

May 13, 2022

Analyst Meet Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	2,701		2,701	
Sales (Rs. m)	3,16,933	3,65,096	3,16,933	3,65,096
% Chng.	-	-	-	-
EBITDA (Rs. m)	40,587	47,485	40,587	47,485
% Chng.	-	-	-	-
EPS (Rs.)	30.6	37.1	30.6	37.1
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. bn)	206	272	317	365
EBITDA (Rs. bn)	17	33	41	47
Margin (%)	8.3	12.1	12.8	13.0
PAT (Rs. bn)	10	22	27	33
EPS (Rs.)	11.4	25.1	30.6	37.1
Gr. (%)	(33.2)	119.5	22.1	21.2
DPS (Rs.)	4.0	7.5	9.0	11.0
Yield (%)	0.2	0.4	0.4	0.5
RoE (%)	14.1	26.4	26.1	26.0
RoCE (%)	13.3	22.2	24.5	26.0
EV/Sales (x)	9.1	7.0	5.9	5.0
EV/EBITDA (x)	109.7	58.1	45.7	38.7
PE (x)	183.1	83.4	68.3	56.4
P/BV (x)	24.6	19.9	16.2	13.3

Key Data

TITN.BO | TTAN IN

52-W High / Low	Rs.2,768 / Rs.1,433
Sensex / Nifty	52,794 / 15,782
Market Cap	Rs.1,857bn / \$ 23,978m
Shares Outstanding	888m
3M Avg. Daily Value	Rs.3630.29m

Shareholding Pattern (%)

Promoter's	52.90
Foreign	18.40
Domestic Institution	10.21
Public & Others	18.49
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(15.0)	(17.6)	43.8
Relative	(6.1)	(5.3)	32.6

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Harish Advani

harishadvani@plindia.com | 91-22-66322242

Aashi Rara

aashirara@plindia.com | 91-22-66322381

Emerging as a lifestyle retailing behemoth

TTAN's annual analyst meet highlighted strategic growth drivers for next growth cycle over FY22-27. TTAN aims to further scale up core businesses and increase investment behind emerging segments like Taneira, Eye Care, Wearables and Women hand bags. TTAN is looking at achieving growth in core categories through 1) significant revamp of stores across Watches, jewellery and Eye care 2) Increasing penetration in tier2/3/4 cities 3) increased focus on regionalization, innovations & customization and 4) customer centric approach with Omni channel strategy across segments.

We believe Watches & Wearables target of Rs 100bn over the next 5 years looks quite aggressive (34% CAGR) considering the division has grown by a 5% CAGR over FY17-22. Although TTAN is indicating 20% sales CAGR in Jewellery segment, margins will be range bound given rising intensity of competition and likely reduction in physical gold premium. We believe Eyecare business has reached a critical mass and benefits of cost restructuring will start getting reflected in coming years. We believe new businesses such as International jewellery, Taneira and women's bags offers long term growth potential with Rs25bn/Rs10bn/Rs10bn over FY27 which will make TTAN a more comprehensive play on Lifestyle retailing.

TTAN will not enter into new businesses over the next 2 years and cash flows are likely to come under pressure given increased investment in planned ventures. We estimate 25.3% PAT CAGR over FY22-24 and remain positive given structural story. Maintain BUY with DCF based target price of Rs2,701 (unchanged) with moderate returns in near term.

Key Highlights:

- **Jewellery:** Revenue growth of 2.5x by FY27 and 600+ stores (from 444) by FY25. Focus on growth led by increasing stores in tier2/3 cities, wedding segment and regionalisation. However, gains of operating leverage to fuel growth and margins to remain in the band of 12.5-13%.
- **Watches & Wearables:** Revenue target of Rs100bn (watches Rs70bn and wearables Rs30bn) with EBIT margins of 18% by FY26. Revamp of World of Titan Stores as "Titan World" and addition of 100 stores are expected in FY23.
- **Eye care:** Revenue/EBIT growth targets of 40%/50% for FY23. Benefits of repositioning from Eyewear to Eye care, lens plant rationalisation and doubling of capacity of frames to drive growth and margins.
- **Taneira:** Revenue/store target of Rs10+bn/125 stores (from 20) by FY27. Share of sarees in revenues to decline from 93% to 75% in 5 years.
- **Women Handbags:** To launch women handbags under Fastrack brand. Revenue/volume target of Rs10+bn/3.5mn pieces by FY27.
- **International business:** To launch 30 Tanishq stores by FY27 in US, Middle East with revenue target of Rs25+bn.

