

HOLD
 TP: Rs 4,250 | ▲ 11%

TITAN COMPANY

Retail

04 November 2025

Broadly in-line Q2; downgrade to HOLD on rich valuations

- Beats our PAT estimate for Q2FY26 by 4.3%, due to sharp margin improvement for Caratlane and international jewellery business
- Jewellery revenue to grow at a better pace in Q3Y26 over H1FY26; Jewellery EBIT margin guidance cautiously maintained at 11% for FY26
- Downgrade from BUY to HOLD, as positive outlook well baked in the current valuation; TP raise by 6% to Rs 4,250 per share

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Broadly in-line Q2: TTAN beats our PAT estimate for Q2FY26 by 4.3% due to sharp margin improvement for Caratlane & international jewellery business. Overall, the company’s revenue/EBITDA/PAT grew by 28.8%/51.7%/59.1% YoY in Q2FY26.

Highlights: Jewellery (ex-bullion) revenue grew by 20.7% YoY in Q2FY26, driven by Tanishq/Mia/Zoya (+18%), Caratlane (+32%), and international (+92%). Despite higher share of studded revenue (+500bps QoQ to 34%), Jewellery EBIT margin fell by 50bps QoQ to 9.1% in Q2FY26 due to higher incentives offered to customers in view of a steep rise in competitive intensity. However, Caratlane and international operations witnessed sharp margin improvement on better mix and operating leverage benefits. Watch revenue grew by 13.3% YoY and segment EBIT margin improved by 108bps YoY to 16.1% in Q2FY26. Eyewear revenue grew at a modest pace of 8.4% YoY and EBIT margin contracted by 544bps YoY to 5.5% in Q2FY26.

Concall KTAs: Management expects jewellery revenue to grow at a better pace in Q3FY26 vs H1FY26, due to recovery in demand in mid-high-range products, and benefit of implementation of various initiatives to stimulate buyer growth in gold jewellery in low-range products. Jewellery EBIT margin guidance is maintained at 11% for FY26, but could be at risk if gold price continues to rise. Watch EBIT margin is expected to be 15-17% over the next 1-2 years. Eyewear revenue is projected to grow at 13-14% YoY in FY26.

D/G from BUY to HOLD; TP raise by 6% to Rs 4,250: We are quite positive on TTAN business prospects over the medium term and its EPS is projected to grow at a healthy 27.1% CAGR with an average ROE of 34% over FY26E-FY28E. However, we downgrade our rating from BUY to HOLD, as we believe the positive outlook is quite well baked in the current stock valuation (trades at 61.9x on 1YF P/E vs 5Y pre-Covid average of 57.6x). We have raised our TP to Rs 4,250 per share (Rs 4,000 earlier) having revised up our EPS estimates (+5.1%/+6.3%/+6.1% for FY26/FY27/FY28), mainly on upward revision in jewellery revenue post steep rise in gold prices. Our target P/E multiple remains unchanged at 60x on Sep’27.

Key changes

Target	Rating
▲	▼

Ticker/Price	TTAN IN/Rs 3,814
Market cap	US\$ 38.3bn
Free float	47%
3M ADV	US\$ 42.0mn
52wk high/low	Rs 3,827/Rs 2,925
Promoter/FPI/DII	53%/16%/14%

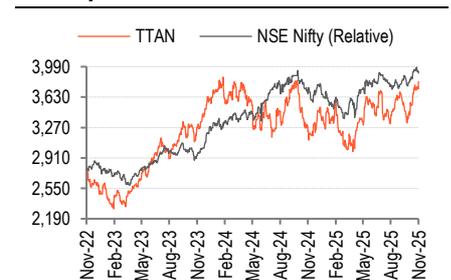
Source: NSE | Price as of 4 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	6,04,560	7,50,128	8,56,143
EBITDA (Rs mn)	56,940	78,235	91,508
Adj. net profit (Rs mn)	33,370	47,856	58,288
Adj. EPS (Rs)	37.5	53.8	65.5
Consensus EPS (Rs)	37.5	53.1	64.8
Adj. ROAE (%)	31.8	36.0	34.3
Adj. P/E (x)	101.7	70.9	58.2
EV/EBITDA (x)	61.8	45.4	38.9
Adj. EPS growth (%)	(4.5)	43.4	21.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance – Consolidated

