

**BPCL logged Q3FY24 EBITDA of Rs62.5bn (Emkay: Rs28.1bn), primarily driven by higher-than-expected reported GRM of USD13.4/bbl (vs. our estimate of USD6.5/bbl) that was led by discounted Russian crude, elevated diesel spreads, and operational efficiencies. Marketing margins were largely in-line, while SA PAT came in at Rs34bn. Management reiterated its capex plans of Rs1.7trn up to CY28, with Bina expansion, Kochi PPU, and Mozambique E&P being key projects. Capex target for FY25 is Rs150bn, while Mgmt envisages closure of the rights issue by Mar-24 (subject to approval by the MOPNG). We remain constructive on BPCL, on a steady marketing outlook as general elections close in, and amid a healthy refining environment. We raise FY24E EPS by 29% and FY24E/25E EPS by 13-14% each, on better GRMs and below operating-line adjustments. We retain BUY, and raise Dec-24E TP by 10% to Rs600/sh.**

**BPCL: Financial Snapshot (Standalone)**

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	3,466,439	4,675,427	4,408,670	4,361,531	4,457,670
EBITDA	193,112	68,724	426,408	229,134	233,908
Adj. PAT	101,720	(16,918)	268,733	127,060	133,284
Adj. EPS (Rs)	47.8	(7.9)	126.2	59.7	62.6
EBITDA margin (%)	5.6	1.5	9.7	5.3	5.2
EBITDA growth (%)	7.8	(64.4)	520.5	(46.3)	2.1
Adj. EPS growth (%)	(41.3)	(83.5)	1,370.9	(53.8)	4.9
RoE (%)	16.6	(8.5)	43.9	17.9	16.9
RoIC (%)	12.3	5.7	30.2	13.7	14.2
P/E (x)	10.6	(63.5)	4.0	8.5	8.1
EV/EBITDA (x)	7.4	21.2	3.2	6.2	6.4
P/B (x)	2.1	2.1	1.6	1.4	1.3
FCFF yield (%)	9.4	2.7	14.3	0.6	(4.0)

Source: Company, Emkay Research

**Result Highlights**

Refinery throughput rose 5% QoQ to 9.9mmt (utilization at 112%). GRM for the Mumbai refinery fell to USD7.9/bbl (due to shutdown), Kochi's stood at USD14.0/bbl, while Bina's came in at USD20/bbl. Marketing inventory loss was Rs3.7bn in Q3 (vs Rs4.3bn built-in by us), but blended marketing margin at Rs4.1/kg slightly missed our estimate by 3%. Domestic sales volume rose 1% YoY vs. 2% for the industry, while overall volumes came at a marginal 1% beat. Petrol/diesel rose 4%/fell 3% YoY vs. industry's growth of 5%/1%. Opex was 9% higher than estimate at Rs73.3bn, up 18% QoQ due to Rs2bn one-off provision in employee expense. Interest cost fell 35% QoQ, while D/A rose 14%. Gross debt fell 29% QoQ to Rs160bn, as of end-Dec '23. 9MFY24 capex is Rs80.3bn.

**Management KTAs**

The CMD again highlighted *Project Aspire*, which entails capex of Rs1.5-1.7trn over the next 5 years (till 2028). Company expects refining and marketing margins to remain stable. Russian crude formed 40% of BPCL's crude imports in Q3FY24 (vs 40-44% QoQ). BPCL's premium to Singapore GRM is expected to continue till HSD spreads remain above USD20/bbl. BPCL's SA net debt stood at Rs60.3bn as of end-Dec '23, while consol. D/E is at ~0.6x currently with peak level of 1x expected in the next few years, assuming current margins prevail. BPCL has incurred capex of Rs80.2bn in 9MFY24 as against the FY24/25 target of Rs100/150bn. Its average crude inventory days are 15-20 and impact of refining gain/loss is not much (in Q3). Work is expected to resume by Jul-24, as *force majeure* gets lifted in Mozambique, with BPCL already tying up 1mmtpa, while project cash flows are expected from FY28. Bina petchem cashflows are expected from FY29. BPCL is working on the offer documents of the rights issue, which it intends to close by end-FY24; some formal approvals are pending with the MOPNG.

