

22 May 2024

India | Equity Research | Q4FY24 results review

Gulf Oil Lubricants India

Oil & Gas

Well-oiled – momentum continues to build

Gulf Oil (GOLI) reported a stellar set of Q4 numbers with EBITDA/PAT growth of 31%/37% YoY, its second-best in the last eight quarters (barring the low base driven growth seen in Q1FY23). Volume growth of 15.6% YoY was also solid and has been delivering as per management's guidance of above-industry/peer growth over the next two–three years. Core lubricant/Adblue volumes of 37mn litres each (+2.8/32.1% YoY) were broadly in-line, but EBITDA margin of 13.7% (highest in eight quarters, up 260bps YoY/20bps QoQ) was a pleasant surprise. We continue to remain positive on GOLI's prospects over the next two–three years, with steady volume growth, stronger margins and limited threat from EVs at least in the next three–five years. Valuations of 13.2x FY26E EPS/ 8.7xEV/EBITDA are attractive. Maintain **BUY**.

Volumes remain strong

Overall, volumes of 74mn litres grew 15.6% YoY with core lubricant volumes of 37mn litres (up 2.8% YoY) and Adblue volumes of 37mn litres (up 32.1% YoY) broadly meeting estimates. Further, the company remains on track to meet its guidance of superior to industry growth over the next few years. Additionally, with an aggressive build-out of distribution infrastructure, brand spends, new product launches and new segment entry, GOLI is emplacing the building blocks for sustained growth over the next three–five years

Margin growth surprises positively

Moderate crude prices and aggressive premiumisation of product portfolio has helped superior pricing power for GOLI over the last several quarters. This has seen EBITDA margins expand by ~170bps over the last eight quarters (13.7% in Q4FY24 vs. 12% in Q1FY23). FY24 average EBITDA margin of 12.8% has also expanded 140bps over FY23 levels of 11.4%; but we see scope for further strength, as long as input prices stay benign, with FY16–21 average margins of 16.7% being the indicator for upside potential over the next three–five years.

Growing premiumisation of vehicles, pricing improvements, moderate input costs and launch of new product lines should help keep margins at reasonably high levels over the next few years. We factor in flattish margins of 12.8–12.9% over FY25–27E, but believe that upside risks exist to these estimates.

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	32,791	36,485	40,168	44,197
EBITDA	4,194	4,720	5,178	5,680
EBITDA %	12.8	12.9	12.9	12.9
Net Profit	3,081	3,476	3,894	4,364
EPS (INR)	62.7	70.7	79.2	88.8
EPS % Chg YoY	32.2	12.8	12.0	12.1
P/E (x)	16.7	14.8	13.2	11.8
EV/EBITDA (x)	11.4	9.9	8.7	7.6
RoCE (Pre-tax) (%)	23.3	24.9	25.3	25.5
RoE (%)	24.9	25.2	24.9	24.6

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Market Data

Market Cap (INR)	51bn
Market Cap (USD)	617mn
Bloomberg Code	GOLI IN
Reuters Code	GOLU.BO
52-week Range (INR)	1,120 /431
Free Float (%)	27.0
ADTV-3M (mn) (USD)	2.3

Price Performance (%)	3m	6m	12m
Absolute	5.6	65.3	137.6
Relative to Sensex	4.2	52.9	117.8

Earnings

Revisions (%)	FY25E	FY26E	FY27E
Revenue	-3%	-3%	-3%
EBITDA	1%	1%	1%
EPS	1%	2%	3%

Previous Reports

02-03-2024: [Initiating Coverage](#)

EV, an opportunity and a threat

The rising penetration of EVs has often been cited as a reason to perpetually downgrade businesses involved in fossil fuel. EVs have been aggressively gaining prominence in the economy's national policy space amid current mandates for achieving 'net-zero'. We, however, believe that the rising penetration of EVs is also accompanied by a sharp uptick in overall vehicle penetration in the country, which implies that the ICE population will also likely grow, albeit at a slower pace than earlier. Also, EVs are not devoid of requiring various kinds of fluids, which creates some hedge for the volumes lost from traditional ICE segment over the longer term.

Valuation: Multiples at attractive levels; reiterate BUY

GOLI has seen its stock price rise an impressive 39% over the last three months, as the market has taken cognisance of the above industry volume growth, superior margin profile and the sticky brand loyalty shown by customers towards GOLI's brands. Valuations of 13.2x FY26E PER, 8.7x EV/EBITDA and 3.1x P/BV on FY26E EPS are however still at the mid of their five-year historical bands.

Despite the strength seen in the stock, we see further upside proponents: 1) Recovery in the overall lubricant market. 2) Continued expansion of the distribution network and product portfolio. 3) Diversification of use-case segments. 4) Cost-efficiencies to drive steady margins.

Our valuation, averaging two-year forward PER, EV/EBITDA and target PEG multiples implies a target price of INR 1,315/share, 26% upside. We note that despite the run up in the last year, the stock still trades at a discount to global players and Indian consumer companies. Even when we compare the stock to domestic oil and gas companies (not a relevant comparison, in our view, given the promoter and business lines of most of Indian O&G companies), we see scope for material re-rating ahead. Our target price, derived from an average of FY27E PER, EV/EBITDA and an assumed PEG ratio, delivers a fair value of INR 1,315/sh (we assign PER multiple of 15x. EV/EBITDA of 9.5x). We note that even our target multiples are at a steep discount to the nearest comparable peer Castrol (refer Exhibit 21)

Key upside risks

- Overall industry growth expanding sharper-than-anticipated and GOLI grabbing higher market share
- Margin expansion ahead of our estimates
- More aggressive rollout of the EV charging and battery business

Key downside risks

- Sharp downtick in traditional lubricant demand due to higher EV transition
- Execution delays in the attempts to expand distribution presence/product range
- Stronger competitive pressures

