane, so I have given you FY22 over FY20 which was really you can consider it was pre-pandemic, pre-disruption while March second half was disrupted. Jewellery is in firm footing of growing over FY20 as well as 21 and 5 year CAGR Ajoy also shared with you. Watches and wearables have done extremely well. Suparna has shared her plan and Eyecare also you heard about that. Other businesses are also getting their mojos. Venkat spoke a lot about that, I will not discuss more.

But, on the growth part when we are talking about growth the other part which you always talk about and I thought I will give you a 5 year perspective here also that our square feet retail space at a company level, has moved from 1.8 to 2.8 which is 9.2% CAGR. Our store count have moved from 1,412 to 2,178 which is also about 9% and then town presence have gone from 261 to 337, so of course between 15.8% of revenue CAGR and about 8-9% of retail footprint CAGR, there are few elements which are sitting. One element is of course maybe our business mix which have taken jewellery slightly more in last 5 years, the other one is of course revenue productivity of our square foot retail space and the third important point which you got glimpse in various presentations is the digital channel and influence. So, that 7, 8, 9% physical retail versus 15.8% revenue, there are 3, 4, 5 elements sitting and sometime it is very difficult to exactly bifurcate that but that is the kind of digital channel and influence. So today, about 15%, these numbers keep changing month on month, so in Mithun's presentation you saw 85%, my numbers are slightly dated than him so it is 80% here, but these guys do an amazing job and you can see that roughly 15% of today's whole Titan group is very effectively using digital to get those sales inside.

Again, if you look at our portfolio, what was it like 5 years back and what it is now? I have been talking about it with you guys in some forums, but here you know like you can think the dark green is a business which is really cruising and in pinkest of its health in terms of profit, in terms of investment, in terms of revenue growth; yellow is where now plans are in place at least the investment thinking is there, they may not be profitable but it's a combination of that; and the orange, dark orange are where we are striving to become profitable or market place holder or even we still have not figured out. So, that was the situation 5 years back. You can see it green, orange, red, yellow, everything and what the kind of shift which I see personally and you will also appreciate that this is the portfolio we are holding. Some of the red, dark red, Favre-Leuba and Mont Blanc, we have gone out of it. Many of the things are very, on firm footing. They are thriving, and some of the places we have very, very firm plan particularly for Taneira, fashion accessories, international significance, all those stuff, so I believe next 5 years, from this portfolio transformation point of view looks to me kind of quite comfortable to tap the opportunity which is out there.

Now, moving to margin, we spoke about growth. Margin, so again, just remember revenue 15.8%, margin growth is 23.3%. So, of course, quarter on quarter operating leverage may not be visible but over a 5 year period, operating leverage is visible and that is the point which I thought I wanted to bring about. Again, there are some business segment wise, numbers are there that what they were in FY17 which was 5 years back, 9.6% jewellery, watches 8.6, eyecare 4.1 and where they have gone FY20 in between just to tell you a normal year, you know how the normal year was and how they were growing and then FY22.

The other piece which I thought I will leave with you as a thought, and of course I am not putting any number here that how the margin of our various businesses which have now a good track record of 8, 10, 12, 15 years, that the scale of business allows us to able to predict margin, you



know, that where they will be and as the scale comes down you will see why dispersion from quarter to quarter or year to year because there are several factors which affect them and the other important part of this is operating leverage and actually in absolute term the highest operating leverage jewellery can contribute but actually if you look at business unit level Eyecare has got the highest operating leverage. In between is the watches and then jewellery is there. So, their ability to really swing their profit margin if they really grow is very high compared to jewellery. So, that I thought I will leave with you guys, the way I see, you know our various businesses and, so okay, now I am moving to the third pillar which I talked about growth margin and cash.

This is how the cash of last 5 years. We generated cost profit of 8,102 crore. We leveraged gold on lease additionally 3,000 crore, 3,500 crore and that is the 11,617 crore cash which has been used in various things. You can see the inventory which is the large part of net working capital, actually the whole increase in net working capital is driven by the inventory investment and that too largely in jewellery business is about 68% of total cash. Capex which is again some capacity enhancement, some modernization and the exciting equipment which you saw in jewellery division in Ajoy's presentation, all those things are there. Strategic investment is like whatever investment we made, you know, some additional investment in CaratLane we made, we recently did Clean Origin in US and whatever other things in Dubai etc. we have done, and dividend is of course to the shareholders. So, this is the use of cash which we did. The only takeout from this slide which I think you can think about that our company is right now at a level where they can grow 15-20% without going outside in the market to borrow. We generate enough cash internally and we have a great access to gold on lease program and the other thing which we learnt to manage our short-term temporary ups and down through bullion sales. You know, any time inventory overhang happens we can kind of quickly monetize that and one point which you might not know but now our Hosur Refinery is actually certified for the India Good Delivery, MCX Good Delivery they call it and earlier we had to do some certification, melting, etc. somewhere else, now we can do in Hosur and kind of sell directly to MCX. So, that is one point which I thought I will leave with you and this is just for you to see that finally after 2 years of disruption we are still back to the same ROC and ROE level which is a very, very healthy number 35.2 and 26.4. So, in nutshell, you know, what happened in 5 years. So, 5 year top line grew by 15.8%; bottom line pat grew by 22.9%; EBIT margin actually improved by 3% from 8.3 to 11.3%; Cash we were self-sufficient, we did not go out to borrow money for kind of putting our growth; and ROC, ROE. So, the message which I am trying to give you that the growth margin or cash, they are not coming at the cost of either. All three are in our focus and they are all kind of going ahead.

So, how should we think about next 5 years, so I am just trying to give you some of the thoughts which I have and which you heard the earlier presenters, so what about Jewellery, jewellery is kind of thinking about, you heard Ajoy maximizing the growth, going after growth at the same time thinking about margin to keep, so it means whatever they want to generate they want to

reinvest in the business at least in the short term and with the four brands which they have, Tanishq, Mia, Zoya, CaratLane, they have the ability to serve the vast consumer preferences in the country, the huge amount of consumer segments.

Watches and Wearables, I would summarize that 'Grow the Core' which is our analog watch and lot of thinking strategy behind that and it continues to grow which is amazing but the lot of thrust behind wearables and we have tasted success, I would say, in last 6-7 months with some of the launches, which were great and so now the whole investment of everything is coming behind that and I hope you will see far more action from Titan house on this front.

