

## Encouraging topline trends; margin trajectory hazy; retain BUY

Retail ▶ Result Update ▶ November 6, 2024

TARGET PRICE (Rs): 4,050

TTAN reported a ~10% EBITDA miss, half of which was due to a ~100bps miss on jewelry margin, with the rest due to higher loss on customs duty cut (one-off). Topline trends for jewelry are impressive with 15%/21% LFL/UCP growth in Q2, and encouraging festive trends in Q3TD. TTAN maintained that it is not seeing material queries around LGD and the 300bps fall in studded mix is because of price volatility in high-value solitaires. TTAN remains watchful of the emerging trends around LGD and did not call-off venturing into the space. Among other segments, Watch/TEAL/CaratLane surprised positively with 21%/26%/119% EBIT growth in Q2, whereas Eyewear/Emerging saw EBIT decline. Margin miss in Q2 was due to drop in studded mix and higher gold coins/gold-component in studded, leading to reduction of jewelry margin outlook to 11-11.5% in FY25 (vs 11.5-12.5%) and 7-8% cut in our earnings. But, sustained growth trends/long-term execution keeps us positive on TTAN with a revised TP of Rs4,050 (65x Sep-26E EPS). Evolving LGD space and high competition offer margin risks, and we will remain watchful on these fronts.

## Titan Company: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	405,750	510,840	582,052	679,084	814,700
EBITDA	48,790	52,920	57,295	74,020	91,246
Adj. PAT	32,740	34,960	34,418	48,239	62,625
Adj. EPS (Rs)	36.9	39.4	38.8	54.3	70.5
EBITDA margin (%)	12.0	10.4	9.8	10.9	11.2
EBITDA growth (%)	46.0	8.5	8.3	29.2	23.3
Adj. EPS growth (%)	45.4	6.8	(1.6)	40.2	29.8
RoE (%)	30.9	32.9	33.2	35.2	34.4
RoIC (%)	31.4	26.2	24.2	27.7	29.2
P/E (x)	87.6	82.0	83.3	59.4	45.8
EV/EBITDA (x)	58.5	55.1	50.7	39.0	31.4
P/B (x)	24.2	30.5	24.3	18.4	13.8
FCFF yield (%)	0.5	0.4	1.3	1.3	1.4

Source: Company, Emkay Research

**Strong topline delivery in Q2 and encouraging outlook in H2:** Ex-bullion sales, standalone revenue grew 24%, led by 26% growth in Jewelry, 19% in Watches, and a slower 7%/14% in Eyewear/Emerging segments. Among subsidiaries, CaratLane reported ~28% growth, while TEAL's topline grew ~57%. Buyer growth was up ~12%, triggered by intermediate drop in gold price on the big 900bps customs duty reduction. TTAN remains confident of a strong H2 with encouraging festive trends in Q3TD. Healthy growth of 19% in Watch segment was led by 26% growth in Analog watches, as wearables (~12% mix) saw a 13% decline. Eyewear growth of 7% was driven by double-digit volume growth in frames/lenses, offset by ASP decline amid aggressive entry in the mass segment. Emerging segments grew 14%, led by 26%/12% growth in SKINN/Taneira. TTAN added 34 stores across jewelry formats in Q2, with the target of opening 40-50 new Tanishq stores intact.

**Earnings call KTAs:** i) The inventory loss on customs duty reduction was ~Rs2.9bn in Q2, while further ~Rs2.8bn impact is expected in Q3. ii) Jewelry EBIT margin declined by 270bps, largely due to weaker revenue mix as TTAN did not attribute any impact to competitive intensity. iii) Studded growth was moderate due to higher rush for gold after duty cut and pressure in high-value studded (HVS). Ex-HVS, the growth in smaller carat studded-jewelry remains robust. iv) EBIT margin guidance for jewelry business (ex-inventory loss) was trimmed to 11-11.5% from the erstwhile 11.5%-12.5%. However, H2 margins are expected to be better (vs H1), led by cost-saving initiatives, normalization of gold mix in studded, and improvement in CaratLane. TTAN will also revisit its medium-term margin guidance toward H2-end. v) TTAN has not witnessed consumer preferences inclining toward light-weight jewelry due to gold price increase and also indicated sustained growth in high-ticket category. vi) TTAN remains watchful on LGD segment and has not yet witnessed substantial inquiries for the same. vii) TTAN clarified that TTAN/TRENT are both independent to pursue similar business opportunities. However, strength of TRENT is more to cater to multiple categories within the same format, while TTAN's focus is to create separate and distinguished brands in multiple lifestyle categories. viii) Analog segment performed well, led by strong product design, innovation, and premiumization. Impact of a potential increase in GST on premium watches (>Rs25k) should be low due to low mix for such watches. ix) The focus currently is on driving growth/scale in emerging segments like Taneira/Handbags/International vs margins. x) TTAN has tied up with De Beers and will likely test-launch authenticity meters in a few stores to improve consumer confidence on natural diamond purchases. xi) Mia is likely to close the year with ~250 stores, while CaratLane should add ~20 stores in H2 to close at ~305 stores. xii) TTAN acknowledged high competition on gold price and it tried to balance the margin impact of this with reduced discounts on making charges and other promotions.

