



Titan posted topline growth of 12% (12% ex-bullion) but PAT degrowth of 5% due to drop in jewellery business EBIT to 10.2% on consolidated basis. Key reasons [1] Gold price volatility affecting the overall consumer sentiment, [2] Increasing competitive intensity [3] Heat wave .

- Revenues at ₹132.66Bn, 11.6%YoY/6.2%QoQ
- Revenues (Ex-Bullion Sales) at ₹122.66Bn, 12%YoY/8.5%QoQ
- EBITDA (excl OI) at ₹12.47Bn, 10.9%YoY/4.8%QoQ
- Adj PAT at ₹7.15Bn, -5.1%YoY/-7.3%QoQ
- Adj EPS at ₹8.04 vs 8.47 YoY / 8.67 QoQ
- Jewellery EBIT (Ex-Bull) ₹11.02Bn, 7.9%YoY/1.1%QoQ
- Jewellery EBITM Ex-Bull (%) came in at 10.2% vs 10.5% YoY/11.2% QoQ

Outlook:

Overall custom duty impact max to the tune of Rs.5-5.5bn as per management calculation. Gross margin for studded to improve provided prices of gold remain stable. Market share status : North - lost a bit on account of high competition ; East - gained from regional players ; West - remained stable ; South - Did well Gross margins to remain pressure for next few quarters as management prefer topline growth over margin

Rating	TP (Rs)	Up/Dn (%)
HOLD	3,188	-8

Market data

Current price	Rs	3,462
Market Cap (Rs.Bn)	(Rs Bn)	3,074
Market Cap (US\$ Mn)	(US\$ Mn)	36,714
Face Value	Rs	1
52 Weeks High/Low	Rs	3886.95 / 2882.45
Average Daily Volume	(000)	905
BSE Code		500114
Bloomberg		TTAN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Mar-24
Promoters	52.90	52.90
Public	47.10	47.10
Total	100.00	100.00

Source: BSE

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Net sales	2,16,450	2,87,990	4,05,750	5,13,180	5,77,970	6,76,166	7,91,097
EBIDTA	17,250	33,410	48,790	55,260	62,975	77,293	92,330
Margins (%)	8.0	11.6	12.0	10.8	10.9	11.4	11.7
Adjusted net profit	9,740	22,270	32,500	34,900	35,863	45,953	57,833
EPS (Rs)	10.9	25.0	36.5	39.2	40.3	51.6	65.0
P/E (x)	316.3	138.4	94.8	88.3	85.9	67.0	53.3
EV/EBITDA (x)	177.5	92.2	63.2	56.9	49.9	40.6	34.3
RoCE (%)	15.1	26.3	27.9	25.4	25.7	28.0	29.1
RoE (%)	13.0	23.9	27.4	37.6	30.4	30.6	30.4

Source: Company

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Conference Call Highlights

Store opening:

- 1Q [Tanishq + Mia + Zoya] = 33 stores
- 1Q [Caratlane] = 3 stores

Jewellery Division :

- Jewellery Demand impacted on account of low wedding date, consumption challenges & heat wave.
- SSG at 3% (vs Kalyan at 12% SSG) for domestic stores with overall domestic jewellery growth at 9%.
- Store expansion target of 40-50 incase of Tanishq (vs Kalyan at ~80 stores), 70-80 stores in case of Mia & caratlane each. Despite competition new buyer contribution ex of caratlane stood at 45% vs 46% LY.
- Exchange rate stood at 35% vs 37% LY whereas wedding jewellery contribution at 20% vs 21% LY.
- Higher finance cost has an element of Rs.0.6-0.65bn related to acquisition of balance stake of Caratlane which will sit in books for 2 years.
- Competitive intensity likely to go up. 1QFY25 witnessed 20% rise in gold prices, one of the highest volatility seen in gold prices.

Valuation & Outlook

Titan management is focused on defending their market share in increasing competitive scenario. Management is ready to choose revenue growth over margins for near term. We believe this could weigh on the overall profitability in near to mid term. Drop in custom duty will one off impact of Rs.5-5.5bn on profitability but will aid growth in the longer term on lower gold prices. Management has observed behavioural change in customer sentiment due to the reduction in custom duty & demand coming back. In a highly competitive environment, a high PE multiple combined with poor performance can cause the stock price to remain range bound.

At CMP of Rs 3,462 the stock is trading at 67x/53x FY26/FY27e expected EPS of Rs.52/65, we maintain our rating to **HOLD** with a **target price of Rs.3,188** (58x 12 Mnth Fwd PE multiple closer to mean). We roll over to Jun'26E earnings of Rs.55.

