

Inline numbers despite challenges; expansion near completion

Oil & Gas ▶ Result Update ▶ January 26, 2024

TARGET PRICE (Rs): 500

HPCL's Q3FY24 SA EBITDA fell 75% QoQ to Rs21.3bn, due to shutdown at the Vizag Refinery (VR), refining inventory losses, lower spreads, and suppressed marketing margins. EBITDA saw a slight miss, with mktg weakness & higher opex largely offset by better reported GRM of USD8.5/bbl (Emkay: USD4.5/bbl). Core GRM was ~USD11/bbl. Blended mktg margin came in 20% below estimate, with some weakness in seen non-auto-fuels (albeit denied by Mgmt). Gross debt fell 3% QoQ to Rs500bn. Mgmt guided to a healthy earnings outlook, while estimating expanded & upgraded VR to start from Q3FY25. Also, Barmer would commence production by H2CY24. We remain constructive on OMCs, on a steady marketing environment, with general elections closing in. We raise FY24E EPS 17% and FY25/26E EPS 9% each, on better GRMs and below operating-line adjustments; retain BUY; revised Dec-24E TP of Rs500/sh.

HPCL: Financial Snapshot (Standalone)					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	3,496,829	4,347,860	4,187,453	4,184,349	4,294,772
EBITDA	101,759	(113,306)	247,067	168,347	191,521
Adj. PAT	59,162	(132,046)	141,896	76,479	84,694
Adj. EPS (Rs)	41.7	(93.1)	100.0	53.9	59.7
EBITDA margin (%)	2.9	(2.6)	5.9	4.0	4.5
EBITDA growth (%)	(36.1)	(211.3)	0.0	(31.9)	13.8
Adj. EPS growth (%)	(38.7)	(240.6)	0.0	(48.8)	10.7
RoE (%)	15.8	(39.8)	43.4	19.1	18.7
RoIC (%)	9.4	(33.7)	20.5	9.4	10.2
P/E (x)	10.3	(4.6)	4.3	8.0	7.2
EV/EBITDA (x)	10.0	(10.9)	4.8	7.0	6.0
P/B (x)	1.6	2.2	1.6	1.4	1.3
FCFF yield (%)	5.0	(9.9)	7.5	3.9	5.7

Source: Company, Emkay Research

Result Highlights

HPCL's refining volume was down 7% QoQ at 5.3mmt, with weaker utilization, of 95% at 12.7mmt capacity. Core GRM was flat QoQ. Blended mktg margin was ~Rs3.6/kg vs. ~Rs6.3/10.5 per kg in Q2FY24/Q1FY24. Domestic marketing sales grew 4% YoY vs. 2% industry growth, while overall sales growth was 6% on higher exports. Petrol/diesel sales volume growth was 3%/flat YoY for HPCL vs. 5/1% for the industry. Pipeline volume was up 15% YoY; Other Expenditure was up 25% YoY/29% QoQ to Rs46bn. Depreciation rose 8% QoQ to Rs13.4bn, while interest was up 6% to Rs6.1bn. Other Income was up 93% YoY at Rs5.6bn. Share of assoc./JV profits was down 10% YoY to Rs2.6bn. 9M capex stood at Rs103.5bn. Board declared interim dividend of Rs15/sh.

Management KTAs

VR is currently operating at 13.7mmt of expanded crude capacity. Distillate yield improvement of 10% could be seen from CY24-end, besides the full potential of bottom upgradation & expanded capacity of 15mmt from Q3FY25. HPCL utilizes Russian crude only at VR (+30% of its imports). It has tied up crude till Mar-24 and Red Sea issues have not had much of an impact. Barmer refinery's physical progress is ~75%, with completion/refined oil output/petchem expected by mid-CY24/CY24-end/CY25. Total capex incurred so far is Rs400bn, while total commitment is +Rs680bn. HMEL's petchem plant is expected to break even by Mar-24. Breakwater work is under way at Chhara, while connectivity soon see completion. Debt should remain rangebound in the near term and reduce to Rs350-400bn in coming 3-4years. Capex target for FY24/25 is Rs140/140-150bn. Auto-fuel pricing decision would be taken once global rates stabilize.

