

August 2, 2024

Q1FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,958		3,545	
Sales (Rs. m)	5,49,103	6,53,572	5,49,103	6,53,572
% Chng.	-	-	-	-
EBITDA (Rs. m)	57,765	74,248	57,765	74,247
% Chng.	-	-	-	-
EPS (Rs.)	41.1	55.2	41.3	55.5
% Chng.	(0.6)	(0.4)	-	-

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. bn)	383	472	549	654
EBITDA (Rs. bn)	48	50	58	74
Margin (%)	12.6	10.5	10.5	11.4
PAT (Rs. bn)	34	35	37	49
EPS (Rs.)	38.1	39.3	41.1	55.2
Gr. (%)	51.9	3.2	4.6	34.4
DPS (Rs.)	7.5	10.0	11.0	13.0
Yield (%)	0.2	0.3	0.3	0.4
RoE (%)	31.7	26.4	23.6	26.7
RoCE (%)	27.0	22.5	21.3	23.5
EV/Sales (x)	8.1	6.6	5.8	4.8
EV/EBITDA (x)	64.5	63.0	54.9	42.7
PE (x)	90.9	88.1	84.3	62.7
P/BV (x)	25.7	21.3	18.6	15.2

Key Data

TITN.BO | TTAN IN

52-W High / Low	Rs.3,887 / Rs.2,882
Sensex / Nifty	80,982 / 24,718
Market Cap	Rs.3,074bn / \$ 36,702m
Shares Outstanding	888m
3M Avg. Daily Value	Rs.5934.16m

Shareholding Pattern (%)

Promoter's	52.90
Foreign	17.94
Domestic Institution	10.87
Public & Others	18.20
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.8	(4.2)	16.3
Relative	(0.1)	(14.7)	(5.5)

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Expect growth rebound in 2H25

Quick Pointers:

- Cut in custom duty from 15% to 6% has lowered prices which is likely to boost demand in 2Q (lesser wedding days) and coming festival season
- Rs5-5.5bn one time impact of custom duty reduction will be reflected in 2Q/3Q as exceptional loss

TTAN reported muted 1Q as national elections, lower number of wedding days, extreme heat wave & rise in gold price (20% YoY) impacted sales. As against our expectations of sharp upsurge in Jewellery demand in 2H, cut in custom duty has resulted in sharp spike in demand recently. We believe higher custom duties will render illegal imports unviable, which will benefit organized players like TTAN significantly.

We expect growth rates to improve in coming quarters led by improved volumes in jewellery, traction and benefits of cost control in eyewear and watches. Caratlane should also see improved profitability with focus on throughput and profitability with calibrated store expansion. Although FY25 EPS growth is likely to be muted, we expect strong growth in FY26 (starting from 2H25) which will get a boost from gradual reduction in interest burden (Rs32bn borrowed to purchase stake in Caratlane). TTAN remains a formidable play on emerging lifestyle segments. TTAN trades at 59.6x June26E standalone EPS with 19.5% EPS CAGR over FY24-26. We retain accumulate with DCF based target price of Rs3958 (Rs3545 earlier).

Standalone Revenues (ex of Bullion) grew by 8.1% YoY to Rs120.5bn (PLe: Rs120.7bn); with Jewellery/ Watches/ Eyewear growing by 7.8%/ 14.7%/ 3%. Gross margins contracted by -5bps YoY to 20.9%. EBITDA grew by 9.8% YoY to Rs12.1bn Margins expanded by 15bps YoY to 10% (PLe:9.5%) Adj. PAT declined by -0.9% YoY to Rs7.7bn (PLe:Rs7.05bn)

Jewellery: revenues grew by 7.8% YoY to Rs107.9bn; EBIT grew by 10.4% YoY to Rs11bn; margins expanded by 24bps YoY to 10.2%. Studded ratio was 26% in 1Q25, flat YoY as demand for diamond jewellery remain subdued. Tanishq added 11 stores, taking total count to 490 stores. Buyers saw low single digit growth, as demand environment remains muted. New buyer proportion at ~45% remained healthy. International expansion continues with focus shifting to non-Indian diaspora catchments with a total of 17 stores as of Jun'24

Watches and Wearables: revenues grew by 14.7% YoY to Rs10.2bn; EBIT grew by 12.7% YoY to Rs1.2bn; margins contracted by -20bps YoY to 11.3%. Premium brands continued their strong performance. Wearables revenues declined 6% despite healthy volumes on continued erosion in prices. Titan launched its new analog collections of 'Aura' during the quarter. The Edge 'Allure' collection featured mother-of-pearl dial for the first time in the product.

