

Morbi vagaries prevail amid expensive valuation

Oil & Gas ▶ Result Update ▶ August 8, 2024

TARGET PRICE (Rs): 500

Gujarat Gas (GGL) reported a slight 2% miss on Q1FY25 EBITDA at Rs5.4bn, due to 3% lower unit gross margin, partly offset by 1% higher volumes at 11.0mmscmd (up 13% QoQ). Morbi volume rose 36% QoQ to 5.2mmscmd on favorable economics vs. propane. EBITDA/scm fell 20% QoQ to Rs5.4 (up 16% YoY, a 3% miss). The mgmt indicated current Morbi volumes to be down 30-40% due to the weak ceramic outlook, seasonality, and cheaper propane. FY25 volume growth guidance is muted at 5-7% vs 10% typically targeted. EBITDA/scm guidance target of Rs4.5-5.5 is retained. GGL highlighted focus on CNG growth. We maintain our negative stance on GGL, on propane competition, volatile margins, conservative guidance, and expensive valuations (~24x Sep-26E EPS vs. peers at 10-15x); retain SELL; prod up Sep-25E TP to Rs500/sh.

Gujarat Gas: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	167,594	156,902	183,388	205,652	228,543
EBITDA	23,920	18,764	23,642	26,560	29,435
Adj. PAT	15,255	11,013	14,556	16,846	18,931
Adj. EPS (Rs)	22.2	16.0	21.1	24.5	27.5
EBITDA margin (%)	14.3	12.0	12.9	12.9	12.9
EBITDA growth (%)	15.2	(21.6)	26.0	12.3	10.8
Adj. EPS growth (%)	18.7	(25.1)	27.4	15.7	12.4
RoE (%)	24.2	15.0	17.8	18.1	17.9
RoIC (%)	24.1	15.8	19.8	21.2	22.2
P/E (x)	28.1	38.9	29.4	25.4	22.6
EV/EBITDA (x)	17.7	22.4	17.5	15.3	13.4
P/B (x)	6.1	5.6	4.9	4.3	3.8
FCFF yield (%)	3.1	1.9	2.4	3.0	3.6

Source: Company, Emkay Research

Result Highlights

PAT stood at Rs3.3bn in Q1FY25, at a 1% beat on higher Other Income. Total volumes grew 19% YoY and 13% QoQ to 11.0mmscmd. IPNG volumes jumped up 25% QoQ to 7.3mmscmd (up 23% YoY). Non-Morbi volumes were up 3% QoQ to 2.0mmscmd, largely range-bound. CNG volume was up 14% YoY/3% QoQ at 2.98mmscmd, with domestic PNG up 3% YoY/down 27% QoQ to 0.62mmscmd. Gross margin fell 20% QoQ to Rs8.6/scm (up 5% QoQ). Employee costs fell 6% YoY (up 2% QoQ) to Rs489mn, while other expenditure grew 12% YoY/fell 11% QoQ to Rs2.77bn. Opex/scm also fell, by 8% YoY/20% QoQ to Rs3.3 (vs. our estimate of Rs3.4). GGL added 37,400 DPNG connections, while adding new industrial customers (volume of 200mmscmd) in Q1. The CNG station-base stood at 811 as of end Jun-24, with 3 additions in Q1. Capex during the quarter stood at Rs2.06bn, while FY25 guidance is Rs10bn.

Management takeaways

Current IPNG price is Rs44/scm in Morbi vs Rs40/scm for propane. Generally, the Rs1-2/scm difference is the hurdle rate, after which IPNG demand shifts to propane. By Q2-end, the volume situation should improve. Total vol. potential in Morbi is 8mmscmd for IPNG, while 2.5-3.0mmscmd is possibly sticky volumes, albeit uncertain. The Mar-24 new IPNG scheme saw >150 responses to the EoI, and GGL is in the process of signing agreements. Future PNG potential is in the Ahmedabad Rural, Thane, Silvassa, and Kutch West GAs, and mgmt expects to see 7-8% YoY volume growth. CNG volume saw good growth, at 14% YoY in Q1FY25, with Gujarat/outside Gujarat up 12%/27% and share being 87%/13% in volume mix. GGL plans adding 22 stations in FY25, while 62 would be upgrades. The FDODO scheme would add to this, and hence overall additions would stand at ~100. The last 3-4-year capex was 40-45% toward new areas. Capex target for coming 3-5 years is Rs12-15bnpa, with target RoE of 15%.