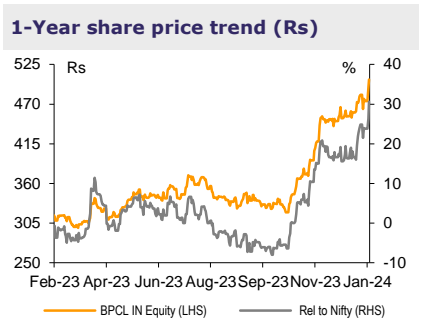
**Valuation**

We value BPCL on an SOTP-EV/EBITDA based methodology, with investments at a 30% holdco discount. We roll over to Dec-25E, and retain our blended target EV/EBITDA at 6.1x. Key risks: Adverse commodity prices and downstream margins; currency movement; government policies; and project issues.

Target Price – 12M	Dec-24
<b>Change in TP (%)</b>	<b>10.1</b>
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	19.0
CMP (30-Jan-24) (Rs)	504.2

Stock Data	Ticker
52-week High (Rs)	518
52-week Low (Rs)	314
Shares outstanding (mn)	2,169.3
Market-cap (Rs bn)	1,094
Market-cap (USD mn)	13,160
Net-debt, FY24E (Rs mn)	306,797
ADTV-3M (mn shares)	9
ADTV-3M (Rs mn)	4,036.6
ADTV-3M (USD mn)	48.6
Free float (%)	44.0
Nifty-50	21,522
INR/USD	83.1
<b>Shareholding, Dec-23</b>	
Promoters (%)	53.0
FPIs/MFs (%)	14.2/22.1

Price Performance			
(%)	1M	3M	12M
Absolute	11.9	45.3	50.5
Rel. to Nifty	13.0	29.3	23.4



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## Exhibit 1: Actuals vs. Estimates (Q3FY24)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,154,942	1,058,863	1,052,000	9%	10%	
Adjusted EBITDA	62,546	28,109	44,354	123%	41%	Bttr GRMs
EBITDA margin	5.4%	2.7%	4.2%	276bps	120bps	
Adjusted Net Profit	33,973	6,709	32,700	406%	4%	Higher than expected other income and lower finance cost

