

November 3, 2023

Q2FY24 Result Update

■ Change in Estimates | Target | ■ Reco

Change in Estimates

| | Current | | Previous | |
|----------------|------------|----------|------------|----------|
| | FY24E | FY25E | FY24E | FY25E |
| Rating | ACCUMULATE | | ACCUMULATE | |
| Target Price | 3,387 | | 3,312 | |
| Sales (Rs. m) | 4,54,812 | 5,39,873 | 4,54,812 | 5,39,873 |
| % Chng. | - | - | - | - |
| EBITDA (Rs. m) | 55,191 | 66,330 | 55,191 | 66,330 |
| % Chng. | - | - | - | - |
| EPS (Rs.) | 42.4 | 50.7 | 42.4 | 50.7 |
| % Chng. | - | - | - | - |

Key Financials - Standalone

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|-----------------|------|-------|-------|-------|
| Sales (Rs. bn) | 383 | 455 | 540 | 628 |
| EBITDA (Rs. bn) | 48 | 55 | 66 | 78 |
| Margin (%) | 12.6 | 12.1 | 12.3 | 12.4 |
| PAT (Rs. bn) | 34 | 38 | 45 | 54 |
| EPS (Rs.) | 38.1 | 42.4 | 50.7 | 60.4 |
| Gr. (%) | 51.9 | 11.3 | 19.8 | 19.0 |
| DPS (Rs.) | 7.5 | 10.0 | 13.0 | 16.0 |
| Yield (%) | 0.2 | 0.3 | 0.4 | 0.5 |
| RoE (%) | 31.7 | 28.3 | 27.7 | 26.9 |
| RoCE (%) | 27.0 | 24.1 | 23.8 | 24.5 |
| EV/Sales (x) | 7.7 | 6.6 | 5.5 | 4.7 |
| EV/EBITDA (x) | 61.1 | 54.2 | 45.0 | 38.1 |
| PE (x) | 86.0 | 77.3 | 64.5 | 54.2 |
| P/BV (x) | 24.3 | 19.9 | 16.2 | 13.3 |

Key Data

TTIN.BO | TTAN IN

| | |
|---------------------|------------------------|
| 52-W High / Low | Rs.3,352 / Rs.2,269 |
| Sensex / Nifty | 64,364 / 19,231 |
| Market Cap | Rs.2,907bn/ \$ 34,905m |
| Shares Outstanding | 888m |
| 3M Avg. Daily Value | Rs.2923.89m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 52.90 |
| Foreign | 19.05 |
| Domestic Institution | 10.05 |
| Public & Others | 18.00 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-----|------|------|
| Absolute | 2.4 | 23.4 | 18.5 |
| Relative | 4.3 | 17.3 | 12.0 |

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Growth visibility remains strong; Accumulate

Quick Pointers:

- Jewellery margins surprise positively, Marriage and festival season to boost demand in 2H24, Jewellery margin guidance maintained at 12.5-13%
- Wearables sales up 131%, IRTH 31%, Taneira 64% & accessories 40%

TTAN 2Q24 PAT surprised positively, led by higher margins in Jewellery business. Sales momentum remained strong in Tanishq, Watch and wearables, Taneira, Caratlane and IRTH. we expect strong 2H for Tanishq given festival and marriage season given 22% LTL growth in a relatively lean period. Tanishq has taken small price correction in studded prices, although recent crash in global prices is unlikely to have any meaningful impact on margins. Watches LTL sales in WOT, Fastrack and LFS have been tepid showing rising share of margin dilutive online channel.

TTAN is nurturing multiple growth engines led by 1) Jewellery network expansion, regional thrust and sub brands like Mia, Zoya and Caratlane 2) Omni-channel strategy across jewellery, watches and eyewear 3) new segments wearables, dress material, handbags and fashion accessories. TTAN is a formidable play on emerging lifestyle segments which will gain from rising discretionary spends. TTAN trades at 58.9x Sept25E EPS with 17.3% EPS CAGR over FY23-26. Retain Accumulate with DCF based target price of Rs3387 (rollover to Sept25, Rs3312 earlier).

