India

REDUCE *(previously ADD)*

Consensus ratings*:	Buy 18 Hold 7 Sell 7
Current price:	Rs1,698
Target price: ▲	Rs1,397
Previous target:	Rs1,252
Up/downside:	-17.7%
InCred Research / Consensus:	-8.0%
Reuters:	
Bloomberg:	MAHGL IN
Market cap:	US$2,005m
	Rs167,725m
Average daily turnover:	US$13.2m
	Rs1103.6m
Current shares o/s:	98.8m
Free float:	50.6%

Source: Bloomberg

Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	14.2	22.0	59.4
Relative (%)	9.3	11.5	31.9

Major shareholders	% held
GAIL India Ltd	32.5
State of Maharashtra	10.0
Life Insurance Corp of India	6.9

Mahanagar Gas

Expansion to meet economic challenges

- 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 FY24.
- Hopes on unrealistic expectations from LNG & CNG bike segment to hit MGL.
- We see EPS declining at a 11.4% CAGR over FY24-27F. We value the stock at 12.9x FY26F EPS to arrive at our TP of Rs1,397. Downgrade to REDUCE.

Unrealistic ambitions and costly challenges await MGL

Around 66% of Mahanagar Gas or MGL's CNG stations are managed by oil marketing companies or OMCs incurring trade margin fees that elevate the overall cost of selling CNG somewhere between Rs8.25-9.55/scm. This places MGL at a disadvantage compared to competitors like Gujarat Gas, which benefits from a lower trade margin. Further compounding the issue, MGL's hopes about 1,000 MSRTC diesel buses' conversion to CNG is hindered by a high payback period of 4.6 years, making volume growth from this initiative uncertain. Additionally, MGL's ambitious LNG station plans face economic viability issues, with the cost of LNG rising to Rs80/L due to boil-off gas and other operational expenses. The required fuel price spread of 17% for economic viability results in a marginal EBITDA of just Re0.5/L. MGL's optimism regarding Bajaj Auto's CNG bike segment is also unrealistic, as achieving a 15% share in the product portfolio requires Bajaj Auto to sell 700,000-800,000 bikes annually, far beyond its current manufacturing capacity of 100,000-1,20,000 bikes per year.

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

Mahanagar Gas (MGL), which employs a varied gas sourcing strategy, is currently relying on 68% from the administered pricing mechanism (APM), 19% from long-term contracts (mix of HH and Brent crude oil), 12% from high-temperature and high-pressure (HTPT) sources, and 1% from spot purchases. Going ahead, MGL 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 ~52%. 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 ~90% of the total long-term contracts are linked to HH prices.

EPS to dip from Rs129 in FY24 to Rs89 in FY27F; REDUCE

Due to consecutively higher cost of gas, lower margins and policy headwinds, EPS peaked in FY24F, and is now expected to decline at a 11.4% CAGR over FY24-27F. Hence, we have downgraded our rating on MGL from ADD to REDUCE. We value MGL at a lower P/E of 12.9x FY26F EPS to arrive at our new target price of Rs1,397 (Rs1,252 earlier). We value it at a lower P/E, as we hardly see any chance of a turnaround in the company's fortunes. Upside risk: High availability of APM gas and policy intervention by the government to push compressed natural gas or CNG.

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Financial Summary	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	38,849	69,210	69,144	67,212	71,245
Operating EBITDA (Rsm)	9,243	11,842	18,439	15,038	14,147
Net Profit (Rsm)	5,970	7,901	12,764	11,583	10,698
Core EPS (Rs)	60.4	80.0	129.2	117.3	108.3
Core EPS Growth	(3.7%)	32.3%	61.6%	(9.3%)	(7.6%)
FD Core P/E (x)	28.10	21.23	13.14	14.48	15.68
DPS (Rs)	33.0	10.0	10.0	5.0	5.0
Dividend Yield	1.94%	0.59%	0.59%	0.29%	0.29%
EV/EBITDA (x)	17.64	13.97	8.07	9.53	9.75
P/FCFE (x)	88.47	69.71	11.82	16.69	17.70
Net Gearing	(12.9%)	(5.5%)	(34.7%)	(40.0%)	(44.3%)
P/BV (x)	4.66	4.06	3.06	2.75	2.50
ROE	17.5%	20.4%	26.5%	20.0%	16.7%
% Change In Core EPS Estimates			29.00%	12.35%	(0.66%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Expansion plan to meet economic challenges

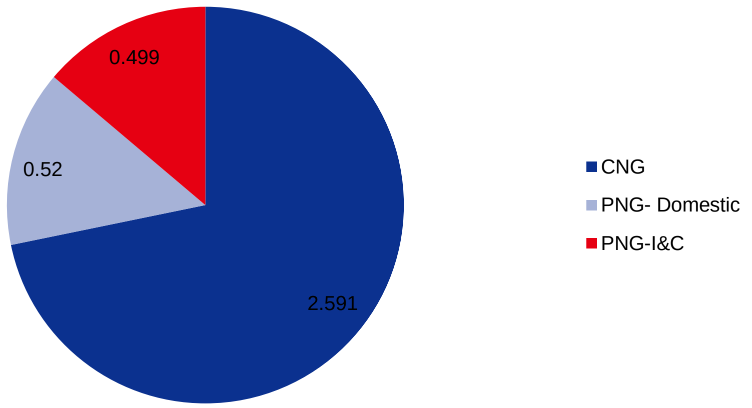
Mahanagar Gas (MGL), a key player in Maharashtra's city gas distribution sector, operates 347 CNG stations and serves over 2.4m domestic piped natural gas or PNG connections in Mumbai, Thane, and Raigad. Despite its strong presence, MGL faces capacity underutilization and declining average consumption, impacting operational efficiency and increasing the costs.

