

# GAIL (India) | BUY

## PNGRB approves interim tariff hike of 12% vs. expectation of ~18% hike

PNGRB has approved ([link to tariff order](#)) a 12% interim tariff hike for GAIL's integrated NG pipeline (to INR 65.7/mmbtu w.e.f. 1st Jan'2026, up from current INR 58.6/mmbtu) as it considered allowance for higher cost of SUG and higher approved capacity/volume divisor. However, the tariff hike is lower than the expectation of ~18% hike (or INR 69-70/mmbtu) as PNGRB didn't consider increase in capex, higher opex (ex-SUG) and transmission loss as of now as it could otherwise lead to unexpected financial pressure on customers. PNGRB plans to consider these factors as part of the next pipeline tariff review exercise in FY28 for revised tariff to be implemented w.e.f. 1<sup>st</sup> Apr'28. We cut FY27-28 PAT by 3-4.5% and TP by ~4% (to INR 205 from INR 215 earlier) factoring in revised tariff; but the final tariff revision from Apr'28 could help to partly mitigate the impact on long-term earnings and valuation. Though near-term earnings growth may remain muted on account of continued weakness in NG transmission volume, we reiterate BUY on GAIL as we expect ~5% CAGR in NG transmission volume in the medium to long term given expectation of moderation in spot LNG price due to 40-50% addition in global LNG supply in 3-4 years starting end-CY26. Also, gas trading earnings could remain robust as US HH gas price may remain moderate on strong growth in US domestic gas output.

- **PNGRB approved 12% interim tariff hike for GAIL's integrated NG pipeline, lower than expectation of ~18% hike:** PNGRB has approved a 12% tariff hike for GAIL's long overdue natural gas (NG) integrated pipeline, approving a tariff of INR 65.7/mmbtu (w.e.f. 1st Jan'26), up from the current INR 58.6/mmbtu, driven by the following factors: **a)** increase of INR 5.2/mmbtu due to allowance for higher cost of system-use gas (SUG) given de-allocation of cheaper APM gas for natural gas transmission business; and **b)** increase of INR 1.9/mmbtu due to higher approved capacity / volume divisor – **Exhibit 1**. The lower-than-expected tariff hike is because PNGRB has not yet considered any rise in tariff due to: **a)** increase in capex; **b)** increase in opex ex-SUG; and **c)** transmission loss, as it could otherwise lead to a sudden significant increase in tariff and place unexpected financial pressure on customers. Hence, PNGRB, in its order, has said that it plans to consider these factors as part of the next pipeline tariff review exercise scheduled in FY28 for the revised tariff to be implemented w.e.f. 1<sup>st</sup> Apr'28.
- **We cut FY27-28 PAT by 3-4.5% and TP by ~4% factoring in revised tariff; but final tariff revision from Apr'28 could partly mitigate impact on long-term earnings and valuation:** We have cut our FY27-28 EPS by 3-4.5% factoring in revised tariff of INR 65.7/mmbtu; hence, our TP has also been cut to INR 205 (from INR 215) – **Exhibit 2-3**. However, likelihood of further revision in tariff from Apr'28 could mitigate impact on long-term earnings and valuation.
- **Near-term earnings growth muted due to high spot LNG price; however, long-term outlook decent on expectation of normalisation of spot LNG price – BUY:** We expect near-term earnings growth to be muted on account of continued weakness in NG transmission volume due to impact of high spot LNG price (17-18% of Brent vs historical 12%). However, we expect spot LNG price to moderate given expectation of significant 40-50% addition in global LNG supply in 3-4 years starting end-CY26. Hence, we reiterate BUY as we expect ~5% CAGR in NG transmission volume in the medium to long term aided by the government's effort to increase the share of gas in India's energy mix to ~15% by 2030 vs. ~7% currently. Further, its gas trading profitability is likely to remain robust in the near to medium term given relatively high spot LNG prices and oil-linked prices while US HH gas price outlook is likely to remain moderate given expectation of strong growth in US domestic gas output. At CMP, the stock trades at 1.1x consolidated FY28E P/B (3yr avg. of 1.2x) and 9.8x consolidated FY28E P/E (3yr avg. of 10.2x).



