

October 8, 2020

Company Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	ACCUMULATE		HOLD	
Target Price	1,352		1,057	
Sales (Rs. m)	2,58,921	2,97,232	2,25,316	2,55,796
% Chng.	14.9	16.2		
EBITDA (Rs. m)	32,003	37,286	27,806	31,691
% Chng.	15.1	17.7		
EPS (Rs.)	23.9	29.4	20.5	24.5
% Chng.	17.0	19.9		

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. bn)	200	186	259	297
EBITDA (Rs. bn)	24	15	32	37
Margin (%)	12.1	8.0	12.4	12.5
PAT (Rs. bn)	16	8	21	26
EPS (Rs.)	17.5	9.3	23.9	29.4
Gr. (%)	7.7	(47.0)	157.7	22.7
DPS (Rs.)	4.0	3.5	4.5	5.0
Yield (%)	0.3	0.3	0.4	0.4
RoE (%)	23.9	11.3	24.5	24.5
RoCE (%)	31.1	15.2	32.7	31.4
EV/Sales (x)	5.6	5.9	4.2	3.6
EV/EBITDA (x)	46.1	74.2	34.0	28.6
PE (x)	71.6	135.0	52.4	42.7
P/BV (x)	16.3	14.2	11.7	9.5

Key Data

TITN.BO | TTAN IN

52-W High / Low	Rs.1,390 / Rs.720
Sensex / Nifty	40,183 / 11,835
Market Cap	Rs.1,113bn/ \$ 15,202m
Shares Outstanding	888m
3M Avg. Daily Value	Rs.7848.9m

Shareholding Pattern (%)

Promoter's	52.91
Foreign	17.74
Domestic Institution	10.87
Public & Others	18.49
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.9	37.3	(0.4)
Relative	3.0	2.1	(7.0)

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Jewellery rebounds faster than expected; Upgrade to Accumulate

Quick Pointers:

- Tanishq sales have recovered to 98% in 2Q, led by strong wedding demand even as top cities still remain impacted, expect positive growth from 3Q
- TTAN to gain from Jewellery industry consolidation, strong balance sheet, franchisee based model and Hallmarking implementation

We are increasing FY21/22/23 EPS estimates by 50%, 17% and 19.9% and rating from Hold to Accumulate. Our optimism on TTAN has been elevated by 1) faster than expected rebound in Jewellery sales (98% in 2Q) led by wedding segment and 2) improved competitive position of TTAN in post Covid scenario. TTAN has near term headwinds like 1) Cutback in discretionary spends 2) 40% higher gold prices and 3) heavy discounting by local jewellery chains, however we expect TTAN to gain market share led by 1) accelerated industry consolidation (not even marginal players but even organized players shut stores) 2) assured volumes under GHS (20-25% of sales) 3) strong balance sheet 4) ability to open stores even in tiring times (14 added in 1H21) 5) franchisee based model and 6) implementation of Hall marking in 2021.

Although recovering from COVID, discretionary categories like Watches, Eyewear, Fragrances and Sarees will take longer to recover. We expect full recovery to set in from festival season and now estimate YOY sales and profit growth in 2HFY21. We estimate 47% decline in FY21 EPS to Rs9.3 but an increase to Rs23.9 and Rs 29.4 in FY22 and FY23. We believe TTAN will continue to enjoy premium valuations and value the stock at 46x FY23 EPS and arrive at a target price of Rs1352 (Rs1057 earlier@45x Dec22 EPS). Upgrade to Accumulate.

Channel Check – Lower prices boost wedding demand

Our channel checks with some jewelers in Mumbai, North India and Industry Experts indicate that

- Wedding jewellery bounces back**– Current uptick in demand is led by increased demand for wedding jewellery as correction in gold prices has enabled customers to buy gold at 10-12% lower prices. Discretionary demand remains poor which is impacting studded jewellery and small ticket items.
- Sales normalisation likely by 1Q22** – Industry sales have bounced back to 30-40% of normal volumes in 2Q, which may increase to 50-60% in festival season and wedding demand might increase it to 70-75% by 4Q21.
- Industry consolidation to gather pace:** current scenario is likely to accelerate industry consolidation as poor sales and static overheads have had a bloody blow to marginal players. we gather that marginal players are using current situation to encash own gold and move out due to poor volumes. Our channel checks indicate store closures by even larger organised players like TBZ, Joy Allukas and Malabar Gold etc.

- **Discounts increase meaningfully:** Jewellery industry is witnessing an increase in discounting led by local chains as they have gains from gold inventory. Players like TTAN, TBZ etc. have also undertaken studded activation and lower making charges. The physical gold premium has also been slashed which has benefitted players with owned gold to some extent.
- **Mandatory hallmarking** implementation might be delayed from Jan1, 2021. Hallmarking will force smaller players to improve quality but purity differentiation will be lost in the longer term. However, it is likely to further accelerate the industry consolidation.

