BUY Mahanagar Gas

Some miss on higher opex; volume growth healthy

Oil & Gas ▸ Result Update ▸ **May 08, 2025**

CMP (Rs): 1,410 | TP (Rs): 1,700

MGL's Q4FY25 SA adj EBITDA/APAT of Rs3.2/2.1bn missed our estimates by 5%/6% due to 5% higher unit opex. EBITDA/scm of Rs8.3 was hence 5% below estimate and flat QoQ. The company continued its double-digit volume growth at 11% YoY (up 2% QoQ), with CNG up 10% and I/C PNG up 22% YoY. The management has maintained its volume growth and EBITDA/scm guidance for FY26 at 10% and Rs9-11, respectively. FY26 capex guidance is Rs13bn, including Rs1.5bn from UEPL. Gas sourcing is stable, as cut in APM is met by higher NWG, though the decline in oil prices should lower prices of both—APM and NWG. UEPL volumes grew 42% YoY in FY25. We roll forward to Mar-27E with largely unchanged earnings for FY26E/27E and TP of Rs1,700, factoring in slightly higher volume growth albeit along with increased capex. We retain BUY on MGL.

Results Highlights

There was a reversal of Rs634mn in the past OMC commission provisions during Q4, with RPAT coming in at Rs2.52bn. PNG volume was up 13% YoY, with DPNG growing 5%. Gross margin was up 7% QoQ to Rs15.6/scm (in-line), with 3% QoQ uptick in book net realization, while unit gas cost rose 1% to Rs32.1/scm. Unit opex rose 12% YoY/15% QoQ to Rs7.2/scm, with Other Expenses up 25% YoY/17% QoQ at Rs2.4bn. D/A rose 3% QoQ to Rs818mn, while Other Income was up 4% YoY at Rs464mn – an 8% beat. MGL's FY25 revenue/EBITDA/PAT came in at Rs68.6/14.5/10.0bn, up 10%/down 22%/down 23%, owing to 30% YoY decline in EBITDA/scm to Rs9.8, while total volume grew 12% to 4.05mmscmd. The Board recommended a final dividend of Rs18/sh (Rs30 in total).

Management KTAs

Opex in Q4FY25 was higher, due to the CNG promotion scheme (Rs110mn), CSR activities (Rs100mn), and elevated maintenance costs (Rs150–170mn). Higher CNG volumes also led to increased volume-linked opex. CSR spends were higher YoY due to increased profits. There were consultancy fees and rental expenses for 1-2 newly leased pipelines. Annual opex is expected to remain broadly stable. MGL currently receives 100% APM gas allocation for the DPNG segment. For the CNG segment, APM allocation has declined to 1.67mmscmd, which has been offset by 0.65mmscmd of NWG volumes. EBITDA/scm guidance is maintained at Rs9-11 for FY26, along with 10% volume growth, primarily driven by CNG and I/C PNG. I/C PNG volumes grew 20% YoY, largely driven by new connections to large industries that were not previously consuming gas. It also aims to tap into the solid fuel replacement market, which presents a potential demand of ~1mmscmd. For FY25, MGL added 40 CNG stations, taking the total to 385, along with 0.34mn DPNG connections totaling 2.83mn. Over 0.1mn CNG vehicles were added.

Valuation

We value MGL on SoTP basis, with both—SA business and UEPL—valued using the DCF method. SOTP-DCF-based Mar-26E TP is Rs1,700. **Key risks:** Adverse pricing, margin, currency scenario; high gas prices; open access; rate of EV adoption; project delays.

