INVasset Corporate Insights

TITAN

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Titan Company: Charting the Course for Diversified Growth

Trusted Brands and Diverse Portfolio: Established over three decades ago, Titan Company Ltd has carved out a name synonymous with quality and trust in India's lifestyle industry, operating as a joint venture between the TATA Group and TIDCO. It maintains a distinguished position in Watches, Jewellery, and Eyewear, driven by a suite of recognized brands such as SKINN, Fastrak, Titan Eye+, Tanishq, and Sonata.

Dominant Jewellery Presence: Jewellery segment making up a substantial 90% of its revenue as per the latest figures in 9M FY24. Titan is capturing a significant 7% of the market with its extensive network of 898 Exclusive Brand Outlets. The company has recently broadened its footprint significantly by inaugurating new Tanishq, Mia, Zoya, and Caratlane stores.

Innovation in Watches & Wearables: Though a smaller segment of the revenue at 7%, Titan's Watches and Wearables division exhibits impressive presence by more than 1,080 Exclusive Brand Outlets and an expansive network of over 8,000 Multi-brand Outlets.

Focus on EyeCare: Titan's dedication to eye health is reflected in its 1% business segment, Titan Eye+, which stands as the largest eyewear retail chain in the nation, extending its services through 975 stores, including a global footprint of 14 stores. The company continues to emphasize its commitment to this segment with the introduction of additional Titan Eye+ and Fastrak stores in the recent fiscal period.

Emerging Business Ventures: The emerging business division of Titan, although a smaller portion of revenue, shows a forward-thinking approach in tapping into new market sectors such as Fine Fragrances, Indian Dress Wear, and Women's Bags. With strategic distribution through 800+ Titan World and Fastrak outlets, and a strong online presence across multiple e-commerce platforms, Titan is diversifying its portfolio to meet modern consumer demands.

Strategic International Moves: Titan's expansion strategy in FY23 took a leap forward on the global stage, as the company unveiled new stores in key international markets such as the UAE, Singapore, and the US. This expansion brings Titan's global retail count to 14 stores, marking a significant step in its international market.

Strategic Acquisitions and Alliances: Titan has integrated CaratLane Trading Pvt Ltd fully into its corporate family as a subsidiary. TCL North America Inc, a subsidiary of Titan, is making inroads into the burgeoning field of health and wellness technology by investing in CueZen Inc, thereby diversifying its business interests.

Expansion Roadmap: Titan is scaling up its number of Tanishq stores from 265 to 300 towns over the next few years. Moreover, the emerging segment, Indian Dress Wear, is on track for significant expansion, aiming to inaugurate 13 more stores to reach a total of 75 by the end of FY24 capturing a broader market share.

Stock Data	
CMP (04-04-2024)	3,714.20
52 Week High/Low	3,886.9/2,513.30
Face Value	1.00
Market Cap (In Crs)	3,29,990
Enterprise Value (In Crs)	3,42,816
NSE	TITAN
BSE	500114
Bloomberg	TTAN:IN
Sector	Diamonds, Gems and Jewellery

Shareholding Pattern (in %)		
	DEC 23	SEPT 23
Promoter	52.90	52.90
FII	18.89	19.05
DII	10.25	9.87
Public	17.77	18.00

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	0.25	14.88	28.95
Titan Company Ltd	-1.50	16.00	46.12

Key Ratios	
P/E	95.6
P/S	6.74
P/B	26.6
Debt To Equity	1.15
ROE	30.8%
ROCE	25.1%
Dividend Yield	0.27%

Q3 FY 24 Result Update

Q3 FY24 Result Comparison (In Rs Cr)					
	Q3 FY24	Q2 FY24	Q3 FY23	QOQ	YOY
Sales	14,164	12,529	11,609	13.05%	22.01%
EBITDA	1,701	1,536	1,437	10.74%	18.37%
EBIT	1,547	1,392	1,324	11.14%	16.84%
Net Profit	1,053	916	913	14.96%	15.33%
EPS	11.86	10.31	10.18	15.03%	16.50%