Particulars	Q2FY26	Q2FY25	% chg	Q1FY26	% chg	H1FY26	H1FY25	% chg	BOBCAPS Q2FY26E	Variance (%)
Total operating income	187.3	145.3	28.8	165.2	13.3	352.5	278.0	26.8	172.6	8.5
Raw-Material expense	147.1	115.2	27.7	128.1	14.8	275.2	218.6	25.9		
Gross Profit	40.2	30.1	33.3	37.1	8.2	77.3	59.4	30.1		
Employee expense	6.2	5.2	18.7	5.9	4.2	12.1	10.4	15.8		
Advertisement expense	4.1	3.3	24.8	3.3	24.4	7.4	6.2	19.3		
Other expense	11.2	9.3	20.1	9.6	16.0	20.8	18.0	15.6		
EBITDA	18.8	12.4	51.7	18.3	2.5	37.1	24.8	49.2	17.9	4.8
D&A	1.9	1.7	10.5	1.8	2.7	3.7	3.4	11.3		
EBIT	16.9	10.7	58.3	16.5	2.4	33.3	21.5	55.1		
Interest cost	2.8	2.4	15.4	2.7	2.2	5.5	4.7	16.6		
Non-operating expense/(income)	(1.1)	(1.2)	(8.1)	(1.1)	7.6	(2.2)	(2.4)	(10.3)		
PBT	15.2	9.5	60.5	14.8	2.8	30.0	19.2	56.3		
Tax	4.0	2.4	64.8	3.9	3.3	7.9	5.0	57.6		
Reported PAT	11.2	7.0	59.1	10.9	2.7	22.1	14.2	55.8	10.7	4.3
As % of net revenues			(bps)		(bps)			(bps)		
Gross margin	21.4	20.7	72	22.5	(102)	21.9	21.4	55		
Employee cost	3.3	3.6	(28)	3.6	(29)	3.4	3.7	(32)		
Advertisement cost	2.2	2.2	(7)	2.0	19	2.1	2.2	(13)		
Other cost	6.0	6.4	(43)	5.8	14	5.9	6.5	(57)		
EBITDA margin	10.0	8.5	151	11.1	(106)	10.5	8.9	158		
Tax rate	26.4	25.7	67	26.3	13	26.3	26.1	22		
APAT margin	6.0	4.8	114	6.6	(62)	6.3	5.1	117		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Particulars	Q2FY26	Q2FY25	% chg	Q1FY26	% chg	H1FY26	H1FY25	% chg
Revenue (Rs bn)								
Jewellery	165.2	127.7	29.4	146.5	12.8	311.7	245.8	26.8
Watches	14.8	13.0	13.3	12.7	16.0	27.5	23.3	18.2
Eyewear	2.2	2.0	8.9	2.4	(7.6)	4.6	4.1	11.2
Others	5.6	3.0	85.0	4.2	34.2	9.7	5.8	68.2
Total	188.4	146.6	28.5	166.3	13.3	354.7	280.4	26.5
EBIT								
Jewellery	15.1	9.7	54.6	14.1	7.0	29.1	20.8	40.4
Watches	2.4	2.0	21.4	2.9	(17.1)	5.3	3.1	71.0
Eyewear	0.1	0.2	(45.5)	0.2	(40.0)	0.3	0.4	(22.0)
Others	0.7	0.0	NM	0.6	14.8	1.3	(0.2)	NM
Total	16.9	10.7	58.3	16.5	2.4	33.3	21.5	55.1
EBIT margin								
Jewellery	9.1	7.6	149bps	9.6	(50bps)	9.3	8.4	117bps
Watches	16.1	15.0	108bps	22.5	(643bps)	19.1	13.2	935bps
Eyewear	5.5	10.9	(544bps)	8.4	(295bps)	7.0	10.0	(155bps)
Others	12.6	(1.3)	1390bps	14.7	(213bps)	13.5	(3.3)	1799bps
Total	9.0	7.3	168bps	9.9	(95bps)	9.4	7.7	224bps

