**BUY**
**TP: Rs 5,697 | ⮝ 33%**

# THANGAMAYIL JEWELLERY

| Retail - Jewellery | 04 November 2026

## Resilient Volumes, Expanding Runway

- **Retail sales grew 41% YoY to Rs 23bn, despite a challenging quarter.**
- **Gold volume was 1,500 kg vs 1,513 kg (-1% YoY), while gold jewellery sales rose 41% implying price led growth.**
- **Diamond volumes up 25% in H1, while the Chennai rollout (4 stores opened, and plans to open 4 more by Mar-27)**

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**Strong retail growth despite challenging quarter, maintained flat volumes:** TJL reported a strong Q2'27 topline, with revenue up 40% YoY to Rs 23.8bn, driven by 41% growth in retail sales to Rs 23.0bn. The growth was price-led: gold jewellery sales rose 41% YoY to Rs 21.2bn, but gold volumes declined 1% YoY to 1,500kg (vs 1,513kg in Q2'26) and 7% QoQ (vs 1,620kg in Q1'27). Non-gold sales increased 36% YoY to Rs 1.8bn, contributing 8.0% of retail sales. SSSG remained strong at 35.9% for H1FY27, compared with 10.3% in H1FY26.

**Gross margin contraction and lower inventory gains weigh on profitability:** Despite strong revenue growth, profitability remained subdued, with gross profit increasing 20% YoY to Rs 2.2bn, while gross margin contracted 365bps YoY to 9.6%. EBITDA increased 8% YoY to Rs 1.1bn, with EBITDA margin declining 153bps to 5.0%. Q2 included realised inventory gains of ~Rs 285mn on gold and silver, accounting for 12.9% of reported gross profit, indicating pressure on underlying operating profitability. PAT remained flat YoY at Rs 594mn, reflecting the impact of gross margin contraction and higher finance costs.

**Result highlights:** Management highlighted that elevated gold prices, volatility in precious metal prices and geopolitical uncertainties affected customer sentiment and led to moderation in demand. The company expects deferred demand to return in H2FY27, subject to easing of prevailing headwinds. TJL added 5 outlets during H1FY27 and plans to open another 4 store by Q4FY27. The company reported overall liquidity of Rs 749cr, including eligible undrawn bank facilities, while gold inventory hedging remained healthy at 95%. Customer advances are ₹1,533 cr, now the largest funding source, ahead of equity.

**Maintain Buy:** TGL has shown resilient performance, in a challenging quarter marked by gold price volatility and weak expatriate remittances, it held gold volumes broadly flat. We model revenue /EPS CAGR of 28%/23% over FY26-29E. We moderate our target multiple to 30x from 35x (sep28) to reflect normalising SSSG as gold prices stabilise and near-term margin moderation, while the Chennai expansion builds and maintain Buy rating with a revised TP of Rs 5,697

### Key changes

| Target | Rating |
|---|---|
| ▼ | ◀ ▶ |

| | |
|---|---|
| Ticker/Price | TJL IN/Rs 4,286 |
| Market cap | US$ 1.4bn |
| Free float | 39% |
| 3M ADV | US$ 5.9mn |
| 52wk high/low | Rs 7,430/Rs 2,709 |
| Promoter/FPI/DII | 62%/5%/15% |

