

BSE SENSEX	S&P CNX	CMP: INR352	TP: INR400	Buy
17,558	5,320			
Bloomberg	BPCL IN			
Equity Shares (m)	723.0			
52-Week Range (INR)	395/230			
1,6,12 Rel. Perf. (%)	-10/19/-1			
M.Cap. (INR b)	254.5			
M.Cap. (USD b)	4.6			

Consolidated

- BPCL reported 1QFY13 EBITDA loss of INR82b led by (a) huge net under-recoveries at INR80b as it did not get any compensation from government, and (b) forex loss of INR16b. Given the ad-hoc subsidy sharing, we believe quarterly financials are not indicative of the likely full year performance.
- Reported net loss stood at INR88b. Higher interest cost at INR5.2b (v/s est INR4b) was offset by higher other income at INR3.4b (v/s est. INR2.4b).
- **No subsidy from Govt. in 1QFY13:** In absence of any budgetary support from government and upstream sharing at only 32% (v/s 40% in FY12), BPCL's net under-recovery stood at INR80b in 1QFY13. Also, delay in passing the petrol price increase resulted in loss of ~INR6b. For FY13, similar to FY12, we model government subsidy sharing at 60%, upstream sharing at 40% and nil sharing by OMCs (earlier 5%).
- As against negative GRM reported by IOC and HPCL, BPCL's 1QFY13 GRM was positive at USD2.6/bbl compared to USD3/bbl in 1QFY12 and USD4.2/bbl in 4QFY12. Management indicated that reported GRM is better than estimated and for other OMCs as optimization resulted in lower crude inventory at the start of quarter. Product inventory adventitious gain in 1QFY13 stood at INR1.3b (v/s gain of INR12b in 1QFY12 and INR510m in 4QFY12).
- Bina refinery throughput stood at 1.4mmt (96% capacity utilization) in 1QFY13 v/s 2mmt in FY12.
- **Valuation and view:** E&P upside potential is BPCL's key differentiator vis-à-vis HPCL and IOC. BPCL's E&P portfolio has turned out to be a huge success with multiple discoveries in its Brazil and Mozambique acreage. We currently value BPCL's E&P portfolio at INR82/sh and believe there could be a significant upside potential as we get more clarity on the reserve size at its Mozambique and Brazil discovery. The stock trades at 16.9x FY13E EPS of INR20.9 and 1.5x FY13E BV. BPCL is our top pick in OMC's. Maintain **Buy**.

Y/E March	Quarterly Performance (Standalone)									
	FY12				FY13				FY12	FY13E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	461,177	422,819	588,245	646,422	545,227	513,462	590,429	573,189	2,118,662	2,222,307
Change (%)	34.7	19.7	60.4	42.9	18.2	21.4	0.4	-11.3	39.9	4.9
EBITDA	-21,861	-27,148	36,874	50,571	-81,757	14,299	17,531	92,161	38,436	42,234
Change (%)	nm	nm	406.3	207.6	nm	nm	-52.5	82.2	12.6	9.9
% of Sales	-4.7	-6.4	6.3	7.8	-15.0	2.8	3.0	16.1	1.8	1.9
Depreciation	4,901	4,600	4,667	4,681	4,801	4,950	5,250	5,382	18,849	20,383
Interest	3,349	4,532	5,174	4,941	5,205	4,342	3,588	3,500	17,996	16,634
Other Income	4,492	3,987	4,389	4,382	3,395	3,228	3,228	2,229	17,250	12,080
PBT	-25,619	-32,293	31,422	45,331	-88,368	8,235	11,921	85,508	18,842	17,297
Tax	0	0	26	5,703	0	1,647	2,384	1,504	5,729	5,535
Tax rate (%)	0.0	0.0	0.1	12.6	0.0	20.0	20.0	1.8	30.4	32.0
PAT	-25,619	-32,293	31,396	39,628	-88,368	6,588	9,537	84,005	13,113	11,762
Change (%)	nm	nm	1,575.5	323.8	nm	nm	-69.6	112.0	-15.2	-10.3
Adj. PAT	-25,619	-32,293	31,396	39,628	-88,368	6,588	9,537	84,005	13,113	11,762

E: MOSL Estimates

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1QFY13 Result concall highlights

Bina refinery update: Utilization at 96%

- Bina refinery 1QFY13 throughput stood at 1.4mmt (~96% capacity utilization) and company expects to average 100% utilization in FY13.
- 1QFY13 Bina refinery GRM stood at USD2/bbl. Management indicated that lower GRM was on account of crude inventory losses but did not quantify.
- Bina refinery PAT loss stood at INR6.9b impacted by high depreciation cost of INR1.7b and interest cost of INR3b.
- BPCL has investment of INR31.8b in Bina refinery, which includes equity investment of INR8.9b, warrants of INR9.4b and loans of INR13.5b.