Fragrances grew 10% while women handbags clocked healthy double-digit growth on YoY, **Taneira** sales grew 4% YoY, added 4 stores in Q1 taking store count to 80. Excluding impact of exit from Belts and wallets, leather goods sales grew 16%.

Eyewear revenues grew by 3% YoY to Rs2.1bn; EBIT declined by -42.9% YoY to Rs200mn; margins contracted by -767bps YoY to 9.6% as ad spends increased by 24% YoY. International brands grew ahead of house brands. Titan Eye+ started aggressive discounts and promotions, which boosted sales in a competitive market environment.

Key Concall Highlights: 1) Jewellery demand in Q1 remained soft amid rising gold prices (20% YoY), election led restrictions, heat wave & fewer wedding days, 2) Demand is expected to pick up in medium term given cut in custom duties, however rise in gold prices due to cut in global interest rates and escalation of geopolitical crisis remains key risk 3) The first six weeks of the quarter that included Akshaya Tritiya saw 20% retail growth 4) Competitive intensity continues to remain high with local and regional players growing their customer base, although TTAN maintained its overall market share 5) Reduction in custom duty will help organized players to gain market share as it will reduce illegal imports and thus price cutting 6) Ex-Caratlane new buyer contribution came at 45% in 1Q25 vs 46% in 1Q24. 7) wedding/ exchange contribution in 1Q came at 20%/35% vs 21%/37% previous years 8) Watch demand is witnessing good traction led by product differentiation & new launches under premium watches which has been taken off well by consumers 9) TTAN has infused good inventory for studded jewellery in the range of Rs5lakh-Rs20lakh and expects to see good traction in that range 10) South market grew by 16% YoY led by higher number of wedding days and comparatively lesser impact of heat wave 11) Custom duty cut to have an impact of ~Rs5-5.5bn which is to be shown under exceptional item for coming 2 quarters 12) TTAN plans to add 40-50 Tanishq stores and 70-80 Mia/Zoya store each year with 20-30 store to be converted into large format stores

Exhibit 1: Revenue grew by 8.1% YoY; Margins up by ~20bps YoY

Y/e March (Rs mn)	Q1FY25	Q1FY24	YoY gr. (%)	Q4FY24	FY25E	FY24	YoY gr. (%)
Net Sales	1,20,530	1,11,450	8.1	1,12,570	5,49,103	4,71,140	16.5
Gross Profit	25,250	23,400	7.9	23,860		1,01,700	
% of NS	20.9	21.0	(0.0)	21.2	0.0	21.6	
Advt & Sales Pro	2,020	2,070	(2.4)	1,810	14,796	8,290	78.5
% of NS	1.7	1.9		1.6	2.7	1.8	
Total Expenses	1,08,420	1,00,420	8.0	1,01,480	4,91,338	4,20,920	16.7
% of NS	90.0	90.1		90.1	89.5	89.3	
EBITDA	12,110	11,030	9.8	11,090	57,765	50,220	15.0
Margins %	10.0	9.9	0.2		10.5	10.7	
Depreciation	1,260	990	27.3	1,200	5,100	4,470	14.1
Interest	1,820	790	130.4	1,620	6,234	4,800	29.9
Other Income	1,180.0	990.0	19.2	1,500.0	2,323.3	5,100.0	(54.4)
PBT	10,210	10,240	(0.3)	9,770	48,754	46,050	5.9
Tax	2,510	2,470	2	1,910	12,188	10,640	15
Tax rate %	24.6	24.1		19.5	25.0	23.1	
Adjusted PAT	7,700	7,770	(0.9)	7,860	36,566	35,410	3.3

