

08 February 2025

India | Equity Research | Results update

## Gujarat Gas

Oil &amp; Gas

### Flattish Q3FY25 result; prospects look better for next 12 months

Gujarat Gas (GUJGA) reported 26/28% YoY decline in EBITDA/PAT to INR 3.8bn/INR 2.2bn (I-Sec est. of INR 4.1/INR 2.3bn) in Q3FY25. Volume of 9.5mmscmd vs our estimate of 9.4mmscmd was offset by lower margin (EBITDA margin of INR 4.4/scm vs estimated INR 4.8/scm). Morbi volume estimated at ~3.35mmscmd was up 0.5mmscmd QoQ due to relatively better pricing vs propane in Q3, even as YoY trends remain subdued due to continued export softness owing to shipping disruptions/weak demand globally. With reinstatement of part of APM gas, price hike of INR 3/kg taken and the structural transformation ahead due to merger of GSPC/GSPL (group earnings CAGR post-merger expected at -1.6% over FY25-27E) – we are applying 19x PER to FY27E rough-cut consol estimate to deliver a revised TP of INR 560 (vs INR 600 previously). Reiterate **BUY**.

### Sequential recovery in volume driven by strong CNG/marginal uptick in Morbi

Volume of 9.47mmscmd was up 3% YoY (+8% QoQ) driven by stronger CNG and domestic growth while continuation of a subdued ceramic export market, tight propane to gas economics dragged YoY volume at Morbi. QoQ industrial/commercial (I/C) volume of 5.6mmscmd (estimated Morbi 3.35, other areas commercial at 2.1) was down 1%/ up 11% YoY/QoQ. Guidance for Q4 is subdued, with unfavourable propane-gas economics dragging Morbi to <3mmscmd. With higher gas costs, propane now at a material (INR 4/scm) discount to GUJGA prices, and continued softness in ceramic export markets, we have moderated Q4FY25E and FY26-27E volume assumptions to 9.7/10.5/11.4mmscmd vs 9.9/10.9/12mmscmd earlier.

### Propane gas economics remains uncertain; I/C growth volatile

Extrapolating the current trend in propane prices (at USD 635/t in Feb'25, to decline by USD 70/t by Jun'25), equivalent propane prices are likely to be ~INR 43-44/scm. With GUJGA's current price (Morbi price at INR 46.95/scm), there is little leeway to decrease prices to protect margins and increase volumes, particularly as spot LNG prices are also at USD 14/MMBtu levels and APM allocation is lower vs H1. Q3 saw discount of propane to gas of INR 4/scm, but LPG futures imply that discount shall increase in Q4, dragging volumes lower.

### Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	1,56,902	1,65,553	1,86,010	2,05,363
EBITDA	18,764	19,044	16,908	19,296
EBITDA %	12.0	11.5	9.1	9.4
Net Profit	11,013	11,177	9,216	10,662
EPS (INR)	16.0	16.2	13.4	15.5
EPS % Chg YoY	(27.8)	1.5	(17.5)	15.7
P/E (x)	29.4	29.0	35.1	30.4
EV/EBITDA (x)	16.4	16.2	18.1	15.7
RoCE (Pre-tax) (%)	18.7	16.9	12.6	13.7
RoE (%)	15.0	13.8	10.4	11.1

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#### Market Data

Market Cap (INR)	324bn
Market Cap (USD)	3,697mn
Bloomberg Code	GUJGA IN
Reuters Code	GGAS.BO
52-week Range (INR)	690 /443
Free Float (%)	25.0
ADTV-3M (mn) (USD)	4.6

Price Performance (%)	3m	6m	12m
Absolute	(10.9)	(27.0)	(23.6)
Relative to Sensex	(8.0)	(26.3)	(31.8)

ESG Score	2022	2023	Change
ESG score	56.4	70.5	14.1
Environment	34.1	50.2	16.1
Social	38.1	70.0	31.9
Governance	77.5	80.7	3.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E	FY27E
Revenue	(0.7)	(2.2)	(3.8)
EBITDA	(0.1)	(8.5)	(10.5)
EPS	(0.2)	(11.3)	(13.8)

#### Previous Reports

08-11-2024: [Q2FY25 results review](#)

19-09-2024: [Company Update](#)

### A major consolidation of Gujarat's energy companies

The GSPC group, through its various entities, has played a major role in establishing and growing Gujarat's energy infrastructure over the last three decades, specifically, in natural gas segment. The decision to consolidate and streamline operations of its EnP/gas trading/holding company with gas transmission and city gas distribution (CGD) entities reflects the strategic imperatives to 1) clean up the corporate structure of some of these holdings; 2) create synergies between related businesses; and 3) set up the companies for inorganic growth via greater scale and strength of its balance sheet. Additionally, the cumulative tax-related losses of INR 72bn provide a material cushion to earnings, given the comfortable period of eight years from date of merger to utilise the same. On a strategic level, the reduction of a level between gas sellers and eventual buyer (GUJGA) by merging GSPC creates material advantages, as the margins earned by GSPC on the gas sold to GUJGA shall be eliminated and indirect taxes paid on the gas shall also be rationalised. This could materially alter the sustainable EBITDA/scm of the CGD business over the next couple of years.

### Swap ratios and earnings imply material EPS accretion

The data shared by the group in analyst interaction and communication clarified that GSPC and GSPL have been valued at INR 210bn and INR 260bn, respectively, to decide the merger swap ratios. Post the eventual carve out of the transmission entity, estimated total number of shares in GUJGA will rise to 938mn (from 668mn as of now) and if we assume CMP of GUJGA, implied market cap of the consolidated entity could be INR 568.6bn. Our rough-cut calculations suggest consolidated EBITDA/PAT and EPS of the new entity would rise to INR 34.9/INR 27.6bn and INR 29.5/sh, respectively, from current base case of INR 19.3bn/INR 10.5bn and INR 15.2/sh (FY27E). The significantly higher growth trajectory, therefore, merits a re-rating in the stock's prospects, even though we do not have enough details to publish the thorough estimates of the resulting entity, as of now.

