

### Amid gold price volatility jewelry sales rise 23% in Q3

Titan's Q3FY24 print was below our estimates; amid volatility in gold prices consol. Revenue/EBITDA/PAT grew 22.0%/16.2%/15.5%. Jewelry segment (incl. bullion sale) grew 23%, driven by strategic gold exchange offer creating customer excitement to lift wedding jewelry share. Management alluded this to, (1) 50% contribution from new buyer, (2) with 24% contribution studded revenues grew 14%, and (3) growth in international business (now 14 stores). Moreover, jewelry segment reported 12.2% EBIT margin. Watches segment grew 21.1%, with 5.6% EBIT margin. Eyewear business cut by 4.0%, with 8.4% EBIT margin. Emerging businesses grew 25.8% led by Taneira (+61%), F & FA (-7.0%), while Caratlane saw solid growth of 32.0%. Gross margin lowered to 23.4% (-60bp); EBITDA at Rs15.6bn improved by 16.2% settling EBITDA margin at 11.0% (-55bp) YoY. Titan guided to maintain operating margin ~12-13% range. We increased earnings and retain BUY rating, with a revised DCF-based TP Rs4,255 (implying 65.6x avg. FY25E/FY26E EPS).

#### Strong performance led by growth in new buyers though some sales got preponed in Q2

Consolidated revenue in Q3FY24 grew by 22.0% to Rs141.6bn led by 23.0% growth in domestic jewelry business supported by healthy double digit growth in buyer and average bill value. Segmental growth: India Jewelry (+23.0%), Watches & Wearables (+21.1%), Eyewear (-4.0%) and Caratlane (+32.0%). Management alluded this to, (1) 50% contribution from new buyer, (2) 24% contribution studded revenues grew 14%, (3) store addition in international business (now 14 stores), and (4) aggressive gold exchange program (~43%). Watches reported 21.1% growth at Rs9.8bn led by analogue watches (+18%) and wearables (+65%). Revenues for Eyewear division cut by 4.0% to Rs1.7bn led by 9% decline in house brands though international brands grew 14%. Revenues for Taneira grew 61%, while declined 7% in F & FA. Store addition in Q3: jewelry: 38, W & W: 25, and Taneira: 11. Management guided for (1) Tanishq to add 40-45 stores, and (2) International 24 store in FY24. TEAL revenue grew by 61.3% to Rs2.0bn driven by 85% growth in Automation division, while manufacturing services grew 30% YoY.

#### Gross margin stable at 23.4% despite higher share from gold exchange and bullion sale

Gross margin lowered by 60bp to 23.4% due to higher share of gold exchange (43%), bullion sale and rationalization of gold prices to gain market share. Ad spends to 2.4% of net sales. EBITDA improved by 16.2% to Rs15.6bn while EBITDA margin at 11.0% (-55bp) YoY on the back of higher Ad spends (+23.4%), Employee cost (+16.8%) and other exp. (+23.4%). Despite high competitive intensity management remains confident securing market share and maintain operating margins in the range of ~12-13% in FY24.

#### Valuation driven by future revenue growth potential

We remain upbeat on Titan's operating performance led by strong demand across businesses segments yet its footing in international market appears to be promising. We reckon Titan's strategy revolving around serving millennials, meeting their aspirational demand with introduction of new designs and channels, yet rising share of wedding jewelry could pay richly. Further with rising interest rates and industry formalization showing up in market share gains for Titan. The turnaround in the Caratlane, watches, and eyewear divisions and continuity in their profitability potential need to be watched. With stable margin outlook we increased FY24E/FY25E earnings by 1.0%/9.9%. We retain BUY, with a revised DCF-based TP Rs4,255 (implying 65.6x avg. FY25E/FY26E EPS). Risks: irrational competition from regional players; prolonged recovery in the economy, leading to lower demand for jewelry and rising gold prices.

#### Financial and valuation summary

YE Mar (Rs mn)	3QFY24A	3QFY23A	YoY (%)	2QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	1,41,640	1,16,090	22.0	1,25,290	13.0	5,14,254	6,18,501	7,46,896
EBITDA	15,650	13,470	16.2	14,110	10.9	56,628	73,867	94,518
EBITDA margin (%)	11.0	11.6	(55bp)	11.3	(21bp)	11.0	11.9	12.7
Adj. Net profit	10,530	9,120	15.5	9,150	15.1	37,401	50,162	65,226
Adj. EPS (Rs)	11.8	10.3	15.5	10.3	15.1	42.0	56.4	73.3
EPS growth (%)						14.2	34.1	30.0
PE (x)						86.3	64.3	49.5
EV/EBITDA (x)						56.9	43.1	33.2
PBV (x)						22.2	17.9	14.3
RoE (%)						28.3	30.8	32.1
RoCE (%)						18.5	21.3	23.6

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Result Update

India I Consumer

01 February, 2024

#### BUY

Price: Rs3,698

Target Price: Rs4,255

Forecast return: 15%

Institutional Research

#### Market Data

Bloomberg:	TTAN IN
52 week H/L:	3,887/2,269
Market cap:	Rs3282.6bn
Shares Outstanding:	887.8mn
Free float:	40.6%
Avg. daily vol. 3mth:	8,47,571

Source: Bloomberg

#### Changes in the report

Rating:	Unchanged
Target price:	Rs4,255 from Rs3,780
EPS:	FY24E: Rs42.0; up 1.0% FY25E: Rs56.4; down 9.9%