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	205
Upside/(Downside)	17.8%
Previous Price Target	215
Change	-4.4%

### Key Data – GAIL IN

Current Market Price	INR174
Market cap (bn)	INR1,208.5/US\$13.5
Free Float	41%
Shares in issue (mn)	6,765.2
Diluted share (mn)	6,575.1
3-mon avg daily val (mn)	INR1,624.8/US\$18.2
52-week range	213/151
Sensex/Nifty	85,720/26,216
INR/US\$	89.3

### Price Performance

%	1M	6M	12M
Absolute	2.0	-5.2	-5.7
Relative*	0.9	-9.9	-11.7

\* To the BSE Sensex

### Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	13,06,381	13,72,876	14,11,618	15,21,007	16,33,600
Sales Growth (%)	-9.5	5.1	2.8	7.7	7.4
EBITDA	1,33,747	1,43,272	1,32,963	1,56,828	1,67,059
EBITDA Margin (%)	10.2	10.4	9.4	10.3	10.2
Adjusted Net Profit	88,365	95,643	85,460	98,141	1,05,191
Diluted EPS (INR)	13.4	14.5	13.0	14.9	16.0
Diluted EPS Growth (%)	66.7	8.2	-10.6	14.8	7.2
ROIC (%)	12.9	12.8	10.6	11.7	12.0
ROE (%)	14.7	14.2	11.7	12.6	12.6
P/E (x)	13.7	12.6	14.2	12.3	11.5
P/B (x)	1.9	1.7	1.6	1.5	1.4
EV/EBITDA (x)	9.2	8.3	9.0	7.5	6.9
Dividend Yield (%)	3.0	4.1	3.2	3.7	3.9

Source: Company data, JM Financial. Note: Valuations as of 27/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. PNGRB approved interim tariff of INR 65.7/mmbtu for GAIL's integrated NG pipeline (from current INR 58.6/mmbtu)**

Rs./MMBTU			
Particulars	Impact Considered	Tariff	Remarks
<b>Tariff determined by PNGRB vide tariff order TO/ 2022-23/07</b>		<b>58.61</b>	
Actual Capex	NIL	58.61	Shall be trued up/considered in the tariff review exercise to be done in FY 27-28 for revised tariff to be implemented from 01.04.2028.
Future Capex	NIL	58.61	
Actual Opex	NIL	58.61	
Future Opex other than SUG	NIL	58.61	
Transmission Loss	NIL	58.61	
SUG -Actual	1.99	60.60	
SUG-Future (incl. reduction on account of calorific value adjustment of Rs. 1.83)	3.17	63.77	
Capacity Determination / Volume Divisor	1.92	65.69	
<b>Tariff determined by PNGRB w.e.f 01.01.2026</b>		<b>65.69</b>	

Source: PNGRB, JM Financial.

**GAIL's earnings and valuation sensitivity to transmission business parameters:**

If FY27 transmission tariff (vs our base case tariff of INR 66.5/tcm) changes by +/-5% our valuation will change by +/- INR 7.3/share (or +/-3.6%) and FY27 standalone EPS will change by +/- 4.3%.

Similarly, if FY27 volume changes by +/-2mmcmd, our valuation will change by +/- INR 1.7/share (or +/- 0.8%) and FY27 EPS will change by +/- 1.0%.

**Exhibit 2. GAIL's valuation (INR/share) sensitivity to transmission business parameters**

		FY27 Transmission Tariff Change (%)						
		-15%	-10%	-5%	Base Case (INR 66.5/mmbtu)	5%	10%	15%
FY27 Volume (mmcmd)	126	179	186	193	200	207	214	221
	128	180	187	195	202	209	216	223
	130	182	189	196	203	211	218	225
	132	183	190	198	205	212	220	227
	134	184	192	199	207	214	222	229
	136	186	193	201	208	216	223	231
	138	187	195	202	210	218	225	233

Source: Company, JM Financial

**Exhibit 3. GAIL's FY27 standalone EPS (INR/share) sensitivity to transmission business parameters**

		FY27 Transmission Tariff Change (%)						
		-15%	-10%	-5%	Base Case (INR 66.5/mmbtu)	5%	10%	15%
FY27 Volume (mmcmd)	126	12.6	13.2	13.9	14.5	15.1	15.7	16.3
	128	12.7	13.4	14.0	14.6	15.3	15.9	16.5
	130	12.9	13.5	14.1	14.8	15.4	16.1	16.7
	132	13.0	13.6	14.3	14.9	15.6	16.2	16.9
	134	13.1	13.8	14.4	15.1	15.7	16.4	17.0
	136	13.2	13.9	14.6	15.2	15.9	16.6	17.2
	138	13.3	14.0	14.7	15.4	16.1	16.7	17.4

