

GAIL (India) Ltd

Petchem result weights heavy on earnings

Our view

GAIL reported 1QFY24, significantly below estimates, with adjusted operating profit at Rs 243bn (-44% YoY; +692% QoQ). Gas transmission segment reported a pre-tax profit of Rs 102bn. GAIL's p/l tariff was recently (Mar'23) revised upwards to Rs 58.6/mmbtu, however GAIL is of the view that tariffs need further upward to Rs 68.55/mmbtu. Many pipelines are getting commissioned in FY24 which will result in increase in volumes. Current transmission volumes are 116mmscmd, post completing of projects this is to rise to 123mmscmd in FY24 and another 15mmscmd by FY26. Capex during the quarter was Rs 24bn. Working on transition to sustainable future with projects in green hydrogen, renewables. Volumes increased due to increase in RLNG sales, resumption of supply & decreased oversea volumes. Initiatives taken to reduces the losses of petrochemical segment. Going ahead, with moderation in domestic gas and LNG prices, the business for GAIL appears to be improving across segments. Maintain BUY.

Result Highlights

- **Profitability:** Adjusted Operating Profit and PAT stood at Rs 24.3bn (-44% YoY; +690% QoQ) and Rs 14.1bn (-52% YoY; +134% QoQ), respectively.
- **NG Transmission:** Gas transmission volume stood higher by 6% YoY & 7% QoQ at 116.3mmscmd (4QFY23: 108.2mmscmd). The segment revenue stood at Rs 25.9bn (+56% YoY; +57% QoQ), Ebitda increased by 24% YoY & 355% QoQ to Rs 13bn.
- **NG Trading:** NG trading volume stood lower by 2% YoY and higher by 2% QoQ at 98.8 mmscmd. Ebitda for the quarter was Rs 11bn (-54% YoY & +91% QoQ). Ebit stood at Rs 1.13/scm.
- **Petrochemicals:** Petchem, sales improved to 162TMT (+49% YoY; +37% QoQ). Realizations also decreased QoQ to Rs 107/kg (4Q: Rs 115/kg); Revenue and Ebit for the segment therefore stood at 17.3bn (+19% YoY; +27% QoQ) and Rs (3.0)bn, led by weakness in petrochemical prices global
- **LPG-LHC:** Sales for the quarter stood at 247TMT (+12%YoY; +7% QoQ). The Revenue for the segment stood at Rs 13.1bn (-9% YoY -3% QoQ); Ebitda stood at a Rs 2.2bn (-66% YoY & +54% QoQ).

Valuation

We maintain BUY rating on GAIL, with revised Mar'24 TP of Rs 157/sh.

Exhibit 1: Actual vs estimate

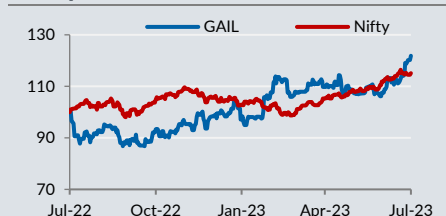
Rsmn	Actual	Estimate		% Variation	
		YES Sec	Consensus	YES Sec	Consensus
Sales	322,121	276,092	308,679	16.7	4.4
EBITDA	24,327	19,108	29,157	27.3	(16.6)
Ebitda Margin (%)	7.6	6.9	9.4	63 bps	-189 bps
Adj. PAT	14,120	11,727	16,381	20.4	(13.8)

Reco	: BUY
CMP	: Rs 119
Target Price	: Rs 157
Potential Return	: 32%

Stock data (as on July 31, 2023)

Nifty	19,754
52 Week h/l (Rs)	123 / 83
Market cap (Rs/USD mn)	772574 / 9395
Outstanding Shares (mn)	6,575
6m Avg t/o (Rs mn):	1342
Div yield (%):	3.67
Bloomberg code:	GAIL IN
NSE code:	GAIL

Stock performance



	1M	3M	1Y
Absolute return	13.4%	11.0%	21.3%

Shareholding pattern (As of Jun23 end)

Promoter	51.5%
FII+DII	41.8%
Others	6.0%

Financial Summary

(Rs bn)	FY23	FY24E	FY25E
Revenue	1,442.5	1,166.5	1,147.3
YoY %	57.4	(19.1)	(1.7)
EBIDTA	67.0	127.2	135.4
YoY %	(51.6)	89.9	6.4
PAT	53.0	93.4	98.5
YoY %	(48.8)	76.1	5.5
ROE	9.5	16.0	15.3
EPS	8.1	14.2	15.0
P/E	14.8	8.4	7.9
BV	84.6	93.2	102.2
EV/EBITDA	13.8	6.4	6.0

