

India

ADD (no change)

Consensus ratings*: Buy 23 Hold 7 Sell 5

Current price: Rs3,510
 Target price: ▲ Rs3,930
 Previous target: Rs3,850
 Up/downside: 12.0%
 InCred Research / Consensus: 4.4%

Reuters: TITN.NS
 Bloomberg: TTAN IN
 Market cap: US\$36,502m
 Rs3,116,396m
 Average daily turnover: US\$40.6m
 Rs3466.5m
 Current shares o/s: 887.8m
 Free float: 47.1%

*Source: Bloomberg

Key changes in this note

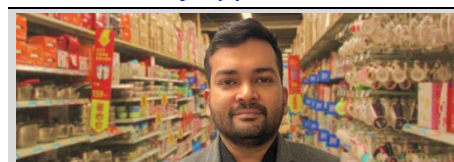
- Raise the target price to Rs3,930 from Rs3,850.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	10.6	2.5	8.2
Relative (%)	4.6	(1.7)	(1.1)

Major shareholders	% held
Promoter group	52.9
LIC	2.2
Vanguard Group	1.9

Research Analyst(s)**Rohan KALLE**

T (91) 22 4161 1561

E rohan.kalle@incredresearch.com

Nishant BAGRECHA

T (91) 22 4161 1564

E nishant.bagrecha@incredresearch.com

Saurabh SINGH

T (91) 2241611558

E saurabh.singh@incredresearch.com

Titan Co Ltd

Navigating evolving consumption trends

- Titan Company posted 19.4%/18.3% yoy sales growth led by 23.7%/18.6% yoy growth in jewellery business in 4Q/FY25. The EBIT margin stood at 11.9%.
- Management maintained its EBIT margin guidance in the 11-11.5% range. We expect 1HFY26F to remain healthy due to a large number of weddings.
- Long-term prospects remain healthy, with double-digit growth in jewellery business likely to continue in FY26F. Retain ADD with a higher TP of Rs3,930.

Jewellery margin above the guided range despite a weak mix

Titan Company (Titan) posted 19.4%/18.3% yoy sales growth led by 23.7%/18.6% yoy growth in the jewellery business in 4Q/FY25, respectively. The standalone jewellery segment posted 24.8% yoy sales growth. The studded range grew by 12% yoy. High gold prices continued to impact the overall product mix, resulting in a 300bp yoy lower studded share at 30% in 4QFY25. Secondary sales grew by 20%/15% on an overall/like-for-like basis, respectively. In the gold jewellery segment, growth largely came from ticket size growth. Solitaires saw a rebound led by buyer growth, albeit on lower carat weights (strategic focus taken to drive value to customers). New buyers accounted for 52% of the total buyers in 4Q. While gold prices and consumer preferences drove higher growth in coins, impacting the product mix and margin, overhead management aided in partly negating this impact, leading to an 11.9% EBIT margin in 4Q (11.6% adjusted for one-offs), which was above the EBIT range guidance of 11-11.5% (unchanged). Caratlane grew by 23.3% yoy led by 19% growth in the studded range and 44% growth in all other categories (gold jewellery, gold coins). Management called out that Titan is not impacted by lab-grown diamonds and is witnessing healthy buyer growth in studded jewellery (small diamonds account for 95% of its studded sales).

Bucks the trend in line with evolving customer preferences

Titan's watch segment posted 19.8% yoy sales growth led by an 18% growth in analog watches, which was driven by double-digit growth in Helios. Eye care posted 15% growth led by double-digit volume growth. Management pointed out changing consumer trends due to a sharp increase in gold prices, with a higher focus on managing ticket sizes leading to higher preference for lower carat and lightweight jewellery which have lower making charges. Titan has bucked these trends and has increased offerings under the 18 carat jewellery. Caratlane has also introduced 9-carat gold jewellery, which aided FY25 growth,

Outlook remains healthy; retain ADD rating

Titan is expected to maintain a healthy growth trajectory in FY26F, with sales momentum expected to sustain in 1HFY26F due to a large number of weddings this year (vs. fewer weddings in the base), coupled with healthy momentum in watches and eyecare businesses. We maintain our ADD rating on Titan with a higher target price of Rs3,930 or 60x FY27F EPS (Rs3,850 earlier). Downside risks: Slowdown in growth of new buyers dragging sales growth or volatility in gold/solitaire prices impacting the EBITDA margin.