Jewellery – Volume led growth, margins range bound

- Revenue growth of 2.5x by FY27 and 600 stores (from 444) by FY25.
- EBIT margins to remain stable over the medium term as gains from 1) studded & wedding 2) design & quality leadership and 3) operating leverage will be used to fund competitive growth.
- Mia:** Revenue/POS target of Rs20+bn/550 stores (from 275) by FY25.
- Zoya:** 4x increase in customer base by FY25. Zoya Galleries & Boutiques to increase from 6/5 to 15-20/12-15.
- Caratlane:** The brand has grown by 47% CAGR over a 5-year period. ASP has declined 5% YoY as customer wallets are sensitive to volatility in gold price. SKU rationalisation has happened over the years from 8k to 4k.
- International:** Business to target Indian diaspora across North America & West Asia with 30 stores & volumes of 125k by FY27. July'22 would see the opening of first store in New Jersey, USA.

Exhibit 1: Focus areas in jewellery business



Most Growth Engines expected to fire well

No	Growth Engine	FY20	FY21	FY22	FY23 & Beyond
1	Retail expansion (stores)	41	27	~ 36	40+
2	Wedding				Regionalization
3	High value studded				Formalization
4	Golden Harvest				
5	Gold Exchange				
6	Many India's		Redefined		Multiple markets
7	Grow the Core	New →	New →		Volume thrust
8	Leap ahead: Omni, Remote	New →	4X	3X	2X

Leading growth
 Avg. growth
 Below par



Source: Company, PL

Exhibit 2: Regionalisation strategy to help cater to various geographies



Source: Company, PL

Exhibit 3: Improve standards for vendors by Dec'22



Structured 4P Framework – Levels of Maturity

Pillar	Level 0	Level 1	Level 2	Level 3
People	Cottage	Basic	Standard	World Class
Process				
Place				
Planet				

Target to bring all vendors to Standard level across all 4 Pillars by Dec 22



Source: Company, PL

Watches & Wearables

Watches

- Revenue target of Rs70bn by FY26.
- New store additions (FY23): New stores for Titan World/Helios to be in the range of 100/50.
- Significant revamp of store infrastructure, layout and positioning with World of Titan being renamed as Titan World.
- Titan Mechanicals, Raga Refresh, Edge, Nebula and Symphony to drive growth in premium segments.
- Reduce import content in watches from 49% (FY20) to 20% (FY24) in plastic ecosystem, watch movements, case components, plating colours, dials and straps etc.

Exhibit 4: Brands amongst top selling watches on marketplaces

Portal Name	Brands in Top 5 Rank
	Fastrack, Titan, Sonata
	Fastrack, Titan, Sonata
	Titan, Tommy Hilfiger
	Titan, Fastrack, Tommy Hilfiger

- Customer acquisition : Volume focus new age, younger, modern, Tier 2, 3, 4 towns
- Dominate market share
- Avoid channel conflict

Source: Company, PL

Exhibit 5: Key strategies for driving growth

Growth Strategy 22-23



Premiumization



Volume Focus



Transformation of Existing Channels



Digital & Data

Source: Company, PL

Wearables

- Revenue target of Rs30bn by FY26.
- 14 new & differentiated products in pipeline set for launch in FY23.