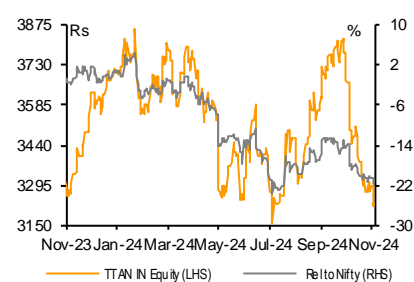
Target Price – 12M	Sep-25
Change in TP (%)	(8.0)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	25.4
CMP (05-Nov-24) (Rs)	3,230.3

Stock Data	Ticker
52-week High (Rs)	3,887
52-week Low (Rs)	3,056
Shares outstanding (mn)	887.8
Market-cap (Rs bn)	2,868
Market-cap (USD mn)	34,096
Net-debt, FY25E (Rs mn)	0
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	4,170.6
ADTV-3M (USD mn)	49.6
Free float (%)	47.0
Nifty-50	24,213
INR/USD	84.1
<b>Shareholding, Sep-24</b>	
Promoters (%)	52.9
FPIs/MFs (%)	18.2/11.5

## Price Performance

(%)	1M	3M	12M
Absolute	(12.0)	(4.3)	(1.4)
Rel. to Nifty	(9.1)	(4.9)	(21.7)

## 1-Year share price trend (Rs)



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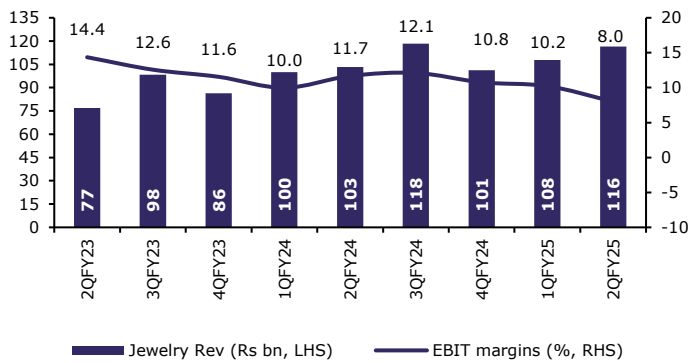
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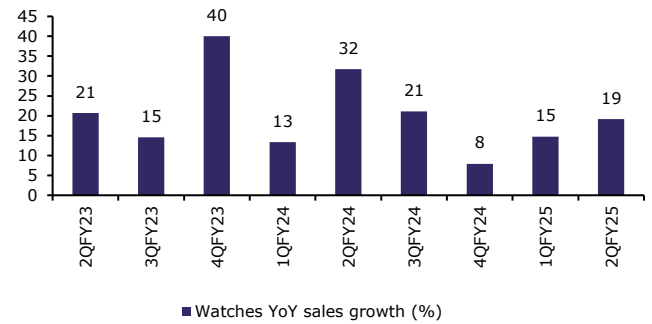
## Story in Charts

**Exhibit 1: Ex-bullion, Jewelry saw strong ~26% growth; LTL EBIT margin dipped by 270bps to 11.4% due to weaker revenue mix**



