

# Gulf Oil Lubricants

Refer to important disclosures at the end of this report

## Earnings beat estimates as cost pressure moderates; maintain Buy

- Q4FY22 revenue/EBITDA/PAT rose 23%/14%/6% yoy and 6%/16%/8% qoq to Rs6,389mn/ Rs891mn/Rs634mn. EBITDA exceeded our estimate by 18% due to a 4% beat on gross profit and a 3% lower opex. PAT also came in 16% above estimate.
- Lube sales volume rose 7% yoy/4% qoq to 37.5mn ltr, driven by DEO, PCMO and industrial-infra. Net realization rose 2% qoq to Rs170.4/ltr (in line), though unit COGS rose only 1% qoq, leading to a gross margin of Rs66.8/ltr (3% above est).
- Unit opex was down 4% qoq/up 4% yoy (4% below est) at Rs43.1/ltr. EBITDA/ltr was, hence, a 17% beat at Rs23.8 (EBITDA margin of 14%), up 11% qoq/6% yoy. Finance costs increased due to MTM forex losses (totaling Rs30mn), while ETR was 26%.
- We maintain our FY23E/FY24E EPS. We lower our Mar'23 DCF-based TP by 5% to Rs685 primarily due to higher WACC of 11% vs. 10% earlier. Valuations remain very attractive given a double-digit earnings CAGR. Maintain Buy.

**Highlights:** Other Expenditure rose 15% yoy/1% qoq to Rs1.34bn. EBITDA margin expanded by 100bps to 14% qoq, with the sales mix largely stable qoq. Depreciation rose by 2% qoq to Rs94mn, while Other Income was up 7% qoq/down 7% yoy. Revenue/EBITDA/PAT for FY22 grew by 33%/8%/5% yoy to Rs21.9bn/Rs2.86bn/Rs2.11bn, aided by a 17% jump in volumes to 134mn ltr, offset by an 8% fall in EBITDA/ltr to Rs21.3 as unit COGS pressure mounted. Short-term borrowings (excl. lease) rose 79% yoy to Rs3.6bn on inventory and receivables build-up. Cash balances rose 16% yoy to Rs5.7bn. The board has recommended a final dividend of Rs5/sh, lower than that of FY21 due to the buyback earlier (1.4mn shares).

**Guidance:** GOLI increased its market share by 0.5-1% in FY22 as the industry saw a 1-2% fall. Demand growth in rural is likely to pick up. GOLI took a 3-4% bazaar price hike in Apr'22. GOLI expects base oil prices to move in tandem with crude prices, but any input cost pressure will be passed on to maintain guided margins (14-16% EBITDA going ahead). GOLI sees healthy volumes with economic tailwinds/infra push and maintains its guidance of 2-3x volume growth over industry growth (2-3% CAGR) in the medium term. It plans to expand distribution outlets by 10-15% annually. Capex guidance is Rs150-200mn annually with plant expansion on the anvil in the next 2-3yrs, along with cash preservation for new ventures. It can run its plants in three shifts vs. two now to meet demand. The battery segment recorded revenue of Rs180mn in Q4FY22. It faced supply-chain disturbances (FY22 revenue down 15% yoy). GOLI is not present in 3W and buses (EV early transition segments). It continues to expand its footprint in the EV eco-system and synergize its existing business.

**Valuation:** Our DCF-based TP implies a FY24E target PE of 12.4x (we include buyback in est). Key risks: adverse base oil prices/currency, competition, and technology changes.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Oil & Gas \(Page 8\)](#)

### Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	16,522	21,916	25,383	26,418	28,185
EBITDA	2,652	2,855	3,115	3,490	3,782
EBITDA Margin (%)	16.1	13.0	12.3	13.2	13.4
APAT	2,001	2,111	2,364	2,702	2,955
EPS (Rs)	39.8	41.9	48.2	55.1	60.3
EPS (% chg)	(1.6)	5.2	15.2	14.3	9.4
ROE (%)	24.5	22.1	22.4	23.9	23.3
P/E (x)	10.3	9.8	8.5	7.5	6.8
EV/EBITDA (x)	6.7	6.6	6.0	5.0	4.4
P/BV (x)	2.4	2.0	1.9	1.7	1.5

