

BSE SENSEX  
60,841

S&P CNX  
18,105

**CMP: INR147**

**TP: INR198 (+35%)**

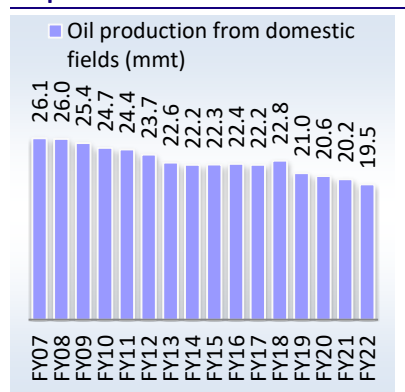
**Buy**



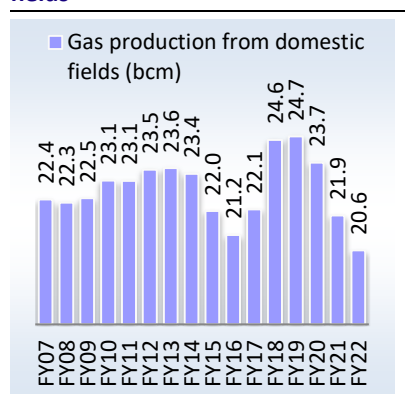
**Stock Info**

Bloomberg	ONGC IN
Equity Shares (m)	12,833
M.Cap.(INRb)/(USD\$b)	1822.9 / 22
52-Week Range (INR)	195 / 120
1, 6, 12 Rel. Per (%)	6/-21/-1
12M Avg Val (INR M)	3574
Free float (%)	41.1

**Oil production from domestic fields**



**Gas production from domestic fields**



**The great conjunction for ONGC in 2023**

**Oil and gas production to improve 10% and 20% from mid-CY23, respectively**

*The Great Conjunction is a rare conjunction of the naked-eye planets – Jupiter and Saturn. It is an event that roughly occurs every two decades when Jupiter overtakes Saturn in its orbit. As Mother Aughra in the 1982 cult classic – The Dark Crystal – says, “The Great Conjunction is the end of the world...or the beginning... sometimes good, sometimes bad”, the year 2023 is likely to be a defining year for ONGC with two prominent triggers. These are: a) a rise in domestic oil & gas production, and b) possible floor on gas realization. Both are likely to play out in favor of the company, an outcome that makes us pitch ONGC as the top idea for 2023 in the sector.*

- **Delay in project execution hurts production...:** For the past 16 years, ONGC’s Reserve Replacement Ratio (RRR) has been consistently above 1x. However, continued project execution delays, among other things, have resulted in lack of growth in oil production since FY05 and gas production since FY19.
- **...but the floor price comes to the rescue:** For 10 quarters, domestic APM gas price was below USD3/mmBtu (NCV), roughly the cost of gas production for ONGC. For another eight quarters, ONGC barely made any money on its gas production with domestic gas prices being below USD3.5/mmBtu (NCV). The floor of USD4.0/mmBtu recommended by Kirit Parikh, thus, provides a fillip to its profitability from the nominated fields as well as incentivizes ONGC to raise production that would garner a 20% premium over the prevailing APM gas price.
- **The year 2023 to be a defining year for ONGC:** With increased visibility of positive outcome based on these two triggers, we reiterate our BUY rating on the stock. We recommend ONGC as the top idea for 2023 in the sector. Valuing the standalone business at 6x Dec’24E EPS of INR28.2 and adding the value of investments of INR27, we arrive at our TP of INR198, implying 35% potential upside.
- **Key downside risks:** Capital misallocation, increase in windfall taxes or sharp decline in oil prices, and non-implementation of a floor for APM gas.

**Long awaited production growth in sight**

- For the past 10 years, the company has spent INR2,874b in its exploration projects. Hence, ONGC’s RRR (2P) – an indicator of sustainable production – has remained above 1x continuously.
- However, its oil/condensate production from domestic fields (ex-JVs) declined to 19.5mmt in FY22 from a peak of 26.5mmt in FY05. Similarly, gas production from domestic fields (ex-JVs) reached a peak of 24.7bcm in FY19, but that too decreased steadily to 20.6bcm in FY22.
- However, the much awaited KG-DWN-98/2 is forecasted to reverse this trend from May’23 by adding peak oil production of 40-45kbopd and peak gas production of ~10-12mmscmd (both by FY25). At the peak, this field would add ~10% to ONGC’s domestic oil production and ~20% to its current domestic gas production.

