ADD Mahanagar Gas

Realization-led margin recovery; higher capex to drive growth

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Oil & Gas ▸ Result Update ▸ **August 01, 2026** | **CMP (Rs): 1,121 | TP (Rs): 1,300**

MGL's 1QFY27 SA EBITDA/PAT of Rs3.4/1.9bn slightly missed our estimate by 3%/5%, largely owing to higher RM costs amid gas price spike and HH volume curtailment due to the ME crisis. However, earnings were a significant beat to street estimates. Volume grew 7% yoy to 4.77mmscmd, with CNG volume up 10% (2% beat), while I/CPNG volume declined 7% yoy (3% miss) due to ~20% curtailment. EBITDA/scm rose 28% qoq to Rs7.9, supported by softer HH prices and a 70-80% qoq uptick in I/CPNG realizations amid higher Brent. However, the near-term margin outlook remains uncertain, with pooled gas having been withdrawn and the shortfall being met through costlier spot/short-term sourcing, while HH contracted volumes remain partly impacted by force majeure. However, the management maintains its long-term EBITDA/scm target of Rs8-9 and guides for ~8-9% overall volume growth, supported by healthy CNG growth, faster DPNG additions, and normalization of I/CPNG supplies. MGL intends to accelerate infrastructure rollout and front-load capex, raising FY27 capex guidance to Rs15-18bn from ~Rs12bn earlier. We cut FY27E EPS by 4% and FY28-29E EPS by 11-12%, factoring in lower other income and higher D/A amid increased capex funding. Rolling forward to Jun-28E, we raise WACC to 11.5% from 11.3%, with TP unchanged at Rs1,300; retain ADD.

Results highlights

SA EBITDA/PAT in 1QFY27 was up 32%/47% qoq and down 12%/18% yoy. PNG volumes remained flat yoy, largely owing to a 7% yoy decline in I/CPNG (3% miss) amid curtailment, while DPNG volume was up 9% (1% miss). Gross margin was up 9% qoq to Rs14.7/scm (2% miss), largely due to 12% qoq uptick in net realization to Rs54.5/scm (4% above estimate), while unit gas cost was up 13% qoq to Rs39.9/scm (7% above estimate). Unit opex rose 2% yoy/fell 7% qoq to Rs6.8/scm, with other expenses up 7% yoy/down 6% qoq to Rs2.5bn, while employee costs were up 25% yoy. Consequently, EBITDA/scm rose 28% qoq to Rs7.9 (down 17% yoy; 4% miss). D/A rose 2% qoq to Rs1.1bn, while other income was down 5% yoy at Rs304mn (up 5% qoq; 1% beat).

Management KTAs

UEPL volumes rose to 0.322mmscmd, with significant upside potential of ~1.2mmscmd, while Raigad volumes rose to ~0.4mmscmd from ~0.33mmscmd in 1QFY26. Brent-linked/spot LNG procurement remained relatively limited in 1Q. I/CPNG realizations rose Rs27-32/scm qoq, with CPNG seeing a sharper rise. Pooled gas allocation was withdrawn, though MGL has represented for reinstatement. BEST volume decline was largely offset by higher MSRTC/private bus additions. Long-term DPNG addressable market stands at 3.8-4.0mn households, of which ~3.3mn are connected and ~2.2mn are active.

Valuation

We value the merged entity using the DCF method, arriving at Jun-27E TP of Rs1,300. We raise WACC estimate to 11.5% from 11.3%. Key risks: Adverse pricing, margin, currency; high gas prices; open access; EV adoption; project delays; supply disruption.

