

Marketing sees major miss; stock attractive

Oil & Gas ▶ Result Update ▶ January 31, 2025

TARGET PRICE (Rs): 220

GAIL posted Q3FY25 SA adj EBITDA of Rs28.4bn, at a 13% miss due to adjusted gas marketing EBITDA (ex-Rs24.4bn Seft settlement) coming 51% below estimate on commodity volatility and gas shortfalls. Petchem was also lower at 35%, but partly offset by better LPG-LHC and transmission segments. The mgmt reiterated its transmission volume guidance of 129-130mmscmd in FY25 and 10mmscmd growth each in FY26-27. Marketing margin guidance is Rs45bn each for FY25 and FY26. Multiple pipeline and petchem projects are expected to be completed in FY26, with petchem profit likely to improve. We cut FY25-27E EPS by 13-15% each, to factor in the lower RLNG marketing margin, higher gas costs for LPG-LHC, and lower petchem margin ahead. We lower our target EV/EBITDA multiple to 7x from 7.5x, and cut Dec-25E TP by 14% to Rs220. We retain BUY on attractive valuation and upcoming pipeline tariff triggers.

GAIL: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	1,442,497	1,305,731	1,379,046	1,423,196	1,472,539
EBITDA	68,789	133,747	141,339	163,596	176,726
Adj. PAT	54,465	88,365	94,076	108,666	118,644
Adj. EPS (Rs)	8.3	13.4	14.3	16.5	18.0
EBITDA margin (%)	4.8	10.2	10.2	11.5	12.0
EBITDA growth (%)	(50.3)	94.4	5.7	15.7	8.0
Adj. EPS growth (%)	(64.5)	62.2	6.5	15.5	9.2
RoE (%)	9.8	14.7	13.9	14.7	14.8
RoIC (%)	8.1	14.8	10.5	15.2	15.5
P/E (x)	20.2	12.4	11.7	10.1	9.3
EV/EBITDA (x)	18.2	9.6	9.1	7.8	7.0
P/B (x)	2.0	1.7	1.6	1.4	1.3
FCFF yield (%)	(3.6)	3.7	1.7	3.8	5.1

Source: Company, Emkay Research

Result Highlights

GAIL's Q3FY25 SA adj EBITDA/APAT was Rs28.4/19.9bn, down 24%/25% QoQ, 26%/30% YoY and 13%/15% below our estimate. The book EBITDA miss was due to lower gas marketing and petchem EBITDA, with a beat on Transmission and LPG-LHC segments. The APAT miss was accentuated by lower Other Income, down 8% YoY, and partly offset by lower finance cost and slightly lower ETR at 23%. Gas transmission EBITDA fell 1% QoQ as volume declined 4% to 125.9mmscmd. Average tariff was flat at Rs2.1/scm, while opex was lower. Gas marketing EBITDA of Rs30.7bn included Rs24.4bn of the Seft settlement, while core RLNG margins declined sizably by 90% QoQ. Marketing volume rose 7% QoQ at 103.5mmscmd (5% beat). LPG transmission EBITDA grew 50% QoQ to Rs1.6bn. Petchem EBITDA fell 54% QoQ to Rs1.3bn. Pata utilization was 106% vs 115% QoQ. Realization premium to Korea contracted to 11% in Q3 vs 13% in Q2. LPG-LHC EBITDA rose 47% QoQ to Rs4.1bn on better volumes (up 12% QoQ) as well as realizations. Capex stood at Rs21.2bn in Q3. Board declared interim dividend of Rs6.5/sh.

Management KTAs

GAIL expects at least Rs10/mmbtu tariff uptick and has filed a revised tariff of Rs78/mmbtu with the PNGRB, with fuel cost being the key contention. PNGRB has delayed the revision, with order likely by Q1FY26. Marketing income could have been higher by over Rs9bn, with a Rs2bn shortfall due to declining crude price trend resulting in mismatch between sourcing and sale pricing, Rs6bn shortfall due to higher offtake from customers' vs sourcing which resulted in buying ~2mmscmd spot volumes at higher prices. GAIL has sourced 0.75mmtpa LNG from Apr-25 to mitigate shortfalls. MOPNG has recently cut APM gas allocation for LPG production, and this is likely to result in drop of 75tmt in Q4FY25 production. Expect capex of Rs101/85bn in FY25/26.

