

October 28, 2024

RESULT REPORT Q2 FY25 | Sector: Energy

# Bharat Petroleum Ltd

## Strong core refining and marketing performance supports integrated margins

BPCL's Q2FY25 results exhibited a soft financial performance where the core integrated margins were marginally higher than our expectations. The EBITDA and Adj. PAT, stood at Rs 45.5bn and Rs 24bn, respectively. The core GRM at USD5.96/bbl was strong while and the market share in diesel and motor spirits highlight the company's operational prowess. BPCL's strategic lower debt:equity amongst its peers, annual capex target of Rs130bn, and enhanced refining efficiency position it as a compelling investment, reflecting a positive outlook for sustained growth. We maintain our BUY rating with a 12-mth revised TP of Rs405/shr (earlier Rs 430).

### Result Highlights

- EBITDA/Adj. PAT** were Rs 45.5/24bn is down 65%/72% YoY and 20% each QoQ. This is marginally lower than our estimates and much lower than the consensus, although when we compare it on core performance its better than our estimates on both refining and marketing segment. **The integrated core EBITDA margin** was USD4.6/bbl vs our est of 4.3 (USD3 the prior quarter, USD7.2 a year ago), marginally higher than expectations on better marketing performance.
- The reported GRM** was USD4.41/bbl (MR/KR/BR USD3.4/USD4.7/USD6.1) vs USD7.86/bbl the previous quarter (MR/KR/BR USD4.7/USD8.5/USD12.8) and USD18.5/bbl a year ago (MR/KR/BR USD14.5/USD19.7/USD28.2). As per our assumptions, the **core GRM** was USD5.96/bbl (USD6.6 the previous quarter, USD15.5 a year back), a USD2.4/bbl premium to the benchmark USD3.6, the best amongst Indian refiners. The assumed refining inventory loss of USD1.55/bbl (gain of USD1.26 the prior quarter and a gain of USD3/bbl a year ago). **Refinery throughput** was 10.28mmt (MR/KR/BR 4.1/4.4/1.7) at ~116% utilisation (115% the previous quarter, 105% a year ago).
- The core marketing EBITDA (back-calculated)** was Rs2.8/ltr (Rs0.9 in the prior quarter, Rs1.3 a year back) higher than our expectations of Rs2.2/ltr. The **domestic marketing throughput** was 12.4mmt, up 1.6% YoY and down 5.9% QoQ (vs. the industry's growth of 2.3% YoY and -6.4% QoQ). MS sales were 2.7mmt, up 6.4% YoY and down 1.5% QoQ, while diesel at 5.2mmt, down 1% YoY and 16% QoQ. Industry motor spirit and diesel sales were up 7.4%/0.1% YoY but down 2%/17.3% QoQ. The reported marketing adventitious/inventory loss was at Rs11.1bn. **Product market share.** Bharat Petroleum's gained marginal market share of high-speed diesel and motor spirits to 25.9% and 27% respectively. **Burden impact:** The company has a negative buffer amounting to Rs 41.2bn as of end H1FY25, and Rs 21bn in Q2FY25 pertaining to LPG subsidy. This is in an absence of GOI receivables and the revenue to that extent has not been recognized.
- Capex** as per PPAC was Rs38.5bn for Q1FY25 (Rs54.6bn in H1FY25) with target of Rs130bn for FY25. **Debt** at Rs215.3bn was down by Rs10.4bn YoY and up Rs63.2bn QoQ on higher capex and a decline in cashflows, despite purchase of discounted crude. **H1FY25 performance:** EBITDA at Rs 102bn (vs Rs 287.2bn in H1FY24) while PAT at Rs 54.1bn (vs Rs 190.2bn) and the reported GRM at USD6.1/bbl (vs USD15.4). The core integrated margins were at USD3.8/bbl vs USD9.6/bbl while the marketing EBITDA/ltr (Rs) was at 1.9 vs 4 in H1FY24.

### Valuation

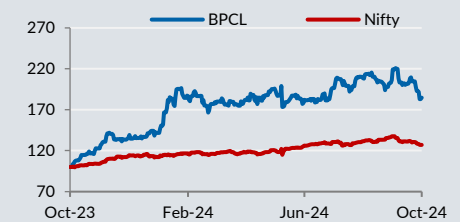
BPCL has Rs14bn and Rs21.4bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of dividend of 4.5/4.5/3.6% FY25e/26e/27e would be key for shareholders. The BV/share for FY25e/26e/27e is at Rs 187/202/217. At CMP, the stock trades at 7.2x/6.4x/7.1x FY25e/26e/27e EV/EBITDA and 1.7x/1.5x/1.4x P/BV (excl. investments, trades at 5.9x/3.3x/5.8 FY25e/26e/27e EV/EBITDA and 1.3x/1.2x/1.1x P/BV). We maintain a BUY rating with a target price of Rs405 valuing it on a sum-of-parts basis (core business at 7.7x EV/EBITDA and investments at Rs62).

