

Titan

Damas bet: *Heads* it wins; *Tales* it doesn't lose much

Titan's acquisition of a 67% stake in century-old Damas Jewellery, one of the largest retailer in the GCC with 146 stores, is a high margin of safety bet which gives Titan immediate regional dominance, access to a premium brand and broad customer base, and a platform that would have taken years to build organically. While Damas has faced a decade of financial stress including declining revenues, margin squeezes, and low profits, the acquisition, valued at AED 1,038mn with an effective EV/Sales (CY24) multiple of ~0.9x excluding the Graff monobrand sales, provides a steep margin of safety to stage a turnaround from. Through integration, operational discipline, and cross-brand synergies, Titan appears to be well-positioned to unlock profitability, drive growth, and solidify market leadership in the high-potential GCC jewellery market. Management expects a phased EPS trajectory, with accretion beginning from CY28 onwards. We revise our FY27/28 revenue estimates by ~3% each; however, our EPS estimates remain unchanged. We maintain REDUCE with an unchanged DCF-based TP of INR3,200/sh (implying 49x Jun-27 P/E).

- **Key details of the acquisition:** Titan Company Ltd., through its wholly owned subsidiary Titan Holdings International FZCO, is set to acquire a 67% equity stake in Damas LLC, the parent company of Damas Jewellery. The acquisition values Damas at an enterprise value of AED 1,038 mn, reflecting an EV/Sales (CY24) multiple of ~0.9x, excluding the revenues from the Graff monobrand franchise. Under the deal, Titan will gain control over Damas's jewellery retail operations across six GCC countries, covering 146 stores, inventory, workforce, and proprietary brands. However, the Graff monobrand franchise which accounts for 20% of Damas's revenue will not be a part of the acquisition and will be discontinued before the transaction closes. The remaining 33% stake will continue to be held by Mannai Corporation, with Titan holding a call option to acquire the rest after December 31, 2029. The transaction is expected to close by 31 January, 2026, pending regulatory and customary approvals.
- **Heads Titan wins; 'Tales' Titan doesn't lose much?** Damas, founded in 1907 in Dubai, is one of the oldest and most trusted jewellery brands in the Middle East, boasting deep-rooted recognition among both local and expatriate communities. With a retail footprint of 146 stores across the GCC, it commands significant market presence, particularly in the UAE and KSA, which together account for ~75% of its business opportunity. Its diverse product range includes gold jewellery, diamond jewellery, international designer brands, and well-established in-house collections. However, despite its longstanding market presence, Damas has experienced sustained financial challenges over the past decade, with revenues contracting at a CAGR of -5% (from QAR 2,353mn in CY14 to QAR 1,436mn in CY24), coupled with significant margin pressures and intermittent net losses. Although there has been a modest recovery since 2019, with a 3.3% revenue CAGR through 2024, profitability remains minimal, reflected in an average net margin of 1.1% over the last three years. Since 2019, the premium "Signature" segment, catering to Arab customers, has posted double-digit growth, contrasting with the underperforming South Asian focused stores, which Titan plans to rationalize or convert to Tanishq outlets. Notably, gold prices increased at a CAGR of ~19% over CY19-24, which should've ideally aided the sales growth. However, this is not reflected in Damas's revenue performance. The acquisition value at an EV/Sales (CY24) of ~0.9x (excluding the Graff franchise) signals market's conservative outlook on Damas's near-term growth potential.

REDUCE

CMP (as on 25 Jul 2025)	INR 3,463
Target Price	INR 3,200
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 3,200	INR 3,200
	FY26E	FY27E
EPS %	-	-0.1

KEY STOCK DATA

Bloomberg code	TTAN IN
No. of Shares (mn)	888
MCap (INR bn) / (\$ mn)	3,074/35,532
6m avg traded value (INR mn)	3,253
52 Week high / low	INR 3,867/2,925

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.9	1.8	1.7
Relative (%)	0.1	(5.1)	(0.1)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	52.9	52.9
FIs & Local MFs	12.18	12.78
FPIs	17.81	17.54
Public & Others	17.11	16.78
Pledged Shares	-	-

Source : BSE

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Nonetheless, acquiring a century-old company with such an extensive retail footprint and a strong premium segment at a price tag that offers significant margin of safety offers Titan a compelling platform for an operational turnaround and value creation through integration, supply chain efficiencies, and brand revitalization.

