

08 November 2023

India | Equity Research | Q2FY24 result review

## Hindustan Petroleum Corporation

Oil &amp; Gas

### Solid quarter, improving prospects

Hindustan Petroleum's (HPCL) recurring standalone EBITDA / PAT for Q2FY24 of INR 82.2bn / INR 51.2bn was down 5% /6% QoQ (Q2FY23 saw huge losses for HPCL) vs our estimates of INR 63bn/36bn, respectively. YoY improvement was driven by higher refining throughput, strong marketing volumes and stronger marketing margin (retail margin of INR 2.9/ltr vs loss of INR 3.7ltr in Q2FY23). H1FY24 EBITDA at INR 169bn is a jump of INR 365bn vs H1FY23 and with stronger operational/financial metrics, FY24/25E EPS sees an upgrade of 122/17% vs previous estimates. With steep growth likely in refinery throughput (15mt expansion by FY25E), improving marketing margins and reducing leverage, the stock is likely to show strong outperformance over the next 12-18 months. Reiterate **BUY**.

### Strong performance in Q2, prospects to improve further

Refinery throughput was 5.8mt with H1 utilisation at ~108.8%. GRMs of USD 13.3/bbl (including USD 2.6/bbl inventory gains) jumped USD 5.9/bbl QoQ and USD 4.9/bbl YoY. Domestic marketing volumes at 10.1mt were up 2% YoY while export sales of 0.7mt were up 27% YoY. Blended marketing margin at INR 6,281/t was up sharply vs a loss of INR 2,218/t in Q2FY23 but did dip sharply vs INR 10,305/t in Q1FY24, due to blended retail margin (petrol + diesel) of INR 2.9/ltr in Q2 vs INR8.9/ltr in Q1 which was one of the highest ever for HPCL. Margins have continued to improve sharply over Q3TD (at INR 4.5-5/ltr) and even with softening GRMs in recent weeks, H2FY24 should remain reasonably profitable for HPCL.

### Margin mix may change; absolute trends continue to point northwards

Regardless of the prevailing uncertainty on refining and marketing margins, our analysis suggests that even in current scenario, margin mix broadly remains on a strongly upward trajectory for HPCL. For the rest of FY24E, we factor in softer GRMs and stronger retail margins vs Q2 averages, while volumes improve for both refining, marketing segments led by Vizag's ~7mt expansion fully reflecting in numbers by Q4FY24E and fuel consumption set to recover over H2 as well. Combined with the expected commissioning of Rajasthan Refinery by FY25E (~70% mechanical completion as on date) – HPCL looks set to transform the scale of the business as well as business mix for better over the next 3 years, underpinning our positive stance.

### Financial Summary

Y/E March (INR Mn)	FY23A	FY24E	FY25E	FY26E
Net Revenue	44,07,093	41,99,620	46,47,297	49,00,468
EBITDA	(72,071)	1,27,460	2,36,802	2,61,094
EBITDA %	(1.6)	3.0	5.1	5.3
Net Profit	(69,802)	98,692	1,59,055	1,67,918
EPS (INR)	(49.2)	69.6	112.1	118.4
EPS % Chg YoY	(195.7)	(241.4)	61.2	5.6
P/E (x)	(5.7)	4.0	2.5	2.4
EV/EBITDA (x)	(14.5)	8.2	4.2	3.5
RoCE (Pre-tax) (%)	(12.2)	5.6	11.0	10.3
RoE (%)	(19.0)	28.0	35.8	29.0

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#### Market Data

Market Cap (INR)	395bn
Market Cap (USD)	4,750mn
Bloomberg Code	HPCL IN
Reuters Code	HPCL.BO
52-week Range (INR)	310 /204
Free Float (%)	45.0
ADTV-3M (mn) (USD)	12.4

Price Performance (%)	3m	6m	12m
Absolute	4.1	9.7	32.8
Relative to Sensex	5.2	2.2	25.2

ESG Disclosure	2021	2022	Change
ESG score	55.3	54.8	(0.4)
Environment	45.2	45.5	0.3
Social	38.1	36.5	(1.6)
Governance	82.4	82.4	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	2.5	6.2
EBITDA	70.6	4.4
EPS	122.4	17.5

#### Previous Reports

03-08-2023: [Q1FY24 results review](#)

15-05-2023: [Q4FY23 results review](#)

### Reiterate BUY – material upgrades to estimates

HPCL is on track to raise its refinery capacity meaningfully by 7mtpa for its standalone Vizag refinery and another 9mtpa capacity to come via commissioning of Barmer Refinery in Rajasthan, which will be one of the most integrated oil to chemicals project in India (refer Exhibit 24). Our upward revisions to throughput assumptions, slightly higher marketing margins, GRMs and H1 beat vs estimates have led to a material 122.4% and 17.5% increase to FY24E and FY25E EPS, respectively (we also introduce FY26E EPS estimates of INR 118.4/sh with this note).

Also, higher the cash flow over FY24E, lower the net debt, easing leverage worries as well over the next 2-3 years. Valuations of just 2.5x FY25E EPS and 4.2x EV/EBITDA, coupled with P/BV also at a comfortable 0.8x for FY25E, provide a very attractive risk reward. We reiterate BUY on the stock with a revised target price of INR 365/sh (earlier: INR 305).

**Key downside risks:** Lower marketing margins, lower GRMs, delays in project commissioning.

**Key upside risks:** Faster execution of capacity expansion, lower than expected drop in marketing earnings, higher refining margins.

### Conference call takeaways

- HPCL has focused on strengthening the quality and capacity of its assets. The capex incurred in the past 5 years has started yielding result.
  - In the last couple of days, HPCL has commissioned hydrocracker unit at Vishakhapatnam which will enhance diesel production, among top five energy-efficient units in the world. The company is expanding Vishakhapatnam refinery capacity from 8.33mt to 15mt. Mumbai refinery has already expanded from 7.5mt to 9.5mt and is running at >9.5mt on annualised basis.
  - HPCL has commissioned two major pipeline projects connecting Hasan in Bengaluru to Cherlapalli in Hyderabad. Thus, connecting import terminal at Bengaluru to Hyderabad should help optimise the logistic cost.
  - Post Vishakhapatnam refinery expansion, HPCL expanded pipeline network from Vijayawada to Dharmapuri in Tamil Nadu for project product evacuation. Both these pipelines have been successfully commissioned and are operating at optimal level.
- HPCL has ramped up its diversification into newer areas over the last few years
  - Started marketing of petchemical under its own brand name.
  - After Rajasthan Refinery expansion, the company will have material presence in petrochemical segment (estimated petchem output of 2.4mt from the project). The project is complete 72% physically, with some major refining units in advanced stage of mechanical completion and management expects to start the commissioning of the refinery in phases in the next calendar year and reach 80% utilisation by FY26.
  - Commissioned 5mt regasification and storage terminal at Chhara which enhances its presence along the natural gas value chain. The company has presence in 23 GAs (geographical areas) in city gas distribution and is also marketing gas to industrial customers directly.
  - HPCL is the country's largest blender of ethanol and has achieved 12% blending target in gasoline, the highest of any player in the country. It has two

sugar mills operating in Bihar for sourcing ethanol. In CBG (compressed biogas), HPCL recently commissioned its first plant in UP.