Result Highlights

Titan Company Triumphs: Exceptional Growth in Q3 FY24

Titan Company: A Spectrum of Elegance and Style: Titan Company's business spectrum spans across a variety of lifestyle segments, catering to diverse customer needs with elegance and style. Their Jewellery segment shines with designs that promise to add a sparkle to every occasion. The Watches & Wearables division combines functionality with fashion, offering sophisticated timepieces for the modern individual. In EyeCare, Titan provides chic eyewear solutions, ensuring vision care meets contemporary style. The Fragrances section offers a bouquet of scents, crafting memorable experiences with each perfume. Their Fashion Accessories are all about making bold style statements with every piece, from bags to belts. Lastly, the Indian Dress Wear celebrates the rich heritage of Indian textiles and designs, draping customers in cultural elegance.

Stellar Sales Surge: Unyielding Market Command: Titan Company Limited's Q3 FY24 has been nothing short of spectacular, with sales skyrocketing to ₹14,164 Cr. This not only represents a formidable 13.05% growth from the previous quarter but also a remarkable 22.01% increase year-over-year. The company's consistent ability to push the envelope and reach new heights in sales performance demonstrates an unwavering market demand and consumer loyalty. This sales uptrend serves as a clear indicator of Titan's deep understanding of market trends and its capacity to innovate and appeal to its consumer base successfully.

EBITDA a sustained growth markers: Titan's financial robustness is further underscored by its EBITDA, which stands at an impressive ₹1,701 Cr, surpassing the previous quarter's figures by 10.74% and recording a vigorous 18.37% year-over-year increase.

EBIT growing at a consistent pace: The company's EBIT has shown commendable growth, reporting at ₹1,547 Cr, which is an increase of 11.14% over the previous quarter and a substantial 16.84% growth from the same quarter in the previous year. These figures are reflective of Titan's enduring operational efficiency and its strategic initiatives that have continued to drive profitability upwards.

Net Profit: Indicators of Enduring Profitability: The net profit of Titan Company tells a tale of continuing fiscal prosperity with a striking growth to ₹1,053 Cr, ascending by 14.96% from Q2 FY24 and showcasing a strong year-over-year improvement of 15.33%.

Robust growth in EPS: The EPS stands tall at 11.86, evidencing a 15.03% increase over the last quarter and a significant year-over-year rise of 16.50%. These strong financial outcomes are indicative of Titan's capacity to not only generate revenue but to also efficiently manage its resources to enhance its profitability and investor returns.

Fiscal Fitness and Shareholder Fortitude: A Testament to Resilience: In conclusion, the financial results of Q3 FY24 firmly place Titan Company in a position of enviable fiscal health, with remarkable resilience and growth demonstrated across all critical financial indicators. The double-digit improvements speak volumes of Titan's market strength and savvy execution of business strategies. The ongoing rise in EPS additionally showcases Titan's commitment to creating and sustaining shareholder wealth, confirming the company's status as a paragon of financial resilience and corporate strength in the dynamic landscape of India's lifestyle industry.

Concall Highlights

A Gleaming Tale of Market Dominance and Innovation: Titan's Jewellery division stands as a beacon of market leadership in India, boasting an impressive ~7% market share, thanks to its innovative manufacturing hubs in Hosur and Pantnagar and the integration of cutting-edge technology in production. The division's retail muscle is flexed across 898 exclusive outlets, with names like Tanishq and CaratLane leading the charge in style diversity. The brand's strategic Gold Exchange Programme fuels over 40% of its sales, highlighting a keen understanding of consumer preferences. Expanding its reach to 275 towns and pioneering digital initiatives with ~19% of sales digitally influenced in Q3 FY24, Titan Jewellery's forward-thinking approach is further exemplified by the introduction of 13 new campaigns and collections, ensuring it remains at the forefront of the jewellery industry's evolution.