Eyecare, Saumen spoke about it that we being the eyecare expert have a responsibility to even grow the market. So, the people who are blissfully unaware about their correction needs, kind of we will keep running campaigns so that they become aware that world is far more beautiful than what they have been used to seeing that and of course with the product innovation, retail expansion for this year and next year is going to be great push from EyeCare, they are kind of going behind that.

And, in terms of investment if you think where our money is really going to go after is the talent, we are finding lot of new emerging skills which are there and perhaps we need from our next phase of growth, so we will be investing appropriately there. We will be investing which we have been investing for the last 5-6 years and that actually kept Titan at very good thing during Covid period but further enhancing our digital spend and kind of building world class infrastructure, front-end lot of work has happened, back-end also lot of work has happened, some of us are focusing in the middle core, in our own way, and, but you know all the investments are going to happen there. The other one is the international you heard about, serious play about jewellery, watches, is still thinking in terms of how they can get a significant international play. EyeCare is going to explode. Emerging business, Venkat talked a lot. Emerging business, we mean Taneira, Fragrances and Fashion Accessories, and in fact IBD is also part of that, so these are going to, the whole thinking is that what gradually they would have achieved in say 5 years can, you know, we can invest appropriately in the beginning itself and free them from the margin and profit pressures so that they can really appropriately invest upfront. So, from that point of view, FY23 you might see some of these things in our P&L where growth is coming but lot of investment is going on and FY23 actually in Titan we are seeing that after 2 years of very, very, I would say, constrained kind of thinking on Capex and other investment, we are kind of completely opening it up. The risk if you say, yes, the Covid has thought us agility, Covid has thought us that if market is not responding the way we expect how in an agile manner we can kind of correct our situation. Fortunately, we sit on an inventory which is very, very liquid, very, very valuable. So, it is not that, you know, things get completely stuck for us so that is a good part of us and that is where I believe we will be agile, we will be responsive to the market situation, but as of now we are playing on the front foot. So all the investments, everything whatever businesses need are going to happen.

So, coming back, I am almost at the end of my presentation that we will continue to focus while we are trying to maximize the long term growth opportunity which is out there but cash and margins are going to be very, very important for us and at the end I would say, we expect that we will continue to deliver responsible growth, sustainable growth and profitable growth.

Thank you very much.

## PANEL DISCUSSION – Q&A

Yeah, we are ready for this session and there are people around with mics. So please, all yours.

Yeah, hi, this is **Chirag Shah from CLSA**. So, you know, first of all thank you very much for visiting us over this. It has been a first for many of us in the last couple of years. It is good to interact with you guys in person. Since, I have the entire team of Titan here, what I wanted to ask you was have we deliberated around how we intend to allocate capital over the next 5 years right, so Ashok made this point around how cash flows cumulatively over the last 5 years have been more than a billion dollars plus cash profit and if I look at the growth plans going ahead obviously the cash profit is going to be much bigger than what we have done in the last five years. A lot of our businesses, particularly jewellery for example is now in a self sustaining mode. You don't really require too much of capital because of bulk of it is now through the franchise route and a lot of the working capital requirement is made through the gold lease program. So, if I have to think about the next 5 years as to how will Titan allocate the capital, how much of it would go into new businesses, what will be the criteria around how do we allocate this capital for some of these new businesses and what are the capital requirements for the existing businesses and so on and so forth, just your thoughts on that.

**Ashok Sonthalia:** Okay, so just one point I thought I'll tell you that while you are right, jewellery is on self sustaining, but it is not that it will give too much cash out of its growth plan, you know, so we have three kind of franchise model, three kind of boutique, one is which is completely company owned, the second one is kind of completely franchise owned, but there is an in between model also where you know like they have the management of the store and everything but inventory belongs to us and many places that choice is made by the business where they want to kind of go for L2 or L3 and there are several considerations, I will not go into detail, but almost equally that kind of rollout happens every year and that requires inventory input and inventory investment from our side. So you are right, jewellery has a self sufficient cash generation capacity and that is where I mentioned 15-20% growth organically with all the businesses, we really don't need to go out of cash. Considering that also if you would have noticed we kind of increased our dividend bar this time that we thought that it is important to at least while our policy suggests 25-40% but at least to be around 30% one-third of the profit should go back to shareholder so that is one part, the other part of thing, so this cash is good for our businesses which are right now already in play. While Venkat can say, but what our internal thinking is that next 2-3 years we are not going to enter into a new category, rather we will focus on doing fashion and fragrances and Taneira and international, you know, everything. You would have also noticed that even the mature businesses like watches is completely reimagining its retail footprint and which also requires investment from our side, so I think it is bringing all these things out through our own generation. If we have to do some significant strategic investment, no doubt we will have to go out and borrow, but fortunately our balance sheet is in a

very-very healthy stage so if we decide to do that which is right now nothing is on the card, we believe we will have ability to do that, so that is how I think you should think about our capital allocation. The new businesses are going to get, as I told you, upfront lot of support from our side.

**Chirag Shah:** See, in that context, you know, eyewear business which can be in a hyper growth mode, what kind of capital investments can we look at investing in the eyewear business in particular and since you also mentioned that you are unlikely to get into new categories in the next 2-3 years so eyewear clearly looks like a lot of the capital could be allocated to that segment, is that understanding right?

**C K Venkataraman:** Actually, from an overall business model point of view eyecare, you know, does not really require that much of capital because it is a franchise model and today it is also wholesale because we are getting more and more into the distribution side, so the large opportunity including what Saumen spoke of which is those millions of people in fact crores of people who need a correction but not even aware that they need correction, so fair amount of investments, you know, I feel is more in opex, market building, customer acquisition, and not, you know, so much on capex. So that is on the eyecare. I am just adding a little more to what Ashok said, you know, we felt that we have been into some new businesses for many years without acquiring a respectable scale and that is the background to multiple X on bags, multiple X on Taneira, International, international will require capex, Taneira is a franchise model so not so much of capex, bags is more a wholesale model, little bit of retail so again not so much of capex that we see. Whereas jewellery is intrinsically you are pursuing L2 even outside India, but partly self financed through gold on lease and we also from a return on time invested point of view we want to focus on what we have the portfolio that we have today and not even touch anything new for the next 2 years so that the management time is maximized into these current new businesses and only in maybe calendar 2024 start thinking about anything else new, because like I said India is one country but many economies from a scale point of view and the jewellery business in fact on a last call in a media interaction I spoke of the next 2-3 decades when that question was about the last 3 months, I spoke about the next 3 decades particularly from a jewellery point of view and that is how long that runway is.

