

Bharat Petroleum | HOLD

Earnings miss on weak GRM in an otherwise strong quarter

BPCL's 1QFY26 standalone EBITDA was lower at INR 96.6bn vs. JMFe and consensus of INR 103bn as reported GRM was sharply lower at USD 4.9/bbl (vs. JMFe of USD 8.5/bbl), resulting in refining EBITDA being much lower at INR 12.3bn (vs. JMFe of INR 35.2bn). However, implied marketing EBITDA at INR 84bn was significantly higher than JMFe of INR 68bn despite higher marketing inventory loss of INR 8.4bn (vs. JMFe of inventory loss of 4.2bn); hence, normalised marketing EBITDA was higher at INR 6,604/tn (vs. JMFe of INR 5,200/tn). Integrated reported EBITDA margin was lower at USD 10.9/bbl in 1QFY26 vs. JMFe of USD 11.8/bbl (vs. USD 8.9/bbl in 4QFY25). However, reported PAT was largely in line with JMFe at INR 61.2bn (though lower than consensus of INR 66.8bn), aided by lower interest expense and higher other income. Standalone gross debt (excluding lease liability) declined by INR 126bn QoQ to INR 107bn at end-1QFY26 and consolidated gross debt (excluding lease liability) declined by INR 116bn QoQ to INR 395bn, mostly be due to seasonal factors, as seen in case of HPCL as well. The government of India (GoI) approved INR 300bn compensation (on 8th Aug'25) for OMCs in respect of their LPG under-recoveries (BPCL's share in total compensation could be ~INR 80bn). However, BPCL has not recognised LPG compensation in its 1QFY26 result as its exact share in the approved compensation along with any other potential modalities are still awaited from the MoPNG. We maintain HOLD (unchanged TP of INR 305) on BPCL on valuation ground and due to aggressive capex plans (at CMP, it is trading at 1.3x FY27E P/B vs. 3-year average of 1.3x).

- **Implied EBITDA for the refining segment was significantly lower at INR 12.3bn as reported GRM was sharply lower at USD 4.9/bbl:** Refining segment implied EBITDA was significantly lower at INR 12.3bn in 1QFY26 vs. JMFe of INR 35.2bn due to sharply lower reported GRM of USD 4.9/bbl (Mumbai refinery GRM was USD 4.1/bbl, Kochi refinery GRM was USD 5.7/bbl and Bina refinery GRM was USD 4.5/bbl) vs. JMFe of USD 8.5/bbl; this lower GRM mostly could be due to higher-than-expected inventory loss vs. our estimate of inventory loss of USD 0.5/bbl (HPCL had reported inventory loss of USD 3.3/bbl). BPCL doesn't disclose core GRM and refining inventory gain/loss details. In 1QFY26, RIL's implied GRM was at ~USD 9.4/bbl, while MRPL, CPCL and HPCL's reported GRM was weak at USD 3.9/bbl (after inv loss of USD 2.0/bbl), USD 3.2/bbl (after inv loss of USD 1.9/bbl) and USD 3.1/bbl (after inv loss of USD 3.5/bbl) respectively. However, BPCL's throughput was 2% above JMFe at 10.4mmt (vs. 10.6mmt in 4QFY25); overall distillate yield was higher at 85% in 1QFY26 (vs. 83.6% in 4QFY25) while high sulphur crude utilisation was lower QoQ at 76% in 1QFY26 (vs 78% in 4QFY25).
- **However, implied marketing EBITDA was sharply higher at INR 84.3bn vs. JMFe of INR 67.8bn despite higher inventory loss:** Our calculations suggest implied marketing EBITDA was sharply higher at INR 84.3bn vs. JMFe of INR 67.8bn, despite higher marketing inventory loss of INR 8.4bn (vs. JMFe of inventory loss of 4.2bn). This implies normalised marketing EBITDA of INR 6,604/tn (vs. JMFe of INR 5,200/tn). BPCL's net LPG under-recovery was INR 20.7bn in 1QFY26; hence, net negative LPG buffer was INR 125.2bn at



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Recommendation and Price Target

Current Reco.	HOLD
Previous Reco.	HOLD
Current Price Target (12M)	305
Upside/(Downside)	-5.6%
Previous Price Target	305
Change	0.0%

Key Data – BPCL IN

Current Market Price	INR323
Market cap (bn)	INR1,399.2/US\$16.0
Free Float	36%
Shares in issue (mn)	4,185.8
Diluted share (mn)	4,272.6
3-mon avg daily val (mn)	INR2,391.2/US\$27.3
52-week range	376/234
Sensex/Nifty	80,540/24,619
INR/US\$	87.4

