29 May 2024

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	75,170	-0.3	4.1
Nifty-50	22,888	-0.2	5.3
Nifty-M 100	52,295	-0.9	13.2
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,306	0.0	11.2
Nasdaq	17,020	0.6	13.4
FTSE 100	8,254	-0.8	6.7
DAX	18,678	-0.5	11.5
Hang Seng	6,686	0.0	15.9
Nikkei 225	38,855	-0.1	16.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	82	3.2	6.3
Gold ($/OZ)	2,361	0.4	14.5
Cu (US$/MT)	10,381	1.7	22.6
Almn (US$/MT)	2,684	2.6	14.4
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.2	0.1	0.0
USD/EUR	1.1	0.0	-1.6
USD/JPY	157.2	0.2	11.4
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.0	-0.04	-0.2
10 Yrs AAA Corp	7.6	0.01	-0.2
Flows (USD b)	**28-May**	**MTD**	**CYTD**
FIIs	0.0	-2.88	-2.6
DIIs	0.39	5.78	23.7
Volumes (INRb)	**28-May**	**MTD***	**YTD***
Cash	1,118	1141	1174
F&O	4,02,283	3,33,991	3,78,500

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Container Corporation: EXIM volume picks up; margins to remain stable

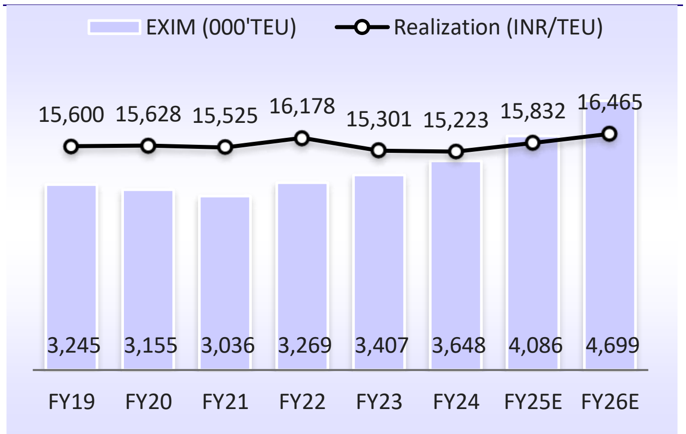
- Container Corporation of India (CCRI) management projects FY25 handling volume growth of 15% for EXIM, 25% for domestic, and 18% overall. EXIM growth will be driven by stabilizing geopolitical situations, double-stack train operations near Nava Sheva, increased direct port delivery (DPD) services, and new terminal volumes. For domestic volumes, CCRI has ordered cement tank containers for bulk cement transport, expecting a significant shift from road to rail by 2QFY25.
- CCRI will benefit from dedicated freight corridors (DFCs), driving volume growth and efficiency. Additionally, CCRI expects to benefit from the Gati Shakti Scheme for Tughlakabad (TKD) terminal which may reduce LLF expense by ~INR 1b in FY25.
- We estimate a 13% CAGR for EXIM and 20% for domestic volumes over FY24-26E driven by higher share of double-stacked trains in overall cargo volumes. We reiterate BUY with a TP of INR1,260 (based on 22x EV/EBITDA on FY26E).

Research covered

Cos/Sector	Key Highlights
Container Corporation	EXIM volume picks up; margins to remain stable
Life Insurance Corporation	VNB margin contracts 220bp YoY
Oil India	Volume ramp-up, NRL startup key medium-term catalysts
Other Updates	Campus Activewear | EPL | ABFRL | Brigade Enterprises | Amara Raja Energy & Mobility | R R Kabel | MTAR Technologies | EcoScope (Monsoon update)

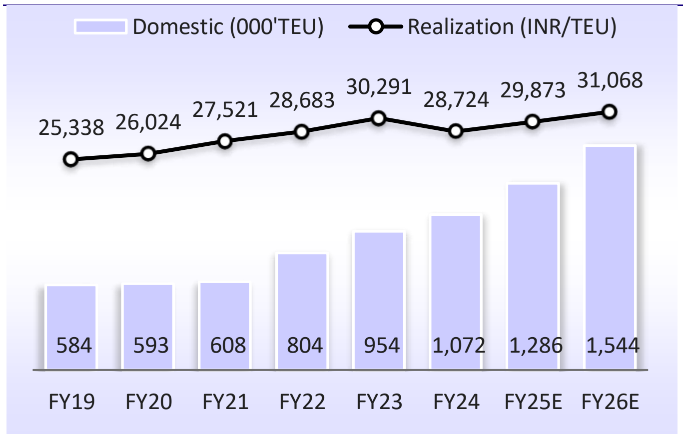
Chart of the Day: Container Corporation (EXIM volume picks up; margins to remain stable)

EXIM handling volumes and realization



Source: MOFSL, Company

Domestic handling volumes and realization



Source: MOFSL, Company

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In the news today

Kindly click on textbox for the detailed news link

1

These Indian semiconductor firms are having a splendid rally on the bourses

Companies like HCLTech, Tata Elxsi, Moschip Technologies, ASM Technologies, SPEL Semiconductor, RIR Power Electronics, and CG Power have some amount of exposure in the domestic semiconductor space, which, as per studies, is estimated to grow at 19 percent

2

India, France to begin negotiations for mega Rs 50,000-crore Rafale Marine jet deal this week

Official talks on the fighter jet agreement for the Indian Navy, which would see the aircraft operated from both of the force's aircraft carriers

3

Grasim promoter Birla Group Holdings increases stake by 4.08%

Despite this increase in BGHPL's shareholding, Grasim clarified that there is no change in the overall shareholding of the promoter and promoter Group of the company

4

Reliance Industries signs deal with Rosneft to buy oil in roubles: Reuters

A term deal with Rosneft also helps privately run Reliance to secure oil at discounted rates at a time when the OPEC+ group of oil producers is expected to extend voluntary supply cuts beyond June

5

BHEL ties up with BARC for electrolyser system to produce hydrogen energy

Bharat Heavy Electricals Limited (BHEL) has signed an agreement with the Bhabha Atomic Research Centre for 50 kW alkaline electrolyser system to produce hydrogen, the company informed the exchange in a filing

6

ITC hotel demerger plan gets competition watchdog's approval

The Competition Commission of India (CCI) has approved the demerger of ITC Ltd's hotel business into a separate entity, ITC Hotels Ltd.

7

Indian PE-VC investment softens in 2023; manufacturing sector posts 20% CAGR growth over last two years, says report

The manufacturing sector in India emerged as an attractive bet for investors with investments of around $2 billion growing by 20 per cent CAGR over the last two years (2021–23)

Container Corporation

BSE SENSEX	S&P CNX
75,170	22,888

CMP: INR1,081 TP: INR1,260 (+17%) Buy

EXIM volume picks up; margins to remain stable

Stock Info

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	658.5 / 7.9
52-Week Range (INR)	1124 / 629
1, 6, 12 Rel. Per (%)	-1/26/37
12M Avg Val (INR M)	1409
Free float (%)	45.2

Financials Snapshot (INR b)

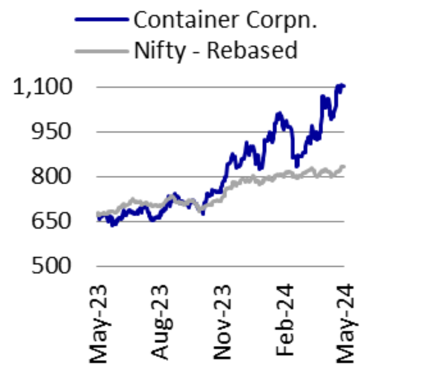
Y/E March	2024	2025E	2026E
Net Sales	86.3	103.1	125.3
EBITDA	19.3	25.2	31.6
Adj. PAT	12.4	16.7	21.3
EBITDA Margin (%)	22.4	24.4	25.2
Adj. EPS (INR)	20.3	27.4	35.0
EPS Gr. (%)	5.8	34.9	27.5
BV/Sh. (INR)	193.9	209.1	228.5
Ratios			
Net D/E (x)	(0.3)	(0.3)	(0.4)
RoE (%)	10.7	13.6	16.0
RoCE (%)	11.1	14.0	16.3
Payout (%)	44.6	44.6	44.6
Valuations			
P/E (x)	53.2	39.4	30.9
P/BV (x)	5.6	5.2	4.7
EV/EBITDA (x)	31.7	23.9	18.5
Div. Yield (%)	0.8	1.1	1.4
FCF Yield (%)	0.9	2.4	3.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	54.8	54.8	54.8
DII	25.0	22.9	19.3
FII	16.6	19.6	22.2
Others	3.6	2.8	3.7

FII Includes depository receipts

Stock's performance (one-year)



