

HOLD **Indraprastha Gas****In-line numbers; outlook largely priced-in; Downgrade to HOLD**

Oil & Gas ▶ Result Update ▶ May 15, 2023

TARGET PRICE (Rs) : 500

IGL's Q4FY23 SA EBITDA/APAT is Rs4.66/3.30bn, down 7/2% YoY and up 9/19% QoQ. Earnings missed our estimates by 2-3%, on slightly lower EBITDA/scm at Rs6.3 (up 9% QoQ). Total gas sales volume was in-line, at 8.25mmscmd, up 7% YoY/2% QoQ (CNG/PNG up 8%/2% YoY). Mgmt restated its volume guidance of 9/10mmscmd for FY24/25E, with target EBITDA/scm of Rs7.5-8 supported by stable gas & alternate fuel prices. Demand is expected to be led by new GASs, which will attribute 50% of the Rs15-16bn pa capex ahead. IGL received 87%/5% APM+/HP-HT gas under the priority sector in Q4, with the balance being LNG. We raise FY24E/25E EPS by 5%/7%, building-in better margins, with revised DCF-based Mar-25E TP of Rs500/sh. Given limited stock upside, we downgrade IGL to HOLD from Buy. Volume growth is the key trigger.

Indraprastha Gas: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Revenue	49,408	77,100	1,41,459	1,54,610	1,73,234
EBITDA	14,830	18,811	20,398	25,800	29,188
Adj. PAT	10,057	12,896	14,450	18,352	20,583
Adj. EPS (Rs)	14.4	18.4	20.6	26.2	29.4
EBITDA margin (%)	30.0	24.4	14.4	16.7	16.8
EBITDA growth (%)	(2.4)	26.8	8.4	26.5	13.1
Adj. EPS growth (%)	(11.5)	30.8	9.9	27.0	12.2
RoE (%)	18.4	19.6	20.6	23.7	22.6
RoIC (%)	39.9	45.8	47.7	52.0	45.8
P/E (x)	34.3	26.8	23.9	18.8	16.8
EV/EBITDA (x)	21.5	16.8	15.5	12.1	10.4
P/B (x)	5.9	5.0	4.9	4.1	3.5
FCFF yield (%)	2.1	1.8	3.5	2.2	3.3

Source: Company, Emkay Research

Result Highlights

CNG volume rose 8% YoY/1% QoQ (day adjusted) to 550mmscmd, while PNG was up 2% YoY/5% QoQ with I/C flat/up 3% and domestic up 9/11%. Gross margin expanded by 6% QoQ to Rs12 (a 4% miss), as gas cost fell 2% amid flat realizations. Employee cost rose 21% YoY/7% QoQ to Rs467mn, while Other Expenditure rose 9% YoY/2% QoQ at Rs3.82bn. Opex/scm rose 4% YoY/3% QoQ to Rs5.8 (4% below est). Other Income was up 51% YoY/17% QoQ at Rs654mn. Share of profit from CUGL-MNGL was Rs678mn in Q4FY23, up 21% QoQ/down 6% YoY, resulting in Consol. EPS of Rs5.7 in Q4FY23. FY23 SA EBITDA/PAT rose 8/10% YoY to Rs20.4/14.5bn, with volume up 16% YoY at 8.09mmscmd, while EBITDA/scm fell 6% to Rs6.9. Capex was Rs11.9bn. The Board did not recommend any final dividend, as 2 interim dividends totaling Rs13/sh were already declared (Rs10 was special), implying 63% payout in FY23 vs. 25-30% in FY21/22.

Management KTAs

IGL plans adding +1mmscmd volume p.a. and targets 9/+10mmscmd in FY24E/25E, with EBITDA/scm at Rs7.5-8, which can enhance to Rs9 if gas costs fall. Non NCR GAS contribute 15% of volumes which, going ahead, could increase to 40%. Unified tariff impact is Rs1.15/scm. FY24 capex target is Rs16bn, with 100 CNG station additions (791, as of FY23-end), while capex guidance is Rs15-16bnpa for the next 3-4 years of which 50% would be in new GASs. IGL's term LNG contracts are now being supplied at normal levels, with 50% being HH/crude-linked at 1/1.1mmscmd. Gas sourcing mix in Q4FY23 was 87%/5%/5%/3% of APM+/HP-HT/Term LNG/Spot LNG. Current monthly conversion run-rate is 13-14,000, but should pick up from here, with CNG now 46%/26% cheaper than petrol/diesel. IGL is studying the recent PNGRB order on the Faridabad and Gurugram GASs which it could contest. Dividend payout should be 25-30% going ahead.