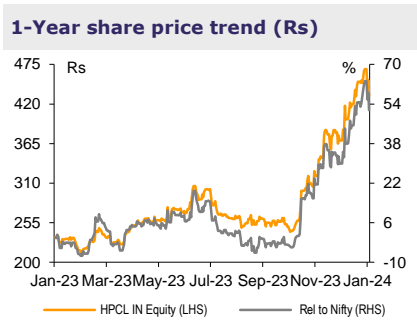
Valuation and Outlook

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

Target Price – 12M	Dec-24
Change in TP (%)	12.2
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	16.1
CMP (25-Jan-24) (Rs)	430.6

Stock Data	Ticker
52-week High (Rs)	479
52-week Low (Rs)	212
Shares outstanding (mn)	1,418.5
Market-cap (Rs bn)	611
Market-cap (USD mn)	7,349
Net-debt, FY24E (Rs mn)	585,349
ADTV-3M (mn shares)	10
ADTV-3M (Rs mn)	3,744.1
ADTV-3M (USD mn)	45.0
Free float (%)	45.0
Nifty-50	21,353
INR/USD	83.1
Shareholding, Dec-23	
Promoters (%)	54.9
FPIs/MFs (%)	14.3/21.3

Price Performance			
(%)	1M	3M	12M
Absolute	16.6	75.0	73.6
Rel. to Nifty	16.6	56.7	45.5



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Exhibit 1: Actuals vs. Estimates (Q3FY24)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,113.1	1,013.4	992.2	10%	12%	
Adjusted EBITDA	21.3	22.2	31.3	-4%	-32%	Weak marketing & higher opex offset by better GRMs
EBITDA margin	1.9%	2.2%	3.2%	-28bps	-96bps	
Adjusted Net Profit	5.3	2.5	15.2	116%	-65%	Higher Other income partly offset by ETR

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY	QoQ	9MFY23	9MFY24	YoY
Revenue	1,096,032	1,079,278	1,109,709	957,011	1,113,063	2%	16%	3,268,582	3,179,783	-3%
COGS	1,031,258	979,939	968,798	827,314	1,037,357	1%	25%	3,290,249	2,833,469	-14%
Gross Profit	64,774	99,339	140,910	129,697	75,706	17%	-42%	(21,667)	346,314	
Opex	44,027	52,783	54,260	43,892	54,435	24%	24%	138,195	152,587	10%
Total Expenditure	1,075,284	1,032,722	1,023,058	871,206	1,091,792	2%	25%	3,428,443	2,986,056	-13%
EBITDA	20,748	46,556	86,651	85,805	21,272	3%	-75%	(159,861)	193,727	
Depreciation	11,105	10,442	13,637	12,395	13,378	20%	8%	32,858	39,410	20%
Interest	6,817	5,226	5,881	5,795	6,141	-10%	6%	16,093	17,817	11%
Other Income	2,889	11,600	4,962	3,445	5,564	93%	62%	9,091	13,970	54%
Exceptional Items	-	-	9,897	-	-			56,170	9,897	
Forex Gain/(Losses)	(4,031)	1,430	1,315	(3,635)	364			(19,516)	(1,957)	
PBT	1,684	43,918	83,306	67,424	7,681	356%	-89%	(163,068)	158,411	
Tax	(40)	11,692	21,267	16,242	2,390		-85%	(41,101)	39,900	
PAT	1,724	32,226	62,039	51,182	5,290	207%	-90%	(121,967)	118,511	
Adjusted PAT	1,724	32,226	54,668	51,182	5,290	207%	-90%	(163,902)	111,140	
Adjusted EPS (Rs)	1	23	39	36	4	207%	-90%	(116)	78	
Tax Rate	-2%	27%	26%	24%	31%			25%	25%	
Core EBITDA^	32,748	45,566	98,901	64,805	27,522	-16%	-58%	(112,961)	191,227	
Core PAT^	13,251	31,041	63,090	37,444	10,148	-23%	-73%	(114,310)	110,682	
Core EPS (Rs)^	9.3	21.9	44.5	26.4	7.2	-23%	-73%	(80.6)	78.0	
Refining Volumes (mmt)	4.8	5.0	5.4	5.8	5.3	11%	-7%	14.1	16.5	17%
Reported GRM (USD/bbl)	9.1	14.0	7.4	13.3	8.5	-7%	-36%	11.5	9.8	-14%
Core GRM (USD/bbl)^	11.1	13.7	7.8	10.7	10.7	-3%	0%	13.1	9.8	-25%
Adjusted Refining EBITDA^	17,220	32,197	14,389	35,842	15,548	-10%	-57%	66,391	65,779	-1%
Marketing Volumes (mmt)	11.3	11.1	11.9	10.7	11.9	6%	11%	32.3	34.5	7%
Diesel	5.1	4.9	5.5	4.4	5.1	0%	17%	14.3	14.9	4%
Petrol	2.2	2.2	2.3	2.2	2.3	3%	2%	6.5	6.9	5%
Marketing Margin (Rs/mt)^	3,681	4,884	10,482	6,335	3,645	-1%	-42%	(2,814)	6,832	
Adjusted Marketing EBITDA^	681	11,330	69,035	46,895	2,330	242%	-95%	(234,487)	118,259	
Marketing Inventory Gain/(Losses)^	(6,300)	(10)	(11,000)	12,000	1,000			(33,600)	2,000	
Pipeline Volumes (mmt)	5.8	6.1	6.5	6.1	6.7	15%	9%	17.1	19.3	13%
Implied Pipeline EBITDA	2,847	3,028	3,227	3,068	3,393	19%	11%	8,235	9,688	18%
Gross Debt	642,450	645,170	516,980	517,585	499,990	-22%	-3%	642,450	499,990	-22%
Implied Net Debt*	586,527	587,114	459,407	460,495	442,900	-24%	-4%	586,527	442,900	-24%
Net Under-recovery	-	-	-	-	-			-	-	

