

Estimate change 

TP change 

Rating change 

Bloomberg	GAIL IN
Equity Shares (m)	6575
M.Cap.(INRb)/(USD\$b)	1057.1 / 11
52-Week Range (INR)	203 / 134
1, 6, 12 Rel. Per (%)	-1/-3/-13
12M Avg Val (INR M)	2042

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	1,386.0	1,229.3	1,456.9
EBITDA	103.3	113.4	155.2
Adj. PAT	64.4	71.2	103.0
Adj. EPS (INR)	9.8	10.8	15.7
EPS Gr. (%)	-31.9	10.6	44.7
BV/Sh.(INR)	116.6	122.6	132.7

Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	9.6	9.4	12.7
RoCE (%)	7.7	7.8	10.4
Payout (%)	51.9	44.0	36.0

Valuations

P/E (x)	16.4	14.9	10.3
P/BV (x)	1.4	1.3	1.2
EV/EBITDA (x)	7.8	7.2	5.4
Div. Yield (%)	3.4	3.0	3.5
FCF Yield (%)	2.6	1.3	7.4

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	51.5	51.5	51.5
DII	27.9	27.2	26.5
FII	13.6	14.7	15.4
Others	6.9	6.6	6.6

FII includes depository receipts

CMP: INR161

TP: INR184 (+14%)

Buy

Weak marketing performance drags 4Q EBITDA

- In 4QFY26, GAIL's standalone EBITDA declined 47% below our estimate to INR11.5b, primarily due to weak performance in the marketing segment. Reported EBIT was broadly in line with estimates, with gas transmission/LPG transmission EBIT beating our estimates by 48%/28%, respectively. However, the marketing segment reported an operating loss of INR1.5b (vs est. EBIT of INR4.4b), impacted by an INR6.7b receivable provision that was not considered as exceptional. The transmission and petchem segment's performance was aided by an INR6.9b depreciation reversal (considered exceptional). Reported PAT came in 21% above our estimate at INR12.6b, driven by significantly higher other income, while adjusted PAT stood 44% below our estimate at INR5.8b.
- **Things we liked about the result:** 1) Natural gas transmission/marketing volumes were strong at 119/102mmscmd in 4QFY26, beating our estimates by 8%/20%, while GAIL clocked ~129mmscmd gas transmission volumes during Jan-Feb'26. 2) Management guided FY27 gas transmission volumes of ~115mmscmd if the West Asia crisis persists through the year, with potential upside to ~119mmscmd if the situation normalizes by mid-Jul'26. 4) GAIL Gas reported PAT of INR4.4b in FY26. The company added 88 CNG stations during the year and plans to add 275 more over the next two years (including JVs). 5) The allocation of ~0.8mmscmd natural gas to the LHC segment from 3rd Apr'26 is expected to improve utilization and profitability, subject to the continuity of gas allocation.
- **Key investor concerns:** 1) The petchem segment remained weak, reporting an EBITDA loss of INR3.9b amid weak realizations and elevated gas costs. We expect 1HFY27 performance to remain weak, given the elevated feedstock costs and feedstock supply-side uncertainties. 2) The marketing segment reported an EBIT loss of INR1.5b in 4QFY26 due to INR6b vessel-related forex liabilities and INR6.7b receivable provisions. Management expects FY27 marketing EBIT of INR40b+ under the current disruption scenario, with an upside to INR45b+ if geopolitical tensions ease by mid-Jul'26.
- **Key monitorables:** 1) Progress on the two proposed fertilizer plants along GAIL's Mumbai-Nagpur-Jharsuguda pipeline corridor, involving capex of INR200b+. 2) Commissioning of the 1,250ktpa PTA plant and the 500ktpa PDH-PP project. 3) Any update on the INR15/mmbtu tariff hike petition, which could act as a key trigger for the stock.
- **Changes in earnings estimates:** We cut our EBITDA/PAT estimates by 18%/18% for FY27 as we lower our FY27 gas transmission volume estimate to 115mmscmd (125mmscmd earlier).
- **Valuation and view:** GAIL's valuations have corrected sharply from their Sep'24 highs, and the stock now trades close to its historical average at ~0.9x one-year forward core P/B (ex-investment value), offering a limited downside, driven by attractive dividend yield and robust FCF outlook. Reiterate BUY with a TP of INR184.

Abhishek Nigam – Research Analyst (Abhishek.nigam@MotilalOswal.com)

Research Analyst: Rishabh Daga (Rishabh.Daga@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

