TITAN
COMPANY

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12th August 2022

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The General Manager, DCS – CRD
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Symbol: **TITAN**

Dear Sirs,

Sub: Earnings Call Transcripts

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call to discuss the Unaudited Financial Results (standalone and consolidated) for the quarter ended 30th June 2022 is attached herewith.

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

Kindly take the same on record and acknowledge receipt.

Yours truly,
For TITAN COMPANY LIMITED

Dinesh Shetty
General Counsel & Company Secretary

Encl. As stated

"Titan Company Limited Q1 FY23 Earnings Conference Call"

August 05, 2022

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

Moderator: Ladies and gentlemen, good day and welcome to Titan Company Limited Q1 FY23 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

C. K. Venkataraman: Thank you very much. Thank you all for joining in. It has been an exceptional quarter for the company and I must thank all customers of the Company, all employees, all partners and their employees and all the leaders and managers of Titan Company and its subsidiaries CaratLane and TEAL for meeting all the external challenges head-on and delivering a very very satisfying result on all fronts including of course financial performance that we are here to discuss and I would like to straightaway jump into the Q&A. So please start with the first person in line.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Avi Mehta from Macquarie. Please go ahead.

Avi Mehta: Hi sir, congratulations on this performance. I had two questions. First was after this sharp custom duty increase there has been a lot talk about the consumption scenario as well as the competitive landscape changing. Do you see that as a risk in your ability to reach that 2.3-2.4 times over FY18 to FY23 that you were earlier kind of gunning for?

Ajoy Chawla: Hi Avi, Ajoy here. We are not seeing too much of a sharp impact of that. Gold prices have kind of remained in the 5,000-5,100 range and that is what matters to the customer. I do not even see any significant change on the nature and structure of competitive framework. I think everybody is facing it. It is okay, the larger piece if at all that we need to think about going forward over the next few months, how is the entry point customer who is possibly more inflation challenges etc., that may be more important than this gold price increase because gold price increase has not been significant. It has not been a big jump.

Avi Mehta: Okay. The custom duty is not a big deal and sir you said I did not understand how the entry customer so is there any signs of concern that you are witnessing is that what you are highlighting.

Ajoy Chawla: We've seen the buyer growths have been very good but we are seeing a greater traction on the higher ticket sizes and higher values and also greater traction on studded on the lower price points on gold specially those who are looking at below 10 grams, below 15 grams, everyday wear. There is some creeping level of, there is still growth there, there is no question but yes, it is not as high as the rest of the segments have shown, but it is very early days because we are not sure how that, because during Akshaya Tritiya these customers came in good numbers, then it has been a little muted. I think they will come whenever there is festive season and there is a reason to purchase that is the understanding that we are getting. And therefore, hopefully August month where there is a lot of, many festivals, we are expecting those customers to also come in and again during season we will expect them to come. This is largely on the low-price band in gold, otherwise everywhere it is a, but it is still a growth, I must just clarify it is still a growth, it is not that there is a serious stress and all that.

Avi Mehta: And sir what share would this be? Sorry just trying to understand this is something that you think can tilt the growth in a reasonable manner,

Ajoy Chawla: No, it will not tilt the growth.

Avi Mehta: And sir the second question was across the segments this quarter has been very healthy in terms of margins, has there been any one-off in the margins that we should be aware of or is this more structurally better more a margin profile that we should be witnessing because of the initiatives that you have taken post COVID.

Ashok Sonthalia: Avi, across businesses I would say, all the businesses have different operating leverages and Watches and EyeCare have very high operating leverage and which is getting reflected with the growth. As far as Jewellery is concerned, there is I would not say one-off but there is some gain which came through 2-3 elements. One is of course, the diamond prices, the other one is of course in this quarter, we had some spot gold purchase and forward contango which is sitting in AGC but through other income, it gets compensated and of course operating leverage in Jewellery business also. The Jewellery business could have the benefit of I would say 80-90 basis point because of that rest all businesses have performed well, grown well and that is what is getting reflected.

Avi Mehta: Sir, if I may just try to understand this forward contango, we hedge, so logically, there should be from other income including there should be no margin benefit, right sir?

Ashok Sonthalia: Other income, I do not know which level of margin you are looking at, other income including, yes, you are right. There are sometime differences between contango and opportunity cost but that is very minimal. There should not be any difference, you are right.

Avi Mehta: So, it is more leveraged and diamond price based which is what you are still seeing.