Titan 2Q Rebounds on strong Jewellery sales

Jewellery – 98% recovery, studded suffers

- Recovery rate of around 98% (excluding sale of raw gold) in 2Q with higher avg ticket size.
- Recovery rate in metros improving gradually while many non-metro cities grew revenues YoY.
- Sale of gold coins continue to be higher and wedding jewellery segment did particularly well in 2Q.
- Sold excess raw gold worth Rs 3.9bn from its inventory
- Added 14 Tanishq stores on net basis in FY21, with the retail space addition being ~60K Sq. ft

Watches – 55% recovery, walk-ins improving MoM

- Recovery rate of around 55% in 2Q (70% in Sept) and been steadily increasing MoM driven by increasing walk-ins to the stores.
- Trade channel continue to pose challenges primarily due to destocking. Conversion rate and ticket size (led by high-value customers) has been tracking higher compared to pre-Covid levels
- Launched its first full touch smartwatch, 'Titan Connected X'
- Added 7 WOT stores & 4 Helios store and closed 3 Fastrack stores on a net basis in FY21, adding ~3K sq. ft. of retail space.

Eyewear

- Sales recovery of ~58% in Q2 (70% in Sept). 15 stores were added while 42 stores were closed YTD, resulting in a net reduction of 27 stores

Subsidiaries

- TEAL recorded a revenue decline of ~15% in Q2
- Carat Lane had a strong recovery in the 2nd quarter delivering a growth of ~14%. added 5 new stores in the quarter taking the total store count to 97.

Exhibit 1: Q2FY21 Result Preview – Jewellery Volumes decline 35%, watch volumes decline 50%

	Q2FY21E	Q2FY20	YoY gr. (%)	Q1FY21	QoQ gr. (%)	Remark
Sales	43,773	44,350	(3.3)	18,620	(27.2)	
EBITDA	3,195	5,132	(3.5)	-2460	(40.2)	
Margin (%)	7.3	11.6		(13.2)		
PBT	2,265	4,294	(17.3)	-3,350	(39.7)	Due to recovery in demand sentiment and softening of gold prices QoQ, we expect jewellery volumes to fall by 35%. While we expect watches volume to fall by 50%..
Adj. PAT	1,858	3,202	(13.5)	-2700	(32.9)	
Jewellery Volume Growth (%)	(35)	(14)		(81)		
Jewellery Margins (%)	9.1	11.0		(3.0)		
Watch Volume Growth (%)	(50)	(1)		(93)		
Watch Margins (%)	(8.1)	16.7		(218.7)		

Source: Company, PL

Exhibit 2: EPS upgrade by 50.0%, 17.0% and 19.9% for FY21/22/23

	Current			Previous			% Chng.		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Sales	1,86,092	2,58,921	2,97,232	1,60,380	2,25,316	2,55,796	16.0%	14.9%	16.2%
EBITDA	14,900	32,003	37,286	11,138	27,806	31,691	33.8%	15.1%	17.7%
PBT	11,028	28,411	34,865	7,351	24,283	29,070	50.0%	17.0%	19.9%
PAT	8,249	21,260	26,090	5,499	18,171	21,754	50.0%	17.0%	19.9%
EPS (Rs)	9.3	23.9	29.4	6.2	20.5	24.5	50.0%	17.0%	19.9%
Jewellery vol gr (%)	-32.7	31.5	9.5	-36.9	32.6	8.0	-11.4%	-3.4%	18.8%
Tanishq Stores	356	406	456	361	401	448	-1.4%	1.2%	1.8%
Watch vol gr (%)	-41.5	60.0	8.0	-41.5	60.0	8.0	0.0%	0.0%	0.0%
CMP: (Rs)		1,254							
Rating		Accumulate			HOLD				
TP: (Rs)		1,352			1,057			27.9%	