Dazzling Performance in Diverse Segments: In Q3 FY24, Titan Company's financial highlights shine with Jewellery leading the way, contributing a staggering 90% to the total segment income at ₹11,709 Cr, up by 23% year-over-year (YoY). Watches & Wearables also clocked a notable increase with a 21.1% YoY growth, totaling ₹982 Cr. Despite a slight 4% dip, the EyeCare segment brought in ₹167 Cr, while the Emerging Businesses segment showed impressive growth of 25.8% YoY, contributing ₹112 Cr. Overall, Titan's consolidated income stood strong at ₹13,071 Cr, marking a significant 22.7% increase from the previous year, showcasing the brand's robust presence across its multi-faceted business segments.

Mixed Canvas of EBIT Performance: In Q3 FY24,the Jewellery segment, as the flagship, continued its strong performance with a 12.2% increase, reaching ₹1,432 Cr. Watches & Wearables, though smaller, still clocked a commendable 5.6% growth. EyeCare faced a challenging quarter, with EBIT retracting by 17.9%, signaling a need for strategic reassessment. On the brighter side, the Emerging Businesses segment, despite a reduction, shows promise, and the overall Standalone EBIT grew by 11.3%, totaling ₹1,478 Cr. Titan's diversified business structure thus showcases areas of robust growth and opportunities for strategic improvements.

Gleaming Report of Expansion and Earnings: Titan Jewellery's performance in Q3 FY24 sparkles with a robust 23% YOY growth in total income, reaching ₹11,709 Cr, out of which the Indian business alone soared by 21%. International growth was remarkable, with a hundredfold increase in primary shipments. The festive season saw double-digit growth in buyer growth, necessitating strategic investments due to gold price fluctuations. EBIT for the segment grew by 15.9% to ₹1,432 Cr, marking a solid 12.2% margin. Tanishq opened 18 new stores in India, Mia branched into 16 new locations, and international presence was strengthened with stores in the USA and Singapore, taking Titan's jewellery international footprint to 14 stores.

Ticking Ahead with Innovation and Growth: The Watches & Wearables division of Titan Company reported a 21.1% increase in YoY growth with a total income of ₹982 Cr, driven by a significant uptick in analog watches and wearables, which grew by 18% and 65% respectively. The division's dedication to premiumization and catering to evolving fashion needs is evident through the launch of 'Vyb' and 'Poze' under its Fastrack and Sonata umbrellas. With a stellar 66% YoY growth for Fastrack wearables and Titan Smart's 57% YoY increase, the segment has seen a substantial rise in market share. An EBIT of ₹55 Cr and an EBIT margin of 5.6% were achieved, bolstered by strategic marketing and new launches.

Titan's Watch & Wearables Scale New Heights: Titan's Watches & Wearables segment exhibits a solid upward trajectory in its standalone quarterly performance trends. From FY19's income of ₹2,441 Cr with a 15% YOY growth, it has surged to a remarkable 21% YOY growth in Q3 FY24, reaching an income of ₹982 Cr. This growth is matched by an impressive year-to-date income of ₹2,964 Cr, marking a 22% increase. EBIT have also shown resilience and growth, with a particularly notable margin increase to 14.7% in Q3 FY24 from previous years, reflecting a profit-making ability within the segment despite the flow of market dynamics.

Robust Retail Momentum Across Titan's Brands: Titan Company's retail sales exhibit strong growth across different segments, with Q3 FY24 seeing Tanishq's total sales increase by 16%, and CaratLane leading the growth at 37%. Fastrack faced a slight decline, while Helios surged by 36%. Titan Eye+ maintained its pace with no change in sales. Year-to-date figures for FY24 also reflect positive momentum, with Tanishq's sales up by 21% and CaratLane impressing with a 42% increase. Watches LFS grew by 20%, while Titan Eye+ saw a modest 7% increase. The like-to-like sales comparison, which considers stores open for the same period across years, shows Tanishq with a 15% increase and CaratLane at an outstanding 6%, underscoring the company's strong retail sales performance.

