

September 24, 2024

COMPANY UPDATE | Sector: Oil & Gas

Oil India

Fortifying growth through integrated expansion

Oil India Limited (OIL) remains a key player as a leading integrated company across the energy value chain in India. The company is on track to meet its ambitious target of 4mmt of oil and 5bcm of gas production by FY26, backed by accelerated drilling activities in its rich Baghjan field, which will see the number of wells increase from 61 to ~80 in FY25 and 100 by FY27. The company is positioned to capitalize on favorable pricing with crude expected to average ~USD70/bbl & natural gas ~USD6.75-7/mmbtu for FY26-27 supported by global demand-supply balance and suitable Indian government policies. The ongoing Numaligarh Refinery (NRL) expansion is set to triple its capacity to 9mtpa by Dec'25. Infrastructure projects like the Indradhanush Gas Grid (IGGL) will connect remote gas fields to key markets enhancing accessibility across India's northeastern states, unlocking opportunities for increased domestic gas sales and reducing reliance on gas imports. We build-in NRL's GRMs at ~USD14-14.5/bbl through FY26-27, the company's expanding downstream presence will offer higher profitability compared to its upstream operations, allowing for enhanced shareholder value. We maintain a BUY rating on the stock with a TP of Rs 833/shr.

Oil India's growth strategy to establish itself as an integrated energy player:

Maximizing exploration and production: Oil India is aggressively expanding its upstream activities to meet its ambitious production target of a 4mmt crude oil production by FY26, with a milestone of 3.8mmt expected by FY25, while aiming to expand its gas portfolio by producing 5bcm of gas, focusing on both oil and gas reserves, particularly in the Baghjan field, which holds significant potential for both resources and exploring new OALP areas, coupled with seeking equity stakes overseas. The field's accelerated development includes increasing the number of wells from 61 to ~80 in FY25.

Strengthening pipeline network for market access: Focusing on establishing an integrated gas grid in the northeast through projects like IGGL a 2,600km natural gas pipeline network connecting the northeastern states, expected to significantly boost gas sales by connecting previously inaccessible gas fields to industrial consumers, power plants, and households. Oil India is developing dedicated pipelines for efficient resource evacuation, such as the natural gas pipeline from Duliajan to Numaligarh through DNP Ltd is undergoing capacity augmentation from 1mmscmd to 2.5mmscmd by mid-2025 and Paradip-Numaligarh crude oil pipeline (PNCPL) which is a 1,635km pipeline to transport imported crude oil to the expanded NRL by mid-2025.

Refining capacity expansion: NRL's refining capacity is being expanded from 3mtpa to 9mtpa by FY25, with ~65% project completion. This expansion is expected to cater to the rising demand for petroleum products in northeastern India, reducing import dependency and creating new market opportunities for Oil India's crude production. The refinery's strong GRMs, projected to average ~USD14-14.5/bbl between FY26-27, will contribute to significant profitability and operational leverage. The equity contribution required from Oil India will not be more than Rs30bn as internal accruals has been strong. The gas demand post expansion at NRL would be at 2mmscmd.

Valuation

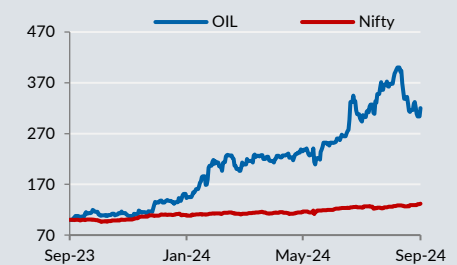
We maintain a BUY rating on Oil India, with a TP of Rs 833/sh and it remains our top pick in the space. Our TP of Rs 833/sh comprises a) Rs 525/sh for the standalone domestic business, valued on 6x EV/EBITDA FY27e, b) Rs 254/sh for NRL on EV/EBITDA of 8x FY26e, c) Rs 54/sh for investment in listed equities, valued at 30% hold-co discount to market price.

Reco	: BUY
CMP	: Rs 591
Target Price	: Rs 833
Potential Return	: +41%

Stock data (as on Sep 24, 2024)

Nifty	25,940
52 Week h/l (Rs)	768 / 184
Market cap (Rs/USD mn)	915455 / 10945
Outstanding Shares (mn)	1,627
6m Avg t/o (Rs mn):	4,168
Div yield (%):	2.2
Bloomberg code:	OINL IN
NSE code:	OIL

Stock performance



	1M	3M	1Y
Absolute return	-13.1%	27.2%	220.0%

Shareholding pattern (As of Jun'24 end)

Promoter	56.7%
FII+DII	37.0%
Others	6.3%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	833	855

Δ in estimates

(1-Yr)	FY25e	FY26e	FY27e
EPS (New)	48.1	56.0	60.4
EPS (Old)	48.2	55.6	59.0
% Change	-0.2	0.7	2.4

