

Margins disappoint; hazy outlook

Oil & Gas ▶ Result Update ▶ May 9, 2024

TARGET PRICE (Rs): 440

IGL's Q4FY24 SA EBITDA/PAT of Rs5.2bn/Rs3.8bn came at a 17%/13% miss to our estimates, mainly due to lower realization affecting gross margins and higher opex. Volumes were in-line, at 8.7mmscmd, up 6% YoY and 3% QoQ. EBITDA/scm at Rs6.6 missed our estimate by 17%, on 11% higher unit opex. Mgmt. guided to 4-5%/10-15% YoY vol. growth for Delhi/other GAs, with FY25 vol. guidance at 9.5mmscmd. DTC targets 100% conversion of buses to EVs by CY25, but dumpers, inter-state buses and LNG trucks could support new GA volumes. IPNG should also grow rapidly. EBITDA/scm stands at Rs7-8.5, while capex would be Rs17-18bn p.a. We raise FY25-26E earnings by 6-8% each, on slightly better vol.-margin profile but retain REDUCE due to a hazy outlook. We raise our DCF-based Mar-25E rolled over TP by 3% to Rs440/sh.

Indraprastha Gas: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	77,100	141,326	140,000	159,769	177,812
EBITDA	18,811	20,255	23,669	27,038	30,008
Adj. PAT	12,896	14,450	17,481	19,395	21,340
Adj. EPS (Rs)	18.4	20.6	25.0	27.7	30.5
EBITDA margin (%)	24.4	14.3	16.9	16.9	16.9
EBITDA growth (%)	26.8	7.7	16.9	14.2	11.0
Adj. EPS growth (%)	30.8	9.9	21.0	10.9	10.0
RoE (%)	19.6	20.6	22.4	21.0	20.0
RoIC (%)	45.8	47.3	44.2	37.7	35.7
P/E (x)	24.5	21.9	18.1	16.3	14.8
EV/EBITDA (x)	15.2	14.4	12.1	10.3	8.9
P/B (x)	4.6	4.5	3.7	3.2	2.8
FCFF yield (%)	2.0	3.8	1.2	3.5	4.6

Source: Company, Emkay Research

Result Highlights

Q4FY24 SA EBITDA/PAT rose 13%/16% YoY and fell 6%/2% QoQ. CNG volume grew 5% YoY and was flat QoQ, coming in at 580mmscmd. PNG was up 11% YoY/8% QoQ, with I/C up 12%/9% and DPNG increasing 17%/15%. Gross margin rose 2% QoQ to Rs13.1/scm, on lower unit gas cost. Unit opex rose 14% YoY/15% QoQ (11% above est), on one-time employee incentives and given that the entire CSR expenses were booked in Q4. Other income was up 54% YoY/79% QoQ at Rs1.1bn (at a 70% beat). D/A rose 9% QoQ to Rs1.1bn, whereas ETR was slightly higher at 26.2%. Share of profit from CUGL-MNGL was Rs815mn in Q4FY24, up 20% YoY/down 5% QoQ. IGL's FY24 SA Revenue/EBITDA/PAT stood at Rs140.0/23.8/17.5bn, down 1%/up 17%/up 21% YoY, led by 4% YoY growth in total vol. to 8.4mmscmd, besides the 12% rise in EBITDA/scm to Rs7.7. Board declared final dividend of Rs5/sh, implying 36% payout for FY24.

Management KTAs

DTC volume de-grew as CNG buses were retired and replaced by EVs. 1,200 buses are already gone, whereas ~1,500 would be withdrawn in next 2-3 years (DTC targets 100% shift by CY25). IGL targets dumpers (as a segment) and interstate buses (in discussion with UP/Uttarakhand/Rajasthan for a 200/200/20 bus pilot). It aims to clock 9.5mmscmd total volume in FY25 on average (1mmscmd growth YoY) with CNG sales in the 8 new GAs (ex-Delhi-Noida-Ghaziabad) and IPNG being focus areas. Expects Delhi to grow 4-5%, and other GAs 10-15%. EBITDA/scm guidance is Rs7.0-8.5. FY24 capex was Rs12.7bn; FY25 capex target is Rs17-18bn mostly on core areas, but Rs3-4bn would be on LNG retail & CBG. IGL plans opening 10 CBG plants with Rs2-3bn capex and producing 20mt/day/plant, totaling ~0.2mmscmd. In LNG, 1 station was commissioned in Ajmer and 5-6 additions are planned for this year. IGL has signed MoU with Concor.

