



Report Date

11-May-23

Report Price

2751

Buy Range

2,720-2,730

Target Price

3,180-3,200

TITAN released its pre-quarterly update for Q1FY24. Here are the key highlights

TITAN clocked sales growth of 20% YoY, with double-digit growth across all key businesses. It added 68 stores during the quarter, taking its total retail presence (including CaratLane) to 2,778 stores at the end of Q1FY24.

- **Jewellery Division revenue grew 21% YoY in Q1FY24** – Buyer growth was higher than average ticket size growth during the quarter. Akshaya Tritiya sales in Apr'23 and wedding purchases in Jun'23 drove sales despite significant volatility in gold prices during the quarter. Its key categories of gold and studded grew well. New store additions, gold harvest and exchange programs continued to do well during the quarter. Domestic new store additions stood at 9 in Tanishq and 8 in Mia by Tanishq. Tanishq added 1 new store in Sharjah, taking the total international presence to 7 stores in GCC region and 1 store in the US.
- **Watches & Wearables division grew 13% YoY, with 8% growth in the analog watches segment and 84% YoY growth in Wearables.** Titan brand and international brands saw strong buying momentum and delivered double-digit growth. In key channels, Helios chain, Large Format Stores (LFS) and E-commerce saw higher growth rates compared to others. **26 new stores:** 14 of Titan World, 9 of Helios, and 3 of Fastrack.
- **Eyecare division witnessed revenue growth of 10% YoY.** Trade channel grew faster than Titan Eye+, improving its contribution to the overall pie. It added 5 new stores of Titan Eye+ and 2 new stores of Fastrack during the quarter.
- **Emerging businesses (Fragrances and Fashion Accessories, or F&FA, and Indian Dress Wear) grew ~11% YoY, driven by ~9% growth in Fragrances and ~13% growth in Fashion Accessories.** Taneira's sales grew by 81% YoY. It opened 6 new stores: 3 stores in new cities of Vijayawada, Agra and Berhampur, and the balance 3 stores in the existing cities of Mumbai, Hyderabad and Lucknow.
- **CaratLane grew ~32% YoY, driven by a healthy contribution from multiple avenues,** that include sales from 1) Akshaya Tritiya, 2) 'Ada' - a new hero collection, 3) 'Minion X' - a product launch for kids, and 4) new micro-occasions for jewellery gifting like 'First Salary Gifting'. It added 11 new domestic stores during the quarter.

VIEW – BOOK PROFITS

TITAN fundamentally a strong company has been a mutli – bagger with compounded earnings of 20% over a long-term period. It has ample opportunities for growth, given its sub-10% market share in Jewellery and the ongoing challenges faced by its unorganised and organized peers. Its medium-to-long-term earnings growth potential is unparalleled as it is well placed to gain due to network expansion, regional thrust and hallmarking benefit. Omni-channel strategy across jewellery, watches and eyewear, new growth drivers like **Caratlane**, **TitanEye+**, **Taneira** and entry into high growth segments like smart watches, over the head headphones and Truly Wireless earphones. Its attractiveness as a portfolio stocks comes from low market share in a large addressable market and wide gap versus competition and focus on keeping its lead. Short term investor intending to **BOOK PROFITS** can go ahead while long term investors can continue to stay invested with the stock trading at P/E 62.7x FY25E (FY25E- RoE/ RoCE - 29.8%/18.4%) as the growth prospects looks good on a medium to longer term horizon.

Important Data

Nifty	19,372
Sensex	65,427
CMP	₹3210
Market Cap (₹)	₹2,856.9bn
52W High/Low	₹3,210 (07Jul23)/ ₹1,941 (06Jul22)
Shares o/s (mn)	890
Daily Vol. (3M NSE Avg.)	2,531,658
BSE Code	500114
NSE Code	TITAN
Bloomberg Code	TTAN:IN

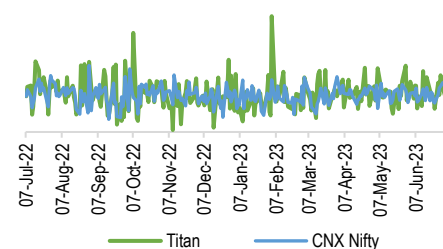
Shareholding Pattern (%) – Mar'23

Promoter	52.9
DIs	11.4
FIs	17.5
Public	18.2

Financials & Valuations

Particulars (₹ mn)	FY19	FY20	FY21
Operating Revenue	210,520	216,440	287,990
EBITDA	24,670	17,240	33,410
EBITDA Margin (%)	11.7	8.0	11.6
Net Profit	14,930	9,740	21,730
EPS (₹)	16.8	10.9	24.4
RoE (%)	4.0	4.0	7.5
RoCE (%)	23.8	13.0	23.3
P/E (x)	15.6	8.2	13.9
EV/EBITDA (x)	191.4	293.3	131.5
P/BV (x)	116.7	168.1	86.9