Reco	: BUY
CMP	: Rs 311
Target Price	: Rs 405
Potential Return	: +30%

### Stock data (as on Oct 28, 2024)

Nifty	24,339
52 Week h/l (Rs)	376 / 166
Market cap (Rs/USD mn)	1328884 / 15811
Outstanding Shares (mn)	4,339
6m Avg t/o (Rs mn):	5,474
Div yield (%):	5.9
Bloomberg code:	BPCL IN
NSE code:	BPCL

### Stock performance



	1M	3M	1Y
Absolute return	-15.8%	-6.0%	84.6%

### Shareholding pattern (As of Sep'24 end)

Promoter	53.0%
FII+DII	38.4%
Others	8.6%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	405	430

### Δ in estimates

(1-Yr)	FY25e	FY26e	FY27e
EPS (New)	25.7	29.7	25.9
EPS (Old)	26.4	29.7	25.9
% Change	(2.7)	-	-

### Financial Summary

(Rs bn)	FY25E	FY26E	FY27E
Revenue	3,730.4	3,584.0	3,730.7
YoY Growth	(16.7)	(3.9)	4.1
EBIDTA	202.1	227.7	211.3
OPM %	5.4	6.4	5.7
PAT	109.7	127.0	110.5
YoY Growth	(58.9)	15.7	(13.0)
ROE	14.2	15.3	12.3
EPS	25.7	29.7	25.9
P/E	12.0	10.4	12.0
BV	186.5	202.2	217.0
EV/EBITDA	7.2	6.4	7.1

**HARSHRAJ AGGARWAL**

Lead Analyst

harshraj.aggarwal@ysil.in



## Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	1,027,904	1,096,428	1,097,541	(6.25)	(6.34)	Reported performance marginally lower, strong core refining and marketing performance supports integrated margins
EBITDA	45,464	50,011	59,216	(9.09)	(23.22)	
EBITDA Margin (%)	4.42	4.56	5.40	-13.83bps	-97.23bps	
Adjusted PAT	23,972	27,229	34,256	(11.96)	(30.02)	

## Exhibit 2: Earnings snapshot

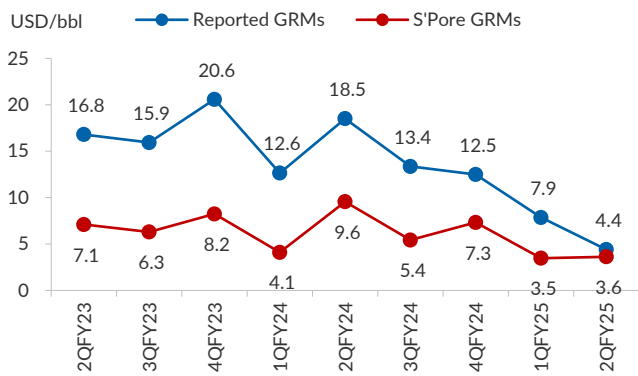
Particulars (Rs mn)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Revenue	1,029,856	1,154,942	1,165,551	1,130,960	1,027,904	(0.2)	(9.1)	2,159,638	2,158,864	(0.0)
Expenditure	900,776	1,092,680	1,073,421	1,074,456	982,440	9.1	(8.6)	1,872,460	2,056,895	9.8
-Raw Material	837,520	1,019,127	995,426	1,006,095	913,317	9.1	(9.2)	1,746,389	1,919,412	9.9
-Staff Cost	7,590	10,680	8,490	7,815	7,689	1.3	(1.6)	16,415	15,504	(5.5)
- Other expenses	55,666	62,872	69,504	60,545	61,434	10.4	1.5	109,657	121,980	11.2
<b>Operating Profit</b>	<b>129,080</b>	<b>62,263</b>	<b>92,131</b>	<b>56,505</b>	<b>45,464</b>	<b>(64.8)</b>	<b>(19.5)</b>	<b>287,178</b>	<b>101,969</b>	<b>(64.5)</b>
OPM(%)	13%	5%	8%	5%	4%	(64.7)	(11.5)	13%	5%	-9 bps
Other Income	7,712	6,801	4,691	5,058	8,896	15.4	75.9	12,632	13,954	10.5
Depreciation	15,998	18,244	17,165	16,808	17,729	10.8	5.5	32,092	34,537	7.6
Interest	7,676	5,019	5,243	4,435	4,695	(38.8)	5.9	14,469	9,130	(36.9)
Excpnl Loss/(Profit)	-	-	(17,980)	-	-			0	0	n.a.
<b>PBT</b>	<b>113,118</b>	<b>45,801</b>	<b>56,434</b>	<b>40,320</b>	<b>31,936</b>	<b>(71.8)</b>	<b>(20.8)</b>	<b>253,249</b>	<b>72,256</b>	<b>(71.5)</b>
Tax	28,106	11,828	14,192	10,173	7,964	(71.7)	(21.7)	62,729	18,137	(71.1)
<b>PAT</b>	<b>85,012</b>	<b>33,973</b>	<b>42,242</b>	<b>30,148</b>	<b>23,972</b>	<b>(71.8)</b>	<b>(20.5)</b>	<b>190,521</b>	<b>54,120</b>	<b>(71.6)</b>
<b>Adj PAT</b>	<b>85,012</b>	<b>33,973</b>	<b>55,700</b>	<b>30,148</b>	<b>23,972</b>	<b>(71.8)</b>	<b>(20.5)</b>	<b>190,521</b>	<b>54,120</b>	<b>(71.6)</b>

## Exhibit 3: Operating highlights

Particulars	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Dom Marketing Throughput - mmt	12.2	12.9	13.2	13.2	12.4	1.6	(5.9)	24.9	25.6	2.4
Refining Throughput -mmt	9.4	9.9	10.4	10.1	10.3	9.9	1.7	26.2	27.7	5.5
Mumbai	4.1	3.1	4.0	3.8	4.1	-	9.5	14.7	15.2	3.7
Kochi	4.0	4.7	4.4	4.4	4.4	8.9	0.2	8.5	8.8	3.4
Bina	1.2	2.1	2.0	1.9	1.7	48.7	(10.3)	3.1	3.7	19.9
<b>GRM (USD/bbl)</b>										
Mumbai	14.5	7.9	9.0	4.7	3.4	(76.8)	(27.7)	10.6	4.0	(62.3)
Kochi	19.7	14.0	12.8	8.5	4.7	(76.0)	(43.9)	17.5	6.6	(62.4)
Bina	28.2	20.0	18.7	12.8	6.1	(78.5)	(52.6)	22.4	9.6	(57.2)
Reported GRM	18.5	13.4	12.5	7.9	4.4	(76.2)	(43.9)	15.4	6.1	(60.3)
Inventory gain/loss	3.0	(0.6)	0.5	1.3	(1.6)	(151.7)	(223.0)	1.3	(0.2)	(112.4)
Core GRMs (US\$/bbl)	15.5	14.0	12.0	6.6	6.0	(61.5)	(9.7)	14.2	6.3	(55.7)
Singapore GRMs	9.6	5.4	7.3	3.5	3.6	(62.1)	4.4	6.7	3.5	(46.9)
Marketing EBITDA (Rs/ltr)	1.3	(0.3)	3.2	1.0	2.8	109.3	188.2	4.0	1.9	(54.0)

