

Bharat Petroleum Ltd

In line core performance while inventory and adventitious losses surprise

BPCL's Q3FY25 results exhibited a soft financial performance where the core integrated margins were in line with our expectations. The EBITDA and Adj. PAT, stood at Rs 75.8bn and Rs 46.5bn, respectively. The core GRM at USD6.5/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 Rs164bn, 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 Rs390/shr (earlier Rs 370).

Result Highlights

- EBITDA/Adj. PAT at Rs 75.8/46.5bn were up 22%/37% YoY and 67/94% each QoQ. This is lower than our estimates and the consensus due to absence of support from government on LPG subsidy burden so far and inventory/adventitious losses, although the core performance is close to our estimates on both refining and marketing segment. **The integrated core EBITDA margin** was USD6.2/bbl vs our est of 6.4 (USD4.6 the prior quarter, USD4.9 a year ago), close to our expectations on core refining and marketing performance.
- The **reported GRM** was USD5.6/bbl (MR/KR/BR USD4.5/USD5.5/USD7.8) vs USD4.4/bbl the previous quarter (MR/KR/BR USD3.4/USD4.7/USD6.1) and USD13.4/bbl a year ago (MR/KR/BR USD7.9/USD14/USD20), while the Arab heavy-light difference was USD1.9/bbl (USD1.3 the quarter prior). As per our assumptions, the **core GRM** was USD6.5/bbl (USD5.96 the previous quarter, USD13.95 a year back), a USD1.5/bbl premium to the benchmark USD5, the best amongst Indian PSU refiners. The assumed refining inventory loss of USD0.9/bbl (loss of USD1.6 the prior quarter and USD0.6/bbl a year ago) on shutdowns and lower realizations. **Refinery throughput** was 9.54mmt (MR/KR/BR 3.6/3.9/2.1) at ~107.2% utilisation (116% the previous quarter, 111% a year ago). There was a shutdown for 25 days in Oct'24 at Kochi refinery, and 20 days in Nov'24 at Mumbai refinery which resulted in an impact on GRMs and refining throughput.
- The **core marketing EBITDA (back-calculated)** was Rs4/ltr (Rs2.8 in the prior quarter, negative Rs0.3 a year back) in line to our expectations. The **domestic marketing throughput** was 13.4mmt, up 3.9% YoY and 8.4% QoQ (vs. the industry's growth of 4.8% YoY and 7.9% QoQ). MS sales were 2.7mmt, up 7.9% YoY and 2.6% QoQ, while diesel at 6mmt, up 2.9% YoY and 16.4% QoQ. Industry motor spirit and diesel sales were up 9.7%/4.8% YoY and 3.5%/18.9% QoQ. The reported marketing adventitious/inventory loss was at Rs7.22bn. BPCL lost marginal market share of high-speed diesel and motor spirits to 25.3% and 26.8% respectively. **LPG Burden impact:** The company has a negative buffer amounting to Rs 72.3bn as of end 9MFY25, and Rs 31.1bn in Q3FY25 pertaining to LPG subsidy. The Rs2.7bn **forex loss** marginally impacted to the quarter's profitability.
- Capex** was at Rs64.4bn for Q3FY25 (Rs119bn in 9MFY25). **Debt** at Rs196.2bn was up by Rs36.1bn YoY but down Rs19.1bn QoQ.
- 9MFY25 performance:** EBITDA at Rs 177.8bn (vs Rs 349.4bn in 9MFY24) while PAT at Rs 100.6bn (vs Rs 224.5bn) and the reported GRM at USD5.95/bbl (vs USD14.7). The core integrated margins were at USD4.6/bbl vs USD8/bbl while the marketing EBITDA/ltr (Rs) was at 2.6, same as previous year.

Valuation

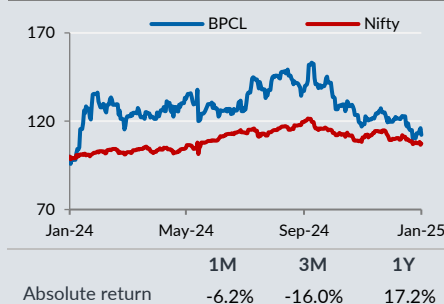
At CMP, the stock trades at 5.4x/5.7x/5.9x FY25e/26e/27e EV/EBITDA and 1.4x/1.3x/1.2x P/BV (excl. investments, trades at 4.3x/4.5x/4.8x FY25e/26e/27e EV/EBITDA and 1.1x/1x/0.9x P/BV). We maintain a BUY rating with a target price of Rs390 valuing it on a sum-of-parts basis (core business at 7x EV/EBITDA and investments at Rs61).

| | |
|------------------|--------------|
| Reco | : BUY |
| CMP | : Rs 271 |
| Target Price | : Rs 390 |
| Potential Return | : +43.9% |

Stock data (as on Jan 23, 2025)

| | |
|-------------------------|-----------------|
| Nifty | 23,205 |
| 52 Week h/l (Rs) | 376 / 230 |
| Market cap (Rs/USD mn) | 1204369 / 13937 |
| Outstanding Shares (mn) | 4,339 |
| 6m Avg t/o (Rs mn): | 4,235 |
| Div yield (%): | 7.8 |
| Bloomberg code: | BPCL IN |
| NSE code: | BPCL |

Stock performance



Shareholding pattern (As of Dec'24 end)

| | |
|----------|-------|
| Promoter | 53.0% |
| FII+DII | 38.4% |
| Others | 8.6% |

Δ in stance

| (1-Yr) | New | Old |
|--------------|-----|-----|
| Rating | BUY | BUY |
| Target Price | 390 | 370 |

