

MGL's Q4FY24 SA EBITDA/PAT of Rs3.9bn/Rs2.7bn was 6%/10% lower than our expectation, mainly due to lower realization (higher industrial volume share) affecting gross margin and on slightly higher opex. However, standalone volumes surprised positively, registering 12% YoY and 3% QoQ growth to 3.8mmscmd (a 3% beat). EBITDA/scm fell 14% QoQ to Rs11.5 (a 9% miss). Mgmt. raised its volume CAGR guidance to 6-7%, from 5-6% earlier, besides seeing strong growth (double-digit) in the industrial segment. UEPL's volume stood at 0.14mmscmd vs 1.2mmscmd potential in 7-8 years, whereas total capex target for FY25 is >Rs10bn. We retain FY25-26E earnings and reiterate our positive stance driven by a better volume growth profile than peers, healthy margins, attractive valuation; retain BUY nudged up Mar-25E TP of Rs1,680/sh.

Mahanagar Gas: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	35,602	62,993	62,445	64,086	68,722
EBITDA	9,243	11,842	18,426	16,770	18,118
Adj. PAT	5,969	7,900	12,891	11,676	12,507
Adj. EPS (Rs)	60.4	80.0	130.5	118.2	126.6
EBITDA margin (%)	26.0	18.8	29.5	26.2	26.4
EBITDA growth (%)	(1.0)	28.1	55.6	(9.0)	8.0
Adj. EPS growth (%)	(3.7)	32.3	63.2	(9.4)	7.1
RoE (%)	17.5	20.4	27.8	21.3	20.1
RoIC (%)	37.9	40.9	55.5	40.6	37.2
P/E (x)	21.5	16.3	10.0	11.0	10.3
EV/EBITDA (x)	12.3	9.6	6.3	6.7	6.0
P/B (x)	3.6	3.1	2.5	2.2	1.9
FCFF yield (%)	1.8	2.0	6.1	5.5	6.4

Source: Company, Emkay Research

Results Highlights

Q4FY24 SA EBITDA/PAT was flat YoY each and fell 12%/16% QoQ. CNG volume grew 12% YoY and was flat QoQ, coming in at 243mmscm. PNG was up 17% YoY/6% QoQ, with I/C up 23%/7% and DPNG increasing 12%/5%. Gross margin declined 7% QoQ to Rs17.7/scm, a 5% miss due to realizations coming lower. Unit opex rose 10% each YoY and QoQ to Rs6.4/scm (5% higher). EBITDA/scm hence fell 11% YoY and 14% QoQ to Rs11.5. D/A rose 14% QoQ, whereas other income was up 32% YoY/down 7% QoQ to Rs446mn (vs Rs501mn est.). For FY24, MGL's SA EBITDA and PAT rose 55-65% YoY each, on the back of 47% margin and 5% volume growth. MGL added/upgraded 36/45 CNG stations and added 320,125 DPNG customers in FY24, resulting in 347/2.49mn CNG stations/DPNG customers, cumulatively. Board recommended final dividend of Rs18/sh, resulting in total dividend at Rs30/sh with 23% payout (lower than 30-40% historically).

Management KTAs

APM gas allocation stood at 74% in Q4, with opex being higher due to Rs250mn spent on the CNG marketing scheme. FY25 volume growth guidance is 6-7% YoY, with internal targets being even higher. CNG volume growth would be close to this number (>70% share in mix), whereas IPNG should grow at lower double digits (for the next 4-8 quarters at least). The EBITDA/scm guidance is intact at Rs9-11. MGL's capex was Rs7.75bn in FY24, with FY25 target of Rs9-10bn in standalone and of Rs1.5-2bn in UEPL. CNG station addition target for FY25/26 is >50/40-50, with majority commissioning in Q4 of the fiscal years. UEPL clocked volumes of 0.14mmscmd in Q4FY24, and FY24 EBITDA at Rs600mn with the total CNG station base of 56. MGL plans to add 4 LNG stations by FY25-end.

