

RESEARCH

POLYCAB INDIA | TARGET: Rs 7,100 | +5% | HOLD

Annual report analysis: Maintained market leadership

BOB ECONOMICS RESEARCH | REMITTANCE TRENDS

India retains top position in inflows

RELIANCE INDUSTRIES | TARGET: Rs 3,610 | +15% | BUY

Jio delivers on tariff hike; reiterate BUY

Daily macro indicators

Indicator	27-Jun	28-Jun	Chg (%)
US 10Y yield (%)	4.29	4.40	11bps
India 10Y yield (%)	7.00	7.01	1bps
USD/INR	83.46	83.39	0.1
Brent Crude (US\$/bbl)	86.4	86.4	0.0
Dow	39,164	39,119	(0.1)
Hang Seng	17,716	17,719	0.0
Sensex	79,243	79,033	(0.3)
India FII (US\$ mn)	26-Jun	27-Jun	Chg (\$ mn)
FII-D	91.6	113.3	21.7
FII-E	181.1	929.2	748.1

Source: Bank of Baroda Economics Research

SUMMARY

POLYCAB INDIA

- Remains market leader in core wires & cables business; market share expanded 2-3% to reach 25-26% of India's organised market in FY24
- Project LEAP target of Rs 200bn revenue by FY26; to be achieved ahead of time
- We maintain our FY25E/26E EPS and value the stock at 45x FY26E P/E, and Rs 7,100 TP; downgrade to HOLD from BUY on run-up of valuation

[Click here for the full report.](#)

INDIA ECONOMICS: REMITTANCE TRENDS

India has retained its position as the world leader in remittance inflows in 2023 as well. Over the last decade, remittance inflows into India have seen a steady increase due to the presence of a wide diaspora of foreign residents spread across the World. The Gulf Cooperation Countries and the USA remain the biggest sources of remittance to India, followed by the UK.

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RELIANCE INDUSTRIES

- Jio delivers on our expectation of a tariff increase a quarter earlier. We now factor in 9%/11% tariff hikes over FY25/FY26
- We tweak our estimates to build in the earlier-than-expected increases in tariff
- Maintain BUY with a higher TP of Rs 3,610 (Rs 3,380); 5G monetisation, listing of Jio and Retail, and start-up of New Energy are key catalysts

[Click here for the full report.](#)

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HOLD
 TP: Rs 7,100 | ▲ 5%

POLYCAB INDIA

| Consumer Durables

| 01 July 2024

Annual report analysis: Maintained market leadership

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Maintains its stronghold in wires & cables: With 25-26% share of the organised market in FY24, POLYCAB remains the market leader in the Indian W&C industry. W&C revenue grew 26% YoY in FY24. Its international business achieved CAGR of 40% over the past 5 years, accounting for 8% of the total revenue in FY24. Its mass market brands Etira, Primma and Maxima+ contributed ~34% of retail wire revenue.

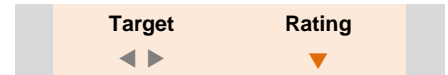
Tepid FMEG to make comeback; POLYCAB takes proactive measures: The FMEG segment was relatively flat during the year, primarily due to subdued demand caused by high inflation and internal restructuring of its FMEG distribution channel. To address these challenges, POLYCAB has implemented proactive measures, including expanding its distribution network, focusing on new product development, and increasing brand-building efforts through sponsorships and advertising. The company's A&P spends rose significantly, by 60%, during the fiscal year.

Project LEAP to be achieved ahead of time: In FY21, POLYCAB set a target of achieving Rs 200bn in revenue by FY26, 18% CAGR, under Project LEAP. Over FY21-FY24, it clocked 20% CAGR, reaching Rs 180bn revenue in FY24. Further, we believe this is easily achievable before time given the strong tailwinds for W&C as well as FMEG from rising demand, cost efficiencies, and a revamped distribution strategy. Management targeted exports reaching 10% of sales by FY26, and exports are at 8% of sales for FY24.