Target Price – 12M	Mar-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	20.6

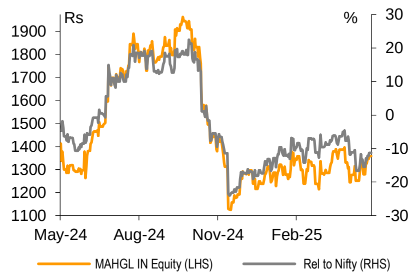
Stock Data	**MAHGL IN**
52-week High (Rs)	1,989
52-week Low (Rs)	1,075
Shares outstanding (mn)	98.8
Market-cap (Rs bn)	139
Market-cap (USD mn)	1,642
Net-debt, FY26E (Rs mn)	(12,862.1)
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	653.0
ADTV-3M (USD mn)	7.7
Free float (%)	31.0
Nifty-50	24,414.4
INR/USD	84.8

Shareholding, Mar-25	
Promoters (%)	32.5
FPIs/MFs (%)	23.8/23.8

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	8.0	3.7	5.4
Rel. to Nifty	(1.9)	0.1	(3.7)

1-Year share price trend (Rs)



Mahanagar Gas: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	62,445	68,603	77,192	84,977	92,588
EBITDA	18,426	14,464	16,252	17,708	19,074
Adj. PAT	12,891	9,967	10,883	11,684	12,406
Adj. EPS (Rs)	130.5	100.9	110.2	118.3	125.6
EBITDA margin (%)	29.5	21.1	21.1	20.8	20.6
EBITDA growth (%)	55.6	(21.5)	12.4	9.0	7.7
Adj. EPS growth (%)	63.2	(22.7)	9.2	7.4	6.2
RoE (%)	27.8	18.9	17.4	16.6	15.9
RoIC (%)	39.1	24.4	22.8	20.7	19.4
P/E (x)	10.8	14.0	12.8	11.9	11.2
EV/EBITDA (x)	6.9	8.8	7.8	7.0	6.4
P/B (x)	2.7	2.4	2.1	1.9	1.7
FCFF yield (%)	6.3	2.4	1.7	3.1	4.9

Source: Company, Emkay Research

Sabri Hazarika
sabri.hazarika@emkayglobal.com
+91-22-66121282

Arya Patel
arya.patel@emkayglobal.com
+91-22-66121285

Exhibit 1: Actuals vs Estimates (Q4FY25)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	18,015	18,258	18,030	-1%	0%	Lower net realizations
Adjusted EBITDA	3,150	3,314	3,507	-5%	-10%	Higher opex
EBITDA margin	*17.5%*	*18.2%*	*19.5%*	*-66bps*	*-196bps*	
Adjusted Net Profit	2,051	2,171	2,380	-6%	-14%	Higher ETR partly offset by higher other income

