



Buy Range ₹2,720-2,730

Target ₹3,180-3,200

Recommendation BUY

Highlights

- Several regulatory tailwinds accelerated the shift towards organised jewellery retailing. ~68-70% of Jewellery retail market is still unorganised. **Titan is a major player in the organised jewellery market with share of ~6-7%.**
- **Focus on Design Excellence.** Trust has been the first factor that has driven customers to Tanishq. However, the role of design has evolved significantly in the last 7-8 years and has now become central to Tanishq, as reflected in customer feedback. Tanishq's design team is not only involved in keeping in touch with the latest trends worldwide but also involved in predicting trends. It has over 5,000 designs in jewellery across various cultures and traditions of India and in its own patterns, targeting diverse occasions, age groups and mindsets.
- **Increasing Presence in Wedding segment.** Titan currently draws 19-20% of its sales from the wedding jewellery segment.
- Titan wants to make the international business more meaningful over the next five years. It has been reaching out to its overseas customers through their brand e-commerce websites. Titan's brand recognition is very strong in the UAE, Saudi Arabia, Kuwait, Oman, Singapore, Malaysia, the Philippines and the USA. **Plans to expand international store count to ~25 in total by FY24-end, with majority in the GCC region (some in the US) and double the existing Mia store count (111 stores) by end of FY24**
- **Smart watches and Wearables to show good traction with Premiumisation to continue.** Titan is India's leading watchmaker; owning +60% of the domestic market share in the organized watch market. Watches market size stands at ~₹80bn. FY22/FY23 Revenue contribution at 8%/8.1%. Titan is the world's fifth largest watchmaker; manufacturing 18mn watches, of which about 0.7mn were smart wearable devices.
- Shifting focus to Eyecare from Eyewear.
- **SKINN the fragrance business** is aiming a market share of ~20%. In Q4FY22 the business grew by 31% YoY. **TANEIRA sales grew 208% in Q4FY23** driven by new store openings and healthy growth from existing stores. **Opened five new stores during the quarter, taking the total count to 41 stores covering 22 cities pan-India.**

COMPANY BACKGROUND

Titan Company Ltd (Titan) was incorporated in 1984 as a JV between the TATA Group and Tamil Nadu Industrial Development Corporation (TIDCO), a Government of Tamil Nadu undertaking. At present, the Tata Group and TIDCO hold 25.02% and 27.88% shares, respectively, in Titan. The company began with manufacturing watches and is now India's leading watch manufacturer and retailer. It is the fifth largest watch manufacturer in the world.

In 1995, the company diversified into jewellery under the brand Tanishq to capitalise on a fragmented market operating with no brands in urban cities. Jewellery business now contributes 88-90% to sales with Tanishq being the largest and most reputed jeweller in the organised space.

Titan then diversified into eyewear (Titan Eye+), fragrances (SKINN), Dress wear & accessories (TANERIA), licensed products and precision engineering for Automotive & defence sectors (TEAL).

Reasons to Buy

- Regulatory changes since 2013 which has been favorable for organised jewellery players.
- Focus on design and increasing presence in Wedding segment.
- Store Expansion with India and Increasing international store presence.
- Golden Harvest & Gold Exchange Scheme to attract new and old customers during festive and wedding seasons.
- Improvement in product mix towards Studded jewellery to drive margins.
- Customer preferences for premium Smart watches & Smart Audio devices.
- Shifting focus to Eyecare from Eyewear i.e. Lenses.
- SKINN** – Tapping on largely underpenetrated fragrance market along with **TANERIA** for saris and associated fashion accessories.

Q4FY23 Performance

- Titan's total standalone revenue (ex-bullion sale) grew by 25% YoY to ₹8.75bn. Including bullion sale, total standalone revenue grew 33% YoY to ₹97bn (four-year CAGR of 20%). Ex-bullion jewellery, sales grew by 24% YoY to ₹76bn.
- Studded jewellery share increased by 100 bps YoY to 33% in Q4FY23. Domestic sales grew 21% YoY. New buyer's growth stood at 15% (both new and repeat). Wedding sales contributed 19% of total sales as against 20% generally EBITDA grew ~34% YoY to ₹10.4bn (+34% YoY, -22% QoQ) with margin at 10.8% (Q4FY22 at 10.7%) down 147 bps QoQ. Net profit grew ~50% YoY to ₹7.3bn.
- Management guided the full year EBIT margin in FY24 in the 12.5-13.0% range, irrespective of competitive intensity. Store expansion was robust with eleven new domestic stores, one international store of Tanishq, 18 new Mia stores, and one Zoya store, taking the store count to 423 for Tanishq, 111 for Mia, and seven for Zoya as of March'23.
- Management highlighted, that the demand softness seen in Mar'23 continued in the first half of Ap'23, but growth picked up during Akshay Tritiya (late-Apr'23) and management expects the trajectory to continue considering a good wedding calendar for May-Jun'23. Some changes were made to the 15-year old terms-of-trade with franchisees which are expected to incentivise a better sales-mix in the business.
- Looking at significant retail area expansion at 15-20 existing Tanishq stores in FY24, adding about +40 new Tanishq stores in the next year and potentially ~100 new stores in total for the next two years.

Important Data

Nifty	18,321
Sensex	61,986
CMP	₹2751
Market Cap (₹)	₹2442bn
52W High/Low	₹2790/1827
Shares o/s (mn)	890
Daily Vol. (3M NSE Avg.)	676,920
BSE Code	500114
NSE Code	TITAN
Bloomberg Code	TTAN:IN

Shareholding Pattern (%)

	Mar'23
Promoter	52.9
DII's	11.4
FII's	17.5
Public	18.2

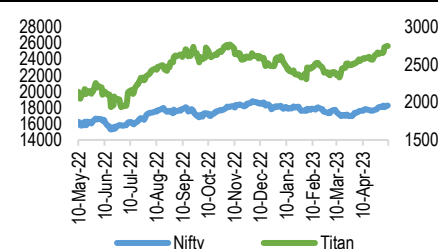
FINANCIALS & VALUATIONS

Particulars	FY20	FY21	FY22
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
DPS (₹)	4.0	4.0	7.5
RoE (%)	23.8	13.0	23.3
RoCE (%)	15.6	8.2	13.9
P/E (x)	164.0	251.4	112.7
EV/EBITDA (x)	99.9	144.0	74.5
P/BV (x)	36.6	32.6	26.2

