



Robust revenue growth; Margins rebounding well

Titan Company Limited (TCL) reported strong financial performance in 3QFY25, with consolidated revenue rising 25.5% YoY to Rs.177.2bn (ex-bullion) and standalone revenue was up 24.2% YoY to Rs.162.3bn (ex-bullion). However, EBIT margins declined, with consolidated EBIT margin at 9.2%, down 177 bps YoY (one off custom duty impact). The jewellery segment saw robust growth, driven by festive demand and higher gold prices, with domestic revenue up ~25% YoY. CaratLane's income rose ~27% YoY, supported by studded jewellery and gold sales. The watches and wearables segment grew ~14% YoY, led by analog watches, though wearables declined ~20% YoY. Eyecare revenue increased ~16% YoY, with sunglasses leading growth. Emerging businesses saw tepid growth. TCL expects standalone jewellery EBIT margins to be around 11% to 11.5% on an annualized basis, focusing more on absolute profit growth rather than percentages. TCL is focusing on buyer growth, same-store sales, and investing in emerging businesses.

Key financial highlights

- Revenues at ₹177.4Bn, 25.2%YoY/22.1%QoQ
- Revenues (Ex-Bullion Sales) at ₹177.23Bn, 25.5%YoY/29.7%QoQ
- EBITDA (excl OI) at ₹16.74Bn, 7%YoY/35.4%QoQ
- Adj PAT at ₹10.47Bn, -0.6%YoY/48.7%QoQ
- Adj EPS at ₹11.76 vs 11.8 YoY / 7.91 QoQ
- Consol Jewellery EBIT (Ex-Bull) ₹14.9Bn, 0.5%YoY/53%QoQ
- Consol Jewellery EBITM Ex-Bull (%) came in at 9.3% vs 11.8% YoY/8.3% QoQ
- Stand Jewellery EBIT (Ex-Bull) ₹13.98Bn, -2.4%YoY/50%QoQ
- Stand Jewellery EBITM Ex-Bull (%) came in at 9.5% vs 12.2% YoY/8.7% QoQ

Financial Summary

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	6,14,389	7,18,776	8,40,951
EBIDTA	17,250	33,410	48,790	55,260	63,427	82,971	97,510
Margins (%)	8.0	11.6	12.0	10.8	10.3	11.5	11.6
Adjusted net profit	9,740	22,270	32,500	34,900	36,202	50,030	60,376
EPS (Rs)	10.9	25.0	36.5	39.2	40.7	56.2	67.8
P/E (x)	319.0	139.5	95.6	89.0	85.8	62.1	51.5
EV/EBITDA (x)	179.0	93.0	63.7	57.4	50.2	38.3	32.8
RoCE (%)	15.1	26.3	27.9	25.4	25.9	29.9	30.4
RoE (%)	13.0	23.9	27.4	37.6	30.7	32.7	30.9

Source : Company, Dalal & Broacha Research

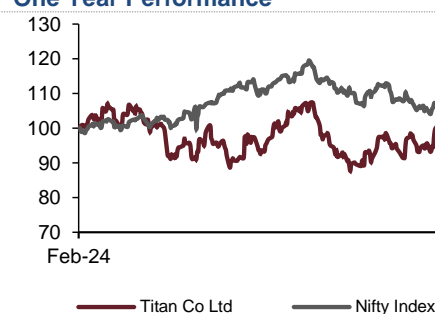
Rating	TP (Rs)	Up/Dn (%)
HOLD	3,731	7

Market data

Current price	Rs	3,490
Market Cap (Rs.Bn)	(Rs Bn)	3,099
Market Cap (US\$ Mn)	(US\$ Mn)	35,592
Face Value	Rs	1
52 Weeks High/Low	Rs	3867 / 3055.65
Average Daily Volume	(000)	1,335
BSE Code		500114
Bloomberg		TTAN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	53	53
Public	47	47
Total	100	100

Source: BSE

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Strong topline growth in jewellery @ 26%

TCL Standalone posted a strong topline growth of ~26% in the jewellery business. The festive quarter saw strong consumer demand, with **secondary sales rising 28% YoY**, driven by higher gold prices, **a 29% increase in wedding-related purchases**, and a healthy **22% same-store sales growth** compared to 3QFY24.