Source: Company, JM Financial

## Assumptions and Estimates

### Exhibit 4. Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
<b>Macro assumptions</b>								
Brent crude price (USD/bbl)	80	95	83	79	70	70	70	
Exchange rate (INR/USD)	75	80	83	85	87	89	91	
<b>Gas transmission segment</b>								
Gas transmission volume (mmscmd)	111	107	120	127	123	132	138	Based on higher domestic gas production and gradual rise in LNG imports
Gas transmission tariff (INR/tcm)	1,431	1,575	2,149	2,174	2,217	2,394	2,394	Based on revised tariff order
Gas transmission cost (INR/tcm)	221	779	744	618	525	562	568	
Gas transmission EBITDA (INR/tcm)	1,210	797	1,405	1,556	1,692	1,833	1,827	
<b>Gas trading segment</b>								
Gas trading volume (mmscmd)	96	95	98	101	106	111	117	Based on increase in LNG imports and domestic gas that would be available for marketing to GAIL
Gas trading EBITDA (INR/tcm)	1,458	991	1,880	2,238	1,500	1,500	1,500	
<b>Petrochemical segment</b>								
Volume (ktpa)	791	400	787	845	962	1,131	1,404	
Global HDPE prices (USD/ton)	1,170	1,054	983	964	915	943	943	Based on crude price assumption and historical linkage of HDPE price to crude price
GAIL realisation (USD/ton)	1,451	1,530	1,190	1,132	1,098	1,131	1,131	
Margin (USD/ton)	294	(158)	65	75	(13)	61	64	
Margin (INR/ton)	21,884	-12,711	5,350	6,350	-1,092	5,424	5,776	
<b>LPG and other liquid hydrocarbon</b>								
Volume (ktpa)	865	791	810	811	811	811	811	Based on guidance of volume growth due to better availability of rich gas
Global LPG prices (USD/ton)	700	711	557	610	512	512	512	Based on crude price assumption and historical linkage of LPG price to crude price
GAIL realisation (USD/ton)	722	778	640	669	563	563	563	
Margin (USD/ton)	463	209	130	187	91	99	97	
Margin (INR/ton)	34,499	16,785	10,759	15,804	7,957	8,805	8,789	
<b>LPG transmission segment</b>								
LPG transmission volume (ktpa)	4,199	4,335	4,396	4,478	4,568	4,659	4,752	As per guidance
LPG transmission tariff (INR/ton)	1,577	1,652	1,649	1,853	1,983	2,022	2,063	Based on historical tariff
LPG transmission cost (INR/ton)	630	649	739	742	749	756	764	
LPG transmission EBITDA (INR/ton)	946	1,002	911	1,111	1,234	1,266	1,299	

Source: JM Financial, Company

### Exhibit 5. Change in estimates

	New	Old	Divergence
<b>TP (INR)</b>	205	215	-4.4%
<b>Rating</b>	BUY	BUY	
<b>Revenue (INR Mn)</b>			
FY26	1,411,618	1,411,618	0.0%
FY27	1,521,007	1,525,267	-0.3%
FY28	1,633,600	1,640,578	-0.4%
<b>EBITDA (INR Mn)</b>			
FY26	132,963	132,963	0.0%
FY27	156,828	161,088	-2.6%
FY28	167,059	174,037	-4.0%
<b>PAT (INR Mn)</b>			
FY26	85,460	85,460	0.0%
FY27	98,141	101,294	-3.1%
FY28	105,191	110,355	-4.7%
<b>EPS (INR)</b>			
FY26	13.0	13.0	0.0%
FY27	14.9	15.4	-3.1%
FY28	16.0	16.8	-4.7%

Source: JM Financial

## Valuation

### Exhibit 6. SOTP-based valuation

	FY27 EBITDA (INR Bn)	EV/EBITDA multiple (x)	EV (INR Bn)	Valuation (INR/share)
<b>Core business segment</b>				
Natural gas transmission	88.0	8.0	704	107
Natural gas trading	61.0	5.0	305	46
LPG transmission	5.9	8.0	47	7
Petrochemical	6.1	6.0	37	6
LPG & OHC	7.1	6.0	43	7
<b>Total core business</b>	<b>168</b>		<b>1136</b>	<b>173</b>
<b>Other investment</b>			<b>314</b>	<b>46</b>
Total enterprise value			1450	218
Less: Net Debt/(cash)			88	13
<b>Equity value</b>			<b>1361</b>	<b>205</b>

Source: JM Financial

### GAIL's EPS and valuation sensitivity to trading business parameters:

If FY27 trading volume growth changes by +/- 10% our valuation will change by +/- INR 4.0/share (or +/- 1.9%) and our FY27 standalone EPS will change by +/- 4.6%.

