Gujarat Gas | BUY

Operationally in-line result in a seasonally weak quarter

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Gujarat Gas' (GGas) 2QFY26 standalone EBITDA was INR 4.5bn, slightly above JMFe of INR 4.3bn (but below consensus of INR 4.9bn) due to slightly higher volume and EBITDA margin in a seasonally weak quarter. Overall volume was 2% above JMFe at 8.7mmscmd (though down 2.4% QoQ and down 1.0% YoY) led by industrial volume being 3.7% above JMFe while CNG volume was largely in line. PAT was also higher at INR 2.8bn vs. JMFe of INR 2.6bn (but below consensus of INR 2.9bn) aided by higher other income (at INR 3.1bn vs. JMFe of INR 2.9bn). Gross margin was a tad lower at INR 10.0/scm in 2QFY26 vs. JMFe at INR 10.1/scm led by higher gas cost; however, EBITDA margin was slightly better at INR 5.6/scm vs. JMFe of INR 5.5/scm, aided by tad lower opex. We maintain BUY (revised TP of INR 535) as we expect industrial segment volume growth to be robust in the medium to long term driven by likely strengthening of competitiveness of gas vs. propane on account of moderation in spot LNG prices in the medium to long term.

- **Overall volume was 2% above JMFe at 8.7mmscmd led by industrial volume being 3.7% above JMFe while CNG volume was largely in line:** Overall volume was 2% above JMFe at 8.7mmscmd in 2QFY26 (though down 2.4% QoQ and down 1.0% YoY) led by industrial volume at 4.35mmscmd being 3.7% above JMFe; this is against muted growth expectation for industrial volume in 2QFY26 due to decline in competitiveness of gas vs. propane and seasonal weakness in volume during the Jul-Sep quarter due to festival holidays. Domestic PNG volume was also slightly higher at 76mmscm (up 9% QoQ and up 22% YoY); commercial segment volume was also a little higher at 15mmscm (up 7% QoQ and up 16% YoY). CNG volume was largely in line with JMFe at 3.32mmscmd (up 0.8% QoQ and up 13.3% YoY).

- **Gross margin a tad lower at INR 10.0/scm in 2QFY26 vs. JMFe at INR 10.1/scm led by higher gas cost; however, EBITDA margin was little better at INR 5.6/scm vs. JMFe of INR 5.5/scm, aided by slightly lower opex:** The average realisation was higher at INR 47.4/scm vs. JMFe of INR 46.7/scm (vs. INR 48/scm in 1QFY26); however, average cost of gas was also higher at INR 37.4/scm or USD 11.9/mmbtu vs. JMFe of INR 36.6/scm (and vs. INR 37.2/scm or USD 12.1/mmbtu in 1QFY26). Hence, gross margin was a tad lower at INR 10.0/scm in 2QFY26 vs. JMFe at INR 10.1/scm (vs. INR 10.8/scm in 1QFY26). However, opex was also slightly lower than JMFe at INR 4.4/scm in 2QFY26 (vs. INR 4.3/scm in 1QFY26). Hence, EBITDA margin was a tad better at INR 5.6/scm in 2QFY26 vs. JMFe of INR 5.5/scm (and vs. INR 6.4/scm in 1QFY26).

- **Maintain BUY as we expect GGas' competitiveness to improve due to likely moderation in spot LNG price over medium to long term on significant jump in global LNG supply:** We have cut our FY26-FY28 PAT estimates by 2-4% due to moderation in volume, aligning with 1HFY26 results. Hence, our TP is cut to INR 535 (from INR 550). We maintain BUY as we expect volume growth momentum to sustain in the medium to long term led by: **a)** rise in gas use in the industrial segment driven by likely improvement in competitiveness of gas vs. propane (on account of moderation in spot LNG price supply over the medium to long term due to significant jump in global LNG from 2026-27 onwards), and also due to regulatory push; and **b)** expansion of CNG in new GAs and limited threat from electric vehicles. At CMP, GGas is trading at 18.7x FY27 P/E and 2.7x FY27 P/B. **Key risks: a)** sustained high spot LNG prices and fall in propane price could pose a competitive threat from propane; **b)** further sharp APM gas allocation cuts could pose a risk to margin/volume in the CNG business.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	535
Upside/(Downside)	32.6%
Previous Price Target	550
Change	-2.8%