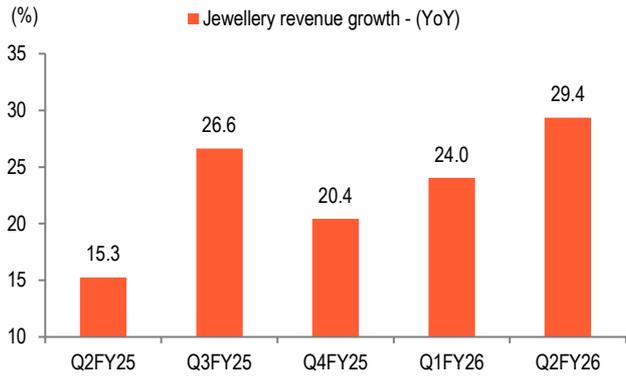
Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Jewellery demand scenario:** No. of buyers growth for TTAN jewellery division fell by 2% YoY in Q2FY26, owing to weak demand in economy range on account of meteoric rise in gold prices and income pressure for the middle class. Buyer growth for studded jewellery (+3%) has been better than gold jewellery (-11%) in Q2FY26. The company has witnessed good demand in the mid-high-range during festive period in Oct'25. To stimulate buyer's growth, the company has introduced many SKUs in <Rs 0.1mn range, introduction of lower carat products (14 carats), and better gold exchange programs.
- **Jewellery performance:** Standalone (i.e. Tanishq, Mia, Zoya) revenue grew by 17.9% YoY (SSG: +14%) in Q2FY26. Despite sequential increase in the scale of operations with higher studded share (+500bps QoQ to 34%), standalone jewellery EBIT margin (ex-other income) contracted by 63bps QoQ to 10.2% in Q2FY26 due to rise in competitive intensity. Caratlane posted strong revenue growth (+32.2% YoY; SSG: +15%), along with sharp improvement in EBIT margin (+265bps YoY to 10.2% on account of better mix and operating leverage benefit). International jewellery segment reported positive EBIT margin (+936bps YoY to 2.9%) for the second consecutive quarter, given a sharp rise in the scale of operations (+92% YoY).
- **Jewellery outlook:** Management expects segment revenue to grow at a better pace in Q3FY26 vs H1FY26. EBIT margin guidance maintained at 11% for FY26, but it could be at risk if gold price continues to harden. Tanishq net store addition is maintained at 40 for FY26 (opened 9 in H1FY26 and 8 in Oct'25). Regionalisation strategy has helped TTAN to grow its market share in South and East markets in Q2FY26 and it is now implementing similar North and West market for better market penetration in those markets.
- **Watch performance:** Segment revenue grew by 13.3% YoY in Q2FY26, driven by analog watch (+17%). Smart watch revenue was down by 22% YoY in Q2FY26. Segment EBIT margin improved by 108bps YoY to 16.1% in Q2FY26.
- **Watch outlook:** Segment revenue grew at 16% rate during the festive period in Oct'25, driven by new product launches and premiumisation across brands. Going ahead, the company plans to focus on more analog launches and increase Helios and Helios Lux store presence. EBIT margin is expected to be 15-17% over the next 1-2 years.
- **Eyewear performance:** Segment revenue grew at a muted pace of 8.4% YoY (SSG: 11%) in Q2FY26, due to reduction in Titan Eye+ stores (-3.7%) and customers deferred purchases ahead of the proposed GST rate cut (12% to 5%). Segment EBIT margin contracted by 544bps YoY to 5.5% in Q2FY26.
- **Eyewear outlook:** The management sees significant room to grow in the segment as the industry is growing at 7-8% and TTAN's enjoys market share of less than 5%. Segment revenue is targeted to grow at 13-14% rate for FY26.
- **Emerging business:** Segment operating loss has come down from Rs 290 mn in Q2FY25 to Rs 240 mn in Q2FY26, due to increase in the scale of operations (+34.0% YoY).