Source: Centrum Broking

#### Shareholding pattern

	Dec-23	Sep-23	Jun-23	Mar-23
Promoter	52.9	52.9	52.9	52.9
FIIs	18.9	19.1	18.5	17.5
DIIIs	10.4	10.1	10.6	11.4
Public/other	17.8	18.0	17.9	18.2

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q3FY24	Actual Q3FY24	Variance (%)
Revenue	1,46,536	1,41,640	(3.3)
EBITDA	17,438	15,650	(10.3)
EBITDA margin %	11.9	11.0	(85bp)
Other Income	1,202	1,360	13
Interest	(1,304)	(1,690)	29.7
Depreciation	(1,469)	(1,540)	4.8
PBT	15,867	13,780	(13)
Tax	(4,173)	(3,250)	(22.1)
Rep. PAT	11,694	10,530	(10.0)
Adj. PAT	11,693.	10,530.	(10.0)

Source: Centrum Broking



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## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	5,14,254	478,357	7.5	6,18,501	571,462	8.2
EBITDA	56,628	59,031	(4.1)	73,867	71,569	3.2
EBITDA margin	11.0	12.3	(129bp)	11.9	12.5	(56bp)
Adj. PAT	37,401	37,052	0.9	50,162	45,660	9.9
Diluted EPS (Rs)	42.0	41.6	1.0	56.4	51.3	9.9

Source: Centrum Broking

### Titan Company versus NIFTY 50

	1m	6m	1 year
TTAN IN	(1.4)	20.8	54.6
NIFTY 50	(0.2)	10.0	23.2

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY24E	FY25E
Tanishq stores addition	55	60
Retail space growth Jewelry (%)	7.5	8.0
Caratlane store addition	50	55
Watches Volume growth (%)	6.0	5.0

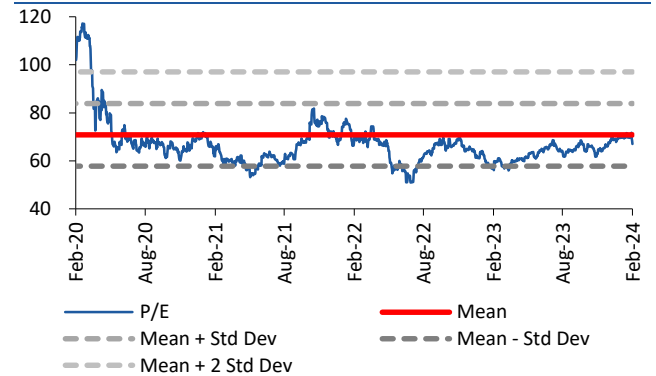
Source: Centrum Broking

### Valuations

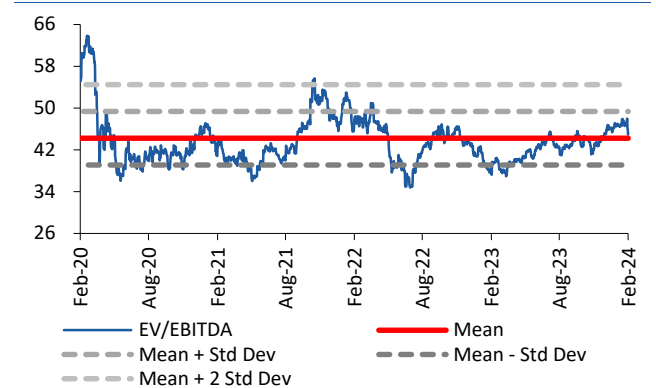
We remain upbeat on Titan's operating performance led by strong demand across businesses segments yet its footing in international market appears to be promising. We reckon Titan's strategy revolving around serving millennials, meeting their aspirational demand with introduction of new designs and channels, yet rising share of wedding jewelry could pay richly. Further with rising interest rates and industry formalization showing up in market share gains for Titan. The turnaround in the Caratlane, watches, and eyewear divisions and continuity in their profitability potential need to be watched. With stable margin outlook we increased FY24E/FY25E earnings by 1.0%/9.9%. We retain BUY, with a revised DCF-based TP Rs4,255 (implying 65.6x avg. FY25E/FY26E EPS). Risks: irrational competition from regional players; prolonged recovery in the economy, leading to lower demand for jewelry and rising gold prices.

Valuations	Rs/share
DCF-based target price (Rs)	4,255
WACC (%)	11.0
Terminal growth (%)	6.0

### P/E mean and standard deviation



### EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Mkt Cap Rs bn	CAGR FY23-FY25E (%)			PE (x)			EV/EBITDA (x)			RoE (%)		
		Sales	EBIDTA	PAT	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Titan Co. Ltd	3220.5	20.5	29.2	32.1	98.6	86.3	64.3	67.2	56.9	43.1	30.8	28.3	30.8
Kalyan Jewellers	359.8	20.8	28.6	37.4	77.5	50.6	36.8	28.6	22.1	16.7	13.7	17.9	20.2