Impressive Growth in Profit and Revenue: Titan Company's standalone profit and loss statement for Q3 FY24 shines with a robust 22.5% year-over-year increase in total income, reaching ₹12,932 Cr, complemented by a 22.7% rise in total income for the same period. EBITDA and EBIT margins experienced a slight compression but still reported healthy growth of 12.3% and 11.3% respectively. Profit After Tax (PAT) saw a 9.4% increase, although there was a slight margin reduction. The year-to-date figures for FY24 are also strong, with total income up by 21% and operating revenue by 20.5%. Despite a slight dip in margins, EBITDA and EBIT increased by 9.0% and 8.1%, with PAT growing by 6.1%. These results highlight Titan's resilient performance and financial growth amidst market variations.

Solid Growth in Consolidated Financials: Titan Company's consolidated statement of profit and loss for Q3 FY24 gleams with significant growth, where operating revenue jumped by 23.8% YoY to ₹13,986 Cr and total income by 24.1% YoY to ₹14,122 Cr. EBITDA rose by 18.5%, despite a marginal drop in percentage points, and EBIT also saw a healthy 16.8% increase. Profit After Tax (PAT) improved by 15.4% YoY, though with a slight decline in margins. Year-to-date figures for FY24 echoed this upward trend with operating revenue and total income growing by 22.7% and 23.2%, respectively. EBITDA and EBIT growth remained solid at 12.3% and 10.6%, with PAT growing by 7.4% YoY. Titan's consolidated results underscore the company's enduring strength and profitability in the face of market fluctuations.

A Diverse Portfolio's Triumph: Titan Company's Q3 FY24 report reflects a diversified portfolio delivering strong financial results. Total income saw an upward swing across major segments, with Jewellery leading at ₹11,709 Cr, marking a 23.0% increase from the previous year. Watches & Wearables also enjoyed a rise, though EyeCare observed a slight decline. Emerging Businesses and the Corporate segment reported significant growth. Standalone income, excluding bullion sales, grew by 22.7% to ₹13,071 Cr. The EBIT followed suit with Jewellery, and Watches & Wearables posting impressive gains, despite a decrease in EBIT margins across most segments. Consolidated total income rose by 22.2% to ₹14,300 Cr, and consolidated EBIT increased by 16.8%, confirming Titan's robust market position and operational success.

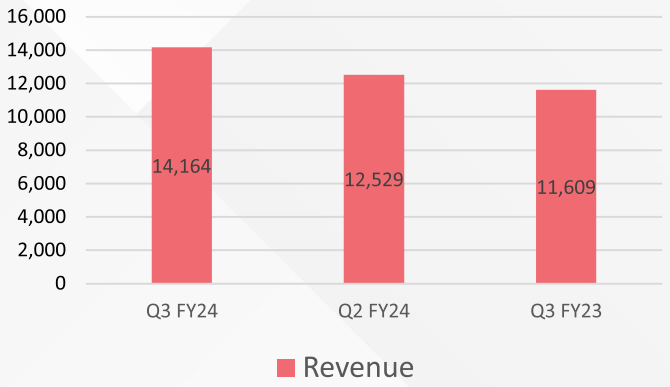
Harmonizing Growth and Profitability: For the year-to-date FY24, the financials resonate with a strong performance, with a 28.1% surge in consolidated total income to ₹38,964 Cr. The Jewellery division shone brightly with a 20.7% increase, while the Watches and Wearables also ticked up considerably by 22.2%. The EyeCare segment saw a modest rise, and the Emerging Businesses—which includes Fragrances and Fashion Accessories, Indian Dress Wear—boomed with a 28.9% increase. Even the Corporate segment soared by over 100%. Standalone figures, stripping out bullion sales, reflected a 21.0% growth. EBIT for standalone segments increased by 8.1%, with the Jewellery segment slightly outshining the others.

