ADD

HPCL

Earnings beat due to marketing; ME conflict to weigh on outlook

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Oil & Gas | Result Update | **May 14, 2026**

CMP (Rs): 390 | TP (Rs): 410

HPCL's Q4FY26 SA adjusted EBITDA/APAT of Rs84.5bn/Rs34.2bn were a significant beat to our estimates, largely driven by better marketing margins (due to the lag effect in crude sourcing), lower opex, and inventory gains. Amid supply disruption, HPCL prioritized crude availability over slate and sourcing optimization. Accordingly, core GRM of USD10.3/bbl was below our USD12.0/bbl estimate, but blended marketing margin of Rs4.5/kg was a 95% beat. The management assured adequate crude availability, with supplies secured till mid-Jul. However, sharp crude spike, weak product prices, continuing volatility, and currency depreciation are expected to drive Q1FY27 losses, though HPCL remains focused on controllable levers to curtail the impact. Reported GRM came in at USD14.3/bbl, while LPG under-recoveries declined 59% YoY to Rs13.5bn. HPCL booked Rs19.8bn of LPG subsidy. Against the Rs15bn target, Project Samriddhi delivered Rs16.9bn savings in FY26, with the company now focused on Samriddhi 2.0. Incremental benefits from the Vizag residue upgradation facility (RUF) would accrue from Q2FY27, while the Barmer refinery (HRRL) is slated for full commissioning by mid-May-26. We largely retain FY27-28E EBITDA. We retain ADD with an unchanged TP of Rs410.

Results highlights

HPCL's refining volumes declined 5% YoY to 6.4mmt (in-line), with overall utilization at 106%. Distillate yield declined to 73%. Domestic sales volume rose 2.6% YoY to 12.4mmt vs industry growth of 2.7% YoY, with overall volume up 2% YoY to 13.0mmt (2% miss). Exports fell 14% QoQ to 0.57mmt. Petrol/diesel sales rose 3.6%/3.3% YoY vs industry growth of 6.7%/5.3% YoY. Pipeline volume rose 4% QoQ to 6.5mmt (down 2% YoY). Total opex rose 11% YoY to Rs64.4bn (12% below estimate). Finance cost was up 43% QoQ to Rs9.6bn, while implied net debt fell 2% QoQ to Rs443bn (down 24% YoY). D/A rose 48% QoQ to Rs24.0bn, while other income at Rs9.4bn was a 5% beat (up 17% YoY/36% QoQ). Share of profit from JVs was Rs12.9bn vs Rs1.2bn in Q3. Q4/FY26 capex stood at Rs46.1/157.0bn. The board declared a final dividend of Rs19.3/share.

Management KTAs

Strong Jan/Feb-26 momentum and lagged crude procurement supported Q4 earnings, though the sharp crude spike is likely to drive Q1FY27 losses. The RUF unit has resumed ramp-up after a temporary shutdown due to catalyst clogging, with full stabilization expected from Q2FY27. The HRRL fire incident had limited impact, with MS/HSD production set to begin in mid-May, and full stabilization targeted from Q2FY27. FY27 capex is expected to decline, with some capex curtailed or phased, while debt-to-equity improved to 0.8x. Product and crude inventories remain at pre-crisis levels. Q1FY27 is challenging, with ongoing heavy losses.

Valuation

We value HPCL on an SOTP-EV/EBITDA-based method, with investments valued at a 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	Mar-27
Change in TP (%)	**-**
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	5.1

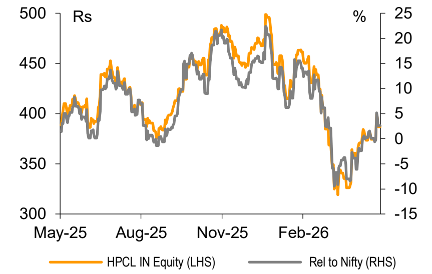
Stock Data	**HPCL IN**
52-week High (Rs)	508
52-week Low (Rs)	316
Shares outstanding (mn)	2,127.8
Market-cap (Rs bn)	830
Market-cap (USD mn)	8,672
Net-debt, FY27E (Rs mn)	584,724.9
ADTV-3M (mn shares)	6.7
ADTV-3M (Rs mn)	3,397.0
ADTV-3M (USD mn)	35.5
Free float (%)	45.0
Nifty-50	23,412.6
INR/USD	95.7

