

# GAIL (India) Ltd

## Higher gas usage cost weighs on 4Q earnings

### Our view

GAIL reported 4QFY23, significantly below estimates, with adjusted operating profit at Rs 3.1bn (-92% YoY; -77% QoQ), primarily on weaker than estimated earnings in gas transmission and petrochemical segment. Gas transmission segment reported a pre-tax loss of Rs 164mn due to one-time provision of Rs 1.10 related to rerouting of TN section of KKMBPL and due to higher SUG expense as APM allocation for SUG got incrementally reduced by 0.5mmcmd during the quarter. GAIL's p/l tariff was recently (Mar'23) revised upwards to Rs 58.6/mmbtu, however given notified tariff factors for a lower price (than the prevailing prices) for APM & HPHT gas to be used as SUG, GAIL is of the view that tariffs need further upward revision to factor for the same. In light of the revised NGPL tariff regulations (Nov'22), the cost of SUG as fuel is recoverable as operating cost and therefore, we foresee a high probability for revision in pipeline tariff to adjust for the same. Going ahead, with moderation in domestic gas and LNG prices, the business for GAIL appear to be improving across segments. Maintain BUY.

### Result Highlights

- **Profitability:** Adjusted Operating Profit and PAT stood at Rs 3.07bn (-92% YoY; -77% QoQ) and Rs 6.03bn (-78% YoY; +146% QoQ), respectively. The FY23 Ebitda and PAT stood at Rs 77.9bn (-44% YoY) and Rs 53bn (-49%) respectively.
- **NG Transmission:** Gas transmission volume stood higher by 1% YoY & 4% QoQ at 108.2mmcmd (3QFY23: 103.7mmcmd). The segment revenue stood at Rs 16.5bn (+4% YoY; -1% QoQ) and Ebitda at Rs 2.97bn (-74% YoY; -59% QoQ). The 4Q segment Ebitda was impacted by a) one-time provision of Rs 1100mn related to re-routing KKMBL, b) incremental de-allocation of SUG gas, which increased dependence on LNG and therefore operating costs were higher in the quarter and c) provision of Rs 0.7bn related to a dispute
- **NG Trading:** NG trading volume stood higher by 2% YoY and 7% QoQ at 96.5 mmcmd. The NG segment trading margins also improved YoY and QoQ to USD 0.19/mmbtu (from USD (0.04) /mmbtu in 3Q).
- **Petrochemicals:** Petchem, sales improved to 118TMT (-45% YoY; +74% QoQ) as PATA plant reverted to full utilization in early Mar'23 when LNG prices cooled off, after running at low operating rates over Jan-Feb'23. Realizations also improved QoQ to Rs 115/kg (3Q: Rs 110/kg); Revenue and Ebitda for the segment therefore stood at 13.5bn (-46% YoY; +81% QoQ) and Rs (2.5)bn; weaker operating profit stemmed from lack of operating leverage.
- **LPG-LHC:** Sales for the quarter stood at 230TMT (+6%YoY; -7% QoQ). The Revenue for the segment stood at Rs 13.6bn (+13% YoY +1% QoQ); Ebitda stood at a Rs 1.5bn.

### Valuation

Maintain BUY rating on GAIL, with a Mar'24 TP of Rs 150/sh.

### Exhibit 1: Actual vs estimate

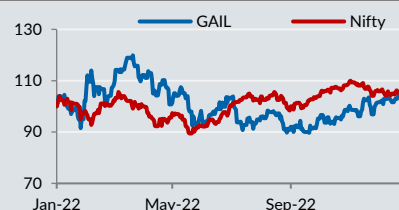
Rsmn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	328432	307608	350924	6.8	-6.41	
Adj. EBITDA	3072	14929	14674	-79.4	-79.07	
EBITDA Margin (%)	0.9	4.9	4.2	-392 bps	-325 bps	Below estimates due to weaker earnings in gas transmission & petchem segment
Ad. PAT	6035	8764	10266	-31.1	-41.2	

Reco	: <b>BUY</b>
CMP	: Rs 106
Target Price	: Rs 150
Potential Return	: 42%

### Stock data (as on May 18, 2023)

Nifty	18,130
52 Week h/l (Rs)	114/83
Market cap (Rs/USD mn)	723261/8738
Outstanding Shares (mn)	6,575
6m Avg t/o (Rs mn):	1,244
Div yield (%):	6.3
Bloomberg code:	GAIL IN
NSE code:	GAIL

