

Indian Oil Corporation Ltd

Oil & Gas | 4QFY24 Result Update

SELL

CMP: Rs169 | Target Price (TP): Rs109 | Downside: 36%

May 01, 2024

Retain SELL on weak result post 100% rally YoY

Key Points

- IOCL's 4QFY24 standalone revenue at Rs1,979.78bn missed our estimate by 5.0% and beat street estimate by 3.3%. PAT at Rs48.37bn was 46.5% below our estimate.
- Gross margin at 13% missed our estimate by 81bps. Contribution at Rs257.56bn was a miss of 10.5% vs our estimate.
- GRM at US\$8.4/bbl was a 17.3% miss vs NBIE estimate. Refining throughput at 18.3mn tonnes was a 1.2% miss; Petroleum volume at 22.79mn tonnes was a 4% miss. MS sales volume was up 5.6% YoY while HSD sales volume was down 4.8% YoY.
- EBITDA margin at 5.3% was a miss of 243bps while EBITDA at Rs104.98bn was a miss of 34.8% vs NBIE estimate due to higher employee costs and other expenses. Employee expenses/other expenses were higher than our estimate by 14.4%/21.7%.
- Other income came in at Rs16.57bn, 121.2% above our estimate while interest expense at Rs20.23bn was 27.9% above our estimate. Depreciation at Rs38bn was 16% above our estimate.
- We have cut FY25E by ~24% but raised FY26E by ~14%. The cut in FY25E is based on cut in GRMs in line with current weak trend. The increase in FY26E is based on higher Marketing EBITDA due to increase in Retail margin. We still see 53%/37% decline in earnings in FY25E/FY26E vs FY24 EPS based on a tempered outlook for GRMs, from FY24 peak and the likely hit on inventory loss based on our declining oil price forecast – from US\$83/bbl in FY24 to US\$79/US\$65 over FY25E/FY26E.
- We maintain SELL based on the risk to earnings, which peaked in FY24, considering the 100% rally in the stock YoY. We have cut our SOTP-based TP by 9% to Rs109 after raising Refining & Marketing EV/E from 4.0x to 4.5x and roll-over to FY26e – as we expect earnings to crash more than 50% in FY25E to near trough earnings before a retail lead rebound in FY26E. We expect IOC's GRMs to revert lower to long term averages seen in the last seven years US\$6/bbl.

We expect Refining to face headwinds due to subdued global macros, especially in China, the likely growth in EVs as well as Renewable Power capacity and new capacities. Other concerns: limited tailwind for diesel substitution of LNG (which had already corrected 44% YoY in 4QFY24 to US\$10.3/mmbtu) and the risk of inventory loss under our declining oil price scenario to US\$65/bbl FY26E.

Upside risk: Early recovery in China and global macros and slower growth in Renewables/EVs could boost fuel demand that could spur a rally in crude/fuel spreads. This, along with inventory gains from periodic spike in crude oil could temper or reverse our declining earnings forecasts. LNG plant outages could revive LNG prices, supporting a switch to diesel.

Est Change	Upward
TP Change	Downward
Rating Change	No change

Company Data and Valuation Summary

Reuters	IOC.BO
Bloomberg	IOCL IN Equity
Mkt Cap (Rsbn/US\$bn)	2,384.4 / 28.6
52 Wk H / L (Rs)	197 / 81
ADTV-3M (mn) (Rs/US\$)	6,789.2 / 81.7
Stock performance (%) 1M/6M/1yr	0.7 / 91.3 / 107.4
Nifty 50 performance (%) 1M/6M/1yr	2.3 / 5.0 / 25.0

Shareholding	2QFY24	3QFY24	4QFY24
Promoters	51.5	51.5	51.5
DII's	30.3	29.5	29.8
FII's	7.8	8.8	8.5
Others	10.4	10.1	10.2
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
Revenues	84,17,559	77,63,519	79,43,554	70,33,741
EBITDA	2,42,598	7,55,908	3,63,848	5,70,341
Consolidated Net Profit Adj	34,157	4,17,297	1,22,413	2,62,435
EPS (Rs)	7.11	30.30	14.39	19.06
EPS gr (%)	-61.0	326.2	-52.5	32.4
EBITDA Margin(%)	2.9	9.7	4.6	8.1
P/E	23.8	5.6	11.7	8.9
EV/EBITDA	14.9	4.8	9.9	6.3
Dividend Yield(%)	1.78	7.10	4.26	5.64
Net Debt (cash)/Equity (X)	0.9	0.6	0.7	0.6
Post-tax RoCE(%)	4.7	14.1	5.9	7.6
RoE (%)	7.0	22.8	10.3	12.7

Source: Company, Nirmal Bang Institutional Equities Research

Street estimate Rs	FY24E	FY25E	FY26E
EPS	31.4	17.7	19.3

Source: Bloomberg, Nirmal Bang Institutional Equities Research

[Key link: 4QFY24 Result](#)

Please refer to the disclaimer towards the end of the document.

