

Petronet LNG Ltd

BUY

CMP Rs228

Target Rs330

Upside 45%

Result Highlights- PLNG announces significant Capex program

- ✓ **4QFY21 Profitability:** The PAT stood at Rs 6.2bn (+73.6% YoY; -28% QoQ) and the operating profit (EBITDA) stood at Rs 10.9bn (+56% YoY; -18% QoQ). The profitability was sequentially lower on QoQ, 8% lower throughput and ~50% higher operating expense.
- ✓ **FY21 Profitability:** The FY21 Ebitda at Rs 47bn stood 18% higher YoY, even as LNG throughput stood 3% YoY lower, on higher Re-gas tariff (5% escalation at Dahej terminal) and YoY lower operating expenses, as FY20 was market by one-off forex loss and CSR expenses.
- ✓ **4Q LNG throughput:** The total throughput at 218mmbtu stood 0.5% YoY & 7.2% QoQ lower, below our estimates. The decline primarily stemmed from lower utilization of 91% (3Q: 100%) at Dahej terminal. The domestic LNG import also declined by 8.2% QoQ during the quarter and accordingly PLNG was also impacted. For the quarter the cargo mix included 113tbtu (3Q: 121tbtu) of Long Term (LT) and 7tbtu (3Q: 7tbtu) of short term (ST) cargo while 98tbtu(3Q: 107tbtu) was re-gas (RS) service volume, across Dahej and Kochi terminals
- ✓ **FY21 LNG throughput:** The total throughput for the year stood 3.3% YoY lower at 897tbtu, comprising of LT: 431tbtu (-1.6% YoY), ST: 26tbtu (19% YoY) and RS: 458tbtu (-4% YoY). While ample availability and weaker LNG price helped boost imports in 4QFY20, the revers in 4QFY21 impeded the imports.
- ✓ **Dahej Terminal:** Dahej throughput for the 4Q stood at 204tbtu (3Q: 222tbtu) and 850 tbtu (-4% YoY) for the FY21, implying a utilization of 91% for 4Q and 95% for FY21 (FY20: 103%) respectively.
- ✓ **Kochi Terminal:** Kochi throughput for the quarter stood at 14tbtu (3Q: 13tbtu) and 47tbtu for FY21(FY20: 43tbtu), implying a utilization of 22% for the 4Q and 18% for FY21 (FY20: 17%).
- ✓ **Capex:** PLNG incurred a capex of Rs 5.3bn for FY21, the same is expected to be in excess of Rs 10bn for FY22, as PLNG embarks on a significant (Rs 183bn) capex program spread over next five-six years.
- ✓ **Dividend:** PLNG declared a final dividend of Rs 3.5, thereby leading to a dividend of Rs 11.5/sh for FY21 (FY20: Rs 12.5/sh)

View & Valuation

The 4QFY21 earnings for PLNG stood below our and street estimates, the miss on our estimates stemmed primarily from lower than estimated LNG throughput and higher operating expense. Abnormally higher spot LNG prices during the quarter, due to supply disruptions, impacted LNG imports in India, leading to weaker utilization for PLNG as well.

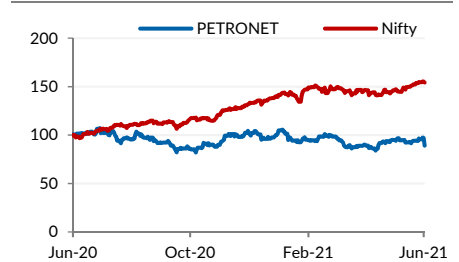
However, we believe that near term disruptions won't impact the long-term prospects for growth in LNG consumption in the country. As per IEA, LNG imports in India are set to rise by 1.5x by 2025.

In that backdrop PLNG has decided to undertake a significant capex program of Rs 183bn, spread over next 5-6 years, including a) Rs 47.5 bn towards capacity expansion, b) Rs 15.4bn towards a green-field terminal at Gopalpur, c) Rs 40bn towards setting up of Compressed Bio Gas plants and d) Rs 80bn towards setting up almost 1000 Auto LNG terminals, along national highways, with the intent to expand market for LNG consumption in the country. We therefore maintain our BUY rating on PLNG with a TP of Rs 330/sh as we find the stock attractively valued, trading at just 9.5x FY23e.

