BUY

BPCL

Better than expected results; outlook stable

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Oil & Gas ▸ Result Update ▸ **July 21, 2024**

TARGET PRICE (Rs): 370

BPCL posted better than expected performance in Q1FY25. SA EBITDA/APAT fell 40-45% QoQ each to Rs56.5/30.1bn, but was a 19%/35% beat. Reported GRM stood at US$7.9/bbl vs our estimate of US$7.0/bbl. Implied marketing margin saw an 8% miss at ~Rs4.9/kg, but was offset by an 8% lower opex run-rate and Rs4.1bn of inventory gains. LPG buffer turned negative at Rs20.2bn as of Jun-24-end vs. positive QoQ. SA net debt was near-Nil. Mgmt indicated margin comfort at US$80-85/bbl for crude, and expectation of better refining spread ahead which should support its capex program and its aim to double profit by FY30. Also, LPG compensation is awaited. We retain our positive stance on OMCs led by stable marketing outlook. We largely retain FY25-26E earnings and maintain BUY on BPCL, rolling over Sep-25E TP of Rs370/share.

BPCL: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	4,675,427	4,480,132	4,669,339	4,809,723	4,935,028
EBITDA	68,724	443,410	250,340	260,274	269,237
Adj. PAT	(16,918)	280,226	147,380	162,787	168,242
Adj. EPS (Rs)	(7.9)	131.2	34.5	38.1	39.4
EBITDA margin (%)	1.5	9.9	5.4	5.4	5.5
EBITDA growth (%)	(64.4)	545.2	(43.5)	4.0	3.4
Adj. EPS growth (%)	(83.5)	1,321.7	(72.4)	10.5	3.4
RoE (%)	(8.5)	47.4	18.6	18.3	16.8
RoIC (%)	5.7	37.1	18.4	20.6	18.5
P/E (x)	(38.2)	2.3	8.8	8.0	7.7
EV/EBITDA (x)	15.0	1.9	5.9	6.0	6.0
P/B (x)	1.2	0.9	1.6	1.4	1.2
FCFF yield (%)	3.8	32.4	4.0	(3.1)	(2.6)

Source: Company, Emkay Research

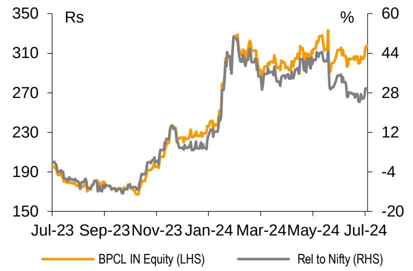
Target Price – 12M	Sep-25
Change in TP (%)	**1.3**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	21.7
CMP (19-Jul-24) (Rs)	303.8

Stock Data	Ticker
52-week High (Rs)	344
52-week Low (Rs)	166
Shares outstanding (mn)	4,338.5
Market-cap (Rs bn)	1,318
Market-cap (US$ mn)	15,755
Net-debt, FY25E (Rs mn)	175,889
ADTV-3M (mn shares)	18
ADTV-3M (Rs mn)	5,520.5
ADTV-3M (US$ mn)	66.0
Free float (%)	44.0
Nifty-50	24,531
INR/US$	83.7
Shareholding, Jun-24	
Promoters (%)	53.0
FPIs/MFs (%)	15.1/21.5

Price Performance

(%)	1M	3M	12M
Absolute	(1.3)	3.7	58.0
Rel. to Nifty	(5.4)	(6.4)	27.7

1-Year share price trend (Rs)



Result Highlights

Refinery utilization was at ~115%, with throughput down 2% QoQ. GRM of the Mumbai/Kochi/Bina refinery was US$4.7/8.5/12.8 per bbl in Q1, declining 37% QoQ on average. Russian crude formed ~39% of BPCL's total throughput, with discounts largely flat QoQ at US$3.5-4.0/bbl on delivered basis. Domestic sales volume rose 3.2% YoY vs. 2.5% for the industry, with overall volumes at a marginal 1% beat. Petrol/diesel sales volumes rose 6.3%/largely flat YoY vs. industry growth of 6.7%/1.4%, respectively. Opex was 8% lower than estimate, at Rs68.3bn (both, employee and other expenses coming in lower than estimate). D/A fell 2% QoQ to Rs16.8bn, as interest cost was down 15% to Rs4.4bn. Gross debt fell 19% to Rs152.1bn as of Jun-24-end.