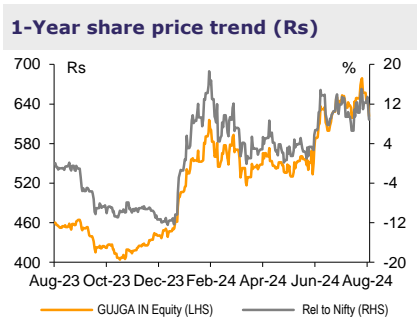
Valuation

We value GGL using the DCF method. Our TP implies a 19.2x Sep-26E target P/E. We roll over to Sep-26E and tweak our FY25-26E EPS by 1% each. Key risks: Adverse oil-gas prices, currency, regulations, competition, and operational issues.

Target Price – 12M	Sep-25
Change in TP (%)	5.3
Current Reco.	SELL
Previous Reco.	SELL
Upside/(Downside) (%)	(19.6)
CMP (08-Aug-24) (Rs)	621.7

Stock Data	Ticker
52-week High (Rs)	687
52-week Low (Rs)	397
Shares outstanding (mn)	688.4
Market-cap (Rs bn)	428
Market-cap (USD mn)	5,097
Net-debt, FY25E (Rs mn)	-14,100
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	856.3
ADTV-3M (USD mn)	10.2
Free float (%)	25.0
Nifty-50	24,117
INR/USD	84.0
Shareholding, Jun-24	
Promoters (%)	60.9
FPIs/MFs (%)	4.3/14.8

Price Performance			
(%)	1M	3M	12M
Absolute	(4.9)	13.8	32.2
Rel. to Nifty	(4.0)	5.2	7.3



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Exhibit 1: Actuals vs. Estimates (Q1FY25)

Rs mn	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	44,503	44,185	43,746	1%	2%	Higher volumes offset by lower realization
Adjusted EBITDA	5,356	5,443	5,363	-2%	0%	Lower gas cost and opex
EBITDA margin	12.0%	12.3%	12.3%	-28bps	-22bps	
Adjusted Net Profit	3,298	3,279	3,174	1%	4%	Higher other income

