RESULT REVIEW

SELL
TP: Rs 165 | ∨ 9%

INDIAN OIL CORP | Oil & Gas | 01 August 2024

Visibility on growth delivery low, downgrade to SELL

- **IOCL's Q1 reflected weaker core refining margin and impact of LPG under-recovery, although it had healthy fuel marketing margins**
- **If recent pullback in crude prices sustain, the question likely to resurface is about passing on the benefit to consumers**
- **Downgrade to SELL from HOLD with a revised TP of Rs 165; visibility on delivery of aggressive expansion pipeline is still low**

Kirtan Mehta, CFA
research@bobcaps.in

Q1 below consensus: IOCL's Q1 EBITDA of Rs 89bn was 4% below Bloomberg consensus. However, the apparent sequential decline of 16% was the lowest among the OMCs on account of higher inventory gain on crude in the refining segment and lower base of marketing profit last quarter. Underlying core GRM at US$ 2.8/bbl was weaker than US$ 5.4/bbl reported by HPCL. Unit marketing EBITDA/t at ~Rs 1,300/t was higher than HPCL (~Rs 700/t) but lower than BPCL (~Rs 1,740/t).

Normalisation of margin: Refining margin has started to ease with the ramp-up of a couple of large refineries improving global supply. As against, easing of marketing margin was attributable to the under-recovery of a controlled product, LPG, which is likely to be recouped at some stage. If the recent pullback in crude prices sustains, the question is likely to resurface about passing on its benefit to consumers.

Visibility on project deliveries still low: While IOCL has embarked on the most aggressive refining and petrochemical expansion plan among OMCs in our coverage, most of its projects' deliveries has shifted to FY26. Considering typical delays associated with large-scale expansion projects in construction as well as the commissioning stage, we are only accounting for a modest benefit at this stage.

Raise estimates: We raise FY25E/FY26E EBITDA by 5%/11%, factoring in a higher discount on Russian crude usage than our prior assumptions. For our estimates we effectively factor in normalisation of refining and marketing margins (R&M), which will translate to a 37% YoY decline in FY25E. We then build in a 10% EBITDA CAGR over FY25E-FY27E on delivery of growth projects.

Downgrade to SELL: We raise TP to Rs 165 (from Rs 125) with an unchanged 1Y forward EV/EBITDA target multiple of 5.5x while rolling forward to Jun'25 (from Dec'24). Given the 46% run-up since Dec'23 and 9% downside, we downgrade IOCL to SELL from HOLD. Catalysts for SELL rating: (a) floating of retail prices on downside to pass on benefit of lower crude and product price, (b) pullback in refining margin, (c) further delays to projects. Upside risks: (a) lower pressure on marketing margin with range-bound crude, (b) timely delivery of targeted expansion projects.

Key changes

Target	Rating
▲	▼

Ticker/Price	IOCL IN/Rs 182
Market cap	US$ 30.6bn
Free float	29%
3M ADV	US$ 56.5mn
52wk high/low	Rs 197/Rs 86
Promoter/FPI/DII	52%/8%/10%

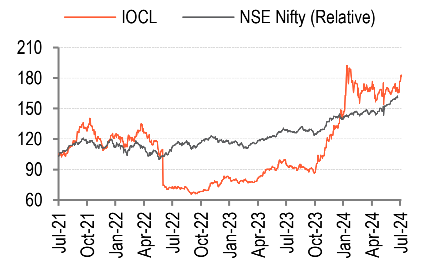
Source: NSE | Price as of 31 Jul 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	77,63,519	81,28,609	81,53,125
EBITDA (Rs mn)	7,58,652	4,95,337	5,44,003
Adj. net profit (Rs mn)	4,17,297	2,22,616	2,53,493
Adj. EPS (Rs)	30.3	16.2	18.4
Consensus EPS (Rs)	30.3	16.4	18.5
Adj. ROAE (%)	25.8	11.7	12.3
Adj. P/E (x)	6.0	11.2	9.9
EV/EBITDA (x)	5.1	7.8	6.9
Adj. EPS growth (%)	326.2	(46.7)	13.9

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

Stock performance



Source: NSE

IOCL sees normalisation of margins in Q1

Q1 below consensus and us: IOCL's Q1 EBITDA at Rs 89bn was 4% below Bloomberg consensus and 17% below our forecasts. IOCL experienced higher decline in refining margins than our assumptions, but somewhat better marketing margins.