EBITDA miss driven by weak marketing performance; PAT boosted by other income

- In 4QFY26, GAIL's standalone EBITDA came in 47% below our estimate at INR11.5b. The weakness in results was largely attributed to poor performance in the marketing, petchem, and other segments. In addition, GAIL made a provision against a receivable of INR6.7b.
- GAIL's 4QFY26 reported EBIT stood in line with est. Gas transmission/LPG transmission EBIT beat our estimate by 48%/28%, while the Marketing segment witnessed an operating loss of INR1.5b (est. EBIT: INR4.4b). The unallocated segment's EBIT stood at 63% below our est. at INR913m.
- Gas transmission EBIT, if adj. for depreciation reversal of INR5b, would be 9% above our est. at INR13.9b.
- Petchem segment, if adj. for depreciation reversal of INR1.9b, would result in an EBIT loss of INR5.7b (est.: INR4.7b).
- Gas marketing, if adj. for provisioning against receivables of INR6.7b, would result in an EBIT of INR5.2b (est.: EBIT of INR4.4b).
- Reported PAT came in 21% above our estimate at INR12.6b, as other income came significantly above our estimates.
- Adj. PAT stood 44% below our estimate at INR5.8b.
- The Board has declared a final dividend of INR0.5/sh (Face value 10/sh).
- **INR6.7b hit to marketing segment's EBIT:** As of 31st Mar'26, outstanding dues from Nagarjuna Fertilizers and Chemicals Limited (NFCL) towards gas supplies stood at INR8.4b. The amount is expected to be recovered through subsidy releases from the Department of Fertilizers (DoF). According to DoF's communication, the subsidy release is in process. Pending final approval, the company expects recovery of INR1.6b and has **prudently provided for the remaining INR6.7b in 4QFY26**. We have **not** considered this as an exceptional item.
- **Exceptional item:**
- **INR5b/INR1.9b gain for transmission/petchem segment's EBITDA:** The useful life of Natural Gas and LPG pipelines/Polyethylene Plants was revised from 30 to 40 years and 25 to 35 years, respectively. As a result, depreciation expense reduced by INR5b/INR1.9b in 4QFY26.
- During FY26, the company incurred capex of INR96b, largely directed at pipeline infrastructure, petrochemical projects, operational enhancements, and equity stakes in joint ventures and subsidiaries.
- Geopolitical tensions in West Asia and a force majeure declared by Petronet LNG in Mar'26 disrupted LNG supplies, including the suspension of the company's RLNG gas allocation and the impact on four LNG cargoes.
- Consequently, **natural gas sales and transmission volumes declined by ~21mmscmd and ~30mmscmd in Mar'26 vs Feb'26**.
- LPG pipeline transmission volumes also fell by 39tmt.
- **Operational performance:**
- Natural gas transmission volume came 8% above our estimate at 119mmscmd.
- NG marketing volume came in above our estimate at 102mmscmd.
- Petchem sales were 47% above our estimate at 180tmt, while the petchem segment reported an EBIT loss of INR3.8b.

Valuation and view

- **We reiterate our BUY rating on GAIL with our SoTP-based TP of INR184.** Over FY26-28, we estimate a 27% CAGR in PAT, driven by:

- an increase in natural gas transmission volumes to 132mmscmd in FY28 from 122mmscmd in FY26;
- healthy profitability in the trading segment, with guided PBT of at least INR40b in FY26/FY27.
- We expect RoE to stabilize at ~12.7% in FY28, with a healthy FCF generation of INR90b over FY27-28, which we believe can support its valuations.

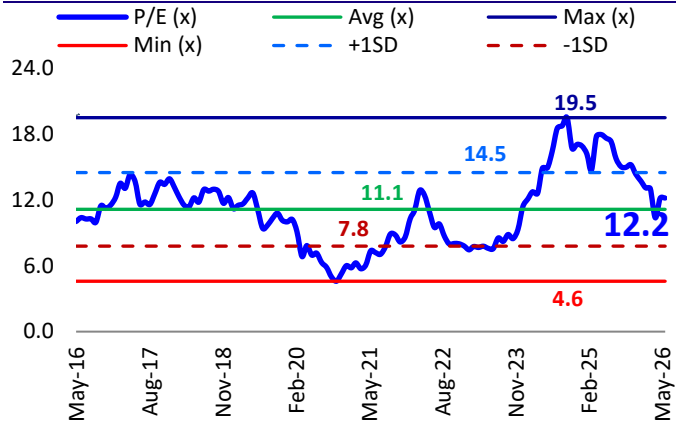
Our SoTP-based valuation for GAIL

Business	EBITDA (INR b)	Target multiple (x)	Value (INR b)
Gas transmission	82	8.0	659
Gas trading	40	5.5	221
LPG transmission	5	7.5	37
Petrochemicals	8	6.5	50
LPG	11	6.5	72
Investments			355
Enterprise value			1,394
Net Debt			183
Implied Equity value			1,211
Value (INR/sh)			184

