

HPCL's Q1FY25 SA EBITDA was 27% lower than expected, at Rs21.1bn, mainly due to lower marketing margins (LPG under-recoveries of Rs24bn), and partly offset by higher reported GRM at US\$5/bbl vs our estimate of US\$4/bbl. Marketing performance was weaker than expected; gross debt fell 5% QoQ to Rs574bn as of Jun-24-end. The mgmt indicated that the Vizag bottom upgradation would commission by Q3FY25, with peak benefit of ~US\$3/bbl on GRMs. First crude at Barmer is starting by Q4-end. We retain our positive stance on HPCL, encouraged by stable macros, a better marketing outlook, and value unlocking in lubes. We tweak FY25-26E EPS by 2% each, adjusting GRMs and marketing margins. We retain BUY on the stock, with 19% higher Sep-25E TP of Rs475/sh on roll-over, and a higher target EV/EBITDA of 6.5x (from 6.0x).

HPCL: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	4,347,860	4,335,249	4,543,962	4,680,664	4,792,857
EBITDA	(113,306)	250,967	177,897	209,965	217,353
Adj. PAT	(132,046)	146,938	77,866	93,745	101,932
Adj. EPS (Rs)	(93.1)	103.6	36.6	44.1	47.9
EBITDA margin (%)	(2.6)	5.8	3.9	4.5	4.5
EBITDA growth (%)	(211.3)	0.0	(29.1)	18.0	3.5
Adj. EPS growth (%)	(240.6)	0.0	(64.7)	20.4	8.7
RoE (%)	(39.8)	42.7	17.9	19.1	18.4
RoIC (%)	(33.7)	24.4	11.0	12.0	12.0
P/E (x)	(4.3)	3.8	10.8	9.0	8.3
EV/EBITDA (x)	(10.5)	4.6	7.9	6.6	6.1
P/B (x)	2.0	1.4	1.8	1.6	1.4
FCFF yield (%)	(10.3)	12.5	3.8	5.8	7.4

Source: Company, Emkay Research

Result Highlights

HPCL's refining volume was down 1% QoQ at 5.8mmt on CDU shutdown at its Mumbai refinery, with overall utilization stable at 100% vs 101% QoQ. Distillate yield was range-bound at 73% vs 72% QoQ. Blended marketing margin stood at ~Rs4.3/kg – at a 23% miss. Domestic marketing sales volume grew 5.6% YoY to 12.1mmt vs 2.5% for the industry, while petrol/diesel grew 6.0%/1.5% YoY, similar to the industry growth of 6.7%/1.4% and better than that for BPCL. Exports were up 6% QoQ at 0.56mmt. Pipeline volumes rose 5% YoY and QoQ each to 6.8mmt; opex was down 3% YoY at Rs52.6bn. D/A fell 8% QoQ to Rs14.8bn, with interest cost remaining flat at Rs7.3bn. Other Income rose 9% YoY to Rs5.4bn. Share of associates/JV profits improved to Rs3.9bn vs Rs1.5bn QoQ. Capex stood at Rs20bn in Q1.

Management KTAs

Based on past precedence, receipt of adequate compensation for LPG under-recoveries is expected from the GoI. The mgmt. expects HPCL's GRM based on current configuration to range at US\$5-8/bbl. Construction work is in full swing at the Barmer refinery, with overall physical completion (incl. petchem) of >80%, while physical progress of process (refining block) units is 92%. Overall project commitment of Barmer is Rs698.5bn vs Rs480bn spent till date (Rs320bn debt, with balance being equity). HPCL plans to commission the Chhara LNG terminal by late Nov-24 or early Dec-24, with 5mmtpa capacity. HMEL debt o/s as of end-Jun-24 is Rs340-350bn. HPCL is awaiting approvals, after which lube 'carve out' would be undertaken. It targets 700-750tmt of lubes sales for FY25, while Q1 sales are 150tmt. Annualized EBITDA run-rate for the lubes segment is Rs10bn. Capex is expected at Rs140-150bnpa for coming 3-4 years, while absolute debt is expected to stay range-bound. Consol. EBITDA target is >Rs400bn by FY28.

