

GAIL

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Inventory loss, higher costs and Gazprom hit earnings; outlook positive

- GAIL's Q3FY23 standalone EBITDA/PAT at Rs2.6bn/Rs2.5bn sharply missed our estimates, on weakness across segments due to gas marketing inventory loss, Gazprom-led volume disruptions and gas cost pressure in transmission and LPG-LHC segments.
- Gas transmission EBITDA fell 28% QoQ, despite only a 4% volume drop to 103.7mmcmd. Marketing EBITDA plummeted to Rs30mn, with volume down 3% to 89.9mmcmd, albeit RLNG margin turning negative. LPG EBITDA also turned negative, with jump in unit opex.
- While Q3 was possibly the worst-ever quarter for GAIL, Company outlook is positive, with PNGRB's decision on material tariff hikes nearing and cool down in LNG prices lowering cost pressures & supporting demand. GAIL may be close to signing a term LNG deal.
- We cut FY23E EPS by 23%, to reflect the overall weakness in 9MFY23, though FY24-25E EPS is only slightly altered. We build-in conservative assumptions compared with Mgmt guidance. We roll over to Mar-25E and raise our TP by 5% to Rs115/share; reiterate BUY.

Other Highlights: Avg. transmission tariff rose 2% QoQ to Rs1.6/scm. LPG transmission EBITDA fell 67% QoQ, with tariff down 9% and volume staying flat. Petchem utilization fell to 33% due to the Gazprom hit and high RLNG prices, though EBITDA loss at Rs2.1bn was better than our est of Rs3.1bn, on lower costs. Petchem realization fell 9% QoQ, while unit opex decreased with premium to Korea softening to 34% vs. 43% in Q2. LPG/LHC production grew 9% QoQ, while discount to Arab Gulf shrank to 3% from 6%. Other segment EBITDA was also lower. Debt was largely range-bound at Rs101.6bn. 9MFY23 capex was Rs62.8bn.

Management KTAs: Q3 was impacted by gas marketing inventory loss of Rs11bn in 2 unsold spot cargos. Transmission segment fuel cost also rose, by Rs4bn. Avg. pipeline tariff was up from Rs39.8/mmbtu to Rs43.5 in FY23, as JHBDPL volumes rose. JHBDPL tariff can double to +Rs125. GAIL expects at least Rs10/mmbtu (25%) tariff hike due to amendments in regulations, with key orders expected by Apr-May '23. This excludes unified tariff that, besides raising revenue, could expand the market. GAIL is close to signing one long-term LNG supply contract; discussions are ongoing with various parties. GAIL expects Q4FY23 volumes to improve QoQ, with FY24 pipeline volumes of 113-114mmcmd. Marketing earnings guidance for FY24 is also maintained at Rs25bn, while Mgmt is looking to secure gas for petchem (aims for 100% utilization vs 40% now). GAIL intends to entirely sell the 90 US cargos in India. Usar's PDH PP/Pata's PP plant commissioning is expected by Apr-25/Apr-24, while a new 50ktpa i-propanol plant has also been approved. Lower APM gas prices through Kirit Parikh panel recos could lead to cost benefits of Rs10-12bn. FY23 capex target is Rs80bn.

Valuation: We value GAIL on SOTP-basis, with a 5.0x blended target Mar-25E EV/EBITDA for the SA business and investments at a 30% holdco discount. We maintain BUY on attractive valuations. **Key risks:** Adverse commodity price margins, currency, regulations, and outages.

