

Estimate change



TP change



Rating change



Bloomberg	GAIL IN
Equity Shares (m)	6575
M.Cap.(INRb)/(USDb)	1372.6 / 16.5
52-Week Range (INR)	214 / 103
1, 6, 12 Rel. Per (%)	0/51/72
12M Avg Val (INR M)	3058

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	1,306.4	1,356.4	1,384.7
EBITDA	134.8	128.0	157.2
Adj. PAT	90.2	86.3	108.7
Adj. EPS (INR)	13.7	13.1	16.5
EPS Gr. (%)	70.1	-4.3	26.0
BV/Sh.(INR)	101.8	109.6	119.5

Ratios

Net D:E	0.2	0.3	0.2
RoE (%)	15.0	12.9	15.0
RoCE (%)	11.9	10.2	11.6
Payout (%)	40.1	40.1	40.1

Valuations

P/E (x)	14.9	15.6	12.4
P/BV (x)	2.0	1.9	1.7
EV/EBITDA (x)	8.6	8.8	7.2
Div. Yield (%)	3.0	2.9	3.6
FCF Yield (%)	4.0	1.7	3.6

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	51.5	51.5	51.5
DII	27.0	27.1	25.7
FII	14.8	14.9	17.0
Others	6.7	6.5	5.8

FII Includes depository receipts

CMP: INR209

TP: INR235 (+13%)

Buy

One-offs mar 4QFY24; robust guidance maintained

- GAIL reported an EBITDA of INR36b in 4QFY24, 4% below our estimate, even as PAT came in 19% below our estimate. The miss was due to a weaker-than-expected performance in the trading segment, a one-off depreciation-related charge of INR1.7b, and lower-than-expected other income. This was partly offset by a strong performance in the petchem and LPG segments, with EBIT coming ahead of our expectations.
 - GAIL anticipates a robust domestic gas demand, projecting gas transmission volumes to reach 132mmscmd by end-FY25 and 142mmscmd by end-FY26. For the trading segment, management guided an EBIT of INR40-45b, while for the petchem segment, it remained hopeful of a healthy FY25 profitability amid weaker spot LNG prices.
 - The key takeaways from the analyst meet: 1) the quality of guidance has significantly improved and GAIL remains on track to achieve the guided volumes and profitability in transmission and trading, 2) the strength of improvement in petchem profitability has surprised us/street, and 3) key projects such as PDH-PP remain on track for completion as per timelines.
 - We value the core business at 13x FY26E adj. EPS of INR15. Adding the value of listed and unlisted investments of INR40, we arrive at a TP of INR235.
- Reiterate BUY.**

Miss due to a weaker-than-estimated trading performance and one-offs

- EBITDA came in 4% lower than our estimate at INR35.6b (our est. of INR36.9b, 11.6x YoY).
- The miss was due to weaker-than-expected performances in the gas transmission and trading segments, partially offset by better-than-expected performance in the Petchem, LPG, and Liq. HC segments.
- PAT was 19% below our est. at INR21.8b (est. of INR27b, 3.6x YoY), mainly due to lower other income and higher DDA in 4QFY24.
- Natural gas transmission volume stood at 123.7mmscm (vs. our est. of 128.4mmscm; 121.5mmscm in 3QFY24).
- Gas marketing volume stood at 99.9mmscm (vs. 98.1mmscm in 3QFY24).
- LHC sales rose 5% YoY to 261 TMT (vs. 249tmt in 3QFY24) & Polymer sales jumped 13% YoY to 242tmt (vs. our est. of 216.4mmscm; 215mmscm in 3Q).
- During FY24**, GAIL's revenue stood at INR1.3t (-9% YoY). EBITDA was INR133b (+99% YoY), while PAT stood at INR88.4b (+67% YoY).
- The residual value of Natural Gas/LPG/CGD pipelines has been revised to 'NIL', resulting in an additional depreciation of INR1.7b in 4QFY24.

Segmental EBIT details for the quarter

- Gas transmission business posted an EBIT of INR9.8b (vs. loss of INR164m in 4QFY23).
- LPG transmission EBIT stood at INR756m (-5% YoY).
- Trading business posted an EBIT of INR13.9b (vs. EBIT of INR4.9b in 4QFY23).
- Petchem segment posted an EBIT of INR2.6b (vs. a loss of INR4b in 4QFY23).
- LPG and HC reported an EBIT of INR3.3b (vs. EBIT of INR1.2b in 4QFY23).