Source: Company, PL

Exhibit 2: Jewellery grew by 7.8% as demand remains subdued

(Rs m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Total Sales	89,800	87,540	1,09,070	97,440	1,11,770	1,17,030	1,29,700	1,13,280	1,20,970
Watches	7,850	8,290	8,110	8,710	8,900	10,920	9,820	9,400	10,210
YoY Growth	168.8%	20.7%	14.5%	40.0%	13.4%	31.7%	21.1%	7.9%	14.7%
Jewellery	79,560	76,850	98,330	86,310	1,00,080	1,03,300	1,17,090	1,01,250	1,07,870
YoY Growth	175.2%	22.0%	14.1%	32.6%	25.8%	34.4%	19.1%	17.3%	7.8%
Eyewear	1830	1670	1740	1650	2030	1880	1670	1660	2090
YoY Growth	173.1%	4.4%	11.5%	23.1%	10.9%	12.6%	-4.0%	0.6%	3.0%
Others	560	730	890	770	760	930	1,120	970	800
YoY Growth	300.0%	58.7%	71.2%	83.3%	35.7%	27.4%	25.8%	26.0%	5.3%
Total EBIT	11,560	12,360	13,400	10,640	11,090	13,700	14,810	11,550	12,120
Watches	1,030	1,230	890	980	1,020	1,600	550	800	1,150
YoY Growth	283.9%	33.7%	8.5%	1080.0%	-1.0%	30.1%	-38.2%	-18.4%	12.7%
EBIT Margin	13.1%	14.8%	11.0%	11.3%	11.5%	14.7%	5.6%	8.5%	11.3%
Jewellery	10,270	11,030	12,360	9,970	9,990	12,060	14,320	10,890	11,030
YoY Growth	396.1%	39.1%	-1.9%	30.0%	-2.7%	9.3%	15.9%	9.2%	10.4%
EBIT Margin	12.9%	14.4%	12.6%	11.6%	10.0%	11.7%	12.2%	10.8%	10.2%
Eyewear	360	280	320	20	350	280	140	80	200
YoY Growth	-376.9%	-24.3%	-5.9%	125.0%	-2.8%	0.0%	-56.3%	300.0%	-42.9%
EBIT Margin	19.7%	16.8%	18.4%	1.2%	17.2%	14.9%	8.4%	4.8%	9.6%
Others	(100)	(180)	(170)	(330)	(270)	(240)	(200)	(220)	(260)

Source: Company, PL

Exhibit 3: Jewellery: LTL growth at 3%, studded share at 26%

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Jewellery									
Volume Gr %	170	3	1	10	4	6	-6	-2	-17
Studded Share %	26	32	26	33	26	33	24	33	26
Sales Gr %	175.2%	22.0%	14.1%	32.6%	25.8%	34.4%	19.1%	17.3%	23.7%
Tanishq									
Sales Gr %	202	13	14	25	22	27.0	16.0	19.0	8.0
LTL Growth %	195	9	9	19	22	22.0	10.0	14.0	3.0
Stores	395	403	411	423	433	445	466	479	490
Area (sq. Ft)	15,30,000	15,70,000	16,40,000	17,40,000	18,00,000	1880000	2010000	2080000	2160000

Source: Company, PL

**Exhibit 4: Watches sales up 12% driven by premiumisation**

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Watches									
Sales Growth %	168.8	20.7	14.5	40.0	13.4	22.0	22.0	9.0	12.0
Volume Growth %	109	1	3	31	15				
World Of Titan									
Sales Growth %	241	31	14	18	8	8	7	12	13
LTL Sales growth %	227	26	8	11	2	2	3	7	9
Stores	570	577	601	622	636	646	655	665	670
Helios									
Sales Growth %	278	46	32	45	33	38	36	30	24
LTL Sales growth %	227	27	11	21	13	18	20	14	11
Stores	151	165	182	198	207	212	223	237	225
Fastrack									
Sales Growth %	230	26	19	11	-4	5	-5	6	15
LTL Sales growth %	231	26	18	8	-11	-7	-13	-4	5
Stores	161	163	170	185	188	193	198	218	242
LFS									
Sales Growth %	358	63	20	42	33	15	14	4	5
LTL Sales growth %	338	52	25	37	13	4	12	-8	-7

Source: Company, PL

Exhibit 5: 4Q Eyewear sales remained flattish, store count sees addition

Eyewear	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Sales Gr %	180	12	14	22	13	12	0	4	3
LTL Growth % (Titan Eye+)	185	1	1	10	3	0	-6	0	7
Stores	786	822	858	901	908	913	905	898	901
Area (sq Ft)	4,81,000	5,04,000	5,25,000	5,59,800	5,64,600	5,72,500	5,70,000	5,73,000	5,75,000