Valuation

We value MGL on SoTP basis, wherein both, its standalone business and UEPL, are valued using the DCF methodology. Our SOTP-DCF-based Mar-25E TP is Rs1,680/share, implying 13.2x Mar-26E consolidated target P/E. Key risks: Adverse pricing, margin, and currency scenarios; high gas prices; open access; rate of EV adoption; project delays.

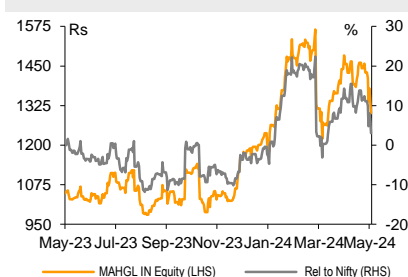
Target Price – 12M	Mar-25
Change in TP (%)	1.8
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	29.2
CMP (10-May-24) (Rs)	1,300.4

Stock Data	Ticker
52-week High (Rs)	1,580
52-week Low (Rs)	971
Shares outstanding (mn)	98.8
Market-cap (Rs bn)	128
Market-cap (USD mn)	1,538
Net-debt, FY25E (Rs mn)	-16,343
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	885.5
ADTV-3M (USD mn)	10.6
Free float (%)	31.0
Nifty-50	22,055
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	32.5
FPIs/MFs (%)	30.6/17.4

Price Performance

(%)	1M	3M	12M
Absolute	(10.7)	(11.8)	18.3
Rel. to Nifty	(7.9)	(12.9)	(1.8)

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

Arya Patel

arya.patel@emkayglobal.com
+91 22 6612 1285

Exhibit 1: Actuals vs. Estimates (Q4FY24)

Rs mn	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	15,671	15,431	15,284	2%	3%	Higher volumes
Adjusted EBITDA	3,938	4,187	4,299	-6%	-8%	Higher Opex led by higher other expenses
EBITDA Margin	25.1%	27.1%	28.1%	-200bps	-300bps	
Adjusted Net Profit	2,650	2,960	3,014	-10%	-12%	Higher D/A expense and lower other income

