

KG-98/2 ramp-up underway; retain BUY

Oil & Gas ▶ Result Update ▶ November 12, 2024

TARGET PRICE (Rs): 330

ONGC's Q2FY25 SA EBITDA came in at Rs170.3bn, a 9% beat to our estimate, led by lower-than-expected survey-dry wells expense and levies. RPAT at Rs119.8bn was a 31% beat on higher Other Income. Total crude production fell 1.7% YoY to 5.2mmt (in line), whereas gas declined 2.7% YoY to 5.1bcm (1% above est). KG-98/2 oil output has ramped up to 25kbpd from 12kbpd earlier, and peak oil/gas output of 45kbpd/8mmscmd is now expected by FY25-end/early-FY26. New wells premium pricing (12% of crude) gas volumes are at 4.7mmscmd now. We slightly up our FY25-27E SA EPS 2-4% each, building higher new wells gas along with cost uptick. However, we lower our Sep-25E TP by 8% to Rs330, valuing ONGC at an implied 7.5x consolidated EPS vs 8x earlier due to oil price volatility. Output recovery is a positive. We retain BUY.

ONGC: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	1,555,173	1,384,021	1,406,332	1,404,321	1,407,635
EBITDA	765,117	697,764	689,914	692,763	692,147
Adj. PAT	483,351	427,897	402,853	407,170	411,082
Adj. EPS (Rs)	38.4	34.0	32.0	32.4	32.7
EBITDA margin (%)	49.2	50.4	49.1	49.3	49.2
EBITDA growth (%)	39.2	(8.8)	(1.1)	0.4	(0.1)
Adj. EPS growth (%)	55.4	(11.5)	(5.9)	1.1	1.0
RoE (%)	21.2	15.4	12.7	11.9	11.2
RoIC (%)	46.2	32.4	25.9	25.4	24.7
P/E (x)	6.7	7.5	8.0	7.9	7.8
EV/EBITDA (x)	4.1	4.7	4.7	4.4	4.0
P/B (x)	1.2	1.1	1.0	0.9	0.8
FCFF yield (%)	13.4	8.5	10.2	10.0	10.9

Source: Company, Emkay Research

Result Highlights

ONGC's SA revenue beat our estimates by 2%, led by higher nominated block (NB) crude sales, higher NB & JV blocks' gas sales, and lower profit petroleum; LPG and naphtha sales were lower than anticipated. Q2 net oil realization was USD78.3/bbl, whereas gas realization was steady. Total production cost was 6% above our estimate as other expenses were 5% higher at Rs56.5bn. Survey costs were lower at Rs2.6bn vs our estimate of Rs4bn. Dry well write-offs were also lower at Rs9.6bn vs our estimate of Rs15bn. DD&A fell 5% QoQ to Rs56bn. Interest was also 3% lower, and down 2% QoQ to Rs11.6bn. Other Income was higher at Rs47.7bn vs our estimate of Rs32.2bn (up 2.3x YoY), due to dividends. ONGC has made 6 discoveries in FY25 till date. OVL's Q2FY25 consolidated EBITDA fell 23% QoQ to Rs13.5bn as crude/gas realization fell 9%/30%, whereas production was flat. OPaL reported net loss of Rs6.4bn in Q2FY25 vs Rs9.8bn QoQ and Rs6.9bn YoY. Consolidated EPS in Q2FY25 was Rs8.2 vs Rs8 QoQ, and Rs10.6 YoY. SA capex, as per PPAC, stood at Rs235.5bn in H1FY25. Interim dividend was Rs6.

