

Lower opex offsets lower margins; outlook stable

Oil & Gas ▶ Result Update ▶ January 23, 2025

TARGET PRICE (Rs): 375

BPCL posted largely in-line earnings in Q3FY25 with SA EBITDA/APAT up 26%/37% YoY to Rs78.5/46.5bn. Reported GRM stood at USD5.6/bbl vs our estimate of USD7/bbl. Implied marketing margin saw a 4% miss at ~Rs8.9/kg, but was offset by 6% lower opex. LPG losses rose to Rs72.3bn as of Dec-24-end vs Rs41.2bn QoQ. SA gross debt was down 7% QoQ. Management is hopeful of LPG subsidy by FY25-end. Capex intensity should increase with FY25E/26E/27E target of Rs164bn/Rs185-190bn/Rs200-220bn. We cut FY26-27E earnings 9-10% each, assuming lower GRMs, but retain FY25E EPS factoring in LPG subsidy of Rs50bn in Q4. We are constructive on OMCs given a smooth political scenario post-Delhi elections. Sharp spike in oil price is a key risk. We maintain BUY, rolling over TP to Dec-25E at Rs375 (down 7%).

BPCL: Financial Snapshot (Standalone)

| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 4,675,427 | 4,480,132 | 4,518,044 | 4,797,987 | 4,922,097 |
| EBITDA | 68,724 | 4,43,410 | 2,17,112 | 2,51,063 | 2,57,625 |
| Adj. PAT | (16,918) | 2,80,226 | 1,50,559 | 1,50,514 | 1,59,351 |
| Adj. EPS (Rs) | (4.0) | 65.6 | 35.2 | 35.2 | 37.3 |
| EBITDA margin (%) | 1.5 | 9.9 | 4.8 | 5.2 | 5.2 |
| EBITDA growth (%) | (64.4) | 545.2 | (51.0) | 15.6 | 2.6 |
| Adj. EPS growth (%) | NM | NM | (46.3) | 0.0 | 5.9 |
| RoE (%) | (8.5) | 47.4 | 13.3 | 17.0 | 16.1 |
| RoIC (%) | 5.7 | 37.1 | 13.5 | 20.9 | 20.1 |
| P/E (x) | (68.5) | 4.1 | 7.7 | 7.7 | 7.3 |
| EV/EBITDA (x) | 22.4 | 3.0 | 6.0 | 5.3 | 5.3 |
| P/B (x) | 2.2 | 1.6 | 1.4 | 1.2 | 1.1 |
| FCFF yield (%) | 2.5 | 20.2 | 7.1 | 1.4 | (1.7) |

Source: Company, Emkay Research

Result Highlights

Refinery utilization was at ~108%, with throughput down 7% QoQ (8% beat). GRM of the Mumbai/Kochi/Bina refinery was USD4.5/5.5/7.8 per bbl in Q3, improving 27% QoQ on average. Russian crude formed ~31% of BPCL's total throughput, with discounts at ~USD3/bbl on delivered basis. Domestic sales volume rose 3.9% YoY vs 4.5% for the industry with overall volumes at a 2% miss. Petrol/diesel sales volume rose 7.9%/2.9% YoY vs industry growth of 9.6%/4.8%, respectively. Opex was 6% lower than estimate at Rs73.5bn (other expenses came in lower than estimate). D/A rose 2% QoQ to Rs18.0bn, as interest cost was down 9% to Rs4.3bn. Capex for 9MFY25 stood at Rs119bn. Board has declared an interim dividend of Rs5/sh.

Management KTAs

BPCL's Q3FY25 GRMs were impacted by the 25-30 days shutdown at both the Mumbai and Kochi refineries, besides lower Russian crude share (31% vs 34-35% generally) and slightly lower spreads. BPCL has secured Russian cargoes till Feb-25 as it happens on M-2 basis (spot cargoes in general), but March supply is yet to be closed due to availability issues, though roughly 20% may still be procured. Bina expansion and petchem project is going as scheduled with tech licensors onboarded and 7.5% completion achieved. Company has spent Rs10bn in FY25TD on Bina expansion with basic design engineering completed. Bulk of the capex would be incurred in FY26-27. Board has approved Rs61bn for pre-project activities for the new greenfield coastal refinery (9mmtpa at gross capex of Rs950bn) in Andhra Pradesh. This mainly involves 6,000 acres of land acquisition, DPR, and field studies over the next 6-9 months, while overall completion timeline is 48 months from FID (likely by CY25-end) with capex picking up in 2-3 years.