Comments on reported 1QFY13 GRM

- BPCL's 1QFY13 reported GRM stood at USD2.6/bbl as against negative GRM reported by HPCL (USD-2.1/bbl) and IOC (USD-4.8/bbl). Management indicated that GRM was better than other OMC's as optimization of crude inventory led to quarter end inventory of 15 days against average of ~21-22 days of inventory.
- **Have revised GRM calculation methodology:** BPCL's reported 1QFY13 GRM includes LNG cost, which earlier was part of the operating cost (below GRM). This is inline with the recent MoPNG directive to PSU refining companies to make the reported GRM comparable. This resulted in negative impact of USD1.52/bbl on Mumbai refinery GRM (currently only Mumbai refinery consumes LNG).
- **Octroi benefit on Mumbai High crude:** As per PPAC recommendation, ONGC now passes on the octroi benefit to HPCL and BPCL from April 1, 2012, benefitting BPCL's Mumbai refinery GRM by ~USD1/bbl. Earlier, though ONGC was paying octroi (on behalf of HPCL and BPCL) on net realization basis, it was recovering the octroi from HPCL and BPCL on gross realization basis.

Other key highlights

- Under recoveries on Petrol sales stood at INR6b in 1QFY13.
- **To benefit from recovery of irrecoverable taxes:** BPCL decided to implement the revised structure of 'state specific cost' (SSC) to cover the irrecoverable taxes w.e.f midnight of 24/25 July, 2012. Management indicated that it will gain ~INR3-4b on annual basis, however quantum can vary depending on the crude prices as octroi is major irrecoverable component and it is calculated on crude prices.
- Gross debt increased to INR286b as on June 30, 2012 against INR230b on Mar 31, 2012. Short term foreign currency denominated loan stands at USD3b and long term foreign currency loans at USD325m.
- As on 30 June 2012, Oil bonds stood at INR66b.

Other key highlights

- Management mentioned that Bina refinery is stabilized and running at 100% capacity utilization levels. Bina refinery throughput stood at 1.4mmt in 1QFY13 v/s 2mmt in FY12.
- Gross debt increased to INR286b as on June 30, 2012 against INR230b on Mar 31, 2012. Debt level is expected to could come down with receipt of budgetary support from government.

No budgetary support from government

- **1QFY13 subsidy sharing:** Of the gross under-recovery of INR110b in 1QFY13, BPCL received INR37b (~32%) from upstream and nil from the government, resulting in net under-recoveries of INR66b (68%).
- **Model nil subsidy sharing for OMCs in FY13:** We model nil subsidy sharing for OMCs (earlier 5%), upstream share at 40% and rest by government. With high interest cost and crude prices, it would be difficult for OMCs to share any under-recovery.
- **Bears losses on petrol:** BPCL's petrol losses stood at ~INR6b in 1QFY13. Though petrol was theoretically de-regulated, OMCs made losses on its sale, as they were unable to price it on mark-to-market basis led by indirect pressure from the government.

BPCL: No subsidy compensation from the government in 1QFY13 (INR b)

	FY11				FY12				FY13 1Q	1QFY13 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		YoY	QoQ
Gross Under recovery	46.3	24.6	35.3	73.4	102.9	48.7	76.3	98.5	116.3	13.0	18.0
Less: Sharing											
Upstream Sharing	15.5	8.2	11.7	34.2	34.1	16.4	35.7	43.3	36.6	7.4	(15.5)
Oil Bonds/Cash	0.0	29.5	18.1	46.6	35.2	0.0	69.9	91.5	0.0	nm	nm
Net Under/(over)recovery	30.8	(13.1)	5.5	(7.4)	33.6	32.3	(29.4)	(36.4)	79.6	137.3	nm
As a % of Gross	66.5	nm	15.6	nm	32.6	66.3	nm	nm	68.5		

Source: Company, MOSL

1QFY13 operational highlights

- GRM stood at USD2.6/bbl (est USD1.7/bbl) v/s USD3/bbl in 1QFY12 and USD4.2/bbl in 4QFY12.
- GRMs of Mumbai and Kochi refinery stood at USD1.58/bbl and USD3.98/bbl, respectively.
- Product inventory adventitious gain stood at INR1.3b (v/s gain of INR12b in 1QFY12 and INR510m in 4QFY12).
- Refinery throughput stood at 5.9mmt (in-line), up 14% YoY but down 2% QoQ.
- Marketing volumes were up 9% YoY and 3% QoQ to 8.5mmt.