A Strong Promoter Presence with Diverse Investor Base: As of December 31, 2023, Titan Company's shareholding structure is dominated by promoters holding a substantial 53% stake, reflecting stable and strong ownership. Retail investors have a significant 19% share, matching the 19% held by foreign institutional investors, which underlines the company's appeal to a broad investor base. Mutual funds and insurance companies & banks hold smaller slices of the pie, with 6% and 4% respectively. The stock information presents Titan as a heavyweight in the market with a robust BSE market capitalization of ₹3.3 lakh crores and 88.78 crore shares outstanding. The BSE market capitalization chart indicates a striking upward trend, leaping from ₹1,01,372 crores in FY19 to an impressive ₹3,26,346 crores by December 2023, showcasing the company's growing market value and investor confidence over the years.

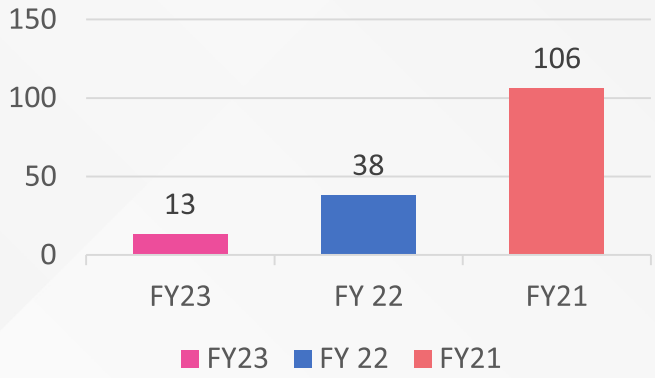
Consistent Returns for Shareholders: Over the past decade, Titan Company has showcased a consistent commitment to rewarding its shareholders, as illustrated by the steady increase in dividend payouts. Starting from FY14 with dividends of ₹186 crores, the company has demonstrated a remarkable upward trend, culminating in a substantial payout of ₹888 crores in FY23. While the dividend payout percentage has experienced fluctuations, peaking at 40% in FY20 and moderating to 27% in FY23, the overall trajectory underscores Titan's sustained profitability and shareholder-friendly approach.

Jewellery Shines, Watches Rebound, and EyeCare Grows: Titan Company's annual consolidated performance trends reveal a glittering success story in jewellery, with total income soaring from ₹16,390 crores in FY19 to a stellar ₹33,706 crores in FY23, paired with a healthy EBIT margin increase. The Watches & Wearables segment faced a downturn in FY21 but rebounded magnificently by FY23, reflecting a resilient 43% growth in total income and a strong recovery in EBIT margin. The EyeCare division also demonstrated growth, overcoming a dip in FY21 to achieve a 33% rise in total income by FY23, along with an impressive climb in EBIT margin.

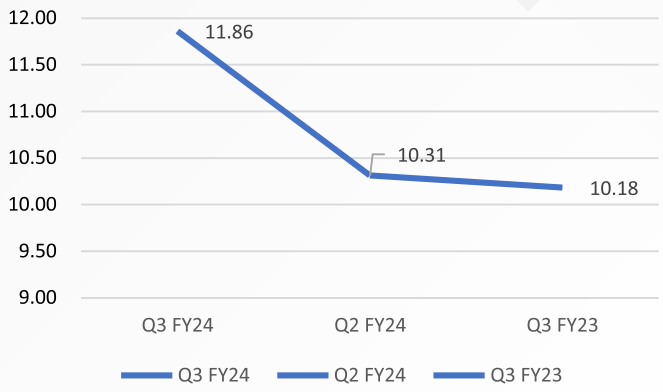
Revenue (In Cr)



