

19 May 2024

India | Equity Research | Q4FY24 results review

## Gail India

Oil &amp; Gas

## GAIL – a blip in Q4; road ahead remains promising

GAIL India (GAIL) delivered a strong 7x/2x YoY jump in EBITDA/PAT in Q4 to INR 35.6/INR 21.2bn, with FY24 adj. EBITDA/PAT of INR 143/INR 82bn, up 86%/95% YoY. However, lower-than-estimated transmission volumes of 123.5mmscmd (est.: 125mmscmd) and a write-down of some pipeline assets of INR 1.7bn dragged earnings below estimates of INR 38bn EBITDA/INR 26bn PAT. Even with this high base, FY25–27E EPS prospects appear promising, with a steady growth in transmission volumes, advantageous pricing differentials for trading, steady improvement in Petchem and LPG margins and higher Petchem volumes as well. Our revised FY25–27E EPS implies a CAGR of 6.4% in EBITDA/6.7% in PAT, with attractive valuations underpinning our continued **BUY** rating with revised TP INR 240/sh

## Transmission volumes on track for material growth

Gas transmission volumes of 123.5mmscmd (+14%/2% YoY/QoQ) missed estimates of 125mmscmd, but we believe that steady growth seen over the last five quarters (volumes grew from ~108mmscmd in Q4FY23 to 123.5mmscmd in Q4FY24) will likely continue over the next 24 months, with growth in RIL/ONGC/OIL domestic volumes and easier LNG availability/pricing. This is likely to flow through to gas trading volumes as well, with our estimates factoring in a CAGR of 5–6% for both segments over FY25–27E.

## Overall prospects continue to improve

GAIL's prospects continue to strengthen and should drive a sustained period of outperformance over the next two–three years. Growing domestic gas supplies, LNG liquefaction capacity and expectations of relatively moderate pricing of the same, normalisation of LPG prices are all positives. Additionally, the petrochemical segment's volumes hit its highest in this quarter since the expansion to ~800ktpa in FY15 and we believe that the higher volumes, moderation in gas costs and some improvement in realisations should drive stronger segment earnings. The strong outperformance over FY24 and clarity in outlook on various segments over FY25–27E have driven a 11.1/9.1/7% uptick in FY25E/26E/27E EPS. Due to stronger earnings, our TP stands revised higher to INR 240/share (vs. earlier of INR 230/share).

## Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	13,32,285	10,47,368	11,39,895	12,28,925
EBITDA	1,42,963	1,67,891	1,77,230	1,90,102
EBITDA %	10.7	16.0	15.5	15.5
Net Profit	99,028	1,32,310	1,39,881	1,50,586
EPS (INR)	15.1	20.1	21.3	22.9
EPS % Chg YoY	72.2	33.6	5.7	7.7
P/E (x)	13.5	10.1	9.6	8.9
EV/EBITDA (x)	10.8	8.9	8.2	7.3
RoCE (Pre-tax) (%)	11.7	13.5	13.4	13.3
RoE (%)	14.0	16.3	15.5	15.0

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## Market Data

Market Cap (INR)	1,341bn
Market Cap (USD)	16,086mn
Bloomberg Code	GAIL IN
Reuters Code	GAIL.BO
52-week Range (INR)	214 /103
Free Float (%)	41.0
ADTV-3M (mn) (USD)	49.1

Price Performance (%)	3m	6m	12m
Absolute	11.7	61.5	85.4
Relative to Sensex	9.6	49.2	65.3

## Earnings Revisions (%)

	FY25E	FY26E	FY27E
Revenue	(8.1)	(4.2)	1.9
EBITDA	14.8	12.6	10.5
EPS	11.1	9.1	7.0

## Previous Reports

12-03-2024: [Company Update](#)

30-01-2024: [Q3FY24 results review](#)

## Reiterate BUY: Attractive valuation; brighter prospects

Nearly 15–18mmscmd of volume addition over FY24–26E, stronger tariffs, better trading margins and additional delta from petrochemicals (JBF acquisition should also add capacity) imply GAIL can see steady earnings growth over FY25–27E, despite the record earnings seen in FY24. We factor-in higher margins for the two segments for FY25E/26E/FY27E versus our earlier estimates, with upgrades to transmission and trading segments complementing the same. Valuations of 9.6x FY26E EPS and 8.2x FY26E EV/EBITDA are attractive and our revised TP of INR 240/share implies ~18% upside from here. Maintain **BUY**.

## Key downside risks

Sharply lower gas consumption trends. 2) Higher gas price impact on petrochemical/LPG segment. 3) Reduction in pricing gap between US LNG and Asian spot LNG prices.

## GAIL FY24 analyst meet takeaways

### Operational performance

- FY24 saw a decline in revenue on account of LNG prices softening; however, there was an increase in transmission, trading and Petchem volumes leading to better performance across segments.
- GAIL reported lower trading volumes relative to transmission in the last 2 quarters. This is largely because as per government directives, additional HPHT gas was allocated to CGDs/fertilizer companies (to replace LNG supplied by GAIL); hence, these are reflected only in transmission volume as GAIL does not make any marketing margins on the same.
- GAIL declared dividend of INR 5.5/share in FY24, amounting to INR 36.2bn (dividend yield of ~2.6%).
- During the quarter, GAIL charged INR 1.74bn as additional depreciation due to the writing down of some gas/LPG/CGD pipelines to NIL. These were earlier valued at 5% as a residual value.
- Tariff revision was carried out in Mar'22 – increased to INR 58.6/MMBtu and applicable from 1 Apr'23. The revision is due every three years, but can be done before as well should there be any major changes in parameters.
- The gas cost for fuel consumption internally considered by PNGRB for the tariff was USD 3.6/MMBtu, which is much lower than even APM and HPHT's gas cost. This is in contrast to the latest GSPL's tariff order which has considered higher gas prices. GAIL therefore continues to rate highly chances of a tariff revision up to INR 7-8/MMBtu (11-12%) on a change in this assumption alone.
- Depreciation costs have risen both due to the one time provision as mentioned earlier as well as capitalization of two new pipelines in this quarter.

### Capex

- The board has approved laying of C2/C3 liquid pipeline from Vijaipur to Auraiya. The estimated project cost is INR 17.92bn with a commissioning period of 32 months. The project will augment feedstock availability with additional polymer production at Pata Petrochemical Complex (taking capacity to ~1mt).
- Mumbai-Nagpur-Jharsuguda pipeline activity is progressing in full swing and is expected to be completed by Oct'24. Jagdispur Haldia pipeline is of 3,281km, out

of which 2,986km has been commissioned and the balance to be commissioned by Jun'24. Srikakulam-Angul, 420km, is expected to be commissioned by Jun'24 and spur line to be commissioned by Sep'24. Gurdaspur-Jammu pipeline of 160km is expected to be completed by Jul'26. Remaining portion of Dhamra-Haldia pipeline of 253km is expected to be commissioned by Jun'24.

