Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	72,012	-1.0	-0.3
Nifty-50	21,817	-1.1	0.4
Nifty-M 100	45,926	-1.2	-0.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,179	0.6	8.6
Nasdaq	16,167	0.4	7.7
FTSE 100	7,738	0.2	0.1
DAX	17,987	0.3	7.4
Hang Seng	5,780	-1.2	0.2
Nikkei 225	40,004	0.7	19.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	87	1.2	12.4
Gold ($/OZ)	2,158	-0.1	4.6
Cu (US$/MT)	8,871	-1.3	4.8
Almn (US$/MT)	2,218	-0.4	-5.4
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.0	0.2	-0.2
USD/EUR	1.1	-0.1	-1.6
USD/JPY	150.9	1.1	7.0
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.1	0.01	-0.1
10 Yrs AAA Corp	7.6	0.00	-0.2
Flows (USD b)	**19-Mar**	**MTD**	**CYTD**
FIIs	0.2	7.19	-2.7
DIIs	0.90	2.45	6.3
Volumes (INRb)	**19-Mar**	**MTD***	**YTD***
Cash	986	1066	1209
F&O	4,08,751	3,51,008	3,93,167

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Oberoi Realty: New projects to revive pre-sales in near term

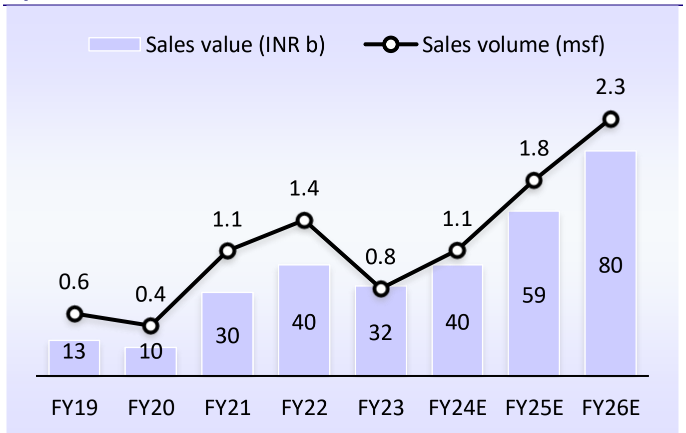
- Oberoi has launched a new project at Kolshet Road (Thane) and a new tower at Elysian (Goregaon) in 2HFY24, which will drive 23% YoY growth in pre-sales to INR40b in FY24.
- Additionally, given the healthy launch pipeline across Thane, South Mumbai and Gurugram along with the anticipation of improvement in traction at existing projects, we estimate OBER to report a 42% CAGR in bookings over FY24-26E to INR80b. On the annuity side, OBER's largest office tower Commerz III (2.2msf) is ~50% leased and will start generating rent in Apr'24.
- The management aims to achieve 90%+ occupancy by FY25-end. The Borivali mall is on track to commence operations by the festive season of FY25. Therefore the company's annuity rentals are projected to surge to INR12b by FY26 from INR3b in FY24.
- We incorporate contribution from new hotel assets at Borivali and Thane and maintain our Neutral rating with an increased TP of INR1,390 indicating fair valuation.

Research covered

Cos/Sector	Key Highlights
Oberoi Realty	New projects to revive pre-sales in near term
EcoScope	HHNFS likely unchanged at ~5% of GDP in 9MFY24
9th Annual India Ideation Conference	Company meeting takeaways

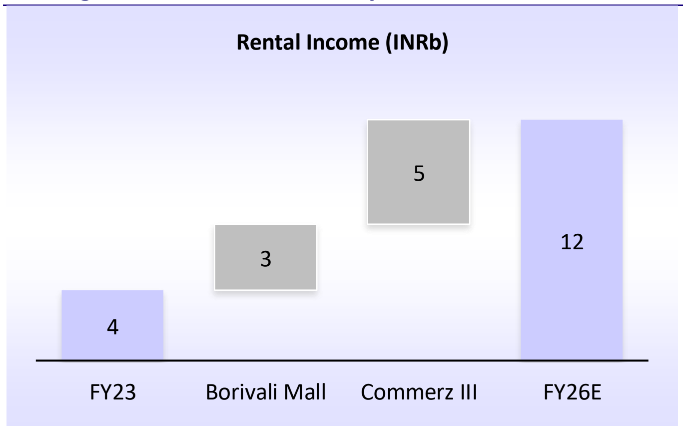
Chart of the Day: Oberoi Realty (New projects to revive pre-sales in near term)

OBER to deliver a 42% CAGR in pre-sales over FY24-26E driven by new launches



Data as on FY23, Source: Company, MOFSL

....and generate INR12b income by FY26E



Data as on FY23, Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

S&P Global Market Intelligence revises India's FY25 growth upwards to 6.8%

The government expects the economy to grow 7.6% in FY24. India's growth numbers released last month showed that the economy expanded 8.2% in the year's first three quarters.

2

The government expects the economy to grow 7.6% in FY24. India's growth numbers released last month showed that the economy expanded 8.2% in the year's first three quarters.

Indian-made foreign liquor (IMFL) companies are expected to witness 11-13 per cent revenue expansion

3

Mumbai airport to handle 8 pc more weekly flight movements in summer schedule

Mumbai's CSMIA airport anticipates an 8% weekly flight rise to 6,657 in the summer schedule. IndiGo, Air India, and Vistara will have significant weekly departures to various destinations, with additional flights planned.

4

India EV policy to encourage local production of premium electric cars: Audi official

Audi AG executive praises India's new electric vehicle policy for boosting local production of premium electric cars and accelerating EV adoption. The policy includes import duty concessions for companies investing in manufacturing units for EV passenger cars.

5

Prime Video bets on India to acquire next 250 million subscribers outside US

Prime Video and MGM Studios Head Mike Hopkins highlighted India as a crucial market for the streaming platform. He also highlighted the growing popularity of streaming among Indian audiences.

6

India's exports likely to reach $450 bn in 2024 despite Red Sea-linked disruptions, says FIEO President Ashwani Kumar

The need of the hour is to address the Red Sea crisis challenges by ensuring the availability of marine insurance and a rational increase in freight charges, the newly elected FIEO president said.

7

Tata Steel board approves Rs 2700 crore fund raising via NCDs

Tata Steel had raised over Rs 2000 crore via NCD issue last February and has seen another stretch of fund raising through NCDs in September 2022.

