

May 11, 2024

RESULT REPORT Q4 FY24 | Sector: Energy

# Hindustan Petroleum Ltd

## Refining margins disappoint on lower distillate yield, while marketing better than expectations

### Our View

Hindustan Petroleum's Q4FY24 performance showcases surprise weaker refining performance, GRMs drastically missing our estimates. With EBITDA at Rs48bn and PAT at Rs28.4bn, marketing cushioned overall performance. Reported EBITDA and PAT is lower than our estimates and consensus expectations. The reported GRM of USD6.95/bbl and Rs5.5/ltr of blended gross marketing margins, while the core integrated margins stood weaker at USD4.6/bbl. We maintain BUY rating with a revised TP of Rs700 valuing it on SOTP (core business at 6.9x EV/EBITDA and investments at Rs193) including Rs70/shr from Lubes business.

### Result Highlights

- **EBITDA/PAT** at Rs 48/28.4bn is flat/down 11.8% YoY but up 122%/437.4% QoQ. This significantly lower than consensus and our estimates on a fall in integrated margins with a sharp decline in core GRMs due to lower distillate yield and shutdown at Mumbai refinery. The **reported GRM** of USD6.95/bbl is drastically lower than ours USD 12.8/bbl. We assume **core GRM** at USD6/bbl, (USD10.7 the prior quarter, USD15.4 a year ago), a USD1.3/bbl discount to the benchmark USD7.3, significantly missing estimates on lower distillate yield of 71.7%. We calculate **refining inventory gain** at USD0.95/bbl (a loss of USD2.2 the prior quarter and a loss USD1.5/bbl a year ago). **Refinery throughput** was 5.8mmt at 101% utilization (95% the previous quarter, 113% a year ago).
- **Integrated core EBITDA margin** of USD4.6/bbl (USD2.6 the prior quarter, USD6.7 a year ago) and our expectation of USD4.8/bbl.
- **Core marketing EBITDA** was Rs2.4/ltr (negative Rs0.3 the prior quarter, positive Rs1.7 a year back). **Domestic marketing throughput** was 11.8mmt, up 8.1% YoY and 3.9% QoQ (vs. the industry's growth of 5.6% YoY and 4.3% QoQ). Motor spirit sales were 2.35mmt (up 8.3% YoY and 3.1% QoQ), and diesel 5.14mmt, up 4.3% YoY and 0.8% QoQ. Industry motor spirit and diesel sales were up 8.5%/4.2% YoY and 2%/0.6% QoQ. **Product market shares.** Hindustan Petroleum maintained high-speed diesel and motor spirits market shares to 22.4% and 24.9% respectively.
- **Capex** as per PPAC was Rs43.3bn (Rs138.4bn in FY24); exceeding FY24 target of Rs102.1bn. **Debt** of Rs602.5bn was up Rs102.6bn QoQ and down Rs42.6bn YoY on improved cashflows in the last 3-quarters.
- **FY24 performance:** EBITDA at Rs 248.4bn (vs a loss of Rs 75.22bn last year) while PAT at Rs 146.94bn (vs loss of Rs 89.74bn last year) and the reported GRM at USD9.08/bbl (vs USD12.09). The core integrated margins were at USD5.7/bbl vs negative USD1.4/bbl last year while the marketing EBITDA/ltr (Rs) was at 2.6 vs negative 3.5 last year.

### Valuation

HPCL has a Rs17.3bn/Rs17.2bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. A dividend yield of 3.2%/3.6% FY25e/26e would be key for the shareholders, following the high dividend and bonus issue in FY24. The BV/share for FY25e/26e is at Rs 330/372 and the net debt: equity is highest amongst the OMCs for HPCL at 0.9/0.8x for FY25e/26e.

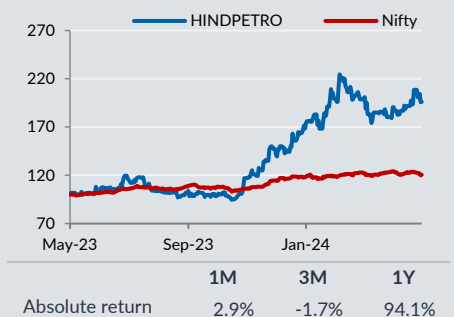
At CMP, the stock trades at 7.6x/7.1x FY25e/26e EV/EBITDA and 1.5x/1.3x P/BV (excl. investments, it trades at 6.1x/5.7x FY25e/26e EV/EBITDA and 1.0x/0.8x P/BV). We maintain a BUY rating and a target price of Rs700 valuing it on a sum-of-parts basis (core business at 6.9x EV/EBITDA and investments at Rs193). including Rs70/shr from Lubes business.

Reco	: BUY
CMP	: Rs 501
Target Price	: Rs 700
Potential Return	: +38%

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

Nifty	22,055
52 Week h/l (Rs)	595 / 239
Market cap (Rs/USD mn)	710693 / 8507
Outstanding Shares (mn)	1,419
6m Avg t/o (Rs mn):	3,292
Div yield (%):	-
Bloomberg code:	HPCL IN
NSE code:	HINDPETRO

### Stock performance



### Shareholding pattern (As of Mar '24 end)

Promoter	54.9%
FII+DII	36.0%
Others	9.1%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	700	760

### Δ in estimates

(1-Yr)	FY25e	FY26e
EPS (New)	56.5	60.2
EPS (Old)	66.2	63.1
% Change	(14.7)	(4.6)