Key Data – GUJGA IN	
Current Market Price	INR403
Market cap (bn)	INR277.6/US$3.1
Free Float	19%
Shares in issue (mn)	688.4
Diluted share (mn)	688.4
3-mon avg daily val (mn)	INR133.0/US$1.5
52-week range	535/360
Sensex/Nifty	83,535/25,574
INR/US$	88.7

Price Performance

%	1M	6M	12M
Absolute	-6.2	-10.8	-23.0
Relative*	-7.3	-15.2	-26.7

** To the BSE Sensex*

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,56,902	1,64,870	1,51,141	1,78,521	2,01,991
Sales Growth (%)	-6.4	5.1	-8.3	18.1	13.1
EBITDA	19,697	19,852	20,656	23,585	26,776
EBITDA Margin (%)	12.5	12.0	13.6	13.1	13.2
Adjusted Net Profit	11,437	11,483	12,835	14,801	17,324
Diluted EPS (INR)	16.6	16.7	18.6	21.5	25.2
Diluted EPS Growth (%)	-25.2	0.4	11.8	15.3	17.0
ROIC (%)	16.7	16.2	16.2	18.2	20.4
ROE (%)	15.5	14.2	14.4	15.1	16.0
P/E (x)	24.3	24.2	21.6	18.7	16.0
P/B (x)	3.6	3.3	3.0	2.7	2.4
EV/EBITDA (x)	13.6	13.2	12.4	10.5	9.0
Dividend Yield (%)	1.7	1.4	1.4	1.6	1.9

Source: Company data, JM Financial. Note: Valuations as of 10/Nov/2025

2QFY26 Result Review

Exhibit 1. GGas quarterly snapshot

INR Mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	% QoQ	% YoY
Net Sales	44,503	37,818	41,529	41,020	38,709	37,804	-2.3%	0.0%
Operating expenditure	(39,147)	(32,676)	(37,724)	(36,525)	(33,510)	(33,332)	-0.5%	2.0%
EBITDA	**5,356**	**5,142**	**3,805**	**4,495**	**5,199**	**4,473**	**-14.0%**	**-13.0%**
EBITDA Margin	12.0%	9.2%	9.2%	11.0%	13.4%	11.8%	-160bps	267bps
Depreciation	(1,231)	(1,295)	(1,294)	(1,286)	(1,314)	(1,343)	2.2%	3.7%
Interest	(78)	(80)	(93)	(74)	(79)	(81)		
Other Income	386	386	585	744	594	731		
PBT	4,433	4,152	3,002	3,878	4,399	3,779		
Tax	(1,135)	(1,083)	(786)	(1,007)	(1,131)	(969)		
PAT	**3,298**	**3,069**	**2,216**	**2,872**	**3,268**	**2,810**	-14.0%	-8.4%
EPS (INR)	4.8	4.5	3.2	4.2	4.7	4.1		
Tax rate	-26%	-26%	-26%	-26%	-26%	-26%		

Source: Company, JM Financial

Exhibit 2. Volume and realisation break-up

	1QFY25	3QFY25	3QFY25	4QFY25	1QFY26	2QFY26	% QoQ	% YoY
Gas volume								
Industrial (mmscm)	660	452	502	453	429	400	-6.6%	-11.4%
CNG (mmscm)	271	270	287	290	303	305	0.8%	13.3%
PNG Domestic (mmscm)	56	70	68	80	63	76	21.6%	9.2%
Commercial (mmscm)	12	14	14	14	13	15	15.5%	6.7%
Total (mmscm)	**999**	**805**	**871**	**837**	**807**	**797**	**-1.3%**	**-1.0%**
Industrial (mmscmd)	7.3	4.9	5.5	5.0	4.7	4.4	-7.6%	-11.4%
CNG (mmscmd)	3.0	2.9	3.1	3.2	3.3	3.3	-0.3%	13.3%
Total (mmscmd)	**11.0**	**8.8**	**9.5**	**9.3**	**8.9**	**8.7**	**-2.4%**	**-1.0%**
Gas volume growth (% QoQ)								
Industrial	25.0%	-31.5%	11.2%	-9.9%	-5.3%	-6.6%		
CNG	3.1%	-0.6%	6.5%	1.0%	4.6%	0.8%		
PNG Domestic	-27.1%	23.9%	-2.6%	17.7%	-21.6%	21.6%		
Commercial	-13.3%	16.7%	0.0%	4.3%	-11.5%	15.5%		
Total	13.3%	-19.4%	8.2%	-3.9%	-3.6%	-1.3%		
Gas volume growth (% YoY)								
Industrial	23.3%	-16.2%	-1.3%	-14.2%	-35.0%	-11.4%		
CNG	14.2%	11.8%	12.2%	10.2%	11.7%	13.3%		
PNG Domestic	3.3%	8.6%	4.2%	3.6%	11.3%	9.2%		
Commercial	0.0%	7.1%	7.1%	5.5%	7.7%	6.7%		
Total	19.1%	-6.1%	3.4%	-5.1%	-19.2%	-1.0%		
Per unit break-up (INR/scm)								
Avg. realisation (INR/scm)	44.5	47.0	47.7	49.0	48.0	47.4	-1.1%	1.0%
Avg. cost of gas(INR/scm)	35.9	36.6	39.4	38.9	37.2	37.4	0.7%	2.3%
Blended gross spread (INR/scm)	8.6	10.4	8.3	10.1	10.8	10.0	-7.0%	-3.4%
Other expense (INR/scm)	3.3	4.0	4.0	4.8	4.3	4.4	2.0%	10.5%
EBITDA (INR/scm)	**5.4**	**6.4**	**4.4**	**5.4**	**6.4**	**5.6**	**-12.8%**	**-12.1%**
Avg cost of gas(USD/mmbtu)	12.0	12.1	12.9	12.5	12.1	11.9	-1.3%	-1.9%

