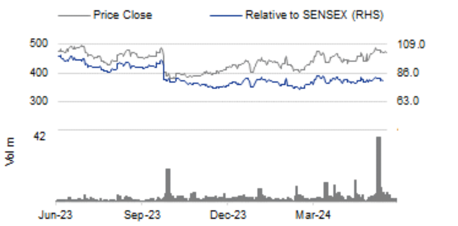
India

REDUCE *(previously ADD)*

Consensus ratings*: Buy 20 Hold 9 Sell 7

Current price:	Rs474
Target price:	Rs419
Previous target:	Rs539
Up/downside:	-11.6%
InCred Research / Consensus:	-12.1%
Reuters:	
Bloomberg:	IGL IN
Market cap:	US$3,976m
	Rs331,765m
Average daily turnover:	US$18.2m
	Rs1518.9m
Current shares o/s:	700.0m
Free float:	43.5%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.9	14.8	(0.5)
Relative (%)	(0.6)	6.6	(19.8)

Major shareholders	% held
BPCL	22.5
GAIL	22.5
LIC	6.5

Indraprastha Gas

EV policy & shift in sourcing to hurt margins

- The likely rise in gas costs driven by higher APM prices & rising Henry Hub (HH) will negate the impact of lower LNG. EPS to fall after peaking in FY25F.
- The EV policy of Delhi government is a headwind, but a 9% CAGR in CNG vehicle sales will lead to a 7.4% CAGR in sales growth over FY24-31F.
- We forecast EPS decline at a 14.4% CAGR over FY24-27F. We value the stock at 16.3x FY26F EPS to arrive at our TP of Rs419. Downgrade to REDUCE.

Delhi's EV policy impact offset by CNG vehicle addition @9% CAGR

The Delhi government's electric vehicle (EV) and EV 2.0 policies are set to convert 3,200 DTC buses to electric by FY25F, affecting 13.3% of the total CNG demand. The phased replacement of CNG vehicles, including 4,200 DIMTS buses, marks a significant shift, with around 50% of CNG buses already decommissioned by FY23. On the other hand, the Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023 mandates a 100% transition to electric vehicles for fleet sizes of over 25 vehicles by 2030F, impacting 19% of the current CNG demand. However, CNG vehicle additions @9% and PNG volume growth of ~13% yoy driven by realization from old connections and robust expansion will lead to a 7.4% CAGR in sales over FY24-31F despite these policy challenges.

Low APM availability and R-LNG dependency to increase the COGS

Indraprastha Gas (IGL), which employs a varied gas sourcing strategy, is currently relying on 75% from the Administered Pricing Mechanism (APM), 14% from long-term contracts (mix of HH and Brent crude oil), 3% from High-Temperature and High-Pressure (HTPT) sources, and 8% from spot purchases. Going ahead, IGL plans to increase its reliance on long-term contracts and spot purchases while the APM gas supply dwindles. By 2030F, the sourcing mix will shift significantly towards R-LNG and the low-cost APM's share in the sourcing would reduce to ~45%. Also, despite probable cost reduction due to the anticipated low global LNG prices, rising Henry Hub (HH) prices will negate the impact of lower LNG prices as ~60% of the total long-term contracts are linked to HH prices.

EPS to fall by a 14.4% CAGR over FY24-27F; downgrade to REDUCE

Due to consecutively higher cost of gas, lower margins and policy headwinds, the EPS is expected to peak in FY25F, and then decline at a 14.4% CAGR over FY24-27F. Hence, we have downgraded our rating on IGL from ADD to REDUCE. We value IGL at a mean P/E of 16.6x FY26F EPS to arrive at our lower target price of Rs419, from Rs539 earlier. We value it at an average of the last 10 years as post FY26F, growth will taper down unless any policy push comes from the government. Upside risk: Any change in the APM formula.

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Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	156,030	154,565	154,153	168,231	180,329
Operating EBITDA (Rsm)	20,398	23,637	24,115	20,416	15,899
Net Profit (Rsm)	16,396	19,834	20,535	17,987	14,856
Core EPS (Rs)	23.4	28.3	29.3	25.7	21.2
Core EPS Growth	9.1%	21.0%	3.5%	(12.4%)	(17.4%)
FD Core P/E (x)	20.23	16.73	16.16	18.45	22.33
DPS (Rs)	3.6	3.6	3.6	3.6	3.6
Dividend Yield	0.76%	0.76%	0.76%	0.76%	0.76%
EV/EBITDA (x)	14.97	12.44	11.57	12.99	16.01
P/FCFE (x)	24.11	167.41	2,366.43	(280.48)	(191.26)
Net Gearing	(33.2%)	(39.0%)	(46.0%)	(51.2%)	(54.2%)
P/BV (x)	4.18	3.43	2.89	2.55	2.33
ROE	21.1%	22.5%	19.4%	14.7%	10.9%
% Change In Core EPS Estimates			(12.84%)	(30.63%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