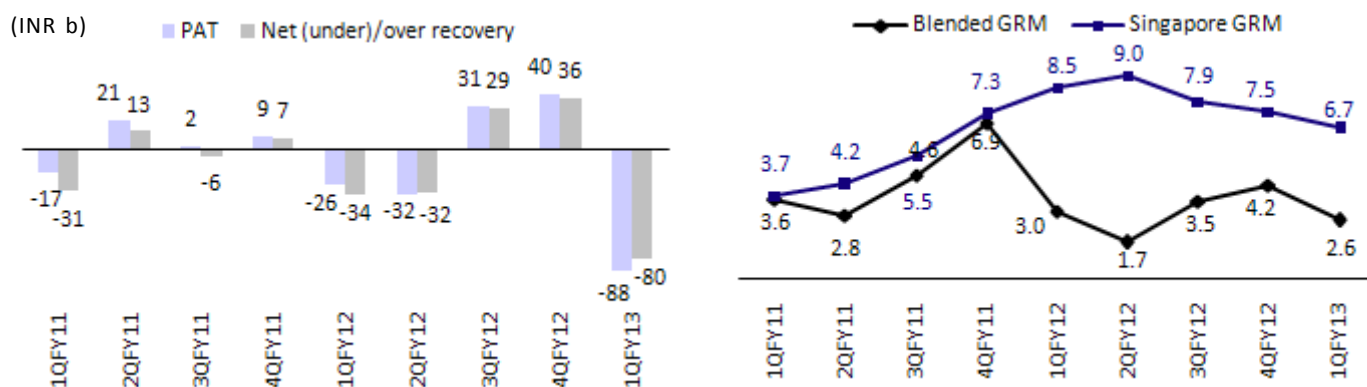
HPCL: 1QFY13 Operational Highlights

	FY11				FY12				FY13 1Q	1QFY13 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		YoY	QoQ
Product Sales (mmt)	7.3	6.6	7.4	7.8	7.8	7.0	8.0	8.2	8.5	8.6	3.3
Throughput (mmt)											
Mumbai	3.3	3.4	2.9	3.4	3.3	3.1	3.5	3.4	3.3	0.9	(2.6)
Kochi	2.3	2.2	2.1	2.1	1.9	2.5	2.7	2.6	2.6	35.3	0.0
Total	5.6	5.6	5.0	5.6	5.2	5.6	6.1	6.0	5.9	13.7	(1.5)
Blended GRM (USD/bbl)	3.6	2.8	4.6	6.9	3.0	1.7	3.5	4.2	2.6	(13.2)	(36.9)

Source: Company, MOSL

Ad-hoc subsidy sharing resulting in volatile quarterly profits

1QFY13 GRM at USD2.6/bbl (USD/bbl)



Source: Company, MOSL

We model OMCs' sharing at nil/10% in FY13/14 (INR b)

	FY08	FY09	FY10	FY11	FY12	FY13E	FY14E
Fx Rate (INR/USD)	40.3	46.0	47.5	45.6	47.9	53.5	52.0
Brent (USD/bbl)	82.3	84.8	69.6	86.3	114.5	105.0	100.0
Gross Under recoveries (INR b)							
Auto Fuels	426	575	144	375	812	845	557
Domestic Fuels	347	458	316	405	573	626	532
Total	773	1,033	461	780	1,385	1,471	1,089
Sharing (INR b)							
Oil Bonds/Cash	353	713	260	410	835	883	545
Upstream	257	329	145	303	550	588	436
OMC's sharing	163	-9	56	67	0	0	109
Total	773	1,033	461	780	1,385	1,471	1,089
Sharing (%)							
Government	46	69	56	53	60	60	50
Upstream	33	32	31	39	40	40	40
OMC's sharing	21	-1	12	9	0	0	10
Total	100	100	100	100	100	100	100

*we model price hike of INR3/ltr in diesel and INR25/cyl in LPG from 2QFY13 Source: Company, MOSL

We currently value BPCL's E&P business at INR82/sh; expect further increase

BPCL's Mozambique block has been witnessing significant discoveries in recent period. In June 2012, BPCL announced 12th successful well in Mozambique, thereby placing the recoverable reserves at 30-60tcf and in-place resources at 100+ tcf of natural gas.

