

May 11, 2024

RESULT REPORT Q4 FY24 | Sector: Energy

# Bharat Petroleum Ltd

**Strong performance, marketing core margins drives the integrated margins and earnings**

## Our View

BPCL's Q4FY24 results exhibit a commendable financial performance, with a substantial YoY surge in EBITDA and Adj. PAT, standing at Rs 92.1bn and Rs 55.7bn, respectively. The core GRM at USD12.5/bbl and strong market share in diesel and motor spirits highlight the company's operational prowess. BPCL's strategic reduction in debt, annual capex of Rs110bn, and enhanced refining efficiency position it as a compelling investment, reflecting a positive outlook for sustained growth, to also be supported by recent announcement of a 1:1 bonus issue. We retain our BUY rating with a 12-mth TP of Rs900.

## Result Highlights

- EBITDA/Adj. PAT were Rs 92.1/55.7bn is down 17.4%/26.4% YoY but up 48%/64% QoQ. This is marginally lower than our estimates but better than the consensus. There was an impairment loss of Rs 18bn for BPCL's subsidiary, BPRL (Rs 13.6bn in Q4FY23). The reported GRM was USD12.5/bbl vs USD13.4/bbl the previous quarter and USD20.6/bbl a year ago. As per our assumptions, the core GRM was USD12/bbl (USD14 the previous quarter, USD22.1 a year back), a USD4.7/bbl premium to the benchmark USD7.3, the best amongst Indian refiners. The assumed refining inventory gain was USD0.5/bbl (loss of USD0.6 the prior quarter and a loss of USD1.5/bbl a year ago). Refinery throughput was 10.36mmt at ~119% utilisation (110.8% the previous quarter, ~122% a year ago).
- The integrated core EBITDA margin was USD7.8/bbl vs our est of 6.4 (USD4.9 the prior quarter, USD10.3 a year ago), surpassed expectations on strong core marketing performance.
- The core marketing EBITDA was Rs3.2/ltr (negative Rs0.3 the prior quarter, positive Rs1.3 a year back) and our expectations of Rs1.6/ltr. The domestic marketing throughput was 13.2mmt, up 2.1% YoY and 2% QoQ (vs. the industry's growth of 5.6% YoY and 4.3% QoQ). MS sales were 2.6mmt, up 7.1% YoY and 2% QoQ, while diesel at 5.9mmt, down 1% YoY and up 1% QoQ. Industry motor spirit and diesel sales were up 8.5%/4.2% YoY and 2%/0.6% QoQ. The reported marketing adventitious/inventory loss was at Rs7.65bn. Product market share. Bharat Petroleum's market share of high-speed diesel and motor spirits market shares to 25.9% and 27.2% respectively.
- Capex as per PPAC was Rs29.8bn (Rs110bn in FY24); exceeding FY24 target of Rs100bn. Debt at Rs187.7bn was sharply down Rs170.9bn YoY but up Rs27.5bn QoQ.
- FY24 performance. EBITDA at Rs 441.6bn (vs Rs 109.6bn last year) while Adj. PAT at Rs 284.7bn (vs Rs 32.3bn last year) and the reported GRM at USD14.1/bbl (vs USD20.2). The core integrated margins were at USD7.9/bbl vs USD3.1/bbl the last year while the marketing EBITDA/ltr (Rs) was at 2.8 vs negative 4.4 last year.

## Valuation

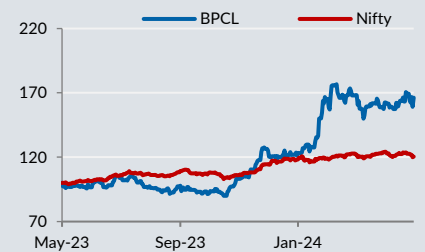
BPCL has Rs22.1bn and Rs24.2bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of dividend of 2.9%/2.9% FY25e/26e would be key for shareholders. The BV/share for FY25e/26e is at Rs 389/428 and the debt: equity is least amongst OMCs at 0.3x for 25e/26e. At CMP, the stock trades at 6.9x/6.6x FY25e/26e EV/EBITDA and 1.6x/1.4x P/BV (excl. investments, trades at 5.7x/5.5x FY25e/26e EV/EBITDA and 1.3x/1.2x P/BV). We maintain a BUY rating with a target price of Rs900 valuing it on a sum-of-parts basis (core business at 8x EV/EBITDA and investments at Rs129).

Reco	: BUY
CMP	: Rs 619
Target Price	: Rs 900
Potential Return	: +45%

## Stock data (as on May 10, 2024)

Nifty	22,055
52 Week h/l (Rs)	688 / 331
Market cap (Rs/USD mn)	1284523 / 15376
Outstanding Shares (mn)	2,169
6m Avg t/o (Rs mn):	4,037
Div yield (%):	0.6
Bloomberg code:	BPCL IN
NSE code:	BPCL

## Stock performance



	1M	3M	1Y
Absolute return	2.3%	0.7%	66.1%

## Shareholding pattern (As of Dec '23 end)

Promoter	53.0%
FII+DII	39.0%
Others	8.0%

## Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	900	900

## Δ in estimates

(1-Yr)	FY25e	FY26e
EPS (New)	56.2	57.3
EPS (Old)	58.1	48.4
% Change	(3.4)	18.5

## Financial Summary

(Rs bn)	FY24	FY25E	FY26E
Revenue	4,480.1	4,068.6	3,888.9
YoY Growth	(5.3)	(9.2)	(4.4)
EBIDTA	441.6	223.1	233.9
OPM %	9.9	5.5	6.0
PAT	266.7	119.6	122.1
YoY Growth	1,326.3	(55.2)	2.1
ROE	35.7	14.4	13.4
EPS	125.3	56.2	57.3
P/E	4.9	11.0	10.8
BV	350.7	388.8	428.2
EV/EBITDA	3.5	6.9	6.6

