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IPO note | Oil & Gas

June 20, 2016

Mahanagar Gas Limited

Business to gain further traction, Valuations Attractive

Company background: Mahanagar Gas Ltd (MGL) is the third largest city gas distribution (CGD) company in India with a history of 20+ years of natural gas distribution in Mumbai and adjoining areas. MGL is promoted by GAIL and British Gas. As of FY2016-end, MGL served 0.47mn vehicles through its 4,646km of pipeline and 188 compressed natural gas (CNG) filling stations. It supplies piped natural gas (PNG) to 0.86mn domestic households, 2,800 commercial consumers and 60 industrial consumers.

MGL is the sole CGD operator for Mumbai, Thane, Navi Mumbai, and Raigad districts. Mumbai and adjoining areas are currently under penetrated (CNG is served to 0.47mn of targeted 2.15mn motor vehicles; PNG is served to ~0.9mn of targeted 2.71mn households). MGL enjoys a monopolistic position in its markets owing to (1) entry barriers for new players in the form of regulatory restrictions, (2) parentage support which assures a majority of its gas requirement from GAIL, and (3) huge pipeline infrastructure which continues to grow. We expect MGL to report 7-8% volume growth over the next few quarters.

86% of MGL's volumes are accounted by its CNG and domestic PNG business, which have a stable outlook. Considering the government's long-term plans to phase out LPG subsidy amongst affluent classes, CNG/domestic PNG penetration in Mumbai at ~22/28% levels, coupled with assured 86% of gas supplies on cheaper rates on APM and PMT prices (currently APM price is at $3.06/mmbtu), there exists scope for economies of scale to come into play.

Valuation: On considering (1) almost similar growth potential as that of the industry peer Indraprastha Gas (IGL), (2) 22%+ RoE levels as reported in the last 6 years, (3) debt free status, (4) yearly cash flow generating potential of ₹200cr+, (5) strong dividend payout ratio (Management has guided for 35% dividend pay-out; translates to ~4% dividend yield), the issue at 12.9x PE FY2016 (vs peers trading at over 18.0x) is attractively priced. **We recommend SUBSCIRBE to Mahanagar Gas IPO.**

Key Financials

Y/E March (₹ cr)	FY12	FY13	FY14	FY15	FY16
Net Sales	1,309	1,514	1,885	2,095	2,079
% chg		*15.7*	*24.5*	*11.1*	*(0.8)*
Net Profit	319	277	314	318	322
% chg		*(13.3)*	*13.4*	*1.4*	*1.3*
EBITDA (%)	38.0	29.3	25.9	23.4	24.7
EPS (₹)	32	28	32	32	33
P/E (x)	13.0	15.0	13.2	13.0	12.9
P/BV (x)	3.4	3.2	2.9	2.7	2.5
RoE (%)	29.9	23.4	25.3	23.5	22.0
RoCE (%)	40.7	31.5	31.4	29.1	28.1
EV/Sales (x)	2.8	2.4	2.0	1.7	1.7
EV/EBITDA (x)	7.5	8.3	7.5	7.4	7.0

Source: Company, Note: Valuation multiples on upper end (i.e. ₹421) of price band

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Issue Open: June 21, 2016
Issue Close: June 23, 2016

Issue Details
Face Value: ₹10
Present Eq. Paid up Capital: ₹98.8cr
Fresh Issue: 0.0cr Shares
Offer for Sale: 2.46cr Shares
Post Eq. Paid up Capital: ₹98.8cr
Issue size (amount): ₹938.4-1,039.6cr
Price Band: ₹380-421
Lot Size: 35 shares and in multiple there-of
Post-issue implied mkt. cap: ₹3,753.6cr- 4,158.5cr
Promoters holding Pre-Issue: 100.0%
Promoters holding Post-Issue: 75.0%

Book Building	
QIBs	50% of issue
Non-Institutional	15% of issue
Retail	35% of issue

Post Issue Shareholding Pattern	
Promoters Group	75.0
DIIs/FIIs/Public & Others	25.0

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Issue Details

MGL is offering 2.46cr equity shares of ₹10 each via book building route in the price band of ₹380-421/share, entirely comprising offer for sale by current promoters GAIL and BYBG Asia Pacific Holdings Pte.

Exhibit 1: Shareholding Pattern

	Pre-Issue		Post-Issue	
Particulars	No. of Shares	(%)	No. of Shares	(%)
Promoter Group	98,777,778	100.0	74,083,278	75.0
Retail & HNI Investors	0	0.0	12,347,250	12.5
Institutional Investors	0	0.0	12,347,250	12.5

Source: Company, Angel Research

Objects of the Offer

- Objects of the Offer are to achieve benefits of listing equity shares on stock exchanges and to carry out the offer for sale. Listing of equity shares will enhance MGL's brand name and provide liquidity to existing shareholders. The listing will also provide a public market for the equity shares in India.