Fig 1 – Q1 vs consensus and our forecasts

Parameter	Unit	Q1FY25	Consensus	Delta (%)	BOBCAPS	Delta (%)
Revenue	Rs bn	1,932	2,072	(6.8)	2,113	(8.5)
EBITDA	Rs bn	89	93	(4.1)	107	(17.0)
Net income (adjusted)	Rs bn	26	43	(39.0)	45	(41.1)

Source: Company, Bloomberg, BOBCAPS Research

Lower sequential decline among OMCs: EBITDA at Rs 89bn was down 16% QoQ, driven by pullback in refining margin but flat marketing margin. The sequential decline was the lowest among oil marketing companies (OMCs) in our coverage compared to BPCL (-39%) and HPCL (-56%). IOCL benefited from a US$ 3.6/bbl inventory gain at its refining operations.

Refining EBITDA down 37% QoQ: Refining EBITDA of Rs 38bn (according to our calculation) fell 37% QoQ and the trend was in line with other OMCs (BPCL -47%, HPCL -49%).

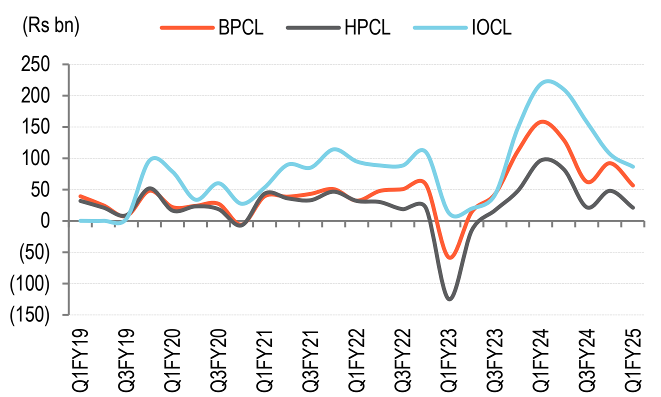
- **GRM (including inventory gain) pullback:** Sequential decline of US$ 2/bbl was similar to HPCL but lower than that of BPCL (US$ 4/bbl down). Absolute gross refining margin (GRM) for IOCL (US$ 6.4/bbl) was higher than HPCL (US$ 5/bbl) but lower than BPCL (US$ 7.9/bbl).
- **Core GRM (excluding inventory gain) weak:** IOCL's core GRM at US$ 2.8/bbl compares with US$ 5.4/bbl reported by HPCL.
- **Unit marketing EBITDA also weaker:** While the decline in marketing EBITDA for IOCL was lower than for other OMCs, it was due to the lower base last quarter as well. In terms of unit marketing EBITDA/t, IOCL at ~Rs 1,300/t was higher than HPCL (~Rs 700/t) but lower than BPCL (~Rs 1,740/t) as per our calculations.
- IOCL's marketing loss on LPG for was Rs 52bn, which lowered marketing EBITDA by ~Rs 2,300/t. The loss is of similar magnitude adjusted for volumes across OMCs – with BPCL reporting Rs 23bn and HPCL Rs 25bn.

Fig 1 – IOCL's quarterly performance

Parameter	Unit	Q1FY25	Q4FY24	QoQ (%)	Q1FY24	YoY (%)
Revenue	Rs bn	1,932	1,980	(2.4)	1,975	(2.2)
EBITDA	**Rs bn**	**89**	**105**	**(15.5)**	**222**	**(60.0)**
EBITDA + Other income	Rs bn	94	122	(22.6)	229	(58.8)
Net income (adjusted)	Rs bn	26	48	(45.4)	138	(80.8)
EBITDA breakdown						
Refining incl inventory gains	Rs bn	38	60	(37.2)	60	(37.7)
Marketing incl inventory gains	Rs bn	29	28	3.6	139	(78.9)
Pipeline	Rs bn	19	18	5.0	19	3.4
Petrochemicals	Rs bn	2	(2)	221.1	3	(25.3)
Subtotal	**Rs bn**	**89**	**105**	**(15.5)**	**222**	**(60.0)**
EBITDA breakdown						
Refining excl inventory gains	Rs bn	(2)	84	(102.1)	69	(102.6)
Marketing excl inventory gains	Rs bn	23	(8)	372.0	191	(88.1)
Inventory gain	Rs bn	46	13	268.7	(60)	177.6
Pipeline	Rs bn	19	18	5.0	19	3.4
Petrochemicals	Rs bn	2	(2)	221.1	3	(25.3)
Subtotal	**Rs bn**	**89**	**105**	**(15.5)**	**222**	**(60.0)**
Operational parameters						
Refining throughput	mt	18.2	18.3	(0.6)	18.8	(3.4)
Pipeline throughput	mt	25.8	24.6	5.0	25.0	3.2
Market sales- domestic	mt	21.5	21.3	1.2	21.3	0.9
Market sales- domestic+ export	mt	22.7	22.8	(0.4)	22.4	1.2
Petrochem sale volume	mt	0.7	0.8	(8.7)	0.7	2.0
GRM (incl inventory gains)	US$/bbl	6.4	8.4	(23.8)	8.3	(23.4)
GRM (excl inventory gains)	US$/bbl	2.8	10.6	(73.1)	9.1	(68.6)
Marketing EBITDA incl inventory gains	Rs/t	1,298	1,248	4.0	6,214	(79.1)
Marketing EBITDA excl inventory gains	Rs/t	997	(365)	373.1	8,511	(88.3)
Petrochemicals EBITDA	US$/t	36	(27)	232.0	50	(27.9)
Pipeline EBITDA assumption	Rs/t	750	750	-	749	-