Particulars	FY23P	FY24E	FY25E
Revenue	4,08,830	4,55,671	5,36,872
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
DPS (₹)	10	11	12
RoE (%)	27.3	28.2	29.8
RoCE (%)	16.4	17.9	18.4
P/E (x)	75.3	65.2	53.7
EV/EBITDA (x)	51.4	43.1	35.6
P/BV (x)	20.6	17.1	14.0

Source- Company, Way2Wealth

Relative performance



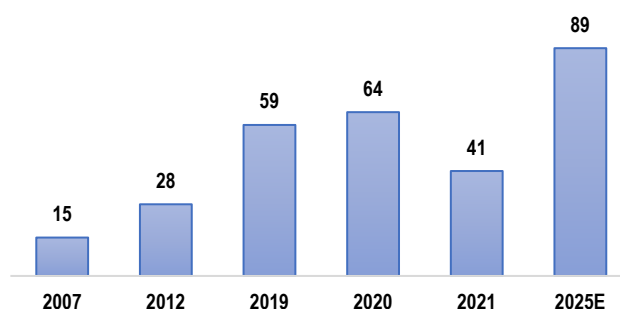
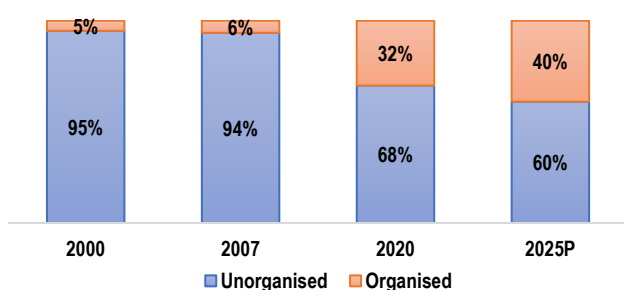
Analyst

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INVESTMENT RATIONALE

1. **~68-70% of Jewellery retail market is still unorganised** – The larger players in the organised space are expected to consolidate the market share away from the unorganised segment on account of weak balance sheets of smaller players and their inability to sustain during the lockdowns, which severely constricts their ability to maintain their operations Titan has emerged as the largest group for the key e-commerce players' viz. Flipkart, Amazon and Myntra. E-commerce has been Titan's highest growing channel (with ~10% of overall revenues).

Organized share of jewellery retail has increased to ~32% from 6% in FY07. As per CRISIL, the revenue of organised gold jewellery retailers is likely to grow 23-25% in FY23 as volume grows on pent-up demand and recovery in discretionary spending. However, in FY24, growth is likely to moderate to 8-12%, given the higher base of this fiscal and slower growth in disposable incomes will weigh on discretionary spending.

Market Share
Indian Domestic Jewellery Retail Market Size (USD bn)


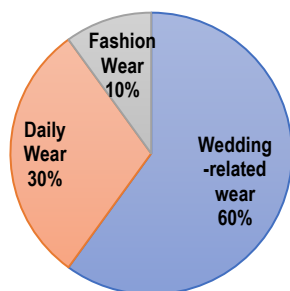
Source – Company, Way2Wealth

Expenditure on Jewellery expected to become second highest by 2025 overtaking apparel and accessories

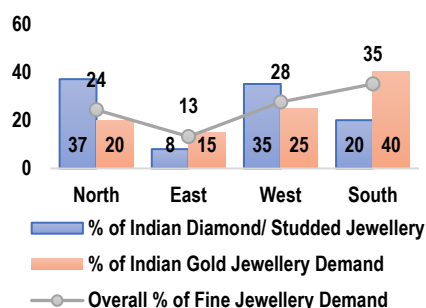
Type of Categories	Categories	2012	2020	2025
	Total Retail (US\$ bn)	370	850	1130
Need based	Food & Grocery	67.5%	66.3%	66.2%
Primary Non-Food	Jewellery	7.1%	7.6%	7.9%
	Apparel & Accessories	8.5%	8.1%	8.0%
	Consumer Electronics	5.2%	6.4%	6.8%
	Footwear	1.2%	1.2%	1.1%
Other Non-Food	Pharmacy & Wellness	2.8%	2.9%	3.3%
	Home & Living	4.2%	4.3%	4.2%
	Others	3.5%	3.2%	2.5%

Source – Technopak analysis *Accessories includes bags, belts, watches and wallets; Others include books and stationery, toys, eyewear, sports goods, alcoholic beverages and tobacco, among others

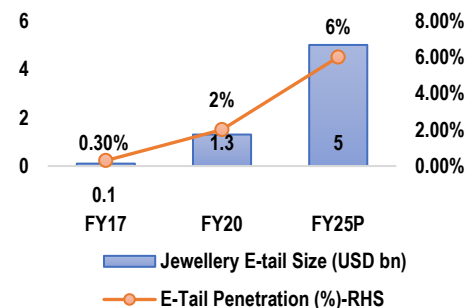
~90% of the jewellery sold in India caters to wedding-related wear and daily wear



Breakup of fine Jewellery Demand by Region



Share of E-tailers over years



Source – Company, Way2Wealth

2. **Several regulatory tailwinds accelerated the shift towards organised jewellery retailing** – Jewellery Industry has been going through regulatory changes since 2013 which has been favourable for organized players like Titan. Events like ban on "gold on lease", imposition of the 80:20 import rule, cash limit of ₹200,000, demonetisation and GST, have accelerated market share gains for organised players. Such events are further influencing consumers to shift to organised retail. Titan is a major player in the organised jewellery market with share of ~6-7%. Being the frontrunner in the still-nascent organized jewellery segment, Tanishq benefits immensely from its strong brand leadership and a wide distribution network across the country.

