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## Looking beyond the noise

### Inexpensive valuations offer an opportunity to Buy

- The confused signals from oil marketing companies (OMCs) amidst lack of clarity from the government on managing auto-fuel pricing if oil price spikes have resulted in 11-24% decline in their stock prices since January 2018.
- Their strong cash flow generation, RoE of 16-23%, and dividend yield of 5-6% make them outstanding bets at 7-9x FY20E EPS.
- However, high crude oil price amidst the government's unwillingness to roll back excise hike, rupee depreciation, and upcoming elections remain risks.

### By and large, deregulation remains intact

- During the period April 25 - May 13, 2018, the OMCs had stopped hiking prices of auto fuels. However, post that, they took daily price hikes of as much as INR0.15-0.30/liter till May 29, 2018. This, in our view, is reason enough to believe that by and large, there is no threat to auto-fuel deregulation.
- From May 30, 2018, the OMCs have been taking marginal price cuts in auto fuels, primarily due to anticipation of decline in benchmark prices as well as rupee appreciation.
- Marketing forms 28-49% of consolidated EBITDA of the OMCs. Auto fuels constitute 21-37% of total EBITDA. CMPs imply that the market is discounting IOCL's marketing EBITDA completely and BPCL/HPCL's marketing EBITDA by 65%/50%.

### Structural story for LPG and kerosene remains strong

- Due to rising supplies from the US shale, LPG production is likely to remain in glut till 2025. This is likely to keep LPG prices under check.
- Our calculations suggest that sale of subsidized LPG cylinders as percentage of total LPG consumption has reduced significantly from ~80% before implementation of DBTL to 73.5% currently.
- Kerosene consumption is getting pruned due to rising penetration of LPG. We estimate that at USD71.3/bbl and INR67.6/USD, gross under-recovery on LPG and kerosene would be INR663b. This is much lower than the high of INR1,610b in FY13, when the OMCs were made to bear net under-recoveries of INR10b only.

### Valuation and view

- Benchmark refining margins are expected to remain strong due to structurally weak utilization in Latin America and Africa, home to 12% of global capacity.
- Consumption growth remains strong at 10% for petrol and 7% for diesel in FY18. As road/car density increases, we expect volume growth of ~10% for petrol and 5% for diesel. Onslaught from competition in marketing remains very slow.
- Marketing margins are expected to remain weak. We build in gross margin of INR2.5/liter for petrol and diesel. However, in the absence of clarity, particularly if oil prices spike further, we cut our EV/EBITDA multiple for the marketing segment from 7.5-8x previously to 6x.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

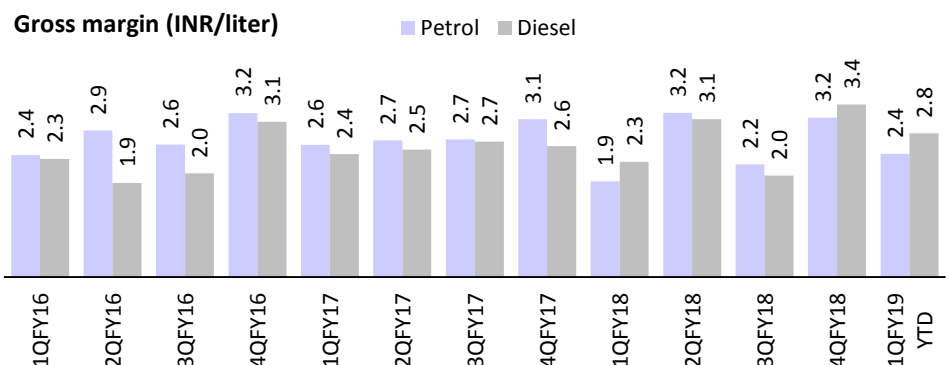
Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- We remain positive on the OMCs. FCF yield in FY20E stands at 7.5% for IOCL, 3.7% for BPCL, and -2.1% for HPCL. We estimate RoE at 16% for IOCL, 22% for BPCL, and 23% for HPCL in FY20. Dividend yield is strong at 6.1% for IOCL, 4.6% for BPCL, and 5.3% for HPCL. We reiterate IOCL as our preferred pick due to strongest free cash flow.
- BPCL is expected to take 1-2 quarters more for stabilization of the Kochi expansion. HPCL is likely to go through stabilization issues at Vizag once the expansion is completed in 2020/21, as witnessed at Kochi and Paradeep refineries.
- Oil price, rupee depreciation, the government's unwillingness to roll back excise hike, and a politically sensitive period, with upcoming general elections, are prime risks for the OMCs.

### Daily price hikes of INR0.15-0.30/liter reinforce our belief

- In light of the Karnataka elections, the OMCs had stopped raising auto-fuel prices during the period April 25 – May 13, 2018 despite rising oil prices and a depreciating rupee, raising concerns on the continuation of price deregulation.
- However, post that period, the OMCs increased prices of auto fuels by INR0.15-0.30/liter each day till May 29, 2018. Since then, prices are being decreased marginally in anticipation of decline in benchmark prices as well as expected rupee appreciation.
- Gross margins are currently at INR1.0/liter on petrol and ~INR1.9/liter on diesel, much below normal levels of ~INR2.7/liter. However, 1QFY19YTD margins stand at INR2.4/liter for petrol and INR2.8/liter for diesel. It may also be noted that it requires only a decline of USD2-4/bbl in benchmark prices for current margins to bounce back to normal levels.
- Marketing constitutes 28% of consolidated EBITDA for IOCL, 35% for BPCL, and 49% for HPCL in FY20E. Auto fuels account for 21%/28%/37% of total EBITDA for IOCL/BPCL/HPCL.
- We build in gross margin of INR2.5/liter on auto fuels in FY19 and FY20. HPCL remains the most levered to the marketing segment.

### Exhibit 1: Marketing margins are broadly in line with normalized margins



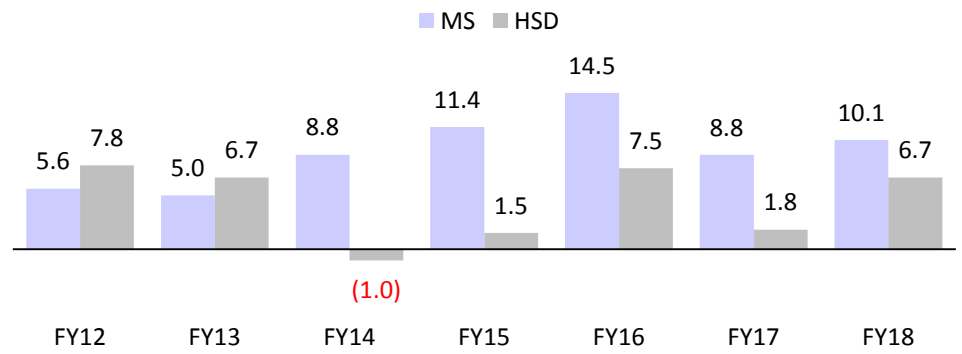
\*All data from published price build-up files of IOCL

Source: IOCL, MOSL

### No major decline in market share of petrol and diesel

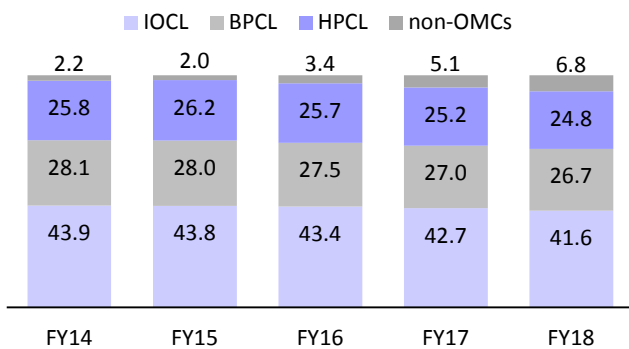
- Petrol and diesel consumption grew at 10.1% and 6.7% respectively in FY18. As we presented in our report, **The Three Musketeers, January 2017**, as road/car density and urbanization increases, consumption of auto fuels would continue to increase. We assume 10%/5% increase in consumption of petrol/diesel in FY19 and FY20.
- Despite RIL and Nayara (erstwhile Essar Oil) showing keen interest in ramping up their retail operations, their share remains marginal. Even Shell and MRPL have shown interest in retailing, but so far, we have not seen much progress. Even after almost four years of deregulation of diesel, market share of non-OMCs stands at just 7-8%.
- Ongoing automation of retail outlets is also going to decrease the poor quality/quantity perception attached with OMCs' outlets.
- Infrastructure remains a major bottleneck for non-OMCs in increasing their market share. However, any regulatory change forcing OMCs to share their infrastructure with non-OMCs may spell trouble.

