

Earnings miss amid a weak quarter

Oil & Gas ▶ Result Update ▶ November 02, 2025

CMP (Rs): 183 | TP (Rs): 210

GAIL posted Q2FY26 standalone EBITDA of Rs31.9bn, a 6% miss, due to weak transmission, petchem, and LPG. PAT at Rs22.2bn saw a 5% beat, largely due to 41% higher-than-estimated other income. The reported transmission EBITDA saw an 18% miss, while gas cost affected petchem; realizations fell for LPG. Marketing was 18% better than expected. The management further lowered its FY26 pipeline volume guidance to 123-124mmscmd after a weak H1; however, it expects to see 8-10mmscmd growth in FY27. The management reiterated its FY26 marketing PBT guidance at Rs40-45bn, with potential upside. Petchem earnings were impacted by higher gas cost; the near-term outlook remains weak as HH prices are high. The integrated network tariff hike is expected at any time. We cut FY26E EPS by 10%, factoring in lower pipeline volumes and delayed tariff hike, while largely retaining our FY27-28E earnings. We roll forward to Sep-27E, with our blended target EV/EBITDA multiple down to 6.8x, from 7.0x, on changes in segment earnings. We retain BUY and maintain our TP of Rs210 despite the rollover to Sep-26E.

Results highlights

GAIL's Q2FY26 standalone EBITDA/PAT fell 15%/17% YoY (down 4%/up 18% QoQ, respectively). D/A rose 5% QoQ to Rs9.3bn (2% above estimate). Despite the 2% QoQ uptick in gas transmission volumes, reported EBITDA fell 7% QoQ on higher opex. Gas marketing EBITDA rose 18% QoQ to Rs15.5bn, with RLNG margins at USD0.57/mmbtu. Marketing volumes were largely steady QoQ at 105.5mmscmd (5% beat). LPG transmission EBITDA rose 7% QoQ to Rs1.5bn. Despite higher utilization at 108%, petchem EBITDA loss widened to Rs1.5bn, from Rs1.3bn QoQ, on elevated gas cost, with realization premium to Korea steady at 16%. LPG-LHC EBITDA fell 39% QoQ to Rs1.4bn due to lower realization and higher expenditure. Q2FY26 capex was Rs16.6bn.

Management KTAs

Q2FY26 volumes were impacted by lower offtake from fertilizers (now normal), weak power demand amid monsoon, high spot LNG prices, and rain-related pipeline disruption of 1.5mmscmd. The Srikakulam Angul pipeline was commissioned; MNJJPL and JHBDPL (residual) would be completed in FY27. Tariff order delay is adding Rs0.2/mmbtu/month to the hike. Of the 15.5mmtpa contracted RLNG, only 0.75mmtpa is untied (with 40-45% under swaps). Another 1mmtpa would start flowing from next year. Pata PP and GMPL would be commissioned in FY26, while PDH-PP in FY27, contributing to earnings from FY28. Dabhol's utilization is restricted at 50%, impacted by a lack of heaters, which should be installed by the next fiscal year. The IPO process for GAIL Gas has started and the consultant would soon be given the order; GAIL Gas may be listed in 1 year.

Valuation

We value GAIL on SOTP-EV/EBITDA, with investments at a 30% holdco discount and unlisted investments at 1.0x BV. We lower Sep-27E EV/EBITDA by 0.5-1.5x for gas transmission, petchem, and LPG-LHC, and raise it by 0.5x for marketing. **Key risks:** Adverse commodity and currency movement, regulations, outages, and project delays.

Target Price – 12M	Sep-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	14.8

Stock Data	GAIL IN
52-week High (Rs)	217
52-week Low (Rs)	151
Shares outstanding (mn)	6,575.1
Market-cap (Rs bn)	1,202
Market-cap (USD mn)	13,536
Net-debt, FY26E (Rs mn)	161,098.4
ADTV-3M (mn shares)	11
ADTV-3M (Rs mn)	1,686.0
ADTV-3M (USD mn)	19.0
Free float (%)	41.0
Nifty-50	25,722.1
INR/USD	88.8