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	16.0

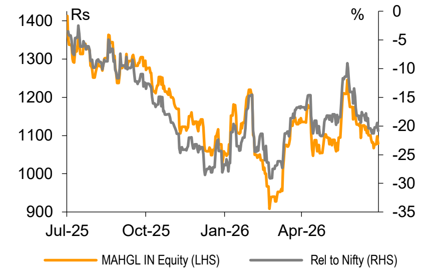
Stock Data	**MAHGL IN**
52-week High (Rs)	1,407
52-week Low (Rs)	900
Shares outstanding (mn)	98.8
Market-cap (Rs bn)	111
Market-cap (USD mn)	1,160
Net-debt, FY27E (Rs mn)	(5,887.3)
ADTV-3M (mn shares)	0.4
ADTV-3M (Rs mn)	310.2
ADTV-3M (USD mn)	3.3
Free float (%)	31.0
Nifty-50	24,383.6
INR/USD	95.4

Shareholding,Jun-26	
Promoters (%)	32.5
FPIs/MFs (%)	23.2/22.5

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	(4.6)	(1.3)	(17.5)
Rel. to Nifty	(6.6)	(2.9)	(16.2)

1-Year share price trend (Rs)



Mahanagar Gas: Financial Snapshot (Standalone)

Y/E March (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	71,979	81,273	90,639	99,412	108,081
EBITDA	15,067	13,382	13,680	16,327	17,584
Adj. PAT	9,931	7,630	7,502	8,651	9,321
Adj. EPS (Rs)	100.5	77.2	75.9	87.6	94.4
EBITDA margin (%)	20.9	16.5	15.1	16.4	16.3
EBITDA growth (%)	(18.2)	(11.2)	2.2	19.4	7.7
Adj. EPS growth (%)	(23.0)	(23.2)	(1.7)	15.3	7.7
RoE (%)	18.9	13.8	11.3	12.1	12.0
RoIC (%)	22.1	13.4	11.6	11.7	11.4
P/E (x)	10.6	13.1	14.8	12.8	11.9
EV/EBITDA (x)	6.6	7.6	7.7	6.5	5.9
P/B (x)	1.9	1.7	1.6	1.5	1.4
FCFF yield (%)	2.5	0.9	(1.5)	0.3	6.2

Source: Company, Emkay Research

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Exhibit 1: Actuals vs estimates (1QFY27)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation Emkay	Variation Consensus	Comments
Total Revenue	23,717	22,624	22,430	5%	6%	Higher-than-expected volumes and realization
EBITDA	3,430	3,548	2,636	-3%	30%	Higher-than-expected unit gas cost and opex
EBITDA Margin	*14.5%*	*15.7%*	*11.8%*	*-122bps*	*271bps*	
Adjusted Net Profit	1,937	2,040	1,338	-5%	45%	

