

Refining as well as marketing beat; new CMD takes the reins

Oil & Gas ▶ Result Update ▶ May 08, 2025

CMP (Rs): 397 | TP (Rs): 500

HPCL reported better than expected Q4FY25 earnings, with SA EBITDA/PAT of Rs57.3/33.5bn – at a sizable beat, driven by better-than-expected GRMs as well as marketing margins. Core GRM of USD7.1/bbl was higher than our USD6.0/bbl estimate, while blended marketing margin at Rs5.5/kg came at a 16% beat. Domestic marketing volumes rose 2.6% vs 1.8% degrowth for the industry. In FY25, HPCL outperformed PSU peers, gaining 0.25% market share. LPG loss rose 6% QoQ to Rs33bn in Q4, while net debt grew 6% YoY/19% QoQ to Rs579bn. The new CMD stressed on focus on returns from the current capex cycle which is coming to an end and generating positive FCF with debt reduction. We raise FY26E/27E EPS by 22%/16%, building in better margins; we raise our rolled over Mar-26E TP by ~11% to Rs500 from Rs450; retain BUY.

Result Highlights

HPCL's refining volume was up 4% QoQ at 6.7mmt (1% beat), with healthy overall utilization at 118% vs 111% QoQ. Distillate yield was rangebound at 75% vs 76% QoQ. Blended marketing margin was ~Rs5.5/kg – at a 16% beat. Domestic sales volume rose 2.6% YoY to 12.1mmt vs 1.8% degrowth for the industry, with overall volume at a 1% beat. Exports were up 7% QoQ at 0.59mmt. Sales of petrol up 4.1% YoY/diesel down 1% vs industry growth of 7.0%/2.4%. Pipeline volume fell 5% QoQ to 6.6mmt (up 2% YoY), while opex was up 3% YoY at Rs58.2bn (3% lower than our estimate). D/A rose 5% QoQ to Rs15.8bn, while interest cost was down 24% at Rs7.1bn. Other Income of Rs7.9bn was at a 6% beat; down 7% YoY and up 65% QoQ. Share of profits from associates/JV stood at Rs3.5bn vs Rs4.6bn loss QoQ. Capex for FY25 was Rs145.1bn. The Board declared final dividend of Rs10.5/share, implying 30% payout.

Management KTAs

Capex is being made prudently now. HPCL has no huge projects as of now and it aims to veer debt/equity and serviceability in the right direction. FY26-27 capex target is Rs130-140bn each – Rs40bn to be equity infusion, Rs50bn on refining, balance on marketing & others. SA D/E has reduced a bit, from 1.4x to 1.38x YoY, but internal generation should be adequate ahead; 1Y target is 1-1.1x. The Vizag bottoms upgrade project received PESO approval; is scheduled to commission in Q2FY26, with 3M of stabilization. It would add USD2-3/bbl in GRMs at the refinery. Barmer Refinery is making steady progress, with CDU 1 along with MS-HSD HDT commissioning in Oct-25. Petchem block should commission by Jan-26. 20% of the crude mix would be local Barmer which would see some discounts. Opex should be USD5-7/bbl, with Rs80-90bn EBITDA. HMEL posted GRM of USD9.3/12 a barrel in FY25/Q4 with Rs40/18bn EBITDA albeit with net loss. HPCL's volume, market share growth is clocking well, and network expansion would continue.

Valuation

We value HPCL on SOTP-EV/EBITDA-based method, with investment at 30% holdco discount. We roll over to Mar-27E, and retain our blended target EV/EBITDA of 6.5x. **Key risks:** adverse pricing and margins, currency, government policies, project issues.

Target Price – 12M	Mar-26
Change in TP (%)	11.1
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	25.9

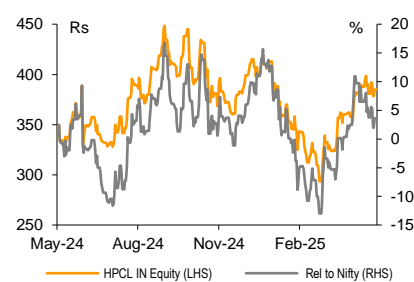
Stock Data	HPCL IN
52-week High (Rs)	457
52-week Low (Rs)	288
Shares outstanding (mn)	2,127.8
Market-cap (Rs bn)	845
Market-cap (USD mn)	9,957
Net-debt, FY26E (Rs mn)	616,840.4
ADTV-3M (mn shares)	6
ADTV-3M (Rs mn)	2,294.5
ADTV-3M (USD mn)	27.0
Free float (%)	45.0
Nifty-50	24,414.4
INR/USD	84.8

