



February 25, 2025

Bharat Petroleum Corporation (BPCL IN)

Rating: HOLD | CMP: Rs251 | TP: Rs286

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	265		286	
Sales (Rs. m)	3,724	3,762	3,724	3,762
% Chng.	-	-		
EBITDA (Rs. m)	197	200	197	200
% Chng.	(0.1)	(0.1)		
EPS (Rs.)	23.0	24.2	23.2	24.2
% Chng.	(1.0)	0.2		

Hindustan Petroleum Corporation (HPCL IN)

Rating: HOLD | CMP: Rs319 | TP: Rs319

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	319		373	
Sales (Rs. bn)	3,916	4,003	3,829	3,918
% Chng.	2.3	2.2		
EBITDA (Rs. bn)	177	180	173	177
% Chng.	2.5	2.1		
EPS (Rs.)	46.2	46.4	44.3	44.7
% Chng.	4.3	3.8		

Indian Oil Corporation (IOCL IN)

Rating: HOLD | CMP: Rs120 | TP: Rs125

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	125		124	
Sales (Rs. m)	8,599	7,863	8,415	7,696
% Chng.	2.2	2.2		
EBITDA (Rs. m)	473	502	468	497
% Chng.	1.0	1.0		
EPS (Rs.)	14.9	16.1	14.5	15.7
% Chng.	2.7	2.7		

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Payal Shah

payalshah@plindia.com |

Near-term headwinds a drag on OMCs' Q4 earnings

Quick Pointers:

- Avg Singapore GRM at US\$2.5/bbl in Q4-TD, down sequentially and annually amid decline in product cracks
- Avg GMMs on petrol/diesel at Rs10.1/5.6/ltr (down 23.5%/40.4% QoQ)

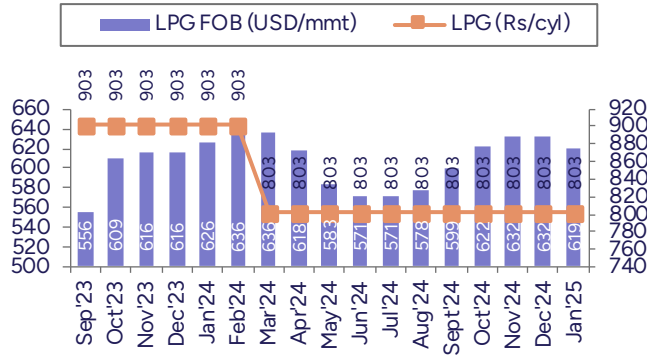
OMCs are likely to face near-term headwinds amid softer refining margins, weaker GMMs and continuing LPG under-recoveries. With avg Singapore GRM softening to US\$2.5/bbl amid adequate supply, refining margins are likely to decline sequentially. Gross margins on petrol and diesel too have moderated, which could lead to reduced marketing margins in Q4. On the LPG front, under-recoveries continue to persist, which could further impact blended marketing margins. Thus, we anticipate a weak Q4 for OMCs. Post the correction in IOCL/BPCL/HPCL, valuations may seem attractive with stocks currently trading at 0.8/1.2/1.1x FY26 P/BV. However, we maintain HOLD rating on IOCL/BPCL/HPCL with a TP of Rs125/265/319 valuing them at 0.8/1.2/1.1x FY27 P/BV.

Decline in Singapore GRM: Singapore GRM, which improved to US\$5/bbl in Q3, has fallen to US\$2.5/bbl in Q4. Although GRMs started rising steadily since mid Feb'25, they continue to remain below long-term average of US\$5.1/bbl. With average Brent crude at US\$77.9/bbl in Q4-TD, oil prices are higher by US\$3/bbl QoQ, which could lead to some inventory gain for OMCs. Factoring in all of this, we build in a GRM of US\$5/bbl for OMCs, with the likelihood of revision in these estimates depending on the product cracks trend.

GMMs on auto fuels moderate in Q4: As per our calculations, GMMs on petrol/diesel have moderated amid higher international prices with an average margin of Rs10.1/5.6/ltr for Q4-TD (vs Rs13.2/9.4/ltr in Q3). For the week ended 21st Feb'25, petrol/diesel margins stood at Rs8.8/6/ltr. Thus, GMMs on petrol/diesel are expected to weaken in the near term.

