

# Mahanagar Gas Ltd

ADD

CMP Rs 1,139

Target Rs 1,280

Upside 12%.

## Result Highlights

- ✓ **4QFY21 Profitability:** Reported EBITDA and PAT stood at Rs 3.16bn (+30% YoY; -0.2% QoQ) and Rs 2.13bn (+28% YoY; -2% QoQ). The YoY growth stemmed from weaker base quarter, as strict lockdown in Mar'20 had severely impacted gas sales. The sequential impact on profitability on the other hand, stemmed from 10% QoQ higher other operating expenses.
- ✓ **FY21 profitability:** The EBITDA and PAT stood at Rs 9.3bn (-11.3% YoY) and Rs 6.2bn (-22% YoY). The YoY lower profitability stemmed primarily from 25% YoY lower gas sales as 1HFY21 suffered on account of Covid-19 related lockdowns.
- ✓ **Gross Margin:** The gross margin for the 4Q stood sequentially flat at Rs 17.7/scm, as MAHGL seemingly passed on the higher LNG prices during the quarter to the consumers, through the price revision undertaken in Feb'21.
- ✓ **EBITDA per unit:** The EBITDA per unit at Rs 12.15/scm stood sequentially 2.2% weaker on higher operating expense. The per unit EBITDA for FY21 stood 18% YoY higher at Rs 11.6/scm
- ✓ **Gas Sales:** The total gas sales during the quarter stood at 2.89mmscmd (CNG: 2.02mmscmd; PNG 0.87), which is about 4% higher YoY and QoQ. The annual gas sales at 2.21mmscmd (CNG: 1.42mmscmd & PNG: 0.8mmscmd) stood 25% lower YoY primarily on weaker CNG sales (-34% YoY).
- ✓ **Infrastructure development:** Over the 4QFY21, MAHGL added 6 new CNG station, 166km of pipeline, 54688 domestic consumers and 99 industrial & commercial consumers, taking the aggregate number to 271 CNG stations, 5916km of pipeline, 1.6mn PNG consumers and 4192 industrial & commercial consumers.

## View & Valuation

The 4QFY21 earnings stood below our and street estimates. The miss on our estimates stemmed primarily from a) lower than estimated gas sales and b) higher than estimated cost of imported LNG.

The second wave of Covid-19, has to an extent (if not completely) derailed the recovery in gas sales. The gas sales over Apr-May'21 is believed to be lower by ~25-30% (compared to FY20), which though better than a 62.5% decline over Apr-Jun'20, but is still directionally weaker, thereby slowing the momentum seen in 2HFY21 and delaying an expected recovery in sales over FY22.

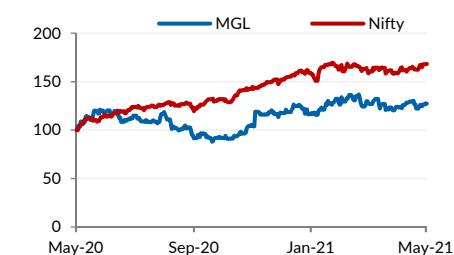
We therefore adjust our FY22 estimates for a rather back-ended recovery in gas sales and estimate an earnings CAGR of 8.7% [FY21-30e] thereby valuing MAHGL at Rs 1280/sh, on DCF basis. Besides weaker gas sales, a) on-going negotiation with OMCs over trade margins and b) an adverse judgement in tariff dispute w.r.t. Uran -Trombay pipeline, potentially carry a downward risk to MAHGL's earnings.

In addition, given MAHGL has at present license for just three geographical areas (GAs) viz, among which the GA of greater Mumbai is largely penetrated from infrastructure perspective, the incremental growth Capex has limited avenue of investment. As result leaving MAHGL with residual cash-flow to be returned either as dividend to investors or remaining invested with the company but in lower return, risk averse securities. We therefore downgrade our recommendation on MAHGL to ADD (from BUY).