Valuation and Outlook

We value HPCL on SOTP-EV/EBITDA based methodology, with investment at a 30% holdco discount. We assign blended target EV/EBITDA of 6.5x. Key risks: Adverse commodity prices and downstream margins; currency movement; government policies; project issues.

Target Price – 12M	Sep-25
Change in TP (%)	18.7
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	20.0
CMP (30-Jul-24) (Rs)	395.8

Stock Data	Ticker
52-week High (Rs)	402
52-week Low (Rs)	159
Shares outstanding (mn)	2,127.8
Market-cap (Rs bn)	842
Market-cap (USD mn)	10,058
Net-debt, FY25E (Rs mn)	569,873
ADTV-3M (mn shares)	11
ADTV-3M (Rs mn)	3,913.0
ADTV-3M (USD mn)	46.7
Free float (%)	45.0
Nifty-50	24,857
INR/USD	83.7
Shareholding, Jun-24	
Promoters (%)	54.9
FPIs/MFs (%)	13.3/21.7

Price Performance			
(%)	1M	3M	12M
Absolute	19.2	19.8	112.5
Rel. to Nifty	15.1	9.0	67.9

1-Year share price trend (Rs)



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Exhibit 1: Actuals vs. Estimates (Q1FY25)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates	Variation		Comments
			(Bloomberg)	Emkay	Consensus	
Total Revenue	1,138.0	1,163.0	1,116.0	-2%	2%	
Adjusted EBITDA	21.1	28.8	32.9	-27%	-36%	Lower marketing earnings partly offset by better GRMs
EBITDA margin	1.9%	2.5%	3.0%	-62bps	-110bps	
Adjusted Net Profit	3.6	5.6	10.0	-36%	-64%	

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
Revenue	1,109,709	957,011	1,113,063	1,145,569	1,138,045	3%	-1%	4,347,860	4,325,352	-1%
COGS	968,798	827,314	1,037,357	1,040,278	1,064,322	10%	2%	4,270,188	3,873,747	-9%
Gross Profit	140,910	129,697	75,706	105,291	73,722	-48%	-30%	77,672	451,605	
Opex	54,260	43,892	54,435	56,633	52,646	-3%	-7%	190,978	209,220	10%
Total Expenditure	1,023,058	871,206	1,091,792	1,096,911	1,116,968	9%	2%	4,461,165	4,082,967	-8%
EBITDA	86,651	85,805	21,272	48,658	21,076	-76%	-57%	(113,306)	242,385	
Depreciation	13,637	12,395	13,378	16,113	14,757	8%	-8%	43,300	55,524	28%
Interest	5,881	5,795	6,141	7,340	7,307	24%	0%	21,319	25,157	18%
Other Income	4,962	3,445	5,564	8,536	5,414	9%	-37%	20,691	22,507	9%
Exceptional Items	9,897	-	-	-	-			56,170	9,897	-82%
Forex Gain/(Losses)	1,315	(3,635)	364	(621)	285			(18,087)	(2,577)	
PBT	83,306	67,424	7,681	33,121	4,712	-94%	-86%	(119,149)	191,531	
Tax	21,267	16,242	2,390	4,693	1,154	-95%	-75%	(29,409)	44,593	
PAT	62,039	51,182	5,290	28,428	3,558	-94%	-87%	(89,740)	146,938.3	
Adjusted PAT	54,668	51,182	5,290	28,428	3,558	-93%	-87%	(131,675)	139,568	
Adjusted EPS (Rs)	39	36	4	20	2	-96%	-92%	(93)	98	
Tax Rate	26%	24%	31%	14%	24%			25%	23%	
Core EBITDA^	98,901	64,805	27,522	51,258	24,656	-75%	-52%	(67,395)	242,485	
Core PAT^	63,090	37,444	10,148	27,183	5,989	-91%	-78%	(83,269)	137,865	
Core EPS (Rs)^	44.5	26.4	7.2	19.2	2.8	-94%	-85%	(58.7)	97.2	
Refining Volumes (mmt)	5.4	5.8	5.3	5.8	5.8	7%	-1%	19.1	22.3	17%
Reported GRM (US\$/bbl)	7.4	13.3	8.5	7.0	5.0	-32%	-28%	12.1	9.1	-25%
Core GRM (US\$/bbl)^	7.8	10.7	10.7	6.0	5.4	-32%	-11%	13.2	8.8	-33%
Adjusted Refining EBITDA^	14,389	35,842	15,548	12,214	5,367	-63%	-56%	98,588	77,992	-21%
Marketing Volumes (mmt)	11.9	10.7	11.9	12.3	12.6	7%	2%	43.5	46.8	8%
Diesel	5.5	4.4	5.1	5.1	5.5	1%	8%	19.3	20.1	4%
Petrol	2.3	2.2	2.3	2.4	2.5	6%	6%	8.7	9.2	6%
Marketing Margin (Rs/mt)^	10,482	6,335	3,645	6,731	4,324	-59%	-36%	(846)	6,805	
Adjusted Marketing EBITDA^	69,035	46,895	2,330	33,124	12,185	-82%	-63%	(223,157)	151,383	
Marketing Inventory Gain/(Losses)^	(11,000)	12,000	1,000	(6,000)	(2,450)			(33,610)	(4,000)	
Pipeline Volumes (mmt)	6.5	6.1	6.7	6.5	6.8	5%	5%	23.3	25.8	11%
Implied Pipeline EBITDA	3,227	3,068	3,393	3,321	3,525	9%	6%	11,264	13,009	15%
Gross Debt	516,980	517,585	499,990	602,540	574,050	11%	-5%	645,170	602,540	-7%
Implied Net Debt	459,407	460,495	443,348	546,347	517,857	13%	-5%	587,114	546,347	-7%

