

Indraprastha Gas | BUY

Earnings beat on higher margin; volume growth muted

IGL's 1QFY25 standalone EBITDA, at INR 5.8bn, was higher than JMFe/consensus of INR 5.1bn/INR 5.5bn due to higher EBITDA margin at INR 7.4/scm (vs. JMFe at INR 6.1/scm) driven by lower cost of gas and slightly higher realisation. However, overall sales volume was 2% lower at 8.6mmscmd vs. JMFe of 8.8mmscmd due to weak PNG volume while CNG volume was in line. Hence, PAT at INR 4.0bn was also higher vs. JMFe/consensus of INR 3.3bn/INR 3.8bn. IGL's share of CUGL and MNGL's PAT was INR 808mn in 1QFY25 (vs. INR 815mn in 4QFY24). We maintain BUY (unchanged TP of INR 550) due to IGL's: a) decent pricing power, and b) steady volume growth story based on its existing lucrative NCR market and expansion into new, lucrative nearby cities and intercity traffic. At CMP, IGL is trading at consolidated FY26 P/E of 16.2x and FY26 P/B of 3.5x.

- EBITDA margin higher at INR 7.4/scm vs. JMFe of INR 6.1/scm due to lower cost of gas and slightly higher realisation:** Gross margin was higher at INR 13.2/scm in 1QFY25 vs. JMFe at INR 11.8/scm (vs. INR 13.1/scm in 4QFY24) as: **a)** average cost of gas was lower at USD 10.5/mmbtu or INR 31.6/scm vs JMFe of USD 10.9/mmbtu (vs. USD 10.8/mmbtu or INR 31.6/scm in 4QFY24); and **b)** net sales realisation was higher at INR 44.8/scm in 1QFY25 vs. JMFe of INR 44.4/scm (and INR 45.3/scm in 4QFY24). However, opex normalising to INR 5.8/scm was largely in line (vs. one-off jump to INR 6.6/scm in 4QFY24 on account of one-time employee reward and clubbing of FY24 CSR expense in 4QFY24). Hence, EBITDA margin was higher at INR 7.4/scm in 1QFY25 vs. JMFe of INR 6.1/scm (and vs. INR 6.6/scm in 4QFY24).
- Sales volume 2% below JMFe (down 1% QoQ) driven by lower PNG volume while CNG volume was in line:** Sales volume at 8.6mmscmd or 786mmscm (down 1% QoQ and up 5.3% YoY) was 2% below JMFe as PNG sales volume reversed the strong growth of 4QFY24. PNG sales volume was 8% below JMFe and down 7.2% QoQ at 199mmscm (but still up 7.6% YoY) with domestic PNG volume at 61mmscm (down 6.8% QoQ but up 16% YoY) and industrial/commercial PNG volume at 92mmscm (down 11.2% QoQ but up 5.6% YoY). However, CNG volume was largely in line with JMFe at 6.5mmscmd or 587mmscm or (up 1.2% QoQ and up 4.6% YoY).
- Maintain BUY on decent pricing power and steady volume growth story:** We maintain BUY on IGL (unchanged TP of INR 550) due to its: **a)** decent pricing power given that CNG is 45%/20% cheaper than diesel/petrol, and **b)** steady volume growth story based on its existing profitable NCR market and expansion into new, lucrative nearby cities and intercity traffic. At CMP, IGL is trading at FY26 consolidated P/E of 16.2x and FY26 P/B of 3.5x. **Key Risks:** muted volume growth and margin concerns due to rise in penetration of electric vehicles and/or cut in APM gas allocation, and sharp hike in HPHT/spot LNG gas price.



Dayanand Mittal

dayanand.mittal@jmfl.com | Tel: (91 96) 19388870

Shivam Gupta

shivam.gupta@jmfl.com | Tel: (91 22) 66303082

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	550
Upside/(Downside)	0.3%
Previous Price Target	550
Change	0.0%

Key Data – IGL IN

Current Market Price	INR549
Market cap (bn)	INR384.2/US\$4.6
Free Float	40%
Shares in issue (mn)	700.0
Diluted share (mn)	700.0
3-mon avg daily val (mn)	INR1,909.0/US\$22.8
52-week range	554/376
Sensex/Nifty	80,149/24,414
INR/US\$	83.7

Price Performance

%	1M	6M	12M
Absolute	15.6	26.2	16.6
Relative*	12.6	11.3	-3.4

* To the BSE Sensex

Financial Summary (Standalone)