Source: Company, PL

Exhibit 3: Jewellery sales grew 9.1% YoY; Jewellery margins contract 190bps YoY

(Rs m)	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21E
Total Sales	44,108	56,977	46,838	49,471	44,447	62,167	44,604	18,920	43,542
Watches	6,757	6,407	5,311	7,146	7,187	6,253	5,568	750	3950
YoY Growth	17.3%	20.3%	7.5%	20.4%	6.4%	-2.4%	4.9%	-89.5%	-45.0%
Jewellery	35,821	48,903	39,855	40,474	35,278	54,087	37,544	17,830	38,472
YoY Growth	28.5%	39.9%	21.1%	13.3%	-1.5%	10.6%	-5.8%	-55.9%	9.1%
Eyewear	1200	1295	1304	1488	1542	1333	1077	300	900
YoY Growth	19.3%	43.3%	19.7%	13.1%	28.5%	2.9%	-17.4%	-79.8%	-41.6%
Others	330	372	369	363	440	494	415	40	220
YoY Growth	25.4%	69.7%	39.0%	37.9%	33.2%	32.6%	12.5%	-89.0%	-50.0%
Total EBIT	4,962	6,920	5,223	5,397	4,897	7,375	5,870	-2,670	2,690
Watches	1,218	544	290	1,277	1,134	521	722	-1,640	-320
YoY Growth	33.2%	-34.2%	-17.6%	14.7%	-6.9%	-4.1%	149.3%	-228.5%	-128.2%
EBIT Margin	18.0%	8.5%	5.5%	17.9%	16.7%	8.3%	13.0%	-218.7%	-8.1%
Jewellery	3,920	6,505	5,121	4,420	3,841	7,013	5,339	-540	3,500
YoY Growth	6.6%	69.1%	13.3%	12.4%	-2.0%	7.8%	4.2%	-112.2%	-8.9%
EBIT Margin	10.9%	13.3%	12.8%	10.9%	11.0%	13.0%	14.2%	-3.0%	9.1%
Eyewear	-10	-15	-17	-114	20	-67	18	-310	-100
YoY Growth	-174.1%	-67.0%	-172.2%	-756.9%	-299.0%	358.9%	-209.0%	171.2%	-603.0%
EBIT Margin	-0.8%	-1.1%	-1.3%	-7.7%	1.0%	-5.0%	4.4%	-103.3%	-11.1%
Others	(165)	(114)	(171)	(185)	(98)	(92)	(209)	(180)	(120)

Source: Company, PL

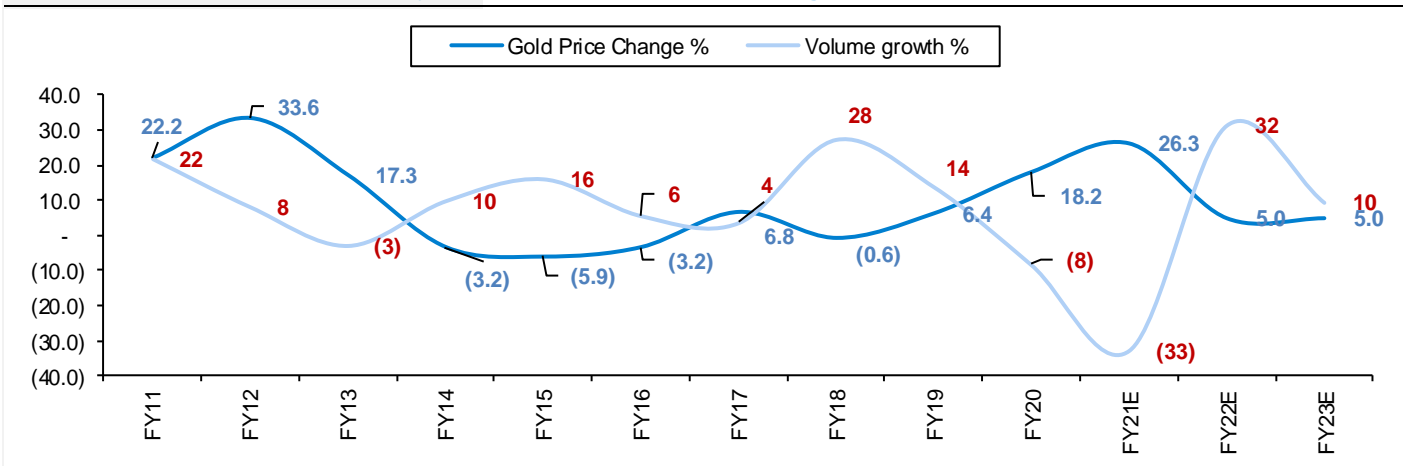
Jewelry: Expect sharp rebound in FY22

Exhibit 4: Significantly higher number of wedding days will push jewellery demand higher from 4Q21

Number of Wedding Days	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Q1	30	23	8	26	21	36	24	34	29
% of total	44.8%	41.8%	16.7%	45.6%	45.7%	47.4%	68.6%	54.8%	45.3%
Q2	5	0	3	1	3	4	0	5	4
% of total	7.5%	0.0%	6.3%	1.8%	6.5%	5.3%	0.0%	8.1%	6.3%
Q3	9	9	15	15	1	12	7	13	9
% of total	13.4%	16.4%	31.3%	26.3%	2.2%	15.8%	20.0%	21.0%	14.1%
Q4	23	23	22	15	21	24	4	10	22
% of total	34.3%	41.8%	45.8%	26.3%	45.7%	31.6%	11.4%	16.1%	34.4%
Total	67	55	48	57	46	76	35	62	64