Δ in estimates

| (1-Yr) | FY25e | FY26e | FY27e |
|-----------|-------|-------|-------|
| EPS (New) | 31.3 | 29.7 | 27.9 |
| EPS (Old) | 25.7 | 29.7 | 25.9 |
| % Change | 21.8 | (0.2) | 8.0 |

Financial Summary

| (Rs bn) | FY25E | FY26E | FY27E |
|------------|---------|---------|---------|
| Revenue | 3,716.3 | 3,576.7 | 3,722.8 |
| YoY Growth | (17.1) | (3.8) | 4.1 |
| EBITDA | 236.6 | 229.9 | 228.3 |
| OPM % | 6.4 | 6.4 | 6.1 |
| PAT | 133.6 | 126.7 | 119.3 |
| YoY Growth | (49.9) | (5.1) | (5.9) |
| ROE | 17.0 | 14.8 | 12.9 |
| EPS | 31.3 | 29.7 | 27.9 |
| P/E | 8.7 | 9.1 | 9.7 |
| BV | 192.0 | 207.7 | 223.6 |
| EV/EBITDA | 5.4 | 5.7 | 5.9 |

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Compressed Biogas Joint Venture with Praj

BPCL has announced a 50:50 joint venture with Praj Industries Ltd. to set up Compressed Biogas (CBG) plants across India. The JV will focus on constructing, operating, and maintaining these plants, as well as selling CBG and its derivatives. This domestic initiative aligns with BPCL's strategy to meet CBG blending mandates and advance its energy transition and net-zero goals. Key details, including share capital and consideration will be finalized in a definitive agreement. The JV does not involve related-party transactions, and no shares are being issued at this stage.

Exhibit 1: Actual vs estimate

| Rs mn | Actual | Estimate | | % Variation | | Remarks |
|-------------------|-----------|-----------|-----------|-------------|-----------|---|
| | | YES Sec | Consensus | YES Sec | Consensus | |
| Sales | 1,131,358 | 1,131,719 | 1,069,822 | -0.03 | 5.75 | Surprise inventory and adventitious losses resulted in a deviation from our estimated performance |
| EBITDA | 75,805 | 94,002 | 77,305 | -19.36 | -1.94 | |
| EBITDA Margin (%) | 6.70 | 8.31 | 7.23 | -161bps | -53bps | |
| Adjusted PAT | 46,492 | 60,228 | 50,551 | -22.81 | -8.03 | |

Exhibit 2: Earnings snapshot

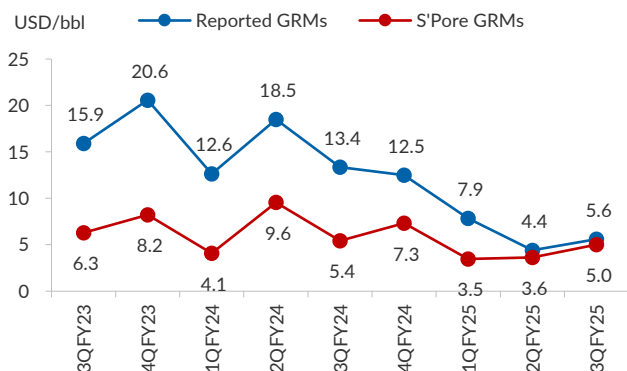
| Particulars (Rs mn) | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | y/y (%) | q/q (%) | 9MFY24 | 9MFY25 | y/y (%) |
|----------------------|-----------|-----------|-----------|-----------|-----------|---------|---------|-----------|-----------|---------|
| Revenue | 1,154,942 | 1,165,551 | 1,130,960 | 1,027,904 | 1,131,358 | (2.0) | 10.1 | 3,314,580 | 3,290,222 | (0.7) |
| Expenditure | 1,092,680 | 1,073,421 | 1,074,456 | 982,440 | 1,055,553 | (3.4) | 7.4 | 2,965,140 | 3,112,449 | 5.0 |
| -Raw Material | 1,019,127 | 995,426 | 1,006,095 | 913,317 | 979,285 | (3.9) | 7.2 | 2,765,517 | 2,898,697 | 4.8 |
| -Staff Cost | 10,680 | 8,490 | 7,815 | 7,689 | 12,014 | 12.5 | 56.2 | 27,095 | 27,518 | 1.6 |
| - Other expenses | 62,872 | 69,504 | 60,545 | 61,434 | 64,254 | 2.2 | 4.6 | 172,529 | 186,233 | 7.9 |
| Operating Profit | 62,263 | 92,131 | 56,505 | 45,464 | 75,805 | 21.8 | 66.7 | 349,440 | 177,773 | (49.1) |
| OPM(%) | 5% | 8% | 5% | 4% | 7% | 24.3 | 51.5 | 11% | 5% | -5 bps |
| Other Income | 6,801 | 4,691 | 5,058 | 8,896 | 8,285 | 21.8 | (6.9) | 19,434 | 22,240 | 14.4 |
| Depreciation | 18,244 | 17,165 | 16,808 | 17,729 | 18,042 | (1.1) | 1.8 | 50,336 | 52,579 | 4.5 |
| Interest | 5,019 | 5,243 | 4,435 | 4,695 | 4,286 | (14.6) | (8.7) | 19,488 | 13,416 | (31.2) |
| Excpnl Loss/(Profit) | - | (17,980) | - | - | - | | | 0 | 0 | n.a. |
| PBT | 45,801 | 56,434 | 40,320 | 31,936 | 61,762 | 34.8 | 93.4 | 299,050 | 134,019 | (55.2) |
| Tax | 11,828 | 14,192 | 10,173 | 7,964 | 15,270 | 29.1 | 91.7 | 74,557 | 33,407 | (55.2) |
| PAT | 33,973 | 42,242 | 30,148 | 23,972 | 46,492 | 36.9 | 93.9 | 224,493 | 100,612 | (55.2) |
| Adj PAT | 33,973 | 55,700 | 30,148 | 23,972 | 46,492 | 36.9 | 93.9 | 224,493 | 100,612 | (55.2) |

