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8th November 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 unaudited Financial Results (Standalone and Consolidated) for the second quarter and half year ended 30th September 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.

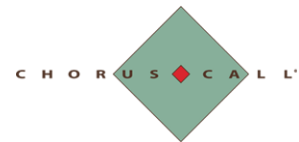
Yours truly,
For TITAN COMPANY LIMITED

Dinesh Shetty
General Counsel & Company Secretary

Encl. As stated



“Titan Company Limited
Q2 FY '26 Earnings Conference Call”
November 04, 2025



TITAN MANAGEMENT:

MR. C. K. VENKATARAMAN	– MANAGING DIRECTOR, TITAN COMPANY LIMITED
MR. ASHOK SONTALIA	– CHIEF FINANCIAL OFFICER
MR. AJOY CHAWLA	– CEO, JEWELLERY DIVISION
MR. KURUVILLA MARKOSE	– CEO, WATCHES & WEARABLES DIVISION
MR. RAGHAVAN N S	– CEO, EYECARE DIVISION
MR. MANISH GUPTA	– CEO, FRAGRANCES & FASHION ACCESSORIES DIVISION
MR. SAUMEN BHAUMIK	– MANAGING DIRECTOR, CARATLANE
MR. N P SRIDHAR	– MANAGING DIRECTOR, TITAN ENGINEERING & AUTOMATION LIMITED (‘TEAL’)

Moderator: Ladies and gentlemen, good day, and welcome to Titan Company Limited Q2 FY '26 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

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

C.K. Venkataraman: Thank you, and good morning to everyone all over. It's good to be talking to you at the end a very satisfying Q2 FY '26. The growth in virtually all our businesses, markets, subsidiaries have been very satisfying, and the deck has been with you for a little while now, so we can move directly into your questions.

Moderator: Shall we open the line for questions?

C.K. Venkataraman: Yes, please.

Moderator: Thank you. The first question comes from the line of Manoj Menon with ICICI Securities. Please go ahead.

Manoj Menon: And first of all, thanks for hosting the call early in the day. So just I have only one feedback what you're seeing on the ground, what the customers are telling you in the context of the parabolic rise in gold prices on three aspects.

One, what the customers, let's say, the willingness. You mentioned last time about customer buying an 18-carat or less than 22. And importantly, what the activities which you are undertaking directionally, let's say, what proportion of your inventory is non-22 in plain gold or anything like that. And then how sustainable it is.

Point number two, historically, we have noted that, at least, I've observed that whenever gold prices increases beyond a point, it becomes relatively easier across the counter to upgrade the consumer to stud it because consumer probably believes that studded is far better aspirational rather than gold.

So are you -- so when I look at the studded mix, it largely remains flat, 1% here and there. And -- but having said that, I can't see the flow-through into the GP also. So how do I read that? So yes, so that's one.

And the third is yesterday Thangamayil had put out an exchange release saying that they have actually seen a very good October in volumes. So how do -- I mean how are we to interpret? Is it an industry trend? Let's say, the typical volume price elasticity, is that holding out? How do we read that? Not Thangamayil, I'm talking about industry and particularly you.

Ajoy Chawla:

Good morning Manoj, Ajoy here. I think the first one about how are we seeing consumer behavior on the ground. I mean, there's been a certain holdback which consumers had during the meteoric rise of gold. But then when they didn't see it come down and continue to remain high during festive, a lot of fence-sitters jumped in.

Having said that, that was mostly to do with people in the mid- to higher price bands. In the lower price bands, there continues to be sluggishness in terms of number of buyers and -- especially for gold jewellery.

Your point on how is the response to 18-carat jewellery. It has been good, whatever we put out there in the first half. Having said that, it is not material enough yet as a percentage of our inventory to be able to come to a conclusion. We certainly hope to increase that share substantially as we go forward based on the initial pilots that we have seen.

Third point you asked about that whenever gold prices are high, do people go in for studded, well, the studded buyer growth is marginally higher than the gold jewellery, if I exclude coins. Coins kind of skews the color on the overall product mix. Coins, of course, is growing very well, exceptionally high. That shows strong investment demand.

But if I just compare studded growth of buyer level and gold jewellery buyer growth, we have now been seeing this trend consistently over the last several quarters that the studded buyer growth have been better, not very high, but certainly better than the gold jewellery buyer growth. Still early single digits, I would say.

But in general, when gold prices are high and if customers are holding back, they don't -- they hold back for gold as well as studded. It's not that -- the walk-ins itself drop. And when they came in during festive season, the interest in gold has been so high that we are not seeing a very big material movement towards studded at this point in time. But yes, there is a marginal difference in studded buyer growth. It's higher. And gold jewellery growth in terms of buyers, it's lower. It's negative, whereas in studded buyer growth, it's positive.

Manoj Menon:

Just one follow-up quickly, and I'll come back in the queue. So one hypothesis or assertion which I made was based on historical observation that across the counter, it's relatively easier to convert a gold consumer or a customer into a studded where for the like-to-like revenue your GP pool is far better, right? I mean so is that assertion right? I mean, or is there something like let's say you need better incentivization or some activity from your side to ensure that your conversions are, let's say, appropriately captured?