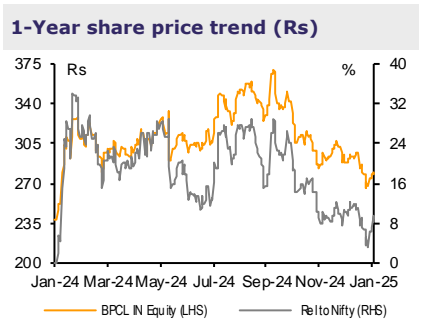
Valuation

We value BPCL on SOTP-EV/EBITDA-based methodology with investments at a 30% holdco discount. We roll over to Dec-26E, and retain our blended target EV/EBITDA at 6x. Key risks: adverse commodity prices and downstream margins, currency movement, government policies, and project issues.

| | |
|-------------------------|--------------|
| Target Price – 12M | Dec-25 |
| Change in TP (%) | (7.5) |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 38.2 |
| CMP (23-Jan-25) (Rs) | 271.3 |

| Stock Data | Ticker |
|-----------------------------|-----------|
| 52-week High (Rs) | 376 |
| 52-week Low (Rs) | 230 |
| Shares outstanding (mn) | 4,338.5 |
| Market-cap (Rs bn) | 1,177 |
| Market-cap (USD mn) | 13,610 |
| Net-debt, FY25E (Rs mn) | 1,48,929 |
| ADTV-3M (mn shares) | 9 |
| ADTV-3M (Rs mn) | 2,638.7 |
| ADTV-3M (USD mn) | 30.5 |
| Free float (%) | 44.0 |
| Nifty-50 | 23,205 |
| INR/USD | 86.5 |
| Shareholding, Dec-24 | |
| Promoters (%) | 53.0 |
| FPIs/MFs (%) | 14.7/22.3 |

| Price Performance | | | |
|-------------------|-------|--------|------|
| (%) | 1M | 3M | 12M |
| Absolute | (6.2) | (16.0) | 17.2 |
| Rel. to Nifty | (4.0) | (11.6) | 7.2 |



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Exhibit 1: Actuals vs Estimates (Q3FY25)

| (Rs mn) | Actual | Estimates (Emkay) | Consensus Estimates (Bloomberg) | Variation | | Comments |
|---------------------|-----------|-------------------|---------------------------------|-----------|-----------|---|
| | | | | Emkay | Consensus | |
| Total Revenue | 1,131,358 | 1,052,328 | 1,070,000 | 8% | 6% | |
| Adjusted EBITDA | 78,534 | 79,574 | 77,305 | -1% | 2% | Lower-than-expected GRMs/marketing margins offset by lower opex |
| EBITDA Margin | 6.9% | 7.6% | 7.2% | -62bps | -28bps | |
| Adjusted Net Profit | 46,492 | 45,888 | 45,846 | 1% | 1% | Lower finance cost and higher-than-expected Other Income |

