

Better refining drives profitability beat; outlook steady

Oil & Gas ▶ Result Update ▶ January 24, 2025

TARGET PRICE (Rs): 450

HPCL reported better than expected Q3FY25 earnings with EBITDA/PAT of Rs64.5/30.2bn, a 10%/19% beat, driven by better-than-expected GRMs and marketing volumes. Reported GRM was USD6/bbl (vs USD5/bbl est), while core was even better at USD6.9. Blended marketing margin at Rs7.6/kg was a 5% miss but offset by 3% lower opex. Domestic marketing volumes rose 8.5% vs 4.5% of industry, while petrol/diesel grew 9.2%/4.9%, in line with industry but better than PSUs. Gross debt fell 18% QoQ to Rs540bn while 9MFY25 capex was Rs94.8bn. HPCL's refining performance is set to improve as Vizag resid stabilizes this year. We assume Rs50bn of LPG subsidy in Q4 and raise FY25E EPS by 16% but cut FY26/27E EPS by 7-10% building in lower benchmark GRMs. We cut Dec-25E TP by 5% to Rs450. We maintain BUY rating on the stock.

HPCL: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	4,347,860	4,335,249	4,518,892	4,794,325	4,907,026
EBITDA	(113,306)	250,967	131,314	202,425	216,531
Adj. PAT	(132,046)	146,938	74,369	87,935	98,008
Adj. EPS (Rs)	(62.1)	69.1	35.0	41.3	46.1
EBITDA margin (%)	(2.6)	5.8	2.9	4.2	4.4
EBITDA growth (%)	NM	NM	(47.7)	54.2	7.0
Adj. EPS growth (%)	NM	NM	(49.4)	18.2	11.5
RoE (%)	(39.8)	42.7	17.1	18.0	17.9
RoIC (%)	(33.7)	24.4	5.3	12.0	12.1
P/E (x)	(5.8)	5.2	10.4	8.8	7.9
EV/EBITDA (x)	(12.3)	5.4	10.3	6.6	6.0
P/B (x)	2.8	1.9	1.7	1.5	1.3
FCFF yield (%)	(8.8)	10.6	3.5	4.5	6.7

Source: Company, Emkay Research

Result Highlights

HPCL's refining volume was up 3% QoQ at 6.5mmt (1% beat), with healthy overall utilization at 111% vs 108% QoQ. Distillate yield was range-bound at 76% vs 77% QoQ. Blended marketing margin stood at ~Rs7.6/kg – a 5% miss. Domestic marketing sales volume grew 8.5% YoY to 12.3mmt vs 4.5% for the industry, while petrol/diesel grew 9.2%/4.9% YoY, faring similar to the industry growth of 9.6%/4.8%, and better than that of BPCL. Exports were down 34% QoQ at 0.55mmt. Pipeline volumes rose 3% YoY and 6% QoQ to 6.9mmt; while opex was up 5% YoY at Rs57.1bn (3% lower). D/A fell 1% QoQ to Rs15.1bn; interest cost was also down 1% at Rs9.3bn. Other Income was a 20% miss, down 14% YoY to Rs4.8bn. Share of loss from associates/JV stood at Rs4.6bn vs Rs3.9bn QoQ. Capex was at Rs28.9bn in Q3.

Management KTAs

Core GRM in Q3FY25 came in at USD6.89/bbl vs Sing GRM of USD5/bbl, supported by better physical performance and controlled F&L of 6%/7% at MR/VR. It has consumed 35-40% Russian crude on a monthly basis and total requirement up to Mar-25 has been fully tied up, including Russian crude. HPCL is operating VR at 15mmtpa from Jan-25 as mechanical completion is done and pre-commissioning is underway at the Vizag resid upgradation facility; volumes are expected from Q4FY25 post-approvals. Work at Barmer refinery (9mmtpa) is in full swing with capex of Rs529bn till Dec-24, out of the commitment of Rs718bn, and is expected to be progressively commissioned in CY25 with full benefit from FY27. Value unlocking efforts for the lubricants business is in progress with approvals sought from authorities for business carve-out. USD150-170/mt delta is required for HMEL to return to profitability vs USD70-80/mt currently. Chhara LNG terminal is expected to break-even in 1-2 years once utilization levels go up to 25-30%. FY25 capex target is Rs130-150bn and the same trend is likely in next few years.