Management KTAs

KG 98/2 oil production is currently at 25kbpd while 1.85mmscmd is the gas output with peak oil/gas output of 45kbpd/7-8mmscmd expected by FY25-end or early FY26. Overall production guidance is 41.9/44.9/46.2mmt in FY25/26/27. The two gas production projects, for which platforms were awarded recently (Daman Upside – 5mmscmd and DSF II – 4mmscmd), are likely to get completed by FY26 and output is likely from FY27. APM gas should be completely replaced by NWG over 7-8 years as new wells share increase. Current NWG volume is 4.68mmscmd vs 4mmscmd earlier (2.76mmscmd used by C2-C3, OPaL etc), and this run-rate keeps changing on a monthly basis along with prices (12% of Indian crude basket changing monthly). ONGC is witnessing a production decline rate of 6-7%. OVL's FY25 total output is expected to be largely flat YoY at ~10.5mmt. Expect OPaL's FY25 performance to remain range-bound but turnaround impact should be visible from FY26. H1FY25 capex run rate was higher due to Rs60bn of OPaL infusion. Otherwise, capex target is Rs340-360bn annually (in FY26-27 as well).

Valuation

We value ONGC on DCF-based SOTP, comprising of SA, KG 98/2, and OPaL. Investments are valued at our TP/CMP with 30% holdco discount. Key risks: Adverse oil-gas prices, policy issues, local tensions, cost overruns, outages, and dry holes.

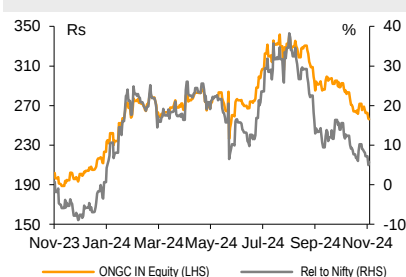
Target Price – 12M	Sep-25
Change in TP (%)	(8.4)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	28.6
CMP (12-Nov-24) (Rs)	256.2

Stock Data	Ticker
52-week High (Rs)	345
52-week Low (Rs)	188
Shares outstanding (mn)	12,580.3
Market-cap (Rs bn)	3,222
Market-cap (USD mn)	38,183
Net-debt, FY25E (Rs mn)	14,350
ADTV-3M (mn shares)	17
ADTV-3M (Rs mn)	5,095.3
ADTV-3M (USD mn)	60.4
Free float (%)	31.0
Nifty-50	23,883
INR/USD	84.4
Shareholding, Sep-24	
Promoters (%)	58.9
FPIs/MFs (%)	8.1/19.0

Price Performance

(%)	1M	3M	12M
Absolute	(12.4)	(24.9)	30.2
Rel. to Nifty	(8.5)	(23.5)	6.4

1-Year share price trend (Rs)



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Exhibit 1: Actuals vs Estimates (Q2FY25)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	338,809	333,214	344,404	2%	-2%	Better sales volume
Adjusted EBITDA	170,250	156,752	188,190*	9%	-10%	Lower survey & dry wells and levies
EBITDA Margin	50.2%	47.0%	54.6%	321bps	-439bps	
Adjusted Net Profit	119,840	91,293	99,558	31%	20%	Higher Other Income and lower ETR

Source: Company, Emkay Research; Note: *Non-comparable as the Street assumes survey and dry wells below EBITDA

Exhibit 2: Quarterly Summary – ONGC (Standalone)

(Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	YoY	QoQ	H1FY24	H1FY25	YoY
Revenue	351,630	347,881	346,367	352,664	338,809	-4%	-4%	689,774	691,473	0%
COGS+OPEX	60,121	81,065	81,926	68,770	78,150	30%	14%	129,218	146,920	14%
Statutory Levies	107,911	95,175	90,376	97,720	78,295	-27%	-20%	182,424	176,015	-4%
Survey+Dry Wells	12,072	18,299	15,159	16,427	12,114	0%	-26%	22,230	28,541	28%
EBITDA	171,527	153,342	158,907	169,747	170,250	-1%	0%	355,901	339,997	-4%
DD&A	47,213	51,018	56,755	58,973	55,979	19%	-5%	97,184	114,952	18%
EBIT	124,314	102,324	102,153	110,774	114,271	-8%	3%	258,717	225,045	-13%
Finance Charges	10,160	10,227	10,349	11,822	11,567	14%	-2%	20,237	23,389	16%
Other Income	20,857	34,007	36,800	20,609	47,656	128%	131%	36,975	68,265	85%
Exceptional Items	0	0	0	0	0			0	0	
PBT	135,010	126,103	128,604	119,561	150,360	11%	26%	275,455	269,921	-2%
Total Tax	32,629	27,186	29,910	30,180	30,520	-6%	1%	67,806	60,700	-10%
PAT	102,381	98,917	98,694	89,381	119,840	17%	34%	207,649	209,221	1%
Adjusted PAT	102,381	98,917	98,694	89,381	119,840	17%	34%	207,649	209,221	1%
Adjusted EPS (Rs)	8.1	7.9	7.8	7.1	9.5	17%	34%	16.5	16.6	1%
Crude Production (mmt)	5.2	5.2	5.4	5.2	5.2	-2%	-1%	10.6	10.4	-2%
Gas Production (bcm)	5.2	5.1	5.1	5.0	5.1	-3%	1%	10.4	10.1	-3%
VAP Production (mmt)	0.7	0.6	0.6	0.6	0.6	-4%	-1%	1.3	1.3	-2%
NB Gross Oil Realization (USD/bbl)	84.8	81.1	80.8	83.1	78.3	-8%	-6%	80.6	80.7	0%
NB Net Oil Realization (USD/bbl)	84.8	81.1	80.8	83.1	78.3	-8%	-6%	80.6	80.7	0%
NB Gas Realization (Rs/scm)	20.0	20.2	20.2	20.4	20.7	4%	1%	20.3	20.6	1%

Source: Company, Emkay Research; Note: Adjusted PAT may not fully match the annual tables due to a different adjustment method in the Emkay detailed annual model

Exhibit 3: Quarterly Summary – OVL (Consolidated)

(Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	YoY	QoQ	H1FY24	H1FY25	YoY
Revenue	30,900	26,420	35,360	27,820	25,130	-19%	-10%	58,210	52,950	-9%
COGS+OPEX	12,110	9,210	9,910	8,740	10,220	-16%	17%	24,910	18,960	-24%
Statutory Levies	3,860	4,410	1,650	1,510	1,430	-63%	-5%	8,040	2,940	-63%
EBITDA	14,930	12,800	23,800	17,570	13,480	-10%	-23%	25,260	31,050	23%
DD&A	4,470	3,430	2,300	3,670	3,720	-17%	1%	8,700	7,390	-15%
EBIT	10,460	9,370	21,500	13,900	9,760	-7%	-30%	16,560	23,660	43%
Finance Charges	7,020	6,380	6,940	8,230	6,380	-9%	-22%	11,800	14,610	24%
Other Income	2,200	2,720	1,940	2,330	2,740	25%	18%	5,090	5,070	0%
Exceptional Items	-	-	-	-	-			-	-	
PBT	5,640	5,710	16,500	8,000	6,120	9%	-24%	9,850	14,120	43%
Total Tax	3,470	4,010	-1,060	3,410	2,840	-18%	-17%	6,440	6,250	-3%
Core PAT (ex-impairment)	2,170	1,700	17,560	4,590	3,280	51%	-29%	3,410	7,870	131%
ONGC EPS Contri (Rs)	0.2	0.1	1.4	0.4	0.3	44%	-28%	0.3	0.6	124%
Crude Production (mmt)	1.8	1.8	1.8	1.8	1.8	3%	1%	3.6	3.6	1%
Gas Production (bcm)	0.8	0.9	0.8	0.7	0.7	-13%	-2%	1.6	1.4	-13%
Crude Realization (USD/bbl)	23.3	19.9	29.0	21.7	19.7	-16%	-9%	21.7	20.7	-4%
Gas Realization (USD/mmbtu)	2.1	1.4	1.3	2.2	1.8	-14%	-18%	2.0	2.0	0%
Total Production	2.6	2.7	2.6	2.5	2.5	-2%	0%	5.2	5.0	-3%