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	141,460	140,000	146,259	176,209	197,931
Sales Growth (%)	83.5	-1.0	4.5	20.5	12.3
EBITDA	20,399	23,669	25,689	28,212	30,164
EBITDA Margin (%)	14.4	16.9	17.6	16.0	15.2
Adjusted Net Profit	14,452	17,481	18,738	20,576	22,016
Diluted EPS (INR)	20.6	25.0	26.8	29.4	31.5
Diluted EPS Growth (%)	9.9	21.0	7.2	9.8	7.0
ROIC (%)	22.5	21.9	21.3	22.1	22.5
ROE (%)	20.6	22.4	20.5	19.7	18.6
P/E (x)	26.6	22.0	20.5	18.7	17.5
P/B (x)	5.4	4.5	3.9	3.5	3.1
EV/EBITDA (x)	18.5	15.7	14.1	12.5	11.4
Dividend Yield (%)	2.4	1.6	1.7	1.9	2.0

Source: Company data, JM Financial. Note: Valuations as of 24/Jul/2024

JM Financial Institutional Securities Limited

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
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S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

1QFY25 Result Review

Exhibit 1. Quarterly snapshot

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	% YoY	% QoQ
Net Sales	31,939	35,540	37,108	36,872	34,070	34,585	35,562	35,968	35,206	3.3	(2.1)
Operating expenditure	25,763	30,265	32,823	32,209	27,646	28,016	29,921	30,742	29,388	6.3	(4.4)
EBITDA	6,175	5,275	4,285	4,663	6,424	6,569	5,641	5,226	5,819	(9.4)	11.3
EBITDA Margin %	19.3%	14.8%	11.5%	12.6%	18.9%	19.0%	15.9%	14.5%	16.5%	-233 bps	200 bps
Depreciation	857	914	925	938	989	1,022	1,018	1,108	1,143	15.5	3.2
Other Income	307	1,100	557	654	457	1,340	550	1,094	727	59.2	(33.6)
PBT	5,602	5,430	3,891	4,354	5,867	6,862	5,155	5,187	5,380	(8.3)	3.7
Tax	1,394	1,269	1,109	1,057	1,483	1,514	1,235	1,359	1,366	(7.9)	0.5
PAT	4,209	4,162	2,783	3,297	4,384	5,348	3,921	3,828	4,015	(8.4)	4.9
EPS (INR)	6.0	5.9	4.0	4.7	6.3	7.6	5.6	5.5	5.7	(8.4)	4.9
Tax rate	24.9%	23.4%	28.5%	24.3%	25.3%	22.1%	23.9%	26.2%	25.4%		
Consolidated EPS (INR)	6.9	6.1	4.8	5.7	7.5	7.9	6.8	6.2	6.9	(7.8)	10.9