- **Impact on Titan:** The acquisition boosts Titan's position in the GCC jewellery sector, instantly expanding its regional presence from 15 stores to 161 stores (Tanishq+Mia+Damas combined). Titan will gain immediate access to Damas's established market positioning, prime retail locations, evolved consumer understanding, supply relationships, and experienced workforce - advantages that would have taken years to build organically. By integrating Damas, Titan could potentially unlock significant operational synergies through supply chain consolidation (notably in diamond sourcing and manufacturing), tighter inventory and working capital management, and increased bargaining power with landlords and vendors. The restructuring focus in 2025 will center on converting and optimizing underperforming South Asian-focused stores, expanding the high-margin "Signature" network, and refreshing the product and inventory mix, all of which are expected to enhance sales density and profitability over time. **Management expects some near-term financial drag, with EPS dilution in CY26 and neutrality in CY27, but foresees sustainable EPS accretion from CY28 onwards** as integration progresses, cost structures are right-sized, and revenue and margin growth accelerates. Overall, this deal creates a dual-brand GCC platform that fast-tracks Titan's international ambitions and lays the groundwork for significant value creation in one of the world's most attractive jewellery markets.
- **Scenario Analysis: Impact of Titan's FY28 EPS courtesy the Damas deal** – To provide an analytical perspective on the potential impact of this deal, a scenario analysis for FY28 (excluding the Graff franchise) presents three scenarios – worst case, base case, and best case – factoring in QAR/INR of 24 and varying growth and margin assumptions:
Worst Case: Revenue grows at 7% CAGR at -0.5% PAT margin, causes minor EPS dilution of -0.28%.
Base Case: Revenue grows at 10% CAGR with a 1% PAT margin, resulting in modest EPS accretion of +0.62%.
Best Case: Revenue grows strongly at 15% CAGR with a 3% PAT margin, drives EPS accretion of +2.23%.
This highlights that the downside seems minimal and even modest improvements in profitability and growth via integration and sourcing synergies could justify the investment made.
- **Valuation and outlook:** Acquiring a century-old company like Damas, with one of the largest retail footprints in the GCC spanning 146 stores, at ~0.9x EV/Sales (CY24) (excluding Graff Sales), reflects a disciplined and fair valuation. While Damas has faced financial headwinds historically, this deal provides Titan a unique opportunity to gain immediate scale advantage and access to a premium, well-established brand. By leveraging its operational expertise and supply chain efficiencies, Titan is positioned to unlock significant value, stabilize growth, improve margins, and firmly establish itself as a dominant player in the lucrative GCC jewellery market. **We revise our FY27/28 revenue estimates by ~3% each; however, our EPS estimates remain unchanged. We maintain REDUCE with an unchanged DCF-based TP of INR3,200/sh (implying 49x Jun-27 P/E).**

Financial summary (INR mn)

(Rs mn)	Q4 FY25	Q4 FY24	YoY (%)	Q3 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Revenue	1,49,160	1,24,940	19.4	1,77,400	(15.9)	4,05,750	5,10,840	6,04,560	7,05,005	8,33,461
EBITDA	15,370	11,910	29.1	16,740	(8.2)	44,910	47,810	47,720	66,416	77,757
APAT	8,710	7,710	13.0	10,470	(16.8)	32,740	34,960	33,370	45,869	55,309
EPS (Rs)	9.8	8.7	13.0	11.8	(16.8)	36.9	39.3	37.5	51.5	62.1
P/E (x)						93.6	87.9	92.0	67.0	55.5
EV/EBITDA (x)						70.0	67.3	68.5	49.0	42.0
Core RoCE(%)						17.5	16.1	13.4	15.2	15.5