Source: Company, Emkay Research

Exhibit 2: Standalone Quarterly Summary

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ	FY23	FY24	YoY
CNG Sales	12,995	12,604	12,857	12,615	12,372	-5%	-2%	50,123	50,448	1%
Less Excise	1,613	1,524	1,580	1,550	1,520	-6%	-2%	6,217	6,174	-1%
PNG Sales	4,634	4,237	4,360	4,560	4,717	2%	3%	18,812	17,874	-5%
Other Operating Income	74	46	58	55	79	7%	42%	220	237	8%
Net Revenues	16,105	15,378	15,709	15,688	15,671	-3%	0%	62,993	62,445	-1%
Dec./ (Inc.) in Stock In Trade	3	3	-1	-0	-0			-8	2	
Raw Material Cost	10,425	8,439	8,993	9,231	9,517	-9%	3%	44,356	36,179	-18%
Total COGS	10,428	8,442	8,992	9,230	9,517	-9%	3%	44,349	36,181	-18%
Gross Profit	5,604	6,891	6,659	6,402	6,075	8%	-5%	18,424	26,027	41%
Employee Cost	324	286	311	291	294	-9%	1%	1,079	1,181	9%
Other Expenses	1,457	1,438	1,618	1,679	1,922	32%	14%	5,724	6,657	16%
Total OPEX	1,780	1,724	1,929	1,970	2,216	24%	12%	6,802	7,838	15%
Total Expenditure	12,208	10,165	10,921	11,201	11,733	-4%	5%	51,151	44,019	-14%
EBITDA	3,897	5,213	4,789	4,487	3,938	1%	-12%	11,842	18,426	56%
Depreciation	638	620	658	683	775	21%	14%	2,311	2,736	18%
EBIT	3,259	4,592	4,131	3,804	3,163	-3%	-17%	9,531	15,690	65%
Interest	22	25	25	27	38	73%	41%	94	115	23%
Other Income	336	390	437	481	446	32%	-7%	1,119	1,753	57%
PBT before exceptional	3,573	4,957	4,543	4,258	3,570	0%	-16%	10,555	17,328	64%
Exceptional items	-	-	-	-	-			-	-	
PBT	3,573	4,957	4,543	4,258	3,570	0%	-16%	10,555	17,328	64%
Total tax	885	1,273	1,158	1,086	920	4%	-15%	2,655	4,437	67%
Reported PAT	2,688	3,684	3,385	3,172	2,650	-1%	-16%	7,901	12,891	63%
Rep. EPS (Rs)	27.2	37.3	34.3	32.1	26.8	-1%	-16%	80.0	130.5	63%
Adjusted PAT	2,688	3,684	3,385	3,172	2,650	-1%	-16%	7,901	12,891	63%
Adj. EPS (Rs)	27.2	37.3	34.3	32.1	26.8	-1%	-16%	80.0	130.5	63%
Shares O/S (mn)	99	99	99	99	99			99	99	
EBITDA margin	24%	34%	30%	29%	25%			19%	30%	
Standalone Rep. NPM	17%	24%	22%	20%	17%			13%	21%	
Effective tax rate	25%	26%	25%	26%	26%			25%	26%	
Total Sales (mmscmd)	3.4	3.4	3.6	3.7	3.8	12%	3%	3.4	3.6	5%
CNG Volumes (mmscm)	217	226	238	242	243	12%	0%	909	948	4%
PNG Volumes (mmscm)	87	85	91	96	101	17%	6%	340	373	10%
Domestic	46	45	45	49	51	12%	5%	178	190	7%
Industrial+Commercial	41	40	46	47	50	23%	7%	162	183	13%
Industrial	28	29	33	35	38	36%	9%	105	135	28%
Commercial	13	10	13	12	12	-5%	0%	57	48	-16%
Gross Margin (Rs/scm)	18.5	22.2	20.2	19.0	17.7	-4%	-7%	14.8	19.7	33%
Adj. EBITDA/scm (Rs)	12.8	16.8	14.6	13.3	11.5	-11%	-14%	9.5	13.9	47%
CNG Real (Rs/kg)	59.9	55.8	54.1	52.1	51.0	-15%	-2%	55.2	53.2	-4%
PNG Real (Rs/scm)	53.5	50.0	47.8	47.7	46.5	-13%	-2%	55.4	48.0	-13%
Average Real (Rs/scm)	52.8	49.4	47.6	46.3	45.3	-14%	-2%	50.2	47.1	-6%

Source: Company, Emkay Research

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Exhibit 3: Change in assumptions

	FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance
EBITDA/scm (Rs)	12.0	12.0	0%	12.2	12.2	0%
Sales Volumes (mmscmd)	3.8	3.8	1%	4.0	4.1	1%
Growth	5.9%	6.4%	49bps	5.9%	6.2%	30bps

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	62,743	64,086	2%	67,067	68,722	2%
EBITDA	16,690	16,770	0%	17,949	18,118	1%
EBITDA Margin	26.6%	26.2%	-43bps	26.8%	26.4%	-40bps
PAT	11,791	11,676	-1%	12,617	12,507	-1%
EPS (Rs)	119.4	118.2	-1%	127.7	126.6	-1%