Source: Company, JM Financial

Exhibit 2. Operational details

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	% YoY	% QoQ
Gas Volume											
CNG Sales Volume (mmscm)	540	560	559	550	561	575	582	580	587	4.6	1.2
PNG Sales Volume-(mmscm)	178	184	188	193	185	189	198	214	199	7.6	(7.2)
Industrial/commercial Volume	89	92	91	92	87	90	95	104	92	5.6	(11.2)
Domestic Volume	44	46	51	56	52	53	57	65	61	16.0	(6.8)
Natural Gas volume	46	46	46	45	45	46	46	45	46	1.9	1.3
Overall Sales Volume-(mmscm)	718	744	747	743	746	764	780	794	786	5.3	(1.0)
Overall sales volume (mmscmd)	7.9	8.1	8.1	8.3	8.2	8.3	8.5	8.7	8.6	5.3	(1.0)
CNG Sales Volume (mmscmd)	5.9	6.1	6.1	6.1	6.2	6.2	6.3	6.4	6.5	4.6	1.2
Gas Volume growth (% YoY)											
CNG Sales Volume (in KGs)	62.7%	14.9%	7.8%	8.1%	4.0%	2.6%	4.2%	5.4%	4.6%		
CNG Sales Volume (in scm)	62.7%	14.9%	7.8%	8.1%	4.0%	2.6%	4.2%	5.4%	4.6%		
PNG Sales Volume (mmscm)	17.1%	3.3%	1.2%	2.7%	3.8%	2.8%	5.2%	11.0%	7.6%		
Industrial/commercial Volume	19.9%	1.1%	-4.0%	0.0%	-1.7%	-1.8%	4.4%	12.7%	5.6%		
Domestic Volume	-0.3%	11.2%	13.5%	9.8%	19.9%	14.7%	10.8%	16.6%	16.0%		
Natural Gas volume	33.5%	0.5%	-0.3%	0.0%	-1.0%	0.1%	0.5%	0.8%	1.9%		
Overall Sales Volume (mmscm)	48.4%	11.8%	6.1%	6.6%	3.9%	2.6%	4.4%	6.9%	5.3%		
Gas Volume growth (% QoQ)											
CNG Sales Volume (in KGs)	6.1%	3.8%	-0.3%	-1.6%	2.1%	2.4%	1.3%	-0.4%	1.2%		
CNG Sales Volume (in scm)	6.1%	3.8%	-0.3%	-1.6%	2.1%	2.4%	1.3%	-0.4%	1.2%		
PNG Sales Volume	-5.3%	3.3%	2.4%	2.5%	-4.3%	2.3%	4.8%	8.2%	-7.2%		
Industrial/commercial Volume	-3.5%	3.4%	-0.3%	0.6%	-5.2%	3.3%	6.0%	8.6%	-11.2%		
Domestic Volume	-14.2%	5.5%	10.8%	9.4%	-6.3%	0.9%	7.1%	15.1%	-6.8%		
Natural Gas volume	1.1%	1.0%	-0.7%	-1.4%	0.1%	2.1%	-0.3%	-1.2%	1.3%		
Overall Sales Volume	3.0%	3.7%	0.4%	-0.5%	0.4%	2.4%	2.2%	1.8%	-1.0%		
IGL per unit break-up (INR/scm)											
Realisation	44.5	47.8	49.7	49.6	45.7	45.3	45.6	45.3	44.8		
Average cost of gas	30.3	35.1	38.3	37.6	31.3	31.2	32.7	32.1	31.6		
Blended gross spread	14.2	12.7	11.3	12.0	14.4	14.1	12.9	13.1	13.2		
Other expense	5.6	5.6	5.6	5.7	5.8	5.5	5.7	6.6	5.8		
EBITDA	8.6	7.1	5.7	6.3	8.6	8.6	7.2	6.6	7.4		
Depreciation	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.5		
Interest exp net of other income	-0.4	-1.4	-0.7	-0.8	-0.6	-1.7	-0.7	-1.3	-0.9		
PBT	7.8	7.3	5.2	5.9	7.9	9.0	6.6	6.5	6.8		
Tax	1.9	1.7	1.5	1.4	2.0	2.0	1.6	1.7	1.7		
PAT	5.9	5.6	3.7	4.4	5.9	7.0	5.0	4.8	5.1		