Source: Company, Emkay Research

Exhibit 2: Standalone Quarterly Summary

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY	QoQ	FY24	FY25	YoY
CNG Sales (incl LNG)	12,391	12,634	13,517	13,979	14,204	15%	2%	50,477	54,333	8%
Less Excise	1,520	1,549	1,658	1,714	1,742	15%	2%	6,174	6,663	8%
PNG Sales	4,717	4,745	5,186	5,240	5,469	16%	4%	17,874	20,641	15%
Other Operating Income	82	67	71	71	83	1%	18%	279	292	5%
Net Revenues	**15,671**	**15,896**	**17,116**	**17,576**	**18,015**	15%	2%	**62,456**	**68,603**	10%
Dec/(Inc) in Stock In Trade	-0	-1	1	-4	2			2	-1	
Raw Material Cost	9,517	9,598	10,800	12,052	12,131	27%	1%	36,179	44,580	23%
Total COGS	9,517	9,597	10,801	12,048	12,133	27%	1%	36,181	44,579	23%
Gross Profit	**6,072**	**6,232**	**6,244**	**5,457**	**5,799**	-4%	6%	**25,996**	**23,732**	-9%
Employee Cost	294	297	416	334	330	12%	-1%	1,181	1,378	17%
Other Expenses	1,922	1,817	1,914	2,049	2,402	25%	17%	6,657	8,182	23%
Total OPEX	2,216	2,114	2,330	2,383	2,732	23%	15%	7,838	9,560	22%
Total Expenditure	11,733	11,712	13,131	14,432	14,865	27%	3%	44,019	54,139	23%
EBITDA	**3,938**	**4,185**	**3,985**	**3,144**	**3,150**	-20%	0%	**18,437**	**14,464**	-22%
Depreciation	775	719	735	791	818	6%	3%	2,736	3,063	12%
EBIT	3,163	3,466	3,250	2,353	2,332	-26%	-1%	15,700	11,402	-27%
Interest	38	31	31	34	39	1%	15%	115	134	16%
Other Income	446	402	512	463	464	4%	0%	1,753	1,840	5%
PBT before exceptional	3,570	3,837	3,731	2,782	2,757	-23%	-1%	17,338	13,108	-24%
Exceptional items	-	-	-	-	634			-	634	
PBT	3,570	3,837	3,731	2,782	3,391	-5%	22%	17,338	13,741	-21%
Total tax	920	992	903	529	869	-6%	64%	4,437	3,292	-26%
Reported PAT	**2,650**	**2,845**	**2,828**	**2,254**	**2,522**	-5%	12%	**12,901**	**10,449**	-19%
Reported EPS (Rs)	26.8	28.8	28.6	22.8	25.5	-5%	12%	130.6	105.8	-19%
Adjusted PAT	**2,650**	**2,845**	**2,828**	**2,254**	**2,051**	**-23%**	**-9%**	**12,891**	**9,978**	**-23%**
Adjusted EPS (Rs)	26.8	28.8	28.6	22.8	20.8	-23%	-9%	130.5	101.0	-23%
Shares O/S (mn)	99	99	99	99	99			99	99	
EBITDA margin	25%	26%	23%	18%	17%			30%	21%	
Standalone Reported NPM	17%	18%	17%	13%	14%			21%	15%	
Effective tax rate	26%	26%	24%	19%	26%			26%	24%	
Total Sales (mmscmd)	**3.8**	**3.9**	**4.0**	**4.1**	**4.2**	11%	2%	**3.6**	**4.1**	12%
CNG Volumes (mmscm)	243	252	265	269	264	9%	-2%	948	1,050	11%
PNG Volumes (mmscm)	101	99	106	110	113	12%	3%	373	429	15%
Domestic	51	50	49	51	53	4%	5%	190	202	6%
Industrial+Commercial	50	49	58	59	60	20%	1%	183	227	24%
Industrial	38	37	43	46	48	25%	4%	135	174	29%
Commercial	12	12	15	13	13	5%	-6%	48	52	10%
Gross Margin (Rs/scm)	17.9	17.9	17.0	14.6	15.6	-13%	7%	19.9	16.2	-18%
Adjusted EBITDA/scm (Rs)	**11.5**	**11.9**	**10.7**	**8.3**	**8.3**	-27%	1%	**13.9**	**9.8**	-30%
CNG Real (Rs/kg)	51.0	50.0	50.8	52.0	53.7	5%	3%	53.2	51.7	-3%
PNG Real (Rs/scm)	46.5	48.0	48.8	47.6	48.2	4%	1%	48.0	48.1	0%
Average Real (Rs/scm)	45.4	45.1	45.9	46.3	47.6	5%	3%	47.1	46.2	-2%

Source: Company, Emkay Research

Exhibit 3: Change in assumptions

	FY26E			FY27E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
EBITDA/scm (Rs)	10.0	10.0	0%	10.0	10.0	0%
Sales Volumes (mmscmd)	4.4	4.4	2%	4.7	4.8	3%
Growth	*8.5%*	*9.7%*	*118bps*	*7.6%*	*8.8%*	*110bps*

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY26E			FY27E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
Revenue	77,208	77,192	0%	84,067	84,977	1%
EBITDA	15,983	16,252	2%	17,158	17,708	3%
EBITDA margin	*20.7%*	*21.1%*	*35bps*	*20.4%*	*20.8%*	*43bps*
PAT	10,815	10,883	1%	11,550	11,684	1%
EPS (Rs)	109.5	110.2	1%	116.9	118.3	1%