Financial Summary

(Rs bn)	FY25E	FY26E	FY27E
Revenue	234.9	255.2	269.3
YoY Growth	6.1	8.7	5.5
EBIDTA	112.7	128.2	135.1
OPM %	48.0	50.2	50.2
PAT	78.2	91.1	98.3
YoY Growth	40.9	16.4	7.9
ROE	16.9	17.8	17.4
EPS	48.1	56.0	60.4
P/E	12.3	10.6	9.8
BV	298.4	330.3	365.8
EV/EBITDA	9.0	7.6	6.9

HARSHRAJ AGGARWAL

Lead Analyst

harshraj.aggarwal@ysil.in



Increasing oil & gas production

Oil India is aggressively expanding its upstream activities to meet its ambitious production target of a 4mmt crude oil production by FY26, with a milestone of 3.8mmt expected by FY25 having a very well laid down plan to increase accelerated drilling activity in the drilling fields of improving the recovery, while aiming to expand its gas portfolio by producing 5bcm of natural gas by FY26 targeting 3.8-3.9bcm in FY25, focusing on both oil and gas reserves, particularly in the Baghjan field, which holds significant potential for both resources and exploring new OALP areas, coupled with seeking equity stakes overseas. The field's accelerated development includes increasing the number of wells from 61 to ~80 in FY25 and 100 by FY27. Enhanced Oil Recovery (EOR) techniques such as hydro-fracturing and artificial lift optimization have been successfully applied to maximize output from aging fields.

Exhibit 1: Crude oil production and sales

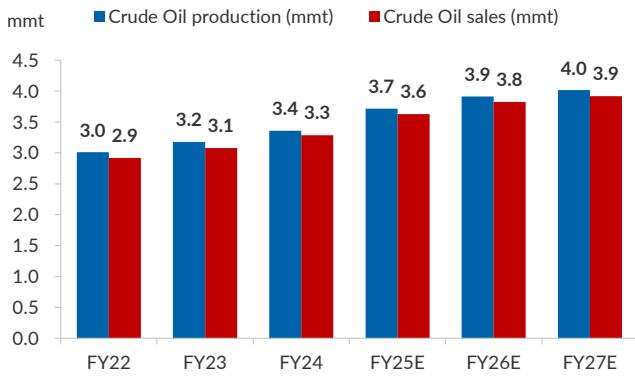
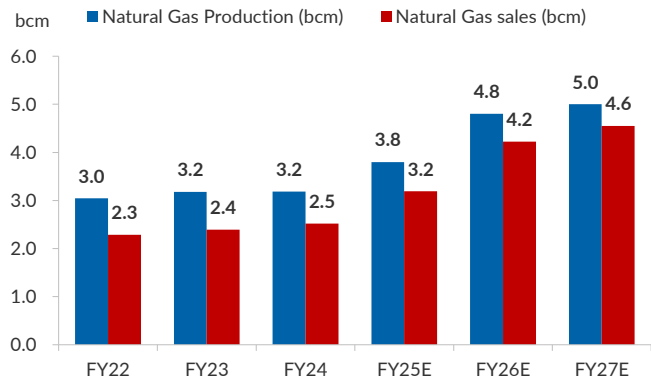


Exhibit 2: Gas production and sales



Source: Company, YES Sec

Expanding Pipeline Infrastructure

The northeast region of India holds significant natural resources, but limited gas pipelines have hampered utilizations, leaving many areas disconnected. Indradhanush Gas Grid (IGGL) tries to solve this by laying down a 2,600km pipeline network encompassing eight states including Assam, Arunachal Pradesh, Manipur, Meghalaya, and Nagaland. The completion of North-East Gas Grid will open various opportunities for Oil India to sell gas outside. IGGL is almost ready and expected to be completed by Dec'24 and has now proposed one more line in IGGL which will connect their field directly. Oil India owns a 40% stake in IGGL, this pipeline is expected to supply gas to industries, power plants, households, and will unlock access to remote gas fields, boosting domestic gas production and reducing dependence on imports.

Oil India is also developing the Paradip-Numaligarh Crude Pipeline (PNCPL), a 1,635km line that will transport imported crude oil to the expanded NRL. With over 70% of construction completed, PNCPL will align with NRL's capacity expansion and ensure consistent crude supply for refining operations, reducing import dependence, and optimizing refinery operations.

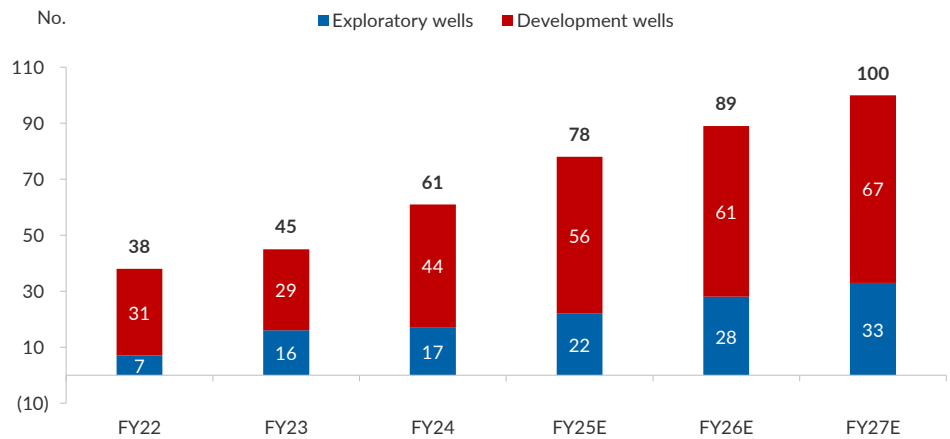
Additionally, the Duliagan-Numaligarh Pipeline (DNPL) is undergoing capacity augmentation from 1mmscmd to 2.5mmscmd by FY25, further ensuring sufficient capacity to transport increasing gas production to refining and end-user markets. These projects not only enable operational efficiencies but also open new revenue streams by providing pipeline access to previously underserved regions.