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, and project issues.

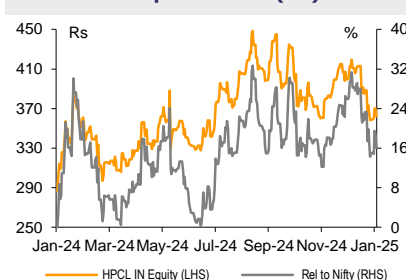
Target Price – 12M	Dec-25
Change in TP (%)	(5.3)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	24.2
CMP (23-Jan-25) (Rs)	362.1

Stock Data	Ticker
52-week High (Rs)	457
52-week Low (Rs)	278
Shares outstanding (mn)	2,127.8
Market-cap (Rs bn)	770
Market-cap (USD mn)	8,911
Net-debt, FY25E (Rs mn)	579,545
ADTV-3M (mn shares)	6
ADTV-3M (Rs mn)	2,258.4
ADTV-3M (USD mn)	26.1
Free float (%)	45.0
Nifty-50	23,205
INR/USD	86.5
Shareholding, Dec-24	
Promoters (%)	54.9
FPIs/MFs (%)	14.4/21.8

Price Performance

(%)	1M	3M	12M
Absolute	(10.3)	(9.0)	23.3
Rel. to Nifty	(8.2)	(4.2)	12.9

1-Year share price trend (Rs)



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Exhibit 1: Actuals vs Estimates (Q3FY25)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,105.1	1,027.0	1,001.0	8%	10%	
Adjusted EBITDA	64.5	58.6	60.1	10%	7%	Better-than-expected GRMs partly offset by lower marketing margins
EBITDA margin	5.8%	5.7%	6.0%	13bps	-16bps	
Adjusted Net Profit	30.2	25.3	31.9	19%	-5%	Lower D/A and finance cost partly offset by lower other income