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

| (Rs mn) | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | YoY | QoQ | 9MFY24 | 9MFY25 | YoY |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------|------------|----------------|----------------|-------------|
| Revenue | 1,154,656 | 1,165,551 | 1,130,960 | 1,027,561 | 1,131,358 | -2% | 10% | 3,305,806 | 3,289,879 | 0% |
| COGS | 1,019,127 | 995,426 | 1,006,095 | 913,317 | 979,286 | -4% | 7% | 2,765,517 | 2,898,698 | 5% |
| Gross Profit | 135,529 | 170,125 | 124,865 | 114,245 | 152,072 | 12% | 33% | 540,290 | 391,182 | -28% |
| Opex | 73,269 | 77,471 | 68,327 | 68,753 | 73,538 | 0% | 7% | 198,062 | 210,618 | 6% |
| Total Expenditure | 1,092,396 | 1,072,898 | 1,074,422 | 982,070 | 1,052,824 | -4% | 7% | 2,963,579 | 3,109,316 | 5% |
| EBITDA | 62,260 | 92,654 | 56,538 | 45,492 | 78,534 | 26% | 73% | 342,228 | 180,563 | -47% |
| Depreciation | 18,244 | 17,165 | 16,808 | 17,729 | 18,042 | -1% | 2% | 50,336 | 52,579 | 4% |
| Interest | 5,019 | 5,243 | 4,435 | 4,695 | 4,286 | -15% | -9% | 19,488 | 13,416 | -31% |
| Other Income | 7,088 | 4,691 | 5,058 | 9,239 | 8,285 | 17% | -10% | 19,475 | 22,582 | 16% |
| Exceptional Items | - | (17,980) | - | - | - | - | - | 8,487 | - | - |
| Forex Gain/(Losses) | (284) | (523) | (33) | (370) | (2,730) | - | - | (1,317) | (3,133) | - |
| PBT | 45,801 | 56,434 | 40,320 | 31,936 | 61,762 | 35% | 93% | 299,050 | 134,018 | -55% |
| Tax | 11,828 | 14,192 | 10,173 | 7,964 | 15,270 | 29% | 92% | 74,557 | 33,406 | -55% |
| PAT | 33,973 | 42,242 | 30,148 | 23,972 | 46,492 | 37% | 94% | 224,493 | 100,612 | -55% |
| Adjusted PAT | 33,973 | 55,700 | 30,148 | 23,972 | 46,492 | 37% | 94% | 218,103 | 100,612 | -54% |
| Adjusted EPS (Rs) | 8.0 | 13.0 | 7.1 | 5.6 | 10.9 | 37% | 94% | 51.0 | 23.5 | -54% |
| Tax Rate | 26% | 25% | 25% | 25% | 25% | - | - | 25% | 25% | - |
| Core EBITDA [^] | 62,950 | 97,304 | 52,468 | 69,122 | 85,754 | 36% | 24% | 327,648 | 207,343 | -37% |
| Core PAT [^] | 34,987 | 59,531 | 27,140 | 41,840 | 53,640 | 53% | 28% | 207,420 | 122,621 | -41% |
| Core EPS (Rs) [^] | 16.4 | 27.9 | 6.4 | 9.8 | 12.6 | -24% | 28% | 97.4 | 28.7 | -71% |
| Refining Volumes (mmt) | 9.9 | 10.4 | 10.1 | 10.3 | 9.5 | -3% | -7% | 29.6 | 29.9 | 1% |
| Reported GRM (USD/bbl) | 13.4 | 12.5 | 7.9 | 4.4 | 5.6 | -58% | 27% | 14.7 | 6.0 | -60% |
| Core GRM (USD/bbl) [^] | 12.8 | 12.0 | 7.9 | 6.4 | 5.6 | -56% | -12% | 13.9 | 6.6 | -52% |
| Adjusted Refining EBITDA | 60,015 | 57,376 | 28,391 | 7,723 | 13,939 | -77% | 80% | 204,122 | 50,053 | -75% |
| Marketing Volumes (mmt) | 13.2 | 13.4 | 13.4 | 12.8 | 13.7 | 4% | 7% | 38.8 | 39.9 | 3% |
| Diesel | 5.9 | 5.9 | 6.2 | 5.2 | 6.0 | 3% | 16% | 17.3 | 17.4 | 1% |
| Petrol | 2.5 | 2.6 | 2.7 | 2.7 | 2.7 | 8% | 3% | 7.5 | 8.1 | 7% |
| Marketing Margin (Rs/mt) | 4,204 | 7,127 | 5,083 | 7,327 | 8,915 | 112% | 22% | 6,858 | 7,117 | 4% |
| Adjusted Marketing EBITDA | (1,091) | 31,839 | 24,420 | 34,225 | 60,716 | -5665% | 77% | 128,418 | 119,361 | -7% |
| Marketing Inventory Gain/(Losses) | (3,690) | (7,650) | 4,070 | (11,130) | (7,220) | - | - | 580 | (14,280) | - |
| Pipeline Volumes (mmt) [^] | 6.6 | 6.7 | 7.2 | 6.8 | 7.4 | 12% | 8% | 19.3 | 21.4 | 11% |
| Implied Pipeline EBITDA [^] | 3,336 | 3,438 | 3,726 | 3,544 | 3,879 | 16% | 9% | 9,688 | 11,149 | 15% |
| Gross Debt | 160,168 | 187,669 | 152,102 | 215,285 | 196,221 | 23% | -9% | 160,168 | 196,221 | 23% |
| Implied Net Debt* | 14,759 | 100,173 | 34,109 | 91,196 | 72,862 | 394% | -20% | 14,759 | 72,862 | 394% |
| Net Under-recovery | - | - | - | - | - | - | - | - | - | - |