Source: Company, Emkay Research

Exhibit 2: Standalone quarterly summary

Standalone (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy	qoq	FY25	FY26	yoy
CNG Sales (incl LNG)	16,034	16,624	16,828	16,872	18,456	15%	9%	57,879	66,359	15%
Less Excise	1,991	2,060	2,077	2,069	2,262	14%	9%	7,152	8,196	15%
PNG Sales	5,504	5,805	5,733	5,581	7,386	34%	32%	20,875	22,623	8%
Other Operating Income	137	124	98	129	137	0%	7%	377	487	29%
Net Revenues	**19,685**	**20,493**	**20,583**	**20,512**	**23,717**	20%	16%	**71,979**	**81,273**	13%
Dec/(Inc) in Stock In Trade	-4	-1	0	-6	-9			-12	-11	
Raw Material Cost	13,101	14,249	14,157	14,816	17,334	32%	17%	46,787	56,322	20%
Total COGS	13,097	14,247	14,158	14,810	17,325	32%	17%	46,776	56,312	20%
Gross Profit	**6,451**	**6,122**	**6,327**	**5,574**	**6,255**	-3%	12%	**24,826**	**24,474**	-1%
Employee Cost	371	488	475	430	463	25%	8%	1,468	1,764	20%
Other Expenses	2,339	2,378	2,430	2,669	2,499	7%	-6%	8,669	9,816	13%
Total OPEX	2,710	2,866	2,905	3,099	2,963	9%	-4%	10,137	11,580	14%
Total Expenditure	15,807	17,114	17,062	17,909	20,287	28%	13%	56,912	67,891	19%
EBITDA	**3,878**	**3,380**	**3,521**	**2,603**	**3,430**	-12%	32%	**15,067**	**13,382**	-11%
Depreciation	959	1,038	1,034	1,061	1,086	13%	2%	3,517	4,092	16%
EBIT	2,919	2,342	2,487	1,543	2,344	-20%	52%	11,550	9,290	-20%
Interest	45	50	63	48	57	28%	20%	138	206	49%
Other Income	319	289	294	290	304	-5%	5%	1,660	1,192	-28%
PBT before Exceptional Items	3,194	2,580	2,718	1,785	2,591	-19%	45%	13,073	10,277	-21%
Exceptional Items	1,129	-	-	-	-			634	1,129	
PBT	4,322	2,580	2,718	1,785	2,591	-40%	45%	13,706	11,405	-17%
Total tax	1,127	646	698	466	654	-42%	40%	3,294	2,937	-11%
Reported PAT	**3,196**	**1,934**	**2,020**	**1,319**	**1,937**	-39%	47%	**10,413**	**8,468**	-19%
Reported EPS (Rs)	32.4	19.6	20.4	13.4	19.6	-39%	47%	105.4	85.7	-19%
Adjusted PAT	**2,361**	**1,934**	**2,020**	**1,319**	**1,937**	**-18%**	**47%**	**9,958**	**7,634**	**-23%**
Adjusted EPS (Rs)	23.9	19.6	20.4	13.4	19.6	-18%	47%	100.8	77.3	-23%
Shares O/S (mn)	99	99	99	99	99			99	99	
EBITDA Margin	20%	16%	17%	13%	14%			21%	16%	
Standalone Reported NPM	16%	9%	10%	6%	8%			14%	10%	
Effective Tax Rate	26%	25%	26%	26%	25%			24%	26%	
Total Sales (mmscmd)	**4.5**	**4.6**	**4.6**	**4.7**	**4.8**	7%	2%	**4.2**	**4.6**	8%
CNG Volumes (mmscm)	290	299	302	301	318	10%	6%	1,112	1,193	7%
PNG Volumes (mmscm)	115	123	123	119	116	0%	-3%	434	481	11%
Domestic	52	54	56	54	57	9%	4%	203	215	6%
Industrial+Commercial	63	70	68	65	59	-7%	-9%	231	265	15%
Industrial	50	57	53	50	45	-11%	-11%	178	210	18%
Commercial	13	13	15	14	14	6%	-2%	53	55	4%
Gross Margin (Rs/scm)	16.3	14.8	15.1	13.6	14.7	-9%	9%	16.3	14.9	-9%
Adj EBITDA/scm (Rs)	**9.6**	**8.0**	**8.3**	**6.2**	**7.9**	-17%	28%	**9.7**	**8.0**	-18%
CNG Realization (Rs/kg)	55.2	55.5	55.7	55.9	58.0	5%	4%	52.0	55.6	7%
PNG Realization (Rs/scm)	47.7	47.1	46.5	46.8	63.9	34%	36%	48.1	47.0	-2%
Average Realization (Rs/scm)	48.3	48.3	48.3	48.6	54.5	13%	12%	46.4	48.4	4%

Source: Company, Emkay Research; FY25 numbers restated based on UEPL merger

Key concall takeaways

- The ongoing geopolitical conflict in West Asia disrupted LNG supplies and resulted in elevated global gas prices. However, 100% of DPNG demand and a significant portion of CNG demand continued to be serviced through APM gas, ensuring uninterrupted supplies to priority customers. I/C PNG customers witnessed temporary curtailment as per government directives, while prices remained elevated. Although LNG shipments through the Strait of Hormuz had resumed gradually, supply conditions have again become volatile. Prices would normalize only after the geopolitical situation improves.