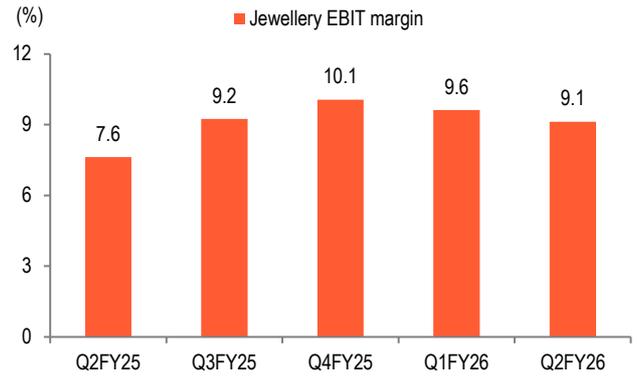
- **TEAL business:** Operating profit grew by 276% YoY in Q2FY26 due to sharp increase in the scale of operations (+112% YoY). The company has no plan to demerge this segment in the near future.
- **Balance sheet:** Net debt/EBITDA ratio (TTM) has gone up from 2.7x in Mar'25 to 3.2x in Sep'25, due to steep rise in inventory.

Fig 3 – Jewellery revenue grew by 29.4% YoY in Q2FY26 driven by standalone (+17.9%) and Caratlane (+32.2%)



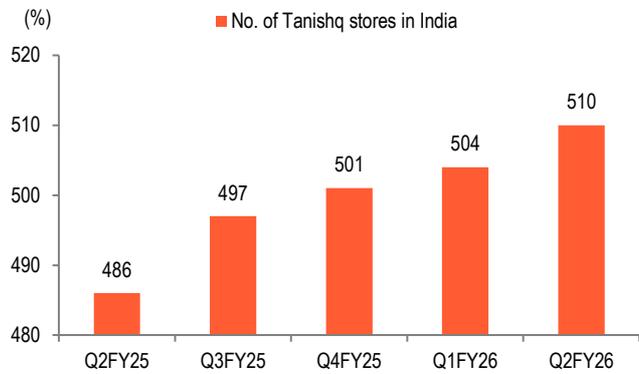
Source: Company, BOBCAPS Research

Fig 4 – Jewellery EBIT margin fell on QoQ basis in Q2FY26 due to rise in competitive intensity in the sector