Standalone Revenues (ex of Bullion) grew by 20% YoY to Rs99.4bn. Gross margins contracted by 416bps YoY to 22.4%. EBITDA grew by 9.8% YoY to Rs13.6bn Margins contracted by 251bps YoY to 11.6% (PLe:12.3%) Adj. PAT grew by 9.7% YoY to Rs9.4bn (PLe: Rs9.7bn)

Jewellery revenues grew by 34.4% YoY to Rs103.3bn; EBIT grew by 9.3% YoY to Rs12.1bn; margins contracted by 268bps YoY to 11.7%. Margins excluding bullion sales declined 120bps to 14.1%. Studded ratio was 33% in Q2'24 up by 1% vs Q2'23. Tanishq added 10 stores, taking total count to 445 stores. Average bill grew/Buyer saw double digit growth YoY. while new buyer proportion at ~48% remained healthy. International expansion continues with focus shifting to non-Indian diaspora catchments with a target to achieve 25 stores by FY24.

Watches and Wearables revenues grew by 31.7% YoY to Rs10.9bn; EBIT grew by 30.1% YoY to Rs1.6bn; margins contracted by 19bps YoY to 14.7%. Premium brands continued their strong performance with Helios showing double digit growth in Q2. Wearables growth at ~131% YoY in 2Q.

Eyewear revenues grew by 12.6% YoY to Rs1.9bn; EBIT declined by 0% YoY to Rs280mn; margins contracted by 187bps YoY to 14.9%. International brands grew ahead of house brands while Lenses grew by 9% & Sunglasses grew by 47%. **Fragrances** grew 12% while women handbags grew 31%, **Taneira** sales grew 27.9%

Key Concall Highlights: 1) Jewellery demand in October got impacted amid shradh, however after that demand saw good traction but current increase in gold prices have dampened the demand scenario to some extent. 2) Demand on high carat diamond is seeing sluggishness in international market resulting in fall in diamond prices, however impact of this is not likely to be significant 3) Gold exchange program contribution through Non-Tanishq came at 33% while overall exchange sales were 40% in Q2 4) Not taken any price increase, although solitaire base jewelry saw some price correction.5) Caratlane is witnessing pressure in <50k ticket size, however premium segment remains resilient. 6) Average ticket size for Caratlane/Mia/Tanishq came at ~Rs25k/Rs31k/Rs140k for Q2 7) Competitive intensity in Jewellery remains high 8) Tanishq opened 8 store in October month and target to open another 15 store post October. 9) Management expects 15 standalone stores of zoya by next Diwali & targets 50% revenue growth for FY24. 10) International market is performing as per expectations, opened 2 new store in Doha. Plan to open 5/13 stores in US/GCC taking store count to 25 in FY24 11) Jewellery margin target remains intact at 12-13% led by improved geographical/ product mix with focus on high value studded jewellery

Exhibit 1: Revenue grew by 33.6% YoY; Margins contract YoY, on high bullion sales

| Y/e March (Rs mn) | Q2FY24 | Q2FY23 | YoY gr. (%) | Q1FY24 | 1HFY24 | 1HFY23 | YoY gr. (%) |
|---------------------|-----------------|---------------|--------------|-----------------|-----------------|-----------------|--------------|
| Net Sales | 1,16,600 | 87,300 | 33.6 | 1,11,450 | 2,28,050 | 1,76,910 | 28.9 |
| Gross Profit | 26,100 | 23,170 | 12.6 | 23,400 | 49,500 | 45,010 | 10.0 |
| <i>% of NS</i> | <i>22.4</i> | <i>26.5</i> | <i>(4.2)</i> | <i>21.0</i> | <i>21.7</i> | <i>25.4</i> | <i>(3.7)</i> |
| Advt & Sales Pro | 2,050 | 1,730 | 18.5 | 2,070 | 4,120 | 3,440 | 19.8 |
| <i>% of NS</i> | <i>1.8</i> | <i>2.0</i> | | <i>1.9</i> | <i>1.8</i> | <i>1.9</i> | |
| Total Expenses | 1,03,050 | 74,960 | 37.5 | 1,00,420 | 2,03,470 | 1,52,930 | 33.0 |
| <i>% of NS</i> | <i>88.4</i> | <i>85.9</i> | | <i>90.1</i> | <i>89.2</i> | <i>86.4</i> | |
| EBITDA | 13,550 | 12,340 | 9.8 | 11,030 | 24,580 | 23,980 | 2.5 |
| <i>Margins %</i> | <i>11.6</i> | <i>14.1</i> | <i>(2.5)</i> | <i>9.9</i> | <i>10.8</i> | <i>13.6</i> | <i>(2.8)</i> |
| Depreciation | 1,100 | 890 | 23.6 | 990 | 2,090 | 1,760 | 18.8 |
| Interest | 1,060 | 500 | 112.0 | 790 | 1,850 | 1,050 | 76.2 |
| Other Income | 1,220 | 600 | 103.3 | 990 | 2,210 | 1,040 | 112.5 |
| PBT | 12,610 | 11,550 | 9.2 | 10,240 | 22,850 | 22,210 | 2.9 |
| Tax | 3,210 | 2,980 | 7.7 | 2,470 | 5,680 | 5,710 | (0.5) |
| <i>Tax rate %</i> | <i>25.5</i> | <i>25.8</i> | | <i>24.1</i> | <i>24.9</i> | <i>25.7</i> | |
| Adjusted PAT | 9,400 | 8,570 | 9.7 | 7,770 | 17,170 | 16,500 | 4.1 |