- In 1QFY27, MGL added 97,461 DPNG connections (highest ever), laid 156.6km of steel and PE pipeline network, onboarded 291 I/C PNG customers, and commissioned one new CNG station. As of Jun-26, the company had a cumulative base of 3.24mn DPNG connections, 8,477km of pipeline network, 6,198 I/C PNG customers, and 519 CNG stations. During the quarter, 26,007 new CNG vehicles were added, taking the cumulative CNG vehicle population across its GAs to over 1.31mn. The company also successfully migrated its ERP platform from SAP ECC to SAP S/4HANA as part of its digital transformation initiative.

- Total gas sales volume increased 7.0% yoy and 2.0% qoq to 4.766mmscmd, comprising 3.496mmscmd of CNG, 0.623mmscmd of DPNG, and 0.648mmscmd of I/C PNG. UEPL contributed 0.322mmscmd during the quarter versus ~0.224mmscmd in 1QFY26, implying volume growth of over 40%. GA-2 remained the key growth driver, while Raigad also saw healthy growth to ~0.40mmscmd from ~0.33mmscmd 1QFY26. GA-1 volumes rose from 1.9mmscmd to ~1.95mmscmd yoy. I/CPNG volumes declined ~7% yoy.

- During 1QFY27, the overall gas sourcing mix comprised ~30% APM gas, 21-22% pooled gas and NWG, 14-15% HP-HT gas (which is bid), 21-22% HH-linked contracted gas, and the balance through Brent-linked contracts, IGX purchases, and spot LNG. While the company had contracted higher HH-linked volumes (~1.5mmscmd), force majeure disruptions limited actual supplies. Consequently, dependence on pooled gas increased, while procurement through Brent-linked contracts and spot LNG remained relatively limited during the quarter. HP-HT procurement included ~0.6mmscmd under long-term contracts and ~0.2mmscmd through IGX purchases. 1Q saw CNG losing margins but offset by I/C PNG.

- Following an initial improvement in the geopolitical situation, pooled gas allocation, which started on 15-Mar-26, was withdrawn during early-Jul-26. However, the renewed escalation in the conflict shortly thereafter again disrupted LNG supplies. The company has represented to the Government of India (GOI) for reinstatement of the pooled gas mechanism, although as of now, procurement continues without pooled gas support. In the interim, supply shortfalls have been partly met through spot LNG purchases (15-20 days in 2Q) and short-term contracts, while efforts continue to secure incremental medium-term supplies to contain procurement costs.

- Spot gas procurement was minimized amid elevated LNG prices. Pooled gas was sourced at $12.5-13/mmbtu, Brent-linked contracts at $13-14/mmbtu, while spot LNG prices briefly touched ~$20/mmbtu. The company continued focusing on lowering its weighted average gas procurement cost by increasing term sourcing and reducing dependence on expensive spot purchases. However, near-term gas costs are expected to remain volatile until geopolitical conditions stabilize.

- During the quarter, I/C PNG supplies were curtailed by ~20%, in line with GOI's directives owing to gas supply constraints. Demand from I/CPNG, however, remained robust and the volume decline was entirely supply-driven rather than demand-led. Once gas availability normalizes and force majeure conditions ease, the company expects to restore supplies and ramp up I/C PNG volumes without any meaningful demand constraint.

- HH-linked contracts continue to provide an important margin hedge. While actual contracted volumes remain impacted by force majeure, HH prices have remained relatively benign compared with Brent. Consequently, whenever Brent prices remain elevated and HH prices remain lower, the company benefits through higher I/C PNG realizations while maintaining relatively lower gas procurement costs. Conversely, when

Brent moderates, lower APM-linked gas costs support CNG and DPNG margins, thereby creating a natural hedge across the portfolio.