Exhibit 3: Operating highlights

| Particulars | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | y/y (%) | q/q (%) | 9MFY24 | 9MFY25 | y/y (%) |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|--------|--------|---------|
| Dom Marketing Throughput - mmt | 12.9 | 13.2 | 13.2 | 12.4 | 13.4 | 3.9 | 8.4 | 37.9 | 39.0 | 3.0 |
| Refining Throughput -mmt | 9.9 | 10.4 | 10.1 | 10.3 | 9.5 | (3.2) | (7.2) | 29.6 | 29.9 | 1.2 |
| Mumbai | 3.1 | 4.0 | 3.8 | 4.1 | 3.6 | 15.9 | (13.5) | 11.2 | 11.5 | 2.4 |
| Kochi | 4.7 | 4.4 | 4.4 | 4.4 | 3.9 | (16.5) | (11.1) | 13.2 | 12.7 | (3.6) |
| Bina | 2.1 | 2.0 | 1.9 | 1.7 | 2.1 | (1.9) | 17.8 | 5.2 | 5.7 | 11.0 |
| GRM (USD/bbl) | | | | | | | | | | |
| Mumbai | 7.9 | 9.0 | 4.7 | 3.4 | 4.5 | (43.2) | 33.5 | 9.8 | 4.1 | (57.9) |
| Kochi | 14.0 | 12.8 | 8.5 | 4.7 | 5.5 | (60.9) | 15.4 | 16.3 | 6.2 | (61.6) |
| Bina | 20.0 | 18.7 | 12.8 | 6.1 | 7.8 | (61.1) | 28.6 | 21.4 | 8.9 | (58.2) |

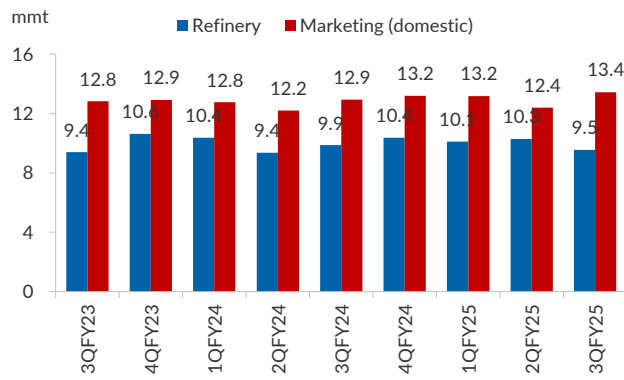
| Particulars | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | y/y (%) | q/q (%) | 9MFY24 | 9MFY25 | y/y (%) |
|------------------------------------|---------|---------|---------|----------|---------|---------|---------|---------|----------|---------|
| Reported GRM | 13.4 | 12.5 | 7.9 | 4.4 | 5.6 | (58.1) | 27.0 | 14.7 | 6.0 | (59.6) |
| Inventory gain/loss | (0.6) | 0.5 | 1.3 | (1.6) | (0.9) | 50.0 | (41.9) | 0.6 | (0.4) | (161.2) |
| Core GRMs (US\$/bbl) | 14.0 | 12.0 | 6.6 | 6.0 | 6.5 | (53.4) | 9.1 | 14.1 | 6.3 | (54.9) |
| Singapore GRMs | 5.4 | 7.3 | 3.5 | 3.6 | 5.0 | (7.7) | 38.3 | 6.3 | 4.0 | (35.9) |
| Marketing EBITDA (Rs/ltr) | (0.3) | 3.2 | 1.0 | 2.8 | 4.0 | - | 42.6 | 2.6 | 2.6 | 0.7 |
| EBITDA Integrated margin (USD/bbl) | 4.9 | 7.8 | 3.0 | 4.6 | 6.2 | 27.6 | 34.1 | 8.0 | 4.6 | (42.4) |
| Inventory gain/loss (Rs mn) | | | | | | | | | | |
| Refining | (3,694) | 3,097 | 7,970 | (10,011) | (5,438) | - | - | 11,779 | (7,479) | - |
| Marketing | (3,690) | (7,650) | 4,070 | (11,130) | (7,220) | - | - | 580 | (14,280) | - |
| Rs mn | | | | | | | | | | |
| Gross Debt | 160,167 | 187,670 | 152,100 | 215,290 | 196,221 | 22.5 | (8.9) | 160,167 | 196,221 | 22.5 |
| Forex gain/losses | (290) | (520) | (30) | (370) | (2,730) | 841.4 | 637.8 | (1,325) | (3,130) | 136.2 |
| Core EBITDA (Rs mn) | 69,937 | 115,184 | 44,495 | 66,975 | 91,192 | 30.4 | 36.2 | 338,406 | 202,662 | (40.1) |
| Marketing market share (%) | | | | | | | | | | |
| HSD | 25.8 | 25.9 | 25.3 | 25.9 | 25.3 | (1.8) | (2.1) | 25.9 | 25.5 | (1.4) |
| MS | 27.2 | 27.2 | 26.9 | 27.0 | 26.8 | (1.6) | (0.9) | 27.2 | 26.9 | (0.9) |