### Financial Summary

(Rs bn)	FY24	FY25E	FY26E
Revenue	4,335.2	3,699.0	3,536.1
YoY Growth	(1.6)	(14.7)	(4.4)
EBIDTA	248.4	181.6	198.9
OPM %	5.7	4.9	5.6
PAT	146.9	80.2	85.4
YoY Growth	(263.7)	(45.5)	6.6
ROE	35.8	17.1	16.2
EPS	103.6	56.5	60.2
P/E	4.8	8.9	8.3
BV	289.2	329.7	372.0
EV/EBITDA	5.4	7.6	7.1

### 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	1,139,657	1,159,493	1,111,744	-1.71	2.51	Refining margins disappoint on lower distillate yield and MR shutdown, while marketing better than expectations
EBITDA	48,038	63,914	50,713	-24.84	-5.28	
EBITDA Margin (%)	4.22	5.51	4.56	-130bps	-35bps	
Adjusted PAT	28,427	35,677	29,506	-20.32	-3.66	

## Exhibit 2: Earnings snapshot

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	y/y (%)	q/q (%)	FY23	FY24	y/y (%)
Revenue	1,079,278	1,119,606	957,011	1,113,063	1,145,569	6.1	2.9	4,404,030	4,335,249	(1.6)
Expenditure	1,031,293	1,023,058	874,842	1,091,428	1,097,531	6.4	0.6	4,479,252	4,086,859	(8.8)
-Raw Material	979,939	968,798	827,314	1,037,357	1,040,462	6.2	0.3	4,270,188	3,873,931	(9.3)
-Staff Cost	8,010	8,576	8,342	8,413	8,894	11.0	5.7	29,628	34,224	15.5
- Other Expenses	43,344	45,684	39,186	45,658	48,176	11.1	5.5	179,436	178,704	(0.4)
Operating Profit	47,986	96,548	82,169	21,636	48,038	0.1	122.0	(75,222)	248,390	(430.2)
OPM(%)	4.4	8.6	8.6	1.9	4.2	267 bps	-439 bps	(1.7)	5.7	744 bps
Other Income	11,600	6,277	3,445	5,564	8,536	(26.4)	53.4	20,691	23,822	15.1
Depreciation	10,442	13,637	12,395	13,378	16,113	54.3	20.4	43,300	55,524	28.2
Interest	5,226	5,881	5,795	6,141	7,340	40.5	19.5	21,319	25,157	18.0
Excpnl Loss/(Profit)	-	-	-	-	-	n.a.	n.a.	-	-	n.a.
PBT	43,918	83,306	67,424	7,681	33,121	(24.6)	331.2	(119,149)	191,531	(260.7)
Tax	11,692	21,267	16,242	2,390	4,693	(59.9)	96.3	(29,409)	44,593	(251.6)
PAT	32,226	62,039	51,182	5,290	28,427	(11.8)	437.4	(89,740)	146,938	(263.7)
Adj PAT	32,226	62,039	51,182	5,290	28,427	(11.8)	437.4	(89,740)	146,938	(263.7)

## Exhibit 3: Operating highlights

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	y/y (%)	q/q (%)	FY23	FY24	y/y (%)
Throughput (mmt)										
Refinery	5.0	5.4	5.8	5.3	5.8	17.7	9.4	19.1	22.3	17.0
Marketing (domestic)	10.9	11.4	10.1	11.4	11.8	8.1	3.9	42.2	44.7	5.9
Pipeline	6.1	6.5	6.1	6.7	6.5	6.0	(3.1)	23.3	25.8	11.1
Margins (USD/bbl)										
Reported GRMs	14.0	7.4	13.3	8.5	7.0	(50.4)	(18.1)	12.1	9.1	(25.2)
Inventory gain/loss	(1.5)	(0.2)	2.6	(2.2)	1.0	(163.3)	(142.4)	(0.2)	0.3	(249.9)
Core GRM	15.5	7.6	10.8	10.7	6.0	(61.3)	(44.1)	12.4	8.8	(29.1)
S'Pore GRMs	8.2	4.1	9.6	5.4	7.3	(11.0)	35.0	10.8	6.7	(38.5)
Marketing EBITDA (Rs/ltr)	1.7	5.7	2.4	(0.3)	2.4	45.8	(876.4)	(3.5)	2.6	(173.4)
EBITDA Integrated margin (USD/bbl)	6.7	9.4	6.2	2.6	4.6	(31.3)	76.6	(1.4)	5.7	(496.8)
Inventory gain/loss (Rs mn)										
Refining	(4,589)	(666)	9,090	(7,469)	3,455	(175.3)	(146.3)	(3,184)	4,410	(238.5)
Marketing	(15,016)	(4,082)	11,909	789	(6,683)	(55.5)	(946.5)	(9,092)	1,934	(121.3)
Rs mn										
Gross Debt	645,170	516,980	517,580	499,990	602,540	(6.6)	20.5	645,170	602,540	(6.6)
Forex gain/losses	1,430	1,310	(2,320)	360	(620)	(143.4)	(272.2)	(18,080)	(1,270)	(93.0)
Core EBITDA (Rs mn)	66,161	99,985	63,491	27,955	51,885	(21.6)	85.6	(44,866)	243,317	(642.3)
Marketing market share (%)										

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	y/y (%)	q/q (%)	FY23	FY24	y/y (%)
HSD	22.4	22.8	21.7	22.4	22.4	0.0	0.2	22.4	22.3	(0.5)
MS	24.9	25.0	24.4	24.6	24.9	(0.1)	1.0	24.8	24.7	(0.4)