Q4FY24 conference call: Key takeaways

Operational performance

- Gross margins improved 350bps in FY24, but dipped 160bps QoQ due to increase in crude prices. Yet, GOLI maintained EBITDA margins on the back of lower advertisement and promotion expenses to the extent of 50bps and balance through lowering of other overheads for the quarter.
- GOLI generated operating cash flow of INR 3.5bn (vs. INR 2.7bn in FY23) backed by effective working capital management and strong EBITDA margins.
- The board has declared a final dividend of INR 20/share with FY24 dividend of INR 36/share. Dividend payout is at 57% for the year, its second-highest in the last decade, which translates to a dividend yield of ~3.4%.
- On an average, volume from the B2C segment is 55–60% (bazaar and franchise channel) and 40% is from B2B (factory fills, infra mining, etc.)
- The company has taken a price hike in its core lubricant segment to the extent of ~2% recently, after a gap of 12 months.
- GOLI reported margins of 16–17% between FY16–21. Post-covid, there was an increase in input price cost (base oil linked to crude oil) – the company has taken a sufficient price hike to match margins on a per-litre basis. However, on a percentage level, margins are below these levels due to a higher base coupled with the AdBlue product, which has a notably lower margin profile, having picked up sharply
- During the quarter, GOLI saw healthy volume growth in its infra and B2B segments. Even its B2C segment saw strong growth across motorcycles, commercial vehicles and in the agri oil space.
- The company gained market share in (retail) Bazaar over FY24.

Volume

- GOLI continued to see volume growth, 2x of overall market growth (excluding the factory fill segment, where there was sharp double-digit decline due to lower output of CVs).
- During the quarter, GOLI reported volumes of 37mn litre in both core lubricant and AdBlue segments. Overall, volume growth in Q4FY24 was 3% (in core segment) and excluding factory fills, growth was 7% and 6.5% in FY24.
- The company aims to continue outpacing market growth by 2–3x over the next few years. Industry is estimated to grow by 2–3% annually
- Factory fills is 10% of core volume. Export volume was 5–6% of core lubricant volumes.
- Volume breaks up during the quarter was – DEO (diesel engine oil): 38-39%; passenger cars and motorcycles: 20%; industrial 20%; and others, including grease: 20%.
- The company enjoys market share of 8–9% in motorcycles and commercial vehicles. However, its market share in the passenger car segment and industrials is below 5%; thus, GOLI is targeting to grow faster in these segments, with premiumisation and value-added products. It is also focusing on growing in the EV fluids space via EV OEMs and EV chargers through Tirez.

Capex

- GOLI guides for core capex of INR 200–250mn for FY25 and has incurred a similar amount in FY24. The capex would be towards augmenting some filling and storage capacity. The company keeps exploring opportunities in the EV space.

EV space

- EV fluids is a very small business and the company has tie ups with ten OEMs and is looking to add another five. GOLI reported battery revenue of INR 800mn for FY24.
- In the EV space, in Q3FY24, GOLI acquired 51% stake for INR 1,030mn in Tirex, which is into making DC faster chargers. Tirex has 800 fast chargers installed in India so far, with 8–10% market share. It has also invested in software-as-a-services (SAAS) company ElectreeFi, and Indra Renew Tech – an AC slow home charger manufacturer. GOLI invested INR 1500mn so far in three EV companies.

Others

- GOLI's brand strength ranks no. 2–3 and its product price positioning is basis its rank. The company's product categories are not highly price elastic.
- The key input costs for GOLI is base oil (a derivative of crude), which comes with a pricing lag of one–two months.
- Brent crude prices have cooled from USD 90/bbl to USD 83/bbl levels, which is a good sign for stability of margins.
- Gross margins in the automotive segment are higher than that of industrials.

Exhibit 1: Quarterly snapshot

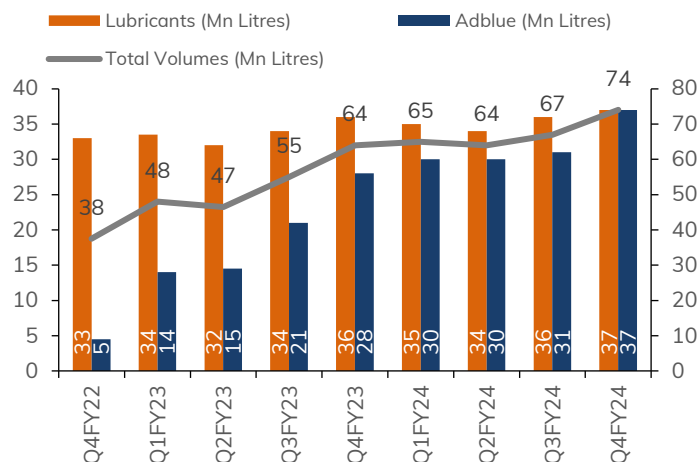
INR mn	Q4FY24	Q3FY24	QoQ	Q4FY23	YoY	FY24	FY23	YoY
Revenue	8,528	8,173	4%	7,920	8%	32,841	29,991	10%
EBITDA	1,150	1,111	4%	875	31%	4,194	3,428	22%
PAT	854	807	6%	622	37%	3,081	2,323	33%
EBITDA margin%	13.5%	13.6%		11.1%		12.8%	11.4%	
PAT margin %	10.0%	9.9%		7.8%		9.4%	7.7%	
EPS	17.43	16.47	6%	12.68	37%	62.8	47.4	33%
Total Volume	74.00	67.00	10%	64.00	16%	270.0	213.5	26%
Core	37.00	36.00	3%	36.00	3%	142.0	135.5	5%
Non-Core	37.00	31.00	19%	28.00	32%	128.0	77.5	65%
Blended Margin INR/ltr	15.55	16.58	-6%	13.68	14%	15.53	16.06	-3%
Blended Realisation INR/ltr	115.2	122.0		123.8		121.6	140.5	