Share of Organised Retail in various retail categories

FY20	Share of Retail (%)	Retail Size (USD bn)	% Organised retail	Organised Market share(USD bn)	Key Select Retailers
Food & Grocery	66.2	560	4.4	25	Big Bazaar, DMart, Reliance Fresh
Jewellery	7.6	64	32	21	Tanishq,Kalyan,Tribhuvandas,PCJewellers,Thangamayil,Senco, Malabar,Joyallukas
Apparel & Accessories	8.1	69	32	22	Central, Shoppers stop, Lifetsyle, Westside
Footwear	1.2	10	29	3	Bata India, Metro Shoes, Khadims
Pharmacy & Wellness	3	25	15	4	Apollo, MedPlus
Consumer Electronics	6.4	54	32	17	Vijay Sales, Croma, Reliance Digital, eZone
Home & Living	4.3	36	15	5	Home Centre, Home Stop
Others	3.2	27	13	4	

Source –Kalyan Jewellers RHP

Comparison of Retail Chains, Local and E-commerce Players

	Retail Chains			Local Jewellery		E-Commerce
	1	2	3	Destination Showrooms	Neighbourhood Showroom	Online Jewellery Showrooms
Example	Tanishq	Kalyan	Malabar	Mehrasons	Various	Bluestone
Significant Focus	Pan-India	Pan-India	Regional	Regionl/Local	Local	NA
Product Design Ethos	Uniform, Fashion, Contemporary	Uniquely localised	Regional	Local/Regional	Local Designs	Uniform
Price Positioning	Mid to Premium	Mass to Premium	Mass to Mid	Mass to Premium	Mass	Mid-Price
Current Product Focus	Daily and fashion wear	Wedding-related & Daily	Wedding-related & Daily	Wedding-related & Daily	Daily Wear	Fashion wear

Source –Kalyan Jewellers RHP

3. **Focus on Design Excellence** – Trust has been the first factor that has driven customers to Tanishq. However, the role of design has evolved significantly in the last 7-8 years and has now become central to Tanishq, as reflected in customer feedback. Tanishq's design team is not only involved in keeping in touch with the latest trends worldwide but also involved in predicting trends. Tanishq has now become the gold standard for design in the industry, especially based on customer requirements. It has over 5,000 designs in jewellery across various cultures and traditions of India and in its own patterns, targeting diverse occasions, age groups and mindsets. Some of the successful design collections launched by Tanishq over years have been as follows:

MIA	Brand for working member majorly known for modern, trendy and light weight jewellery. It includes daily-wear gold and semi-precious stone jewellery, which are priced between ₹4,000-30,000.
ZOYA	Titan's most premium/ luxury brand. Zoya has a distinctive style, drawing inspiration from around the world
AVEER	Exclusive range of jewellery for Men. Includes rings, bracelets, chains, ear studs in gold, platinum and diamonds starting at ₹20,000
New RIVA AH	regional wedding collections
UTSAV	Heritage and Antique gold jewellery
Jewels of Royalty & Glitteratti	High value diamond jewellery
SWAYAHM	High Value Studded collection
MIRAYAH	Collection of Diamond and colour stone

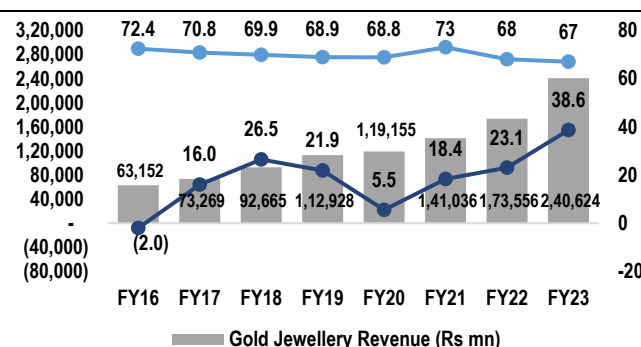
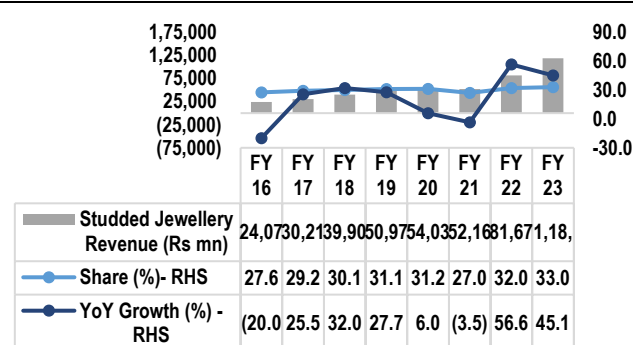
Source – Company, Way2Wealth

4. **Increasing Presence in Wedding segment** – Wedding related jewellery accounts for 50% of the organised jewellery demand as jewellery serves dual purpose of consumption and investment and has always been considered as a safe haven asset class. **Titan currently draws 19-20% of its sales from the wedding jewellery segment.** The company has taken several initiatives to grow its share in weddings by focusing on better variety in wedding jewellery, exclusive collections backed by marketing support and regionalising the wedding collections across the key states like Punjab, Bihar, Maharashtra, Bengal, Karnataka and Tamil Nadu.

5. **Golden Harvest Scheme (GHS) and Gold Exchange Scheme (GES) aids in customer acquisition and provides working capital** – Tanishq runs the GHS scheme where the Investors can pay a monthly instalment of as low as ₹2,000 or multiples of ₹1,000 for 10 months through cash at their showrooms, online through the website or Tanishq Golden Harvest mobile App and can avail special discount of up to 75% of the of 1 instalment at the time of redemption. GHS aids customer acquisition tool and provides working capital (due to payment before purchases). The Golden Harvest scheme saw double-digit enrolment in 2HFY23, with the enrolment to buyer ratio at an all-time high, indicating a high level of purchase intent in future.

Gold Exchange Scheme – Gold Exchange Schemes (GES) along with customer acquisition, aids in de-risking it in the event of tightening of gold import restrictions. Currently gold exchange scheme contributes ~ 40% to overall revenue and management expects to increase it to 55-57% by FY24. Gold is discounted by 2-3% if gold exchanged is 22k & above and by 8-10% if gold exchanged is 22k & below. Titan came up with attractive promotions at regular intervals to attract more customers.