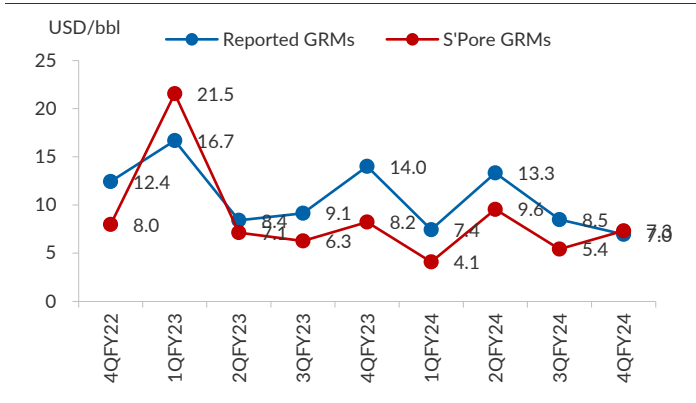
\*YES Sec estimates

## Key result highlights:

- **EBITDA/PAT** at Rs 48/28.4bn is flat/down 11.8% YoY but up 122%/437.4% QoQ. This significantly lower than consensus and our estimates (EBITDA/PAT at Rs 63.5/35.4bn) on a fall in integrated margins with a sharp decline in core GRMs due to lower distillate yield.
- The **reported GRM** of USD6.95/bbl is drastically lower than ours USD 12.8/bbl (USD8.5 the previous quarter, USD14 a year ago), while the Arab heavy-light difference was USD1.8/bbl (USD2.1 in the quarter prior).
- We assume **core GRM** at USD6.35/bbl, (USD10.7 the prior quarter, USD15.4 a year ago), a USD1/bbl discount to the benchmark USD7.3, significantly missing estimates on lower distillate yield of 71.7% and Mumbai refinery shutdown. It had the lowest discounted Russian crude sourcing amongst the PSUs sourced only at Vizag. We calculate **refining inventory gain** at USD0.95/bbl (a loss of USD2.2 the prior quarter and a loss USD1.5/bbl a year ago).
- **Refinery throughput** was 5.8mmt at 101% utilization (95% the previous quarter, 113% a year ago). The annual capacity is 13.7mtpa from 12.7 in the last quarter (1mtpa increase in Vizag).
- **Integrated core EBITDA margin** of USD4.6/bbl (USD2.6 the prior quarter, USD6.7 a year ago) and our expectation of USD4.8/bbl.
- **Core marketing EBITDA (back-calculated)** was Rs2.4/ltr (negative Rs0.3 the prior quarter, positive Rs1.6 a year back), higher than our expectation of Rs1.1/ltr.
- **Domestic marketing throughput** was 11.8mmt, up 8.1% YoY and 3.9% QoQ (vs. the industry's growth of 5.6% YoY and 4.3% QoQ). Motor spirit sales were 2.35mmt (up 8.3% YoY and 3.1% QoQ), and diesel 5.14mmt, up 4.3% YoY and 0.8% QoQ. Industry motor spirit and diesel sales were up 8.5%/4.2% YoY and 2%/0.6% QoQ.
- **Product market shares.** Hindustan Petroleum maintained high-speed diesel and motor spirits market shares to 22.4% and 24.9% respectively. A positive marketing margins for diesel and petrol have led OMCs losing market share to private operators, but HPCL maintained their share.
- The marginal Rs620mn, **forex loss impacted** the quarterly profitability.
- **Capex** as per PPAC was Rs43.3bn (Rs138.4bn in FY24); exceeding FY24 target of Rs102.1bn.
- **Debt** of Rs602.5bn was up Rs102.6bn QoQ and down Rs42.6bn YoY on improved cashflows in the last 3-quarters.
- **FY24 performance:** EBITDA at Rs 248.4bn (vs a loss of Rs 75.22bn last year) while PAT at Rs 146.94bn (vs loss of Rs 89.74bn last year) and the reported GRM at USD9.08/bbl (vs USD12.09). The core integrated margins were at USD5.7/bbl vs negative USD1.4/bbl last year while the marketing EBITDA/ltr (Rs) was at 2.6 vs negative 3.5 last year.
- The company declared a **final dividend** of Rs 16.5/share which totals to a dividend of Rs 31.5/shr for FY24 (Pre bonus issue), a payout of 30.4%. Additionally, the company announced a **bonus issue** of 1:2, for which the record date is 21-Jun'24 and dispatch date before 8-Jul'24.
- **Other Business updates:** Completed the Visakh Refinery modernization project, boosting capacity to 13.7 MMTPA. Construction is also progressing steadily on the ambitious 9 MMTPA Barmer refinery project (HRRL) in Rajasthan. Expanded reach with over 22,000 retail outlets and 6,349 LPG distributorships. Secured bids for new CGD areas, diversifying into the natural gas segment. Collaborating with Zomato to establish service station hubs for delivery personnel. Expanding lubricants business globally with supplies to diverse locations.
- **Renewable Energy & Green Initiatives:** Achieved significant ethanol blending rate (12.13% in FY24), additionally 1,328 retail outlets were equipped with E20 facilities in the recent

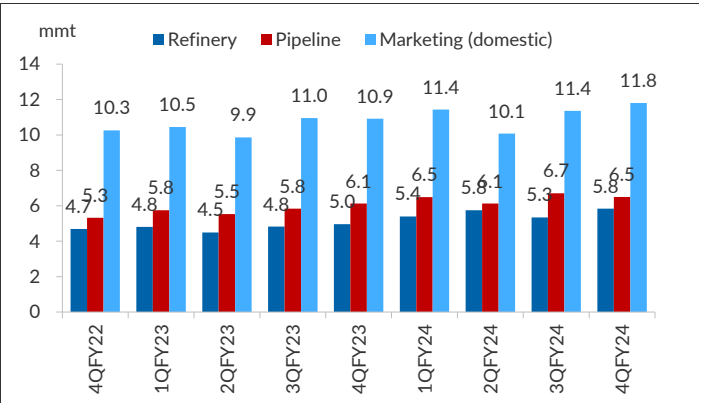
quarter, bringing the total to 4,355 outlets. CNG facilities were commissioned at 120 outlets, reaching a total of 1,690, while the EV charging network grew by 1,201 stations, totaling 3,603 as of March 31st, 2024. 80% of retail outlets powered by renewable energy, with increased captive solar capacity (208 MW).