**Exhibit 2: Strong growth in consumption of auto fuels (%)**



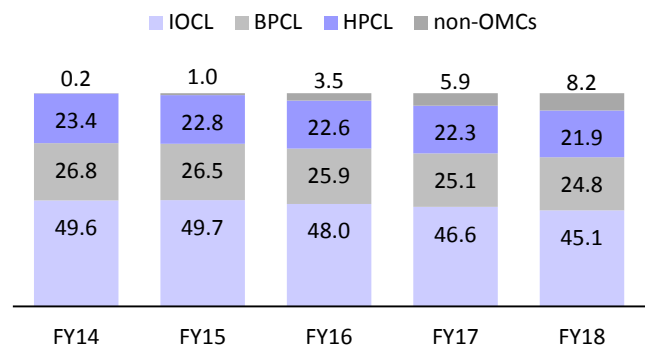
Source: PPAC, MOSL

**Exhibit 3: Market share in petrol (%)**



Source: PPAC, Companies, MOSL

**Exhibit 4: Market share in diesel (%)**

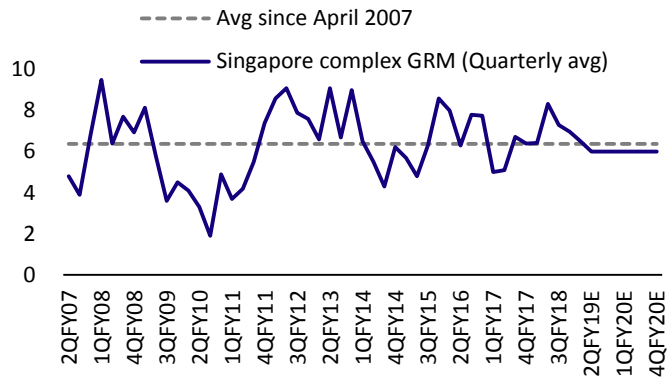


Source: PPAC, Companies, MOSL

**Refining segment may throw a positive surprise**

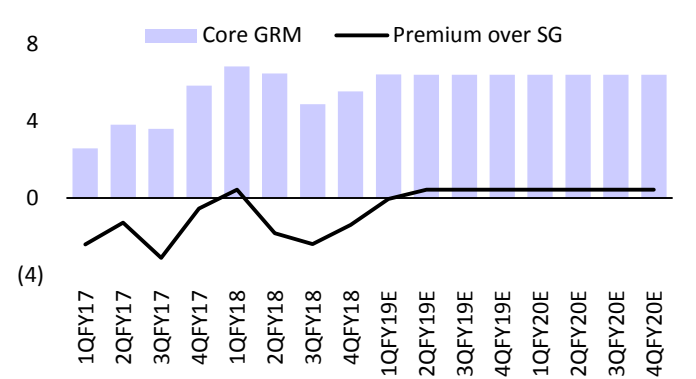
- Latin America and Africa account for almost ~12% of global refining capacity. Due to lack of investment, these refineries are not in sync with the changing crude and product dynamics, resulting in sustained under-utilization of 40-70% (**Latin Touch, November 2017**).
- This, combined with lack of sufficient capacity addition is expected to keep benchmark refining margins high. We build in a conservative assumption of ~USD6/bbl for Singapore GRM in FY19 and FY20.
- Post deregulation, the OMCs have been focusing on their core performance, which has been visible in improving GRMs. We build a moderate USD6-6.8/bbl for the OMCs in FY19 and FY20. We believe that with continued improvements in refining operations and strength in benchmark crack spreads, there could be surprises on that front.

**Exhibit 5: Singapore GRM (USD/bbl)**



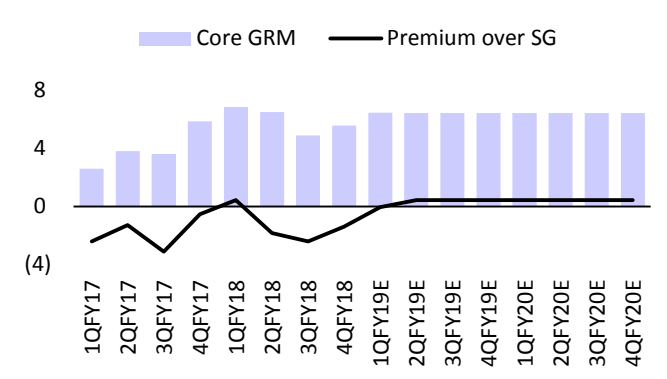
Source: Reuters, Company, MOSL

**Exhibit 6: IOCL's core GRM (USD/bbl)**



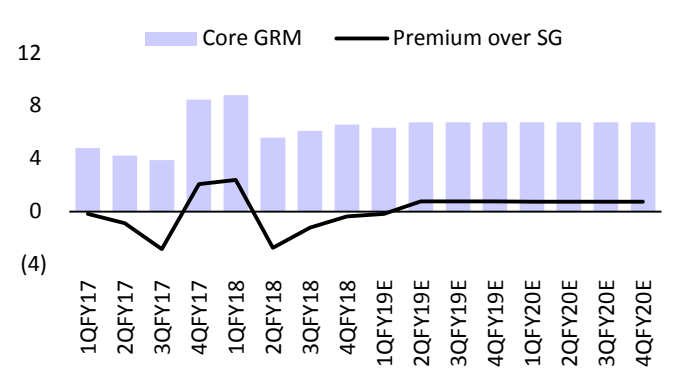
Source: Reuters, Company, MOSL

**Exhibit 7: BPCL's core GRM (USD/bbl)**



Source: Reuters, Company, MOSL

**Exhibit 8: HPCL's core GRM (USD/bbl)**

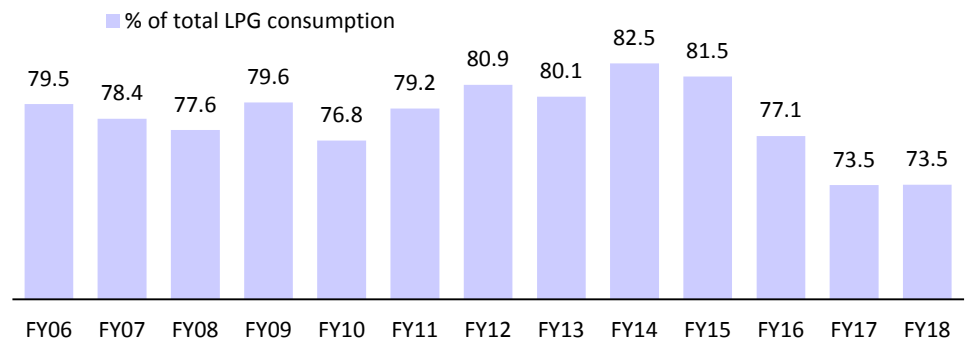


Source: Reuters, Company, MOSL

**Last bastion of subsidies – LPG and kerosene – weakening**

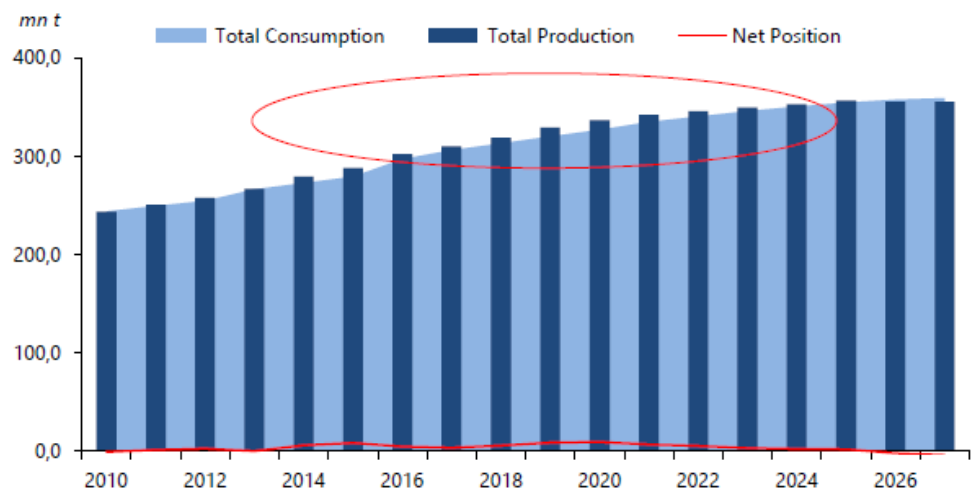
- Direct transfer of benefits to LPG consumers (DBTL) has been very effective in cutting down on illegal sale of subsidized LPG cylinders. We estimate that subsidized LPG constitutes only 73.5% of total LPG consumption in FY18 against ~80% before the implementation of DBTL.
- Primarily due to rise in US shale-based LPG production, LPG supply is expected to remain in glut till 2025. This is expected to keep LPG prices under check.
- US is expected to remain the largest exporter of LPG. It has been forcing out dependence of the Far East and Europe on Saudi LPG, thus pushing down prices.
- Delhi has already been declared as kerosene-free. State governments are continuously cutting down allocation of kerosene. As a result, consumption of kerosene declined by 28.7% in FY18. Few states have also been raising kerosene prices. For example, price of kerosene in Mumbai has risen from INR15/liter in December 2014 to INR24.8/liter in May 2018.

