

FIRST LIGHT

22 September 2026

RESEARCH

THANGAMAYIL JEWELLERY | TARGET: Rs 6,314 | +28% | BUY

Management Meet: Business Update & Key Insights

SUMMARY

THANGAMAYIL JEWELLERY

- 15% gold-price correction in July improved customer participation, supporting expectations of deferred purchases returning in H2FY27
- Targeting 20-25% revenue CAGR over the medium term, driven by an aggressive store expansion strategy across Tamil Nadu
- We expect 24% EPS CAGR over FY26-28E and maintain a BUY view on the long-term growth opportunity

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BOBCAPS Research
research@bobcaps.in



BUY**TP: Rs 6,314 | ▲ 28%****THANGAMAYIL
JEWELLERY**

Retail - Jewellery

21 September 2026

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Lavita Lasrado
 Research Analyst
Nistha Pala
 Research Associate
 research@bobcaps.in

We had a management meeting with the Promoter B.A Ramesh and VP Gokul Ramesh and Mr. S.M. Lakshmanan where the management team discussed its business and its future strategies in detail.

Tamil Nadu Remains the Core Expansion Market: Co strategy remains focused on Tamil Nadu, with Chennai as the key growth driver. Management aims to expand its Greater Chennai network from 14 to 25 stores over the next 18 months through a hub-and-spoke model centred on the T. Nagar flagship store and supported by smaller residential catchment stores. With Chennai already contributing 20–23% of revenue, the company plans to continue expanding across Tamil Nadu at a pace of ~10 store additions annually over the next 3–4 years before evaluating opportunities in other states. Store economics are evaluated through inventory rotation, with more than 2x rotation considered breakeven, 2.5–3x targeted, and current levels at approximately 3.2x, indicating healthy productivity for a typical medium-sized store requires with ₹100 crore of investment.

H2 Demand Recovery Supports Growth and Margin Outlook: Management remains confident of delivering ~25% rev growth while sustaining ~6% EBITDA margins, supported by ongoing store expansion in Tamil Nadu, strong inventory rotation, and a capital-efficient business model. Although, demand has been subdued since Q1 due to gold-price-driven affordability pressures, the recent correction in gold prices has improved customer engagement. With many purchases deferred rather than cancelled, management expects pent-up demand to drive a recovery in H2'27, particularly during the festive and wedding season in Q3 and Q4, including Diwali.

Upgrade to BUY: Attractive Risk-Reward Following Correction: With a strong balance sheet, disciplined working capital management, and improving return ratios, the company is well positioned to deliver consistent earnings growth. We forecast a 24% EPS CAGR over FY26-29E. We believe the current valuation offers an attractive risk-reward opportunity and hence upgrade the stock to BUY (from HOLD) and value it at 35x Sep'28 EPS, implying a revised target price of Rs 6,355.

Key changes

Target	Rating
▼	▲

Ticker/Price	TJL IN/Rs 4,931
Market cap	US\$ 1.6bn
Free float	39%
3M ADV	US\$ 13.5mn
52wk high/low	Rs 7,430/Rs 1,940
Promoter/FPI/DII	62%/5%/15%

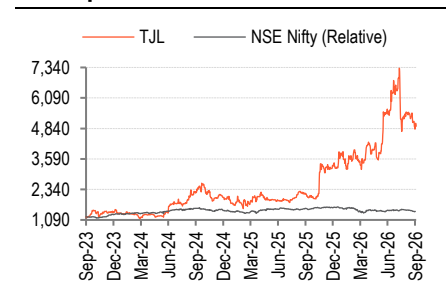
Source: NSE | Price as of 21 Sep 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	84,993	109,875	137,914
EBITDA (Rs mn)	5,647	6,262	8,275
Adj. net profit (Rs mn)	3,542	3,891	5,247
Adj. EPS (Rs)	114.0	125.2	168.8
Consensus EPS (Rs)	114.0	134.2	154.6
Adj. ROAE (%)	28.1	24.5	26.4
Adj. P/E (x)	43.3	39.4	29.2
EV/EBITDA (x)	28.0	25.2	19.4
Adj. EPS growth (%)	198.4	9.9	34.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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Name of the Research Entity: **BOB Capital Markets Limited**
 Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
 SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
 SEBI Stock Broker Registration No: **INZ000159332**
 SEBI Depository Participant Registration No: **IN-DP-728-2022**
 SEBI Merchant Banker Registration No: **INM000009926**
 Phone: +91-22-61389300
 Name of the Compliance Officer: Mr. Sameer Khobrekar
 Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
 For any queries or grievances, you may contact the Grievance Officer.
 Name of the Grievance Officer: Mr. Nilesh Mehta
 Email ID: head-customer@bobcaps.in; Phone no: 92288 60945

Brand Name: **BOBCAPS**
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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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