- The company has formed a wholly-owned subsidiary for green business which will spearhead its foray into renewables, EV & hydrogen segments and crude to chemicals.
- HPCL plans to invest INR 750bn over the next 5 years, split up into 25-30% in renewables, 20-25% in refining space and balance on marketing.
- **Demerger of lubes business** – the company is required to have certain approvals from the Government of India and is awaiting approvals from the same. HPCL sells 0.66mt of lubes every year. The company is working on either to list it separately or bring in a strategic partner. It has tied up with Caltech for marketing and manufacturing Caltech products, adding new geographies like the Middle East and Africa in its basket.
- **Capex guidance – INR 750bn planned over 5 years**
  - Total planned capex for Rajasthan refinery is INR 730bn out of which INR 370bn has already been incurred. Several units are at an advanced stage of commissioning. Refining portion should mechanically complete by Mar'24. The project is funded by INR 480bn of loan and the rest by equity. Total HPCL contribution would be INR 180bn out of which INR 95bn has already been contributed and 26% has to be contributed by JV partner. Rajasthan refinery is projected to yield USD 20/bbl with projected EBITDA return of INR 80bn per year.
  - The company envisaged capex of INR 750bn over the next 5 years with 25-30% towards renewable and gas segments, refinery at ~20% and balance for marketing. Thus, annual capex stands at INR 140-150bn for the next 5 years.
- In Mar'23, Vishakhapatnam commissioned CDU 4th unit of 9mt and the refinery is now operating at 11mt annualised capacity. The company has also commissioned the FCHCU that is fully convertible hydrocracking unit, which takes operational capacity to ~13.8mt. On commissioning of the RUF unit-bottom augmentation unit, the capacity should go beyond 15mt.
- On marketing volumes sourcing mix –43% of MS (petrol or motor spirit) has been sourced from HPCL's two refineries, 24% from HMEL and 34% is outsourced and for HSD (diesel) it stands at 47%, 31% and 27%, respectively. After Vishakhapatnam expansion HSD sourcing would be 61% from in-house refiners and 16% from HMEL and 23% from outsource. Once Rajasthan has commissioned 100%, HSD would be internal (HPCL and HPCL JVs) and MS would be 49% in house and 10% HMEL, 12% HRRL and 29% from standalone refineries like Reliance, Nayara, NRL, etc.
- The Rajasthan Barmer refinery would be the first integrated refinery which has the highest petchem intensity, almost 26%. This would help HPCL enter the O2C segment (oil to chemical). Debt used as on date for Barmer refinery is INR 260bn.
- Product yield for MS and diesel are 18% and 50-55% at both the existing refineries, with HSD's share to rise post Vizag expansion commissioning.
- Once bottom upgradation unit of Visakhapatnam refinery has been commissioned, it should benefit 15mt capacity with incremental GRM of USD 3-4/bbl. Mechanical completion is likely by Jan-Feb'24. Post expansion, yield should increase from 75% to 85%. Increase in yield may come majorly in HSD; HSD yield to jump from 48-

50% to 60%. MS yield may be at 18%, LPG at 5% and naphtha at 5% with FO reducing to zero.

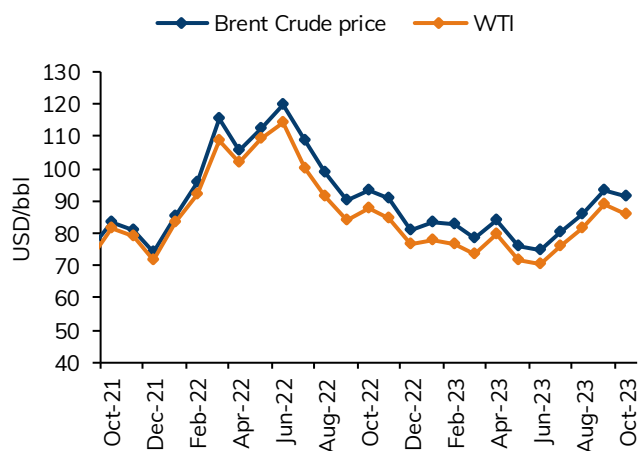
- Chhara terminal is already commissioned and it is scouting for capacity booking. Sourcing of gas would be done by HPCL, marketing and storing would be done by Chhara terminal.
- The company has signed an agreement for battery swapping. HPCL has 2,500 EV charging stations and has also tied up with HONDA.
- Management has guided that volumes for MS may grow by 5-6% and HSD may grow by 2% annually for the next couple of years.
- HMEL reported net profit of INR 17bn, volume of 6.5mt and GRM of USD 18/bbl in H1FY24. Petchem has been commissioned and is operating at 70%.
- In CGD business, the company is selling 0.4mt of CNG (1.4mmscmd) and may reach 1mt CNG (~3.6mmscmd) in the next 4-5 years.

### Exhibit 1: Q2FY24 result snapshot

INR mn	Q2FY24	Q2FY23	YoY chg %	Q1FY24	QoQ chg %	H1FY24	H1FY23	YoY chg %
<b>Sales</b>	<b>9,57,011</b>	<b>10,28,003</b>	<b>(6.9)</b>	<b>11,09,709</b>	<b>(13.8)</b>	<b>20,66,720</b>	<b>21,72,550</b>	<b>(4.9)</b>
EBITDA	82,169	(71,149)		86,651	(5.2)	1,68,820	(1,96,094)	
Adj PAT	51,182	(77,891)		54,633	(6.3)	1,05,814	(1,79,861)	
<b>Reported PAT</b>	<b>51,182</b>	<b>(21,721)</b>		<b>62,039</b>	<b>(17.5)</b>	<b>1,13,221</b>	<b>(1,23,691)</b>	
Adj EPS	36.1	(54.9)		38.5	(6.3)	79.8	(87.2)	
Depreciation	12,395	10,809	14.7	13,637	(9.1)	26,032	21,754	19.7
Interest	5,795	5,950	(2.6)	5,881	(1.5)	11,676	9,276	25.9
Employee expense	8,342	7,395	12.8	8,576	(2.7)	16,917	14,455	17.0
Other Income	3,445	2,805	22.8	6,277	(45.1)	9,721	6,202	56.7
Marketing Inventory gain (loss) (estimated)*	12,000	(20,000)		(9,528)		2,472	2,854	(13.4)
Forex gain (loss)	(3,640)	(6,030)		1,310		(2,330)	(15,480)	
Average GRM(USD/bbl)	13.3	8.4	58.5	7.4	79.2	10.5	12.6	(17.1)