Management KTAs

BPCL is planning to undertake 15/45 days of maintenance shutdown at its Bina/Kochi refineries during Aug-Oct '24. Current monthly LPG under-recovery run-rate is Rs6bn at US$570/mt Aramco contract prices. The company has plans for 23k fuel ROs by FY25-end (1.3k adds) and added 171 in Q1. BPCL has selected licensors and PMCs for the two new petchem projects (Bina) with scheduled completion/commissioning by May-28/FY29. BPCL's marketing volume in FY25 is expected at 52.5mmtpa, with sourcing from outside refineries; however going ahead, shortfall could be sizable. Hence, it is evaluating more refineries (wrt the Andhra request). Under Project Aspire, BPCL plans to double its profit by FY30, from current levels of Rs120-130bn, supported by expansion projects. The Mozambique security situation is improving, whereas project cost could be revised to US$19.5bn from US$15.5bn earlier. FY25 capex target is Rs164bn, of which Rs26bn incurred in Q1FY25. Rs71/43bn would be spent on marketing-pipelines/refining.

Valuation

We value BPCL on SOTP-EV/EBITDA based methodology, with investments at a 30% holdco discount. We roll over to Sep-26E, and retain our blended target EV/EBITDA at 6.0x. Key risks: Adverse commodity prices and downstream margins; currency movement; government policies; and project issues.

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Exhibit 1: Actuals vs. Estimates (Q1FY25)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,130,960	1,181,344	1,184,000	-4%	-4%	
Adjusted EBITDA	56,538	47,474	58,631	19%	-4%	Better GRM and lower opex
EBITDA Margin	5.0%	4.0%	5.0%	98bps	5bps	
Adjusted Net Profit	30,148	22,408	29,275	35%	3%	Lower finance cost and higher Other Income