Source: Company, Emkay Research; Note: Adjusted PAT may not fully match the annual tables due to a different adjustment method in the Emkay detailed annual model

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Concall Highlights

- **Q2FY25 performance:** Statutory levies fell in Q2FY25 on lower crude oil price and SAED/windfall taxes. Exploration cost (write-offs) rose on account of increase in dry well write-offs at Assam Arakan and Vindhyan basins and 3D data acquisition (seismic survey) at Western Offshore (WO) etc. Higher opex in Q2 was due to ramp up of KG-98/2 output and repairs & maintenance at Mumbai Offshore. DD&A also rose on account of increase in oil & gas assets, depletion rates in WO, etc. Consolidated numbers were impacted owing to decline in earnings of HPCL and MRPL. Survey costs reduced in Q2 on account of monsoons. Dividend income included dividend from IOCL of Rs14bn, OVL Rs750mn, HPCL Rs12.85bn, MRPL 2.51bn, and PLNG Rs560mn.
- **KG-98/2 asset:** Current oil production of KG-DWN-98/2 is 25kbpd with peak oil output of 45kbpd expected by Q4FY25-end as the incremental wells come online. Out of 2.6mmcmd gas produced from eastern offshore, 1.85mmcmd gas output is from KG-98/2 with peak gas output of 10/7-8mmcmd targeted by FY25-end/early FY26, respectively. Gas will come from both oil wells (associated) and gas wells, which will be opened. KG-98/2 gas realizes HP-HT ceiling price based on FO & LNG price benchmarks.
- **Domestic production guidance:** Overall production guidance is 41.9/44.9/46.2mmtoe in FY25/26/27 with FY26 output split between oil/gas as 22.8/22.1mmtoe. The two gas-production projects, for which platforms were awarded recently (Daman Upside – 5mmcmd and DSF II – 4mmcmd), are likely to get completed by FY26 after which drilling activities will be undertaken (will charter hire rigs) and production will start in 6 months (after the well head platforms are ready) from FY27. The TSC/TSP tender in WO-Mumbai High is currently live and closing in Dec-25.
- **New wells gas:** ONGC is witnessing a production decline rate of 6-7%, while DGH-specified decline is 7.5%. New wells/well intervention gas (NWG) notification was wef 8-Aug-24 and ONGC's billing has commenced Sep-24 onwards. APM gas should be completely replaced by NWG over 7-8 years as new wells share increase. Current NWG volume is 4.68mmcmd vs 4mmcmd earlier (2.76mmcmd used by C2-C3, OPaL etc), and this run-rate keeps changing on a monthly basis along with prices (12% of Indian crude basket changing monthly). NWG attributable to GAIL in earlier contracts continues to be marketed by GAIL and direct customers are catered to by ONGC. DGH decides on technical qualifications and modalities (figures etc). For customers other than OPaL, quantity supplied is based on contractual provisions, including duration.
- **OPaL:** GoI has allocated 3.2mmcmd of NWG to OPaL as feedstock for a period of 5 years. ONGC's total re-investment in OPaL would be Rs183.65bn, taking its stake to 95.69% and it has infused Rs132bn till date. This has been utilized to repay high-interest debt of OPaL. Its Q2 utilization stood at 91% with revenue/EBITDA/net loss of Rs36.64bn/786.7mn/6.37bn. Net debt would be ~Rs140bn post-fund infusion. Its feedstock usually comprises of 60% naphtha and 40% LNG. Expect OPaL's FY25 performance to remain range-bound but turnaround impact should be visible from FY26, assuming no unforeseen change takes place in product/feedstock prices. It is a dual-feed cracker with naphtha procured from ONGC's Uran and Hazira facilities, C2-C3 extracted from rich LNG procured from Qatar, and rest through domestic gas allocation, which was removed intermittently. NWG is replacing the domestic gas allocation and price differential vs LNG is still USD4-5/mmbtu lower (as LNG prices are up now) making its operations more sustainable and viable. Ethane import infrastructure in India will take time to build and the management is not sure if ethane would be cheaper than NWG, hence, yet to decide on ethane sourcing.
- **OVL:** OVL's FY25 total output is expected to be largely flat YoY at ~10.5mmtoe. Production is lower due to the three Russian assets affected by conflicts. Current production is 194kboepd vs 201kboepd in FY24. Negotiations were on for the Venezuela asset during Apr-Oct-24 but sanctions have been reimposed; further clarity is needed. OVL has sought opex approval and currently restrictions are in place for oil as well as fund movement (dividend).
- **Capex and other points:** H1FY25 capex run-rate was higher due to Rs60bn of OPaL infusion. Otherwise, capex target is Rs340-360bn annually (in FY26-27 as well). ONGC is looking at petchem projects, but nothing concrete has been decided and declared yet (including the location). There is no update, planning or declaration on any green-field refinery at Prayagraj (as reported in the media).