## HARSHRAJ AGGARWAL

Lead Analyst

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## Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	1,154,942	1,196,483	1,052,000	-3.47%	9.79%	Strong performance, marketing core margins drives the integrated margins and earnings
EBITDA	62,262	74,362	44,354	-16.27%	40.38%	
EBITDA Margin (%)	5.39%	6.22%	4.22%	-82bps	117bps	
Adjusted PAT	33,973	39,986	32,700	-15.04%	3.89%	

## Exhibit 2: Earnings snapshot

Particulars (Rs mn)	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	y/y (%)	q/q (%)	FY23	FY24	y/y (%)
Revenue	1,181,121	1,129,782	1,029,856	1,154,942	1,165,551	(1.3)	0.9	4,731,247	4,480,132	(5.3)
Expenditure	1,069,584	971,685	900,776	1,092,680	1,073,421	0.4	(1.8)	4,621,680	4,038,561	(12.6)
-Raw Material	1,002,311	908,869	837,520	1,019,127	995,426	(0.7)	(2.3)	4,332,143	3,760,943	(13.2)
-Staff Cost	8,389	8,825	7,590	10,680	8,490	1.2	(20.5)	27,640	35,585	28.7
- Other expenses	58,884	53,991	55,666	62,872	69,504	18.0	10.5	261,898	242,033	(7.6)
<b>Operating Profit</b>	<b>111,537</b>	<b>158,098</b>	<b>129,080</b>	<b>62,263</b>	<b>92,131</b>	<b>(17.4)</b>	<b>48.0</b>	<b>109,566</b>	<b>441,571</b>	<b>303.0</b>
OPM(%)	9%	14%	13%	5%	8%	(16.3)	46.6	2%	10%	8 bps
Other Income	7,330	4,920	7,712	6,801	4,691	(36.0)	(31.0)	21,840	24,125	10.5
Depreciation	15,958	16,093	15,998	18,244	17,165	7.6	(5.9)	63,475	67,501	6.3
Interest	8,124	6,793	7,676	5,019	5,243	(35.5)	4.5	32,165	24,730	(23.1)
Excpnl Loss/(Profit)	(13,600)	-	-	-	(17,980)			-13,600	-17,980	n.a.
<b>PBT</b>	<b>81,185</b>	<b>140,131</b>	<b>113,118</b>	<b>45,801</b>	<b>56,434</b>	<b>(30.5)</b>	<b>23.2</b>	<b>22,167</b>	<b>355,484</b>	<b>1,503.7</b>
Tax	16,405	34,622	28,106	11,828	14,192	(13.5)	20.0	3,464	88,749	2,462.2
<b>PAT</b>	<b>64,780</b>	<b>105,509</b>	<b>85,012</b>	<b>33,973</b>	<b>42,242</b>	<b>(34.8)</b>	<b>24.3</b>	<b>18,703</b>	<b>266,735</b>	<b>1,326.1</b>
<b>Adj PAT</b>	<b>75,631</b>	<b>105,509</b>	<b>85,012</b>	<b>33,973</b>	<b>55,700</b>	<b>(26.4)</b>	<b>64.0</b>	<b>29,558</b>	<b>280,194</b>	<b>847.9</b>

## Exhibit 3: Operating highlights

Particulars	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	y/y (%)	q/q (%)	FY23	FY24	y/y (%)
Dom Marketing Throughput - mmt	12.9	12.8	12.2	12.9	13.2	2.1	2.0	48.9	51.0	4.3
Refining Throughput -mmt	10.6	10.4	9.4	9.9	10.4	(2.5)	5.1	38.5	39.9	3.6
Mumbai	4.1	4.0	4.1	3.1	4.0	(2.5)	28.5	14.7	15.2	3.7
Kochi	4.5	4.5	4.0	4.7	4.4	(3.5)	(6.8)	16.1	17.5	8.7
Bina	2.0	1.9	1.2	2.1	2.0	(0.5)	(2.9)	7.7	7.2	(7.1)
<b>GRM (USD/bbl)</b>										
Mumbai	15.7	6.5	14.5	7.9	9.0	(42.7)	13.3	15.3	9.6	(37.0)
Kochi	22.5	15.5	19.7	14.0	12.8	(43.3)	(8.9)	21.1	15.4	(27.1)
Bina	26.1	18.8	28.2	20.0	18.7	(28.3)	(6.3)	28.3	20.7	(26.9)
Reported GRM	20.6	12.6	18.5	13.4	12.5	(39.4)	(6.5)	20.3	14.1	(30.4)
Inventory gain/loss	(1.5)	(0.3)	3.0	(0.6)	0.5	(132.0)	(180.0)	0.1	0.6	434.9
Core GRMs (US\$/bbl)	22.1	12.9	15.5	14.0	12.0	(45.7)	(14.0)	20.2	13.5	(33.0)
Singapore GRMs	8.2	4.1	9.6	5.4	7.3	(11.0)	35.0	10.9	6.5	(39.7)
Marketing EBITDA (Rs/ltr)	1.3	6.6	1.3	(0.3)	3.2	142.7	(1,371.1)	(4.4)	2.8	(163.4)

