ADD GAIL

Strong performance across segments; valuations reasonable

Oil & Gas | Result Update | August 02, 2026 | CMP (Rs): 181 | TP (Rs): 200

GAIL's 1QFY27 SA EBITDA/APAT of Rs63.8/42.9bn significantly beat our estimates, driven by robust performance across segments. Gas marketing delivered a strong quarter, with PBT at Rs33.5bn vs annual guidance of Rs45bn, aided by cheaper HH-linked sourcing and a timing mismatch between JCC procurement prices and sales realizations. However, Management expects this benefit to normalize over subsequent quarters as indices converge, while retaining its Rs45bn PBT guidance. Gas transmission volumes stood at 122mmscmd in 1Q, with FY27 guidance at ~123mmscmd under the current geopolitical scenario. Petchem and LPG&LHC earnings in 1Q benefited from higher realizations, though Management expects earnings to moderate as realizations have softened. Petchem is currently operating at 100% utilization and is expected to see breakeven in FY27. GAIL targets an additional 7–8mmtpa LNG sourcing by CY30, with ~2.5mmtpa already tied up. We raise FY27E EBITDA by 12% on a stronger 1Q run-rate, while FY28/29E EBITDA increases by 5%/2% on better marketing and petchem earnings. We roll forward to Jun-28E, raising our TP by ~11% to Rs200 from Rs180; retain ADD.

Results highlights

GAIL's 1QFY27 SA adj EBITDA/APAT rose 2.0x/2.4x yoy (up 3.2x/3.5x qoq). D/A rose 1% qoq to Rs8.6bn, while other income of Rs5.7bn beat estimate by 91% (up 112% yoy). Gas transmission EBITDA rose 14% qoq on lower opex, while volume was up 3% qoq to 122.4mmscmd (2% miss). Gas marketing EBITDA rose to Rs37.7bn vs Rs1.0bn qoq, with RLNG margin significantly up, at $1.86/mmbtu (Emkay: $0.4/mmbtu). Marketing volume fell 8% qoq to 93.8mmscmd (8% miss). LPG transmission EBITDA rose 67% qoq to Rs1.4bn. Petchem EBITDA loss narrowed to Rs110mn from Rs3.9bn qoq on higher realization and lower gas cost, while utilization was lower at 25%. LPG-LHC EBITDA rose ~4.7x qoq to Rs8.0bn on better realization. GAIL's opex at Rs26.8bn was 7% below estimate (down 9% qoq/up 12% yoy), with other expenses down 14% qoq to Rs21.7bn.

Management KTAs

1,707km MNJPL became fully operational in 1Q, with Jharsuguda demand at 0.5mmscmd and expectations of a ramp-up. Qatar force majeure and disruption of 7 cargos were bridged via 8 spot LNG cargos. Less than half the HH-linked LNG is back-to-back, ~20% is consumed at Pata, with balance available for Brent-linked optimization, while selective hedging continues. Pata has operated at ~50% utilization from mid-May, with petchem gas cost at $10.54/mmbtu in 1Q. Mangalore PTA is nearing commissioning, while Usar PDH-PP remains on track for Jun-27 commissioning. FY27 capex is guided at ~Rs115bn, with key pipeline projects on track. Heating system at Dabhol is expected by Jun-27.

Valuation

We value GAIL on SOTP-EV/EBITDA, with investments at a 30% holdco discount and unlisted investments at 1.0x BV. We slightly raise our blended Jun-28E EV/EBITDA to 6.7x from 6.5x owing to segmental realignment. Key risks: Adverse commodity and currency movements, regulations, outages, and project delays.

