RESULT REVIEW

HOLD
TP: Rs 315 | ⮝ 4%

BHARAT PETROLEUM CORP | Oil & Gas | 21 July 2024

Growth hiatus, downgrade to HOLD

- **Q1 normalisation in line with consensus. Underlying fuel margin surprised on upside. Timing of compensation for LPG loss uncertain**
- **We forecast a 44% YoY decline in EBITDA in FY25 on normalisation of margins and tepid 2% CAGR on a pause in growth until FY28**
- **Downgrade to HOLD with a higher TP of Rs 315; stock is now baking in mid-cycle margins after rallying 82% since Oct'23**

Kirtan Mehta, CFA
research@bobcaps.in

Q1 normalisation in line: Adj EBITDA at Rs 57bn was in line (+1%) with Bloomberg consensus. Q1 results reflect anticipated pullback in both refining (down 43% QoQ) and marketing (down 48% QoQ after excluding inventory gains).

Underlying fuel margins surprised on the upside: Adjusting for Rs 23bn under-recovery on LPG (likely to be compensated later), underlying marketing EBITDA/t works out to Rs 3,150/t, higher than the through-the-cycle average of Rs 2,000/t, in our view. While margins surprised on the upside, their continuity at high levels remains a question given the OMC mandate to pass on benefits of lower wholesale price to consumers.

Timing of LPG compensation uncertain: Oil marketing companies (OMCs) have been allowed to recover marketing loss on LPG (still a controlled product) against future over-recovery or given a compensation through budgetary allocations.

Refining margin still in healthy zone: For BPCL, refining margin at Kochi (US$ 7.9/bbl) and Bina (US$12.8) remained healthy in Q1 in a historical context even after pullback. Margins are supported by relatively higher diesel cracks (at US$ 17) and continuing benefit of Russian crude usage with a modest discount of US$ 3-3.5).

Raise estimates: Factoring in higher margins than our earlier conservative assumptions, we raise FY25E/FY26E EBITDA by 11%/9%. With simultaneous normalisation of refining and marketing margins, we build in a 44% YoY decline in FY25 and tepid 2% CAGR over FY25-27 to reflect a pause in growth.

Downgrade to HOLD: We raise TP to Rs 315 (from Rs 262.5) with an unchanged 1Y fwd EV/EBITDA target multiple of 6x while rolling forward to Jun'25 (from Dec'24). We believe the case for BPCL to be at a premium valuation to other OMCs does not remain strong given the growth hiatus till FY28 due to a pause in investments over FY20-23. Given the 82% run-up since Oct'23 and 4% upside, we downgrade BPCL to HOLD. The restart of Mozambique LNG and approval of a field development plan in Brazil are upside catalysts as we currently factor in book value.

Key changes

Target	Rating
▲	▼

Ticker/Price	BPCL IN/Rs 304
Market cap	US$ 16.0bn
Free float	47%
3M ADV	US$ 39.5mn
52wk high/low	Rs 344/Rs 166
Promoter/FPI/DII	53%/15%/21%

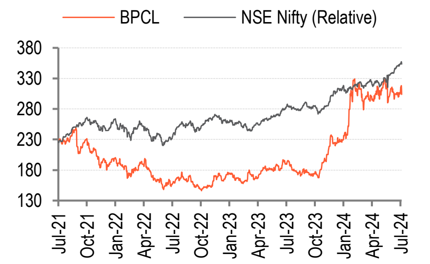
Source: NSE | Price as of 19 Jul 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	44,80,830	44,61,005	44,89,904
EBITDA (Rs mn)	4,40,820	2,48,300	2,51,649
Adj. net profit (Rs mn)	2,70,554	1,35,529	1,40,803
Adj. EPS (Rs)	63.5	31.8	33.1
Consensus EPS (Rs)	63.7	33.1	34.3
Adj. ROAE (%)	41.9	16.9	15.6
Adj. P/E (x)	4.8	9.5	9.2
EV/EBITDA (x)	4.3	7.4	6.9
Adj. EPS growth (%)	1237.9	(49.9)	3.9

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

BPCL Q1 results broadly in line

BPCL Q1 broadly in line with consensus: Net sales/ adj EBITDA/ adj net income at Rs 1,131bn/ Rs 57bn/ Rs 30bn were -3%/ +1%/ +15% relative to Bloomberg consensus estimates. However, EBITDA was 10% below our forecast on lower refining margin.