Source: Company, Emkay Research

Key Concall Takeaways

- In Q4FY25, MGL added 150,142 DPNG connections, 24 CNG stations, 236.07km of pipeline, and 164 I/C PNG customers, totalling 2.83mn, 385, 7,459km, and 5,105 I/C, respectively, as of year-end. For FY25, MGL added ~343,000 DPNG connections, 40 CNG stations, and 491km of PE pipeline. In Raigad (GA-3), the company has 95,714 DPNG connections, 65 CNG stations, and 466.9 km of pipeline (with 21.27 km added in Q4).
- Vehicle conversion remained strong, with 98,789 CNG vehicles added in FY25, up from 77,000 YoY. This was driven by CNG promotional schemes, competitive pricing, and infrastructure expansion. The total CNG vehicle pool in MGL's GAs reached 1.11mn. Of the vehicles converted in FY25, ~55,000 were PVs, 7,000 taxis, 7,000 CVs, 25,000 3Ws, 3,000 2Ws, and 450 buses. Overall Indian CNG vehicle sales grew 46% during the year, while EV sales saw a slight decline.
- Total volume in FY25 was 4.052mmscmd, distributed as 1.93, 1.88, and ~0.25mmscmd across GA-1, GA-2, and GA-3, respectively. Q4FY25 I/C PNG volume stood at 0.67mmscmd, with 0.53mmscmd from industrial and 0.14mmscmd from commercial customers.
- UEPL added 4,997 DPNG connections, 15 CNG stations, 3 I/C PNG customers, and 61km of pipeline in Q4, totalling 39,000, 82, 66, and >361km, respectively. UEPL added 13,671 CNG vehicles in FY25, totalling ~54,000 CNG vehicles as of FY25-end. UEPL's Q4FY25 volume was 0.2mmscmd (0.189 CNG, 0.0186 PNG) vs 0.192mmscmd in Q3. For FY25, volume was 0.182mmscmd.
- Opex in Q4FY25 was higher, mainly due to increased spending on the CNG promotion scheme (Rs110mn), CSR activities (Rs100mn), and elevated maintenance costs (Rs150–170mn). Additionally, higher CNG volumes led to increased volume-linked opex. CSR spends were higher YoY due to increased profitability in the last 3 years. Q4 also included consultancy fees and rental expenses for 1-2 newly leased pipelines, further adding to the opex.
- On annual basis, opex is expected to remain broadly stable, excluding one-time costs like sales promotions. Volume-linked opex may reduce going forward, as infrastructure expansion improves connectivity to daughter booster stations.
- In Q4FY25, MGL sourced ~2mmscmd of APM gas, 0.1mmscmd of NWG, 0.5mmscmd of HP-HT, 1.35–1.4mmscmd from term contracts (mainly ~1.27mmscmd linked to HH and balance to Brent), and 0.3–0.35mmscmd from IGX, majorly comprising of HP-HT on short-term basis and some spot volumes.
- MGL currently receives 100% APM gas allocation for the DPNG segment. For the CNG segment, APM allocation has declined to 1.67mmscmd, which has been offset by 0.65mmscmd of NWG volumes. While the classification has changed (from APM to NWG), the total domestic volumes for CNG remain stable. In April, NWG allocation was more than the APM cut.
- The increase in CNG volumes is now being met through a combination of surplus APM from the DPNG segment, NWG, and HP-HT; any remaining shortfall is sourced through IGX (HP-HT and spot). Additional CNG demand will be intermittently met through IGX and later backed by HH, Brent, or HP-HT–linked term contracts.
- Although MGL currently holds a higher share of HH-linked term contracts, it plans to evaluate the relative profitability of HH vs Brent pricing before signing new contracts, and will rebalance the portfolio mix accordingly. The government's proposal to allocate APM gas 2 quarters in advance is still pending implementation, for which MGL has not yet received formal notification.
- EBITDA/scm guidance is maintained at Rs9-11 for FY26, though this will largely depend on global volatility and the extent to which incremental gas costs can be passed on. Following the APM allocation cut in Apr-25, margins may dip slightly to around Rs9.5/scm, but are expected to remain within the Rs9.5–10.5–11 range. Price revisions, upward or downward, will be made based on changes in gas cost.
- A decline in crude oil prices is expected to reduce gas costs, as APM and NWG pricing is linked to the Indian Crude Basket, and Brent-linked term contracts will also benefit. However, a good portion of MGL's term contracts is tied to HH, where prices have remained broadly stable YoY despite intermittent fluctuations. Further, HP-HT pricing is