Source: Company, Emkay Research; Note: ^ is estimated as marketing inventory figure and segmental EBITDA is not given; *Net debt includes only oil bonds and cash

Concall Key Takeaways

- HPCL's Q3FY24 results were impacted by planned maintenance shutdown at the Vizag Refinery (VR CDU 2) for 55 days; besides stabilization of VR hydrocracker, Rs7-7.5bn of refining inventory loss (crude fell from USD91 to USD77/bbl, mainly affecting VR) and suppressed diesel marketing margins. Q2FY24 saw higher-than-expected marketing inventory gains, with rise in HSD prices, while there was marginal inventory gain in Q3FY24. Company did not import any HSD in 9MFY24, while the LPG buffer gave support in Q3FY24. Margins for non-sensitive products remained stable.
- HPCL's crude inventory holding at VR is 2 months, with M +2 cycle from crude sourcing to sale of refined products. HPCL operated both refineries at >100% utilization in 9MFY24, with lower F&L as well as better yields. HPCL has earned delta of USD3.5/bbl over Singapore GRMs during 9MFY24.
- Company has gained market share in marketing operations during 9MFY24, with ATF growth of 25% YoY vs. industry's 7% in Q3FY24. During Q3FY24, HPCL commissioned 162 ROs across India, with the total now at 21,593. HPCL registered market-share gain of 0.42%/0.20% during 9M/Q3FY24 among PSUs; besides the 1.73% in ATF, 0.02% in MS, 1.18% in HSD and 0.07% in LPG during Q3FY24.
- HPCL intends to undertake value unlocking of its lube business and has on-boarded an international consultant for laying out its execution strategy and thereafter demerging the business. This plan is likely to be firmed in the next 8-10 weeks. EBITDA contribution of the lube business is ~Rs10bnpa. HP Lubes has launched the premium Caltex Brand in India, in partnership with Chevron, with manufacturing at HPCL's facilities.
- Company has witnessed stable operating performance in Jan-2024 and expects FY24 refining/marketing output of 22mmt/>44mmt, while that in FY25 would be 25/>45mmt. It also expects revamped CDU at full capacity, as hydrocracker stabilizes and the same should lift GRM premium to Singapore. HPCL's dependence on standalone refineries would reduce.
- VR is currently operating at 13.7mmtpa of expanded crude capacity (CDU has stabilized). Management expects construction & erection of the resid upgradation unit to complete within the next 6-8 weeks, while stabilization will commence in Q1FY25 and take 4-6 months. Distillate yield improvement by 10% could be seen from CY24-end onwards, besides full potential of bottom upgradation and expanded capacity (from Q3FY25).
- HPCL has secured its crude oil till Mar-Apr 2024 through a combination of term & spot (including opportunity crude) contracts. While HPCL's term & opportunity crude cargoes have not been impacted by Red Sea disruptions, HPCL takes it on DAP (delivered at port) basis in spot which includes freight & discounts. Red Sea issues have affected crude oil cargoes relatively less than other cargoes, but freight rates saw a rise.
- Currently, HPCL procures 3.5mmtpa crude domestically from ONGC at the Mumbai Refinery (MR); while balance is imported. Of the imports, 45% entails term contracts and the rest spot, used for low sulphur and opportunistic crude. HPCL utilizes Russian crude only at VR; while >30% of its imports comprise the same. MR does not use Russian crude, as it is more lube-based. Venezuelan crude is not optimal for the company. HPCL has planned for 15/10mmtpa crude procurement for VR/MR for FY25, and has no planned refinery shutdowns. CDU shutdown will be taken at MR in Q4FY24, though.
- HRRL is commissioning a few units of Rajasthan Barmer refinery currently relating to utilities & gases, while physical progress is ~75% and the project is on track. CDU & core refinery works are at >90%, while completion is expected by mid-CY24 and refined output of MS, HSD & LPG can be expected by CY24-end and petchem output to come in CY25. Rajasthan refinery's petchem intensity is ~26%, with 2.4mmtpa output. Total capex incurred till now is Rs400bn, while total commitment is >Rs680bn. Normalized opex is likely to be at ~USD2-3/bbl at Barmer, similar to other refineries'.
- HMEL's petchem facility commissioned in Jun-Jul 2023 achieved 100% utilization in Jan-24; and intends to break even by Mar-24 vs losses for 9MFY24. HMEL clocked refinery throughput of 3.29/9.81mmt in Q3/9MFY24, with reported GRM of USD14/17 per bbl. HMEL recorded inventory loss similar to HPCL's in Q3FY24, while it has no planned shutdowns in FY25.