Growth driven by a combination of new buyers and repeat customers

The company is seeing good growth in both new and repeat customers. 48% of buyers were new and 52% were repeat customers. Ticket size growth is driven by wedding and occasion-related purchases in gold and high-value studded sales. Geographically, South and East regions grew faster, with North bouncing back, while West was mixed. Tier 2 and tier 3 towns are performing better than top metro cities

Impact of gold prices weigh on EBIT margins

Jewellery EBIT for Q3FY25 stood at Rs. 13.98 bn, with EBIT margins at 9.5%. However, adjusting for a one-off custom duty impact of Rs. 2.53 bn, EBIT margins would have been 11.2%. Fluctuations in gold prices leading to volatility in jewellery EBIT margins. The company expects standalone jewellery EBIT margins to be around 11% to 11.5% on an annualized basis, focusing more on absolute profit growth rather than percentages.

Valuation & Outlook

Management is committed to defending market share in an increasingly competitive landscape, prioritizing revenue growth over margins in the near term.

At CMP of Rs.3,490 the stock trades at 62x/51x FY26/FY27e EPS of Rs.56/68. We maintain our rating HOLD but with a revised target price of Rs.3,731, applying a 55x 12-month forward PE multiple as we roll over to FY27e eps of Rs.68.

[Reason: we believe stock will trade below 12-month fwd 5 year average PE].

Conference Concall KTAs

Guidance

- The company expects standalone jewellery EBIT margins to be around 11% to 11.5% on an annualized basis, focusing more on absolute profit growth rather than percentages.

Jewellery

- Domestic revenue grew ~25% YoY, driven by strong festive demand, increased gold prices, and a 22% YoY same-store sales growth.
- Gold jewellery sales grew ~24% YoY, while gold coin sales surged ~48% YoY.
- Studded jewellery sales grew ~21% YoY. Non-solitaire growth was healthy, but solitaire growth remained muted.
- Custom duty reduction impact on Rs.2.53 bn
- Added 11 new Tanishq stores and 13 new Mia stores in India.

Caratlane

- Total income rose ~27% YoY to Rs.11,170 mn.
- Revenue growth driven by studded jewellery (excluding solitaires), gold jewellery, gold coins, and solitaires.
- Buyer growth was ~8% YoY, with Average Selling Prices up ~17% YoY.
- Opened 19 new stores in India, bringing the total to 305 stores.
- The company has seen good like-to-like growth, with 16% in 3Q and 21% in the previous quarter.
- First international store opened in New Jersey, USA.
- The company is seeing good buyer growth in the sub 100,000 segment which is where most LGD (lab grown diamond) players are playing.

Watches & Wearables

- Domestic revenue grew ~14% YoY, driven by ~20% YoY growth in analog watches.
- Premium brands like Edge, Nebula, and Zylus have seen over 50% growth. Affordable brands like FastTrack and Sonata have also shown good growth, with 33% and 24% growth in 3Q respectively
- Titan brand led the analog segment with 18% YoY growth.
- International brands grew ~30% YoY, and Fastrack also saw ~30% YoY growth.
- Wearables segment declined ~20% YoY.
- 23 new stores opened domestically across Titan World, Helios, and Fastrack.

Eyecare

- Domestic revenue grew ~16% YoY, driven by strong volume growth.
- International brands grew ~56% YoY, while house brands saw flat growth.
- Sunglasses sales led the category, growing ~35% YoY.
- Average Selling Prices declined due to price corrections and introduction of affordable frames.
- Closed 3 Titan Eye+ stores (net) during the quarter.

Emerging Businesses

- Women's bags grew ~25% YoY, fragrances grew ~27% YoY, and Taneira saw flattish growth.
- IRTH opened its first store in Mumbai, followed by a store in Chennai.
- Taneira added one new store, bringing the total to 82 stores.