Abhishek Nigam – Research Analyst (Abhishek.Nigam@MotilalOswal.com)

Aman Chowdhary - Research Analyst (Aman.Chowdhary@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

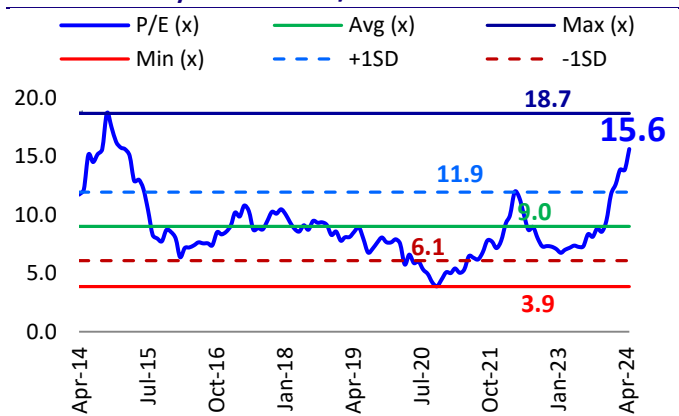
- **We reiterate our BUY rating on GAIL with a TP of INR235.** During FY24-26E, we are modeling PAT to report a 10% CAGR driven by:
 - Rising natural gas transmission volumes to 142mmscmd in FY26 from 120mmscmd in FY24;
 - Substantial improvement in petchem segment’s profitability over 2HFY25- FY26 as new petchem capacity will be operational and low inventories globally will drive re-stocking demand, thus improving spreads; and
 - Healthy trading segment profitability with EBIT guided at INR40-45b.
 - We expect GAIL’s ROE to improve to ~15% in FY26 from 9.5% in FY23, with healthy FCF generation of INR44b in FY26 (vs. -INR45.3b in FY23), which we believe can drive a re-rating for the stock.

Standalone quarterly performance

(INR m)

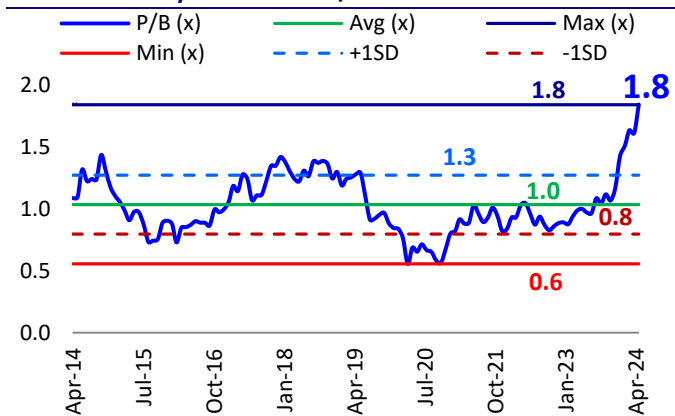
Y/E March	FY23				FY24				FY23	FY24	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	375,721	384,909	353,804	328,582	324,079	318,226	342,535	323,345	1443,016	1308,185	312,208	4%
Change (%)	116.1	78.9	37.3	21.8	-13.7	-17.3	-3.2	-1.6	57.5	-9.3	-5.0	
EBITDA	43,657	17,647	2,613	3,072	26,131	34,913	38,226	35,578	66,989	1,34,848	36,913	-4%
% of Net Sales	11.6	4.6	0.7	0.9	8.1	11.0	11.2	11.0	4.6	10.3	11.8	
Depreciation	6,030	6,194	6,226	6,432	6,358	7,503	7,843	11,605	24,881	33,308	7,885	
Interest	481	683	1,050	903	1,758	1,718	1,564	1,932	3,117	6,972	1,420	
Other Income	1,798	7,988	6,889	10,172	2,676	5,609	8,121	6,376	26,847	22,782	9,367	
PBT	38,944	18,759	2,227	5,909	20,691	31,301	36,940	28,418	65,838	1,17,350	36,975	-23%
Tax	9,792	3,388	-231	-127	4,767	7,252	8,514	6,648	12,823	27,181	9,934	
Rate (%)	25.1	18.1	-10.4	-2.1	23.0	23.2	23.0	23.4	19.5	23.2	26.9	
PAT	29,152	15,371	2,457	6,035	15,924	24,049	28,426	21,770	53,015	90,169	27,040	-19%
Change (%)	90.5	-46.3	-92.5	-77.5	-45.4	56.5	1,056.8	260.7	-48.8	70.1	348.0	
Adj PAT	29,152	15,371	2,457	6,035	15,924	24,049	28,426	21,770	53,015	90,169	27,040	-19%
Change (%)	90.5	-46.3	-92.5	-76.8	-45.4	56.5	1,056.8	260.7	-48.5	70.1	348.0	
Key Assumptions												
Gas Trans. volume (mmscmd)	109.5	107.7	103.7	108.2	116.3	120.3	121.5	123.7	107.3	120.5	128.4	-4%
Petchem sales ('000MT)	109.0	108.0	65.0	118.0	162.0	168.0	215.0	242.0	400.0	787.0	216.4	12%