Valuation

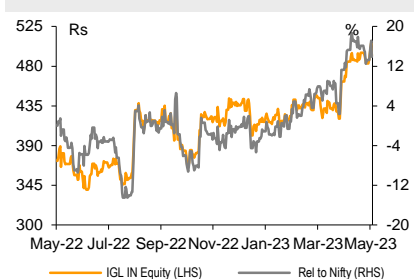
We value IGL on a DCF-SoTP basis. Our Mar-24E TP of Rs500/sh (Rs485 earlier) implies a 15.3x Mar-25E consolidate target P/E. Key risks: Adverse pricing, margin and currency scenarios; high gas prices; open access; EVs; project delays.

Target Price – 12M	Mar-24
Change in TP (%)	3.1
Current Reco.	HOLD
Previous Reco.	BUY
Upside/(Downside) (%)	1.4
CMP (15-May-23) (Rs)	493.3

Stock Data	Ticker
52-week High (Rs)	516
52-week Low (Rs)	335
Shares outstanding (mn)	700.0
Market-cap (Rs bn)	345
Market-cap (USD mn)	4,196
Net-debt, FY24E (Rs mn)	-34,320
ADTV-3M (mn shares)	2
ADTV-3M (Rs mn)	1,022.3
ADTV-3M (USD mn)	12.4
Free float (%)	50.0
Nifty-50	18,399
INR/USD	82.3
Shareholding, Mar-23	
Promoters (%)	45.0
FPIs/MFs (%)	21.3/20.5

Price Performance

(%)	1M	3M	12M
Absolute	1.7	13.3	32.4
Rel. to Nifty	(1.5)	10.9	13.5

1-Year share price trend (Rs)**Sabri Hazarika**

sabri.hazarika@emkayglobal.com
+91 22 6612 1282

Harsh Maru

harsh.maru@emkayglobal.com
+91 22 6612 1336

Exhibit 1: Actuals vs. Estimates (Q4FY23)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	36,872	37,208	37,005	-1%	0%	Slightly lower realizations
Adjusted EBITDA	4,663	4,828	5,328	-3%	-12%	Lower gross margins
EBITDA margin (%)	12.6%	13.0%	14.4%	397bps	-bps	
Adjusted Net Profit	3,298	3,370	3,620	-2%	-9%	Lower tax rate