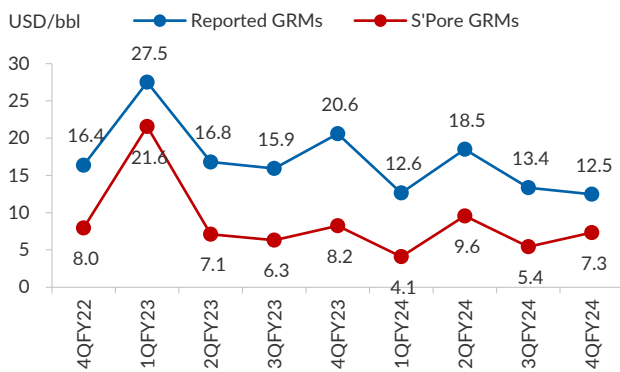
Particulars	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	y/y (%)	q/q (%)	FY23	FY24	y/y (%)
EBITDA Integrated margin (USD/bbl)	10.3	11.8	7.2	4.9	7.8	(24.7)	60.2	3.1	7.9	157.4
<b>Inventory gain/loss (Rs mn)</b>										
Refining	(9,835)	(1,916)	17,390	(3,694)	3,097	(131.5)	(183.8)	897	14,876	1,558.4
Marketing	(19,130)	(10,700)	14,970	(3,690)	(7,650)	(60.0)	107.3	(34,200)	(7,070)	(79.3)
Rs mn										
Gross Debt	358,548	279,394	225,680	160,167	187,670	(47.7)	17.2	358,548	187,670	(47.7)
Forex gain/losses	1,930	245	(1,280)	(290)	(520)	(126.9)	79.3	(15,000)	(1,845)	(87.7)
Core EBITDA (Rs mn)	152,171	170,469	98,000	69,937	115,184	(24.3)	64.7	171,472	453,590	164.5
<b>Marketing market share (%)</b>										
HSD	27.1	25.8	26.0	25.8	25.9	(4.7)	0.3	26.6	25.9	(2.8)
MS	27.6	27.0	27.3	27.2	27.2	(1.3)	(0.0)	27.4	27.2	(1.0)

## Key result highlights:

- **Performance: EBITDA/Adj. PAT** were Rs 92.1/55.7bn is down 17.4%/26.4% YoY but up 48%/64% QoQ. This is marginally lower than our estimates but better than the consensus, although when we compare it on core performance its better than our estimates on both refining and marketing segment. There was an impairment loss of Rs 18bn for BPCL's subsidiary, Bharat PetroResources Limited (BPRL) (Rs 13.6bn in Q4FY23).
- The **reported GRM** was USD12.5/bbl (MR/KR/BR USD8.79/USD12.76/USD18.72) vs USD13.4/bbl the previous quarter (MR/KR/BR USD7.9/USD14/USD20) and USD20.6/bbl a year ago (MR/KR/BR USD15.7/USD22.5/USD26.1), while the Arab heavy-light difference was USD1.8/bbl (USD2.1 the quarter prior).
- As per our assumptions, the **core GRM** was USD12/bbl (USD14 the previous quarter, USD22.1 a year back), a USD4.7/bbl premium to the benchmark USD7.3, the best amongst Indian refiners. The assumed **refining inventory gain** was USD0.5/bbl (loss of USD0.6 the prior quarter and a loss of USD1.5/bbl a year ago).
- **Refinery throughput** was 10.36mmt (MR/KR/BR 3.97/4.36/2.03) at ~119% utilisation (110.8% the previous quarter, ~122% a year ago).
- **The integrated core EBITDA margin** was USD7.8/bbl vs our est of 6.4 (USD4.9 the prior quarter, USD10.3 a year ago), surpassed expectations on strong core marketing performance.
- **The core marketing EBITDA (back-calculated)** was Rs3.2/ltr (negative Rs0.3 the prior quarter, positive Rs1.3 a year back) and our expectations of Rs1.6/ltr.
- The **domestic marketing throughput** was 13.2mmt, up 2.1% YoY and 2% QoQ (vs. the industry's growth of 5.6% YoY and 4.3% QoQ). MS sales were 2.6mmt, up 7.1% YoY and 2% QoQ, while diesel at 5.9mmt, down 1% YoY and up 1% QoQ. Industry motor spirit and diesel sales were up 8.5%/4.2% YoY and 2%/0.6% QoQ. The reported marketing adventitious/inventory loss was at Rs7.65bn.
- **Product market share.** Bharat Petroleum's market share of high-speed diesel and motor spirits market shares to 25.9% and 27.2% respectively. A positive marketing margins for diesel and petrol have led OMCs losing market share to private operators, but BPCL maintained their share.
- This **impairment loss** stems from a decrease in the expected future profitability of oil and gas blocks held BPRL. The total accumulated impairment loss on the BPRL investment now stands at Rs51.9bn as of 31-Mar'24.
- The Rs520mn **forex loss** impacted to the quarter's profitability.
- **Capex** as per PPAC was Rs29.8bn (Rs110bn in FY24); exceeding FY24 target of Rs100bn.

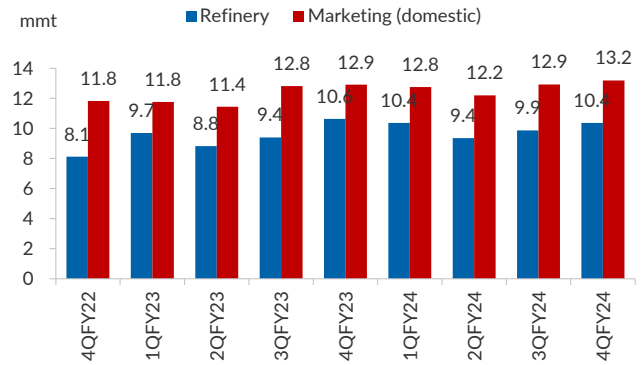
- **Debt at Rs187.7bn** was sharply down Rs170.9bn YoY but up Rs27.5bn QoQ on stronger cashflows, lower capex and purchase of discounted crude which resulted in lowering the working capital requirements.
- **FY24 performance.** EBITDA at Rs 441.6bn (vs Rs 109.6bn last year) while Adj. PAT at Rs 284.7bn (vs Rs 32.3bn last year) and the reported GRM at USD14.1/bbl (vs USD20.2). The core integrated margins were at USD7.9/bbl vs USD3.1/bbl the last year while the marketing EBITDA/Itr (Rs) was at 2.8 vs negative 4.4 last year.