Target Price – 12M	Jun-27
Change in TP (%)	**11.1**
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	10.5

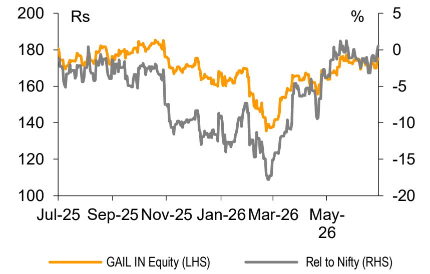
Stock Data	GAIL IN
52-week High (Rs)	187
52-week Low (Rs)	134
Shares outstanding (mn)	6,575.1
Market-cap (Rs bn)	1,193
Market-cap (USD mn)	12,506
Net-debt, FY27E (Rs mn)	207,203.1
ADTV-3M (mn shares)	12.8
ADTV-3M (Rs mn)	1,706.3
ADTV-3M (USD mn)	17.9
Free float (%)	41.0
Nifty-50	24,383.6
INR/USD	95.4

Shareholding,Jun-26	
Promoters (%)	51.5
FPIs/MFs (%)	14.9/19.1

Price Performance

(%)	1M	3M	12M
Absolute	4.6	11.2	2.1
Rel. to Nifty	2.4	9.4	3.7

1-Year share price trend (Rs)



GAIL: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	1,372,078	1,384,680	1,468,512	1,718,226	1,755,867
EBITDA	143,272	110,425	168,480	165,036	182,378
Adj. PAT	94,504	72,098	108,427	106,471	118,113
Adj. EPS (Rs)	14.4	11.0	16.5	16.2	18.0
EBITDA margin (%)	10.4	8.0	11.5	9.6	10.4
EBITDA growth (%)	7.1	(22.9)	52.6	(2.0)	10.5
Adj. EPS growth (%)	6.9	(23.7)	50.4	(1.8)	10.9
RoE (%)	13.2	10.1	14.1	13.0	13.5
RoIC (%)	15.1	10.6	14.7	13.1	13.7
P/E (x)	12.6	16.5	11.0	11.2	10.1
EV/EBITDA (x)	9.5	12.7	8.3	8.4	7.5
P/B (x)	1.7	1.6	1.5	1.4	1.3
FCFF yield (%)	5.4	(1.2)	5.7	6.0	7.6

Source: Company, Emkay Research

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Exhibit 1: GAIL – Actuals vs estimates (1QFY27)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	389.5	433.6	370.6	-10%	5%	
Adjusted EBITDA	63.8	26.5	28.6	141%	123%	Significant beat on marketing along with other segments
EBITDA margin	*16.4%*	*6.1%*	*7.7%*	*1027bps*	*864bps*	
Adjusted net profit	42.9	13.0	17.3	231%	148%	Higher other income and lower D/A

Source: Company, Emkay Research

Exhibit 2: GAIL – Quarterly summary

Standalone (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy	qoq	FY25	FY26	yoy
Revenue	346,359	350,081	340,515	347,725	389,527	12%	12%	1,372,078	1,384,680	1%
COGS	290,473	289,820	288,356	298,137	298,923	3%	0%	1,130,503	1,166,786	3%
Gross Profit	**55,886**	**60,260**	**52,159**	**49,589**	**90,604**	**62%**	**83%**	**241,575**	**217,894**	**-10%**
Opex	23,880	28,355	25,607	29,628	26,846	12%	-9%	98,303	107,469	9%
EBITDA	**32,007**	**31,906**	**26,552**	**19,961**	**63,758**	**99%**	**219%**	**143,272**	**110,425**	**-23%**
Depreciation	8,828	9,302	10,543	8,594	8,648	-2%	1%	35,998	37,266	4%
Interest	2,094	2,298	2,504	2,526	3,097	48%	23%	7,442	9,421	27%
Other income	2,699	7,926	6,795	6,448	5,719	112%	-11%	24,013	23,868	-1%
Exceptionals	1,550	-	-	481	-			24,400	2,031	
PBT	25,334	28,232	20,300	15,771	57,732	128%	266%	148,246	89,637	-40%
Tax	6,471	6,060	4,274	3,149	14,809	129%	370%	35,122	19,954	-43%
Reported PAT	**18,863**	**22,172**	**16,026**	**12,622**	**42,923**	**128%**	**240%**	**113,123**	**69,683**	**-38%**
Adjusted PAT	17,709	22,172	16,026	12,237	42,923	142%	251%	94,358	68,144	-28%
Adjusted EPS (Rs)	2.7	3.4	2.4	1.9	6.5	142%	251%	14.4	10.4	-28%
Gas transmission										
Volume (mmscmd)	120.6	123.6	125.5	119.0	122.4	1%	3%	127.3	122.2	-4%
Adjusted tariff (Rs/scm)	2.2	2.2	2.1	2.5	2.5	16%	3%	2.1	2.2	4%
Reported EBITDA	19,690	18,300	19,220	18,830	21,420	9%	14%	72,300	76,040	5%
LPG transmission										
Volume (mmt)	1.1	1.2	1.2	1.1	1.1	-5%	-3%	4.5	4.6	3%
Tariff (Rs/mt)	1,981	1,971	1,953	2,002	2,089	5%	4%	1,838	1,976	8%
Reported EBITDA	1,390	1,490	1,500	830	1,390	0%	67%	4,980	5,210	5%
Gas marketing										
Volume (mmscmd)	105.5	105.5	104.0	101.9	93.8	-11%	-8%	101.5	104.2	3%
Reported EBITDA	13,150	15,510	11,050	1,040	37,660	186%	3521%	82,920	40,750	-51%
EBITDA Margin ($/mmbtu)	0.4	0.4	0.3	0.2	1.1	190%	391%	0.4	0.3	-22%
Petchem										
Sales Volume (kt)	177	209	218	180	37	-79%	-79%	845	784	-7%
Reported EBITDA	-1,270	-1,450	-3,450	-3,910	-110	NM	NM	5,360	-10,080	NM
EBITDA/mt ($)	-84	-79	-178	-238	-31	NM	NM	66	-144	NM
LPG and LHC										
Sales Volume (kt)	198	223	200	195	224	13%	15%	951	816	-14%
Reported EBITDA	2,340	1,430	660	1,690	8,020	243%	375%	12,810	6,120	-52%
EBITDA/mt ($)	127	73	29	50	347	173%	591%	139	70	-49%