Shareholding,Mar-26	
Promoters (%)	54.9
FPIs/MFs (%)	17.3/19.6

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	11.6	(13.3)	0.3
Rel. to Nifty	13.7	(5.7)	5.3

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	5,005,632	5,263,207	5,373,411
EBITDA	170,557	296,816	100,705	235,373	261,141
Adj. PAT	73,649	147,010	9,243	104,611	126,529
Adj. EPS (Rs)	34.6	69.1	4.3	49.2	59.5
EBITDA margin (%)	3.9	6.8	2.0	4.5	4.9
EBITDA growth (%)	(32.0)	74.0	(66.1)	133.7	10.9
Adj. EPS growth (%)	(49.9)	99.6	(93.7)	1,031.8	21.0
RoE (%)	16.9	32.5	7.1	15.4	16.7
RoIC (%)	9.8	17.8	(0.4)	9.9	11.2
P/E (x)	11.3	5.6	89.8	7.9	6.6
EV/EBITDA (x)	8.6	4.5	14.1	5.8	4.9
P/B (x)	1.8	1.4	1.3	1.2	1.0
FCFF yield (%)	3.8	21.4	(5.7)	6.5	10.2

Source: Company, Emkay Research

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Exhibit 1: Actuals vs estimates (Q4FY26)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,128.7	1,479.1	1,236.0	-24%	-9%	
Adjusted EBITDA	84.5	25.9	39.3	226%	115%	Higher-than-expected marketing margins and lower opex.
EBITDA Margin	*7.5%*	*1.8%*	*3.2%*	*573bps*	*431bps*	
Adjusted Net Profit	34.2	0.0	25.7	106585%	33%	