Source: Company, JM Financial

Assumption and Estimates

Exhibit 3. Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
GAS VOLUME BREAK-UP (mmscm)								
Industrial segment	2,887	1,870	2,111	2,066	1,798	2,068	2,274	
CNG	726	887	997	1,118	1,274	1,452	1,627	
PNG Domestic	248	250	262	275	288	303	318	
Commercial	44	50	51	54	58	63	68	
Total gas sold (mmcm)	3,906	3,057	3,421	3,512	3,418	3,885	4,287	
Internal consumption and line loss	59	46	51	53	51	58	64	At ~1.5% of sales based on historical trend
Total gas purchased (mmscm)	3,964	3,102	3,472	3,565	3,470	3,944	4,351	
GAS VOLUME BREAK-UP (mmscmd)								
Industrial segment	7.9	5.1	5.8	5.7	4.9	5.7	6.2	
CNG	2.0	2.4	2.7	3.1	3.5	4.0	4.5	
PNG Domestic	0.7	0.7	0.7	0.8	0.8	0.8	0.9	
Commercial	0.1	0.1	0.1	0.1	0.2	0.2	0.2	
Total gas sold (mmcmd)	**10.7**	**8.4**	**9.4**	**9.6**	**9.4**	**10.6**	**11.7**	
Total gas purchased (mmcmd)	**10.9**	**8.5**	**9.5**	**9.8**	**9.5**	**10.8**	**11.9**	
Gas sales volume change Y-o-Y								
Industrial segment	7.4%	-35.2%	12.9%	-2.1%	-13.0%	15.0%	10.0%	
CNG	52.9%	22.1%	12.4%	12.1%	14.0%	14.0%	12.0%	
PNG Domestic	5.2%	0.7%	4.7%	4.9%	5.0%	5.0%	5.0%	
Commercial	56.4%	14.6%	2.1%	5.1%	8.0%	8.0%	8.0%	
Overall	14.0%	-21.7%	11.9%	2.7%	-2.7%	13.7%	10.3%	
Gas sales volume composition:								
Industrial segment	74%	61%	62%	59%	53%	53%	53%	Industrial segment to continue to dominate gas mix with ~55% share
CNG	19%	29%	29%	32%	37%	37%	38%	CNG segment share to be ~35%
PNG Domestic	6%	8%	8%	8%	8%	8%	7%	Domestic PNG segment share to be ~7%
Commercial	1%	2%	1%	2%	2%	2%	2%	
GAS SOURCING & COST BREAK-UP (mmcmd)								
Gas sourcing mix (mmcmd)								
APM/GAIL uniform price gas	2.7	2.7	2.7	2.3	1.8	1.7	1.7	As per gas allocation policy
RIL/Vedanta/Cairn HPHT gas	2.5	2.3	2.3	2.3	2.4	2.6	2.7	
Long term LNG- BG contract (valid till 2025)	2.3	1.8	2.5	2.5	2.5	2.5	2.5	Long-term contract till CY25 for 2.5mmcmd volumes at ~14% linkage to the Brent crude price
Long term LNG- Rasgas contract (valid till 2028)	0.9	0.8	0.9	1.0	1.2	1.4	1.7	Long-term contract till CY28 for 1mmcmd volume at 12.67% linkage to the JCC crude price
Spot LNG	2.5	0.9	1.2	1.7	1.5	2.6	3.4	LNG from spot market (and some volume from KG D6) to meet balance demand
Total gas purchased (mmcmd)	**10.9**	**8.5**	**9.5**	**9.8**	**9.5**	**10.8**	**11.9**	
Gas cost (USD/mmbtu)								
APM/GAIL uniform price gas	4.1	8.0	7.5	7.5	7.8	8.0	8.0	Based on domestic gas price formula
RIL/Vedanta/Cairn HPHT gas	5.7	11.2	9.8	9.8	10.1	10.4	10.4	
Long term LNG- BG contract (valid till 2025)	12.8	17.9	15.4	12.1	12.1	12.1	12.1	
Long term LNG- Rasgas contract (valid till 2028)	11.6	16.2	14.0	11.0	11.0	11.0	11.0	
Spot LNG	29.5	38.0	12.1	13.0	13.0	13.0	13.0	
Weighted average gas cost	**12.8**	**15.0**	**11.3**	**10.5**	**10.8**	**11.1**	**11.2**	
OVERALL MARGINS (INR/scm)								
Realisation	40.8	54.8	45.9	46.9	44.4	46.1	47.3	
Average cost of gas	34.4	43.4	36.7	37.6	34.2	36.1	37.2	
Blended gross spread	**6.4**	**11.4**	**9.2**	**9.3**	**10.1**	**10.0**	**10.0**	
Net other expense/(income)	2.2	3.3	3.4	3.7	4.0	3.8	3.6	
EBITDA	**4.2**	**8.1**	**5.8**	**5.6**	**6.2**	**6.2**	**6.4**	Expect EBITDA at ~INR6-6.5/scm from FY26 onwards
Depreciation	1.0	1.4	1.4	1.5	1.5	1.5	1.4	
Interest exp net of other income	-0.1	-0.2	-0.4	-0.5	-0.6	-0.5	-0.6	
PBT	3.3	6.9	4.8	4.7	5.2	5.3	5.6	
Tax	1.1	1.6	1.2	1.1	1.3	1.3	1.4	
PAT	2.2	5.3	3.6	3.6	3.9	4.0	4.2	Hence, expect PAT/scm at ~INR 4/scm from FY26 onwards

