MIRAE ASSET Sharekhan

Stock Update

Result Update

Titan Company Ltd

Strong Q2; outlook bright

Consumer Discretionary	Sharekhan code: TITAN
Reco/View: Buy ⇔	CMP: Rs. 3,769 (as on Nov 07, 2025)
	Price Target: Rs. 4,400 ↑

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)		✓	

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

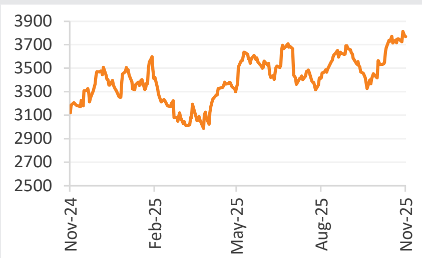
Company details

Market cap:	Rs. 3,34,607 cr
52-week high/low:	Rs. 3,837/2948
NSE volume: (No of shares)	9.6 lakh
BSE code:	500114
NSE code:	TITAN
Free float: (No of shares)	41.8 cr

Shareholding (%)

Promoters	52.9
FII	17.3
DII	14.2
Others	15.6

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	10.3	10.4	12.9	20.8
Relative to Sensex	8.7	7.1	9.8	16.2

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Titan Company's (Titan's) Q2FY26 numbers were strong, with consolidated revenue/adjusted PAT rising 29%/22% y-o-y, respectively. EBITDA margin fell 49 bps y-o-y to 10%.
- With strong performance in October, supported by robust festive season sales, management anticipates 9M growth to be ahead of H1 growth for jewellery business. It expects Eyecare business to grow 13-14% in FY26.
- EBIT Margin guidance for jewelry/watches maintained at 11-11.5%/mid-teens, respectively.
- Stock trades at 68x/57x/47x its FY26E/FY27E/FY28E earnings, respectively. We maintain a Buy with a revised PT of Rs. 4,400.

Titan's consolidated revenue grew by 28.8% y-o-y to Rs. 18,725 crore. Revenue of the domestic jewellery (ex-bullion), Caratlane, Watches, Eyecare and emerging businesses grew by 18%, 32%, 13%, 8% and 34% y-o-y, respectively. Tanishq, Mia and Zoya/Caratlane reported LTL growth of 14%/15% y-o-y, respectively. International business grew by 84% y-o-y. Titan's subsidiary, TEAL grew 1.1x y-o-y. Consolidated gross margin and EBITDA margin fell by 127 bps and 49 bps y-o-y to 21.4% and 10%, respectively. EBITDA margin missed our expectation of 10.9%. EBITDA grew by 22.9% y-o-y to Rs. 1,875 crore and adjusted PAT grew by 21.9% y-o-y to Rs. 1,120 crore. PAT came in line with our expectation of Rs. 1,115 crore. In H1FY26, revenue grew 26.8% y-o-y to Rs. 35,248 crore, EBITDA margin rose by 54 bps y-o-y to 10.5% and adjusted PAT grew by 35.4% y-o-y to 2,211 crore. Titan added 55 stores (net) across businesses and geographies in Q2, taking the total retail network to 3,377 stores as of Q2FY26-end.

Key positives

- Jewellery business delivered strong performance despite headwinds (gold inflation) driven by LFL growth of 14%, increase in average ticket size and store addition.

Key negatives

- Eyecare business EBIT margin fell by 544 bps y-o-y to 5.5%.

Management Commentary

- Consumers held back gold purchases when gold prices was on the rise. However, when prices did not come down, lot of consumers in the mid to high price band started purchasing. The management anticipates 9M growth to be ahead of H1 growth for jewellery.
- To drive buyer growth, the company has introduced price points at sub Rs. 0.1 million, introduced more options in lower caratage and lower weightage, launched gold exchange offer and directed making charge offers towards benefits on rupee per gram.
- While jewelry margins are under pressure (higher gold coin sales, investment in exchange offers, reduced studded margins due to a jump in gold prices), the management is aiming to maintain margins in the guided range.
- For Tanishq, in FY26, the company plans to open 35-40 stores and renovate ~70 stores.
- For the watches business, Titan maintains EBIT margin guidance of mid-teens and over a slightly medium term expects to scale it to 16-17%.
- Eyecare industry is growing at 7-8%, and Titan is growing ahead of the industry. The company's market share is less than 5%, providing a significant headroom for growth. The management expects to clock 13-14% growth in eyecare business in FY26.
- In the emerging business portfolio, losses reduced to Rs. 24 crore from Rs. 29 crore in Q2FY25 led by enhanced profitability in fragrances.
- Management indicated that the company's priority is in driving absolute profit growth and market share gains rather than percentage profitability improvement.