CCRI will be the key beneficiary of DFCs

- The management of Container Corporation of India (CCRI) has projected handling volume growth of 15% for EXIM, 25% for domestic, and 18% overall in FY25. The growth in EXIM will be driven by a) stabilizing geopolitical situations, b) operations of double-stack trains near Nava Sheva, c) an increase in direct port delivery (DPD) services, and d) volumes generated from new terminals.
- For domestic volumes, CCRI has ordered cement tank containers to transport bulk cement and anticipates a significant shift in total bulk cement transported in the country (~25% of the 300 MT of bulk cement transported is via bulkers) from roads to rail. CCRI expects to start benefiting from transporting bulk cement via tank containers in 2QFY25.
- CCRI will be a key beneficiary of the dedicated freight corridors (DFCs), which are anticipated to drive volume growth through modal shifts and enhance operating efficiencies. Key areas to monitor include modal shift-led volume growth on the Dadri-Mundra route (with timetable services) and the NCR to Vadodara route, where double-stacked trains will operate for JNPT traffic. CCRI would focus on regaining market share in FY25 and FY26.
- Its domestic operations are expected to benefit from the addition of new services and commodities, as well as a strong network of terminals. We estimate a CAGR of 13% for EXIM and 20% for domestic volumes over FY24-26E. Additionally, CCRI expects to benefit from the Gati Shakti Scheme for Tughlakabad (TKD) terminal.
- We believe that future growth in volume and earnings will be aided by a higher share of double-stacked trains in overall cargo volumes and a focus on increasing first-mile last-mile service to ~85% of cargo volumes by FY26. **We reiterate BUY with a TP of INR1,260 (based on 22x EV/EBITDA on FY26E).**

CCRI focusing on regaining lost market share in EXIM and domestic

- CCRI's market share in EXIM stands at 55-56% (~58% in FY23) and 67-68% in domestic (73% in FY23).
- In order to regain its lost market share, the company is focusing on initiatives such as a) increasing focus on transportation of bulk cement in tank containers on the domestic side and cement stakeholders are showing great interest in the proposed logistics solution; b) running double-stacked trains near Nhava Sheva; and c) pick-up in direct port delivery movement, which is at present moving by road and will be shifted to rail.
- The Indian government imposed a ban on the export of non-basmati rice in Jul'23 to protect domestic consumers from global rice shortages and exorbitant prices, resulting in a loss of volumes for CCRI. CCRI now expects that a change in this stance after the general elections would boost its domestic growth further.
- Overall, CCRI expects to regain volumes of 40,000 to 50,000 TEUs that were lost in FY24 across few commodities.

Capacity addition across value chain

- CCRI procured 7,653 containers in FY24, totaling more than 44,000 containers.
- It incurred a capex of INR7.4b in FY24 for procuring containers, 90 LNG trucks (authorized to procure another 200 in FY25), the addition of three new terminals (MMLPs at Jaipur, Kadakola, Paradeep) and other general purposes.
- Capex for FY25 will be INR6.1b focused on wagons, containers, rolling stock, terminal development, and land for new terminals, with additional budget allocation if required.
- CCRI also rolled out a logistics application for customers to book their cargo for first-mile last-mile. It has also deployed an AI-based operating system as a pilot project at TKD for terminal management.

CCRL expects to benefit from lower LLF under Gati Shakti scheme

- CCRI expects to benefit from the Gati-Shakti Scheme for the TKD terminal. Under this scheme, the current fixed cost of 6% of the industrial value of land will be reduced to 1.5%, with the addition of a variable cost component (traffic access charge) determined by the number of rakes transiting through the land.
- The total LLF expense of INR4.2b paid by CCRI in FY24 is expected to continue in FY25. However, it could fall if approval under the Gati Shakti Scheme is granted.

Valuation and view

- CCRI targets to increase the share of rail in the overall modal mix. Increasing double-stacked trains with direct connections to ports will help the company gain a higher share of cargo volumes. Further, the transportation of bulk cement and a pickup in demand for packed cement will drive volumes for the company in FY25 and beyond.
- With the commissioning of DFCs and a continuous ramp-up in the number of double-stacked trains, we expect a 15% CAGR in blended volumes during FY24-26. We expect EBITDA margin of 24-25% over FY24-26. The stock trades at 18.5x FY26E EV/EBITDA. **Reiterate BUY with a TP of INR1,260 (based on 22x EV/EBITDA on FY26E).**

Life Insurance Corporation

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	6426.2 / 77.3
52-Week Range (INR)	1175 / 593
1, 6, 12 Rel. Per (%)	1/36/44
12M Avg Val (INR m)	2734

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Net Premiums	4,744	5,100	5,537
Surplus / Deficit	346.1	366.6	439.6
Sh. PAT	406.9	438.4	477.9
NBP gr -unwtd (%)	(4.0)	10.0	10.0
NBP gr - APE (%)	(1.7)	17.2	10.0
Premium gr (%)	0.2	7.4	8.6
VNB margin (%)	16.8	18.5	19.0
RoEV (%)	24.9	11.6	11.5
Total AUMs (INR t)	53.5	57.2	65.7
VNB (INR b)	95.8	124.4	140.6
EV per share	1,150	1,284	1,431
Valuations			
P/EV (x)	0.9	0.8	0.7
P/EVOP (x)	9.7	9.2	8.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	96.5	96.5	96.5
DII	0.9	1.0	0.9
FII	0.2	0.1	0.1
Others	2.5	2.4	2.5

FII Includes depository receipts

CMP: INR 1,016 TP: INR 1270 (+25%) Buy

VNB margin contracts 220bp YoY

New product launches to support growth in the non-par segment

- Life Insurance Corporation (LIC)'s 4QFY24 PAT grew 2.5% YoY to INR137.6b. For FY24, LIC's PAT rose 11.8% YoY to INR406.8b.
- Net premium grew 15.6% YoY to INR1.52t in 4QFY24. Market share in premium dropped to 58.9% in FY24 from 62.6% in FY23.
- VNB (net) was flat YoY at INR36.45b, whereas APE grew 16% YoY to INR199.5b in 4QFY24. Thus, VNB margin (net) contracted to 17.2% in 4QFY24 vs. 19.4% in 4QFY23. For FY24, LIC's VNB margin came in at 16.8% (vs. 16.2% in FY23).
- We retain our VNB estimates for FY25/FY26. With the growth in the share of non-Par segment, we expect the VNB margin to improve (~19% by FY26). **Reiterate BUY with a TP of INR1,270 (premised on 0.8x FY26E EV).**

APE share of the non-Par segment improves

- LIC's first/single premium rose 7.8%/42.2% YoY to INR138b/ INR614b, whereas renewal premium was flat YoY at INR774b in 4Q. For FY24, total individual premium/total group premium came in at INR3.03t/INR1.71t.
- On the distribution front, the share of the agency channel stood at 96.3% in 4QFY24. The share of the banca channel marginally improved to 3.4% YoY in 4QFY24. LIC aspires for a 5-6% business share from the banca channel.
- The 13th/25th/37th/49th/61st month persistency stood at 77.7%/71.0%/ 65.5%/66.3%/60.9% in FY24.
- AUM increased to INR51.2t in 4QFY24 from INR43.9t in 4QFY23, reporting an increase of 16.5% YoY and 3.1% QoQ.
- In FY24, the share of PAR/ULIP/term products on an APE basis moderated YoY to 55.1%/2.5%/0.4%. The share of individual savings/annuity/group segments on an APE basis increased YoY to 6.7%/2.8%/32.5%.
- Non-Par APE increased to INR70.4b in FY24 from INR34b in FY23, registering a growth of 105%. Therefore, on an APE basis, the non-Par share of the individual business, which was 8.9% in FY23, has grown to 18.3% in FY24.
- The yield on investments on policyholder's funds, excluding unrealized gains, was 8.9% for FY24 vs. 8.3% for FY23.

Highlights from the management commentary

- LIC is further strengthening its presence in tier 2-3 towns through the agency transformation project. LIC wants to be present in every Panchayat in FY25. Agents with 50+ years of age account for 35% of the total agency force. These agents contribute to more than 45% of the total premium income.
- LIC has enhanced benefits in the group business. The benefit structure and changes in risk-free rates have affected margins in the group business. LIC has increased payouts for annuity business. Movement in risk-free rates has hurt the overall margins for LIC.
- LIC is contemplating a foray into the health insurance sector and should be assessing the potential acquisition prospects. Currently, LIC is already selling the fixed-benefit health insurance products.

Valuation and view

LIC has levers in place to maintain its industry-leading position and ramp-up growth in the highly profitable product segments (mainly Protection, Non-PAR, and Savings Annuity). However, changing gears for such a vast organization requires a superior and well-thought-out execution plan. We expect LIC to deliver a 11% CAGR in APE over FY24-26, thus enabling a 18% VNB CAGR. However, we expect operating RoEV to remain modest at 11.5% in FY26, given its lower margin profile than private peers and a large EV base. We have maintained our VNB estimates for FY25/FY26. With the growth in share of non-Par segment, we expect improvement in VNB margin (~19% by FY26). **Reiterate BUY with a TP of INR1,270 (0.8x FY26E EV).**

Quarterly Performance **(INR b)**

Policy holder's A/c (INRb)	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	74	91	97	128	68	100	84	138	391	390
Growth (%)	*46%*	*11%*	*11%*	*-12%*	*-8%*	*9%*	*-13%*	*8%*	*7%*	*0%*
Renewal premium	503	562	602	760	536	596	624	774	2,426	2,531
Growth (%)	*9%*	*2%*	*6%*	*7%*	*7%*	*6%*	*4%*	*2%*	*6%*	*4%*
Single premium	408	669	421	431	381	378	464	614	1,930	1,836
Growth (%)	*34%*	*62%*	*31%*	*-26%*	*-7%*	*-43%*	*10%*	*42%*	*19%*	*-5%*
Net premium income	**984**	**1,321**	**1,118**	**1,318**	**984**	**1,074**	**1,170**	**1,523**	**4,740**	**4,744**
Growth (%)	*20%*	*27%*	*15%*	*-8%*	*0%*	*-19%*	*5%*	*16%*	*11%*	*0%*
PAT	**7**	**160**	**63**	**134**	**95**	**79**	**94**	**138**	**364**	**407**
Growth (%)	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*49%*	*2%*		*12%*
Key metrics (INRb)										
New business APE	102.7	149.6	123.2	191.4	106.4	119.9	131.6	211.8	583.9	574.0
Growth (%)	*NA*	*NA*	*NA*	*NA*	*4%*	*-20%*	*7%*	*11%*	*10%*	*-2%*
VNB	14.0	22.8	18.0	37.0	14.6	18.5	26.3	36.5	91.8	95.8
Growth (%)	*NA*	*NA*	*NA*	*NA*	*4%*	*-19%*	*46%*	*-2%*	*21%*	*4%*
AUM (INRt)	41	43	44	44	46	47	50	51	44	54
Growth (%)	*8%*	*NA*	*11%*	*8%*	*12%*	*10%*	*12%*	*16%*	*8%*	*22%*
Key Ratios (%)										
VNB Margins (%)	13.6	15.2	14.6	19.4	13.7	15.4	20.0	17.2	16.2	16.8
Solvency ratio (%)	188.5	188.0	185.0	187.0	189.0	190.0	193.0	198.0	187	198

