

Indraprastha Gas Ltd

Oil & Gas | 4QFY25 Result Update

BUY

CMP: Rs185 | Target Price (TP): Rs213 | Upside: 15.1%

April 29, 2025

Raised to BUY despite the miss as the worst is over

Key Points

- We are raising IGL from HOLD TO BUY post the 4.9% hike in **DCF-based TP**, on raised margin and EPS estimates. We expect FY25E-FY27E volume/EPS CAGR of 12.6%/23.1% post the 7% increase in FY27E estimates. This is despite the 19%/17% miss in 4QFY25 results on adjusted EBITDA/scm and consol PAT, if we strip off a one off income of Rs1.14bn included in reported Revenue/pat – this is due to the reversal of provision for OMC dealer commission, no longer required. The weak unit EBITDA is due to the impact of c25% shortfall in APM gas, and the lag in passing on the increase in cost of non APM gas including ONGC new well gas (NWG) and LNG required for CNG feedstock. The new TP implies FY'27E PE of 12.3x vs 5 year median PE of 17.9x.
- **Key catalysts:** The latest policy has allocated ONGC NWG volume at 1.25 x the cut of 18% in APM gas volume from Apr'25. This, along with the tailwind in CNG vehicle growth - up 11% to 18000/month in FY25, and firm/competitive term LNG contracts, is likely to aid management's guidance of Rs6-7/scm EBITDA and 10% volume growth for FY26E. Potential cut in excise duty on CNG and bringing gas under GST could be long term positives. The stock's 19% correction in 1Yr has also discounted the policy overhang and the impact of APM gas cut. Our Buy call is more tactical due to lingering worries on: a) policy on CGD, and b) risk of interim spike in LNG prices and oil/HH gas prices~ imply higher cost of LNG, much as the long term glut expected in LNG is positive.
- 4QFY25 consolidated adj PAT at Rs3.42bn was 17% miss vs NBIE estimate and 4.7% miss vs Bloomberg (street) estimate. The share of JV/Assoc PAT of Rs819mn was a 27.4% beat and up 32.6% YoY. **Adjusted Revenue is up 6.4% YoY at Rs38.4bn – miss of 3% against NBIE estimates**, and in line with the street estimates. Adj. blended revenue per scm at Rs46.7/scm was a 1.0% miss against NBIE estimate. Reported PAT including the one off reversal of Rs1.14bn in charges, was a beat of 10%/27% on NB/street's estimate.
- Gross margin at 23.3% was a 226 bps miss; gas cost per scm reported at Rs35.1/scm ~ a tad below NBIE estimate. Adj. unit EBITDA at Rs4.4/scm was a 19% miss. Adj. EBITDA Margin at 10% was a miss of 224bps; Adj. EBITDA came in at Rs3.82bn – a 21% miss on NBIE estimate.

Est Change	Upward
TP Change	Upward
Rating Change	Upward

Company Data and Valuation Summary

Reuters	IGAS.BO
Bloomberg	IGL IN Equity
Mkt Cap (Rsbn/US\$bn)	259.4 / 3.0
52 Wk H / L (Rs)	285 / 153
ADTV-3M (mn) (Rs/US\$)	980.9 / 11.4
Stock performance (%) 1M/6M/1yr	(8.8) / (8.4) / (19.4)
Nifty 50 performance (%) 1M/6M/1yr	4.9 / 5.4 / 7.6

Shareholding	2QFY25	3QFY25	4QFY25
Promoters	45.0	45.0	45.0
DII's	28.2	31.1	31.2
FII's	19.3	14.3	14.7
Others	7.5	9.6	9.2
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	1,40,000	1,48,130	1,77,700	1,83,839
Growth YoY%	-1.0	5.8	20.0	3.5
Gross margin %	29.9	25.2	26.9	29.0
EBITDA	23,637	18,585	25,565	28,939
EBITDA margin %	16.9	12.5	14.4	15.7
Adj PAT	19,851	16,030	21,891	24,284
Growth YoY%	21.1	(19.2)	36.6	10.9
Adj EPS	14.18	11.45	15.31	17.35
RoCE	15.7	9.7	12.4	13.1
RoE	22.6	15.8	19.3	20.0
RoIC	27.9	16.4	20.1	21.0
P/E	13.1	16.2	12.1	10.7
EV/EBITDA	9.7	12.3	9.1	7.9
P/BV	2.7	2.4	2.2	2.0

Source: Company, Nirmal Bang Institutional Equities Research

Bloomberg estimate Rs	FY25E	FY26E	FY27E
EPS	10.51	12.45	13.73

Link: [Result](#)

Please refer to the disclaimer towards the end of the document.