Source: Company, Emkay Research

<b>CMP</b> Rs 411 as of (May 23, 2022)	<b>Target Price</b> Rs 685 (▼) 12 months
<b>Rating</b> BUY (■)	<b>Upside</b> 66.6 %

### Change in Estimates

EPS Chg FY23E/FY24E (%)	-/-
Target Price change (%)	(4.9)
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	48.2	55.1
Consensus	46.5	54.5
Mean Consensus TP (12M)	Rs 850	

### Stock Details

Bloomberg Code	GOLI IN
Face Value (Rs)	2
Shares outstanding (mn)	50
52 Week H/L	745 / 378
M Cap (Rs bn/USD bn)	21 / 0.27
Daily Avg Volume (nos.)	63,787
Daily Avg Turnover (US\$ mn)	0.4

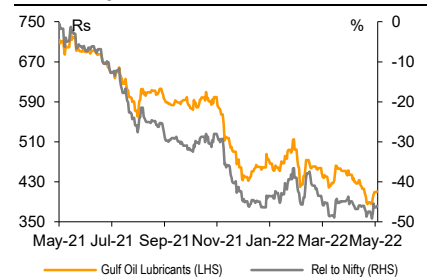
### Shareholding Pattern Apr '22

Promoters	72.0%
FIIIs	5.0%
DIIIs	5.8%
Public and Others	17.2%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(7)	(10)	(29)	(42)
<b>Rel. to Nifty</b>	(2)	(6)	(23)	(45)

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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## Exhibit 1: Actual vs. Estimates (Q4FY22)

Rs mn	Actual	Estimates (Emkay)	Consensus Estimates	Variation		Comments
			(Bloomberg)	Emkay	Consensus	
Total Revenue	6,389	6,338	NA	1%	NA	
Adjusted EBITDA	891	753	NA	18%	NA	Lower input costs and opex
EBITDA Margin (%)	13.9%	11.9%	NA	206bps	NA	
Adjusted Net Profit	634	545	NA	16%	NA	

