

Sector Update

Expect strong 1H26 despite high gold prices

Jewellery Industry is witnessing volume pressure in 1Q26, while value growth is flattish to low single digits led by 25-30% higher prices of Gold. While local jewellers are under pressure, Titan is poised for a strong Q1FY26, 1) strong sales during Akshya tritya and 2) higher number of wedding days in both north and south India. Our channel's checks suggest the overall demand in Q1 remained decent, with marriage and festive value demand staying intact despite rising gold prices. However, demand for non-event jewellery priced above Rs50,000 remains subdued.

On the positive side, higher gold prices may hinder expansion plans for regional and local players due to elevated inventory costs. Investor interest in franchisee operations may also weaken in the short to medium term. Given all the dynamics, we believe TTAN is well-positioned for decent growth in the near to medium term, supported by a higher number of wedding days and its strategic expansion into Tier-2 and Tier-3 cities. Rising gold prices due to geopolitical uncertainty remain a key risk to our hypothesis.

We estimate sales of 17%, EBITDA growth of 25% and PAT growth of 25.6% for 1Q26 on a low base. Jewellery EBIT margins (ex-bullion) are expected to decline by 20bps while watch margins will show 40bps improvement. The stock trades at 52x FY27 consol EPS. Retain Buy with SOTP based TP of 3754.

Key highlights

- Jewellery demand is expected to see uptick in 1HFY26 given higher number of wedding days, though rising gold prices remain key risk as consumers remain intact on their budget while cutting on the grammage of gold bought.
- We expect soft jewellery margins given high gold prices. This includes the introduction of innovative products inspired by Indian heritage and festivals. However, TTAN has limited scope to raise physical gold premiums amid rising competition from regional and local players.
- Gold prices are up 31% YoY and remain a key risk. However, high gold prices are likely to hinder expansion plans of regional and local players due to rising inventory costs. This scenario could benefit organised players like TTAN, given their strong balance sheets.
- TTAN is focusing on expanding in Tier-2 and Tier-3 cities, where it is well-positioned to capitalize on the potential slowdown of regional players and gain market share.

June 20, 2025

Titan Company (TTAN IN)

Rating: BUY | CMP: Rs3510 | TP: Rs3754

Key Financials – Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	472	548	637	725
EBITDA (Rs. bn)	51	53	70	81
Margin (%)	10.8	9.6	11.0	11.2
PAT (Rs. bn)	36	33	46	56
EPS (Rs.)	40.2	37.5	51.9	62.8
Gr. (%)	5.5	(6.7)	38.5	20.9
DPS (Rs.)	10.0	11.0	13.0	16.0
Yield (%)	0.3	0.3	0.4	0.5
RoE (%)	27.0	21.3	24.8	24.8
RoCE (%)	23.0	17.8	19.8	20.6
EV/Sales (x)	6.7	5.9	5.0	4.4
EV/EBITDA (x)	62.4	61.3	45.5	39.4
PE (x)	87.4	93.7	67.6	55.9
P/BV (x)	21.6	18.6	15.3	12.7

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Hasti Savla

hastisavla@plindia.com | 91-22-66322531

Jewellery- 1H likely better on account of higher Wedding days

Exhibit 1: North India to see 222% higher wedding days in 1H

North India	1Q	2Q	3Q	4Q	Total	YoY Growth
FY27	24	4	11	29	68	3.0%
FY26	29	0	17	20	66	22.2%
FY25	3	6	16	29	54	-16.9%
FY24	23	0	12	30	65	-15.6%
FY23	37	6	6	28	77	-8.3%
FY22	43	6	19	16	84	

Source: Company, PL

- The number of wedding days in the Hindi heartland during 1HFY26 is expected to be 222% higher than on 1HFY25 (29 days vs. 9 days), and 26% higher than on 1HFY24 (29 days vs. 23 days). However, wedding days in 2HFY26 are expected to be 37 versus 45 in 2HFY24.