Source: Company, Emkay Research; Note: Adjusted PAT may not fully match that in the exhibits with annual numbers due to a different adjustment method in the Emkay detailed annual model

Key concall takeaways

- FY27 began amid heightened geopolitical uncertainty following the West Asia conflict, which disrupted global LNG supplies and impacted contracted gas availability. Despite these challenges, GAIL leveraged its diversified LNG sourcing portfolio, portfolio optimization capabilities, and flexible supply management to ensure uninterrupted gas supplies while delivering robust financial performance.
- During 1QFY27, the entire 1,707km Mumbai-Nagpur-Jharsuguda (MNJPL) pipeline became fully operational, significantly strengthening GAIL's gas transmission infrastructure across central and eastern India. Konkan LNG also became a wholly-owned subsidiary, effective 6-Jul-26, following the NCLT order; this is expected to improve operational efficiency, enhance tax optimization, and increase competitiveness of RLNG sourcing. The Board has also approved its merger with parent GAIL.
- The PNGRB authorized three new LPG pipeline projects on 14-Jul: Jhansi-Sitarganj (610km), Kolhapur-Nagpur (556km) and Shikrapur-Hubli-Goa (635km); these have a combined length of >1,800km and estimated investment of ~Rs67bn over three years. Demand on the Jharsuguda section currently stands at ~0.5mmscmd, expected to increase further with connectivity to industries (near Jharsuguda belt) and commissioning of new fertilizer plants.
- The force majeure on Qatar LNG supplies through PLNG and disruption of seven additional cargoes created significant supply challenges during the quarter. The supply shortfall was effectively bridged via procurement of eight spot LNG cargos, enabling uninterrupted gas supplies to customers despite elevated spot prices. GAIL's diversified LNG sourcing portfolio and portfolio optimization capabilities proved to be a key strength in navigating the volatile operating environment while supporting India's energy security.
- Gas marketing reported an exceptionally strong quarter, largely driven by favorable movement in global gas pricing indices. Marketing profitability benefited from HH-linked sourcing as well as JCC-linked contracts (~2.4mmtpa) indexed to a nine-month trailing average with a two-month lag; downstream sales remained linked to shorter three-month averages. The resulting timing mismatch led to elevated marketing spreads during 1QFY27, although this benefit is expected to normalize over subsequent quarters as procurement and realization indices gradually converge. Consequently, FY27 gas marketing PBT guidance has been maintained at Rs40-45bn despite 1Q PBT of Rs33.5bn; any revision will be considered after 2QFY27, depending on market conditions.
- During the quarter, the company maintained margins on spot volumes, which were supplied to the power sector as peak requirements came amid deficient rainfall. Overall decline in marketing volume was due to some CGDs opting for direct procurement. International sales stood at 8.76mmscmd. GAIL has a contracted portfolio of ~16.5mmtpa and plans to source an additional 7–8mmtpa by CY30, of which ~2.5mmtpa has already been tied up.
- The company continues to optimize its HH exposure (~21mmscmd) through portfolio management and selective hedging. Less than half the HH-linked LNG portfolio is back-to-back, ~20% is consumed by the Pata plant, while the balance remains available for optimization across Brent-linked contracts, depending on prevailing market conditions. With Pata returning to full utilization, a larger portion of HH volumes will be consumed internally, reducing the volume available for cross-index optimization. Open contracts benefited from softer HH prices and a sharp spike in Brent prices in 1QFY27. However, margins going ahead will be largely contingent on Brent and HH prices.
- Natural gas transmission volumes stood at 122.36mmscmd during 1QFY27 despite the challenging supply environment, and were broadly in line with those in 1QFY26. Sequential improvement was supported by higher deferred volumes, while FY27 transmission volume guidance stands at ~123mmscmd under the current geopolitical scenario. Incremental demand from the power sector during the summer and winter months (Dec-Jan), along with continued CGD expansion, is expected to support transmission volumes going forward. LPG transmission volumes declined 3% qoq to 1,077tmt, primarily due to lower LPG imports following the West Asia disruption.

