

September 03, 2025

Titan Company Limited: Ratings reaffirmed and assigned for enhanced amount of bank facilities

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fixed Deposit Programme	6,200.00	6,200.00	[ICRA]AAA (Stable); reaffirmed
Short term - Commercial Paper Programme	2,500.00	2,500.00	[ICRA]A1+; reaffirmed
Long-term/Short-term - Fund-based/ Non-fund based facilities	5,200.00	7,305.00	[ICRA]AAA (Stable)/ [ICRA]A1+; reaffirmed/ assigned for enhanced amount
Long-term - Fund-based – Term Loans	1,000.00	1,000.00	[ICRA]AAA (Stable); reaffirmed
Total	14,900.00	17,005.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation considers Titan Company Limited's (Titan) continuing strong performance, which is expected to sustain over the medium term on the back of its market leadership position in the organised jewellery retail and wristwatch segments. The ratings continue to draw comfort from Titan's robust financial risk profile, notwithstanding an increase in its leverage in the recent past. Besides the jewellery and watches/wearable segments, Titan's established market position in the organised eyecare segment, growing footprint in the emerging businesses including dresswear, fragrances/fashion accessories, coupled with rising order book and revenues of the engineering and automation business provide scope for future growth and earnings diversity, to some extent. Titan's consolidated operating income grew by 18% in FY2025, mainly supported by buoyant gold prices and a double-digit growth in the non-jewellery segments. Its consolidated operating margin in FY2025, however, moderated by 94 basis points to 9.4% mainly because of the import duty cut on gold in July 2024, which impacted the profits in Q2 and Q3 of FY2025. However, the consolidated OPBDITA, at an absolute level, improved in FY2025, driven by a healthy revenue growth. In Q1 FY2026, the company's consolidated operating income surged by 25% on a YoY basis to Rs. 16,523 crore, driven by an increase in the ticket size in the gold jewellery segment despite an impact of the elevated gold prices on customer traffic, robust growth of Caratlane, the lightweight jewellery segment, traction in the international jewellery business, as well as healthy growth in watches, emerging consumer businesses and the engineering and automation segment. Titan's consolidated operating margin in Q1 FY2026 witnessed a marked recovery to 11.1% from 9.4% in Q1 FY2025. A significant margin expansion in the watches segment, driven by price revision and premiumisation, a one-time gain of around Rs. 100 crore related to inventory valuation and reduced loss in emerging businesses were the key drivers for the margin expansion. The operating margin expansion and healthy revenue growth led to a material increase in the consolidated net profit by 53% in Q1 FY2026 on a YoY basis, to Rs. 1,091 crore. Improved profitability led to a higher interest coverage of 6.8 times in Q1 FY2026 vis-à-vis 5.4 times in Q1 FY2025.

ICRA expects Titan's revenue growth and cash accruals to remain healthy, driven by accelerated formalisation of the jewellery retail industry, the company's strong brand equity and planned expansion of its retail presence across the operating segments. Titan's operating margin is expected to remain above 10% over the medium term, with the benefits of operating leverage, prudent hedging practices and healthy revenue share of higher-margin studded jewellery despite rising competition and front-loaded operating expenses on planned store additions. The ratings continue to consider Titan's healthy brand equity and customer acceptance of its products along with the exceptional financial flexibility enjoyed by the company for being a part of the Tata Group. The ratings, however, continue to factor in Titan's exposure to regulatory risks and intense competition in the

domestic jewellery retail industry. Any unanticipated regulatory changes, as witnessed in the past, could have a material adverse impact on the business profile of the company. Nevertheless, ICRA draws comfort from the large size of the domestic jewellery industry, Titan's brand strength and a continuing shift of market share towards the organised sector, which translate into favourable long-term growth prospects for the company.