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Exhibit 1: IOC 4QFY24 result analysis

Y/E March (Rsmn)	4QFY23	4QFY24	Ch YoY	3QFY24	Ch QoQ %	4QFY24E	Var. (%)
Net sales	20,29,941	19,79,782	-2.5	19,91,040	-0.6	20,83,803	-5.0
Cost of goods	17,53,651	17,22,219	-1.8	16,92,840	1.7	17,95,888	-4.1
% of Sales	86.4	87.0	60.1	85.0	196.7	86.2	80.7
Contribution	2,76,290	2,57,564	-6.8	2,98,199	-13.6	2,87,915	-10.5
Gross Margin %	13.6	13.0	-60.1	15.0	-196.7	13.8	-80.7
Employee benefits expenses	22,715	28,275	24.5	26,221	7.8	24,715	14.4
% of Sales	1.1	1.4	30.9	1.3	11.1	1.2	24.2
Other expenses	1,00,173	1,24,308	24.1	1,14,134	8.9	1,02,173	21.7
% of Sales	4.9	6.3	134.4	5.7	54.6	4.9	137.6
EBITDA	1,53,403	1,04,981	-31.6	1,57,845	-33.5	1,61,028	-34.8
EBITDAM (%)	7.6	5.3	-225.4	7.9	-262.5	7.7	-242.5
Depreciation	29,517	37,994	28.7	46,371	-18.1	32,517	16.8
Other income	6,491	16,570	155.3	14,529	14.0	7,491	121.2
Interest expenses	18,118	20,234	11.7	18,321	10.4	15,821	27.9
Profit/loss on foreign exchange	9,890	-	-	-	-	649	-
Adjusted PBT	1,22,150	63,323	-48.2	1,07,682	-41.2	1,20,831	-47.6
Reported Tax	21,563	14,946	-30.7	27,048	-44.7	30,413	-50.9
Effective tax rate%	17.7	23.6	595.0	25.1	-151.6	25.2	-156.7
PAT adjusted	1,00,587	48,377	-51.9	80,634	-40.0	90,418	-46.5
NPM (%)	4.96	2.44	-251.2	4.05	-160.6	4.34	-189.6

Source: Company, Nirmal Bang Institutional Equities Research. Please note margin changes are in bps.

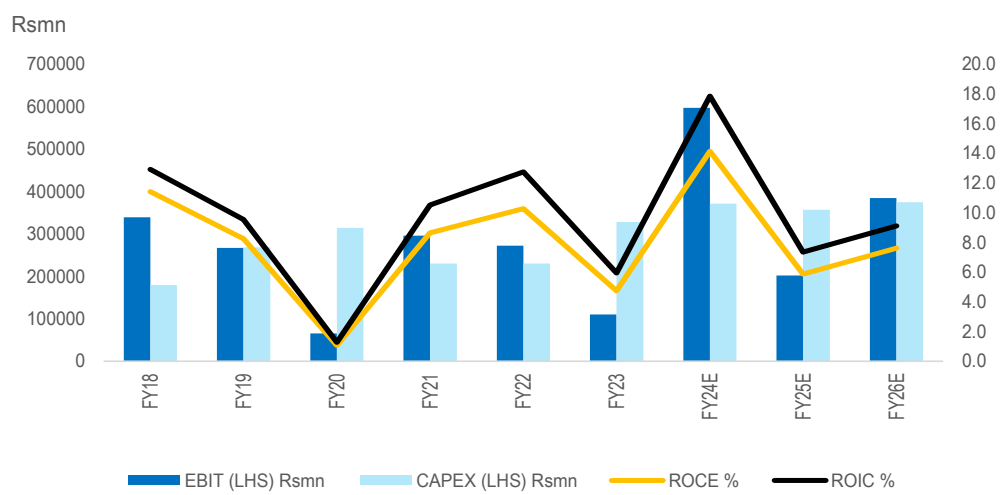
Exhibit 2: IOC 4QFY24 standalone performance

Particulars (Rsmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	FY23	FY24
Net Sales	22,42,526	20,74,853	20,47,402	20,29,941	19,75,266	17,97,398	19,91,040	19,79,782	83,94,722	77,43,486
YoY Change (%)	89.0	53.2	22.8	14.5	-11.9	-13.4	-2.8	-2.5	324.0	-7.8
Gross Profit	1,76,535	1,84,161	1,77,660	2,76,290	3,56,536	3,60,511	2,98,199	2,57,564	8,14,646	12,72,810
Margin (%)	7.9	8.9	8.7	13.6	18.1	20.1	15.0	13.0	9.7	16.4
EBITDA	43,863	50,130	52,945	1,53,403	2,21,701	2,20,603	1,57,845	1,04,981	3,00,341	7,05,130
YoY Change (%)	-60.6	-52.8	-43.7	21.4	405.4	340.1	198.1	-31.6	186.1	134.8
Margin (%)	2.0	2.4	2.6	7.6	11.2	12.3	7.9	5.3	3.6	9.1
Depreciation	29,375	29,617	30,990	29,517	31,584	31,829	46,371	37,994	1,19,498	1,47,778
Interest	17,247	14,410	19,528	18,118	16,263	18,460	18,321	20,234	69,303	73,278
Other income	6,837	21,984	17,151	6,491	6,715	9,825	14,529	16,570	52,462	47,638
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT (bei)	-25,292	-2,442	2,567	1,22,150	1,80,738	1,71,699	1,07,682	63,323	96,981	5,23,442
PBT	-25,292	-2,442	2,567	1,22,150	1,80,738	1,71,699	1,07,682	63,323	96,981	5,23,442
Tax	-5,367	281	-1,914	21,563	43,234	42,026	27,048	14,946	14,563	1,27,254
Rate (%)	21.2	-11.5	-74.6	17.7	23.9	24.5	25.1	23.6	15.0	24.3
Reported PAT	-19,925	-2,724	4,480	1,00,587	1,37,504	1,29,673	80,634	48,377	82,418	3,96,188
Adj. PAT	-19,925	-2,724	4,480	1,00,587	1,37,504	1,29,673	80,634	48,377	82,418	3,96,188
YoY Change (%)	-133.5	-104.3	-92.4	67.0	-790.1	-4,861.3	1,699.8	-51.9	70.4	380.7
Adj. EPS	-1.4	-0.2	0.3	7.3	10.0	9.4	5.9	3.5	6.0	28.8