Exhibit 4: GRMs



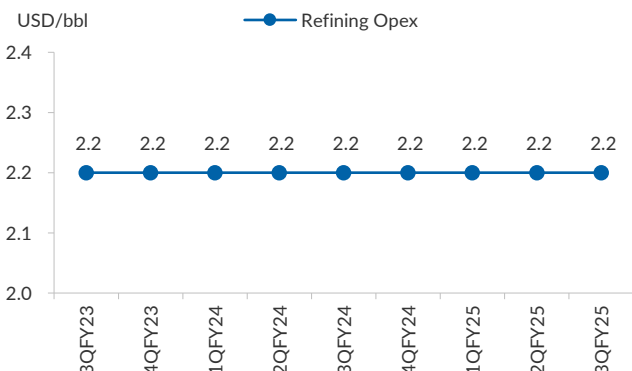
Source: Company, YES Sec

Exhibit 5: Throughput



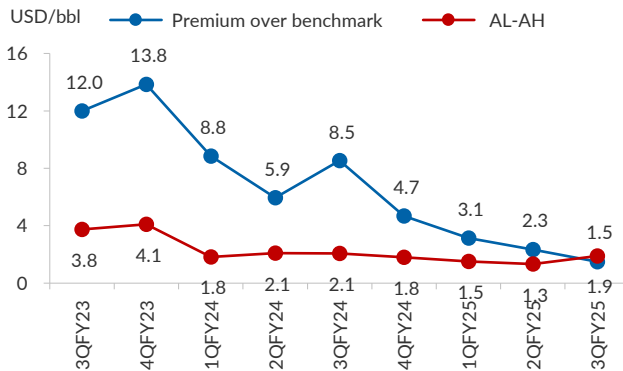
Source: Company, YES Sec

Exhibit 6: Refining Opex



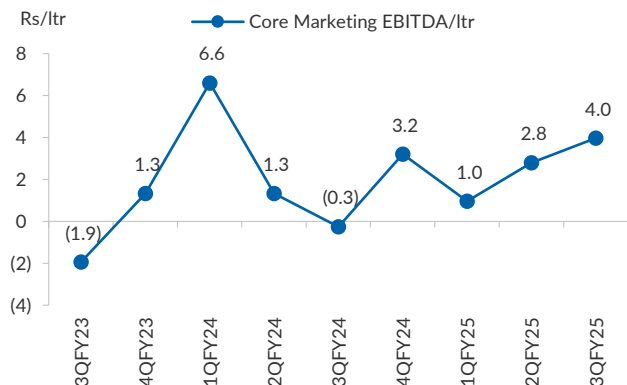
Source: Company, YES Sec

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



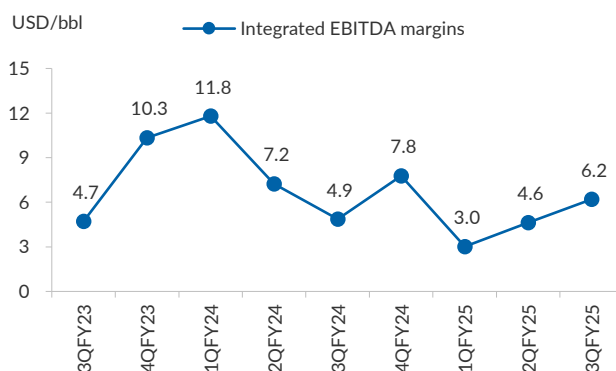
Source: Company, YES Sec

Exhibit 8: Core marketing EBITDA



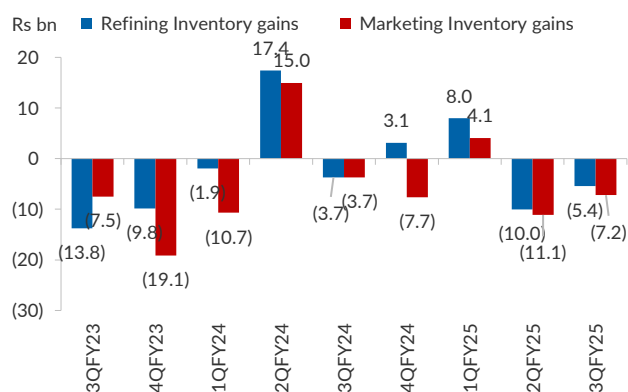
Source: Company, YES Sec

Exhibit 9: Integrated EBITDA margins



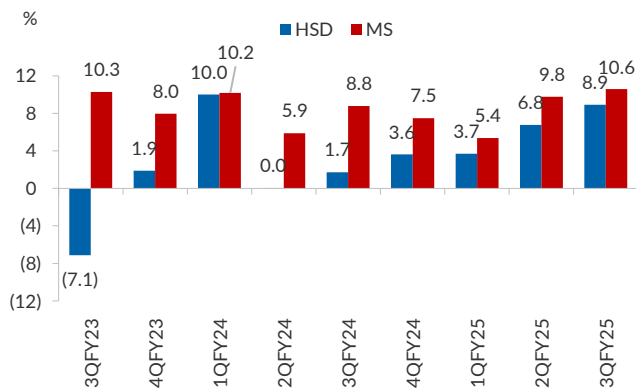
Source: Company, YES Sec

Exhibit 10: Inventory gain / loss



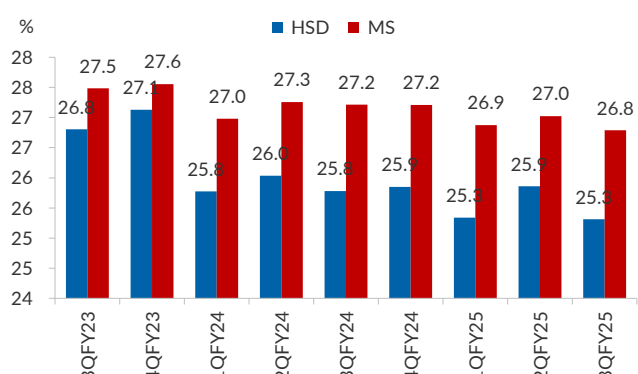
Source: Company, YES Sec

Exhibit 11: Auto fuel – gross marketing margins



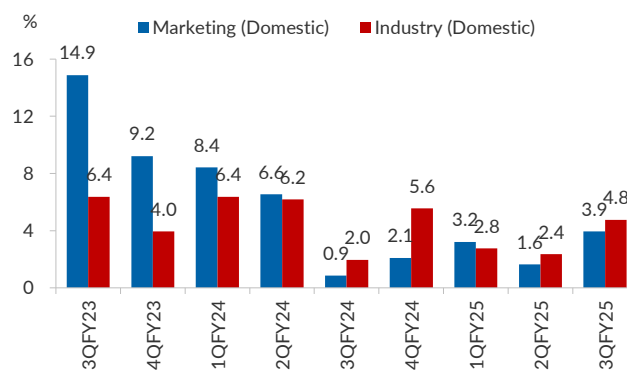
Source: Company, YES Sec

Exhibit 12: Auto fuel – market share



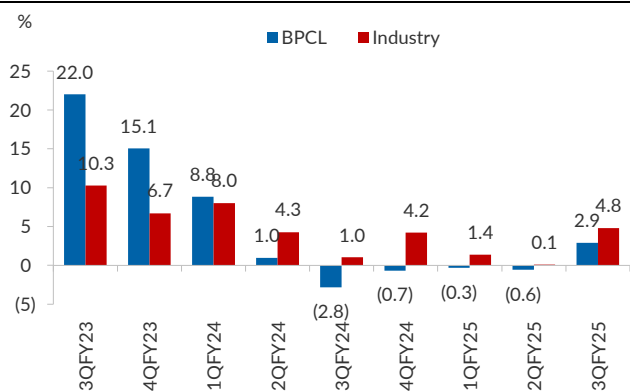
Source: Company, YES Sec

Exhibit 13: Marketing volume growth, YoY



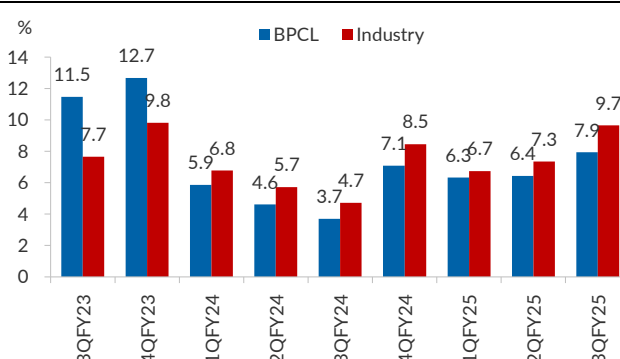
Source: Company, PPAC, YES Sec

Exhibit 14: HSD volume growth, YoY



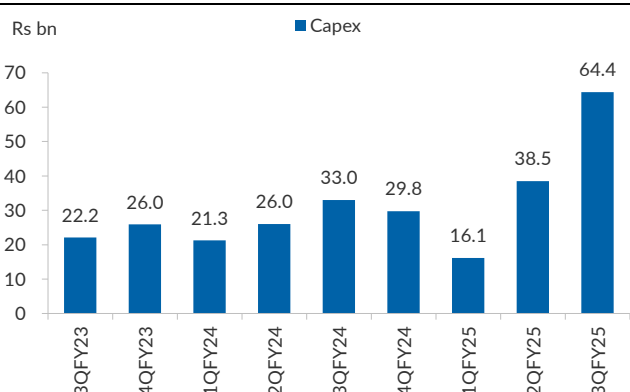
Source: Company, PPAC, YES Sec

Exhibit 15: MS volume growth, YoY



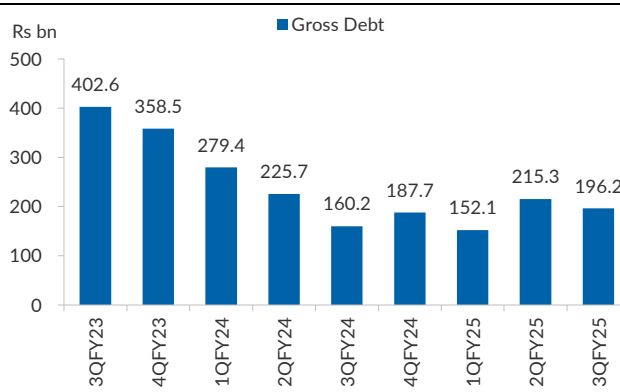
Source: Company, PPAC, YES Sec

Exhibit 16: Capex



Source: Company, YES Sec

Exhibit 17: Gross debt



Source: Company, YES Sec

CONCALL HIGHLIGHTS