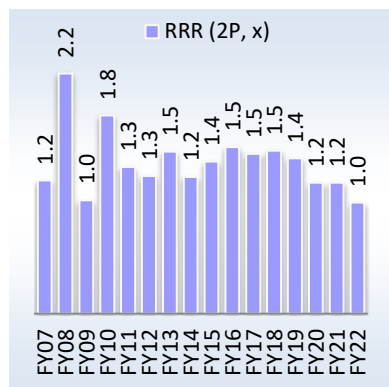
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**Rohit Thorat – Research Analyst** (rohit.thorat@motilalosal.com)

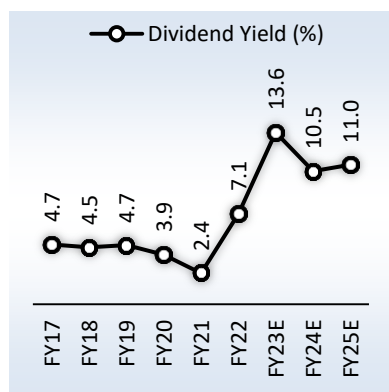
**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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### RRR has stayed above 1x since FY07



### Consolidated dividend snapshot for ONGC



### Much needed relief on gas pricing from the nominated fields

- Since the implementation of the existing gas price mechanism from Nov'14, domestic APM gas prices have remained below USD3/mmBtu (NCV) for 10 quarters due to the high weightage of Henry Hub in the pricing formula.
- For another eight quarters, domestic gas prices have remained below USD3.5/mmBtu. Comparing these with ONGC's gas production cost of ~USD3/mmBtu leads us to infer that it has been severely impacted by low gas prices.
- In light of the above, the recent recommendations of Kirit Parikh, valuing domestic APM gas prices to 10% of Brent could be a boon, if implemented. The recommendations also include a floor of USD4/mmBtu, which would protect the profitability of ONGC's gas segment. To incentivize production from the age-old nominated fields, the Committee also proposed 20% premium over the prevailing APM gas price for incremental gas production.

### Valuation and view: 2023 to be a defining year for ONGC; maintain BUY

- **Aligning our forecasts:** Since the implementation of the windfall taxes had no fixed expiry, we had assumed that these would last only until Dec'22. However, it looks unlikely that the government is going to unwind it any time sooner. Hence, while we do not change our Brent forecast of USD90/bbl for FY24, we cut our EPS forecast by 31% to INR44.2 (v/s consensus EPS of INR39.1), extending the windfall taxes to FY24.
- **High dividend yield:** Over the past three years, the dividend payout of ONGC has stood at ~33% of its consolidated PAT. In addition to the great conjunction of production growth and better gas segment profitability, this implies a strong dividend yield of 13.6% for FY23.
- **Mozambique field could spring another surprise:** Fueled by high LNG prices, Mozambique commenced its first LNG exports from the Coral field in mid-CY22. Already delayed, the Mozambique project in which ONGC has 16% stake, may see progress in 2023.
- **Valuation:** ONGC trades at 3.3x FY24E consolidated EPS of INR44.2 and 2.2x consolidated EV/EBITDA. Considering the great conjunction in addition to the cushion provided by the high dividend yield of 13.6% in FY23, we retain our BUY rating on ONGC with a TP of INR198, making it the top idea for 2023 in the sector.
- **Key risks:** Capital misallocation, increase in windfall taxes or sharp decline in oil prices, and non-implementation of a floor for APM gas.

**Exhibit 1: Financial summary of ONGC**
**(INR b)**

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Sales	3,257	3,622	4,537	4,250	3,606	5,318	7,289	7,269	7,306
EBITDA	580	644	840	611	566	858	945	1,107	1,128
Adj. PAT	288	259	349	167	207	512	494	567	594
Adj. EPS (INR)	22.4	20.2	27.2	13.0	16.1	39.9	38.5	44.2	46.3
EPS Gr. (%)	64.9	-9.9	34.6	-52.1	23.8	147.4	-3.5	14.8	4.8
BV/Sh.(INR)	151.5	158.0	167.9	159.8	172.2	202.2	220.8	249.5	279.6
<b>Ratios</b>									
Net D:E	0.3	0.5	0.4	0.5	0.5	0.4	0.3	0.2	0.0
RoE (%)	14.7	13.0	16.7	8.0	9.7	21.3	18.2	18.8	17.5
RoCE (%)	11.1	9.2	11.3	6.4	7.3	15.7	14.0	15.5	15.6
Payout (%)	36.0	38.0	31.3	77.7	21.6	27.3	51.8	35.0	34.9
<b>Valuations</b>									
P/E (x)	6.6	7.3	5.4	11.3	9.1	3.7	3.8	3.3	3.2
P/BV (x)	1.0	0.9	0.9	0.9	0.9	0.7	0.7	0.6	0.5
EV/EBITDA (x)	4.3	4.4	3.4	4.6	5.1	3.4	3.0	2.2	1.8
Div. Yield (%)	4.7	4.5	4.7	3.9	2.4	7.1	13.6	10.5	11.0
FCF Yield (%)	13.5	15.4	18.9	15.2	8.0	23.8	18.9	36.9	36.7

