TITAN ANNUAL INVESTOR FORUM 2019

Part 1 - Mr. S. Subramaniam, Chief Financial Officer

Good morning.

Thank you for coming to our Annual Investor Forum. The format of this, as we do every year, would be presentations on the Company from Bhaskar and then each of the Business Heads would be presenting their divisions. We will have adequate time for Q&A, which will be towards the end. So, any questions during the presentations, I would request you to keep them towards the end. Can I also request all of you to keep your phones on mute, so we don't get disturbed. Let me start this off with introducing the Team from Titan, some of you may know quite a few of us, but you may not also know some of the others who are present in this room, so I will start with the person who doesn't need an introduction here, Mr. Bhaskar Bhat, Managing Director.

Venkatraman (Venkat), you all know. not just the CEO of the Jewellery Business, but somebody who is going to take over from Bhaskar as well. Ravi Kant, CEO of our Watch Business, Ronnie Talati, who is our CEO of the Eyewear Business, Raj Narayan, our CHRO, Sandeep Kulhalli, our Head of Sales and Marketing for our Jewellery Division, Ajoy Chawla, who is our Head of Strategy and New Businesses, Taneira and Skinn come under him. I have Suparna Mitra, who is Head of Sales and Marketing for Watches, Saumen Bhaumik, Head of Sales and Marketing for Eyewear. I have Krishnan, who has joined us very recently, he is the Chief Digital and IT Officer. I have Dinesh Shetty, who is our Company Secretary and Legal Head and two guys who have joined me recently in Finance, Vikas Agarwal, who is the Head of Business Finance and we have Nandakumar or Nandu as we call him, who is Head of Corporate Finance, both are VPs in our organization and then we have Rajeshwari Srinivasan, who is the RBH (Regional Business Head) for the East Region, we have Manish Gupta, who is the RBH (Regional Business Head) for the Northern Region, Niraj Bhakre, where is Niraj, there he is ok, the RBH (Regional Business Head) for the Western Region, Alex is not here. Rajan Amba, who is the Chief Operating Officer for CaratLane, he moved in from Titan very recently, he is the other person that we wanted to introduce and of course our Team here, Pulkit, you guys know, Govind is part of our IR Teams and quite a few people from HR and marketing service group as well who are helping us in this, so I will keep this short. There is nothing for me to add and we will start this presentation with Bhaskar's on the company and its strategy.

Thank you.

Part 2: Mr. Bhaskar Bhat – Managing Director

Thank you for being here and I have the pleasure introducing a few ideas as well as talking about the company, not its performance, I think performance, you are all aware of and sharing a few thoughts on how we see building the company in the future. I want to call it not the title, but beyond compliance, a way of life at Titan, because you know, Titan certainly has become an economic engine, delivering value to shareholders, to its people, in simple terms, we are trying to build a wholesome company and an institution. So, here is something two people talking about this company.

Can we have the two videos please. I would like to start with these two videos.

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(We were in the house and we were having dinner and the TV was going on and we were watching the news, came to know about the GST being implemented and everybody was in confusion and nobody knew what will be result of that and everything was in chaos. Titan came forward, before GST they had given us a rollback of 4% on every purchase, then during GST they helped us with 2% discount, extra discount, and the best part was post-GST when the GST was reduced from 28% to 18%, and there was a pleasant surprise, we had an extra discount of 7.81% on the bill, even if the company is taking the loss on them, but they did not allow us to go into loss and I don’t think many of the companies in India are doing all sorts of things with the dealers).

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(In 2017, actually Titan started imposing the customers that they have to carry their PAN Card for all their billing process, which is more than 2 lakhs and above, but we had so many non-conversions because of this new imposition. We gradually explained to our customers telling that it is the Government Guidelines and what is the importance that if they go according to the Rules, now it is actually they are, it has become a routine for them that once it is 2 lakhs, even if we forget they just give the PAN Card).

The reason why I shared these two videos is, you know, we have a network and you know, the network is not just selling every day, but it has to sell the right way, and if I were to go back to the demonetization day, no amount of control could have stopped those people in the stores of taking a little shortcut and accepting beyond 11:59. It is because of their alignment and their agreement and their commitment to the cause of the company that you shall, it is not about breaking the law, but this is the right way of doing things that is what de-risks the company, if you ask me, because any of these, if anyone had broken the reputational impact on Tanishq on that day (demonetization) would have been much larger than what we would have gained. It is a just a thought.

I think this slide, everybody in this room certainly is aware of, I won’t spend time. We have continued to believe that India is still a big opportunity space, irrespective of Government comes, Government goes, party comes, party goes, for 30 years, we have realized that the runway for us is India. Of course, we have gone overseas, but significant, highest consumption growth, burgeoning middle class, it is expected to grow to 580 million, we are seeing this alive, come alive, now the smaller towns the aspiration. So democratizing aspirations, people keep asking me what is democratization of aspiration mean? Essentially thanks to media reach, I am talking essentially of

Television reach, Globalization, the Internet, the Mobile Phone, today everybody in India is aspiring, but that is not the only thing. If you compare with the West, there is no more hunger, everything is with them. Today in India the differential, the asymmetry of access or asymmetry of incomes, but aspiration levels are all the same, whether you go to a small town or in Mumbai, they are by and large the same, the only thing is the ability to achieve that aspiration is differential, but when you have the entire country aspiring for a better life that creates demand and incomes have been growing and so it is the democratization, everybody aspiring for almost similar lifestyle. Youngest country, 47% under 25 years in 2020 and of course digital penetration and so I have five themes to share with you.

Premiumisation, some of this may sound as repeat, but if it is repeated, it means it is getting stronger, so just want to share that with you. Let me start with premiumisation. We are seeing increasing leveraging of this premiumisation across categories, widespread trend across FMCG, Automobiles, Accessories, Apparel. I think everybody is aware of the Dove story, Dove versus Lux of Unilever and now that is not luxury, but that is shear premiumisation, content of the soap by and large must be the same between Dove and Lux, but the growth of Dove is the story. Growing aspiration, growing Economy and access and exposure to global culture. If you take Raymond's Made to Measure, that is another, you know, something that Raymonds is already a very large player and you know, the goliath in that market, but still chooses to go this way and I do not know the numbers, but I believe at least from my experience in Bangalore, it's been able to wean away a lot of customers from the tailor and from other brands and of course access to an exposure to global culture, the Harrier, NEXA, very, very innovative strategy by Maruti, now they have differentiated their distribution. They have ARENA and they have NEXA, I think the Ciaz is the starting point in the NEXA store know, the Ciaz. I have also shown you our own, I know, a lot of you will have questions; the big watch at the bottom, which is Favre-Leuba, our own bet on the future India, future of luxury.

The second theme, we have shared with you, but our own share of the Wedding Market is growing, Venkat will talk about it, but Indulgence is the theme because of rising affluence of course, but it is rising affluence, it is not the old rich, it is the millennial consumption wanting again to acquire goods, not just based on the value, the functional value, it is beyond. The Wedding Market keeps growing and Big Weddings are increasing in numbers and spends. Lastly, of course, the experience economy, that the West is actually showing us the way. People now no longer acquiring things, but investing in experiences, whether it is travel experience or you know the vacation experience, going to exotic places and not worrying about the spend level.

The third, I had spoken about this last time as well, but we are seeing the rising tide of Indian Pride. If you were to take a few years back, may be five or six years back, if we had spoken to you about entering the Silk Saree market, there would have been a lot of doubt, but our real experience today, it is now little under two years since the first store started and we now have five stores, Ajoy will talk about it, but we can feel it, you know, the desire for Authenticity, Indianness and of course a lot of other things in that Saree Store and it is not because Indians have stopped liking, you know, Western and products and brands. It is because of swelling Pride in India, because of what Indian companies have done and what Indians have done. You have seen that extraordinary turnaround of Microsoft, at least from the stock market point of view, and you know, you feel proud when you see the statements made by Satya Nadella, so alike Titan, I do not want to copy that and I mean he is too much bigger, you know much greater company, but saying that why are you looking at the market cap? I mean, that is, something we have always talked about. Amul and of course, Ratan Tata respected globally who really brought globalization to India to Indian business.

This theme is my own theme, a new theme which I have kind of tried to, you know, theorize on, it is about identity. It is getting sharper and sharper, it is about personal identity, revival of local and regional identity, we saw it in as very interesting collection which the watch division launched, which is called a Kolkata Collection and it connected the Kolkata Nandan, I suppose the Bengali to, these are architectural, you know, themes, three architectural themes, the Howrah Bridge, the Victoria and the third one was the Dakshineswar Temple, watch is designed around that, sold through the Net, only online and created a great deal of excitement. It is beyond personalization, connecting with one's roots, not just personalization as in my signature on my watch, that is, okay, that is a sense of self-identity, but this is beyond that and the last point which is to my mind emerging more and more, it is me, My Product, My Brand, My Choice of Store. The tribe, that is, we are seeing significant segmentation, not just at the level of the consumer, which we all know, for which we create a product and we create a brand, if you take Raga, it is that, but today even channel choice is getting segmented. So, in a very simple way, the watch buyer and we are seeing the differentiation very sharp, just to share with you, the number I just got this morning, Ravi I am sure you might share, last year, we have what is known as combo store, combination of a World of Titan and a Helios, the total growth of that is 21%, but sharply differentiated between The World of Titan which is 15% and the Helios Store which is 34%. So people want choice in watch buying, not brand decided already, it is changing, so they want to go and shop, that kind of person will probably never go to a Multi-Brand Store, probably go to a Shoppers Stop or Helios and so offering them the choice even in distribution and online growth, online is growing extraordinarily for us and I am sure the online customer will probably never go to the store, at least a large number of them in the watch category. You will see something else in CaratLane.

This is my morning slide for you, even the Brits are, you know, this is very clearly Brexit, you know, I don't know if you know what I am talking. It is not Brexit, it is Brits in, two English teams in the last two days creating some extraordinary, I mean, I do not think anybody would have believed that, two days in continuum, two teams would have got into the final, you know about it I suppose, 4-0 and Liverpool and Tottenham, just my morning cup of coffee, that is Harry Kane and Mohamed Salah.

Last one is hyper-connectivity, Digital we have taken advantage of in each of these things, in some in very big ways and some in small ways, which is that watch you see, there is the Fastrack Wristband, it is a Wave, this is not yet the Wave I suppose. A trillion connected devices in India and it is about convenience not just about Health, and all these forces are reshaping brands and business models. In a way, Ravi will talk about it, the variables business, the way we see it in watches, it is adding customers to our portfolio. So, while the traditional watch which I showed you all those the Edges, Ragas and Favre-Leuba, including that Kolkata collection, that is sitting in the traditional space where design, desire and emotion in a way drives purchase. This is very different and so it is adding customers to our portfolio.

I want to spend a few minutes with other business horizontals, which you know, we have probably not shared with you in the past. The point is about building wholesome company or holistic company, which is not only about the verticals, that you will hear in few minutes from now after I finish. Just to give you the structure of this company, you see, our verticals up there, Watches, Jewellery, Eyewear and Business Incubation which is Skinn and Taneira and then we have our associates and subsidiaries, which is the Engineering business on the right, Mont Blanc the JV, Favre-Leuba, a 100% subsidiary based in Switzerland and CaratLane, the online Company.

Apart from that, there are within the company the traditional HR, Admin, Finance, Legal and Secretarial, Internal Audit, these have been around since inception, Sustainability was added, but in addition, in the last few years, we have created, you know, Integrated Functions which look at the company holistically and add competence across all the businesses, Geographies, we restructured that several years back, but that was the first move. Design Excellence, we created newly. We now have Integrated Design under one head, Revathi Kant, who used to Head the Jewellery Design Team, is now the Head of Watches, Jewellery, Eyewear, the whole Design Excellence. Integrated Retail Services was always there. A Corporate Business Group has been created. It was there as Institutional Sales, but now and I will share that story with you in few minutes, Marketing Services and Consumer Inciting Group which feeds all the businesses which incites from Individual Businesses, but then, you know, all those premiumisation and all that I spoke about, they are the ones who are working on those things and analyzing and feeding it back to the businesses. Business Partner Engagement, a very very large, you know, what you call it, Asset Light Model of our company is, thanks to the franchisees, 1600 odd stores that we have, a large number of them are franchisees, but engaging with them as Corporate Entity not just as businesses is something which my office actually tracks and feeds back to the regions and the businesses in terms of their performance, in terms of you know, feedback to them, conducting surveys and correcting wherever necessary. Central Technology Services, Digital and Analytics, I will talk about just two or three of them,

Design Excellence Center has gone beyond just product design and technical design. They do research, product innovation and now new things like UI/UX and predicting trends. The work that the divisions need to get done through design that happens through exclusive people allocated to each of those businesses, but this is about raising the standards of product design in the company and keeping in touch with the latest in the world of Design. The Tanishq Laser Cut Tube Jewellery won the Red Dot Award for the Best Design, it is a Global Award, last year.

The Corporate Business Group is the one which serves all the divisions, connecting with 1200 odd corporates in the country, grew its business, more than doubled its business and has done a lot of things. The point is an integrated view playing on the strengths of each business, including manufacturing strengths and figuring out what we can do and one of the high of highs is this watch which was gifted or rather presented to a Team of Young Dalit Climbers of the Mount Everest, designed by Titan and we received the biggest ever order from TCS. under execution or completed, still under execution, 4.2 lakh watches, that is not so difficult for Titan without disrespecting, but individually delivered to every employee, that takes something.

Digital and Analytics, well these I suppose many of you are aware of what companies do, but it has been really raised to a new level, whether it is Omni, customer relationship management, Automation, Analytics, every one of these, with Krishnan coming in as CDIO, has been raised to another level. We have started it several years back by creating a separate function, but now it has been enhanced across and so CRM solutions, integrated with, you know Encircle which is our Loyalty Program and the Point Of Sales helps personalize customer engagement, which is the New Age thinking in marketing, Voice Of Customer and Social Media Engagement enabling real time Response and so on and so forth, leveraging Robotic Process Automation for significant productivity enhancement with control and agility. I think you know, these are taking this company to New Age, becoming New Age. Just to give you some idea of the actual business delivery, 2500 campaigns last year, this does not relate to the first slide, this is independent. 536 crores of revenue, I think it Is Audited Revenue, Krishnan, right, 1.52 lakh customers and so, you know, it is actually delivering now the Return on Investment we made several years ago is certainly beginning to pay. It is helping businesses, achieve targets and go beyond that, whether it is Watches, Jewellery or Eyewear.

Another thing I want to share, I think all of you know this and I was sharing with some of you, you know, people ask us, you know, all this downturn and you know, rural, urban growth rates, etc., etc., how do you guys continue to grow. There are many reasons, but certainly one of the reasons is our network, which is deep and listening every day, but that listening is by people and so people make a lot of difference to our company and we treat Customers First and if we are treat Customers First, you have to treat People First as well. The diversity in the company is inching towards 20%, 18% women, but a lot of them are in retail, even in manufacturing in our factories in Pantnagar and so on, and you have seen 8000 employees in the company and these are direct employees and then they are about 5000, Raj, and 5000 more who are indirect, who work for the company and the age profile you can see there, 20% of the workforce is blue-collared.