Sanyam Vira

Associate

Sanyam.vira@ysil.in

+91 22 6885 0521

Exhibit 2: Earnings table

Particulars (Rs mn)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	y/y (%)	q/q (%)	FY22	FY23	y/y (%)
Revenue	375,625	384,786	353,654	328,432	322,121	(14.2)	(1.9)	916,265	1,442,497	57.4
Expenditure	331,968	367,139	340,041	325,360	297,794	(10.3)	(8.5)	777,975	1,364,508	75.4
-Raw Material	314,402	347,819	317,978	297,560	273,029	(13.2)	(8.2)	707,822	1,277,759	80.5
-Staff Cost	4,417	4,194	4,334	4,793	4,900	10.9	2.2	17,062	17,738	4.0
- Other expenses	13,149	15,125	17,729	23,007	19,866	51.1	(13.7)	53,091	69,011	30.0
Operating Profit	43,657	17,647	13,613	3,072	24,327	(44.3)	692.0	138,290	77,989	(43.6)
OPM(%)	11.6	4.6	3.8	0.9	7.6	-407 bps	662 bps	15.1	5.4	969 bps
Other Income	1,798	7,988	6,889	10,172	2,676	48.9	(73.7)	20,469	26,847	31.2
Depreciation	6,030	6,194	6,226	6,432	6,358	5.4	(1.1)	21,112	24,881	17.9
Interest	481	683	1,050	903	1,758	265.3	94.7	1,744	3,117	78.7
Excpnl Loss/(Profit)	0	0	11,000	0	0	0.0	(100.0)	-	11,000	-
PBT	38,944	18,759	2,227	5,909	18,887	(51.5)	219.6	135,903	65,838	(51.6)
Tax	9,792	3,388	(231)	(127)	4,767	(51.3)	(3,868.5)	32,263	12,823	(60.3)
PAT	29,152	15,371	2,457	6,035	14,120	(51.6)	134.0	103,640	53,015	(48.8)
Adj PAT	29,152	15,371	10,707	6,035	14,120	(51.6)	134.0	103,640	61,265	(40.9)

Source: Company, YES Sec

Exhibit 3: Operating highlights

	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	y/y (%)	q/q (%)	FY22	FY23	y/y (%)
Natural Gas- Transmission										
Transmission Volume (mmscmd)	109.5	107.7	103.7	108.2	116.3	6.3	7.5	111.0	107.3	(3.3)
Revenue (Rs mn)	16,584.3	16,944.3	16,587.2	16,494.9	25,940.3	56.4	57.3	63,924.8	66,610.7	4.2
EBIT (Rs mn)	8,005.2	7,095.9	4,259.9	(164.1)	10,246.1	28.0	(6,343.8)	38,057.5	19,196.9	(49.6)
Average Tariff (Rs/tscm)	1,664.8	1,728.7	1,757.1	1,674.8	2,450.4	47.2	46.3	1,582.4	1,706.3	7.8
EBIT margin (%)	48%	42%	26%	-1%	39%	-877 bps	4049 bps	60%	29%	3084 bps
LPG Transmission										
Transmission Volume(MMT)	1.1	1.1	1.1	1.1	1.1	1.7	(0.6)	4.2	4.3	3.2
Revenue (Rs mn)	1,694.6	1,973.4	1,800.6	1,747.6	1,775.7	4.8	1.6	6,685.9	7,216.2	7.9
Average Tariff (Rs /MT)	1,606.3	1,794.0	1,635.4	1,619.6	1,654.9	3.0	2.2	1,592.3	1,663.8	4.5
EBIT (Rs mn)	837.7	1,140.3	917.1	792.2	801.8	(4.3)	1.2	3,350.4	3,687.3	10.1
EBIT margin (%)	49%	58%	51%	45%	45%	-428 bps	-18 bps	50%	51%	-74 bps
Petchem										
Sales Volume (TMT)	109.0	108.0	68.0	118.0	162.0	48.6	37.3	792.0	403.0	(49.1)
Revenue (Rs mn)	14,558.2	13,514.5	7,505.2	13,594.7	17,306.3	18.9	27.3	85,485.2	49,172.6	(42.5)
EBIT (Rs mn)	351.6	(3,462.2)	(3,488.5)	(4,009.4)	(3,009.1)	(955.8)	(24.9)	12,452.6	(10,608.5)	n.a.
EBIT margin (%)	2%	-26%	-46%	-29%	-17%	-1980 bps	1211 bps	14%	-25%	n.a.
Realization (Rs/Kg)	133.6	125.1	110.4	115.2	106.8	(20.0)	(7.3)	107.1	121.1	13.0
LPG and Other HC -Sales										
Sales Volume (TMT)	220.0	231.0	248.0	230.0	247.0	12.3	7.4	1,004.0	929.0	(7.5)
Revenue (Rs mn)	14,554.2	13,938.6	13,549.4	13,657.5	13,190.2	(9.4)	(3.4)	48,651.6	55,699.7	14.5
EBIT (Rs mn)	6,348.5	5,002.2	(291.7)	1,225.3	2,021.0	(68.2)	64.9	28,997.0	12,284.3	(57.6)
EBIT (%)	44%	36%	-2%	9%	15%	-2830 bps	635 bps	60%	22%	3843 bps
Realization (INR/Kg)	66.2	60.3	54.6	59.4	53.4	(19.3)	(10.1)	48.6	60.1	23.8
Cost inc dep (Rs/Kg)	37.3	38.7	55.8	54.1	45.2	21.2	(16.3)	19.6	46.5	137.4
Natural gas trading / others										
Trading Volume (mmscmd)	100.8	92.5	89.9	96.5	98.8	(2.0)	2.5	96.1	94.9	(1.2)
Gas cost (USD/mmmbtu)	13.9	16.2	14.0	11.2	0.1	(99.4)	(99.3)	9.5	13.8	45.5
EBIT (Rs mn)	23,144.7	3,629.0	(860.2)	4,874.0	10,136.3	(56.2)	108.0	49,321.7	30,787.5	(37.6)

