

October 28, 2020

## Q2FY21 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>1,352</b>		<b>1,352</b>	
Sales (Rs. m)	2,58,921	2,97,232	2,58,921	2,97,232
% Chng.	-	-	-	-
EBITDA (Rs. m)	32,003	37,286	32,003	37,286
% Chng.	-	-	-	-
EPS (Rs.)	23.9	29.4	23.9	29.4
% Chng.	-	-	-	-

### 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)	5.4	5.8	4.1	3.5
EV/EBITDA (x)	44.8	72.0	33.0	27.7
PE (x)	69.5	131.0	50.8	41.4
P/BV (x)	15.8	13.8	11.3	9.2

### Key Data

TITN.BO | TTAN IN

52-W High / Low	Rs.1,347 / Rs.720
Sensex / Nifty	39,922 / 11,730
Market Cap	Rs.1,080bn/ \$ 14,625m
Shares Outstanding	888m
3M Avg. Daily Value	Rs.7471.41m

### Shareholding Pattern (%)

Promoter's	52.90
Foreign	18.05
Domestic Institution	10.97
Public & Others	18.08
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	6.9	30.5	(7.8)
Relative	1.7	4.9	(9.3)

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## Recovery on track; Accumulate

### Quick Pointers:

- 2Q recovery for Watches/Jewellery/Eyewear at 55%/98%/61%
- High single digit growth in first 10 days of Oct due to festive promotions.
- Expect 75% recovery in watches and 80% in eyewear in 3Q.

**We retain Accumulate on TTAN as steady recovery across Jewellery, watches and Eyewear is sustaining in October. We believe improving consumer sentiments, higher walk-ins with improved conversion rates and ticket sizes, robust e-com watches sales and better product mix in eyewear division are positives. Jewellery division is expected to be back to growth in 3Q on back of festival and wedding demand though coin sales will be high like 2Q due to investment demand. However, watches and eyewear division will improve QoQ, but still with 15-25% de-growth in sales. TTAN's long term structural story remains intact on account of market share gains, strong balance sheet, franchisee based model, strong brand, and strong head start in executing strategies like customer safety and Omni Channel across product segments. We estimate 18.8% PAT CAGR over FY20-23 and value the stock at 46x FY23 EPS and assign a target price of Rs1352. Retain Accumulate.**

- Net sales down 2.6%, Adj PAT down 37.8%:** Net sales down 2.6% YoY to Rs43.18bn (Est Rs43.77bn). The decline in total income excluding bullion sale was close to 11%. EBITDA dipped 42.7% YoY to Rs2.94bn (Est Rs3.19bn). Adj. PAT down 37.8% YoY to Rs1.99bn (Est Rs1.86bn).
- EBITDA margin** declined 480bps to 6.8% (PLe 7.3%) due to Rs4.84bn provision for ineffective hedge (Rs2bn in 1Q), although it is largely EBITDA neutral. TTAN has seen cost reduction of 26% in other expenses, 20% in staff costs and 59% in ad spends, although a part of it will come back on normalcy.
- Jewellery** sales up 8.8% YoY to Rs38.4bn (including bullion sales of Rs3.9bn) on back of 31% decline in volumes on 38% higher gold prices. EBIT down 25.8% to Rs2.9bn. Excluding the impact of ineffective hedge, bullion sales and Rs340mn onetime loss, Jewellery margins are estimated at 10.8%, down 20bps YoY. Retail sales dropped 4% in 2Q, LTL sales declined 9%. Tanishq added 8 stores (40000 sq. ft. of retail space) in 2Q21.
- Watches** sales down 44.3% YoY to Rs4bn, while EBIT loss Rs40m vs EBIT at Rs1134m in 2Q20. Watch margins have been a surprise and show the impact of cost cutting of past couple of years. Volumes down 48%. The division added 1 World of Titan, 3 Helios stores and shutdown 2 FastTrack stores in Q2'21, on net basis. **WOT** reported LTL de-growth of 49%, **Helios** 30% and **LFS** 67%. **Eyewear** sales down 39% YoY to Rs940m, EBIT up 4.5x to Rs90m. LTL de-growth of 34%. 12 stores closed in Q2'21, retail space down by 7,000 sq. ft.