Source: Company, Nirmal Bang Institutional Equities Research, Please note our full year estimates are consolidated

CGD roll-out, O2C and Green Energy are long term +VEs: The ongoing expansions and product upgrades are likely to offer future upside once the impact on earnings becomes visible, although there is no guidance yet. The large footprint in CGD projects (GAs - 26 owned and 23 via JVs) under execution offers long term potential in the promising CGD business despite the lingering issues of gas pricing and scalability. The Ennore LNG terminal and Gas Trading combined with the biogas sourcing could support IOC's aspirations to scale up its Gas business. Further, the Oil-to-Chemicals and Green Transition areas could see IOC emerge as a technology-led business leader and could attract long-term investors.

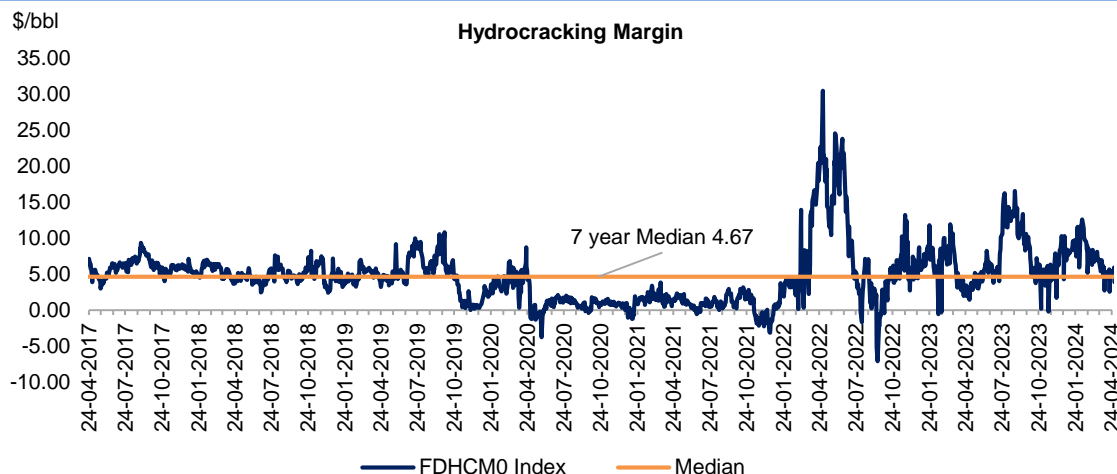
Exhibit 3: Rising capex to dent ROCE



Source: Company, Nirmal Bang Institutional Equities Research

Downside risks:

- (1) Capex required for long gestation green transition projects amid increase in competition in retailing as well as long-term threat from substitutes, including EVs
- (2) **Increase in capital for future capex** is likely to dent return ratios until these projects start generating cash – IOC has cumulative capex of more than Rs1,000bn over the next five years, for new projects, including green energy, CGD and existing refining, marketing & petchem businesses.
- (3) Periodic freeze on fuel pricing and the lack of clarity on sustainable retail margins goes against the spirit of deregulation of petroleum prices and protection of minority investors.
- (4) Large capacity additions in Petchem are likely as most global refiners are investing in 'Oil-to-Chemicals' integration – this is an added concern on top of the current pressure on weak petchem/demand spreads

Exhibit 4: 7-year trend- Singapore Hydrocracking Margin


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Change in estimates and TP

Exhibit 5: Earnings and TP revision

Rs Mn	Revised estimate			Earlier estimate			Revision %		
	FY24	FY25E	FY26E	FY24E	FY25E	FY26E	FY24	FY25E	FY26E
Total Revenue	77,63,519	79,43,554	70,33,741	84,33,950	70,36,146	65,59,884	-7.9	12.9	7.2
EBITDA	7,55,908	3,63,848	5,70,341	7,99,642	5,34,042	5,17,675	-5.5	-31.9	10.2
EBITDA margin (%)	9.74	4.58	8.11	9.48	7.59	7.89	25.5	-301.0	21.7
PAT	4,17,297	1,22,413	2,62,435	4,56,913	2,60,558	2,30,523	-8.7	-53.0	13.8
EPS	30.30	14.39	19.06	33.18	18.92	16.74	-8.7	-23.9	13.8
TP	109			120			-9.4		

Source: Company, Nirmal Bang Institutional Equities Research; *margin change in bps

Exhibit 6: Change in assumptions

	Revised estimate			Earlier estimate			Revision %		
	FY24	FY25E	FY26E	FY24E	FY25E	FY26E	FY24	FY25E	FY26E
Brent Crude US\$/bbl	82.75	79	64.83	81.21	70.00	60	1.9	0.0	8.0
INR/USD Rs/US\$	82.97	84.60	85.70	83.00	85.50	88.2	0.0	-1.1	-2.8
GRM US\$/bbl	12.1	7.6	6.1	12.5	8.4	7.2	-3.2	-10.3	-15.6
Marketing EBITDA/tonne (Rsmn)	1644	1680	3120	2,009.7	1,928.3	2,048.9	18.2	-12.9	52.3
Petchem EBITDA US\$/te	42	-8	63	39.6	90.3	103.0	6.8	-108.7	-38.8