Source: JM Financial, Company

Exhibit 4. Change in estimates

	New	Old	Divergence
TP (INR)	535	550	-2.8%
Rating	BUY	BUY	
Revenue (INR Mn)			
FY26	152,229	155,413	-2.0%
FY27	179,644	183,357	-2.0%
FY28	203,151	207,301	-2.0%
EBITDA (INR Mn)			
FY26	20,656	21,274	-2.9%
FY27	23,585	24,289	-2.9%
FY28	26,776	27,550	-2.8%
PAT (INR Mn)			
FY26	12,835	13,343	-3.8%
FY27	14,801	15,425	-4.0%
FY28	17,324	17,690	-2.1%
EPS (INR)			
FY26	18.6	19.4	-3.8%
FY27	21.5	22.4	-4.0%
FY28	25.2	25.7	-2.1%

Source: JM Financial

Valuation

Exhibit 5. Valuation

Terminal FCF (INR Mn)	32,838
Terminal Growth Rate	4.0%
WACC	10.3%
Terminal Value (INR Mn)	540,909
PV of Terminal Value (INR Mn)	234,839
PV of Cash Flow (INR Mn)	107,364
Enterprise Value (INR Mn)	342,203
Less: Net Debt (INR Mn)	(25,803)
Equity Value (INR Mn)	368,006
No of shares (Mn)	688
Total equity value (INR/share)	**535**

Source: JM Financial

If FY26 EBITDA margin changes by +/- INR 0.2/scm our FY26 EPS will change by +/-3.3%. Similarly, if FY26 industrial segment volume growth changes by +/- 2%, our FY26 EPS will change by +/- 3.4%.