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
Total Revenue	37,815	38,454	39,291	41,342	44,503	18%	8%	167,594	156,902	-6%
Dec./(Inc.) in Stock In Trade	14	-11	-17	17	-15			-28	3	
Raw Material Cost	30,931	30,546	32,248	31,829	35,902	16%	13%	101,981	93,725	-8%
Purchases	-	-	-	-	-			-	-	
Total COGS	30,945	30,535	32,230	31,846	35,887	16%	13%	132,734	125,557	-5%
Adjusted Gross Profit	6,870	7,919	7,061	9,496	8,616	25%	-9%	34,860	31,345	-10%
Employee Cost	520	507	481	481	489	-6%	2%	1,956	1,989	2%
Other Expenses	2,470	2,446	2,573	3,103	2,771	12%	-11%	8,984	10,593	18%
OPEX	2,990	2,953	3,054	3,585	3,260	9%	-9%	10,940	12,582	15%
Adjusted EBITDA	3,880	4,966	4,007	5,911	5,356	38%	-9%	23,920	18,764	-22%
Depreciation	1,151	1,179	1,201	1,212	1,231	7%	2%	4,283	4,743	11%
EBIT	2,729	3,787	2,806	4,699	4,126	51%	-12%	19,637	14,021	-29%
Interest Cost	74	78	72	69	78	6%	12%	404	293	-27%
Other Income	239	298	230	311	386	62%	24%	1,013	1,078	6%
PBT Before Exceptional Items	2,894	4,007	2,964	4,940	4,433	53%	-10%	20,247	14,805	-27%
Exceptional Items	-	-	-	557	-			-	557	
PBT	2,894	4,007	2,964	5,497	4,433	53%	-19%	20,247	15,362	-24%
Current Tax	647	925	586	1,158	980	52%	-15%	4,634	3,315	-28%
Deferred Tax	96	104	175	244	155	61%	-36%	358	619	73%
Total Tax	743	1,029	761	1,402	1,135	53%	-19%	4,992	3,934	-21%
Reported PAT	2,151	2,978	2,203	4,095	3,298	53%	-19%	15,255	11,428	-25%
Reported EPS (Rs)	3.1	4.3	3.2	5.9	4.8	53%	-19%	22.2	16.6	-25%
Adjusted PAT	2,151	2,978	2,203	3,681	3,298	53%	-10%	15,255	11,013	-28%
Adjusted EPS (Rs.)	3.1	4.3	3.2	5.3	4.8	53%	-10%	22.2	16.0	-28%
Shares O/S (mn)	688	688	688	688	688	0%	0%	688	688	0%
EBITDA Margin	10%	13%	10%	14%	12%			14%	12%	
NPM	6%	8%	6%	10%	7%			9%	7%	
Effective Tax Rate	26%	26%	26%	25%	26%			25%	26%	
Sales Volume (mmscmd)	9.2	9.3	9.2	9.7	11.0	19%	13%	8.4	9.3	12%
Industrial PNG	5.9	5.9	5.5	5.8	7.3	23%	25%	5.1	5.8	13%
Commercial PNG	0.1	0.1	0.1	0.2	0.1	0%	-13%	0.1	0.1	2%
Domestic PNG	0.6	0.7	0.7	0.9	0.6	3%	-27%	0.7	0.7	4%
CNG	2.6	2.6	2.8	2.9	3.0	14%	3%	2.4	2.7	12%
Average Realization (Rs./scm)	45.1	44.8	46.6	46.9	44.5	-1%	-5%	54.8	45.9	-16%
Gross Margin (Rs./scm)	8.2	9.2	8.4	10.8	8.6	5%	-20%	11.4	9.2	-20%
Opex (Rs./scm)	3.6	3.4	3.6	4.1	3.3	-8%	-20%	3.6	3.7	3%
EBITDA/scm (Rs)	4.6	5.8	4.8	6.7	5.4	16%	-20%	7.8	5.5	-30%

Source: Company, Emkay Research; Note: Some numbers may not fully match the ones in the annual tables due to different adjustment methods in the detailed Emkay annual model, averaging discrepancies, and past revisions

