

Mahanagar Gas Ltd.

| | |
|---------------------------------|-----------------|
| No. of shares (m) | 98.78 |
| Mkt cap (Rs crs/\$m) | 9346/1223.8 |
| Current price (Rs/\$) | 946/12.4 |
| Price target (Rs/\$) | 1106/14.5 |
| 52 W H/L (Rs.) | 1246/664 |
| Book Value (Rs/\$) | 282/3.7 |
| Beta | 0.8 |
| Daily volume NSE (avg. monthly) | 738360 |
| P/BV (FY20e/21e) | 2.9/2.9 |
| EV/EBITDA (FY20e/21e) | 6.3/8.5 |
| P/E (FY20e/21e) | 10.6/15.4 |
| EPS growth (FY19/20e/21e) | 15.2/38.6/-20.2 |
| OPM (FY19/20e/21e) | 31.9/34.5/35.0 |
| ROE (FY19/20e/21e) | 25.9/29.9/20.2 |
| ROCE(FY19/20e/21e) | 25.9/27.5/20.0 |
| Net D/E ratio (FY19/20e/21e) | -0.4/-0.4/-0.5 |
| BSE Code | 539957 |
| NSE Code | MGL |
| Bloomberg | MAHGL IN |
| Reuters | MGAS.NS |

Shareholding pattern

| | % |
|-----------------------------|--------------|
| Promoters | 32.5 |
| MFs / Banks / FIIs/FIs | 17.0 |
| Foreign Portfolio Investors | 31.3 |
| Govt. Holding | 10.0 |
| Public & Others | 9.2 |
| Total | 100.0 |

As on Mar 31, 2020

Recommendation

ACCUMULATE

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Quarterly Highlights

- Modest volume growth across both its CNG and PNG segments (1.0% and 3.7% y-o-y respectively) failed to prevent negligent drop in revenues (1.1% y-o-y) as the benefits of lower natural gas prices were passed on to customers. The addition of over 31 thousand households during the recently concluded quarter bringing the total to more than 1.24 million household customers connected with pipe gas partially contributed to a volume increase of 8.2% in the PNG domestic segment. Commercial and industrial vertical witnessed a marginal decline in volumes (0.3%).
- CNG revenues (net of excise duty) declined by 4.6% y-o-y for the third quarter despite a marginal rise in volumes of 1%. There was a cut in APM prices, down from \$3.69 to \$3.23 (a decline of 12.5%) for October '19 to March '20 which was passed on to customers. MGL opened 4 new CNG stations during the quarter bringing the aggregate to 248 CNG stations at the end of the quarter with 13 in Raigad.
- Operating margins improved significantly from 31.8% to 34.8% y-o-y (operating profits jumped from Rs. 239.1 cr to Rs. 258.86 cr – an increase of 8.3%) for the quarter ended December 31st 2019 on the back of lower procurement cost of natural gas as evidenced by the cut in APM prices. Sharp rise in other income (Rs. 28.57 cr vs Rs. 20.38 cr in Q3FY19) was offset by 26.5% rise in depreciation expenses thus styming PBT growth to just 7.8%. Lower tax liability presumably due to the cut in corporate tax rate by GOI helped net profits leap by 25.4% from Rs. 148.32 cr to Rs. 186.05 cr.
- The stock currently trades at 12.3x FY20e EPS of Rs 77.04 and 15.4x FY21e EPS of Rs 61.47. MGL's aim to capitalize on opportunities within the CGD business by increasing its customer base on back of expansion of gas distribution network. Its foray in Raigad district provides further expansion opportunities in CNG and PNG network. Yet, its infrastructure exclusivity in Mumbai and marketing exclusivity in Raigad is valid until 2020 and could make it vulnerable to the entry of new players. Excruciating effect of lockdown in Maharashtra has shuttered off take of CNG in the state in last few weeks. MGL's CNG volume as a result is estimated to fall by nearly 18% this fiscal. Yet, demand may barely remain subdued post gradual lifting of the lockdown. Post tax earnings in the current fiscal is estimated to decline by over 20% on dismal revenues. On balance, we recommend 'accumulate' rating on the stock with target price of Rs. 1106 (previous target Rs 1286) based on 18x FY21e EPS of Rs 61.47.

