

MGL reported a strong 13% YoY SA volume growth in Q1FY25 to 3.86mmscmd (a 2% beat), combined with a 15% QoQ growth in UEPL to 0.17mmscmd (1.0-1.3mmscmd potential in 6-7yrs). Q1FY25 SA EBITDA/PAT of Rs4.2bn/Rs2.8bn were both 11% above our estimates, led by better gross margins as well as volumes. EBITDA/scm rose 4% QoQ to Rs11.9 (a 9% beat). UEPL also turned black, with Rs100mn PAT. The mgmt. reiterated its long-term volume CAGR guidance of 6-7% and Rs10-12/scm EBITDA. Q1 capex was Rs2.5bn, while FY25 target for CNG station additions in SA/UEPL is 50/25 vs. historical average of ~20 in SA. We raise FY25-26 earnings by 5% each, building-in better volume. We raise rolled-over Sep-25E TP by 25% to Rs2,100/sh, and retain our positive stance led by a better volume-margin profile over peers; reiterate BUY.

### Mahanagar Gas: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	62,993	62,445	66,152	71,777	77,494
EBITDA	11,842	18,426	17,495	19,027	20,769
Adj. PAT	7,900	12,891	12,219	13,187	14,431
Adj. EPS (Rs)	80.0	130.5	123.7	133.5	146.1
EBITDA margin (%)	18.8	29.5	26.4	26.5	26.8
EBITDA growth (%)	28.1	55.6	(5.1)	8.8	9.2
Adj. EPS growth (%)	32.3	63.2	(5.2)	7.9	9.4
RoE (%)	20.4	27.8	22.2	21.0	20.3
RoIC (%)	40.9	55.5	43.0	40.1	39.1
P/E (x)	23.1	14.1	14.9	13.8	12.6
EV/EBITDA (x)	14.2	9.2	9.5	8.4	7.4
P/B (x)	4.4	3.5	3.1	2.7	2.4
FCFF yield (%)	1.4	4.2	4.2	4.9	5.9

Source: Company, Emkay Research

### Results Highlights

Q1FY25 SA EBITDA/PAT was down 20%/23% YoY and up 6%/7% QoQ on a high margin base YoY. CNG volume grew 12% YoY and 4% QoQ, coming in at 252mmscm. PNG was up 17% YoY/down 2% QoQ, with I/C up 24%/down 2% and DPNG up 10%/down 3%. Gross margin was flat QoQ at Rs17.8/scm, but came at an 8% beat to our estimates on 1% higher realizations and 2% lower gas cost. Unit opex rose 8% YoY but fell 7% QoQ to Rs6.0/scm (6% higher). EBITDA/scm hence fell 29% YoY, but rose 4% QoQ to Rs11.9. D/A fell 7% QoQ, whereas Other Income was up 3% YoY/down 10% QoQ at Rs402mn (Emkay: Rs516mn). MGL added 2 new CNG stations, 35,544 DPNG customers, and 104 I/C customers in Q1FY25, with pipeline network of 85.5km. UEPL added 1/341 CNG station/DPNG connections in Q1, and cumulated 57/27,339 as of end Jun-24. MGL has incurred Rs2.5bn standalone capex in Q1FY25.

### Management KTAs

APM gas allocation stood at 69% in Q1, with a similar current run-rate. The company plans to keep adding HP-HT volumes, to counter lower APM allocation, and thereby keeping blended gas costs in the priority segment largely stable. CNG vehicle addition in Q1FY25 stood at 20,800 (vs 20,100 QoQ). MGL is witnessing >1,000 LCV additions per quarter, while the total LCV universe is ~28k. The mgmt. guides to mid-teens volume CAGR for UEPL, with volumes reaching 1.0-1.3mmscmd in the next 6-7 years, supported by infrastructure expansion and higher adoption. UEPL's unit EBITDA is similar to MGL's run-rate. MGL expects to add 200 MSRTC buses in the next 2 quarters, with per-day consumption run-rate per bus at 80-90kg. Total buses run by MSRTC are 17k, of which 6k buses touch MGL's GAs. Steady growth in the DPNG segment is expected to continue.

### Valuation

We value MGL on SoTP basis, wherein both, its standalone business and UEPL, are valued using the DCF methodology. Our SOTP-DCF-based Sep-25E TP is Rs2,100/share, implying ~14.5x Sep-26E consol. target P/E. Key risks: Adverse pricing, margin, and currency scenarios; high gas prices; open access; rate of EV adoption; project delays.

