

## Titan Company (TTAN) - REDUCE

### Q3FY26 Result Update

Current Market Price (CMP) <b>Rs.4,249</b>	Fair Value (FV) <b>Rs.4,400</b>
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### Rationale:

- Titan's consolidated jewelry sales grew 42% yoy (aided by ~65% rise in gold prices), with standout operational strength across formats.
- LFL growth of 32% in TMZ and 23% in CaratLane outpaced peers despite Titan's hedging disadvantage in a rising gold environment.
- Profitability remained resilient, with TMZ jewelry EBIT up 34% yoy despite multiple margin headwinds.
- We increase jewelry sales by 10-12%, maintain margin & raise FY26-28E EPS by 12-14%.
- We roll over and revise FV to Rs4,400, valuing TTAN at 55X FY28E; Retain REDUCE.

### 👍 Positives:

- Q3FY26: Standalone jewelry revenue/EBIT growth was robust at 40%/32.4% yoy.
- Strong execution across formats led to robust growth in revenue and EBIT.
- There is improving consumer acceptance of higher making charges.
- Consolidated jewelry EBIT grew 42%, driven by robust 58% yoy EBIT growth at CaratLane and a sharp rebound in international jewelry EBIT.

### 👎 Negatives:

- Standalone margin declined 60 bps yoy to 10.6%, on (1) weak mix, (2) negative impact on gross contribution of studded jewelry & (3) higher investments in marketing.
- Recent price volatility could prompt some stabilization or temporary pause in buying decisions.
- TTAN refrained from providing guidance on how Q4 may evolve.

(EPS: Earnings Per Share, EBIT: Earnings before interest & tax, LFL: Like for Like, TMZ: Tanishq + Mia + Zoya)



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

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

## FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

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**Shrikant Chouhan**  
Head of Research  
shrikant.chouhan@kotak.com  
+91 22 6218 5408

**Arun Agarwal**  
Auto & Auto Ancillary, Building Material,  
Cement, Consumer Durable  
arun.agarwal@kotak.com  
+91 22 6218 6443

**Amit Agarwal, CFA**  
Transportation, Paints, FMCG  
agarwal.amit@kotak.com  
+91 22 6218 6439

**Rini Mehta**  
Research Analyst  
rini.mehta@kotak.com  
+91 22 6218 6433

**Sumit Pokharna**  
Oil and Gas, Information Tech  
sumit.pokharna@kotak.com  
+91 22 6218 6438

**K. Kathirvelu**  
Support Executive  
k.kathirvelu@kotak.com  
+91 22 6218 6427

**Pankaj Kumar**  
Construction, Capital Goods & Midcaps  
pankajr.kumar@kotak.com  
+91 22 6218 5498

**Amarjeet Maurya**  
Internet Software & Services  
amarjeet.maurya@kotak.com  
+91 22 6218 6427

**Veer Trivedi**  
BFSI  
veer.trivedi@kotak.com  
+91 22 6218 6432

## TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

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**Shrikant Chouhan**  
shrikant.chouhan@kotak.com  
+91 22 6218 5408

**Amol Athawale**  
amol.athawale@kotak.com  
+91 20 6620 3350 +91 22 62185458

**Sayed Haider**  
sayed.haider@kotak.com

## DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

---

**Sahaj Agrawal**  
sahaj.agrawal@kotak.com  
+91 79 66041701

**Prasenjit Biswas, CMT, CFTe**  
prasenjit.biswas@kotak.com  
+91 33 6638 8331

**Karan Kulkarni**  
karan.kulkarni@kotak.com  
+91 20 66203350

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