Exhibit 2: South wedding days to be 72% higher in Q1 while flat in 1H

South India	1Q	2Q	3Q	4Q	Total	YoY Growth
FY27	24	5	11	29	69	0.0%
FY26	31	0	16	22	69	-1.4%
FY25	18	12	10	30	70	1.4%
FY24	28	0	11	30	69	6.2%
FY23	29	4	11	21	65	6.6%
FY22	17	16	18	10	61	

Source: Company, PL

- Southern India is also showing a similar uptrend in Q1, with 31 marriage days, an increase of 72%/10% compared to Q1FY25/ Q1FY24, respectively. However, wedding days in 1HFY26 remain flat compared to 1HFY25.
- Therefore, we believe the demand trend in Q1 will mirror that of the Hindi heartland, and we expect a notable uptick in 1HFY26 YoY. However, the number of wedding days in 2HFY26 are lesser compared to 2HFY25

We saw the festive and wedding value demand to remain intact irrespective of rising gold prices. We believe organised players and TTAN appear well-positioned for a strong 1HFY26. However, any rebound in gold prices remains a key risk.

Margin expansion has limited scope

- Increasing competition from regional and local players has led to structural shift in jewellery industry
- Titan has reduced physical gold premium amid rising competitive intensity as local players charge less physical gold premium than what Titan has been charging (~5%)
- FY22/23 saw a bump up in jewellery PBIT margin with 12.5/12.8% amid gain from diamond inventory, however diamond prices have been declining and had impacted margins in FY24/FY25 (11.4%/11.2%) on a high base and increased discounting.

- We believe the competition is to remain here, however expect slow and gradual recovery in margin led by 1) better mix (higher studded share), 2) tailwind from wedding season 3) superior operational efficiency and 4) bottoming of diamond prices. Thus, we have built in 11.5% EBIT margin (net of bullion) an increase of 30bps for jewellery business in FY26 and 11.6% for FY27.

Exhibit 3: TTAN - Jewellery segment unlikely to see margin expansion

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
EBIT Net of Bullion		9.8%	13.1%	13.8%	11.4%	11.2%	11.5%	11.6%
EBIT Margins	12.3%	9.1%	12.5%	12.8%	10.4%	10.8%	11.1%	11.3%
EBIT Growth	5.8%	-18.2%	79.5%	44.1%	-0.1%	19.8%	21.0%	15.4%

Source: Company, PL

Competitive intensity is likely to peak out, but remains at elevated levels

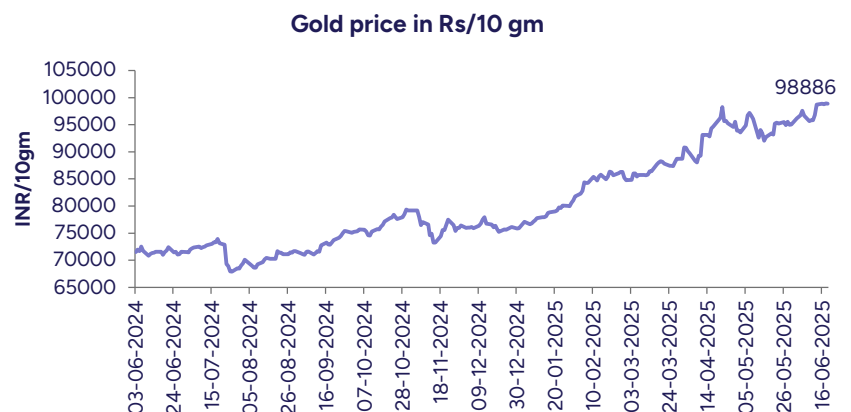
Tanishq has a strong pan-India brand, but faces regionalized competition that exploits local tastes, trust networks, and price sensitivity. Its success lies in regional customization, transparent practices, and scaling digitally (e.g., Caratlane). While urban areas are largely penetrated, Tier 2/3 growth will be driven by brand awareness, trust-building, and design personalization.

Exhibit 4: Competition remains stiff across cities

Region	City	Key Competitors	Tanishq Positioning
North	Delhi-NCR	PC Jewellery, Hazoorilal, Malabar	Premium brand assurance; Bridal via Rivaah
North	Jaipur	Kalyan Jewellers, Amrapali	Temple & Traditional work; Brand trust
North	Lucknow	Tanishq, Malabar, Local Family Jewellers	Aggressive expansion; localized inventory
West	Mumbai	TBZ, PNG, Waman Hari Pethe	Zoya + Mia range; Flagship stores
West	Ahmedabad	Kalyan, Zaveri & Sons, Reliance Jewels	Store modernization; youth-oriented campaigns
West	Nagpur	Malabar, Kalyan	Middle-income targeting with lightweight gold
South	Chennai	Malabar, GRT, Joylukkass	Extensive regional design catalog; festival-specific lines
South	Bengaluru	Malabar, Kalyan	Store leadership in premium category
South	Hyderabad	Kalyan, Joylukkass	Caratlane synergy; trust-building focus
East	Kolkata	Senco Gold	Trust campaign; heritage-style designs