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY	QoQ	9MFY24	9MFY25	YoY
Revenue	1,113,063	1,145,569	1,138,045	999,259	1,105,054	-1%	11%	3,179,783	3,242,358	2%
COGS	1,037,157	1,040,278	1,064,322	918,821	983,403	-5%	7%	2,833,211	2,966,546	5%
Gross Profit	75,906	105,291	73,722	80,438	121,651	60%	51%	346,572	275,811	
Opex	54,635	56,633	52,646	52,470	57,134	5%	9%	152,846	162,250	6%
Total Expenditure	1,091,792	1,096,911	1,116,968	971,291	1,040,537	-5%	7%	2,986,056	3,128,797	5%
EBITDA	21,272	48,658	21,076	27,968	64,517	203%	131%	193,727	113,561	
Depreciation	13,378	16,113	14,757	15,216	15,097	13%	-1%	39,410	45,069	14%
Interest	6,141	7,340	7,307	9,424	9,291	51%	-1%	17,817	26,022	46%
Other Income	5,564	8,536	5,414	5,750	4,791	-14%	-17%	13,970	15,955	14%
Exceptional Items*	-	-	-	-	-			9,897	-	
Forex Gain/(Losses)	364	(621)	285	(724)	(4,815)			(1,957)	(5,255)	
PBT	7,681	33,121	4,712	8,354	40,104	422%	380%	158,411	53,170	-66%
Tax	2,390	4,693	1,154	2,043	9,875	313%	383%	39,900	13,072	-67%
PAT	5,290	28,428	3,558	6,312	30,229	471%	379%	118,511	40,099	-66%
Adjusted PAT	5,290	28,428	3,558	6,312	30,229	471%	379%	111,140	40,099	-64%
Adjusted EPS (Rs)	2	13	2	3	14	471%	379%	52	19	-64%
Tax Rate	31%	14%	24%	24%	25%			25%	25%	
Core EBITDA^	27,522	51,258	24,656	41,968	72,667	164%	73%	191,227	139,291	-27%
Core PAT^	10,148	27,183	5,989	17,262	39,696	291%	130%	110,682	62,948	-43%
Core EPS (Rs)^	7.2	19.2	2.8	8.1	18.7	161%	130%	78.0	29.6	-62%
Refining Volumes (mmt)	5.3	5.8	5.8	6.3	6.5	21%	3%	16.5	18.5	12%
Reported GRM (USD/bbl)	8.5	7.0	5.0	3.1	6.0	-29%	93%	9.8	4.7	-52%
Core GRM (USD/bbl)^	10.7	6.0	5.4	4.8	6.9	-36%	44%	9.8	5.7	-42%
Adjusted Refining EBITDA^	15,548	12,214	5,367	-693	10,811	-30%		65,779	15,484	-76%
Marketing Volumes (mmt)	11.9	12.3	12.6	11.6	12.9	8%	11%	34.5	37.1	8%
Diesel	5.1	5.1	5.5	4.5	5.4	5%	19%	14.9	15.4	3%
Petrol	2.3	2.4	2.5	2.4	2.5	9%	4%	6.9	7.4	8%
Marketing Margin (Rs/mt)^	3,662	6,731	4,324	6,208	7,632	108%	23%	6,839	6,061	-11%
Adjusted Marketing EBITDA^	2,330	33,124	12,185	25,257	50,058	2049%	98%	118,259	87,500	-26%
Marketing Inventory Gain/(Losses)^	1,000	-6,000	-2,450	-7,500	-4,600			2,000	-14,550	
Pipeline Volumes (mmt)	6.7	6.5	6.8	6.5	6.9	3%	6%	19.3	20.3	5%
Implied Pipeline EBITDA	3,393	3,321	3,525	3,404	3,649	8%	7%	9,688	10,578	9%
Gross Debt	499,990	602,540	574,050	656,663	540,204	8%	-18%	499,990	540,204	8%
Implied Net Debt	443,348	546,347	517,453	599,662	483,202	9%	-19%	443,348	483,202	9%

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 USD5/bbl and USD8/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 3.5-4mmt on quarterly basis (>15mmtpa), while incremental GRM benefit could be USD3/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 USD10.5/bbl in Q1FY25. PAT was >Rs3bn. HMEL's petchem utilization was >90%, with production/sales of 534/471kt; it earned positive petchem EBITDA. HMEL's 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.

- Consolidated EBITDA target is >Rs400bn by FY28, supported by an 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. It 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	Previous	Revised	Variance
GRM (USD/bbl)	4.8	4.9	3%	8.0	6.5	-19%	8.1	7.0	-13%
Marketing Margin (Rs/mt)	5,775	5,074	-12%	5,629	5,673	1%	5,716	5,761	1%
Growth	-12.0%	-22.7%	NM	-2.5%	11.8%	NM	1.6%	1.5%	-1bps
Marketing Sales (mmt)	50	50	1%	51	51	1%	52	53	1%
Growth	5.8%	6.4%	57bps	3.0%	3.0%	0bps	2.3%	2.3%	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	4,442	4,519	2%	4,578	4,794	5%	4,685	4,907	5%
EBITDA	162	131	-19%	215	202	-6%	222	217	-3%
EBITDA margin	3.6%	2.9%	-74bps	4.7%	4.2%	-48bps	4.7%	4.4%	-33bps
PAT	64	74	16%	98	88	-10%	106	98	-7%
EPS (Rs)	30.3	35.0	16%	45.9	41.3	-10%	49.6	46.1	-7%

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation

Components	Basis	Dec-26E EBITDA	Multiple (x)	EV (Rs bn)	EV/Sh (Rs)	Comments
Refining Standalone	EV/EBITDA	73	6.5	474	223	
Pipelines Standalone	EV/EBITDA	17	6.5	109	51	
Petrochemicals Standalone	EV/EBITDA	-		-	-	
Marketing Standalone	EV/EBITDA	123	6.5	802	377	
Core Business EV		213	6.5	1,385	651	Blended multiple at 6.5x
Less: Adj. Net Debt (Dec-25E End)				542	255	
Core Business Valuation				843	396	
Value of HMEL Stake	P/E			67	31	
Value of Listed Investments	TP/CMP			47	22	At 30% HoldCo Discount
Target Price-Fair Value					450	

