

Gujarat Gas | BUY

Earnings beat on higher margin and tad better volume

Gujarat Gas' (GGas) 4QFY25 standalone EBITDA, at INR 4.5bn, was higher than JMFe/consensus of INR 4.0bn/INR 4.1bn due to higher than expected gross margin (and also higher EBITDA margin despite higher opex) and slightly better volume (0.8% above JMFe) led by domestic PNG volume. Gross margin was higher at INR 10.1/scm in 4QFY25 vs. JMFe at INR 8.8/scm; however EBITDA margin beat was lower at INR 5.4/scm vs JMFe of INR 4.8/scm due to jump in opex. Further, overall volume was also 0.8% above JMFe at 9.3mmscmd, led by domestic PNG volume while Industrial and CNG volumes were largely in-line. We maintain BUY (unchanged TP of INR 580) as we expect industrial segment volume growth to be robust in the medium to long term driven by likely strengthening of competitiveness of gas vs. propane on account of moderation in spot LNG prices in the medium to long term.

- **Gross margin higher at INR 10.1/scm in 4QFY25 vs. JMFe at INR 8.8/scm; however jump in opex led to beat in EBITDA margin being lower at INR 5.4/scm vs JMFe of INR 4.8/scm:** The average realisation was lower at INR 49.0/scm vs JMFe of INR 49.7/scm (vs. INR 47.7/scm in 3QFY25); however average cost of gas was significantly lower at INR 38.9/scm or USD 12.5/mmbtu vs JMFe of INR 40.9 or USD 13.1/mmbtu (and vs. INR 39.4/scm or USD 12.9/mmbtu in 3QFY25). Hence, gross margin was higher at INR 10.1/scm in 4QFY25 vs. JMFe at INR 8.8/scm (vs. INR 8.3/scm in 3QFY25). However, opex jumped sharply to INR 4.8/scm in 4QFY25 (vs. INR 4.0/scm in 3QFY25); hence, beat in EBITDA margin beat was lower than beat in gross margin. EBITDA margin was at INR 5.4/scm in 4QFY25 vs JMFe of INR 4.8/scm (and vs INR 4.4/scm in 3QFY25).
- **Overall volume was 0.8% above JMFe at 9.3mmscmd, led by domestic PNG volume; Industrial and CNG volume largely in-line:** Overall volume was 0.8% above JMFe at 9.3mmscmd in 4QFY25 (down 1.8% QoQ and down 4.0% YoY). Industrial volume was in-line with JMFe at 5.0mmscmd (down 7.9% QoQ and down 13.3% YoY); CNG volume was also largely in-line at 3.2mmscmd (up 3.2% QoQ and up 11.4% YoY). However, domestic PNG volume was higher at 80mmscmd (jumped 18% QoQ on a low base, up 3.6% YoY) and commercial segment volume was in-line at 14mmscmd (up 3.2% QoQ and up 11.4% YoY). Further, the company said it is aggressively pushing for FDODO model for setting up CNG station, which will help in accelerating CNG growth for the future; GGas has signed 60+ agreements with various dealers under FDODO scheme as on date, which will help in accelerating growth. During 4QFY25, the company added ~39k new domestic customers, added 3 new CNG stations (total CNG station at over 828).
- **Maintain BUY as we expect GGas competitiveness to improve due to likely moderation in spot LNG price over medium to long term on significant jump in global LNG supply:** We raise our FY26/FY27 PAT estimate by 2%/1% accounting for 4QFY25 results; however, our TP of INR 580 remains unchanged. We maintain BUY as we expect volume growth momentum to sustain in the medium to long term led by: a) rise in gas use in the industrial segment driven by likely improvement in competitiveness of gas vs. propane (on account of moderation in spot LNG price supply over the medium to long term due to significant jump in global LNG from 2026-27 onwards), and also due to regulatory push;