Source: Company, PL

Exhibit 2: Strong double digit growth across businesses, Jewellery margins surprise positively

| (Rs m) | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 |
|--------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|
| Total Sales | 71,910 | 95,330 | 73,050 | 89,800 | 87,540 | 109,070 | 97,440 | 111,770 | 117,030 |
| Watches | 6,870 | 7,080 | 6,220 | 7,850 | 8,290 | 8,110 | 8,710 | 8,900 | 10,920 |
| YoY Growth | 71.8% | 28.7% | 12.1% | 168.8% | 20.7% | 14.5% | 40.0% | 13.4% | 31.7% |
| Jewellery | 62,980 | 86,170 | 65,070 | 79,560 | 76,850 | 98,330 | 86,310 | 100,080 | 1,03,300 |
| YoY Growth | 64.1% | 30.8% | 1.3% | 175.2% | 22.0% | 14.1% | 32.6% | 25.8% | 34.4% |
| Eyewear | 1600 | 1560 | 1,340 | 1830 | 1670 | 1,740 | 1,650 | 2030 | 1,880 |
| YoY Growth | 70.2% | 25.8% | 5.0% | 173.1% | 4.4% | 11.5% | 23.1% | 10.9% | 12.6% |
| Others | 460 | 520 | 420 | 560 | 730 | 890 | 770 | 760 | 930 |
| YoY Growth | 100.0% | 44.4% | 23.0% | 300.0% | 58.7% | 71.2% | 83.3% | 35.7% | 27.4% |
| Total EBIT | 9,210 | 13,730 | 7,330 | 11,560 | 12,360 | 13,400 | 10,640 | 11,090 | 13,700 |
| Watches | 920 | 820 | -100 | 1,030 | 1,230 | 890 | 980 | 1,020 | 1,600 |
| YoY Growth | -2400.0% | 43.9% | -121.7% | 283.9% | 33.7% | 8.5% | 1080% | -1.0% | 30% |
| EBIT Margin | 13.4% | 11.6% | -1.6% | 13.1% | 14.8% | 11.0% | 11.3% | 11.5% | 14.7% |
| Jewellery | 7,930 | 12,600 | 7,670 | 10,270 | 11,030 | 12,360 | 9,970 | 9,990 | 12,060 |
| YoY Growth | 178.2% | 67.6% | 9.1% | 396.1% | 39.1% | -1.9% | 30.0% | -2.7% | 9.3% |
| EBIT Margin | 12.6% | 14.6% | 11.8% | 12.9% | 14.4% | 12.6% | 11.6% | 10.0% | 11.7% |
| Eyewear | 370 | 340 | -80 | 360 | 280 | 320 | 20 | 350 | 280 |
| YoY Growth | 311.1% | 54.5% | -134.8% | -376.9% | -24.3% | -5.9% | 125.0% | -2.8% | 0.0% |
| EBIT Margin | 23.1% | 21.8% | -6.0% | 19.7% | 16.8% | 18.4% | 1.2% | 17.2% | 14.9% |
| Others | (10) | (30) | (160) | (100) | (180) | (170) | (330) | (270) | -240 |