### Stock performance



	1M	3M	1Y
Absolute return	-3.0%	10.6%	3.7%

### Shareholding pattern (As of Mar23 end)

Promoter	51.5%
FII+DII	42.0%
Others	5.8%

### Financial Summary

(Rs bn)	FY22	FY23E	FY24E	FY25E
Revenue	916.3	1442.5	1129.3	1120.7
YoY %	61.5	57.4	(21.7)	(0.8)
EBIDTA	138.3	67.0	133.3	140.3
YoY %	114.6	(51.6)	99.1	5.2
PAT	103.6	53.0	98.0	102.1
YoY %	111.9	(48.8)	84.8	4.3
ROE	20.3	9.5	16.7	15.8
EPS	15.8	8.1	14.9	15.5
P/E	6.7	13.1	7.1	6.8
BV	84.5	84.6	93.6	102.9
EV/EBITDA	5.3	12.5	5.5	5.2

### NITIN TIWARI

Lead Analyst

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## Exhibit 2: Earnings table

Particulars (Rs mn)	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	y/y (%)	q/q (%)	FY22	FY23	y/y (%)
Revenue	269,619	375,625	384,786	353,654	328,432	21.8	(7.1)	916,265	1,442,497	57.4
Expenditure	232,473	331,968	367,139	340,041	325,360	40.0	(4.3)	777,975	1,364,508	75.4
-Raw Material	212,884	314,402	347,819	317,978	297,560	39.8	(6.4)	707,822	1,277,759	80.5
-Staff Cost	4,161	4,417	4,194	4,334	4,793	15.2	10.6	17,062	17,738	4.0
- Other expenses	15,429	13,149	15,125	17,729	23,007	49.1	29.8	53,091	69,011	30.0
<b>Operating Profit</b>	<b>37,145</b>	<b>43,657</b>	<b>17,647</b>	<b>13,613</b>	<b>3,072</b>	<b>(91.7)</b>	<b>(77.4)</b>	<b>138,290</b>	<b>77,989</b>	<b>(43.6)</b>
OPM(%)	13.8	11.6	4.6	3.8	0.9	-1284 bps	-291 bps	15.1	5.4	969 bps
Other Income	4,235	1,798	7,988	6,889	10,172	140	48	20,469	26,847	31.2
Depreciation	5,461	6,030	6,194	6,226	6,432	18	3	21,112	24,881	17.9
Interest	461	481	683	1,050	903	96	(14)	1,744	3,117	78.7
Excpnl Loss/(Profit)	-	-	-	11,000	-	-	-	-	11,000	-
<b>PBT</b>	<b>35,459</b>	<b>38,944</b>	<b>18,759</b>	<b>2,227</b>	<b>5,909</b>	<b>(83.3)</b>	<b>165.4</b>	<b>135,903</b>	<b>65,838</b>	<b>(51.6)</b>
Tax	8,628	9,792	3,388	(231)	(127)	(101.5)	(45.1)	32,263	12,823	(60.3)
<b>PAT</b>	<b>26,831</b>	<b>29,152</b>	<b>15,371</b>	<b>2,457</b>	<b>6,035</b>	<b>(77.5)</b>	<b>145.6</b>	<b>103,640</b>	<b>53,015</b>	<b>(48.8)</b>
<b>Adj PAT</b>	<b>26,831</b>	<b>29,152</b>	<b>15,371</b>	<b>10,707</b>	<b>6,035</b>	<b>(77.5)</b>	<b>(43.6)</b>	<b>103,640</b>	<b>61,265</b>	<b>(40.9)</b>