**Exhibit 4: GRMs**

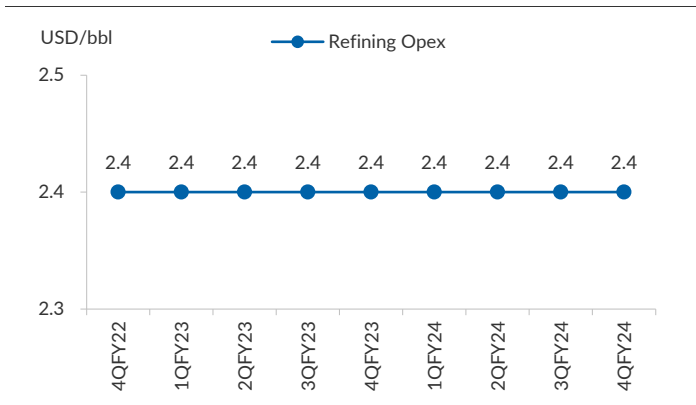


Source: Company, YES Sec

**Exhibit 5: Throughput**

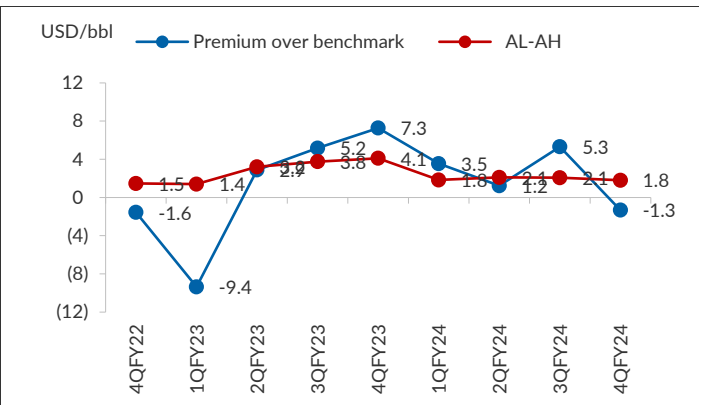


**Exhibit 6: Refining Opex**

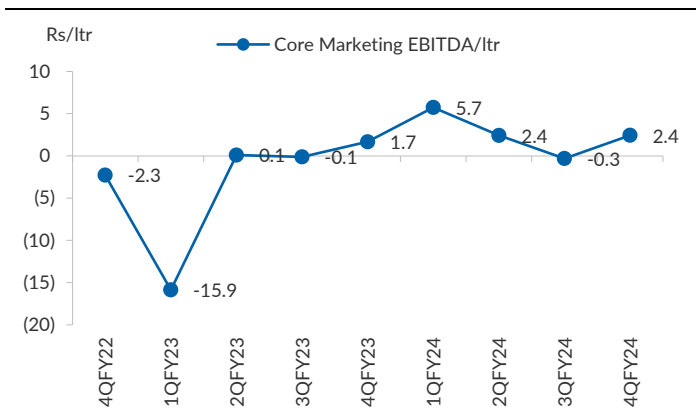


Source: Company, YES Sec

**Exhibit 7: Premium and AL-AH difference**

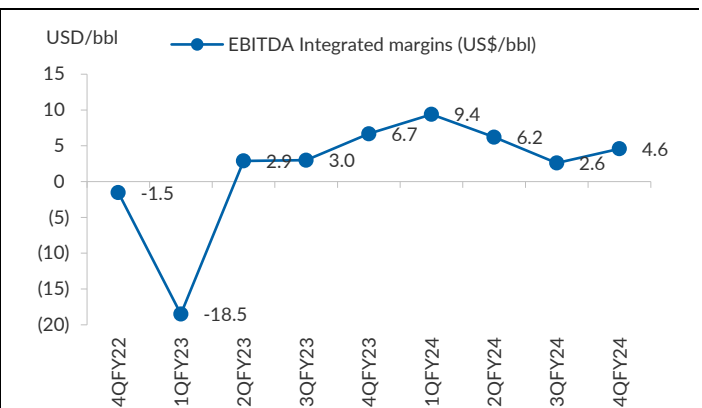


**Exhibit 8: Core marketing EBITDA**

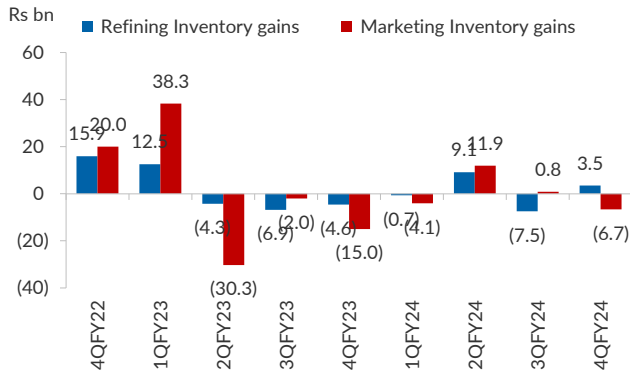


Source: Company, YES Sec

**Exhibit 9: Integrated EBITDA margins**

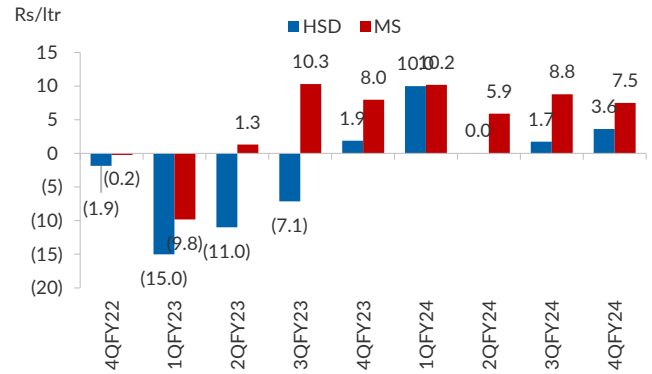


**Exhibit 10: Inventory gain / loss**

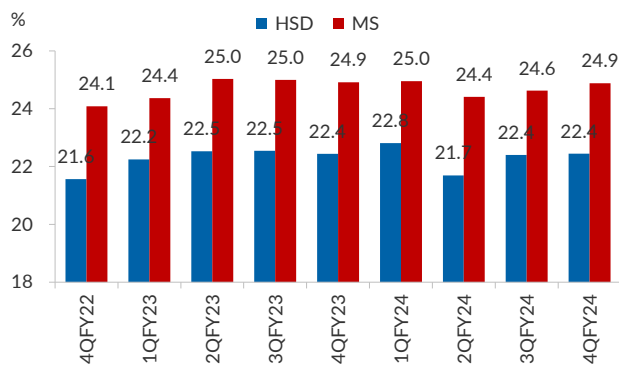


Source: Company, YES Sec

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

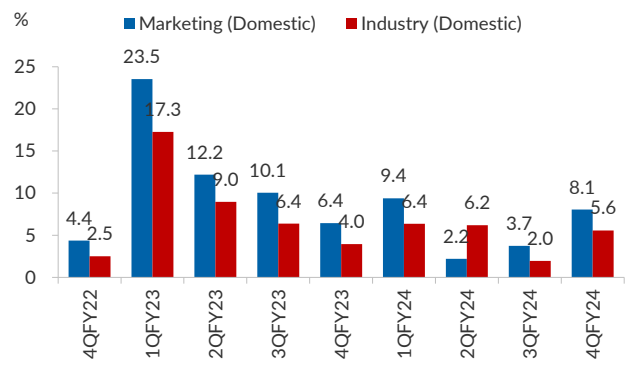


**Exhibit 12: Auto fuel – market share**

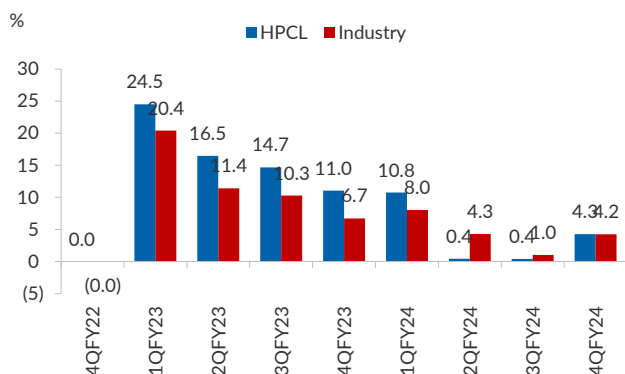


Source: Company, YES Sec

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

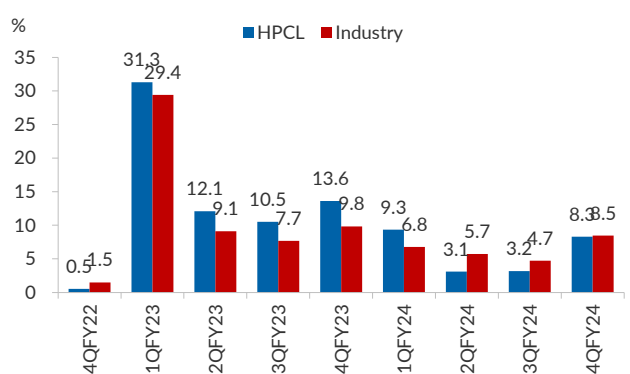


**Exhibit 14: HSD volume growth, YoY**

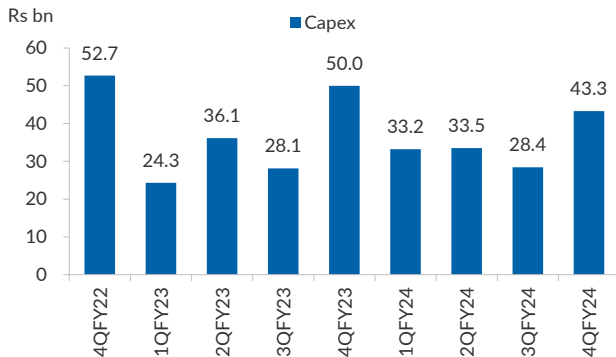


Source: Company, YES Sec

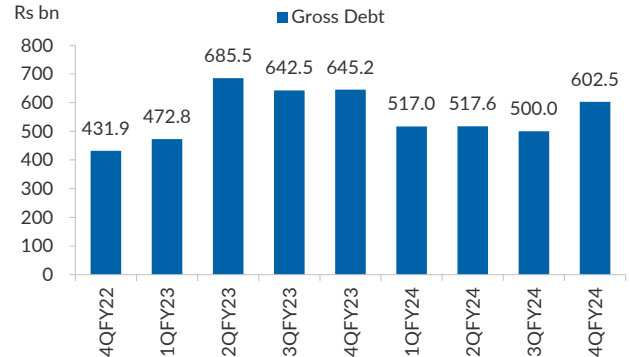
**Exhibit 15: MS volume growth, YoY**



**Exhibit 16: Capex**



**Exhibit 17: – Gross debt**



Source: Company, YES Sec

## CONCALL HIGHLIGHTS

- **GRM underperformance:** In terms of addressing the recent GRM underperformance compared to peers, the management highlighted that there was a shutdown in Mumbai refinery and Vizag gets Russian crude on a DAP basis (delivered at port basis) with satisfactory discounts.
- **Crude procurement issue:** 30-40% comes from Russia which is on spot, and the share has enhanced. Then long-term purchases are in the range of 40-45%. About 0.5mmt of crude is procured domestically from ONGC, which goes to Mumbai refinery while Vizag imports Russian crude to the extent of 30% of their import requirements.
- **Refining Inventory gain** was at Rs 3.5bn (USD0.95/bbl). There was Rs 6bn adventitious/marketing losses while IOB (intermediate stock buildup) impact is ~USD1.5/bbl.