Source: Company, PL

Exhibit 3: Jewellery: LTL growth at 22%, studded share at 33%

| | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Jewellery | | | | | | | | | |
| Volume Gr % | 101 | 47 | -7 | 170 | 3 | 1 | 10 | NA | NA |
| Studded Share % | 30 | 26 | 30 | 26 | 32 | 26 | 33 | 26 | 33 |
| Sales Gr % | 64.1 | 30.8 | 1.3 | 175.2 | 22.0 | 14.1 | 32.6 | 25.8 | 34.4 |
| Tanishq | | | | | | | | | |
| Sales Gr % | 75 | 37 | 1 | 202 | 13 | 14 | 25 | 22 | 27.0 |
| LTL Growth % | 66 | 31 | 4 | 195 | 9 | 9 | 19 | 22 | 22.0 |
| Stores | 368 | 382 | 389 | 395 | 403 | 411 | 423 | 433 | 445 |
| Area (sq. Ft) | 14,20,000 | 14,70,000 | 15,00,000 | 15,30,000 | 1,570,000 | 1,640,000 | 1,740,000 | 1,800,000 | 1,880,000 |

Source: Company, PL

Exhibit 4: Watches sales up 22% led by 131% growth in wearables, strong growth witnessed across brands (ex Fastrack)

| Particulars | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Watches | | | | | | | | | |
| Sales Growth % | 71.8 | 28.7 | 12.1 | 168.8 | 20.7 | 14.5 | 40.0 | 13.4 | 22.0 |
| Volume Growth % | 67 | 21 | -1 | 109 | 1 | 3 | 31 | NA | |
| World Of Titan | | | | | | | | | |
| Sales Growth % | 79 | 24 | 15 | 241 | 31 | 14 | 18 | 8 | 8 |
| LTL Sales growth % | 78 | 22 | 13 | 227 | 26 | 8 | 11 | 2 | 2 |
| Stores | 513 | 520 | 544 | 570 | 577 | 601 | 622 | 636 | 646 |
| Helios | | | | | | | | | |
| Sales Growth % | 69 | 43 | 35 | 278 | 46 | 32 | 45 | 33 | 38 |
| LTL Sales growth % | 51 | 30 | 14 | 227 | 27 | 11 | 21 | 13 | 18 |
| Stores | 112 | 126 | 136 | 151 | 165 | 182 | 198 | 207 | 212 |
| Fastrack | | | | | | | | | |
| Sales Growth % | 51 | 9 | -9 | 230 | 26 | 19 | 11 | -4 | 5 |
| LTL Sales growth % | 52 | 11 | -5 | 231 | 26 | 18 | 8 | -11 | -7 |
| Stores | 164 | 163 | 163 | 161 | 163 | 170 | 185 | 188 | 193 |
| LFS | | | | | | | | | |
| Sales Growth % | 103 | 35 | 8 | 358 | 63 | 20 | 42 | 33 | 15 |
| LTL Sales growth % | 102 | 33 | 3 | 338 | 52 | 25 | 37 | 13 | 4 |

Source: Company, PL

Exhibit 5: Eyewear grew by 12% in Q2, LTL remains tepid for 2nd quarter in a row

| Eyewear | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 |
|---------------------------|----------|----------|----------|----------|----------|---------|---------|---------|----------|
| Sales Gr % | 69 | 19 | -4 | 180 | 12 | 14 | 22 | 13 | 12 |
| LTL Growth % (Titan Eye+) | 59 | 10 | -13 | 185 | 1 | 1 | 10 | 3 | 0 |
| Stores | 629 | 682 | 733 | 786 | 822 | 858 | 901 | 908 | 913 |
| Area (sq Ft) | 4,00,000 | 4,28,000 | 4,55,000 | 4,81,000 | 5,04,000 | 525,000 | 559,800 | 564,600 | 5,72,500 |