Source: Company, Emkay Research; Note: [^] is estimated as refining inventory figure; segmental EBITDA and pipeline volumes not given; *cash has been assumed as of Dec-24 end

Concall Key Takeaways

Refining and Marketing

- BPCL's Q3FY25 GRMs were impacted by the 25-30 days shutdowns at both Mumbai and Kochi refineries, besides lower Russian crude share (31% vs 34-35% generally) and slightly lower spreads. On the refining side, crude procurement is based on 30-days pricing with 10 days of refining inventories, hence, inventory impact is not much unless it is some old cargo.
- BPCL has secured Russian cargoes till Feb-25 as it happens on M-2 basis (spot cargoes in general), but March supply is yet to be closed due to availability issues, though roughly 20% may be procured. Currently, discounts on Russian crude is USD3-3.2/bbl, while FY25 has seen discounts starting from USD3.5-4/bbl vs USD8-9/bbl in earlier years. Russian crude shortfall would be met through Middle East or WTI (for light) sourcing but it will take some time to rebalance.
- BPCL sources 55% of crude requirement through long-term contracts (1 year; Middle East, US etc), and 30-35% on spot which includes Russia. Discounts and delivery terms are pre-determined and pricing is based on market price on delivery date. Russian deliveries will not reach zero and some benefits should continue.
- Gasoline cracks have reached almost zero now and GRMs have been affected but diesel is still good enough and BPCL hopes to clock the current GRM run-rate (USD6-7/bbl) going ahead, if current cracks hold.
- Company has witnessed 154KL/month average volumes in its ROs vs 140KL by PSUs, led by the strong highway network. It has added 1,082 new petrol pumps in 9MFY25, with 22,921 in total. 183 CNG stations were also added. BPCL is expanding non-fuel retailing with 44 cafes commissioned in 9M and total count being over 50 as of now.
- ATF sales volume fell YoY in Q3 due to loss of one customer, though this would recover going ahead. There has been some slowdown in sales this quarter but the same should normalize going ahead. Company is planning to file a review petition regarding the valuation dispute on transfer of product between OMCs wrt the excise duty case.
- BPCL maintains marketing/product inventory of 25-27 days and such inventory gain/loss is on account of difference in RTP calculated on a fortnightly basis. Hence, the Rs7.22bn was because of that, and if crude holds at USD80/bbl+, same can reverse into gain going ahead.
- LPG is a controlled product and in the past GoI has compensated OMCs, hence, they are hopeful of the same by year end. There is no further separate discussion to increase dealer margins in autofuels given the market share loss.

Gas & Renewables

- BPCL is operating 2 LNG stations and has a pipeline of 10 more stations (capex of Rs1.5-2bn in total; locations identified) with the intent of creating relevant infrastructure and universe as such vehicles expand.
- It is on track in terms of MWP requirement wrt CGD business, with the current CNG station count at 739 (which is 200% of MWP), pipeline infra at 2,155km (137% of MWP), though DPNG connection MWP was at 11.1mn vs 20% achieved (where it has lagged). 96tmt volume was clocked in 9MFY25. It plans to add 150/165 stations in FY25/26 and 200 annually thereafter. BPCL has spent Rs10-12bn capex on CGD business in 9MFY25 with FY26/27 capex target of Rs30.3/30.5bn. Company plans to clock decent profitability in this business in FY26 with good positive EBITDA. Current APM allocation is 49% and balance is being sourced through spot RLNG. It is also exploring long-term contracts, and burden of higher gas cost due to APM shortfall, will be eventually passed on to the customers.
- Company had entered into JV with GPS Renewables for setting up CBG plants (approved by GoI) and similar JV is also being undertaken with Praj Industries (recent). It plans to add 26 CBG plants in the next 2-3 years (incl JVs) with total capex outlay of Rs25bn and 200-300tmt of CBG output targeted annually.
- BPCL has entered into equal JV with Sembcorp to set up RE assets. It targets 2GW (own + JV) in a couple of years and 10GW by 2030. It has recently won 150MW tender from NTPC (additional 150MW green shoe option) to supply power as a utility, at a capex of Rs7.5bn for

400MU of power generation. Recently, BPCL has also secured 30MW under solar PV project from NHPC. Overall, BPCL has plans to add RE capacity for 3 areas of business viz net-zero target for own operations, separate revenue stream for supply to utilities, and RE for green hydrogen generation (own and others). It has allocated Rs30bn annually for FY26 and FY27 for RE business. This business is at an initial stage now, and once it reaches a given scale, then company would decide on any listing.

