"Titan Company Limited Q3 Results Discussion Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Titan Company Limited Q3 results discussion hosted by Tata Securities. As a remainder, all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note we will take 3 questions from each participant and request you to come in the queue if you have any further questions. 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. Subham Sinha from Tata Securities. Thank you and over to you sir.

Subham Sinha: Hello. Good Evening, Subham Sinha here from Tata Securities Limited. I welcome everyone to the Q3FY16 conference call of Titan company. For discussing the numbers, we have here with us Mr. Bhaskar Bhat – MD, Mr. S. Subramaniam – CFO, Mr. C.K. Venkataraman – CEO (Jewellery Division), Mr. S. Ravi Kant – CEO (Watches and Accessories Division) and Mr. Ronnie Talati – CEO (Eyewear Division). I now handover to Mr. Subramaniam.

Subramaniam: Good evening to all of you. This is Subbu here. Bhaskar is just joining us shortly. So I will start off with the performance. I hope you have been able to see the presentation which has been put up on our website. So I will start off with the Q3 background.

So we are back to growth, that is a good news to start with. Very good growth as far as the quarter is concerned. Having said that if you look at the background while Jewellery had good traction during the festival season; watches and eyewear particularly had fairly muted phase growth and I think to some extent that was affected by the festival season being very poor in Tamil Nadu which as you all know had the issue with the natural calamity, the rains and so on. So to some extent Tamil Nadu and Karnataka were affected by the rains. The company has also decided to start its end of season's sale earlier this year in Jewellery. We started this towards end of December, 24 to be precise and watches also started in about mid-December. So to some extent the numbers are better because of that. But both the activations saw very good traction as far as the initial period was concerned. It is continuing with its investment; we are continuing with our investment in network expansion. We have about 36 stores in about 29,500 square feet. You are all aware of the PAN Card requirement with effective 1st January. This is obviously expected to affect the sales of products between 2 lakhs and 5 lakhs.

Then is the next slide on Jewellery, Q3 was a good quarter. Very good sales during the festive season. Studded Jewellery activation started for the last week of December and of course**,** we did not have the problem of the GHS base in this quarter. So to that extend the growth has been quite good. The collections like Divyam and ZUHUR extremely well received by the market and the gross margin has been quite good. We have been able to have better gross margins because of higher margins in the studded category. The brand matrix for Tanishq has been very good. The scores are about highest in the last few quarters. Gold prices of course we are lower than year, in dollar term it was about 8% but about 2% in rupee term for us. The proportion of gold purchase on spot Vs gold was about 25% to 75 in this quarter and as we mentioned earlier we do this dynamically depending on what the arbitrage opportunity is. So in that context we bought more gold on lease but it is something that will continuously keep changing. We added about 12 stores in the quarter with about 54,000 square feet and the traction on GHS has been quite good.

Watches had a muted festival season but towards the end when the end of season sale commenced it saw very good traction. Therefore, we have a reasonable growth for the quarter. Helios continues to do well. Of course Titan launched Raga, Moonlight, Regalia Regal Crest Titan Neo collections. Sonata launched Astra, Black and Glamour festive collections and Fastrack launched Warpaint, Spiked and Urgent Clementine collections.

Prescription eyewear had a poor quarter and it was particularly poor in the first two months of October and November. December saw some sort of revival. But it was a particularly poor quarter. We understand it has been the same for the industry by and large. We continue to add and increase our network. We added about 32 stores during the year-to-date and of course there were some collections like Color Pop during the quarter.

Precision engineering continues to have challenges particularly in the machine building and automation division where there is continuously a decline, whereas the precision engineering and textile division has recorded a healthy growth.

Going to the next slide which is on retail growth, world of Titan at 5% sales growth and a like-to-like 3% as I said muted but Tanishq has been exceptional. 35% just to remind you these are retail secondary growth and therefore may not exactly correlate with the primary numbers and net sales value that we report in our financials. So the actual secondary sales were much better than the primary growth that we have actually recorded in Jewellery. So 35% and that is because of the L3 billing in the last year, the L3 billing was higher during this quarter and conversely this year it was actually lower which is why the growth in Tanishq was actually much better as far as secondary is concerned. Gold plus was declined largely because of the Southern states and it got affected by the flood situation. Helios did very well, 12% sales growth and 14% like to like. Fastrack concerned, overall 2% growth only but like-to-like was a negative of 5. LFS of course the channel did very well. This is the large format stores, department stores where we sell our watches, 11% sales growth and a total like-to-like growth of 17%. The difference why like-to-like is high is because we have shut down some of the stores which are not doing, which are not profitable. Titan Eye Plus is the concern. 7% overall sales growth but (-2%) as far as the like-to-like is concerned.

Going to the next slide on company performance, Q3 we have seen an overall 17.3% growth which is at 3,398 crores. We had a PBT growth of 18.3% and therefore slightly higher margin. So 288 crores is where we ended the quarter with and a PAT of 225, which means that the tax rate was pretty much the same as it was in the corresponding quarter last year. On a year-to-date basis you are aware that we had huge problems of the GHS base and therefore there is this decline of 6.2%. So at 8,740 crores and consequently PBT and PAT are lower by 16% and 14% respectively.

The next slide on watches. Watches had a growth of 8.2% in the quarter but on a profit basis there was a decline and that was largely also because of the significantly higher AD spend that we had this time festive season timing was different from what it was last year. So the AD spends in the quarter was substantially higher and we also started the end of season sale in December and therefore to that extent the payouts to the trade was higher and which meant that the gross margin suffered a little. But on an YTD basis the growth is still 7% and there is a growth of overall 4% on the PBT level, but the margin being around 11% for the year-to-date.

Jewellery of course 20% growth at 2,819 crores and better performance on PBIT at 27.9% growth resulting in a 289 crores profit. Excellent traction during the festive season and of course the advancement of the studded activation we mentioned. PBIT was better because of gross margin being slightly higher and of course the operating leverage working positively. Gramage grew do actually 28% quarter-on-quarter. The studded ratio was slightly lower at 25 compared to last year 26. The decline to the year-to-date is obviously because of the GHS redemption effect. So the 9.6% reduction means that we achieve only 6,873 crores as far as revenue is concerned and a 589 crores PBIT which is a significantly higher decline of 17.3% obviously because of the higher overhead cost.