6. **STUDED JEWELLERY – Increased premium with margin** – Studded Jewellery allows retailers to demand a premium for design and craftsmanship as opposed to the traditional practice of cost-plus pricing in vogue with plain gold jewellery. The plain gold jewellery typically has gross margins ranging from 10% to 14%, while diamond-studded jewellery have gross margins ranging from 30% to 35%. Titan's studded jewellery share increased from 26% in FY12 to 33% in FY23. Strong demand for studded jewellery augurs well for overall margin profile.



Source – Company, Way2Wealth

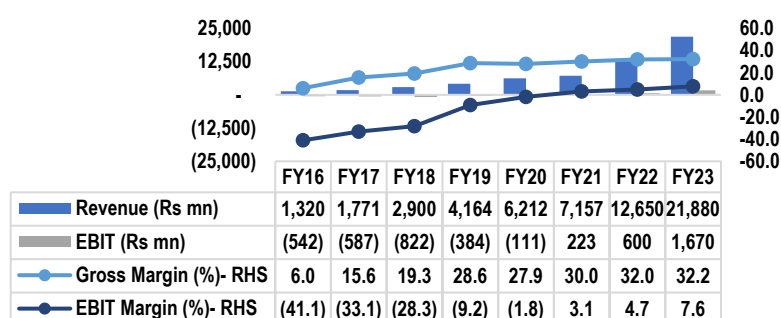
7. **Going International** – The contribution from international business is targeted at the mid-single digits as a proportion of sale. Dubai store has exceeded the internal expectations and all the retail metrics have been quite healthy. The company is focusing largely on the opportunity from the Non-Resident Indian / Person of Indian Origin category. Management indicated that Titan's brand recognition is very strong in the UAE, Saudi Arabia, Kuwait, Oman, Singapore, Malaysia, the Philippines and the USA. Accordingly, they would adopt a gradual approach to expansion in the international business. **The company expects international store count to ~25 in total by FY24-end, with majority in the GCC region (some in the US) and double the existing Mia store count (111 stores) by end of FY24.**

8. **Smart watches and Wearables to show good traction with Premiumisation to continue – Titan is the world's fifth largest watchmaker; manufacturing 18mn watches, of which about 0.7mn were smart wearable devices.** Smartwatches and wearables were key to the turnaround witnessed in Titan's watches business. **Titan was ranked second in the smart wearable category from 2017-2020.** Titan has been focusing on the smart wearables category over the last few years and has come up with **14 smart products** so far. Its brands have high recall especially **Fastrack** which is India's largest youth brand.

Store expansion (net) was strong in Q4FY23 with addition of 21 new Titan World, 16 Helios stores, and 15 Fastrack stores, taking the total count to 1,005 as on Mar'23. The management believes in the premiumisation trend with higher priced "**Titan Edge**" ceramics being best sellers. Titan launched its most expensive mechanical watch, "**Edge Mechanical**" (priced at ₹0.15mn). Premiumisation trend by **World of Titan stores, Xyls and Nebula brands** is likely to keep pricing growth in the range of 2-3% in the coming years.

9. **Shifting focus to Eyecare from Eyewear – Titan houses various brands: a) TITAN:** main in-house frames and lenses brand **b) FASTRACK** and **GLARES:** in-house sunglasses brand and **c) LICENSED BRANDS:** for frames and lenses. **Titan derives 1/3rd revenues from Sunglasses and Contact lens.** The company is now focussing on a comprehensive omni-channel play by integrating physical stores with digital platform. The share of traded goods in eyewear segment is about 85%. The company has been working on bringing it down and increasing the share of in-house production to improve upon margins. The management plans to offer greater '**Value for Money**' through new range of products leading to major focus on economy segment. **The division expanded its nation-wide presence adding 38 new stores in Titan Eye+ (net) in Q4FY23.**
10. **SKINN– Tapping on largely underpenetrated market –** Titan launched fragrances under its '**SKINN**' brand under the emerging business in 2013 with ~₹1.2bn revenue in FY19. The perfumes are manufactured in France by celebrated perfumers and distilled from the finest ingredients. Branded perfumes at an attractive price point are the USP of the offering. **The brand has 9% market share in its target category.** The brand has access to 3000 Point of sales including 32 exclusive kiosks. The company is aiming a market share of ~20%. In Q4FY23 the business grew by 31% YoY.
11. **Other Businesses – TANEIRA** is Titan's youngest brand under the emerging business launched as pilot in Feb'17 with 2 stores in Bangalore and currently now at 16 stores. It's anchored in special occasion wear sarees from across India. Overall ethnic wear market is largely an unbranded category and is worth ₹1.2tn. Bridal market forms 60% of the opportunity and is a big market for Taneira; ~70% of the bridal wear market in India is sarees. Silk sarees at the TANEIRA store range between ₹1,000- 250,000 price per unit; average is around ₹10,000-14,000 range. Management views TANEIRA sales potential of ₹8-10bn over the next 8-9 years. **TANEIRA sales grew 208% in Q4FY23 driven by new store openings and healthy growth from existing stores. Opened five new stores during the quarter, taking the total count to 41 stores covering 22 cities pan-India.** Also, Taneira launched the "Summer Sorbet" collection comprising of a range of breezy lightweight sarees, rooted in craft and pure fabrics, appealing to the contemporary woman in Q4FY23.
12. **Titan Engineering & Automation Limited (TEAL)** builds precision components and sub-assemblies catering to the global Aerospace and Defence customers. Automation business comprises of providing customer-specific turnkey Assembly and testing solutions for Automotive, Electrical & Electronics, Medical Devices, and Consumer packaged goods and Other Engineering markets. The order visibility and growth in all segments of Manufacturing Services continues to be encouraging as per the management.