- Petchem projects: PDH-PP at Usar of 500ktpa to be completed by Apr'25 with an estimated capex of INR 112.6bn; 60 KTPA PP plant at PATA to be completed by Jul'24 with a project cost of INR 5.3bn; IPA at Usar of 50KTPA to be completed by Mar'25 with a project cost of INR 13bn.
- The company has incurred INR 42bn towards acquiring JBF (now known as GAIL Mangalore Petrochemicals Ltd) – additional 1250kt of capacity at this plant will start reflecting in earnings over FY25E.
- The company incurred capex of INR 11.4bn in FY24 towards: pipelines (30%), petchem (29%), operational capex (30%), CGDs (2%) and equity investment (9%). For FY25, capex guidance stands at INR 11.5bn with the following break up – pipelines (23%), petchem (45%), operational capex (18%), CGDs (2%), equity investment (11%) and E&P (1%).
- Barauni-Guwahati gas pipeline is commissioned up to Guwahati and capacity utilization is expected to be substantial in coming quarters. The region has two refineries and many CGDs. One of the refineries – NRL – is expected to be connected in the next year; and another is already operational.
- Dabhol breakwater infrastructure work is progressing well. On commencement, operational capacity should increase from 2.9mmt to 5mmt. The company plans to increase capacity to 13.5 mmt by CY30.

#### **CGD space**

- In the GGD space, GAIL has 6 GAs (geographical areas) in its standalone entity with 189 CNG stations and ~3.43lac domestic PNG connection. The company added 24 CNG stations in Q4FY24 with volume of total volume of 0.33mmscmd. GAIL targets to add 82 CNG stations and 1.5lac domestic PNG connections in two years.
- 230 out of ~307 GAs in the country are on/near the GAIL Gas Grid and this opens up substantial opportunities for GAIL in this segment.
- In Q4 Subsidiary GAIL Gas reported volumes of 6.9mmscmd, down 4% QoQ while FY24 volumes of ~6.5mmscmd were materially higher vs FY23 volumes of 5.7mmscmd

#### **Guidance and Outlook**

- Natural gas transmission volume for FY24 was at an average of 120.5mmscmd, in-line with management guidance. The company guides for 130/142mmscmd for FY25E/FY26E.
- In the marketing/trading segment, the company achieved trading EBITDA of INR 67.6bn due to higher volumes, better arbitrage, destination swap and time swap. Management guides for EBITDA of at least INR 45bn with volume of ~105mmscmd for FY25.
- Petchem segment fared better than FY23 and achieved breakeven. Gross margins were at a positive INR 4.2bn vs. a negative INR 5bn in FY23. With optimization of operational efficiency, the company expects this segment to see near capacity volumes of 810KTPA with a reasonable amount of profit. Indian plastic consumption is of 14kg vs. China's per capital consumption of 83kg and the world

average of 39/kg. Indian PE/PP market grew at 18%/8.5% in FY24 and polymer demand is expected to grow by 8–9% p.a.

- In the LPG segment, GAIL is hedging to protect margins vis-a-vis propane and butane futures.
- India gas consumption is expected to reach ~200mmscmd by FY25E and RLNG to 95mmscmd.
- There is potential of 125mn domestic household connections; even with 75mn connections, demand should see a 20-30mmscmd boost over the next few years

#### **Clean and Green Energy contracts**

- The company has installed RE (renewable energy) capacity of 132MW, out of which 118MW is in wind and 14MW solar power. The company aims to reach 1GW in FY25 and 3GW by FY30, as part of its Net/Zero initiatives.
- Qatar Energy and PLNG signed long-term supply agreements of 7.5mmt in Feb'24; wherein GAIL will offtake 60% (4.5mtpa) of the volumes starting from CY28 for a period of 20 years.
- The company has a long-term gas portfolio of 15.5mtpa. GAIL has entered into long-term LNG agreements with Vitol Asia Pte Ltd. and ADNOC LNG for an aggregate volume of 1.5mtpa starting CY26.
- In CBG (biogas), the company issued 403 Letters of Intent (LOIs) for 2,261t/d of CBG capacity and targets to add 26 CBG plants in three–four years.
- The company has set up a pilot blending of Green Hydrogen for PNG/CNG/ industrial customers in Indore (Madhya Pradesh). It plans to set up a 10MW electrolyser for the production of Green Hydrogen in Vijaipur
- There is a surge in LNG projects globally – projected to add 250bcm/y (~190mt) of liquefaction capacity by CY30 and more than half of the new projects are in US and Qatar. This will keep prices moderate and help boost demand and availability of Gas in India over the next 5-7 years.
- 100mtpa liquefaction capacity is expected to come onstream in next four years – equivalent to 400mmscmd. European has managed to replace Russian gas import without much impact on prices as Russian supply to Europe reduced from 140bcm pre-war to 30bcm in CY23.

#### **Others**

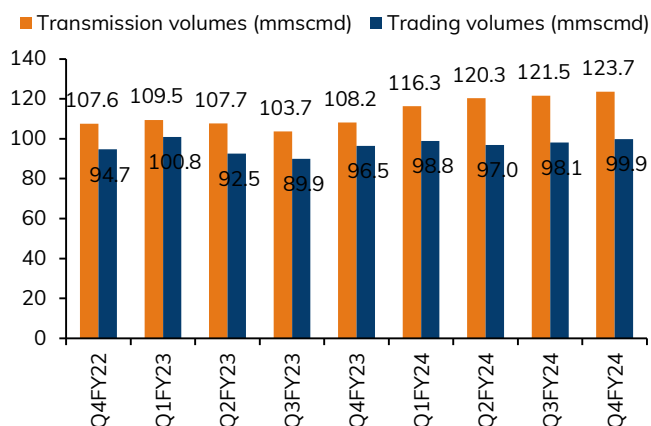
- Gas cost for CGDs are higher by INR 10/scm when transported in the form of LNG or in the absence of a direct pipeline.
- GAIL signed an agreement with BPCL for a 15-year supply of propane for its upcoming petrochemical plant at Usar in Maharashtra.