Source: Company, Emkay Research

Exhibit 6: Schedule and Value of Listed Investments

Listed	Type	Basis of Valuation	TP/CMP (Rs)	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	137	240	17.0%	41	30%	28	13.4
Oil India	Financial	TP (Emkay)	665	1,082	2.5%	27	30%	19	8.8
Total Listed						67		47	22

Source: Company, Emkay Research

Exhibit 7: Value of HMEL stake

Components	Basis	Dec-26E PAT (Rs bn)	Multiple (x)	Equity value	HPCL stake	Pro-rata value	Holdco Disc	Contr To SOTP	Per Sh Val (Rs)
HPCL Mittal Energy Limited (HMEL)	P/E	30	6.5	195	49%	96	30%	67	31

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	4,518,892	4,794,325	4,907,026
Revenue growth (%)	24.3	(0.3)	4.2	6.1	2.4
EBITDA	(113,306)	250,967	131,314	202,425	216,531
EBITDA growth (%)	(211.3)	0.0	(47.7)	54.2	7.0
Depreciation & Amortization	43,300	55,524	61,054	69,115	75,094
EBIT	(156,605)	195,444	70,260	133,310	141,437
EBIT growth (%)	(352.3)	0.0	(64.1)	89.7	6.1
Other operating income	0	0	0	0	0
Other income	20,691	23,822	23,490	26,100	29,873
Financial expense	21,319	25,157	36,571	41,850	40,284
PBT	(157,232)	194,109	57,179	117,560	131,026
Extraordinary items	56,170	0	50,000	0	0
Taxes	(29,409)	44,593	25,055	29,625	33,019
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	(89,740)	146,938	74,369	87,935	98,008
PAT growth (%)	(240.6)	0.0	(49.4)	18.2	11.5
Adjusted PAT	(132,046)	146,938	74,369	87,935	98,008
Diluted EPS (Rs)	(62.1)	69.1	35.0	41.3	46.1
Diluted EPS growth (%)	(323.2)	0.0	(49.4)	18.2	11.5
DPS (Rs)	0.0	21.0	12.2	14.5	16.6
Dividend payout (%)	0.0	30.4	35.0	35.0	36.0
EBITDA margin (%)	(2.6)	5.8	2.9	4.2	4.4
EBIT margin (%)	(3.6)	4.5	1.6	2.8	2.9
Effective tax rate (%)	(8.2)	23.0	43.8	25.2	25.2
NOPLAT (pre-IndAS)	(169,451)	150,544	39,473	99,716	105,795
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	57,179	117,560	131,026
Others (non-cash items)	73,292	77,350	74,135	84,865	85,505
Taxes paid	(1,598)	(2,835)	(21,044)	(27,620)	(30,993)
Change in NWC	13,860	(26,846)	14,950	(5,197)	1,520
Operating cash flow	(33,595)	239,200	167,465	169,609	187,058
Capital expenditure	(88,877)	(95,913)	(120,000)	(110,000)	(100,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	10,206	8,722	23,490	26,100	29,873
Investing cash flow	(110,977)	(134,120)	(99,078)	(86,493)	(72,747)
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)	(36,571)	(41,850)	(40,284)
Dividend paid (incl tax)	(19,857)	(21,305)	(26,029)	(30,777)	(35,283)
Others	(7,775)	51,160	(6)	0	0
Financing cash flow	146,999	(106,943)	(60,606)	(83,687)	(90,751)
Net chg in Cash	2,427	(1,862)	7,781	(572)	23,560
OCF	(33,595)	239,200	167,465	169,609	187,058
Adj. OCF (w/o NWC chg.)	(47,455)	266,046	152,515	174,806	185,538
FCFF	(122,472)	143,287	47,465	59,609	87,058
FCFE	(133,584)	126,853	34,385	43,859	76,647
OCF/EBITDA (%)	29.6	95.3	127.5	83.8	86.4
FCFE/PAT (%)	148.9	86.3	46.2	49.9	78.2
FCFF/NOPLAT (%)	72.3	95.2	120.2	59.8	82.3

