FIRST LIGHT

22 September 2025

RESEARCH

[SECTOR REPORT] REAL ESTATE

Office REITs – regional operators, poised for growth

[SECTOR REPORT] RETAIL

Glittering prospects: Titan & PNG our preferred jewels

SUMMARY

[SECTOR REPORT] REAL ESTATE

- Demand for professionally managed Grade A office space by diverse sectors to drive growth of +10% CAGR in office stock through FY31E
- Improved use of existing space and incremental income from added leasable area to drive DPU growth of ~+11% CAGR through FY28E
- Leasable space in growth markets and the ability to expand leasable area through accretive investments remain key

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[SECTOR REPORT] RETAIL

- Rising gold prices are likely to accelerate the pace of shift from unorganised to organised in the Indian retail jewellery sector
- Companies with high franchise revenue, low leverage and superior ROCE are likely to gain market share over the medium term
- Initiate coverage on 5 jewellery stocks; BUY on PNG and Titan; HOLD on others (Kalyan, Thangamayil, Senco) on rich valuations

Click here for the full report.

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REAL ESTATE

19 September 2025

Office REITs – regional operators, poised for growth

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Recommendation snapshot

Ticker	Price	Target	Rating
BIRET IN	328	379	BUY
EMBASSY IN	411	451	HOLD
MINDSPCE IN	448	521	BUY

Price & Target in Rupees | Price as of 18 Sep 2025

As of 1Q26:

MINDSPACE (BUY) manages 30.2msf of office assets split between Hyderabad (43% of leasable area) and the Mumbai Metropolitan Region (39% of leasable area) with the highest committed occupancy (91.9%) among its peers. We expect higher occupancy to improve in-place rents at an annualised rate of +6.1% through FY28E and expect MINDSPACE to fund growth at a lower (vs peers) cost of debt as it refinances debt (43.8% of total outstanding) expiring through FY28E.

BIRET (BUY) manages 24.5msf of office assets concentrated in Delhi NCR (~70% of leasable portfolio). The REIT has expanded leasable area at the fastest pace amongst peers (+18.9% CAGR over FY21-25) and extracts the highest rents (₹97psf/m) from a diverse tenant base. We believe an acquisition-led expansion strategy will help BIRET expand leasable area faster than its peers and expect BIRET to benefit from lower interest expense as loans linked to the repo-rate (~88% of total outstanding) adjust to lower rates.

EMBASSY (HOLD) manages 40.4msf of office assets concentrated in key areas of Bengaluru (~64% of leasable portfolio). Given the quality and location of its assets, EMBASSY has the potential to push occupancy (88%) and in-place rents (₹92psf/m) to levels higher than peers. However, the REIT relies mostly on developments to expand leasable area, which limits its pace of growth. Additionally, high levels of debt (LTV of 33%) limit EMBASSY's ability to translate growth in rental income to growth in DPU.

Fig 1 – Estimates and Valuation

(%)	FY2026E	FY2027E	FY2028E	Merited DPUx
MINDSPACE	10.0	10.9	18.2	18.1x
BIRET	11.1	8.0	8.6	16.3x
EMBASSY	9.7	10.5	12.8	15.8x
Average	**10.3**	**9.8**	**13.2**	**16.7x**

Source: Company, BOBCAPS Research

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RETAIL

19 September 2025

Glittering prospects: Titan & PNG our preferred jewels

- **Rising gold prices are likely to accelerate the pace of shift from unorganised to organised in the Indian retail jewellery sector**
- **Companies with high franchise revenue, low leverage and superior ROCE are likely to gain market share over the medium term**
- **Initiate coverage on 5 jewellery stocks; BUY on PNG and Titan; HOLD on others (Kalyan, Thangamayil, Senco) on rich valuations**

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Indian Retail Jewellery market to grow at 10-12% CAGR over FY25-FY29: Indian retail jewellery market size is estimated to be Rs 8.3trn in FY25. The industry has grown at 16.7% CAGR over FY19-FY25, mainly driven by higher gold prices (+14.5% CAGR). Going ahead, the Indian retail jewellery market is projected to grow at 10-12% CAGR over FY25-FY29. The share of organised players has grown from 30-35% in FY19 to 37-42% in FY25 and is projected to grow to 44-49% by FY29.

Competitive landscape of Indian Retail Jewellery industry: We have compiled the data of top 25 retail jewellers in India, which would account for 39% share of the industry and >90% share of the organised retail jewellery market. Revenue of the top 25 players (+19.2% CAGR) has grown at a faster pace vs the industry (+15.0% CAGR) over FY19-FY24. In FY24, average EBITDA margin and ROE for the top 25 players stood at 6.5% and 18.4%, respectively. Average stock turn stood at 3.0x and net debt/EBITDA ratio was quite high at 2.1x in FY24.

How to play the sector in a rising gold price environment? We believe that companies with high share of franchise revenue, low leverage and superior ROCE profile would grow at a faster pace vs industry over the medium term. Based on these criteria, we prefer Titan over Kalyan among pan-India players due to high share of franchisee revenue and superior ROCE profile. Among regional players, PNG would be our preferred pick as we see relatively better store expansion prospects due to low leverage and a healthy ROCE profile, whereas Senco would be the least preferred given the high leverage and weak ROCE profile.

Initiate on Indian Jewellery sector with a positive outlook: as we believe the steep rise in gold price and stricter regulatory compliance will accelerate the pace of shift from unorganised to organised. We initiate coverage on Titan with a BUY rating as we believe it would continue to maintain its leadership position in jewellery sector with industry leading return ratio. We also initiate coverage on PNG with a BUY rating in anticipation of faster rollout of new stores over the medium term, on strong B/S position. We initiate Kalyan, Thangamayil and Senco with a HOLD rating as positive earnings outlook is well baked in the current valuation.

Recommendation snapshot

Ticker	Price	Target	Rating
KALYANKJ IN	511	500	HOLD
PNGJL IN	637	735	BUY
SENCO IN	373	400	HOLD
TJL IN	2,155	2,050	HOLD
TTAN IN	3,467	4,000	BUY

Price & Target in Rupees | Price as of 19 Sep 2025

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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

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