Exhibit 1: One-year forward P/E ratio



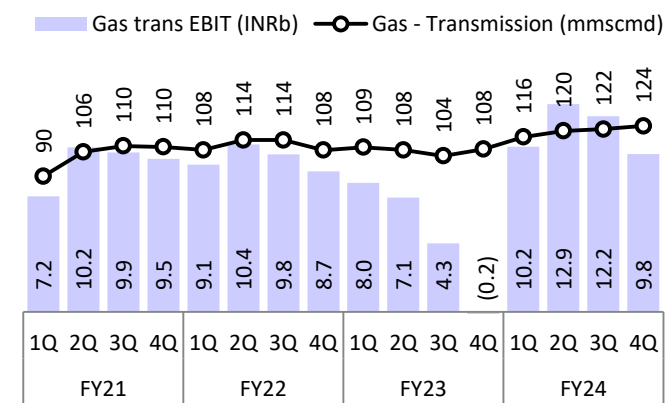
Source: Company, MOFSL

Exhibit 2: One-year forward P/B ratio



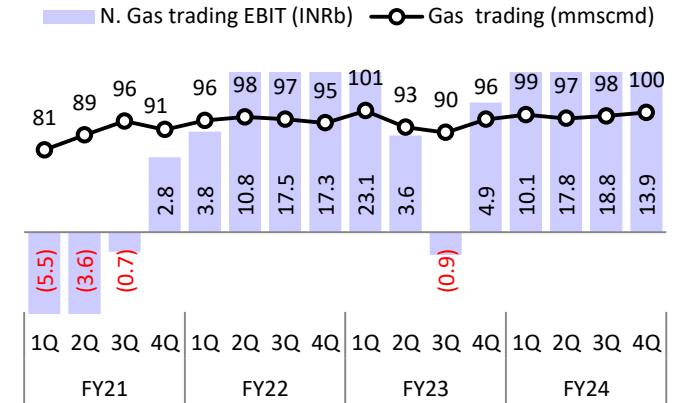
Source: Company, MOFSL

Exhibit 3: Transmission volumes up 14% YoY



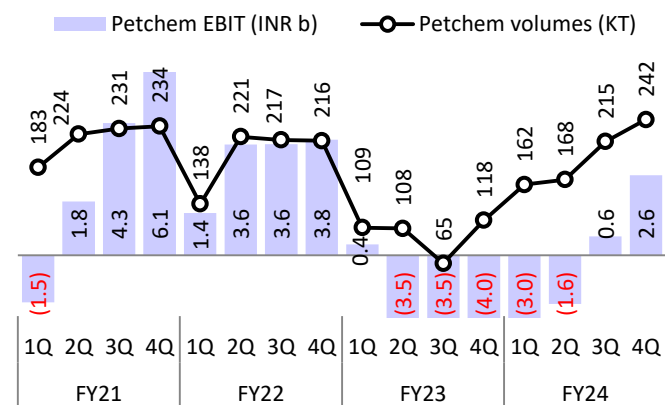
Source: MOFSL, Company

Exhibit 4: Trading volumes up 4% YoY



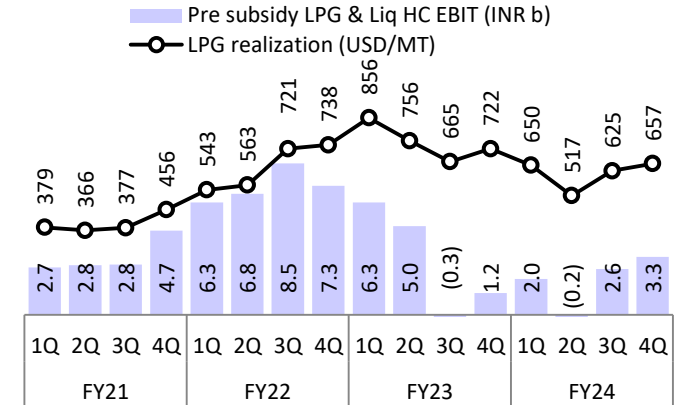
Source: MOFSL, Company

Exhibit 5: Petchem segment volumes recovered 2x YoY



Source: MOFSL, Company

Exhibit 6: Realizations from LPG and Liquid HC down 9% YoY



Source: MOFSL, Company

Exhibit 7: Segment-wise performance details (INR m)