- Breakwater work is under way at the Chhara LNG terminal, while a commissioning cargo has been planned. Its pipeline connectivity to Gondal is also nearing completion, expected in the next 4-5 weeks. It has received >13 bids (like ATPL) for term LNG contracts, while discussion and evaluation is ongoing. Dialogue with capacity bookers are also under way.
- HPCL now has tie-ups for CBG production capacity equivalent to 970.5ktpa under the SATAT scheme, with 4 LOIs released in Q3FY24. CNG facilities at 43 retail outlets (ROs) commissioned during Q3FY24, with total at 1,570 as of Dec-23 end. EV charging facility was commissioned at 94 ROs in Q3FY24, taking the total to 2,402 ROs. Solar panels were installed at 740 ROs during Q3, taking the total to 11,930 ROs (55% of network).
- HPCL has already incorporated a green energy subsidiary and its operational progress is expected from March 2024. Company plans to incur capex towards green & RE projects at Rs25-30bnpa, while 5-year capex target is Rs150-200bn. HPCL has plans to increase its RE portfolio to 10GW by 2030 and bio-fuels through new 1G, 2G and CBG plants.
- HPCL evaluates green energy projects at 15% hurdle IRR and, currently, include solar & wind, biofuels and CBG projects. Current ethanol blending is >11%, which is giving good returns. Company plans to integrate CBG usage with its CGD and other businesses. There is no green hydrogen mandate for now, and initial focus is on setting up RE and biofuels capacity. Solar power will be used captive in refineries. It plans to incur capex of Rs25-30bnpa towards CGD business till MWP is completed, while GAs in the 3rd-4th year are already EBITDA positive.
- HPCL has lowered its debt levels and is now at sub-Rs500bn. Debt should remain range-bound in the short term and then lower to Rs350-400bn in the next 3-4 years, assuming no equity contribution from the GoI which, if it happens, can lower it further. HPCL has incurred Rs103.5bn towards capex for 9MFY24 through internal accruals only. Capex target for FY24/25 is Rs140/140-150bn, respectively.
- HPCL's 'Other Expense' run-rate in Q3FY24 had only some minor one-offs. Retail auto-fuel pricing decision would be taken once global rates stabilize; currently, there is volatility.
- Management stands by its Singapore roadshow guidance wrt doubling of EBITDA by FY27 and Barmer refinery profitability.