- Total Volumes at 9.18mmscmd was a miss against NBIE estimate by 2.1%. CNG volume at 6.71mmscmd was a miss against NB estimate by 0.7% and PNG at 2.47mmscmd was a miss against NB estimate by 5.7%.
- Other expenses at Rs4.62bn were 1.2% below NBIE estimates; Employee cost was 18.4% below our estimate. Depreciation was 3.7% below NBIE estimate; Other income was higher by 6.4%.
- We have raised FY27E EPS based on increase of near 1% in volume and 3% increase in EBITDA per scm in FY27E to Rs6.96/SCM. This is after trimming FY26E a tad, on a tiny cut in FY26E volume/UNIT EBITDA. To Rs6.6/SCM

4QFY25 YoY volume growth is heartening

- 4QFY25 Adj Revenue up 6.7% YoY; Daily basis - Gas volumes up 5.2% YoY, CNG up 5.2% and PNG up 5.0% YoY; Within PNG- domestic is up 5.0% YoY, industrial & commercial was up by 6.6% and natural gas sale to other cos was up by a tad. However, this was due to lower number of days in 4QFY25 vs a year ago which had 91 days (leap year). The aggregate gas sales was up 4% and CNG sales was up 4.1%.
- Net CNG realization at Rs45.9/scm lower by 1.6% against NBIE estimate but up by 2.6% YoY. Net PNG realization at Rs47.1/scm came in tad above NBIE estimate but up 2.2% YoY.
- Unit gross margin down YoY by 17.5% at Rs10.8/scm. Gas cost per unit increased by 10.8% YoY to Rs35.6/scm, while Revenue per scm was up 2.6% to Rs46.4/scm. **EBITDA per scm down 29.5% to Rs4.6/scm** and Adj EBITDA down by 26.7% YoY at Rs3.82bn.
- Adj PBT down 28.7%, Reported PBT down 5.3%, JV share up 32.6%. Adj Consolidated PAT down 21.4%; tax rate came in at 25.2% vs 27.9% in 4QFY24.
- **Upside catalysts:** Potential moderation in mandated EV substitution to less than 100% and new incentives by the central government to promote CNG/Bio CNG considering the policy advocacy for gas and the thrust on investment. Higher-than-expected volume growth and lower LNG cost. Rise in crude or a green tax on polluting fuels, GST on natural gas and NGT mandating switch to CNG/PNG in IGL's GAs could offer new engines of growth and temper the concern over EVs eating into the CNG market. Long term growth in India gas demand driven by 9-10% CAGR in city gas demand is an added catalyst. There is also expectation of excise cuts in CNG in the Budget, which could reduce the cost of CNG and enhance volume growth outlook.
- **Downside risks:** Increase in gas cost when petrol/diesel prices are cut, can hamper CNG margins. I&C segment margins are vulnerable to spikes in LNG prices and any cyclical/seasonal cut in petroleum alternatives – LPG/Fuel Oil. Mandatory capex on CNG stations and pipelines in new GAs could expose IGL to market risk, if CNG and PNG do not achieve the scale as expected at the time of evaluating the investment. Policy changes to accelerate EVs could enhance this threat. And the new thrust on hybrid vehicles by OEMs and UP government giving tax incentives could be a potential threat to growth in OEM CNG models – as Hybrid petrol vehicles give similar or higher fuel economy and lesser filling time vs CNG which entails a question- The CGD industry does not see this a big threat though. The potential introduction of open access in IGL's Delhi GA could open it up for competition – reducing the return on the capacity used by third party marketers, as this will fetch lower regulated returns. Adhoc policies and regulatory restrictions on the CGD sector would reduce the pricing power/operating leverage in a sector, which requires substantial investment to maintain and expand infrastructure.

Exhibit 1: IGL 4QFY25 Result Summary and Variance Analysis

Y/E March (Rsmn)	4QFY24	4QFY25	Ch YoY%	3QFY25	Ch QoQ%	4QFY25E	Var. (%)
Net sales	35,968	38,368	6.7	37,594	2.1	39,606	(3.1)
Cost of goods	25,530	29,412	15.2	29,433	(0.1)	29,468	(0.2)
Contribution	10,438	8,956	(14.2)	8,161	9.7	10,139	(11.7)
Contribution margin	29.0	23.3	(568)	21.7	163.4	25.6	(226)
Employee benefits expenses	669	518	(22.5)	512	1.2	635	(18.4)
Other expenses	4,558	4,616	1.3	4,023	14.7	4,673	(1.2)
EBITDA	5,211	3,821	(26.7)	3,625	5.4	4,831	(20.9)
EBITDAM (%)	14.5	10.0	(453)	9.6	31.6	12.2	(224)
Depreciation	1,109	1,213	9.3	1,217	(0.3)	1,259	(3.7)
Other income	799	903	13.1	884	2.2	849	6.4
Interest expenses	26	36	41.6	21	71.7	21	71.7
Adjusted PBT	4,875	3,476	(28.7)	3,272	6.2	4,399	(21.0)
Exceptional Income/(exp)#	-	1,141	NA	-	NA	-	NA
Reported PBT	4,875	4,617	(5.3)	3,272	41.1	4,399	4.9
Reported Tax	1,358	1,165	(14.2)	831	40.3	1,144	1.8
JV/Assoc. PAT/Loss(+/-)	815	1,081	32.6	819	32.0	849	27.4
Less: Minority Interest	-5	-19.3	NA	-11	NA	-11	(70.80)
Consolidated Adj PAT	4,337	3,411	(21.4)	3,272	4.3	4,116	(17.1)
Consolidated reported PAT	4,337	4,552	4.9	3,272	39.1	4,116	10.6
NPM (%)	12.1	8.9	(317)	8.7	19	10.4	(150)

Source: Company, Nirmal Bang Institutional Research, # Provision for OMC trade margins no longer required

Note: % change in margins are in bps.