Source: Company, Centrum Broking

**Exhibit 1: Key concall takeaways and metrics**

Centrum Quarterly Monitor	Q2FY24	Q3FY24	Our Comments
<b>Demand Environment</b>	Domestic jewellery business recorded 21% YoY growth with a double digit Buyer growth	Domestic jewellery business recorded 21% YoY growth with new buyer contribute ~50% across brands	We expect strong demand momentum would continue while competitive intensity would remain high
<b>Outlook and Guidance</b>	Management expect strong sales on the back of wedding sales	Company aspire to deliver 20% CAGR in jewellery over next 5 years	International expansion is on right track and margin outlook would be challenging due to higher competitive pricing
<b>Key Interventions</b>	81 stores have been added during the quarter	added 90 stores taking the group's retail presence to 2,949 stores	We expect store expansion pace to pick up, benefiting from formalization and compulsory hallmarking
<b>On Margins and Exceptional Items</b>	EBIT margins for Jewellery 10.9%, Watches 14.7%, eyewear 13.2% respectively	EBIT margins for Jewellery 11.6%, Watches 5.7%, eyewear 7.7% respectively	Management indicated that it will maintain EBIT margin of 12-13% for Jewellery/Watches business

Source: Centrum Broking

# Conference call highlights

## Overall market commentary

- Consol. net sales grew by 22.0% to Rs141.6bn largely led by jewelry growth of 24.0% on the back of healthy double digit buyer & avg. bill size growth; The New : Repeat buyer ratio was 50:50, exchange programs and discounting maintain growth momentum during festive season
- India business grew ~21% YoY on back of exchange programs and discounting maintain growth momentum during festive season; Studded revenues grew ~14% YoY with some softness witnessed in Dec'23
- Robust domestic consumer sales in Q3FY24 were led by 'Festival of Diamonds' (studded activation) and Tales of Mystique collection
- Management said that growth was healthy in Sept-Dec despite 'Shraadh' period in Oct though in Dec witness hesitancy from customer due to price volatility (16% for gold)
- During Q3FY24 Tanishq opened 18 new stores in India; Mia added 16 new stores; Mia is now present in 65 towns pan-India
- Segment revenue growth- Jewellery (including bullion sales) Rs125.6bn (+24.0%), Watches Rs9.9bn (+21.6%), Eyewear Rs1.6bn (+3.4%), Others Rs3.1bn (+46.3%)
- As Tanishq has seen higher buyer growth along with that higher ticket size (Rs.2lakhs +) while on Caratlane no ticket size growth has observed
- Management said there was softness in demand for less than 100k jewellery due to inflationary pressure and macro environment.
- Competitive intensity would be remain high while differentiator factors are Purity, Gold exchange programme, Transparency and Product finish
- Management has reconfirmed that Jewellery business would deliver EBITDA margin in the range of 12-13% on FY24
- Management believe, margin protection would be led by, (1) geography & channel mix, (2) higher studded & wedding jewellery and (3) light weight jewellery (higher gross margin)
- Margin was impacted on the back of higher competitive offers, higher exchange sales and higher brand building activities
- Management focusing on acquiring new customers at the more affordable range with its new sub-brands
- Company saw significant growth potential in watches across the channels & during the quarter gain substantial market share of ~8%-9%.
- Company is confident to deliver 20% CAGR in jewellery business in 5-year horizon goals, despite stretch target.
- The company is continuing to ride the premiumization wave with high margin and high-desire brands like Tanishq and Caratlane

## Key interventions

- In jewellery segment, 21 stores has been added in Tanishq, 17 stores in Mia & 16 store in Caratlane to reach at 898 stores in 450 cities
- In watches, it has added 9 stores under Titan World, 11 stores in Helios and 5 stores in Fastrack respectively

## Margins

- Gross margins lowered by 60bps to 23.4% due to higher share of gold exchange, bullion sale and rationalization of gold prices to gain market share
- EBITDA improved by 16.2% to Rs15.6bn though EBITDA margin came in at 11.0% (-55bp) YoY on the back of higher Ad spends (+23.8%), Employee cost (+16.8%) and other exp. (+23.4%)
- Management said margin decline in due to (1)Lower studded mix (2) volatime gold prices (3) instance competition during festive/wedding season led to higher discounting and marketing spend
- Ad spends as a % of sales lower by 3bp to 2.4%
- PBT increased by 10.8% despite higher interest expenses (+113.9%) & depreciation (+36.3%)
- Adj. PAT increase by 15.5% to Rs.10.5bn

## Category-wise commentary

### Jewellery

- Jewellery division (including bullion sales) reported strong growth of 23.0% led by healthy double digit buyer & avg. bill size growth; The New : Repeat buyer ratio was 50:50
- Studded Revenues grew ~14% YoY with some softness in demand seen in the month of December
- Tanishq expanded its international presence adding two more stores in USA in Houston and Dallas and one store in Singapore. Mia opened its first store in Dubai taking the Titan's Jewellery international footprint to 14 stores
- EBIT margin stood at 12.2% lower by 27bps due to higher exchange sales
- During the quarter, Tanishq opened 18 new stores in India; Mia added 16 new stores; Mia is now present in 65 towns pan-India

### Watches

- Segment reported 21.1% growth at Rs9.8bn led by led by 65% growth in the wearables watches along with 18% growth in the analogue segment
- 'Vyb', a new sub-brand catering to the affordable fashion party watches for girls was launched within Fastrack. Similarly, to address the evolving needs of fast fashion for the value conscious consumers, 'Poze' was launched under the Sonata umbrella
- In Wearables, Fastrack grew ~66% YoY and Titan Smart grew ~57% YoY. Wearables segment share in the total portfolio moved to ~14% from ~11% in Q3FY23
- Titan added 9 stores under Titan World, 11 stores in Helios and 5 stores in Fastrack respectively
- EBIT margin decline to 5.6%, (-443bp) due to competitive pricing on wearables space