## Stock data (as on May 26, 2021)

Nifty	15,208
52 Week h/l (Rs)	1257 / 780
Market cap (Rs/USD mn)	112473 / 1545
Outstanding Shares	99
6m Avg t/o (Rs mn):	898
Div yield (%):	2.0
Bloomberg code:	MAHGL IN
NSE code:	MGL

## Stock performance



	1M	3M	1Y
Absolute return	2.7%	-4.9%	31.9%

## Shareholding pattern (As of Dec'20 end)

Promoter	32.5%
FII+DII	45.7%
Others	11.8%

## Δ in stance

(1-Yr)	New	Old
Rating	ADD	BUY
Target Price	1280	1310

## Financial Summary

(Rs bn)	FY21	FY22E	FY23E
Net Revenue	21.5	28.8	30.8
YoY Growth (%)	(27.6)	33.6	7.1
EBIDTA	9.34	11.17	12.00
YoY Growth (%)	(11.3)	19.6	7.4
PAT	6.20	7.99	8.61
YoY Growth (%)	(21.9)	29.0	7.8
ROE (%)	20.0	23.3	22.3
EPS	62.7	80.9	87.2
P/E	18.1	14.1	13.1
BV	327.2	368.3	411.8
P/BV	3.5	3.1	2.8

### NITIN TIWARI

Lead Analyst

nitin.tiwari@ysil.in



### SAURABH DOSHI, Associate

Saurabh.doshi@ysil.in

### AMAR AMBANI, Sr. President, Head of Research

amar.ambani@ysil.in

## Exhibit 1: Comparison with estimates

(Rs mn)	Actual	YES Estimate	% Variance	Consensus Estimate	% Variance
Revenue	7,176.6	7,532.0	(4.7)	7,630.0	(5.9)
EBITDA	3,161.6	3,645.5	(13.3)	3,312.0	(4.5)
PBT	2,865.7	3,440.5	(16.7)	3,167.1	(9.5)
Adj net income	2,127.7	2,580.4	(17.5)	2,350.0	(9.5)
FDEPS (Rs)	21.5	26.1	(17.5)	23.7	(9.5)

## Exhibit 2: Earnings snapshot

(Rs mn)	4QFY21	4QFY20	% Chg YoY	3QFY21	% Chg QoQ	FY21	FY20	% Chg YoY
Revenue	7,177	6,866	4.5	6,664	7.7	21,525	29,721	(27.6)
Expenditure	4,015	4,427	(9.3)	3,497	14.8	12,186	19,192	(36.5)
<b>Operating profit</b>	<b>3,162</b>	<b>2,438</b>	<b>29.7</b>	<b>3,167</b>	<b>(0.2)</b>	<b>9,340</b>	<b>10,529</b>	<b>(11.3)</b>
Other income	172	270	(36.3)	204	(15.8)	805	989	(18.6)
Interest	19	21	(7.7)	17	11.6	72	65	10.4
Depreciation	448	440	1.9	441	1.6	1,737	1,617	7.4
Exceptional Item	-	0	n.a.	-	n.a.	0	0	n.a.
<b>PBT</b>	<b>2,866</b>	<b>2,247</b>	<b>27.5</b>	<b>2,913</b>	<b>(1.6)</b>	<b>8,336</b>	<b>9,835</b>	<b>(15.2)</b>
Tax	738	581	27.0	741	(0.4)	2,140	1,900	12.6
<b>Reported PAT</b>	<b>2,128</b>	<b>1,666</b>	<b>27.7</b>	<b>2,172</b>	<b>(2.0)</b>	<b>6,196</b>	<b>7,935</b>	<b>(21.9)</b>
Adj. PAT	<b>2,128</b>	<b>1,666</b>	<b>27.7</b>	<b>2,172</b>	<b>(2.0)</b>	<b>6,196</b>	<b>7,935</b>	<b>(21.9)</b>
EBITDA margin (%)	44	36		48		43	35	
FDEPS (Rs)	21.5	16.9	27.7	22.0	(2.0)	62.7	80.3	(21.9)