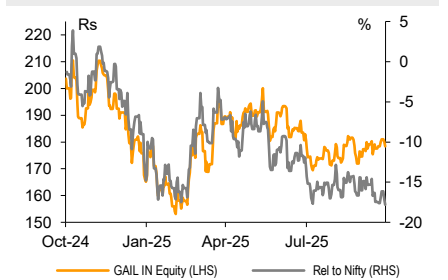
Shareholding, Sep-25

Promoters (%)	51.5
FPIs/MFs (%)	13.6/19.8

Price Performance

(%)	1M	3M	12M
Absolute	3.7	2.9	(8.6)
Rel. to Nifty	(0.8)	(1.0)	(14.0)

1-Year share price trend (Rs)



GAIL: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,305,731	1,372,078	1,501,038	1,544,120	1,648,032
EBITDA	133,747	143,272	140,135	164,184	173,268
Adj. PAT	88,365	94,504	89,458	105,848	112,448
Adj. EPS (Rs)	13.4	14.4	13.6	16.1	17.1
EBITDA margin (%)	10.2	10.4	9.3	10.6	10.5
EBITDA growth (%)	94.4	7.1	(2.2)	17.2	5.5
Adj. EPS growth (%)	62.2	6.9	(5.3)	18.3	6.2
RoE (%)	14.7	13.2	12.3	13.6	13.5
RoIC (%)	15.7	15.1	13.8	15.0	15.1
P/E (x)	13.6	10.6	13.4	11.4	10.7
EV/EBITDA (x)	10.4	9.7	9.9	8.4	8.0
P/B (x)	1.9	1.7	1.6	1.5	1.4
FCFF yield (%)	3.1	5.3	0.6	6.0	6.6

Source: Company, Emkay Research

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Exhibit 1: Actuals vs estimates (Q2FY26)

(Rs bn)	Actual	Estimates (Emkay)	Consensus (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	350.1	343.4	321.2	2%	9%	
Adjusted EBITDA	31.9	33.9	30.2	-6%	6%	Miss on transmission, petchem, and LPG and LHC.
EBITDA Margin	9.1%	9.9%	9.4%	-77bps	-28bps	
Adjusted Net Profit	22.2	21.2	21.0	5%	5%	Higher other income and lower ETR.

Source: Company, Emkay Research

Exhibit 2: Quarterly summary

(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY	QoQ	H1FY25	H1FY26	YoY
Revenue	329,117	349,371	356,852	347,689	350,081	6%	1%	665,855	697,770	5%
COGS	267,301	294,002	299,257	290,473	289,820	8%	0%	537,244	580,293	8%
Gross Profit	61,817	55,368	57,595	57,216	60,260	-3%	5%	128,612	117,477	-9%
Opex	24,367	26,990	25,431	23,880	28,355	16%	19%	45,881	52,234	14%
EBITDA	37,450	28,378	32,164	33,337	31,906	-15%	-4%	82,731	65,242	-21%
Depreciation	8,153	8,322	9,034	8,828	9,302	14%	5%	18,642	18,130	-3%
Interest	1,901	1,666	1,783	2,094	2,298	21%	10%	3,993	4,391	10%
Other Income	7,135	7,497	5,664	2,919	7,926	11%	172%	10,851	10,845	0%
Exceptionals	-	24,400	-	-	-			-	-	
PBT	34,531	50,288	27,011	25,334	28,232	-18%	11%	70,947	53,566	-24%
Tax	7,812	11,614	6,520	6,471	6,060	-22%	-6%	16,988	12,530	-26%
Reported PAT	26,719	38,674	20,490	18,863	22,172	-17%	18%	53,959	41,036	-24%
Adjusted PAT	26,719	19,909	20,490	18,863	22,172	-17%	18%	53,959	41,036	-24%
Adjusted EPS	4.1	3.0	3.1	2.9	3.4	-17%	18%	8.2	6.2	-24%
Gas Transmission										
Volume (mmscmd)	130.6	125.9	120.8	120.6	123.6	-5%	2%	131.2	122.1	-7%
Adjusted Tariff (Rs/scm)	2.1	2.1	2.1	2.2	2.2	1%	-1%	2.2	2.2	1%
Reported EBITDA*	18,060	17,820	16,760	19,690	18,300	1%	-7%	37,720	37,990	1%
LPG Transmission										
Volume (mmt)	1.1	1.2	1.1	1.1	1.2	4%	3%	2.2	2.3	5%
Tariff (Rs/mt)	1,628	2,109	1,935	1,981	1,971	21%	0%	1,649	1,976	20%
Reported EBITDA	1,050	1,580	1,350	1,390	1,490	42%	7%	2,050	2,880	40%
Gas Marketing										
Volume (mmscmd)	96.6	103.5	106.5	105.5	105.5	9%	0%	98.0	105.5	8%
Reported EBITDA*	15,120	30,730	14,220	13,150	15,510	3%	18%	37,970	28,660	-25%
EBITDA Margin (USD/mmbtu)	0.4	0.1	0.4	0.4	0.4	-14%	0%	0.6	0.4	-35%
Petchem										
Sales Volume (kt)	226	221	229	177	209	-8%	18%	395	386	-2%
Reported EBITDA	2,810	1,290	20	-1,270	-1,450	NM	NM	4,050	-2,720	NM
EBITDA/mt (USD)	125	61	1	-84	-69	NM	NM	106	-76	NM
LPG and LHC										
Sales Volume (kt)	253	282	198	198	223	-12%	13%	471	421	-11%
Reported EBITDA	2,770	4,080	3,300	2,340	1,430	-48%	-39%	5,430	3,770	-31%
EBITDA/mt (USD)	110	150	164	133	64	-42%	-52%	122	96	-21%