EV policy & shift in sourcing to hurt margins

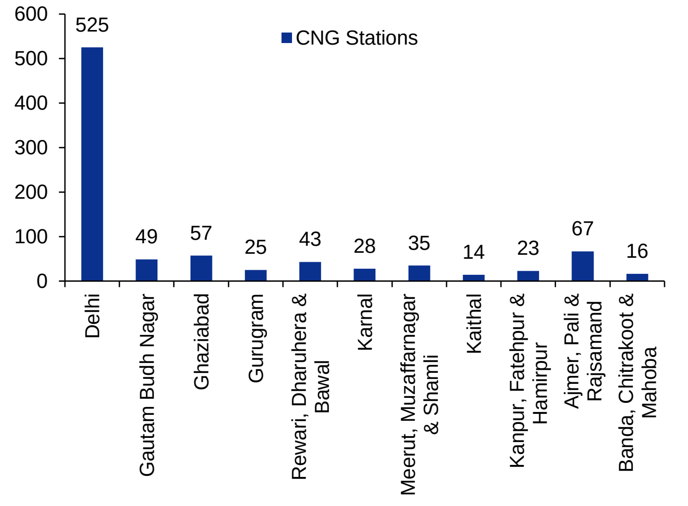
The Delhi government's electric vehicle (EV) and EV 2.0 policies are set to transform the city's public transportation by converting 3,200 Delhi Transport Corporation (DTC) buses to electric by FY25F, affecting 13.3% of the total CNG demand. The phased replacement of CNG vehicles, including 4,200 DIMTS buses, marks a significant shift, with around 50% of CNG buses already decommissioned by FY23. On the other hand, The Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023 mandates a 100% transition to electric vehicles for fleet sizes of over 25 vehicles by 2030F. This includes immediate full integration for two-wheelers, phased targets for three-wheelers and four-wheelers, significantly impacting 19% of the current CNG demand. These policies would together impact total volume of 0.6 mmscmd, leading to slowdown in demand.

IGL's business description

Indraprastha Gas (IGL) is primarily a North India-based city gas distribution company

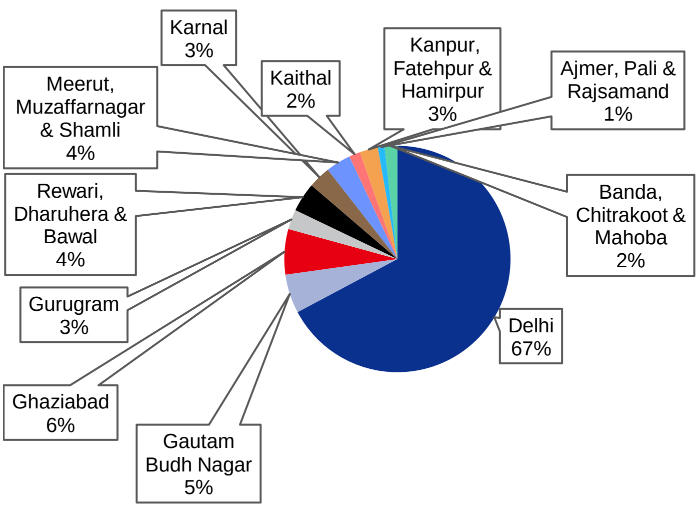
IGL is primarily a North India-based city gas distribution (CGD) company in India, delivering compressed natural gas (CNG) and piped natural gas (PNG) across the Delhi-NCR region. With notable expansions into seven additional areas including Meerut, Muzaffarnagar, Shamli, Kaithal, Kanpur, Fatehpur, Hamirpur, Ajmer, Pali, and Rajsamand, IGL has solidified its presence. Despite its widespread reach, approximately 67% of the company's total natural gas sales originate from Delhi, with the NCR region contributing another 12%.

Figure 1: GA-wise CNG stations



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: GA-wise sales volume in percentage terms

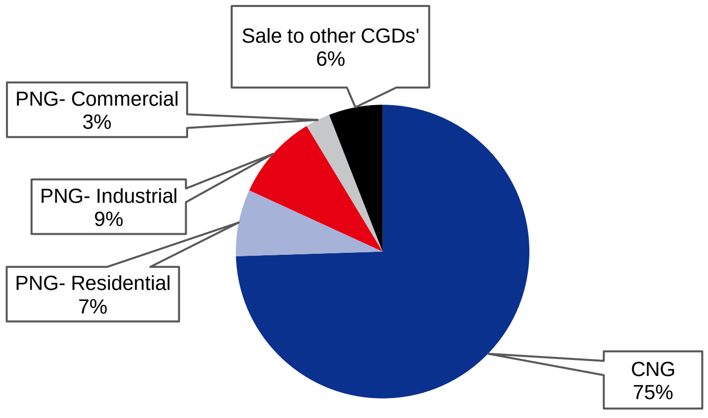


SOURCE: INCRED RESEARCH, COMPANY REPORTS

With 75% of its sales coming from CNG, growth in volume terms is primarily dependent on CNG vehicle sales

The sales mix of IGL reveals a dominant 75% from the CNG segment, around 20% from the PNG segment, and the remaining 5% from sales to other city gas distributors like Adani Gas and Haryana City Gas. In terms of CNG stations, Delhi-NCR collectively accounts for about 74% of the total installed stations, having an overall compression capacity of approximately 8.3m standard cubic metres per day (mmscmd).

Figure 3: 75% of the overall sales of 8.43mmscmd come from CNG



SOURCE: INCRED RESEARCH, COMPANY REPORTS

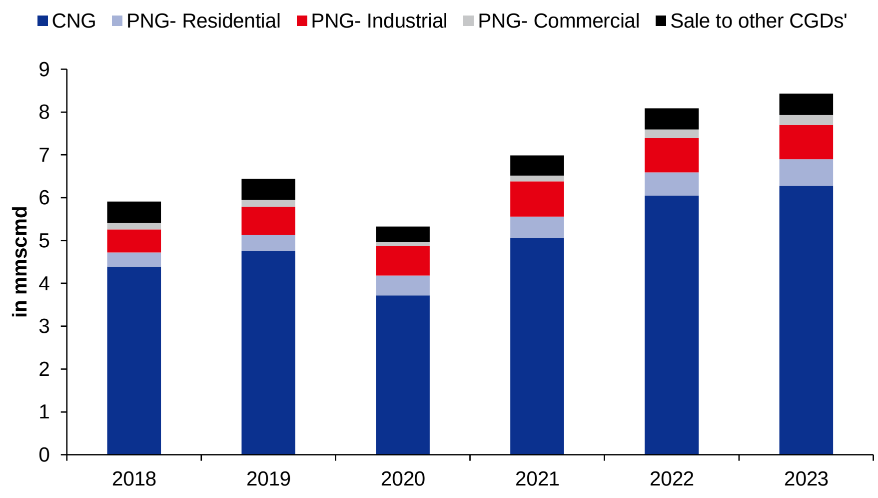
Underutilization of CNG compression capacity is leading to lower higher compression cost

The current operational levels, reaching 4.01m kg on weekdays and 3.41m kg on weekends, indicate underutilization of the company's compression capacity. This underutilization results in an additional compression cost of Rs0.33/scm.