### Eyewear

- Eyewear division revenues dropped by 4.0% to Rs1.7bn while Titan Eye+ stores saw similar trends
- International brands clocked a faster growth of ~14% YoY whereas House Brands saw a decline of ~9% YoY in Revenue
- The share of International brands inched up and they now contribute ~29%+ share in the portfolio
- Titan Eye+ opened two new stores internationally, one each in Dubai and Sharjah in the GCC region during the quarter
- EBIT came in at Rs14 cr at a margin of 8.4%

**Emerging Business**

- Fragrances & Fashion Accessories grew 4.0% led by 12.0% growth in fragrances
- Taneria witnessed 61.0% YoY growth and opened 11 new stores

**Caratlane**

- Caratlane revenue grew 32.0% YoY to Rs8.93bn
- CaratLane added 16 new stores (net) in the quarter taking the total store count to 262 stores spread across 105 cities pan-India

**Exhibit 2: Quarterly financials-Consolidated**

Particulars (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Sales</b>	<b>77,960</b>	<b>94,430</b>	<b>91,630</b>	<b>116,090</b>	<b>103,600</b>	<b>118,970</b>	<b>125,290</b>	<b>1,41,640</b>
Accretion to Stocks in trade & work in progress	(13,950)	(12,900)	(16,340)	(15,030)	(12,710)	(11,390)	(15,550)	(18,060)
Raw Material Consumed	(72,750)	(48,500)	(74,790)	(65,310)	(80,310)	(71,050)	(1,06,070)	(89,420)
Purchase of Stock-in-Trade	28,430	(8,980)	24,830	(8,060)	14,550	(10,110)	25,630	1,220
Employee Expenses	(3,950)	(3,870)	(3,920)	(4,110)	(4,570)	(4,480)	(4,630)	(4,800)
Other Exp	(7,800)	(8,220)	(8,940)	(10,110)	(9,670)	(10,690)	(10,560)	(9,110)
<b>Operating Profit (Core EBITDA)</b>	<b>7,940</b>	<b>11,960</b>	<b>12,470</b>	<b>13,470</b>	<b>10,890</b>	<b>11,250</b>	<b>14,110</b>	<b>15,650</b>
Depreciation	(1,020)	(1,030)	(1,060)	(1,130)	(1,190)	(1,280)	(1,440)	(1,540)
<b>EBIT</b>	<b>6,920</b>	<b>10,930</b>	<b>11,410</b>	<b>12,340</b>	<b>9,700</b>	<b>9,970</b>	<b>12,670</b>	<b>14,110</b>
Interest	(610)	(650)	(600)	(790)	(960)	(1,090)	(1,400)	(1,690)
Other Income	760	440	610	890	1,140	1,140	1,240	1,360
<b>Profit Before Tax</b>	<b>7,070</b>	<b>10,720</b>	<b>11,420</b>	<b>12,440</b>	<b>9,880</b>	<b>10,020</b>	<b>12,510</b>	<b>13,780</b>
Tax	(1,260)	(2,820)	(3,070)	(3,320)	(2,520)	(2,460)	(3,360)	(3,250)
Tax rate (%)	(17.8)	(26.3)	(26.9)	(26.7)	(25.5)	-24.6	-26.9	-23.5
<b>Profit After Tax</b>	<b>5,810</b>	<b>7,900</b>	<b>8,350</b>	<b>9,120</b>	<b>7,360</b>	<b>7,560</b>	<b>9,160</b>	<b>10,530</b>
Less: minority interest in income	(170)	(50)	(40)	(90)	(60)	0	0	
EO items	(370)	0	-	0	0	0	0	
<b>Adjusted PAT</b>	<b>5,810</b>	<b>7,900</b>	<b>8,350</b>	<b>9,120</b>	<b>7,360</b>	<b>7,560</b>	<b>9,160</b>	<b>10,530.0</b>
<b>Growth (%)</b>								
Net Sales	4.0	171.9	22.3	15.7	32.9	26.0	36.7	22.0
EBITDA	(2.8)	773.0	28.8	(6.6)	37.2	(5.9)	13.2	16.2
PAT	2.3	4288.9	30.3	(9.8)	26.7	(4.3)	9.7	15.3
<b>Margin (%)</b>								
Gross Margin	25.3	25.5	27.6	23.9	24.3	22.2	23.4	23.3
EBITDA	10.2	12.7	13.6	11.6	10.5	9.5	11.3	11.0
EBIT	8.9	11.6	12.5	10.6	9.4	8.4	10.1	10.0
PAT	7.5	8.4	9.1	7.9	7.1	6.4	7.3	7.4