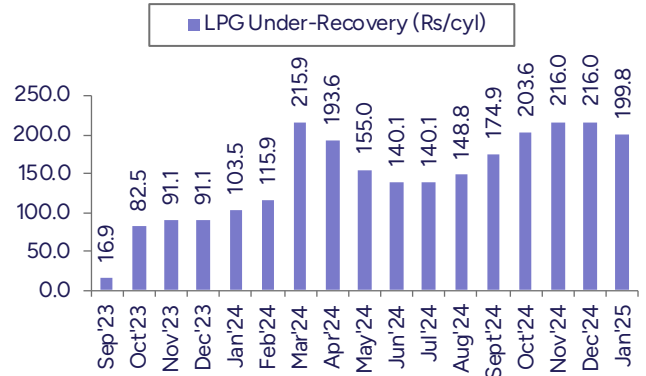
LPG under-recovery another concern: OMCs have been consistently absorbing LPG under-recoveries since Sep'23, due to high propane prices and subsidized retail rates. As on 31st Dec'24, the companies absorbed a cumulative loss of Rs291.5bn with IOCL/BPCL/HPCL reporting individual under-recoveries of Rs143/72.3/75.9bn in 9MFY25. In Q4FY25, we expect these losses to continue with rising propane prices and estimated under-recovery of ~Rs200/cylinder.

Exhibit 1: FOB prices on a rise since Jun'24



Source: PL, Industry

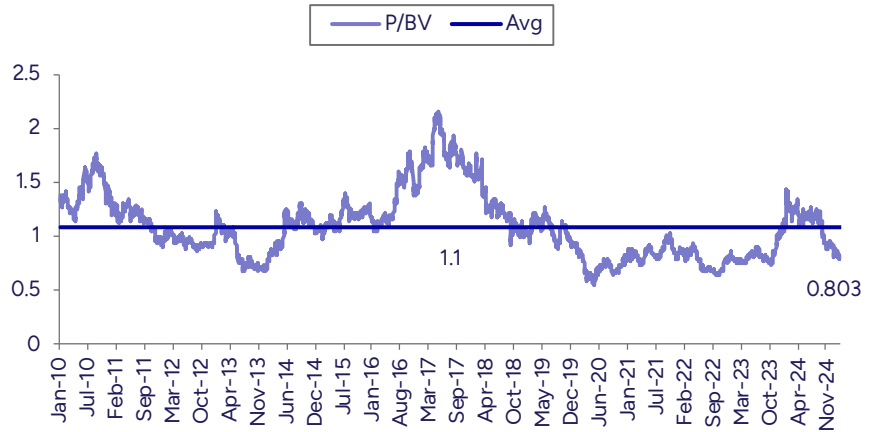
Exhibit 2: LPG under-recovery to persist in Q4FY25



Source: PL, Industry

IOCL trading below its long-term avg of 1.1x P/BV. Deregulation of diesel combined with low crude oil prices led to high valuation in 2014-2018

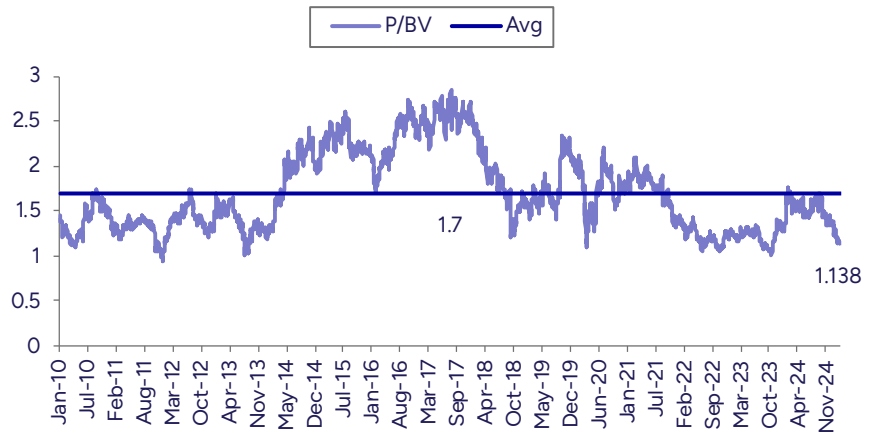
Exhibit 3: IOCL trading at 0.8x FY26 BBGe P/BV



Source: PL, Industry

BPCL trading below its long-term average of 1.7x P/BV

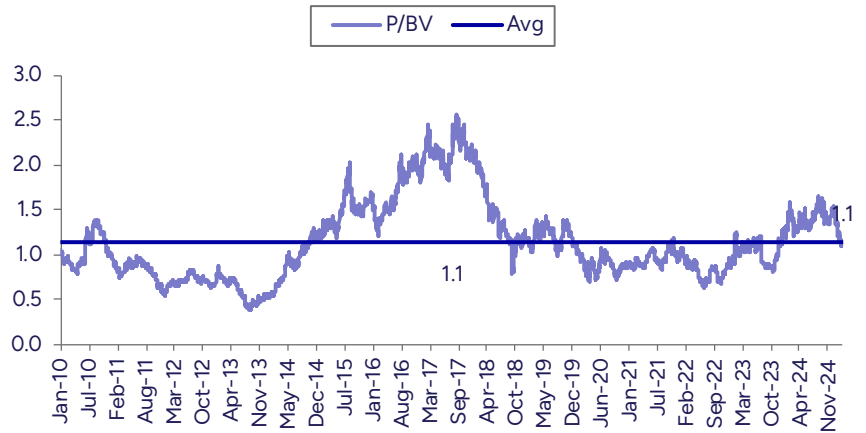
Exhibit 4: BPCL trading at 1.1x FY26 BBGe P/BV



