

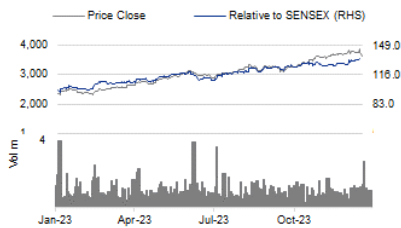
India

**ADD** (no change)

Consensus ratings*: Buy 22 Hold 6 Sell 5	
Current price:	Rs3,627
Target price: ▲	Rs4,060
Previous target:	Rs3,660
Up/downside:	11.9%
InCred Research / Consensus:	9.6%
Reuters:	TITN.NS
Bloomberg:	TTAN IN
Market cap:	US\$38,811m
	Rs3,220,400m
Average daily turnover:	US\$35.8m
	Rs2971.5m
Current shares o/s:	887.8m
Free float:	47.1%
*Source: Bloomberg	

**Key changes in this note**

- Raise the target price to Rs4,060 from Rs3,660.
- Raise FY25F/26F sales by 1.3%/2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.4)	14.3	54.6
Relative (%)	(1.0)	2.2	29.3

Major shareholders	% held
Promoter group	52.9
Vanguard Group	1.9
SBI MF	1.6

**Research Analyst(s)**



**Rohan KALLE**

T (91) 22 4161 1561  
E rohan.kalle@incredresearch.com

**Nishant BAGRECHA**

T (91) 22 4161 1564  
E nishant.bagrecha@incredresearch.com

# Titan Co Ltd

## Sustains its strong growth momentum

- Titan Company's 3QFY24 standalone jewellery division posted a 23% yoy growth to Rs117.1bn. Caratlane's sales/SSSG grew 37%/2% yoy, respectively.
- Consol. EBITDA grew by 16.2% yoy to Rs15.7bn. Standalone jewellery EBIT margin declined by 30bp yoy due to a higher mix of exchanges & promotions.
- The structural play remains intact. We retain our ADD rating on the stock with a higher target price of Rs4,060 (61x Dec 2025F EPS) from Rs3,660 earlier.

### Jewellery and watches division drive sales growth

Titan Company's (Titan) posted a sales growth of 23% yoy in 3QFY24. Sales growth slowed down in Dec 2023 after healthy demand in Sep-Nov 2023, with an improvement visible in Jan 2024. Tanishq expanded its global presence, adding two more stores in the US and one in Singapore. Mia opened its first store in Dubai, taking the jewellery segment's global store count to 14 stores. Watches & wearables/eyewear divisions grew/declined by 21.6%/ (3.4%) yoy, respectively. Analog/wearables within the watches segment grew by 18%/65% yoy, respectively. The eyecare segment's sales fell due to an industry-wide slowdown in demand in Sep-Nov 2023, which improved in Dec 2023. The focus has shifted to driving throughput & profitability at a store-level for the eyewear business rather than an aggressive store expansion strategy. Management expects the positive demand trend in Jan 2024 to continue in the near term, driving healthy growth in the jewellery business.

### Higher mix of exchanges and promotions restricts margins

Titan's jewellery division's same-store sales growth (SSSG) of 10% in 3QFY24 was soft due to slower offtake from the sub-Rs100k buyer segment. The jewellery division's EBIT margin at 12.2% was down 76bp yoy led by a higher mix of exchanged jewellery, higher promotions & a lower mix of studded jewellery. The focus remains on new customer growth at the store level and enriching the product mix. The watches division's EBIT margin at 5.6% was impacted by a higher contribution from wearables. Management expects the EBIT margin to gradually inch up to the 15% level over the next two years. The eyewear division posted an EBIT margin of 8.4%. Caratlane's margins contracted by 27bp yoy (up 518bp qoq) to 9.2%, but the growth in new customers remained healthy. Management is confident of clocking an operating margin of 12-13% in the jewellery business in FY24F.

### Retain ADD rating with a higher target price of Rs4,060

We raise our FY25F/26F revenue estimates by 1.3%/2%, respectively, to factor in the higher sales growth momentum. We believe the structural story of market share gains remains intact. We retain our ADD rating on Titan with a higher target price of Rs4,060 (61x Dec 2025F EPS) vs. Rs3,660 earlier. Downside risks: Slowdown in the jewellery industry's sales growth, and lower-than-expected store addition as well as EBITDA margin.

### Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	287,990	405,750	488,439	577,584	689,295
Operating EBITDA (Rsm)	33,400	48,790	56,573	68,600	85,284
Net Profit (Rsm)	21,720	32,490	38,501	47,148	59,247
Core EPS (Rs)	24.9	36.5	43.3	53.0	66.6
Core EPS Growth	122.6%	46.8%	18.5%	22.5%	25.7%
FD Core P/E (x)	145.89	99.37	83.85	68.47	54.49
DPS (Rs)	7.5	11.0	13.0	17.0	21.3
Dividend Yield	0.21%	0.30%	0.36%	0.47%	0.59%
EV/EBITDA (x)	96.35	65.91	56.42	46.30	37.07
P/FCFE (x)	200.90	623.25	29.98	100.28	94.23
Net Gearing	(11.5%)	(11.0%)	(25.4%)	(29.8%)	(31.3%)
P/BV (x)	34.70	27.24	22.19	18.19	14.82
ROE	26.3%	30.7%	29.2%	29.2%	30.0%
% Change In Core EPS Estimates			1.21%	2.63%	6.07%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Sustains its strong growth momentum

### Key takeaways from the earnings call

#### Jewellery division

- The effect of 'Shradh' period between 2Q and 3Q this year led to a slight impact on like-to-like sales growth. Festive sales were healthy, but in Dec 2023 there was a dip in sales (largely studded range) due to a spike in gold prices. During Sep-Nov 2023, the growth was healthy. There was a marked improvement in Jan 2024. The vendors who supply studded jewellery confirmed that Dec 2023 was soft for many other players. High value-studded (Rs500,000+ range) saw softness as well. Management believes this is temporary and not structural. 4QFY24F is expected to bounce back more (better than in 3Q).
- Tanishq saw better growth in the gold segment during the quarter. Secondary sales growth was 17%/16% for the overall/Tanishq business, respectively, during the quarter (ex-Caratlane).
- **Sub-100k segment trend:** At an overall level (incl. all formats), there is stability in buyer growth across the portfolio. SSSG for Caratlane, Tanishq (sub-100k segment) and Mia showed softness - partly due to economic challenges for the consumers (more tech-savvy consumers) and the share of wallet shifts taking place (in terms of shifting to experiences, travel, etc. vs. gold purchases).
- The jewellery segment's margin decline was due to a lower studded mix and competitive intensity (typically inches up when gold prices are higher), which led to offers and promotions as well as higher marketing expenses. No significant impact on diamond margins but the company went for minor price cuts in solitaires.
- **Margin expectation:** The EBIT margin continues to remain in the 12-13% range, despite a weak quarter for studded jewellery. It may remain in this range in the near term.
- **Market share:** Tanishq tracks 40-50 competitors (not only national chains) at a city level. In many cities, Tanishq is the challenger. Market share gains continued in many markets while they are stable in many other markets.
- **The shift from unorganized to organized players:** Overall growth for organized players has been better, largely led by store expansion and initial public offers or IPOs funding store expansions. Another phenomenon: Many local players are becoming organized in the way they operate, and they are getting sharper in the service level, ambience, transparency of exchange etc. This should continue to accelerate, in our view.
- **International stores:** Ticket sizes are higher than in India at Rs200,000. In the US, they are higher than in the GCC. Studded ratios are also higher than that in India, which works in Tanishq's favour as the cost of operations is higher there. In new markets, Titan opens COCO stores to understand the law of the land but as the operations move forward, either Indian partners or local partners tie up with them. The company is following an asset-light model and is focusing on expanding the L2 & L3 stores. The Singapore store is an L3 partner.

#### Watches and wearables

- In the festive season, media spending was higher vs. last year, which helped in getting topline growth. The EBITDA margin should be in the 11-12% range in the next few quarters due to a higher mix of wearables.
- Wearables clocked Rs5bn revenue in FY23. This year there was strong growth in Fastrack smartwatches in both online and offline channels. The market share moved from 5-6% to 8-9% on the back of good product launches (lowest market returns) in the Rs1.5-4.5k range. Going ahead, the focus will be on growing Fastrack (Rs1.5-4.5k) and Titan smartwatches (Rs8-15k range; will be

sold in Titan stores and other offline electronics stores). Wearables are at breakeven level, but the investments will continue to drag margins.