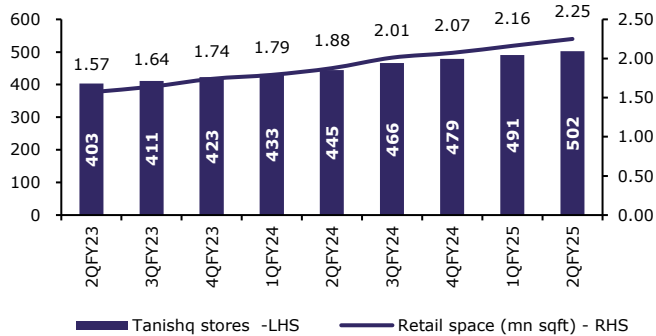
Source: Company, Emkay Research

**Exhibit 2: Watches saw a healthy 19% growth; Watch EBIT margin was up by 20bps to ~14.9% amid better mix**



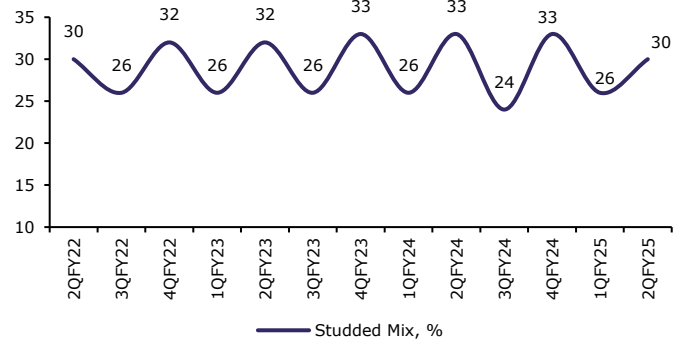
Source: Company, Emkay Research

**Exhibit 3: Tanishq added 11 stores during the quarter; guidance to add 40-50 stores in FY25 intact**



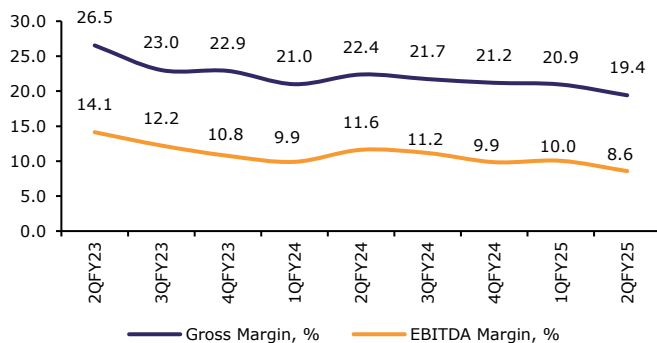
Source: Company, Emkay Research

**Exhibit 4: Studded mix was down by ~300bps YoY; studded growth was lower at 12%, largely led by weak trends in high-value studded**



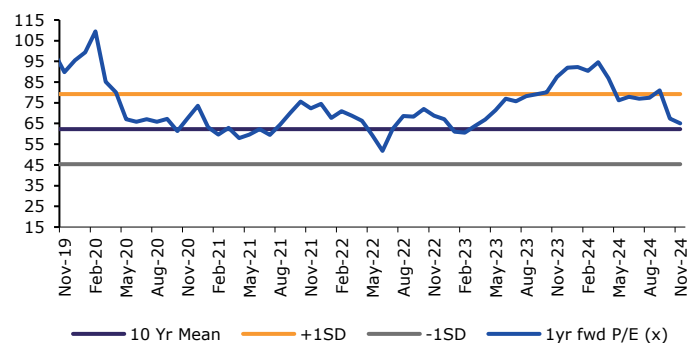
Source: Company, Emkay Research

**Exhibit 5: Reported margins dipped due to customs duty reduction and weaker mix. TTAN trimmed EBIT guidance to 11-11.5% range**



Source: Company, Emkay Research

**Exhibit 6: Titan's one-year forward P/E**



Source: Company, Emkay Research

## Exhibit 7: Actual vs Estimates (Q2FY25)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net Sales	136,500	137,614	133,911	-0.8%	1.9%	Topline was in line with our estimate
EBITDA	12,360	15,954	15,663	-22.5%	-21.1%	Comparable miss was ~10%, led by 100bps miss in jewelry margin and higher customs duty-led inventory loss
EBITDA Margin	9.1%	11.6%	11.7%	-254	-264	
PAT	7,040	8,165	9,780	-13.8%	-28.0%	PAT miss was largely due to lower EBITDA