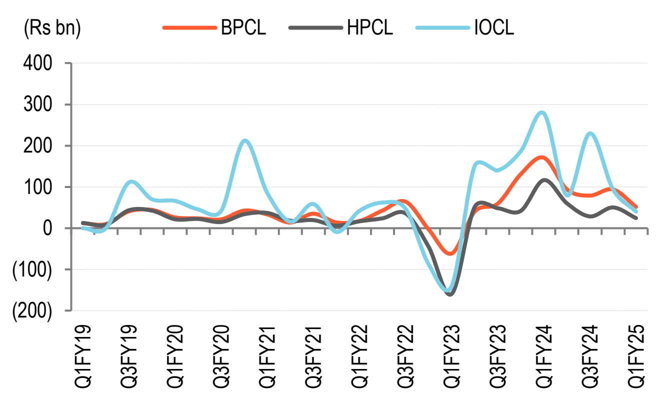
Source: Company, BOBCAPS Research

Fig 2 – R&M EBITDA including inventory gains



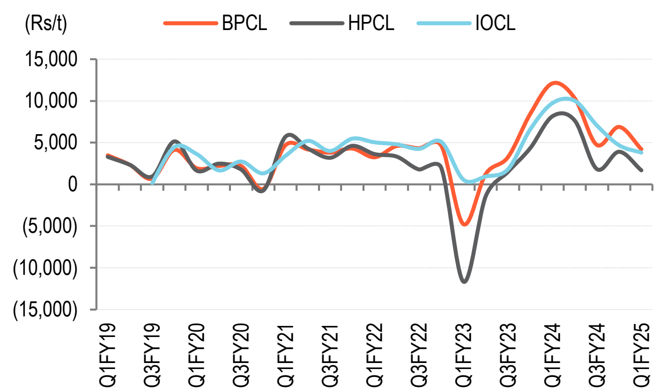
Source: Company, BOBCAPS Research | R&M: Refining & Marketing