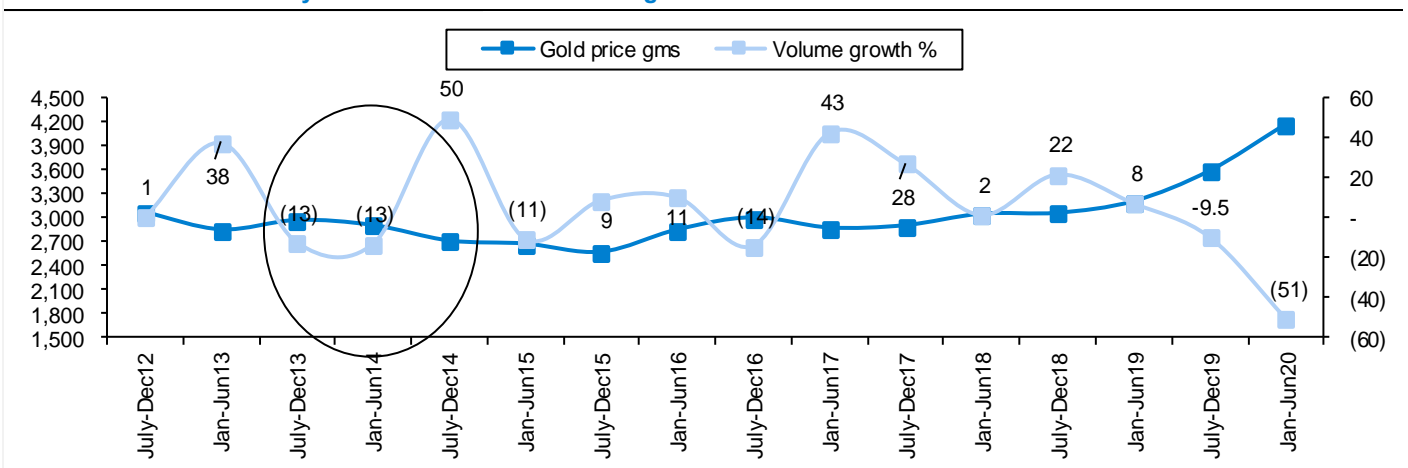
Source: Company, PL

Exhibit 5: FY21 volumes impacted by COVID 19 and sharp increase in gold price (~16.6%)