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

Concall Key Takeaways

- HPCL undertook maintenance shutdown in a CDU unit at its Mumbai refinery, in Apr-24. Despite this, refinery utilization was steady at ~100% for the company, in Q1FY25. The weak Q1 performance was due to suppressed refining spreads, LPG under-recoveries, and higher crude oil prices. Russian crude formed 35-40% of HPCL's throughput in Q1FY25 vs 20-25% YoY. Marketing/refining inventory loss stood at Rs2.45/1.13bn in Q1.
- Currently, marketing margins are at a normative range for HPCL. Current GRMs have also improved from Q1 levels, and the management expects HPCL's GRM based on current configuration to range between US\$5/bbl and US\$8/bbl. Current softness in crude prices as well as refining cracks is attributable to weak Chinese demand; however, Indian fuel demand remains healthy. Diesel demand is not dependent on FO demand or yields.
- Based on past precedence, receipt of adequate compensation for LPG under-recoveries is expected from the Indian government. LPG is a controlled item with retail pricing determined by the government. In terms of accounting, LPG under-recoveries are charged to the P&L and over-recoveries are parked in a buffer account. LPG under-recoveries for HPCL in Q1 stood at Rs24bn.
- HPCL plans to complete some major projects by CY24-end which are: Vizag bottoms upgradation Project (BUP, resid), Chhara LNG terminal, LPG cavern facility at Mangalore, and 2G ethanol plant at Bathinda. The Barmer refinery block is expected to be commissioned by FY25-end.
- The Vizag BUP is expected to see mechanical completion/commissioning in Q2/Q3FY25, respectively. All units at Vizag, including CDU4, have stabilized. The Vizag benefit would flow from Q4FY25, with refining throughput of 3.5-4.0mmt on quarterly basis (>15mmtpa), while incremental GRM benefit could be US\$3/bbl (at peak levels). Stabilization of the Vizag resid upgradation project would require 2-3 months.
- Construction work is in full swing at the Barmer refinery, with overall physical completion (including petchem) of >80%, while physical progress of process (refining block) units is at 92%. The company has already commissioned pipeline and offsite facilities, and refining units are likely to be commissioned by FY25-end. The main petchem unit is 80-85% complete, while the 2 other units are under way. Overall project commitment of Barmer is Rs698.5bn vs Rs480bn spent till date (Rs320bn debt, with the balance being equity). Imported crude from Mundra is expected to flow-in in the first week of Mar-25. The mechanical completion of the petchem project is expected by H2FY26 (2-3 quarters from the start of refining). Pipeline connectivity is available to transfer R-LNG to Barmer.
- HMEL clocked throughput of 3.27mmt, while GRM (including petchem margins) stood at US\$10.5/bbl in Q1FY25. PAT was >Rs3bn. HMEL's petchem utilization was >90%, with production/sales of 534/471kt; it earned positive petchem EBITDA. HMEL debt outstanding as of Jun-24-end is Rs340-350bn.