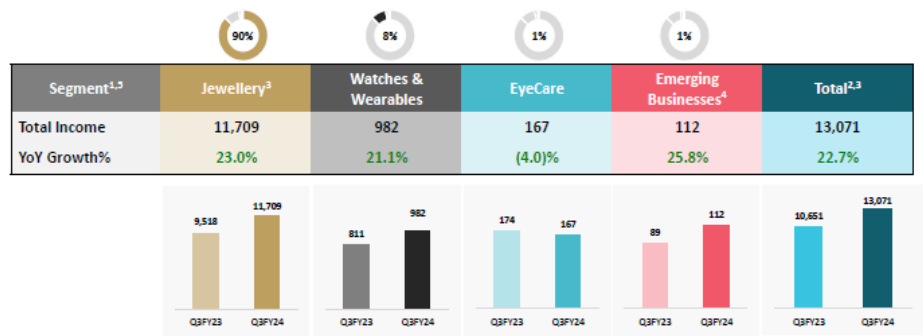
Source: Company, Centrum Broking

**Exhibit 3: Quarterly segmental growth and EBIT margin Trend-Consolidated**

Particulars (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Segmentation Revenues</b>								
Watches	6,250	7,860	8,300	8,110	8,830	9,130	10,920	9,860
Jewelry	68,430	83,510	79,970	104,460	91,200	106,960	110,810	1,27,420
Eyewear	1,340	1,830	1,670	1,740	1,650	2,030	1,890	1,680
Others	2,290	1,440	1,960	2,140	2,510	1,370	2,180	3,130
<b>Segment EBIT</b>								
Watches	-350	980	1,220	820	1,060	1,010	1,600	560
Jewelry	7,670	10,520	10,880	12,430	10,040	10,220	12,170	14,820
Eyewear	-70	360	280	320	20	350	250	130
Others	20	-160	-20	-160	-140	-370	-20	50
<b>EBIT margins</b>								
Watches	-5.6	12.5	14.7	10.1	12.0	11.1	14.7	5.7
Jewelry	11.2	12.6	13.6	11.9	11.0	9.6	11.0	11.6
Eyewear	-5.2	19.7	16.8	18.4	1.2	17.2	13.2	7.7
Others	0.9	-11.1	-1.0	-7.5	-5.6	-27.0	-0.9	1.6

Source: Centrum Broking

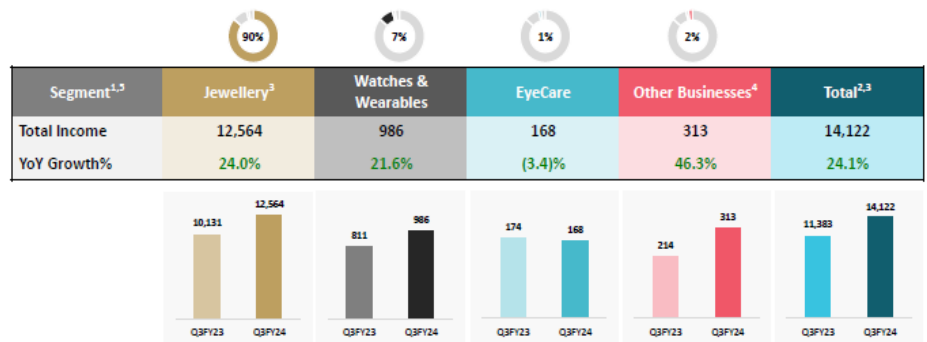
**Exhibit 4: Strong performance in the standalone business**



Note:  
 1. Figures in ₹ Crores, unless stated otherwise  
 2. Total figures include Corporate segment  
 3. Jewellery and Total figures exclude bullion sales of ₹120 cr and ₹13 cr in Q3FY24 and Q3FY23 respectively  
 4. Emerging Businesses include Fragrances and Fashion Accessories, Indian Dress Wear  
 5. Total income from International Business is included in the respective divisions

Source: Company

**Exhibit 5: Performance Highlights - Consolidated**



Note:  
 1. Figures in ₹ Crores, unless stated otherwise  
 2. Total figures include Corporate segment  
 3. Jewellery and Total figures exclude bullion sales of ₹178 cr and ₹13 cr in Q3FY24 and Q3FY23 respectively  
 4. Other Businesses include Emerging Business Divisions of Fragrances and Fashion Accessories, Indian Dress Wear and the Subsidiaries TEAL and TCTL  
 5. Total income from International Business is included in the respective divisions

Source: Company

**Exhibit 6: Glimpses of Tanishq's New collections and Campaigns**

**TANISHQ**  
 PRESENTS  
**Dharohar**  
 A BARRA PRODUCT

For the woman who's the custodian of legacies  
 For the woman who carries it forward gracefully  
 For the woman who wears it proudly

Inspired by heirloom artefacts and the opulent jewellery of our glorious past, Dharohar is a magical journey into the rich depths of our heritage. It's an enchanting celebration of tradition and modernity, exuding the intricate craftsmanship, unique designs, and precious history of our land.

Within this collection, you'll find a treasure trove of Kundan jewellery, classic gold jewellery, and vintage jewellery with embellished stones waiting to be adorned. Every piece is a tribute to the Tanishq woman who aspires to carry forward this glorious legacy

20% Off on Kundan Jewellery  
 Get 100% on Kundan Jewellery

Source: Company



**Exhibit 7: Glimpses of Zoya New collection & campaigns**



Source: Company

**Exhibit 8: GLaunch of Vyb – the new Fastrack Sub Brand**



Source: Company

**Exhibit 9: Glimpses of International Brand Campaigns**



Source: Company



**Exhibit 10: Glimpses of EyeCare’s New Campaigns**

by wearing Titan EyeX SmartGlasses.