Source: Company data, I-Sec research

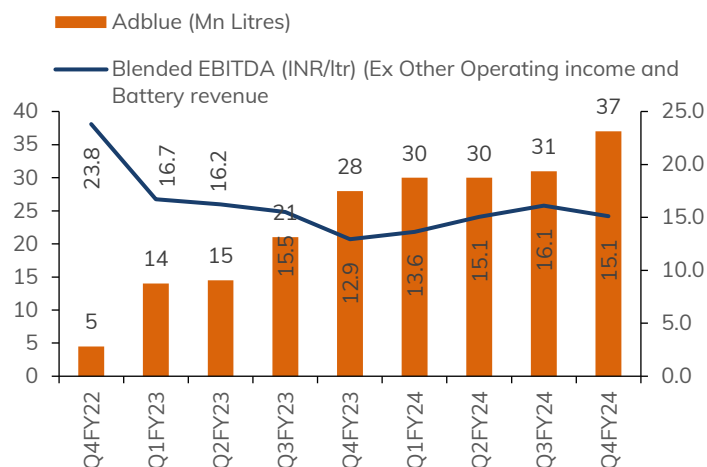
Exhibit 2: Key Matrix quarterly trend

Quarterly	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
EBITDA (INR mn)	770	891	850	802	900	875	928	1,005	1,111	1,150
Total Volumes (mn Litres)	36	38	48	47	55	64	65	64	67	74
Lubricants (mn Litres)	31	33	34	32	34	36	35	34	36	37
AdBlue (mn Litres)	5	5	14	15	21	28	30	30	31	37
*Blended EBITDA (INR/ltr)	21.4	23.8	16.7	16.2	15.5	12.9	13.5	14.9	16.0	15.1

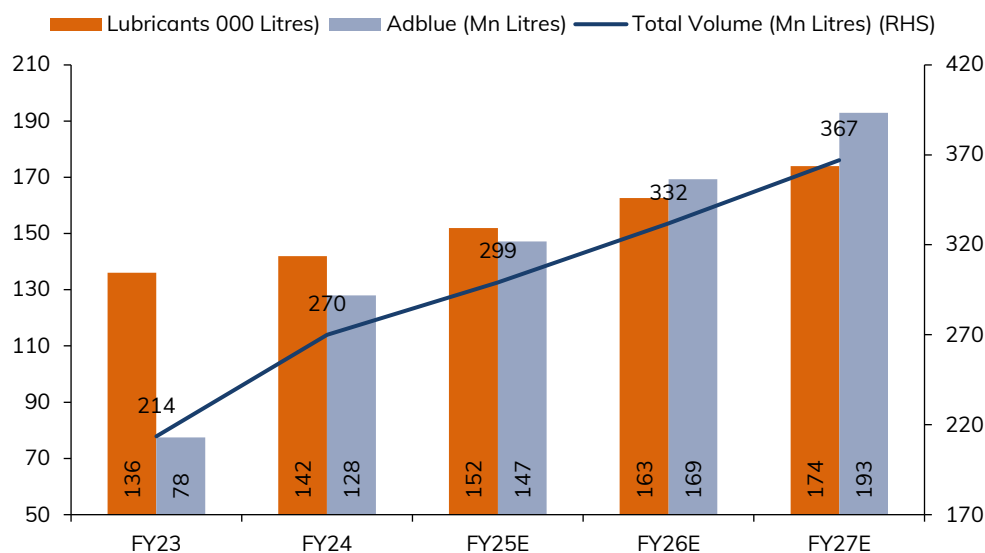
Source: Company data, I-Sec research* excluding Other operating income and battery revenue

Exhibit 3: Strong volume growth YoY and QoQ

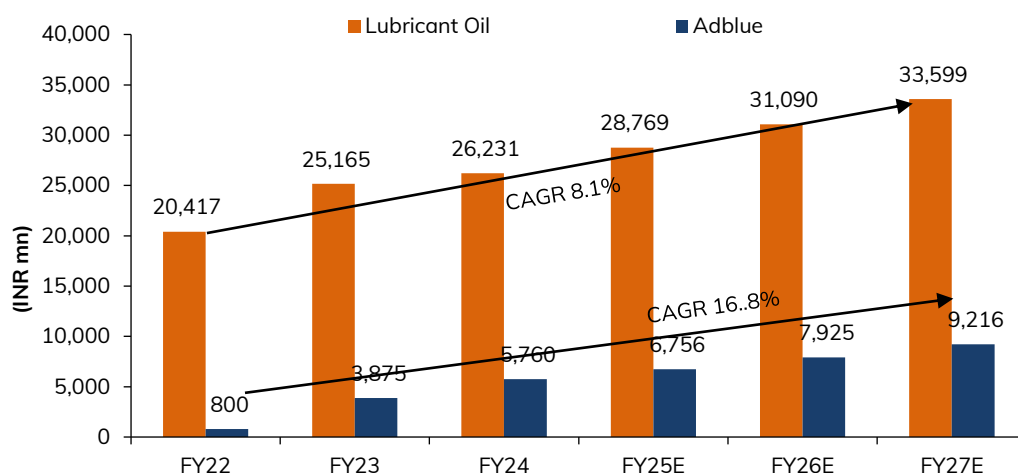
Source: Company data, I-Sec research

Exhibit 4: Fall in blended margin due to stronger low-margin AdBlue volumes (relatively low margins vs. lubricants)