Financial Summary (Standalone)					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,56,902	1,64,870	1,73,383	1,97,162	2,22,656
Sales Growth (%)	-6.4	5.1	5.2	13.7	12.9
EBITDA	19,697	19,759	23,134	25,772	29,852
EBITDA Margin (%)	12.5	11.9	13.3	13.0	13.3
Adjusted Net Profit	11,437	11,483	14,659	16,417	19,244
Diluted EPS (INR)	16.6	16.7	21.3	23.8	28.0
Diluted EPS Growth (%)	-25.2	0.4	27.7	12.0	17.2
ROIC (%)	16.7	14.7	17.1	20.0	22.7
ROE (%)	15.5	14.2	16.3	16.4	17.3
P/E (x)	28.1	28.0	21.9	19.6	16.7
P/B (x)	4.2	3.8	3.4	3.1	2.7
EV/EBITDA (x)	15.9	16.1	12.9	11.3	9.5
Dividend Yield (%)	1.4	1.2	1.2	1.6	1.8

Source: Company data, JM Financial. Note: Valuations as of 19/May/2025



Dayanand Mittal

dayanand.mittal@jmfl.com | Tel: (91 22) 66303063

Shivam Gupta

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

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	580
Upside/(Downside)	24.1%
Previous Price Target	580
Change	-0.1%

Key Data – GUJGA IN

Current Market Price	INR467
Market cap (bn)	INR321.6/US\$3.8
Free Float	19%
Shares in issue (mn)	688.4
Diluted share (mn)	688.4
3-mon avg daily val (mn)	INR245.0/US\$2.9
52-week range	690/360
Sensex/Nifty	82,059/24,945
INR/US\$	85.4

Price Performance

%	1M	6M	12M
Absolute	4.9	3.5	-15.6
Relative*	0.4	-2.1	-23.9

* To the BSE Sensex

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

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and **b)** expansion of CNG in new GAs and limited threat from electric vehicles. We expect spot LNG prices to remain muted. At CMP, GGas is trading at 19.6x FY27 P/E and 3.1x FY27 P/B. **Key risks:** **a)** sustained high spot LNG prices and fall in propane price could pose competitive threat from propane; **b)** further sharp APM gas allocation cuts could pose risk to margin/volume in CNG business.

4QFY25 Result Review

Exhibit 1. GGas quarterly snapshot

INR Mn	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	% QoQ	% YoY
Net Sales	37,815	38,454	39,291	41,342	44,503	37,818	41,529	41,020	-1.2%	-0.8%
Operating expenditure	(33,935)	(33,488)	(35,284)	(35,431)	(39,147)	(32,676)	(37,724)	(36,525)	-3.2%	3.1%
EBITDA	3,880	4,966	4,007	5,911	5,356	5,142	3,805	4,495	18.2%	-24.0%
EBITDA Margin	10.3%	12.9%	10.2%	14.3%	12.0%	9.2%	9.2%	11.0%	180bps	-334bps
Depreciation	(1,151)	(1,179)	(1,201)	(1,212)	(1,231)	(1,295)	(1,294)	(1,286)	-0.7%	6.1%
Interest	(74)	(78)	(72)	(69)	(78)	(80)	(93)	(74)		
Other Income	239	298	230	311	386	386	585	744		
PBT	2,894	4,007	2,964	5,497	4,433	4,152	3,002	3,878		
Tax	(743)	(1,029)	(761)	(1,402)	(1,135)	(1,083)	(786)	(1,007)		
PAT	2,151	2,978	2,203	4,095	3,298	3,069	2,216	2,872	29.6%	-29.9%
EPS (INR)	3.1	4.3	3.2	5.1	4.8	4.5	3.2	4.2		
Tax rate	-26%	-26%	-26%	-25%	-26%	-26%	-26%	-26%		