Titan announced about its proposed acquisition of a 67% equity stake in Damas LLC, UAE (Damas), which is involved in the jewellery business in the countries under the Gulf Cooperation Council (GCC) through various subsidiaries having 146 showrooms at present, by January 31, 2026. The balance stake of 33% in Damas can be acquired by Titan after December 31, 2029, subject to conditions as per the agreement. Titan plans to fund a major portion of the cost of initial stake acquisition (around Rs. 1,600 crore) in the current fiscal through debt and the balance from internal accruals. Acquisition debt and a sizeable working capital requirement of Damas will lead to an increase in Titan's consolidated leverage. However, the proposed acquisition is expected to enhance Titan's geographical and product diversification and revenue growth potential. The operational efficiency, earnings and revenues of Damas are expected to improve due to significant synergies likely to be derived from the acquisition, given Titan's experience in the jewellery business and own manufacturing facilities.

ICRA notes that the company's consolidated capital structure has recorded some moderation since FY2024. Debt-funded acquisition of the residual stake of 27.91% in the subsidiary, Caratlane Trading Private Limited (CTPL), in FY2024, an increase in the working capital borrowings in tandem with scale expansion and gold price rally and adjustment of the acquisition cost (around Rs. 4,700 crore) for the additional stake of CTPL with reserves/ retained earnings negatively impacted Titan's consolidated net worth. Consequently, the net (adjusted for cash) total outside liabilities/tangible net worth (net TOL/TNW) increased to 2.0 times as on March 31, 2024 from 1.0 times in the preceding year and stood at 2.2 times as on March 31, 2025. The consolidated net TOL/TNW (adjusted for cash) is likely to remain above the negative trigger threshold of 1.3 times in the medium term, however, the same along with other credit metrics are likely to improve gradually, supported by healthy accretion to reserves, sizeable repayment of long-term debt in FY2026 and a reduction in the working capital requirement for business growth, going forward, due to the company's planned store expansion primarily through the asset-light franchisee models, wherein the store inventories will be funded by business partners. Moreover, Titan's prudent hedging practices for its gold inventory minimise the risks of losses, notwithstanding its high working capital borrowings.

The Stable outlook on the long-term rating reflects ICRA's opinion that Titan will be able to maintain a comfortable capital structure and healthy coverage metrics in the medium term, notwithstanding a moderation of the same in the recent past, while its strong competitive position, expanding retail presence and industry tailwind for organised jewellers are likely to keep its business profile comfortable.

Key rating drivers and their description

Credit strengths

Market leadership position in the branded jewellery and wristwatch industries with a large scale of operations – Titan has four operating segments in its retail business – jewellery, watches and wearables, eyecare and fragrances and fashion accessories. Besides, it provides engineering and automation solution through the subsidiary, Titan Engineering & Automation Limited (TEAL). While the jewellery segment accounts for almost 90% of Titan's consolidated operating income and EBIT, the other consumer retail segments and the engineering segment provide diversification and are likely to drive business growth over the medium term. The company maintains a geographically diversified retail presence with more than 3,300 retail stores as on June 30, 2025, including 24 overseas jewellery stores in the Gulf countries, the US and Singapore. Titan is India's leading jewellery retailer with a strong brand equity across its flagship brands namely Tanishq, Mia, Zoya and Caratlane. The jewellery segment's revenue rose at a CAGR of 26% between FY2020 and FY2025. Titan is also a dominant player in the Indian wristwatch industry with a wide distribution and service network, a diversified product portfolio across price segments and established brands like Titan, Fastrack, Sonata and Xyls. Planned retail expansion and regular new product launches are likely to continue to support Titan's business growth over the medium term.

Favourable long-term growth prospects for organised jewellery retailers – Increasing regulations in the jewellery retail industry, aimed at improving transparency and standardisation over the recent years, have accelerated the shift in the market

share from unorganised to organised players. The industry tailwinds are expected to benefit the organised jewellery retailers like Titan over the medium term, supported by its strong brand equity and increasing retail presence. The customs duty cut by 9%, from 15%, in July 2024 disincentivised unofficial imports, thus benefiting the organised players.