Revision in earnings estimates – We have raised our earnings estimates for FY26E and FY27E due to better-than-expected revenue growth. We have introduced FY28 estimates through this note.

Our Call

View – Retain Buy with a revised PT of Rs. 4,400: Titan's Q2 numbers were strong with revenue/adjusted PAT growth of 29%/22% y-o-y respectively led by double-digit growth in the jewellery and watches businesses. Double-digit revenue growth momentum is likely to continue in coming quarters, driven by growth across businesses. A strong growth outlook, focus on sustained market share gains and a strong balance sheet make Titan the best play in the discretionary space. Pressure on margins is temporary and the management expects an uptick in margins in the medium term. The stock is trading at 68x/57x/47x its FY26E/FY27E/FY28E earnings, respectively. We maintain a Buy on the stock with a revised PT of Rs. 4,400 (rolling over to Sept-27 EPS).

Key Risks

A rise in gold prices or a slowdown in key business verticals would act as a key risk to our earnings estimates.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue (excluding bullion sales)	46,751	57,143	68,236	80,647	94,669
EBITDA Margin (%)	10.4	10.3	10.7	10.9	11.1
Adjusted PAT	3,494	3,737	4,939	5,921	7,142
Adjusted EPS (Rs.)	39.3	42.0	55.5	66.5	80.2
P/E (x)	95.9	89.7	67.9	56.7	47.0
P/B (x)	35.7	28.9	21.6	16.5	12.7
EV/EBIDTA (x)	65.2	55.8	43.4	36.4	30.4
RoNW (%)	32.9	35.6	36.4	33.0	30.5
RoCE (%)	28.5	26.1	28.1	29.5	31.2

Source: Company; Mirae Asset Sharekhan estimates

Key business updates

- Jewellery business grew by 19% y-o-y (ex-bullion) driven by the early onset of the festive season, gold exchange campaign, and consumer offers. Caratlane grew by 32% y-o-y with LTL growth of 15%. Tanishq, Mia and Zoya reported ~18% y-o-y growth with LTL growth of 14%. Coins reported strong growth of 65% while gold/studded jewellery grew by 13%/16% y-o-y, respectively. International jewellery business clocked strong growth of 91% y-o-y with improved operating profitability. Jewellery business base quarter had one-off impact of custom duty cut. On normalized basis, jewellery EBIT Margins declined by 35 bps y-o-y.
- Watches business grew by 13% y-o-y driven by 17% y-o-y growth in analog segment (12% volume growth, supported by an 8% rise in average selling prices) while smartwatch category declined 22% y-o-y, primarily due to lower volumes, though ASPs were higher. Fastrack, Titan, and Helios LFL grew 10%, 11%, and 14% y-o-y, respectively. Watches EBIT Margin stood at 16.2% (+134bps YoY). The management maintains guidance of mid-teens margins for watches segment.
- Eye care grew by 9% y-o-y, with international business up by 61% y-o-y while domestic business grew 8% y-o-y. The growth was impacted by GST rate cut (12% to 5%) on spectacles wherein consumers deferred purchases.
- Emerging businesses grew by 34% y-o-y with fragrances growing by 47% y-o-y, women's bags up by 90% y-o-y and Taneira growing by 20% y-o-y. Losses reduced to Rs. 24 crore from Rs. 29 crore in Q2FY25 led by enhanced profitability in Fragrances segment.

Results (Consolidated) Rs cr

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Net sales	**16,461.0**	**13,473.0**	**22.2**	**14,814.0**	**11.1**
Other Operating Income	2,264.0	1,061.0	-	1,709.0	32.5
Total Revenue	**18,725.0**	**14,534.0**	**28.8**	**16,523.0**	**13.3**
Raw material cost	14,709.0	11,232.0	31.0	12,811.0	14.8
Employee cost	616.0	519.0	18.7	591.0	4.2
Advertising	408.0	327.0	24.8	328.0	24.4
Other expenses	1,117.0	930.0	20.1	963.0	16.0
Total operating cost	16,850.0	13,008.0	29.5	14,693.0	14.7
EBITDA	**1,875.0**	**1,526.0**	**22.9**	**1,830.0**	**2.5**
Other income	112.0	122.0	-8.2	105.0	6.7
Interest & other financial cost	277.0	240.0	15.4	271.0	2.2
Depreciation	189.0	171.0	10.5	184.0	2.7
Profit Before Tax	**1,521.0**	**1,237.0**	**23.0**	**1,480.0**	**2.8**
Tax	402.0	319.4	25.9	389.0	3.3
Adjusted PAT	1,119.0	917.6	21.9	1,091.0	2.6
Share of profit of an associate	1.0	1.0	0.0	0.0	-
Adjusted PAT	**1,120.0**	**918.6**	**21.9**	**1,091.0**	**2.7**
Extraordinary item	0.0	214.6	-	0.0	-
Reported PAT	**1,120.0**	**704.0**	**59.1**	**1,091.0**	**2.7**
Adjusted EPS (Rs.)	12.6	10.3	21.9	12.3	2.6
			bps		**bps**
GPM (%)	21.4	22.7	-127	22.5	-102
EBIDTA margin (%)	10.0	10.5	-49	11.1	-106
NPM (%)	6.0	4.8	114	6.6	-62
Tax rate (%)	26.4	25.8	61	26.3	15