Exhibit 6: Expand presence through multi-channel approach

Sales - Channel Initiatives



Retail

- Leveraging CRM to generate new leads
- Smart champs program



LFS

- Expansion in Cromā and Reliance Digital
- Enter New Chains



MBR

- Aggressive expansion, Mobile outlets
- Creating Smart Zones



MPEC

- Expand business with Flipkart
- Strengthen business with Amazon

Source: Company, PL

Exhibit 7: Fastrack Reflex Curv set for launch next week



FASTRACK REFLEX CURV

3 SKUs | 4495/-

2.5 D CURVED GLASS



24 SPORTS
MODE



BODY
TEMPERATURE



2.5D CURVED
GLASS

Source: Company, PL

Exhibit 8: Titan Smart 2 with trendy features

TITAN SMART 2

4 SKUs | 7995/-


1.78" Large AMOLED Display




Up to 7 Days
Battery




24*7
HRM



15 Multisport
Modes



Stress
Monitor



TITAN
SMART

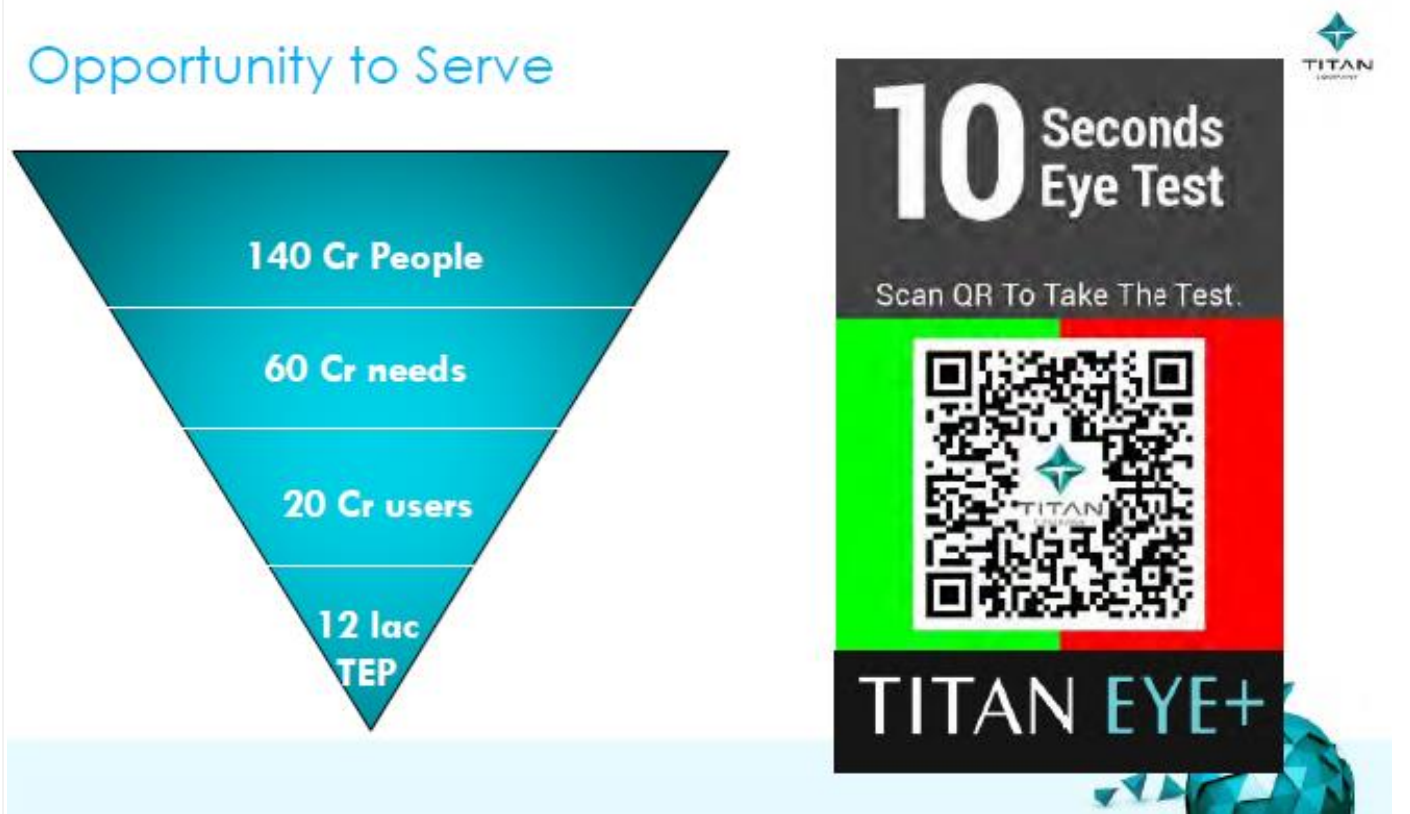
1.78" Large
AMOLED Display

Source: Company, PL

Eye care – Set for growth post rationalization

- Revenue/EBIT growth targets of 40%/50% for FY23.
- Store additions for Titan Eye+ to reach 1k by FY23.
- One platform approach for frames has led to perfect fit for 80% of Indian faces.
- Fastrack has got into prescription based eyewear and will open 25 offline stores by FY23.
- Elimination of discounted frames & exit from LFS & CSD channel.
- Capacity addition of Rs 300mn to help Increase frame manufacturing/lens production to 800k (2x) & 1.6mn (45%)

Exhibit 9: Large addressable market yet to be tapped