Company details

MGL is India's third largest CGD company with 20 years of natural gas distribution experience in Mumbai and its adjoining areas. The company was incorporated on May 8, 1995 as a joint venture between GAIL and British Gas, with each holding 49.75% stake, with the balance 0.5% being held by the Maharashtra government. Post conversion of compulsory convertible shares on Jun 7, 2016, Maharashtra government's stake increased to 10%. Post IPO, both the promoters holding would decrease to 32.5% stake each in the company.

MGL operates as CGD operator for 3 areas, namely, (1) Mumbai (includes south Mumbai, Central Mumbai & Mumbai suburbs), (2) Thane district (includes areas like Kalyan, Ambarnath and Badlapur), Bhiwandi & Navi Mumbai, and (3) Raigad district (includes Karjat and Poladpur). The first license for Mumbai area was awarded in 1995, with marketing/networking exclusivity till Jan-2012/ 2020. Thereafter, MGL won second license for Thane District, Bhiwandi & Navi Mumbai areas in 2005, with marketing/networking exclusivity till Jan-2012/ 2030. Third license was won by MGL in 2015 for Raigad district, with marketing/networking exclusivity till 2020/2040. Notably, regulations provide for extension of networking exclusivity for another 10 years.

As of FY2016-end, MGL with its supply network of 4,646km of pipeline (includes ~4,231km of polyethylene pipeline and 415km of steel pipeline) and 188 CNG filling stations (13 owned by MGL; remaining are either owned by OMCs [oil marketing companies] and private parties or are situated at state transportations bus depots) served 0.47mn vehicles. It supplies piped natural gas (PNG) to 0.86mn domestic households, 2,800 commercial consumers and 60 industrial consumers.

Industry peers

In the Indian CGD space, MGL comes next to IGL and Gujarat Gas Ltd (GGL).

The following table highlights the business model of industry peers:

Exhibit 2: Peer Group Comparison

Companies	MGL Mumbai, Thane & Raigad	IGL Delhi NCR	Gujarat Gas Gujarat (19 districts), Dadra Nagar & Haveli & Thane (Rural)
CNG stations	188	340	248
CNG stations- JVs with OMC	136	156	150
CNG stations- Owned	13	129	70
CNG stations- Owned (as % of total)	*7*	*38*	*28*
CNG Vehicles served (mn)	0.47	0.87	0.50
CNG Vehicles targeted (mn)	2.15	3.15	2.75
CNG vehicle penetration (%)	*22*	*28*	*18*
CNG volumes (mmscmd)	1.8	3.1	0.9
PNG- Domestic cm (mn)	0.87	0.64	1.46
PNG- Domestic cm target (mn)	3.08	2.00	12.20
PNG- Domestic cm penetration (%)	*28*	*32*	*12*
PNG- Ind./Commercial cm	2,866/ 60	2,580	11,500/ 2,700
PNG volumes (mmscmd)	0.6	0.9	4.7
Sales Mix (%):			
CNG	74	77	16
PNG-Domestic	12	6	9
PNG-Commercial	6	11	75
PNG-Industrial	8		
Trading	0	6	0

Source: Company RHP, Annual Reports & Presentations, Media Articles, Angel Research

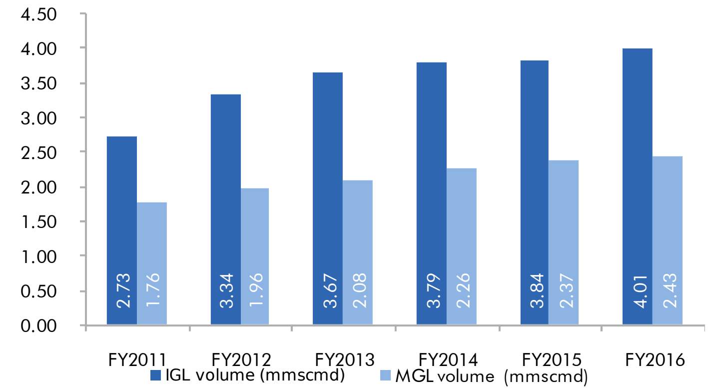
In comparison to peers, and on considering pace of growth of Mumbai city and adjoining areas, we see huge long-term opportunity emerging for MGL across both, CNG & PNG businesses.

