ADD **HPCL**

Earnings in red in a challenging quarter

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Oil & Gas | Result Update | **July 24, 2026**

CMP (Rs): 385 | TP (Rs): 410

HPCL reported standalone EBITDA loss/net loss of Rs181/115bn in 1QFY27 vs our estimate of Rs159/168bn loss. The EBITDA miss was on account of lower-than-expected marketing earnings, partly offset by better GRM and lower opex. Lower depreciation and finance cost along with beat in Other Income led to better than estimated PAT. Reported GRM came in at $23.8/bbl, albeit impacted by crude procurement timing differences, Vizag resid project issues, and inventory losses. There were, however, marketing inventory gains; based on our estimate this implies a blended marketing margin of negative ~Rs20/kg. Gross debt rose, from Rs476bn to Rs726bn qoq. The management alluded to prevailing challenges but stressed on initiatives like balance sheet strengthening, capex control, profitability improvement, and refinery optimization. The resid project should operate normally from 3QFY27. The Barmer refinery has been commissioned and is ramping up-. We remain cautious on OMCs amid the uncertain geopolitical environment along with significant crude price volatility. We cut FY27E/28E EBITDA by 3/5% but rollover to Jun-28E earnings with unchanged TP of Rs410; retain ADD.

Results highlights

HPCL's refining volumes declined 2% yoy to 6.5mmt (1% beat), with overall utilization steady at 107%. Distillate yield improved sequentially to 77%. Domestic sales volume declined 0.2% yoy to 12.2mmt vs 5.0% yoy degrowth for the industry, with overall volume up 1% yoy, at 13.1mmt (5% beat). Exports rose 54% qoq to 0.88mmt. Petrol/diesel sales rose 6.9%/8.7% yoy vs industry growth of 5.8%/2.8% yoy. Pipeline volume rose 2% qoq to 6.6mmt (down 1% yoy). Total opex declined 1% yoy to Rs54.7bn (14% below estimate). Finance cost was down 21% qoq, at Rs7.7bn, while D/A was down 24% qoq, at Rs18.2bn. Other income at Rs12.8bn came at a 114% beat (up 145% yoy/37% qoq). Share of profit from JVs was Rs294mn vs Rs12.9bn in 4Q. Gross debt rose 42% yoy and 53% qoq to Rs726bn, while capex for 1QFY27 stood at Rs17.3bn.

Management KTAs

Crude has been tied up till Aug-26, with tie-up for Sep underway. Vizag RUF had not stabilized in 1Q, given issues wrt high pressure-temperature and catalysts; but HPCL is gaining crucial learning from this and is confident of stabilizing it soon. 1Q marketing under-recovery was >Rs260bn, of which MS-HSD accounts for >Rs200bn and LPG for Rs50-60bn. Barmer refinery capacity utilization is expected at 50% in 2Q, 80-85% in 3Q, and 100% by 4QFY27 on the refinery side. Petchem would commission by FY27-end. With HRRL, HSD procurement mix would change from 50/27/24% for own/JV/3rd party sourcing now to 56/40/4% by next year. FY27 capex guidance is Rs97bn; but based on the 1Q runrate, actual capex could be lower if volatility persists.

Valuation

We value HPCL on SOTP-EV/EBITDA-based methodology, with investments valued at 30% holdco discount. We retain our blended target EV/EBITDA of 6.0x. Key risks: adverse pricing and margins, currency fluctuations, and GoI policies.

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	6.5

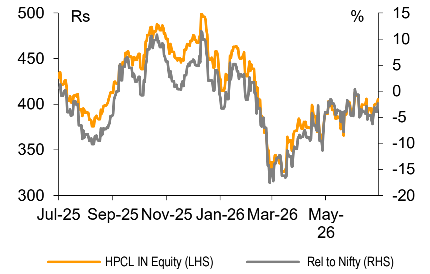
Stock Data	**HPCL IN**
52-week High (Rs)	508
52-week Low (Rs)	316
Shares outstanding (mn)	2,127.8
Market-cap (Rs bn)	820
Market-cap (USD mn)	8,486
Net-debt, FY27E (Rs mn)	587,694.7
ADTV-3M (mn shares)	8.0
ADTV-3M (Rs mn)	2,818.1
ADTV-3M (USD mn)	29.2
Free float (%)	45.0
Nifty-50	23,869.6
INR/USD	96.6