- Analog watches' growth is healthy. They are doing well in large format stores and e-commerce channels. Premiumization is a focus area in both Titan and international brands. In 3Q, the company launched Vibe from Fastrack and one from Sonata, which has helped acquire new customers as it is more affordable. The twin strategy is to get value-oriented customers as well as premium customers.
- Titan was targeting an 18% margin earlier, which was revised to 16%. Aiming to get to 15% in the next two years.
- Operations were started with a stronger view on store expansion, but the focus shifted towards driving the Return of Investment or RoI for both Titan and its partners. Hence, store expansion became slower. Maybe, by early next year, the focus will shift back to aggressive store expansion.

### Eyecare

- The expansion strategy will be calibrated and not focus on rapid expansion. Some stores which were not doing well have been rationalized.
- As regards growth in Sep-Nov 2023, across the industry there were headwinds. Dec 2023 was better, and the trend is expected to continue in the next few months.

### Emerging business

- **TEAL:** The two main businesses are manufacturing services (for aircraft and defence) and automation solutions which use robots, cameras, etc. to automate assembly lines (the automotive sector is a big focus area). Both are 50% contributors to sales and are international when it comes to the scope of their services. The opportunity is strong for these companies. Post Covid-19 pandemic, due to the slowdown in aircraft manufacturing, there was a slowdown. FY25F should be good, in our view.

### Outlook

- From FY25F, the focus will shift to driving more benefits from the scale across the network and drive profitability higher.
- The focus remains on driving growth in L2 partner stores (which are more profitable for the company). No significant shift in the mix is expected among various types of channel partners.

Figure 1: Quarterly results summary - consolidated

Y/E Mar (Rs. m)	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	Gr (%)
<b>Revenue</b>	<b>1,16,090</b>	<b>1,25,290</b>	<b>1,41,640</b>	<b>22.0</b>	<b>13.0</b>	<b>3,02,150</b>	<b>3,85,900</b>	<b>27.7</b>
<b>Expenditure</b>	<b>1,02,620</b>	<b>1,11,180</b>	<b>1,25,990</b>	<b>22.8</b>	<b>13.3</b>	<b>2,64,250</b>	<b>3,44,890</b>	<b>30.5</b>
Consumption of RM	88,400	95,990	1,08,700	23.0	13.2	2,25,080	2,97,240	32.1
as % of sales	76.1	76.6	76.7			74.5	77.0	
Employee costs	4,110	4,630	4,800	16.8	3.7	11,900	13,910	16.9
as % of sales	3.5	3.7	3.4			3.9	3.6	
Other expenditure	10,110	10,560	12,490	23.5	18.3	27,270	33,740	23.7
as % of sales	8.7	8.4	8.8			9.0	8.7	
<b>EBITDA</b>	<b>13,470</b>	<b>14,110</b>	<b>15,650</b>	<b>16.2</b>	<b>10.9</b>	<b>37,900</b>	<b>41,010</b>	<b>8.2</b>
Depreciation	1,130	1,440	1,540	36.3	6.9	3,220	4,260	32.3
<b>EBIT</b>	<b>12,340</b>	<b>12,670</b>	<b>14,110</b>	<b>14.3</b>	<b>11.4</b>	<b>34,680</b>	<b>36,750</b>	<b>6.0</b>
Other income	890	1,240	1,360	52.8	9.7	1,940	3,740	92.8
Interest	790	1,400	1,690	113.9	20.7	2,040	4,180	104.9
<b>PBT</b>	<b>12,440</b>	<b>12,510</b>	<b>13,780</b>	<b>10.8</b>	<b>10.2</b>	<b>34,580</b>	<b>36,310</b>	<b>5.0</b>
Total tax	3,320	3,360	3,250	-2.1	-3.3	9,210	9,070	-1.5
PAT (before minority int.)	9,120	9,150	10,530	15.5	15.1	25,370	27,240	7.4
Minority Interest	100	0	0	-100.0	NA	190	30	NA
<b>Adjusted PAT</b>	<b>9,020</b>	<b>9,150</b>	<b>10,530</b>	<b>16.7</b>	<b>15.1</b>	<b>25,180</b>	<b>27,210</b>	<b>8.1</b>
Extraordinary items	0	0	0	NA	NA	0	0	NA
<b>Reported PAT</b>	<b>9,020</b>	<b>9,150</b>	<b>10,530</b>	<b>16.7</b>	<b>15.1</b>	<b>25,180</b>	<b>27,210</b>	<b>8.1</b>
<b>Margins (%)</b>	<b>3QFY23</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>YoY (bp)</b>	<b>QoQ (bp)</b>	<b>9MFY23</b>	<b>9MFY24</b>	<b>(bp)</b>
Gross margin	23.9	23.4	23.3	-60	-10	25.5	23.0	-250
EBITDA	11.6	11.3	11.0	-60	-20	12.5	10.6	-190
EBIT	10.6	10.1	10.0	-70	-20	11.5	9.5	-200
EBT	10.7	10.0	9.7	-100	-30	11.4	9.4	-200
PAT	7.8	7.3	7.4	-30	10	8.3	7.1	-130
Effective tax rate	26.7	26.9	23.6	-310	-330	26.6	25.0	-170