Source: Company PL

Exhibit 6: Tanishq is expanding International presence


Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenues | 3,83,260 | 4,54,812 | 5,39,873 | 6,27,700 |
| YoY gr. (%) | 40.5 | 18.7 | 18.7 | 16.3 |
| Cost of Goods Sold | 2,90,460 | 3,45,205 | 4,09,504 | 4,74,968 |
| Gross Profit | 92,800 | 1,09,607 | 1,30,369 | 1,52,732 |
| Margin (%) | 24.2 | 24.1 | 24.1 | 24.3 |
| Employee Cost | 13,620 | 15,896 | 18,871 | 21,629 |
| Other Expenses | 14,070 | 18,682 | 22,222 | 26,484 |
| EBITDA | 48,260 | 55,191 | 66,330 | 77,997 |
| YoY gr. (%) | 44.2 | 14.4 | 20.2 | 17.6 |
| Margin (%) | 12.6 | 12.1 | 12.3 | 12.4 |
| Depreciation and Amortization | 3,640 | 4,218 | 4,743 | 5,406 |
| EBIT | 44,620 | 50,973 | 61,586 | 72,590 |
| Margin (%) | 11.6 | 11.2 | 11.4 | 11.6 |
| Net Interest | 2,400 | 2,598 | 2,858 | 3,047 |
| Other Income | 2,990 | 1,908 | 1,488 | 2,118 |
| Profit Before Tax | 45,210 | 50,283 | 60,216 | 71,662 |
| Margin (%) | 11.8 | 11.1 | 11.2 | 11.4 |
| Total Tax | 11,320 | 12,571 | 15,054 | 17,915 |
| Effective tax rate (%) | 25.0 | 25.0 | 25.0 | 25.0 |
| Profit after tax | 33,890 | 37,712 | 45,162 | 53,746 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 33,890 | 37,712 | 45,162 | 53,746 |
| YoY gr. (%) | 51.9 | 11.3 | 19.8 | 19.0 |
| Margin (%) | 8.8 | 8.3 | 8.4 | 8.6 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 33,890 | 37,712 | 45,162 | 53,746 |
| YoY gr. (%) | 55.5 | 11.3 | 19.8 | 19.0 |
| Margin (%) | 8.8 | 8.3 | 8.4 | 8.6 |
| Other Comprehensive Income | (460) | - | - | - |
| Total Comprehensive Income | 33,430 | 37,712 | 45,162 | 53,746 |
| Equity Shares O/s (m) | 890 | 890 | 890 | 890 |
| EPS (Rs) | 38.1 | 42.4 | 50.7 | 60.4 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-Current Assets | | | | |
| Gross Block | 19,430 | 21,706 | 24,427 | 27,585 |
| Tangibles | 17,820 | 19,880 | 22,353 | 25,320 |
| Intangibles | 1,610 | 1,826 | 2,074 | 2,265 |
| Acc: Dep / Amortization | 8,400 | 9,934 | 11,626 | 13,509 |
| Tangibles | 7,130 | 8,449 | 9,926 | 11,594 |
| Intangibles | 1,270 | 1,485 | 1,700 | 1,915 |
| Net fixed assets | 11,030 | 11,773 | 12,801 | 14,076 |
| Tangibles | 10,690 | 11,432 | 12,427 | 13,726 |
| Intangibles | 340 | 341 | 374 | 350 |
| Capital Work In Progress | 1,270 | 1,387 | 1,516 | 1,657 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 16,900 | 63,761 | 65,894 | 68,199 |
| Net Deferred tax assets | 1,440 | 1,817 | 2,157 | 2,508 |
| Other Non-Current Assets | 13,380 | 14,971 | 16,902 | 19,165 |
| Current Assets | | | | |
| Investments | 21,430 | 10,172 | 13,064 | 22,362 |
| Inventories | 1,49,520 | 1,73,557 | 2,02,141 | 2,28,935 |
| Trade receivables | 9,080 | 10,577 | 12,704 | 15,115 |
| Cash & Bank Balance | 7,920 | 4,969 | 13,003 | 16,456 |
| Other Current Assets | 11,010 | 13,190 | 15,116 | 16,948 |
| Total Assets | 2,50,880 | 3,15,268 | 3,66,095 | 4,17,975 |
| Equity | | | | |
| Equity Share Capital | 890 | 890 | 890 | 890 |
| Other Equity | 1,19,050 | 1,45,361 | 1,78,953 | 2,18,459 |
| Total Network | 1,19,940 | 1,46,251 | 1,79,843 | 2,19,349 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 2,140 | 2,543 | 3,505 | 4,075 |
| Other non current liabilities | 13,590 | 12,450 | 13,953 | 15,937 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 62,800 | 93,321 | 97,109 | 96,156 |
| Trade payables | 9,650 | 12,373 | 14,743 | 16,961 |
| Other current liabilities | 42,760 | 48,330 | 56,943 | 65,497 |
| Total Equity & Liabilities | 2,50,880 | 3,15,268 | 3,66,095 | 4,17,975 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|--------------------------------------|----------------|-----------------|-----------------|-----------------|
| PBT | 44,650 | 50,283 | 60,216 | 71,662 |
| Add. Depreciation | 3,640 | 4,218 | 4,743 | 5,406 |
| Add. Interest | 1,950 | 2,400 | 2,598 | 2,858 |
| Less Financial Other Income | 2,990 | 1,908 | 1,488 | 2,118 |
| Add. Other | 820 | (3,565) | (798) | (1,198) |
| Op. profit before WC changes | 51,060 | 53,336 | 66,759 | 78,728 |
| Net Changes-WC | (35,670) | 1,163 | (14,485) | (20,311) |
| Direct tax | (11,320) | (12,571) | (15,054) | (17,915) |
| Net cash from Op. activities | 4,070 | 41,928 | 37,220 | 40,502 |
| Capital expenditures | (4,750) | (5,078) | (5,901) | (6,822) |
| Interest / Dividend Income | - | - | - | - |
| Others | (2,470) | (46,000) | (1,143) | (1,166) |
| Net Cash from Inv. activities | (7,220) | (51,078) | (7,044) | (7,988) |
| Issue of share cap. / premium | (460) | (2,502) | - | - |
| Debt changes | 9,650 | 20,000 | (7,975) | (11,963) |
| Dividend paid | (6,660) | (8,900) | (11,570) | (14,240) |
| Interest paid | (1,950) | (2,400) | (2,598) | (2,858) |
| Others | - | - | - | - |
| Net cash from Fin. activities | 580 | 6,198 | (22,143) | (29,061) |
| Net change in cash | (2,570) | (2,951) | 8,034 | 3,453 |
| Free Cash Flow | (680) | 36,851 | 31,320 | 33,680 |