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	5,67,302	9,16,265	14,11,528	14,17,615	14,51,630
EBITDA	64,451	1,38,290	73,956	1,01,085	1,11,836
EBITDA Margin (%)	11.4	15.1	5.2	7.1	7.7
APAT	48,902	1,03,640	50,182	68,503	77,140
EPS (Rs)	11.0	23.3	7.6	10.4	11.7
EPS (% chg)	(25.0)	111.9	(67.3)	36.5	12.6
ROE (%)	10.8	20.3	8.9	11.6	12.2
P/E (x)	8.6	4.1	12.4	9.1	8.1
EV/EBITDA (x)	7.3	3.5	9.8	7.3	6.5
P/BV (x)	0.9	0.8	1.1	1.0	1.0

Source: Company, Emkay Research

CMP	Target Price
Rs 95	Rs 115 (▲)
as of (January 31, 2023)	12 months
Rating	Upside
BUY (■)	20.7 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	(23)/(3)
Target Price change (%)	4.7
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	7.6	10.4
Consensus	10.3	10.6
Mean Consensus TP (12M)	Rs 112	

Stock Details

Bloomberg Code	GAIL IN
Face Value (Rs)	10
Shares outstanding (mn)	6,575
52 Week H/L	116 / 83
M Cap (Rs bn/USD bn)	624 / 7.66
Daily Avg Volume (nos.)	1,32,94,240
Daily Avg Turnover (USD mn)	-

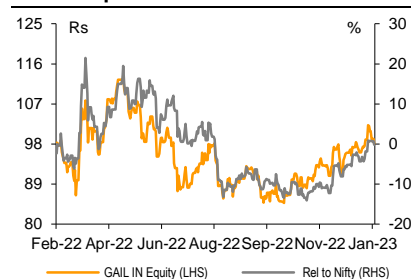
Shareholding Pattern Dec '22

Promoters	51.5%
FIIIs	17.9%
DIIIs	15.9%
Public and Others	14.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(1)	5	(3)	-
Rel. to Nifty	1	6	(6)	(3)

Relative price trend



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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Exhibit 1: Actual vs. Estimates (Q3FY23)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	354	384	361	-8%	-2%	
Adjusted EBITDA	3	14	17	-81%	-84%	Miss across segments ex petchem which was better
EBITDA Margin (%)	0.7%	3.5%	4.6%	-278bps	-389bps	
Adjusted Net Profit	2	10	11	-75%	-78%	Taxation negative, PBT at 83% miss

Source: Company, Emkay Research

Exhibit 2: Quarterly summary

(Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY	QoQ	9MFY22	9MFY23	YoY
Revenue	2,57,698	2,69,619	3,75,625	3,84,786	3,53,654	37%	-8%	6,46,646	11,14,065	72%
COGS	1,97,666	2,12,884	3,14,402	3,47,819	3,28,978	66%	-5%	4,94,938	9,91,200	100%
Gross Profit	60,031	56,735	61,222	36,967	24,676	-59%	-33%	1,51,708	1,22,865	-19%
Opex	17,750	19,590	17,566	19,319	22,063	24%	14%	50,563	58,948	17%
EBITDA	42,281	37,145	43,657	17,647	2,613	-94%	-85%	1,01,145	63,917	-37%
Depreciation	5,322	5,461	6,030	6,194	6,226	17%	1%	15,651	18,449	18%
Interest	394	461	481	683	1,050	167%	54%	1,284	2,214	72%
Other Income	6,518	4,235	1,798	7,988	6,889	6%	-14%	16,234	16,675	3%
Exceptionals	-	-	-	-	-			0	-	
PBT	43,084	35,459	38,944	18,759	2,227	-95%	-88%	1,00,444	59,929	-40%
Tax	10,204	8,628	9,792	3,388	-231			23,635	12,950	-45%
Rep. PAT	32,880	26,831	29,152	15,371	2,457	-93%	-84%	76,809	46,980	-39%
Adj. PAT	32,880	26,831	29,152	15,371	2,457	-93%	-84%	76,809	46,980	-39%
Adj. EPS (Rs)	5.0	4.1	4.4	2.3	0.4	-93%	-84%	11.7	7.1	-39%
Gas Transmission										
Volume (mmscmd)	114.3	107.6	109.5	107.7	103.7	-9%	-4%	112.1	107.0	-5%
Adj. Tariff (Rs/scm)	1.4	1.5	1.5	1.6	1.6	13%	2%	1.4	1.6	12%
Reported EBITDA	12,560	11,540	10,900	10,100	7,230	-42%	-28%	37,460	28,230	-25%
LPG Transmission										
Volume (mmt)	1.1	1.1	1.1	1.1	1.1	4%	0%	3.1	3.3	4%
Tariff (Rs/mt)	1,570	1,577	1,592	1,773	1,617	3%	-9%	1,573	1,662	6%
Reported EBITDA	960	1,010	1,000	1,300	1,080	13%	-17%	2,960	3,380	14%
Gas Marketing										
Volume (mmscmd)	96.6	94.7	100.8	92.5	89.9	-7%	-3%	96.7	96.1	-1%
Reported EBITDA	17,950	17,790	24,020	4,520	30		-99%	33,410	28,570	
EBITDA Margin (USD/mmbtu)	0.6	0.6	0.8	0.1	0.0		-100%	0.4	0.3	
Petchem										
Sales Volume (kt)	217.0	216.0	109.0	108.0	65.0	-70%	-40%	576.0	282.0	-51%
Reported EBITDA	4,900	5,030	1,690	-2,100	-2,100			12,270	-2,510	
EBITDA/mt (USD)	261	278	193	-244	-393			246	-109	
LPG & LHC										
Sales Volume (kt)	275.0	217.0	220.0	231.0	248.0	-10%	7%	787.0	699.0	-11%
Reported EBITDA	8,750	7,530	6,630	5,240	-60			22,320	11,810	-47%
EBITDA/mt (USD)	368	414	375	196	-3			331	182	-45%