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
Revenue	1,121,295	1,029,856	1,154,942	1,165,551	1,130,960	1%	-3%	4,675,427	4,471,644	-4%
COGS	908,869	837,520	1,019,127	995,426	1,006,095	11%	1%	4,332,143	3,760,943	-13%
Gross Profit	212,426	192,335	135,815	170,125	124,865	-41%	-27%	343,284	710,701	107%
Opex	62,816	61,977	73,269	77,471	68,327	9%	-12%	274,559	275,533	0%
Total Expenditure	971,685	899,498	1,092,396	1,072,898	1,074,422	11%	0%	4,606,702	4,036,476	-12%
EBITDA	**149,610**	**130,358**	**62,546**	**92,654**	**56,538**	**-62%**	**-39%**	**68,724**	**435,168**	**533%**
Depreciation	16,093	15,998	18,244	17,165	16,808	4%	-2%	63,475	67,501	6%
Interest	6,793	7,676	5,019	5,243	4,435	-35%	-15%	32,165	24,730	-23%
Other Income	4,675	7,712	6,801	4,691	5,058	8%	8%	21,840	23,880	9%
Exceptional Items*	8,487	-	-	(17,980)	-			42,220	(9,493)	
Forex Gain/(Losses)	245	(1,278)	(284)	(523)	(33)			(14,978)	(1,840)	
PBT	140,131	113,118	45,801	56,434	40,320	-71%	-29%	22,167	355,484	
Tax	34,622	28,106	11,828	14,192	10,173	-71%	-28%	3,466	88,749	
PAT	**105,509**	**85,012**	**33,973**	**42,242**	**30,148**	**-71%**	**-29%**	**18,701**	**266,735**	
Adjusted PAT	99,118	85,012	33,973	55,700	30,148	-70%	-46%	(9,222)	273,803	
Adjusted EPS (Rs)	46.5	39.9	16.0	26.1	7.1	-85%	-73%	(4.3)	128.5	
Tax Rate	25%	25%	26%	25%	25%			16%	25%	
Core EBITDA^	166,310	98,388	63,236	97,304	52,468	-68%	-46%	111,224	425,238	
Core PAT^	110,778	61,655	34,987	59,531	27,140	-76%	-54%	27,994	266,951	
Core EPS (Rs)^	52.0	29.0	16.4	27.9	6.4	-88%	-77%	13.1	125.3	
Refining Volumes (mmt)	10.4	9.4	9.9	10.4	10.1	-2%	-2%	38.5	39.9	4%
Reported GRM (US$/bbl)	**12.6**	**18.5**	**13.4**	**12.5**	**7.9**	**-38%**	**-37%**	**20.3**	**14.1**	**-30%**
Core GRM (US$/bbl)^	13.6	15.5	12.8	12.0	7.9	-42%	-35%	20.7	13.4	-35%
Adjusted Refining EBITDA	58,788	85,320	60,015	57,376	28,391	-52%	-51%	386,227	261,498	-32%
Marketing Volumes (mmt)	13.1	12.5	13.2	13.4	13.4	3%	0%	50.2	52.2	4%
Diesel	6.2	5.2	5.9	5.9	6.2	0%	4%	22.8	23.2	1%
Petrol	2.5	2.5	2.5	2.6	2.7	6%	5%	9.6	10.1	5%
Marketing Margin (Rs/mt)	**10,618**	**5,404**	**4,065**	**6,964**	**4,933**	**-54%**	**-29%**	**(2,003)**	**6,773**	
Adjusted Marketing EBITDA	85,730	40,137	(2,717)	29,868	22,604	-74%	-24%	(335,819)	153,018	
Marketing Inventory Gain/(Losses)	(10,700)	14,970	(3,690)	(7,650)	4,070			(34,200)	(7,070)	
Pipeline Volumes (mmt)^	10.2	9.8	10.4	10.6	10.7	5%	1%	37.8	41.0	8%
Implied Pipeline EBITDA^	5,093	4,901	5,248	5,409	5,543	9%	2%	18,317	20,651	13%
Gross Debt	**279,394**	**225,680**	**160,168**	**187,669**	**152,102**	**-46%**	**-19%**	**358,548**	**187,669**	**-48%**
Implied Net Debt	145,836	22,359	14,759	100,173	56,896	-61%	-43%	294,754	100,173	-66%

Source: Company, Emkay Research; Note: ^ is estimated as refining inventory figure; segmental EBITDA and pipeline volumes not given

Concall Key Takeaways

Macros:

- The GoI is focused on net-zero emissions and making India a gas-based economy. Infra spending is expected to remain strong, driving demand for fuels.
- Expects crude prices to be stable and rangebound at US$80-90/bbl in the near term. Demand is being supported by the US driving season. Refined product spreads fell significantly on a sequential basis, due to relatively high inventory levels. though they were above the historical long-term average.
- In Q1FY25, gasoline/gasoil cracks averaged at US$8.6/14.7 per bbl. Current run-rate has seen ~US$1/bbl uptick (diesel US$15/bbl). The company expects gradual improvement in spreads, led by reduction in inventory and demand picking up with US driving the season. Refining outlook is structurally positive and GRMs should pick up pace.