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY	QoQ	FY22	FY23	YoY
CNG Sales	19,480	27,052	29,794	30,687	30,400	56%	-1%	61,828	1,17,933	91%
Less Excise	2,441	3,365	3,680	3,782	3,738	53%	-1%	7,750	14,565	88%
PNG Sales	7,020	8,252	9,426	10,204	10,210	45%	0%	23,022	38,091	65%
Other Operating Income	-	-	-	-	-			-	-	
Net Revenues	24,059	31,939	35,540	37,108	36,872	53%	-1%	77,100	1,41,459	83%
Dec./(Inc.) in Stock In Trade	(8)	(22)	(7)	(4)	(16)			(38)	(49)	
Raw Material Cost	15,187	21,728	26,100	28,640	27,941	84%	-2%	43,961	1,04,409	138%
Total COGS	15,178	21,706	26,094	28,636	27,925	84%	-2%	43,923	1,04,360	138%
Gross Profit	8,881	10,233	9,447	8,472	8,947	1%	6%	33,176	37,098	12%
Employee Cost	385	481	497	438	467	21%	7%	1,760	1,882	7%
Other Expenses	3,491	3,577	3,675	3,750	3,817	9%	2%	12,606	14,819	18%
Total OPEX	3,876	4,058	4,171	4,188	4,284	11%	2%	14,365	16,701	16%
Total Expenditure	19,055	25,763	30,265	32,823	32,209	69%	-2%	58,289	1,21,061	108%
EBITDA	5,005	6,175	5,275	4,285	4,663	-7%	9%	18,811	20,398	8%
Depreciation	753	857	914	925	938	25%	1%	3,171	3,634	15%
EBIT	4,252	5,318	4,361	3,360	3,725	-12%	11%	15,641	16,764	7%
Interest	49	24	31	26	26	-48%	-2%	132	106	-20%
Other Income	434	307	1,100	557	654	51%	17%	1,810	2,619	45%
PBT before exceptional	4,637	5,602	5,430	3,891	4,354	-6%	12%	17,319	19,277	11%
Exceptional items	340	-	-	-	-			340	-	
PBT	4,977	5,602	5,430	3,891	4,354	-13%	12%	17,659	19,277	9%
Current tax	1,236	1,384	994	964	1,056	-15%	10%	4,199	4,397	5%
Deferred tax	125	10	275	145	0	-100%	-100%	310	430	
Total tax	1,361	1,394	1,269	1,109	1,057	-22%	-5%	4,509	4,827	7%
Reported PAT	3,616	4,209	4,162	2,783	3,298	-9%	19%	13,150	14,450	10%
Rep. EPS (Rs)	5.2	6.0	5.9	4.0	4.7	-9%	19%	18.8	20.6	10%
Adjusted PAT	3,369	4,209	4,162	2,783	3,298	-2%	19%	12,902	14,450	12%
Adj. EPS (Rs)	4.8	6.0	5.9	4.0	4.7	-2%	19%	18.4	20.6	12%
CUGL/MNGL Gross PAT	1,447	1,208	1,394	1,116	1,355	-6%	21%	4,514	5,073	12%
CUGL/MNGL EPS Contri (Rs)	1.0	0.9	1.0	0.8	1.0	-6%	21%	3.2	3.6	12%
Consol. Adj. EPS (Rs) ex Div. Adj.	5.8	6.9	6.9	4.8	5.7	-3%	19%	21.7	24.3	12%
Shares O/S (mn)	700	700	700	700	700			700	700	
EBITDA margin	21%	19%	15%	12%	13%			24%	14%	
Standalone Rep. NPM	15%	13%	12%	7%	9%			17%	10%	
Effective tax rate	27%	25%	23%	28%	24%			26%	25%	
Total Sales (mmscmd)	7.7	7.9	8.1	8.1	8.3	7%	2%	6.7	8.0	19%
CNG Volumes (mmscm)	509	540	560	559	550	8%	-2%	1,847	2,209	20%
PNG Volumes (mmscm)	188	178	184	188	193	2%	2%	704	743	5%
Domestic	51	44	46	51	56	9%	8%	182	197	8%
Industrial+Commercial	92	89	92	91	92	0%	1%	352	364	3%
3rd party Trading	45	46	46	46	45	0%	-1%	171	182	7%
Gross Margin (Rs/scm)	12.7	14.3	12.7	11.3	12.0	-5%	6%	13.0	12.6	-3%
Adj. EBITDA/scm (Rs)	7.2	8.6	7.1	5.7	6.3	-13%	9%	7.4	6.9	-6%
CNG Real (Rs/kg)	53.5	69.1	72.5	75.1	75.6	41%	1%	47.2	73.1	55%
PNG Real (Rs/scm)	37.3	46.3	51.3	54.2	53.0	42%	-2%	32.9	51.2	56%
Average Real (Rs/scm)	34.5	44.5	47.8	49.7	49.7	44%	0%	30.2	47.9	58%
Capex	4,250	3,000	3,040	2,200	3,660	-14%	66%	13,900	11,900	-14%

Source: Company, Emkay Research

Exhibit 3: Change in assumptions

	FY24E			FY25E		
	Previous	Revised	Variance	Previous	Revised	Variance
EBITDA/scm (Rs.)	7.3	7.8	6%	7.4	8.0	8%
Sales Volumes (mmscmd)	9.0	9.0	0%	9.9	10.0	1%
Growth	11.5%	11.7%	25bps	10.2%	10.7%	50bps