Going to Eyewear, as we said earlier muted to 2.4% growth on the topline and therefore consequently PBIT is slightly lower, 1 crore as against last year's 2. We mentioned that we did get impacted by the weather conditions in South India and South is a large contributor largely to the eye wear business. So it could have contributed to this low growth. The decline in PBT is obviously because of negative operating leverage. But for the year as a whole there is a 12.8% growth and we are hoping that Q4 may be better than what we have seen in Q3. The other segment is of course basically the precision engineering and accessory business in the past. So the decline is largely because of the precision, the decline in the machine building division of the PED and that has resulted in a higher loss as such, 13 crores which of course includes corporate overheads as well, unallocated corporate overheads. But the issue has been that the precision engineering division has been underperforming, at least MBA part of that has been underperforming. We expect the orders, we have significant orders on hand and a lot of shipments are expected in the fourth quarter. So to some extent this will get better but the growth has been a concern there. On a year-to-date basis it is a 1% growth but PBIT is (-)29. Capital employed is generally been in line. It is not a significant improvement. Actually the increase is more in terms of cash. So we have actually generated lot more cash during this quarter than for year-to-date, so our cash balance is very sizeable in excess of 1000 crores at this point in time. So with this I leave the floor open to questions.

Moderator: Thank you very much. Ladies and gentlemen, we will begin the question and answer session. We will take the first question from the line of Avi Mehta from IIFL.

Avi Mehta: I wanted to understand on the gold margin front first, is there any hedging gain in this quarter and if not any one offs or should we assume this kind of continuing because otherwise at a lower studded share you are seeing good margins coming in or it is still on new collections. So I wanted to get your thoughts on that?

Subramaniam: Yes, we do not have hedging gains, at least nothing significant. It is a very small number that we had for the quarter and as I mentioned earlier the benefits of the hedging premium will actually come in Q4. Next quarter is where we expect that to be much higher. This quarter it has been very low. So the margins are good despite not having the one offs from premium.

Avi Mehta: Perfect sir. Then second is on the consumer parse. Seems that the discounts had a kind of spurring consumption at least in the watch segment, I wanted to kind of get, in such a scenario would you be okay to let go of margins in the watch segment towards sales growth. How are you looking at that?

Ravi Kant: The thing is that growth is not coming our way easy and which is the reason that we have to advance our EOSS which was earlier planned in the last quarter and the growth that you are seeing in the month of December and therefore the third quarter has directly come from sales which had to be discounted in some sense.

Avi Mehta: How are we looking at it? Should we look at this revenue growth but at lower margin trajectory, what are you doing about it is what I was trying to understand?

Ravi Kant: For the business it is not that the growth is back in that sense. In terms of consumer sentiment and meeting on the category, growth in this quarter in particular has come one on account of the preponement of our activation and the other was, November was the month of Diwali. So that brings in slight increase in sales, so both these factors contributed to the growth that you are seeing. But if you look at the YTD growth of course it is lower than what we experience in the quarter. So going, specifically if you look at in the case of watches, the last quarter is challenging from the point of view that last year we had a full activation in the quarter whereas the coming quarter we will have only part of the month and what we are calling a graded activation. Last year we had a flat activation where normally the consumer response is much higher. But there the payouts are also much higher.

Avi Mehta: Lastly on the Jewellery segment growth. I wanted to understand, you highlighted the PAN Card impact, but post December could you give us a sense on how demand is behaving, any trends because your collections have been doing well. So can you give some sense?

Venkataraman: The diamond Jewellery performance in January has certainly been affected to the extent of, we ended up advancing the activation which typically starts on the 8th of January to the 25th of

December for obvious reasons and that would have an impact because first 7 days are very high in terms of emphasis. It has been certainly complicated by the introduction of the PAN Card rule and so this studded sales performance in January is less than what should have been and we are seeing impact of 2 to 5 lakhs PAN Card clearly on it because we are tracking the share of that segment. However, gold Jewellery performance in January is still reasonably satisfactory and therefore we would like to wait for 2-3 more weeks to get a firm grip on what is exactly happening. But the PAN Card is certainly affecting. Unfortunately, the problem with this is that, when you estimate the impact of PAN Card in the absence of any customer behavior you look at the share of cash sales and have a sense of size of the impact but what would happen is that even those who are buying on credit cards, debit cards a) the PAN Card is an irritation for them. They are not carrying the PAN Card when they come to the store because they do not know and we see some of them walking out partly because of the irritation, partly because of not wanting to give PAN Card. So this will have a certain settling in period and I am not able to estimate how long that would take but it is certainly having an impact on our sale in studded particularly in January.

Avi Mehta: I am sorry sir. Just understanding a little bit. When you say satisfactory, are you comparing it with 20% or are you comparing it with second quarter absolute number? Can you give us a sense sir?

Venkataraman: No what is the satisfactory, what is that question please?

Avi Mehta: Sir you said the gold still is satisfactory, reasonably satisfactory sales…

Venkataraman: Okay, gold?

Avi Mehta: Yes. I am not able to get, is it 20% comparison…?

Venkataraman: Yes, it is 20% ballpark.

Moderator: Thank you. We will take the next question from the line of Puneet Jain from Goldman Sachs.

Puneet Jain: You said your cash balances are 1000 crores. Do you have any debt?

S. Subramaniam: No we do not have debt. When I mean debt, I do not have bank borrowing really**.** The gold on loan, of course I have.

Puneet Jain: So what is happening on the policy, so going forward are you going for hedging or actually some mix between hedging and between you are gold loan lease?

S. Subramaniam: I explained that. I said we will still do both. We are doing both as of now. The ratio is 25:75 in the quarter. So that is something that we are looking at on a daily basis and saying what we want to do, so we will do both.

Puneet Jain: And with respect to watches, so isn't 6% a very low margin number for watches, given the fact that the brand of Titan is a reasonably strong brand. So you did end up spending advertising in this quarter. So do you have any medium term targets for watches in terms of margins?

Ravi Kant: Yes, it was 6% for two reasons that we have stated on the slide there. One was advancement of the activation that the payouts are higher. The other was the budget which the advertised spend was much higher than budget and in fact even higher than last year during the same quarter. Coming, as Subbu mentioned over the last four quarters if you see, the average for EBIT margin is around 10% and it will be our goal to try and get back to that and the other thing that you need to keep in mind is that you will have to average it out over a period of time. If you recall the last quarter which is the second quarter, our EBIT margin was 15.3%, now that also was abnormally high on account of very low advertising spends and no much lower payouts because no activation and all of that. So you will have to kind of track it over a period of time and look at the last 12 months or so, last four quarters.

Moderator: Thank you very much. We will take the next question from the line of Manoj Menon from Deutsche Bank.