Financial Summary

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue (Rsm)	405,750	510,840	604,560	678,800	787,375
Operating EBITDA (Rsm)	48,790	52,920	56,940	74,111	87,001
Net Profit (Rsm)	32,500	34,960	33,370	48,741	58,291
Core EPS (Rs)	36.5	39.3	37.5	54.8	65.5
Core EPS Growth	46.9%	7.6%	(4.5%)	46.1%	19.6%
FD Core P/E (x)	96.13	89.36	93.62	64.10	53.60
DPS (Rs)	11.0	11.8	11.2	17.5	22.9
Dividend Yield	0.31%	0.34%	0.32%	0.50%	0.65%
EV/EBITDA (x)	63.77	59.91	56.18	43.15	36.70
P/FCFE (x)	603.12	48.87	272.38	84.23	123.28
Net Gearing	(11.0%)	49.5%	64.4%	56.7%	40.9%
P/BV (x)	26.36	33.26	26.88	24.15	18.68
ROE	30.7%	32.9%	31.8%	39.7%	39.3%
% Change In Core EPS Estimates				1.47%	0.35%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Navigating evolving consumption trends

Figure 1: Quarterly results summary

Y/E Mar (Rs. m)	4QFY24	3QFY25	4QFY25	YoY (%)	QoQ (%)	FY24	FY25	Gr (%)
Revenue	1,24,940	1,77,400	1,49,160	19.4	-15.9	5,10,840	6,04,560	18.3
Expenditure	1,13,030	1,60,660	1,33,790	18.4	-16.7	4,57,920	5,47,620	19.6
Consumption of raw materials	97,080	1,40,830	1,15,150	18.6	-18.2	3,94,320	4,74,560	20.3
as % of sales	77.7	79.4	77.2			77.2	78.5	
Employee costs	4,730	5,550	5,590	18.2	0.7	18,640	21,560	15.7
as % of sales	3.8	3.1	3.7			3.6	3.6	
Other expenditure	11,220	14,280	13,050	16.3	-8.6	44,960	51,500	14.5
as % of sales	9.0	8.0	8.7			8.8	8.5	
EBITDA	11,910	16,740	15,370	29.1	-8.2	52,920	56,940	7.6
Depreciation	1,580	1,750	1,830	15.8	4.6	5,840	6,930	18.7
EBIT	10,330	14,990	13,540	31.1	-9.7	47,080	50,010	6.2
Other income	1,590	1,280	1,160	-27.0	-9.4	5,330	4,860	-8.8
Interest	2,010	2,310	2,520	25.4	9.1	6,190	9,530	54.0
PBT	9,910	13,960	12,180	22.9	-12.8	46,220	45,340	-1.9
Total tax	2,200	3,490	3,470	57.7	-0.6	11,270	11,980	6.3
PAT (before minority interest)	7,710	10,470	8,710	13.0	-16.8	34,950	33,360	-4.5
Minority interest	0	0	0	NA	NA	-10	-10	NA
Adjusted PAT	7,710	10,470	8,710	13.0	-16.8	34,960	33,370	-4.5
Extraordinary items	0	0	0	NA	NA	0	0	NA
Reported PAT	7,710	10,470	8,710	13.0	-16.8	34,960	33,370	-4.5
Adjusted EPS	8.7	11.8	9.8	13.0	-16.8	39.3	37.5	-4.5
Margins (%)	4QFY24	3QFY25	4QFY25	YoY (bp)	QoQ (bp)	FY24	FY25	(bps)
Gross margin	22.3	20.6	22.8	50	220	22.8	21.5	-130
EBITDA	9.5	9.4	10.3	80	90	10.4	9.4	-90
EBIT	8.3	8.4	9.1	80	60	9.2	8.3	-90
EBT	7.9	7.9	8.2	20	30	9.0	7.5	-150
PAT	6.2	5.9	5.8	-30	-10	6.8	5.5	-130
Effective tax rate	22.2	25.0	28.5	630	350	24.4	26.4	200