Exhibit 2: 4QFY25 consolidated performance

Particulars (Rsmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	FY24	FY25
Net Sales	37,619	38,225	35,562	39,644	38,915	40,884	41,467	42,268	1,54,565	1,63,520
YoY Change (%)	6.6	-2.5	-4.2	-2.3	3.4	7.0	5.8	6.6	-0.9	5.8
Gross Profit	10,729	10,782	10,103	10,439	10,388	9,908	8,161	8,956	41,869	37,399
Margin (%)	28.5	28.2	28.4	26.3	26.7	24.2	19.7	21.2	27.1	22.9
EBITDA	6,424	6,569	5,641	5,212	5,803	5,349	3,625	3,821	23,637	18,585
YoY Change (%)	4.0	24.5	31.7	13.1	-9.7	-18.6	-34.9	-26.7	16.2	-21.4
Margin (%)	17.1	17.2	15.9	13.1	14.9	13.1	8.7	9.0	15.3	11.4
Depreciation	989	1,022	1,018	1,109	1,144	1,185	1,217	1,213	4,140	4,759
Interest	24	25	18	26	22	23	21	36	92	103
Other income	457	617	550	799	724	830	884	903	2,610	3,341
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT (bei)	5,867	6,139	5,155	4,876	5,360	4,971	3,272	3,476	22,015	17,078
PBT	5,867	6,139	5,155	4,876	5,360	4,971	3,272	4,617	22,015	17,078
Tax	1,483	1,514	1,235	1,358	1,366	1,334	831	1,165	5,591	4,695
Rate (%)	25.3	24.7	23.9	27.9	25.5	26.8	25.4	33.5	25.4	27.5
Reported PAT	5,220	5,527	4,778	4,338	4,812	4,549	3,272	4,552	19,851	17,184
Adj. PAT	5,220	5,527	4,778	4,338	4,812	4,549	3,272	3,411	19,851	16,043
YoY Change (%)	8.5	29.5	43.0	9.1	-7.8	-17.7	-31.6	-21.4	21.1	-19.2
Adj. EPS	7.5	7.9	6.8	6.2	6.9	6.5	2.3	2.4	14.2	11.5

Source: Company, Nirmal Bang Institutional Equities Research

IGL 4QFY25 Call KTAs

Positive guidance

- **FY26 volume growth guidance:** The company expects to achieve sales volume growth of 10% in FY26 based on: 7%-8% growth in the CNG segment and ~13%-14% in PNG segment.
- **1QFY26 guidance:** The company expects a positive quarter due to the latest selling price increase and expectation of 10% volume growth.
- **Domestic PNG connections target:** The company is targeting 0.25mn-0.3mn additions every year, and aims at 12-13% growth in FY26E
- **EBITDA/scm guidance: In the range of Rs6/scm to Rs7/scm over the two quarters and hopes to improve this to Rs7/scm- Rs8/scm over the medium/long term.** The company sounded confident of the near term target based on softer input gas/LNG cost, despite the APM gas cut of 18%. The allocation of New well gas quantity from ONGC at 125% of this cut and 65% of term LNG linked to stable HH benchmark gives IGL the ability to have gas sourced at comfortable prices.
- The company's confidence on margin expansion is also evident from the MD's assertion that IGL has "a lot of headroom to increase prices" in areas like Delhi, but the timing of such increases is uncertain.
- **FY25 GAs volume growth YoY:** Delhi grew by 5%, NCR grew by 13% and other GAs were up by 32%.
- Increase in Gas sourcing cost by 13% leading to pressure on margin.
- **CNG vehicle conversion growth FY25:** The company has seen a surge in conversion of CNG vehicles with an average of 18,000 plus vehicles were added every month during FY25 Vs 15,500 nos in FY24 – growth of 11%.
- **FY25 infrastructure addition:** Domestic connections added - 0.37mn customers, 72 new CNG stations commissioned and laid 293KM steel pipeline and 3,834KM MDP pipeline.
- **4QFY25 gas sourcing arrangements:** 3.51mmcmd - APM gas, 1.38mmcmd -ONGC new well gas (NWG) and remaining through other sources, including term LNG.
- IGL has entered into term gas agreements with various gas suppliers for sourcing of RLNG of approximately 1.65mmcmd ~ 65% linked to H-H, 27-28% to brent and the rest – 8% HTHP. HH is less volatile, and more competitive vs crude linked gas
- The company was able to increase prices in some areas due to rising gas costs and volume growth.
- The company continuously evaluates the need for price hikes every fortnight/month based on factors such as allocation, RLNG prices, exchange rate, and others.
- Trade margins payable to OMCs for CNG retailing, vary by geographic area (GA), depending on the cost of serving customers and land rentals, with rates ranging from Rs3.5/scm to Rs6/scm. There is a provision for 5% escalation per year; and the margin is to be reviewed after three years