- The petchem business remained impacted during the quarter following diversion of natural gas to priority sectors amid supply disruptions, resulting in petchem production of only 51tmt as the Pata plant operated only from mid-May at ~50% utilization. Gas availability has subsequently improved and the plant is currently operating at 100% utilization. Average petchem gas cost in 1QFY27 stood at $10.54/mmbtu. The ongoing transition from natural gas to ethane remains a key strategic initiative towards improving long-term profitability and reducing earnings volatility arising from fluctuations in LNG prices. The petchem business is expected to see breakeven (earnings) in FY27.

- Petchem performance improved during 1QFY27 due to significantly higher polymer realizations, with average realizations increasing to ~Rs146,000/ton from ~Rs98,000/ton in 4QFY26. At current economics, the business typically sees break-even at petchem realizations of ~Rs130,000/ton with landed gas prices of $13–14/mmbtu. However, petchem prices have softened in current quarter. The company maintains production rather than shutting down the plant for preserving customer relationships and operational continuity. Pata is currently operating at 100% capacity utilization.

- Major petchem expansion projects are progressing per plans. The 1.25mmtpa PTA project at Mangalore has reached an advanced stage of commissioning and is expected to commence production shortly, while the 500ktpa PDH-PP project at Usar remains on track for commissioning by Jun-27, followed by stabilization and ramp-up over the subsequent 6-7 months and a full operational ramp-up by Dec-27.

- LPG and LHC production increased ~20% yoy during the quarter following allocation of an additional 0.597mmscmd of NWG, taking the total domestic gas allocation for the segment to ~1.9mmscmd (including ~1.12mmscmd of APM gas). Higher Saudi LPG prices coupled with spike in spot premiums further supported profitability during 1QFY27, with average LPG realization increasing to ~Rs90,800/ton during 1QFY27 compared with ~Rs54,000/ton in 4QFY26. LPG PBT was Rs7.7bn. However, with international LPG prices already softening and part of the feedstock continuing to be sourced at higher gas prices, earnings from the segment are expected to moderate from the elevated 1Q levels, although production is expected to remain broadly similar to that in FY26.

- FY27 capex guidance has been maintained at ~Rs115bn, with execution progressing across pipeline infrastructure, petchem, LNG, renewables, and other strategic projects. The company remains on track to achieve its planned capex while continuing to strengthen its integrated gas infrastructure and downstream businesses, with 1QFY27 capex at Rs61.8bn.

- Key pipeline projects remain on track, with the Jagdishpur-Haldia-Bokaro-Dhamra (JHBDPL), Gurdaspur-Jammu, and C2-C3 pipelines expected to be completed during FY27, while the Vijaipur-Bina pipeline and DUPL-DPPL capacity augmentation project are targeted for completion in FY28. JLPL's capacity augmentation is scheduled for completion by Jul-28. These projects are expected to strengthen connectivity across GAIL's transmission network while supporting future industrial and fertilizer demand along the pipeline corridors.