On the completion of Urja-Ganga pipeline by GAIL, natural gas would be available across entire India with completion of gas grid, catering to the continuously increasing demand and production.

Oil & gas reserve base to support long term growth strategy

Oil India's oil & gas reserve base serves as the cornerstone of its long-term growth strategy, positioning the company as a formidable player in the domestic and global oil and gas industry. The domestic 2P (Proved and Probable) reserves stand at 496mboe of crude oil and 876mboe of natural gas, while for overseas crude oil at 173mboe and 131mboe of natural gas. The company enjoys one of the longest reserve lives among its peers, ensuring sustained production for decades to come. Further expansion of its exploration acreage has been crucial, with an exponential increase to 58,600 sq. km in FY24 over 5-7years. Around 70% of OALP and DSF blocks are located in regions of abundance and infrastructure proximity allows for quicker commercialization of discoveries.

Exhibit 3: Oil & Gas Wells



Source: Company, YES Sec

Numaligarh refinery (NRL) expansion

NRL's refining capacity is being expanded from 3mtpa to 9mtpa by FY25, with ~65% project completion. This expansion is expected to cater to the rising demand for petroleum products in northeastern India, reducing import dependency and creating new market opportunities for Oil India's crude production. Capex incurred at Rs 190bn till end Q1FY25 on a total capital commitment of Rs 280bn. This expansion is expected to be completed by Dec'25 pushed 1 year ahead from previous guidance and 1,635km crude pipeline to be commissioned by Dec'25, catering to the rising demand for petroleum products in northeastern India.

The refinery's strong GRMs, projected to average ~USD14-14.5/bbl between FY26-27 vs 5yr average of USD13.2/bbl, will contribute to significant profitability and operational leverage. The refining slate is expected to remain at ~70% for MS & HSD including ATF it'd reach ~77%. NRL opex currently is higher at ~USD4.5/bbl and expect it to come below USD3/bbl after 9mtpa commissions, also supported by reduction in freight cost post commissioning of pipelines. NRL is setting up 360ktpa polypropylene plant in Numaligarh at a capex of Rs72bn, expected to start from Jul'24 and will take 3-years for commissioning.

The equity contribution required from Oil India will not be more than Rs30bn as internal accruals has been strong. The gas demand post expansion at NRL would be at 2mmscmd.

Moreover, the integration of NRL with the upcoming Paradip-Numaligarh Crude Pipeline (PNCPL) will provide more cost-efficient crude sourcing, reducing input costs and further supporting GRM improvement. Pipeline for dispatch of petroleum product will be completed in line to the completion of NRL expansion by Dec'25.

Exhibit 4: NRL crude throughput & GRM

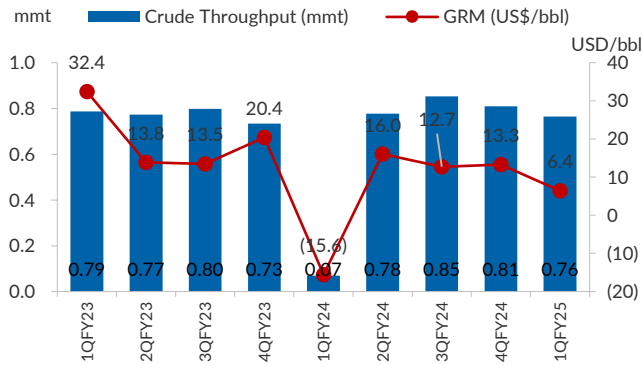
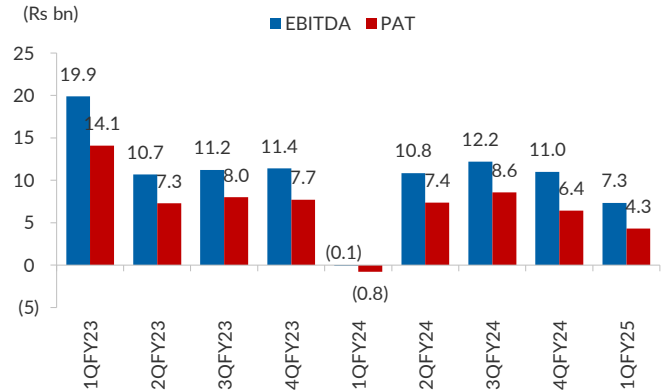


Exhibit 5: NRL Profitability



Source: Company, YES Sec

Notable Overseas Ventures: Oil India's International Footprint

Oil India's international strategy involves selective investments in high-potential assets, notably in Russia and Mozambique.