Source: Company, Emkay Research

## Exhibit 2: Detailed quarterly highlights

Rs mn	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	yoy	qoq	FY21	FY22	yoy
<b>Sales volume (mn.ltr)</b>	<b>35.0</b>	<b>27.5</b>	<b>33.0</b>	<b>36.0</b>	<b>37.5</b>	<b>7%</b>	<b>4%</b>	<b>115.0</b>	<b>134.0</b>	<b>17%</b>
Automotive^	21.0	13.8	19.8	19.8	20.6	-2%	4%	70.8	74.0	5%
Non-automotive^	14.0	13.8	13.2	16.2	16.9	21%	4%	44.2	60.0	36%
Core Sales Volume (mn.ltr)	35.0	27.5	33.0	36.0	37.5	7%	4%	115.0	134.0	17%
<b>Net sales</b>	<b>5,174</b>	<b>4,174</b>	<b>5,335</b>	<b>6,018</b>	<b>6,389</b>	<b>23%</b>	<b>6%</b>	<b>16,522</b>	<b>21,916</b>	<b>33%</b>
Net realisation (Rs./ltr)	147.8	151.8	161.7	167.2	170.4	15%	2%	143.7	163.6	14%
Decrease in stocks	-338	-185	-93	-80	-86			(277)	(445)	
Raw material cost	2,964	2,436	3,005	3,314	3,002	1%	-9%	8,286	11,757	42%
Purchases	322	228	214	400	966	200%	141%	881	1,809	105%
<b>COGS</b>	<b>2,948</b>	<b>2,479</b>	<b>3,125</b>	<b>3,634</b>	<b>3,883</b>	<b>32%</b>	<b>7%</b>	<b>8,890</b>	<b>13,121</b>	<b>48%</b>
COGS/ltr (Rs.)	84.2	90.2	94.7	100.9	103.5	23%	3%	77.3	97.9	27%
<b>Gross profit</b>	<b>2,227</b>	<b>1,694</b>	<b>2,210</b>	<b>2,384</b>	<b>2,507</b>	<b>13%</b>	<b>5%</b>	<b>7,632</b>	<b>8,796</b>	<b>15%</b>
Gross margin (Rs./ltr)	63.6	61.6	67.0	66.2	66.8	5%	1%	66.4	65.6	-1%
Employee cost	289	298	302	286	281	-3%	-2%	1,165	1,168	0%
Other expenses	1,157	975	1,136	1,328	1,335	15%	1%	3,816	4,773	25%
<b>OPEX</b>	<b>1,446</b>	<b>1,273</b>	<b>1,438</b>	<b>1,614</b>	<b>1,616</b>	<b>12%</b>	<b>0%</b>	<b>4,981</b>	<b>5,941</b>	<b>19%</b>
OPEX/ltr (Rs.)	41.3	46.3	43.6	44.8	43.1	4%	-4%	43.3	44.3	2%
<b>Total expenditure</b>	<b>4,393</b>	<b>3,752</b>	<b>4,563</b>	<b>5,248</b>	<b>5,498</b>	<b>25%</b>	<b>5%</b>	<b>13,870</b>	<b>19,061</b>	<b>37%</b>
<b>EBITDA</b>	<b>781</b>	<b>421</b>	<b>773</b>	<b>770</b>	<b>891</b>	<b>14%</b>	<b>16%</b>	<b>2,652</b>	<b>2,855</b>	<b>8%</b>
EBITDA/ltr (Rs.)	22.3	15.3	23.4	21.4	23.8	6%	11%	23.1	21.3	-8%
Depreciation	83	82	89	92	94	13%	2%	339	357	5%
<b>EBIT</b>	<b>698</b>	<b>339</b>	<b>684</b>	<b>678</b>	<b>797</b>	<b>14%</b>	<b>18%</b>	<b>2,313</b>	<b>2,498</b>	<b>8%</b>
Interest	16	40	2	1	53	227%	3729%	146	96	-34%
Other income	127	108	107	109	117	-7%	7%	521	442	-15%
<b>PBT</b>	<b>808</b>	<b>407</b>	<b>789</b>	<b>786</b>	<b>861</b>	<b>7%</b>	<b>10%</b>	<b>2,687</b>	<b>2,843</b>	<b>6%</b>
Tax expense	210	103	202	200	227	8%	14%	687	733	7%
<b>PAT</b>	<b>598</b>	<b>304</b>	<b>587</b>	<b>586</b>	<b>634</b>	<b>6%</b>	<b>8%</b>	<b>2,001</b>	<b>2,111</b>	<b>5%</b>
EPS (Rs)	11.9	6.0	11.6	11.6	12.6	6%	8%	40.3	42.4	5%
No. of shares O/S (mn)-FV 5	50.3	50.3	50.4	50.4	50.4	0%	0%	49.7	49.8	0%
EBITDA margin	15%	10%	14%	13%	14%			16%	13%	
NPM	12%	7%	11%	10%	10%			12%	10%	
Effective tax rate	26%	25%	26%	25%	26%			26%	26%	
<b>Reported net debt (ex CM)</b>	<b>(2,842)</b>	<b>-</b>	<b>(2,014)</b>	<b>-</b>	<b>(1,848)</b>			<b>(2,842)</b>	<b>(1,848)</b>	
Inventories	3,765	-	4,745	-	4,763			3,765	4,763	27%
Sundry debtors	1,890	-	2,259	-	2,959			1,890	2,959	57%
Creditors	2,898	-	3,134	-	2,707			2,898	2,707	-7%

Source: Company, Emkay Research; ^ figure not reported/assumed

**Exhibit 3: Changes in assumptions**

	FY23E			FY24E			FY25E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
EBITDA/ltr (Rs)	21.7	21.7	0%	22.3	23.0	3%	23.7
Growth	4.0%	2.0%	-200bps	3.0%	5.7%	276bps	3.2%
Sales volume (mn ltr)	142.7	143.4	0%	151.2	152.0	0%	159.6
Growth	6.1%	7.0%	90bs	6.0%	6.0%	0bps	5.0%