Ashok Sonthalia: Yes.

Moderator: Thank you. The next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: My question is on EyeCare, very high margins, so are you seeing benefit of liquidity drying up for the startup businesses which compete with you, not just for EyeCare across your other businesses also and so good margins is that sustainable for these kind of businesses?

Saumen Bhaumik: Hi this is Saumen. As far as our margin structure is concerned, I think over the several quarters we have kind of demonstrated 64%-65% gross contribution works and to us it seems sustainable, combination of house brand focus, channel mix, in-house production, India sourcing are the factors that give us that view and as far as the PBT percentage is concerned and that I think in the ballpark of 15+ is what we anticipate. It is the sale swing of 10% kind of significant swing of your PBT percentage as you saw some quarters between 15%-20% but 15+ is what we believe is sustainable and frankly I have nothing really to say about what is happening in the other side.

Abneesh Roy: On the Jewellery margins, you have done very well, my question is what is driving this because your studded has grown in line with your other segments but if you could elaborate why wedding jewellery has grown a bit slower, any concern that you see there. So here again, if the advertising spends for the category now lower because in general the advertising rates are lower or the industry has gone to a lower level. So, if you could elaborate on the margin front.

Ajoy Chawla: Better margin delivery first and foremost is on account of operating leverage, what we are seeing in terms of the EBIT margin. Second, I would I say in terms of a richer product mix and when I say product mix, it is not just studded and gold. We look at all different categories, there are many categories, we look at even within studded there are slightly differential margins for different product categories. And third piece I would say which Ashok shared in the previous one, there is what he said about 80-90 basis points which is a one-off in the sense that it may not remain forever, it is there in this particular quarter. So, these are three main reasons. On advertising we have not cutdown, in fact our advertising to NSV is pretty much where it is in fact, we have been very very prominent and very visible so we are not holding back on advertising and neither it is that the rates have come down. It is pretty much, what it was.

Abneesh Roy: One last, follow up and that is the last question, so 23% CAGR in jewellery is extremely good and of course this is one of the highest growth rates in any consumption segment. So wanted to understand if you could comment on market share in three years in your view how it would have moved and is it coming out because of any region-specific successes or is it because of Pan India activation campaign because you have been very aggressive on innovation also. So could you elaborate on these points on a three-year basis.

Ajoy Chawla: On a three-year basis, I think our market share earlier we used to quote 4-5%, roughly, right now we are quoting at 6-7%. Also, the base has gone up, I remember, we used to talk about around 300,000 to 350,000 crores. Now the latest figures that I am hearing is 4.2 lakh crores. So suddenly, I think market share gain in a market which has also grown is one piece. Of course, part of the growth in a market is also being fueled by gold price gain, we should not ignore that and in the recent past also even diamond prices have gone up. So, there is a certain ticket size sitting there. But even buyer growth has been good in terms of, if I were to look at the absolute value growth over FY19-20 quarter 1 is around 80% and the volume, that is buyer growth, the way we look at volume is buyer growth or bill growth, if you are to take it is sitting at 26%. So, it is a fairly healthy growth in transaction itself. Two things, I think, the engine that were outlined earlier by Venkat in the previous forums that he has done, last five years. Those engines most of them are firing very well. During COVID period there was a disruption in the golden harvest related pieces and therefore to that extent there has been a +/- but again enrollments have picked up very well and going forward we should therefore see a good progress on that. The only additions that we have added in the last couple of years. One is we brought in a renewed focus on the lower ticket size what we are calling as the core. So, focusing on the lower price points and lower ticket size, so that the funnel is strong because it is those people only over a period of time will migrate on to becoming the high value customer. The second piece is digital that has, last two years has built up as a solid engine, even now it is contributing about 6% of our topline and the third piece which is helping us. It is a slightly modified form of an earlier engine which is winning in low share markets now we are in fact taken up many more markets and we are working across many different states. So South for example, we have seen very good traction, parts of East, we have seen exceptionally good traction as well. So yes, in the three-year period if I would say, South has really pulled up because of these strategic initiatives and also parts of East.

Moderator: Thank you. The next question is from the line of Rakesh Jhunjhunwala from Rare Enterprises. Please go ahead.

Rakesh Jhunjhunwala: My question is, how is Fastrack growing, you have introduced handbags and all that.