Valuation

We value GAIL on SOTP-EV/EBITDA-based methodology, with investments at 30% holdco discount. We lower Dec-26E EV/EBITDA by 0.5-1.5x for marketing and LPG-LHC, and raise it by 0.5x for petchem while retaining it for transmission. **Key risks: Adverse commodity price and margins, currency fluctuations, regulations, outages, and project delays.**

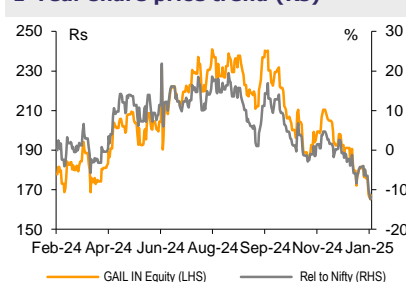
Target Price – 12M	Dec-25
Change in TP (%)	(13.6)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	31.8
CMP (30-Jan-25) (Rs)	167.1

Stock Data	Ticker
52-week High (Rs)	246
52-week Low (Rs)	163
Shares outstanding (mn)	6,575.1
Market-cap (Rs bn)	1,099
Market-cap (USD mn)	12,684
Net-debt, FY25E (Rs mn)	192,323
ADTV-3M (mn shares)	13
ADTV-3M (Rs mn)	2,558.5
ADTV-3M (USD mn)	29.5
Free float (%)	41.0
Nifty-50	23,250
INR/USD	86.6
Shareholding, Dec-24	
Promoters (%)	51.5
FPIs/MFs (%)	15.9/17.6

Price Performance

(%)	1M	3M	12M
Absolute	(11.5)	(18.0)	(2.8)
Rel. to Nifty	(10.0)	(14.1)	(10.1)

1-Year share price trend (Rs)



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Exhibit 1: Actuals vs Estimates (Q3FY25)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	349.4	365.6	316.9	-4%	10%	
Adjusted EBITDA	28.4	32.7	36.1	-13%	-21%	Miss on adjusted marketing and petchem EBITDA
EBITDA Margin	8.1%	9.0%	11.4%	-83bps	-326bps	
Adjusted Net Profit	19.9	23.6	24.0	-15%	-17%	Lower Other Income

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY	QoQ	9MFY24	9MFY25	YoY
Revenue	342,365	323,177	336,738	329,117	349,371	2%	6%	982,553	1,015,226	3%
COGS	277,664	259,349	269,943	267,301	294,002	6%	10%	811,052	831,246	2%
Gross Profit	64,701	63,828	66,795	61,817	55,368	-14%	-10%	171,501	183,980	7%
Opex	26,476	28,250	21,514	24,367	26,990	2%	11%	74,036	72,871	-2%
EBITDA	38,226	35,578	45,281	37,450	28,378	-26%	-24%	97,466	111,108	14%
Depreciation	7,843	11,605	10,489	8,153	8,322	6%	2%	21,703	26,964	24%
Interest	1,564	1,932	2,092	1,901	1,666	7%	-12%	5,041	5,659	12%
Other Income	8,121	6,376	3,716	7,135	7,497	-8%	5%	16,406	18,348	12%
Exceptionals	-	-	-	-	24,400			-	24,400	
PBT	36,940	28,418	36,416	34,531	50,288	36%	46%	87,128	121,235	39%
Tax	8,514	6,648	9,176	7,812	11,614	36%	49%	20,533	28,602	39%
Reported PAT	28,426	21,770	27,240	26,719	38,674	36%	45%	66,595	92,633	39%
Adjusted PAT	28,426	21,770	27,240	26,719	19,909	-30%	-25%	66,595	73,868	11%
Adjusted EPS (Rs)	4.3	3.3	4.1	4.1	3.0	-30%	-25%	10.1	11.2	11%
Gas Transmission										
Volume (mmscmd)	121.5	123.7	131.8	130.6	125.9	4%	-4%	119.4	129.4	8%
Adjusted Tariff (Rs/scm)	2.1	2.1	2.2	2.1	2.1	3%	0%	2.1	2.1	1%
Reported EBITDA	15,650	15,990	19,660	18,060	17,820	14%	-1%	45,700	55,540	22%
LPG Transmission										
Volume (mmt)	1.1	1.1	1.1	1.1	1.2	6%	3%	3.3	3.3	2%
Tariff (Rs/mt)	1,662	1,652	1,671	1,637	2,109	27%	29%	1,645	1,811	10%
Reported EBITDA	1,010	990	1,000	1,050	1,580	56%	50%	3,010	3,630	21%
Gas Marketing										
Volume (mmscmd)	98.1	99.9	99.5	96.6	103.5	5%	7%	98.0	99.8	2%
Reported EBITDA*	20,730	16,270	22,850	15,120	30,730	48%	103%	51,290	68,700	34%
EBITDA Margin (USD/mmbtu)	0.6	0.5	0.7	0.4	0.1	-86%	-82%	0.5	0.4	-19%
Petchem										
Sales Volume (kt)	215	242	169	226	221	3%	-2%	545	616	13%
Reported EBITDA	2,050	4,260	1,240	2,810	1,290	-37%	-54%	-60	5,340	NM
EBITDA/mt (USD)	94	180	81	125	61	-36%	-51%	-10	90	NM
LPG & LHC										
Sales Volume (kt)	248	261	218	253	282	14%	11%	737	753	2%
Reported EBITDA	2,800	3,610	2,660	2,770	4,080	46%	47%	5,100	9,510	86%
EBITDA/mt (USD)	112	141	135	110	150	34%	37%	72	132	84%