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Segmental performance

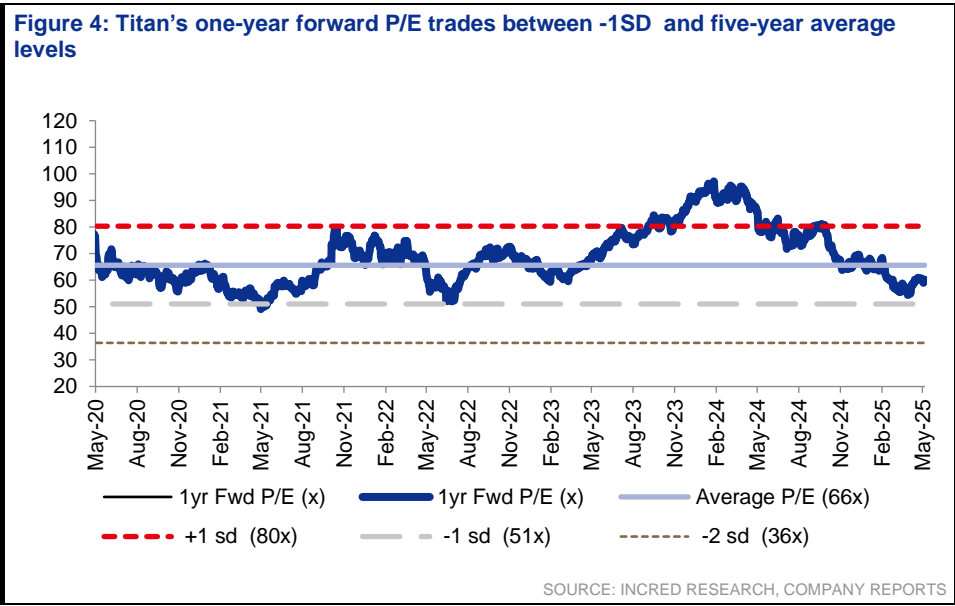
Y/E Mar (Rs. m)	4QFY24	3QFY25	4QFY25	YoY (%)	QoQ (%)	FY24	FY25	Gr (%)
Segment-wise revenue								
Watches	9,390	11,370	11,340	20.8	-0.3	39,300	45,980	17.0
Jewellery	1,10,050	1,61,340	1,32,530	20.4	-17.9	4,54,910	5,39,660	18.6
Eyewear	1,660	1,960	1,930	16.3	-1.5	7,250	8,010	10.5
Others	4,700	3,120	3,850	-18.1	23.4	11,250	12,750	13.3
Corporate (unallocated)	730	890	800	9.6	-10.1	2,860	3,150	10.1
Total	1,26,530	1,78,680	1,50,450	18.9	-15.8	5,15,570	6,09,550	18.2
Segment Results								
Watches	760	1,080	1,330	75.0	23.1	3,930	5,480	39.4
Jewellery	10,910	14,900	13,330	22.2	-10.5	48,120	48,990	1.8
Eyewear	70	200	190	171.4	-5.0	800	800	NA
Others	390	10	260	-33.3	2500.0	50	80	60.0
Total	12,130	16,190	15,110	24.6	-6.7	52,900	55,350	4.6
Add- Unall. Income / (expenses)	210	80	-410	NA	NA	300	-190	NA
Less- Interest expenses	2,010	2,310	2,520	25.4	9.1	6,190	9,530	54.0
PBT	9,910	13,800	13,000	31.2	-5.8	46,410	46,010	-0.9
Segment-wise margin (%)				YoY (bp)	QoQ (bp)			(bp)
Watches	8.1	9.5	11.7	360	220	10.0	11.9	190
Jewellery	9.9	9.2	10.1	10	80	10.6	9.1	-150
Eyewear	4.2	10.2	9.8	560	-40	11.0	10.0	-100
Others	8.3	0.3	6.8	-150	640	0.4	0.6	20

SOURCE: INCRED RESEARCH, COMPANY REPORTS

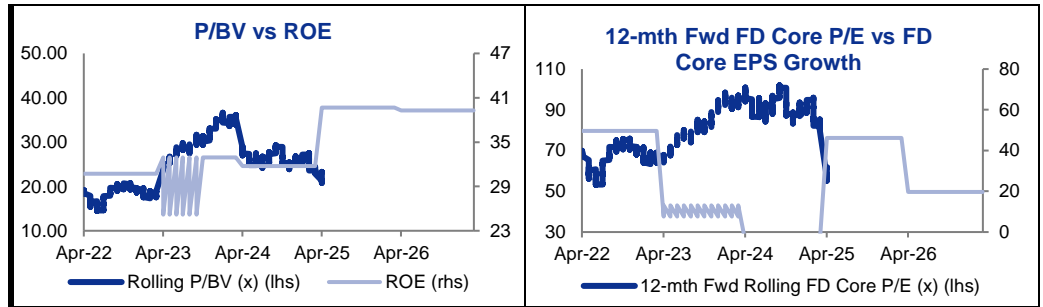
Figure 3: Our revised earnings estimates