Standalone quarterly performance

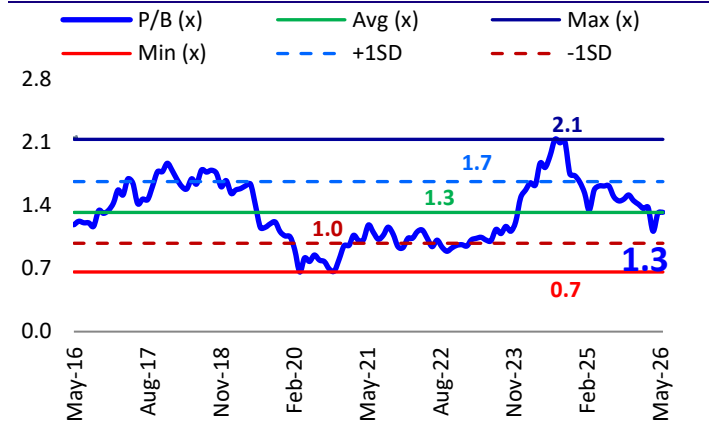
Y/E March	FY25				FY26				FY25	FY26	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		
Net Sales	336.7	329.1	349.4	356.9	347.7	350.1	340.5	347.7	1,372.1	1,386.0	325.6	7%
Change (%)	3.9	3.4	2.0	10.4	3.3	6.4	-2.5	-2.6	4.9	1.0	-8.8	
EBITDA	45.3	37.4	28.4	32.2	33.3	31.9	26.6	11.5	143.3	103.3	21.9	-47%
% of Net Sales	13.4	11.4	8.1	9.0	9.6	9.1	7.8	3.3	10.4	7.5	6.7	
Depreciation	10.5	8.2	8.3	9.0	8.8	9.3	10.5	10.3	36.0	39.0	11.2	
Interest	2.1	1.9	1.7	1.8	2.1	2.3	2.5	2.5	7.4	9.4	2.7	
Other Income	3.7	7.1	7.5	5.7	2.9	7.9	6.8	10.2	24.0	27.9	5.9	
Extraordinary item	0.0	0.0	24.4	0.0	0.0	0.0	0.0	6.9	24.4	6.9	0.0	
PBT	36.4	34.5	50.3	27.0	25.3	28.2	20.3	15.8	148.2	89.6	14.0	13%
Rate (%)	25.2	22.6	23.1	24.1	25.5	21.5	21.1	20.0	23.7	22.3	25.6	
PAT	27.2	26.7	38.7	20.5	18.9	22.2	16.0	12.6	113.1	69.7	10.4	
Change (%)	71.1	11.1	36.0	-5.9	-30.8	-17.0	-58.6	-38.4	25.5	-38.4	-49.3	
Extraord.: Tax Prov. Write Back	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj PAT	27.2	26.7	14.3	20.5	18.9	22.2	16.0	5.8	88.7	80.3	10.4	-44%
Change (%)	71.1	11.1	-49.8	-5.9	-30.8	-17.0	12.3	-71.8	-1.6	-9.4	-49.3	
Key Assumptions												
Gas Trans. volume (mmscmd)	131.8	130.6	125.9	120.8	120.6	123.6	125.5	119.0	127.3	122.2	110.4	8%
Petchem sales ('000MT)	169.0	226.0	221.0	229.0	177.0	209.0	218.0	180.0	211.3	196.0	122.7	47%