- GAIL continued expanding its CGD footprint with the addition of ~20,069 DPNG connections and 3 new CNG stations during 1QFY27, taking its network to ~0.26mn DPNG connections and 217 CNG stations. Also, GAIL Gas added ~16,610 DPNG connections, taking its network to ~793,684 DPNG connections and 592 CNG stations. Over the next two years, GAIL Gas targets the addition of ~275 CNG stations and ~0.37mn DPNG connections, supported by sustained growth in residential, industrial, and transport gas demand. GAIL Gas's 1Q revenue/PBT/PAT stood at Rs33.26/1.62/1.2bn vs Rs32.27/1.58/1.17bn in 4QFY26.

- The ambient heating system at the Dabhol LNG terminal is expected to be completed by Jun-27. Most LNG contracts provide delivery flexibility across western India, allowing greater utilization of the Dabhol terminal. Regulations require long-term sourcing contracts of three years or more for system use gas (SUG), and the company is examining suitable procurement strategies to ensure uninterrupted pipeline operations. The company uses HP-HT gas for SUG, currently.

- PNGRB's withdrawal of Clause 5A removes the long-pending requirement for unbundling GAIL's gas transmission and marketing businesses, providing greater regulatory clarity.

In any pipeline, the company has ~25% for the third-party, and TSO will monitor the open access quantity.

- Transmission opex declined during the quarter due to a sharp reduction in provisions, while there were no one-off gains or reversals. Depreciation is expected to remain structurally lower following the revision in useful life of pipeline and petchem assets (30-35 years, 4% D/A rate) undertaken in FY26. However, commissioning of the Mangalore PTA and Usar PDH-PP projects is expected to increase depreciation and finance costs gradually over coming years. Annual depreciation and finance cost are expected to increase by ~Rs3.1bn and ~Rs4.4bn, respectively, following capitalization of these projects. The PDH-PP project is financed with ~60% debt and finance cost of Rs4.4bn.
- The two proposed fertilizer projects (in Chhattisgarh and Maharashtra) remain under active evaluation following announcement of the revised urea policy. Further details are expected after completion of feasibility studies and necessary approvals. Alongside fertilizer capacity, the government continues to promote strategic gas storage, coal gasification, and compressed biogas; these are expected to provide additional structural demand drivers for the natural gas sector over the medium term.
- GAIL continues to strengthen supply security through a diversified global LNG portfolio and flexible procurement strategy. The recent supply disruption reinforced the strategic importance of diversified LNG sourcing compared with LPG, for which India remains more dependent on Middle Eastern supplies. This has further accelerated the government's push toward PNG penetration, industrial fuel switching, and expansion of natural gas infrastructure, supporting a favourable long-term outlook for gas transmission and marketing volumes.
- The long-term outlook for domestic gas demand remains robust, supported by PNGRB's Vision 2030, which envisages India's gas consumption increasing to 297mmscmd from ~200mmscmd now. Incremental demand is expected across the CGD, fertilizer, and power industries (like steel and aluminium) as well as LNG transportation, with CGD demand alone projected to increase from ~45–46mmscmd now to ~80mmscmd. Fertilizer demand is expected to increase by 10-12mmscmd while power demand is expected to increase from 25-26mmscmd now to ~35mmscmd in FY30.