Source: Company, MOFSL

**Exhibit 2: Major Assumptions of ONGC**

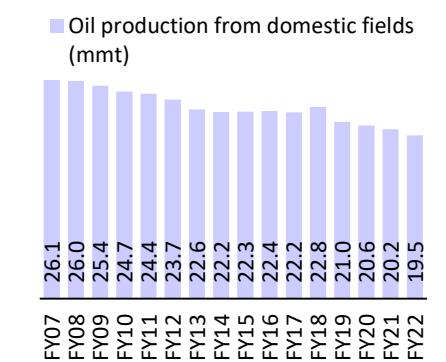
Year End: March 31	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Exchange Rate (INR/USD)	67.1	64.5	70.0	70.9	74.3	74.5	80.7	84.4	83.3
APM Gas Price (USD/mmBtu)	3.1	3.0	3.5	3.8	2.3	2.6	7.3	5.7	5.7
Brent crude price (USD/bbl)	48.6	57.6	70.1	61.2	44.4	80.5	98.3	90.0	90.0
<b>Production Details (mmtoe)</b>									
Domestic Oil Production (mmt)	25.5	26.2	24.2	23.4	22.5	21.7	21.8	22.7	23.9
Domestic Gas Production (bcm)	23.3	25.6	25.8	24.9	22.8	21.7	21.7	23.7	25.4
<b>Domestic Production (mmtoe)</b>	<b>48.8</b>	<b>51.8</b>	<b>50.0</b>	<b>48.3</b>	<b>45.3</b>	<b>43.4</b>	<b>43.5</b>	<b>46.4</b>	<b>49.3</b>
<b>OVL Production (mmtoe)</b>	<b>12.8</b>	<b>14.2</b>	<b>14.8</b>	<b>14.7</b>	<b>13.0</b>	<b>12.3</b>	<b>10.5</b>	<b>11.3</b>	<b>11.8</b>
<b>Group Production (mmtoe)</b>	<b>61.6</b>	<b>66.0</b>	<b>64.9</b>	<b>62.9</b>	<b>58.4</b>	<b>55.7</b>	<b>54.0</b>	<b>57.7</b>	<b>61.1</b>
<b>Oil Price Realization (USD/bbl)*</b>									
Gross	50.2	57.4	68.9	58.8	42.8	76.4	89.8	90.0	90.0
Upstream Discount	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net</b>	<b>50.2</b>	<b>57.4</b>	<b>68.9</b>	<b>58.8</b>	<b>42.8</b>	<b>76.4</b>	<b>89.8</b>	<b>90.0</b>	<b>90.0</b>
<b>Consolidated EPS</b>	<b>22.4</b>	<b>20.2</b>	<b>27.2</b>	<b>13.0</b>	<b>16.1</b>	<b>39.9</b>	<b>38.5</b>	<b>44.2</b>	<b>46.3</b>

Source: Company, MOFSL

### Production growth visibility after a long time!

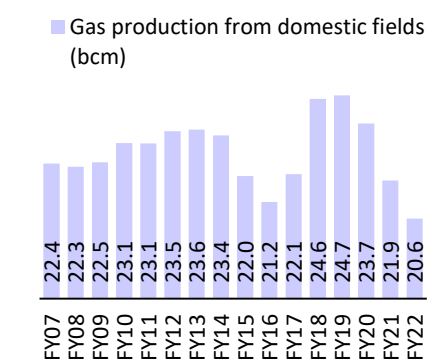
- For the past 16 years, the RRR of the company has remained above 1x. While this did render the visibility of future production growth, the confidence was shaken as project execution delays and decline from older fields resulted in a poor show of the actual production data.
- Production of oil/condensate production from domestic fields (ex-JVs) declined to 19.5mmt in FY22 post-attaining a peak of 26.5mmt in FY05. Similarly, gas production from domestic fields (ex-JVs) reached a peak of 24.7bcm in FY19, but that too decreased steadily to 20.6bcm in FY22.
- **KG-DWN-98/2 came to the rescue:** The decline in oil and gas production came in the backdrop of delays, especially in KG-DWN-98/2. However, with its completion standing at 76% as of Oct'22, the visibility of first oil from KG-DWN-98/2 and rise in gas production appears much stronger.
- Against the envisaged INR340b, the company has already spent INR200b on KG-DWN-98/2. Three wells are already producing 1.7mmscmd of gas. By May'23, the field is expected to produce first oil, peaking at 45kbopd in FY25. Along with that, the gas production is forecasted to reach a peak of 10-12mmscmd in FY25.
- **Daman Upside:** Additionally, the company envisages a total expenditure of INR41.4b on Daman Upside and is likely to add 13.9mmtoe (mainly gas) over the lifetime of the project.
- The project is expected to be completed by Oct'25. Capex outgo in FY23 is projected at INR2b, and will jump to INR8.5b in FY24E.
- **Mumbai High north redevelopment project:** Total expenditure is likely to stand at INR40b, out of which INR30b has already been spent.
- The production has already been ongoing since Feb'18 from a few wells.
- About 80% drilling has already been completed and the project is forecasted to add 4.69mmtoe over the lifetime of the project.
- The above are included in a basket of 23 projects worth INR610b that are forecasted to add 97mmtoe of total production (37.4mmt of oil and rest gas).

