

May 15, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
Titan Co. Ltd.	Miscellaneous	1159	BUY	1280	10%

Key Stock Data

BSE Script Code	TITAN
NSE Script Code	TITAN
No. of shares	88.78
FV (Rs.)	1
MCAP (Rs.)	1,02,397
MCAP (\$)	1462 Crs
52 Week High	Rs.1161
52 week Low	Rs. 1123
Time Frame	6 months

Titan Company Ltd. (TITAN) is engaged in offering watches, jewellery and others. The company's segments include watches, jewellery, eyewear and others. The company offers plain and studded gold jewellery brands such as Tanishq, gold pilus, Zoya, Mia which are retailed through Tanishq, Gold Plus,. Zoya and Mia stores.

Investments Rationale**1. Strong 4QFY19 numbers from jewellery segment.**

Titan reported healthy set of 4QFY19 numbers where Revenues grew by 19% Y-o-Y to Rs. 4889 Crs led by robust revenue growth of 22% in the jewellery division despite muted growth witnessed in the industry. EBIT margins for the jewellery division improved 50 bps YoY to 13.0%.

2. Watch division reported stupendous growth.

Revenue trajectory for the watches segment tapered down in Q4FY19, with modest growth of 7.9% YoY to Rs. 531.2Crs. Despite a subdued quarter, the watches division reported a strong performance in FY19 with revenue growth of 15% YoY to Rs. 2447 crore

3. Healthy set of eyewear numbers.

Eyewear reported healthy revenue growth of 17.6% on a yearly basis chiefly led by SSSG of 14% Y-o-Y. Margins were impacted by continued marketing investments like advertisement expenses.

Outlook & Valuations

Titan has constantly grown its market share even in challenging times. Titan continuous to enjoy healthy balance sheet and healthy returns ratio. We believe the company will be able to grow at a CAGR of 20% on the top-line over a period of next 2 years, therefore would like to have a BUY on the stock. The stock is trading at 40.21x on FY21E PE and on account of the sustainable growth, would like to allot a PE multiple of 44x on FY21E to arrive at a target price of 1280.

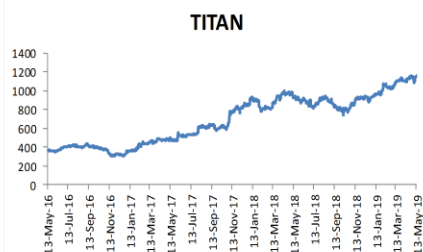
Key Financial

Particulars	FY17 A	FY18 A	FY19 A	Amt in Crs	
				FY20 E	FY21 E
Revenue	13260	16119	19778	23734	28480
EBITDA	1156	1645	2136	2848	3702
PAT	711	1130	1404	1898	2563
EPS	8	12.7	15.8	21.36	28.85
PE	145	91.33	73.41	54.28	40.21

Source : BSE Website and company research

Shareholding Pattern

Promoters	52.91
DII's	5.19
FII's	19.24
Others	22.66

3 years Price Chart

Source: All above data from BSE Website and Capital Line

Analyst Stock Rating	
Ratings	Expected absolute returns over 6 months
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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