RESULT REVIEW

HOLD
TP: Rs 5,085 | ▲ 3%

TITAN COMPANY | Retail - Jewellery | 10 August 2026

Q1FY27: Inventory gains drive earnings beat

- **Revenue grew 29% YoY, while inventory gains and operating leverage drove a sharp margin expansion**
- **Jewellery outperformed with 30% growth; management reiterates ~11% sustainable jewellery EBIT margin**
- **Maintain HOLD; strong growth largely priced in; TP Rs 5,085 at 60x Jun'28E P/E**

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Strong jewellery-led growth continues; margins aided by inventory gains: Titan (TTAN) reported a strong Q1FY27, with consolidated revenue increasing 29% YoY, albeit 8% below our estimate, driven by 30% YoY growth in the jewellery business. EBITDA increased 58% YoY, beating our estimate by 25%, while EBITDA margin expanded 246bps YoY to 13.5%, supported by inventory gains following the increase in the effective customs duty on gold, favourable MTM gains and operating leverage. Consequently, adjusted PAT increased 63% YoY, exceeding our estimate by 27%.

Jewellery remains the key growth driver; profitability expands across segments: The jewellery business delivered 30% YoY revenue growth, with EBIT increasing 68% YoY and EBIT margin expanding 281bps YoY to 12.4%, supported by inventory gains and higher operating leverage. Watches and wearables continued their healthy momentum, with revenue increasing 21% YoY, although EBIT margin contracted 343bps YoY to 19.1% due to investments in premiumisation and marketing. Eyewear revenue increased 21% YoY, while the emerging businesses segment grew 36% YoY, with margin expanding 368bps YoY.

Concall KTAs: Management remains constructive on the long-term jewellery opportunity despite near-term gold-price volatility. It indicated that the increase in the effective customs duty from 6% to 15% resulted in a Rs 4.07bn inventory gain during the quarter, with an additional 75-80bps margin benefit from temporary MTM gains, both of which are expected to normalise over the coming quarters. Buyer growth remained healthy, supported by exchange contributing over 50% of jewellery sales.

Maintain HOLD; TP revised to Rs 5,085: We maintain our HOLD rating on Titan. We revise our FY27E-28E revenue/EBITDA/PAT estimates by 10-11%/6%/4%, respectively, reflecting stronger-than-expected Q1FY27 performance and sustained jewellery growth, while FY29E estimates are lowered by ~10%/~3%/~4%, respectively, as we factor in margin normalisation. We value the stock at 60x Jun'28E P/E and arrive at a TP of Rs 5,085, implying 3% upside from the current market price.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	TTAN IN/Rs 4,941
Market cap	US$ 46.3bn
Free float	47%
3M ADV	US$ 50.2mn
52wk high/low	Rs 5,005/Rs 3,303
Promoter/FPI/DII	53%/16%/14%

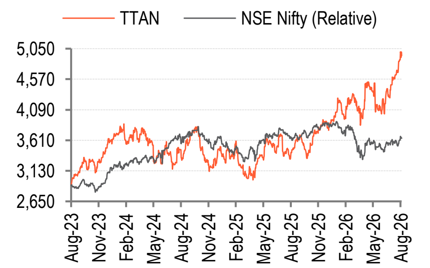
Source: NSE | Price as of 7 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	8,75,840	9,96,126	10,99,926
EBITDA (Rs mn)	83,550	1,01,882	1,16,042
Adj. net profit (Rs mn)	51,483	61,459	70,775
Adj. EPS (Rs)	57.8	69.1	79.5
Consensus EPS (Rs)	57.8	70.2	85.5
Adj. ROAE (%)	37.7	34.2	31.0
Adj. P/E (x)	85.4	71.6	62.1
EV/EBITDA (x)	54.9	45.2	39.4
Adj. EPS growth (%)	54.3	19.4	15.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Fig 1 – Quarterly performance – Consolidated