**Exhibit 3: Oil production from domestic fields**



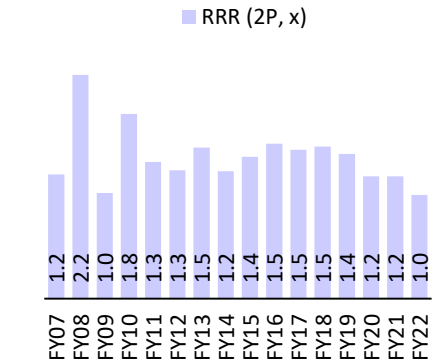
Source: Company, MOFSL

**Exhibit 4: Gas production from domestic fields**



Source: Company, MOFSL

**Exhibit 5: RRR has stayed above 1x since FY07**

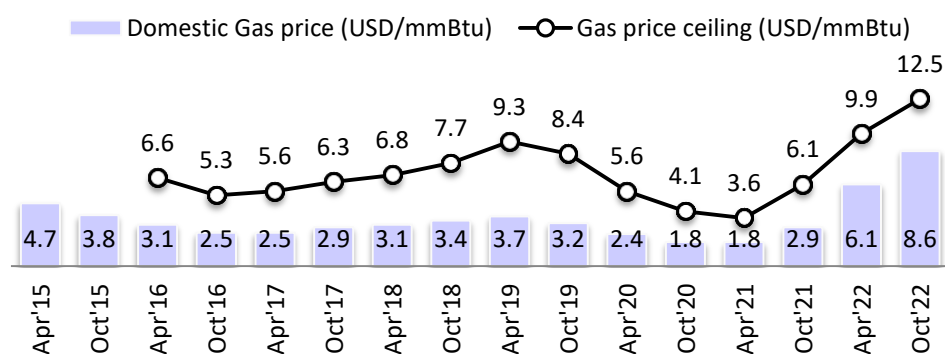


Source: Company, MOFSL

## Kirit Parikh recommendations render the much needed respite against low gas prices!

- The average gas production cost of ONGC currently stands at ~USD3/mmBtu. Since Nov'14, for 10 quarters, the NCV for APM gas has remained below USD3/mmBtu. For additional eight quarters, the NCV has remained below USD3.5/mmBtu, thereby generating marginal profit for ONGC.
- Since most of the APM fields are old and require Improved Oil Recovery (IOR)/ Enhanced Oil Recovery (EOR) to keep producing, the production costs are anyways expected to rise.
- In light of the above, the following recommendations of Kirit Parikh surely come as a much needed respite for ONGC:
  - Floor of USD4/mmBtu and a ceiling of USD6.5/mmBtu, the ceiling to be raised by USD0.5/mmBtu each year
  - In the above band, pricing stands at 10% of Brent
  - 20% premium for incremental gas production from nominated fields
  - Free market pricing in a few years
- We estimate that a rise of USD1/mmBtu increases ONGC's EBITDA by INR45b annually, which is 5% of its consolidated FY23E EBITDA.