Historically, volume growth has been driven by CNG

Between 2018 and 2023, Indraprastha Gas (IGL) demonstrated an impressive volume growth of approximately 7.3% year-on-year (YoY). The CNG segment, benefiting from the government's push for green transport, has shown a robust growth of around 7.4% annually. The PNG segment also witnessed significant growth, with the residential sector growing at about 13% and the commercial sector at 8%.

Figure 4: Historical sales volume growth has been driven by faster adoption of CNG as a fuel

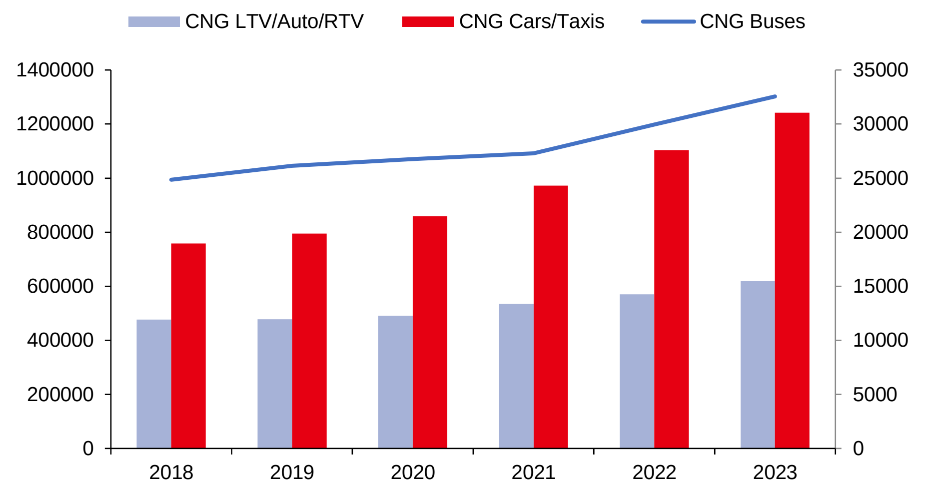


SOURCE: INCRED RESEARCH, COMPANY REPORTS

While IGL has invested heavily in CNG stations, lower vehicle sales growth is leading to underutilization of assets

On the infrastructure front, IGL has increased its CNG stations by roughly 12% YoY, CNG vehicles by 8.5% YoY and added approximately 300,000 new customers annually to the PNG residential segment. Despite this infrastructure expansion, sales growth has not kept pace. Over the past five years, the CNG volume per station decreased from 8,780 standard cubic metres per day (scmd) to 7,120scmd, and per capita consumption in the PNG residential segment has fallen from 0.30scmd to 0.23scmd.

Figure 5: Historical CNG vehicle trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

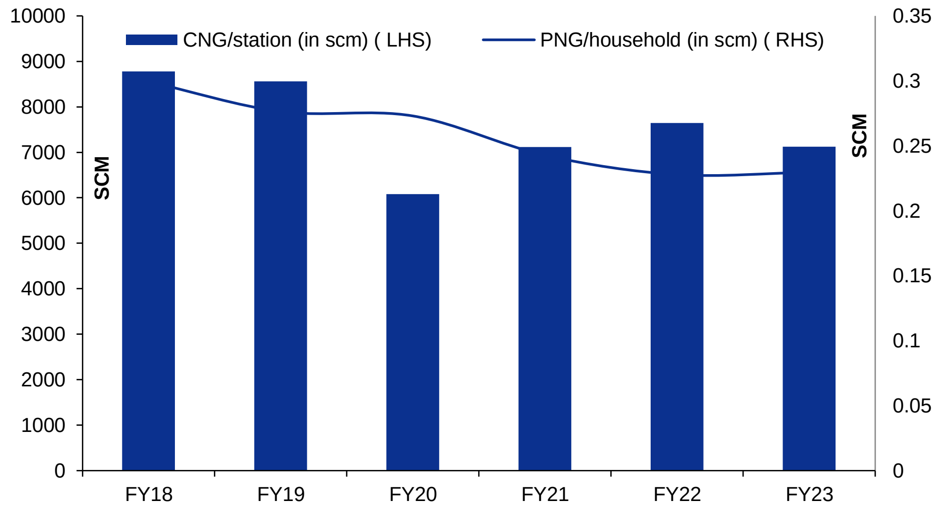
Interestingly, per capita consumption of PNG and per station sales of CNG are coming down

Apart from the lower price differential between CNG and petrol, the above phenomenon can be attributed to the following reasons:

Customer incentives in new areas: In newer geographical areas, customers have fewer incentives to convert their vehicles to CNG. For instance, while the price spread between petrol and CNG in Delhi is about 25-30%, this reduces to approximately 15-20% in places like Mahoba or Banda.

Delay in PNG sales realization: Most of IGL's PNG connections come from newly constructed apartments and societies in the Delhi-NCR region. However, these connections typically take around two-to-three years to translate into actual sales, as they are initially added to the amenities of new constructions.