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Exhibit 4: Change in assumptions

	FY25E			FY26E			FY27E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Brent (USD/bbl)	85.0	80.0	-6%	85.0	80.0	-6%	85.0	80.0	-6%
USD/INR	83.0	83.5	1%	83.0	83.5	1%	83.0	83.5	1%
Net Oil Realization (USD/bbl)	84.8	79.8	-6%	85.2	80.2	-6%	85.5	80.5	-6%
Gas Realization (Rs/scm)	21.4	22.5	5%	22.1	23.0	4%	22.9	24.0	5%
Crude Oil Production (mmt)	20.9	20.9	0%	20.6	20.6	0%	20.4	20.4	0%
Natural Gas Production (bcm)	20.0	20.0	0%	19.6	19.6	0%	19.2	19.2	0%

Source: Company, Emkay Research

Exhibit 5: Change in estimates

(Rs bn)	FY25E			FY26E			FY27E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,450	1,406	-3%	1,452	1,404	-3%	1,452	1,408	-3%
EBITDA	685	690	1%	683	693	1%	681	692	2%
EBITDA Margin	47.3%	49.1%	179bps	47.0%	49.3%	232bps	46.9%	49.2%	229bps
PAT	395	403	2%	393	407	4%	394	411	4%
EPS (Rs)	31.4	32.0	2%	31.2	32.4	4%	31.3	32.7	4%

Source: Company, Emkay Research

Exhibit 6: SOTP-based valuation – Sep-25E

Components (Rs mn)	Basis	Sep-25E Eq Val	Value/Sh (Rs)	Comments
ONGC Standalone (ex-98/2)	DCF	3,048,498	242	WACC/TG at 11.0%/-1.0%
KG-DWN-98/2	NPV/DCF	178,215	14	30% Disc to NPV, 11% Disc Rate
OVL (ex-Mozambique Upside)	P/E	125,342	10	5x Sep-26E P/E
Mozambique Upside		-	-	Assuming nil value
OpaL Value	EV/EBITDA	(121,782)	(10)	6x Sep-26E EV/EBITDA
Core Business Valuation		3,230,273	257	
Value of Investments	TP/CMP/BV	915,123	73	At 30% HoldCo Discount
Target Price-Fair Value		4,145,395	330	

Source: Company, Emkay Research

Exhibit 7: ONGC – Standalone DCF-based valuation

Assumptions		Standalone	(Rs mn)
Risk Free Rate	7.0%	NPV Of FCF (Sep '26-Sep '37E)	2,116,424
Risk Premium	5.3%	Terminal Value	2,389,009
Beta	0.8	PV Of TV	683,615
Cost Of Equity	11.0%	Total Value	2,800,039
Cost Of Debt	9.0%	Less: Adj. Net Debt (Sep-25E)	(248,459)
Post Tax Cost Of Debt	6.7%	Equity Value	3,048,498
Average Debt: Equity Ratio	0.0%	No. Of Shares O/S (mn)	12,580
WACC	11.0%	Fair Value of ONGC SA (Rs/sh)	242
Terminal Growth Rate	-1.0%		