**Exhibit 6: Domestic gas price snapshot since inception**

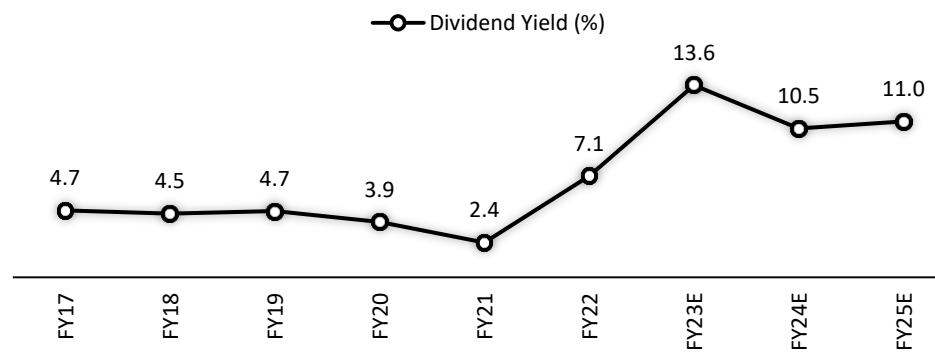


Source: Bloomberg, MOFSL

## Cushion of high dividend yield!

- The company carried out a capex of INR1,070b over the past three years against PAT+ Depreciation of INR1,897b. We expect capex to remain at INR300b annually for our forecast horizon.
- In the past three years, ONGC has generated an average dividend payout of ~33%. Extrapolating this amounts to a dividend yield of 10.5% for FY24E, even after considering a consolidated capex of INR300b each year.

Exhibit 7: Consolidated dividend snapshot for ONGC



Source: Company, MOFSL

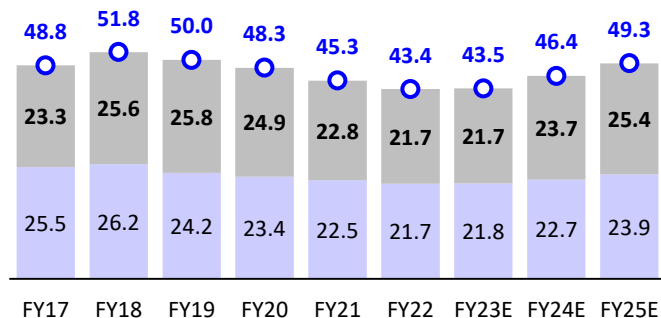
### Valuation and view: 2023 to be a defining year for ONGC; maintain BUY

- **Healthy oil price realization despite windfall taxes:** Our estimate suggests that the government is allowing a post-windfall realization of USD68-81/bbl for ONGC. Assuming USD70/bbl for FY24 and FY25, we estimate an EPS of INR44.2 and INR46.3 (v/s consensus estimates of INR39.1 and INR35.4), respectively.
- ONGC is currently valued at 2.2x FY24E consolidated EV/EBITDA and 3.3x FY24E consolidated EPS. We value the standalone business at 6x Dec'24E and add INR27 for the value of investments to arrive at our TP of INR198. We recommend ONGC as our top pick for 2023 in the sector.
- **Key risks:** Capital misallocation, increase in windfall taxes or sharp decline in oil prices, and non-implementation of a floor for APM gas.

## Story in charts

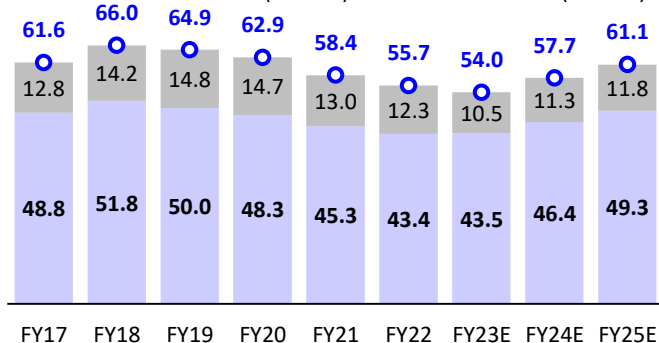
**Exhibit 8: Oil and Gas production to increase (mmt)**

■ Domestic Gas Production (bcm) ■ Domestic Oil Production (mmt)



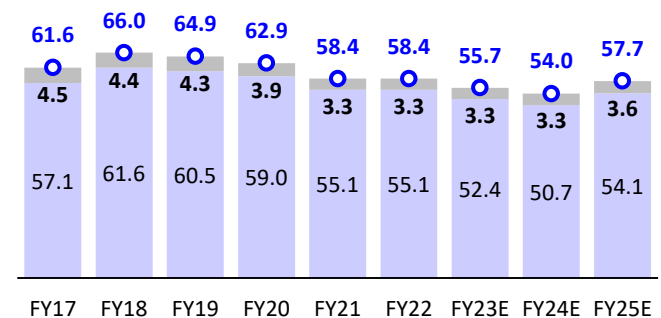
**Exhibit 9: OVL production snapshot**

■ Domestic Production (mmt) ■ OVL Production (mmt)