Source: Company Data, PL Research

Key Financial Metrics

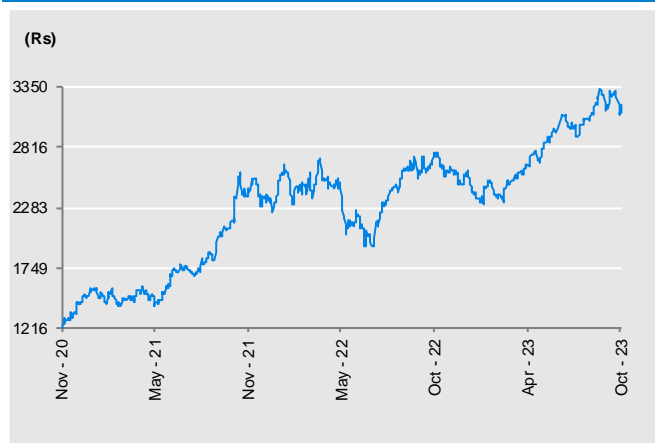
| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|----------------------------|-------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 38.1 | 42.4 | 50.7 | 60.4 |
| CEPS | 42.2 | 47.1 | 56.1 | 66.5 |
| BVPS | 134.8 | 164.3 | 202.1 | 246.5 |
| FCF | (0.8) | 41.4 | 35.2 | 37.8 |
| DPS | 7.5 | 10.0 | 13.0 | 16.0 |
| Return Ratio(%) | | | | |
| RoCE | 27.0 | 24.1 | 23.8 | 24.5 |
| ROIC | 20.1 | 17.0 | 18.1 | 19.1 |
| RoE | 31.7 | 28.3 | 27.7 | 26.9 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | 0.3 | 0.5 | 0.4 | 0.3 |
| Net Working Capital (Days) | 142 | 138 | 135 | 132 |
| Valuation(x) | | | | |
| PER | 86.0 | 77.3 | 64.5 | 54.2 |
| P/B | 24.3 | 19.9 | 16.2 | 13.3 |
| P/CEPS | 77.7 | 69.5 | 58.4 | 49.3 |
| EV/EBITDA | 61.1 | 54.2 | 45.0 | 38.1 |
| EV/Sales | 7.7 | 6.6 | 5.5 | 4.7 |
| Dividend Yield (%) | 0.2 | 0.3 | 0.4 | 0.5 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q3FY23 | Q4FY23 | Q1FY24 | Q2FY24 |
|-----------------------------------|-----------------|---------------|-----------------|-----------------|
| Net Revenue | 1,08,750 | 97,040 | 1,11,450 | 1,16,600 |
| YoY gr. (%) | 14.3 | 33.4 | 24.4 | 33.6 |
| Raw Material Expenses | 83,720 | 74,820 | 88,050 | 90,500 |
| Gross Profit | 25,030 | 22,220 | 23,400 | 26,100 |
| Margin (%) | 23.0 | 22.9 | 21.0 | 22.4 |
| EBITDA | 13,300 | 10,440 | 11,030 | 13,550 |
| YoY gr. (%) | (4.9) | 33.5 | (5.2) | 9.8 |
| Margin (%) | 12.2 | 10.8 | 9.9 | 11.6 |
| Depreciation / Depletion | 930 | 950 | 990 | 1,100 |
| EBIT | 12,370 | 9,490 | 10,040 | 12,450 |
| Margin (%) | 11.4 | 9.8 | 9.0 | 10.7 |
| Net Interest | 610 | 740 | 790 | 1,060 |
| Other Income | 910 | 1,040 | 990 | 1,220 |
| Profit before Tax | 12,670 | 9,790 | 10,240 | 12,610 |
| Margin (%) | 11.7 | 10.1 | 9.2 | 10.8 |
| Total Tax | 3,160 | 2,450 | 2,470 | 3,210 |
| Effective tax rate (%) | 24.9 | 25.0 | 24.1 | 25.5 |
| Profit after Tax | 9,510 | 7,340 | 7,770 | 9,400 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 9,510 | 7,340 | 7,770 | 9,400 |
| YoY gr. (%) | (3.6) | 35.4 | (2.0) | 9.7 |
| Margin (%) | 8.7 | 7.6 | 7.0 | 8.1 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 9,510 | 7,340 | 7,770 | 9,400 |
| YoY gr. (%) | (3.6) | 49.5 | (2.0) | 9.7 |
| Margin (%) | 8.7 | 7.6 | 7.0 | 8.1 |
| Other Comprehensive Income | (270) | 80 | (10) | (120) |
| Total Comprehensive Income | 9,240 | 7,420 | 7,760 | 9,280 |
| Avg. Shares O/s (m) | 890 | 890 | 890 | 890 |
| EPS (Rs) | 10.7 | 8.2 | 8.7 | 10.6 |