Exceptional financial flexibility owing to strong parentage and healthy earnings to support the financial profile – Titan enjoys exceptional financial flexibility owing to its status as a Tata enterprise. The company has sizeable unsecured limits from banks, which can be utilised to meet incremental funding requirement, if any, providing a significant liquidity back-up. Historically, its capital structure remained conservative, which coupled with healthy earnings, kept its debt coverage metrics strong. Nevertheless, the capital structure has recorded some moderation since the debt-funded acquisition of the incremental stake in its subsidiary, CTPL, in FY2024. This along with an increase in the working capital borrowings in tandem with a sharp rise in gold prices and adjustment of the cost of acquisition (around Rs. 4,700 crore) of the incremental stake in CTPL with reserves/retained earnings impacted the company's capital structure. Consequently, the consolidated net TOL/TNW (adjusted for cash) inched up to 2.0-2.2 times over the last two fiscals from 1.0 times as on March 31, 2023. The company's consolidated interest coverage declined to 6.0 times in FY2025 from 8.6 times in FY2024 and 16.3 times in FY2023 as the interest expenses increased with significant fresh borrowings. However, the leverage and coverage metrics are likely to improve gradually with sizeable debt repayment scheduled in FY2026, healthy accretion to reserves coupled with lower working capital requirement for business growth due to the company's planned store addition mainly through the asset-light franchisee models. Titan's operations are working capital intensive as a significant stock of gold jewellery needs to be maintained in its large number of stores. However, conservative gold sourcing and hedging strategies mitigate its financial risks. Its healthy profits at an absolute level kept the consolidated ROCE comfortable above 20% during the period from FY2022 to FY2024. The same moderated slightly to around 19% in FY2025 due to the one-time loss arising from customs duty cut but would improve, going forward. The company's capital expenditure requirement for store expansion is likely to remain moderate compared to accruals, given the franchisee-based business model for most of the stores.

Credit challenges

Exposed to regulatory risks and seasonality in demand – The domestic jewellery retail industry remains exposed to the risks arising from the evolving regulatory landscape, which could have an adverse impact on Titan's business. Mandatory disclosure of PAN on transactions above a threshold limit, imposition of GST and demonetisation are some regulatory developments that impacted demand and supply in the past. Titan remains exposed to changes in regulations that may adversely impact its business. Revenues and cash flows of the jewellery players are also exposed to volatility in gold prices and seasonality in demand, based on the numbers of auspicious days, festivals, crop harvest etc.

Exposed to intense competition from organised and unorganised players – The jewellery retailing industry is highly fragmented and intensely competitive with presence of large organised and unorganised players, impacting pricing flexibility. Competition has increased in the recent years owing to continuous store addition by regional and national jewellers and entry of new players. Nonetheless, Titan's market leadership position along with a strong recall of its Tanishq, Zoya, Mia and Caratlane brands are expected to support its operating performance in the existing and new markets. While the performances of the watches and eyecare segments have improved after the pandemic, their business remains exposed to competition from local as well as e-commerce retailers.

Environmental and social risks

Environmental considerations – Exposure to environmental risks remains low for entities in the jewellery retail industry. Few concerns include episodes of excessive rainfall/ flooding in the operating regions, impacting its jewellery stores. Additionally, possibility of rural demand for jewellery moderating during periods of crop loss, caused by physical climate change, also pose risks to revenue growth and profitability.

Social considerations – Exposure to social risks remains moderate for entities in the jewellery retail industry. The sector has witnessed increased focus on product quality and transparency in pricing, which supported consumer confidence. Yet, the industry participants remain exposed to changes in consumer behaviour, including a shift towards less gold-intensive daily/

fashion jewellery. Additionally, with a relatively higher requirement of workforce for store operations and jewellery manufacturing, the level of wages and associated fixed costs could weigh on the margins, given the skilled nature of work.