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; *This includes the Seft settlement amount in Q3FY25

Concall Highlights

Gas transmission

- GAIL's natural gas transmission volumes fell 4% QoQ due to lower offtake from the power sector, at ~3mmscmd, and ~1mmscmd from IOCL refinery volume shifting to the GIGL pipeline which was abruptly authorized by the PNGRB after GIGL paid a penalty. GAIL has contested the same citing duplication of infra which is not per regulation. GIGL's capacity is 9.5mmscmd, while IOCL volume is 1.5mmscmd (Panipat refinery). Sector-wise transmission volume share in Q3 was 41% for Fertilizer, 25% for CGD, 7% for Power, 9% for Oil & Refinery, 6% for Internal Consumption, 2% for Steel, and 11% for Others. Pipeline capacity utilization was 60% in Q3.
- Volume guidance is 129-130mmscmd for Q4/FY25, and growth at 10mmscmd annually in FY26 and beyond (2-3 years). Incremental volumes in FY26 will be split, as 3mmscmd from CGD (growing 12% YoY, GAIL's market share in pipelines at 70%), >1mmscmd from NRL expansion ramp up through JHBDPL-BGPL-IGGL, and 2mmscmd from IOCL's eastern refineries (3.75mmscmd Paradip/2.8mmscmd Barauni/2.6mmscmd Haldia/0.6mmscmd Guwahati/2.2mmscmd Bongaigaon). The Mumbai-Nagpur-Jharsuguda, JHBDPL, KKMBPL and Srikakulam Angul projects are expected to be completed in FY26, and the Gurdaspur-Jammu project in FY27; customers along the way would also add. IGGL NE Phase 1/2-3 should be completed in FY26/27.
- GAIL's integrated tariff was revised up wef 1-Apr-23, with current tariff at Rs58.6/mmbtu. GAIL had submitted documents for tariff revision in Aug-24 to the PNGRB and it usually takes 6 months for evaluation, public consultation, and passing of the tariff order. But it is delayed and can now be expected in Q1FY26. GAIL expects at least Rs10/mmbtu tariff uptick, and has filed a revised tariff of Rs78/mmbtu with the PNGRB, with fuel cost being the key contention as PNGRB had assumed USD3.61/mmbtu vs USD10/mmbtu actual cost (HP-HT benchmark); this can add Rs7/mmbtu to tariff alone. Delay in tariff revision is likely to result in further higher tariffs in future. PNGRB has set up an industry committee also, to resolve issues of pipeline players; this is also a positive.