Particulars	FY22				FY23				FY24				4QFY24 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Exchange Rate (INR/USD)	74.8	75.3	77.3	75.3	77.3	79.8	82.2	82.3	82.2	82.7	83.3	83.2	1	0
Gas transmission business														
Volumes (mmscmd)	108	114	114	108	109	108	104	108	116	120	122	124	14	2
Gross Revenues	14,837	16,462	16,727	15,898	16,584	16,944	16,587	16,495	25,940	26,460	25,657	26,669	62	4
Opex	3,077	3,322	4,167	4,358	5,684	6,844	9,357	13,525	12,430	9,960	10,047	10,679	-21	6
EBITDA	11,760	13,140	12,560	11,540	10,900	10,100	7,230	2,970	13,510	16,500	15,610	15,990	438	2
Depreciation	2,611	2,740	2,785	2,807	2,895	3,004	2,970	3,134	3,264	3,594	3,459	6,192	98	79
EBIT	9,149	10,400	9,775	8,733	8,005	7,096	4,260	-164	10,246	12,907	12,151	9,798	LP	-19
Average tariff (INR/mscm)	1,514	1,565	1,591	1,642	1,665	1,710	1,738	1,693	2,450	2,391	2,295	2,370	40	3
Opex (INR/mscm)	314	316	396	450	571	691	980	1,388	1,174	900	899	949	-32	6
EBITDA (INR/mscm)	1,200	1,249	1,195	1,192	1,094	1,019	758	305	1,276	1,491	1,396	1,421	366	2
Depreciation (INR/mscm)	267	260	265	290	291	303	311	322	308	325	309	550	71	78
EBIT (INR/mscm)	934	989	930	902	804	716	446	-17	968	1,166	1,087	871	LP	-20
LPG Transmission Business														
Volumes ('000 MT)	1,023	1,054	1,057	1,065	1,055	1,100	1,101	1,079	1,073	1,114	1,095	1,114	3	2
Gross Revenues	1,637	1,666	1,676	1,707	1,695	1,973	1,801	1,748	1,776	1,845	1,839	1,859	6	1
Opex	617	686	716	697	695	673	721	778	816	805	829	869	12	5
EBITDA	1,020	980	960	1,010	1,000	1,300	1,080	970	960	1,040	1,010	990	2	-2
Depreciation	153	159	151	158	163	160	163	178	158	221	216	234	32	8
EBIT	867	821	810	852	837	1,140	917	792	802	819	794	756	-5	-5
Average tariff (INR/MT)	1,600	1,581	1,586	1,603	1,606	1,794	1,635	1,620	1,655	1,656	1,679	1,669	3	-1
Opex	603	651	677	654	658	612	654	721	760	723	757	780	8	3
EBITDA	997	930	908	948	948	1,182	981	899	895	934	922	889	-1	-4
Depreciation	149	151	142	148	154	145	148	165	147	199	197	210	27	7
EBIT	848	779	766	800	794	1,037	833	734	747	735	725	679	-8	-6
Gas Trading Business														
Volumes (mmscmd)	96	98	97	95	101	93	90	96	99	97	98	100	4	2
Revenues	142,883	178,765	220,918	230,694	346,047	354,654	336,600	315,604	283,817	277,280	300,381	284,421	-10	-5
EBIT	3,776	10,789	17,497	17,259	23,145	3,629	-860	4,874	10,136	17,846	18,804	13,887	185	-26
Revenues (INR/mscm)	16,364	19,884	24,868	27,070	37,710	41,657	40,702	36,354	31,555	31,084	33,269	31,286	-14	-6
EBIT (INR/mscm)	432	1,200	1,970	2,025	2,522	426	-104	561	1,127	2,001	2,083	1,528	172	-27
Petrochemicals Business														
Volumes ('000 MT)	138	221	217	216	109	108	65	118	162	168	215	242	105	13
Gross Revenues	13,623	22,834	24,005	25,023	14,558	13,515	7,505	13,595	17,036	17,433	20,502	22,563	66	10
Opex	11,073	18,014	19,105	19,993	12,868	15,615	9,605	16,165	18,766	17,813	18,452	18,303	13	-1
EBITDA	2,550	4,820	4,900	5,030	1,690	-2,100	-2,100	-2,570	-1,730	-380	2,050	4,260	LP	108
Depreciation	1,167	1,187	1,254	1,240	1,338	1,362	1,389	1,439	1,279	1,220	1,431	1,637	14	14
EBIT	1,383	3,633	3,646	3,790	352	-3,462	-3,489	-4,009	-3,009	-1,600	619	2,623	LP	324
Realization (USD/MT)	1,320	1,372	1,431	1,539	1,728	1,568	1,405	1,400	1,279	1,255	1,145	1,121	-20	-2
Realization (INR/kg)	99	103	111	116	134	125	115	115	105	104	95	93	-19	-2
Opex (INR/kg)	80	82	88	93	118	145	148	137	116	106	86	76	-45	-12
EBITDA (INR/kg)	18	22	23	23	16	-19	-32	-22	-11	-2	10	18	LP	85
Depreciation (INR/kg)	8	5	6	6	12	13	21	12	8	7	7	7	-45	2
EBIT (INR/kg)	10	16	17	18	3	-32	-54	-34	-19	-10	3	11	LP	276
LPG & Liquid Hydrocarbons Business														
Volumes ('000 MT)	250	262	275	217	220	231	248	230	247	242	249	261	13	5
Gross Revenues	10,151	11,113	15,328	12,060	14,554	13,939	13,549	13,658	13,190	10,345	12,964	14,259	4	10
Opex	3,611	4,083	6,578	4,530	7,924	8,699	13,609	12,198	10,940	10,295	10,164	10,649	-13	5
EBITDA	6,540	7,030	8,750	7,530	6,630	5,240	-60	1,460	2,250	50	2,800	3,610	147	29
Depreciation	199	207	200	247	282	238	232	235	229	217	225	344	47	53
EBIT	6,341	6,823	8,550	7,283	6,349	5,002	-292	1,225	2,021	-167	2,575	3,266	167	27
EBIT (Post-Subsidy)	6,341	6,823	8,550	7,283	6,349	5,002	-292	1,225	2,021	-167	2,575	3,266	167	27
Realization (USD/MT)	543	563	721	738	856	756	665	722	650	517	625	657	-9	5
Realization (INR/MT)	40,602	42,416	55,738	55,577	66,155	60,340	54,635	59,380	53,402	42,749	52,063	54,632	-8	5
Opex (INR/MT)	14,442	15,584	23,920	20,876	36,019	37,656	54,877	53,033	44,292	42,543	40,818	40,801	-23	0
EBITDA (INR/MT)	26,160	26,832	31,818	34,700	30,136	22,684	-242	6,348	9,109	207	11,245	13,831	118	23
Depreciation (INR/MT)	796	789	728	1,139	1,280	1,029	934	1,020	927	896	902	1,318	29	46
EBIT (INR/MT)	25,364	26,043	31,090	33,562	28,857	21,655	-1,176	5,327	8,182	-690	10,343	12,513	135	21
EBIT post Subsidy-INR/MT	25,364	26,043	31,090	33,562	28,857	21,655	-1,176	5,327	8,182	-690	10,343	12,513	135	21