Exhibit 1: One-year forward P/E ratio



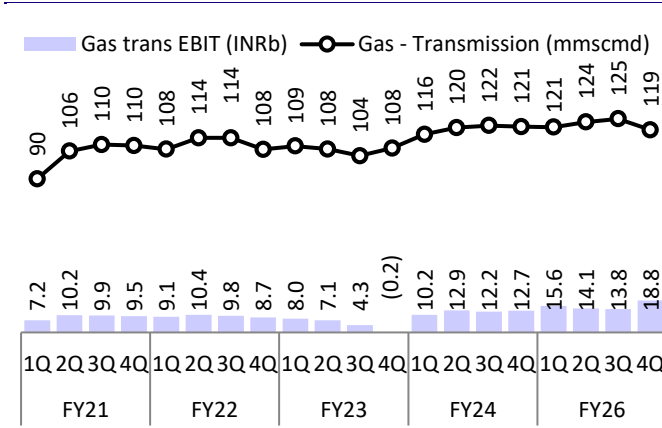
Source: Company, MOFSL

Exhibit 2: One-year forward P/B ratio



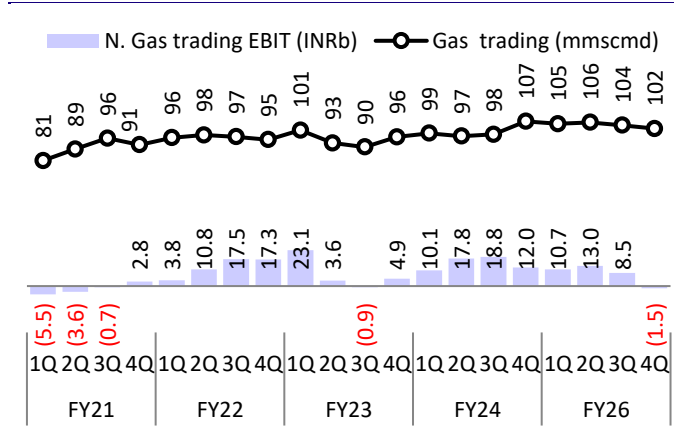
Source: Company, MOFSL

Exhibit 3: Transmission volumes flat YoY



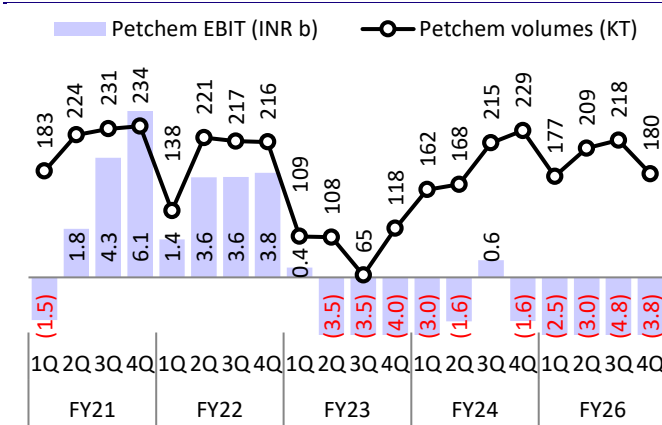
Source: MOFSL, Company

Exhibit 4: Trading volumes down 4% YoY



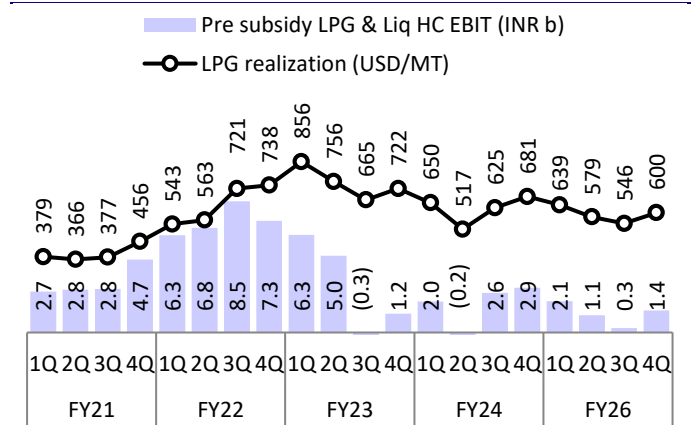
Source: MOFSL, Company

Exhibit 5: Petchem segment performance remains weak



Source: MOFSL, Company

Exhibit 6: Realization from LPG down 12% YoY



Source: MOFSL, Company

Exhibit 7: Segment-wise performance details (INR m)

Particulars	FY24				FY25				FY26				4QFY26 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Exchange Rate (INR/USD)	82.2	82.7	83.3	83.2	83.4	83.8	85.6	85.5	87.3	89.1	89.1	91.0	6%	2%
Gas transmission business														
Volumes (mmscmd)	116	120	122	124	132	131	126	121	121	124	125	119	-2%	-5%
Gross Revenues	25,940	26,460	25,657	26,669	28,651	28,459	27,547	26,026	28,054	27,354	27,608	29,044	12%	5%
Opex	12,430	9,960	10,047	10,679	8,991	10,399	9,727	9,266	8,364	9,054	8,388	10,214	10%	22%
EBITDA	13,510	16,500	15,610	15,990	19,660	18,060	17,820	16,760	19,690	18,300	19,220	18,830	12%	-2%
Depreciation	3,264	3,594	3,459	6,192	5,191	4,032	4,117	4,076	4,114	4,161	5,459	14	-100%	-100%
EBIT	10,246	12,907	12,151	9,798	14,469	14,028	13,703	12,684	15,576	14,139	13,761	18,816	48%	37%
Average tariff (INR/mscm)	2,450	2,391	2,295	2,370	2,389	2,368	2,378	2,393	2,556	2,405	2,392	2,712	13%	13%
Opex (INR/mscm)	1,174	900	899	949	750	865	840	852	762	796	727	954	12%	31%
EBITDA (INR/mscm)	1,276	1,491	1,396	1,421	1,639	1,503	1,538	1,541	1,794	1,609	1,665	1,758	14%	6%
Depreciation (INR/mscm)	308	325	309	550	433	335	355	375	375	366	473	1	-100%	-100%
EBIT (INR/mscm)	968	1,166	1,087	871	1,206	1,167	1,183	1,166	1,419	1,243	1,192	1,757	51%	47%
LPG Transmission Business														
Volumes ('000 MT)	1,073	1,114	1,095	1,114	1,065	1,124	1,157	1,132	1,131	1,167	1,188	1,114	-2%	-6%
Gross Revenues	1,776	1,845	1,839	1,859	1,798	1,855	2,459	2,237	2,265	2,317	2,337	2,243	0%	-4%
Opex	816	805	829	869	798	805	879	887	875	827	837	1,413	59%	69%
EBITDA	960	1,040	1,010	990	1,000	1,050	1,580	1,350	1,390	1,490	1,500	830	-39%	-45%
Depreciation	158	221	216	234	193	195	180	198	187	202	196	69	-65%	-65%
EBIT	802	819	794	756	808	855	1,400	1,152	1,203	1,288	1,304	761	-34%	-42%
Average tariff (INR/MT)	1,655	1,656	1,679	1,669	1,688	1,651	2,125	1,976	2,002	1,986	1,967	2,013	2%	2%
Opex	760	723	757	780	749	716	760	783	773	709	705	1,268	62%	80%
EBITDA	895	934	922	889	939	934	1,366	1,193	1,229	1,277	1,263	745	-38%	-41%
Depreciation	147	199	197	210	181	173	156	175	166	173	165	62	-65%	-63%
EBIT	747	735	725	679	758	761	1,210	1,018	1,063	1,103	1,097	683	-33%	-38%
Gas Trading Business														
Volumes (mmscmd)	99	97	98	100	99	97	103	107	105	106	104	102	-4%	-2%
Revenues	2,83,817	2,77,280	3,00,381	2,84,421	2,94,368	2,87,467	3,06,252	3,16,030	3,10,031	3,14,227	3,06,054	3,12,132	-1%	2%
EBIT	10,136	17,846	18,804	13,887	20,328	13,288	4,410	12,037	10,716	13,041	8,532	-1,513	PL	PL
Revenues (INR/mscm)	31,555	31,084	33,269	31,286	32,521	32,346	32,175	32,962	32,447	32,242	31,995	34,041	3%	6%
EBIT (INR/mscm)	1,127	2,001	2,083	1,528	2,246	1,495	463	1,255	1,122	1,338	892	-165	PL	PL
Petrochemicals Business														
Volumes ('000 MT)	162	168	215	242	169	226	221	229	177	209	218	180	-21%	-17%
Gross Revenues	17,036	17,433	20,502	22,563	16,315	21,760	20,705	22,102	16,812	20,016	20,209	18,708	-15%	-7%
Opex	18,766	17,813	18,452	18,303	15,075	18,950	19,415	22,082	18,082	21,466	23,659	22,618	2%	-4%
EBITDA	-1,730	-380	2,050	4,260	1,240	2,810	1,290	20	-1,270	-1,450	-3,450	-3,910	PL	Loss
Depreciation	1,279	1,220	1,431	1,637	1,655	1,235	1,243	1,600	1,216	1,542	1,376	-133	PL	PL
EBIT	-3,009	-1,600	619	2,623	-415	1,575	47	-1,580	-2,486	-2,992	-4,826	-3,777	Loss	Loss
Realization (USD/MT)	1,279	1,255	1,145	1,121	1,157	1,149	1,094	1,129	1,088	1,075	1,040	1,142	1%	10%
Realization (INR/kg)	105	104	95	93	97	96	94	97	95	96	93	104	8%	12%
Opex (INR/kg)	116	106	86	76	89	84	88	96	102	103	109	126	30%	16%
EBITDA (INR/kg)	-11	-2	10	18	7	12	6	0	-7	-7	-16	-22	PL	Loss
Depreciation (INR/kg)	8	7	7	7	10	5	6	7	7	7	6	-1	PL	PL
EBIT (INR/kg)	-19	-10	3	11	-2	7	0	-7	-14	-14	-22	-21	Loss	Loss
LPG & Liquid Hydrocarbons Business														
Volumes ('000 MT)	247	242	249	261	218	253	282	198	198	223	200	195	-2%	-3%
Gross Revenues	13,190	10,345	12,964	14,259	11,706	12,963	15,613	11,520	11,054	11,502	9,734	10,643	-8%	9%
Opex	10,940	10,295	10,164	10,649	9,046	10,193	11,533	8,220	8,714	10,072	9,074	8,953	9%	-1%
EBITDA	2,250	50	2,800	3,610	2,660	2,770	4,080	3,300	2,340	1,430	660	1,690	-49%	156%
Depreciation	229	217	225	344	362	281	295	380	290	312	374	251	-34%	-33%
EBIT	2,021	-167	2,575	3,266	2,299	2,489	3,785	2,920	2,050	1,118	286	1,439	-51%	403%
EBIT (Post-Subsidy)	2,021	-167	2,575	3,266	2,299	2,489	3,785	2,920	2,050	1,118	286	1,439	-51%	403%
Realization (USD/MT)	650	517	625	657	644	612	647	681	639	579	546	600	-12%	10%
Realization (INR/MT)	53,402	42,749	52,063	54,632	53,695	51,236	55,366	58,183	55,828	51,578	48,672	54,579	-6%	12%
Opex (INR/MT)	44,292	42,543	40,818	40,801	41,494	40,287	40,898	41,517	44,010	45,166	45,372	45,912	11%	1%
EBITDA (INR/MT)	9,109	207	11,245	13,831	12,202	10,949	14,468	16,667	11,818	6,413	3,300	8,667	-48%	163%
Depreciation (INR/MT)	927	896	902	1,318	1,658	1,109	1,048	1,921	1,464	1,400	1,869	1,288	-33%	-31%
EBIT (INR/MT)	8,182	-690	10,343	12,513	10,544	9,840	13,421	14,746	10,354	5,013	1,432	7,379	-50%	415%
EBIT post Subsidy (INR/MT)	8,182	-690	10,343	12,513	10,544	9,840	13,421	14,746	10,354	5,013	1,432	7,379	-50%	415%