Source: Company, Emkay Research

Concall Key Takeaways

- Mahanagar Gas (MGL) added 36 new CNG stations (highest so far), upgraded 45 stations, and added 320,125 DPNG customers (>330,000, incl. UEPL, the highest so far) in FY24. In Q4FY24, 28 CNG stations and 117,279 DPNG customers were added, taking the total to 347 and 2.49mn cumulative, respectively. The Q4 pipeline add was 226km totalling to 6,966km and I/C PNG customers 108 to 4,769 (I/C customers at ~4,300/460). Raigad had 80,041 DPNG connections, 47 CNG stations, and 416km of pipelines (~30km added in Q4) as of Mar 2024-end.
- CNG vehicle addition in Q4 stood at >20,000, of which 13,000 was private cars, 5,400 autos, and 1,400 small CVs. MGL is already catering to 300 MSRTC buses in its Gas, and plans to add 100 more in the next 1-2 quarters. CNG sales in kg terms stood at 1.94mn in Q4, while industrial/commercial volumes stood at 1.418/0.142mmscmd; CNG in kg term was 1.94mn per day.
- APM gas allocation stood at 74% in Q4, with the HP-HT availability resulting in ~USD7.3/mmbtu of priority segment gas cost. MGL's term LNG contracts consist of 0.75mmscmd Henry-Hub linked (60% take or pay, and 75-80% in new contracts, not fully utilized now), 0.1mmscmd Brent-linked and 0.49mmscmd HP-HT. It has ample flexibility to use spot LNG in its mix based on pricing, to lower the blended cost. It is looking at more spot and term gas. ONGC saw some disruptions, which have now though have been normalized.
- Opex rose in Q4 due to Rs250mn spent on the CNG marketing scheme (retrofitment & ad-promo), besides higher variable expenses (linked to volumes) and higher maintenance and CSR expenses (booked in Q4). Incremental opex was Rs0.2-0.25/scm.
- MGL could have had >Rs20bn of cash surplus, which came in at a lower Rs14bn due to investment of Rs5.6bn in the UEPL acquisition, Rs500mn in 3EVs (manufacturing of 3W cargo & passenger EVs and LMC distribution), investment in the LNG JV with Baidyanath LNG for 51% stake, and Rs1bn equity in the CBG plant in a phased manner.
- MGL has also repaid UEPL's external borrowings of Rs2bn (gave unsecured loans) and plans to fund the subsidiary for the next 2-3 years through Rs1.5-2bn infusion. Dividend payout was hence low, although still jumping YoY. It aims to deploy cash and tap into the balance potential.
- FY25 volume growth guidance is 6-7% YoY (vs 5-6% pa earlier), and internal targets are even higher. CNG volume growth would be close to this number (>70% share in mix), while IPNG should grow at lower double digits (for the next 4-8 quarters at least). CNG volumes are driven by per-capita usage of a large customer base. Q3 to Q4 is generally weaker, but this time around the scheme-based new adds may have helped. Q4 to Q1 is generally higher.

