TITAN COMPANY

SEC 19 / 2025-26 12th May 2025

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

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

Dear Sir/ Madam,

Sub: Earnings Call Transcripts

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call to discuss the Audited Financial Results (Standalone and Consolidated) for the fourth quarter and year ended 31st March 2025 is attached herewith.

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

Kindly take the same on record and acknowledge receipt.

Yours truly,
For TITAN COMPANY LIMITED

DINESH SHIVANNA SHETTY
Digitally signed by DINESH SHIVANNA SHETTY
Date: 2025.05.12 10:52:53 +05'30'

Dinesh Shetty
General Counsel & Company Secretary

Encl. As stated

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A TATA Enterprise

"Titan Company Limited's Q4 & FY'25 Earnings Conference Call"

May 08, 2025

MANAGEMENT:

MR. C. K. VENKATARAMAN	**– MANAGING DIRECTOR, TITAN COMPANY LIMITED**
MR. ASHOK SONTHALIA	**– CHIEF FINANCIAL OFFICER**
MR. SWADESH BEHERA	**– CHIEF PEOPLE OFFICER**
MR. AJOY CHAWLA	**– CEO, JEWELLERY DIVISION**
MS. SUPARNA MITRA	**– CEO, WATCHES & WEARABLES DIVISION**
MR. RAGHAVAN N S	**– CEO, EYECARE DIVISION**
MR. KURUVILLA MARKOSE	**– CEO, INTERNATIONAL BUSINESS DIVISION**
MR. AMBUJ NARAYAN	**– CEO, INDIAN DRESSWEAR DIVISION**
MR. MANISH GUPTA	**– CEO, FRAGRANCES & FASHION ACCESSORIES DIVISION**
MR. SAUMEN BHAUMIK	**– MANAGING DIRECTOR, CARATLANE**

Sensitivity: Internal

Moderator: Ladies and gentlemen, good day and welcome to Titan Company Limited's Q4 & FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 over 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. Good evening, everyone. It's wonderful to meet at the end of a wonderful quarter.

Performance very satisfying across segments, across countries. And clearly, when despite the surround being challenging, whether it is gold rate on the one side or pressures on discretionary consumption, I think the innovation engines of Titan Company, execution excellence on all fronts, assets in the air, on the ground, partners of exceptional caliber, deep and wide across the world now, and the tens of thousands of what we broadly call Titanians putting their heart and soul into everything that they do has delivered a very good performance, very satisfying and over to you for the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: Hi. first of all, good luck to Venkat for all the future endeavors and good luck to Ajoy as you take on the new role. Good luck and God bless to both.

Couple of questions from my side on the jewellery business. One, given the incessant sort of price increase which you have seen in the gold commodity, just some snippets from you in terms of your research as well as anecdotal evidence on what the consumer telling you, right? So is the consumer cutting back on the volume side of it, is the consumer asking for more 18 carat? And more importantly, how do you see this evolving and what are the plans in place? That's the first one.

Ajoy Chawla: Thanks, Manoj. Just reminding you that this is effective 1st Jan. So we have still way to go. But, thanks for your good wishes. And answering your question on what the consumer is saying, so 2-3 things are coming out and I am seeing this now for the last several months. As gold prices have kind of clipped up so sharply, we are seeing in the sub ₹50,000 price band, very specifically, more in gold and little bit in studded also, there is an impact on the consumer sentiment there. Now some of it is us vacating price points because simply gold price goes up, the same product goes into a certain higher price band. That is one part of the story. But there is continued, let's say customer sentiment in that lower price band where we are seeing some buyer being a little reticent. Second piece is yes, customers are more open to 18 carat gold, though we don't really have the full information as yet. We have just launched some collections in 18 carat gold in certain parts of the country for traditional customers as well and we hope that we will see good response. And I know that in CaratLane, we have launched something in 9 carats as well. So there is early traction and I think more and more customers are going to be open to lower caratage simply because the price point has become quite a bit. On the higher price bands, while there is buyer growth, we are seeing some of the customers actually scaling down the complexity of product they are willing to buy. So it means that if earlier they were open to buying a higher making charge product, they are sliding down a bit, but they are still buying a certain quantum of gold and a certain value. So there is some indications there. And if I were to answer your question on what are customers telling us in terms of our conversation, they certainly are feeling the pinch and therefore they are looking for solutions both on terms of lightweight jewellery, lower caratage jewellery as well as probably lower making charge jewellery. So, you know, they still want gold but they're looking at how they can manage it within their budgets.

Manoj Menon: Understood. Thank you, Ajoy. Just one quick follow up and then I will have a second question. So the quick follow up here is if let's say in a hypothetical scenario because end of the day gold is just a commodity, if gold corrects 20%-30% and probably stays there, I know that it may not last for long. I am not taking a commodity view here. In the interim consumers may have moved from 22 (carat) to 18 (carat). Does it have some sort of, let's say an impact on your medium term, absolute revenue situation?

Ajoy Chawla: Actually, we would welcome any gold price correction because a lot more customers will come in the market. Evidence of that was seen when the Finance Minister had reduced their duties last year and so many fence seaters kind of just jumped in. So it's the best situation to be in. It also helps us improve margins actually on various fronts. So actually we would welcome it and any value or ticket size drop being compensated by a jump in number of buyers is a fabulous situation to be in because we can cultivate them.