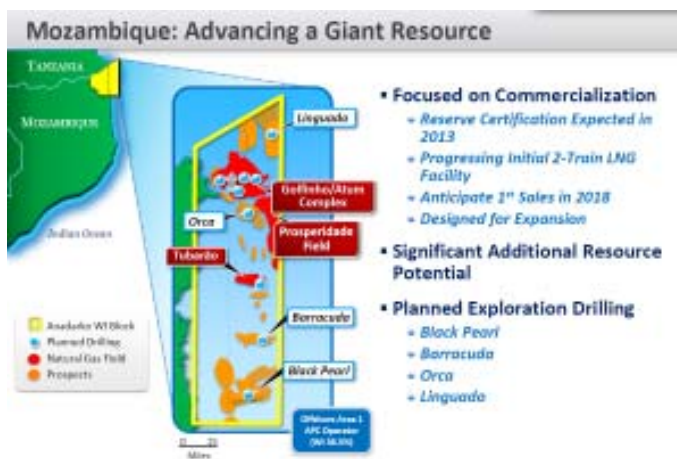
Anadarko (BPCL's JV partner and operator) has decided to build a two-train LNG facility to monetize this large resource base, which is expandable to six trains. The distance of the basin from the shore is only 50km and Mozambique's geographic location is also ideal as it is near to high gas demand areas of Asia. The pre-FEED activity for LNG development is nearing completion and FEED activity is expected to start soon. The final investment decision (FID) is expected to come by July-Aug 2013 and production is expected in 2018-19. We currently value BPCL's E&P portfolio at INR82/sh and expect the value to increase with further exploration and risk mitigation.

17 discoveries till date in its overseas E&P portfolio

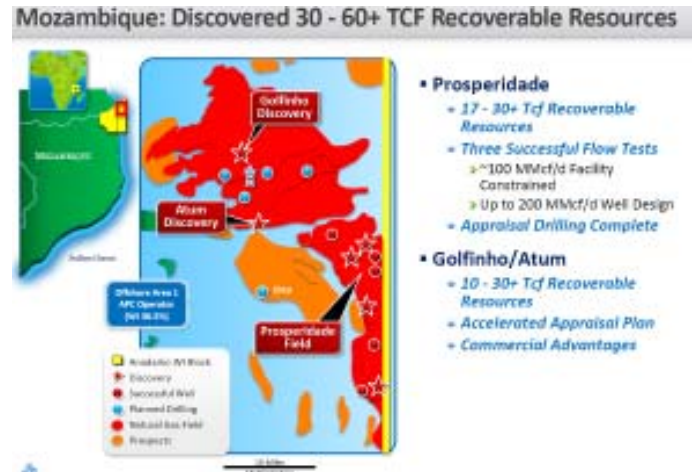
No	Discovery	Date	Basin	Operator	BPCL Stake (%)	Oil/Gas	Pay Zone (m)	Water Depth (m)	Depth (m)
Brazil - Offshore									
1	Wahoo - 1	Oct-08	Campos	Anadarko	12.5	Oil	65		5,660
2	Wahoo-2	Nov-09	Campos	Anadarko	12.5	Oil	59		
3	Barra	Oct-10	Sergipe-Alagoas	Petrobras	20.0	Oil & Gas			2,321
4	Grana Padano	Jul-12	Espirito Santo	Petrobras	15.0	Oil	35	1,208	2,961
Mozambique - Offshore									
5	Windjammer	Mar-10	Rovuma	Anadarko	10.0	Gas	365	1,465	4,250
6	Barquentine	Oct-10	Rovuma	Anadarko	10.0	Gas	126		
7	Lagosta	Nov-10	Rovuma	Anadarko	10.0	Gas	168		4,221
8	Tubarao	Feb-11	Rovuma	Anadarko	10.0	Gas	34	900	3,337
9	Barquentine-2	Aug-11	Rovuma	Anadarko	10.0	Gas	70	1,650	2,450
10	Camarao	Oct-11	Rovuma	Anadarko	10.0	Gas	73	1,441	2,409
11	Barquentine-3	Nov-11	Rovuma	Anadarko	10.0	Gas	202	1,575	2,509
12	Lagosta-2	Jan-12	Rovuma	Anadarko	10.0	Gas	237	1,467	2,868
13	Lagosta - 3	Feb-12	Rovuma	Anadarko	10.0	Gas	176		
14	Barquentine-4	Apr-12	Rovuma	Anadarko	10.0	Gas	160		
15	Golfinho	May-12	Rovuma	Anadarko	10.0	Gas	59		
16	Atum	Jun-12	Rovuma	Anadarko	10.0	Gas	92		
Indonesia - Offshore									
17	Badik-1	Nov-10	Tarakan	Anadarko	12.5	Oil & Gas	40	70	4,358