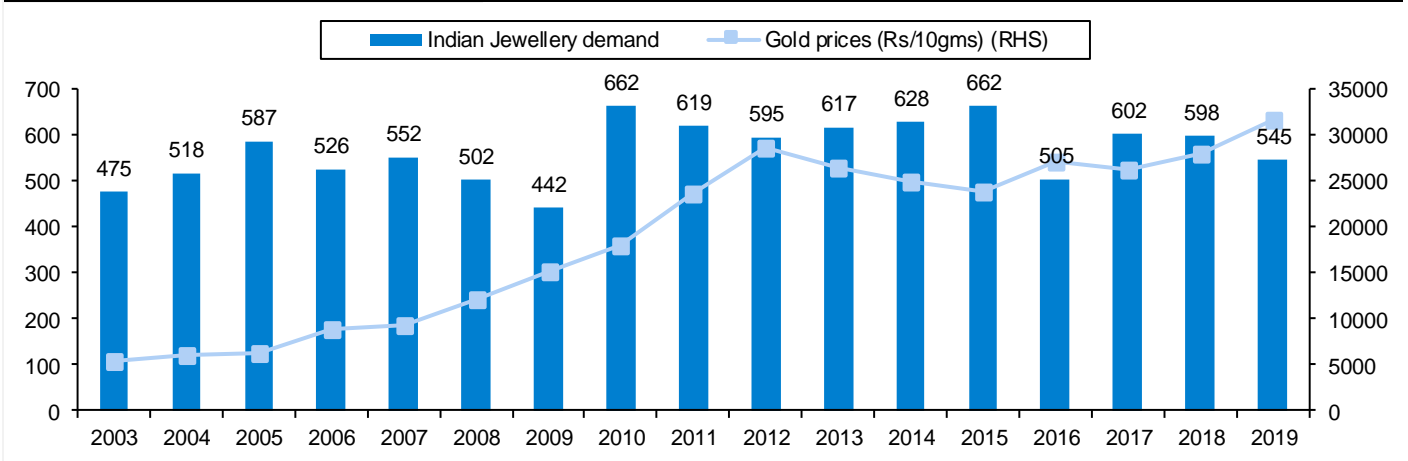


Source: Company, PL

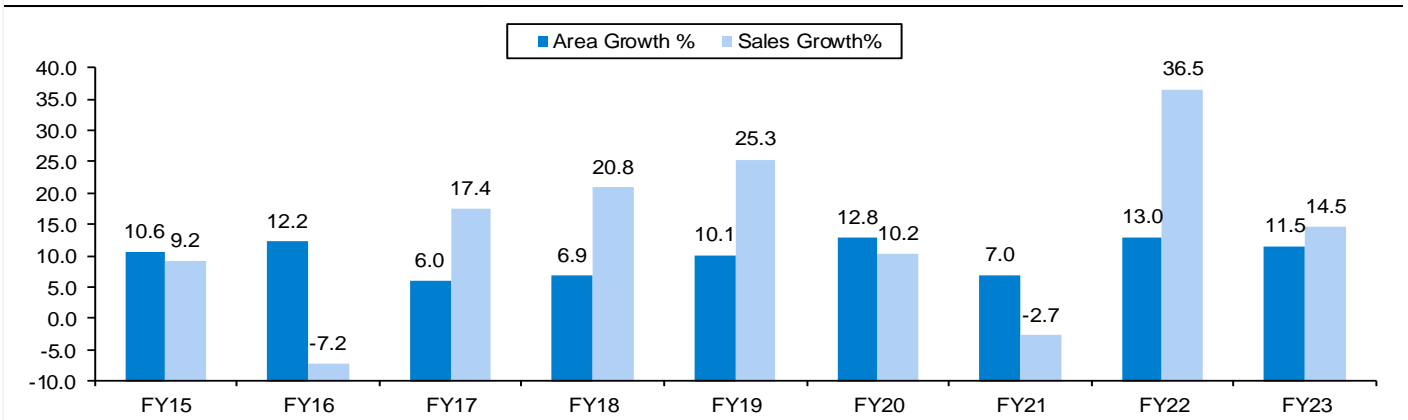
Exhibit 6: Titan's Jewellery volumes declined 51% during Jan-June'20



Source: Company, PL

Exhibit 7: Gold Prices have inverse relation with gold demand and can be seen across cycles


Source: Company, PL

Exhibit 8: Area Growth and sales growth has been fluctuating depending upon demand dynamics


Source: Company, PL

Exhibit 9: Titan's sales/ft are expected to grow by 24% in FY22E

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Stores	143	149	163	177	196	209	226	239	256	290	331	356	406	456
Area (Sq. ft)	279510	343000	450000	595288	720123	796494	894000	948000	1013000	1115000	1258000	1345500	1520500	1695500
Growth %	17.8	22.7	31.2	32.3	21.0	10.6	12.2	6.0	6.9	10.1	12.8	7.0	13.0	11.5
Sales (Rs mn)	34975	49662	69530	79424	85258	93095	86423	101441	122581	153649	169353	164763	224921	257641
Growth %	26.9	42.0	40.0	14.2	7.3	9.2	-7.2	17.4	20.8	25.3	10.2	-2.7	36.5	14.5
Area/Store	1955	2302	2761	3363	3674	3811	3956	3967	3957	3845	3801	3779	3745	3718
Sales/ft (Avg)	135353	159553	175358	151965	129629	122767	102246	110142	125019	144407	142733	126570	156958	160225
Growth %	16.5	17.9	9.9	-13.3	-14.7	-5.3	-16.7	7.7	13.5	15.5	-1.2	-11.3	24.0	2.1

Source: Company, PL

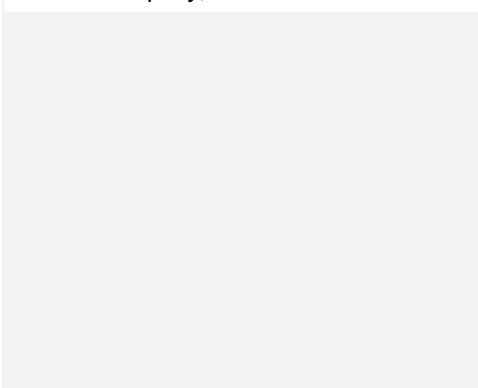


Exhibit 10: 1Q21: Grammage declines 81%, studded share reduces to 18%

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Jewellery									
Volume Gr %	-3	24	20	15	6	-14	-5	-20	-81
Studded Share %	25	35	25	36	25	38	27	37	18
Sales Gr %	5.6%	28.5%	39.9%	21.1%	13.3%	-1.5%	10.6%	-5.8%	-55.9%
Tanishq									
Sales Gr %	8	38	34	20	16	7	15	-4	-23
LTL Growth %	2	32	27	14	10	2	9	-9	-18
Stores	262	267	277	287	299	308	321	327	333
Area (sq. Ft)	10,20,000	10,40,000	10,70,000	10,90,000	11,20,000	11,16,000	12,00,000	12,40,000	12,50,000