| Figures in Rs crs | FY17 | FY18 | FY19 | FY20e | FY21e |
|--------------------------------|---------|---------|---------|---------|---------|
| Income from operations | 2033.97 | 2233.01 | 2791.07 | 2929.35 | 2446.86 |
| Other Income | 52.66 | 57.68 | 77.71 | 88.83 | 105.86 |
| EBITDA (other income included) | 696.81 | 837.79 | 963.16 | 1099.94 | 961.93 |
| PAT after EO | 389.54 | 476.61 | 549.14 | 761.00 | 607.15 |
| EPS (Rs) | 40.07* | 48.25 | 55.59 | 77.04 | 61.47 |
| EPS growth (%) | 16.2 | 20.4 | 15.2 | 38.6 | -20.2 |

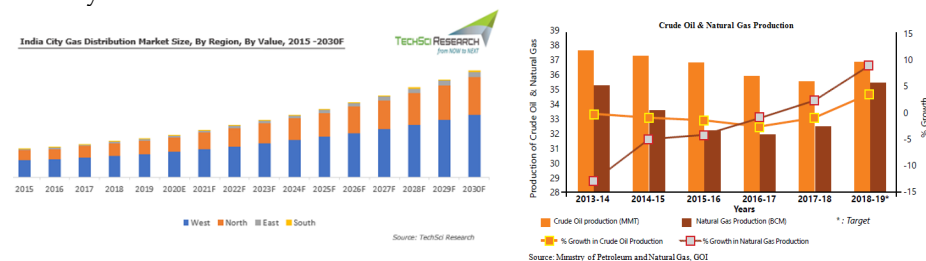
*calculated on weighted average equity

Outlook & Recommendation

Natural Gas Industry Outlook

The process of addressing environmental concerns is expected to drive the demand of natural gas from compressed natural gas (CNG) users in the CGD segment. Factors like availability of domestic gas, import of LNG and development of requisite infrastructure are also expected to push the growth of natural gas demand from the CGD user segment.

City Gas Distribution (CGD) market in India is forecast to witness a CAGR of 10% to grow from an estimated 9,223 mmscm (million metric standard cubic meter) in 2020 to 25,570 mmscm by 2030 according to estimates by TechSci Research published in April 2020. Growth in the market is anticipated on account of increasing natural gas demand from automotive, industrial, commercial as well as residential end user segments. The government also plans to generate employment by shifting to gas based economy as natural gas is an environment friendly as well as a low-priced fuel. The new and revised regulations helped in gaining more participation from public & private sectors in the CGD market, thereby aiding in expanding the coverage of CGD network to 228 geographical areas covering overall 70.86% of the cumulative population and 52.80% of the area of the country.



In December India had 38.8 million tonnes per annum (mtpa) of liquefied natural gas (LNG) import terminal capacity. This is being expanded to 52.5 million tonnes in next 3-4 years Dharmendra Pradhan, Minister of Petroleum and Natural Gas said in December. Also, an additional 14,700 km of gas pipeline is being laid to expand the existing network of 16,800 km. Besides, plans are afoot to set up 5,000 compressed bio gas plants that will convert agri and municipal wastes into gas. These will have a capacity of 15 million tonnes by 2023, he said adding a letter of intent for nearly 500 CBG plants has been issued according to an Economic Times article. With rising consumption of energy in the country, share of CNG is expected to increase the most. India would continue to harness multiple sources of energy, including fossil fuels, renewable, EVs and gas. The hydrogen fuel driven vehicles have already been introduced in the national capital and several auto manufacturers have introduced new CNG models.