based on landed cost of alternative fuels which is not linked to crude oil. As a result, while lower crude prices will not drastically impact costs, they will help reduce the average portfolio cost and support margin management.

- 10% volume growth guidance is maintained for FY26, primarily driven by CNG and I/C PNG. Some opportunities are available in I/C PNG for increasing volumes. DPNG is steady and expected to grow at 7-8% YoY.
- I/C PNG volumes grew 20% YoY, largely driven by new connections to large industries that were not previously consuming gas. This growth has been supported by incentives such as a guaranteed 10% discount to alternative fuels for 3 years and direct pipeline connectivity to industrial premises. While >20% growth is unlikely to sustain in the long term, it is expected to continue in the near term. MGL targets I/C volumes reaching 0.9–1mmscmd over the next few years.
- The company also targets tapping into the solid fuel replacement market, which presents a potential demand of 1-1.1mmscmd. Regulatory action against solid fuel usage could significantly accelerate IPNG adoption.
- MGL's promotional CNG scheme ran from Oct-24 to Mar-25, resulting in the addition of 624 vehicles and 30 buses. The company spent Rs0.2–0.3mn per vehicle, totalling Rs320–340mn, with Rs110mn spent in Q4FY25. The per capita CNG consumption of these vehicles is on the higher side, resulting in higher offtake and quicker payback. MGL is monitoring market response and is in talks with manufacturers to possibly extend or strategically relaunch the scheme, with the primary goal of boosting volumes. Further the company is working on incentivizing bulk customers like bus fleet or large operators, providing customized schemes to incentivize.
- The matter of infrastructure and marketing exclusivity remains sub judice, pending a decision from the Delhi High Court. Under current statutes, infrastructure exclusivity can be extended by 10 years after the initial 25-year period, and PNGRB has granted such extensions in the past. MGL has applied for extensions in 2 GAs, and the Board is reviewing the application. Removal of marketing exclusivity will also enable MGL to foray into other GAs though this may also allow competitors into MGL's GAs. MGL would but continue to earn revenue through infrastructure access. The final outcome, however, depends on the Delhi HC's order.
- Positive discussions on the Bombay High Court order wrt petrol-diesel vehicle phase out are ongoing, with 4-5 committee meetings already completed. MGL would submit its comments in about a month.
- Several discussions are ongoing and PNGRB is actively engaged with MOPNG for elimination of excise duty on CNG and L-CNG, and the inclusion of natural gas under GST. The company hopes for some positive outcomes in the upcoming GST meeting. CGDs are also in active engagement with MOPNG and PNGRB, and are pushing for the same.
- MGL is making steady progress in the LNG segment. Its Savroli LNG station is operational, currently selling ~4tpd. Additional stations are under development: the Mahanagar LNG (JV with Baidyanath) station in Amravati, the JNPT station (expected by Q3FY26), and the already constructed Nagpur station, which is set to begin operations by Q1FY26-end. MGL sees strong growth potential in LNG, with customer adoption expected to rise alongside station expansion. At least 10–12 LNG stations will be needed across Maharashtra to meet demand. Vehicle supply has also picked up, with OEMs like Volvo, Eicher, and Ashok Leyland committed to launching various LNG models.
- Capex target for FY26 is Rs13bn (including Rs1.5bn for UEPL), with Rs3bn capex on CNG (including Rs0.5-0.75bn on UEPL), Rs5bn on PNG, Rs2bn on pipeline network, and balance on operational capex (including replacement cost). Broadly, 30% capex would be spent on GA-3, with balance on GA-1 and GA-2.
- 3EV, a startup in which MGL holds 32% stake, is in the early ramp-up stage. It produced 850 vehicles in FY25 and is currently running at a monthly production rate of 200 vehicles, which is being gradually scaled up. MGL's total capital commitment is Rs960mn, to be paid in 3 tranches, with Rs230mn still pending.
- IBC is setting up a battery manufacturing facility, aiming for 1GW capacity in the first two phases and eventually scaling this up, to 5GW. The plant is expected to be completed in 12–15 months. IBC has seeded the market by importing batteries from South Korea and selling battery packs, thereby building the customer base. It has seen good response.