Renewable energy plant

- The company is setting up a 500 MW solar plant in Rajasthan as a JV with RVUNL, which will provide an equity return in excess of 14%-15%.
- The solar plant will also allow the company to bring captive solar-produced energy to its operations, reducing its cost of operations and contributing to green transition in its operations.
- The company is also exploring biogas as an opportunity. The infrastructure being developed will be "future ready" for the use of bio CNG, biomethane, and hydrogen in a blended form.

- The company plans to spend ~ Rs3.72bn on its equity stake in the Solar energy JV in FY26 as a part of its capex plan.
- Dehi govt EV.2.0 policy proposal – this is pending state cabinet approval and envisages ban on 2-wheeler and 3-wheeler vehicles running on petrol, diesel, CNG. The company HAS submitted to the Delhi government that CNG should be categorized as a transition fuel, at par with EV as a close green energy alternative or be treated separately from polluting fuels like petrol and diesel.
- The company cited central government schemes - SATAT (Sustainable Alternative Towards Affordable Transportation) and biogas synchronization scheme, which promote bio CNG, biomethane, and bio LNG, indicating a focus on sustainable and environmentally friendly alternatives.
- **Capex spent in FY25:** Rs11bn.
- **FY26 capex guidance:** Rs20bn for FY26, with ~Rs13bn-Rs14bn for the core segment and Rs4bn-Rs5bn on Solar and the balance around CBG, LNG etc.
- **Final dividend for FY25:** Rs1.5 per share, on post bonus shares; earlier the company had declared the interim dividend of Rs5.5 per share on pre-bonus capital. Dividend payout ratio for FY25 is 61.1%.

Earnings revision and TP changes

Exhibit 3: Earnings revision

Rs Mn	Revised estimate			Earlier estimate			% Revision		
	FY25	FY26E	FY27E	FY25E	FY26E	FY27E	FY25	FY26E	FY27E
Total Revenue	1,48,130	1,77,700	1,83,839	1,49,376	1,84,370	181886	-0.8	-3.6	1.1
EBITDA	18,585	25,565	28,939	19,602	26,534	27749	-5.2	-3.7	4.3
EBITDA margin (%)	12.5	14.4	15.7	13.1	14.4	15.3	-4.4	0.0	3.2
EBIT	13,827	19,906	22,444	14,797	20,421	20660	-6.6	-2.5	8.6
EBIT margin	9.33	11.20	12.21	9.91	11.08	11.4	-5.8	1.1	7.5
PAT	16030	21891	24284	16742	22019	22682	-4.3	-0.6	7.1
EPS	11.45	15.31	17.35	11.96	15.40	16.2	-4.3	-0.6	7.1
TP	213			203			4.9		

Source: Company, Nirmal Bang Institutional Equities Research. Note: revision in EBITDA margin and EBIT margin is in bps

We estimate FY26E-FY31E CAGR for CNG/overall gas sales volume at 7.6%/7.7%

Exhibit 4: Revised assumptions

Rs Mn	Revised estimate			Earlier estimate			% Revision		
	FY25	FY26E	FY27E	FY25E	FY26E	FY27E	FY25	FY26E	FY27E
Volume mmscmd	8.98	10.42	11.40	9.71	10.54	11.29	-7.5	-1.1	0.9
APM gas price US\$/mmbtu	6.5	6.8	6.2	6.5	7.0	6.22	0.0	-3.0	0.0
LNG spot US\$/mmbtu	12.7	12.9	10.0	12.7	12.9	10.00	0.0	0.0	0.0
CNG mmscm	2431	2769	3038	2575	2812	3013	-5.6	-1.5	0.8
PNG mmscm	848	1033	1122	970	1035	1109	-12.5	-0.1	1.2
TOTAL Volume mmscm	3279	3803	4160	3545	3847	4122	-7.5	-1.1	0.9
Per SCM									
Revenue	45.2	46.7	44.2	42.1	47.9	44.13	7.2	-2.5	0.2
Natural gas cost	33.8	34.2	31.4	31.3	35.1	31.34	8.0	-2.8	0.1
EBITDA	5.67	6.60	6.96	5.53	6.78	6.73	2.5	-2.6	3.3

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Summary DCF valuation for IGL TP

Valuation parameters Rsmn	Existing GA's -A	New GA's -B
WACC -Cost of equity %	12.5%	12.5%
Terminal year growth	1.5%	1.5%
Terminal value	3,15,021	36,076
Present value of FCFF	1,39,215	9,477
PV of terminal value	97,009	17,795
Enterprise Value	2,36,225	27,273
Less Net Debt	(34,759)	-
Equity Value	2,70,983	27,273
Shares outstanding	1,400	1,400
Equity value per share Rs	194	19
Target Price (Rs) = A+B	213	

Source: Nirmal Bang Institutional Equities Research

We have raised our DCF-based TP based on revised FY25E/FY26E/FY27E. The DCF model is based on our FY27E-FY35E cash flows, which include: (i) The share of JV earnings from the 50% stake in MNGL and CUPL and (ii) The DCF-based value for the new GAs being developed in Kaithal, Ajmer, Kanpur and Meerut.