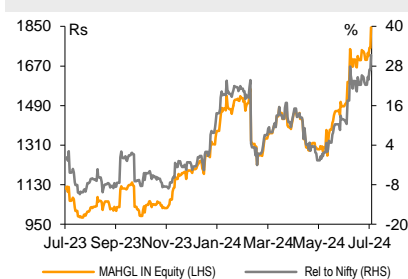
Target Price – 12M	Sep-25
Change in TP (%)	25.0
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	13.8
CMP (26-Jul-24) (Rs)	1,846.1

Stock Data	Ticker
52-week High (Rs)	1,859
52-week Low (Rs)	971
Shares outstanding (mn)	98.8
Market-cap (Rs bn)	182
Market-cap (USD mn)	2,178
Net-debt, FY25E (Rs mn)	-16,862
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	1,220.4
ADTV-3M (USD mn)	14.6
Free float (%)	31.0
Nifty-50	24,835
INR/USD	83.7
<b>Shareholding, Jun-24</b>	
Promoters (%)	32.5
FPIs/MFs (%)	31.5/16.7

### Price Performance

(%)	1M	3M	12M
Absolute	23.1	26.4	69.9
Rel. to Nifty	18.3	14.1	35.3

### 1-Year share price trend (Rs)



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## Exhibit 1: Actuals vs. Estimates (Q1FY25)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates	Variation		Comments
			(Bloomberg)	Emkay	Consensus	
Total Revenue	15,896	15,314	15,390	4%	3%	Higher margins and volumes
Adjusted EBITDA	4,185	3,765	3,917	11%	7%	Lower gas cost partly offset by higher opex
EBITDA margin	26.3%	24.6%	25.5%	174bps	87bps	
Adjusted Net Profit	2,845	2,564	2,572	11%	11%	