Source: Company, Emkay Research

Exhibit 2: Quarterly summary

(Rs mn)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY	QoQ	FY25	FY26	YoY
Revenue	1,094,924	1,107,674	1,007,811	1,137,338	1,128,661	3%	-1%	4,337,281	4,381,484	1%
COGS	979,471	975,772	878,067	1,018,385	979,782	0%	-4%	3,946,017	3,852,006	-2%
Gross Profit	115,453	131,902	129,745	118,953	148,879	29%	25%	391,264	529,478	35%
Opex	58,244	55,160	53,577	59,525	64,399	11%	8%	220,423	232,662	6%
Total Expenditure	1,037,715	1,030,932	931,644	1,077,910	1,044,182	1%	-3%	4,166,440	4,084,668	-2%
EBITDA	**57,209**	**76,742**	**76,168**	**59,428**	**84,479**	**48%**	**42%**	**170,841**	**296,816**	**74%**
Depreciation	15,831	15,491	15,570	16,189	23,998	52%	48%	60,900	71,248	17%
Interest	7,087	7,493	7,611	6,741	9,650	36%	43%	33,109	31,495	-5%
Other Income	7,996	5,226	5,460	6,862	9,361	17%	36%	23,880	26,910	13%
Exceptional Items	-	-	-	13,200	19,800			-	33,000	
Forex Gain/(Losses)	758	(724)	(7,258)	(2,434)	(14,495)			(4,497)	(24,911)	
PBT	43,044	58,259	51,189	54,127	65,498	52%	21%	96,215	229,073	138%
Tax	9,495	14,550	12,885	13,402	16,483	74%	23%	22,566	57,320	154%
PAT	**33,550**	**43,709**	**38,304**	**40,725**	**49,015**	**46%**	**20%**	**73,649**	**171,752**	**133%**
Adjusted PAT	33,550	43,709	38,304	30,793	34,198	2%	11%	73,649	147,004	100%
Adjusted EPS (Rs)	16	21	18	14	16	2%	11%	35	69	100%
Tax Rate	22%	25%	25%	25%	25%			23%	25%	
Core EBITDA^	45,949	97,612	67,098	64,708	42,529	-7%	-34%	185,311	271,946	47%
Core PAT^	23,208	59,730	36,934	36,383	13,646	-41%	-62%	86,156	146,693	70%
Core EPS (Rs)^	10.9	28.1	17.4	17.1	6.4	-41%	-62%	40.5	68.9	70%
Refining Volumes (mmt)	6.7	6.7	6.6	6.4	6.4	-5%	1%	25.3	26.0	3%
Reported GRM (USD/bbl)	**8.4**	**3.1**	**8.8**	**8.9**	**14.3**	**69%**	**61%**	**5.7**	**8.7**	**52%**
Core GRM (USD/bbl)^	7.1	6.6	8.0	10.2	10.3	46%	2%	6.1	8.7	44%
Adjusted Refining EBITDA^	21,051	-1,748	22,191	21,383	44,075	109%	106%	36,535	85,902	135%
Marketing Volumes (mmt)	12.7	13.0	12.1	13.3	13.0	2%	-3%	49.8	51.5	3%
Diesel	5.1	5.5	4.5	5.4	5.3	3%	-3%	20.5	20.7	1%
Petrol	2.5	2.6	2.5	2.6	2.6	4%	-2%	9.8	10.3	5%
Marketing Margin (Rs/mt)^	**5,520**	**9,313**	**6,919**	**5,867**	**4,516**	**-18%**	**-23%**	**5,923**	**6,646**	**12%**
Adjusted Marketing EBITDA^	32,643	74,892	50,655	34,626	36,820	13%	6%	120,214	196,992	64%
Marketing Inventory Gain/(Losses)^	5,480	-6,350	5,690	140	24,950			-9,070	24,430	
Pipeline Volumes (mmt)	6.6	6.7	6.1	6.2	6.5	-2%	4%	26.9	25.5	-5%
Implied Pipeline EBITDA	3,515	3,597	3,322	3,419	3,584	2%	5%	14,092	13,922	-1%
Gross Debt	633,234	509,954	558,085	487,127	475,987	-25%	-2%	633,234	475,987	-25%
Implied Net Debt*	578,896	452,123	496,762	449,980	442,516	-24%	-2%	578,896	442,516	-24%

*Source: Company, Emkay Research; Note: ^ is estimated as the inventory figure, and segmental EBITDA is not reported properly; *balance sheet cash and STI are estimated for Q1 and Q3 when not reported.*