Gas marketing

- The company marketed 37 LNG cargoes in Q3FY25 and 107 in 9MFY25 vs 101 YoY. Marketing volumes rose QoQ in Q3 led by increase in international sales to ~9mmscmd. Marketing volumes otherwise largely follow transmission. Excluding one-time settlement gain of Rs24.4bn from Sefe-Gazprom, marketing income/margin stood at Rs4.17bn in Q3. The settlement was done on amicable terms.
- It could have been higher by >Rs9bn, as the company saw Rs2bn shortfall due to declining crude price trend resulting in mismatch between upstream (sourcing on 9-month lag) and downstream (sale on 3-month lag, volume at 10mmscmd) and Rs6bn shortfall due to higher offtake from customers (take or pay of 100% in sourcing and 80% take or pay by customers), which resulted in buying ~2mmscmd spot volume at higher prices to meet demand.
- Increase in Henry Hub prices vs sales in oil linked LNG also led to Rs1.5bn impact. These factors can reverse going ahead (up vs downstream rolling in a year). Most HH based sourcing is being priced back to back, but some portion is open to trading. Basis risk hedging is minimal. FY25 marketing margin guidance of Rs45bn is retained, excluding one-time Sefe gains, and Rs70bn including the said gains. FY26 marketing guidance is also similar, at ~Rs45bn.
- Has secured 1.53mmtpa (2.5 cargoes per month) of term LNG from Vitol and ADNOC, starting CY26. These are crude-linked and USD0.5-1/mmbtu cheaper than Qatargas. GAIL has also sourced 0.75mmtpa (1 cargo per month) from Apr-2025 to mitigate shortfalls. These volumes can be supplied to CGD and other sectors as well. GAIL continues to scout for additional term LNG volumes.

- Marketing margins should stabilize going ahead, and spot LNG prices are likely to decline. APM allocation cut provides opportunity to source and market more LNG to the CGD sector, with APM allocation to be revised for this sector on a quarterly basis. GAIL has entered into 5-year contracts with customers for sizable volumes in the last 2 months, with CGD needs to add up in future as well. Customer preference is mixed wrt HH vs oil linked, depending on prevailing prices. HH prices have gone up, but are now cooling down and expect these to fall.

Petchem

- Pata utilization was 106% in Q3 and is currently at 100%+ and pursuing operational efficiencies. Input gas cost for petchem segment was USD10/mmbtu. There was no inventory loss in petchem and gas marketing segments.
- The Usar Rs112.56bn, 0.5mmtpa PDHPP project; the Rs12.99bn, Pata 60ktpa PP project; and GMPL should be completed in FY26. The upcoming PDHPP plant is propane-based with supply tied up for 15 years and good margins can be expected on sustainable basis.
- In Pata, PP prices are at ~Rs88,000/mt, which is near rock bottom levels and the same could sustain or go up. Petchem profitability depends on gas pricing. GAIL continues to scout for and supply cheap gas to the Pata plant. With HH prices likely to decline in FY26, petchem margin is expected to improve on lower costs.
- LPG and LHC capacity utilization was 79%, while it was 100% for LPG transmission in Q3. MOPNG has recently cut APM gas allocation for LPG production and this is likely to result in drop of 75tmt in Q4FY25 production. GAIL was consuming 1.75mmscmd of APM gas for LPG, of which 0.63mmscmd has been removed. It will look to source affordable LNG for the LPG segment in future, but does not have the same available right now.

Others

- Expect Dabhol to become an all-weather LNG terminal by coming monsoons, with breakwater work to be done by Mar-25. Subsequently, approvals will be sought by May and cargos would start coming in the monsoons.
- GAIL's capex in Q3 was Rs21.22bn, spent on pipelines (Rs4bn), petchem (Rs7.5bn), CGD (Rs400mn), operational (Rs7.7bn), and equity contribution (Rs1.3bn). Expect capex of Rs101bn in FY25 and Rs85bn in FY26.
- GAIL standalone CGD had 195 CNG stations and 0.353mn DPNG customers in 6 Gas, as of Dec-24 end, with >5,000 DPNG connections added in Q3. CNG volume was 0.36mmscmd. It aims for 80 new CNG stations and 0.12mn DPNG connections in the next 2 years.
- GAIL Gas revenue was Rs30.4bn in Q3 vs Rs31.5bn QoQ, down 3%. PBT was Rs1.55bn vs Rs1.67bn QoQ, down 7% due to lower APM allocation, while PAT was Rs1.14bn vs Rs1.24bn, a decline of 8% QoQ. It added 25,000 DPNG connections and 5 CNG stations in Q3, totaling 1.06mn and 585, respectively, as of now. The 5-year target for GAIL Gas is to add 170 CNG stations and 0.5mn DPNG connections.
- GAIL, along with a couple of other CPSEs, has entered into a non-binding MOU with Argentinian NOC, YPF, for hydrocarbon and critical mineral exploration with an intent to source LNG for India in future on the back of huge shale gas development there.