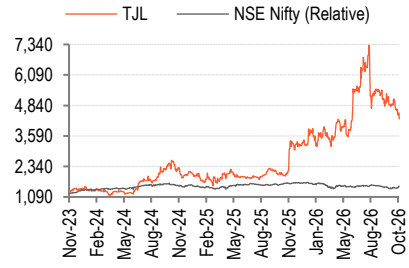
Source: NSE | Price as of 4 Nov 2026

### Key financials

| Y/E 31 Mar | FY26A | FY27E | FY28E |
|---|---|---|---|
| Total revenue (Rs mn) | 84,993 | 1,13,550 | 1,45,634 |
| EBITDA (Rs mn) | 5,647 | 5,955 | 8,301 |
| Adj. net profit (Rs mn) | 3,542 | 3,570 | 5,164 |
| Adj. EPS (Rs) | 114.0 | 114.9 | 166.2 |
| Consensus EPS (Rs) | 114.0 | 134.2 | 154.6 |
| Adj. ROAE (%) | 28.1 | 22.4 | 25.4 |
| Adj. P/E (x) | 37.6 | 37.3 | 25.8 |
| EV/EBITDA (x) | 24.4 | 23.3 | 17.1 |
| Adj. EPS growth (%) | 198.4 | 0.8 | 44.6 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

### Fig 1 – Quarterly performance - Consolidated

| Particulars (Rs mn) | Q2FY27 | Q2FY26 | YoY (%) | Q1FY27 | QoQ (%) |
|---|---|---|---|---|---|
| Operating income | 23,809 | 17,046 | 39.7 | 26,625 | (10.6) |
| Raw-Material expense | 21,596 | 15,203 | 42.1 | 24,159 | (10.6) |
| Gross Profit | 2,212 | 1,844 | 20.0 | 2,465 | (10.3) |
| Employee expense | 476 | 347 | 37.0 | 405 | 17.5 |
| Advertisement expense | 301 | 215 | 40.3 | 239 | 25.9 |
| Other expense | 360 | 288 | 24.7 | 414 | (13.1) |
| EBITDA | 1,076 | 994 | 8.3 | 1,407 | (23.5) |
| D&A | 124 | 111 | 12.2 | 115 | 8.2 |
| EBIT | 952 | 883 | 7.8 | 1,293 | (26.3) |
| Interest cost | 222 | 162 | 37.2 | 177 | 25.7 |
| Other income | 68 | 63 | 7.5 | 39 | 72.3 |
| PBT | 797 | 784 | 1.7 | 1,155 | (31.0) |
| Tax | 203 | 199 | 2.1 | 304 | (33.2) |
| Reported PAT | 594 | 585 | 1.6 | 851 | (30.2) |
| Adjusted PAT | 594 | 585 | 1.6 | 851 | (30.2) |
| **As % of net revenues** | | | **chg (bps)** | | **chg (bps)** |
| Gross margin | 9.3 | 10.8 | (152) | 9.3 | 3 |
| Employee cost | 2.0 | 2.0 | (4) | 1.5 | 48 |
| Advertisement cost | 1.3 | 1.3 | 1 | 0.9 | 37 |
| Other cost | 1.5 | 1.7 | (18) | 1.6 | (4) |
| EBITDA margin | 4.5 | 5.8 | (131) | 5.3 | (77) |
| Tax rate | 25.5 | 25.4 | 10 | 26.3 | (86) |
| APAT margin | 2.5 | 3.4 | (94) | 3.2 | (70) |