Exhibit 3: Change in assumptions

	FY24E			FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
GRM (USD/bbl)	7.8	10.0	28%	8.5	8.5	0%	9.5	9.5	0%
Marketing Margin (Rs/mt)	6,247	6,191	-1%	4,800	4,865	1%	4,896	4,962	1%
Growth	-601.6%	-597.1%	452bps	-23.2%	-21.4%	175bps	2.0%	2.0%	-1bps
Marketing Sales (mmt)	47	46	-1%	48	47	-1%	49	49	-1%
Growth	7.2%	6.1%	-108bps	2.6%	2.6%	1bps	2.6%	2.6%	-1bps

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY24E			FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	4,285	4,187	-2%	4,111	4,184	2%	4,221	4,295	2%
EBITDA	231	247	7%	169	168	-1%	191	192	0%
EBITDA margin	5.4%	5.9%	52bps	4.1%	4.0%	-9bps	4.5%	4.5%	-6bps
PAT	121	142	17%	70	76	9%	78	85	9%
EPS (Rs)	85.5	100.0	17%	49.6	53.9	9%	54.9	59.7	9%

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation

Components	Basis	Dec-25E EBITDA (Rs bn)	Multiple (x)	EV (Rs bn)	EV/sh (Rs)	Comments
Refining Standalone	EV/EBITDA	104	6.1	633	446	
Pipelines Standalone	EV/EBITDA	14	6.1	88	62	
Petrochemicals Standalone	EV/EBITDA	-		-	-	
Marketing Standalone	EV/EBITDA	68	6.1	412	290	
Core Business EV		186	6.1	1,133	798	Blended multiple at 6.1x
Less: Adj. Net Debt (Dec-24 end)				540	381	
Core Business Valuation				593	418	
Value of HMEL stake	P/E			72	51	
Value of Listed Investments	TP/CMP			45	31	At 30% HoldCo Discount
Target Price-Fair Value (Rs/sh)				709	500	

Source: Company, Emkay Research

Exhibit 6: Schedule and Value of Listed Investments

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	Equity Value (Rs bn)	HPCL Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contr. to SOTP (Rs bn)	Per Share Value (Rs)
MRPL	Financial	CMP	174	305	17.0%	52	30%	36	25.5
Oil India	Financial	TP (Emkay)	445	483	2.5%	12	30%	8	5.9
Total Listed						64		45	31

Source: Company, Emkay Research

Exhibit 7: Value of HMEL-stake

Components	Basis	Dec-25E PAT (Rs bn)	Multiple (x)	Equity value (Rs bn)	HPCL stake	Pro- rata value (Rs bn)	Holdco Disc.	Contr. To SOTP (Rs bn)	Per Sh. Val. (Rs)
HPCL Mittal Energy (HMEL)	P/E (x)	30	7.0	210	49%	103	30%	72	51

Source: Company, Emkay Research

HPCL: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	3,496,829	4,347,860	4,187,453	4,184,349	4,294,772
Revenue growth (%)	50.1	24.3	(3.7)	(0.1)	2.6
EBITDA	101,759 (113,306)	247,067	168,347	191,521	
EBITDA growth (%)	(36.1)	(211.3)	0.0	(31.9)	13.8
Depreciation & Amortization	39,691	43,300	54,460	65,420	72,293
EBIT	62,067 (156,605)	192,608	102,927	119,228	
EBIT growth (%)	(49.8)	(352.3)	0.0	(46.6)	15.8
Other operating income	0	0	0	0	0
Other income	22,743	20,691	23,896	24,521	26,202
Financial expense	9,727	21,319	24,844	25,204	32,204
PBT	75,083 (157,232)	191,661	102,244	113,227	
Extraordinary items	5,996	56,170	9,897	0	0
Taxes	18,211	(29,409)	50,299	25,766	28,533
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	63,826 (89,740)	149,299	76,479	84,694	
PAT growth (%)	(40.1)	(240.6)	0.0	(48.8)	10.7
Adjusted PAT	59,162 (132,046)	141,896	76,479	84,694	
Diluted EPS (Rs)	41.7 (93.1)	100.0	53.9	59.7	
Diluted EPS growth (%)	(38.7)	(240.6)	0.0	(48.8)	10.7
DPS (Rs)	14.0	0.0	35.2	18.9	20.9
Dividend payout (%)	31.1	0.0	33.5	35.0	35.0
EBITDA margin (%)	2.9	(2.6)	5.9	4.0	4.5
EBIT margin (%)	1.8	(3.6)	4.6	2.5	2.8
Effective tax rate (%)	30.5	(8.2)	30.1	25.2	25.2
NOPLAT (pre-IndAS)	43,158 (169,451)	134,621	76,989	89,183	
Shares outstanding (mn)	1,418.9	1,418.9	1,418.9	1,418.9	1,418.9