Source: Company, Emkay Research; Note: Adjusted PAT may not fully match the annual tables due to a different adjustment method in the Emkay detailed annual model

Con-call Highlights

Q3FY23 Results

- GAIL's profitability was impacted by inventory loss of Rs11bn in the gas marketing business due to steep correction in LNG prices, Rs4bn of incremental fuel expenses in transmission (and some in CGD) due to usage of spot LNG and jump in APM gas prices, and sustained supply disruptions from Gazprom (GMT).
- Management attributed the inventory loss as one-time in nature, as GAIL had purchased two cargos in anticipation of fertilizer sector demand; but these remained unsold as fertilizer bidding in Oct-22 was postponed to Dec-22; also, meanwhile, LNG prices in the spot market fell, from USD40-45/mmbtu to USD20/mmbtu. GAIL has valued the inventory at USD20-21/mmbtu and majority of the loss has been booked (negligible inventory losses in Q2FY23). Going ahead, inventory losses will be much lower.
- The GoI has diverted 0.45mmcmd (of the 1.55mmcmd) of APM gas consumed by GAIL's gas transmission business to the CGD sector, following the revised allocation wef 16-Aug-2022. Hence, GAIL is now receiving 1.1mmcmd, and this situation has led to a rise in fuel cost (~Rs4bn in Q3), thus affecting transmission segment earnings. However, this would be a pass-through in the next tariff review/revision, and GAIL would submit the same to regulator PNGRB.
- Revenue in Q3FY23 was hit due to lower volume in marketing, transmission as well as petchem, besides the fall in average natural gas price from USD13.27/mmbtu to USD12.27/mmbtu and reduction in petchem/LPG&LHC realization by Rs11.7k/7.3k per ton.
- GAIL raised Rs15.75bn through issue of 5-year NCDs at 7.34% coupon (better than various corporates) and debt as of end-Dec 2022 stood at Rs101.6bn. GAIL's capex was Rs23.1bn in Q3 and Rs62.8bn in 9MFY23 (pipelines: Rs36.5bn; petchem: Rs6.8bn; operational capex: Rs6.2bn; CGD: Rs1.6bn; equity contribution: Rs9.7bn), with FY23 capex target of Rs80bn.
- Volume reduction was attributable to cut in supply to customers since Jul-22, following the GMT disruption and the Pata petchem plant operating at low volumes with full impact on volumes getting reflected in Q3. GAIL has been impacted to the extent of Rs10bn in FY23, on account of a 10% decline in transmission volumes and APM supply diversion leading to shortfall in compressor fuel. LPG & LHC were affected by the jump in APM gas prices and decline in realizations.