Source: PL, Industry

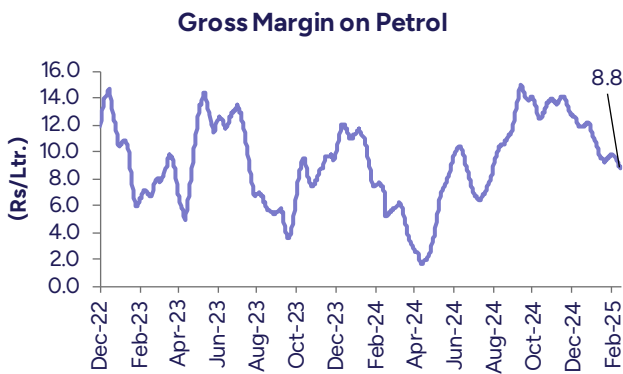
HPCL trading in line with its long-term avg of 1.1x P/BV

Exhibit 5: HPCL trading at 1.1x FY26 BBGe P/BV



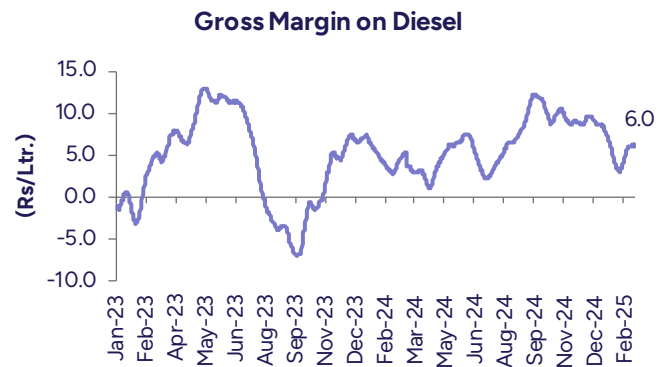
Source: PL, Industry

Exhibit 6: Avg GMM on petrol at Rs10.1/ltr in Q4-TD



Source: PL, Industry

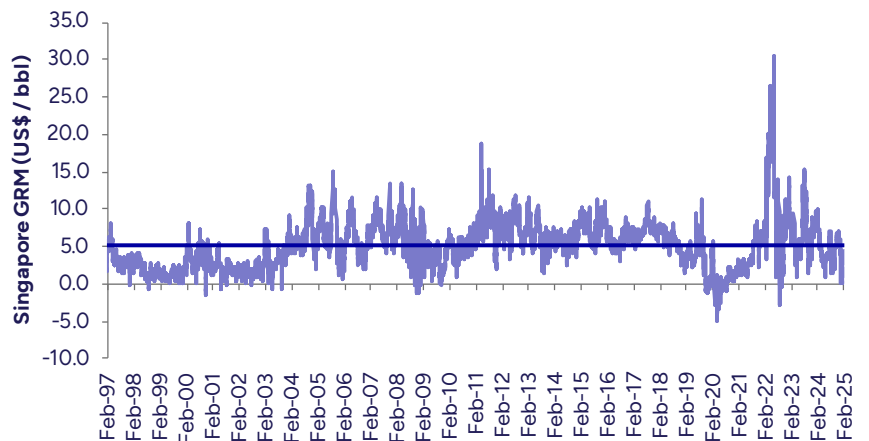
Exhibit 7: Avg GMM on diesel at Rs5.6/ltr in Q4-TD



Source: PL, Industry

Long-term avg Singapore GRM at US\$5.1/bbl

Exhibit 8: Singapore GRM remains below long-term average

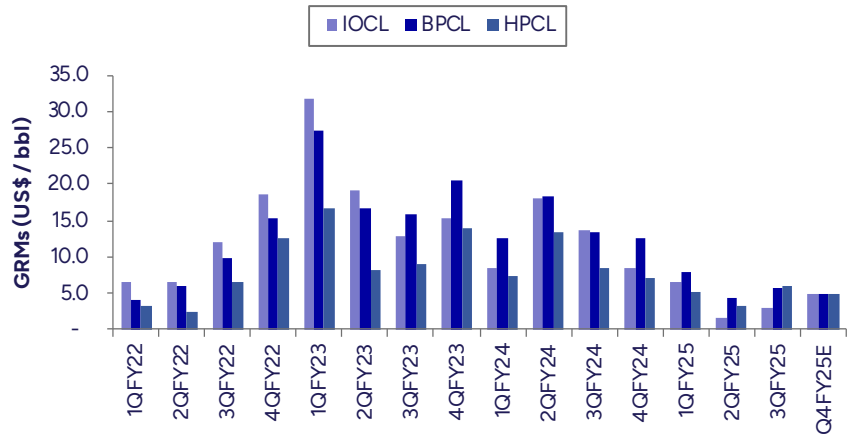


Source: PL, Industry

Because of higher inventory days, IOCL's Q3 GRM came in much lower than BPCL and HPCL's.