Manoj Menon: That is fair one, sir. And quickly on the second one. As I understand the diamond prices, let's say in the wholesale market has declined materially over the last few years, whereas in the retail market, it is probably flat. Now I am thinking from a consumer point of view who let's say bought diamond from any jeweler 2-3 or 4 years back with an explicit or implicit understanding that I can actually come and exchange it at the market price. Now, is there a situation where consumers are coming and looking for an exchange and realizing that my diamond prices are not inflated at all, where gold and does that have any implication for let's say what he or she is buying today in an exchange? Is he preferring more gold over studded or diamonds rather?

Ajoy Chawla: So one clarification that there are different behaviors in the Solitaire segment and specially the bigger sizes, 1 carat, 2 carat plus and then smaller carat sizes in Solitaire and then the small. More than 90-95% of studded business is non-Solitaire which means they are small. Have the prices really come down in wholesale market or in retail? No. In Solitaire, there's a different story. One carat plus, two carat plus in the wholesale, they have come down. But if I were to go back five years ago, somebody has bought vis-à-vis 5 years ago, the price has not really, I mean, it went up and it's come down. So the index, it's really difficult to kind of mathematically conclude it because it's to do with the type of diamond - fancy shaped, big, small spec, VVS, there are simply too many elements, but I am just giving an index feel to it. So this is at the wholesale level also and in retail certainly anybody who's bought diamonds from us from five years back is not going to experience a drop. They may say okay it's not really appreciated much. But somebody who's bought it 2 years back may think that the price has come down but actually that is more narrative in the media that he might be reading whereas when she comes to the store she may say there may be a 5%-6% impact. But coming to the question you asked because of this, let's say narrative or otherwise, if this perception exists are people saying let me go to gold, there is a bunch of people who are saying especially the high carat Solitaire buyer and there's a very small number by the way in the entire year that we sell to them. That customer has become a little wary of using the Solitaire big stone as a means of investment and therefore because the price volatility thing let's see where this settles and let's see if it starts firming up. So they are holding back. Are these guys going and buying gold? Some of them may be doing so. I don't have exact data to correlate. But we do know that some of our high lifetime value customers are all feeling gold is certainly the flavor at this point in time. And they have no hesitation in buying gold, whereas they may have some hesitation in buying the Solitaire.

On Studded, small stones, I don't think this story is at all playing out the way we might be imagining. And that is more than 90% of the studded. So different stories sitting here and different kinds of segments and very, we are also leveraging that. And by the way, on the Solitaire side, smaller stone sizes, we are seeing a whopping increase in buyers. And at overall level, studded buyers is outpacing gold buyers, whether Solitaire or otherwise. Not now, but the last two quarters and it carries on into this month. April month also it has been that way. So actually, at a buyer level the story is different from the value level that we are seeing. I don't know if I answered you or confused you but I am just giving you 3-4 different insights.

Manoj Menon: And I will have to listen to the transcript once again, sir. Thank you and good luck.

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

Avi Macquarie: Hi Yes, I just wanted to spend some time on the jewellery margin. Could you please help clarify this overhead management which you carried out this quarter and how sustainable are these gains? Essentially, the context is that despite a weakening mix, you have seen almost 12% standalone EBITDA margin and hence is there an upside possibility to that 11% to 11.5% range that you were indicating in prior to this quarter?

Ashok Sonthalia: Avi, Ashok here. Actually 11.9% if you think about domestic jewellery business, it's kind of 11.6%. You can see in our disclosure that there has been higher primary for international business and they had some positive impact on the reported number. But 11.6% nevertheless had element of, small element of operating leverage as well as some hedging gains sitting it. Whenever robust growth happens, some element of operating leverage coming in the jewellery business is quite normal and which has happened. So it is not that extraordinary effort to squeeze out the normal cost which we need to invest for the growth of the jewellery business. It is just the scale going up for last 2-3 quarters has given that benefit. Of course, we have been mindful of what cost we are incurring and how we are incurring but it is combination of operating leverage as well as some hedging gain which you are seeing that studded ratio is slightly lower but still we are able to deliver. As far as coming to 11% to 11.5% margin guidance, I think that stays. We are not guiding you for any upside. Considering the uncertainty of gold prices and many, many uncertainties for future, 11% to 11.5% seems to be more reasonable to think about.

Avi Macquarie: Got it, Sir. Fairly clear. Sir, and the second and last bit is on the demand side. Now, you did clearly allude towards the consumer behavior asking for more value, more making charge, and we have been able to deliver that in this quarter as well, it seems like. Now if I were to kind of look at this going forward for FY'26, how would you parse the growth? Are you in a scenario where the last year is giving you confidence of upwards of 15%, if you could give some sense on how should we look at the next year? That's all from my side.

Ajoy Chawla: Sorry, what is 15%?

Avi Macquarie: I mean, sales growth, sorry, jewellery sales growth. If you were to look at your earlier mid-year targets and what kind of is expected for the next few years on a simple average basis, it does imply the upwards of 15% to reach that 2.2x-2.5x. And that's the context where I was coming from.