Particulars	Q1FY27	Q1FY26	% chg	Q4FY26	% chg	BOBCAPS Q1FY27E	Variance (%)
Total operating income	213.6	165.2	29.3	269.2	(20.7)	232.5	(8.1)
Raw-Material expense	159.5	128.1	24.5	224.0	(28.8)	186.0	(14.2)
Gross Profit	54.1	37.1	45.7	45.2	19.6	46.5	16.3
Employee expense	8.0	5.9	36.0	8.3	(2.9)	6.5	23.7
Advertisement expense	4.4	3.3	32.9	3.9	10.7	5.2	(16.4)
Other expense	12.8	9.6	32.6	13.6	(6.2)	11.6	10.2
EBITDA	28.9	18.3	57.9	19.4	49.2	23.2	24.6
D&A	2.6	1.8	39.1	2.5	4.1	2.5	2.8
EBIT	26.3	16.5	60.0	16.9	55.8	20.7	27.2
Interest cost	3.5	2.7	30.3	3.5	0.9	3.1	14.3
Non-operating expense/(income)	(1.5)	(1.1)	41.0	(2.4)	(37.0)	(1.2)	28.1
PBT	24.3	14.8	64.1	15.8	54.1	18.8	29.4
Tax	6.5	3.9	67.6	4.0	63.8	4.7	38.0
Reported PAT	17.8	10.9	62.9	11.8	50.8	14.0	26.5
As % of net revenues	**Q1FY27**	**Q1FY26**	**chg (bps)**	**Q4FY26**	**chg (bps)**		
Gross margin	25.3	22.5	285	16.8	853		
Employee cost	3.8	3.6	19	3.1	69		
Advertisement cost	2.0	2.0	6	1.5	58		
Other cost	6.0	5.8	15	5.1	92		
EBITDA margin	13.5	11.1	246	7.2	634		
Tax rate	26.8	26.3	56	25.3	159		
APAT margin	8.3	6.6	172	4.2	409		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

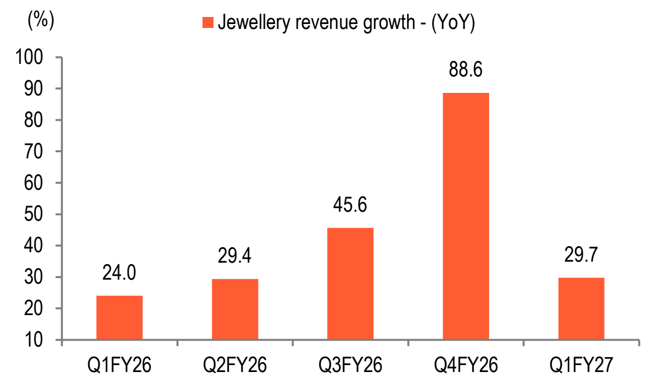
Particulars	Q1FY27	Q1FY26	% chg	Q4FY26	% chg
Revenue (Rs bn)					
Jewellery	190.0	146.5	29.7	250.0	(24.0)
Watches	15.4	12.7	21.2	12.2	26.3
Eyewear	2.9	2.4	21.4	2.3	27.3
Others	5.7	4.2	36.4	5.6	1.6
Total	215.0	166.3	29.3	270.8	(20.6)
EBIT					
Jewellery	23.6	14.1	67.6	18.2	29.7
Watches	3.0	2.9	2.8	1.4	106.3
Eyewear	0.2	0.2	20.0	0.2	14.3
Others	1.0	0.6	70.5	0.3	225.0
Total	26.3	16.5	60.0	16.9	55.8
EBIT margin					
Jewellery	12.4	9.6	281	7.3	514
Watches	19.1	22.5	(343)	11.7	742
Eyewear	8.3	8.4	(10)	9.3	(95)
Others	18.4	14.7	368	5.7	1263
Total	12.3	9.9	235	6.2	601