Source: Company, JM Financial

Exhibit 2. Volume and realisation break-up

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	3QFY25	3QFY25	4QFY25	% QoQ	% YoY
Gas volume										
Industrial (mmscm)	535	539	509	528	660	452	502	453	-9.9%	-14.2%
CNG (mmscm)	238	241	256	263	271	270	287	290	1.0%	10.2%
PNG Domestic (mmscm)	55	64	65	77	56	70	68	80	17.7%	3.6%
Commercial (mmscm)	12	13	13	14	12	14	14	14	4.3%	5.5%
Total (mmscm)	839	857	843	882	999	805	871	837	-3.9%	-5.1%
Industrial (mmscmd)	5.9	5.9	5.5	5.8	7.3	4.9	5.5	5.0	-7.9%	-13.3%
CNG (mmscmd)	2.6	2.6	2.8	2.9	3.0	2.9	3.1	3.2	3.2%	11.4%
Total (mmscmd)	9.2	9.3	9.2	9.7	11.0	8.8	9.5	9.3	-1.8%	-4.0%
Gas volume growth (% QoQ)										
Industrial	10.9%	0.8%	-5.6%	3.7%	25.0%	-31.5%	11.2%	-9.9%		
CNG	4.3%	1.5%	6.1%	2.8%	3.1%	-0.6%	6.5%	1.0%		
PNG Domestic	-26.9%	17.9%	1.4%	18.4%	-27.1%	23.9%	-2.6%	17.7%		
Commercial	-6.1%	8.9%	0.0%	6.0%	-13.3%	16.7%	0.0%	4.3%		
Total	5.2%	2.2%	-1.7%	4.6%	13.3%	-19.4%	8.2%	-3.9%		
Gas volume growth (% YoY)										
Industrial	-11.3%	31.1%	36.5%	9.4%	23.3%	-16.2%	-1.3%	-14.2%		
CNG	7.0%	12.9%	14.4%	15.5%	14.2%	11.8%	12.2%	10.2%		
PNG Domestic	9.1%	1.4%	6.0%	3.5%	3.3%	8.6%	4.2%	3.6%		
Commercial	0.0%	0.0%	0.0%	8.3%	0.0%	7.1%	7.1%	5.5%		
Total	-5.4%	22.3%	25.7%	10.6%	19.1%	-6.1%	3.4%	-5.1%		
Per unit break-up (INR/scm)										
Avg. realisation (INR/scm)	45.1	44.8	46.6	46.9	44.5	47.0	47.7	49.0	2.8%	4.5%
Avg. cost of gas (INR/scm)	36.9	35.6	38.3	36.1	35.9	36.6	39.4	38.9	-1.3%	7.7%
Blended gross spread (INR/scm)	8.2	9.2	8.4	10.8	8.6	10.4	8.3	10.1	22.2%	-6.0%
Other expense (INR/scm)	3.6	3.4	3.6	4.1	3.3	4.0	4.0	4.8	20.2%	17.3%
EBITDA (INR/scm)	4.6	5.8	4.8	6.7	5.4	6.4	4.4	5.4	23.0%	-19.9%
Avg cost of gas (USD/mmbtu)	12.5	12.0	12.8	12.1	12.0	12.1	12.9	12.5	-3.7%	3.2%

