



TITAN INDUSTRIES

Eye-catching move

India Equity Research | Retail

Titan Eye Plus, the optical retail chain of Titan Industries, has launched 'RIO' – a trendy and fashionable collection of eyewear aimed at youth, priced in the range of INR 2000 – 3500. For Q1FY12, Eye Plus had contributed significantly to the 'Other' segment which grew by 44% Y-o-Y. We believe the retail expansion (from the current 175 stores to 225 in FY12E) and the launch of newer designs will take Titan Eye Plus to a higher growth trajectory. We maintain 'BUY' on the stock.

RIO palette inspired by sports-wear, modern aspirations

Titan Eye Plus has announced the launch of 'RIO' – a trendy and fashionable collection of eyewear aimed at the youth. The collection has been designed to leverage the latest market trends and entice the modern consumer for whom eyewear is more than a necessity. Naturally, the colour palette takes inspiration from sports-wear and sports-accessories. This premium brand is priced between INR 2000 and INR 3500. As per Ravi Kant, COO, Titan Eyewear Division, bold colors, sleek frames and detailing of the brand will ensure a new style statement.

Eye+ gaining traction, robust sale growth expected

Others (includes Eye+ and precision engineering) grew strongly by 44% Y-o-Y to INR 968 mn Q1FY12. We believe Eye+ is the major contributor to the growth with precision engineering remaining stable. We expect the growth momentum to continue due to retail expansion (from the current 175 stores to 225 in FY12E) and launch of newer designs. Titan Eye Plus stores also sell in-house brands of Titan, Eye+ and Dash along with frames and sunglasses from Esprit, Tommy Hilfiger, Hugo Boss, D&G and Versace.

Outlook: Adds to sparkle; 'BUY'

Increasing brand consciousness in India, indicating a shift from unbranded jewellery, watches and eyewear to branded ones, and rising gold prices assure a sustained sparkle for Titan which remains one of the best plays in the consumer universe. At CMP, the stock is trading at 34.4x and 26.6x of FY12E and FY13E EPS respectively. We maintain 'BUY/Sector Outperformer' recommendation/rating on the stock.

Financials

Year to March	FY10	FY11	FY12E	FY13E
Revenues (INR mn)	46,786	65,342	85,020	103,577
Rev. growth (%)	22.0	39.7	30.1	21.8
EBITDA (INR mn)	3,974	5,907	7,737	9,788
Net profit (INR mn)	2,513	4,331	5,759	7,445
Shares outstanding (mn)	888	888	888	888
Diluted EPS (INR)	2.8	4.9	6.5	8.4
EPS growth (%)	53.3	72.4	33.0	29.3
Diluted P/E (x)	78.9	45.8	34.4	26.6
EV/EBITDA (x)	49.6	31.8	23.7	18.2
ROAE (%)	39.0	49.0	46.5	43.8

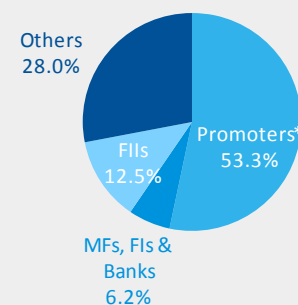
EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Low
Sector Relative to market	Overweight

MARKET DATA (R: TITN. BO, B: TTAN IN)

CMP	: INR 223
Target Price	: INR 250
52-week range (INR)	: 238 / 137
Share in issue (mn)	: 887.8
M cap (INR bn/USD mn)	: 198 / 4,460
Avg. Daily Vol. BSE/NSE ('000)	: 7,275.8

SHARE HOLDING PATTERN (%)



* Promoters pledged shares : Nil
(% of share in issue)

PRICE PERFORMANCE (%)

	Stock	Nifty	EW FMCG Index
1 month	7.6	(2.0)	2.8
3 months	14.1	(4.0)	3.3
12 months	63.9	2.8	1.9

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