

Sector Update

Wedding season enables strong value growth

Quick Pointers:

- Jewellery value sales remain strong, industry volumes decline >30%
- Unorganized players defer store expansion, design refreshers

Our channel and industry checks suggest more than 30% decline in volumes despite strong wedding season and robust demand as gold prices are up by more than 70% YoY. We note that number of weddings in current season are higher by 7-8% despite lower wedding days (~42 vs ~45 YoY), which would support demand. Consumers remain willing to spend but are opting for lower grammage, with clear shifts toward 18k/lightweight designs in Tier-2/3 markets and studded jewellery in urban areas. Investment demand is strong, and the ~8% gold price correction in October drove buying which continued in November as well, despite decline in volumes.

Elevated gold prices are accelerating rapid industry consolidation with easing competitive intensity for national chains. Unorganized jewelers (~53% of the market) are under pressure due to outright inventory buying, lack of hedging, and limited liquidity, leading to delay in design refreshes and store expansions. Our Channel checks suggest many regional players have deferred FY26 rollouts. We believe this is likely to benefit large, organized players which have stronger sourcing, working-capital structures and can maintain design breadth. With easing discounting pressure, we believe Titan's jewellery margins have likely bottomed out and expect the company to deliver Sales/EPS CAGR of 16.1%/20.6% over FY26–FY28. We reiterate our Buy rating on the stock with TP of Rs4,397 (Unchanged)

Channel Check Highlights:

Higher number of weddings sustain value led growth, volumes falter

H2FY26 presents a material demand tailwind for India's gold jewellery sector, underpinned by a high number of weddings than last year despite lower number of auspicious wedding dates on YoY basis. Our analysis has identified ~42 auspicious wedding dates across H2FY26, compared to ~45 in H2FY25 down by ~6.6% YoY as per Hindu calendar. However, total weddings are expected to cross ~4.5mn in 2H vs ~4.2mn wedding in 1HFY25 which will enable high double digit sales value growth despite volume headwinds from elevated gold prices.

- **Expect number of weddings to increase by 7-8% YoY-** Jewellery demand is expected to see uptick in 2HFY26 given higher number of weddings (up by 7-8%), though elevated gold prices have led to cutting on the grammage of gold bought by the consumers as the value spends have remained intact. We note most retailers are witnessing more than 30% decline in volumes YoY.

December 16, 2025

Titan Company (TTAN IN)

Rating: BUY | CMP: Rs3,855 | TP: Rs4,397

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	548	666	779	897
EBITDA (Rs. bn)	53	71	85	98
Margin (%)	9.6	10.6	10.9	11.0
PAT (Rs. bn)	33	45	55	65
EPS (Rs.)	37.5	50.3	61.9	73.2
Gr. (%)	(5.9)	34.4	23.0	18.3
DPS (Rs.)	11.0	13.0	16.0	20.0
Yield (%)	0.3	0.3	0.4	0.5
RoE (%)	21.3	24.6	25.5	25.1
RoCE (%)	17.8	18.8	19.6	20.1
EV/Sales (x)	6.5	5.4	4.6	4.0
EV/EBITDA (x)	67.1	50.8	42.3	36.5
PE (x)	102.9	76.6	62.3	52.6
P/BV (x)	20.4	17.5	14.5	12.1

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- **3Q26 footfalls up QoQ** - Our channel check indicated that footfalls have seen sequential uptick in Q3 led by wedding season and consolidation of gold prices in October. Studded jewellery has seen healthy demand in urban pockets while tier-2/3 cities have seen higher growth in demand for 18k and lower carat jewellery.
- **October decline in gold prices boosted demand** - Consumer purchase saw strong demand across retailers when gold prices corrected by ~8% in October, the demand momentum has continued into November with healthy footfalls in the stores led by wedding season. Volumes remain tepid and declined by >30% as consumers focused on value led buying.
- **Coins demand remains strong** - Retailers continue to see strong demand for gold coins. Investment demand is seeing healthy traction with volume growth for coins likely to be in high single to low double digits as against decline in volume of jewellery.
- **Lower carat jewellery finding traction** - Consumers have started opting for lower carat jewellery as consumers are now open to even buying 18/14 carat jewellery, more so in daily wear segment. We also noticed rising number of stores of LGD and consumer acceptance of LGD in daily wear jewellery.
- **Regional/ local players delay inventory and design refreshes** - The sharp rise in gold prices is inflating inventory costs across the value chain, making incremental store additions and design refreshes more capital intensive for smaller players. As a result, many regional and local players are limiting design offerings and inventory depth, which is starting to reflect in lesser assortments versus large, branded chains. We believe this will accelerate market share consolidation in favor of large and organized jewellery chains.

Exhibit 1: No. of weddings likely up by ~7% YoY in H2FY26

Particulars	FY26 H2	FY25 H2	YoY change
Auspicious Dates (Oct-Mar)	~42	~45	-6.7%
Expected Wedding Volume	~46 lakh	~42-43 lakh	6.9%

Source: Company, PL

Competitive Intensity lower as high gold prices limit regional expansion

- Unorganised jewellers, commanding ~53% of the market are facing acute margin compression from record gold prices (up ~71.4% YTD to ₹1,34,000 +/-10g), forcing inventory write-downs, reduced credit availability, and liquidity crunches that curb aggressive pricing or promotions.
- **Higher inventory needs pressurize unorganized players** - Our recent channel checks indicate that regional and local jewelers remain significantly exposed to volatility in gold prices, primarily because they typically purchase inventory outright without any hedging mechanisms and do not utilize gold-on-lease arrangements that larger organised players commonly employ. As a result, the sharp rise in gold prices over recent quarters has materially increased their working-capital requirements and elevated balance-sheet risk.