Source: Company, Nirmal Bang Institutional Equities Research; LTP: Loss to Profit

Exhibit 7: IOC SOTP valuation

Segment	EBITDA Mar'26E (Rsmn)	EV/EBITDA Multiple x	EV Rsmn	Net Debt Rsmn	Equity Value Rsmn	Equity Value Rs Per Share
IOC Oil and Gas - Refining, Marketing	450928	4.5	2029175	-	-	-
CPCL	12733	4.5	57297	-	-	-
Pipeline (DCF value) #	78329	8.2	494742	-	-	-
Petchem	13032	5.0	65161	-	-	-
#Total	555022	4.8	2646375	12,99,447	13,46,928	98
Key equity holdings						11.2
IOC TP - SOTP method						109

Source: Nirmal Bang Institutional Equities Research, Note: # EV/E for pipelines and total value is the implied value

Exhibit 8: Operating assumptions

	FY21	FY22	FY23	FY24	FY25E	FY26E
Brent Crude (US\$/bbl)	44.10	80.20	95.30	82.75	79.25	64.83
FX (Rs/US\$)	74.00	75.90	80.50	82.97	84.60	85.70
Margins						
GRM (US\$/bbl) -IOC Standalone	5.64	11.25	19.52	12.10	7.57	6.07
Volume Mn tonne						
Refining (IOC Standalone + CPCL)	62.4	67.7	72.4	72.4	73.9	73.9
Overall marketing volume	78.3	83.5	93.5	94.2	98.1	103.0
Petchem volume	2.4	2.9	2.2	2.6	2.8	3.0
Segment EBITDARsmn						
Refining	66060	334801	741849	452325	189108	126288
Marketing	218790	-16942	-528948	155325	169039	324640
Pipelines	57490	63163	73095	73095	54877	78329
Petchem	61410	56530	1686	10459	-1904	13032
Others	22400	38668	12660	13926	15318	15318
Chennai CPCL	19491	27239	56972	44756	13166	12733

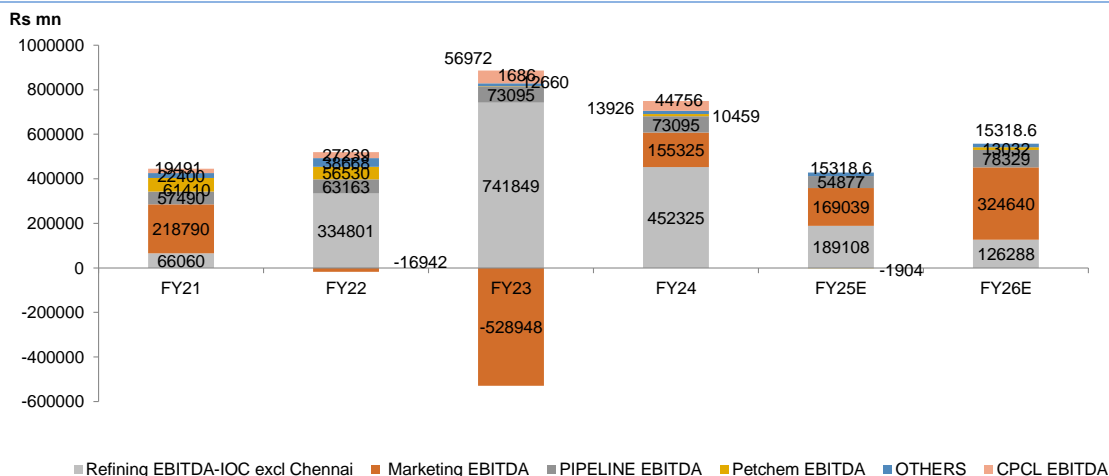
Source: Company, Nirmal Bang Institutional Equities Research

SENSITIVITY ANALYSIS
Exhibit 9: Risk to earnings from change in margins

	FY25E	FY26E
\$1/bbl hit on GRMS		
Impact on EBITDA Rsmn	-38586	-39378
Change vs Base case %	-	-
EPS impact Rs/sh	-2.1	-2.1
Risk to EPS vs Base case %	-14.5	-11.2
Downside risk in Retail Margins		
Rs 250/kl fall in retail margin		
Impact on EBITDA Rsmn	-17121	-17856
Change vs Base case %	-	-
EPS impact Rs/sh	-0.9	-1.0
Risk to EPS vs Base case %	-6.5	-5.1
Upside in retail margins		
Rs 250/kl rise in retail margin		
Impact on EBITDA Rsmn	17121	17856
Change vs Base case %	-	-
EPS impact Rs/sh	0.9	1.0
Upside in EPS vs base case %	6.5	5.1