Hi sir, this is **Percy Panthaki from IIFL**. My question is for Ajoy, so in one of the charts where you had color coded sort of progress what is going to drag down the growth and which are the segments which are going to go ahead of the company. There was one of the line items in yellow which says I think growing the core and there you had written volume thrust or something like that, can you elaborate on that please.

**Ajoy Chawla:** Yeah, I would like to first clarify. The yellow was not dragging down, it is at the average level. The green is leading the average and red would be below, so on core it is currently

contributing 43% of the business that is expected to sustain that 43%. There is on wedding for example if it is contributing 20% we expect that contribution to keep going up. Yeah, that is the way to read that particular channel and therefore there were three growth engines which were put in yellow which is at the average level, one was core, the other was Golden Harvest, and the third was Exchange. Now of course if we innovate on any of these, for example, exchange and we are experimenting many things it would go into the green as well but at least it is going to be expected to remain at that level as what it is currently contributing.

**Percy Panthaki:** And when you say core is 43% is this basically your plain gold jewellery, ex-wedding jewellery is that how it is defined?

**Ajoy Chawla:** A large part of it yes, but it also includes some amount of the studded at the sub one lakh level. There is a lot of regular what we call them as everyday specials which are sitting at below 50,000 and below 75,000, and below one lakh where we sell a lot of volume. So it's a combination of gold instead, but a lot more gold.

**Percy Panthaki:** Right, and when you had written volume thrust against that what exactly do you mean by that can you elaborate please,

**Ajoy Chawla:** Yeah, so volume thrust essentially implies number of buyers, because that is the funnel that we work with. People who come into the brand, most people who come into the brand typically come in at that sub 50,000, sub one lakh, sub 25,000, they may start off with a ring or you know or an earring, or a chain, but it's over 3-4 years of buying from us and if we are able to ensure that they continue to buy from us, then they start moving into the one lakh plus and two lakh plus segment, so number of buyers that we serve actually is what that represents the volume thrust, not grammage as much, grammage of course could go up or you know up or down based on how gold prices behave. So, we look at volumes as buyers and I think we had that conversation even you know on one of the interactions that we had.

**Percy Panthaki:** Sure, sure, next question Ajoy is that this market share which you showed at 6%, I mean, that is on a denominator of the total jewellery market right? Now, a very large part of the market the total jewellery market is very-very price sensitive as in they will not even pay 3 or 4% extra as the overall value of the gold I mean value of the bill and therefore a large part of that market actually will not fall within your target market, I mean there is a price sensitive customer who is a very meaningful part of the overall market in terms of numbers to whom the Titan pricing will probably not appeal, so what really do you consider your market share currently within what you would put in the denominator as a possible addressable market and not the total jewellery market of India.

**Ajoy Chawla:** So if you are asking for a precise number it is going to be very difficult. I will give you why I am saying this, you can look at the organized share and say yes organized share is 30% and that is going up to 40-50% that could be one way to look at addressable, another way to look at it is specific players whom we consider as whose customers and our customers are common. Now typically, if I look at Chennai or TN, we may say that the customers of let's say a player like GRT or Thangamaligai etc may be very different from ours but is it right to say that those customers don't buy from us or they don't buy from both, very difficult. If I go to a small town there may be a player who is actually a 200 crore player and we may be today a 30, 40, or even a 50 crore player. If we grow we typically see that customers from those players also come back to us. Price sensitivity is dependent on two things, one is on gold rate and the other is on making charge. With gold rates in a way, you know the secular trend towards gold rate is a certain normalization that is likely to happen over a period of time, thanks to hallmarking and also several efforts that the government is doing to try and bring about a certain organized play in gold whether it is through GIFT City, whether it is through the gold exchange etc that is being proposed. So, if you look at it for the next 3, 4, 5 years the markup on gold that Tanishq would be enjoying may not be there and in fact we have been moving that towards making charges. From making charges itself again it is a dispersion, if I go down there are KVIs which will be operating at 8%, 9%, and 10% market making charge and then there are products where you can go up to 21, 22, 23, so we can be competitive at the KVI, let's say at a chain level, etc and still try and gain share and thereafter migrate the customer towards let's say higher margin products. So when you ask for addressable market and we have looked at it many a times in the past on addressable market and said yes we feel happy, we are 10% or 15%. We have realized actually the total market is the best way to look at it because eventually a large number of customers are also migrating from family jewelers to more trusted players, in fact a recent research that we did a pretty large sample size research of all the new customers who came in more than 60% of them actually said that they preferred to come to us because they no longer want to shop from their family jeweler on account of trust. So defining addressable market becomes a little challenging.

**C K Venkataraman:** Just a couple of data points, this morning I got a message from our franchise in Baleshwar. Baleshwar is a town in Odisha and he sent me an invitation for eyecare store that is opening in Dhenkanal, which is another town in Odisha. Then I messaged to him, look what did you close last year in Baleshwar I had been there 7 months back, 60 crores was the sale of Tanishq in Baleshwar in FY-22 and I suspect it is more than 50% market share in Baleshwar. So this 6% all India market share that Ajoy was sharing in the 400,000 crore is actually 50%, more than 50% in Baleshwar, and another town called Angul also in Odisha I think it is more than 50%, we are 50 crores in Angul, so the transformation that is happening in all kinds of places where the making charge may be 4% but the cumulative caratage of the sale is may be 18 carats so what the customers thought was 22 they are actually you know been given 18 or 17 carat by jewelers which is getting exposed when we buy that gold for exchange in our stores in those towns and the customers are realizing overall value because each carat difference

is 4% so 18 carat is 16% difference plus 4% making charge is actually 20% which is as good as buying Tanishq.