Exhibit 3: Change in assumptions

	FY25E			FY26E			FY27E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Gas Transmission									
Volumes (mmscmd)	132.5	129.3	-2%	143.1	138.9	-3%	151.7	148.7	-2%
Adj Tariff (Rs/scm)	2.2	2.1	-2%	2.5	2.5	-2%	2.6	2.5	-2%
Adj EBITDA (Rs bn)	64.7	62.1	-4%	86.0	82.3	-4%	93.0	89.8	-3%
LPG Transmission									
Volumes (mmt)	4.5	4.5	0%	4.5	4.5	0%	4.6	4.6	0%
Adj EBITDA (Rs bn)	3.7	4.5	24%	3.7	4.9	34%	3.7	5.0	34%
Gas Marketing									
Volumes (mmscmd)	101.0	99.9	-1%	106.5	104.8	-2%	113.3	110.5	-2%
Margin (USD/mmbtu)	0.5	0.4	-33%	0.5	0.4	-26%	0.5	0.4	-20%
Adj EBITDA (Rs bn)	64.2	43.2	-33%	61.4	46.7	-24%	62.6	51.0	-19%
Petchem									
Capacity Utilization	100%	101%	1%	102%	100%	-2%	102%	100%	-2%
EBITDA/mt (USD)	150.1	83.2	-45%	206.3	140.3	-32%	230.8	183.8	-20%
Adj EBITDA (Rs bn)	10.1	5.8	-43%	14.2	9.9	-31%	15.9	13.0	-19%
LPG & LHC									
EBITDA/mt (USD)	94.4	139.0	47%	93.8	64.6	-31%	92.1	42.0	-54%
Adj EBITDA (Rs bn)	7.9	11.9	52%	7.8	5.6	-28%	7.7	3.6	-53%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY25E			FY26E			FY27E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,238	1,379	11%	1,352	1,423	5%	1,458	1,473	1%
EBITDA	164	141	-14%	187	164	-12%	197	177	-10%
EBITDA Margins	13.2%	10.2%	-297bps	13.8%	11.5%	-231bps	13.5%	12.0%	-148bps
PAT	110	94	-14%	128	109	-15%	136	119	-13%
EPS (Rs)	16.7	14.3	-14%	19.4	16.5	-15%	20.7	18.0	-13%

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation (Dec-25E)

Components	Basis	Dec-26E EBITDA	Multiple(x)	EV (Rs bn)	EV/sh (Rs)	Comments
Gas Transmission - Standalone	EV/EBITDA	88	8.5	747	114	
LPG Transmission - Standalone	EV/EBITDA	5	7.0	35	5	
Gas Marketing - Standalone	EV/EBITDA	50	5.0	250	38	
Petrochemicals - Standalone	EV/EBITDA	12	7.0	85	13	
LPG & LHC - Standalone	EV/EBITDA	4	6.0	25	4	
Others -Standalone	EV/EBITDA	14	5.0	72	11	
Core Business EV		173	7.0	1,213	185	
Less: Adj Net Debt (Dec-25E End)				129	20	
Core Business Valuation				1,084	165	
Value of Listed Investments	TP/CMP			218	33	At 30% HoldCo Discount
Value of Unlisted Investments	BV			146	22	At 1.0x P/B
Target Price-Fair Value				1,448	220	

Source: Company, Emkay Research

Exhibit 6: Schedule and value of listed investments

Listed	Type	Basis of Valuation	TP/CMP (Rs)	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)	390	585	12.5%	73	30%	51	7.8
IGL	JV	TP (Emkay)	450	315	22.5%	71	30%	50	7.5
MGL	JV	TP (Emkay)	1,700	168	32.5%	55	30%	38	5.8
ONGC	Financial	TP (Emkay)	330	4,151	2.5%	102	30%	71	10.8
China Gas Holding	Financial	CMP	71	370	2.9%	11	30%	7	1.1
Gujarat Industries Power Co (GIPCL)	Financial	CMP	190	287	0.4%	1	30%	1	0.1
Total Listed						312		218	33
Unlisted									
Unlisted CGDs & IGGL	Subsidiary	BV		Value of Stake		104		104	16
Brahmaputra Cracker Limited (BCPL)	Subsidiary	BV		Value of Stake		42		42	6
Total Unlisted						146		146	22
Grand Total Investments						458		364	55