Source: Company, BOBCAPS Research

Earnings Call Highlights

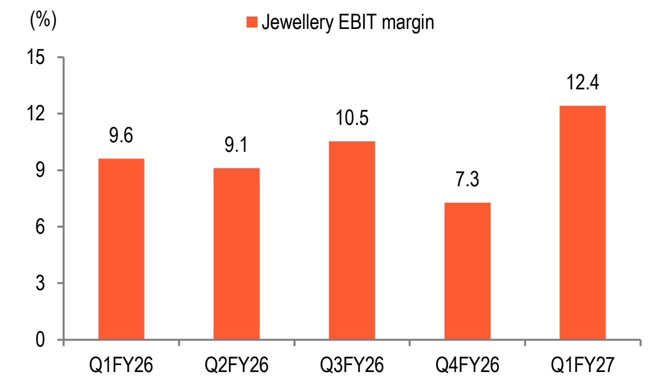
- **Import duty gains lifted Q1 margins; benefits to normalise:** Management indicated that the increase in the effective customs duty from 6% to 15% resulted in an inventory gain of Rs 4.07bn during Q1FY27 (Rs 3.86bn in jewellery and Rs 0.21bn in CaratLane). In addition, temporary MTM gains from domestic-international gold price divergence provided a further 75-80bps uplift to jewellery margins. Management expects both benefits to reverse over the next few quarters, with underlying jewellery EBIT margin normalising to ~10.9%.
- **Buyer growth remains healthy despite gold-price volatility:** Despite elevated gold prices and temporary disruption following the duty hike, management indicated buyer growth remained broad-based, with exchange contributing over 50% of jewellery sales. Exchange activity spiked for about three weeks in May'26 following the government's appeal before normalising, while studded jewellery demand continued to improve and wedding demand recovered through Jun'26.
- **Growth outlook unchanged; focus remains on buyer acquisition:** Management reiterated its long-term aspiration of double-digit jewellery growth, stating that its FY30 ambitions remain unchanged despite uncertainty around gold prices. It indicated that if gold-price inflation moderates, the company would focus on accelerating buyer acquisition rather than relying on ticket-size growth, while continuing to target underlying jewellery EBIT margins of ~11% over the cycle.
- **Competitive intensity remains elevated but stable:** Management indicated that competitive intensity remains broadly unchanged despite stabilising gold prices, with discounting levels largely similar to previous quarters. Competitive pressure continues to be higher in select markets such as Gujarat, although management does not see any structural increase or easing in industry competition.
- **TEAL and CaratLane outlook remains positive:** Management reiterated that TEAL remains on a strong growth trajectory, supported by aerospace, defence and industrial projects, while expecting normalised EBIT margins to gradually settle at 12-15% over the medium term. For CaratLane, management maintained its confidence in gradual margin improvement, while noting that the Rs 0.21bn customs-duty-related inventory gain also supported Q1 profitability.