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### Valuations have come off; we see material upside ahead

GUJGA has seen a lot of volatility in its stock price of late, with strong optimism around the merger giving way to apprehensions around Morbi, and hence, overall volume growth. With the recent drop in the stock price (down 27% in last six months), we see attractive prospects for the stock. Current valuations of 30x PER (FY27E standalone) do not factor in the material boost expected in group earnings post the GSPC merger (excluding the GSPL carve out), which we estimate at 70–75% over FY26–27E (average).

Based on our rough-cut estimates of group earnings post-merger, we believe multiples are at a much more attractive level of 16x (based on FY26/27E, respectively) and offer attractive risk reward. Our standalone earnings have been lowered by 11.3%/13.8% for FY26/27E to factor in lower volumes from Morbi, but even on cuts, a revised target multiple of 19x FY27E EPS (group earnings post the GSPC merger) delivers a TP of INR 560– a 19% upside. Reiterate **BUY**.

**Key upside risks:** 1) Sharper recovery in LPG (propane) prices; 2) faster execution of expansion plans in new areas; and 3) sharp drop in LNG prices.

**Key downside risks:** 1) Longer sustained weakness in propane prices; 2) slower ramp up of volumes from new areas; and 3) sharper spike in spot LNG prices.

## Q3FY25 conference call: Takeaways

### Quarterly performance

- GUJGA has authorisations in 27 GAs (geographical areas) in six states and one union territory. It has 42,000km pipeline network connecting 2.27mn households, 4,430 industrial, 15,590 commercial connections and 825 CNG stations serving ~4mn vehicles per day (vs 3.5mn vehicles per day last year). The company added five new CNG stations during the quarter and connected 38,000 domestic households. Domestic household customer base was >2.21mn in Q3FY25 and the company has added 53,000 customers in Q4FY25 so far.
- In Q3FY25, CNG volumes in Gujarat grew by 11% YoY while growth in non-Gujarat region was 25% YoY. Petrol/diesel prices in GUJGA operating areas are at 46/15% discount to CNG prices.
- The blended (domestic PNG and CNG) APM shortfall for the quarter was 45%; management expects the shortfall to persist at these levels in Q4FY25.
- The company has taken price hike of INR 2/scm in industrial segment due to increase in LNG prices. Also, in CNG segment, it has taken price hike of INR 1.5/kg each in Dec'24 and Jan'25 post deallocation of APM gas.

### GUJGA merger with GSPC

- The Board of Directors at its meeting on 30<sup>th</sup> Aug'24 approved a composite scheme of merger with GSPC. The company has received no objection from BSE and NSE, and shall target filing of scheme with MCA within next 2 weeks followed by ROC submission post-shareholder clearance.
- GSPC reported EBITDA/PAT of INR 12bn /9bn in H1FY25 with volume of 12mmscmd (FY24 EBITDA/PAT of INR 10.7/12.4bn).
- Gujarat Gas is only serving customers which consume volumes up to 50,000scm/d and GSPC serves clients with volume above 50,000scm/d. The marketing infrastructure which is already in place for Gujarat Gas will be advantage for the combined entity with respect to selling of gas volumes.

### Volume

- The average Morbi volume for the quarter was 3.35mmscmd vs 2.9 mmscmd in Q2FY25 owing to resumption in manufacturing activities post Janmashtami. Non-Morbi volume in Q3FY25 was 2.10mmscmd (vs 1.86mmscmd in Q3FY24).
- The current propane price is around INR 43/scm vs industrial gas price of INR 47/scm. This shall impact the volume of GUJGA going forward. The company expects Morbi volume of only 2.75-3mmscmd in Q4FY25.
- The natural gas prices in Q4FY25 are likely to remain high due to geo-political reasons which may have an adverse impact on competitiveness of natural gas vs alternate fuel.

### Capex

- The company has incurred capex of INR 2.1bn in Q3 and spent INR 5.5bn for 9MFY25. The management has guided capex of INR 10bn for FY26 and INR 8.5bn for FY25.
- The company is setting up infrastructure network in Ahmedabad Rural, Silvassa, Dahej, Surat, Ankleswar, Bharuch, Vapi and Valsad.

### **Sourcing mix**

- During the quarter, the company sourced 6.16mmscmd of volume from GSPC out of which 2.57mmscmd is on spot basis. It has sourced 0.54mmscmd of new gas well and 1.35mmscmd from IGX/others domestic. Reliance BP field gas contract of 0.7mmscmd expired in Dec'24.
- With respect to some of its long-term contracts which are near expiry, GSPC is in talks for signing new contracts on behalf of GUJGA.

### **Management guidance**

- Management has guided for EBITDA of INR 4.5-5.5/scm, lower than earlier guidance of INR 5-6/scm, owing to the cut in APM gas and the unfavorable economics of gas vs alternate fuels.
- However, significant potential gas volume exists at Morbi (8-9mmscmd of gas equivalent demand, current consumption at 6.5mmscmd, split evenly between propane and gas) and the company has achieved 7mmscmd of sales in the past. Thus, it has customer connectivity and if natural gas prices turn in its favour, it can scale up the volume fairly quickly from this area.
- As per management, CNG volume can continue to grow at 12% YoY and domestic PNG at 5%.

### **FDODO (Franchisee Dealer Owned, Dealer operated) model**

- The company has signed an agreement with 50 dealers in FDODO model – the stations shall come up in a year's time and it expects to cross 100 agreements by Q4FY25.
- In FDODO scheme – dealer has to incur opex and capex. The dealer's commission for FDODO- online station shall be INR 8/kg and INR 10/kg for daughter booster station.
- Therefore, RoCE from this model for GUJGA will be higher as its obligation will become limited to only the commission paid.