**Percy Panthaki:** Right, right, so last question from my side is you mentioned the 5 year target of two and a half times in jewellery so that works out to CAGR of about 20% over a 5 year period. Do you think that the near term growth could be higher than that because we are coming out of a Covid disruption etc. or do you believe it will be pretty sort of smoothly spread out, that 20% over 5 years?

**Ajoy Chawla:** We hope so. The near term is better than the average and we believe we are chasing that.

**Percy Panthaki:** Right sir, right.

**Ajoy Chawla:** Quarter one was a disrupted quarter last two years so obviously in quarter one if you pump it up significantly, your estimate is right.

**Percy Panthaki:** Yeah, I was not talking about only Q1 but rather FY-23 as a whole.

**Ajoy Chawla:** Overall, because of quarter one it will skew it and therefore the overall can certainly be much better than 20.

**Percy Panthaki:** Right sir that is all from me, thanks and all the best.

Hi, this is **Amit Sachdeva from HSBC** for the next question please.

So, I have a question on, first on, Taneira and then on Tanishq. On Taneira, I mean, I noticed that you know from 23 stores we are targeting about 125 stores in 5 years to the revenue of about 1,000 crores and if I were to sort of, and for 1.5 million pieces if I, read that correctly, which essentially sort of works out that you want to add about 20 stores a year for next 5 years and maybe roughly per piece you know SKU targeting is about Rs. 7,000 roughly, that is the kind of average numbers that I could make out which sort of makes me wonder whether the expansion target of 20 stores, is it ambitious at all because we have a, coming to Covid, this whole thing was delayed and we are just adding 20 stores a year, can it be a little bit more or this is just a very conservative number, and second is basically if Rs. 7,000 is the SKU sort of thing are you like just looking at the sarees or some other SKUs development will happen around that and if you could be very kind enough to also tell me whether his franchise and whether L2 and L3 is there a same structure how we should think about the business plan for Taneira over the next 5 years if 1,000 crore was to be achieved, that is the question number 1.



**C K Venkataraman:** Yeah, Thanks Amit, certainly the opportunity in that market is, you know, much bigger than what that 1,000 crore perhaps suggests and the network expansion target for FY-23 is actually rather more ambitious than what that 20 per year suggests so I think you know we want to actually execute FY-23 and maybe when we meet here again you know next year same time it could be different so that is the first point on the size of the opportunity and the ethnic wear space and whether this ambition is sort of, it's actually multiple FY-23 is multiple x of FY-22, and even FY-20 and we want to do that before we leap even further, that is point number 1. The second is like what Ashok spoke in his presentation you know sometimes we end up over focusing in the early stages of a business on gross margin as well as profitability and in a way not capitalize, you know, from the sales opportunity and a long term growth that actually is possible both on margin as well as, I mean gross margin as well as, so in a way making sure that the customer value proposition is right by doing the right price points and delivering exceptional customer value and for that Rs. 7,500 that you know ended up calculating in a way mirrors that thinking about customer acquisition, sales, gross margin, profit in that order of journey and therefore that 7,500 reflects that, it reflects the manner in which we will play price points as well as price premiums and therefore, you know, little more conservative on that you know target rather than going after the higher ticket sizes, higher margins, and all that and I think you will be in a much better position to, you know be very ambitious on those two aspects one year down the road. This year, the focus is a huge expansion in terms of network, making every franchise, every store, really exceptional in terms of both customer value proposition as well as the franchise delight. Coming to the last aspect of your question it is from now on we are talking about 100 more stores nearly in that journey I think about 90 plus are franchise and L3, it is a buy and sell, I am sorry, L2, we are looking at experimenting in a big way with L3 during FY-23 and then deciding on whether thereafter it should be a, you know, L3 or L2.

**Amit Sachdeva:** So, Venkat, thank you so much for this, would it be also prêt-à-porter like ready to wear or just the sarees.

**C K Venkataraman:** From today's share of I think we are at 93% or something on sarees, FY-26 we are looking at maybe 75%, so a decent share of what we call salwar kameez duppata SKD which is, you know, ready to wear in some sense, a little bit of lehengas but still 75% sarees at that end.

**Amit Sachdeva:** Thanks so much Venkat. My second question quickly on jewellery is that I remember in 2018 when we did that big plan and we had a 5-year target that time I think we had mentioned that Exchange is the core value proposition in that journey and we would be probably doing 50% exchange as a part of gold exchange, because wedding is the focus and high ticket value is the focus. Now I see from your chart wedding is part of the high growth area but exchange is part of the average and we already had 40%, is this exchange margin dilutive that you want to underplay it down or is this some different thinking working in balancing margin

and growth etc especially exchange and wedding linkage I am sort of trying to sort of see a disconnect there when it can grow exponentially why exchange is being lower and in the context of it if you can answer also competition you mentioned price wars and heightened competition, what do you mean by that and what sort of price war are you seeing and what particular segment and how you get impacted by it, that's on jewellery, please.

**Ajoy Chawla:** Yeah, thank Amit. So, exchange in the last two years has actually tapered down a bit and that is why we kept it at moderate that is at the average. You are right, there is a correlation between exchange and wedding and we have tried to play that up and even as we speak, the current campaign that is going up is going to play upon exchange parallel to whatever is happening on Rivaah. Having said that because of gold price movement lot of customers have chosen not to exchange, now that's a customer prerogative and it is something that we cannot control though we will continue to drive. So, it's an important part, it still contributes around 41-42% of our, you know, as a contribution sales through exchange does contribute and out of which about 33 is non Tanishq gold and the balance is Tanishq gold, so TEP is stable it is the GEP which is the non Tanishq gold which fluctuates based on customer sentiment towards gold and what he or she expects. We are not trying to downplay it from a margin perspective, no, in fact we have gone ahead in markets and tried to align our policies which make it as competitive as it is required in the Many Indias spirit that I spoke about, and we have a few strategic let's say messages around that like you know unlocking your locker jewellery etc which are there in our thought pipeline but we are still trying to see how to unlock it in a much bigger way, so therefore we have not said it will lead, but it will sustain. Wedding on the other hand is not dependent entirely on exchange in fact there is a lot of wedding sale that happens beyond exchange and, we think that can grow really well and as India gets more affluent etc. I think you know I talked about even the formalization, the PAN card comes out more easily if we are able to excite with relevant designs and you know desirability. What was your second part of the question that you asked? Competition, yes, so we are seeing in the last about 15 months now we have been seeing a lot of competition on the gold rate itself and one player of course brought it out by saying one India one gold rate etc but having said that it is not that one India rate which has mattered as much as the fact that are you offering the lowest gold rate in that market and how much you want to dial it up. Now many of the local players are also responding to that in a certain manner because they want to hold on to their customers and many of the other organized players have also responded because they saw sometimes a defensive strategy, sometimes an offensive strategy. So in different parts of the market we saw different responses to that and therefore gold rate related competitive intensity is there. We ourselves have also responded in different markets in different ways and we have recognized that it is better not to argue too much with the customer on gold rate. Once she is in, it's our design, it's our customer experience, it's our product depth, merchandise, it's our freshness that's what matters and really you know then the discussion goes in a different way. The second piece that we have been doing is because our exchange policy is also most attractive we have been dialing that up in many markets. So,