Fig 3 – Jewelry revenue grew by 30% YoY in Q1FY27



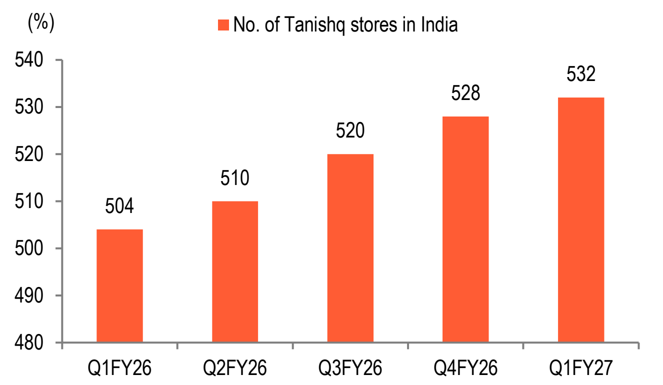
Source: Company, BOBCAPS Research

Fig 4 – Jewellery EBIT margin expanded by 281bps to 12.4% YoY in Q1FY27



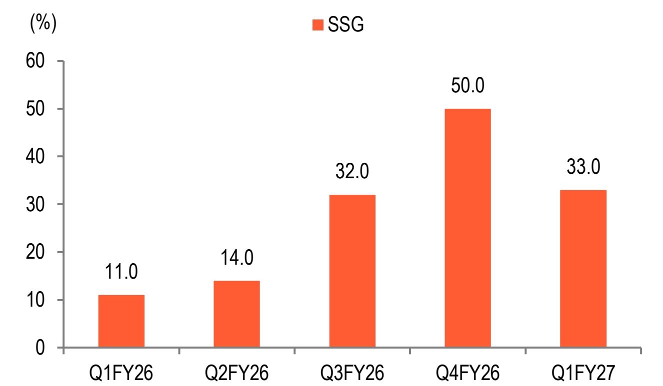
Source: Company, BOBCAPS Research

Fig 5 – TTAN has added 4 Tanishq stores in Q1FY27



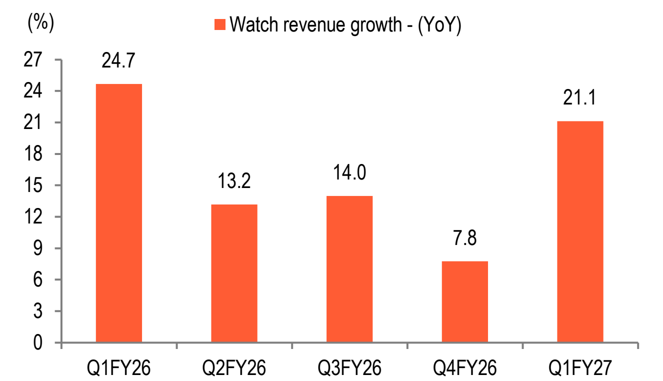
Source: Company, BOBCAPS Research

Fig 6 – Standalone jewellery SSG growth was 33% in Q1FY27



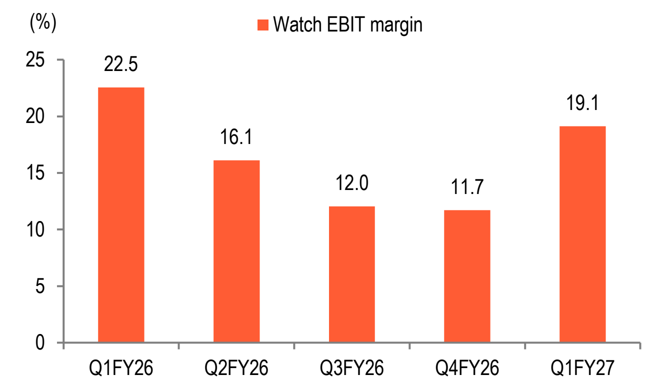
Source: Company, BOBCAPS Research

Fig 7 – Watch revenue grew by 21% YoY in Q1FY27



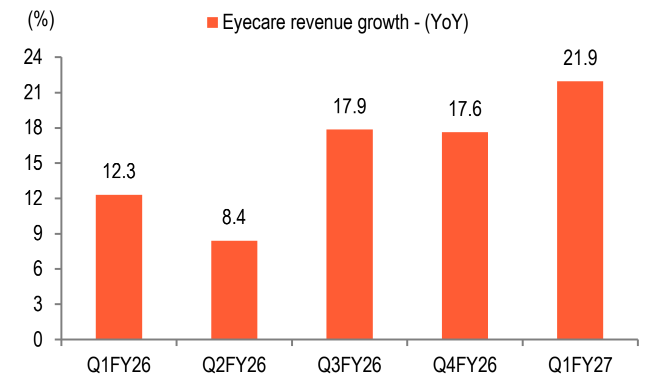
Source: Company, BOBCAPS Research

Fig 8 – Watch EBIT margin contracted by 341bps YoY in Q1FY27



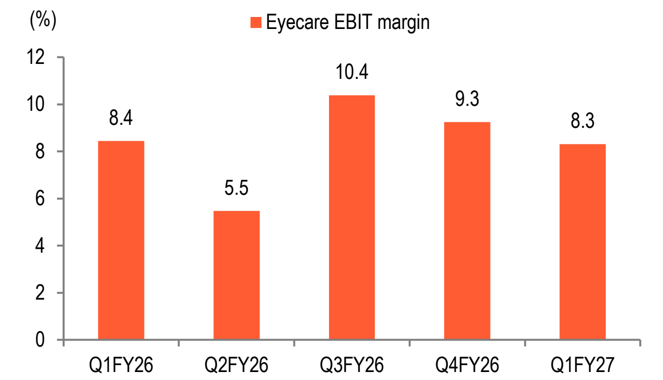
Source: Company, BOBCAPS Research

Fig 9 – Eyecare revenue grew by 22% YoY in Q1FY27



Source: Company, BOBCAPS Research

Fig 10 – Eyecare EBIT margin slightly contracted by 13bps YoY in Q1FY27



Source: Company, BOBCAPS Research

Valuation Methodology

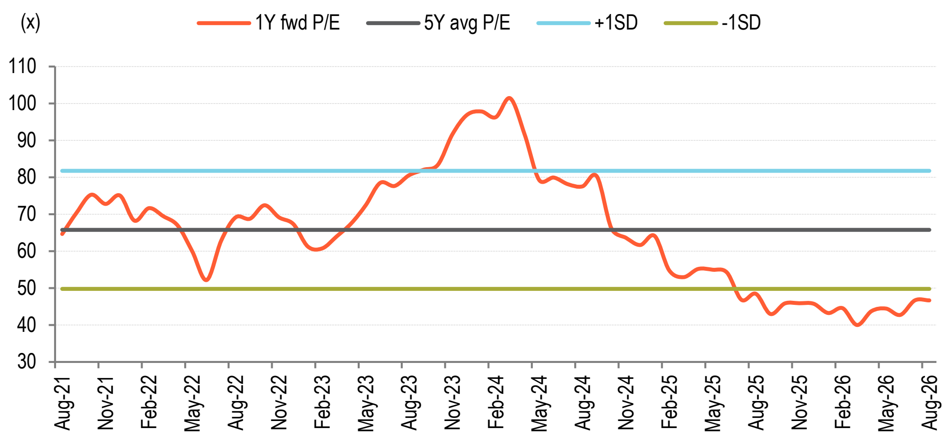