Source: Company/MOSL

12 Discoveries in Mozambique block; still growing



Anadarko estimates recoverable resources at 30-60tcf after two new discoveries in northern section of block



Source: Anadarko

Mozambique block's FID expected in 2013; first gas in 2018**Mozambique Valuation**

Likely recovery (tcf)	30.0
Likely recovery (mmboe)	5,700
Valuation (USD/boe)	3.5
Value (USD b)	20.0
Value (INR b)	1,037
BPCL stake	10%
Value to BPCL (INRb)	104
Value (INR/sh)	143
FY13E value*	73

*discounted by 6 years @12%

Brazil: Wahoo Valuation

Resources (mmboe)	200
GCoS (%)	100
Likely recovery (mmboe)	200
Valuation (USD/boe)	8.0
Value (USDm)	1,600
Value (INRm)	83,200
BPCL stake (%)	12.5
Value to BPCL (INRm)	10,400
Value (INR/sh)	14
FY13E value	9

*discounted by 4 years @12%

Source: Anadarko

BPCL's E&P witnessing significant success

BPCL's E&P business has turned out to be a huge success with multiple discoveries in its Brazil and Mozambique acreage. BPCL's E&P activity is carried through its 100% subsidiary Bharat Petro Resources Ltd, which has 27 E&P blocks (9 in India and 18 abroad). BPCL has an overseas presence in Australia, Brazil, East Timor, Indonesia, Mozambique and the UK.

BPCL's E&P strategy

BPCL's entry into E&P business is led by the thought of being self-sufficient in sourcing crude requirement for its refineries (shielding it from vagaries of crude price at entity level). BPCL has consciously entered into countries with a very low political risk. Further, at this stage BPCL refers to enter only into exploratory blocks and would not be entering into producing blocks.

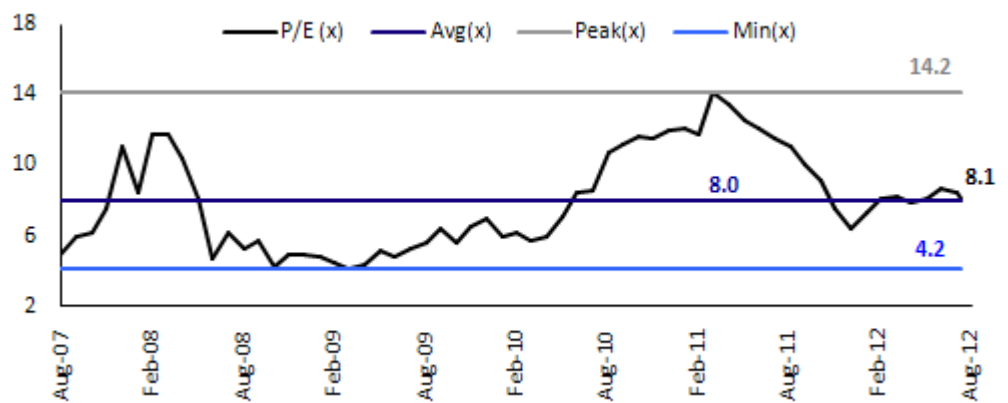
BPCL: Status update of overseas E&P portfolio