**Exhibit 9: Consumption of subsidized LPG**



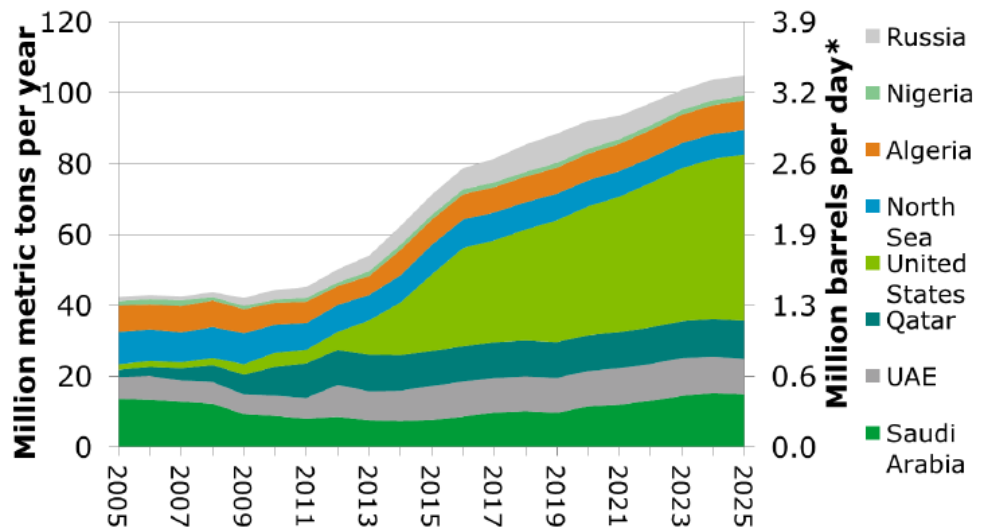
Source: PPAC, MOSL

**Exhibit 10: LPG production is likely to remain in glut till 2025**



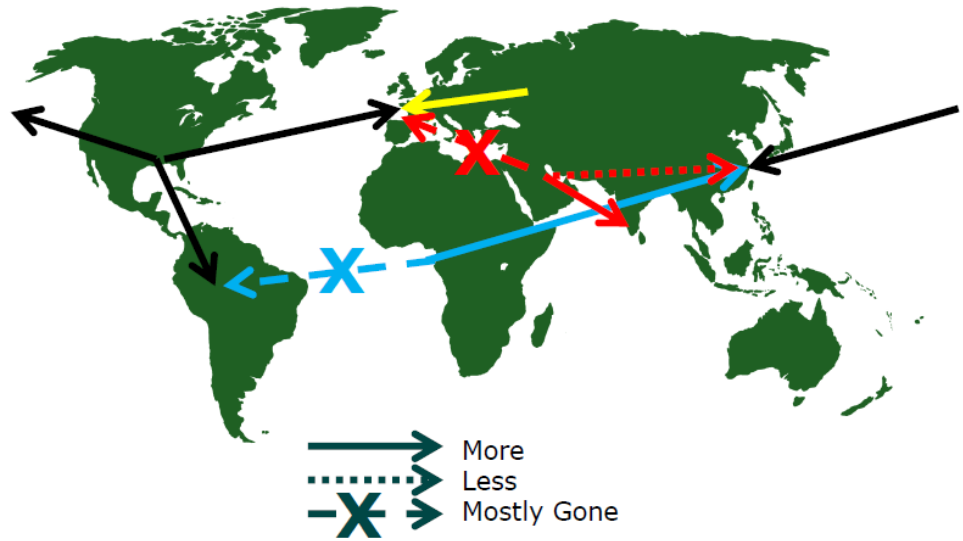
Source: Argus, MOSL

**Exhibit 11: US expected to remain the largest LPG exporter, pushing down prices**



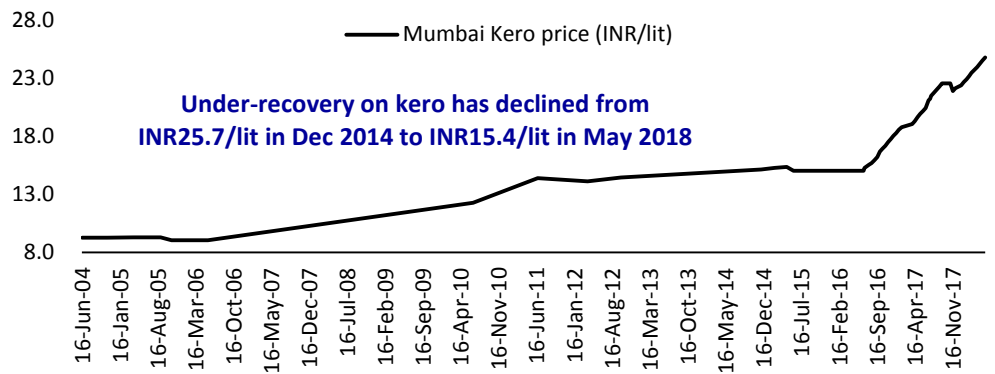
Source: IHS, MOSL

**Exhibit 12: US LPG exports are expected to be disruptive**



Source: IHS, MOSL

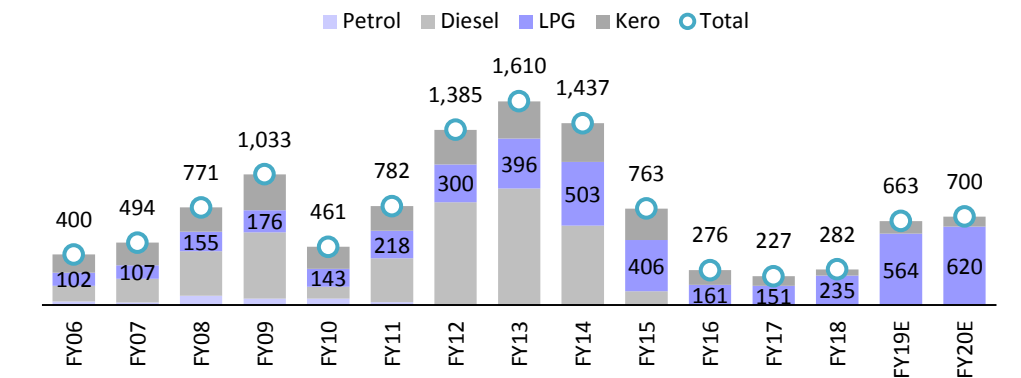
**Exhibit 13: Kerosene prices are being raised in few states**



Source: IOCL, MOSL

**Subsidies at manageable level**

- At USD71.3/bbl and INR67.6/USD, we estimate that gross under-recovery on LPG and kerosene would stand at INR663b. It may be recalled that even at gross under-recovery of INR1,610b in FY13, the net under-recovery put on OMCs was just INR10b. Gross under-recovery changes by ~INR90b for every USD5/bbl change in oil price.
- All the OMCs have a major capex plan for next 5-7 years. IOCL plans to invest INR1.75t while BPCL and HPCL aim to invest ~INR1t. Additionally, dividend payout has been ~50% in the last two years.
- Rising auto fuel prices would invite undue political attention due to upcoming elections. However, a rollback of deregulation may also invite downgrade in country ratings, which could be far more sensitive. The possibility of upstream companies sharing burden of subsidies partially looks more plausible, as most of their production comes from nominated blocks on which they do not share any profit petroleum with the government.
- We believe that the OMCs are not likely to bear any burden at current levels. However, sudden spike in oil prices, rupee depreciation, no rollback of excise hikes are likely to remain as risks.

**Exhibit 14: Gross under-recovery may be INR663b in FY19 (INRb)**

Source: PPAC, MOSL

**We like IOCL among OMCs**

- **OMC stocks have declined 11-24% since January 2018:** Confused signals from the OMCs amidst lack of clarity from the government on managing auto fuel pricing if oil price spikes have resulted in sharp decline in their stock prices. Since January 2018, IOCL has depreciated 11%, BPCL 19%, and HPCL 24%.
- **Undue concerns, huge discount to marketing segment:** CMPs are suggesting that the market is ascribing almost nil valuation to IOCL's marketing EBITDA, and valuing BPCL and HPCL's marketing EBITDA at 65% and 50% discount, respectively.
- **LPG and kerosene appear structurally weak:** LPG prices are likely to remain subdued due to increased supply from the US. Additionally, kerosene consumption is being actively cut by the state governments. Few state governments are also raising kerosene prices.
- **Lowering our marketing EV/EBITDA multiple:** While, so far, OMCs appear to have been managing pricing of auto fuels well by and large, there appears no clarity from the government in case of a sharp rise in oil prices or rupee depreciation. Excise duties have also not been lowered while discussions on inclusion of auto fuels in GST are in their nascent stages. As a result, we are cutting down our EV/EBITDA multiple for marketing segment from 7.5-8x to 6x.
- **IOCL:** Among OMCs, we prefer IOCL due to its diversified portfolio, which minimizes the risk of lower marketing margins. FCF yield is a strong 6-8% in FY19 and FY20. We estimate adjusted EBITDA CAGR of 9.9% and adjusted PAT CAGR of 11.5% during FY18-20. Dividend yield stands at 5-6%. We value the stock using SOTP, valuing refining and marketing at 6x EV/EBITDA, pipeline at 7.5x and petrochem at 5x. We cut our target price from INR263 to INR252, as we lower our EV/EBITDA for marketing segment. We reiterate our **Buy** recommendation. The cut in target price appears lower as we have changed our rupee assumption from INR67.6 to INR69.6. Upcoming Ennore LNG terminal and polypropylene plant at Paradeep would also contribute ~INR30b in EBITDA from FY21, FY20 being spent in stabilization.
- **BPCL:** BPCL has still not been able to stabilize its Kochi expansion. We believe that it would take 1-2 quarters more. There appears no clear progress in any of its E&P projects. Final investment decision for Mozambique is not made while no progress appears to be happening in Brazil blocks. We estimate 10% CAGR in adjusted EBITDA, but just 3% CAGR in adjusted PAT due to higher contribution



of JVs/associates in FY18. Dividend yield is 4.6% in FY20E while FCF yield is 3.7%. We value BPCL using SOTP, valuing refining and marketing segments at 6x EV/EBITDA and pipeline at 7.5x. We revise our target price downwards from INR568 to INR528, as we cut our marketing EV/EBITDA multiple from 8x to 6x. We reiterate our **Buy** recommendation.