C. K. Venkataraman: The women's handbags?

Rakesh Jhunjhunwala: Yes, in the Fastrack products.

Suparna Mitra: Hi Rakesh, Suparna here, Fastrack watches have grown quite well in the quarter when comparison to the previous quarter 1 of last year, we have grown by 120% and the big thrust has been in the lower price economy entry price products in fact we did a big campaign with Stunnerz which is the entry price product. Fastrack Smart watches continues to do very well. We have a big winner in Fastrack Vox as well as we have two new Fastrack Smart watches in this quarter 1. So, it has been a very good run for Fastrack Smart watches. They have really picked up a lot of traction.

C. K. Venkataraman: And Rakesh we are also very excited about the Fastrack brand in the EyeCare category.

Saumen Bhaumik: We have just opened our second Fastrack prescription eyewear store, specifically to address the youth segment, I think I mentioned it last time around and very soon we are going to 5-6 in the city and 25 stores across the country. So, this is purely for youth segment prescription eyewear like Titan EyePlus for the rest.

Manish Gupta: Hi Rakesh, Manish here, I think Fastrack Girls bags, we are seeing a very good response, we launched Spring Summer Drop 1, Drop 2 and while growth have no logic here because 2.5-3 times of the earlier year but I think we are expanding into the Lifestyle and Shoppers Stop, currently we are running at about 60 stores plus and we are getting very good response from the customers there and witnessing very solid growth rate and momentum there.

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

Percy Panthaki: My question is given the kind of traction we are seeing on the margins in Jewellery, I mean typically Q1 is one of the lowest margin quarters in the year but we have still sort of crossed 13%. We are 13.5 ex-bullion. So, do you think in light of this our guidance of this 12-13% EBITDA for the full year is on the conservative side now?

Ashok Sonthalia: No, I think we are okay, with our guidance quarter-on-quarter and as I explained you in my earlier answer that there is a one-time sitting here. So I think our guidance remains 12-13% EBIT margin for Jewellery business.

Percy Panthaki: Sir would you be able to quantity the one time.

Ashok Sonthalia: I said 80-90 basis point and then of course some operating leverage also sitting there.

Percy Panthaki: Secondly in terms of the wonderful response you are getting from the market, demand seems to be very sort of strong. Would you, want to sort of front-end your store expansion in light of that?

Ajoy Chawla: This is for Jewellery or across?

C. K. Venkataraman: Across the board Percy, everyone is pursuing a very very aggressive because Titan has never relaxed on that front because this is from a medium-term opportunity point of view. So, we are pushing all the buttons in Taneira, in EyeCare, in Watches, in Jewellery, in every business CaratLane all brands, Zoya so everywhere we are pushing the buttons on expansion.

Ashok Sonthalia: Percy, I do not know whether, you saw the report but 125 net addition in quarter 1, I would imagine, I have not yet checked but this could be one of the highest number in our history.

Ajoy Chawla: If you are referring to Tanishq delta 6 may look small or delta 5 on CaratLane may look small but actually there are many very aggressive plans, it is just that some spillover etc. is there. So, in quarter 2, you will see, hopefully more than double in both.

C. K. Venkataraman: The overall aggression is very high.

Percy Panthaki: What are you targeting for the full year in terms of Tanishq number of store expansions?

Ajoy Chawla: We have a long list of 50 but we think maybe about 35-40 is what might materialize. If we get the right properties, right places we might even go up to 50 if we are able to execute and

CaratLane also has got a likewise a very aggressive number even bigger than that. Similarly, Mia**.**

Percy Panthaki: So, on CaratLane, you have done 6.9% EBIT margin that is quite creditable for the scale of the business and we are still growing at a very very fast pace and I am sure, operating leverage would keep on kicking in for this business. So should we sort of be a few years down the line taking a double-digit EBIT margin in CaratLane as well, just as we do for Tanishq.

Ashok Sonthalia: Yes, over a long-term period of course they have potential to reach to double digit EBIT margin because they have been working and they have improved their contribution, gross contribution etc. but they are at the same time investing also a lot on talent and digital and stores and everything, marketing etc. Digital marketing as you might be aware is becoming expensive. But over a long term you are right, if we keep a horizon of five years they definitely have 3-5 years double digit EBIT margin.

Percy Panthaki: And is there any plan or schedule to increase the stake here in CaratLane?

Ashok Sonthalia: Right now, there is nothing, but as soon as we do something, we discuss something, we will let you know.