Shareholding,Jun-26	
Promoters (%)	54.9
FPIs/MFs (%)	13.6/22.9

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	(2.9)	2.2	(11.4)
Rel. to Nifty	(3.1)	3.5	(6.3)

1-Year share price trend (Rs)



HPCL: Financial Snapshot (Standalone)

Y/E March (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	4,337,281	4,381,484	5,054,174	5,376,483	5,489,044
EBITDA	170,557	296,816	97,809	223,287	260,504
Adj. PAT	73,649	147,010	7,076	95,571	126,053
Adj. EPS (Rs)	34.6	69.1	3.3	44.9	59.2
EBITDA margin (%)	3.9	6.8	1.9	4.2	4.7
EBITDA growth (%)	(32.0)	74.0	(67.0)	128.3	16.7
Adj. EPS growth (%)	(49.9)	99.6	(95.2)	1,250.6	31.9
RoE (%)	16.9	32.5	6.7	14.2	16.9
RoIC (%)	9.8	17.8	(0.8)	9.1	11.2
P/E (x)	11.1	5.6	115.8	8.6	6.5
EV/EBITDA (x)	8.6	4.4	14.4	6.1	4.9
P/B (x)	1.8	1.4	1.3	1.2	1.0
FCFF yield (%)	3.8	21.6	(5.9)	6.2	10.1

Source: Company, Emkay Research

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Exhibit 1: Actuals vs estimates (1QFY27)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,385.1	1,496.7	1,286.0	-7%	8%	
Adjusted EBITDA	-181.1	-159.2	-126.7	NM	NM	Lower than expected marketing earnings
EBITDA margin	*-13.1%*	*-10.6%*	*-9.9%*	*NM*	*NM*	
Adjusted Net Profit	-128.3	-188.0	-123.0	NM	NM	Lower D/A and finance costs as well as higher other income