Block	Country	Stake (%)	Comments
WA/388/P	Australia	14.0	One dry well. Post well studies are in progress.
AC/P32	Australia	20.0	Likely to relinquish
48/1b & 2c - North Sea	U.K.	25.0	One sub-commercial discovery (Cobra). Well stimulation studies incl. fracking/gas export option & project economics has been completed by the operator. Currently field development options are being studied.
JPDA 06/103	Australia/Timor*	20.0	Of the 4 MWP wells, two wells were drilled in FY10 & 1 indicated hydrocarbon, but was sub-commercial. 3D seismic interpretation and studies are in progress to identify further drilling prospect(s). One year extension granted; subject to 50% relinquishment of area.
TP-15	Australia	50.0	Relinquished
EP-413	Australia		Drilling of an exploratory well has been completed. At present testing of cores etc is in progress and vertical fracking of well is scheduled in the second quarter of 2012.
Sergipe and Alagoas			
SEAL-M-349	Brazil	20.0	3D Seismic Data Interpretation completed and drilling of well (Barra) completed. 34 mts net pay encountered. Drilling of 2nd well (Capela) commenced on Aug 26, 2011. Appraisal plan for Barra approved by regulator, ANP. Drilling of other wells planned from April-12 onwards.
SEAL-M-426	Brazil	20.0	
SEAL-M-497	Brazil	20.0	
SEAL-M-569	Brazil	20.0	
Espirito Santo			
ES-24-588	Brazil	15.0	1 well (Serpa) drilled post salt in Sept-07, later deepened to pre-salt in Jan-09. Sub-commercial gas show. Another well (Gauda) was drilled in May/June-09 was dry. Now in Phase II (2 years); to drill 2 wells. Oil discovery 'Grana Padano' in ES-M-661 block in July 2012
ES-24-661	Brazil	15.0	
ES-24-663	Brazil	15.0	
Campos			
C-M-30-101	Brazil	12.5	Wahoo#1 Well resulted in oil discovery. Testing at 7,500bpd established capacity to flow at 15,000bpd. Wahoo#2 (North) well non-commercial and Wahoo#3 (South) was dry. Currently, the block is under Evaluation phase till 2015. Two appraisal wells planned in 2012. Subsequent to the results of appraisal wells, the Development of the field will be taken up.
Portiguar			
POT-16-663	Brazil	10.0	3D Seismic Data Interpretation & Sea Bed logging completed. Drilling of one prospect finalized and Well, "Ararauna" to be drilled during 2012.
POT-16-760	Brazil	10.0	
Mozambique Rovuma Basin	Mozambique	10.0	Details on page 4 & 5
Nunukan PSC, Tarakan Basin	Indonesia	12.5	Badik-1 well encountered 40 net mts of oil and natural gas pay. 3D seismic data acquisition/processing completed. 2 appraisal wells (Badik-2 and Badik-3) to be drilled in 2012.

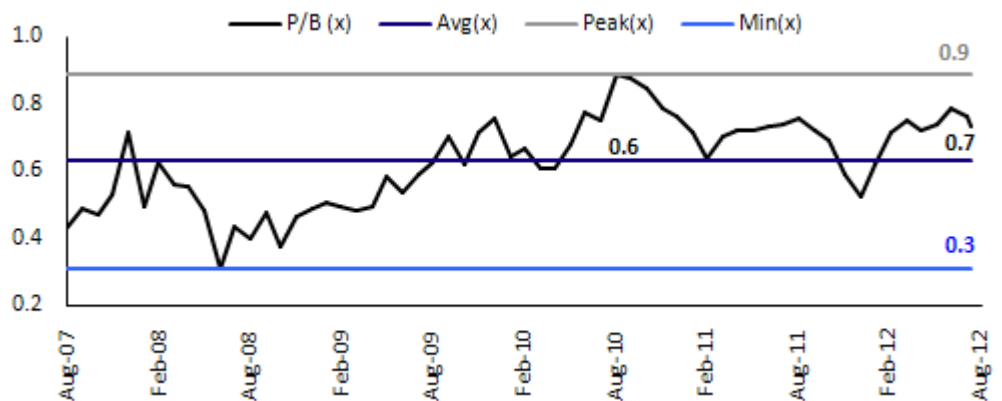
Valuation and view

- We model Brent oil price of USD105/100/bbl in FY13/FY14 in our estimates. We expect OMCs to be fully compensated by upstream (40% share) and government (60% share) for the under-recoveries on controlled products.
- Key event to watch (apart from subsidy sharing) are: (a) Bina refinery GRM performance, and (b) E&P developments in Mozambique block.
- E&P upside potential is BPCL's key differentiator vis-à-vis HPCL and IOC. BPCL's E&P portfolio has turned out to be a huge success with multiple discoveries in its Brazil and Mozambique acreage. We currently value BPCL's E&P portfolio at INR82/sh and believe there could be a significant upside potential as we get more clarity on the reserve size at its Mozambique and Brazil discovery. The stock trades at 16.9x FY13E EPS of INR20.9 and 1.5x FY13E BV. BPCL is our top pick in OMC's. Maintain **Buy**.