Price Performance

%	1M	6M	12M
Absolute	-6.5	26.1	0.2
Relative*	-4.5	18.9	-1.5

* To the BSE Sensex

Financial Summary (Consolidated)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	50,69,926	50,05,175	41,03,992	42,69,793	44,42,293
Sales Growth (%)	-5.0	-1.3	-18.0	4.0	4.0
EBITDA	4,40,820	2,54,014	3,40,572	2,71,279	2,80,599
EBITDA Margin (%)	8.7	5.1	8.3	6.4	6.3
Adjusted Net Profit	2,71,265	1,37,150	2,03,356	1,45,111	1,44,003
Diluted EPS (INR)	63.5	32.1	47.6	34.0	33.7
Diluted EPS Growth (%)	616.5	-49.4	48.3	-28.6	-0.8
ROIC (%)	30.2	13.5	19.1	12.1	10.5
ROE (%)	42.0	17.5	23.1	14.6	13.3
P/E (x)	5.1	10.1	6.8	9.5	9.6
P/B (x)	1.8	1.7	1.5	1.3	1.2
EV/EBITDA (x)	4.0	6.9	5.0	6.5	6.7
Dividend Yield (%)	6.5	3.1	5.2	3.7	3.6

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

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end-1QFY26. Marketing sales volume was also 1% above JMFe at 14mmt. BPCL's market share was down 112bps QoQ at 24.4% in HSD and down 23bps QoQ at 26.7% in MS due to increase in market share of private players on account of strong jump in margins. Integrated gross margin was lower at USD 18.9/bbl of marketing sales volume in 1QFY26 vs. JMFe of USD 20.7/bbl (vs. USD 18.0/bbl in 4QFY25); integrated reported EBITDA margin was also lower at USD 10.9/bbl in 1QFY26 vs. JMFe of USD 11.8/bbl (vs. USD 8.9/bbl in 4QFY25).

- **Maintain HOLD on valuation ground and due to aggressive capex plans:** We reiterate HOLD (unchanged TP of INR 305) on BPCL as we believe: **a)** OMCs' integrated refining cum marketing margin will normalise around historical levels as the government may retain the benefit of any sustained fall in crude price via excise duty hike and/or fuel price cut to pass on the benefit of lower crude price to end-consumers; and; and **b)** BPCL's aggressive capex plans (of INR 1,700bn over 5 years) accentuate key structural concerns as many of the projects fail to create long-term value for shareholders. At CMP, BPCL is trading at 1.3x FY27E P/B (vs. 3-year average of 1.3x and 10-year average P/B of 1.7x).

1QFY26 result review

Exhibit 1. BPCL standalone quarterly snapshot

(INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Net sales	1,281,034	1,179,174	1,275,205	1,268,649	1,295,779	2.1	1.2
Cost of goods	1,156,169	1,064,930	1,123,133	1,111,138	1,128,674	1.6	(2.4)
Employee expense	7,815	7,689	12,014	7,365	9,020	22.5	15.4
Other Expenses	60,545	61,434	64,254	72,498	61,454	(15.2)	1.5
EBITDA	56,505	45,121	75,804	77,649	96,631	24.4	71.0
EBITDA Margin %	4.4%	3.8%	5.9%	6.1%	7.5%	134bps	305bps
Depreciation	16,808	17,729	18,042	19,746	18,818	(4.7)	12.0
EBIT	39,697	27,392	57,763	57,903	77,813	34.4	96.0
Other income	5,058	9,239	8,285	7,930	7,487	(5.6)	48.0
Interest expenses	4,435	4,695	4,286	5,469	3,735	(31.7)	(15.8)
Extraordinary	-	-	-	17,739	-		
PBT	40,320	31,936	61,762	42,625	81,565	91.4	102.3
Tax expense	10,173	7,964	15,270	10,485	20,326	93.9	99.8
Effective tax rate (%)	25.2	24.9	24.7	24.6	24.9	1.3	(1.2)
PAT	30,148	23,972	46,492	32,141	61,239	90.5	103.1
EPS (INR)	7.1	5.6	10.9	7.5	14.3	90.5	103.1
Forex gain/(loss)	(30)	(370)	(2,730)	(450)	200		
Debt/capex details							
Standalone Gross Debt excl. lease liabilities (INR Mn)	152,102	215,285	196,221	232,777	107,090		
Consolidated Gross Debt excl. lease liabilities (INR Mn)	422,168	491,869	465,563	510,609	394,518		