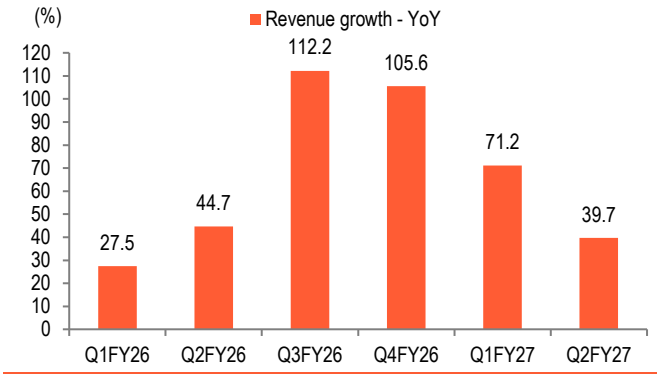
Source: Company, BOBCAPS Research

### Fig 2 – Key operating metrics

| Particulars | Q1FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|---|---|---|---|
| No. of stores | 59 | 59 | 60 | 62 | 66 | 66 | 66 | 66 | 70 |
| Gold volume growth (YoY) | 8.6 | (3.1) | 1.6 | 4.0 | (3.9) | 1.7 | 31.5 | 22.7 | 9.0 |
| Average revenue per store (Rs mn) | 200 | 192 | 186 | 219 | 243 | 248 | 347 | 414 | 381 |
| Retail sales share (%) | 96.6 | 96.0 | 96.8 | 95.3 | 96.8 | 96.0 | 95.3 | 96.2 | 94.6 |
| Studded share (%) | 8.2 | 7.9 | 8.7 | 7.1 | 8.6 | 8.3 | 8.8 | 10.1 | 9.7 |
| Gross margin (%) | 12.1 | 4.1 | 11.9 | 9.1 | 10.7 | 10.8 | 10.7 | 11.0 | 9.3 |
| Employee cost (%) | 1.6 | 1.9 | 2.1 | 2.0 | 2.1 | 2.0 | 1.6 | 1.2 | 1.5 |
| Advertisement cost (%) | 0.5 | 1.0 | 0.7 | 1.3 | 1.6 | 1.3 | 0.8 | 1.0 | 0.9 |
| Other cost (%) | 2.6 | 2.0 | 1.8 | 1.7 | 1.7 | 1.7 | 1.3 | 1.3 | 1.6 |
| EBITDA margin (%) | 3.4 | 4.3 | 3.9 | 3.8 | 7.4 | 9.5 | 2.3 | 5.6 | 4.9 |
| Inventory turn (x) | 3.6 | 3.3 | 3.0 | 3.2 | 2.9 | 2.9 | 3.5 | 3.5 | 3.2 |