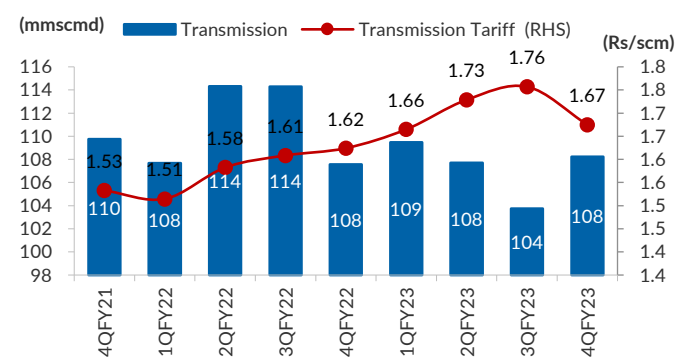
Source: Company, YES Sec

## Exhibit 3: Operating highlights

	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	y/y (%)	q/q (%)	FY22	FY23	y/y (%)
<b>Natural Gas- Transmission</b>										
Transmission Volume (mmscmd)	107.6	109.5	107.7	103.7	108.2	0.6	4.3	111.0	107.3	(3.3)
Revenue (Rs mn)	15,898	16,584	16,944	16,587	16,495	3.8	(0.6)	63,925	66,611	4.2
EBIT (Rs mn)	8,733	8,005	7,096	4,260	(164)	(101.9)	(103.9)	38,058	19,197	(49.6)
Average Tariff (Rs/tscm)	1,624	1,665	1,729	1,757	1,675	3.1	(4.7)	1,582	1,706	7.8
EBIT margin (%)	55%	48%	42%	26%	-1%	-5593 bps	-2668 bps	60%	29%	3084 bps
<b>LPG Transmission</b>										
Transmission Volume(MMT)	1.07	1.06	1.10	1.10	1.08	1.31	-2.00	4.20	4.34	3.24
Revenue (Rs mn)	1,707	1,695	1,973	1,801	1,748	2.4	(2.9)	6,686	7,216	7.9
Average Tariff (Rs /MT)	1,603	1,606	1,794	1,635	1,620	1.1	(1.0)	1,592	1,664	4.5
EBIT (Rs mn)	852	838	1,140	917	792	(7.1)	(13.6)	3,350	3,687	10.1
EBIT margin (%)	50%	49%	58%	51%	45%	-461 bps	-560 bps	50%	51%	-74 bps
<b>Petchem</b>										
Sales Volume (TMT)	216.0	109.0	108.0	68.0	118.0	(45.4)	73.5	792.0	403.0	(49.1)
Revenue (Rs mn)	25,023	14,558	13,515	7,505	13,595	(45.7)	81.1	85,485	49,173	(42.5)
EBIT (Rs mn)	3,790	352	(3,462)	(3,489)	(4,009)	(205.8)	14.9	12,453	(10,609)	n.a.
EBIT margin (%)	15%	2%	-26%	-46%	-29%	-4464 bps	1699 bps	14%	-25%	3889 bps
Realization (Rs/Kg)	115.8	133.6	125.1	110.4	115.2	(0.6)	4.4	107.1	121.1	13.0
<b>LPG and Other HC -Sales</b>										
Sales Volume (TMT)	217.0	220.0	231.0	248.0	230.0	6.0	(7.3)	1004.0	929.0	(7.5)
Revenue (Rs mn)	12,060	14,554	13,939	13,549	13,658	13.2	0.8	48,652	55,700	14.5
EBIT (Rs mn)	7,283	6,349	5,002	(292)	1,225	(83.2)	(520.1)	28,997	12,284	(57.6)
EBIT (%)	60%	44%	36%	-2%	9%	-5142 bps	1112 bps	60%	22%	3843 bps
Realization (INR/Kg)	55.6	66.2	60.3	54.6	59.4	6.8	8.7	48.6	60.1	23.8
Cost inc dep (Rs/Kg)	22.0	37.3	38.7	55.8	54.1	145.5	(3.1)	19.6	46.5	137.4
<b>Natural gas trading / others</b>										
Trading Volume (mmscmd)	94.7	100.8	92.5	89.9	96.5	1.9	7.3	96.1	94.9	(1.2)
Gas cost (USD/mmbtu)	11.5	13.9	16.2	14.0	11.2	(2.7)	(20.1)	9.5	13.8	45.5
EBIT (Rs mn)	17,259	23,145	3,629	(860)	4,874	(72)	(666.6)	49,322	30,788	(37.6)
Mkt Mgn (USD/mmbtu)	0.76	0.93	0.15	(0.04)	0.19	(74.6)	(628.0)	0.5	0.3	(42.4)