We are assuming higher WACC at 12.5%, vs 11% earlier due to an increase in beta from 0.9 to 1.2 and unchanged terminal growth 'Tg' of 1.5%

Impact on TG on valuation

- At 2% the IGL valuation will be higher at Rs217;
- And nil Tg - implies IGL valuation of Rs202.

Sensitivity of FY25E/FY26E/FY27E EPS:

10% hit on volume implies 11.8%/11.3%/11.1% downside.

5% increase in gas cost implies 24.1%/21.0%/18.6% downside.

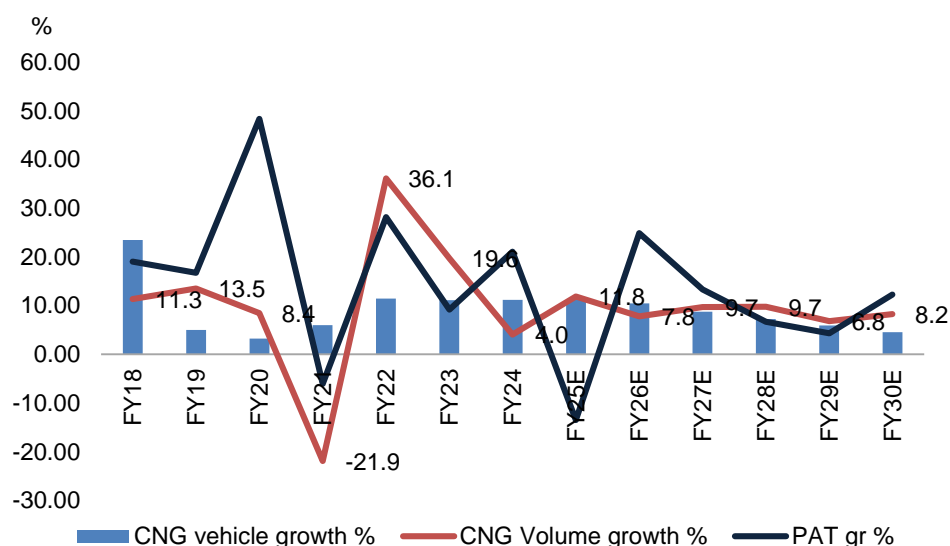
IGL financials in charts

Exhibit 6: Operating assumptions

Volume (incl new GAs) mmscm	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
CNG	1,357	1,847	2,209	2,298	2,431	2,769	3,038
PNG	587	704	743	786	848	1,033	1,122
Total	1,944	2,550	2,952	3,084	3,279	3,803	4,160
Volume (incl new GAs) mmscmd							
CNG	3.72	5.06	6.05	6.28	6.66	7.59	8.32
PNG	1.61	1.93	2.04	2.15	2.32	2.83	3.07
Total volume MMSCMD	5.33	6.99	8.09	8.43	8.98	10.42	11.40
Rs per unit	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue/scm	25.42	30.23	47.90	45.39	45.17	46.73	44.19
Contribution/scm	13.95	13.01	12.55	13.57	11.40	12.57	12.83
EBITDA/scm	7.63	7.38	6.89	7.66	5.67	6.60	6.96
PBT/scm	6.67	6.77	6.33	7.14	5.20	4.79	5.52
PAT/scm	5.38	5.01	4.70	5.32	3.77	4.51	4.75
Vol growth %	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
CNG	-21.9	36.1	19.6	4.0	5.8	13.9	9.7
PNG	-5.2	19.9	5.5	5.8	7.9	21.8	8.6
TOTAL	-17.5	31.2	15.7	4.5	6.3	16.0	9.4

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Trend in IGL's YoY growth in CNG vehicles, CNG sales and PAT



Source: Company, Nirmal Bang Institutional Equities Research

IGL results analysis

Exhibit 8: Financials per unit of gas sold

(Rs/scm)	4QFY24	4QFY25	Ch YoY%	3QFY25	Ch QoQ%	4QFY25E	Var. (%)
Revenue (Net Excise)/SCM	45.3	46.4	2.6	44.9	3.5	46.9	-1.0
Gas cost/scm	32.1	35.6	10.8	35.1	1.4	34.9	2.0
Gross Contribution/SCM	13.1	10.8	-17.5	9.7	11.3	12.0	-9.8
EBITDA/SCM	6.6	4.6	-29.5	4.3	6.9	5.7	-19.2
PBT/SCM	6.1	4.2	-31.5	3.9	7.8	5.2	15.1
PAT/SCM	4.4	4.2	-5.7	2.9	43.5	3.9	8.3