We build in a GRM of US\$5/bbl for IOCL/BPCL/HPCL. Estimates could be revised depending on the product cracks trend.

Exhibit 9: GRMs likely to fall in Q4



Source: Company, PL

Exhibit 10: Quarterly Performance Variation

	IOCL					BPCL					HPCL				
	Q4 FY24	Q3 FY25	Q4 FY25E	YoY gr.	QoQ gr.	Q4 FY24	Q3 FY25	Q4 FY25E	YoY gr.	QoQ gr.	Q4 FY24	Q3 FY25	Q4 FY25E	YoY gr.	QoQ gr.
Exchange Rate (US\$/RS)	83.0	84.4	86.5	4%	2%	83.0	84.4	86.5	4%	2%	83.0	84.4	86.5	4%	2%
Reported GRM (US\$/bbl)	8.4	3.0	5.0	-40%	69%	12.5	5.6	5.0	-60%	-11%	7.0	6.0	5.0	-28%	-17%
Refining throughput (mmt)	18.3	18.1	18.2	-1%	0%	10.4	9.5	10.0	-3%	5%	5.8	6.5	6.4	10%	-1%
GMM (Rs/ltr)	5.8	7.1	3.3	-43%	-54%	5.8	7.4	3.5	-39%	-52%	4.8	5.7	3.3	-30%	-41%
Marketing sales (mmt)	21.3	22.0	22.3	5%	1%	13.2	13.4	13.7	4%	2%	12.3	12.9	13.0	5%	1%
Petrol Gross Margin (Rs/ltr)	8.2	13.2	10.1	23%	-23%	8.2	13.2	10.1	23%	-23%	8.2	13.2	10.1	23%	-23%
Diesel Gross Margin (Rs/ltr)	4.7	9.4	5.6	19%	-40%	4.7	9.4	5.6	19%	-40%	4.7	9.4	5.6	19%	-40%
LPG under-recovery (Rs/cyl)	84.5	203.2	199.8	136%	-2%	84.5	203.2	199.8	136%	-2%	84.5	203.2	199.8	136%	-2%
Standalone EBITDA (Rs bn)	104.4	71.2	53.2	-49%	-25%	92.1	75.8	31.5	-66%	-59%	48.0	59.7	25.5	-47%	-57%
Standalone PAT (Rs bn)	48.4	28.7	6.2	-87%	-78%	42.2	46.5	10.1	-76%	-78%	28.4	30.2	3.2	-89%	-89%
Standalone EPS (Rs)	3.5	2.1	0.5	-87%	-78%	9.7	10.7	2.3	-76%	-78%	13.4	14.2	1.5	-89%	-89%

Source: Company, PL, Industry

BPCL - Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	4,481	4,216	3,724	3,762
YoY gr. (%)	(5.3)	(5.9)	(11.7)	1.0
Cost of Goods Sold	3,761	3,723	3,289	3,315
Gross Profit	720	493	435	447
Margin (%)	16.1	11.7	11.7	11.9
Employee Cost	-	-	-	-
Other Expenses	279	275	238	247
EBITDA	441	219	197	200
YoY gr. (%)	304.9	(50.4)	(10.0)	1.7
Margin (%)	9.8	5.2	5.3	5.3
Depreciation and Amortization	68	72	73	74
EBIT	373	147	124	126
Margin (%)	8.3	3.5	3.3	3.3
Net Interest	41	28	33	34
Other Income	22	26	24	25
Profit Before Tax	351	145	115	117
Margin (%)	7.8	3.4	3.1	3.1
Total Tax	93	36	29	30
Effective tax rate (%)	26.6	25.2	25.2	25.2
Profit after tax	258	108	86	88
Minority interest	(11)	(11)	(14)	(17)
Share Profit from Associate	-	-	-	-
Adjusted PAT	271	119	100	105
YoY gr. (%)	733.0	(56.1)	(16.3)	5.3
Margin (%)	6.1	2.8	2.7	2.8
Extra Ord. Income / (Exp)	(3)	-	-	-
Reported PAT	269	119	100	105
YoY gr. (%)	1,160.4	(55.6)	(16.3)	5.3
Margin (%)	6.0	2.8	2.7	2.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	269	119	100	105
Equity Shares O/s (bn)	4	4	4	4
EPS (Rs)	62.5	27.5	23.0	24.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,708	1,780	1,840	1,900
Tangibles	1,708	1,780	1,840	1,900
Intangibles	-	-	-	-
Acc: Dep / Amortization	635	717	789	864
Tangibles	635	717	789	864
Intangibles	-	-	-	-
Net fixed assets	1,074	1,063	1,050	1,036
Tangibles	1,074	1,063	1,050	1,036
Intangibles	-	-	-	-
Capital Work In Progress	202	306	441	631
Goodwill	-	-	-	-
Non-Current Investments	61	61	61	61
Net Deferred tax assets	(80)	(80)	(80)	(80)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	428	328	290	293
Trade receivables	83	60	53	53
Cash & Bank Balance	63	63	25	26
Other Current Assets	-	-	-	-
Total Assets	2,024	1,995	2,033	2,213
Equity				
Equity Share Capital	21	43	43	43
Other Equity	735	799	855	915
Total Networkth	756	842	898	958
Non-Current Liabilities				
Long Term borrowings	455	487	526	631
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	700	546	482	487
Other current liabilities	33	40	48	58
Total Equity & Liabilities	2,024	1,995	2,033	2,213