- Key Concall Highlights:** 1) Studded ratio improved sequentially to 26% though lower than 2Q20 (38%) 2) The trend to spend on plain gold Jewellery and gold coins rather than pure discretionary items, will normalize by 4Q. 2) Walk-ins have been improving for Jewellery with conversion rates and average ticket size being higher YoY. 3) Coin sale share at 14% which impacted gross margins. 4) Recovery in watch division is led by growth in e-com sales. 5) Ad-spend allocated on very selective basis leading to 60% reduction. 6) Provision of Rs340m towards overdue margin money from a broker, management is hopeful to recover the same. 7) Expects to add 32-34 (14 added YTD) Tanishq stores while no major capex for Watches.

**Exhibit 1: Q2FY21 Results: Sales down 2.6%, Margins contract 480bps, Adj. PAT down 37.8%**

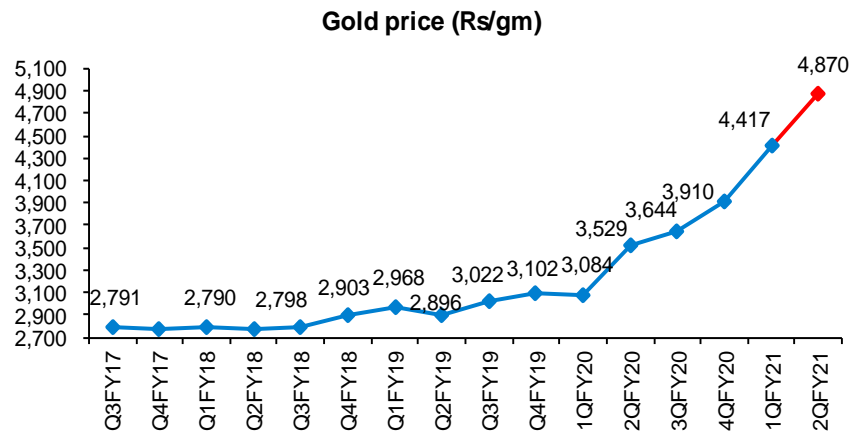
Y/e March (Rs mn)	Q2FY21	Q2FY20	YoY gr. (%)	Q1FY21	H1FY21	H1FY20	YoY gr. (%)
<b>Net Sales</b>	<b>43,180</b>	<b>44,350</b>	<b>(2.6)</b>	<b>18,620</b>	<b>61,800</b>	<b>93,747</b>	<b>(34.1)</b>
Gross Profit	<b>13,310</b>	<b>12,972</b>	<b>2.6</b>	<b>3,840</b>	<b>17,150</b>	<b>26,234</b>	<b>(34.6)</b>
<i>% of NS</i>	<i>30.8</i>	<i>29.2</i>		<i>20.6</i>	<i>27.8</i>	<i>28.0</i>	
Advt & Sales Pro	510	1,254	(59.3)	160	670	2,595	(74.2)
<i>% of NS</i>	<i>1.2</i>	<i>2.8</i>		<i>0.9</i>	<i>1.1</i>	<i>2.8</i>	
Total Expenses	40,240	39,218	2.6	21,080	61,320	82,962	(26.1)
<i>% of NS</i>	<i>93.2</i>	<i>88.4</i>		<i>113.2</i>	<i>99.2</i>	<i>88.5</i>	
<b>EBITDA</b>	<b>2,940</b>	<b>5,132</b>	<b>(42.7)</b>	<b>(2,460)</b>	<b>480</b>	<b>10,785</b>	<b>(95.5)</b>
<i>Margins %</i>	<i>6.8</i>	<i>11.6</i>		<i>(13.2)</i>	<i>0.8</i>	<i>11.5</i>	
Depreciation	830	737	12.6	820	1,650	1,418	16.3
Interest	440	408	8.0	460	900	711	26.7
Other Income	710	307	131.4	390	1,100	867	26.9
<b>PBT</b>	<b>2,380</b>	<b>4,294</b>	<b>(44.6)</b>	<b>(3,350)</b>	<b>(970)</b>	<b>9,523</b>	<b>(110.2)</b>
Tax	390	1,093	(64.3)	(650)	(260)	2,614	(109.9)
<i>Tax rate %</i>	<i>16.4</i>	<i>25.4</i>		<i>19.4</i>	<i>26.8</i>	<i>27.4</i>	
<b>Adjusted PAT</b>	<b>1,990</b>	<b>3,202</b>	<b>(37.8)</b>	<b>(2,700)</b>	<b>(710)</b>	<b>6,909</b>	<b>(110.3)</b>