MGL's business description

MGL is primarily a Maharashtra-based city gas distribution company

MGL stands as a regional player in the city gas distribution (CGD) sector in India, with its primary focus on the Mumbai Metropolitan Region (MMR), Thane, and Raigad districts. The company prides itself on operating 347 CNG stations and serving over 2.4m domestic PNG connections across its three geographic areas (GAs). CNG is MGL's largest segment, accounting for approximately 72% of its volume share, while PNG-domestic and PNG-industrial & commercial segments each constitute around 14%.

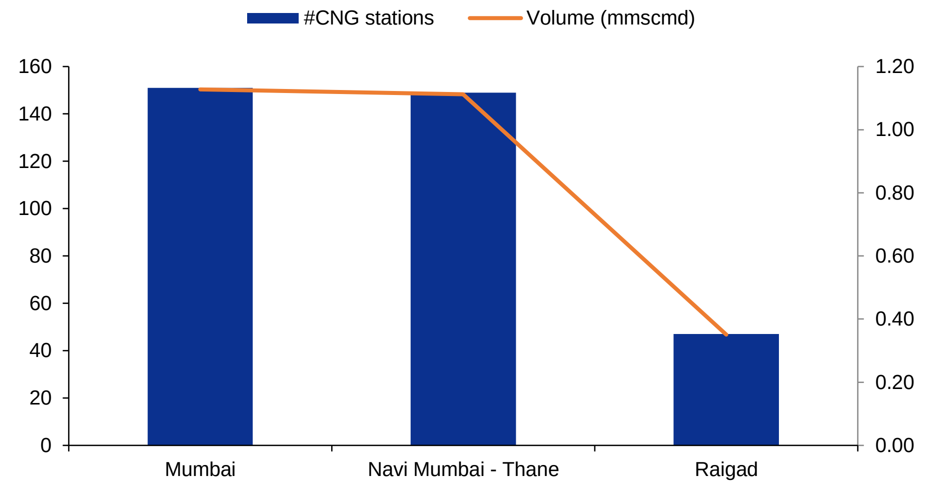
Figure 1: Segment-wise volume in mmscmd



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Despite being present in the areas like Raigad and Ratnagiri, a significant 86% of the CNG stations and 96% of the PNG connections are concentrated in the already saturated GA-1 and GA-2 areas, which include the Mumbai Metropolitan Region or MMR, Navi Mumbai, and Thane. In the industrial & commercial segment, MGL caters to 460 and 4,300 customers, respectively, with daily consumption of 0.35mmscmd and 0.15mmscmd.

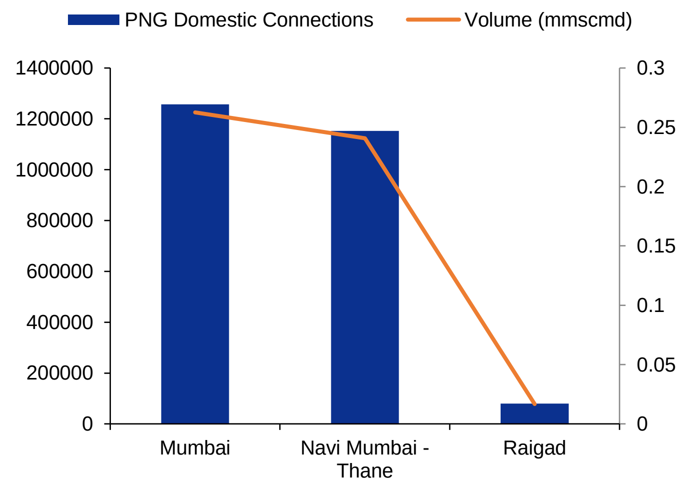
Figure 2: GA-wise CNG stations and volume



SOURCE: INCRED RESEARCH, COMPANY REPORTS

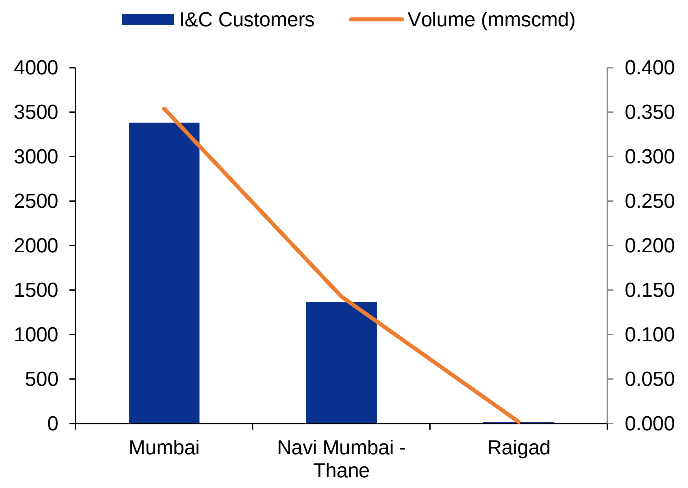
Average daily consumption per connection for domestic, commercial and industrial PNG are 0.5 scmd, 30 scmd, and 695 scmd, respectively