Ajoy Chawla:

I -- no, I don't have any such -- I can't confirm your hypothesis because I'm not sure if we are seeing that kind of natural movement. And for conversion, I don't know, again, it's not about sweetening it. I think it's just the fact that there is a natural consumer for studded and there's a natural consumer for gold.

Some of the studded people in the higher end have opted for gold because they feel that they are seeing some better investment value there. But I can't say the same for any other segment, lower

price, mid-price. It's not that the gold customer is suddenly buying studded. So it's difficult to draw any correlation.

Manoj Menon:

All the best to both Venkat and you in the future endeavors.

Ajoy Chawla:

Thanks. Manoj, I think you asked about how October has been. It's been good for the industry overall. I don't know how much volume growth has happened for the industry, very difficult to gauge because let's wait for World Gold Council to kind of release some data exactly on festive season to festive season. The timing difference is also there.

But overall, I think October and generally festive to festive, given the timing difference, has been quite good -- very good, I would say, for the industry and certainly very good for us as well. And this is not in correlation to Thangamayil's figures. Their base may be very small and they are at an expansion. I'm talking at an overall level.

Manoj Menon:

So, Ajoy, just one last thing. Is it fair to then conclude that the consumer or the customer seems to have accepted, which is what you alluded to, higher gold prices, at least in the large-ticket consumer and that the volume pull back or cut back or elasticity is not as per historical standards, and they are willing to actually, let's say, redirect, let's say, spends from other categories or other aspects into jewellery?

Ajoy Chawla:

I can only say for ourselves that our buyer growth have improved in festive to festive of 32 days like-to-like period, compared to, let's say, quarter 2. But how much of that is because they are naturally now comfortable, yes, they are comfortable with gold prices, but I think we also ran a very powerful exchange offer, which might have swung it significantly, besides, of course, the Diwali collection launches and campaigns.

But I can only say this for ourselves. I don't have really a deeper industry level insight that, yes, now the volumes are back. I think buyers -- many more buyers were in the market for festive having seen gold prices now, you know, not coming down.

Moderator:

Next question comes from the line of Mihir Shah with Nomura.

Mihir Shah:

So my question, again, is on the buyer growth. It has been about flat to decline since a couple of quarters. Can you highlight steps taken by you, which are materially different from your past steps, to bring back buyer growth apart from the normal activation, marketing mix or the 18 carat that you're trying to do?

Any other material steps you think that will bring back buyer growth? So that's one. And any quantitative range for October festive or October sales that you can share will be very helpful. So that's my first question.

Ajoy Chawla:

So on buyer growth, we've done a lot more work in terms of populating price points in the sub INR1 lakh if I look at Tanishq and Mia as well has done a lot of work. We've been doing a lot more introductions in lower caratages, certainly 14 carat offering in the stores has gone up.

Third piece is that to really stimulate buyer growth, we unleashed a very powerful gold exchange campaign, not just an offer. Offer was, of course, there, which was a never before offer. But we provided a very strong emotional hook to customers saying how when you exchange gold or unlock your lockers, it's good for you and good for the country using Sachin as the spokesperson.

I think that has been a significant game changer because customers have really been moved by the messaging and the prominence of the messaging. So these are some of the things we've done. Besides, of course, reaching out to customers and informing them about all these activities and campaigns and offers.

The other piece that we did differently this time is during festive, specifically, mid-September onwards, is instead of doing making charges of kind of offer, we directed all of that towards certain rupees per gram benefit on the gold price since gold price was very high on their minds. And that's the other piece that we did.

The rest of them, strategically the lower caratage and lighter weight products continue to be a secular trend and effort that we are continuing to push aggressively on. A lot of studded product in the sub INR 100,000 was introduced and will continue to be introduced to drive buyer growth, which is happening.

C.K. Venkataraman:

One other perspective here, which is that given the macros, both the price of gold as well as the middle class economic pressures, which have been around, the buyer growth challenge is not going to go away that easily, notwithstanding how the industry actually creates new innovations.

But in this particular industry, in this particular category, because of this huge stock of gold with households, we can get -- as the division has got, we can get a huge growth in times where buyer growth is a challenge through ticket size growth, where you get people to bring in their gold and actually buy more, and thereby grow by value rather than by wallet.

So this is a pivoting that may happen from time to time. And we'll not be worried about the absence of buyer growth in such times because these are very complex macro challenges also.

Mihir Shah:

Understood. Venkat, just on continuation with that and Ajoy also, so if I recall correctly, the exchange gold has a bearing on the margin and will put some pressure. If the saliency of gold exchange scheme keeps rising or that may pivot towards that, how should one think about the margins going forward on the back of this insight? And again, on the 18 carat, does that have any bearing on margins if you -- saliency of 18 carat goes up, so both on margins?

Ajoy Chawla:

On the second one, there is no saliency. 18 carat will not have any bearing on margin. If at all, it can slightly improve only, but a lot of that depends on the quantum that comes in, like materiality of it. Let's see how that progresses.

On the exchange, yes, there is a certain impact on margins, but we've been able to work it out in our business model in such a way that it is not impacting us much. Yes, some investments have gone in. We took a conscious call to say it's important to stimulate buyer demand, and it's also important to do what is right for the country.