- **Tass Yuryakh, Russia:** Jointly acquired with IOCL and BPRL, entails a 33.5% share and an investment of USD 436mn, yielding ~10.66mmt of crude oil and generating ~104,300bopd, with a cumulative dividend of USD 395mn.
- **Vankorneft, Russia:** In collaboration with IOCL and BPRL, holds a 33.5% share with a USD 598mn investment. This project contributes about 11.95mmt of crude oil and 4.56bcm of natural gas, producing roughly 174,800bopd, and earning a cumulative dividend of USD 444mn.
- **Area 1 Rovuma, Mozambique:** Alongside OVL, includes a 10% stake acquisition with an investment of ~USD 1.503bn. The project includes around 65 TCF of recoverable resources, despite being under Force Majeure since April 2021. It is slated to resume operations by H2CY25 following a secured debt drawdown commitment of USD 15.4bn.

Favorable pricing dynamics

Oil India is expected to benefit from favorable pricing trends in both oil and gas supported by a balanced global oil supply-demand environment, disciplined OPEC+ production management, and government policies aimed at stabilizing prices. We expect oil price realizations to average around USD70/bbl for FY26-27 which is a notable improvement from historical realizations of ~USD60/bbl over the last decade. OPEC+ production cuts have helped maintain a floor under oil prices, allowing Oil India to capture higher realizations. The Indian government's decision to cap windfall taxes and set a ceiling price of USD75/bbl ensures that Oil India's profitability remains safeguarded from significant price volatility.

The Ministry of Petroleum and Natural Gas has approved a 20% premium for gas from new wells and well interventions in ONGC and Oil India's nominated fields. This change makes new gas projects more financially viable, driving domestic production growth.

Oil India's price realizations have witnessed significant boost following the revision in domestic gas pricing methodology, which came into effect in Apr'23. We expect its gas realizations to average around USD6.75-7/mmBtu for FY26-27 which is drastically higher than the average of USD4.3/mmBtu over the last decade. As infrastructure constraints ease and domestic gas production rises, Oil India's gas segment will contribute a larger share of the company's overall performance growth, supported by higher prices and increasing volumes.

Exhibit 6: Net Crude Realization

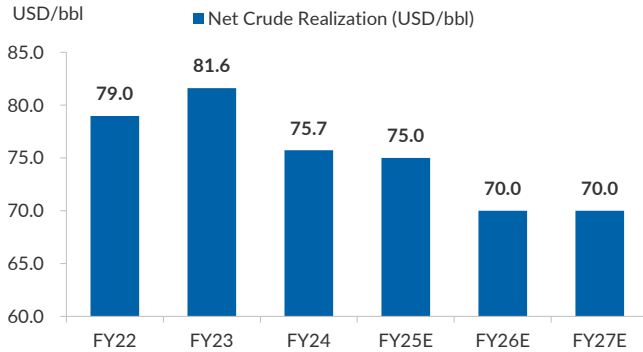
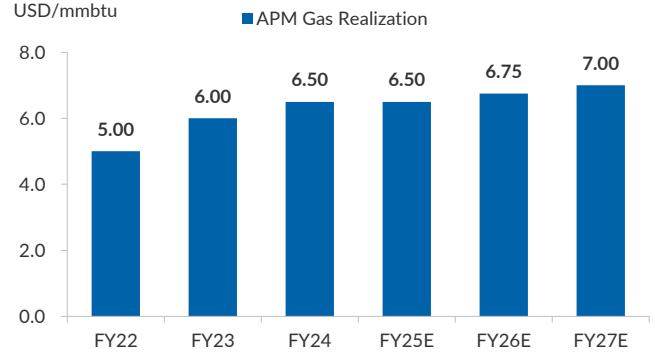


Exhibit 7: APM Gas Realization



Source: Company, YES Sec

Alternative Focus

- **Petchem:** Oil India holds a 20% stake in BCPL, involved in the development of a petrochemical complex in Lepetkata, Dibrugarh and with a 48.79% ownership in APL, Oil India participates in projects like the Methanol and Formaldehyde Project, contributing to the petrochemical sector.
- **City Gas Distribution:** To align with its increasing focus on gas infrastructure Oil India has ventured into the CGD business with presence in 9GAs currently. It owns a 50% stake in HPOIL, engaged in expanding the CGD network in Maharashtra, Haryana, and Nagaland. With a 26% ownership in PBGPL, it participates expansion for GAs in Assam and holds a 49% stake in NEGDC, to expand in Assam and Tripura. Holding 50% stake in OIL-BPO, it is overseeing CGD network operations in Arunachal Pradesh.
- **Renewable Energy:** Oil India's renewable energy initiatives include solar power, with 14MW capacity in Rajasthan, wind energy with 174MW capacity in Rajasthan, Gujarat, and MP, and a 100KW green hydrogen pilot plant in Assam, demonstrating the company's commitment to sustainable energy solutions.
- **Other Alternative energy focus:** The company intends to diversify into green hydrogen, CBG, and additional bioethanol plants, explore renewable energy sources like geothermal, CCUS, coal gasification, and participate in India's EV revolution.