**Exhibit 1: Q4FY24 standalone result snapshot**

INR mn	Q4FY24	Q4FY23	YoY % Chg	Q3FY24	QoQ % Chg	FY24	FY23	% Chg
Net Sales	3,23,177	3,28,432	(1.6)	3,42,365	(5.6)	13,05,731	14,42,497	(9.5)
EBITDA	35,578	4,872	630.3	38,226	(6.9)	1,33,044	69,369	91.8
EBIT	23,973	(1,560)		30,383	(21.1)	99,736	44,488	124.2
Rep. PAT	21,770	6,035	260.7	28,426	(23.4)	88,365	53,595	64.9
Adj. PAT	21,770	7,382	194.9	28,426	(23.4)	88,365	54,942	60.8
Adj. EPS (INR)	3.3	1.1	194.9	4.3	(23.4)	13.4	8.4	60.8
<b>Volumes</b>								
NG transmission (mmcmd)	9,798	936	946.9	12,151	(19.4)	45,101	20,297	122.2
NG sales (mmcmd)	756	792	(4.6)	794	(4.8)	3,171	3,687	(14.0)
Petchem sales (kt)	13,887	4,874	184.9	18,804	(26.2)	60,673	30,788	97.1
LPG & liquid hydrocarbons (kt)	2,623	(4,009)		619		(1,366)	(10,609)	
<b>Segment EBIT</b>	<b>3,266</b>	<b>1,225</b>	<b>166.5</b>	<b>2,575</b>		<b>7,695</b>	<b>12,284</b>	<b>(37.4)</b>
Natural Gas transmission (Adj)	(701)	1,338	(152.4)	1,294	(154.2)	3,709	5,069	(26.8)
LPG transmission	29,629	5,156	474.7	36,238	(18.2)	1,18,983	61,516	93.4
Natural Gas Trading	3,23,177	3,28,432	(1.6)	3,42,365	(5.6)	13,05,731	14,42,497	(9.5)
Petrochemicals	35,578	4,872	630.3	38,226	(6.9)	1,33,044	69,369	91.8
LPG and Liquid Hydrocarbon	23,973	(1,560)		30,383	(21.1)	99,736	44,488	124.2
Others	21,770	6,035	260.7	28,426	(23.4)	88,365	53,595	64.9
Total	21,770	7,382	194.9	28,426	(23.4)	88,365	54,942	60.8