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Segmental break-up

Y/E Mar (Rs. m)	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	Gr (%)
<b>Segment Revenue</b>								
Watches	8,110	10,920	9,860	21.6	-9.7	24,270	29,910	23.2
Jewellery	1,04,460	1,09,800	1,27,220	21.8	15.9	2,74,090	3,43,980	25.5
Eyewear	1,740	1,880	1,680	-3.4	-10.6	5,240	5,590	6.7
Others	2,140	2,050	3,130	46.3	52.7	5,540	6,550	18.2
Corporate (Unallocated)	530	600	910	71.7	51.7	1,100	2,130	93.6
<b>Total</b>	<b>1,16,980</b>	<b>1,25,250</b>	<b>1,42,800</b>	<b>22.1</b>	<b>14.0</b>	<b>3,10,240</b>	<b>3,88,160</b>	<b>25.1</b>
<b>Segment Results</b>								
Watches	820	1,600	560	-31.7	-65.0	3,020	3,170	5.0
Jewellery	12,430	12,170	14,820	19.2	21.8	33,830	37,210	10.0
Eyewear	320	250	130	-59.4	-48.0	960	730	NA
Others	-160	-20	50	-131.3	-350.0	-340	-340	0.0
Total	13,410	14,000	15,560	16.0	11.1	37,470	40,770	8.8
Add- Unall. income / (Exp)	170	80	-90	-152.9	-212.5	840	90	-89.3
Less- Interest expenses	790	1,400	1,690	113.9	20.7	2,040	4,180	104.9
<b>PBT</b>	<b>12,450</b>	<b>12,520</b>	<b>13,960</b>	<b>12.1</b>	<b>11.5</b>	<b>34,590</b>	<b>36,500</b>	<b>5.5</b>
<b>Segment Margin (%)</b>								
				<b>YoY (bp)</b>	<b>QoQ (bp)</b>			<b>(bp)</b>
Watches	10.1	14.7	5.7	-440	-900	12.4	10.6	-180
Jewellery	11.9	11.1	11.6	-30	60	12.3	10.8	-150
Eyewear	18.4	13.3	7.7	-1070	-560	18.3	13.1	-530
Others	(7.5)	(1.0)	1.6	910	260	(6.1)	(5.2)	90

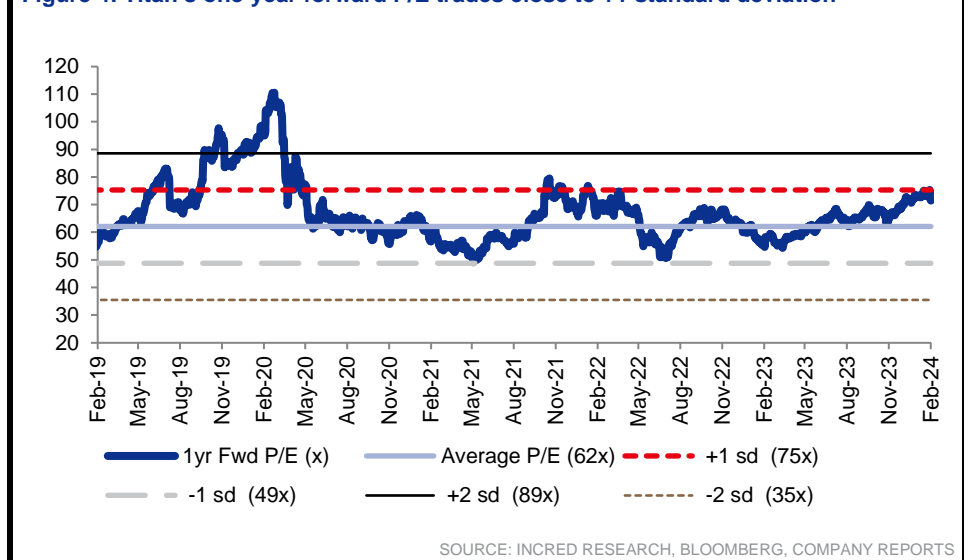
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Our revised earnings estimates