GAIL's 4QFY24 analyst meet highlights:

■ FY24 performance:

- GAIL reported revenue of INR1.3t and PAT of INR88.4b (+67% YoY).
- Robust overall performance was primarily driven by better performances across all major segments – transmission, petchem, and LPG.
- Highest annual gas transmission volume of 120.5mmscmd and LPG transmission of 4.4mmtpa were achieved in FY24.
- GAIL has paid a dividend of INR5.5/share.
- Long-term LNG agreements of 1.53mmtpa have been entered with M/s Vitol Asia Pte Ltd. and M/s Adnoc LNG, which shall start from FY26.

■ Outlook:

- Transmission: Natural gas transmission volumes for FY24 were in line with the management guidance and volumes are likely to increase by 10-12mmscmd to 130-132mmscmd in FY25 and 140-142mmscmd in FY26.
- Gas trading: segment is expected to earn a marketing EBIT of INR40-45b. Gas marketing volumes are projected to grow to 105mmscmd in FY25 from 98.5mmscmd in FY24.
- Petro-chemical: segment was almost at breakeven in FY24, achieving a volume of 777tmt against 442tmt in FY23. In FY25, the segment is expected to achieve a volume of 810tmt and generate reasonable profits.
- Tariff: GAIL remains hopeful of being able to secure upward tariff revision of up to INR6-7/mmbtu related to gas-cost assumption.
- Renewable targets: It currently has a renewable energy capacity of 118 MW wind and 16.7MW solar. Further, the company targets to achieve 1GW capacity until FY25, and 3GW of capacity by FY30.
- New gas contracts: In Feb'24, Qatar Energy LNG and Petronet LNG Ltd. inked an LNG SPA for 7.5mmtpa. Under the terms, GAIL will offtake 60% of the volumes, commencing in FY28 and lasting for a period of 20 years.
- CBG: GAIL is already the market leader in compressed bio gas (CBG) and plans to set up 26 CBG plants across India in the next 3-4 years.
- Hydrogen initiatives: The company has already tested hydrogen blending in one of the JVs and is setting up a 10MW hydrogen plant in Vijaypur.
- Industry Outlook:
 - Polymer market is expected to grow by 8-9% in India with India's per capita plastic consumption being only 14kg (vs. global average 39kg, USA/China per capita consumption of 93kg/83kg respectively).
 - GAIL has sold 1,036kta of polymers (787kta - GAIL and 249kta - BPCL) in FY24.
 - GAIL management expects CGD sector to grow at CAGR of 12% in the coming years.
- Update on the ongoing projects:
 - Sections of Dhamra-Angul pipeline, Bokaro-Angul pipeline, Barauni Guwahati pipeline and KKB MPL – II pipeline have been commissioned during FY24. Aggregate capex of INR116.7b has been incurred on these pipelines till 31 Mar'24.
 - Mumbai-Nagpur-Jharsuguda pipeline (1,755km; approved cost of INR67.3b) is expected to be commissioned till 31 Oct'24.