Manoj Menon: Venkat, just one question specifically addressed at you regarding consumer behavior, see one of the off repeated questions to you is regarding let us say gold being deflationary and how consumers typically behave. So does this performance because this is the first like-to-like almost like 5 quarters, so that is the context why I am asking now. So does this performance give you some insights on, can you concretely say that probably the consumption of Jewellery is more impulse that not necessarily being only to gold, so if you could talk little bit more about this?

Venkataraman: I am not very sure Manoj whether I can give you an answer because it is a very complex phenomenon. All we know is that with the last one year the brand matrix of Tanishq has been rising steadily. We track it every month, in terms of the desire for the brand, relevance of the brand, value for money perception, consideration share so and so forth. So some of these matrix are the highest in the last many years and therefore we dropped making charges, we spent a lot of money in Q1, communicating that some of these have a lag effect in terms of word of mouth, spreading and all that. So in gold where we were generally speaking not that strong as we were in diamonds that advantage has been suddenly increasing and so even if customer sentiment overall is little depressed because of low share and therefore high upside potential the growth that is actually continuing to happen may be happening, despite fluctuations in gold price that is what I would be able to say as opposed to answer specifically on the question that you are raising about the impulse or otherwise. Certainly the relevance of the brand, the desire for the brand has increased and we have relatively lower share in the gold compared to diamonds. So we are in a way catching up that.

Manoj Menon: Fair enough. Sir this actually means that taking on your comment about the brand desirability and that quotient increasing, would it be fair to say that Tanishq is again restarted the market share gain trajectory which was possibly not the case in the last couple of years which was probably like a blip. So are we back in terms of outperforming the relevant competition?

Venkataraman: I would think so because the whole price drop initiative that we implemented on the first of April was conceived in the Q3 of 2014 with a view to use market share gain as a route to growth as opposed to the tailwind which had been aiding us till then and we have to buck that headwind and then grow which certainly did not show up as well because of the Golden Harvest overhanging H1, but it is starting to become very visible in H2.

Manoj Menon: Just one question regarding the one-offs, if you could quantify for the quarter, which is one is the preponement of the offer in December and second is you mentioned in the last call about a thought process to prepone some of the GHS redemptions into December and also the third one is Tamil Nadu. So are these 3 material enough to call out?

Venkataraman: The first one is certainly material enough. The advancement of the activation into the last week of December is material enough and therefore I keep looking at sort of H2 year-to-date if I were to call like that, which is 1st October to 26th of January, is how I keep looking at data as opposed to Q3 and then look at January because of those 7 days what we do is we have a preview for encircle customers in the first 3-4 days of any activation and that sale that we get in that 4 days is exceptionally high which we got in Q3 because of that advancement and therefore Q3 is exceptional because of that and therefore January is substantially depressed also because of that. So that is a material item. Golden Harvest we had reasonable success but not much as we wanted but that is okay because now we need all the support for Q4 in any case of the Golden Harvest. Which is the third one?

Manoj Menon: Tamil Nadu and Karnataka?

Venkataraman: You mean the flood?

Manoj Menon: If there is floods saw shutdowns because it is quantifiable.

Venkataraman: No floods in Karnataka really speaking. Tamil Nadu we did get affected but in case of Tanishq it was not that significant. I would think from an overall national context. It would have had yes may be some 50-75 crores or something like that. But on 2000 whatever crores base is not material.

Manoj Menon: Understood and one last question. Any comments about the Golden Harvest with banks the tie up which you were piloting about 9 months now?

Venkataraman: Not got any traction yet.

Manoj Menon: It is that you are not pushing or is it not taking off.

Venkataraman: We have pushed. We actually started with the pilot. But you know it is a complicated loop with two parties involved. So execution of whatever enquiries were generated has been sort of lukewarm. So they are in discussion with the banks to see how we can actually make it work.

Moderator: Thank you. We will take the next question from the line of Amit Sachdeva from HSBC.

Amit Sachdeva: Sir I missed this question, pardon me. But what is the proportion of GHS in this quarter?

Venkataraman: It is very low. Around 5%.

Amit Sachdeva: So basically if you are taking a 20% growth on overall headline basis, so excluding GHS is 15%. Is it the right understanding there?

Venkataraman: Yes, that would be the right understanding.

Venkataraman: GHS is a weapon for growth.

Amit Sachdeva: Correct. Sir 30% Tanishq seems to be still very healthy and Gold Plus clearly has dragged that may be because of South and environment was very lukewarm there. So are you saying some traction in Gold Plus or is it likely to be similar as you see. What sort of traction you see now in January there?

Venkataraman: It is still not all delivers that we would like it to be. Multiple reasons. One, actually to me the flood situation was perhaps not such a big thing on Gold Plus because Gold Plus is small time in Tamil Nadu and the flood was really significant in Chennai. One is the intense competitive situation because India's most competitive Jewelers are all in South India and Jewellery Industry is generally been facing profit pressure all round and price drops and all are very common and the most aggressive price warriors are in the South. That is one, the second is I think the customer sentiment because of the economic situation is perhaps more pronounced in the South because of the nature of the customer profile as well. So these two are recurring reason for Gold Plus and therefore we need to do a lot more innovation in our strategies before we come out on Gold Plus.

Amit Sachdeva: But Venkat, if I were to look at the business is already low margin and largely on L2 format if I recollect, also you own the inventory as well. May be it is not owned in technical sense but it is still a sort of a channel which is not very value accretive is my say, why do it then?

Venkataraman: The reason why you have kept the expansion totally on hold is because of the question that you are asking. But at the same time there is a certain belief that we have that we can make it work and the business has been lost money cumulatively since inception and therefore there is certain value that it has generated. Now we have kept the role of the business in the portfolio constant while letting Tanishq flourish, therefore not really diluted the overall business portfolio, the business EBIT and let it grow, what you are saying is right but we have not continued to invest in the business. We are aware of the point that you are raising and I am sure we will have an answer by and by.

Amit Sachdeva: how about Q4, like GHS is helping in studded promotion, isn't it like a potent combination where you should despite some impact of pan card which I want to discuss in a minute but how the Q4 is looking where this two combination is working at the same time should be really helping, isn't it?

Venkataraman: Now the complication is that, we have advanced the activation in the Q3 and therefore Q3 has been very good. Therefore, Q4 cannot be that good for studded even if there was no PAN Card impact and we are seeing a PAN Card impact which is reasonable visible but it is just 25 days, so I do not know whether to conclude all the way or not. Gold Jewellery is doing pretty good but gold Jewellery is not the focus for Q4. So from a Y-o-Y basis on Q4, I do not have a good picture yet but it is certainly very challenging.