Ajoy Chawla: That's the derived figure. Okay. So I think demand outlook has been driven especially in this last quarter and even to an extent in Quarter 3 by the average ticket size growth which has certainly been influenced by the increase in gold prices and therefore buyer sentiment and buyer growths have been rather muted. Now how this will play out as we go forward very difficult, but certainly from our end we continue to target high double-digit growths, whether it comes in value, whether it comes out of buyer or ticket size or a combination of the two that is a very quarter-to-quarter fluctuating scenario, very difficult to predict. But certainly, we are targeting and we are preparing and aiming for these high double-digit growths. What turns out, of course, depends on the situation.

Avi Macquarie: But, do you see international at risk because of this tariff talk, etc. or is that not anything to get so much to be bothered about?

Ajoy Chawla: Diny will try and answer that for you.

Kuruvilla Markose: Hi, this is Diny here. Tariffs, as of the way we are seeing things now in both in the US market, it's not really cost any significant thing, but that we have not taken any price increases as yet. We're waiting. We will watch how the whole situation unfolds and then basis that depending on what competition also does, it's quite likely that if tariffs go up, then we will take price increases. How that's going to play out? Will it mute demand? At this point in time, the view would be that it doesn't look likely. And it also looks like between India and the U.S. the bilateral trade agreement is progressing well and it looks that we will reach some kind of an agreement on that. Trump has just announced that he struck a deal with UK first and since India has already done a similar deal with UK, India and the US doing a deal looks quite likely.

Avi Macquarie: Got it, fairly clear. I will come back in the queue for the other questions. Thank you.

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

Videesha Sheth: Hi, good evening team. Thank you for the opportunity and congrats on numbers. My first question was on the competitive landscape. Last quarter you had mentioned that the element or the competition element on the gold pricing had stabilized, but on making charges it was still elevated. So given the increase that we have seen in the fourth quarter, can you comment on how the landscape has changed? That was my first question.

Ajoy Chawla: I think it is broadly in the same zone as what I said last year. Competitive intensity continues to be very high. Price warriors are there. On gold rates, we have not seen that much activity. Making charge continues to fluctuate but by and large I would say remains what I said last time.

Videesha Sheth: Got it. And the second question was on the studded jewellery part of things. As a category leader, how would you think about reviving consumption in this segment going forward? While the De Beers partnership is a step in that direction, but any other, have you identified any additional initiatives on this front that could stimulate demand?

Ajoy Chawla: Actually on studded, as I said, there are 2-3 segments. You think of it was Solitaire, within that there is lower sizes and bigger sizes. Lower sizes the demand has already revived and we have in fact aggressively pushed forward using our distribution network as well as our ability to source and supply. So that we are seeing very good growth. So that's been one lever. We have pivoted in a way from larger carat sizes to smaller ones. And it's showing up in numbers very well. In terms of jewellery, studded jewellery, if I think of our portfolio across Tanishq, CaratLane, Mia, and if you were to look at it in the sub ₹50,000, sub ₹1 lakh range, I think we have still been able to clock in maybe early double-digit growth in that area. Thanks to the portfolio play. And therefore pushing that portfolio play, including network expansion across CaratLane, Mia, and distribution depth, even in the Tanishq stores, I think that is the second lever. Third lever that we are really looking at is reducing the price points for customers by looking at lower caratage. So if people have been used to buying 18 carat studded, they're also now beginning to get comfortable with 14 (carat) and in case of CaratLane they have also introduced 9 carat. So these are 3-4 different levers, but nevertheless desire creation and excitement by each brand continues to be at the heart of it all because finally it's an adornment product and she's wearing it to experience an emotion. So I think that continues to be a very big lever.

Videesha Sheth: Understood. That was helpful. Just a small follow up to this on the CaratLane and you launching the 9 carat, I mean jewellery under 9 carat as well. But given it's not hallmarked in nature, how do you expect consumers to react?

Saumen Bhaumik: Hi, this is Saumen. We launched this 9-carat jewellery sometime around valentine and we saw good response. This is not hallmarked. We are not claiming it is hallmarked. But it is stated as 9 carat diamond jewellery, it is sold as 9 carat diamond jewellery. But it is also quite likely that 9 carat is going to come under hallmarking very soon. It is in advanced stage. So I think that will settle down very soon. Otherwise we saw a decent response and if the gold rate increase, I think it is an alternate option for customer who are also looking an adornment other than just an investment.

Videesha Sheth: Got it. Understood. Thank you.

Moderator: Thank you. The next question is from the line of Arnab Mitra from Goldman Sachs. Please go ahead.

Arnab Mitra: Hi, team, and congratulations on a great performance across all the businesses. My question, again was on studded. And where I am coming from is when you anecdotally speak to a lot of people who historically have owned diamonds, they are from rich families, that segment seems to almost suggest anecdotally that we are not going to buy diamond or they are going to buy much lesser of diamonds going ahead. But your growth rates, buyer growths are all very good. So are we like dealing with completely different sets of consumers here? Are you getting the growth from people who are buying diamond for the first time in your view? Just trying to understand this disconnect that, a lot of people feel between when you speak to anecdotally and versus actual numbers, which shows good growth for you.