Key concall takeaways

Q4FY26 performance and sector-business scenario-outlook

- Amid the current geopolitical uncertainty, all OMCs and the Government of India (GoI) have worked in tandem to cushion the impact on consumers. Efforts were put by OMCs to meet supplies despite panic, but no dry outs were seen – be it in autofuels or LPG. Various mitigation measures were taken – both physical and financial. The GoI has acknowledged the financial stress on OMCs, and any decision regarding compensation would be taken at an appropriate time. OMCs also collaborated closely to support each other during the disruption.
- In FY26, HPCL reported strong operational performance, achieving its highest-ever throughput. It sustained the strong momentum witnessed in 9MFY26 through Jan/Feb-26, which supported robust Q4FY26 performance. Mar-26 saw only a marginal impact from the disruption due to the lag effect in crude procurement, as the company processed crude contracted at Feb-26 prices. It also took price hikes in industrial segment, etc. Consolidated Q4FY26 performance was further aided by strong contributions from HMEL and MRPL. However, GRMs were marginally impacted as sourcing optimization remained constrained, with procurement focused on ensuring availability. The company adopted a balanced approach toward supply management while maintaining financial prudence. There were inventory gains in Q4. The company remained focused on profitable growth rather than chasing volumes.
- The sharp rise in crude prices during Mar-26 is expected to weigh on Q1FY27, and the quarter could remain challenging due to the evolving situation. Elevated crude prices, weak product prices, and heightened volatility are expected to result in losses, though the extent remains difficult to quantify given multiple moving factors. The company highlighted its focus on controllable factors, including maintaining supplies, mitigating operational disruptions, and remaining prepared for a swift recovery once the environment stabilizes. HPCL's strong balance sheet provides adequate headroom to navigate the current stress while continuing to pursue its long-term strategic priorities. The company remained focused on profitable growth rather than chasing volumes.
- Against the guided FY26 savings target of Rs15bn, the Samriddhi initiative delivered savings of Rs16.9bn, including Rs9.5bn of one-time savings and Rs7.4bn of recurring savings. While recurring savings have been incorporated into FY27 targets, the one-time savings demonstrated the company's ability to capitalize on opportunities. It remains focused on 'Samriddhi 2.0'. Unlike the first phase, which was executed internally, the second phase involves external consultants, as the next leg of efficiencies is expected to be more challenging. Due to the volatile environment, guidance for the same will be given in Q2FY27. Efficiencies from the initiative translated into improved profitability, with opex-to-turnover ratio declining to 1.45% in FY26 from 1.54% in FY25. This would have been better, but was impacted by elevated movement costs in Mar-26. Opex/mt declined to Rs1,344/mt in FY26 from Rs1,438/mt in FY24.
- HPCL significantly improved its leverage profile, with debt-to-equity declining to 0.8x in FY26 (below the guided 1.0x), from 1.63x at H1FY25-end and 1.38x at FY25-end. Tighter capex discipline, along with working capital optimisation, supported debt reduction, with HPCL reducing working capital by ~Rs85bn.
- Finance costs declined during the year, supported by lower debt levels and active refinancing initiatives. The company also reduced its forex exposure by USD250-300mn, as well as outstanding credit. Depreciation increased during the quarter due to the capitalisation of the RUF unit, along with an impairment adjustment of Rs4.5bn. The RUF unit has now been fully capitalised.
- Q4FY26 capex stood at Rs46.1bn, taking FY26 capex to Rs157.1bn. During the year, the company exercised tighter control over capex, with certain planned projects either curtailed or phased out. However, spending on HRRL remained a priority to ensure timely commissioning, while emergency-safety related capex continued as required. FY27 capex is expected to be marginally lower than FY26 levels, as certain projects are being deferred or scaled back. However, spending on ongoing projects will continue as planned.

- HMEL reported Q4FY26 EBITDA of Rs33bn, with GRMs at USD17/bbl, while FY26 EBITDA stood at Rs68bn.

Refining

- HPCL commissioned the RUF unit in Jan-26. The unit is currently under stabilization, although ramp-up has been slower than initially anticipated due to catalyst clogging in one of the vessels, which necessitated a shutdown and restart. The unit has since resumed operations and is progressively ramping up utilization. Full ramp-up would be achieved over the next 1-2 months, with incremental benefits likely to come from Q2FY27.
- HRRL was originally scheduled for commissioning on 21-Apr-26. However, a localized fire on 20-Apr, caused by a vacuum residue leak in the CDU unit, delayed the commissioning. The fire was quickly brought under control and impacted only six heat exchanger bays out of the refinery's 600-800 heat exchangers, indicating limited damage. Despite the incident, commissioning activities across other units continued. The refinery has already produced and sold LPG during CDU trial runs, and production of MS-HSD and crude runs would commence in the second fortnight of May-26. Initially, the refinery is expected to operate at ~60% capacity, with ramp-up likely during Jun-26 and full refinery stabilisation targeted from Q2FY27 onward. The petchem unit will be commissioned gradually thereafter. However, under the current control order, LPG production would be prioritized over downstream propylene output.
- The incident at HRRL is expected to have a negligible impact on project capex, as the damage was highly localized and affected only a small portion of the refinery. In addition, there will be some insurance claims. Once the HRRL refinery stabilises, HPCL's dependence on external product purchases is expected to decline materially. The company is also likely to turn surplus in diesel production, creating export opportunities while improving self-sufficiency.
- Amid the ongoing supply disruption, refineries are prioritising crude availability over optimization of the crude slate and sourcing mix. Consequently, refinery efficiency has been marginally impacted due to limited availability of certain crude grades, though benchmarks are robust. This is expected to weigh on HPCL's RUF, as the unit operates most efficiently on Middle East crude. Given the disruption, the company is being forced to process alternative grades, which could modestly impact refinery performance and optimization benefits. However, all refineries are being affected by these dynamics.
- Product inventory levels remain broadly in line with pre-crisis levels, with the company maintaining ~30 days of inventory. Export rebate (SAED) is being adjusted in the procurement prices, with revisions aligned to the fortnightly SEAD notifications.