- Propane Dehydrogenation & Polypropylene Project (PDH-PP) at Usar having capacity of 500kta is expected to achieve mechanical completion in Apr'25.
- Capex:
 - INR115b of capex is planned for FY25 in the following ratio: Petrochemical – 45% (INR51.8b), Pipeline – 23% (INR26.4b), Equity Investments – 11%, Operational and other capes – 18%, and CGD and E&P – 3%.
 - In 4QFY24, GAIL's Board has approved laying of C2/C3 liquid pipeline from Vijaipur-Auraiya having estimated project cost of INR18b with commissioning period of 32 months. The project will augment the feedstock availability with additional polymer production at Pata Petrochemical Complex, reduce energy consumption and carbon footprint.
 - Two plants of INR750m each have been established to enhance the supply of gas to places where gas was earlier unavailable due to transportation difficulties.
- Others:
 - Additional depreciation of INR1.7b in 4QFY24 was on account of 1) capitalization of additional pipelines during FY24 and, 2) reduction in the residual value for already laid pipelines to 'nil' (earlier taken 5% in books).

Story in charts

Exhibit 8: Transmission to be the major contributor to EBITDA

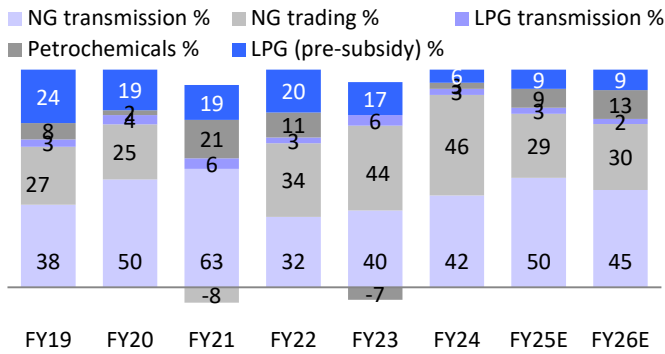


Exhibit 9: Expect gas transmission volumes to grow over FY24-25

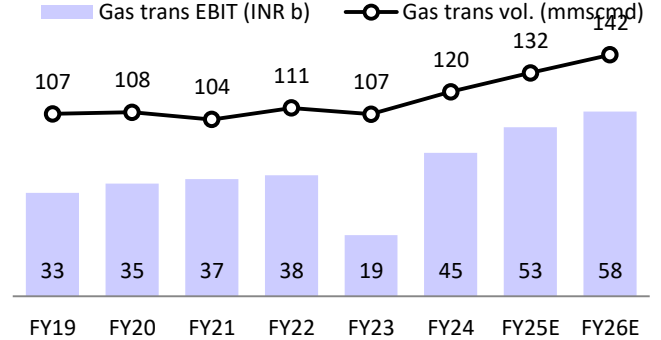


Exhibit 10: LPG transmission segment

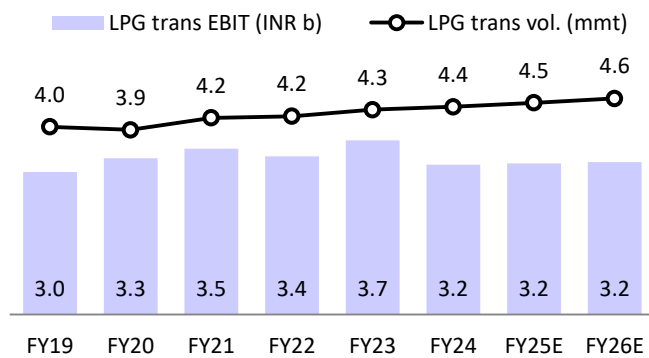


Exhibit 11: Petchem segment

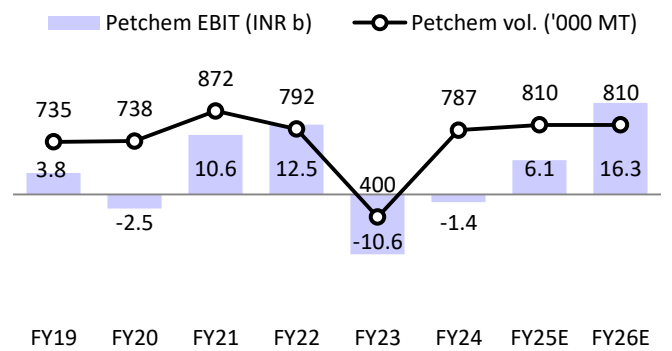


Exhibit 12: Gas trading segment

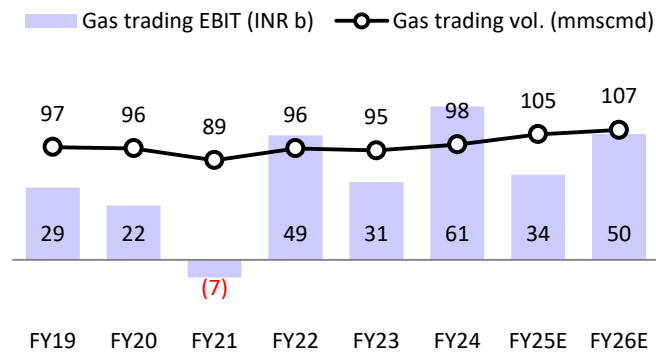


Exhibit 13: EBIT from LPG and Liquid HC

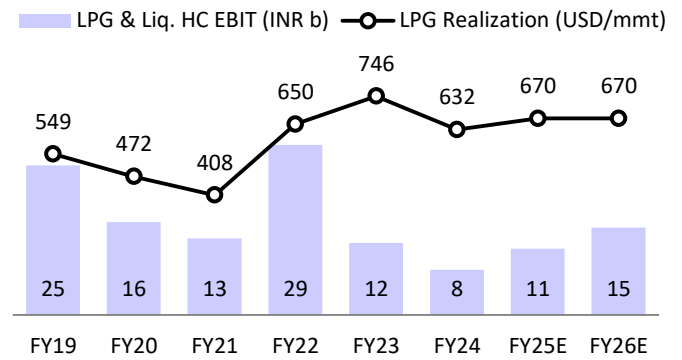


Exhibit 14: Expect return ratios to recover

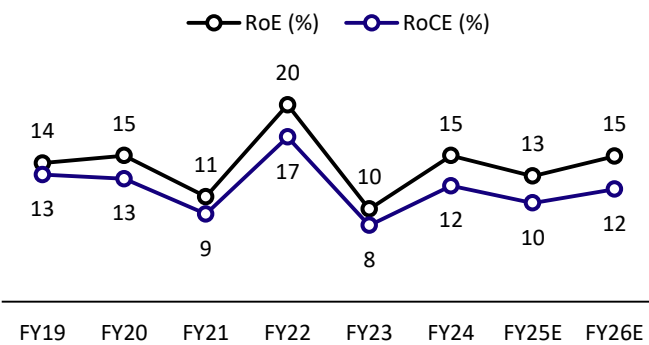
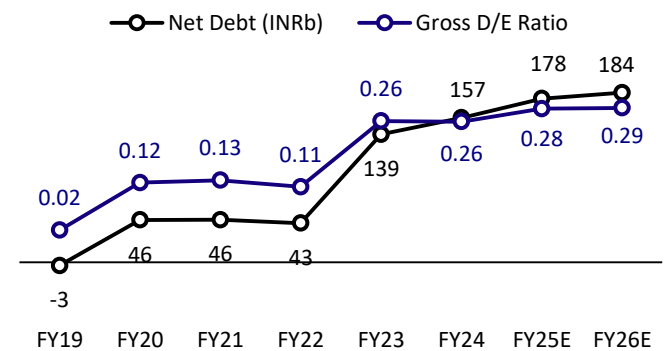


Exhibit 15: Expect D/E ratio to stay below 0.3x



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	751.3	718.8	567.4	916.5	1,443.0	1,306.4	1,356.4	1,384.7
Change (%)	39.6	-4.3	-21.1	61.5	57.5	-9.5	3.8	2.1