Exhibit 5: DCF-based valuation (Mar-26E)

DCF Assumptions	MGL Std	UEPL	Mar-27E (Rs mn)	MGL Std	UEPL	Total
Risk Free Rate	7.0%	7.0%	NPV Of FCF	115,316	31,287	146,604
Risk Premium	5.3%	5.3%	Terminal Value	90,617	30,075	120,692
Beta	0.7	0.7	PV Of TV	6,873	2,568	9,441
Cost Of Equity	10.4%	10.4%	Total Value	122,189	33,855	156,044
Cost Of Debt	8.0%	8.0%	Less: Adjusted Net Debt (Y/E)	-16,127	4,198	-11,929
Post Tax Cost Of Debt	6.0%	6.0%	**Equity Value**	**138,316**	**29,657**	**167,973**
Average Debt:Equity Ratio	0.0%	12.8%	No. Of Shares O/S (mn)	99	99	99
WACC	**10.4%**	**9.9%**	**Target Price (Rs)**	**1,400**	**300**	**1,700**
Terminal Growth Rate	0.0%	0.0%				

Source: Emkay Research

Exhibit 6: PER-based valuation (Mar-27E EPS)

	FY22	FY23	FY24	FY25	FY26E	FY27E
MGL's Adjusted Consol EPS (Rs)	60.4	80.0	130.5	101.1	110.4	121.4
Target Multiple (x)						14.0
DCF-based Target Price (Rs)						**1,700**

Source: Emkay Research

Mahanagar Gas: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**62,445**	**68,603**	**77,192**	**84,977**	**92,588**
Revenue growth (%)	(0.9)	9.9	12.5	10.1	9.0
EBITDA	**18,426**	**14,464**	**16,252**	**17,708**	**19,074**
EBITDA growth (%)	55.6	(21.5)	12.4	9.0	7.7
Depreciation & Amortization	2,736	3,063	3,605	4,186	4,788
EBIT	**15,690**	**11,402**	**12,646**	**13,522**	**14,286**
EBIT growth (%)	64.6	(27.3)	10.9	6.9	5.7
Other operating income	208	215	230	244	256
Other income	1,753	1,840	2,060	2,272	2,490
Financial expense	115	134	156	174	191
PBT	**17,328**	**13,108**	**14,550**	**15,620**	**16,586**
Extraordinary items	0	634	0	0	0
Taxes	4,437	3,292	3,667	3,936	4,180
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**12,891**	**10,449**	**10,883**	**11,684**	**12,406**
PAT growth (%)	63.2	(18.9)	4.2	7.4	6.2
Adjusted PAT	**12,891**	**9,967**	**10,883**	**11,684**	**12,406**
Diluted EPS (Rs)	**130.5**	**100.9**	**110.2**	**118.3**	**125.6**
Diluted EPS growth (%)	63.2	(22.7)	9.2	7.4	6.2
DPS (Rs)	**30.0**	**30.0**	**33.1**	**41.4**	**50.2**
Dividend payout (%)	**23.0**	**28.4**	**30.0**	**35.0**	**40.0**
EBITDA margin (%)	29.5	21.1	21.1	20.8	20.6
EBIT margin (%)	25.1	16.6	16.4	15.9	15.4
Effective tax rate (%)	25.6	25.1	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**11,672**	**8,538**	**9,460**	**10,114**	**10,686**
Shares outstanding (mn)	99	99	99	99	99