- **HPCL:** HPCL appears to have the most aggressive capex. Additionally, Vizag expansion involves slurry hydrocracker instead of a delayed coker. The technology is not widely proven and finds precedence in single digits globally. We have already seen almost two years of stabilization for Paradeep refinery of IOCL and Kochi expansion of BPCL. Due to a less proven technology, stabilization of Vizag expansion could be even more long drawn. FCF yield would turn negative in FY20, with huge capex. Dividend yield remains strong at 5.3% considering similar payout to FY18. However, payout itself may decline due to heavy capex, thus bringing down dividend yield. We value HPCL's refining and marketing segment at 6x EV/EBITDA and pipeline at 7.5x. We cut our target price from INR507 to INR426 and reiterate **Buy**.

#### Exhibit 15: Valuation of IOCL; implied discount to marketing EBITDA

IOCL (INR/share)		Remarks
Refining standalone EV FY20	79	6.0x
Pipeline EV FY20	63	7.5x
Petrochem EV FY20	43	5.0x
<b>Marketing EV FY20</b>	<b>69</b>	<b>6.0x</b>
Investments	28	Listed investments at 20% discount
Net debt exclud oil bonds	30	
<b>Target price</b>	<b>252</b>	
CMP	174	
<b>CMP implied EV</b>	<b>204</b>	
<b>EV of marketing</b>	<b>(9)</b>	
<b>Discount to marketing EBITDA (%)</b>	<b>113</b>	

Source: MOSL

#### Exhibit 16: Valuation of BPCL; implied discount to marketing EBITDA

BPCL (INR/share)		Remarks
Refining standalone EV FY20	199	6.0x
Pipeline EV FY20	36	7.5x
<b>Marketing EV FY20</b>	<b>177</b>	<b>6.0x</b>
Investments	190	Listed investments at 20% discount
Net debt exclud oil bonds	75	
<b>Target price</b>	<b>528</b>	
CMP	413	
<b>CMP implied EV</b>	<b>488</b>	
<b>EV of marketing</b>	<b>62</b>	
<b>Discount to marketing EBITDA (%)</b>	<b>65</b>	

Source: MOSL

**Exhibit 17: Valuation of HPCL; implied discount to marketing EBITDA**

HPCL (INR/share)	Remarks
Refining standalone EV FY20	153 6.0x
Pipeline & others EV FY20	85 7.5x
<b>Marketing EV FY20</b>	<b>225 6.0x</b>
Investments	75 Listed investments at 20% discount
Net debt excld oil bonds	112
<b>Target price</b>	<b>426</b>
CMP	315
<b>CMP implied EV</b>	<b>427</b>
<b>EV of marketing</b>	<b>113</b>
<b>Discount to marketing EBITDA (%)</b>	<b>50</b>

Source: MOSL

**Exhibit 18: Relative valuation of OMCs**

	IOCL			BPCL			HPCL		
	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Adj EBITDA CAGR FY18-20 (%)			9.9			10.0			8.2
Adj PAT CAGR FY18-20 (%)			11.5			2.9			5.1
EV/EBITDA (x)	5.4	6.6	5.7	7.7	8.0	7.4	6.2	6.4	5.9
PE (x)	7.3	9.6	8.0	8.4	9.6	8.7	6.6	7.7	6.7
PBV (x)	1.4	1.4	1.3	2.2	2.0	1.8	1.9	1.6	1.4
FCF yield (%)	5.2	6.2	7.5	(2.7)	1.4	3.7	5.4	4.8	(2.1)
Div yield (%)	6.6	5.0	6.1	5.0	4.1	4.6	5.5	4.6	5.3
ROE (%)	21.0	14.6	16.4	29.0	21.8	21.6	31.0	22.5	22.8
ROCE (%)	14.4	10.5	11.8	13.7	11.1	11.1	15.8	10.4	11.1

Source: MOSL

**Exhibit 19: Major assumptions for OMCs**

Summary assumptions	2014	2015	2016	2017	2018	2019E	2020E
Exchange Rate (INR/USD)	60.6	61.4	65.5	67.1	64.5	67.6	69.6
Brent Crude (USD/bbl)	107.8	86.0	47.6	49.0	57.6	71.3	70.0
Singapore GRM (USD/bbl)	5.6	6.4	7.5	5.8	7.3	6.1	6.0
<b>IOCL</b>							
Domestic direct sales refined pdts (MMT)	67.8	68.5	72.7	74.1	77.1	80.2	83.4
YoY (%)	-1.3%	0.9%	6.1%	2.0%	4.1%	4.0%	4.0%
Gross marketing margin excld inventory (INR/lit)	4.3	4.9	4.0	3.8	4.3	3.5	3.8
Total Refinery throughput (MMT)	53.1	53.6	56.7	65.2	69.0	72.0	72.0
Reported GRM (USD/bbl)	4.2	0.3	5.1	7.8	8.5	6.0	6.0
Pipeline throughput (mmt)	73.3	75.7	79.8	82.5	85.7	94.2	98.2
Net under-recovery (INRb)	11.7	12.0	0.1	0.0	0.0	0.0	0.0
<b>BPCL</b>							
Domestic direct sales refined pdts (MMT)	34.0	34.5	36.5	37.7	41.2	42.9	44.6
YoY (%)	2.1%	1.3%	6.0%	3.1%	9.4%	4.0%	4.0%
Gross marketing margin excld inventory (INR/lit)	3.9	5.2	4.6	3.7	3.9	3.4	3.6
Total Refinery throughput (MMT)	23.4	23.4	24.1	25.4	28.5	28.9	28.9
Reported GRM (USD/bbl)	4.3	3.6	6.6	5.3	6.9	6.5	6.4
Net under-recovery (INRb)	5.1	4.9	0.0	0.0	0.0	0.0	0.0
<b>HPCL</b>							
Domestic direct sales refined pdts (MMT)	31.0	32.0	34.1	35.1	36.9	38.3	39.8
YoY (%)	2.1	3.2	6.6	2.9	5.2	3.9	4.0
Gross marketing margin excld inventory (INR/lit)	3.6	4.4	3.8	3.5	3.6	3.7	3.9
Total Refinery throughput (MMT)	15.5	16.2	17.2	17.8	18.3	17.5	17.5
Reported GRM (USD/bbl)	3.4	2.8	6.7	6.2	7.4	6.4	6.4
Net under-recovery (INRb)	4.8	4.9	0.1	0.0	0.0	0.0	0.0

Source: MOSL

**Exhibit 20: Adjusted EBITDA and PAT**

	FY16	FY17	FY18	FY19E	FY20E	CAGR FY18-20E (%)
<b>IOCL conso (INRmn)</b>						
Reported EBITDA	234,429	340,132	416,055	342,404	394,303	
Inventory gain / (loss)	(95,248)	124,316	67,590			
Others	(12,800)	(85,800)	22,080			
<b>Adjusted conso EBITDA</b>	<b>342,477</b>	<b>301,616</b>	<b>326,385</b>	<b>342,404</b>	<b>394,303</b>	<b>9.9</b>
Reported PAT	120,225	203,854	226,343	172,066	206,675	
Above Adjustments	(108,048)	38,516	89,670	0	0	
Forex gain / (loss)	(14,230)	11,080	3,040			
Exceptional items	13,643	0	0			
Effective tax rate (%)	32	28	35	33	33	
<b>Adjusted PAT</b>	<b>194,377</b>	<b>168,003</b>	<b>166,309</b>	<b>172,066</b>	<b>206,675</b>	<b>14.5</b>
<b>BPCL conso (INRmn)</b>						
Reported EBITDA	129,371	137,457	151,727	152,543	167,724	
Inventory gain / (loss)	(23,700)	36,752	13,186			
Others	0	(4,900)	0			
<b>Adjusted conso EBITDA</b>	<b>153,071</b>	<b>105,605</b>	<b>138,541</b>	<b>152,543</b>	<b>167,724</b>	<b>10.0</b>
Reported PAT	80,889	95,070	97,919	84,840	94,547	
Above Adjustments	(23,700)	31,852	13,186			
Forex gain / (loss)	(5,867)	310	(90)			
Exceptional items						
Effective tax rate (%)	34	33	34	33	33	
<b>Adjusted PAT</b>	<b>100,310</b>	<b>73,479</b>	<b>89,277</b>	<b>84,840</b>	<b>94,547</b>	<b>2.9</b>
<b>HPCL conso (INRmn)</b>						
Reported EBITDA	82,795	108,797	107,130	101,285	115,700	
Inventory gain / (loss)	(21,940)	28,023	8,272			
Others	(5,000)	(6,700)	0			
<b>Adjusted conso EBITDA</b>	<b>109,735</b>	<b>87,474</b>	<b>98,858</b>	<b>101,285</b>	<b>115,700</b>	<b>8.2</b>
Reported PAT	46,747	82,358	72,183	61,483	70,646	
Above Adjustments	(26,940)	21,323	8,272	0	0	
Forex gain / (loss)	(3,030)	1,480	3,220			
Exceptional items						
Effective tax rate (%)	31	26	29	33	33	
<b>Adjusted PAT</b>	<b>67,548</b>	<b>65,587</b>	<b>63,978</b>	<b>61,483</b>	<b>70,646</b>	<b>5.1</b>