Source: Company, JM Financial

Assumption and Estimates

Exhibit 3. Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
GAS VOLUME BREAK-UP (mmscm)								
Industrial segment	2,887	1,870	2,111	2,066	2,273	2,455	2,651	
CNG	726	887	997	1,118	1,274	1,452	1,656	
PNG Domestic	248	250	262	275	288	303	318	
Commercial	44	50	51	54	58	63	68	
Total gas sold (mmcm)	3,906	3,057	3,421	3,512	3,894	4,273	4,693	
Internal consumption and line loss	59	46	51	53	58	64	70	At ~1.5% of sales based on historical trend
Total gas purchased (mmscm)	3,964	3,102	3,472	3,565	3,952	4,337	4,763	
GAS VOLUME BREAK-UP (mmscmd)								
Industrial segment	7.9	5.1	5.8	5.7	6.2	6.7	7.3	
CNG	2.0	2.4	2.7	3.1	3.5	4.0	4.5	
PNG Domestic	0.7	0.7	0.7	0.8	0.8	0.8	0.9	
Commercial	0.1	0.1	0.1	0.1	0.2	0.2	0.2	
Total gas sold (mmcmd)	10.7	8.4	9.4	9.6	10.7	11.7	12.9	
Total gas purchased (mmcmd)	10.9	8.5	9.5	9.8	10.8	11.9	13.0	
Gas sales volume change Y-o-Y								
Industrial segment	7.4%	-35.2%	12.9%	-2.1%	10.0%	8.0%	8.0%	
CNG	52.9%	22.1%	12.4%	12.1%	14.0%	14.0%	14.0%	
PNG Domestic	5.2%	0.7%	4.7%	4.9%	5.0%	5.0%	5.0%	
Commercial	56.4%	14.6%	2.1%	5.1%	8.0%	8.0%	8.0%	
Overall	14.0%	-21.7%	11.9%	2.7%	10.9%	9.7%	9.8%	
Gas sales volume composition:								
Industrial segment	74%	61%	62%	59%	58%	57%	56%	Industrial segment to continue to dominate gas mix with 55-60% share
CNG	19%	29%	29%	32%	33%	34%	35%	CNG segment share to be ~35%
PNG Domestic	6%	8%	8%	8%	7%	7%	7%	Domestic PNG segment share to be ~7%
Commercial	1%	2%	1%	2%	1%	1%	1%	
GAS SOURCING & COST BREAK-UP (mmcmd)								
Gas sourcing mix (mmcmd)								
APW/GAIL uniform price gas	2.7	2.7	2.7	2.3	1.8	1.7	1.7	As per gas allocation policy
RIL/Vedanta/Cairn HPHT gas	2.5	2.3	2.3	2.3	2.4	2.6	2.7	
Long term LNG- BG contract (valid till 2025)	2.3	1.8	2.5	2.5	2.5	2.5	2.5	Long-term contract till CY25 for 2.5mmcmd volumes at ~14% linkage to the Brent crude price
Long term LNG- Rasgas contract (valid till 2028)	0.9	0.8	0.9	1.0	1.2	1.4	1.7	Long-term contract till CY28 for 1mmcmd volume at 12.67% linkage to the JCC crude price
Spot LNG	2.5	0.9	1.2	1.7	2.9	3.7	4.5	LNG from spot market (and some volume from KG D6) to meet balance demand
Total gas purchased (mmcmd)	10.9	8.5	9.5	9.8	10.8	11.9	13.0	
Gas cost (USD/mmbtu)								
APW/GAIL uniform price gas	4.1	8.0	7.5	7.5	7.8	8.0	8.0	Based on domestic gas price formula
RIL/Vedanta/Cairn HPHT gas	5.7	11.2	9.8	9.8	10.1	10.4	10.4	
Long term LNG- BG contract (valid till 2025)	12.8	17.9	15.4	12.1	12.1	12.1	12.1	
Long term LNG- Rasgas contract (valid till 2028)	11.6	16.2	14.0	11.0	11.0	11.0	11.0	
Spot LNG	29.5	38.0	12.1	13.0	13.0	13.0	13.0	
Weighted average gas cost	12.8	15.0	11.3	10.5	11.0	11.3	11.4	
OVERALL MARGINS (INR/scm)								
Realisation	40.8	54.8	45.9	46.9	44.7	46.3	47.6	
Average cost of gas	34.4	43.4	36.7	37.6	35.1	36.6	37.7	
Blended gross spread	6.4	11.4	9.2	9.3	9.6	9.7	9.9	
Net other expense/ (income)	2.2	3.3	3.4	3.7	3.5	3.5	3.3	
EBITDA	4.2	8.1	5.8	5.6	6.1	6.2	6.5	Expect EBITDA at ~INR6-6.5/scm from FY26 onwards
Depreciation	1.0	1.4	1.4	1.5	1.4	1.3	1.3	
Interest exp net of other income	-0.1	-0.2	-0.4	-0.5	-0.5	-0.5	-0.5	
PBT	3.3	6.9	4.8	4.7	5.2	5.3	5.7	
Tax	1.1	1.6	1.2	1.1	1.3	1.3	1.4	
PAT	2.2	5.3	3.6	3.5	3.9	4.0	4.3	Hence, expect PAT/scm at ~INR 4/scm from FY26 onwards

Source: JM Financial, Company

Exhibit 4. Change in estimates

	New	Old	Divergence
TP (INR)	580	580	-0.1%
Rating	BUY	BUY	
Revenue (INR Mn)			
FY26	174,374	182,506	-4.5%
FY27	198,184	203,605	-2.7%
EBITDA (INR Mn)			
FY26	23,134	23,692	-2.4%
FY27	25,772	26,594	-3.1%
PAT (INR Mn)			
FY26	14,659	14,324	2.3%
FY27	16,417	16,269	0.9%
EPS (INR)			
FY26	21.3	20.8	2.3%
FY27	23.8	23.6	0.9%