Figure 6: Per station sales of CNG and per capita consumption of PNG on the decline over the years



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Delhi's electric vehicle policies can reduce CNG demand by 0.42mmscmd or 5% of existing sales

The Delhi government's electric vehicle (EV) and EV 2.0 policies are set to revolutionize the city's public transportation system by transitioning from compressed natural gas (CNG) buses to electric buses. This ambitious plan mandates the conversion of 3,200 Delhi Transport Corporation (DTC) buses to EVs by the fiscal year 2025F. Although the policy does not require the immediate phase-out of Delhi Integrated Multi-Modal Transit System (DIMTS) buses, the phased replacement of CNG vehicles with EVs is anticipated to impact the existing volume from 4,200 CNG buses.

This policy shift is projected to affect approximately 13.3% (0.83m standard cubic metres per day or mmscmd) of the total existing CNG demand. Notably, around 50% of the buses have already been decommissioned as of FY23. Assuming that Delhi government will replace all remaining CNG buses with electric vehicles, the overall demand reduction will be 0.42mmscmd.

Conversion of existing commercial CNG taxi fleets to EV is another small negative factor for IGL

In addition to the EV policy for public transportation, the Delhi government's Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023 extends to all commercial fleets operated by aggregators, delivery service providers, and e-commerce entities with a fleet size of more than 25 vehicles. The policy mandates a phased transition to electric vehicles, with the goal of achieving a 100% electric fleet by 1 Apr 2030F.

The specific targets set forth are ambitious:

- Two-wheelers: Immediate 100% EV integration in new fleets.
- Three-wheelers: 10% EV integration within six months, 50% within two years, and 100% within four years.
- Four-wheelers: 5% EV integration within six months, 50% within three years, and 100% within five years.

Figure 7: Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023 can lead to a further volume decline of 1.21mmscmd, which is ~14% of the current overall sales

Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023 Impact on IGL sales		
		In mmscmd
Contribution of aggregators in the taxi services	50%	3.14
Contribution of taxi services in total CNG consumption	39%	2.42
Contribution of aggregators in total CNG consumption	19%	1.21
Switch by FY25	15%	
Switch by FY26	10%	
Switch by FY27	25%	
Switch by FY28	25%	
Switch by FY29	25%	
Impact of Switch on total CNG by FY25	2.9%	0.18
Impact of Switch on total CNG by FY26	1.9%	0.12
Impact of Switch on total CNG by FY27	4.8%	0.30
Impact of Switch on total CNG by FY28	4.8%	0.30
Impact of Switch on total CNG by FY29	4.8%	0.30

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Supplying CNG to dumpers in Mahooba and Chitrkaoot can mitigate some of the volume loss due to policy change in Delhi

1. To mitigate the anticipated demand loss due to the EV and aggregator policies, Indraprastha Gas (IGL) is strategically shifting its focus towards new opportunities, particularly in the dumper market of Mahooba and Chitrakoot. These regions, known for granite and sand mining, employ approximately 6,000 dumpers, presenting a substantial new market for IGL's CNG services.
2. The daily consumption per dumper averages around 69 standard cubic metres (scm), translating into an overall demand potential of 0.02m standard cubic metres per day (mmscmd) annually, assuming a year-on-year conversion rate of 5%. However, achieving a conversion rate beyond 5% annually poses a challenge. The primary hurdle is the payback period for dumpers, which, due to the high cost of gas in these regions, extends to around two years, compared to the company's expectations of 1-1.5 years.

Inter-state transport policies favouring CNG is another mitigating factor for volume loss in Delhi ›

The Commission for Air Quality Management (CAQM) has enacted a policy to improve air quality, allowing only electric vehicles (EV), compressed natural gas (CNG), and Bharat Stage VI (BS-VI) compliant diesel buses for inter-state transport into Delhi from neighbouring states such as Haryana, Rajasthan, Uttar Pradesh, and Uttarakhand. This policy represents a significant regulatory boost for Indraprastha Gas (IGL), opening new avenues for CNG demand.

Under this policy, approximately 250-360 inter-state transport buses from Rajasthan, Uttar Pradesh, and Uttarakhand are planned to be converted to CNG in a phased manner. This conversion is expected to add around 0.02-0.03m standard cubic metres per day (mmscmd) annually to IGL's volume.

Figure 8: The usage of CNG new buses for inter-state transport will add some volume to IGL

	2024	2025	2026	2027	2028	2029	2030
New buses of Uttar Pradesh	100	100	50	0	0	0	0
New Buses of Uttarakhand	160	150	50	0	0	0	0
New Buses of Haryana	100	100	50	0	0	0	0
Avg of bus (km/kg)	4	4	4	4	4	4	4
Avg distance/day (km)	350	350	350	350	350	350	350
Avg consumption/day (mkg)	0.03	0.06	0.08	0.08	0.08	0.08	0.08
Avg consumption (mscmd)	0.02	0.05	0.06	0.06	0.06	0.06	0.06

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Policy headwinds in Delhi are minor hiccups for overall sales volume growth

Figure 9: The overall sales growth of gas is likely to be at a 7.4% CAGR over FY24-31F; in our demand growth assumptions, we have accounted for the loss in volume to the Delhi government's EV policies