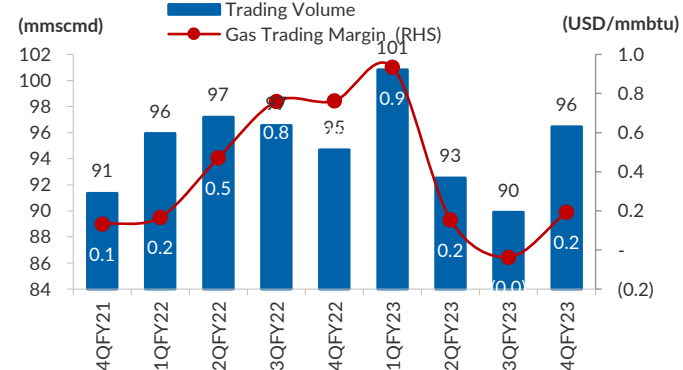
## CHARTS

**Exhibit 4: Transmission improved QoQ to 108.2 mmcmd as LNG prices moderated QoQ, aiding consumption**



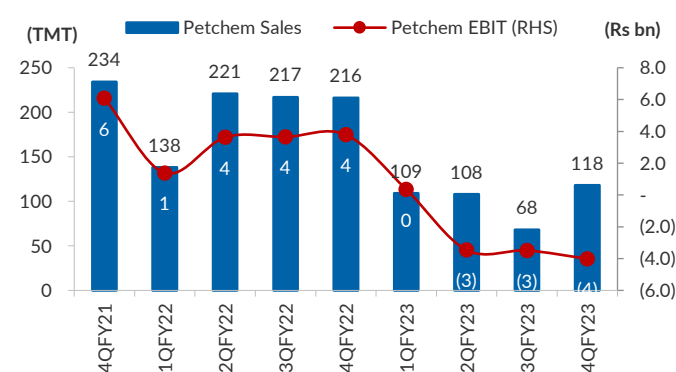
Source: Company, YES Sec - Research

**Exhibit 5: NG trading volumes QoQ higher at 86.5 mmcmd; trading margins also improved at USD 0.19 /mmbtu**



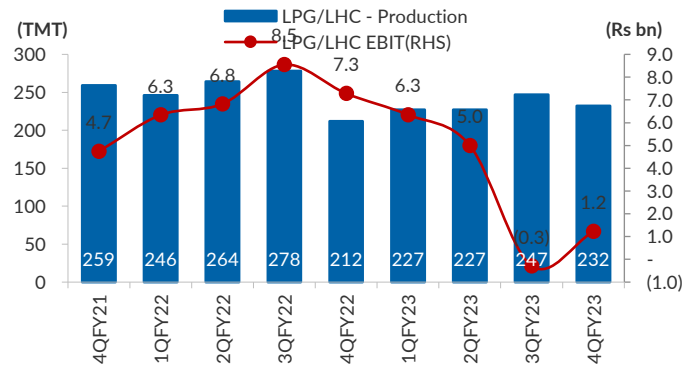
Source: Company, YES Sec - Research

**Exhibit 6: Petchem sales improves QoQ to 118TMT; realization higher at Rs 115/kg (-1%YoY; +4% QoQ)**



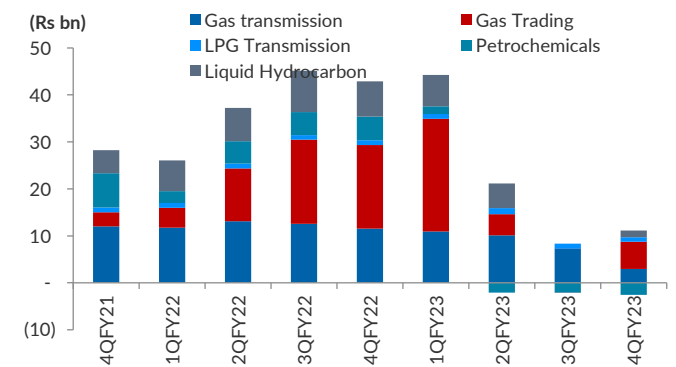
Source: Company, YES Sec - Research

**Exhibit 7: LPG-LHC reported QoQ lower but YoY higher sales at 230 TMT; EBIT margin stood QoQ higher at 9.0%**



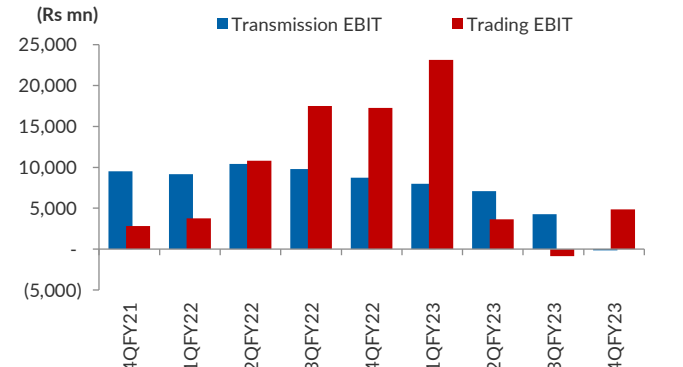
Source: Company, YES Sec - Research

**Exhibit 8: NG transmission and trading contributed to 66% of operating profit, with Petchem & LHC contributing -8%, rest being other segments**