Oberoi Realty

BSE SENSEX	S&P CNX
72,012	21,817

Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	494.7 / 6
52-Week Range (INR)	1586 / 814
1, 6, 12 Rel. Per (%)	6/9/29
12M Avg Val (INR M)	903
Free float (%)	32.3

Financials & Valuations (INR b)

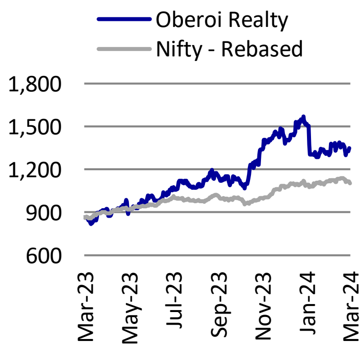
Y/E MARCH	FY24E	FY25E	FY26E
Sales	42.1	47.3	64.7
EBITDA	21.4	24.4	31.0
EBITDA Margin (%)	50.8	51.7	48.0
Adj PAT	14.8	16.4	22.0
Cons. EPS (INR)	40.7	45.1	60.6
EPS Growth (%)	-22.3	10.9	34.3
BV/Share (INR)	374.5	417.7	476.3
Ratios			
Net D:E	0.2	0.1	0.0
RoE (%)	11.5	11.4	13.6
RoCE (%)	10.0	10.4	12.8
Payout (%)	4.9	4.4	3.3
Valuations			
P/E (x)	33.4	30.1	22.4
P/BV (x)	3.6	3.3	2.9
EV/EBITDA (x)	24.4	20.9	16.1
Div. yield (%)	0.1	0.1	0.1

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	67.7	67.7	67.7
DII	12.1	11.6	12.5
FII	17.4	17.8	17.3
Others	2.8	2.8	2.5

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1,361 TP: INR1,390 (2%) Neutral

New projects to revive pre-sales in near term

…but new business development key for sustainable growth

Gearing up for multiple launches in 2HFY25

- Despite strong demand tailwinds, OBER's pre-sales were stagnant over FY21-23 due to the lack of key launches. However, it has launched a new project at Kolshet Road (Thane) and a new tower at Elysian (Goregaon) in 2HFY24, which will drive 23% YoY growth in pre-sales to INR40b in FY24.
- The company is now gearing up for the launch of the initial phase (2msf) of its flagship project at Pokhran Road (Thane), a luxury project at Peddar Road (South Mumbai) and a new tower at Skycity (Borivali) in 2HFY25.
- The management plans to release the higher-floor inventory soon at Mulund and is confident of increasing the sales run rate to INR10b from the twin projects (vs. INR7b in FY23).
- Additionally, the redevelopment project at Tardeo (South Mumbai) and the recently acquired Gurugram project are slated for launch in FY26. OBER is also planning a mixed-use development at its four-acre land parcel in Worli, which is expected to have a potential of 1-1.2msf (at 6.5 FSI).
- Overall, given the healthy launch pipeline and the anticipation of improvement in traction at existing projects, we estimate OBER to report a 42% CAGR in bookings over FY24-26E to INR80b.
- Beyond this, the management remains focused on redeploying the surplus cash from its ongoing portfolio to grow the project pipeline and is confident of closing few transactions soon.

Rental income will increase sharply in FY25

- OBER's largest office tower Commerz III (2.2msf) is ~50% leased and will start generating rent in Apr'24. The management aims to achieve 90%+ occupancy by FY25-end. Additionally, Commerz I & II are also expected to achieve full occupancy by Jun'24.
- The Borivali mall is on track to commence operations by the festive season of FY25. The company has already concluded anchor deals for all key categories and is confident of fully leasing out the mall by FY25-end.
- At full occupancy, Commerz-III has the potential to generate INR5.5-6b of annual rentals (including CAM) beginning in FY26. The Borivali mall is likely to stabilize in FY25 and it has the potential to generate annual rentals of INR2.5b. Overall, the company's annuity rentals are projected to surge to INR12b by FY26 from INR3b in FY24.

Expanding the hotel portfolio to ~1,000 keys

- OBER's hotel at Goregaon has seen a sharp improvement in operations given demand tailwinds. In 3QFY24, the asset reported ARR of ~INR13,300 (30% higher than pre-Covid peak) and ATH EIBTDA margin of ~42%.
- It is currently developing a luxury hotel – Ritz Carlton – at Worli, which is expected to be completed in 2HFY25 with the balance capex of INR3b.

- With an intention of replicating the success of integrated development model of Goregaon, OBER will build two new hotels of ~280 keys each at its Borivali and Thane (Pokhran Road) mixed-use projects. It has already tied up with Marriott International for the asset management.
- With an estimated capex of ~INR20m per room, the total outlay for this expansion could be ~INR11b. These hotels are expected to become operational by FY28 and would lead to an increase in OBER's hospitality portfolio to 1,000 keys.

Valuation and view: Healthy growth visibility but upside priced in

- OBER's completed projects such as Sky City Phase 1, 360-West and Eternia-Enigma have the potential to cumulatively generate INR15b+ of surplus cash annually. This, coupled with the scale-up in rental income, provides enough firepower to capture the business development opportunity.
- However, with seven new projects (two projects in Thane, GSK-Worli, Peddar Road, Tardeo redevelopment, potential MHADA redevelopment in Andheri and Gurugram) already tied up, the management is unlikely to be aggressive on new project acquisitions in the near term.
- At current valuations, OBER's residential business implies a value of INR360-370b. The estimated value of the existing pipeline, including the Gurugram project, is INR230b, implying 50-60% of going concern premium, which already accounts for near-term growth visibility.
- We incorporate contribution from new hotel assets at Borivali and Thane and **maintain our Neutral rating** with an increased TP of INR1,390 indicating fair valuation.