Source: Company, Emkay Research

## Exhibit 2: Quarterly Summary

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY	QoQ	9MFY23	9MFY24	YoY
Revenue	1,191,581	1,181,121	1,121,295	1,029,856	1,154,942	-3%	12%	3,494,306	3,306,093	-5%
COGS	1,081,751	1,002,311	908,869	837,520	1,019,127	-6%	22%	3,329,832	2,765,517	-17%
Gross Profit	109,830	178,810	212,426	192,335	135,815	24%	-29%	164,474	540,576	229%
Opex	66,073	69,210	62,816	61,977	73,269	11%	18%	205,350	198,062	-4%
Total Expenditure	1,147,824	1,071,521	971,685	899,498	1,092,396	-5%	21%	3,535,182	2,963,579	-16%
<b>EBITDA</b>	<b>43,758</b>	<b>109,600</b>	<b>149,610</b>	<b>130,358</b>	<b>62,546</b>	<b>43%</b>	<b>-52%</b>	<b>(40,876)</b>	<b>342,514</b>	
Depreciation	15,820	15,958	16,093	15,998	18,244	15%	14%	47,517	50,336	6%
Interest	9,780	8,124	6,793	7,676	5,019	-49%	-35%	24,041	19,488	-19%
Other Income	4,519	7,330	4,675	7,712	6,801	50%	-12%	14,510	19,188	32%
Exceptional Items	-	(13,600)	8,487	-	-			55,820	8,487	
Forex Gain/(Losses)	(1,419)	1,937	245	(1,278)	(284)			(16,915)	(1,317)	
PBT	21,258	81,185	140,131	113,118	45,801	115%	-60%	(59,018)	299,050	
Tax	1,663	16,408	34,622	28,106	11,828	611%	-58%	(12,942)	74,557	
<b>PAT</b>	<b>19,596</b>	<b>64,777</b>	<b>105,509</b>	<b>85,012</b>	<b>33,973</b>	<b>73%</b>	<b>-60%</b>	<b>(46,076)</b>	<b>224,493</b>	
Adjusted PAT	19,596	78,377	99,118	85,012	33,973	73%	-60%	(87,599)	218,103	
Adjusted EPS (Rs)	9.2	36.8	46.5	39.9	16.0	73%	-60%	(41.1)	102.4	
Tax Rate	8%	20%	25%	25%	26%			22%	25%	
Core EBITDA^	59,578	127,730	166,310	98,388	63,236	6%	-36%	(16,506)	327,934	
Core PAT^	28,796	83,011	110,778	61,655	34,987	22%	-43%	(55,018)	207,420	
Core EPS (Rs)^	13.5	39.0	52.0	29.0	16.4	22%	-43%	(25.8)	97.4	
Refining Volumes (mmt)	9.4	10.6	10.4	9.4	9.9	5%	5%	27.9	29.6	6%
<b>Reported GRM (USD/bbl)</b>	<b>15.9</b>	<b>20.6</b>	<b>12.6</b>	<b>18.5</b>	<b>13.4</b>	<b>-16%</b>	<b>-28%</b>	<b>20.2</b>	<b>14.7</b>	<b>-27%</b>
Core GRM (USD/bbl)^	17.4	20.4	13.6	15.5	12.8	-26%	-17%	20.7	13.9	-33%
Adjusted Refining EBITDA	73,724	111,368	58,788	85,320	60,015	-19%	-30%	274,859	204,122	-26%
Marketing Volumes (mmt)	13.0	13.3	13.1	12.5	13.2	1%	6%	37.0	38.8	5%
Diesel	6.0	6.0	6.2	5.2	5.9	-3%	12%	16.9	17.3	2%
Petrol	2.4	2.4	2.5	2.5	2.5	4%	1%	7.2	7.5	5%
<b>Marketing Margin (Rs/mt)</b>	<b>1,710</b>	<b>4,611</b>	<b>10,617</b>	<b>5,402</b>	<b>4,064</b>	<b>138%</b>	<b>-25%</b>	<b>(4,372)</b>	<b>6,705</b>	
Adjusted Marketing EBITDA	(34,792)	(6,696)	85,716	40,124	(2,732)			(329,123)	123,108	
Marketing Inventory Gain/(Losses)	(7,520)	(19,130)	(10,700)	14,970	(3,690)			(15,070)	580	
Pipeline Volumes (mmt)^	9.9	10.0	10.3	9.8	10.4	5%	6%	27.8	30.5	10%
Implied Pipeline EBITDA^	4,825	4,928	5,107	4,915	5,263	9%	7%	13,389	15,284	14%
<b>Gross Debt</b>	<b>402,556</b>	<b>358,548</b>	<b>279,394</b>	<b>225,680</b>	<b>160,168</b>	<b>-60%</b>	<b>-29%</b>	<b>402,556</b>	<b>160,168</b>	<b>-60%</b>
Implied Net Debt*	347,644	294,754	145,836	22,359	60,350	-83%	170%	347,644	60,350	-83%
Net Under-recovery	-	-	-	-	-	-	-	-	-	-

Source: Company, Emkay Research; Note: ^ is estimated as refining inventory figure; segmental EBITDA and pipeline volumes not given; \*Net debt is Rs60.3bn, as per the management, though this table is a generic calculation