- HPCL plans to commission the Chhara LNG terminal by late Nov-24 or early Dec-24, with 5mmtpa capacity. It had received first cargo earlier, but due to rough seas, commissioning could not happen in Apr-24. Breakwater of 1,000mtr has already been constructed and another 800mtr is expected to be done soon, which would help receive cargo during the monsoons as well (FY26). HPCL plans to sign customer offtake agreements once commissioning is done, while pipeline connectivity from the Chhara LNG terminal to Gundala already exists and GSPL's grid is available from Gundala. Hence, evacuation is not a challenge, and this pipeline has already been commissioned. HPCL's captive gas consumption is 1.5mmtpa; it plans to completely fulfill demand from Chhara. It is also scouting long-term gas tie-ups in the market and is currently purchasing gas through suppliers. The Mumbai refinery has no LNG obligations.
- Consultant studies on the lubes segment have been completed, and HPCL has started work on improving operating, supply chain, and branding, while the demerger plan is under active consideration. HPCL is awaiting approvals, after which the 'carve out-IPO' would be undertaken. It targets 700-750tmt of lubes sales for FY25, while Q1 sales were 150tmt. Annualized EBITDA run-rate for the segment is Rs10bn. Majority of the LOBS is refined at the Mumbai refinery (Mumbai is not comparable with Vizag, which is likely to have advanced BUP unit and higher distillate yields following its expansion). The company aims for its market capitalization to be similar to that of standalone lube players.

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- Consolidated EBITDA target is >Rs400bn by FY28, supported by expanded Vizag, incremental 2mmtpa minor expansion at Vizag (additionally), and Barmer, while other JV projects (invested Rs30bn) would also mature and contribute. Capex is expected at Rs140-150bnpa for the next 3-4 years, while absolute debt is expected to remain range-bound, though debt-to-equity would improve over time. HPCL is witnessing 5-6% marketing volume growth (higher than that of PSU OMCs and similar to the industry's), while crude throughput is also rising.
- The company does not have any planned shutdowns at either refinery in remaining-FY25, while it continues to scout opportunity crude, including Russian grades, to optimize refining margins. HPCL is also utilizing technology, including AI, at its ROs, for demand forecasting and in refinery operations, and is in discussions to integrate AI with SAP operations.
- HPCL has commissioned a green hydrogen (H₂) facility at Vizag on pilot basis, in Jul-24, and also floated EoI for 5ktpa green H₂ supply. The company targets replacing 5%/10% of total hydrogen needs to green H₂ from grey, by CY28/30, respectively; this is besides the 100% target by 2040 as part of its net zero goals. 10% of HPCL's green H₂ needs equate to 17-18ktpa, while green H₂ cost is >2x of grey H₂ for HPCL currently, but would reduce with lower power costs.
- PNGRB has broadly laid down principles for petroleum product pipeline tariff, and details are awaited, with discussions likely to follow. If tariff hike is passed on to end-consumers, only then will HPCL benefit. It has >5,000km of product pipeline network, being the second largest player, and considers the pipeline as a cost center (helps reduce transport cost). There is no transfer pricing, as it is used internally and as it is dedicated in nature. By theory, DCF pipelines should see higher hikes vs older ones (17% given).