Based on our SoTP approach, we arrive at NAV of INR505b, or INR1,390 per share, indicating fair valuation

NAV calculation	Rationale	INR b	Per share (INR)	(%)
Residential	❖ DCF of five-year cash flow at WACC of 11.5% and terminal value assuming 3% long-term growth	351	966	69%
Leasing – Offices and Malls	❖ Cap rate of 8.5% for operational assets and DCF for ongoing and planned assets	143	394	28%
Hospitality	❖ FY24E EBITDA at 17.5x EV/EBITDA	33	91	7%
Gross Asset Value	❖	**527**	**1450**	**104%**
Less: Net Debt	❖ FY24 estimate	(22)	(60)	(4%)
Net Asset Value		**505**	**1390**	**100%**
CMP			1360	
Up/down (%)			2%	

Source: MOFSL, Company

HHNFS likely unchanged at ~5% of GDP in 9MFY24

Household debt may have risen to a new high of 40% of GDP in 3QFY24

- **According to the first revised estimate (FRE) published by the Central Statistics Office (CSO) last month, household net financial savings (HHNFS) stood at a 47-year low of 5.3% of GDP in FY23, down from 7.3% of GDP in FY22 and an average of 7.6% of GDP between FY12 and FY20 *(Exhibit 1)*. This marks a slight upward revision from the earlier estimate of 5.1% of GDP in FY23, published by the Reserve Bank of India (RBI) in Sep'23.**
- **HHNFS is a function of household gross financial savings (HHGFS) and their financial liabilities (FL). Notably, HHGFS was largely stable at 11% of GDP in FY23 vs. FY22 *(Exhibit 2)*, which means that lower HHNFS was a clear result of a sharp jump in household borrowings last year. GFS has six major components – deposits, currency, insurance, pension & provident funds (P&PFs), capital market investments (shares & debentures, S&D), and small savings. Deposits are, by far, the largest components of household GFS. The rise in deposits (as % of GDP) in FY23 vis-à-vis FY22, was offset by lower currency holdings and small savings *(Exhibit 3)*.**
- **HH annual borrowings surged to 5.8% of GDP in FY23 *(Exhibit 4)*, the second-highest in the post-independence period (it was 6.7% of GDP in FY07), and compared to an average of 4% of GDP in the past few years.**
- **HHNFS is the source of funds available to the government and/or the corporate sector to finance their deficit. The gap between national investments and gross domestic savings (GDS) is funded by foreign savings (also called current account deficit, CAD). The fall in HHNFS was so dramatic last year, that it entirely offset the sum of higher household physical savings, and lower dis-savings by the government. There are, thus, two important things to note: 1) Notwithstanding a decade-high household physical savings, HH total savings were at a six-year lowest level of 18.4% of GDP in FY23 *(Exhibit 5)*; 2) India's GDS eased to 30.2% of GDP in FY23, lower than 31.2% of GDP in FY22 and 31-32% of GDP between FY14 and FY19 *(Exhibit 6)*.**
- **Were the falling HHNFS and lower HH savings in FY23 an exception? We do not think so. Our estimates suggest that HHNFS was broadly unchanged at ~5% of GDP in 9MFY24, and it is very likely that it could be between 5% and 5.5% of GDP in FY24 *(Exhibit 7)*. Although HHGFS increased slightly to 10.8% of GDP in 9MFY24 (vs. 10.5% of GDP in 9MFY23), financial liabilities also rose to 5.8% of GDP vs. 5.5% of GDP *(Exhibit 8)*.**
- **Our detailed estimates of HHGFS suggest that higher deposits and small savings were offset by a sharp fall in currency holdings *(Exhibit 9)*. Further, the share of capital market investments (called shares & debentures, S&D) has quadrupled to an average of 0.8% of GDP in the past seven years (FY17-FY23) from just 0.2% of GDP in the years prior to demonetization and it likely stayed at ~0.7% of GDP in 9MFY24 as well.**
- **As discussed in our recent strategy note, weak income growth, coupled with robust consumption and investment growth (i.e., physical savings) can occur only if HHNFS declines significantly. This is exactly what had transpired in FY23. With income growth remaining weak (in line with single-digit nominal GDP growth) and HHNFS likely at its lowest (at ~5% of GDP), it is not surprising that both private consumption and household investment growth has weakened considerably in FY24E *(Exhibit 10)*.**
- **What about the next year – FY25? Unlike FY24, investments are unlikely to be the primary driver of real GDP growth, since both government investments are likely to grow at a much slower pace. Corporate investments may pick up (as is the hope after general elections), however, with a revival in the investment deflator (in line with the wholesale price index, WPI), real investments are likely to grow much slowly in FY25 vs. FY24. In contrast, assuming unchanged HHNFS (FY25-S2), better income growth could push private spending (consumption + investments) growth higher next year. The real GDP growth, however, is likely to be much weaker.**
- **Finally, household debt was revised up to 38% of GDP in FY23 (and down to 36.7% of GDP in FY22), only second to 39.1% of GDP in FY21. Our estimates suggest that it has risen to ~40% of GDP as of Dec'23 (3QFY24), reaching a new high *(Exhibit 11)*. Based on banks' data, it is clear that unsecured personal loans (PL) continue to grow at the fastest pace within household debt, followed by secured debt, agricultural loans, and business loans *(Exhibit 12)*.**

Please find below the key takeaways from the *9th Annual India Ideation Conference*

Company	Takeaway
AUTOMOBILES	
Minda Corp	■ **Demand and margin:** The company expects growth to be driven by an increase in demand for 2Ws, strong order booking in PVs, and revival in exports. It also expects margins to be around the same level, due to increased competition going forward. ■ **Content increase**: Potential EV kit value is likely to be INR22-27k/vehicle vis-à-vis INR4-4.5k/vehicle in ICE. ■ **Signs Partnership with HCMF for Sunroof & Closure Systems for Passenger vehicles in India:** Hsin Chong Group is a global manufacturer of automotive parts and systems, with mechatronics design expertise, supply chain excellence, and high-quality products. HCMF and its subsidiaries operate 29 sales, technical, and manufacturing sites in different regions of the world. ■ **Focused acquisition plans:** The company has decided to refrain from pursuing investments in rubber, sheet metal or any other commoditized business. There are no plans to acquire manufacturing facility overseas; however, the company remains open to opportunities for enhancing engineering and design capabilities.
RACL Geartech	■ **Product mix**: FY23 revenues stood at INR 3.7bn, while 9M revenue for FY24 stood at INR 3b. 9M EBIDTA margin has largely remained flat at 25.1%. 9M PBT has improved 14% YoY to INR 422m. Revenue mix stands at 75% exports and 25% domestic. Geographic mix stands at Europe: 54%, Asia Pacific: 43%, and North America 3%. ■ **Returns profile:** EBIDTA margin of the business stands at around 25% levels. RM cost as a percentage of sales is 30-32% and their value add is very high. Also, despite healthy operating margins, returns are capped at around 20% due to relatively high working capital requirements. This characteristic is inherent to the business, given the high value add and a significant contribution from exports. ■ **Update on new order win:** The company has been recently nominated as a Tier 1 series supplier to German car OEM for parking mechanism for its next generation sports car. The SOP for this business is scheduled for FY27, with a lifetime order value of USD38m. ■ **Key growth drivers:** The company targets to achieve 15-20% revenue CAGR, which would be driven by new order wins. Both PV and CV segments were relatively small a year ago and are expected to emerge as robust growth catalysts in the coming years.
NBFC- Lending	
CreditAccess Grameen	■ **Operational Insight:** CREDAG reduced yields by ~50bp, due to lower operational expenses, thus passing the benefit to customers. Despite recent elections and the aftermath of floods, the operations remain stable. The company plans to introduce insurance products. On the non-MFI side, the growth strategy includes expanding mortgage, individual