Amit Sachdeva: I guess some numbers are floating around on your own assessment of PAN Card impact, could you actually help us understand what is that you have in mind when you looked at this month already and you had put some estimates when this ruling came in December mid wherein you had a press release saying that we could be impacted by much of amount, but having seen January and having seen how the month could look like for you, given the promotion was there, so studded was part of it and impacted sort of SKU in that sense. So how would you now sort of assess the situation? If you could quantify say, year term or maybe half year how we should think through this?

Venkataraman: Actually 26 days Amit on this and while I do have some indication from the stores, it is not good enough for me, convincing enough for me to project anything on this because people are just getting used to the idea. They are not aware that they have to bring the PAN Card, we have done a lot of communication to a lot of people but to penetrate into every single household from this is not that easy and therefore I would not raise this and just to go back to that assessment that we have given out when the rule came, we have used the share of cash purchase as one indicator for that but even within the cash purchases the issue was that lot of people actually draw cash from their account because they do not have credit card limits and they want product delivery when they come into the store. Which means that if they are buying for 3 lakhs they bring 3 lakhs cash from accounted money from their bank account and that is not actually black money as a typically what we would imagine. So therefore even though that 6% or whatever of cash purchases was indicative some of that in some stores a lot of that was actually white money bought in cash and therefore we were estimating the true cash whatever we can call it as black to be less than that. But at the same time we were also aware that people were playing with credit cards would be where you are giving their PAN Cards for reasons of worry or whatever it is. So there is a compensating factor coming from that. So taking that into account, it is a ballpark of whatever we said at that 10%. Those are all suppositions that it is now starting to play out but it is just a few weeks and I will hold without giving any view on it for a while.

Moderator: Thank you. We will take the next question from the line of Rakesh Jhunjhunwala from Rare Enterprises.

Rakesh Jhunjhunwala: I have 3 questions**.** The Golden Harvest scheme is two parts. One is the amount of sale in the Golden Harvest and one is the amount of new bookings. So how are the new bookings are going?

Venkataraman: You mean the enrollments?

Rakesh Jhunjhunwala: Yes.

Venkataraman: Enrollments are looking like will hit our limits by March.

Rakesh Jhunjhunwala: As I understand today at one point of time you can have 750 crores deposits based on networth on 31st March 2015, am I right?

S. Subramaniam: Yes, 2015, 31st March.

S. Subramaniam: See, what is happening Rakesh is that, while enrollments are very good, the people are redeeming. We are having, they are going to have room**.** So we do not see us hitting the ceiling as such and therefore stopping enrollment because this quarter we do expect significant amounts of redemptions.

Rakesh Jhunjhunwala: If we look at this, maximum enrollment you get is 800 crores.

S. Subramaniam: Yes that is right.

Rakesh Jhunjhunwala: Once 100 crores is encashed you can take…

S. Subramaniam: You are right. It is not about how much I can enroll. The limit is 774. I can actually enroll more, so long as that I do not touch the limit.

Rakesh Jhunjhunwala: So next year you can surely get 1000 crores of sales.

S. Subramaniam: We can do that, yes you are right.

Rakesh Jhunjhunwala: From gold therefore for your future sales not only the present component of gold sales is important**,** but also the bookings.

S. Subramaniam: Right.

Rakesh Jhunjhunwala: So the 800 are good.

Bhaskar Bhat: These are advance booking scheme, right?

Rakesh Jhunjhunwala: Yes, advance bookings are good?

Bhaskar Bhat: Yes. Going at a good clip. That is the point.

Rakesh Jhunjhunwala: Do you think there is a very big case, there is fall in sales between 2 lakhs and 5 lakhs. Now this started first with 5 lakhs, which is a very big problem nobody will buy more than 5 lakhs now everything is settled down. So everybody forgot that above 5 lakhs we will be losing sales.

Venkataraman: No, the only difference is that more than 5 lakhs accounted for a certain portion of sales at that point in time and for the first couple of years the sale actually was flat and then it started picking up a little whereas 2 to 5 their contribution of 2 to 5 is higher.

Rakesh Jhunjhunwala: But with time it will settle down?

Venkataraman: It will, the other good thing is that it is applicable to all categories whereas that more than 5 is applicable only to Jewellery. Therefore, certainly the medium term outlook on this is not at all an issue but finally we are just 25 days into the problem, right?

Rakesh Jhunjhunwala: Okay, another question is about Eyewear. Now we are running Eyewear for 5 years. now has we lost substantial sales because as I understand Chennai is a big market for us. We also have some analysis of the eyewear market. So why is it not good, why we are not getting volume, we are not getting profit and what is our strategy for that?

Ronnie Talati: Rakesh, it is not that we are expanding very rapidly. So that is out of our plan, our like-to-like growth before we hit this quarter running at a reasonable 7% while we have planned for a 10% like-to-like growth and seeing the first month of this quarter we are back to that kind of growth. So overall we are not seeing a major problem with the business itself.

Rakesh Jhunjhunwala: What is it which require us to when set up business we were so much little organized. What is it by which you can make 15% growth in like-to-like, is it because of the economic conditions or we need to have better distribution, better product, can you give us some analysis for your 5 years of business now? What is that we need to do if we, even we require customer sentiment to improve or we need to close down the loss making shops or we need to better target our shops or we need to slow down the…?

Bhaskar Bhat: I think it is a flash in the pan in the negative side Rakesh. November was particularly, I think the underline we should understand a little better. But if you were to ask us collectively our aggressive expansion of store network, certainly is, I mean belief in the business is very high. The actual performance in the business in terms of customer satisfaction is still very high. Yes, there are some unprofitable store and Ronnie is aggressively pursuing closure of those also, so profitability improvement is also obviously going to happen. I think it is just that we had a bad quarter.

Ronnie Talati: In fact we had closed out even in this quarter as we speak we have closed down about 8 stores and we have renovated 12 stores so we lost sales because of that. But overall as Bhaskar said it has been, the festival season really October-November is not a season for the eyewear division and the season really starts now when the NRIs and so on come and start buying.

Bhaskar Bhat: I think there is one disappointment in this business Rakesh, it is the sunglasses. See if I were to take sunglass business has not grown despite the category being only 300 crores is a little surprising in a country where fashion is organized. So all though we are profitable, I mean sunglasses itself should be a 400-500 crores business for us. That is the little we are not able to figure out.

Rakesh Jhunjhunwala: You are investing in that business and making some efforts?