Source: Company, PL











Exhibit 10: Titan Eye+ Innovations over the years

Many Innovations :

- Eyeplus:** DON'T LET YOUR MASK FOG YOUR VISION. GO FOG-FREE!
- ClearSight:** At last, a long-lasting lens.
- NEO PROGRESSIVES:** 7 Designs | 9 Technologies
- Socho Mat. Sach Hai!** Quality spectacles @ ₹999
- INDIA'S FIRST ANTI-VIRAL FRAMES**
- INDIFIT:** FRAMES, CUSTOMISED FOR EVERY INDIAN FACES.
- fastrack:** SMART AUDIO SUNGLASSES
- TITAN Signature COLLECTION**

Source: Company, PL

Exhibit 11: Innovations across lenses, frames and smart eyewear

LENS	FRAMES	SMART
 <p>UV400 Portfolio</p>  <p>Myopia Control Lens</p>  <p>Premium Progressive Lens</p>	<p>BUDGET SPECTACLES</p>  <p>Budget Spectacles</p>  <p>New Range of Frames</p>  <p>New Range of Frames</p>	 <p>New Unisex Front</p>  <p>New Colour Options</p>  <p>Enhanced Hardware</p>  <p>red dot winner 2022 Product & Smart Eyewear</p>

Source: Company, PL

Taneira – targeting broad based growth

- Revenue/store target of Rs10+bn/125 stores (from 20) by FY27.
- Aims to become India's most loved ethnic wear brand with volume target of 1.5mn pieces by FY27.
- Make sarees trendy for all consumers including young women.

Exhibit 12: Taneira designs targeted towards young women



Source: Company, PL

Exhibit 13: Taneira store showcasing products


Source: Company, PL

Exhibit 14: Q4FY22 Results: Revenues grew by 2.0% YoY; Margins contract by 39bps YoY