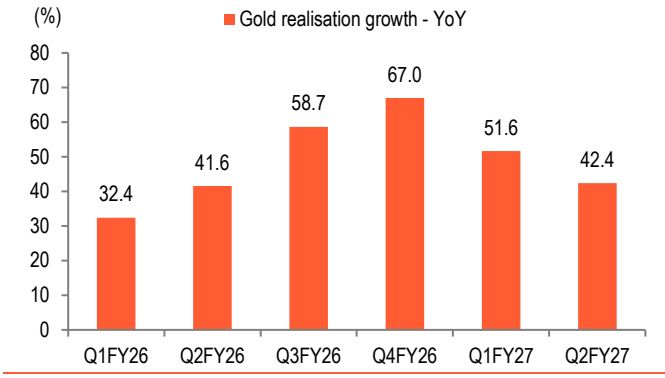
Source: Company, BOBCAPS Research

**Fig 3 – TJL revenue grew sharply by 39.7% YoY in Q2FY27...**



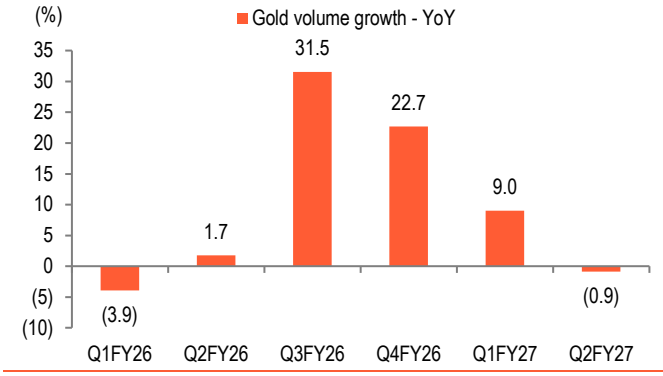

Source: Company, BOBCAPS Research

**Fig 4 – .. mainly driven by a steep rise in gold jewellery realisation (+42.4% YoY)**



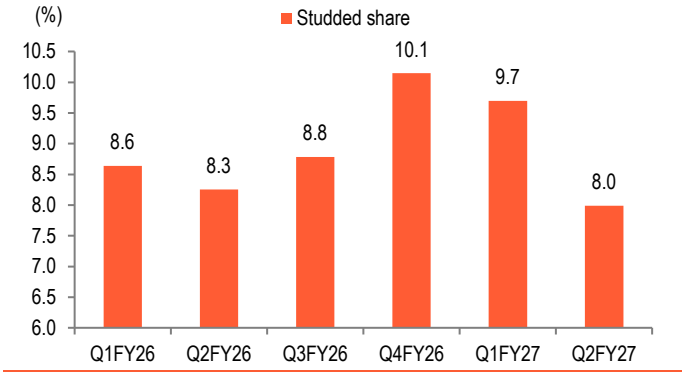

Source: Company, BOBCAPS Research

**Fig 5 – Gold volume de-grew by 9% YoY in Q2FY27**



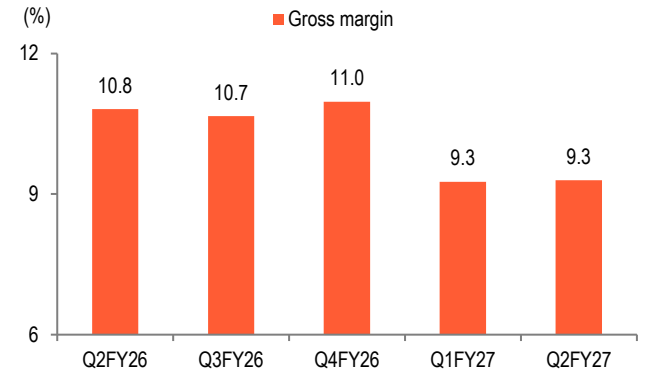

Source: Company, BOBCAPS Research

**Fig 6 – Studded share ratio slightly came down at 8% in Q2FY27**



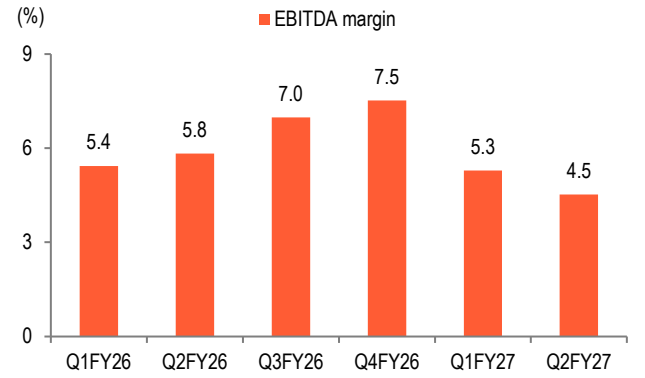

Source: Company, BOBCAPS Research

**Fig 7 – Gross margins trend (%)**




Source: Company, BOBCAPS Research

**Fig 8 – EBITDA Margin trend (%)**

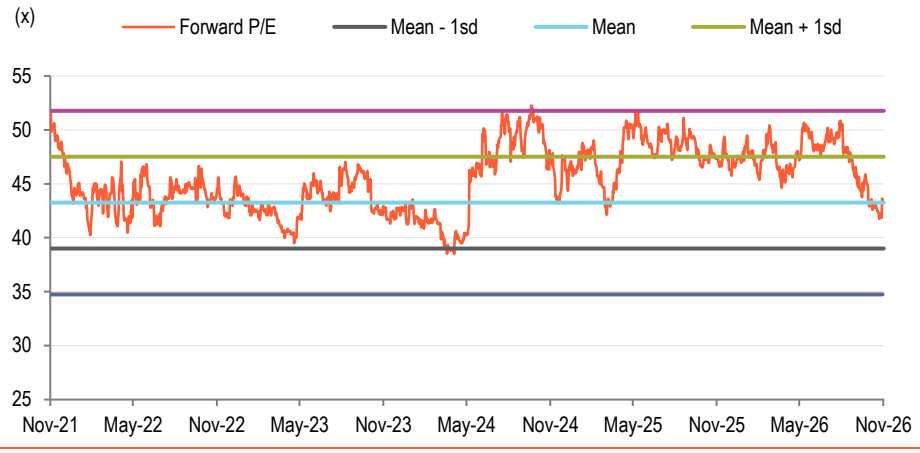



Source: Company, BOBCAPS Research

## Valuation Methodology

TGL has shown resilient performance, in a challenging quarter marked by gold price volatility and weak expatriate remittances, it held gold volumes broadly flat. We model revenue /EPS CAGR of 28%/23% over FY26-29E. We moderate our target multiple to 30x from 35x (sep28) to reflect normalising SSSG as gold prices stabilise and near-term margin moderation, while the Chennai expansion builds and maintain Buy rating with a revised TP of Rs 5,697.

**Fig 9 – TJL 1YF P/E band chart**




Source: Bloomberg, BOBCAPS Research

**Fig 10 – Actual vs Estimates**

| Rs mn | Q2FY27 | Q2FY27E | Deviation (%) |
|---|---|---|---|
| Revenue | 23,809 | 25,456 | (6.47) |
| EBITDA | 1,076 | 1,349 | (20.23) |
| EBITDA Margin (%) | 4.5 | 5.3 | (78 bps) |
| PAT | 594 | 823 | (27.78) |

Source: Company, BOBCAPS Research