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Volume and realization

Volume (mmscmd)	4QFY24	4QFY25	Ch YoY%	3QFY25	Ch QoQ%	4QFY25E	Var. (%)
CNG	6.37	6.71	5.2	6.70	0.1	6.75	-0.7
PNG- Industrial/Commercial	1.14	1.21	6.6	1.19	2.3	1.30	-6.5
PNG-Domestic	0.72	0.76	5.8	0.72	5.4	0.82	-8.0
PNG-Natural Gas	0.50	0.50	0.1	0.50	-0.3	0.50	0.1
PNG-Total	2.35	2.47	5.0	2.41	2.7	2.62	-5.7
Total Volume	8.73	9.18	5.2	9.11	0.8	9.38	-2.1
Gas Realisation Rs/scm							
Net CNG realization	44.7	45.9	2.6	44.31	3.6	46.6	-1.6
Gross CNG realization	51.1	52.4	2.5	50.6	3.5	53.2	-1.7
PNG realization	46.1	47.1	2.2	45.6	3.3	47.1	0.2

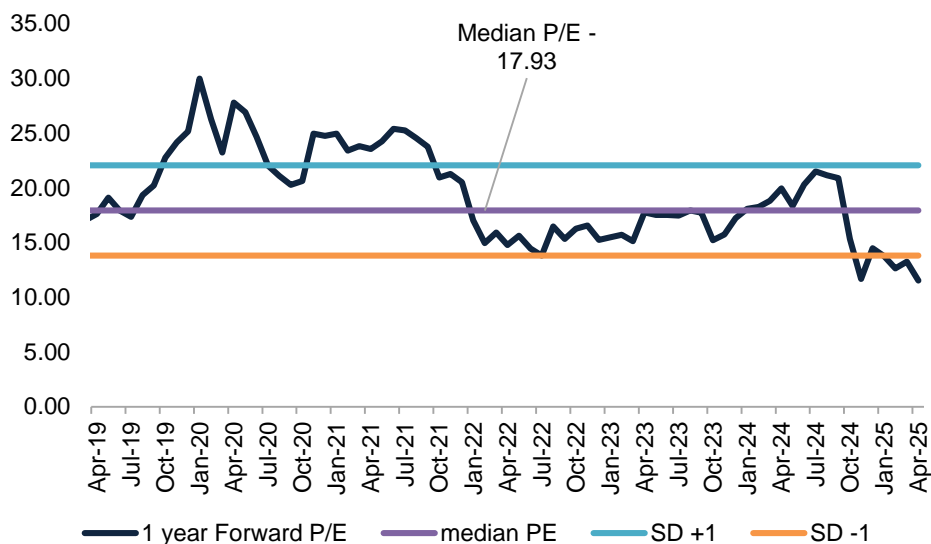
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Margin analysis

Margins %	4QFY24	4QFY25	YoY bps	3QFY25	QoQ bps
Gross contribution	29.0	23.3	-567.9	21.7	163.4
EBITDA	14.5	10.0	-452.8	9.6	31.6
EBIT (excl other inc)	11.4	6.8	-460.6	6.4	39.2
PBT	13.6	12.0	-152.2	8.7	333.0
Cons Net profit	12.1	11.9	-19.5	8.7	316.2
Tax rate	27.9	25.2	-262.4	25.4	-15.2

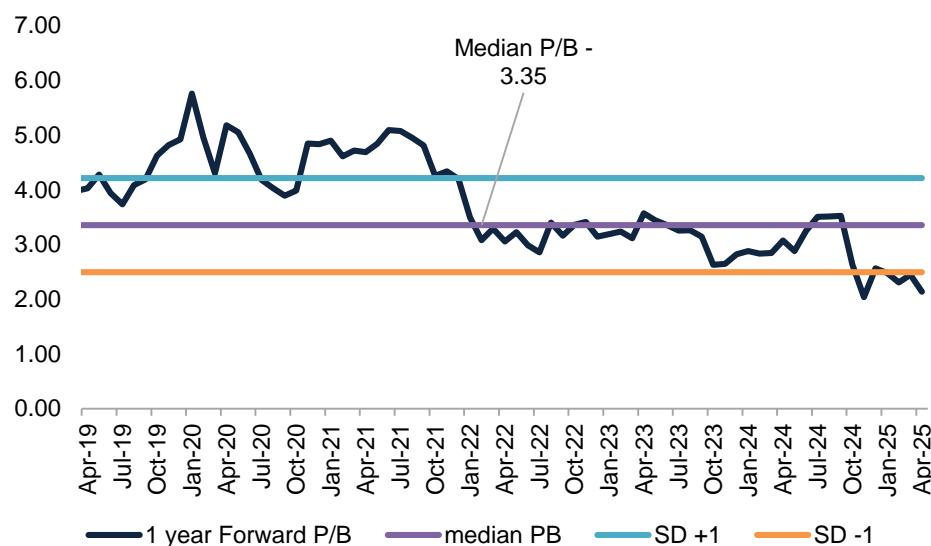
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Historical trend in 1-year forward P/E