13. **CaratLane Trading Pvt Ltd** (72.3% owned subsidiary) is an **omnichannel brand** which makes jewellery that is affordable, accessible and forever wearable. Currently operates 222 retail stores across India. In FY21, **StudioC Inc. USA** was incorporated as a 100% subsidiary of CaratLane, with the objective of retailing of jewellery in North America with operations. **Overall business has grown at 49.4% revenue CAGR over FY16-23 with a strong growth of ~73% in FY23.** It achieved profitability for the first time on a full year basis even in the year badly impacted by the pandemic due to strong Like to like (LTL) growth in offline channel, very strong growth in online channel, higher gross margins as well as the focus on cost reduction. In Q4FY22 revenue grew by 58.5% YoY driven by gifting campaigns around Valentine's day. Revenue from the key category of Studed grew at ~57% YoY. It continues to contribute ~75% of the total business. EBIT came in at ₹400mn with a margin of 6.8%. Added 47 new stores (net) during the quarter, taking the total store count to 222 stores spread across 88 cities pan-India



Source – Company, Way2Wealth

Risks

- **Volatility in gold prices** – Gold prices have a significant bearing on gold demand. Any steep rise in prices results in lower demand and investment buying that comes in is low margin.
- Lower retail footfalls in case of slowdown due to macro environment.
- **Deterioration in product mix** – Down trading in watches and jewellery divisions on account of fall in discretionary spending along with lower sale of studded jewellery
- Due to the advent of mobiles, smart watches and other personal products, demand for replacement of watches has fallen sharply.
- Watches volume growth above pre-Covid levels was seen only in Q4FY23. Any further increase in inflation might impact affordability.
- **Regulatory hurdles** – As gold is one of the key import articles, government actions to curb its demand thereby impacts the jewellery business by reducing demand and/or increasing costs like customs duty, lease rate, etc if not eased / tightened further pose a risk to the jewellery business.

View

Titan looks well-placed to capture value from the long-term growth potential in the jewellery sector by gaining market share consistently. It is making determined inroads into regional markets (including the tough-to-crack Tamil Nadu market) and strong progress in the wedding segment while expanding its customer base. Its long term attractiveness comes from low market share in a large addressable market and wide gap versus competition and focus on keeping its lead. It is well placed to capitalize on long term growth opportunities led by jewellery share gains 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. **Considering the above-mentioned factors even at this pricey valuation of P/E 53.7x FY25E EPS of ₹51.2 we view it as a BUY.**

(₹ mn)

Particulars (Consol.)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Revenue	103,600	77,960	32.9	116,090	(10.8)	405,750	287,990	40.9
Matl Cost	80,310	72,750	10.4	65,310	23.0	268,910	221,080	21.6
Stock Purchases	12,710	13,950	(8.9)	15,030	(15.4)	56,980	43,280	31.7
Inventory Changes	(14,550)	(28,430)	(48.8)	8,060	(280.5)	(22,340)	(47,950)	(53.4)
Employee Cost	4,570	3,950	15.7	4,110	11.2	16,470	13,490	22.1
Advertising Cost	2,510	1,980	26.8	2,730	(8.1)	9,660	5,900	63.7
Other Exps	7,160	5,820	23.0	7,380	(3.0)	27,280	18,780	45.3
EBITDA	10,890	7,940	37.2	13,470	(19.2)	48,790	33,410	46.0
EBITDA Margin (%)	10.5	10.2	33	11.6	(109)	12.0	11.6	42
Other Income	1,140	760	50.0	890	28.1	3,080	2,340	31.6
Finance Cost	960	610	57.4	790	21.5	3,000	2,180	37.6
Depreciation Exps	1,190	1,020	16.7	1,130	5.3	4,410	3,990	10.5
Associate & JVs- Profit/(Loss)	-	-	NM	10	(100.0)	10	-	NM
Exceptional Item	-	540	(100.0)	-	NM	-	540	(100.0)
PBT	9,880	6,530	51.3	12,450	(20.6)	44,470	29,040	53.1
Tax	2,520	1,260	100.0	3,320	(24.1)	11,730	7,060	66.1
Minority Interest- (Profit)/Loss	60	170	(64.7)	90	(33.3)	240	250	(4.0)
Net Profit	7,300	5,100	43.1	9,040	(19.2)	32,500	21,730	49.6
EPS (₹)	8.2	5.7	43.1	10.2	(19.2)	36.5	24.4	49.6

Source- Company, Way2Wealth

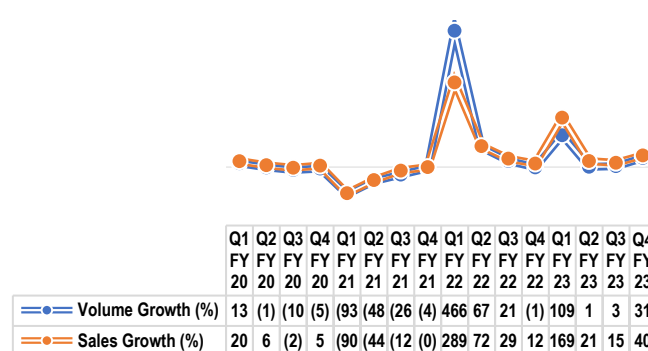
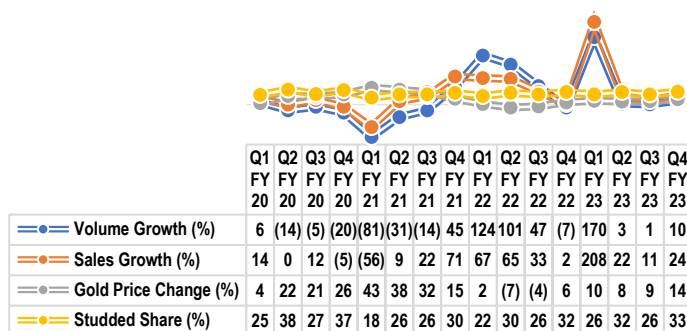
Segmental Revenue (Consol.)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Watches & Wearables	8,830	6,250	41.3	8,110	8.9	33,100	23,170	42.9
Jewellery	91,200	68,430	33.3	104,460	(12.7)	359,140	255,230	40.7
Eyewear	1,650	1,340	23.1	1,740	(5.2)	6,890	5,170	33.3
Others	2,510	2,290	9.6	2,140	17.3	8,050	5,450	47.7
Corporate (Unallocated)	550	410	34.1	530	3.8	1,650	1,310	26.0

Segmental Revenue Mix (%)	Q4FY23	Q4FY22	BPS	Q3FY23	BPS	FY23	FY22	BPS
Watches & Wearables	8.4	7.9	49	6.9	150	8.1	8.0	12
Jewellery	87.1	86.9	14	89.3	(222)	87.8	87.9	(6)
Eyewear	1.6	1.7	(13)	1.5	9	1.7	1.8	(10)
Others	2.4	2.9	(51)	1.8	57	2.0	1.9	9
Corporate (Unallocated)	0.5	0.5	0	0.5	7	0.4	0.5	(5)