Source: Company, HSIE Research

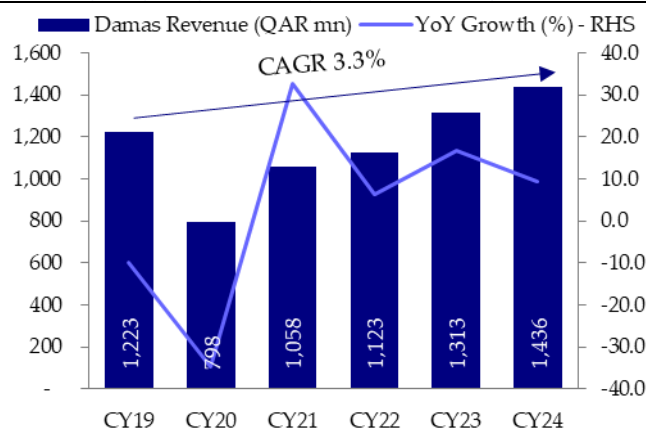
Estimate changes

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	7,05,005	7,05,005	-	8,33,461	8,06,715	3.3	9,41,297	9,11,108	3.3
Gross Profit	1,57,868	1,57,868	-	1,89,133	1,83,064	3.3	2,15,486	2,08,575	3.3
Gross Profit Margin (%)	22.4	22.4	-	22.7	22.7	(0 bps)	22.7	23.4	(72 bps)
EBITDA	66,416	66,416	-	77,757	78,101	(0.4)	90,311	90,685	(0.4)
EBITDA margin (%)	9.4	9.4	-	9.3	9.7	(35 bps)	9.7	10.3	(61 bps)
APAT	45,869	45,869	-	55,309	55,354	(0.1)	64,802	64,911	(0.2)
APAT margin (%)	6.5	6.5	-	6.6	6.9	(23 bps)	6.9	7.3	(45 bps)
EPS	51.5	51.5	-	62.1	62.2	(0.1)	72.8	72.9	(0.2)

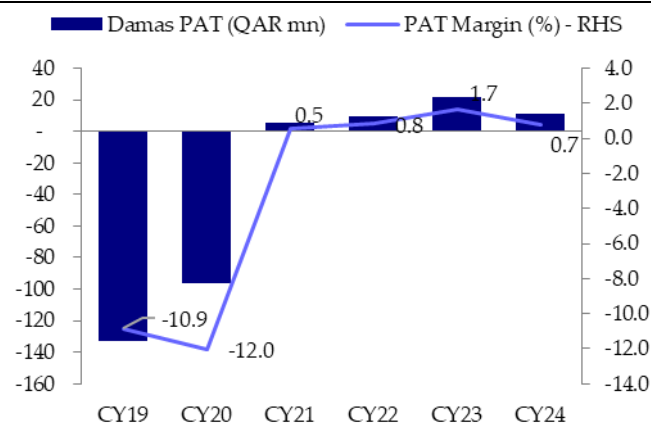
Source: Company, HSIE Research

Focus Charts

Damas's revenue growth reported modest CAGR of 3.3% over CY19-24, with consistently thin profit margins, reflecting ongoing challenges in achieving sustainable profitability



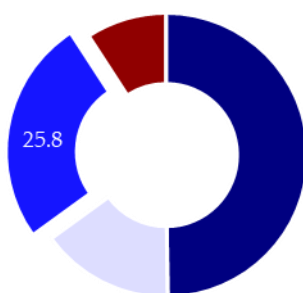
Source: Company, HSIE Research



Source: Company, HSIE Research

Mannai Corporation, the current holding company of Damas, derives only about 26% of its revenue from jewellery, with the majority coming from its IT business. In contrast, Titan generates ~89% of its revenue from the jewellery sector, positioning it with stronger domain expertise and focus to effectively manage and grow Damas business

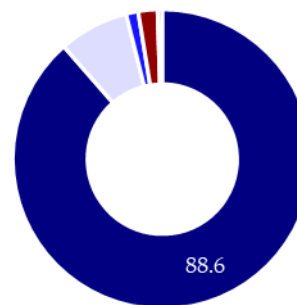
Mannai Corporation - CY24 Revenue Share (%)



■ Information Technology ■ Auto Group ■ Jewellery ■ Others

Source: Company, HSIE Research

Titan - FY25 Revenue Share (%)

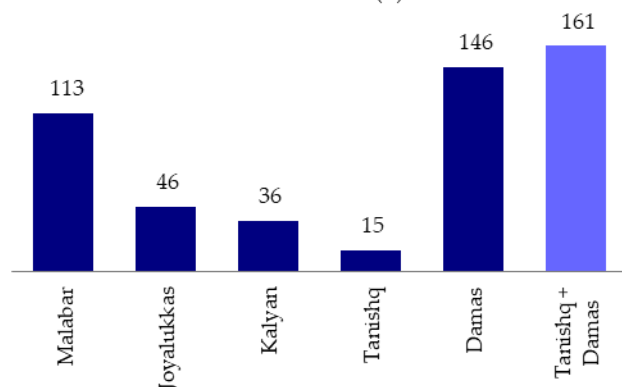


■ Jewellery ■ Watches ■ Eyewear ■ Others ■ Unallocable

Source: Company, HSIE Research

With the acquisition of Damas, Titan has leapfrogged its Indian competitors almost overnight in the GCC region

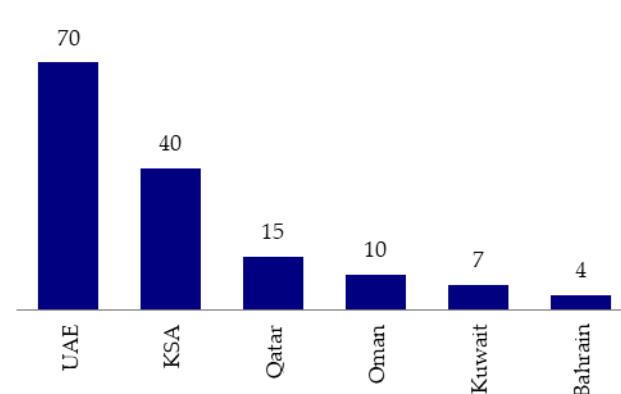
GCC Stores (#)