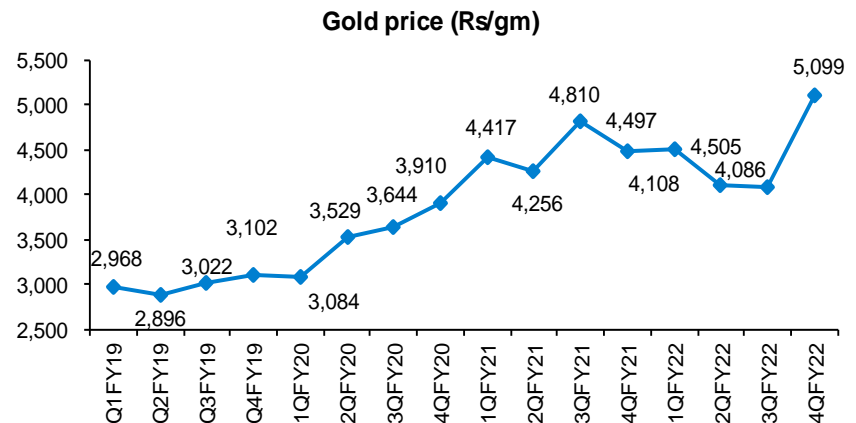
Y/e March (Rs mn)	Q4FY22	Q4FY21	YoY gr. (%)	Q3FY22	FY22	FY21	YoY gr. (%)
Net Sales	72,760	71,350	2.0	95,150	2,72,100	2,06,020	32.1
Gross Profit	17,730	15,240	16.3	23,440	65,520	48,330	35.6
<i>% of NS</i>	<i>24.4</i>	<i>21.4</i>	<i>3.0</i>	<i>24.6</i>	<i>24.1</i>	<i>23.5</i>	<i>0.6</i>
Advt & Sales Pro	1,560	790	97.5	1,720	4,740	2,320	104.3
<i>% of NS</i>	<i>2.1</i>	<i>1.1</i>		<i>1.8</i>	<i>1.7</i>	<i>1.1</i>	
Total Expenses	64,940	63,400	2.4	81,160	2,39,310	1,89,010	26.6
<i>% of NS</i>	<i>89.3</i>	<i>88.9</i>		<i>85.3</i>	<i>87.9</i>	<i>91.7</i>	
EBITDA	7,820	7,950	(1.6)	13,990	32,790	17,010	92.8
<i>Margins %</i>	<i>10.7</i>	<i>11.1</i>	<i>(0.4)</i>	<i>14.7</i>	<i>12.1</i>	<i>8.3</i>	<i>3.8</i>
Depreciation	880	820	7.3	850	3,470	3,310	4.8
Interest	540	450	20.0	520	1,950	1,810	7.7
Other Income	760	340	123.5	550	2,460	1,810	35.9
PBT	7,160	7,020	2.0	13,170	29,830	13,700	117.7
Tax	1,740	1,730	0.6	3,300	7,520	3,560	111.2
<i>Tax rate %</i>	<i>24.3</i>	<i>24.6</i>		<i>25.1</i>	<i>25.2</i>	<i>26.0</i>	
Adjusted PAT	5,420	5,290	2.5	9,870	22,310	10,140	120.0

Source: Company, PL

Exhibit 15: Low single digit growth in Jewellery & Eyewear, Jewellery margins at 11.8%, Watches margins at -1.6%

(Rs m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Total Sales	44,604	18,920	43,540	72,990	71,390	32,640	71,910	95,330	73,050
Watches	5,568	750	4,000	5,500	5,550	2,920	6,870	7,080	6,220
YoY Growth	4.9%	-89.5%	-44.3%	-12.0%	-0.3%	289.3%	71.8%	28.7%	12.1%
Jewellery	37,544	17,830	38,370	65,890	64,220	28,910	62,980	86,170	65,070
YoY Growth	-5.8%	-55.9%	8.8%	21.8%	71.1%	62.1%	64.1%	30.8%	1.3%
Eyewear	1077	300	940	1240	1270	670	1600	1560	1,340
YoY Growth	-17.4%	-79.8%	-39.0%	-7.0%	17.9%	123.3%	70.2%	25.8%	5.0%
Others	415	40	230	360	350	140	460	520	420
YoY Growth	12.5%	-89.0%	-47.7%	-66.4%	-15.6%	250.0%	100.0%	44.4%	23.0%
Total EBIT	5,870	-2,670	2,800	8,230	7,630	1,220	9,210	13,730	7,330
Watches	722	-1,640	-40	570	460	-560	920	820	-100
YoY Growth	149.3%	-228.5%	-103.5%	9.4%	-36.3%	-65.9%	-2400.0%	43.9%	-121.7%
EBIT Margin	13.0%	-218.7%	-1.0%	10.4%	8.3%	-19.2%	13.4%	11.6%	-1.6%
Jewellery	5,339	-540	2,850	7,520	7,030	2,070	7,930	12,600	7,670
YoY Growth	4.2%	-112.2%	-25.8%	7.2%	31.7%	-483.3%	178.2%	67.6%	9.1%
EBIT Margin	14.2%	-3.0%	7.4%	11.4%	10.9%	7.2%	12.6%	14.6%	11.8%
Eyewear	18	-310	90	220	230	-130	370	340	-80
YoY Growth	-209.0%	171.2%	352.3%	-428.4%	1170.7%	-58.1%	311.1%	54.5%	-134.8%
EBIT Margin	4.4%	-103.3%	9.6%	17.7%	18.1%	-19.4%	23.1%	21.8%	-6.0%
Others	(209)	(180)	(100)	(80)	(90)	(160)	(10)	(30)	(160)