- **Vizag Refinery:** Upgradation initiatives, including bottom-up upgradation, CDU-IV expansion, and hydrocracker operations are ongoing. Current capacity at Vizag refinery is 13.7mmt. Within the next 3-4 months, they expect to further enhance margins. Additional capacity is expected to commission on a bottom-upgradation facility. This project is expected to deliver a USD2-3/bbl GRM improvement and increase capacity by 1.3 MMT (reaching a total of 15 MMT). While some stabilization may extend into the next 5-6 months due to integration work, the bottom-upgradation is anticipated to be commissioned in Q3FY25.
- **Rajasthan Refinery:** The cumulative equity investment till date is ~Rs147bn. Commissioned units in Rajasthan refinery, reaching 75% physical completion. Mechanical completion expected by mid-2024, with refining products anticipated to be fully operational by the end of FY25. Petrochemical production expected in FY26, planned with a 2.4mtpa capacity at Rajasthan refinery out of 9mtpa (~26%), marking the highest in any plant. Rajasthan refinery's units commissioned with completion level at around 90-95%. Refining products expected to start around Dec'24 (MS, HSD, and LPG). Opex for Rajasthan refinery expected to be around USD2-3/bbl with the potential of generating GRMs upto USD20/bbl.
- **HMEL performance:** HMEL, despite incurring a loss, successfully commissioned its Petchem facility this year. The facility has since ramped up to near-full capacity (95-100%) since January. However, subdued polymer margins throughout the year led to the less-than-ideal performance. While margins haven't fully recovered, they are no longer negative as of April. Overall, HMEL managed an EBITDA of Rs 105bn and generated a profit of Rs 18-19bn in FY24. Reported GRM of USD17/bbl in FY24. In terms of gas consumption for internal use, HMEL is consuming it and would continue to use it based on economics.
- **Upcoming capex:** Anticipated capex for FY25 is expected to be ~ Rs180bn. Refining total capex would be Rs 50bn, marketing to be 65bn. Rs 8bn at corporate level and Rs 50-60bn equity contributions into JVs which includes subsidiaries for green initiatives. FY26 onwards

the capex would be in range of Rs160-180bn, on areas largely into green energy initiatives. Over next 5 yrs it also plans to add LOBS in Mumbai refinery.