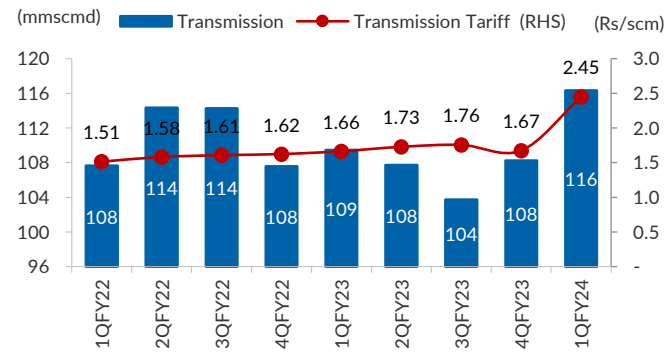
CONCALL HIGHLIGHTS

- JBF petrochemical acquisition completed and renamed to GAIL Mangalore petrochemical Ltd
- GAIL faced challenging business environment during FY23 stress of which seems to be aging and going forward expect favorable outlook and better business prospects.
- Capex during Q1FY24 was Rs 24bn, of which Rs 9,670mn on pipeline, Rs 5,300mn on petrochemicals, Rs 690mn on CGD and 1,350 on operational & equity contributions of Rs 6600mn.
- Working on alternate energy like green hydrogen, renewable energy & biofuel projects which will provide a transition to sustainable future
- Gas marketing volumes increased to 98.4 mmscmd, increase due to increase in sales of RLNG sales on account of relaxed downstream cut on redemption of supply and decrease in oversea volumes.
- EBIT improved by 220% YoY due to better performance of gas marketing segment on account of increasing gas marketing spread, decrease in inventory loss, increased tariff realization & better performance of petrochemical and LH segment.
- Gas marketing volume: 98.84mmscmd, due to increase in RLNG sales, redemption of supply & decrease in oversea volumes.
- Natural gas volume increased by 8.1mmscmd to 116.33mmscmd, capacity utilization at 56%.
- Increase in transmission volume attributable to RLNG sales on relaxation of downstream cut.
- Polymer production at 164tmt, plant load resumed post resumption of supplies, capacity utilization at 82%
- LSD production at 243tmt, capacity utilization at 69%
- LPG transmission at 10.73tmt, increase is on account of Jamnagar-Loni pipeline capacity augmentation by 750tmt, capacity increased to 4250tmt, capacity utilization at 94%.
- CGD has 154 CNG stations & D-PNG connections of 2,70,000, during the quarter 1 new CNG station and 77,000 new D-PNG connections added, Volume 0.3mmscmd during the quarter. Target for next 2 years of 100 new CNG stations and 2,00,000 D-PNG connections.
- Gail Gas – Revenue at Rs 21,920mn decrease of 13%, on account of decrease of natural gas prices & bulk trading quantity. PBT at Rs 1020mn, PAT Rs 760m. Volume 5.26mmscmd was flat QoQ. New additions – D-PNG: 16,000
- Gail Gas & its subsidiaries have network of 8,70,000 D-PNG connection and 456 CNG stations.
- Bengal Gas Ltd – 12 CNG stations, 213km pipeline network, 8,000 D-PNG connection. During the quarter 2 new CNG station and 22km pipeline added.
- Mumbai-Nagpur-Jharsuguda pipeline with length of 1,775km moving in full swing, Mumbai-Nagpur length of 698km expected to be completed by Dec-23
- Jagdishpur-Haldia-Bokara-Dhamra pipeline of 2550km length out of 3290km have been commissioned and remaining to be completed by June-24.
- Srikakulam to Angul pipeline of 423km length is to be completed by Dec-23.
- PNB RG authorized GAIL to lay Gurdaspur-Jammu pipeline of 160km length within 36 months
- Dhamra-Haldia pipeline of 253km length, Odisha portion of 150km to be completed by Dec-23
- Barauni-Guwahati pipeline of 717km length of which 363km has been commissioned, remaining to be completed by Oct-23
- Natural gas tariff implanted from April 23 of Rs 58.61/mmbtu