Source: Company, PL

**Exhibit 2: Jewellery and Watches sales recover due to easing of restrictions**

(Rs m)	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
<b>Total Sales</b>	<b>44,108</b>	<b>56,977</b>	<b>46,838</b>	<b>49,471</b>	<b>44,447</b>	<b>62,167</b>	<b>44,604</b>	<b>18,920</b>	<b>43,540</b>
Watches	6,757	6,407	5,311	7,146	7,187	6,253	5,568	750	4,000
<i>YoY Growth</i>	<i>17.3%</i>	<i>20.3%</i>	<i>7.5%</i>	<i>20.4%</i>	<i>6.4%</i>	<i>-2.4%</i>	<i>4.9%</i>	<i>-89.5%</i>	<i>-44.3%</i>
Jewellery	35,821	48,903	39,855	40,474	35,278	54,087	37,544	17,830	38,370
<i>YoY Growth</i>	<i>28.5%</i>	<i>39.9%</i>	<i>21.1%</i>	<i>13.3%</i>	<i>-1.5%</i>	<i>10.6%</i>	<i>-5.8%</i>	<i>-55.9%</i>	<i>8.8%</i>
Eyewear	1,200	1,295	1,304	1,488	1,542	1,333	1,077	300	940
<i>YoY Growth</i>	<i>19.3%</i>	<i>43.3%</i>	<i>19.7%</i>	<i>13.1%</i>	<i>28.5%</i>	<i>2.9%</i>	<i>-17.4%</i>	<i>-79.8%</i>	<i>-39.0%</i>
Others	330	372	369	363	440	494	415	40	230
<i>YoY Growth</i>	<i>25.4%</i>	<i>69.7%</i>	<i>39.0%</i>	<i>37.9%</i>	<i>33.2%</i>	<i>32.6%</i>	<i>12.5%</i>	<i>-89.0%</i>	<i>-47.7%</i>
<b>Total EBIT</b>	<b>4,962</b>	<b>6,920</b>	<b>5,223</b>	<b>5,397</b>	<b>4,897</b>	<b>7,375</b>	<b>5,870</b>	<b>-2,670</b>	<b>2,800</b>
Watches	1,218	544	290	1,277	1,134	521	722	-1,640	-40
<i>YoY Growth</i>	<i>33.2%</i>	<i>-34.2%</i>	<i>-17.6%</i>	<i>14.7%</i>	<i>-6.9%</i>	<i>-4.1%</i>	<i>149.3%</i>	<i>-228.5%</i>	<i>-103.5%</i>
<i>EBIT Margin</i>	<i>18.0%</i>	<i>8.5%</i>	<i>5.5%</i>	<i>17.9%</i>	<i>16.7%</i>	<i>8.3%</i>	<i>13.0%</i>	<i>-218.7%</i>	<i>-1.0%</i>
Jewellery	3,920	6,505	5,121	4,420	3,841	7,013	5,339	-540	2,850
<i>YoY Growth</i>	<i>6.6%</i>	<i>69.1%</i>	<i>13.3%</i>	<i>12.4%</i>	<i>-2.0%</i>	<i>7.8%</i>	<i>4.2%</i>	<i>-112.2%</i>	<i>-25.8%</i>
<i>EBIT Margin</i>	<i>10.9%</i>	<i>13.3%</i>	<i>12.8%</i>	<i>10.9%</i>	<i>11.0%</i>	<i>13.0%</i>	<i>14.2%</i>	<i>-3.0%</i>	<i>7.4%</i>
Eyewear	-10	-15	-17	-114	20	-67	18	-310	90
<i>YoY Growth</i>	<i>-174.1%</i>	<i>-67.0%</i>	<i>-172.2%</i>	<i>-756.9%</i>	<i>-299.0%</i>	<i>358.9%</i>	<i>-209.0%</i>	<i>171.2%</i>	<i>352.3%</i>
<i>EBIT Margin</i>	<i>-0.8%</i>	<i>-1.1%</i>	<i>-1.3%</i>	<i>-7.7%</i>	<i>1.0%</i>	<i>-5.0%</i>	<i>4.4%</i>	<i>-103.3%</i>	<i>9.6%</i>
Others	(165)	(114)	(171)	(185)	(98)	(92)	(209)	(180)	(100)