Source: Company, Emkay Research

## Exhibit 8: Summary of quarterly results

Y/E, March (Rs mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	YoY (%)	QoQ (%)	H1FY24	H1FY25	YoY (%)
<b>Revenue</b>	<b>125,290</b>	<b>141,640</b>	<b>124,940</b>	<b>132,660</b>	<b>145,340</b>	16.0	9.6	<b>244,260</b>	<b>278,000</b>	13.8
<b>Expenditure</b>	<b>111,180</b>	<b>125,990</b>	<b>113,030</b>	<b>120,190</b>	<b>132,980</b>	19.6	10.6	<b>218,900</b>	<b>253,170</b>	<b>15.7</b>
Consumption of RM	95,990	108,700	97,080	103,360	115,220	20.0	11.5	188,540	218,580	15.9
as % of sales	76.6%	76.7%	77.7%	77.9%	79.3%			77.2%	78.6%	
Other expenditure	15,190	17,290	15,950	16,830	17,760	16.9	5.5	30,360	34,590	13.9
as % of sales	12.1%	12.2%	12.8%	12.7%	12.2%			12.4%	12.4%	
<b>EBITDA</b>	<b>14,110</b>	<b>15,650</b>	<b>11,910</b>	<b>12,470</b>	<b>12,360</b>	-12.4	-0.9	<b>25,360</b>	<b>24,830</b>	<b>-2.1</b>
Depreciation	1,440	1,540	1,580	1,640	1,710	18.8	4.3	2,720	3,350	23.2
<b>EBIT</b>	<b>12,670</b>	<b>14,110</b>	<b>10,330</b>	<b>10,830</b>	<b>10,650</b>	-15.9	-1.7	<b>22,640</b>	<b>21,480</b>	<b>-5.1</b>
Other Income	1,240	1,360	1,590	1,200	1,220	-1.6	1.7	2,380	2,420	1.7
Interest	1,400	1,690	2,010	2,300	2,400	71.4	4.3	2,490	4,700	88.8
<b>PBT</b>	<b>12,510</b>	<b>13,780</b>	<b>9,910</b>	<b>9,730</b>	<b>9,470</b>	-24.3	-2.7	<b>22,530</b>	<b>19,200</b>	<b>-14.8</b>
Total Tax	3,360	3,250	2,200	2,580	2,440	-27.4	-5.4	5,820	5,020	-13.7
<b>PAT</b>	<b>9,150</b>	<b>10,530</b>	<b>7,710</b>	<b>7,150</b>	<b>7,030</b>	-23.2	-1.7	<b>16,710</b>	<b>14,180</b>	<b>-15.1</b>
Extraordinary items	-10	0	0	0	-10					
<b>Reported PAT</b>	<b>9,160</b>	<b>10,530</b>	<b>7,710</b>	<b>7,150</b>	<b>7,040</b>	-23.1	-1.5	<b>16,720</b>	<b>14,190</b>	<b>-15.1</b>
Minority Interest	-10	0	0	0	0					
<b>Adjusted PAT</b>	<b>9,150</b>	<b>10,530</b>	<b>7,710</b>	<b>7,150</b>	<b>7,040</b>	-23.1	-1.5	<b>16,680</b>	<b>14,190</b>	<b>-14.9</b>
<b>Adjusted EPS (Rs)</b>	<b>10.3</b>	<b>11.9</b>	<b>8.7</b>	<b>8.1</b>	<b>7.9</b>	-23.1	-1.5	<b>18.8</b>	<b>16.0</b>	<b>-14.9</b>
(%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(bps)	(bps)	H1FY24	H1FY25	(bps)
EBITDA margin	11.3	11.0	9.5	9.4	8.5	-280	-90	10.4	8.9	-150
EBIT margin	10.1	10.0	8.3	8.2	7.3	-280	-80	9.3	7.7	-150
EBT margin	10.0	9.7	7.9	7.3	6.5	-350	-80	9.2	6.9	-230
PAT margin	7.3	7.4	6.2	5.4	4.8	-250	-50	6.8	5.1	-170
Effective Tax rate	26.9	23.6	22.2	26.5	25.8	-110	-80	25.8	26.1	30