Oil India

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	OINL IN
Equity Shares (m)	1084
M.Cap.(INRb)/(USDb)	707.8 / 8.5
52-Week Range (INR)	676 / 241
1, 6, 12 Rel. Per (%)	2/103/127
12M Avg Val (INR M)	1884

Financials & Valuations (INR b)

Y/E march	FY24	FY25E	FY26E
Sales	221.3	250.2	274.3
EBITDA	92.6	105.6	118.6
Adj. PAT	79.1	76.1	84.0
Adj. EPS (INR)	73.0	70.1	77.5
EPS Gr. (%)	16.2	37.0	10.5
BV/Sh.(INR)	406.9	455.4	509.1
Ratios			
Net D:E	0.2	0.1	0.1
RoE (%)	14.1	16.3	16.1
RoCE (%)	11.6	10.5	10.8
Payout (%)	30.8	30.8	30.8
Valuations			
P/E (x)	8.9	9.3	8.4
P/BV (x)	1.6	1.4	1.3
EV/EBITDA (x)	8.5	7.4	6.4
Div. Yield (%)	2.4	3.3	3.7
FCF Yield (%)	5.4	6.5	7.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	56.7	56.7	56.7
DII	27.5	25.8	26.1
FII	9.5	11.0	11.4
Others	6.3	6.5	5.8

FII Includes depository receipts

CMP: INR653 TP: INR 775(+19%) Buy

Volume ramp-up, NRL startup key medium-term catalysts

- At its analyst meet, Oil India (OINL) management reiterated its target of increasing production from 6.5mmtoe in FY24 to 9mmtoe by FY26. Oil production is expected to ramp up from 3.4mmt in FY24 to 3.8mmt and more than 4mmt in FY25/FY26, while gas production is likely to be 5bcm by FY26. In contrast, we build in oil and gas production of 3.7mmt and 4.2bcm in FY26, respectively. FY25 capex guidance was INR69b, up from INR59b in FY24. Numaligarh refinery is slated to start in Dec'25, with the Paradeep-Numaligarh pipeline expansion set to be completed by Sep'25. Construction of the INR72b PP project (360 KTA capacity) at NRL will begin in 2QFY25.
- After a strong run-up, OINL now trades at 8.4x FY26E standalone PE and 1.3x PB. As such, we believe most of the valuation re-rating upside is behind now and volume delivery will be key to sustaining its outperformance. We raise our production volume assumptions for FY25/FY26 by 2%/3%, still far below management guidance of 9mmtoe by FY26. We believe that building an exploration and development pipeline is instrumental in sustaining volume growth in the medium to long term, especially beyond FY26. We raise the TP to INR775/share as we build in oil and gas production of 3.7mmt and 4.2bcm in FY26, respectively.

Miss on EBITDA but PAT in line due to higher-than-expected other income; lower-than-expected depreciation and interest costs

- Revenue was in line with our estimate at INR57.6b (+2% YoY).
  - Oil sales came in at 0.84mmt (our estimate of 0.83mmt, +10% YoY). Gas sales stood at 0.65bcm (our estimate of 0.68bcm, +10% YoY).
  - Oil realization, net of windfall tax, was USD78.8/bbl (our estimate of USD77.6/bbl, +4% YoY).
- EBITDA was 21% below our estimate at INR23.4b (-1% YoY), mainly due to higher-than-expected operating expenses.
- However, reported PAT was above our estimate at INR20.3b (est. INR19.7b, +13% YoY) due to higher than expected other income and lower than expected tax rate, depreciation and interest costs.
- Numaligarh refinery performance: PBT from refining products declined to INR8.9b (vs. INR11.3b during 3QFY24), driven by lower crude throughput and flat distillate yield QoQ.
- GRM stood at ~USD13.3/bbl in 4QFY24 (vs. USD12.7/bbl in 3QFY24).
- **For FY24**, revenue was INR221.3b (-5% YoY), EBITDA stood at INR92.6b (-4% YoY), and adj. PAT came in at INR71.4b (+5% YoY).
  - Crude oil sales stood at 3.3mmt (+7% YoY), while gas sales were flat YoY at 2.5bcm.
  - Net realization stood at USD75.7/bbl (-11% YoY).
- The board has recommended issue of bonus share in the ratio 1:2.
- The board has recommended a dividend of INR3.75/share (pre-bonus), i.e., 37.5% of FV.

Valuation and view

- Production growth guidance remains robust, with drilling activity and development wells in old areas contributing to this growth. OINL is also applying new technologies to grow production. Capacity expansion for NRL (from 3mmt to 9mmt) would also be completed by Dec'25, which would drive further growth.
- OINL remains a strong conviction at 1.3x FY26E P/B (standalone) valuation. It is a unique play to benefit from the strong multi-year uptrend in both upstream and refining. The stock currently trades at a P/E multiple of 8.4x FY26E EPS and 6.4x FY26E EV/EBITDA. We value the stock at 8.5x FY26E standalone adj. EPS and add investments to arrive at our TP of INR775. **Maintain BUY.**

Quarterly Performance (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**59.6**	**57.8**	**58.8**	**56.5**	**46.4**	**59.1**	**58.2**	**57.6**	**232.7**	**221.3**	**57.1**	**1%**
Change (%)	*98.6*	*74.4*	*57.3*	*26.1*	*-22.1*	*2.4*	*-1.1*	*2.0*	*60.1*	*-4.9*	*1.1*	
EBITDA	**26.3**	**18.5**	**28.6**	**23.5**	**23.3**	**24.9**	**21.1**	**23.4**	**96.8**	**92.6**	**29.5**	**-21%**
% of Net Sales	*44.1*	*32.0*	*48.6*	*41.6*	*50.1*	*42.1*	*36.2*	*40.6*	*41.6*	*41.8*	*51.6*	
Change (%)	*114.1*	*102.3*	*125.3*	*19.9*	*-11.5*	*34.6*	*-26.2*	*-0.5*	*80.4*	*-4.4*	*25.5*	
D,D&A	3.9	4.2	4.5	3.3	4.0	4.2	5.0	4.6	15.9	17.8	5.5	
Interest	2.0	2.1	2.0	1.1	1.7	2.2	1.8	1.9	7.2	7.6	2.7	
OI (incl. Oper. other inc)	0.7	8.9	1.0	4.3	3.3	7.1	5.1	8.3	14.9	23.8	4.5	
PBT before exceptional	**21.1**	**21.1**	**23.0**	**23.4**	**21.0**	**25.5**	**19.3**	**25.2**	**88.6**	**91.1**	**25.8**	**-2%**
PBT after exceptional	**21.1**	**21.1**	**23.0**	**23.4**	**21.0**	**1.9**	**19.3**	**25.2**	**88.6**	**67.5**	**25.8**	**-2%**
Tax	5.5	3.9	5.6	5.5	4.9	-1.4	3.5	5.0	20.5	11.9	6.1	
Rate (%)	*26.2*	*18.4*	*24.2*	*23.5*	*23.2*	*-5.4*	*18.0*	*19.6*	*23.1*	*13.1*	*23.7*	
PAT	**15.6**	**17.2**	**17.5**	**17.9**	**16.1**	**3.3**	**15.8**	**20.3**	**68.1**	**55.5**	**19.7**	**3%**
Change (%)	*206.2*	*241.1*	*40.3*	*9.7*	*3.7*	*-81.1*	*-9.3*	*13.5*	*75.2*	*-18.5*	*10.0*	
Adj. PAT	**15.6**	**17.2**	**17.5**	**17.9**	**16.1**	**19.1**	**15.8**	**20.3**	**68.1**	**71.4**	**19.7**	**3%**
Key Assumptions												
Oil sales (mmt)	0.76	0.78	0.77	0.77	0.75	0.85	0.85	0.84	3.08	3.29	0.83	1%
Gas sales (bcm)	0.59	0.66	0.61	0.59	0.54	0.65	0.68	0.65	2.45	2.52	0.68	-4%
Net Oil Realization (USD/bbl)	**112.7**	**74.7**	**77.1**	**76.1**	**74.3**	**75.5**	**74.3**	**78.8**	**85.2**	**75.7**	**77.6**	**2%**

Campus Activewear

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CAMPUS IN
Equity Shares (m)	305
M.Cap.(INRb)/(USDb)	76.4 / 0.9
52-Week Range (INR)	365 / 213
1, 6, 12 Rel. Per (%)	-3/-26/-54
12M Avg Val (INR M)	380

