

Titan Company | BUY

In line quarter; festive commentary key to watch out



Standalone Performance

- **Revenue:** Standalone revenue grew ~18% YoY (ex- bullion), led by 19% underlying growth in jewellery (ex-bullion), 13% in watches, and 9% in eyewear. The quarter witnessed a slow start and performance progressively improved with the early festive commencement in September.
- **Margins:** Reported EBITDA grew 43% YoY (4% below JMFe) as EBITDA margin expanded ~120bps YoY to 9.8% (11.1% ex-bullion; JMFe: 11.5%) led by gross margin expansion of ~60bps YoY to 22.7% (ex bullion; JMFe: 21.9%) and ~20/60bps lower employee/other expense partially offset by ~10bps YoY higher advertisement expenses.
- PAT grew 43% YoY to INR 10.1bn (7% below JMFe) as other income declined 14% YoY and interest/ depreciation grew 14%/11% YoY.

Segmental Performance

Jewellery

- Jewellery underlying standalone revenue (ex-bullion) grew 19% YoY to INR 127.85 bn. The **domestic business (Tanishq, Mia and Zoya combined)** grew 18% YoY to INR 12.5 bn (LTL – 14%). The sharp rise in gold prices and high base effect (of Q2FY25) due to the customs duty reduction, impacted buyer growths this quarter leading to a marginal decline YoY
- The domestic business saw **strong pick-up in consumer momentum in the festive period during Navratri**. Tanishq's attractive gold exchange offer supported sales despite high gold prices. The overall growth was led by **ticket size improvements with buyers witnessing marginal decline YoY**. CaratLane's targeted coins promotion offer drove traffic and conversions helping deliver a strong growth for the quarter.
- Within the mix, **gold jewellery grew ~13% YoY, coins grew ~65% YoY** reflecting investment - led demand, while **studded grew at a steady ~16% YoY** driven by new collections and 'Festival of Diamonds'. **Studded share of domestic jewellery (incl caratlane) remained flat at 34% in Q2.**
- **Standalone EBIT margin** (ex-bullion) contracted ~60bps YoY to 10.8% (JMFe: 11.1%). The **domestic portfolio** (Tanishq, Mia and Zoya combined) recorded an EBIT at INR 1.38 bn in Q2 at a margin of 11.1%. **EBIT margins were under pressure on account of skewed product mix** resulting from (a) higher gold coin sales (b) reduced studded margins on account of gold price jump and (c) investments in exchange offers & campaigns to drive growth
- **Consolidated Jewellery revenue** grew (ex-bullion) 20% YoY on **32% YoY increase in Caratlane business (LTL – 15%)**. **International Jewellery business nearly doubled to INR 5.6 bn** demonstrating strong momentum in UAE and North America. **Caratlane EBIT margin expanded ~310bps YoY to 10.1% amounting to INR 1.1 bn.**
- **Store addition:** Of the 34 (net) store additions in India, it added 6/18/10 stores under Tanishq/ Mia/ Caratlane. Tanishq added a new store in Virginia, USA,

Watches

- Watches revenue grew 13% YoY, and EBIT grew 21% YoY (6% beat) as EBIT margin increased ~110 bps YoY to 16.1%. The SSSG across key retail formats were in healthy double-digits.
- The **analog segment grew 17% YoY**, driven by **double-digit volume growth and higher ASP**. The premiumization journey is steadily progressing across Titan, Fastrack and Sonata brands. Retail formats saw consistent double-digit SSSG. The healthy revenue trajectory delivered operating leverage gains for the business.
- Smart Watches segment was lower by ~22% YoY led by drop in volumes whereas average selling prices were higher YoY.
- **Store addition:** 5/6/3/1 stores of Titan world/ Helios/Fastrack/Helios Luxe were added in 2Q.

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Eyewear

- Eyewear revenue grew 9% YoY. EBIT declined 45% YoY as margin contracted ~540bps YoY to 5.5% (JMFe: 11.3%). Growth remained strong through July and August with double - digit gains before moderating in September as customers deferred purchases ahead of the proposed GST rate cut (12% to 5%)
- Growth was led by sunglasses outperforming other eyewear categories among both in-house and international brands.
- **Store addition:** added 5 runway stores.

Emerging business

- Emerging business grew 34% YoY to INR 1.4 bn. The combined losses reduced to INR 240 mn (vs. INR 290 mn in Q2FY25).
- Women's Bags experienced strong momentum, with 90% growth led by e-commerce. Fragrances grew 47% YoY, driven by volume expansion across Skinn and Fastrack perfumes. Taneira delivered double-digit secondary growth from increased volume and higher same-store sales.

Titan Engineering & Automation Limited (TEAL)

- The business grew 112% YoY to INR 4.2 bn in Q2. TEAL continues to solidify its presence in automation solutions and manufacturing services businesses serving marquee Indian as well as global customers. EBIT for the quarter was INR 940 mn (22.7% margin).