Company	Takeaway
	business loans, and two-wheeler loans. It will also be leveraging existing customer relationships for higher ticket-size disbursements. ■ **Liability Mix:** The borrowing strategy emphasizes diversification across instruments, including term loans and NCDs, with bank funding accounting for 50% of the total funding. The company also focuses on hedging foreign exposure against risks and maintaining proactive regulatory compliance. ■ **Foresees no significant risk from upcoming elections:** Political risk has declined. Interestingly, during the peak of the pandemic, political intervention was minimal. Waivers have been announced for specific loan categories. Regulators and ministries collaborate to ensure sector stability, involving all stakeholders. The segment enjoys significant protection presently.
IIFL Finance	■ **Compliant & Ready**: IIFL has addressed all compliance issues which promoted the RBI ban on gold lending. Whenever the RBI is satisfied and lifts the ban, IIFL will be in complete readiness to resume the gold lending business. Comprehensive policies, processes, and technology will ensure compliance to all the issues, which have been raised by the regulator. Meanwhile, gold branches and employees will facilitate cross-selling of products. However, if the ban is not lifted, the gold loan book will run down in nine months. ■ **Capital Raise:** Board approved rights issues of ~INR15b with the condition that the promoters participate. Fairfax has committed to these rights issues, and already ~40% of the Rights issue has been subscribed. The proceeds from the Rights Issue will be received in 1QFY25. Furthermore, Fairfax has infused ~INR5b in the form of debt. ■ **Executive & Board-level changes:** The company has taken operational and structural measures, including appointment of a new compliance officer and changing the company secretary. Mr. Biju joins as an Independent director on the Board along with Mr. Nehal from ICAI. The company also plans to hire an ex-RBI officer.
Muthoot Microfin	■ **Operational performance:** Consistently continued to grow at ~38% in terms of AUM. The company reported a five-year CAGR of ~36%. Branch network expansion is robust at 30%, with 500 branches added in the last two years. Management attributed growth primarily to customer acquisition efforts. ■ **Yields and Cost of funds:** Reduced the yields by ~50bp to 23% due to reduction in cost of funds. Additional ~25bp could be passed on to customers, but will be dependent on the decline in CoF. The company has 63 lenders and funding is primarily from banks in the form of term loans. Incremental CoF is ~10.4% and expect it to improve further. The company is prioritizing NCDs for long-term funding, having had no past funding issues. It expects to maintain its A+/Stable rating in the upcoming May review, which, if upgraded, would grant access to cheaper funds. ■ **Asset quality**: GNPA stands at ~2.3% and NNPA at ~0.33%, driven by robust underwriting practices. The company utilizes Equifax-assisted scorecard, developed from the analysis of 650m accounts using 40 parameters, to classify customers based on their risk levels. Post-COVID,

Company	Takeaway
	originations have GNPA of ~1.2%. Collection efficiency stands at ~98.4%. Although Punjab poses challenges with an exposure of INR3b, issues have been contained without further spread. Activism levels remain low, with no impact observed in Rajasthan and Haryana.
PNB Housing Finance	■ **Strategy and operations:** The company is focused on increasing profitability in the prime segment and fostering growth in the affordable segment. It plans to introduce an emerging market vertical through 50 existing branches in Tier 2/Tier 3 cities. TAT for the prime segment is better than that of banks (24-36 hours). TAT for the emerging salaried segment is two days and for the self-employed segment, it is five to seven days. The disbursal process for the prime and emerging verticals is decentralized, whereas for the affordable segment, it adopts a hybrid approach, incorporating both centralized and decentralized elements. ■ **Guidance:** NIMs are expected to remain under pressure for three to four quarters, with an expected NIM of ~3.5% for FY24. Opex/asset to remain stable at 90-100bp. The company has guided for an ROA of ~2% for the next two to three quarters. ■ **Borrowings:** Cost of borrowings is at ~8%, which has peaked out. Incremental CoF is ~7.85%. While it already received a credit rating upgrade to AA+ from India Ratings, it expects other CRAs to also review the company's credit rating favorably. Sanction from NHB has also been drawn down this year. ECB rates are elevated, but are expected to be lower than domestic borrowing rates in the future.
SBFC Finance	■ **Operational Stability and growth trajectory:** During the COVID-19, SBFC maintained employee salaries and expanded branches, displaying resilience and investment in business. Gold loans comprise a small portion of the AUM (13% of AUM), aiming for 15-20% of the total mix. The company specializes in SME lending and aims for controlled expansion in under-penetrated areas, remaining cautious in regions such as Punjab and West Bengal. ■ **Collection Strategies and Branch Optimization:** SBFC prioritizes governance and credit quality, investing heavily in collection teams. In secured lending, write-offs are minimal, while in unsecured lending, write-offs are more aggressive. The company focuses on branch profitability, employing experienced supervisors across 16 states and making branch decisions based on profitability metrics and asset quality indicators. ■ **Risk management and customer profile:** Risk management is centralized, while loan disbursals are decentralized, with approval based on various criteria including FOIR, LTV, and CIBIL scores. SBFC targets customers with stable cash flows and clubbed family incomes of INR60-70K, avoiding manufacturing loans due to high ticket sizes and cyclical business patterns. The company is exploring opportunities in affordable housing, awaiting an HFC license, and maintains stringent compliance standards in gold loans. After the recent events in one of its gold loan peers, SBFC has also capped the cash disbursements in gold loans at INR20K.