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	387	145	115	117
Add. Depreciation	68	72	73	74
Add. Interest	-	-	-	-
Less Financial Other Income	22	26	24	25
Add. Other	11	11	14	17
Op. profit before WC changes	466	227	202	209
Net Changes-WC	4	(24)	(11)	11
Direct tax	(93)	(36)	(29)	(30)
Net cash from Op. activities	377	167	162	190
Capital expenditures	(97)	(165)	(195)	(250)
Interest / Dividend Income	-	-	-	-
Others	(10)	-	-	-
Net Cash from Inv. activities	(107)	(165)	(195)	(250)
Issue of share cap. / premium	-	-	-	-
Debt changes	(150)	32	39	105
Dividend paid	(186)	(55)	(44)	(45)
Interest paid	-	-	-	-
Others	103	22	-	-
Net cash from Fin. activities	(233)	(1)	(5)	60
Net change in cash	37	0	(38)	0
Free Cash Flow	280	2	(33)	(60)

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	1,166	1,131	1,028	1,131
YoY gr. (%)	(1.3)	0.1	(0.2)	(2.0)
Raw Material Expenses	995	1,006	913	979
Gross Profit	170	125	114	152
Margin (%)	14.6	11.0	11.1	13.4
EBITDA	92	57	45	76
YoY gr. (%)	(17.4)	(64.3)	(65.0)	22.3
Margin (%)	7.9	5.0	4.4	6.7
Depreciation / Depletion	17	17	18	18
EBIT	75	40	27	58
Margin (%)	6.4	3.5	2.7	5.1
Net Interest	5	4	5	4
Other Income	5	5	9	8
Profit before Tax	56	40	32	62
Margin (%)	4.8	3.6	3.1	5.5
Total Tax	14	10	8	15
Effective tax rate (%)	25.1	25.2	24.9	24.7
Profit after Tax	42	30	24	46
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	42	30	24	46
YoY gr. (%)	(34.8)	(71.4)	(71.8)	36.9
Margin (%)	3.6	2.7	2.3	4.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	42	30	24	46
YoY gr. (%)	(34.8)	(71.4)	(71.8)	36.9
Margin (%)	3.6	2.7	2.3	4.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	42	30	24	46
Avg. Shares O/s (bn)	4	4	4	4
EPS (Rs)	9.7	6.9	5.5	10.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	62.5	27.5	23.0	24.2
CEPS	78.1	44.0	39.8	41.3
BVPS	174.3	194.1	207.0	220.8
FCF	64.5	0.4	(7.6)	(13.8)
DPS	42.8	12.8	10.2	10.4
Return Ratio(%)				
RoCE	31.7	11.6	9.0	8.4
ROIC	19.0	7.6	6.2	5.8
RoE	42.0	14.9	11.5	11.3
Balance Sheet				
Net Debt : Equity (x)	0.5	0.5	0.6	0.6
Net Working Capital (Days)	(9)	(10)	(10)	(10)
Valuation(x)				
PER	4.0	9.1	10.9	10.4
P/B	1.4	1.3	1.2	1.1
P/CEPS	3.2	5.7	6.3	6.1
EV/EBITDA	3.4	6.9	8.1	8.5
EV/Sales	0.3	0.4	0.4	0.5
Dividend Yield (%)	17.1	5.1	4.0	4.1

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Crude (US\$/bbl)	83	79	75	75
Refining Throughput (mmt)	10	10	10	10
GRM (US\$/bbl)	14	6	6	6
Marketing Sales (mmt)	13	13	14	14
Gross Marketing Margin (Rs/ltr)	6	5	4	4