Source: Company, JM Financial

Exhibit 2. BPCL consolidated quarterly snapshot

(INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Net sales	1,281,064	1,179,488	1,275,506	1,269,162	1,296,147	2.1	1.2
Cost of goods	1,156,215	1,064,953	1,123,128	1,111,130	1,128,681	1.6	(2.4)
Employee expense	7,855	7,731	12,076	7,434	9,074	22.1	15.5
Other Expenses	60,728	61,632	65,046	73,234	61,613	(15.9)	1.5
EBITDA	56,266	45,171	75,256	77,365	96,779	25.1	72.0
EBITDA Margin %	4.4%	3.8%	5.9%	6.1%	7.5%	137bps	307bps
Depreciation	16,861	17,786	18,098	19,821	18,890	(4.7)	12.0
EBIT	39,405	27,385	57,158	57,544	77,890	35.4	97.7
Other income	5,705	6,975	6,078	8,046	7,497	(6.8)	31.4
Interest expenses	8,890	9,227	8,613	9,185	7,577	(17.5)	(14.8)
Extraordinary	1,425	753	595	1,011	674		
PBT	34,795	24,379	54,028	55,393	77,136	39.3	121.7
Tax expense	10,174	7,964	15,270	15,049	20,327	35.1	99.8
Effective tax rate (%)	29.2	32.7	28.3	27.2	26.4	(3.0)	(9.9)
Net Profit	24,622	16,414	38,758	40,344	56,809	40.8	130.7
Share of profit of associate/JVs	3,794	6,558	(698)	3,574	11,581		
Minority interest	-	-	-	-	-		
Reported Profit	28,415	22,972	38,059	43,918	68,390		
EPS (INR)	6.7	5.4	8.9	10.3	16.0	56%	NM

Source: Company, JM Financial

Exhibit 3. BPCL standalone core EBITDA break-up

(INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
EBITDA (incl inv gains)*							
Refining	30,126	8,925	15,398	41,757	12,322	-70%	-59%
Marketing	26,378	36,197	60,406	35,892	84,309	135%	220%
Total	56,505	45,121	75,804	77,649	96,631	24%	71%
Inventory gain**							
Refining	-3,099	-8,861	-4,738	8,082	-3,277	-141%	6%
Marketing	4,070	-11,130	-7,220	5,230	-8,350	NM	NM
Total	971	-19,991	-11,958	13,312	-11,627	-187%	-1298%
Implied core EBITDA							
Refining	33,226	17,786	20,136	33,675	15,599	-54%	-53%
Marketing	22,308	47,327	67,626	30,662	92,659	202%	315%
Total	55,534	65,113	87,762	64,337	108,258	68%	95%
Forex gain/(loss)	-30	-370	-2730	-450	200		
Core EBITDA adjusted for forex gain/(loss)	55,564	65,483	90,492	64,787	108,058	67%	94%

Source: Company, JM Financial. * EBITDA (incl inv gains) is based on our assumptions since 3QFY21 ** company has stopped inventory gain disclosures since 1QFY22. Hence, it is based our assumptions