Source: Company, PL

Watches to limp back to normalcy in FY22
Exhibit 11: Watches: Sales decline 89.5% on high base of 20.4% growth

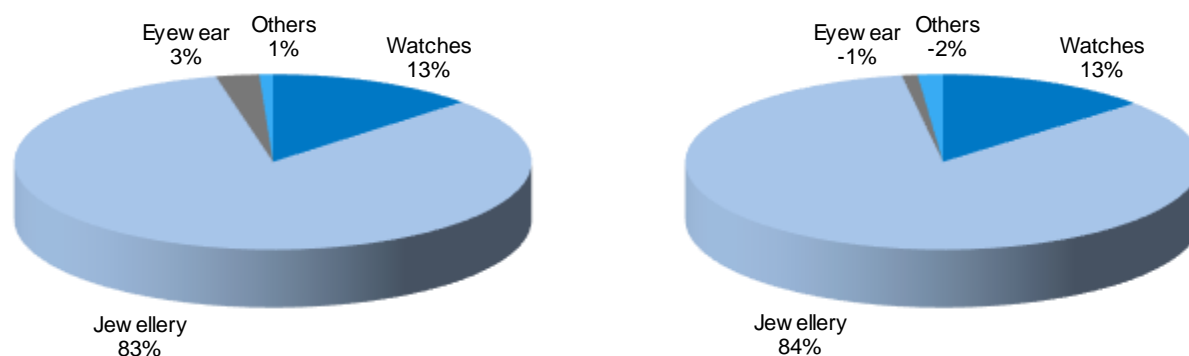
	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Watches									
Sales Growth %	14.9	17.3	18.8	7.5	20.4	6.4	-2.4	4.9	-89.5
Volume Growth %	10	21	16	16	13	-1	-10	-5	-93
World Of Titan									
Sales Growth %	3	8	0	9	6	-1	11	-7	-59
LTL Sales growth %	2	9	-2	7	6	-3	11	-9	-51
Stores	496	489	491	486	488	489	492	499	505
Helios									
Sales Growth %	25	45	16	14	8	9	23	10	-51
LTL Sales growth %	-2	16	6	6	5	1	12	-3	-29
Stores	72	72	73	76	81	86	88	92	93
Fastrack									
Sales Growth %	4	10	4	8	4	-7	1	-10	-64
LTL Sales growth %	0	6	-1	2	1	-12	-4	-12	-58
Stores	173	173	175	172	175	180	179	183	192
LFS									
Sales Growth %	17	33	20	20	16	6	8	-9	-86
LTL Sales growth %	12	26	15	16	12	1	3	-15	-84

Source: Company, PL

Exhibit 12: Eyewear sales decline 46%, store closure stood at 15

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Eyewear									
Sales Gr %	19	18	23	21	20	35	11	-8	-46
LTL Growth % (Titan Eye+)	8	8	13	14	14	28	3	-16	-44
Stores	509	513	525	537	556	561	578	584	569
Area (sq Ft)	3,37,000	3,39,000	3,47,000	3,55,000	3,67,000	3,71,000	3,81,000	3,86,000	3,78,000

Source: Company, PL

Exhibit 13: FY20: Sales and EBIT Mix: Jewellery accounts for 83% of sales and 88.4% of EBIT, watches 13% and 14.4%


Source: Company, PL

Exhibit 14: Jewellery de-growth of 2.5% expected in FY21 due to higher gold prices, Watches to decline 39%

(Rs m)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Jewellery							
Sales	1,04,850	1,30,359	1,59,775	1,70,802	1,66,478	2,26,965	2,60,092
Growth %	20.2	24.3	22.6	6.9	(2.5)	36.3	14.6
EBIDTA	11,221	15,879	20,047	21,261	16,331	29,134	33,853
Growth %	37.0	41.5	26.2	10.3	(23.2)	78.4	16.2
EBIDTA Margin %	10.7	12.2	12.5	12.4	9.8	12.8	13.0
Watches							
Sales	20,138	20,547	24,409	24,585	14,997	24,594	27,546
Growth %	2.6	2.0	18.8	0.7	(39.0)	64.0	12.0
EBIDTA	2,376	3,083	3,436	3,688	-450	3,689	4,407
Growth %	18.5	29.7	11.5	7.3	(112.2)	(920.0)	19.5
EBIDTA Margin %	11.8	15.0	14.1	15.0	(3.0)	15.0	16.0
Eyewear							
Sales	4,128	4,139	5,049	5,403	3,512	5,268	6,321
Growth %	10.6	0.3	22.0	7.0	(35.0)	50.0	20.0
EBIDTA	279	159	227	108	-105	211	316
Growth %	(1.6)	(43.0)	42.9	(52.4)	(197.5)	(300.0)	50.0
EBIDTA Margin %	6.8	3.8	4.5	2.0	(3.0)	4.0	5.0
Others							
Sales	979	1,052	1,334	1,955	1,375	3,200	4,740
Growth %	(57.3)	7.4	26.9	46.5	(29.7)	132.7	48.1
EBIDTA	-407	-426	-68	-391	-481	-320	-474
Growth %	14.4	4.9	(84.1)	476.8	23.1	(33.5)	48.1
EBIDTA Margin %	(41.5)	(40.5)	(5.1)	(20.0)	(35.0)	(10.0)	(10.0)