Source: Company, Emkay Research

GAIL: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	1,442,497	1,305,731	1,379,046	1,423,196	1,472,539
Revenue growth (%)	57.4	(9.5)	5.6	3.2	3.5
EBITDA	68,789	133,747	141,339	163,596	176,726
EBITDA growth (%)	(50.3)	94.4	5.7	15.7	8.0
Depreciation & Amortization	24,881	33,308	35,130	39,127	42,682
EBIT	43,908	100,439	106,209	124,469	134,043
EBIT growth (%)	(62.5)	128.7	5.7	17.2	7.7
Other operating income	0	0	0	0	0
Other income	26,847	22,079	24,982	27,282	30,943
Financial expense	3,117	6,972	7,407	6,475	6,372
PBT	67,638	115,546	123,784	145,276	158,614
Extraordinary items	(1,800)	0	24,400	0	0
Taxes	12,823	27,181	35,564	36,609	39,971
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	53,015	88,365	112,620	108,666	118,644
PAT growth (%)	(48.8)	66.7	27.4	(3.5)	9.2
Adjusted PAT	54,465	88,365	94,076	108,666	118,644
Diluted EPS (Rs)	8.3	13.4	14.3	16.5	18.0
Diluted EPS growth (%)	(64.5)	62.2	6.5	15.5	9.2
DPS (Rs)	4.0	5.5	7.0	7.4	8.1
Dividend payout (%)	49.6	40.9	41.0	45.0	45.0
EBITDA margin (%)	4.8	10.2	10.2	11.5	12.0
EBIT margin (%)	3.0	7.7	7.7	8.7	9.1
Effective tax rate (%)	16.8	23.5	43.7	25.2	25.2
NOPLAT (pre-IndAS)	36,525	76,812	59,783	93,103	100,264
Shares outstanding (mn)	6,575.1	6,575.1	6,575.1	6,575.1	6,575.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	67,638	115,546	123,784	145,276	158,614
Others (non-cash items)	8,352	24,870	17,555	18,320	18,111
Taxes paid	(15,178)	(27,482)	(34,664)	(35,691)	(39,034)
Change in NWC	(30,932)	5,548	(1,585)	(2,780)	(1,710)
Operating cash flow	28,080	118,482	129,490	125,125	135,981
Capital expenditure	(73,416)	(70,376)	(108,141)	(76,871)	(72,484)
Acquisition of business	0	0	0	0	0
Interest & dividend income	18,047	14,982	24,982	27,282	30,943
Investing cash flow	(65,533)	(80,024)	(83,159)	(49,589)	(41,541)
Equity raised/(repaid)	(13,289)	0	0	0	0
Debt raised/(repaid)	75,287	12,795	2,895	(20,000)	(32,600)
Payment of lease liabilities	(4,273)	(8,249)	(8,249)	(8,249)	(8,249)
Interest paid	(5,804)	(10,910)	(7,407)	(6,475)	(6,372)
Dividend paid (incl tax)	(30,679)	(36,195)	(46,174)	(48,900)	(53,390)
Others	(4,892)	(1,135)	0	0	0
Financing cash flow	20,623	(35,445)	(50,686)	(75,375)	(92,362)
Net chg in Cash	(16,830)	3,013	(4,355)	161	2,079
OCF	28,080	118,482	129,490	125,125	135,981
Adj. OCF (w/o NWC chg.)	59,012	112,934	131,075	127,904	137,691
FCFF	(45,336)	48,106	21,349	48,253	63,497
FCFE	(30,406)	56,116	38,924	69,060	88,068
OCF/EBITDA (%)	40.8	88.6	91.6	76.5	76.9
FCFE/PAT (%)	(57.4)	63.5	34.6	63.6	74.2
FCFF/NOPLAT (%)	(124.1)	62.6	35.7	51.8	63.3

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	65,751	65,751	65,751	65,751	65,751
Reserves & Surplus	490,786	576,043	642,489	702,255	767,509
Net worth	556,537	641,794	708,240	768,006	833,260
Minority interests	0	0	0	0	0
Deferred tax liability (net)	46,628	49,558	50,458	51,376	52,312
Total debt	157,295	192,105	195,000	175,000	142,400
Total liabilities & equity	760,460	883,456	953,698	994,382	1,027,972
Net tangible fixed assets	394,143	422,657	474,082	508,273	534,486
Net intangible assets	28,550	31,169	31,169	31,169	31,169
Net ROU assets	20,380	35,772	35,772	35,772	35,772
Capital WIP	136,625	158,587	160,173	161,775	163,393
Goodwill	0	0	0	0	0
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	131,907	182,172	197,817	199,929	203,978
Current assets (ex-cash)	249,710	264,928	276,286	283,436	291,344
Current Liab. & Prov.	200,856	211,828	221,600	225,971	232,169
NWC (ex-cash)	48,855	53,100	54,686	57,465	59,176
Total assets	760,460	883,456	953,698	994,382	1,027,972
Net debt	153,276	185,072	192,323	172,162	137,483
Capital employed	760,460	883,456	953,698	994,382	1,027,972
Invested capital	491,928	542,698	595,708	632,679	660,602
BVPS (Rs)	84.6	97.6	107.7	116.8	126.7
Net Debt/Equity (x)	0.3	0.3	0.3	0.2	0.2
Net Debt/EBITDA (x)	2.2	1.4	1.4	1.1	0.8
Interest coverage (x)	0.0	0.1	0.1	0.0	0.0
RoCE (%)	9.8	14.9	14.3	15.6	16.3