Ajoy Chawla: Yes, actually there are many segments and frankly some of us anecdotally speak to only some other people like us and they may be all, already diamond buyers and fairly well off and very evolved diamond buyers. And again, if you happen to be speaking to the type who's seeking Solitaire as an investment buy, then that's another sub-segment within them. So I would say that there are simply too many different segments and the segment whom you are referring to, the ones who buy diamonds for investment is a rather small percentage of the total studded buyers existing or even if I think of the penetration of, I mean amongst new of course, new studded buyers, there's a vast ocean out there. So I am not even saying, certainly there are new people coming in, but even existing studded segment, this is a rather small percentage of people that we may be anecdotally receiving such pieces of information from. And even they might be fluctuating in their behavior. When it comes to adornment, they may have no qualms in buying smaller stones etc. And when it comes to investment they may be having a different point of view.

Arnab Mitra: Right. So from the data that you gave which is buyer growth being pretty strong that the fact that the value growth is not keeping up is purely a function of the fact that gold is a smaller component of the jewellery and therefore the unit price hasn't gone up as much as gold.

Ajoy Chawla: No, buyer growth is higher in studded than gold. But gold has been rather, rather dull because of the sub ₹50,000 segment. Okay, now that's the only piece here. At the high value end, is there a customer for studded jewellery? Certainly. Value growth will come. It's a mix of both, I don't think, I cannot conclude that growth will come only in the lower end in studded and higher end in gold, nothing like that. There is opportunity in both, in fact India is premiumizing and there are lot more Indians who are happy to spend on high value studded as well. So, this is not a commentary of this piece at all. There is opportunity in both. I was just making the point even in the sub one lakh studded we are seeing, because of portfolio pla,y we are seeing an early double-digit growth which is not a commentary on what is happening on the higher value studded.

Arnab Mitra: Got it. And my last question was just on this, we had obviously a lot of news around (gold) lease costs going out, going up during the quarter due to tariff speculation. So has it impacted the quarter in any way for you? And is there any lingering impact going forward on that? That would be my last question.

Ashok Sonthalia: Of course, you are right that as a knee jerk reaction, gold on lease rate (GOL) has gone up almost doubled and more than doubled and it is settling down now. But more than that even gold price, you know, gold rate also impact our financing cost because now the same quantity of GOL is far more expensive 30%-40% and I have to pay interest on that 30%-40%. So just the rate increase had a small impact, but overall gold price increase has a larger impact for the full year as far as GOL interest cost is concerned. But the good news is that after that GOL rates have been settling down and I think they are now about 75-80 basis points above the historical number and we will see how does they play out in FY'26.

Arnab Mitra: Okay, thanks so much. That's it from my side. All the best.

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

Kunal Vora: Yes, just one question. I hear from the market that wholesale price of LGD have again crashed in recent months. What are you picking up about the state of LGD retailers and is LGD coming up in your conversations also, if you can update us on your latest views on entering the LGD space?

Ajoy Chawla: So, I can share with you what I have picked up about the retail and wholesale prices of LGD. Most certainly the wholesale price was anyway coming down continuously and it continues to drop. And I think that will not stop because even automation will happen and many other tech developments and productivity developments will push costs down like any tech product. But interestingly, even on the retail side, many of the players were retailing LGD products at roughly ₹60,000 to ₹50,000 a carat. Now, this is to be taken with a pinch of salt because the caratage is not exactly straightforward. That has now come down to ₹30,000 for many players, barring 1 or 2 players who are continuing to retail it at ₹60,000. And there are new players coming in all the time. So our estimate is that the market will continue to drop the retail price of LGD per carat and that will make it much, more affordable. And I am not sure how the unit economics is going to play out for a bunch of these players. Unless, we see a large number of totally new buyers coming in to studded, which of course, if it happens, great news for the industry overall. So it is a choppy situation. But nevertheless, even at ₹30,000 a carat retail price, the markups are quite healthy. So, I suspect there will be more price warriors who may come. But this is just to give you an overall narrative and where this will end, very difficult to predict.

Kunal Vora: And what about your thoughts on entering this phase? The drop in prices, does it make it completely unviable or would you give it a thought at some stage?

Ajoy Chawla: We will keep thinking about it, is the best I can say because the stability has not been reached and it's not that everybody is coming and asking for LGDs etc. and many players are jumping in anyway so I think it's too premature to comment.

Kunal Vora: Okay. Thanks that's it from me.

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

Percy Panthaki: Hi Sir. I just wanted some clarity on this hedging gain. So my understanding was the purpose that we hedge is that the EBIT margins of the business remain unaffected by any volatility in the gold price. But you're saying that the reason why margins are higher is because of some hedging gains. And the second question related to this is that when the gold price is going up, we should actually have a hedging loss because we are recovering higher from the consumer and to offset that inventory gain, actually we are entering into a future contract. So that contract should give us a hedging loss. So can you just address these two issues, gaps in my understanding, please?

Ashok Sonthalia: Gold is volatile at this point of time and we have, if I can use the word contango gain, when you are doing forwards in gold thing, when you do the future, there is a different economics. When you do the forwards with the gold on international exchanges, then there is a different economics. And we have been able to do some of that transactions in Quarter 4, which gives us contango gain. And that is what the reason is. And it's not so, because every time it keeps moving and there are thousands of transactions which get squared up on everyday basis from our side, so overall basis when I compare that we have a small hedging gain. We are not and your idea is correct when we move from cash flow to fair value if you remember idea is to not disturb P&L through hedging actions but we have contango gains because we are able to do forward transaction on international exchange.