Bhaskar Bhat: Yes.

Rakesh Jhunjhunwala: And the last question, is on Bhaskar's favourite business in precision engineering. So when are you subsidiarizing it and selling it?

Bhaskar Bhat: Subsidiarizing is not in my hands, we have taken the decision. The new company has been created. Your question is about when are you selling it, right?

Rakesh Jhunjhunwala: When are you transferring it and when are you selling it?

Bhaskar Bhat: Sales is a separate matter Rakesh. I think subsidiarizing is the first step towards creating greater value in that business.

Rakesh Jhunjhunwala: So when are you subsidiarizing it?

Bhaskar Bhat: Court process is going on Rakesh, it is just that. It is not that we are holding back anything.

Rakesh Jhunjhunwala: Will it happen in this financial year?

Bhaskar Bhat: It will be effective 1st April.

Rakesh Jhunjhunwala: And what is the mystery cash out, cash suddenly comes, suddenly goes away.

S. Subramaniam: Cash is because we have gold on lease right and we have GHS coming in. Both of them are generating a lot of cash and if we look at our inventory numbers we have held on the inventory. So actually cash generation has been very good now.

Rakesh Jhunjhunwala: One last question this collection ZUHUR and Divyam in Jewellery, those collections are over or jewellery is still?

Bhaskar Bhat: No no no. It is just that we went, ran out of stock in Divyam in some places that is all. I think it will replenish. It is continuing.

Rakesh Jhunjhunwala: Are we seeing good response?

Bhaskar Bhat: Extremely good. Excellent.

Moderator: Thank you. We will take the next question from the line of Vivek Maheshwari from CLSA Securities.

Vivek Maheshwari: My first question is on the Golden Harvest. If this PAN Card rule of 2 lakhs applies where? If the customer is paying say 20,000 bucks a month and by the end of the year it is 2,40,000 at that level it would be still applicable?

S. Subramaniam: Only when he buys. It is not when he invests. He may choose to buy a product which is less than 2 lakhs, so PAN Card does not apply.

Vivek Maheshwari: My question is sir, monthly installment 20,000, 2,40,000 at the end of the period he will be required to give his PAN Card?

Bhaskar Bhat: No. He gives the PAN Card when he buys. When he converts that Golden Harvest.

Venkataraman: So it typically indicates we want in a way. We want, then somebody specifically answer your question with it and when somebody enrolls at that level we warn that person.

Vivek Maheshwari: And you do not envisage any issue because of this, right?

Venkataraman: Issue meaning what?

Vivek Maheshwari: As in some consumers getting out of Golden Harvest also because of this PAN Card issue?

Venkataraman: We have to see, anything is possible. Finally, we are talking about every sales person remembering to tell every person at 20,000 selling unit to bring a PAN Card, that customer needing to remember one year in advance, so we have no idea. All I am saying is, at the time of enrollment, the SOP is to test, after that we don't know but we are not worrying so much about everything.

Bhaskar Bhat: Let me put the Prime Minister's face on the Golden Harvest.

Vivek Maheshwari: Second question, slightly a basic question on studded Jewellery. Now Titan, my understanding is very strong in studded Jewellery, Diamond Jewellery. You do not have as many local options unlike gold Jewellery. If a customer who wants to buy studded Jewellery and she has not brought her PAN Card and whatever, what happens after that. She does not have many options right? The guys who would be competing with you would be enforcing a similar thing, unlike gold where it is theoretically I would assume that the local guys may not circumvent this law. So what happens in case of studded Jewellery then?

Venkataraman: Actually, in the more than 2 lakhs price band, our share in studded Jewellery is much lower than less than 2 lakhs.

Vivek Maheshwari: But I think sir you would be still up against somewhat I would imagine this the local guys would be much powerful in the gold Jewellery compared to studded.

Venkataraman: I do not know what you mean by local Jewellers. But big Jewellers of this country in every city, their share of the high value diamond Jewellery is higher than our share of high value diamond Jewellery. So therefore it would depend, therefore customer has choice, I mean if she goes to any large Jeweller in any city, the range that guy offers in more than 2 lakhs would be better than ours and on top of that if that Jeweller chooses not to insist then there is a double advantage, as it happened in the more than 5 lakhs units happened.

Vivek Maheshwari: And what you did in case of, I mean at any point of time do you think there may be a need to rethink about the margins for making charges that you have in studded Jewellery, what you did with plain gold Jewellery?

Venkataraman: No, not at the moment.

Vivek Maheshwari: And lastly any inventory, any mark-to-market reversal you would have done in Jewellery in this quarter.

S. Subramaniam: Not much of an impact overall whether it is mark-to-market or premium there is not much of impact on accounting issues.

Moderator: Thank you. We will take the next question from the line of Arnab Mitra from Credit Suisse.

Arnab Mitra: Firstly on the GHS, because you have seen a bit of it redemption happening there. Are you still seeing the 50% kind of upsell that used to happen in the scheme in the past and in that context would you still expect that 450 crores number in the overall 2H including what you have done in 3Q?

Venkataraman: 50% upsell yes. 2H depends on the actual. But we are counting for maximizing all the redemptions which are due in any case.

Arnab Mitra: Okay, now because couple of quarters back you had indicated that around 450 crores is what you could expect in 2H. So as of now you hold on to that kind of…?

Venkataraman: That is what we are continuing to push for. All I am saying is that the actual redemption will depend on the customer also but every customer is redeeming by buying 50% more than the enrollment value.

Arnab Mitra: Second is just on the studded activation in December, could you kind of give a ballpark quantification of studded not being for that last one week upswing, what kind of LTL growth would Tanishq has seen compared to the 30% which you reported?

Venkataraman: I can but I would not like to because it is too complicated. Because finally from a growing concern point of view we look at it more a 6 months' thing than 3-month because we just for the sake of this we ended up in advancing it. So I would not like to share that.

Arnab Mitra: And any reason why actually the studded share on a year-on-year basis is actually slightly down despite the preponement? Any reason why that would have happened? I think it is 26%.

Venkataraman: Gold has also been doing very well. I was sharing a little earlier the relevance of Tanishq for the main stream Jewellery buyer has been steadily increasing. The brand metrics are all pointing towards that and we see a lot of new customers coming in and buying gold Jewellery, so we are okay with that. As far as the, more than the share of studded, I think the growth in studded Jewellery is what we would ideally like to gun for. So if you are able to grow studded Jewellery by 20% but gold out beats that and actually grows by 25% because of which your studded share drops, it is still okay because the leverage is still at advantage.