Source: MOSL

**Indian Oil Corp.****Consolidated - Income Statement****(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Total Income from Operations</b>	<b>4,607,497</b>	<b>4,872,595</b>	<b>4,483,152</b>	<b>3,460,447</b>	<b>3,553,101</b>	<b>4,214,918</b>	<b>5,726,858</b>	<b>6,293,242</b>
Change (%)	13.1	5.8	-8.0	-22.8	2.7	18.6	35.9	9.9
Raw Materials	4,146,106	4,328,076	3,991,213	2,850,235	2,751,190	3,368,464	4,991,635	5,484,069
Other Operating Costs	334,015	384,808	398,514	375,783	461,779	430,399	392,819	414,870
<b>Total Expenditure</b>	<b>4,480,120</b>	<b>4,712,884</b>	<b>4,389,727</b>	<b>3,226,019</b>	<b>3,212,969</b>	<b>3,798,863</b>	<b>5,384,455</b>	<b>5,898,939</b>
% of Sales	97.2	96.7	97.9	93.2	90.4	90.1	94.0	93.7
<b>EBITDA</b>	<b>127,377</b>	<b>159,711</b>	<b>93,424</b>	<b>234,429</b>	<b>340,132</b>	<b>416,055</b>	<b>342,404</b>	<b>394,303</b>
Margin (%)	2.8	3.3	2.1	6.8	9.6	9.9	6.0	6.3
Depreciation	56,915	63,600	52,190	56,984	68,486	76,679	82,253	85,898
<b>EBIT</b>	<b>70,462</b>	<b>96,111</b>	<b>41,234</b>	<b>177,445</b>	<b>271,646</b>	<b>339,377</b>	<b>260,151</b>	<b>308,405</b>
Int. and Finance Charges	70,835	59,079	41,746	34,690	37,213	38,105	28,085	24,950
Other Income	45,416	45,278	53,975	21,865	38,724	34,199	23,568	24,247
<b>PBT bef. EO Exp.</b>	<b>45,042</b>	<b>82,310</b>	<b>53,463</b>	<b>164,620</b>	<b>273,157</b>	<b>335,470</b>	<b>255,633</b>	<b>307,701</b>
EO Items	0	17,468	16,681	13,643	0	0	0	0
<b>PBT after EO Exp.</b>	<b>45,042</b>	<b>99,778</b>	<b>70,143</b>	<b>178,263</b>	<b>273,157</b>	<b>335,470</b>	<b>255,633</b>	<b>307,701</b>
Total Tax	8,770	30,113	21,426	56,584	75,704	118,239	84,792	102,813
Tax Rate (%)	19.5	30.2	30.5	31.7	27.7	35.2	33.2	33.4
Share of JVs/associates	-8,217	-1,190	-402	1,454	-6,401	-9,112	-1,225	-1,787
<b>Reported PAT</b>	<b>44,490</b>	<b>70,856</b>	<b>49,120</b>	<b>120,225</b>	<b>203,854</b>	<b>226,343</b>	<b>172,066</b>	<b>206,675</b>
<b>Adjusted PAT</b>	<b>44,490</b>	<b>58,660</b>	<b>37,535</b>	<b>110,912</b>	<b>203,854</b>	<b>226,343</b>	<b>172,066</b>	<b>206,675</b>
Change (%)	-62.7	31.8	-36.0	195.5	83.8	11.0	-24.0	20.1
Margin (%)	1.0	1.2	0.8	3.2	5.7	5.4	3.0	3.3

**Consolidated - Balance Sheet****(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	48,559	48,559	48,559	23,697	47,393	94,787	94,787	94,787
Total Reserves	581,813	630,571	639,764	876,099	973,568	1,043,951	1,119,555	1,208,647
<b>Net Worth</b>	<b>630,372</b>	<b>679,130</b>	<b>688,323</b>	<b>899,796</b>	<b>1,020,961</b>	<b>1,138,738</b>	<b>1,214,342</b>	<b>1,303,434</b>
Minority Interest	12,618	11,706	10,733	14,260	19,046	21,512	21,512	21,512
Total Loans	867,894	889,325	581,541	481,492	588,300	621,410	621,000	616,000
Deferred Tax Liabilities	63,323	64,228	68,356	69,707	68,887	123,679	123,679	123,679
<b>Capital Employed</b>	<b>1,574,207</b>	<b>1,644,389</b>	<b>1,348,952</b>	<b>1,465,256</b>	<b>1,697,194</b>	<b>1,905,339</b>	<b>1,980,532</b>	<b>2,064,625</b>
<b>Net Fixed Assets</b>	<b>666,869</b>	<b>724,666</b>	<b>767,104</b>	<b>1,000,323</b>	<b>1,159,568</b>	<b>1,240,520</b>	<b>1,400,559</b>	<b>1,505,920</b>
Goodwill on Consolidation	870	878	705	10	10	10	10	10
Capital WIP	272,400	380,609	403,781	262,190	167,784	191,304	127,511	114,752
<b>Total Investments</b>	<b>173,508</b>	<b>158,950</b>	<b>160,687</b>	<b>311,848</b>	<b>436,872</b>	<b>448,061</b>	<b>448,061</b>	<b>448,061</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,303,597</b>	<b>1,401,345</b>	<b>1,004,677</b>	<b>741,183</b>	<b>971,376</b>	<b>1,076,829</b>	<b>1,376,001</b>	<b>1,482,618</b>
Inventory	666,043	723,394	499,174	422,567	658,843	705,679	973,627	1,066,657
Account Receivables	125,021	125,517	76,448	76,845	88,992	106,965	133,124	146,290
Cash and Bank Balance	12,198	37,045	12,211	10,504	4,098	4,943	10,007	10,428
Loans and Advances	500,336	515,389	416,845	231,267	219,443	259,242	259,242	259,242
<b>Curr. Liability &amp; Prov.</b>	<b>843,037</b>	<b>1,022,058</b>	<b>988,001</b>	<b>850,299</b>	<b>1,038,417</b>	<b>1,051,384</b>	<b>1,371,609</b>	<b>1,486,736</b>
Account Payables	619,702	751,018	707,229	725,383	815,492	884,664	1,204,888	1,320,015
Provisions	223,335	271,040	280,773	124,916	222,925	166,721	166,721	166,721
<b>Net Current Assets</b>	<b>460,560</b>	<b>379,287</b>	<b>16,676</b>	<b>-109,116</b>	<b>-67,041</b>	<b>25,444</b>	<b>4,391</b>	<b>-4,118</b>
<b>Appl. of Funds</b>	<b>1,574,207</b>	<b>1,644,389</b>	<b>1,348,952</b>	<b>1,465,256</b>	<b>1,697,194</b>	<b>1,905,339</b>	<b>1,980,532</b>	<b>2,064,625</b>

E: MOSL Estimates

**Ratios**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>4.7</b>	<b>6.2</b>	<b>4.0</b>	<b>11.7</b>	<b>21.5</b>	<b>23.9</b>	<b>18.2</b>	<b>21.8</b>
Cash EPS	10.7	12.9	9.5	17.7	28.7	32.0	26.8	30.9
BV/Share	66.5	71.6	72.6	94.9	107.7	120.1	128.1	137.5
DPS	1.7	2.3	1.7	3.0	11.1	11.5	8.7	10.6
Payout (%)	42.0	36.5	39.3	28.7	62.4	56.3	56.1	56.9
<b>Valuation (x)</b>								
P/E		28.1	43.9	14.9	8.1	7.3	9.6	8.0
Cash P/E		13.5	18.4	9.8	6.1	5.4	6.5	5.6
P/BV		2.4	2.4	1.8	1.6	1.4	1.4	1.3
EV/Sales		0.5	0.5	0.6	0.6	0.5	0.4	0.4
EV/EBITDA		15.7	23.7	9.0	6.6	5.4	6.6	5.7
Dividend Yield (%)		1.3	1.0	1.7	6.4	6.6	5.0	6.1
FCF per share		1.3	38.7	11.8	9.5	9.0	10.8	13.0
<b>Return Ratios (%)</b>								
RoE	7.2	9.0	5.5	14.0	21.2	21.0	14.6	16.4
RoCE	6.4	6.4	4.7	10.3	15.0	14.4	10.5	11.8
RoIC	5.0	6.1	3.1	14.7	19.9	18.7	13.1	14.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	4.0	3.8	3.3	3.3	2.8	2.9	3.4	3.4
Asset Turnover (x)	2.9	3.0	3.3	2.4	2.1	2.2	2.9	3.0
Inventory (Days)	53	54	41	45	68	61	62	62
Debtor (Days)	10	9	6	8	9	9	8	8
Creditor (Days)	49	56	58	77	84	77	77	77
<b>Leverage Ratio (x)</b>								
Current Ratio	1.5	1.4	1.0	0.9	0.9	1.0	1.0	1.0
Interest Cover Ratio	1.0	1.6	1.0	5.1	7.3	8.9	9.3	12.4
Net Debt/Equity	1.1	1.0	0.6	0.2	0.1	0.1	0.1	0.1