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY24E			FY25E		
	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,61,314	1,54,610	-4%	1,79,927	1,73,234	-4%
EBITDA	24,285	25,800	6%	26,770	29,188	9%
EBITDA Margins	15.1%	16.7%	163bps	14.9%	16.8%	197bps
PAT	17,405	18,352	5%	19,223	20,583	7%
EPS (Rs)	24.9	26.2	5%	27.5	29.4	7%

Source: Company, Emkay Research

Concall Highlights

- Indraprastha Gas (IGL) added ~80 CNG stations during FY23 (with 791 stations, as of year-end), 0.31mn DPNG connections, 298km of steel pipelines, 3,400km MDPE pipelines, >700 industrial customers and +900 commercial customers. It also recorded the highest single-day CNG sales of 50.62lakh kg in Q4FY23, with 44.44/44.51lakh kg of average CNG sales in Q3/Q4FY23.
- Gas sourcing mix in FY23 was 89%/2%/6%/3% of APM+/HP-HT/Term LNG/Spot LNG, while this mix in Q4FY23 was 87%/5%/5%/3%. In FY24, APM+ share is expected to be lower, given growth across CGD players, thus increasing the need for sourcing RLNG and HP-HT gas (including that by IGL).
- IGL's term LNG contracts are now being supplied at normal levels (vs take or pay earlier). It continues to evaluate for long-term supply contracts and the market is opening up now. It has undertaken a 50mmscmd fixed price Henry Hub-linked term contract for FY24, to test the market wrt hedging, and assess profitability (should be better). 50% of the term contracts currently are HH-linked (1mmscmd), while the balance (1.1mmscmd) are crude-linked.
- IGL recorded unit gas cost of ~Rs17/scm in FY22 and of Rs35-36/scm in FY23; it expects these to stabilize at Rs25-28/scm in FY24. At LNG price of USD12-15/mmbtu, retail price cuts are unlikely. Unified tariff has increased gas costs by Rs1.15/scm.
- The target EBITDA/scm range in FY24 is Rs7.5-8, with a possibility of this enhancing to Rs9/scm in FY25, given the favorable gas and alternate-fuel prices. Gas costs can fall further. Demand growth is expected on the back of higher penetration in new GAs, stability in prices, new CNG variants (OEMs), higher conversions, and aggressive expansion in D-IPNG connections in the dense NCR region.
- The company's focus is on new GAs through accelerated network expansion. Current monthly conversion run-rate is steady at 13-14,000, on the back of the calibrated pricing approach. CNG is 46%/26% cheaper than petrol/diesel in Delhi, while 20-25% is the hurdle rate for the shift. Monthly conversions are expected to increase, with the recent RSP cuts.
- IGL plans to add >1mmscmd volumes a year and targets 9/10mmscmd+ in FY24/25. Currently, NCR contributes to ~7mmscmd of IGL's volumes, while new GAs comprise 15% volume. Within NCR, volume share is 65%/20%/5% in Delhi/UP/Haryana. Share of new GAs is expected to touch 40% going ahead, through infra development, contingent on execution. DPNG sales in new GAs are expected to double in coming months. DPNG connectivity vs gassing has some mismatch initially.
- DTC+DIMTS buses in Delhi-NCR are ~7,500 in number currently, with another 25,000 being private buses. Overall, Buses contribute to 20% of CNG volumes, i.e. 1.2mmscmd, with DTC+DIMTS share being 10%. There are 350 EV buses. The Delhi government's bids for more EV buses is facing hurdles and new tenders are not receiving the required response.
- Uttarakhand state transport has tied up with IGL for 200 CNG buses, to ply from Dehradun, with 100 more in the next phase, while Haridwar fleet owners are procuring volumes from

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Muzzafarnagar, given IGL's relatively lower-priced gas there. Long haul is a future area of growth.