Source: Company, Emkay Research

**Exhibit 4: Changes in estimates**

(Rs mn)	FY23E			FY24E			FY25E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	23,704	25,383	7%	25,643	26,418	3%	28,185
EBITDA	3,096	3,115	1%	3,379	3,490	3%	3,782
EBITDA Margins	13.1%	12.3%	-80bps	13.2%	13.2%	4bps	13.4%
PAT	2,366	2,364	0%	2,710	2,702	0%	2,955
EPS (Rs)	48.4	48.2	0%	55.4	55.1	-1%	60.3

Source: Company, Emkay Research

## Con-call Highlights

- GOLI recorded 7% yoy/4% qoq growth in sales volumes at 37.500mn ltr in Q4FY22, with market share gains of 0.5-1% in FY22 (134mn ltr total volume, up 17% yoy) across its product segments vs. 1-2% de-growth in industry volumes for the year. GOLI was able to maintain and slightly improve margins despite inflation pressure.
- In Q4FY22, all the segments performed well, with DEO and PCMO clocking good volume growth despite challenging externalities. Market share of B2C and B2B improved. Industrial/B2B, OEM/FWS and infra saw strong growth. GOLI is seeing improved demand, including in rural (which was weaker earlier) and it is also taking timely pricing interventions to manage margin, which remains a key focus area amid inflationary pressures.
- GOLI also entered into a new extensive OEM tie-up with International Tractors Ltd (Sonalika), besides starting factory-fill supplies to Hyundai Motors. It also received first-fill business from the green projects of ThyssenKrupp and Welspun Steel. Distribution outlet expansion continues with a special focus on South India to increase market share. It has also increased the focus on Gulf Bikestop and Gulf Carstop with the launch of a new program policy for FY23.
- Rural demand is starting to pick up with the onset of the agri season, and GOLI's rural stockists are expanding below the line activations. GOLI expects the lube industry to record positive growth of ~2-3% in FY23, and maintains its growth guidance of 2-3x that of the industry (10%+ volume growth is GOLI's internal target). Distribution expansion, more OEM tie-ups, a low base and consumer-focused strategies will drive growth. The share of B2C was constant qoq at 55% in Q4. The segment mix was 18-20% PM, 35-37% DEO, 16-18% industrial and the rest in others.
- GOLI's input costs increased by ~Rs3/ltr, and it took similar price hikes to keep its margins intact in Q4. Base oil prices have continued to rise due to elevated crude oil prices. It was volatile across groups. Base oil follows crude prices in the medium term, while a 15-20% increase qoq has been seen so far. Inventory levels are in the range of 60-90 days, with the base oil impact on inventory costs staggered over 2 quarters.
- GOLI has taken 3-4% price hikes in its retail/bazaar segment from mid-Apr'22 to cover cost increases. The full impact of this price hike is expected from Q1FY23- end. The negotiation-based B2B segment and the contractual formula-based (quarterly/bi-annual review) OEM segment also saw price hikes. Usually the full impact of a price hike is visible with a 2-month lag.
- GOLI has guided for a long-term EBITDA margin to be in the range of 14-16% with 17% in good quarters. It aims to maintain this margin band and focus on volume growth, which supports pricing and margins. GOLI has ~8,000 car and bike stops, which sell Gulf Oil products, and the company provides branding and support services to these outlets. GOLI is focused on expanding its reach (10-15% retail outlet network growth, 70-75,000 currently,

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last year not much growth) and market share in South India through marketing campaigns featuring MS Dhoni (5 customized new films recorded).