Source: Company, Emkay Research

Exhibit 8: Schedule and Value of Investments (Sep-25E Valuation)

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	Equity Value (Rs bn)	ONGC Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contr to SOTP (Rs bn)	Per Share Value (Rs)
HPCL	Subsidiary	TP (Emkay)	475	1,011	54.9%	555	30%	388	30.9
PLNG	JV	TP (Emkay)	425	638	12.5%	80	30%	56	4.4
MRPL	Subsidiary	CMP	155	272	71.6%	195	30%	136	10.8
IOCL	Financial	TP (Emkay)	185	2,612	14.2%	371	30%	260	20.6
GAIL	Financial	TP (Emkay)	255	1,677	4.8%	81	30%	57	4.5
Total Listed						1,281		897	71.3
Unlisted									
ONGC Tripura Power Co (OTPC)	JV	BV			~50%	6	30%	4	0.3
OPaL+OTPC Warrants						19	30%	13	1.0
Petronet MHB Ltd (PMHB)	Subsidiary#	BV			29%	2	30%	1	0.1
Total Unlisted						26		18	1.5
Grand Total Investments						1,307		915	73

Source: Company, Emkay Research; Note: #HPCL has a 29% stake in P-MHB, which is, therefore, a subsidiary

Exhibit 9: PER-based valuation

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Consol EPS (Rs)	38.3	36.4	42.3	38.7	43.1	45.3
Implied Target P/E Multiple (x)						7.5
Sep-25E TP (Rs)						330

Source: Company, Emkay Research

ONGC: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	1,555,173	1,384,021	1,406,332	1,404,321	1,407,635
Revenue growth (%)	40.9	(11.0)	1.6	(0.1)	0.2
EBITDA	765,117	697,764	689,914	692,763	692,147
EBITDA growth (%)	39.2	(8.8)	(1.1)	0.4	(0.1)
Depreciation & Amortization	168,196	204,957	225,117	235,433	244,870
EBIT	596,922	492,807	464,796	457,330	447,277
EBIT growth (%)	59.5	(17.4)	(5.7)	(1.6)	(2.2)
Other operating income	0	0	0	0	0
Other income	76,266	107,782	120,002	128,352	141,376
Financial expense	26,996	40,813	46,225	41,337	39,078
PBT	646,191	559,776	538,573	544,345	549,575
Extraordinary items	(32,951)	(29,614)	0	0	0
Taxes	119,924	124,902	135,721	137,175	138,493
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	400,965	405,260	402,853	407,170	411,082
PAT growth (%)	(0.5)	1.1	(0.6)	1.1	1.0
Adjusted PAT	483,351	427,897	402,853	407,170	411,082
Diluted EPS (Rs)	38.4	34.0	32.0	32.4	32.7
Diluted EPS growth (%)	55.4	(11.5)	(5.9)	1.1	1.0
DPS (Rs)	11.3	12.3	12.8	12.9	13.1
Dividend payout (%)	35.3	38.0	40.0	40.0	40.0
EBITDA margin (%)	49.2	50.4	49.1	49.3	49.2
EBIT margin (%)	38.4	35.6	33.1	32.6	31.8
Effective tax rate (%)	18.6	22.3	25.2	25.2	25.2
NOPLAT (pre-IndAS)	486,141	382,848	347,668	342,083	334,563
Shares outstanding (mn)	12,580.3	12,580.3	12,580.3	12,580.3	12,580.3