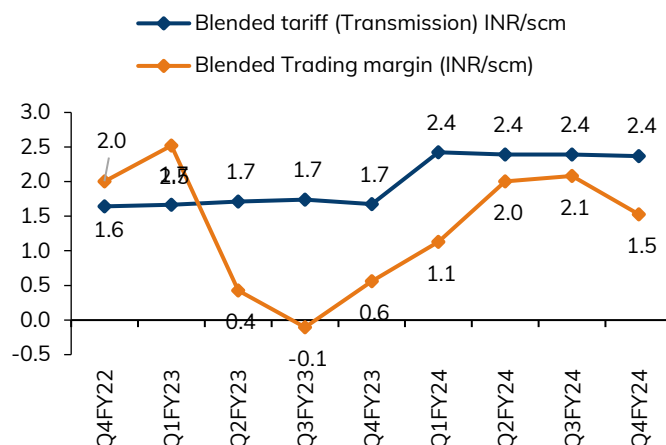
Source: Company data, I-Sec research

**Exhibit 2: Volumes continue to improve in Q4FY24...**



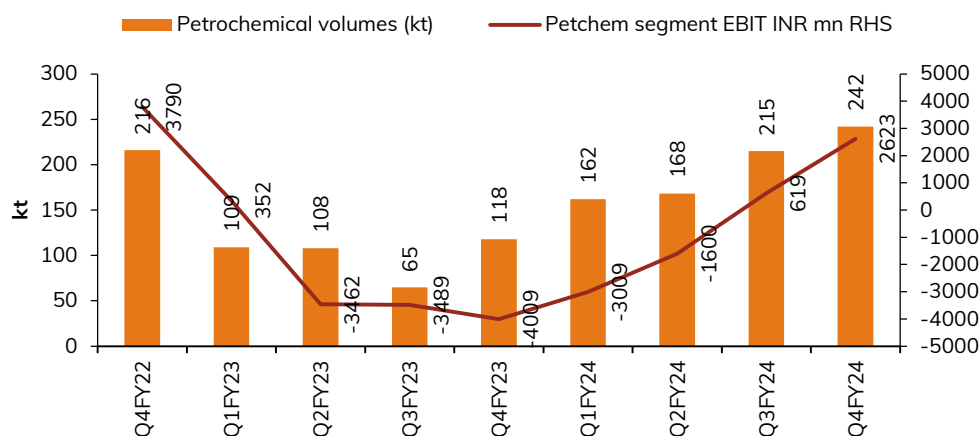
Source: Company data, I-Sec research

**Exhibit 3: ...blended trading margin declined QoQ**



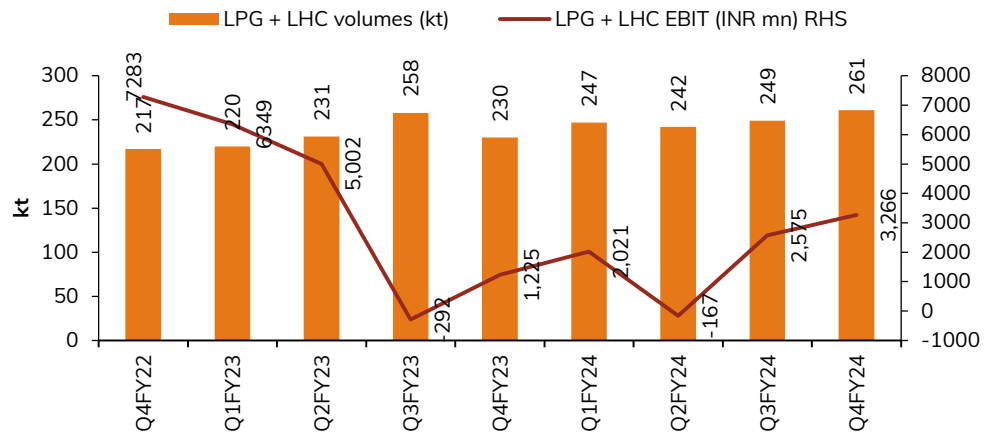
Source: Company data, I-Sec research

**Exhibit 4: Petchem margins and volumes saw sharp recovery QoQ/YoY**



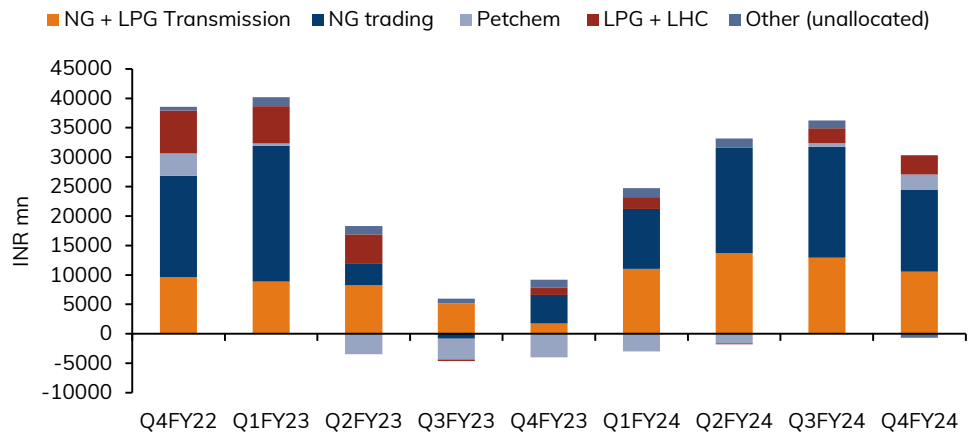
Source: Company data, I-Sec research

**Exhibit 5: LPG segment earnings and volumes improved QoQ**



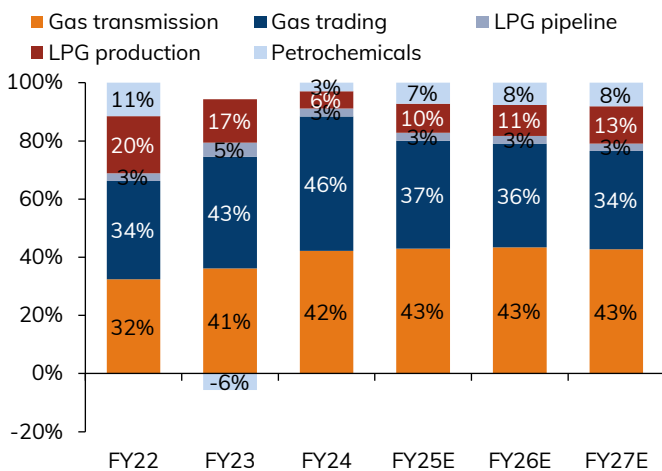
Source: Company data, I-Sec research

**Exhibit 6: Sequential decline in transmission and trading segments in Q4FY24**



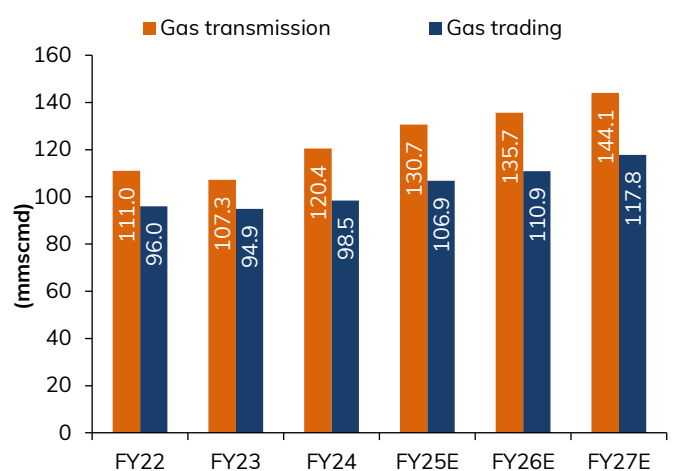
Source: Company data, I-Sec research

**Exhibit 7: EBITDA mix diversified; gas transmission and trading are the largest contributors**



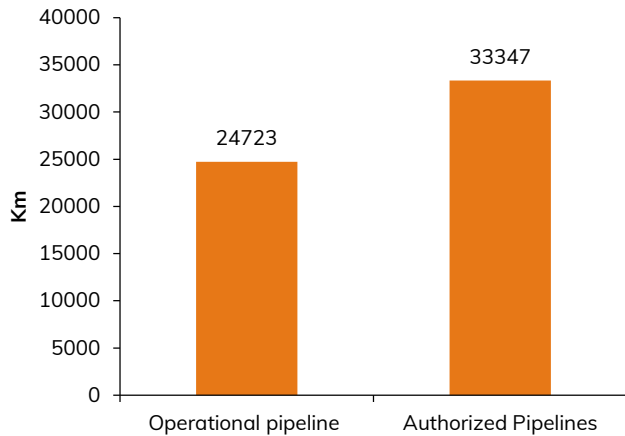
Source: Company data, I-Sec research

**Exhibit 8: Transmission and trading volumes to grow steadily**



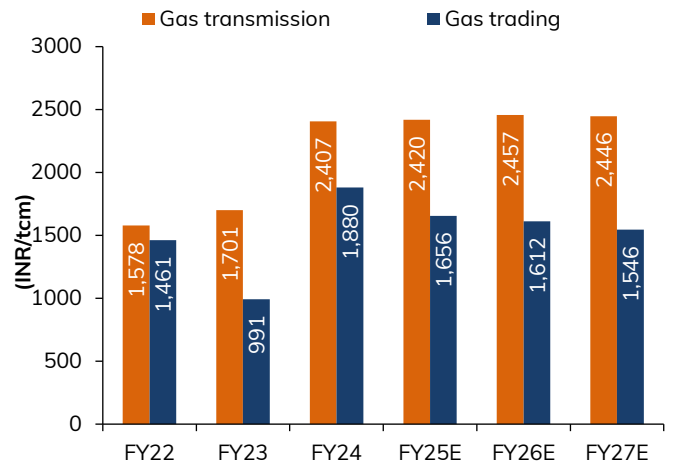
Source: Company data, I-Sec research