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

Shirish Pardeshi: I have three questions starting from Jewellery. When I look at the capital employed in the Jewellery segment has gone up and even the unallocated corporate expenses also looks little higher to me. So is there any explanation which is available.

Ajoy Chawla: Ajoy here, the Capital employed in Jewellery, well we have taken higher inventory kind of a position, right through the last quarter as well and this quarter 1 as well and we will probably continue to take a more aggressive bet on inventory, betting for growth. Because, as we are going deeper into India and to many small towns and many different communities and also pursing the wedding agenda, as well as pursing the high value studded agenda etc. the stock turns on some of these will be little lesser there will not be like the regular product. So, we are therefore betting on inventory as one method. Also of course, you must recognize that the value of inventory has gone up because the price of gold has been pretty high and now diamonds. So, in terms of value, it might have an even greater impact. Therefore, what you are seeing is there. Our gold on lease as a percentage of the total has been slightly below what we would have wanted and therefore on the capital employed it may look like therefore there is a certain greater delta but that is the matter quarter-on-quarter something will keep happening and it might change.

Shirish Pardeshi: Ajoy, that was helpful but the question is that as Percy has pointed quarter 1 is little lower for us and in the inventory section if it is going up that means throughout FY23, the inventory will be at elevated level because we also have very strong growth in terms of opening up new stores.

Ajoy Chawla: So, our stock turns are certainly quite good and we look at a trailing 12 months stock turns they are actually better. So even if it does go up, it is not such a big issue, as long as the total growth is coming in and that is the strategy that we are adopting. Also, the risk on the inventory is that much lower because it can always melt. In fact, we did a little bit of that in quarter 1 and we in fact translated that to a different mix within a month. So yes it may remain little elevated but the stock turn as an overall is what is important and that we are managing.

Shirish Pardeshi: If I may ask, is it because the exchange has gone up significantly.

Ajoy Chawla: No, not really. In fact, if it does go up. Yes, you are right, there is an impact on inventory and on exchange it is a growth driver for us. So we have seen a certain jump there, but that is a easily managed by in terms of melting and selling gold back on to the MCX. So that is not a concern. That will not be impactful.

Shirish Pardeshi: Just one follow up on slide 21 on the Jewellery section, you mentioned that new buyers contribution continuing to be quite robust at 46%. So, I just wanted to have the understanding is that 46% contribution in jewellery segment has come because of new buyers.

Ajoy Chawla: Okay, sorry I was confusing earlier figure I quoted was on growth and this is on share contribution. So, 46% is good, historically we have been at the 44-45% levels and in quarter 1, 46% is amongst the higher numbers compared to previous 3-4 years quarter 1 numbers. And yes, new buyers, growth has been robust and we are very happy about that because that indicates we are also in a way gaining share.

Shirish Pardeshi: But would you be able to quantify in terms of number, million, footfalls, something like that?

C. K. Venkataraman: We would be able to quantify but normally we do not like to share such information.

Shirish Pardeshi: My next question is for Suparna. It is heartening to know that the performance is really astonishing. But then in Rs.785 crores, the topline number what we have reported. What would be the wearables contribution and related question on that we have a significant margin expansion. Is it happened because of the measures what you have elaborated during our analyst meet or something else has come or is there any one-off, and if you can comment upon if this kind of margin is sustainable?

Suparna Mitra: So, the wearables portion still below 10% and it is slow inching every quarter, the percentage is only going up. As far as the margin is concerned, I think the operating leverage having kicked in that is where it is really contributing. I think there is also a combination of products brand mix, as well as channel mix that has helped in this and some of those are long term trends. So the brand Titan which is powering the growth is a more of high margin brand and that is getting increased in margins. Is it sustainable? Yes, I think this 13% rate is sustainable.

Shirish Pardeshi: Okay just one follow up on slide 47 you mentioned the volume growth for watches have grown 108%. In a recovery stage I think most of the things are normalizing so how much volume growth one can build and may be if you can give some more color what is driving this number?

Suparna Mitra: I think this is really because of the base effect of quarter 1 of FY22, otherwise on a normal basis this would be not sustainable 100% growth. It is really value growth that is taking us and I think the other way to look at it is for example on the 165 -170% growth that we see in the NSV this quarter over last year is actually translating into 22% growth over FY19-20 and that is also a very healthy double-digit growth which is what we are anyway aiming for targeting year on.