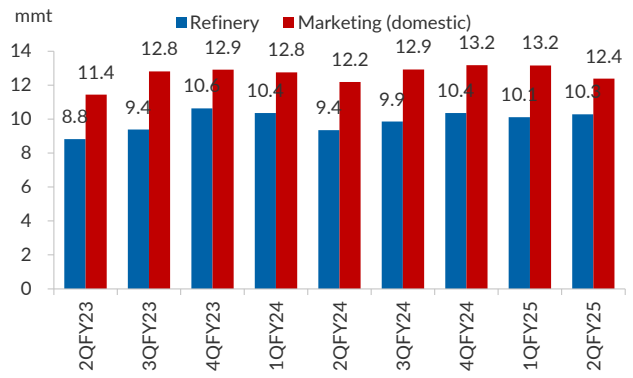
Particulars	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
EBITDA Integrated margin (USD/bbl)	7.2	4.9	7.8	3.0	4.6	(36.1)	52.9	9.6	3.8	(60.3)
<b>Inventory gain/loss (Rs mn)</b>										
Refining	17,390	(3,694)	3,097	7,970	(10,011)	(157.6)	(225.6)	15,473	(2,041)	(113.2)
Marketing	14,970	(3,690)	(7,650)	4,070	(11,130)	(174.3)	(373.5)	4,270	(7,060)	(265.3)
<b>Rs mn</b>										
Gross Debt	225,680	160,167	187,670	152,100	215,290	(4.6)	41.5	225,680	215,290	(4.6)
Forex gain/losses	(1,280)	(290)	(520)	(30)	(370)	(71.1)	1,133.3	(1,035)	(400)	(61.3)
Core EBITDA (Rs mn)	98,000	69,937	115,184	44,495	66,975	(31.7)	50.5	268,469	111,470	(58.5)
<b>Marketing market share (%)</b>										
HSD	26.0	25.8	25.9	25.3	25.9	(0.7)	2.1	25.9	25.6	(1.2)
MS	27.3	27.2	27.2	26.9	27.0	(0.9)	0.5	27.1	26.9	(0.6)