**Exhibit 9: Pipeline network**



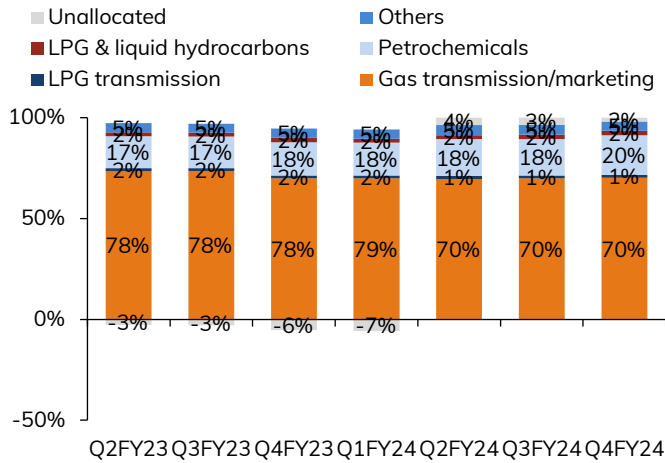
Source: Company data, I-Sec research

**Exhibit 10: Improvement in blended margins for transmission over FY25-FY27E**



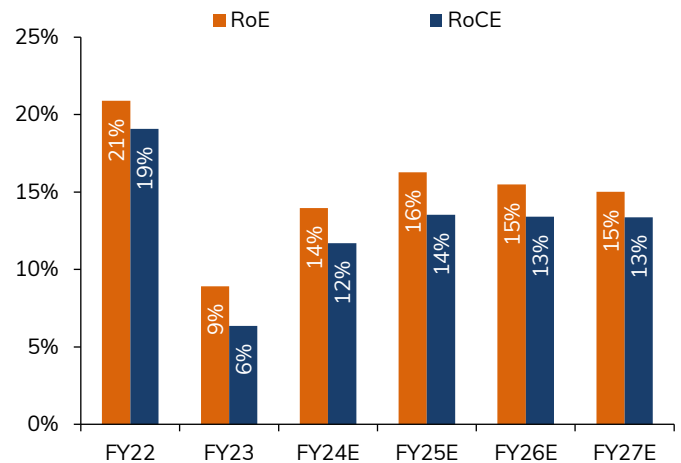
Source: Company data, I-Sec research

**Exhibit 11: Gas transmission remains key component of overall capital employed**



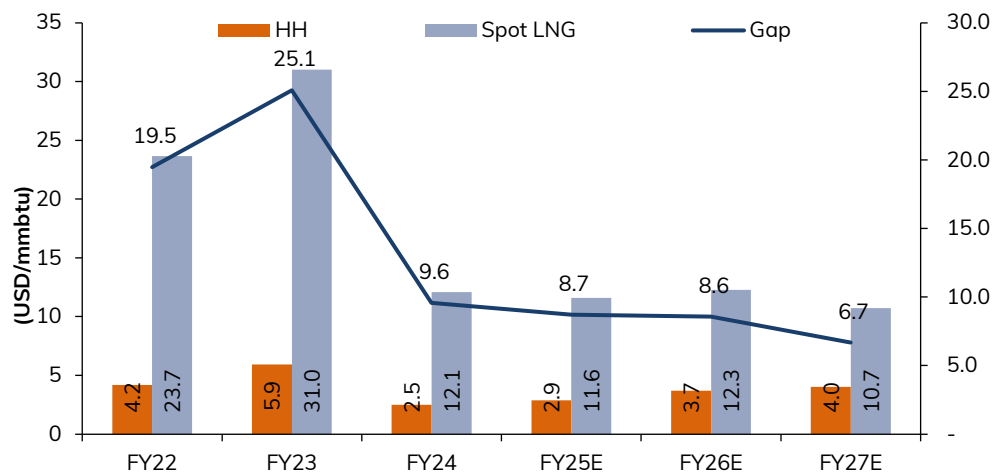
Source: Company data, I-Sec research

**Exhibit 12: Return ratios remain healthy**



Source: Company data, I-Sec research

**Exhibit 13: Gap in US HH, term and spot LNG remains material**



Source: Company data, I-Sec research

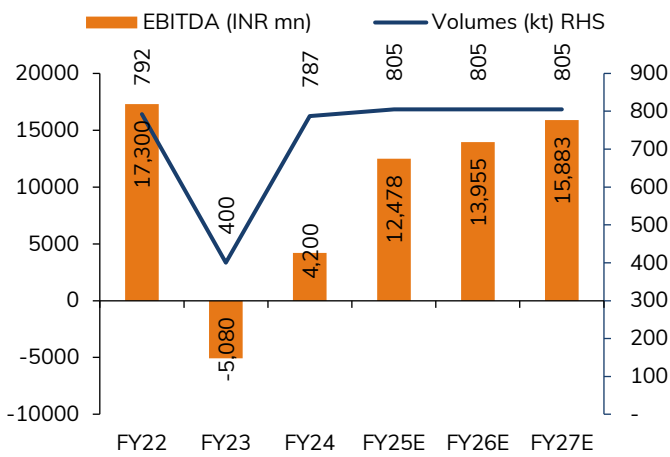


**Exhibit 14: Sensitivity of trading gains to differential with term and spot LNG prices**

	vs Spot LNG	vs Term LNG	vs Spot LNG	vs Term LNG
Price (USD/mmbtu)	2.5	2.5	2.5	2.5
Delivered Price (USD/mmbtu)	7.9	7.9	7.9	7.9
Spot LNG Slope Assumed	14%	13%	14%	13%
Brent (USD/bbl)	85	85	90	90
USD/mmbtu	12.1	11.1	12.8	11.7
Premium/(discount) of Spot to HH Delivered price	4.2	3.2	4.9	3.8
Assumed volumes unhedged (mmt)	1.0	1.0	1.0	1.0
Additional margin potential (INR mn)	18,154	13,740	21,227	16,553