## Exhibit 3: Operational highlights

	4QFY21	4QFY20	% Chg YoY	3QFY21	% Chg QoQ	FY21	FY20	% Chg YoY
<b>Volume (mmscm)</b>								
CNG	2.02	1.98	2.2	1.88	7.5	1.42	2.14	(34.0)
PNG	0.87	0.80	7.9	0.89	(2.2)	0.80	0.81	(1.5)
<b>Total</b>	<b>2.89</b>	<b>2.78</b>	<b>3.8</b>	<b>2.77</b>	<b>4.4</b>	<b>2.21</b>	<b>2.95</b>	<b>(25.1)</b>
<b>Per units metrics (Rs/scm)</b>								
Avg. Realization (INR/scm)	27.28	26.84	1.6	25.91	5	26.29	27.27	(3.6)
Gross Spread (INR/scm)	17.70	15.31	15.6	17.73	(0.2)	17.41	14.74	18.1
EBITDA/scm	12.15	9.62	26.2	12.43	(2.2)	11.57	9.75	18.7
Operating Costs (INR/scm)	5.55	5.69	(2.4)	5.31	4.6	6.18	5.01	23.4
Material Cost (INR/scm)	9.88	11.78	(16.2)	8.41	17.4	9.26	12.77	(27.5)

## EARNINGS-CALL HIGHLIGHTS

### Greater Mumbai-GA-1 &2

- ✓ During the 4QFY21, 54688 domestic consumers added to the network, taking the total domestic consumers to 1.6mn households
- ✓ Laid around 165.69km of steel and mdpe pipeline thereby taking aggregate length to 5916 km
- ✓ MAHGL opened 6 new CNG stations during the quarter taking the total to 271 stations
- ✓ Added 99 new industrial and commercial consumers, taking the total to 4192 industrial and commercial consumers

### Raigarh -GA3

- ✓ At present connected to 40288 households at aggregate level
- ✓ There are 19 CNG stations operation in the GA-3
- ✓ CNG sales crossed 52000 kg per day in Mar 2021, despite movement restriction; sales expected to go up as traffic rises post lockdown and more CNG stations get added
- ✓ Laid 68.53km of pipeline during the quarter, taking total pipeline length to 260.87 km

### Other updates

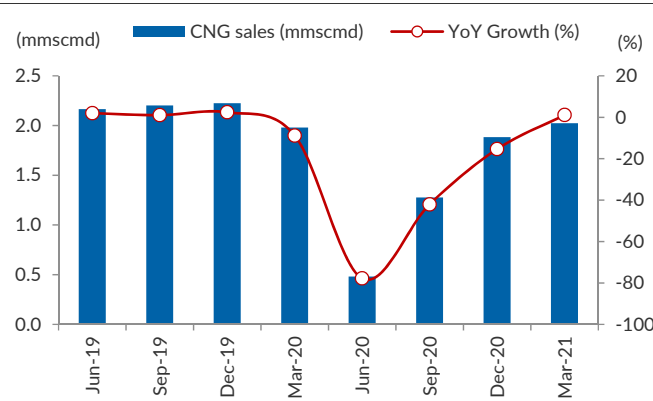
- ✓ Over the course of FY21, 15 CNG stations, 285km of pipeline, 0.12mn PNG domestic consumers and 171 industrial & commercial consumers were added
- ✓ Total capex over FY21 stood at Rs 3.4bn; estimated capex for FY22 at Rs 5bn, however deployment subject to regulatory and civic body approvals.
- ✓ Installed a District Regulating Station (DRS), in Ulwe area, and established steel pipelines from Belapur in GA-2 to Ulwe area, through HDD drilling .
- ✓ The downstream segment would be charged after completion of DRS, which will cater to potentially, 19000 domestic customers in Ulwe area
- ✓ Further a DRS is installed in Indiabulls Project, where 33000 customers are potentially targeted, immediately after establishing connectivity (through Roha -Panvel railway crossing by Jan'22)
- ✓ Work underway to establish connectivity between Panvel and Khalapur (18km length)
- ✓ In FY22 MAHGL has plans to lay 25 km of steel and 14 km of MDPE pipeline in Raigarh, to complete its balance MWP in the area
- ✓ At Sabroli work on first city gas station is in progress and there are plans to commission first LNG dispensing station
- ✓ Final dividend of Rs 14/sh announced in addition to interim dividend of Rs: 9/sh); total dividend of Rs 23/sh in FY21
- ✓ Pandemic second wave has potentially impacted CNG volumes to the extent of ~25-30%
- ✓ The other income was sequentially lower on account of shift in investment policy to fixed income assets and arbitrage funds from equity mutual funds
- ✓ Discussion on trade margins still going on with OMCs, along with involvement of MOPNG and other CGD companies. Should the OMCs margins increase, MAHGL looks forward to pass on the same to consumer as much as feasible.