We have had a very Robust Leadership Development Program in the company and well, you know, we are the Senior Team, a lot of us are going to be out of this company end of next year and we had to build a leadership pipeline, not just because of that, but with the future in mind and so it is a very very professionally run, very high Quality Leadership Development Program. Started in 16-17, total number of people, Raj, involved in the program, 300 odd people and you know, it is delivering great results for the individual as well as for the company. Well, these are the steps we have undertaken. Succession

Planning and Talent and Transition Management is a very big focus for our HR Team. Talent Reviews introduced for all Senior Managers and above and Leadership Programs are in place. 79% of the top talent identifies as successors for critical roles, 1-1/2 times faster career progression, 52% of the top talent have experienced either two functions or geographies or businesses or all during their tenure at Titan. So, the company has a philosophy of growing its own timber, except where specialists are required, so many have asked us, you know, this philosophy, will it work for you. It works for you in one way, which is, it creates a lot of commitment and passion, but beyond that, it is about developing these people.

Employee experience is another initiative in the HR function, you know we are philosophy of people first, translated as creating, elevating experiences for the people we touch is what this function deals with.

Safety and Occupational Health has taken another platform itself, a higher platform ensuring safety not just for our employees within the Corporate Office and in the factories, but also in the retail stores. It is one of the most challenging tasks that we have undertaken, it is called Project Suraksha, Safe and Secure Retail Audits and now we are focusing on Occupational Health. Last but not the least, the Sustainability Function, I just want to talk about small things, I mean big things, but not all the things that we did in that.

One of the most unique things, I do not know how many of you actually are aware, one of our business associates from Visakhapatnam, skated across the golden quadrilateral of the country, 6000 km over 91 days I remember, and created awareness of "Good Touch Bad Touch" amongst 6 lakhs+ people along the way and raised funds for education of 20,500 girl children. This is one of our initiates in HR, which is the Girl Child Education Program. I do not know how many of you remember, but I have written to many of you saying you are welcome to contribute, it was 3600 rupees per Girl Child, you can do that or in multiples of that, irrespective of the market cap.

I would like to show one more video.

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That is the Karigar and this transformation of their life, which has also brought Productivity for the company. It is a win, win game and incidentally **Mars** is an Associate of ours, who is a vendor.

A little on the subsidiaries, I would start with our Engineering Subsidiary which had a fantastic year. Just to give you a background, it has two divisions, the Automation and the Aerospace and Defense. TEAL, the Automation Division provides Turnkey Assembly and Testing Solutions across Transportation, Energy, Life Science, Engineering and Consumer product groups. It has machines installed across the Globe, the turnover last year was 171 crores only for this. The total business did 340 crores, if I am not wrong, 348 crores I think, and you know, we have global customer base essentially; exported 30 projects to 17 countries and this is a list, a short list of customers that we serve in the Automotive. Aerospace is another vertical, another 170 crores, Collins, Thalys, Safran, HAL, Leibherr, Pratt & Whitney Canada, these are the customers, again a global business, 348 crores and in the Annual Report anyway the number will come, with a 58 crore bottom line, so many of you have asked us why do you continue to be in this? There is no bandwidth problem running this company. It is now a separate subsidiary delivering exceptional value to its customers and now to the company.

Favre-Leuba, you know, we acquired this brand several years ago and it is the second oldest brand in the world of watches and we believe there is potential for this in India and in parts of the world where Indians are. I know there will be questions later. We have some exceptional product in this brand, Made in Switzerland, just to show you too, the Raider Bathy 120 MemoDepth, the only watch capable of measuring and recording depth as deep as 120m and Raider Bivouac 9000, summited Mount Everest, the only wrist watch which can measure altitude at 8848m, which is the Mount Everest and this it does by mechanical means, not through sensors. These have stories which the Swiss have built brands on and we believe as India progresses to higher and higher luxury spends, this will be reasonably significant brand.

Mont Blanc is a JV, we will have 12 Boutiques at the end of the year, doing well, it is a small business. We signed the JV after the exit of the earlier distribution partner, of course, the JV is really run by Mont Blanc. We have our people, we are learning luxury through the Mont Blanc Retail Business.

Very new products the ones, the Travel has become, you know it is not just Writing Instruments anymore, it is Watches, Writing Instruments and Backpacks as well as this Travel Strolley that you see, Strolley is doing extremely well.

Last but not the least, our fragrance brand touched a million customers last year, market share of 9%, it is already a 120 crores brand and it is number one in Department Stores ahead of all the foreign brands. Brand desire grew dramatically post the launch of Amalfi Bleu. For your information this is French perfume, bottled now in India as well, 3,000 Points of Sale including 32 exclusive kiosks, we believe this business has significant volume potential of creating, elevating experiences with a number of people, planning to grow to 500 crores and 4 million customers and 20% market share by 2023.

We will continue to rapidly expand distribution both offline and online.

I come to the end of my presentation, because, what has not been said will be shared by my colleagues after this.

One big story, there was a book written about Titan last year, that was something I forgot. I would encourage you to read that book, because it is well documented by a journalist and it has interviews, I do not know, maybe he has interviewed some 100 people and very well written. I would encourage you, it will talk to you, tell you why Titan is what it is today. I would invite you to come to our Corporate Office. We are really proud of this office.

Can you play the video please.

After that, the next speaker will come on stage.

Thank you!

Advertisement from 00:33:00 to 00:35:22

Part 3: Mr. Ajoy Chawla, Senior Vice President - Strategy & Business Incubation

Good Morning. Welcome to new business incubation.

Bhaskar has already covered a little bit about what we do with Skinn, it has been an exciting journey. I will walk through a little bit about our newest baby, Taneira, which many of you have heard of and some have even spoken to us and asked me about it. Taneira was created as an entrepreneurial or rather as an intrapreneurial venture within Titan. The idea came from the people and it was built up by a start up team, which I was privileged to mentor and nourish along the way.

Taneira as a brand has built a very differentiated proposition in the market, which is a very fragmented, dispersed, and rather undifferentiated market of Sarees and Indian Dresswear. We have focused on doing what we think as Titan and as a Tata Company, we can bring credibility to this category, so we have focused on authenticity, authenticity in material of course, that is the most basic purity of silk or purity of cotton or natural fabrics. Quite surprisingly, in the market, even with experts, it is very difficult to figure out what is authentic silk or authentic material. Authenticity in terms of the craft, a lot of products which gets sold in the market, in fact a bulk of them, are Powerloom or milled material. We focused on Handwovens and why Handwovens, because Handwoven is an opportunity, one to indulge in yourself. Handwovens is a 5000-year tradition, a rich textile tradition of India, with weaving clusters across 400 different geographical clusters in the country and Handwoven because hand crafting has become important. I think from Coffee to Handmade-Tea that you see at the Airports or anything handmade, handcrafted has acquired a certain value in the mind of the consumer in this world, which is now dominated with technology and automation, I think we start valuing the natural and the handcrafted.

The other big differentiation that we thought we should bring to the table is, bringing the rich diversity of weaving craft from across India under one roof. Most of the market focuses and specializes on certain kinds of clusters, naturally it is an unorganized play and a very dispersed backend, so it is very difficult for individual players to go and bring this large variety and diversity under one roof and do it consistently with lot of width and depth. So you can have a little bit of offering of everything else, but to be able to do credibly, to say yes I will give you the best in Banaras, the depth in Kanchi, the best in

Patolas and Jamdanis etc., etc., is not easy for unorganized players to do so and of course what we are known for, a very customer centric immersive and intimate retail experience, because typically the retail experience in this category has been again that of a very traditional nature, where customers do not really get to experience all the product that is there and so we have tried to change it and bring about that innovation which Titan can credibly bring. So, armed with this kind of a proposition, we went into the market and we said, let us try and understand what is happening and how do customers react to it.

So in the last two years, we have covered about 19 cities through exhibitions and trunk shows, some of them multiple times, including Bombay, Delhi, and Hyderabad, which we did few times and we have also run four pilot stores, two in Bangalore, for close to two years and in Delhi, just for about 6 to 8 months. It has given us a lot of encouragement and a lot of positivity. Customers have come back saying this is a fabulous proposition that you are offering and when are you coming to our city. The second big thing that we have heard and we have seen from customers is that there has been a lot of repeat business, as high as 26-28% repeat in Bangalore, which is two-stores-old, I mean it is two-years-old and in Delhi, which is about 20% already in the first six months and a lot of referrals as well. Families and friends being referred to by people who bought from us are as high as 26-28%. So, if you look at repeats and referrals, that is about 45-50% people coming into our stores out of positive word of mouth, which speaks a lot for the proposition itself. We think it is a large opportunity. When went back and looked at how big is this market, and you know, how big can this be, initially we saw some figures of 20,000 to 25,000 crores when we looked at the Technopak studies, but it was about 2015-2016 data and a more updated information which we have tried to triangulate through various different sources, indicates to us that this is a 35,000-40,000 crores market, if you look at special occasion and when I am looking at special occasion, therefore, we are looking at the addressable market of about 35,000-40,000. Overall Ethnic Wear market will be in the 100,000-120,000 crores and that is growing at single digit, 8-9%, but this part of the market is growing at 15-20% CAGR, largely driven by three large themes, I think Bhaskar covered two of them in a big way, which is pride in India and it is pride in India as well as pride in Indian occasions and the mood to celebrate Indian occasions with great fervor; it could be the big-fat Indian Wedding or it could be festivals. It is an interesting blend that we are seeing, also the other big theme which is driving this and this is what we believe, like all other categories, is a growing desire for brands. This is a largely unbranded, highly fragmented category and like every category, as disposable incomes rise and the market matures and evolves, we are seeing a growing desire for brands in this category as well. The target customer is pretty much somebody, whom we know very well through our Raga and Tanishq customer base, it is the rooted, evolving, and self-expressive Indian woman. Very clearly, this woman is proud about her Indian heritage in roots, but at the same time extremely modern in her outlook and understands and takes decisions, is running important jobs or managing family, or doing many, many things that she is doing and is extremely self-expressive as well.

Our current presence is five stores. We recently inaugurated the Hyderabad store at Banjara Hills. It is again a remodeled villa, we were lucky to get something there. It was just few days back on the 6th of May, and some of you might have caught some of the media reports and Bhaskar inaugurated that store. In the last year, what we have spent, in fact the last two years, we have spent building a strong backbone, because we can scale up this business on two counts, one we have understood the retail model and the opportunity on the front end and two, if we have a strong backbone, which can service the scale aspirations that we have. Because this is a fragmented industry and it is dispersed across 400 clusters of which we have gone out to 65 different clusters, it requires a certain attention to detail in terms of quality, design, curation, sourcing, sourcing strategies, establishing norms, and working very closely with that ecosystem, pretty much like the jewellery category, works very strongly with the Karigar ecosystem, this category has to work with the weaving clusters ecosystem. This is a picture of our latest store in Hyderabad. If and when you ever visit Hyderabad, please do visit the Banjara Hills store of if you go to Delhi, you can visit our South Extension Flagship store, or in Bangalore, our store is there. We are very proud of what we have created and customers have loved it. It enables us to tell the story and it enables customers to discover the story, as beautiful as the products are.

Our future plans, it is a new business, we cannot give you a single point estimate of what we will do. We have got multiple scenarios, we have looked at a scenario which says can we do 500 crores in five years, can we look at 1000 crores, but we are very convinced that it is 800-1000 crores opportunity and in fact one of you had asked a few days back on the investor call, how big is this opportunity and where do you see it growing? We think it can touch 1000 crores in 7-8 years. Of course we have to iterate and learn along the way. Every store will give us new learning, every location will give us new learning and the retail model will keep getting refined and modulated as we go. Currently, they are all company stores, but that is because we have not yet established firmly what would be the right value proposition to the franchisee. We will bring in franchising sooner or later. So our focus is, over the next few years, look at the top 20 cities and see if we can establish a very strong and dominant network. As I said, it could be 40 to even 75 stores, depending on how we learn along the way. We think, we have a lot of work still to do in terms of product differentiation as well as in terms of building category expertise. We have done a lot of work, we have discovered a lot, but there is a lot more that we need to bring in so that we can build it to scale. We think Bridal is a very big opportunity here. Bridal in fact accounts for close to 60% of this market opportunity, pretty much like many other categories including Jewellery and learning from what Tanishq is doing and understanding upfront, we want to kick off this lever very early on in our category. Sarees is big, I think about 70% of bridal continues to be Sarees, but Lehenga Cholis and other silhouettes and cuts are also important and so we have started establishing a design studio both for the woven category as well as for the stitched category and these studios are kicking in with exclusive designs that we are going to create and these exclusive designs in turn will help us, one to sharpen our proposition as well as to enhance our margins as we go along. So that is part of the differentiation that we are trying to build.

Taneira will be built as an authentic aspirational, yet approachable brand, approachable because we do not want to come across as so different and so pricey and so expensive compared to rest of the market. We would like people to come in and say yes, Taneira is a brand for me and it is an exciting brand. There is value in what we are doing, so we will try to be as relevant as well as approachable to the market at all times.

I spoke about the supply chain; it is a complex supply chain. We are establishing quality standards and norms; we are working with the best experts from the industry. We are very lucky to have some excellent mentors who have been guiding us. In fact, the other big thing that we see as an opportunity is influencing the ecosystem and trying to make a difference. We are still very small, it is too early for us. We are working with about 350 vendors of which about 70% are weaving societies and master weavers. We have got an MOU tied up with the Ministry of Textiles, DC (Handlooms), as well as with Khadi Village Industries Cooperation, KVIC. We think there is an opportunity to create impact and influence in yet another ecosystem, just like we have been able to do in some of our other ecosystems; however having said that, our immediate priority is to scale up. We are looking at 14-15 stores in this year and to build deep category expertise, which will enable us to scale up to even larger scales.

Thank you. That is all I have to share and maybe we will discuss later when we have the Q&A session.

Part 4: Mr. S. Ravi Kant, Chief Executive Officer – Watches & Accessories

Good Morning. Thank you for coming today.

You know, this slide has, not just a hint, but a very strong hint of the direction in which we are heading. We have always called ourselves the Watches and Accessories Business and for you today, to get it, you know, loud and clear right in the beginning, I decided to call ourselves the Watches and Wearables Business, like I said, it is a very strong hint of the direction that we are heading. Incidentally, we can also call ourselves as a "WAW" Business.

First and foremost, I would like to thank you for, you know, your deep engagement in Titan, all these years I think we built a very strong relationship and this quote, I think, very clearly articulates what this relationship is about. It is about Trust that we have built together over the years and Mr. Warren Buffett, I think, must have had you in mind and must have had Titan in mind, when he said, Stay Focused and this is what he said. He said, Stay Focused, don't look elsewhere. So he has kept you and Titan in mind, thank you for that.

This year has been a very good year for the Watches Business for two to three reasons, back-to-back two years in a row, we have got double digit topline growth. You remember, a few years back, our CAGR used to be 3 to 4%, the last two years, we have got, this year was, you have seen 15% growth, and the biggest news of course is the volume growth. It is very important for us to grow in volume, to ensure that all our manufacturing units all over the country are fully occupied, fully utilized, and that is the biggest news and you see the charts there, we have done 16.8 million watches this year with a 12% growth in volume and see how the volume growth has been, in fact in 15-16, it was a -6% decline in volume. We were declining in volume till a few years back and we have been steadily climbing up, I think this is very good news for all of us.