BPCL trades at ~2% above its historical average P/E



BPCL trades at ~17% above its historical average P/B led by its strong E&P potential



BPCL: an investment profile

Company description

A Fortune 500 company, BPCL has interests in oil refining and marketing of petroleum products. It is the third largest refining company in India with a capacity of 12mmtpa at its Mumbai facility and 9.5mmtpa at Kochi. BPCL has majority stake (63%) in Numaligarh Refineries, a 3mmtpa refinery in the north-east. BPCL has investments in IGL (22.5%) and Petronet LNG (12.5%). BPCL is a public sector firm in which the government of India holds 54.93%.

Key investment arguments

- BPCL's profitability continues to be determined by quantum of under recoveries and sharing mechanism, rather than fundamentals.
- Bina refinery commercial production ramp up is expected in coming quarters. BPCL has 49% stake in the ~Rs114b Bina refinery, which will have a capacity of 6mmtpa.
- BPCL's E&P portfolio is likely to add substantial value as it completes its appraisal program and gives out the resource/reserve numbers.

Key investment risks

- Delay in the diesel de-regulation and ad-hoc subsidy sharing.

- Non commensurate increase in the retail fuel prices as oil price rises, leads to under recoveries for the company and ad-hoc nature of subsidy sharing impacts the profits.

Recent developments

- BPCL decided to implement the revised structure of 'state specific cost (SSC)' to cover the irrecoverable taxes w.e.f midnight of 24/25 July, 2012.
- BPCL made an oil discovery in Espirito Basin of Brazil with an oil column of more than 30meters (gross).

Valuation and view

- The stock trades at 16.9x FY13E EPS of INR20.9 and 1.5x FY13E BV. Maintain **Buy**.

Sector view

- Global economic environment (particularly Europe) will continue to weigh heavily on refining margins. While economic outlook continues to remain uncertain, we expect GRMs to remain range bound. However, the ceiling will be capped in the near term due to new capacities coming online in FY13 and FY14. We expect the demand-supply gap to correct only through refinery closure of simple refiners and continuous pick-up in global demand.

Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
352	400	13.6	Buy

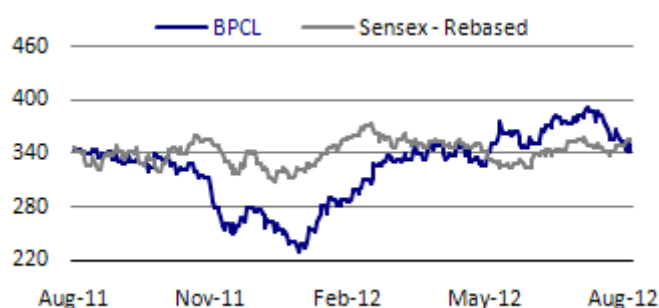
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	20.9	22.8	-8.5
FY14	21.9	25.6	-14.5

Shareholding pattern (%)

	Jun-12	Mar-12	Jun-11
Promoter	55.8	55.8	55.8
Domestic Inst	18.1	18.8	20.2
Foreign	9.0	8.0	6.8
Others	17.0	17.5	17.2

Stock performance (1 year)



Financials and Valuation

Income Statement (Consolidated)		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Net Sales	1,536,450	2,119,639	2,392,999	2,280,411	
Change (%)	24.1	38.0	12.9	-4.7	
Finished Gds Purchase	701,497	918,786	1,066,497	986,722	
RM & Other exp	692,475	1,030,487	1,173,849	1,167,766	
Other operating expen	99,865	123,996	94,279	68,340	
EBITDA	42,612	46,370	58,375	57,583	
% of Net Sales	2.8	2.2	2.4	2.5	
Depreciation	18,914	24,108	25,715	27,300	
Interest	12,468	22,591	20,582	15,776	
Other Income	17,252	16,324	11,517	9,391	
Extraordinary Items (net)	0	0	0	0	
PBT	28,483	15,995	23,594	23,898	
Tax	11,062	7,482	7,489	7,038	
Rate (%)	38.8	46.8	31.7	29.5	
Minority Interest	1,071	705	1,005	1,005	
Exceptional Item					
PAT	16,350	7,809	15,101	15,856	
Adj. PAT	16,350	7,809	15,101	15,856	
Change (%)	0.2	-52.2	93.4	5.0	