Investment Rationale

Decent volume growth in non-supportive regulatory environment

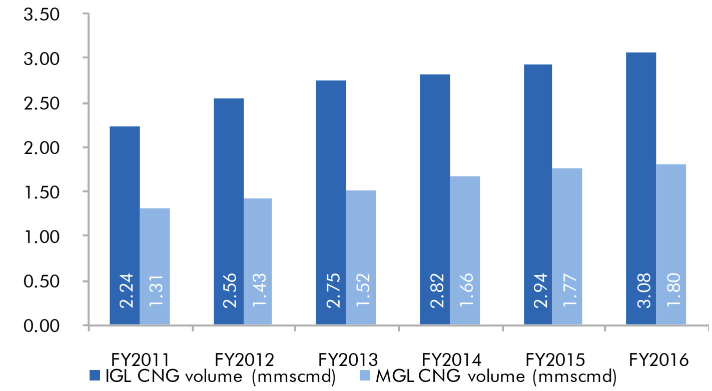
MGL reported 6.7% volume CAGR during FY2011-16, with PNG (26% of FY2016 volumes) reporting 7.0% volume CAGR and CNG (74% of FY2016 volumes) reporting 6.6% volume CAGR, during the same period. Again if we look at PNG sub-segments, then volume growth was mainly driven by the domestic segment which reported 9.2% volume CAGR during FY2011-16.

Exhibit 3: IGL vs. MGL Total Sale volume trends



Source: Company, Angel Research

Exhibit 4: : IGL vs. MGL CNG sale volume trends



Source: Company, Angel Research

IGL reported 6.5% CNG volume CAGR during FY2011-16 supported by regulations (compulsory conversion of public transport and new taxis to CNG) while MGL reported similar volume CAGR of 6.6% during the same period without any regulatory support. We sense MGL's matching performance despite absence of regulatory support is owing to cost benefits that CNG offers in comparison to other liquid fuels (like petrol, diesel). Also, MGL at regular intervals has been able to take price hikes to maintain its gross margins. We expect MGL to continue reporting such growth on the back of following, (1) more number of private vehicles switching to CNG, (2) more public transport buses switching to CNG, and (3) volumes kicking-in from newly added Raigad district.

Favourable Sales mix

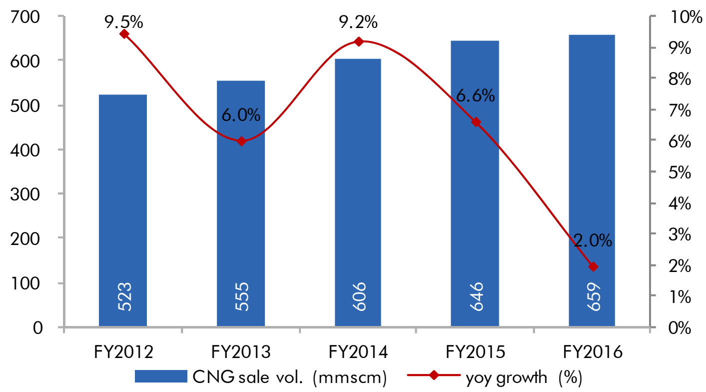
Unlike its peer GGL, which gets 75% of its sales from PNG-Industrial & Commercial, MGL enjoys favourable business model, where it gets 86% of its sales from retail driven CNG & PNG-Domestic business (combined). Industrial & Commercial PNG users are more price sensitive than retail CNG and PNG users. Industrial & Commercial PNG users tend to switch to alternative fuels (like LPG) in an adverse pricing scenario, given that their plants are built to run on duel fuels. Also, from a margin profile perspective, business models with high dependency on Industrial volumes could lead to lower margins (as seen from GGL's margins).

CNG - huge scope for penetration

MGL claims that it supplied CNG to ~0.47mn vehicles in FY2016 of the total ~6.7mn motor vehicles in Mumbai, Thane and Navi Mumbai region (vehicle count as of Jul-2015, *Source: Mumbai Transport Commissioner's office*) through 188 CNG stations. MGL has indicated target market to be at ~2.15mn motor vehicles and has planned to add 83 CNG stations in next 5 years. We see possibility of such planned expansion materializing given the scope to penetrate in the light of IGL's 28% penetration levels in Delhi. Further, our view gets strengthened from the point that CNG operated vehicles have grown at 13.75% CAGR during FY2010-16 in Mumbai and adjoining areas, outpacing the overall vehicle growth (*Source: Mumbai Transport Commissioner's office*).

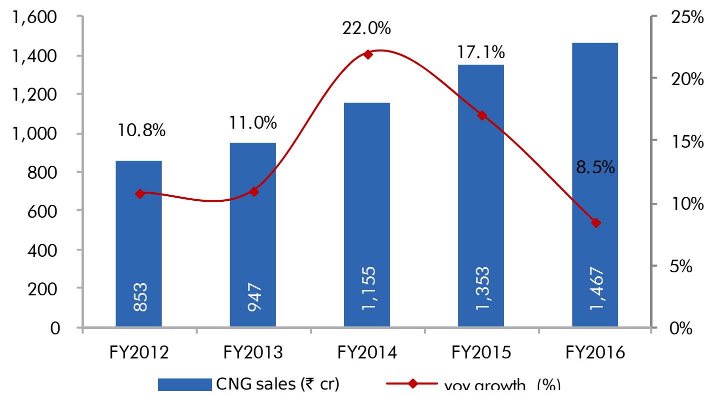
Also outcome of a High Court case, which intends to direct conversion of all public transport buses in Mumbai and adjoining areas, is pending. Any favorable ruling could contribute to significant uptick in CNG volumes from state public transport.