Gas Transmission

- The Mumbai-Nagpur-Jharsuguda pipeline is progressing well, and the Mumbai Nagpur section is expected to be completed by May-23. JHBDPL is 53% complete, with the remaining likely to be completed by Jun-23. The SAPL should be ready by Jul-23.
- On an average, GAIL has seen tariff increase, from Rs39.78/mmbtu to Rs43.46/mmbtu this year, given the rise in JHBDPL volumes, which are set to further increase going forward. JHBDPL Phase 1 capex was Rs20bn and, adjusted for subsidy (VGF), stood at Rs13bn, while total capex is Rs150bn and net of subsidy is Rs100bn. Current tariff in this pipeline is Rs65/mmbtu, which can double to up to Rs125-130/mmbtu.
- GAIL has already filed for tariff revisions, with the PNGRB reviewing the same. PNGRB is in the process of making PCD in the next few weeks (by next month, the PCD mechanism should be known), after which the amended tariff notification based orders can be expected by Apr-May 2023. GAIL expects at least Rs10/mmbtu (25%) tariff hike going ahead, on an indicative basis, due to amendments in pipeline tariff regulations, though the assumptions by the PNGRB wrt capex, opex, past over-recoveries, etc can lead to some variations. Implementation of unified tariff could further add to it (not calculated for now), though it will also lead to market expansion.
- Key amendments in tariff regulations include volume ramp-up over 10 years vs 5 years earlier, available phase-wise (likely to benefit 3 pipelines of GAIL, i.e. KKMBPL, DBPL, JHBDPL), prospective impact of the lower corporate tax rate, normative transmission loss of 0.1%, fuel consumption at the normative 2% vs actuals earlier, miscellaneous income set-off against expenses, once the 75% volume target is achieved, implying 12% post-tax return. KKMBPL, CJHPL and DBNPL orders (last reviewed in CY19) are already due and should see upsides.

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- HVJ pipeline's tariff period has been extended till 2033, with revision over the economic life. HVJ's economic life was 25 years, but the PNGRB gave a tariff order based on a 30-year life and has extended the same twice for 10 years each, while DBPL and KKMBPL also have a tariff period till 2038. There is 10 years of extension provision overall. No change is expected in tariff for Mumbai-Nashik Jharsuguda, as it is a bid out pipeline.

Gas Marketing

- GAIL continues to have discussions with GMT on the resumption of gas supply, while also being in discussions with various suppliers (two, as of now) for long-term supply deals (ADNOC is not the only one). Such discussions are at different stages, with one contract likely to be closed shortly. GAIL reiterated its capabilities to sell gas in the international market, citing that it had sold 10mmscmd on FOB basis from USA in the past and hence there is no issue of it being hit by oversupplies if GMT also comes back. Demand from India is, anyway, rising.
- GAIL procures 90 cargos from USA and optimizes on transport/shipping cost, based on time and destination swap (normative shipping cost is generally USD2-2.5/mmbtu, but swaps give flexibility). Of the above, 50% cargos are linked to Henry Hub final pricing and the company attempts to hedge the price risk (HH vs crude linked) in the balance through positions in the paper market.
- GAIL markets 14mmtpa gas in total, of which 2.5-2.85mmtpa supply is disrupted due to GMT, resulting in ~11mmtpa of available volumes with 7mmtpa tied up in back-to-back contracts. Such contracts include Rasgas volumes and 50% of total Henry-Hub volumes of 5.8mmt. Almost 0.5mmtpa (8 cargos) of gas is becoming available for marketing in India, as the 5-year international contract gets completed.
- GAIL earned >Rs25bn gas marketing spreads in 9MFY23; it upheld its original guidance for a similar amount in FY24, led by back-to-back contracts. GAIL intends to entirely sell the 90 US cargos in India. GAIL has sourced 120mmscm of gas from IGX at a good price. There is no cut to the CGD sector from US gas. The earlier cut occurred due to GMT.