Well, this year has not been just a year of growth and one more year of growth, it has been a year of many milestones. Let me just share some of them with you. If you look at the consume price, the net consumer price, we almost touched 4000 crores net consumer price. What is reported is obviously the net sales value, which is what the company finally realizes, the highest profit, the highest EBIT margin in the last seven years, just a little over 13%. We have many verticals as you know, many channels, many brands within the Watches Business and this year, all of them have broken even and all our Channels and all our verticals within the Watch Business are profitable. All Brands and Channels fired.

Now when I talk of milestones, let me share some milestones with you, take Titan for instance, Titan Brand crossed the 1500 crores mark, which is big you know, in the Watch Industry. Sonata, Sonata crossed 5.6 million watches. In one particular month, we did a million watches, now that is unimaginable. The team took on that target and we did one million watches in that single month. For the first time, Fastrack Brand crossed 5 million watches, which again is very big and so Sonata which is the Number One brand in the country with 5.6 million, but even Fastrack Brand crossed 5 million watches. Nebula with some amount of focus grew by 25%. Nebula had more or less plateaued, but with some amount of focus grew 25% and we have taken on fairly ambitious target for Nebula this year and so on and so forth. Our License Brands grew by over 30%, crossed the 300 crores mark and so on and so forth. On the Wearables and the Smart side, we launched three significant products this year, first is Reflex Wav. Reflex Wav as you know is the first gesture controlled band in the world and it is also the slimmest display band in the world. When we launched, we opened up, you know, the bands market at the lower end by launching SF Rush at 999 and that has been a great success and of course the first Smart Wallet was launched this year.

Coming to our New Age channel, in the Large Format Stores, which are Shoppers Stop, Lifestyle, we gained market share by 2% points. The Channel grew by 23% and Titan this year has become the Number One brand in all the Channels, all the Large Format Stores Chains. We were earlier not the Number One in all the chains, we were only in a couple of them, but now this year, we are the Number One in all of them.

Moving to Helios, it is the highest growing retail channel at 24%. We have been enriching the mix as we have gone along, especially adding new Swiss brands and this year the Swiss brands and Helios chain have grown by 40%. The E-com channel that Bhaskar referred to, has grown very well this year with 52% growth. We sold 2 million watches just through this channel and Fastrack is the Number One brand in Amazon as well as in Flipkart.

As I mentioned earlier, with the growth and volume that we have got this year, all our plants, especially the Assembly Plants and the Case Plants are fully utilized. The

Movement Manufacturing Plant is now reaching 75% and in a couple of years even that will be 100% utilized.

Bhaskar referred to, you know, a lot of trends, the mega trends that we see around us. I will quickly take it you through, but I will talk about or what are our specific plans to leverage the strengths and competencies that we have, keeping these trends in mind.

Before I move on to the Trends, just a slide on the Global Watch Market, and how the categories are evolving over the years. Now if you look at the slide, over the last six years, the overall market has been growing by 5%, but the thing to note here is that the traditional watches are de-growing by -3% and the lower band that you see which represents Smart Watches is growing at 84%. So, today the market is 83 billion dollars, of which 19 billion are Smart Watches. This is the overall Global market. Now just take a look at what is happening to the big players worldwide. Rolex has always ruled as being the Number One brand in the World in terms of value. From nowhere, Apple arrived in the last three to four years and today Apple has become the Number One Watch Brand, growing at 32%, 7.1 billion US dollars revenue, much higher than Rolex that I was talking about. So till about five years back, none of the Smartphone players were in the Watch Business. Today, this whole new breed is, as you know, taking over and impacting, especially the Swiss Brands. If you look at the last column, all the brands are de-growing or either flat, -1%, -4%, Seiko, Swatch, Fossil. This is the global scenario not the Indian scenario. Some of these brands are growing in India, but I am talking of the Global market as we see, for 2017, these are published numbers.

Moving on to quickly the Trends that we see and how to plan to leverage these Trends, we worked out our plans around these Trends. The Connected World that Bhaskar spoke about, you know, today everybody is talking about a Connected World. Premiumisation, consumers are willing to pay a price as long as they see value, as long as there is a story around the Brand. There is also a Value Opportunity at the bottom of the pyramid or let us say the base of the pyramid, there are consumers who are seeking value, but are very price conscious and that market is very large and Small Town India is a very good example of that. Of course, Trending Fashion, which is about global exposure, people are seeking fashion and they are looking at Fashion and Style in each and every category that they purchase.

The first one, how we are going to leverage this opportunity in terms of our plans? We are different from the other Smart Watch Brands. If you look at the other Smart Watch Brands, they are either a Full Digital Smart or they are only into bands like you see a whole lot of Chinese players, but if you look at us, we are into Smart Bands, we are into hybrid watches as well as we are into Smart Watches which is full digital. So, we have the complete portfolio, because we have that whole portfolio brands that we have addressing to different consumer segments. Till now, if you look at the **used cases**, it has been Fitness which is most accepted across the world, but Health and Payment are emerging as very big **used case** opportunity to the future and we will leverage these going forward. Premiumisation, consumers are willing to like I said, pay if there is a story. We have two examples here, one on the retail side on NEXA and one on the product side, which is Forest Essentials and we have similar example as far as we go which is Titan and Nebula on the product side and Helios and Flagship World of Titan Stores on the retail side, that is what we will leverage looking at this opportunity. The value revolution that we are talking about, the Small Town India and how other brands are looking at this opportunity, we have Sonata in our portfolio, we have SF, I spoke about SF Rush at 999 and we are now all set to launch SF-2. Sonata is on its journey of reaching 10 million watches and of course E-Commerce which is going to, you know, grow very rapidly; last year the growth was 52% and we have very aggressive plans as far as this channel goes.

Trending Fashion. Consumers are getting more and more exposed to Global Trends and are willing to pay for that. The line between Fashion and Technology is also merging. The Tech products are no longer just devices, they also have to look good, they also have to look fashionable. So for this New Word, FashTech and Fastrack is going to be our Brand which will lead FashTech going forward and Licensed Brands play in our portfolio which is growing. We have curetted a nice portfolio of Fashion Brands and they are also growing very rapidly, like I said, they have crossed 300 crores this year and we are looking at brands which don’t compete with our, you know, our in-house portfolio brand, but add new consumers as we go into new channels. So, if you look at us, I would say, Titan is really very, very unique. Most global brands today in the Watch Industry are either positioned in the Premium space or they are addressing the market below. They are either in the Fashion space or they are in the Technology space, but if you look at Titan and its portfolio, we are in the premium segment, in fact 10 to 100,000 Price Band is likely to grow over by 100% over the next couple of years. At the same time, we are addressing the value opportunity with Sonata. By 2023, we plan to sell about 15 million watches below 2000 rupees and that is our plan across various brands.

Now look at the other access. So, on the one hand is the India Pride that Bhaskar referred to, the Kolkata Collection and creation of products which leverage the India Pride opportunity and on the other hand, the New Age. So, that is what I mean by saying Titan is unique, you know, with our whole brand and our whole portfolio, we are able to address all consumer segments.

Coming to our Brands and the plans that we have for the future for Brand Titan, there are going to be three pillars of growth, one is Premiumisation that I spoke about, Titan Edge and Raga, new products that we have got in our product line and growing Smart. Under Titan Brand, we will have Hybrid Watches, we will have the Full Touch Watch this year, which we don’t have currently in our portfolio, the Full Digital as well as the Analog LED and the other big news on Titan front is that we are going to be launching our own mechanical movement and a whole range of mechanical watches this year that we have developed with some alliance with a couple of big people. So, this is again an opportunity where consumers are willing to pay the price and premium, now this is really being sought.

I will just show you the advertisement.

Advertisement Starts From 00:14:43 To 00:16:46

So, these are the stunning products that are lined up for launch during this coming year. Moving on to Sonata and SF, I said we have done 5.6 million this year. The plan is to do 6.3 million next year and one million just through E-commerce. Again three Pillars of Growth for Sonata to achieve this objective of 6.2 million, which is launching more and more contemporary products and some of these are shown here in the Fashion and the Daily work wear space. Smart, I spoke about SF Rush, we are all set to launch SF Rush-2. SF Rush-1, version from V1, was very, very successful and we are also launching Sonata Stride which is the Smart Watch and being Sonata will be very affordable and so we will be able to reach out to many a large segment of consumers across the country. The other thing which Sonata does very well is local association and this was the latest one, where we launched the CSK Watch and it has done very, very well and I think it sold more than 10,000 watches. We have got very good coverage, we have seen, you know, couple of news clippings where Stephen Fleming wears this watch and so good coverage we got every time CSK was referred to.

The new products of Sonata which are lined-up.

Advertisement Starts From 00:18:15 To 00:19:49

So that was about Sonata. Moving on to Fastrack, our Youth Brand, we are going to be launching Reflex Beat. Reflex has been a great success, we sold over 400,000 Reflex Bands last year, Reflex Beat will measure heart rate and that was one thing which we did not have in the Reflex Band. There is one more product that we are going to launch under Reflex this year and we will talk more about it when we come closer to launch. It is going to be the first of its kind for the Indian market and there will be a big opportunity for that. Design differentiated product is really something which Fastrack pursues and it is no longer about, you know, weird design, it is about designs which are different and designs which also sell and the design which the youth like.

Fastrack is largely known as a male brand and not too many girls buy Fastracks. So, we are going to be launching a separate line of Girls' Watches this year. There are different ways you know of reaching out to Youth. They are no longer, as we know, read newspapers or watch TV. So, we have spent a lot of time, effort as well as invested money in connecting with the youth in different ways. There are different properties we are developing, one being The Music Run, Fastrack is the main sponsor for The Music Run across the country in India and it has really picked-up very well in addition, we have Supersonic and Sunburn, plus reaching out to them where they are and so reached out to I think, in this year about 650 colleges. We have also have a Fastrack Passport, which today youth are seeking, because it entitles them to various privileges. So, regular customers of youth get that Fastrack Passport, they get entry to some of our events that we create. So, different ways of connecting with the youth, like I said, as opposed to traditional media.

With our portfolio brands, we tend to, kind of cover all consumer segments, but there is still one space that we are not present in, which is serious performance sports.

We are in the process of launching a new Brand this year, which we are going to be calling Adventure Gear Brand. It is into serious sports, so it is about measuring various metrics and a lot of research is being done to see what sportsmen see in each of the sports, what do they seek, how they measure their performance and how they want to improve on their performance and we will talk more about it as we get closer to launch.

So far, we have been about adorning consumers, making them feel good, look good, we have entered consumer hearts. This year, we are going to be entering their homes too with clocks. So, we are in the process of launching of clocks and a lot of you and some of our trade partners have asked in the past, why don't you launch Titan Clocks. We will have four lines here, as far as clocks go, Contempore, Classic, Decorative as well as Minimalistic, about 25 SKUs, 30 SKUs to start with. We are likely to start with E-commerce and some Multi-Brand dealers and we will think whether we want to introduce these clocks into our ecosystem, the retail chains, WOT stores at a later date. So that was about our Brands.

So let us look about channel, is coming to our backbone which is manufacturing. It is all about developing capability, utilizing full capacity, as well as looking at a new stream.

We are working a lot on developing our capability in terms, as we progress on the journey of Smart & Wearables, we have to develop that capability of creating those products, manufacturing those products, testing those products, a lot of work happening there. On capacity, we have added a new plant as we know, which is at Sikkim and these are some shots of that. We are taking the capacity up to 6 million this year, a new unit is up there and we have also in association with the company in the US, actually that company has set up assembly unit in the US. These are some pictures of that and we are supplying them the components as well as transferring the technical knowhow, teaching them how to manufacture movements in the US. It would be very surprising to hear that in spite of such a large US market for watches, there is no movement manufacturing today. So, this is the first of its kind and this was inaugurated in February this year with a lot of media coverage, a lot of Government officials came, we received some very good media coverage there about how Titan is helping this company, revive the American Watch Industry and all of that. Much like Make in India, there is whole thrust about Make in USA and these movements which are Titan Movements in a sense will be used in American Brands, which are going to be assembled in the US.

So summing up, where it has been, it has been a great year, you know, like I said a Year of Milestones, many new things, we have tried out and done. I spoke about how the category is evolving and changing, moving towards Smart, these some of the numbers which have come out for last year for Smart Watches and Wearables, **3.9** million units were sold in India largely Bands, the Chinese Bands, the market grew by 44%, Titan grew by 81%. I am very pleased to share with you that we are the second largest Wearables Company in India today, and we have plans to climb to at least the Number

One Smart Watches Company in India, I would say, may not be Wearables including Bands because you see a whole lot of like I said, Chinese Brands on E-commerce, in the next couple of years. But having done that what we do, I was telling you about how Titan is so unique that one we are going to be playing in three segments of Full Digital, of Hybrid as well as Bands, through our Portfolio Brands that we have, but where do we go from here? As Titan has always done something very different in whichever industry or category that we have entered, it is now about re-imagining Smart and I think we will talk about more about this when we meet next or during the course of the year, but just to share with you, our R&D Team has been working on a product which is an in-house movement and we are also in the process of re-imagining and re-defining Smart, the Titan way. So it is not only about getting notifications and tracking your steps and about Fitness. If today, our Watches which are analog watches, which look like analog watches, function like analog watches, do something which is useful to us. Just imagine, you walk to that door and touch the door and the door opens, I am just giving you an example, and you have to pay only 300 rupees more as an instance for that product. The market really opens up and this can be done only in a country like India and possibly by a company like Titan.

So that is what the future is going to be about. That product is really under testing right now, we are all set to launch it this year, we will talk about I think in the next Conference Call. So, we are coming to the end, this is really my last slide.

The future is about GPS. G stands for Growth. The focus will be on Growth, both Value and Volume. P stands for Profitability. We will improve our margin year on year, you have seen that trend over the last couple of years. We intend to continue this trend of improving EBIT Margin over the next few years and last is S which is seeding the future. So we will keep investing and seeding the future, whether it is new channel, whether it is new segments, new products, new technologies and Watch Business as you see and you will see in the future it is all going to be about Innovation and Leading Change in the Market.

Thank you.

Part 5: Mr. Ronnie Talati (Chief Executive Officer – Titan Eyewear Division)

Good Morning.

As we stood at the beginning of last year and looked into the future and started building our five-year plan up to 2023, we were growing at low 8%, our Like-to-Like store growth was almost flat and the Titan Eye Plus brand was seen as a niche premium brand at best. So we laid out this vision for ourselves of 10 million customers, if we are to achieve 10 million customers a year, we were sitting at 2.4 million customers a year, we said if we were to achieve this 10 million customers a year, what is it that we would need to do?. If we were to take market leadership and when I say, market leadership, I mean market leadership in peoples' minds that whenever they think of Eyewear, they think of Titan Eye Plus and also become the best solution provider for Vision Care. So, the previous year was the first year of actually rolling out this Vision for 2023 and what did we achieve? In the previous year, the first thing we did was, on this journey towards 10 million customers, our number of customers grew from 2.4 million to 3.5 million, a growth of 45%, over 45%. Our value growth was in excess of 25%, our Like-to-Like store growth jumped to 12% and in terms of brand awareness, our brand awareness scores were at an all-time high.