Shareholding, Mar-25

Promoters (%)	54.9
FPIs/MFs (%)	12.6/23.6

Price Performance

(%)	1M	3M	12M
Absolute	12.5	15.9	15.8
Rel. to Nifty	2.1	11.8	5.8

1-Year share price trend (Rs)**HPCL: Financial Snapshot (Standalone)**

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,335,249	4,337,281	4,386,278	4,513,406	4,627,203
EBITDA	250,967	170,557	225,630	236,600	245,849
Adj. PAT	146,938	73,649	107,242	113,625	122,565
Adj. EPS (Rs)	69.0	34.6	50.4	53.4	57.6
EBITDA margin (%)	5.8	3.9	5.1	5.2	5.3
EBITDA growth (%)	NM	(32.0)	32.3	4.9	3.9
Adj. EPS growth (%)	NM	(49.9)	45.6	6.0	7.9
RoE (%)	42.7	16.9	21.7	20.1	19.1
RoIC (%)	19.9	9.8	12.5	12.0	12.1
P/E (x)	5.7	11.5	7.9	7.4	6.9
EV/EBITDA (x)	5.7	8.7	6.5	6.0	5.5
P/B (x)	2.1	1.8	1.6	1.4	1.2
FCFF yield (%)	10.0	3.8	5.4	7.2	8.8

Source: Company, Emkay Research

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Exhibit 1: Actual vs Estimates (Q4FY25)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,094.9	1,124.1	1,078.0	-3%	2%	
Adjusted EBITDA	57.3	29.1	41.8	97%	37%	Better than expected GRMs and marketing margins
EBITDA margin	5.2%	2.6%	3.9%	264bps	135bps	
Adjusted Net Profit	33.5	7.6	19.7	341%	71%	Higher other income and lower finance cost and D/A

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY	QoQ	FY24	FY25	YoY
Revenue	1,145,569	1,138,045	999,259	1,105,054	1,094,924	-4%	-1%	4,325,352	4,337,281	0%
COGS	1,040,408	1,064,322	918,821	983,403	979,471	-6%	0%	3,873,619	3,946,017	2%
Gross Profit	105,160	73,722	80,438	121,651	115,453	10%	-5%	451,733	391,264	-13%
Opex	56,502	52,646	52,470	57,134	58,173	3%	2%	209,348	220,423	5%
Total Expenditure	1,096,911	1,116,968	971,291	1,040,537	1,037,644	-5%	0%	4,082,967	4,166,440	2%
EBITDA	48,658	21,076	27,968	64,517	57,280	18%	-11%	242,385	170,841	-30%
Depreciation	16,113	14,757	15,216	15,097	15,831	-2%	5%	55,524	60,900	10%
Interest	7,340	7,307	9,424	9,291	7,087	-3%	-24%	25,157	33,109	32%
Other Income	8,536	5,414	5,750	4,791	7,925	-7%	65%	22,507	23,880	6%
Exceptional Items	-	-	-	-	-			9,897	-	
Forex Gain/(Losses)	(621)	285	(724)	(4,815)	758			(2,577)	(4,497)	
PBT	33,121	4,712	8,354	40,104	43,044	30%	7%	191,531	96,215	-50%
Tax	4,693	1,154	2,043	9,875	9,495	102%	-4%	44,593	22,566	-49%
PAT	28,428	3,558	6,312	30,229	33,550	18%	11%	146,938	73,649	-50%
Adjusted PAT	28,428	3,558	6,312	30,229	33,550	18%	11%	139,568	73,649	-47%
Adjusted EPS (Rs)	13	2	3	14	16	18%	11%	66	35	-47%
Tax Rate	14%	24%	24%	25%	22%			23%	23%	
Core EBITDA^	51,258	24,656	41,968	72,667	46,020	-10%	-37%	242,485	185,311	-24%
Core PAT^	27,183	5,989	17,262	39,696	23,208	-15%	-42%	137,865	86,156	-38%
Core EPS (Rs)^	19.2	2.8	8.1	18.7	10.9	-43%	-42%	97.2	40.5	-58%
Refining Volumes (mmt)	5.8	5.8	6.3	6.5	6.7	15%	4%	22.3	25.3	13%
Reported GRM (USD/bbl)	7.0	5.0	3.1	6.0	8.4	21%	40%	9.1	5.7	-37%
Core GRM (USD/bbl)^	6.0	5.4	4.8	6.9	7.1	18%	3%	8.8	6.1	-31%
Adjusted Refining EBITDA^	12,214	5,367	-693	10,811	21,051	72%	95%	77,992	36,535	-53%
Marketing Volumes (mmt)	12.3	12.6	11.6	12.9	12.7	3%	-1%	46.8	49.8	6%
Diesel	5.1	5.5	4.5	5.4	5.1	-1%	-4%	20.1	20.5	2%
Petrol	2.4	2.5	2.4	2.5	2.5	5%	-1%	9.2	9.8	7%
Marketing Margin (Rs/mt)^	6,721	4,324	6,208	7,632	5,520	-18%	-28%	6,808	5,923	-13%
Adjusted Marketing EBITDA^	33,124	12,185	25,257	50,058	32,714	-1%	-35%	151,383	120,214	-21%
Marketing Inventory Gain/(Losses)^	-6,000	-2,450	-7,500	-4,600	5,480			-4,000	-9,070	
Pipeline Volumes (mmt)	6.5	6.8	6.5	6.9	6.6	2%	-5%	25.8	26.9	4%
Implied Pipeline EBITDA	3,321	3,525	3,404	3,649	3,515	6%	-4%	13,009	14,092	8%
Gross Debt	602,540	574,050	656,663	540,204	633,234	5%	17%	602,540	633,234	5%
Implied Net Debt	546,347	517,453	599,662	484,534	578,896	6%	19%	546,347	578,896	6%