### **Others**

- The company has undertaken hydrogen blending pilot project with NTPC where it achieved blending of 8%. It has initiated action for increasing it to 15% and this shall be done post taking the necessary regulation approvals.
- The present geopolitical situation is expected to improve led by the new government in USA with shipping issues likely to resolve in the Middle East and other regions, and therefore, the company expects business at Morbi and hence its gas volumes in the region to improve.
- Spot LNG price in Q3FY25 was INR 41/scm and currently it has increased to INR 48/scm.
- GUJGA is the first company to have CBG connected to network and is in the process of signing at least six more CBG supplier agreements (3 signed already).
- In Gujarat, the gas consumption ratio is ~25%. Such type of set up is coming in each state and national grid shall play an important role in doing so.
- In Morbi, concessional import duty of 2.5% was already there in place, so the decrease in duties in Union Budget FY26 is inconsequential to pricing of propane in the region.

- In Gujarat, VAT on CNG is 5%, and effective VAT on industrial gas is 6% (gross 16%) whereas the company has claimed 10% from the government. GST implementation will have the benefit of consumers being able to claim input tax credit (ITC) and this GUJGA industrial gas prices will become more competitive vs alternate fuels.

### Exhibit 1: Q3FY25 result snapshot

Particulars (INR mn)	Q3FY25	Q3FY24	YoY % change	Q2FY25	QoQ chg %	9MFY25	9MFY24	YoY % change
<b>Net Sales</b>	<b>41,529</b>	<b>39,291</b>	<b>5.7</b>	<b>37,818</b>	<b>9.8</b>	<b>1,23,849</b>	<b>1,15,560</b>	<b>7.2</b>
EBITDA	3,805	4,007	(5.0)	5,142	(26.0)	14,303	12,853	11.3
Other income	585	230	154.2	386	51.8	1,356	767	76.9
PAT	2,216	2,203	0.6	3,069	(27.8)	8,583	7,332	17.1
<b>Adj. PAT</b>	<b>2,216</b>	<b>2,203</b>	<b>0.6</b>	<b>3,069</b>	<b>(27.8)</b>	<b>8,583</b>	<b>7,332</b>	<b>17.1</b>
<b>Volumes (mmscmd)</b>	<b>9.5</b>	<b>9.2</b>	<b>3.4</b>	<b>8.8</b>	<b>8.2</b>	<b>9.7</b>	<b>9.2</b>	<b>5.4</b>
CNG	3.1	2.8	12.2	2.9	6.5	3.0	2.7	12.7
Residential PNG	0.7	0.7	4.2	0.8	(2.6)	0.7	0.7	5.5
Industrial/Commercial	5.6	5.7	(1.1)	5.1	10.9	6.0	5.9	2.0
Gross margin (INR/scm)	8.3	8.4	(0.5)	10.4	(19.6)	9.1	8.6	5.2
EBITDA margin (INR/scm)	4.4	4.8	(8.2)	6.4	(31.6)	5.3	5.1	5.6
<b>EPS</b>	<b>3.2</b>	<b>3.2</b>	<b>0.6</b>	<b>4.5</b>	<b>(27.8)</b>	<b>12.5</b>	<b>10.7</b>	<b>17.1</b>

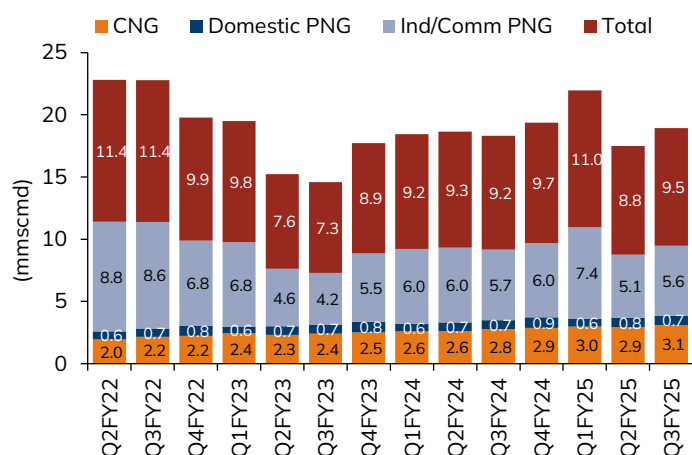
Source: Company data, I-Sec research

### Exhibit 2: Strong performance by GSPC in H1FY25

INR mn	Q3FY25	Q2FY25	QoQ	Q3FY24	YoY	H1FY25	H1FY24	YoY
Revenue	45,296.7	63,561.4	-29%	47,090.3	-4%	1,08,858.1	88,843.3	23%
EBITDA	4,697.9	7,520.7	-38%	2,623.8	79%	12,218.6	4,973.2	146%
PAT	4,624.9	4,390.5	5%	2,482.1	86%	9,015.4	4,693.4	92%
Volume (mmscmd)						12	11*	
* average for FY24								