Source: Company, HSIE Research

Majority of the Damas stores are located in UAE and KSA which together represent 75% of its market opportunity

Damas Stores in GCC



Source: Company, HSIE Research

Financial Performance of Damas

In millions of Qatari Riyals	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Damas Revenue (QAR mn)	2,353	2,097	1,702	1,571	1,360	1,223	798	1,058	1,123	1,313	1,436
YoY Growth (%) - RHS		-10.9	-18.9	-7.7	-13.4	-10.0	-34.8	32.6	6.2	16.8	9.4
Gross Profit	614	608	499	437	386	234	196	215	226	305	353
Gross Margin (%)	26.1	29.0	29.3	27.8	28.4	19.2	24.6	20.3	20.2	23.2	24.6
EBITDA		304	264	171	84	-21	7	104	116	149	150
EBITDA Margin (%)	0.0	14.5	15.5	10.9	6.2	-1.7	0.9	9.8	10.4	11.3	10.5
Depreciation		33	43	30	31	69	67	71	76	82	89
EBIT	-	270	221	141	53	-90	-60	32	41	67	61
EBIT Margin (%)	0.0	12.9	13.0	9.0	3.9	-7.3	-7.5	3.1	3.6	5.1	4.3
Finance Cost		76	74	72	33	43	36	25	31	46	50
PBT	-	194	148	69	21	-132	-96	7	10	22	11
PBT Margin (%)	0.0	9.3	8.7	4.4	1.5	-10.8	-12.0	0.7	0.9	1.7	0.8
Income Tax		3	2	2	1	0	0	1	0	0	0
Effective Tax rate (%)		1.5	1.3	2.4	3.8	-0.2	-0.2	19.0	4.9	0.5	1.0
Damas PAT (QAR mn)	394	191	146	67	20	-133	-96	6	9	22	11
PAT Margin (%) - RHS	16.8	9.1	8.6	4.3	1.5	-10.9	-12.0	0.5	0.8	1.7	0.7
Share of results and impairment losses from equity accounted investees	54	60	57	54	47	42	29	40	30	23	18

Segment Assets	2,283	2,356	1,747	1,706	1,708	1,572	1,460	1,887	1,998	2,197	2,249
Segment Liabilities	1,363	971	592	532	611	605	585	1,009	1,113	1,293	1,342
Net Worth	920	1,385	1,155	1,174	1,097	967	874	878	885	905	907
ROE (%)	42.8	13.8	12.6	5.7	1.8	-13.7	-11.0	0.7	1.1	2.4	1.2

Source: Company, HSIE Research

Scenario Analysis: Damas FY28 Outlook and Titan EPS Impact

	Base case	Best Case	Worst Case
FY28 Revenue (QAR mn)	1,681	2,009	1,505
PAT Margin (%)	1.0	3.0	-0.5
PAT (QAR mn)	17	60	-8
PAT (INR mn)	404	1,446	-181
EPS Impact (INR)	0.45	1.62	-0.20
EPS Accretion/Dilution (%)	0.62	2.23	(0.28)