Robust balance sheet: Operating cash flow stood at Rs 13bn in FY24 and ROIC at 26.6%. The cash conversion cycle has consistently improved and net cash as at end-FY24 was at Rs 21bn vs. targeted capex of Rs 10bn-11bn for FY25, signifying a comfortable financial position.

Downgrade to HOLD: POLYCAB is a market leader in the wires and cables industry, and continues to gain market share. It has a strong topline and healthy margin, well above its industry peers. We maintain our EPS estimates and continue to value POLYCAB at FY26E P/E of 45x. Though POLYCAB offers strong fundamentals, we cut our rating to HOLD from BUY. Our TP remains at Rs 7,100.

Key changes



Ticker/Price	POLYCAB IN/Rs 6,740
Market cap	US\$ 12.3bn
Free float	34%
3M ADV	US\$ 50.0mn
52wk high/low	Rs 7,331/Rs 3,491
Promoter/FPI/DII	63%/12%/8%

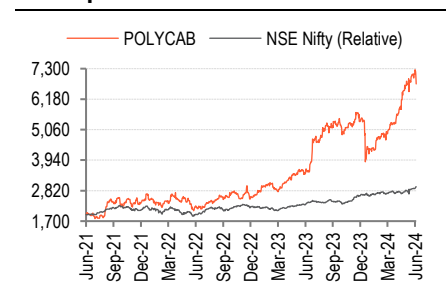
Source: NSE | Price as of 28 Jun 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	180,394	210,338	237,013
EBITDA (Rs mn)	24,918	29,683	33,221
Adj. net profit (Rs mn)	17,840	20,716	23,506
Adj. EPS (Rs)	118.9	138.0	156.6
Consensus EPS (Rs)	118.9	137.0	154.4
Adj. ROAE (%)	24.1	23.0	21.8
Adj. P/E (x)	56.7	48.8	43.0
EV/EBITDA (x)	40.5	34.0	30.4
Adj. EPS growth (%)	40.5	16.1	13.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



REMITTANCE TRENDS

01 July 2024

India retains top position in inflows

India has retained its position as the world leader in remittance inflows in 2023 as well. Over the last decade, remittance inflows into India have seen a steady increase due to the presence of a wide diaspora of foreign residents spread across the World. The Gulf Cooperation Countries and the USA remain the biggest sources of remittance to India, followed by the UK.

Aditi Gupta
Economist

Pickup in remittance outflows

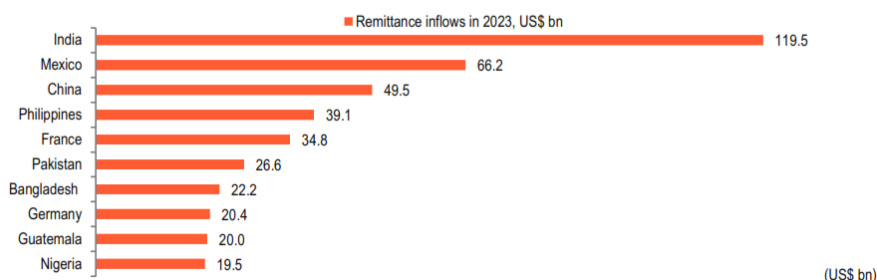
There has also been a sharp pickup in remittance outflows under the RBI's liberalized remittance scheme (LRS). The increase is majorly driven by higher remittance outflow towards travel, while maintenance of close relatives also retains its significance.

We expect a further pickup in both remittance inflows as well as outflows in FY25, with the former likely to grow at a faster pace due to a recovery in global growth. This should help keep the current account deficit contained at 1-1.5% of GDP in FY25.

Global picture of remittance inflows

Global remittance inflows have seen a steady increase in the last few years. From just US\$ 580.6bn in 2013, remittance inflows have risen to US\$ 857.3bn as per World Bank estimates. Country wise, India is the highest recipient of these inflows at US\$ 119.5bn in 2023, accounting for a share of 13.9% of total inflows. India's dominance in global remittance inflows can be gauged from the fact that inflows into Mexico, which is the second highest recipient of remittances, is almost half of the amount remitted into India. China received the third highest remittances in 2023 at US\$ 49.5bn, accounting for 5.8% of total global remittance inflows. Other South-Asian countries such as Pakistan and Bangladesh also feature in the list of the top 10 highest remittance receiving countries.