**Exhibit 4: GRMs**



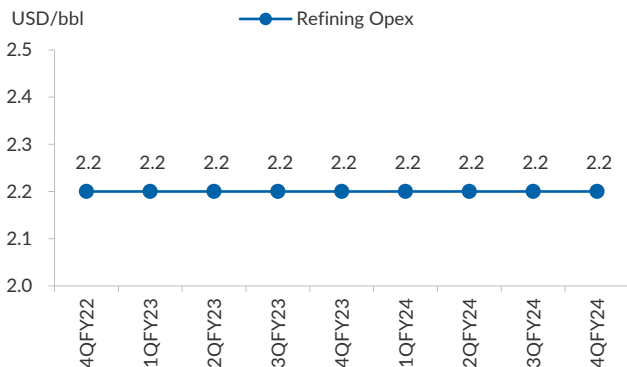
Source: Company, YES Sec

**Exhibit 5: Throughput**



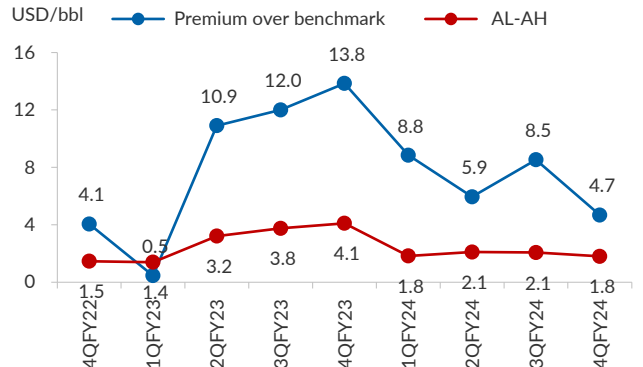
Source: Company, YES Sec

**Exhibit 6: Refining Opex**



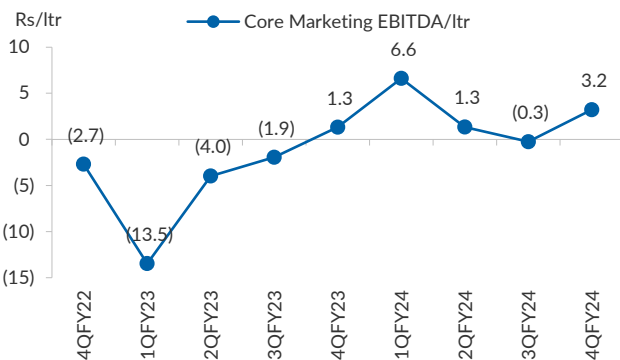
Source: Company, YES Sec

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



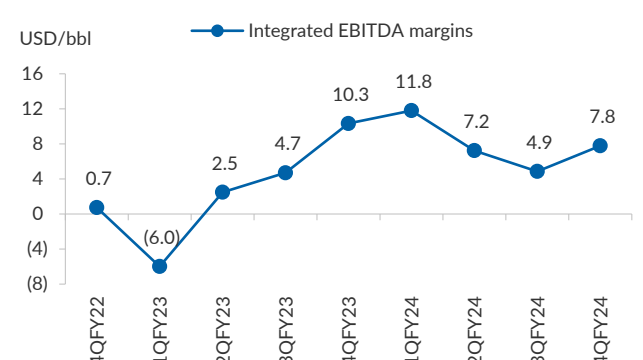
Source: Company, YES Sec

**Exhibit 8: Core marketing EBITDA**



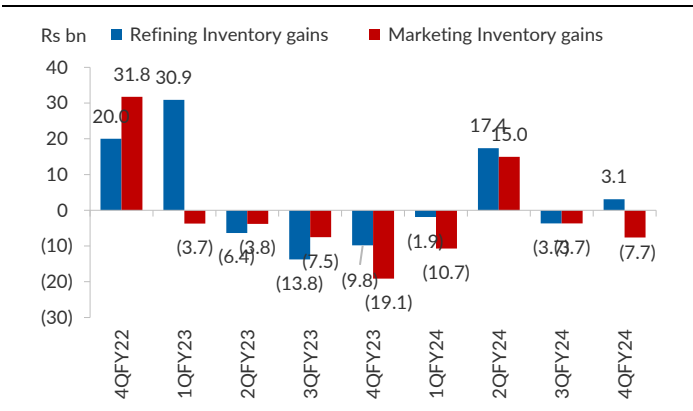
Source: Company, YES Sec

**Exhibit 9: Integrated EBITDA margins**



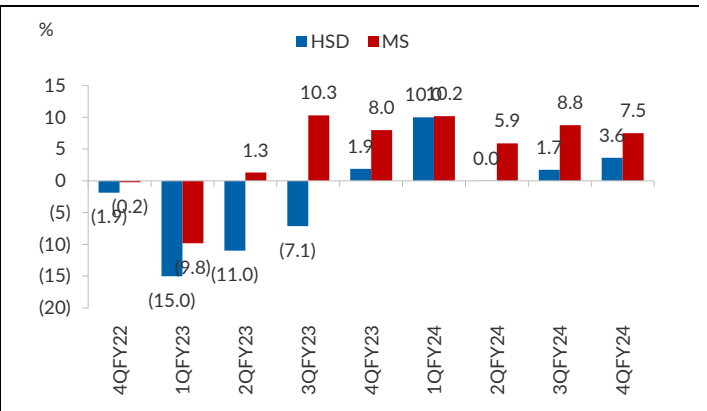
Source: Company, YES Sec

**Exhibit 10: Inventory gain / loss**



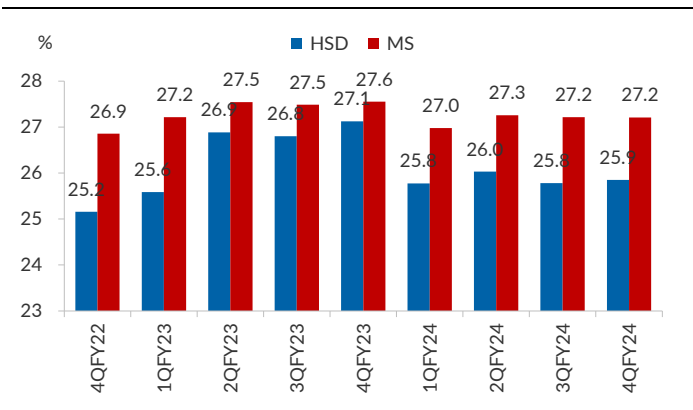
Source: Company, YES Sec

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



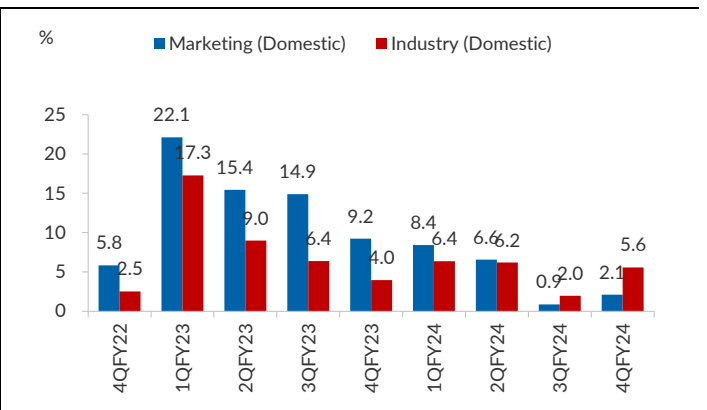
Source: Company, YES Sec

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



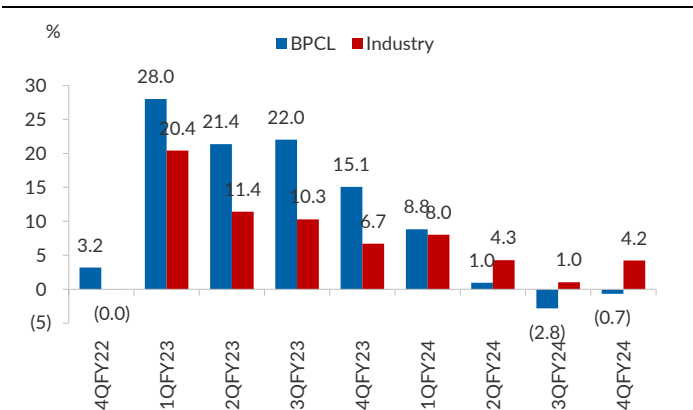
Source: Company, YES Sec

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



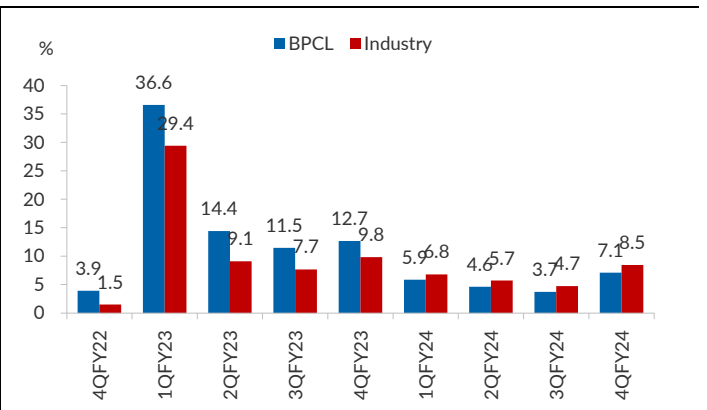
Source: Company, YES Sec

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



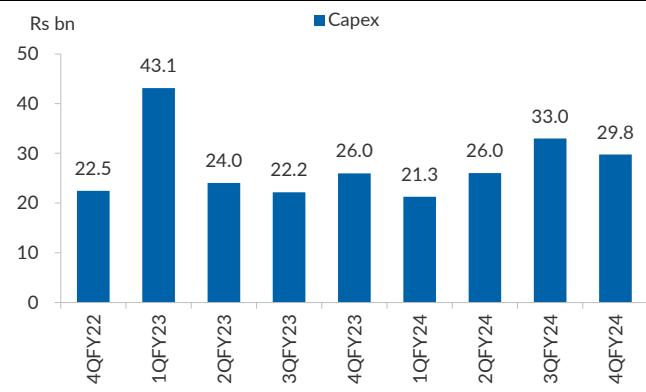
Source: Company, YES Sec

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



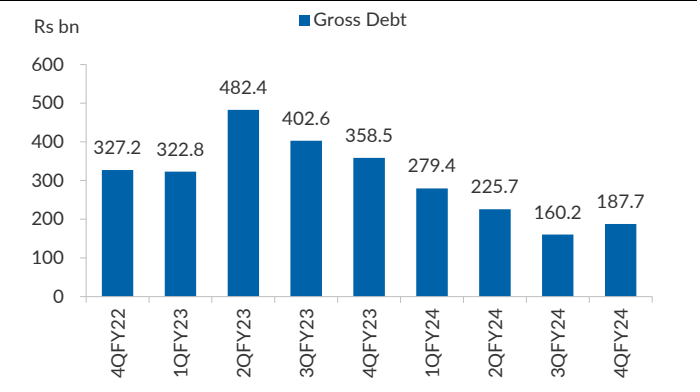
Source: Company, YES Sec

**Exhibit 16: Capex**



Source: Company, YES Sec

**Exhibit 17: - Gross debt**



Source: Company, YES Sec

## CONCALL HIGHLIGHTS

- **Volumes and GRMs:** Achieved a combined throughput of 10.36mmt which is more than 100% of main slate capacity. The distillate yield was at 84.36% which is one of the highest among Indian refineries, this quarter faced sharp fall in international product cracks vs the previous quarter, despite this the refineries recorded a GRM of USD12.48/bbl and FY24 GRM was USD14.1/bbl. Current GRMs are at a premium to Singapore benchmark GRM mainly on account of continuous optimization of refinery production, product distribution and crude