Exhibit 4. BPCL standalone operational details

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Refining segment							
Crude throughput (mmt)							
Mumbai Refinery	3.8	4.1	3.6	4.1	3.9	-3%	4%
Kochi Refinery	4.4	4.4	3.9	4.5	4.5	0%	3%
Bina refinery	1.9	1.7	2.1	2.0	2.0		
Total	10.1	10.3	9.5	10.6	10.4	-1.5%	3%
Reported GRM (USD/bbl)							
Mumbai Refinery	4.7	3.4	4.5	6.8	4.1	-39%	-11%
Kochi Refinery	8.5	4.7	5.5	8.9	5.7	-36%	-33%
Bina refinery	12.8	6.1	7.8	14.9	4.5		
Total	7.9	4.4	5.6	9.2	4.9	-47%	-38%
Inventory gain/(loss) (USD/bbl)*							
Mumbai Refinery	-0.5	-1.4	-0.8	1.2	-0.5	NM	NM
Kochi Refinery	-0.5	-1.4	-0.8	1.2	-0.5	NM	NM
Bina refinery	-0.5	-1.4	-0.8	1.2	-0.5		
Total	-0.5	-1.4	-0.8	1.2	-0.5		
Core GRM (USD/bbl)							
Mumbai Refinery	5.2	4.8	5.3	5.6	4.6	-17%	-10%
Kochi Refinery	9.0	6.1	6.3	7.7	6.2	-20%	-31%
Bina refinery	13.3	7.5	8.6	13.7	5.0		
Total	8.4	5.8	6.4	8.0	5.4	-33%	-36%
Spore Dubai GRM (USD/bbl)	3.5	3.6	5.0	3.1	5.6	81%	59%
Crude inventory gain/(loss) (INR mn)*	(3,099)	(8,861)	(4,738)	8,082	(3,277)		
Crude inventory gain/(loss) (USD/bbl)*	-0.5	-1.4	-0.8	1.2	-0.5		
Distillate Yield	84.6%	84.3%	84.9%	83.6%	85.0%		
High Sulphur as a % of total crude	77.0%	76.0%	76.0%	78.0%	76.0%		
Marketing segment							
Implied Marketing normalised EBITDA (INR/ton)	1,661	3,700	4,940	2,235	6,604		
Marketing inventory gain/(loss) (INR Mn)	4,070	(11,130)	(7,220)	5,230	(8,350)		
Marketing inventory gain/(loss) (USD/bbl)	0.5	-1.4	-0.8	0.6	-0.9		
Sales volume including exports (mmt)	13.4	12.8	13.7	13.7	14.0	2.3%	4.5%
BPCL implied domestic market share (%)							
MS	26.8%	27.0%	26.8%	26.9%	26.7%		
HSD	25.3%	25.9%	25.3%	25.5%	24.4%		
SKO	32.2%	35.8%	19.3%	20.1%	28.5%		
LPG	27.0%	27.8%	27.7%	28.0%	27.5%		
ATF	24.2%	23.3%	21.0%	19.4%	23.7%		
Others	10.6%	11.4%	11.1%	12.4%	12.1%		
Total domestic	21.5%	22.2%	21.8%	22.2%	22.0%		
Integrated Gross margin (USD/bbl of marketing sales volume)	15.2	14.5	17.9	18.0	18.9		
Integrated Reported EBITDA margin (USD/bbl of marketing sales volume)	6.9	5.7	8.9	8.9	10.9		

Source: Company, JM Financial, * based on total implied reported refining and marketing EBITDA divided by total refining and marketing volume ** company has stopped inventory gain disclosures since 1QFY22. Hence, it is based on our assumptions; ***based on assumed inventory gains

Assumptions and Estimates

Exhibit 5. Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
Marco assumptions								
Brent (USD/bbl)	80.0	95.4	83.1	78.9	70.0	70.0	70.0	
Exchange rate (INR/USD)	74.5	80.4	82.8	84.6	87.1	88.8	90.6	
Implied integrated Reported EBITDA margin (INR/ton of marketing sales volume)	4,389	2,182	8,447	4,766	6,083	4,699	4,712	Based on reported EBITDA of both refining & marketing segment divided by marketing sales volume
Refining segment								
Margins (USD/bbl)								
Spore Dubai GRM	5.0	10.8	6.6	3.8	5.5	5.5	5.5	
GRM for consolidated business	9.7	20.2	14.1	6.8	7.7	7.7	7.7	
Implied inventory gain/(loss) on refining	1.9	-1.0	0.0	-0.5	0.0	0.0	0.0	0.0 Not factoring any inventory loss/gain going forward Assumed core GRM is ~USD 1.9/bbl higher than Spore Dubai GRM due to higher complexity of MR and Bina refinery
Implied consolidated core GRM	7.8	21.2	14.1	7.3	7.7	7.7	7.7	
Consolidated reported GRM differential to Spore Dubai GRM	4.7	9.5	7.6	3.0	2.2	2.2	2.2	
Consolidated core GRM differential to Spore Dubai GRM	2.8	10.5	7.6	3.5	2.2	2.2	2.2	
Crude throughput (mmtpa)								
Total consolidated	37.2	38.5	39.9	40.5	41.3	42.1	43.0	
Refining capacity (mmtpa)								
Total consolidated	31.4	31.4	35.3	35.3	35.3	35.3	35.3	
Refinery utilisation (%)								
Overall utilisation	119	123	113	115	117	119	122	
Refining cover (%)	83%	77%	76%	76%	74%	73%	72%	
Marketing segment								
Margins								
Implied gross marketing margin on autofuel (INR/litre)	2.1	-5.0	5.3	7.4	4.2	4.2	4.2	4.2 Margin to normalise at INR 4.2/ltr from FY26 onwards
Implied gross marketing margin overall (INR/ton)	2,490	(3,044)	5,321	5,072	5,779	4,377	4,373	FY26 margin higher due to factoring in of LPG compensation of ~INR76bn
Implied net marketing margin overall (INR/ton)	432	(4,944)	3,420	3,141	3,870	2,466	2,459	
Volume								
Volume break-up (mmtpa)								
MS sales volume	8.1	9.6	10.1	10.8	11.2	11.6	12.1	
HSD sales volume	18.8	22.8	23.2	23.3	23.6	24.0	24.3	
Other product sales volume	17.7	17.8	18.9	19.6	21.2	22.1	23.1	
Total sales volume	44.6	50.2	52.2	53.6	56.0	57.7	59.6	
Volume growth (YoY)								
MS sales volume	13.1%	17.9%	5.3%	6.3%	4.0%	4.0%	4.0%	Steady volume growth going forward
HSD sales volume	7.6%	21.4%	1.5%	0.4%	1.5%	1.5%	1.5%	
Other product sales volume	10.4%	0.7%	6.3%	3.6%	8.0%	4.5%	4.5%	
Total sales volume	9.7%	12.5%	3.9%	2.7%	4.4%	3.1%	3.2%	