- In terms of trucks, dumpers, etc as a category, EV adoption is likely to be slow due to high upfront cost, while CNG is cheaper than diesel for this category and IGL continues to incentivize through discount of Rs2-3/kg and conversion support. Last year, concerns arose, with other CNG players raising prices, but the situation has improved now, with visibility on gas cost. Total CNG Tempos, LCVs, RTVs, etc are ~0.38mn. 40% of IGL's total CNG volumes is being consumed by autos & taxis.
- Transport of gas through CV cascades in new GAs (as daughter stations are used) has resulted in higher costs and RSPs. However, through pipeline infra additions and bringing stations online, costs and prices should fall (Rs15/kg lower cost in online vs. daughter booster). This should ensue this year on. New real estate in NCR would help to add DPNG volumes in the next 1-2 years, as people start to move in.
- IGL is studying the recent PNGRB order on the Faridabad & Gurugram GAs which it could contest. Sep-2023 is the sunset date for supply of APM gas to other CGDs in NCR, and not for the dispute itself.
- IGL continues to evaluate acquisitions with focus on obtaining management control. It did not win 2-3 bids recently, while sellers were looking at 25% RoI on their investments in these bids. There are several organic opportunities, nevertheless.
- FY23 capex was Rs11.9bn, while the FY24 target is Rs16bn with addition of 100 CNG stations; capex guidance is Rs15-16bnpa for the next 3-4 years of which 50% would be incurred in new GAs. IGL has spent Rs20bn till date in new GAs and plans to spend a similar amount in the next 3-4 years as well. Capitalization would be 70-75% p.a.
- The EV threat exists, with the Delhi government pursuing the aggregator-delivery policy and 20% of volumes from DTC and DIMTS at risk (not much for other buses). However, IGL continues to focus on new energy business initiatives through renewable energy adoption. It signed an MOU with Acme for green hydrogen, and targets 200 EV charging stations in the next 1.5 years in Delhi-NCR, etc vs 75 currently existing and 25 to be added shortly.
- IGL distributed Rs10/sh of special dividend as part of its 25th year of operations, though going ahead, annual payout should be 25-30%.

Exhibit 5: DCF-based Valuation (Mar-24E)

DCF Assumptions		Mar'2025E (Rs mn)	Core IGL	CUGL 50%	MNGL 50%	Consol
Risk Free Rate	7.0%	NPV Of FCF	1,52,064	3,047	16,956	
Risk Premium	5.3%	Terminal Value	4,18,890	7,160	52,149	
Beta	0.8	PV Of TV	1,19,703	2,046	14,902	
Cost Of Equity	11.0%	Total Value	2,71,767	5,093	31,858	
Cost Of Debt	8.0%	Less: Adj. Net Debt (Mar'24E)	-40,662	-1,146	433	
Post Tax Cost Of Debt	6.0%	Equity Value	3,12,429	6,239	31,426	3,50,093
Average Debt:Equity Ratio	0%	No. Of Shares O/S (mn)	700	700	700	700
WACC	11.0%	Target Price (Rs.)	446	9	45	500
Terminal Growth Rate						
IGL	2.0%					
CUGL	1.0%					
MNGL	1.0%					

Source: Company, Emkay Research

Exhibit 6: PER-based valuation (Mar-25E EPS)

Rs./sh	FY20	FY21	FY22	FY23	FY24E	FY25E
IGL's Core EPS	15.1	14.4	18.4	20.6	26.2	29.4
Less: CU/MNGL Div. Inc.	0.4	0.4	0.7	0.8	0.9	1.0
IGL Adjusted EPS	14.7	14.0	17.8	19.9	25.3	28.4
CUGL/MNGL EPS Contri.	2.1	1.8	3.2	3.6	3.9	4.3
Consol. EPS	16.8	15.8	21.0	23.5	29.2	32.8
Implied Target Multiple (x)						15.3
DCF Target Price						500