**Consol. - Cash Flow Statement****(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
OP/(Loss) before Tax	45,043	99,779	70,144	178,263	273,157	335,470	255,633	307,701
Depreciation	56,915	63,600	52,190	56,984	68,486	76,679	82,253	85,898
Direct Taxes Paid	-8,770	-30,113	-21,425	-56,584	-75,704	-118,239	-84,792	-102,813
(Inc)/Dec in WC	-4,001	105,788	372,225	89,976	-48,481	-91,640	26,117	8,931
<b>CF from Operations</b>	<b>89,187</b>	<b>239,054</b>	<b>473,133</b>	<b>268,638</b>	<b>217,458</b>	<b>202,271</b>	<b>279,211</b>	<b>299,717</b>
Others	11,851	2,428	-10,986	15,075	5,580	63,903	1,225	1,787
<b>CF from Operating incl EO</b>	<b>101,038</b>	<b>241,481</b>	<b>462,147</b>	<b>283,712</b>	<b>223,038</b>	<b>266,174</b>	<b>280,436</b>	<b>301,505</b>
(Inc)/Dec in FA	-195,878	-229,606	-94,988	-171,425	-133,324	-181,151	-178,500	-178,500
<b>Free Cash Flow</b>	<b>-94,841</b>	<b>11,876</b>	<b>367,159</b>	<b>112,287</b>	<b>89,714</b>	<b>85,023</b>	<b>101,936</b>	<b>123,005</b>
(Pur)/Sale of Investments	1,746	14,549	-217,542	65,511	-125,025	-11,188	0	0
<b>CF from Investments</b>	<b>-194,132</b>	<b>-215,056</b>	<b>-312,529</b>	<b>-105,914</b>	<b>-258,349</b>	<b>-192,339</b>	<b>-178,500</b>	<b>-178,500</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	121,746	21,431	-335,456	-72,377	106,808	33,110	-410	-5,000
Dividend Paid	-18,703	-22,129	-16,020	-28,675	-105,454	-109,005	-82,450	-100,503
Others	-5,969	-881	171,697	-73,125	27,550	2,905	-14,012	-17,080
CF from Fin. Activity	97,074	-1,579	-179,780	-174,178	28,904	-72,989	-96,872	-122,583
<b>Inc/Dec of Cash</b>	<b>3,979</b>	<b>24,846</b>	<b>-30,162</b>	<b>3,621</b>	<b>-6,406</b>	<b>846</b>	<b>5,064</b>	<b>421</b>
Opening Balance	8,219	12,198	37,044	6,882	10,503	4,097	4,943	10,007
<b>Closing Balance</b>	<b>12,198</b>	<b>37,044</b>	<b>6,882</b>	<b>10,503</b>	<b>4,097</b>	<b>4,943</b>	<b>10,007</b>	<b>10,428</b>

**Bharat Petroleum Corp.****Consolidated - Income Statement****(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Total Income from Operations</b>	<b>2,421,810</b>	<b>2,644,066</b>	<b>2,424,188</b>	<b>1,878,146</b>	<b>2,012,507</b>	<b>2,357,698</b>	<b>3,028,031</b>	<b>3,126,468</b>
Change (%)	14.2	9.2	-8.3	-22.5	7.2	17.2	28.4	3.3
RM & Other Expenses	1,191,085	1,320,642	1,153,180	688,343	692,798	903,141	1,104,109	1,116,438
Finished Gds Purchase	1,023,115	1,070,857	938,728	902,403	1,021,312	1,117,976	1,606,819	1,671,847
Other Oper. Expenses	140,888	158,977	236,301	158,029	160,941	184,855	164,561	170,459
<b>Total Expenditure</b>	<b>2,355,088</b>	<b>2,550,477</b>	<b>2,328,209</b>	<b>1,748,775</b>	<b>1,875,050</b>	<b>2,205,972</b>	<b>2,875,488</b>	<b>2,958,744</b>
% of Sales	97.2	96.5	96.0	93.1	93.2	93.6	95.0	94.6
<b>EBITDA</b>	<b>66,722</b>	<b>93,590</b>	<b>95,978</b>	<b>129,371</b>	<b>137,457</b>	<b>151,727</b>	<b>152,543</b>	<b>167,724</b>
Margin (%)	2.8	3.5	4.0	6.9	6.8	6.4	5.0	5.4
Depreciation	24,627	26,109	30,267	20,719	21,076	28,850	29,987	32,498
<b>EBIT</b>	<b>42,095</b>	<b>67,480</b>	<b>65,712</b>	<b>108,652</b>	<b>116,380</b>	<b>122,877</b>	<b>122,556</b>	<b>135,225</b>
Int. and Finance Charges	25,183	19,821	11,805	6,805	6,964	11,857	12,836	12,852
Other Income	15,290	13,998	22,998	15,958	18,146	17,827	7,606	8,399
<b>PBT bef. EO Exp.</b>	<b>32,202</b>	<b>61,657</b>	<b>76,905</b>	<b>117,806</b>	<b>127,562</b>	<b>128,846</b>	<b>117,326</b>	<b>130,773</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>32,202</b>	<b>61,657</b>	<b>76,905</b>	<b>117,806</b>	<b>127,562</b>	<b>128,846</b>	<b>117,326</b>	<b>130,773</b>
Total Tax	12,841	21,127	26,085	40,427	41,926	43,816	38,718	43,155
Tax Rate (%)	39.9	34.3	33.9	34.3	32.9	34.0	33.0	33.0
MI/Share of JVs/associates	553	1,423	2,754	3,510	9,434	12,889	6,232	6,929
<b>Reported PAT</b>	<b>18,808</b>	<b>39,107</b>	<b>48,066</b>	<b>80,889</b>	<b>95,070</b>	<b>97,919</b>	<b>84,840</b>	<b>94,547</b>
<b>Adjusted PAT</b>	<b>18,808</b>	<b>39,107</b>	<b>48,066</b>	<b>80,889</b>	<b>95,070</b>	<b>97,919</b>	<b>84,840</b>	<b>94,547</b>
Change (%)	140.9	107.9	22.9	68.3	17.5	3.0	-13.4	11.4
Margin (%)	0.8	1.5	2.0	4.3	4.7	4.2	2.8	3.0

**Consolidated - Balance Sheet****(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	7,231	7,231	7,231	6,556	13,113	19,669	19,669	19,669
Total Reserves	160,525	187,032	218,254	271,377	295,085	346,517	392,126	442,194
<b>Net Worth</b>	<b>167,755</b>	<b>194,263</b>	<b>225,485</b>	<b>277,933</b>	<b>308,198</b>	<b>366,186</b>	<b>411,794</b>	<b>461,863</b>
Minority Interest	10,766	11,469	12,998	16,783	19,582	19,051	15,866	15,866
Total Loans	328,604	327,985	210,177	211,216	314,729	369,973	420,000	435,000
Deferred Tax Liabilities	16,059	12,511	13,468	30,720	40,548	55,224	25,241	25,241
<b>Capital Employed</b>	<b>523,184</b>	<b>546,228</b>	<b>462,128</b>	<b>536,652</b>	<b>683,057</b>	<b>810,434</b>	<b>872,901</b>	<b>937,969</b>
<b>Net Fixed Assets</b>	<b>242,663</b>	<b>275,665</b>	<b>290,950</b>	<b>289,261</b>	<b>486,455</b>	<b>455,393</b>	<b>613,390</b>	<b>632,658</b>
Goodwill on Consolidation	4,576	0	145	0	0	0	0	0
Capital WIP	74,607	93,717	157,873	174,589	168,339	98,754	10,770	59,004
<b>Total Investments</b>	<b>74,698</b>	<b>69,853</b>	<b>77,118</b>	<b>58,334</b>	<b>63,655</b>	<b>61,305</b>	<b>77,363</b>	<b>77,363</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>399,112</b>	<b>448,233</b>	<b>336,979</b>	<b>342,032</b>	<b>372,413</b>	<b>588,754</b>	<b>675,396</b>	<b>686,630</b>
Inventory	199,567	231,695	174,000	146,437	211,968	225,295	293,944	302,454
Account Receivables	43,551	45,437	29,484	22,169	48,038	52,048	66,904	69,079
Cash and Bank Balance	28,498	23,113	34,463	42,024	18,845	13,539	16,676	17,225
Loans and Advances	127,497	147,988	99,033	131,403	93,562	297,872	297,872	297,872
<b>Curr. Liability &amp; Prov.</b>	<b>272,473</b>	<b>341,241</b>	<b>400,937</b>	<b>327,566</b>	<b>407,805</b>	<b>393,772</b>	<b>504,018</b>	<b>517,686</b>
Account Payables	240,795	299,307	344,770	301,517	382,095	361,813	472,059	485,726
Provisions	31,678	41,934	56,166	26,049	25,710	31,959	31,959	31,959
<b>Net Current Assets</b>	<b>126,639</b>	<b>106,992</b>	<b>-63,958</b>	<b>14,467</b>	<b>-35,392</b>	<b>194,982</b>	<b>171,378</b>	<b>168,945</b>
<b>Appl. of Funds</b>	<b>523,184</b>	<b>546,228</b>	<b>462,128</b>	<b>536,652</b>	<b>683,057</b>	<b>810,434</b>	<b>872,901</b>	<b>937,969</b>