Figure 3: GA-wise customers and respective volume - PNG(D)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: GA-wise customers & respective volume- PNG(I&C)

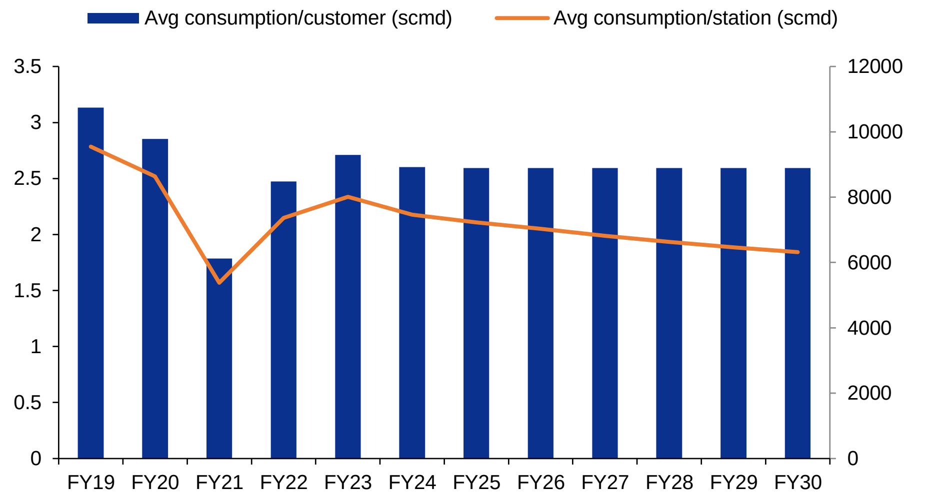


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Capacity underutilization is a growing concern for MGL

MGL has been grappling with the persistent problem of capacity underutilization and a steady decline in average consumption over the past six years. The average consumption per CNG station dropped significantly from 9,000scmd to approximately 6,000scmd. This decline not only impacted the company's operational efficiency but also led to an increase in compression costs by Re 0.35/scm.

Figure 5: Average CNG consumption



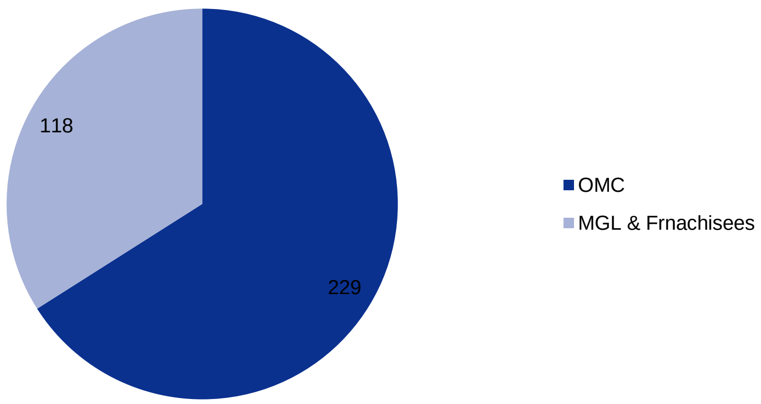
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Unrealistic ambitions with costly challenges to limit MGL's path going ahead

Navigating trade margins: The cost challenge for MGL

Around 66% of MGL's CNG stations are managed by OMCs, which charge a trade margin fee of Rs4.1/scm for Mumbai, Rs3.51/scm for Thane, Rs3.3/scm for Navi Mumbai, and Rs2.8/scm for Raigad and similar areas. These trade margins, covering administrative and marketing expenses, are added to the usual operational costs incurred by MGL, ranging from Rs5.3-5.45/scm. Consequently, the overall cost for MGL when selling CNG through these OMCs escalates to somewhere between Rs8.25/scm and Rs9.55/scm.

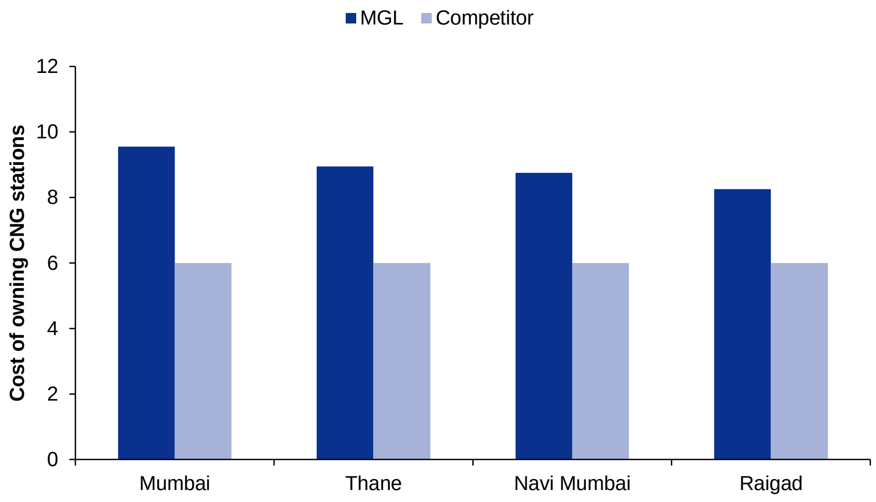
Figure 6: Types of CNG stations based on operating company



SOURCE: INCRED RESEARCH, COMPANY REPORTS

In comparison, one of MGL's major competitors, Gujarat Gas, has implemented a full dealer-owned, dealer-operated (FDODO) policy, resulting in a significantly lower trade margin. Under its' policy, MGL appears to be paying a premium of Rs 3 to Rs3.5/scm, highlighting a substantial cost disparity in the competitive landscape.