Source: Company, Emkay Research

Indraprastha Gas : Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Revenue	49,408	77,100	1,41,459	1,54,610	1,73,234
Revenue growth (%)	(23.8)	56.0	83.5	9.3	12.0
EBITDA	14,830	18,811	20,398	25,800	29,188
EBITDA growth (%)	(2.4)	26.8	8.4	26.5	13.1
Depreciation & Amortization	2,904	3,171	3,634	4,416	5,325
EBIT	11,926	15,641	16,764	21,384	23,863
EBIT growth (%)	(5.9)	31.1	7.2	27.6	11.6
Other operating income	0	0	0	0	0
Other income	1,502	1,810	2,619	3,260	3,765
Financial expense	113	132	106	109	110
PBT	13,315	17,319	19,277	24,535	27,518
Extraordinary items	0	340	0	0	0
Taxes	3,258	4,509	4,827	6,183	6,935
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	10,057	13,150	14,450	18,352	20,583
PAT growth (%)	(11.5)	30.8	9.9	27.0	12.2
Adjusted PAT	10,057	12,896	14,450	18,352	20,583
Diluted EPS (Rs)	14.4	18.4	20.6	26.2	29.4
Diluted EPS growth (%)	(11.5)	30.8	9.9	27.0	12.2
DPS (Rs)	3.6	5.5	13.0	7.9	8.8
Dividend payout (%)	25.1	29.3	63.0	30.0	30.0
EBITDA margin (%)	30.0	24.4	14.4	16.7	16.8
EBIT margin (%)	24.1	20.3	11.9	13.8	13.8
Effective tax rate (%)	24.5	27.5	25.0	25.2	25.2
NOPLAT (pre-IndAS)	9,007	11,340	12,566	15,995	17,849
Shares outstanding (mn)	700.0	700.0	700.0	700.0	700.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
PBT	13,315	17,319	19,277	24,535	27,518
Others (non-cash items)	1,567	1,302	1,388	1,265	1,670
Taxes paid	(2,895)	(3,759)	(4,833)	(5,672)	(6,423)
Change in NWC	3,473	3,777	6,469	1,879	2,179
Operating cash flow	15,460	18,979	22,301	22,007	24,944
Capital expenditure	(8,829)	(13,370)	(11,221)	(15,021)	(15,021)
Acquisition of business	0	0	0	0	0
Interest & dividend income	1,279	798	1,618	3,260	3,765
Investing cash flow	(22,967)	(13,401)	3,996	(11,845)	(11,341)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(1,010)	(765)	(638)	0	0
Payment of lease liabilities	(1,010)	(765)	(765)	(765)	(765)
Interest paid	0	0	0	(109)	(110)
Dividend paid (incl tax)	(1,960)	(2,519)	(12,948)	(5,506)	(6,175)
Others	0	0	0	0	0
Financing cash flow	(2,970)	(3,285)	(13,586)	(5,614)	(6,285)
Net chg in Cash	(10,477)	2,294	12,711	4,549	7,318
OCF	15,460	18,979	22,301	22,007	24,944
Adj. OCF (w/o NWC chg.)	11,987	15,202	15,832	20,128	22,765
FCFF	6,630	5,610	11,080	6,987	9,923
FCFE	7,796	6,275	12,592	10,138	13,578
OCF/EBITDA (%)	104.2	100.9	109.3	85.3	85.5
FCFE/PAT (%)	77.5	47.7	87.1	55.2	66.0
FCFF/NOPLAT (%)	73.6	49.5	88.2	43.7	55.6