Stock data (as on Jun 09, 2021)

| | |
|------------------------|---------------|
| Sensex: | 15,635 |
| 52 Week h/l (Rs) | 275 / 201 |
| Market cap (Rs/USD mn) | 342450 / 4693 |
| Outstanding Shares | 1,500 |
| 6m Avg t/o (Rs mn): | 1,085 |
| Div yield (%): | 1.5 |
| Bloomberg code: | PLNG IN |
| NSE code: | PETRONET |

Stock performance



| | 1M | 3M | 1Y |
|-----------------|-----|-----|-------|
| Absolute return | -6% | -9% | -6.1% |

Shareholding pattern (As of Dec'20 end)

| | |
|----------|-------|
| Promoter | 50.0% |
| FII+DII | 36.5% |
| Others | 13.5% |

Financial Summary

| (Rs bn) | FY21 | FY22e | FY23e |
|----------------|-------|--------|-------|
| Net Revenue | 354.5 | 260.2 | 389.3 |
| YoY Growth (%) | (7.7) | (26.6) | 49.6 |
| EBIDTA | 39.9 | 47.0 | 48.8 |
| YoY Growth (%) | 21.1 | 17.8 | 3.9 |
| PAT | 27.0 | 29.5 | 32.7 |
| YoY Growth (%) | 28.5 | 6.5 | 11.0 |
| ROE | 21.8 | 26.4 | 26.1 |
| EPS | 18.5 | 19.7 | 21.8 |
| P/E | 12.7 | 11.6 | 10.4 |
| BV | 73.0 | 77.7 | 85.0 |
| P/BV | 3.0 | 2.8 | 2.6 |

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Exhibit 1: Comparison with estimates

| (Rs mn) | Actual | YES Estimate | %Variance | Consensus Estimate | % Variance |
|----------------|--------|--------------|-----------|--------------------|------------|
| Revenue | 75,753 | 75,509 | 0.3 | 88,204 | (14.1) |
| EBITDA | 10,911 | 13,260 | (17.7) | 11,437 | (4.6) |
| PBT | 8,561 | 11,405 | (24.9) | 9,066 | (5.6) |
| Adj net income | 6,234 | 8,531 | (26.9) | 7,262 | (14.2) |
| FDEPS (Rs) | 4.2 | 5.7 | (26.9) | 4.8 | (14.2) |

Exhibit 2: Earnings snapshot

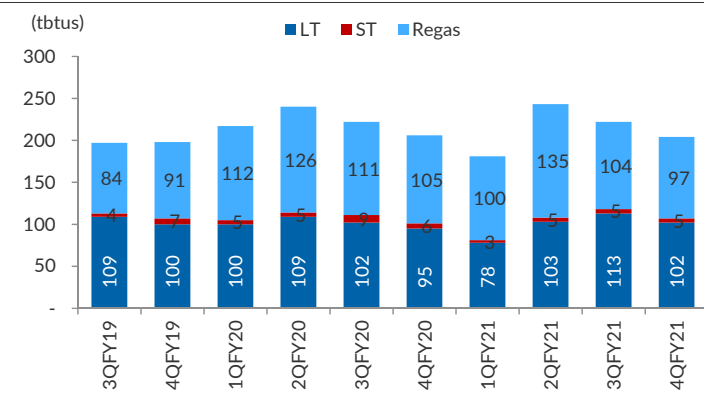
| (Rs mn) | 4QFY21 | 4QFY20 | % Chg YoY | 3QFY21 | % Chg QoQ | FY21 | FY20 | % Chg YoY |
|-------------------------|---------------|--------------|-------------|---------------|---------------|---------------|---------------|-------------|
| Revenue | 75,753 | 85,672 | (11.6) | 73,282 | 3.4 | 260,229 | 354,520 | (26.6) |
| Expenditure | 64,842 | 78,696 | (17.6) | 59,929 | 8.2 | 213,234 | 314,625 | (32.2) |
| Operating profit | 10,911 | 6,975 | 56.4 | 13,353 | (18.3) | 46,995 | 39,895 | 17.8 |
| Other income | 492 | 865 | (43.2) | 997 | (50.7) | 3,768 | 3,726 | 1.1 |
| Interest | 813 | 1,036 | (21.5) | 815 | (0.3) | 3,360 | 4,032 | (16.7) |
| Depreciation | 2,028 | 1,942 | 4.4 | 1,925 | 5.4 | 7,841 | 7,761 | 1.0 |
| Extraordinary item | - | - | n.a. | - | n.a. | - | 721 | n.a. |
| PBT | 8,561 | 4,862 | 76.1 | 11,610 | (26.3) | 39,563 | 31,106 | 27.2 |
| Tax | 2,328 | 1,272 | 82.9 | 2,939 | (20.8) | 10,183 | 4,131 | 146.5 |
| Reported PAT | 6,234 | 3,590 | 73.6 | 8,671 | (28.1) | 29,380 | 26,976 | 8.9 |
| Adjusted PAT | 6,234 | 3,590 | 73.6 | 8,671 | (28.1) | 29,380 | 27,516 | 6.8 |
| EBITDA margin (%) | 14% | 8% | | 18% | | 18% | 11% | 60.5 |
| FDEPS (Rs) | 4.16 | 2.39 | 73.6 | 5.78 | (28.1) | 19.6 | 18.0 | 8.9 |