Sharp pullback on normalisation of margins: Q1FY25 EBITDA was down 39% QoQ and 64% YoY mainly on simultaneous normalisation of both refining and marketing margins. While refining EBITDA was down 43% QoQ, marketing EBITDA excluding inventory gain of Rs 4.7bn was down 48% QoQ.

Refining margins lower but still healthy: Taking Kochi refinery as a proxy for a typical complex Indian refinery, a margin of US$ 7.8/bbl is still higher than the typical mid-cycle margin of US$ 6-7/bbl. This is due to the benefit of Russian crude, which currently adds US$ 1-1.5/bbl to gross margins with typical discount level of US$ 3-3.5/bbl and average use at 39% for BPCL during Q1. Similarly, margin on Bina refinery at US$ 12.8/bbl was in a healthy range. The Mumbai refinery was the only one impacted in BPCL's portfolio due to its inability to use more than 20% of Russian crude.

Underlying fuel marketing margins are higher than normal: While marketing EBITDA dropped 47% QoQ to Rs 1,437/t at our estimates, this was largely due to under-recovery on LPG of Rs 23bn. Adjusting for the same, underlying marketing EBITDA works out to Rs 43bn at our estimates and translates to a marketing EBITDA of Rs 3,150/t. This is higher than the through-the-cycle margin of Rs 2,000/t that OMCs typically earn on marketing.

Compensation for LPG under-recovery possible in future: LPG being a controlled product, OMCs are allowed to adjust under-recovery against future excess gains when wholesale LPG prices drop. In the past, the government has reimbursed OMCs for cumulative losses. However, the timing of compensation is uncertain.

Lowest leverage within the OMCs: On gross debt to equity, leverage is significantly lower at 0.54 on consolidated and 0.19 on standalone.

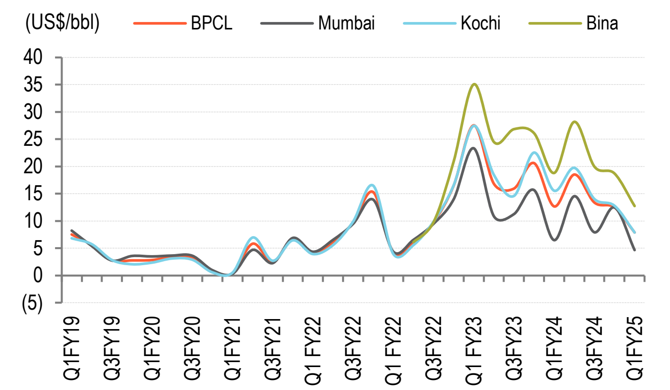
Fig 1 – BPCL's quarterly performance

Parameters	Unit	Q1FY25	Q4FY24	QoQ (%)	Q1FY24	YoY (%)
Revenue	Rs bn	1,131	1,166	(3.0)	1,130	0.1
EBITDA	**Rs bn**	**57**	**92**	**(38.7)**	**158**	**(64.3)**
EBITDA+Other income	Rs bn	62	97	(36.4)	163	(62.2)
Net income (adjusted)	Rs bn	30	60	(49.9)	106	(71.4)
EPS	Rs	7.1	9.9	(28.7)	24.8	(71.5)
EBITDA breakdown						
Refining incl inventory gains	Rs bn	33	63	(47.3)	63	(47.7)
Marketing incl inventory gains	Rs bn	23	29	(20.2)	95	(75.3)
BPCL	**Rs bn**	**57**	**92**	**(38.7)**	**158**	**(64.3)**
EBITDA breakdown separating out inventory gains						
Refining excluding inventory gains	Rs bn	33	57	(43.1)	65	(50.3)
Marketing excl inventory gains	Rs bn	19	37	(47.8)	105	(81.7)
Inventory gains	Rs bn	5	(2)	324.2	(13)	136.2
BPCL	**Rs bn**	**57**	**92**	**(38.7)**	**158**	**(64.3)**