Here, the Prime Minister was painting out a vision of an Atmanirbhar Bharat, and we really thought what can we do to really contribute because all the jewellery is made here, but gold is imported. So we went ahead and decided that it's good for the country, it's good for the customer, it's also good for the planet. So in the long run, it's good for us.

So margins may have some small implications, and that too, in certain quarter-to-quarter situation. But secularly, we would actually like it if exchange keeps going up because it's a great way to unlock the locker as Venkat just pointed out.

C.K. Venkataraman: Also, this is a lever. There are multiple levers that the business has to grow. And each lever comes with a cost. So you optimize the levers and stay with what we want to deliver.

Mihir Shah: Understood. No changes in margin guidance? So hence, we remain at those band that was shared earlier by --

Ashok Sonthalia: The way gold prices are going up unabated while our endeavor is to be consistent with our margin delivery, Ashok here, really it's becoming increasingly difficult to kind of project gold price trajectory and consequently, its impact on margin.

But yes, we would still be pretty consistent, if stable, some pluses and minuses can happen because of this. So let's see how gold stabilizes and get back to its historical growth trajectory rather than what's happening these days.

Mihir Shah: Understood. Lastly, on store openings, there has been store openings especially for Tanishq has been on the lower side since the past, I think, a couple of quarters -- a few quarters now. Can you share any indicative store opening targets that one should keep in mind? Or are you visiting any of them? Any change in the store opening targets versus what was shared earlier? That's all from my side.

Ajoy Chawla: No, there were some execution delays in the first half and in quarter 2 as well. So some spillovers happened in the period. In October, we saw more open. So as we speak, we've added I think in the first -- while it shows 6 in the domestic in quarter 2, but YTD is 9. September, but in October, we've added some more. So I think we are at about -- yes, we added 8 more in October. But I think overall, for the year, our target remains 40 barring -- I mean, subject to some execution.

We've also been focusing a lot more on actually revamping, transforming and substantially expanding our existing stores. So we've done quite a lot of that. And in fact, some of those are much larger projects as well. So we've actually expanded and renovated close to 35 stores in the first half of the year. And that is giving us very good results.

So we look at it in totality, but purely from new stores on Tanishq, I think 35 to 40 is a reasonable range to expect. 40 is the target. And overall, for the renovations, etcetera, 70 to 80 may be the orders that may happen for the year.

Moderator: Next question comes from the line of Avi with Macquarie.

Avi Mehta:

Just wanted to look beyond the near term a little bit. While current gold prices are where they are, as this trajectory starts to become a little more benign, would love to hear your thoughts on how do you see growth and margin behaving and whether the historical levels that we have seen in jewellery, are they even achievable because maybe the competitive intensity has changed? So would love your thoughts on how do you see both growth at the sales front and margin behaving once all this whole elevated level goes off.

Ajoy Chawla:

I think growth certainly will continue to be good. In fact, we continue to be a high-growth business, even compared to historically, we have grown pretty well, and the CAGR continues to trend upwards. Let's see where we end ultimately with quarter 3, but I think growth certainly. And if gold prices stabilize, in fact, we think growth prospects improve because more buyers will come into the market.

Margins will also hopefully become stable because then that whole impact of high gold prices on margins, particularly on the gross margins of studded, et cetera, will stabilize. So -- and even the pressure of making charges, et cetera, which tends to become a little more skewed when gold prices are high.

So I think the margins will also stabilize. Now whether we will hit the historical high EBIT margins that we might have seen, let's say, 3, 4 years back, that I'm not so sure. I think we would like to maintain and focus on growth. And if the margin remains in the range that Ashok has given a guidance on, that's what we will aim for.

So because the headroom for growth is high, headroom for market share gains is high, and we would certainly like to focus on absolute growth in profits as opposed to percentage profitability improvement.

Avi Mehta:

Very clear, Ajoy. And I just had two bookkeeping questions. One, if you could just give us a sense on how should we look at watch margins now that they've done 2 quarters of relatively healthy performance?

And second is, if I remember, 1Q had some benefit of 50 basis points in the jewellery margin, which was one-off because of inventory rebalance that should have reversed. So has that happened? And hence, what is the like-to-like number that we should look in jewellery?

Ashok Sonthalia:

So on watches, last time also, we have talked and that they will gradually revert towards 16%, 17% band. And on a long term, I would say the kind of investments are required, mid-teen is a good number to aim for, 15% to 16% for the business, at least in the 1-year, 2-year time frame. Beyond that, we can see how scale and operating leverage would work for that business.

As far as jewellery is concerned, yes, we did speak about 50 basis points last time onetime, which was expected to reverse over the next 2 quarters. But I have also mentioned simultaneously new things kick in. And I think that's what has happened. So in quarter 2, we didn't see any net impact of reversal and accrual. So yes, that is where we are.

Moderator:

Next question comes from the line of Devanshu Bansal with Emkay Global.