**Exhibit 4: GRMs**



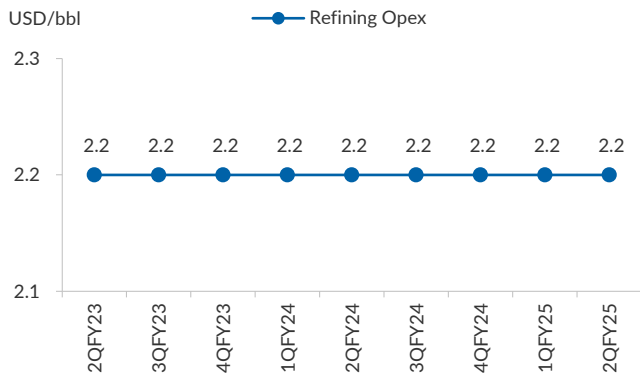
Source: Company, YES Sec

**Exhibit 5: Throughput**



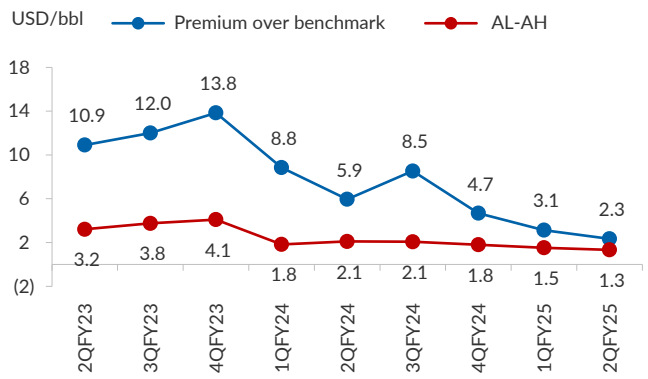
Source: Company, YES Sec

**Exhibit 6: Refining Opex**



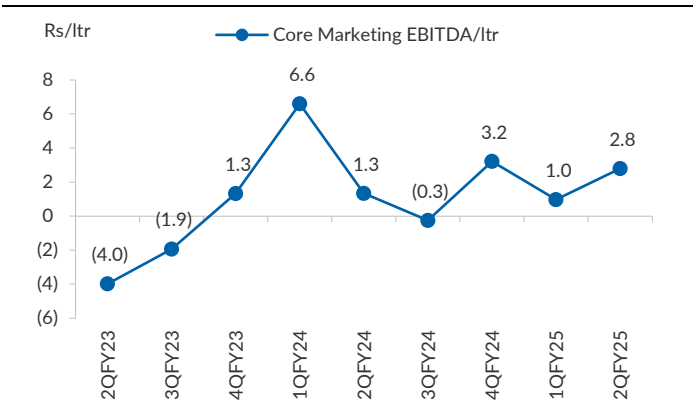
Source: Company, YES Sec

**Exhibit 7: Premium to the benchmark and AL-AH difference**



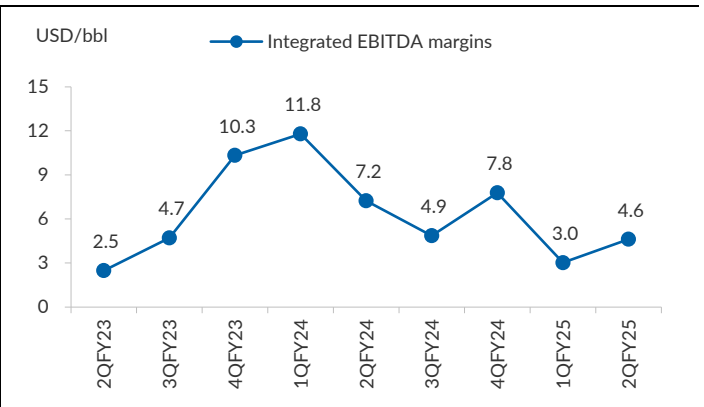
Source: Company, YES Sec

**Exhibit 8: Core marketing EBITDA**



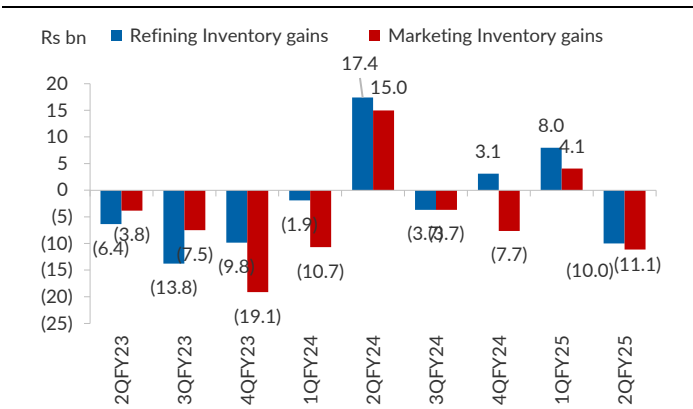
Source: Company, YES Sec

**Exhibit 9: Integrated EBITDA margins**



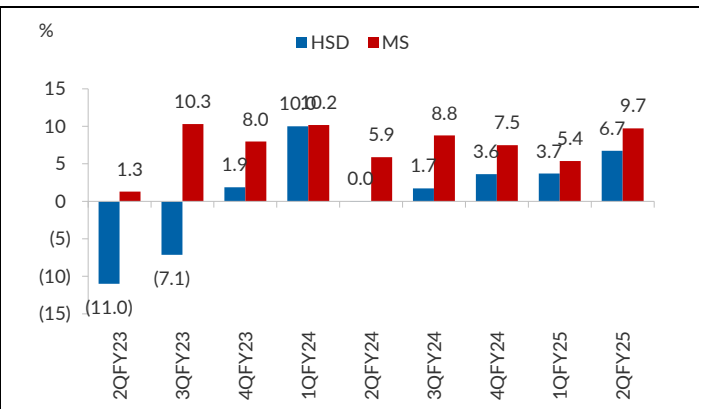
Source: Company, YES Sec

**Exhibit 10: Inventory gain / loss**



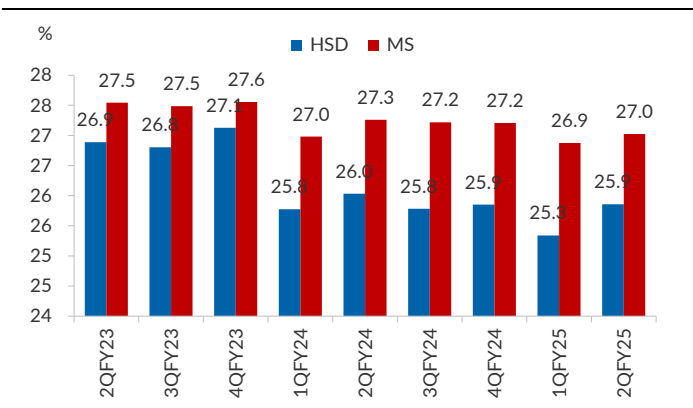
Source: Company, YES Sec

**Exhibit 11: Auto fuel – gross marketing margins**



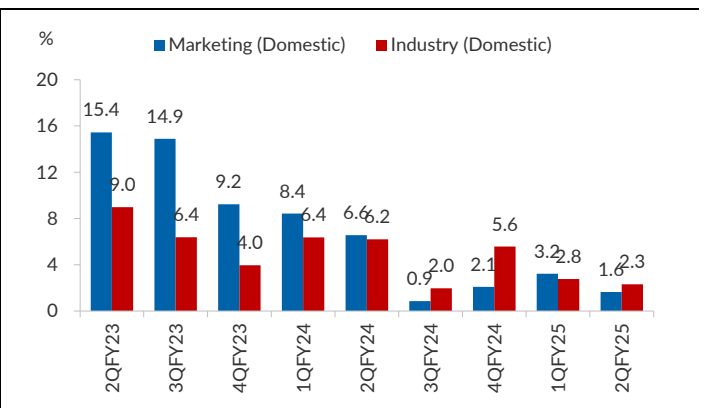
Source: Company, YES Sec

**Exhibit 12: Auto fuel – market share**



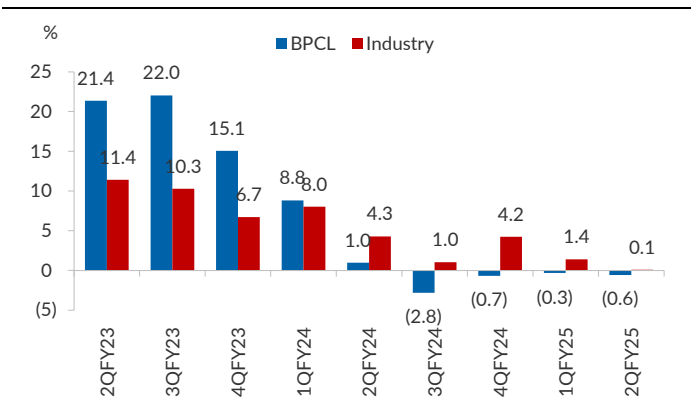
Source: Company, YES Sec

**Exhibit 13: Marketing volume growth, YoY**



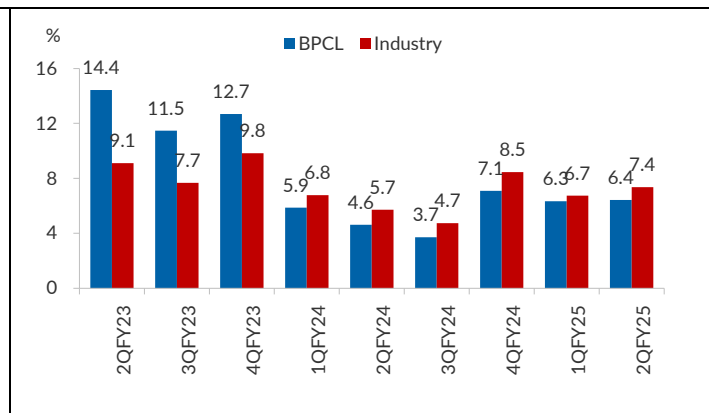
Source: Company, PPAC, YES Sec

**Exhibit 14: HSD volume growth, YoY**



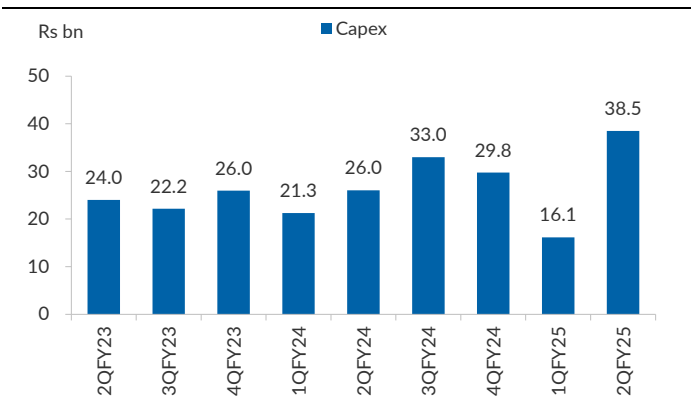
Source: Company, PPAC, YES Sec

**Exhibit 15: MS volume growth, YoY**



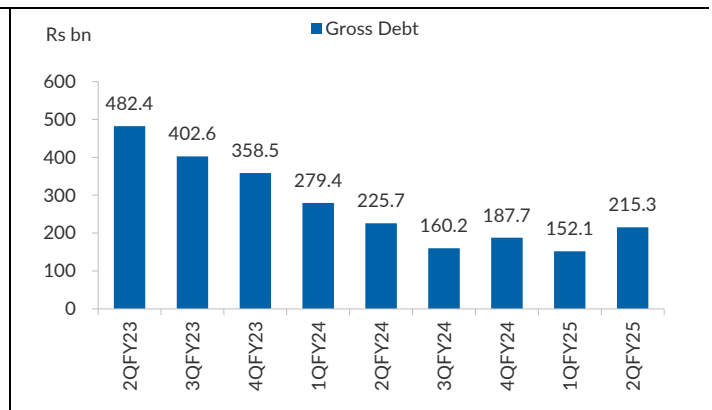
Source: Company, PPAC, YES Sec

**Exhibit 16: Capex**



Source: Company, YES Sec

**Exhibit 17: Gross debt**



Source: Company, YES Sec