Fig 3 – R&M EBITDA excluding inventory gains



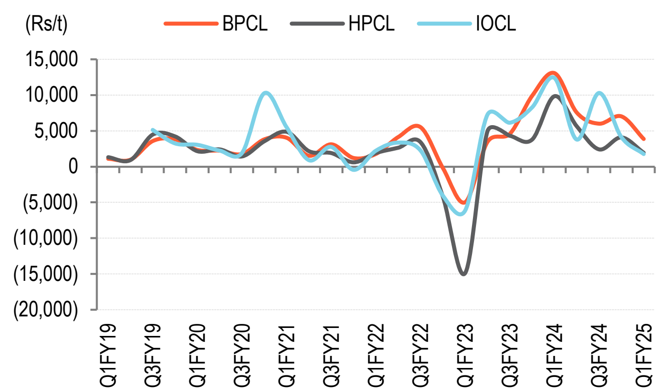
Source: Company, BOBCAPS Research

Fig 4 – R&M EBITDA/tonne including inventory gains



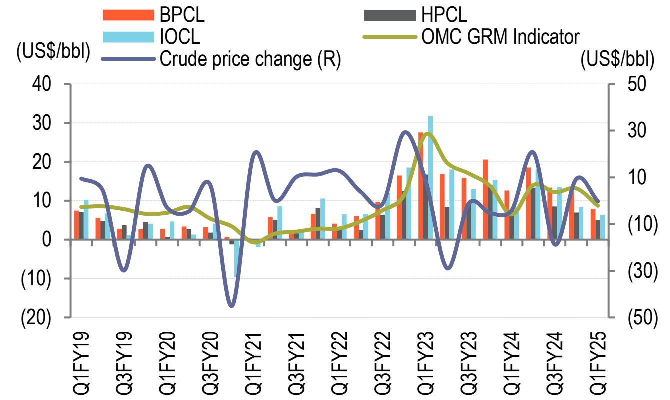
Source: Company, BOBCAPS Research

Fig 5 – R&M EBITDA/tonne excluding inventory gains



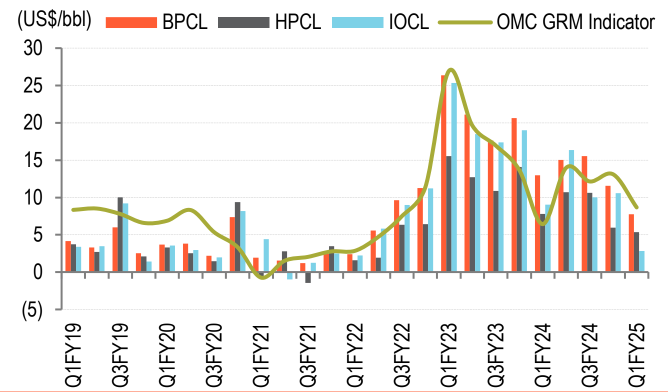
Source: Company, BOBCAPS Research

Fig 6 – GRM including inventory gains



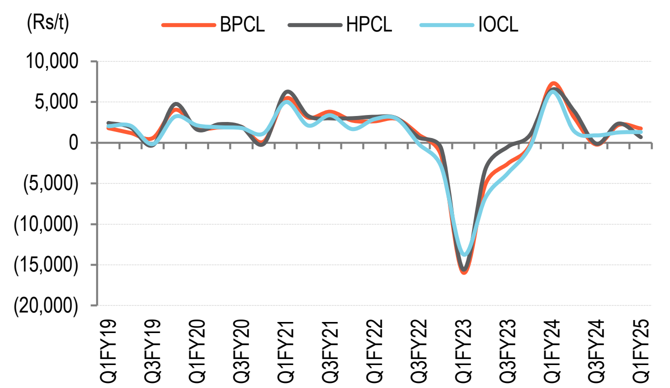
Source: Company, BOBCAPS Research

Fig 7 – GRM excluding inventory gains



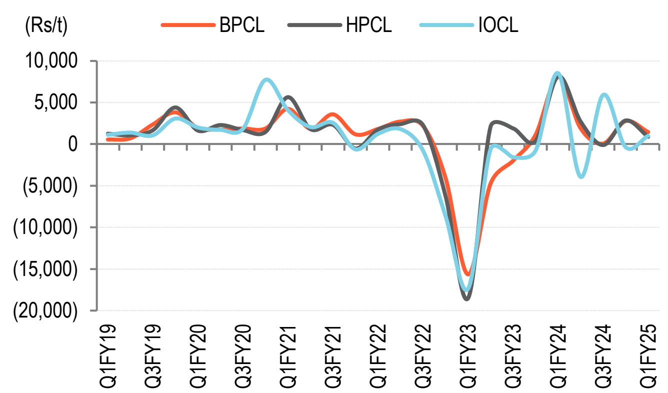
Source: Company, BOBCAPS Research

Fig 8 – Marketing EBITDA/tonne including inventory gain



Source: Company, BOBCAPS Research

Fig 9 – Marketing EBITDA/tonne excluding inventory gain



Source: Company, BOBCAPS Research

Visibility on project deliveries still low

While IOCL has embarked on the most aggressive refining and petrochemical expansion plan among OMCs in our coverage, most of its project's delivery has shifted to FY26. Considering typical delays associated with large-scale expansion projects in construction as well as in the commissioning stage, we only account for a modest benefit at this stage as we await better visibility to their completion.

Key growth drivers

- **Investment plan:** With an annual target of Rs 300bn-350bn of investment, IOCL is likely to invest Rs1.5tn-1.8tn over the next five years. The major projects identified by IOCL account for Rs 1.1tn of investments, which includes a spend of ~Rs 600bn on refining expansions, Rs 280bn on petrochemicals and Rs 190bn on pipeline projects.
- **Refining capacity expansion:** IOCL has committed to expanding refining capacity by 25mmtpa to 107mmtpa along with associated value-added projects. The company is currently implementing expansion projects at Panipat Refinery (15mmtpa to 25mmtpa), Gujarat Refinery (13.7mmtpa to 18mmtpa), CPCL-CBR Nagapattinam refinery (9mmtpa greenfield), Barauni (6mmtpa to 9mmtpa), Digboi and Guwahati refineries.
- **Petrochemicals integration:** The company is enhancing its petrochemicals integration at Paradip, Panipat and Gujarat refineries to ~20%. It aims to increase total petrochemical capacity by 70% from the current 3.2mtpa and take the petrochemical integration index to 14-15% of overall throughput by 2030.
- **Pipeline projects:** IOCL is progressing three large projects with a collective investment of Rs 190bn. These include two crude pipelines (one connecting Mundra to Panipat and the second connecting Haldia to Barauni) and one natural gas pipeline in southern India.