Similarly, if FY26 trading margin changes by +/- INR 100/tcm, our valuation will change by +/- INR 3.3/share (or +/- 1.6%) and our FY27 EPS will change by +/- 3.0%.

### Exhibit 7. GAIL's valuation (INR/share) sensitivity to trading business parameters

		FY27 Trading volume growth (%)						
		-30%	-20%	-10%	Base Case	10%	20%	30%
FY27 Margin (INR/tcm)	1200	186	189	192	195	198	201	204
	1300	188	192	195	198	202	205	208
	1400	191	194	198	202	205	209	213
	1500	193	197	201	205	209	213	217
	1600	195	200	204	208	213	217	221
	1700	198	202	207	212	216	221	226
	1800	200	205	210	215	220	225	230

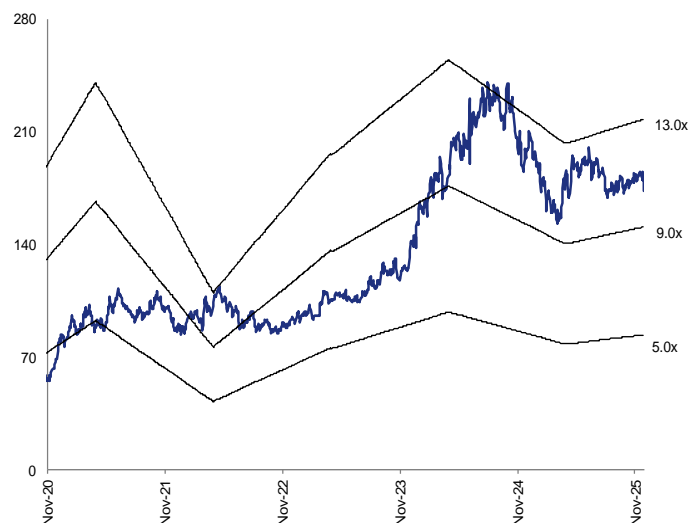
Source: Company, JM Financial

### Exhibit 8. GAIL's FY27 standalone EPS (INR/share) sensitivity to trading business parameters

		FY27 Trading volume growth (%)						
		-30%	-20%	-10%	Base Case	10%	20%	30%
FY27 Margin (INR/tcm)	1200	11.9	12.5	13.0	13.6	14.1	14.7	15.2
	1300	12.2	12.8	13.4	14.0	14.6	15.2	15.8
	1400	12.5	13.2	13.8	14.5	15.1	15.7	16.4
	1500	12.9	13.6	14.2	14.9	15.6	16.3	17.0
	1600	13.2	13.9	14.7	15.4	16.1	16.8	17.6
	1700	13.5	14.3	15.1	15.8	16.6	17.4	18.2
	1800	13.8	14.7	15.5	16.3	17.1	17.9	18.8