Exhibit 3: Change in assumptions

	FY27E			FY28E			FY29E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Gas Transmission									
Volumes (mmscmd)	121.0	123.4	2%	130.6	133.3	2%	139.8	142.6	2%
Adj Tariff (Rs/scm)	*2.4*	*2.5*	4%	*2.4*	*2.5*	4%	*2.7*	*2.7*	-1%
Adj EBITDA (Rs bn)	65.7	70.3	7%	71.0	76.0	7%	87.2	86.1	-1%
LPG Transmission									
Volumes (mmt)	4.6	4.6	0%	4.7	4.7	0%	4.7	4.7	0%
Adj EBITDA (Rs bn)	4.8	4.8	-1%	4.9	4.9	-1%	5.0	5.0	-1%
Gas Marketing									
Volumes (mmscmd)	101.9	95.0	-7%	109.4	108.0	-1%	114.5	113.0	-1%
Margin ($/mmbtu)	0.4	0.5	19%	0.4	0.4	14%	0.4	0.4	8%
Adj EBITDA (Rs bn)	53.5	60.5	13%	56.6	65.3	15%	59.8	65.1	9%
Petchem									
Capacity Utilization	75%	75%	0%	100%	100%	0%	100%	100%	0%
EBITDA/mt ($)	-47.5	38.0	NM	19.8	39.8	101%	28.8	66.7	132%
Adj EBITDA (Rs bn)	-2.9	2.3	NM	1.6	3.3	105%	2.3	5.5	137%
LPG and LHC									
EBITDA/mt ($)	247.2	258.2	4%	152.0	55.2	-64%	176.0	114.3	-35%
Adj EBITDA (Rs bn)	18.4	19.6	7%	11.3	4.2	-63%	13.1	8.7	-34%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY27E			FY28E			FY29E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,520	1,469	-3%	1,722	1,718	0%	1,789	1,756	-2%
EBITDA	151	168	12%	157	165	5%	180	182	2%
EBITDA Margins	*9.9%*	*11.5%*	*156bps*	*9.1%*	*9.6%*	*49bps*	*10.0%*	*10.4%*	*35bps*
PAT	95	108	14%	100	106	6%	116	118	2%
EPS (Rs)	14.4	16.5	14%	15.2	16.2	6%	17.6	18.0	2%

Source: Company, Emkay Research

Exhibit 5: SOTP-based valuation (Jun-27E)

Components	Basis	Jun-28E EBITDA (Rs bn)	Multiple (x)	EV (Rs bn)	EV/sh (Rs)	Comments
Gas Transmission - Standalone	EV/EBITDA	79	7.5	589	90	
LPG Transmission - Standalone	EV/EBITDA	5	7.0	34	5	
Gas Marketing - Standalone	EV/EBITDA	65	6.0	391	60	
Petrochemicals - Standalone	EV/EBITDA	4	6.0	23	3	
LPG & LHC - Standalone	EV/EBITDA	5	6.0	32	5	
Others -Standalone	EV/EBITDA	12	5.5	64	10	
Core Business EV		**169**	**6.7**	**1,133**	**172**	
Less: Adj net debt (Jun-27E end)				151	23	
Core Business Valuation				**983**	**149**	
Value of listed investments	TP/CMP			186	28	At 30% holdco discount
Value of unlisted investments	BV			146	22	At 1.0x PBV
Target Price/Fair Value				**1,315**	**200**	

Source: Company, Emkay Research

Exhibit 6: Schedule and value of listed investments

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	Equity Value (Rs bn)	GAIL Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contri to SOTP (Rs bn)	Per Share Value (Rs)
PLNG	JV	TP (Emkay)	360	540	12.5%	68	30%	47	7.2
IGL	JV	CMP	150	210	22.5%	47	30%	33	5.0
MGL	JV	TP (Emkay)	1,300	128	32.5%	42	30%	29	4.4
ONGC	Financial	TP (Emkay)	315	3,963	2.5%	97	30%	68	10.3
China Gas Holding	Financial	CMP	77	401	2.9%	12	30%	8	1.2
Gujarat Industries Power Co (GIPCL)	Financial	CMP	162	244	0.4%	1	30%	1	0.1
Total Listed						**266**		**186**	**28**
Unlisted									
Unlisted CGDs & IGGL	Subsidiary	BV		Value of Stake		104	0%	104	16
Brahamputra Cracker (BCPL)	Subsidiary	BV		Value of Stake		42	0%	42	6
Total Unlisted						**146**		**146**	**22**
Grand Total Investments						**412**		**332**	**51**