- **Lubes business:** Currently the volume in this segment is at 650-670tmt of lube products in a year. The margins are undisclosed by the company and considers it to be healthy given its contribution to the EBITDA is at Rs10bn. They efficiently utilize 100% of their lube refinery base oil within this segment, further emphasizing its importance. Additionally, most of their blending plants operate at an impressive capacity exceeding 90%. HPCL is undertaking a significant expansion project to nearly double their production capacity. This project aims to increase output from the current 450tmt to a robust 800tmt within the next 1-3 years. This expansion prioritizes the production of higher quality Group II+ and Group III base oils, catering to evolving market demands. It is increasing the marketing reach through JV, new geographies and volumes being added.
- **Chhara LNG Terminal:** Chara LNG terminal commissioning encountered a delay due to issues unloading the initial cargo. This means the reported operating loss isn't a major concern. They expect to commission the terminal during the next fair-weather season (Sept-Oct) as all infrastructure is ready, internal facilities are commissioned, the pipeline connection to the national gas grid is also complete (Chhara to Gundala), and port facilities have undergone compatibility studies. HPCL is currently focused on commissioning and is assessing clients given the EOI was floated. HPCL has booked some quantity and they expect a throughput of 2-2.5mmt by FY26.



## VIEW & VALUATION

### BUY with a TP of Rs 700/share.

HPCL has a Rs17.3bn/Rs17.2bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. A dividend yield of 3.2%/3.6% FY25e/26e would be key for the shareholders, following the high dividend and bonus issue in FY24. The BV/share for FY25e/26e is at Rs 330/372 and the net debt: equity is highest amongst the OMCs for HPCL at 0.9/0.8x for FY25e/26e.

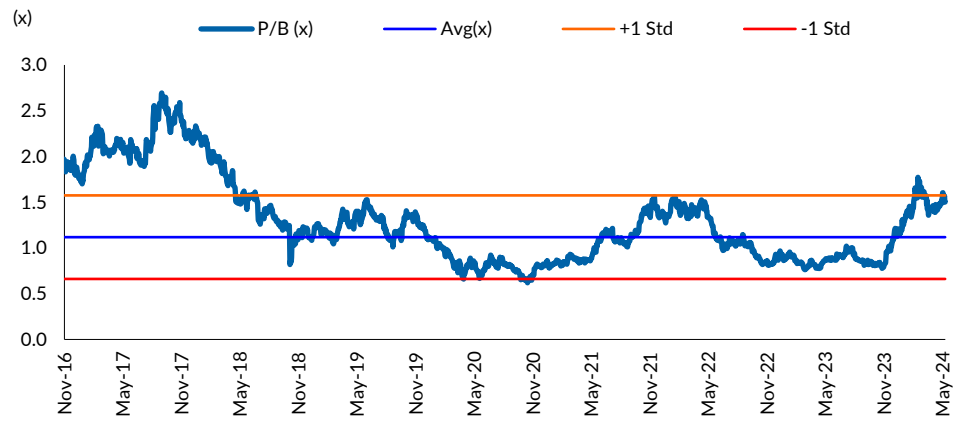
At CMP, the stock trades at 7.6x/7.1x FY25e/26e EV/EBITDA and 1.5x/1.3x P/BV (excl. investments, it trades at 6.1x/5.7x FY25e/26e EV/EBITDA and 1.0x/0.8x P/BV). We maintain a BUY rating and a target price of Rs700 valuing it on a sum-of-parts basis (core business at 6.9x EV/EBITDA and investments at Rs193). including Rs70/shr from Lubes business.