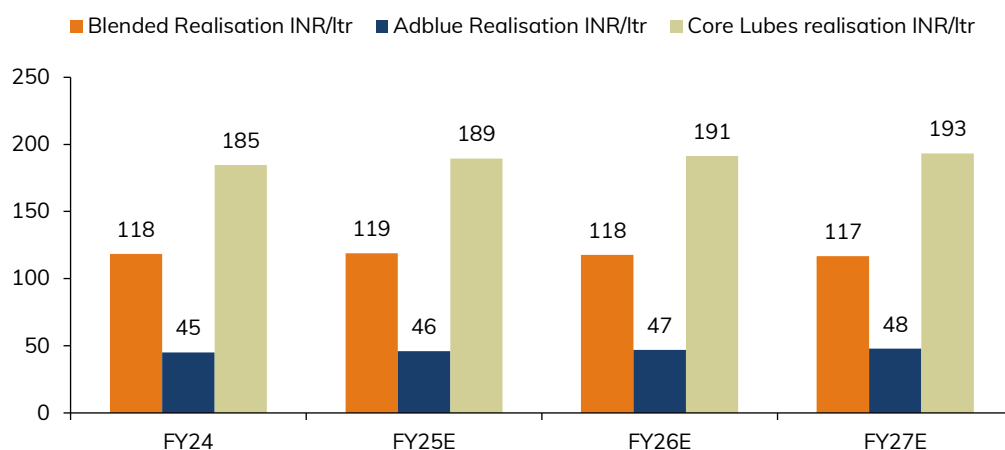
Source: Company data, I-Sec research; Blended EBITDA is I-Sec estimates

Exhibit 5: We expect volume CAGR at 14.5% over FY25–27E

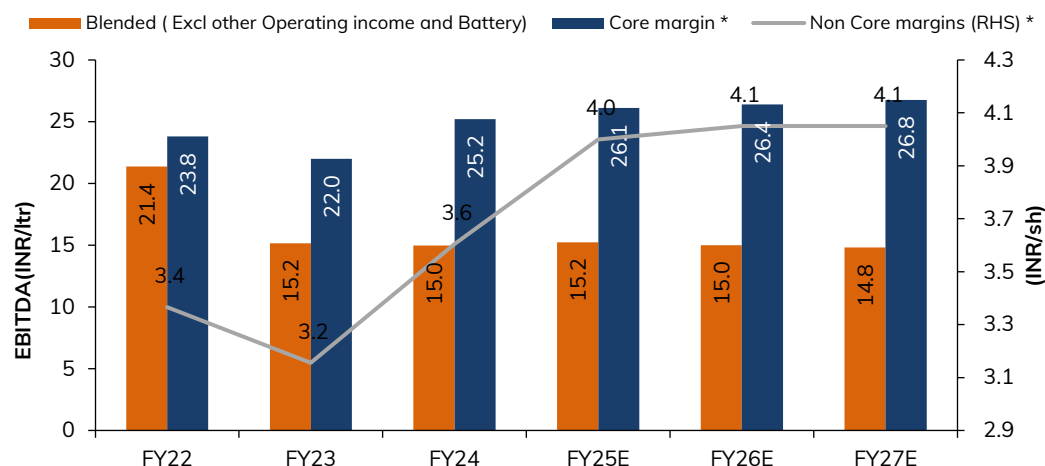
Source: Company data, I-Sec research

Exhibit 6: Lubricant oil/AdBlue revenue to grow at 8.1%/16.8% CAGR over FY25–27E


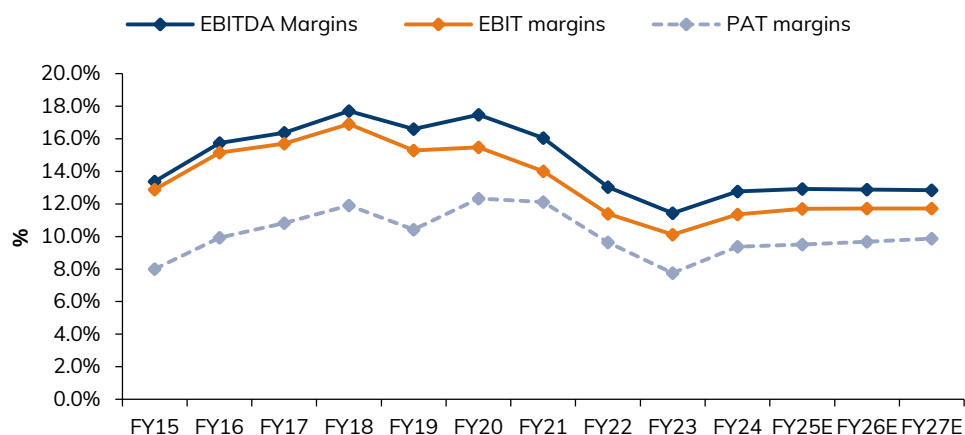
Source: Company data, I-Sec research; Note these are derived nos. on basis of our assumption

Exhibit 7: Blended realisation to decline due to faster growing AdBlue segment (low realisation product) despite improvement in core lubricant realisation


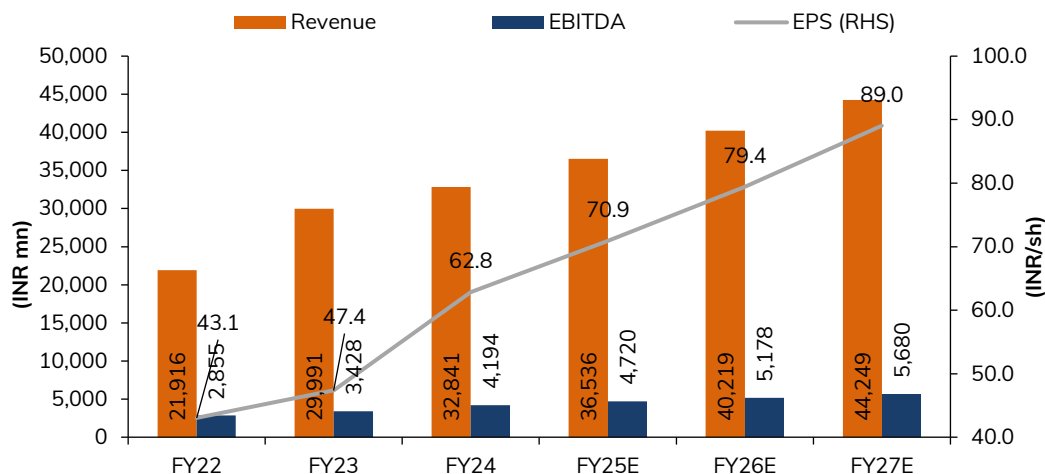
Source: Company data, I-Sec research; Core and AdBlue realisation is our assumption