Liquidity position: Strong

Titan’s liquidity is expected to remain strong. Its consolidated cash flow from operations turned negative in FY2025 due to a significant rise in working capital requirement on the back of buoyant gold prices, however, the liquidity is likely to remain healthy, going forward. The company’s healthy liquidity buffer, with free cash, bank balance and liquid investments (more than Rs. 1,700 crore as on March 31, 2025) apart from sizeable unutilised bank limits (above Rs. 10,000 crore as of May 2025) support its liquidity. Exceptional financial flexibility, due to the strong parentage, eases Titan’s access to capital markets and bank borrowings, as reflected by a large share of unsecured loans from lenders. Besides, advances received from customers under jewellery deposit/purchase schemes (around Rs. 3,760 crore including around Rs. 1,700 crore under deposit schemes as on March 31, 2025) meet a portion of Titan’s working capital requirement. Nevertheless, the company has a significant scheduled long-term debt repayment of more than Rs. 2,700 crore in FY2026 and nearly Rs. 500 crore in FY2027. The cost of acquisition of a controlling stake in Damas in the current fiscal is estimated at around Rs. 1,600 crore, which will be mainly funded by debt, giving rise to incremental debt service obligation. Besides, the company pays sizeable dividends (Rs. 900-1,000 crore paid annually over the last two fiscals), and its consolidated capex for retail store expansion and capacity expansion for the engineering segment is likely to remain in the range of Rs. 300-400 crore per annum. However, the scheduled debt repayment and cash outlays towards dividend and capex would be comfortably met from expected healthy cash flow from operations, going forward, sizeable free cash and liquid investments and undrawn bank limits.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on Titan’s ratings could arise if there is a significant impact on the company’s operating performance because of regulatory changes or sustained pressure on demand, resulting in a sustained deterioration in the financial risk profile of the company. Specific credit metrics for ratings downgrade include Net TOL/TNW of more than 1.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Jewellery - Retail
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of Titan Company Limited as detailed in Annexure II.

About the company

Titan Company Limited (Titan), formerly Titan Industries Limited, was incorporated in 1984 as a joint venture between the Tata Group and Tamil Nadu Industrial Development Corporation Limited (TIDCO). Titan is the market leader in the domestic branded jewellery industry (with brands like Tanishq, Zoya, Mia and Caratlane) and in the domestic wrist watches segment (with brands including Titan, Fastrack, Sonata and Xyllys). In FY2025, the jewellery segment contributed 89% to the consolidated revenue and EBIT of Titan.

As on June 30, 2025, the Tata Group and TIDCO held 25.02% and 27.88% stakes, respectively, in Titan, while the rest was held by institutional investors and public.

Key financial indicators (audited)