- Transmission revenue seen upside of Rs 6,600mn in Q1FY24 and further expected to increase with volume ramp-up which is expected to grow by 7% to 123mmscmd. Revenue target for FY24 of Rs 100bn
- Current volume of 116mmscmd and expected to grow to 123mmscmd; Pata plant will add 1.5mmscmd, Hurl-Baroni was shut for some time that takes 4 mmscmd, Dadri-Panipat which is currently facing disruption will take 4mmscmd, Currently NTPC which is taking 5 mmscmd due to seasonal demand that will go.
- Over next 2 years transmission volume to increase by 15mmscmd, to reach 140mmscmd
- Representation have been put forth in front of PNGRB for tariff of Rs 68.55 as against approved of Rs 58.61/mmmbtu, reduction done on account of fuel cost
- Gas marketing faced challenges in FY23, and various mitigation efforts put in place. Global gas market settling down as many negatives such as elevated spot price, geopolitical situation improving visible in domestic consumption volumes.
- Reiterate the marketing margin target of Rs 35bn for FY24, in Q1FY24 earned close to Rs 10bn
- Long term supplies being sought for 7mmtpa, from sources in staggered manner till 2030, not to depend on one country for more than 2 mmtpa of volume, to protect from sudden shocks
- Polymer production stood at 164tmt, production increased on plant operated at high load, expect to touch nameplate capacity of 810tmt.
- LHC production stood at 243tmt, for the year production estimated at similar levels
- Transportation cost – carrying high-cost inventory to meet the immediate allocation reduction during FY23, impact of which is seen in this quarter to the amount of Rs 1.7bn.
- Provision of Rs 600mn done on account of arbitration case.
- Capex for FY24: Pipeline: 40bn, Petrochemical: 32bn, Operational: 7bn, CGD: 2bn, Equity contribution: 35bn.
- Petrochemical segment was impacted due to global weakness in petrochemical prices.
- Dhamra LNG commissioned has led to reduction in gas required for transmission which has reduced from 0.6 to 0.4.
- Getting LPG domestic allocation in full of 1.75mmscmd.

CHARTS

Exhibit 4: Transmission improved QoQ to 116.3 mmscmd



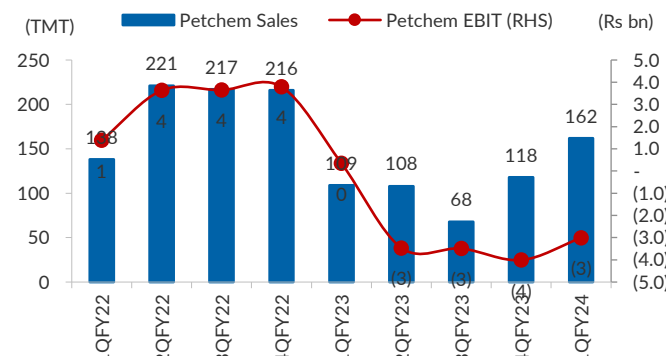
Source: Company, YES Sec

Exhibit 5: NG trading volumes QoQ higher at 98.8 mmscmd



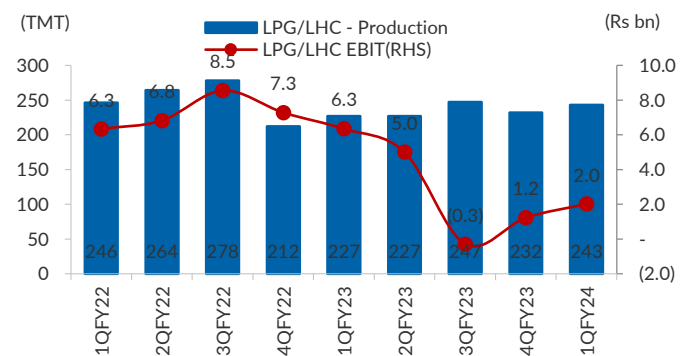
Source: Company, YES Sec

Exhibit 6: Petchem sales improves QoQ to 162TMT; realization lower at Rs 107/kg (-20%YoY; -7% QoQ)