Exhibit 8: Blended margin to dip in FY25–27E due to higher volume in non-core segment


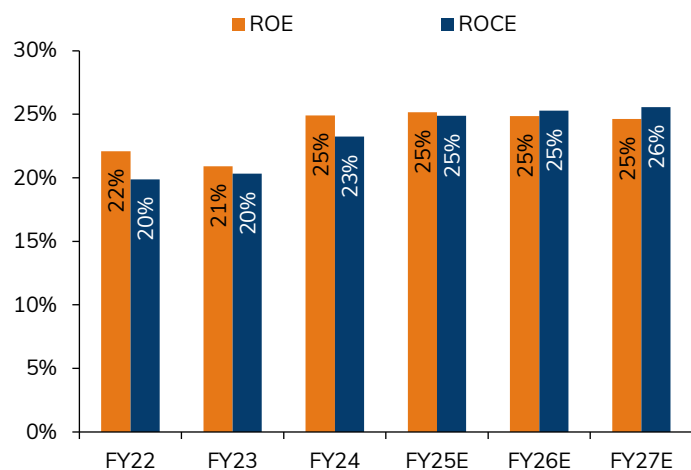
Source: I-Sec research, Company data, * I-Sec assumption

Exhibit 9: We do not factor in any material growth in margins


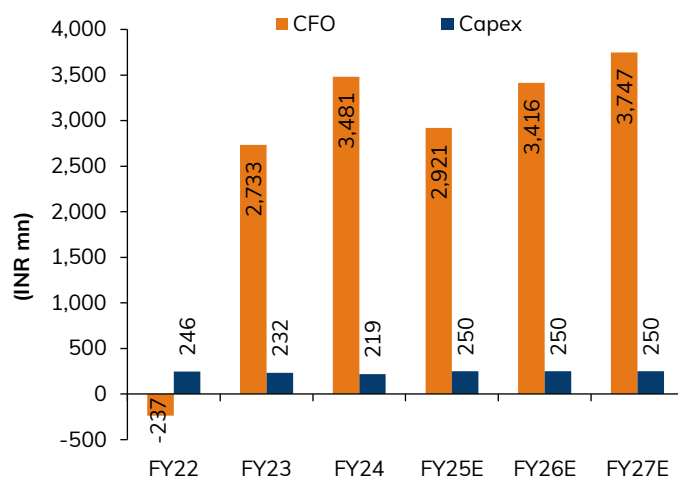
Source: I-Sec research, Company data

Exhibit 10: Revenue/EBITDA to grow at 10%/12% CAGR over FY25–27E


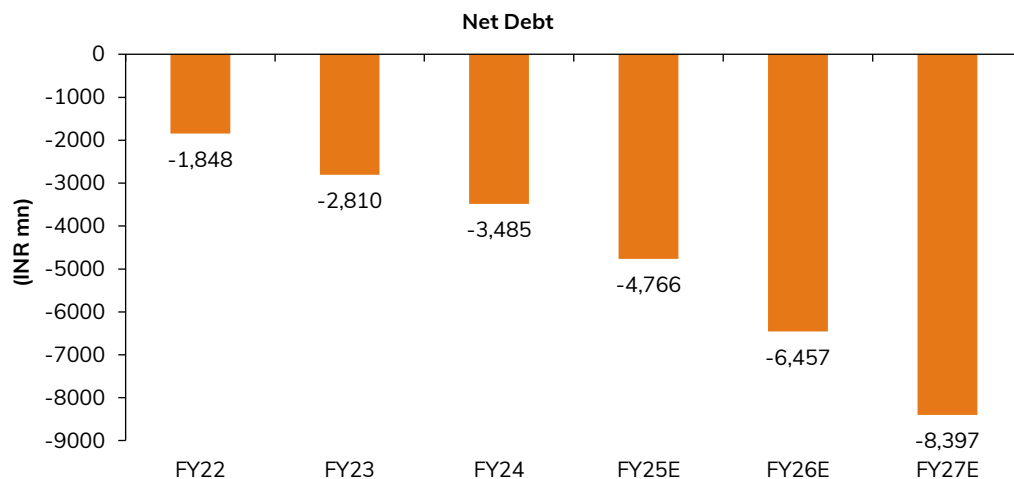
Source: Company data, I-Sec research

Exhibit 11: Return ratio remains healthy

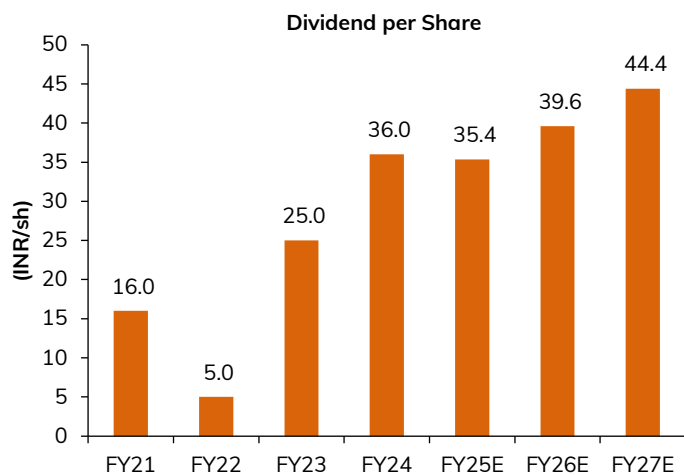
Source: Company data, I-Sec research

Exhibit 12: Strong cash flow with minimal capex outlay

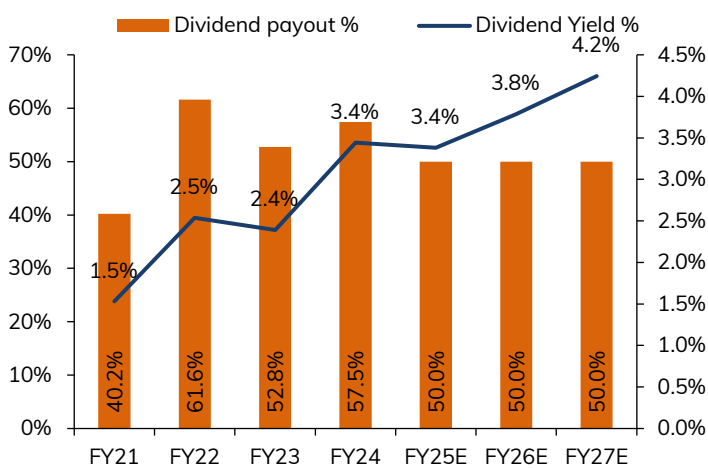
Source: Company data, I-Sec research

Exhibit 13: Net debt remains in negative territory

Source: Company data, I-Sec research

Exhibit 14: Dividend trend remains healthy

Source: Company data, I-Sec research

Exhibit 15: So is dividend pay-out and yield

Source: Company data, I-Sec research Note FY22 payout includes buyback

Valuation: We employ an average of methods to arrive at fair value; maintain BUY

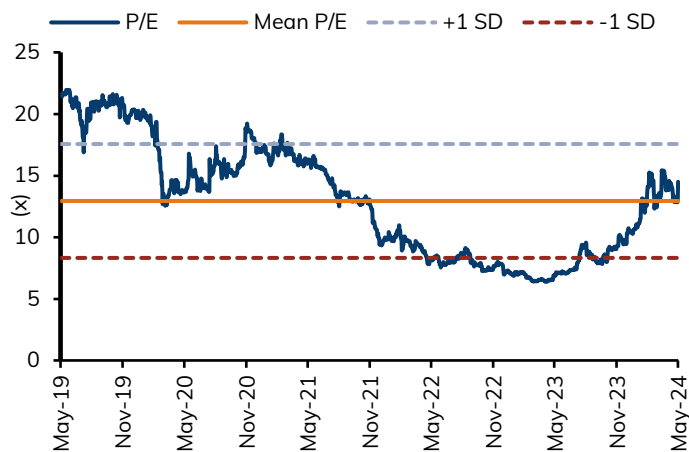
We use an average of PER, PEG and EV/EBITDA methods to arrive at a fair value for GOLI. The stock is currently trading at the midpoint of its five-year valuation bands and we see sufficient scope for its multiples to rise over the next three years, as the company continues to beat industry growth rates and remains a consistent performer, as our estimates indicate.

Exhibit 16: Valuation summary

(INR mn)		INR/share	
EV/EBITDA		PER	
Market cap	51,282	EPS (FY24E)	62.8
Debt	2,778	PER	16.6
Cash & Cash Eq.	9,235	EPS growth for FY24	32.6
EBITDA	5,680	PEG	0.5
EV/EBITDA multiple	9.5	Target PEG	1.3