**Fig 11 – Revised estimates**

| Standalone (Rs mn) | New | | | Old | | | Change (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E |
| Operating income | 1,13,550 | 1,45,634 | 1,78,048 | 1,09,875 | 1,37,914 | 1,69,262 | 3.3 | 5.6 | 5.2 |
| EBITDA | 5,955 | 8,301 | 10,683 | 6,262 | 8,275 | 10,156 | (4.9) | 0.3 | 5.2 |
| EBITDA Margin (%) | 5.2 | 5.7 | 6.0 | 5.7 | 6.0 | 6.0 | (45bps) | (30bps) | 0bps |
| Adjusted PAT | 3,598 | 5,242 | 7,055 | 3,891 | 5,247 | 6,686 | (7.5) | (0.1) | 5.5 |
| EPS (Rs) | 115.8 | 168.7 | 227.0 | 125.2 | 168.8 | 215.1 | (7.5) | (0.1) | 5.5 |

Source: BOBCAPS Research

## Key Risks

- Steep increase in the volatility of gold prices and regulatory risks
- Loss of market share due to a steep rise in competitive intensity in Tamil Nadu

# Financials

### Income Statement

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Total revenue** | **49,106** | **84,993** | **1,13,550** | **1,45,634** | **1,78,048** |
| EBITDA | 2,190 | 5,647 | 5,955 | 8,301 | 10,683 |
| Depreciation | 237 | 402 | 568 | 638 | 783 |
| EBIT | 1,953 | 5,245 | 5,387 | 7,663 | 9,899 |
| Net interest inc./(exp.) | (411) | (677) | (844) | (1,069) | (1,402) |
| Other inc./(exp.) | 57 | 144 | 242 | 291 | 356 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBT | 1,599 | 4,713 | 4,786 | 6,886 | 8,854 |
| Income taxes | 412 | 1,172 | 1,215 | 1,721 | 2,213 |
| Extraordinary items | 0 | 24 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| **Reported net profit** | **1,187** | **3,517** | **3,570** | **5,164** | **6,640** |
| Adjustments | 0 | 25 | 0 | 0 | 0 |
| **Adjusted net profit** | **1,187** | **3,542** | **3,570** | **5,164** | **6,640** |