procurement, use of advance processing capabilities at Bina and Kochi refinery. Bina refinery's strong GRM stems from a strategic crude mix, processing a higher proportion of high-sulfur crudes from Srinivasa compared to other refineries. Additionally, their superior streams yield products at a much better rate, further boosting profitability.
- **Plant shutdowns:** In FY25, there will be 15days shutdown at Kochi CBU around Sept-Oct and Bina refinery. Mumbai refinery shut down for a month in July-Aug.
- **Russian Crude sourcing:** Out of 36mmt imported crude during the FY24, 39% was from Russia containing likes of Urals, S4, CPC grades. Across the three refineries, Bina was highest proportionately, followed by Kochi, and the lowest percentage at Mumbai Refinery. Procuring on spot basis 2 months in advance and discount in FY23 was around USD8-10/bbl and currently is in the range of USD3-6/bbl range.
- **Inventory days:** The company maintains average inventory levels below 30 days per crude type. Combined with a focus on monthly average pricing in most contracts, minimizes potential inventory gain/loss.
- **Petchem:** Operating capacity jumped from 60% to 70%, leading to a corresponding rise in total production from 197.15tmt to 232tmt. This surge in capacity utilization also translated to a higher gross margin from petrochemicals, reaching Rs 56mn compared to Rs 36.4mn in FY23.
- **Capex:** FY25 Capex is expected to be Rs150-160bn of which Rs42bn is for refinery and petchem, Rs70bn for marketing and ~Rs25bn for BPRL, BPCL plans a capex of Rs 1100-1500bn over the next 5 years, out of which Rs750bn will be used for refinery and petchem, Rs320bn for the upstream business, Rs250bn for gas, marketing, and infrastructure, Rs100bn initial outlay for renewables and alternate fuel, Rs80bn for strategic pipeline projects. FY26 Capex to be in the range of Rs160-200bn while peak capex to be expected FY27-29.