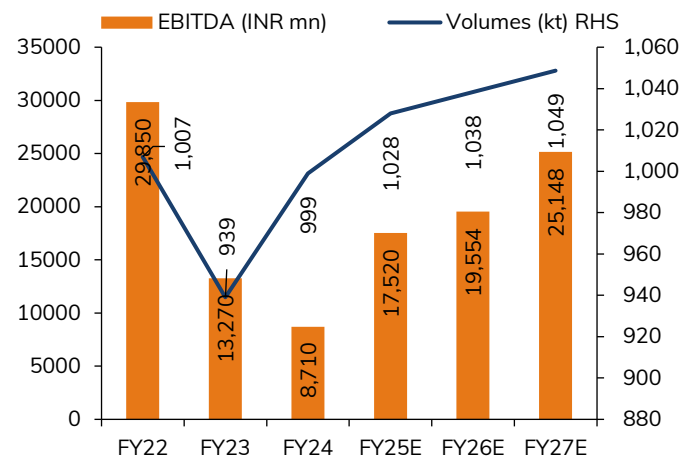
Source: Company data, I-Sec research

**Exhibit 15: Petrochemical EBITDA to improve gradually over FY25-FY27E**



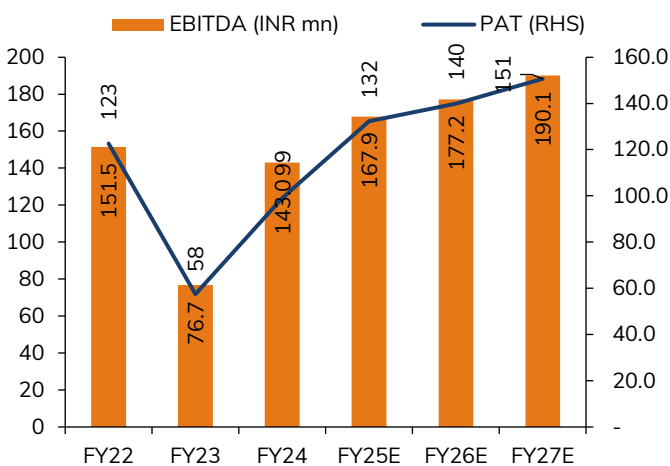
Source: Company data, I-Sec research

**Exhibit 16: LPG production and EBITDA likely to jump sharply over FY25E-FY27E**



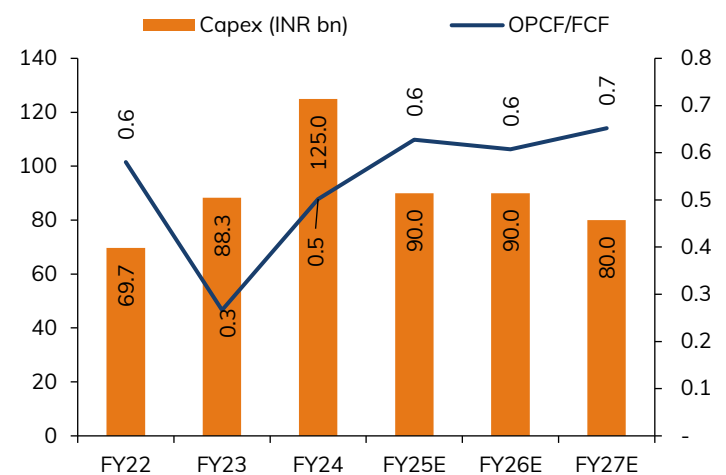
Source: Company data, I-Sec research

**Exhibit 17: EBITDA and PAT to grow at 6.4/6.7% CAGR over FY25-FY27E**



Source: Company data, I-Sec research

**Exhibit 18: Strong cashflow to suffice for capex requirements**



Source: Company data, I-Sec research



**Exhibit 19: Substantial increase in subsidiaries and associate profits in FY24 vs FY23**

INR mn	% Share holding	Investment	PAT (FY24)	PAT (FY23)
GAIL			88,360	53,020
<b>Subsidiaries</b>		<b>45,690</b>	<b>4,150</b>	<b>-1,280</b>
GAIL GAS	100%	20,500	3,180	2,830
GGSP	100%	480	110	30
GGUI	100%	1,870	-130	50
Bengal Gas Company Limited	90%	6,700	-110	-110
Konkan LNG Limited	93%	8,860	-2,490	-4,480
TNGCL	49%	150	410	200
GMPL	100%	7,130	3,220	
Less: Minority Interest	-	0	-40	200
<b>Associates</b>		<b>28,440</b>	<b>14,360</b>	<b>13,550</b>
MGL	33%	320	4,150	2,570
PLL	13%	990	4,560	4,160
BCPL	70%	9,920	-1,120	890
IGL	23%	320	4,470	3,690
OPaL	49%	9,950	0	0
China Gas	3%	970	1,440	1,660
Fayum Gas	19%	80	30	40
Ramagundam Fertilizer	14%	2,700	660	10
ONGC Tripura Power Company Ltd	26%	3,190	180	540
<b>Joint Ventures (JVs)</b>		<b>13,760</b>	<b>2,510</b>	<b>1,670</b>
MNGL		230	1,370	
CGD JVs & Others (BGL, CUGL, GGL, MNGL, AGL, VGL, TAPI, IGGL)		13,540	1,140	1,670
<b>Adjustments</b>				
Add: Elimination of Dividend			-6,810	-10,320
Add: Elimination Profit/Loss recognized from investments			0	60
Less: Others			3580	540
<b>Consolidated</b>			<b>98,990</b>	<b>56,160</b>
<b>Difference Consol vs Standalone</b>			<b>10,630</b>	<b>3,140</b>

Source: Company data, I-Sec research

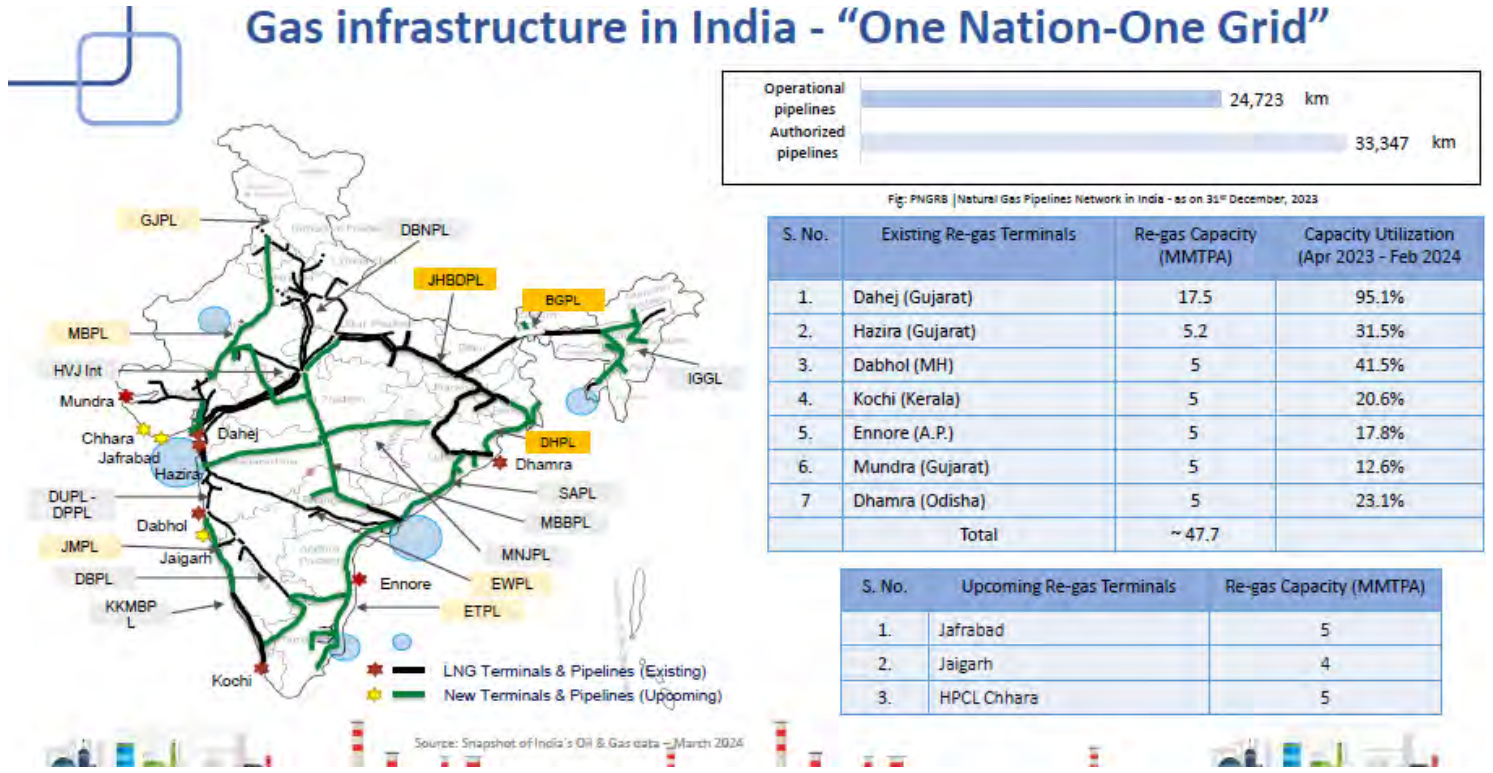
**Exhibit 20: Status of Pipeline and Petchem capex (INR bn)**