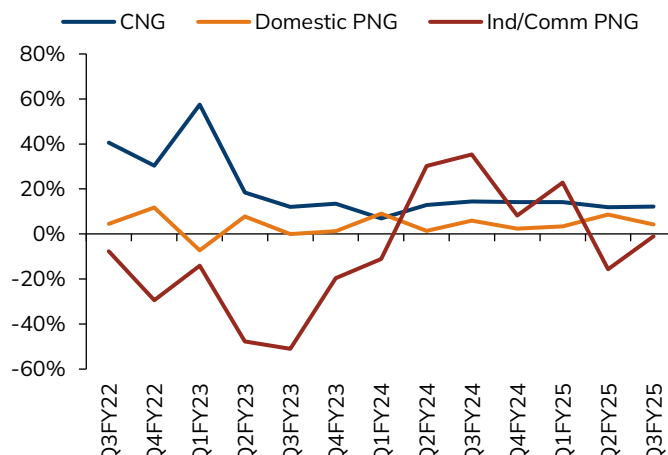
Source: Company data, I-Sec research

### Exhibit 3: Volumes improved YoY and QoQ

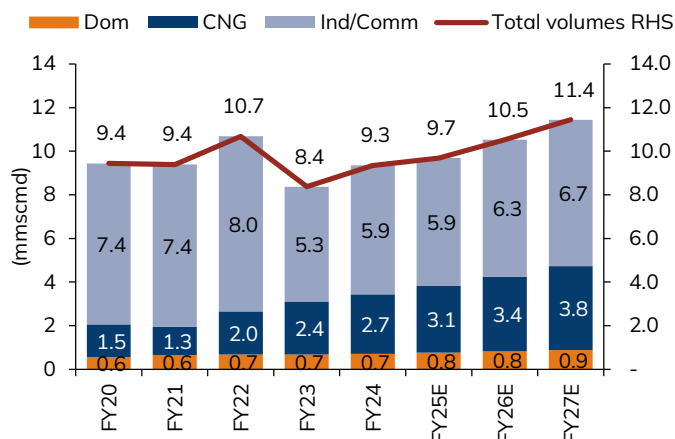


Source: Company data, I-Sec research

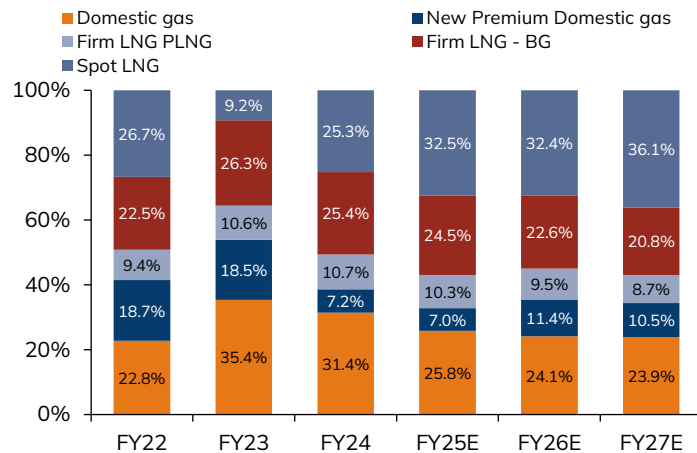
### Exhibit 4: Strong YoY growth in CNG and domestic PNG segments