Source: Company, Emkay Research

## Exhibit 2: Standalone Quarterly Summary

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
CNG Sales	12,604	12,857	12,615	12,372	12,609	0%	2%	50,123	50,448	1%
Less Excise	1,524	1,580	1,550	1,520	1,549	2%	2%	6,217	6,174	-1%
PNG Sales	4,237	4,360	4,560	4,717	4,745	12%	1%	18,812	17,874	-5%
Other Operating Income	46	58	55	60	54	18%	-10%	220	219	-1%
<b>Net Revenues</b>	<b>15,378</b>	<b>15,709</b>	<b>15,688</b>	<b>15,671</b>	<b>15,896</b>	<b>3%</b>	<b>1%</b>	<b>62,993</b>	<b>62,445</b>	<b>-1%</b>
Dec./(Inc.) in Stock In Trade	3	-1	-0	-0	-1			-8	2	
Raw Material Cost	8,439	8,993	9,231	9,517	9,598	14%	1%	44,356	36,179	-18%
Total COGS	8,442	8,992	9,230	9,517	9,597	14%	1%	44,349	36,181	-18%
<b>Gross Profit</b>	<b>6,891</b>	<b>6,659</b>	<b>6,402</b>	<b>6,094</b>	<b>6,245</b>	<b>-9%</b>	<b>2%</b>	<b>18,424</b>	<b>26,046</b>	<b>41%</b>
Employee Cost	286	311	291	294	297	4%	1%	1,079	1,181	9%
Other Expenses	1,438	1,618	1,679	1,922	1,817	26%	-5%	5,724	6,657	16%
Total OPEX	1,724	1,929	1,970	2,216	2,114	23%	-5%	6,802	7,838	15%
Total Expenditure	10,165	10,921	11,201	11,733	11,712	15%	0%	51,151	44,019	-14%
<b>EBITDA</b>	<b>5,213</b>	<b>4,789</b>	<b>4,487</b>	<b>3,938</b>	<b>4,185</b>	<b>-20%</b>	<b>6%</b>	<b>11,842</b>	<b>18,426</b>	<b>56%</b>
Depreciation	620	658	683	775	719	16%	-7%	2,311	2,736	18%
EBIT	4,592	4,131	3,804	3,163	3,466	-25%	10%	9,531	15,690	65%
Interest	25	25	27	38	31	24%	-19%	94	115	23%
Other Income	390	437	481	446	402	3%	-10%	1,119	1,753	57%
PBT before exceptional	4,957	4,543	4,258	3,570	3,837	-23%	7%	10,555	17,328	64%
Exceptional items	-	-	-	-	-			-	-	
PBT	4,957	4,543	4,258	3,570	3,837	-23%	7%	10,555	17,328	64%
Total tax	1,273	1,158	1,086	920	992	-22%	8%	2,655	4,437	67%
<b>Reported PAT</b>	<b>3,684</b>	<b>3,385</b>	<b>3,172</b>	<b>2,650</b>	<b>2,845</b>	<b>-23%</b>	<b>7%</b>	<b>7,901</b>	<b>12,891</b>	<b>63%</b>
Rep. EPS (Rs)	37.3	34.3	32.1	26.8	28.8	-23%	7%	80.0	130.5	63%
Adjusted PAT	3,684	3,385	3,172	2,650	2,845	-23%	7%	7,901	12,891	63%
Adj. EPS (Rs)	37.3	34.3	32.1	26.8	28.8	-23%	7%	80.0	130.5	63%
Shares O/S (mn)	99	99	99	99	99			99	99	
EBITDA margin	34%	30%	29%	25%	26%			19%	30%	
Standalone Rep. NPM	24%	22%	20%	17%	18%			13%	21%	
Effective tax rate	26%	25%	26%	26%	26%			25%	26%	
Total Sales (mmscmd)	3.4	3.6	3.7	3.8	3.9	13%	2%	3.4	3.6	5%
CNG Volumes (mmscm)	226	238	242	243	252	12%	4%	909	948	4%
PNG Volumes (mmscm)	85	91	96	101	99	17%	-2%	340	373	10%
Domestic	45	45	49	51	50	10%	-3%	178	190	7%
Industrial+Commercial	40	46	47	50	49	24%	-2%	162	183	13%
Industrial	29	33	35	38	37	28%	-2%	105	135	28%
Commercial	10	13	12	12	12	12%	-3%	57	48	-16%
Gross Margin (Rs/scm)	22.2	20.2	19.0	17.7	17.8	-20%	0%	14.8	19.7	34%
<b>Adj. EBITDA/scm (Rs)</b>	<b>16.8</b>	<b>14.6</b>	<b>13.3</b>	<b>11.5</b>	<b>11.9</b>	<b>-29%</b>	<b>4%</b>	<b>9.5</b>	<b>13.9</b>	<b>47%</b>
CNG Real (Rs/kg)	55.8	54.1	52.1	51.0	50.0	-10%	-2%	55.2	53.2	-4%
PNG Real (Rs/scm)	50.0	47.8	47.7	46.5	48.0	-4%	3%	55.4	48.0	-13%
Average Realization (Rs/scm)	49.4	47.6	46.3	45.4	45.1	-9%	-1%	50.2	47.1	-6%

Source: Company, Emkay Research

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**Exhibit 3: Change in assumptions**

	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
EBITDA/scm (Rs)	12.0	12.1	1%	12.2	12.3	1%	12.5
Sales Volumes (mmscmd)	3.8	4.0	3%	4.1	4.2	4%	4.5
Growth	6.4%	9.5%	318bps	6.2%	7.5%	129bps	6.9%

Source: Company, Emkay Research

**Exhibit 4: Change in estimates**

(Rs mn)	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	64,086	66,152	3%	68,722	71,777	4%	77,494
EBITDA	16,770	17,495	4%	18,118	19,027	5%	20,769
EBITDA margin	26.2%	26.4%	28bps	26.4%	26.5%	14bps	26.8%
PAT	11,676	12,219	5%	12,507	13,187	5%	14,431
EPS (Rs)	118.2	123.7	5%	126.6	133.5	5%	146.1