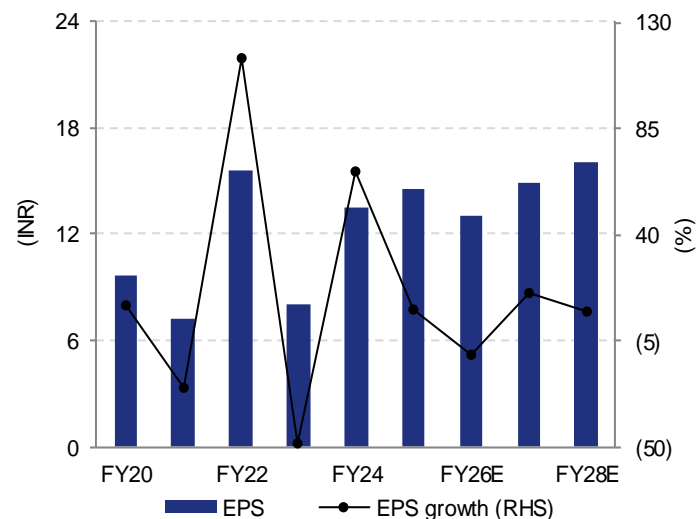
Source: Company, JM Financial

Exhibit 9. 1-year forward PE chart



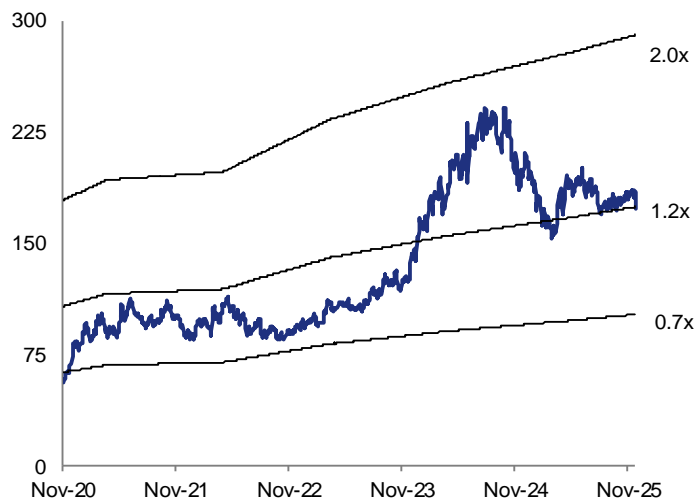
Source: Company, JM Financial

Exhibit 10. EPS vs EPS growth



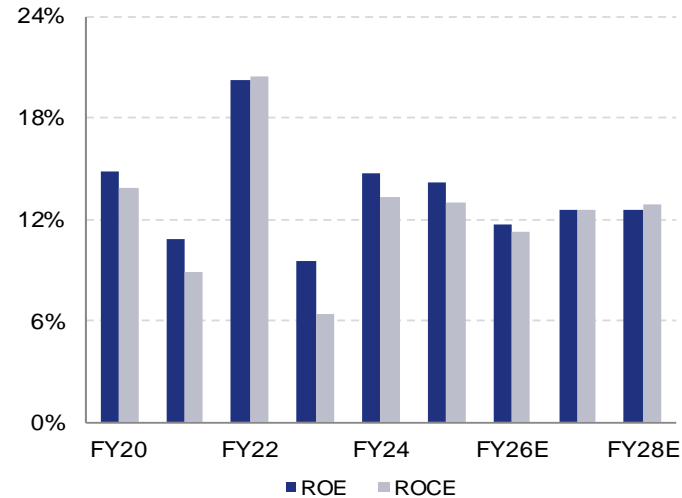
Source: Company, JM Financial

Exhibit 11. 1-year forward PB Chart



Source: Company, JM Financial

Exhibit 12. RoE vs. RoCE



Source: Company, JM Financial

Exhibit 13. Global gas companies' valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)			FY25-FY27 CAGR (%)	
	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	EBITDA CAGR	PAT CAGR
<b>US Peers</b>																	
Sempra Energy	16.7	17.1	16.0	19.8	20.6	18.4	1.8	1.7	1.6	38.8	41.5	42.6	9.7	8.4	9.3	2.0	5.7
Nisource	15.4	13.3	12.1	25.2	23.2	21.5	2.4	2.0	1.9	42.6	47.5	50.0	8.6	9.2	9.5	12.8	11.4
Atmos Energy	16.1	14.3	12.6	23.7	21.9	20.4	2.1	1.9	1.8	49.6	50.6	53.8	9.0	8.9	9.0	13.2	12.9
<b>US peers average</b>	<b>16.0</b>	<b>14.9</b>	<b>13.6</b>	<b>22.9</b>	<b>21.9</b>	<b>20.1</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>43.7</b>	<b>46.5</b>	<b>48.8</b>	<b>9.1</b>	<b>8.9</b>	<b>9.2</b>	<b>9.3</b>	<b>10.0</b>
<b>European Peers</b>																	
Enagas	8.5	9.4	10.2	29.0	13.7	15.9	1.4	1.5	1.5	82.8	75.6	78.2	0.8	12.0	9.8	-8.6	NM
<b>European peers average</b>	<b>8.5</b>	<b>9.4</b>	<b>10.2</b>	<b>29.0</b>	<b>13.7</b>	<b>15.9</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>82.8</b>	<b>75.6</b>	<b>78.2</b>	<b>0.8</b>	<b>12.0</b>	<b>9.8</b>	<b>-8.6</b>	<b>NM</b>
<b>Asian peers</b>																	
ENN Energy	7.4	7.6	7.2	10.9	11.2	10.3	1.6	1.5	1.4	10.7	10.8	11.0	15.1	14.0	14.1	1.7	3.9
Towngas China	9.6	9.6	9.0	8.8	8.5	8.1	0.6	0.6	0.5	15.8	15.4	15.9	6.4	6.9	7.0	3.3	6.9
Hong Kong & China Gas	16.1	15.9	15.1	21.8	22.3	21.3	2.3	2.4	2.4	21.3	22.3	22.6	10.3	10.5	11.1	3.0	1.4
China Resources Gas	6.6	8.3	8.0	9.4	13.3	12.4	1.2	1.2	1.2	13.2	10.8	11.0	12.1	9.1	9.4	-9.0	-13.8