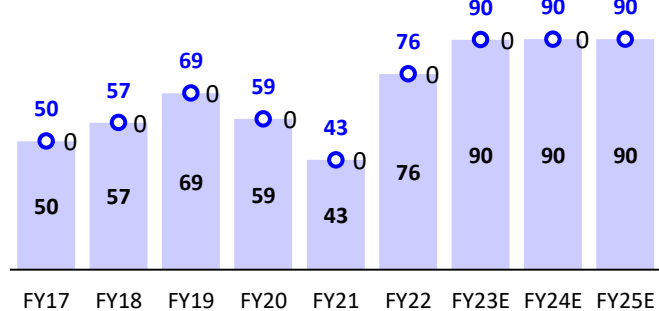
**Exhibit 10: JV contribution snapshot**

■ ONGC + OVL (mmt) ■ JVs (mmt)



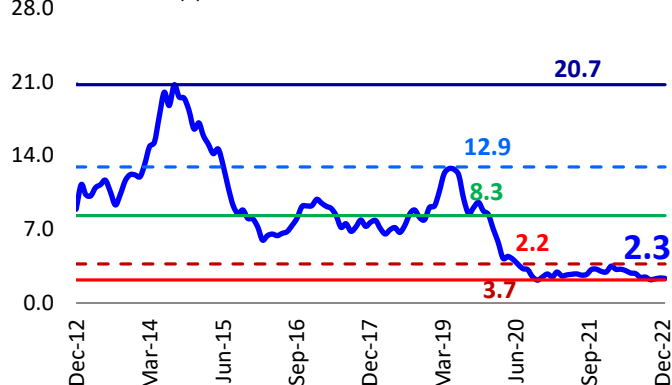
**Exhibit 11: Realization of ONGC (USD/bbl)**

■ Net ■ Upstream Discount ■ Gross



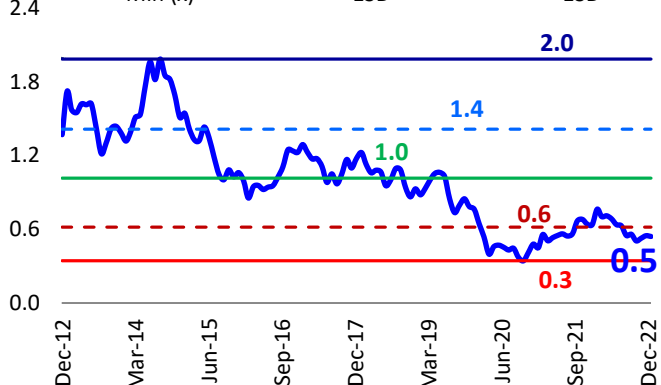
**Exhibit 12: ONGC: 1-yr fwd. P/E**

— P/E (x) — Avg (x) — Max (x)  
— Min (x) - - - +1SD - - - -1SD



**Exhibit 13: ONGC: 1-yr fwd. P/B**

— P/B (x) — Avg (x) — Max (x)  
— Min (x) - - - +1SD - - - -1SD



## Financials and valuations

### Consolidated - Income Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Total Income from Operations</b>	<b>3,257</b>	<b>3,622</b>	<b>4,537</b>	<b>4,250</b>	<b>3,606</b>	<b>5,318</b>	<b>7,289</b>	<b>7,269</b>	<b>7,306</b>
Change (%)	140.1	11.2	25.2	-6.3	-15.2	47.5	37.1	-0.3	0.5
<b>EBITDA</b>	<b>580</b>	<b>644</b>	<b>840</b>	<b>611</b>	<b>566</b>	<b>858</b>	<b>945</b>	<b>1,107</b>	<b>1,128</b>
Margin (%)	17.8	17.8	18.5	14.4	15.7	16.1	13.0	15.2	15.4
Depreciation	254	306	329	357	327	328	301	357	354
<b>EBIT</b>	<b>326</b>	<b>338</b>	<b>511</b>	<b>255</b>	<b>239</b>	<b>530</b>	<b>644</b>	<b>750</b>	<b>774</b>
Int. and Finance Charges	36	50	58	75	51	57	62	60	54
Other Income	93	75	77	91	93	74	60	50	56
<b>PBT before EO Exp.</b>	<b>383</b>	<b>362</b>	<b>530</b>	<b>271</b>	<b>282</b>	<b>547</b>	<b>641</b>	<b>740</b>	<b>776</b>
EO Items	6	2	-16	-90	9	-21	0	0	0
<b>PBT after EO Exp.</b>	<b>389</b>	<b>365</b>	<b>514</b>	<b>180</b>	<b>291</b>	<b>526</b>	<b>641</b>	<b>740</b>	<b>776</b>
Total Tax	125	131	209	75	88	48	161	186	195
Tax Rate (%)	32.3	36.0	40.7	41.6	30.1	9.1	25.2	25.2	25.2
Share of associates/JVs/Minority int	-28	-27	-34	-9	-10	-15	-14	-14	-14
<b>Reported PAT</b>	<b>292</b>	<b>261</b>	<b>339</b>	<b>115</b>	<b>213</b>	<b>493</b>	<b>494</b>	<b>567</b>	<b>594</b>
<b>Adjusted PAT</b>	<b>288</b>	<b>259</b>	<b>349</b>	<b>167</b>	<b>207</b>	<b>512</b>	<b>494</b>	<b>567</b>	<b>594</b>
Change (%)	64.9	-9.9	34.6	-52.1	23.8	147.4	-3.5	14.8	4.8
Margin (%)	8.8	7.2	7.7	3.9	5.7	9.6	6.8	7.8	8.1