Refining:

- Russian crude comprised of ~39% of total throughput in Q1. This could go up by another 1-2% but BPCL aims to cap this at ~40%. Russian discounts were much lower on YoY basis, but sequential discounts trended similarly at US$3.5-4/bbl on a delivered basis. ME crude OSP premium has moderated recently, and more moderation is expected going ahead as cracks are lower. Freight rates are lower than historical levels (on the Ukraine-war aftermath) and Russian purchases are on a delivered basis, so impact of freight movement is not much. Discussions are under way for term crude deals with Russia (not concluded anything) and, currently, all deals are on spot basis. Discounts are expected to be similar under both sourcing methods, but term deals provide supply security.
- BPCL plans to undertake a 15-day maintenance shutdown at its Bina Refinery during Aug-Sep '24, with units like SRU, CHP, etc remaining shut. Also, its Kochi Refinery would see a 45-day shutdown during Sep-Oct '24 and multiple major units like CDU, VDU, FCCU, etc will see a turnaround. The company has not planned any shutdown at its Mumbai Refinery in FY25.

Marketing:

- In LPG, BPCL had a positive buffer of Rs2.8bn as on 1-Apr-2024, but saw losses of Rs23bn in Q1 which led to the negative buffer. Current monthly under-recovery run-rate is Rs6bn at US$570/mt Aramco contract prices. Although LPG is a controlled item, there is no budgetary support, and P&L will be hit. But the company is awaiting compensation from the GoI which will be credited on receipt. The company has routed a request for compensation to the Finance Ministry through MOPNG. Normalized profitability run-rate, adjusting for LPG losses, is ~Rs45bn in Q1.
- BPCL's marketing volumes grew 3.2% YoY to 13.16mmt in Q1FY25, with petrol seeing healthy growth. The private sector has regained market share in diesel, as pricing has now largely stabilized; this has impacted BPCL's volumes. However, in coming quarters, diesel should revert to growth. The company expects petrol/diesel demand in India to grow 5%/1.5-2% YoY (7%/1% in Q1; ATF grew 11%).
- The company is comfortable on the crude price range of US$80-85/bbl. Marketing inventory gain in Q1FY25 was on account of fortnightly change in product RTPs, whereas change in excise duty impacts RTP and, consequently, results in inventory adjustments. Industrial-fuel marketing margins are steady.
- BPCL has a throughput per RO of 160kl per month vs. PSU average of 149kl per month. The company has plans for 23,000 fuel ROs by FY25-end (1,300 new fuel pumps) and added 171 ROs in Q1 (highways being the focus area). It has 26.9% ATF market share (15% volume growth in Q1 vs 10% for PSUs). CNG stations in ROs stood at 2,075 (41 added in Q1), with plans to add another 300 in FY25. EBP in petrol was 14.13%, with 15% target by Q2FY25-end and 20% by FY25-end. MAK lubricants saw a successful campaign during the recent Cricket World Cup. Further, BPCL became an ambassador of the Indian Olympic Association, the first among PSUs.

Projects, Capex, and Debt:

- BPCL has selected licensors and PMCs for its two new petchem projects (Bina); its ground level work like site grading, civil works, etc has been awarded and has commenced. Bina refinery-cum-petchem expansion is scheduled for completion by May-28, with commissioning in FY29 and Rs490bn total project cost. Capex would be Rs20bn in FY25 which will rise to Rs70-80bn in FY26 and then see a major pickup from FY27.
- The company is evaluating and studying configuration for setting up another refinery in the East coast (media reports on Andhra refinery); also, another refinery and proposal would be presented to the Board subsequently.
- BPCL intends to expand it petchem portfolio, from sub-1% to 6-7%, with Bina expansion, and eventually moving to >15% on long-term basis as a part of its diversification plan. New refineries will, hence, have good petchem integration. The company also has ample land in Allahabad (currently occupied by settlers, but potential of quick resolution), which can handle a 9-10mmtpa greenfield refinery.
- BPCL has refining availability of 45mmtpa, while its marketing volume target for FY25 is 52.5mmtpa. Currently, it is procuring 2mmtpa from NRL (under a 15-year agreement on NRL's existing 3mmtpa capacity). and the balance shortage of 3-3.2mmtpa is being procured through other standalone refiners. Assuming demand CAGR of 3-4%, it could see a sizable shortage by CY30 and is hence evaluating more refineries.
- BPCL's FY25 capex target is Rs164bn, with Rs26bn incurred in Q1FY25. Break-up of FY25 capex target is Rs43bn toward refining, Rs22.5bn toward E&P equity, Rs20bn toward CGD, and Rs71bn toward marketing (pipelines and infra). Marketing capex would be toward product pipelines like Krishnapatnam Hyderabad and Irrugur Devangothi, etc, Rasayani LPG terminal, ROs and stations, etc.
- Under Project Aspire, BPCL plans to double its profits by FY30 from current levels of Rs120-130bn, supported by expansion projects. At US$80-85/bbl crude, capex can be comfortably funded.
- BPCL's standalone debt was Rs152bn (debt-to-equity: 0.1x) as of Q1FY25-end, whereas consol. debt was Rs427bn with surplus cash of Rs150bn (oil bonds stable). It purchased GSEC from the market, resulting in higher investment under the head 'oil bonds' with flexibility to pledge higher.