Projects, Capex, and Debt

- Bina expansion and petchem project is going on as scheduled with tech licensors onboarded and 7.5% completion achieved. Recently, financial closure was achieved with Rs318bn loan sanctioned from a consortium of 6 banks. The overall project cost is Rs490bn with refinery expansion of 3mmtpa (7.8 to 11mmtpa) along with petchem (1.8-2mmtpa intermediary used for 3mmtpa petchem output, of which, 1.2mmtpa is PE, 0.45mmtpa is PP, and balance is others) and completion schedule of May-28. Company has spent Rs10bn in FY25TD with basic design engineering completed. Bulk of the capex would be incurred in FY26-27.
- BPCL's board has approved Rs61bn for pre-project activities for the new greenfield coastal refinery in Andhra Pradesh. This, mainly involves acquisition and development of 6,000 acres of land, DPR studies and field studies over the next 6-9 months. This is likely to be a 9mmtpa unit with high petchem intensity (3.8-4mmtpa and 3-3.5mmtpa of refined petroleum products). The estimated gross capex is Rs950bn and AP government is likely to provide capital subsidy as well, while overall completion timeline is 48 months from FID (expected by CY25-end). In 2-3 years, this project's capex will pick up.
- Capex target for FY25 is Rs164bn out of which Rs119bn has been spent in 9MFY25. FY26/27 capex estimate is Rs185-190bn/Rs200-220bn, though the same would be firmed up later. BPCL's Project Aspire aims at a capex of Rs1.7trn, out of which Rs1.3trn has been committed (board approved) and split as Rs250bn in Upstream, Rs500bn for Bina, Rs50bn for Kochi petchem, Rs200-250bn for CGD, and balance for new energy and marketing infra. Peak debt/equity limit is 1x vs 0.2x currently on standalone basis.
- Current investments are Rs169.8bn as of Dec '24-end. Management does not foresee any stress on working capital in Q4FY25E. Consolidated debt as on end of Dec-24 was Rs465bn.

Others

- BPRL has Rs83bn of loans due to be repaid this year, but will be refinanced, since it is not generating cash flows. Rollover is expected to be at a 10-15bps better rate. Company is waiting for official removal of force majeure in Mozambique asset and work is expected to be completed by FY29 with first gas expected by then.
- Employee cost was higher in Q3FY25 due to payment of Rs3.7bn toward performance dues of earlier years (2 years); it is one-time in nature.
- Global crude oil markets are adequately supplied now with 1.2-1.3mbpd demand growth in CY25 vs ~2mbpd supply growth, hence oil prices are expected to be range-bound and regress back to USD75-80/bbl. In the short term, market is impacted by recent US sanctions on Russian crude, which should, however, sort out eventually as Russia has not stopped production. Globally (ex-India), refinery closures are expected to continue in the future owing to net-zero targets of developed countries.

Exhibit 3: Change in assumptions

| Particulars | FY25E | | | FY26E | | | FY27E | | |
|--------------------------|----------|---------|----------|----------|---------|----------|----------|---------|----------|
| | Previous | Revised | Variance | Previous | Revised | Variance | Previous | Revised | Variance |
| GRM (USD/bbl) | 6.3 | 6.0 | -5% | 8.3 | 7.0 | -16% | 8.4 | 7.1 | -16% |
| Marketing Margin (Rs/mt) | 6,880 | 6,319 | -8% | 6,020 | 6,170 | 2% | 6,111 | 6,265 | 3% |
| Growth | 1.0% | -7.2% | NM | -12.5% | -2.4% | NM | 1.5% | 1.5% | 1bps |
| Marketing Sales (mmt) | 54 | 54 | -1% | 56 | 56 | -1% | 58 | 57 | -1% |
| Growth | 4.2% | 3.1% | -108bps | 3.1% | 3.1% | 7bps | 2.6% | 2.6% | 0bps |