Key takeaways from the management commentary

■ Gas marketing segment:

- FY27 PBT guidance: INR40b+ if West Asia crisis continues; INR45b+ if crisis comes to an end (**positive**).
- In FY26, exchange rate liability impact on vessels of INR6b and receivable provision impact of INR6.7b dented marketing segment profitability.
- GAIL has a 16.56mtpa of upstream LNG portfolio, and plans to source additional 4-5mtpa LNG by CY30.

➤ Gas transmission segment:

- Mar'26 gas transmission volumes: 99.71mmscmd (125.45mmscmd in 3QFY26).
- **FY27 transmission volume guidance:** 119mmscmd if crisis starts to normalize from mid Jul'26.
- 115mmscmd if crisis continues for entire FY27.

➤ Petrochemical segment:

- Pata petchem complex: GAIL plans to **shift feedstock to Ethane from natural gas**.
- The company currently operates on natural gas, leading to volatility in margins.
- Pata complex was shut down but has been restarted recently at **50% capacity based**. Feedstock is spot natural gas. The plant should break-even at 50% capacity and should be profitable at full capacity (given prices stay at current levels).
- Going forward, GAIL plans to run this plant on both Ethane (sourcing: looking at various options including US) and natural gas.

➤ Liquid Hydrocarbon segment:

- ~0.8mmscmd natural gas was allocated to LHC segment w.e.f. 3 Apr'26. Hence, GAIL expects strong performance from the segment (subject to continued gas allocation).
- Plants are expected to operate at higher capacity YoY in FY27.

➤ LPG transmission:

- Current capacity: 4.5mtpa operating at ~100% utilization.
- **GAIL has received PNGRB's authorization for doubling the capacity of Jamnagar Loni Pipeline (3.25mtpa as of now).**

➤ CGD segment:

- Policy-led tailwinds are expected to drive volume growth for CGDs - CNG and PNG both.