Exhibit 3: Operating highlights

| | 4QFY21 | 4QFY20 | % Chg YoY | 3QFY21 | % Chg QoQ | FY21 | FY20 | % Chg YoY |
|---|--------|--------|-----------|--------|-----------|-------|-------|-----------|
| Total Volumes (tbtus) | 218.0 | 219.0 | (0.5) | 235.0 | (7.2) | 897.0 | 928.0 | (3.3) |
| Dahej Terminal | | | | | | | | |
| Long Term (tbtus) | 102.0 | 95.0 | 7.4 | 113.0 | (9.7) | 396.0 | 406.0 | (2.5) |
| Short Term/spot (tbtus) | 5.0 | 6.0 | (16.7) | 5.0 | - | 18.0 | 25.0 | (28.0) |
| Re-gas only (tbtus) | 97.0 | 105.0 | (7.6) | 104.0 | (6.7) | 436.0 | 454.0 | (4.0) |
| Utilization -Dahej | 91% | 92% | | 100% | | 95% | 103% | |
| Kochi Terminal | | | | | | | | |
| Long Term (tbtus) | 11.0 | 11.0 | - | 8.0 | 37.5 | 35.0 | 32.0 | 9.4 |
| Short Term/spot (tbtus) | 2.0 | 2.0 | - | 2.0 | - | 8.0 | 7.0 | 14.3 |
| Re-gas only (tbtus) | 1.0 | - | n.a. | 3.0 | (66.7) | 4.0 | 4.0 | - |
| Utilization -Kochi | 22% | 20% | | 20% | | 18% | 17% | |
| Opr. Profit (Rs/mmbtu) | 50.1 | 31.9 | 57.1 | 56.8 | (11.9) | 52.1 | 42.8 | 21.8 |
| Implied Marketing Margins (US\$/mmbtu) | 0.9 | (0.6) | n.a. | 1.4 | n.a. | 1.6 | 0.2 | n.a. |