Crude sourcing

- Owing to geopolitical uncertainty and supply disruptions, crude oil prices have remained elevated and highly volatile, further exacerbated by currency depreciation. Amid this backdrop, HPCL has prioritized uninterrupted supply of liquid fuels and LPG, and supplies have been fully maintained. The company also highlighted that both HPCL and other OMCs have adequately secured crude requirements, with crude availability not being a challenge; however, elevated crude prices continue to pressure margins.
- HPCL maintains a highly diversified crude sourcing portfolio, procuring crude from ~41 countries with processing ability for 180-190 crude grades, providing significant flexibility in sourcing and refinery optimisation.
- Under normal business conditions, the company typically secures crude supplies around two months in advance. Despite the ongoing disruption, HPCL has largely maintained this inventory visibility at ~2 months, barring a brief period in early-Mar-26. However, the sourcing mix has shifted materially, with lower availability of term supplies leading to increased reliance on spot cargoes (earlier 50-50 share). Spot availability remains adequate, with supplies currently secured till mid-Jul-26. HPCL is also actively timing spot purchases on a weekly basis to partially mitigate the impact of elevated crude prices.

- Prior to the crisis, HPCL sourced a substantial portion of crude from the Persian Gulf, with Iraq accounting for 20-25% of imports. However, amid the crisis, significant Russian crude has been procured, with all OMCs taking a large chuck of floating Russian crude in early-Mar-26. The company is also sourcing from Africa and America, with some cargo also coming from Venezuela.

- Supply chain operations for liquid fuels continue to function broadly at pre-crisis levels. HPCL is maintaining 45-50 days of crude inventory at the Vizag refinery and 30-35 days at the Mumbai refinery. Crude inventory remains fully secured, with no material concerns around supply availability.
- Insurance premiums, freight costs, and overall price volatility have increased sharply amid the disruption. While participation from refiners remains broadly similar to pre-crisis levels, the spread in quotes submitted by refiners has widened significantly.
- HPCL has remained agile in navigating the volatile environment, with strong focus on cost optimization. The company has shifted from long-duration insurance contracts to cargo-to-cargo insurance coverage, and has actively negotiated discounts and competitive pricing based on evolving market conditions. Operational agility and faster decision-making have enabled the company to capitalize on emerging opportunities during the disruption.