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	20.2	12.4	11.7	10.1	9.3
P/CE(x)	13.8	9.0	8.5	7.4	6.8
P/B (x)	2.0	1.7	1.6	1.4	1.3
EV/Sales (x)	0.9	1.0	0.9	0.9	0.8
EV/EBITDA (x)	18.2	9.6	9.1	7.8	7.0
EV/EBIT(x)	28.5	12.8	12.2	10.2	9.2
EV/IC (x)	2.5	2.4	2.2	2.0	1.9
FCFF yield (%)	(3.6)	3.7	1.7	3.8	5.1
FCFE yield (%)	(2.8)	5.1	3.5	6.3	8.0
Dividend yield (%)	2.4	3.3	4.2	4.5	4.9
DuPont-RoE split					
Net profit margin (%)	3.8	6.8	6.8	7.6	8.1
Total asset turnover (x)	2.0	1.6	1.5	1.5	1.5
Assets/Equity (x)	1.3	1.4	1.4	1.3	1.3
RoE (%)	9.8	14.7	13.9	14.7	14.8
DuPont-RoIC					
NOPLAT margin (%)	2.5	5.9	4.3	6.5	6.8
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	8.1	14.8	10.5	15.2	15.5
Operating metrics					
Core NWC days	22.8	23.6	23.6	23.6	23.6
Total NWC days	22.8	23.6	23.6	23.6	23.6
Fixed asset turnover	2.6	2.1	2.0	1.8	1.7
Opex-to-revenue (%)	5.9	7.8	7.4	7.4	7.3

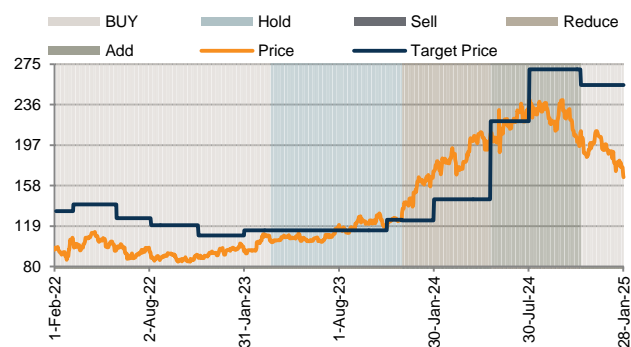
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
07-Nov-24	210	255	Buy	Sabri Hazarika
18-Oct-24	221	270	Add	Sabri Hazarika
31-Jul-24	241	270	Add	Sabri Hazarika
18-May-24	209	220	Add	Sabri Hazarika
11-Mar-24	183	145	Reduce	Sabri Hazarika
30-Jan-24	172	145	Reduce	Sabri Hazarika
30-Nov-23	132	125	Reduce	Sabri Hazarika
01-Nov-23	118	125	Hold	Sabri Hazarika
01-Aug-23	120	115	Hold	Sabri Hazarika
20-May-23	105	115	Hold	Sabri Hazarika
30-Mar-23	106	115	Hold	Sabri Hazarika
23-Mar-23	105	115	Hold	Sabri Hazarika
31-Jan-23	95	115	Buy	Sabri Hazarika
01-Dec-22	94	110	Buy	Sabri Hazarika
22-Nov-22	91	110	Buy	Sabri Hazarika
04-Nov-22	89	110	Buy	Sabri Hazarika
02-Oct-22	87	120	Buy	Sabri Hazarika
05-Aug-22	89	120	Buy	Sabri Hazarika
31-May-22	98	127	Buy	Sabri Hazarika
09-Mar-22	103	140	Buy	Sabri Hazarika
04-Feb-22	98	133	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
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