Source: Nirmal Bang Institutional Equities Research

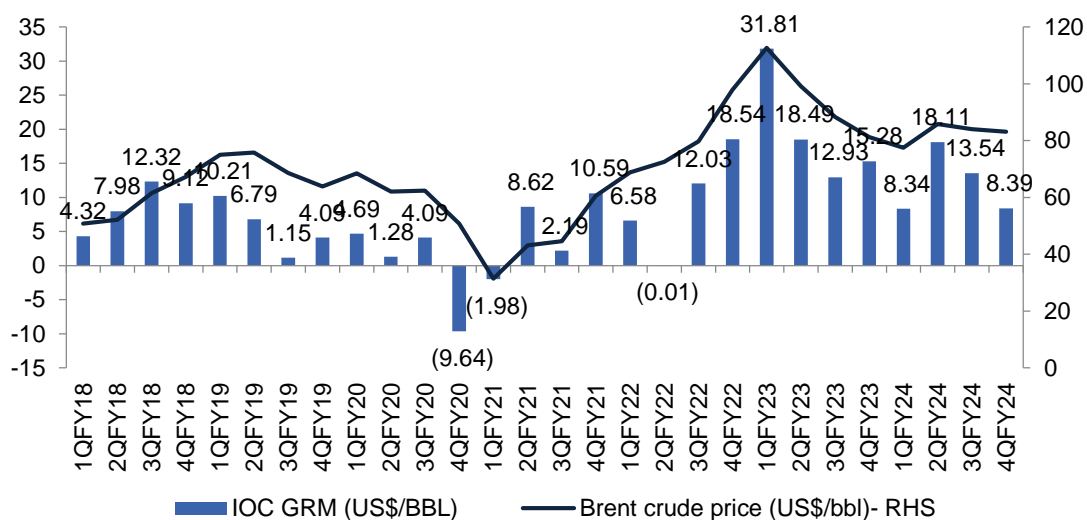
Exhibit 10: Segment EBITDA split



Source: Company, Nirmal Bang Institutional Equities Research

4QFY24 results in pictures

Exhibit 11: Reported GRM vs Brent crude price trend



Source: Nirmal Bang Institutional Equities Research

Exhibit 12: Analysis of operating and financial parameters in standalone 4QFY24 results

(Rsmn)	4QFY23	4QFY24	Ch YoY %	3QFY24	ChQoQ %
Average Gross Refining Margin US\$/bbl	15.28	8.39	-45.1	13.54	-38.0
Refineries throughput mntonnes	19.20	18.28	-4.8	18.50	-1.2
Capacity Utilization %	111.30	105.98	-4.8	105.10	0.8
Petroleum sales volume mntonne					
Domestic	21.14	21.27	0.6	21.03	1.2
Export	1.37	1.52	11.1	1.28	18.9
Segment EBIT Rsmn					
Petroleum Products	116861	72,716	-37.8	1,14,289	-36.3
Petrochemicals	2951	-3,998	-235.5	-1,962	-
Other Business Activities	1556	1,392	-10.6	1,410	-1.3
Standalone EBIT	121368	70,110	-42.2	1,13,737	-38.4

Source: Company, Nirmal Bang Institutional Equities Research, PTL: Profit to loss and LTP means Loss to Profit

Exhibit 13: Standalone margin analysis

Margins %	4QFY23	4QFY24	Ch YoY(bps)	3QFY24	Ch QoQ(bps)
Gross Margin	13.61	13.01	-60	14.98	-197
EBITDA	7.56	5.30	-225	7.93	-263
EBIT	5.85	0.65	-520	0.65	0
Net MARGIN	4.96	2.44	-251	4.05	-161
Tax	17.65	23.60	595	25.12	-152

Source: Company, Nirmal Bang Institutional Equities Research; *Effective tax rate is on reported PBT

Exhibit 14: Standalone segment analysis

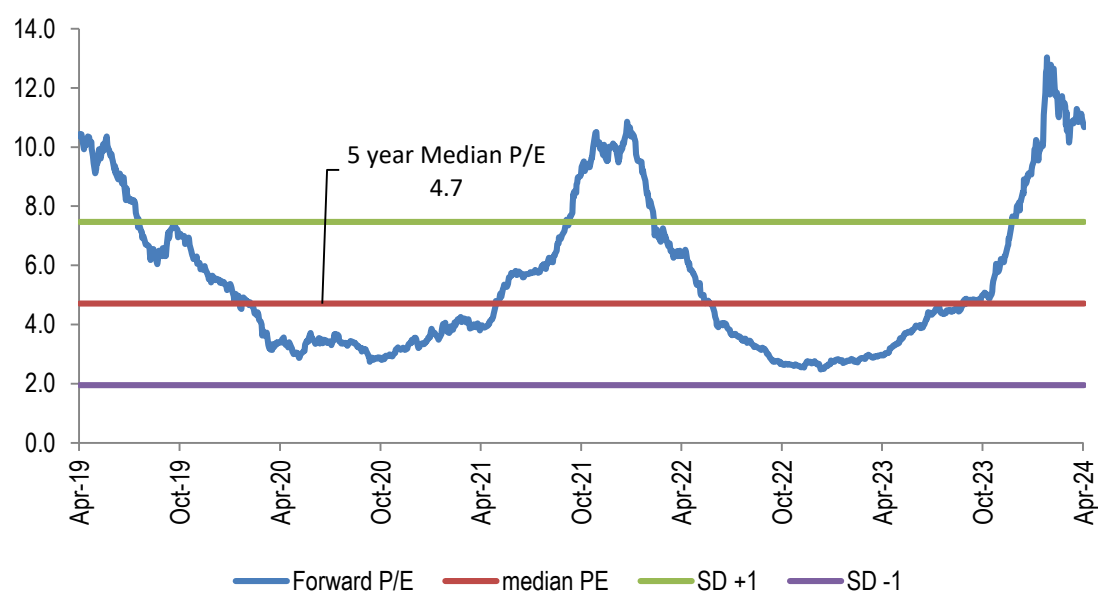
RsMn	4QFY23	4QFY24	Ch YoY(%)	3QFY24	Ch QoQ(%)
Petroleum Products					
Revenue	21,69,811	20,82,897	-4.0	21,15,729	-1.55
EBIT	1,16,861	72,716	-37.8	1,14,289	-36.38
EBIT margin %	5.4	3.5	-189.5	5.4	-191.08
Petrochemicals					
Revenue	62,817	69,085	10.0	59,835	15.46
EBIT	2,951	-3,998	-235.5	-1,962	103.74
EBIT margin %	4.7	-5.8	-1048.4	-3.3	-250.72
Other Business Activities					
Revenue	80,270	98,915	23.2	1,02,316	-3.32
EBIT	1,556	1,392	-10.6	1,410	-1.28
EBIT margin %	1.9	1.4	-53.1	1.4	2.91

