

# Titan Company | BUY

## Damas buy – spreading tentacles, enlarging pie in UAE jewellery market

Titan has entered into an agreement to acquire 67% stake in Damas LLC, which will provide the former access to the Damas Jewellery business (ex-Graff Monobrand franchise business). Titan has acquired Damas at an EV of AED 1,038mn (excluding GML), translating into 0.7x EV/sales CY24. The acquisition has multiple positives as it (i) helps Titan to become 3<sup>rd</sup>/4<sup>th</sup> largest player in the 4<sup>th</sup> largest jewellery market in the world, (ii) gives it access to 146 premium locations in UAE, and (iii) offers scope of improvement in profitability in the GCC region led by several synergy benefits in terms of talent, retail networks and supply chain. We are not building in this acquisition into our estimates as we await granular details related to it, like PL/BS and CF. We have a BUY rating on the stock with a TP of INR 3,725 (57x Mar'27 EPS).

- **Acquisition of Damas Jewellery business:** Titan, through its wholly owned subsidiary Titan holdings International FZCO, has entered into an agreement to **acquire 67% stake in Damas LLC (UAE)** – which is the holding company for the Damas Jewellery business in GCC countries – from Mannai Corporation (ex-Graff Monobrand franchise business). The current Graff Monobrand franchisee business of Damas LLC will be discontinued before completion of the acquisition. Titan has agreed to **acquire Damas at an EV of AED 1,038mn through cash consideration**. It will also have the right to acquire the remaining 33% stake from Mannai after 31<sup>st</sup> Dec'29, subject to certain conditions. The deal is likely to be financed through a combination of debt and cash balances, and internal accruals; it **implies a multiple of 0.7x EV/sales CY24**.
- **About the acquired company:** Damas Jewellery, founded in 1907, is headquartered in Dubai and is Middle East's premier jewellery retailer, it has a rich legacy of over a century marked by unparalleled craftsmanship and innovation. **It operates 146 stores across the 6 GCC countries**. The brand seamlessly blends intricate designs inspired by the regional heritage such as Arabic architecture and the Arabic alphabet, with contemporary trends to cater to a diverse clientele of affluent customers. **Revenue for the company has grown at 13% CAGR over CY22-24. Revenue grew ~10% YoY to AED 1.5bn while PAT declined 64% YoY to AED 8mn in CY24.**
- **Purpose of acquisition:** The acquisition is strategically significant for Titan's jewellery business as it **will facilitate expansion across the 6 GCC countries**. CK Venkataraman, MD of Titan, highlighted that the Damas acquisition will help Tanishq step out from its diaspora focus to other nationalities and ethnicities. The acquisition will not only create a significant new global opportunity for Titan but will also enhance Titan's overall position in the jewellery market in the GCC countries considering it provides access to 146 premium locations in the UAE market and will make Titan (incl Damas) the 3<sup>rd</sup> or 4<sup>th</sup> largest player in the market. **It will also bring in multiple synergy benefits in talent, retail networks and supply chain, and employee cost.**

Note – Currently, Damas LLC is the holding company for the entire jewellery business of Mannai Corporation QPSC. Post restructuring, Signature Jewellery Holding Limited will become the holding company for Damas, and all the entities under Damas LLC (UAE) will become step-down subsidiaries of Signature Jewellery Holding Limited.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,10,840	6,04,560	6,84,959	7,96,464	9,21,449
Sales Growth (%)	25.9	18.3	13.3	16.3	15.7
EBITDA	52,920	56,940	75,363	89,685	1,05,754
EBITDA Margin (%)	10.4	9.4	11.0	11.3	11.5
Adjusted Net Profit	34,960	33,370	46,041	57,595	69,304
Diluted EPS (INR)	39.4	37.6	51.9	64.9	78.1
Diluted EPS Growth (%)	7.6	-4.5	38.0	25.1	20.3
ROIC (%)	25.0	20.4	25.7	30.1	30.8
ROE (%)	32.8	31.8	34.5	33.3	31.3
P/E (x)	87.2	91.3	66.2	52.9	44.0
P/B (x)	32.4	26.2	20.2	15.6	12.3
EV/EBITDA (x)	58.4	54.7	40.6	34.0	28.6
Dividend Yield (%)	0.3	0.3	0.4	0.4	0.5