Percy Panthaki: Understood, sir. Sir, this contango gain is a one-time permanent gain or will it reverse next quarter?

Ashok Sonthalia: No, so there is a part which is a timing wise, the period of forward will kind of keep accruing and then there could be a part which can reverse also depending on the gold price.

Percy Panthaki: Okay, so part permanent and part phasing, is that how I should take it?

Ashok Sonthalia: Yes.

Percy Panthaki: Understood. Sir, second question is on the outlook for jewellery growth next year. So see, while the gold price inflation has definitely dampened the buying sentiment, number of buyers are coming lower etc., but still there is some amount of inflation which is sort of at least partially benefiting us because the gold price has, let's say, doubled in the last 3 to 4 years almost. So the person will not cut down his volume by half. He might cut down his volume, there is still a net-net gain in the overall outlay per customer. And that has benefited and you have done close to about 25% kind of topline growth this quarter. So my question is that if we assume that the gold price remains where it is currently, then should we expect this 25% kind of topline growth to continue for the next 2 to 4 quarters?

Ajoy Chawla: So Percy, this is Ajoy here. The 23% or 24% growth that you talked about, I am not sure it's 25%, maybe domestic, primary sales growth reported NSV is showing up as 23 point something percent. But that percentage is because there was also some amount of up stocking that happened in the year end because of an early Akshay Tritiya here, right? So, if I go down to the secondary growth actually the retail growth, it is around 20%. So I just wanted to correct you there. Certainly, what you said is true. When gold prices are going up sequentially there is a benefit there is a value growth and therefore there's a ticket size growth that we see. And in our mind, as I mentioned in an earlier question, we are certainly planning and targeting and also hoping for a healthy double-digit growth, either driven by ticket size or by buyer or by both. So the outlook for jewellery continues to be positive. If I may pick up 1 or 2 other threads, while we have spoken a little bit about the headwinds on price of gold. See this year there is a very good wedding season in Quarter 1. Last year there wer elections in Quarter 1 and there were no wedding dates. Infrastructure spending by government has continued and will continue for the first 4-5 months, which was not there last year. There is also the largesse from the finance ministry on the IT for a large number of people in the country. Maybe not directly, but at least the secondary and tertiary, second order, third order benefits of that will start flowing into the economy. There is also lot of liquidity being injected, so a lot of positive tailwinds are there despite the uncertainties that exist in the market. So our outlook for jewellery not just for the year but for the next few years continues to be bullish and we are committed to driving healthy double digit growth year-on-year.

Percy Panthaki: Got it Sir. If I might just push this a little bit, can we say that the growth rate trajectory has possibly, at least in the next couple of years, moved up from a high teens to slightly higher than 20%?

Ajoy Chawla: I can't say that because that would be getting ahead of myself. We happen to have delivered a 20% growth in one quarter. We have to be a little bit more careful in making those statements. I would still say it is healthy double-digit growth whether it is going to be 15% or 20% or something in between the two, we would still leave it at that, between 15% to 20% is a fairly good rate I would say.

Percy Panthaki: Okay, Sir. That's very helpful. Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Vishal Gutka from ASK Investment Managers. Please go ahead.

Vishal Gutka: Hi team, congrats on the good side of numbers. Sir, I have one question on the franchisee format. My channel checks are suggesting that that you are piloting a format where capital is provided by franchisee and you will be running the store. I think peer Kalyan runs similar kind of store. Is this true and if it is true then historically capital has never been a challenge for us. Just wanted to get your comments on this.

Ajoy Chawla: So, we have an exclusive format. One is of course we are always learning because we respect competition and what they do and there is obviously something to learn from them. So we study what they are doing and what a few others have done also in a different way. The second piece is we have also many associates and partners who may not have the succession planning in their own firms or in their family and many of them have been with us for a long time. So we also start thinking about how do we kind of ensure some continuity? And yet, you know, they have an ownership because they have a relationship in that neighborhood, in that catchment. There's a lot of respect. And we also have a lot of care, because they have been with us for 25-30 years. So that's another factor that we're keeping in mind. And therefore, yes, we will continue to experiment with formats. It's not so much from capital scarcity, but also from the point of view of, is there some merit and advantage in doing so, because increasingly the business is more complex also and many franchises may not have that level of organization depth to be able to manage some of these things. So we are also looking at it from that perspective. But having said that as an organization and as a brand we are not wanting to run too many stores on our own, and especially not beyond the top 10-12 cities in the country because it's more complex for us to manage. Whereas our presence is across 300 odd towns. So we will still be a largely franchised network with limited cities where we will do (ourselves). And that too only stores where we have large turnovers at stake.

Vishal Gutka: Got it. Sir, have one bookkeeping question. What is the store opening guidance for Tanishq for FY'26 domestic business? How many stores are we planning to open?

Ajoy Chawla: 40 to 50 stores. But more importantly, we are also looking at 50 to 60 stores of existing stores being either renovated or relocated or adding additional space. When I say additional space, it's like adding an entire store. So a transformation program is underway in the last 2-3 years and it will continue in the next 18 months and the headroom on that front is rather more high compared to even the headroom on the network. While we will continue to grow the network into new catchments and cities, even this is a big piece of our growth.

Vishal Gutka: Got it. And the 50-60, most of them will be L1 format, right, for you?