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- IPNG saw good growth led by strategic pricing intervention of 10% discount to FO for new large customers, resulting in 0.1mmscmd incremental volumes. Brent prices were also steady. Further, 0.1mmscmd of IPNG contracts are in the pipeline, and would connect post Oct-Nov '24. Also, 0.3mn connections are planned in DPNG this year.
- EBITDA/scm in FY24 was Rs13.9, hence Company believes margin guidance at Rs9-11/scm is quite comfortable. Overall volume increase should lower unit cost. This range factors in the increase in weighted average gas cost going ahead. IPNG gross margins are lower but opex too is less; hence EBITDA/scm is reasonable. I/C gross margin in FY24 was around 25-30/scm, though it had recorded a low of Rs12/scm. Margin of the commercial segment is benchmarked to commercial LPG prices and that of the industrial segment to alternate fuels like FO.
- MGL's capex was Rs7.75bn in FY24, with target for FY25 at Rs9-10bn in standalone and Rs1.5-2bn in UEPL (>Rs10bn in total with aggressive plans for UEPL). CNG station addition target for FY25/26 is >50/40-50, with majority commissioning in Q4 of the fiscal years.
- MGL's CNG marketing scheme in conjunction with Maruti, Hyundai, Tata, Ashok and retrofitters ended for PVs in Dec 2023 (Rs20,000 worth of gas coupons) and for CVs in Mar 2024. An element of scarcity & intermittence speeds up consumer behavior, hence the scheme was ended for PVs but could be restarted in the future (ongoing discussions with OEMs). The Scheme should, however, continue for CVs due to higher prospects and B2B customers being value oriented (OEMs also pitch in). This has supported truck traffic at its outlets, with 67 in Q3 and 97 in Q4.
- Company has seen a good %-based growth in 1ton+ CVs and PVs due to its marketing scheme, but impact on overall CNG sales is not yet material, as 13-15,000 vehicles were added in the small category in Q3-Q4FY24. It could become meaningful in a few quarters though. The Rs20,000 was accounted under marketing expenses and actual impact for MGL is lower, as other parties are also present in the value chain.
- Trade margins of OMCs is based on city types, with metro at Rs5.4/kg, A&B class cities at Rs4.60/kg, and C class at Rs3.7/kg. Past adjustment of margins would be resolved soon, while current year has been provided for. Negotiations were on with OMCs, and would take a few months more to conclude; provisions have been made with no risk. MOPNG has also come up with guidelines for dispute resolution.
- Company completed the acquisition of Unison Enviro (UEPL) which it consolidated in its book of accounts wef 1-Feb-2024. UEPL clocked volumes of 0.14mmscmd in Q4FY24, with FY24 EBITDA at Rs600mn. Only 4-5 stations of UEPL are online, with the rest majorly daughter-booster stations with a total CNG station base of 56. Pipeline connectivity hence would improve throughput per station going ahead. Volume potential of UEPL is ~1.2mmscmd in 7-8 years, with focus on CNG base expansion in Ratnagiri and I/C PNG expansion overall.
- MGL has amortized the license acquisition (value as intangible) of UEPL in its consol. financials as a non-cash charge. The consolidation may not be proper, as provisional accounting was done and the final report from the valuer would come this year, with FY25 financials reflecting the actual numbers(as there were accounting differences also).
- LNG retail eco-system development has started. Savroli LNG station is operating on cost plus fixed margin basis, with sale of ~4tpd (pick-up seen in the last few months, and would go up in a few quarters) and overall capacity of 10-15tpd. MGL plans to add 4 more stations by FY25-end. LNG prices are at a discount to those of diesel.
- MGL has signed an MOU with MCGM-BMC to set up a CBG plant in Mumbai, with Board approval received and awaiting land, while commissioning would take 1.5 years post that. Plant would have capacity of 30ton of CBG per day (70mscmd) or 1,000ton of waste per day. Cumulative capex is estimated at Rs5.5-6bn, with 500tpd capacity each in two phases.

Exhibit 6: DCF-based valuation (Mar-25E)

DCF Assumptions	MGL Std	UEPL	Mar-26E (Rs.mn)	MGL Std	UEPL	Total
Risk Free Rate	7.0%	7.0%	NPV Of FCF	112,952	27,315	140,267
Risk Premium	5.3%	5.3%	Terminal Value	95,067	23,042	118,109
Beta	0.8	0.8	PV Of TV	6,273	1,738	8,011
Cost Of Equity	11.0%	11.0%	Total Value	119,224	29,053	148,277
Cost Of Debt	8.0%	8.0%	Less: Adjusted Net Debt (Y/E)	-21,014	3,355	-17,659
Post Tax Cost Of Debt	6.0%	6.0%	Equity Value	140,238	25,698	165,936
Average Debt:Equity Ratio	0.0%	12.8%	No. Of Shares O/S (mn)	99	99	99
WACC	11.0%	10.5%	Target Price (Rs/sh)	1,420	260	1,680
Terminal Growth Rate	0.0%	0.0%				

Source: Company, Emkay Research

Exhibit 7: PER-based valuation (Mar-26E EPS)