Source: Company, JM Financial

Assumptions and Estimates

Exhibit 3. Key assumptions

	FY22	FY23	FY24	FY25E	FY26E	FY27E	Comments
GAS VOLUME BREAK-UP (mm scm)							
CNG	1,847	2,209	2,298	2,528	2,730	2,949	
PNG- Domestic	182	197	227	250	275	303	
PNG-Industrial/Commercial	352	364	376	399	423	448	
PNG-Sale to other CGD cos	170	182	182	197	213	230	
Total sales volume	2,551	2,952	3,084	3,374	3,641	3,930	
Internal consumption and normal loss	65	76	79	86	93	101	Normal loss is 1.4% and internal consumption is 1.2% of sales
Total quantity of gas purchased	2,616	3,028	3,163	3,461	3,734	4,030	
Total gas sold (mm scmd)	7.0	8.1	8.5	9.2	10.0	10.8	
Total gas purchased (mm scmd)	7.2	8.3	8.7	9.5	10.2	11.0	
Gas sales volume change Y-o-Y							
CNG	36%	20%	4%	10%	8%	8%	Factoring 8% growth from FY26 onwards
PNG- Domestic	8%	8%	15%	10%	10%	10%	Expect 10% volume growth to continue
PNG-Industrial/Commercial	23%	3%	3%	6%	6%	6%	Factoring 6% growth from FY25 onwards
PNG-Sale to other CGD cos	29%	7%	0%	8%	8%	8%	
Overall	31%	16%	4%	9%	8%	8%	
Gas sales volume composition							
CNG	72%	75%	75%	75%	75%	75%	CNG to continue to dominate gas mix with ~75% volume
PNG- Domestic	7%	7%	7%	7%	8%	8%	Domestic PNG segment share to be ~7%
PNG-Industrial/Commercial	7%	6%	6%	6%	6%	6%	Industrial segment share to be ~6%
PNG-Sale to other CGD cos	14%	12%	12%	12%	12%	11%	
GAS SOURCING & COST BREAK-UP							
Gas sourcing mix (mm scmd)							
APM gas	3.6	3.8	3.8	3.9	4.0	4.1	
Non-APM/RIL/Vedanta/Cairn HPHT gas	2.5	3.0	3.5	4.0	4.2	4.4	
Long term RasGas LNG	0.8	1.0	1.1	1.2	1.3	1.5	Long-term contract that is valid till CY28 at 12.67% linkage to JCC crude price
Spot LNG/mid-term LNG	0.3	0.6	0.2	0.4	0.7	1.1	Assumed 100% industrial and commercial segment demand to be met via LNG imports; hence, excess demand is met via spot LNG
Total gas purchased	7.2	8.3	8.7	9.5	10.2	11.0	
Gas cost (USD/mmbtu)							
APM gas/Uniform price gas from GAIL for CNG/dom PNG	4.2	8.0	7.5	7.5	7.8	8.0	Based on domestic gas price formula
Non-APM/RIL/Vedanta/Cairn HPHT gas	5.5	11.2	9.8	9.8	10.1	10.4	
Long term RasGas LNG	10.0	18.0	11.0	11.0	11.0	11.0	
Spot LNG/mid-term LNG	16.0	30.0	13.0	13.0	13.0	13.0	
Weighted average gas cost	6.2	11.9	9.0	9.1	9.5	9.9	
OVERALL MARGINS (INR/scm)							
Overall							
Net realisation	30.2	47.9	45.4	43.3	48.4	50.4	
Average cost of gas	17.2	35.4	31.8	29.8	34.7	36.8	
Blended gross margin	13.0	12.6	13.6	13.5	13.7	13.6	
Other expense	5.6	5.7	5.9	5.9	5.9	5.9	
EBITDA	7.4	6.9	7.7	7.6	7.7	7.7	Expect EBITDA ~ INR 7.5-8/SCM as per management guidance
Depreciation	1.2	1.2	1.3	1.4	1.4	1.4	
Interest exp net of other income	-0.8	-0.9	-1.1	-1.2	-1.2	-1.2	
PBT	6.9	6.5	7.5	7.4	7.5	7.5	
Tax	1.8	1.6	1.8	1.9	1.9	1.9	
PAT	5.1	4.9	5.7	5.6	5.7	5.6	Hence, expect PAT/scm at ~INR 5.5-6/scm

Source: JM Financial, Company

Valuation

Exhibit 4. Valuation

Terminal FCF (INR Mn)	33,745
Terminal Growth Rate	4%
WACC	10.6%
Terminal Value (INR Mn)	491,087
PV of Terminal Value (INR Mn)	188,381
PV of Cash Flow (INR Mn)	122,920
Entreprise Value	311,301
Net Debt /(Net cash)	(35,815)
Equity Value excluding unlisted equity investments (INR Mn)	347,116
Add: Unlisted equity investments (15x CUGL and MNGL FY23 PAT)	38,045
Total Equity value (INR Mn)	385,161
No of shares (Mn)	700
Valuation (INR)	550

Source: JM Financial

If FY25 EBITDA changes by +/- INR0.2/scm, our valuation will change by +/- INR16/share (or +/-2.8%). Similarly, if FY25 volume growth changes by +/- 2%, our valuation will change by +/- INR 5/share (or +/- 0.9%).

Exhibit 5. Valuation sensitivity to volume growth and EBITDA margin

		FY25 volume growth						
		3%	5%	7%	9%	11%	13%	15%
FY25 EBITDA (INR/scm)	7.0	490	495	499	503	507	511	515
	7.2	505	510	515	519	523	527	531
	7.4	520	525	530	535	539	543	548
	7.6	534	540	545	550	555	560	564
	7.8	549	555	561	566	571	576	581
	8.0	564	570	576	582	587	592	597
	8.2	579	585	591	597	603	608	614