Current project status

FY25 targets: After a shift of target date for the completion of the Gujarat Refinery expansion to Dec'25 from Aug'25, at this point, only two major projects within Refinery and Petrochemicals are targeted for start-up in FY25 and still have teething issues. While the Acrylics/ Oxa Alcohol project at Gujarat Refinery is more than 97.5% physically complete, its completion is now anticipated for Dec'24 (from Jan'24). Similarly, while the Barauni refinery is targeted for physical completion by Dec'24, its physical progress is only at 77.8%, raising the possibility of delay.

Among pipelines, IOCL has completed the Haldia-Barauni crude pipeline and the other two are targeted by Dec'24.

Fig 10 – IOCL: Current status of key projects

Name of the project	Project cost (Rs bn)	Project spend (Rs bn)	Completion date	Physical progress (%)
Refinery and Petrochemicals				
Acrylics/ Oxo Alcohol project, Gujarat Refinery	58.9	40.3	Dec'24	97.5
Gujarat Refinery (13.7mt to 18mt) and petrochemical and lube integration	156.3+33.1	80.6	Dec'25	72.4
PX-PTA complex, Paradip	138.1	62.4	Apr'25	83.4
Barauni refinery (6mt to 9mt) and petrochemical	128.9+19.2	91.3	Dec'25	77.8
Panipat refinery (15mt to 25mt) and petrochemical	349.8+32.5	118.2	Dec'25	65.4
Pipelines				
New Mundra Panipat crude oil pipeline (Gujarat, Haryana, and Rajasthan)	90.3	53.0	Dec'24	61.52
Ennore - Thiruvallur - Bengaluru - Puducherry - Nagapattinam - Madurai - Tuticorin natural gas pipeline	60.3	55.0	Dec'24	99.06

Source: Company, BOBCAPS Research

FY26 targets: Among FY26 targets, the PX-PTA complex at Paradip seems to be progressing ahead of schedule with the completion date revised forward to Apr'25 (from Jul'25). However, this would need further time for commissioning and ramp-up to full capacity. Most of the other large projects are currently targeted for commissioning by Dec'25 and will likely contribute to earnings only from FY27, subject to timely commissioning.

Valuation methodology

Forecast changes

We raise FY25E/FY26E EBITDA by 5%/11%, factoring in higher discount on Russian crude usage than our prior assumptions. We introduce our FY27 forecasts and conservatively build a modest increase in throughput in FY27E, factoring in the start-up of at least one of the refineries under execution.

For our estimates we effectively factor in normalisation of refining and marketing margins, which will translate to a 37% YoY decline in FY25E. Subsequently, we build in a modest 10% EBITDA CAGR over FY25E-27E. We still expect refining and marketing margin to remain at healthy levels as we assume crude price in the band of US$ 80-90/bbl.

While IOCL is pursuing an annual investment plan of Rs 300bn-350bn, most of its large expansion projects are targeted for completion in FY26. We factor in only a modest benefit of the same into our estimates as we await more information on these projects.

Fig 11 – Revised estimates

(Rs bn)	Provisional	New			Old		Change (%)	
	FY24P	FY25E	FY26E	FY27E	FY25E	FY26E	FY25E	FY26E
Revenue	7,764	8,129	8,153	8,063	7,961	8,131	2.1	0.3
EBITDA	**759**	**495**	**544**	**596**	**470**	**490**	**5.3**	**11.0**
Adj Net profit	417	223	253	286	212	212	4.8	19.3
EPS (Rs)	30.3	16.2	18.4	20.8	15.4	15.4	4.8	19.3

Source: BOBCAPS Research

Fig 12 – Key assumptions

Key Drivers (Rs bn)	FY24P	FY25E	FY26E	FY27E
Consolidated EBITDA				
Refining	430	166	166	173
Marketing	217	182	189	198
Petrochemicals	4	18	29	35
Pipeline	76	83	86	89
Others	13	15	45	74
CPCL EBITDA	45	32	28	28
Consolidated EBITDA	**784**	**495**	**544**	**596**
YoY growth (%)	221.2	(36.8)	9.8	9.6
Volume				
Refining throughput (mt)	73.3	73.5	73.5	76.5
YoY growth (%)	1.2	0.3	0.0	4.1
Domestic Marketing sales (mt)	83.3	86.3	90.2	94.3
YoY growth (%)	(0.8)	3.6	4.5	4.5
Pipeline throughput (mt)	98.6	107.5	111.0	114.5
YoY growth (%)	3.7	9.0	3.3	3.2
Margin				
Ex rate (Rs/US$)	82.8	83.5	83.5	83.5
Crude price (US$/bbl)	82.2	85.0	85.0	85.0
GRM (US$/bbl)	12.1	6.7	6.7	6.7
Marketing EBITDA (Rs/t)	2,450	2,000	2,000	2,000
Petrochemicals EBITDA (US$/t)	16	70	113	137

Source: Company, BOBCAPS Research

Valuation

We raise our TP to Rs 165 (from Rs 125) as we incorporate our higher estimates, account for higher market value of investments applying 30% holding discount and roll forward valuation to Jun'25 to arrive at a 1Y forward TP. We downgrade the rating on the stock to SELL from HOLD with 9% downside.