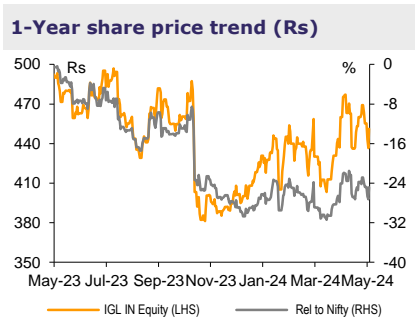
Valuation

We value IGL on DCF-SoTP basis. Our SOTP-DCF-based Mar-25E TP of Rs440/share implies 12.6x Mar-26E consolidated target P/E. Key risks: Adverse pricing, margin, and currency scenarios; high gas prices; open access; rate of EV adoption; project delays.

Target Price – 12M	Mar-25
Change in TP (%)	3.4
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(2.5)
CMP (08-May-24) (Rs)	451.2

Stock Data	Ticker
52-week High (Rs)	516
52-week Low (Rs)	376
Shares outstanding (mn)	700.0
Market-cap (Rs bn)	316
Market-cap (USD mn)	3,782
Net-debt, FY25E (Rs mn)	-37,220
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	1,237.6
ADTV-3M (USD mn)	14.8
Free float (%)	50.0
Nifty-50	22,303
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	45.0
FPIs/MFs (%)	16.8/24.2

Price Performance			
(%)	1M	3M	12M
Absolute	(5.1)	2.6	(7.6)
Rel. to Nifty	(3.5)	(0.1)	(24.3)



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Exhibit 1: Actuals vs. Estimates (Q4FY24)

Rs mn	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	35,968	36,495	35,599	-1%	1%	Lower realizations
Adjusted EBITDA	5,225	6,276	6,070	-17%	-14%	Higher opex
EBITDA Margin	14.5%	17.2%	17.1%	-267bps	-252bps	
Adjusted Net Profit	3,828	4,393	4,282	-13%	-11%	Higher other income