Shirish Pardeshi: My last question for Saumen on the Eyewear business, I think it is heartening to know that you have delivered a very strong performance but in the context of channel conflicts and other things which are behind can we estimate the margin trajectory what you have mentioned is sustainable from here onwards.

Saumen Bhaumik: Our predominant channel almost (+75%) Titan EyePlus, the retail channel. Then we have the distribution channel which is ranging between 15-20% and there are assorted few other channels including our own other retail channels. So that I think would not significantly alter, even though the distribution component might increase a bit, but so would retail. So, our estimate is that going forward anything over 15% is what would remain as our sustainable margin projection for future.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: First couple of questions on Jewellery division and this may sound slightly basic but bullion sales how should we see, is it tactical tool which we use occasionally or is it some sort of growth engine not material, but it helps us to deliver growth whenever required type.

Ashok Sonthalia: It is more tactical sometime to manage inventory level, sometime there are markets in gold which creates opportunity where you can gain between spot, GOL etc. So it is much tactical and that is why we always keep out in all communication to you guys, we always call it out, we never add it to our revenue because this is not something which we are looking at adding value to the business just management of working capital and some of the other opportunity that is it.

Tejas Shah: So, it is more of financial decision than business decision.

Ashok Sonthalia: Inventory is of course business decision because they recall sometimes, they put something, some melting happen and then at that point of time it financial decision whether to sell it back or what to do with that.

Tejas Shah: Second, South India as a potential growth driver in terms of even in our presentation and even in our annual report we spoke about a bit length. Just wanted t o understand in terms of margins and then in the past we have seen that market has not very margin accretive. Has anything changed in terms of the consumer behavior there and even the approach to studded share has it changed in the recent past in terms of being more margin accretive than it was ten years back?

Ajoy Chawla: You are right the South markets have traditionally been more price sensitive and therefore margin relatively lower margin specially on gold as well as on the mix, studded being a lower proportion, that continues to be the case. There have been improvements in all the regions that we are driving in terms of margin delivery, both through product mix as well as through AMCs and gold rates etc. So that effort continues everywhere but there has not been any significant shift. Yes, we are pushing a little bit more on studded product mix particularly in markets like Tamil Nadu and Andhra Pradesh. Bangalore has always been good but rest of Karnataka is much more of gold but yes, we are pushing a little bit through by virtue of our specific market interventions to help improve the mix but other than that it is not dramatic. It continues to lag behind the rest of the country.

Tejas Shah: And the last one, in our analyst meet also meet also we spoke about our ambition to drive more technology products in our wearable division and even in our annual report we spoke about it and I believe the Hyderabad Development Center will actually further strengthen our capabilities on that side. So just wanted to understand what would be our range of products that we are targeting, are we trying to get into in a big way headphones and other space also of consumer electronics and any immediate plan of launching some of those products?

Suparna Mitra: So, for us, right now the focus is on Smart watches. We have already launched three this year and there are four more lined up for launch later in August. We do have, and these are doing very well and we have launches from Rs.3,000 to all the way up to Rs.10,000 and that is really the white space that we got there where Smart watches are coming in, I have mentioned this even in the investor meet. In terms of other categories, hearable which is audio accessories we do have a couple of options right now, it is a very highly growth category, really exploding. A lot of the action is at below Rs.2,000-2,500 and we are again looking at similar white space between around Rs.2,000-5,000. Currently, we have a couple of launches lined up for quarter 3 but the work that was going on in this space is really how is our product differentiated and yes, the Hyderabad Development Center, there is a lot of work going on it terms of making that technology really translates to consumer benefits. So, there are consumer benefits like active noise cancellation or ANC but a lot of people do not understand and finally the usage of hearables like I said exploded but there are still a lot of consumer pain points and our attempt will be that in second half of this year, we come out with products which are really consumer insight led and attempting to solve some of these consumer pain points.

Tejash Shah: How do the margins track in wearables versus watches?

Suparna Mitra: The margins are lower, where our Wearables is for us, for Watches we are being the market leaders for more than three decades and our entire value chain, the supply chain, the entire end-to-end process allows us the leadership position so we can command the premium. In Wearables the category itself, is a lower margin category and right now we are playing for growth and really making our presence felt and our product accepted by consumers. So, at this point there is a difference and it will continue there.