Source: Company, Emkay Research

## Exhibit 9: Segmental financials

Revenue (Rs mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	YoY (%)	QoQ (%)	H1FY24	H1FY25	YoY (%)
Watches	10,920	9,820	9,400	10,210	13,010	19.1	27.4	19,820	23,220	17.2
Jewelry	103,300	118,290	101,250	107,870	116,470	12.7	8.0	203,380	224,340	10.3
Eyewear	1,880	1,670	1,660	2,090	2,010	6.9	-3.8	3,910	4,100	4.9
Others	930	1,120	970	800	1,060	14.0	32.5	1,690	1,860	10.1
Corporate	790	1,010	790	740	870			1,460	1,610	10.3
<b>Total Standalone</b>	<b>117,820</b>	<b>131,910</b>	<b>114,070</b>	<b>121,710</b>	<b>133,420</b>	<b>13.2</b>	<b>9.6</b>	<b>230,260</b>	<b>255,130</b>	<b>10.8</b>
CaratLane	6,500	8,930	7,480	7,540	8,290	27.5	9.9	12,900	15,830	22.7
Teal	1,250	2,020	3,730	1,970	1,960	56.8	-0.5	1,860	3,930	111.3
Others	960	150	1,260	940	1,780			1,630	2,720	66.9
<b>Total Consolidated</b>	<b>126,530</b>	<b>143,010</b>	<b>126,540</b>	<b>132,160</b>	<b>145,450</b>	<b>15.0</b>	<b>10.1</b>	<b>246,650</b>	<b>277,610</b>	<b>12.6</b>
EBIT (Rs mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	YoY (%)	QoQ (%)	H1FY24	H1FY25	YoY (%)
Watches	1,600	550	800	1,150	1,940	21.3	68.7	2,620	3,090	17.9
Jewelry	12,060	14,320	10,890	11,030	9,320	-22.7	-15.5	22,050	20,350	-7.7
Eyewear	280	140	80	200	240	-14.3	20.0	630	440	-30.2
Others	-270	-230	-380	-350	-220			-600	-570	
<b>Total Standalone</b>	<b>13,670</b>	<b>14,780</b>	<b>11,390</b>	<b>12,030</b>	<b>11,280</b>	<b>-17.5</b>	<b>-6.2</b>	<b>24,700</b>	<b>23,310</b>	<b>-5.6</b>
CaratLane	260	820	520	380	580	123.1	52.6	610	960	57.4
Teal	200	250	640	110	250		127.3	90	360	300.0
Others	-210	-380	-630	-490	-230			-370	-720	
<b>Total Consolidated</b>	<b>13,920</b>	<b>15,470</b>	<b>11,920</b>	<b>12,030</b>	<b>11,880</b>	<b>-14.7</b>	<b>-1.2</b>	<b>25,030</b>	<b>23,910</b>	<b>-4.5</b>
Margin (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	(bps)	(bps)	H1FY24	H1FY25	(bps)
Watches	14.7	5.6	8.5	11.3	14.9	30	360	13.2	13.3	10
Jewelry	11.7	12.1	10.8	10.2	8.0	-370	-220	10.8	9.1	-180
Eyewear	14.9	8.4	4.8	9.6	11.9	-300	240	16.1	10.7	-540
Others	(29.0)	(20.5)	(39.2)	(43.8)	(20.8)			-35.5	-30.6	490
<b>Total Standalone</b>	<b>11.6</b>	<b>11.2</b>	<b>10.0</b>	<b>9.9</b>	<b>8.5</b>	<b>-310</b>	<b>-140</b>	<b>10.7</b>	<b>9.1</b>	<b>-160</b>
CaratLane	4.0	9.2	7.0	5.0	7.0	300	200	4.7	6.1	130
Teal	16.0	12.4	17.2	5.6	12.8			4.8	9.2	430
<b>Total Consolidated</b>	<b>11.0</b>	<b>10.8</b>	<b>9.4</b>	<b>9.1</b>	<b>8.2</b>	<b>-280</b>	<b>-90</b>	<b>10.1</b>	<b>8.6</b>	<b>-150</b>

Source: Company, Emkay Research

## Exhibit 10: Peer Comparison

Companies	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)*		
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>Titan Company</b>	<b>3,230</b>	<b>2,868</b>	<b>Buy</b>	<b>4,050</b>	<b>39.5</b>	<b>54.3</b>	<b>70.5</b>	<b>81.7</b>	<b>59.4</b>	<b>45.8</b>	<b>50.8</b>	<b>39.3</b>	<b>31.9</b>
Varun Beverages	586	1,905	Buy	750	7.7	10.4	13.4	75.8	56.3	43.9	42.2	33.2	27.9
Ethos	2,850	70	Buy	3,700	43.4	56.3	75.5	65.7	50.6	37.8	32.9	24.2	18.4
Aditya Vision	440	57	Buy	600	8.8	12.7	16.9	50.1	34.7	26.0	26.6	19.7	15.4
Page Industries	43,375	484	Reduce	39,000	592.9	713.6	845.6	73.2	60.8	51.3	47.7	40.2	34.2
ABFRL	302	324	Sell	280	-4.6	-1.5	-0.6	NA	NA	NA	19.9	14.3	11.6
Go Fashion	1,163	63	Buy	1,450	17.8	23.6	29.3	65.4	49.2	39.6	22.4	18.1	15.0
Jubilant FoodWorks	592	391	Add	650	3.6	6.7	8.9	163.3	88.0	66.6	25.4	20.7	17.8
Devyani International	172	208	Reduce	180	0.6	1.2	1.9	278.3	138.7	88.8	23.9	18.8	15.3
Westlife FoodWorld	765	119	Add	925	2.0	8.1	11.6	385.2	94.9	66.0	33.2	22.8	18.8
Sapphire Foods	321	103	Add	375	0.8	2.9	4.6	383.4	112.2	69.9	21.4	16.4	13.0

