

## Titan Company (TTAN) - ADD

### Company Update

Current Market Price (CMP) <b>Rs.4,075</b>	Fair Value (FV) <b>Rs.4,725</b>
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### Rationale:

- Titan's execution improved through FY26.
- Stronger market share & margin resilience despite unprecedented gold price inflation.
- There are stabilization and a gradual recovery in studded jewelry growth.
- We believe that Titan is well positioned to navigate any short-term government measures aimed at curbing gold imports.
- We view the recent weakness in the stock price as an opportunity to accumulate.
- We upgrade Titan to ADD from REDUCE with an unchanged FV of Rs4,725 (55x Jun-28E PE) driven by improving execution and easing LGD concerns.

### 👍 Positives:

- LGDs have had limited impact in India so far.
- TMZ studded jewelry growth gradually converging with plain gold jewelry growth.
- Impressive jewelry EBIT margin print in H2 despite headwind.
- Tanishq increased gold exchange to 52-53% of total gold procurement in Q4, up 800-1,000 bps yoy and it aims to raise this further to 60%.
- Titan should still be able to deliver its 15-20% jewelry sales CAGR guidance.
- Tanishq's strong start to FY27E (per our channel checks) presents upside risk to our FY27E domestic TMZ jewelry sales growth of 18%.

### 👎 Negatives:

- GM pressure in the studded segment due to higher gold price.
- Estimate sharp margin decline in overseas jewelry business in FY27E on W.Asia conflict.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, CAGR: Compound annual growth rate, EBIT: Earnings before Interest & tax, PE: Price to Earnings, GM: Gross Margin, TMZ: Tanishq, Mia, and Zoya W.Asia: West Asia, LGD: Lab Grown Diamon)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months