## CONCALL HIGHLIGHTS

- Industry Demand Dynamics:** Consumption of petroleum products in India sustained positive momentum, registering a 4% growth YoY in H1FY25. petrol, diesel, and ATF expanded by 7.2%, 0.9%, and 10.4%, respectively. Retail MS volumes increased by 6.5%, while HSD recorded a 0.64% decline in H1FY25. BPCL forecasts FY25 retail demand growth of 6% for MS and 1.5% for HSD, with rural and highway diesel demand outpacing that in urban markets, where CNG transition is taking effect.
- Refinery Operations:** BPCL's refineries operated efficiently, achieving a throughput of 10.28mmt, ~114% of nameplate capacity. Distillate yield reached 84.33%, among the highest in Indian refineries. Singapore gasoline and gasoil cracks declined sequentially to USD6.83/bbl and USD13.69/bbl in Q2FY25 from USD8.58/bbl and USD4.76/bbl in Q1FY25. Despite the lower crack spreads, BPCL's refineries maintained a GRM of USD4.41/bbl in Q2FY25 and USD6.12/bbl for H1FY25, a premium over Singapore's benchmark (USD3.58/bbl for Q2, USD3.56/bbl for H1). Russian crude throughput declined slightly to 34% (from ~39%) due to planned shutdowns at Bina and Kochi refinery. Although spreads are expected to remain moderated, BPCL expects margins to stabilize soon.
- Marketing Performance:** BPCL's market share increased by 1.6% YoY to 12.39mmt. Throughput per retail outlet remains industry-leading at 151 kl/month, surpassing the PSU average of 137 kl/month. BPCL added 540+ new retail outlets in H1FY25, targeting 23,000+ outlets by year-end, including 90 new CNG outlets, with a total of 2,120 CNG stations. Expecting long-term sustainable auto-fuel margins at ~Rs3.5/ltr.