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	14.5	15.9	18.7
EBITDA	2.1	2.5	3.2
Adj. PAT	0.9	1.2	1.6
EBITDA Margin (%)	14.6	15.9	17.1
Adj. EPS (INR)	2.9	4.0	5.4
EPS Gr. (%)	-23.6	38.0	33.0
BV/Sh. (INR)	21.3	25.3	30.7
Ratios			
Net D:E	0.2	0.2	0.0
RoE (%)	13.7	15.9	17.5
RoCE (%)	13.1	15.5	17.1
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	86.0	62.3	46.9
EV/EBITDA (x)	37.2	31.0	24.2
EV/Sales (X)	5.4	4.9	4.1
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	2.5	1.1	1.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	73.9	73.9	74.0
DII	7.8	7.1	6.7
FII	5.2	5.9	12.3
Others	13.1	13.1	7.0

FII Includes depository receipts

CMP: INR251 | TP: INR295 (+17%) | Buy

Trade distribution channel supports growth

- Campus Activewear (Campus) posted a 5% YoY revenue growth (in line) in 4QFY24. The decline in O2O/B2B channels was offset by growth in trade distribution (TD) channel and marketplace model. Reductions in factory overhead and lower ad spending resulted in 13%/43% YoY growth in EBITDA/PAT (15%/ 27% beat) during the quarter.
- We broadly maintain our estimates, factoring in 14%/35% revenue/PAT CAGR over FY24-26. The stock has corrected sharply; however, Campus's strong market position and a long runway for growth should result in market recovery in 2HFY25E. **Reiterate BUY with a TP of INR295.**

EBITDA up 13% YoY (15% beat) driven by lower overheads

- Campus's revenue was up 5% YoY to INR3.6b (in line), led by volume growth of 4% YoY (to 5.7m pairs) and an ASP of INR636 (+1% YoY).
- TD channel grew 7.5% YoY, while D2C channel declined 6% YoY primarily due to O2O/B2B channels.
- Gross margin contracted 150bp YoY/140bp QoQ to 49.9% due to: 1) passing on the rebate (online commission) in the form of lower ASP (-100bp impact) and 2) COGS impact (-40bp).
- EBITDA increased 13% YoY to INR639m (15% beat), led by: 1) a reduction in factory overhead, 2) lower ad spending, and c) a rebate from online commission. Margin improved 130bp YoY to 17.6%.
- Consequently, PAT jumped 43% YoY to INR328m (27% beat).
- **For FY24,** Campus's revenue/EBITDA/PAT declined 2%/17%/24% YoY.
- Campus's CFO rose to INR2.2b (from INR831m in FY23), led by a release of WC and lower tax. Capex dipped 33% YoY to INR447m (vs. INR667m in FY23). This led to an FCF generation of INR1.7b (vs. INR164m in FY23). The company has a net cash position of INR5m (vs. net debt of INR1.6b in FY23).

Key takeaways from the management commentary

- **O2O stabilizing:** The O2O/B2B channels are stabilizing and could see 50:50 split between TD and D2C channels.
- **Guidance:** The company continues to incur higher advertisement expenses (at 6-7% of sales) and hence, it expects the EBITDA margin to range at 17-19%.
- **Addressing the lower ASP segment:** Campus is addressing the pricing gap by introducing products in the lower ASP category. It has sufficient products at every price point. The company has significantly recovered the market share loss in the North region.
- **Consolidation in distribution network:** As per the company's strategy, it has reduced the distributors' count to 300 in 4QFY24 from 425 in 3QFY24, while increasing the retailers count to 23k touchpoints in 4QFY24 from 20k in 3QFY24.

Valuation and view

- Our channel checks depict: 1) prolonged macro headwinds, particularly in the value segment, in the northern belt, as evident from the performances of all players, and 2) increased competitive intensity as other players are offering low-ASP products and high channel commissions, which have led to distributor churn. Campus's premiumization strategy, focusing on the INR1,000-2,000 ASP segment, could see headwinds in the current weak environment, where we see down-trading across discretionary categories.
- The ongoing weak environment, coupled with the churn in distributors and decline in O2O business partners, has hurt revenue growth. However, soft growth in the TD channel offset the O2O/B2B business declines. Elevated SG&A expense will be a headwind for EBITDA margin improvement.
- We broadly retain our estimates, factoring in 14%/35% revenue/PAT CAGR over FY24-26. **Reiterate BUY with a TP of INR295 (premised on 55x P/E on FY26E EPS).**

Consolidated - Quarterly Earnings (INR m)

Y/E March	FY23				FY24E				FY23	FY24	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Revenue	**3,377**	**3,332**	**4,656**	**3,478**	**3,538**	**2,587**	**4,720**	**3,639**	**14,842**	**14,483**	**3,666**	**-0.7**
YoY Change (%)	149.6	22.0	7.4	-1.3	4.8	-22.4	1.4	4.6	24.3	-2.4	5.4	
Gross Profit	**1,676**	**1,594**	**2,265**	**1,787**	**1,888**	**1,406**	**2,420**	**1,815**	**7,323**	**7,528**	**1,906**	-4.8
Gross margin	49.6	47.9	48.6	51.4	53.4	54.3	51.3	49.9	49.3	52.0	52.0	-213
Total Expenditure	2,760	2,897	3,737	2,912	2,876	2,342	4,158	3,000	12,307	12,375	3,108	-3.5
EBITDA	**617**	**434**	**919**	**565**	**662**	**245**	**563**	**639**	**2,536**	**2,108**	**557**	**14.7**
EBITDA margins (%)	18.3	13.0	19.7	16.3	18.7	9.5	11.9	17.6	17.1	14.6	15.2	236
Depreciation	145	170	196	200	171	181	184	186	710	721	195	-4.8
Interest	56	76	82	72	69	65	58	40	287	232	32	25.6
Other Income	6	7	9	6	2	4	14	25	28	45	7	270.8
PBT	**422**	**196**	**650**	**299**	**424**	**4**	**335**	**438**	**1,567**	**1,200**	**337**	**30.1**
Tax	109	50	167	70	109	1	86	110	396	306	79	39.3
Rate (%)	25.8	25.7	25.7	23.3	25.8	13.5	25.6	25.2	25.2	25.5	23.5	
Reported PAT	**313**	**145**	**483**	**229**	**315**	**3**	**249**	**328**	**1,171**	**894**	**257**	**27.2**
Adj PAT	**313**	**145**	**483**	**229**	**314**	**3**	**249**	**328**	**1,171**	**894**	**257**	**27.2**
YoY Change (%)	1,467	-49	-12	0	1	-98	-48	43	8.7	-23.6	12	

E: MOFSL Estimates

EPL

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	EPLL IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	60.2 / 0.7
52-Week Range (INR)	236 / 175
1, 6, 12 Rel. Per (%)	2/-19/-23
12M Avg Val (INR M)	206

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	39.2	43.6	47.0
EBITDA	7.1	8.8	9.8
PAT	2.6	3.5	4.4
EBITDA (%)	18.2	20.2	20.9
EPS (INR)	8.2	11.0	14.0
EPS Gr. (%)	13.5	34.6	27.2
BV/Sh. (INR)	66.2	72.2	81.2
Ratios			
Net D/E	0.3	0.1	-0.0
RoE (%)	12.7	15.9	18.3
RoCE (%)	12.2	14.6	15.9
Payout (%)	63.7	45.4	35.7
Valuations			
P/E (x)	23.2	17.3	13.6
EV/EBITDA (x)	9.2	7.2	6.1
Div Yield (%)	2.3	2.6	2.6
FCF Yield (%)	2.1	8.1	8.6

Shareholding pattern (%)

	Mar-24	Dec-23	Mar-23
Promoter	51.5	51.5	51.5
DII	13.4	14.5	16.3
FII	10.9	9.9	12.0
Others	24.2	24.1	20.1

Note: FII includes depository receipts

CMP: INR190 TP: INR250 (+32%) Buy

Cost rationalization and ramp-up of Brazil business to drive earnings

EBITDA in line

- EPLL reported a strong operating performance in 4QFY24, with EBITDA rising 23% YoY due to 2.1x YoY EBITDA growth for the Americas (led by the ongoing program to improve margins in the Americas coupled with a positive contribution from the Brazil business). EBITDA for EAP grew 6% YoY, while AMESA/Europe witnessed a ~7%/1% YoY decline in EBITDA.
- We broadly maintain our earnings estimates for FY25/FY26. We value the stock at 18x FY26E EPS to arrive at our TP of INR250. **Reiterate BUY.**

Improved performance by the Americas drive operating profitability

- Revenue grew 6% YoY to INR10.3b (est. of INR10.6b), aided by broad-based growth. Strong underlying business growth during the quarter was partially offset by the adverse pricing impact.
- Gross margin expanded 340bp YoY to 57.5%. EBITDA margin improved 260bp YoY to 18.5% (est. 17.9%) led by improving margins within EAP and the Americas. EBITDA stood at INR1.9b (in line), up 23% YoY.
- Adj. PAT declined 20% YoY to INR677m (in line). PAT was adjusted for exceptional items such as forex losses of INR465m due to the devaluation of Egyptian currency and restructuring costs of operations in Europe amounting to INR140m during 4QFY24.
- Revenue from AMESA/EAP/Americas/Europe grew 5%/4%/16%/2% YoY to INR3.5b/INR2.2b/INR2.6b/INR2.6b. EBITDA margin expanded 40bp/820bp YoY to 18.4%/17.9% for EAP/Americas, while EBITDA margin contracted 250bp/40bp YoY to 19.9%/11% for AMESA/Europe. Accordingly, EBITDA grew 6%/2.1x YoY to INR410m/INR478m for EAP/Americas, while it declined 7%/1% YoY to INR703m/INR283m for AMESA/Europe.
- The Oral care/Personal care segments rose 5%/8% YoY in 4QFY24. The share of Personal care segment stood at ~47% during FY24 (same vs. FY23).
- **For FY24**, EPLL's revenue/EBITDA/Adj. PAT grew 6%/24%/14% YoY to INR39.2b/INR7.1b/INR2.6b.