LPG

- There were some challenges in LPG sourcing initially amid the supply disruption. However, the situation has now stabilized and remains comfortable, supported by diversified sourcing, higher domestic production, and some degree of demand rationalization. Earlier, OMCs were largely dependent on the Persian Gulf for LPG supplies, but sourcing has since been diversified across multiple geographies. Given the current disruption, companies have increasingly relied on spot LPG cargo, although some volumes continue to be sourced from the Persian Gulf.
- LPG imports from the US commenced from Jan-26, with the three OMCs collectively receiving four cargoes per month, along with additional spot cargoes. However, long-term landed procurement costs from the US remain marginally higher than for Middle East supplies, primarily due to the longer transit time of ~80 days versus ~14 days from the Middle East, resulting in elevated freight costs and requirement of more ships.
- The company indicated that LPG inventory levels remain comfortable, with no supply shortages expected during May-Jun-26 or thereafter. HPCL is currently maintaining LPG inventory cover of 45-50 days.
- LPG pricing continues to be benchmarked to Saudi CP, with not only benchmark prices but also premiums over the benchmark witnessing a sharp increase amid the volatile environment.
- LPG under-recoveries stood at Rs13.5bn in Q4FY26 and Rs52bn for FY26. HPCL received five instalments of the announced LPG compensation, amounting to Rs33bn. LPG under-recoveries has increased sharply to Rs170/cylinder in Apr-26 and Rs670/cylinder in May-26 vs Rs84/cy in Mar-26, reflecting the steep rise in LPG procurement costs.

Others

- Various estimates regarding OMC losses have been circulating in the media, with the Minister also referring to monthly losses of ~Rs300bn. Amid the highly volatile environment, any earnings guidance cannot be given as of now.
- The Chhara breakwater project is currently 90-95% complete, with ~1,800-1,850m of construction already completed and only ~100m remaining. Given the current progress, the company expects to receive permission to operate the asset at full capacity for 10-11 months annually, excluding the peak monsoon period. Completion of the remaining section, which would enable operations even during peak monsoon, is likely post the monsoon cycle. The company has started bringing in more cargoes, though supplies are disrupted currently.
- HPCL achieved mechanical completion of its 2G ethanol project on 31-Mar-26 and expects commissioning over the next 2-3 months. However, given the technology complexity, it is unlikely to be materially value-accretive.

- Product trading and optimization of trading operations have emerged as a key strategic focus area over the past few quarters. The company highlighted that the diversification of crude sourcing, greater procurement flexibility, and improved operational agility contributed meaningfully to the Rs9.5bn one-time savings achieved under the 'Samriddhi' programme. HPCL is also strengthening its capabilities in product trading, particularly in anticipation of surplus product availability in future.

- On the retail front, the company continues to focus on strengthening its brand and network productivity. While the initial 'Project Abhyuday' did not materially improve throughput/outlet growth, the initiative provided important operational learnings. Building on these learnings, HPCL has launched 'Abhyuday 2.0', with a sharper focus on addressing gaps identified in the previous phase and driving higher throughput improvements.
- As the current capex cycle approaches completion, HPCL is increasing its focus on renewables and gas businesses, with emphasis on improving returns from existing investments while also evaluating the next phase of investments. The company has begun formulating its next five-year strategic roadmap.
- On the digital front, HPCL is making significant progress in driving operational efficiencies and improving ease of execution through multiple parallel initiatives. The company has reinvigorated its digital transformation programme, supported by external consultants who have conducted a detailed assessment and outlined a long-term roadmap. A dedicated digital transformation team has also been established to drive implementation. Currently, ~85% of retail outlets are digitally connected to central systems, enabling real-time data analysis, better monitoring, and improved demand forecasting through daily reporting. It plans to further increase connectivity across retail outlets. HPCL is also leveraging digital technologies within refining operations, including real-time optimizers across several refining units, which are helping improve yields by ~0.5%.
- Current Director Finance Rajneesh Narang would superannuate. Under his tenure, HPCL has achieved Rs343bn of consolidated EBITDA against the target of Rs400bn.