- **Store addition slows down** - We note that several regional players have now paused/ fully deferred their expansion plans, citing the increased cost of gold inventory and their limited ability to absorb further price shocks. In certain competitive micro-markets, we are seeing a complete halt in new-store rollouts from these players.

Unorganized discounting to slow down

- As regional players scale back, we expect reduced competitive discounting in key markets for organized players, particularly in semi-urban and value-driven clusters where local jewelers typically rely on price promotions to drive footfalls.
- Given this moderation in local-player activity, we anticipate industry-wide discounting pressures to ease, enabling organized players to maintain pricing discipline. Consequently, we believe margins for Titan's jewellery business have likely bottomed out with little scope of further moderation. and expect benign competitive environment will help maintain current margin levels
- 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.
- We believe this retreat by regional/local jewelers is structurally favorable for national chains such as Tanishq, which will benefit from 1) relative advantage in inventory addition due to access to gold-on-lease. 2) Stronger balance sheets and diversified sourcing mechanism. 3) Superior working-capital efficiency and 4) Ability to sustain expansion plans despite higher gold prices

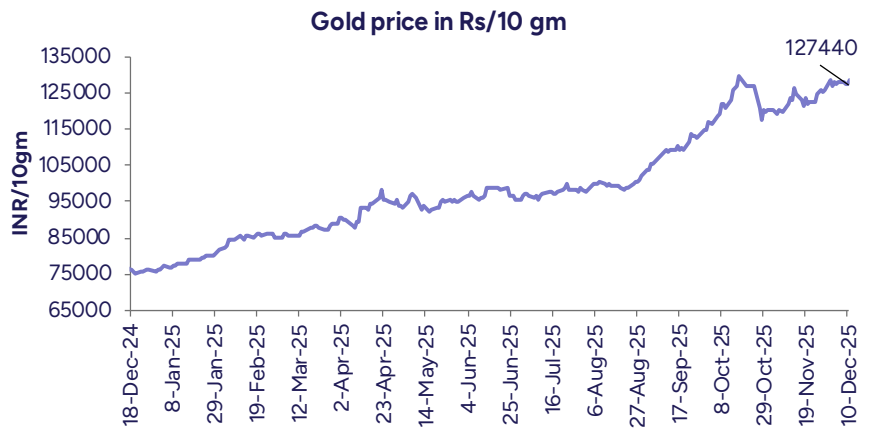
Exhibit 2: TTAN - Jewellery EBIT margins bottomed out

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
EBIT Margin Net of Bullion	9.8%	13.1%	13.8%	12.4%	11.4%	11.1%	11.2%	11.1%
EBIT Margins	9.1%	12.5%	12.8%	11.2%	10.8%	10.3%	10.6%	10.6%
EBIT Growth	-18.2%	79.5%	44.1%	8.3%	12.3%	16.6%	19.9%	15.6%

Source: Company, PL

Rising gold prices key risk, marriage demand remains resilient

Exhibit 3: Gold prices are up by 71% YoY



Source: Company, PL

- Q3CY25 (Q2FY26) WGC data shows jewellery demand down 31% YoY to 117.7t industry-wide, but Tanishq's buyer footfalls rebounded strongly in late festive season (Navratri/Diwali), capturing share via trusted exchange schemes and lightweight designs under Rs50,000.
- WGC's Gold Outlook 2026 anticipates rangebound prices if macroeconomic conditions stabilize, but upside risks from slowing growth, falling rates, or heightened risks could drive moderate gains, however sharp rally like CY25 is not expected. For India, seasonal Q3/Q4 demand from weddings and festivals may provide a lift, aided by GST cuts on consumer goods, though sustained high prices (potentially up 61% YoY globally) pose downside risks to jewellery volumes. Recycling and OTC flows add supply buffers, with global Q2 demand hitting a record 1,313 tones (US\$146 billion value).
- However, given global trade wars and geopolitical paradigm, most global experts expect yellow metal prices to move up by another 15-20% over next year. This we believe will continue to pressurize volumes but provide higher investment demand and strong value growth to organised industry and help consolidate market share in favor of large chains.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,448	2,770
2	Avenue Supermarts	Hold	4,111	4,320
3	Britannia Industries	BUY	6,761	6,158
4	Colgate Palmolive	Hold	2,534	2,287
5	Dabur India	Hold	490	502
6	Emami	Accumulate	608	525
7	Hindustan Unilever	Accumulate	2,772	2,602
8	ITC	BUY	530	419
9	Jubilant FoodWorks	BUY	700	574
10	Kansai Nerolac Paints	Accumulate	272	246
11	Marico	Accumulate	787	739
12	Metro Brands	Hold	1,276	1,203
13	Mold-tek Packaging	Accumulate	821	761
14	Nestle India	Hold	1,359	1,277
15	Pidilite Industries	BUY	1,714	1,445
16	Restaurant Brands Asia	Accumulate	87	72
17	Titan Company	BUY	4,397	3,725
18	Westlife Foodworld	Hold	604	583

PL's Recommendation Nomenclature

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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