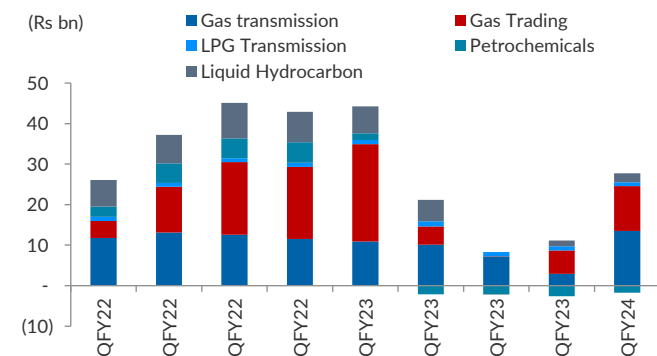
Source: Company, YES Sec

Exhibit 7: LPG-LHC reported higher QoQ and YoY higher sales at 247 TMT; EBIT margin stood QoQ higher at 15.3%



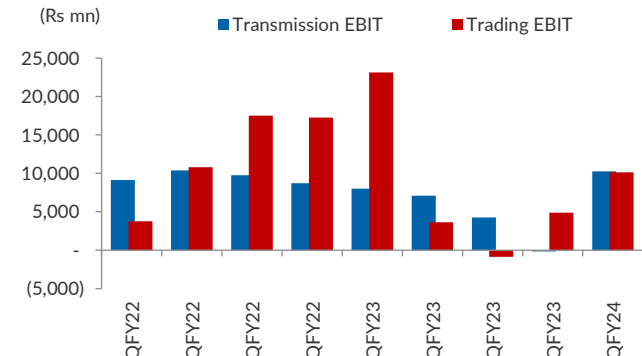
Source: Company, YES Sec

Exhibit 8: NG transmission and trading contributed to 91% of operating profit, with Petchem & LHC contributing ~6%, rest being other segments



Source: Company, YES Sec

Exhibit 9: NG transmission EBIT stood YoY higher at Rs 10.2bn; Trading EBIT stood at Rs 10bn



Source: Company, YES Sec

VIEW & VALUATION

Maintain BUY with a TP of Rs 157/sh

We maintain our BUY rating on GAIL, with a Mar'24 TP of Rs 157/sh. We believe that increase in volume increase to augurs well for GAIL's transmission business. Our SOTP based TP is a sum of a) stand-alone business valued at Rs 106/sh on DCF basis , b) Listed investment valued at Rs 21/sh and unlisted investments at Rs 27/sh.

Exhibit 10: Cashflow analysis

	FY20	FY21	FY22	FY23	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
EBIT	72,838	59,234	128,938	59,577	128,532	133,361	124,017	124,173	127,690	130,822	133,619
EBIT *(1-T)	60,709	45,360	98,328	47,974	96,142	99,754	92,765	92,881	95,512	97,855	99,947
Depreciation	18,360	19,079	21,112	24,881	26,053	28,816	31,618	34,420	37,222	40,024	42,826
Change in W/C	(14,711)	41,589	(24,567)	(38,160)	102,700	(21,670)	(968)	1,753	1,826	1,904	1,986
Capex	(49,258)	(52,106)	(56,413)	(67,569)	(87,432)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(60,000)
FCFF	15,101	53,922	38,460	(32,874)	137,464	41,900	58,415	64,055	69,560	74,782	84,759

Exhibit 11: Valuation table

	USD mn	Rs mn	Rs/sh	Notes
Sum of discounted cash flows (FY21-30)	3,161	252,867	38	
Terminal Value	6,007	480,570	73	
EV	9,168	733,437	112	
Net Debt	431	34,494	5	
Equity (SA)	8,737	698,943	106	DCF based valuation
Investments				
Listed	1,714	137,091	21	At 40% holding discount to market price
Unlisted -CGD	1,624	129,888	20	Unlisted CGD investment benchmarked to listed entities @ 50% hold-co discount
Unlisted Others	641	51,299	8	At book value
E&P	157	12,566	2	4.6 Tcf at US\$ 2.0/ boe (8.5% stake)
Total Equity	12,872	1,029,788	157	