China Gas Holdings	10.6	11.1	10.7	12.2	13.3	12.7	0.8	0.8	0.8	12.2	11.9	12.2	6.9	6.4	6.6	-0.5	-1.3
Beijing Enterprises	8.6	8.2	9.1	7.5	7.7	7.3	0.5	0.5	0.4	14.6	15.1	13.3	6.3	6.2	6.2	-3.0	1.6
Korea Gas	9.0	9.1	9.2	3.9	4.6	4.2	0.4	0.3	0.3	11.2	12.0	12.4	9.5	7.4	7.6	-1.3	-4.1
Petronas Gas BHD	10.0	10.2	9.9	18.5	18.9	18.2	2.5	2.4	2.4	55.0	53.5	54.0	13.6	13.0	13.1	0.7	0.8
<b>IGL</b>	<b>12.3</b>	<b>11.3</b>	<b>9.7</b>	<b>16.8</b>	<b>17.1</b>	<b>15.2</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>13.2</b>	<b>13.0</b>	<b>13.8</b>	<b>16.2</b>	<b>16.0</b>	<b>16.7</b>	<b>12.6</b>	<b>9.5</b>
<b>IGL</b>	<b>7.3</b>	<b>7.0</b>	<b>6.4</b>	<b>11.6</b>	<b>11.9</b>	<b>11.2</b>	<b>2.1</b>	<b>1.8</b>	<b>1.6</b>	<b>22.0</b>	<b>19.5</b>	<b>19.1</b>	<b>18.6</b>	<b>16.2</b>	<b>15.5</b>	<b>6.3</b>	<b>1.9</b>
Gujarat Gas	14.2	14.2	12.6	23.8	23.6	20.8	3.2	3.0	2.7	11.6	11.9	12.1	14.1	12.9	13.6	6.4	6.2
Petronet LNG	5.8	5.9	5.1	10.6	10.9	9.7	2.1	1.9	1.7	10.2	11.0	11.5	20.7	18.2	18.3	7.1	5.1
GAIL	9.1	9.8	8.3	11.5	13.0	11.2	1.6	1.5	1.4	10.9	9.8	10.9	14.9	11.7	12.7	4.8	-0.4
<b>GSPIL</b>	<b>17.3</b>	<b>18.3</b>	<b>16.8</b>	<b>19.7</b>	<b>18.4</b>	<b>17.9</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>	<b>72.8</b>	<b>70.7</b>	<b>71.7</b>	<b>7.7</b>	<b>7.0</b>	<b>7.1</b>	<b>1.5</b>	<b>-1.0</b>
<b>Asian peers average</b>	<b>10.3</b>	<b>10.5</b>	<b>9.8</b>	<b>13.4</b>	<b>13.9</b>	<b>12.9</b>	<b>1.7</b>	<b>1.6</b>	<b>1.5</b>	<b>21.0</b>	<b>20.5</b>	<b>20.8</b>	<b>12.3</b>	<b>11.1</b>	<b>11.4</b>	<b>2.4</b>	<b>1.2</b>
<b>Global peers average</b>	<b>11.1</b>	<b>11.1</b>	<b>10.4</b>	<b>15.8</b>	<b>15.2</b>	<b>14.3</b>	<b>1.7</b>	<b>1.6</b>	<b>1.5</b>	<b>28.2</b>	<b>27.9</b>	<b>28.7</b>	<b>11.1</b>	<b>10.8</b>	<b>10.9</b>	<b>2.9</b>	<b>2.7</b>
<b>Global peers median</b>	<b>9.8</b>	<b>10.0</b>	<b>9.8</b>	<b>14.5</b>	<b>13.5</b>	<b>13.9</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>	<b>15.2</b>	<b>15.3</b>	<b>14.9</b>	<b>10.0</b>	<b>9.9</b>	<b>9.6</b>	<b>2.5</b>	<b>1.9</b>