We maintain our HOLD rating on Titan. We revise our FY27E-28E revenue/EBITDA/PAT estimates by 10-11%/6%/4%, respectively, reflecting stronger-than-expected Q1FY27 performance and sustained jewellery growth, while FY29E estimates are lowered by ~10%/~3%/~4%, respectively, as we factor in margin normalisation. We value the stock at 60x Jun'28E P/E and arrive at a TP of Rs 5,085, implying 3% upside from the current market price.

Fig 11 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	996.1	1099.9	1288.3	899.2	999.2	1172.7	10.8	10.1	9.9
EBITDA	101.9	116.0	142.2	96.1	109.3	146.2	6.1	6.2	(2.7)
EBITDA Margin (%)	10.2	10.5	11.0	10.7	10.9	12.5	(45)	(39)	(143)
Adjusted PAT	61.5	70.8	89.4	58.9	68.1	93.5	4.3	3.9	(4.4)
EPS (Rs)	69.1	79.5	100.5	66.2	76.5	105.0	4.3	4.0	(4.3)

Source: BOBCAPS Research

Fig 12 – TTAN stock trades at 46.7x on 1YF P/E vs 5Y average of 65.8x



Source: Bloomberg, BOBCAPS Research

Fig 13 – Key assumptions

Particulars (%)	FY25A	FY26A	FY27E	FY28E	FY28E
Revenue mix					
Jewellery	88.6	90.4	90.4	90.6	90.7
Watches	7.5	6.0	5.8	5.7	5.7
Eyewear	1.3	1.0	1.1	1.1	1.2
Others	2.1	2.3	2.3	2.3	2.1
Revenue growth					
Jewellery	18.5	47.6	13.2	10.5	17.2
Watches	17.0	14.5	10.5	7.0	17.1
Eyewear	10.3	14.4	15.0	12.9	29.9
Others	12.0	55.8	15.9	9.0	9.1
EBITDA margin					
Jewellery (excl. other income)	9.7	9.6	10.0	10.2	10.5
Watches	15.3	18.8	17.6	17.0	17.7
Eyewear	19.4	17.0	16.2	15.7	16.6
Others	3.1	10.4	11.2	10.5	10.7