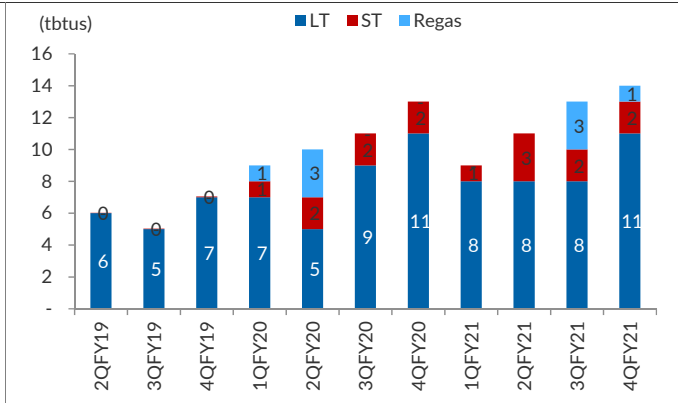
CHARTS

Exhibit 4: Dahej: Volumes drop sequentially to 204tbtu on higher spot LNG prices



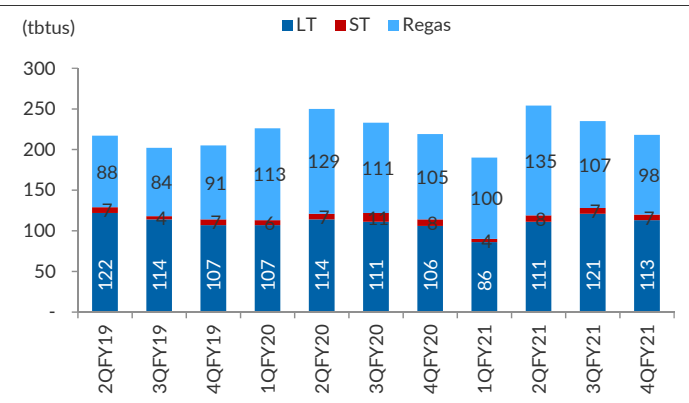
Source: Company, YES Sec - Research

Exhibit 5: Kochi: throughput almost sequentially flat at 14tbtu



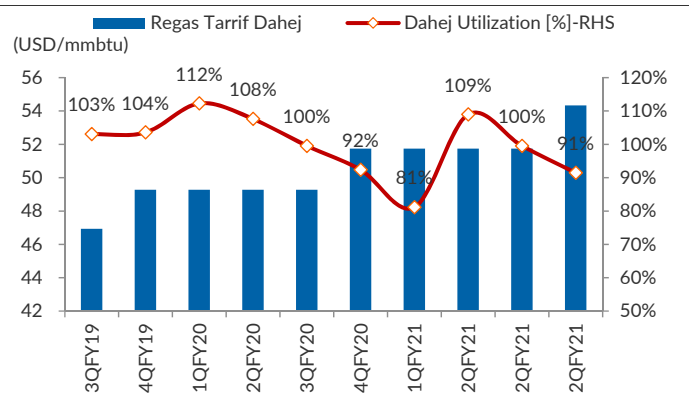
Source: Company, YES Sec - Research

Exhibit 6: Overall throughput for PLNG at YoY & QoQ lower at 218tbtu



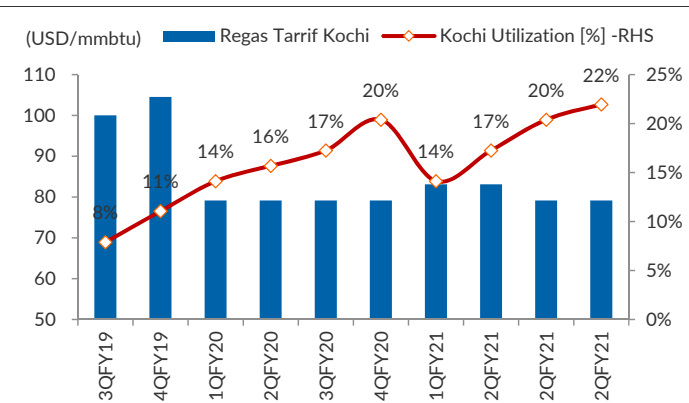
Source: Company, YES Sec - Research

Exhibit 7: Dahej terminal utilization drops QoQ to 94% even as tariff increases to Rs 54.3/mmbtu



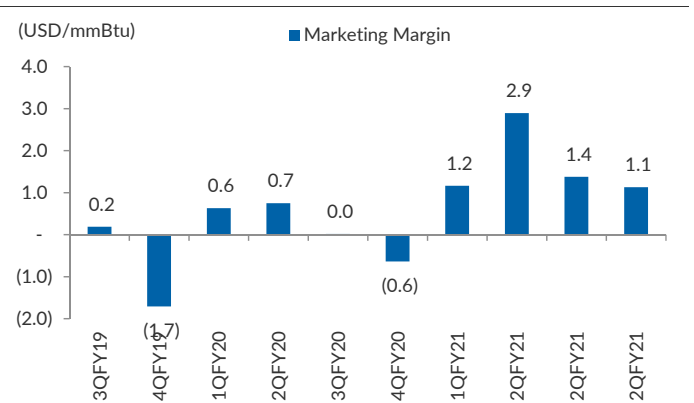
Source: Company, YES Sec - Research

Exhibit 8: Kochi terminal utilization improves marginally to 22%, tariff at Rs 79.1/mmbtu, under negotiation



Source: Company, YES Sec - Research

Exhibit 9: Marketing margins on trading cargo stood at USD 1.1/mmbtu as per estimates



Source: Company, YES Sec - Research

CONFERENCE CALL HIGHLIGHTS

- ✓ The volume throughput for PLNG stood at 218tbtu (3Q: 235tbtu), implying a utilization of 76% (3Q: 82%) for the company.
- ✓ The throughput at Dahej terminal stood at 204tbtu (3Q: 222tbtu), implying a utilization of 91% (3Q: 100%) for the terminal.
- ✓ The throughput at Kochi terminal stood at 14tbtu (3Q: 13tbtu), implying a utilization of 22%; the utilization is set to improve to 30% and above with recent commissioning of Kochi-Mangalore pipeline and expected commissioning of Bangalore section of the pipeline in next one to one and half years.
- ✓ PLNG declared a final dividend of Rs 3.5/sh leading to a full year dividend of Rs 11.5 (FY20: Rs 12.5/sh)
- ✓ The discussion around negotiation of Kochi tariff are still on with offtakers. In the meantime, PLNG has raised the tariff to Rs 83.1/mmbtu from Apr'21 (previously Rs 79.1/mmbtu)
- ✓ The Kochi terminal had just 200bps of sequential improvement in utilization on account of high spot LNG price inhibiting demand
- ✓ Significant capex plans charted out for next five-year period