- The battery segment recorded revenue of Rs180mn in Q4FY22. Despite supply-chain disturbances (FY22 revenue down 15% yoy), GOLI shows promising growth prospects. GOLI is expediting supplies and looking to market locally-sourced production of batteries from H2FY23 onward. It is a favorable extension of GOLI's existing business ecosystem/distribution.
- GOLI expects the Indian lube industry to see a 2-3% CAGR in the next 15-20 years. EVs will come, but penetration won't be material. In threat segments like 3W and buses, GOLI is not present. Further, 95% of business comes from the replacement market. DEO-M&HCV-tractors/industrial account for 45-50%/20-25% of Indian lube industry volume, as EV transition in these segments would take much longer. The govt's infra push will drive industrial lube demand. Only 2W is a focus segment, which has EV risk. However, India sells ~20mn 2W annually, out of which 30% are scooters (which will have mostly EV exposure). Hence, no material EV impact is envisaged for the next 5-10yrs.
- GOLI continues to explore synergistic investments in the EV ecosystem with the recent strategic investment in ElectreeFi. It has invested Rs400mn till date in the EV ecosystem. The long-term vision of the company involves a meaningful expansion in the EV space across the value chain, supported by its OEM tie-ups, distribution and brand strength and integration with the existing business. GOLI is open to follow-on investments in existing EV ventures based on their requirements and viability, as well as in new ventures. EV, however, is currently very small in the overall scheme of things.
- Inventory and receivables rose at the end of Mar'22 as global supply chain issues led to stocking (higher inventory), and due to subsequent inflationary trends, which resulted in strong revenue growth. Mar'22 saw lumpy sales, leading to excess receivables build-up. Overall, GOLI witnessed 4-6 days each of incremental inventory and receivables.
- Annual capex requirement is Rs150-200mn and will continue for the next 1-2 years, with existing plants having a total capacity of 140mn ltr, which is adequate (Chennai operating at 60% utilization). Hence, spends will be on expanding lines (civil work, etc.) as blending capacity is more than sufficient. GOLI's plant is currently running on 2 shifts/day and output can be increased to 3 shifts/day, while it is also evaluating incremental capex for capacity expansion in the future. It is preserving cash for EV-related acquisitions too.
- Advertisement sales promotion expenditure is currently at ~4% of revenue (vs. 6% historically). GOLI expects A&P spends to stabilize at 4-5% in the medium term. Finance costs for Q4 included a one-time MT forex loss of Rs30mn, incl. forward premiums paid. Foreign exchange payments were hedged to the extent of 70% at the start of the quarter, while some impact on the unhedged exposure is expected in Q1FY23 as well. GOLI cannot undertake another buyback for the next 12 months due to regulatory requirements.

#### Exhibit 5: DCF Valuation (Mar'23E)

DCF Assumptions			Rs mn
Risk Free Rate	7.0%	NPV Of FCF (Mar'24-Mar'35)	18,581
Risk Premium	5.3%	Terminal Value	46,507
Beta	0.8	PV Of TV	13,308
Cost Of Equity	11.0%	Total Value	31,889
Cost Of Debt	9.0%	Less: Adj Net Debt (Y/E)	-1,675
Post Tax Cost Of Debt	6.8%	<b>Equity Value</b>	<b>33,564</b>
Average Debt:Equity Ratio	0.0%	No. Of Shares O/S (mn)	49
<b>WACC</b>	<b>11.0%</b>	<b>Target Price (Rs.)</b>	<b>685</b>
<b>Terminal Growth Rate</b>	<b>2.0%</b>		

Source: Company, Emkay Research

#### Exhibit 6: Implied PE-based Valuation

Rs./sh	FY20	FY21	FY22*	FY23E	FY24E	FY25E
GOLIL's Adjusted EPS	40.4	39.8	41.9	48.2	55.1	60.3
<b>Target Multiple (x)</b>					<b>12.4</b>	
<b>Target Price</b>					<b>685</b>	