- Realizations in the I/C PNG segment increased sharply during the quarter owing to a sharp rise in Brent prices, with average prices rising by Rs27-32/scm qoq. CPNG witnessed a larger increase than IPNG as CPNG pricing is linked primarily to bottled LPG, which saw a much sharper increase than industrial alternative fuels such as FO, LDO, and LSHS. Additionally, IPNG customers continue to receive volume-linked discounts, while newly acquired customers in certain regions like GA-3 receive introductory discounts of ~10% during the initial contract period (3 years). Overall I/C PNG realizations increased by nearly 70-80% qoq, primarily driven by elevated Brent prices ($95-100/bbl).

- CNG maintains a healthy economic advantage over competing fuels, with prices currently at a discount of 40-45% to petrol and ~12% to diesel. The company intends to preserve this differential to sustain long-term vehicle conversions and avoid frequent retail price changes, even if temporary gas cost volatility results in some near-term margin compression. If petrol and diesel prices rise structurally, incremental gas cost increases could eventually be recovered through calibrated CNG price hikes, as the recent gas cost increase has not yet been fully passed on.

- The company expects CNG volume growth of 8-9% yoy over the medium term, supported by a steadily expanding installed base of CNG vehicles and sustained addition of new stations over the past two years. Growth is expected to be driven by the cumulative vehicle base rather than quarterly additions alone (and conditions like monsoon traffic lowering mileage, etc). CVs and recent addition to bus fleet aided growth. Temporary gas price volatility may marginally slow new vehicle registrations but is unlikely to materially impact existing consumption.

- The recently launched fleet program is gaining strong traction and is aimed at increasing penetration among buses and large commercial fleet operators. Multiple fleet agreements have already been signed and are expected to translate into incremental volumes over the coming months. Currently, buses contribute ~4-5% to total CNG volumes. While STU may gradually transition toward EV buses owing to government pressure, private bus operators are expected to continue favoring CNG due to significantly lower capital costs and financing constraints associated with EV adoption. The decline in BEST volumes has been largely offset through higher MSRTC and private bus additions. BEST/MSRTC/other STUs consume 90,000/34-35,000/3,500kg per day of CNG.

- DPNG continues to be a key long-term growth driver under the GOI's PNG Drive 2.0 initiative, which aims to accelerate household conversion from LPG to piped gas. The company expects to significantly increase daily connection rates over time, subject to manpower and execution availability. Annual customer additions could potentially reach 0.8-1.0mn connections under ideal execution conditions without material resource bottlenecks. Current execution remains constrained, primarily by availability of contractors, meters, inspection agencies, and monsoon-related disruptions. The company estimates a long-term addressable market of 3.8-4.0mn households, of which ~3.3mn households have already been connected while active consuming households stand at ~2.2mn. As the conversion of already-connected households accelerates under government initiatives and LPG usage declines, DPNG volume growth could improve to 7-8%. Beyond this level, future growth would largely depend on expansion into new geographies.

- Overall long-term volume growth continues to be guided at 8-9%, supported by steady CNG growth, acceleration in DPNG additions under PNG Drive 2.0, and eventual normalization of I/C PNG supplies once gas availability improves. Double-digit growth remains achievable over time if industrial gas supply constraints are removed, although near-term growth will remain dependent on LNG availability and geopolitical developments.

- Margin visibility remains limited in the near term owing to uncertainty surrounding gas availability and LNG pricing. Spot LNG and JKM prices are expected to remain elevated over the next 1-2 months if geopolitical tensions persist, resulting in continued pressure on margins. Nevertheless, the company continues targeting a long-term EBITDA margin of Rs8-9/scm through optimized gas sourcing, calibrated pricing actions, and portfolio balancing, although quarterly margins may deviate depending on external factors beyond management control. 2Q is worse off due to the lack of pooled gas so far, but the full impact of CNG price hikes will offset.