EV	53,959	Growth next 3 years	12%
Less net debt	-6,457	Target PER	15.5
Equity value	60,417	EPS for FY27E	89.0
TP INR/share	1,232	TP	1376
P/E (INR/share)		Average TP	
EPS FY27E	89	CMP	1046
P/E multiple	15	Upside	26%
TP	1,335		

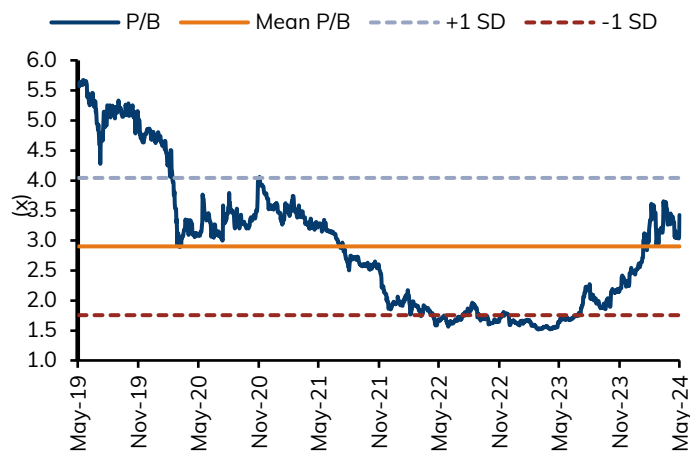
Source: Company data, I-Sec research

Exhibit 17: P/E band trading near 5-year average



Source: Bloomberg, Company data, I-Sec research

Exhibit 18: P/B band trading near 5-year average



Source: Bloomberg, Company data, I-Sec research

Annexure – Castro India Ltd (Castrol)- Financial Snapshot

Exhibit 19: Castrol's historical performance

INR mn	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23
Volume	191	199	205	214	204	166	207	211	220
Volume growth	-2%	4%	3%	4%	-5%	-19%	25%	2%	4%
Revenue	32,980	33,704	35,843	39,046	38,768	29,969	41,921	47,745	50,746
EBITDA	8,948	10,049	10,330	10,708	11,531	8,141	10,660	11,111	11,979
EBITDA Margin %	27.1%	29.8%	28.8%	27.4%	29.7%	27.2%	25.4%	23.3%	23.6%
EBITDA INR /ltr	46.8	50.4	50.5	50.1	56.5	49.2	51.5	52.7	54.5
Recurring PAT	6,152	6,749	6,917	7,083	8,274	5,829	7,581	8,152	8,641
PAT margin %	18.7%	20.0%	19.3%	18.1%	21.3%	19.5%	18.1%	17.1%	17.0%
Recurring EPS INR/share	6.2	6.8	7.0	7.2	8.4	5.9	7.7	8.2	8.7
DPS INR/share	4.5	5.5	4.8	5.0	5.5	5.5	5.5	6.5	7.5
Dividend Payout	72.4%	80.6%	68.6%	69.8%	65.8%	93.3%	71.8%	78.9%	85.8%
Net Debt/Equity	-1.2	-0.8	-0.8	-0.6	-0.7	-0.9	-0.8	-0.6	-0.5
Net Debt	-6,965	-8,219	-7,842	-7,439	-9,460	-12,604	-12,945	-11,726	-11,404
P/E	31.8	29.0	28.3	27.7	23.7	33.6	25.8	24.0	22.7
EV/EBITDA	21.1	18.7	18.2	17.6	16.2	22.5	17.2	16.6	15.4
P/BV	34.0	20.0	19.2	16.8	14.3	13.8	11.9	10.4	9.2
Cash flow from operation	7,400	6,641	6,083	5,495	8,795	8,928	6,302	9,159	8,530
Capex	-379	-358	-563	-783	-1,007	-238	-832	-1,097	-955