Source: JM Financial

Valuation

Exhibit 5. Valuation

Terminal FCF (INR Mn)	34,970
Terminal Growth Rate	5.0%
WACC	10.6%
Terminal Value (INR Mn)	659,890
PV of Terminal Value (INR Mn)	267,262
PV of Cash Flow (INR Mn)	112,328
Enterprise Value (INR Mn)	379,589
Less: Net Debt (INR Mn)	(19,435)
Equity Value (INR Mn)	399,024
No of shares (Mn)	688
Total equity value (INR/share)	580

Source: JM Financial

If FY26 EBITDA margin changes by +/- INR 0.2/scm our FY26 EPS will change by +/-3.9%. Similarly, if FY26 industrial segment volume growth changes by +/- 2%, our FY26 EPS will change by +/- 3.3%.

Exhibit 6. FY26 EPS sensitivity to volume growth and margin

		FY26 volume growth						
		4.9%	6.9%	8.9%	10.9%	12.9%	14.9%	16.9%
FY26 EBITDA margin (INR/scm)	5.5	16.8	17.4	18.1	18.8	19.5	20.1	20.8
	5.7	17.6	18.3	18.9	19.6	20.3	21.0	21.7
	5.9	18.4	19.1	19.8	20.5	21.2	21.9	22.6
	6.1	19.2	19.9	20.6	21.3	22.0	22.7	23.4
	6.3	19.9	20.7	21.4	22.1	22.9	23.6	24.3
	6.5	20.7	21.5	22.2	23.0	23.7	24.5	25.2
	6.7	21.5	22.3	23.0	23.8	24.6	25.3	26.1

Source: Company, JM Financial

If FY26 EBITDA changes by +/- INR 0.2/scm our valuation will change by +/- INR 22/share (or +/-3.9%). Similarly, if FY26 industrial segment volume growth changes by +/- 2%, our valuation will change by +/- INR 19/share (or +/- 3.2%).

Exhibit 7. Valuation sensitivity to FY26 volume growth and margin

		FY26 volume growth						
		4.9%	6.9%	8.9%	10.9%	12.9%	14.9%	16.9%
FY26 EBITDA margin (INR/scm)	5.5	460	478	495	512	530	547	565
	5.7	481	499	517	535	553	571	588
	5.9	502	521	539	557	576	594	612
	6.1	524	542	561	580	598	617	636
	6.3	545	564	583	602	621	640	659
	6.5	566	586	605	624	644	663	683
	6.7	587	607	627	647	667	687	706