Source: Company, Emkay Research

Exhibit 2: Standalone quarterly summary

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy	qoq	FY25	FY26	yoy
Revenue	1,107,674	1,007,811	1,137,338	1,128,661	1,385,054	25%	23%	4,337,281	4,381,484	1%
COGS	975,772	878,067	1,018,385	979,782	1,511,426	55%	54%	3,946,017	3,852,006	-2%
Gross Profit	131,902	129,745	118,953	148,879	(126,372)	NM	NM	391,264	529,478	35%
Opex	55,160	53,577	59,525	64,399	54,684	-1%	-15%	220,423	232,662	6%
Total Expenditure	1,030,932	931,644	1,077,910	1,044,182	1,566,110	52%	50%	4,166,440	4,084,668	-2%
EBITDA	**76,742**	**76,168**	**59,428**	**84,479**	**(181,056)**	**NM**	**NM**	**170,841**	**296,816**	**74%**
Depreciation	15,491	15,570	16,189	23,998	18,212	18%	-24%	60,900	71,248	17%
Interest	7,493	7,611	6,741	9,650	7,651	2%	-21%	33,109	31,495	-5%
Other Income	5,226	5,460	6,862	9,361	12,811	145%	37%	23,880	26,910	13%
Exceptional Items	-	-	13,200	19,800	19,800			-	33,000	
Forex Gain/(Losses)	(724)	(7,258)	(2,434)	(14,495)	(152)			(4,497)	(24,911)	
PBT	58,259	51,189	54,127	65,498	(174,461)	NM	NM	96,215	229,073	138%
Tax	14,550	12,885	13,402	16,483	(59,197)	NM	NM	22,566	57,320	154%
PAT	**43,709**	**38,304**	**40,725**	**49,015**	**(115,264)**	**NM**	**NM**	**73,649**	**171,752**	**133%**
Adjusted PAT	43,709	38,304	30,793	34,198	(128,346)	NM	NM	73,649	147,004	100%
Adjusted EPS (Rs)	21	18	14	16	(60)	NM	NM	35	69	100%
Tax Rate	25%	25%	25%	25%	34%			23%	25%	
Core EBITDA^	97,612	67,098	64,708	42,529	(168,056)	NM	NM	185,311	271,946	47%
Core PAT^	59,730	36,934	36,383	13,646	(135,469)	NM	NM	86,156	146,693	70%
Core EPS (Rs)^	28.1	17.4	17.1	6.4	(63.7)	NM	NM	40.5	68.9	70%
Refining Volumes (mmt)	6.7	6.6	6.4	6.4	6.5	-2%	1%	25.3	26.0	3%
Reported GRM ($/bbl)	**3.1**	**8.8**	**8.9**	**14.3**	**23.8**	**673%**	**67%**	**5.7**	**8.7**	**52%**
Core GRM ($/bbl)^	6.6	8.0	10.2	10.3	31.5	379%	205%	6.1	8.7	44%
Adjusted Refining EBITDA^	-1,748	22,191	21,383	44,075	89,687	NM	103%	36,535	85,902	135%
Marketing Volumes (mmt)	13.0	12.1	13.3	13.0	13.1	1%	1%	49.8	51.5	3%
Diesel	5.5	4.5	5.4	5.3	6.0	9%	13%	20.5	20.7	1%
Petrol	2.6	2.5	2.6	2.6	2.8	7%	9%	9.8	10.3	5%
Marketing Margin (Rs/mt)^	**9,313**	**6,919**	**5,867**	**4,516**	**-19,759**	**NM**	**NM**	**5,923**	**6,646**	**12%**
Adjusted Marketing EBITDA^	74,892	50,655	34,626	36,820	-274,438	NM	NM	120,214	196,992	64%
Marketing Inventory Gain/(Losses)^	-6,350	5,690	140	24,950	21,500			-9,070	24,430	
Pipeline Volumes (mmt)	6.7	6.1	6.2	6.5	6.6	-1%	2%	26.9	25.5	-5%
Implied Pipeline EBITDA	3,597	3,322	3,419	3,584	3,695	3%	3%	14,092	13,922	-1%
Gross Debt	509,954	558,085	487,127	475,987	725,970	42%	53%	633,234	475,987	-25%
Implied Net Debt*	452,123	496,762	449,980	442,516	692,499	53%	56%	578,896	442,516	-24%

*Source: Company, Emkay Research; Note: ^ is estimated as the inventory figure, and segmental EBITDA is not reported appropriately; *balance sheet cash and STI are estimated for 1Q and 3Q when not reported*

Key concall takeaways

- 1QFY27 continued to be challenging for HPCL amid the Middle East conflict and timing issues in crude procurement. The company was unable to lift term crude volumes from the Middle East, though spot was available and crude has been tied up till August with tie-up for even September underway now. Crude availability is not an issue, but pricing is causing an impact, especially when booking is done two months in advance. 1Q witnessed significant inventory losses as HPCL had built higher crude inventories amid the geopolitical conflict, while some cargos stuck in the Strait of Hormuz (SoH) were received only toward the end of the quarter. As crude prices declined sharply to $72–73/bbl by the end of 1Q, the company had to mark down these higher-cost inventories. Additionally, HPCL's Vizag refinery, being located on the East Coast, typically carries higher inventory levels due to longer crude transit times. However, crude oil prices have since rebounded to ~$95/bbl. 55-60% of HPCL's products are through own sourcing.

- The Vizag RUF had not stabilized by 1Q, given some issues wrt high pressure-temperature and catalysts. It is a complex process involving 380 bar pressure and 400°C temperature (25cm thick walls). Also, licensor Lummus is operating such a large unit for the first time. It is an engineering issue (not economic), hence Vizag Refinery GRM was impacted. However, HPCL is attaining crucial learning and is confident of seeing a good run in 2QFY27 (to stabilize soon) and fully stabilized operations by 3Q, thereby supporting EBITDA. Vizag saw Rs26bn reported net loss in 1Q (flagged by the Auditor).