So, what really worked for us, as I said, our division buyer growth grew by up 46%, but what apart from all the financial figures, what we were really proud of is, our customer experience. We really, you know, people always said that, okay, so Titan Eye Plus has good quality, good delivery, what is really a differentiator and what really emerged as a differentiator is Customer Experience and you can see our Net Promoters Scores have jumped from 40 to 62; our Internal NPS score has jumped. We won awards, International Awards for our Customer Experience, so that has really become a key differentiator for Titan Eye Plus. The other thing is that we leap-frogged ourselves, we realized that online was the way of the future, but we used online very differently. We used online to actually drive people to our stores and we played out the Omni play in a really different way where people were driven to our stores and that gave us a huge jump in our sales. We started Frame distribution last year and took off and got entry into 1500 outlets straightaway, a turnover of 50 crores. We started Frame manufacturing; we have set up an integrated factory for lenses and frames now and we have a beautiful factory just outside Bangalore that manufactures, has a capacity to manufacture, one lakh frames a year and in the first year, last year, we manufactured 1.6 lakh frames. The sunglass business, which had actually stagnated especially after GST, that has grown, the sunglass business took off and grew by 20%. Our brand matrix, I told you we have reached an all-time high and our optometric training, which really brings in expertise to our store has performed excellently.

So our journey so far, we have been in this business for 11 years now, we started in 2007. We have a footprint of 550 retail stores, 3700 sunglass dealers, 1500+ frame dealers and five online platforms on which we operate. Our total retail area is 3.8 lakhs square feet. Our customers at the end of the year, again I reiterate, these are customers per year, not our total number of customers that we have accumulated, is at 3.5 million customers, up from 2.4 million last year and our value-chain consists of one integrated plant, which manufactures frames, lenses and has a warehouse plus six satellite lens labs across the country.

There are many opportunities before us and we may or may not pursue all these opportunities, but exports is a large opportunity. Lens distribution is something that we would look at as we go ahead into the future. Catchment level domination is something that I will talk about, because it starts this year, it is part of our this year's plan. Introducing premium brands into our stores, an aggregator model, which is much like the Uber and Ola's models that we have, where we integrate more dealers, Multi-Brand outlets into our system and of course, licensing of international brands. These are opportunities that sit, some we will start pursuing this year, some we will do as we move ahead.

Integrity was the theme for this presentation and I do not think anyone exemplifies integrity more than the Eyewear division, because this is something that is quasi-medical and we thought integrity over here is something that is very, very important and as early as 2007, when we started off our journey in the Eyewear business, the Eyewear industry itself was a little opaque, it was not very transparent and we brought in the whole browse and feel format, where people could pick up their frames, see the prices, see the lens prices and take a very informed decision before buying and we were the pioneers in this and today all Eyewear people have felt the need to do this and this actually started a trend in the Eyewear industry, so standard and transparent pricing for both frames and lenses. Correct selling is something that actually goes against all retail norms, people try and upsell in every category, in every store you go to, people try and upsell and we actually reversed that trend and said, don't try to sell, we told our stores that do not try to sell to customers something that they do not need, something that is expensive, something that is beyond their budget, you have to give them exactly what they need and what they want. Especially, in a category like this, especially in lenses, if a person can do with a 2000 rupee lens, why sell him a 20,000 rupee lens and therefore made it very, very transparent. Actually our stores are pulled up, if we find any place where they have tried to upsell to a customer. We have actually gone ahead therefore and replaced value targets with volume targets for each of our stores, so that they do not try to upsell. In fact, we have gone so far as to even create a Selling App for lenses, because understanding of lenses for customers is difficult and we have created a Lens App. When the store actually sells the lens to a customer, he actually has to go through the whole menu before he can go to the next screen and tell him that look this is for you, for your lifestyle, for your power, this is the lens that is suitable for you and it is set at this price. If you want any further additions or customization, then he goes to the next frame and so on. So, integrity in this business is something that we are absolutely inviolable about.

Coming to the key initiatives for 2019-2020, on this journey towards 10 million, our first thing is to really be very aggressive in each catchment and I said, we would dominate every catchment that we enter, so we have identified 50 catchments this year where we will either dominate that catchment by opening one very large store or having multiple stores in that catchment, but in that particular catchment, be the market leader. So if you take Bombay South for example, and say in Bombay South we want to be the market leaders, there we would see what it takes to be the market leaders, whether it is opening multiple stores or one large store or hub-and-spoke model, what it would take to be a market leader and that we would spread across the country. Driving same store growth, we have realized the same store growth is crucial to the business and therefore we will enhance our price value equation, where we had actually brought down our prices, lowered prices, introduced many more of affordable products, both in frames and lenses and so driving same store growth. We also have a lot of premium stores, we have about 50 premium stores, which contribute to a large part of our business and somewhere last year we had lost focus in this whole drive towards volume and towards acquiring more customers, we had lost focus on our premium stores, we are bringing that focus on to our premium stores. So, balancing the whole price value equation between our premium stores and the non-premium stores, therefore to catering to both segments. Frame distribution has done very well for us, besides getting us volumes and more customers what frame distribution also does for us is, gets us a lot of awareness of the brand of Titan Eyewear and extensive hoardings and boards, dealer boards and so on that say Titan Eyewear will bring up the awareness significantly that Titan is in the eyewear business. Merchandizing, it is a very important part of this business, right from the premium customer to the mid-end customer, we actually service every segment in this category, right from an 80-year-old to 5-year-old, literally and therefore merchandizing becomes so very important and merchandizing therefore will get special focus. One of the things that will become more and more important as we go into frame distribution is, building three brands. We have three different brands, we have a retail brand, which is Titan Eye Plus, we have Titan Eyewear, which is both frames and sunglasses, which we distribute and then we have Fastrack Eyewear, which is again frames and sunglasses, which we distribute. So building awareness of these three brands, so we will continue to invest heavily in marketing to build these three brands and therefore overall build awareness of Titan Eyewear in the whole Titan portfolio. We will ramp up our frame manufacturing, last year as you remember, we manufactured 1,60,000 frames. We would be this year manufacturing almost half a million frames and as I said earlier, driving customer experience as our key differentiator. This is a platform on which we are really building and that is going to be our real differentiator and therefore we will continue with our growth. We are targeting a value growth of 20%, for the first time, our MRP turnover will be at 1000 crores. The Eyewear division will be rather large division now in the overall scheme of things, a volume growth of 26%, targeting for almost half a million customers on our journey towards 10 million customers.

Thank you very much, that is my last slide.

Part 6: Mr. C K Venkataraman, Chief Executive Officer - Jewellery

Good Morning.

It is wonderful to be back here with all of you. I think over the last so many years, we have created a unique relationship between all of us here and all of you, quarter after quarter, year after year, to the extent that we can quite easily guess, what question Abneesh is going to ask? What answer Venkat is going to give? What clarification Vivek Maheshwari will seek on the Hedging games of the earlier quarter and how Subbu will deal with it? How Amit will question some strategic aspect of exchange and gross margin dilution as we start pushing the Wedding segment and all that, but it has been a pleasure and I think, now I have personally been listening to you over the last so many years in Conferences, on Calls and certainly it has helped the Company remain true to its character of integrity, transparent completely and also learn from each conversation with you and it has helped us become a better, more effective, much more well-governed organization. Thank you very much for that.

The Five-Year-Dream for the Jewellery Division and in a way driven substantially by Tanishq was created two years back and sort of 2.5 x in revenue, 10% share of market and we also had a very, very equally important aspect which is that, we were by then in any case the value, volume, profit, influence leader in the Jewellery industry, but there was the aspiration of becoming or going in the direction of becoming a legendary brand, and a legendary brand about whom, you know, people speak in or there is a hush when the name is mentioned, everything about it is of a very, very high order across all kinds of stakeholders that it deals with. That was a exciting vision that we created for ourselves apart from the economic objectives and the market objectives of 10% and we have been, you know, in that journey and this year's Conference, we had a Conference last month with all our franchisees, employees and vendor partners and the theme and the title of this year's conference, sort of says two things, one is it is the Age of Tanishq. There is a collective feeling in the Jewellery organization that you know, there is a sense of destiny, there is a feeling of we are you know, the universe is sort of conspiring to help us and we have done so many good things together between the employees, franchisees, vendors and everyone in the system and the whole universe is conspiring and it is our time and let us really use this opportunity to ratchet up our growth engines and go forward. The Brand is in a very, very good place. We keep measuring the strength of the Brand on some typical marketing parameters and on all of those, the Brand metrics are at their highest ever as I speak and therefore the whole situation is conducive for the next wave of growth.

The circumstances in FY 20, I do not know, strangely when we measure sentiment through the routes that we have for measuring, we are getting a picture, which is a little bit contrasting with what we are generally seeing in terms of performance of various, particularly discretionary and consumption categories. The recent survey that we did in the month of March, there may be a couple of people on the slide, which some of you would recognize, but it is not intended for any such purpose. The positive sentiment is indicated by and large, and to some extent this may be also because the Jewellery business of Titan Company focuses on slightly upwards of middle and upper middle class and above and also substantially in the white-collar professional segments and you know the share of typical business community to Titan's Jewellery business is low, it is picking up, but it has been traditionally low. So when we speak to people who are prospective customers, the mood is very positive, big anticipation in terms of economic affluence and certainly the interest in the Jewellery categories continues to be exceptionally good and that is a very good sign for the immediate future.

The consolidation of the industry is happening from whatever we see on the ground, both demonetization, GST, and the fracas that happened with the Mehul Choksi situation is bringing the big brands and big chains into a greater consciousness of all prospective customers and customers are wanting to buy from big brands and there is no bigger brand than us and therefore the whole wave of customers towards brands like us and a safe haven brand. I would be safe if I had a Tanishq invoice at home, I would be very safe if I was caught on the camera of a Tanishq store rather than some other store is starting and of course, I would be very safe with the Diamonds of Tanishq, because of whatever worries that the other things, those things created. So the winds have changed and are blowing in our favour and therefore on top of the strategies that we had initiated four years back, which multiple engines and I will just talk about that, continuing to fire well enough and the environment being more conducive, it is time for us to continue to press the pedal and in a way use the advantage of the situation to become even stronger, so the target for FY 20 is a 22% growth with 14% SSG.

The Foundation continues to be four strong pillars, the Purity of Tanishq and the Assurance of Tata, Design and collections, there is nobody in the industry who does it anywhere close to what we do on this subject, we have really made it into a world beating Science and Art Combination of understanding of customers, our deep story inspirations, our connecting of the stories with an aesthetic execution which connects with the modern taste, the manner in which we determine the likely demand through a very deep involvement of our sales systems and our involvement of the production and the vendor systems to create bulk at short notice and thereafter of course the manner in which we launch them to great impact, is an unbeatable overall execution capability that we have developed, I am sure it is a big envy of rest of the industry. The brand pull, right from the beginning, the Tanishq brand has stood for New World. A New World where men and women are equal and if you see the television commercials of Tanishq, it is always that equality, whereas many of the other brands in the industry continue to reinforce stereotypes of gender inequality, of inequality between the parents-in-law and daughter-in-law and so on an so forth, whereas Tanishq has always been about a liberated sense of that and that has connected so powerfully in the last decade plus with the new Indian Woman. The store experience is exceptional, we have always kept the store as something that you can come into without the pressure of having to buy. Right from the launch day it was like that and there are so many stories, in a high ticket, you do not simply go in just to browse and do Gupshup with the sales force, but a lot of our repeat customers do that. So those were the four Founding Foundation Pillars and the growth drivers are the original five and then we added Exchange in the recent past and we are now bringing in Store Operations as another big thing.

Wedding, of course is big and we are talking about multiple initiatives within Wedding and one big thing is the hyper regionalization, as we are moving more and more into the Wedding business, we are realizing the need to distinguish between sub-communities within a state and not just stay at the gross state level and that understanding is coming to us more and more as we go deeper and deeper into towns, where we were not present before like a Ganganagar in Rajasthan or a Khanna in Punjab or a Jorhat in Assam and so on and so forth. So, those whole hyper regionalization is making Tanishq relevant for the Bunt community in Karnataka, for the Kammas and Reddys in Andhra and the Mudaliars in Tamil Nadu and so on and so forth. So, it is lot of work that is happening and so it is deeper, wider reach into the Wedding business. On the Diamond jewellery space itself, this year we have hit the ground running with the launch of this line called Swayahm. Swayahm is a very, very beautiful modern line of Diamond jewellery and was launched in the first week of April and the response has been very good.

Can we play the film please.

Advertisement starts from 00:11:22 to 00:12:22

Over the last four or five years now, we have seen a substantial sustained growth in the high value diamond Jewellery space, more recently in the 10 lakh plus. High Value Jewellery is defined as 2 Lakh plus in our Company, but in the last couple of years, we have seen substantial expansion happening in that one million plus price band and we are now starting to see extra-large like yesterday, I saw an order for 1.1 crores. Last year's largest order was 3.3 crores single piece, I mean asset. So the opportunity in all parts of India for extreme high value, plus reasonable high value, which is 15, 20, 25, 30 lakhs, so that whole opportunity we are exploiting, we are doing a lot of original design work as well in this. At the same time, there is a very large opportunity at the bottom of the pyramid, Diamond Treats which is affordable diamond Jewellery line that we launched last year is a fabulous success and we are looking at a huge growth for that in FY 20 and it will be a weapon to convert a lot of gold Jewellery buyers, especially repeat buyers at the low end. Engagement, more and more men and women are falling in love in India, more and more interstate marriages are starting to happen and so for the Engagement opportunity for diamond Jewellery, Solitaires, Small Solitaires is a very large opportunity, like it happened in the US in the 60s, in Japan in the 70s and 80s and we are pushing that. We are actually looking at a 10X for this in the 2023 timeframe, but a 4X in FY 20 and of course usual nuts and bolts work of category price point gaps, refreshers and stuff like that.

Network is a big thing, we have spoken in multiple perspectives, India has got 550 or whatever number of Members of Parliament, can there be one Tanishq store for each Member of Parliament and of course, not for each Member of Parliament, each Constituency or if you take the number of districts in India, in whichever way you see, it is fabulous and now we have opened stores in towns that many of us in the company had not heard of, there is an Angul in Odisha, there is a Haldwani in Uttarakhand, like a Khanna, I mean, I thought Khanna was only a sir name, but it turned out to be the largest Mandi in Asia, just outside Chandigarh and close to Ludhiana and there are so many towns and the biggest surprise was a town called Kudal, if I am pronouncing it right, Kudal I think in Maharashtra, near Goa which is your Sindhudurg district and it is a 20,000 population town and doing fabulously, just two-month-old store, supposed to be beautiful town with a lot of scenery and all that, but doing fabulously well and therefore the Middle India opportunity is so large and you can see the targets. We are looking at 70+ stores in FY 20, doubling the number of stores we actually opened, which was a substantial growth over FY 18.