Exhibit 12: Key Assumptions

	Unit	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e
Natural Gas transmission business												
Gas Transmission volumes	Mmscmd	92	92	100	105	107	108	104	111	107	120	128
Weighted Average Transmission tariff	Rs /tscm	1024	1221	1292	1296	1478	1529	1569	1582	1706	2005	2005
LPG transmission business												
LPG pipelines thruput	TMT	3094	2819	3478	3721	3975	3909	4163	4199	4188	4188	4188
Average LPG pipelines tariff	Rs/ mmt	1424	1724	1524	1518	1570	1628	1600	1592	1590	1590	1590
LPG & other hydrocarbons business												
LPG & other hydrocarbons Sales	Tmt	1277	1086	1095	1276	1329	1264	1138	1004	929	1038	1038
Gross realisation	USD/ mmt	735	435	395	490	541	432	312	621	753	688	625
Net realisation (incl.subsidy loss)	USD/mmt											
Petrochemicals % utilization	%	54%	41%	71%	83%	91%	91%	108%	98%	50%	60%	80%
Polymers Sales	Tmt	441	334	578	673	735	738	872	792	403	486	648
Average Polymer realisation (Rs/Kg)	Rs/ kg	107	101	98	86	92	74	80	107	121	120	110
Average purchase price for gas	USD/mmbtu	7	6	5	5	6	6	5	7	13	9	8
Exchange Rate	Rs/USD	61	65	67	64	70	71	74	75	81	80	80
Crude Oil Price (Brent)	USD/bbl	87	49	49	58	71	63	46	80	95	80	70
Henry Hub prices	USD/mmbtu	4	2	3	3	3	2	3	4	6	4	4
Price of APM Gas	USD/mmbtu	5	5	3	3	4	4	2	3	8	7	7
Spot LNG Price	USD/mmbtu	15	9	6	7	9	5	5	23	31	25	11

FINANCIALS

Exhibit 13: Income statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Revenue	521338	538255	751263	718710	567302	916265	1442497	1166546	1147276
Total Expense	(457244)	(461916)	(655712)	(635016)	(502850)	(777975)	(1375508)	(1039310)	(1011857)
Operating Profit	64094	76339	95551	83694	64451	138290	66989	127236	135419
Other Income	11763	9870	15448	14168	20045	20469	26847	27818	28788
Depreciation	(13968)	(14151)	(15502)	(18360)	(19079)	(21112)	(24881)	(26053)	(28816)
EBIT	61889	72058	95497	79502	65417	137647	68955	129001	135391
Interest	(4794)	(2751)	(1385)	(1085)	(1559)	(1744)	(3117)	(4154)	(3707)
Extraordinary Item	(2987)	277	(3263)	1016	0	0	0	0	0
PBT	54108	69584	90848	79434	63858	135903	65838	124847	131684
Tax	(19079)	(23400)	(30592)	(13227)	(14956)	(32263)	(12823)	(31462)	(33184)
PAT	35029	46184	60257	66206	48902	103640	53015	93386	98500
Adj. PAT	38016	45907	63520	65190	48902	103640	53015	93386	98500
Eps	5.8	7.0	9.7	9.9	7.4	15.8	8.1	14.2	15.0

Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity capital	16,913	22,551	22,550	45,101	44,404	44,404	65,751	65,751	65,751
Reserves	364,581	380,731	418,379	394,610	421,708	511,464	490,786	546,817	605,917
Net worth	381,494	403,281	440,929	439,711	466,112	555,868	556,537	612,568	671,668
Debt	30,046	9,761	8,706	54,118	55,656	63,528	143,087	153,602	111,178
Def tax liab (net)	46,559	46,309	59,477	44,972	45,022	47,673	46,628	53,182	60,096
Capital Employed	458,098	459,352	509,112	538,801	566,790	667,068	746,252	819,352	842,941
Fixed assets	315,662	332,527	388,854	419,752	452,779	488,080	530,768	592,147	628,331
Intangible Assets	7,434	10,511	14,032	22,517	31,235	40,443	48,930	48,930	48,930
Investments	95,096	99,531	95,282	74,985	97,238	121,209	127,888	127,888	127,888
Net working capital	39,906	16,782	10,945	21,548	(14,462)	17,336	38,666	50,388	37,793
Inventories	16,984	19,195	23,219	29,601	26,038	30,152	52,813	47,248	45,621
Sundry debtors	38,282	40,515	50,743	55,759	44,858	83,660	114,106	79,900	94,297
Cash & Bank Balance	13,419	25,293	12,147	8,039	13,618	20,850	4,020	119,107	83,743
Other current assets	75,823	53,249	59,510	74,684	67,339	79,011	82,792	83,547	84,509
Sundry creditors	27,160	38,816	39,612	41,284	43,264	54,660	72,992	78,746	76,035
Other liabilities	77,442	82,655	95,062	105,251	123,051	141,677	142,072	200,668	194,341
Application of Funds	458,098	459,351	509,112	538,801	566,790	667,068	746,252	819,352	842,941