Exhibit 6. FY26 EPS sensitivity to volume growth and margin

		FY26 volume growth						
		-8.7%	-6.7%	-4.7%	-2.7%	-0.7%	1.3%	3.3%
FY26 EBITDA margin (INR/scm)	5.6	16.6	17.3	18.0	18.6	19.3	19.9	20.6
	5.8	17.3	17.9	18.6	19.3	20.0	20.6	21.3
	6.0	17.9	18.6	19.3	20.0	20.7	21.3	22.0
	6.2	18.6	19.3	20.0	**20.7**	21.4	22.1	22.8
	6.4	19.2	19.9	20.6	21.3	22.1	22.8	23.5
	6.6	19.8	20.6	21.3	22.0	22.7	23.5	24.2
	6.8	20.5	21.2	22.0	22.7	23.4	24.2	24.9

Source: Company, JM Financial

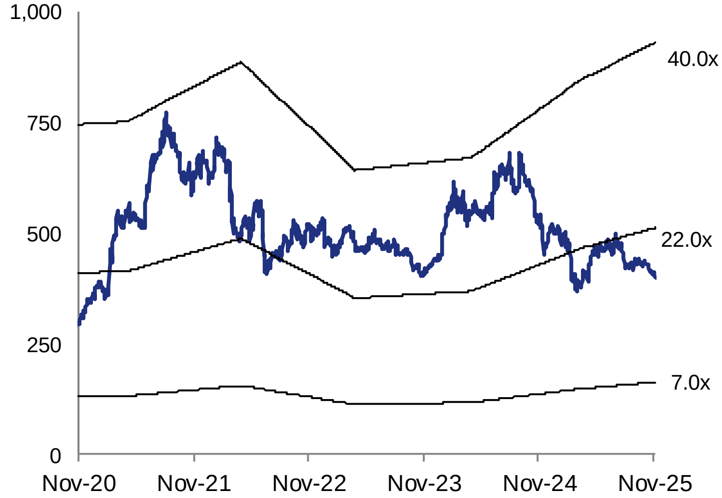
If FY26 EBITDA changes by +/- INR 0.2/scm our valuation will change by +/- INR 19/share (or +/- 3.5%). Similarly, if FY26 industrial segment volume growth changes by +/- 2%, our valuation will change by +/- INR 19/share (or +/- 3.6%).

Exhibit 7. Valuation sensitivity to FY26 volume growth and margin

		FY26 volume growth						
		-8.7%	-6.7%	-4.7%	-2.7%	-0.7%	1.3%	3.3%
FY26 EBITDA margin (INR/scm)	5.6	424	442	460	478	496	513	531
	5.8	442	460	478	497	515	533	551
	6.0	460	478	497	516	534	553	572
	6.2	478	497	516	**535**	554	573	592
	6.4	495	515	534	554	573	592	612
	6.6	513	533	553	572	592	612	632
	6.8	531	551	571	591	612	632	652