		FY24	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
	CNG	6.28	6.11	6.44	6.61	6.81	7.02	7.57	8.17
	PNG- Residential	0.62	0.9	0.99	1.08	1.17	1.26	1.35	1.44
	PNG- Industrial and commercial	1.03	1.23	1.47	1.75	2.09	2.50	2.99	3.57
	Sale to other CGDs	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	Total gas demand	8.43	8.74	9.40	9.94	10.57	11.29	12.41	13.68
Monthly addition	Total addition		16,500	17,913	19,446	21,111	22,919	24,881	27,012
	Addition of buses		281	305	331	359	390	423	459
	Addition of LTV/auto/RTV		5,392	5,854	6,355	6,899	7,490	8,131	8,827
	Addition of cars/taxis		10,824	11,751	12,757	13,849	15,035	16,322	17,720
Monthly reduction	Total reduction		5,715	6,544	7,493	8,580	9,824	11,000	12,000
	Reduction of buses		97	111	127	146	167	187	204
	Reduction of LTV/auto/RTV		1,868	2,138	2,449	2,804	3,211	3,595	3,922
	Reduction of cars/taxis		3,749	4,293	4,915	5,628	6,445	7,216	7,872
Average consumption (scmd)	Buses		51.3	51.3	51.3	51.3	51.3	51.3	51.3
	LTV/auto/RTV		3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Cars/taxis		2.2	2.2	2.2	2.2	2.2	2.2	2.2
	#PNG households (in Mn)	2.7	3	3.3	3.6	3.9	4.2	4.5	4.8
	#PNG commercial	10,585	12,649	15,116	18,063	21,586	25,795	30,825	36,835
	DMVA Act impact		0.18	0.12	0.30	0.30	0.30	0.0	0.0
	EV policy impact		0.42	0.00					
	Total demand due to other business		0.04	0.09	0.12	0.14	0.16	0.18	0.20

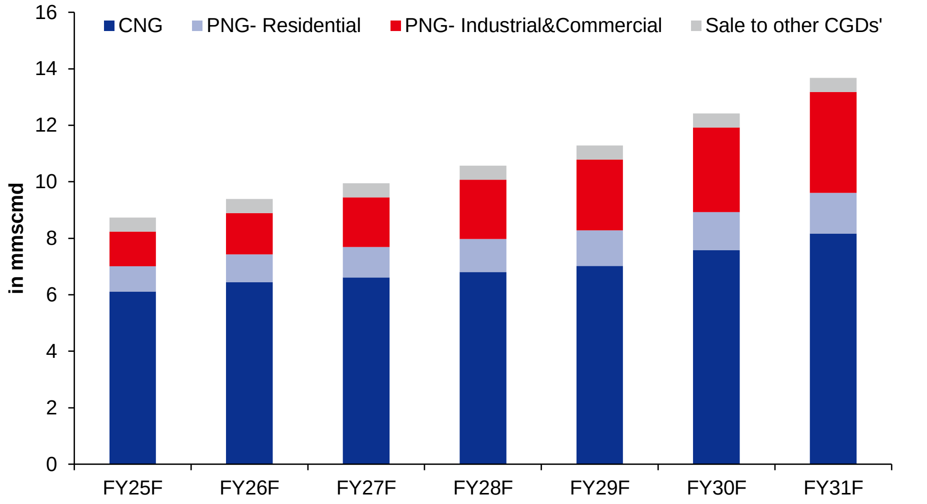
SOURCE: INCRED RESEARCH, COMPANY REPORTS

CNG volume growth @3.8% as other CNG vehicle addition is likely to post a 9% CAGR over FY25-FY31F ›

1. Irrespective of the policy impact on buses and aggregators, the demand from existing CNG segments, mainly PVs and taxis, is poised for significant growth. The addition of CNG vehicles across IGL's operational geographical areas is expected to witness a gross growth rate of 8.6% year-on-year (YoY). This growth trajectory is projected to elevate overall CNG fleet registrations from around 17.16m in 2023 to approximately 35.14m by 2030F.
2. However, net addition will be slightly lower due to the phasing out of older CNG vehicles by their owners. Although the expected lifespan of a CNG vehicle is about 15 years, many owners tend to replace their vehicles within 10 years. Consequently, to calculate the net addition of CNG vehicles, it is necessary to subtract the vehicle registrations from a decade earlier. Despite this turnover, the net CNG vehicles and volumes are anticipated to increase by approximately 5.7% and 3.8% YoY, respectively, from 2023 to 2030F. The

delta in the growth rate of vehicle and volume additions is due to the shift in product portfolio from high volume-consuming buses to low-consuming passenger vehicles or PVs.

Figure 10: Sales volume projection (mmscmd)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

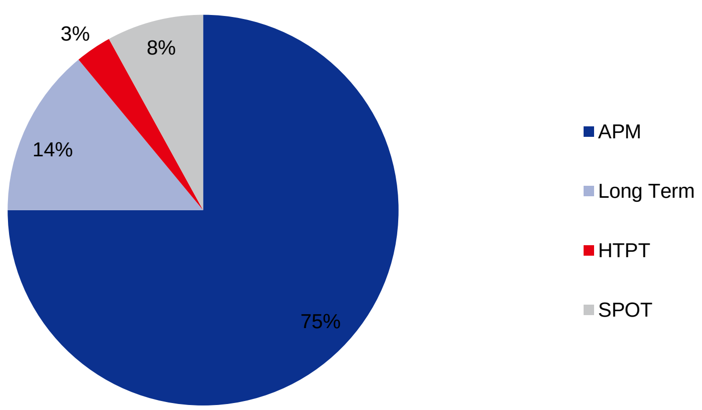
PNG: Penetration rate of 300,000/year in households and realization from older connections to boost volume by ~13% CAGR

In the PNG segment, the company expects to add around 300,000 residential connections annually. This steady expansion, coupled with the conversion of older connections into active sales, is projected to boost the segment's volume from 1.65m standard cubic metres per day (mmscmd) in 2023 to 5.01mmscmd by 2030F. This growth is driven by the rising adoption of PNG in residential areas and the gradual maturation of newly added connections into consistent consumption patterns.

Fall in global LNG prices to be a positive for IGL

Indraprastha Gas (IGL) relies on a diverse mix of gas sourcing to meet its operational needs. The current sourcing mix comprises 75% from Administered Pricing Mechanism (APM), 14% from long-term contracts, 3% from High-Temperature and High-Pressure (HTPT) sources, and 8% from spot purchases.