Upstream:

- The security situation in Mozambique is better QoQ, but *force majeure* still continues. The company expects positive news in the quarter, as contracts are in place and project finance discussions are under way. The project cost escalation is estimated at US$15.5-19.5-20bn, so IRR could be impacted albeit remain commercially viable.
- In terms of the Brazil block (SEAL), the development plan has been submitted to the ANP for which the company is awaiting approvals.
- BPRL would continue to infuse equity in both blocks, per project plan. As the company does not have cash generating blocks, Q1 saw net loss of Rs4.9bn, as borrowing cost could not be capitalized due to the *force majeure* situation in Mozambique. The total commitment in both projects is Rs370bn, of which Rs100bn is own equity infusion and the rest through borrowings. BPRL has invested Rs393.58bn till date in both projects, with Rs107bn of equity.

Others:

- BPCL has started operations in 25 of the 26 GAs in its standalone business (Arunachal Pradesh, Ladakh, etc). It clocked sales of 28kt in Q1FY25 (CNG and bulk) and incurred capex of Rs3.16bn. FY25 capex target for the CGD business is Rs28-30bn, while it has incurred capex of Rs 58.57bn till date in this business. Five-year target capex is Rs250bn, and a sizable volume uptick is expected by FY27. It has also entered into JVs for the CBG business, and signed its 7th JV with Oil India in the CGD business.
- BPCL has 75MW of operational RE capacity with 176MW under construction. Barghar bio-refinery is nearing completion, with commissioning expected soon. The company is also undertaking a market study to assess feedstock availability for SAF production, to meet eventual blending targets (1-2-5% SAF blending by 2028-2030 for the international sector). 3,500 EV charging and 300 CGD stations would be added in FY25.

Exhibit 3: Change in assumptions

	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
GRM (US$/bbl)	9.0	9.0	0%	9.1	9.2	1%	9.4
Marketing Margin (Rs/mt)	5,273	5,273	0%	5,379	5,399	0%	5,528
Growth	-20.1%	-20.1%	0bps	2.0%	2.4%	39bps	2.4%
Marketing Sales (mmt)	54	54	0%	55	55	0%	57
Growth	2.6%	2.6%	0bps	3.0%	3.0%	0bps	2.6%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	4,669	4,669	0%	4,810	4,810	0%	4,935
EBITDA	249	250	0%	256	260	2%	269
EBITDA margin	5.3%	5.4%	2bps	5.3%	5.4%	9bps	5.5%
PAT	147	147	0%	160	163	2%	168
EPS (Rs)	34.3	34.5	0%	37.3	38.1	2%	39.4

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation (Sep-25E TP)