- Existing GAs continue to offer significant growth potential, particularly UEPL where current volumes of ~0.32mmscmd remain substantially below the estimated potential of ~1.2mmscmd. Alongside organic growth, the company remains open to inorganic opportunities within the CGD sector, particularly as declining APM allocations and gas procurement challenges may create consolidation opportunities among smaller operators.
- The company plans to materially accelerate infrastructure rollout to capitalize on government support for PNG expansion. 1QFY27 capex stood at ~Rs3.5bn, while FY27 capex guidance has been increased to Rs15-18bn (~Rs12bn earlier), subject to manpower and material availability. The higher capex primarily reflects front-loading of future investments to capitalize on faster approval timelines and lower road restoration costs under PNG Drive 2.0 rather than an increase in total project cost. Faster execution is also expected to reduce long-term unit capex and overhead costs.
- Despite the higher capex plan, dividend payouts are expected to be broadly unchanged. The company maintains a strong net cash balance sheet and remains open to raising debt, if required, particularly to fund upcoming CBG and non-core investments. The current capex acceleration merely advances future infrastructure spending and, therefore, does not materially alter long-term cash generation or shareholder returns.
- Long-haul LNG remains at an early stage, with two stations currently operational and handling around 5ton/day of throughput, broadly at break-even levels. The battery manufacturing initiative remains on hold, following a sharp decline in battery realizations ($70-75/kWh from $100) and ongoing restructuring with partners, while EV cargo operations remain sub-scale and loss-making as it was a start-up and still in a budding stage. The CBG project continues to progress, with land allocation completed and development of the first 350tpd municipal solid waste-based plant expected to commence shortly. Non-CGD businesses are expected to remain relatively small over the next 3-5 years, with the primary objective being to build strategic capabilities rather than contribute meaningfully to earnings.

Exhibit 3: Change in estimates

Merged (Rs mn)	FY27E			FY28E			FY29E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	90,639	90,639	0%	99,412	99,412	0%	108,081	108,081	0%
EBITDA	13,680	13,680	0%	16,327	16,327	0%	17,584	17,584	0%
EBITDA margin	*15.1%*	*15.1%*	*0bps*	*16.4%*	*16.4%*	*0bps*	*16.3%*	*16.3%*	*0bps*
PAT	7,807	7,704	-1%	9,671	9,404	-3%	10,561	10,283	-3%
EPS (Rs)	79.0	78.0	-1%	97.9	95.2	-3%	106.9	104.1	-3%

Source: Emkay Research

Exhibit 4: DCF-based valuation (Jun-27E)

DCF Assumptions	MGL Merged	Jun-28E (Rs mn)	MGL Merged
Risk Free Rate	6.9%	NPV of FCF	115,499
Risk Premium	6.0%	Terminal Value	72,750
Beta	0.8	PV of TV	4,266
Cost of Equity	11.5%	Total Value	119,765
Cost of Debt	8.0%	Less: Adjusted Net Debt (Y/E)	-8,659
Post Tax Cost of Debt	6.0%	**Equity Value**	**128,425**
Average Debt:Equity	0.0%	No of Shares O/S (mn)	99
WACC	**11.5%**	**Target Price (Rs)**	**1,300**
Terminal Growth Rate	0.0%		

Source: Emkay Research

Exhibit 5: PER-based valuation (Jun-28E EPS)

	FY24	FY25	FY26	FY27E	FY28E	FY29E
MGL's adjusted EPS (Rs)	130.5	100.5	77.2	78.0	95.2	104.1
Target multiple (x)						**13.3**
DCF-based target price (Rs)						**1,300**