- **Bina Refinery Expansion Plans:** Current product breakdown is approximately 15.5% MS, 53-54% HSD, and 8% ATF. BPCL aims to increase Bina's refining capacity within the next few years, including a 1.5mmt creeping acquisition from existing refineries through debottlenecking. This will be the primary driver of overall capacity growth, with other refineries seeing smaller expansions of 1.5-2mmt each of existing refineries. A brand-new petrochemical complex is planned for Bina with an expected commissioning date in FY 28-29. This expansion is separate from the refining capacity increase and is anticipated to yield an additional 600-700tmt of petroleum products beyond the petrochemical output.
- **Mozambique:** The security situation has substantially improved and could restart in CY24, the EPC contracts are intact and expect gas supply from 2027-28.
- **Renewable Energy Capacity:** BPCL aims for a 10GW renewable energy portfolio by 2040, targeting cost savings through acquisitions and in-house green hydrogen production (30,000 tonnes/year by 2030) to meet 10% of their refinery needs. The company has upcoming 1G/2G ethanol plant and near-term deployment of 26 CBG plants. A 150 ton/day bio-methanation plant in Kochi is under construction for commissioning by January 2025, converting waste to clean-burning fuel. In the EV charging space, BPCL aims for 7,000 stations by FY25, adding to their existing network of 3,135 stations (as of March 2024).

## VIEW & VALUATION

### BUY with a TP of Rs 900/share.

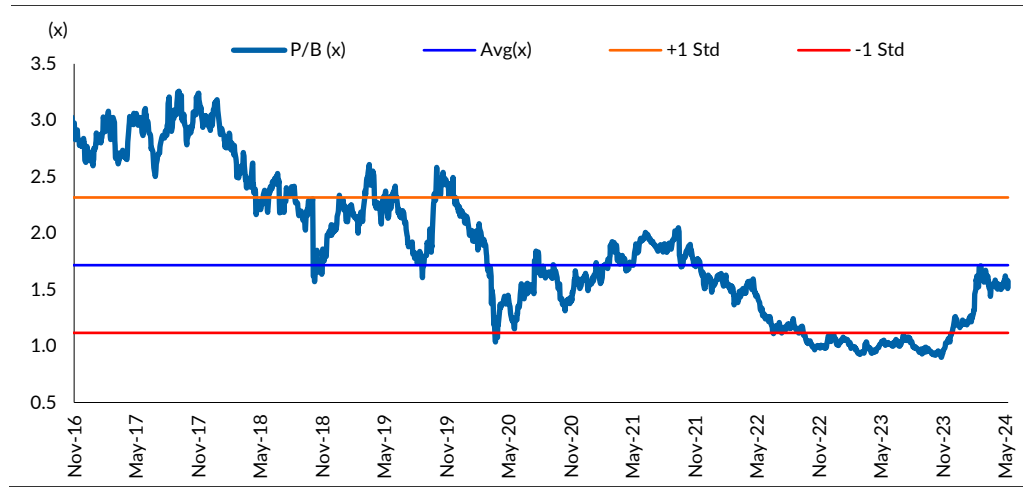
BPCL has Rs22.1bn and Rs24.2bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of dividend of 2.9%/2.9% FY25e/26e would be key for shareholders. The BV/share for FY25e/26e is at Rs 389/428 and the debt: equity is least amongst OMCs at 0.3x for 25e/26e. At CMP, the stock trades at 6.9x/6.6x FY25e/26e EV/EBITDA and 1.6x/1.4x P/BV (excl. investments, trades at 5.7x/5.5x FY25e/26e EV/EBITDA and 1.3x/1.2x P/BV). We maintain a BUY rating with a target price of Rs900 valuing it on a sum-of-parts basis (core business at 8x EV/EBITDA and investments at Rs129).