➤ Gail Gas Limited (GGL):

- GGL operates in 16 GAs across India, and also has 9 GAs via JVs.
- FY26 operational performance: GAIL Gas added 0.2m PNG connections and 88 new CNG stations in FY26.
- FY26 financial performance: Revenue - INR122b, PBT - INR6b (down 3% YoY), PAT - INR4.4b (down 2% YoY).
- 4QFY26 financial performance: PBT - INR1.6b, PAT - INR1.2b
- GAIL Gas (+JV) targets to **add 275 CNG stations** and 0.4m D-PNG connections in the **next two years**.

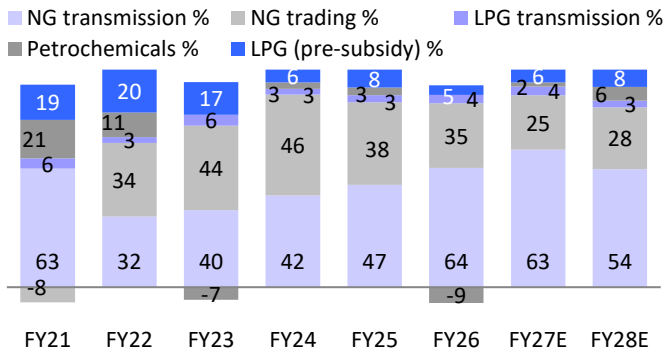
➤ Update on projects:

- **Expected commissioning in FY27**
- Gurdaspur-Jammu Natural gas pipeline.

- C2/C3 Pipeline (Vijaipur to Pata). This should get commissioned in 1HFY27 and will provide feedstock to Pata, which shall lead to an increase in Pata capacity by 80-90ktpa.
- The Ethane pipeline, which GAIL is planning to build, will be connected to this pipeline (Dhabol-Vijaipur Ethane pipeline, which is under consideration, shall have a capex of INR120b).
- 1250ktpa GAIL Mangalore petrochemical plant (currently in advanced stages of completion).
- **Expected commissioning in FY28**
- 500ktpa PDH-PP plant at Usar (mid-FY28) (**delayed**) (Delays in 45km pipeline connectivity to supply Propane to this plant - some issues but now completion expected in 3-4 months).
- Vijaipur-Bina pipeline
- DUPL-DPPL capacity pipeline augmentation
- **FY27 capex guidance: INR116b**
- Operational capex: INR35.3b
- Pipelines: INR24b
- RE: INR19.5b
- Petchem: INR14.9b
- JVs/Subsidiaries: INR7b
- CGDs: INR3.4b
- E&P: INR4.8b
- Others: INR6.9b
- **Capex incurred in FY26: INR96b**
- Operational capex: INR24.4b
- Pipelines: INR29b
- RE: INR0.4b
- Petchem: INR20.6b
- JVs/Subsidiaries: INR15.9b
- CGDs: INR3.1b
- E&P: INR2.4b
- **Capex plans:**
- GAIL plans to spend INR350b on renewable sector in the next 10 years.
- **Coal gasification:**
- One project is 65-70% complete, with full completion expected in Dec'27.
- Coal India and GAIL JV: Project is under consideration (expected capex: INR130b).
- **Fertilizer plants:**
- PGAIL is in discussion for projects with the Maharashtra and Chattisgarh government, and will definitely proceed with these projects (combined project cost: ~INR200b).