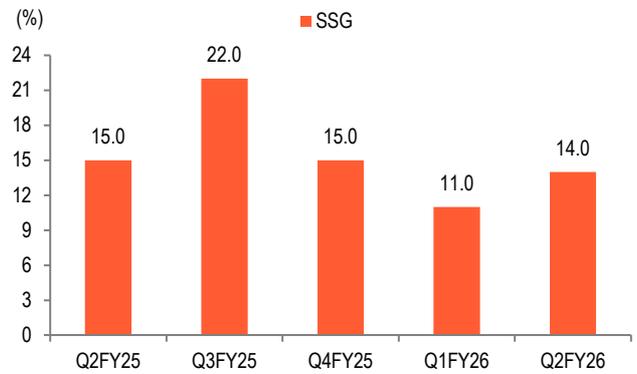
Source: Company, BOBCAPS Research

Fig 5 – TTAN has added 6 Tanishq stores in Q2FY26 and 8 stores in Oct'25



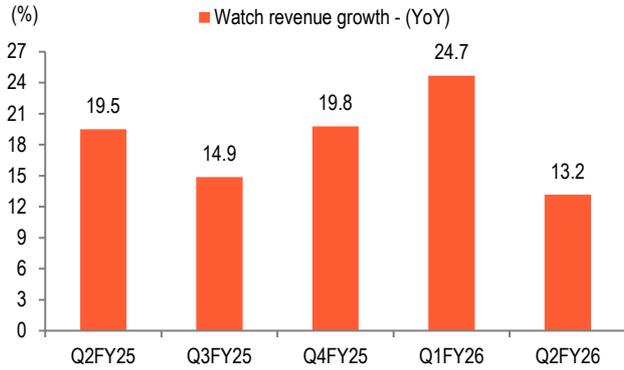
Source: Company, BOBCAPS Research

Fig 6 – Standalone jewellery SSG growth was 14% in Q2FY26



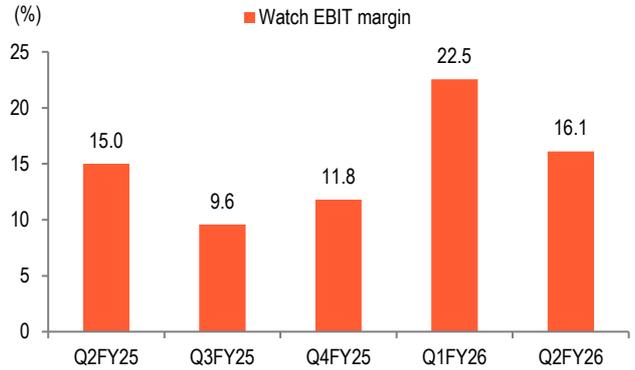
Source: Company, BOBCAPS Research

Fig 7 – Watch revenue grew by 13.2% YoY in Q2FY26 driven by analog segment (+17%)