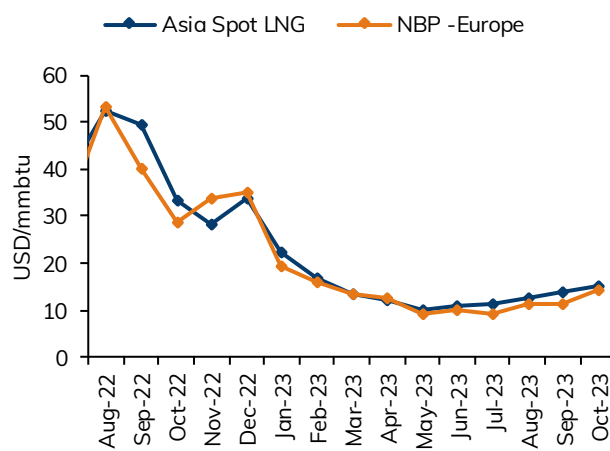
Source: Company data, I-Sec research \* Estimated for Q1FY24 and Q2FY23

### Exhibit 2: Crude prices are moderating...



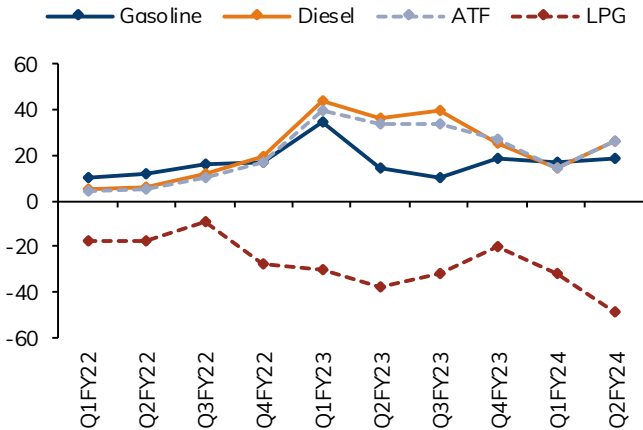
Source: Bloomberg, I-Sec research

### Exhibit 3: ...so are global LNG prices



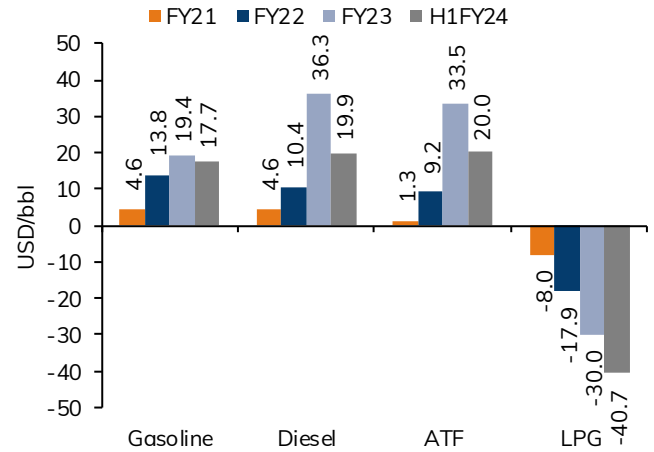
Source: Bloomberg, I-Sec research

**Exhibit 4: Diesel, ATF and petrol spreads improved in Q2FY24**



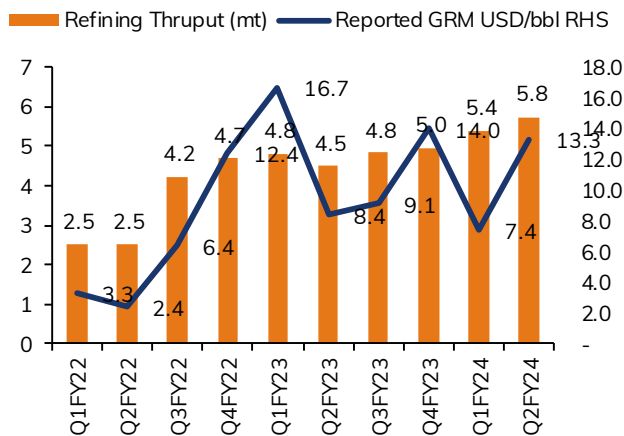
Source: Company data, I-Sec research

**Exhibit 5: Product cracks remain at elevated level in H2FY24**



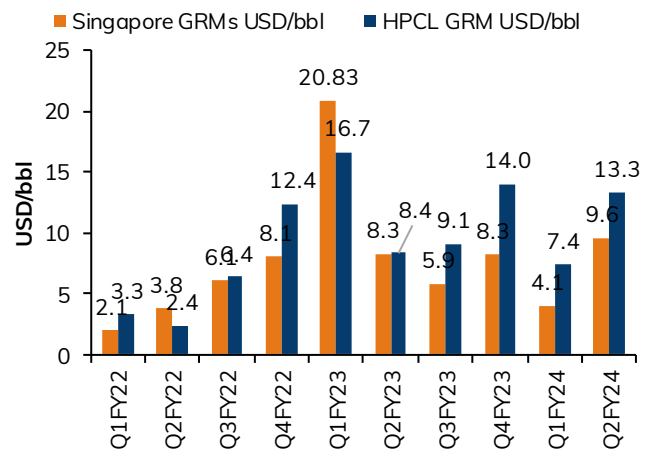
Source: Company data, I-Sec research

**Exhibit 6: Q2FY24 GRMs improved QoQ and YoY**



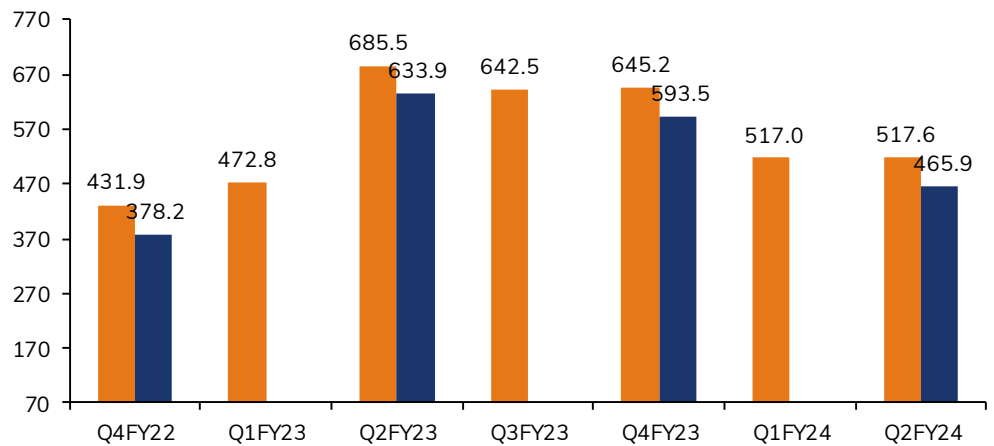