Source: Company Data, PL Research

HPCL - Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	4,339	4,320	3,916	4,003
YoY gr. (%)	(1.6)	(0.4)	(9.3)	2.2
Cost of Goods Sold	3,876	3,961	3,515	3,592
Gross Profit	463	359	402	411
Margin (%)	10.7	8.3	10.3	10.3
Employee Cost	-	-	-	-
Other Expenses	213	222	224	231
EBITDA	249	137	177	180
YoY gr. (%)	(445.9)	(45.2)	29.8	1.6
Margin (%)	5.7	3.2	4.5	4.5
Depreciation and Amortization	56	65	67	68
EBIT	193	72	111	112
Margin (%)	4.5	1.7	2.8	2.8
Net Interest	26	25	26	27
Other Income	19	28	28	29
Profit Before Tax	187	75	113	114
Margin (%)	4.3	1.7	2.9	2.8
Total Tax	45	22	33	33
Effective tax rate (%)	24.0	29.2	29.3	29.2
Profit after tax	142	53	80	80
Minority interest	(18)	(12)	(18)	(18)
Share Profit from Associate	-	-	-	-
Adjusted PAT	160	65	98	99
YoY gr. (%)	(329.4)	(59.5)	51.6	0.4
Margin (%)	3.7	1.5	2.5	2.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	160	65	98	99
YoY gr. (%)	-	-	-	-
Margin (%)	3.7	1.5	2.5	2.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (bn)	2	2	2	2
EPS (Rs)	75.3	30.5	46.2	46.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,120	1,220	1,320	1,420
Tangibles	1,120	1,220	1,320	1,420
Intangibles	-	-	-	-
Acc: Dep / Amortization	325	390	457	525
Tangibles	325	390	457	525
Intangibles	-	-	-	-
Net fixed assets	795	829	862	894
Tangibles	795	829	862	894
Intangibles	-	-	-	-
Capital Work In Progress	201	281	361	441
Goodwill	3	3	3	3
Non-Current Investments	295	295	295	295
Net Deferred tax assets	(69)	(69)	(69)	(69)
Other Non-Current Assets	45	45	45	45
Current Assets				
Investments	-	-	-	-
Inventories	342	290	263	269
Trade receivables	93	67	61	62
Cash & Bank Balance	5	16	24	27
Other Current Assets	35	35	35	35
Total Assets	1,827	1,875	1,962	2,084
Equity				
Equity Share Capital	14	21	21	21
Other Equity	455	507	582	657
Total Networkth	469	528	603	678
Non-Current Liabilities				
Long Term borrowings	628	666	699	741
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	273	225	204	208
Other current liabilities	387	387	387	387
Total Equity & Liabilities	1,827	1,875	1,962	2,084

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	205	87	131	132
Add. Depreciation	56	65	67	68
Add. Interest	26	25	26	27
Less Financial Other Income	19	28	28	29
Add. Other	(17)	-	-	-
Op. profit before WC changes	269	176	224	227
Net Changes-WC	(28)	30	12	(3)
Direct tax	(3)	(22)	(33)	(33)
Net cash from Op. activities	239	185	203	192
Capital expenditures	(99)	(180)	(180)	(180)
Interest / Dividend Income	-	-	-	-
Others	(31)	-	-	-
Net Cash from Inv. activities	(130)	(180)	(180)	(180)
Issue of share cap. / premium	-	-	-	-
Debt changes	(100)	38	33	42
Dividend paid	(21)	(13)	(23)	(23)
Interest paid	(41)	(25)	(26)	(27)
Others	51	7	-	-
Net cash from Fin. activities	(111)	7	(16)	(8)
Net change in cash	(2)	12	7	3
Free Cash Flow	239	185	203	192

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	1,076	1,067	916	1,021
YoY gr. (%)	(0.3)	(4.7)	3.2	(2.0)
Raw Material Expenses	1,040	1,064	919	983
Gross Profit	35	3	(2)	37
Margin (%)	3.3	0.3	(0.3)	3.7
EBITDA	48	21	27	60
YoY gr. (%)	0.1	(77.9)	(66.8)	175.9
Margin (%)	4.5	2.0	3.0	5.8
Depreciation / Depletion	16	15	15	15
EBIT	32	6	12	45
Margin (%)	3.0	0.6	1.3	4.4
Net Interest	7	7	9	9
Other Income	9	6	6	5
Profit before Tax	33	5	8	40
Margin (%)	3.1	0.4	0.9	3.9
Total Tax	5	1	2	10
Effective tax rate (%)	14.2	24.5	24.4	24.6
Profit after Tax	28	4	6	30
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	28	4	6	30
YoY gr. (%)	(11.8)	(94.3)	(87.7)	471.4
Margin (%)	2.6	0.3	0.7	3.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	28	4	6	30
YoY gr. (%)	(11.8)	(94.3)	(87.7)	471.4
Margin (%)	2.6	0.3	0.7	3.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (bn)	2	2	2	2
EPS (Rs)	13.4	1.7	3.0	14.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	75.3	30.5	46.2	46.4
CEPS	101.6	61.0	77.6	78.4
BVPS	220.5	248.1	283.3	318.9
FCF	112.1	86.7	95.6	90.0
DPS	21.0	6.2	11.0	10.8
Return Ratio(%)				
RoCE	18.5	6.3	8.9	8.2
ROIC	10.6	3.9	5.7	5.4
RoE	40.4	13.0	17.4	15.4
Balance Sheet				
Net Debt : Equity (x)	1.3	1.2	1.1	1.1
Net Working Capital (Days)	14	11	11	11
Valuation(x)				
PER	4.2	10.5	6.9	6.9
P/B	1.4	1.3	1.1	1.0
P/CEPS	3.1	5.2	4.1	4.1
EV/EBITDA	5.2	9.7	7.6	7.7
EV/Sales	0.3	0.3	0.3	0.3
Dividend Yield (%)	6.6	1.9	3.5	3.4