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>16,522</b>	<b>21,916</b>	<b>25,383</b>	<b>26,418</b>	<b>28,185</b>
<b>Expenditure</b>	<b>13,870</b>	<b>19,061</b>	<b>22,268</b>	<b>22,928</b>	<b>24,403</b>
<b>EBITDA</b>	<b>2,652</b>	<b>2,855</b>	<b>3,115</b>	<b>3,490</b>	<b>3,782</b>
Depreciation	339	357	373	383	392
<b>EBIT</b>	<b>2,313</b>	<b>2,498</b>	<b>2,742</b>	<b>3,107</b>	<b>3,390</b>
Other Income	521	442	520	619	673
Interest expenses	146	96	102	114	111
<b>PBT</b>	<b>2,687</b>	<b>2,843</b>	<b>3,160</b>	<b>3,613</b>	<b>3,951</b>
Tax	687	733	796	910	996
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>2,001</b>	<b>2,111</b>	<b>2,364</b>	<b>2,702</b>	<b>2,955</b>
<b>Adjusted PAT</b>	<b>2,001</b>	<b>2,111</b>	<b>2,364</b>	<b>2,702</b>	<b>2,955</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	101	101	98	98	98
Reserves & surplus	8,593	10,326	10,550	11,901	13,231
<b>Net worth</b>	<b>8,694</b>	<b>10,427</b>	<b>10,648</b>	<b>11,999</b>	<b>13,329</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>2,114</b>	<b>3,896</b>	<b>2,896</b>	<b>2,786</b>	<b>2,786</b>
Net deferred tax liability	132	124	111	98	85
<b>Total Liabilities</b>	<b>10,939</b>	<b>14,447</b>	<b>13,655</b>	<b>14,883</b>	<b>16,199</b>
<b>Net block</b>	<b>2,536</b>	<b>2,731</b>	<b>2,503</b>	<b>2,290</b>	<b>2,310</b>
<b>Investment</b>	<b>214</b>	<b>369</b>	<b>377</b>	<b>384</b>	<b>392</b>
<b>Current Assets</b>	<b>11,668</b>	<b>14,793</b>	<b>14,801</b>	<b>16,359</b>	<b>17,917</b>
Cash & bank balance	4,956	5,744	4,321	5,451	6,280
Other Current Assets	676	1,004	1,162	1,210	1,291
<b>Current liabilities &amp; Provision</b>	<b>3,516</b>	<b>3,477</b>	<b>4,057</b>	<b>4,181</b>	<b>4,452</b>
<b>Net current assets</b>	<b>8,152</b>	<b>11,316</b>	<b>10,744</b>	<b>12,177</b>	<b>13,466</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>10,939</b>	<b>14,447</b>	<b>13,655</b>	<b>14,883</b>	<b>16,199</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>2,167</b>	<b>2,402</b>	<b>2,640</b>	<b>2,993</b>	<b>3,278</b>
Other Non-Cash items	65	46	0	0	0
Chg in working cap	(69)	(2,384)	(864)	(317)	(472)
<b>Operating Cashflow</b>	<b>1,935</b>	<b>(237)</b>	<b>1,454</b>	<b>2,262</b>	<b>2,313</b>
Capital expenditure	(101)	(545)	(145)	(170)	(413)
<b>Free Cash Flow</b>	<b>1,834</b>	<b>(783)</b>	<b>1,309</b>	<b>2,092</b>	<b>1,901</b>
Investments	(157)	(155)	(7)	(8)	(8)
Other Investing Cash Flow	33	86	0	0	0
<b>Investing Cashflow</b>	<b>295</b>	<b>(173)</b>	<b>368</b>	<b>442</b>	<b>252</b>
Equity Capital Raised	0	0	(3)	0	0
Loans Taken / (Repaid)	(1,645)	1,782	(1,000)	(110)	0
Dividend paid (incl tax)	(1,043)	(450)	(1,064)	(1,351)	(1,625)
Other Financing Cash Flow	51	(38)	(1,073)	1	1
<b>Financing Cashflow</b>	<b>(2,784)</b>	<b>1,198</b>	<b>(3,242)</b>	<b>(1,574)</b>	<b>(1,736)</b>
<b>Net chg in cash</b>	<b>(553)</b>	<b>788</b>	<b>(1,420)</b>	<b>1,130</b>	<b>829</b>
Opening cash position	5,509	4,956	5,744	4,321	5,451
<b>Closing cash position</b>	<b>4,956</b>	<b>5,744</b>	<b>4,324</b>	<b>5,451</b>	<b>6,280</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	16.1	13.0	12.3	13.2	13.4
EBIT Margin	14.0	11.4	10.8	11.8	12.0
Effective Tax Rate	25.5	25.8	25.2	25.2	25.2
Net Margin	12.1	9.6	9.3	10.2	10.5
ROCE	25.2	23.2	23.2	26.1	26.1
ROE	24.5	22.1	22.4	23.9	23.3
RoIC	29.5	26.4	23.8	25.9	27.4

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	39.8	41.9	48.2	55.1	60.3
CEPS	46.5	48.9	55.8	63.0	68.3
BVPS	172.8	206.8	217.3	244.8	272.0
DPS	16.0	5.0	21.7	27.6	33.2