Company	Takeaway
Spandana Sphoorty	■ **Guidance**: Expect cost to income ratio to decline to 40% once operating leverage kicks in. Expect ROA to stabilize at ~4.5% and ROE of ~16% from FY25. Expects AUM to grow to INR150b by end-FY25. Guided NIMs of ~13.5% and credit cost of <2%. Does not wish to disburse longer tenor loans and has instead started disbursing 12M-18M tenor loans. ■ **Liability Mix & Yields**: Borrowing mix indicates substantial potential for enhancement. Presently, there are 54 relationships with most major financial institutions. Bank borrowing constitutes ~48% of the total borrowings (with a target to increase to 65%). Management plans to reduce yields by 50-100bp for vintage customers, which could impact overall yield of ~24.2% by ~10-15bp. ■ **Asset quality:** It has no presence in Punjab, which shields the portfolio from the stress of individuals promising loan waivers. Higher GNPA is predominantly from the customers/branches under Project Parivartan.
Non-Lending Financials	
CAMS	■ **MF Industry:** CAMS technology has been pivotal in driving the rapid retail growth of the MF industry. CAMS serves ~270m unique customers with ~380m active SIP accounts. Yield compression would continue as AUM scales up; however, CAMS has no plans to enter the international MF market. CAMS has won five out of the last seven AMC mandates, which include Zerodha, Helios, Torus Oro, Angel One, and Unifi Capital. CAMS is future ready to serve the next INR30t assets, and 100m customers in the mutual fund industry. ■ **Think360:** Its flagship alternative credit scoring product, Algo360, is India's leading alternate data solution, which powers income estimation and risk estimation based on device data. CAMS and Think360 bring exciting synergetic opportunities, and these value-added services aim to expand reach to newer markets in order to transform customer onboarding and drive smarter decisions. ■ **CAMSPay:** It has more than 50% market share in the mutual fund ecosystem. CAMSPay's product offerings are further fortified, and the UPI autopay offering expands beyond MF with adoption by fintech channels and prominent third-party apps. This is very clearly visible in the transaction volume growth. Margins here are higher than the entire non-MF business segment, but lower than the MF business (on account of pricing pressure). CAMS expects the contribution from this segment to improve over the coming quarters.
Nuvama Wealth	■ **Nuvama Wealth:** The offering in this segment is largely around investment solutions – third-party managers for all asset classes (AIF, PMS, MF, MLDs, etc.) – and credit solutions (LAS & ESOP funding). New RM additions will be 15-20% YoY. The cost-to-income ratio is expected to be ~65%, and the company's target here is to reach the 60% level in the next two years. Further, the split between employee & other costs would be 70:30. ■ **Nuvama Private:** The growth for FY24 in this segment is likely to be muted as there is an impact of the AIF up-front fee capping (all investors for categories of AIFs will be charged a distribution fee on a trail basis).

Company	Takeaway
	The cost-to-income ratio is expected to be in the range of 64-65%, and the split would be 75:25 between employee and other costs.
	■ **Asset management business:** It was started in 2021 with a focus on alternative asset classes. In this short period, the company has successfully built a diversified suite of AIFs and PMS schemes. The comprehensive and feature-rich distributor platform enables quick digital on-boarding, and offers multiple DIY tools that enable RMs to service their clients.
	■ **Capital market:** Nuvama offers a one-stop platform encompassing securities custody, derivatives clearing services, and fund accounting services. About 90-95% of the clearing & custody income is recurring in nature. It leverages capital markets' capability to service the needs of wealth management clients by offering holistic solutions under one integrated platform.
CAPITAL GOODS	
Kalpataru Projects International	■ **Domestic T&D:** There is an annual TAM of ~INR400b from ISTS and PGCIL projects, where KPIL has a market share of ~25%. There is a strong visibility for the next two to three years on the back of rising power demand and focus on renewables. Notably, the number of bids floated for thermal projects is at a five-year high. A. **Oil & gas**: The company has won three packages in the Middle East; however, the value of the same will be known once the agreement is signed (most likely in Apr'24). These contracts are for gas pipeline for industrial units, which have already been constructed, thereby, the possibility of cancellation is minimal. The execution cycle is between 30 and 42 months with margins of 8-10%. ■ **Railways:** Competitive intensity has increased, owing to relaxed PQ criteria which is facilitating the entry of smaller players. On the Kavach front, there is limited visibility on technological advancements from Indian Railways. and apart from track upgradation, the EPC component is not substantial. The company is focusing on high speed rail, underground metro, and tunneling projects. ■ **Guidance:** FY25 International T&D order inflow to grow ~15-20% on a base of INR50-60b in FY24. Margin to be in the range of 8-10%, while NWC to remain below 100 days. Interest cost as a % of sales to be below 2%, while capex would be largely equivalent to the annual depreciation.
VA Tech Wabag	■ **Order book:** The current order book of ~INR120b is split between EPC (60%) and O&M (40%). EPC has an execution cycle of ~three years, while O&M longer term (5-15 years). Long-term strategy is to grow O&M to 20% of overall revenue. ■ **Pipeline:** The company sees a healthy potential for ultra-pure water in semiconductor manufacturing. Leveraging its existing capabilities, it has already completed a plant. Another potential growth avenue is green hydrogen, where pure water serves as the key input. However, viability is still some time away. Opportunities for bio-CNG are more immediate and the company is confident of bagging orders by 1QFY25. Notably, it has already roped in a financial partner. ■ **Working capital**: Retention money for Marafiq project has already been

Company	Takeaway
	received in 1HFY24 and two other projects are in advanced stages of closing. Working capital level is fairly manageable and the company is in a net cash position. Saudi Arabia has a better collection cycle compared to domestic projects.
	■ **Competition:** Bid-to-win ratio is 1 in 3 or 1 in 4 in India, while internationally, it is closer to 1 in 5. In India, apart from VA Tech Wabag only two or three other players are capable of doing 1,000MLD projects.
CONSUMER	
Senco Gold	■ **Demand environment:** The demand remains healthy with the wedding season supporting growth. Wedding jewelry accounts for 45%. The recent surge in gold prices is slightly impacting demand, which is a typical trend during sharp changes in gold prices as consumers delay their purchases for a short period. The company remains optimistic about a healthy demand trend in FY25.
	■ **Store expansions:** The company operates 158 stores, with 65 being franchise stores. The company added 19 new stores in addition to four franchises in 9MFY24. In FY25, management plans to add 18-20 more stores, aiming to reach a long-term target of 250 stores. The company has a significant store network in the East region with 117 stores. However, the company still sees ample opportunity for further store additions in the home market. The company wants to leverage its strong brand equity in the East region. The store breakeven occurs more quickly in East India due to lower rental costs and cheaper employee expenses. North is the second-best market with 22 stores, and the underlying growth in this market is healthy. However, competitive pressure is also intensifying with more players entering the market.
	■ **Gross margin:** The gross margin for the company is around 16%. For franchise stores, the company passes about 11% to the franchise owner and retains 4-5%. The studded ratio at the company level is 11%, which is lower than that of its peers. This is due to lower diamond demand in the East region. The company plans to increase it to about 15% over the next few years.
	■ **Hedging Policy:** The company hedges 90% of its gold inventory, up from 80-85% six months ago. The company hedges its risks through gold metal loans with unfixed prices, utilizing hedging strategies at MCX and NSE by selling futures, selling call options, and buying put option futures. The total brokerage costs amount to around 2% of the company's hedging amounting ~INR 700-800mn. Additionally, there are hidden costs such as trading margins. The total hedging cost for the company is close to INR50m.
	■ **Gold sourcing and borrowing:** The company sources 50% of its gold through gold metal loans from banks, 28% through exchanges of old jewelry, and the remaining portion through trading. Borrowing amounts to INR13b, with gold metal loan at INR8b, and working capital demand loan at INR2b. Most of its debt consists of working capital loans, with a blended interest rate of approximately 6%.
	■ **Outlook:** The company expects to surpass INR50b in revenue in FY24. With 10-12% store growth, the company plans to achieve mid- to high-teens revenue growth in the medium term. Lebron diamonds (Lab-grown) are still in the initial phase of its journey, Senco is optimistic of its success in the long run. The company plans to sustain overall EBITDA margin of 7-8% in the medium term.