Segmental EBIT (Consol.)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Watches & Wearables	1,060	(350)	402.9	820	29.3	4,080	740	(451.4)
Jewellery	10,040	7,670	30.9	12,430	(19.2)	43,870	30,550	43.6
Eyewear	20	(70)	128.6	320	(93.8)	980	510	(92.2)
Others	(140)	20	(800.0)	(160)	(12.5)	(480)	(140)	242.9
Corporate (Unallocated)	(140)	(130)	7.7	(170)	(17.6)	(980)	(440)	122.7

Segmental EBIT Margin (%)	Q4FY23	Q4FY22	BPS	Q3FY23	BPS	FY23	FY22	BPS
Watches & Wearables	12.0	(5.6)	1,760	10.1	189	12.3	3.2	913
Jewellery	11.0	11.2	(20)	11.9	(89)	12.2	12.0	25
Eyewear	1.2	(5.2)	644	18.4	(1,718)	14.2	9.9	436
Others	(5.6)	0.9	(645)	(7.5)	190	(6.0)	(2.6)	(339)
Corporate (Unallocated)	12.0	(5.6)	1,760	10.1	189	12.3	3.2	913

Source – Company, Way2Wealth

Jewellery Quarterly Performance Trend
Watches & Wearables Quarterly Performance Trend


Source – Company, Way2Wealth

Store wise Sales growth and Presence

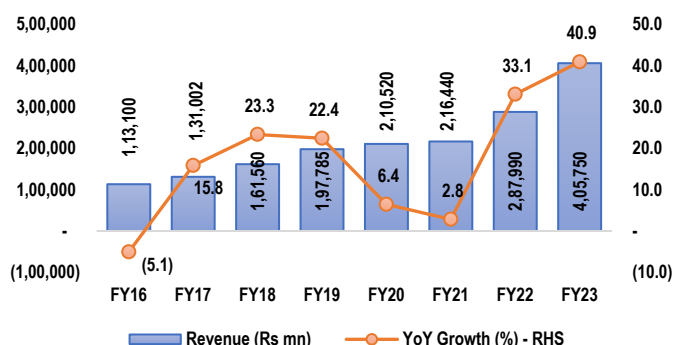
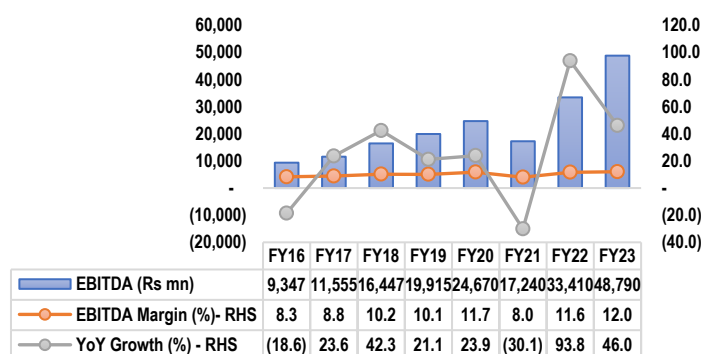
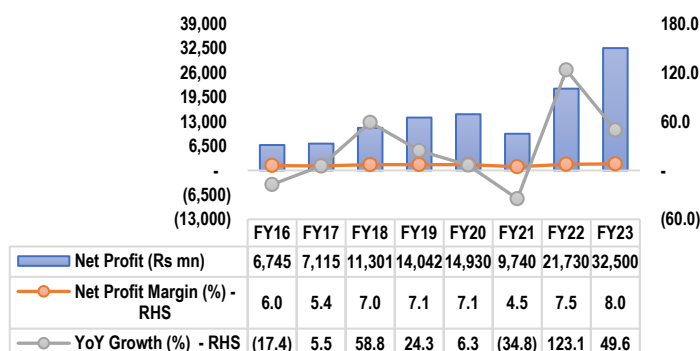
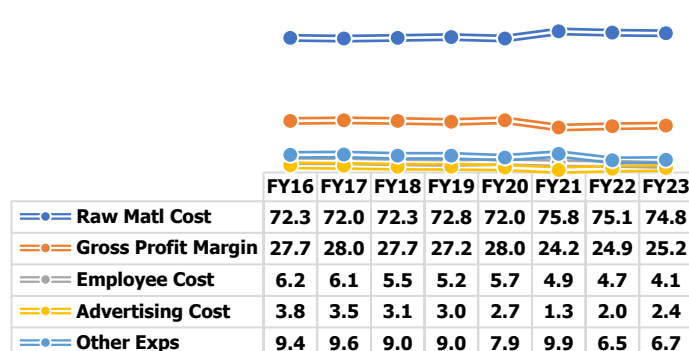
	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Sales Value growth (%)																
World of Titan	6	(1)	11	(7)	(59)	(50)	(14)	8	86	79	24	15	241	31	14	18
Tanishq	16	7	15	(4)	(23)	(4)	13	63	115	75	37	1	202	13	14	25
Caratlane	NA	87	83	15	(47)	1	39	75	300	166	84	60	370	72	60	57
Helios	8	9	23	10	(51)	(34)	(9)	10	73	69	43	35	278	46	32	45
Fasttrack	4	(7)	1	(10)	(64)	(50)	(24)	(4)	63	51	9	(9)	230	26	19	11
Large Format Stores (LFS)-Watches	16	6	8	(9)	(86)	(66)	(23)	(3)	323	103	35	8	358	63	20	42
Titan Eye +	20	35	11	(8)	(46)	(35)	(3)	28	74	69	19	(4)	180	12	14	22

	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Like to Like Growth (%)																
World of Titan	6	3	11	(9)	(51)	(49)	(15)	7	91	78	22	13	227	26	8	11
Tanishq	10	2	9	(9)	(18)	(9)	7	47	117	66	31	4	195	9	9	19
Caratlane	NA	25	23	(25)	(41)	(27)	10	35	260	117	56	34	306	41	35	29
Helios	5	1	12	(3)	(29)	(30)	(14)	6	78	51	30	14	227	27	11	21
Fasttrack	1	(12)	(4)	(12)	(58)	(47)	(22)	(2)	80	52	11	(5)	231	26	18	8
Large Format Stores (LFS)-Watches	12	1	3	(15)	(84)	(67)	(23)	(3)	324	102	33	3	338	52	25	37
Titan Eye +	14	28	3	(16)	(44)	(34)	(3)	27	47	59	10	(13)	185	1	1	10