Figure 7: Ownership cost comparison - MGL vis-à-vis competitors



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The promise & pitfalls of MSRTC's diesel to CNG conversion

MGL is optimistic about the Maharashtra State Road Transport Corporation (MSRTC) converting 1,000 of its existing diesel fleet into CNG, with 600 of these buses operating within MGL's geographic areas. This conversion is expected to generate an average demand of 80 kg/day, per bus.

However, a closer analysis reveals a significant challenge - the high payback period of the investment required for these CNG conversions. This financial hurdle creates unfavourable conditions for MGL's anticipated volume growth through MSRTC buses, casting doubt on the feasibility and profitability of this ambitious initiative.

Figure 8: Diesel-CNG conversion analysis

	CNG (Kg)	Diesel (L)	Petrol (L)
FUEL RATE	76	97	103
AVERAGE DAILY DISTANCE TRAVELLED (IN KM)	360	360	360
FUEL EFFICIENCY OF VEHICLE (KM/FUEL UNIT)	4.5	5	3
FUEL CONSUMPTION	80	72	120
TOTAL RUNNING COST/DAY (INR)	6,080	6,984	12,360
SAVINGS WRT CNG		12.9%	50.8%
DIESEL TO CNG CONVERSION COST (INR)	12,50,000		
PAYBACK PERIOD (YEARS)	4.6		

SOURCES: INCRED RESEARCH, COMPANY REPORTS

LNG ambitions: Economic viability in question

MGL has been vocal about its ambitious plan to open LNG stations to cater to the demand for long-haul LNG trucks. A closer look reveals significant financial challenges, making it a bad choice for customers. The price difference between a diesel truck and an LNG truck with a 40-50t capacity is approximately Rs2.25m. Additionally, the current cost of LNG, if sourced by MGL, stands at around Rs70/L. Transportation of LNG to the stations involves a certain amount of gas loss, known as boil-off gas. After accounting for this and other operating expenses, the final cost for MGL rises to about Rs80/L.

Figure 9: Diesel-LNG comparative analysis

	LNG(L)	Diesel (L)
COST PRICE (INR)	70	
OVERHEAD COST- OPEX + BOG (INR)	10	
REQ. FUEL PRICE SPREAD (LNG-DIESEL)	10%	
SELLING PRICE (INR)	87.3	97
EBITDA MARGIN FOR IGL	7.3	
AVERAGE DAILY DISTANCE TRAVELLED (IN KM)	600	600
FUEL EFFICIENCY OF VEHICLE (KM/L)	3.5	4
FUEL CONSUMPTION	171	150
TOTAL RUNNING COST/DAY (INR)	14,966	14,550
SAVINGS WRT DIESEL/DAY	-416	
TRUCK PRICE SPREAD (LNG-DIESEL) - INR	2250000	
PAYBACK	-	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Given the current diesel prices and fuel efficiency, the LNG alternative would become economically viable only with a fuel price spread of at least 17%, which translates to a payback period of roughly eight years. However, this required spread renders the operation of LNG stations economically unfeasible for MGL. With an EBITDA of just Rs.0.5/L at a 17% spread, the financial returns do not justify the investment, raising questions about the economic viability of MGL's LNG ambitions.

Figure 10: LNG project viability analysis

	LNG(L)	Diesel (L)
COST PRICE (INR)	70	
OVERHEAD COST- OPEX + BOG (INR)	10	
REQ. FUEL PRICE SPREAD (LNG-DIESEL)	17%	
SELLING PRICE (INR)	80.5	97
EBITDA MARGIN FOR IGL	0.51	
AVERAGE DAILY DISTANCE TRAVELLED (IN KM)	600	600
FUEL EFFICIENCY OF VEHICLE (KM/L)	3.5	4
FUEL CONSUMPTION	171	150
TOTAL RUNNING COST/DAY (INR)	13,802	14,550
SAVINGS WRT DIESEL/DAY (INR)	748	
TRUCK PRICE SPREAD (LNG-DIESEL) - INR	22,50,000	
PAYBACK (YEARS)	8.2	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

CNG bike hype: A reality check for Mahanagar Gas ›

The recent launch of Bajaj Auto's CNG bike has generated significant excitement in the market for city gas distribution (CGD) companies, including Mahanagar Gas (MGL). MGL is particularly optimistic, projecting that the bike segment could constitute around 15% of its CNG volume in the next five years.