Source: Company data, I-Sec research

Exhibit 20: Castrol – Bloomberg consensus

INR mn	CY23	CY24E	CY25E
Financials			
Revenue	50746.1	53461	56564
Growth YoY		5.3%	5.8%
EBITDA	11979.1	12713	13893
Growth YoY		6.1%	9.3%
EBITDA Margin %	24%	24%	25%
Recurring PAT	8641.3	9390	10245
Growth YoY		8.7%	9.1%
PAT margin %	17%	18%	18%
EPS INR/share	8.7	9.5	10.3
DPS INR/share	7.5	8.2	8.8
	50746.1	53461	56564
Valuation		5.3%	5.8%
P/E	11979.1	12713	13893
EV/EBITDA		6.1%	9.3%
P/BV	24%	24%	25%

Source: Company data, Bloomberg , I-Sec research

Exhibit 21: Comparison – GOLI vs. Castrol

INR mn	CY18/FY19	CY19/FY20	CY20/FY21	CY21/FY22	CY22/FY23	CY23/FY24	CY24/FY25	CY25/FY26	Past 5-year CAGR
Volume Kilo liter									
Castrol	214	204	166	207	211	220			0.6%
Growth YoY	4.4%	-4.5%	-18.8%	25.0%	1.9%	4.3%			
GOLI	119	111	115	134	214	270	299	332	17.8%
Growth YoY	25.3%	-6.7%	3.6%	16.5%	59.3%	26.5%	10.8%	10.9%	
Revenue									
Castrol	39,046	38,768	29,969	41,921	47,745	50,746	53,461	56,564	5.4%
Growth YoY	8.9%	-0.7%	-22.7%	39.9%	13.9%	6.3%	5.3%	5.8%	
GOLI	17,058	16,442	16,522	21,916	29,991	32,841	36,536	40,219	14.0%
Growth YoY	28.0%	-3.6%	0.5%	32.6%	36.8%	9.5%	11.3%	10.1%	
EBITDA									
Castrol	10,708	11,531	8,141	10,660	11,111	11,979	12,713	13,893	2.3%
Growth YoY	3.7%	7.7%	-29.4%	30.9%	4.2%	7.8%	6.1%	9.3%	
EBITDA Margin %	27.4%	29.7%	27.2%	25.4%	23.3%	23.6%	23.8%	24.6%	
EBITDA INR /ltr	50.1	56.5	49.2	51.5	52.7	54.5			
GOLI	2,831	2,872	2,652	2,855	3,428	4,194	4,720	5,178	8.2%
Growth YoY	20.1%	1.5%	-7.7%	7.7%	20.1%	22.3%	12.6%	9.7%	
EBITDA Margin %	16.6%	17.5%	16.1%	13.0%	11.4%	12.8%	12.9%	12.9%	
EBITDA INR /ltr (Core)	25.7	24.9	21.2	23.8	22.0	25.2	26.1	26.4	
PAT									
Castrol	7,083	8,274	5,829	7,581	8,152	8,641	9,390	10,245	4.1%
Growth YoY	2.4%	16.8%	-29.5%	30.0%	7.5%	6.0%	8.7%	9.1%	
PAT Margin %	18.1%	21.3%	19.5%	18.1%	17.1%	17.0%	17.6%	18.1%	
GOLI	1,778	2,025	2,001	2,111	2,323	3,081	3,476	3,894	11.6%
Growth YoY	12.1%	13.9%	-1.2%	5.5%	10.1%	32.6%	12.8%	12.0%	
PAT Margin %	10.4%	12.3%	12.1%	9.6%	7.7%	9.4%	9.5%	9.7%	
EPS									
Castrol	7.2	8.4	5.9	7.7	8.2	8.7	9.5	10.3	
GOLI	36.3	41.3	40.8	43.1	47.4	62.8	70.9	79.4	
DPS									
Castrol									
GOLI	5.0	5.5	5.5	5.5	6.5	7.5	8.2	8.8	
	11.5	14.0	16.0	5.0	25.0	36.0	35.4	39.6	
Dividend Payout									
Castrol									
GOLI	69.8%	65.8%	93.3%	71.8%	78.9%	85.8%	86.3%	85.5%	
	34.6%	34.7%	40.2%	61.6%	52.8%	57.5%	50.0%	50.0%	
ROCE									
Castrol									
GOLI	92.9%	85.6%	52.1%	63.9%	57.5%	53.8%			
	32.9%	25.4%	20.9%	19.9%	20.3%	23.3%	24.9%	25.3%	
ROE									
Castrol									
GOLI	64.8%	65.3%	41.9%	49.6%	46.2%	43.1%			
	33.7%	30.0%	24.5%	22.1%	20.9%	24.9%	25.2%	24.9%	
Cash from Operation									
Castrol									
GOLI	5,495	8,795	8,928	6,302	9,159	8,530			9.2%
Capex	170	2,368	1,935	-237	2,733	3,481	2,921	3,416	82.8%
Castrol									
GOLI	783	1,007	238	832	1,097	955			
	493	183	86	246	232	219	250	250	
Valuation									
Castrol									
P/E									
EV/EBITDA	26.7	22.8	32.4	24.9	23.2	21.9	20.1	18.5	
P/B	16.9	15.6	21.7	16.5	15.9	14.8	14.8	13.5	
GOLI	16.2	13.8	13.4	11.5	10.0	8.9	8.4	7.7	
P/E									
EV/EBITDA	28.8	25.3	25.6	24.3	22.1	16.6	14.8	13.2	
P/B	18.1	17.2	18.3	17.3	14.1	11.4	9.9	8.7	