Figure 11: Current sourcing mix



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Contracts based on Henry Hub prices will impact margins negatively till FY29F

1. The long-term contracts, set to expire in FY29, are divided between oil-linked and gas-linked agreements in a 4:6 ratio.
    a. The oil-linked contracts are pegged at 14% of Brent crude oil prices.
    b. Gas-linked contracts follow a formula of US$5.5 plus 1.15 times the Henry Hub price.
2. As these contracts approach renegotiation, expectations suggest a potential reduction in rates to 10% of Brent crude oil and US$4.5 plus 1.15 times the Henry Hub price, respectively.
3. However, in the near term, as more liquefaction capacities are commissioned in the US, gas surplus will fall and HH prices can touch US$4.5-5 /mmBtu.
4. Hence, overall gas sourcing costs will rise in the interim and they will fall once the overall contract come for renegotiation in FY29F.

APM prices are linked to global crude oil prices and hence, we will not see a dip in APM prices

Historically, APM prices ranged from US$2.5 to US$3.5 per million British thermal unit (mmBtu). However, the 2022 war crisis caused a surge in gas prices across all sources, with APM prices exceeding US$7 per mmBtu in 2023. To address this volatility, the government, guided by the Kirit Parikh Committee, recommended linking APM gas prices to 10% of the Indian crude oil market price. This policy includes a floor price of US$4 per mmBtu and a ceiling of US$6.5 per mmBtu to be maintained for two years, with incremental increase of US$0.25 per mmBtu thereafter.

Commissioning of LNG liquefaction capacities in the US will lead to higher HH prices, which will be negative for IGL

- Spot prices have been the most volatile component of IGL's sourcing mix. From Rs.22.2 per scm in 2019, spot prices soared to Rs123 per scm in 2022 due to the Russia-Ukraine war. Currently, spot prices are at around Rs.40-41 per scm. However, the anticipated addition of significant liquefaction capacity globally, primarily in the US and Russia, over the next five years is expected to bring spot prices down to Rs36-38 per scm.
- Global liquefaction capacity, currently at approximately 450-460m metric tonnes per annum (mtpa), is projected to increase by another 350-400mmtpa in the next five years. Concurrently, the demand for imported LNG from major consumers like Japan, South Korea, Europe and China is expected to decelerate due to a shift towards renewable and nuclear energy sources or the commencement of Russian natural gas pipeline projects. This scenario positions India and other Asian countries, such as Taiwan and Indonesia, as key markets for global LNG exporters.

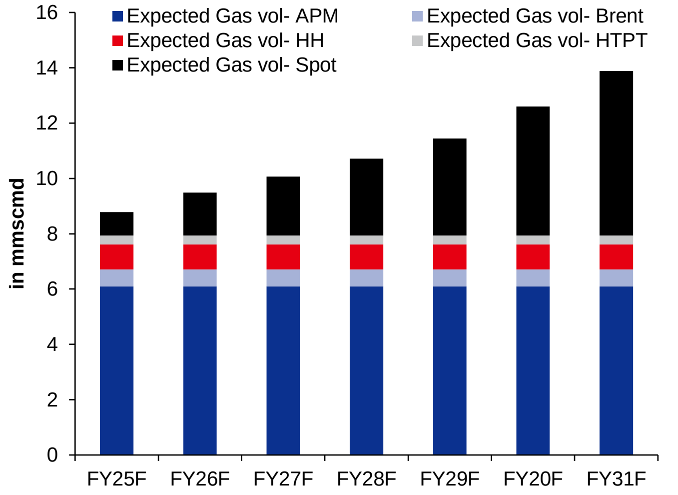
IGL will be be dependent more on long-term and spot contracts

As Indraprastha Gas (IGL) looks ahead, its reliance on long-term contracts and spot purchases is set to increase to meet growing demand. The share of Administered Pricing Mechanism (APM) gas is anticipated to decline due to diminishing supply from PSU wells and the emergence of new City Gas Distribution (CGD) companies, which will heighten competition for APM gas.

By 2030F, IGL's gas sourcing mix is expected to shift significantly from APM to R-LNG:

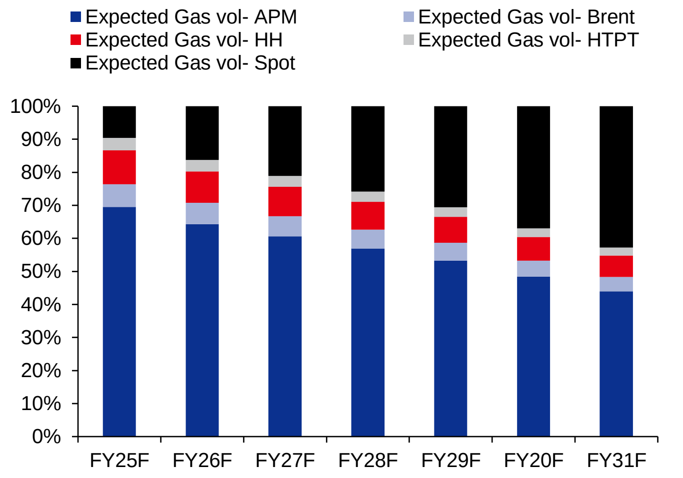
1. APM gas: Projected to fall to around 6-6.6m standard cubic metres per day (mmscmd).
2. HTPT and Priority Sector Contracts: Expected to be around 0.3-0.5mmscmd.
3. Long-Term Contracts: Estimated to range between 1.2-1.5mmscmd.
4. Spot Purchases: Predicted to rise to approximately 5.5-5.9mmscmd.