# Mahanagar Gas Ltd

- ✓ Aptel's judgement on Uran -Trombay tariff dispute is reserved. MAHGL believes that it has a strong legal ground.
- ✓ MAHGL planning to introduce mobile dispensing units for CNG (subject to approval), to circumvent space constraints in GA-1 and GA-2
- ✓ Vehicle conversion to CNG: Private Cars & Aggregator cabs conversion in 4QFY21 stood at 11300, (as compared to 3QFY21: 12100); Auto-rickshaw conversion stood at 2400 in 4QFY21(vs 3Q: 3000)
- ✓ Discussion underway with MSRTC to convert long distance busses to CNG. In this segment company has introduced a new light weight composite cylinder, with capacity to carry enough CNG for a distance of 700 km.

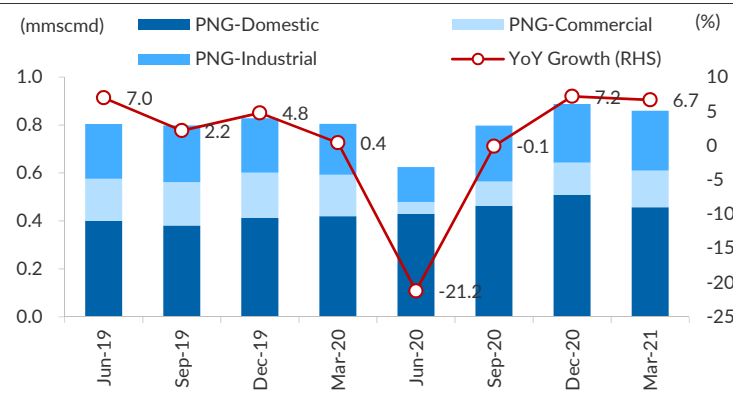
## CHARTS

**Exhibit 4: CNG sales at 2.02mmscmd, stood higher by 2.2% YoY and 7.5% QoQ**



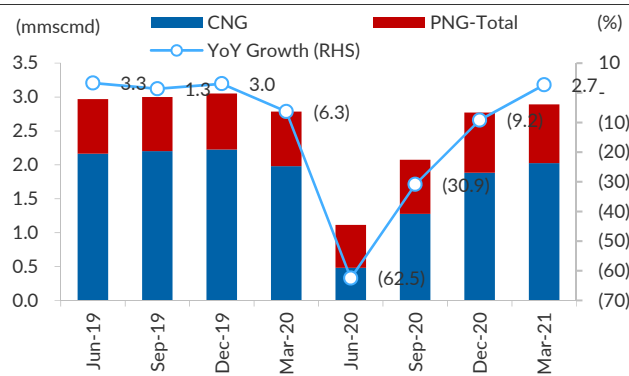
Source: Company, YES Sec - Research

**Exhibit 5: PNG sales at 0.87mmscmd stood 8% YoY higher by declined by 2.2% on sequential basis, primarily on QoQ weaker PNG-domestic consumption**