intensity on competition AMC fight or whatever discounts and offers are always there in the last 18 months or 15 months we are seeing a lot more action on the gold rate on the per gram I am giving you Rs. 100 off, or Rs. 200 off, or Rs. 300 that has become part of the vocabulary and of course this will continue and we are not worried about it. We just have to ensure that we are competitive and we are able to delight the customer with what we are good at.

Hello, this is **Gautami Desai from Chanakya Capital**. Sir, yeah, sir, actually I don't have any numbers from your annual report where I can actually calculate the gross margin of the jewellery division and I am not even looking at those numbers you used to provide them earlier but now you don't so that's fine, but sir when I do my sheets it is just a very clear observation to me that unless your gross margins in jewellery division has gone up it would not have been possible to get the kind of margins that we have got, so and of course I know that, you know, in gold there is no economy of scale like you know, *ek gram or ek kilo*, you have to source at the same price. So, is my observation right that the gross margin in the jewellery section has gone up and it's not because of studded, because your proportion has not gone up, so, and I have been grappling with this question in the past 2-3 quarters so can you help me with this, I mean is there observation at all right and if it is right then how did you manage it?

**Ajoy Chawla:** So, gross margins have sustained actually. To give you a broad sense, its operating leverage which has picked in and given us the EBIT margin improvement and gross margins have sustained despite you know the interplay between studded and gold and, within gold the profitable parts and the more commodity side part so there is a mix related piece. There are many gives and takes if I were to put my commercial head, he keeps using those words. There are many gives and takes every quarter, every month on what happens on that margin, but by and large we have tried to ensure that there is stability in gross margin across the plain gold side as well as across the studded side and the studded we have had some gains in the recent past but overall I would say you can go with the view that gross margins have been stable and our attempt will be to try and keep them stable but we are not trying to manage the gross margin as much as the overall EBIT margin so that the business keeps growing. Operative leverage is the main thing which has worked if you ask me last year.

**Gautami Desai:** Sir, apart from the studded percentage going up that is fine, that is understandable, other than that what are the levers that, you know, could possibly increase the gross margin if we really do 2x, 3x is there any lever, any such lever out there.

**Ajoy Chawla:** So the levers are really product mix, whether it is studded or even in the gold let's say when we talk about wedding, typically there is a lot more of value addition that goes in and the kind of products that we sell are of that particular type and similarly if you look at plain jewellery with stones or we look at you know color stones etc or you look at Polki and you look at these different kinds of product mix is the biggest lever and therefore the directional approach

is to be able to migrate more margin towards making charges through a product mix management and the other area which impacts gross margin which is the lever but we have not chosen to play up on it because it actually works the other way is to do with geographic mix so we have different kind of product mix and different gold rate markups which continue to operate in different parts of the country and the interplay of geography is another lever. We are not bothering with that, we are saying you maximize the opportunity whichever geography is okay. We are not kind of controlling or holding back any geography on that.

**C K Venkataraman:** Just one, you know, larger perspective relating to what question you asked and what Ajoy shared. In 2007, you know we had sort of in one of these meetings we had spoken about, between 2007 and 2012, we were gunning for about 10 percentage point increase in the share of studded and about 300 basis points increase in the EBIT of the business and what actually happened in 2012 was the studded mix did not change at all from 30% it remained 30% but we achieved the 300 basis points improvement in the EBIT margin from 6 or something at that time and that was because of the scale change that happened in that 5 years and it was some 4 or 5x of sales so therefore even as we go forward the share of studded is not a KPI that we are looking at all. We are looking at the sale of studded and the growth of studded. Now because of a huge thrust that we are making in the wedding business and the wedding business is substantially about gold, the share of studded may actually drop but despite that the profitability of the jewellery business of Titan Company can increase because of the leverage that the scale brings, therefore even in conversations on the quarter when there is a question relating to studded share you know we make this point and I am just taking this time extra to make this point that the share of studded is not a KPI. The growth in studded at 20, 25, 30 whatever percent Ajoy and team you think should be done is of course a KPI but that maybe with a 40% CAGR you know sitting on the gold side simultaneously.

**Gautami Desai:** Just one more question, Sir, we as a team are known of, you know, thinking much ahead in the future so are we thinking on the lines of, you know, say if Metaverse comes or anything like that, that could help us reduce our inventory because that can really change the game for us.

**Krishnan Venkateswaran:** Yes, we are, we have already made an initial step but this calendar year itself you will be able to see some very exciting place from Titan in the Metaverse. What we are looking to really do is to distinguish between fads and a persistent presence which is engaging and eventually delightful, that is what we are working on internally but do watch this space from us.

**Gautami Desai:** So, it is possible over the years to bring down our inventory in a substantial manner, am I right, you know, if all that what we do.

**Krishnan Venkateswaran:** Well, in parallel we are also working with every business team on supply chain transformation and agility and optimization. I would think that that would probably deliver better results from the inventory front than the Metaverse by itself because finally we are a physical products company and the product has to be there at the point of experience and engagement and sales.

**Gautami Desai:** Okay, thank you.

**Mithun Sacheti:** If your question was from whether people will move to virtual and thus save inventory on that I think that might happen more through tokenizing it might not happen through NFT more so than anything else on that but I think we are still far way.

**Gautami Desai:** What is tokenizing?

**Mithun Sacheti:** Like when you create a NFT you create a token, so if you want to create virtual goods you will have to tokenize them, like video games where people go and buy clothes, virtual clothes, they will buy virtual jewellery. I cannot imagine any other way that will come down.