Source: Company, JM Financial

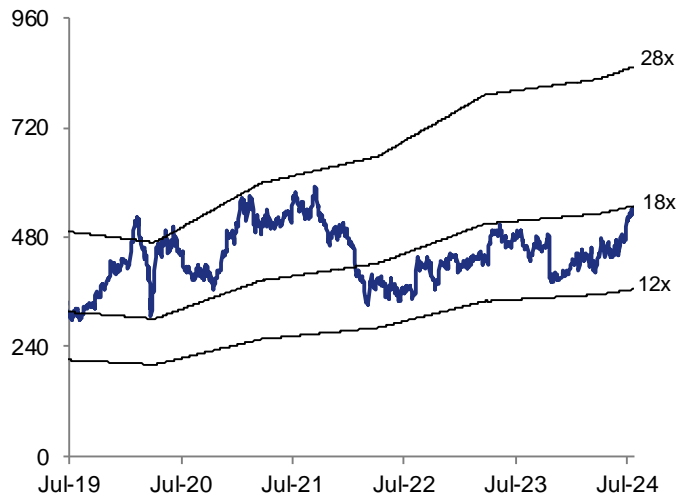
If FY25 EBITDA changes by +/- INR0.2/scm, our EPS will change by +/-2.0%. Similarly, if FY25 volume growth changes by +/- 2%, our EPS will change by +/- 0.8%.

Exhibit 6. FY25 EPS sensitivity to volume growth and EBITDA margin

		FY25 volume growth						
		3%	5%	7%	9%	11%	13%	15%
FY25 EBITDA (INR/scm)	7.0	24.3	24.7	24.9	25.1	25.3	25.5	25.6
	7.2	24.9	25.2	25.5	25.7	25.9	26.0	26.2
	7.4	25.4	25.7	26.0	26.2	26.4	26.6	26.7
	7.6	25.9	26.2	26.5	26.8	27.0	27.1	27.3
	7.8	26.4	26.8	27.1	27.3	27.5	27.7	27.9
	8.0	26.9	27.3	27.6	27.9	28.1	28.3	28.4
	8.2	27.4	27.8	28.1	28.4	28.6	28.8	29.0