Source: Company, Emkay Research

## Concall Key Takeaways

- Infra update:** Mahanagar Gas (MGL) added 2 new CNG stations, 35,544 DPNG customers, and 104 I/C customers in Q1FY25, along with a pipeline network of 85.51km. Cumulatively, MGL has 348 CNG stations, 2.53mn DPNG connections, 4,845 I/C customers, and pipeline network of 7,054km, as of end Jun-24. In Q1FY25, UEPL added 1 CNG station and 341 DPNG customers, taking the total to a cumulative 57 and 27,339, respectively. Raigad has 80,854 DPNG connections, 47 CNG stations, and pipelines of 424km (~8km added in Q1) as of end Jun-24.
- UEPL:** UEPL clocked volumes of 0.168mmscmd (CNG volumes: 0.165mmscmd) in Q1FY25 vs 0.146mmscmd QoQ. MGL's consolidated volumes stand at 4.026mmscmd for Q1FY25. The management has guided to a mid-teens volume CAGR for UEPL, with volumes reaching 1.0-1.3mmscmd in the next 6-7 years, supported by infrastructure expansion and higher adoption. UEPL's unit EBITDA is similar to MGL's run-rate, as UEPL clocked revenue of Rs880mn in Q1FY25 vs Rs820mn QoQ. UEPL's Q1FY25 PAT stands at Rs100mn. CNG price in UEPL's GAs is higher than that for MGL due to higher transport cost incurred by UEPL as its stations are daughter boosters. However, such costs would reduce once the company also comes online.
- Capex:** The company has clear focus on infrastructure creation, for spurring demand growth, with FY25 capex target of Rs10bn—split between SA and UEPL at Rs8bn and Rs2bn, respectively. The company has incurred Rs2.5bn capex in Q1FY25. It plans to add 50 CNG stations in MGL (mainly in GA2 and GA3) and 25 stations in UEPL, in FY25. Higher CNG station addition in recent years is on the back of marketing schemes for customers, expediting the land acquisition process through rigorous follow-ups, digitalization of LoIs, simplification of processes, and 4-5 business models for stations vs only OMCs and COCO modes earlier.
- Gas sourcing:** APM allocation for MGL's priority volumes was 69% in Q1 vs. 73-74% QoQ. Allocation trend should stabilize or reduce going forward. Currently, APM allocation is similar to the Q1 run-rate. The company has plans to keep adding HP-HT volumes to counter lower APM allocation, thereby keeping blended gas costs in the priority segment largely stable. It has also signed term contracts to meet the priority shortfall, and spot LNG could be used to maintain gas costs, given current LNG prices or lower. Majority of MGL's input gas is transported through Zone 1, and only RIL's HP-HT gas falls under Zone 2, in terms of transmission tariff. The company already has 0.76mmscmd of term LNG, and has recently signed a 0.1mmscmd term contract with RIL as well as a Henry-Hub based contract. Most of its term contracts are for 5-6 years, with a few short-term ones of 3 years. It continues to balance input gas needs through IGX as well as contract flexibility, while short-term growth could be managed through spot LNG as well.

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- **CNG 2Ws:** Bajaj has already launched CNG-based 2Ws, and TVS plans to launch its models in H1 of 2025. MGL expects traction to take time, as discussions with Bajaj indicate 700 additions per month vs. 130 such bikes already there overall. Internal discussions on one dedicated dispenser (where space is available) at its existing CNG station network for bikes are ongoing. The fill rate is expected to be low at 1.5kg vs 2kg tank capacity per bike.
- **LNG Retail:** MGL operates 1 LNG station in Savroli, which clocked 3k kg/day volumes in Q1; the current run-rate is 4.1k kg/day and peak potential is 12-13k kg/day. The company has now tied up with Baidyanath LNG to set up LNG stations hereon. Currently, LNG pricing is more favorable for improving traction and is not comparable with that of CNG. MGL is seeding the market as well as testing the model.
- **Volume and Margin Guidance:** Guidance on long-term volume CAGR is maintained at 6-7%, which is better than previous volume growth average of 5-6%. The company also expects double-digit growth in the I/C segment in FY25. Steady growth in the DPNG segment is expected to continue. The company's EBITDA/scm is expected to be in the Rs10-12 range.