Source: Company; Mirae Asset Sharekhan Research

Business-wise revenue Rs cr

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Jewellery (excluding bullion)	13,020	10,861	19.9	11,771	10.6
Watches & wearables	1,477	1,304	13.3	1,273	16.0
Eyecare	220	202	8.9	238	-7.6
Emerging businesses	142	106	34.0	108	31.5
Standalone (excluding bullion)	14,859	12,473	19.1	13,390	11.0
Caratlane	1,072	811	32.2	1,026	4.5
TEAL	415	196	-	307	35.2
Others/Consol. Adj	62	77	-19.5	56	10.7
Consolidated (excluding bullion)	16,408	13,557	21.0	14,779	11.0
Bullion & digi-gold sales	2,430	1,099	-	1,850	31.4
Consolidated	18,838	14,656	28.5	16,629	13.3

Source: Company; Mirae Asset Sharekhan Research

Business-wise EBIT margin (%)

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Watches	16.1	15.0	108	8.0	810
Jewellery	10.7	11.1	-35	8.5	224
Eyecare	5.5	10.9	-544	14.7	-925
Total	10.9	11.2	-29	8.3	264

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Near-term outlook bleak; long term intact

Near-term revenue growth for the branded retail and apparel companies is likely to be largely driven by store expansion, steady demand for premium products, and better consumer sentiments in the urban markets/metros. In the medium to long term, market share gains, higher traction on the e-commerce platform, a strong retail space expansion strategy, and sustained expansion of the product portfolio will help branded apparel and retail companies post consistent growth. Better operating leverage, improved efficiencies and an improved mix would help branded apparel and retail companies post higher margins in the coming years.

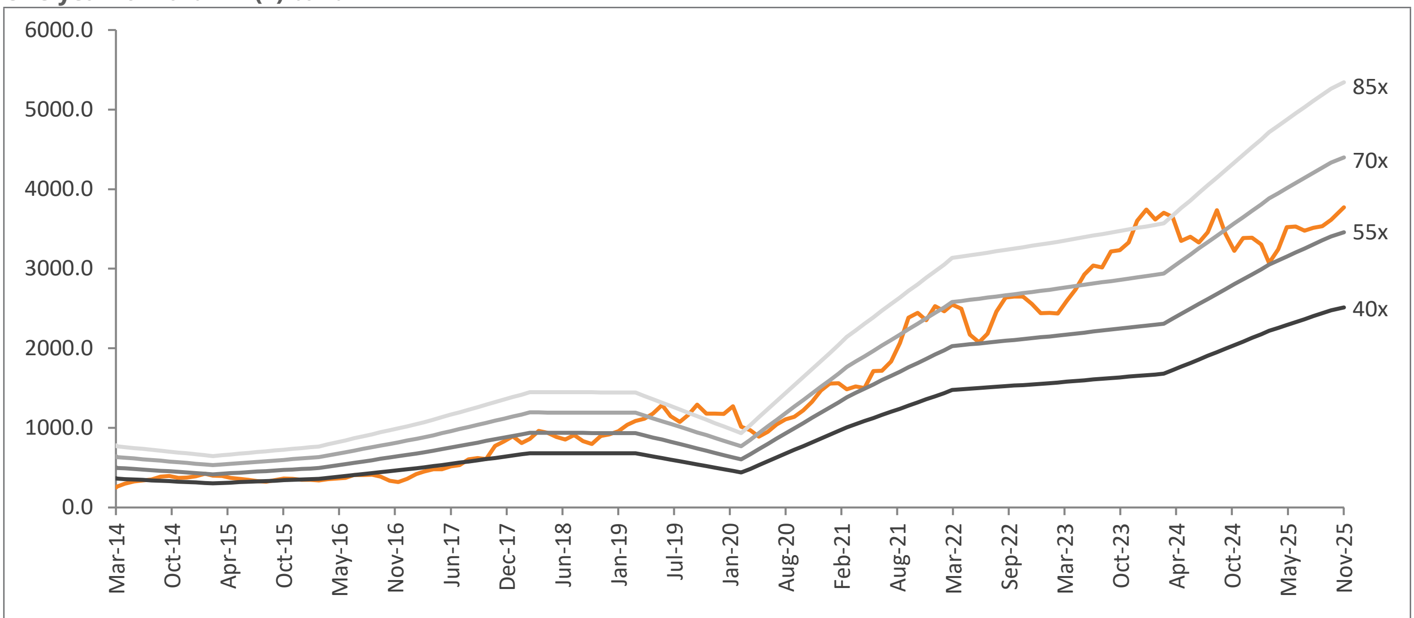
■ Company Outlook – Medium-term outlook healthy