- Devanshu Bansal:** Congratulations on strong execution despite a high base. Sir, I wanted to check, there has been an increase of INR 9,500 crores in consolidated inventory, which is a significant number. So how should we see this? Is this purely basis the rising gold price on existing inventory? Or there is a component of higher stocking in anticipation of a strong festive plus new store additions as well in this.
- Ashok Sonthalia:** So it is a combination of both because as business is growing, to that extent, inventory has to go up. But on -- it is largely driven by gold price, if you look at the overall number. Certain kg amount with the expansion of business, expansion of the store has to go up. There is nothing to talk about. It is not out of our normal turn or normal trajectory or number of days. It is the rate of gold which has impacted substantially this number and the scale of business.
- Ajoy Chawla:** And also I think, you're right, there is also a earlier season start this year. So there were some amount of seasonal upstocking, which would -- which has also played a role. So that would be a secondary factor.
- Devanshu Bansal:** Understood. So my intent of asking this question was to sort of estimate the interest paid on GML, right? So now that festive is over, so have we seen some deduction in our inventory levels, which should sort of reduce the interest component? Or the Q2 run rate is a good run rate to sort of bake in?
- Ashok Sonthalia:** We will certainly see in quarter 3 stock coming down from the present. And to that extent, minor correction in interest can happen in the interest rates. But GOL cycle is -- doesn't follow exactly all the time stocks. So there could be some mismatches, but I do expect in quarter 3 to slightly come down.
- Devanshu Bansal:** Understood. Second question, sir, there is a big listing expected to happen in the eyewear space. For them vertical integration and their virtual solution with regards to optometrists are emerging as the key differentiator. So what is our outlook for this space as we have been growing slower, even less than the industry growth of about 13%, 14%. So I just wanted to take your views here.
- N. S. Raghavan:** This is Raghavan here. Thank you for the question. So in terms of the industry growth, I mean, there is no audited number. So our estimate of the growth is anywhere between 7% to 8%. So if you look at the 7% to 8% industry growth, we are maybe slightly higher than the industry growth.
- In terms of investments, I think when we approached FY '26, we have factored certain investments in terms of transitioning from a brick-and-mortar to an omni channel building the digital funnel and also leveraging our marketing investments to create more aspiration for the brand.
- So as far as our growth outlook is concerned, we believe that we should be closing this year at a slightly higher number than what you are seeing, anywhere between 13% to 14%. So that is what our outlook would be.
- And in terms of the competition this thing, I think it was anticipated. So it is not a surprise, and it was already factored in our FY '26 plan. So we will continue to do what we are doing, and we believe that will take us to the desired growth levels, what we had earlier planned for.

Devanshu Bansal: One just small follow-up here to better understand the model. So from a back-end perspective, what all processes in terms of, say, manufacturing of frames, manufacturing of lenses, fitting of lenses, putting power into the lenses, so what all -- which all processes are we sort of doing it internally as of now? And maybe any thoughts if we want to backward integrate our supply chain?

N. S. Raghavan: I mean we are a fully integrated organization, vertically integrated. So we have our own lens-making plant. We have two plants in fact, one at Bengaluru and one at Kolkata. And from a volume standpoint, almost 90% of the volumes what we sell at retail, very happy to state, is locally produced in our factory.

We also have a frame manufacturing plant in Chikkaballapur and the frame manufacturing plant can do injection, acetate as well as metals. And from a fitting lab standpoint, what we do is -- service is a very critical part of our industry. So we have close to 11 to 12 in-house fitting labs pan India to ensure that we are able to deliver a spectacle anywhere between 2 to 3 days' time across.

So we are very well covered from a back-end standpoint. And this investment has been there over the years. It is not that everything has happened now. In fact, Titan Group made this investment on the lab 12 to 13 years back, and on the frame manufacturing almost 7 to 8 years back. So we are well equipped in terms of the back end.

Devanshu Bansal: Sure, sir. Just one small question. So you've indicated from a press release perspective that there has been a strong start to the festive. So in recent periods, we have seen that there is some moderation in discretionary categories after a big sort of pickup towards occasions. So I wanted to check if you can throw some light on your growth expectations for the upcoming wedding season as well, that would be helpful. This is for jewellery space.

Ajoy Chawla: Yes, yes. So I think post festive 10 days also that we have seen post the Diwali action, the sales growth has continued to be in the same vein as we saw in festive. And we believe this could be largely due to a good wedding season and the continued exchange that we are running because we feel that during wedding season, again, exchange is a big driver.

So, so far, so good. I think how quarter 3 will end as a number, I can't give you. But certainly, at a very broad level, I think by the time we end -- we come to YTD December, our growth rates should have become better than the first half growth rates. That's as much as I can share with you right now.

Moderator: Next question come from the line of Nitin Jain with Fairvalue Advisory Private Limited.

Nitin Jain: Congratulations on a good quarter. So I have just one question, and that is on TEAL, the Titan Engineering Automation -- Automotive business. So does this business have any synergies with the consumer businesses that we have? If yes, if you could elaborate them? And if not, is there any reason why we are not demerging it and/or listing it out separately?

C.K. Venkataraman: Sridhar, shall I take this?

N P Sridhar: Yes, sure.

C.K. Venkataraman: Yes. So no, there is no real synergy between TEAL and the consumer businesses. Titan TEAL is global tech manufacturing B2B business, whereas the rest of Titan is becoming global but B2C. There is no synergy. It was born 20 years back, and we have scaled it substantially, realizing that even within the sort of neighborhood of a very large B2C successful company, there is a place for it.