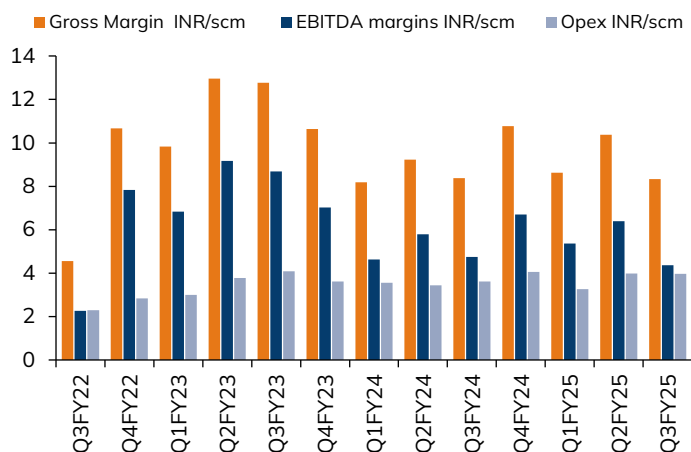
Source: Company data, I-Sec research

**Exhibit 5: Volume growth to pick up over FY25-27E**

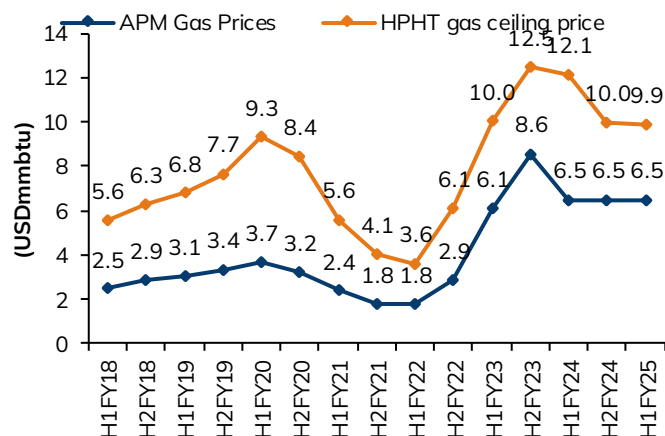
Source: Company data, I-Sec research

**Exhibit 6: Sourcing mix**

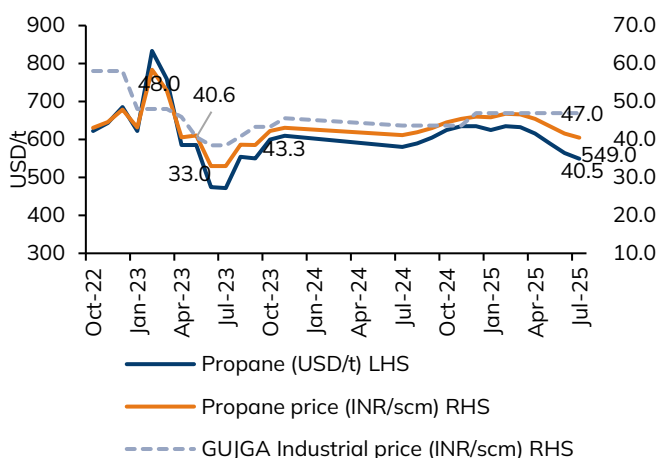
Source: Company data, I-Sec research

**Exhibit 7: Margins declined QoQ/YoY in Q3FY25**

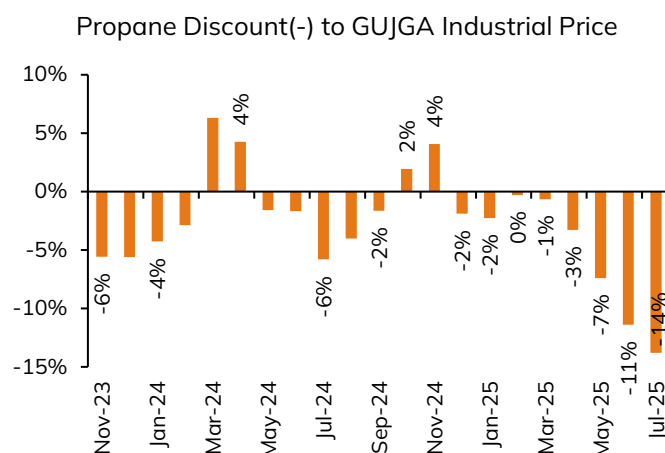
Source: Company data, I-Sec research

**Exhibit 8: APM (GCV) gas price capped at USD 6.5/mmmbtu; HPHT gas price remained flattish**

Source: Company data, I-Sec research

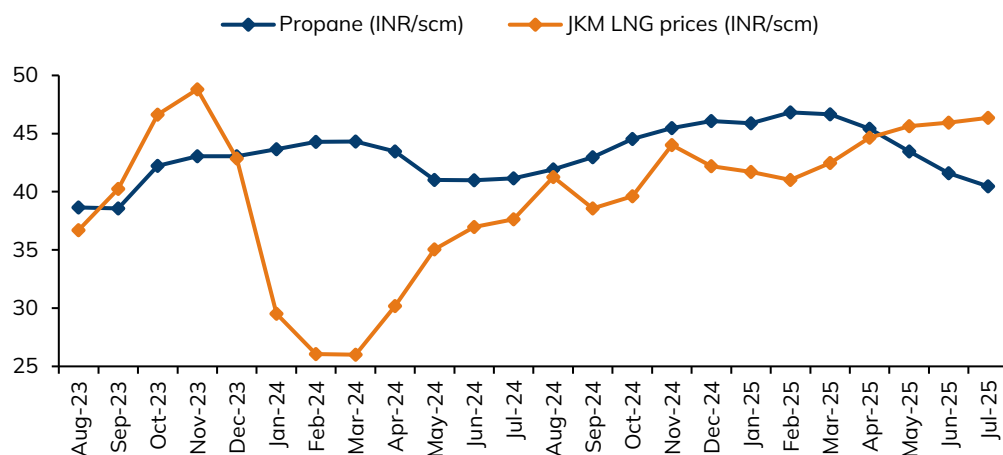
**Exhibit 9: Propane futures prices show declining trend**

Source: Bloomberg, CME, I-Sec research, Note: Future prices from Dec'24 onwards

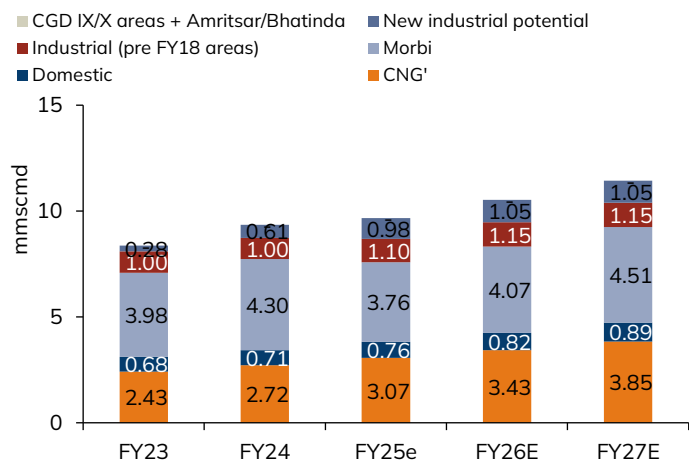
**Exhibit 10: Propane likely to trade at discount vs GUJGA's industrial prices**