Figure 11: CNG bike demand analysis

	CNG (kg)	Petrol (L)
FUEL RATE	76	103
AVERAGE DAILY DISTANCE TRAVELLED (IN KM)	40	40
FUEL EFFICIENCY OF VEHICLE (KM/FUEL UNIT)	100	65
FUEL CONSUMPTION/DAY (KG)	0.4	0.6
TOTAL RUNNING COST/DAY (INR)	30	63
SAVINGS WRT CNG		52.0%
DIESEL TO CNG CONVERSION COST (INR)	25,000	
PAYBACK PERIOD (YEARS)	2.5	
BAJAJ CNG BIKES/YEAR	120,000	
COMPANY'S ACTUAL VOLUME INCREASE/DAY (MMSCMD)	0.01	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

However, a deeper dive into primary and secondary research reveals a stark discrepancy between expectations and reality. For MGL to achieve its optimistic target, Bajaj Auto needs to sell at least 800,000-900,000 CNG bikes annually. Unfortunately, Bajaj Auto's current manufacturing capabilities are limited to around 100,000-1,20,000 bikes per year, falling significantly short of the required production volume.

Figure 12: Required CNG bikes

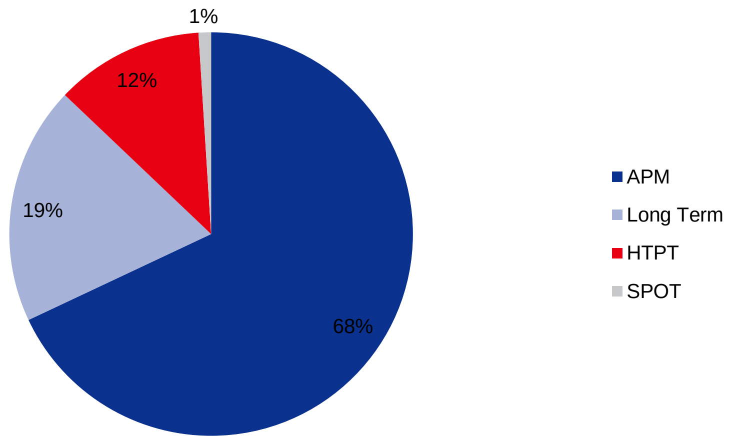
Current CNG volume	2.581
Company's expected volume share gain in five years	15%
Company's expected volume/year (mmscmd)	0.08
Fuel consumption/day (kg)	0.4
Potential market share of MGL	30%
Total CNG bikes needed	877540

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Fall in global LNG prices to be positive for MGL

MGL relies on a diverse mix of gas sourcing to meet its operational needs. The current sourcing mix comprises 68% from the administered pricing mechanism (APM), 19% from long-term contracts, 12% from high temperature and high-pressure (HTPT) sources, and 1% from spot purchases.

Figure 13: Average CNG consumption



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

- The long-term contracts, set to expire in FY29, are divided between oil-linked and gas-linked agreements in a 0.1:0.75 ratio.
    1. The oil-linked contracts are pegged at 14% of Brent crude oil prices.
    2. Gas-linked contracts follow a formula of US$5.5 plus 1.15 times the Henry Hub prices.
- 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.
- Most of the contracts are take-or-pay to the limits of 80%, i.e., MGL will have to take the minimum contracted volume to avoid fine/additional compensation.
- However, in the near term, as more liquefaction capacities are commissioned in the US, gas surplus will fall and HH prices can reach US$4.5-5 /mmBtu.
- Hence, overall gas sourcing costs will rise in the interim and they will fall once the overall contract comes up 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/mm 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 price to 10% of 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 an 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 MGL

- Spot prices have been the most volatile component of MGL's sourcing mix. From Rs22.2 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 Rs40-41 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.

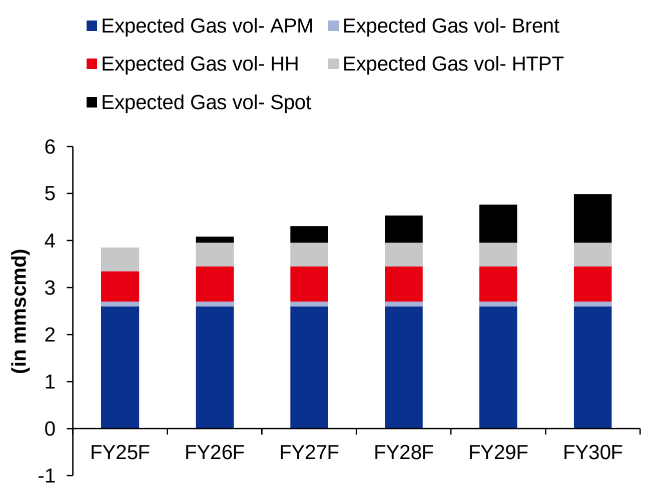
MGL will be dependent more on long-term & spot contracts

As MGL 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 public sector undertaking companies' wells and the emergence of new city gas distribution (CGD) companies, which will heighten the competition for APM gas.