Source: Company, Emkay Research; Note: Adjusted PAT may not fully match the annual tables due to a different adjustment method in the Emkay detailed annual model; *this includes the Seife settlement amount in Q3FY25 and settlement claims amount in Q1FY26

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Concall Highlights

Gas transmission

- In Q2FY26, GAIL's volumes rose QoQ to 123.59mmcmd, although there were issues on the fertilizer side (now normal); power demand was also affected by rains, while high spot LNG prices curtailed refinery offtake, as refineries opted to rely on internal fuels. There were flood-related disturbances seen for 4 pipelines (with 1-1.5mmcmd impact). Book tariff dipped QoQ owing to Rs1.33bn of UFT adjustment in Q1. There was also a Rs500mn impact from weighted average adjustments (Rs60.61 from Rs60.68/mmbtu).
- FY26 pipeline volume guidance is revised down to 123-124mmcmd, with H2 likely to see some recovery to 125mmcmd. However, in FY27, 8-10mmcmd growth should lead to 132-135mmcmd. This would be driven by a 3.5mmcmd secular increase in CGD, while 2-3mmcmd would come from power, 2-3mmcmd from refinery lost volumes, and 2mmcmd from new lines. Eastern refineries like Haldia and Paradip would also be connected. Peak power demand should remain and would be driven by more renewables in the grid. New fertilizer plants are also being discussed in Chhattisgarh and Maharashtra.
- Tariff review can come anytime, and GAIL expects Rs70-71/mmbtu at least. The recent reform of 50% revenue sharing with customers above 75% pipeline utilization should also aid. The delay is also adding up at the rate of Rs0.2/mmbtu/month.
- Overall capacity utilization was 59% in Q2; for the integrated network, the declared capacity is 150.46mmcmd, while volumes were 111.76mmcmd, resulting in utilization at 74.28%.
- Pipeline-wise, SAPL has been commissioned (16 October), while MNJJPL (97% progress, PESO approved), JHBDPL, and KKMBPL residual will be commissioned in FY26; GJPL would be commissioned in FY27. SAPL, MNJJPL, and GJPL are bid-out lines, with tariffs above Rs100/mmbtu. They are different routes and 2mmcmd of volumes can flow through them in FY27. GAIL got authorization to lay the Vijaipur-Bina pipeline in Sep-25; the pipeline will connect the refinery there and have 3mmcmd capacity. GAIL would incur Rs4.5bn capex in 3 years for 105km. This will be part of the integrated network.