Quarterly Financials

Particulars (Rs Mns)	Q3FY25	Q3FY24	YoY		QoQ	
			Growth (%)	Q2FY25	Growth (%)	
Sale of products/services	1,75,500	1,39,630	25.7%	1,34,730	30.3%	
Other operating revenues	1,900	2,010	-5.5%	10,610	-82.1%	
Total Operating Revenues	1,77,400	1,41,640	25.2%	1,45,340	22.1%	
Other income	1,280	1,360	-5.9%	1,220	4.9%	
Total Income	1,78,680	1,43,000	25.0%	1,46,560	21.9%	
Total RM Cost	1,40,830	1,08,700	29.6%	1,15,220	22.2%	
RM to Op Revenue	79.39%	76.74%		79.28%		
	0	0		0.2072382		
Employee benefits expense	5,550	4,800	15.6%	5,190	6.9%	
Advertising	3,710	3,380	9.8%	3,270	13.5%	
Ad Spends to OP Revenue	2.09%	2.39%		2.25%		
Other expenses	10,570	9,110	16.0%	9,300	13.7%	
O. Exps to Op Revenue	5.96%	6.43%		6.40%		
EBITDA (exc. OI)	16,740	15,650	7.0%	12,360	35.4%	
EBITDA Margin	9.44%	11.05%		8.50%		
Depreciation	1,750	1,540	13.6%	1,710	2.3%	
PBIT	16,270	15,470	5.2%	11,870	37.1%	
Interest	2,310	1,690	36.7%	2,400	-3.8%	
PBT	13,960	13,780	1.3%	9,470	47.4%	
Total Tax	3490	3,250	7.4%	2,440	43.0%	
Tax Rate	25.0%	23.6%		25.8%		
PAT	10,470	10,530	-0.6%	7,040	48.7%	
Exceptional item						
Share of profit from JV/ Associate	-			10		
Minority Interest	0		0.0%	-	0.0%	
Adjusted PAT	10,470	10,530	-0.6%	7,040	48.7%	
NPM	5.86%	7.36%		4.80%		
Equity	890	890		890		
FV	1	1		1		
EPS	11.76	11.83	-0.6%	7.91	48.7%	
Segmental Revenues						
Watches	11,370	9,860	15.3%	13,040	-12.8%	
% to Operating Income	6.4%	6.9%		8.9%		
Jewellery	1,61,340	1,27,420	26.6%	1,27,710	26.3%	
% to Operating Income	90.3%	89.1%		87.1%		
Eyeware	1,960	1,680	16.7%	2,020	-3.0%	
% to Operating Income	1.1%	1.2%		1.4%		
Others	3,120	3,130	-0.3%	3,010	3.7%	
% to Operating Income	1.7%	2.2%		2.1%		
Corporate (unallocated)	890	910	-2.2%	780	14.1%	
% to Operating Income	0.5%	0.6%		0.5%		
Total	1,78,680	1,43,000	25.0%	1,46,560	21.9%	
PBIT Margins:						
Watches	9.5%	5.68%		15.03%		
Jewellery	9.2%	11.63%		7.63%		
Eyeware	10.2%	7.74%		10.89%		
Others	0.3%	1.60%		-1.33%		