EBITDA	95.3	83.7	64.5	138.3	67.0	134.8	128.0	157.2
% of Net Sales	12.7	11.6	11.4	15.1	4.6	10.3	9.4	11.4
Depreciation	15.5	18.4	19.1	21.1	24.9	33.3	35.2	37.2
Interest	1.4	1.1	1.6	1.7	3.1	7.0	6.3	6.4
Other Income	15.7	14.2	20.0	20.5	26.8	22.8	24.4	26.1
EO Items (net)	-3.3	1.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	90.8	79.4	63.9	135.9	65.8	117.3	110.9	139.7
Tax	30.6	13.2	15.0	32.3	12.8	27.2	24.6	31.0
Rate (%)	33.7	16.7	23.4	23.7	19.5	23.2	22.2	22.2
Reported PAT	60.3	66.2	48.9	103.6	53.0	90.2	86.3	108.7
Adjusted PAT	63.3	74.2	49.0	102.9	53.0	90.2	86.3	108.7
Change (%)	26.0	9.9	-26.1	111.9	-48.8	70.1	-4.3	26.0

Balance Sheet								(INR b)	(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
Share Capital	22.6	45.1	44.4	44.4	65.8	65.8	65.8	65.8	
Reserves	418.4	394.6	421.7	511.5	490.8	576.0	627.7	692.9	
Net Worth	440.9	439.7	466.1	555.9	556.5	641.8	693.5	758.6	
Loans	8.7	54.1	59.9	63.5	143.1	164.1	197.0	216.7	
Deferred Tax	59.5	45.0	45.0	47.7	46.6	49.6	49.6	49.6	
Capital Employed	509.1	538.8	571.0	667.1	746.3	855.5	940.0	1,024.8	
Gross Fixed Assets	508.1	548.3	591.4	638.5	703.4	767.8	991.6	1,101.6	
Less: Depreciation	197.2	215.6	234.7	255.8	280.7	314.0	349.1	386.3	
Net Fixed Assets	310.9	332.7	356.7	382.7	422.7	453.8	642.4	715.3	
Capital WIP	92.0	105.8	119.0	130.7	136.6	158.6	44.8	44.8	
Investments	95.3	78.8	105.5	136.3	148.3	210.9	210.9	210.9	
Current Assets									
Inventory	23.2	29.6	26.0	30.2	52.8	52.9	54.9	56.1	
Debtors	50.7	55.8	44.9	83.7	114.1	106.5	110.6	112.9	
Cash & Bank Balance	12.1	8.0	13.6	20.8	4.0	7.0	19.0	32.3	
Cash	1.5	5.5	12.1	13.7	1.7	5.9	17.9	31.2	
Bank Balance	10.6	2.6	1.5	7.2	2.3	1.1	1.1	1.1	
Loans/Adv. & Other Assets	59.5	74.7	67.3	79.0	82.8	105.5	105.5	105.5	
Current Liab. & Prov.									
Liabilities	120.4	133.7	148.5	181.2	198.1	219.8	228.2	233.0	
Provisions	14.3	12.8	13.6	15.1	16.9	20.0	20.0	20.0	
Net Current Assets	10.9	21.5	-10.2	17.3	38.7	32.2	41.8	53.8	
Application of Funds	509.1	538.8	571.0	667.1	746.3	855.5	940.0	1,024.8	