#### Other Points:

- CNG vehicle addition in Q1FY25 stood at 20,800 (vs 20,100 QoQ), of which 14,400 comprised of private cars and taxis, 5,000 of autos, and 1,200-1,300 small CVs, 59 BEST buses, with the balance being HCVs. Of the 20,800 additions, ~1,000 were retrofits.
- MGL is witnessing >1,000 LCV additions per quarter, while the total LCV universe is ~28k. Truck additions have risen to 163 in Q1 vs 97 QoQ, as operators are favoring factory-fitted vehicles and shifting from small to medium CVs resulting in favorable volume implication due to higher unit consumption. Small CV numbers have fallen to 1,250, from 1,400 QoQ.
- MGL expects to add 200 MSRTC buses in the next 2 quarters and then making CNG available at more depots, to spur adoption. Total buses run by MSRTC are 17k, of which 6k touch MGL's GAs. These buses have a per-day consumption run-rate of 80-90kg.
- BEST is currently operating 500-600 EV buses, having added 70-80 in the last quarter itself. Supply for EV buses continues to be a challenge, as BEST had ordered 2,000 buses but order of only ~500 has materialized. There is an import restriction on Chinese battery components. TCO of an EV bus is 1.4-1.5x higher than that of a CNG bus, and the initial cost of a CNG bus is Rs4.5-5mn, while that of an EV bus is Rs16-18mn. GST for an EV bus is 5% vs 28% for CNG. However, tail emissions in CNG result in some preference for EVs. The financial situation of BEST is weak which could also result in some preference for CNG.
- The company took a price hike in Jul-24, to offset the increase in gas costs. It witnessed some seasonality in Q1, while Q2 and Q3 earnings performance is expected to be better, given the recent price hike. The company expects EBITDA growth to improve after 3-4 quarters, led by consistent 6-7% volume growth. GA3 saw double-digit volume growth on a low base, while BEST as well as MSRTC volumes are also recovering now. Impact of hybrid vehicles on MGL's volumes is minimal.
- The company has sought extension of infra exclusivity which is likely to be received from the regulator, based on past precedents. In terms of marketing exclusivity, guiding principles as well as notices have been repealed, but the matter is sub-judice, and the court is yet to give its decision on this. MGL's interests are protected for now, and a court ruling is awaited.

**Exhibit 6: DCF-based valuation (Sep-25E)**

DCF assumptions	MGL Std	UEPL	Sep-26E (Rs mn)	MGL Std	UEPL	Total
Risk Free Rate	7.0%	7.0%	NPV Of FCF	139,980	36,143	176,123
Risk Premium	5.3%	5.3%	Terminal Value	106,088	30,551	136,639
Beta	0.7	0.7	PV Of TV	7,996	2,594	10,591
Cost Of Equity	10.5%	10.5%	<b>Total Value</b>	<b>147,976</b>	<b>38,738</b>	<b>186,714</b>
Cost Of Debt	8.0%	8.0%	Less: Adjusted Net Debt (Y/E)	-24,382	3,620	-20,762
Post Tax Cost Of Debt	6.0%	6.0%	<b>Equity Value</b>	<b>172,358</b>	<b>35,118</b>	<b>207,476</b>
Average Debt:Equity Ratio	0.0%	12.8%	No. Of Shares O/S (mn)	99	99	99
<b>WACC</b>	<b>10.5%</b>	<b>9.9%</b>	<b>Target Price (Rs)</b>	<b>1,745</b>	<b>356</b>	<b>2,100</b>
Terminal Growth Rate	0.0%	0.0%				

Source: Company, Emkay Research

**Exhibit 7: PER-based valuation (Sep-26E EPS)**

	FY22	FY23	FY24	FY25E	FY26E	FY27E
MGL's Adjusted Consol EPS (Rs)	60.4	80.0	130.5	124.0	135.5	151.7
Target Multiple (x)						14.6
<b>DCF-based Target Price (Rs/sh)</b>						<b>2,100</b>

Source: Company, Emkay Research

## Mahanagar Gas: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>62,993</b>	<b>62,445</b>	<b>66,152</b>	<b>71,777</b>	<b>77,494</b>
Revenue growth (%)	76.9	(0.9)	5.9	8.5	8.0
<b>EBITDA</b>	<b>11,842</b>	<b>18,426</b>	<b>17,495</b>	<b>19,027</b>	<b>20,769</b>
EBITDA growth (%)	28.1	55.6	(5.1)	8.8	9.2
Depreciation & Amortization	2,311	2,736	3,236	3,739	4,099
<b>EBIT</b>	<b>9,530</b>	<b>15,690</b>	<b>14,259</b>	<b>15,288</b>	<b>16,670</b>
EBIT growth (%)	30.9	64.6	(9.1)	7.2	9.0
Other operating income	0	0	0	0	0
Other income	1,119	1,753	2,196	2,459	2,727
Financial expense	94	115	120	117	104
<b>PBT</b>	<b>10,555</b>	<b>17,328</b>	<b>16,336</b>	<b>17,630</b>	<b>19,293</b>
Extraordinary items	0	0	0	0	0
Taxes	2,655	4,437	4,117	4,443	4,862
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>7,900</b>	<b>12,891</b>	<b>12,219</b>	<b>13,187</b>	<b>14,431</b>
PAT growth (%)	32.3	63.2	(5.2)	7.9	9.4
<b>Adjusted PAT</b>	<b>7,900</b>	<b>12,891</b>	<b>12,219</b>	<b>13,187</b>	<b>14,431</b>
<b>Diluted EPS (Rs)</b>	<b>80.0</b>	<b>130.5</b>	<b>123.7</b>	<b>133.5</b>	<b>146.1</b>
Diluted EPS growth (%)	32.3	63.2	(5.2)	7.9	9.4
<b>DPS (Rs)</b>	<b>26.0</b>	<b>30.0</b>	<b>49.5</b>	<b>53.4</b>	<b>58.4</b>
<b>Dividend payout (%)</b>	<b>32.5</b>	<b>23.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>
EBITDA margin (%)	18.8	29.5	26.4	26.5	26.8
EBIT margin (%)	15.1	25.1	21.6	21.3	21.5
Effective tax rate (%)	25.2	25.6	25.2	25.2	25.2
<b>NOPLAT (pre-IndAS)</b>	<b>7,133</b>	<b>11,672</b>	<b>10,666</b>	<b>11,435</b>	<b>12,469</b>
Shares outstanding (mn)	98.8	98.8	98.8	98.8	98.8