Highlights from the management commentary

- **Guidance:** Going forward, the company expects to achieve double-digit revenue growth aided by the ramp-up of Brazil facility.
- **Margins:** EPLL expects to achieve ~20%+ EBITDA margin going forward, led by restructuring in the European business (head count optimization and manufacturing realignment), mix improvement, active price management, and cost optimization.
- **AMESA:** Business in India remained solid. The company has received orders from some of the large customers, which can lead to healthy growth from the Indian market.

Valuation and view

- We expect EPLL to report healthy sales growth coupled with margin expansion, led by cost rationalization measures, margin improvement in Brazil, and operating leverage, thereby boosting its earnings
- We expect a revenue/EBITDA/adjusted PAT CAGR of 10%/17%/31% over FY24-26.
- We largely maintain our earnings estimates for FY25/FY26. We value the stock at 18x FY26E EPS to arrive at our TP of INR250. **Reiterate BUY.**

Consolidated - Quarterly Earning **(INR m)**

Y/E March	FY23				FY24				FY23	FY24	FY24E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	%
Gross Sales	**8,318**	**9,481**	**9,449**	**9,693**	**9,102**	**10,016**	**9,751**	**10,292**	**36,941**	**39,161**	**10,606**	**-3**
YoY Change (%)	4.1	9.0	7.0	10.1	9.4	5.6	3.2	6.2	7.6	6.0	9.4	
Total Expenditure	7,062	7,995	7,959	8,147	7,512	8,206	7,917	8,383	31,163	32,018	8,705	
EBITDA	**1,256**	**1,486**	**1,490**	**1,546**	**1,590**	**1,810**	**1,834**	**1,909**	**5,778**	**7,143**	**1,901**	**0**
Margins (%)	15.1	15.7	15.8	15.9	17.5	18.1	18.8	18.5	15.6	18.2	17.9	
Depreciation	652	664	699	790	800	836	842	850	2,805	3,328	850	
Interest	122	157	189	206	235	306	294	321	674	1,156	280	
Other Income	42	68	43	268	100	96	237	161	421	594	160	
PBT before EO expense	**524**	**733**	**645**	**818**	**655**	**764**	**935**	**899**	**2,720**	**3,253**	**931**	
Extra-Ord expense	11	0	0	0	0	0	0	605	11	605	0	
PBT	**513**	**733**	**645**	**818**	**655**	**764**	**935**	**294**	**2,709**	**2,648**	**931**	
Tax	141	249	10	-27	106	254	70	152	373	582	251	
Rate (%)	27.5	34.0	1.6	-3.3	16.2	33.2	7.5	51.7	13.8	22.0	27.0	
MI & Profit/Loss of Asso. Cos.	-38	-22	-7	-2	-6	-5	-4	81	-69	66	-2	
Reported PAT	**334**	**462**	**628**	**843**	**543**	**505**	**861**	**223**	**2,267**	**2,132**	**677**	
Adj PAT	**345**	**462**	**628**	**843**	**543**	**505**	**861**	**677**	**2,278**	**2,586**	**677**	**0**
YoY Change (%)	-40.4	-8.9	10.0	73.1	57.4	9.3	37.1	-19.7	6.3	13.5	-19.6	
Margins (%)	4.1	4.9	6.6	8.7	6.0	5.0	8.8	6.6	6.2	6.6	6.4	

ABFRL

BSE SENSEX	S&P CNX
75,170	22,888

Financial Valuations (INR b)

INRb	FY24	FY25E	FY26E
Sales	140.0	159.5	183.8
EBITDA	14.5	17.0	20.3
Adj. PAT	-7.5	-3.7	-4.3
EBITDA Margin (%)	10.4	10.6	11.0
Adj. EPS (INR)	-7.4	-3.7	-4.3
EPS Gr. (%)	955.4	-50.2	16.2
BV/Sh. (INR)	46.5	57.1	52.9
Ratios			
Net D:E	0.6	0.3	0.3
RoE (%)	-18.6	-7.1	-7.8
RoCE (%)	0.3	2.0	2.1
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	NM	-78.6	-67.7
EV/EBITDA (x)	26.4	22.8	19.6
EV/Sales (x)	2.4	2.1	1.8
Div. Yield (%)	0.0	0.0	0.0

CMP: INR289 — Neutral

Lifestyle and Pantaloons drive profitability

- ABFRL's consol. revenue grew 18% YoY (in line) to INR34b in 4QFY24, led by growth across all segments.
  - Lifestyle grew 2% YoY, led by retail/other channels
  - Pantaloons up 10% YoY, led by +1% LTL growth
  - Ethnics jumped 2.7x YoY, led by all brands and inclusion of TCNS
  - TMRW surged 2.1x YoY
- Gross profit grew 18% YoY to INR19b (in line) and margins were flat YoY at 55.8%.
- EBITDA jumped 47% YoY (27% beat) to INR2.8b and margin expanded to 8.3% (+160bp YoY).
  - **The increase in margins was led by Lifestyle/Pantaloons segment, which reported 480bp/270bp improvement in EBITDAM.**
- ABFRL continued to report a net loss. 4Q net loss stood at INR2.7b (est. loss of INR2.4b), due to higher interest costs and continued investments in TMRW business.

Segmental split:

- Proposed ABLBL (Lifestyle, Reebok, others) – Revenue/EBITDA up 3%/56% YoY, led by Lifestyle.

Lifestyle:

- Revenue grew 2% YoY to INR16b (46% of consol revenue), led by retail and other channels.
  - Wholesale channel declined 12% YoY to INR2.9b.
  - Retail channel increased 2% YoY to INR8.3b, led by 1% store adds and flat SSSG.
- **The company closed net 17 stores in 4Q, taking the total store count to 2,679.**
  - Other channels (ecom, exports) grew 13% YoY to INR4.5b.
- EBITDA margin increased 480bp YoY to 19.5%, driven by decreased emphasis on high discount channels and a focus on growing profitable channels.
  - **Pre Ind-AS EBITDA margin would be ~12.5-13.5%.**
- EBITDA grew 36% YoY to INR3.1b.

Other Business:

- Revenue grew 9% YoY to INR3b (9% of consol revenue).
  - **Reebok** crossed INR4.5b in FY24 with positive EBITDA; operates 160+ stores and 900+ outlets.
  - **Innerwear** grew 12% YoY for 4QFY24.
- EBITDA stood at INR60m with 2.1% margin (108% of Consol EBITDA).
- ABFRL demerged (Pantaloons, Ethnic, TMRW, Others) – Revenue/EBITDA up 40%/65% YoY; profitability growth led by Pantaloons

Pantaloons (including Style Up):

- Revenue grew 10% YoY to INR9b (26% of consol revenue), led by 1% LTL growth.
  - The segment net closed 29 stores, taking the total store count to 417.
- EBITDA margin increased 270bp YoY to 10.4%, led by sharp markdown reductions and closure of loss-making stores.
  - **Pre Ind-AS EBITDA margin would be ~2.5-3.5%.**
- EBITDA grew 50% YoY to INR930m (33% of Consol EBITDA).

Ethnic wear segment:

- Revenue surged 2.7x YoY to INR4.7b (14% of consol revenue), led by all brands and inclusion of TCNS.
  - **Tasva** revenue crossed INR1b in FY24 with 57 stores (net 10 stores closure QoQ).
  - **TCNS** grew 79% YoY to INR2.1b.
  - **Sabyasachi** grew 56% YoY.
- The segment reported EBITDA of INR150m (vs. INR30m YoY) .
  - Margins stood at 3.2%.
  - **TMRW** revenue grew 2.1x YoY and EBITDA loss expanded to INR500m (vs. INR280m YoY).

Others

- As per the NCLT's direction, the meeting of the equity shareholders of the company and TCNS is scheduled for 5th Jun'24.