Exhibit 3: Change in assumptions

	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
GRM (US\$/bbl)	8.0	6.0	-25%	9.5	9.0	-5%	9.1
Marketing Margin (Rs/mt)	5,134	5,730	12%	5,237	5,418	3%	5,528
Growth	-21.8%	-12.7%	NM	2.0%	-5.4%	NM	2.0%
Marketing Sales (mmt)	48	48	0%	49	49	0%	51
Growth	2.6%	2.6%	0bps	3.0%	3.0%	0bps	2.4%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	4,544	4,544	0%	4,681	4,681	0%	4,793
EBITDA	177	178	1%	208	210	1%	217
EBITDA margin	3.9%	3.9%	3bps	4.5%	4.5%	3bps	4.5%
PAT	80	78	-2%	91	94	2%	102
EPS (Rs)	37.5	36.6	-2%	43.0	44.1	2%	47.9

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation

Components	Basis	Sep-26E EBITDA	Multiple (x)	EV (Rs bn)	EV/share (Rs)	Comments
Refining - Standalone	EV/EBITDA	98	6.5	635	298	
Pipelines - Standalone	EV/EBITDA	18	6.5	118	55	
Petrochemicals - Standalone	EV/EBITDA	-		-	-	
Marketing - Standalone	EV/EBITDA	98	6.5	636	299	
Core Business EV		214	6.5	1,389	653	Blended multiple at 6.5x
Less: Adj. Net Debt (Sep-25-end)				523	246	
Core Business Valuation				866	407	
Value of HMEL stake	P/E			84	39	
Value of Listed Investments	TP/CMP			60	28	At 30% HoldCo Discount
Target Price-Fair Value					475	

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)	HPCL Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contr. to SOTP (Rs bn)	Per Share Value (Rs)
MRPL	Financial	CMP	217	380	17.0%	64	30%	45	21.2
Oil India	Financial	TP (Emkay)	534	869	2.5%	21	30%	15	7.1
Total Listed						86		60	28

Source: Company, Emkay Research

Exhibit 7: Value of HMEL-stake

Components	Basis	Sep-26E PAT (Rs bn)	Multiple (x)	Equity value	HPCL stake	Pro-rata value	Holdco Disc.	Contr. To SOTP	Per-share value (Rs)
HPCL Mittal Energy (HMEL)	P/E	35	7.0	245	49%	120	30%	84	39

Source: Company, Emkay Research

HPCL: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	4,347,860	4,335,249	4,543,962	4,680,664	4,792,857
Revenue growth (%)	24.3	(0.3)	4.8	3.0	2.4
EBITDA	(113,306)	250,967	177,897	209,965	217,353
EBITDA growth (%)	(211.3)	0.0	(29.1)	18.0	3.5
Depreciation & Amortization	43,300	55,524	65,503	74,067	79,236
EBIT	(156,605)	195,444	112,394	135,899	138,116
EBIT growth (%)	(352.3)	0.0	(42.5)	20.9	1.6
Other operating income	0	0	0	0	0
Other income	20,691	23,822	26,351	30,115	35,563
Financial expense	21,319	25,157	34,646	40,687	37,406
PBT	(157,232)	194,109	104,099	125,327	136,273
Extraordinary items	56,170	0	0	0	0
Taxes	(29,409)	44,593	26,233	31,582	34,341
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	(89,740)	146,938	77,866	93,745	101,932
PAT growth (%)	(240.6)	0.0	(47.0)	20.4	8.7
Adjusted PAT	(132,046)	146,938	77,866	93,745	101,932
Diluted EPS (Rs)	(93.1)	103.6	36.6	44.1	47.9
Diluted EPS growth (%)	(240.6)	0.0	(64.7)	20.4	8.7
DPS (Rs)	0.0	31.5	12.8	15.4	17.2
Dividend payout (%)	0.0	30.4	35.0	35.0	36.0
EBITDA margin (%)	(2.6)	5.8	3.9	4.5	4.5
EBIT margin (%)	(3.6)	4.5	2.5	2.9	2.9
Effective tax rate (%)	(8.2)	23.0	25.2	25.2	25.2
NOPLAT (pre-IndAS)	(169,451)	150,544	84,071	101,652	103,311
Shares outstanding (mn)	1,418.9	1,418.9	2,127.8	2,127.8	2,127.8