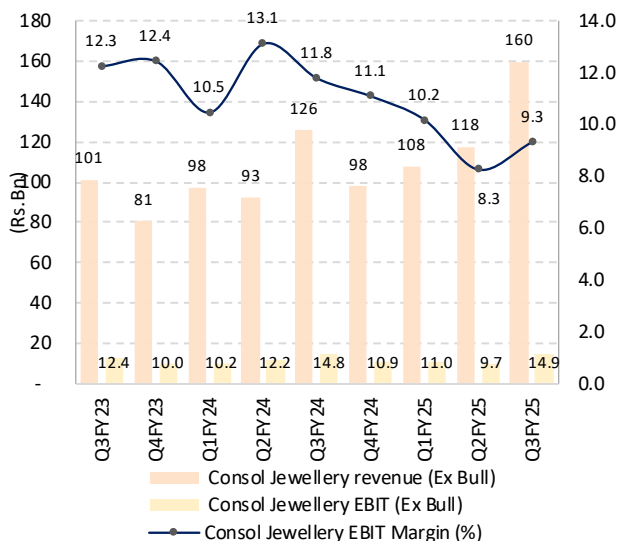
Source: Dalal & Broacha Research

12 Month Forward PE Multiple Chart

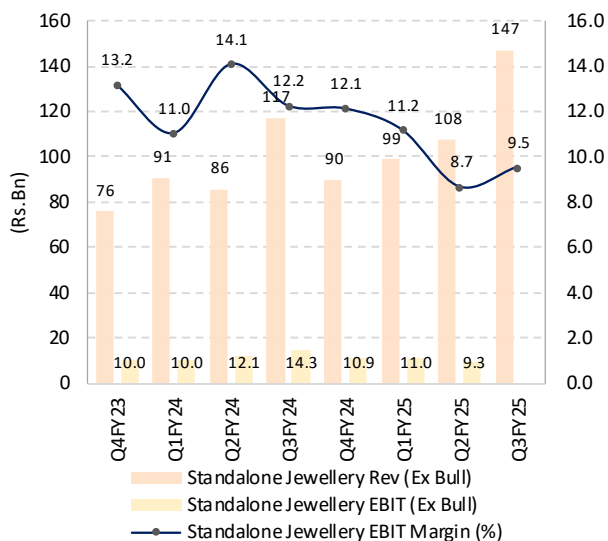


Source : Bloomberg, Dalal & Broacha Research

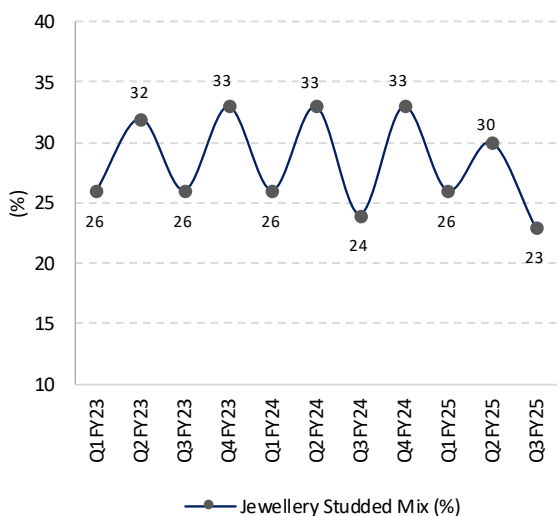
Consolidated Jewellery Revenue,EBIT & EBIT Margins



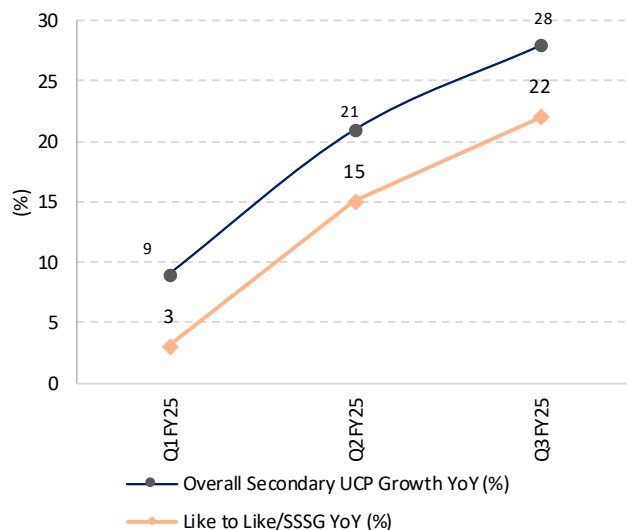
Standalone Jewellery Revenue,EBIT & EBIT Margins