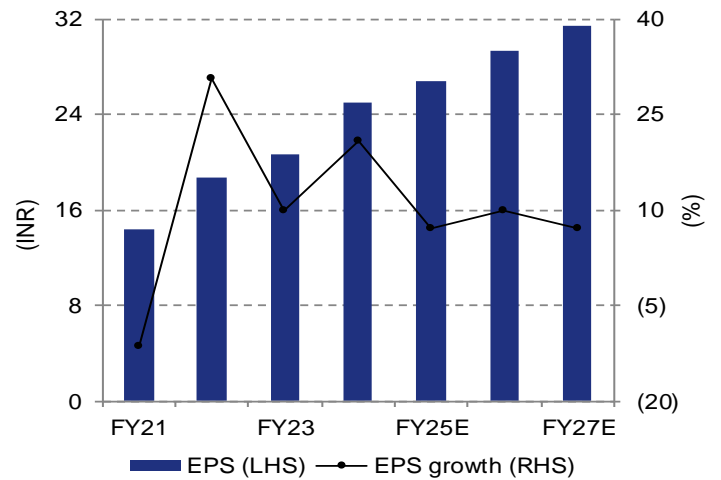
Source: Company, JM Financial

Exhibit 7. 1-year forward PE chart



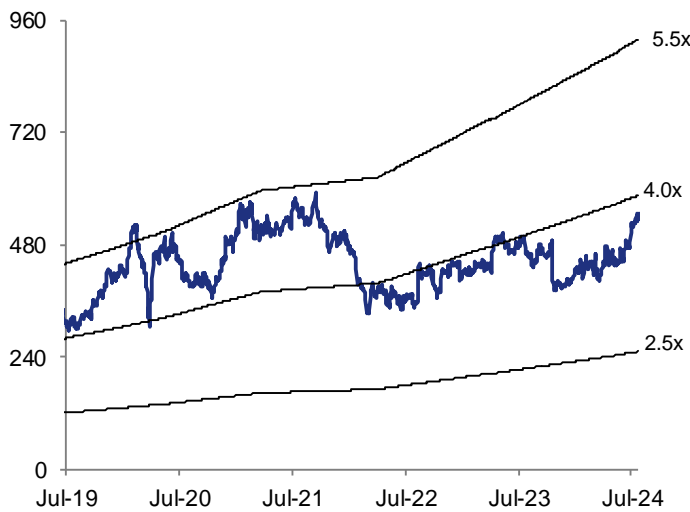
Source: JM Financial, Company

Exhibit 8. EPS vs. EPS growth



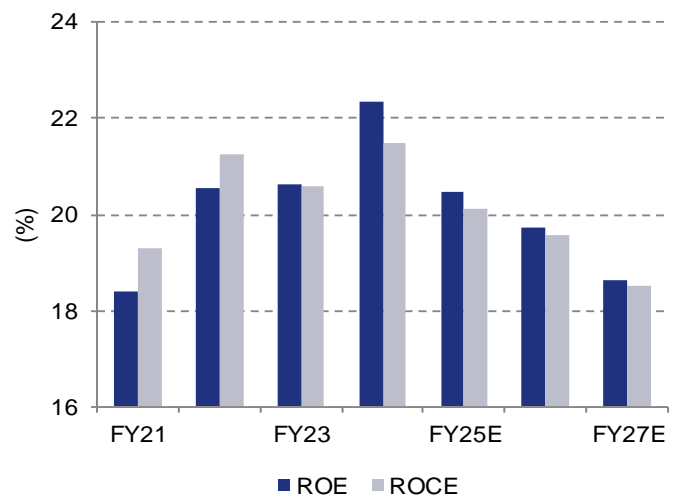
Source: JM Financial, Bloomberg

Exhibit 9. 1-year forward PB chart



Source: JM Financial, Company

Exhibit 10. RoE vs. RoCE



Source: JM Financial, Company

Exhibit 11. Global gas companies' valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25
US Peers															
Sempra Energy	14.5	15.0	13.7	16.9	16.3	15.1	1.6	1.5	1.5	37.6	36.6	38.2	10.4	10.9	11.0
Nisource	12.6	11.4	10.2	19.2	17.7	16.6	1.9	1.6	1.4	38.7	42.0	43.6	10.7	9.3	9.1
Atmos Energy	12.4	11.2	10.0	18.4	17.6	16.4	1.6	1.5	1.4	46.4	46.1	47.9	9.0	8.6	8.4
US peers average	13.2	12.5	11.3	18.2	17.2	16.0	1.7	1.5	1.4	40.9	41.5	43.2	10.0	9.6	9.5
European Peers															
Enagas	9.5	9.9	10.7	11.5	13.1	14.4	1.2	1.3	1.3	82.4	82.1	79.5	10.1	4.9	9.5
European peers average	9.5	9.9	10.7	11.5	13.1	14.4	1.2	1.3	1.3	82.4	82.1	79.5	10.1	4.9	9.5
Asian peers															
ENN Energy	6.2	6.1	5.6	8.5	8.6	7.9	1.4	1.3	1.2	11.9	11.3	11.5	17.4	15.7	15.7
Towngas China	8.7	6.7	6.0	7.4	6.6	5.7	0.4	0.4	0.4	14.2	18.4	19.3	6.3	6.2	7.0
Hong Kong & China Gas	13.5	14.2	13.4	19.6	18.3	17.2	1.9	1.9	1.9	21.1	21.1	21.4	9.5	10.9	11.6
China Resources Gas	7.5	7.2	6.5	10.8	11.2	10.1	1.4	1.4	1.3	13.5	12.8	13.1	13.8	12.4	12.8
China Gas Holdings	9.6	9.3	8.7	9.0	8.7	7.9	0.6	0.7	0.6	11.4	12.1	12.3	7.3	7.8	8.2
Beijing Enterprises	7.4	6.9	6.6	4.1	5.1	4.7	0.3	0.3	0.3	14.0	16.2	16.6	8.5	7.6	7.8
Korea Gas	13.0	10.9	10.9	52.8	5.9	5.2	0.4	0.4	0.3	7.5	10.6	10.8	1.3	6.4	7.0
Petronas Gas BHD	10.3	10.1	10.0	19.1	18.7	18.2	2.7	2.6	2.5	56.6	55.6	55.4	14.0	13.9	13.8
IGL	14.3	13.9	12.7	21.6	20.4	18.9	4.6	3.8	3.4	18.3	17.6	17.8	23.3	20.0	18.9
MGL	8.8	9.7	9.2	13.4	15.5	14.8	3.5	3.0	2.6	29.4	26.0	25.5	28.2	20.1	18.4
Gujarat Gas	23.2	19.5	16.6	41.6	32.3	26.8	5.8	5.1	4.5	12.3	13.2	13.9	14.7	16.8	17.9
Petronet LNG	8.6	8.3	7.6	15.0	14.2	13.2	3.1	2.8	2.5	9.6	9.9	10.2	22.0	20.5	19.6
GAIL	12.1	10.9	10.0	15.6	15.3	14.1	2.4	2.1	1.9	10.3	11.4	11.8	15.9	14.2	14.2
IGSRL	12.2	14.4	14.2	14.4	21.3	19.8	1.8	1.7	1.6	72.9	84.3	78.8	12.8	7.5	7.8
Asian peers average	11.1	10.6	9.9	18.1	14.4	13.2	2.2	2.0	1.8	21.6	22.9	22.7	13.9	12.9	12.9
Global peers average	11.3	10.9	10.2	17.7	14.8	13.7	2.0	1.9	1.7	28.2	29.3	29.3	13.1	11.9	12.1
Global peers median	11.2	10.5	10.0	15.3	15.4	14.6	1.7	1.6	1.5	16.3	18.0	18.5	11.7	10.9	11.3