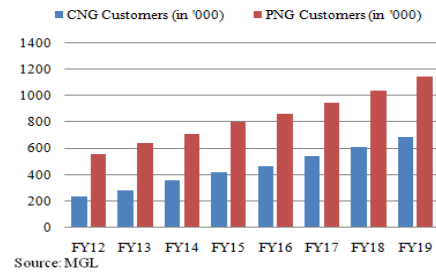
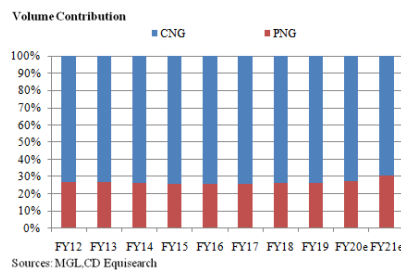
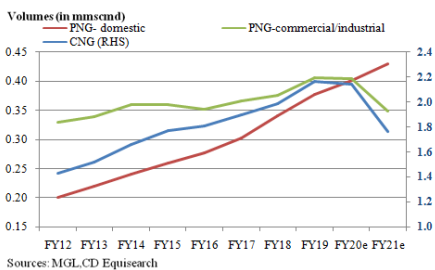
GOI's aggressive push towards adoption of EVs, like slashing of GST rate from 12% to 5%, could hurt sale of CNG, city gas distributors' most profitable business. Although EVs currently account for less than 1% of total annual vehicle sales in India, potential adoption of EVs in the long run, particularly for public transport, could pose a material threat to long-term CNG volumes. The EV policy drive, which has unnerved automakers, is also scaring many companies that have won CGD licenses in recent auctions – latest in August. "This will be disastrous for the city gas business," said an executive at a state-run city gas company that has licenses for several areas.

Financials & Valuations

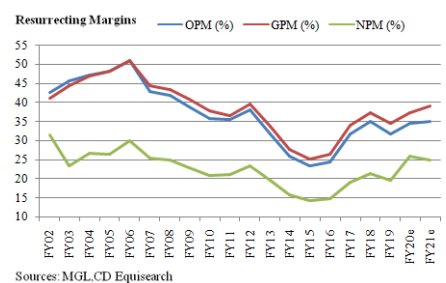
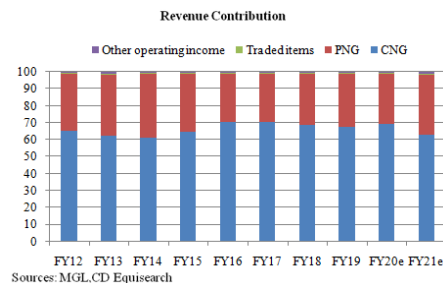
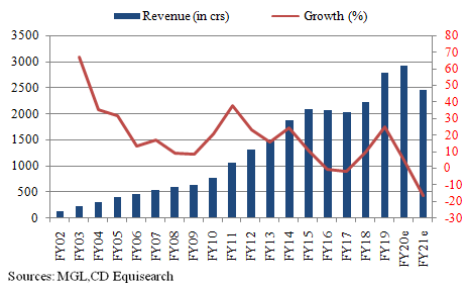
MGL expanded its network in Raigad by opening 3 CNG stations in Q1FY20 and has received permissions from various authorities for laying pipeline in the Raigad GA. It is also working to extend supply services across 5-6 underpenetrated towns such as Pen, Ulwe, Roha, and Karjat, amongst others, initially with the help of virtual pipeline network to serve domestic PNG customers.

To capture the benefits of large and growing CGD sector, MGL added 203.13 kms to its aggregate steel and PE pipeline network and 12 CNG stations taking the total to 5513 kms of total pipeline and 248 stations in 9MFY20. It had earmarked capex in the range of Rs 450 – Rs 500 crs for FY20, of which Rs 75 crs to Rs 100 crs would be towards Raigad district; total capex in 9MFY20 was Rs 300 crs. Capex of Rs 400 crs was expected in FY21, yet due to the inevitability of lockdown extension in Maharashtra, we expect it to be around Rs. 250 cr. However, execution risks associated with such high capex demand scrutiny - creation of infrastructure in a congested city like Mumbai remains a challenge. Expansion plans would take a hit in the ensuing monsoon season even after withdrawal of restrictions due to coronavirus.

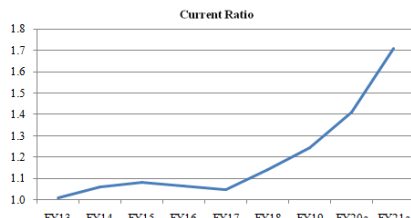
MGL has posted topline growth of CAGR 8.2% during FY14-FY19 period, driven by overall volume growth of CAGR 5.5%. For the nine months ended December 31, 2019, it witnessed sales growth of 10.5% (yoy), supported by overall sales volume growth of 2.55% (yoy) – CNG up by 1.82% (yoy), domestic PNG up by 6.85% (yoy) and industrial and commercial PNG up by 2.54% (yoy). It connected 31,066 domestic households to PNG, taking the cumulative customer base to 1.24 mn households in Q3FY20. It added 74 industrial and commercial customers in Q3FY20, thereby taking the total tally to 3997 (3866 in Q1FY20).