- HPCL's marketing under-recovery stood at Rs260bn in 1Q of which >Rs200bn was on MS-HSD and Rs50-60bn on LPG. LPG loss was Rs510/cylinder in 1Q, while Jun/Jul loss was Rs680/490 per cylinder. The LPG situation is fairly ,dynamic but the management is not too concerned. Market LPG commanded a premium of ~$200/mt over the Saudi CP during the quarter. However, spot LPG prices have since moderated, although the recent spike in crude oil prices warrants close monitoring. HPCL, along with other OMCs, has diversified its LPG sourcing mix and started chartering cargos from the US, a sourcing strategy adopted recently.

- The Barmer Rajasthan (HRRL) refinery is operational now, with 22-Jun as the scheduled CoD. CDU utilization is 60% currently, and is ramping up with HSD and MS output rising. The refinery started with LPG and coke (DCU started). The PRFCCU would commission soon and SRU is the only major unit left for commissioning. Capacity utilization is expected at 50% in 2Q, 80-85% in 3Q, and 100% by 4QFY27 on the refinery front. Petchem would commission by FY27-end, with full utilization in FY28. The DCU is a crucial unit for driving GRM, as it enables processing of the lower-cost high-sulphur (dirty) crude (also a reason for a peer's GRM outperformance in 1Q).

- HPCL's core priority agenda falls mainly under 7 heads, namely 1) strengthening balance sheet (debt equity is 1.5x now, up from 0.8x as of FY26-end, with Rs19bn weekly addition due to under-recoveries; but during the Russia Ukraine war, this rose to 2.33x, which the company was able to reduce thereafter; 2) capex control, with only essential capex like that related to maintenance equipment (for upcoming refinery turnaround), cylinder, etc being main line items this year if the situation remains volatile; 3) controlling interest cost at both the parent as well as the HRRL level (ECB window is now open, receivables have also come down); 4) profitability improvement through Samriddhi 2.0, where FY27 target is Rs15bn and achievement rate is Rs10bn vs Rs16bn in FY26 (1Q was affected by the crisis, hence only 9M remain to achieve the target). Topline improvement through intermediate movement optimization, etc; 5) winning in retail (already listed as an overall top-20 brand in India), with Abhudaya 2.0 targeting 4,900 ROs (100-150bps volume improvement LFL yoy). By the end of this year, non-fuel would also be seen as an additional line in P&L; 6) refinery improvement by higher internal sourcing (in 1Q, HPCL was compelled to buy from third-party players). By the end of the year, at the group level (including HRRL), products will be sufficient or in surplus. Concerted efforts are being made on energy cost reduction in refineries intermediate stream leverage (ie buying intermediates, HRRL can bring VLCC and ship smaller parcels to Mumbai, etc). The company targets distillate yield of >80%; and 7) optimizing through digital measures as well as improving efficiency.

- Capex guidance for FY27 is Rs97bn, but 1Q runrate stood at Rs17bn; hence the actual capex could be lower. Discretionary spendings like upgrades could be extended to future quarters, if the situation remains volatile. Major refinery-side projects are over for now. Interest cost reduction can be through restructuring and repricing of debt at HRRL post-commissioning. Fully-hedged ECB can be 1.5% lower than the higher-priced rupee debt. For HPCL, interest cost is not an issue, rather debt reduction is more crucial. Current debt is similar to that at end-1Q; and, if the current situation holds up, HPCL should be already at peak debt cycle.
- July is running on marked-down crude oil; hence, 2Q can see better performance qoq, but the situation is still too volatile to give a forward-looking guidance. With HRRL, the HSD procurement mix would change from 50%/27%/24% for own/JV/third-party sourcing now to 56%/40%/4% by next year. The government has always been supportive. The company remains positive on the future, as the situation normalizes. Branded fuel and premium LPG are segments that would also add to earnings. Accounting-wise, even for own refineries, numbers are reported net of SAED and RIC. The Vizag Refinery does not have access to gas which also affects its profitability.
- SPR and commercial storage was available to every refiner, including private players, during the crisis situation. SPR filling is done by the GoI and refiners buy crude at market prices. The HPCL team was able to deliver under challenging conditions during the quarter and focused on availability vs profitability. The HP Navya premium LPG product was launched and a pilot with Swiggy is ongoing in Bangalore; for Mumbai, the company uses own channels. The product has presence in 5 cities, while an August launch is planned in another 25 cities, and pan-India (200-250 cities) presence by Diwali. There are other pilots in biomass, biofuels, etc.