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Historical trend in 1-year forward P/B



Source: Company, Nirmal Bang Institutional Equities Research

Consolidated financials

Exhibit 13: Income statement

Y/E March (Rsmn):	FY23	FY24	FY25	FY26E	FY27E
Net Sales	141,407	140,000	148,130	177,700	183,839
Growth YoY%	83.4	-1.0	5.8	20.0	3.5
Gross profit	37,046	41,869	37,399	47,817	53,367
Gross margin %	26.2	29.9	25.2	26.9	29.0
Staff costs	1,882	2,284	2,042	2,446	2,645
% of sales	1.3	1.6	1.4	1.4	1.4
Other expenses	14,821	15,949	16,772	19,807	21,783
% of sales	10.5	11.4	11.3	11.1	11.8
EBITDA	20,343	23,637	18,585	25,565	28,939
Growth YoY%	8.1	16.2	(21.4)	35.1	15.3
EBITDA margin %	14.4	16.9	12.5	14.4	15.7
Depreciation	3,634	4,140	4,759	5,659	6,495
EBIT	16,710	19,497	13,827	19,906	22,444
Interest	106	92	103	108	113
Other income	2,084	2,610	3,341	3,641	4,141
PBT	18,687	22,015	17,065	23,439	26,472
Effective tax	4,827	5,591	4,695	5,837	6,723
Associates Inc/loss	2,536	3,410	3,613	4,289	4,535
Minority Interest	-	(17)	(48)	-	-
Consolidated PAT Adj	16,397	19,851	16,030	21,891	24,284
Growth YoY%	9.1	21.1	-19.2	36.6	10.9

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Balance sheet

Y/E March (Rsmn):	FY23	FY24	FY25	FY26E	FY27E
Share capital	1,400	1,400	2,800	2,800	2,800
Reserves	77,912	95,098	1,03,625	1,13,154	1,24,153
Net worth	79,312	96,498	1,06,425	1,15,954	1,26,953
Short term debt	0	0	0	0	0
Total debt	0	0	75	75	75
Net debt	-30,524	-30,361	-35,870	-34,759	-40,412
Other non-current liabilities	3,985	4,337	5,486	5,578	5,683
Total Equity & Liabilities	83,298	1,00,835	1,11,986	1,21,606	1,32,710
Gross block	71245	83554	94068	105802	121442
Accumulated depreciation	16107	19790	24549	30207	36702
Net Block	55138	63764	69519	75595	84740
ROU Asset	2,067	2,139	2,304	2,304	2,304
CWIP	14,337	13,964	15,270	17,378	14,085
Intangible and others	130	130	251	251	251
Other non-current assets	1,226	5,153	6,069	6,069	6,069
Non-Current Investments	11,028	13,415	15,967	15,967	15,967
Current Investments	4,191	8,806	13,291	13,291	13,291
Trade receivables	9,034	10,186	7,067	10,836	11,714
Inventories	492	522	488	606	627
Cash & Cash Equivalents	1,056	2,190	1,446	335	5,988
Other bank balance	25,276	19,365	21,207	21,207	21,207
Other current assets	2,257	2,565	2,935	2,935	2,935
Total current assets	42,306	43,634	46,434	49,209	55,761
Trade payables	9,013	9,843	9,346	9,854	10,033
Other current liabilities	33,922	31,522	34,482	35,318	36,439
Total current liabilities	42,935	41,365	43,828	45,172	46,471
Total Assets	83,297	1,00,835	1,11,986	1,21,606	1,32,710

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Cash flow

Y/E March (Rsmn):	FY23	FY24	FY25E	FY26E	FY27E
PBT	18,693	22,015	18,212	27,272	26,472
Depreciation	3,634	4,140	4,759	5,659	6,495
Interest	-1093	-1446	-1846	108	113
Other adjustments	-564	-685	-706	-3641	-4141
Change in Working capital	-6,469	3,835	-5,520	2,543	-401
Tax paid	4,833	4,871	3,951	5,746	6,618
Operating cash flow	22,306	15,318	21,988	21,109	22,722
Capex	11,221	12,291	11,642	19,794	12,347
Free cash flow	11,085	3,027	10,346	1,315	10,375
Other investing activities	-2,807	-1,263	3,549	-3,641	-4,141
Investing cash flow	-8,414	-11,028	-15,191	-16,153	-8,206
Issuance of share capital	0	0	0	0	0
Movement of Debt	0	181.3	223.1	0	0
Dividend paid (incl DDT)	-12,948	-2,797	-7,348	-5,950	-8,750
Other financing activities	-638	-540	-416	-108	-113
Financing cash flow	-13586	-3155	-7541	-6058	-8863
Net change in cash flow	306	1134	-744	-1102	5653
Opening C&CE	750	1,056	2,190	1,446	335
Closing C&CE	1056	2190	1446	335	5988