### Consolidated - Balance Sheet

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	64	64	63	63	63	63	63	63	63
Total Reserves	1,880	1,963	2,092	1,988	2,147	2,532	2,770	3,139	3,526
<b>Net Worth</b>	<b>1,944</b>	<b>2,028</b>	<b>2,155</b>	<b>2,051</b>	<b>2,210</b>	<b>2,595</b>	<b>2,833</b>	<b>3,202</b>	<b>3,589</b>
Minority Interest	133	156	183	184	216	238	238	238	238
Total Loans	744	993	1,015	1,044	1,098	1,078	1,002	702	491
Deferred Tax Liabilities	352	391	450	434	427	349	349	349	349
<b>Capital Employed</b>	<b>3,173</b>	<b>3,568</b>	<b>3,803</b>	<b>3,713</b>	<b>3,951</b>	<b>4,260</b>	<b>4,423</b>	<b>4,491</b>	<b>4,667</b>
Gross Block	3,328	3,683	3,983	4,382	4,642	5,039	4,822	4,911	5,000
Less: Accum. Deprn.	1,358	1,590	1,827	2,093	2,348	2,617	2,979	3,304	3,634
<b>Net Fixed Assets</b>	<b>1,969</b>	<b>2,093</b>	<b>2,156</b>	<b>2,289</b>	<b>2,293</b>	<b>2,422</b>	<b>1,843</b>	<b>1,607</b>	<b>1,366</b>
Goodwill on Consolidation	142	142	141	142	135	112	112	112	112
Capital WIP	214	207	298	458	629	715	1,292	1,471	1,658
Exploratory wells under progress	377	401	392	380	374	352	352	352	352
<b>Total Investments</b>	<b>707</b>	<b>667</b>	<b>738</b>	<b>575</b>	<b>609</b>	<b>677</b>	<b>677</b>	<b>677</b>	<b>677</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,029</b>	<b>1,048</b>	<b>1,252</b>	<b>1,229</b>	<b>1,365</b>	<b>1,544</b>	<b>2,068</b>	<b>2,189</b>	<b>2,427</b>
Others	428	503	632	642	626	686	699	713	726
Inventory	299	305	351	331	446	542	1,030	1,001	1,003
Account Receivables	139	156	175	115	186	217	276	275	276
Cash and Bank Balance	132	51	48	96	72	68	31	169	389
Cash	18	25	38	48	40	54	18	156	376
Bank Balance	114	26	10	49	32	14	13	13	13
Loans and Advances	31	33	46	44	36	31	31	31	31
<b>Curr. Liability &amp; Prov.</b>	<b>1,266</b>	<b>990</b>	<b>1,175</b>	<b>1,360</b>	<b>1,454</b>	<b>1,561</b>	<b>1,921</b>	<b>1,917</b>	<b>1,924</b>
Account Payables	985	694	853	987	1,045	1,131	1,491	1,487	1,494
<b>Net Current Assets</b>	<b>-236</b>	<b>58</b>	<b>77</b>	<b>-132</b>	<b>-90</b>	<b>-17</b>	<b>147</b>	<b>272</b>	<b>502</b>
<b>Appl. of Funds</b>	<b>3,173</b>	<b>3,568</b>	<b>3,803</b>	<b>3,713</b>	<b>3,951</b>	<b>4,260</b>	<b>4,423</b>	<b>4,491</b>	<b>4,667</b>



## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>22.4</b>	<b>20.2</b>	<b>27.2</b>	<b>13.0</b>	<b>16.1</b>	<b>39.9</b>	<b>38.5</b>	<b>44.2</b>	<b>46.3</b>
Cash EPS	42.2	44.0	52.8	40.8	41.6	65.4	62.0	72.0	73.9
BV/Share	151.5	158.0	167.9	159.8	172.2	202.2	220.8	249.5	279.6
DPS	6.9	6.6	6.9	5.8	3.6	10.5	20.0	15.5	16.2
Payout (%)	36.0	38.0	31.3	77.7	21.6	27.3	51.8	35.0	34.9
<b>Valuation (x)</b>									
P/E	6.6	7.3	5.4	11.3	9.1	3.7	3.8	3.3	3.2
Cash P/E	3.5	3.3	2.8	3.6	3.5	2.2	2.4	2.0	2.0
P/BV	1.0	0.9	0.9	0.9	0.9	0.7	0.7	0.6	0.5
EV/Sales	0.8	0.8	0.6	0.7	0.8	0.5	0.4	0.3	0.3
EV/EBITDA	4.3	4.4	3.4	4.6	5.1	3.4	3.0	2.2	1.8
Dividend Yield (%)	4.7	4.5	4.7	3.9	2.4	7.1	13.6	10.5	11.0
FCF per share	19.8	22.6	27.8	22.4	11.8	35.0	27.8	54.3	54.0
<b>Return Ratios (%)</b>									
RoE	14.7	13.0	16.7	8.0	9.7	21.3	18.2	18.8	17.5
RoCE	11.1	9.2	11.3	6.4	7.3	15.7	14.0	15.5	15.6
RoIC	10.6	9.1	11.3	5.6	6.4	17.7	18.5	24.4	28.1
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	1.0	1.0	1.1	1.0	0.8	1.1	1.5	1.5	1.5
Asset Turnover (x)	1.0	1.0	1.2	1.1	0.9	1.2	1.6	1.6	1.6
Inventory (Days)	33	31	28	28	45	37	52	50	50
Debtor (Days)	16	16	14	10	19	15	14	14	14
Creditor (Days)	110	70	69	85	106	78	75	75	75
<b>Leverage Ratio (x)</b>									
Current Ratio	0.8	1.1	1.1	0.9	0.9	1.0	1.1	1.1	1.3
Interest Cover Ratio	9.1	6.8	8.8	3.4	4.7	9.3	10.3	12.6	14.4
Net Debt/Equity	0.3	0.5	0.4	0.5	0.5	0.4	0.3	0.2	0.0

### Consolidated - Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	417	392	548	190	301	541	641	740	776
Depreciation	202	231	237	266	255	269	301	357	354
Interest expense	36	49	58	75	51	57	62	60	54
(Inc)/Dec in WC	-27	3	-98	127	-39	37	-201	13	-10
Others	-75	1	22	148	-21	12	14	14	14
<b>CF from Operating incl EO</b>	<b>458</b>	<b>568</b>	<b>615</b>	<b>706</b>	<b>472</b>	<b>780</b>	<b>656</b>	<b>996</b>	<b>992</b>
(Inc)/Dec in FA	-203	-277	-258	-419	-321	-331	-300	-300	-300
<b>Free Cash Flow</b>	<b>254</b>	<b>291</b>	<b>357</b>	<b>287</b>	<b>151</b>	<b>449</b>	<b>356</b>	<b>696</b>	<b>692</b>
(Pur)/Sale of Investments	-125	87	-9	-18	-12	-12	0	0	0
Others	-111	-470	-102	-99	-59	-61	0	0	0
<b>CF from Investments</b>	<b>-439</b>	<b>-660</b>	<b>-368</b>	<b>-535</b>	<b>-391</b>	<b>-405</b>	<b>-300</b>	<b>-300</b>	<b>-300</b>
Issue of Shares	25	0	-40	0	0	0	0	0	0
Inc/(Dec) in Debt	160	241	-31	24	53	-130	-75	-301	-210
Dividend Paid	-173	-112	-122	-99	-31	-129	-256	-198	-208
Others	-31	-30	-39	-86	-111	-101	-62	-60	-54
CF from Fin. Activity	-19	99	-233	-161	-89	-360	-394	-559	-472
<b>Inc/Dec of Cash</b>	<b>0</b>	<b>7</b>	<b>13</b>	<b>10</b>	<b>-8</b>	<b>15</b>	<b>-37</b>	<b>138</b>	<b>221</b>
Opening Balance	18	18	25	38	48	40	56	18	156
<b>Closing Balance</b>	<b>18</b>	<b>25</b>	<b>38</b>	<b>48</b>	<b>40</b>	<b>56</b>	<b>18</b>	<b>156</b>	<b>376</b>

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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