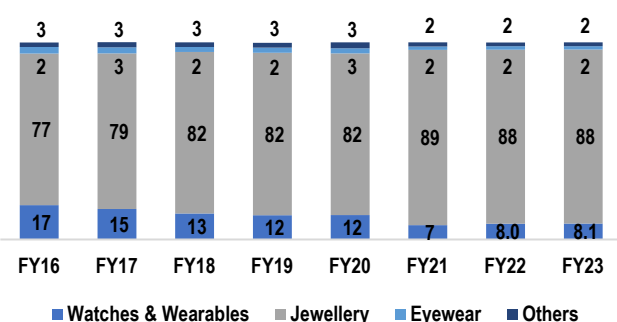
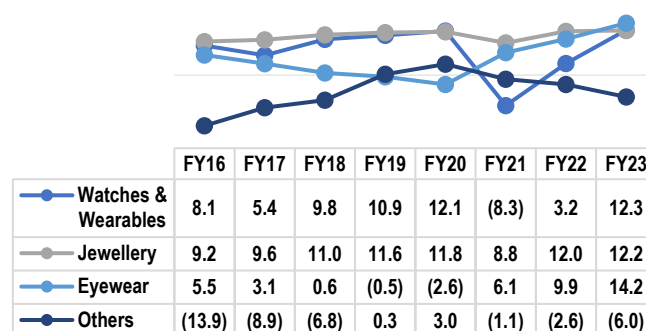
	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
No of Stores (Total Presence)																
Zoya	3	3	3	4	4	4	4	4	4	4	4	5	5	6	6	7
Helios	81	86	88	92	92	96	98	103	106	112	126	136	151	165	182	198
World of Titan	488	489	492	499	505	506	499	511	509	513	520	544	570	577	601	622
Fasttrack	175	180	179	183	182	180	169	168	166	164	163	163	161	163	170	185
Tanishq	299	308	321	327	333	341	351	353	358	368	382	389	395	403	411	423
Caratlane	63	71	82	92	92	97	108	117	121	123	129	138	143	157	175	222
Mia	49	34	38	38	39	38	40	40	39	42	42	50	63	79	93	111
Titan Eye +	556	561	578	584	569	557	571	599	605	629	682	733	786	822	863	901
Taneria	-	-	-	-	12	13	14	14	14	14	16	20	26	31	36	41
Total Exclusive Stores	1,714	1,732	1,781	1,819	1,828	1,832	1,854	1,909	1,922	1,969	2,064	2,178	2,300	2,403	2,537	2,710
Towns	284	285	228	229	289	290	292	303	297	308	323	337	366	382	406	404
Sq.ft in mn	2.1	2.2	2.2	2.3	2.4	4.2	3.5	2.5	2.5	2.6	2.7	2.8	2.9	3.0	3.2	3.5

Source – Company, Way2Wealth

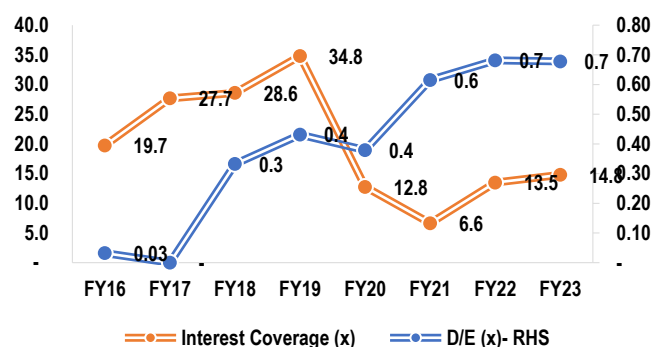
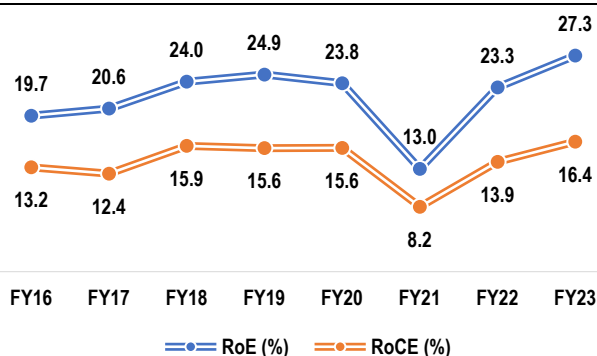
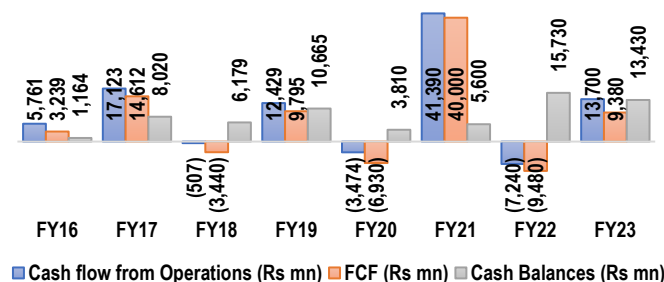
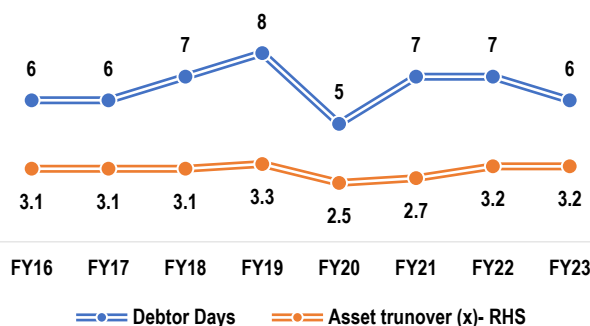
PAST PERFORMANCE