And by adequately staffing that company, adequately creating the right capability for the Board which manages -- which governs TEAL, we have created a kind of planetary system, if you will, which maximizes the opportunity for TEAL. And that's how it is going and that's how it will go. And there is no plan to demerge, as you said, at the moment.

Moderator: Next question comes from the line of Aditya Soman with CLSA.

Aditya Soman: And firstly, Venkat, thanks for your insights, we will miss them, and I look forward for many more. Best wishes for the rest of the team. So my questions, first on jewellery. I mean, just given the unprecedented gold prices, can you throw a little more light on how trends differ regionally within India? And obviously, given your increasing global scale also in other markets, are we seeing sort of clear differentiation in trends? That would be sort of an interesting insight.

And second, on the watch business, you've made a sort of concerted effort on the analog watches side. We've seen new launches over the past 6 months as well. From here, should we continue expecting a sort of a significant growth in the analog space? And any sort of insights from the festive season on growth in that category?

Ajoy Chawla: So on trends regionally, if you are asking geographically, we have gained share in East and South -- or rather we continue to gain share in East and South driven by our regionalization strategy, which is becoming sharper and better by every quarter, even as we invest more. We think this playbook can be extended to other states as well, and we are planning so in the near future as we go forward.

In terms of North and West, we were a little concerned about how Bombay, Delhi consumer sentiment is, and it was a little sluggish. But I think a lot of the work that we put in as well as maybe some improvement in overall sentiment, we've seen a good revival in those markets. And even the studded growth in those markets is beginning to now, once again, start improve. Of course, some internal factors as well. We had some stores under renovation, et cetera, in certain markets.

Internationally, I don't think there are any trends that are different, but the North American market continues to power ahead much faster. And there, I think we are the early movers as well. And whereas in the Middle East, we are, in a way, challenger because we've come in late, but we've nevertheless seen healthy results. And the studded play in North America is particularly heartening. Diny, you want to add anything on international?

Kuruvilla Markose: So North America, despite the gold prices and, in a way, some of the price increases that we have taken in that market, continues to grow very, very well. And like Ajoy said, the studded performance there has been very heartening. Customers are clearly more involved and, let's say, purchasing into higher price points as well. So that story has been really good.

But even in the Gulf markets, we've seen a very, very strong comeback for the business in terms of people actively buying higher price points. Their studded ratios are relatively lower. So overall, I think, very, very good and very strong trends. The recognition of the brand in both the Middle East, Singapore and the U.S. markets increasingly are becoming very strong given the number of stores are also increasing.

Ashok Sonthalia: And on watches?

Kuruvilla Markose: On watches, the question on festive growth has been high compared to a quarter where we grew about 12%, the festive period sort of saw a 16% growth over last year, same similar period. So that's been good for us.

And to your point about new launches and the direction that we've been taking, there's been a lot of work that the division has put in, in terms of premiumization. And what you're seeing is, in a way, the output of all of that work with the Jalsa launch and the Stellar launch and the Edge Ultraslim launch. And certainly, you should expect more of that.

We're seeing across all the brands, even in Fastrack and Sonata, a need to premiumize, and customers responding to that. So as we have launched more interesting and more exciting products in even our lower-priced brands, there's been a great response to that. So we'll continue to do that for Titan. We'll continue to push to increase the presence of Helios stores and Helios Luxe stores, which we have started adding.

Moderator: Next question comes from the line of Kunal Vora with BNP Paribas.

Kunal Vora: On the competition in jewellery, are you seeing any difference in behavior from jewelers who might be owning own inventory versus those who are like using gold on lease because some of them might be sitting on large inventory gains and might be willing to operate at lower margins and can be more aggressive? That's my question number one.

And second one is, can you update us on the consumer response to LGDs? With income pressures, is that something which consumer is looking at more closely? And how large is the solitaire and high-value studded jewellery business for you? And are the trends there like at par with what you're seeing in overall studded?

Ajoy Chawla: So first question, yes, when jewelers see inventory gains on gold, unprecedented inventory gains on gold, they tend to use it effectively by reducing making charges or passing on significant offers. And certainly, therefore, it becomes a competitive intensity going up. And therefore, we have to deal with it as it comes.

On the studded side, you talked about the LGD. I think the market in LGDs has, of course, been developing slowly and steadily with many players coming in. We understand that -- and they are expanding as well. We understand that some of their unit economics may be under stress, but nevertheless, they are hoping for a swing and therefore, a lot more stores opening up, a lot more capital going into all of that.

So there is -- and of course, from the diamond grower's perspective, U.S. market has been rather, rather sluggish. So they have to look elsewhere. And India is possibly the most convenient market because other markets are not really going anywhere. China is also not going anywhere with LGD. So we can expect increased investments in LGD.

Now how is that showing up on consumers? So far, we've not really seen demand in our brands, whether it's CaratLane or Mia at our stores, et cetera. It's not that people are coming and asking us give us LGDs. But we think there is a growing interest though it is yet to show up in the numbers per se. And we believe it is still early days in the sense that the -- perhaps the more accomplished diamond buyer is playing with LGDs as an early adopter, not necessarily the new entrants as we were thinking.