Ajoy Chawla: No. Most of the, in fact, new ones are likely to be franchised L2 or L3. Very few will be L1.

Vishal Gutka: No, Sir, I am talking about the renovation part. You told that 50-60 you are planning to renovate, refurbish?

Ajoy Chawla: No. Those are also mixed L1, L2, L3, all formats. We have in fact transformed 160 odd stores in the last two years, which are a mix of franchise and company.

Vishal Gutka: Great, Sir. Wishing you all the best for future projects. Thank you.

Ajoy Chawla: Thank you.

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

Devanshu Bansal: Hi, congratulations on a great performance and thanks for taking my question. Sir, from balance sheet perspective, there has been an increase in our working capital and that has sort of led to some fall in our return ratios also. This is obviously due to increasing gold price and related volume consumption. How do you plan to deal with this as gold prices are continuing to increase? So there is a significant working capital increase. So how do you plan to deal with this?

Ashok Sonthalia: Yes, so largely you are right. This is all on account of gold price increase. And of course, some investment of inventory is done in some of the catchments. If gold price continue to rise like this, while we have some levers of increasing our GOL level, etc. etc. but it would certainly require some more capital investment from our side and for which our balance sheet can be leveraged, it is capable, but idea would be then to leverage GOL more. And it is very unpredictable, what would be the gold price trajectory going forward. We will wait, watch and see and kind of keep responding to the evolving situation. But yes, you are right, in the current context, a little bit of strain on working capital has come in. And the year end number which you see which Ajoy already spoken about, Akshaya Tritiya being early there has been up stocking towards the end of March. So the balance sheet number which you see is a point number that's not the story for the full year.

Devanshu Bansal: Understood. Ashok, also if you are open to sort of call out the exact quantum of the hedging gain this quarter, you are calling that out?

Ashok Sonthalia No it's not that significant that we should call it out, it is not that significant. But it is one small factor in that marginal EBIT margin which you see. So nothing so significant that we start calling it out.

Devanshu Bansal: Understood. Sir, last question from my end. The overall jewellery you said is 20%. Can you call out the secondary growth in studded sales? So reported it's 12%. What is secondary growth in studded sales for Q4?

Ajoy Chawla: Yeah I will tell you.. its around 10% - 12%. Almost similar.

Devanshu Bansal: Okay. Very nice. Thanks for taking the question.

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

Jay Doshi: Hi, thanks for the opportunity. My question is on industry practice of exchange and cash back in case of studded jewellery. Now, in a hypothetical scenario, if the consumer behavior changes and if consumers start exchanging more studded jewellery in future and buys gold jewellery, or basically take cash back. So that could have a significant impact on profitability for overall industry. So, I was just wondering, is this something that comes up in Board discussions or industry association discussions? As an industry leader, how comfortable are you with this policy that you have today, where basically anyone who has potentially bought any studded from you in the past 10-15 years can always come back and give it to you at 10% lower price or 15% lower price versus the current pricing. And that's because, you know, partly there's a big gap between your procurement costs for diamond and your retail pricing for diamond. So, want to understand from a risk management perspective, is this something which you think about?

C. K. Venkataraman: Yes, Venkat here, just some perspectives. In India, the category of jewellery is so much about store of value and in a way the exchange policies reflect that customer need and therefore even the lower, relatively lower gross margins in this industry in India because of the store of value concept because customers don't want to lose when they exchange. I am talking in general, I will come to your diamond jewellery point in a minute. So that depresses the markup potential in India versus let's say in the US, it's not a store of value, it's an accessory. The markups are like other accessories. Now in a way related to the store of value concept, because also of the connections to culture, tradition, and feeling of wealth, people don't like to sell jewellery. They exchange jewellery, but unless there is a calamity in the family, they don't sell their jewellery. And it's in a way related to the store of value and of course also related to the 'dhan' aspect of jewellery. And therefore, like we have had this policy for, you can exchange gold as well as diamond jewellery for cash. That policy has been there for more than two decades, but the incidence is really, really in the decimals, in the small decimals because of this. So unless generational views on the subject changes, which may be 20 years, 30 years, 40 years, and that's a very long time for us to talk about here, this is not a, because it, it does not materialize in its actual incidence on this. And even what you're asking, which is people coming in with diamond jewellery, exchanging it for gold, you know, that incidence is very, very low.

Jay Doshi: So basically exchange proportion is broadly similar and that has not changed whether it is for gold or diamond in the last 2-3 years.

C. K. Venkataraman: Gold to Gold, Gold to diamond, yes. Because diamond is an upgrade product for those who never had diamonds.

Ajoy Chawla: Yes and just to add a little bit, I have personally seen many customers be extremely delighted when they come back after several years and say, wow! my diamonds, my gold, everything is appreciated, that feel good factor is so much that she is very happy to in fact upgrade and add a lot more and therefore the upsell we see on exchange out of that goodwill and in fact the statement they make is only a Tata Company like this would give me such appreciation I seeing. So actually, we are we see a lot of positivity and the risk factor hypothetically does exist but it hasn't yet played out like this so far and we hope it doesn't.