Source: Company, PL

Exhibit 16: Average Gold Prices up 6% YoY


Source: Bloomberg, PL

Exhibit 17: Grammage decreases 7%, studded share at 30%

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Jewellery									
Volume Gr %	-20	-81	-31	-14	45	124	101	47	-7
Studded Share %	37	18	26	26	30	22	30	26	30
Sales Gr %	-5.8%	-55.9%	-25.8%	21.8%	71.1%	62.1%	64.1%	30.8%	1.3%
Tanishq									
Sales Gr %	-4	-23	-4	13	63	115	75	37	1
LTL Growth %	-9	-18	-9	7	47	117	66	31	4
Stores	327	333	341	351	353	358	368	382	389
Area (sq. Ft)	12,40,000	12,50,000	12,90,000	13,40,000	13,60,000	13,80,000	14,20,000	14,70,000	15,00,000

Source: Company, PL

**Exhibit 18: Watches sales up 12.1%, Helios/ WOT lead with 35%/ 15% growth**

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Watches									
Sales Growth %	4.9	-89.5	-44.3	-12.0	-0.3	291.3	71.8	28.7	12.1
Volume Growth %	-5	-93	-48	-26	-4	466	67	21	-1
World Of Titan									
Sales Growth %	-7	-59	-50	-14	8	86	79	24	15
LTL Sales growth %	-9	-51	-49	-15	7	91	78	22	13
Stores	499	505	506	499	511	509	513	520	544
Helios									
Sales Growth %	10	-51	-34	-9	10	73	69	43	35
LTL Sales growth %	-3	-29	-30	-14	6	78	51	30	14
Stores	92	93	96	98	103	106	112	126	136
Fastrack									
Sales Growth %	-10	-64	-50	-24	-4	63	51	9	-9
LTL Sales growth %	-12	-58	-47	-22	-2	80	52	11	-5
Stores	183	192	180	169	168	166	164	163	163
LFS									
Sales Growth %	-9	-86	-66	-23	-3	323	103	35	8
LTL Sales growth %	-15	-84	-67	-23	-3	324	102	33	3

Source: Company, PL

Exhibit 19: Eyewear performance streak snapped

Eyewear	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Sales Gr %	-8	-46	-35	-14	28	74	69	19	-4
LTL Growth % (Titan Eye+)	-16	-44	-34	-15	27	47	59	10	-13
Stores	584	569	557	571	599	605	629	682	733
Area (sq Ft)	3,86,000	3,78,000	3,71,000	3,76,000	3,88,000	3,89,000	4,00,000	4,28,000	4,55,000