Exhibit 5: CNG Volume trend



Source: Company, Angel Research

Exhibit 6: CNG yearly sale trend



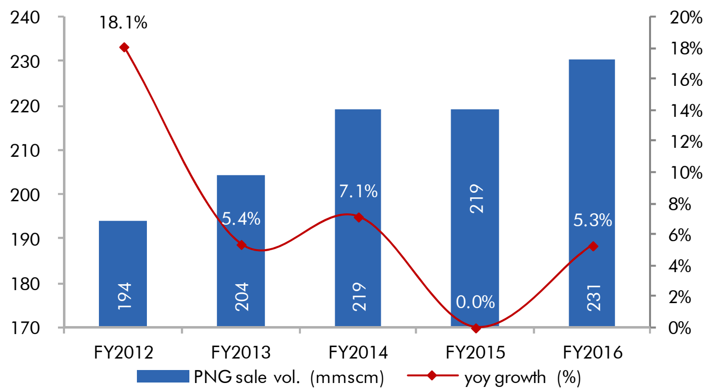
Source: Company, Angel Research

PNG growth seen in tougher environment...

As of FY2016-end, MGL reported 0.87mn domestic PNG users against the target households of 3.08mn, indicating 28.2% penetration. IGL at FY2016-end had 0.64mn domestic PNG users, against its own internal potential estimate of 2mn, indicating 32.0% penetration. Domestic PNG users currently contribute 12% of the total sale volumes at 2.43mmscmd. MGL Management sees potential opportunity of ~1.0mmscmd of volumes from domestic PNG users. What impresses us about this business is that it assures revenue sustainability and can possibly lead to higher margins in the long-run.

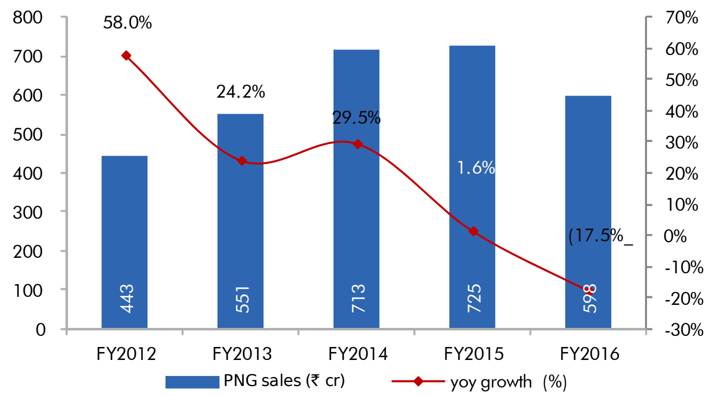
Currently 2,866 of 9,000-10,000 targeted Commercial customers are connected. With expensive long-term contracts signed and alternative fuel (like PNG) getting cheaper, PNG sales to Industrial and Commercial customers started moderating in FY2014-15. Despite ~30% correction in spot LNG prices at ~5/MMBtu in the last 1-year, we do not expect major uptick in business from Commercial/Industrials side, given that there are smaller number of industries which have access to low price alternative fuels. It's only incremental volumes from Raigad region that could make noticeable contribution to PNG Commercial/Industrials side of the business.