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

Key Concall Takeaways

New CMD and strategy

- HPCL's current major capex cycle is coming to an end. For now, focus is on returns from this capex, before it embarks on the next leg for meeting the 5-year capex cycle of Rs770bn. Capex is being made prudently now. There are no huge projects as of now. It aims to veer debt-to-equity and serviceability in the right direction.
- Monthly PAT runrate based on Q4FY25 results is Rs11bn, while FY26-27 capex target is Rs130-140bn each; of this, Rs40bn would be equity infusion, Rs50bn on refining, and balance on marketing & others. If this is extrapolated (the company does not give earnings guidance), HPCL can generate positive FCF, and debt could reduce by that amount. Standalone debt-to-equity has reduced slightly, from 1.4x to 1.38x YoY, but internal generation should be adequate going ahead; the 1-year target is 1-1.1x.
- The company aims to bridge the refining to marketing gap, and including JV; the same is improving. It is looking at inorganic opportunities and other lines of business, including new energy. R&D is robust at HPCL.
- The company has national objectives at times, and there may be some constraints though majority shareholders do not dictate the running of the business as HPCL is a commercial organization. The company is looking at synergies wrt ONGC and optimizing the same.
- The new CMD, being a career energy consultant, has always been positive on HPCL. He believes it is an excellent business with a highly competent team, in refining as well as in marketing, and has achieved much so far. There are improvement opportunities, which would be the main focus; the company will unveil its plans going ahead. It would work for shareholder value creation, including minorities.

Refining and Petchem

- The Vizag Refinery resid/bottoms upgrade project has received PESO approval and is scheduled to commission in Q2FY26. It would add USD2-3/bbl in GRMs at the refinery. It is a new technology and would take 3 months to stabilize, though it should commercialize by the latter quarters of this fiscal.
- It has already achieved 2mmtpa higher volumes in Vizag, and resid will improve it further, besides upping distillate yield. It targets further increasing the overall refinery throughput.
- HRRL (Barmer Refinery) project is making steady progress, and is nearing completion; it would gradually bring units on stream. The CDU 1, along with MS-HSD HDT, should commission in Oct-25. Last month, some units on the utility side like compressed air, cooling water, etc were completed. Barmer would take 1-2 quarters to stabilize.
- The refinery block's performance should be akin to any other similar refinery. Petchem block should commission by Jan-26. 20% of the crude mix would be local Barmer, which would see some discounts.
- Post petchem, Barmer is expected to report USD20/bbl GRM under midcycle refining and petchem margins (assessment done in 2017) and, with USD5-7/bbl opex, should generate Rs80-90bn EBITDA. This can have some impact initially, as the petchem cycle is also weak. HPCL would provide financial help in the short term, if required.
- Petchem intensity of Barmer would be high, while refinery would have no bottoms with mostly gasoline and diesel. HRRL debt is Rs350bn currently, with Rs480bn of the Rs730bn capex tied up. Cost of debt should be lower than 9-10%.
- HMEL reported GRM of USD9.3/12 per barrel in FY25/Q4 with Rs40/18bn EBITDA. Q4FY25 EBITDA margin was 7%. There was net loss, though, due to weak petchem. Gross-/net-debt standing at Rs350/330bn.
- Operational performance of HMEL by the end of the year should be much better than that at the start of the year, though prices will be market determined. All petchem players are facing challenges now. USD200/mt petchem delta over naphtha is required for the petchem cycle to turn.
- The company is receiving 5-6 parcels of Russian crude every month, and saw disruption in only 1 month in Q4. Current share in mix is 35%; while in Q4FY25, it was 32-33%.