Source: Company, PL

Exhibit 5: Gold prices up by 35% YoY



Source: Company, PL

- Regional/local players buy outright inventory with no hedging and don't procure gold on lease. Our channel checks suggest that local players are slowing on expansion plan for FY26 amid rising gold prices. Thus local/regional players lower expansion will work to the benefit of national chains including TTAN.
- Also, we might see a slowdown in franchise inquiries of TTAN and national chains as investors seem to take a back seat for the same reason.
- Players like Kalyan and Senco have been already slow at franchise openings in the past 2 quarters, and we believe it would take at least a year for investors to adapt to higher gold prices.
- This is likely to benefit market leader Titan with 1) strong balance sheet 2) brand name and 3) lesser impact of gold price rise on expansion plans and hence presenting huge opportunity to gain market share in Tier2- & Tier-3 markets of India

Rising gold prices key risk, festive/marriage demand remains resilient

As per WGC (world gold council), rising gold price is a key factor driving a 25% YoY fall in gold jewellery demand in India to 71t. While this was the lowest quarterly volume since Q3FY20, the value demand was 3% higher YoY as gold prices remained elevated

- All time high gold price exceeding Rs100,000/10g threshold for the first time, impacted affordability. Consumers bought smaller or more lightweight pieces or have hold back on the purchases altogether in the hope that prices may dip and offer a more affordable buying opportunity. Wedding-related demand was relatively resilient, given the essential nature of such purchases.
- While gold jewellery demand saw a notable decline in Q4, it held up relatively well despite prices approaching Rs100,000/10g. Although such price level will continue to restrict jewellery volumes, overall sentiment remains positive and Indian buyers are likely to use any price dips as opportunities to buy.
- Need-based purchases such as those for festivals and weddings will likely hold up but may not offset the drop in discretionary buying. Amid broader financial market turmoil and uncertainty, gold's role as a store of value is becoming more pronounced, and this is reflected in consumer behavior as buyers shift from consumption-driven purchases to wealth preservation.

Channel check- Marriage demand remains intact

- Based on our channel checks, we observed that despite gold reaching an all-time high, demand for wedding jewellery has remained strong. However, non-ceremonial demand has seen a significant decline in Q1.

- Demand for gold bars and coins surged by ~10%, indicating a shift towards pure investment rather than wearable jewellery.
- Lightweight and daily wear jewellery (14k/18k) is gaining good traction, particularly among younger consumers, due to affordability.
- Approximately 40–45% of purchases involve the exchange of old jewellery, as buyers attempt to manage costs amidst high gold prices.
- Volumes are down by around 25%, while value growth remains in the range of 3–5%.
- In the South market, where there is a strong cultural affinity for gold, demand remains healthy—especially for temple and bridal styles. In contrast, the West market is relatively subdued, as fashion-driven jewellery priced above Rs100,000 faces pressure due to rising gold rates.

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,142	2,303
2	Avenue Supermarts	Hold	3,975	4,059
3	Britannia Industries	BUY	5,941	5,613
4	Colgate Palmolive	Hold	2,654	2,487
5	Dabur India	Hold	501	482
6	Emami	Accumulate	697	636
7	Hindustan Unilever	Accumulate	2,601	2,325
8	ITC	BUY	538	426
9	Jubilant FoodWorks	Hold	689	693
10	Kansai Nerolac Paints	Accumulate	284	255
11	Marico	Accumulate	718	699
12	Metro Brands	Hold	1,195	1,211
13	Mold-tekk Packaging	Accumulate	636	565
14	Nestle India	Accumulate	2,559	2,433
15	Pidilite Industries	BUY	3,428	2,980
16	Restaurant Brands Asia	Accumulate	89	82
17	Titan Company	BUY	3,752	3,369
18	Westlife Foodworld	Hold	738	700

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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