Source: Company, YES Sec - Research

**Exhibit 9: NG transmission EBIT stood QoQ lower at a loss of Rs (164.1)mn (3Q: Rs 4.3bn); Trading EBIT stood at Rs 4.8mn**



Source: Company, YES Sec - Research

## VIEW & VALUATION

### Maintain BUY with a TP of Rs 150/sh

We maintain our BUY rating on GAIL, with a Mar'24 TP of Rs 150/sh. We believe that correction in spot LNG prices and moderation in domestic APM prices augurs well for GAIL's with implications across its business segments. Our SOTP based TP is a sum of a) stand-alone business valued at Rs 104/sh on DCF basis , b) Listed investment valued at Rs 18.9/sh and unlisted investments at Rs 27/sh.

### Exhibit 10: Cashflow analysis

	FY20	FY21	FY22e	FY23e	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
EBIT	72,838	59,234	128,938	59,577	125,498	130,140	120,849	120,946	124,292	127,271	129,917
EBIT *(1-T)	60,709	45,360	98,328	47,974	93,873	97,345	90,395	90,468	92,971	95,198	97,178
Depreciation	18,360	19,079	21,112	24,881	26,053	28,816	31,618	34,420	37,222	40,024	42,826
Change in W/C	(14,711)	41,589	(24,567)	(38,160)	98,282	(20,869)	(1,011)	1,562	1,626	1,695	1,767
Capex	(49,258)	(52,106)	(56,413)	(67,569)	(87,432)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(60,000)
FCFF	15101	53922	38460	(32874)	130776	40292	56002	61449	66819	71917	81771

### Exhibit 11: Valuation table

	USD mn	Rs mn	Rs/sh	Notes
Sum of discounted cash flows (FY21-30)	3172	253766	38.6	
Terminal Value	5795	463628	70.5	
EV	8967	717394	109.1	
Net Debt	455	36397	5.5	
Equity (SA)	8512	680998	104	DCF based valuation
<b>Investments</b>				
Listed	1556	124482	18.9	At 40% holding discount to market price
Unlisted -CGD	1451	116085	17.7	Unlisted CGD investment benchmarked to listed entities @ 50% hold-co discount
Unlisted Others	641	51299	7.8	At book value
E&P	157	12566	1.9	4.6 Tcf at US\$ 2.0/ boe (8.5% stake)
<b>Total Equity</b>	<b>12318</b>	<b>985430</b>	<b>150</b>	

## Exhibit 12: Key Assumptions

	Unit	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22e	FY23e	FY24e	FY25e
Natural Gas transmission business												
Gas Transmission volumes	Mmscmd	92.1	92.1	100.4	105.2	107.4	108.0	104.2	111.0	107.3	115.0	123.1
Weighted Average Transmission tariff	Rs /tscm	1,024	1,221	1,292	1,296	1,478	1,529	1,569	1,582	1,706	2,005	2,005
LPG transmission business												
LPG pipelines thruput	TMT	3,094	2,819	3,478	3,721	3,975	3,909	4,163	4,199	4,188	4,188	4,188
Average LPG pipelines tariff	Rs/ mmt	1,424	1,724	1,524	1,518	1,570	1,628	1,600	1,592	1,590	1,590	1,590
LPG & other hydrocarbons business												
LPG & other hydrocarbons Sales	Tmt	1,277	1,086	1,095	1,276	1,329	1,264	1,138	1,004	929	1,038	1,038
Gross realisation	USD/ mmt	735	435	395	490	541	432	312	573	753	688	625
Net realisation (incl.subsidy loss)	USD/mmt											
Petrochemicals % utilization	%	54%	41%	71%	83%	91%	91%	108%	98%	50%	70%	100%
Polymers Sales	Tmt	441	334	578	673	735	738	872	792	403	567	810
Average Polymer realisation (Rs/Kg)	Rs/ kg	107	101	98	86	92	74	80	107	121	120	110
Average purchase price for gas	USD/mmbtu	7	6	5	5	6	6	5	7	13	9	8
Exchange Rate	Rs/USD	61.1	65.4	67.0	64.5	70.0	70.8	74.3	74.6	80.5	80.0	80.0
Crude Oil Price (Brent)	USD/bbl	86.5	48.73	49	57.9	70.8	62.5	45.74	79.8	95.2	80	70
Henry Hub prices	USD/mmbtu	3.8	2.4	2.7	3.0	3.1	2.4	2.6	4.2	5.9	3.5	3.5
Price of APM Gas	USD/mmbtu	4.9	4.7	3.1	3.0	3.6	3.8	2.3	2.6	8.1	7.2	7.2
Spot LNG Price	USD/mmbtu	15	9	6	7	9	5	5	23	31	25	11