Source: Bloomberg, CME I-Sec research, Note: Future prices from Dec'24 onwards

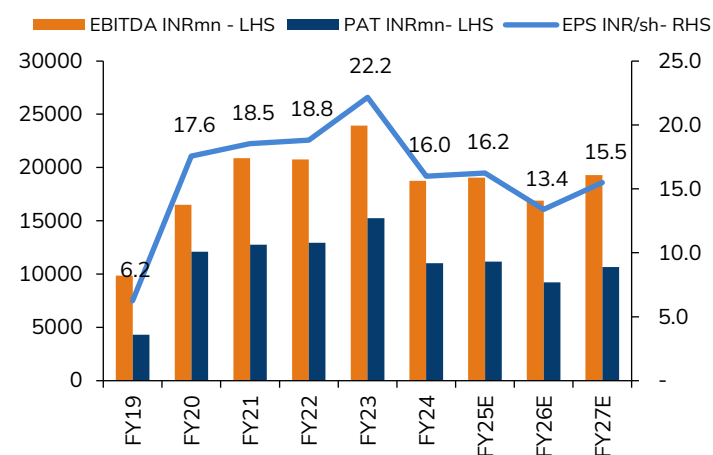


**Exhibit 11: Futures propane prices likely to decline while JKM price may see some uptick**


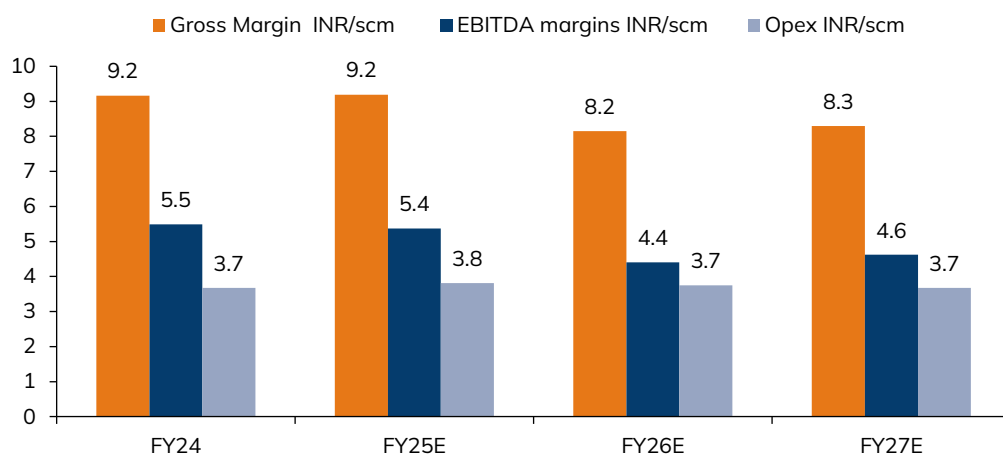
Source: Company data, I-Sec research; Note : Future prices from Feb'25 onwards

**Exhibit 12: Volume potential in medium term**


Source: Company data, I-Sec research

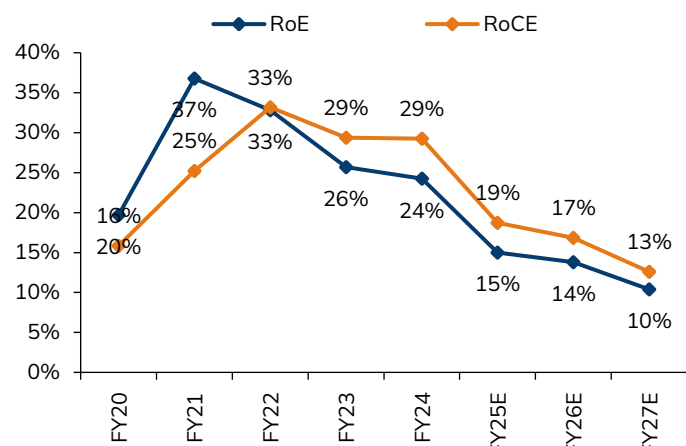
**Exhibit 13: EBITDA/EPS to grow at a CAGR of 0.7%/-2.3% over FY25-27E**