Source: Company, PL

**Exhibit 3: Average Gold Prices up 38.0% YoY and 10.3% QoQ**


Source: Bloomberg, PL

**Exhibit 4: Grammage declines 31%, studded share grows sequentially to 26%**

	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
<b>Jewellery</b>									
Volume Gr %	24	20	15	6	-14	-5	-20	-81	-31
Studded Share %	35	25	36	25	38	27	37	18	26
Sales Gr %	28.5%	39.9%	21.1%	13.3%	-1.5%	10.6%	-5.8%	-55.9%	8.8%
<b>Tanishq</b>									
Sales Gr %	38	34	20	16	7	15	-4	-23	-4
LTL Growth %	32	27	14	10	2	9	-9	-18	-9
Stores	267	277	287	299	308	321	327	333	341
Area (sq. Ft)	10,40,000	10,70,000	10,90,000	11,20,000	11,16,000	12,00,000	12,40,000	12,50,000	12,90,000

Source: Company, PL

**Exhibit 5: Recovery in watch sale at 55%, volumes decline 48%**

	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
<b>Watches</b>									
Sales Growth %	17.3	18.8	7.5	20.4	6.4	-2.4	4.9	-89.5	-44.3
Volume Growth %	21	16	16	13	-1	-10	-5	-93	-48
<b>World Of Titan</b>									
Sales Growth %	8	0	9	6	-1	11	-7	-59	-50
LTL Sales growth %	9	-2	7	6	-3	11	-9	-51	-49
Stores	489	491	486	488	489	492	499	505	506
<b>Helios</b>									
Sales Growth %	45	16	14	8	9	23	10	-51	-34
LTL Sales growth %	16	6	6	5	1	12	-3	-29	-30
Stores	72	73	76	81	86	88	92	93	96
<b>Fastrack</b>									
Sales Growth %	10	4	8	4	-7	1	-10	-64	-50
LTL Sales growth %	6	-1	2	1	-12	-4	-12	-58	-47
Stores	173	175	172	175	180	179	183	182	180
<b>LFS</b>									
Sales Growth %	33	20	20	16	6	8	-9	-86	-66
LTL Sales growth %	26	15	16	12	1	-2.4	-15	-84	-67

Source: Company, PL

**Exhibit 6: Eyewear sales declined 35%, LTL -34%**

<b>Eyewear</b>	<b>2QFY19</b>	<b>3QFY19</b>	<b>4QFY19</b>	<b>1QFY20</b>	<b>2QFY20</b>	<b>3QFY20</b>	<b>4QFY20</b>	<b>1QFY21</b>	<b>2QFY21</b>
Sales Gr %	18	23	21	20	35	11	-8	-46	-35
LTL Growth % (Titan Eye+)	8	13	14	14	28	3	-16	-44	-34
Stores	513	525	537	556	561	578	584	569	557
Area (sq Ft)	3,39,000	3,47,000	3,55,000	3,67,000	3,71,000	3,81,000	3,86,000	3,78,000	3,71,000

Source: Company PL

**Exhibit 7: Stage Set for sharp recovery in FY22**

<b>(Rs m)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
<b>Jewellery</b>							
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	19,275	21,261	16,331	29,134	33,853
Growth %	37.0	41.5	21.4	10.3	(23.2)	78.4	16.2
EBIDTA Margin %	10.7	12.2	12.1	12.4	9.8	12.8	13.0
<b>Watches</b>							
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