Company	Takeaway
Sula Vineyards	■ **Demand environment:** Demand has improved during 4QFY24 after registering a weak 4.6% volume growth in 3QFY24 (6.6% in 9MFY24). The slow revenue growth in the third quarter was attributed to licensing issues in Goa and higher offers in Maharashtra. Elite and premium wines, which account for 75% of revenue, are outperforming the economy and premium wines. ■ **Business mix:** The top 3 states, namely Maharashtra, Karnataka, and Telangana, combined contribute 75% of revenue, with Maharashtra dominating with 50% of the total revenue. Market concentration is high, with Mumbai and Thane combined contributing 40% of Maharashtra, while Bengaluru contributes 75-80% of Karnataka. Maharashtra is the most profitable market with a low tax rate. Management continues to prioritize Maharashtra and Karnataka due to ample growth opportunities in those regions. Domestic wine commands 80% of the total wine market, with Sula holding a 60% market share among domestic wine producers. Per capita wine consumption in India is at 30ml, while for addressable users it ranges from 350-400ml. In comparison, the United States consumes 9-10 liters per user. ■ **Maharashtra VAT:** The Value Added Tax (VAT) for wineries in Maharashtra is set at 20%, with 16% (80%) being refundable as a rebate under the Wine Industry Promotion Scheme (WIPS). The refund is based on three primary conditions: 1) Grapes should be sourced from Maharashtra, 2) Wine production should take place in Maharashtra, and 3) Sales should be within Maharashtra. ■ **Positive tax policy outcome –** There was an overhang on the company regarding an INR1.1b tax liability. The notice was issued by the Maharashtra govt. in 2018. Recently, the issue has been resolved with no penalty charges. ■ **Guidance –** In the medium term, the company expects to achieve double-digit volume growth with revenue growth of 13-15%. EBITDA margin is currently high at 32%. With reinvestment in the business, the margin may contract slightly.
EMS	
IKIO Lighting	■ In the product display business, the company reported a double-digit revenue growth YoY in 9MFY24. Recently, the company forayed into the GCC market for its product display lighting segment; its results are expected to be visible from 2QFY25. Further, it opened a branch in the US to support its product distribution and customer services. As a result, its RV segment is gradually picking up, marked by fresh deliveries originating from India. ■ The backward integration and in-house R&D helps to provide end-to-end product solutions and develop a better control of supply chain which in turn helps to improve margins. It creates all products in-house by manufacturing all the chemical components of products at its facility. It is further expanding the backward integration. It has guided EBITDA margin to remain in the range of ~21% to 23%. ■ **Expansion:** Civil construction work in Block I of 2 Lac Sq. Ft. is completed and the installation of the plant and machinery is in process. The

Company	Takeaway
	company expects the facility to be operational in Apr'24. This will be used to manufacture LED home lighting, solar panels, refrigeration, and other electronic products. This facility is expected to increase its export business.
ENTERTAINMENT	
Imagicaaworld Entertainment	■ For the next two to three years, the main focus area will be on adding new parks in cities such as Indore, Surat, and Ahmedabad. Also, the company will focus on new government tie-ups for joint development of parks (similar to the MOU signed in Uttarakhand). ■ The new park in Indore is set to commence operations by 1QFY25. Additionally, the development of a new park in Sabarmati is underway and will be completed within two years, following a phased manner (A five-acre park will be opened in the first phase) ■ Peak capacity at Imagica Khopoli is ~10,000 people per day with an average waiting time of ~25 minutes.
HEALTHCARE	
Piramal Pharma	■ **Revival witnessed in CDMO segment**: The reduced inclination toward outsourcing to Chinese CDMO companies provides a healthy opportunity for Indian counterparts, including Piramal Pharma. Moreover, the revival in funding for discovery/development projects indicates a positive trend, facilitating a robust order flow for Piramal Pharma. ■ **Investing in future growth:** The company plans to double its manufacturing capacity in Inhalation Anaesthesia at Digwal by the end of FY25, anticipating growth starting from FY26 onwards. Furthermore, it is directing its focus toward the non-inhalation Anaesthesia space in Europe and other ROW markets, leading to increased R&D expenses as well as field force activities. Additionally, the company is working on GLP1 product. ■ **Implementing efforts to further deleverage balance sheet:** The company aims to decrease the net debt/EBITDA ratio to 3x from its previous level of 5.6x by the end of the current financial year. Additionally, it targets a further reduction in the net debt/EBITDA ratio to 2.5x by the end of FY25. These debt reduction goals will be achieved solely through improved operating performance.
Medplus	■ **'Medplus' brand of medicines at 50-80% discount to attract more number of customers:** The company has started a membership model for Medplus branded medicine. The company has listed 500 off-patent drugs, marketed under its own brand. Customers can avail 50-80% discount when purchasing these drugs. ■ **Aggressive store addition:** Currently, the company has 4,233 stores. The company has given a guidance for adding 150 more stores per quarter. ■ **Superior gross margin profile:** The company operates in four business segments: branded generics, own products, FMCG products, and private label. It typically achieves a gross margin of around 14-15% on branded generics, 50-60% margin on Medplus brand products after applying a 60% discount, 10-11% margins on FMCG products, and 20% margins on