Source: Company PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	3,83,260	4,71,784	5,49,103	6,53,572
YoY gr. (%)	40.5	23.1	16.4	19.0
Cost of Goods Sold	2,90,460	3,77,819	4,22,294	4,92,810
Gross Profit	92,800	93,965	1,26,809	1,60,762
Margin (%)	24.2	19.9	23.1	24.6
Employee Cost	13,620	15,030	19,194	22,521
Other Expenses	14,070	12,949	21,717	27,799
EBITDA	48,260	49,764	57,765	74,248
YoY gr. (%)	44.2	3.1	16.1	28.5
Margin (%)	12.6	10.5	10.5	11.4
Depreciation and Amortization	3,640	4,470	5,100	5,952
EBIT	44,620	45,294	52,665	68,296
Margin (%)	11.6	9.6	9.6	10.4
Net Interest	2,400	4,800	6,234	4,248
Other Income	2,990	5,100	2,323	1,500
Profit Before Tax	45,210	45,594	48,754	65,547
Margin (%)	11.8	9.7	8.9	10.0
Total Tax	11,320	10,630	12,188	16,387
Effective tax rate (%)	25.0	23.3	25.0	25.0
Profit after tax	33,890	34,964	36,565	49,160
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	33,890	34,964	36,565	49,160
YoY gr. (%)	51.9	3.2	4.6	34.4
Margin (%)	8.8	7.4	6.7	7.5
Extra Ord. Income / (Exp)	-	-	(5,000)	-
Reported PAT	33,890	34,964	31,565	49,160
YoY gr. (%)	55.5	3.2	(9.7)	55.7
Margin (%)	8.8	7.4	5.7	7.5
Other Comprehensive Income	(460)	(30)	-	-
Total Comprehensive Income	33,430	34,934	31,565	49,160
Equity Shares O/s (m)	890	890	890	890
EPS (Rs)	38.1	39.3	41.1	55.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	19,430	24,345	28,679	34,384
Tangibles	17,820	22,010	26,605	32,119
Intangibles	1,610	2,335	2,074	2,265
Acc: Dep / Amortization	8,400	9,685	11,600	13,870
Tangibles	7,130	8,200	9,900	11,955
Intangibles	1,270	1,485	1,700	1,915
Net fixed assets	11,030	14,660	17,079	20,514
Tangibles	10,690	13,810	16,705	20,164
Intangibles	340	850	374	350
Capital Work In Progress	1,270	870	951	1,040
Goodwill	-	-	-	-
Non-Current Investments	16,900	69,110	71,445	73,970
Net Deferred tax assets	1,440	1,530	2,194	2,611
Other Non-Current Assets	13,380	15,520	18,648	21,084
Current Assets				
Investments	21,430	16,350	15,000	25,848
Inventories	1,49,520	1,68,740	2,04,651	2,36,246
Trade receivables	9,080	9,370	10,968	13,056
Cash & Bank Balance	7,920	8,050	4,773	(8,102)
Other Current Assets	11,010	12,900	13,728	16,339
Total Assets	2,50,880	3,28,620	3,70,418	4,15,678
Equity				
Equity Share Capital	890	890	890	890
Other Equity	1,19,050	1,43,680	1,64,358	2,01,949
Total Network	1,19,940	1,44,570	1,65,248	2,02,839
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	2,140	33,770	8,565	4,243
Other non current liabilities	13,590	16,660	15,022	17,093
Current Liabilities				
ST Debt / Current of LT Debt	62,800	76,080	1,07,611	1,04,664
Trade payables	9,650	9,430	15,232	17,861
Other current liabilities	42,760	48,110	58,740	68,978
Total Equity & Liabilities	2,50,880	3,28,620	3,70,418	4,15,678

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	44,650	45,594	48,754	65,547
Add. Depreciation	3,640	4,470	5,100	5,952
Add. Interest	1,950	2,400	4,800	6,234
Less Financial Other Income	2,990	5,100	2,323	1,500
Add. Other	820	30,880	(31,735)	(6,368)
Op. profit before WC changes	51,060	83,344	26,919	71,366
Net Changes-WC	(35,670)	(16,330)	6,215	(23,313)
Direct tax	(11,320)	(10,630)	(12,188)	(16,387)
Net cash from Op. activities	4,070	56,384	20,945	31,667
Capital expenditures	(4,750)	(7,700)	(7,600)	(9,477)
Interest / Dividend Income	-	-	-	-
Others	(2,470)	(50,620)	(1,236)	(1,260)
Net Cash from Invt. activities	(7,220)	(58,320)	(8,835)	(10,737)
Issue of share cap. / premium	(460)	(1,434)	(6,097)	-
Debt changes	9,650	14,800	5,300	(16,000)
Dividend paid	(6,660)	(8,900)	(9,790)	(11,570)
Interest paid	(1,950)	(2,400)	(4,800)	(6,234)
Others	-	-	-	-
Net cash from Fin. activities	580	2,066	(15,387)	(33,804)
Net change in cash	(2,570)	130	(3,277)	(12,875)
Free Cash Flow	(680)	48,684	13,346	22,190