## Concall Key Takeaways

- BPCL CMD G Krishnakumar addressed BPCL's Q3FY24 post-earnings concall for the first time and reiterated the significance of *Project Aspire*, wherein Company plans to incur capex of Rs1.5-1.7trn over the next 5 years (till 2028). BPCL is also targeting net zero for both scope 1 & 2 emissions by 2040. Segmentally, capex would be for refinery-petchem/upstream/gas business/marketing infrastructure/RE+alternate fuel at Rs750/420/250/250/100bn, respectively (some flexibility could exist on segmental basis). BPCL evaluates capex projects with a minimum IRR threshold ranging at 12-15%.
- BPCL expects crude volatility to continue over the next one year, given geo-political and Red Sea issues, while it expects Brent to range at USD80-90/bbl in the near term. Company expects refining and marketing margins to remain stable, unless Red Sea issues escalate (above USD90 crude MM can be hit). It is also upbeat about petchem demand in India as well as overseas, and believes domestic demand could grow on the back of relatively low consumption per-capita in India, while prices could pose a challenge in the near term. BPCL's premium to Singapore GRM is expected to continue till HSD spreads remain above USD20/bbl, given the high % of HSD in Slate.
- BPCL undertook a planned 40-day shutdown of its Mumbai Refinery (MR) during Oct-Nov '23 (in Q3FY24), while fall in international product cracks resulted in lower GRMs QoQ. However, BPCL's present GRMs are at a premium to Singapore's due to optimization of product Slate, better feedstock sourcing, up to 100% high sulphur crude, and up to 50% Russian crude usage. Russian crude formed 40% of BPCL's crude imports in Q3FY24 (vs 40-44% QoQ). BPCL has long-term crude contracts for 50-55% of its requirements, while the rest is sourced through spot contracts, with Russian crude being part of the latter.
- Domestic sales grew 5.1% YoY in Q3, while BPCL's market share among OMCs in MS/HSD stood at 29.62%/29.71% in 9MFY24. BPCL clocked 11.53% ethanol blending during 9MFY24 and supplied E20 ethanol to 1,800 ROs. BPCL commissioned a pipeline from MR to Rasayani for product evacuation, while 2 more product pipelines are under construction – this would result in optimization of product placement costs. BPCL is also setting up 3 new depots in NE India, with land already acquired. It has entered into an MOU with a Tata Motors subsidiary for EV charging stations and with Trinity for 3W EVs. BPCL is the only company in India to supply BIS certified butyl acrylate, with imports now requiring mandatory BIS certification, which would support Kochi PDPP viability. Employee costs run-rate in Q3 was higher due to provision for post-retirement medical benefit of Rs2bn; while annual run-rate can be expected at Rs30-32bn (300-400 retirees p.a. and 500 new recruits).
- BPCL's SA net debt stood at Rs60.25bn as of end-Dec '23, while consol. D/E is at ~0.6x currently, with peak level of 1x expected in the next few years assuming current margins prevail. BPCL has incurred capex of Rs80.2bn in 9MFY24 as against the FY24 target of Rs100bn, while the FY25 capex target is Rs150bn.
- BPCL's key projects include the Rs490bn refinery cum petchem project at Bina Refinery (BR); the 400ktpa PP project at Kochi Refinery (KR), at Rs54.4bn and which has been approved by the Board in Aug-23 with usage of propylene as feedstock from KR. In terms of Mozambique E&P, work is expected to resume by Jul-24 as *force majeure* gets lifted; while all major work contracts remain intact, as the security situation has substantially improved. BPCL has spent USD720/900mn towards exploration/development at Mozambique, with gas output expected from FY28 on. Consortium has already tied up for 11mmtpa, of which BPCL has a tied up contract for 1mmtpa.
- BPCL's Russian crude supplies are not impacted by the Red Sea issue and the company is covered till Apr-24; freight impact is not being felt yet, as Russian cargos are on delivered basis, with discounts largely stable as of now. BPCL has planned shutdown at KR and BR for 15 days each in FY25, but exact timelines are still being worked out. The company's average crude inventory days are 15-20, and impact of refining gain/loss is not much (in Q3).
- The Bina expansion project would include refining capacity rising from 7.8mmtpa to 11mmtpa, with petchem products like HDPE, LLDPE, PP, Benzene, Toulene, and a little Bitumen. Better distillate yield could result in ~0.8mmtpa higher core output. Mgmt expects Bina petchem cashflows to come in FY29 onwards; while feedstock from BR could be a key differentiator compared with competition. Petchem demand is good in both, BR and KR.