Gas marketing

- PBT in gas marketing was Rs12.27bn in Q2, while gross margin (EBITDA) was Rs15.51bn. For H1, the figures were Rs22.21bn and Rs28.66bn, respectively. GAIL's Rs40-45bn guidance for FY26 PBT is intact, with the figure even potentially exceeding. In FY27 too, it should be around this level.
- GAIL has 16.5mmtpa of contracted RLNG, of which 15.5mmtpa is currently on (1mmtpa to come next year). Of this, only 0.75mmtpa (2.5-3.0mmcmd) is open and untied and mainly Henry Hub, although 40-45% of this is also under swaps. GAIL also has a 10% share of spot LNG when demand from power, etc, comes up.
- 4.8mmtpa of oil-linked LNG is under fixed margins, with 5% increase every year, primarily catering to the fertilizer sector. 3mmtpa of oil-linked LNG also sees the same margin, although there is a cashflow-averaging impact as sourcing is done over 9M and sales is over 3M. Hence, when oil prices fall, margins fall too, although they make up as prices recover.
- The 5.8mmtpa US LNG is HH-based, with varying margins. GAIL also utilizes destination swaps to its benefit as it is a FOB contract. It also enjoys 0.75mmtpa from traders, with similar terms.
- GAIL has booked 2.5mmtpa of LNG capacity in Dahej, 1.5mmtpa in Dhamra, besides Dabhol. More volumes would come from next year and hence, it is tying up additional regas capacity with terminal operators. It is also looking to expand Dabhol to 6.5mmtpa and further to 10-12mmtpa. The DUPL-DPPL pipeline is being expanded, although 6.5mmtpa of evacuation capacity is already there.

- Dabhol has become a year-round terminal; however, utilization is still 50% of 5mmtpa as lack of heaters imply that it can only run when RGPPL operates. In FY27, heaters will be installed, and the utilization would improve substantially.

Petchem

- Pata plant operated normally in Q2 after shutting down in Q1. Petchem saw EBIT loss of Rs2.99bn in Q2 due to higher gas cost, and the scenario is likely to remain similar for the year with HH gas, which is used in this segment, being unsustainably high (landed at USD10.5-10.6/mmbtu). GAIL is taking various measures like C2-C3 induction, cost optimization, efficiency. These will support the segment ahead and HH prices should also fall.
- The Pata PP and GMPL (JBF) projects are expected to be commissioned in this fiscal year, while PDH-PP would come online by FY27. Pata PP would not be major; however, PDH-PP would contribute from FY28. The project was approved based on USD250-300 EBITDA/mt.
- GMPL has proposed a PX pipeline from Mangalore Port as it is not clear if MRPL can supply the same. However, even if MRPL supplies, the company can keep it as an option.

Others

- Q2FY26 capex was Rs16.62bn, with Rs7.84/5.14/2.26/1.38bn spent on pipelines/petchem/operations/others, respectively. In FY26, MNJJPL's capex of Rs85bn and Pata PP's capex of Rs136bn, besides GMPL, KKMBPL, and the remaining of JHBDPL capex would be expensed. In FY27, PDH-PP and GJPL will be commissioned.
- Internal gas consumption is 1.6/1.44/5mmcmd in transmission/LPG/petchem, with HP-HT prices being the ballpark rate. The Jamnagar-Loni LPG pipeline expansion from 3.25 to 6.5mmtpa would drive revenues by Rs7bn based on existing tariffs, which, though, is also growing by 3.4% YoY. EBITDA would increase by Rs6bn pa.
- LPG transmission utilization was 101% in Q2. The LHC segment was impacted in Q2 as realizations fell by Rs4,600/mt. NWG allocation was reduced from 0.32 to 0.2mmcmd from Oct-25; this would impact volumes by 33kt. GAIL has sought more allocation from MOPNG.
- GAIL's standalone 6 GAs performance in Q2: 213 CNG stations, 4.5lakh DPNG customers, and 0.46mmcmd volumes (0.17mmcmd APM). The company aims to set up 85 stations and 1.5lakh PNG connections in 2 years.
- GAIL Gas' performance in Q2: Revenue at Rs32.35bn vs Rs29.27bn QoQ, PBT was Rs1.48bn vs Rs1.46bn, and PAT at Rs1.11bn vs Rs1.08bn. Volumes were 7.72mmcmd, with 4.5 bulk, 1.32 TTZ, and 2mmcmd CGD. The company added 44,540 DPNG and 1 CNG station in Q2, with 11.74laks and 665 in total (including all its group entities), respectively. Bangalore GA is doing 1mmcmd. The IPO process has started and the consultant would be given the order soon; the company may be listed in 1 year.
- AI, etc, will be used extensively and 30 use cases are applied with Rs1.4bn investment, with Rs6bn of savings targeted in 5 years.