Source: Company, Emkay Research

Exhibit 2: Standalone Quarterly Summary

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ	FY23	FY24	YoY
CNG Sales	30,348	28,730	29,413	29,986	29,766	-2%	-1%	117,880	117,895	0%
Less Excise	3,745	3,548	3,640	3,758	3,676	-2%	-2%	14,572	14,623	0%
PNG Sales	10,217	8,888	8,812	9,276	9,878	-3%	6%	38,098	36,855	-3%
Net Revenues	36,820	34,070	34,585	35,504	35,968	-2%	1%	141,407	140,127	-1%
Dec./(Inc.) in Stock In Trade	(16)	17	(5)	(17)	(1)			(49)	(6)	
Raw Material Cost	27,941	23,324	23,808	25,476	25,529	-9%	0%	104,409	98,137	-6%
Total COGS	27,925	23,341	23,803	25,459	25,528	-9%	0%	104,360	98,131	-6%
Gross Profit	8,895	10,729	10,782	10,045	10,440	17%	4%	37,046	41,996	13%
Employee Cost	467	508	516	583	660	41%	13%	1,882	2,266	20%
Other Expenses	3,820	3,797	3,697	3,881	4,555	19%	17%	14,821	15,930	7%
Total OPEX	4,286	4,306	4,213	4,464	5,214	22%	17%	16,703	18,196	9%
Total Expenditure	32,212	27,646	28,016	29,923	30,742	-5%	3%	121,063	116,327	-4%
EBITDA	4,608	6,424	6,569	5,582	5,225	13%	-6%	20,343	23,800	17%
Depreciation	938	989	1,022	1,018	1,108	18%	9%	3,634	4,138	14%
EBIT	3,671	5,435	5,547	4,563	4,118	12%	-10%	16,710	19,663	18%
Interest	26	24	25	18	26	0%	44%	106	92	-14%
Other Income	709	457	1,340	610	1,094	54%	79%	2,674	3,500	31%
PBT before exceptional	4,354	5,867	6,862	5,155	5,187	19%	1%	19,277	23,072	20%
Exceptional items	-	-	-	-	-			-	-	
PBT	4,354	5,867	6,862	5,155	5,187	19%	1%	19,277	23,072	20%
Current tax	1,056	1,398	1,380	1,049	1,227	16%	17%	4,397	5,054	15%
Deferred tax	0	86	134	186	132		-29%	430	537	
Total tax	1,057	1,483	1,514	1,235	1,359	29%	10%	4,827	5,591	16%
Reported PAT	3,298	4,384	5,348	3,921	3,828	16%	-2%	14,450	17,481	21%
Rep. EPS (Rs)	4.7	6.3	7.6	5.6	5.5	16%	-2%	20.6	25.0	21%
Adjusted PAT	3,298	4,384	5,348	3,921	3,828	16%	-2%	14,450	17,481	21%
Adj. EPS (Rs)	4.7	6.3	7.6	5.6	5.5	16%	-2%	20.6	25.0	21%
CUGL/MNGL Gross PAT	1,355	1,672	1,803	1,715	1,630	20%	-5%	5,073	6,820	34%
CUGL/MNGL EPS Contri (Rs)	1.0	1.2	1.3	1.2	1.2	20%	-5%	3.6	4.9	34%
Consol. Adj. EPS ex Div. Adj. (Rs)	5.7	7.5	8.9	6.8	6.6	17%	-3%	24.3	29.8	23%
Shares O/S (mn)	700	700	700	700	700			700	700	
EBITDA margin	13%	19%	19%	16%	15%			14%	17%	
Standalone Rep. NPM	9%	13%	15%	11%	11%			10%	12%	
Effective tax rate	24%	25%	22%	24%	26%			25%	24%	
Total Sales (mmscmd)	8.3	8.2	8.3	8.5	8.7	6%	3%	8.1	8.4	4%
CNG Volumes (mmscm)	550	561	575	582	580	5%	0%	2,209	2,298	4%
PNG Volumes (mmscm)	193	185	189	198	214	11%	8%	743	786	6%
Domestic	56	52	53	57	65	17%	15%	197	227	15%
Industrial+Commercial	92	87	90	95	104	12%	9%	364	376	3%
3rd party Trading	45	45	46	46	45	2%	-1%	182	182	0%
Gross Margin (Rs/scm)	12.0	14.4	14.1	12.9	13.1	10%	2%	12.6	13.6	8%
Adj. EBITDA/scm (Rs)	6.2	8.6	8.6	7.2	6.6	6%	-8%	6.9	7.7	12%
CNG Real (Rs/kg)	75.9	71.3	70.9	71.7	71.4	-6%	0%	73.2	71.3	-3%
PNG Real (Rs/scm)	53.0	48.1	46.6	46.8	46.1	-13%	-2%	51.2	46.9	-8%
Average Real (Rs/scm)	49.6	45.7	45.3	45.5	45.3	-9%	0%	47.9	45.4	-5%
Capex	4,300	2,600	2,160	3,200	4,040	-6%	26%	11,900	12,000	1%

Source: Company, Emkay Research

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Exhibit 3: Change in assumptions

	FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance
EBITDA/scm (Rs)	7.5	7.8	4%	7.5	7.9	5%
Sales Volumes (mmscmd)	9.4	9.5	2%	10.1	10.5	3%
Growth	10.4%	13.0%	260bps	7.9%	9.9%	200bps

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	159,053	159,769	0%	173,784	177,812	2%
EBITDA	25,680	27,038	5%	27,743	30,008	8%
EBITDA Margins	16.1%	16.9%	78bps	16.0%	16.9%	91bps
PAT	18,277	19,395	6%	19,702	21,340	8%
EPS (Rs)	26.1	27.7	6%	28.1	30.5	8%