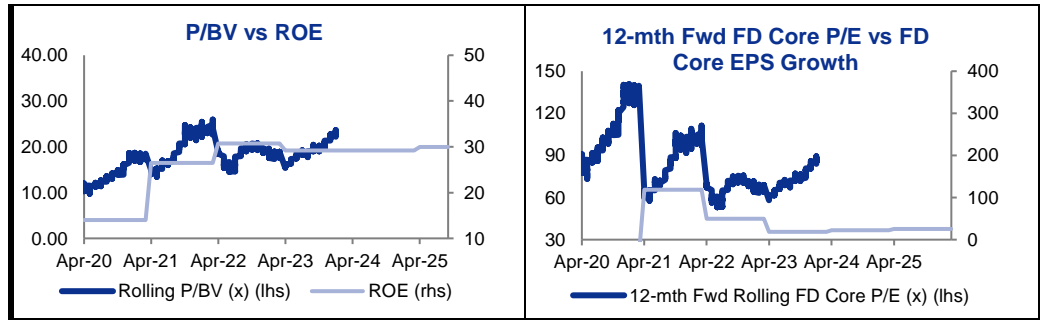
Y/E, Mar (Rs. m)	FY24F			FY25F			FY26F		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Introduced	% Change
Revenue	4,83,926	4,88,439	0.9	5,69,901	5,77,584	1.3	6,75,979	6,89,295	2.0
EBITDA	55,947	56,573	1.1	66,956	68,600	2.5	80,678	85,284	5.7
EBITDA Margin (%)	11.6	11.6	0 bp	11.7	11.9	10 bp	11.9	12.4	40 bp
APAT	38,040	38,501	1.2	45,938	47,148	2.6	55,856	59,247	6.1
EPS	42.7	43.3	1.2	51.6	53.0	2.6	62.8	66.6	6.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Titan's one-year forward P/E trades close to +1 standard deviation



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	<b>287,990</b>	<b>405,750</b>	<b>488,439</b>	<b>577,584</b>	<b>689,295</b>
<b>Gross Profit</b>	<b>71,580</b>	<b>102,200</b>	<b>121,562</b>	<b>145,481</b>	<b>175,687</b>
<b>Operating EBITDA</b>	<b>33,400</b>	<b>48,790</b>	<b>56,573</b>	<b>68,600</b>	<b>85,284</b>
Depreciation And Amortisation	(3,990)	(4,410)	(4,750)	(5,091)	(5,382)
<b>Operating EBIT</b>	<b>29,410</b>	<b>44,380</b>	<b>51,823</b>	<b>63,509</b>	<b>79,902</b>
Financial Income/(Expense)	(1,120)	80	884	1,046	1,215
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,280				
<b>Profit Before Tax (pre-EI)</b>	<b>29,570</b>	<b>44,460</b>	<b>52,707</b>	<b>64,555</b>	<b>81,117</b>
Exceptional Items	(540)				
<b>Pre-tax Profit</b>	<b>29,030</b>	<b>44,460</b>	<b>52,707</b>	<b>64,555</b>	<b>81,117</b>
Taxation	(7,060)	(11,730)	(13,906)	(17,032)	(21,401)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>21,970</b>	<b>32,730</b>	<b>38,801</b>	<b>47,523</b>	<b>59,716</b>
Minority Interests	(250)	(240)	(300)	(375)	(469)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>21,720</b>	<b>32,490</b>	<b>38,501</b>	<b>47,148</b>	<b>59,247</b>
Recurring Net Profit	22,129	32,490	38,501	47,148	59,247
<b>Fully Diluted Recurring Net Profit</b>	<b>22,129</b>	<b>32,490</b>	<b>38,501</b>	<b>47,148</b>	<b>59,247</b>