Hero markets, there are many markets in India, about 20 cities in our current reckoning, where for various historical reasons, our share is low and this has been another program that we have been continuing. Expansion Footprint, Product Relevance and the Regional Connect, so all these levers that we have pushed and one big thing that we are doing this year is owning of regional festivals in a big way, Gudi Padwa, Teej, Varamahalakshmi, Pujo etc., and also connecting, tying up faces for the brand, Sonalee Kulkarni in Maharashtra, Mimi Chakraborty in West Bengal and Nayanthara in Tamil Nadu and Kerala. So, this whole thing is going to give a thrust and the market share gain that we are looking at in these markets is at faster cliff and a shorter time than the FY 23 dream for the brand.

Golden Harvest continues to be a big part of the business, even though with a lower role in the overall things, since we also have seven drivers of growth today. versus five earlier. It is fine, because the whole net worth limit is an aspect to consider and also when the new net worth actually kicks in because of procedures of filing for the net worth increase and all that instead of bringing the lower role for Golden Harvest, that is fine because we are getting used to the idea of that lower role.

Exchange continues to be a very large opportunity. despite its potential to dilute the margin on that particular sale to some extent, but finally the margin is a holistic aspect and as long as the company is smart enough to manage the margin holistically, it is fine. We are looking at a 35% growth this year through Exchange.

Retail Operations is again very, very big opportunity in terms of number of items per bill, which is your basket size. We have so many different products today that you can actually cross sell, we have a very exciting line of Jewellery from Modern Jewellery for men called Aveer, we anyway have Mia inside the store. We have an expanded range of Mia with Silver Jewellery at 10,000 and all that so and you can easily top-up the bill with something like that and therefore cross-selling, conversion, up selling, all these three represent a very large, it is a potential four-figure opportunity inside the store and Sandeep and Team are really pushing this to sort of advantage. I spoke of the Seven Drivers of Growth and Ravi spoke, I think there was a quotation of Mr. Buffett and I am sure there are some fans here of Mr. Buffet and Charlie Munger and all that. This company is sort of sticking to the nitty and gritty. We have identified opportunities, we have identified broad initiatives to go behind them. We are staying focused to sharpening them, going deeper, wider, not getting distracted year and year and may be from a Five-Year-Timeframe, we will revisit what those opportunities are.

Mia, exciting brand, somebody asked me 10 minutes back, does it make sense to consolidate between Mia and CaratLane. It is too early, sure, by and large, they target the same segment, but we also believe in brands, we also believe in our portfolio of brands and right now it is an early race. It is better to have two horses running and maybe together we will win the race in a much better fashion. Very ambitious plan, 250 crores target, more than 50% growth, 21 mia stores, in the last year we added so many new stores and the response has been exceptionally good. We made some corrections in terms of price points, mark ups, franchisee commissions and stuff like that and also invested substantially in marketing and the brand has done exceedingly well.

Zoya is a baby close to our heart. I am sure its time will come when the real affluence, happens in India as well. We really, we certainly know that we have created something special if you go to the Zoya store in South Extension, Delhi, without doubt you will feel that this store can sit on Fifth Avenue, Bond Street, wherever it is, it is a store of exceptional elegance, sophistication and class in every which way from the product line to the indulgence of the sales staff, to their expertise to the attraction of the store itself. This is the Delhi store and I would request you to take a look at it and we are becoming better and better in the marketing of luxury over time, because it is a very, very special initiative for the company and it represents a very small dilution, if I can call it, that is more an investment from an overall Jewellery division point of view, we have patience and this is a business, luxury requires patience. So we are looking at a substantial expansion in Zoya FY 20 and we are expecting to cross the 100 crore mark which will be a very important and nice milestone for Zoya.

CaratLane, a more recent member of the family, very exciting brand and the involvement of Titan Company has risen substantially in the last one and a half years. Fabulous work they are doing in terms of design and targeting the young women and targeting the opportunity for gifting. We are looking at a 600 crore MRP target, 35 new stores. In a way we realized, you know when we bought the company or invested substantially in the company it was largely an online business and online opportunity, but as we entered and as we started understanding this whole role of retail, particularly in a range product like Jewellery, high ticket range product Jewellery, category like Jewellery, came alive to us and we realized therefore an Omni channel strategy is the right strategy moving forward, that is what happened in FY 18 itself and certainly FY 19, that is what is going to happen in FY 20. So, the share of brick and mortar is greater than the share of online in CaratLane, but that is the way it is as long as we deliver overall financial performance taking everything into account, it is fine.

We are looking at EBITDA break even, FY 20 which will be a very, very good milestone to crack, a lot of brand building investments and a lot of sharpening of digital marketing. What is happening is that depending on the number of items the person browsed on the site, depending on the time the person spent on a page, depending on the add to cart behavior, we are developing heuristics for subsequent targeting of the customers and therefore a lot of science is getting developed on the effective way of targeting through Digital.

Catalogue expansion and RTS is ready to ship. Catalogue Expansion particularly in the lower price points and Ready to Ship Inventory so that the customer knows that she can get it in just two days, 48 hours, is also a big foundation for growth.

Retail operations focus is in a way new to CaratLane, CaratLane was born as a Digital company and therefore the team was just starting to learn retail operations. Rajan Amba was introduced by Subbu as the Chief Operating Officer. Rajan is a seasoned Titan veteran and his last role was Head of Retail at Tanishq and he among other things has focused on the retail operations to deliver greater, more effective results from the stores, from walk-in conversion ticket size, basket size point of view. The CFO of CaratLane is also a long-time veteran of Titan Company, Gopal Ratnam and therefore we are now fully integrated into the CaratLane governance, strategy running.

The last story on this is on responsible sourcing. The Tata Group and the Titan Company is well known for its responsibility, its ethics and its emphasis on multiple stake holder inclusive growth. Many years back, we realized that the state of the Jewellery manufacturing, particularly in the gold Jewellery side of it, was quite primitive and totally likely to impede the flow of the artisans into this industry over time and we invested substantially ten years back in this whole subject of transformation at least of all the units which produced our Jewellery and you saw one short interview of a Karigar that Bhaskar showed and I will just show you a film which captures this more, but that whole drive has brought us to a stage today where 80% of the Jewellery that is made for us is made in conditions which are acceptable to us. While it is our sense that 80% of the Jewellery that is made for the industry today is just not acceptable and over the next three or four years, we are targeting to eliminate that 20%, which is today which is not acceptable to us and bring the 100% of Jewellery manufacturer to our, what we call us a standard level on people, processes, place and planet on all rounded basis. On gold and diamonds a lot of work has happened from a responsible sourcing point of view. Today, 40% of the gold that we use is recycled gold from Exchange and therefore from an environmental impact point of view, it is zero and from our foreign exchange outflow point of view, it is zero and we are pretty proud of that achievement as well and as we are moving the Exchange higher, how much higher I do not know yet, but certainly higher, that is an important contribution that we are making to the planet and to even the people involved in the mining and all that.

The rest of it is any case in LBMA Certified Gold which we buy from the Banks and the LBMA Certified Gold is made in refineries which are governed by principles determined by OECD on responsible manufacture, which go all the way up to the mine in terms of the mining conditions and all that. There is a very strict audit procedures on those companies to make sure that fair labor practices are held right through the chain.

On Diamonds, it is earlier days, more complex, multiple channels of manufacture of mining, manufacture and all that, but we have begun a journey on that and we expect to make a dramatic transformation, certainly up to the level of manufacturing of diamonds, cutting and polishing of diamonds and thereafter the connections with the right mining companies so that we are not buying, the roughs are not bought for us on our behalf from mines which are not the best mines from a labor practice particularly point of view.

So that is the end of my presentation.

We are very committed to the growth, the general sense in the country, particularly in discretionary categories, is not one of very high optimism, but two things are guiding us in our own commitment, one is the opportunity that the Jewellery industry offers, Tanishq in a manner in which perhaps no other industry offers. The second is the uniquely placed brand proposition with respect to everybody else in the industry. So these are two things unique in our case and the third equally important thing is a resolve that the management brought three years back, sort of when we engaged on the subject of what happened when we stagnated in the FY14-15, FY15-16 era, one of the things we felt was that our commitment to our objectives could have been better, our resolve to achieving those objectives could have been stronger and our drive to keep everybody sort of tautly aligned to that should have been better and that resolve has strengthened over time and that is a very important aspect to our confidence and making sure this FY 20 results come.

So thank you and I would just like to show you a nine minute I think if that film is, 5-6 minutes film, on the same subject of responsible sourcing of jewellery.

Advertisement From 00:30:21 To 00:35:51

Part 7 : Q&A Session

Abneesh Roy:
Hi Sir, this is Abneesh Roy here. My first question is on the Jewellery Business. Gold Plus was there in smaller towns, now Tanishq is also going into Angul, Haldwani, Khanna kind of towns. My question is what was the challenge when Gold Plus was there? Are you still facing those kind of challenges.

Venkataraman:
Actually, Gold Plus was conceived as a weapon for the company, essentially for South India. Even when we launched Gold Plus in the small towns of South India, we were starting to enter small towns of the North, West and even East particularly, you know, Bihar, Jharkhand and all that, because there were two reasons why we needed to do this. One is the South Indian and particularly Tamils, Malayali's as a culture are more value seeking, I am one of them. The other is, the Jewellery players in the South are very large, the competition was fierce and Tanishq was not doing well, I am talking about 2005 now, whereas in the other three regions, we had the Tanishq thrust. But three years back, we realized that Tanishq had done substantial work, in a way make it much more relevant for the audiences in Tamil Nadu and now Kerala and therefore the reason for Gold Plus, sort of, had faded away and we consolidated all the stores into Tanishq. Now the performance of Tanishq had traditionally been very good in the other regions in any case and now it continues to be good across the board, so there is no relevance or need for Gold Plus anymore.

Abneesh Roy:
Sir, two more follow-ups on Jewellery, one is you mentioned growth in lower share markets, if you could go into more details, what has been the gains, which are these states and second exchange of gold is going to grow much faster in FY-20, 35% versus the overall growth of 20%. You said margins in this is lower, so could you quantify a bit on how much is the margin lower in this?

Venkataraman:
Yeah. I will just take that Exchange point. Actually I briefly mentioned, I will just elaborate. Depending on the kind of particular scheme that we end-up doing in a particular month or a couple of months, there would be a margin dilution on the sales, of the Exchanged sales, but finally there is an overall discount budget that we have for the year and that would determine the gross margins for the business in any case. So as long as we play with these various parts of the whole and make sure that the total discount payout, let us say on the gold Jewellery business, stays within what we want, there is no overall margin impact.

Sandeep will speak about the market shares.

Sandeep Kulhalli:
Sorry, the principle behind the low market share at town level, it covers all the four regions, North, South, West, East, the criteria was that the market size should be minimum of 2000 crores and our shares should be lower than the national average. On that premises, these 19 towns covers actually all the four regions, so example, there is Kanpur there, there is actually Bangalore, there is Chennai, there is Bombay and Calcutta. There are these 19 towns, which cut across the entire geography of India and the focus was that, because these are more traditional markets and Tanishq has been in those markets with stores in those towns, it is not that we were not present in those towns, we were existing with one or two stores and in Kanpur, we already had two stores, but somehow or the other, we were not getting into those hearts of the consumers and that for two reasons, one is the brand perception being premium and to the merchandize mix itself was an issue, but we are seeing the traction for the last four years and clearly seeing these 19 towns showing a higher growth rates than the national average and our communication, which will take time to actually get the entire benefit of that market share. It will take us another few years before we will still have to get into the hearts of the consumer in the manner. The journey is two years young and we believe there is an opportunity that we can grow faster in these towns and take a larger market share than the national average.

Bhaskar Bhat:
Abneesh, keep up your first day, first show, well done, but just to add one, only one aspect to what Venkat spoke about, the change in India, you know, the democratization of aspiration that I referred to, has also played to this. As a weapon, Gold Plus was not as sharp and strong as Tanishq and Gold Plus taught us for 10 years what is happening in small town India and as Venkat said, South was the focus and Tanishq was the weapon to grow. The aspect of adornment overtaking investment and Tanishq is strongly an adornment brand and that is really playing out now in the small towns, apart from all the migration and all that we are talking about.

Abneesh Roy:
Sir, my second question is on Taneira, few questions on that, one is in the Taneira, you are right, it is a Tata Product. My question is have you done any study wherein now Tanishq or Titan that can be used, because of in terms of adornment or in terms of lifestyle, there is a perception that now Tanishq and Titan is superior to the Tata Brand name and Tata is there in multiple and economy products. So, for Taneira kind of product, does Tata brand name bring more value or Tanishq or Titan bring more value.

Ajoy Chawla:
Interesting question, we have ourselves debated this in this forum at CXO level as well as in the Taneira team. The reason to go with the Tata name, because in this category as well, there is a lot of Trust and let us say, the lack of Trust or authenticity is still pretty high. I talked about it briefly in my presentation. Second thing is, a large number of

people, I am saying this out of experience now, both from our stores in Bangalore as well as in Delhi, have come in saying that Oh! Tata is doing something, it must be very, very interesting and different and there is a lot of Trust which is sitting there. That is not to say that Titan or Tanishq don't enjoy the Trust. The second piece, we did check, we did a little bit of consumer check in terms of what are the different brand attributes that kind of come out, so while style, elegance and adornment, etc., come out strongly for some of our brands, because we wanted to separate ourselves from the rest of the market in terms of authenticity, we felt that the Tata and the trust and the fact that what we are going to give us an authentic product, be it in purity of fabric or sari or even the craft, was something which has worked well with consumers, but yes, ultimately it is a matter of judgment, you know, none of us can say sitting on a high horse that this is exactly the right approach or there could have been a better approach.

Bhaskar Bhat:
Ajoy, I think I will differ in one more way, which is you know, your view may be, I may be wrong, may be largely male oriented view. I think women across the country, I don't think they have that bias or against the Tata Group, it is still and Venkat spoke about middle, upper middle, I think amongst middle class Indians, Tata is such a strong name, I don't think it takes away, takes away from a brand and in a way, the Taneira the way it is designed, by itself, has all the Titan, Tanishq and all that, you know, character. So, I would only say that, one, the segment that we are targeting, I don't think there is any dilution because of Tata, if anything it is only adding and the branding is very much Titan and Tanishq and that kind.

Abneesh Roy:
Sir, two follow-ups here, one is sharp step-up in expansion in Taneira, will you still do the villa model, because most of the stores till now been a villa or will malls also be an option at some stage, second, most of the products in Taneira are still handmade, while if I see a watch and obviously the Jewellery, you have gone to the mass and obviously auto as in the mass scale of production, so just because say you have some other group companies in fashion in the mass end, is there any challenge in terms of going into the mass and so essentially more affordable pricing, much more mass scale of production kind of technique for Taneira?

Ajoy Chawla:
So, I will take the first question, first you talked about villa format. No, we are very clear that the villa format is going to be in select places, it is impractical to expect, to expand with only the villa format. We have only two villa formats, out of the five, we have two high-street formats, which are like standalone buildings, one in Jayanagar in Bangalore and one in South Extension in Delhi and we have also experimented with a mall format in Vasant Kunj, Delhi. So, yes, we will have multiple formats, the villa formats would be few, it is not practical. We will have many high-street formats and we will continue to experiment with mall formats across the country.