Jay Doshi: Very helpful, very clear. Second question is, in FY'25, your standalone jewellery growth was 21% and EBIT growth was 12%. Now with you maintaining your EBIT margin guidance and the ballpark expecting growth to be in 15%- 20%, do you think FY'26, even notwithstanding the volatility in gold we have seen and the (product) mix changes that we continue to see, you think that that gap will now narrow? I mean, your EBIT growth also will be ballpark in that range, 15% to 20% or maybe a couple of percent point short of topline growth.

Ashok Sonthalia: If we are going to maintain an EBIT margin then it has to be. Otherwise there is no way, we will be able to maintain EBIT margin. So that's the expectation. But the market is very, very and while this is the current view and if circumstances change dramatically then we may have to get back to you guys talking about it, but right now whatever we see with that we think yes we be able to grow at the similar pace.

Ajoy Chawla: I will just add one more piece. Our priority to continue to grow topline and acquire customers is the highest and sometimes we may be willing to invest some of that margin into growth. And that's been the outlook and that's also been the guidance from our Board and everybody. So margins may sometimes come down if the competitive situation or the consumer sentiment is adverse.

Jay Doshi: Thank you so much and congratulations Ajoy on your appointment as MD.

Ajoy Chawla: Thank you.

Moderator: Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Yes, good evening. I also had a question on competition. There are two aspects to it. In an environment of sharp increase in gold prices, are you saying that, we have not seen a pickup from say, regional, private, smaller guys who probably would be sitting on higher inventory gains on schemes, etc. They had that intensity not accelerated. And the second part to that was, you explained gold metal loan quite well. I just wanted to understand is the availability of the gold metal loan and the fact that it is stretched because of the higher gold price is also a source of competitive advantage for you because you're Titan and you can kind of get it at a lower rate as well as have probably, you know, infinite kind of capital and so on. Just could you shed some light on these two aspects?

Ashok Sonthalia: So gold on loan, your observations are right. We are in best position in the industry as far as India is concerned. To leverage gold on loan, get the best rate and substantial amount of limit without any concern from the banks compared to other where they would kind of beyond a point will not like to extend. So that gives us a competitive advantage and ability to invest in inventory at higher gold prices. The first question was... On the demand side, competitive intensity.

Ajoy Chawla : Yes, those who don't hedge do sit on inventory gains and they are willing to let go of margin and they play it out in the form of heavy discounting on making charges. And it is not just restricted to small players, it is also even larger players. Not every large player is hedging 100%. So it does play out. So yes, but we also then respond in whichever way is appropriate for that market. And therefore, it's a complex, constant gain share, invest in providing value to the customer in some form. Brand, customer experience, product design, making charges, everything comes together as a value proposition.

Harit Kapoor: My question is this, why again this question was because the pace of gold rise has been so sharp this time. Maybe there could be more investment by large private, small private, regionals, you're saying it's a manageable scenario right now?

Ajoy Chawla: Yes, I think it's not new now. I think it's, if you asked me last 12 months to 15 months has continued to play like that and we just got used to this.

Harit Kapoor: Got it. And the second part was on couple of data points on the World Gold Council data. One was it said that exchange as a percentage has not dramatically gone up in spite of prices going up so sharply, which means that the new buyer growth might have been a little bit more surprising. It should have probably fallen off a little bit more in the industry. And the second was on the fact that the overall demand growth is in value terms is 3%. So on these two points, you are growing far, far faster as you have been historically**.** Has the shift kind of further accelerating in this rising gold price environment towards organized players and are you surprised that you're still seeing by a growth in spite of this dramatic increase in gold price and exchange is not dramatically gone up. Those are my questions.

Management: So exchange has gone up somewhat. If I look at this Quarter 4, the contribution exchange has gone up by a couple of percentage points. That is one. New buyer growth specially in gold has flagged off. And certainly, as I said in the lower price bands. So, it's not that we are blazing away to new buyer growth in gold. In fact Quarter 3-Quarter 4, it has been very muted. And therefore higher growth in ticket size which usually comes from higher repeat, so the skew between repeat and new has been there. Some of the overall new buyer growth percentage figures you're seeing is true with the overall portfolio because Mia has opened a lot of stores etc. and that is giving us some benefit in the new buyer growth, so but if I dissect it by brand and go into by store and channel there is, and by category, there is a similar point as what World Gold Council has said. But exchange has gone up certainly in contribution by a couple of percentage points in Quarter 4.

Harit Kapoor: Thank you. Wish you all the best.

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

Tejash Shah: Hi team. Thanks for the opportunity and congrats on good set of numbers. So just one question to the team. So you mentioned that our wait and watch stance on the LGD continues. But just to clarify, is the focus on assessing long term customer relevance of this offering? Or are we still evaluating the economic viability of the business model here?

Ajoy Chawla: I think it's both. The first one is certainly very important, what do customer's think. And customers are not that clear. They are pretty confused and many others, there are people who would like to experiment. There are people who are getting a little worried about the prices. There are many new customers who come into diamond jewellery and what the authentic piece. They are not so confident. So right now, I would say, in the balance, there are many more people who are already diamond buyers who may be buying LGDs. And many new to the category are still a little hesitant. And I think the store of value that Venkat talked about pretty much plays up high in their mind. But definitely the customer piece is more important. Economic piece, we can figure out once we know what the customer really wants and how it plays out. Economic piece is how we manage the business.