Now the last piece that you talked about is the performance on high value and solitaires, it's been good. In fact, the contributions have gone up in this quarter. And we are seeing a steady gain in that area. The solitaire correction that, in a way, happened last year is now behind us, and we are seeing continued growth at buyer level in solitaires as well as high-value studded. High-value studded has, in fact, gained in contribution by 1 percentage point over last year quarter 2.

Kunal Vora: Okay. That's very clear. Just one follow-up, sir. Like there seems to be multiple headwinds on margins right now. Are you comfortable with the 11% floor? Or is there some risk there?

Ajoy Chawla: I think gold prices, if they continue to shoot up further, then there will be a certain -- further headwind. But so far, I think we've been able to manage. And we are hoping to keep it within that range-bound kind of margin. Let's see, unless something new and big turns up, we can't say right now.

Moderator: Next question comes from the line of Arnab Mitra with Goldman Sachs.

Arnab Mitra: I had a couple of questions. First was actually on CaratLane where your margins have expanded 250 bps to 10%. I wanted to understand, do you see -- I know there's some seasonality in CaratLane margins, but on a year-on-year basis, do you think this trajectory of margin expansion is sustainable and what has driven it? That was my first question.

Second is generally consolidated jewellery EBIT growth has been running much higher than the Tanishq EBIT growth, CaratLane as well as International. So should one expect that broad trend to continue? Anything on international, which was lumpy in terms of the growth which may not sustain? So just had one question on CaratLane and one on international jewellery.

Ajoy Chawla: Saumen, you could answer the first.

- Saumen Bhaumik:** On the margin front, I think there are multiple things that we have done in terms of dealing with variation, the share of gold in the overall product. So therefore, we saw the improvement between quarter 1 and quarter 2 compared to last year. But at the rate gold prices have gone up, frankly, it is difficult to forecast what would happen to the margin going forward.
- C.K. Venkataraman:** On the international front, there are two factors. One is the size of the international business and its share to total Titan jewellery is climbing substantially, even though it's small, but climbing substantially, or rather climbed substantially.
- The second is we are also -- we've also moved from a loss in the previous year to a profit in the current quarter. And therefore, that transformational change in the margin also has a bearing on this consol figure. But as we go forward, we will see more secular thing happening here rather than what happened Q-on-Q.
- Arnab Mitra:** Sure. Just one follow-up on CaratLane. So just from what I understood, Saumen, you're saying that gold price could be a headwind, but that's generally a headwind for the entire industry. Otherwise, whatever initiatives would have led to this margin expansion, those you think are sustainable? Or there were some higher-than-normal margin this quarter because of some other factors. That's one thing I wanted to understand.
- Saumen Bhaumik:** No. Some of the things that we have done will certainly have sustainable impact. Assuming the gold rate remains, let's say, stable, we would see that line continuing. But if gold rate dramatically changes, it is very difficult to sort of address some of these things given the inventory can't be altered immediately overnight, right? In the quarter 2, there were some marginal gains, but that I would not think is really material in the overall margin.
- Moderator:** Our next question comes from the line of Gaurav Jogani with JM Financial.
- Gaurav Jogani:** I have just one question with regards to the reversion of the hedging gain. So if I get it clearly, the 50 bps gain that you have done in the Q1, that's kind of reversed in Q2. Is that the right understanding?
- Ashok Sonthalia:** No, I think last time also, we spoke that it will gradually reverse over Q2, Q3. And also simultaneously, we said new hedges can again have a compensating effect. So in quarter 2, actually, there is no net impact on account of reversal and further accrual.
- Moderator:** Next question comes from the line of Nihal Mahesh Jham with HSBC.
- Nihal Mahesh Jham:** Two questions. First is, Ajoy, when you mentioned high-value studded, if you could just define is it above, say, INR 5 lakh? What is the definition of that? And if you could just give the contribution of that and the solitaire portion in your studded?
- The second one is that we are looking at a large share of store rehashing, around 70. I'm guessing all of it is Tanishq. So can you quantify if that leads to quite a substantial increase in the store productivity? What are the reasons for it? Maybe it's an increase in the area? And if that could also be an incremental trigger over the next 6 months for growth to be better than what it's already at?