Source: Bloomberg, JM Financial

Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	141,460	140,000	146,259	176,209	197,931	
Sales Growth	83.5%	-1.0%	4.5%	20.5%	12.3%	
Other Operating Income	0	0	0	0	0	
Total Revenue	141,460	140,000	146,259	176,209	197,931	
Cost of Goods Sold/Op. Exp	104,360	98,131	100,549	126,374	144,414	
Personnel Cost	1,882	2,266	2,493	2,692	2,908	
Other Expenses	14,819	15,935	17,528	18,930	20,445	
EBITDA	20,399	23,669	25,689	28,212	30,164	
EBITDA Margin	14.4%	16.9%	17.6%	16.0%	15.2%	
EBITDA Growth	8.4%	16.0%	8.5%	9.8%	6.9%	
Depn. & Amort.	3,634	4,138	4,609	5,081	5,553	
EBIT	16,766	19,531	21,080	23,131	24,611	
Other Income	2,619	3,632	3,995	4,395	4,834	
Finance Cost	106	92	92	92	92	
PBT before Excep. & Forex	19,279	23,072	24,983	27,435	29,354	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	19,279	23,072	24,983	27,435	29,354	
Taxes	4,827	5,591	6,246	6,859	7,339	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	14,452	17,481	18,738	20,576	22,016	
Adjusted Net Profit	14,452	17,481	18,738	20,576	22,016	
Net Margin	10.2%	12.5%	12.8%	11.7%	11.1%	
Diluted Share Cap. (mn)	700.0	700.0	700.0	700.0	700.0	
Diluted EPS (INR)	20.6	25.0	26.8	29.4	31.5	
Diluted EPS Growth	9.9%	21.0%	7.2%	9.8%	7.0%	
Total Dividend + Tax	9,100	6,300	6,558	7,202	7,705	
Dividend Per Share (INR)	13.0	9.0	9.4	10.3	11.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	19,279	23,072	24,983	27,435	29,354	
Depn. & Amort.	3,634	4,138	4,609	5,081	5,553	
Net Interest Exp. / Inc. (-)	-1,683	-2,468	-3,904	-4,303	-4,743	
Inc (-) / Dec in WCap.	6,469	-3,828	549	433	514	
Others	-560	-685	0	0	0	
Taxes Paid	-4,833	-4,871	-6,246	-6,859	-7,339	
Operating Cash Flow	22,306	15,357	19,992	21,787	23,340	
Capex	-11,221	-12,021	-10,279	-10,285	-10,291	
Free Cash Flow	11,085	3,335	9,713	11,502	13,050	
Inc (-) / Dec in Investments	8,248	-1,022	-1,158	-1,273	-1,401	
Others	-5,441	2,096	3,995	4,395	4,834	
Investing Cash Flow	-8,414	-10,948	-7,442	-7,163	-6,857	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-13,586	-3,337	-6,650	-7,293	-7,797	
Inc / Dec (-) in Loans	0	0	646	678	712	
Others	0	0	0	0	0	
Financing Cash Flow	-13,586	-3,337	-6,004	-6,615	-7,085	
Inc / Dec (-) in Cash	306	1,072	6,547	8,008	9,398	
Opening Cash Balance	750	1,056	2,128	8,675	16,683	
Closing Cash Balance	1,056	2,128	8,675	16,683	26,081	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	70,866	85,517	97,697	111,071	125,381	
Share Capital	1,400	1,400	1,400	1,400	1,400	
Reserves & Surplus	69,466	84,117	96,297	109,671	123,981	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	0	0	0	0	0	
Def. Tax Liab. / Assets (-)	3,168	3,695	3,695	3,695	3,695	
Total - Equity & Liab.	74,033	89,213	101,392	114,767	129,077	
Net Fixed Assets	71,673	79,954	85,624	90,827	95,565	
Gross Fixed Assets	74,908	87,699	97,699	107,699	117,699	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	17,573	21,710	26,319	31,401	36,953	
Capital WIP	14,337	13,964	14,244	14,529	14,819	
Investments	6,773	11,576	12,734	14,007	15,408	
Current Assets	39,314	39,676	47,075	57,767	69,238	
Inventories	492	522	546	657	738	
Sundry Debtors	9,034	10,185	10,641	12,819	14,400	
Cash & Bank Balances	1,056	2,128	8,675	16,683	26,081	
Loans & Advances	299	3,127	3,283	3,447	3,619	
Other Current Assets	28,434	23,714	23,932	24,160	24,400	
Current Liab. & Prov.	43,726	41,993	44,040	47,835	51,135	
Current Liabilities	21,344	22,763	23,849	26,634	28,874	
Provisions & Others	22,382	19,230	20,191	21,201	22,261	
Net Current Assets	-4,412	-2,317	3,035	9,932	18,104	
Total - Assets	74,033	89,213	101,392	114,767	129,077	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	10.2%	12.5%	12.8%	11.7%	11.1%	
Asset Turnover (x)	1.7	1.5	1.3	1.4	1.4	
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2	
RoE	20.6%	22.4%	20.5%	19.7%	18.6%	