| S No. | Project | Capex (Rs mn) | Timeline |
|-------|--|----------------|----------|
| 1 | Two additional tanks at Dahej | 12,400 | 2024 |
| 2 | Additional Jetty at Dahej | 17,000 | 2025 |
| 3 | Dahej Terminal De-bottlenecking to 20mmt | 2,200 | 2025 |
| 4 | Further expansion to 22.5mmt | 8,900 | 2025 |
| 5 | 1000 Auto LNG retailing Station | 80,000 | |
| 6 | Compressed Bio-Gas Plant | 40,000 | |
| 7 | East Coast terminal at Gopalpur | 15,400 | |
| 8 | Additional Tank at Kochi terminal | 7,000 | 2025-26 |
| | Total | 182,900 | |

- ✓ PLNG is looking to foray in the Auto-LNG retail business and is willing to undertake the investment on its own, in a departure from earlier strategy of joint development with other stakeholders
- ✓ Bio-Gas from CBD plants will be bought at Rs 46/kg by off-takers as assured by Govt; PLNG has received Lol from GAIL, HPCL and CGD companies;
- ✓ PLNG intends to put up-to four CBP plants in Haryana, key requirement and constraints however is feed stock.

VIEW & VALUATION

Maintain BUY with a TP of Rs 330/sh.

We maintain our BUY rating on PLNG with revised TP of Rs 330 /sh (from Rs 340/sh), as we maintain our expectation of continued volume traction for PLNG but adjust for a revised higher capex trajectory.

PLNG has announced significant capex program to tap into the opportunity for growth in the domestic LNG import and also to develop the market for consumption of Automotive LNG. With the announced capex program, over next five years, the terminal at Dahej would be expanded to 22.5mmt (from 17.5mmt), a new green-field terminal would get commissioned at Gopalpur and also with additional tanks at both Dahej and Kochi, PLNG shall have significant flexibility in operation.

We expect continued volume traction for PLNG, despite incremental domestic production and commissioning of competing LNG terminals as discussed in detail in our previous piece ([Link: Natural Gas Utilities - \(E\)fficient \(S\)afe \(G\)rowing](#)), and therefore estimate a DCF based fair value of Rs 330/sh.

Exhibit 10: Cashflow analysis

| | FY20 | FY21 | FY22e | FY23e | FY24e | FY25e | FY26e | FY27e | FY28e | FY29e | FY30e |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EBIT *(1-T) | 30,480 | 32,191 | 33,933 | 37,711 | 37,374 | 38,153 | 39,933 | 43,664 | 50,792 | 57,325 | 63,261 |
| Depreciation | 7,761 | 7,841 | 7,379 | 7,104 | 7,301 | 8,193 | 8,669 | 8,502 | 8,354 | 8,223 | 8,108 |
| Change in WC | 1,099 | 3,892 | 11,000 | 11,003 | 11,203 | 12,503 | 13,508 | 13,513 | 13,518 | 13,523 | 13,528 |
| Capex | 46,948 | -3,908 | 6,189 | 4,858 | -743 | 779 | 820 | 2,225 | 1,947 | -720 | -670 |
| FCFF | 84,091 | 32,231 | 36,500 | 38,669 | 32,729 | 34,621 | 35,913 | 40,878 | 47,575 | 51,305 | 57,171 |

Exhibit 11: Valuation table

| | Rs mn | USD mn | Rs/sh |
|--------------------------------|----------------|--------------|------------|
| PV of Cash flow (FY23-FY26e) | 194,699 | 2,596 | 130 |
| PV of Terminal Value | 224,004 | 2,987 | 149 |
| Net Debt/(Cash) | (73,466) | (980) | (49) |
| DCF Valuation | 492,169 | 6,562 | 328 |
| INR /USD | 75 | | |
| Shares o/s (m) | 1500 | | |
| Long term Rate of Growth | 3% | | |
| Discounting rate of Cash flows | 13% | | |