- Ajoy Chawla:** So on high-value studded, historically, we've defined it as above INR 2 lakhs, and for consistency, we've kept it at that level across the years. So in Quarter 2, it was contributing around 14% of the overall business, and that was 1 percentage point higher than last year Quarter 2. Of course, Quarter 2 also has The Festival of Diamonds. So to that extent, the contribution in this period goes up relative to other quarters. But I think we will see a Y-o-Y benefit for the year as well.
- Solitaire currently contributes to about -- I'm trying to just do a math here. So it's about 4% of the total -- 3.5% to 4% of the overall business. And it has been growing. I don't have an immediate response on last year's figure. Certainly, the contribution has gone up in the current year as a percentage maybe by 0.5%, 1%. So that has also gone up. The last question -- the second question, I didn't -- I forgot. Can you just repeat that quickly?
- Nihal Mahesh Jham:** Yes. On the store rehashes, 70, all of them for Tanishq. What leads to the increase in productivity and can that be an incremental driver of better growth than what it's already at?
- Ajoy Chawla:** On the store...
- Nihal Mahesh Jham:** Renovation.
- Ajoy Chawla:** Store productivity.
- Nihal Mahesh Jham:** Yes.
- Ajoy Chawla:** Store productivity, I don't have a figure right now to give you a response. We have been expanding many of our stores. So I don't have a revenue per square foot kind of comparison from before and after. But maybe we'll get back to you on that. I mean that's the best way for my mind to measure productivity.
- Moderator:** Next question comes from the line of Sheela Rathi with Morgan Stanley.
- Sheela Rathi:** My first question was, Ajoy, you gave a good flavor on how the demand trends have been like-for-like festive and also the ongoing wedding calendar. I just want to get some clarification because last year in Q3 and Q4, we saw a surge in gold coin and bar demand. Just want to hear from you how that trend has been this time around.
- Ajoy Chawla:** It continues unabated. And it looks like the appetite for gold coins and bullion is very high. Naturally so, given the gold price is going up. So it's leading, it's continuing to lead. And as we see now, the contribution of gold coin has certainly gone up significantly over the last several years.
- Sheela Rathi:** Just a follow-up here. Is it aligned versus your expectation? Or is it just trending in a similar pattern, similar to what we have been seeing in the last 12 months?
- Ajoy Chawla:** It's continuing to climb in contribution. It's trending up and both buyer, KG, value, everything growing much faster than what we might have imagined, but it's not difficult to understand why.

Sheela Rathi:

Right. The second question is, to one of the participant's question, you said that the competitive intensity remains given how the gold prices are there, particularly from the independent jewelers. Just want to hear from you is that the exchange program has become more of a -- all around your reality, maybe the intensity varies through the year, but that's our way to offset the kind of competition we see from the independent jewelers.

So just one side question to that is also how are the trends for the L3 stores for us because they would be competing much harder with the independent jewelers also. So how are they kind of playing this game? And do they hedge their inventory? Yes, three questions to that.

Ajoy Chawla:

So firstly, it's not only the independents who don't hedge. Many organized players also don't hedge, at least not fully. And competitive intensity is not linked only to small players, but also from many organized players, sometimes even more so from the bigger chains. Therefore, the last question, in a way, there's not -- L3, L2 everywhere, we see the same competitive intensity. Some L3s hedge, many L3s don't. But we recommend them to hedge as much as they can. So far, they take their own calls.

But overall, exchange is not -- I think we see it as a strategic method to acquire customers and to, in a way, because anybody who goes through a Tanishq exchange, they become evangelists and customers for life because the transparency, purity and everything clear and clean with absolutely no strings attached and no fine print thrown in, makes a huge difference.

And customers go back feeling visibly happy, having seen the gold melted in front of them, a trained karigar out there, first a karatmeter check, then an actual melting check, I think the whole process leaves them feeling extremely comfortable. And they know we are here for the long run, so that anything they buy from us can always come back.

So we believe exchange is a strategic customer acquisition and trust-building tool. And therefore, I would request we don't see it as an offer, and it is -- exchange is there right through the year. The offers may vary tactically quarter-to-quarter.

Moderator:

Next question comes from the line of Amit Sachdeva with UBS.

Amit Sachdeva:

One small question. Ajoy, you mentioned that buyer growth has been weak and buyer growth has been weak for a while because gold price has been rallying really hard. I'm just linking it to think from a studded angle as well because studded maybe a considered purchase but it's many times a converted purchase. So is it that as the buyer growth builds up, you would see much more tailwind for studded growth, which has been also lackluster for a while, although it has gone up this quarter a bit from the last one?

So is there a buyer growth deterrent for that growth, number one? And given your INR 1 lakh and below lot of product introductions, do you expect studded growth to increase in the coming quarters from what we have seen in the last, if assuming gold price stabilizes and what you're seeing on the ground? That's question number one. And because margin is an issue that I think you'll be grappling with as coin sales increase, et cetera. So it is -- question is linked to that.

Ajoy Chawla:

Sure. So I think, just to put things in perspective, since we're talking all over on buyer. Buyer growth overall has been minus 2% for the quarter. Gold was minus 11%, largely driven by the sub INR 1 lakh. Studded was plus 3%.

So I think this gives a perspective that studded is actually doing much better than gold. I'm keeping coins aside. Coins was a much higher number. So -- and studded buyer growth has been trending in the positive territory and leading the gold jewellery buyer group consistently over the last 5, 6 quarters now. It is not a one-off in this quarter.

The sub INR 1 lakh introduction and particularly even in studded, we are certainly hoping to continue pushing the studded buyer growth. And certainly, through the portfolio play, Tanishq, Mia, CaratLane, we think we will want to continue to aggressively push for studded buyer growth, certainly in the INR 1 lakh space, sub INR 1 lakh space as well because that's where we see a lot of new customers get recruited.

So what we will end up with, we don't know. But so far, we've been able to keep pushing that envelope, and we hope to take it upwards. We have seen an improvement in festive. So hopefully, by the time we end December, YTD we should be seeing a further positivity on that front.

Moderator:

The next question comes from the line of Jignanshu with Bernstein.

Jignanshu:

Two quick questions on jewellery -- one on jewellery, one on eyewear. So on jewellery, while the gold price till end of September has -- had only one direction, in the last 3 weeks, it has changed direction a little bit, right? And the correction has been as sort of fast as the ramp-up was.