- **Industry Demand Dynamics:** The oil market demand is expected to rise by 1.2-1.3mbpd by an expectation of increase receiving boost from India and China. While the oil supply is expected to increase by 2-2.1mbpd supported by USA post Trump election.
- **Business segmental performance:** There was marketing segment inventory loss of Rs7.2bn while marketing inventory that the company has is for 25-27days, LPG under recovery is Rs72.3bn as of 31-Dec'24. The company has incurred a capex of Rs119bn for 9MFY25 while standalone gross borrowing is at Rs196bn and consolidated gross borrowing at Rs465bn for 9MFY25. Mozambique LNG first gas likely to be commissioned by 2029. Company has exiting loans from BRPL which are expected to be refinanced.
- **Refinery Operations:** BPCL's refineries had shutdowns during the quarter, at Mumbai and Kochi refinery. Gasoline cracks have today come down to zero while the gasoil is at USD13-14/bbl. Major impact in GRMs during the quarter were due to shut down in Mumbai and Kochi refinery.
- **Russian crude impact:** Russian crude sourcing has come down to 31% compared to 35% (last 3 quarters), the supply is expected to come down post Trump announcement. Russian crude sourced were at a discount of USD 3-3.5/bbl which has reduced from levels of USD7-8/bbl which was available in 2023. The Russian crude has been sourced for Jan'25 and Feb'25 while there is not sufficient delivery for Mar'25 as the contracts are two months forward, there is long term crude sourced from Middle East which is 1-year.