Source: JM Financial, Company

Exhibit 6. Change in estimates

	New	Old	Divergence
TP (INR)	305	305	0.0%
Rating	HOLD	HOLD	
Revenue (INR Mn)			
FY26	4,103,992	4,103,992	0.0%
FY27	4,269,793	4,269,793	0.0%
FY28	4,442,293	4,442,293	0.0%
EBITDA (INR Mn)			
FY26	340,572	340,572	0.0%
FY27	271,279	271,279	0.0%
FY28	280,599	280,599	0.0%
PAT (INR Mn)			
FY26	203,356	203,356	0.0%
FY27	145,111	145,111	0.0%
FY28	144,003	144,003	0.0%
EPS (INR)			
FY26	47.6	47.6	0.0%
FY27	34.0	34.0	0.0%
FY28	34	33.7	0.0%

Source: JM Financial

Valuation

Exhibit 7. BPCL's SOTP valuation

SOTP Valuation			Value (INR Bn)	Value (INR/share)	Comment
	FY27 EBITDA (INR Bn)	EV/EBITDA multiple (x)			
Core business					
Refining segment	129	5.5	709	167	Refining EBITDA based on GRM of USD 7.7/bbl (vs historical GRM of USD 6-7/bbl)
Marketing segment	142	5.5	783	184	Marketing EBITDA based on historical auto-fuel GMM of INR 4.2/ltr
Core business			1,492	350	
Less: Net debt			339	80	
Core business equity value (a)			1,153	271	
Other investments	No of shares (Mn)	discount (INR/sh)			
PLNG (12.5% stake)	188	218	41	10	At 20% discount to CMP
IGL (22.5% stake)	158	162	26	6	At 20% discount to CMP
Oil India (2.47% stake)	40	345	14	3	At 20% discount to CMP
MINGL (22.5% stake)			21	5	Valued at 15x FY24 PAT
Sabarmati Gas (49.94% stake)			23	5	Valued at 15x FY24 PAT
CUGL (25% stake)			3	1	Valued at 15x FY24 PAT
Total other investments (e)			127	34	
Equity value (d+e)				305	

Source: JM Financial

If FY27 core GRM changes by +/- USD1.0/bbl, our valuation will change by +/- INR 18/share (or +/-5.8%).

Exhibit 8. Valuation sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		32.6	33.1	33.6	34.1	34.6	35.1	35.6
FY27 Core GRM (USD/bbl)	6.2	247	249	250	251	253	254	255
	6.7	265	266	268	269	270	272	273
	7.2	282	283	285	287	288	290	292
	7.7	299	301	303	305	306	308	310
	8.2	316	318	320	322	324	327	329
	8.7	333	335	338	340	342	345	347
	9.2	350	353	355	358	360	363	365

Source: Company, JM Financial

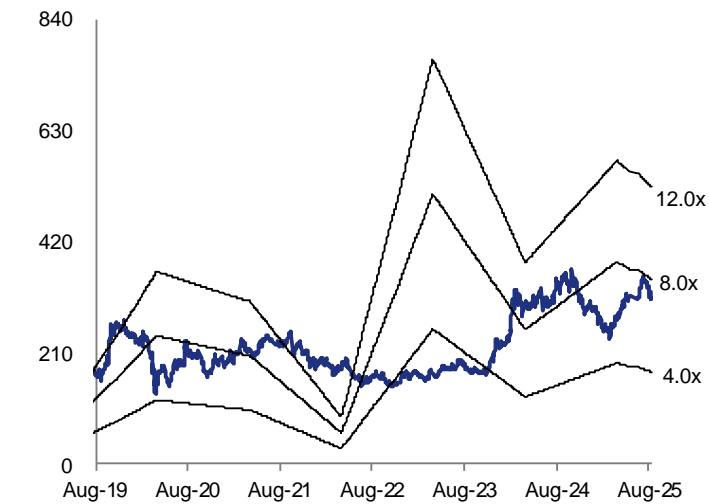
If FY27 auto fuel gross marketing margin (GMM) changes by +/-INR 0.5/ltr, our valuation will change by +/-INR 57/share (+/-12.0%).