Parameters	Unit	Q1FY25	Q4FY24	QoQ (%)	Q1FY24	YoY (%)
Operational parameters						
Volume						
Refining throughput	Mt	10.1	10.4	(2.4)	10.4	(2.4)
Market sales- domestic	Mt	13.2	13.2	(0.2)	12.8	3.2
Market sales- domestic+ export	Mt	13.4	13.4	0.1	13.1	2.7
Gross refining margin						
i) BPCL	US$/bbl	7.9	12.5	(36.9)	12.6	(37.8)
ii) Mumbai Refinery	US$/bbl	4.7	12.5	(62.7)	6.5	(28.1)
iii) Kochi Refinery	US$/bbl	7.9	12.8	(38.4)	15.5	(49.4)
iv) Bina Refinery	US$/bbl	12.8	18.7	(31.8)	18.8	(32.2)
Marketing EBITDA						
Including inventory gains	Rs/t	1,740	2,184	(20.3)	7,247	(76.0)
Excluding inventory gains	**Rs/t**	**1,437**	**2,755**	**(47.8)**	**8,065**	**(82.2)**

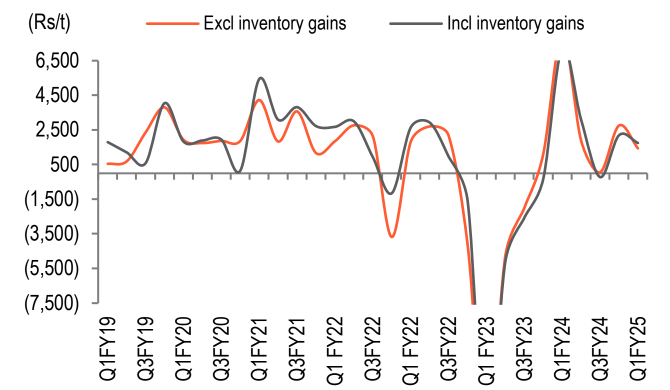
Source: Company, BOBCAPS Research

Fig 2 – Refining margin pullback, but still healthy in historical context



Source: Company, BOBCAPS Research

Fig 3 – Marketing margin pullback is due to LPG under-recovery, which may be compensated in future



Source: Company, BOBCAPS Research

Update on growth projects

- **Confirmation on greenfield refinery plan:** BPCL has started to look for a greenfield refinery investment to bridge the gap between marketing (52.5mt currently) and refining volumes (35mt currently and 45mt after brownfield expansions under consideration). Potential project size under consideration is between 9mmtpa and 12mmtpa and the location is still not decided. The refinery could help BPCL increase its petrochemical integration index from 1% currently and 6-7% after the other two approved petrochemical expansions are completed.

- **Bina Petrochemical and Kochi PP projects:** BPCL has selected licensors and project management consultants (PMCs) for the projects. BPCL has also initiated site work by awarding contracts.

- **Bina Petrochem expansion:** Capex spend would be lower during the first two years (at Rs 20bn in FY25 and Rs 70bn-80bn in FY26) and will pick up from the third year. Total capex budget for the project is at Rs 490bn. The expansion project involves a 1.2mtpa ethylene cracker and a 3.2mt expansion of refining capacity to 11mmtpa. BPCL is targeting completion by May'28 and commissioning over FY29. The petrochemical project focusses on HDPE (high density polyethylene), LDPE (low density polyethylene), PP (polypropylene) and a few aromatic products. The project will benefit from internal availability of naphtha from the Bina and Mumbai refineries.

- **FY25 capex guidance:** BPCL is targeting Rs 164bn of capex in FY25. This would involve Rs 43bn spend on Refining and Petrochemicals, Rs 71bn on marketing, Rs 22.5bn in exploration, and Rs 20bn-30bn on CGDs.
- **Indications of Mozambique LNG cost escalation:** BPCL indicated US$ 3.5bn-4bn or 22-30% of cost escalations for the Mozambique LNG in its earlier capex budget of US$ 15.5bn (early indications). For this project, BPCL indicated another quarter of delay towards the announcement of lifting of force majeure. Progress has been made in reinstating execution contracts as well as project financing arrangements. With the previous indication of four years for implementation, this could mean an FY29 start-up.
- **Brazil E&P project:** The operator has submitted a field development plan for approval and is working towards the start-up of the project by FY28.