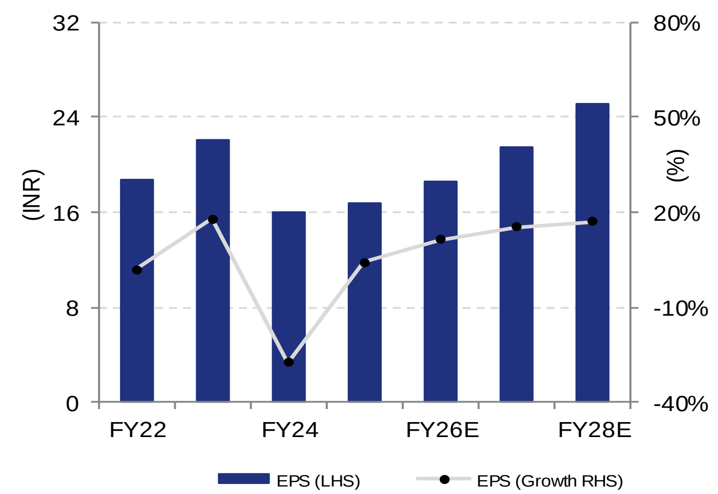
Source: Company, JM Financial

Exhibit 8. GGas 1-year forward PE band



Source: Company, JM Financial

Exhibit 9. EPS vs. EPS growth

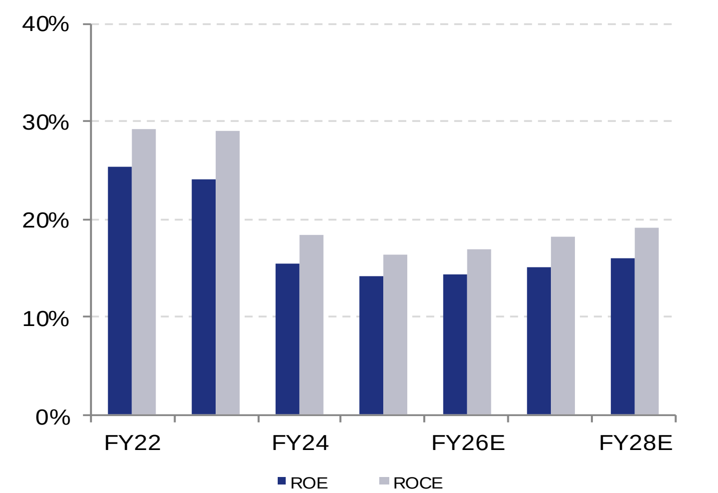


Source: Company, JM Financial

Exhibit 10. GGas 1-year forward PB band

Source: Company, JM Financial

Exhibit 11. RoE vs. RoCE



Source: Company, JM Financial

Exhibit 12. Global gas companies valuation snapshot

	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
Company	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26
US Peers															
Sempra Energy	17.5	17.8	16.8	19.4	20.3	18.1	1.8	1.6	1.6	38.8	41.7	42.3	9.7	9.1	9.3
Nisource	15.0	13.0	11.9	24.2	22.4	20.8	2.3	2.0	1.9	42.6	47.8	50.1	8.6	9.2	9.4
Atmos Energy	15.5	13.6	12.0	23.2	21.6	20.1	2.0	1.9	1.7	49.6	50.9	54.1	9.0	8.8	8.8
US peers average	**16.0**	**14.8**	**13.6**	**22.3**	**21.4**	**19.7**	**2.0**	**1.8**	**1.7**	**43.7**	**46.8**	**48.8**	**9.1**	**9.0**	**9.2**
European Peers															
Enagas	8.3	9.2	10.0	28.1	13.5	15.4	1.4	1.5	1.5	82.8	77.0	77.7	0.8	11.7	9.7
European peers average	**8.3**	**9.2**	**10.0**	**28.1**	**13.5**	**15.4**	**1.4**	**1.5**	**1.5**	**82.8**	**77.0**	**77.7**	**0.8**	**11.7**	**9.7**
Asian peers															
ENN Energy	7.1	7.3	6.9	10.3	10.6	9.8	1.5	1.4	1.3	10.7	10.8	11.0	15.1	14.0	14.1
Tow ngas China	9.6	9.6	9.0	8.8	8.6	8.1	0.6	0.6	0.5	15.8	15.4	15.9	6.4	6.9	7.0
Hong Kong & China Gas	16.1	15.8	15.1	21.8	22.2	21.3	2.3	2.4	2.4	21.3	22.2	22.5	10.3	10.6	11.1
China Resources Gas	6.4	8.1	7.7	8.7	12.4	11.5	1.1	1.1	1.1	13.2	10.7	10.9	12.1	9.1	9.4
China Gas Holdings	10.3	10.7	10.4	11.4	12.4	11.8	0.8	0.8	0.8	12.2	12.0	12.2	6.9	6.4	6.6
Beijing Enterprises	8.6	8.3	9.2	7.6	7.7	7.4	0.5	0.5	0.5	14.6	15.1	13.3	6.3	6.2	6.2
Korea Gas	8.5	8.7	8.7	4.0	4.9	4.3	0.4	0.3	0.3	11.2	11.7	12.1	9.5	7.2	7.7
Petronas Gas BHD	10.4	10.4	10.2	19.5	19.8	19.0	2.6	2.6	2.5	55.0	53.7	54.3	13.6	13.1	13.3
IGL	13.5	11.7	10.5	17.8	17.8	16.1	3.1	2.9	2.6	13.2	13.8	14.1	16.2	16.8	16.8
MGL	7.7	7.3	6.7	12.2	12.4	11.7	2.2	1.9	1.7	22.0	19.7	19.3	18.6	16.2	15.5
Gujarat Gas	14.8	14.3	12.4	24.5	23.7	20.3	3.3	3.1	2.8	11.6	12.0	12.5	14.1	13.4	14.4
Petronet LNG	6.5	6.3	5.5	11.0	10.9	9.9	2.2	2.0	1.7	10.2	11.1	11.7	20.7	18.9	18.5
GAIL	9.5	10.1	8.7	12.2	13.6	11.8	1.7	1.6	1.5	10.9	9.9	10.9	14.9	12.0	12.9
GSPL	18.5	18.8	17.6	21.2	20.7	20.1	1.6	1.6	1.5	72.8	72.5	35.1	7.7	6.9	7.1
Asian peers average	**10.5**	**10.5**	**9.9**	**13.6**	**14.1**	**13.1**	**1.7**	**1.6**	**1.5**	**21.0**	**20.8**	**18.3**	**12.3**	**11.3**	**11.5**
Global peers average	**11.3**	**11.2**	**10.5**	**15.9**	**15.3**	**14.3**	**1.7**	**1.6**	**1.5**	**28.2**	**28.2**	**26.7**	**11.1**	**10.9**	**11.0**
Global peers median	**9.9**	**10.3**	**10.1**	**15.0**	**13.5**	**13.6**	**1.7**	**1.6**	**1.5**	**15.2**	**15.3**	**15.0**	**10.0**	**9.9**	**9.6**