Source: Company, Emkay Research

GAIL: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**1,372,078**	**1,384,680**	**1,468,512**	**1,718,226**	**1,755,867**
Revenue growth (%)	5.1	0.9	6.1	17.0	2.2
EBITDA	**143,272**	**110,425**	**168,480**	**165,036**	**182,378**
EBITDA growth (%)	7.1	(22.9)	52.6	(2.0)	10.5
Depreciation & Amortization	35,998	32,129	35,942	37,528	41,739
EBIT	**107,275**	**78,296**	**132,538**	**127,508**	**140,639**
EBIT growth (%)	6.8	(27.0)	69.3	(3.8)	10.3
Other operating income	3,271	3,300	3,366	3,433	3,502
Other income	24,013	23,868	25,483	29,085	31,518
Financial expense	7,442	9,421	13,064	14,252	14,252
PBT	**123,845**	**92,743**	**144,956**	**142,341**	**157,905**
Extraordinary items	24,400	(3,107)	0	0	0
Taxes	35,122	19,954	36,529	35,870	39,792
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**113,123**	**69,683**	**108,427**	**106,471**	**118,113**
PAT growth (%)	28.0	(38.4)	55.6	(1.8)	10.9
Adjusted PAT	**94,504**	**72,098**	**108,427**	**106,471**	**118,113**
Diluted EPS (Rs)	**14.4**	**11.0**	**16.5**	**16.2**	**18.0**
Diluted EPS growth (%)	6.9	(23.7)	50.4	(1.8)	10.9
DPS (Rs)	**6.5**	**6.0**	**8.2**	**8.1**	**9.0**
Dividend payout (%)	**37.8**	**56.6**	**50.0**	**50.0**	**50.0**
EBITDA margin (%)	10.4	8.0	11.5	9.6	10.4
EBIT margin (%)	7.8	5.7	9.0	7.4	8.0
Effective tax rate (%)	28.4	21.5	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**76,852**	**61,451**	**99,138**	**95,376**	**105,198**
Shares outstanding (mn)	6,575	6,575	6,575	6,575	6,575