Major Pipeline	Lengths of Pipelines (Km)/Capacity	Commissioned length (Km)	Expected Completion Date	Approved Cost	Capital Commitment	Actual Capex up to 31.03.2024
Dhamra Angul P/L (JHBDPL)	413	413	Commissioned	24.5	24.4	22.5
Bokaro Angul P/L (JHBDPL)	620	620	Commissioned	28.9	28.4	26.7
Durgapur Haldia P/L (JHBDPL)	294		31st Mar 2025	24.3	21.7	18.7
Barauni Guwahati P/L (BGPL)	717	717	Commissioned	39.9	39.9	37.9
Dhamra Haldia P/L	253	150	31st Mar 2025	10.3	9.4	7.4
KKBMP L Commissioned	579	579	Commissioned	35.4	30.3	29.5
KKBMP L Under Construction	322		30th Nov 2024	23.7	15.8	9.2
Srikakulam Angul P/L	744		30 th Sep 20 24	26.6	23.2	18.7
Mumbai Nagpur Jharsuguda P/L	1,755		31st Oct 2024	78.4	67.4	53.6
Gurdaspur Jammu P/L	152		11th July 2026	5.2	0.2	0.0
C2/C3 Pipeline (Vijaipur to Pata)	360		Jun-27	17.9		
<b>Major PC Projects</b>						
Propane Dehydrogenation & Polypropylene Project (PDH PP), Usar IPA, USAR	500 KTA	NA	April 2025 (Mech Completion)	112.6	91.3	36.5
IPA, USAR	50 KTA	NA	Dec-25	5.3	0.4	0.0
Polypropylene Project (PP), PATA	60 KTA	NA	December 2024 (Mech completion)	13.0	11.3	6.7
<b>Total</b>				<b>446.1</b>	<b>363.6</b>	<b>267.5</b>

Source: Company data, I-Sec research

**Exhibit 21: Pipeline and Regas Terminal in India**

**Gas infrastructure in India - "One Nation-One Grid"**

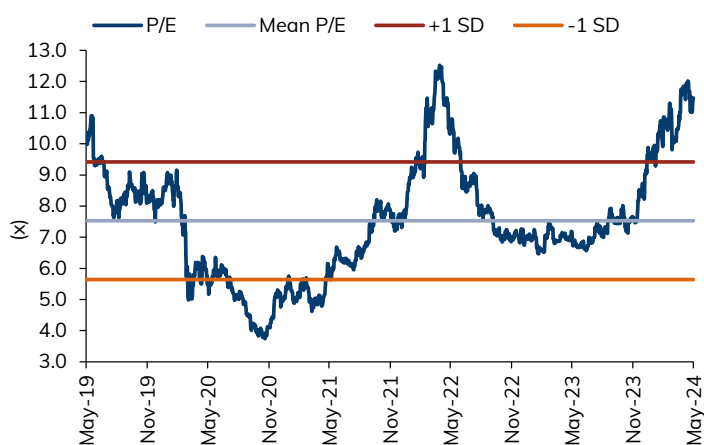


Source: Company data, I-Sec research

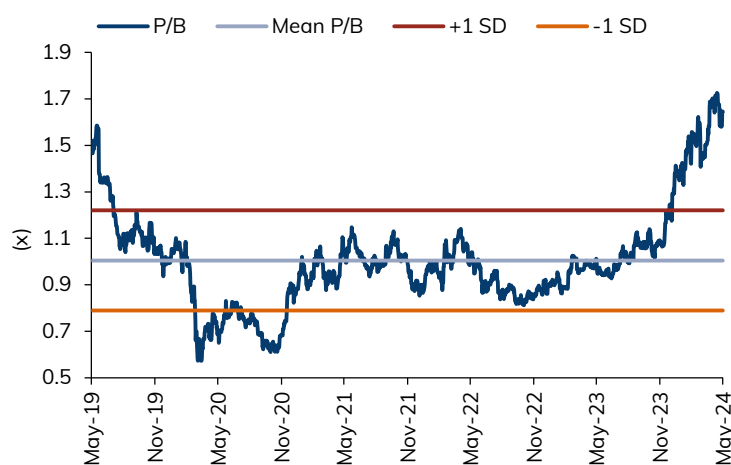
**Exhibit 22: Valuation summary – material upside from CMP seen over next 12-18 months**

Business		INR-bn	INR/share	Break-up
Gas and LPG transmission	DCF	598	91	35%
Gas trading	EV/EBITDA (6.5x FY26E)	432	66	26%
Petrochemicals	EV/EBITDA (6.5x FY26E)	103	16	6%
LPG and other hydrocarbon production	EV/EBITDA (6.5x FY26E)	163	25	10%
CGD entities other than IGL/MGL	25x FY26E EPS	120	18	7%
Investments	Market value	271	41	16%
		1,687	257	100%
Less: net debt		111	17	
<b>Sum of parts valuation</b>		<b>1,486</b>	<b>240</b>	
<b>CMP</b>			<b>204</b>	
Upside (downside) %			18%	

Source: Company data, I-Sec research

**Exhibit 23: P/E valuation trading above higher band**


Source: Company data, I-Sec research

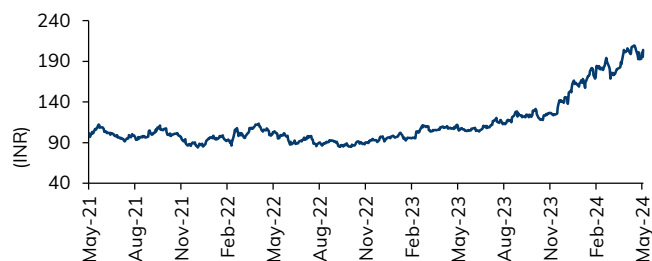
**Exhibit 24: P/B valuation trading above higher band**


Source: Company data, I-Sec research

**Exhibit 25: Shareholding pattern**

%	Sep'23	Dec'23	Mar'24
Promoters	51.9	51.9	51.9
Institutional investors	33.9	33.7	33.9
MFs and other	8.9	10.2	10.3
FIs/ Banks	0.0	0.0	0.0
Insurance Cos.	10.2	9.2	8.4
FIIIs	14.8	14.3	15.2
Others	14.2	14.4	14.2