Source: Company, Emkay Research

Exhibit 4: Change in estimates

| (Rs bn) | FY25E | | | FY26E | | | FY27E | | |
|----------------|----------|---------|----------|----------|---------|----------|----------|---------|----------|
| | Previous | Revised | Variance | Previous | Revised | Variance | Previous | Revised | Variance |
| Revenue | 4,511 | 4,518 | 0% | 4,651 | 4,798 | 3% | 4,771 | 4,922 | 3% |
| EBITDA | 266 | 217 | -18% | 273 | 251 | -8% | 279 | 258 | -8% |
| EBITDA Margins | 5.9% | 4.8% | -109bps | 5.9% | 5.2% | -64bps | 5.9% | 5.2% | -62bps |
| PAT | 152 | 151 | -1% | 167 | 151 | -10% | 176 | 159 | -9% |
| EPS (Rs) | 35.6 | 35.2 | -1% | 39.0 | 35.2 | -10% | 41.2 | 37.3 | -9% |

Source: Company, Emkay Research

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

| Components | Basis | Dec '26E EBITDA | Multiple (x) | EV (Rs bn) | EV/Sh (Rs) | Comments |
|-----------------------------------|-------------------|-----------------|--------------|--------------|------------|-------------------------------|
| Refining Standalone | EV/EBITDA | 108 | 6.0 | 651 | 152 | |
| Pipelines Standalone | EV/EBITDA | 16 | 6.0 | 95 | 22 | |
| Petrochemicals Standalone | EV/EBITDA | - | - | - | - | |
| Marketing Standalone | EV/EBITDA | 132 | 6.0 | 790 | 185 | |
| Core Business EV | | 256 | 6.0 | 1,536 | 359 | Blended Multiple at 6x |
| Less: Adj. Net Debt (Dec'25E-End) | | | | 102 | 24 | |
| Core Business Valuation | | | | 1,433 | 336 | |
| Value of Mozambique Stake | Transaction Value | | | 44 | 10 | At 30% Discount |
| Value of Listed Investments | TP | | | 124 | 29 | At 30% HoldCo Discount |
| Target Price-Fair Value | | | | 1,602 | 375 | |

Source: Company, Emkay Research

Exhibit 6: Schedule and Value of Listed Investments

| Listed | Type | Basis of Valuation | TP/CMP (Rs) | 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) | 450 | 315 | 22.5% | 71 | 30% | 50 | 12 |
| PLNG | JV | TP (Emkay) | 425 | 638 | 12.5% | 80 | 30% | 56 | 13 |
| Oil India | Financial | TP (Emkay) | 665 | 1,082 | 2.5% | 27 | 30% | 19 | 4 |
| Total Listed | | | | | | 177 | | 124 | 29 |

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) |
|----------------------------|--|------------|------------|------------------|----------------------|-------------------|
| Mozambique Upstream Area 1 | 30% discount to last transaction value | 90 | 10% | 45 | 44 | 10 |

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 | 4,518,044 | 4,797,987 | 4,922,097 |
| Revenue growth (%) | 34.9 | (4.2) | 0.8 | 6.2 | 2.6 |
| EBITDA | 68,724 | 443,410 | 217,112 | 251,063 | 257,625 |
| EBITDA growth (%) | (64.4) | 545.2 | (51.0) | 15.6 | 2.6 |
| Depreciation & Amortization | 63,475 | 67,501 | 71,034 | 73,219 | 77,111 |
| EBIT | 5,250 | 375,909 | 146,078 | 177,844 | 180,514 |
| EBIT growth (%) | (96.2) | 7,060.7 | (61.1) | 21.7 | 1.5 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Other income | 21,840 | 24,125 | 27,506 | 31,118 | 35,871 |
| Financial expense | 32,165 | 24,730 | 17,652 | 7,740 | 3,350 |
| PBT | (5,015) | 375,304 | 155,932 | 201,222 | 213,036 |
| Extraordinary items | 42,220 | (17,980) | 50,000 | 0 | 0 |
| Taxes | 3,466 | 88,749 | 50,723 | 50,708 | 53,685 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Income from JV/Associates | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 18,701 | 266,735 | 150,559 | 150,514 | 159,351 |
| PAT growth (%) | (83.5) | 1,326.3 | (43.6) | 0.0 | 5.9 |
| Adjusted PAT | (16,918) | 280,226 | 150,559 | 150,514 | 159,351 |
| Diluted EPS (Rs) | (4.0) | 65.6 | 35.2 | 35.2 | 37.3 |
| Diluted EPS growth (%) | (116.6) | 0.0 | (46.3) | 0.0 | 5.9 |
| DPS (Rs) | 2.0 | 20.9 | 14.1 | 12.3 | 11.2 |
| Dividend payout (%) | 45.6 | 33.6 | 40.0 | 35.0 | 30.0 |
| EBITDA margin (%) | 1.5 | 9.9 | 4.8 | 5.2 | 5.2 |
| EBIT margin (%) | 0.1 | 8.4 | 3.2 | 3.7 | 3.7 |
| Effective tax rate (%) | (770.1) | 20.1 | 32.5 | 25.2 | 25.2 |
| NOPLAT (pre-IndAS) | 45,677 | 300,530 | 98,560 | 133,028 | 135,025 |
| Shares outstanding (mn) | 2,129.5 | 2,136.3 | 4,272.6 | 4,272.6 | 4,272.6 |