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	38.1	39.3	41.1	55.2
CEPS	42.2	44.3	46.8	61.9
BVPS	134.8	162.4	185.7	227.9
FCF	(0.8)	54.7	15.0	24.9
DPS	7.5	10.0	11.0	13.0
Return Ratio(%)				
RoCE	27.0	22.5	21.3	23.5
ROIC	20.1	14.9	15.0	17.2
RoE	31.7	26.4	23.6	26.7
Balance Sheet				
Net Debt : Equity (x)	0.3	0.4	0.5	0.4
Net Working Capital (Days)	142	131	133	129
Valuation(x)				
PER	90.9	88.1	84.3	62.7
P/B	25.7	21.3	18.6	15.2
P/CEPS	82.1	78.1	74.0	55.9
EV/EBITDA	64.5	63.0	54.9	42.7
EV/Sales	8.1	6.6	5.8	4.8
Dividend Yield (%)	0.2	0.3	0.3	0.4

Source: Company Data, PL Research

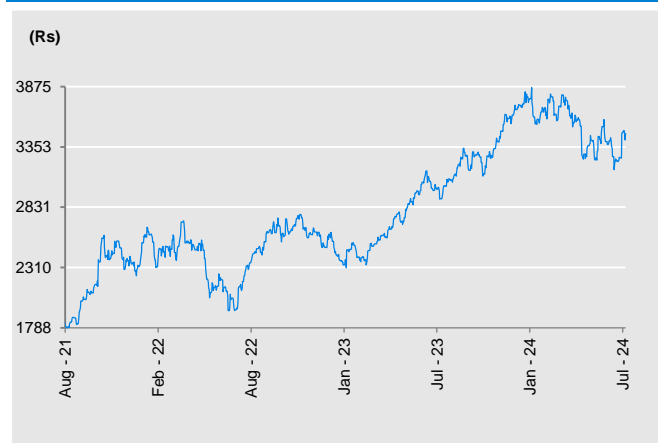
Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	1,16,600	1,30,520	1,12,570	1,20,530
YoY gr. (%)	33.6	20.0	16.0	8.1
Raw Material Expenses	90,500	1,02,160	88,710	95,280
Gross Profit	26,100	28,360	23,860	25,250
Margin (%)	22.4	21.7	21.2	20.9
EBITDA	13,550	14,570	11,090	12,110
YoY gr. (%)	9.8	9.5	6.2	9.8
Margin (%)	11.6	11.2	9.9	10.0
Depreciation / Depletion	1,100	1,180	1,200	1,260
EBIT	12,450	13,390	9,890	10,850
Margin (%)	10.7	10.3	8.8	9.0
Net Interest	1,060	1,330	1,620	1,820
Other Income	1,220	1,390	1,500	1,180
Profit before Tax	12,610	13,450	9,770	10,210
Margin (%)	10.8	10.3	8.7	8.5
Total Tax	3,210	3,050	1,910	2,510
Effective tax rate (%)	25.5	22.7	19.5	24.6
Profit after Tax	9,400	10,400	7,860	7,700
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	9,400	10,400	7,860	7,700
YoY gr. (%)	9.7	9.4	7.1	(0.9)
Margin (%)	8.1	8.0	7.0	6.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,400	10,400	7,860	7,700
YoY gr. (%)	9.7	9.4	7.1	(0.9)
Margin (%)	8.1	8.0	7.0	6.4
Other Comprehensive Income	(120)	(10)	110	(10)
Total Comprehensive Income	9,280	10,390	7,970	7,690
Avg. Shares O/s (m)	890	890	890	890
EPS (Rs)	10.6	11.7	8.8	8.7

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-24	Accumulate	3,545	3,269
2	31-May-24	Accumulate	3,578	3,242
3	04-May-24	Accumulate	3,767	3,534
4	09-Apr-24	Accumulate	3,817	3,682
5	01-Feb-24	Accumulate	3,671	3,627
6	08-Jan-24	Accumulate	3,640	3,706
7	03-Nov-23	Accumulate	3,387	3,275
8	07-Oct-23	Accumulate	3,312	3,310
9	21-Aug-23	Accumulate	3,300	3,050

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,605	2,974
2	Avenue Supermarts	Accumulate	5,104	5,027
3	Britannia Industries	Hold	5,315	5,547
4	Colgate Palmolive	Reduce	2,743	3,210
5	Dabur India	Hold	621	644
6	Emami	Hold	831	824
7	Hindustan Unilever	Hold	2,698	2,766
8	ITC	Accumulate	519	494
9	Jubilant FoodWorks	UR	-	570
10	Kansai Nerolac Paints	Reduce	284	307
11	Marico	Accumulate	621	615
12	Metro Brands	Hold	1,190	1,218
13	Mold-tek Packaging	Accumulate	843	796
14	Nestle India	Accumulate	2,746	2,481
15	Pidilite Industries	Accumulate	3,141	3,100
16	Restaurant Brands Asia	Accumulate	134	110
17	Titan Company	Accumulate	3,545	3,269
18	Westlife Foodworld	Hold	791	833

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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