- In term of Kochi petchem PDPP (propylene derivative) capacity of 329tmtpa, BPCL is operating this at 57% each in FY23 (0.197tmt) and Q1FY24, and at 60%-70% utilization over Q2-Q3FY24, with current gross deltas of USD250-300/mt and at peak of USD500/mt for 2 months. BPCL expects margins to improve going ahead, besides higher utilization, led by conditional import; its target utilization is 80-85%. Company would also undertake a small revamp in the KR PFCC for the same. PDPP profitability is part of the GRM at USD0.43/bbl. In Q3, gross profit was Rs1.2bn and net loss Rs1.45bn.
- BPCL is working towards developing an EV charging infrastructure on highway corridors; the intent is to cover more corridors for addressing range anxiety. Company expects YoY growth in MS (4-5%) and HSD (1.5-2%) sales going ahead, despite the EV transition. BPCL's marketing capex includes retail outlets, gas stations, pipelines, etc. BPCL has put out advertisements for ROs and received good response. Its throughput/outlet is the highest among PSUs, and the company makes a judicious selection of locations. BPCL has created a separate SBU for the retail business, with 125 convenience/grocery stores at its ROs and targets 3,000 such stores in 5 years, with the ongoing consolidation of the supply chain. There is EV charging and store synergy.
- BPCL has license to operate in 50 CGD GAs in total, with 25 GAs of BPCL and the rest through JVs. It has commenced business in 19 GAs and volumes are picking up, though breakeven is yet to be achieved. Company expects a sizable capex in the next 1-2 years for setting up infrastructure; post this, more volumes would flow, while PNG profitability would take up more time compared with CNG, which is quicker.
- BPCL is working on the offer documents of the rights issue, which it intends to close by end-FY24, while some formal requirements/approvals are pending with the MOPNG. The rights issue is for long-term equity requirements. Dividend payout will continue.

**Exhibit 3: Change in assumptions**

	FY24E			FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
GRM (USD/bbl)	11.4	14.0	23%	9.0	9.5	6%	9.1	9.6	6%
Marketing Margin (Rs/mt)	5,899	6,217	5%	4,801	4,965	3%	4,899	5,066	3%
Growth	NM	NM	NM	-18.6%	-20.1%	152bps	2.0%	2.0%	-1bps
Marketing Sales (mmt)	52	52	-1%	54	53	-1%	55	55	-1%
Growth	4.4%	3.7%	-71bps	2.6%	2.6%	0bps	2.2%	2.2%	0bps

Source: Company, Emkay Research

**Exhibit 4: Change in estimates**

(Rs bn)	FY24E			FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	4,467	4,409	-1%	4,264	4,362	2%	4,358	4,458	2%
EBITDA	352	426	21%	216	229	6%	220	234	6%
EBITDA margin	7.9%	9.7%	180bps	5.1%	5.3%	20bps	5.1%	5.2%	19bps
PAT	208	269	29%	111	127	14%	117	133	13%
EPS (Rs)	97.7	126.2	29%	52.3	59.7	14%	55.2	62.6	13%

Source: Company, Emkay Research

**Exhibit 5: SOTP-based valuation (Dec-24E TP)**

Components	Basis	Dec-25E EBITDA	Multiple(x)	EV (Rs bn)	EV/sh (Rs)	Comments
Refining Standalone	EV/EBITDA	165	6.0	990	465	
Pipelines Standalone	EV/EBITDA	22	6.0	130	61	
Petrochemicals Standalone	EV/EBITDA	(0)		-	-	
Marketing Standalone	EV/EBITDA	46	6.0	277	130	
<b>Core Business EV</b>		<b>233</b>	<b>6.0</b>	<b>1,396</b>	<b>656</b>	<b>Blended multiple at 6x</b>
Less: Adj. Net Debt (Dec'24 End)				260	122	
<b>Core Business Valuation</b>				<b>1,136</b>	<b>534</b>	
Value of Mozambique Stake	Transaction Value			44	21	At 30% discount
Value of Listed Investments	TP			97	46	At 30% HoldCo discount
<b>Target Price-Fair Value</b>					<b>600</b>	

Source: Company, Emkay Research

**Exhibit 6: Schedule and Value of Listed Investments**

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	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	23
PLNG	JV	TP (Emkay)	300	450	12.5%	56	30%	39	18
Oil India	Financial	TP (Emkay)	445	483	2.5%	12	30%	8	4
<b>Total Listed</b>						<b>139</b>		<b>97</b>	<b>46</b>