Source: PL Research

## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>2,00,096</b>	<b>1,86,092</b>	<b>2,58,921</b>	<b>2,97,232</b>
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
<b>EBITDA</b>	<b>24,176</b>	<b>14,900</b>	<b>32,003</b>	<b>37,286</b>
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
<b>EBIT</b>	<b>21,231</b>	<b>11,574</b>	<b>28,374</b>	<b>33,352</b>
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
<b>Profit Before Tax</b>	<b>20,792</b>	<b>11,028</b>	<b>28,411</b>	<b>34,865</b>
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
<b>Profit after tax</b>	<b>15,552</b>	<b>8,249</b>	<b>21,260</b>	<b>26,090</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>15,552</b>	<b>8,249</b>	<b>21,260</b>	<b>26,090</b>
YoY gr. (%)	7.7	(47.0)	157.7	22.7
Margin (%)	7.8	4.4	8.2	8.8
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>15,552</b>	<b>8,249</b>	<b>21,260</b>	<b>26,090</b>
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
<b>Equity Shares O/s (m)</b>	<b>888</b>	<b>888</b>	<b>888</b>	<b>888</b>
<b>EPS (Rs)</b>	<b>17.5</b>	<b>9.3</b>	<b>23.9</b>	<b>29.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>23,203</b>	<b>25,290</b>	<b>27,390</b>	<b>29,491</b>
Tangibles	21,619	23,706	25,806	27,907
Intangibles	1,585	1,585	1,585	1,585
<b>Acc: Dep / Amortization</b>	<b>11,373</b>	<b>14,472</b>	<b>17,875</b>	<b>21,583</b>
Tangibles	10,420	13,444	16,772	20,406
Intangibles	953	1,028	1,103	1,178
<b>Net fixed assets</b>	<b>11,831</b>	<b>10,819</b>	<b>9,515</b>	<b>7,908</b>
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
<b>Current Assets</b>				
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
<b>Total Assets</b>	<b>1,31,879</b>	<b>1,36,760</b>	<b>1,73,781</b>	<b>2,06,637</b>
<b>Equity</b>				
Equity Share Capital	888	888	888	888
Other Equity	67,361	77,342	94,607	1,16,258
<b>Total Networkth</b>	<b>68,249</b>	<b>78,230</b>	<b>95,495</b>	<b>1,17,146</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	1,525	1,302	1,812	2,080
Other non current liabilities	9,668	10,151	11,166	12,283
<b>Current Liabilities</b>				
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
<b>Total Equity &amp; Liabilities</b>	<b>1,31,880</b>	<b>1,36,761</b>	<b>1,73,781</b>	<b>2,06,636</b>

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)
<b>Net cash from Op. activities</b>	<b>2,655</b>	<b>8,328</b>	<b>8,050</b>	<b>7,980</b>
Capital expenditures	(3,779)	(2,326)	(2,326)	(2,327)
Interest / Dividend Income	-	-	-	-
Others	(1,024)	(909)	(1,000)	(1,100)
<b>Net Cash from Inv. activities</b>	<b>(4,803)</b>	<b>(3,235)</b>	<b>(3,326)</b>	<b>(3,427)</b>
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	-	-
<b>Net cash from Fin. activities</b>	<b>(988)</b>	<b>(3,361)</b>	<b>(2,701)</b>	<b>(3,262)</b>
<b>Net change in cash</b>	<b>(3,136)</b>	<b>1,732</b>	<b>2,023</b>	<b>1,291</b>
Free Cash Flow	(1,124)	6,002	5,724	5,653