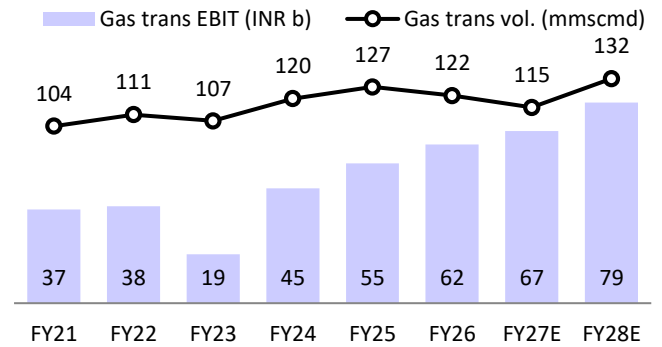
Story in charts

Exhibit 8: Transmission to be the major contributor to EBITDA



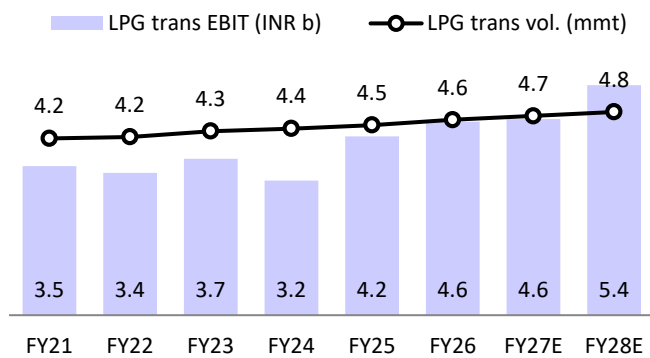
Source: Company, MOFSL

Exhibit 9: Expect gas transmission volumes to grow in FY28



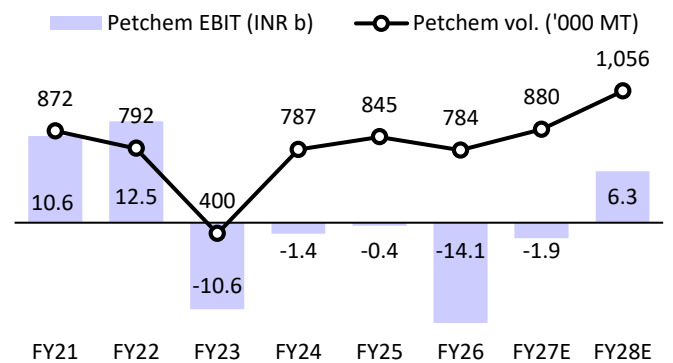
Source: Company, MOFSL

Exhibit 10: LPG transmission segment



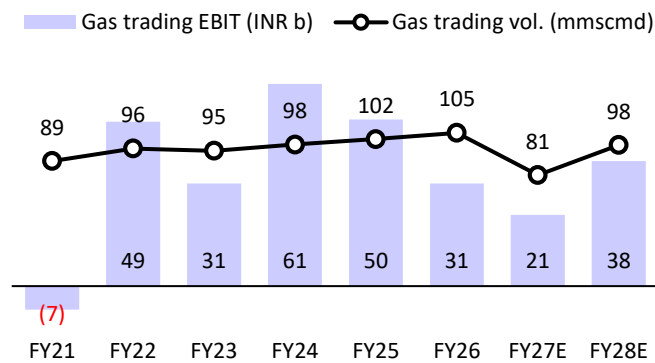
Source: Company, MOFSL

Exhibit 11: Petchem segment



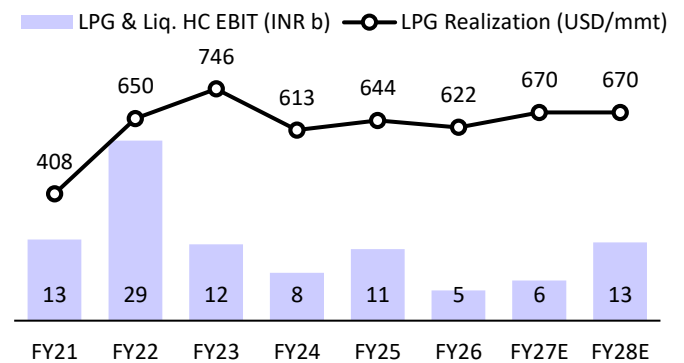
Source: Company, MOFSL

Exhibit 12: Gas trading segment



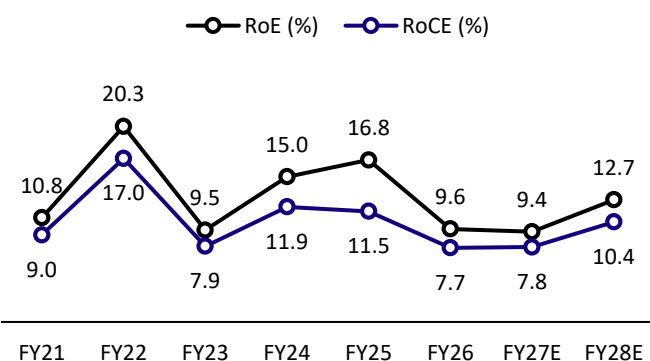
Source: Company, MOFSL

Exhibit 13: EBIT from LPG and Liquid HC



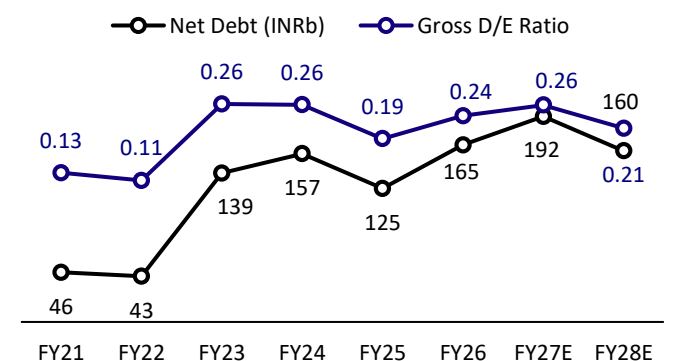
Source: Company, MOFSL

Exhibit 14: Expect return ratios to recover



Source: Company, MOFSL

Exhibit 15: Expect the D/E ratio to remain below 0.3x



Source: Company, MOFSL

Financials and valuations

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	1,443.0	1,306.4	1,372.1	1,386.0	1,229.3	1,456.9
Change (%)	57.5	-9.5	5.0	1.0	-11.3	18.5
EBITDA	67.0	134.8	143.3	103.3	113.4	155.2
% of Net Sales	4.6	10.3	10.4	7.5	9.2	10.7
Depreciation	24.9	33.3	36.0	39.0	41.0	43.1
Interest	3.1	7.0	7.4	9.4	9.1	9.3
Other Income	26.8	22.8	24.0	27.9	29.7	31.6
EO Items (net)	0.0	0.0	24.4	6.9	0.0	0.0
PBT	65.8	117.3	148.2	89.6	93.0	134.5
Tax	12.8	27.2	35.1	20.0	21.8	31.5
Rate (%)	19.5	23.2	23.7	22.3	23.4	23.4
Reported PAT	53.0	90.2	113.1	69.7	71.2	103.0
Adjusted PAT	53.0	90.2	94.5	64.4	71.2	103.0
Change (%)	-48.8	70.1	4.8	-31.9	10.6	44.7