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	646,191	559,776	538,573	544,345	549,575
Others (non-cash items)	330,540	217,766	151,340	148,419	142,573
Taxes paid	(128,448)	(118,682)	(132,721)	(134,115)	(135,372)
Change in NWC	85,398	24,108	61,704	21,531	31,951
Operating cash flow	808,378	653,355	618,897	580,180	588,727
Capital expenditure	(385,232)	(376,669)	(288,000)	(277,280)	(282,503)
Acquisition of business	0	0	0	0	0
Interest & dividend income	43,379	70,976	120,002	128,352	141,376
Investing cash flow	(359,946)	(342,537)	(374,800)	(165,606)	(157,971)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(51,698)	(80,860)	(175,000)	(176,395)	0
Payment of lease liabilities	(61,472)	(82,951)	(82,951)	(82,951)	(82,951)
Interest paid	(6,666)	(17,037)	(46,225)	(41,337)	(39,078)
Dividend paid (incl tax)	(176,090)	(128,949)	(161,141)	(162,868)	(164,433)
Others	0	0	0	0	0
Financing cash flow	(234,454)	(226,846)	(382,366)	(380,600)	(203,511)
Net chg in Cash	213,978	83,973	(138,269)	33,974	227,245
OCF	808,378	653,355	618,897	580,180	588,727
Adj. OCF (w/o NWC chg.)	722,981	629,247	557,193	558,648	556,776
FCFF	423,147	276,686	330,897	302,900	306,224
FCFE	439,529	306,849	404,674	389,914	408,522
OCF/EBITDA (%)	105.7	93.6	89.7	83.7	85.1
FCFE/PAT (%)	109.6	75.7	100.5	95.8	99.4
FCFF/NOPLAT (%)	87.0	72.3	95.2	88.5	91.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	62,901	62,901	62,901	62,901	62,901
Reserves & Surplus	2,536,822	2,996,864	3,238,575	3,482,877	3,729,527
Net worth	2,599,723	3,059,765	3,301,477	3,545,779	3,792,428
Minority interests	0	0	0	0	0
Deferred tax liability (net)	224,760	247,088	250,088	253,148	256,269
Total debt	161,018	351,395	176,395	0	0
Total liabilities & equity	2,985,501	3,658,248	3,727,960	3,798,927	4,048,697
Net tangible fixed assets	1,331,117	1,504,485	1,562,057	1,598,539	1,630,754
Net intangible assets	1,677	2,458	2,458	2,458	2,458
Net ROU assets	86,162	284,280	284,280	284,280	284,280
Capital WIP	489,275	531,135	536,446	541,811	547,229
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,259,764	1,480,434	1,689,425	1,706,320	1,723,383
Cash & equivalents	216,340	302,288	162,044	196,019	423,263
Current assets (ex-cash)	314,448	355,128	360,853	360,337	361,187
Current Liab. & Prov.	713,283	801,961	869,605	890,837	923,857
NWC (ex-cash)	(398,835)	(446,833)	(508,752)	(530,500)	(562,670)
Total assets	2,985,501	3,658,248	3,727,960	3,798,927	4,048,697
Net debt	(55,323)	49,107	14,350	(196,019)	(423,263)
Capital employed	2,985,501	3,658,248	3,727,960	3,798,927	4,048,697
Invested capital	1,020,121	1,344,391	1,340,044	1,354,778	1,354,822
BVPS (Rs)	206.7	243.2	262.4	281.9	301.5
Net Debt/Equity (x)	0.0	0.0	0.0	(0.1)	(0.1)
Net Debt/EBITDA (x)	(0.1)	0.1	0.0	(0.3)	(0.6)
Interest coverage (x)	0.0	0.1	0.1	0.1	0.1
RoCE (%)	23.5	18.1	15.8	15.6	15.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	6.7	7.5	8.0	7.9	7.8
P/CE(x)	4.6	5.0	5.1	5.0	4.9
P/B (x)	1.2	1.1	1.0	0.9	0.8
EV/Sales (x)	2.0	2.4	2.3	2.2	2.0
EV/EBITDA (x)	4.1	4.7	4.7	4.4	4.0
EV/EBIT(x)	5.3	6.6	7.0	6.6	6.3
EV/IC (x)	3.1	2.4	2.4	2.2	2.1
FCFF yield (%)	13.4	8.5	10.2	10.0	10.9
FCFE yield (%)	13.6	9.5	12.6	12.1	12.7
Dividend yield (%)	4.4	4.8	5.0	5.1	5.1
DuPont-RoE split					
Net profit margin (%)	33.8	31.4	28.6	29.0	29.2
Total asset turnover (x)	0.5	0.4	0.4	0.4	0.4
Assets/Equity (x)	1.2	1.2	1.2	1.1	1.1
RoE (%)	21.2	15.4	12.7	11.9	11.2
DuPont-RoIC					
NOPLAT margin (%)	31.3	27.7	24.7	24.4	23.8
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	46.2	32.4	25.9	25.4	24.7
Operating metrics					
Core NWC days	14.7	24.4	21.4	21.5	21.1
Total NWC days	14.7	24.4	21.4	21.5	21.1
Fixed asset turnover	0.6	0.5	0.4	0.4	0.4
Opex-to-revenue (%)	51.1	50.1	50.5	50.6	50.8