### Balance Sheet

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Accounts payables | 331 | 199 | 266 | 341 | 417 |
| Other current liabilities | 6,370 | 14,806 | 14,806 | 14,806 | 14,806 |
| Provisions | 0 | 0 | 0 | 0 | 0 |
| Debt funds | 7,506 | 8,256 | 12,103 | 16,402 | 20,977 |
| Other liabilities | 363 | 784 | 784 | 784 | 784 |
| Equity capital | 311 | 311 | 311 | 311 | 311 |
| Reserves & surplus | 10,713 | 13,849 | 17,420 | 22,584 | 29,224 |
| Shareholders' fund | 11,024 | 14,160 | 17,730 | 22,895 | 29,535 |
| **Total liab. and equities** | **25,592** | **38,205** | **45,689** | **55,228** | **66,519** |
| Cash and cash eq. | 2,418 | 3,812 | 5,947 | 4,707 | 5,394 |
| Accounts receivables | 86 | 239 | 319 | 409 | 500 |
| Inventories | 19,786 | 29,536 | 33,860 | 43,363 | 52,897 |
| Other current assets | 923 | 1,356 | 1,811 | 2,323 | 2,840 |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Net fixed assets | 1,537 | 2,051 | 2,542 | 3,215 | 3,678 |
| CWIP | 113 | 69 | 69 | 69 | 69 |
| Intangible assets | 17 | 16 | 16 | 16 | 16 |
| Deferred tax assets, net | 40 | 52 | 52 | 52 | 52 |
| Other assets | 673 | 1,074 | 1,074 | 1,074 | 1,074 |
| **Total assets** | **25,592** | **38,205** | **45,689** | **55,228** | **66,519** |

### Cash Flows

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **(5,277)** | **2,867** | **(53)** | **(3,450)** | **(1,597)** |
| Capital expenditures | (797) | (1,286) | (1,059) | (1,311) | (1,246) |
| Change in investments | 0 | 0 | 0 | 0 | 0 |
| Other investing cash flows | 57 | 120 | 242 | 291 | 356 |
| **Cash flow from investing** | **(740)** | **(1,166)** | **(817)** | **(1,019)** | **(890)** |
| Equities issued/Others | 36 | 0 | 0 | 0 | 0 |
| Debt raised/repaid | 3,123 | 750 | 3,847 | 4,299 | 4,575 |
| Interest expenses | (411) | (677) | (844) | (1,069) | (1,402) |
| Dividends paid | (389) | (559) | 0 | 0 | 0 |
| Other financing cash flows | 5,257 | 179 | 0 | 0 | 0 |
| **Cash flow from financing** | **7,617** | **(307)** | **3,004** | **3,230** | **3,173** |
| **Chg in cash & cash eq.** | **1,600** | **1,394** | **2,134** | **(1,239)** | **687** |
| **Closing cash & cash eq.** | | | | | |

### Per Share

| Y/E 31 Mar (Rs) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Reported EPS | 38.2 | 113.1 | 114.9 | 166.2 | 213.7 |
| Adjusted EPS | 38.2 | 114.0 | 114.9 | 166.2 | 213.7 |
| Dividend per share | 12.5 | 18.0 | 23.0 | 36.6 | 53.4 |
| Book value per share | 354.7 | 455.6 | 570.5 | 736.6 | 950.3 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| EV/Sales | 2.8 | 1.6 | 1.2 | 1.0 | 0.8 |
| EV/EBITDA | 62.8 | 24.4 | 23.3 | 17.1 | 13.7 |
| Adjusted P/E | 112.2 | 37.6 | 37.3 | 25.8 | 20.1 |
| P/BV | 12.1 | 9.4 | 7.5 | 5.8 | 4.5 |

### DuPont Analysis

| Y/E 31 Mar (%) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Tax burden (Net profit/PBT) | 74.2 | 75.2 | 74.6 | 75.0 | 75.0 |
| Interest burden (PBT/EBIT) | 81.9 | 89.8 | 88.8 | 89.9 | 89.4 |
| EBIT margin (EBIT/Revenue) | 4.0 | 6.2 | 4.7 | 5.3 | 5.6 |
| Asset turnover (Rev./Avg TA) | 191.9 | 222.5 | 248.5 | 263.7 | 267.7 |
| Leverage (Avg TA/Avg Equity) | 3.2 | 3.0 | 2.9 | 2.7 | 2.5 |
| Adjusted ROAE | 14.9 | 28.1 | 22.4 | 25.4 | 25.3 |