Exhibit 7: PNG Volume trend



Source: Company, Angel Research

Exhibit 8: PNG yearly sale trend



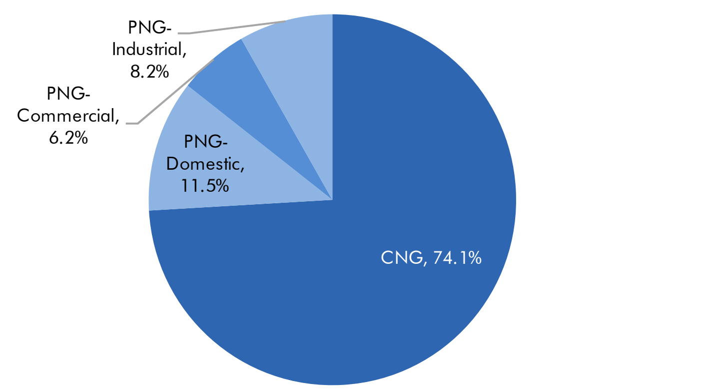
Source: Company, Angel Research

Margin expansion lags growth

Favorable Gas sourcing strategy in place

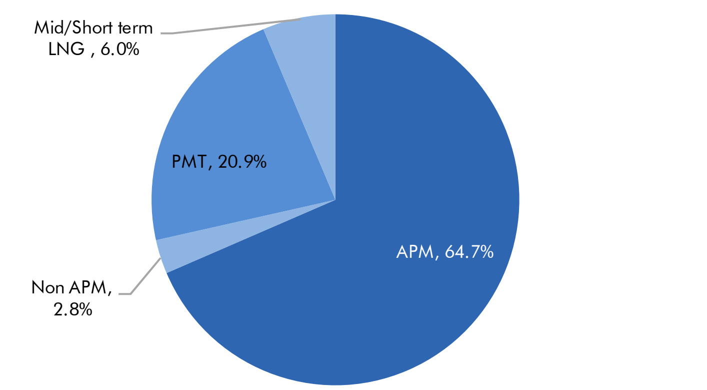
Post implementation of revised Ministry of Petroleum and Natural Gas (MoPNG) guidelines in Aug-2014, GAIL is directed to supply natural gas 10% over and above 100% requirement of each CGD entity (taking into account last 6 months consumption by the CGD) towards supply to priority sector. Given that MGL serves 85.6% of its gas volumes under the priority sector, we are assured that availability of the cheaper domestic gas would continue going forward.

Exhibit 9: MGL FY2016 Sale Volume mix



Source: Company, Angel Research

Exhibit 10: MGL FY2016 Gas vol. Sourcing mix



Source: Company, Angel Research

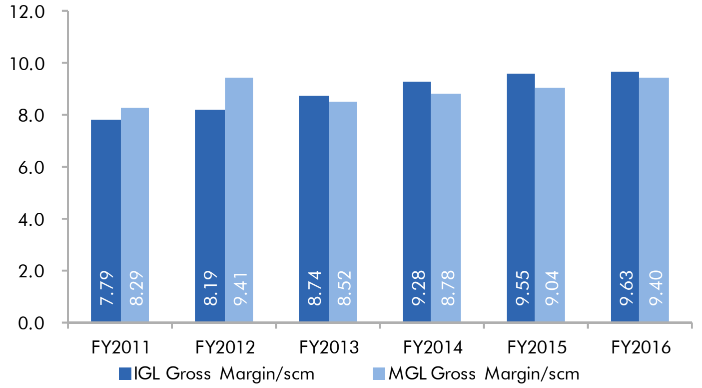
MGL currently sources 85.5% of its total purchase from the domestic sources (administered price mechanism [APM] and Panna-Mukta and Tapti fields [PMT]) at cheaper rates. Currently, MGL has tied-up with GAIL at an Administered Price of $3.06/mmBtu. Pricing for supplies from PMT is at $5.73/mmBtu & $5.57/mmBtu, respectively. The rest of the gas is procured from spot and term LNG contracts with various suppliers.

APM prices are formula based (reflects international markets' pricing) and any changes are reflected with 6 months' lag effect. The PNG-Industrial & Commercial demand is met through LNG, where MGL has term-deals with BPCL, BG, and Hazira LNG, and purchases spot cargoes from GAIL, GSPC and HPCL. MGL does not get into any long-term pricing model.

On the whole, any correction in international prices in the next 2-3 quarters could benefit MGL in terms of low cost of gas.

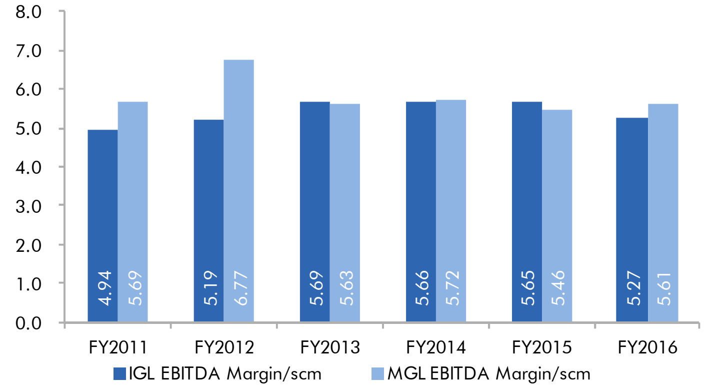
Despite muted growth seen in gross margin/scm, EBITDA/scm lagged, mainly owing to higher other expenses. Other expenses/scm reported 7.7% CAGR during FY2011-16, reflecting sharp increase in power & fuel, rent, repairs to plant and machinery and miscellaneous expenses.