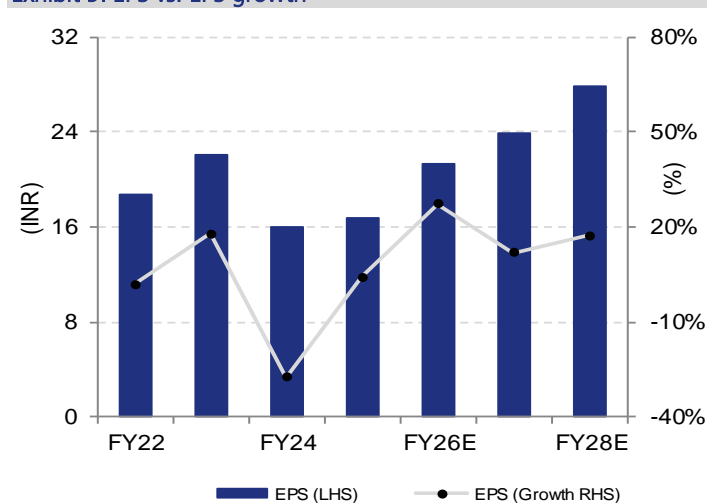
Source: Company, JM Financial

Exhibit 8. GGas 1-year forward PE band



Source: Company, JM Financial

Exhibit 9. EPS vs. EPS growth



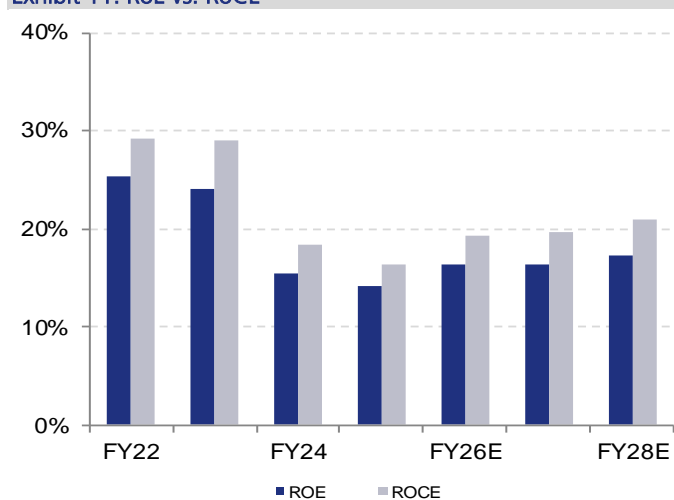
Source: Company, JM Financial

Exhibit 10. GGas 1-year forward PB band



Source: Company, JM Financial

Exhibit 11. RoE vs. RoCE



Source: Company, JM Financial

Exhibit 12. Global gas companies valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25	FY24/CY23	FY25/CY24	FY26/CY25
US Peers															
Sempra Energy	15.9	15.6	15.2	17.0	16.5	17.3	1.6	1.5	1.4	37.4	38.8	42.3	10.4	9.7	9.0
Nisource	15.6	14.0	12.2	24.9	22.8	21.2	2.4	2.1	1.8	38.7	42.6	46.7	10.7	8.6	9.0
Atmos Energy	16.1	14.2	12.5	23.4	22.0	20.4	2.0	1.9	1.7	45.5	49.8	51.8	8.9	8.7	8.6
US peers average	15.9	14.6	13.3	21.8	20.4	19.6	2.0	1.8	1.7	40.5	43.7	46.9	10.0	9.0	8.9
European Peers															
Enagas	7.9	8.2	9.1	11.4	27.5	13.4	1.1	1.3	1.5	82.4	82.8	78.6	10.1	0.8	11.0
European peers average	7.9	8.2	9.1	11.4	27.5	13.4	1.1	1.3	1.5	82.4	82.8	78.6	10.1	0.8	11.0
Asian peers															
ENN Energy	6.5	6.8	6.5	9.1	9.8	9.2	1.5	1.4	1.3	11.9	10.7	11.4	17.4	15.1	15.1
Tow ngas China	9.5	8.8	8.1	9.1	7.9	7.1	0.5	0.5	0.5	14.2	15.8	16.2	6.3	6.4	7.0
Hong Kong & China Gas	14.9	15.6	14.8	22.0	21.2	20.8	2.1	2.2	2.3	21.1	21.3	22.7	9.5	10.3	10.7
China Resources Gas	6.9	6.6	7.4	9.0	9.3	11.2	1.2	1.2	1.2	13.5	13.2	11.8	13.8	12.1	10.5
China Gas Holdings	9.7	9.8	9.2	9.1	10.1	9.2	0.6	0.7	0.7	11.4	12.2	12.7	7.3	6.9	7.2
Beijing Enterprises	8.0	8.3	6.7	5.0	7.3	7.2	0.4	0.5	0.4	14.0	14.6	17.7	8.5	6.3	6.3
Korea Gas	11.7	9.2	9.2	53.5	3.5	3.6	0.3	0.3	0.3	7.5	11.2	11.9	1.3	9.5	7.7
Petronas Gas BHD	9.9	9.8	9.8	18.5	18.4	18.3	2.6	2.5	2.4	56.6	55.0	53.3	14.0	13.6	13.5
IGL	10.5	13.4	11.6	16.5	17.6	15.4	3.5	3.1	2.8	18.3	13.2	13.7	23.2	16.2	16.4
MGL	6.9	8.5	7.9	10.7	13.5	12.8	2.8	2.4	2.1	29.5	22.0	20.9	28.2	18.6	17.1
Gujarat Gas	16.2	16.2	14.6	30.1	27.9	24.3	4.2	3.8	3.5	12.3	11.6	11.9	14.7	14.1	14.7
Petronet LNG	7.7	7.5	6.9	13.7	12.5	11.5	2.9	2.5	2.2	9.6	10.2	10.5	22.0	20.7	20.7
GAIL	10.5	9.7	9.4	13.2	12.7	12.6	2.0	1.8	1.6	10.3	10.9	10.8	15.9	14.9	13.4
GSPL	12.9	21.7	19.4	15.6	24.0	25.8	1.9	1.8	1.8	73.0	74.8	41.4	12.8	7.7	6.8
Asian peers average	10.1	10.8	10.1	16.8	14.0	13.5	1.9	1.8	1.6	21.7	21.2	19.1	13.9	12.3	11.9
Global peers average	11.0	11.3	10.6	17.3	15.8	14.5	1.9	1.7	1.6	28.2	28.4	27.0	13.1	11.1	11.4
Global peers median	10.2	9.8	9.3	14.7	15.0	13.1	2.0	1.8	1.7	16.3	15.2	17.0	11.7	10.0	10.6