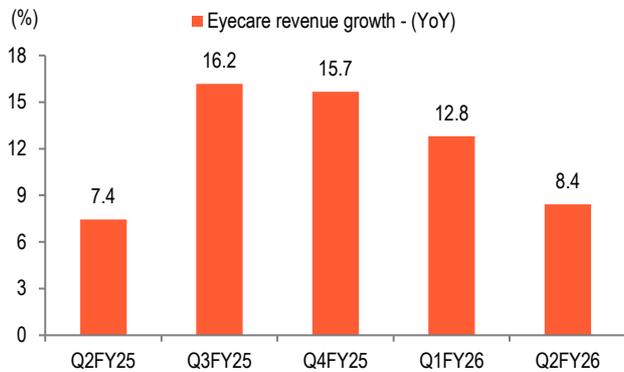
Source: Company, BOBCAPS Research

Fig 8 – Watch EBIT margin improved by 108bps YoY to 16.1% in Q2FY26



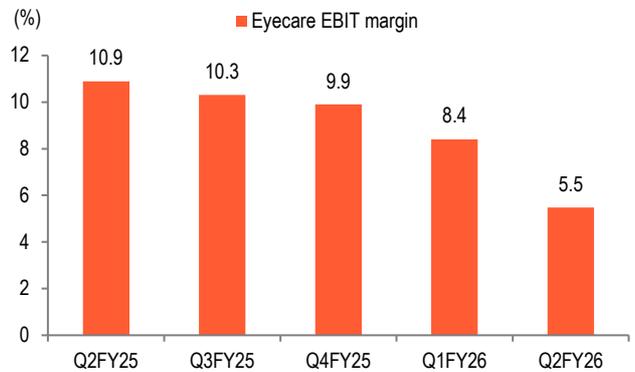
Source: Company, BOBCAPS Research

Fig 9 – Eyewear revenue grew at a modest pace of 8.4% YoY in Q2FY26



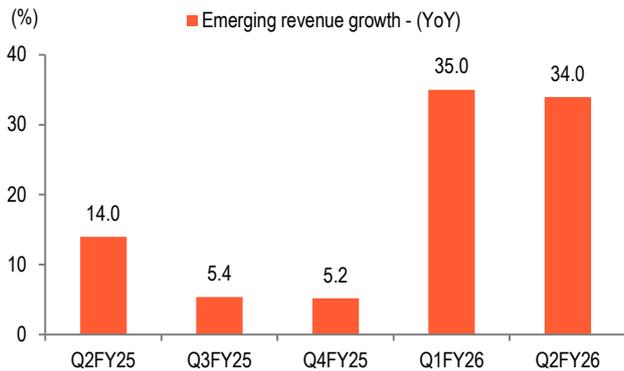
Source: Company, BOBCAPS Research

Fig 10 – Eyewear EBIT margin contracted by 544bps YoY to 5.5% in Q2FY26



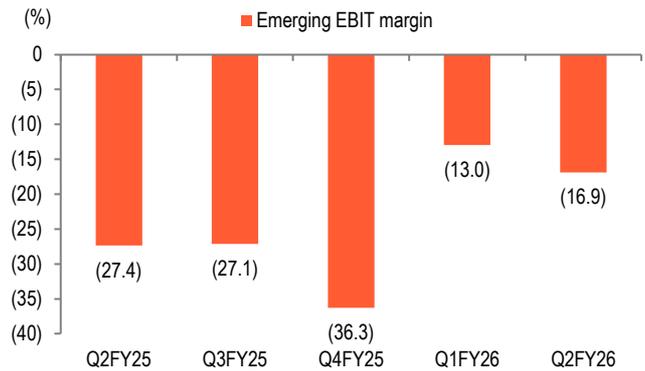
Source: Company, BOBCAPS Research

Fig 11 – Emerging business revenue grew at a healthy rate of 34.0% YoY in Q2FY26



Source: Company, BOBCAPS Research

Fig 12 – Emerging business loss has also come down on YoY basis in Q2FY26



Source: Company, BOBCAPS Research

Valuation Methodology

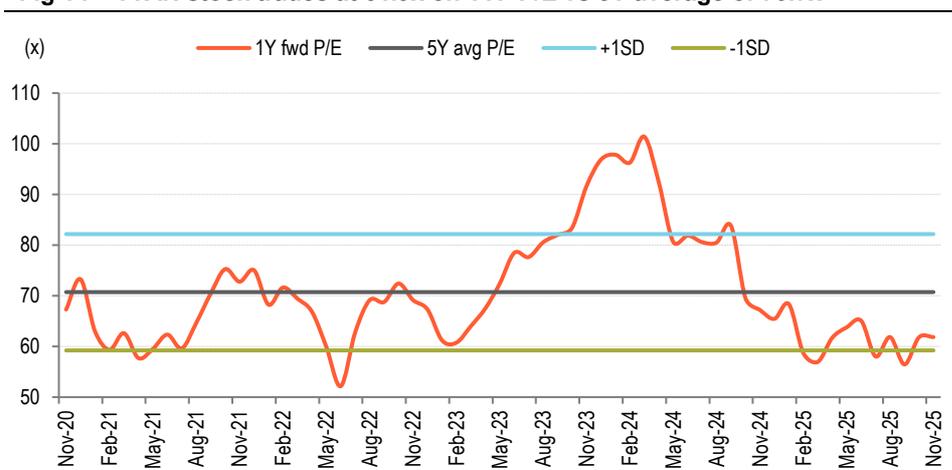
We are quite positive on the TTAN business prospects over the medium term and its EPS is projected to grow at a healthy 27.1% CAGR with an average ROE of 34% over FY26E-FY28E. However, we downgrade our rating from BUY to HOLD as we believe the positive outlook is quite well baked in the current stock valuation (trades at 61.9x on 1YF P/E vs 5Y pre-Covid average of 57.6x). We have raised our TP to Rs 4,250 per share (Rs 4,000 earlier) having revised up our EPS estimates (+5.1%/+6.3%/ +6.1% for FY26/FY27/FY28), mainly due to upward revision in the jewellery revenue post a steep rise in gold prices. Our target P/E multiple remains unchanged at 60x on Sep'27.