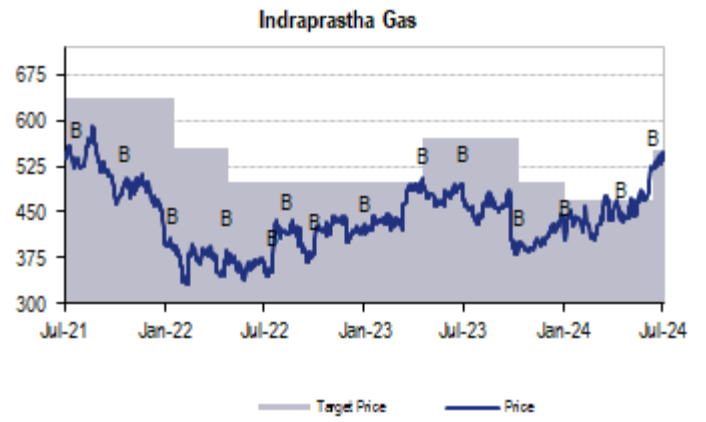
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	101.2	122.2	139.6	158.7	179.1	
ROIC	22.5%	21.9%	21.3%	22.1%	22.5%	
ROE	20.6%	22.4%	20.5%	19.7%	18.6%	
Net Debt/Equity (x)	-0.1	-0.2	-0.2	-0.3	-0.3	
P/E (x)	26.6	22.0	20.5	18.7	17.5	
P/B (x)	5.4	4.5	3.9	3.5	3.1	
EV/EBITDA (x)	18.5	15.7	14.1	12.5	11.4	
EV/Sales (x)	2.7	2.6	2.5	2.0	1.7	
Debtor days	23	27	27	27	27	
Inventory days	1	1	1	1	1	
Creditor days	27	31	31	31	30	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
18-Jun-20	Buy	566	
27-Aug-20	Buy	505	-10.7
11-Sep-20	Buy	510	0.9
11-Nov-20	Buy	520	2.0
10-Feb-21	Buy	640	23.0
25-Jun-21	Buy	635	-0.8
13-Aug-21	Buy	635	0.0
9-Nov-21	Buy	635	0.0
8-Feb-22	Buy	555	-12.6
18-May-22	Buy	500	-10.0
9-Aug-22	Buy	500	0.0
5-Sep-22	Buy	500	0.1
24-Oct-22	Buy	500	0.0
25-Jan-23	Buy	500	-0.1
12-May-23	Buy	570	14.1
23-Jul-23	Buy	570	0.0
2-Nov-23	Buy	500	-12.3
25-Jan-24	Buy	470	-6.1
7-May-24	Buy	470	0.2
7-Jul-24	Buy	550	17.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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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.
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* REITs refers to Real Estate Investment Trusts.

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