We value the refining and marketing business at an unchanged multiple of 5.5x 1Y forward EV/EBITDA, a marginal discount to our target multiple of 6x for OMC peers. With inland refineries, IOCL needs to maintain a higher level of inventory for its operations, which tends to increase earnings volatility relative to peers. Currently, we account for only a modest benefit of earnings ramp-up from expansion projects under implementation owing to less visibility on implementation timeline and typical delays associated with such large projects.

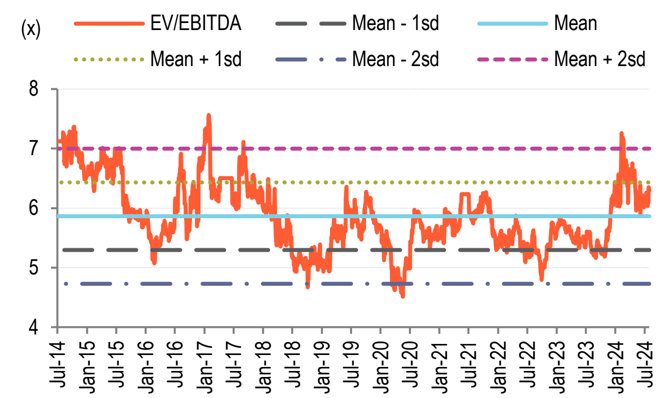
Catalysts for SELL rating: (a) floating of retail prices on downside to pass on benefit of lower crude and product price, (b) pullback in refining margin, (c) further delays to projects. **Upside risks:** (a) lower pressure on marketing margin with range-bound crude, and (b) timely delivery of targeted expansion projects.

Fig 13 – IOCL: Valuation summary

Business segments	New		Comments	Old
	EV (Rs bn)	Value (Rs/sh)		Value (Rs/sh)
Refining	915	66	5.5x FY26E EBITDA	63
Marketing	1,042	76	5.5x FY26E EBITDA	73
Petrochemicals	173	13	6x FY26E EBITDA	15
Pipeline	515	37	6x FY26E EBITDA	36
Others	271	20	6x FY26E EBITDA	7
Total core business EV, Mar'25	**2,916**	**212**	**-**	**194**
Less: Net Debt FY25E	1,193	87	-	86
Equity value of core business, Mar'25	**1,723**	**125**	**-**	**108**
Investments	470	34	Listed holdings at 20% holding discount to CMP, and others at cost	19
Total equity value for IOCL, Mar'25	**2,194**	**159**	**-**	**127**
Equity value discounted to Jun'25	**-**	**163**	**-**	**124**
Target price rounded to nearest Rs 5	**-**	**165**	**-**	**125**

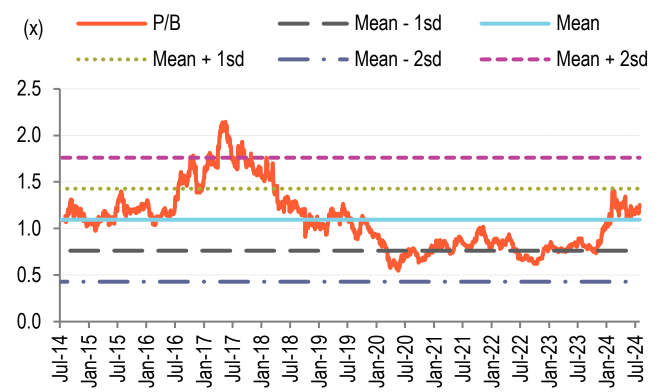
Source: BOBCAPS Research

Fig 14 – 2Y fwd EV/EBITDA



Source: Bloomberg, BOBCAPS Research

Fig 15 – 1Y fwd P/B



Source: Bloomberg, BOBCAPS Research

Key risks

OMC valuations are highly sensitive to refining and marketing profitability. Key factors that can increase our refining and marketing profitability and are risks to our SELL rating are as follows:

- We assume oil price remaining within the US$ 80-90/bbl range over FY25-27 as OPEC retains 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.
- We currently assume a modest benefit due to the 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, this could lead to higher refining margin than our forecasts.
- An adverse change in global demand-supply balance for the refining or petrochemical product chain could increase margins versus our current assumptions.
- Market share gains on fuel product sales could result in higher volumes and improve marketing business earnings.
- OMCs are implementing large expansion projects. Any acceleration in implementation of projects ahead of our current assumptions could result in higher 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.
- IOCL's earnings carry relatively higher volatility considering its higher inventory days than other OMCs.
- Adverse pipeline tariff orders or regulations by Petroleum and Natural Gas Regulatory Board (PNGRB) mandating third-party use of pipelines could hurt marketing positioning.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Bharat Petroleum Corp	BPCL IN	18.1	350	315	HOLD
Gujarat State Petronet	GUJS IN	2.3	339	335	HOLD
Hindustan Petroleum Corp	HPCL IN	10.0	392	460	BUY
Indian Oil Corp	IOCL IN	30.6	182	165	SELL
Indraprastha Gas	IGL IN	4.6	548	600	HOLD
Mahanagar Gas	MAHGL IN	2.2	1,870	1,875	HOLD
Petronet LNG	PLNG IN	6.6	369	325	SELL
Reliance Industries	RIL IN	243.3	3,011	3,585	BUY

Source: BOBCAPS Research, NSE | Price as of 31 Jul 2024

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Total revenue	**84,17,559**	**77,63,519**	**81,28,609**	**81,53,125**	**80,62,860**
EBITDA	3,13,195	7,58,652	4,95,337	5,44,003	5,96,426
Depreciation	(1,31,811)	(1,58,661)	(1,60,343)	(1,73,227)	(1,83,933)
EBIT	1,81,385	5,99,991	3,34,994	3,70,776	4,12,494
Net interest inc./(exp.)	(75,414)	(78,257)	(72,151)	(72,712)	(73,353)
Other inc./(exp.)	35,784	35,684	32,687	35,460	35,928
Exceptional items	0	0	0	0	0
EBT	1,41,755	5,57,419	2,95,529	3,33,525	3,75,069
Income taxes	(33,334)	(1,41,266)	(76,098)	(85,422)	(95,867)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(10,500)	1,145	3,184	5,391	7,005
Reported net profit	**97,921**	**4,17,297**	**2,22,616**	**2,53,493**	**2,86,206**
Adjustments	0	0	0	0	0
Adjusted net profit	**97,921**	**4,17,297**	**2,22,616**	**2,53,493**	**2,86,206**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Accounts payables	5,47,341	5,94,541	5,62,035	5,62,098	5,73,773
Other current liabilities	6,62,790	7,08,805	6,62,962	6,60,514	6,46,050
Provisions	1,15,527	1,20,431	1,20,431	1,20,431	1,20,431
Debt funds	14,91,379	13,28,607	13,41,445	13,77,414	13,64,787
Other liabilities	1,68,004	1,89,607	1,97,232	2,04,605	2,11,955
Equity capital	1,37,716	1,37,716	1,37,716	1,37,716	1,37,716
Reserves & surplus	12,59,487	16,96,447	18,37,788	19,97,536	21,77,462
Shareholders' fund	13,97,202	18,34,163	19,75,504	21,35,251	23,15,177
Total liab. and equities	**44,17,185**	**48,23,620**	**49,14,892**	**51,22,206**	**53,00,560**
Cash and cash eq.	1,25,332	1,35,387	1,38,328	1,96,362	2,14,371
Accounts receivables	1,63,987	1,38,315	1,33,189	1,33,625	1,32,142
Inventories	12,11,076	12,13,758	11,33,864	11,33,712	11,59,657
Other current assets	1,87,441	2,14,238	2,05,184	2,05,906	2,03,584
Investments	4,17,539	5,51,620	5,51,620	5,51,620	5,51,620
Net fixed assets	18,00,465	19,59,968	21,83,295	23,72,490	25,51,622
CWIP	5,11,335	6,10,324	5,69,401	5,28,479	4,87,555
Intangible assets	10	10	10	10	10
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**44,17,185**	**48,23,620**	**49,14,892**	**51,22,206**	**53,00,560**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Cash flow from operations	**1,77,064**	**6,56,187**	**3,73,622**	**3,95,242**	**4,16,632**
Capital expenditures	(3,50,222)	(2,74,858)	(3,42,748)	(3,21,500)	(3,22,140)
Change in investments	1,615	(1,33,514)	0	0	0
Other investing cash flows	35,784	35,684	32,687	35,460	35,928
Cash flow from investing	**(3,12,823)**	**(3,72,688)**	**(3,10,061)**	**(2,86,040)**	**(2,86,212)**
Equities issued/Others	45,905	0	0	0	0
Debt raised/repaid	1,69,132	(1,62,772)	12,839	35,969	(12,628)
Interest expenses	0	0	0	0	0
Dividends paid	(33,052)	(1,10,173)	(81,274)	(93,746)	(1,06,280)
Other financing cash flows	709	930	559	559	560
Cash flow from financing	**1,82,694**	**(2,72,015)**	**(67,877)**	**(57,218)**	**(1,18,348)**
Chg in cash & cash eq.	**46,935**	**11,484**	**(4,316)**	**51,984**	**12,073**
Closing cash & cash eq.	**65,136**	**32,451**	**27,272**	**86,513**	**1,04,637**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24P	FY25E	FY26E	FY27E
Reported EPS	7.1	30.3	16.2	18.4	20.8
Adjusted EPS	7.1	30.3	16.2	18.4	20.8
Dividend per share	3.6	12.0	8.9	10.2	11.6
Book value per share	152.2	199.8	215.2	232.6	252.2