### Ratio Analysis

| Y/E 31 Mar | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **YoY growth (%)** | | | | | |
| Revenue | 28.3 | 73.1 | 33.6 | 28.3 | 22.3 |
| EBITDA | 3.1 | 157.9 | 5.5 | 39.4 | 28.7 |
| Adjusted EPS | (15.0) | 198.4 | 0.8 | 44.6 | 28.6 |
| **Profitability & Return ratios (%)** | | | | | |
| EBITDA margin | 4.5 | 6.6 | 5.2 | 5.7 | 6.0 |
| EBIT margin | 4.0 | 6.2 | 4.7 | 5.3 | 5.6 |
| Adjusted profit margin | 2.4 | 4.2 | 3.1 | 3.5 | 3.7 |
| Adjusted ROAE | 14.9 | 28.1 | 22.4 | 25.4 | 25.3 |
| ROCE | 10.8 | 24.0 | 18.9 | 20.2 | 20.3 |
| **Working capital days (days)** | | | | | |
| Receivables | 1 | 1 | 1 | 1 | 1 |
| Inventory | 147 | 127 | 109 | 109 | 108 |
| Payables | 2 | 1 | 1 | 1 | 1 |
| **Ratios (x)** | | | | | |
| Gross asset turnover | 21.1 | 28.8 | 29.6 | 29.1 | 28.3 |
| Current ratio | 1.7 | 1.5 | 1.6 | 1.6 | 1.7 |
| Net interest coverage ratio | 4.8 | 7.8 | 6.4 | 7.2 | 7.1 |
| Adjusted debt/equity | 0.5 | 0.3 | 0.3 | 0.5 | 0.5 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Grievance Officer: Mr. Nilesh Mehta
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Logo:

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

**BUY** – Expected return >+15%

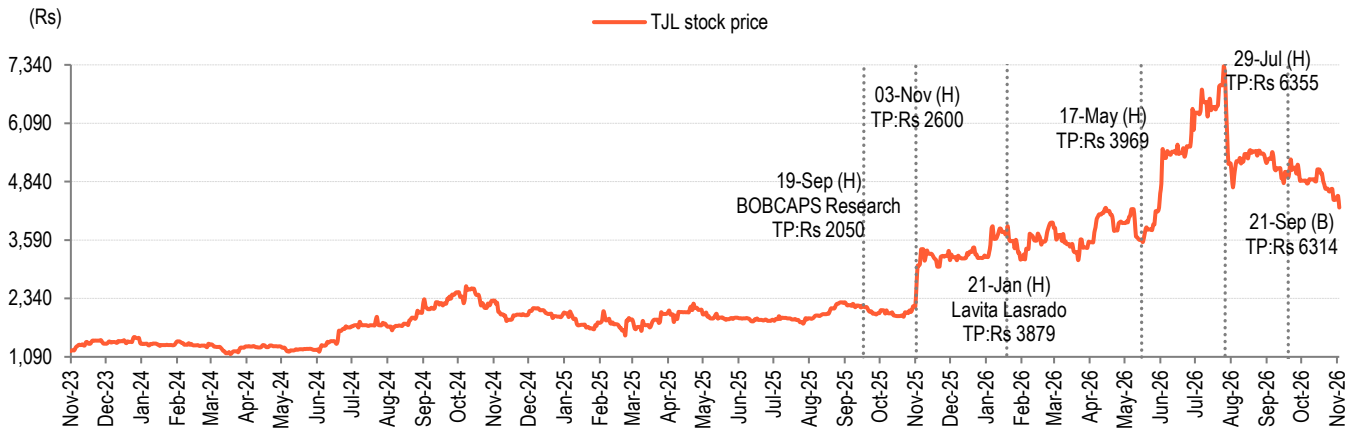
**HOLD** – Expected return from -6% to +15%

**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.

**Ratings and Target Price (3-year history): THANGAMAYIL JEWELLERY (TJL IN)**




B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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