**C K Venkataraman:** Yeah, so if people start you know I don't want or need to buy jewellery anymore I mean physical jewellery anymore so I will buy an NFT jewellery and my avatar will wear that NFT jewellery in which case there is no need for us to store that as physical inventory. So, if that happens there are some companies which already I mean I just saw recently I think Gucci or Dior you know starting in fact selling also \$400,000 or something like that for an NFT bag and Nike is already starting to do you know NFT shoes and stuff like that so when that happens the need for physical inventory or so you know is not there but as long as people want to wear real jewellery on their body it is difficult.

**Gautami Desai:** Okay thank you so much.

**Richard Liu:** Yeah, hi this is Richard, here. Sir, I have got two questions. One is if I refer back to you know to Ashok's slide on cruising and shipping one yeah and what I noticed out there is that you have put that dark green shade against jewellery but CaratLane actually had a light green shade and even watches which actually did, you know, quite muted in the last 5 years that had a dark green shade, right, I mean so basically watches and jewellery are both cruising and CaratLane was sailing. What is the context out here in which you are really measuring performance because I thought CaratLane did very-very well and you know definitely much better than watches or so it seems so just wanted to understand the context behind that grading.

**Ashok Sonthalia:** So, there was a 3-4 dimension in selecting that and of course it is slightly subjective, but one is that not only growth rate you have been consistently profitable for a long

enough period and created a track record where you know things are now, and then the investment aspect that was the third and all the team talent everything so you were right, CaratLane has been growing but it just became profitable 2 years before and this year a good profit but it is still you know the overall margin profile of EBIT and they need to create a track record of 2-3 more years on growth as well as profitability to earn that in my grade the dark green badge, that is what I am suggesting.

**Richard Liu:** Second question, you know just playing devil's advocate out here right and you know you have talked about a lot of you know thrust from Covid and now Covid is over and therefore there will be a lot more tailwind that will come right. I mean, I was wearing mask during the break so somebody told me that you know that the country is not yet fully opened up so there are lot more opportunities that are yet to come by you know so all those stuffs we are talking about, but you know if you look at it there are also some stuffs where you know Titan company especially the jewellery business has actually benefited from Covid right and I remember Venkat you talking about you know the gift size to the bride has become bigger because people are not having lavish receptions etc. anymore, but now that all those are back do you see some of these as headwinds here onwards and also on the cost side where there were probably a lot more savings that happened because of Covid or people being locked in what are some of these headwinds that could come by to the business because of the country opening up.

**C K Venkataraman:** Yeah, on the face of it, all those advantages that we had in the last two years some of them are already starting to turn I think because I have been desperately trying to get visa interviews to go abroad and not getting the slot, so clearly more and more people, a lot of people are wanting to you know go on holiday outside as well and we saw that as a source of business for diamond jewellery and all that but at the same time what we have seen Richard is in the last two years there has been a dramatic change in the manner in which people are viewing brands and trust, and everywhere we have been traveling into you know big cities, small towns everywhere I think the desire to buy trusted brands and particularly in the case of jewellery Tata and Tanishq that has also been dramatically increasing. So, while some of these which helped us in the last two years are going to you know sort of come down in their role in our lives for example the big fat Indian wedding which did not happen for a while is going to start happening, but the trust side is one and the new engines of growth that the division has sort of created ratcheted it up and they are now starting to, I mean we are doing you know I think the target is 2,800 crores or something like that for Omni, 2,200 crores, so the new engines of growth are kicking in, so I think from on some we may lose compared to FY-22 and 21 but on some we will gain and the overall opportunity in the jewellery industry is so large, that we are not really observing these changes but we are not worried about you know their role in sort of suppressing our growth ambition, Ajoy, anything.

**Ajoy Chawla:** Just I will add to that, people have also saved up a lot of money over the last couple of years and while some of that money will go into travel and hospitality etc. that we are seeing across whether it's airports or hotels. I think their investment or their spend in jewellery is not necessarily going to shrink because of the share of wallet so on an absolute level while on a percentage level it may look like oh this has now come back and this has gone down we saw even in jewellery it was a relative share which remained. It is not that they suddenly expanded the amount of jewellery they were buying it is just happens to be that they did not cut down on spending on jewellery because it was also stored as well. So the percentage is one but the absolute amount is likely to remain stable is our best estimate and a lot of it depends on how consumers, if the sentiment continues to be positive we should not worry about it, share of wallet will +/- can happen not too much to worry.

**Richard Liu:** Anything on the costs side?

**Ajoy Chawla:** So, on the cost side yes fixed cost have come back, rentals are back. We baked it into our business plans, it was understood, it was interim. We had held back on marketing investments, you know, during the Covid periods and therefore you will see jumps in fact you all saw the jump even in quarter four results or even in quarter three we had invested back. So the fixed costs are back. People costs are certainly there and which is why I think Ashok has been also sharing that margins, it is stable, you know. All the gains out of operating leverage will not necessarily flow back because there are investments going on, on fixed costs. Ashok, I don't know, if you have anything.

**Richard Liu:** Thank you very much.

Hi sir, my name is **Varun Singh from IDBI Capital**. My question is on the Eyecare business and it was a wonderful presentation wherein we talked in length about the abilities that we have created and we exist with as a company to drive growth in all the categories but I am sure we almost also agree that luck has equal if not more role to play more than abilities to ride the success in all the categories that we are hungry for. Yeah, so and as a company we were lucky enough to have ventured into jewellery business, I mean, from the simple trading of jewellery that we were doing to meet foreign currency demand and in fact we were more than lucky to have ventured or landed to a wonderful name like Tanishq instead of choosing a name like Titan jewellery and of course you know the way jewellery business was struggling earlier and Xerxes had a tough time to convince the Board that why watches business should not be funding the losses in jewellery but you know the luck along with the ability which has played a wonderful role in driving stupendous amount of success in the jewellery business, we see relatively absence of luck on the eyecare side of the business and of course the way you know every 10 year we ventured into a new business category after watches, I mean 10 year after we entered into jewellery and then after 10 years we entered into eyecare and again after 10 years we entered

into Taneira as a business, so in case of eyecare business of course I mean all the abilities that we have created my concern is on two sides, one is on at the product level we say that time is the toughest test to pass with regards to how the reality is catching up with the fantasies of our growth and ambitions that exist and so more than 10 years of existence and still you know we are kind of flirting with some kind of operating profit and of course we are guiding for good amount of growth in this category, but more than trying to fix the basic abilities related thing for example store size or the price points etc I mean I find absence of popularity driven tailwind in this category for Titan Eyeplus also I mean the basic observation is when we go to the store we see you know from 200 to 10,000 rupees price point all Titan Eyeplus products but I mean there is absence of creation you know different brand to adjust different categories so is it the price point which is you know kind of competing with each other. So, my basic question is how more than the numbers or the data worshipping that we are doing right now how are we thinking at the product brand strategy level to address the competition Sir.