Source: Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	13,06,381	13,72,876	14,11,618	15,21,007	16,33,600
Sales Growth	-9.5%	5.1%	2.8%	7.7%	7.4%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>13,06,381</b>	<b>13,72,876</b>	<b>14,11,618</b>	<b>15,21,007</b>	<b>16,33,600</b>
Cost of Goods Sold/Op. Exp	10,70,402	11,30,503	11,60,924	11,84,142	12,07,825
Personnel Cost	20,722	20,404	22,445	24,689	27,158
Other Expenses	81,511	78,696	95,287	1,55,349	2,31,558
<b>EBITDA</b>	<b>1,33,747</b>	<b>1,43,272</b>	<b>1,32,963</b>	<b>1,56,828</b>	<b>1,67,059</b>
EBITDA Margin	10.2%	10.4%	9.4%	10.3%	10.2%
EBITDA Growth	99.7%	7.1%	-7.2%	17.9%	6.5%
Depn. & Amort.	33,308	35,998	36,173	43,281	44,292
EBIT	1,00,439	1,07,275	96,790	1,13,546	1,22,767
Other Income	22,079	24,013	25,213	25,213	25,213
Finance Cost	6,972	7,442	6,516	6,137	5,830
PBT before Excep. & Forex	1,15,546	1,23,845	1,15,487	1,32,623	1,42,150
Excep. & Forex Inc./Loss(-)	0	24,400	0	0	0
PBT	1,15,546	1,48,246	1,15,487	1,32,623	1,42,150
Taxes	27,181	35,122	30,027	34,482	36,959
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	88,365	1,13,123	85,460	98,141	1,05,191
<b>Adjusted Net Profit</b>	<b>88,365</b>	<b>95,643</b>	<b>85,460</b>	<b>98,141</b>	<b>1,05,191</b>
Net Margin	6.8%	7.0%	6.1%	6.5%	6.4%
Diluted Share Cap. (mn)	6,575.1	6,575.1	6,575.1	6,575.1	6,575.1
<b>Diluted EPS (INR)</b>	<b>13.4</b>	<b>14.5</b>	<b>13.0</b>	<b>14.9</b>	<b>16.0</b>
Diluted EPS Growth	66.7%	8.2%	-10.6%	14.8%	7.2%
Total Dividend + Tax	36,163	49,313	38,457	44,163	47,336
Dividend Per Share (INR)	5.5	7.5	5.8	6.7	7.2

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,15,546	1,48,246	1,15,487	1,32,623	1,42,150
Depn. & Amort.	33,308	35,998	36,173	43,281	44,292
Net Interest Exp. / Inc. (-)	-11,856	-13,058	10,960	18,068	19,079
Inc (-) / Dec in WCap.	5,548	8,543	-2,974	-11,309	-11,656
Others	3,418	-514	0	0	0
Taxes Paid	-27,482	-23,531	-30,027	-34,482	-36,959
<b>Operating Cash Flow</b>	<b>1,18,482</b>	<b>1,55,683</b>	<b>1,29,619</b>	<b>1,48,181</b>	<b>1,56,906</b>
Capex	-70,513	-69,104	-79,981	-80,452	-70,947
Free Cash Flow	47,969	86,579	49,638	67,729	85,959
Inc (-) / Dec in Investments	-24,576	-5,921	9,404	3,379	2,348
Others	15,065	14,466	25,213	25,213	25,213
<b>Investing Cash Flow</b>	<b>-80,024</b>	<b>-60,559</b>	<b>-45,364</b>	<b>-51,861</b>	<b>-43,386</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	21,043	-28,363	-8,947	-6,341	-6,024
Others	-55,353	-63,755	-69,383	-72,630	-76,380
<b>Financing Cash Flow</b>	<b>-34,310</b>	<b>-92,118</b>	<b>-78,331</b>	<b>-78,972</b>	<b>-82,404</b>
<b>Inc / Dec (-) in Cash</b>	<b>4,148</b>	<b>3,005</b>	<b>5,925</b>	<b>17,349</b>	<b>31,116</b>
Opening Cash Balance	1,738	5,886	8,891	14,816	32,165
Closing Cash Balance	5,886	8,891	14,816	32,165	63,281