Source: Company, Emkay Research; Note: \*Post-IndAS116 EBITDA

**Exhibit 11: TTAN is trading in line with Kalyan, despite superior return ratios and longer execution history**

	FY24-27E CAGR (%)		FY24	FY27E	1-Yr fwd multiple
Company	Revenue	PAT	RoE (%)		(Sep-25E EPS)
TTAN	16.8	21.4	32.9	34.7	66
KALYAN	28.7	38.4	15.2	22.4	65
SENCO	19.1	28.2	13.3	17.2	31

Source: Company, Emkay Research **Note: Kalyan estimates are based on Bloomberg consensus**

**Exhibit 12: Changes in estimates**

(Rs mn)	FY25E			FY26E			FY27E		
	Old	New	% change	Old	New	Change (%)	Old	New	Change (%)
Revenue	573,331	582,052	1.5	676,147	679,084	0.4	810,830	814,700	0.5
EBITDA	<b>62,371</b>	<b>57,295</b>	<b>-8.1</b>	<b>78,280</b>	<b>74,020</b>	<b>-5.4</b>	<b>97,716</b>	<b>91,246</b>	<b>-6.6</b>
EBITDA margin (%)	10.9	9.8	-100 bps	11.6	10.9	-70 bps	12.1	11.2	-90 bps
Net profit	35,230	32,361	-8.1	51,713	48,239	-6.7	67,761	62,625	-7.6
EPS (Rs)	39.7	36.5	-8.1	58.2	54.3	-6.7	76.3	70.5	-7.6

Source: Company, Emkay Research

**Exhibit 13: Quarterly snapshot of retail growth**

Particulars	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
World of Titan	31%	14%	18%	8%	8%	7%	12%	13%	15%
Tanishq	13%	14%	25%	22%	27%	16%	19%	9%	21%
Titan Eye+	12%	14%	22%	13%	9%	0%	4%	8%	5%
Fastrack	26%	19%	11%	-4%	5%	-5%	6%	15%	14%
Helios	46%	32%	45%	40%	38%	36%	30%	24%	43%
LFS (watches)	63%	20%	42%	33%	15%	14%	4%	5%	11%

Source: Company, Emkay Research

**Exhibit 14: Quarterly snapshot of LTL growth**

Particulars	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
World of Titan	26%	8%	11%	2%	2%	3%	7%	9%	11%
Tanishq	9%	9%	19%	22%	22%	10%	14%	3%	15%
Titan Eye+	1%	1%	10%	3%	0%	-6%	0%	7%	3%
Fastrack	26%	18%	8%	-11%	-7%	-13%	-4%	5%	5%
Helios	27%	11%	21%	20%	18%	20%	14%	11%	28%
LFS (watches)	52%	25%	37%	13%	4%	12%	-8%	-7%	3%

Source: Company, Emkay Research

Titan Company: Consolidated Financials and Valuations

Profit and Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	405,750	510,840	582,052	679,084	814,700
Revenue growth (%)	40.9	25.9	13.9	16.7	20.0
EBITDA	48,790	52,920	57,295	74,020	91,246
EBITDA growth (%)	46.0	8.5	8.3	29.2	23.3
Depreciation & Amortization	4,410	5,840	6,950	8,144	9,499
EBIT	44,380	47,080	50,345	65,876	81,747
EBIT growth (%)	50.8	6.1	6.9	30.8	24.1
Other operating income	0	0	0	0	0
Other income	3,080	5,330	5,022	6,516	7,168
Financial expense	3,000	6,190	9,755	8,499	5,968
PBT	44,460	46,220	45,612	63,893	82,947
Extraordinary items	0	0	(2,750)	0	0
Taxes	11,730	11,270	10,501	15,654	20,322
Minority interest	0	0	0	0	0
Income from JV/Associates	10	10	0	0	0
Reported PAT	32,740	34,960	32,361	48,239	62,625
PAT growth (%)	49.0	6.8	(7.4)	49.1	29.8
Adjusted PAT	32,740	34,960	34,418	48,239	62,625
Diluted EPS (Rs)	36.9	39.4	38.8	54.3	70.5
Diluted EPS growth (%)	45.4	6.8	(1.6)	40.2	29.8
DPS (Rs)	7.5	10.0	9.5	11.5	11.5
Dividend payout (%)	20.3	25.4	26.1	21.2	16.3
EBITDA margin (%)	12.0	10.4	9.8	10.9	11.2
EBIT margin (%)	10.9	9.2	8.6	9.7	10.0
Effective tax rate (%)	26.4	24.4	23.0	24.5	24.5
NOPLAT (pre-IndAS)	32,671	35,600	38,754	49,736	61,719
Shares outstanding (mn)	887.8	887.8	887.8	887.8	887.8