### Exhibit 18: SOTP Valuation table

EV/EBITDA method	FY26e EBITDA (Rs mm)	EV/EBITDA (x)	Fair Value (Rs mm)	Fair Value (Rs/share)
<b>Standalone</b>	<b>233,899</b>	<b>8.0 x</b>	<b>1,871,190</b>	<b>852</b>
Refining	108,624	8.0 x	868,996	408
Marketing	118,119	8.0 x	944,955	444
Pipeline	7,155	8.0 x	57,239	27
Cash & Current Investments			85,681	40
Gross Debt			315,528	148
<b>Standalone Equity Value (Using EV/EBITDA)</b>			<b>1,641,343</b>	<b>771</b>
Listed Investments	Full Value (Rs mm)	Holdco discount (%)	Fair Value (Rs mm)	Fair Value (Rs/share)
Petronet LNG	57,188	30%	40,031	19
Indraprastha Gas	69,300	30%	48,510	23
Oil India	16,585	30%	11,610	5
<b>Listed Investments Equity Value</b>			<b>100,151</b>	<b>47</b>
Unlisted Investments	FY25E EBITDA (Rs mm)	EV/EBITDA (x)	Fair Value (Rs mm)	Fair Value (Rs/share)
Mozambique (Upstream)			122,777	60
Vankor, Taas, Lower Zakum (Upstream)			27,485	14
<b>Unlisted Investments Equity Value</b>			<b>150,263</b>	<b>74</b>
Treasury Stock	20,036	30%	14,025	8
<b>Equity Value</b>			<b>1,905,781</b>	<b>900</b>



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



Source: Company, YES Sec

## FINANCIALS

### Exhibit 20: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	3,466,439	4,731,247	4,480,132	4,068,601	3,888,874
Total Expense	3,276,179	4,621,680	4,038,561	3,845,459	3,654,975
<b>Operating Profit</b>	<b>190,260</b>	<b>109,566</b>	<b>441,571</b>	<b>223,142</b>	<b>233,899</b>
Other Income	26,294	21,840	24,125	24,607	25,099
Depreciation	54,179	63,475	67,501	70,962	78,957
EBIT	162,375	67,931	398,194	176,787	180,041
Interest	22,088	32,165	24,730	17,413	17,337
Extraordinary Item	16,431	(13,600)	(17,980)	-	-
<b>PBT</b>	<b>156,717</b>	<b>22,167</b>	<b>355,484</b>	<b>159,374</b>	<b>162,704</b>
Tax	43,084	3,466	88,749	39,789	40,620
<b>PAT</b>	<b>113,634</b>	<b>18,701</b>	<b>266,735</b>	<b>119,586</b>	<b>122,084</b>
Adj. PAT	97,203	32,301	284,715	119,586	122,084
Eps	53.4	8.8	125.3	56.2	57.3

### Exhibit 21: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Equity capital	21,295	21,295	21,363	21,363	21,363
Reserves	495,160	498,669	725,385	806,641	890,394
<b>Net worth</b>	<b>516,455</b>	<b>519,963</b>	<b>746,748</b>	<b>828,003</b>	<b>911,757</b>
Debt	422,153	447,751	278,806	278,806	278,806
Deferred tax liab (net)	58,660	70,683	66,706	66,706	66,706
<b>Capital Employed</b>	<b>997,268</b>	<b>1,038,398</b>	<b>1,092,261</b>	<b>1,173,516</b>	<b>1,257,270</b>
Fixed assets	888,035	922,696	955,189	1,043,277	1,149,320
Investments	126,320	138,724	144,581	144,581	144,581
Net working capital	(17,087)	(23,022)	(7,510)	(14,343)	(36,632)
Inventories	421,765	380,647	428,351	367,254	345,520
Sundry debtors	96,996	67,219	83,282	68,338	65,319
Cash & Bank Balance	14,509	21,204	44,906	53,465	42,774
Other current assets	94,220	77,550	73,621	73,621	73,621
Sundry creditors	303,301	240,108	282,934	222,285	209,130
Other liabilities	341,276	329,534	354,735	354,735	354,735
<b>Application of Funds</b>	<b>997,268</b>	<b>1,038,398</b>	<b>1,092,261</b>	<b>1,173,516</b>	<b>1,257,270</b>