Bhaskar Bhat: Also, talking about the quarter. I don't suspect, I strongly feel the wedding season in this quarter is very strong, in Q3. So that might have driven…

Venkataraman: And that also has a relevance for Tanishq increasing.

Bhaskar Bhat: So that may have also been added.

Moderator: Thank you very much. We will take the next question from the line of Abhishek Ranganathan from Ambit Capital.

Abhishek Ranganathan: On the PAN Card, just want to understand on what way we have seen, do we foresee or are there any action plan in which we have to product mix we end up squeezing and what happens to the portfolio then of product mix?

Bhaskar Bhat: Very difficult to deal with product mix like that Abhishek, like I remember somebody telling me that you cannot make a person wanting to by an Audi car like for Maruti. So a person wants a 3 lakhs Necklace, 4 lakhs Necklace, so she would want that. Right now the situation is too early and for example if it takes reasonably long time for this problem to settle in the 2-5 lakhs area then we will have to push our efforts in the more than 5 lakhs much more because the market share gain that is possible there is still there, it is just that we have to get even more aggressive on that sort of compensate for any drift here**.** In the less than 2 lakhs it is very difficult because we are a big force in any as it is and therefore the scope for growth in share would be relatively low.

Abhishek Ranganathan: Then on the Diamond Jewellery why you say that diamond has been affected, studded has been more by the PAN Card other than gold. We are assuming that the wedding season still reasonably strong.

Venkataraman: I do not know the reasons yet, all I know is those statistics where gold is continuing to do well in January but problem with diamonds is that we are so advanced the diamond activation to December, so the effect of that is also sitting in this. It is too early for us to unravel the impact of these two different forces. Currently, gold is continuing to do well, despite actually being affected by the PAN Card, meaning in the price band the share has dropped but the total sales of the gold continues to be decent in January despite the share of 2-5 being low.

Abhishek Ranganathan: So you are saying 2:5 is higher in studded compared to gold?

Venkataraman: During activation it jumps, therefore it complicates the analysis and understanding. What happens is that we become much more attractive to the HNI customer during activation because the 2-5 lakhs and more than 5 lakhs products become much closer to competition. Therefore, the share automatically jumps. Whereas in gold that is not a situation because we are not having any activation.

Abhishek Ranganathan: And more we have here is from GHS as to what portion of the customers have now erstwhile Golden Harvest customers are being back to the system?

Venkataraman: We have been but I am personally not aware of it Abhishek, so I would not be able to share it at the moment. So may be offline we can talk about it.

Abhishek Ranganathan: Lastly on the ad spend, do we envisage more aggressive campaign doing ad including next year?

Venkataraman: You mean on Jewellery or on the company or what?

Abhishek Ranganathan: On both and given the fact that you might have new product launches having like in Divyam and ZUHUR and similarly on both sides….

Venkataraman: Actually we are working on much more effective use of the money because the world has changed dramatically in the last few years. The role of mass media advertising in influencing sales has changed a lot and therefore we are starting to focus lot more on much better targeting, much better alignment of resources behind categories where growth is being driven and a much more systematic evaluation of the effectiveness of the money spend and all that and therefore it may not necessarily be only more money but much better use of money.

Moderator: Thank you very much. We will take the next question from the line of Harit Kapoor from IDFC Securities.

Harit Kapoor: Just had two questions on watches, just wanted to understand you said that the revenue growth is 8% and the volume growth is flat, so I just wanted to know whether there is a price growth there or is a mix impact, what is really happening there?

Ravi Kant: It is actually a mix impact, what we have been doing over a period of time is introducing new products in the Titan brand at higher price points and also vacating the lower price points. So we have in fact vacated quite a few odd drop, quite a few model which were below 2000 range. So it is a very conscious decision that we have taken in the interest of the brand.

Harit Kapoor: So your average price now, you seeing would have gone up, so what impact that number be versus may be 2 or 3 years back?

Ravi Kant: It has grown by at least about 7%-8% over the three years.

Bhaskar Bhat: 20% I think like a 3 years.

Harit Kapoor: And obviously EBIT margins have been impacted because of higher advertising but I just wanted to understand the gross margin in watches. So obviously there is a higher mix impact but there would have also been higher raw material cost because of the impact of the current season, so just wanted to…?

Ravi Kant: Only to the extent of imports we had some impact. But the EBIT margin we spoke about earlier will be in response to an early question which was on account of much higher front in advertising one because of the season, Diwali and all that. The second was preponement of our activation in December leading to a higher sales.

Harit Kapoor: Would the gross margin still be there?

S. Subramaniam: Gross margins have been stable.

Ravi Kant: Have been quite stable, yes and in line with what was planned.

Moderator: Thank you very much. We will take the next question from the line of Richard Lew from JM Financial.

Richard Liu: Having gone through a soft growth patch for some time now and pick up somewhat now what is your assessment was the bigger issue till sometime back, are people more fearful of consistently falling value of gold or was it the weak consumer sentiment prevailing in the economy?

Bhaskar Bhat: The sentiment effect on gold Jewellery was visible generally but I think the gold remaining flat for a long period of which I am only being anecdotal. In the past also we have witnessed. The enthusiasm for gold rises only when there was a steady rise. Significant enthusiasm rise. When it is flat Richard I think consumers are very smart, in that sense at a very basic level. I think attraction for gold still remains very high, but it remains so flat and there was even fear of it falling perhaps that kept them away. But the underlying consumer sentimental spending it also certainly affected.

Venkataraman: Also I think there is a certain steady state of when you need Jewellery, then I think the whole of price has a lower bearing on the purchase but when there is spare cash and household shares let us put in Jewellery, at that time I think this impact of the falling price has a role in the conversion when husband may say, no, it is falling, it is not a good investment kind of thing. The biggest primary reason for buying Jewellery is actually led by the consumption and not by the investment. So that might be 70%-80% of that is determined by that and the balance 20% is the toping up is the discretionary spending, now we have extra money, where shall we put it kind of thing. Fortunately, because the share of the Titan company Jewellery business is in the low single digits and even lower on gold. I think despite that the topping not happening, our scope of increasing our share and growing. Is there I think they have seen some of them certainly in H2.

Richard Liu: Alright, sir the earlier assumption when gold prices first started falling, the people were looking at a rupee budget and we will perhaps buy more when prices fall or buy less when prices rise. That is not something that you are still holding on to at this stage after having….