For the launch of 5 new product innovations, Titan Eye+ took a rather unique route! We converted an otherwise invisible OOH into a live interactive OOH. With the pull of a celebrity, the live interaction provided us with an opportunity to pitch multiple products to various target groups. Not only did we pitch the product we also gave them the delight of conversing with Ayushmann Khurrana in real-time. The Digital OOH met with a lot of delight and comments floating in calling it 'innovative' and 'unique'

**Dash Superstar** is an open-for-all opportunity to all boys & girls up to the age of 14 years to participate and become the face of the brand. 15,000+ children participated across 300+ cities and 18 states

Source: Company

**Exhibit 11: Glimpses of Taneira’s “The Queen’s” Collection and Campaign**

Sky Earth Water

During a season filled with festivals and weddings, Taneira celebrated the essence of women and their spirit with the introduction of “The Queen’s” Collection. The collection, inspired by elemental forces – Air, Water, Fire, Earth, and Sky, and handwoven in various traditional fabrics and adorned with crafts, the collection symbolizes the power and independence of women. Additionally, Taneira’s strategic marketing efforts included a TVC and DVC featuring Mrunal Thakur, promoting the collection across TV, digital, print, and outdoor platforms in major markets

Source: Company

**Exhibit 12: Glimpses of Taneira’s New Campaigns & Collections**


Taneira launched the 'Wedding Weaves' campaign in December, capitalizing on the winter wedding season

To promote and celebrate Taneira’s Kanjeevarams, crafted with certified pure zari and timeless artistry, inviting a new generation to revel in its unparalleled craftsmanship and heritage


Brand further highlighted India’s rich heritage at 'Parichay' presenting rare crafts and textiles during an exclusive exhibition in Bengaluru

Source: Company

**Exhibit 13: Glimpses of CaratLane’s New Campaigns and Collections**



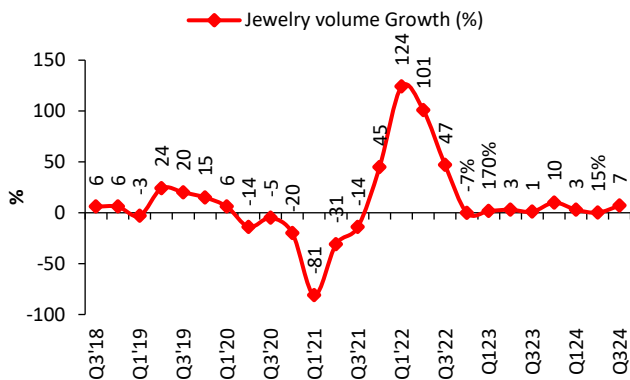
**Alpna**  
A collection inspired by traditional Bengali motifs that symbolizes celebration & invites prosperity



The **Everyday Vows** campaign emphasizes that modern women view Mangalsutras as an expression of love, celebrating all the special yet seemingly ordinary moments in a couple's life