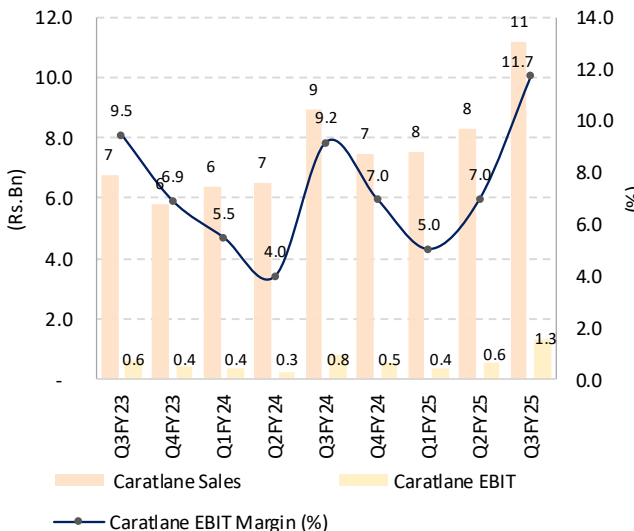
Jewellery Studed Mix (%)



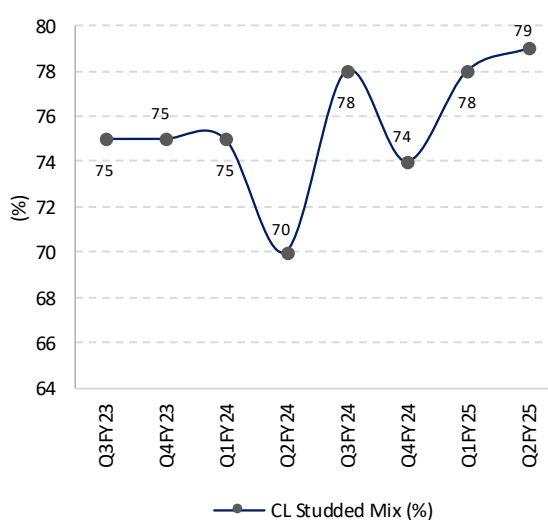
Secondary UCP & SSG/Like to like growth(%)



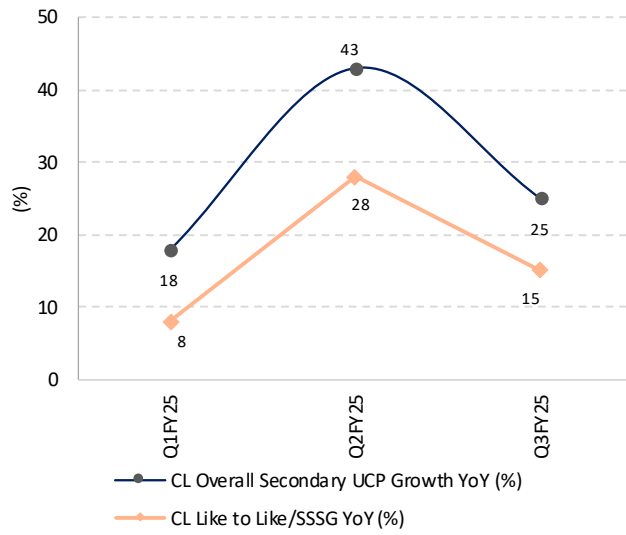
Caratlane Jewellery Revenue,EBIT & EBIT Margins



Caratlane Studed Mix (%)



Caratlane Secondary UCP & SSG/Like to like growth(%)



Source: Dalal & Broacha Research, 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	6,14,389	7,18,776	8,40,951
Operating Expenses	(1,64,140)	(2,16,410)	(3,03,550)	(3,94,320)	(4,76,152)	(5,49,864)	(6,43,328)
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)	(52,442)	(60,218)	(70,532)
Operating Profit	17,250	33,410	48,790	55,260	63,427	82,971	97,510
Depreciation	(3,750)	(3,990)	(4,410)	(5,840)	(6,476)	(6,833)	(7,191)
PBIT	13,500	29,420	44,380	49,420	56,952	76,138	90,319
Other income	1,860	2,340	3,080	2,990	390	254	177
Interest	(2,030)	(2,180)	(3,000)	(6,190)	(8,963)	(9,534)	(9,812)
PBT	13,330	29,580	44,460	46,220	48,379	66,859	80,684
Profit before tax (post exceptional)	13,330	29,580	44,460	46,220	48,379	66,859	80,684
Provision for tax	(3,530)	(7,060)	(11,730)	(11,270)	(12,177)	(16,828)	(20,308)
Reported PAT	9,800	22,520	32,730	34,950	36,202	50,030	60,376
MI	(10)	(250)	(240)	(40)	(28)	(20)	(14)
Net Profit	9,790	22,270	32,490	34,910	36,174	50,011	60,362
Adjusted Profit (excl Exceptionals)	9,740	22,270	32,500	34,900	36,202	50,030	60,376