Source: Emkay Research

Mahanagar Gas: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**71,979**	**81,273**	**90,639**	**99,412**	**108,081**
Revenue growth (%)	15.3	12.9	11.5	9.7	8.7
EBITDA	**15,067**	**13,382**	**13,680**	**16,327**	**17,584**
EBITDA growth (%)	(18.2)	(11.2)	2.2	19.4	7.7
Depreciation & Amortization	3,517	4,092	4,616	5,474	5,969
EBIT	**11,550**	**9,290**	**9,064**	**10,852**	**11,615**
EBIT growth (%)	(26.4)	(19.6)	(2.4)	19.7	7.0
Other operating income	300	317	332	349	367
Other income	1,660	1,192	1,182	930	1,064
Financial expense	138	206	216	217	218
PBT	**13,073**	**10,277**	**10,030**	**11,565**	**12,461**
Extraordinary items	634	1,129	0	0	0
Taxes	3,294	2,937	2,527	2,914	3,140
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**10,413**	**8,468**	**7,502**	**8,651**	**9,321**
PAT growth (%)	(19.2)	(18.7)	(11.4)	15.3	7.7
Adjusted PAT	**9,931**	**7,630**	**7,502**	**8,651**	**9,321**
Diluted EPS (Rs)	**100.5**	**77.2**	**75.9**	**87.6**	**94.4**
Diluted EPS growth (%)	(23.0)	(23.2)	(1.7)	15.3	7.7
DPS (Rs)	**30.0**	**30.0**	**28.9**	**31.3**	**35.3**
Dividend payout (%)	**28.5**	**35.0**	**38.0**	**35.7**	**37.4**
EBITDA margin (%)	20.9	16.5	15.1	16.4	16.3
EBIT margin (%)	16.0	11.4	10.0	10.9	10.7
Effective tax rate (%)	25.2	28.6	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**8,640**	**6,635**	**6,780**	**8,118**	**8,688**
Shares outstanding (mn)	99	99	99	99	99

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	988	988	988	988	988
Reserves & Surplus	57,797	63,355	68,006	73,569	79,403
Net worth	**58,785**	**64,343**	**68,994**	**74,556**	**80,391**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	3,111	3,739	4,355	4,977	5,605
Total debt	**1,981**	**2,187**	**2,197**	**2,207**	**2,217**
Total liabilities & equity	**74,903**	**82,293**	**89,371**	**97,222**	**105,241**
Net tangible fixed assets	48,372	53,663	64,677	74,801	79,400
Net intangible assets	70	70	70	70	70
Net ROU assets	-	-	-	-	-
Capital WIP	10,621	12,593	11,963	11,365	10,796
Goodwill	-	-	-	-	-
Investments [JV/Associates]	2,522	2,424	2,424	2,424	2,424
Cash & equivalents	**13,871**	**11,493**	**8,085**	**6,058**	**9,846**
Current assets (ex-cash)	5,421	6,812	7,597	8,333	9,059
Current Liab. & Prov.	7,942	7,359	8,342	9,006	9,810
NWC (ex-cash)	**(2,521)**	**(547)**	**(745)**	**(673)**	**(750)**
Total assets	**74,903**	**82,293**	**89,371**	**97,222**	**105,241**
Net debt	(11,889)	(9,305)	(5,887)	(3,851)	(7,628)
Capital employed	74,903	82,293	89,371	97,222	105,241
Invested capital	**45,921**	**53,186**	**64,002**	**74,197**	**78,720**
BVPS (Rs)	595.1	651.4	698.5	754.8	813.8
Net Debt/Equity (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt/EBITDA (x)	(0.8)	(0.7)	(0.4)	(0.2)	(0.4)
Interest coverage (x)	95.7	51.0	47.4	54.2	58.2
RoCE (%)	**23.3**	**16.5**	**14.9**	**15.9**	**15.9**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	11,412	9,085	8,848	10,635	11,397
Others (non-cash items)	1,084	1,541	-	0	0
Taxes paid	(2,688)	(2,655)	(1,911)	(2,292)	(2,512)
Change in NWC	732	(793)	1,699	1,304	1,345
Operating cash flow	**14,196**	**11,475**	**13,467**	**15,339**	**16,418**
Capital expenditure	(11,703)	(10,604)	(15,000)	(15,000)	(10,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	397	159	1,182	930	1,064
Investing cash flow	**(11,442)**	**(9,985)**	**(10,504)**	**(11,957)**	**(8,986)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(429)	(717)	10	10	10
Payment of lease liabilities	-	-	-	-	-
Interest paid	(17)	0	(216)	(217)	(218)
Dividend paid (incl tax)	(2,964)	(2,965)	(2,851)	(3,088)	(3,486)
Others	0	0	0	0	0
Financing cash flow	**(3,410)**	**(3,681)**	**(3,057)**	**(3,295)**	**(3,694)**
Net chg in Cash	(656)	(2,192)	(94)	86	3,738
OCF	14,196	11,475	13,467	15,339	16,418
Adj. OCF (w/o NWC chg.)	13,464	12,267	11,768	14,035	15,072
FCFF	2,493	870	(1,533)	339	6,418
FCFE	2,753	823	(567)	1,052	7,263
OCF/EBITDA (%)	94.2	85.7	98.4	93.9	93.4
FCFE/PAT (%)	26.4	9.7	(7.6)	12.2	77.9
FCFF/NOPLAT (%)	**28.9**	**13.1**	**(22.6)**	**4.2**	**73.9**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	10.6	13.1	14.8	12.8	11.9
P/CE(x)	7.9	8.8	9.1	7.8	7.2
P/B (x)	1.9	1.7	1.6	1.5	1.4
EV/Sales (x)	1.4	1.3	1.2	1.1	1.0
EV/EBITDA (x)	6.6	7.6	7.7	6.5	5.9
EV/EBIT(x)	8.6	10.9	11.6	9.8	8.9
EV/IC (x)	2.2	1.9	1.6	1.4	1.3
FCFF yield (%)	2.5	0.9	(1.5)	0.3	6.2
FCFE yield (%)	2.5	0.7	(0.5)	1.0	6.6
Dividend yield (%)	2.7	2.7	2.6	2.8	3.1
DuPont-RoE split					
Net profit margin (%)	14.5	10.4	8.3	8.7	8.6
Total asset turnover (x)	1.0	1.0	1.1	1.1	1.1
Assets/Equity (x)	1.3	1.3	1.3	1.3	1.3
RoE (%)	**18.9**	**13.8**	**11.3**	**12.1**	**12.0**
DuPont-RoIC					
NOPLAT margin (%)	12.0	8.2	7.5	8.2	8.0
IC turnover (x)	1.8	1.6	1.5	1.4	1.4
RoIC (%)	**22.1**	**13.4**	**11.6**	**11.7**	**11.4**
Operating metrics					
Core NWC days	(12.8)	(2.5)	(3.0)	(2.5)	(2.5)
Total NWC days	**(12.8)**	**(2.5)**	**(3.0)**	**(2.5)**	**(2.5)**
Fixed asset turnover	1.2	1.1	1.1	1.0	1.0
Opex-to-revenue (%)	14.1	14.2	14.7	15.3	15.6