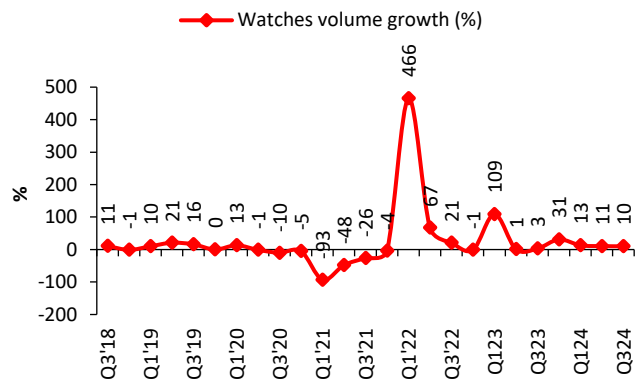
Source: Company

**Exhibit 1: Quarterly jewellery volume growth trends**



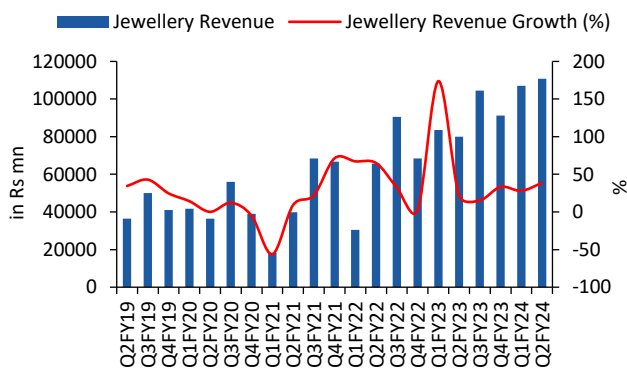
Source: Company Data, Centrum Broking

**Exhibit 2: Quarterly watches volume growth trends**



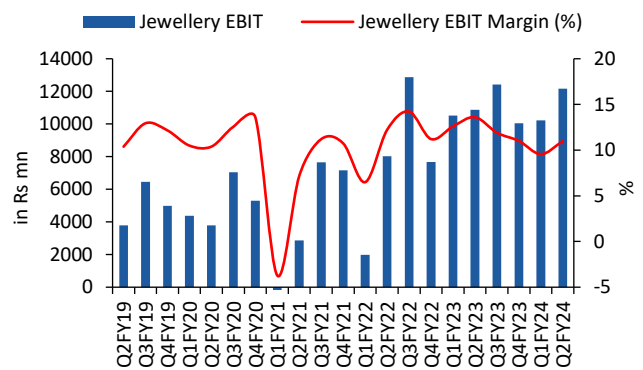
Source: Company Data, Centrum Broking

**Exhibit 3: Jewellery sales and growth trends**



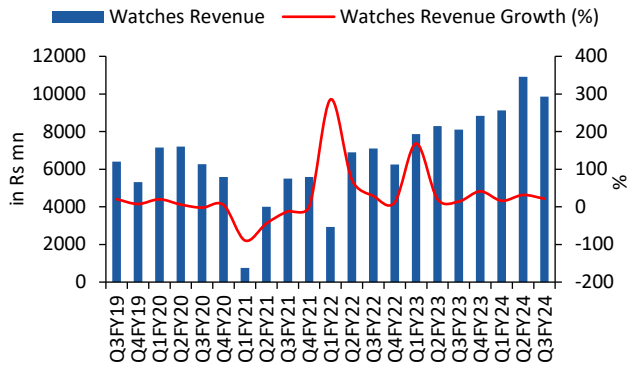
Source: Company Data, Centrum Broking

**Exhibit 4: Jewellery EBIT and EBIT margin trends**



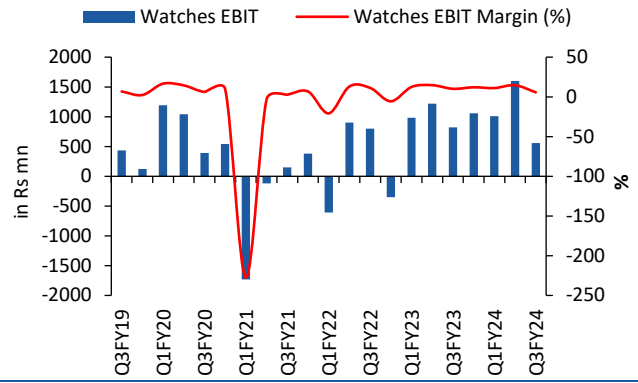
Source: Company Data, Centrum Broking

**Exhibit 5: Watches sales and growth trends**



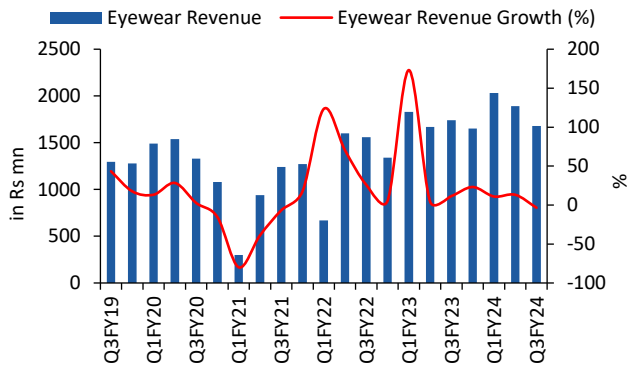
Source: Company Data, Centrum Broking

**Exhibit 6: Watches EBIT and EBIT margin trends**



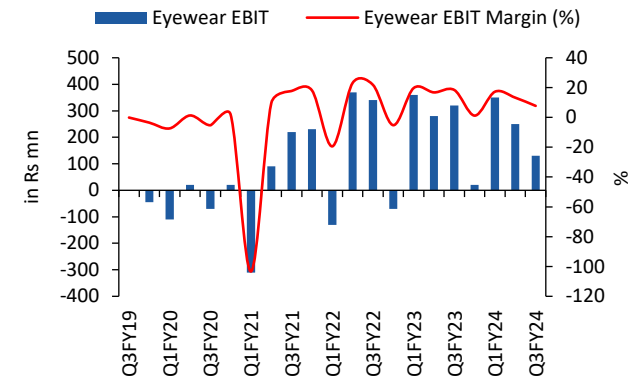
Source: Company Data, Centrum Broking

**Exhibit 7: Eyewear sales and growth trends**



Source: Company Data, Centrum Broking

**Exhibit 8: Eyewear EBIT and EBIT margin trends**



Source: Company Data, Centrum Broking

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Revenues</b>	<b>2,87,990</b>	<b>4,05,750</b>	<b>5,14,254</b>	<b>6,18,501</b>	<b>7,46,896</b>
Operating Expense	2,16,410	3,03,550	3,89,625	4,63,312	5,54,734
Employee cost	13,490	16,470	21,260	25,415	30,504
Others	24,680	36,940	46,741	55,907	67,139
<b>EBITDA</b>	<b>33,410</b>	<b>48,790</b>	<b>56,628</b>	<b>73,867</b>	<b>94,518</b>
Depreciation & Amortisation	3,990	4,410	6,026	7,040	8,089
<b>EBIT</b>	<b>29,420</b>	<b>44,380</b>	<b>50,602</b>	<b>66,827</b>	<b>86,429</b>
Interest expenses	2,180	3,000	5,702	5,815	6,418
Other income	2,340	3,080	4,955	5,856	6,943
<b>PBT</b>	<b>29,580</b>	<b>44,460</b>	<b>49,855</b>	<b>66,869</b>	<b>86,954</b>
Taxes	7,060	11,730	12,464	16,717	21,739
Effective tax rate (%)	23.9	26.4	25.0	25.0	25.0
<b>PAT</b>	<b>22,520</b>	<b>32,730</b>	<b>37,391</b>	<b>50,152</b>	<b>65,216</b>
Minority/Associates	0	10	10	10	10
<b>Recurring PAT</b>	<b>22,520</b>	<b>32,740</b>	<b>37,401</b>	<b>50,162</b>	<b>65,226</b>
Extraordinary items	(540)	0	0	0	0
<b>Reported PAT</b>	<b>21,980</b>	<b>32,740</b>	<b>37,401</b>	<b>50,162</b>	<b>65,226</b>