**C K Venkataraman:** Before Saumen answers your question, just I would like to give you two perspectives about some comments that you made. It would be a disservice to the memory of the founder of Titan Company to say that we got into jewellery by luck. You know, Mr. Desai's vision was to transform the jewellery industry like the way he transformed the watches industry and the second thing is it was not through luck that he identified the name Tanishq, just some history, you know, in your interest and now Saumen if you can talk about it.

**Saumen Bhaumik:** Yeah, so if I understand your question, you are saying at one level we have taken a long time to wherever we have come, may be last two years have showed some progress and we have not done enough in the space of product for mass appeal, is my understanding somewhat right?

**Varun Singh:** Yes that's correct.

**Saumen Bhaumik:** Yeah, okay, so what we have done in the past we have done. What we are thinking of doing is that I told you the first shift is that earlier we were playing like every other business that we were in more like lifestyle player, but we realized this business is in lifestyle but lot more than that. Like, for example, the day when you got to know that you have to wear a glass, I don't know whether you felt particularly thrilled about wearing this piece and, so in many of our understanding as well as research we realized that people do think it is still a handicap while given that this handicap is part of my life, I can make the best of what I can do. So, that's one side of the story. Other side of the story is that huge number of people are unaware which I explained. So, the way our business would grow and grow sustainably, profitably is to make sure that we serve a large part of the current population who are already using it, which is why we have created product ranges right from the economy range that I spoke going all the way up to 10,000 or more that is in the frame side. On the lens you can get a Rs.



400 lens, you can also get a Rs. 40,000 lens from the brand Titan itself not to mention, we also have one or two other partner brands and as you start using specs, okay when your power is 1.25, that's one story. When you are a 25-year-old that is another story. When you become 35, when you become 45, when power actually starts growing etc, your expectation from the category significantly changes. I can only talk about myself that you know, I was wearing glasses from standard 7, okay, I tried many ways of getting rid of this. Sometimes it was giving me a good feeling, okay, I am the studious boy or whatever impression you have to create, on the other side, on the football ground I broke my glasses a few times. So, at one point of time, I actually gave up but later came a day, okay, let's talk about today. I can forget everything else when I step out of my house but I can't forget my glasses today. That became the level of, you know, that dependence. So what happens is in this category, when you get into it, it is quite likely that, that is going to be your lifetime requirement, very few cases of reversal really happens. So, therefore whether in terms of product that you are creating, the price point that we are addressing, the access that we are creating across the small or big towns, even in a big town multiple catchment etc, gives us a reasonable confidence also what we have managed to do in the last two years of the most unprecedented disruption that as a human race we have come across that if you could do this we can certainly grow far more rapidly and also we are not burning someone else's money, okay, we are not playing any valuation game, we are in the value creation game. So, all put together, we are, you know, this conversation is on for some time. You know, if you needed another 5,000 or 10,000 or 20,000 crore, I don't think we would have ever got into this category. There is a far larger motivation that brought us into this category. We are going to fulfill that part of the destiny and as you see, I mean, I don't know how to make a forecast but as you would see as we have already fixed a few things there are many things that we are going to do that would give us both scale as well as the reason for people to stay interested in our business. That's broadly what I have in mind. If there are little more specific areas that you want to sort of, you know, talk about products etc. maybe we can take your direct inputs to address.

**Varun Singh:** Right sir, just wanted to know that if you have a strategy like catering to mass popular or a premium brand with a different brand name product under the brand Titan Eyeplus or we wish to sell all the brands under Titan name in all the categories.

**Saumen Bhaumik:** See, Titan Eyeplus is the retail format. In that Titan range of products are there that is frames as well as lenses. In the frame there are three sub-brands of Titan, Ace which is below Rs. 1,000, Crest which is below Rs. 3,000, Rs. 1,000-3,000, above Rs. 3,000-3,500 is where we will move around to what is called Signature range. There are three sub-segments within the Titan brand itself. Then we have Fastrack range which is in the youth space, starts around Rs. 699-700 going all the way up to Rs. 2,500 and so, then we have a Dash range which is for kids. So, that is how it is, you know, currently distributed but we haven't started playing with the sub brands yet in the public eye.

**Varun Singh:** Understood, and sir this last question on what are we in eyecare and eyewear business, you know, it will be better that if you drive a communication with regards to what we have solved for or what customers is getting are much, much different compared to going to, you know, other eyewear places. The reason I am saying this is the popularity of course we say that in today's time is a more lethal tool to win power over customers compared to advertisements that we are doing to make aware about the existence of our products and we see that, you know, this popularity having created tremendous amount of wealth for so many players and in case of Titan Eyeplus I find the relative effort towards creating this extremely clear-cut communication with regards to what we have done and of course we have done lot of good things that will be very helpful.

**C K Venkataraman:** In the interest of being fair to a few others who are, because we have time only for 2 or 3 more questions.

**Varun Singh:** Thank you very much.

**Abneesh Roy:** Hi sir, Abneesh here, I have got two quick questions. First is on the Tier 4 data which you shared in Karnal, Angul 50% market share, 50 crore kind of a number what is driving this, is it sporadic or many states are giving you this kind of number, is it because of your ability to spot these kind of cities much ahead of competition and are you gaining because of all these regulatory change of Hallmark and that's why Tata Tanishq brand is really helping in this kind of a small city.