C. K. Venkataraman: Also, while the product margin is one aspect of it given the nature of the explosive growth potential sitting in that, the scale leverage can help in actually delivering an attractive business margin down the road earlier than in some other category where the product margin could be higher.

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

Sheela Rathi: I had a couple of questions. The first question was very strong growth on the Jewellery business over 200%. Say if we expiate the Akshaya Tritiya revenues for this particular quarter because the base may not have that count front but then how does the growth look like on the Jewellery business.

Ajoy Chawla: It continues to look very good. Akshaya Tritiya month of course gave us a good bumper kicker but even if I look post Akshaya Tritiya, the numbers are pretty much comparable. But that is because of the growth of 200 and some percent is on a disrupted quarter of last year. So, in a way, we cannot take this 200% beyond what it is. On FY20 is where we have seen 80% growth which is the value growth that we are looking at and there I think Akshaya Tritiya or otherwise the growth figures are pretty comparable. Going forward, we do not know whether those growth figures can sustain, we will obviously have different levels, you cannot take that as a baseline.

Sheela Rathi: Absolutely, and Ajoy if you could call out in terms of what are the trends, we are seeing in Q2 quarter month-on-month trend and if you have any activations with our now in place going into the festive season.

Ajoy Chawla: You are referring to quarter 1 itself, right?

Sheela Rathi: Q2 quarter, July month.

Ajoy Chawla: No, we are not commenting on July and this thing, however like every year, we have our studded activation in Q2 that has commenced in the middle of July. I am sorry I will not be able to share any update on the numbers there because of the new guidelines we are no longer sharing the current month updates. But yes, like previous year we have the studded activation which is a big one. And we will continue to prepare well for the forthcoming season and we will do some collection launches etc. which is typical of what we do.

Ashok Sonthalia: Sheela, just to add, I think we are pretty satisfied with the July month so far. Of course, we will not quantify Q2.

Moderator: Thank you. The next question is from the line of Kunal Vora from Baroda BNP Paribas Mutual Fund. Please go ahead.

Kunal Vora: First question is on diamond prices now how high are they compare to last year and should we expect any more benefit from this.

Ajoy Chawla: Diamond prices we have had a series of price increases inline with as we were procuring the diamonds. It has been a fairly volatile market and there has been significant upside actually on that volatility rather than downside. So, we took price increase in November, we took price increase in January, we are taking it in bits and pieces and then we took something in March because that is how the market has behaved and it continues to be quite a ride so far. I do not think prices are coming down in a hurry. There were some minor corrections here and there but it is supply led actually and we do not know, we might have to take some more price increases may be by the end of the quarter if things continue to be like this. So, it is a dynamic situation and therefore I think, we will probably continue to have some gain even in the next quarter besides this quarter. I have a feeling; it will spill over into quarter 3 also, but exactly we cannot say because it a math that comes out at the end of the quarter.

Kunal Vora: Second is the status of hallmarking in India now and have you seen any market share gain any structural changes because of this.

Ajoy Chawla: No not very evident so far. I think what is happening is that the market is getting used to it. There is a certain cost of doing it and there is certain impact that may be smaller jewelers might be facing because of the fact that now purity has to be kind of guaranteed. But really speaking, we are not seeing any structural impact right now. It is too early to comment.

Kunal Vora: One last question, on jewellery how are you looking at the remaining three quarters of the year, like last year, you might have had some benefit of pent-up demand in second quarter. So would you still say 15-20% kind of a growth on a year-on year basis that is something which you gun for even higher than that is possible.

Ajoy Chawla: Even in our previous five-year horizon and even the recent one in the investor thing we had mentioned about a 20% CAGR is something that we are certainly wanting to push aggressively for and pent-up demand or no, does not matter. The headroom for growth is huge for us and certainly there are some tailwinds on formalization. So, outlook on jewellery growth continues to remain very bullish and we will pursue this quite ambitiously and aggressively.

Kunal Vora: So, you do not see the high base from last year as an issue, you think even on that base a 20%+ kind of number which you are looking at is still doable?

Ajoy Chawla: It is an opportunity, I would look at it as now we have so many more stores, so many more stores firing so well. All engines working well, why not go for the accelerator.

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

Latika Chopra: I had one question, on the jewellery making charges, I wanted to check how often do you benchmark the making charges towards your competition. I believe you will differ in each market and what kind of premium are you comfortable keeping on making charges versus peers, considering the new buyers who also has been fairly robust for you. But going forward do you see any need to operate with products with lower making charges as you venture into more markets, any color on this?