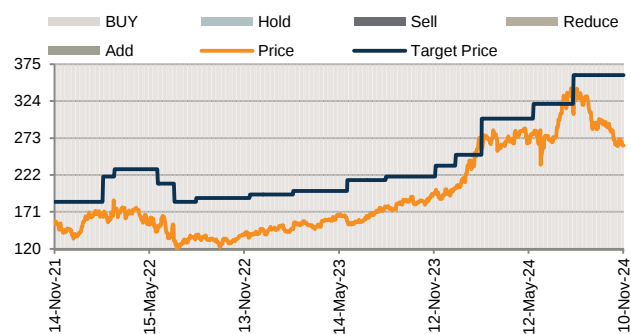
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
18-Oct-24	283	360	Buy	Sabri Hazarika
12-Sep-24	294	360	Buy	Sabri Hazarika
06-Aug-24	306	360	Buy	Sabri Hazarika
21-May-24	280	320	Buy	Sabri Hazarika
12-Feb-24	258	300	Buy	Sabri Hazarika
24-Dec-23	204	250	Buy	Sabri Hazarika
30-Nov-23	195	235	Buy	Sabri Hazarika
15-Nov-23	200	235	Buy	Sabri Hazarika
12-Aug-23	177	220	Buy	Sabri Hazarika
30-May-23	159	215	Buy	Sabri Hazarika
15-Feb-23	148	200	Buy	Sabri Hazarika
06-Dec-22	142	195	Buy	Sabri Hazarika
01-Dec-22	140	195	Buy	Sabri Hazarika
24-Nov-22	139	195	Buy	Sabri Hazarika
02-Oct-22	127	190	Buy	Sabri Hazarika
07-Sep-22	133	190	Buy	Sabri Hazarika
13-Aug-22	139	190	Buy	Sabri Hazarika
15-Jul-22	127	185	Buy	Sabri Hazarika
02-Jul-22	131	185	Buy	Sabri Hazarika
28-Jun-22	149	210	Buy	Sabri Hazarika
31-May-22	151	210	Buy	Sabri Hazarika
22-May-22	162	230	Buy	Sabri Hazarika
01-Apr-22	168	230	Buy	Sabri Hazarika
09-Mar-22	175	230	Buy	Sabri Hazarika
15-Feb-22	164	220	Buy	Sabri Hazarika
25-Dec-21	139	185	Buy	Sabri Hazarika
23-Nov-21	147	185	Buy	Sabri Hazarika
14-Nov-21	155	185	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: 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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