**C K Venkataraman:** One of the things I have personally seen in actually all the three names that I said and I have been to Eluru, Angul, Baleshwar myself, actually these stores of Tanishq or even in the case of the World of Titan or Eyeplus they are unbelievable in that town. You just can't imagine a retail store of that size, that prominence, that luxury in such a town. So, it's like a huge tourist attraction to begin with and in a category like jewellery which is so deeply penetrated, and where the competitive references are so far away, I think it simply attracts people to that and because we are going with partners who are big, you know, people in that town, in that catchment, their connections to high networth is also high, therefore, you know, it is somewhat like, you know, what I briefly said about the US where the competitive situation is so much to be advantage of Tanishq because all these big players are not present in the US when we go to a Baleshwar or a Jajpur or a Cooch Behar, we are somewhere else compared to the local jeweler. So it dramatically changes the equation in our favor and all the differences, you know, that 4% making charge point that, you know, he had made but the real difference in value because of the purity, the service, the design quality, the store experience, come alive and we just take over the town in terms of market. That is what I have sensed the retailing overall brand retailing combination that customer value proposition combination is the biggest, no difference, Abneesh.

**Abneesh Roy:** Sir, thanks, my last question is on CaratLane and three sub parts to that, the first is could you talk about your average transaction size per customer, some trend last 4-5 years, and similarly average selling price per jewellery if you can share, some trend, I am not asking for some exact number and 5 years down the lane, how do you see because you are working on affordability. Second is, some of your unlisted competitors are raising funds, so how is your positioning and competitive intensity, how is it shaping up and last part, cost of business is it going up from a digital advertising cost perspective because there is clearly much more privacy laws coming, both Facebook, Google and even Instagram. I think clearly cost is going up, do you see that as an advantage or as a cost challenge.

**Mithun Sacheti:** The three of them, let me get them one by one. On ASP or average selling price that you spoke about, we have, this year it came down by about 5%, I am going to speak in index numbers rather than absolutes. It came down by actions that we are taking. We are averse to taking the ASP higher. We don't enjoy that. It could, you know, in the range of 10% +/- because of our input cost and things like that, I think it is our job to defend it and try and bring it down because wallets don't expand at the rate at which gold prices go up and so we have to solve for that and that is the job of the business so that's where we are with that. Basket sizes are 1.3-1.4 that's where we have worked with that. Sorry, the next question was, yeah, sorry, competition, yeah, and raising capital, I mean, I have the best balance sheet in the business with me, so I don't know whether I worry about that. It's not something I worry about. The last bit is, I mean, you know, 200 crores or 300 crores of fundraise cannot give you the trust that you get from Tata's, so I don't think it's something for anybody to worry about, it was a clear decision in CaratLane getting acquired and I don't think that situation has changed even with this today as well also. The fact is that the market is expanding at that point and I think everybody is seeing that and if you look at Titan itself having CaratLane and Mia is best positioned at that spot as well. We will get sharper and sharper with a definition of these brands. It's a matter of time, you know, it's a company that builds over consensus, so I think best position to solve for that problem and there is also diamond treats in Tanishq. Between us we will have sufficient choice and as Ajoy spoke about earlier, as one of our Independent Directors pushes us why not have a 100% solution for it. I think, that's where we will end up with that. The last bit on digital, yes, inflationary for sure, but if you think about intent, if intent improves greater than inflation, cost of digital will never be a problem and we need to work to solve better at that and we have seen it go down over the last three years rather than go up. So, cost does go up but intent goes up greater and thus the net result is that we deliver better than what was the expected cost. The challenge is going to be with Apple and what privacy policies they come up with and then the rest of the market follows that but you know, I mean, like most things in life there is a challenge and then there is a solution and that's how it will play out.

**Ajoy Chawla:** I will just add one bit to that, I know CaratLane has done it very well and now Tanishq is also doing, the use of the app which in turn means that you have a certain minimum number of users who are always receiving information from you and that has been a big one and I think that CaratLane has driven it very well and now we have close to four and a half lakh app users in Tanishq as well.

Yeah, one last question please.

**Mithun Sacheti:** 80% of people on repeat come and buy through the app in CaratLane just for you to get a sense so that draws cost down a lot.

**Avi Mehta:** Hi, this is Avi here from Macquarie. You know it seems in the jewellery business your focus is on getting a lot more new customers at the top of the funnel and during one of the answers you mentioned that you have moved the gold price differential towards the making charge, you know, if you could explain what drove that change because it seems that, you know, they would contravene each other or is there a read through on the way the customer thought process in buying jewellery has changed, that was the first question. The second that I wanted to ask was essentially on the agility part. If you could give us some numbers in terms of the timeline how it has changed between the concept to actual delivery of the product and whether that where it has changed over the last 5 years and where do you expect it to go given, you know, the regionalization may be those products are relatively simple to make is that, any sense on that please.

**Ajoy Chawla:** Yeah, so on the first part which is to do with gold rate and, it is not that, it is the way we are managing the business that I summarized and set. It is not that like to like we have taken a making charge increase, it is managing the product mix in the store and in the market in a certain manner that you deliver a certain overall higher making charge, yeah, and the gold rate part is also impacted not just because of competitor moves but also because the gold price has gone up and therefore, you know, people also are a little hesitant to invest so we spent a lot of effort in coming out with lightweight jewellery, in fact, a very large chunk of our daily wear products have been converted into let's say lower grammage but the customer is comfortable paying a slightly higher premium on the making charge because the overall price, little bit what Mithun also referred to has come under a certain budget, so it's a combination of events. It is not that there is a tradeoff between the customer saying I am paying gold or I am paying making charge, again the customer is not doing it. Second piece that you, what was the second part, the second part was agility, so agility is in the way we have combined between sales, retail, merchandising, marketing and supply chain to respond to a situation, not so much try to reduce the lead time of the new concept, so that has more or less remained there. You are right, for some of the regional products the development times are much faster because you don't need to design from scratch and therefore it is much faster to introduce. It's the collaboration and the

simultaneous collaborative response that we are able to give on a week to week or a month to month basis.

**Avi Mehta:** And, just one last if I may try, could you give any guidance on FY-23 sales growth or margins, this is something that you have historically shared but.

**C K Venkataraman:** I am giving it to the right person.

**Ashok Sonthalia:** This we will close the Q&A session. So, thank you very much, you guys, for coming in good numbers and being with us today. There is lunch waiting for you outside and we are available at that point of time for interaction.