Petchem and LPG

- The Pata petchem plant is currently operating at 40% utilization. GAIL intends to secure 100% gas for the Pata plant by FY24 and indicated spot LNG at USD16/mmbtu or lower, as optimal procurement price for 100% utilization. It may also look to use term volumes.
- In terms of petchem expansion, Usar's PDH PP plant is undertaking tendering activities and is expected to commission by April 2025, while the PP plant at Pata is likely to commission by April 2024, with tendering and site-enabling activities under way.
- GAIL Board has approved a 50ktpa isopropanol unit at Usar (where the PDH PP Plant is already under construction), to make its foray into the specialty chemicals segment.
- Contrary to trend, international LPG prices dipped this winter, hence GAIL believes, it may remain stable at these levels, but volatility cannot be ruled out. Management remains positive as it expects lower APM gas prices through Kirit Parikh panel recos could lead to cost benefits of Rs10-12bn.

Others

- GAIL's SA CGD portfolio has 124 CNG stations and 0.234mn DPNG connections, as of end-Dec '22; volumes stood at 0.22mmscmd. Five CNG stations/32,700 DPNG connections were added in 9MFY23; Company targets adding 100/0.25mn annually (for 5 years), respectively, going ahead. GAIL Gas reported Q3FY23 Revenue/PBT/PAT of Rs26.23/1.12/0.87bn. It has 358/0.82mn CNG stations/DPNG connections as of now, with 8/9,500 added in Q3. GAIL Gas's total volumes were flat QoQ, at 5.5mmscmd. Of the 19 CNG stations added by GAIL Gas in 9MFY23, 10 were added in Bangalore, thus taking GAIL Gas's total CNG stations in Bangalore to 79, with 0.228mn DPNG connections.
- GAIL has acquired 26% equity stake in 'GAIL Bhuwan' Ship, M/s LNG Japonica during Q3. Different customers have different affordability levels and hence GAIL has different gases.
- Expects overall Q4FY23 to be better and does not see big losses. It will make efforts to cover the risks. GAIL expects Q4FY23 transmission volumes to improve compared with Q3, and FY24 is expected to be at normative levels of 113-114mmscmd.

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Exhibit 3: Changes in assumptions

	FY23E			FY24E			FY25E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Gas Transmission									
Volumes (mmscmd)	109.9	106.5	-3%	116.4	112.9	-3%	123.4	120.8	-2%
Adj Tariff (Rs/scm)	1.6	1.6	-3%	1.8	1.8	-1%	2.0	2.0	1%
Adj EBITDA (Rs bn)	29.2	22.0	-25%	37.5	45.5	21%	44.9	55.9	24%
LPG Transmission									
Volumes (mmt)	4.3	4.3	0%	4.4	4.4	0%	4.5	4.5	0%
Adj EBITDA (Rs bn)	3.9	2.6	-33%	3.9	3.4	-13%	3.9	3.5	-10%
Gas Marketing									
Volumes (mmscmd)	103.7	94.1	-9%	102.4	99.1	-3%	104.7	106.1	1%
Margin (USD/mmbtu)	0.3	0.3	-17%	0.3	0.2	-29%	0.3	0.2	-21%
Adj EBITDA (Rs bn)	40.9	31.0	-24%	34.3	23.7	-31%	32.0	25.6	-20%
Petchem									
Capacity Utilization	50%	50%	0%	75%	75%	0%	90%	90%	0%
EBITDA/mt (USD)	-247.5	-132.1	-47%	26.1	66.4	155%	86.4	65.4	-24%
Adj EBITDA (Rs bn)	-7.0	-3.8	-46%	1.3	3.2	155%	5.2	3.9	-24%
LPG & LHC									
EBITDA/mt (USD)	237.3	144.8	-39%	230.1	199.5	-13%	195.0	172.9	-11%
Adj EBITDA (Rs bn)	18.8	10.7	-43%	18.6	16.1	-13%	16.0	14.2	-11%