Figure 12: Spot and long-term contracts will increase over FY25F to FY31F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

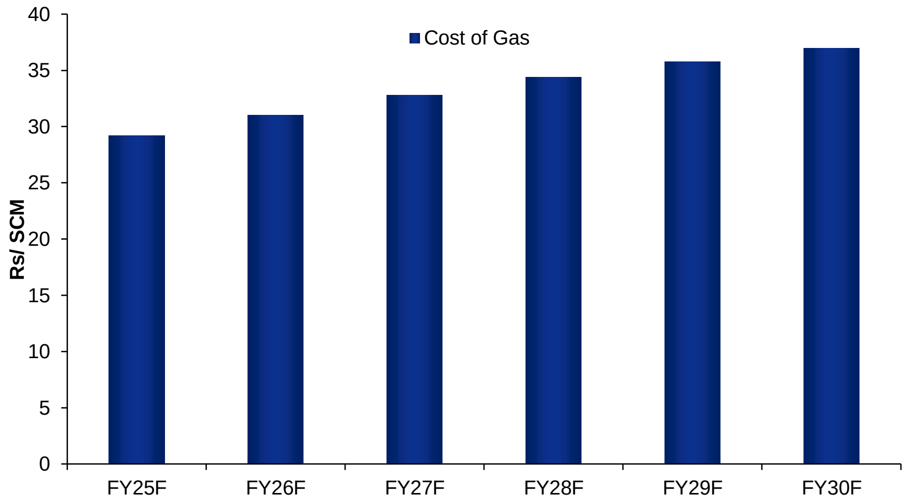
Figure 13: APM, as a percentage of overall gas volume, will fall from 70% in FY25F to 44% in FY31F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

As the APM gas percentage falls, gas costs will rise till FY30F

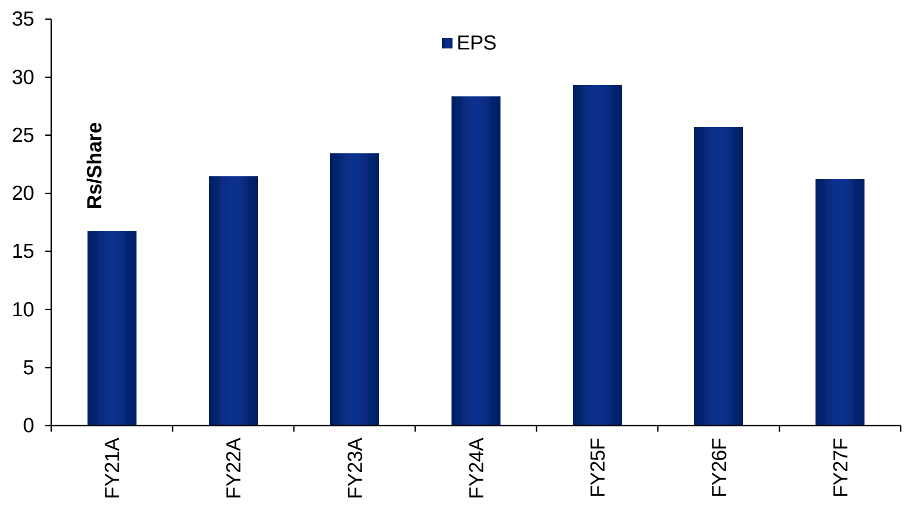
Figure 14: Projected cost of gas



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Hence, we are unlikely to see any earnings growth over the next two-to-three years

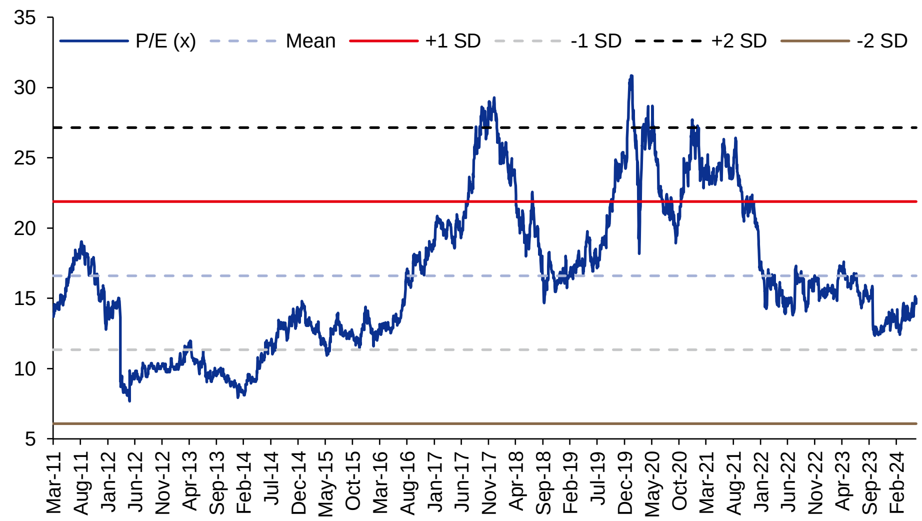
Figure 15: After peaking in FY25F, EPS to decline in FY26F and FY27F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Over the past 10 years, IGL stock traded at a mean P/E of 16.6x

Figure 16: P/E trend – IGL stock has traded at a mean P/E of 16.6x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

We value the stock at a long-term mean P/E and downgrade its rating to REDUCE

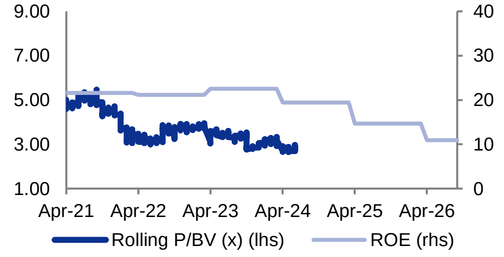
Figure 17: We downgrade the stock's rating to REDUCE with a lower target price of Rs419

	Value	Unit
FY26F EPS	25.70	Rs/ Share
FY25F EPS	29.34	Rs/ Share
One-year forward EPS	25.70	Rs/ Share
Multiple	16.3	
Value	418.83	Rs/ Share