Source: Company data, I-Sec research

**Exhibit 14: GUJGA's margin to remain muted over FY25-27E**


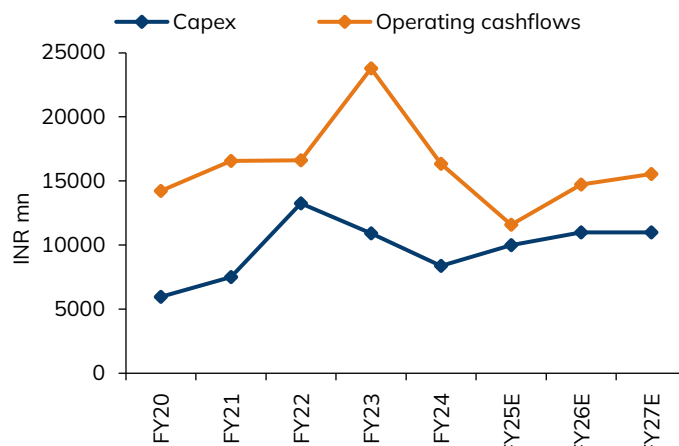
Source: Company data, I-Sec research

Exhibit 15: Return ratios decreasing



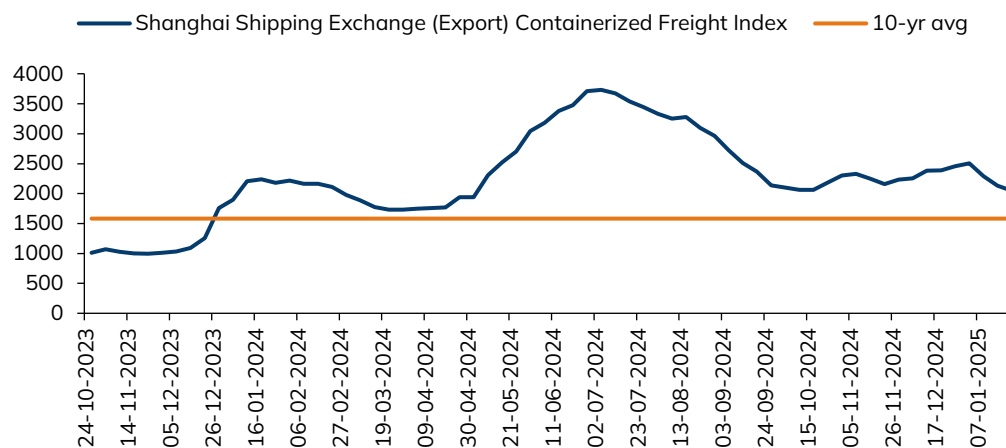
Source: Company data, I-Sec research

Exhibit 16: Capex of INR 32.0bn over FY25–27E



Source: Company data, I-Sec research

Exhibit 17: Shanghai freight cost index has come down in last 2 months



Source: Bloomberg, I-Sec research



**Exhibit 18: Pro forma GUJGA earnings post GSPC merger - merger is materially EPS accretive for GUJGA**

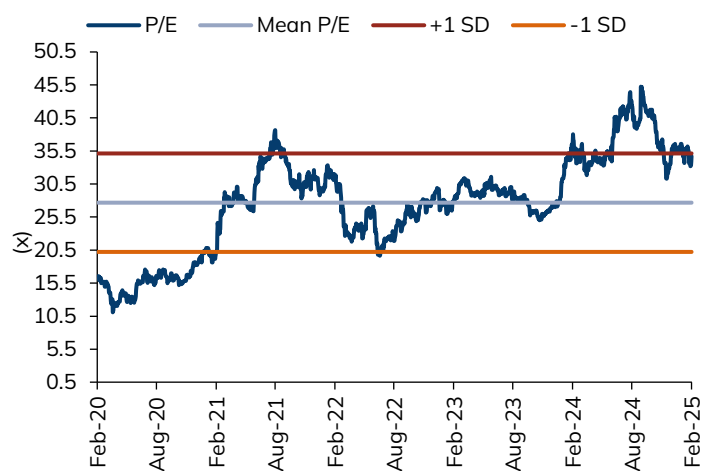
INR mn	I-Sec published estimates				New Estimates with GSPC merger* (I-Sec estimates of GUJGA +GSPC estimates)		
Gujarat Gas	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EBITDA	18,764	19,044	16,908	19,296	31,746	31,143	34,954
Depreciation	4,743	5,247	5,751	6,255	5,780	6,300	6,820
Finance cost	293	80	40	0	130	90	50
Other Income	1,078	1,034	989	943	2,759	2,714	2,668
PBT	14,805	14,751	12,106	13,983	28,595	27,467	30,751
Tax	3,934	3,658	3,016	3,489	0	0	3,075
PAT	10,871	11,093	9,090	10,494	28,595	27,467	27,676
No. of O/s	688.4	688.4	688.4	688.4	938.2	938.2	938.2
EPS	15.8	16.1	13.2	15.2	30.5	29.3	29.5
Equity value					4,39,078	4,39,078	4,39,078
Cash balance					23,000	23,000	23,000
Tax benefits					72,000	72,000	72,000
EV					3,44,078	3,44,078	3,44,078
EV/EBITDA					10.8	11.0	9.8
P/E					15.4	16.0	15.9
#Tax liability of GUJGA will be set off against carried forward losses							
INR mn	FY24	FY25E	FY26E	FY27E			
GSPC estimates*							
Volume mmscmd	11.0	12.0	13.0	14.3			
EBITDA	10,747	12,702	14,235	15,659			
Depreciation	517	533	549	565			
Finance cost	53	50	50	50			
Other Income^	2,573	1,725	1,725	1,725			
PBT	12,749	13,844	15,361	16,768			
Tax and exceptional item	329	0	0	0			
PAT	12,420	13,844	15,361	16,768			
EBITDAINR /scm	2.7	2.9	3.0	3.0			
Tax rate	2.6%						
Cash balance	23,000						
^ assumed 7% on Cash balance							

Source: Company data, I-Sec research #Assumed at NIL due to accumulated tax loss of INR 72bn in the consol. books

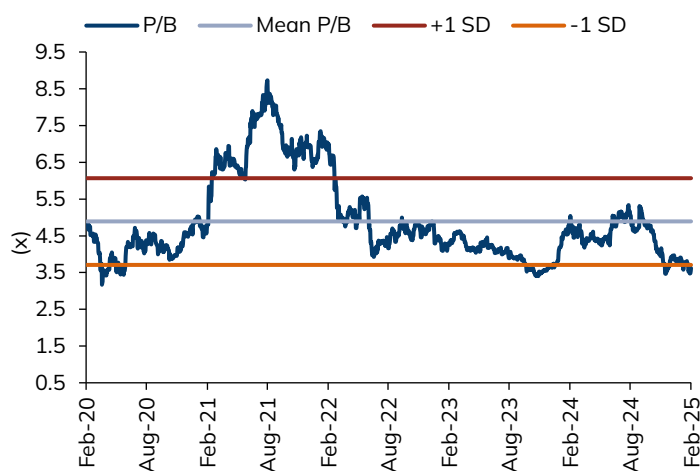
**Exhibit 19: Valuation summary**

INR/sh	I-Sec estimates				Proforma Estimates post GSPC merger (I-Sec estimates of GUJGA +GSPC estimates)		
Gujarat Gas	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EPS	15.8	16.1	13.2	15.2	30.5	29.3	29.5
CMP	468	468	468	468	468	468	468
PE	29.6	29.0	35.4	30.7	15.4	16.0	15.9
Multiple (x)							19
Target Price							560

Source: I-Sec research, Company data

**Exhibit 20: GUJGA's P/E is trading on higher band**

Source: Company data, I-Sec research

**Exhibit 21: GUJGA's P/B is trading below 5-year average band**

Source: Company data, I-Sec research

**Exhibit 22: Shareholding pattern**

%	Jun'24	Sep'24	Dec'24
Promoters	60.9	60.9	60.9
Institutional investors	19.1	18.9	18.7
MFs and others	7.5	7.1	7.0
FIs/Banks	0.0	0.0	0.0
Insurance	7.3	7.2	7.2
FIIIs	4.3	4.5	4.5
Others	20.0	20.2	20.4

Source: Bloomberg

**Exhibit 23: Price chart**

Source: Bloomberg

## Financial Summary

### Exhibit 24: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>1,56,902</b>	<b>1,65,553</b>	<b>1,86,010</b>	<b>2,05,363</b>
<b>EBITDA</b>	<b>18,764</b>	<b>19,044</b>	<b>16,908</b>	<b>19,296</b>
EBITDA Margin (%)	12.0	11.5	9.1	9.4
Depreciation & Amortization	4,743	5,163	5,625	6,087
EBIT	14,021	13,881	11,283	13,209
Interest expenditure	293	80	40	0
Other Non-operating Income	1,078	1,034	989	943
<b>PBT</b>	<b>15,362</b>	<b>14,835</b>	<b>12,232</b>	<b>14,151</b>
<b>Profit / (Loss) from Associates</b>	-	-	-	-
Less: Taxes	3,934	3,658	3,016	3,489
PAT	11,428	11,177	9,216	10,662
Less: Minority Interest	-	-	-	-
<b>Net Income (Reported)</b>	<b>11,985</b>	<b>11,177</b>	<b>9,216</b>	<b>10,662</b>
Extraordinaries (Net)	557	-	-	-
<b>Recurring Net Income</b>	<b>11,013</b>	<b>11,177</b>	<b>9,216</b>	<b>10,662</b>