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

Exhibit 3: Change in assumptions

	FY26E			FY27E			FY28E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Gas Transmission									
Volumes (mmscmd)	127.3	124.8	-2%	136.2	133.5	-2%	144.4	141.5	-2%
Adj Tariff (Rs/scm)	2.5	2.4	-7%	2.6	2.6	0%	2.6	2.6	0%
Adj EBITDA (Rs bn)	80.8	71.4	-12%	88.6	87.5	-1%	96.1	94.9	-1%
LPG Transmission									
Volumes (mmt)	4.5	4.5	0%	4.6	4.6	0%	4.6	4.6	0%
Adj EBITDA (Rs bn)	4.7	4.7	0%	4.8	4.8	0%	4.8	4.8	0%
Gas Marketing									
Volumes (mmscmd)	106.1	106.1	0%	111.1	111.1	0%	116.4	116.4	0%
Margin (USD/mmbtu)	0.3	0.4	12%	0.3	0.3	6%	0.3	0.3	4%
Adj EBITDA (Rs bn)	42.0	47.6	13%	43.7	46.9	7%	46.2	48.7	5%
Petchem									
Capacity Utilization	100%	100%	0%	100%	100%	0%	100%	100%	0%
EBITDA/mt (USD)	61.9	-49	NM	89.5	49.3	-45%	116.4	92.8	-20%
Adj EBITDA (Rs bn)	4.3	-3.4	NM	6.2	3.5	-44%	8.1	6.5	-19%
LPG and LHC									
EBITDA/mt (USD)	47.0	63	33%	24.3	55.8	130%	-4.3	21.5	NM
Adj EBITDA (Rs bn)	3.8	5.2	35%	2.0	4.6	133%	-0.4	1.8	NM

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY26E			FY27E			FY28E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,501	1,501	0%	1,524	1,544	1%	1,619	1,648	2%
EBITDA	150	140	-7%	162	164	1%	171	173	1%
EBITDA Margins	10.0%	9.3%	-67bps	10.6%	10.6%	1bps	10.6%	10.5%	-5bps
PAT	99	89	-10%	107	106	-1%	114	112	-1%
EPS (Rs)	15.1	13.6	-10%	16.2	16.1	-1%	17.3	17.1	-1%

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 5: SOTP-based valuation (Sep-26E)

Components	Basis	Sep-27E EBITDA	Multiple (x)	EV (Rs bn)	EV/Sh (Rs)	Comments
Gas Transmission - Standalone	EV/EBITDA	91	7.5	684	104	
LPG Transmission - Standalone	EV/EBITDA	5	7.0	34	5	
Gas Marketing - Standalone	EV/EBITDA	48	6.0	287	44	
Petrochemicals - Standalone	EV/EBITDA	5	6.0	30	5	
LPG & LHC - Standalone	EV/EBITDA	3	5.0	16	2	
Others -Standalone	EV/EBITDA	17	6.0	100	15	
Core Business EV		169	6.8	1,151	175	
Less: Adj Net Debt (Sep-26E End)				101	15	
Core Business Valuation				1,050	160	
Value of Listed Investments	TP/CMP			186	28	At a 30% holdco discount.
Value of Unlisted Investments	BV			146	22	At 1.0x P/B.
Target Price-Fair Value				1,381	210	

Source: Company, Emkay Research

Exhibit 6: Schedule and value of listed investments

Listed	Type	Basis of valuation	TP/CMP (Rs)	Equity value (Rs bn)	GAIL's stake	Pro-rata value (Rs bn)	Holdco discount	Contr to SOTP (Rs bn)	Per share value (Rs)
PLNG	JV	CMP	280	420	12.5%	53	30%	37	5.6
IGL	JV	TP (Emkay)	230	322	22.5%	72	30%	51	7.7
MGL	JV	TP (Emkay)	1,540	152	32.5%	49	30%	35	5.3
ONGC	Financial	CMP	250	3,145	2.5%	77	30%	54	8.2
China Gas Holding	Financial	CMP	91	477	2.9%	14	30%	10	1.5
Gujarat Industries Power Co (GIPCL)	Financial	CMP	180	272	0.4%	1	30%	1	0.1
Total Listed						266		186	28
Unlisted									
Unlisted CGDs and IGGL	Subsidiary	BV		Value of Stake		104	0%	104	16
Brahmaputra Cracker (BCPL)	Subsidiary	BV		Value of Stake		42	0%	42	6
Total Unlisted						146		146	22
Grand Total Investments						412		332	50