Source: Company, Emkay Research

## BPCL: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>3,466,439</b>	<b>4,675,427</b>	<b>4,408,670</b>	<b>4,361,531</b>	<b>4,457,670</b>
Revenue growth (%)	49.1	34.9	(5.7)	(1.1)	2.2
<b>EBITDA</b>	<b>193,112</b>	<b>68,724</b>	<b>426,408</b>	<b>229,134</b>	<b>233,908</b>
EBITDA growth (%)	7.8	(64.4)	520.5	(46.3)	2.1
Depreciation & Amortization	54,179	63,475	68,899	71,624	75,316
<b>EBIT</b>	<b>138,933</b>	<b>5,250</b>	<b>357,509</b>	<b>157,510</b>	<b>158,592</b>
EBIT growth (%)	(0.3)	(96.2)	6,710.2	(55.9)	0.7
Other operating income	0	0	0	0	0
Other income	26,294	21,840	27,372	30,231	34,220
Financial expense	22,088	32,165	24,293	17,875	14,625
<b>PBT</b>	<b>143,138</b>	<b>(5,075)</b>	<b>360,588</b>	<b>169,867</b>	<b>178,187</b>
Extraordinary items	16,431	42,220	8,487	0	0
Taxes	43,084	3,466	92,674	42,806	44,903
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>113,634</b>	<b>18,701</b>	<b>275,081</b>	<b>127,060</b>	<b>133,284</b>
PAT growth (%)	(40.3)	(83.5)	1,370.9	(53.8)	4.9
<b>Adjusted PAT</b>	<b>101,720</b>	<b>(16,918)</b>	<b>268,733</b>	<b>127,060</b>	<b>133,284</b>
<b>Diluted EPS (Rs)</b>	<b>47.8</b>	<b>(7.9)</b>	<b>126.2</b>	<b>59.7</b>	<b>62.6</b>
Diluted EPS growth (%)	(41.3)	(83.5)	1,370.9	(53.8)	4.9
<b>DPS (Rs)</b>	<b>16.0</b>	<b>4.0</b>	<b>58.1</b>	<b>23.9</b>	<b>21.9</b>
<b>Dividend payout (%)</b>	<b>30.0</b>	<b>45.6</b>	<b>45.0</b>	<b>40.0</b>	<b>35.0</b>
EBITDA margin (%)	5.6	1.5	9.7	5.3	5.2
EBIT margin (%)	4.0	0.1	8.1	3.6	3.6
Effective tax rate (%)	38.4	(770.1)	27.5	25.2	25.2
<b>NOPLAT (pre-IndAS)</b>	<b>85,551</b>	<b>45,677</b>	<b>259,332</b>	<b>117,818</b>	<b>118,626</b>
Shares outstanding (mn)	2,129.5	2,129.5	2,129.5	2,129.5	2,129.5