Consolidated - Quarterly Earning Model **(INR m)**

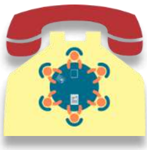
Y/E March	FY23				FY24E				FY23	FY24	FY24	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			4QE	Var (%)
Revenue	**28,748**	**30,746**	**35,888**	**28,797**	**31,961**	**32,264**	**41,667**	**34,067**	**1,24,179**	**1,39,959**	**32,976**	**3.3**
YoY Change (%)	254.1	49.7	20.1	26.1	11.2	4.9	16.1	18.3	52.6	12.7	14.5	
Total Expenditure	24,063	26,779	31,532	26,869	29,037	29,031	36,134	31,230	1,09,243	1,25,433	30,748	**1.6**
EBITDA	**4,684**	**3,967**	**4,356**	**1,928**	**2,923**	**3,233**	**5,533**	**2,837**	**14,936**	**14,526**	**2,227**	**27.4**
Change, YoY (%)	-377.6	26.5	-25.2	-48.3	-37.6	-18.5	27.0	47.1	35.8	-2.7	15.5	
Depreciation	2,703	2,907	3,175	3,485	3,670	3,888	4,441	4,554	12,270	16,552	4,605	
Interest	944	1,036	1,321	1,422	1,873	2,084	2,454	2,355	4,724	8,766	2,535	
Other Income	311	220	269	364	603	457	441	875	1,165	2,376	479	
PBT	**1,349**	**245**	**129**	**-2,615**	**-2,017**	**-2,281**	**-922**	**-3,197**	**-893**	**-8,417**	**-4,434**	**27.9**
Tax	411	-56	62	-646	-397	-282	227	-478	-230	-930	-2,058	
Rate (%)	30.4	-23.0	48.3	24.7	19.7	12.4	-24.6	14.9	25.7	11.0	46.4	
Reported PAT	**938**	**301**	**67**	**-1,969**	**-1,620**	**-1,999**	**-1,149**	**-2,719**	**-663**	**-7,487**	**-2,376**	**-14.4**
Adj PAT	**938**	**301**	**67**	**-1,969**	**-1,620**	**-1,999**	**-1,149**	**-2,719**	**-663**	**-7,487**	**-2,376**	**-14.4**
YoY Change (%)	-126.7	411.2	-96.6	-740.1	-272.7	-763.8	-1,821.9	38.1	-45.1	1,029.0	20.7	

E: MOFSL Estimates

Brigade Enterprises

BSE SENSEX	S&P CNX
75,170	22,888

Conference Call Details



Date: 30 May 2024
Time: 14:30 IST
Dial-in details:
+91-22 6280 1209

Financials & Valuations (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	49.0	49.7	49.8
EBITDA	11.9	15.5	17.2
EBITDA (%)	24.4	31.1	34.5
PAT	4.5	7.8	8.7
EPS (INR)	22.1	38.1	42.8
EPS Gr. (%)	82.6	72.5	12.2
BV/Sh. (INR)	178.8	215.0	255.7
Ratios			
RoE (%)	0.9	0.6	0.3
RoCE (%)	13.1	19.4	18.2
Payout (%)	9.5	12.5	12.9
Valuations			
P/E (x)	55	32	29
P/BV (x)	6.8	5.7	4.8
EV/EBITDA (x)	23.8	17.9	15.6
Div yld (%)	0.2	0.2	0.2

CMP: INR1,225 — Buy

Encouraging performance across all fronts

Strong launch pipeline provides growth visibility in near term

Operational performance

- BEL achieved record bookings of INR22.4b in 4QFY24, up 50% YoY/47% QoQ (48% above estimate). The company ends FY24 with the highest-ever bookings of INR60b, up 46% YoY.
- Volume for the quarter stood at 2.7msf, up 15% YoY/60% QoQ. For FY24, it increased 23% YoY to 7.6msf.
- The strong performance was achieved despite a moderation in new launches to 1.3msf vs. ~3msf in comparable quarters. In FY24, the company launched 5.3msf in Bengaluru.
- Overall, the company aims to launch 12.6msf of residential projects worth over INR130b in the next 12 months, which will drive pre-sales growth in FY24-25.

Cash flow

- In 4QFY24, the company recorded collections/OCF of INR18.4b/INR5.9b, up 26%/35% YoY. Collections/OCF in FY24 stood at INR59b/INR15.7b, up 9%/4% YoY.
- BEL's gross debt increased by INR3b QoQ to INR47b; however, the company's share of net debt declined by INR2b QoQ to INR19b.

Commercial

- Occupancy increased to 97% with leasing of 0.2msf of space at BTG Bengaluru and WTC Chennai. BTG Bengaluru is now fully leased out.
- Leasing revenue grew 26% YoY to INR2.5b, while EBITDA stood at INR1.7b (up 39% YoY), with margin of 71%. In FY24, the segment recorded revenue/EBITDA of INR9.4b/INR6.8b, up 22%/27% YoY.
- In FY25, the company plans to launch ~3msf of office and retail assets in Bengaluru.

Hospitality

- Occupancy grew 200bp QoQ to 75% and ARR was flat YoY at INR7,050.
- Revenue increased by 14% YoY to INR1.2b and EBITDA came in at INR0.4b, up 18% YoY.

Financial performance

- Revenue doubled YoY to INR17b (62% above estimate), driven by ~2.5x rise in residential revenue.
- EBITDA stood at INR4.3b, up 114% YoY. EBITDA margin came in at 25.4% up 150bp YoY.
- Adj. PAT jumped 3x YoY to INR2b, clocking a margin of 12%.
- In FY24, revenue/EBITDA/PAT came in at INR49b/INR12b/4.5b, up 42%/39%/55% YoY.

Quarterly performance

Y/E March	FY23				FY24				FY23	FY24	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	
Gross Sales	**9,025**	**8,792**	**8,203**	**8,428**	**6,540**	**13,666**	**11,738**	**17,024**	**34,448**	**48,967**	**10,509**	62%
YoY Change (%)	135.8	16.8	-10.9	-10.6	-27.5	55.4	43.1	102.0	14.9	42.1	24.7	
Total Expenditure	6,698	6,628	6,124	6,406	4,792	10,418	9,117	12,696	25,856	37,023	7,969	
EBITDA	**2,327**	**2,165**	**2,079**	**2,022**	**1,748**	**3,248**	**2,620**	**4,327**	**8,592**	**11,944**	**2,541**	70%
Margins (%)	25.8	24.6	25.3	24.0	26.7	23.8	22.3	25.4	24.9	24.4	24.2	*124bps*
Depreciation	751	780	781	834	681	757	821	762	3,146	3,021	839	
Interest	1,061	1,096	1,184	1,000	1,081	1,100	1,349	1,380	4,342	4,910	1,336	
Other Income	178	330	383	295	315	413	344	603	1,186	1,674	292	
PBT before EO expense	**693**	**618**	**497**	**483**	**300**	**1,803**	**795**	**2,788**	**2,291**	**5,687**	**659**	
Extra-Ord expense	-97	-183	0	-170	0	0	0	0	-450	0	0	
PBT	**790**	**801**	**497**	**653**	**300**	**1,803**	**795**	**2,788**	**2,741**	**5,687**	**659**	
Tax	184	283	70	21	5	597	150	591	558	1,343	142	
Rate (%)	23.3	35.4	14.1	3.1	1.6	33.1	18.9	21.2	20.4	23.6	21.5	
MI & Profit/Loss of Asso. Cos.	-271	-258	-142	-62	-166	-210	-177	48	-733	-506	-30	
Reported PAT	**877**	**776**	**569**	**694**	**462**	**1,417**	**822**	**2,149**	**2,916**	**4,849**	**547**	293%
Adj PAT	**802**	**658**	**569**	**530**	**462**	**1,417**	**822**	**2,149**	**2,515**	**4,516**	**547**	293%
YoY Change (%)	-470.8	74.8	-25.9	-18.2	-42.4	115.4	44.4	305.8	59.7	79.6	3.3	
Margins (%)	8.9	7.5	6.9	6.3	7.1	10.4	7.0	12.6	7.3	9.2	5.2	

E: MOFSL Estimates

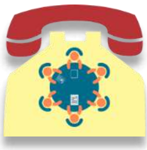
Operational Performance												
Pre Sales (msf)	1.2	1.2	1.5	2.4	1.5	1.7	1.7	2.7	6.3	7.5	1.9	43%
Booking Value (INRb)	8.1	7.9	10.1	14.9	10.0	12.5	15.2	22.4	41	60.1	15	49%
Avg rate/sf (INR)	6,680	6,680	6,586	6,286	6,822	7,466	8,994	8,246	6858	7966	7958	4%

Source: MOFSL, Company **Note: We will revisit our estimates after the concall**

Amara Raja Energy & Mobility

BSE Sensex	S&P CNX
75,170	22,888

Conference Call Details



Date: 30th May 2024
Time: 4PM IST
Dial-in details:
+91 22 6280 1146/+91 22 7115 8047
[Diamond pass link]

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	103.9	112.6	123.9
EBITDA	14.4	16.2	18.0
Adj. PAT	7.7	9.1	9.6
EPS (INR)	44.8	49.5	52.5
EPS Gr. (%)	49.8	10.4	6.1
BV/Sh. (INR)	352	368	405
Ratios			
RoE (%)	14.5	14.2	13.6
RoCE (%)	14.4	14.1	13.7
Payout (%)	14.3	20.0	28.6
Valuations			
P/E (x)	27.8	25.2	23.7
P/BV (x)	3.5	3.4	3.1
Div. Yield (%)	0.5	0.9	1.3
FCF yield (%)	2.3	4.1	5.8

CMP: INR1246 **Neutral**

Overall in-line result

- The company has restated its financials post-demerger of the plastic component business from Mangal Industries.
- Revenue grew 15% YoY to INR28b (in line) led by growth in auto and industrial segments.
- Gross margin contracted 30bp YoY (+50bp QoQ) to 34.5% (vs. est. 32.5%).
- Higher other expenses (+50bp YoY/ +150bp QoQ; as a % of sales) led to limited EBITDA margin expansion, which improved just 10bp YoY (-50bp QoQ) to 14.6% (v/s est. 14.7%).
- EBITDA grew 15% YoY at INR4.1b (in line).
- Adj. PAT stood at INR2.3b (in line, grew 29% YoY)
- The Board declared a total dividend of INR9.9/share for FY24 (vs. INR6.1/share for FY23).
- FCFF improved to INR8.7b (vs. INR4.9b in FY24) mainly due to improved operating cash flows, which stood at INR13.1b (vs. INR9.6b in FY23). Capex stood at INR4.4b (vs. INR4.6b in FY23).
- Of the total INR4.4b loss recognized by the company due to the fire at its Chitoor facility in AP (happened in 4QFY23), it has so far recovered an adhoc payment of INR2.2b and INR1b from the sale of scrap.
- Mr. Harshavardhana Gourineni, Executive Director, Automotive & Industrial Batteries stated: "We observed robust and sustained growth in both industrial and automotive applications that resulted in overall revenue growth of 10%. This was accomplished in part by launching new product ranges and brands in the automotive aftermarket and data center segments. In the last FY, we strengthened our global presence by entering the North American and European markets, placing our products in over 50 countries"
- "The Giga Corridor project in Telangana is progressing smoothly, and we are all set to begin commercial production at our pack facility. New Energy Business clocked 110% growth over the previous year, further cementing our leadership position with our customers" said Mr. Vikramadithya Gourineni, Executive Director, New Energy Business
- **Valuation view:** We will revisit our estimates after the earnings call. The stock trades at 25x/24x FY25E/26E EPS.