Exhibit 3: Change in assumptions

	FY27E			FY28E			FY29E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
GRM ($/bbl)	20.0	19.5	-3%	8.0	7.3	-9%	8.1	8.0	-1%
Marketing Margin (Rs/mt)	-1,052	-1,052	NM	5,490	5,490	0%	5,908	5,908	0%
Growth	*-117.0%*	*-117.0%*	*NM*	*-621.6%*	*-621.6%*	*NM*	*7.6%*	*7.6%*	*0bps*
Marketing Sales (mmt)	53	53	0%	55	55	0%	56	56	0%
Growth	*3.7%*	*3.7%*	*0bps*	*3.1%*	*3.1%*	*0bps*	*2.3%*	*2.3%*	*0bps*

Source: Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY27E			FY28E			FY29E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
Revenue	5,006	5,054	1%	5,263	5,376	2%	5,373	5,489	2%
EBITDA	101	98	-3%	235	223	-5%	261	261	0%
EBITDA margin	*2.0%*	*1.9%*	*-8bps*	*4.5%*	*4.2%*	*-32bps*	*4.9%*	*4.7%*	*-11bps*
PAT	9	7	-23%	105	96	-9%	127	126	0%
EPS (Rs)	4.3	3.3	-23%	49.2	44.9	-9%	59.5	59.2	0%

Source: Emkay Research

Valuation

Exhibit 5: SOTP-based valuation

Component	Basis	Jun-28E EBITDA	Multiple (x)	EV (Rs bn)	EV/sh (Rs)	Comments
Refining Standalone	EV/EBITDA	90	6.0	538	253	
Pipelines Standalone	EV/EBITDA	17	6.0	99	47	
Petrochemicals Standalone	EV/EBITDA	-		-	-	
Marketing Standalone	EV/EBITDA	126	6.0	756	355	
Core Business EV		**233**	**6.0**	**1,393**	**655**	Blended multiple at 6.0x
Less: Adj Net Debt (Jun-27E-end)				570	268	
Core Business Valuation				**824**	**387**	
Value of HMEL Stake	PER			-	-	
Value of Listed Investments	CMP			49	23	At 30% holdco discount
Target Price/Fair Value					**410**	

Source: 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	175	307	17.0%	52	30%	36	17.1
Oil India	Financial	CMP	460	748	2.5%	18	30%	13	6.1
Total Listed						**71**		**49**	**23**