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Revenues	2,00,096	1,86,092	2,58,921	2,97,232
YoY gr. (%)	4.8	(7.0)	39.1	14.8
Cost of Goods Sold	1,45,119	1,21,802	1,79,989	2,17,405
Gross Profit	54,977	64,290	78,932	79,827
Margin (%)	27.5	34.5	30.5	26.9
Employee Cost	10,401	10,232	12,425	14,264
Other Expenses	7,117	29,118	22,643	14,452
EBITDA	24,176	14,900	32,003	37,286
YoY gr. (%)	18.9	(38.4)	114.8	16.5
Margin (%)	12.1	8.0	12.4	12.5
Depreciation and Amortization	2,945	3,325	3,630	3,934
EBIT	21,231	11,574	28,374	33,352
Margin (%)	10.6	6.2	11.0	11.2
Net Interest	1,344	1,206	1,323	1,445
Other Income	905	659	1,360	2,958
Profit Before Tax	20,792	11,028	28,411	34,865
Margin (%)	10.4	5.9	11.0	11.7
Total Tax	5,240	2,779	7,151	8,776
Effective tax rate (%)	25.2	25.2	25.2	25.2
Profit after tax	15,552	8,249	21,260	26,090
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	15,552	8,249	21,260	26,090
YoY gr. (%)	7.7	(47.0)	157.7	22.7
Margin (%)	7.8	4.4	8.2	8.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	15,552	8,249	21,260	26,090
YoY gr. (%)	13.2	(47.0)	157.7	22.7
Margin (%)	7.8	4.4	8.2	8.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15,552	8,249	21,260	26,090
Equity Shares O/s (m)	888	888	888	888
EPS (Rs)	17.5	9.3	23.9	29.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Non-Current Assets				
Gross Block	23,203	25,290	27,390	29,491
Tangibles	21,619	23,706	25,806	27,907
Intangibles	1,585	1,585	1,585	1,585
Acc: Dep / Amortization	11,373	14,472	17,875	21,583
Tangibles	10,420	13,444	16,772	20,406
Intangibles	953	1,028	1,103	1,178
Net fixed assets	11,831	10,819	9,515	7,908
Tangibles	11,199	10,262	9,033	7,501
Intangibles	632	557	482	407
Capital Work In Progress	138	138	138	138
Goodwill	-	-	-	-
Non-Current Investments	12,082	13,290	14,619	16,081
Net Deferred tax assets	1,721	186	259	296
Other Non-Current Assets	10,760	10,792	10,826	10,862
Current Assets				
Investments	3,796	5,306	20,605	43,060
Inventories	77,406	84,042	1,01,551	1,08,694
Trade receivables	2,144	2,243	3,121	4,397
Cash & Bank Balance	505	2,236	4,259	5,551
Other Current Assets	6,371	2,326	3,237	3,715
Total Assets	1,31,879	1,36,760	1,73,781	2,06,637
Equity				
Equity Share Capital	888	888	888	888
Other Equity	67,361	77,342	94,607	1,16,258
Total Network	68,249	78,230	95,495	1,17,146
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	1,525	1,302	1,812	2,080
Other non current liabilities	9,668	10,151	11,166	12,283
Current Liabilities				
ST Debt / Current of LT Debt	6,262	-	-	-
Trade payables	20,169	25,132	35,291	40,761
Other current liabilities	26,008	21,946	30,018	34,366
Total Equity & Liabilities	1,31,880	1,36,761	1,73,781	2,06,636

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	20,792	11,028	28,411	34,866
Add. Depreciation	2,945	3,325	3,630	3,934
Add. Interest	445	1,344	1,206	1,323
Less Financial Other Income	905	659	1,360	2,958
Add. Other	(2,500)	(2,500)	(2,500)	(2,500)
Op. profit before WC changes	21,681	13,197	30,746	37,623
Net Changes-WC	(13,787)	(2,090)	(15,546)	(20,867)
Direct tax	(5,240)	(2,779)	(7,151)	(8,776)
Net cash from Op. activities	2,655	8,328	8,050	7,980
Capital expenditures	(3,779)	(2,326)	(2,326)	(2,327)
Interest / Dividend Income	-	-	-	-
Others	(1,024)	(909)	(1,000)	(1,100)
Net Cash from Inv. activities	(4,803)	(3,235)	(3,326)	(3,427)
Issue of share cap. / premium	(2,340)	7,340	2,500	2,500
Debt changes	6,262	(6,262)	-	-
Dividend paid	(4,281)	(3,107)	(3,995)	(4,439)
Interest paid	(445)	(1,344)	(1,206)	(1,323)
Others	(185)	13	-	-
Net cash from Fin. activities	(988)	(3,361)	(2,701)	(3,262)
Net change in cash	(3,136)	1,732	2,023	1,291
Free Cash Flow	(1,124)	6,002	5,724	5,653