Concall Highlights

- GGL's Morbi gas sales volume was 5.2mmscmd in Q1FY25, though it has now dropped 30-40% to 2.5-2.6mmscmd (vs 6mmscmd total demand, including that for propane) on account of factors, such as subdued ceramic export markets affected by geopolitics and freight, propane prices being Rs4/scm cheaper than IPNG thus affecting economics, seasonal (monsoons) and festival (Janmashthami) impact in Q2, and shipping issues in the Middle East.
- Toward the end of the current quarter, the volume situation should improve, though. The total volume potential in Morbi is 8mmscmd for gas, while 2.5-3.0 is possibly sticky volumes (minimum), but the company is not be certain about this.
- 0.63mmscmd of signed volumes in Q1 should commission in the next 6 months. The Mar-24 new IPNG scheme saw >150 responses to the EoI, and GGL is in the process of signing the agreements. This is separate from the aforementioned 0.63mmscmd.
- Current IPNG price is Rs44/scm in Morbi vs Rs40/scm for propane vs Rs42/scm and Rs41/scm, respectively, in Q1. The differential is expected to change, but will need to assess the scenario wrt winters, etc. Generally, the Rs1-2/scm difference is the hurdle rate, after which the shift between fuels takes place.
- Surat-Bharuch-Ankleshwar-VAPI is the main non-Morbi region, but future potential is in the GAs of Ahmedabad Rural, Thane, Silvassa and Kutch West. These are greenfield areas wrt PNG (have a CNG ecosystem) and, hence, development would take time; but GGL already has the first-mover advantage. Expects to see volume growth in 2-3 quarters, with 7-8% YoY growth target. Coal and FO competition is tough in some markets.
- CPNG and DPNG volumes are also expected to increase over time.
- CNG volumes saw good growth of 14% YoY in Q1FY25, with Gujarat/outside Gujarat up 12%/27% and share being 87%/13% in volume mix, respectively. GGL's GAs are in proximity to developed markets like Mumbai and North India and, hence, seeing traction in CNG.
- CNG is 47%/15% cheaper than petrol/diesel after the Re1/kg hike in August (no cross subsidy between CNG and IPNG). CNG demand is relatively more inelastic (this hike will not impact volumes). The company added 3 CNG stations in Q1, with total now at 811. GGL plans adding 22 stations in FY25, while 62 would be upgrades. The FDODO scheme would add to this; hence overall additions would be ~100.
- The FDODO scheme, though which all infra capex would be done by dealers, saw 600 applications, and LoIs (200 in Phase 1) would be issued from next week/month. Expects exponential growth in CNG from this, with 1mmscmd targeted volumes in 1.5-2.0 years. 60-75% of these stations would come up in Gujarat, though the response outside Gujarat is also good (driven by 3Ws and 4Ws). Dealer margin would be 2x the normal margin, but opex would be borne by dealers and GGL's margins would not be impacted.
- GGL is bullish and aggressive in CNG on the back of positive investment outlook, consumer adoption, and infra expansion. The management upheld its 14-15% YoY volume growth guidance. Gujarat would still be the mainstay in CNG.
- Overall volume growth expectation for FY25 is 5-7% YoY, while 10% CAGR is targeted over the medium term, as the period would see IPNG volatilities. GGL focuses on achieving volumes with balanced margins and rapid infra expansion.
- The company monitors propane prices, and IPNG pricing is calibrated to balance volumes and margins.
- APM share in the priority mix is 75% (2.69mmscmd, Q1 rate), while overall sourcing mix entails 27% from long-term gas (3.09mmscmd of the 4.3mmscmd contracted) and 49% from spot, totaling at 11.09mmscmd. The company will look to signing more long-term contracts if IPNG volume volatility reduces. It has the capability of tying up more gas. It is consuming spot LNG, which grants cost-reduction benefits in certain periods.
- Currently, spot LNG is at US\$13/mmbtu, while long-term LNG is at US\$13-14/mmbtu; but in Q1, shorter-term gas was cheaper. GGL looks at forward curves. GSPC is currently negotiating QatarGas contract renewal and GGL will sign up with GSPC thereafter.

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- EBITDA margin guidance is based on the above trends, and the company maintains the Rs4.5-5.5/scm range.
- Capex in Q1FY25 was Rs2.06bn, while FY25 guidance is Rs10bn, equally split between new and older GAs. The last 3-4 years, 40-45% of the capex was toward new areas. In the next 3-5 years, the capex target is Rs12-15bnpa. Capex plans are based on viability analysis of assets. GGL has a good mix of mature and new areas. The company's targeted RoE is 15%.
- There is not much regulatory commitment pending, except for DPNG connections. States reducing VAT is positive, while gas under GST would be welcomed (ITC saving vs 6% rate now for Morbi), though there is no update on this.
- Hydrogen blending in the PNG network has increased to 8% from the mandated 5%. This is an NTPC-driven pilot to test infra integrity, etc. It is being supplied to the NTPC township and GGL does not see any major financial impact from this.
- CBG is being injected by GGL, though it is also part of the SATAT scheme and the company is only an offtaker.
- ESG is a focus area and sale of gas in Q1FY25 has led to 17,285mt of reduction in coal burning and 2,946km of petrol-km reduction. It is enhancing digitization, and safety remains paramount. The company's credit rating is steady..