- **LPG Impact:** LPG impact during the quarter was Rs 21.04bn, BPCL anticipates Saudi CP to remain elevated during winter (~USD620–USD630/mt), resulting in projected monthly losses of Rs9-10bn on LPG absorption, totaling ~Rs30bn per quarter.
- **Petrochemical Performance:** The PDPP at Kochi operated at 80.2% capacity in H1FY25, improving from 68.3% in H1FY24. This segment contributed an incremental GRM of Rs4.21bn (USD0.79/bbl) compared to Rs2.35bn(USD0.46/bbl) in the prior period. Bina Petrochemical Project is currently at 6.3% completion (vs 7.6% target), the Bina project has made progress with equipment orders, licensing, and foundational site works. The project remains on track for FY28-29 commissioning.
- **Capex Guidance:** H1FY25 capex was Rs56.2bn, in line with the full-year capex guidance of Rs150-160bn for FY25, Rs180bn in FY26, and Rs200-220bn in FY27, with a long-term target of Rs250bn annually from FY28.
- **Debt:** Standalone gross borrowings stood at Rs215.29bn as of Sep'24, with a debt-to-equity ratio at 0.28x. BPCL distributed Rs44.47bn in dividends in Sep'24, partially funded through short-term borrowings to maintain liquidity. Working capital is expected to remain stable, with potential for improvement pending LPG subsidy receipts from the government.
- **CGD segment:** Aiming to drive growth in both CNG and PNG segments. For FY25, BPCL has allocated ~Rs30bn–35bn for CGD Capex, which encompasses the setup of CNG stations and last-mile infrastructure for PNG connections. In terms of volume, BPCL projects ~120tmt from CGD sales this year and anticipates sustained growth at a 15–16% CAGR, fueled by network expansion. The company plans to add 300 CNG stations by FY25, with progressive targets of 165 stations by FY26 and 200 by FY28, totaling ~800 new stations over the next few years. This network expansion includes its existing 600+ stations within BPCL's exclusive GAs. Additionally, BPCL is considering adjustments to its original Capex allocation of Rs480bn for CGD over the next eight years, with the timing of investments potentially paced to align with demand growth and infrastructure readiness.
- **Mozambique LNG:** Ground-level work has resumed, with Force Majeure likely lifted by Jan-Feb'25. BPCL has invested USD2.15bn (~Rs180bn) in Mozambique, with an additional Rs200bn projected over the next five years, integrated into the capex plan.
- **Alternative Energy Initiatives:** BPCL has advanced its future fuels strategy with the commissioning of its first LNG station in Coimbatore. Another LNG station in Kerala is also expected soon. Additionally, BPCL's BeCafe network grew to 22 outlets in H1FY25, emphasizing a modern retail experience at strategic outlets. BPCL is participating in NHAI's wayside amenities plan, with two facilities commissioned at Vadodara and Haryana. A JV with Singapore-based SimCorp aims to develop green hydrogen projects, while BPCL also signed a JV with GPS Renewables for CBG plants, with groundbreaking ceremonies held for Kochi and Bina sites.

## VIEW & VALUATION

### BUY with a TP of Rs 405/share.

BPCL has Rs14bn and Rs21.4bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of dividend of 4.5/4.5/3.6% FY25e/26e/27e would be key for shareholders. The BV/share for FY25e/26e/27e is at Rs 187/202/217. At CMP, the stock trades at 7.2x/6.4x/7.1x FY25e/26e/27e EV/EBITDA and 1.7x/1.5x/1.4x P/BV (excl. investments, trades at 5.9x/3.3x/5.8 FY25e/26e/27e EV/EBITDA and 1.3x/1.2x/1.1x P/BV). We maintain a BUY rating with a target price of Rs405 valuing it on a sum-of-parts basis (core business at 7.7x EV/EBITDA and investments at Rs62).

### Exhibit 18: SOTP Valuation table

EV/EBITDA method	FY27e EBITDA (Rs mm)	EV/EBITDA (x)	Fair Value (Rs mm)	Fair Value (Rs/share)
<b>Standalone</b>	<b>211,328</b>	<b>7.7 x</b>	<b>1,627,224</b>	<b>368</b>
Refining	84,921	7.7 x	653,894	153
Marketing	119,245	7.7 x	918,186	215
Pipeline	7,162	7.7 x	55,144	13
Cash & Current Investments			82,897	19
Gross Debt			246,528	58
<b>Standalone Equity Value (Using EV/EBITDA)</b>			<b>1,463,592</b>	<b>343</b>
Listed Investments	Full Value (Rs mm)	Holdco discount (%)	Fair Value (Rs mm)	Fair Value (Rs/share)
Petronet LNG	63,750	30%	44,625	10
Indraprastha Gas	65,363	30%	45,754	11
Oil India	15,508	30%	10,856	3
<b>Listed Investments Equity Value</b>			<b>101,235</b>	<b>24</b>
Unlisted Investments	FY27E EBITDA (Rs mm)	EV/EBITDA (x)	Fair Value (Rs mm)	Fair Value (Rs/share)
Mozambique (Upstream)			122,777	29
Vankor, Taas, Lower Zakum (Upstream)			27,485	6
<b>Unlisted Investments Equity Value</b>			<b>150,263</b>	<b>35</b>
<b>Treasury Stock</b>	<b>19,873</b>	<b>30%</b>	<b>13,911</b>	<b>3</b>
<b>Equity Value</b>			<b>1,729,001</b>	<b>405</b>