Exhibit 3: Change in estimates

(Rs bn)	FY27E			FY28E			FY29E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	5,128	5,006	-2%	5,409	5,263	-3%	5,373
EBITDA	100	101	1%	234	235	1%	261
EBITDA margin	*1.9%*	*2.0%*	*6bps*	*4.3%*	*4.5%*	*14bps*	*4.9%*
PAT	10	9	-7%	110	105	-5%	127
EPS (Rs)	4.6	4.3	-7%	51.7	49.2	-5%	59.5

Source: Emkay Research

Valuation

Exhibit 4: SOTP-based valuation

Components	Basis	Mar-28E EBITDA	Multiple (x)	EV (Rs bn)	EV/Sh (Rs)	Comments
Refining Standalone	EV/EBITDA	98	6.0	589	277	
Pipelines Standalone	EV/EBITDA	16	6.0	99	46	
Petrochemicals Standalone	EV/EBITDA	-		-	-	
Marketing Standalone	EV/EBITDA	121	6.0	723	340	
Core Business EV		**235**	**6.0**	**1,410**	**663**	**Blended multiple at 6.0x**
Less: Adj Net Debt (Mar-27E-end)				585	275	
Core Business Valuation				**825**	**388**	
Value of HMEL Stake	P/E			-	-	
Value of Listed Investments	CMP			46	22	At 30% HoldCo Discount
Target Price/Fair Value					**410**	

Source: Emkay Research

Exhibit 5: Schedule and value of listed investments

Listed	Type	Basis of Valuation	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	155	272	17.0%	46	30%	32	15.2
Oil India	Financial	CMP	505	821	2.5%	20	30%	14	6.7
Total Listed						**66**		**46**	**22**

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**	**5,005,632**	**5,263,207**	**5,373,411**
Revenue growth (%)	-	1.0	14.2	5.1	2.1
EBITDA	**170,557**	**296,816**	**100,705**	**235,373**	**261,141**
EBITDA growth (%)	(32.0)	74.0	(66.1)	133.7	10.9
Depreciation & Amortization	60,900	71,248	80,473	86,269	89,869
EBIT	**109,656**	**225,568**	**20,232**	**149,104**	**171,271**
EBIT growth (%)	(43.9)	105.7	(91.0)	637.0	14.9
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**	**12,356**	**139,855**	**169,156**
Extraordinary items	(4,497)	8,090	46,200	0	0
Taxes	22,566	57,320	14,756	35,243	42,627
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**73,649**	**171,752**	**43,800**	**104,611**	**126,529**
PAT growth (%)	(49.9)	133.2	(74.5)	138.8	21.0
Adjusted PAT	**73,649**	**147,010**	**9,243**	**104,611**	**126,529**
Diluted EPS (Rs)	**34.6**	**69.1**	**4.3**	**49.2**	**59.5**
Diluted EPS growth (%)	(49.9)	99.6	(93.7)	1,031.8	21.0
DPS (Rs)	**11.0**	**15.5**	**0**	**14.7**	**20.8**
Dividend payout (%)	**31.7**	**19.2**	**0**	**30.0**	**35.0**
EBITDA margin (%)	3.9	6.8	2.0	4.5	4.9
EBIT margin (%)	2.5	5.1	0.4	2.8	3.2
Effective tax rate (%)	22.4	25.9	119.4	25.2	25.2
NOPLAT (pre-IndAS)	**85,086**	**167,059**	**(3,930)**	**111,530**	**128,111**
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	620,989	694,217	776,461
Net worth	**459,583**	**598,471**	**642,271**	**715,499**	**797,743**
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**	**1,565,440**	**1,603,386**	**1,613,599**
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**	**36,916**	**38,695**	**40,379**
Current assets (ex-cash)	540,307	531,216	606,888	638,117	651,478
Current Liab. & Prov.	450,954	520,886	486,710	498,959	507,414
NWC (ex-cash)	**89,353**	**10,330**	**120,178**	**139,158**	**144,065**
Total assets	**1,410,999**	**1,417,815**	**1,565,440**	**1,603,386**	**1,613,599**
Net debt	640,285	494,502	584,725	538,759	456,008
Capital employed	1,410,999	1,417,815	1,565,440	1,603,386	1,613,599
Invested capital	**903,231**	**969,288**	**1,107,179**	**1,138,375**	**1,141,869**
BVPS (Rs)	215.9	281.2	301.8	336.2	374.8
Net Debt/Equity (x)	1.4	0.8	0.9	0.8	0.6
Net Debt/EBITDA (x)	3.8	1.7	5.8	2.3	1.7
Interest coverage (x)	4.0	8.0	1.4	4.7	6.0
RoCE (%)	**12.2**	**22.4**	**4.0**	**13.9**	**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	(14,875)	111,772	137,718
Others (non-cash items)	16,399	56,927	46,200	-	0
Taxes paid	3,854	(39,622)	(10,189)	(30,631)	(37,968)
Change in NWC	(44,759)	49,125	(106,903)	(15,962)	(1,817)
Operating cash flow	**142,757**	**361,074**	**29,813**	**188,780**	**221,355**
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	(31,383)	(44,285)
Others	2,467	(19,740)	0	0	0
Financing cash flow	**(41,789)**	**(247,359)**	**59,943**	**(112,903)**	**(158,906)**
Net chg in Cash	(1,856)	(647)	4,516	1,465	1,367
OCF	142,757	361,074	29,813	188,780	221,355
Adj. OCF (w/o NWC chg.)	187,515	311,949	136,716	204,743	223,172
FCFF	55,820	283,753	(80,187)	88,780	131,355
FCFE	30,158	259,270	(88,063)	79,531	129,240
OCF/EBITDA (%)	83.7	121.6	29.6	80.2	84.8
FCFE/PAT (%)	40.9	151.0	(201.1)	76.0	102.1
FCFF/NOPLAT (%)	**65.6**	**169.9**	**2,040.6**	**79.6**	**102.5**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	11.3	4.8	19.0	7.9	6.6
P/CE(x)	6.2	3.4	6.7	4.3	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	4.5	14.1	5.8	4.9
EV/EBIT(x)	13.4	5.9	69.9	9.2	7.5
EV/IC (x)	1.6	1.4	1.3	1.2	1.1
FCFF yield (%)	3.8	21.4	(5.7)	6.5	10.2
FCFE yield (%)	3.6	31.2	(10.6)	9.6	15.6
Dividend yield (%)	2.8	4.0	0	3.8	5.3
DuPont-RoE split					
Net profit margin (%)	1.7	3.9	0.9	2.0	2.4
Total asset turnover (x)	3.2	3.1	3.4	3.3	3.3
Assets/Equity (x)	3.1	2.7	2.4	2.3	2.1
RoE (%)	**16.9**	**32.5**	**7.1**	**15.4**	**16.7**
DuPont-RoIC					
NOPLAT margin (%)	2.0	3.8	(0.1)	2.1	2.4
IC turnover (x)	5.0	4.7	4.8	4.7	4.7
RoIC (%)	**9.8**	**17.8**	**(0.4)**	**9.9**	**11.2**
Operating metrics					
Core NWC days	7.5	0.9	8.8	9.7	9.8
Total NWC days	**7.5**	**0.9**	**8.8**	**9.7**	**9.8**
Fixed asset turnover	3.9	3.4	3.5	3.4	3.3
Opex-to-revenue (%)	5.1	5.3	4.9	4.9	4.9

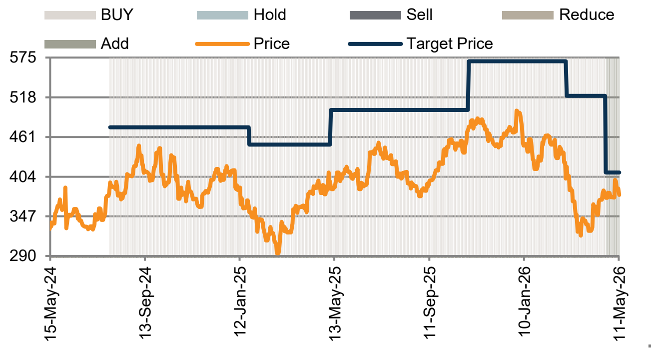
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
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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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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