Source: Company, Emkay Research

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GAIL: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,305,731	1,372,078	1,501,038	1,544,120	1,648,032
Revenue growth (%)	(9.5)	5.1	9.4	2.9	6.7
EBITDA	133,747	143,272	140,135	164,184	173,268
EBITDA growth (%)	94.4	7.1	(2.2)	17.2	5.5
Depreciation & Amortization	33,308	35,998	37,723	41,099	44,474
EBIT	100,439	107,275	102,412	123,085	128,794
EBIT growth (%)	128.7	6.8	(4.5)	20.2	4.6
Other operating income	3,546	3,271	3,336	3,403	3,471
Other income	22,079	24,013	25,236	27,303	29,085
Financial expense	6,972	7,442	8,051	8,880	7,548
PBT	115,546	123,845	119,597	141,507	150,331
Extraordinary items	0	24,400	0	0	0
Taxes	27,181	35,122	30,138	35,660	37,883
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	88,365	113,123	89,458	105,848	112,448
PAT growth (%)	66.7	28.0	(20.9)	18.3	6.2
Adjusted PAT	88,365	94,504	89,458	105,848	112,448
Diluted EPS (Rs)	13.4	14.4	13.6	16.1	17.1
Diluted EPS growth (%)	62.2	6.9	(5.3)	18.3	6.2
DPS (Rs)	5.5	6.5	6.8	8.0	8.6
Dividend payout (%)	41.0	37.8	50.0	50.0	50.0
EBITDA margin (%)	10.2	10.4	9.3	10.6	10.5
EBIT margin (%)	7.7	7.8	6.8	8.0	7.8
Effective tax rate (%)	23.5	28.4	25.2	25.2	25.2
NOPLAT (pre-IndAS)	76,812	76,852	76,604	92,067	96,338
Shares outstanding (mn)	6,575	6,575	6,575	6,575	6,575

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	65,751	65,751	65,751	65,751	65,751
Reserves & Surplus	576,043	639,886	684,615	737,539	793,763
Net worth	641,794	705,637	750,366	803,290	859,514
Minority interests	-	-	-	-	-
Non-current liab. & prov.	49,558	50,935	52,846	54,796	56,785
Total debt	192,105	184,434	175,000	152,000	121,700
Total liabilities & equity	883,456	941,006	978,212	1,010,086	1,037,999
Net tangible fixed assets	422,657	432,432	551,462	577,873	600,890
Net intangible assets	31,169	33,028	0	0	0
Net ROU assets	35,772	56,198	0	0	0
Capital WIP	158,587	188,429	190,313	192,216	194,138
Goodwill	-	-	-	-	-
Investments [JV/Associates]	175,139	174,836	176,584	178,350	180,133
Cash & equivalents	7,032	11,041	13,902	12,975	12,272
Current assets (ex-cash)	264,928	263,053	281,804	288,549	303,810
Current Liab. & Prov.	211,828	218,010	235,853	239,876	253,245
NWC (ex-cash)	53,100	45,043	45,951	48,672	50,565
Total assets	883,456	941,006	978,212	1,010,086	1,037,999
Net debt	185,072	173,393	161,098	139,025	109,428
Capital employed	883,456	941,006	978,212	1,010,086	1,037,999
Invested capital	506,926	510,502	597,414	626,545	651,455
BVPS (Rs)	97.6	107.3	114.1	122.2	130.7
Net Debt/Equity (x)	0.3	0.2	0.2	0.2	0.1
Net Debt/EBITDA (x)	1.4	1.2	1.1	0.8	0.6
Interest coverage (x)	17.6	17.6	15.9	16.9	20.9
RoCE (%)	15.8	15.2	14.1	16.0	16.3