Balance Sheet						(INR b)
Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	65.8	65.8	65.8	65.8	65.8	65.8
Reserves	490.8	576.0	639.9	675.0	714.9	780.8
Net Worth	556.5	641.8	705.6	740.7	780.6	846.6
Loans	143.1	164.1	135.8	174.1	199.1	179.1
Deferred Tax	46.6	49.6	50.9	59.0	59.0	59.0
Capital Employed	746.3	855.5	892.3	973.9	1,038.8	1,084.7
Net Fixed Assets	422.7	453.8	465.5	551.1	611.7	608.6
Capital WIP	136.6	158.6	188.4	159.0	152.5	207.5
Investments	148.3	210.9	231.0	254.6	254.6	254.6
Current Assets						
Inventory	52.8	52.9	60.1	49.1	43.6	51.6
Debtors	114.1	106.5	102.5	82.8	73.4	87.0
Cash & Bank Balance	4.0	7.0	11.0	8.9	7.2	19.4
Cash	1.7	5.9	8.9	7.3	5.7	17.8
Bank Balance	2.3	1.1	2.2	1.5	1.5	1.5
Loans/Adv. & Other Assets	82.8	105.5	100.4	120.3	120.3	120.3
Current Liab. & Prov.						
Liabilities	198.1	219.8	247.1	242.5	215.1	254.9
Provisions	16.9	20.0	19.6	9.2	9.2	9.2
Net Current Assets	38.7	32.2	7.4	9.2	20.1	14.1
Application of Funds	746.3	855.5	892.3	973.9	1,038.8	1,084.7

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)						
EPS	8.1	13.7	14.4	9.8	10.8	15.7
Cash EPS	11.8	18.8	22.7	16.5	17.1	22.2
Book Value	93.5	101.8	111.5	116.6	122.6	132.7
DPS	4.0	5.5	7.5	5.5	4.8	5.6
Payout (incl. dvd tax)	49.6	40.1	43.6	51.9	44.0	36.0
Valuation (x)						
P/E	20.0	11.7	11.2	16.4	14.9	10.3
Adj. P/E (for investments)	13.3	7.8	7.4	10.9	9.9	6.8
Cash P/E	13.6	8.6	7.1	9.7	9.4	7.2
EV / EBITDA	11.6	6.8	6.2	7.8	7.2	5.4
EV / Sales	0.8	0.8	0.8	0.7	0.8	0.7
Price / Book Value	1.7	1.6	1.4	1.4	1.3	1.2
Dividend Yield (%)	2.5	3.4	4.7	3.4	3.0	3.5
Profitability Ratios (%)						
RoE	9.5	15.0	16.8	9.6	9.4	12.7
RoCE	7.9	11.9	11.5	7.7	7.8	10.4
RoIC	8.1	16.7	17.4	9.9	9.4	14.0
Turnover Ratios						
Debtors (No. of Days)	29	30	27	22	22	22
Fixed Asset Turnover (x)	1.9	1.5	1.5	1.4	1.2	1.3
Leverage Ratio						
Net Debt / Equity (x)	0.2	0.2	0.2	0.2	0.2	0.2

Cash Flow Statement

Y/E March	FY22	FY24	FY25	FY26	FY27E	FY28E
(INR b)						
OP/(Loss) before Tax	65.8	115.5	148.2	89.6	93.0	134.5
Depreciation	24.9	33.3	36.0	32.1	41.0	43.1
Interest charge	3.1	7.0	7.4	9.4	9.1	9.3
Tax paid	-15.2	-27.5	-23.5	-16.9	-21.8	-31.5
(Inc)/Dec in Wkg. Capital	-30.9	5.5	8.5	4.1	-12.5	18.2
CF from Op. Activity	28.1	118.5	155.7	98.8	108.8	173.5
(Inc)/Dec in FA & CWIP	-73.4	-70.4	-69.0	-71.8	-95.0	-95.0
Free Cash Flow	-45.3	48.1	86.7	27.0	13.8	78.5
(Pur)/Sale of Investments	-10.6	-9.9	-6.0	-15.9	0.0	0.0
CF from Inv. Activity	-65.5	-80.0	-60.6	-77.5	-95.0	-95.0
Interest charge	-5.8	-10.9	-10.8	-9.6	-9.1	-9.3
Inc / (Dec) in Debt	79.6	21.0	-28.4	38.4	25.0	-20.0
Dividends Paid	-30.7	-36.2	-42.7	-39.4	-31.3	-37.1
CF from Fin. Activity	25.5	-34.3	-92.1	-22.9	-15.5	-66.4
Inc / (Dec) in Cash	-11.9	4.1	3.0	-1.6	-1.7	12.2
Add: Opening Balance	13.7	1.7	5.9	8.9	7.3	5.7
Closing Balance	1.7	5.9	8.9	7.3	5.7	17.8

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://qalaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collateral, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motalal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motalal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motalaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motalaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motalaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motalaloswal.com
Mr. Ajay Menon	022 40548083	am@motalaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motalaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motalaloswal.com

Registration details of group entities.: Motalal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motalal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motalaloswal.com. In case of grievances for any of the services rendered by Motalal Oswal Financial Services Limited (MOFSL) write to grievances@motalaloswal.com, for DP to dpgrievances@motalaloswal.com.