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

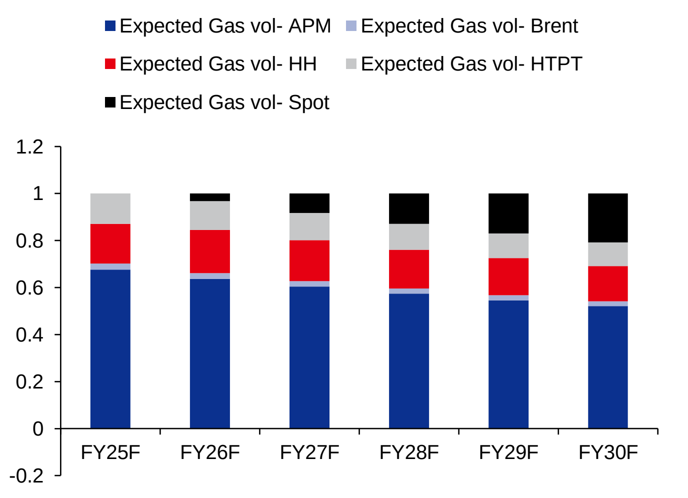
1. APM gas: Projected to stay around 2.6m standard cubic metres per day (mmscmd).
2. HTPT and priority sector contracts: Expected to be around 0.5 mmscmd.
3. Long-term contracts: Estimated to range between 0.75-0.85 mmscmd.
4. Spot purchases: Predicted to rise to approximately 1 mmscmd by FY30F.

Figure 14: SPOT will increase significantly over FY25F-FY30F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: APM will fall from 68% in FY25F to 52% in FY30F

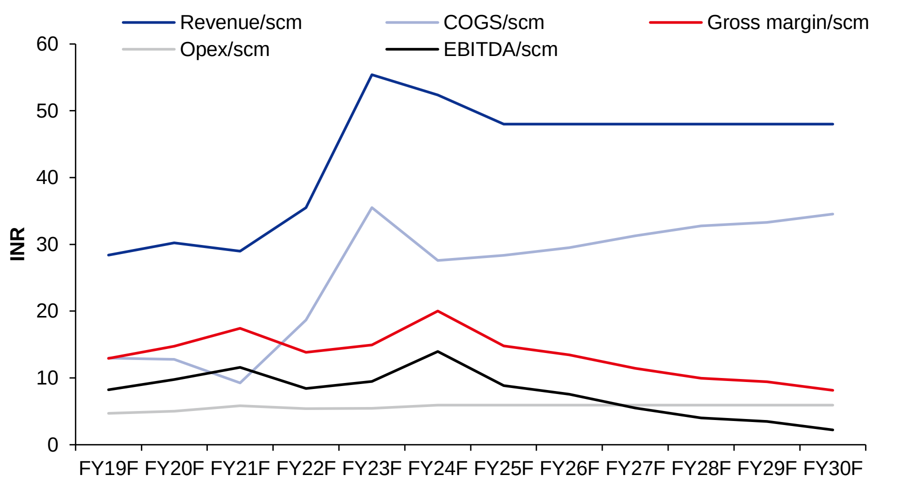


E: INCRED RESEARCH, COMPANY REPORTS

Cost implications and gross margin outlook

The overall cost of sourcing gas over the next five years is anticipated to range between Rs29-35 per standard cubic metres (scm). However, this shift in the sourcing strategy is expected to impact MGL's gross margin. Due to the higher costs associated with increased reliance on spot purchases and long-term contracts, the gross margin is projected to decline from approximately Rs20 per scm in FY24 to around Rs8 per scm by FY30F.

Figure 16: Per scm realization, costs and margin yoy



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Amidst the headwinds, MGL's volume is expected to post a CAGR of 5.5% yoy driven by the I&C segment

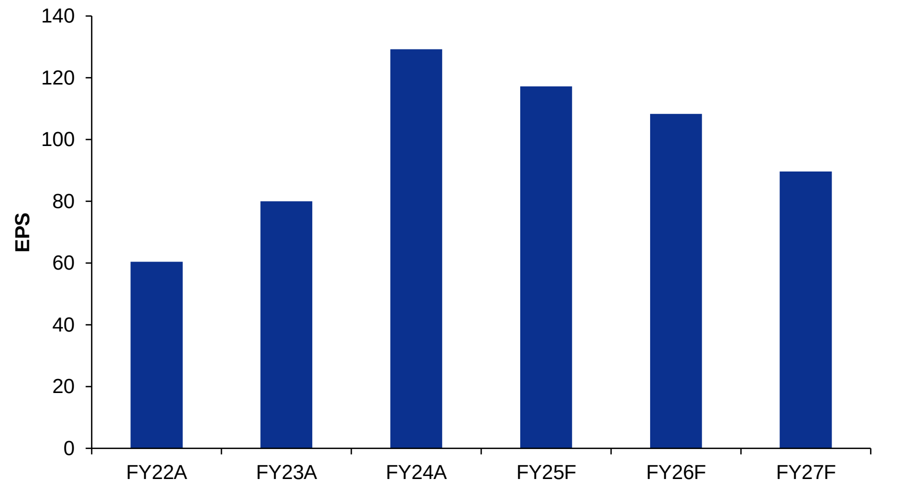
Figure 17: The overall sales growth of gas is likely to be at a 5.5% CAGR over FY24-31F; we have already accounted for the MSRTC and CNG bike impact