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY20	FY21E	FY22E	FY23E
Per Share(Rs)				
EPS	17.5	9.3	23.9	29.4
CEPS	20.8	13.0	28.0	33.8
BVPS	76.9	88.1	107.6	132.0
FCF	(1.3)	6.8	6.4	6.4
DPS	4.0	3.5	4.5	5.0
Return Ratio(%)				
RoCE	31.1	15.2	32.7	31.4
ROIC	16.6	9.0	19.1	21.1
RoE	23.9	11.3	24.5	24.5
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.3)	(0.4)
Net Working Capital (Days)	108	120	98	89
Valuation(x)				
PER	71.6	135.0	52.4	42.7
P/B	16.3	14.2	11.7	9.5
P/CEPS	60.2	96.2	44.7	37.1
EV/EBITDA	46.1	74.2	34.0	28.6
EV/Sales	5.6	5.9	4.2	3.6
Dividend Yield (%)	0.3	0.3	0.4	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY20	Q4FY20	Q1FY21	Q2FY21E
Net Revenue	62,062	44,288	18,620	43,773
YoY gr. (%)	9.4	(5.2)	(62.3)	(1.3)
Raw Material Expenses	46,627	30,978	14,780	31,900
Gross Profit	15,435	13,310	3,840	11,874
Margin (%)	24.9	30.1	20.6	27.1
EBITDA	7,356	6,037	(2,460)	3,195
YoY gr. (%)	12.4	32.5	(143.5)	(37.7)
Margin (%)	11.9	13.6	(13.2)	7.3
Depreciation / Depletion	777	902	820	780
EBIT	6,579	5,135	(3,280)	2,415
Margin (%)	10.6	11.6	(17.6)	5.5
Net Interest	405	379	460	350
Other Income	197	401	390	200
Profit before Tax	6,371	5,156	(3,350)	2,265
Margin (%)	10.3	11.6	(18.0)	5.2
Total Tax	1,671	1,588	(650)	408
Effective tax rate (%)	26.2	30.8	19.4	18.0
Profit after Tax	4,699	3,568	(2,700)	1,858
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	4,699	3,568	(2,700)	1,858
YoY gr. (%)	(3.3)	(2.1)	(172.8)	(42.0)
Margin (%)	7.6	8.1	(14.5)	4.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,699	3,568	(2,700)	1,858
YoY gr. (%)	12.9	21.1	(172.8)	(42.0)
Margin (%)	7.6	8.1	(14.5)	4.2
Other Comprehensive Income	(1,124)	(1,118)	(1,500)	-
Total Comprehensive Income	3,576	2,450	(4,200)	1,858
Avg. Shares O/s (m)	888	888	888	-
EPS (Rs)	5.3	4.0	(3.0)	-

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	10-Aug-20	Hold	1,057	1,108
2	08-Jul-20	Hold	1,025	1,016
3	09-Jun-20	Hold	936	997
4	05-May-20	Hold	844	892
5	04-Feb-20	Hold	1,264	1,273
6	03-Jan-20	Hold	1,189	1,140
7	06-Nov-19	Hold	1,189	1,282

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Accumulate	1,829	1,717
2	Avenue Supermarts	Hold	2,055	2,163
3	Bajaj Electricals	BUY	564	498
4	Britannia Industries	BUY	4,279	3,830
5	Britannia Industries	BUY	4,279	3,830
6	Colgate Palmolive	Reduce	1,344	1,448
7	Crompton Greaves Consumer Electricals	BUY	308	280
8	Dabur India	Hold	469	494
9	Emami	BUY	419	257
10	GlaxoSmithKline Consumer Healthcare	Hold	9,377	9,247
11	Havells India	Reduce	571	688
12	Hindustan Unilever	Hold	2,304	2,249
13	ITC	BUY	262	200
14	Jubilant FoodWorks	Hold	2,255	2,251
15	Kansai Nerolac Paints	BUY	550	481
16	Marico	Hold	355	350
17	Nestle India	Reduce	14,089	17,095
18	Pidilite Industries	Hold	1,415	1,378
19	Titan Company	Hold	1,057	1,108
20	Voltas	Accumulate	702	672

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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