The second question is relating to how much more mass you want to go, or how much more niche you want to remain. I think that is the spirit of the question, both in terms of the handcrafted portion as well as the products that you are referring to. So, in the mass products category, if you are referring to Salwar Kameez and regular Dress Wear and other things, that nature of business is very different and in fact, I would even call it a fast-fashion business, whereas when we look at occasion wear, it is more classic, there is of course fashion trends that come in there as well, but it is a very different kind of business. The mark-ups and the discounting and the ageing of stock and the whole merchandize management are very different and the speed at which you need to operate also is very, very different. The second piece, will we remain niche or will be wide appeal. Yes, we will be wide appeal, we will not be niche. Currently, we started off with building a very strong core, which is to say, this is what we will be famous for. In fact I didn't share the aspiration, our aspiration is to be a wide appeal and approachable brand across price points. However, we will be known as a destination, if somebody wants hand-crafted or handloom, Taneira will be the first name, that should come, that builds a strong core around which we can build a surround of much more wide appeal products, so we are in the process of actually expanding our appeal beyond hand woven, however we will be authentic and transparent to the consumer about it saying this is the hand-woven line, this is hand-crafted line in terms of, may be the material is not hand woven, but there is craft in it and then this is power loom, but that is a phase in our journey which is yet to emerge, because we still have enough and more opportunity sitting in the core itself to establish ourselves, but yes, we will go wide appeal and we will touch many more price points, even in the categories that we have chosen to be in.

Abneesh Roy:
Any comment on profits and return ratio.

Ajoy Chawla:
Very early, but yes, I must clarify, in fact lot of people ask me some questions outside, saying you know, I am sure the gross margins are similar to watches in this etc. Let me clarify, the average mark-up that this industry operates, because it is again an independent retailers operating, they operate with a mark-up of 50-70% on their buying price, so if they are buying at 100, they sell at 150-170, so the average mark-up in the industry is not very high, it is pretty low. We have been marking up higher and we expect this higher mark-ups to be able to be more justified as we do more and more of our own designs. Today, less than 5% is our own exclusive design, we are curetting, but as we go forward, we expect this 5% go up to 30, 40, 50% over the five to six year horizon, therefore our ability to take mark-ups will be different. The gross margins therefore are likely to be in between Watches and Jewellery, it is not likely to be closer to Watches, likely to be somewhere in between. Return on capital, still early days to say. Our current stock turns are not very high, because we are still experimenting with the merchandizing and how much more we need to add, etc., but yes in a steady state situation, our stock turns can be expected to hit around 2.5 to 3 as envisaged now, it may be better or it may be different as we learn further, but that is what I can about the capital rotation.

Abneesh Roy:
Thank you Sir.

Bhaskar Bhat:
So as a corporate Abneesh, certainly we will be, we will set some targets for ourselves, you know that very well, you know for us margin is important, in a way the threshold margin of 10%, I am talking about PBT margin and a threshold return on capital employed of 25%, these are, my CFO next to me, he will ensure that we achieve that. So it will be a business model we will work on, but the scale opportunity is very large and right now we are discovering that, but we will get there.

Subramaniam:
One announcement, can you give your name and your organization, so that because we are recording this and there will be a transcript as well. It will be difficult to do it otherwise. Thank You.

Pulkit Singhal:
This is Pulkit here from Motilal Oswal Asset Management Ltd. Just three observations, then a question regarding that, I mean when I see a product like a car which is bought once in 7-8 years or even 10 years, I mean the market leader has 2,500 touch points going to 5,000, but when I look at China Jewellery Stores, they are anywhere between to 2,000 to 5,000 and as Exchange is becoming a bigger part of our chunk, I would think, it would have brought the customer lot more if you have a store relatively nearby. In that context, why are we still at only around 300 odd stores in the journey or the evolution of this company and to that extent, when do you think we could reach a 1000 stores?

Venkataraman:
We are anyway looking at the 500 ballpark in the FY 23-24 horizon. I mentioned this number of districts or Members of Parliament or whatever reference you take, but for Tanishq, there is no sighting of 1000 at the moment, notwithstanding the comparisons that you are making, but the other brands, divisions are also galloping, you know, the CaratLane, so including all that, I guess we will start nudging that kind of a thing in the near future, but if you see the per store sale of Chow Tai Fook**,** much lower than per store of Tanishq, much more, so, I do not know, because finally the intrinsic, even though they have a much higher diamond Jewellery share, because of the customers, but from operating effectiveness point of view, the sales per square foot, the higher it is, the better it is and ours is much higher.

Subramaniam:
I will add to that, I think Chow Tai Fook is not the comparison here at all. Chow Tai Fook is about very, very small stores, they are more shop-in-shop, they go along with Jewellery malls or parts of the mall, so I don’t think they are comparison here, because these are serious big stores. The minimum size will be 2500 to 3000 square feet, whereas the Chow Tai Fook average could be like a Mia or a CaratLane store, many of the stores would be in that ballpark, so I don’t think they are comparisons, so the number of stores would not be the right metric. One metric could be the average, the overall square

footage that we have. We are a million plus and that if you ask me, possibly the right metric to look at.

Venkataraman:
Also if you look at the kind of products that the Chinese buy, finally these kind of elaborate necklaces, nobody in China buys like that, so you need a format which is conducive to that. Therefore you have a 2500, you cannot have 1000 or 2500, you can have 1600 square feet.

Pulkit Singhal:
Just a follow up, as you go more in the hinterlands of the country, you don't find the need to create a smaller store and viable model for them, to be able to penetrate deep. I understand the sales per store and square feet will be much lesser and secondly, do you also have any thought process on creating extra premium kind of stores, like as you mentioned, you are going to do some above 10 lakhs kind of things and I don't know whether the same customers would like to be in a store where the lower price items are also being sold.

Venkataraman:
Now on the first point, I think we have stores now going up to 1500 Sandeep, we have stores which are as small as 1500 and our largest is 22,000 here in Mumbai and therefore a large number of the 71 stores that we are targeting this year, especially those which are in the smaller towns, will be in the 1500 to 2,500 range and therefore it makes relevant and viable as well.

On the second point, actually I think because of the overall premium positioning of Tanishq, so far we have not had any perception or sense of the possible point that you are raising and your point is totally valid, but from a timeframe point of view, we see that happening may be five years later and one of the reasons, why we launched Zoya was actually to, it was sort of divining that development in future and there are reasonable number of high profile Tanishq customers who moved out of Tanishq into Zoya, but they continue to buy from Tanishq what Zoya does not sell, typically the lower ticket motivational products kind of thing, but that challenge is not yet visible, perhaps five years spans out.

Pulkit Singhal:
Thank you.

Amit Sinha:
Hi Sir, this is Amit Sinha from Macquarie Capital Securities. My first question is on your store addition target, which you have given and there is a significant step up there. The question is what has changed in the last few months or may be one year that has given you confidence to, in terms of demand for the franchisee that has given you a confidence for such a significant step-up?

Sandeep Kulhalli:

Yeah. As you saw the figures, Venkat presented on the rate of expansion of stores last year was about 46 stores, which is again the highest ever we did in a year and that was one of the challenges we believed we will face getting franchisees, especially the cash-and-carry model, the L3 Model of ours is typically the format we go for small towns because of the control mechanism and stuff like that. We have programs where we are getting exclusive people at Area Manager Level who does sourcing. So, earlier an AB used to run his current operations and add more stores, was one of the challenges we believed, was the reason why the rate of expansion and therefore accessing new franchisees and network management was not given the due focus. Now, with addition of a resource, in each region now to expand, the number of people we are contacting are far larger and therefore we are seeing the success story of these towns, like Kangra, we will be opening now next month. A town like Kangra, we opened in Pathankot and so once you get these network out, and the network of our own partners whether it is watches, other businesses, our Tata motor dealerships, so there are many access point, which we earlier could not reach at the same rate, but today we will be able to reach. We are clearing seeing how this added up resource, last six months back, he has managed to short list 25 stores, franchisees and locations in the last eight months, just by adding one resource as Area Manager. His current ABM managed, trying to get the access to new franchisees, partners was much slower earlier, now with the success of this model, we clearly see visible, that even 71% is easily achieved, probably he can exceed that the number also. The success of both sides, one is performing stores at small towns doing well and the additional resource of an Area Manager trying to get more people accessing more partners and be-getting franchisees that much more easier than in the earlier stage.

Amit Sinha:
Sure.

Bhaskar Bhat:
One more thing to add to that, I think it is one of the most attractive franchises in the country, okay, number one. Number two, in the small town, that migration, because of the state of the industry outside Tanishq, is really, really challenging. So the combination of potential and return, I mean, it is the right answer. The window is maybe three years, maybe longer, but it is the right time to leverage.

Venkataraman:
Two other aspects helped, when we did the five-year plan and we do it through a collective process, we had set a target of 500 stores by FY-23. The team created that visibility, the entire funnel of 500 meaning going from 270 or whatever which was then, to 230 stores were visible. Then, the other thing that was happening was that the Leadership Team was certainly raising its sights every year, as we started doing better and better, becoming more ambitious. We saw the funnel and mission was greater, we said, why we can’t just sort of pull it forward and do 71, double of what we did last year.

Amit Sinha:
Standing today, would you like to believe that this kind of run-rate can be maintained for the next 3-4 years.

Venkataraman:
Meaning, 70 stores every year for the next 3-4 years?

Amit Sinha:
I mean, in the ballpark range of 60-70.

Venkataraman:
I don't know about that, because we did a pretty decent work on that 500 and now to say it can be 650 would be a little, totally leap of, you know, faith or something like that, but it is more an acceleration and maybe, we will reach the 500 earlier rather than keep doing 60-70 every year. What Sandeep, is that …..

Amit Sinha:
Sure Sir, secondly on Jewellery margin, any commentary there, any guidance for the next year.

Venkataraman:
It is the same view we are taking for FY-20 at least, which is that it is a industry which is on the back-foot and therefore we want to consolidate our gains of last year and becoming even stronger brand over the current year and therefore invest in that in terms of inventory, invest in terms of schemes and exchange, invest in terms of marketing expenditure and the guidance is that we will at least deliver the last year's margin and we are not looking at any expansion. FY-21 and then thereafter is for a later discussion.

Amit Sinha:
Okay, thanks and all the best.

Harit Kapoor:
Hi, this is Harit from Investec. There are two questions. Firstly on the Jewellery side, in your plan of five years to FY-23, just wanted to understand the importance of Mia and CaratLane, whether you know that takes a more adornment share versus say a Tanishq, so while Tanishq will become more a high value and studded play and Mia and CaratLane will become more your adornment play, over a five pear period, is that the thought process.

Venkataraman:
Actually two angles here, one is that given the nature of the adornment segment itself in this country and the rising affluence and a huge opportunity still left for the affluence of the country and the price points in which Tanishq operates versus where Mia and CaratLane operate, I think both of them can continue to grow in their respective segments without any issue, but certainly the growth rates for both Mia and CaratLane in the FY-23 timeframe are much more ambitious. We are looking at, you know, crossing a 1500 kind of figure for CaratLane in that timeframe and I think 800 crores of sales from Mia in the same timeframe. So, they are obviously expected to grow at a much high rate.

Harit Kapoor:
Very clear.

Bhaskar Bhat:
Also Mia and CaratLane are actually are two new segments, I mean if you ever to take those who are probably at the edge of not buying Jewellery to wanting to buy Jewellery, as in you know, because they are friendly price points and including friendly designs, design for work wear and that kind of stuff. So, I think the segments are very, very different, so keeping that growing and not just from the Jewellery industry perspective, sheer brand segment growth portfolio, that is the right and how big it will be, I mean, we don't know. They have their plans, somewhat like in Watches Fastrack ads or the Wearables **ads.**

Harit Kapoor:
My second question was on the Eyewear side, just wanted to understand, obviously last year and even next year, the growth path is very strong. If you could give us a sense of the path to profitability in this segment also and you know, how you look at that, either from a year or three year lens?

Ronnie Talati:
As you know, the gross margins in this business are fairly high, but what we have chosen to do is, actually invest in marketing disproportionately to really build the brand and make the Titan Eye Plus Brand, Titan Eyewear Brand and the Fastrack Eyewear brand, very significant brands in the industry and if at all the margins, the EBIT margins are diluted, it is only because of these disproportionate costs. As sales picks up, from this year onwards in fact, you will see this business becoming more and more profitable.

Subramaniam:
Margins will come, we have mentioned this so many times, margins will come. Just like in Jewellery when we talk about the fact that forget margins, we will grow, we will take the opportunity, we are doing the same thing in Eyewear. So Eyewear, I am sure we will get our margins, it is just that now we are deliberately investing more in advertisement.

Ushma:
Hi, this is Ushma. My question is again on the Jewellery margins, you know, to delve into it a little bit, I think this year, you have demonstrated a shift in the margin profile, you know, whether it was same stores sales growth, your product mix, to a lot of other initiatives, you know, including lot of the investment in turning the brand, etc. So, to understand your sort of medium term view on Jewellery margins, because given all these initiatives continue into the next few years, you are expecting a 14% same-store sales growth next year, where do you think we could settle at in Jewellery margins. I am not looking for next year guidance or anything like that, just your view on how things could pan out.

Venkataraman:

See, one of the things favorite expressions that Subbu and I created as a response to this question in some of the International Road Shows was this, that we are not giving a guidance on the margin for FY-23, but at that scale, if the margins don't expand, we would be irresponsible.

Ushma:
What is the extent of margin expansion that you can imagine?

Subramaniam:
You can do the maths, come on, you guys are experts of this.

Ushma:
I just wanted to understand …….

Subramaniam:
If we grew at 20%, how will we not grow on margin?

Ushma:
I agree.

Subramaniam:
That is not the goal, the goal is to actually grow at 20% first, you do that I think it will happen. It is like Karma. Do your work, the rewards will come.

Ushma:
Fantastic, okay, great. Thank you. Thank you so much.

Shirish Pardeshi:
I am Shirish Pardeshi from Centrum Broking. I have three questions Sir, the first question is to Ravi. You did mention that there is innovation which is happening in GPS intervention. Is this technology available anywhere in the world.

Ravi Kant:
Which technology are you referring?

Shirish Pardeshi:
GPS.

Ravi Kant:
Ok, that is a very interesting question, I will have to go back to my last slide once again. GPS stood for Growth, Profitability and Seeding the future and I explained that the future in watches is about Growth, it is about Profitability and when you chase profitability, you tend to forget investing in the future, so that was the third element of that. So, on technology if you have some other question, I can answer, but that is what GPS was.

Shirish Pardeshi:

Sorry I misspelt it, GPRS.

Shirish Pardeshi:
You were trying to say that technology and innovation you are bringing in Watches, is that the patented thing which you want to create for future.

Ravi Kant:
Are we creating patented technology in the future, certainly, yeah, yeah. This is a world which is evolving and changing very fast. So a lot of them, we are entering into alliances with different people where they hold the patents, but a lot of in-house and R&D work is being done and I spoke about one such example of a new watch or let us say a new collection of Smart Watches that we will launch this year and those are the things we will patent. So, it is a combination of wherever it is technology which is developed in-house platform, those we will patent for sure.