In this slide, how has this impacted your inventory planning, sales planning, both from supply of gold, physical supply of gold, as well as the kind of SKUs that you are planning to supply? Do you think it's at a place where it changes or it's more of the same?

And second was on eyewear. I think that one of the other questions was also on what your strategy is. I don't think that was really answered. I would love to understand what your approach is to grow this business.

Ajoy Chawla:

So gold prices have moderated by about 6% or thereabouts in the last 10 days post the Diwali festive season. And we are happy because I think customers are also happy about it. And those who are still waiting to buy in for wedding jewellery, they'll come in.

Our planning doesn't change dramatically. We try to ensure a good optimal product mix and with a good -- across category price bands, we try to ensure. So we are not seeing any significant changes in inventory planning.

Bullion buying, yes, it was a little bit under pressure in the October first couple of weeks, there were some bullion shortage. But otherwise, I think our bullion team is well on top of all projections. And we've been able to ensure that we don't cut inventory despite the rising gold prices.

N. S. Raghavan:

Jignanshu, this is Raghavan here. I think you asked a question about eyewear. So if you look at this particular industry, the headroom to grow is tremendous. So we estimate the market to be around INR 30,000 crores, and growing at almost 7% to 8%, and the Titan's share is less than 12%. So the headroom to grow is tremendous.

So in terms of our go-to-market strategy, we believe we are well covered. In terms of the retail footprint, what we have, we have close to 900 stores. And we are also, as I mentioned in the earlier call, we are transitioning into omni-channel because for a consumer, the first touch point is always your website and then on whether he wants to transact or go to the store.

In terms of overall strategy, we believe this is a business where both vision and fashion is equally important. And we need to do a good job in both. And it's an aided business, right? So when somebody comes in for an eye check up, we need to ensure that we do a fantastic job in terms of bringing out the right prescription.

And at the same time, ensure that we give him a right pair of eyewear because dispensing is also equally important. So from that standpoint, we will continue to invest in having the right kind of people at the stores so that we do a great job in terms of consumer satisfaction.

As far as investing for growth, yes, we will continue to invest in terms of creating more awareness for the brand and thereby driving the consumer footfall, which is what is the case that is happening in FY '26 also. So we believe we are well placed to grab more share in the coming quarters.

Moderator:

Next question comes from the line of Jay Doshi with Kotak.

Jay Doshi:

My question is on jewellery EBIT growth. Now you started the year with a certain expectation of jewellery sales growth. And given rising gold prices, you're likely to be much ahead of that expectation. How should we think about EBIT growth from the same context? At the beginning of the year, you were expecting EBIT growth to be at least in line with revenue growth in jewellery, if not better.

So do you still think that, that thesis plays out? On a percentage margin basis, things could be a little different. But should you be delivering better EBIT growth than what you are expecting at the beginning of the year? And second is, will this year be a year where consolidated jewellery EBIT growth will be ahead of standalone jewellery EBIT growth? That's it from my side.

Ashok Sonthalia:

Jay, like I don't think that -- so the pressure on margin or headwind on margin continues. While we are trying to compensate, offset through various levers, et cetera, but over the last 6 months, also gold prices were where they and now where are they, while there is a minor correction, but we don't know going forward which direction they would go. So I would expect EBIT growth, absolute amount growth might be slightly slower than the revenue growth for the full year.

Jay Doshi:

That is understandable, but it will still be better than what you were expecting before this maybe 3, 4 months back, right? So look, just to put some numbers, if you're expecting 15%, 17% jewellery growth or 15% to 20% of your guidance for the year, now with the rising gold prices, if you end up at 20% to 25% jewellery top line growth, will your EBIT growth also be at least

slightly better than what you were expecting at the beginning of the year? Percentage margins could be lower, that is understandable, but that is -- that's the primary sort of...

Ashok Sonthalia: Indirectly, you are asking whether revenue growth guidance we are changing. So I don't think we are -- we...

Jay Doshi: You've already called out, right, 9 months will be better than first half. So that's kind of directionally for you.

Ashok Sonthalia: Yes. So directionally, yes, so the EBIT will keep in line with revenue, but the margin pressure, which we have talked about. So it's the outcome of various things which will play out, Jay. And as we said in the beginning, we are trying to deliver consistent, stable range, but it could be slightly pluses and minuses, not significant variations we are expecting.

Ajoy Chawla: So Jay, I will -- as a business head, I would simply say, we will aim for that. We will aim to see that EBIT growth also is better than what we might have imagined. But what Ashok is saying is depending on what kind of further headwinds you come across and how gold prices further behave, it's difficult to give you a guidance in an accurate sense. But yes, we will aim for it. And principally, what you are saying is something that we also, as management, would be interested in.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Venkataraman for closing comments.

C.K. Venkataraman: Thank you very much. We are signing off from this call, and I'm signing off from these calls. It's been a fabulous -- I've lost count, maybe 50th or 60th call over the last 12, 15 years. And each one of you has been a pillar of support for the company, always constructive in your approach and very probing often, keeping us on our feet and helping us to perform better and better over the years, over the decades. Thank you so much. God bless.

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