	FY26F			FY27F		
Y/E Mar (Rs. m)	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenue	6,50,065	6,78,800	4.4	7,57,320	7,87,375	4.0
EBITDA	71,814	74,111	3.2	85,888	87,001	1.3
EBITDA margin (%)	11.0	10.9	-10bp	11.3	11.0	-30bp
APAT	48,034	48,741	1.5	58,085	58,291	0.4
EPS	54.0	54.8	1.5	65.3	65.5	0.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Net Revenues	405,750	510,840	604,560	678,800	787,375
Gross Profit	102,200	116,520	130,000	162,233	189,757
Operating EBITDA	48,790	52,920	56,940	74,111	87,001
Depreciation And Amortisation	(4,410)	(5,840)	(6,930)	(6,950)	(7,015)
Operating EBIT	44,380	47,080	50,010	67,161	79,986
Financial Income/(Expense)	80	(860)	(4,670)	(1,397)	(1,546)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	44,460	46,220	45,340	65,764	78,440
Exceptional Items					
Pre-tax Profit	44,460	46,220	45,340	65,764	78,440
Taxation	(11,730)	(11,270)	(11,980)	(17,033)	(20,159)
Exceptional Income - post-tax					
Profit After Tax	32,730	34,950	33,360	48,731	58,281
Minority Interests	(230)	10	10	10	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	32,500	34,960	33,370	48,741	58,291
Recurring Net Profit	32,500	34,960	33,370	48,741	58,291
Fully Diluted Recurring Net Profit	32,500	34,960	33,370	48,741	58,291

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
EBITDA	48,790	52,920	56,940	74,111	87,001
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(17,790)	(24,260)	(50,320)	(15,588)	(36,955)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(3,000)	(6,190)	(9,530)	(6,500)	(6,700)
Tax Paid	(11,730)	(11,270)	(11,980)	(17,033)	(20,159)
Cashflow From Operations	16,270	11,200	(14,890)	34,990	23,187
Capex	(8,730)	(10,730)	(7,750)	(3,000)	(3,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(19,130)	7,030	8,430	5,103	5,154
Cash Flow From Investing	(27,860)	(3,700)	680	2,103	2,154
Debt Raised/(repaid)	16,770	56,430	25,680		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(9,750)	(10,488)	(10,011)	(15,597)	(20,402)
Preferred Dividends					
Other Financing Cashflow	2,990	(49,862)	(879)	(20,000)	
Cash Flow From Financing	10,010	(3,920)	14,790	(35,597)	(20,402)
Total Cash Generated	(1,580)	3,580	580	1,496	4,939
Free Cashflow To Equity	5,180	63,930	11,470	37,093	25,341
Free Cashflow To Firm	(8,590)	13,690	(4,680)	43,593	32,041

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Cash And Equivalents	35,070	31,920	29,210	30,706	35,645
Total Debtors	6,740	10,180	10,680	11,711	13,584
Inventories	165,840	190,510	281,840	217,872	256,185
Total Other Current Assets	22,910	32,070	31,910	48,353	56,087
Total Current Assets	230,560	264,680	353,640	308,641	361,501
Fixed Assets	30,180	36,820	37,640	33,690	29,675
Total Investments	3,520	6,800	6,520	6,520	6,520
Intangible Assets	1,230	1,230	1,230	1,230	1,230
Total Other Non-Current Assets	4,710	5,940	4,630	10,074	13,574
Total Non-current Assets	39,640	50,790	50,020	51,514	50,999
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	65,130	67,510	97,730	57,984	65,240
Other Current Liabilities	41,630	48,420	57,910	41,417	47,971
Total Current Liabilities	106,760	115,930	155,640	99,401	113,211
Total Long-term Debt	21,950	78,380	104,060	104,060	104,060
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	18,730	23,490	23,180	23,180	23,180
Total Non-current Liabilities	40,680	101,870	127,240	127,240	127,240
Total Provisions	3,720	3,740	4,540	4,141	4,796
Total Liabilities	151,160	221,540	287,420	230,782	245,247
Shareholders Equity	118,510	93,930	116,240	129,384	167,273
Minority Interests	530			(10)	(20)
Total Equity	119,040	93,930	116,240	129,374	167,253

Key Ratios

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue Growth	40.9%	25.9%	18.3%	12.3%	16.0%
Operating EBITDA Growth	46.1%	8.5%	7.6%	30.2%	17.4%
Operating EBITDA Margin	12.0%	10.4%	9.4%	10.9%	11.0%
Net Cash Per Share (Rs)	14.74	(52.20)	(84.10)	(82.42)	(76.87)
BVPS (Rs)	133.16	105.54	130.61	145.38	187.95
Gross Interest Cover	14.79	7.61	5.25	10.33	11.94
Effective Tax Rate	26.4%	24.4%	26.4%	25.9%	25.7%
Net Dividend Payout Ratio	30.0%	30.0%	30.0%	32.0%	35.0%
Accounts Receivables Days	5.57	6.04	6.30	6.02	5.86
Inventory Days	181.53	164.93	181.65	176.55	144.77
Accounts Payables Days	79.39	61.39	63.55	55.01	37.63
ROIC (%)	35.5%	29.3%	23.6%	30.0%	31.1%
ROCE (%)	39.6%	33.5%	28.0%	31.9%	33.7%
Return On Average Assets	13.5%	12.2%	10.6%	13.1%	15.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.