Ajoy Chawla: Thanks Latika. Good question actually, we do keep benchmarking at least twice a year, sometimes thrice a year if so warranted and you are right making charges vary significantly by product types as well as by markets and regions. So, it is a fairly complex exercise and therefore we are not able to do it more than twice a year effectively. Having said that you spot on, as we grow into smaller towns and we are present in 237 towns, 150+ or 160+ of them are really below 10 lakh and quite a few below 5 lakh population towns. So, we are keeping a watchful eye on making charges and you are right, if you were to ask me, I think we need to do a lot more in the more affordable making charge segments because that is what will really help us to keep the top of the funnel in terms of new buyers coming in at a healthy level and those can over a period of time migrate into our system. It is spot on and we need to do a lot more work there. Having said that in terms of premiums, yes, we will be at a premium to the market which ever the price band and which ever the product category because clearly, we are investing a lot more in quality and finish and also responsible sourcing. So, all of those things, and of course there is design, so all of these put together the customer is certainly willing to pay a premium but yes will she be willing to pay a huge premium on that, it has to be justifiable in our mind. So, I cannot quantify the premium because it is a very complex subject but yes, we will operate at a premium to the market but at an acceptable premium.

Latika Chopra: Sure, that is very helpful and the second part that I wanted to understand is seeing these diamond prices is being up after long time. I was just wondering to check what could be the contribution of pricing growth for diamond in diamond segment revenue growth and have you seen any pull back from the consumer because of increase in diamond prices very substantial.

Ajoy Chawla: No in terms of buyer growth at an overall level in studded we are not seeing any impact. Yes, there is a need to ensure that we do not vacate price points and therefore we need to keep working hard to ensure even in the below 50,000 category we have adequate price points of products so that is a dynamic situation. In terms of diamond price contribution, I do not have a number but over quarter 1 of FY20 if I were to go back and say, surely there would be a 15-20% impact purely on account of price increase in diamonds. I do not have any exact figure this is a rough estimate.

Latika Chopra: No this is helpful. Thank you so much Ajoy.

Moderator: Thank you. The next question is from the line of Hasmukh from SUD Life. Please go ahead.

Hasmukh Vishariya: My question is for Jewellery business. So, if I do some calculation on volume per store basis I am getting almost as a flat sort of number on a CAGR basis over 10 years period prior to COVID. So, is my understanding correct that during that period we have not seen any sort of volume growth per store and as SLG growth would have come only from the gold price change?

Ajoy Chawla: I will tell you what, I think most of the expansions over a 10-year period have happen in fact I will give you a statistic in the last 5 years we have added more than 100 towns and all these towns are in the sub 10 lakh population and some of them in sub 5 lakh population towns and also when you are adding so many stores, in 10 years, we would have added I do not know may be 200 stores and may be 150 towns and now you must recognize that these towns and these new stores will not give you this same level of volume like the bigger ones. So, from a same store buyer growth perspective, you are right, we have that as a metric and we keep an active track on that now just on value but also on buyer growth and we actually aggressively target same store buyer growth at a store-to-store level in every city but may be when you do the averaging out over a 10-year period I do not know what numbers it throws up may be, we can connect offline and understand better. Not able to comment on the specific outcomes we have seen in your analysis.

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

Devanshu Bansal: I just wanted to check on the recent custom duty increase, do you also anticipate some inventory gains as we were having high level of inventory at FY22.

Ashok Sonthalia: Devanshu, while some sort of gain would flow in quarter 2, quarter 3 to my mind but market has been reacting in different ways on different pricing, competitive actions and we will continue to respond to that but there will be certainly some amount of gain which come in quarter 2 and quarter 3.

Devanshu Bansal Can you quantify as in some?

Ashok Sonthalia: Very difficult to quantify because we are still seeing after increase how the pricing actions are happening in the market and we are reacting to that, very difficult to quantify, it is not going to be very material game changer in terms of margin of jewellery. It will be there but not something very significant.

Ajoy Chawla: Devanshu, I will add on to what Ashok said. Essentially, we are not seeing every player kind of price their gold accordingly all the time and it is different in different markets. So, from a pure competitive angle, we also are willing to play that game if required to ensure that we do not sacrifice on volume growth or customer dissonance. And therefore, the ability to quantify it may be very difficult, it is an outcome that we will have to see. Month-to-month, we will track and then have a look at it. May be by the end of quarter 2, we might have a better indication how it will be, it is difficult to predict the number.