- **LPG Impact:** LPG impact during the quarter was Rs 31.1bn, and the company has a negative buffer amounting to Rs 72.3bn as of end 9MFY25. This is in an absence of GOI receivables and the revenue to that extent has not been recognized.
- **Bina Refinery:** the expansion of 3mmtpa which will take the total capacity to 11mmtpa currently stands at 7.5% completion, the project is expected to be completed by May'28. It will have an expected capex of Rs490bn and of which the bulk capex will start from 2027. The expansion of 3mmtpa will produce PE 1.2mtpa, PP 0.45 and PX 1.35mtpa.
- **Andhra Refinery:** A new greenfield refinery which will have Rs930bn of expected capex for the coastal refinery project. Land acquisition and development cost for greenfield project is expected to be around Rs61bn and the capacity of the project is likely of 9-12mmtpa.
- **Capex Guidance:** Company expects capex of Rs1.7 lakh crore out of which Rs1.3 lakh crore is approved by the board, while the capex for FY26 & FY27 is expected to be Rs190 & 240bn, with a long-term target of Rs250bn annually from FY28.
- **CGD segment:** The capex for during the 9MFY25 is at Rs12bn with current sales volume of 96 TMT, capex target for FY25 & FY26 is around Rs30bn each. BPCL pans on adding 150-165 CNG station for FY25-26 and then 200 from FY26-27 onwards. About 2 LNG stations were commissioned with 8 under construction. With government support and increase in capex EBITDA margins for CGD will be positive after FY25-26.
- **New energy:** A JV with Singapore-based SimCorp aims to develop green hydrogen projects. The company also has a JV with Praj industries to set up CBG plant with plans to add 26 CBG plants across the country with volume to be around 200TMT. Tender won for NTPC for 30 MW to supply RE power to NTPC. Renewable energy expansion is to aspire for net zero company aspiration. Another greenfield project of creating green hydrogen is expected start. Company plans on achieving 10 GW of green energy by 2030 which will serve their ambition and create additional revenue stream. The targeted capex for renewables is at Rs100bn over next 2-3years.

VIEW & VALUATION

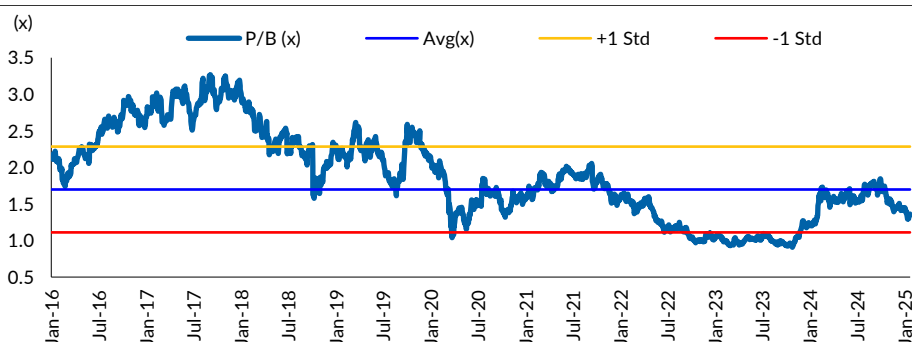
BUY with a TP of Rs 390/share.

BPCL has Rs14bn and Rs21.4bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of dividend yield of 5/5/4.3% FY25e/26e/27e would be key for shareholders. The BV/share for FY25e/26e/27e is at Rs 192/208/224. At CMP, the stock trades at 5.4x/5.7x/5.9x FY25e/26e/27e EV/EBITDA and 1.4x/1.3x/1.2x P/BV (excl. investments, trades at 4.3x/4.5x/4.8x FY25e/26e/27e EV/EBITDA and 1.1x/1x/0.9x P/BV). We maintain a BUY rating with a target price of Rs390 valuing it on a sum-of-parts basis (core business at 7x EV/EBITDA and investments at Rs61).

Exhibit 18: SOTP Valuation table

| EV/EBITDA method | FY27e EBITDA (Rs mm) | EV/EBITDA (x) | Fair Value (Rs mm) | Fair Value (Rs/share) |
|--|-------------------------|------------------------|-----------------------|--------------------------|
| Standalone | 228,293 | 7.0 x | 1,598,049 | 374 |
| Refining | 78,701 | 7.0 x | 550,904 | 129 |
| Marketing | 142,430 | 7.0 x | 997,013 | 233 |
| Pipeline | 7,162 | 7.0 x | 50,131 | 12 |
| Cash & Current Investments | | | 84,263 | 20 |
| Gross Debt | | | 272,528 | 64 |
| Standalone Equity Value (Using EV/EBITDA) | | | 1,409,783 | 330 |
| Listed Investments | Full Value (Rs mm) | Holdco discount (%) | Fair Value (Rs mm) | Fair Value (Rs/share) |
| Petronet LNG | 60,563 | 30% | 42,394 | 10 |
| Indraprastha Gas | 61,110 | 30% | 42,777 | 10 |
| Oil India | 18,241 | 30% | 12,768 | 3 |
| Listed Investments Equity Value | | | 97,939 | 23 |
| 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 |
| Unlisted Investments Equity Value | | | 150,263 | 35 |
| Treasury Stock | 18,054 | 30% | 12,638 | 3 |
| Equity Value | | | 1,670,623 | 390 |