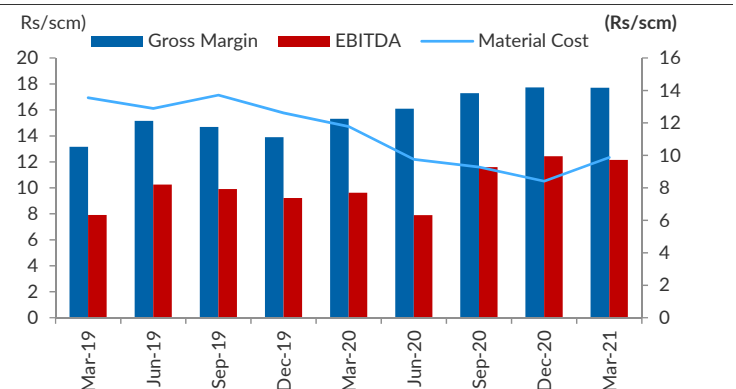
Source: Company, YES Sec - Research

**Exhibit 6: Total gas sales higher by 3.8% YoY and 4.4% QoQ, driven by recovery in CNG sales**



Source: Company, YES Sec - Research

**Exhibit 7: EBITDA per unit stood higher by 26% YoY at Rs 12.15/scm, but a tad weaker on QoQ basis on 10% higher operating expense**



Source: Company, YES Sec - Research

## VIEW & VALUATIONS

### ADD with a Target Price of Rs 1280/sh

We value MAHGL at Rs 1280/sh, on DCF basis, implying a target multiple of 14.7x FY23e, vs 13x stock is currently trading. Our DCF value is based on an earnings CAGR of 8.7% [FY21-30e], with cashflow discounted at a WACC of 10.3%.

The risk to our estimate exists if a) company undertakes unexpected organic/inorganic growth opportunities leading to higher growth rates or b) erosion of existing growth opportunity/ pricing power and consequently slower than expected growth in cash flows.

### Exhibit 8: Cashflow analysis

	FY20	FY21	FY22e	FY23e	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
<b>DCF Valuation</b>											
EBIT*(1-T)	7,988	6,289	8,042	8,663	9,307	9,869	10,897	11,466	12,045	12,658	13,363
Depreciation	1,617	1,737	1,328	1,424	1,520	1,616	1,712	1,808	1,905	2,001	2,097
Capex	(4,215)	(3,632)	(3,080)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Change in W/C	611	169	(339)	(132)	(131)	(132)	(164)	(133)	(131)	(132)	(132)
FCFF	7,988	6,289	8,042	8,663	9,307	9,869	10,897	11,466	12,045	12,658	13,363

### Exhibit 9: Valuation table

	Rs mn	USD mn	Rs /sh
Sum of FCFF projection	43,594	581	440
Terminal Value	72,820	971	736
EV	116,414	1,552	1,176
Net Debt	(10,545)	(141)	(107)
<b>Equity Value</b>	<b>126,960</b>	<b>1,693</b>	<b>1,282</b>
Shr Outstanding	99		
Rs/USD	75		
WACC (25% Debt)	10.3%		

### Exhibit 10: Key Assumptions

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
<b>CNG</b>											
Sales (mmscmd)	1.8	1.8	1.9	2.0	2.2	2.1	1.4	2.1	2.2	2.4	2.5
CNG Growth (%)	7.0%	2.0%	5.0%	4.5%	9.2%	-0.8%	-34.1%	44.9%	8.0%	7.0%	6.0%
Blended CNG price (Rs/kg)	37.2	39.4	37.1	38.1	45.0	49.5	47.5	48.3	48.2	48.1	48.1
<b>PNG</b>											
Sales (mmscmd)	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.9	0.9	1.0	1.0
PNG Growth (%)	3.0%	1.0%	6.0%	7.1%	9.2%	3.6%	-2.4%	9.3%	5.7%	7.4%	5.0%
Blended PNG Price (Rs/scm)	32.0	26.0	23.9	25.8	30.9	30.2	28.9	26.6	26.6	26.7	26.6
<b>Total gas consumption (mmscmd)</b>	<b>2.4</b>	<b>2.4</b>	<b>2.57</b>	<b>2.70</b>	<b>2.95</b>	<b>3.0</b>	<b>2.21</b>	<b>2.9</b>	<b>3.1</b>	<b>3.4</b>	<b>3.5</b>
EBITDA/scm	5.6	5.7	6.9	7.91	8.22	9.74	11.59	10.5	10.5	10.5	10.5
Rs/USD	61.6	65.5	67	65	70.3	70.8	75	75	75	75	75