Company	Takeaway
	private label items.
	■ **Expanding in Diagnostic business:** The company has launched its diagnostic business on a pilot basis in Hyderabad. Additionally, it has introduced the MedPlus Advantage Plan, offering discounts ranging from 50-75%. Upon successful implementation in Hyderabad, the company plans to expand this initiative to other cities as well.
HOME IMPROVEMENT	
Eveready Industries India	■ The company has witnessed a decline in business in the last few quarters, but it has not lost market share. ■ The company has a complete portfolio of lighting products. The lighting business is currently making a loss, but with a strong business model and high brand value, the company is confident of achieving success in this vertical. ■ The company is fully engaged in the alkaline battery and coin battery segments. It launched its coin battery last year (INR5-10b market with significant imports from China).
INDUSTRIALS	
Welspun Corp	■ The company is witnessing sequential improvement in demand. Currently, it is clocking sales volume run rate of ~25 KTPA and expects to cross over 30 KTPA from next year. ■ The company has ~400 KTPA DI pipe in India and it plans to further add ~100 KTPA capacity by FY26. It is also setting up a 150 KTPA DI pipe capacity in the Middle East. ■ Going ahead, growth within the saw pipes will be limited and DI pipes will be the key growth driver for the company.
Usha Martin	■ **Higher contribution from value-added products:** The contribution of the wire rope segment to consolidated revenue has increased to 70% in 9MFY24, up from 67% in FY23. This is helping to improve margins. The focus on value- ladded products differentiates the company from other steel makers. ■ **Strong balance sheet position despite capex:** The company's balance sheet position continues to be strong with negligible net debt-to-equity. Despite the capex, the company's net debt remains at comfortable levels. ■ **Competition:** Exports continue to dominate revenue. Competition is restricted in the value-added products, as this business has high entry barriers. ■ **Guidance:** Expect revenue to report a CAGR of 15-18% over the next 2-3 years. EBITDA/ton would range between INR30,000 and INR40,000, with a margin of ~18% aided by the new capacity coming online.
JTL Industries	■ **Capacity:** The company will increase its manufacturing capacity to ~0.8MMT/ 1MMT by 1QFY25/FY26. Optimum capacity utilization is ~60%, and this is expected to further increase to 70% with the adoption of DFT manufacturing. ■ **Capex:** The company has planned a capex of ~INR0.7b/1.5b in FY24/FY25 through internal accruals. It will continue to be a debt-free

Company	Takeaway
	company.
	■ **Margins:** The management expects EBITDA/MT to increase to ~INR6,500 by FY27/FY28 on the back of higher mix of value-added products.
INFRASTRUCTURE	
IRB Infrastructure Developers (IRB)	■ **Awarding activity by NHAI and the order book:** Awarding by NHAI has been muted in FY24, with only ~2,200 km of projects awarded to date. Despite this, IRB has secured orders worth INR160b as of FY24YTD. As of Dec'23, the order book stood at INR362b. A huge pipeline of toll projects is likely to be floated, which would help IRB bag some good projects.
	■ **Cintra's stake in IRB Infrastructure Trust from GIC:** Cintra is acquiring a 24% stake from GIC in IRB Infrastructure Trust (IRBIT). Management expects the collaboration between IRB, GIC, and Cintra to enhance project planning and selection processes. GIC has generated a very strong return on its investment, and with all parties in InVIT, the return would only be more positive.
	■ **Guidance:** The construction vertical is expected to clock a CAGR of ~15-20% over the next 2-3 years with a stable EBITDA margin. IRB's priority is to focus on BOT projects, followed by TOT projects, and then HAM projects. The new concession agreement has been notified recently, and the proportion of toll projects could increase going forward.
SG Mart	■ **Business model:** The company will generate revenue through distribution of products (white label and unbranded products) and wholesale business.
	■ **Margins**: The management expects to make 2.5% margin in the distribution business (~3-4% in the white label segment and 2-3% in unbranded products)c
	■ **Capex:** The company will build ~4 warehouse with a capex of ~INR2b for each warehouse. Further, it will spend ~INR200-300m for technology upgradations.
Ashoka Buildcon (ASBL)	■ **Order book:** It stood at INR131b, with road's contribution in the book at 52% (HAM and EPC). Power T&D's contribution was 42%, and the remaining was from railways and building. The tender pipeline is strong, and we expect projects to come majorly from roads, railways and water in the near term.
	■ **Status on asset monetization:** 11 HAM and 5 BOT projects are on the block, and currently they are in the due diligence stage with SPA to conclude by FY24 for HAM. The Nayagaon project's regulatory approval is pending. The Chennai ORR is in the process of acquiring a pending equity stake.
	■ **Guidance:** ASBL expects revenue to increase by 15-20% YoY in FY24, and EBITDA margin to range between 8% and 9%. From 1QFY25, when a substantial portion of the lower-margin projects will get over, the margin will improve to 10-11%. The order inflow guidance for FY25 stands at INR60-80b.

Company	Takeaway
TCI Express (TCIE)	■ **Headwinds in FY24:** The weak macroeconomic environment and segments like pharma distribution slowing down have hit volumes in the last few quarters. Management is not expecting any significant upswing in 4QFY24, given that manufacturing activity shows no major signs of improvement. ■ **Automation of Sorting Centers**: The ongoing automation in the Pune sorting center is on track for completion by the end of FY24. After the automation of the Pune sorting center, management is planning to fully automate the Ahmedabad sorting center by FY25 and then the Mumbai and Chennai sorting centers by FY26. Most of the future capex will be required to convert the existing leased sorting centers into owned centers and automate them to improve efficiency. ■ **Value-added services:** The total contribution of value-added services now stands at ~17%. The company expects to increase the contribution of value-added services to 25% of the total revenue by FY25. ■ **Guidance:** For FY24, management aims to achieve a volume growth of 3-4% without any major improvement in realization. It expects a double-digit revenue growth in FY25. Margins are also likely to improve going forward as volumes pick up.
REAL ESTATE	
Mindspace RIET	■ **Madhapur Park:** Spread across 110 acres, it is the second-largest office park in India. While there is lot ofoffice supply in Hyderabad, the majority is concentrated in the Gachibowli/Financial district micro-market, where vacancy rates hover around ~40%, and in the Madhapur micro-market, vacancy stands at ~11%. Notably, there is no additional land available in Madhapur, mitigating the risk of excess supply ■ **Leasing:** Of the 2.5msf vacant area, ~2.3msf is the SEZ area in Airoli parks. The company has already applied for de-notification of 1.5msf and is confident of leasing out the entire vacant area over 2-2.5 years. ■ **NOI growth:** The company is currently generating INR19b NOI and will generate incremental NOI of INR8.5b from new developments across Hyderabad, Mumbai, and Pune, which will be commissioned in a phased manner over the next four years.
Century Textiles and Industries	■ **Launch Pipeline:** The company launched INR45b worth of inventory at Birla Niyara in 4QFY24 and has received a very strong response. It plans to launch another INR45b worth of projects across Bengaluru, Pune, Mumbai, and NCR. ■ **Pre-sales**: Given the positive response to the Worli project, the company remains on track to achieve bookings of INR30b in FY24 (INR10b in 9MFY24). Management expects demand traction to continue in the near term and is confident of achieving INR100b sales over the next two to three years. ■ **Business Development:** In 9MFY24, the company has spent ~INR20b toward BD and the GDV of new project additions stands at INR160b. The company is targeting to add additional INR150-160b worth of projects in the near term, which will enable it to achieve pre-sales of INR100b.