Fig 13 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	750.1	856.1	988.0	704.8	806.5	931.5	6.4	6.2	6.1
EBITDA	78.2	91.5	105.2	75.1	87.3	100.4	4.1	4.9	4.8
EBITDA Margin (%)	10.4	10.7	10.6	10.7	10.8	10.8	(23bps)	(13bps)	(13bps)
Adjusted PAT	47.9	58.3	68.5	45.5	54.8	64.6	5.1	6.3	6.1
EPS (Rs)	53.8	65.5	77.0	51.1	61.6	72.6	5.1	6.3	6.1

Source: BOBCAPS Research

Fig 14 – TTAN stock trades at 61.9x on 1YF P/E vs 5Y average of 70.7x



Source: Bloomberg, BOBCAPS Research

Fig 15 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Jewellery	88.2	88.6	89.1	89.1	89.2
Watches	7.6	7.5	7.1	7.2	7.2
Eyewear	1.4	1.3	1.2	1.2	1.2
Others	2.2	2.1	2.3	2.3	2.2
Revenue growth					
Jewellery	26.8	18.5	24.2	13.8	15.6
Watches	18.7	17.0	16.3	15.1	15.1
Eyewear	5.4	10.3	10.5	15.0	15.1
Others	41.4	12.0	37.2	11.4	11.5

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA margin					
Jewellery (excl. other income)	11.2	9.7	10.1	10.4	10.4
Watches	13.3	15.3	17.8	14.7	14.4
Eyewear	20.2	19.4	17.8	17.1	16.3
Others	5.4	3.1	11.9	9.6	9.8

Source: Company, BOBCAPS Research

Key risks

- Steep increase in gold price volatility and regulatory risks would be a key downside risk
- Market share gain in jewellery business and sharp recovery in performance of eyewear & emerging business would be a key upside risk

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	5,10,840	6,04,560	7,50,128	8,56,143	9,88,030
EBITDA	52,920	56,940	78,235	91,508	1,05,211
Depreciation	5,840	6,930	7,391	7,570	7,713
EBIT	47,080	50,010	70,843	83,938	97,498
Net interest inc./(exp.)	(6,190)	(9,530)	(10,858)	(10,564)	(10,424)
Other inc./(exp.)	5,330	4,860	4,410	4,480	4,480
Exceptional items	0	0	0	0	0
EBT	46,220	45,340	64,396	77,854	91,554
Income taxes	11,270	11,980	16,570	19,606	23,054
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	10	10	30	40	40
Reported net profit	34,960	33,370	47,856	58,288	68,540
Adjustments	0	0	0	0	0
Adjusted net profit	34,960	33,370	47,856	58,288	68,540

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	14,100	19,630	25,901	29,561	34,115
Other current liabilities	51,420	61,740	61,740	61,740	61,740
Provisions	1,000	1,550	2,045	2,334	2,694
Debt funds	78,380	1,02,860	1,50,910	1,48,910	1,46,910
Other liabilities	23,260	26,350	26,350	26,350	26,350
Equity capital	890	890	890	890	890
Reserves & surplus	93,040	1,15,350	1,48,849	1,89,651	2,37,629
Shareholders' fund	93,930	1,16,240	1,49,739	1,90,541	2,38,519
Total liab. and equities	2,62,090	3,28,370	4,16,685	4,59,436	5,10,327
Cash and cash eq.	31,920	29,210	(14,381)	(9,811)	(6,152)
Accounts receivables	10,180	10,680	13,252	15,124	17,454
Inventories	1,90,510	2,81,840	3,28,823	3,63,568	4,06,040
Other current assets	20,660	22,170	29,252	33,386	38,529
Investments	6,790	6,510	6,510	6,510	6,510
Net fixed assets	17,370	18,540	16,149	13,579	10,866
CWIP	880	930	930	930	930
Intangible assets	19,800	22,190	22,190	22,190	22,190
Deferred tax assets, net	4,000	2,740	2,740	2,740	2,740
Other assets	10,580	11,220	11,220	11,220	11,220
Total assets	3,12,690	4,06,030	4,16,685	4,59,436	5,10,327