Venkataraman: We did a fair amount of research on the connection between prize and demand. We concluded this and I do not know whether it helps you but we concluded that the fall in the demand when the price rises is lower than the rise in the price and rise in the demand when the price falls is lower than the fall in the price. So this is what we concluded and frankly….it is a complicated subject on which there is no grip that anyone seems to have. We are only getting on, Richard, that the share of Tanishq and the share of Gold Plus and particularly the share of Tanishq is low enough for us worry less about that overall l impact of on demand and continue to grow our share in wedding, our share in daily wear.

Richard Liu: And on jewellery margin this quarter and also may be last one, the drop in making charges that you actually carried out in the earlier part of the year, that does not seem to be showing through at all in the EBIT margin somehow can you help us understand that. Has that pressure been offset by some cost efficiency measure or something like that?

Venkataraman: Multiple factors one is that the cost of Golden Harvest has not been incurred in H1 certainly and even in H2 is very small share and the cost of Golden Harvest even in H2, the cost itself has fallen because it is no longer 1/11, as it was and the share is dramatically lower, so that is one important thing. The second is that while the price drops have happened we were so being pushing the sale of these higher making charge categories like Kundan, Polki and all that. The third is, there are efficiencies by we are pushing on the sourcing side through our Karigar park, Karigar centers where the same product is getting made at a lower prices. We have got gold buying efficiency, so it is combination of factors and fortunately all four have worked together to deliver a good margin despite the making charges reduction.

Richard Liu: I am looking at this others group in the segment financials, the segment reporting format. This other loses have gone up from about one crore in Q3 last year to about 13 crores this year. What would that be due to?

S. Subramaniam: Two reasons, one is the precision engineering division itself has losses because of the lower revenues in MBA. So that is one and of course it includes the fragrances sector where we have significantly higher advertising spends. So that is part of that other segment. So to that extent fragrances will obviously take time to ramp up and the ad spend now will be high.

Richard Liu: Regarding watches, this higher pay out for the EOSS to the trade that you mentioned sometime back, has that been of the much higher order than the gain in sales that was there during the quarter because of the EOSS advancement. What I am trying to ask is that, is there some sort of a timing mismatch here that the payout was made and booked in the P&L this quarter but sales will possibly accrue in Q4?

S. Ravi Kant: No. The sale is immediate. Actually the benefit of this is typical reason for designing an EOSS, that actually move out your slow moving stock and most of the models that were on EOSS were models from our entire large collections which have been dropped. So it has helped a great deal in terms of selling out those watches which were getting stuck in the entire system and it has an immediate bearing on sales. There is no lag effect on sales.

Moderator: Thank you. We will take the next question from the line of Prasad Deshmukh from Bank of America.

Prasad Deshmukh: Couple of questions. Firstly, numbers. As a percentage of total sales first week accounts for how much of the activation sales overall?

Venkataraman: 25%-30%.

Prasad Deshmukh: Second about this smart watch that you recently launched, what is the market opportunity you are seeing and what is the arrangement with HP here?

S. Ravi Kant: Market opportunity will get defined as we go along because there is actually no estimate of the market size. Opportunity is huge because there is a lot of buzz around wearables and tech products most of the watches so far has been launched by what would call electronic players or mobile phone players. We are the first serious watch maker who has come into India and therefore we have the opportunity given the size of the bank to carve out this as one of the fairly decent segment in our portfolio. Arrangement for HP, what they done is, they have brought in the entire technology and develop the software, the cloud all of that. So we brought to the table, design our whole watch manufacturing expertise and finally assembling it as a complete one unit for marketing in India. We have also entered into an arrangement with them for launching it in US, Canada and UK. So that was not the prime reason for tying up with them.

Prasad Deshmukh: And just one last question. Next quarter, how much of hedging gains should we be building into the numbers?

S. Subraaniam: It is substantial but I cannot give you the number now, Prasad.

Moderator: Thank you. We will take the next question from the line of Devang Mehta from Canara Robeco.

Devang Mehta: Just one question on the capital employed. This shift from capital employed from Jewellery business to corporate, can you give some light on that?

S. Subramaniam: I did not get you.

Devang Mehta: Your capital employed has been shifted from…?

S. Subramaniam: No, it is because of the cash balance. Nothing else.

Devang Mehta: So it is because the hedging in the cash balance?

S. Subramaniam: Yes, cash balance.

Moderator: Thank you. We will take the next question from the line of Rajasa K from Jefferies.

Rajasa K: Two questions. One, the retail addition in Tanishq particularly, I am just a little surprised with the numbers. You talked about 54,000 square feet year-to-date and if I just look at the Q3 number we have added 5 stores and just 6000 square feet. Am I missing something here?

S. Subramaniam: Rajasa, what happens is that whenever we give you these numbers, these are net numbers for the quarter. Now we do relocation of source, right? In which case there could be a decrease during that period where the new stores might not have come up. So on a quarter-on-quarter basis I do not think it will be a very accurate to see those numbers and look at a different set.

Venkataraman: I can confirm to you the average size of the store, 5 stores that we have opened is not 1,200 square feet.

Rajasa K: So basically in terms of just square feet addition then they are not likely to touch the 100,000 then?

S. Subramaniam: No, we are not likely to touch 100,000.

Rajasa K: And sir could you please talk a little about ecommerce impacting watches and eyewear, is there something structural, are these guys stealing your show, how are physical details being impacted by ecommerce?

Bhaskar Bhat: To be frank, Ravi can add to this. I think there is more noise and disturbance than real loss of sale. I think it is a good think that is happening in the sense that it is bringing interest to certainly watches as the category. More people are browsing and finding watches and if anything, it is addictive to the category. However, because of behaviors of some of the people in the trade who have participated in marketplace kind of behavior it has disturbed trade a lot. I think Ravi has better knowledge of this. If you can add.

S. Ravi Kant: From a company's perspective we are looking at this as an opportunity. Not looking at the ecommerce players as competition for the sale. Although we have to bring in some discipline in terms of the way they operate and they discount beyond what they are supposed to. If you take the example of launch of our Smart Watch we have done exclusive tie up with Myntra and launched in addition to our own website titan.co.in. It is multi-pronged approach that we are using and going forward we are also working on omni-channel route. So we will work hand in hand with our brick and mortar model as well as the ecommerce channel which offers and opportunity because that is where the consumer is today.

Rajasa K: But are you seeing competitors having it easy because of this entire ecommerce thing. Your differentiation I would think had a lot to do with how you built your stores and your reach and brand trend. But now are you seeing smaller brands springing up and taking…?