Shirish Pardeshi:
So it is your own or you have a partner in that. This innovation is your own.

Ravi Kant:
For different like I said, for a lot of watches we are entering into alliances, I mean just to give you a example, our first entry into Smart Watches, was in association with HP, the next one which was Juxt Pro was in association with Intel. Since you asked me this question, there is a Smart Watch that we are going to introduce this year, which is the first of its kind in the world, in the sense that it is a full digital watch like any Smart Watch with a digital touch screen, but the hands are real hands, okay, so this is again something patented by somebody, but we are launching it under the brand of Titan, so these are all, you know, we are in association with somebody, but if there is anything that we develop which we will share, as we go through the course of this year, that we will certainly patent.

Shirish Pardeshi:
Just a little more detail. In this technology, patented technology we are going to use, is there a royalty or is there an agreement or is there any cap.

Ravi Kant:
There is an agreement on that, for sure.

Shirish Pardeshi:
Okay, got it.

Shirish Pardeshi:
My next question is on Taneira. Are we taking an ethnic platform, because that is the segment which is growing much faster, or are we talking about Western, Mix-Indian and ethnic.

Ajoy Chawla:

Very clearly ethnic. First of all, we are anchored very strongly in Sarees, there can be nothing more ethnic than that, currently it is more than 90% of our offering, but even when we had talked about other Dress Wear, it was more in the ethnic, the Lehenga Cholis and may be other more ethnic forms which may be relevant from Bridal and special-occasion wear. It could be light occasion to heavy occasion, heavy occasion being bridal, but it is clearly ethnic, no question.

Shirish Pardeshi:
Just one more follow up on this, are we selecting South India focus, because that is the strong market for this and then followed to East or piloting across all States. What sort of strategy you are going to follow.

Ajoy Chawla:
When we did our pilots and our exhibitions etc., we went across the Country. Yes, South and to some extent East have got a slightly higher skew towards the category we are in, but having said that, we got fabulous response from Delhi, Bombay, Ahmedabad, Pune, and even Lucknow, etc. So, we are not necessarily going region by region, we are looking at a cut at the top 6-7 towns in this year, so that we have a reasonably national footprint and we learn faster. Thereafter, we will also go into many smaller towns. So, no, it is not a regional focus, it is more at a town class level that we are focused.

Shirish Pardeshi:
You have to give me benefit because I have not visited the stores and product. What is the **sweet spot** we are ranging say 5000, 8000 or beyond.

Ajoy Chawla:
Our total range starts from as low as 1000 rupees, I mean in terms of Sarees. We have Stoles, Dupattas, etc., also which may be at a slightly lower price, but in Sarees, it is from 1000 rupees all the way to 2-1/2 lakh rupees. In terms of our median price point on a per unit basis, we are seeing currently around 7000 to 8000, on a ticket value, because people tend to buy more than one piece, we are seeing higher figures there between 10,000 to 14,000, depending on the nature of market.

Shirish Pardeshi:
Got it, just one last question to Venkat. You mentioned that 35% growth in Exchange. If you can share what are the patterns or which regions this Exchange has become favorite or it is seasonal or maybe it is ongoing.

Sandeep Kulhalli:
Yeah, Exchange, actually just to give a background, the Exchange is an old Jewellery practice, consumers do come and exchange their Jewellery depending on their need for infusing fresh cash into a Jewellery purchase or recycle their old gold. Typically there are peaks of exchanges, typically it comes before the peak Wedding buying season. Actually, buying happens over 6-8 months. So, the small items they typically buy cash, but the large pieces, they typically exchange their own old gold Jewellery and come back. So there are cycles typically in July, August, September before the wedding season and

January, February, March, where we see when exchange becomes little higher, because it is before buying big ticket items. The second reason is the gold rate. When gold rates in their perception becomes very high, they tend to avoid putting fresh cash, because they get a better value for old gold and they buy exchanges. So, typically we have seen that it is the customer's choice of exchanging gold not as much we demand, but there is a period when the big wedding season happens, there is an exchange tendency, because they do exchange a lot of gold during wedding season and that is why look at our exchange policy Venkat mentioned about, it is very expansive model, so we have a special offer on exchange which happens twice a year typically in the July-August period and one in October-November, but we have to be careful that the gold rate is attractive. If the gold rate is very low, then exchange typically guys don't do, because they want to buy gold too, again to get higher evaluation in the future. So, it is a little dicey model to understand when to give an offer, but we have seen so far, we have seemed to have got reasonably good handle that in which period we should give an offer, which is our exchange reduction that we do for exchanging other peoples' gold. It is cyclical to a certain extent of demands of exchange, but it is an ongoing annual event also in people's lives. We have exchange every month coming into a system, but there is a cyclical period, twice a year, when the quantum of exchange increases and that is when we give our special offers for exchange.

Shirish Pardeshi:
So, I would assume it is higher in South.

Sandeep Kulhalli:
Yeah, in that sense. Actually, what has happened is, South India has been the largest consumer of gold Jewellery, the exchange is actually commoditized in South the most and that is why the premium on design is not very high in South. They like traditional designs for weddings largely and they don't pay a premium. That is why the competition in South is extremely high, because it is a commodity largely in the consumer's mind in South India, the exchange is the highest. So, Kerala as a matter of fact, probably has about 50-60% exchange in Jewellery sales, Tamil Nadu is about 40%. Therefore, South India has a tendency to exchange much larger quantum of gold than the North. In North and the other part, West, there was a negative connotation for exchanging gold. People would say that you are financially not doing well and therefore takeaway old family jewellery, but now it is breaking. This behavior in last three years has changed dramatically when people are seeing the practical side of gold being an investment, that change is visible in the North, West, now East, but South you are right is the largest exchange market today for us and the entire industry.

Bhaskar Bhat:
I just wanted to say that this is one of the most powerful levers in this business and what Venkat and Sandeep have spoken about and your question about is it South, West, no, I think there is a lot of potential still left and we have been doing it prudently and from time-to-time, you open it up in many ways, it can bring more and more sales, but prudence is about making money and not just about sales. There is a lot, I mean you can brand it like he said when in North and West, they were reluctant, and today that is

breaking. So, there is still a lot of potential in this. So, 35% growth is an estimate, but you can play this game this in many, many ways.

Shirish Pardeshi:
Got it, thank you, all the best.

Amit Sachdeva:
Hi Sir, this is Amit Sachdeva from HSBC. So, question on Skinn. Basically Skinn has been an exceptional new brand being built in a very tough category, so congratulations for that. It crossed 120 crores of revenue, which is probably for a personal care brand is a good benchmark to where advertising becomes viable, so my question is that 500 crores target for FY-23, is it too conservative, because I think it is a beauty positioning and prestige pricing. Are we limiting ourselves to thinking about only perfumes, which is part of the beauty regime and probably open up much window for several extensions into other categories? Does the 500 crores plan incorporate some of the other extensions as well or it is purely from the perfumes that you are building.

Ajoy Chawla:
Yes, you are right, thank you. 120 crores in the context our company is very small and I must remind it is on consumer price, because that is how many FMCGs are also measured, so that you understand market share. When we built the 500-crores plan, it included perfumes only and very small delta neighborhood. For example, we looked at body mist, we looked at, you know, other formats within the perfuming space and also a potential portfolio of two or three brands, but we have not included in this 500 crores any further stepping away in terms of other categories within the broader beauty and cosmetic space, not even in the grooming space, this is entirely perfume with a few limited portfolio brands. If for example, we were to also go ahead and tie up with other international brands and do a license play like we have done in Watches, etc., those would be beyond the 500 crores. We think it is a reasonable estimate, because we think for a few brands to be able to command a 20% share in a crowded market of 80-90 brands in the market place, itself seemed like a good aspiration, but yes anything more which is inorganic or step away would add to that.

Amit Sachdeva:
Actually E-commerce is making lot of things possible which were earlier not possible.

Bhaskar Bhat:
Also Amit, you know, there are many possibilities in this apart from stepping out of the category, delta neighborhood, etc., we could well think of a Helios model for example, which is about perfuming and not just our own brand, we will explore all this. Actually we limited ourselves to say that can we get more customers into the fold of Titan Company Limited through this category and brand Skinn and hitting that 1 million has convinced us that we can get there because you know they all get into encircle as well.

Amit Sachdeva:
Sure.

Bhaskar Bhat:
So, scaling it in number terms also is important. You are right, I think this opens up many avenues for brand Skinn and grooming and so on.

Amit Sachdeva:
Because I see there are several examples from other countries, where even brands, new brands in categories such lipsticks in the beauty regime has sort of exponentially grown and if you have, you know, a base which is captive, probably you should be slightly more aggressive in my view, I mean that is my view.

Bhaskar Bhat:
Accepted, I mean, we should explore this.

Amit Sachdeva:
Second quick question if I may from Venkat is, basically when you have a target of say, you know, 2.5 X revenue, do you see some stores, some of the most profitable stores which are already in very rich pockets, say Delhi for example, might have a revenue throughput of may be 500,000 per square feet, while average could be probably today at 164, right, taking all these things in total, would you see that, there is a scope of those stores actually doing more **SSGs** than that some of the larger ones and do we hit some times a wall that, you know, this catchment cannot give more than 500 crores worth of revenue per store. Do you see some walls being hit now or do you see those markets can still expand given your strategy.

Venkataraman:
Actually our largest grew pretty handsomely last year and many of the large stores also did that and we find that from a catchment share point of view, there is still a fair amount of scope, may be couple of years at least till we hit the ceiling that you are referring to because in Wedding and in High Value, for example, the Delhi city is a very large market for High Value.

Amit Sachdeva:
Sure.

Venkataraman:
We are a small player. We are better off in Delhi than in, let us say, Bangalore, but it is also a larger market and with all the environmental conditions favoring us, the opportunity for growing and you have seen examples of 40-lakh and 50-lakh necklaces in South Extension stores, so many pieces sold from that store, kind of thing, and the opportunity is also very large, may be at least for couple of years, even though the sales per sq. ft. is very high there already.

Bhaskar Bhat:
I will get anecdotal at this point in time. I was at the South Extension Store yesterday and after all the work that I had to do, I finished, and those guys just pounced on me and

said, Sir, "*mere ko doosra store kab dilayuge*". On Akshaya Tritiya day, which was three days back, we had to send customers out, fix an appointment, "McDonald me ja ke chai peiko avo, tab tak ready ho jayega" this is I mean, anecdotal, but there is still a long way to go. It grew double digit high, double digit last year despite the 450 crore number.

Venkataraman:
The other thing is, we know had a store in South Extension which we relocated two years back and now that store is in this situation.

Bhaskar Bhat:
That is what I am saying.

Venkataraman:
Yeah. Therefore the catchment is there, store is the constraint and not the catchment.

Bhaskar Bhat:
Three stores away is CaratLane on the first floor which is also running out of space now and saying can I take the ground floor. You are on the second floor, but the ground floor has now become available.

Rahul Arora:
Gentlemen, Good Afternoon. My name is Rahul Arora, I represent Nirmal Bang Institutional Equities. You spent some time talking about High Value in the jewellery presentation, I just want to get a sense as to, if I heard you correctly, you said it is about two lakhs and beyond.

Venkataraman:
The way we define it in the **company**.

Rahul Arora:
I just wanted to understand what percentage of your sales is it today, vis-à-vis what it was five years back and what sort of margins does this segment operate at compared to the system wide Jewellery margins, if you can share.

Sandeep Kulhalli:
This two lakh is actually our own terminologies. Actually there is no industry bench mark which indicates that two lakh is a High Value, but this is our own definition, because we believe we are typically average ticket size, considered lower than the market, because we were more considered as fashion product and more for daily wear and not for gifting and stuff like that, but in the last three years' journey, we are clearly seeing that our ticket size growth has been substantial, I cannot give exact numbers as to what are the ticket size goal overall, but it has grown quite handsomely in the last three to four years, especially after the Wedding and High Value intervention. The High Value when I purely say that the share exactly I don't right now know, in the studded category largely and in the plain gold, the actual share of two lakhs plus, right now I cannot tell you exactly tell you and Niraj can give me some number, but it is improving at about 30-

40% growth rate compared to the base of the average ticket size growth. We are clearly seeing - examples of number of High Value bills - the numbers are doubling. So it is like low base of 10,000 customers above 10 lakhs is going to 16,000 customers. For example, we had 10,000 customers to buy the entire Wedding has gone to 20,000 customers, so that base numbers are doubling, but the number of customers are very small still and therefore we still believe that, you know, and the number of store carrying this high value inventory is still in the phase of expansion, it is not every store is carrying the entire high value inventory which is bench mark to the best store of the town. That journey is three years old, right now I think about 70 stores across the network is carrying probably the entire line of High Value Jewellery, but still up to 15 Lakhs and 20 Lakhs, but 15, 30 to 40 lakhs is still in South Extension market like Usman Road, Andheri, but they still are in select towns. I think the journey is still young if you ask me frankly and the new environment of demonetization, actually overall industry has slowed down on High Value dramatically. Actually, the industry has declined in High Value, whereas we are still growing in High Value in that sense, because our base is low, we are going much faster, but their bases are extremely high, because like I said earlier, before GST, demonetization, customers used to park cash black money in the High Value Jewellery whereas that is not there anymore. Therefore, that High Value parking of diamond Jewellery has gone away and therefore more people are buying for more adornment and that is why those one crore bill, one 75-lakh or 80-lakhs bills with PAN Card, with RTGS is what we are seeing growing at a much faster rate in our system today.

Rahul Arora:
What kind of margins would you be enjoying in this segment?

Venkataraman:
Not substantially different, because while the content of diamonds in the High Value Diamond Jewellery is relatively higher for the most part and therefore the overall margin profile is potentially higher, we have also, you know, priced those relatively more attractively, vis-à-vis the competitors, there because of the absolute price levels and therefore the gross margins in the High Value Diamond Jewellery and the gross margin in the regular diamond Jewellery are 19-20% mark, it is not a big difference.

Rahul Arora:
Just a generic question on how the financing landscape has changed over the last one year or so from the customer's perspective, particularly as you move higher up the chain say between pre-September last year and say how it is today?

Venkataraman:
What do you mean by financing?

Rahul Arora:
In terms of people who are coming and purchasing this High Ticket value items

Venkataraman:
Yeah.

Rahul Arora:
Are they pretty much giving you money upfront and purchasing and walking out. They are probably in some type financing in some way or EMIs or things like that.

Venkataraman:
There is no EMI in any case.

Rahul Arora:
Huh! Huh!

Venkataraman:
There is no cash beyond two lakhs in any case, so the financing itself is, it is PAN Card supported and lot of it, exchange has become a good payment method there. Golden Harvest which has been rising and rising and we have got, in fact I remember at the peak, we had a Golden Harvest of, I think four lakhs or something per month, somebody who had enrolled for four lakhs. So, I mean, just to illustrate the possibilities in Golden Harvest, I can have a 10 Lakhs Golden Harvest credit note and 5 lakhs RTGS transfer and maybe a one lakh credit card swipe for 17 Lakhs product. There is no loan, there is no EMI.