Source: Bloomberg, I-Sec research

**Exhibit 26: Price chart**


Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 27: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>13,32,285</b>	<b>10,47,368</b>	<b>11,39,895</b>	<b>12,28,925</b>
<b>EBITDA</b>	<b>1,42,963</b>	<b>1,67,891</b>	<b>1,77,230</b>	<b>1,90,102</b>
EBITDA Margin (%)	10.7	16.0	15.5	15.5
Depreciation & Amortization	36,720	31,916	35,516	38,916
EBIT	1,06,243	1,35,975	1,41,714	1,51,185
Interest expenditure	7,192	6,347	3,481	1,371
Other Non-operating Income	10,078	15,686	15,992	17,388
<b>PBT</b>	<b>1,09,129</b>	<b>1,45,314</b>	<b>1,54,224</b>	<b>1,67,202</b>
<b>Profit / (Loss) from Associates</b>	<b>16,821</b>	<b>23,572</b>	<b>24,475</b>	<b>25,469</b>
Less: Taxes	26,922	36,576	38,818	42,085
PAT	82,207	1,08,739	1,15,406	1,25,118
Less: Minority Interest	-	-	-	-
<b>Net Income (Reported)</b>	<b>99,028</b>	<b>1,32,310</b>	<b>1,39,881</b>	<b>1,50,586</b>
Extraordinaries (Net)	-	-	-	-
<b>Recurring Net Income</b>	<b>99,028</b>	<b>1,32,310</b>	<b>1,39,881</b>	<b>1,50,586</b>

Source Company data, I-Sec research

### Exhibit 28: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	2,02,718	1,81,707	2,11,313	2,65,984
of which cash & bank	17,121	14,075	29,331	69,934
Total Current Liabilities & Provisions	2,15,920	2,18,272	2,33,506	2,49,701
<b>Net Current Assets</b>	<b>(13,202)</b>	<b>(36,565)</b>	<b>(22,194)</b>	<b>16,283</b>
Other Non Current Assets	-	-	-	-
Net Fixed Assets	5,51,885	6,09,969	6,64,453	7,05,537
Other Fixed Assets	-	-	-	-
Capital Work in Progress	2,36,268	2,36,268	2,36,268	2,36,268
Non Investment	2,56,301	2,56,301	2,56,301	2,56,301
Current Investment	-	-	-	-
Deferred Tax Assets	-	-	-	-
<b>Total Assets</b>	<b>10,31,253</b>	<b>10,65,973</b>	<b>11,34,828</b>	<b>12,14,389</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>2,17,938</b>	<b>1,66,374</b>	<b>1,41,374</b>	<b>1,16,374</b>
<b>Deferred Tax Liability</b>	<b>41,357</b>	<b>41,357</b>	<b>41,357</b>	<b>41,357</b>
Lease Liability	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	65,751	65,751	65,751	65,751
Reserves & Surplus*	7,04,221	7,90,506	8,84,361	9,88,921
<b>Total Net Worth</b>	<b>7,69,972</b>	<b>8,56,257</b>	<b>9,50,112</b>	<b>10,54,672</b>
Minority Interest	1,986	1,986	1,986	1,986
<b>Total Liabilities</b>	<b>10,31,253</b>	<b>10,65,973</b>	<b>11,34,828</b>	<b>12,14,389</b>

Source Company data, I-Sec research

### Exhibit 29: Quarterly trend

(INR mn, year ending March)

	June-23	Sep-23	Dec-23	Mar-24
Net Sales	3,22,121	3,18,068	3,42,365	3,23,177
% growth (YOY)	-1.9%	-1.3%	7.6%	-5.6%
EBITDA	24,327	34,913	38,226	35,578
Margin %	7.6%	11.0%	11.2%	11.0%
Other Income	2,676	5,609	8,121	6,376
Extraordinaries	-	-	-	-
Adjusted Net Profit	14,120	24,049	28,426	21,770

Source Company data, I-Sec research

### Exhibit 30: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Cash Flow from operation before working Capital</b>	<b>1,46,911</b>	<b>1,67,891</b>	<b>1,77,230</b>	<b>1,90,102</b>
Working Capital Changes	11,687	20,317	884	2,127
Tax	(32,741)	(36,576)	(38,818)	(42,085)
<b>Operating Cashflow</b>	<b>1,25,857</b>	<b>1,51,632</b>	<b>1,39,296</b>	<b>1,50,144</b>
Capital Commitments	(1,25,012)	(90,000)	(90,000)	(80,000)
<b>Free Cashflow</b>	<b>846</b>	<b>61,632</b>	<b>49,296</b>	<b>70,144</b>
Others CFI	39,820	39,258	40,467	42,857
<b>Cashflow from Investing Activities</b>	<b>(85,192)</b>	<b>(50,742)</b>	<b>(49,533)</b>	<b>(37,143)</b>
Inc (Dec) in Borrowings	15,449	(51,564)	(25,000)	(25,000)
Interest Cost	(13,982)	(6,347)	(3,481)	(1,371)
Others	(36,042)	(46,026)	(46,026)	(46,026)
<b>Cash flow from Financing Activities</b>	<b>(34,574)</b>	<b>(1,03,937)</b>	<b>(74,507)</b>	<b>(72,397)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>6,092</b>	<b>(3,046)</b>	<b>15,256</b>	<b>40,604</b>
Closing cash & balance	17,121	14,075	29,331	69,934

Source Company data, I-Sec research

### Exhibit 31: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Recurring EPS	15.1	20.1	21.3	22.9
Diluted EPS	15.1	20.1	21.3	22.9
Recurring Cash EPS	20.6	25.0	26.7	28.8
Dividend per share (DPS)	5.0	7.0	7.0	7.0
Book Value per share (BV)	117.1	130.2	144.5	160.4
Dividend Payout (%)	33.2	34.8	32.9	30.6
<b>Growth (%)</b>				
Net Sales	(8.5)	(21.4)	8.8	7.8
EBITDA	86.4	17.4	5.6	7.3
EPS	72.2	33.6	5.7	7.7
<b>Valuation Ratios (x)</b>				
P/E	13.5	10.1	9.6	8.9
P/CEPS	9.9	8.2	7.6	7.1
P/BV	1.7	1.6	1.4	1.3
EV / EBITDA	10.8	8.9	8.2	7.3
EV / Operating Income	13.3	9.8	9.2	8.2
Dividend Yield (%)	2.5	3.4	3.4	3.4
<b>Operating Ratios</b>				
EBITDA Margins (%)	10.7	16.0	15.5	15.5
Effective Tax Rate (%)	24.7	25.2	25.2	25.2
Net Profit Margins (%)	7.4	12.6	12.3	12.3
NWC / Total Assets (%)	(1.3)	(3.4)	(2.0)	1.3
Fixed Asset Turnover (x)	1.9	1.3	1.3	1.3
Working Capital Days	23.2	20.9	24.1	23.8
Net Debt / Equity %	26.1	17.8	11.8	4.4
<b>Profitability Ratios</b>				
RoCE (%)	8.8	10.1	10.0	10.0
RoCE (Pre-tax) (%)	11.7	13.5	13.4	13.3
RoE (%)	14.0	16.3	15.5	15.0

Source Company data, I-Sec research

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