## FINANCIALS

**Exhibit 13: Income statement**

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Revenue	488830	538255	751263	718710	567302	916265	1442497	1129319	1120719
Total Expense	(424736)	(461916)	(655712)	(635016)	(502850)	(777975)	(1375508)	(995972)	(980420)
<b>Operating Profit</b>	<b>64094</b>	<b>76339</b>	<b>95551</b>	<b>83694</b>	<b>64451</b>	<b>138290</b>	<b>66989</b>	<b>133347</b>	<b>140299</b>
Other Income	11763	9870	15448	14168	20045	20469	26847	27818	28788
Depreciation	(13968)	(14151)	(15502)	(18360)	(19079)	(21112)	(24881)	(26053)	(28816)
EBIT	61889	72058	95497	79502	65417	137647	68955	135112	140271
Interest	(4794)	(2751)	(1385)	(1085)	(1559)	(1744)	(3117)	(4154)	(3707)
Extraordinary Item	(2987)	277	(3263)	1016	0	0	0	0	0
<b>PBT</b>	<b>54108</b>	<b>69584</b>	<b>90848</b>	<b>79434</b>	<b>63858</b>	<b>135903</b>	<b>65838</b>	<b>130958</b>	<b>136564</b>
Tax	(19079)	(23400)	(30592)	(13227)	(14956)	(32263)	(12823)	(33002)	(34414)
<b>PAT</b>	<b>35029</b>	<b>46184</b>	<b>60257</b>	<b>66206</b>	<b>48902</b>	<b>103640</b>	<b>53015</b>	<b>97957</b>	<b>102150</b>
Adj. PAT	38016	45907	63520	65190	48902	103640	53015	97957	102150
Eps	5.8	7.0	9.7	9.9	7.4	15.8	8.1	14.9	15.5

**Exhibit 14: Balance sheet**

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity capital	16,913	22,551	22,550	45,101	44,404	44,404	65,751	65,751	65,751
Reserves	364,581	380,731	418,379	394,610	421,708	511,464	490,786	549,560	610,850
<b>Net worth</b>	<b>381,494</b>	<b>403,281</b>	<b>440,929</b>	<b>439,711</b>	<b>466,112</b>	<b>555,868</b>	<b>556,537</b>	<b>615,311</b>	<b>676,601</b>
Debt	30,046	9,761	8,706	54,118	55,656	63,528	143,087	153,602	111,178
Def tax liab (net)	46,559	46,309	59,477	44,972	45,022	47,673	46,628	53,503	60,673
<b>Capital Employed</b>	<b>458,098</b>	<b>459,352</b>	<b>509,112</b>	<b>538,801</b>	<b>566,790</b>	<b>667,068</b>	<b>746,252</b>	<b>822,416</b>	<b>848,451</b>
Fixed assets	315,662	332,527	388,854	419,752	452,779	488,080	530,768	592,147	628,331
Intangible Assets	7,434	10,511	14,032	22,517	31,235	40,443	48,930	48,930	48,930
Investments	95,096	99,531	95,282	74,985	97,238	121,209	127,888	127,888	127,888
Net working capital	39,906	16,782	10,945	21,548	(14,462)	17,336	38,666	53,451	43,303
Inventories	16,984	19,195	23,219	29,601	26,038	30,152	52,813	45,225	44,170
Sundry debtors	38,282	40,515	50,743	55,759	44,858	83,660	114,106	77,351	92,114
Cash & Bank Balance	13,419	25,293	12,147	8,039	13,618	20,850	4,020	115,504	84,824
Other current assets	75,823	53,249	59,510	74,684	67,339	79,011	82,792	83,547	84,509
Sundry creditors	27,160	38,816	39,612	41,284	43,264	54,660	72,992	75,375	73,616
Other liabilities	77,442	82,655	95,062	105,251	123,051	141,677	142,072	192,801	188,697
<b>Application of Funds</b>	<b>458,098</b>	<b>459,351</b>	<b>509,112</b>	<b>538,801</b>	<b>566,790</b>	<b>667,068</b>	<b>746,252</b>	<b>822,416</b>	<b>848,451</b>