We will release a detailed note after the conference call, hosted on 4th November, 2025 at 8.00 hours IST. [Diamond Pass link.](#)

Exhibit 1. Quarterly standalone performance (INR mn)

	Quarterly			Chg (%)		Q2FY26E		Reported		Chg (%)
	Q2FY25	Q1FY26	Q2FY26	YoY	QoQ	JM Est	Chg (%)	H1FY25	H1FY26	YoY
Net operating revenues	132,150	145,640	165,340	25	14	165,508	(0)	252,680	310,980	23
Material cost	(106,500)	(114,550)	(132,290)	24	15	(113,923)	16	(201,780)	(246,840)	22
Gross profit	25,650	31,090	33,050	29	6	31,995	3	50,900	64,140	26
Employee cost	(4,100)	(4,670)	(4,850)	18	4	(4,300)	13	(8,260)	(9,520)	15
Advertising and promotion	(2,500)	(2,630)	(3,340)	34	27	(2,700)	24	(4,520)	(5,970)	32
Other expenditure	(7,720)	(7,470)	(8,660)	12	16	(8,200)	6	(14,680)	(16,130)	10
Total expenditure	(120,820)	(129,320)	(149,140)	23	15	(129,123)	16	(229,240)	(278,460)	21
EBITDA	11,330	16,320	16,200	43	(1)	16,795	(4)	23,440	32,520	39
Other income	1,270	1,070	1,090	(14)	2	1,150	(5)	2,450	2,160	(12)
Interest	(1,950)	(2,160)	(2,220)	14	3	(2,050)	8	(3,770)	(4,380)	16
Depreciation	(1,320)	(1,430)	(1,460)	11	2	(1,470)	(1)	(2,580)	(2,890)	12
PBT	9,330	13,800	13,610	46	(1)	14,425	(6)	19,540	27,410	40
Tax	(2,280)	(3,500)	(3,550)	56	1	(3,635)		(4,790)	(7,050)	47
PAT	7,050	10,300	10,060	43	(2)	10,790	(7)	14,750	20,360	38
Extraordinary items	-	-	-			-		-	-	
Net profit (reported)	7,050	10,300	10,060	43	(2)	10,790	(7)	14,750	20,360	38
EPS (INR)	7.9	11.6	11.3	43	(2)	12.2	(7)	16.6	22.9	38
Ratios (% of net Sales)										
Gross margin (%)	19.4	21.3	20.0	57 bps	-136 bps	19.3	65 bps	20.1	20.6	48 bps
EBITDA margin (%)	8.6	11.2	9.8	122 bps	-141 bps	10.1	-35 bps	9.3	10.5	118 bps
Employee cost	3.1	3.2	2.9	-17 bps	-28 bps	2.6	33 bps	3.3	3.1	-21 bps
Advertising and promotion	1.9	1.8	2.0	12 bps	21 bps	1.6	38 bps	1.8	1.9	13 bps
Other expenditure	5.8	5.1	5.2	-61 bps	10 bps	5.0	28 bps	5.8	5.2	-63 bps
Income tax rate (% of PBT)	24.4	25.4	26.1	164 bps	72 bps	25.2	88 bps	24.5	25.7	120 bps
Segment results										
Revenues										
Jewelry	116,470	130,000	147,440	27	13	147,590	(0)	224,340	277,440	24
Watches	13,010	12,640	14,710	13	16	14,545	1	23,220	27,350	18
Eyewear	2,010	2,360	2,180	8	(8)	2,191	(0)	4,100	4,540	11
Others	1,060	1,080	1,420	34	31	1,452	(2)	1,860	2,500	34
Unallocated	870	630	680	(22)	8	880	(23)	1,610	1,310	(19)
Total segment revenue	133,420	146,710	166,430	25	13	166,658	(0)	255,130	313,140	23
Segment PBIT										
Jewelry	9,320	13,230	13,810	48	4	14,208	(3)	20,350	27,040	33
Watches	1,940	2,860	2,390	23	(16)	2,255	6	3,090	5,250	70
Eyewear	240	210	120	(50)	(43)	263	(54)	440	330	(25)
Others	(290)	(140)	(240)	(17)	71	(100)	140	440	(380)	(186)
Unallocated	70	(200)	(250)	(457)	25	(150)	67	440	(450)	(202)
Total segment EBIT	11,280	15,960	15,830	40	(1)	16,475	(4)	24,760	31,790	28
Segment PBIT margin (%)										
Jewelry	8.0	10.2	9.4	136 bps	-82 bps	9.6	-27 bps	9.1	9.7	67 bps
Watches	14.9	22.6	16.2	133 bps	-638 bps	15.5	74 bps	13.3	19.2	588 bps
Eyewear	11.9	8.9	5.5	-644 bps	-340 bps	12.0	-650 bps	10.7	7.3	-347 bps
Others	(27.4)	(13.0)	(16.9)	1045 bps	-394 bps	(6.9)	-1002 bps	23.7	(15.2)	-3886 bps
Total segment margin	8.5	10.9	9.5	105 bps	-137 bps	9.9	-38 bps	9.7	10.2	44 bps