Source Company data, I-Sec research

### Exhibit 25: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Total Current Assets</b>	<b>22,288</b>	<b>20,678</b>	<b>22,368</b>	<b>24,344</b>
of which cash & bank	9,261	8,007	9,368	11,180
<b>Total Current Liabilities &amp; Provisions</b>	<b>27,825</b>	<b>23,644</b>	<b>24,770</b>	<b>24,637</b>
<b>Net Current Assets</b>	<b>(5,536)</b>	<b>(2,965)</b>	<b>(2,403)</b>	<b>(293)</b>
Other Non Current Assets	-	-	-	-
<b>Net Fixed Assets</b>	<b>77,615</b>	<b>82,452</b>	<b>87,827</b>	<b>92,740</b>
Other Fixed Assets	-	-	-	-
Capital Work in Progress	9,180	9,180	9,180	9,180
Non Investment	-	-	-	-
Current Investment	7,501	8,001	8,501	9,001
Deferred Tax Assets	(9,108)	(9,108)	(9,108)	(9,108)
<b>Total Assets</b>	<b>79,652</b>	<b>87,560</b>	<b>93,997</b>	<b>1,01,520</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>1,503</b>	<b>1,003</b>	<b>503</b>	<b>3</b>
<b>Deferred Tax Liability</b>	-	-	-	-
Lease Liability	-	-	-	-
Other Liabilities	1,256	1,281	1,307	1,333
Equity Share Capital	1,377	1,377	1,377	1,377
Reserves & Surplus*	75,516	83,899	90,811	98,807
<b>Total Net Worth</b>	<b>76,893</b>	<b>85,276</b>	<b>92,187</b>	<b>1,00,184</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>79,652</b>	<b>87,560</b>	<b>93,997</b>	<b>1,01,520</b>

Source Company data, I-Sec research

### Exhibit 26: Quarterly trend

(INR mn, year ending March)

	Mar-24	Jun-24	Sep-24	Dec-24
<b>Net Sales</b>	<b>41,342</b>	<b>44,503</b>	<b>37,818</b>	<b>41,529</b>
% growth (YOY)	5.2%	17.7%	-1.7%	5.7%
EBITDA	5,911	5,356	5,142	3,805
Margin %	14.3%	12.0%	13.6%	9.2%
Other Income	311	386	386	585
Extraordinaries	-	-	-	-
<b>Adjusted Net Profit</b>	<b>3,681</b>	<b>3,298</b>	<b>3,069</b>	<b>2,216</b>

Source Company data, I-Sec research

### Exhibit 27: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Cash Flow from operation before working Capital</b>	<b>19,769</b>	<b>19,044</b>	<b>16,908</b>	<b>19,296</b>
Working Capital Changes	(201)	(3,800)	824	(272)
Tax	(3,227)	(3,658)	(3,016)	(3,489)
<b>Operating Cashflow</b>	<b>16,340</b>	<b>11,586</b>	<b>14,716</b>	<b>15,535</b>
Capital Commitments	(8,371)	(10,000)	(11,000)	(11,000)
<b>Free Cashflow</b>	<b>24,712</b>	<b>21,586</b>	<b>25,716</b>	<b>26,535</b>
Others CFI	(454)	534	489	443
<b>Cashflow from Investing Activities</b>	<b>(8,825)</b>	<b>(9,466)</b>	<b>(10,511)</b>	<b>(10,557)</b>
Inc (Dec) in Borrowings	-	(500)	(500)	(500)
Interest Cost	(273)	(80)	(40)	0
Others	(4,868)	(2,794)	(2,304)	(2,666)
<b>Cash flow from Financing Activities</b>	<b>(5,141)</b>	<b>(3,375)</b>	<b>(2,844)</b>	<b>(3,166)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>2,374</b>	<b>(1,254)</b>	<b>1,361</b>	<b>1,812</b>
Closing cash & balance	9,184	8,007	9,368	11,180

Source Company data, I-Sec research

### Exhibit 28: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Recurring EPS	16.0	16.2	13.4	15.5
Diluted EPS	16.0	16.2	13.4	15.5
Recurring Cash EPS	22.9	23.7	21.6	24.3
Dividend per share (DPS)	5.7	4.1	3.3	3.9
Book Value per share (BV)	111.7	123.9	133.9	145.5
Dividend Payout (%)	35.4	25.0	25.0	25.0
<b>Growth (%)</b>				
Net Sales	(6.4)	5.5	12.4	10.4
EBITDA	(21.6)	1.5	(11.2)	14.1
EPS	(27.8)	1.5	(17.5)	15.7
<b>Valuation Ratios (x)</b>				
P/E	29.4	29.0	35.1	30.4
P/CEPS	20.5	19.8	21.8	19.3
P/BV	4.2	3.8	3.5	3.2
EV / EBITDA	16.4	16.2	18.1	15.7
EV / Operating Income	20.4	20.7	25.0	21.5
Dividend Yield (%)	1.2	0.9	0.7	0.8
<b>Operating Ratios</b>				
EBITDA Margins (%)	12.0	11.5	9.1	9.4
Effective Tax Rate (%)	25.6	24.7	24.7	24.7
Net Profit Margins (%)	7.0	6.8	5.0	5.2
NWC / Total Assets (%)	(7.0)	(3.4)	(2.6)	(0.3)
Fixed Asset Turnover (x)	1.5	1.4	1.5	1.5
Working Capital Days	7.7	19.1	20.1	19.9
Net Debt / Equity %	(19.8)	(17.6)	(18.8)	(20.1)
<b>Profitability Ratios</b>				
RoCE (%)	13.9	12.7	9.5	10.3
RoCE (Pre-tax) (%)	18.7	16.9	12.6	13.7
RoE (%)	15.0	13.8	10.4	11.1

Source Company data, I-Sec research

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