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	9.6	11.3	7.4	15.6	8.1	13.7	13.1	16.5
Cash EPS	11.5	12.9	10.3	19.0	11.8	18.8	18.5	22.2
Book Value	68.1	73.0	77.1	89.5	93.5	101.8	109.6	119.5
DPS	2.6	4.3	3.4	3.4	4.0	5.5	5.3	6.6
Payout (incl. dvd tax)	34.7	51.3	45.0	21.3	49.6	40.1	40.1	40.1
Valuation (x)								
P/E	18.9	16.2	24.5	11.7	22.6	14.9	15.6	12.4
Adj. P/E (for investments)	14.8	12.6	19.1	9.1	17.6	10.4	10.8	8.6
Cash P/E	15.8	14.2	17.6	9.6	15.4	10.9	11.1	9.2
EV / EBITDA	3.6	8.5	9.9	5.2	13.1	8.6	8.8	7.2
EV / Sales	0.5	1.2	1.5	0.9	0.8	1.0	1.0	1.0
Price / Book Value	2.7	2.5	2.4	2.0	1.9	2.0	1.9	1.7
Dividend Yield (%)	1.4	2.4	1.9	1.9	2.2	3.0	2.9	3.6
Profitability Ratios (%)								
RoE	14.3	15.0	10.8	20.3	9.5	15.0	12.9	15.0
RoCE	13.1	12.6	9.0	17.0	7.9	11.9	10.2	11.6
RoIC	18.0	16.6	10.2	25.1	8.1	16.7	12.6	13.3
Turnover Ratios								
Debtors (No. of Days)	25	28	29	33	29	30	30	30
Fixed Asset Turnover (x)	1.5	1.3	1.0	1.4	1.9	1.5	1.4	1.4
Leverage Ratio								
Net Debt / Equity (x)	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.2

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY22	FY24	(INR b) FY25E	(INR b) FY26E
OP/(Loss) before Tax	90.8	79.4	63.9	135.9	65.8	115.5	110.9	139.7
Depreciation	15.5	18.4	19.1	21.1	24.9	33.3	35.2	37.2
Interest charge	1.4	1.1	1.6	1.7	3.1	7.0	6.3	6.4
Tax paid	-20.8	-19.6	-12.8	-32.0	-15.2	-27.5	-24.6	-31.0
(Inc)/Dec in Wkg. Capital	-3.3	3.1	22.2	-29.7	-30.9	5.5	2.3	1.3
CF from Op. Activity	78.8	68.9	80.6	89.5	28.1	118.5	130.1	153.6
(Inc)/Dec in FA & CWIP	-72.0	-54.3	-49.8	-59.2	-73.4	-70.4	-110.0	-110.0
Free Cash Flow	6.7	14.5	30.9	30.4	-45.3	48.1	20.1	43.6
(Pur)/Sale of Investments	-2.7	-6.2	-10.7	-4.6	-10.6	-9.9	0.0	0.0
CF from Inv. Activity	-54.4	-68.3	-38.6	-46.1	-65.5	-80.0	-110.0	-110.0
Interest charge	-1.4	-1.1	-3.2	-3.2	-5.8	-10.9	-6.3	-6.4
Inc / (Dec) in Debt	-11.3	45.2	4.6	3.6	79.6	21.0	32.8	19.7
Dividends Paid	-20.9	-39.4	-22.4	-39.9	-30.7	-36.2	-34.6	-43.6
CF from Fin. Activity	-33.6	3.4	-35.4	-41.8	25.5	-34.3	-8.1	-30.3
Inc / (Dec) in Cash	-9.3	4.0	6.6	1.6	-11.9	4.1	12.0	13.3
Add: Opening Balance	10.8	1.5	5.5	12.1	13.7	1.7	5.9	17.9
Closing Balance	1.5	5.5	12.1	13.7	1.7	5.9	17.9	31.2

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at

<http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances.

The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.