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	10.3	9.8	8.5	7.5	6.8
P/CEPS	8.8	8.4	7.4	6.5	6.0
P/BV	2.4	2.0	1.9	1.7	1.5
EV / Sales	1.1	0.9	0.7	0.7	0.6
EV / EBITDA	6.7	6.6	6.0	5.0	4.4
Dividend Yield (%)	3.9	1.2	5.3	6.7	8.1

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.3)	(0.2)	(0.1)	(0.2)	(0.3)
Net Debt/EBIDTA	(1.1)	(0.6)	(0.5)	(0.8)	(0.9)
Working Cap Cycle (days)	70.6	92.8	92.4	92.9	93.1

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	0.5	32.6	15.8	4.1	6.7
EBITDA	(7.7)	7.7	9.1	12.1	8.4
EBIT	(9.1)	8.0	9.8	13.3	9.1
PAT	(1.2)	5.5	12.0	14.3	9.4

<b>Quarterly (Rs mn)</b>	<b>Q4FY21</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>
Revenue	5,174	4,174	5,335	6,018	6,389
EBITDA	781	421	773	770	891
<b>EBITDA Margin (%)</b>	<b>15.1</b>	<b>10.1</b>	<b>14.5</b>	<b>12.8</b>	<b>13.9</b>
PAT	598	304	587	586	634
<b>EPS (Rs)</b>	<b>11.9</b>	<b>6.0</b>	<b>11.6</b>	<b>11.6</b>	<b>12.6</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Apr-22</b>
Promoters	72.0	71.8	71.8	71.8	72.0
FIs	10.1	9.2	6.2	5.2	5.0
DIs	5.5	5.2	5.0	5.8	5.8
Public and Others	12.4	13.8	16.9	17.2	17.2

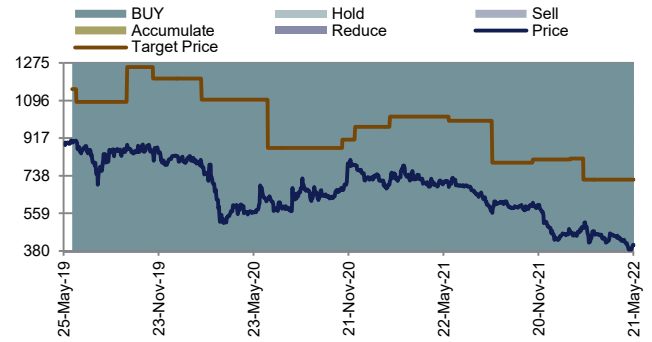
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
14-Feb-22	488	720	12m	Buy	Sabri Hazarika
20-Jan-22	471	820	12m	Buy	Sabri Hazarika
23-Nov-21	579	815	12m	Buy	Sabri Hazarika
09-Nov-21	609	815	12m	Buy	Sabri Hazarika
23-Aug-21	560	800	12m	Buy	Sabri Hazarika
26-Jul-21	649	1,000	12m	Buy	Sabri Hazarika
23-Jun-21	692	1,000	12m	Buy	Sabri Hazarika
01-Jun-21	684	1,000	12m	Buy	Sabri Hazarika
29-May-21	711	1,020	12m	Buy	Sabri Hazarika
23-Apr-21	686	1,020	12m	Buy	Sabri Hazarika
23-Mar-21	760	1,020	12m	Buy	Sabri Hazarika
08-Feb-21	714	1,020	12m	Buy	Sabri Hazarika
03-Dec-20	789	970	12m	Buy	Sabri Hazarika
09-Nov-20	676	910	12m	Buy	Sabri Hazarika
28-Sep-20	668	870	12m	Buy	Sabri Hazarika
13-Aug-20	631	870	12m	Buy	Sabri Hazarika
19-Jun-20	630	870	12m	Buy	Sabri Hazarika
06-May-20	565	1,100	12m	Buy	Sabri Hazarika
13-Feb-20	791	1,100	12m	Buy	Sabri Hazarika
24-Jan-20	810	1,200	12m	Buy	Sabri Hazarika
04-Dec-19	797	1,200	12m	Buy	Sabri Hazarika
12-Nov-19	848	1,200	12m	Buy	Sabri Hazarika
25-Oct-19	853	1,255	12m	Buy	Sabri Hazarika
23-Sep-19	885	1,255	12m	Buy	Sabri Hazarika
31-Jul-19	766	1,090	12m	Buy	Sabri Hazarika
18-Jun-19	900	1,090	12m	Buy	Sabri Hazarika
10-Jun-19	900	1,150	12m	Buy	Sabri Hazarika