12 Month Forward PE Multiple Chart



Source : Bloomberg, Dalal & Broacha Research

Quarterly Financials

Particulars (Rs Mns)	1QFY25	1QFY24	YoY		QoQ	
			Growth (%)	4QFY24	Growth (%)	
Sale of products/services	1,22,230	1,08,510	13%	1,12,290	9%	
Other operating revenues	10,430	10,460	0%	12,650	-18%	
Total Operating Revenues	1,32,660	1,18,970	12%	1,24,940	6%	
Other income	1,200	1,140	5%	1,590	-25%	
Total Income	1,33,860	1,20,110	11%	1,26,530	6%	
Total RM Cost	1,03,360	92,550	12%	97,080	6%	
RM to Op Revenue	77.91%	77.79%		77.70%		
Employee benefits expense	5,230	4,480	17%	4,730	11%	
Advertising	2,900	2,740	6%	2,680	8%	
Ad Spends to OP Revenue	2.19%	2.30%		2.15%		
Other expenses	8,700	7,950	9%	8,540	2%	
O. Exps to Op Revenue	6.56%	6.68%		6.84%		
EBITDA (exc. OI)	12,470	11,250	11%	11,910	5%	
EBITDA Margin	9.40%	9.46%		9.53%		
Depreciation	1,640	1,280	28%	1,580	4%	
PBIT	12,030	11,110	8%	11,920	1%	
Interest	2,300	1,090	111%	2,010	14%	
PBT	9730	10,020	-3%	9,910	-2%	
Total Tax	2580	2,460	5%	2,200	17%	
Tax Rate	26.5%	24.6%		22.2%		
PAT	7150	7,560	-5%	7,710	-7%	
Exceptional item						
Share of profit from JV/ Associate	-			-		
Minority Interest	0	30	-100%	-	0%	
Adjusted PAT	7150	7,530	-5%	7,710	-7%	
NPM	5.34%	6.27%		6.09%		
Equity	890	890		890		
FV	1	1		1		
EPS	8.03	8.46	-5%	8.66	-7%	
Segmental Revenues						
Watches	10,230	9,130	12%	9,390	9%	
% to Operating Income	7.6%	7.6%		7.4%		
Jewellery	1,18,080	1,06,960	10%	1,10,050	7%	
% to Operating Income	88.2%	89.1%		87.0%		
Eyeware	2,100	2,030	3%	1,660	27%	
% to Operating Income	1.6%	1.7%		1.3%		
Others	2,770	1,370	102%	4,700	-41%	
% to Operating Income	2.1%	1.1%		3.7%		
Corporate (unallocated)	680	620	10%	730	-7%	
% to Operating Income	0.5%	0.5%		0.6%		
Total	1,33,860	1,20,110	11%	1,26,530	6%	
PBIT Margins:						
Watches	10.9%	11.06%		8.09%		
Jewellery	9.3%	9.55%		9.91%		
Eyeware	9.0%	17.24%		4.22%		
Others	-5.4%	-27.01%		8.30%		

Source : Company

Financials

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Net Sales	2,16,450	2,87,990	4,05,750	5,13,180	5,77,970	6,76,166	7,91,097
Operating Expenses	(1,64,140)	(2,16,410)	(3,03,550)	(3,94,320)	(4,42,147)	(5,15,914)	(6,03,607)
Employee Cost	(10,650)	(13,490)	(16,470)	(18,640)	(22,368)	(25,723)	(29,582)
Other Expenses	(24,410)	(24,680)	(36,940)	(44,960)	(50,480)	(57,235)	(65,579)
Operating Profit	17,250	33,410	48,790	55,260	62,975	77,293	92,330
Depreciation	(3,750)	(3,990)	(4,410)	(5,840)	(6,476)	(6,833)	(7,191)
PBIT	13,500	29,420	44,380	49,420	56,499	70,459	85,139
Other income	1,860	2,340	3,080	2,990	390	376	1,831
Interest	(2,030)	(2,180)	(3,000)	(6,190)	(8,963)	(9,425)	(9,685)
PBT	13,330	29,580	44,460	46,220	47,926	61,411	77,285
Profit before tax (post exceptional)	13,330	29,580	44,460	46,220	47,926	61,411	77,285
Provision for tax	(3,530)	(7,060)	(11,730)	(11,270)	(12,063)	(15,457)	(19,453)
Reported PAT	9,800	22,520	32,730	34,950	35,863	45,953	57,833
MI	(10)	(250)	(240)	(40)	(28)	(20)	(14)
Net Profit	9,790	22,270	32,490	34,910	35,835	45,934	57,819
Adjusted Profit (excl Exceptionals)	9,740	22,270	32,500	34,900	35,863	45,953	57,833