Exhibit 12: Key assumptions

| | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21e | FY22e | FY23e | FY24e | FY25e |
|-------------------------------------|--------|------|------|-------|-------|------|-------|-------|-------|-------|-------|
| Dahej LNG Terminal | | | | | | | | | | | |
| Re-gas volumes (mmt) | 10.3 | 11.1 | 14.2 | 16.0 | 16.1 | 17.4 | 16.4 | 16.9 | 17.8 | 17.0 | 17.0 |
| Effective Re-gas charges (Rs/mmbtu) | 39.0 | 40.4 | 43.8 | 44.9 | 47.2 | 49.5 | 52.2 | 52.6 | 53.8 | 55.3 | 56.8 |
| Trading Margins (Rs/mmbtu) | (10.0) | 5.0 | 10.0 | (5.8) | (7.0) | 49.6 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| Kochi LNG Terminal | | | | | | | | | | | |
| Re-gas volumes (mmt) | 0.2 | 0.4 | 0.3 | 0.6 | 0.5 | 0.8 | 1.2 | 1.5 | 1.8 | 2.0 | 2.2 |
| Re-gas charges (Rs/mmbtu) | 68.0 | 65.0 | 70.0 | 70.0 | 75.0 | 79.1 | 79.1 | 79.1 | 75.0 | 70.0 | 65.0 |
| Trading Margins (Rs/mmbtu) | - | - | - | - | 5.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Exchange Rate (Rs/US\$) | 62.5 | 65.5 | 67.1 | 64.4 | 70.3 | 70.9 | 75.0 | 75.0 | 75.0 | 75.0 | 75.0 |

FINANCIALS

Exhibit 13: Balance sheet

| Y/e 31 Mar (Rs mn) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E | FY24E | FY25E |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Equity capital | 7,500 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Reserves | 74,284 | 82,205 | 85,661 | 94,530 | 101,495 | 115,348 | 132,436 | 148,622 | 165,003 |
| Net worth | 81,784 | 97,205 | 100,661 | 109,530 | 116,495 | 130,348 | 147,436 | 163,622 | 180,003 |
| Debt | 28,358 | 20,170 | 11,873 | 644 | 230 | 230 | 230 | 230 | 230 |
| Deferred tax liab (net) | 7,302 | 10,481 | 13,360 | 8,883 | 8,806 | 8,806 | 8,806 | 8,806 | 8,806 |
| Capital Employed | 117,444 | 127,856 | 125,894 | 119,057 | 125,531 | 139,384 | 156,472 | 172,657 | 189,039 |
| Fixed assets | 84,671 | 82,475 | 80,122 | 77,012 | 73,063 | 76,684 | 80,584 | 84,486 | 88,797 |
| Intangible Assets | 45 | 24 | 11 | 34,917 | 30,324 | 30,324 | 30,324 | 30,324 | 30,324 |
| Investments | 31,924 | 42,317 | 9,893 | 3,491 | 15,496 | 17,496 | 19,496 | 21,496 | 23,496 |
| Net working capital | 803 | 3,041 | 35,868 | 3,637 | 6,649 | 14,881 | 26,069 | 36,352 | 46,422 |
| Inventories | 5,405 | 4,911 | 5,694 | 4,809 | 3,372 | 5,332 | 5,873 | 5,804 | 5,922 |
| Sundry debtors | 12,108 | 16,505 | 13,825 | 16,026 | 18,745 | 15,997 | 17,619 | 17,411 | 17,767 |
| Cash & Bank Balance | 3,273 | 8,625 | 29,603 | 44,320 | 43,423 | 57,844 | 73,890 | 83,430 | 94,279 |
| Other current assets | 1,709 | 1,680 | 11,701 | 6,416 | 4,904 | 5,149 | 5,407 | 5,677 | 5,961 |
| Sundry creditors | 21,532 | 28,481 | 24,676 | 67,784 | 62,812 | 68,410 | 75,636 | 74,831 | 76,312 |
| Other liabilities | 160 | 199 | 278 | 149 | 983 | 1,032 | 1,084 | 1,138 | 1,195 |
| Application of Funds | 117,444 | 127,857 | 125,894 | 119,057 | 125,531 | 139,384 | 156,472 | 172,657 | 189,039 |