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	1,17,141	1,52,143	1,94,392
Net worth	74,970	93,030	1,18,510	92,718	1,18,031	1,53,033	1,95,282
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	2,03,730	2,26,087	2,67,116
TOTAL LIABILITIES	1,64,520	2,11,940	2,70,230	3,14,188	3,78,198	4,35,814	5,19,360
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	3,15,678	3,69,700	4,50,071
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	2,60,138	3,00,410	4,03,196
Trade Receivables	3,660	5,650	6,740	10,180	10,206	11,940	13,969
Cash and Bank Balances	5,600	15,730	13,430	15,588	1,987	10,935	(289)
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	3,78,198	4,35,814	5,19,360

Cash Flow St. (Rs. mn)	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Net Profit	9,740	22,270	32,500	34,900	36,202	50,030	60,376
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	42,678	56,863	67,567
(Inc)/Dec in							
-Sundry debtors	(545)	(1,990)	(1,090)	(3,440)	(26)	(1,734)	(2,029)
-Inventories	(3,050)	(52,010)	(29,750)	(24,670)	(69,628)	(40,272)	(1,02,786)
-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	4,943	2,948	3,738
Change in working capital	(2,467)	(48,110)	(21,710)	(28,920)	(63,475)	(37,753)	(99,136)
CF from Oper. activities	11,023	(21,850)	15,200	11,820	(20,798)	19,110	(31,569)
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)	17,673	(1,079)	13,142
Cash generated/(utilised)	1,789	10,120	(2,300)	2,158	(13,591)	8,948	(11,224)
Cash at start of the year	3,811	5,600	15,730	13,430	15,588	1,987	10,935
Cash at end of the year	5,600	15,720	13,430	15,588	1,987	10,925	(299)
Ratios	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
OPM	8.0	11.6	12.0	10.8	10.3	11.5	11.6
NPM	4.46	7.67	7.95	6.76	5.89	6.96	7.18
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	19.7	17.0	17.0
Operating Profit	(30.1)	93.7	46.0	13.3	14.8	30.8	17.5
PBIT	(36.3)	117.9	50.8	11.4	15.2	33.7	18.6
PAT	(35.1)	128.7	45.9	7.4	3.7	38.2	20.7
Per Share (Rs.)							
Net Earnings (EPS)	11	25	37	39	41	56	68
Cash Earnings (CPS)	15.2	29.5	41.5	45.8	48.0	63.9	75.9
Dividend	3.8	7.5	10.0	11.8	12.2	16.9	20.4
Book Value	84.2	104.5	133.2	104.2	132.6	171.9	219.4
Free Cash Flow	11.3	(25.2)	12.7	9.5	(18.8)	28.7	(28.0)
Valuation Ratios							
P/E(x)	319.0	139.5	95.6	89.0	85.8	62.1	51.5
P/B(x)	41.4	33.4	26.2	33.5	26.3	20.3	15.9
EV/EBIDTA(x)	179.0	93.0	63.7	57.4	50.2	38.3	32.8
Div. Yield(%)	0.1	0.2	0.3	0.3	0.3	0.5	0.6
FCF Yield(%)	0.3	(0.7)	0.4	0.3	(0.5)	0.8	(0.8)
Return Ratios (%)							
ROE	13%	24%	27%	38%	31%	33%	31%
ROCE	15%	26%	28%	25%	26%	30%	30%

Source: Dalal & Broacha Research, Company

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