Leveraging connections: IGGL, NRL, and Barauni collaboration fuels regional development

Indradhanush and Numaligarh are closely interconnected, natural gas produced by Oil India from fields like the Northeast shelf can flow through the IGGL grid, reaching NRL directly. This gas grid will supply cleaner fuel to the expanded NRL refinery, improving operational efficiency and reducing emissions. In turn, the refined products can be distributed via grid, contributing to a cohesive energy ecosystem.

The Barauni Refinery, located in Begusarai, Bihar, is a state-owned facility run by IOCL. While Barauni currently sources crude oil from various suppliers, it could potentially utilize Oil India's production from its Assam and Northeast shelf fields, given its proximity and the existing infrastructure. GAIL is laying the Barauni-Guwahati pipeline (BGPL), which is part of the Jagdishpur-Haldia & Bokaro-Dhamra Natural Gas pipeline project, also known as the Pradhan Mantri Urja Ganga. The BGPL runs from Purnia in Bihar to Guwahati in Assam.

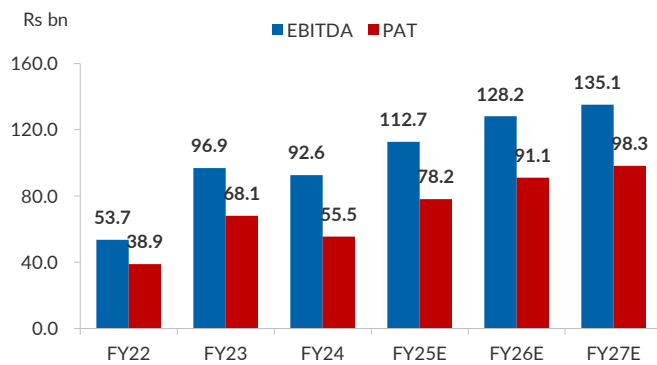
This would establish a more secure and cost-effective supply chain for Barauni. Additionally, Barauni's refined products could be distributed through NRL's network, particularly in the northeast region where NRL has a significant presence. This would make use of existing infrastructure and could help both entities expand their market reach.

Exhibit 8: Key Assumptions

Key Metrics	Unit	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Production Volumes									
Crude (mmt)	mmt	3.1	3.0	3.0	3.2	3.4	3.7	3.9	4.0
Gas (bcm)	bcm	2.8	2.6	3.0	3.2	3.2	3.8	4.8	5.0
Total Crude + Gas	mtoe	5.9	5.6	6.1	6.4	6.5	7.5	8.7	9.0
Crude Oil Realisation									
Gross crude realization	USD/bbl	60.8	44.0	79.0	92.4	82.0	77.0	70.0	70.0
Net crude realization	USD/bbl	60.8	44.0	79.0	81.6	75.7	75.0	70.0	70.0
Net crude realization (Rs/bbl)	Rs/bbl	4,306	3,265	5,883	6,561	6,270	6,225	5,810	5,810
Numaligarh Refinery (NRL) Performance									
Crude Throughput (mmt)	mmt	2.4	2.7	2.6	3.1	2.5	3.2	4.5	6.8
GRM (USD/bbl)	USD/bbl	8.0	4.1	14.3	19.9	19.9	13.0	14.0	14.5
Revenue	Rs mn	120,452	136,817	194,417	267,317	212,982	150,987	196,088	298,053
EBITDA	Rs mn	20,434	43,459	50,526	52,045	32,831	42,840	61,810	102,946
PAT	Rs mn	13,813	31,161	36,141	37,028	21,601	17,237	25,058	50,583