Source: Company data, JM Financial. Note: Valuations as of 21/Jul/2025



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	HOLD
Current Price Target (12M)	3,725
Upside/(Downside)	8.5%
Previous Price Target	3,725
Change	0.0%

### Key Data – TTAN IN

Current Market Price	INR3,433
Market cap (bn)	INR3,047.8/US\$35.3
Free Float	40%
Shares in issue (mn)	887.8
Diluted share (mn)	887.8
3-mon avg daily val (mn)	INR3,226.1/US\$37.4
52-week range	3,867/2,925
Sensex/Nifty	82,200/25,091
INR/US\$	86.3

### Price Performance

%	1M	6M	12M
Absolute	-2.4	2.4	5.3
Relative*	-2.2	-4.8	3.2

\* To the BSE Sensex

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**Exhibit 1. Damas Jewellery business performance**

Particulars (INR mn)	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
<b>Revenue</b>	<b>27,756</b>	<b>25,478</b>	<b>23,539</b>	<b>16,091</b>	<b>21,215</b>	<b>24,136</b>	<b>29,701</b>	<b>32,986</b>
YoY Growth (%)	-11.7	-8.2	-7.6	-31.6	31.8	13.8	23.1	11.1
Gross Profit	7,719	7,236	4,508	3,964	4,317	4,865	6,898	8,119
<b>Gross Margin (%)</b>	<b>27.8</b>	<b>28.4</b>	<b>19.2</b>	<b>24.6</b>	<b>20.3</b>	<b>20.2</b>	<b>23.2</b>	<b>24.6</b>
<b>EBITDA</b>	<b>3,025</b>	<b>1,582</b>	<b>-410</b>	<b>144</b>	<b>2,077</b>	<b>2,499</b>	<b>3,371</b>	<b>3,451</b>
<b>EBITDA Margin (%)</b>	<b>10.9</b>	<b>6.2</b>	<b>-1.7</b>	<b>0.9</b>	<b>9.8</b>	<b>10.4</b>	<b>11.3</b>	<b>10.5</b>
Depreciation	-527	-581	-1,319	-1,347	-1,427	-1,628	-1,847	-2,043
Finance Cost	-1,281	-612	-819	-730	-523	-646	-1,031	-1,159
PBT	1,217	389	-2,548	-1,933	127	225	494	249
<b>PAT</b>	<b>1,189</b>	<b>374</b>	<b>-2,554</b>	<b>-1,937</b>	<b>100</b>	<b>215</b>	<b>498</b>	<b>184</b>
Segment Assets	30,148	31,991	30,243	29,446	37,855	42,934	49,719	51,684
Segment Liabilities	9,398	11,451	11,640	11,807	20,249	23,921	29,251	30,841
<b>ROE</b>	<b>6%</b>	<b>2%</b>	<b>-13%</b>	<b>-10%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>1%</b>
QAR/INR	17.7	18.7	19.2	20.2	20.1	21.5	22.6	23.0