S. Ravi Kant: You are right. Actually they are not our competitors but it is creating a whole lot of noise and clutter in the marketplace because it is very easy for unknown brands to just go and tie up with some of the ecommerce players and create unnecessary disturbance. So that is there. But they are really not our competitors. The serious brands who are international brands and all of us have to deal with this in a manner which, so they play by the rules of the game like Bhaskar was mentioning earlier there are smaller dealers who are putting up their products at a very high discount because they have stocks, so they have procured these watches from somewhere and creating unnecessary disturbance.

Bhaskar Bhat: One other things that we are awaiting and which could help a lot both watches and eyewear is GST you know. Direct is of course in terms of cost of operations for these guys, but more importantly it actually will force them to mend their ways. So if anything, it is beneficial for a lot of people who operate with unorganized sector as their competitor.

Moderator: Thank you. We will take the next question from the line of Latika Chopra from JP Morgan.

Latika Chopra: Just following up on the store expansion thing, you know clearly you are not doing 100,000 what was the earlier planned, but what is this pipeline looking like for the next fiscal, you know in a more realistic manner and any thoughts on the issues that would be faced to find new franchise, the L3 models, actually?

Venkataraman: See one of the problems, Latika in the beginning of the year was all this news about the one lakh PAN Card and things started really slowly down because the prospective L3s were really worried about the one lakh PAN Card and so we had difficult time in getting franchises connected up. As things started preceding, we made a lot of representation to Mr. Jaitley and all that and as word of that started spreading the confidence came back and we started signing up and some of the stores that we step up were because of that. Now the 2 lakhs has come and certainly has complicated matters further. That will take some more time to settle and all that. So I do not have a good picture to give you at the moment.

Latika Chopra: And just on the PAN Card thing there are couple of other players who mentioned that there are alternative proof that can be given, do you think that really helps the case because consumer would still be averse to share any details if they do not want to share the PAN Card?

Venakataraman: I do not know what is the alternate. Government has asked for PAN Card. So till the government says, driving license is good enough, PAN Card only can be collected.

Bhaskar Bhat: Yes, we have been advocating that policy.

Venkataraman: I do not know who is saying what, but the other people may not be collecting. That is a different matter.

Latika Chopra: And just lastly would it be possible to share how the share of exchange Jewellery has moved, behaved over last year or so for you and also any color on the growth for the Mia brand?

Venkataraman: Mia has done very well. It is just that our ability to expand this, number of stores of Mia has certainly contributed to our, actually exploding that brand and we are hoping that next year with a much greater effort and alignment across the company we can take it to another level. Also a much higher emphasis on digital marketing and ecommerce. Exchange is a little more complicated. So gold exchange has risen in FY16. We also emphasized a lot of it in some key markets where the value that we offer vis-à-vis competition is much better. Exchange tend to go up when the activation happened because it is a good excuse for customers to actually exchange but is not a significant increase compared to let us say FY15.

Latika Chopra: So the shares would be still low double digits?

Venkataraman: Double digits, what do you mean?

Latika Chopra: Low-teens.

Venkataraman: Yes and that is combination of the gold exchange where other people's Jewellery as well as Tanishq jewellery both together.

Moderator: Thank you very much. We will take the next question from the line of Rakesh Jhunjhunwala from Rare Enterprises

Rakesh Jhunjhunwala: I was just wondering you were saying that the wedding season was very good, the wedding season also. Is it partly reflection of the fact that we are more emphasis on selling wedding jewellery?

Venkataraman: Very much. Actually more than 75 gm gold jewellery category, Rakesh, even in H1, H1 was doing very well.

Rakesh Jhunjhunwala: Do we catch the share of wedding jewellery in our rural jewellery, is that going up?

Venkataraman: The indicator for that is the share of the greater than 75 gms, that has been steadily rising.

Rakesh Jhunjhunwala: So therefore it is a factor of market share rather than better market.

Venkataraman: Yes, we have certainly become much better in terms of range of prices, marketing and visibility for being known for wedding and all that and our immediate future next 12 months, 18 months, 24 months is going to be built on that driver of growth as well.

Rakesh Jhunjhunwala: And second thing is how many shops are we opening in this quarter?

Venkataraman: In Q4?

Rakesh Jhunjhunwala: Yes.

Venkataraman: I am not immediately familiar Rakesh. I will have to check but there is a decent bunching happening is what I remember, but I do not have the figure.

Rakesh Jhunjhunwala: It might be around 10%-15%, we are opening 4-5-6-7-8?

Venkataraman: I think 6 or 7 stores if I remember right?

Rakesh Jhunjhunwala: So we will add about 25-30,000 square feet?

Venkataraman: I think so.

Rakesh Jhunjhunwala: So you should do 80,000 instead of 1 lakh?

Venkataraman: May be.

Rakesh Jhunjhunwala: And we do not have any visibility for next year as yet?

Venkataraman: Not at the moment. But we are right in the thick of it.

Rakesh Jhunjhunwala: And we are going to smaller towns or we are having more shops in the same cities?

S. Subramaniam: No, I think it is greater emphasis on smaller towns. A lot more smaller towns to conquer than big cities.

Moderator: Thank you. We will take the next question from the line of Abhishek Ranganathan from Ambit Capital.

Abhishek Ranganathan: GHS contributed about 5% out of revenues?

Venkataraman: Yes, about that.

Abhishek Ranganathan: So that is Tanishq?

Venkataraman: Yes, Tanishq.

Abhishek Ranganathan: You are talking of about close to 140 crores of revenues there and the overall guidance was about 450 crores for the second half, if everything goes well, it should be around 300 in the Q4?

Venkataraman: That was the 450 question that somebody has asked a little earlier, yes.

Abhishek Ranganathan: So that number remains the same?

Venkataraman: There is no change because it was basis certain enrollment that was visible at that time. That enrollment has not changed but the redemption has to actually happen for us to realize. That is all.

Abhishek Ranganathan: Earlier our understanding was we would have possibly have less than 100 crores, may be 50-60 crores of redemption in the Q3?

Venkataraman: We were also pushing for an advancement, we have been successful partly.

Abhishek Ranganathan: We may do that in the Q4 again?

Venkataraman: No, we also want to keep some good news for next year.

Moderator: Thank you. As there are no further questions. I would now like to hand the floor over to Mr. Subham Sinha for closing comments.

Subham Sinha: On behalf of Tata Securities that concludes the con-call. I thank everyone for joining.

Moderator: Ladies and gentlemen, on behalf of Tata Securities that concludes this conference. Thank you for joining us and you may now disconnect you lines.