Exhibit 15: Cash flow statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
PBT	54,108	69,584	90,848	79,434	63,858	135,903	65,838	124,847	131,684
Depreciation & amortization	13,968	14,151	15,502	18,360	19,079	21,112	24,881	26,053	28,816
Interest expense	4,794	2,751	1,385	1,085	1,559	1,744	3,117	4,154	3,707
(Inc)/Dec in working capital	(49)	34,998	(7,309)	(14,711)	41,589	(24,567)	(38,160)	103,366	(22,770)
Tax paid	(13,345)	(16,333)	(24,386)	(20,772)	(15,496)	(32,484)	(12,775)	(24,907)	(26,271)
Less: Interest/Dividend Income Received	(11,763)	(9,870)	(15,448)	(14,168)	(20,045)	(20,469)	(26,847)	(27,818)	(28,788)
Other operating Cash Flow									
Cash flow from operating activities	47,713	95,282	60,592	49,227	90,545	81,239	16,055	205,695	86,378
Capital expenditure	(18,135)	(31,016)	(71,829)	(49,258)	(52,106)	(56,413)	(67,569)	(87,432)	(65,000)
Inc/(Dec) in investments	(9,249)	(4,434)	4,249	20,297	(22,254)	(23,971)	(6,679)	0	0
Add: Interest/Dividend Income Received	11,763	9,870	15,448	14,168	20,045	20,469	17,266	27,818	28,788
Cash flow from investing activities	(15,621)	(25,580)	(52,132)	(14,792)	(54,315)	(59,915)	(56,981)	(59,614)	(36,212)
Inc/(Dec) in share capital	(0)	0	(0)	0	(12,810)	(0)	(13,288)	0	0
Inc/(Dec) in debt	(27,328)	(20,284)	(1,055)	45,412	1,538	7,872	79,560	10,514	(42,424)
Dividend Paid	(17,837)	(18,830)	(21,033)	(28,864)	(22,380)	(44,404)	(21,206)	(37,354)	(39,400)
Others	8,553	(18,712)	483	(55,091)	3,002	22,440	(20,969)	(4,154)	(3,707)
Cash flow from financing activities	(36,612)	(57,826)	(21,606)	(38,543)	(30,650)	(14,093)	24,096	(30,994)	(85,531)
Net cash flow	(4,520)	11,875	(13,146)	(4,108)	5,579	7,231	(16,830)	115,088	(35,364)
Ending Cash Balance	13,419	25,293	12,147	8,039	13,619	20,849	4,019	119,107	83,743

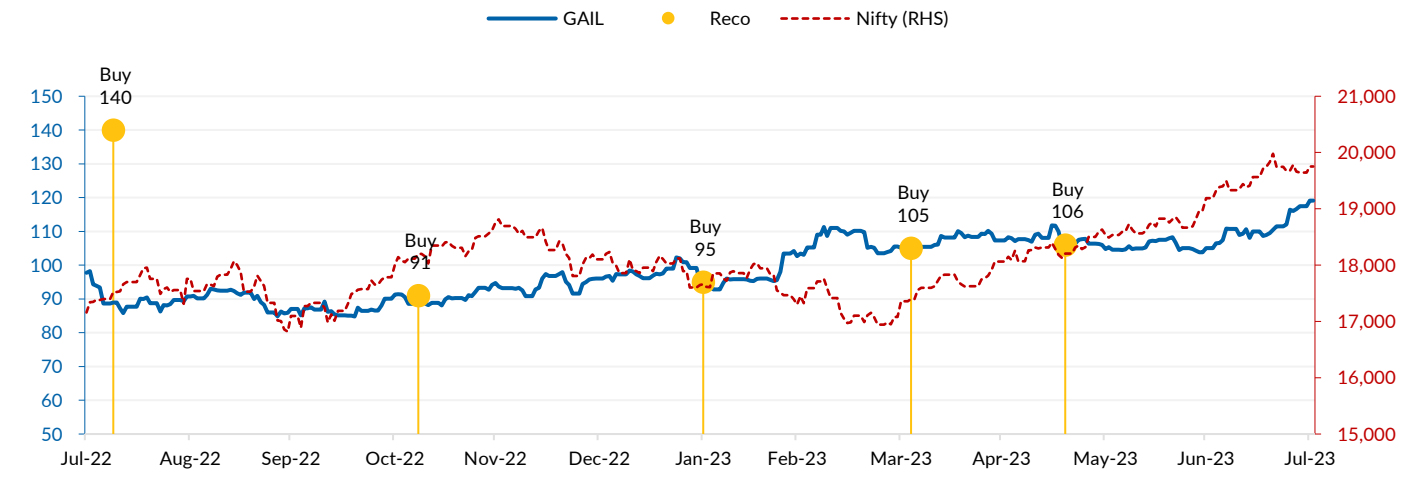
Exhibit 16: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Tax burden (x)	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7
Interest burden (x)	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EBIT margin (x)	0.1	0.1	0.1	0.1	0.1	0.2	0.0	0.1	0.1
Asset turnover (x)	0.9	0.9	1.2	1.1	0.8	1.1	1.6	1.1	1.0
Financial leverage (x)	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.8	1.7
RoE (%)	9.6	11.8	14.3	15.0	10.8	20.3	9.5	16.0	15.3