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	988	988	988	988	988
Reserves & Surplus	50,441	57,905	65,524	73,118	80,562
Net worth	**51,429**	**58,893**	**66,511**	**74,106**	**81,550**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	2,441	2,771	3,111	3,454	3,802
Total debt	**1,393**	**1,643**	**1,653**	**1,663**	**1,673**
Total liabilities & equity	**64,748**	**73,379**	**82,098**	**90,799**	**99,242**
Net tangible fixed assets	35,360	40,972	49,354	56,631	62,283
Net intangible assets	70	70	70	70	70
Net ROU assets	-	-	-	-	-
Capital WIP	7,743	9,742	9,254	8,792	8,352
Goodwill	-	-	-	-	-
Investments [JV/Associates]	8,143	8,856	8,856	8,856	8,856
Cash & equivalents	**14,172**	**13,693**	**14,515**	**16,427**	**19,690**
Current assets (ex-cash)	4,438	5,214	5,867	6,458	7,037
Current Liab. & Prov.	7,512	8,660	9,748	10,760	11,759
NWC (ex-cash)	**(3,074)**	**(3,446)**	**(3,881)**	**(4,302)**	**(4,722)**
Total assets	**64,748**	**73,379**	**82,098**	**90,799**	**99,242**
Net debt	(12,780)	(12,050)	(12,862)	(14,764)	(18,018)
Capital employed	64,748	73,379	82,098	90,799	99,242
Invested capital	**32,356**	**37,596**	**45,543**	**52,399**	**57,631**
BVPS (Rs)	520.6	596.2	673.3	750.2	825.6
Net Debt/Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Debt/EBITDA (x)	(0.7)	(0.8)	(0.8)	(0.8)	(0.9)
Interest coverage (x)	151.3	98.6	94.1	91.0	87.8
RoCE (%)	**36.6**	**23.4**	**22.9**	**21.9**	**21.1**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	15,575	11,267	12,490	13,348	14,095
Others (non-cash items)	538	1,077	0	0	0
Taxes paid	(4,240)	(2,687)	(3,326)	(3,593)	(3,832)
Change in NWC	907	830	748	777	674
Operating cash flow	**15,631**	**13,685**	**13,673**	**14,892**	**15,916**
Capital expenditure	(7,698)	(10,686)	(11,500)	(11,000)	(10,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	507	387	2,060	2,272	2,490
Investing cash flow	**(10,810)**	**(11,160)**	**(9,546)**	**(8,834)**	**(7,617)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(350)	(395)	11	11	11
Payment of lease liabilities	-	-	-	-	-
Interest paid	0	0	(156)	(174)	(191)
Dividend paid (incl tax)	(2,766)	(2,964)	(3,265)	(4,089)	(4,962)
Others	0	0	0	0	0
Financing cash flow	**(3,116)**	**(3,359)**	**(3,411)**	**(4,252)**	**(5,143)**
Net chg in Cash	1,706	(834)	717	1,805	3,156
OCF	15,631	13,685	13,673	14,892	15,916
Adj. OCF (w/o NWC chg.)	14,724	12,854	12,925	14,115	15,242
FCFF	7,933	2,999	2,173	3,892	5,916
FCFE	8,324	3,251	4,077	5,990	8,216
OCF/EBITDA (%)	84.8	94.6	84.1	84.1	83.4
FCFE/PAT (%)	64.6	31.1	37.5	51.3	66.2
FCFF/NOPLAT (%)	**68.0**	**35.1**	**23.0**	**38.5**	**55.4**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	10.8	14.0	12.8	11.9	11.2
P/CE(x)	8.9	10.3	9.6	8.8	8.1
P/B (x)	2.7	2.4	2.1	1.9	1.7
EV/Sales (x)	2.0	1.9	1.6	1.5	1.3
EV/EBITDA (x)	6.9	8.8	7.8	7.0	6.4
EV/EBIT(x)	8.1	11.2	10.0	9.2	8.5
EV/IC (x)	3.9	3.4	2.8	2.4	2.1
FCFF yield (%)	6.3	2.4	1.7	3.1	4.9
FCFE yield (%)	6.0	2.3	2.9	4.3	5.9
Dividend yield (%)	2.1	2.1	2.3	2.9	3.6
DuPont-RoE split					
Net profit margin (%)	20.6	15.2	14.1	13.7	13.4
Total asset turnover (x)	1.1	1.0	1.0	1.0	1.0
Assets/Equity (x)	1.3	1.3	1.2	1.2	1.2
RoE (%)	**27.8**	**18.9**	**17.4**	**16.6**	**15.9**
DuPont-RoIC					
NOPLAT margin (%)	18.7	12.4	12.3	11.9	11.5
IC turnover (x)	2.1	2.0	1.9	1.7	1.7
RoIC (%)	**39.1**	**24.4**	**22.8**	**20.7**	**19.4**
Operating metrics					
Core NWC days	(18.0)	(18.3)	(18.4)	(18.5)	(18.6)
Total NWC days	**(18.0)**	**(18.3)**	**(18.4)**	**(18.5)**	**(18.6)**
Fixed asset turnover	1.4	1.3	1.2	1.1	1.1
Opex-to-revenue (%)	12.6	13.9	14.4	15.1	15.6