## Exhibit 15: Cash flow statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
PBT	54,108	69,584	90,848	79,434	63,858	135,903	65,838	130,958	136,564
Depreciation & amortization	13,968	14,151	15,502	18,360	19,079	21,112	24,881	26,053	28,816
Interest expense	4,794	2,751	1,385	1,085	1,559	1,744	3,117	4,154	3,707
(Inc)/Dec in working capital	(49)	34,998	(7,309)	(14,711)	41,589	(24,567)	(38,160)	96,700	(20,532)
Tax paid	(13,345)	(16,333)	(24,386)	(20,772)	(15,496)	(32,484)	(12,775)	(26,126)	(27,245)
Less: Interest/Dividend Income Received	(11,763)	(9,870)	(15,448)	(14,168)	(20,045)	(20,469)	(26,847)	(27,818)	(28,788)
Other operating Cash Flow									
<b>Cash flow from operating activities</b>	<b>47,713</b>	<b>95,282</b>	<b>60,592</b>	<b>49,227</b>	<b>90,545</b>	<b>81,239</b>	<b>16,055</b>	<b>203,921</b>	<b>92,522</b>
Capital expenditure	(18,135)	(31,016)	(71,829)	(49,258)	(52,106)	(56,413)	(67,569)	(87,432)	(65,000)
Inc/(Dec) in investments	(9,249)	(4,434)	4,249	20,297	(22,254)	(23,971)	(6,679)	0	0
Add: Interest/Dividend Income Received	11,763	9,870	15,448	14,168	20,045	20,469	17,266	27,818	28,788
<b>Cash flow from investing activities</b>	<b>(15,621)</b>	<b>(25,580)</b>	<b>(52,132)</b>	<b>(14,792)</b>	<b>(54,315)</b>	<b>(59,915)</b>	<b>(56,981)</b>	<b>(59,614)</b>	<b>(36,212)</b>
Inc/(Dec) in share capital	(0)	0	(0)	0	(12,810)	(0)	(13,288)	0	0
Inc/(Dec) in debt	(27,328)	(20,284)	(1,055)	45,412	1,538	7,872	79,560	10,514	(42,424)
Dividend Paid	(17,837)	(18,830)	(21,033)	(28,864)	(22,380)	(44,404)	(21,206)	(39,183)	(40,860)
Others	8,553	(18,712)	483	(55,091)	3,002	22,440	(20,969)	(4,154)	(3,707)
<b>Cash flow from financing activities</b>	<b>(36,612)</b>	<b>(57,826)</b>	<b>(21,606)</b>	<b>(38,543)</b>	<b>(30,650)</b>	<b>(14,093)</b>	<b>24,096</b>	<b>(32,822)</b>	<b>(86,991)</b>
<b>Net cash flow</b>	<b>(4,520)</b>	<b>11,875</b>	<b>(13,146)</b>	<b>(4,108)</b>	<b>5,579</b>	<b>7,231</b>	<b>(16,830)</b>	<b>111,485</b>	<b>(30,681)</b>
Ending Cash Balance	13419	25293	12147	8039	13619	20849	4019	115504	84824

