

Gold rush Jewellery retailer Titan's profits rise as Indians ignore Modi's call to halt purchases



Gold jewellery on display in a Mumbai showroom. The metal plays a deep cultural role in India — Shailesh Andrade/Reuters

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Indians are ignoring calls by Narendra Modi's government to curb gold purchases, according to the country's biggest jewellery retailer.

Profits at Titan — part of the Tata conglomerate — rose by 63 per cent, while footfall also increased in the most recent quarter. Jewellery accounts for the vast majority of the chain's earnings.

The increase came despite the Indian prime minister in May asking citizens to pause gold purchases and more than doubling import duties to 15 per cent amid the Iran conflict.

Modi reiterated that appeal last week, asking Indians to avoid buying gold "if not necessary".

Ajoy Chawla, managing director of Titan, which sells jewellery, watches and eyewear across almost 3,700 stores, said the impact of those meas-

ures was "not long lasting", with demand driven more by customers' perceptions of the gold price.

"Their love for the product and gold is there, that is not disappearing," Chawla told the FT. "They are looking at it as a store of asset value. Even for a person who is not necessarily planning to sell their jewellery ever, they look at it as a portfolio."

This year's oil price shock exposed India's energy dependence on the Gulf, putting pressure on its currency and foreign exchange reserves.

The attempt to curb gold purchases was part of a drive to help prop up the sliding rupee by reducing imports. India accounts for about a third of global demand for gold jewellery, with sales jumping about a third year on year to \$21bn in the June quarter, according to the World Gold Council.

Along with the duty increases, Modi made an unusual appeal to Indians as he asked them to avoid buying the

metal, which holds a deep cultural and religious significance in festivals and weddings as well as acting as an investment. "For a year, be it any function, we shouldn't buy gold jewellery," he said at the time.

That call appears to have fallen on deaf ears. The World Gold Council said in July that major listed Indian jewellery sellers had seen strong quarterly earnings, with revenue growth of 30 to 60 per cent year on year.

While more middle-class Indian families are investing in shares and mutual funds, Titan finance chief Ashok Sonthalia said that gold remained highly favoured as an investment vehicle. "Even if I am, say, a very financially savvy guy, I would still invest in gold," he said.

Titan's share price has risen by almost a quarter this year. Meanwhile, the blue-chip Nifty 50 index that includes the retailer is down almost 9 per cent in the same period.