Marketing

- With LPG RSP being increased, the current under-recovery is Rs165-170/cyl. MOPNG has said that the excise duty hike would be used for payment toward LPG losses; hence, it hopes for some mechanism to be worked out for LPG subsidy. Domestic LPG volume share is 90%.
- Commercial LPG has no set pattern of over-recovery, but sales happen at a margin based on deals. It is like any other B2B segment.
- B2B margins are different than those for retail, which are based on normative rates; B2B margins are based on deals. There is competition and it is a commercial market. During Covid times, margins went up but are now at the mid-cycle range. FO is also positive.
- Diesel sales volume has quarterly volatility and saw YoY impact from the election. Despite this, HPCL's diesel sales grew 2.2% in FY25 vs 0.3% for the retail industry as a whole, and did not face any challenge wrt evacuation etc. The company is optimistic about demand picking up. Structural changes have however happened, like electrification of railways, SUVs moving to MS, CNG, etc. India would be the last to see peak oil demand.
- HPCL is seeing good volume and market share growth, with network expansion to continue. The company is also focusing on throughput per outlet, micro marketing, etc, with targeted effort and optimized evacuation plans through pipelines, etc. Autofuel market share was 24.76%/24.2% in FY25/Q4, while overall market share is 20.5%.
- It is well placed in pipelines even in Barmer. Vizag refinery would produce more diesel and is also seeing coastal movement. It expanded bulk sales volumes and achieved record numbers in FY25, and is pushing further. It outperformed the industry on the marketing front across various segments.
- The company targets purchasing less products from outside, while expanding own refining capacities. It does not see marketing facing too many competitive challenges.
- LPG Cavern is a marquee project and is a testimony to HPCL's capability; it would commission soon.
- The company is pursuing government approval for lube value unlocking.

Gas and Others

- The company signed a mid-term gas deal with ADNOC in April, on Henry Hub-based pricing; more actions should be seen ahead. Four cargoes were processed in Chhara LNG terminal so far and it is operating normally. Breakwater would also be soon ready, with 1,300sq mtr of the 1,900 done so far.
- Gas business sales (incl CGD) stood at 1mmtpa. It has >600 CNG stations in own GAs and 2,100 overall. In CGD, there was 40% volume growth in FY25 YoY and, going ahead, this should be 25-30%. Operational GAs are profitable now. The company will make annual capex of Rs10-11bn in CGD.
- Q4/FY25 refinery inventory was Rs6bn gain/Rs5.5bn loss, while for marketing it was Rs5.5bn gain/Rs9bn loss.

Exhibit 3: Change in assumption

	FY26E			FY27E		
	Previous	Revised	Variance	Previous	Revised	Variance
GRM (USD/bbl)	6.5	7.0	8%	7.0	7.3	4%
Marketing Margin (Rs/mt)	5,673	5,931	5%	5,761	6,051	5%
Growth	11.8%	8.9%	-286bps	1.5%	2.0%	48bps
Marketing Sales (mmt)	51	52	0%	53	53	1%
Growth	3.0%	3.4%	36bps	2.3%	2.9%	55bps

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY26E			FY27E		
	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	4,794	4,386	-9%	4,907	4,513	-8%
EBITDA	202	226	11%	217	237	9%
EBITDA margin	4.2%	5.1%	92bps	4.4%	5.2%	83bps
PAT	88	107	22%	98	114	16%
EPS (Rs)	41.3	50.4	22%	46.1	53.4	16%