Components	Basis	Sep-26E EBITDA	Multiple(x)	EV (Rs bn)	EV/Share (Rs)	Comments
Refining Standalone	EV/EBITDA	157	6.0	945	221	
Pipelines Standalone	EV/EBITDA	22	6.0	134	31	
Petrochemicals Standalone	EV/EBITDA	0		-	-	
Marketing Standalone	EV/EBITDA	85	6.0	510	119	
Core Business EV		**265**	**6.0**	**1,589**	**372**	**Blended Multiple at 6.0x**
Less: Adj. Net Debt (Sep'25 End)				157	37	
Core Business Valuation				**1,432**	**335**	
Value of Mozambique Stake	Transaction Value			40	9	At 30% Discount
Value of Listed Investments	TP			108	25	At 30% HoldCo Discount
Target Price-Fair Value					**370**	

Source: Company, Emkay Research

Exhibit 6: Schedule and Value of Listed Investments

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	Equity Value (Rs bn)	BPCL Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contr. to SOTP (Rs bn)	Per Share Value (Rs)
IGL	JV	TP (Emkay)	440	308	22.5%	69	30%	49	11
PLNG	JV	TP (Emkay)	340	510	12.5%	64	30%	45	10
Oil India	Financial	TP (Emkay)	534	869	2.5%	21	30%	15	4
Total Listed						**155**		**108**	**25**

Source: Company, Emkay Research

Exhibit 7: Value of Mozambique-stake

Components	Basis	EV (Rs bn)	BPCL stake	Net Debt (Rs bn)	Equity Value (Rs/bn)	Equity Value (Rs/share)
Mozambique Upstream Area 1	30% discount to last transaction value	86	10%	45	40	9

Source: Company, Emkay Research

BPCL: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	**4,675,427**	**4,480,132**	**4,669,339**	**4,809,723**	**4,935,028**
Revenue growth (%)	34.9	(4.2)	4.2	3.0	2.6
EBITDA	**68,724**	**443,410**	**250,340**	**260,274**	**269,237**
EBITDA growth (%)	(64.4)	545.2	(43.5)	4.0	3.4
Depreciation & Amortization	63,475	67,501	68,013	70,144	79,046
EBIT	**5,250**	**375,909**	**182,327**	**190,130**	**190,191**
EBIT growth (%)	(96.2)	7,060.7	(51.5)	4.3	0.0
Other operating income	0	0	0	0	0
Other income	21,840	24,125	27,953	32,600	37,982
Financial expense	32,165	24,730	13,248	5,100	3,250
PBT	**(5,075)**	**375,304**	**197,033**	**217,629**	**224,922**
Extraordinary items	42,220	(17,980)	0	0	0
Taxes	3,466	88,749	49,652	54,843	56,680
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	**18,701**	**266,735**	**147,380**	**162,787**	**168,242**
PAT growth (%)	(83.5)	1,326.3	(44.7)	10.5	3.4
Adjusted PAT	**(16,918)**	**280,226**	**147,380**	**162,787**	**168,242**
Diluted EPS (Rs)	**(7.9)**	**131.2**	**34.5**	**38.1**	**39.4**
Diluted EPS growth (%)	(83.5)	1,321.7	(72.4)	10.5	3.4
DPS (Rs)	**4.0**	**41.9**	**13.8**	**13.3**	**11.8**
Dividend payout (%)	**45.6**	**33.6**	**40.0**	**35.0**	**30.0**
EBITDA margin (%)	1.5	9.9	5.4	5.4	5.5
EBIT margin (%)	0.1	8.4	3.9	4.0	3.9
Effective tax rate (%)	(770.1)	20.1	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**45,677**	**300,530**	**136,381**	**142,217**	**142,263**
Shares outstanding (mn)	2,129.5	2,136.3	4,272.6	4,272.6	4,272.6