## Exhibit 16: Du-pont analysis

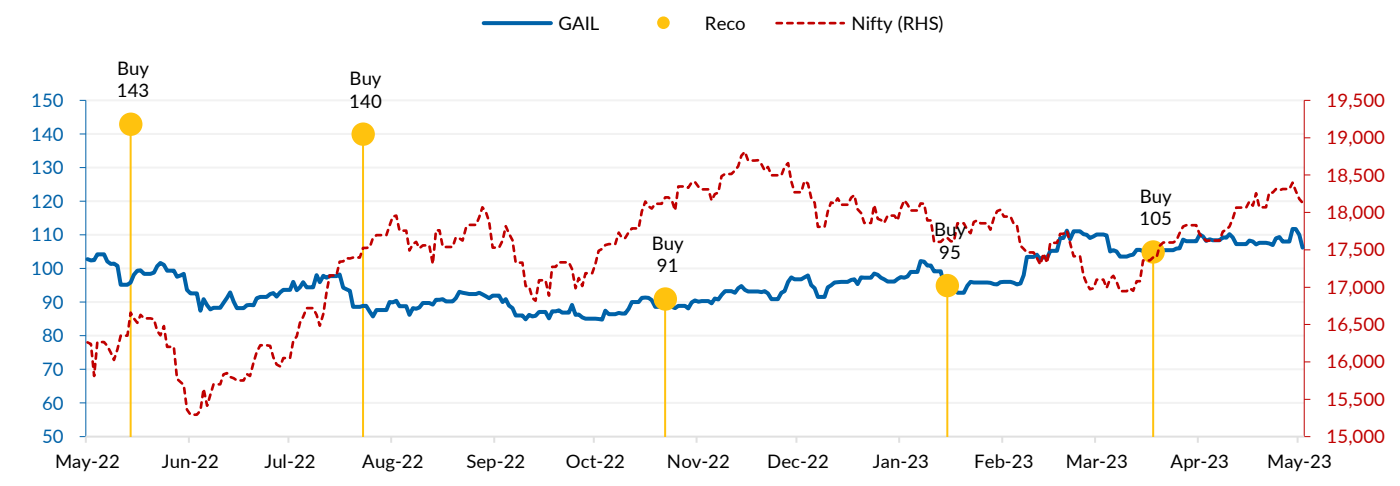
Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Tax burden (x)	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7
Interest burden (x)	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EBIT margin (x)	0.1	0.1	0.1	0.1	0.1	0.2	0.0	0.1	0.1
Asset turnover (x)	0.9	0.9	1.2	1.1	0.8	1.1	1.6	1.1	1.0
Financial leverage (x)	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.8	1.7
RoE (%)	9.6	11.8	14.3	15.0	10.8	20.3	9.5	16.7	15.8



## Exhibit 17: Ratio analysis

Y/e 31 Mar	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Growth matrix (%)</b>									
Revenue growth	(6.3)	10.1	39.6	(4.3)	(21.1)	61.5	57.4	(21.7)	(0.8)
Op profit growth	49.8	19.1	25.2	(12.4)	(23.0)	114.6	(51.6)	99.1	5.2
EBIT growth	60.3	16.4	32.5	(16.7)	(17.7)	110.4	(49.9)	95.9	3.8
Net profit growth	57.3	31.8	30.5	9.9	(26.1)	111.9	(48.8)	84.8	4.3
<b>Profitability ratios (%)</b>									
OPM	13.1	14.2	12.7	11.6	11.4	15.1	4.6	11.8	12.5
EBIT margin	12.7	13.4	12.7	11.1	11.5	15.0	4.8	12.0	12.5
Net profit margin	7.2	8.6	8.0	9.2	8.6	11.3	3.7	8.7	9.1
RoCE	13.6	15.7	19.7	15.2	11.8	22.3	9.8	17.2	16.8
RoE	9.6	11.8	14.3	15.0	10.8	20.3	9.5	16.7	15.8
RoA	6.3	8.1	9.8	10.0	6.7	12.3	5.6	9.5	9.3
<b>Per share ratios</b>									
EPS	5.8	7.0	9.7	9.9	7.4	15.8	8.1	14.9	15.5
Dividend per share	2.7	2.9	3.2	4.4	3.4	6.8	3.2	6.0	6.2
Cash EPS	7.5	9.2	11.5	12.9	10.3	19.0	11.8	18.9	19.9
Book value per share	58.0	61.3	67.1	66.9	70.9	84.5	84.6	93.6	102.9
<b>Valuation ratios</b>									
P/E	15.7	13.0	9.4	9.2	12.2	5.8	13.1	7.1	6.8
P/CEPS	12.2	9.9	7.9	7.1	8.8	4.8	8.9	5.6	5.3
P/B	1.6	1.5	1.4	1.4	1.3	1.1	1.3	1.1	1.0
EV/EBIDTA	9.6	7.6	6.2	7.7	9.9	4.6	12.5	5.5	5.2
<b>Payout (%)</b>									
Dividend payout	46.9	41.0	33.1	44.3	45.8	42.8	40.0	40.0	40.0
Tax payout	35.3	33.6	33.7	16.7	23.4	23.7	19.5	25.2	25.2
<b>Liquidity ratios</b>									
Debtor days	28.6	27.5	24.7	28.3	28.9	25.0	25.0	25.0	30.0
Inventory days	17.1	17.3	14.3	18.6	21.7	18.0	18.0	18.0	18.0
Creditor days	27.3	35.0	24.4	26.0	36.0	30.0	30.0	30.0	30.0

## Recommendation Tracker



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