Rahul Arora:
Okay. Thanks.

Bhavesh:
Sir hi, this is Bhavesh from CLSA. Sir you mentioned about Jewellery Division, you are targeting 22% revenue growth, 14% SLG, however, margins you are guiding for flat in FY-20. You did mention about increase in your Exchange program, but I wanted to understand, or probably more colour, where do you intend to spend those incremental margins so that the margins would be relatively flat, was it like FY-19.

Venkataraman:
Actually one of the things about the Jewellery Division, which is a good thing, is the variable cost of the Jewellery Division, is a reasonably high share of the total cost of the division and that is in a way OpEx Light Model, if I can call it, so when we are not doing well on sales this supports, that is because we have a very high share of franchisee business.

Bhavesh:
Sure.

Venkataraman:
Therefore when we are growing 22% SSG, a lot of franchisees are, it is not as if company stores are only in SSU, the shares of company's stores is about 35% now to total sale, so the balance 65% is in a way the variable cost of that growth. Apart from that, the investment certainly is happening in marketing, it is happening in inventory and therefore

the cost of finance, it is happening in incentives for the sales force, it is happening for employee cost additions, increments and stuff like that.

Bhavesh:
Sure, clear Sir. Secondly, during the presentation you also mentioned that there is high focus on your retail operations. You also mentioned that you are almost closing 4 digit number, I am assuming that it is like 1000 crores. You also mentioned somewhere that Mia is almost 250 crores now for you. So what is this, you know, almost 1000 crores of retail operation which is giving you a kicker?

Venkataraman:
Just to elaborate a little and then I will request Sandeep to tell you what exactly the Team is doing on that.

If you look at the number of people who come into the store and finally who walk out, what is the average potential for the bill from each one of them and the products that we have in the store which can be cross sold like an Aveer, or a Mia or coins or even we have now got products for children, babies all that gifts.

Bhavesh:
Okay.

Venkataraman:
Therefore the opportunity in conversion, meaning letting some people stay and not go out without buying, opportunity in up-selling and cross selling, given the scale of our business of 20,000 crores that is a four digit opportunity. That is what I mentioned and Sandeep can just tell you about how we are approaching the opportunity.

Sandeep Kulhalli:
Yeah. One of the reason that was noticed last year also, we missed topline by few 100 crores last year also. See typically if you look at the number of bills we got last year was nearly 2 million, 20 lakhs customers bought from us, but we had close to 2.5 millions walk-in into the store. So, if you look at the scale of operations, we are talking of about 5 lakh customers who have come in and walked out of the Brand and not buying and that is the first opportunity. What is the model that we can do to make, we have a program called Tanishq Way of Life where we understand new customer requirements, first time buyer talk about Tata trust the whole five promises that we have, that is the one model which we are pursuing over a period of time, but to make it more stronger. The second is the guy who has already bought, typically the Jewellery average ticket size being what it is and getting 5000, 7000, 8000 extra from the customer is not a difficult task and there enough examples where guy came to buy a finger ring and landed up buying the entire wedding trousseau. There are more examples like this more anecdotal and so how do you scale-up this sole entire effort and there are many examples and many stores are actually doing and thereby this gap between up-selling and cross selling, focus on targeting, even the dormancy, because some people have walked out of the Brand, how to get them back, what are the models and how to use our analytics team to come back, loyalty program to

make it more stronger and if you look at all these opportunities, we are clearly seeing a 5% to 10% improvement like Venkat mentioned on a scale like today's turnover getting 1000 to 1500 crores purely to make up for any possible shortcoming because economic conditions, any shortfall of that number we can easily make up and that is whole program that can we make sure that regardless of the circumstances, the economic conditions and we are always falling short by that number, few hundred crores by the end of the year and so that is actually the model we are working out this year. We want to make sure regardless of any circumstances, these models and we have specific programs and specific targets given to our team and we want to make it work this year so that we make our numbers happen without any shortfall possible. So, that is the entire program, store operations, getting technology, in chat we are getting customer understanding, getting mobile based, when a customer walks in, make out from his mobile number, his bank transactions, how can I build relations bases, get to know him better and that whole program is what we are putting on the table in terms of specific action plans, targets and hoping the results will fall in those lines and that opportunity is at four digit opportunity to believe. We want to get that number this year for sure.

Bhavesh:
Sure Sir, very clear. Just a final question on your 71 new store addition which you are gunning for FY-20, is there any inorganic opportunity also that you are looking at and this is going to be purely that you are going to open.

Venkataraman:
No. These are purely what we are going to open.

Bhavesh:
Okay, perfect. Thank you Sir.

Milind Karmarkar:
Hello, this is Milind Karmarkar from Dalal and Broacha Stock Broking. I wanted to know, what do you think will be the impact of synthetic diamonds, may be three to four years down the line.

Venkataraman:
If I were to take the reasons why Synthetic Diamonds are gathering some kind of traction in the US, it is substantially because of a huge penetration of Naturals and all customer conversations that we have had so far here suggest that the pull of Naturals is very high, especially since a lot of customers, people in India don't own diamonds and therefore in the Affluence of India that is going to happen in the next many years, I think Synthetics will have a very small role to play, because the conditions in India are very different from the conditions in the US. So our focus at the moment on Synthetics is more from a contamination point of view to protect our pipeline integrity from the entry of Synthetics, because that is a risk that does exist and we have put in place, technology and processes to make sure Synthetics don't enter our pipeline. At the same time, you know, over our visits to the markets where Synthetics are present and starting to gather momentum, I think a greater understanding of how exactly customers are perceiving, how they are

getting attracted to it, what is happening will help us evolve a certain leading the customer in India kind of approach **buy and buy**, but nothing at the moment, I think in 2020, I think we will have may be a crisper view of Synthetics from a market opportunity point of view.

Milind Karmarkar:
Thank you.

Avi Mehta:
Hi, this is Avi here from India Infoline. First question I had was in the Watch segment. Could you give any guidance on margins or sales growth for this year and that is something I would like to know.

Ravi Kant:
I indicated that in a way in the P of the GPS that I spoke about, which is over the last couple of years, you have seen that our margins are growing, the EBIT Margin and our endeavor is to improve it in the coming year and the next two to three years.

Avi Mehta:
So 13% is what was the number adjusted?

Ravi Kant:
This year, yeah, yeah.

Avi Mehta:
So you are saying probably, because you had indicated 14-15%, is there a number guidance that you would like to give or no.

Ravi Kant:
We will do better than 13% in the coming year.

Avi Mehta:
Okay and growth.

Ravi Kant:
We will maintain double digit growth. Last two years have been double digit growth and we are quite confidant of the double digit growth even in the coming year, both value as well as volume.

Avi Mehta:
Perfect. The second question is in the Jewellery business, now in the slides you had indicated that Exchange is going to be a focus area while GHS has been low. a. I am sorry I missed why it was low if you could explain that again and b. Does that in anyway suggest that the capital intensity of this business is likely to go up, because you would need, you know, customer is no longer funding you, you will need to fund it from your

own balance sheet given the Exchange kind of portion, could you help us to understand that?

Venkataraman:
The reason why the role of the Golden Harvest is low is because we have sometime in FY-19 itself we starting hitting the limits of the Net worth Cap.

Avi Mehta:
Okay.

Venkataraman:
The 25% Net worth Cap started kicking in sometime from December of 2018 and therefore the enrolments, you know, get capped because of the Net Worth and therefore the redemption can only be so much. Fortunately we have got, we had five engines, then Exchange became sixth and retail operations is seven and if you see each year the engines fire a little differently, but together fire cumulatively to propel the brand at the 20 plus percent and therefore we are confident that in FY-20 even though the GHS will fire less, there are other engines compensating for it and that is, you know, the first point.

The second on that Exchange itself, what will happen as we grow in Exchange, the spot purchase requirements go up and the Gold on Lease will come down and that is why it will actually.

Avi Mehta:
So the understanding would be correct then, on the capital intensity of the business bit in a various way.

Subramaniam:
You are right.

Avi Mehta:
The last part was on the store additions, you have given 71 store additions, is there any number that you would like to share for the Middle India or for the Hero cities. Is there any number, because last year you had given some numbers?

Venkataraman:
I don't think that we give that break-up of existing towns, new towns in this meeting at least when I don't know of hand, it is substantially in the large number of new towns we are entering, I know that, but the precise break-up of 71 in existing towns and new towns, is that what you are asking.

Avi Mehta:
Yes. So last year, you had said 27 was the..

Venkataraman:

Yeah, out of 38 or something, 27 in new towns. Sandeep, how many new towns would be in this 71, may be 40 to 45, may be 45 and 50 towns, Avi.

Avi Mehta:
Ok, that focus is perfect. Thanks, that is all from me.

Subramaniam:
Maybe we will take one more question.

Gautami Desai:
This is Gautami Desai from Chanakya Capital Services. I wanted to know your learnings on the inventory days, like when you started off with the Wedding, going more on the Wedding, you would have thought something or anticipated something, this is how my inventory **days** might behave and then what actually happened and then going forward when you are going for more customization and more geography wise designs, how do you think that could pan out.

My second question is, even on the Skinn, should we assume a margin between the Watches and the Jewellery, these are my two questions.

Sandeep Kulhalli:
Inventory, actually if you look at, there was also a perception that when we launched the Wedding Collection, we will probably dilute the margin, that was one of the fears even our Board Members did mention to us that because of low margin on High Wedding Jewellery. Typically the margins are lower in the industry, because typically they give lower in making charges as you go up in the Kg terms of gold purchase by jewellers typically, but interestingly if you could look at the last three years, our inventory has gone up for sure, but prudent assortment in our stores and this High Value inventory of Wedding has gone to select stores and there is gradual improvement, 60 stores has gone to 80 odd stores where the Wedding Zones are created, but the returns on the wedding jewellery has also been much superior to our expectations. If you look at last three years, stock turns have not diluted, we maintained our stock turns on our gold in spite of higher investment in Plain Gold Jewellery largely on the Wedding and on the Diamond side on the higher value diamond jewellery. So we have managed to hold on because the entire, even the age stock, for example, our sludge stock has reduced tremendously from the last three years. So, our assortment, I think the Merchandizing Team has done a great job of making sure our assortments are well planned, making sure that the through put of new collections are much superior to the earlier years. So, combination of these efforts so better assortment, better alignment, better margin profile and better sell-through. We managed to hold on to our stock turns in the last two years of our inventory, we believed now the confidence are much higher. So, we are looking at targeting an improvement in stock turns in the next year in spite of infusing higher capital in Wedding Jewellery.

Gautami Desai:
If we really achieve this 2.5 X by and these 500 stores by FY-23, you think you will be able to hold on to your current inventory **days**?

Sandeep Kulhalli:
Inventory turn, surely we will. We will get actually better, if you ask me frankly, but maintenance for sure, we will maintain in spite of 2.5 X sales turn.

Bhaskar Bhat:
Just to add to what Sandeep said, I mean he spoke about better margin, I mean this is again anecdotal and I was talking to your store manager, which is one of the larger wedding store, South Extension. It is really high, the making charge that they are able to get on the Wedding Jewellery, compared to the average that we are getting, it is high and so we should not really be worried about Stock Turn, I mean we should be controlling it, it is very substantial margin improvement on the making charge itself. I don't want to share what it is, but it is certainly not 8% and it is not 20%, it is more than that.

Gautami Desai:
On the Skinn.

Ajoy Chawla:
The gross margins are as good in, I think it will get better than watches. Having said that, because the scale of the business is still quite small and it is yet to break-even actually, the operating profit margin by the time we get to the turnover that we mentioned, will inch towards the 10% on NSV and so I don't know whether your question was on Gross Margins or Operating Margins.

Gross Margin is higher and Net Margins in terms of Operating Profit will be touching 10% by the time we get to the Topline that we mentioned in five years.

Gautami Desai:
Thank you.

Question:
Last if I can squeeze in one. The question, this question was asked in the last Con Call also on potential disruption by gadgets, Wearables and Watches and Bhaskar clearly said that, you believe that both can be accommodated and can have their own space to grow. Today's one of the most insightful slides, at least as per me, was the whole Apple growth in Watches Segment. Now what makes us believe that the same kind of disruption cannot happen in Indian Markets as well?

Ravi Kant:
In a sense it is happening, because India is catching up with rest of the World and I spoke about in one of the slides, 3.9 million Wearables were sold last year. So, it is about, you know, being ahead of the game and I shared the strategy that we have in mind, we are making a lot of investments in the Wearables strategy, both in terms of, you know, some of the alliances that we will enter into, but also developing our own. For instance, it is very important to develop your own platform, so you have all the consumer data with you. Today, with each of the products that we have in the Smart space, whether it is with

Reflex or with Sonata or Titan, they are not integrated, but if you imagine if you were to have all consumers on the same platform, then you can start leveraging that information and data that you have. You can look at service revenues that you can generate, so we are making a lot of investments and certainly we intend to lead the market in India and lead it in a different way, so I also explained that we are looking at redefining Smart, it is not just about notifications on your watch and counting the number of steps that you take, which is rest of the players are talking about, but it is about opening up the market at different price points, because India opportunity is big and the kind of distribution network we have, we need to leverage that.

Bhaskar Bhat:
Just to add to that, I think you are referring that base, our view is the following. See, we are still the market leaders and I am not saying it is the 1987 or 1991 market leadership profile that we have. Today, it is a new Market leadership which is not our own brands, but market leadership in the distribution as well. So, market leaders make the market that is the theory we have. Mr. RG used to say marketers make the market and therefore the traditional watch. that was what I was talking about, the traditional Watch Space, we should not give up. As is in that, that has stopped growing, if once you assume that, you will stop growing. Now the watch business has actually brought growth back into that traditional watch segment. When we say the total growth, it is exceptional growth in online and Wearables, but it is not at the cost of the growth of the tradition. There, what drives is you is, brand, design and all that Kolkata Collection, etc., that I spoke about and that can continue Helios for example, luxury is something that is waiting to happen, versus additional, so, you know, we have to partition our mind. Apple has brought new customers into the Watch Business, now whether Rolex didn’t grow that is one view that somebody else might take, but when you have a leadership position, it is 65% market share and 40% by value, our belief is, there is still some way to go. perhaps forever.

Ravi Kant:
I think just to add to what Bhaskar said, you know, we spoke about 15% growth for last year, it is not that most of the 50% of growth has come in the Smart Space or because of the Smart entry. Most of the growth has come from so called traditional watches and it is about re-looking at that whole strategy, creating stories, just to give you an example, our Edge Ceramic watch from Titan, we have sold record numbers just not in India, but even outside. The Grand Master collection which had this whole story about the wooden crafted dials and all of that, for each of those, the Raga IM collection, it is about relooking at those traditions, because the India market is huge and adoption of devices so to say and technology and Smart Watches is more a metro phenomena, it is not so much in small India yet. So lot of our growth will continue to come from traditional and we don’t intend to ignore. The slide that I showed was about a global pattern of traditional watches declining, but that is not the story in India.

Subramaniam:
I think we will close at this. I really appreciate all of you coming over and listening to us. This is a great occasion for all of us to interact with you. Thanks for coming, as I said once again and we will be happy if you can join us for lunch.