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	(157,232)	194,109	104,099	125,327	136,273
Others (non-cash items)	73,292	77,350	73,798	84,638	81,080
Taxes paid	(1,598)	(2,835)	(22,323)	(29,627)	(32,366)
Change in NWC	13,860	(26,846)	10,001	(527)	2,220
Operating cash flow	(33,595)	239,200	165,575	179,811	187,207
Capital expenditure	(88,877)	(95,913)	(112,000)	(100,000)	(90,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	10,206	8,722	26,351	30,115	35,563
Investing cash flow	(110,977)	(134,120)	(88,217)	(72,478)	(57,057)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	205,732	(98,315)	2,000	(11,060)	(15,185)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(31,101)	(38,482)	(34,646)	(40,687)	(37,406)
Dividend paid (incl tax)	(19,857)	(21,305)	(27,253)	(32,811)	(36,696)
Others	(7,775)	51,160	(6)	0	0
Financing cash flow	146,999	(106,943)	(59,905)	(84,558)	(89,287)
Net chg in Cash	2,427	(1,862)	17,453	22,775	40,864
OCF	(33,595)	239,200	165,575	179,811	187,207
Adj. OCF (w/o NWC chg.)	(47,455)	266,046	155,574	180,338	184,987
FCFF	(122,472)	143,287	53,575	79,811	97,207
FCFE	(133,584)	126,853	45,280	69,240	95,363
OCF/EBITDA (%)	29.6	95.3	93.1	85.6	86.1
FCFE/PAT (%)	148.9	86.3	58.2	73.9	93.6
FCFF/NOPLAT (%)	72.3	95.2	63.7	78.5	94.1

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	14,189	14,189	21,278	21,278	21,278
Reserves & Surplus	262,945	396,108	439,626	500,560	565,797
Net worth	277,134	410,298	460,905	521,839	587,075
Minority interests	0	0	0	0	0
Deferred tax liability (net)	30,110	69,899	73,809	75,765	77,739
Total debt	680,051	641,195	643,195	632,135	616,951
Total liabilities & equity	987,295	1,121,392	1,177,909	1,229,738	1,281,765
Net tangible fixed assets	625,190	732,469	879,038	904,305	913,721
Net intangible assets	7,774	10,858	10,858	10,858	10,858
Net ROU assets	42,422	44,661	44,661	44,661	44,661
Capital WIP	228,028	166,788	66,715	67,382	68,730
Goodwill	0	0	0	0	0
Investments [JV/Associates]	160,418	204,954	207,003	209,073	211,164
Cash & equivalents	57,075	55,351	73,322	96,621	138,013
Current assets (ex-cash)	429,759	522,750	545,886	561,228	573,922
Current Liab. & Prov.	563,371	616,438	649,574	664,390	679,304
NWC (ex-cash)	(133,612)	(93,687)	(103,688)	(103,162)	(105,382)
Total assets	987,295	1,121,392	1,177,909	1,229,738	1,281,765
Net debt	622,976	585,845	569,873	535,514	478,938
Capital employed	987,295	1,121,392	1,177,909	1,229,738	1,281,765
Invested capital	541,774	694,300	830,869	856,662	863,858
BVPS (Rs)	195.3	289.2	216.6	245.2	275.9
Net Debt/Equity (x)	2.2	1.4	1.2	1.0	0.8
Net Debt/EBITDA (x)	(5.5)	2.3	3.2	2.6	2.2
Interest coverage (x)	(0.2)	0.1	0.2	0.2	0.2
RoCE (%)	(14.3)	20.8	12.1	13.8	13.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	(4.3)	3.8	10.8	9.0	8.3
P/CE(x)	(6.3)	2.8	5.9	5.0	4.6
P/B (x)	2.0	1.4	1.8	1.6	1.4
EV/Sales (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	(10.5)	4.6	7.9	6.6	6.1
EV/EBIT(x)	(7.6)	5.9	12.6	10.1	9.6
EV/IC (x)	2.2	1.7	1.7	1.6	1.5
FCFF yield (%)	(10.3)	12.5	3.8	5.8	7.4
FCFE yield (%)	(23.8)	22.6	5.4	8.2	11.3
Dividend yield (%)	0.0	8.0	3.2	3.9	4.4
DuPont-RoE split					
Net profit margin (%)	(3.0)	3.4	1.7	2.0	2.1
Total asset turnover (x)	4.6	4.1	4.0	3.9	3.8
Assets/Equity (x)	2.9	3.1	2.6	2.4	2.3
RoE (%)	(39.8)	42.7	17.9	19.1	18.4
DuPont-RoIC					
NOPLAT margin (%)	(3.9)	3.5	1.9	2.2	2.2
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	(33.7)	24.4	11.0	12.0	12.0
Operating metrics					
Core NWC days	11.7	12.1	12.1	12.1	12.1
Total NWC days	11.7	12.1	12.1	12.1	12.1
Fixed asset turnover	5.1	4.3	3.8	3.5	3.3
Opex-to-revenue (%)	4.4	4.9	5.0	5.2	5.3