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	16,690	(25,890)	12,264	35,140	37,165
Capital expenditures	(12,480)	(10,540)	(5,000)	(5,000)	(5,000)
Change in investments	(3,280)	280	0	0	0
Other investing cash flows	5,330	4,860	4,410	4,480	4,480
Cash flow from investing	(10,430)	(5,400)	(590)	(520)	(520)
Equities issued/Others	410	(480)	0	0	0
Debt raised/repaid	56,850	49,170	(30,050)	(2,000)	(2,000)
Interest expenses	(6,190)	(9,530)	(10,858)	(10,564)	(10,424)
Dividends paid	(9,790)	(9,790)	(14,357)	(17,486)	(20,562)
Other financing cash flows	(50,690)	(790)	0	0	0
Cash flow from financing	(9,410)	28,580	(55,264)	(30,050)	(32,986)
Chg in cash & cash eq.	(3,150)	(2,710)	(43,591)	4,570	3,659
Closing cash & cash eq.	31,920	29,210	(14,381)	(9,811)	(6,152)

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	39.3	37.5	53.8	65.5	77.0
Adjusted EPS	39.3	37.5	53.8	65.5	77.0
Dividend per share	11.0	11.0	16.1	19.6	23.1
Book value per share	105.5	130.6	168.2	214.1	268.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	6.8	5.8	4.7	4.2	3.6
EV/EBITDA	65.5	61.8	45.4	38.9	33.7
Adjusted P/E	97.1	101.7	70.9	58.2	49.5
P/BV	36.1	29.2	22.7	17.8	14.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.6	73.6	74.3	74.9	74.9
Interest burden (PBT/EBIT)	98.2	90.7	90.9	92.8	93.9
EBIT margin (EBIT/Revenue)	9.2	8.3	9.4	9.8	9.9
Asset turnover (Rev./Avg TA)	163.4	148.9	180.0	186.3	193.6
Leverage (Avg TA/Avg Equity)	3.3	3.5	2.8	2.4	2.1
Adjusted ROAE	37.2	28.7	32.0	30.6	28.7

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	25.9	18.3	24.1	14.1	15.4
EBITDA	8.5	7.6	37.4	17.0	15.0
Adjusted EPS	7.6	(4.5)	43.4	21.8	17.6
Profitability & Return ratios (%)					
EBITDA margin	10.4	9.4	10.4	10.7	10.6
EBIT margin	9.2	8.3	9.4	9.8	9.9
Adjusted profit margin	6.8	5.5	6.4	6.8	6.9
Adjusted ROAE	32.8	31.8	36.0	34.3	31.9
ROCE	30.4	25.0	25.0	26.0	26.5
Working capital days (days)					
Receivables	7	6	6	6	6
Inventory	136	170	160	155	150
Payables	10	12	13	13	13
Ratios (x)					
Gross asset turnover	20.8	21.0	22.8	22.6	23.1
Current ratio	2.3	1.9	1.5	1.7	1.9
Net interest coverage ratio	7.6	5.2	6.5	7.9	9.4
Adjusted debt/equity	1.1	1.3	1.1	0.8	0.6

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

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

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Note: Recommendation structure changed with effect from 21 June 2021

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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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