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation

Components	Basis	Mar-27E EBITDA	Multiple (x)	EV (Rs bn)	EV/sh (Rs)	Comments
Refining Standalone	EV/EBITDA	78	6.5	505	237	
Pipelines Standalone	EV/EBITDA	16	6.5	103	48	
Petrochemicals Standalone	EV/EBITDA	-	-	-	-	
Marketing Standalone	EV/EBITDA	143	6.5	930	437	
Core Business EV		237	6.5	1,538	723	Blended multiple at 6.5x
Less: Adj. Net Debt (Mar-26 End)				579	272	
Core Business Valuation				959	450	
Value of HMEL Stake	P/E			67	31	
Value of Listed Investments	CMP			38	18	At 30% HoldCo Discount
Target Price-Fair Value					500	

Source: 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	Contri to SOTP (Rs bn)	Per Share Value (Rs)
MRPL	Financial	CMP	128	224	17.0%	38	30%	27	12.5
Oil India	Financial	CMP	400	651	2.5%	16	30%	11	5.3
Total Listed						54		38	18

Source: Emkay Research

Exhibit 7: Value of HMEL stake

Components	Basis	Mar-27E PAT (Rs bn)	Multiple (x)	Equity value	HPCL stake	Pro-rata value	Holdco Disc	Contri To SOTP	Per share value (Rs)
HPCL Mittal Energy (HMEL)	P/E	30	6.5	195	49%	96	30%	67	31

Source: Emkay Research

HPCL: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,335,249	4,337,281	4,386,278	4,513,406	4,627,203
Revenue growth (%)	(0.3)	-	1.1	2.9	2.5
EBITDA	250,967	170,557	225,630	236,600	245,849
EBITDA growth (%)	0	(32.0)	32.3	4.9	3.9
Depreciation & Amortization	55,524	60,900	66,429	73,341	77,504
EBIT	195,444	109,656	159,201	163,259	168,344
EBIT growth (%)	0	(43.9)	45.2	2.5	3.1
Other operating income	18,222	20,987	22,456	23,803	24,994
Other income	23,822	24,164	26,253	28,466	30,927
Financial expense	25,157	33,109	42,082	39,819	35,415
PBT	194,109	100,712	143,372	151,905	163,857
Extraordinary items	(2,577)	(4,497)	0	0	0
Taxes	44,593	22,566	36,130	38,280	41,292
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	146,938	73,649	107,242	113,625	122,565
PAT growth (%)	0	(49.9)	45.6	6.0	7.9
Adjusted PAT	146,938	73,649	107,242	113,625	122,565
Diluted EPS (Rs)	69.0	34.6	50.4	53.4	57.6
Diluted EPS growth (%)	0	(49.9)	45.6	6.0	7.9
DPS (Rs)	10.0	11.0	17.6	19.2	21.3
Dividend payout (%)	14.5	31.7	35.0	36.0	37.0
EBITDA margin (%)	5.8	3.9	5.1	5.2	5.3
EBIT margin (%)	4.5	2.5	3.6	3.6	3.6
Effective tax rate (%)	23.0	22.4	25.2	25.2	25.2
NOPLAT (pre-IndAS)	150,544	85,086	119,083	122,118	125,922
Shares outstanding (mn)	2,128	2,128	2,128	2,128	2,128