Source: Emkay Research

HPCL: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**4,337,281**	**4,381,484**	**5,054,174**	**5,376,483**	**5,489,044**
Revenue growth (%)	-	1.0	15.4	6.4	2.1
EBITDA	**170,557**	**296,816**	**97,809**	**223,287**	**260,504**
EBITDA growth (%)	(32.0)	74.0	(67.0)	128.3	16.7
Depreciation & Amortization	60,900	71,248	80,473	86,269	89,869
EBIT	**109,656**	**225,568**	**17,336**	**137,018**	**170,634**
EBIT growth (%)	(43.9)	105.7	(92.3)	690.3	24.5
Other operating income	20,987	21,318	23,023	24,174	25,383
Other income	24,164	26,910	27,231	28,083	31,438
Financial expense	33,109	31,495	35,108	37,333	33,553
PBT	**100,712**	**220,983**	**9,460**	**127,768**	**168,520**
Extraordinary items	(4,497)	8,090	46,200	0	0
Taxes	22,566	57,320	14,026	32,198	42,467
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**73,649**	**171,752**	**41,634**	**95,571**	**126,053**
PAT growth (%)	(49.9)	133.2	(75.8)	129.6	31.9
Adjusted PAT	**73,649**	**147,010**	**7,076**	**95,571**	**126,053**
Diluted EPS (Rs)	**34.6**	**69.1**	**3.3**	**44.9**	**59.2**
Diluted EPS growth (%)	(49.9)	99.6	(95.2)	1,250.6	31.9
DPS (Rs)	**11.0**	**15.5**	**0**	**13.5**	**20.7**
Dividend payout (%)	**31.7**	**19.2**	**0**	**30.0**	**35.0**
EBITDA margin (%)	3.9	6.8	1.9	4.2	4.7
EBIT margin (%)	2.5	5.1	0.3	2.5	3.1
Effective tax rate (%)	22.4	25.9	148.3	25.2	25.2
NOPLAT (pre-IndAS)	**85,086**	**167,059**	**(8,367)**	**102,489**	**127,635**
Shares outstanding (mn)	2,128	2,128	2,128	2,128	2,128

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	21,282	21,282	21,282	21,282	21,282
Reserves & Surplus	438,301	577,189	618,823	685,722	767,657
Net worth	**459,583**	**598,471**	**640,105**	**707,004**	**788,939**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	77,571	82,378	86,945	91,558	96,217
Total debt	**674,478**	**526,591**	**621,641**	**577,455**	**496,387**
Total liabilities & equity	**1,410,999**	**1,417,815**	**1,563,274**	**1,594,892**	**1,604,795**
Net tangible fixed assets	803,019	948,100	976,143	988,360	986,946
Net intangible assets	10,858	10,858	10,858	10,858	10,858
Net ROU assets	-	-	-	-	-
Capital WIP	177,725	74,213	75,697	77,211	78,756
Goodwill	-	-	-	-	-
Investments [JV/Associates]	209,823	216,007	218,167	220,349	222,552
Cash & equivalents	**34,193**	**32,089**	**33,947**	**33,843**	**34,106**
Current assets (ex-cash)	540,307	531,216	612,774	651,851	665,498
Current Liab. & Prov.	450,954	520,886	491,792	516,335	523,964
NWC (ex-cash)	**89,353**	**10,330**	**120,982**	**135,516**	**141,534**
Total assets	**1,410,999**	**1,417,815**	**1,563,274**	**1,594,892**	**1,604,795**
Net debt	640,285	494,502	587,695	543,612	462,281
Capital employed	1,410,999	1,417,815	1,563,274	1,594,892	1,604,795
Invested capital	**903,231**	**969,288**	**1,107,983**	**1,134,734**	**1,139,338**
BVPS (Rs)	215.9	281.2	300.8	332.2	370.7
Net Debt/Equity (x)	1.4	0.8	0.9	0.8	0.6
Net Debt/EBITDA (x)	3.8	1.7	6.0	2.4	1.8
Interest coverage (x)	4.0	8.0	1.3	4.4	6.0
RoCE (%)	**12.2**	**22.4**	**3.7**	**13.0**	**15.7**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	76,547	194,074	(17,771)	99,685	137,081
Others (non-cash items)	16,399	56,927	46,200	0	0
Taxes paid	3,854	(39,622)	(9,459)	(27,585)	(37,808)
Change in NWC	(44,759)	49,125	(107,707)	(11,517)	(2,928)
Operating cash flow	**142,757**	**361,074**	**26,843**	**184,185**	**219,768**
Capital expenditure	(86,936)	(77,321)	(110,000)	(100,000)	(90,000)
Acquisition of business	(18,692)	(39,284)	0	0	0
Interest & dividend income	7,447	7,012	27,231	28,083	31,438
Investing cash flow	**(102,823)**	**(114,361)**	**(85,239)**	**(74,412)**	**(61,082)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	20,454	(159,199)	95,050	(44,187)	(81,068)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(41,348)	(35,437)	(35,108)	(37,333)	(33,553)
Dividend paid (incl tax)	(23,363)	(32,984)	0	(28,671)	(44,118)
Others	2,467	(19,740)	0	0	0
Financing cash flow	**(41,789)**	**(247,359)**	**59,943**	**(110,191)**	**(158,739)**
Net chg in Cash	(1,856)	(647)	1,547	(418)	(54)
OCF	142,757	361,074	26,843	184,185	219,768
Adj. OCF (w/o NWC chg.)	187,515	311,949	134,550	195,702	222,696
FCFF	55,820	283,753	(83,157)	84,185	129,768
FCFE	30,158	259,270	(91,033)	74,936	127,653
OCF/EBITDA (%)	83.7	121.6	27.4	82.5	84.4
FCFE/PAT (%)	40.9	151.0	(218.6)	78.4	101.3
FCFF/NOPLAT (%)	**65.6**	**169.9**	**993.8**	**82.1**	**101.7**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	11.1	4.8	19.7	8.6	6.5
P/CE(x)	6.1	3.4	6.7	4.5	3.8
P/B (x)	1.8	1.4	1.3	1.2	1.0
EV/Sales (x)	0.3	0.3	0.3	0.3	0.2
EV/EBITDA (x)	8.6	4.4	14.4	6.1	4.9
EV/EBIT(x)	13.3	5.8	81.2	9.9	7.5
EV/IC (x)	1.6	1.4	1.3	1.2	1.1
FCFF yield (%)	3.8	21.6	(5.9)	6.2	10.1
FCFE yield (%)	3.7	31.6	(11.1)	9.1	15.6
Dividend yield (%)	2.9	4.0	0	3.5	5.4
DuPont-RoE split					
Net profit margin (%)	1.7	3.9	0.8	1.8	2.3
Total asset turnover (x)	3.2	3.1	3.4	3.4	3.4
Assets/Equity (x)	3.1	2.7	2.4	2.3	2.1
RoE (%)	**16.9**	**32.5**	**6.7**	**14.2**	**16.9**
DuPont-RoIC					
NOPLAT margin (%)	2.0	3.8	(0.2)	1.9	2.3
IC turnover (x)	5.0	4.7	4.9	4.8	4.8
RoIC (%)	**9.8**	**17.8**	**(0.8)**	**9.1**	**11.2**
Operating metrics					
Core NWC days	7.5	0.9	8.7	9.2	9.4
Total NWC days	**7.5**	**0.9**	**8.7**	**9.2**	**9.4**
Fixed asset turnover	3.9	3.4	3.5	3.5	3.4
Opex-to-revenue (%)	5.1	5.3	4.9	4.8	4.9

