

CMP: ₹ 4203

Target: ₹ 4,715 (12%)

Target Period: 12 months

January 12, 2026

BUY

Strong Q3; foray into lab-grown diamonds

About the stock: Titan, incorporated in 1984, 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. It started as a watch company under the brand, Titan, and is the fifth largest integrated own-brand watch manufacturer in the world. It 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 Rationale:

- Titan reports strong revenue growth in Q3FY25 led by domestic jewellery segment:** Titan reported strong consolidated revenue growth of 40% YoY in Q3FY26, led by a 41% YoY growth in the domestic jewellery segment driven by higher ASPs, while buyer growth remained flat despite elevated gold prices amid a strong wedding season. Gold coin sales doubled YoY, LFL growth across jewellery formats was in the low thirties, and plain gold grew in the late thirties, while CaratLane delivered 42% YoY growth. Watches grew 13% YoY, supported by 17% YoY growth in analog watches, partly offset by a 26% YoY decline in smartwatches due to lower volumes and flat ASPs. Eyewear revenues rose 16% YoY, fragrances grew 22% YoY on volume-led growth, and women's bags surged 111% YoY driven by 2x volume growth and double-digit price hikes. Taneira declined 6% YoY due to lower volumes, while international jewellery posted a robust 81% YoY growth.
- Titan marks entry into LGD segment by launching new brand "beYon":** Titan has entered the lab-grown diamonds (LGD) segment with the launch of its new brand "beYon", opening its first store in Mumbai and planning 8-10 stores across Mumbai and Delhi in the near to medium term. The move targets a large opportunity, with studded jewellery penetration at ~12-15% of the overall market and LGD-studded jewellery at just ~2-4% of the studded segment. Pricing is positioned at ~Rs.23,000-25,000/carat versus industry levels of ~Rs.30,000+/carat, aiding affordability and targeting the Gen Z (53% of India's population) and working women (30%+ of female population). Titan's entry is expected to enhance trust in the LGD category, while supporting long-term improvement in its studded jewellery mix, which currently contributes ~34% of jewellery sales and is growing in strong double-digit.
- EBIT Margins expected to in the range of 11-11.5%:** Jewellery business EBIT margins have remained stable in the range of 11-12% during Q1/Q2FY26, and are expected to be in similar range in the near term. Elevated gold prices have weighed on buyer growth and impacted the product mix; however, any stability in gold prices is likely to support a recovery in buyer volumes and improvement in mix, thereby aiding margins in the coming quarters. However, we believe the launch of "beYon" is not expected to aid margins in the near to medium term, as LGD prices are likely to trend lower due to commoditisation nature. Over the long term, as scale improves, the brand is expected to make a positive contribution to margins as studded margins are better than plain gold jewellery margins.

Rating and Target Price: We expect Titan's revenue and PAT to grow at CAGR of 18% and 23% over FY25-28E. We recommend Buy with a price target of Rs.4,715 rolling it over FY28E EPS of Rs.78.6 valuing at 60x. Q3FY26 business update gave us a glimpse of strong Q3 performance and potential earnings upgrade/uptick in the target price post declaration of results.

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	40575.0	51084.0	60456.0	22.1	74591.2	84776.0	98561.7	17.7
EBIDTA	4879.0	5292.0	6237.0	13.1	7835.7	9080.2	10726.1	19.8
EBIDTA Margins(%)	12.0	10.4	10.3		10.5	10.7	10.9	
Adjusted PAT	3273.0	3495.0	3737.8	6.9	4750.2	5720.7	6997.1	23.2
EPS (Rs.)	36.9	39.3	42.0		53.4	64.3	78.6	
PE (x)	114.0	107.0	100.1		78.7	65.4	53.5	
EV to EBIDTA (x)	77.2	72.5	62.0		49.0	42.0	35.2	
RoE (%)	30.9	32.9	35.6		35.2	32.4	30.8	
RoCE (%)	33.7	28.5	26.1		28.8	31.7	34.5	

Source: Company, ICICI Direct Research



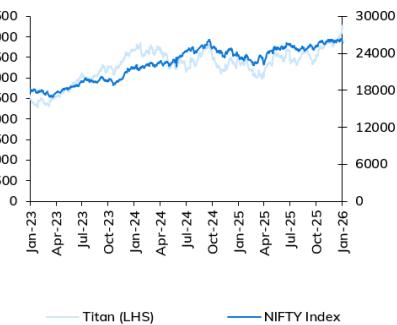
Particulars

Particular	Amount
Market Capitalisation (₹ crore)	374067
Debt (FY25) - ₹ crore	14303
Cash (FY25) - ₹ crore	1584
EV (₹ crore)	386786
52 week H/L (₹)	4312/ 2948
Equity capital (₹ crore)	89.0
Face value (₹)	1

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	52.9	52.9	52.9	52.9
FII	18.1	17.8	17.5	17.5
DII	11.4	12.0	12.6	12.6
Others	17.6	17.3	17.0	17.0

Price Chart



Key risks

- (i) Sustained inflation in the gold prices.
- (ii) Slowdown in discretionary consumption.
- (iii) Increase in the custom duty on gold.

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Buy: >15%

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Sell: <-15%



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