Source: Company, Emkay Research

Cash Flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	44,460	46,220	45,612	63,893	82,947
Others (non-cash items)	4,410	5,840	6,950	8,144	9,499
Taxes paid	(11,610)	(12,180)	(10,501)	(15,654)	(20,322)
Change in NWC	(22,606)	(28,523)	(8,338)	(21,686)	(31,806)
Operating cash flow	17,664	17,557	40,728	43,197	46,286
Capital expenditure	(3,800)	(6,360)	(3,874)	(5,000)	(5,500)
Acquisition of business	(720)	(3,280)	(4,200)	0	0
Interest & dividend income	3,080	5,330	5,022	6,516	7,168
Investing cash flow	(26,010)	(4,660)	(6,074)	(5,000)	(5,500)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	16,780	56,550	(10,000)	(15,000)	(15,000)
Payment of lease liabilities	(4,113)	(4,477)	(5,684)	(6,216)	(7,042)
Interest paid	(1,660)	(4,260)	(7,467)	(5,753)	(2,673)
Dividend paid (incl tax)	(8,878)	(9,766)	(8,434)	(10,210)	(10,210)
Others	3,917	(49,114)	0	0	0
Financing cash flow	6,046	(11,067)	(31,584)	(37,179)	(34,925)
Net chg in Cash	(2,300)	1,830	3,069	1,018	5,861
OCF	17,664	17,557	40,728	43,197	46,286
Adj. OCF (w/o NWC chg.)	40,270	46,080	49,066	64,882	78,092
FCFF	13,864	11,197	36,854	38,197	40,786
FCFE	13,944	10,337	32,121	36,213	41,986
OCF/EBITDA (%)	36.2	33.2	71.1	58.4	50.7
FCFE/PAT (%)	42.6	29.6	93.3	75.1	67.0
FCFF/NOPLAT (%)	42.4	31.5	95.1	76.8	66.1

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	888	888	888	888	888
Reserves & Surplus	117,619	93,042	116,969	154,998	207,413
Net worth	118,507	93,930	117,857	155,886	208,301
Minority interests	530	0	0	0	0
Deferred tax liability (net)	(610)	(1,060)	(676)	(239)	259
Total debt	40,680	101,870	95,475	84,505	73,758
Total liabilities & equity	159,107	194,740	212,655	240,152	282,319
Net tangible fixed assets	13,430	14,659	15,611	16,326	16,841
Net intangible assets	2,460	2,619	2,684	2,290	1,904
Net ROU assets	12,850	15,430	18,233	20,696	22,651
Capital WIP	1,440	970	970	970	970
Goodwill	1,230	1,230	1,230	1,230	1,230
Investments [JV/Associates]	3,520	6,800	11,000	11,000	11,000
Cash & equivalents	35,070	31,920	32,989	34,007	39,868
Current assets (ex-cash)	197,137	234,730	292,805	329,955	391,751
Current Liab. & Prov.	108,030	116,760	166,113	181,140	210,632
NWC (ex-cash)	89,107	117,970	126,692	148,815	181,119
Total assets	159,107	194,740	212,655	240,152	282,319
Net debt	(13,120)	46,460	35,391	19,373	(1,488)
Capital employed	140,377	171,250	185,560	209,027	246,941
Invested capital	117,847	153,820	166,466	192,945	229,250
BVPS (Rs)	133.5	105.8	132.8	175.6	234.6
Net Debt/Equity (x)	(0.1)	0.5	0.3	0.1	0.0
Net Debt/EBITDA (x)	(0.3)	0.9	0.6	0.3	0.0
Interest coverage (x)	0.1	0.1	0.2	0.1	0.1
RoCE (%)	39.9	33.6	31.0	36.7	39.0