Moderator: Thank you. The next question is from the line of Anush Mokashi from Yagnya Academy. Please go ahead.

Anush Mokashi: My questixon is around International business just wanted to understand how much sales has been coming from Dubai and USA till date.

C. K. Venkataraman: We do not have any presence in the US yet, Himanshu. We have very aggressive plans for the GCC we already have 3 stores and 4th store is opening any time now. We are setting up to the expansion plan in GCC as well as planning more aggressively for the US. At the moment the share of the international business is low but in the next 2-3 years, we see it galloping.

Anush Mokashi: And just want to get the sense on what would the breakeven period for a Tanishq store in India versus in Dubai or may be in USA, if you can show some color on that.

C. K. Venkataraman: Actually, at a store level because the scale economies are better in outside. So, at a store level, the breakeven will be as good, but at the business level we are looking at may be third full year, fourth full year, break even at a business level.

Anush Mokashi: But any exact numbers sir then in India. How much India versus outside?

C. K. Venkataraman: No, we have declared a dream of Rs.2,500 crores in the Analyst Conference for the International Tanishq business.

Anush Mokashi: Okay and any guidance on how many stores, we are expecting to open in USA in FY23.

C. K. Venkataraman: In FY23, may be 2-3. Mostly 2 stores in FY23.

Anush Mokashi: Okay and we are committed to opening mostly 20 stores as discussed in Q3 con call in Dubai.

C. K. Venkataraman: No, in internationally.

Moderator: Thank you. The next question is from the line of Gautam Rathi from CWC. Please go ahead.

Gautam Rathi: Yes, would it be possible for you to quantify the International business revenue in absolute terms.

C. K. Venkataraman: For the period?

Gautam Rathi: For the quarter.

Ashok Sonthalia: Could be about 50 crores to my mind**.**

Gautam Rathi: And the other business which has grown to 60 crores revenue, it is primarily driven by Taneira right?

Ashok Sonthalia: No, I think Fragrances also did very well. Taneira of course have done well in terms of revenue. So, it is Fragrances also which have done well.

Gautam Rathi: Can you just quantify Taneira's approximately, what would be the quarter's revenue for Taneira.

Ashok Sonthalia: Taneira is in very rapid ramp up phase. We will start disclosing it separately when they have remained to a certain level makes sense to at this point of time in our overall structure, they are still not yet to become a meaningful to be disclosed but they are ramping up well. You would have seen they have opened six new stores in this quarter and next quarter again they may have. And we have declared 1,000 crores ambition for Taneira. We will start disclosing numbers at an appropriate time. At this point of time, we are putting just as in other segment.

Gautam Rathi: And then the 26 stores that you have in Taneira. They are all in company owned models or are you also starting to franchise the same.

Ambuj Narayan: Now more than 50% of the stores are franchise stores.

Gautam Rathi: More than 50% of the stores are franchise stores.

Ambuj Narayan: Yes.

Gautam Rathi: And there the revenue is booked when you shift to the franchisee.

Ambuj Narayan: Not right now

C. K. Venkataraman: This is a consignment, management-agent franchise at the moment Gautam, but sometime in the near future we are also moving to buy and sell model like it is there in other businesses and at that time depending on the particular store it will be either immediate or later.

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

Siddhant Dand: My question was on Taneira but it got answered in the previous question,

Moderator: Thank you. The next question is from the line of Prathmesh Agarwal from Varanium Capital. Please go ahead.

Prathmesh Agarwal: So, did first quarter have some revenue which got slipped from the fourth quarter? So, January, February was kind of COVID impacted months. So, did we see like in the first quarter have some impact from that fourth quarter?

Ajoy Chawla: No, we do not think so but it is an interesting question. I think a little bit of the wedding purchases may have got split between the two quarters. We do not know exactly; we cannot quantify it but other than that no, quarter four of last year it was a studded activation period, quarter 1 we did not have. The drivers of growth have been slightly different in both the quarters but may be on wedding a little bit here and there could have happened but it is not significant and frankly speaking we will not to be able to quantify also.

Moderator: Thank you. As there are no further questions from the participants. I now hand the conference over to Mr. C. K. Venkataraman for closing comments.

C.K. Venkataraman: Thank you very much everyone whoever is still connected. See you next quarter.

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