Source: Company, Emkay Research

Concall Key Takeaways

- Indraprastha Gas's (IGL's) Q4FY24 volume growth in Delhi was flat YoY; Noida/Greater Noida-Ghaziabad volume grew 10% and new areas are seeing a wide volume range, with 149% in one GA, 123% in Kanpur, 60% in Meerut, and 15% YoY in 'others' on a low-variable base. 90% of volumes are from the three old (previous) GAs (NCR ex Gurgaon). IPNG volumes were flat last year due to alternate fuel pricing, but showed impressive growth in Q4. CNG sales came in at 5mn kg/day in total, with 3.5mn kg/day from Delhi itself.
- DTC volumes de-grew, as CNG buses were retired and replaced by EVs. 1,200 buses are already gone, with 1,700-1,800 (also stated that 1,300-1,400 will be withdrawn later) would be retired in the next 2-3 years (DTC targets 100% shift by CY25). 30 CNG stations have been affected, with volumes down from 0.35mn kg/day to 0.185mn kg/day. DIMTS will take some more time. Life of DTC buses has ended (10-15 years), so they cannot be redeployed elsewhere.
- Monthly conversion run-rate in FY24 was 10% higher YoY at 15,500 (14,000 in FY23), with CVs (L&MH) seeing traction (up from 1,800 earlier to 2,400). Month-wise in Apr/Mar/Feb/Jan '24, total conversion was 15,500/15,700/15,800/19,000, respectively, while for Dec-23 and prior was 13-15,000.
- For the taxi segment, conversion was 2,100/2,000/1,950/2,300 and 1,700, hence EV policy impact is yet to be seen. Expect EV policy impact to take some time. Auto OEMs are coming with new variants, and CNG vehicle numbers are increasing day by day. CNG penetration is 27-28%. Net vehicle additions are lower than gross additions, as it is a 20-year-old industry with retirements (no data available).
- Targets dumpers as a segment, especially in Banda+ GA, with a pilot being sanctioned and to be done in the next 1 month using 2-3 vehicles to demonstrate benefits. Dumpers have 1-1.5-year payback period for Rs0.1-0.12mn conversion cost. Dumper operators seem to be positive, but have yet to demonstrate favorable economics and set up infra/stations.
- Wrt interstate buses, company is in discussions with UP for a 200 bus pilot, with Uttarakhand for 200, and with Rajasthan for a 20 bus pilot. Uttarakhand has already bought 160 buses, with 200 more in process; it has also reduced taxes & prices on CNG. These buses consume 80-100kg CNG per day as they run for 300-400km with a 3-4km/kg mileage.
- LPG-propane competition exists, but CPNG has pricing advantage, though IPNG is a bulk category with discounts by propane players; hence, IGL needs to strategize for competing with this which it is working on. There is a 5-7% advantage vs propane currently.
- GA-wise volume breakup is 0.35mmscmd for Rewari and 0.11mmscmd for Muzaffarnagar; hence these areas have seen significant volume growth with a critical mass and, going

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ahead, should grow 15% annually. Ajmer is growing at 50-60%, though volume size is lower at 0.08mmscmd. IGL is putting up online stations which should boost volumes.