Exhibit 3: Change in assumptions

	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
EBITDA/scm (Rs)	6.0	6.0	1%	6.1	6.2	1%	6.3
Volumes (mmscmd)	10.7	10.7	0%	11.8	11.8	0%	12.9
Growth	15%	15%	0bps	10%	10%	-bps	9%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	183,388	183,388	0%	205,652	205,652	0%	228,543
EBITDA	23,368	23,642	1%	26,255	26,560	1%	29,435
EBITDA margin	12.7%	12.9%	15bps	12.8%	12.9%	15bps	12.9%
PAT	14,368	14,556	1%	16,668	16,846	1%	18,931
EPS (Rs)	20.9	21.1	1%	24.2	24.5	1%	27.5

Source: Company, Emkay Research

Exhibit 5: DCF-based valuation (Sep-25E)

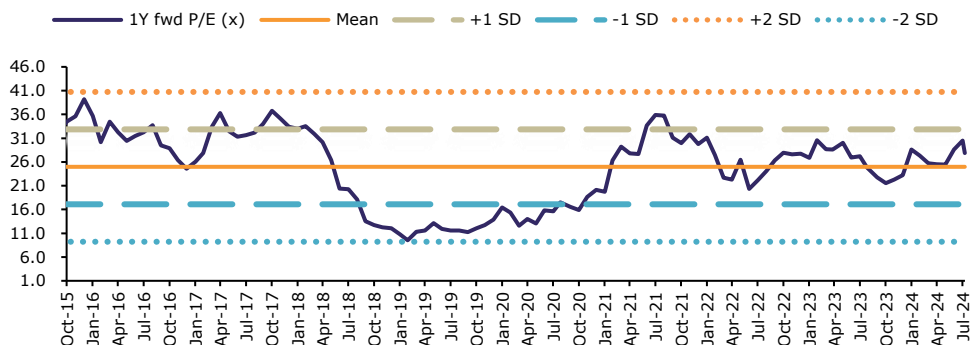
DCF Assumptions		Sep-26E (Rs mn)	
Risk Free Rate	7.0%	NPV Of FCF	163,740
Risk Premium	5.3%	Terminal Value	533,035
Beta	0.7	PV Of TV	157,371
Cost Of Equity	10.7%	Total Value	321,111
Cost Of Debt	9.0%	Less: Adjusted Net Debt	-23,091
Post Tax Cost Of Debt	6.8%	Equity Value	344,202
Average Debt:Equity Ratio	0.0%	No. Of Shares O/S (mn)	688
WACC	10.7%	Target Price (Rs/sh)	500
Terminal Growth Rate	3.0%		

Source: Company, Emkay Research

Exhibit 6: PER-based valuation (Sep-26E)

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Adjusted EPS (Rs)	18.8	22.2	16.0	21.1	24.5	27.5
Target multiple (x)						19.2
DCF Target Price (Rs/sh)						500

Source: Company, Emkay Research

Exhibit 7: GGL's one-year forward P/E

Source: Company, Bloomberg, Emkay Research

Exhibit 8: Peer Comparison

Co.	Rating	TP Rs/sh	P/E (x)			EV/EBITDA (x)			RoE			RoCE			PAT growth			Dividend yield		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
MGL	Buy	2,100	14.9	13.8	12.6	9.5	8.4	7.4	21%	20%	19%	19%	19%	18%	-5%	8%	9%	3%	3%	3%
IGL	Reduce	510	20.0	18.2	16.2	12.9	11.4	9.8	19%	19%	18%	18%	18%	17%	8%	10%	12%	2%	2%	2%
GGL	Sell	500	29.4	25.4	22.6	17.5	15.3	13.4	17%	17%	17%	16%	16%	16%	32%	16%	12%	1%	1%	1%