Exhibit 11: IGL vs MGL Gross margin/scm trends



Source: Company, Angel Research

Exhibit 12: IGL vs MGL EBITDA margin/scm trends



Source: Company, Angel Research

Notably, MGL reported -0.3% EBITDA/scm CAGR during FY2011-16, vs +1.3% CAGR for IGL during the same period. Barring 2 of the last 6 years, MGL reported higher EBITDA/scm than that of IGL.

Maintained Balance sheet discipline

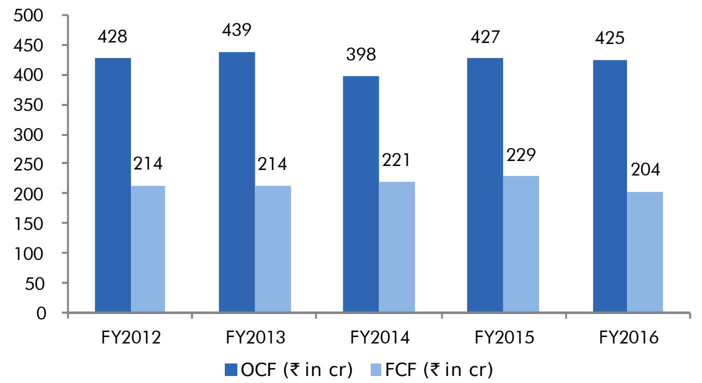
MGL historically has exhibited that it financed its growth by properly managing its capital resources. For last 6 years, MGL generated ~₹400cr of cash flows from operations. Given the stable business, we expect this trend of cash flow generation to continue going forward also. MGL has been spending ₹200cr towards capex, which is expected to increase to ₹250cr. Accordingly, MGL is generating yearly free cash flows of over ₹200cr.

Further, MGL in the last 6 years has reported decline in its Return on Equity (RoE) on account of decline in their EBITDA/scm. Despite compression in EBITDA/scm, MGL has been able to maintain its RoE in the north of 22% levels.

Another impressive point about MGL has been that it has reported 49% dividend payout in 5 of the last 6 years. Such huge dividend payout translates to FY2016 dividend yield of 4.2% (at the upper end of the issue price band).

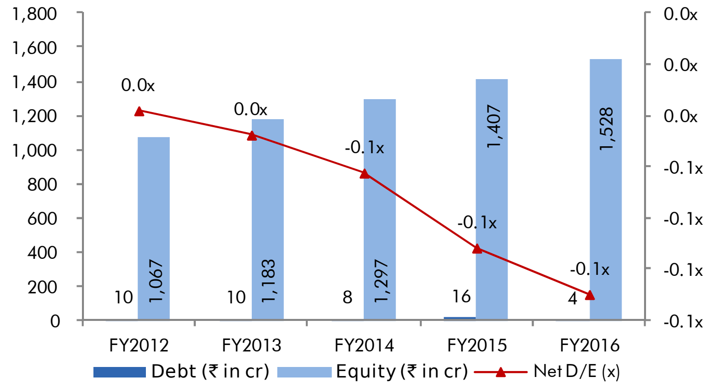
Despite (1) financing its growth from cash flow from operations, and (2) high dividend pay-outs, MGL continues to be a debt free company (currently sitting on net cash of ₹168cr). This efficient capital management has helped the company follow a disciplined approach in maintaining its balance sheet.

Exhibit 13: OCF and FCF trends



Source: Company, Angel Research

Exhibit 14: Maintained strong Balance Sheet



Source: Company, Angel Research

Raigad to contribute growth in long-term; Maintain focus on new areas

MGL won the Raigad district CGD contract from PNGRB 2015 and operations here are expected to start by FY2017-end. Management highlighted that Raigad offers huge long-term growth opportunities at the backdrop of Smart City policy, upcoming International airport and Trans Harbour Link. Accordingly, MGL has already identified 6-7 industrial clusters which can be accessible to gas grid and be quickly tapped through concentrated network. Accordingly, to tap the emerging opportunities, Management indicated that they plan to invest ₹50cr p.a. for the next 5 years in the Raigad district.

Also, to reduce its geographical risk, MGL's Management has indicated that the company is participating in PNGRB bids and is open to secure new CGS contracts. Strong parentage support, well-run professional management team, learning from 20 years of experience of operating the Mumbai and adjoining areas, puts MGL in competitive advantage, allowing it to expand and grow business in the long-run.

Risks & Concerns

1. Any government/regulatory ruling which could affect gas sourcing and pricing to customers could affect the financials and return ratios.
2. Termination of contract post completion of marketing exclusivity with OMCs from Mar 31, 2018 could affect the financials of the company.
3. Given that it takes at least 4-5 months to get 25 clearances for pursuing PNG-domestic expansion, any delays could affect volumes and in-turn affect the company's financials.
4. Any adverse movement in the INR-USD could affect the margins, given that gas pricing is in USD.