E: MOSL Estimates

**Ratios**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>9.6</b>	<b>19.9</b>	<b>24.4</b>	<b>41.1</b>	<b>48.3</b>	<b>49.8</b>	<b>43.1</b>	<b>48.1</b>
Cash EPS	22.1	33.2	39.8	51.7	59.1	64.5	58.4	64.6
BV/Share	85.3	98.8	114.6	141.3	156.7	186.2	209.4	234.8
DPS	4.4	17.0	8.3	11.4	21.7	21.0	17.0	19.3
Payout (%)	53.8	100.0	40.0	32.5	52.4	49.4	46.2	47.0
<b>Valuation (x)</b>								
P/E				10.1	8.6	8.4	9.6	8.7
Cash P/E				8.1	7.0	6.5	7.1	6.4
P/BV				2.9	2.7	2.2	2.0	1.8
EV/Sales				0.5	0.6	0.5	0.4	0.4
EV/EBITDA				7.6	8.1	7.7	8.0	7.4
Dividend Yield (%)	1.1	4.1	2.0	2.7	5.2	5.0	4.1	4.6
FCF per share	-12.4	1.2	77.1	6.3	-30.2	-11.4	5.9	15.3
<b>Return Ratios (%)</b>								
RoE	11.5	21.6	22.9	32.1	32.4	29.0	21.8	21.6
RoCE	7.2	10.5	12.2	17.7	16.2	13.7	11.1	11.1
RoIC	7.3	12.6	15.7	31.4	22.5	15.2	11.7	11.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	5.5	5.3	4.5	3.3	2.6	3.0	3.1	3.0
Asset Turnover (x)	4.6	4.8	5.2	3.5	2.9	2.9	3.5	3.3
Inventory (Days)	30	32	26	28	38	35	35	35
Debtor (Days)	7	6	4	4	9	8	8	8
Creditor (Days)	36	41	52	59	69	56	57	57
<b>Leverage Ratio (x)</b>								
Current Ratio	1.5	1.3	0.8	1.0	0.9	1.5	1.3	1.3
Interest Cover Ratio	1.7	3.4	5.6	16.0	16.7	10.4	9.5	10.5
Net Debt/Equity	1.3	1.2	0.4	0.4	0.8	0.8	0.8	0.7

**Consol - Cash Flow Statement****(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
OP/(Loss) before Tax	32,203	61,657	76,905	117,806	127,562	128,846	117,326	130,773
Depreciation	24,627	26,109	30,267	20,719	21,076	28,850	29,987	32,498
Direct Taxes Paid	-12,841	-21,127	-26,085	-40,427	-41,926	-43,816	-38,718	-43,155
(Inc)/Dec in WC	-15,790	14,262	182,299	-70,863	26,680	-235,681	26,742	2,982
<b>CF from Operations</b>	<b>28,198</b>	<b>80,901</b>	<b>263,386</b>	<b>27,234</b>	<b>133,393</b>	<b>-121,800</b>	<b>135,337</b>	<b>123,098</b>
Others	-1,273	-4,971	-1,798	20,762	19,262	27,565	-23,752	6,929
<b>CF from Operating incl EO</b>	<b>26,926</b>	<b>75,931</b>	<b>261,588</b>	<b>47,996</b>	<b>152,655</b>	<b>-94,235</b>	<b>111,585</b>	<b>130,027</b>
(Inc)/Dec in FA	-51,249	-73,645	-109,852	-35,602	-212,020	71,798	-100,000	-100,000
<b>Free Cash Flow</b>	<b>-24,323</b>	<b>2,285</b>	<b>151,736</b>	<b>12,394</b>	<b>-59,365</b>	<b>-22,438</b>	<b>11,585</b>	<b>30,027</b>
(Pur)/Sale of Investments	4,208	4,845	-7,265	18,784	-5,320	2,350	-16,058	0
<b>CF from Investments</b>	<b>-47,041</b>	<b>-68,800</b>	<b>-117,117</b>	<b>-16,818</b>	<b>-217,340</b>	<b>74,147</b>	<b>-116,058</b>	<b>-100,000</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	44,788	-618	-117,808	1,039	103,513	55,244	50,027	15,000
Dividend Paid	-10,119	-39,119	-19,212	-26,326	-49,858	-48,324	-39,232	-44,478
Others	681	27,223	3,898	1,670	-12,148	7,862	-3,185	0
CF from Fin. Activity	35,350	-12,515	-133,122	-23,617	41,507	14,782	7,611	-29,478
<b>Inc/Dec of Cash</b>	<b>15,235</b>	<b>-5,385</b>	<b>11,349</b>	<b>7,561</b>	<b>-23,178</b>	<b>-5,307</b>	<b>3,138</b>	<b>549</b>
Opening Balance	13,263	28,498	23,113	34,463	42,024	18,845	13,539	16,676
<b>Closing Balance</b>	<b>28,498</b>	<b>23,113</b>	<b>34,463</b>	<b>42,024</b>	<b>18,845</b>	<b>13,539</b>	<b>16,676</b>	<b>17,225</b>



## HPCL

## Consolidated - Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Income from Operations</b>	<b>2,261,883</b>	<b>2,458,712</b>	<b>2,304,792</b>	<b>1,779,102</b>	<b>1,874,929</b>	<b>2,195,096</b>	<b>2,842,258</b>	<b>2,931,115</b>
Change (%)	15.5	8.7	-6.3	-22.8	5.4	17.1	29.5	3.1
Raw Materials	2,003,391	2,159,444	1,990,305	1,569,315	1,636,424	1,944,872	2,601,117	2,669,074
Other Expenses	222,831	246,127	267,496	126,992	129,709	143,095	139,856	146,341
<b>Total Expenditure</b>	<b>2,226,222</b>	<b>2,405,570</b>	<b>2,257,800</b>	<b>1,696,307</b>	<b>1,766,132</b>	<b>2,087,967</b>	<b>2,740,972</b>	<b>2,815,415</b>
% of Sales	98.4	97.8	98.0	95.3	94.2	95.1	96.4	96.1
<b>EBITDA</b>	<b>35,661</b>	<b>53,142</b>	<b>46,992</b>	<b>82,795</b>	<b>108,797</b>	<b>107,130</b>	<b>101,285</b>	<b>115,700</b>
Margin (%)	1.6	2.2	2.0	4.7	5.8	4.9	3.6	3.9
Depreciation	23,647	30,107	24,967	28,461	27,764	28,344	30,414	31,881
<b>EBIT</b>	<b>12,014</b>	<b>23,035</b>	<b>22,025</b>	<b>54,334</b>	<b>81,033</b>	<b>78,786</b>	<b>70,871</b>	<b>83,819</b>
Int. and Finance Charges	17,733	23,929	18,412	7,232	6,092	6,179	5,780	6,000
Other Income	10,664	14,638	18,649	10,826	13,844	15,279	1,403	1,215
<b>PBT bef JVs/associates EO</b>	<b>4,945</b>	<b>13,744</b>	<b>22,263</b>	<b>57,928</b>	<b>88,784</b>	<b>87,886</b>	<b>66,493</b>	<b>79,034</b>
EO Items	3,873	-493	44	0	0	0		
Minority Interest	-8	-8	-97	9,423	23,190	13,216	25,726	26,929
<b>PBT after EO Exp.</b>	<b>8,810</b>	<b>13,243</b>	<b>22,210</b>	<b>67,351</b>	<b>111,974</b>	<b>101,101</b>	<b>92,219</b>	<b>105,963</b>
Total Tax	3,812	2,454	7,418	20,604	29,616	28,919	30,737	35,318
Tax Rate (%)	43.3	18.5	33.4	30.6	26.4	28.6	33.3	33.3
<b>Reported PAT</b>	<b>4,997</b>	<b>10,789</b>	<b>14,792</b>	<b>46,747</b>	<b>82,358</b>	<b>72,183</b>	<b>61,483</b>	<b>70,646</b>
<b>Adjusted PAT</b>	<b>1,125</b>	<b>11,282</b>	<b>14,748</b>	<b>46,747</b>	<b>82,358</b>	<b>72,183</b>	<b>61,483</b>	<b>70,646</b>
Change (%)	-27.0	903.1	30.7	217.0	76.2	-12.4	-14.8	14.9
Margin (%)	0.0	0.5	0.6	2.6	4.4	3.3	2.2	2.4