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	170,287	76,547	117,119	123,440	132,930
Others (non-cash items)	21,566	16,399	0	0	-
Taxes paid	(2,835)	3,854	(33,180)	(35,301)	(38,283)
Change in NWC	(26,846)	(44,759)	(3,543)	(12)	473
Operating cash flow	239,200	142,757	188,907	201,286	208,039
Capital expenditure	(95,913)	(86,936)	(110,000)	(100,000)	(90,000)
Acquisition of business	(11,786)	(18,692)	0	0	0
Interest & dividend income	8,722	7,447	26,253	28,466	30,927
Investing cash flow	(134,120)	(102,823)	(86,171)	(73,982)	(61,545)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(98,315)	20,454	(18,500)	(45,918)	(64,098)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(38,482)	(41,348)	(42,082)	(39,819)	(35,415)
Dividend paid (incl tax)	(21,305)	(23,363)	(37,535)	(40,905)	(45,349)
Others	51,160	2,467	0	0	0
Financing cash flow	(106,943)	(41,789)	(98,117)	(126,643)	(144,862)
Net chg in Cash	(1,862)	(1,856)	4,619	662	1,632
OCF	239,200	142,757	188,907	201,286	208,039
Adj. OCF (w/o NWC chg.)	266,046	187,515	192,450	201,299	207,566
FCFF	143,287	55,820	78,907	101,286	118,039
FCFE	126,853	30,158	63,077	89,933	113,552
OCF/EBITDA (%)	95.3	83.7	83.7	85.1	84.6
FCFE/PAT (%)	86.3	40.9	58.8	79.1	92.6
FCFF/NOPLAT (%)	95.2	65.6	66.3	82.9	93.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	14,189	21,282	21,282	21,282	21,282
Reserves & Surplus	396,108	438,301	508,008	580,728	657,944
Net worth	410,298	459,583	529,290	602,010	679,226
Minority interests	-	-	-	-	-
Non-current liab. & prov.	69,899	77,571	80,521	83,500	86,509
Total debt	641,195	674,478	655,978	610,059	545,961
Total liabilities & equity	1,312,795	1,410,380	1,468,512	1,502,347	1,522,609
Net tangible fixed assets	777,130	803,019	899,908	924,079	934,036
Net intangible assets	10,858	10,858	10,858	10,858	10,858
Net ROU assets	-	-	-	-	-
Capital WIP	166,788	177,725	124,407	126,895	129,433
Goodwill	-	-	-	-	-
Investments [JV/Associates]	204,954	209,823	211,921	214,041	216,181
Cash & equivalents	55,351	34,193	39,137	40,127	42,091
Current assets (ex-cash)	469,332	540,307	546,411	562,248	576,424
Current Liab. & Prov.	424,872	451,573	451,019	463,658	475,049
NWC (ex-cash)	44,461	88,734	95,392	98,590	101,374
Total assets	1,312,795	1,410,380	1,468,512	1,502,347	1,522,609
Net debt	585,845	640,285	616,840	569,932	503,870
Capital employed	1,312,795	1,410,380	1,468,512	1,502,347	1,522,609
Invested capital	832,448	902,612	1,006,158	1,033,527	1,046,269
BVPS (Rs)	192.8	215.9	248.7	282.9	319.2
Net Debt/Equity (x)	1.4	1.4	1.2	0.9	0.7
Net Debt/EBITDA (x)	2.3	3.8	2.7	2.4	2.0
Interest coverage (x)	8.7	4.0	4.4	4.8	5.6
RoCE (%)	21.8	12.2	16.0	16.0	16.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	5.7	11.5	7.9	7.4	6.9
P/CE(x)	4.2	6.3	4.9	4.5	4.2
P/B (x)	2.1	1.8	1.6	1.4	1.2
EV/Sales (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	5.7	8.7	6.5	6.0	5.5
EV/EBIT(x)	7.3	13.5	9.2	8.7	8.0
EV/IC (x)	1.7	1.6	1.5	1.4	1.3
FCFF yield (%)	10.0	3.8	5.4	7.2	8.8
FCFE yield (%)	15.0	3.6	7.5	10.6	13.4
Dividend yield (%)	2.5	2.8	4.4	4.8	5.4
DuPont-RoE split					
Net profit margin (%)	3.4	1.7	2.4	2.5	2.6
Total asset turnover (x)	3.5	3.2	3.0	3.0	3.1
Assets/Equity (x)	3.6	3.1	2.9	2.6	2.4
RoE (%)	42.7	16.9	21.7	20.1	19.1
DuPont-RoIC					
NOPLAT margin (%)	3.5	2.0	2.7	2.7	2.7
IC turnover (x)	5.7	5.0	4.6	4.4	4.4
RoIC (%)	19.9	9.8	12.5	12.0	12.1
Operating metrics					
Core NWC days	3.7	7.5	7.9	8.0	8.0
Total NWC days	3.7	7.5	7.9	8.0	8.0
Fixed asset turnover	4.3	3.8	3.5	3.3	3.1
Opex-to-revenue (%)	4.9	5.1	5.4	5.6	5.6

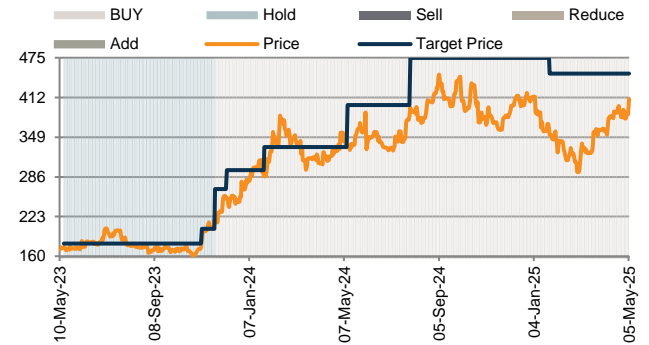
Source: Company, Emkay Research

RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
24-Jan-25	353	450	Buy	Sabri Hazarika
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

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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