Balance Sheet		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
Share Capital	7,231	7,231	7,231	7,231	
Reserves	146,277	149,434	160,305	172,776	
Net Worth	153,508	156,664	167,535	180,007	
Minority interest	9,975	10,679	11,684	12,689	
Loans	251,855	237,117	207,115	197,217	
Deferred Tax	13,074	13,074	12,733	12,392	
Capital Employed	428,412	417,535	399,068	402,305	
Gross Fixed Assets	344,851	375,695	459,927	481,870	
Less: Depreciation	152,581	176,690	202,405	229,705	
Net Fixed Assets	192,269	199,005	257,522	252,165	
Capital WIP	82,864	90,000	45,000	45,000	
Investments	84,600	96,510	111,510	126,510	
Intangibles	3,855	3,855	3,855	3,855	
Curr. Assets, L & Adv.					
Inventory	182,135	186,953	178,997	169,887	
Debtors	28,779	42,576	38,034	35,443	
Cash & Bank Balance	7,971	20,174	2,955	9,430	
Loans & Advances	86,421	86,356	86,356	86,356	
Current Liab. & Prov.					
Liabilities	206,051	278,217	295,725	297,598	
Provisions	34,462	29,709	29,469	28,777	
Net Current Assets	64,792	28,133	-18,852	-25,258	
Less: Miscellaneous e	33	33	33	33	
Application of Funds	428,412	417,535	399,068	402,305	

E: MOSL Estimates

Ratios					
Y/E March	2011	2012	2013E	2014E	
Basic (INR)					
EPS	22.6	10.8	20.9	21.9	
Cash EPS	48.8	44.1	56.4	59.7	
Book Value	212.3	216.7	231.7	248.9	
Dividend	7.0	5.5	5.0	4.0	
Payout (incl. Div. Tax.)	39.4	59.6	28.0	21.3	
Valuation (x)					
P/E		32.6	16.9	16.1	
Cash P/E		8.0	6.2	5.9	
EV / EBITDA		10.4	8.1	7.9	
EV / Sales		0.2	0.2	0.2	
Price / Book Value		1.6	1.5	1.4	
Dividend Yield (%)		1.6	1.4	1.1	
Profitability Ratios (%)					
RoE	11.1	5.0	9.3	9.1	
RoCE	5.5	5.3	8.0	7.6	
Turnover Ratios					
Debtors (No. of Days)	7	6	6	6	
Asset Turnover (x)	4.8	5.9	5.7	4.8	
Leverage Ratio					
Debt / Equity (x)	1.6	1.5	1.2	1.1	

Cash Flow Statement		(INR Million)			
Y/E March	2011	2012	2013E	2014E	
OP/(Loss) before Tax	28,632	15,995	23,594	23,898	
Depreciation	18,914	24,108	25,715	27,300	
Interest Paid	12,468	22,591	20,582	15,776	
Direct Taxes Paid	-12,475	-7,482	-7,830	-7,379	
Other operating items	-13,028	0	0	0	
(Inc)/Dec in Wkg. Capi	13,489	48,863	29,765	12,881	
CF from Op. Activity	48,001	104,075	91,827	72,476	
(Inc)/Dec in FA & CWIP	-43,057	-37,980	-39,232	-21,943	
(Pur)/Sale of Investme	38,532	-11,910	-15,000	-15,000	
CF from Inv. Activity	-4,525	-49,890	-54,232	-36,943	
Issue of Shares	0	0	0	0	
Net Inc / (Dec) in Debt	4,137	-14,738	-30,002	-9,898	
Interest paid	-13,967	-22,591	-20,582	-15,776	
Dividends Paid	-6,449	-4,653	-4,230	-3,384	
Other Fi. Activities	3,278	0	0	0	
CF from Fin. Activity	-13,001	-41,981	-54,814	-29,058	
Inc / (Dec) in Cash	30,475	12,203	-17,219	6,475	
Cash (incl ST borrowin)	-22,504	7,971	20,174	2,955	
Closing Balance	7,971	20,174	2,955	9,430	

N O T E S

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