Source: Company, Emkay Research

Exhibit 4: Changes in estimates

(Rs bn)	FY23E			FY24E			FY25E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,465	1,412	-4%	1,428	1,418	-1%	1,313	1,452	11%
EBITDA	94	74	-21%	103	101	-2%	109	112	2%
EBITDA Margins	6.4%	5.2%	-215bps	7.2%	7.1%	-114bps	8.3%	7.7%	-104bps
PAT	65	50	-23%	71	69	-3%	75	77	3%
EPS (Rs)	9.9	7.6	-23%	10.8	10.4	-3%	11.4	11.7	3%

Source: Company, Emkay Research

Valuation

Exhibit 5: SOTP Valuation – Mar-24E

Components	Basis	Mar-25E EBITDA (Rs bn)	Multiple (x)	EV (Rs bn)	EV/sh (Rs)	Comment
Gas Transmission - Standalone	EV/EBITDA	56	6.5	363	55	
LPG Transmission - Standalone	EV/EBITDA	4	6.0	21	3	
Gas Marketing - Standalone	EV/EBITDA	26	3.0	77	12	
Petrochemicals - Standalone	EV/EBITDA	4	5.0	20	3	
LPG & LHC - Standalone	EV/EBITDA	14	4.0	57	9	
Others -Standalone	EV/EBITDA	9	3.0	26	4	
Core Business EV		112	5.0	564	86	Blended Multiple at 5.0x
Less: Adj. Net Debt (Mar-24E end)				78	12	
Core Business Valuation				485	74	
Value of Listed Investments	TP/CMP			166	25	At 30% HoldCo Discount
Value of Unlisted Investments	BV			102	16	At 0.7x P/B
Target Price-Fair Value (Rs/share)				754	115	

Source: Company, Emkay Research

Exhibit 6: Schedule and Value of Investments

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	Equity Value (Rs bn)	GAIL Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contr. to SOTP (Rs bn)	Per Share Value (Rs)
PLNG	JV	TP (Emkay)	260	390	12.5%	49	30%	34	5.2
IGL	JV	TP (Emkay)	485	340	22.5%	76	30%	53	8.1
MGL	JV	CMP*1.12x	952	94	32.5%	31	30%	21	3.3
ONGC	Financial	TP (Emkay)	195	2,453	2.5%	60	30%	42	6.4
China Gas Holding	Financial	CMP*1.12x	142	741	2.9%	21	30%	15	2.3
Gujarat Industries Power Co. (GIPCL)	Financial	CMP*1.12x	91	138	0.4%	1	30%	0	0.1
Total Listed						238		166	25
Unlisted									
Unlisted CGDs	Subsidiary	BV			100%	104	30%	73	11.1
Brahmaputra Cracker (BCPL)	Subsidiary	BV			70%	42	30%	29	4.4
Total Unlisted						146		102	16
Grand Total Investments						383		268	41

Source: Company, Emkay Research; * 1.12x is taken as 1 year forward over CMP

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	5,67,302	9,16,265	14,11,528	14,17,615	14,51,630
Expenditure	5,02,850	7,77,975	13,37,572	13,16,530	13,39,794
EBITDA	64,451	1,38,290	73,956	1,01,085	1,11,836
Depreciation	19,079	21,112	25,547	29,616	32,680
EBIT	45,373	1,17,179	48,410	71,468	79,156
Other Income	20,045	20,469	22,610	24,688	28,172
Interest expenses	1,559	1,744	3,931	4,575	4,200
PBT	63,858	1,35,903	67,089	91,581	1,03,128
Tax	14,956	32,263	16,906	23,079	25,988
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	48,902	1,03,640	50,182	68,503	77,140
Adjusted PAT	48,902	1,03,640	50,182	68,503	77,140