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,10,840	6,04,560	6,84,959	7,96,464	9,21,449
Sales Growth	25.9%	18.3%	13.3%	16.3%	15.7%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>5,10,840</b>	<b>6,04,560</b>	<b>6,84,959</b>	<b>7,96,464</b>	<b>9,21,449</b>
Cost of Goods Sold/Op. Exp	3,94,320	4,74,560	5,26,478	6,09,732	7,02,958
Personnel Cost	18,640	21,560	24,085	27,607	31,479
Other Expenses	44,960	51,500	59,034	69,440	81,259
<b>EBITDA</b>	<b>52,920</b>	<b>56,940</b>	<b>75,363</b>	<b>89,685</b>	<b>1,05,754</b>
EBITDA Margin	10.4%	9.4%	11.0%	11.3%	11.5%
EBITDA Growth	8.5%	7.6%	32.4%	19.0%	17.9%
Depn. & Amort.	5,840	6,930	7,941	9,081	10,329
EBIT	47,080	50,010	67,421	80,604	95,424
Other Income	5,330	4,860	4,650	4,468	4,466
Finance Cost	6,190	9,530	9,510	6,807	5,711
PBT before Excep. & Forex	46,220	45,340	62,562	78,264	94,179
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	46,220	45,340	62,562	78,264	94,179
Taxes	11,260	11,980	16,530	20,679	24,885
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	10	10	10	10
Reported Net Profit	34,960	33,370	46,041	57,595	69,304
<b>Adjusted Net Profit</b>	<b>34,960</b>	<b>33,370</b>	<b>46,041</b>	<b>57,595</b>	<b>69,304</b>
Net Margin	6.8%	5.5%	6.7%	7.2%	7.5%
Diluted Share Cap. (mn)	887.8	887.8	887.8	887.8	887.8
<b>Diluted EPS (INR)</b>	<b>39.4</b>	<b>37.6</b>	<b>51.9</b>	<b>64.9</b>	<b>78.1</b>
Diluted EPS Growth	7.6%	-4.5%	38.0%	25.1%	20.3%
Total Dividend + Tax	9,766	9,766	11,541	13,317	15,980
Dividend Per Share (INR)	11.0	11.0	13.0	15.0	18.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	93,930	1,16,240	1,50,740	1,95,018	2,48,342
Share Capital	890	890	890	890	890
Reserves & Surplus	93,040	1,15,350	1,49,850	1,94,128	2,47,452
Lease Liabilities	20,320	23,180	24,476	25,796	27,176
Minority Interest	0	0	0	0	0
Total Loans	78,380	1,02,860	48,020	32,500	15,000
Def. Tax Liab. / Assets (-)	-1,840	-1,680	-1,680	-1,680	-1,680
<b>Total - Equity &amp; Liab.</b>	<b>1,90,790</b>	<b>2,40,600</b>	<b>2,21,556</b>	<b>2,51,634</b>	<b>2,88,838</b>
Net Fixed Assets	38,060	41,670	47,565	53,772	60,323
Gross Fixed Assets	27,330	31,381	39,600	48,959	59,555
Intangible Assets	4,370	4,450	4,450	4,450	4,450
Less: Depn. & Amort.	9,950	12,831	16,451	20,923	26,348
Capital WIP	16,310	18,670	19,966	21,286	22,666
Investments	23,450	19,880	19,890	19,900	19,910
Current Assets	2,52,120	3,43,220	3,28,439	3,75,830	4,32,005
Inventories	1,90,510	2,81,840	2,62,724	3,04,402	3,50,908
Sundry Debtors	10,180	10,680	11,913	13,634	15,521
Cash & Bank Balances	15,260	15,840	15,935	15,757	18,865
Loans & Advances	23,470	22,610	25,617	29,787	34,461
Other Current Assets	12,700	12,250	12,250	12,250	12,250
Current Liab. & Prov.	1,22,840	1,64,170	1,74,338	1,97,868	2,23,400
Current Liabilities	67,510	97,730	99,460	1,11,287	1,23,701
Provisions & Others	55,330	66,440	74,878	86,581	99,698
Net Current Assets	1,29,280	1,79,050	1,54,101	1,77,962	2,08,606
<b>Total - Assets</b>	<b>1,90,790</b>	<b>2,40,600</b>	<b>2,21,556</b>	<b>2,51,634</b>	<b>2,88,838</b>