Source: Company data, I-Sec research

**Exhibit 7: Premium to Singapore GRMs**



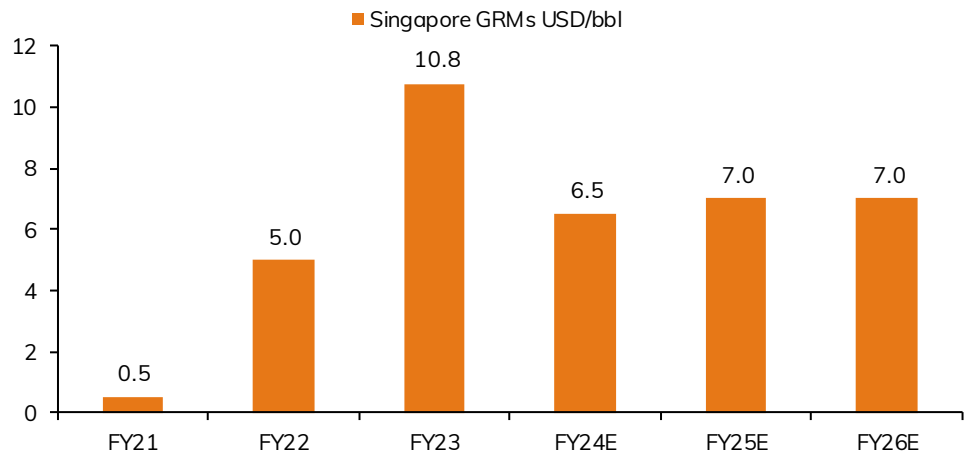
Source: Company data, I-Sec research

**Exhibit 8: Net Borrowings reduced sharply in last 4 quarters (INR bn)**



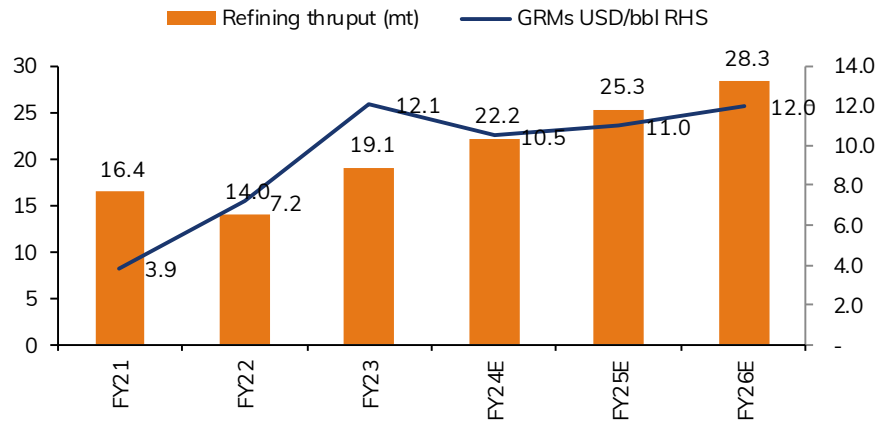
Source: Company data, I-Sec research

**Exhibit 9: Singapore GRM estimates for FY20-FY26E**



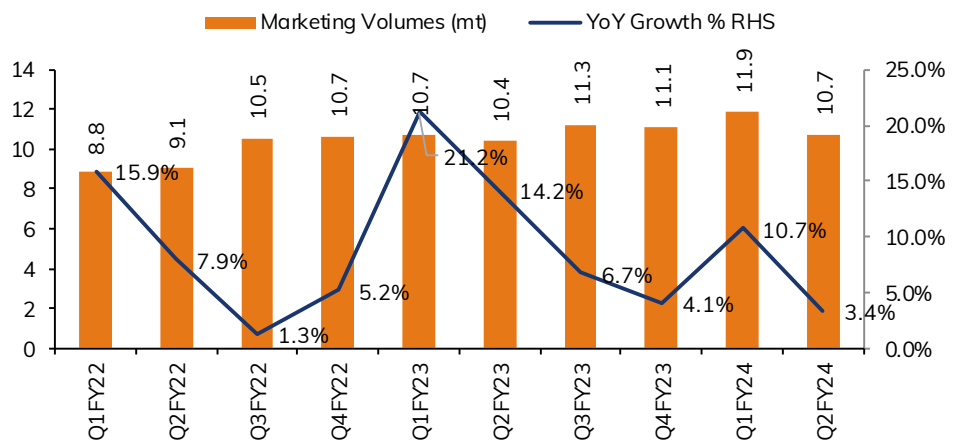
Source: Company data, I-Sec research

**Exhibit 10: GRM estimates and throughputs for HPCL to improve over FY21-FY26E**



Source: Company data, I-Sec research

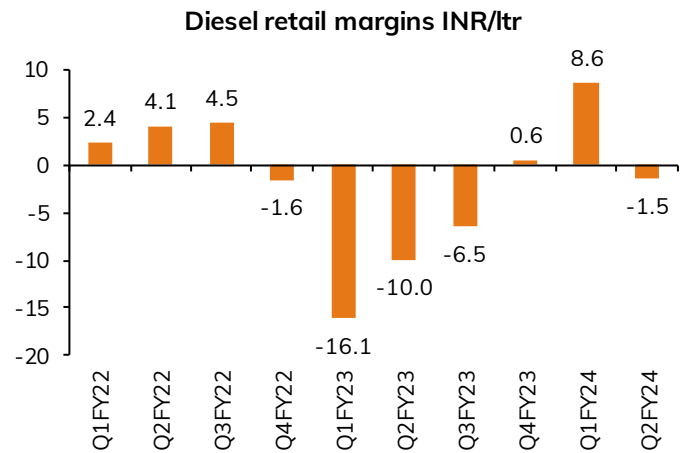
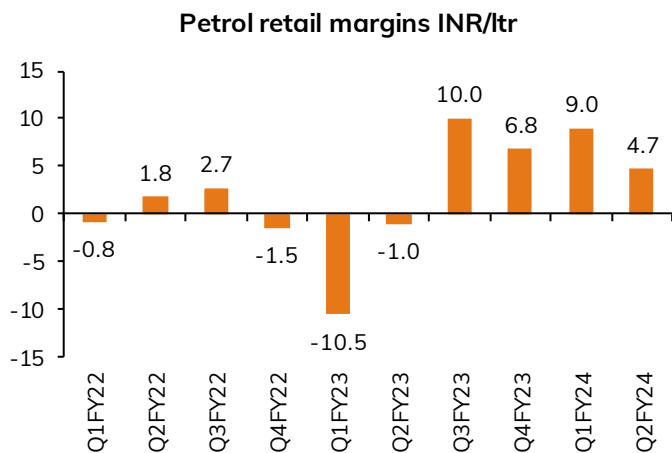
**Exhibit 11: Marketing volumes improved YoY; remain muted QoQ**