Source: Company data, I-Sec research; CY for Castrol and FY for GOLI, Castrol estimates are from Bloomberg

Exhibit 22: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	71.9	71.9	71.8
Institutional investors	10.2	9.0	2.1
MFs and others	4.8	2.9	3.9
FIs/Banks	0.0	0.0	0.0
Insurance	0.9	0.9	1.0
FIIIs	4.4	5.2	7.2
Others	17.9	19.1	16.1

Source: Bloomberg

Exhibit 23: Price chart

Source: Bloomberg

Financial Summary

Exhibit 24: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	32,791	36,485	40,168	44,197
EBITDA	4,194	4,720	5,178	5,680
EBITDA Margin (%)	12.8	12.9	12.9	12.9
Depreciation & Amortization	468	443	468	493
EBIT	3,726	4,277	4,710	5,187
Interest expenditure	256	270	238	206
Other Non-operating Income	665	638	730	850
PBT	4,135	4,644	5,202	5,831
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	1,054	1,168	1,308	1,466
PAT	3,081	3,476	3,894	4,364
Less: Minority Interest	-	-	-	-
Net Income (Reported)	3,081	3,476	3,894	4,364
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	3,081	3,476	3,894	4,364

Source Company data, I-Sec research

Exhibit 25: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	18,260	20,255	22,708	25,467
of which cash & bank	7,063	7,944	9,235	10,775
Total Current Liabilities & Provisions	6,287	6,770	7,477	8,231
Net Current Assets	11,973	13,485	15,230	17,236
Other Non Current Assets	-	-	-	-
Net Fixed Assets	2,504	2,311	2,092	1,849
Other Fixed Assets	-	-	-	-
Capital Work in Progress	92	92	92	92
Non Investment	2,189	2,211	2,233	2,256
Current Investment	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	16,758	18,099	19,648	21,432
Liabilities				
Borrowings	3,578	3,178	2,778	2,378
Deferred Tax Liability	160	161	163	165
Lease Liability	-	-	-	-
Other Liabilities	73	74	74	75
Equity Share Capital	98	98	98	98
Reserves & Surplus*	12,849	14,588	16,534	18,716
Total Net Worth	12,948	14,686	16,633	18,815
Minority Interest	-	-	-	-
Total Liabilities	16,758	18,099	19,648	21,432

Source Company data, I-Sec research

Exhibit 26: Quarterly trend

(INR mn, year ending March)

	Jun-23	Sep-23	Dec-23	Mar-24
Net Sales	8,117	8,023	8,173	8,528
% growth (YOY)	2.5%	-1.2%	1.9%	4.4%
EBITDA	928	1,005	1,111	1,150
Margin %	11.4%	12.5%	13.6%	13.5%
Other Income	143	171	166	185
Extraordinaries	-	-	-	-
Adjusted Net Profit	683	736	807	854

Source Company data, I-Sec research

Exhibit 27: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Cash Flow from operation before working Capital	4,266	4,720	5,178	5,680
Working Capital Changes	237	(631)	(454)	(466)
Tax	(1,022)	(1,168)	(1,308)	(1,466)
Operating Cashflow	3,481	2,921	3,416	3,747
Capital Commitments	(210)	(250)	(250)	(250)
Free Cashflow	3,691	3,171	3,666	3,997
Others CFI	(368)	618	711	831
Cashflow from Investing Activities	(578)	368	461	581
Inc (Dec) in Borrowings	(2)	(400)	(400)	(400)
Interest Cost	(264)	(270)	(238)	(206)
Others	(2,119)	(1,738)	(1,947)	(2,182)
Cash flow from Financing Activities	(2,384)	(2,408)	(2,585)	(2,788)
Chg. in Cash & Bank balance	519	881	1,291	1,539
Closing cash & balance	7,022	7,903	9,195	10,734

Source Company data, I-Sec research

Exhibit 28: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Recurring EPS	62.7	70.7	79.2	88.8
Diluted EPS	62.7	70.7	79.2	88.8
Recurring Cash EPS	72.2	79.7	88.7	98.8
Dividend per share (DPS)	36.0	35.4	39.6	44.4
Book Value per share (BV)	263.3	298.7	338.3	382.7
Dividend Payout (%)	57.5	50.0	50.0	50.0
Growth (%)				
Net Sales	9.6	11.3	10.1	10.0
EBITDA	22.3	12.6	9.7	9.7
EPS	32.6	12.8	12.0	12.1
Valuation Ratios (x)				
P/E	16.7	14.8	13.2	11.8
P/CEPS	14.5	13.1	11.8	10.6
P/BV	4.0	3.5	3.1	2.7
EV / EBITDA	11.4	9.9	8.7	7.6
EV / Operating Income	10.9	9.5	8.3	7.1
Dividend Yield (%)	3.4	3.4	3.8	4.2
Operating Ratios				
EBITDA Margins (%)	12.8	12.9	12.9	12.9
Effective Tax Rate (%)	25.5	25.1	25.1	25.1
Net Profit Margins (%)	9.4	9.5	9.7	9.9
NWC / Total Assets (%)	71.4	74.5	77.5	80.4
Fixed Asset Turnover (x)	7.8	8.2	8.6	9.0
Working Capital Days	55.2	58.1	58.1	58.1
Net Debt / Equity %	(26.9)	(32.5)	(38.8)	(44.6)
Profitability Ratios				
RoCE (%)	17.3	18.6	18.9	19.1
RoCE (Pre-tax) (%)	23.3	24.9	25.3	25.5
RoE (%)	24.9	25.2	24.9	24.6

Source Company data, I-Sec research

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