Rs/share	FY21	FY22	FY23	FY24	FY25E	FY26E
MGL's Adjusted Consol EPS	62.7	60.4	80.0	130.5	116.6	127.0
Target Multiple (x)						13.2
DCF Target Price (Rs/share)						1,680

Source: Company, Emkay Research

Mahanagar Gas: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	35,602	62,993	62,445	64,086	68,722
Revenue growth (%)	65.4	76.9	(0.9)	2.6	7.2
EBITDA	9,243	11,842	18,426	16,770	18,118
EBITDA growth (%)	(1.0)	28.1	55.6	(9.0)	8.0
Depreciation & Amortization	1,963	2,311	2,736	3,236	3,739
EBIT	7,281	9,530	15,690	13,533	14,379
EBIT growth (%)	(4.2)	30.9	64.6	(13.7)	6.2
Other operating income	0	0	0	0	0
Other income	857	1,119	1,753	2,196	2,459
Financial expense	75	94	115	120	117
PBT	8,063	10,555	17,328	15,610	16,721
Extraordinary items	0	0	0	0	0
Taxes	2,093	2,655	4,437	3,934	4,214
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	5,969	7,900	12,891	11,676	12,507
PAT growth (%)	(3.7)	32.3	63.2	(9.4)	7.1
Adjusted PAT	5,969	7,900	12,891	11,676	12,507
Diluted EPS (Rs)	60.4	80.0	130.5	118.2	126.6
Diluted EPS growth (%)	(3.7)	32.3	63.2	(9.4)	7.1
DPS (Rs)	25.0	26.0	30.0	47.3	50.6
Dividend payout (%)	41.4	32.5	23.0	40.0	40.0
EBITDA margin (%)	26.0	18.8	29.5	26.2	26.4
EBIT margin (%)	20.4	15.1	25.1	21.1	20.9
Effective tax rate (%)	26.0	25.2	25.6	25.2	25.2
NOPLAT (pre-IndAS)	5,390	7,133	11,672	10,123	10,755
Shares outstanding (mn)	98.8	98.8	98.8	98.8	98.8

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	8,063	10,555	17,328	15,610	16,721
Others (non-cash items)	263	355	538	0	0
Taxes paid	(2,122)	(2,638)	(4,240)	(3,562)	(3,839)
Change in NWC	1,647	731	1,852	1,383	1,206
Operating cash flow	9,037	9,693	15,631	14,157	14,936
Capital expenditure	(6,963)	(7,358)	(8,566)	(8,000)	(8,000)
Acquisition of business	(418)	(1,328)	(7,560)	(61)	(173)
Interest & dividend income	423	460	507	2,196	2,459
Investing cash flow	(6,400)	(9,218)	(10,810)	(6,823)	(5,653)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	289	116	247	10	10
Payment of lease liabilities	(290)	(330)	(350)	(350)	(350)
Interest paid	(75)	(94)	(115)	(120)	(117)
Dividend paid (incl tax)	0	0	0	0	0
Others	(3,317)	(2,870)	(3,247)	(4,670)	(5,002)
Financing cash flow	(3,103)	(2,848)	(3,116)	(4,779)	(5,109)
Net chg in Cash	(467)	(2,373)	1,706	2,555	4,174
OCF	9,037	9,693	15,631	14,157	14,936
Adj. OCF (w/o NWC chg.)	7,390	8,962	13,780	12,774	13,730
FCFF	2,074	2,335	7,065	6,157	6,936
FCFE	2,422	2,701	7,457	8,233	9,278
OCF/EBITDA (%)	97.8	81.9	84.8	84.4	82.4
FCFE/PAT (%)	40.6	34.2	57.8	70.5	74.2
FCFF/NOPLAT (%)	38.5	32.7	60.5	60.8	64.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	988	988	988	988	988
Reserves & Surplus	34,985	40,354	50,441	57,447	64,951
Net worth	35,973	41,342	51,429	58,434	65,939
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,008	2,086	2,441	2,812	3,187
Total debt	1,030	1,146	1,393	1,403	1,413
Total liabilities & equity	39,011	44,574	55,262	62,649	70,539
Net tangible fixed assets	24,581	28,318	33,490	38,641	43,270
Net intangible assets	52	51	51	51	51
Net ROU assets	1,504	1,888	1,888	1,888	1,888
Capital WIP	6,159	7,086	7,743	7,356	6,988
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,590	2,918	10,477	10,539	10,712
Cash & equivalents	15,535	15,377	14,172	17,746	22,032
Current assets (ex-cash)	2,917	4,685	4,438	4,554	4,884
Current Liab. & Prov.	13,327	15,749	16,998	18,126	19,286
NWC (ex-cash)	(10,411)	(11,064)	(12,560)	(13,572)	(14,402)
Total assets	39,011	44,574	55,262	62,649	70,539
Net debt	(14,505)	(14,231)	(12,780)	(16,343)	(20,619)
Capital employed	39,011	44,574	55,262	62,649	70,539
Invested capital	15,727	19,194	22,869	27,009	30,807
BVPS (Rs)	364.2	418.5	520.6	591.6	667.5
Net Debt/Equity (x)	(0.4)	(0.3)	(0.2)	(0.3)	(0.3)
Net Debt/EBITDA (x)	(1.6)	(1.2)	(0.7)	(1.0)	(1.1)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	22.0	25.5	34.9	26.7	25.3