## Exhibit 23: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	156,717	22,167	355,484	159,374	162,704
Depreciation & amortization	54,179	63,475	67,501	70,962	78,957
Interest expense	22,088	32,165	12,532	17,413	17,337
(Inc)/Dec in working capital	18,750	(610)	(13,000)	15,391	11,598
Tax paid	(18,227)	(8,014)	(88,195)	(39,789)	(40,620)
Less: Interest/Dividend Income Received	(3,185)	(8,005)	(3,673)		
Other operating Cash Flow	(22,188)	5,463	26,974		
<b>Cash flow from operating activities</b>	<b>208,135</b>	<b>106,641</b>	<b>357,622</b>	<b>223,352</b>	<b>229,976</b>
Capital expenditure	(73,656)	(67,797)	(85,477)	(159,050)	(185,000)
Inc/(Dec) in investments	23,635	23	(34,808)	-	-
Add: Interest/Dividend Income Received	6,121	23,181	3,673	-	-
<b>Cash flow from investing activities</b>	<b>(43,900)</b>	<b>(44,593)</b>	<b>(116,612)</b>	<b>(159,050)</b>	<b>(185,000)</b>
Inc/(Dec) in share capital	50,162	71,114	2,022	-	-
Inc/(Dec) in debt	(71,909)	(65,767)	(174,479)	-	-
Dividend Paid	(144,828)	(12,816)	(53,288)	(38,330)	(38,330)
Others	(20,043)	(29,190)	(28,916)	(17,413)	(17,337)
<b>Cash flow from financing activities</b>	<b>(186,618)</b>	<b>(36,659)</b>	<b>(254,660)</b>	<b>(55,743)</b>	<b>(55,667)</b>
<b>Net cash flow</b>	<b>(22,384)</b>	<b>25,389</b>	<b>(13,650)</b>	<b>8,559</b>	<b>(10,691)</b>

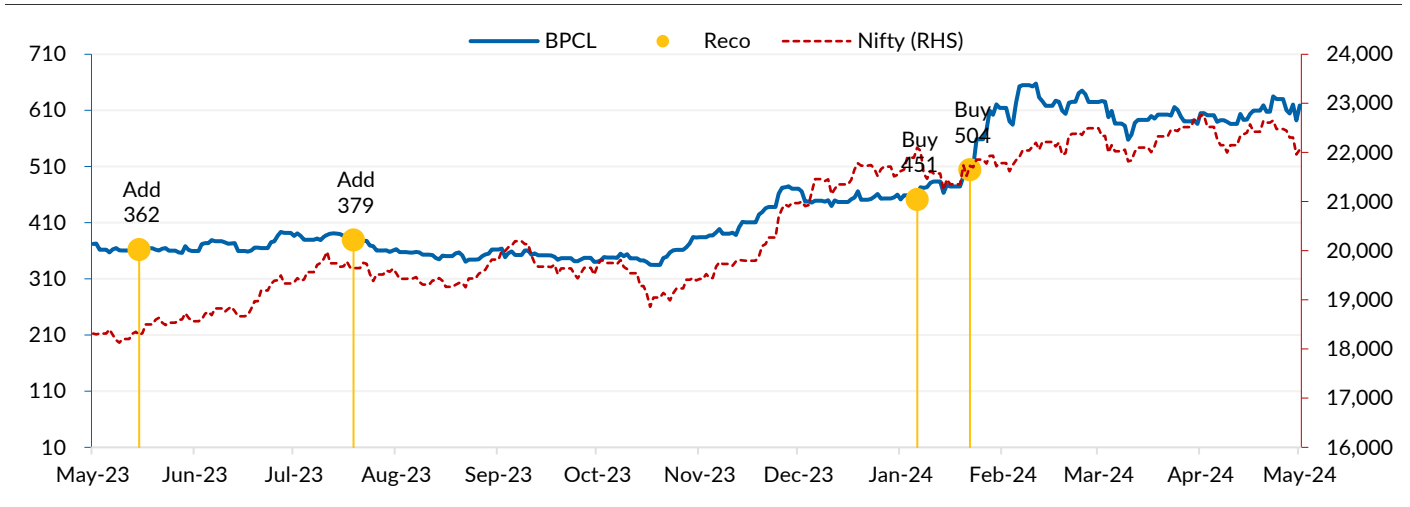
## Exhibit 24: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Tax burden (x)	0.7	0.8	0.8	0.8	0.8
Interest burden (x)	1.0	0.3	0.9	0.9	0.9
EBIT margin (x)	0.0	0.0	0.1	0.0	0.0
Asset turnover (x)	2.3	2.9	2.7	2.3	2.2
Financial leverage (x)	2.9	3.1	2.6	2.2	2.1
RoE (%)	21.4	3.6	42.1	15.2	14.0

## Exhibit 25: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>					
Revenue growth	49.1	36.5	(5.3)	(9.2)	(4.4)
Op profit growth	11.1	(42.4)	303.0	(49.5)	4.8
EBIT growth	(7.2)	(58.2)	486.2	(55.6)	1.8
Net profit growth	(40.3)	(83.5)	1,326.3	(55.2)	2.1
<b>Profitability ratios (%)</b>					
OPM	5.5	2.3	9.9	5.5	6.0
EBIT margin	4.7	1.4	8.9	4.3	4.6
Net profit margin	3.3	0.4	6.0	2.9	3.1
RoCE	16.3	6.5	36.5	15.1	14.3
RoE	22.0	3.6	35.7	14.4	13.4
RoA	7.5	1.2	16.0	6.9	6.8
<b>Per share ratios</b>					
EPS	53.4	8.8	125.3	56.2	57.3
Dividend per share	33.0	4.0	42.0	18.0	18.0
Cash EPS	78.8	38.6	157.0	89.5	94.4
Book value per share	242.5	244.2	350.7	388.8	428.2
<b>Valuation ratios</b>					
P/E	11.6	70.5	4.9	11.0	10.8
P/CEPS	7.9	16.0	3.9	6.9	6.6
P/B	2.6	2.5	1.8	1.6	1.4
EV/EBIDTA	9.1	15.9	3.5	6.9	6.6
<b>Payout (%)</b>					
Dividend payout	61.8	45.5	33.5	32.1	31.4
Tax payout	27.5	15.6	25.0	25.0	25.0
<b>Liquidity ratios</b>					
Debtor days	10.2	9.2	6.3	6.1	6.1
Inventory days	44.1	41.5	33.8	39.3	38.0
Creditor days	26.9	28.0	22.9	25.4	23.0

## Recommendation Tracker



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