Growth contours known so far

- **Better positioning among OMCs:** BPCL is the first OMC to align its investment programme with the energy transition theme. BPCL's targeted capex programme of Rs 1.5tn over the next five years focuses on petrochemicals, upstream, natural gas and renewables and maximisation of refining throughput from existing bases through debottlenecking.
- **Investment commitments to accelerate from Year 3:** The company has indicated a target spend of Rs 1.5tn over the next five years. Broad contours include petrochemicals and improvement of refining efficiencies (Rs 490bn), upstream (Rs 260bn), marketing infrastructure (Rs 250bn), city gas distribution (Rs 260bn), renewables (Rs 120bn) and JV and pipeline projects (Rs 300bn). A pick-up in capex is unlikely until the third year when its Bina petrochemical project ramps up outlay.
- **Refining and Petrochemicals:** (a) BPCL has approved a 1.2mtpa ethylene cracker and a 3.2mt expansion of refining capacity to 11mmtpa at Bina refinery with a capex budget of Rs 490bn and commissioning target by FY28. (b) BPCL approved a 400ktpa PP project at Kochi refinery at a capex budget of Rs 50.4bn. The project targets commissioning within 46 months, implying commissioning in FY27-28. (c) This quarter, BPCL has announced its intention to pursue one greenfield refinery of between 9mmtpa and 12mmtpa capacity but is yet to finalise the plan. This is likely to be an additional investment over the prior five-year plan.
- **Upstream:** BPCL has committed a total capex of Rs 395bn till date in Bharat Petro Resources (BPRL), its upstream vehicle. This includes a commitment of Rs 260bn on its two large projects – Mozambique LNG (US$ 2bn) and Brazil upstream projects (US$ 1bn).
- **City gas distribution:** BPCL has approved a total capex of Rs 260bn for city distribution. The company has a presence across 50 geographic areas (GAs), either through wholly-owned subsidiaries or through JVs. BPCL has directly

participated in 26 GAs and has operationalised 25 GAs. BPCL has spent Rs 58bn on these GAs till Q1.

Other takeaways from the call

- **Refining turnaround plan in FY25:** BPCL has planned a 15-day turnaround at Bina refinery in Aug-Sep involving all four major units. At its Kochi refinery, two turnarounds are planned in Sep-Oct for 15 and 30 days.
- **Losing diesel market share:** BPCL and OMCs have been losing market share in diesel this year to private players, with marketing margin turning into positive zone. This is basically loss of market share which was earned in the previous year, when private players vacated their space in view of marketing losses.
- **Ethanol blending:** Increased from 12-12.5% in FY24 to 14% in Q1 and BPCL's target is to reach 15% next quarter. The government mandate is to reach 25% by FY25.

Valuation methodology

Forecast changes

We raise our FY25/FY26 EBITDA forecasts by 11%/9%, raising our refining and marketing margins from our conservative assumptions earlier.

- We raise GRM to US$ 7.6/bbl from US$7.4/bbl factoring in higher benefit of Russian crude usage with continuing discount of US$ 3.5-4/bbl. Relative to its OMC peers, BPCL refining benefits from higher yield at the Bina refinery and its ability to use higher sulfur crude at the Kochi refinery enables its higher usage of Russian crude.
- On fuel margin, while we reckon that the underlying fuel margin has remained higher in Q1, we still consider a normalised margin for the full year FY25 at Rs 2,165/t given uncertainty on the level of crude price, cracks as well as retail margin. With Indian consumers accepting the current level of petrol and diesel prices and crude likely to remain range bound within US$80-90/bbl, the marketing margin is likely to stay in a healthy zone and we now factor in Rs 2,093/t for FY26 and Rs 2,095/t for FY27.
- We expect refining throughput to remain stable and marketing volumes to grow in line with the sector.