Revenue CAGR 20% FY16-23

EBITDA CAGR ~27% FY16-23

PAT CAGR 25.2% FY16-23

Cost as % to sales


Segmental Revenue (₹ mn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR FY16-23
Watches & Wearables	19,744	20,355	21,315	24,475	26,220	15,870	23,170	33,100	7.7
Jewellery	87,227	103,487	132,569	163,901	173,190	193,200	255,230	359,140	22.4
Eyewear	3,745	4,058	4,150	5,088	5,440	3,750	5,170	6,890	9.1
Others	2,601	3,343	3,719	4,834	6,350	4,570	5,450	8,050	17.5

SEGMENTAL REVENUE MIX (%)

Segmental EBIT Margin (%)


Source – Company, Way2Wealth

Sound W.C. Mgmt enabling strong return Ratios and cash balances with FCF


Source – Company, Way2Wealth

FINANCIALS & VALUATIONS

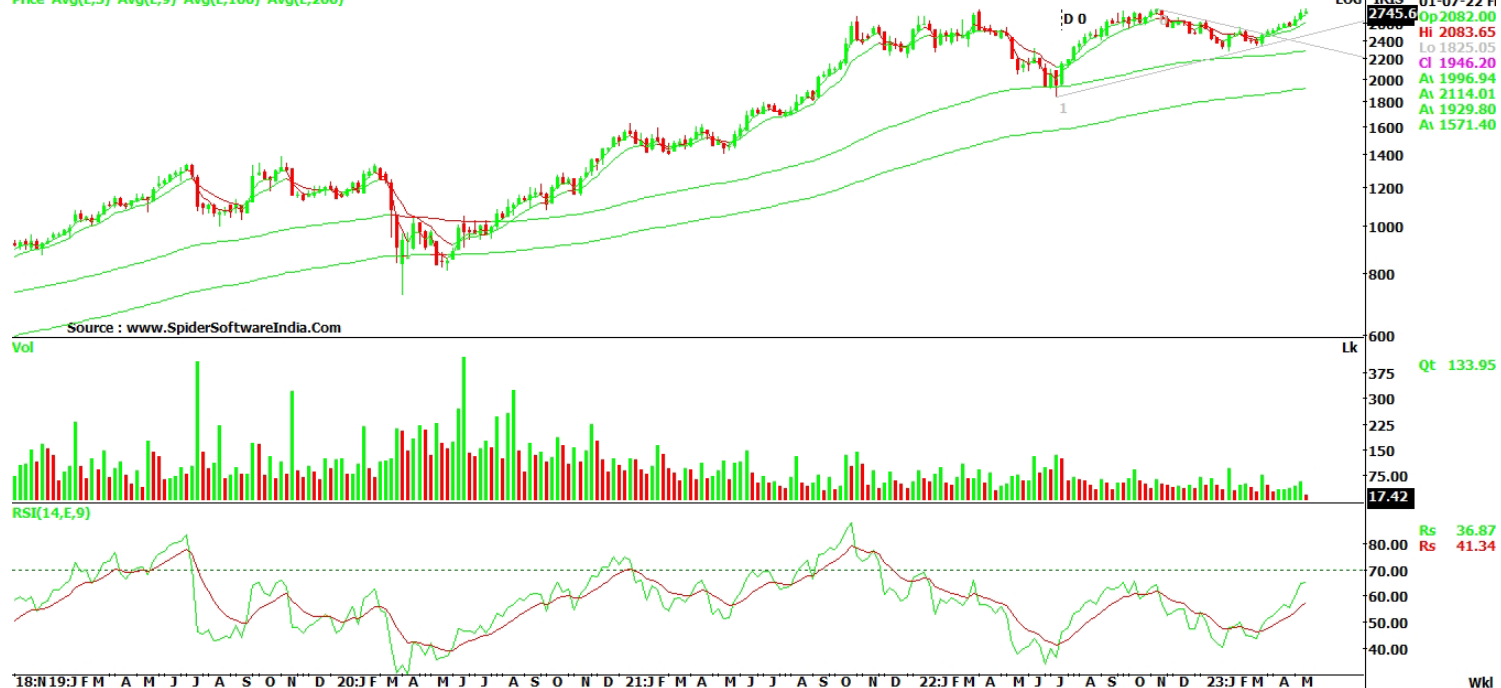
Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23P	FY24E	FY25E
Watches & Wearables	19,744	20,355	21,315	24,475	26,220	15,870	23,170	33,100	39,199	45,576
YoY Growth (%)	2.8	3.1	4.7	14.8	7.1	(39.5)	46.0	42.9	18.4	16.3
Jewellery	87,227	103,487	132,569	163,901	173,190	193,200	255,230	359,140	395,213	463,991
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)	363.0	344.1	216.7	174.4	164.0	251.4	112.7	75.3	65.2	53.7
EV/EBITDA (x)	261.3	210.7	149.1	123.4	99.9	144.0	74.5	51.4	43.1	35.6
P/BV (x)	95.6	57.3	48.0	40.1	36.6	32.6	26.2	20.6	17.1	14.0

Source- Company, Way2Wealth

TECHNICAL VIEW

TITAN has signalled short term break out from symmetrical triangle pattern on weekly chart as prices successfully managed to close above its short term moving averages with good volumes. The stock has been moving in a rising upward sloping channel with steady volumes since November 2016 and tested new all time high of 2790. The momentum indicators like MACD & RSI for the stock have also moved upwards in alignment with the price. This was supported with good volumes indicating that fresh buying was seen in the stock, which augurs well for the near run. The stock has been witnessing above both 100 days & 200 days EMA (1406 & 925) with good volumes on monthly chart and suggesting long term trend on TITAN is likely to remain uptrend. The short to medium term trend on TITAN is up and a sustained close above 2790 is likely to take the stock 3150/3200 levels. Going forward, **Overall, we advocate to Buy & Accumulate TITAN and add on dips till 2530-2550 for above mentioned targets 3000 then 3150 levels. On the downside 2250/2190 would act as strong support and slip below that would negate above positive view.**

TITAN [N3506] 2745.60, 0.46%
Price Avg(E,3) Avg(E,9) Avg(E,100) Avg(E,200)



Source: Falcon 7

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Disclosure of Interest Statement TITAN COMPANY LTD as on 11 May 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 :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/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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