Source: Company, Emkay Research

| Cash flows | | | | | |
|------------------------------|-----------------|------------------|------------------|------------------|------------------|
| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
| PBT | (5,075) | 375,304 | 155,932 | 201,222 | 213,036 |
| Others (non-cash items) | 93,097 | 103,334 | 61,180 | 49,841 | 44,589 |
| Taxes paid | (8,014) | (88,195) | (49,741) | (49,716) | (52,683) |
| Change in NWC | (610) | (13,000) | 35,807 | 3,298 | 2,911 |
| Operating cash flow | 106,641 | 357,622 | 248,528 | 204,645 | 207,853 |
| Capital expenditure | (67,797) | (85,477) | (156,095) | (186,106) | (231,117) |
| Acquisition of business | 0 | 0 | 0 | 0 | 0 |
| Interest & dividend income | 12,022 | 14,832 | 27,506 | 31,118 | 35,871 |
| Investing cash flow | (63,973) | (116,612) | (129,447) | (155,863) | (196,138) |
| 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 | (13,176) | (13,529) | (13,529) | (13,529) | (13,529) |
| Interest paid | (22,314) | (19,173) | (17,652) | (7,740) | (3,350) |
| Dividend paid (incl tax) | (12,816) | (53,288) | (60,223) | (52,680) | (47,805) |
| Others | 687 | 37,352 | 0 | 0 | 0 |
| Financing cash flow | (35,972) | (217,308) | (71,682) | 54,580 | 73,845 |
| Net chg in Cash | 6,696 | 23,702 | 47,399 | 103,362 | 85,560 |
| OCF | 106,641 | 357,622 | 248,528 | 204,645 | 207,853 |
| Adj. OCF (w/o NWC chg.) | 107,251 | 370,623 | 212,721 | 201,347 | 204,942 |
| FCFF | 38,844 | 272,145 | 92,434 | 18,540 | (23,264) |
| FCFE | 18,702 | 262,247 | 102,287 | 41,917 | 9,258 |
| OCF/EBITDA (%) | 155.2 | 80.7 | 114.5 | 81.5 | 80.7 |
| FCFE/PAT (%) | 100.0 | 98.3 | 67.9 | 27.8 | 5.8 |
| FCFF/NOPLAT (%) | 85.0 | 90.6 | 93.8 | 13.9 | (17.2) |

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 | 4,98,669 | 725,385 | 794,357 | 892,192 | 1,003,737 |
| Net worth | 519,963 | 746,748 | 837,083 | 934,917 | 1,046,463 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Deferred tax liability (net) | 70,683 | 66,706 | 67,688 | 68,680 | 69,682 |
| Total debt | 447,751 | 278,806 | 285,000 | 400,000 | 525,000 |
| Total liabilities & equity | 1,038,398 | 1,092,261 | 1,189,771 | 1,403,598 | 1,641,145 |
| Net tangible fixed assets | 757,853 | 760,748 | 643,836 | 611,271 | 720,856 |
| Net intangible assets | 9,320 | 8,186 | 8,186 | 8,186 | 8,186 |
| Net ROU assets | 98,790 | 98,441 | 98,441 | 98,441 | 98,441 |
| 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 | 136,071 | 240,308 | 326,760 |
| Current assets (ex-cash) | 518,470 | 577,461 | 582,389 | 617,066 | 632,593 |
| Current Liab. & Prov. | 569,936 | 637,669 | 678,404 | 716,380 | 734,818 |
| NWC (ex-cash) | (51,466) | (60,208) | (96,015) | (99,313) | (102,225) |
| Total assets | 1,038,398 | 1,092,261 | 1,189,771 | 1,403,598 | 1,641,145 |
| Net debt | 383,776 | 190,993 | 148,929 | 159,692 | 198,240 |
| Capital employed | 1,038,398 | 1,092,261 | 1,189,771 | 1,403,598 | 1,641,145 |
| Invested capital | 814,496 | 807,167 | 654,448 | 618,585 | 725,259 |
| BVPS (Rs) | 121.7 | 174.8 | 195.9 | 218.8 | 244.9 |
| Net Debt/Equity (x) | 0.7 | 0.3 | 0.2 | 0.2 | 0.2 |
| Net Debt/EBITDA (x) | 5.6 | 0.4 | 0.7 | 0.6 | 0.8 |
| Interest coverage (x) | 1.2 | 0.1 | 0.1 | 0.0 | 0.0 |
| RoCE (%) | 2.7 | 37.6 | 15.2 | 16.1 | 14.2 |