Source: Company data, I-Sec research

**Exhibit 12: Petrol retail margin decreased in Q2FY24**

**Exhibit 13: Diesel retail margin declined sharply in Q2FY24**



Source: Company data, I-Sec research

Source: Company data, I-Sec research

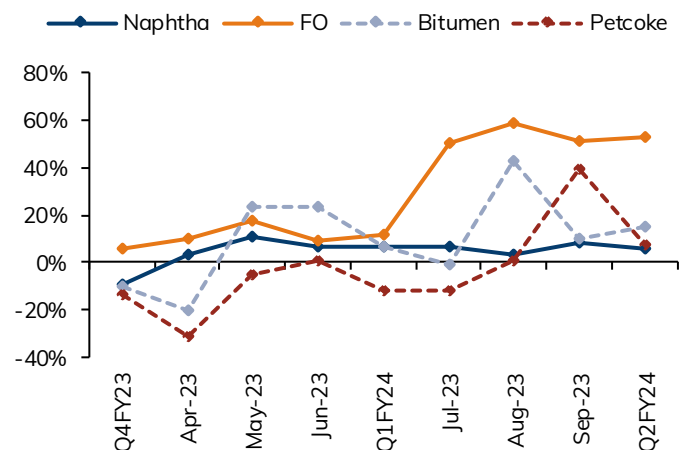
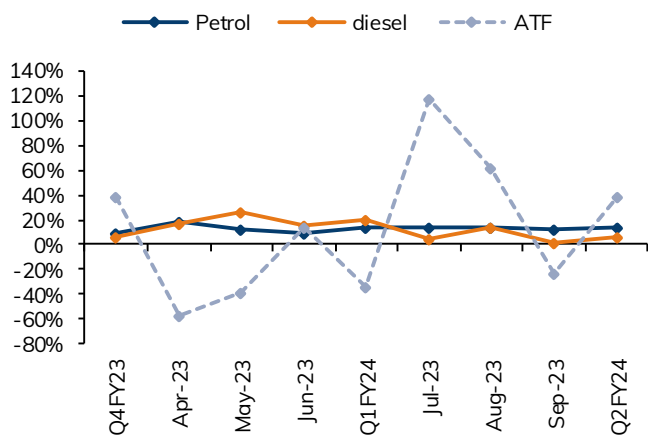
**Exhibit 14: Gross margin trends – strong performance in refining and marketing segments in Q2FY24**

INR mn	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Gross Margins	74,315	-68,935	-17,507	64,774	99,339	1,40,910	1,29,697
Inventory gains	33,500	22,854	-20,000	1,500	-7,758	-9,528	12,000
Net under-recovery	-	-	-	-	-	-	-
Adj Earnings	40,815	-91,789	2,493	63,274	1,07,097	1,50,438	1,17,697
Refining earnings	32,113	45,711	21,942	26,490	41,749	24,108	46,256
Pipeline margins	3,458	3,738	3,595	3,796	3,985	4,219	3,985
Marketing earnings	5,243	-1,41,237	-23,043	32,988	61,364	1,22,111	67,456
Marketing margin (INR/mt)	491	-13,200	-2,218	2,932	5,523	10,305	6,281
Marketing margin (USD/bbl)	0.9	-23.2	-3.8	4.9	9.2	17.2	10.4

Source: Company data, I-Sec research

**Exhibit 15: Transport fuel demand growth remained strong in Q2**

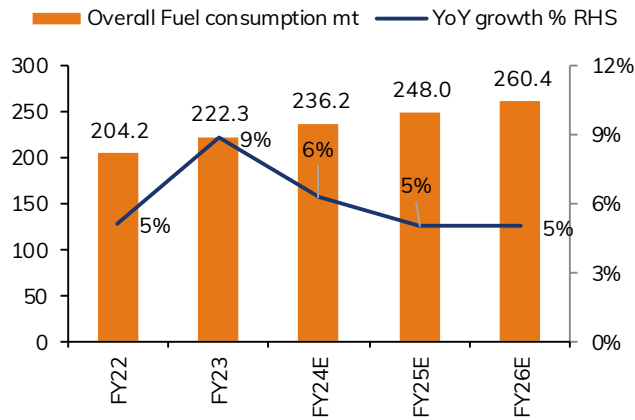
**Exhibit 16: Industrial fuel demand growth trends**