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,56,902	1,64,870	1,73,383	1,97,162	2,22,656
Sales Growth	-6.4%	5.1%	5.2%	13.7%	12.9%
Other Operating Income	933	961	991	1,023	1,056
Total Revenue	1,57,835	1,65,831	1,74,374	1,98,184	2,23,712
Cost of Goods Sold/Op. Exp	1,25,557	1,32,160	1,36,632	1,56,443	1,77,093
Personnel Cost	1,989	1,893	1,988	2,087	2,191
Other Expenses	10,593	12,019	12,620	13,882	14,576
EBITDA	19,697	19,759	23,134	25,772	29,852
EBITDA Margin	12.5%	11.9%	13.3%	13.0%	13.3%
EBITDA Growth	-20.8%	0.3%	17.1%	11.4%	15.8%
Depn. & Amort.	4,743	5,106	5,341	5,741	6,144
EBIT	14,954	14,653	17,793	20,031	23,708
Other Income	1,061	2,083	2,187	2,296	2,411
Finance Cost	293	235	221	199	179
PBT before Excep. & Forex	15,722	16,501	19,760	22,129	25,940
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	15,722	16,501	19,760	22,129	25,940
Taxes	3,934	4,011	5,100	5,712	6,695
Extraordinary Inc./Loss(-)	557	0	0	0	0
Assoc. Profit/Min. Int.(-)	26	-45	0	0	0
Reported Net Profit	12,319	12,535	14,659	16,417	19,244
Adjusted Net Profit	11,437	11,483	14,659	16,417	19,244
Net Margin	7.2%	6.9%	8.4%	8.3%	8.6%
Diluted Share Cap. (mn)	688.4	688.4	688.4	688.4	688.4
Diluted EPS (INR)	16.6	16.7	21.3	23.8	28.0
Diluted EPS Growth	-25.2%	0.4%	27.7%	12.0%	17.2%
Total Dividend + Tax	4,578	3,896	4,006	5,095	5,705
Dividend Per Share (INR)	6.7	5.7	5.8	7.4	8.3

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	15,722	16,501	19,760	22,129	25,940
Depn. & Amort.	4,743	5,106	5,341	5,741	6,144
Net Interest Exp. / Inc. (-)	-340	-1,192	-1,966	-2,098	-2,232
Inc (-) / Dec in WCap.	-201	1,544	-211	-528	-567
Others	19	176	0	0	0
Taxes Paid	-3,227	-3,115	-5,100	-5,712	-6,695
Operating Cash Flow	16,717	19,020	17,823	19,532	22,590
Capex	-8,371	-7,517	-9,901	-10,005	-10,110
Free Cash Flow	8,345	11,503	7,922	9,526	12,479
Inc (-) / Dec in Investments	-1,038	-12,841	12,633	-71	-170
Others	623	1,145	2,187	2,296	2,411
Investing Cash Flow	-8,787	-19,213	4,919	-7,779	-7,869
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-5,224	-5,152	-5,315	-5,904	-6,867
Inc / Dec (-) in Loans	-293	-548	884	964	1,044
Others	0	0	0	0	0
Financing Cash Flow	-5,517	-5,699	-4,431	-4,940	-5,823
Inc / Dec (-) in Cash	2,413	-5,892	18,310	6,812	8,898
Opening Cash Balance	6,747	9,160	3,268	21,579	28,391
Closing Cash Balance	9,160	3,268	21,579	28,391	37,288