Source: Company PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	2,06,020	2,72,100	3,16,933	3,65,096
YoY gr. (%)	2.9	32.1	16.5	15.2
Cost of Goods Sold	1,57,690	2,06,580	2,20,666	2,64,770
Gross Profit	48,330	65,520	96,267	1,00,327
Margin (%)	23.5	24.1	30.4	27.5
Employee Cost	9,110	11,430	15,210	17,522
Other Expenses	-	-	26,031	18,480
EBITDA	17,010	32,790	40,587	47,485
YoY gr. (%)	(30.2)	92.8	23.8	17.0
Margin (%)	8.3	12.1	12.8	13.0
Depreciation and Amortization	3,310	3,470	3,989	4,312
EBIT	13,700	29,320	36,598	43,173
Margin (%)	6.6	10.8	11.5	11.8
Net Interest	1,810	1,950	1,961	2,177
Other Income	1,810	2,460	1,686	3,042
Profit Before Tax	13,700	29,830	36,323	44,038
Margin (%)	6.6	11.0	11.5	12.1
Total Tax	3,560	7,520	9,143	11,084
Effective tax rate (%)	26.0	25.2	25.2	25.2
Profit after tax	10,140	22,310	27,181	32,954
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	10,140	22,310	27,181	32,954
YoY gr. (%)	(33.2)	120.0	21.8	21.2
Margin (%)	4.9	8.2	8.6	9.0
Extra Ord. Income / (Exp)	(1,370)	(560)	-	-
Reported PAT	8,770	21,750	27,181	32,954
YoY gr. (%)	(42.2)	148.0	25.0	21.2
Margin (%)	4.3	8.0	8.6	9.0
Other Comprehensive Income	2,060	-	-	-
Total Comprehensive Income	10,830	21,750	27,181	32,954
Equity Shares O/s (m)	888	890	888	888
EPS (Rs)	11.4	25.1	30.6	37.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	24,070	25,943	28,047	30,152
Tangibles	22,348	24,218	26,319	28,421
Intangibles	1,722	1,725	1,728	1,731
Acc: Dep / Amortization	13,018	16,313	19,922	23,846
Tangibles	11,848	15,066	18,600	22,450
Intangibles	1,171	1,246	1,321	1,397
Net fixed assets	11,052	10,480	8,125	6,306
Tangibles	10,500	10,130	7,718	5,971
Intangibles	551	350	407	335
Capital Work In Progress	250	710	800	904
Goodwill	-	-	-	-
Non-Current Investments	10,830	14,170	15,587	17,146
Net Deferred tax assets	1,050	1,360	317	365
Other Non-Current Assets	10,410	10,860	11,178	11,506
Current Assets				
Investments	27,530	150	23,840	27,416
Inventories	79,840	1,27,870	1,15,414	1,28,660
Trade receivables	2,908	4,950	3,907	4,500
Cash & Bank Balance	5,118	10,490	14,301	33,821
Other Current Assets	6,710	8,520	4,437	5,111
Total Assets	1,58,598	2,01,370	2,10,305	2,48,756
Equity				
Equity Share Capital	888	890	888	888
Other Equity	74,640	92,840	1,13,447	1,38,410
Total Networkth	75,528	93,730	1,14,334	1,39,298
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	1,430	1,790	2,218	2,555
Other non current liabilities	9,710	10,260	11,286	12,415
Current Liabilities				
ST Debt / Current of LT Debt	40,940	53,860	36,522	41,601
Trade payables	6,950	10,550	8,593	10,014
Other current liabilities	24,040	31,180	37,352	42,873
Total Equity & Liabilities	1,58,598	2,01,370	2,10,305	2,48,756

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	15,544	28,139	36,323	44,038
Add. Depreciation	3,350	3,607	3,989	4,312
Add. Interest	1,495	1,844	1,981	1,961
Less Financial Other Income	1,810	2,460	1,686	3,042
Add. Other	719	(2,090)	1,632	486
Op. profit before WC changes	21,108	31,501	43,924	50,798
Net Changes-WC	203	(12,000)	(17,571)	(6,689)
Direct tax	(3,917)	(7,083)	(9,143)	(11,084)
Net cash from Op. activities	17,395	12,418	17,210	33,025
Capital expenditures	(2,682)	(3,497)	(1,724)	(2,597)
Interest / Dividend Income	-	-	-	-
Others	1,501	(1,100)	(869)	(956)
Net Cash from Inv. activities	(1,181)	(4,597)	(2,593)	(3,552)
Issue of share cap. / premium	(795)	3,821	1,414	1,776
Debt changes	(6,262)	2,250	(2,250)	-
Dividend paid	(3,551)	(6,675)	(7,990)	(9,766)
Interest paid	(1,495)	(1,844)	(1,981)	(1,961)
Others	-	-	-	-
Net cash from Fin. activities	(12,104)	(2,449)	(10,807)	(9,952)
Net change in cash	4,110	5,372	3,811	19,521
Free Cash Flow	14,713	8,921	15,487	30,428