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	21,295	21,363	42,726	42,726	42,726
Reserves & Surplus	498,669	725,385	792,450	898,262	1,016,031
Net worth	**519,963**	**746,748**	**835,176**	**940,988**	**1,058,757**
Minority interests	0	0	0	0	0
Deferred tax liability (net)	70,683	66,706	61,281	55,801	50,266
Total debt	**447,751**	**278,806**	**285,000**	**400,000**	**525,000**
Total liabilities & equity	**1,038,398**	**1,092,261**	**1,181,457**	**1,396,788**	**1,634,023**
Net tangible fixed assets	764,399	765,813	666,921	702,431	830,080
Net intangible assets	10,100	10,100	10,100	10,100	10,100
Net ROU assets	91,463	91,463	91,463	91,463	91,463
Capital WIP	56,734	87,815	288,693	433,040	476,344
Goodwill	0	0	0	0	0
Investments [JV/Associates]	103,193	109,465	110,560	111,665	112,782
Cash & equivalents	**63,976**	**87,813**	**109,111**	**146,345**	**214,090**
Current assets (ex-cash)	518,470	577,461	600,984	618,509	634,183
Current Liab. & Prov.	569,936	637,669	696,375	716,764	735,019
NWC (ex-cash)	**(51,466)**	**(60,208)**	**(95,391)**	**(98,255)**	**(100,836)**
Total assets	**1,038,398**	**1,092,261**	**1,181,457**	**1,396,788**	**1,634,023**
Net debt	383,776	190,993	175,889	253,655	310,910
Capital employed	1,038,398	1,092,261	1,181,457	1,396,788	1,634,023
Invested capital	**814,496**	**807,167**	**673,093**	**705,738**	**830,807**
BVPS (Rs)	244.2	349.6	195.5	220.2	247.8
Net Debt/Equity (x)	0.7	0.3	0.2	0.3	0.3
Net Debt/EBITDA (x)	5.6	0.4	0.7	1.0	1.2
Interest coverage (x)	1.2	0.1	0.1	0.0	0.0
RoCE (%)	**2.7**	**37.6**	**18.5**	**17.3**	**15.1**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	(5,075)	375,304	197,033	217,629	224,922
Others (non-cash items)	93,097	103,334	53,308	42,645	44,315
Taxes paid	(8,014)	(88,195)	(55,078)	(60,323)	(62,215)
Change in NWC	(610)	(13,000)	35,183	2,864	2,581
Operating cash flow	**106,641**	**357,622**	**230,446**	**202,815**	**209,602**
Capital expenditure	(67,797)	(85,477)	(171,095)	(251,106)	(251,117)
Acquisition of business	0	0	0	0	0
Interest & dividend income	12,022	14,832	27,953	32,600	37,982
Investing cash flow	**(63,973)**	**(116,612)**	**(144,000)**	**(219,381)**	**(214,028)**
Equity raised/(repaid)	0	3,786	0	0	0
Debt raised/(repaid)	(1,529)	(185,986)	6,194	115,000	125,000
Payment of lease liabilities	(8,875)	(8,875)	(8,875)	(8,875)	(8,875)
Interest paid	(22,314)	(19,173)	(13,248)	(5,100)	(3,250)
Dividend paid (incl tax)	(12,816)	(53,288)	(58,952)	(56,975)	(50,473)
Others	687	37,352	0	0	0
Financing cash flow	**(35,972)**	**(217,308)**	**(66,006)**	**52,925**	**71,277**
Net chg in Cash	6,696	23,702	20,440	36,359	66,852
OCF	106,641	357,622	230,446	202,815	209,602
Adj. OCF (w/o NWC chg.)	107,251	370,623	195,262	199,951	207,022
FCFF	38,844	272,145	59,351	(48,290)	(41,514)
FCFE	18,702	262,247	74,056	(20,791)	(6,783)
OCF/EBITDA (%)	155.2	80.7	92.1	77.9	77.9
FCFE/PAT (%)	100.0	98.3	50.2	(12.8)	(4.0)
FCFF/NOPLAT (%)	**85.0**	**90.6**	**43.5**	**(34.0)**	**(29.2)**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	(38.2)	2.3	8.8	8.0	7.7
P/CE(x)	33.5	1.8	6.0	5.6	5.2
P/B (x)	1.2	0.9	1.6	1.4	1.2
EV/Sales (x)	0.2	0.2	0.3	0.3	0.3
EV/EBITDA (x)	15.0	1.9	5.9	6.0	6.0
EV/EBIT(x)	196.3	2.2	8.1	8.2	8.5
EV/IC (x)	1.3	1.0	2.2	2.2	1.9
FCFF yield (%)	3.8	32.4	4.0	(3.1)	(2.6)
FCFE yield (%)	2.9	40.4	5.7	(1.6)	(0.5)
Dividend yield (%)	1.3	13.8	4.5	4.4	3.9
DuPont-RoE split					
Net profit margin (%)	(0.9)	6.7	3.2	3.4	3.4
Total asset turnover (x)	4.6	4.2	4.1	3.7	3.3
Assets/Equity (x)	2.0	1.7	1.4	1.5	1.5
RoE (%)	**(8.5)**	**47.4**	**18.6**	**18.3**	**16.8**
DuPont-RoIC					
NOPLAT margin (%)	1.0	6.7	2.9	3.0	2.9
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	**5.7**	**37.1**	**18.4**	**20.6**	**18.5**
Operating metrics					
Core NWC days	15.9	16.1	16.1	16.1	16.1
Total NWC days	**15.9**	**16.1**	**16.1**	**16.1**	**16.1**
Fixed asset turnover	4.3	3.8	3.9	3.9	3.6
Opex-to-revenue (%)	5.9	6.2	6.3	6.3	6.4