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	6,41,794	7,05,637	7,52,640	8,06,618	8,64,473
Share Capital	65,751	65,751	65,751	65,751	65,751
Reserves & Surplus	5,76,043	6,39,886	6,86,889	7,40,867	7,98,722
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,64,131	1,35,768	1,26,820	1,20,479	1,14,455
Def. Tax Liab. / Assets (-)	49,558	50,935	50,935	50,935	50,935
<b>Total - Equity &amp; Liab.</b>	<b>8,55,483</b>	<b>8,92,339</b>	<b>9,30,395</b>	<b>9,78,032</b>	<b>10,29,863</b>
Net Fixed Assets	6,48,185	7,10,086	7,53,894	7,91,065	8,17,720
Gross Fixed Assets	6,59,328	7,20,695	7,91,255	8,61,815	9,22,374
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	1,69,731	1,99,038	2,35,211	2,78,492	3,22,784
Capital WIP	1,58,587	1,88,429	1,97,850	2,07,743	2,18,130
Investments	1,76,286	1,76,986	1,64,747	1,53,366	1,42,781
Current Assets	2,70,814	2,71,944	2,85,292	3,23,601	3,76,290
Inventories	52,911	60,085	61,780	66,568	71,495
Sundry Debtors	1,06,539	1,02,525	1,05,418	1,13,587	1,21,995
Cash & Bank Balances	5,886	8,891	14,816	32,165	63,281
Loans & Advances	54,016	60,134	61,831	66,623	71,554
Other Current Assets	51,463	40,309	41,447	44,658	47,964
Current Liab. & Prov.	2,39,802	2,66,677	2,73,538	2,90,000	3,06,928
Current Liabilities	67,189	80,755	82,370	84,017	85,698
Provisions & Others	1,72,613	1,85,922	1,91,169	2,05,983	2,21,231
Net Current Assets	31,012	5,267	11,754	33,601	69,362
<b>Total - Assets</b>	<b>8,55,483</b>	<b>8,92,339</b>	<b>9,30,395</b>	<b>9,78,032</b>	<b>10,29,863</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.8%	7.0%	6.1%	6.5%	6.4%
Asset Turnover (x)	1.6	1.6	1.5	1.6	1.6
Leverage Factor (x)	1.3	1.3	1.2	1.2	1.2
RoE	14.7%	14.2%	11.7%	12.6%	12.6%

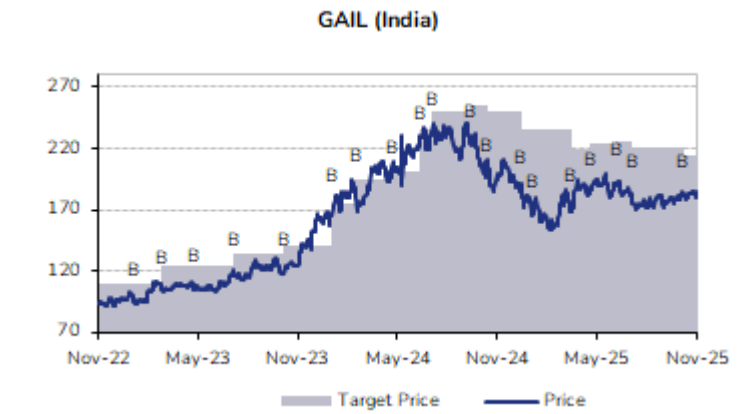
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	97.6	107.3	114.5	122.7	131.5
ROIC	12.9%	12.8%	10.6%	11.7%	12.0%
ROE	14.7%	14.2%	11.7%	12.6%	12.6%
Net Debt/Equity (x)	0.0	-0.1	-0.1	-0.1	-0.1
P/E (x)	13.7	12.6	14.2	12.3	11.5
P/B (x)	1.9	1.7	1.6	1.5	1.4
EV/EBITDA (x)	9.2	8.3	9.0	7.5	6.9
EV/Sales (x)	0.9	0.9	0.8	0.8	0.7
Debtor days	30	27	27	27	27
Inventory days	15	16	16	16	16
Creditor days	21	24	24	22	21

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-Nov-22	Buy	110	
30-Jan-23	Buy	110	-0.1
22-Mar-23	Buy	125	13.4
18-May-23	Buy	125	-0.2
31-Jul-23	Buy	135	7.8
31-Oct-23	Buy	140	4.2
29-Jan-24	Buy	175	25.1
10-Mar-24	Buy	195	11.1
16-May-24	Buy	200	2.9
7-Jul-24	Buy	235	17.0
30-Jul-24	Buy	250	6.6
7-Oct-24	Buy	255	1.8
5-Nov-24	Buy	250	-1.9
7-Jan-25	Buy	235	-5.9
30-Jan-25	Buy	235	-0.1
8-Apr-25	Buy	220	-6.4
15-May-25	Buy	225	2.2
3-Jul-25	Buy	225	0.2
29-Jul-25	Buy	220	-2.2
31-Oct-25	Buy	215	-2.6

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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