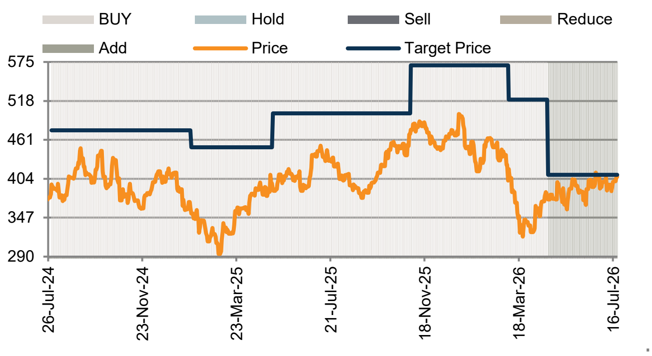
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
14-May-26	378	410	Add	Sabri Hazarika
24-Apr-26	374	410	Add	Sabri Hazarika
05-Mar-26	418	520	Buy	Sabri Hazarika
22-Jan-26	428	570	Buy	Sabri Hazarika
31-Oct-25	476	570	Buy	Sabri Hazarika
24-Aug-25	391	500	Buy	Sabri Hazarika
10-Aug-25	410	500	Buy	Sabri Hazarika
18-Jun-25	394	500	Buy	Sabri Hazarika
12-Jun-25	393	500	Buy	Sabri Hazarika
08-May-25	388	500	Buy	Sabri Hazarika
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

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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