Source: Company, BOBCAPS Research

Key Risks

- Steep increase in gold price volatility and regulatory risks would be the key downside risks.
- Market-share gains in the jewellery business and a sharp recovery in performance of Eyewears & emerging business would be the key upside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**6,04,560**	**8,75,840**	**9,96,126**	**10,99,926**	**12,88,310**
EBITDA	56,940	83,550	1,01,882	1,16,042	1,42,219
Depreciation	6,930	8,260	10,744	13,318	15,892
EBIT	50,010	75,290	91,138	1,02,724	1,26,327
Net interest inc./(exp.)	(9,530)	(11,800)	(14,822)	(15,155)	(15,045)
Other inc./(exp.)	4,860	5,520	6,278	6,932	8,120
Exceptional items	0	0	0	0	0
EBT	45,340	69,010	82,594	94,501	1,19,402
Income taxes	11,980	17,280	21,215	23,806	30,074
Extraordinary items	0	1,010	0	0	0
Min. int./Inc. from assoc.	10	10	80	80	80
Reported net profit	**33,370**	**50,730**	**61,459**	**70,775**	**89,408**
Adjustments	0	753	0	0	0
Adjusted net profit	**33,370**	**51,483**	**61,459**	**70,775**	**89,408**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	19,630	28,640	34,286	37,859	44,343
Other current liabilities	61,740	92,470	92,470	92,470	92,470
Provisions	1,550	3,270	3,915	4,323	5,063
Debt funds	1,80,960	2,74,480	2,75,550	2,73,550	2,73,550
Other liabilities	26,350	49,720	49,720	49,720	49,720
Equity capital	890	890	890	890	890
Reserves & surplus	1,15,350	1,56,140	2,01,425	2,53,575	3,19,455
Shareholders' fund	1,16,240	1,57,030	2,02,315	2,54,465	3,20,345
Total liab. and equities	**4,06,470**	**6,05,610**	**6,58,256**	**7,12,387**	**7,85,491**
Cash and cash eq.	29,210	41,660	91,803	1,14,340	1,06,181
Accounts receivables	10,680	9,160	10,418	11,504	13,474
Inventories	2,81,840	4,27,430	4,23,012	4,52,025	5,29,442
Other current assets	22,170	29,050	34,777	38,401	44,978
Investments	6,510	11,050	11,050	11,050	11,050
Net fixed assets	18,540	26,850	27,296	25,167	20,466
CWIP	930	1,350	1,350	1,350	1,350
Intangible assets	22,190	42,380	42,380	42,380	42,380
Deferred tax assets, net	2,740	2,800	2,800	2,800	2,800
Other assets	11,220	13,370	13,370	13,370	13,370
Total assets	**4,06,030**	**6,05,100**	**6,58,256**	**7,12,387**	**7,85,491**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(25,890)**	**(20,780)**	**84,981**	**62,575**	**33,485**
Capital expenditures	(10,540)	(38,520)	(11,190)	(11,190)	(11,190)
Change in investments	280	(4,540)	0	0	0
Other investing cash flows	4,860	4,510	6,278	6,932	8,120
Cash flow from investing	**(5,400)**	**(38,550)**	**(4,912)**	**(4,258)**	**(3,070)**
Equities issued/Others	(480)	0	0	0	0
Debt raised/repaid	49,170	93,520	1,070	(2,000)	0
Interest expenses	(9,530)	(11,800)	(14,822)	(15,155)	(15,045)
Dividends paid	(9,790)	(13,548)	(16,173)	(18,625)	(23,528)
Other financing cash flows	(790)	3,608	0	0	0
Cash flow from financing	**28,580**	**71,780**	**(29,925)**	**(35,780)**	**(38,574)**
Chg in cash & cash eq.	**(2,710)**	**12,450**	**50,143**	**22,537**	**(8,159)**
Closing cash & cash eq.	**29,210**	**41,660**	**91,803**	**1,14,340**	**1,06,181**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	37.5	57.0	69.1	79.5	100.5
Adjusted EPS	37.5	57.8	69.1	79.5	100.5
Dividend per share	11.0	15.0	18.2	20.9	26.4
Book value per share	130.6	176.4	227.3	285.9	359.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	7.5	5.2	4.6	4.2	3.5
EV/EBITDA	79.4	54.9	45.2	39.4	32.1
Adjusted P/E	131.8	85.4	71.6	62.1	49.2
P/BV	37.8	28.0	21.7	17.3	13.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.6	74.6	74.4	74.9	74.9
Interest burden (PBT/EBIT)	90.7	91.7	90.6	92.0	94.5
EBIT margin (EBIT/Revenue)	8.3	8.6	9.1	9.3	9.8
Asset turnover (Rev./Avg TA)	148.9	144.7	151.3	154.4	164.0
Leverage (Avg TA/Avg Equity)	3.5	3.9	3.3	2.8	2.5
Adjusted ROAE	28.7	32.8	30.4	27.8	27.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	18.3	44.9	13.7	10.4	17.1
EBITDA	7.6	46.7	21.9	13.9	22.6
Adjusted EPS	(4.5)	54.3	19.4	15.2	26.3
Profitability & Return ratios (%)					
EBITDA margin	9.4	9.5	10.2	10.6	11.0
EBIT margin	8.3	8.6	9.1	9.3	9.8
Adjusted profit margin	5.5	5.9	6.2	6.4	6.9
Adjusted ROAE	31.8	37.7	34.2	31.0	31.1
ROCE	18.5	18.7	20.4	20.8	22.6
Working capital days (days)					
Receivables	6	4	4	4	4
Inventory	170	178	155	150	150
Payables	12	12	13	13	13
Ratios (x)					
Gross asset turnover	21.0	24.5	21.3	19.0	18.6
Current ratio	1.9	2.1	2.3	2.5	2.7
Net interest coverage ratio	5.2	6.4	6.1	6.8	8.4
Adjusted debt/equity	1.3	1.5	0.9	0.6	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