- Banda+ has 4 stations, which are daughter boosters, but the steel trunkline is being constructed. Marketing is under way there as well as elsewhere. Dumper conversion is expected in 2 years. All GAs are EBITDA-positive except Banda, and opex/scm will fall as volumes grow; in 2 years, this should also turn positive. Gross margin is nevertheless good.
- IGL aims to clock 9.5mmscmd total volumes in FY25 on an average (1mmscmd growth YoY) with CNG sales in the 8 new GAs (ex Delhi-Noida-Ghaziabad) and IPNG being focus areas. Expect DPNG to grow ~15% YoY with >0.3mn connections to be added annually, with focused areas in Delhi itself. Delhi should see growth of 4-5% while others would grow 10-15%. DTC impact on CNG would be mitigated by other avenues. LNG will also add up.
- Gas sourcing mix across segments is 72% domestic and 28% RLNG. Gap between domestic gas and RLNG has reduced to 10-12%. Against the Rs27-28/scm domestic landed cost, some RLNG at Rs31-32/scm is seen. Company has medium- and long-term contracts. It does not expect domestic gas allocation to go up; it should remain range-bound. Non-domestic gas breakup is 60% Henry Hub linked and 40% Brent-JKM linked. 0.38mmscmd is HP-HT gas tied up.
- EBITDA/scm guidance is Rs7.0-8.5, though Company has already achieved Rs7.67 in FY24 and same can be considered as an indicator for the future. IGL would balance profit with volume growth, and look to diversify. Trade margins have been settled with OMCs for all GAs except Delhi and Mumbai, where some disputes still exist. Trade margin is Rs5-5.5/kg in Delhi and somewhat lower in other GAs.
- Capex in FY24 was Rs12.7bn. Company added 90 new CNG stations in FY24, with 30-40 upgrades also done (126 in total). Total number of stations stood at 882 as of FY24-end, with sale/compression capacity at 4.5/11mn kg/day. DPNG add was 0.33mn, with while steel/MDPE add at 187/3,000km in FY24.
- Going ahead, capex would be Rs17-18bn in FY25, mostly on core areas, but Rs3-4bn would be on LNG retail and CBG. 40% of capex would be in older areas (Delhi-NCR). MWP target needs to be met and IGL already ahead in the game. It is planning to diversify to renewable energy/solar power which would reduce power cost. Company plans to utilize idle capacity of small-scale LNG in GAs. It is also doing hydrogen pilot studies with IIT Delhi and Jodhpur wrt the gas network and transport segments. Action would be taken based on this, with FY25 being the target year.
- IGL is planning 10 CBG plants with Rs2-3bn capex, and each will have production of 20mt/day, thereby totaling to ~0.2mmscmd. This entails nil transport cost and CBG is cheaper than APM, with Gujarat VAT also to be avoided. In LNG, 1 station has been commissioned in Ajmer and 5-6 are planned to be added this year. IGL has signed an MoU with Concor and 1 station each will be set up in its depots in Noida and Bangalore captively. Concor will increase the number of LNG trucks gradually vs 100 now.
- LNG usage is 70-80kg per day per truck. Currently, LNG is being sold at Rs10-12 /unit lower than diesel, i.e. diesel is at Rs96-97/ltr, whereas LNG is Rs82-83/kg in Ajmer, providing arbitrage opportunities to users. Margins are similar to CNG's and Company expects to maintain the same. LNG and CBG would also scale up and improve profitability. Company is in discussions with a few LNG operators.
- Q4FY24 opex was affected by CSR expense, which was booked at one go versus quarterly pro-rata earlier. Employee cost was higher due to incentives given on IGL completing 25 years. Legal fees were also higher due to ongoing court cases (Gurgaon, PNGRB, etc), and there was IndAS lease impact too, as tenure was reduced in some items and booked above EBITDA vs D/A earlier.

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

DCF Assumptions		Mar 2026E (Rs mn)	Core IGL	CUGL 50%	MNGL 50%	Consol
Risk Free Rate	7.0%	NPV Of FCF	142,967	4,757	25,848	
Risk Premium	5.3%	Terminal Value	275,324	5,863	41,969	
Beta	0.9	PV Of TV	74,768	1,592	11,397	
Cost Of Equity	11.5%	Total Value	217,735	6,349	37,245	
Cost Of Debt	8.0%	Less: Adj. Net Debt (Mar-25E)	-43,858	-1,557	-1,110	
Post Tax Cost Of Debt	6.0%	Equity Value	261,593	7,906	38,355	307,854
Average Debt:Equity Ratio	0%	No. Of Shares O/S (mn)	700	700	700	700
WACC	11.5%	Target Price (Rs/sh)	374	11	55	440
Terminal Growth Rate						
IGL	0.0%					
CUGL	0.0%					
MNGL	0.0%					

Source: Company, Emkay Research

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

Rs	FY21	FY22	FY23	FY24	FY25E	FY26E
IGL's Core EPS	14.4	18.4	20.6	25.0	27.7	30.5
Less: CU/MNGL Div. Inc.	0.4	0.7	0.8	1.1	1.2	1.3
IGL Adjusted EPS	14.0	17.8	19.8	23.9	26.5	29.2
CUGL/MNGL EPS Contri.	1.8	3.2	3.6	4.9	5.4	5.8
Consol. EPS	15.8	21.0	23.5	28.8	31.9	35.0
Implied Target Multiple (x)						12.6
DCF Target Price (Rs/sh)						440