Source: Company, Nirmal Bang Institutional Equities Research, PTL- Profit to Loss, LTP: Loss to profit. Margin changes are in bps

Exhibit 15: Marketing sales volume trend

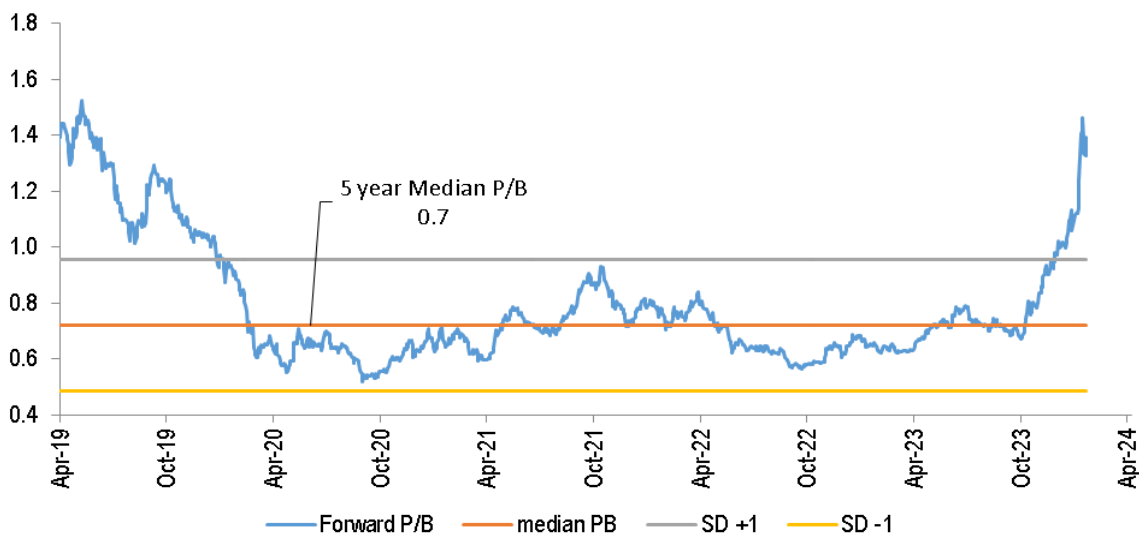
(RsMn)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Inland sales	14.2	16.0	19.6	19.4	17.2	17.2	19.2	20.10	21.29	19.91	21.63	21.14	21.34	19.65	21.03	21.27
LPG	3.1	3.2	3.4	3.2	3.0	3.2	3.42	3.46	3.07	3.34	3.45	3.43	3.05	3.42	3.51	3.67
MS	2.0	2.8	3.2	3.1	2.7	3.1	3.247	3.17	3.66	3.59	3.58	3.49	3.77	3.66	3.69	3.69
HSD	6.4	6.7	9.0	8.8	7.9	7.3	8.693	8.84	10.37	9.05	10.10	9.55	10.13	8.36	9.54	9.09
SKO	0.3	0.3	0.3	0.3	0.3	0.3	0.253	0.24	0.12	0.06	0.07	0.05	0.08	0.09	0.07	0.06
ATF	0.2	0.5	0.7	0.8	0.6	0.7	0.945	0.88	1.07	1.08	1.16	1.20	1.17	1.20	1.20	1.21
FO/LSHS	0.7	0.8	0.8	0.8	0.8	0.8	0.847	0.84	0.83	0.95	0.91	0.90	0.88	0.82	0.87	0.88
Others	1.4	1.7	2.2	2.4	1.9	1.8	1.795	2.68	2.18	1.84	2.35	2.52	2.26	2.11	2.15	2.68
Export	1.3	1.2	1.6	1.4	1.6	1.2	1.560	1.51	1.67	0.86	1.14	1.37	1.09	1.27	1.28	1.52
Gas LNG	0.5	0.9	0.9	0.9	0.8	0.9	0.997	0.84	0.95	1.03	1.06	1.03	1.15	1.42	1.53	1.57
Petrochemicals	0.5	0.7	0.8	0.8	0.7	0.8	0.712	0.78	0.64	0.54	0.37	0.68	0.73	0.82	0.69	0.82
Domestic	0.5	0.7	0.8	0.7	0.6	0.8	0.702	0.76	0.63	0.53	0.37	0.66	0.72	0.79	0.67	0.80
Export	0.0	0.0	0.0	0.0	0.0	0.0	0.010	0.02	0.01	0.01	0.00	0.01	0.01	0.03	0.01	0.02
Others	0.1	0.1	0.1	0.1	0.1	0.1	0.122	0.08	0.09	0.10	0.11	0.11	0.10	0.08	0.09	0.10
Total sales	16.5	18.9	23.1	22.6	20.3	20.2	22.591	23.31	24.64	22.43	24.31	24.33	24.41	23.24	24.62	25.28