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 | 3,716,263 | 3,576,661 | 3,722,763 |
| Total Expense | 3,276,179 | 4,621,680 | 4,038,561 | 3,479,662 | 3,346,794 | 3,494,470 |
| Operating Profit | 190,260 | 109,566 | 441,571 | 236,601 | 229,867 | 228,293 |
| Other Income | 26,294 | 21,840 | 24,125 | 24,607 | 25,099 | 25,601 |
| Depreciation | 54,179 | 63,475 | 67,501 | 67,430 | 73,356 | 80,675 |
| EBIT | 162,375 | 67,931 | 398,194 | 193,777 | 181,610 | 173,219 |
| Interest | 22,088 | 32,165 | 24,730 | 15,741 | 12,740 | 14,263 |
| Extraordinary Item | 16,431 | (13,600) | (17,980) | - | - | - |
| PBT | 156,717 | 22,167 | 355,484 | 178,037 | 168,871 | 158,955 |
| Tax | 43,084 | 3,466 | 88,749 | 44,448 | 42,160 | 39,684 |
| PAT | 113,634 | 18,701 | 266,735 | 133,589 | 126,711 | 119,271 |
| Adj. PAT | 97,203 | 32,301 | 284,715 | 133,589 | 126,711 | 119,271 |
| Eps | 26.6 | 4.4 | 62.4 | 31.3 | 29.7 | 27.9 |

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 | 799,158 | 866,053 | 934,053 |
| Net worth | 516,455 | 519,963 | 746,748 | 820,521 | 887,416 | 955,416 |
| Debt | 422,153 | 447,751 | 278,806 | 178,806 | 188,806 | 235,806 |
| Deferred tax liab (net) | 58,660 | 70,683 | 66,706 | 66,706 | 66,706 | 66,706 |
| Capital Employed | 997,268 | 1,038,398 | 1,092,261 | 1,066,033 | 1,142,928 | 1,257,928 |
| Fixed assets | 888,035 | 922,696 | 955,189 | 994,227 | 1,085,871 | 1,195,196 |
| Investments | 126,320 | 138,724 | 144,581 | 144,581 | 144,581 | 144,581 |
| Net working capital | (17,087) | (23,022) | (7,510) | (72,774) | (87,524) | (81,849) |
| Inventories | 421,765 | 380,647 | 428,351 | 329,436 | 314,579 | 329,495 |
| Sundry debtors | 96,996 | 67,219 | 83,282 | 62,420 | 60,075 | 62,529 |
| Cash & Bank Balance | 14,509 | 21,204 | 44,906 | 50,557 | 42,453 | 41,356 |
| Other current assets | 94,220 | 77,844 | 73,621 | 73,621 | 73,621 | 73,621 |
| Sundry creditors | 303,301 | 240,108 | 282,934 | 234,073 | 223,517 | 234,115 |
| Other liabilities | 341,276 | 329,828 | 354,735 | 354,735 | 354,735 | 354,735 |
| Application of Funds | 997,268 | 1,038,398 | 1,092,261 | 1,066,033 | 1,142,928 | 1,257,928 |

Exhibit 23: Cash flow statement

| Y/e 31 Mar (Rs mn) | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|--|------------------|-----------------|------------------|------------------|------------------|------------------|
| PBT | 156,717 | 22,167 | 355,484 | 178,037 | 168,871 | 158,955 |
| Depreciation & amortization | 54,179 | 63,475 | 67,501 | 67,430 | 73,356 | 80,675 |
| Interest expense | 22,088 | 32,165 | 24,730 | 15,741 | 12,740 | 14,263 |
| (Inc)/Dec in working capital | (14,937) | (15,035) | (15,871) | - | - | - |
| Tax paid | 18,750 | (610) | (13,000) | 70,915 | 6,645 | (6,772) |
| Less: Interest/Dividend Income Received | (16,849) | (7,095) | (86,582) | (44,448) | (42,160) | (39,684) |
| Other operating Cash Flow | (11,814) | 11,575 | 25,361 | - | - | - |
| Cash flow from operating activities | 208,135 | 106,641 | 357,622 | 287,675 | 219,452 | 207,438 |
| Capital expenditure | (74,239) | (73,768) | (87,970) | (106,468) | (165,000) | (190,000) |
| Inc/(Dec) in investments | 13,879 | 12,022 | 14,832 | - | - | - |
| Add: Interest/Dividend Income Received | (17,077) | (2,227) | (43,474) | - | - | - |
| Cash flow from investing activities | (77,437) | (63,973) | (116,612) | (106,468) | (165,000) | (190,000) |
| Inc/(Dec) in share capital | - | - | - | - | - | - |
| Inc/(Dec) in debt | (32,643) | (1,529) | (185,986) | (100,000) | 10,000 | 47,000 |
| Interest Paid | (13,771) | (22,314) | (19,173) | (15,741) | (12,740) | (14,263) |
| Dividend Paid | (144,828) | (12,816) | (53,288) | (59,816) | (59,816) | (51,271) |
| Others | 4,624 | - | 3,786 | - | - | - |
| Cash flow from financing activities | (186,618) | (36,659) | (254,660) | (175,557) | (62,556) | (18,534) |
| Net cash flow | (55,921) | 6,009 | (13,650) | 5,650 | (8,104) | (1,096) |