### Exhibit 18: SOTP Valuation table

	FY26E EBITDA	EV/EBITDA	Fair Value	Fair Value
EV/EBITDA method	(Rs mm)	(x)	(Rs mm)	(Rs/share)
<b>Standalone</b>	<b>198,910</b>	<b>6.9 x</b>	<b>1,372,479</b>	<b>905</b>
Refining	75,373	6.9 x	520,073	367
Marketing	110,635	6.9 x	763,383	538
Pipeline	12,902	6.9 x	89,022	63
Cash & Current Investments			54,586	38
Gross Debt			708,466	499
<b>Standalone Equity Value (Using EV/EBITDA)</b>			<b>718,598</b>	<b>507</b>
Listed Investments	Full Value	Holdco discount	Fair Value	Fair Value
	(Rs mm)	(%)	(Rs mm)	(Rs/share)
MRPL (Refining segment)	71,317	30%	49,922	35
Oil India (Upstream segment)	16,585	30%	11,610	8
<b>Listed Investments Equity Value</b>			<b>61,532</b>	<b>43</b>
Unlisted Investments	FY25E EBITDA	EV/EBITDA	Fair Value	Fair Value
	(Rs mm)	(x)	(Rs mm)	(Rs/share)
HMEL (Bhatinda refinery)	26,600	7.0 x	186,197	137
HMEL (Bhatinda refinery) - Debt			82,247	58
Value from Lubes business	10,000	10.0 x	100,000	70
<b>Unlisted Investments Equity Value</b>			<b>203,951</b>	<b>150</b>
<b>Equity Value</b>			<b>984,080</b>	<b>700</b>



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



## FINANCIALS

### Exhibit 20: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	3,496,829	4,404,030	4,335,249	3,699,036	3,536,094
Total Expense	3,395,071	4,479,252	4,086,859	3,517,416	3,337,184
Operating Profit	<b>101,759</b>	<b>(75,222)</b>	<b>248,390</b>	<b>181,620</b>	<b>198,910</b>
Other Income	29,697	20,691	23,822	21,527	21,958
Depreciation	39,691	43,300	55,524	71,133	80,742
EBIT	91,764	(97,831)	216,688	132,015	140,125
Interest	9,727	21,319	25,157	24,901	25,958
Extraordinary Item	-	-	-	-	-
PBT	<b>82,037</b>	<b>(119,149)</b>	<b>191,531</b>	<b>107,114</b>	<b>114,167</b>
Tax	18,211	(29,409)	44,593	26,960	28,736
PAT	<b>63,826</b>	<b>(89,740)</b>	<b>146,938</b>	<b>80,153</b>	<b>85,431</b>
Adj. PAT	63,826	(89,740)	146,938	80,153	85,431
Eps	45.0	(63.3)	103.6	56.5	60.2

### Exhibit 21: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Equity capital	14,189	14,189	14,189	14,189	14,189
Reserves	372,581	262,945	396,108	453,565	513,462
Net worth	<b>386,770</b>	<b>277,134</b>	<b>410,298</b>	<b>467,754</b>	<b>527,651</b>
Debt	469,404	680,054	641,199	666,199	698,199
Deferred tax liab (net)	59,783	30,110	69,899	69,899	69,899
Capital Employed	<b>915,957</b>	<b>987,298</b>	<b>1,121,395</b>	<b>1,203,852</b>	<b>1,295,749</b>
Fixed assets	838,996	903,414	954,775	1,053,767	1,153,024
Investments	179,437	212,107	256,781	256,781	256,781
Net working capital	(102,476)	(128,223)	(90,161)	(106,696)	(114,056)
Inventories	353,456	293,440	339,665	298,970	282,230
Sundry debtors	63,318	68,172	93,211	70,940	67,816
Cash & Bank Balance	1,310	5,386	3,524	3,239	2,759
Other current assets	65,094	62,332	89,874	89,874	89,874
Sundry creditors	264,479	228,524	272,024	226,492	213,810
Other liabilities	321,175	329,028	344,411	343,227	342,924
Application of Funds	<b>915,957</b>	<b>987,298</b>	<b>1,121,395</b>	<b>1,203,852</b>	<b>1,295,749</b>