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Long-term forward P/E


Source: Nirmal Bang Institutional Equities Research

Exhibit 17: Long-term forward P/B



Source: Nirmal Bang Institutional Equities Research

Financials -Consolidated

Exhibit 18: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Revenue	58,93,357	84,17,559	77,63,519	79,43,554	70,33,741
y/y	61.93	42.83	-7.77	2.32	-11.45
Raw Material Expenses	48,69,529	74,78,621	63,87,992	69,00,875	58,30,285
RM/Sales %	82.6	88.8	82.3	86.9	82.9
Employee cost	1,15,829	93,591	1,16,709	1,24,427	1,28,160
Other expenses	5,12,125	6,02,749	5,02,910	5,54,405	5,04,956
EBITDA	3,95,874	2,42,598	7,55,908	3,63,848	5,70,341
y/y	17.63	-35.83	146.74	-41.84	29.74
Depreciation	1,23,476	1,31,811	1,58,661	1,61,210	1,85,610
EBIT	2,72,398	1,10,788	5,97,247	2,02,638	3,84,731
Interest Expense	54,233	75,414	78,257	74,508	82,997
Other Income	30,822	42,617	38,429	42,429	28,944
PBT (adjusted)	2,48,987	77,991	5,57,419	1,70,559	3,30,678
Income Tax Expense	85,620	33,334	1,41,266	62,424	83,804
Associates inc/loss (+/-)	12,356	8,622	15,459	16,459	17,459
Minority Interest	6,244	19,121	14,315	2,181	1,899
Consolidated Net Profit Adj	1,69,479	34,157	4,17,297	1,22,413	2,62,435
EPS (Rs)	18.23	7.11	30.30	14.39	19.06
y/y	16.01	-60.99	326.16	-52.51	32.43

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Balance sheet

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	91,810	1,37,716	1,37,716	1,37,716	1,37,716
Reserves and Surplus	12,43,541	12,59,487	16,96,447	17,95,532	19,26,750
Net worth	13,35,352	13,97,202	18,34,163	19,33,248	20,64,465
Non-controlling interests	15,915	34,941	47,467	49,649	51,547
Long Term Borrowings	5,59,445	6,33,129	4,67,929	3,03,260	2,42,560
Other Financial Liab	72,774	1,608	2,331	2,331	2,331
Other long term liab.	2,01,216	2,83,817	3,07,691	3,13,129	3,20,430
Short Term Borrowings	5,35,149	6,08,594	7,66,607	11,38,594	12,18,594
Other. Fin Liab	4,61,307	4,78,309	5,34,469	5,34,469	5,34,469
Trade Payables	4,90,459	5,47,341	5,94,541	5,87,605	5,20,304
Other curliab	4,34,632	4,32,132	2,68,423	4,01,281	3,56,413
Total Capital and Liabilities	41,06,249	44,17,073	48,23,620	52,63,565	53,11,114
Total Asset plus WIP	20,79,836	23,11,810	25,70,302	27,66,588	29,55,974
Investments – JVs/Assoc.	1,63,350	1,80,383	1,80,970	1,80,970	1,80,970
Non-Current Investments	2,80,038	2,37,156	3,70,650	3,70,650	3,70,650
Other Non-Current Assets	1,14,418	99,466	1,17,215	1,17,215	1,17,215
Current Investments	80,132	1,04,365	1,03,799	1,03,799	1,03,799
Inventories	11,17,365	12,11,076	12,13,758	14,14,606	12,52,584
Trade Receivables	1,87,004	1,63,987	1,38,315	1,74,105	1,92,705
Cash and Cash Equivalents	11,766	9,964	12,466	19,486	21,071
Bank balances	6,436	11,003	19,122	19,122	19,122
Other financial assets	15,092	23,611	27,584	27,584	27,584
Other Current Assets	50,812	64,252	69,440	69,440	69,440
Total Assets	41,06,249	44,17,072	48,23,620	52,63,565	53,11,114

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Cash flow

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
PBT	3,42,886	1,50,377	5,72,878	2,46,316	3,30,678
Add depreciation	1,23,476	1,31,811	1,58,661	1,61,210	1,85,610
Other expenses	-4,171	86,263	39,882	32,079	54,053
Change in W/C-inc/(dec)	1,39,651	56,893	-62,085	1,10,716	-31,253
Opgcashflow after W/C	3,22,541	3,11,557	8,33,506	3,28,890	6,01,593
Income tax	75,319	14,695	1,19,050	62,424	83,804
Cash flow from Op (A)	2,47,222	2,96,862	7,14,456	2,66,466	5,17,790
Capex	-2,30,371	-3,28,495	-3,71,754	-3,57,495	-3,74,995
Other Investments	18,595	48,200	57,116	58,888	46,403
Opg Free cash	35,446	16,566	3,99,818	-32,142	1,89,198
Cash flow from Inv (B)	-2,11,776	-2,80,295	-3,14,638	-2,98,608	-3,28,592
Inc/(Dec) in borrowings	1,43,692	1,07,768	-1,78,303	2,07,318	19,300
Dividends (incl tax)	-1,08,960	-33,057	-1,09,726	-99,085	-1,31,218
Other Expenses	-46,978	-70,116	-77,689	-74,508	-82,997
Cash flow from Fin (C)	-12,246	4,595	-3,65,717	33,725	-1,94,914
Chg in Cash	3,954	-1,802	2,502	7,022	1,585
opening cash	7,812	11,765	9,963	12,464	19,486
closing cash	11,766	9,964	12,465	19,486	21,071