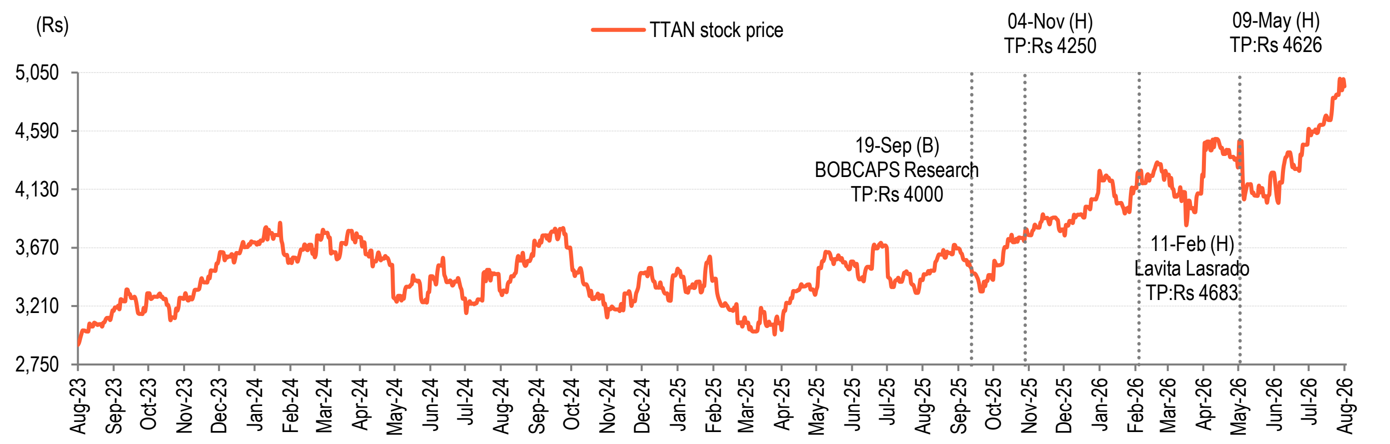
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): TITAN COMPANY (TTAN IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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