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	44,404	44,404	65,751	65,751	65,751
Reserves & surplus	4,21,708	5,11,464	5,06,320	5,43,997	5,86,424
Net worth	4,66,112	5,55,868	5,72,071	6,09,748	6,52,175
Minority Interest	0	0	0	0	0
Loan Funds	67,317	76,558	1,20,000	1,30,000	1,24,000
Net deferred tax liability	45,022	47,673	48,239	48,816	49,405
Total Liabilities	5,78,450	6,80,098	7,40,310	7,88,564	8,25,580
Net block	3,64,979	3,97,810	4,85,071	5,23,533	5,58,923
Investment	97,238	1,21,209	1,22,421	1,23,646	1,24,882
Current Assets	1,48,102	2,13,673	2,84,125	2,90,596	2,94,714
Cash & bank balance	13,618	20,850	15,983	20,986	19,412
Other Current Assets	17,183	23,531	36,250	36,406	37,280
Current liabilities & Provision	1,50,903	1,83,307	2,42,805	2,41,625	2,46,277
Net current assets	(2,801)	30,366	41,319	48,972	48,437
Misc. exp	0	0	0	0	0
Total Assets	5,78,450	6,80,098	7,40,310	7,88,564	8,25,580

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	43,814	1,15,434	44,479	66,893	74,956
Other Non-Cash items	9,821	12,956	0	0	0
Chg in working cap	33,485	(23,286)	(15,254)	(2,072)	(450)
Operating Cashflow	83,728	89,550	41,796	75,934	85,397
Capital expenditure	(60,824)	(65,621)	(73,593)	(68,994)	(68,994)
Free Cash Flow	22,904	23,929	(31,797)	6,940	16,404
Investments	(22,254)	(23,971)	(1,212)	(1,224)	(1,236)
Other Investing Cash Flow	21,335	22,976	0	0	0
Investing Cashflow	(41,698)	(46,148)	(52,195)	(45,530)	(42,059)
Equity Capital Raised	(698)	0	21,347	0	0
Loans Taken / (Repaid)	9,693	9,241	43,442	10,000	(6,000)
Dividend paid (incl tax)	(22,371)	(39,943)	(22,582)	(30,826)	(34,713)
Other Financing Cash Flow	(21,516)	(3,725)	(32,744)	0	0
Financing Cashflow	(36,451)	(36,171)	5,532	(25,401)	(44,913)
Net chg in cash	5,579	7,231	(4,866)	5,003	(1,574)
Opening cash position	8,039	13,618	20,850	15,983	20,986
Closing cash position	13,618	20,850	15,983	20,986	19,412

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	11.4	15.1	5.2	7.1	7.7
EBIT Margin	8.0	12.8	3.4	5.0	5.5
Effective Tax Rate	23.4	23.7	25.2	25.2	25.2
Net Margin	8.6	11.3	3.6	4.8	5.3
ROCE	11.7	21.9	10.0	12.6	13.3
ROE	10.8	20.3	8.9	11.6	12.2
RoIC	9.9	23.6	7.9	10.1	10.4

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	11.0	23.3	7.6	10.4	11.7
CEPS	15.3	28.1	11.5	14.9	16.7
BVPS	105.0	125.2	87.0	92.7	99.2
DPS	5.0	10.0	3.4	4.7	5.3

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	8.6	4.1	12.4	9.1	8.1
P/CEPS	6.2	3.4	8.2	6.4	5.7
P/BV	0.9	0.8	1.1	1.0	1.0
EV / Sales	0.8	0.5	0.5	0.5	0.5
EV / EBITDA	7.3	3.5	9.8	7.3	6.5
Dividend Yield (%)	5.3	10.5	3.6	4.9	5.6

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	0.1	0.1	0.2	0.2	0.2
Net Debt/EBIDTA	0.8	0.4	1.4	1.1	0.9
Working Cap Cycle (days)	14.2	19.7	23.0	23.0	23.0