Source: Company data, I-Sec research

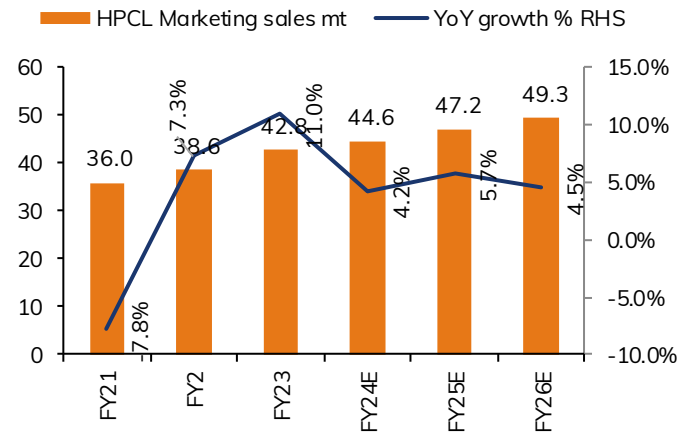
Source: Company data, I-Sec research

**Exhibit 17: India fuel consumption growth trends**



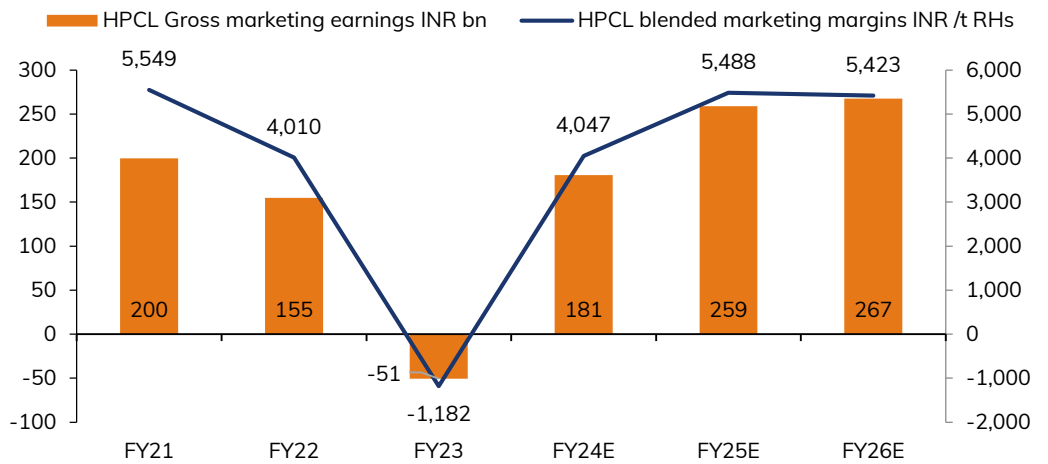
Source: Company data, I-Sec research

**Exhibit 18: HPCL fuel consumption growth estimates for FY24-26E**



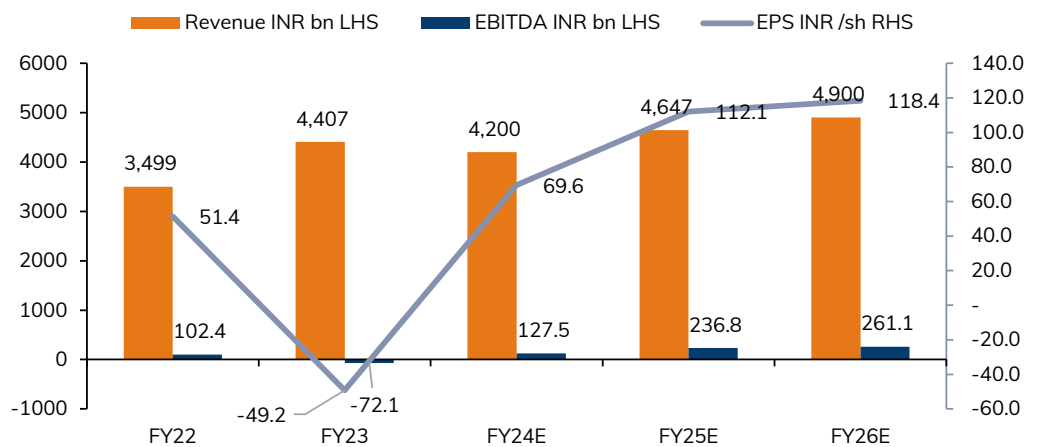
Source: Company data, I-Sec research

**Exhibit 19: We expect marketing margins to recover in FY24-26E**



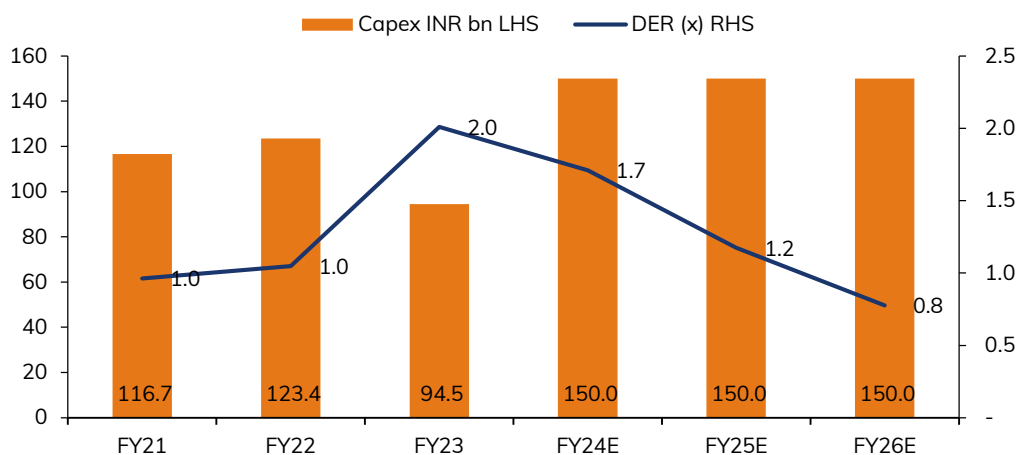
Source: Company data, I-Sec research

**Exhibit 20: We expect earnings to improve over FY23-FY26E**

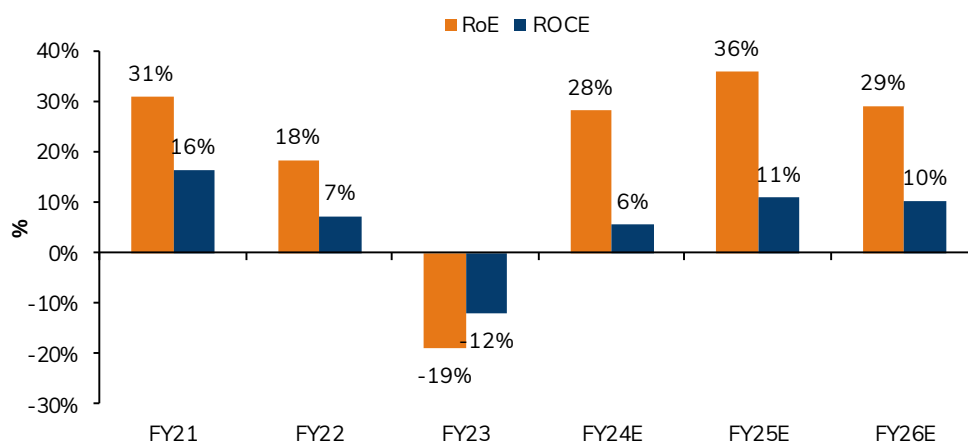


Source: Company data, I-Sec research



**Exhibit 21: Capex to remain high, taking DER sharply higher, but reduce in FY26E**

Source: Company data, I-Sec research

**Exhibit 22: Return ratios to follow earnings trajectory and capex trends**

Source: Company data, I-Sec research

**Exhibit 23: Sensitivity on earnings by USD 1/bbl change in GRM and INR 1/ltr change in petrol/diesel margin**

Consolidated	Units	FY24E	FY24 Sensitivity	Change	FY25E	FY25 Sensitivity	Change
Brent	USD/bbl	87.0	87.0		90.0	90.0	
INR/USD		82.5	82.5		83	83	
Refining Throughput	MMT	22.2	22.2		25.3	25.3	
GRM	USD/bbl	10.5	11.5	1.0	11.0	12.0	1.0
Gross refining margin	INR mn	1,41,244	1,54,696	10%	1,69,777	1,85,211	9%
Marketing volumes exc lubes	MT	44.6	44.6		47.2	47.2	
Gross marketing margin	INR /t	4,046.9	3,225.8		5,487.9	4,680.2	
Gross marketing margin	INR mn	1,80,602	1,43,959	-20%	2,58,953	2,20,844	-15%
Petrol + Diesel Volume	mn klt	37	37		38	38	
Petrol Volume	mn klt	13	13		13	13	
Diesel Volume	mn klt	24	24		25	25	
<b>Blended Petrol + Diesel Margin</b>	<b>INR/ltr</b>	<b>1.5</b>	<b>0.5</b>	<b>-1.0</b>	<b>3.0</b>	<b>2.0</b>	<b>-1.0</b>
Petrol margin	INR/ltr	4.5	3.5	-1.0	3.0	2.0	-1.0
Diesel margin	INR/ltr	0.0	-1.0	-1.0	3.0	2.0	-1.0
<b>Total Gross Margin</b>	<b>INR mn</b>	<b>3,70,238</b>	<b>3,47,046</b>	<b>-6%</b>	<b>5,10,228</b>	<b>4,87,553</b>	<b>-4%</b>
<b>Total EBITDA</b>	<b>INR mn</b>	<b>1,27,460</b>	<b>1,04,268</b>	<b>-18%</b>	<b>2,36,802</b>	<b>2,14,127</b>	<b>-10%</b>
<b>Total Adj PAT</b>	<b>INR mn</b>	<b>98,692</b>	<b>78,024</b>	<b>-21%</b>	<b>1,59,055</b>	<b>1,60,231</b>	<b>1%</b>
<b>EPS</b>	<b>INR/Sh</b>	<b>69.6</b>	<b>55.0</b>	<b>-21%</b>	<b>112.1</b>	<b>113.0</b>	<b>1%</b>

Source: Company data, I-Sec research

**Exhibit 24: HPCL's Rajasthan refinery capacity and product yield**

Rajasthan Refinery		
Feed	MTPA	
Rajasthan Crude	1.5	
Imported Crude	7.5	
	MTPA	
Refinery process unit	9	
Petchem unit	4	