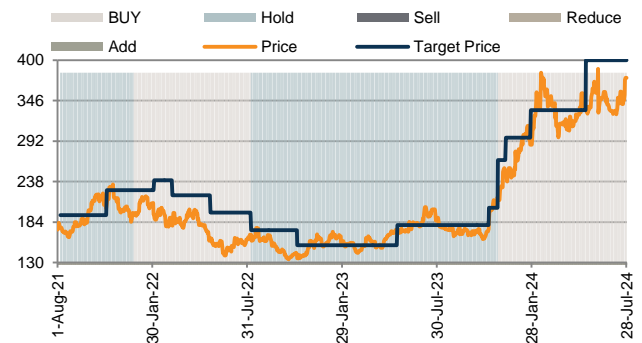
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
11-May-24	334	400	Buy	Sabri Hazarika
15-Mar-24	313	333	Buy	Sabri Hazarika
20-Feb-24	375	333	Buy	Sabri Hazarika
26-Jan-24	287	333	Buy	Sabri Hazarika
09-Dec-23	252	297	Buy	Sabri Hazarika
30-Nov-23	232	267	Buy	Sabri Hazarika
24-Nov-23	213	267	Buy	Sabri Hazarika
07-Nov-23	186	203	Hold	Sabri Hazarika
03-Aug-23	180	180	Hold	Sabri Hazarika
15-May-23	173	180	Hold	Sabri Hazarika
10-Feb-23	155	153	Hold	Sabri Hazarika
06-Dec-22	149	153	Hold	Sabri Hazarika
04-Nov-22	136	153	Hold	Sabri Hazarika
07-Sep-22	163	173	Hold	Sabri Hazarika
07-Aug-22	167	173	Hold	Sabri Hazarika
15-Jul-22	160	197	Buy	Sabri Hazarika
28-Jun-22	148	197	Buy	Sabri Hazarika
22-May-22	163	197	Buy	Sabri Hazarika
21-May-22	163	197	Buy	Sabri Hazarika
09-Mar-22	179	220	Buy	Sabri Hazarika
02-Feb-22	194	240	Buy	Sabri Hazarika
25-Dec-21	194	227	Buy	Sabri Hazarika
23-Nov-21	212	227	Hold	Sabri Hazarika
03-Nov-21	209	227	Hold	Sabri Hazarika
06-Aug-21	177	193	Hold	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
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