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<tr><th>Company</th><th>Takeaway</th></tr>
<tr><td>Purvankara</td><td>
Launches: The company has just three quarters of inventory, and hence, is planning to launch 12msf across all its core markets. In terms of pricing, the company is able to garner 10-12% higher realization than market.
Mumbai Market: The company has acquired a redevelopment project in Lokhandwala micro-market and it has a GDV of INR15b. The company is in active engagement with four societies for redevelopment across western/central suburbs and South Mumbai.
Cash flow: In 9MFY24, the company generated OCF of INR9.6b, up 2x YoY and the ongoing projects have a potential to generate INR67b of surplus over the next two-three years. Net debt stands at ~INR21b and given the vast opportunities available for BD, management intends to maintain its current level of debt in the near term.
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<tr><td>Ajmera Realty</td><td>
Launch Pipeline: The company is targeting to launch INR31b worth of projects in FY25 across Mumbai and Bengaluru. Key projects slated for launch in FY25 include developments in Vikhroli, Kanjurmarg and a recently signed JV with Rustomjee.
Pre-sales: From INR4b of sales in FY22, the company has significantly scaled up the business and is on track to achieve INR10b of bookings in FY24. The management is confident of maintaining strong growth in the near term, given that it has a pipeline with a sales potential of INR50b.
Cash flow: The completed and ongoing projects can generate OCF of INR10b and the new launches can further generate a surplus of INR8.5b. Thus, the company has sufficient liquidity to acquire new projects. It has recently signed a redevelopment project with Rustomjee and will continue to focus on MHADA and SRA redevelopment.
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<tr><td>Kolte-Patil developers</td><td>
Demand: Most of the demand stems from upgradation needs, as first-time home buyers remain relatively inactive. The market size of Pune has gone up by 50-60%, with the number of units increasing by 20-30%. Higher pricing and increased ticket sizes have accounted for the remaining increase. The average ticket size has risen to >INR10m. The company is optimistic about the revival of affordable and low-income houses, anticipating a decline in mortgage rates by the end of CY25.
Launches and sales guidance: The company is slated to launch projects worth INR90b over the next five quarters, which along with the ongoing projects will lead to total inventory of INR110b. It targets pre-sales of INR28b/35b/45b in FY24/FY25/FY26.
Business development: The company added INR40b worth of projects till date and consolidated land in Life republic with a revenue potential of INR20b. The company will continue to add INR60-80b worth of projects every year with an estimated capital spending of INR5-6b.
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<tr><td>STAFFING</td><td></td></tr>
<tr><td>SIS</td><td>
The management believes that the facility management business has a potential for delivering 30%+ growth. The company took a conscious decision to trim down some of the low-margin contracts that was leading to a weaker growth for the segment.
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</table>

Company	Takeaway
	■ Within cash logistics, the ATM business, which accounts for 20% of the overall segment, is declining, while 80% of revenue is generated from non-ATM services or bank outsourcing services. ■ The management adopts a selective approach in securing contracts. With outcome-based contracts, the company engages in ancillary services complemented by solutions such as digitization, automation, and mechanization, which result in high-margin contracts. ■ The management was confident of sustaining EBITDA margin of 6% for its India Security business, while it expects the FM business to achieve sustained growth with improved profitability in the longer term.
TECHNOLOGY	
Netweb Technologies India	■ It offers a full stake of products and solutions tailored for high-performance supercomputing systems, incorporating specialized hardware design and architecture. Additionally, it offers private cloud and hyper-converged infrastructure (HCI) capabilities, with both these offerings contributing ~80% to its overall revenues. ■ The company is closely working with Infosys to integrate and deploy Finacle platform and help its clients migrate through Cloud platforms: VMware and Nutanix. Additionally, the company has recently partnered with Nvidia for solutioning and product engineering of chipsets. ■ The management expects to report revenue CAGR of 13% over the next three to four years. And until FY25, it might not see any meaningful improvement in EBITDA margin (13.6% 9MFY24); post that, the management expects to sustain 15% margin and grow at an annual rate of 50bp.
TOURISM	
Praveg	■ The company's assets are classified under three different categories: 1. Temporary structure, i.e., tents (construction cost of ~INR1.5-2m per unit), 2. Semi-temporary structure made from fiber boards (INR2.5-3m per unit), 3. Brick and mortar (INR5m per unit). ■ The company has a portfolio of 748 operational rooms. About 700 additional rooms are under construction. It plans to expand its portfolio to 2,000 rooms by FY26. ■ Currently, the event management business mix has experienced a decline (25% for 9MFY24 vs. 52% in FY23) as the company is focusing more on other business verticals.

Mahanagar Gas: EBITDA/SCM for the co. has been increasing due to lower costs; Ashu Singhal, MD

- EBITDA/scm could be between ₹11-12/scm in FY25
- Have taken prices only on the basis of cut in spot LNG prices
- Prices for CNG by MGL is the lowest in the country
- Have reduced prices by Rs.8/kg in April, Rs. 3/kg in October last year

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Gulf Oil: We plan to become a leader in EV charging ecosystem; Mike Jones, Global CEO

- Will grow volumes at 2-3x of industry levels
- Lubricants market has picked up, will continue to do well
- Plans to become a leader in EV charging ecosystem
- Have made some investments in charging infra for EVs

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Shriram Finance: Expect demand moderation in Q1FY25; Rumesh Revankar, MD

- Some moderation in growth to spill over in Q1FY25 due to elections
- Will maintain 20% full year growth guidance
- AUM growth guidance for FY25 is at 15%
- Business may come town temporarily but we will be able to manage

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Senco Gold: Incremental 5-6% SSSG is due to consumers exchanging old gold jewellery; Suvankar Sen, MD & CEO

- SSSG for co. is 10-12%, additional sales this year is due to gold exchange
- Diamond volume are above 27% in 3Q with 40% in value
- Endeavor is to take diamond to 15% of sales vs 11-11.5% now
- Will see high single digit growth in EBITDA

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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