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	75,083	(157,232)	191,661	102,244	113,227
Others (non-cash items)	39,195	73,292	55,407	66,103	78,295
Taxes paid	(14,511)	(1,598)	(18,299)	(22,566)	(26,933)
Change in NWC	52,176	13,860	(26,512)	9,916	1,058
Operating cash flow	158,898 (33,595)	210,194	155,698	165,647	
Capital expenditure	(107,642)	(88,877)	(120,000)	(110,000)	(100,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	9,040	10,206	23,896	24,521	26,202
Investing cash flow	(125,653) (110,977)	(98,225)	(87,621)	(75,961)	
Equity raised/(repaid)	(10,404)	0	0	0	0
Debt raised/(repaid)	28,150	205,732	(37,000)	(21,000)	(29,160)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(16,712)	(31,101)	(24,844)	(25,204)	(32,204)
Dividend paid (incl tax)	(32,229)	(19,857)	(50,015)	(26,768)	(29,643)
Others	(3,112)	(7,775)	0	0	0
Financing cash flow	(34,306) 146,999	(111,859)	(72,971)	(91,006)	
Net chg in Cash	(1,062)	2,427	111	(4,895)	(1,321)
OCF	158,898	(33,595)	210,194	155,698	165,647
Adj. OCF (w/o NWC chg.)	106,722	(47,455)	236,706	145,781	164,588
FCFF	51,255	(122,472)	90,194	45,698	65,647
FCFE	50,568	(133,584)	89,247	45,015	59,646
OCF/EBITDA (%)	156.2	29.6	85.1	92.5	86.5
FCFE/PAT (%)	79.2	148.9	59.8	58.9	70.4
FCFF/NOPLAT (%)	118.8	72.3	67.0	59.4	73.6

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	14,189	14,189	14,189	14,189	14,189
Reserves & Surplus	372,581	262,945	362,229	411,940	466,991
Net worth	386,770	277,134	376,418	426,129	481,180
Minority interests	0	0	0	0	0
Deferred tax liability (net)	59,783	30,110	62,110	65,310	66,910
Total debt	465,906	680,051	643,051	622,051	592,891
Total liabilities & equity	912,459	987,295	1,081,579	1,113,490	1,140,981
Net tangible fixed assets	520,442	624,492	826,849	926,156	953,498
Net intangible assets	8,223	8,223	8,223	8,223	8,223
Net ROU assets	42,671	42,671	42,671	42,671	42,671
Capital WIP	267,660	228,028	91,211	36,484	36,849
Goodwill	0	0	0	0	0
Investments [JV/Associates]	125,722	160,418	162,022	163,643	165,279
Cash & equivalents	55,025	57,075	57,702	53,329	52,536
Current assets (ex-cash)	481,868	423,943	410,393	410,572	420,662
Current Liab. & Prov.	589,152	557,555	517,493	527,588	538,736
NWC (ex-cash)	(107,284)	(133,612)	(107,100)	(117,016)	(118,074)
Total assets	912,459	987,295	1,081,579	1,113,490	1,140,981
Net debt	410,881	622,976	585,349	568,722	540,355
Capital employed	912,459	987,295	1,081,579	1,113,490	1,140,981
Invested capital	464,052	541,774	770,643	860,034	886,317
BVPS (Rs)	272.6	195.3	265.3	300.3	339.1
Net Debt/Equity (x)	1.1	2.2	1.6	1.3	1.1
Net Debt/EBITDA (x)	4.0	(5.5)	2.4	3.4	2.8
Interest coverage (x)	0.1	(0.2)	0.1	0.2	0.2
RoCE (%)	9.6	(14.3)	20.9	11.6	12.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	10.3	(4.6)	4.3	8.0	7.2
P/CE(x)	6.2	(6.9)	3.1	4.3	3.9
P/B (x)	1.6	2.2	1.6	1.4	1.3
EV/Sales (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	10.0	(10.9)	4.8	7.0	6.0
EV/EBIT(x)	16.5	(7.9)	6.2	11.5	9.7
EV/IC (x)	2.2	2.3	1.6	1.4	1.3
FCFF yield (%)	5.0	(9.9)	7.5	3.9	5.7
FCFE yield (%)	8.3	(21.9)	14.6	7.4	9.8
Dividend yield (%)	3.3	0.0	8.2	4.4	4.9
DuPont-RoE split					
Net profit margin (%)	1.7	(3.0)	3.4	1.8	2.0
Total asset turnover (x)	4.0	4.6	4.0	3.8	3.8
Assets/Equity (x)	2.3	2.9	3.2	2.7	2.5
RoE (%)	15.8	(39.8)	43.4	19.1	18.7
DuPont-RoIC					
NOPLAT margin (%)	1.2	(3.9)	3.2	1.8	2.1
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	9.4	(33.7)	20.5	9.4	10.2
Operating metrics					
Core NWC days	15.1	11.7	11.7	11.7	11.7
Total NWC days	15.1	11.7	11.7	11.7	11.7
Fixed asset turnover	4.8	5.1	4.0	3.3	3.1
Opex-to-revenue (%)	5.0	4.4	5.1	5.4	5.5