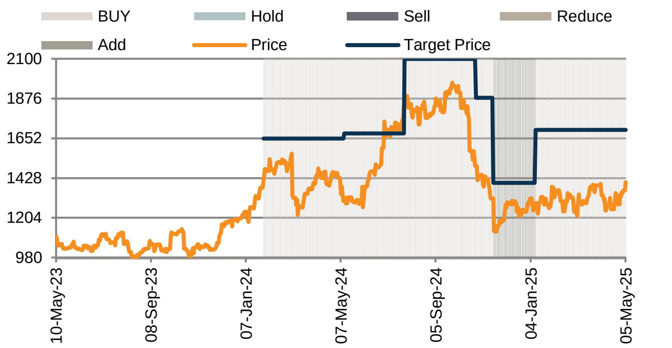
Source: Company, Emkay Research

RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
30-Jan-25	1,304	1,700	Buy	Sabri Hazarika
10-Jan-25	1,286	1,700	Buy	Sabri Hazarika
24-Dec-24	1,249	1,400	Add	Sabri Hazarika
17-Nov-24	1,313	1,400	Add	Sabri Hazarika
26-Oct-24	1,497	1,880	Buy	Sabri Hazarika
18-Oct-24	1,582	2,100	Buy	Sabri Hazarika
27-Jul-24	1,846	2,100	Buy	Sabri Hazarika
08-Jun-24	1,381	1,680	Buy	Sabri Hazarika
11-May-24	1,300	1,680	Buy	Sabri Hazarika
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

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons1 may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests2 in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

[1] An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

1. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of May 08, 2025
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

Disclosure of previous investment recommendation produced:

3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of May 08, 2025
5. EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 08, 2025
6. EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
7. EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
8. EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
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

OTHER DISCLAIMERS AND DISCLOSURES:

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.

SESHADRI KUMAR SEN Digitally signed by SESHADRI KUMAR SEN Date: 2025.05.08 03:43:59 +05'30'