Balance Sheet	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Equity capital	890	890	890	890	890	890	890
Reserves	74,080	92,140	1,17,620	91,828	1,16,904	1,49,052	1,89,521
Net worth	74,970	93,030	1,18,510	92,718	1,17,794	1,49,942	1,90,411
MI	50	300	530	-	28	48	61
Non Current Liabilities	12,350	13,490	18,550	56,190	56,409	56,646	56,902
Current Liabilities	77,150	1,05,120	1,32,640	1,65,280	1,96,907	2,18,338	2,57,052
TOTAL LIABILITIES	1,64,520	2,11,940	2,70,230	3,14,188	3,71,139	4,24,973	5,04,426
Non Current Assets	32,550	37,400	46,160	57,780	62,521	66,114	69,290
Fixed Assets	24,320	25,060	30,190	35,190	39,190	41,440	43,690
Goodwill	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Non Current Investments	190	2,790	3,510	6,790	6,790	6,790	6,790
Deferred Tax Asset	1,050	1,870	1,580	1,870	1,870	1,870	1,870
Long Term Loans and Advances	430	420	540	720	828	952	1,095
Other Non Current Assets	5,330	6,030	9,110	11,980	12,613	13,832	14,615
Current Assets	1,31,970	1,74,540	2,24,070	2,56,408	3,08,618	3,58,860	4,35,136
Current investments	28,050	150	21,640	16,660	16,660	16,660	16
Inventories	84,080	1,36,090	1,65,840	1,90,510	2,41,560	2,81,862	3,79,293
Trade Receivables	3,660	5,650	6,740	10,180	9,601	11,232	13,141
Cash and Bank Balances	5,600	15,730	13,430	15,588	14,110	19,350	9,507
Short Term Loans and Advances	760	4,230	1,350	2,810	3,091	3,400	3,740
Other Current Assets	9,820	12,690	15,070	20,660	23,596	26,355	29,438
TOTAL ASSETS	1,64,520	2,11,940	2,70,230	3,14,188	3,71,139	4,24,973	5,04,426

Cash Flow St. (Rs. mn)	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Net Profit	9,740	22,270	32,500	34,900	35,863	45,953	57,833
Add: Dep. & Amort.	3,750	3,990	4,410	5,840	6,476	6,833	7,191
Cash profits	13,490	26,260	36,910	40,740	42,339	52,787	65,023
(Inc)/Dec in							
-Sundry debtors	(545)	(1,990)	(1,090)	(3,440)	579	(1,631)	(1,909)
-Inventories	(3,050)	(52,010)	(29,750)	(24,670)	(51,050)	(40,302)	(97,431)
-Loans/advances	906	(3,460)	2,760	(1,640)	(389)	(433)	(483)
- Other Current Assets	382	(3,410)	(5,320)	(7,840)	(3,569)	(3,978)	(3,866)
-Current Liab and							
Provisions	(2,084)	7,710	12,490	6,710	5,193	5,716	6,291
Sundry Creditors	1,923	5,050	(800)	1,960	3,583	2,950	3,507
Change in working capital	(2,467)	(48,110)	(21,710)	(28,920)	(45,653)	(37,679)	(93,891)
CF from Oper. activities	11,023	(21,850)	15,200	11,820	(3,314)	15,108	(28,868)
CF from Inv. activities	(29,444)	20,560	(31,750)	(9,140)	(10,466)	(9,083)	7,203
CF from Fin. activities	20,210	11,410	14,250	(522)	12,311	(784)	11,821
Cash generated/(utilised)	1,789	10,120	(2,300)	2,158	(1,468)	5,240	(9,844)
Cash at start of the year	3,811	5,600	15,730	13,430	15,588	14,110	19,350
Cash at end of the year	5,600	15,720	13,430	15,588	14,110	19,340	9,497

Ratios	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
OPM	8.0	11.6	12.0	10.8	10.9	11.4	11.7
NPM	4.46	7.67	7.95	6.76	6.20	6.79	7.29
Tax rate	(26.5)	(23.9)	(26.4)	(24.4)	(25.2)	(25.2)	(25.2)
Growth Ratios (%)							
Net Sales	2.8	33.1	40.9	26.5	12.6	17.0	17.0
Operating Profit	(30.1)	93.7	46.0	13.3	14.0	22.7	19.5
PBIT	(36.3)	117.9	50.8	11.4	14.3	24.7	20.8
PAT	(35.1)	128.7	45.9	7.4	2.8	28.1	25.9
Per Share (Rs.)							
Net Earnings (EPS)	11	25	37	39	40	52	65
Cash Earnings (CPS)	15.2	29.5	41.5	45.8	47.6	59.3	73.1
Dividend	3.8	7.5	10.0	11.8	12.1	15.5	19.5
Book Value	84.2	104.5	133.2	104.2	132.4	168.5	213.9
Free Cash Flow	11.3	(25.2)	12.7	9.5	0.9	24.0	(25.1)
Valuation Ratios							
P/E(x)	316.3	138.4	94.8	88.3	85.9	67.0	53.3
P/B(x)	41.1	33.1	26.0	33.2	26.2	20.5	16.2
EV/EBIDTA(x)	177.5	92.2	63.2	56.9	49.9	40.6	34.3
Div. Yield(%)	0.1	0.2	0.3	0.3	0.3	0.4	0.6
FCF Yield(%)	0.3	(0.7)	0.4	0.3	0.0	0.7	(0.7)
Return Ratios (%)							
ROE	13%	24%	27%	38%	30%	31%	30%
ROCE	15%	26%	28%	25%	26%	28%	29%

Source: Dalal & Broacha Research, Company

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