Source: Company, HSIE Research. Assumed QAR/INR of 24 in FY28

Key takeaways from conference call

- GCC jewelry markets are fundamentally different from India: they are fashion/accessory markets, not store-of-value markets. GCC customers do not focus on gold rates or making charges as Indian customers typically do. Making charges for jewelry can be as high as 30–50%, leading to a strong gross margin profile.
- Titan's long-term ambition is to become a global jewelry company leveraging three decades of expertise. Management believes scaling up outside India requires inorganic growth and acquiring established local brands.
- Tanishq has achieved high double-digit growth in the GCC over the last few years. Management believes this momentum is expected to continue for another 2-3 years due to network expansion opportunities, after which growth will normalize and get 15-20% LTL growth.
- Damas is highly popular in the UAE, enjoying the highest brand recall and strong brand ambassadorship in the region. Damas also has a solid brand presence and reputation in KSA, and some network in Qatar and Oman. UAE and KSA together represent 75% of Damas's market opportunity.
- Out of the 146 stores in GCC, about 60-70 stores are located in the UAE.
- Titan and Damas bring complementary strengths: Damas offers a strong brand and deep customer insight; Titan brings operational excellence and process-driven management.
- UAE market for Damas is mature; room for incremental network expansion exists but bigger potential is through improving retail KPIs in existing stores (walk-ins, conversion rates, basket/ticket size).
- KSA presents a lower-penetrated, less organized market with significant potential for formalization and new store growth. Rapid social change in KSA, especially greater female workforce participation, is expected to drive future jewelry demand.
- Management highlighted Damas's sales growth declined from CY19-24 to a 20-25% reduction in its store network. While the "Signature" stores, catering to Arab customers, grew a healthy 12-14%, the South East Asian and Indian segments faced pressure from expanding Indian jewelers in the GCC.
- The ratio of studded and gold is more than 50% in Signature stores.
- Damas will now be strategically focusing on Arab nationals and expats; while the South Asian focused stores will be partly converted to Tanishq stores.
- CY25 is planned as a restructuring year for Damas: store conversions, inventory refresh, network optimization. Management expects the acquisition to be EPS-dilutive in CY26, EPS-neutral in CY27, and EPS-accretive from CY28 onwards.
- Funding for the acquisition will be primarily through debt raised at Titan's overseas subsidiary. Expected debt raise is AED 500-550 mn (~INR1.2bn) with an interest rate around 6%.
- Operating expenses in the Middle East are structurally higher but management believes there is room for efficiency improvements.
- Most of Damas's current gold sourcing is via GML; as reliance on diamond jewelry increases, use of GML will decline.

- Finance costs as a share of sales for Damas are relatively high; Management sees room for improvement in asset turns and inventory optimization, which should lower financing costs post-integration.
- Double-brand presence (Tanishq, Damas) will allow management to negotiate better rents and terms with landlords due to increased leverage.
- Damas's "signature" network makes up 60–70% of stores, and regarding topline it is roughly 50-50% between gold jewellery stores and the signature stores. The higher revenue contribution in other stores is majorly gold price-led. However, this mix is likely to change, going forward.
- The Graff franchise had three stores, contributing roughly 20% of Damas's revenues. Graff's margins were almost same as Damas's business. Note - Graff franchise is excluded from the Titan-Damas deal.
- Unorganized jewelry markets persist, especially in KSA (approx. 60% unorganized, 30–40% organized); in UAE, ~50–60% of the market is organized.
- Damas currently competes with regional brands Johara, L'azurde, and a variety of strong organized independents; these are direct competitors for the signature segment. The ultra-luxury segment (e.g., Bulgari, Van Cleef & Arpels, Graff) targets only the high'-net'-worth population and is not Damas's core competition.
- Management believes Titan's expertise in diamond procurement and manufacturing will create significant sourcing synergies, allowing them to support Damas's supply chain, reduce costs, and improve quality.
- Lab-grown diamonds are present in Damas's portfolio (under the Gaia brand) but not a dominant focus; market for LGD is more advanced in India.
- Store rationalization during COVID-19 and previous financial distress led to the large reduction in network size from 300 in 2012-13 to 182 in Dec 2020 to 146 currently.
- Ongoing strategy is to rationalize and convert some Southeast Asian focused stores into Tanishq, while growing the signature network in KSA and UAE. Some South Asian focused stores may eventually sell both Damas and Tanishq merchandise, depending on demand and catchment.
- Pre-IFRS, Damas EBITDA was slightly positive (2–3% margins); EBITDA for Signature part of the business is much higher than 3%.