Source: Company, Emkay Research

Indraprastha Gas: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	77,100	141,326	140,000	159,769	177,812
Revenue growth (%)	56.0	83.3	(0.9)	14.1	11.3
EBITDA	18,811	20,255	23,669	27,038	30,008
EBITDA growth (%)	26.8	7.7	16.9	14.2	11.0
Depreciation & Amortization	3,171	3,634	4,138	5,013	5,761
EBIT	15,641	16,621	19,531	22,024	24,247
EBIT growth (%)	31.1	6.3	17.5	12.8	10.1
Other operating income	0	0	0	0	0
Other income	1,810	2,762	3,632	4,012	4,390
Financial expense	132	106	92	107	108
PBT	17,319	19,277	23,072	25,929	28,530
Extraordinary items	340	0	0	0	0
Taxes	4,509	4,827	5,591	6,534	7,189
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	13,150	14,450	17,481	19,395	21,340
PAT growth (%)	30.8	9.9	21.0	10.9	10.0
Adjusted PAT	12,896	14,450	17,481	19,395	21,340
Diluted EPS (Rs)	18.4	20.6	25.0	27.7	30.5
Diluted EPS growth (%)	30.8	9.9	21.0	10.9	10.0
DPS (Rs)	5.5	13.0	9.0	8.3	9.1
Dividend payout (%)	29.3	63.0	36.0	30.0	30.0
EBITDA margin (%)	24.4	14.3	16.9	16.9	16.9
EBIT margin (%)	20.3	11.8	14.0	13.8	13.6
Effective tax rate (%)	27.5	25.0	24.2	25.2	25.2
NOPLAT (pre-IndAS)	11,340	12,459	14,798	16,474	18,137
Shares outstanding (mn)	700.0	700.0	700.0	700.0	700.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	17,319	19,277	23,072	25,929	28,530
Others (non-cash items)	1,302	1,393	984	1,109	1,479
Taxes paid	(3,759)	(4,833)	(4,871)	(6,028)	(6,683)
Change in NWC	3,777	6,469	(3,828)	1,666	1,612
Operating cash flow	18,979	22,306	15,357	22,676	24,937
Capital expenditure	(13,370)	(11,221)	(12,021)	(13,021)	(12,522)
Acquisition of business	0	0	0	0	0
Interest & dividend income	798	1,618	2,096	4,012	4,390
Investing cash flow	(13,401)	(1,015)	(11,849)	(9,186)	(8,311)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(765)	(638)	(540)	0	0
Payment of lease liabilities	(765)	(765)	(765)	(765)	(765)
Interest paid	0	0	0	(107)	(108)
Dividend paid (incl tax)	(2,519)	(12,948)	(2,797)	(5,818)	(6,402)
Others	0	0	0	0	0
Financing cash flow	(3,285)	(13,586)	(3,337)	(5,925)	(6,510)
Net chg in Cash	2,294	7,705	171	7,565	10,116
OCF	18,979	22,306	15,357	22,676	24,937
Adj. OCF (w/o NWC chg.)	15,202	15,837	19,185	21,010	23,325
FCFF	5,610	11,085	3,335	9,654	12,416
FCFE	6,275	12,597	5,339	13,559	16,698
OCF/EBITDA (%)	100.9	110.1	64.9	83.9	83.1
FCFE/PAT (%)	47.7	87.2	30.5	69.9	78.2
FCFF/NOPLAT (%)	49.5	89.0	22.5	58.6	68.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	1,400	1,400	1,400	1,400	1,400
Reserves & Surplus	67,962	69,466	84,117	97,694	112,632
Net worth	69,362	70,866	85,517	99,094	114,032
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,737	3,168	3,695	4,202	4,709
Total debt	1,076	828	812	820	828
Total liabilities & equity	73,175	74,861	90,025	104,116	119,569
Net tangible fixed assets	47,694	55,147	63,728	73,111	81,107
Net intangible assets	121	121	121	121	121
Net ROU assets	2,203	2,067	2,139	2,161	2,182
Capital WIP	13,786	14,337	13,964	12,568	11,311
Goodwill	0	0	0	0	0
Investments [JV/Associates]	2,980	7,891	5,896	5,896	5,896
Cash & equivalents	30,793	25,513	30,299	38,040	48,336
Current assets (ex-cash)	6,947	12,710	15,057	16,683	18,181
Current Liab. & Prov.	31,349	42,925	41,181	44,465	47,567
NWC (ex-cash)	(24,402)	(30,215)	(26,124)	(27,782)	(29,385)
Total assets	73,175	74,861	90,025	104,116	119,569
Net debt	(29,717)	(24,685)	(29,487)	(37,220)	(47,508)
Capital employed	73,175	74,861	90,025	104,116	119,569
Invested capital	25,616	27,120	39,865	47,612	54,025
BVPS (Rs)	99.1	101.2	122.2	141.6	162.9
Net Debt/Equity (x)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
Net Debt/EBITDA (x)	(1.6)	(1.2)	(1.2)	(1.4)	(1.6)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	25.8	26.2	28.1	26.8	25.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	24.5	21.9	18.1	16.3	14.8
P/CE(x)	20.1	17.5	14.6	12.9	11.7
P/B (x)	4.6	4.5	3.7	3.2	2.8
EV/Sales (x)	3.7	2.1	2.1	1.8	1.5
EV/EBITDA (x)	15.2	14.4	12.1	10.3	8.9
EV/EBIT(x)	18.3	17.5	14.7	12.7	11.1
EV/IC (x)	11.2	10.7	7.2	5.9	5.0
FCFF yield (%)	2.0	3.8	1.2	3.5	4.6
FCFE yield (%)	2.0	4.0	1.7	4.3	5.3
Dividend yield (%)	1.2	2.9	2.0	1.8	2.0
DuPont-RoE split					
Net profit margin (%)	16.3	10.2	12.5	12.1	12.0
Total asset turnover (x)	1.1	1.9	1.7	1.6	1.6
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.0
RoE (%)	19.6	20.6	22.4	21.0	20.0
DuPont-RoIC					
NOPLAT margin (%)	14.7	8.8	10.6	10.3	10.2
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	45.8	47.3	44.2	37.7	35.7
Operating metrics					
Core NWC days	(22.4)	(2.6)	(3.0)	(3.2)	(3.1)
Total NWC days	(22.4)	(2.6)	(3.0)	(3.2)	(3.1)
Fixed asset turnover	1.3	2.1	1.7	1.7	1.6
Opex-to-revenue (%)	18.6	11.8	13.0	12.6	12.7