Tejash Shah: Is this read through same across our engagement with customers here and abroad or it changes because the store of value understanding also changes?

C. K. Venkataraman: Sorry, what is the question?

Tejash Shah: Is this read through on customers, is it same across in India and abroad or abroad because the store of value dimension is different? Over there, it is slightly different than how we are reading customer in India and LGD.

C. K. Venkataraman: At the moment, and Diny can add, at the moment, our focus in the US, the most evolved market in overall situation. Indians are more Indian in the US than in India. And the store of value is quite pronounced there as well.

Tejash Shah: Lastly, are there any regional nuance that we would like to call out in this quarter's numbers in terms of North, South, or any read through there on demand?

Ajoy Chawla: I think East and South continue to lead the growth and West and North have been a little more sluggish and within that again West maybe a little bit more than North, has been sluggish. But that seems to have been the trend of the previous Financial Year that just ended 31st March.

Tejash Shah: Thanks a lot. Thanks and all the best for coming quarters.

Ajoy Chawla: Thank you.

Moderator: Thank you. The next question is from the line of Vivek M. from Jeffries. Please go ahead.

Vivek M.: Hi team, good evening. Three questions from me. First on LGD again, one more question. On the LGD side, is your worry more about given you are the market leader in jewellery, you do not want to let's say create or create is the wrong word, I think expand the market because we have seen someone like let's say retailer like Trent, who has also entered into this. So is it more about you don't want to in a way cannibalize your own business of existing diamond business by creating more awareness? Is that the hesitation, the reason for hesitation?

Ajoy Chawla: We are trying to understand what the customer wants and frankly that is what guides us. And how is the customer thinking about it. And we are still seeing customers are a little unsure. Trent has got into it as purely an independent decision and it's not something that, that is not playing in our mind at all. We need to be clear what is the value proposition we need to offer to the customer. And at a next level, we need to be clear what will be the source of differentiation and continued competitive advantage in a category which could get very easily commoditized because of price. So these are important considerations for us. And I don't know whether you should call this hesitation or examining and reflecting as to what is the right thing to do.

Vivek M.: Okay. And is your internal view also that that LGD will have no impact on let's say natural diamonds or where you are on that bit?

Ajoy Chawla: Very difficult to answer that question because how it plays out will depend on whether new customers will... Will the market expand? That's the big question. And if the market expands and penetration of diamonds which is as low as 15% in our country goes up, even by a few percentage points, it can bring many new customers and it can be a win-win. In the short run, there may be lot of ups and downs. The dust will settle somewhere. Very difficult to predict. Some pluses and minuses can happen. But I think we need to look at it over a slightly longer period and see where the dust will settle.

Vivek M.: Got it. My second question is, know, there are obviously at least globally whatever and I have admittedly very limited understanding on this, but I hear that part of the reason why natural diamond prices actually went down were because of LGD. But what we, there was a recent media article which said that natural diamond prices actually moved up 10%. I think this was in the month of March or end of March I think. Do you have any insights as to what drove this change and is that something more, I don't know secular is the right word or not but I would still use that. So is there something which is happening which is why natural diamond prices moved up?

Ajoy Chawla: Again, I think this reflects the wholesale prices of roughs and again on the higher caratage. It is probably on the back of Chinese demand perhaps coming back. I don't have more insights on whether it will go further up or that was the bottom and from here on it's up, difficult. Only the rough suppliers and what happens in international markets will really determine the price on that. Very difficult, I don't have an answer to your question, sorry.

Vivek M.: No, I appreciate. Thank you for that. My last question is on the sequential basis, we have seen jewellery margins actually moving up and Ajoy clarified that there is no major hedging impact because of which the margins have moved up. And our channel checks actually indicated in the last few months given how gold prices moved up, especially in the 4th Quarter fiscal. There was a lot of, let's say, discounts or making charges, promotions given by regional players, local players. Why is it that this has not shown up in your numbers? What am I getting wrong over here?

Ajoy Chawla: See, the gross margins have been impacted because of the product mix. No question. I think Ashok did share fair amount of observations on the fact that there is a mix of operating leverage and some hedging gains, contango etc. So those pieces have played out in the EBIT margin percentages that you have seen. Gross margins have certainly got impacted on two counts. One is product mix, the other is the price of gold itself playing a role in the studded margin line-item level as well. We explained that earlier before when prices of gold go up relative to diamonds, there is an impact on the gross margin for the studded jewellery line item itself. So the combination of these two has impacted gross margin. Sorry, and the sequential piece that my colleague here reminds me is also because the studded ratio in Q4 versus Q3 is different. Q3 is a rather more gold season. In Q4, we have a lot more diamonds. So that could be another factor.

Vivek M.: Right. When I said sequentially, I was looking at all the rolling 4 quarters, for example, the only thing was what Ashok mentioned was there is no big impact of any one off on the EBIT side except the operating leverage, right? So in that context, basically the discounting or whatever we saw on the ground, it was miniscule compared to or you did not face that pressure as much except for a slight impact on gross margins which got offset at the, let's say, due to operating leverage. Is that a fair understanding?

Ashok Sonthalia: Yes, I think you are right.

Vivek M.: Got it. Thank you very much. Very useful.

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

C. K. Venkataraman: Thank you very much for all those piercing questions and the encouragement as always. See you in the next quarter and good night.

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