Quarterly Performance (INR m)

Y/E March (INR m)	FY23				FY24				FY23	FY24	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Net Sales	**26,200**	**26,995**	**26,372**	**24,330**	**27,699**	**28,108**	**28,817**	**27,967**	**1,03,897**	**1,12,603**	**27,997**
YoY Change (%)	38.9	19.2	11.5	11.6	5.7	4.1	9.3	14.9	19.5	8.4	15.3
RM Cost (% of sales)	73.4	69.5	66.6	65.2	71.1	68.4	66.0	65.5	67.4	66.9	67.5
Staff Cost (% of sales)	5.1	5.6	6.1	6.7	5.8	5.8	6.3	5.8	6.3	6.2	5.8
Other Exp (% of sales)	11.5	11.6	12.2	13.6	10.3	12.1	12.6	14.1	12.6	12.5	12.0
EBITDA	**2,609**	**3,602**	**3,969**	**3,532**	**3,535**	**3,870**	**4,349**	**4,077**	**14,350**	**16,214**	**4,127**
Margins (%)	10.0	13.3	15.0	14.5	12.8	13.8	15.1	14.6	13.8	14.4	14.7
Depreciation	963	1,019	1,145	1,238	1,111	1,148	1,202	1,210	4,504	4,787	1196
Interest	46	54	58	81	56	62	77	97	296	332	63
Other Income	170	237	261	229	216	275	238	283	897	1,015	232
PBT before EO expense	**1,770**	**2,765**	**3,026**	**2,441**	**2,584**	**2,935**	**3,307**	**3,053**	**10,447**	**12,110**	**3101**
Extra-Ord expense	0	0	0	477	0	0	0	0	477	0	0
PBT after EO	**1,770**	**2,765**	**3,026**	**1,965**	**2,584**	**2,935**	**3,307**	**3,053**	**9,970**	**12,110**	**3,101**
Tax	455	744	798	555	659	791	779	773	2,670	3,052	760
Tax Rate (%)	25.7	26.9	26.4	28.2	25.5	27.0	23.6	25.3	26.8	25.2	24.5
Adj PAT	**1,315**	**2,022**	**2,228**	**1,759**	**1,925**	**2,143**	**2,528**	**2,280**	**7,650**	**9,059**	**2,341**
YoY Change (%)	6.1	40.3	54.0	78.5	46.4	6.0	13.5	29.7	49.6	18.4	35.4

E: MOFSL Estimates

R R Kabel

BSE SENSEX	S&P CNX
75,170	22,888

Conference Call Details

Date: 29 May 2024
Time: 17:00 IST
Dial-in details:
+ 91 22 6280 1550
+ 91 22 7115 8378
Link for the call

Consol. Financials Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	65.9	81.9	97.4
EBITDA	4.6	6.9	9.1
PAT	3.0	4.6	6.2
EBITDA Margin (%)	7.0	8.4	9.4
Adj. EPS (INR)	26.4	40.7	54.8
EPS Gr. (%)	57.0	51.0	34.5
BV/Sh. (INR)	164.0	198.3	244.1
Ratios			
Net D:E	(0.0)	(0.0)	(0.1)
RoE (%)	18.2	22.5	24.8
RoCE (%)	16.3	20.7	23.6
Payout (%)	18.9	17.2	16.4
Valuations			
P/E (x)	68.3	44.3	32.9
P/BV (x)	11.0	9.1	7.4
EV/EBITDA(x)	44.0	29.6	22.1
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.2	0.2	1.3

CMP: INR1,811 **Buy**

EBITDA below estimate; cables & wires margin up 42bp YoY

- RRKABEL's 4QFY24 revenue increased 16% YoY to INR17.5b (in line), led by 14%/29% growth in the cables & wires/FMEG segments. EBITDA was up 15% YoY at INR1.15b (est. INR1.3b due to lower-than-estimated gross margin). EBITDA margin was flat YoY at 6.6% (est. 7.3%). Profit increased 21% YoY to INR787m (vs. our estimate at INR847m).
- Cables and wires volume growth stood at 19.6% YoY (6.5% QoQ) in 4QFY24 and 19.3% YoY in FY24. Revenue contribution from the domestic market was 76%/74% in 4QFY24/FY24 vs. 83%/77% in 4QFY23/FY23. It has ~10% share in cables and wires exports from India. B2C business contributed ~74% to revenues in FY24 vs. 77% in FY23. Net working capital days improved to 64 in FY24 vs. 75 in FY23 and 88 in FY22.
- We have a BUY rating on the stock. However, we will review our assumptions after the concall on 29th May'24.

Revenue/EBITDA grew 16%/15% YoY; OPM flat YoY to 6.6%

- RRKABEL's revenue was up 16% YoY to INR17.5b (in line). EBITDA grew 15% YoY to INR1.15b (10% below estimates). EBITDA margin was flat YoY at 6.6% (estimate 7.3%). Gross margin was down 90bp YoY at 18.4% (est. 19.6%). Employee costs increased 10% YoY (4.4% of revenue vs. 4.7% in 4QFY23). Other expenses rose 7% YoY (7.4% of revenue vs. 8.0% in 4QFY23). PAT grew 21% YoY to INR787m (vs. estimated INR847m).
- Segmental highlights: a) Cables and Wires: revenue was up 14% YoY at INR15.2b and EBIT was up 20% YoY to INR1.3b. EBIT margin expanded 42bp YoY to 8.7%. b) FMEG business: revenue was up 29% YoY at INR2.3b. EBIT loss increased to INR194m from INR148m/INR124m in 4QFY23/3QFY24.
- In FY24, revenue was up 18% YoY at INR66b, led by 17%/20% growth in the cables & wires/FMEG segments. EBITDA grew 19% YoY to INR4.6b. OPM rose 124bp YoY to 7%. PAT grew 57% YoY to INR3b.

Management highlights

- Cables and wires market size was INR845b in FY24 and is estimated to reach INR1.2t in FY27, reflecting a CAGR of ~13%. Market share of branded players is estimated to improve to 80% in FY27 from 74% in FY24.
- In the FMEG segment, sales from the e-commerce channel jumped 2.7x YoY in FY24 and it became No. 1 selling brand in the exhaust fans category in Amazon and the No. 1 player in TPW in Flipkart. Brand transition from Luminous (Fans and Lights) to RR Signature (Fans and Lights) commenced in 3Q/4Q of FY24. It launched 347 products in FY24 vs. 75 in FY23, with 116 products under development as of Mar'24.

Valuation and view

- The company's cables and wires margin has improved YoY/QoQ, led by cost reductions and operational efficiency. **We have a BUY rating on the stock.** However, we will review our assumptions after the concall on 29th May'24 (Concall Link).

Quarterly Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	MOSL	Var.	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)		
Sales	**12,359**	**13,672**	**14,795**	**15,165**	**15,973**	**16,097**	**16,335**	**17,541**	**55,992**	**65,946**	**17,532**	0	**16**	**7**
EBITDA	**400**	**644**	**1,176**	**1,004**	**1,129**	**1,209**	**1,126**	**1,153**	**3,223**	**4,617**	**1,279**	(10)	**15**	**2**
Adj EBITDA margin (%)	3.2	4.7	7.9	6.6	7.1	7.5	6.9	6.6	5.8	7.0	7.3	(72)	(5)	(32)
Depreciation	145	150	165	137	161	166	165	163	596	655	173	(6)	**19**	**(1)**
Interest	81	96	114	129	144	142	124	128	421	539	145	(12)	**(1)**	**3**
Other Income	74	95	37	138	163	148	122	193	344	626	142	36	**40**	**58**
PBT	**248**	**493**	**933**	**876**	**987**	**1,049**	**959**	**1,055**	**2,550**	**4,050**	**1,103**	(4.4)	**20**	**10**
Tax	65	127	239	230	250	310	250	270	661	1,080	256			
Effective Tax Rate (%)	26.1	25.8	25.6	26.3	25.4	29.5	26.0	25.6	25.9	26.7	23.2			
JV share	(2)	(16)	20	7	7	2	0	2	9	11	0		(62)	664
Reported PAT	**181**	350	**714**	**653**	**743**	741	710	787	**1,899**	**2,981**	**847**	(7.1)	**21**	**11**
Adj PAT	**181**	**350**	**714**	**653**	**743**	**741**	**710**	**787**	**1,899**	**2,981**	**847**	(7.1)	**21**	**11**

Segmental Performance (INR m)