Source: Company, YES Sec

Exhibit 9: EBITDA and Profitability



Source: Company, YES Sec

Exhibit 10: Free cash-flows

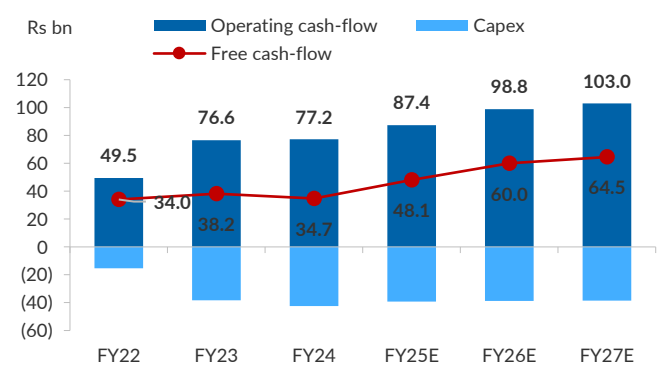


Exhibit 11: Return ratios

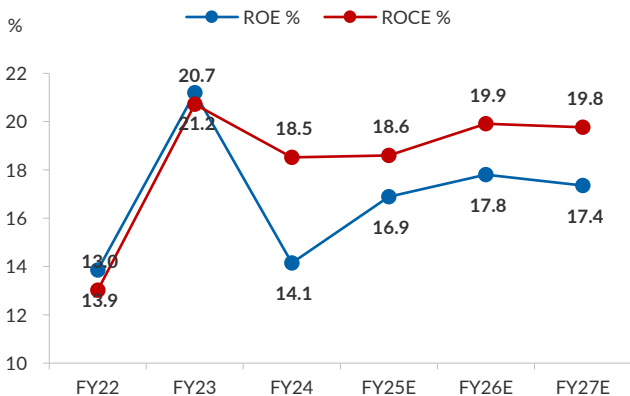
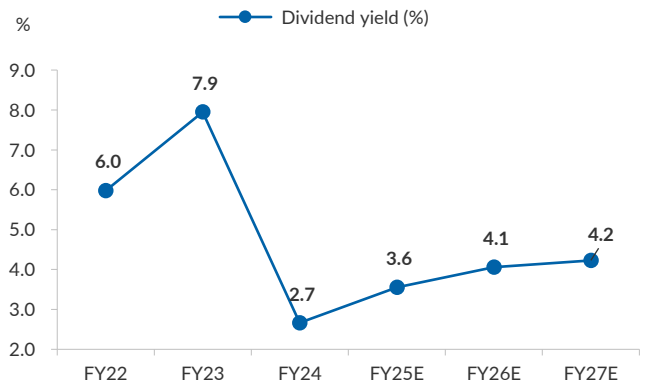


Exhibit 12: Dividend Yield



Source: Company, YES Sec

VIEW & VALUATION

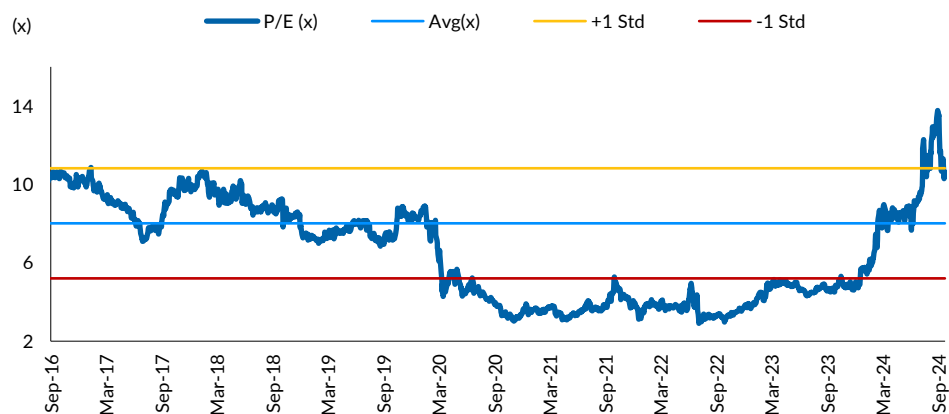
BUY with a TP of Rs 833/sh

We maintain a BUY rating on Oil India, with a TP of Rs 833/sh and it remains our top pick in the space. Our TP of Rs 833/sh comprises a) Rs 525/sh for the stand-alone domestic business, valued on 6x EV/EBITDA FY27e, b) Rs 254/sh for NRL on EV/EBITDA of 8x FY26e, c) Rs 54/sh for investment in listed equities, valued at 30% hold-co discount to market price.

Exhibit 13: Valuation table

Valuation	Unit	FY27E
EBITDA	Rs mn	135,079
EV/EBITDA (multiple)	(X)	6.0
EV	Rs mn	810,473
Net Debt	Rs mn	(43,091)
M-Cap	Rs mn	853,564
Core Value	Rs/share	525
Add: Value of Investments (30% discount)		
IOCL @30% discount	Rs/share	54
NRL @30% discount	Rs/share	254
Total value of investments	Rs/share	308
PER based target price	Rs/share	833

Exhibit 14: PER (x) band, one-year-forward



Source: Company, YES Sec

Exhibit 15: Oil India sensitivity to Crude for FY27

	Bear Case			Base Case	Bull Case		
Brent crude (USD/bbl)	55.0	60.0	65.0	70.0	75.0	80.0	85.0
Exchange rate (USD/INR)	83.0	83.0	83.0	83.0	83.0	83.0	83.0
Gross Crude realization (USD/bbl)	55.0	60.0	65.0	70.0	75.0	80.0	85.0
Windfall taxes/subsidy (USD/bbl)	-	-	-	-	-	(5.0)	(10.0)
Net Crude realization (USD/bbl)	55.0	60.0	65.0	70.0	75.0	75.0	75.0
Target Price Sensitivity							
EPS	49.3	53.0	56.7	60.4	64.1	64.1	64.1
Less: Dividend from Investments	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Core EPS	43.5	47.2	50.9	54.6	58.3	58.3	58.3
PE Multiple (x)	9.6	9.6	9.6	9.6	9.6	9.6	9.6
Core Value	418	454	489	525	561	561	561
Numaligarh (NRL) Value							
EBITDA (Rs mn)	102,946	102,946	102,946	102,946	102,946	102,946	102,946
Multiple (x)	8.0	8.0	8.0	8.0	8.0	8.0	8.0
	823,567	823,567	823,567	823,567	823,567	823,567	823,567
Net Debt	230,510	230,510	230,510	230,510	230,510	230,510	230,510
EV (Rs mn) at 100% stake	593,057	593,057	593,057	593,057	593,057	593,057	593,057
Value/Share for Oil India at 69.63% stake	254	254	254	254	254	254	254
Value of Investments (30% discount)							
IOCL	54	54	54	54	54	54	54
Target Price	726	762	798	833	869	869	869