Source: Company, Emkay Research

Cash flows					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	93,467	99,833	94,361	114,205	121,246
Others (non-cash items)	24,870	22,425	20,538	22,676	22,937
Taxes paid	(27,482)	(23,531)	(28,227)	(33,710)	(35,894)
Change in NWC	(1,316)	9,434	1,003	(771)	96
Operating cash flow	129,820	151,600	133,450	152,379	160,407
Capital expenditure	(86,403)	(77,472)	(125,611)	(69,413)	(69,413)
Acquisition of business	(47,251)	303	(1,748)	(1,766)	(1,783)
Interest & dividend income	14,982	14,338	25,236	27,303	29,085
Investing cash flow	(111,576)	(53,157)	(102,123)	(43,876)	(42,111)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	34,809	(7,670)	(9,434)	(23,000)	(30,300)
Payment of lease liabilities	(15,391)	(20,426)	56,198	0	0
Interest paid	(6,972)	(7,442)	(8,051)	(8,880)	(7,548)
Dividend paid (incl tax)	(36,195)	(42,739)	(44,729)	(52,924)	(56,224)
Others	(1,135)	1,004	0	0	0
Financing cash flow	(24,885)	(77,273)	(6,017)	(84,804)	(94,072)
Net chg in Cash	(6,641)	21,171	25,310	23,699	24,224
OCF	129,820	151,600	133,450	152,379	160,407
Adj. OCF (w/o NWC chg.)	131,136	142,166	132,446	153,150	160,311
FCFF	43,416	74,128	7,839	82,966	90,995
FCFE	51,425	81,024	25,024	101,389	112,531
OCF/EBITDA (%)	97.1	105.8	95.2	92.8	92.6
FCFE/PAT (%)	58.2	71.6	28.0	95.8	100.1
FCFF/NOPLAT (%)	56.5	96.5	10.2	90.1	94.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	13.6	10.6	13.4	11.4	10.7
P/CE(x)	9.9	9.6	9.4	8.2	7.7
P/B (x)	1.9	1.7	1.6	1.5	1.4
EV/Sales (x)	1.1	1.0	0.9	0.9	0.8
EV/EBITDA (x)	10.4	9.7	9.9	8.4	8.0
EV/EBIT(x)	13.8	12.9	13.5	11.3	10.8
EV/IC (x)	2.7	2.7	2.3	2.2	2.1
FCFF yield (%)	3.1	5.3	0.6	6.0	6.6
FCFE yield (%)	4.3	6.7	2.1	8.4	9.4
Dividend yield (%)	3.0	3.6	3.7	4.4	4.7
DuPont-RoE split					
Net profit margin (%)	6.8	6.5	6.0	6.9	6.8
Total asset turnover (x)	1.6	1.6	1.6	1.6	1.6
Assets/Equity (x)	1.3	1.3	1.3	1.3	1.2
RoE (%)	14.7	13.2	12.3	13.6	13.5
DuPont-RoIC					
NOPLAT margin (%)	5.9	5.6	5.1	6.0	5.8
IC turnover (x)	2.7	2.7	2.7	2.5	2.6
RoIC (%)	15.7	15.1	13.8	15.0	15.1
Operating metrics					
Core NWC days	14.8	12.0	11.2	11.5	11.2
Total NWC days	14.8	12.0	11.2	11.5	11.2
Fixed asset turnover	2.2	2.1	2.1	1.9	1.9
Opex-to-revenue (%)	7.8	7.2	7.0	6.9	6.8

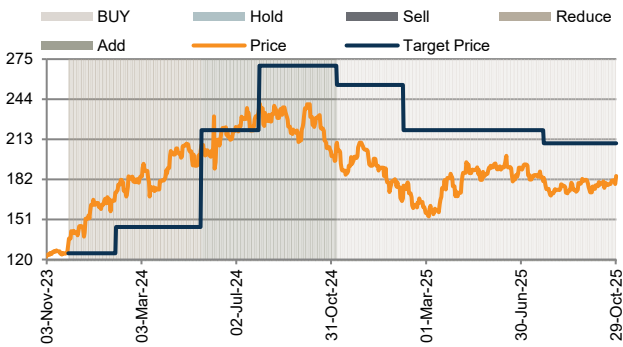
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
29-Jul-25	183	210	Buy	Sabri Hazarika
16-May-25	186	220	Buy	Sabri Hazarika
31-Jan-25	177	220	Buy	Sabri Hazarika
07-Nov-24	210	255	Buy	Sabri Hazarika
18-Oct-24	221	270	Add	Sabri Hazarika
31-Jul-24	241	270	Add	Sabri Hazarika
18-May-24	209	220	Add	Sabri Hazarika
11-Mar-24	183	145	Reduce	Sabri Hazarika
30-Jan-24	172	145	Reduce	Sabri Hazarika
30-Nov-23	132	125	Reduce	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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