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	<b>33,400</b>	<b>48,790</b>	<b>56,573</b>	<b>68,600</b>	<b>85,284</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(35,220)	(17,790)	(4,415)	(17,920)	(27,836)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
<b>Other Operating Cashflow</b>					
Net Interest (Paid)/Received	(2,180)	(3,000)	(2,350)	(2,350)	(2,350)
Tax Paid	(7,060)	(11,730)	(13,906)	(17,032)	(21,401)
<b>Cashflow From Operations</b>	<b>(11,060)</b>	<b>16,270</b>	<b>35,902</b>	<b>31,299</b>	<b>33,697</b>
Capex	(4,270)	(8,730)	(3,500)	(3,500)	(3,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	27,870	(19,130)	3,234	3,396	3,565
<b>Cash Flow From Investing</b>	<b>23,600</b>	<b>(27,860)</b>	<b>(266)</b>	<b>(104)</b>	<b>565</b>
Debt Raised/(repaid)	3,530	16,770	72,050	1,000	
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(6,675)	(9,747)	(11,550)	(15,087)	(18,959)
Preferred Dividends					
Other Financing Cashflow	1,675	2,987			
<b>Cash Flow From Financing</b>	<b>(1,470)</b>	<b>10,010</b>	<b>60,500</b>	<b>(14,087)</b>	<b>(18,959)</b>
Total Cash Generated	11,070	(1,580)	96,136	17,107	15,303
<b>Free Cashflow To Equity</b>	<b>16,070</b>	<b>5,180</b>	<b>107,686</b>	<b>32,194</b>	<b>34,262</b>
<b>Free Cashflow To Firm</b>	<b>14,720</b>	<b>(8,590)</b>	<b>37,986</b>	<b>33,544</b>	<b>36,612</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

**Balance Sheet**

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	15,880	35,070	131,206	148,313	163,616
Total Debtors	5,650	6,740	7,895	9,336	11,142
Inventories	136,090	165,840	165,082	193,166	232,540
Total Other Current Assets	21,160	22,910	24,503	28,975	34,579
<b>Total Current Assets</b>	<b>178,780</b>	<b>230,560</b>	<b>328,685</b>	<b>379,789</b>	<b>441,876</b>
Fixed Assets	25,140	30,180	28,930	27,339	24,957
Total Investments	2,800	3,520	3,520	3,520	3,520
Intangible Assets	1,230	1,230	1,230	1,230	1,230
Total Other Non-Current Assets	4,020	4,710	14,847	15,691	20,315
<b>Total Non-current Assets</b>	<b>33,190</b>	<b>39,640</b>	<b>48,527</b>	<b>47,780</b>	<b>50,022</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	66,920	65,130	74,643	83,789	97,777
Other Current Liabilities	30,500	41,630	40,384	47,595	56,481
<b>Total Current Liabilities</b>	<b>97,420</b>	<b>106,760</b>	<b>115,027</b>	<b>131,384</b>	<b>154,258</b>
Total Long-term Debt	5,180	21,950	94,000	95,000	95,000
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	13,680	18,730	18,730	18,730	18,730
<b>Total Non-current Liabilities</b>	<b>18,860</b>	<b>40,680</b>	<b>112,730</b>	<b>113,730</b>	<b>113,730</b>
Total Provisions	2,360	3,720	3,164	3,729	4,425
<b>Total Liabilities</b>	<b>118,640</b>	<b>151,160</b>	<b>230,921</b>	<b>248,843</b>	<b>272,414</b>
Shareholders Equity	93,030	118,510	145,461	177,522	217,810
Minority Interests	300	530	830	1,205	1,674
<b>Total Equity</b>	<b>93,330</b>	<b>119,040</b>	<b>146,291</b>	<b>178,727</b>	<b>219,483</b>

**Key Ratios**

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	33.1%	40.9%	20.4%	18.3%	19.3%
Operating EBITDA Growth	93.7%	46.1%	16.0%	21.3%	24.3%
Operating EBITDA Margin	11.6%	12.0%	11.6%	11.9%	12.4%
Net Cash Per Share (Rs)	12.02	14.74	41.80	59.90	77.10
BVPS (Rs)	104.53	133.16	163.44	199.46	244.73
Gross Interest Cover	13.49	14.79	22.05	27.03	34.00
Effective Tax Rate	24.3%	26.4%	26.4%	26.4%	26.4%
Net Dividend Payout Ratio	30.0%	30.0%	30.0%	32.0%	32.0%
Accounts Receivables Days	5.90	5.57	5.47	5.44	5.42
Inventory Days	185.67	181.53	164.61	151.31	151.27
Accounts Payables Days	98.59	79.39	69.53	66.91	64.52
ROIC (%)	30.7%	35.5%	40.7%	44.0%	46.9%
ROCE (%)	34.8%	39.6%	28.9%	26.0%	28.4%
Return On Average Assets	12.6%	13.5%	11.7%	11.6%	12.7%

**Key Drivers**

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Jewelry Business growth %	34.7%	35.9%	19.5%	16.3%	17.7%
EBIDTA margin %	11.6%	12.0%	11.6%	11.9%	12.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

---

## DISCLAIMER

---

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

**Analyst declaration**

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.