## Consolidated - Balance Sheet

(INR Million)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	3,390	3,390	3,390	3,390	10,163	15,242	15,242	15,242
Total Reserves	130,196	136,597	135,854	163,248	200,552	240,082	275,080	315,294
<b>Net Worth</b>	<b>135,927</b>	<b>139,987</b>	<b>139,244</b>	<b>166,638</b>	<b>210,714</b>	<b>255,324</b>	<b>290,322</b>	<b>330,536</b>
Minority Interest	15	37	1,143	0	0	0	0	0
Total Loans	457,367	479,953	369,156	221,602	180,322	205,354	180,000	220,000
Deferred Tax Liabilities	37,339	33,421	28,045	50,342	61,493	68,048	68,048	68,048
<b>Capital Employed</b>	<b>630,648</b>	<b>653,398</b>	<b>537,588</b>	<b>438,582</b>	<b>452,529</b>	<b>528,726</b>	<b>538,371</b>	<b>618,585</b>
<b>Net Fixed Assets</b>	<b>357,197</b>	<b>389,488</b>	<b>453,066</b>	<b>336,617</b>	<b>368,596</b>	<b>386,785</b>	<b>353,234</b>	<b>343,354</b>
Goodwill on Consolidation	167	167	1,186	167	167	167	167	167
Capital WIP	65,653	61,567	39,498	23,224	18,675	40,105	152,331	239,421
Others					14,424	15,012		
<b>Total Investments</b>	<b>64,277</b>	<b>56,908</b>	<b>61,128</b>	<b>91,845</b>	<b>117,734</b>	<b>128,820</b>	<b>117,734</b>	<b>117,734</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>435,465</b>	<b>461,830</b>	<b>302,569</b>	<b>243,677</b>	<b>283,590</b>	<b>325,825</b>	<b>319,106</b>	<b>328,197</b>
Inventory	207,334	248,884	160,448	133,548	186,292	186,122	241,397	248,944
Account Receivables	56,141	63,022	40,707	37,763	40,917	55,870	62,296	64,244
Cash and Bank Balance	8,647	21,789	22,358	1,542	1,364	13,052	10,326	9,923
Loans and Advances	163,343	128,135	79,056	70,825	5,315	5,087	5,087	5,087
Others					49,702	65,693		
<b>Curr. Liability &amp; Prov.</b>	<b>292,110</b>	<b>316,562</b>	<b>319,859</b>	<b>256,948</b>	<b>350,657</b>	<b>367,987</b>	<b>404,203</b>	<b>410,289</b>
Account Payables	143,592	149,845	126,395	94,648	126,997	158,459	194,675	200,761
Other Current Liabilities	124,812	142,507	162,108	140,567	199,122	185,032	185,032	185,032
Provisions	23,706	24,211	31,357	21,733	24,539	24,496	24,496	24,496
<b>Net Current Assets</b>	<b>143,355</b>	<b>145,268</b>	<b>-17,290</b>	<b>-13,271</b>	<b>-67,067</b>	<b>-42,162</b>	<b>-85,096</b>	<b>-82,091</b>
<b>Appl. of Funds</b>	<b>630,648</b>	<b>653,398</b>	<b>537,588</b>	<b>438,582</b>	<b>452,529</b>	<b>528,726</b>	<b>538,371</b>	<b>618,585</b>

E: MOSL Estimates



**Ratios**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>0.7</b>	<b>7.4</b>	<b>9.7</b>	<b>30.7</b>	<b>54.0</b>	<b>47.4</b>	<b>40.3</b>	<b>46.3</b>
Cash EPS	16.3	27.2	26.1	49.3	72.2	66.0	60.3	67.3
BV/Share	89.2	91.8	91.4	109.3	138.2	167.5	190.5	216.9
DPS	1.9	3.4	5.4	9.6	22.8	17.0	14.5	16.6
Payout (%)	66.9	56.7	68.2	37.5	50.8	44.5	43.1	43.1
<b>Valuation (x)</b>								
P/E			32.2	10.2	5.8	6.6	7.7	6.7
Cash P/E			12.0	6.3	4.3	4.7	5.2	4.6
P/BV			3.4	2.9	2.3	1.9	1.6	1.4
EV/Sales			0.4	0.4	0.3	0.3	0.2	0.2
EV/EBITDA			17.5	8.4	6.0	6.2	6.4	5.9
Dividend Yield (%)	0.6	1.1	1.7	3.1	7.3	5.5	4.6	5.3
FCF per share	-38.2	-6.6	86.0	116.0	78.5	17.0	15.1	-6.5
<b>Return Ratios (%)</b>								
RoE	0.8	8.2	10.6	30.6	43.7	31.0	22.5	22.8
RoCE	2.3	5.1	4.8	10.1	17.9	15.8	10.4	11.1
RoIC	1.5	3.7	3.2	10.2	18.7	17.0	15.6	21.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	4.4	4.3	3.4	4.9	4.5	4.8	6.1	6.0
Asset Turnover (x)	3.6	3.8	4.3	4.1	4.1	4.2	5.3	4.7
Inventory (Days)	33	37	25	27	36	31	31	31
Debtor (Days)	9	9	6	8	8	9	8	8
Creditor (Days)	23	22	20	19	25	26	25	25
<b>Leverage Ratio (x)</b>								
Current Ratio	1.5	1.5	0.9	0.9	0.8	0.9	0.8	0.8
Interest Cover Ratio	0.7	1.0	1.2	7.5	13.3	12.8	12.3	14.0
Net Debt/Equity	2.8	2.9	2.1	0.8	0.3	0.2	0.2	0.3

**Consolidated - Cash Flow Statement**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
OP/(Loss) before Tax	8,810	13,243	22,210	67,351	111,974	101,101	92,219	105,963
Depreciation	23,647	30,107	24,967	28,461	27,764	28,344	30,414	31,881
Change in deferred tax liability	2,976	-3,918	-5,377	22,298	11,151	6,556	0	0
Direct Taxes Paid	-3,812	-2,454	-7,418	-20,604	-29,616	-28,919	-30,737	-35,318
Minority interest	-8	22	1,107	-1,143	0	0	0	0
(Inc)/Dec in WC	-22,998	11,229	163,127	-24,836	53,619	-13,217	40,208	-3,408
<b>CF from Operations</b>	<b>8,614</b>	<b>48,228</b>	<b>198,615</b>	<b>71,526</b>	<b>174,891</b>	<b>93,865</b>	<b>132,105</b>	<b>99,118</b>
Others	0	0	-1,019	1,019	0	0	0	0
<b>CF from Operating incl EO</b>	<b>8,614</b>	<b>48,229</b>	<b>197,596</b>	<b>72,545</b>	<b>174,891</b>	<b>93,865</b>	<b>132,105</b>	<b>99,118</b>
(Inc)/Dec in FA	-66,811	-58,313	-66,475	104,262	-55,194	-67,963	-109,090	-109,090
<b>Free Cash Flow</b>	<b>-58,197</b>	<b>-10,084</b>	<b>131,121</b>	<b>176,807</b>	<b>119,698</b>	<b>25,902</b>	<b>23,015</b>	<b>-9,972</b>
(Pur)/Sale of Investments	5,308	7,368	-4,220	-30,717	-25,889	-11,086	11,086	0
Others	0	0	0	0	-14,424	-587	15,012	0
<b>CF from Investments</b>	<b>-61,503</b>	<b>-50,944</b>	<b>-70,695</b>	<b>73,545</b>	<b>-95,507</b>	<b>-79,636</b>	<b>-82,993</b>	<b>-109,090</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	55,679	22,586	-110,797	-147,554	-41,280	25,032	-25,354	40,000
Dividend Paid	-3,343	-6,116	-10,082	-17,525	-41,857	-32,118	-26,485	-30,432
Others	1,859	-612	-5,453	-1,828	3,575	4,546	0	0
<b>CF from Fin. Activity</b>	<b>54,196</b>	<b>15,858</b>	<b>-126,332</b>	<b>-166,907</b>	<b>-79,562</b>	<b>-2,541</b>	<b>-51,838</b>	<b>9,568</b>
<b>Inc/Dec of Cash</b>	<b>1,307</b>	<b>13,142</b>	<b>569</b>	<b>-20,817</b>	<b>-178</b>	<b>11,688</b>	<b>-2,726</b>	<b>-403</b>
Opening Balance	7,340	8,647	21,789	22,358	1,542	1,364	13,052	10,326
<b>Closing Balance</b>	<b>8,647</b>	<b>21,789</b>	<b>22,358</b>	<b>1,542</b>	<b>1,364</b>	<b>13,052</b>	<b>10,326</b>	<b>9,923</b>

Explanation of Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
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