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Share capital	1,400	1,400	1,400	1,400	1,400
Reserves & Surplus	57,319	67,962	69,466	82,312	96,721
Net worth	58,719	69,362	70,866	83,712	98,121
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,422	2,737	3,168	3,679	4,190
Total debt	1,130	1,076	828	836	844
Total liabilities & equity	62,271	73,175	74,861	88,227	1,03,155
Net tangible fixed assets	41,055	47,694	55,147	64,297	75,549
Net intangible assets	171	121	121	121	121
Net ROU assets	1,984	2,203	2,067	2,088	2,109
Capital WIP	8,469	13,786	14,337	15,771	14,194
Goodwill	0	0	0	0	0
Investments [JV/Associates]	2,880	2,980	2,880	2,880	2,880
Cash & equivalents	27,000	30,793	30,524	35,156	42,559
Current assets (ex-cash)	4,316	6,947	12,683	13,622	14,944
Current Liab. & Prov.	23,603	31,349	42,898	45,708	49,201
NWC (ex-cash)	(19,287)	(24,402)	(30,215)	(32,086)	(34,257)
Total assets	62,271	73,175	74,861	88,227	1,03,155
Net debt	(25,870)	(29,717)	(29,696)	(34,320)	(41,715)
Capital employed	62,271	73,175	74,861	88,227	1,03,155
Invested capital	23,921	25,616	27,120	34,420	43,522
BVPS (Rs)	83.9	99.1	101.2	119.6	140.2
Net Debt/Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Net Debt/EBITDA (x)	(1.7)	(1.6)	(1.5)	(1.3)	(1.4)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	23.2	25.8	26.2	30.2	28.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
P/E (x)	34.3	26.8	23.9	18.8	16.8
P/CE(x)	26.6	22.0	19.1	15.2	13.3
P/B (x)	5.9	5.0	4.9	4.1	3.5
EV/Sales (x)	6.5	4.1	2.2	2.0	1.8
EV/EBITDA (x)	21.5	16.8	15.5	12.1	10.4
EV/EBIT(x)	26.8	20.2	18.8	14.5	12.7
EV/IC (x)	13.4	12.3	11.6	9.0	7.0
FCFF yield (%)	2.1	1.8	3.5	2.2	3.3
FCFE yield (%)	2.3	1.8	3.6	2.9	3.9
Dividend yield (%)	0.7	1.1	2.6	1.6	1.8
DuPont-RoE split					
Net profit margin (%)	20.4	16.3	10.2	11.9	11.9
Total asset turnover (x)	0.9	1.1	1.9	1.9	1.8
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
RoE (%)	18.4	19.6	20.6	23.7	22.6
DuPont-RoIC					
NOPLAT margin (%)	18.2	14.7	8.9	10.3	10.3
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	39.9	45.8	47.7	52.0	45.8
Operating metrics					
Core NWC days	(21.6)	(22.4)	(2.6)	(2.2)	(2.2)
Total NWC days	(21.6)	(22.4)	(2.6)	(2.2)	(2.2)
Fixed asset turnover	1.0	1.3	2.1	1.9	1.8
Opex-to-revenue (%)	24.9	18.6	11.8	12.6	12.7

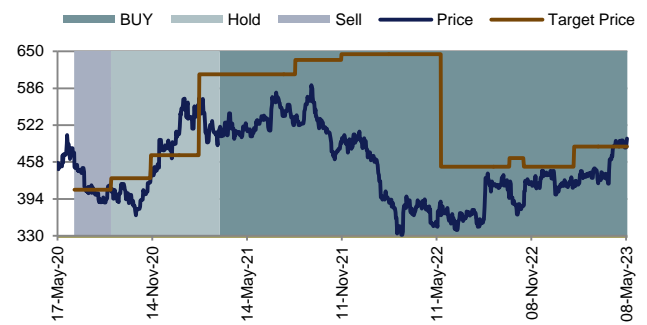
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
30-Mar-23	438	485	Buy	Sabri Hazarika
28-Jan-23	418	485	Buy	Sabri Hazarika
01-Dec-22	434	450	Buy	Sabri Hazarika
24-Oct-22	383	450	Buy	Sabri Hazarika
02-Oct-22	397	465	Buy	Sabri Hazarika
27-Sep-22	423	465	Buy	Sabri Hazarika
10-Aug-22	380	450	Buy	Sabri Hazarika
19-May-22	366	450	Buy	Sabri Hazarika
23-Nov-21	494	645	Buy	Sabri Hazarika
10-Nov-21	491	645	Buy	Sabri Hazarika
29-Sep-21	519	635	Buy	Sabri Hazarika
14-Aug-21	535	635	Buy	Sabri Hazarika
26-Jul-21	547	610	Buy	Sabri Hazarika
25-Jun-21	513	610	Buy	Sabri Hazarika
23-Jun-21	519	610	Buy	Sabri Hazarika
18-Jun-21	532	610	Buy	Sabri Hazarika
29-May-21	514	610	Buy	Sabri Hazarika
23-Apr-21	510	610	Buy	Sabri Hazarika
23-Mar-21	519	610	Buy	Sabri Hazarika
18-Feb-21	568	610	Hold	Sabri Hazarika
11-Feb-21	569	610	Hold	Sabri Hazarika
27-Nov-20	496	470	Hold	Sabri Hazarika
11-Nov-20	448	470	Hold	Sabri Hazarika
28-Sep-20	404	430	Hold	Sabri Hazarika
27-Aug-20	407	430	Hold	Sabri Hazarika
18-Jun-20	450	410	Sell	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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