Despite near-term margin headwinds, Titan is confident of maintaining good growth momentum in the quarters ahead, led by market share gains, network expansion, and a shift to trusted brands. The company aims to achieve consistent double-digit revenue growth over the next five years by strengthening core businesses such as watches, jewellery, and eyecare through efficient capital allocation. Further, profitability is expected to consistently improve with consistent growth in the jewellery business and scale-up of new ventures. We expect the company's revenue and PAT to register CAGRs of 18% and 24% over FY25-28E, respectively.

■ Valuation – Retain Buy with a revised PT of Rs. 4,400

Titan's Q2 numbers were strong with revenue/adjusted PAT growth of 29%/22% y-o-y respectively led by double-digit growth in the jewellery and watches businesses. Double-digit revenue growth momentum is likely to continue in coming quarters, driven by growth across businesses. A strong growth outlook, focus on sustained market share gains and a strong balance sheet make Titan the best play in the discretionary space. Pressure on margins is temporary and the management expects an uptick in margins in the medium term. The stock is trading at 68x/57x/47x its FY26E/FY27E/FY28E earnings, respectively. We maintain a Buy on the stock with a revised PT of Rs. 4,400 (rolling over to Sept-27 EPS).

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

Peer Comparison

Particulars	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Trent	-	84.6	67.7	53.7	42.6	34.8	30.1	29.5	29.4
Titan Company	89.7	67.9	56.7	55.8	43.4	36.4	26.1	28.1	29.5

Source: Company; Mirae Asset Sharekhan Research

About company

Titan is a joint venture between Tata Group and Tamil Nadu Industrial Development Corporation (TIDCO). The company is a leading organised jeweller in India with its trusted brand, Tanishq. The company started as a watch company under the brand, Titan, and is the fifth largest integrated own-brand watch manufacturer in the world. The company's key watch brands are Titan, Fastrack, and Sonata. The company is present in the eye care segment with its brand, Titan Eye Plus, and in other segments such as perfumes. Titan recently entered the saree market with its brand, Taneira. Titan has a retail chain of 3,377 stores across 436 towns with a retail area of 4.9 million sq. ft. for all its brands.

Investment theme

Titan is one of India's top retailers with a strong presence in discretionary product categories such as jewellery, watches, and eyecare. The company is one of the top brands in the watches segment; while in the jewellery space, it is gaining good acceptance because of the shift from non-branded to the branded space and expansion in middle-income towns. The company's jewellery business is expected to post a CAGR of >20% over FY22-FY27.

Key Risks

- Any increase in gold prices would affect the profitability of the jewellery segment and earnings growth of the company.
- Any slowdown in discretionary consumption would act as a key risk to the demand of the jewellery and watches division.
- Increased competition in highly penetrated categories such as watches or jewellery would act as a threat to revenue growth.

Additional Data

Key management personnel

Name	Designation
V. Arun Roy	Chairman
C K Venkataraman	Managing Director
Ashok Kumar Sonthalia	Chief Financial Officer
Dinesh Shetty	General Counsel, Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Jhunjhunwala Rekha Rakesh	5.33
2	Life Insurance Corp of India	2.46
3	Tata Investment Corp Ltd.	2.01
4	Vanguard Group Inc.	1.76
5	ICICI Prudential AMC Ltd.	1.63
6	SBI Funds Management Ltd.	1.57
7	Blackrock Inc.	1.53
8	UTI AMC Ltd.	1.01
9	HDFC AMC Ltd.	0.80
10	ICICI Prudential Life Insurance Co. Ltd.	0.63

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

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