Particulars	FY23P	FY24E	FY25E
Operating Revenue	408,830	455,671	536,872
EBITDA	48,790	56,548	68,216
EBITDA Margin (%)	11.9	12.4	12.7
Net Profit	32,500	37,561	45,592
EPS (₹)	36.5	42.2	51.2
RoE (%)	10.0	11.0	12.0
RoCE (%)	27.3	28.2	29.8
P/E (x)	16.4	17.9	18.4
EV/EBITDA (x)	87.9	76.1	62.7
P/BV (x)	59.9	50.3	41.5

Relative performance

Analyst

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FINANCIALS & FORECASTING

(₹ mn)

Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23P	FY24E	FY25E
Watches & Wearables	19,744	20,355	21,315	24,475	26,220	15,870	23,170	33,100	39,199	45,576
YoY Growth (%)	2.8	3.1	4.7	14.8	7.1	(39.5)	46.0	42.9	18.4	16.3
Jewellery	87,227	103,487	132,569	163,901	173,190	193,200	255,230	359,140	395,213	463,991
YoY Growth (%)	(7.5)	18.6	28.1	23.6	5.7	11.6	32.1	40.7	10.0	17.4
Eyewear	3,745	4,058	4,150	5,088	5,440	3,750	5,170	6,890	8,936	11,398
YoY Growth (%)	12.7	8.4	2.3	22.6	6.9	(31.1)	37.9	33.3	29.7	27.6
Others	2,601	3,343	3,719	4,834	6,350	4,570	5,450	8,050	10,613	14,117
YoY Growth (%)	7.3	28.6	11.3	30.0	31.4	(28.0)	19.3	47.7	31.8	33.0
Corporate (Unallocated)	524	463	695	1,318	850	910	1,310	1,650	1,710	1,790
YoY Growth (%)	(10.4)	(11.6)	50.2	89.6	(35.5)	7.1	44.0	26.0	3.6	4.7
Revenue	113,100	131,002	161,560	197,785	210,520	216,440	287,990	408,830	455,671	536,872
YoY Growth (%)	(5.1)	15.8	23.3	22.4	6.4	2.8	33.1	42.0	11.5	17.8
EBITDA	9,347	11,555	16,447	19,915	24,670	17,240	33,410	48,790	56,548	68,216
EBITDA Margin(%)	8.3	8.8	10.2	10.1	11.7	8.0	11.6	11.9	12.4	12.7
YoY Growth (%)	(18.6)	23.6	42.3	21.1	23.9	(30.1)	93.8	46.0	15.9	20.6
Net Profit	6,745	7,115	11,301	14,042	14,930	9,740	21,730	32,500	37,561	45,592
YoY Growth (%)	(17.4)	5.5	58.8	24.3	6.3	(34.8)	123.1	49.6	15.6	21.4
EPS (₹)	7.6	8.0	12.7	15.8	16.8	10.9	24.4	36.5	42.2	51.2
DPS (₹)	2.2	2.6	3.8	5.0	4.0	4.0	7.5	10.0	11.0	12.0
RoE (%)	19.7	20.6	24.0	24.9	23.8	13.0	23.3	27.3	28.2	29.8
RoCE (%)	13.2	12.4	15.9	15.6	15.6	8.2	13.9	16.4	17.9	18.4
Net Debt/Equity (x)	(0.0)	(0.2)	0.2	0.3	0.3	0.5	0.5	0.6	0.5	0.5
FCF	3,239	14,612	(3,440)	9,795	(6,930)	40,000	(9,480)	9,380	20,854	21,663
Cash Balances	1,164	8,020	6,179	10,665	3,810	5,600	15,730	13,430	23,302	31,013
Debtors Days	6	6	7	8	5	7	7	6	6	6
Asset turnover (x)	3.1	3.1	3.1	3.3	2.5	2.7	3.2	3.2	2.8	2.6
P/E (x)	423.5	401.5	252.8	203.5	191.4	293.3	131.5	87.9	76.1	62.7
EV/EBITDA (x)	305.6	246.6	174.4	144.2	116.7	168.1	86.9	59.9	50.3	41.5
P/BV (x)	111.5	66.9	56.0	46.8	42.7	38.1	30.5	24.0	19.9	16.4

Source - Company, Way2Wealth

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Disclosure of Interest Statement TITAN COMPANY LTD. as on 10 July 2023

Name of the Security	TITAN COMPANY LTD.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	No No No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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