Figure 1: Global remittances inflows



Source: World Bank-KNOMAD, June 2024, Bank of Baroda Research



BUY

TP: Rs 3,610 | ▲ 15%

RELIANCE INDUSTRIES

| Oil & Gas

| 28 June 2024

Jio delivers on tariff hike; reiterate BUY

- Jio delivers on our expectation of a tariff increase a quarter earlier. We now factor in 9%/11% tariff hikes over FY25/FY26
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Kirtan Mehta, CFA
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Tariff increase comes through: Both leading telecom players – Jio and BHARTI – have raised tariffs by Rs 45-50/month across various tariff plans from 3 July. While the effective increase works out to 12-25% with an apparent increase of c20% for Jio on a lower tariff base, it works out to 12-20% with an apparent increase of 15% for BHARTI. The relatively competitive structure remains the same with Jio but is cheaper at lower data usage plans.

Tariff hikes in line with expectation: The tariff increase was broadly in line with our expectation of a 22% increase in ARPU over the next two years, although it was a quarter earlier than our expectation. We raise FY25/FY26 ARPU by 2%/1% to Rs 198/Rs 225 to factor in the tariff increase. Despite 5G services roll-out ahead, we remain conservative in building in further tariff hikes at this stage.

Estimates tweaked: While we continue to model in 26% annual growth in Digital Services EBITDA over FY24-FY26, we raise our FY25 Digital Services EBITDA by 1% to factor in earlier implementation of tariff increase. This leads to a marginal 0.5% increase for RIL's EBITDA.

Key stock catalysts: (a) Jio: Clear signs of monetising standalone 5G roll-out. (b) Retail: Delivery on 3x growth target over FY21-FY26 and demonstration of RIL's comfort in sharing performance details for major retail verticals. (c) O2C: Guidance on cost reduction with the deployment of new energy. (d) Media: Progress on scaling up the business. (e) Public offers: Listing of the Jio and retail businesses

Reiterate BUY: We raise our SOTP-based TP to Rs 3,610 (from Rs 3,380) by raising target multiples for Digital Services (11x from 10x) and Retail (34x from 32x) to reflect the increase in valuation for peers and rolling forward fair value to Jun'25 (from Apr'25). We have retained target multiples for Refining (7.5x) and Petrochemicals (8.5x). Given 15% upside, we reiterate BUY.

Key changes

Target	Rating
▲	◀ ▶

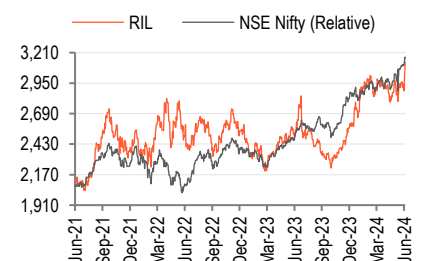
Ticker/Price	RIL IN/Rs 3,131
Market cap	US\$ 257.8bn
Free float	50%
3M ADV	US\$ 226.9mn
52wk high/low	Rs 3,162/Rs 2,220
Promoter/FPI/DII	50%/22%/17%

Source: NSE | Price as of 28 Jun 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs)	90,10,640	94,78,644	1,04,66,137
EBITDA (Rs mn)	16,22,187	17,95,301	20,41,832
Adj. net profit (Rs)	6,96,067	8,00,001	9,44,275
Adj. EPS (Rs)	102.9	118.2	139.6
Consensus EPS	102.9	119.5	137.2
Adj. ROAE (%)	9.2	9.6	10.4
Adj. P/E (x)	30.4	26.5	22.4
EV/EBITDA (x)	14.7	13.3	11.6
Adj. EPS growth (%)	5.0	14.9	18.0

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance

Source: NSE



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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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