Source: Company, Emkay Research

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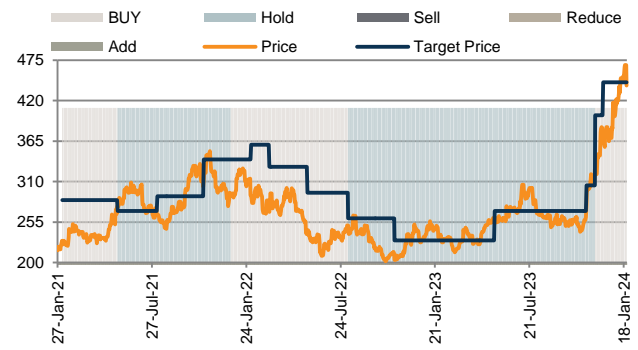
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
09-Dec-23	378	445	Buy	Sabri Hazarika
30-Nov-23	347	400	Buy	Sabri Hazarika
24-Nov-23	320	400	Buy	Sabri Hazarika
07-Nov-23	279	305	Hold	Sabri Hazarika
03-Aug-23	270	270	Hold	Sabri Hazarika
15-May-23	260	270	Hold	Sabri Hazarika
10-Feb-23	233	230	Hold	Sabri Hazarika
06-Dec-22	224	230	Hold	Sabri Hazarika
04-Nov-22	204	230	Hold	Sabri Hazarika
07-Sep-22	244	260	Hold	Sabri Hazarika
07-Aug-22	251	260	Hold	Sabri Hazarika
15-Jul-22	240	295	Buy	Sabri Hazarika
28-Jun-22	222	295	Buy	Sabri Hazarika
22-May-22	244	295	Buy	Sabri Hazarika
21-May-22	244	295	Buy	Sabri Hazarika
09-Mar-22	269	330	Buy	Sabri Hazarika
02-Feb-22	291	360	Buy	Sabri Hazarika
25-Dec-21	292	340	Buy	Sabri Hazarika
23-Nov-21	319	340	Hold	Sabri Hazarika
03-Nov-21	314	340	Hold	Sabri Hazarika
06-Aug-21	265	290	Hold	Sabri Hazarika
26-Jul-21	274	270	Hold	Sabri Hazarika
23-Jun-21	300	270	Hold	Sabri Hazarika
29-May-21	281	270	Hold	Sabri Hazarika
22-May-21	276	270	Hold	Sabri Hazarika
23-Apr-21	234	285	Buy	Sabri Hazarika
23-Mar-21	239	285	Buy	Sabri Hazarika
18-Mar-21	234	285	Buy	Sabri Hazarika
05-Feb-21	225	285	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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