## FINANCIALS

### Exhibit 11: Balance sheet

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
Equity capital	988	988	988	988	988	988	988	988	988
Reserves	17,413	19,966	23,001	28,539	31,336	35,390	39,695	44,322	49,230
<b>Net worth</b>	<b>18,400</b>	<b>20,954</b>	<b>23,989</b>	<b>29,527</b>	<b>32,324</b>	<b>36,377</b>	<b>40,682</b>	<b>45,310</b>	<b>50,218</b>
Debt	3,905	4,452	5,197	6,313	6,936	6,017	6,498	6,979	7,460
Deferred tax liab (net)	1,376	1,748	2,048	1,607	1,773	1,923	2,073	2,223	2,373
<b>Total Capital employed</b>	<b>23,682</b>	<b>27,154</b>	<b>31,234</b>	<b>37,447</b>	<b>41,033</b>	<b>44,317</b>	<b>49,253</b>	<b>54,511</b>	<b>60,050</b>
Fixed assets	17,118	18,847	21,284	24,127	26,012	27,775	30,351	32,830	35,214
Goodwill	44	39	47	46	57	46	46	46	46
Investments	4,667	6,877	6,540	11,215	10,250	10,550	10,850	11,150	11,450
Net working capital	1,852	1,391	3,363	2,059	4,714	5,947	8,007	10,485	13,340
Inventories	238	240	191	186	222	298	318	341	360
Sundry debtors	949	916	996	685	1,275	1,182	1,266	1,356	1,431
Cash & Bank Balance	1,481	919	2,988	2,295	5,119	6,013	7,941	10,288	13,011
Other current assets	1,745	2,266	2,364	2,732	3,077	3,277	3,477	3,677	3,877
Current Liabilities	2,273	2,750	2,964	3,574	4,629	4,413	4,526	4,647	4,750
Provisions	288	199	212	263	350	410	470	530	590
<b>Application of Funds</b>	<b>23,682</b>	<b>27,154</b>	<b>31,234</b>	<b>37,447</b>	<b>41,033</b>	<b>44,317</b>	<b>49,253</b>	<b>54,511</b>	<b>60,050</b>

### Exhibit 12: Income statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
Revenue	20,340	22,330	27,911	29,721	21,525	28,762	30,807	32,985	34,833
Total Expense	13,898	14,529	19,056	19,193	12,186	17,588	18,807	20,127	21,228
<b>Operating Profit</b>	<b>6,442</b>	<b>7,801</b>	<b>8,855</b>	<b>10,529</b>	<b>9,340</b>	<b>11,174</b>	<b>12,000</b>	<b>12,858</b>	<b>13,604</b>
Other Income	527	577	777	990	805	905	1,005	1,105	1,205
Depreciation	(951)	(1,112)	(1,259)	(1,617)	(1,737)	(1,328)	(1,424)	(1,520)	(1,616)
EBIT	6,017	7,266	8,372	9,901	8,408	10,751	11,581	12,443	13,193
Interest	(10)	(1)	(3)	(65)	(72)	(70)	(70)	(70)	(70)
Extraordinary Item	-	-	-	-	-	-	-	-	-
PBT	6,007	7,265	8,369	9,835	8,336	10,681	11,511	12,373	13,123
Tax	(2,072)	(2,486)	(2,905)	(1,900)	(2,140)	(2,692)	(2,901)	(3,118)	(3,307)
PAT	3,934	4,779	5,464	7,935	6,196	7,989	8,610	9,255	9,816
<b>Adj. PAT</b>	<b>3,934</b>	<b>4,779</b>	<b>5,464</b>	<b>7,935</b>	<b>6,196</b>	<b>7,989</b>	<b>8,610</b>	<b>9,255</b>	<b>9,816</b>
Eps	39.8	48.4	55.3	80.3	62.7	80.9	87.2	93.7	99.4