Y/E March	FY23				FY24				FY23	FY24	MOFSL	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE		(%)	(%)
Sales														
Cables & Wires	10,869	12,184	13,084	13,381	14,122	14,499	14,331	15,230	49,517	58,182	15,514	(1.8)	14	6
FMEG	1,490	1,488	1,712	1,785	1,851	1,598	2,005	2,310	6,475	7,764	2,018	14.5	29	15
EBIT														
Cables & Wires	462	793	1,346	1,103	1,246	1,329	1,147	1,320	3,705	5,043	1,390	(5.1)	20	15
FMEG	(149)	(240)	(347)	(148)	(170)	(198)	(124)	(194)	(884)	(685)	(181)	NA	NA	NA
EBIT Margin (%)														
Cables & Wires	4.2	6.5	10.3	8.2	8.8	9.2	8.0	8.7	7.5	8.7	9.0	(29)	42	66
FMEG	(10.0)	(16.2)	(20.3)	(8.3)	(9.2)	(12.4)	(6.2)	(8.4)	(13.7)	(8.8)	(9.0)	58	(11)	(223)

MTAR Technologies

BSE SENSEX	S&P CNX
75,170	22,888

CMP: INR2,063 **Buy**

Conference Call Details

Date: 29th May'24
Time: 11:00am IST
Dial-in details:
click here

Weak operating performance

Performance in 4QFY24

- Consolidated revenue stood at INR1.4b (-27% YoY, +21% QoQ).
- EBITDA declined 63% YoY to INR182m (-24% QoQ). EBITDA margins contracted by 1220bp YoY to 12.7% (-740bp QoQ), led by a 320bp contraction in gross margins to 45.3% and an increase in other expenses/employee expenses as percentage of sales by 710bp/190bp YoY to 14.8%/17.7%.
- Adj. PAT declined 84% YoY to INR49m (-53% QoQ).
- For FY24, revenue marginally increased by 1% YoY to INR5.8b, while EBITDA/adj. PAT declined by 27%/46% YoY to INR1.1b/INR556m.
- Net debt as on Mar'24 was INR1.4b vs. INR1.1b as on Mar'23.

Consolidated - Quarterly Earnings Model **(INRm)**

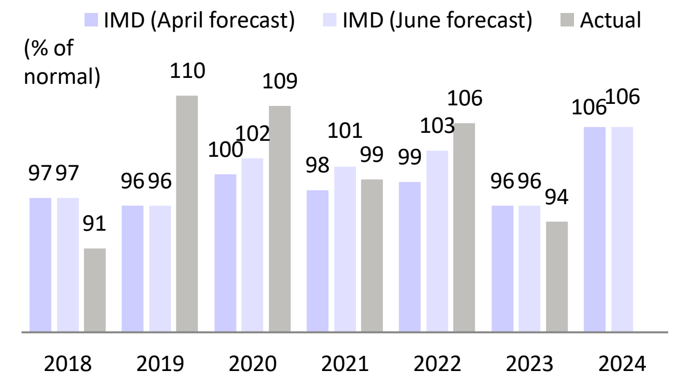
Y/E March	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	**910**	**1,262**	**1,602**	**1,964**	**1,522**	**1,668**	**1,184**	**1,430**	**5,738**	**5,804**
YoY Change (%)	68.4	38.2	75.4	99.2	67.2	32.2	-26.1	-27.2	78.2	1.2
Total Expenditure	661	913	1,151	1,473	1,185	1,307	945	1,247	4,198	4,686
EBITDA	**250**	**349**	**450**	**491**	**336**	**361**	**239**	**182**	**1,540**	**1,118**
Margins (%)	27.4	27.7	28.1	25.0	22.1	21.6	20.2	12.7	26.8	19.3
Depreciation	42	46	49	50	55	58	58	59	187	230
Interest	24	27	39	56	57	55	56	55	146	223
Other Income	38	54	58	45	42	8	5	4	195	59
PBT before EO expense	**222**	**330**	**420**	**430**	**267**	**257**	**129**	**72**	**1,402**	**724**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	**222**	**330**	**420**	**430**	**267**	**257**	**129**	**72**	**1,402**	**724**
Tax	60	83	106	119	68	52	24	23	368	168
Rate (%)	27.0	25.2	25.2	27.7	25.7	20.3	18.9	32.2	26.2	23.2
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	**162**	**247**	**314**	**311**	**198**	**205**	**104**	**49**	**1,034**	**556**
Adj PAT	**162**	**247**	**314**	**311**	**198**	**205**	**104**	**49**	**1,034**	**556**
YoY Change (%)	86.4	29.6	65.1	57.0	22.2	-17.1	-66.8	-84.3	70.0	-46.2
Margins (%)	17.8	19.6	19.6	15.8	13.0	12.3	8.8	3.4	18.0	9.6

Monsoon update: IMD retains above-normal rainfall forecast

Monsoon to be 106% of the LPA in 2024, highest in eight years

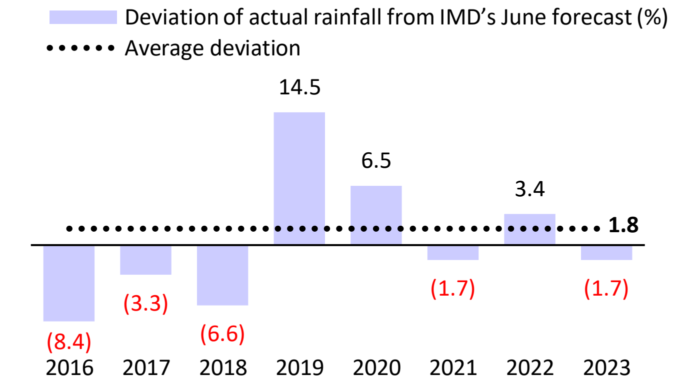
- **The India Meteorological Department (IMD) announced its stage-2 long-range forecast for southwest monsoon 2024. It has retained its outlook of an above-normal monsoon this year. It expects rainfall in the upcoming monsoon to be at an eight-year high of 106% (with an error margin of +/-5%) of the long-period average (LPA) of 870mm for the four-month period from Jun'24 to Sep'24. *(Exhibit 1)***
- **Geographically, monsoon rainfall is likely to be below normal in the northeast region, normal in northwest, and above normal in the central and southern peninsular regions of the country. The monsoon 'core zone,' which encompasses most of central India and is critical for the kharif crop (rain-fed agriculture areas), is likely to receive above-normal rainfall (more than 106% of LPA). Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Chhattisgarh, Uttar Pradesh and West Bengal form the country's core monsoon zone.**
- **With crippling heat testing power grids and triggering drought-like conditions in parts of the country, a prediction of above-normal monsoonal rainfall comes as a huge relief for the nation.**
- **However, deteriorating reservoir levels are a cause for concern. According to the Central Water Commission, water storage in 150 major reservoirs in India dropped to just 24% of their live storage last week, exacerbating water shortages in many states.**
- **The IMD stated, "El Nino is likely to weaken to a neutral stage during the early part of the monsoon season and La Nina conditions are likely to develop during the second half of the monsoon season (Aug-Sep'24)." El Nino is associated with suppressed rainfall during the Indian monsoon, while La Nina is known to help rainfall activity.**
- **The IMD mentioned that in the 22 years since 1951 when La Nina conditions prevailed, monsoon rainfall was normal or above normal for 20 years — it was below normal in 1974 and 2000. There were nine years when La Nina conditions were preceded by El Nino conditions.**
- **The actual rainfall during the past eight years has been either much higher or lower compared to the IMD's first/second predictions. The difference ranged from a shortfall of 8.4% in 2016 to an excess of 14.5% in 2019. On average, thus, the actual rainfall has been 1.8% higher than IMD's first/second projections. *(Exhibit 2)***
- **Above-normal rains will help the country, which depends heavily on the seasonal rains for its farm output, boost its agriculture and overall economic growth. Monsoon forecasts play a crucial role in influencing inflation rates, with normal rainfall favoring controlled inflation.**

Exhibit 1: IMD expects 2024 southwest monsoon at 106% of normal, highest in 8 years



Source: IMD, MOFSL

Exhibit 2: *Actual rainfall has been 1.8% higher than IMD's first projections in the past eight years



*Actual rainfall – IMD 2nd forecast
Source: IMD, MOFSL

LIC : Jeevan Utsav contributed to Q4 savings growth; Siddhartha Mohanty, Chairperson

- Expect savings book growth to support APE growth in FY25 as well
- Non- PAR share of individual APE share is over 18%
- Expect FY25 VNB Margin to be around 19-20%
- Co to explore acquisitions to enter health insurance market

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TVS Supply : Expect to see 10-12% growth on closing revenue; Ravi viswanathan, MD

- Target double digit growth in integration supply chain solutions in FY25
- Growth on CAGR basis has been strong
- Target 35% of revenues from India Vs 30% now, over the next 2 years
- Expect India Business to pick up post June

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- Strong headwinds for agrochemical growth globally
- Believe these headwinds will continue in global markets even next year
- Pharma is still in nascent stages, growth will majorly come from agro chemical space
- Pharma biz guidance is Rs 1,000 cr in next 2 years

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- Supplying 4 APIs for new chemical entities for various big pharma companies
- There are multiple phase 3 projects under executions
- Don’t need to raise debt any further, will reduce debt in FY25
- No plan to raise stake in ImmunoACT, it is well funded

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Kolte Patil : Focussing on Mumbai from a business development perspective; Rahul Talele, Group CEO

- FY25 pre sales guidance at Rs 3,500 cr , FY26 guidance at Rs 4,500 cr
- FY24 realisations at Rs 7,200/sqft, expect Rs8,000/sqft in FY25
- Comfortable with 0.5-0.6x Debt – equity ratio
- Focussing on Mumbai from a business development perspective

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NEUTRAL	> - 10 % to 15%
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