Outlook and Valuation

On comparing IGL's and GGL's business models, we sense IGL is the closest peer to MGL, given that GGL is majorly dependant on industrial and commercial segments, which leads to volatility in volumes and its lower margins profile. IGL on the other hand has homogeneity on the business-mix front, margin profile and return ratios.

IGL on the back of regulatory support has reported 8.0% volume CAGR during FY2011-16, whereas MGL, without regulatory support and on the back of favourable cost dynamics, has been able to report 6.7% volume CAGR during FY2011-16.

MGL reported superior financial metrics for FY2016. It reported EBITDA/scm and PAT/scm of ₹5.77/₹3.62, respectively. IGL for same period reported EBITDA/scm and PAT/scm of ₹5.27/₹2.87, respectively.

Exhibit 15:IGL vs MGL Operational & Financial Metrics Comparison

	IGL		MGL	
	FY2015	FY2016	FY2015	FY2016
Operational Metrics:				
Sales Volume (mmscmd)	3.84	4.01	2.39	2.43
CNG to total sales (%)	77	77	74	74
Domestic PNG to total sales (%)	5	6	11	12
Commercial & Industrial to total sales (%)	18	17	15	14
CNG Stations (no's)	326	340	180	188
CNG Vehicle (no's)	817,117	868,573	421,258	470,478
Domestic Consumers (no's)	560,752	636,318	801,321	862,299
Industrial/ Commercial consumers (no's)	2,292	2,580	2,664	2,926
Financials:				
Gross Margin (%)	36.4	38.3	37.6	40.5
Gross Margin/scm	9.55	9.63	9.04	9.40
EBITDA Margin (%)	21.5	20.9	23.4	24.7
EBIDTA/scm	5.66	5.27	5.61	5.78
PAT/scm	3.12	2.84	3.68	3.62
ROE (%)	22.7	18.5	23.5	22.0

Source: Company RHP, Annual Reports & Presentations, Media Articles, Angel Research

Further, on the growth side, IGL has reported 9.9% PAT CAGR during FY2011-16, outpacing MGL's -0.4% PAT CAGR during the same period. Despite outpacing the PAT growth, IGL reported FY2015/16 RoEs of 22.7%/18.5%, which is lower than MGL's 23.5%/22.0%, respectively.

MGL trades at 12.9/11.6x our FY2016 EPS at the upper and lower end of the issue price band. MGL reported a 6.7% volume CAGR during FY2011-16 and the same is likely to grow to 7-8% levels, going forward, considering penetration potential, possible regulatory support and increased traction from the Raigad markets.

Exhibit 16: Peer Group Comparison

	IGL	MGL	Gujarat Gas (GGL)
P/E	18.6x	12.9x	45.7x
P/BV	3.5x	2.5x	3.4x
EV/EBITDA	10.6x	7.0x	12.1x

Source: Bloomberg, Company, Angel Research, CMP as of Jun 17, 2016

Valuation: On considering (1) almost similar growth potential as that of the industry peer Indraprastha Gas (IGL), (2) 22%+ RoE levels as reported in the last 6 years, (3) debt free status, (4) yearly cash flow generating potential of ₹200cr+, (5) strong dividend payout ratio (Management has guided for 35% dividend pay-out; translates to ~4% dividend yield), the issue at 12.9x PE FY2016 (vs peers trading at over 18.0x) is attractively priced. **We recommend SUBSCIRBE to Mahanagar Gas IPO.**

Profit & Loss Statement

Y/E March (₹ cr)	FY12	FY13	FY14	FY15	FY16
Net Sales	**1,309**	**1,514**	**1,885**	**2,095**	**2,079**
% Chg		*15.7*	*24.5*	*11.1*	*(0.8)*
Total Expenditure	**811**	**1,070**	**1,397**	**1,605**	**1,566**
Cost of Natural Gas & Traded items	622	851	1,144	1,296	1,230
Changes in inventory	(0)	(0)	(0)	(0)	0
Employee benefits Expense	32	36	42	51	54
Other Expenses	157	184	211	258	283
EBITDA	**498**	**444**	**488**	**490**	**513**
% Chg		*(10.7)*	*9.9*	*0.3*	*4.7*
EBIDTA %	*38.0*	*29.3*	*25.9*	*23.4*	*24.7*
Depreciation	64	71	81	80	84
EBIT	**434**	**373**	**408**	**410**	**429**
% Chg		*(14.0)*	*9.2*	*0.6*	*4.7*
Interest & Financial Charges	0	1	0	1	3
Other Income	32	49	51	58	56
EBT & exceptional items	465	421	458	466	482
Exceptional Items	0	0	0	0	0
EBT	465	421	458	466	482
Tax Expenses	146	144	145	148	160
% of PBT	*31.4*	*34.2*	*31.5*	*31.8*	*33.2*
PAT	**319**	**277**	**314**	**318**	**322**
% Chg		*(13.3)*	*13.4*	*1.4*	*1.3*
PAT %	*24.4*	*18.3*	*16.6*	*15.2*	*15.5*
Diluted EPS	32.4	28.1	31.8	32.3	32.7
% Chg		*(13.3)*	*13.4*	*1.4*	*1.3*