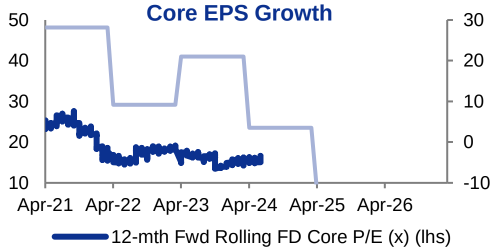
SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	**156,030**	**154,565**	**154,153**	**168,231**	**180,329**
Gross Profit	**37,098**	**41,869**	**43,332**	**41,388**	**38,380**
Operating EBITDA	**20,398**	**23,637**	**24,115**	**20,416**	**15,899**
Depreciation And Amortisation	(3,634)	(4,140)	(4,194)	(4,403)	(4,624)
Operating EBIT	**16,764**	**19,497**	**19,921**	**16,012**	**11,276**
Financial Income/(Expense)	(106)	(92)	(92)	(92)	(92)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,029	2,610	2,610	2,610	2,610
Profit Before Tax (pre-EI)	**18,687**	**22,015**	**22,439**	**18,530**	**13,793**
Exceptional Items					
Pre-tax Profit	**18,687**	**22,015**	**22,439**	**18,530**	**13,793**
Taxation	(4,827)	(5,591)	(5,655)	(4,670)	(3,476)
Exceptional Income - post-tax					
Profit After Tax	**13,860**	**16,424**	**16,784**	**13,860**	**10,317**
Minority Interests	2,536	3,410	3,751	4,126	4,539
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**16,396**	**19,834**	**20,535**	**17,987**	**14,856**
Recurring Net Profit	16,396	19,834	20,535	17,987	14,856
Fully Diluted Recurring Net Profit	**16,396**	**19,834**	**20,535**	**17,987**	**14,856**

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	20,398	23,637	24,115	20,416	15,899
Cash Flow from Invt. & Assoc.					
Change In Working Capital	6,469	8,298	(89)	1,446	1,411
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1,215	1,215	1,215	1,215	1,215
Net Interest (Paid)/Received	(1,074)	(1,088)	(1,088)	(1,088)	(1,088)
Tax Paid	(4,833)	(5,591)	(5,655)	(4,670)	(3,476)
Cashflow From Operations	**22,174**	**26,471**	**18,498**	**17,319**	**13,961**
Capex	(11,221)	(14,000)	(14,000)	(14,000)	(14,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,807	(10,489)	(4,358)	(4,502)	(1,696)
Cash Flow From Investing	**(8,414)**	**(24,489)**	**(18,358)**	**(18,502)**	**(15,696)**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(12,948)	(2,520)	(2,520)	(2,520)	(2,520)
Preferred Dividends					
Other Financing Cashflow	(638)				
Cash Flow From Financing	**(13,586)**	**(2,520)**	**(2,520)**	**(2,520)**	**(2,520)**
Total Cash Generated	174	(538)	(2,380)	(3,703)	(4,255)
Free Cashflow To Equity	**13,761**	**1,982**	**140**	**(1,183)**	**(1,735)**
Free Cashflow To Firm	**13,655**	**1,890**	**48**	**(1,275)**	**(1,826)**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	26,332	37,702	52,733	66,607	77,163
Total Debtors	9,034	7,409	7,390	8,064	8,644
Inventories	492	1,295	1,291	1,409	1,510
Total Other Current Assets	6,422	17,907	17,907	17,907	17,907
Total Current Assets	**42,279**	**64,313**	**79,321**	**93,987**	**105,225**
Fixed Assets	55,138	57,895	60,790	63,829	67,021
Total Investments	11,028	11,028	11,028	11,028	11,028
Intangible Assets	14,467	14,467	14,467	14,467	14,467
Total Other Non-Current Assets	3,293	3,293	3,293	3,293	3,293
Total Non-current Assets	**83,927**	**86,684**	**89,579**	**92,618**	**95,810**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	9,013	16,490	16,378	18,617	20,709
Other Current Liabilities	33,303	33,303	33,303	33,303	33,303
Total Current Liabilities	**42,316**	**49,792**	**49,680**	**51,919**	**54,012**
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,410	1,410	1,410	1,410	1,410
Total Non-current Liabilities	**1,410**	**1,410**	**1,410**	**1,410**	**1,410**
Total Provisions	3,168	3,168	3,168	3,168	3,168
Total Liabilities	**46,894**	**54,370**	**54,258**	**56,497**	**58,590**
Shareholders Equity	79,312	96,626	114,642	130,109	142,445
Minority Interests					
Total Equity	**79,312**	**96,626**	**114,642**	**130,109**	**142,445**

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	83.9%	(0.9%)	(0.3%)	9.1%	7.2%
Operating EBITDA Growth	8.4%	15.9%	2.0%	(15.3%)	(22.1%)
Operating EBITDA Margin	13.1%	15.3%	15.6%	12.1%	8.8%
Net Cash Per Share (Rs)	37.62	53.86	75.33	95.15	110.23
BVPS (Rs)	113.30	138.04	163.77	185.87	203.49
Gross Interest Cover	158.30	212.62	217.24	174.61	122.96
Effective Tax Rate	25.8%	25.4%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	15.4%	12.7%	12.3%	14.0%	17.0%
Accounts Receivables Days	16.65	19.41	17.52	16.76	16.91
Inventory Days	1.45	2.89	4.26	3.88	3.75
Accounts Payables Days	25.89	41.30	54.13	50.35	50.56
ROIC (%)	26.9%	27.8%	26.9%	21.0%	14.3%
ROCE (%)	20.8%	21.4%	18.3%	12.8%	8.1%
Return On Average Assets	11.8%	11.9%	10.5%	7.8%	5.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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