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Key ratios

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Profitability ratios					
EBITDA margin (%)	8.1	3.6	9.7	5.5	8.1
EBIT margin (%)	6.0	2.1	7.7	3.5	5.5
Net profit margin (%)	4.3	1.2	5.4	2.5	3.7
RoE (%)	18.8	7.0	22.8	10.3	12.7
Post-tax RoCE (%)	10.3	4.7	14.1	5.9	7.6
RoIC (%)	12.8	5.9	17.9	7.4	9.1
Working cap ratios					
Receivables (days)	10.1	7.6	7.1	8.0	10.0
Inventory (days)	73	57	69	65	65
Payables (days)	27	23	27	27	27
Cash conversion cycle	56.5	41.9	49.5	46.0	48.0
Leverage ratios					
Net debt (Rsmn)	1048957	1137168	1275816	1099149	1299447
Net Debt/Equity (X)	0.9	0.9	0.9	0.6	0.7
Net Debt/EBITDA	2.6	2.9	5.3	1.5	3.6
Valuation ratios					
EV/sales (x)	0.6	0.4	0.5	0.5	0.5
EV/EBITDA (x)	9.1	14.9	4.8	9.9	6.3
EV/FCF	101.7	217.5	9.0	-112.1	19.0
P/E (x)	9.3	23.8	5.6	11.7	8.9
P/BV (x)	1.7	1.7	1.3	1.2	1.1
FCF Yield (%)	1.0	0.5	11.5	-0.9	5.5
Dividend Yield (%)	5.0	1.8	7.1	4.3	5.6
Per share ratios					
EPS	15.71	18.23	7.11	30.30	14.39
Cash EPS	23.66	27.19	16.68	41.82	26.10
BVPS	81.21	96.96	101.46	133.18	140.38
DPS	8.00	8.40	3.00	12.00	7.19

Source: Company, Nirmal Bang Institutional Equities Research

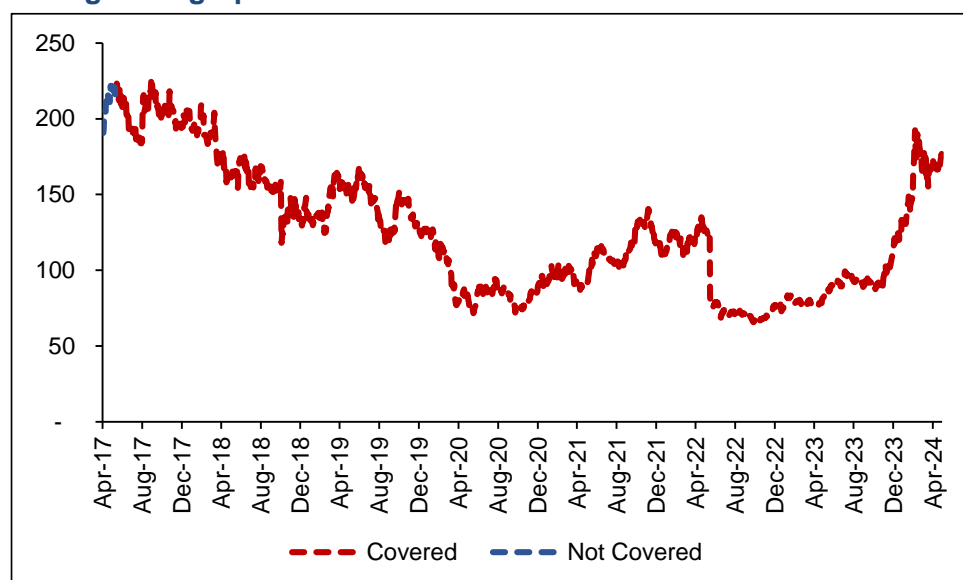
Rating track

Date	Rating	Market price	Target price (Rs)
12 May 2017	Sell	425	396
29 May 2017	Sell	425	396
4 August 2017	Sell	388	357
31 October 2017	Sell	414	357
1 February 2018	Acc	418	414
24 May 2018*	Sell	154	137
13 August 2018	Sell	161	137
5 November 2018	Under Review	148	-
31 January 2019	Sell	135	112
21 May 2019	Sell	158	112
2 August 2019	Sell	137	112
4 November 2019	Acc	143	147
3 February 2020	Buy	109	136
7 April 2020	Buy	80	137
7 May 2020	Buy	77	137
26 June 2020	Buy	85	148
5 August 2020	Buy	87	146
23 September 2020	Buy	76	145
3 November 2020	Buy	78	146
9 January 2021	Buy	95	119
3 February 2021	Buy	99	122
21 May 2021	Buy	104	135
3 August 2021	Buy	106	136
23 September 2021	Buy	117	140
2 November 2021	Acc	132	136
2 February 2022	Buy	136	148
18 May 2022	Buy	124	144
30 July 2022#	Acc	73	80
19 September 2022	Acc	70	78
30 October 2022	Acc	69	72
1 February 2023	Acc	82	81
21 March 2023	Acc	80	80
6 April 2023	Acc	77	82
17 May 2023	Acc	82	95
30 July 2023	Acc	95	96
1 November 2023	Acc	92	93
25 January 2024	Sell	143	120
1 May 2024	Sell	169	109

*Price after 1:1 bonus issue

#Price after 1:2 bonus issue

Rating track graph



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BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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