## Exhibit 13: Cash flow statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
PBT	6,007	7,265	8,369	9,835	8,336	10,681	11,511	12,373	13,123
Depreciation & amortisation	951	1,112	1,259	1,617	1,737	1,328	1,424	1,520	1,616
Interest expense	10	1	3	65	72	70	70	70	70
(Inc)/Dec in working capital	82	(101)	98	611	169	(339)	(132)	(131)	(132)
Tax paid	(1,895)	(2,118)	(2,614)	(2,331)	(1,978)	(2,542)	(2,751)	(2,968)	(3,157)
Less: Interest/Dividend Income Received	(527)	(577)	(777)	(990)	(805)	(905)	(1,005)	(1,105)	(1,205)
Other operating Cash Flow	-	-	-	-	-	-	-	-	-
<b>Cash flow from operating activities</b>	<b>4,629</b>	<b>5,582</b>	<b>6,338</b>	<b>8,808</b>	<b>7,531</b>	<b>8,294</b>	<b>9,117</b>	<b>9,759</b>	<b>10,316</b>
Capital expenditure	3,510	(2,808)	(3,667)	(4,215)	(3,632)	(3,080)	(4,000)	(4,000)	(4,000)
Inc/(Dec) in investments	(733)	(2,210)	337	(4,675)	965	(300)	(300)	(300)	(300)
Add: Interest/Dividend Income Received	527	577	777	990	805	905	1,005	1,105	1,205
<b>Cash flow from investing activities</b>	<b>3,303</b>	<b>(4,441)</b>	<b>(2,553)</b>	<b>(7,900)</b>	<b>(1,862)</b>	<b>(2,475)</b>	<b>(3,295)</b>	<b>(3,195)</b>	<b>(3,095)</b>
Inc/(Dec) in share capital	(641)	-	-	-	-	-	-	-	-
Inc/(Dec) in debt	675	547	745	1,116	623	(919)	481	481	481
Dividend Paid	(2,177)	(2,182)	(2,297)	(3,465)	(2,272)	(3,995)	(4,305)	(4,627)	(4,908)
Others	(6,059)	(68)	(164)	747	(1,197)	(70)	(70)	(70)	(70)
<b>Cash flow from financing activities</b>	<b>(8,202)</b>	<b>(1,703)</b>	<b>(1,715)</b>	<b>(1,602)</b>	<b>(2,845)</b>	<b>(4,925)</b>	<b>(3,894)</b>	<b>(4,217)</b>	<b>(4,497)</b>
<b>Net cash flow</b>	<b>(269)</b>	<b>(562)</b>	<b>2,070</b>	<b>(694)</b>	<b>2,824</b>	<b>894</b>	<b>1,928</b>	<b>2,347</b>	<b>2,723</b>

## Exhibit 14: 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	0.8	0.7	0.7	0.7	0.7	0.7
Interest burden (x)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EBIT margin (x)	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Asset turnover (x)	0.8	0.8	0.9	0.8	0.5	0.6	0.6	0.6	0.6
Financial leverage (x)	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.3
RoE (%)	22.0	24.3	24.3	29.7	20.0	23.3	22.3	21.5	20.6