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	143,138	(5,075)	360,588	169,867	178,187
Others (non-cash items)	50,894	93,097	65,820	59,268	55,721
Taxes paid	(18,227)	(8,014)	(92,297)	(42,426)	(44,519)
Change in NWC	18,750	(610)	(42,560)	23,086	1,090
<b>Operating cash flow</b>	<b>208,135</b>	<b>106,641</b>	<b>298,718</b>	<b>209,795</b>	<b>190,479</b>
Capital expenditure	(73,656)	(67,797)	(101,032)	(201,042)	(251,053)
Acquisition of business	0	0	0	0	0
Interest & dividend income	13,879	12,022	27,372	30,231	34,220
<b>Investing cash flow</b>	<b>(77,437)</b>	<b>(63,973)</b>	<b>(74,515)</b>	<b>(171,683)</b>	<b>(217,722)</b>
Equity raised/(repaid)	4,624	0	0	0	0
Debt raised/(repaid)	(32,643)	(1,529)	(72,751)	60,000	115,000
Payment of lease liabilities	(8,875)	(8,875)	(8,875)	(8,875)	(8,875)
Interest paid	(13,771)	(22,314)	(24,293)	(17,875)	(14,625)
Dividend paid (incl tax)	(144,828)	(12,816)	(123,786)	(50,824)	(46,649)
Others	(105)	687	0	0	0
<b>Financing cash flow</b>	<b>(186,723)</b>	<b>(35,972)</b>	<b>(220,831)</b>	<b>(8,699)</b>	<b>53,726</b>
Net chg in Cash	(56,026)	6,696	3,372	29,412	26,482
OCF	208,135	106,641	298,718	209,795	190,479
Adj. OCF (w/o NWC chg.)	189,384	107,251	341,278	186,709	189,389
FCFF	134,478	38,844	197,686	8,752	(60,574)
FCFE	126,269	18,702	200,765	21,109	(40,979)
OCF/EBITDA (%)	107.8	155.2	70.1	91.6	81.4
FCFE/PAT (%)	111.1	100.0	73.0	16.6	(30.7)
<b>FCFF/NOPLAT (%)</b>	<b>157.2</b>	<b>85.0</b>	<b>76.2</b>	<b>7.4</b>	<b>(51.1)</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	21,295	21,295	21,295	21,295	21,295
Reserves & Surplus	495,160	498,669	649,963	726,200	812,834
<b>Net worth</b>	<b>516,455</b>	<b>519,963</b>	<b>671,258</b>	<b>747,494</b>	<b>834,129</b>
Minority interests	0	0	0	0	0
Deferred tax liability (net)	58,660	70,683	71,060	71,441	71,825
<b>Total debt</b>	<b>422,153</b>	<b>447,751</b>	<b>375,000</b>	<b>435,000</b>	<b>550,000</b>
<b>Total liabilities &amp; equity</b>	<b>997,268</b>	<b>1,038,398</b>	<b>1,117,318</b>	<b>1,253,935</b>	<b>1,455,954</b>
Net tangible fixed assets	736,501	764,399	812,520	740,499	795,128
Net intangible assets	10,100	10,100	10,100	10,100	10,100
Net ROU assets	91,463	91,463	91,463	91,463	91,463
Capital WIP	49,972	56,734	39,714	240,111	360,166
Goodwill	0	0	0	0	0
Investments [JV/Associates]	89,465	103,193	104,224	105,267	106,319
<b>Cash &amp; equivalents</b>	<b>58,932</b>	<b>63,976</b>	<b>68,203</b>	<b>98,488</b>	<b>125,860</b>
Current assets (ex-cash)	605,413	518,175	490,500	485,844	496,207
Current Liab. & Prov.	644,577	569,642	499,407	517,837	529,290
<b>NWC (ex-cash)</b>	<b>(39,164)</b>	<b>(51,467)</b>	<b>(8,907)</b>	<b>(31,993)</b>	<b>(33,083)</b>
<b>Total assets</b>	<b>997,268</b>	<b>1,038,398</b>	<b>1,117,318</b>	<b>1,253,935</b>	<b>1,455,954</b>
Net debt	363,221	383,776	306,797	336,512	424,140
Capital employed	997,268	1,038,398	1,117,318	1,253,935	1,455,954
<b>Invested capital</b>	<b>798,899</b>	<b>814,496</b>	<b>905,176</b>	<b>810,069</b>	<b>863,608</b>
BVPS (Rs)	242.5	244.2	315.2	351.0	391.7
Net Debt/Equity (x)	0.7	0.7	0.5	0.5	0.5
Net Debt/EBITDA (x)	1.9	5.6	0.7	1.5	1.8
Interest coverage (x)	0.1	1.2	0.1	0.1	0.1
<b>RoCE (%)</b>	<b>17.1</b>	<b>2.7</b>	<b>35.7</b>	<b>15.8</b>	<b>14.2</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	10.6	(63.5)	4.0	8.5	8.1
P/CE(x)	7.5	55.6	3.2	5.4	5.1
P/B (x)	2.1	2.1	1.6	1.4	1.3
EV/Sales (x)	0.4	0.3	0.3	0.3	0.3
EV/EBITDA (x)	7.4	21.2	3.2	6.2	6.4
EV/EBIT(x)	10.3	277.6	3.9	9.0	9.4
EV/IC (x)	1.8	1.8	1.5	1.7	1.7
FCFF yield (%)	9.4	2.7	14.3	0.6	(4.0)
FCFE yield (%)	11.8	1.7	18.7	2.0	(3.8)
Dividend yield (%)	3.2	0.8	11.5	4.7	4.3
<b>DuPont-RoE split</b>					
Net profit margin (%)	2.5	(0.9)	5.9	2.9	3.0
Total asset turnover (x)	3.6	4.6	4.1	3.7	3.3
Assets/Equity (x)	1.8	2.0	1.8	1.7	1.7
<b>RoE (%)</b>	<b>16.6</b>	<b>(8.5)</b>	<b>43.9</b>	<b>17.9</b>	<b>16.9</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	2.5	1.0	5.9	2.7	2.7
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
<b>RoIC (%)</b>	<b>12.3</b>	<b>5.7</b>	<b>30.2</b>	<b>13.7</b>	<b>14.2</b>
<b>Operating metrics</b>					
Core NWC days	20.8	15.9	15.9	15.9	15.9
<b>Total NWC days</b>	<b>20.8</b>	<b>15.9</b>	<b>15.9</b>	<b>15.9</b>	<b>15.9</b>
Fixed asset turnover	3.7	4.3	3.7	3.5	3.4
Opex-to-revenue (%)	6.9	5.9	6.2	7.1	7.2