Total volume	**2.95**	**2.95**	**2.21**	**3.00**	**3.42**	**3.61**	**3.85**	**4.08**	**4.31**	**4.53**	**4.76**	**4.99**
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
PNG	0.783	0.808	0.796	0.885	0.931	1.019	1.120	1.224	1.329	1.438	1.549	1.660
I&C customers	3143	3472	3721	4025	4377	4769	5091	5416	5740	6076	6418	6758
Commercial customer addition	298	322	239	291	309	322	297	297	292	301	303	302
Industrial customer addition	8	7	10	13	43	70	25	28	32	35	39	38
Avg. consumption (Industrial) - scmd							695	695	695	695	695	695
Avg. consumption (Commercial) - scmd							30	30	30	30	30	30
Additional demand (PNG Industrial)- mmscmd							0.02	0.02	0.02	0.02	0.03	0.03
Additional demand (PNG Commercial)- mmscmd							0.01	0.01	0.01	0.01	0.01	0.01
PNG domestic additions (in lakhs)	1.75	1.98	1.21	2.62	3.05	3.2	3	3	3	3	3	3
PNG connections (in lakhs)	12.837	14.817	16.027	18.647	21.697	24.897	27.897	30.897	33.897	36.897	39.897	42.897
Conversion							50%	50%	50%	50%	50%	50%
Avg. consumption/connection (scmd)							0.5	0.5	0.5	0.5	0.5	0.5
Additional demand (PNG domestic) - mmscmd							0.08	0.08	0.08	0.08	0.08	0.08
CNG (mmscmd)	2.167	2.143	1.415	2.114	2.492	2.591	2.73	2.86	2.98	3.09	3.21	3.33
# CNG customers	692,000	751,000	792,000	855,000	919,000	996,000	10,37,056	10,78,112	11,19,168	11,60,224	12,01,280	12,42,336
Vehicle conversions	82,549	60,664	41,056	62,496	65,101	77,116	41,056	41,056	41,056	41,056	41,056	41,056
CNG stations	227	248	263	287	311	347	377	407	437	467	497	527
Avg. consumption/customer (scmd)	3.131503	2.853529	1.786616	2.472515	2.711643	2.601406	2.6	2.6	2.6	2.6	2.6	2.6
Avg. consumption/station (scmd)	9,546.256	8,641.129	5,380.228	7,365.854	8,012.862	7466.9	7229.9	7028.0	6813.3	6626.2	6461.8	6316.0
MSRTC buses addition							300	300				
Avg consumption (Kg)							80	80				
Additional demand (mmscmd)- MSRTC							0.02	0.02				
CNG bike effects							0.01	0.01	0.01	0.01	0.01	0.01

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Expectations of any EPS growth over the next two-to-three years seems to be unreliable

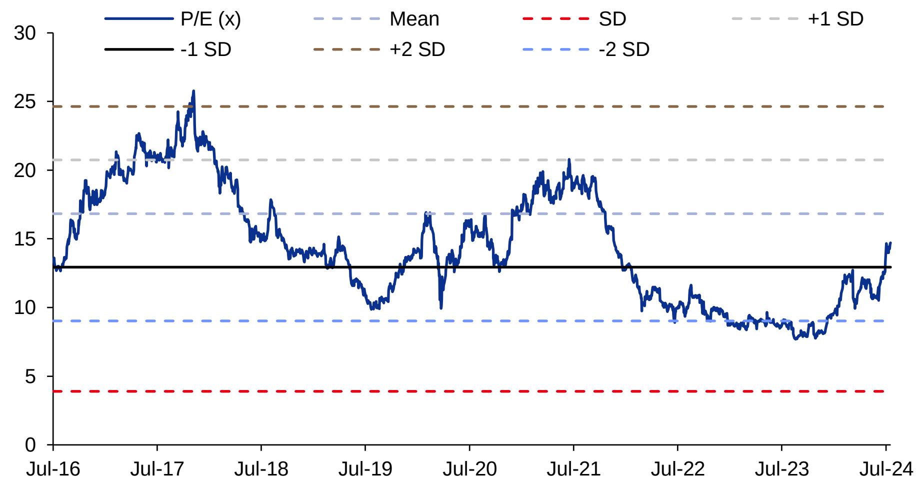
Figure 18: After peaking in FY24, EPS to decline continuously till FY30F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

MGL stock is currently trading at a P/E of 14.7x

Figure 19: P/E trend – MGL stock trades at a mean of 16.8x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

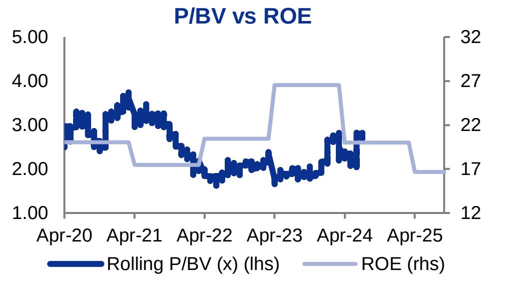
We value the stock at a low P/E of 12.9x and downgrade its rating to REDUCE

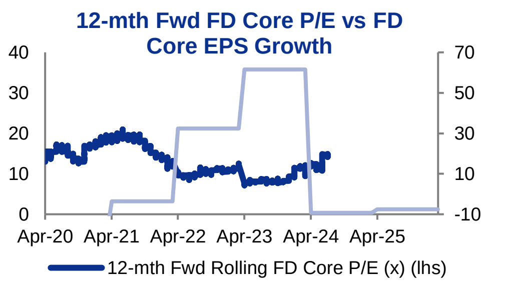
Figure 20: We downgrade the stock's rating to REDUCE with a higher target price of Rs1,397