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	10,555	17,328	16,336	17,630	19,293
Others (non-cash items)	355	538	0	0	0
Taxes paid	(2,638)	(4,240)	(3,745)	(4,068)	(4,483)
Change in NWC	731	1,852	1,653	1,437	1,416
<b>Operating cash flow</b>	<b>9,693</b>	<b>15,631</b>	<b>14,892</b>	<b>15,810</b>	<b>17,109</b>
Capital expenditure	(7,358)	(8,566)	(8,000)	(8,000)	(8,000)
Acquisition of business	(1,328)	(7,560)	(139)	(210)	(214)
Interest & dividend income	460	507	2,196	2,459	2,727
<b>Investing cash flow</b>	<b>(9,218)</b>	<b>(10,810)</b>	<b>(6,823)</b>	<b>(5,653)</b>	<b>(5,387)</b>
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	116	247	10	10	10
Payment of lease liabilities	(330)	(350)	(350)	(350)	(350)
Interest paid	(94)	(115)	(120)	(117)	(104)
Dividend paid (incl tax)	0	0	0	0	0
Others	(2,870)	(3,247)	(4,887)	(5,274)	(5,772)
<b>Financing cash flow</b>	<b>(2,848)</b>	<b>(3,116)</b>	<b>(4,997)</b>	<b>(5,381)</b>	<b>(5,865)</b>
Net chg in Cash	(2,373)	1,706	3,073	4,776	5,857
OCF	9,693	15,631	14,892	15,810	17,109
Adj. OCF (w/o NWC chg.)	8,962	13,780	13,239	14,373	15,692
FCFF	2,335	7,065	6,892	7,810	9,109
FCFE	2,701	7,457	8,969	10,152	11,732
OCF/EBITDA (%)	81.9	84.8	85.1	83.1	82.4
FCFE/PAT (%)	34.2	57.8	73.4	77.0	81.3
<b>FCFF/NOPLAT (%)</b>	<b>32.7</b>	<b>60.5</b>	<b>64.6</b>	<b>68.3</b>	<b>73.1</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	988	988	988	988	988
Reserves & Surplus	40,354	50,441	57,772	65,685	74,343
<b>Net worth</b>	<b>41,342</b>	<b>51,429</b>	<b>58,760</b>	<b>66,673</b>	<b>75,331</b>
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,086	2,441	2,812	3,187	3,566
<b>Total debt</b>	<b>1,146</b>	<b>1,393</b>	<b>1,403</b>	<b>1,413</b>	<b>1,423</b>
<b>Total liabilities &amp; equity</b>	<b>44,574</b>	<b>55,262</b>	<b>62,975</b>	<b>71,272</b>	<b>80,320</b>
Net tangible fixed assets	28,318	33,490	38,641	43,270	47,521
Net intangible assets	51	51	51	51	51
Net ROU assets	1,888	1,888	1,888	1,888	1,888
Capital WIP	7,086	7,743	7,356	6,988	6,639
Goodwill	0	0	0	0	0
Investments [JV/Associates]	2,918	10,477	10,616	10,826	11,040
<b>Cash &amp; equivalents</b>	<b>15,377</b>	<b>14,172</b>	<b>18,264</b>	<b>23,152</b>	<b>29,122</b>
Current assets (ex-cash)	4,685	4,438	4,701	5,101	5,507
Current Liab. & Prov.	15,749	16,998	18,543	20,004	21,448
<b>NWC (ex-cash)</b>	<b>(11,064)</b>	<b>(12,560)</b>	<b>(13,842)</b>	<b>(14,903)</b>	<b>(15,941)</b>
<b>Total assets</b>	<b>44,574</b>	<b>55,262</b>	<b>62,975</b>	<b>71,272</b>	<b>80,320</b>
Net debt	(14,231)	(12,780)	(16,862)	(21,740)	(27,700)
Capital employed	44,574	55,262	62,975	71,272	80,320
<b>Invested capital</b>	<b>19,194</b>	<b>22,869</b>	<b>26,739</b>	<b>30,306</b>	<b>33,519</b>
BVPS (Rs)	418.5	520.6	594.9	675.0	762.6
Net Debt/Equity (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.4)
Net Debt/EBITDA (x)	(1.2)	(0.7)	(1.0)	(1.1)	(1.3)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
<b>RoCE (%)</b>	<b>25.5</b>	<b>34.9</b>	<b>27.8</b>	<b>26.4</b>	<b>25.6</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	23.1	14.1	14.9	13.8	12.6
P/CE(x)	17.9	11.7	11.8	10.8	9.8
P/B (x)	4.4	3.5	3.1	2.7	2.4
EV/Sales (x)	2.7	2.7	2.5	2.2	2.0
EV/EBITDA (x)	14.2	9.2	9.5	8.4	7.4
EV/EBIT(x)	17.6	10.8	11.6	10.5	9.3
EV/IC (x)	8.8	7.4	6.2	5.3	4.6
FCFF yield (%)	1.4	4.2	4.2	4.9	5.9
FCFE yield (%)	1.5	4.1	4.9	5.6	6.4
Dividend yield (%)	1.4	1.6	2.7	2.9	3.2
<b>DuPont-RoE split</b>					
Net profit margin (%)	12.5	20.6	18.5	18.4	18.6
Total asset turnover (x)	1.5	1.3	1.1	1.1	1.0
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
<b>RoE (%)</b>	<b>20.4</b>	<b>27.8</b>	<b>22.2</b>	<b>21.0</b>	<b>20.3</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	11.3	18.7	16.1	15.9	16.1
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
<b>RoIC (%)</b>	<b>40.9</b>	<b>55.5</b>	<b>43.0</b>	<b>40.1</b>	<b>39.1</b>
<b>Operating metrics</b>					
Core NWC days	(4.0)	(9.0)	(9.0)	(9.0)	(9.0)
<b>Total NWC days</b>	<b>(4.0)</b>	<b>(9.0)</b>	<b>(9.0)</b>	<b>(9.0)</b>	<b>(9.0)</b>
Fixed asset turnover	1.6	1.4	1.2	1.2	1.1
Opex-to-revenue (%)	10.8	12.6	13.6	14.0	14.3