Exhibit 17: Ratio analysis

Y/e 31 Mar	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Growth matrix (%)									
Revenue growth	(0.1)	3.2	39.6	(4.3)	(21.1)	61.5	57.4	(19.1)	(1.7)
Op profit growth	49.8	19.1	25.2	(12.4)	(23.0)	114.6	(51.6)	89.9	6.4
EBIT growth	60.3	16.4	32.5	(16.7)	(17.7)	110.4	(49.9)	87.1	5.0
Net profit growth	57.3	31.8	30.5	9.9	(26.1)	111.9	(48.8)	76.1	5.5
Profitability ratios (%)									
OPM	12.3	14.2	12.7	11.6	11.4	15.1	4.6	10.9	11.8
EBIT margin	11.9	13.4	12.7	11.1	11.5	15.0	4.8	11.1	11.8
Net profit margin	6.7	8.6	8.0	9.2	8.6	11.3	3.7	8.0	8.6
RoCE	13.6	15.7	19.7	15.2	11.8	22.3	9.8	16.5	16.3
RoE	9.6	11.8	14.3	15.0	10.8	20.3	9.5	16.0	15.3
RoA	6.3	8.1	9.8	10.0	6.7	12.3	5.6	9.1	8.9
Per share ratios									
EPS	5.8	7.0	9.7	9.9	7.4	15.8	8.1	14.2	15.0
Dividend per share	2.7	2.9	3.2	4.4	3.4	6.8	3.2	5.7	6.0
Cash EPS	7.5	9.2	11.5	12.9	10.3	19.0	11.8	18.2	19.4
Book value per share	58.0	61.3	67.1	66.9	70.9	84.5	84.6	93.2	102.2
Valuation ratios									
P/E	20.6	17.0	12.3	12.0	16.0	7.5	14.8	8.4	7.9
P/CEPS	16.0	13.0	10.3	9.3	11.5	6.3	10.0	6.6	6.1
P/B	2.1	1.9	1.8	1.8	1.7	1.4	1.4	1.3	1.2
EV/EBIDTA	12.5	10.0	8.2	9.9	12.8	6.0	13.8	6.4	6.0
Payout (%)									
Dividend payout	46.9	41.0	33.1	44.3	45.8	42.8	40.0	40.0	40.0
Tax payout	35.3	33.6	33.7	16.7	23.4	23.7	19.5	25.2	25.2
Liquidity ratios									
Debtor days	26.8	27.5	24.7	28.3	28.9	33.3	25.0	25.0	30.0
Inventory days	17.1	17.3	14.3	18.6	21.7	15.5	18.0	18.0	18.0
Creditor days	27.3	35.0	24.4	26.0	36.0	28.1	30.0	30.0	30.0

Recommendation Tracker



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YES Securities (India) Limited

Registered Address: 2nd Floor, North Side, YES BANK House,
Off Western Express Highway, Santacruz East,
Mumbai - 400 055, Maharashtra, India.

Correspondence Address: 4th Floor, AFL House,
Lok Bharti Complex, Marol Maroshi Road, Andheri East,
Mumbai - 400059, Maharashtra, India.

☎ +91 22 68850521 | ✉ research@ysil.in
Website: www.yesinvest.in

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Details of Compliance Officer: Name: Aditya Goenka,
Email id: compliance@ysil.in, **Contact No:** 022- 65078127 (Extn: 718127)

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