Source: Company, Emkay Research

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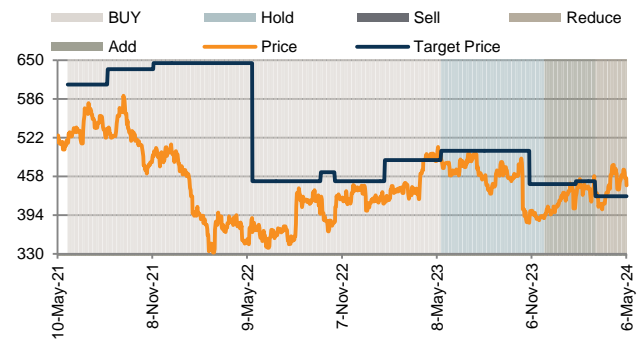
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
07-Mar-24	430	425	Reduce	Sabri Hazarika
30-Jan-24	426	450	Add	Sabri Hazarika
30-Nov-23	389	445	Add	Sabri Hazarika
02-Nov-23	390	445	Hold	Sabri Hazarika
20-Oct-23	403	500	Hold	Sabri Hazarika
26-Jul-23	470	500	Hold	Sabri Hazarika
23-Jul-23	494	500	Hold	Sabri Hazarika
16-May-23	485	500	Hold	Sabri Hazarika
30-Mar-23	438	485	Buy	Sabri Hazarika
28-Jan-23	418	485	Buy	Sabri Hazarika
01-Dec-22	434	450	Buy	Sabri Hazarika
24-Oct-22	383	450	Buy	Sabri Hazarika
02-Oct-22	397	465	Buy	Sabri Hazarika
27-Sep-22	423	465	Buy	Sabri Hazarika
10-Aug-22	380	450	Buy	Sabri Hazarika
19-May-22	366	450	Buy	Sabri Hazarika
23-Nov-21	494	645	Buy	Sabri Hazarika
10-Nov-21	491	645	Buy	Sabri Hazarika
29-Sep-21	519	635	Buy	Sabri Hazarika
14-Aug-21	535	635	Buy	Sabri Hazarika
26-Jul-21	547	610	Buy	Sabri Hazarika
25-Jun-21	513	610	Buy	Sabri Hazarika
23-Jun-21	519	610	Buy	Sabri Hazarika
18-Jun-21	532	610	Buy	Sabri Hazarika
29-May-21	514	610	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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