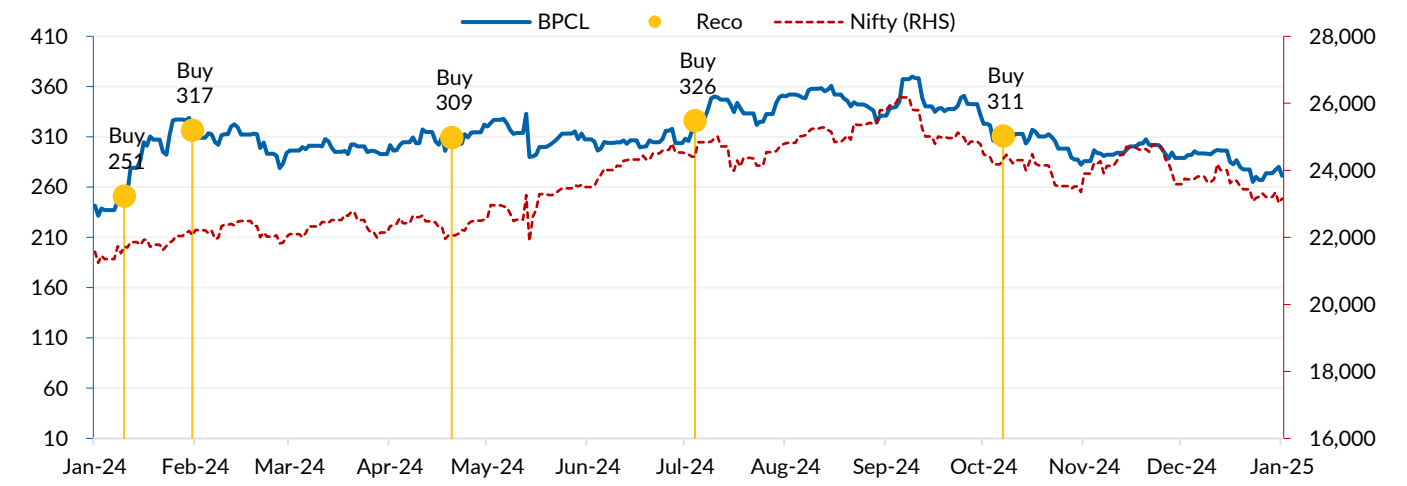
Exhibit 24: Du-pont analysis

| 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 | 0.1 | 0.1 | 0.0 |
| Asset turnover (x) | 2.3 | 2.9 | 2.7 | 2.2 | 2.1 | 2.1 |
| Financial leverage (x) | 2.9 | 3.1 | 2.6 | 2.2 | 2.0 | 1.9 |
| RoE (%) | 21.4 | 3.6 | 42.1 | 17.0 | 14.8 | 12.9 |

Exhibit 25: Ratio analysis

| Y/e 31 Mar | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|---------------------------------|--------|--------|-------|--------|-------|-------|
| Growth matrix (%) | | | | | | |
| Revenue growth | 49.1 | 36.5 | (5.3) | (17.1) | (3.8) | 4.1 |
| Op profit growth | 11.1 | (42.4) | 303.0 | (46.4) | (2.8) | (0.7) |
| EBIT growth | (7.2) | (58.2) | 486.2 | (51.3) | (6.3) | (4.6) |
| Net profit growth | (40.3) | (83.5) | n.a. | (49.9) | (5.1) | (5.9) |
| Profitability ratios (%) | | | | | | |
| OPM | 5.5 | 2.3 | 9.9 | 6.4 | 6.4 | 6.1 |
| EBIT margin | 4.7 | 1.4 | 8.9 | 5.2 | 5.1 | 4.7 |
| Net profit margin | 3.3 | 0.4 | 6.0 | 3.6 | 3.5 | 3.2 |
| RoCE | 16.8 | 6.7 | 37.4 | 18.0 | 16.4 | 14.4 |
| RoE | 21.4 | 3.6 | 42.1 | 17.0 | 14.8 | 12.9 |
| RoA | 7.5 | 1.2 | 16.0 | 7.9 | 7.5 | 6.7 |
| Per share ratios | | | | | | |
| EPS | 26.6 | 4.4 | 62.4 | 31.3 | 29.7 | 27.9 |
| Dividend per share | 33.0 | 4.0 | 42.0 | 14.0 | 14.0 | 12.0 |
| Cash EPS | 39.3 | 19.2 | 78.2 | 47.0 | 46.8 | 46.8 |
| Book value per share | 120.9 | 121.7 | 174.8 | 192.0 | 207.7 | 223.6 |
| Valuation ratios | | | | | | |
| P/E | 10.2 | 61.9 | 4.3 | 8.7 | 9.1 | 9.7 |
| P/CEPS | 6.9 | 14.1 | 3.5 | 5.8 | 5.8 | 5.8 |
| P/B | 2.2 | 2.2 | 1.6 | 1.4 | 1.3 | 1.2 |
| EV/EBIDTA | 8.2 | 14.5 | 3.2 | 5.4 | 5.7 | 5.9 |
| Payout (%) | | | | | | |
| Dividend payout | 124.1 | 91.4 | 67.3 | 44.8 | 47.2 | 43.0 |
| Tax payout | 27.5 | 15.6 | 25.0 | 25.0 | 25.0 | 25.0 |
| Liquidity ratios | | | | | | |
| 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 | 38.0 |
| Creditor days | 26.9 | 28.0 | 22.9 | 25.4 | 27.0 | 27.0 |

Recommendation Tracker



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