Balance Sheet

Y/E March (₹ cr)	FY12	FY13	FY14	FY15	FY16
Sources of Funds					
Equity Capital	89	89	89	89	89
Reserves & Surplus	978	1,093	1,208	1,318	1,439
Networth	**1,067**	**1,183**	**1,297**	**1,407**	**1,528**
Total Debt	10	10	8	16	4
Deferred Tax Liabilities (net)	65	80	89	103	118
Other Long-term Liabilities & Prov.	1	0	5	8	6
Total Liabilities	**1,143**	**1,272**	**1,398**	**1,534**	**1,656**
Application of Funds					
Net Block	**764**	**926**	**991**	**1,064**	**1,160**
Capital WIP & Intan. Assets under Develop.	322	315	345	380	429
Investments	**236**	**302**	**342**	**371**	**388**
Current Assets					
Inventories	14	14	16	17	18
Sundry Debtors	82	90	109	96	89
Cash and Bank Balance	51	66	89	145	172
Loans & Advances	58	47	52	60	71
Other Current Asset	19	23	29	32	30
Current Liabilities	403	511	576	632	700
Net Current Assets	**(178)**	**(270)**	**(281)**	**(281)**	**(320)**
Other Assets	0	0	0	0	0
Total Assets	**1,143**	**1,272**	**1,398**	**1,534**	**1,656**

Cash Flow Statement

Y/E March (₹ cr)	FY12	FY13	FY14	FY15	FY16
Profit before tax	454	442	442	449	469
Depreciation & Other Non-cash Charges	54	49	54	49	57
Change in Working Capital	35	93	30	66	47
Interest & Financial Charges	0	1	0	1	3
Direct taxes paid	(115)	(146)	(129)	(139)	(150)
Cash Flow from Operations	**428**	**439**	**398**	**427**	**425**
(Inc)/ Dec in Fixed Assets	(213)	(225)	(177)	(197)	(221)
(Inc)/ Dec in Investments & Oth. Adj.	(112)	(60)	(23)	(63)	(8)
Cash Flow from Investing	**(326)**	**(285)**	**(200)**	**(261)**	**(229)**
Issue/ (Buy Back) of Equity	0	0	0	0	0
Inc./ (Dec.) in Borrowings	(0)	(1)	(2)	8	(2)
Dividend Paid (Incl. Tax)	(90)	(156)	(183)	(183)	(188)
Interest Expenses & Oth. Adj.	(0)	(1)	(0)	(1)	(1)
Cash Flow from Financing	**(91)**	**(157)**	**(185)**	**(176)**	**(191)**
Inc./(Dec.) in Cash & forex translation	11	(3)	13	(10)	5
Opening Cash balances	**5**	**17**	**13**	**26**	**16**
Closing Cash balances	**17**	**13**	**26**	**16**	**21**

Ratio Analysis

Y/E March	FY12	FY13	FY14	FY15	FY16
Valuation Ratio (x)					
Adj. P/E (on FDEPS)	13.0	15.0	13.2	13.0	12.9
Adj. P/CEPS	9.8	10.8	9.5	9.4	9.3
Dividend yield (%)	2.1	3.6	4.2	4.2	4.2
EV/Sales	2.8	2.4	2.0	1.7	1.7
EV/EBITDA	7.5	8.3	7.5	7.4	7.0
EV / Total Assets	3.3	2.9	2.6	2.4	2.2
Per Share Data (₹)					
Adj. EPS (fully diluted)	32.4	28.1	31.8	32.3	32.7
Cash EPS	42.9	38.9	44.2	44.6	45.5
DPS	8.7	15.0	17.5	17.5	17.5
Book Value	119	132	145	158	171
Returns (%)					
RoCE (Pre-tax)	40.7	31.5	31.4	29.1	28.1
Angel RoIC (Pre-tax)	52.8	38.9	38.7	35.4	34.7
RoE	29.9	23.4	25.3	23.5	22.0
Turnover ratios (x)					
Total Asset Turnover (x)	1.1	1.2	1.3	1.4	1.3
Inventory / Sales (days)	4	3	3	3	3
Receivables (days)	23	22	21	17	16
Payables (days)	112	123	111	110	123
WC (days)	(85)	(98)	(87)	(90)	(104)
Leverage Ratios (x)					
D/E ratio (x)	0.0	0.0	0.0	0.0	0.0

**Note: Valuation details on higher end of the price band (i.e. at ₹421/share)*

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