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	46,220	45,350	62,572	78,274	94,189
Depn. & Amort.	5,840	6,930	7,941	9,081	10,329
Net Interest Exp. / Inc. (-)	860	4,670	4,860	2,340	1,245
Inc (-) / Dec in WCap.	-25,360	-52,260	25,044	-24,040	-27,535
Others	1,120	790	100	0	0
Taxes Paid	-11,730	-10,890	-16,530	-20,679	-24,885
<b>Operating Cash Flow</b>	<b>16,950</b>	<b>-5,410</b>	<b>83,986</b>	<b>44,976</b>	<b>53,344</b>
Capex	-6,710	-4,700	-8,220	-9,358	-10,597
Free Cash Flow	10,240	-10,110	75,767	35,617	42,747
Inc (-) / Dec in Investments	2,330	7,280	-10	-10	-10
Others	2,490	2,880	4,650	4,468	4,466
<b>Investing Cash Flow</b>	<b>-1,890</b>	<b>5,460</b>	<b>-3,579</b>	<b>-4,901</b>	<b>-6,141</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-8,880	-9,760	-11,541	-13,317	-15,980
Inc / Dec (-) in Loans	56,290	22,210	-54,840	-15,520	-17,500
Others	-60,700	-12,520	-13,931	-11,416	-10,615
<b>Financing Cash Flow</b>	<b>-13,290</b>	<b>-70</b>	<b>-80,312</b>	<b>-40,253</b>	<b>-44,095</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,770</b>	<b>-20</b>	<b>95</b>	<b>-178</b>	<b>3,108</b>
Opening Cash Balance	13,490	15,860	15,840	15,935	15,757
Closing Cash Balance	15,260	15,840	15,935	15,757	18,865

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.8%	5.5%	6.7%	7.2%	7.5%
Asset Turnover (x)	2.9	2.7	2.9	3.3	3.4
Leverage Factor (x)	1.7	2.1	1.8	1.4	1.2
RoE	32.8%	31.8%	34.5%	33.3%	31.3%

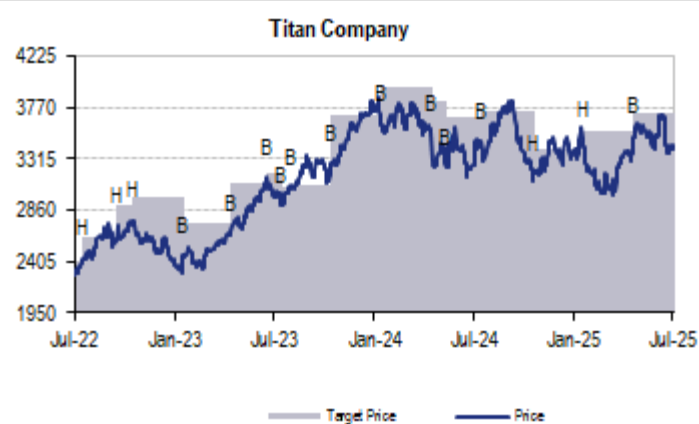
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	105.8	130.9	169.8	219.7	279.7
ROIC	25.0%	20.4%	25.7%	30.1%	30.8%
ROE	32.8%	31.8%	34.5%	33.3%	31.3%
Net Debt/Equity (x)	0.4	0.6	0.1	0.0	-0.1
P/E (x)	87.2	91.3	66.2	52.9	44.0
P/B (x)	32.4	26.2	20.2	15.6	12.3
EV/EBITDA (x)	58.4	54.7	40.6	34.0	28.6
EV/Sales (x)	6.0	5.2	4.5	3.8	3.3
Debtor days	7	6	6	6	6
Inventory days	136	170	140	140	139
Creditor days	48	59	53	51	49

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-Aug-21	Hold	1,560	
28-Oct-21	Hold	1,905	22.1
4-Feb-22	Hold	2,335	22.6
4-May-22	Hold	2,410	3.2
5-Aug-22	Hold	2,620	8.7
7-Oct-22	Hold	2,900	10.7
5-Nov-22	Hold	2,980	2.8
3-Feb-23	Buy	2,745	-7.9
3-May-23	Buy	3,090	12.6
7-Jul-23	Buy	3,190	3.2
3-Aug-23	Buy	3,070	-3.8
19-Aug-23	Buy	3,085	0.5
3-Nov-23	Buy	3,705	20.1
1-Feb-24	Buy	3,940	6.3
4-May-24	Buy	3,825	-2.9
31-May-24	Buy	3,685	-3.7
2-Aug-24	Buy	3,730	1.2
6-Nov-24	Hold	3,400	-8.9
5-Feb-25	Hold	3,550	4.4
9-May-25	Buy	3,725	4.9

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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