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	65,751	65,751	65,751	65,751	65,751
Reserves & Surplus	639,886	674,992	729,205	782,441	841,497
Net worth	**705,637**	**740,743**	**794,956**	**848,192**	**907,248**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	50,935	59,013	67,386	75,926	84,637
Total debt	**184,434**	**218,460**	**228,152**	**223,152**	**200,652**
Total liabilities & equity	**941,006**	**1,018,216**	**1,090,494**	**1,147,269**	**1,192,536**
Net tangible fixed assets	432,432	602,668	652,339	700,408	735,530
Net intangible assets	33,028	0	0	0	0
Net ROU assets	56,198	0	0	0	0
Capital WIP	188,429	158,951	160,540	162,146	163,767
Goodwill	-	-	-	-	-
Investments [JV/Associates]	174,836	203,043	205,073	207,124	209,195
Cash & equivalents	**11,041**	**8,862**	**20,949**	**26,377**	**30,946**
Current assets (ex-cash)	263,053	252,142	263,230	294,630	300,081
Current Liab. & Prov.	218,010	207,450	211,637	243,416	246,982
NWC (ex-cash)	**45,043**	**44,692**	**51,593**	**51,214**	**53,098**
Total assets	**941,006**	**1,018,216**	**1,090,494**	**1,147,269**	**1,192,536**
Net debt	173,393	209,598	207,203	196,775	169,706
Capital employed	941,006	1,018,216	1,090,494	1,147,269	1,192,536
Invested capital	**510,502**	**647,360**	**703,931**	**751,622**	**788,628**
BVPS (Rs)	107.3	112.7	120.9	129.0	138.0
Net Debt/Equity (x)	0.2	0.3	0.3	0.2	0.2
Net Debt/EBITDA (x)	1.2	1.9	1.2	1.2	0.9
Interest coverage (x)	17.6	10.8	12.1	11.0	12.1
RoCE (%)	**15.2**	**11.0**	**15.9**	**15.0**	**15.8**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	99,833	68,875	119,473	113,256	126,387
Others (non-cash items)	22,095	21,887	23,524	22,695	24,473
Taxes paid	(23,531)	(16,864)	(28,156)	(27,330)	(31,081)
Change in NWC	9,434	8,429	1,472	8,919	6,826
Operating cash flow	**151,270**	**123,878**	**165,320**	**169,320**	**182,596**
Capital expenditure	(77,472)	(139,860)	(87,202)	(87,202)	(78,482)
Acquisition of business	303	(28,207)	(2,030)	(2,051)	(2,071)
Interest & dividend income	14,338	16,678	25,483	29,085	31,518
Investing cash flow	**(53,157)**	**(144,195)**	**(63,750)**	**(60,168)**	**(49,035)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(7,670)	34,025	9,692	(5,000)	(22,500)
Payment of lease liabilities	(20,426)	56,198	0	0	0
Interest paid	(7,442)	(9,421)	(13,064)	(14,252)	(14,252)
Dividend paid (incl tax)	(42,739)	(39,445)	(54,213)	(53,235)	(59,056)
Others	1,004	(611)	0	0	0
Financing cash flow	**(77,273)**	**40,746**	**(57,586)**	**(72,488)**	**(95,809)**
Net chg in Cash	20,840	20,429	43,984	36,664	37,752
OCF	151,270	123,878	165,320	169,320	182,596
Adj. OCF (w/o NWC chg.)	141,836	115,449	163,848	160,401	175,769
FCFF	73,797	(15,982)	78,117	82,117	104,114
FCFE	80,693	(8,724)	90,535	96,950	121,380
OCF/EBITDA (%)	105.6	112.2	98.1	102.6	100.1
FCFE/PAT (%)	71.3	(12.5)	83.5	91.1	102.8
FCFF/NOPLAT (%)	**96.0**	**(26.0)**	**78.8**	**86.1**	**99.0**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	10.5	17.1	11.0	11.2	10.1
P/CE(x)	9.6	11.4	8.3	8.3	7.5
P/B (x)	1.7	1.6	1.5	1.4	1.3
EV/Sales (x)	1.0	1.0	0.9	0.8	0.8
EV/EBITDA (x)	9.6	12.5	8.2	8.4	7.6
EV/EBIT(x)	12.8	17.6	10.4	10.8	9.8
EV/IC (x)	2.7	2.1	2.0	1.8	1.7
FCFF yield (%)	5.4	(1.2)	5.7	6.0	7.6
FCFE yield (%)	6.8	(0.7)	7.6	8.1	10.2
Dividend yield (%)	3.6	3.3	4.5	4.5	5.0
DuPont-RoE split					
Net profit margin (%)	6.5	5.3	7.4	6.2	6.7
Total asset turnover (x)	1.6	1.5	1.4	1.5	1.5
Assets/Equity (x)	1.3	1.3	1.4	1.4	1.3
RoE (%)	**13.2**	**10.1**	**14.1**	**13.0**	**13.5**
DuPont-RoIC					
NOPLAT margin (%)	5.6	4.4	6.8	5.6	6.0
IC turnover (x)	2.7	2.4	2.2	2.4	2.3
RoIC (%)	**15.1**	**10.6**	**14.7**	**13.1**	**13.7**
Operating metrics					
Core NWC days	12.0	11.8	12.8	10.9	11.0
Total NWC days	**12.0**	**11.8**	**12.8**	**10.9**	**11.0**
Fixed asset turnover	2.1	1.8	1.7	1.8	1.7
Opex-to-revenue (%)	7.2	7.8	7.3	6.6	6.6

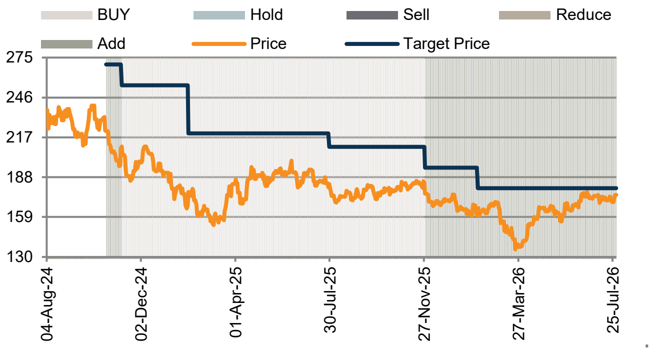
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
24-May-26	161	180	Add	Sabri Hazarika
05-Mar-26	157	180	Add	Sabri Hazarika
03-Feb-26	163	180	Add	Sabri Hazarika
28-Nov-25	176	195	Add	Sabri Hazarika
02-Nov-25	183	210	Buy	Sabri Hazarika
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

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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