## Exhibit 22: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	82,037	(119,149)	191,531	107,114	114,167
Depreciation & amortization	39,691	43,300	55,524	71,133	80,742
Interest expense	6,018	17,657	21,504	24,901	25,958
(Inc)/Dec in working capital	52,176	13,860	(26,846)	16,251	6,880
Tax paid	(14,511)	(1,598)	(2,835)	(26,960)	(28,736)
Less: Interest/Dividend Income Received	(5,326)	(6,547)	(5,081)		
Other operating Cash Flow	(1,189)	18,882	5,403		
<b>Cash flow from operating activities</b>	<b>158,898</b>	<b>(33,595)</b>	<b>239,200</b>	<b>192,438</b>	<b>199,012</b>
Capital expenditure	(107,642)	(87,228)	(95,913)	(170,124)	(180,000)
Inc/(Dec) in investments	(40)	(3)	(22)	-	-
Add: Interest/Dividend Income Received	9,040	10,206	(38,185)	-	-
<b>Cash flow from investing activities</b>	<b>(98,642)</b>	<b>(77,025)</b>	<b>(134,120)</b>	<b>(170,124)</b>	<b>(180,000)</b>
Inc/(Dec) in share capital	121,483	285,349	62,117	-	-
Inc/(Dec) in debt	(93,333)	(79,616)	(160,432)	25,000	32,000
Dividend Paid	(32,229)	(19,857)	(21,305)	(22,697)	(25,534)
Others	(27,116)	(31,101)	(38,482)	(24,901)	(25,958)
<b>Cash flow from financing activities</b>	<b>(31,194)</b>	<b>154,774</b>	<b>(158,103)</b>	<b>(22,598)</b>	<b>(19,492)</b>
<b>Net cash flow</b>	<b>29,061</b>	<b>44,155</b>	<b>(53,022)</b>	<b>(284)</b>	<b>(480)</b>

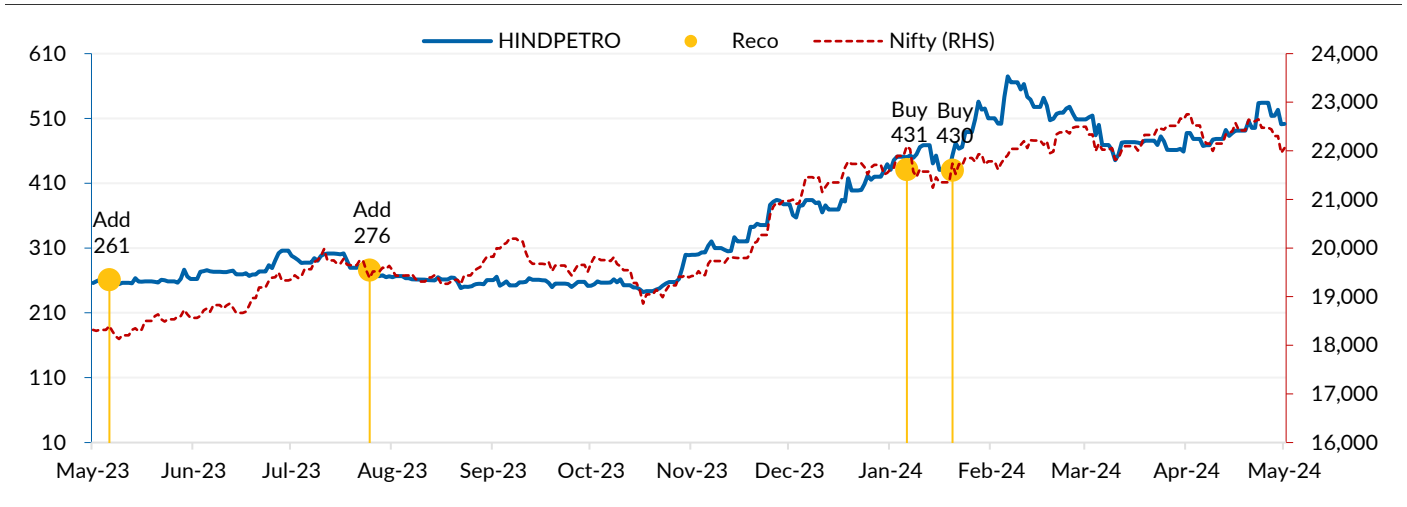
## Exhibit 23: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Tax burden (x)	0.8	0.8	0.8	0.7	0.7
Interest burden (x)	0.9	1.2	0.9	0.8	0.8
EBIT margin (x)	0.0	(0.0)	0.0	0.0	0.0
Asset turnover (x)	2.5	2.9	2.6	2.1	2.0
Financial leverage (x)	3.8	4.6	4.8	4.0	3.6
RoE (%)	17.1	(27.0)	42.7	18.3	17.2

## Exhibit 24: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>					
Revenue growth	50.1	25.9	(1.6)	(14.7)	(4.4)
Op profit growth	(36.1)	(173.9)	(430.2)	(26.9)	9.5
EBIT growth	(39.5)	(206.6)	(321.5)	(39.1)	6.1
Net profit growth	(40.1)	(240.6)	(263.7)	(45.5)	6.6
<b>Profitability ratios (%)</b>					
OPM	2.9	(1.7)	5.7	4.9	5.6
EBIT margin	2.6	(2.2)	5.0	3.6	4.0
Net profit margin	1.8	(2.0)	3.4	2.2	2.4
RoCE	10.0	(9.9)	19.3	11.0	10.8
RoE	16.5	(32.4)	35.8	17.1	16.2
RoA	4.5	(5.9)	9.0	4.6	4.7
<b>Per share ratios</b>					
EPS	45.0	(63.3)	103.6	56.5	60.2
Dividend per share	12.0	-	31.5	16.0	18.0
Cash EPS	73.0	(32.7)	142.7	106.6	117.1
Book value per share	272.7	195.4	289.2	329.7	372.0
<b>Valuation ratios</b>					
P/E	11.1	(7.9)	4.8	8.9	8.3
P/CEPS	6.9	(15.3)	3.5	4.7	4.3
P/B	1.8	2.6	1.7	1.5	1.3
EV/EBIDTA	11.6	(18.4)	5.4	7.6	7.1
<b>Payout (%)</b>					
Dividend payout	26.7	-	30.4	28.3	29.9
Tax payout	22.2	24.7	23.3	25.2	25.2
<b>Liquidity ratios</b>					
Debtor days	6.6	5.6	7.8	7.0	7.0
Inventory days	34.4	26.4	28.3	33.1	31.8
Creditor days	23.1	20.1	22.4	25.9	24.1

## Recommendation Tracker



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