Ratios					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Growth (%)</b>					
Revenue	33.1	40.9	26.7	20.3	20.8
EBITDA	93.8	46.0	16.1	30.4	28.0
Adj. EPS	130.6	45.4	14.2	34.1	30.0
<b>Margins (%)</b>					
Gross	24.9	25.2	24.2	25.1	25.7
EBITDA	11.6	12.0	11.0	11.9	12.7
EBIT	10.2	10.9	9.8	10.8	11.6
Adjusted PAT	7.6	8.1	7.3	8.1	8.7
<b>Returns (%)</b>					
ROE	26.8	30.8	28.3	30.8	32.1
ROCE	24.0	21.5	18.5	21.3	23.6
ROIC	30.1	24.4	23.8	34.7	45.6
<b>Turnover (days)</b>					
Gross block turnover ratio (x)	9.9	10.7	12.3	13.4	14.4
Debtors	6	6	6	6	6
Inventory	186	182	185	194	187
Creditors	99	48	52	88	94
Net working capital	97	152	140	139	138
<b>Solvency (x)</b>					
Net debt-equity	0.0	0.5	0.0	(0.2)	(0.4)
Interest coverage ratio	15.3	16.3	9.9	12.7	14.7
Net debt/EBITDA	0.1	1.2	0.0	(0.4)	(0.9)
<b>Per share (Rs)</b>					
Adjusted EPS	25.3	36.8	42.0	56.4	73.3
BVPS	104.9	133.8	163.2	202.6	253.9
CEPS	29.8	41.7	48.8	64.3	82.4
DPS	4.0	7.5	12.6	16.9	22.0
Dividend payout (%)	16.2	20.3	30.0	30.0	30.0
<b>Valuation (x)</b>					
P/E	143.3	98.6	86.3	64.3	49.5
P/BV	34.6	27.1	22.2	17.9	14.3
EV/EBITDA	96.4	67.2	56.9	43.1	33.2
Dividend yield (%)	0.1	0.2	0.3	0.5	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	890	890	890	890	890
Reserves & surplus	92,440	1,18,150	1,44,331	1,79,444	2,25,102
Shareholders fund	93,330	1,19,040	1,45,221	1,80,334	2,25,992
Minority Interest	0	0	0	0	0
Total debt	18,770	93,670	93,670	93,670	93,670
Non Current Liabilities	2,030	2,450	2,450	2,450	2,450
Def tax liab. (net)	60	30	30	30	30
<b>Total liabilities</b>	<b>1,14,190</b>	<b>2,15,190</b>	<b>2,41,371</b>	<b>2,76,484</b>	<b>3,22,142</b>
Gross block	29,030	37,810	41,667	46,306	51,908
Less: acc. Depreciation	(7,110)	(11,520)	(17,546)	(24,586)	(32,674)
Net block	21,920	26,290	24,121	21,720	19,233
Capital WIP	690	1,330	1,330	1,330	1,330
Net fixed assets	26,290	31,420	29,251	26,850	24,363
Non Current Assets	6,450	9,650	9,650	9,650	9,650
Investments	2,790	3,510	3,510	3,510	3,510
Inventories	1,36,090	1,65,840	2,28,922	2,63,466	3,03,835
Sundry debtors	5,650	6,740	9,525	11,117	12,607
Cash & Cash Equivalents	15,880	35,070	90,856	1,25,755	1,76,618
Loans & advances	7,140	3,540	4,487	5,396	6,516
Other current assets	9,780	12,880	16,324	19,634	23,709
Trade payables	66,920	12,140	98,363	1,25,081	1,61,278
Other current liab.	30,450	41,580	52,699	63,382	76,540
Provisions	380	1,320	1,673	2,012	2,430
Net current assets	76,790	1,69,030	1,97,379	2,34,894	2,83,038
<b>Total assets</b>	<b>1,14,190</b>	<b>2,15,190</b>	<b>2,41,371</b>	<b>2,76,484</b>	<b>3,22,142</b>

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	29,040	44,470	49,865	66,879	86,964
Depreciation & Amortisation	3,990	4,410	6,026	7,040	8,089
Net Interest	1,220	1,570	747	(41)	(526)
Net Change – WC	(32,200)	(24,130)	27,437	(2,615)	2,718
Direct taxes	(8,020)	(11,540)	(12,464)	(16,717)	(21,739)
<b>Net cash from operations</b>	<b>(7,240)</b>	<b>13,700</b>	<b>71,610</b>	<b>54,545</b>	<b>75,507</b>
Capital expenditure	(2,160)	(4,200)	(3,857)	(4,639)	(5,602)
Acquisitions, net	0	0	0	0	0
Investments	13,240	(15,340)	0	0	0
Others	560	1,430	4,955	5,856	6,943
<b>Net cash from investing</b>	<b>11,640</b>	<b>(18,110)</b>	<b>1,098</b>	<b>1,217</b>	<b>1,342</b>
<b>FCF</b>	<b>4,400</b>	<b>(4,410)</b>	<b>72,708</b>	<b>55,762</b>	<b>76,848</b>
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	1,700	16,770	0	0	0
Dividend paid	(3,550)	(6,660)	(11,220)	(15,048)	(19,568)
Interest paid	(2,180)	(3,000)	(5,702)	(5,815)	(6,418)
Others	0	(2,540)	0	0	0
<b>Net cash from financing</b>	<b>(4,030)</b>	<b>4,570</b>	<b>(16,922)</b>	<b>(20,864)</b>	<b>(25,986)</b>
Net change in Cash	370	160	55,786	34,899	50,863

Source: Company, Centrum Broking



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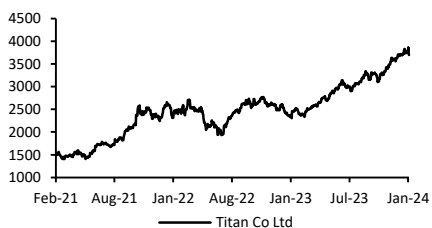
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#### Titan Company Ltd



Source: Bloomberg

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