Source: Company, Emkay Research

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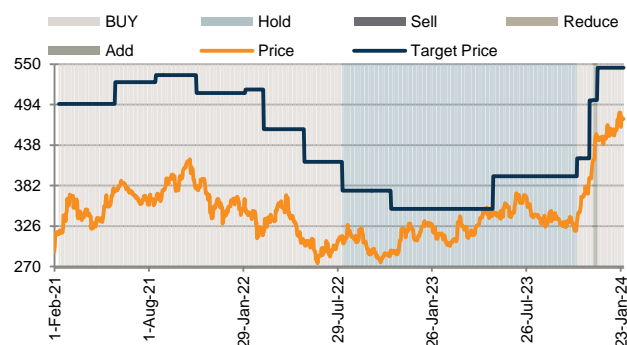
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
09-Dec-23	449	545	Buy	Sabri Hazarika
30-Nov-23	416	500	Add	Sabri Hazarika
24-Nov-23	392	500	Buy	Sabri Hazarika
31-Oct-23	333	420	Buy	Sabri Hazarika
27-Jul-23	358	395	Hold	Sabri Hazarika
23-May-23	346	395	Hold	Sabri Hazarika
31-Jan-23	324	350	Hold	Sabri Hazarika
06-Dec-22	310	350	Hold	Sabri Hazarika
08-Nov-22	293	350	Hold	Sabri Hazarika
07-Sep-22	309	375	Hold	Sabri Hazarika
07-Aug-22	312	375	Hold	Sabri Hazarika
15-Jul-22	290	415	Buy	Sabri Hazarika
28-Jun-22	296	415	Buy	Sabri Hazarika
26-May-22	301	415	Buy	Sabri Hazarika
22-May-22	309	460	Buy	Sabri Hazarika
09-Mar-22	318	460	Buy	Sabri Hazarika
02-Feb-22	350	515	Buy	Sabri Hazarika
25-Dec-21	341	510	Buy	Sabri Hazarika
23-Nov-21	364	510	Buy	Sabri Hazarika
31-Oct-21	378	510	Buy	Sabri Hazarika
14-Aug-21	363	535	Buy	Sabri Hazarika
26-Jul-21	364	525	Buy	Sabri Hazarika
23-Jun-21	375	525	Buy	Sabri Hazarika
29-May-21	376	525	Buy	Sabri Hazarika
28-May-21	376	525	Buy	Sabri Hazarika
23-Apr-21	338	495	Buy	Sabri Hazarika
22-Mar-21	346	495	Buy	Sabri Hazarika
18-Mar-21	337	495	Buy	Sabri Hazarika
02-Mar-21	370	495	Buy	Sabri Hazarika
09-Feb-21	318	495	Buy	Sabri Hazarika

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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