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Crude (US\$/bbl)	86.0	78.8	75.0	75.0
GRM (US\$/bbl)	9.1	4.8	6.0	6.0
Refining throughput (mmtpa)	22.3	25.0	24.0	24.0
Gross Marketing Margins (Rs/ltr)	5.5	4.1	4.5	4.5
Marketing Sales (mmtpa)	46.4	50.1	52.1	52.4

Source: Company Data, PL Research

IOCL - Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	7,764	7,642	8,599	7,863
YoY gr. (%)	(7.8)	(1.6)	12.5	(8.6)
Cost of Goods Sold	6,388	6,803	7,731	6,919
Gross Profit	1,376	839	868	944
Margin (%)	17.7	11.0	10.1	12.0
Employee Cost	117	-	-	-
Other Expenses	503	539	395	442
EBITDA	756	300	473	502
YoY gr. (%)	146.2	(60.3)	57.6	6.2
Margin (%)	9.7	3.9	5.5	6.4
Depreciation and Amortization	159	167	174	180
EBIT	597	133	299	322
Margin (%)	7.7	1.7	3.5	4.1
Net Interest	78	97	95	95
Other Income	38	59	60	62
Profit Before Tax	557	114	265	289
Margin (%)	7.2	1.5	3.1	3.7
Total Tax	141	29	67	73
Effective tax rate (%)	25.3	25.2	25.2	25.2
Profit after tax	416	85	198	216
Minority interest	-	-	-	-
Share Profit from Associate	15	0	7	6
Adjusted PAT	432	66	205	222
YoY gr. (%)	268.8	(84.6)	208.6	8.5
Margin (%)	5.6	0.9	2.4	2.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	432	66	205	222
YoY gr. (%)	268.8	(84.6)	208.6	8.5
Margin (%)	5.6	0.9	2.4	2.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	432	66	205	222
Equity Shares O/s (bn)	14	14	14	14
EPS (Rs)	31.3	4.8	14.9	16.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,860	3,523	3,921	4,246
Tangibles	2,860	3,523	3,921	4,246
Intangibles	-	-	-	-
Acc: Dep / Amortization	900	1,066	1,240	1,421
Tangibles	900	1,066	1,240	1,421
Intangibles	-	-	-	-
Net fixed assets	1,960	2,457	2,680	2,826
Tangibles	1,960	2,457	2,680	2,826
Intangibles	-	-	-	-
Capital Work In Progress	610	297	219	194
Goodwill	0	0	0	0
Non-Current Investments	655	655	655	655
Net Deferred tax assets	(190)	(190)	(190)	(190)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,214	1,054	1,166	1,057
Trade receivables	138	159	179	163
Cash & Bank Balance	32	18	67	166
Other Current Assets	-	-	-	-
Total Assets	4,824	4,845	5,166	5,255
Equity				
Equity Share Capital	138	138	138	138
Other Equity	1,696	1,750	1,875	2,008
Total Networkth	1,834	1,887	2,012	2,146
Non-Current Liabilities				
Long Term borrowings	1,235	1,444	1,517	1,592
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,397	1,156	1,279	1,159
Other current liabilities	120	120	120	120
Total Equity & Liabilities	4,824	4,845	5,166	5,255

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	557	114	265	289
Add. Depreciation	159	167	174	180
Add. Interest	78	97	95	95
Less Financial Other Income	38	59	60	62
Add. Other	37	0	7	6
Op. profit before WC changes	831	377	540	570
Net Changes-WC	98	(93)	(3)	9
Direct tax	(141)	(29)	(67)	(73)
Net cash from Op. activities	788	255	471	507
Capital expenditures	(417)	(350)	(320)	(300)
Interest / Dividend Income	-	-	-	-
Others	(134)	-	-	-
Net Cash from Inv. activities	(551)	(350)	(320)	(300)
Issue of share cap. / premium	-	-	-	-
Debt changes	(167)	210	72	76
Dividend paid	(165)	(32)	(80)	(89)
Interest paid	(78)	(97)	(95)	(95)
Others	183	-	-	-
Net cash from Fin. activities	(227)	81	(102)	(108)
Net change in cash	11	(13)	49	99
Free Cash Flow	371	(95)	151	207