Source: Company, YES Sec

FINANCIALS

Exhibit 16: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	145,302	232,726	221,298	234,852	255,249	269,316
Total Expense	91,613	135,818	128,710	122,112	127,073	134,238
Operating Profit	53,689	96,908	92,588	112,740	128,176	135,079
Other Income	18,975	14,853	23,845	23,351	27,043	31,744
Depreciation	14,968	15,949	17,751	23,634	25,292	26,938
EBIT	57,696	95,812	98,682	112,457	129,927	139,885
Interest	7,831	7,242	7,601	7,905	8,221	8,550
Extraordinary Item	-	-	(23,627)	-	-	-
PBT	49,865	88,570	67,454	104,552	121,706	131,335
Tax	10,992	20,466	11,936	26,316	30,633	33,057
PAT	38,873	68,104	55,519	78,236	91,073	98,278
Adj. PAT	38,873	68,104	79,146	78,236	91,073	98,278
Eps	23.9	41.9	34.1	48.1	56.0	60.4

Exhibit 17: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	10,844	10,844	10,844	10,844	10,844	10,844
Reserves	288,061	332,809	430,380	474,458	526,492	584,104
Net worth	298,905	343,653	441,225	485,302	537,336	594,948
Debt	116,356	111,613	113,410	113,410	113,410	113,410
Deferred tax liab (net)	26,188	28,139	27,855	27,855	27,855	27,855
Capital Employed	441,449	483,405	582,490	626,567	678,601	736,213
Fixed assets	155,736	170,696	190,570	206,180	219,754	231,327
Investments	279,926	283,207	371,334	371,334	371,334	371,334
Net working capital	5,788	29,501	20,586	49,053	87,513	133,552
Inventories	10,953	13,871	15,544	15,414	15,285	15,157
Sundry debtors	14,042	22,224	25,813	25,597	25,383	25,171
Cash & Bank Balance	6,567	13,512	30,702	60,136	99,885	146,916
Other current assets	30,852	38,123	17,075	17,075	17,075	17,075
Sundry creditors	8,022	8,908	10,258	10,879	11,825	12,477
Other liabilities	48,605	49,320	58,291	58,291	58,291	58,291
Application of Funds	441,449	483,405	582,490	626,567	678,601	736,213

Exhibit 18: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT	49,865	88,570	67,454	104,552	121,706	131,335
Add: Depreciation & amortization	14,968	15,949	17,751	23,634	25,292	26,938
Add: Interest expense	5,723	6,711	6,780	7,905	8,221	8,550
Less: Interest/Dividend Income Received	(17,731)	(13,626)	(22,045)	-	-	-
(Inc)/Dec in working capital	(7,913)	(16,064)	(14,504)	967	1,289	992
Tax paid	(182)	(21,318)	(19,142)	(26,316)	(30,633)	(33,057)
Other operating Cash Flow	15,322	16,383	40,857	-	-	-
Cash flow from operating activities	60,052	76,604	77,151	110,743	125,874	134,758
Capital expenditure	(27,692)	(34,137)	(39,164)	(39,244)	(38,866)	(38,512)
Add: Interest/Dividend Income Received	17,369	13,001	21,950	-	-	-
Inc/(Dec) in investments	5,859	(14,792)	(32,239)	-	-	-
Cash flow from investing activities	(4,464)	(35,928)	(49,453)	(39,244)	(38,866)	(38,512)
Inc/(Dec) in share capital	-	-	-	-	-	-
Inc/(Dec) in debt	(44,733)	(15,372)	(21,674)	-	-	-
Interest Paid	(5,515)	(6,552)	(6,637)	(7,905)	(8,221)	(8,550)
Dividend Paid	11,667	21,142	(18,967)	(34,159)	(39,039)	(40,665)
Others	(23,598)	(41,420)	19,515	-	-	-
Cash flow from financing activities	(62,179)	(42,201)	(27,762)	(42,064)	(47,260)	(49,215)
Net cash flow	(6,591)	(1,525)	(64)	29,435	39,749	47,031