For our estimates we are effectively factoring in normalisation of both refining and marketing margins, which will translate to a 44% YoY decline in FY25. We introduce our FY27 estimates and build in a tepid 2% CAGR growth over FY24-27. This reflects a pause on investments exercised by BPCL over FY20-23, and new projects will contribute to earnings only after FY28.

Fig 4 – BPCL: Revised estimates

(Rs bn)		New			Old		Change (%)	
	FY24P	FY25E	FY26E	FY27E	FY25E	FY26E	FY25E	FY26E
Revenue	4,481	4,461	4,490	4,522	4,338	4,425	2.8	1.5
EBITDA	**441**	**248**	**252**	**257**	**224**	**232**	**10.9**	**8.6**
Adj Net profit	271	136	141	143	111	112	21.7	25.7
EPS	63.5	31.8	33.1	33.6	26.1	26.3	21.7	25.7

Source: Company, BOBCAPS Research

Fig 5 – BPCL: Key assumptions

(Rs bn)	FY24P	FY25E	FY26E	FY27E
Refining EBITDA	282	133	135	134
Marketing EBITDA	159	115	117	123
Consolidated EBITDA	**441**	**248**	**252**	**257**
YoY Growth (%)	303.0	(43.8)	1.3	2.2
Throughput (mt)				
YoY Growth (%)	39.9	42.4	42.8	43.3
Domestic marketing sales (mt)	3.6	6.2	1.0	1.0
YoY Growth (%)	51.0	53.1	55.9	58.9
Exchange rate	4.3	4.0	5.2	5.3
Crude price (US$/bbl)				
GRM (US$/bbl)	82.8	83.5	83.5	83.5
Marketing EBITDA (Rs/t)	82.1	85.0	85.0	85.0

Source: Company, BOBCAPS Research

Valuation

We downgrade the rating on BPCL to HOLD from BUY with a 4% upside to our revised TP. With ~80% run-up in stock price since 27 Oct'23, the stock has closed a substantial gap with the fair value zone and now factors in the benefit of healthy refining as well as marketing margins.

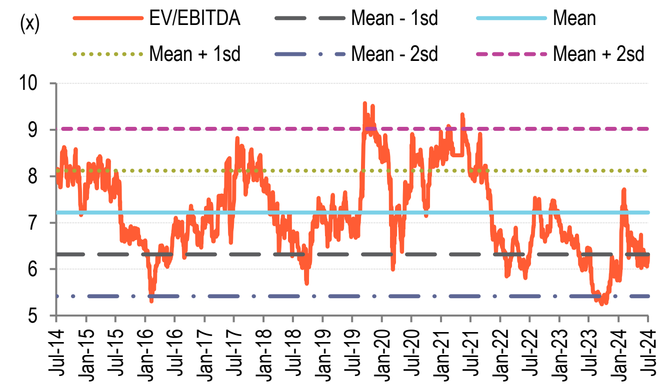
- **Target price raised to Rs 315:** We base our valuation on FY26 earnings, and apply 1Y forward multiple to arrive at Mar'25 TP and then roll forward to Jun'25 to arrive at a 1Y forward TP of Rs 315 (from Rs 262.5 post bonus issuance on 21 Jun).
- **Unchanged target multiple at the same level as OMCs:** We continue to value the refining and marketing business at an unchanged multiple of 6x 1Y fwd EV/EBITDA, in line with our target multiple of 6x for OMC peers. While BPCL has historically traded at a premium to its OMC peers, reflecting better operational and managerial parameters, we believe the case for a premium does not remain as strong, and we assign it the same target value multiple as the sector. Given a slowdown in commitment to new investments during FY20-23, growth from its large capex programmes will only start accruing post FY28.
- **Discount on investments:** We assume a 20% discount (30% previously) on the market value of its investments in IGL, OINL and PLNG.
- **Upstream:** We currently factor in upstream investments in Mozambique and Brazil at the carrying value disclosed in FY23. Restart of project execution at Mozambique LNG and approval of field development plan for the Brazilian project by the Brazilian regulator could potentially translate into upside to fair value of these investments. However, at this stage, revised project details are not available.
- **Catalysts: Positive triggers ahead –** (a) Crude likely to be muted in US$ 80-90/bbl range lowering pressure on marketing margin, b) improvement in visibility of E&P investments in Mozambique and Brazil. **Downside factors** – (a) floating of retail prices on downside to pass on benefit of lower crude price, (b) pullback in refining margin.