	EPS (Rs)	Unit
FY25F	117.26	Rs/share
FY26F	108.30	Rs/share
Mar 2024 one-year forward EPS	108.30	Rs/share
One-year forward multiple	12.90	x
Target price	1,397	Rs/share

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	**38,849**	**69,210**	**69,144**	**67,212**	**71,245**
Gross Profit	**15,148**	**18,644**	**26,445**	**20,718**	**19,992**
Operating EBITDA	**9,243**	**11,842**	**18,439**	**15,038**	**14,147**
Depreciation And Amortisation	(1,963)	(2,311)	(2,839)	(2,397)	(2,485)
Operating EBIT	**7,281**	**9,531**	**15,600**	**12,640**	**11,662**
Financial Income/(Expense)	(75)	(94)	(133)	(250)	(227)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	857	1,119	1,749	3,094	2,867
Profit Before Tax (pre-EI)	**8,063**	**10,555**	**17,216**	**15,485**	**14,302**
Exceptional Items					
Pre-tax Profit	**8,063**	**10,555**	**17,216**	**15,485**	**14,302**
Taxation	(2,093)	(2,655)	(4,452)	(3,902)	(3,604)
Exceptional Income - post-tax					
Profit After Tax	**5,970**	**7,901**	**12,764**	**11,583**	**10,698**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**5,970**	**7,901**	**12,764**	**11,583**	**10,698**
Recurring Net Profit	5,970	7,901	12,764	11,583	10,698
Fully Diluted Recurring Net Profit	**5,970**	**7,901**	**12,764**	**11,583**	**10,698**

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	9,243	11,842	18,439	15,038	14,147
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,652	134	1,492	318	316
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(953)	82	(56)	(56)	(56)
Net Interest (Paid)/Received	(535)	(524)	(133)	(250)	(227)
Tax Paid	(2,122)	(2,638)	(4,452)	(3,902)	(3,604)
Cashflow From Operations	**7,286**	**8,897**	**15,289**	**11,148**	**10,576**
Capex	(6,490)	(7,131)	(1,100)	(1,100)	(1,100)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,100	640			
Cash Flow From Investing	**(5,391)**	**(6,491)**	**(1,100)**	**(1,100)**	**(1,100)**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,810)	(2,518)	(988)	(494)	(494)
Preferred Dividends					
Other Financing Cashflow	(294)	(330)		1,000	1,000
Cash Flow From Financing	**(3,103)**	**(2,848)**	**(988)**	**506**	**506**
Total Cash Generated	(1,208)	(442)	13,201	10,554	9,982
Free Cashflow To Equity	**1,896**	**2,406**	**14,189**	**10,048**	**9,476**
Free Cashflow To Firm	**1,971**	**2,500**	**14,322**	**10,297**	**9,703**

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BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	4,652	2,279	18,999	24,434	29,793
Total Debtors	1,840	2,940	3,772	3,666	3,886
Inventories	275	338	656	637	675
Total Other Current Assets	11,684	14,505	11,656	11,656	11,656
Total Current Assets	**18,451**	**20,062**	**35,083**	**40,394**	**46,011**
Fixed Assets	24,581	28,318	29,418	30,518	31,618
Total Investments	6,159	7,086	7,086	7,086	7,086
Intangible Assets	52	51	51	51	51
Total Other Non-Current Assets	3,094	4,806	4,806	4,806	4,806
Total Non-current Assets	**33,887**	**40,261**	**41,361**	**42,461**	**43,561**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,719	3,222	5,862	6,057	6,631
Other Current Liabilities	10,548	12,390	12,390	12,390	12,390
Total Current Liabilities	**13,266**	**15,612**	**18,252**	**18,447**	**19,021**
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,091	1,283	1,283	1,283	1,283
Total Non-current Liabilities	**1,091**	**1,283**	**1,283**	**1,283**	**1,283**
Total Provisions	2,008	2,086	2,086	2,086	2,086
Total Liabilities	**16,365**	**18,981**	**21,621**	**21,816**	**22,390**
Shareholders Equity	35,973	41,342	54,822	61,039	67,182
Minority Interests					
Total Equity	**35,973**	**41,342**	**54,822**	**61,039**	**67,182**

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	67.4%	78.2%	(0.1%)	(2.8%)	6.0%
Operating EBITDA Growth	(1.0%)	28.1%	55.7%	(18.4%)	(5.9%)
Operating EBITDA Margin	23.8%	17.1%	26.7%	22.4%	19.9%
Net Cash Per Share (Rs)	47.09	23.07	192.34	247.36	301.62
BVPS (Rs)	364.18	418.54	555.01	617.94	680.13
Gross Interest Cover	96.69	101.50	117.30	50.64	51.40
Effective Tax Rate	26.0%	25.2%	25.9%	25.2%	25.2%
Net Dividend Payout Ratio	54.6%	12.5%	7.7%	4.3%	4.6%
Accounts Receivables Days	14.64	12.61	17.72	20.20	19.35
Inventory Days	3.82	2.21	4.25	5.07	4.67
Accounts Payables Days	32.93	21.44	38.83	46.79	45.18
ROIC (%)	19.3%	20.2%	36.3%	28.7%	25.9%
ROCE (%)	20.2%	23.4%	31.1%	21.1%	17.6%
Return On Average Assets	12.3%	14.1%	18.8%	14.8%	12.6%

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