Exhibit 9. Valuation sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume (mmtpa)						
		30.3	32.0	33.8	35.6	37.4	39.2	41.0
FY27 Auto fuel GMM (INR/ltr)	4.2	427	443	460	476	492	509	525
	6.2	379	392	405	419	432	446	459
	5.2	330	341	351	362	372	383	393
	4.2	281	289	297	305	312	320	328
	3.2	233	238	243	247	252	257	262
	2.2	184	186	188	190	192	194	196
	1.2	136	135	134	133	132	131	131

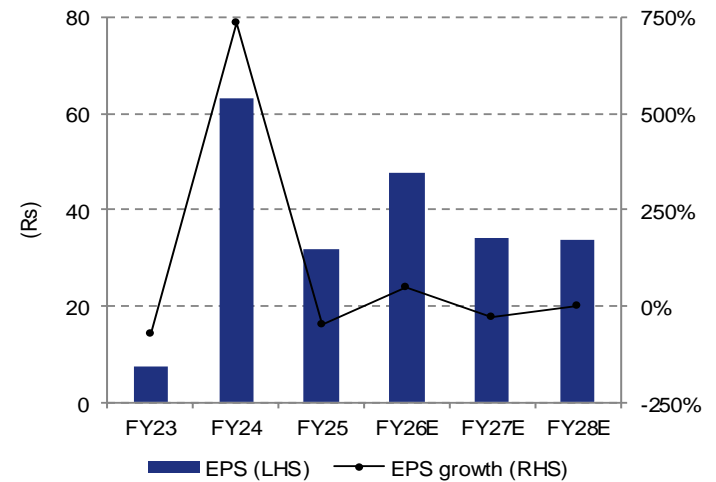
Source: Company, JM Financial

Exhibit 10. 1-year forward PE chart



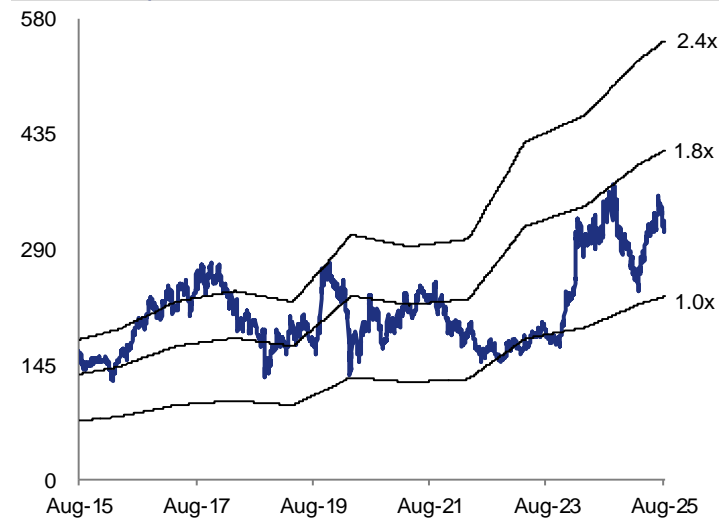
Source: JM Financial, Company

Exhibit 11. EPS vs. EPS growth



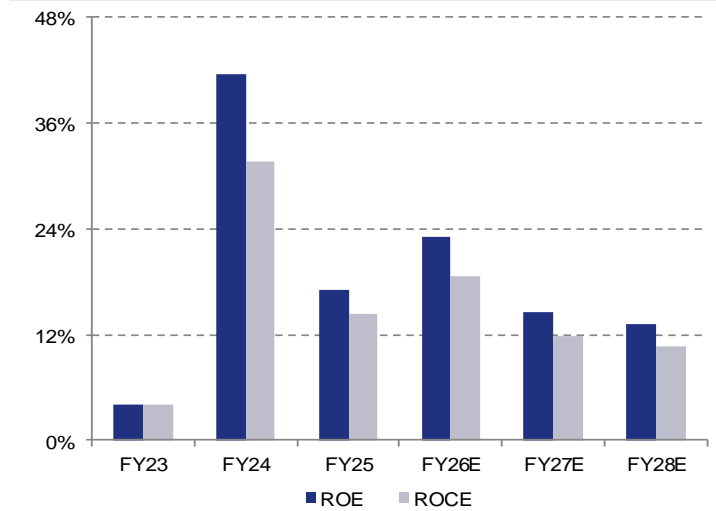
Source: JM Financial, Company

Exhibit 12. 1-year forward PB chart



Source: JM Financial, Company

Exhibit 13. RoE vs. RoCE



Source: JM Financial, Company

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	50,69,926	50,05,175	41,03,992	42,69,793	44,42,293
Sales Growth	-5.0%	-1.3%	-18.0%	4.0%	4.0%
Other Operating Income	0	0	0	0	0
Total Revenue	50,69,926	50,05,175	41,03,992	42,69,793	44,42,293
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	0	0	0	0	0
Other Expenses	0	0	0	0	0
EBITDA	4,40,820	2,54,014	3,40,572	2,71,279	2,80,599
EBITDA Margin	8.7%	5.1%	8.3%	6.4%	6.3%
EBITDA Growth	304.9%	-42.4%	34.1%	-20.3%	3.4%
Depn. & Amort.	67,713	72,567	79,694	87,064	94,434
EBIT	3,73,108	1,81,447	2,60,878	1,84,215	1,86,164
Other Income	22,347	26,847	31,479	32,109	32,751
Finance Cost	41,489	35,914	21,091	23,717	29,106
PBT before Excep. & Forex	3,53,966	1,72,380	2,71,266	1,92,606	1,89,809
Excep. & Forex Inc./Loss(-)	-2,677	-3,784	0	0	0
PBT	3,51,289	1,68,596	2,71,266	1,92,606	1,89,809