Income Statement

Year End (March)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	1,97,785	2,10,515	2,16,440	2,87,990	4,05,750	5,10,840	6,04,560	7,05,005	8,33,461	9,41,297
Growth (%)	22.7	6.4	2.8	33.1%	40.9%	25.9%	18.3%	16.6%	18.2%	12.9%
COGS	1,44,475	1,52,067	1,64,400	2,16,850	3,04,110	3,94,890	4,75,150	5,47,137	6,44,328	7,25,811
Employee Expense	10,193	11,994	10,650	13,490	16,470	18,640	21,560	25,380	29,588	32,945
A&P Expense	5,992	5,597	2,880	5,900	9,660	11,480	13,080	15,606	18,449	20,836
S&D Expense	5,549	6,754	5,870	8,930	13,530	16,170	16,880	18,980	22,021	24,870
Rent Expense	2,274	276	20	40	350	480	380	443	524	592
Other Expenses	7,938	9,162	15,380	9,370	12,840	16,260	20,570	21,617	30,067	34,287
EBITDA	21,365	24,666	17,240	33,410	48,790	52,920	56,940	75,843	88,485	1,01,956
EBITDA Growth (%)	29.9	15.5	(30.1)	93.8%	46.0%	8.5%	7.6%	33.2%	16.7%	15.2%
EBITDA Margin (%)	10.1	11.7	8.0	11.6%	12.0%	10.4%	9.4%	10.8%	10.6%	10.8%
Pre IND AS EBITDA	21,365	21,271	14,960	30,530	44,910	47,810	47,720	66,416	77,757	90,311
Pre IND AS EBITDA Growth (%)	29.9	(0.4)	(29.7)	104.1	47.1	6.5	(0.2)	39.2	17.1	16.1
Pre Ind AS EBITDA Margin (%)	10.8	10.1	6.9	10.6	11.1	9.4	7.9	9.4	9.3	9.6
Depreciation	1,628	3,480	3,750	3,990	4,410	5,840	6,930	7,499	8,389	9,492
EBIT	19,737	21,186	13,490	29,420	44,380	47,080	50,010	68,344	80,095	92,465
Pre IND AS EBIT	19,737	19,552	12,850	28,400	42,940	45,090	44,390	62,717	73,357	85,089
Other Income (Including EO Items)	1,829	1,532	1,860	1,800	3,080	5,330	4,860	4,357	5,591	6,589
Interest	525	1,662	2,030	2,180	3,000	6,190	9,530	11,417	11,788	12,468
Interest - Pre IND AS	525	600	890	1,020	1,660	4,260	7,310	8,906	8,978	9,391
PBT	21,041	21,057	13,320	29,040	44,460	46,220	45,340	61,285	73,899	86,586
Total Tax	5,682	6,090	3,530	7,060	11,730	11,270	11,980	15,425	18,600	21,794
RPAT before associate earnings	15,358	14,967	9,790	21,980	32,730	34,950	33,360	45,859	55,299	64,792
Share of Associate earnings	(22)	(40)	(50)	-	10	10	10	10	10	10
RPAT	15,337	14,927	9,740	21,980	32,740	34,960	33,370	45,869	55,309	64,802
Exceptional Gain/(loss)	-	-	-	(540)	-	-	-	-	-	-
Adjusted PAT	15,337	14,927	9,740	22,520	32,740	34,960	33,370	45,869	55,309	64,802
APAT Growth (%)	37.1	(2.7)	(34.7)	131.2%	45.4%	6.8%	-4.5%	37.5%	20.6%	17.2%
Adjusted EPS (Rs)	17.3	16.8	11.0	25.4	36.9	39.3	37.5	51.5	62.1	72.8
EPS Growth (%)	37.1	(2.7)	(34.7)	131.2	45.4	6.5	(4.5)	37.5	20.6	17.2

Balance Sheet

Year End (March)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS										
Share Capital - Equity	888	888	890	890	890	890	890	890	890	890
Reserves	59,814	65,800	74,080	92,140	1,17,620	93,040	1,15,350	1,48,743	1,88,397	2,30,106
Total Shareholders Funds	60,702	66,688	74,970	93,030	1,18,510	93,930	1,16,240	1,49,633	1,89,287	2,30,996
Minority Interest	141	44	50	300	530	-	-	-	-	-
Long Term Debt	317	170	90	20	-	33,020	5,950	5,950	5,950	5,950
Short Term Debt	36,346	37,854	54,410	74,880	97,850	1,22,750	1,95,590	2,03,396	2,26,680	2,48,352
Total Debt	36,663	50,454	67,060	88,490	1,16,580	1,79,260	2,28,350	2,42,564	2,71,969	2,99,339
Net Deferred Taxes	(688)	(1,528)	(970)	(1,810)	(1,550)	(1,840)	(1,680)	(1,680)	(1,680)	(1,680)
Other Non-current Liabilities & Provns	13	45	40	50	50	170	160	160	160	160
TOTAL SOURCES OF FUNDS	96,831	1,15,702	1,41,150	1,80,060	2,34,120	2,71,520	3,43,070	3,90,678	4,59,736	5,28,815
APPLICATION OF FUNDS										
Net Block	14,196	15,583	14,720	14,630	16,000	20,510	21,760	24,609	30,210	35,636
CWIP	318	115	190	690	1,330	880	930	930	930	930
Goodwill on Consolidation	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Other Non-current Assets	3,111	13,798	13,590	15,770	21,970	27,420	29,380	33,620	37,670	41,441
Total Non-current Assets	18,854	30,726	29,730	32,320	40,530	50,040	53,300	60,389	70,040	79,237
Investments	392	444	190	2,790	3,510	6,790	6,510	6,510	6,510	6,510
Inventories	70,388	81,030	84,080	1,36,090	1,65,840	1,90,510	2,81,840	2,90,036	3,36,032	3,74,351
Debtors	4,205	3,116	3,660	5,650	6,740	10,180	10,680	12,454	14,724	16,629
Other Current Assets	11,215	13,646	12,160	17,340	16,960	24,190	23,230	25,630	29,615	32,672
Cash & Equivalents	11,357	4,947	33,650	15,880	35,070	31,920	29,210	58,912	77,595	1,02,580
Total Current Assets	97,164	1,02,738	1,33,550	1,74,960	2,24,610	2,56,800	3,44,960	3,87,032	4,57,965	5,26,233
Creditors	9,060	5,967	7,890	12,940	12,140	14,100	19,630	22,891	27,062	30,564
Other Current Liabilities & Provns	10,520	12,239	14,430	17,070	22,390	28,010	42,070	40,362	47,717	52,601
Total Current Liabilities	19,580	18,206	22,320	30,010	34,530	42,110	61,700	63,254	74,779	83,165
Net Current Assets	77,585	84,532	1,11,230	1,44,950	1,90,080	2,14,690	2,83,260	3,23,778	3,83,186	4,43,068
TOTAL APPLICATION OF FUNDS	96,831	1,15,702	1,41,150	1,80,060	2,34,120	2,71,520	3,43,070	3,90,678	4,59,736	5,28,815