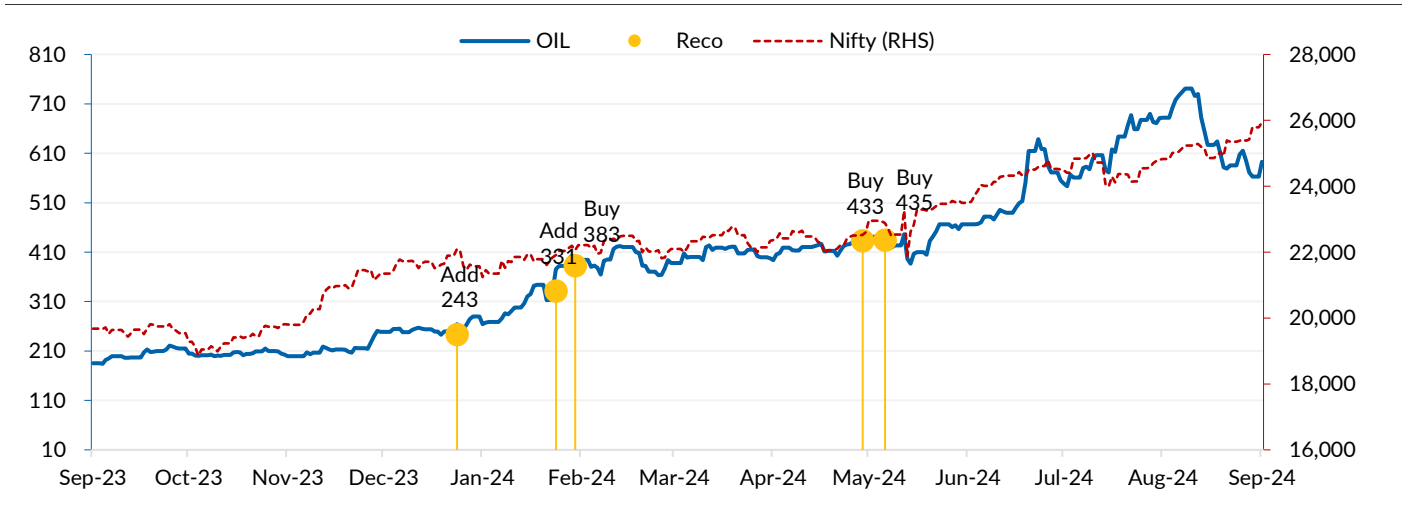
Exhibit 19: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.8	0.8	0.8	0.7	0.7	0.7
Interest burden (x)	0.9	0.9	0.7	0.9	0.9	0.9
EBIT margin (x)	0.4	0.4	0.4	0.5	0.5	0.5
Asset turnover (x)	0.3	0.4	0.4	0.3	0.4	0.3
Financial leverage (x)	3.2	3.3	4.4	5.8	6.2	6.7
RoE (%)	25.1	19.8	12.6	16.1	16.9	16.5

Exhibit 20: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)						
Revenue growth	68.6	60.2	(4.9)	6.1	8.7	5.5
Op profit growth	324.3	80.5	(4.5)	21.8	13.7	5.4
EBIT growth	245.3	66.1	3.0	14.0	15.5	7.7
Net profit growth	123.2	75.2	(18.5)	40.9	16.4	7.9
Profitability ratios (%)						
OPM	37.0	41.6	41.8	48.0	50.2	50.2
EBIT margin	39.7	41.2	44.6	47.9	50.9	51.9
Net profit margin	26.8	29.3	25.1	33.3	35.7	36.5
RoCE	13.0	20.7	18.5	18.6	19.9	19.8
RoE	25.1	19.8	12.6	16.1	16.9	16.5
RoA	7.7	13.1	9.3	11.6	12.6	12.6
Per share ratios						
EPS	23.9	41.9	34.1	48.1	56.0	60.4
Dividend per share	14.3	20.0	15.8	21.0	24.0	25.0
Cash EPS	33.1	51.7	45.0	62.6	71.5	77.0
Book value per share	183.8	211.3	271.3	298.4	330.3	365.8
Valuation ratios						
P/E	24.7	14.1	17.3	12.3	10.6	9.8
P/CEPS	17.9	11.4	13.1	9.4	8.3	7.7
P/B	3.2	2.8	2.2	2.0	1.8	1.6
EV/EBIDTA	20.0	10.9	11.3	9.0	7.6	6.9
Payout (%)						
Dividend payout	59.6	47.8	46.1	43.7	42.9	41.4
Tax payout	22.0	23.1	13.1	25.2	25.2	25.2
Liquidity ratios						
Debtor days	35.3	34.9	42.6	39.8	36.3	34.1
Inventory days	46.9	33.4	41.7	46.3	44.1	41.4
Creditor days	30.5	22.7	27.2	31.6	32.6	33.0

Recommendation Tracker



STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | **Correspondence Add:** 7th Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: www.yesinvest.in | Email: customer.service@ysil.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

Details of Compliance Officer: Aditya Goenka | Email: compliance@ysil.in / Contact No.: 022-65078127 | **Grievances Redressal Cell:** customer.service@ysil.in / igc@ysil.in

Standard Disclaimer: Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit https://yesinvest.in/standard_documents_policies

DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")^[1] and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation to the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ 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. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited 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). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. 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 or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

^[1] Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks³ acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

DISCLOSURE OF INTEREST

Name of the Research Analyst : Harshraj Aggarwal

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has 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	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

Analyst signature

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSIL by SEBI/Stock Exchanges.