Taxes	93,356	48,458	67,816	48,152	47,452
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	10,655	13,227	-93	656	1,646
Reported Net Profit	2,68,588	1,33,366	2,03,356	1,45,111	1,44,003
Adjusted Net Profit	2,71,265	1,37,150	2,03,356	1,45,111	1,44,003
Net Margin	5.4%	2.7%	5.0%	3.4%	3.2%
Diluted Share Cap. (mn)	4,272.6	4,272.6	4,272.6	4,272.6	4,272.6
Diluted EPS (INR)	63.5	32.1	47.6	34.0	33.7
Diluted EPS Growth	616.5%	-49.4%	48.3%	-28.6%	-0.8%
Total Dividend + Tax	89,724	42,726	71,207	50,559	49,825
Dividend Per Share (INR)	21.0	10.0	16.7	11.8	11.7

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,51,289	1,68,596	2,71,266	1,92,606	1,89,809
Depn. & Amort.	67,713	72,567	79,694	87,064	94,434
Net Interest Exp. / Inc. (-)	27,256	19,744	-10,388	-8,392	-3,645
Inc (-) / Dec in WCap.	-12,047	9,068	52,937	-7,543	-7,848
Others	12,082	6,701	0	0	0
Taxes Paid	-86,595	-39,897	-67,816	-48,152	-47,452
Operating Cash Flow	3,59,696	2,36,778	3,25,693	2,15,585	2,25,299
Capex	-88,386	-1,33,426	-1,99,789	-2,45,152	-2,92,260
Free Cash Flow	2,71,310	1,03,352	1,25,903	-29,568	-66,962
Inc (-) / Dec in Investments	-38,872	1,58,877	2,151	2,108	2,066
Others	21,716	-2,17,252	31,479	32,109	32,751
Investing Cash Flow	-1,05,543	-1,91,800	-1,66,159	-2,10,936	-2,57,444
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-1,54,911	47,275	22,002	60,720	1,09,036
Others	-99,362	-1,09,681	-92,298	-74,276	-78,931
Financing Cash Flow	-2,54,273	-62,406	-70,296	-13,556	30,105
Inc / Dec (-) in Cash	-120	-17,428	89,237	-8,907	-2,040
Opening Cash Balance	23,127	23,007	5,579	94,816	85,909
Closing Cash Balance	23,007	5,579	94,816	85,909	83,868