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Oil & Gas



**Analyst: Sabri Hazarika**

### Contact Details

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### Sector

Oil & Gas

### Analyst bio

Sabri Hazarika holds an MBA and comes with 12 years of research experience. His team currently covers 12 stocks in the Indian Oil & Gas space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
<b>Oil &amp; Gas</b>	<b>11.85</b>	<b>11.85</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
BPCL	0.35	0.32	-9%	-3	2.67	0
<b>GAIL</b>	<b>0.30</b>	<b>0.33</b>	<b>10%</b>	<b>3</b>	<b>2.77</b>	<b>0</b>
Gujarat Gas	0.10	0.10	0%	0	0.87	0
Gujarat State Petronet	0.08	0.08	4%	0	0.71	0
Gulf Oil Lubricants	0.00	0.00	NA	0	0.00	0
<b>HPCL</b>	<b>0.16</b>	<b>0.14</b>	<b>-15%</b>	<b>-2</b>	<b>1.17</b>	<b>0</b>
Indian Oil	0.31	0.28	-9%	-3	2.40	0
Indraprastha Gas	0.14	0.13	-7%	-1	1.10	0
Petronet LNG	0.18	0.19	5%	1	1.59	0
<b>Oil India</b>	<b>0.09</b>	<b>0.10</b>	<b>10%</b>	<b>1</b>	<b>0.84</b>	<b>0</b>
<b>ONGC</b>	<b>0.62</b>	<b>0.68</b>	<b>10%</b>	<b>6</b>	<b>5.78</b>	<b>0</b>
Reliance Industries	9.51	9.49	0%	-2	80.09	0
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>	<b>0</b>

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	20-May-21	18-Nov-21	18-Feb-22	20-Apr-22	20-May-22
EAP - Oil & Gas	100.0	127.5	155.1	152.0	167.8	160.6
BSE200 Neutral Weighted Portfolio (ETF)	100.0	126.6	154.2	150.9	166.7	159.4

\*Performance measurement base date 1<sup>st</sup> April 2019

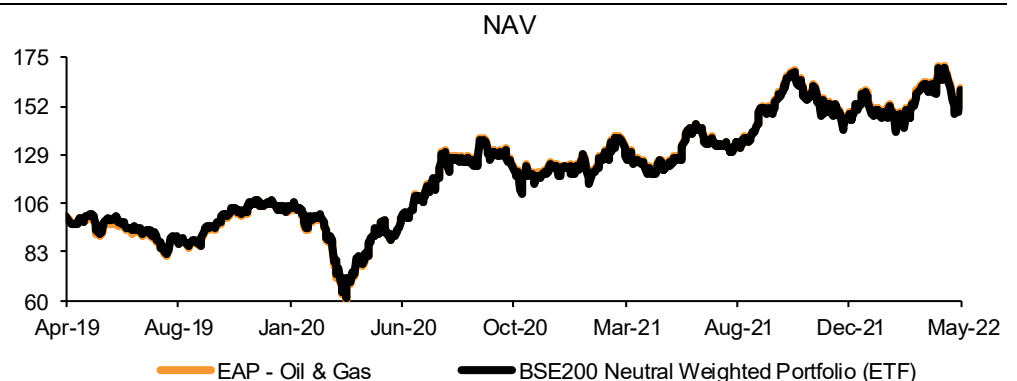
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Oil & Gas	-4.2%	5.7%	3.6%	26.0%
BSE200 Neutral Weighted Portfolio (ETF)	-4.3%	5.6%	3.4%	26.0%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”



## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 24 May 2022 00:47:01 (SGT)  
Dissemination Date: 24 May 2022 00:48:01 (SGT)

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