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	77,225	84,896	94,461	1,05,173	1,17,729
Share Capital	1,377	1,377	1,377	1,377	1,377
Reserves & Surplus	75,848	83,520	93,084	1,03,796	1,16,353
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	2,434	2,383	2,144	1,930	1,737
Def. Tax Liab. / Assets (-)	9,108	9,589	9,589	9,589	9,589
Total - Equity & Liab.	88,766	96,868	1,06,194	1,16,692	1,29,055
Net Fixed Assets	86,808	90,465	95,025	99,289	1,03,256
Gross Fixed Assets	1,11,066	1,20,620	1,30,269	1,40,015	1,49,859
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	33,438	38,544	43,885	49,626	55,770
Capital WIP	9,180	8,389	8,641	8,900	9,167
Investments	1,784	2,042	2,385	2,797	3,291
Current Assets	28,324	34,005	39,965	48,004	58,259
Inventories	587	619	654	744	839
Sundry Debtors	10,298	10,240	10,830	12,309	13,894
Cash & Bank Balances	9,160	3,269	21,579	28,391	37,289
Loans & Advances	52	36	37	39	41
Other Current Assets	8,227	19,842	6,865	6,521	6,195
Current Liab. & Prov.	28,149	29,643	31,181	33,399	35,751
Current Liabilities	7,002	7,199	7,614	8,654	9,769
Provisions & Others	21,147	22,444	23,566	24,744	25,982
Net Current Assets	174	4,362	8,785	14,606	22,508
Total - Assets	88,766	96,868	1,06,194	1,16,692	1,29,055

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.2%	6.9%	8.4%	8.3%	8.6%
Asset Turnover (x)	1.9	1.8	1.7	1.8	1.8
Leverage Factor (x)	1.2	1.1	1.1	1.1	1.1
RoE	15.5%	14.2%	16.3%	16.4%	17.3%

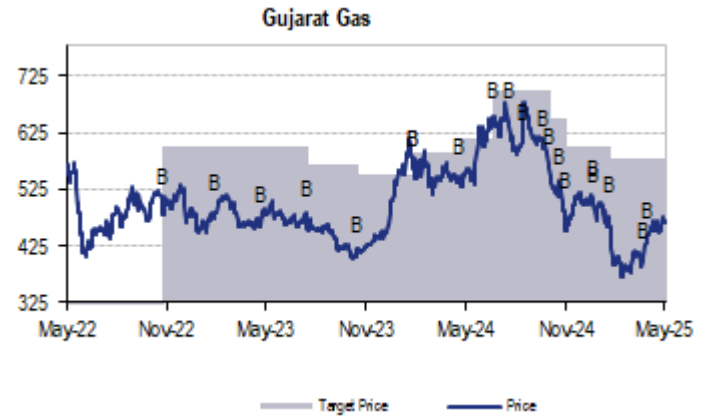
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	112.2	123.3	137.2	152.8	171.0
ROIC	16.7%	14.7%	17.1%	20.0%	22.7%
ROE	15.5%	14.2%	16.3%	16.4%	17.3%
Net Debt/Equity (x)	-0.1	0.0	-0.2	-0.3	-0.3
P/E (x)	28.1	28.0	21.9	19.6	16.7
P/B (x)	4.2	3.8	3.4	3.1	2.7
EV/EBITDA (x)	15.9	16.1	12.9	11.3	9.5
EV/Sales (x)	2.0	1.9	1.7	1.5	1.3
Debtor days	24	23	23	23	23
Inventory days	1	1	1	1	1
Creditor days	19	18	18	18	18

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Nov-22	Buy	600	
13-Feb-23	Buy	600	0.0
10-May-23	Buy	600	0.0
2-Aug-23	Buy	570	-5.0
2-Nov-23	Buy	550	-3.4
13-Feb-24	Buy	590	7.2
14-Feb-24	Buy	590	0.0
6-May-24	Buy	615	4.2
7-Jul-24	Buy	700	13.7
6-Aug-24	Buy	700	0.1
1-Sep-24	Buy	700	0.0
7-Oct-24	Buy	700	-0.1
18-Oct-24	Buy	650	-7.1
6-Nov-24	Buy	650	0.0
17-Nov-24	Buy	600	-7.6
7-Jan-25	Buy	600	0.0
9-Jan-25	Buy	600	0.0
5-Feb-25	Buy	580	-3.4
8-Apr-25	Buy	580	0.1
15-Apr-25	Buy	580	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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

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

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

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

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

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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