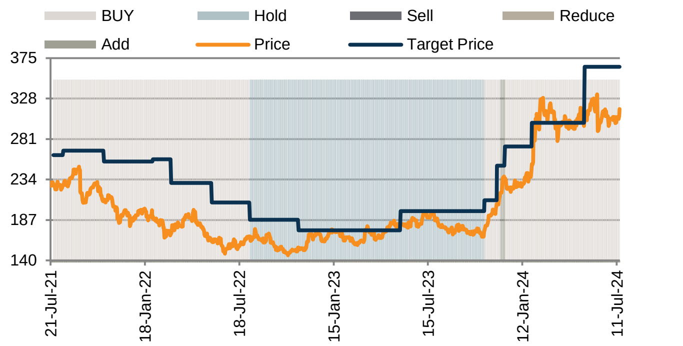
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-May-24	309	365	Buy	Sabri Hazarika
15-Mar-24	293	300	Buy	Sabri Hazarika
20-Feb-24	329	300	Buy	Sabri Hazarika
30-Jan-24	252	300	Buy	Sabri Hazarika
09-Dec-23	235	273	Buy	Sabri Hazarika
30-Nov-23	218	250	Add	Sabri Hazarika
24-Nov-23	205	250	Buy	Sabri Hazarika
31-Oct-23	175	210	Buy	Sabri Hazarika
27-Jul-23	190	198	Hold	Sabri Hazarika
23-May-23	183	198	Hold	Sabri Hazarika
31-Jan-23	172	175	Hold	Sabri Hazarika
06-Dec-22	164	175	Hold	Sabri Hazarika
08-Nov-22	155	175	Hold	Sabri Hazarika
07-Sep-22	163	188	Hold	Sabri Hazarika
07-Aug-22	168	188	Hold	Sabri Hazarika
15-Jul-22	156	208	Buy	Sabri Hazarika
28-Jun-22	159	208	Buy	Sabri Hazarika
26-May-22	162	208	Buy	Sabri Hazarika
22-May-22	166	230	Buy	Sabri Hazarika
09-Mar-22	171	230	Buy	Sabri Hazarika
02-Feb-22	191	258	Buy	Sabri Hazarika
25-Dec-21	186	255	Buy	Sabri Hazarika
23-Nov-21	199	255	Buy	Sabri Hazarika
31-Oct-21	209	255	Buy	Sabri Hazarika
14-Aug-21	227	268	Buy	Sabri Hazarika
26-Jul-21	228	263	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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