Products	KTPA	Yield
PP	1073	14.1%
LLDPE	479	6.3%
HDPE	479	6.3%
Butadiene	146	1.9%
Benzene	134	1.8%
Toulene	104	1.4%
MS	995	13.1%
HSD	4035	53.1%
Sulphur	157	2.1%
Total	7602	100.0%

Source: Elite petrochemical conference, HPCL, I-Sec research

## Valuation remains at comfortable level

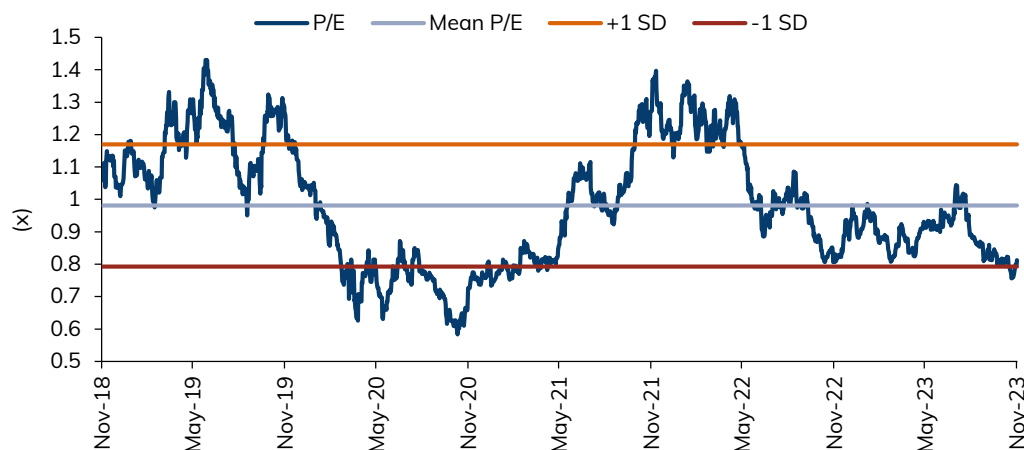
Given the improvement in GRMs, recovery in marketing margins along with Rajasthan (9mmt) and Vizag (expansion by 7mmt) refineries coming on stream over FY24-FY25, we believe current valuations of just 2.5x FY25E P/E and 4.2x FY25E EV/EBITDA are favourable. We assign 4.8x EV/EBITDA multiple to FY25E EBITDA to arrive at our enterprise value. Maintain **BUY** with a revised target price of INR 365/sh (earlier: INR 305).

### Exhibit 25: Valuation summary

INR mn	FY25E
EV	7,38,777
Mcap	3,91,519
Debt	9,72,710
Cash & Cash Eq	5,53,933
Market value of investments and oil bonds	71,520
EBITDA	1,82,131
EV at EBITDA of 5.0x	8,65,123
Less Net Debt	4,18,778
Add Investments	71,520
Equity value	5,17,865
Target Price (INR/sh)	<b>365</b>
CMP	<b>279</b>
Upside	<b>31%</b>

Source: Company data, I-Sec research

### Exhibit 26: HPCL's P/B trading below 5-year band



Source: Company data, I-Sec research

### Exhibit 27: Shareholding pattern

%	Mar'23	Jun'23	Sep'23
Promoters	54.9	54.9	54.9
Institutional investors	35.8	36.3	35.9
MFs and other	13.1	13.5	14.3
FIs/ Banks	-	-	-
Insurance Cos.	8.4	8.4	7.9
FIIIs	14.4	14.5	13.7
Others	9.3	8.8	9.2

Source: Bloomberg, I-Sec research

### Exhibit 28: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 29: Profit & Loss

(INR Mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
<b>Net Sales</b>	<b>44,07,093</b>	<b>41,99,620</b>	<b>46,47,297</b>	<b>49,00,468</b>
<b>EBITDA</b>	<b>(72,071)</b>	<b>1,27,460</b>	<b>2,36,802</b>	<b>2,61,094</b>
EBITDA Margin (%)	(1.6)	3.0	5.1	5.3
Depreciation & Amortization	45,602	60,212	75,900	85,638
EBIT	(1,17,672)	67,248	1,60,902	1,75,456
Interest expenditure	21,741	25,191	30,621	33,501
Other Non-operating Income	14,659	38,563	47,466	58,417
<b>PBT</b>	<b>(1,24,754)</b>	<b>80,619</b>	<b>1,77,747</b>	<b>2,00,372</b>
<b>Profit / (Loss) from Associates</b>	<b>24,915</b>	<b>28,575</b>	<b>21,580</b>	<b>21,177</b>
Less: Taxes	(30,037)	20,292	44,739	50,434
PAT	(94,717)	60,327	1,33,008	1,49,938
Less: Minority Interest	-	(9,789)	(4,467)	3,197
<b>Net Income (Reported)</b>	<b>(69,802)</b>	<b>98,692</b>	<b>1,59,055</b>	<b>1,67,918</b>
Extraordinaries (Net)	-	-	-	-
<b>Recurring Net Income</b>	<b>(69,802)</b>	<b>98,692</b>	<b>1,59,055</b>	<b>1,67,918</b>