Source: Company, Bloomberg, Emkay Research

Gujarat Gas: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	167,594	156,902	183,388	205,652	228,543
Revenue growth (%)	1.8	(6.4)	16.9	12.1	11.1
EBITDA	23,920	18,764	23,642	26,560	29,435
EBITDA growth (%)	15.2	(21.6)	26.0	12.3	10.8
Depreciation & Amortization	4,283	4,743	5,127	5,549	5,995
EBIT	19,637	14,021	18,515	21,011	23,440
EBIT growth (%)	16.1	(28.6)	32.1	13.5	11.6
Other operating income	0	0	0	0	0
Other income	1,013	1,078	1,463	1,547	1,870
Financial expense	404	293	518	37	1
PBT	20,247	14,805	19,460	22,521	25,309
Extraordinary items	0	557	0	0	0
Taxes	4,992	3,934	4,904	5,675	6,378
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	15,255	11,428	14,556	16,846	18,931
PAT growth (%)	18.7	(25.1)	27.4	15.7	12.4
Adjusted PAT	15,255	11,013	14,556	16,846	18,931
Diluted EPS (Rs)	22.2	16.0	21.1	24.5	27.5
Diluted EPS growth (%)	18.7	(25.1)	27.4	15.7	12.4
DPS (Rs)	6.6	5.7	6.3	7.3	8.2
Dividend payout (%)	30.0	34.1	30.0	30.0	30.0
EBITDA margin (%)	14.3	12.0	12.9	12.9	12.9
EBIT margin (%)	11.7	8.9	10.1	10.2	10.3
Effective tax rate (%)	24.7	26.6	25.2	25.2	25.2
NOPLAT (pre-IndAS)	14,796	10,295	13,850	15,716	17,533
Shares outstanding (mn)	688.4	688.4	688.4	688.4	688.4

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	20,247	14,805	19,460	22,521	25,309
Others (non-cash items)	4,089	4,407	4,182	4,039	4,126
Taxes paid	(4,608)	(3,227)	(4,278)	(5,043)	(5,740)
Change in NWC	4,052	(201)	(354)	(164)	(162)
Operating cash flow	23,780	16,341	19,010	21,352	23,533
Capital expenditure	(10,865)	(8,371)	(9,247)	(9,247)	(9,247)
Acquisition of business	0	0	0	0	0
Interest & dividend income	499	622	1,463	1,547	1,870
Investing cash flow	(10,413)	(8,787)	(7,784)	(7,700)	(7,377)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(5,024)	(293)	(300)	(80)	(14)
Payment of lease liabilities	(186)	(186)	(186)	(186)	(186)
Interest paid	(381)	(273)	(518)	(37)	(1)
Dividend paid (incl tax)	(1,379)	(4,575)	(4,367)	(5,054)	(5,679)
Others	16	38	0	0	0
Financing cash flow	(6,768)	(5,103)	(5,185)	(5,171)	(5,695)
Net chg in Cash	6,599	2,451	6,041	8,481	10,461
OCF	23,780	16,341	19,010	21,352	23,533
Adj. OCF (w/o NWC chg.)	19,727	16,542	19,364	21,516	23,696
FCFF	12,915	7,971	9,763	12,105	14,286
FCFE	13,010	8,299	10,708	13,615	16,155
OCF/EBITDA (%)	99.4	87.1	80.4	80.4	79.9
FCFE/PAT (%)	85.3	72.6	73.6	80.8	85.3
FCFF/NOPLAT (%)	87.3	77.4	70.5	77.0	81.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	1,377	1,377	1,377	1,377	1,377
Reserves & Surplus	68,579	75,516	85,705	97,497	110,749
Net worth	69,956	76,893	87,082	98,874	112,126
Minority interests	0	0	0	0	0
Deferred tax liability (net)	8,461	9,108	9,733	10,365	11,003
Total debt	1,523	1,503	1,203	1,123	1,109
Total liabilities & equity	79,940	87,503	98,018	110,362	124,238
Net tangible fixed assets	66,742	70,993	74,838	79,482	83,585
Net intangible assets	4,039	4,039	4,039	4,039	4,039
Net ROU assets	2,582	2,582	2,582	2,582	2,582
Capital WIP	9,831	9,180	9,455	8,510	7,659
Goodwill	0	0	0	0	0
Investments [JV/Associates]	317	1,364	1,364	1,364	1,364
Cash & equivalents	6,810	9,261	15,302	23,783	34,245
Current assets (ex-cash)	13,989	14,094	16,028	17,671	19,361
Current Liab. & Prov.	29,011	29,081	30,813	32,449	34,138
NWC (ex-cash)	(15,022)	(14,987)	(14,785)	(14,778)	(14,777)
Total assets	79,940	87,503	98,018	110,362	124,238
Net debt	(5,287)	(7,759)	(14,100)	(22,661)	(33,136)
Capital employed	79,940	87,503	98,018	110,362	124,238
Invested capital	62,982	67,698	71,896	76,705	80,970
BVPS (Rs)	101.6	111.7	126.5	143.6	162.9
Net Debt/Equity (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)
Net Debt/EBITDA (x)	(0.2)	(0.4)	(0.6)	(0.9)	(1.1)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	27.5	18.0	21.5	21.7	21.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	28.1	38.9	29.4	25.4	22.6
P/CE(x)	21.9	27.2	21.7	19.1	17.2
P/B (x)	6.1	5.6	4.9	4.3	3.8
EV/Sales (x)	2.5	2.7	2.3	2.0	1.7
EV/EBITDA (x)	17.7	22.4	17.5	15.3	13.4
EV/EBIT(x)	21.5	30.0	22.4	19.3	16.8
EV/IC (x)	6.7	6.2	5.8	5.3	4.9
FCFF yield (%)	3.1	1.9	2.4	3.0	3.6
FCFE yield (%)	3.0	1.9	2.5	3.2	3.8
Dividend yield (%)	1.1	0.9	1.0	1.2	1.3
DuPont-RoE split					
Net profit margin (%)	9.1	7.0	7.9	8.2	8.3
Total asset turnover (x)	2.2	1.9	2.0	2.0	1.9
Assets/Equity (x)	1.2	1.1	1.1	1.1	1.1
RoE (%)	24.2	15.0	17.8	18.1	17.9
DuPont-RoIC					
NOPLAT margin (%)	8.8	6.6	7.6	7.6	7.7
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	24.1	15.8	19.8	21.2	22.2
Operating metrics					
Core NWC days	5.4	6.8	6.8	6.8	6.8
Total NWC days	5.4	6.8	6.8	6.8	6.8
Fixed asset turnover	1.6	1.4	1.5	1.6	1.6
Opex-to-revenue (%)	6.5	8.0	6.9	6.6	6.5