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	1,980	1,932	1,738	1,939
YoY gr. (%)	(2.5)	(2.2)	(3.3)	(2.6)
Raw Material Expenses	1,722	1,700	1,549	1,699
Gross Profit	258	233	190	240
Margin (%)	13.0	12.0	10.9	12.4
EBITDA	104	86	38	71
YoY gr. (%)	(27.3)	(61.0)	(82.3)	(54.1)
Margin (%)	5.3	4.5	2.2	3.7
Depreciation / Depletion	37	38	37	39
EBIT	67	49	1	32
Margin (%)	3.4	2.5	-	1.7
Net Interest	20	20	24	23
Other Income	17	5	14	19
Profit before Tax	63	35	2	35
Margin (%)	3.2	1.8	0.1	1.8
Total Tax	15	8	-	6
Effective tax rate (%)	23.6	23.4	(4.2)	17.2
Profit after Tax	48	26	2	29
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	48	26	(10)	22
YoY gr. (%)	(51.9)	(80.8)	(107.5)	(72.8)
Margin (%)	2.4	1.4	(0.6)	1.1
Extra Ord. Income / (Exp)	-	-	12	7
Reported PAT	48	26	2	29
YoY gr. (%)	(51.9)	(80.8)	(98.6)	(64.4)
Margin (%)	2.4	1.4	0.1	1.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	48	26	2	29
Avg. Shares O/s (bn)	14	14	14	14
EPS (Rs)	3.5	1.9	(0.7)	1.6

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	31.3	4.8	14.9	16.1
CEPS	42.9	16.9	27.5	29.2
BVPS	133.2	137.0	146.1	155.8
FCF	26.9	(6.9)	11.0	15.0
DPS	12.0	2.3	5.8	6.4
Return Ratio(%)				
RoCE	20.4	4.2	8.7	8.9
ROIC	12.5	2.8	5.9	6.3
RoE	26.7	3.6	10.5	10.7
Balance Sheet				
Net Debt : Equity (x)	0.7	0.8	0.7	0.7
Net Working Capital (Days)	9	9	8	10
Valuation(x)				
PER	3.8	24.9	8.1	7.5
P/B	0.9	0.9	0.8	0.8
P/CEPS	42.9	17.0	27.6	29.3
EV/EBITDA	3.8	10.3	6.6	6.1
EV/Sales	0.4	0.4	0.4	0.4
Dividend Yield (%)	10.0	1.9	4.8	5.3

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Brent (US\$/bbl)	83.3	78.8	75.0	75.0
Refining Throughput (mmt)	73.4	71.2	76.2	79.7
GRM (US\$/bbl)	12.1	4.0	6.0	6.0
Marketing Sales (mmt)	82.3	85.4	89.3	90.2
Gross Marketing Margin (Rs/ltr)	6.6	5.6	4.3	4.3

Source: Company Data, PL Research

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	411	453
2	Bharat Petroleum Corporation	Hold	286	271
3	Bharti Airtel	Accumulate	1,827	1,677
4	Clean Science and Technology	Hold	1,329	1,385
5	Deepak Nitrite	Hold	1,960	1,899
6	Fine Organic Industries	BUY	5,199	4,350
7	GAIL (India)	Accumulate	204	180
8	Gujarat Fluorochemicals	Reduce	3,190	3,537
9	Gujarat Gas	Sell	395	461
10	Gujarat State Petronet	Hold	327	334
11	Hindustan Petroleum Corporation	Hold	373	353
12	Indian Oil Corporation	Hold	124	123
13	Indraprastha Gas	Sell	150	192
14	Jubilant Ingrevia	Hold	680	660
15	Laxmi Organic Industries	Hold	237	226
16	Mahanagar Gas	Accumulate	1,412	1,267
17	Mangalore Refinery & Petrochemicals	Accumulate	168	145
18	Navin Fluorine International	Accumulate	4,373	3,908
19	NOCIL	Reduce	209	223
20	Oil & Natural Gas Corporation	BUY	288	249
21	Oil India	BUY	711	424
22	Petronet LNG	Reduce	276	291
23	Reliance Industries	Accumulate	1,472	1,266
24	SRF	Hold	2,698	2,831
25	Vinati Organics	Accumulate	1,934	1,749

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I Mr. Swarnendu Bhushan- IIT, MBA Finance, Ms. Payal Shah- MMS-Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Swarnendu Bhushan- IIT, MBA Finance, Ms. Payal Shah- MMS-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com