Fig 6 – BPCL: Valuation summary

Business segments	New		Comments	Old
	EV (Rs bn)	Value (Rs/sh)		Value (Rs/sh)
Refining				
Standalone including Bina refinery	808	189	6x FY26E EBITDA	175
Marketing	702	164	6x FY26E EBITDA	152
Total core business EV, Mar'25	**1,510**	**353**	**-**	**327**
Less: Net Debt FY25E	422	99	-	99
Equity value of core business, Mar'25	**1,087**	**255**	**-**	**228**
Investments	161	38	Investments in PLNG, OINL, IGL @ 20% holding discount to CMP	26
Total E&P	62	15	At carrying value estimated by BPCL as of FY23	15
Total equity value for BPCL, Mar'25	**1,311**	**307**	**-**	**269**
Equity value discounted to Dec'24	**-**	**314**	**-**	**263**
Target price (rounded to nearest Rs5)	**-**	**315**	**-**	**262.5**

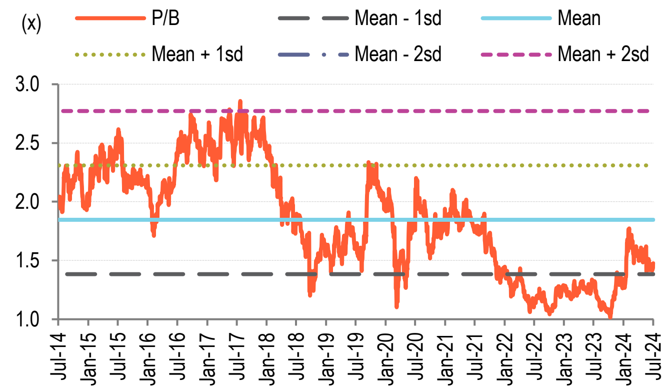
Source: BOBCAPS Research

Fig 7 – 2Y fwd EV/EBITDA



Source: Bloomberg, BOBCAPS Research

Fig 8 – 1Y fwd P/B



Source: Bloomberg, BOBCAPS Research

Key risks

OMC valuations are highly sensitive to refining and marketing profitability. Higher or lower profitability are upside or downside risks to our HOLD call on BPCL. Key factors that can impact our refining and marketing profitability are as follows:

- We assume oil price remaining within the US$80-90/bbl range over FY25-26 as OPEC regains control to rebalance the market. Any material downside below the range could potentially improve marketing margin for OMCs if retail price is retained at current levels. Similarly, higher oil prices would expose OMCs to the risk of under-recovery on marketing margins for retail sales of petrol and diesel.
- Currently we assume a modest benefit due to use of Russian crude over the medium term assuming current discount level of US$ 3-3.5/bbl. If usage of Russian crude or discount changes materially upwards or downwards, this could lead to higher or lower refining margin than our forecasts.
- An extended slowdown in global economies could lead to below-expected refining margins and petrochemical spreads for a longer period. An adverse change in global demand-supply balance for the refining or petrochemical product chain could also lower margins versus our current assumptions.
- Market share losses on fuel product sales could result in below-expected volumes and affect marketing business earnings.
- OMCs are implementing large expansion projects. Any fast-tracking or delay in implementation of projects beyond our current assumptions could result in higher or lower earnings estimates than our current assumptions.
- Refiners are exposed to the requirement of additional investments to lower their carbon footprint, including potential investments in green hydrogen.
- Adverse pipeline tariff orders or regulations by the Petroleum and Natural Gas Regulatory Board (PNGRB) mandating third-party use of pipelines could hurt BPCL’s marketing positioning.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Total revenue	**47,31,872**	**44,80,830**	**44,61,005**	**44,89,904**	**45,21,603**
EBITDA	1,08,881	4,40,820	2,48,300	2,51,649	2,57,264
Depreciation	(63,688)	(67,713)	(68,495)	(71,403)	(74,503)
EBIT	45,193	3,73,108	1,79,805	1,80,246	1,82,761
Net interest inc./(exp.)	(42,628)	(41,489)	(34,184)	(35,747)	(38,872)
Other inc./(exp.)	14,982	22,347	20,366	25,331	26,424
Exceptional items	(11,255)	(2,677)	0	0	0
EBT	17,547	3,53,966	1,65,987	1,69,831	1,70,313
Income taxes	(6,901)	(93,356)	(46,441)	(47,408)	(47,529)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(21,919)	(10,655)	(15,983)	(18,380)	(20,218)
Reported net profit	**21,311**	**2,68,588**	**1,35,529**	**1,40,803**	**1,43,002**
Adjustments	0	0	0	0	0
Adjusted net profit	**20,222**	**2,70,554**	**1,35,529**	**1,40,803**	**1,43,002**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Accounts payables	2,40,243	2,83,058	2,69,307	2,70,818	2,72,344
Other current liabilities	3,03,575	3,25,735	3,34,523	3,48,837	3,50,937
Provisions	29,375	33,286	33,286	33,286	33,286
Debt funds	6,93,760	5,45,991	5,45,991	5,95,991	6,45,991
Other liabilities	79,206	79,757	82,079	84,449	86,826
Equity capital	21,295	21,363	42,726	42,726	42,726
Reserves & surplus	5,13,929	7,34,988	8,07,730	9,06,245	10,06,851
Shareholders' fund	5,35,224	7,56,351	8,50,455	9,48,971	10,49,577
Total liab. and equities	**18,81,382**	**20,24,178**	**21,15,642**	**22,82,352**	**24,38,960**
Cash and cash eq.	76,520	1,23,555	1,30,261	1,15,508	53,687
Accounts receivables	67,238	83,420	69,143	69,591	70,083
Inventories	3,80,692	4,28,361	4,30,892	4,33,309	4,35,750
Other current assets	62,466	63,903	63,903	63,903	63,903
Investments	2,17,007	2,05,614	2,15,614	2,65,614	3,15,614
Net fixed assets	8,54,711	8,55,943	9,59,573	10,65,095	12,10,516
CWIP	1,62,489	2,02,040	1,84,915	2,07,990	2,28,066
Intangible assets	12,040	12,040	12,040	12,040	12,040
Deferred tax assets, net	4,860	4,774	4,774	4,774	4,774
Other assets	43,360	44,527	44,527	44,527	44,527
Total assets	**18,81,382**	**20,24,178**	**21,15,642**	**22,82,352**	**24,38,960**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Cash flow from operations	**79,413**	**3,19,698**	**1,92,764**	**2,02,204**	**1,94,151**
Capital expenditures	(91,414)	(1,08,494)	(1,55,000)	(2,00,000)	(2,40,000)
Change in investments	(31,624)	1,477	(10,000)	(50,000)	(50,000)
Other investing cash flows	14,982	22,347	20,366	25,331	26,424
Cash flow from investing	**(1,08,056)**	**(84,670)**	**(1,44,634)**	**(2,24,669)**	**(2,63,576)**
Equities issued/Others	0	68	21,363	0	0
Debt raised/repaid	48,418	(1,47,770)	0	50,000	50,000
Interest expenses	0	0	0	0	0
Dividends paid	(17,036)	(1,79,448)	(41,425)	(42,288)	(42,396)
Other financing cash flows	11,892	1,31,919	(21,363)	0	0
Cash flow from financing	**43,275**	**(1,95,231)**	**(41,425)**	**7,712**	**7,604**
Chg in cash & cash eq.	**14,632**	**39,797**	**6,706**	**(14,753)**	**(61,821)**
Closing cash & cash eq.	**36,999**	**65,541**	**69,569**	**54,817**	**(7,005)**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24P	FY25E	FY26E	FY27E
Reported EPS	5.0	63.1	31.8	33.1	33.6
Adjusted EPS	4.7	63.5	31.8	33.1	33.6
Dividend per share	4.0	42.0	9.7	9.9	9.9
Book value per share	125.7	177.0	199.0	222.1	245.7