Source: Company, HSIE Research

Cash Flow Statement

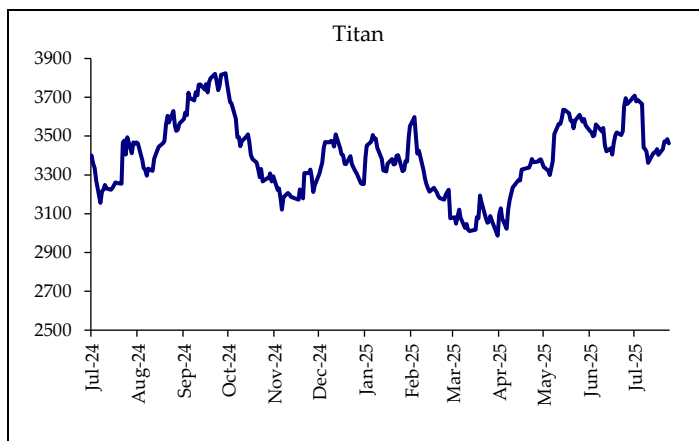
Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	19,569	21,017	13,270	29,040	44,470	46,230	45,350	61,285	73,899	86,586
Non-operating & EO Items	103	(1,340)	(1,160)	(2,230)	190	(4,220)	(4,070)	(4,347)	(5,581)	(6,579)
Interest Expenses	525	1,662	2,030	2,180	300	6,190	9,530	11,417	11,788	12,468
Depreciation	1,628	3,480	3,750	3,990	4,410	5,840	6,930	7,499	8,389	9,492
Working Capital Change	(3,036)	(22,715)	26,210	(32,200)	(24,130)	(25,360)	(52,260)	(10,816)	(40,725)	(34,896)
Tax Paid	(6,360)	(5,577)	(2,710)	(8,020)	(11,540)	(11,730)	(10,890)	(15,425)	(18,600)	(21,794)
OPERATING CASH FLOW (a)	12,429	(3,474)	41,390	(7,240)	13,700	16,950	(5,410)	49,611	29,169	45,276
Capex	(2,451)	(3,843)	(1,390)	(2,160)	(4,200)	(6,710)	(4,700)	(6,548)	(10,000)	(10,649)
Free Cash Flow (FCF)	9,978	(7,317)	40,000	(9,400)	9,500	10,240	(10,110)	43,064	19,169	34,628
Investments	(6,381)	5,183	(27,360)	12,980	(15,670)	1,690	5,960	-	-	-
Non-operating Income	849	728	460	560	1,460	2,490	2,880	4,357	5,591	6,589
INVESTING CASH FLOW (b)	(7,983)	2,068	(28,290)	11,380	(18,410)	(2,530)	4,140	(2,191)	(4,409)	(4,059)
Debt Issuance/(Repaid)	(389)	6,934	(5,620)	3,420	16,770	56,290	22,210	7,806	23,284	21,672
Interest Expenses	(525)	(1,662)	(2,030)	(2,180)	(3,000)	(6,190)	(5,380)	(11,417)	(11,788)	(12,468)
FCFE	9,063	(2,045)	32,350	(8,160)	23,270	60,340	6,720	39,453	30,665	43,831
Share Capital Issuance	-	-	-	-	-	-	-	-	-	-
Dividend	(3,974)	(5,356)	(3,550)	(3,550)	(6,660)	(8,880)	(9,760)	(9,790)	(12,460)	(19,580)
Others	-	-	-	-	-	(51,330)	(140)	-	-	-
FINANCING CASH FLOW (c)	(4,888)	(83)	(11,200)	(2,310)	7,110	(10,110)	6,930	(13,400)	(964)	(10,377)
NET CASH FLOW (a+b+c)	(443)	(1,490)	1,900	1,830	2,400	4,310	5,660	34,020	23,796	30,841
EO Items, Others	6,387	3,057	3,810	13,550	11,080	11,170	11,770	11,770	11,770	11,770
Closing Cash & Equivalents	10,665	3,811	5,600	15,730	13,430	15,260	15,840	45,542	64,225	89,210