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24P	FY25E	FY26E	FY27E
EV/Sales	0.4	0.5	0.5	0.5	0.5
EV/EBITDA	11.8	5.1	7.8	6.9	6.3
Adjusted P/E	25.5	6.0	11.2	9.9	8.7
P/BV	1.2	0.9	0.8	0.8	0.7

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24P	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	69.1	74.9	75.3	76.0	76.3
Interest burden (PBT/EBIT)	78.2	92.9	88.2	90.0	90.9
EBIT margin (EBIT/Revenue)	2.2	7.7	4.1	4.5	5.1
Asset turnover (Rev./Avg TA)	197.5	168.0	166.9	162.5	154.7
Leverage (Avg TA/Avg Equity)	3.1	2.9	2.6	2.4	2.3
Adjusted ROAE	7.2	25.8	11.7	12.3	12.9

Ratio Analysis

Y/E 31 Mar	FY23A	FY24P	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	42.8	(7.8)	4.7	0.3	(1.1)
EBITDA	(34.0)	142.2	(34.7)	9.8	9.6
Adjusted EPS	(74.0)	326.2	(46.7)	13.9	12.9
Profitability & Return ratios (%)					
EBITDA margin	3.7	9.8	6.1	6.7	7.4
EBIT margin	2.2	7.7	4.1	4.5	5.1
Adjusted profit margin	1.2	5.4	2.7	3.1	3.5
Adjusted ROAE	7.2	25.8	11.7	12.3	12.9
ROCE	5.0	14.6	7.6	7.9	8.4
Working capital days (days)					
Receivables	8	7	6	6	6
Inventory	57	69	60	58	58
Payables	23	30	28	27	28
Ratios (x)					
Gross asset turnover	3.6	3.0	2.8	2.5	2.2
Current ratio	0.8	0.8	0.8	0.8	0.8
Net interest coverage ratio	2.4	7.7	4.6	5.1	5.6
Adjusted debt/equity	1.0	0.7	0.6	0.6	0.5

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

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
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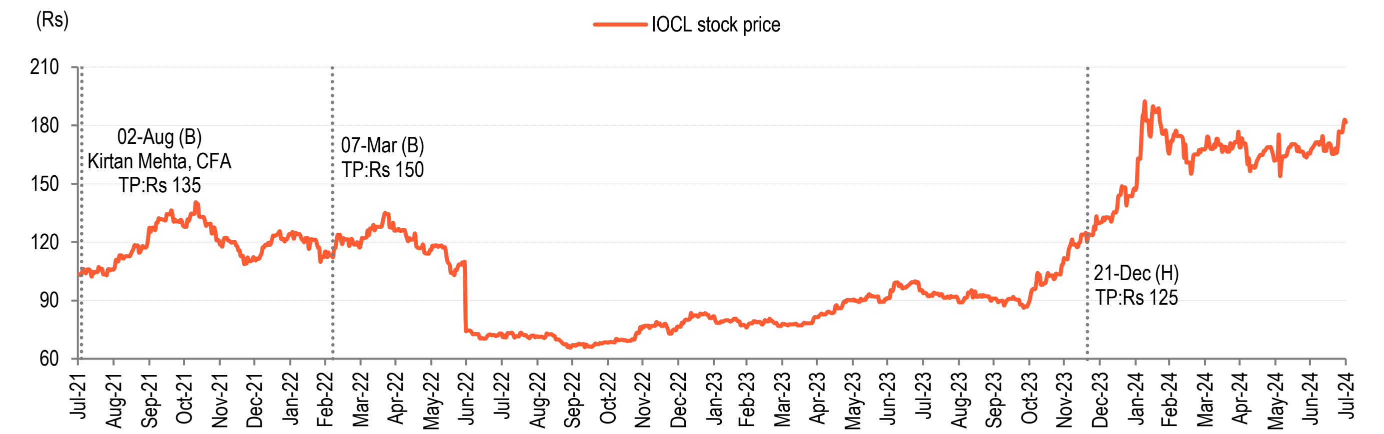

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