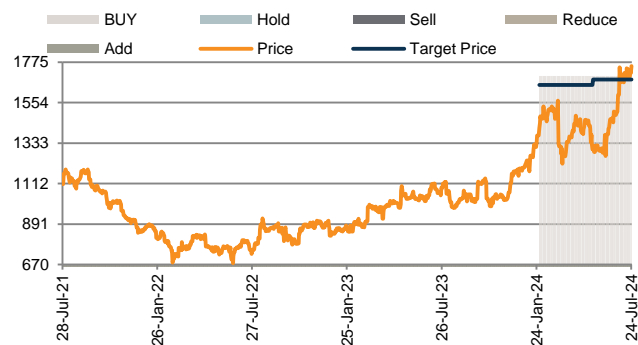
Source: Company, Emkay Research

**RECOMMENDATION HISTORY - DETAILS**

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
08-Jun-24	1,381	1,680	Buy	Sabri Hazarika
11-May-24	1,300	1,680	Buy	Sabri Hazarika
07-Mar-24	1,316	1,650	Buy	Sabri Hazarika
29-Jan-24	1,414	1,650	Buy	Sabri Hazarika

Source: Company, Emkay Research

**RECOMMENDATION HISTORY - TREND**



Source: Company, Bloomberg, Emkay Research



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