Exhibit 14: Income statement

| Y/e 31 Mar (Rs mn) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E | FY24E | FY25E |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 245,508 | 305,986 | 383,954 | 354,520 | 260,229 | 389,264 | 428,724 | 423,664 | 432,331 |
| Total Expense | 220,238 | 272,863 | 351,020 | 311,925 | 213,234 | 340,449 | 376,167 | 372,248 | 379,715 |
| Operating Profit | 25,270 | 33,124 | 32,935 | 39,895 | 46,995 | 48,815 | 52,557 | 51,416 | 52,617 |
| Other Income | 3,466 | 3,174 | 4,503 | 3,726 | 3,882 | 3,929 | 4,963 | 5,851 | 6,582 |
| Depreciation | (3,691) | (4,117) | (4,112) | (7,761) | (7,841) | (7,379) | (7,104) | (7,301) | (8,193) |
| EBIT | 25,046 | 32,181 | 33,325 | 35,859 | 43,036 | 45,365 | 50,416 | 49,965 | 51,007 |
| Interest | (2,097) | (1,630) | (989) | (4,032) | (3,360) | (2,780) | (2,505) | (2,257) | (2,034) |
| Extraordinary Item | - | - | - | (720) | - | - | - | - | - |
| PBT | 22,949 | 30,551 | 32,336 | 31,107 | 39,677 | 42,585 | 47,911 | 47,708 | 48,972 |
| Tax | (6,545) | (9,773) | (10,782) | (4,131) | (10,183) | (10,731) | (12,074) | (12,022) | (12,341) |
| PAT | 16,404 | 20,779 | 21,554 | 26,977 | 29,494 | 31,853 | 35,838 | 35,686 | 36,631 |
| Adj. PAT | 16,404 | 20,779 | 21,554 | 27,697 | 29,494 | 31,853 | 35,838 | 35,686 | 36,631 |
| Eps | 10.9 | 13.9 | 14.4 | 18.0 | 19.7 | 21.2 | 23.9 | 23.8 | 24.4 |

Exhibit 16: Cash flow statement

| Y/e 31 Mar (Rs mn) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E | FY24E | FY25E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| PBT | 22,949 | 30,551 | 32,336 | 31,107 | 39,677 | 42,585 | 47,911 | 47,708 | 48,972 |
| Depreciation & amortization | 3,691 | 4,117 | 4,112 | 7,761 | 7,841 | 7,379 | 7,104 | 7,301 | 8,193 |
| Interest expense | 2,097 | 1,630 | 989 | 4,032 | 3,360 | 2,780 | 2,505 | 2,257 | 2,034 |
| (Inc)/Dec in working capital | 1,763 | 3,114 | (11,850) | 46,948 | (3,908) | 6,189 | 4,858 | (743) | 779 |
| Tax paid | (5,129) | (6,593) | (7,895) | (8,600) | (10,250) | (10,731) | (12,074) | (12,022) | (12,341) |
| Less: Interest/Dividend Income Received | (3,466) | (3,174) | (4,503) | (3,726) | (3,882) | (3,929) | (4,963) | (5,851) | (6,582) |
| Other operating Cash Flow | | | | | | | | | |
| Cash flow from operating activities | 21,905 | 29,645 | 13,190 | 77,523 | 32,837 | 44,272 | 45,341 | 38,650 | 41,055 |
| Capital expenditure | (4,820) | (1,921) | (1,760) | (4,650) | (3,892) | (11,000) | (11,003) | (11,203) | (12,503) |
| Inc/(Dec) in investments | (27,793) | (10,371) | 32,438 | (28,505) | (7,412) | (2,000) | (2,000) | (2,000) | (2,000) |
| Add: Interest/Dividend Income Received | 3,466 | 3,174 | 4,503 | 3,726 | 3,882 | 3,929 | 4,963 | 5,851 | 6,582 |
| Cash flow from investing activities | (29,147) | (9,118) | 35,181 | (29,429) | (7,422) | (9,071) | (8,040) | (7,353) | (7,921) |
| Inc/(Dec) in share capital | 0 | (0) | - | (0) | (0) | - | - | - | - |
| Inc/(Dec) in debt | (7,971) | (8,188) | (8,298) | (11,229) | (414) | - | - | - | - |
| Dividend Paid | (4,358) | (7,844) | (17,430) | (18,750) | (17,250) | (18,000) | (18,750) | (19,500) | (20,250) |
| Others | 1,016 | 856 | (1,666) | (3,398) | (8,647) | (2,780) | (2,505) | (2,257) | (2,034) |
| Cash flow from financing activities | (11,313) | (15,175) | (27,393) | (33,377) | (26,312) | (20,780) | (21,255) | (21,757) | (22,284) |
| Net cash flow | (18,556) | 5,352 | 20,978 | 14,717 | (897) | 14,421 | 16,046 | 9,540 | 10,850 |
| Ending Cash Balance | 3,273 | 8,625 | 29,603 | 44,320 | 43,423 | 57,844 | 73,890 | 83,430 | 94,279 |