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	11.4	25.1	30.6	37.1
CEPS	15.1	29.0	35.1	42.0
BVPS	85.1	105.3	128.8	156.9
FCF	16.6	10.0	17.4	34.3
DPS	4.0	7.5	9.0	11.0
Return Ratio(%)				
RoCE	13.3	22.2	24.5	26.0
ROIC	10.9	15.4	21.3	23.0
RoE	14.1	26.4	26.1	26.0
Balance Sheet				
Net Debt : Equity (x)	0.1	0.5	0.0	(0.1)
Net Working Capital (Days)	134	164	128	123
Valuation(x)				
PER	183.1	83.4	68.3	56.4
P/B	24.6	19.9	16.2	13.3
P/CEPS	138.1	72.2	59.6	49.8
EV/EBITDA	109.7	58.1	45.7	38.7
EV/Sales	9.1	7.0	5.9	5.0
Dividend Yield (%)	0.2	0.4	0.4	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Net Revenue	32,490	71,700	95,150	72,760
YoY gr. (%)	74.5	66.0	30.6	2.0
Raw Material Expenses	25,590	54,250	71,710	55,030
Gross Profit	6,900	17,450	23,440	17,730
Margin (%)	21.2	24.3	24.6	24.4
EBITDA	1,440	9,540	13,990	7,820
YoY gr. (%)	(158.5)	224.5	63.1	(1.6)
Margin (%)	4.4	13.3	14.7	10.7
Depreciation / Depletion	830	910	850	880
EBIT	610	8,630	13,140	6,940
Margin (%)	1.9	12.0	13.8	9.5
Net Interest	440	450	520	540
Other Income	650	500	550	760
Profit before Tax	820	8,680	13,170	7,160
Margin (%)	2.5	12.1	13.8	9.8
Total Tax	210	2,270	3,300	1,740
Effective tax rate (%)	25.6	26.2	25.1	24.3
Profit after Tax	610	6,410	9,870	5,420
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	610	6,410	9,870	5,420
YoY gr. (%)	(122.6)	222.1	77.5	2.5
Margin (%)	1.9	8.9	10.4	7.4
Extra Ord. Income / (Exp)	-	-	-	(510)
Reported PAT	610	6,410	9,870	4,910
YoY gr. (%)	(122.6)	222.1	135.6	(7.2)
Margin (%)	1.9	8.9	10.4	6.7
Other Comprehensive Income	260	(500)	(20)	200
Total Comprehensive Income	870	5,910	9,850	5,110
Avg. Shares O/s (m)	890	888	890	890
EPS (Rs)	0.7	7.2	11.1	6.1

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-May-22	BUY	2,701	2,387
2	08-Apr-22	BUY	2,754	2,510
3	06-Apr-22	BUY	2,754	2,530
4	03-Feb-22	BUY	2,832	2,475
5	06-Jan-22	BUY	2,915	2,596
6	06-Jan-22	BUY	2,651	2,576
7	27-Oct-21	BUY	2,651	2,460
8	06-Oct-21	BUY	2,554	2,148
9	06-Oct-21	BUY	2,554	2,148
10	04-Aug-21	Accumulate	1,916	1,800

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	BUY	3,511	3,086
2	Avenue Supermarts	Accumulate	5,345	4,146
3	Britannia Industries	BUY	3,770	3,385
4	Colgate Palmolive	Accumulate	1,664	1,565
5	Dabur India	Accumulate	603	529
6	Emami	Accumulate	607	464
7	Hindustan Unilever	BUY	2,384	2,145
8	ITC	BUY	285	268
9	Jubilant FoodWorks	Accumulate	3,230	2,792
10	Kansai Nerolac Paints	BUY	675	464
11	Marico	Accumulate	547	520
12	Mold-tek Packaging	BUY	781	705
13	Nestle India	Accumulate	19,426	18,203
14	Pidilite Industries	Hold	2,417	2,525
15	Restaurant Brands Asia	BUY	220	113
16	Titan Company	BUY	2,701	2,387
17	Westlife Development	BUY	645	497

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



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Ms. Aashi Rara- CA, B.Com Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Ms. Aashi Rara- CA, B.Com Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com