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	21.5	16.3	10.0	11.0	10.3
P/CE(x)	16.2	12.6	8.2	8.6	7.9
P/B (x)	3.6	3.1	2.5	2.2	1.9
EV/Sales (x)	3.2	1.8	1.9	1.8	1.6
EV/EBITDA (x)	12.3	9.6	6.3	6.7	6.0
EV/EBIT(x)	15.7	12.0	7.4	8.3	7.5
EV/IC (x)	7.2	6.0	5.1	4.2	3.5
FCFF yield (%)	1.8	2.0	6.1	5.5	6.4
FCFE yield (%)	1.9	2.1	5.8	6.4	7.2
Dividend yield (%)	1.9	2.0	2.3	3.6	3.9
DuPont-RoE split					
Net profit margin (%)	16.8	12.5	20.6	18.2	18.2
Total asset turnover (x)	1.0	1.5	1.3	1.1	1.0
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
RoE (%)	17.5	20.4	27.8	21.3	20.1
DuPont-RoIC					
NOPLAT margin (%)	15.1	11.3	18.7	15.8	15.7
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	37.9	40.9	55.5	40.6	37.2
Operating metrics					
Core NWC days	(16.0)	(4.0)	(9.0)	(9.0)	(9.0)
Total NWC days	(16.0)	(4.0)	(9.0)	(9.0)	(9.0)
Fixed asset turnover	1.1	1.6	1.4	1.2	1.1
Opex-to-revenue (%)	16.6	10.8	12.6	13.6	14.0

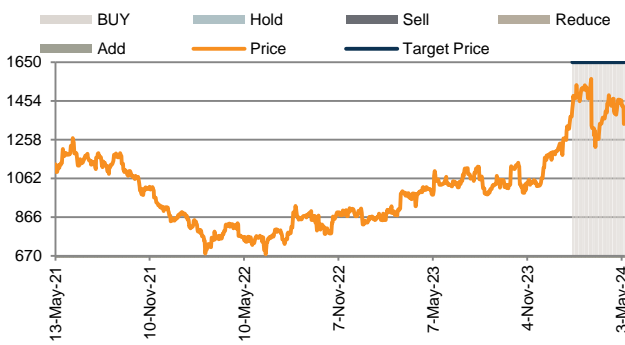
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
07-Mar-24	1,316	1,650	Buy	Sabri Hazarika
29-Jan-24	1,414	1,650	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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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