Source: Company, JM Financial; Figures are including bullions

Exhibit 2. Consolidated quarterly performance (INR mn)

	Reported			Chg (%)		Q2FY26E			Reported	Chg (%)
	Q2FY25	Q1FY26	Q2FY26	YoY	QoQ	JM Est	Chg (%)	H1FY25	H1FY26	YoY
Net operating revenues	145,340	165,230	187,250	29	13	185,303	1	244,260	352,480	44
Material cost	(115,220)	(128,110)	(147,090)	28	15	(125,293)	17	(188,540)	(275,200)	46
Gross profit	30,120	37,120	40,160	33	8	38,129	5	55,720	77,280	39
Employee cost	(5,190)	(5,910)	(6,160)	19	4	(5,480)	12	(9,110)	(12,070)	32
Advertising and promotion	(3,270)	(3,280)	(4,080)	25	24	(3,900)	5	(5,420)	(7,360)	36
Other expenditure	(9,300)	(9,630)	(11,170)	20	16	(10,100)	11	(15,830)	(20,800)	31
Total expenditure	(132,980)	(146,930)	(168,500)	27	15	(144,773)	16	(218,900)	(315,430)	44
EBITDA	12,360	18,300	18,750	52	2	18,649	1	25,360	37,050	46
Other income	1,220	1,050	1,120	(8)	7	1,130	(1)	2,380	2,170	(9)
Interest	(2,400)	(2,710)	(2,770)	15	2	(2,600)	7	(2,490)	(5,480)	120
Depreciation	(1,710)	(1,840)	(1,890)	11	3	(1,870)	1	(2,720)	(3,730)	37
PBT	9,470	14,800	15,210	61	3	15,309	(1)	22,530	30,010	33
Tax	(2,440)	(3,890)	(4,020)	65	3	(4,135)	(3)	(5,820)	(7,910)	36
Share of profit of associates	10	-	10			-		(30)	10	(133)
Recurring PAT (after MI)	7,040	10,910	11,200	59	3	11,174	0	16,680	22,110	33
Extraordinary items	-	-	-			-		-	-	
Net profit (reported)	7,040	10,910	11,200	59	3	11,174	0	16,680	22,110	33
EPS (INR)	7.9	12.3	12.6	59	3	12.6	0	18.8	24.9	33
Ratios (% of net sales)										
Gross margin (%)	20.7	22.5	21.4	72 bps	-102 bps	20.6	87 bps	22.8	21.9	-89 bps
EBITDA margin (%)	8.5	11.1	10.0	150 bps	-107 bps	10.1	-6 bps	10.4	10.5	12 bps
Employee cost	3.6	3.6	3.3	-29 bps	-29 bps	3.0	33 bps	3.7	3.4	-31 bps
Advertising and promotion	2.2	2.0	2.2	-8 bps	19 bps	2.1	7 bps	2.2	2.1	-14 bps
Other expenditure	6.4	5.8	6.0	-44 bps	13 bps	5.5	51 bps	6.5	5.9	-58 bps
Income tax rate (% of PBT)	25.8	26.3	26.4	66 bps	14 bps	27.0	-59 bps	25.8	26.4	52 bps
Segment results										
Revenues										
Jewelry	127,710	146,470	165,220	29	13	164,444	0	217,770	311,690	43
Watches	13,040	12,730	14,770	13	16	14,565	1	20,050	27,500	37
Eyewear	2,020	2,380	2,200	9	(8)	2,211	(0)	3,920	4,580	17
Others	3,010	4,150	5,570	85	34	4,402	27	3,550	9,720	174
Unallocated	780	550	610	(22)	11	810	(25)	1,350	1,160	(14)
Total segment revenue	146,560	166,280	188,370	29	13	186,433	1	246,640	354,650	44
Segment PBIT										
Jewelry	9,740	14,080	15,060	55	7	15,009	0	22,390	29,140	30
Watches	1,960	2,870	2,380	21	(17)	2,225	7	2,610	5,250	101
Eyewear	220	200	120	(45)	(40)	251	(52)	600	320	(47)
Others	(40)	610	700	(1850)	15	675	4	(394)	1,310	(432)
Unallocated	(10)	(250)	(270)	2600	8	(250)	8	(186)	(520)	180
Total segment EBIT	11,870	17,510	17,990	52	3	17,909	0	25,020	35,500	42
Segment PBIT margin (%)										
Jewelry	7.6	9.6	9.1	148 bps	-50 bps	9.1	-2 bps	10.3	9.3	-94 bps
Watches	15.0	22.5	16.1	108 bps	-644 bps	15.3	84 bps	13.0	19.1	607 bps
Eyewear	10.9	8.4	5.5	-544 bps	-295 bps	11.3	-590 bps	15.3	7.0	-832 bps
Others	(1.3)	14.7	12.6	1389 bps	-214 bps	15.3	-277 bps	(11.1)	13.5	2457 bps
Total segment margin	8.1	10.5	9.6	145 bps	-99 bps	9.6	-6 bps	10.1	10.0	-14 bps

Source: Company, JM Financial

APPENDIX I

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Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
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SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

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