Source: Company Data, PL Research

Price Chart
Recommendation History


| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 07-Oct-23 | Accumulate | 3,312 | 3,310 |
| 2 | 21-Aug-23 | Accumulate | 3,300 | 3,050 |
| 3 | 02-Aug-23 | Accumulate | 3,240 | 2,977 |
| 4 | 12-Jul-23 | Accumulate | 3,242 | 3,088 |
| 5 | 06-Jul-23 | BUY | 3,242 | 3,106 |
| 6 | 03-May-23 | BUY | 2,992 | 2,651 |
| 7 | 11-Apr-23 | BUY | 2,956 | 2,578 |
| 8 | 02-Feb-23 | BUY | 2,905 | 2,308 |
| 9 | 09-Jan-23 | Accumulate | 2,875 | 2,538 |
| 10 | 05-Nov-22 | Accumulate | 2,875 | 2,770 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|------------------------|------------|---------|------------------|
| 1 | Asian Paints | Accumulate | 3,387 | 2,960 |
| 2 | Avenue Supermarts | BUY | 4,724 | 3,920 |
| 3 | Britannia Industries | Hold | 4,801 | 4,527 |
| 4 | Colgate Palmolive | Hold | 1,948 | 2,034 |
| 5 | Dabur India | Accumulate | 597 | 530 |
| 6 | Emami | Accumulate | 524 | 527 |
| 7 | Hindustan Unilever | Hold | 2,786 | 2,548 |
| 8 | ITC | Accumulate | 492 | 450 |
| 9 | Jubilant FoodWorks | Hold | 505 | 529 |
| 10 | Kansai Nerolac Paints | Accumulate | 351 | 324 |
| 11 | Marico | Hold | 556 | 532 |
| 12 | Metro Brands | Accumulate | 1,231 | 1,208 |
| 13 | Mold-tek Packaging | Hold | 956 | 892 |
| 14 | Nestle India | Accumulate | 25,471 | 24,245 |
| 15 | Pidilite Industries | Hold | 2,610 | 2,454 |
| 16 | Restaurant Brands Asia | Accumulate | 142 | 125 |
| 17 | Titan Company | Accumulate | 3,312 | 3,310 |
| 18 | Westlife Foodworld | Hold | 844 | 883 |

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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