Source: Company Data, PL Research

**Key Financial Metrics**

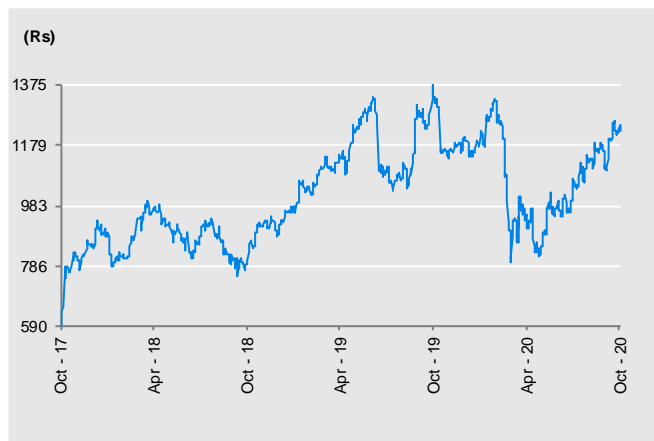
Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	17.5	9.3	23.9	29.4
CEPS	20.8	13.0	28.0	33.8
BVPS	76.9	88.1	107.6	132.0
FCF	(1.3)	6.8	6.4	6.4
DPS	4.0	3.5	4.5	5.0
<b>Return Ratio(%)</b>				
RoCE	31.1	15.2	32.7	31.4
ROIC	16.6	9.0	19.1	21.1
RoE	23.9	11.3	24.5	24.5
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	(0.1)	(0.3)	(0.4)
Net Working Capital (Days)	108	120	98	89
<b>Valuation(x)</b>				
PER	69.5	131.0	50.8	41.4
P/B	15.8	13.8	11.3	9.2
P/CEPS	58.4	93.4	43.4	36.0
EV/EBITDA	44.8	72.0	33.0	27.7
EV/Sales	5.4	5.8	4.1	3.5
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	Q2FY21
<b>Net Revenue</b>	<b>62,062</b>	<b>44,288</b>	<b>18,620</b>	<b>43,180</b>
YoY gr. (%)	9.4	(5.2)	(62.3)	(2.6)
Raw Material Expenses	46,627	30,978	14,780	29,870
Gross Profit	15,435	13,310	3,840	13,310
Margin (%)	24.9	30.1	20.6	30.8
<b>EBITDA</b>	<b>7,356</b>	<b>6,037</b>	<b>(2,460)</b>	<b>2,940</b>
YoY gr. (%)	12.4	32.5	(143.5)	(42.7)
Margin (%)	11.9	13.6	(13.2)	6.8
Depreciation / Depletion	777	902	820	830
<b>EBIT</b>	<b>6,579</b>	<b>5,135</b>	<b>(3,280)</b>	<b>2,110</b>
Margin (%)	10.6	11.6	(17.6)	4.9
Net Interest	405	379	460	440
Other Income	197	401	390	710
<b>Profit before Tax</b>	<b>6,371</b>	<b>5,156</b>	<b>(3,350)</b>	<b>2,380</b>
Margin (%)	10.3	11.6	(18.0)	5.5
Total Tax	1,671	1,588	(650)	390
Effective tax rate (%)	26.2	30.8	19.4	16.4
<b>Profit after Tax</b>	<b>4,699</b>	<b>3,568</b>	<b>(2,700)</b>	<b>1,990</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>4,699</b>	<b>3,568</b>	<b>(2,700)</b>	<b>1,990</b>
YoY gr. (%)	(3.3)	(2.1)	(172.8)	(37.8)
Margin (%)	7.6	8.1	(14.5)	4.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,699</b>	<b>3,568</b>	<b>(2,700)</b>	<b>1,990</b>
YoY gr. (%)	12.9	21.1	(172.8)	(37.8)
Margin (%)	7.6	8.1	(14.5)	4.6
Other Comprehensive Income	(1,124)	(1,118)	(1,500)	3,130
<b>Total Comprehensive Income</b>	<b>3,576</b>	<b>2,450</b>	<b>(4,200)</b>	<b>5,120</b>
Avg. Shares O/s (m)	888	888	888	888
<b>EPS (Rs)</b>	<b>5.3</b>	<b>4.0</b>	<b>(3.0)</b>	<b>2.2</b>

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-20	Accumulate	1,352	1,254
2	08-Oct-20	Accumulate	1,352	1,254
3	10-Aug-20	Hold	1,057	1,108
4	08-Jul-20	Hold	1,025	1,016
5	09-Jun-20	Hold	936	997
6	05-May-20	Hold	844	892
7	04-Feb-20	Hold	1,264	1,273
8	03-Jan-20	Hold	1,189	1,140
9	06-Nov-19	Hold	1,189	1,282

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Hold	2,000	2,100
2	Avenue Supermarts	BUY	2,316	1,988
3	Bajaj Electricals	BUY	564	498
4	Britannia Industries	BUY	4,301	3,553
5	Colgate Palmolive	Hold	1,445	1,427
6	Crompton Greaves Consumer Electricals	BUY	346	305
7	Dabur India	Hold	469	522
8	Emami	Hold	424	353
9	GlaxoSmithKline Consumer Healthcare	Hold	9,377	9,247
10	Havells India	Reduce	571	688
11	Hindustan Unilever	BUY	2,502	2,173
12	ITC	BUY	244	167
13	Jubilant FoodWorks	Hold	2,255	2,330
14	Kansai Nerolac Paints	BUY	550	477
15	Marico	Hold	359	372
16	Nestle India	Hold	15,122	15,865
17	Pidilite Industries	Hold	1,415	1,487
18	Titan Company	Accumulate	1,352	1,254
19	Titan Company	Accumulate	1,352	1,254
20	Voltas	Accumulate	702	672

**PL's Recommendation Nomenclature (Absolute Performance)**

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





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