Source: Company, Emkay Research

| Valuations and key Ratios | | | | | |
|---------------------------|--------------|-------------|-------------|-------------|-------------|
| Y/E Mar | FY23 | FY24 | FY25E | FY26E | FY27E |
| P/E (x) | (68.5) | 4.1 | 7.7 | 7.7 | 7.3 |
| P/CE(x) | 60.0 | 3.2 | 6.6 | 5.2 | 4.9 |
| P/B (x) | 2.2 | 1.6 | 1.4 | 1.2 | 1.1 |
| EV/Sales (x) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| EV/EBITDA (x) | 22.4 | 3.0 | 6.0 | 5.3 | 5.3 |
| EV/EBIT(x) | 293.9 | 3.6 | 9.0 | 7.4 | 7.5 |
| EV/IC (x) | 1.9 | 1.7 | 2.0 | 2.1 | 1.9 |
| FCFF yield (%) | 2.5 | 20.2 | 7.1 | 1.4 | (1.7) |
| FCFE yield (%) | 1.6 | 22.6 | 8.8 | 3.6 | 0.8 |
| Dividend yield (%) | 0.7 | 7.7 | 5.2 | 4.5 | 4.1 |
| DuPont-RoE split | | | | | |
| Net profit margin (%) | (0.9) | 6.7 | 2.3 | 3.1 | 3.2 |
| Total asset turnover (x) | 4.6 | 4.2 | 4.0 | 3.7 | 3.2 |
| Assets/Equity (x) | 2.0 | 1.7 | 1.4 | 1.5 | 1.5 |
| RoE (%) | (8.5) | 47.4 | 13.3 | 17.0 | 16.1 |
| DuPont-RoIC | | | | | |
| NOPLAT margin (%) | 1.0 | 6.7 | 2.2 | 2.8 | 2.7 |
| IC turnover (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| RoIC (%) | 5.7 | 37.1 | 13.5 | 20.9 | 20.1 |
| 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 | 3.8 | 4.1 | 3.8 |
| Opex-to-revenue (%) | 5.9 | 6.2 | 6.4 | 6.4 | 6.5 |

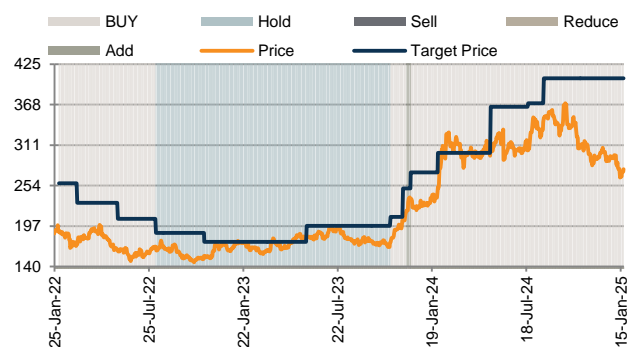
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (INR) | TP (INR) | Rating | Analyst |
|-----------|---------------------|----------|--------|----------------|
| 15-Jan-25 | 267 | 405 | Buy | Sabri Hazarika |
| 29-Oct-24 | 311 | 405 | Buy | Sabri Hazarika |
| 12-Sep-24 | 344 | 405 | Buy | Sabri Hazarika |
| 20-Aug-24 | 349 | 405 | Buy | Sabri Hazarika |
| 21-Jul-24 | 304 | 370 | Buy | Sabri Hazarika |
| 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 |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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