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	87.6	82.0	83.3	59.4	45.8
P/CE(x)	77.2	70.3	68.2	50.9	39.8
P/B (x)	24.2	30.5	24.3	18.4	13.8
EV/Sales (x)	7.0	5.7	5.0	4.3	3.5
EV/EBITDA (x)	58.5	55.1	50.7	39.0	31.4
EV/EBIT(x)	64.3	61.9	57.7	43.8	35.1
EV/IC (x)	24.2	18.9	17.4	15.0	12.5
FCFF yield (%)	0.5	0.4	1.3	1.3	1.4
FCFE yield (%)	0.5	0.4	1.1	1.3	1.5
Dividend yield (%)	0.2	0.3	0.3	0.4	0.4
DuPont-RoE split					
Net profit margin (%)	8.1	6.8	6.0	7.1	7.7
Total asset turnover (x)	3.4	3.3	3.3	3.4	3.6
Assets/Equity (x)	1.1	1.5	1.7	1.4	1.3
RoE (%)	30.9	32.9	33.2	35.2	34.4
DuPont-RoIC					
NOPLAT margin (%)	8.1	7.0	6.7	7.3	7.6
IC turnover (x)	3.9	3.8	3.6	3.8	3.9
RoIC (%)	31.4	26.2	24.2	27.7	29.2
Operating metrics					
Core NWC days	59.4	57.3	60.5	62.0	61.0
Total NWC days	80.2	84.3	79.4	80.0	81.1
Fixed asset turnover	11.3	11.8	11.3	11.6	12.3
Opex-to-revenue (%)	13.2	12.5	12.6	13.1	13.2

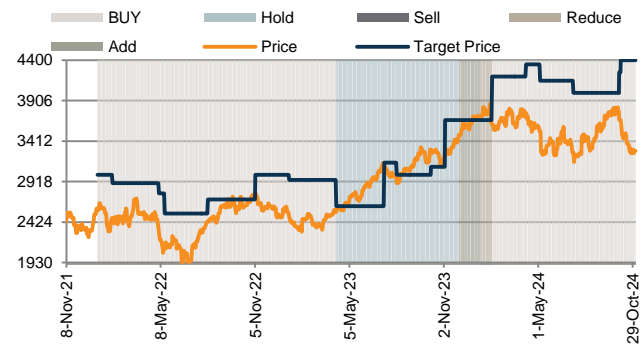
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
06-Oct-24	3,670	4,400	Buy	Devanshu Bansal
03-Oct-24	3,675	4,250	Buy	Devanshu Bansal
03-Aug-24	3,462	4,000	Buy	Devanshu Bansal
23-Jul-24	3,467	4,000	Buy	Devanshu Bansal
07-Jul-24	3,269	4,000	Buy	Devanshu Bansal
02-Jun-24	3,242	4,150	Buy	Devanshu Bansal
04-May-24	3,534	4,150	Buy	Devanshu Bansal
07-Apr-24	3,754	4,350	Buy	Devanshu Bansal
02-Feb-24	3,612	4,200	Buy	Devanshu Bansal
10-Jan-24	3,714	3,670	Reduce	Devanshu Bansal
30-Nov-23	3,491	3,670	Add	Devanshu Bansal
04-Nov-23	3,275	3,670	Hold	Devanshu Bansal
08-Oct-23	3,310	3,100	Hold	Devanshu Bansal
03-Aug-23	2,902	3,000	Hold	Devanshu Bansal
10-Jul-23	3,046	3,150	Hold	Devanshu Bansal
04-May-23	2,670	2,620	Hold	Devanshu Bansal
09-Apr-23	2,548	2,620	Hold	Devanshu Bansal
03-Feb-23	2,463	2,940	Buy	Devanshu Bansal
09-Jan-23	2,485	2,940	Buy	Devanshu Bansal
05-Nov-22	2,770	3,000	Buy	Devanshu Bansal
06-Oct-22	2,593	2,700	Buy	Devanshu Bansal
06-Aug-22	2,433	2,700	Buy	Devanshu Bansal
07-Jul-22	2,128	2,530	Buy	Devanshu Bansal
15-May-22	2,092	2,530	Buy	Devanshu Bansal
04-May-22	2,290	2,775	Buy	Devanshu Bansal
08-Apr-22	2,510	2,900	Buy	Devanshu Bansal
04-Feb-22	2,471	2,900	Buy	Devanshu Bansal
06-Jan-22	2,596	3,000	Buy	Devanshu Bansal

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research



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