Source: Company, Emkay Research

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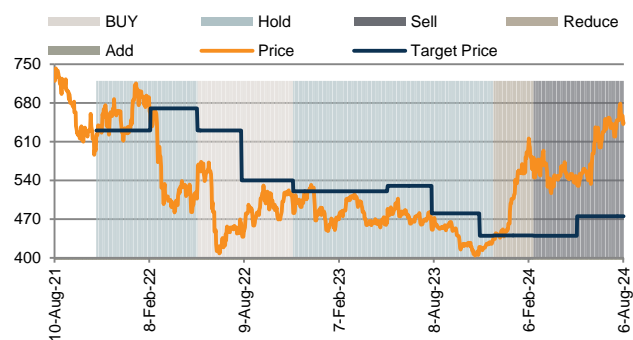
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RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
09-May-24	532	475	Sell	Sabri Hazarika
15-Feb-24	581	440	Sell	Sabri Hazarika
03-Jan-24	499	440	Reduce	Sabri Hazarika
30-Nov-23	433	440	Reduce	Sabri Hazarika
04-Nov-23	419	440	Hold	Sabri Hazarika
04-Aug-23	451	480	Hold	Sabri Hazarika
03-Jul-23	475	530	Hold	Sabri Hazarika
11-May-23	488	530	Hold	Sabri Hazarika
30-Mar-23	470	520	Hold	Sabri Hazarika
14-Feb-23	475	520	Hold	Sabri Hazarika
11-Nov-22	481	520	Hold	Sabri Hazarika
04-Aug-22	444	540	Buy	Sabri Hazarika
11-May-22	537	630	Buy	Sabri Hazarika
10-Feb-22	648	670	Hold	Sabri Hazarika
23-Nov-21	648	630	Hold	Sabri Hazarika
29-Oct-21	622	630	Hold	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
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