Source Company data, I-Sec research

### Exhibit 30: Balance sheet

(INR Mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Total Current Assets	3,88,071	6,83,683	8,71,548	10,77,269
of which cash & bank	6,724	2,68,557	4,20,552	6,07,493
Total Current Liabilities & Provisions	5,46,463	6,06,749	6,46,497	6,77,837
<b>Net Current Assets</b>	<b>(1,58,392)</b>	<b>76,934</b>	<b>2,25,051</b>	<b>3,99,433</b>
Other Non Current Assets	-	-	-	-
Net Fixed Assets	6,83,875	7,98,662	10,12,762	11,07,125
Other Fixed Assets	-	-	-	-
Capital Work in Progress	2,56,074	2,31,074	91,074	61,074
Non Investment	2,33,687	2,33,687	2,33,687	2,33,687
Current Investment	51,689	51,689	51,689	51,689
Deferred Tax assets	-	-	-	-
<b>Total Assets</b>	<b>10,66,932</b>	<b>13,92,045</b>	<b>16,14,262</b>	<b>18,53,006</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>7,06,710</b>	<b>9,72,710</b>	<b>10,68,710</b>	<b>11,64,710</b>
<b>Deferred Tax Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lease Liability	-	-	-	-
Other Liabilities	37,589	37,589	37,589	37,589
Equity Share Capital	14,189	14,189	14,189	14,189
Reserves & Surplus*	3,08,443	3,67,556	4,93,774	6,36,518
<b>Total Net Worth</b>	<b>3,22,633</b>	<b>3,81,746</b>	<b>5,07,963</b>	<b>6,50,707</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>10,66,932</b>	<b>13,92,045</b>	<b>16,14,262</b>	<b>18,53,006</b>

Source Company data, I-Sec research

### Exhibit 31: Quarterly trend

(INR mn, year ending March)

	Dec-22	Mar-23	Jun-23	Sep-23
Net Sales	10,96,032	10,79,278	11,09,709	9,57,011
% growth (YOY)	13%	11%	-3%	-7%
EBITDA	16,716	47,986	86,651	82,169
Margin %	2%	4%	8%	9%
Other Income	2,889	11,600	6,277	3,445
Extraordinaries	0	0	-9,897	0
Adjusted Net Profit	1,724	32,226	54,633	51,182

Source Company data, I-Sec research

### Exhibit 32: Cashflow statement

(INR Mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
<b>Cash Flow from operation before working Capital</b>	<b>(46,251)</b>	<b>1,27,460</b>	<b>2,36,802</b>	<b>2,61,094</b>
Working Capital Changes	13,186	26,508	3,878	12,559
Tax	(1,598)	(20,292)	(44,739)	(50,434)
<b>Operating Cashflow</b>	<b>(34,663)</b>	<b>1,33,676</b>	<b>1,95,941</b>	<b>2,23,220</b>
Capital Commitments	(93,441)	(1,50,000)	(1,50,000)	(1,50,000)
<b>Free Cashflow</b>	<b>(1,28,104)</b>	<b>(16,324)</b>	<b>45,941</b>	<b>73,220</b>
Others CFI	(28,003)	67,138	69,047	79,594
<b>Cashflow from Investing Activities</b>	<b>(1,21,444)</b>	<b>(82,862)</b>	<b>(80,953)</b>	<b>(70,406)</b>
Inc (Dec) in Borrowings	2,12,508	2,66,000	96,000	96,000
Interest Cost	(32,399)	(25,191)	(30,621)	(33,501)
Others	(19,857)	(29,790)	(28,371)	(28,371)
<b>Cash flow from Financing Activities</b>	<b>1,60,252</b>	<b>2,11,019</b>	<b>37,008</b>	<b>34,128</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>4,144</b>	<b>2,61,833</b>	<b>1,51,995</b>	<b>1,86,941</b>
Closing cash & balance	6,724	2,68,557	4,20,552	6,07,493

Source Company data, I-Sec research

### Exhibit 33: Key ratios

(Year ending March)

	FY23A	FY24E	FY25E	FY26E
<b>Per Share Data (INR)</b>				
Recurring EPS	(49.2)	69.6	112.1	118.4
Diluted EPS	(49.2)	69.6	112.1	118.4
Recurring Cash EPS	(17.1)	112.0	165.6	178.7
Dividend per share (DPS)	-	21.0	20.0	20.0
Book Value per share (BV)	227.4	269.1	358.1	458.7
Dividend Payout (%)	-	30.2	17.8	16.9
<b>Growth (%)</b>				
Net Sales	25.9	(4.7)	10.7	5.4
EBITDA	(170.4)	(276.9)	85.8	10.3
EPS	(195.7)	(241.4)	61.2	5.6
<b>Valuation Ratios (x)</b>				
P/E	(5.7)	4.0	2.5	2.4
P/CEPS	(16.3)	2.5	1.7	1.6
P/BV	1.2	1.0	0.8	0.6
EV / EBITDA	(14.5)	8.2	4.2	3.5
EV / Operating Income	(10.1)	9.9	4.8	3.9
Dividend Yield (%)	-	0.1	0.1	0.1
<b>Operating Ratios</b>				
EBITDA Margins (%)	(1.6)	3.0	5.1	5.3
Effective Tax Rate (%)	24.1	25.2	25.2	25.2
Net Profit Margins (%)	(1.6)	2.4	3.4	3.4
NWC / Total Assets (%)	(14.8)	5.5	13.9	21.6
Fixed Asset Turnover (x)	5.1	4.1	3.7	3.3
Working Capital Days	12.5	13.5	14.7	14.4
Net Debt / Equity %	200.9	170.9	117.4	77.7
<b>Profitability Ratios</b>				
RoCE (%)	(9.2)	4.2	8.2	7.7
RoCE (Pre-tax) (%)	(12.2)	5.6	11.0	10.3
RoE (%)	(19.0)	28.0	35.8	29.0

Source Company data, I-Sec research

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