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	(21.1)	61.5	54.1	0.4	2.4
EBITDA	(24.0)	114.6	(46.5)	36.7	10.6
EBIT	(31.7)	158.3	(58.7)	47.6	10.8
PAT	(26.1)	111.9	(51.6)	36.5	12.6

Quarterly (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Revenue	2,57,698	2,69,619	3,75,625	3,84,786	3,53,654
EBITDA	42,281	37,145	43,657	17,647	2,613
EBITDA Margin (%)	16.4	13.8	11.6	4.6	0.7
PAT	32,880	26,831	29,152	15,371	2,457
EPS (Rs)	7.4	6.0	6.7	2.3	0.4

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-22	Jun-22	Sep-22	Sep-22	Dec-22
Promoters	51.5	51.5	51.5	51.5	51.5
FIs	19.5	19.8	19.7	19.9	17.9
DIs	15.8	15.2	13.8	14.0	15.9
Public and Others	13.3	13.5	15.0	14.6	14.7

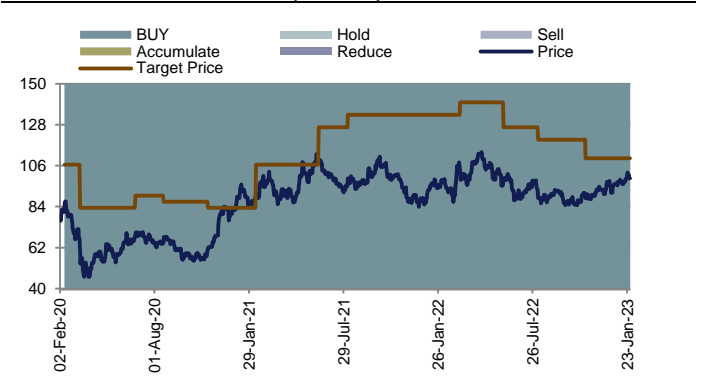
Source: Capitaline

RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
01-Dec-22	94	110	12m	Buy	Sabri Hazarika
22-Nov-22	91	110	12m	Buy	Sabri Hazarika
04-Nov-22	89	110	12m	Buy	Sabri Hazarika
02-Oct-22	87	120	12m	Buy	Sabri Hazarika
05-Aug-22	89	120	12m	Buy	Sabri Hazarika
31-May-22	98	127	12m	Buy	Sabri Hazarika
09-Mar-22	103	140	12m	Buy	Sabri Hazarika
04-Feb-22	98	133	12m	Buy	Sabri Hazarika
23-Nov-21	92	133	12m	Buy	Sabri Hazarika
30-Oct-21	99	133	12m	Buy	Sabri Hazarika
06-Aug-21	99	133	12m	Buy	Sabri Hazarika
26-Jul-21	94	127	12m	Buy	Sabri Hazarika
23-Jun-21	102	127	12m	Buy	Sabri Hazarika
11-Jun-21	109	127	12m	Buy	Sabri Hazarika
29-May-21	102	107	12m	Buy	Sabri Hazarika
23-Apr-21	86	107	12m	Buy	Sabri Hazarika
22-Mar-21	91	107	12m	Buy	Sabri Hazarika
18-Feb-21	95	107	12m	Buy	Sabri Hazarika
11-Feb-21	91	107	12m	Buy	Sabri Hazarika
06-Jan-21	89	83	12m	Buy	Sabri Hazarika
27-Nov-20	68	83	12m	Buy	Sabri Hazarika
26-Nov-20	69	83	12m	Buy	Sabri Hazarika
11-Nov-20	62	83	12m	Buy	Sabri Hazarika
28-Sep-20	59	87	12m	Buy	Sabri Hazarika
18-Aug-20	65	87	12m	Buy	Sabri Hazarika
25-Jun-20	69	90	12m	Buy	Sabri Hazarika
06-May-20	63	83	12m	Buy	Sabri Hazarika
11-Mar-20	60	83	12m	Buy	Sabri Hazarika
02-Mar-20	66	107	12m	Buy	Sabri Hazarika
11-Feb-20	86	107	12m	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research

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BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

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