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,56,902	1,64,870	1,51,141	1,78,521	2,01,991
Sales Growth	*-6.4%*	*5.1%*	*-8.3%*	*18.1%*	*13.1%*
Other Operating Income	933	1,055	1,088	1,123	1,161
Total Revenue	**1,57,835**	**1,65,924**	**1,52,229**	**1,79,644**	**2,03,151**
Cost of Goods Sold/Op. Exp	1,25,557	1,32,160	1,16,966	1,40,090	1,59,608
Personnel Cost	1,989	1,893	1,988	2,087	2,191
Other Expenses	10,593	12,019	12,620	13,882	14,576
EBITDA	**19,697**	**19,852**	**20,656**	**23,585**	**26,776**
EBITDA Margin	*12.5%*	*12.0%*	*13.6%*	*13.1%*	*13.2%*
EBITDA Growth	*-20.8%*	*0.8%*	*4.0%*	*14.2%*	*13.5%*
Depn. & Amort.	4,743	5,106	5,288	5,661	6,037
EBIT	14,954	14,746	15,368	17,924	20,739
Other Income	1,061	2,083	2,107	2,085	2,613
Finance Cost	293	235	174	58	0
PBT before Excep. & Forex	15,722	16,594	17,301	19,951	23,352
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	15,722	16,594	17,301	19,951	23,352
Taxes	3,934	4,011	4,466	5,150	6,027
Extraordinary Inc./Loss(-)	557	0	0	0	0
Assoc. Profit/Min. Int.(-)	26	-45	0	0	0
Reported Net Profit	12,319	12,628	12,835	14,801	17,324
Adjusted Net Profit	**11,437**	**11,483**	**12,835**	**14,801**	**17,324**
Net Margin	*7.2%*	*6.9%*	*8.4%*	*8.2%*	*8.5%*
Diluted Share Cap. (mn)	688.4	688.4	688.4	688.4	688.4
Diluted EPS (INR)	**16.6**	**16.7**	**18.6**	**21.5**	**25.2**
Diluted EPS Growth	*-25.2%*	*0.4%*	*11.8%*	*15.3%*	*17.0%*
Total Dividend + Tax	4,578	3,896	4,006	4,461	5,144
Dividend Per Share (INR)	6.7	5.7	5.8	6.5	7.5

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	77,225	84,896	93,271	1,02,929	1,14,232
Share Capital	1,377	1,377	1,377	1,377	1,377
Reserves & Surplus	75,848	83,520	91,894	1,01,552	1,12,855
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	2,434	2,383	1,191	0	0
Def. Tax Liab. / Assets (-)	9,108	9,589	9,589	9,589	9,589
Total - Equity & Liab.	**88,766**	**96,868**	**1,04,051**	**1,12,517**	**1,23,821**
Net Fixed Assets	86,808	90,465	94,427	98,115	1,01,525
Gross Fixed Assets	1,11,066	1,19,976	1,28,974	1,38,063	1,47,243
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	33,438	37,900	43,188	48,849	54,886
Capital WIP	9,180	8,389	8,641	8,900	9,167
Investments	1,784	2,042	2,385	2,797	3,291
Current Assets	28,324	34,005	37,453	44,195	53,858
Inventories	587	619	571	674	762
Sundry Debtors	10,298	10,240	9,455	11,157	12,617
Cash & Bank Balances	9,160	15,885	20,525	25,803	34,242
Loans & Advances	52	36	37	39	41
Other Current Assets	8,227	7,226	6,865	6,521	6,195
Current Liab. & Prov.	28,149	29,643	30,214	32,589	34,853
Current Liabilities	7,002	7,199	6,647	7,845	8,871
Provisions & Others	21,147	22,444	23,566	24,744	25,982
Net Current Assets	174	4,362	7,239	11,606	19,005
Total – Assets	**88,766**	**96,868**	**1,04,051**	**1,12,517**	**1,23,821**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	15,722	16,594	17,301	19,951	23,352
Depn. & Amort.	4,743	5,106	5,288	5,661	6,037
Net Interest Exp. / Inc. (-)	-340	-1,192	-1,933	-2,027	-2,613
Inc (-) / Dec in WCap.	-201	1,544	281	-608	-522
Others	19	176	0	0	0
Taxes Paid	-3,227	-3,115	-4,466	-5,150	-6,027
Operating Cash Flow	**16,717**	**19,113**	**16,471**	**17,827**	**20,227**
Capex	-8,371	-7,517	-9,251	-9,348	-9,447
Free Cash Flow	*8,345*	*11,596*	*7,220*	*8,478*	*10,780*
Inc (-) / Dec in Investments	-1,038	-224	16	-71	-170
Others	623	1,145	2,107	2,085	2,613
Investing Cash Flow	**-8,787**	**-6,596**	**-7,127**	**-7,334**	**-7,004**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-5,224	-5,245	-4,635	-5,202	-6,021
Inc / Dec (-) in Loans	-293	-548	-69	-13	1,237
Others	0	0	0	0	0
Financing Cash Flow	**-5,517**	**-5,792**	**-4,704**	**-5,215**	**-4,784**
Inc / Dec (-) in Cash	**2,413**	**6,725**	**4,640**	**5,278**	**8,439**
Opening Cash Balance	6,747	9,160	15,885	20,525	25,803
Closing Cash Balance	9,160	15,885	20,525	25,803	34,242

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.2%	6.9%	8.4%	8.2%	8.5%
Asset Turnover (x)	1.9	1.8	1.5	1.7	1.7
Leverage Factor (x)	1.2	1.1	1.1	1.1	1.1
RoE	15.5%	14.2%	14.4%	15.1%	16.0%

Key Ratios

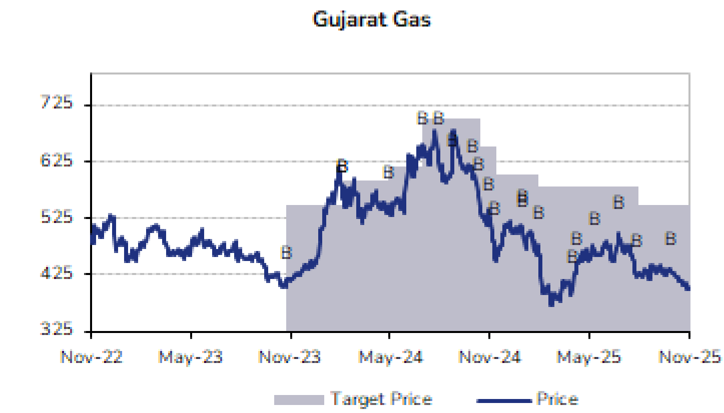
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	112.2	123.3	135.5	149.5	165.9
ROIC	16.7%	16.2%	16.2%	18.2%	20.4%
ROE	15.5%	14.2%	14.4%	15.1%	16.0%
Net Debt/Equity (x)	-0.1	-0.2	-0.2	-0.3	-0.3
P/E (x)	24.3	24.2	21.6	18.7	16.0
P/B (x)	3.6	3.3	3.0	2.7	2.4
EV/EBITDA (x)	13.6	13.2	12.4	10.5	9.0
EV/Sales (x)	1.7	1.6	1.7	1.4	1.2
Debtor days	24	23	23	23	23
Inventory days	1	1	1	1	1
Creditor days	19	18	18	18	18

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
2-Nov-23	Buy	550	
13-Feb-24	Buy	590	7.2
14-Feb-24	Buy	590	0.0
6-May-24	Buy	615	4.2
7-Jul-24	Buy	700	13.7
6-Aug-24	Buy	700	0.1
1-Sep-24	Buy	700	0.0
7-Oct-24	Buy	700	-0.1
18-Oct-24	Buy	650	-7.1
6-Nov-24	Buy	650	0.0
17-Nov-24	Buy	600	-7.6
7-Jan-25	Buy	600	0.0
9-Jan-25	Buy	600	0.0
5-Feb-25	Buy	580	-3.4
8-Apr-25	Buy	580	0.1
15-Apr-25	Buy	580	0.0
19-May-25	Buy	580	-0.1
3-Jul-25	Buy	580	0.0
6-Aug-25	Buy	550	-5.1
6-Oct-25	Buy	550	0.0

Recommendation History



APPENDIX I

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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