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Key ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Per share (Rs)					
Adj EPS	11.71	14.18	11.45	15.31	17.35
Book value	56.65	68.81	75.83	82.82	90.68
DPS	6.50	4.50	4.25	5.25	6.25
Valuation (x)					
P/Sales	1.8	1.9	1.7	1.5	1.4
EV/EBITDA	11.2	9.7	12.3	9.1	7.9
P/E	15.8	13.1	16.2	12.1	10.7
P/BV	3.3	2.7	2.4	2.2	2.0
Return ratios (%)					
RoCE	15.1	15.7	9.7	12.4	13.1
RoCE (pre-tax)	20.4	21.1	12.9	17.0	17.6
RoE	21.1	22.6	15.8	19.3	20.0
RoIC	26.6	27.9	16.4	20.1	21.0
Profitability ratios (%)					
Gross margin	26.2	29.9	25.2	26.9	29.0
EBITDA margin	14.4	16.9	12.5	14.1	15.7
PAT margin	11.6	14.2	11.6	12.1	13.2
Liquidity ratios (%)					
Current ratio	1.0	1.1	1.1	1.1	1.2
Quick ratio	1.0	1.0	1.0	1.1	1.2
Solvency ratio (%)					
Net Debt to Equity ratio	-0.38	-0.31	-0.34	-0.30	-0.32
Turnover ratios					
Fixed asset turnover ratio (x)	1.98	1.68	1.57	1.68	1.51
Debtor days	18	25	21	22	23
Inventory days	1	1	1	1	1
Creditor days	22	25	24	24	24
Net Working capital days	-2	2	-1	0	1

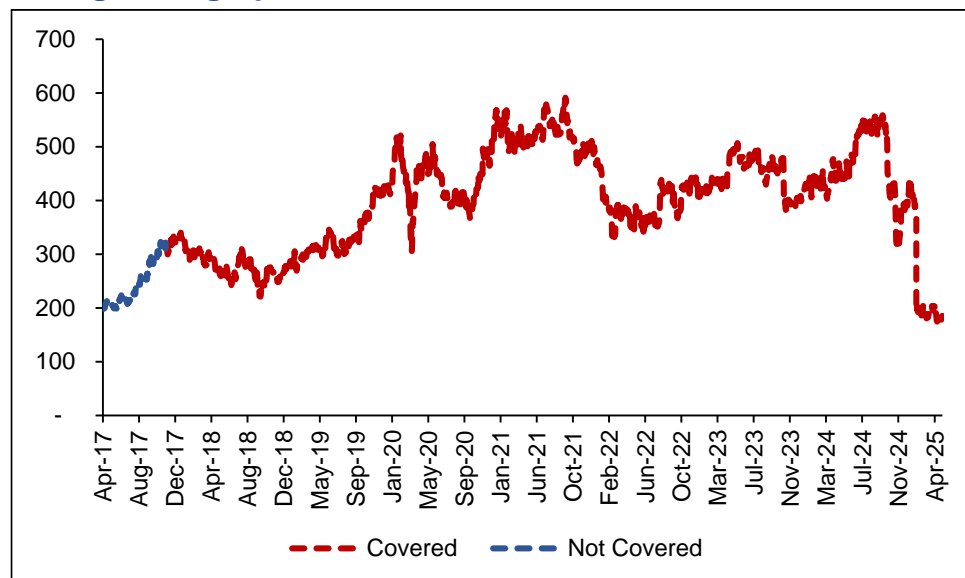
Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price	Target price (Rs)
24 May 2018	Buy	253	394
13 August 2018	Buy	299	394
6 November 2018	Buy	284	385
7 February 2019	Buy	298	385
27 May 2019	Buy	314	411
19 August 2019	Hold	328	320
11 September 2019	Hold	336	320
8 November 2019	Hold	394	388
7 February 2020	Sell	519	421
23 March 2020	Buy	305	431
18 June 2020	Buy	474	594
28 August 2020	Buy	407	514
23 September 2020	Buy	411	534
12 November 2020	Buy	448	548
1 December 2020	Hold	482	504
9 January 2021	Hold	551	531
11 February 2021	Hold	556	567
26 June 2021	Hold	513	571
17 August 2021	Hold	535	561
26 September 2021	Buy	531	621
13 October 2021	Buy	516	601
10 November 2021	Buy	494	571
18 November 2021	Buy	497	579
8 February 2022	Buy	392	483
19 May 2022	Buy	389	455
14 September 2022	Hold	430	484
23 October 2022	Hold	382	423
27 January 2023	Hold	414	438
21 March 2023	Buy	440	509
12 April 2023	Buy	482	562
13 May 2023	Hold	490	527
27 July 2023	Hold	470	526
16 October 2023	Buy	472	558
21 October 2023	Buy	403	468
3 November 2023	Buy	390	464
30 January 2024	Buy	419	484
9 May 2024	Hold	453	488
27 July 2024	Hold	541	542
17 October 2024	Hold	519	556
30 October 2024	Buy	417	542
18 November 2024	Sell	406	373
29 January 2025	Hold	383	406
29 April 2025*	Buy	185	213

Note: * CMP/TP from this date on post bonus basis; prior dates based on pre-bonus price

Rating track graph



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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

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