Exhibit 17: Du-pont analysis

| Y/e 31 Mar (Rs mn) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E | FY24E | FY25E |
|------------------------|------|------|------|------|------|-------|-------|-------|-------|
| Tax burden (x) | 0.7 | 0.7 | 0.7 | 0.9 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Interest burden (x) | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 |
| EBIT margin (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Asset turnover (x) | 1.9 | 2.1 | 2.5 | 2.3 | 1.7 | 2.3 | 2.2 | 2.0 | 1.9 |
| Financial leverage (x) | 1.8 | 1.7 | 1.6 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.3 |
| RoE (%) | 22.1 | 23.2 | 21.8 | 25.7 | 26.1 | 25.8 | 25.8 | 22.9 | 21.3 |

Exhibit 18: Ratio analysis

| Y/e 31 Mar | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E | FY24E | FY25E |
|---------------------------------|-------|------|-------|-------|--------|-------|-------|-------|-------|
| Growth matrix (%) | | | | | | | | | |
| Revenue growth | (9.3) | 24.3 | 25.5 | (7.7) | (26.6) | 49.6 | 10.1 | (1.2) | 2.0 |
| Op profit growth | 63.0 | 27.8 | (0.6) | 21.1 | 17.8 | 3.9 | 7.7 | (2.2) | 2.3 |
| EBIT growth | 75.2 | 30.5 | (0.6) | 11.5 | 21.8 | 5.8 | 9.7 | (2.9) | 0.7 |
| Net profit growth | 86.6 | 21.8 | 3.7 | 28.5 | 6.5 | 8.0 | 12.5 | (0.4) | 2.7 |
| Profitability ratios (%) | | | | | | | | | |
| OPM | 10.3 | 10.8 | 8.6 | 11.3 | 18.1 | 12.5 | 12.3 | 12.1 | 12.2 |
| EBIT margin | 10.2 | 10.5 | 8.7 | 10.1 | 16.5 | 11.7 | 11.8 | 11.8 | 11.8 |
| Net profit margin | 6.7 | 6.8 | 5.6 | 7.6 | 11.3 | 8.2 | 8.4 | 8.4 | 8.5 |
| RoCE | 25.9 | 29.4 | 29.0 | 30.6 | 35.2 | 34.2 | 34.1 | 30.4 | 28.2 |
| RoE | 23.0 | 23.2 | 21.8 | 26.4 | 26.1 | 25.8 | 25.8 | 22.9 | 21.3 |
| RoA | 12.9 | 14.1 | 14.0 | 18.3 | 19.0 | 18.9 | 18.8 | 16.9 | 16.1 |
| Per share ratios | | | | | | | | | |
| EPS | 10.9 | 13.9 | 14.4 | 18.0 | 19.7 | 21.2 | 23.9 | 23.8 | 24.4 |
| Dividend per share | 2.9 | 5.2 | 11.6 | 12.5 | 11.5 | 12.0 | 12.5 | 13.0 | 13.5 |
| Cash EPS | 13.8 | 16.6 | 17.1 | 23.6 | 24.9 | 26.2 | 28.6 | 28.7 | 29.9 |
| Book value per share | 54.5 | 64.8 | 67.1 | 73.0 | 77.7 | 86.9 | 98.3 | 109.1 | 120.0 |
| Valuation ratios | | | | | | | | | |
| P/E | 20.8 | 16.5 | 15.9 | 12.7 | 11.6 | 10.7 | 9.5 | 9.6 | 9.3 |
| P/CEPS | 16.5 | 13.3 | 12.9 | 9.3 | 8.8 | 8.4 | 7.7 | 7.7 | 7.4 |
| P/B | 4.2 | 3.4 | 3.3 | 3.0 | 2.8 | 2.5 | 2.2 | 2.0 | 1.8 |
| EV/EBIDTA | 14.5 | 10.7 | 9.8 | 7.5 | 6.4 | 5.8 | 5.1 | 5.0 | 4.7 |
| Payout (%) | | | | | | | | | |
| Dividend payout | 27% | 38% | 81% | 70% | 58% | 57% | 52% | 55% | 55% |
| Tax payout | 29% | 32% | 33% | 13% | 26% | 25% | 25% | 25% | 25% |
| Liquidity ratios | | | | | | | | | |
| Debtor days | 18.9 | 20.7 | 13.8 | 17.7 | 29.9 | 15.0 | 15.0 | 15.0 | 15.0 |
| Inventory days | 8.4 | 6.2 | 5.7 | 5.3 | 5.4 | 5.0 | 5.0 | 5.0 | 5.0 |
| Creditor days | 16.1 | 21.5 | 21.0 | 22.7 | 18.3 | 18.3 | 18.3 | 18.3 | 18.3 |

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