### Exhibit 19: P/BV (x) band, one-year-forward



Source: Company, YES Sec

## FINANCIALS

### Exhibit 20: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	3,466,439	4,731,247	4,480,132	3,730,430	3,583,985	3,730,670
Total Expense	3,276,179	4,621,680	4,038,561	3,528,343	3,356,248	3,519,343
<b>Operating Profit</b>	<b>190,260</b>	<b>109,566</b>	<b>441,571</b>	<b>202,087</b>	<b>227,737</b>	<b>211,328</b>
Other Income	26,294	21,840	24,125	24,607	25,099	25,601
Depreciation	54,179	63,475	67,501	66,087	72,119	77,573
EBIT	162,375	67,931	398,194	160,607	180,718	159,356
Interest	22,088	32,165	24,730	14,413	11,517	12,133
Extraordinary Item	16,431	(13,600)	(17,980)	-	-	-
<b>PBT</b>	<b>156,717</b>	<b>22,167</b>	<b>355,484</b>	<b>146,194</b>	<b>169,201</b>	<b>147,223</b>
Tax	43,084	3,466	88,749	36,498	42,242	36,755
<b>PAT</b>	<b>113,634</b>	<b>18,701</b>	<b>266,735</b>	<b>109,696</b>	<b>126,959</b>	<b>110,468</b>
Adj. PAT	97,203	32,301	284,715	109,696	126,959	110,468
Eps	26.6	4.4	62.4	25.7	29.7	25.9

### Exhibit 21: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	21,295	21,295	21,363	21,363	21,363	21,363
Reserves	495,160	498,669	725,385	775,265	842,407	905,877
<b>Net worth</b>	<b>516,455</b>	<b>519,963</b>	<b>746,748</b>	<b>796,628</b>	<b>863,770</b>	<b>927,240</b>
Debt	422,153	447,751	278,806	178,806	184,806	209,806
Deferred tax liab (net)	58,660	70,683	66,706	66,706	66,706	66,706
<b>Capital Employed</b>	<b>997,268</b>	<b>1,038,398</b>	<b>1,092,261</b>	<b>1,042,140</b>	<b>1,115,282</b>	<b>1,203,752</b>
Fixed assets	888,035	922,696	955,189	975,570	1,068,451	1,150,878
Investments	126,320	138,724	144,581	144,581	144,581	144,581
Net working capital	(17,087)	(23,022)	(7,510)	(78,011)	(97,750)	(91,707)
Inventories	421,765	380,647	428,351	334,504	306,413	320,995
Sundry debtors	96,996	67,219	83,282	62,658	60,198	62,662
Cash & Bank Balance	14,509	21,204	44,906	43,615	40,352	39,990
Other current assets	94,220	77,844	73,621	73,621	73,621	73,621
Sundry creditors	303,301	240,108	282,934	237,674	223,599	234,240
Other liabilities	341,276	329,828	354,735	354,735	354,735	354,735
<b>Application of Funds</b>	<b>997,268</b>	<b>1,038,398</b>	<b>1,092,261</b>	<b>1,042,140</b>	<b>1,115,282</b>	<b>1,203,752</b>



## Exhibit 23: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT	156,717	22,167	355,484	146,194	169,201	147,223
Depreciation & amortization	54,179	63,475	67,501	66,087	72,119	77,573
Interest expense	22,088	32,165	24,730	14,413	11,517	12,133
(Inc)/Dec in working capital	(14,937)	(15,035)	(15,871)	-	-	-
Tax paid	18,750	(610)	(13,000)	69,210	16,476	(6,405)
Less: Interest/Dividend Income Received	(16,849)	(7,095)	(86,582)	(36,498)	(42,242)	(36,755)
Other operating Cash Flow	(11,814)	11,575	25,361	-	-	-
<b>Cash flow from operating activities</b>	<b>208,135</b>	<b>106,641</b>	<b>357,622</b>	<b>259,406</b>	<b>227,070</b>	<b>193,769</b>
Capital expenditure	(74,239)	(73,768)	(87,970)	(86,468)	(165,000)	(160,000)
Inc/(Dec) in investments	13,879	12,022	14,832	-	-	-
Add: Interest/Dividend Income Received	(17,077)	(2,227)	(43,474)	-	-	-
<b>Cash flow from investing activities</b>	<b>(77,437)</b>	<b>(63,973)</b>	<b>(116,612)</b>	<b>(86,468)</b>	<b>(165,000)</b>	<b>(160,000)</b>
Inc/(Dec) in share capital	-	-	-	-	-	-
Inc/(Dec) in debt	(32,643)	(1,529)	(185,986)	(100,000)	6,000	25,000
Interest Paid	(13,771)	(22,314)	(19,173)	(14,413)	(11,517)	(12,133)
Dividend Paid	(144,828)	(12,816)	(53,288)	(59,816)	(59,816)	(46,998)
Others	4,624	-	3,786	-	-	-
<b>Cash flow from financing activities</b>	<b>(186,618)</b>	<b>(36,659)</b>	<b>(254,660)</b>	<b>(174,229)</b>	<b>(65,333)</b>	<b>(34,132)</b>
<b>Net cash flow</b>	<b>(55,921)</b>	<b>6,009</b>	<b>(13,650)</b>	<b>(1,291)</b>	<b>(3,263)</b>	<b>(363)</b>