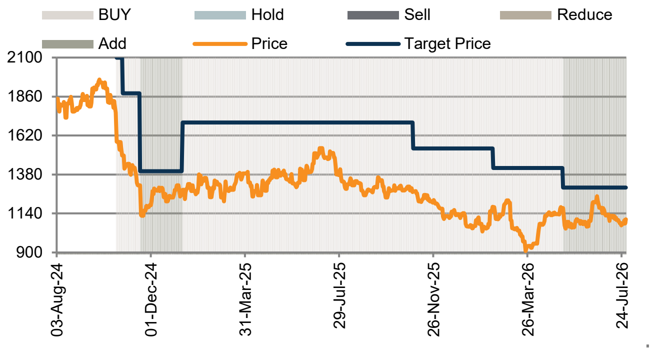
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
10-May-26	1,173	1,300	Add	Sabri Hazarika
10-Feb-26	1,174	1,420	Buy	Sabri Hazarika
17-Dec-25	1,117	1,540	Buy	Sabri Hazarika
31-Oct-25	1,277	1,540	Buy	Sabri Hazarika
24-Jul-25	1,429	1,700	Buy	Sabri Hazarika
07-Jul-25	1,543	1,700	Buy	Sabri Hazarika
08-May-25	1,369	1,700	Buy	Sabri Hazarika
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

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
SELL	>15% downside

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