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	7,56,351	8,13,841	9,46,083	10,39,978	11,32,510
Share Capital	21,363	42,726	42,726	42,726	42,726
Reserves & Surplus	7,34,988	7,71,115	9,03,357	9,97,253	10,89,785
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	4,54,849	5,10,609	5,32,611	5,93,331	7,02,367
Def. Tax Liab. / Assets (-)	79,757	82,927	82,927	82,927	82,927
Total - Equity & Liab.	12,90,957	14,07,377	15,61,620	17,16,236	19,17,804
Net Fixed Assets	10,70,021	11,50,149	12,70,244	14,28,332	16,26,158
Gross Fixed Assets	12,11,684	13,02,551	14,32,551	15,62,551	16,92,551
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	3,43,702	4,16,269	4,95,964	5,83,028	6,77,462
Capital WIP	2,02,040	2,63,868	3,33,657	4,48,810	6,11,070
Investments	2,63,256	3,27,852	3,25,701	3,23,594	3,21,528
Current Assets	6,90,900	7,05,821	7,21,434	7,31,605	7,49,414
Inventories	4,28,361	4,52,652	3,93,551	4,09,450	4,25,991
Sundry Debtors	83,420	93,390	78,867	82,047	85,355
Cash & Bank Balances	23,007	5,579	94,816	85,909	83,868
Loans & Advances	0	0	0	0	0
Other Current Assets	1,56,111	1,54,200	1,54,200	1,54,200	1,54,200
Current Liab. & Prov.	7,33,220	7,76,446	7,55,759	7,67,295	7,79,296
Current Liabilities	2,83,058	3,06,341	2,85,654	2,97,190	3,09,191
Provisions & Others	4,50,162	4,70,105	4,70,105	4,70,105	4,70,105
Net Current Assets	-42,320	-70,625	-34,325	-35,689	-29,882
Total - Assets	12,90,957	14,07,377	15,61,620	17,16,236	19,17,804

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.4%	2.7%	5.0%	3.4%	3.2%
Asset Turnover (x)	4.0	3.7	2.8	2.6	2.4
Leverage Factor (x)	1.9	1.7	1.7	1.7	1.7
RoE	42.0%	17.5%	23.1%	14.6%	13.3%

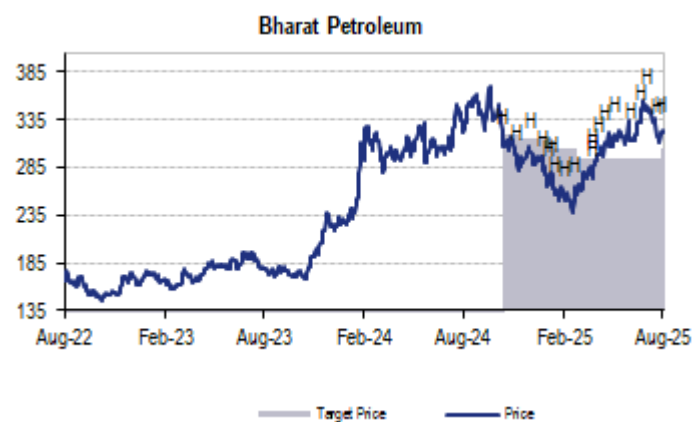
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	177.0	190.5	221.4	243.4	265.1
ROIC	30.2%	13.5%	19.1%	12.1%	10.5%
ROE	42.0%	17.5%	23.1%	14.6%	13.3%
Net Debt/Equity (x)	0.5	0.5	0.4	0.4	0.5
P/E (x)	5.1	10.1	6.8	9.5	9.6
P/B (x)	1.8	1.7	1.5	1.3	1.2
EV/EBITDA (x)	4.0	6.9	5.0	6.5	6.7
EV/Sales (x)	0.3	0.4	0.4	0.4	0.4
Debtor days	6	7	7	7	7
Inventory days	31	33	35	35	35
Creditor days	22	24	28	27	27

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
25-Oct-24	Hold	320	
18-Nov-24	Hold	315	-1.5
13-Dec-24	Hold	315	0.0
7-Jan-25	Hold	315	-0.1
17-Jan-25	Hold	315	0.0
22-Jan-25	Hold	305	-3.1
29-Jan-25	Hold	305	0.0
14-Feb-25	Hold	305	0.0
5-Mar-25	Hold	295	-3.4
6-Apr-25	Hold	295	0.0
7-Apr-25	Hold	295	0.0
8-Apr-25	Hold	295	0.0
17-Apr-25	Hold	295	0.0
29-Apr-25	Hold	295	0.0
18-May-25	Hold	295	0.2
15-Jun-25	Hold	295	0.0
3-Jul-25	Hold	295	-0.1
16-Jul-25	Hold	295	0.0
2-Aug-25	Hold	295	0.0
9-Aug-25	Hold	305	3.3

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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