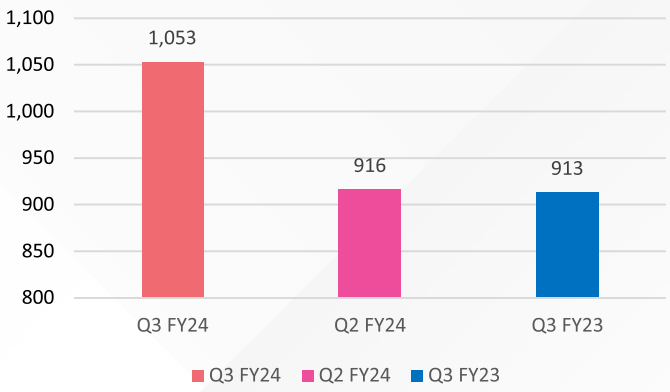
Cashflow (In Cr)



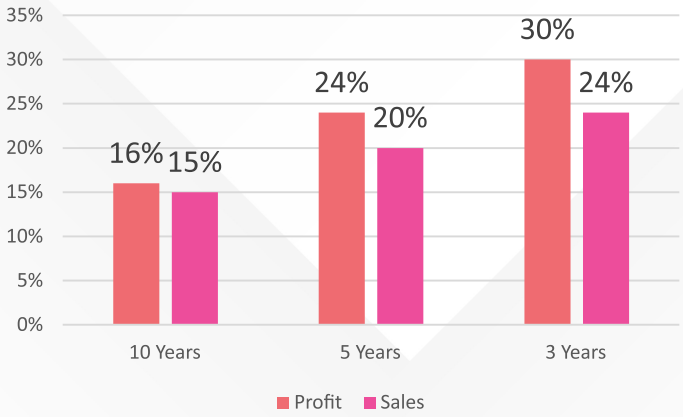
EPS



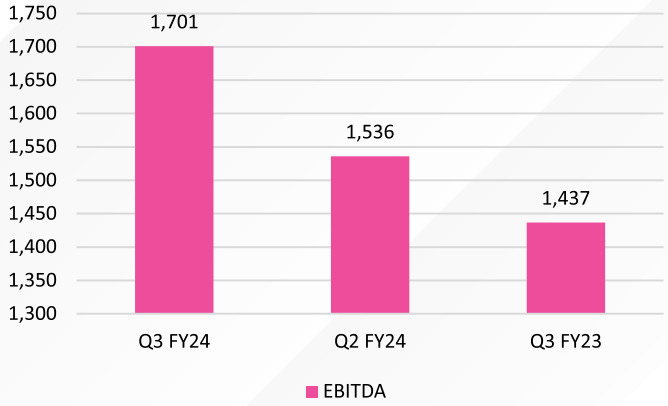
PAT (In Cr)



Compounded Growth (In %)



EBITDA (In Cr)



Technical Outlook



The chart presents Titan Company Ltd's weekly price action, illustrating a bullish channel pattern with higher lows and highs over time. The price has rebounded from the lower trendline and is currently testing resistance near the upper trendline. Recent weeks show increased volatility with larger price swings. The volume is substantial, suggesting significant investor interest. The stock appears to be at a critical juncture, where a breakout above the channel could indicate a continuation of the uptrend.

For Titan India Ltd, the Simple Moving Average (SMA) and Exponential Moving Average (EMA) reflect a general decline as the duration of the moving averages increases. SMA values over 5, 10, 20, 50, 100, and 200 days decrease from 3753.6 to 3368.6, whereas EMA values start at 3731.5 and end at 3381.6 over the same periods.

The Relative Strength Index (RSI) shows a daily value of 50.30, indicating neutrality, while the weekly RSI is slightly bullish at 58.01.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	3753.6	3731.5
10	3697.4	3715.8
20	3701.6	3700
50	3677.6	3672.3
100	3622.8	3585.6
200	3368.6	3381.6

Pivot Levels : FIBONACCI		
R1 3741.33	Pivot 3723.17	S1 3694.33
R2 3770.17		S2 3676.17
R3 3788.33		S3 3647.33

	Daily	Weekly
Relative Strength Index (RSI)	50.30	58.01

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