Key Ratios

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)										
GPM	27.0	27.8	24.0	24.7	25.0	22.7	21.4	22.4	22.7	22.9
EBITDA Margin	10.1	11.7	8.0	11.6	12.0	10.4	9.4	10.8	10.6	10.8
EBIT Margin	10.0	10.1	6.2	10.2	10.9	9.2	8.3	9.7	9.6	9.8
APAT Margin	7.8	7.1	4.5	7.8	8.1	6.8	5.5	6.5	6.6	6.9
RoE	27.5	23.4	13.8	26.8	31.0	32.9	31.8	34.5	32.6	30.8
RoIC (or Core RoCE)	18.0	15.3	9.1	16.5	18.0	16.2	13.3	15.8	16.8	17.1
RoCE	18.1	15.2	8.7	15.1	16.9	15.7	13.1	14.8	15.1	15.0
RoE*	27.5	22.4	13.1	25.6	29.3	30.6	29.2	31.8	30.3	28.8
RoIC*	18.0	15.7	9.4	17.1	18.7	16.7	12.6	15.6	16.6	17.0
RoCE*	18.1	15.8	8.7	15.4	17.5	16.1	13.4	15.2	15.5	15.5
EFFICIENCY										
Tax Rate (%)	29.0	28.9	26.5	23.9	26.4	24.4	26.4	25.2	25.2	25.2
Fixed Asset Turnover (x)	13.0	12.1	12.1	14.9	18.6	18.7	19.9	19.1	17.8	16.4
Inventory (days)	130	140	142	172	149	136	170	150	147	145
Debtors (days)	8	5	6	7	6	7	6	6	6	6
Other Current Assets (days)	21	24	21	22	15	17	14	13	13	13
Payables (days)	17	10	13	16	11	10	12	12	12	12
Other Current Liab & Provsns (days)	19	21	24	22	20	20	25	21	21	20
Cash Conversion Cycle (days)	122	138	131	164	139	131	153	137	134	132
Net Debt/Equity (x)	0.4	0.7	0.4	0.8	0.7	1.6	1.7	1.2	1.0	0.9
Interest Coverage (x)	37.6	12.7	6.6	13.5	14.8	7.6	5.2	6.0	6.8	7.4
PER SHARE DATA (Rs)										
EPS	17.3	16.8	11.0	25.4	36.9	39.3	37.5	51.5	62.1	72.8
CEPS	19.1	20.7	15.2	29.9	41.8	45.8	45.3	60.0	71.6	83.5
Dividend	5.0	4.0	4.0	7.5	10.0	11.0	11.0	14.0	22.0	25.0
Book Value	68.4	75.1	84.4	104.8	133.5	105.5	130.6	168.1	212.7	259.5
VALUATION								38.65	15.54	54.19
P/E (x)	199.8	205.3	314.6	136.0	93.6	87.9	92.0	67.0	55.5	47.4
P/BV (x)	50.5	45.9	40.9	32.9	25.9	32.7	26.4	20.5	16.2	13.3
EV/EBITDA (x)	144.59	146.17	207.03	102.73	70.03	67.32	68.54	49.01	42.00	36.19
EV/Revenues (x)	15.6	14.8	14.3	10.9	7.8	6.3	5.4	4.6	3.9	3.5
OCF/EV (%)	0.4	(0.1)	1.3	(0.2)	0.4	0.5	(0.2)	1.5	0.9	1.4
FCF/EV (%)	0.3	(0.2)	1.3	(0.3)	0.3	0.3	(0.3)	1.3	0.6	1.1
FCFE/Mkt Cap (%)	0.3	(0.1)	1.1	(0.3)	0.8	2.0	0.2	1.3	1.0	1.4
Dividend Yield (%)	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.4	0.6	0.7

Source: Company, HSIE Research

Price Movement



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

Titan: Company Update

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