Titan Consolidated	FY2024	FY2025	Q1 FY2025*	Q1 FY2026*
Operating income	51,084	60,457	13,266	16,523
PAT	3,495	3,336	715	1,091
OPBDIT/OI	10.4%	9.4%	9.4%	11.1%
PAT/OI	6.8%	5.5%	5.4%	6.6%
Total outside liabilities/Tangible net worth (times)	2.3	2.5	-	-
Total debt/OPBDIT (times)	2.9	3.6	-	-
Interest coverage (times)	8.6	6.0	5.4	6.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current ratings (FY2026)				Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Sep 03, 2025	Date	Rating	FY2025		FY2024		FY2023	
						Date	Rating	Date	Rating	Date	Rating
Fixed deposits programme	Long term	6,200.00	[ICRA]AAA (Stable)	Jul 30, 2025	[ICRA]AAA (Stable)	Apr 29, 2024	[ICRA]AAA (Stable)	Mar 27, 2024	[ICRA]AAA (Stable)	Jun 03, 2022	[ICRA]AAA (Stable)
				May 05, 2025	[ICRA]AAA (Stable)	-	-	Aug 29, 2023	[ICRA]AAA (Stable)	Apr 29, 2022	MAAA (Stable)
				Apr 29, 2025	[ICRA]AAA (Stable)	-	-	Apr 28, 2023	[ICRA]AAA (Stable)	Apr 04, 2022	MAAA (Stable)
Commercial paper programme	Short-term	2,500.00	[ICRA]A1+	Jul 30, 2025	[ICRA]A1+	Apr 29, 2024	[ICRA]A1+	Mar 27, 2024	[ICRA]A1+	Jun 03, 2022	[ICRA]A1+
				May 05, 2025	[ICRA]A1+	-	-	Aug 29, 2023	[ICRA]A1+	Apr 29, 2022	[ICRA]A1+
				Apr 29, 2025	[ICRA]A1+	-	-	Apr 28, 2023	[ICRA]A1+	Apr 04, 2022	[ICRA]A1+
Fund-based/ non-fund based facilities	Long-term/ short-term	7,305.00	[ICRA]AAA (Stable)/ [ICRA]A1+	Jul 30, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+	Apr 29, 2024	[ICRA]AAA (Stable)/ [ICRA]A1+	Mar 27, 2024	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 03, 2022	[ICRA]AAA (Stable)/ [ICRA]A1+
				May 05, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	Aug 29, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+	Apr 29, 2022	[ICRA]AAA (Stable)/ [ICRA]A1+
				Apr 29, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	Apr 28, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+	Apr 04, 2022	[ICRA]AAA (Stable)/ [ICRA]A1+
Term Loans	Long-term	1,000.00	[ICRA]AAA (Stable)	Jul 30, 2025	[ICRA]AAA (Stable)	Apr 29, 2024	[ICRA]AAA (Stable)	Mar 27, 2024	[ICRA]AAA (Stable)	-	-
				May 05, 2025	[ICRA]AAA (Stable)	-	-	-	-	-	-
				Apr 29, 2025	[ICRA]AAA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fixed deposit programme	Very simple
Commercial paper programme	Very simple
Fund-based/ non-fund based facilities	Simple
Term Loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fixed deposit programme	NA	NA	NA	6,200.00	[ICRA]AAA (Stable)
INE280A14468	Commercial paper	Jul 8, 2025	5.70%	Sep 19, 2025	1,000.00	[ICRA]A1+
INE280A14443	Commercial paper	Jun 9, 2025	6.10%	Sep 8, 2025	1,275.00	[ICRA]A1+
INE280A14450	Commercial paper	Jun 16, 2025	5.82%	Aug 25, 2025	225.00	[ICRA]A1+
NA	Fund-based/ non-fund based facilities	NA	NA	NA	7,305.00	[ICRA]AAA (Stable)/ [ICRA]A1+
NA	Term loan-I	FY2024	NA	FY2027	400.00	[ICRA]AAA (Stable)
NA	Term loan-II	FY2024	NA	FY2027	440.00	[ICRA]AAA (Stable)
NA	Term loan-III	FY2026	NA	FY2029	160.00	[ICRA]AAA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Titan's ownership	Consolidation approach
Titan Engineering & Automation Limited (TEAL)	100%	Full consolidation
Titan Commodity Trading Limited	100%	Full consolidation
Titan Holdings International FZCO, Dubai (THIF)	100%	Full consolidation
TCL North America Inc.	100%	Full consolidation
Caratlane Trading Private Limited (CTPL)	100%	Full consolidation
Titan Global Retail L.L.C, Dubai (Subsidiary of THIF)	100%	Full consolidation
Titan International QFZ LLC, Qatar (Subsidiary of THIF)	100%	Full consolidation
TEAL USA Inc. (Subsidiary of TEAL)	100%	Full consolidation
StudioC Inc (Subsidiary of CTPL)	100%	Full consolidation
Titan Watch Company Limited Hongkong (Subsidiary of THIF)	100%	Full consolidation
Green Infra Wind Power Theni Limited	27%	Equity method

Source: Company's annual report

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