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24P	FY25E	FY26E	FY27E
EV/Sales	0.4	0.4	0.4	0.4	0.4
EV/EBITDA	16.5	4.3	7.4	6.9	6.9
Adjusted P/E	64.0	4.8	9.5	9.2	9.0
P/BV	2.4	1.7	1.5	1.4	1.2

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24P	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	321.4	77.0	81.7	82.9	84.0
Interest burden (PBT/EBIT)	13.9	94.2	92.3	94.2	93.2
EBIT margin (EBIT/Revenue)	1.0	8.3	4.0	4.0	4.0
Asset turnover (Rev./Avg TA)	251.9	229.5	215.5	204.2	191.5
Leverage (Avg TA/Avg Equity)	3.6	3.0	2.6	2.4	2.4
Adjusted ROAE	3.8	41.9	16.9	15.6	14.3

Ratio Analysis

Y/E 31 Mar	FY23A	FY24P	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	36.4	(5.3)	(0.4)	0.6	0.7
EBITDA	(43.1)	304.9	(43.7)	1.3	2.2
Adjusted EPS	(81.4)	1237.9	(49.9)	3.9	1.6
Profitability & Return ratios (%)					
EBITDA margin	2.3	9.8	5.6	5.6	5.7
EBIT margin	1.0	8.3	4.0	4.0	4.0
Adjusted profit margin	0.4	6.0	3.0	3.1	3.2
Adjusted ROAE	3.8	41.9	16.9	15.6	14.3
ROCE	(0.4)	21.6	9.6	8.8	8.1
Working capital days (days)					
Receivables	6	6	6	6	6
Inventory	34	39	40	40	40
Payables	21	24	24	23	23
Ratios (x)					
Gross asset turnover	4.3	3.8	3.5	3.1	2.7
Current ratio	0.8	0.8	0.8	0.8	0.7
Net interest coverage ratio	1.1	9.0	5.3	5.0	4.7
Adjusted debt/equity	1.2	0.6	0.5	0.5	0.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
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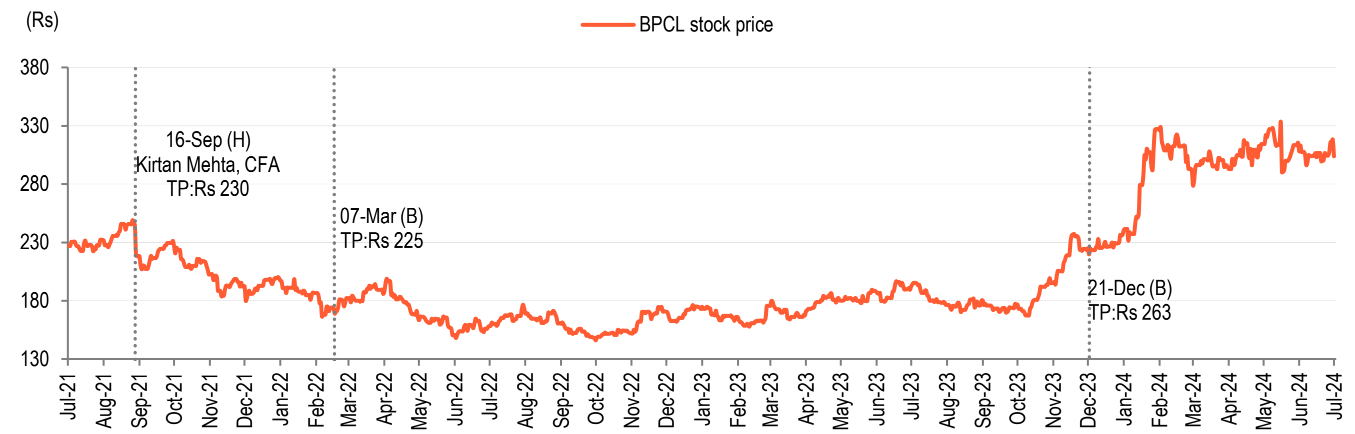

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