## Exhibit 15: Ratio analysis

Y/e 31 Mar	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
<b>Growth matrix (%)</b>									
Revenue growth	(2.1)	9.8	25.0	6.5	(27.6)	33.6	7.1	7.1	5.6
Op profit growth	26.5	21.1	13.5	18.9	(11.3)	19.6	7.4	7.1	5.8
EBIT growth	28.7	21.8	13.5	17.3	(14.7)	29.5	7.4	7.2	5.7
Net profit growth	26.5	21.5	14.3	45.2	(21.9)	29.0	7.8	7.5	6.1
<b>Profitability ratios (%)</b>									
OPM	31.7	34.9	31.7	35.4	43.4	38.8	39.0	39.0	39.1
EBIT margin	27.0	30.0	27.2	30.0	35.3	34.2	34.3	34.4	34.4
Net profit margin	18.9	20.9	19.0	25.8	27.7	26.9	27.1	27.1	27.2
RoCE	26.5	28.6	28.7	28.8	21.4	25.2	24.8	24.0	23.0
RoE	22.0	24.3	24.3	29.7	20.0	23.3	22.3	21.5	20.6
RoA	15.8	17.0	16.9	21.0	14.2	16.8	16.7	16.2	15.7
<b>Per share ratios</b>									
EPS	39.8	48.4	55.3	80.3	62.7	80.9	87.2	93.7	99.4
Dividend per share	19.0	19.0	20.0	35.1	23.0	40.4	43.6	46.8	49.7
Cash EPS	49.5	59.6	68.1	96.7	80.3	94.3	101.6	109.1	115.7
Book value per share	186.3	212.1	242.8	298.9	327.2	368.3	411.8	458.7	508.4
<b>Valuation ratios</b>									
P/E	28.6	23.5	20.6	14.2	18.1	14.1	13.1	12.1	11.5
P/CEPS	23.0	19.1	16.7	11.8	14.2	12.1	11.2	10.4	9.8
P/B	6.1	5.4	4.7	3.8	3.5	3.1	2.8	2.5	2.2
EV/EBIDTA	17.1	14.0	12.2	10.0	11.1	9.1	8.3	7.6	7.0
<b>Liquidity ratios</b>									
Debtor days	17.0	15.0	13.0	8.4	21.6	15.0	15.0	15.0	15.0
Inventory days	8.5	8.5	5.0	4.9	10.8	9.0	9.0	9.0	9.0
Creditor days	62.2	39.0	39.8	34.9	76.1	40.0	40.0	40.0	40.0

## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that each security's price or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections.

Technical Analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Nitin Tiwari, Saurabh Doshi

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3	Research Analyst or his/her relative or YSL has any other material conflict of interest at the time of publication of the Research Report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSL has received any compensation from the subject company in the past twelve months	No
6	YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSL has been engaged in market making activity for the subject company(ies)	No

Since YSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

### YES Securities (India) Limited

**Registered Office:** Unit No. 602 A, 6th Floor, Tower 1 & 2, One International Center, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013, Maharashtra, India.

Email: [research@ysil.in](mailto:research@ysil.in) | Website: [www.yesinvest.in](http://www.yesinvest.in)

**Registration Nos.:** CIN: U74992MH2013PLC240971 | SEBI Single Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE – 6538, NSE – 14914, MCX – 56355 & NCDEX - 1289 | MERCHANT BANKER: INM000012227 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 | AMFI ARN Code – 94338.

**Details of Compliance Officer:** Name: Vaibhav Purohit, Email id: [compliance@ysil.in](mailto:compliance@ysil.in), Contact No-+91-22-33479208

## **RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS**

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Potential return >15% over 12 months

**ADD:** Potential return +5% to +15% over 12 months

**REDUCE:** Potential return -10% to +5% over 12 months

**SELL:** Potential return <-10% over 12 months

**NOT RATED / UNDER REVIEW**

## **ABOUT YES SECURITIES (INDIA) LIMITED**

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a SEBI registered stock broker holding membership of NSE, BSE, MCX & NCDEX. YSL is also a SEBI registered Category I Merchant Banker, Investment Adviser and a Research Analyst. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.