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	437,354	494,512	557,236
Net worth	277,134	410,298	458,632	515,790	578,515
Minority interests	0	0	0	0	0
Deferred tax liability (net)	30,110	69,899	73,910	75,916	77,941
Total debt	680,051	641,195	643,195	632,135	616,951
Total liabilities & equity	987,295	1,121,392	1,175,737	1,223,841	1,273,406
Net tangible fixed assets	625,190	732,469	849,790	912,357	935,529
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	108,412	86,730	88,464
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	63,650	63,602	87,691
Current assets (ex-cash)	429,759	522,750	543,171	573,537	586,286
Current Liab. & Prov.	563,371	616,438	651,809	676,978	691,247
NWC (ex-cash)	(133,612)	(93,687)	(108,638)	(103,441)	(104,961)
Total assets	987,295	1,121,392	1,175,737	1,223,841	1,273,406
Net debt	622,976	585,845	579,545	568,533	529,259
Capital employed	987,295	1,121,392	1,175,737	1,223,841	1,273,406
Invested capital	541,774	694,300	796,672	864,436	886,087
BVPS (Rs)	130.2	192.8	215.5	242.4	271.9
Net Debt/Equity (x)	2.2	1.4	1.3	1.1	0.9
Net Debt/EBITDA (x)	(5.5)	2.3	4.4	2.8	2.4
Interest coverage (x)	(0.2)	0.1	0.4	0.3	0.2
RoCE (%)	(14.3)	20.8	8.2	13.3	13.7

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	(5.8)	5.2	10.4	8.8	7.9
P/CE(x)	(8.7)	3.8	5.7	4.9	4.5
P/B (x)	2.8	1.9	1.7	1.5	1.3
EV/Sales (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	(12.3)	5.4	10.3	6.6	6.0
EV/EBIT(x)	(8.9)	6.9	19.2	10.0	9.2
EV/IC (x)	2.6	2.0	1.7	1.5	1.5
FCFF yield (%)	(8.8)	10.6	3.5	4.5	6.7
FCFE yield (%)	(17.3)	16.5	4.5	5.7	9.9
Dividend yield (%)	0.0	5.8	3.4	4.0	4.6
DuPont-RoE split					
Net profit margin (%)	(3.0)	3.4	1.6	1.8	2.0
Total asset turnover (x)	4.6	4.1	3.9	4.0	3.9
Assets/Equity (x)	2.9	3.1	2.6	2.5	2.3
RoE (%)	(39.8)	42.7	17.1	18.0	17.9
DuPont-RoIC					
NOPLAT margin (%)	(3.9)	3.5	0.9	2.1	2.2
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	(33.7)	24.4	5.3	12.0	12.1
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	3.6	3.4
Opex-to-revenue (%)	4.4	4.9	4.9	5.0	5.1

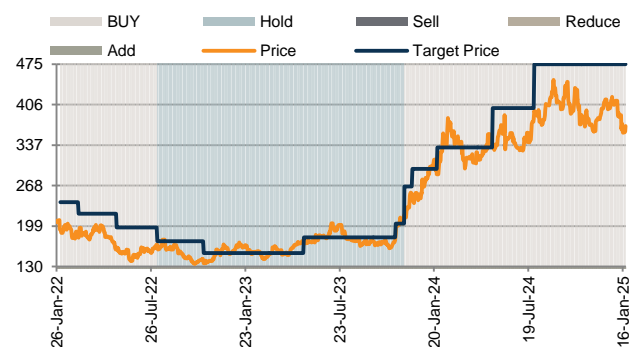
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
15-Jan-25	363	475	Buy	Sabri Hazarika
29-Oct-24	389	475	Buy	Sabri Hazarika
12-Sep-24	413	475	Buy	Sabri Hazarika
20-Aug-24	397	475	Buy	Sabri Hazarika
30-Jul-24	396	475	Buy	Sabri Hazarika
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

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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