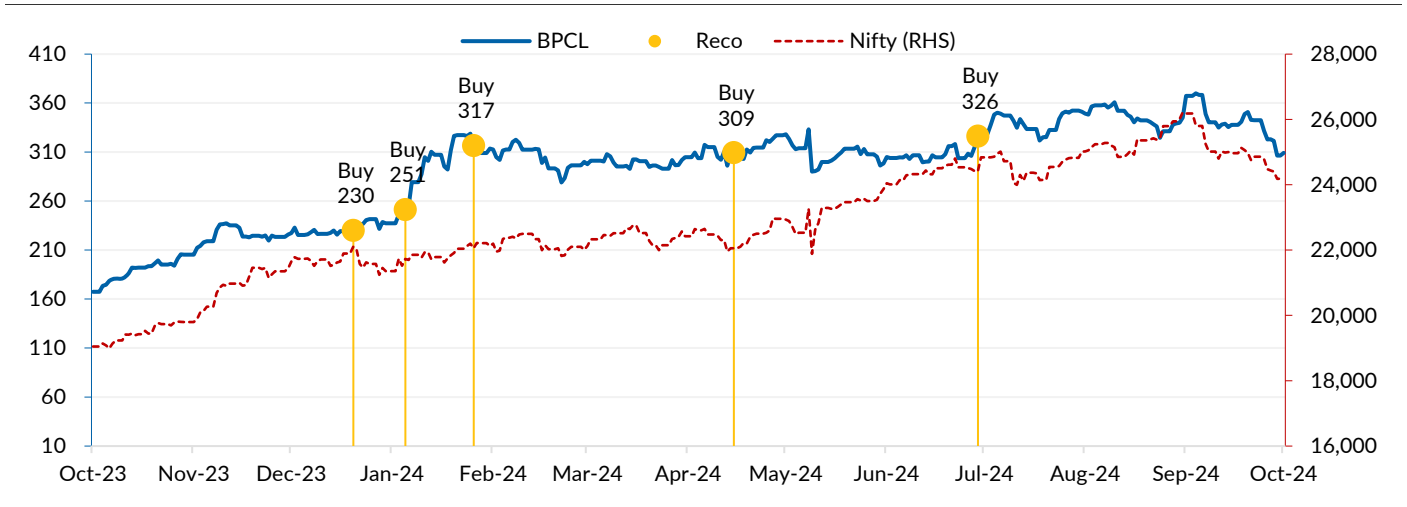
## Exhibit 24: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.7	0.8	0.8	0.8	0.8	0.8
Interest burden (x)	1.0	0.3	0.9	0.9	0.9	0.9
EBIT margin (x)	0.0	0.0	0.1	0.0	0.1	0.0
Asset turnover (x)	2.3	2.9	2.7	2.2	2.2	2.1
Financial leverage (x)	2.9	3.1	2.6	2.2	2.0	1.9
RoE (%)	21.4	3.6	42.1	14.2	15.3	12.3

## Exhibit 25: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>						
Revenue growth	49.1	36.5	(5.3)	(16.7)	(3.9)	4.1
Op profit growth	11.1	(42.4)	303.0	(54.2)	12.7	(7.2)
EBIT growth	(7.2)	(58.2)	486.2	(59.7)	12.5	(11.8)
Net profit growth	(40.3)	(83.5)	1,326.3	(58.9)	15.7	(13.0)
<b>Profitability ratios (%)</b>						
OPM	5.5	2.3	9.9	5.4	6.4	5.7
EBIT margin	4.7	1.4	8.9	4.3	5.0	4.3
Net profit margin	3.3	0.4	6.0	2.9	3.5	3.0
RoCE	16.8	6.7	37.4	15.0	16.8	13.7
RoE	21.4	3.6	42.1	14.2	15.3	12.3
RoA	7.5	1.2	16.0	6.5	7.6	6.3
<b>Per share ratios</b>						
EPS	26.6	4.4	62.4	25.7	29.7	25.9
Dividend per share	33.0	4.0	42.0	14.0	14.0	11.0
Cash EPS	39.3	19.2	78.2	41.1	46.6	44.0
Book value per share	120.9	121.7	174.8	186.5	202.2	217.0
<b>Valuation ratios</b>						
P/E	11.6	70.6	4.9	12.0	10.4	12.0
P/CEPS	7.9	16.1	3.9	7.5	6.6	7.0
P/B	2.6	2.5	1.8	1.7	1.5	1.4
EV/EBIDTA	9.1	15.9	3.5	7.2	6.4	7.1
<b>Payout (%)</b>						
Dividend payout	124.1	91.4	67.3	54.5	47.1	42.5
Tax payout	27.5	15.6	25.0	25.0	25.0	25.0
<b>Liquidity ratios</b>						
Debtor days	10.2	9.2	6.3	6.1	6.1	6.1
Inventory days	44.1	41.5	33.8	39.3	38.0	37.0
Creditor days	26.9	28.0	22.9	25.4	27.0	27.0

## Recommendation Tracker



## STANDARD DISCLAIMER:

**YES Securities (India) Limited, Registered Address:** 2<sup>nd</sup> Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | **Correspondence Add:** 7<sup>th</sup> Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: [www.yesinvest.in](http://www.yesinvest.in) | Email: [customer.service@ysil.in](mailto:customer.service@ysil.in)

**Registration Nos.:** CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

**Details of Compliance Officer:** Aditya Goenka | Email: [compliance@ysil.in](mailto:compliance@ysil.in) / Contact No.: 022-65078127 | **Grievances Redressal Cell:** [customer.service@ysil.in](mailto:customer.service@ysil.in) / [igc@ysil.in](mailto:igc@ysil.in)

**Standard Disclaimer:** Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit [https://yesinvest.in/standard\\_documents\\_policies](https://yesinvest.in/standard_documents_policies)

## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")<sup>[1]</sup> and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

---

<sup>[1]</sup> Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperone broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks<sup>3</sup> acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Harshraj Aggarwal

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

## RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Upside greater than 20% over 12 months

**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

**SELL:** Downside greater than -10% over 12 months

**NOT RATED / UNDER REVIEW**

Analyst signature

## ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL.