

Oil India | BUY



Earnings miss on lower volume & realisation; weak show by NRL too

Oil India's 2QFY25 standalone EBITDA, at INR 24.8bn, was significantly lower than JMFe of INR 28.3bn (and slightly lower than consensus of INR 25.2bn) due to lower crude & gas sales volume and net crude realisation. Hence, PAT, at INR 18.3bn, was also lower than JMFe of INR 20.7bn (though in line with consensus of INR 18.1bn) with higher dry-well write-off partly offset by higher other income and lower taxes. Further, NRL's 2QFY25 EBITDA was significantly lower at INR 4.0bn due to weak GRM of USD 2.25/bbl (before excise duty benefit). Hence, consolidated EBITDA was also lower QoQ at INR 28.3bn in 2QFY25 (vs. INR 32.2bn in 1QFY25). We maintain BUY (revised TP of INR 685) given our expectation that OPEC+ will continue to support crude ~USD 75-80/bbl and the government allowing ONGC/Oil India to make net crude realisation of ~USD 75/bbl. Further, Oil India's earnings is likely to grow at a strong 15-17% CAGR over the next 3-5 years driven by: a) sharp 20-30% output growth in the next 2-3 years aided by commissioning of the Indradhanush gas pipeline; and b) expansion of NRL refinery from 3mmtpa to 9mmtpa. At CMP, Oil India is trading at 5.5x FY27E EPS and 1.1x FY27E BV.

- Standalone EBITDA significantly lower due to lower crude & gas sales volume and net crude realisation; PAT also lower due to higher dry-well write-off:** Oil India's 2QFY25 standalone EBITDA at INR 24.8bn was significantly lower than JMFe of INR 28.3bn (and slightly lower than consensus of INR25.2bn) due to lower crude & gas sales volume & net crude realisation. Hence, PAT at INR 18.3bn was also lower than JMFe of INR 20.7bn (though in line with consensus of INR 18.1bn) with higher dry-well write-off (at INR 2.9bn vs. JMFe of INR 1.0bn) partly offset by higher other income (at INR 8.6bn vs. JMFe of INR 7.0bn) and lower taxes (20.4% vs. JMFe of 25.2%). Consolidated EBITDA was also lower QoQ at INR 28.3bn in 2QFY25 (vs. INR 32.2bn in 1QFY25) due to lower EBITDA from NRL on account of weak GRM and lower throughput; consolidated PAT was at INR 20.2bn (or EPS of INR 12.4). The board approved an interim dividend of INR 3/share (or 15% of 1HFY25 standalone EPS of INR 20.3/share).
- Crude sales volume and realisation lower; gas sales volume also lower:** In 2QFY25, crude sales volume was 7.3% below JMFe (at 0.84mmt, up 0.6% QoQ but down 1.8% YoY) as crude production was 3.3% below JMFe (at 0.88mmt, up 0.5% QoQ and up 4.8% YoY) and sales as % of production was lower at 96% vs. historical 99-100%. Further, computed net crude realisation adjusted for windfall tax was also lower at USD 71.6/bbl vs. JMFe of USD 73/bbl with windfall tax being higher at USD 5.3/bbl in 2QFY25 (vs. JMFe of USD 4.5/bbl). Further, gas sales volume was 4.6% below JMFe (at 0.65bcm, down 0.9% QoQ and down 4.6% YoY) as gas production was 3.7% below JMFe (at 0.8bcm, down 2.3% QoQ and down 1.4% YoY). Domestic gas realisation was largely in line at USD 6.8/mmbtu.
- NRL 2QFY25 GRM weak at USD 2.25/bbl (before excise duty benefit), results in lower EBITDA at INR 4.0bn:** NRL's GRM (before excise duty benefit) was significantly lower at USD 2.25/bbl in 2QFY25 (vs. USD 6.4/bbl in 1QFY25); crude throughput was also lower QoQ at 683mmt or 91% utilisation vs. JMFe of 701mmt (and vs. 764mmt in 1QFY25).

Dayanand Mittal
dayanand.mittal@jmfl.com | Tel: (+91 96) 1938 8870

Shivam Gupta
shivam.gupta@jmfl.com | Tel: (91 22) 66303082

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	685
Upside/(Downside)	38.1%
Previous Price Target	695
Change	-1.5%

Key Data – OINL IN

Current Market Price	INR496
Market cap (bn)	INR806.1/US\$9.6
Free Float	27%
Shares in issue (mn)	1,626.6
Diluted share (mn)	1,626.6
3-mon avg daily val (mn)	INR5,044.9/US\$60.0
52-week range	768/195
Sensex/Nifty	79,477/24,213
INR/US\$	84.1

Price Performance

%	1M	6M	12M
Absolute	-13.5	17.9	145.0
Relative*	-11.1	9.6	98.4

* To the BSE Sensex

Financial Summary (Consolidated)

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	395,005	357,700	321,077	358,331	769,547
Sales Growth (%)	31.6	-9.4	-10.2	11.6	114.8
EBITDA	152,681	125,042	138,867	158,949	244,561
EBITDA Margin (%)	37.2	34.4	42.5	43.7	31.6
Adjusted Net Profit	87,286	87,007	85,483	100,333	147,143
Diluted EPS (INR)	53.7	53.5	52.6	61.7	90.5
Diluted EPS Growth (%)	55.3	-0.3	-1.8	17.4	46.7
ROIC (%)	40.5	24.4	20.4	19.2	25.4
ROE (%)	25.3	20.0	16.5	17.0	21.2
P/E (x)	9.2	9.3	9.4	8.0	5.5
P/B (x)	2.1	1.7	1.5	1.3	1.1
EV/EBITDA (x)	6.5	8.2	7.6	6.6	4.3
Dividend Yield (%)	4.0	3.2	3.2	3.7	5.5

Source: Company data, JM Financial. Note: Valuations as of 05/Nov/2024

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Hence, NRL's EBITDA was significantly lower at INR 4.0bn in 2QFY25 vs JMFe of INR 6.2bn (and vs. INR 7.3bn in 1QFY25); hence, PAT was also sharply lower at INR 1.8bn vs. JMFe of INR 3.6bn (and vs. INR 4.3bn in 1QFY25).

- **Maintain BUY on Oil India as it is a play on sustained high crude price scenario and strong production growth outlook:** We maintain our FY25-FY27 estimates; however, our TP has been revised to INR 685 (from INR 695) due to decline in value of other investments (which is valued at CMP less 20% holding discount). We reiterate BUY given our expectation that OPEC+ will continue to support crude ~USD 75-80/bbl and the government allowing ONGC/Oil India to make net crude realisation of ~USD 75/bbl. Further, Oil India's earnings is likely to grow at a strong 15-17% CAGR over the next 3-5 years driven by: a) sharp 20-30% output growth in next 2-3 years aided by commissioning of Indradhanush gas pipeline; and b) expansion of NRL refinery from 3mmtpa to 9mmtpa (given the management guidance of excise duty benefits continuing for the expanded capacity as well). Every USD 5/bbl rise/fall in net crude realisation results in increase/decrease in our EPS and valuation by ~7-10% — **Exhibit 7-8**. Further, Oil India is also a robust dividend play (4-5%). At CMP, Oil India trades at 5.5x FY27E EPS and 1.1x FY27E BV.

2QFY25 Result Review

Exhibit 1. Oil India standalone quarterly snapshot

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	% YoY	% QoQ
Sales (INRm)	46,447	59,133	58,150	57,567	58,397	55,190	(6.7)	(5.5)
EBITDA (INR mn)	23,808	24,906	23,642	25,442	25,422	24,756	(0.6)	(2.6)
EBITDA margin (%)	51%	42%	41%	44%	44%	45%	274bps	132bps
Interest (INRm)	1,659	2,235	1,814	1,893	1,970	2,299	2.9	16.7
Depreciation (INRm)	3,974	4,234	4,992	4,551	4,558	5,036	18.9	10.5
Dry well write off (INRm)	518	21	2,585	2,086	762	2,924	13694.3	283.8
Other income(INRm)	3,341	7,092	5,080	8,332	1,617	8,556	20.6	429.0
Extra-ordinary items	0	-23,627	0	0	0	0		
PBT (INRm)	20,997	1,882	19,331	25,244	19,750	23,054		
Tax (INRm)	4,863	-1,372	3,489	4,956	5,082	4,713		
Reported PAT (INR mn)	16,134	3,253	15,843	20,288	14,668	18,341	463.8	25.0
PAT Margin(%)	35%	6%	27%	35%	25%	33%		
EPS (INR)	9.9	2.0	9.7	12.5	9.0	11.3		

Source: Company, JM Financial

Exhibit 2. Oil India consolidated quarterly snapshot

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	% YoY	% QoQ
Sales (INRm)	64,088	88,165	109,126	101,658	93,509	81,359	(7.7)	(13.0)
EBITDA (INR mn)	23,284	35,253	37,017	34,698	32,182	28,283	(19.8)	(12.1)
EBITDA margin (%)	36%	40%	34%	34%	34%	35%	-522bps	35bps
Interest (INRm)	2,142	2,789	2,362	2,344	2,417	2,795	0.2	15.6
Depreciation (INRm)	4,776	4,990	5,761	5,763	5,535	6,075	21.7	9.8
Dry well write off (INRm)	518	21	2,585	2,086	762	2,924		
Other income(INRm)	1,694	3,836	5,805	2,093	2,309	7,510	95.8	225.3
Extra-ordinary items	66	23,668	14	-93	0	0		
PBT (INRm)	17,607	54,957	32,129	26,506	25,777	23,998		
Tax (INRm)	4,439	676	6,586	6,954	6,852	5,566		
Reported PAT before Minority interest	14,126	53,740	26,105	23,144	20,163	20,692		
Reported PAT after Minority interest	14,266	4,207	23,471	21,407	18,858	20,162	379.3	6.9
PAT Margin(%)	22%	5%	22%	21%	20%	25%		
Reported EPS after Minority interest (INR)	8.8	2.6	14.4	13.2	11.6	12.4		

Source: Company, JM Financial

Exhibit 3. Realisation and volume details

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	% YoY	% QoQ
Revenue break-up (INR mn)								
CRUDE								
Total (inc.JV)	33,607	43,625	42,032	41,630	41,979	39,730	(8.9)	(5.4)
GAS								
Total (inc.JV)	11,131	13,330	14,100	13,338	14,220	13,274	(0.4)	(6.7)
Others								
LPG	401	376	411	517	482	433	15.1	(10.2)
Condensate	125	125	125	125	125	125	0.0	0.0
Transportation income	922	1,376	1,360	1,678	1,253	1,361	(1.0)	8.6
TOTAL	46,186	58,832	58,028	57,288	58,059	54,923	(6.6)	(5.4)
Realisation break -up:								
CRUDE (USD/ bbl)								
Gross computed crude realisation (inc.JV)	74.5	84.1	81.1	81.2	82.1	76.9	(8.5)	(6.3)
Less: Windfall tax on domestic crude	2.5	11.0	9.5	4.5	9.9	5.3		
Net computed crude realisation (incl JV)	71.9	73.1	71.6	76.7	72.2	71.6	(2.0)	(0.7)
Brent	78.0	86.7	84.3	83.1	84.9	80.3	(7.4)	(5.4)
GAS (USD/mm btu)								
Total (inc.JV)	6.9	6.9	7.0	6.9	7.0	6.8	(0.8)	(2.6)
Production volume break-up								
CRUDE (mmt)								
Total (inc.JV)	0.820	0.835	0.856	0.848	0.871	0.875	4.8	0.5
GAS (bcm)								
Total (inc.JV)	0.745	0.810	0.822	0.805	0.818	0.799	(1.4)	(2.3)
Sales volume break-up								
CRUDE (mmt)								
Total (inc.JV)	0.75	0.85	0.85	0.84	0.83	0.84	(1.8)	0.6
GAS (bcm)								
Total (inc.JV)	0.54	0.65	0.68	0.65	0.68	0.65	(0.9)	(4.6)

Source: Company, JM Financial

Exhibit 4. NRL financial and operational details

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	% YoY	% QoQ
Physical Operational Details								
Crude Throughput (TMT)	70	778	853	809	764	683	(12.1)	(10.6)
Utilisation (%)	9%	104%	114%	108%	102%	91%		
Distilate Yield (%)	47%	85%	89%	89%	87%	84%	(1.5)	(3.5)
GRM before excise duty benefit (USD/bbl)	(15.6)	16.0	12.7	13.3	6.4	2.3	(86.0)	(65.0)
Financial Performance (INRmn)								
Operating Income	22,357	58,928	81,359	74,663	64,658	51,974	(11.8)	(19.6)
EBITDA	(52)	10,846	12,182	10,989	7,337	3,989	(63.2)	(45.6)
PBT	(988)	9,896	11,275	8,941	5,958	2,517	(74.6)	(57.8)
PAT	(776)	7,355	8,587	6,435	4,305	1,751	(76.2)	(59.3)

Source: Company, JM Financial

Key Assumptions and Estimates

Exhibit 5. Key assumptions

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	Comments
Macro assumptions								
Brent (USD/bbl)	44.7	80.0	95.4	83.1	75.0	75.0	75.0	
Exchange rate (INR/USD)	71.9	74.5	80.4	82.8	84.4	86.1	87.9	
Oil India domestic business								
Production								
Crude production (kbpd)	60	61	64	68	71	75	76	Based on historical trend and new growth
Gas production (bcm)	2.6	3.0	3.2	3.2	3.3	4.2	4.5	Based on historical trend and new growth
Crude and gas production (kboepd)	105	113	119	122	129	146	154	
Crude production (%)	57%	54%	54%	55%	55%	51%	49%	
Gas production (%)	43%	46%	46%	45%	45%	49%	51%	
Realisation								
Gross crude realisation (USD/bbl)	44.0	79.0	81.6	75.8	75.0	75.0	75.0	Based on crude price assumption
Less: Windfall tax (USD/bbl)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net realisation (USD/bbl)	44.0	79.0	81.6	75.8	75.0	75.0	75.0	
Gas realisation (USD/mmbtu)	2.6	2.8	8.8	6.9	7.1	7.8	8.1	Based on domestic gas price formula

Source: Company, JM Financial

Valuation

Exhibit 6. Valuation

	INR/share	Comment
Standalone business		
FY27 standalone EPS (INR)	55.7	Adjusting for NRL EPS
P/E multiple used (x)	7.0	
Equity value of standalone business (INR/share)	390	After adjusting for Oil India standalone net debt
NRL		
FY27E EPS from NRL adjusted for Oil India's 69.6% stake	34.7	Assumed 9mtpa throughput and USD 27/bbl GRM in FY27
P/E multiple used (x)	7.0	
Oil India's Equity Value in NRL (INR/share)	243	
Other investments		
Value on IOCL's stake (5.0% stake)	51	At 20% discount to CMP
Total equity value (INR/share)	685	

Source: JM Financial

If FY26 net crude realisation changes by USD5.0/bbl, our FY26 consolidated EPS will change by +/-9.9%. Similarly if gas realisation changes by +/- 0.8 USD/mmbtu, our FY26 consolidated EPS will change by +/-2.8%.

Exhibit 7. Oil India consolidated FY26 EPS sensitivity to net crude realisation and gas price (INR/share)

		FY26 Gas Price (USD/mmbtu)						
		5.5	6.3	7.1	7.8	8.6	9.4	10.2
Net crude realisation (USD/bbl)	60	38.1	39.8	41.6	43.3	45.0	46.8	48.5
	65	44.2	46.0	47.7	49.4	51.2	52.9	54.6
	70	50.4	52.1	53.8	55.6	57.3	59.0	60.7
	75	56.5	58.2	60.0	61.7	63.4	65.1	66.9
	80	57.3	59.0	60.7	62.4	64.2	65.9	67.6
	85	58.0	59.7	61.5	63.2	64.9	66.7	68.4
	90	58.8	60.5	62.2	64.0	65.7	67.4	69.1

Source: Company, JM Financial

If FY26 net crude realisation changes by USD5.0/bbl, our valuation will change by +/- INR 48/share (or +/-7.0%). Similarly if gas realisation changes by +/- 0.8 USD/mmbtu, our valuation will change by INR +/- 12/share (or +/-1.8%).

Exhibit 8. Oil India valuation sensitivity to FY26 net crude realisation and gas price (INR/share)

		FY26 Gas Price (USD/mmbtu)						
		5.5	6.3	7.1	7.8	8.6	9.4	10.2
Net crude realisation (USD/bbl)	60	504	516	528	540	552	564	576
	65	552	564	576	588	600	612	624
	70	600	612	624	636	648	660	672
	75	648	661	673	685	697	709	721
	80	656	668	680	692	704	716	728
	85	664	676	688	700	712	724	736
	90	671	683	695	707	719	731	743

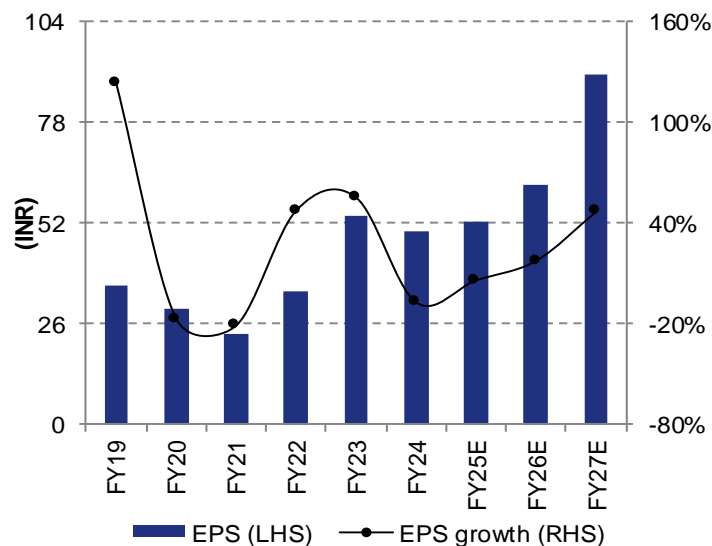
Source: Company, JM Financial

Exhibit 9. 1-year forward PE Chart



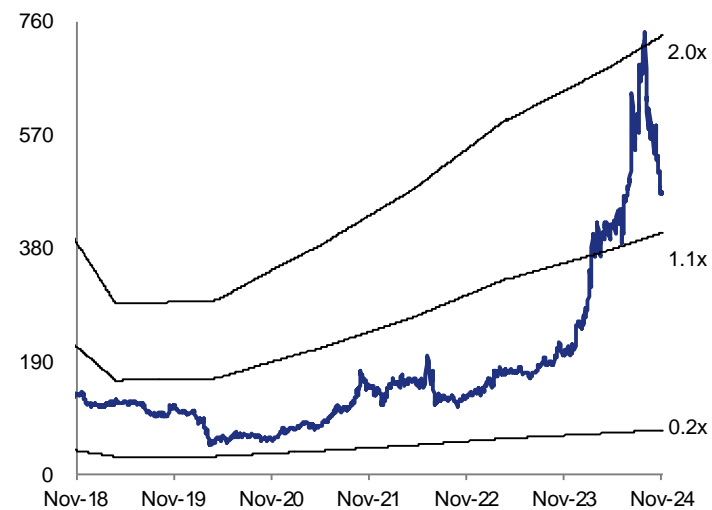
Source: JM Financial, Company

Exhibit 10. EPS vs. EPS growth



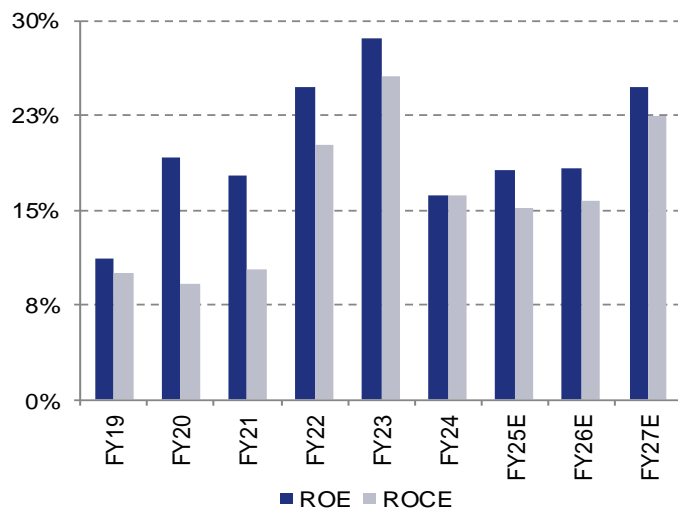
Source: JM Financial, Company

Exhibit 11. 1-year forward PB Chart



Source: JM Financial, Company

Exhibit 12. RoE vs. RoCE



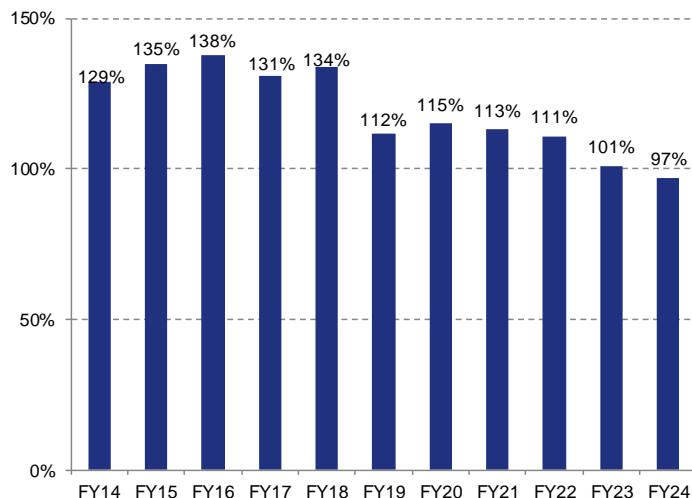
Source: JM Financial, Company

Exhibit 13. 1-year forward EV/2P reserves



Source: JM Financial, Company

Exhibit 14. Reserve replacement ratio



Source: JM Financial, Company

Exhibit 15. Global E&P companies' valuation snapshot

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25
US peers															
EOG Resources	5.3	5.3	5.5	54.7	54.2	54.3	10.1	10.5	11.0	2.5	2.3	2.0	26.3	22.5	19.5
Murphy Oil	2.8	3.4	3.2	59.8	54.4	57.7	6.7	9.9	8.0	0.9	0.9	0.8	14.2	9.0	10.3
Southwestern Energy	5.1	6.1	4.4	42.3	46.3	53.8	11.1	16.5	7.2	1.2	1.2	1.2	12.9	11.2	21.1
Canadian Natural Res	6.5	6.8	6.1	48.5	47.1	50.1	12.6	13.9	12.8	2.6	2.5	2.4	21.2	18.0	19.5
US peers average	4.9	5.4	4.8	55.9	55.2	57.9	10.1	12.7	9.7	1.8	1.7	1.6	19.3	16.6	18.1
European peers															
PTT Exploration & Production	2.4	2.2	2.3	72.8	73.7	72.0	7.1	6.6	7.2	1.0	0.9	0.9	15.1	14.8	13.1
Santos	4.7	5.3	5.1	70.1	67.7	69.0	9.8	11.2	10.7	1.0	0.9	0.9	10.3	8.5	8.7
INPEX	2.9	2.6	2.7	60.0	65.3	66.2	7.5	7.0	7.5	0.7	0.6	0.5	9.1	8.5	7.3
European peers average	3.4	3.4	3.3	67.6	68.9	69.1	8.2	8.3	8.4	0.9	0.8	0.8	11.5	10.6	9.7
Asian peers															
JX Holdings	7.4	7.0	7.1	5.2	5.6	5.6	9.6	9.1	7.8	0.8	0.7	0.6	8.2	7.5	7.9
ONGC	4.7	4.9	4.6	16.0	15.0	15.7	7.2	7.0	6.4	1.1	0.9	0.8	16.4	13.8	13.8
Oil India	8.0	7.2	6.7	37.1	36.3	36.3	11.1	9.1	7.4	1.8	1.4	1.2	18.7	16.9	16.5
CNOOC	2.8	2.5	2.4	60.4	60.9	61.1	6.0	5.4	5.3	1.2	1.0	1.0	20.5	20.3	18.5
Asian peers average	5.7	5.4	5.2	29.7	29.5	29.7	8.5	7.6	6.7	1.2	1.0	0.9	15.9	14.6	14.2
Global peers average	4.8	4.8	4.5	50.1	50.0	51.3	9.0	9.7	8.3	1.3	1.2	1.1	16.2	14.4	14.7
Global peers median	4.7	5.3	4.6	57.3	54.3	56.0	9.6	9.1	7.5	1.1	0.9	0.9	15.7	14.3	15.1

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement						(INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	395,005	357,700	321,077	358,331	769,547	Shareholders' Fund	384,815	483,390	551,517	629,786	757,439
Sales Growth	31.6%	-9.4%	-10.2%	11.6%	114.8%	Share Capital	10,844	10,844	10,844	10,844	10,844
Other Operating Income	15,385	5,337	5,337	5,337	5,337	Reserves & Surplus	373,971	472,546	540,673	618,942	746,595
Total Revenue	410,389	363,036	326,413	363,668	774,884	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	257,709	237,994	187,546	204,718	530,323	Minority Interest	33,711	42,867	42,867	42,867	42,867
Personnel Cost	0	0	0	0	0	Total Loans	185,489	236,403	266,258	270,858	301,728
Other Expenses	0	0	0	0	0	Def. Tax Liab. / Assets (-)	33,178	32,000	32,000	32,000	32,000
EBITDA	152,681	125,042	138,867	158,949	244,561	Total - Equity & Liab.	637,192	794,659	892,641	975,511	1,134,034
EBITDA Margin	37.2%	34.4%	42.5%	43.7%	31.6%	Net Fixed Assets	299,902	404,851	518,810	601,784	678,728
EBITDA Growth	45.4%	-18.1%	11.1%	14.5%	53.9%	Gross Fixed Assets	180,371	204,574	228,534	251,507	628,451
Depn. & Amort.	19,469	21,290	22,354	23,472	24,646	Intangible Assets	0	0	0	0	0
EBIT	133,211	103,752	116,513	135,477	219,915	Less: Depn. & Amort.	0	0	0	0	0
Other Income	7,194	13,429	15,511	17,059	19,143	Capital WIP	119,532	200,277	290,277	350,277	50,277
Finance Cost	9,009	9,637	11,482	12,269	13,079	Investments	306,632	391,619	374,849	358,917	343,782
PBT before Excep. & Forex	131,396	107,544	120,542	140,268	225,980	Current Assets	132,296	125,059	124,075	141,710	258,372
Excep. & Forex Inc./Loss(-)	0	-23,656	0	0	0	Inventories	0	0	0	0	0
PBT	131,396	83,888	120,542	140,268	225,980	Sundry Debtors	0	0	0	0	0
Taxes	32,895	18,655	31,341	36,470	58,755	Cash & Bank Balances	3,406	3,160	9,308	17,908	43,774
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	11,301	11,024	12,860	12,607	29,224	Other Current Assets	128,890	121,899	114,767	123,802	214,599
Reported Net Profit	87,286	63,351	85,483	100,333	147,143	Current Liab. & Prov.	101,638	126,870	125,093	126,900	146,848
Adjusted Net Profit	87,286	87,007	85,483	100,333	147,143	Current Liabilities	0	0	0	0	0
Net Margin	21.3%	24.0%	26.2%	27.6%	19.0%	Provisions & Others	101,638	126,870	125,093	126,900	146,848
Diluted Share Cap. (mn)	1,626.6	1,626.6	1,626.6	1,626.6	1,626.6	Net Current Assets	30,658	-1,811	-1,018	14,810	111,524
Diluted EPS (INR)	53.7	53.5	52.6	61.7	90.5	Total - Assets	637,192	794,659	892,641	975,511	1,134,034
Diluted EPS Growth	55.3%	-0.3%	-1.8%	17.4%	46.7%						
Total Dividend + Tax	32,532	25,619	25,645	30,100	44,143						
Dividend Per Share (INR)	20.0	15.8	15.8	18.5	27.1						

Source: Company, JM Financial

Cash Flow Statement						(INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before Tax	131,439	88,459	125,113	144,839	230,550	Operating Cash Flow	114,104	109,331	121,104	124,326	125,134
Depn. & Amort.	19,469	21,290	22,354	23,472	24,646	Capex	-85,246	-120,628	-136,314	-106,445	-101,590
Net Interest Exp. / Inc. (-)	2,763	-2,495	-1,251	-1,179	-1,369	Free Cash Flow	28,859	-11,297	-15,209	17,881	23,544
Inc (-) / Dec in WCcap.	-21,097	-6,778	6,229	-6,336	-69,939	Inc (-) / Dec in Investments	-11,128	-16,579	15,896	15,040	14,226
Others	14,953	35,646	0	0	0	Others	5,059	11,195	12,732	13,447	14,448
Taxes Paid	-33,422	-26,791	-31,341	-36,470	-58,755	Investing Cash Flow	-91,314	-126,012	-107,685	-77,958	-72,916
Operating Cash Flow	114,104	109,331	121,104	124,326	125,134	Inc / Dec (-) in Capital	0	0	0	0	0
Capex	-85,246	-120,628	-136,314	-106,445	-101,590	Dividend + Tax thereon	0	0	0	0	0
Free Cash Flow	28,859	-11,297	-15,209	17,881	23,544	Inc / Dec (-) in Loans	9,267	48,446	29,855	4,600	30,870
Inc (-) / Dec in Investments	-11,128	-16,579	15,896	15,040	14,226	Others	-34,574	-32,011	-37,126	-42,368	-57,222
Others	5,059	11,195	12,732	13,447	14,448	Financing Cash Flow	-25,307	16,434	-7,271	-37,768	-26,351
Investing Cash Flow	-91,314	-126,012	-107,685	-77,958	-72,916	Inc / Dec (-) in Cash	-2,517	-246	6,148	8,600	25,866
Inc / Dec (-) in Capital	0	0	0	0	0	Opening Cash Balance	5,923	3,406	3,160	9,308	17,908
Dividend + Tax thereon	0	0	0	0	0	Closing Cash Balance	3,406	3,160	9,308	17,908	43,774
Inc / Dec (-) in Loans	9,267	48,446	29,855	4,600	30,870						
Others	-34,574	-32,011	-37,126	-42,368	-57,222						

Source: Company, JM Financial

Balance Sheet						(INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shareholders' Fund	384,815	483,390	551,517	629,786	757,439	Net Margin	21.3%	24.0%	26.2%	27.6%	19.0%
Share Capital	10,844	10,844	10,844	10,844	10,844	Asset Turnover (x)	0.7	0.5	0.4	0.4	0.7
Reserves & Surplus	373,971	472,546	540,673	618,942	746,595	Leverage Factor (x)	1.7	1.6	1.6	1.6	1.5
Preference Share Capital	0	0	0	0	0	RoE	25.3%	20.0%	16.5%	17.0%	21.2%
Minority Interest	33,711	42,867	42,867	42,867	42,867						
Total Loans	185,489	236,403	266,258	270,858	301,728	Key Ratios					
Def. Tax Liab. / Assets (-)	33,178	32,000	32,000	32,000	32,000	Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Total - Equity & Liab.	637,192	794,659	892,641	975,511	1,134,034	BV/Share (INR)	236.6	297.2	339.1	387.2	465.7
Net Fixed Assets	299,902	404,851	518,810	601,784	678,728	ROIC	40.5%	24.4%	20.4%	19.2%	25.4%
Gross Fixed Assets	180,371	204,574	228,534	251,507	628,451	ROE	25.3%	20.0%	16.5%	17.0%	21.2%
Intangible Assets	0	0	0	0	0	Net Debt/Equity (x)	0.4	0.4	0.4	0.3	0.3
Less: Depn. & Amort.	0	0	0	0	0	P/E (x)	9.2	9.3	9.4	8.0	5.5
Capital WIP	119,532	200,277	290,277	350,277	50,277	P/B (x)	2.1	1.7	1.5	1.3	1.1
Investments	306,632	391,619	374,849	358,917	343,782	EV/EBITDA (x)	6.5	8.2	7.6	6.6	4.3
Current Assets	132,296	125,059	124,075	141,710	258,372	EV/Sales (x)	2.4	2.8	3.2	2.9	1.4
Inventories	0	0	0	0	0	Debtor days	0	0	0	0	0
Sundry Debtors	0	0	0	0	0	Inventory days	0	0	0	0	0
Cash & Bank Balances	3,406	3,160	9,308	17,908	43,774	Creditor days	0	0	0	0	0
Loans & Advances	0	0	0	0	0						
Other Current Assets	128,890	121,899	114,767	123,802	214,599						
Current Liab. & Prov.	101,638	126,870	125,093	126,900	146,848						
Current Liabilities	0	0	0	0	0						
Provisions & Others	101,638	126,870	125,093	126,900	146,848						
Net Current Assets	30,658	-1,811	-1,018	14,810	111,524						
Total - Assets	637,192	794,659	892,641	975,511	1,134,034						

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	21.3%	24.0%	26.2%	27.6%	19.0%
Asset Turnover (x)	0.7	0.5	0.4	0.4	0.7
Leverage Factor (x)	1.7	1.6	1.6	1.6	1.5
RoE	25.3%	20.0%	16.5%	17.0%	21.2%

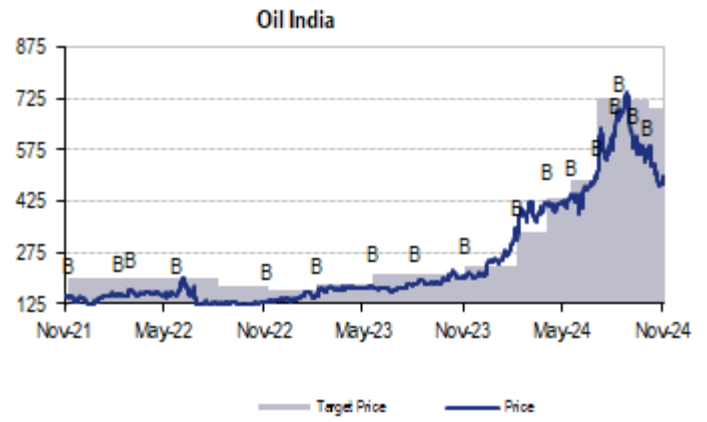
Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	236.6	297.2	339.1	387.2	465.7
ROIC	40.5%	24.4%	20.4%	19.2%	25.4%
ROE	25.3%	20.0%	16.5%	17.0%	21.2%
Net Debt/Equity (x)	0.4	0.4	0.4	0.3	0.3
P/E (x)	9.2	9.3	9.4	8.0	5.5
P/B (x)	2.1	1.7	1.5	1.3	1.1
EV/EBITDA (x)	6.5	8.2	7.6	6.6	4.3
EV/Sales (x)	2.4	2.8	3.2	2.9	1.4
Debtor days	0	0	0	0	0
Inventory days	0	0	0	0	0
Creditor days	0	0	0	0	0

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
22-Jun-21	Buy	120	
12-Aug-21	Buy	123	2.7
10-Nov-21	Buy	200	62.2
11-Feb-22	Buy	200	-0.1
7-Mar-22	Buy	200	0.0
28-May-22	Buy	200	0.1
10-Aug-22	Buy	177	-11.7
10-Nov-22	Buy	167	-5.7
10-Feb-23	Buy	184	10.1
24-May-23	Buy	210	14.3
8-Aug-23	Buy	210	0.0
8-Nov-23	Buy	237	12.9
13-Feb-24	Buy	334	40.7
5-Apr-24	Buy	433	29.9
20-May-24	Buy	484	11.7
7-Jul-24	Buy	725	49.9
8-Aug-24	Buy	700	-3.5
16-Aug-24	Buy	720	2.8
13-Sep-24	Buy	720	0.0
7-Oct-24	Buy	695	-3.5

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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