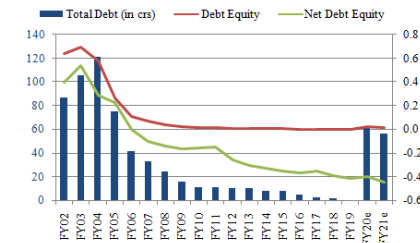
Average realization improved to Rs. 27.45/scm for 9MFY20 from Rs. 25.48/scm in 9MFY19; consequent to 26% reduction in the price of domestically produced natural gas by GOI for April to September 2020 period, Mahanagar Gas reduced its CNG prices by Rs. 2/kg to Rs. 47.95 and PNG prices by Rs. 1 to Rs. 29.6/scm for Slab 1 customers. This was the second revision in the last 6 months after the government announced on 30th September'19, a 12.5% reduction in domestic natural gas price to USD 3.23/mmBtu from USD 3.69/mmBtu. Despite timid revenue growth due to lower natural gas prices, operating profits rose 20.5% in 9MFY20, thus helping nearly 300 bps expansion in OPMs.



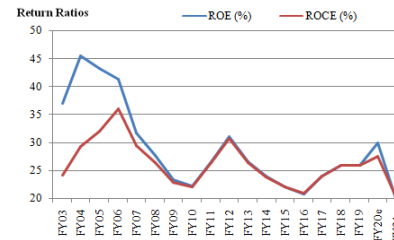
The impact of corona virus has hit Mumbai harder than most other cities in India with large scale lockdowns and it is expected to hit MGL hard in FY21 with demand for CNG almost wiped out for over a couple of months. Overall volume is estimated to decline by mid double digits whereas revenue is estimated to decline by 16.5% in the current fiscal. Flat lining of OPM's would help little for post tax earnings are expected to decline by over 20%.



Sources: MGL, CD Equiresearch

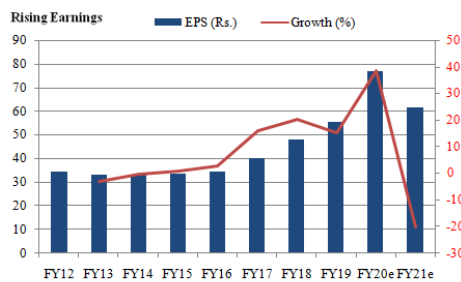


Sources: MGL, CD Equiresearch



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The stock currently trades at 12.3x FY20e EPS of Rs 77.04 and 15.4x FY21e EPS of Rs 61.47. Continuous addition to number of PNG connections and vehicles converted to CNG coupled with MGL's substantial investments in network expansion would help it leverage the benefits of CGD market, given the low penetration (35.8%) in CNG. Rising gap between prices of alternate fuels like petrol & diesel and CNG would help deepen CNG penetration. Challenge in creating the infrastructure of CGD demands scrutiny. Change in regulations of PNGRB, MoPNG, and other regulatory authorities (like change in bidding norms, pipeline tariff formula, etc) also cannot be overlooked. On ever changing economic landscape of the country in light of COVID-19, we cut FY21 EPS estimated by 28.3%. Yet, robust recovery in CNG volumes is expected as and when lockdown is lifted in Maharashtra. Weighing odds, we advise accumulating the stock with revised target of 1106 (previous target of 1286) based on 18x FY21 EPS of 61.47. For more information, refer to our October 2019 report.



Sources: MGL, CD Equiresearch

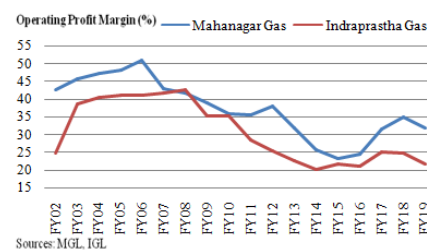
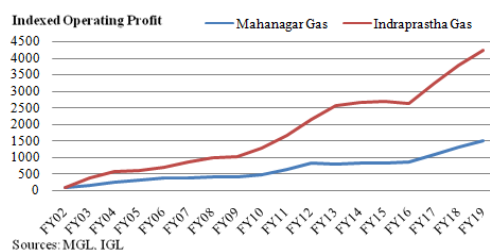
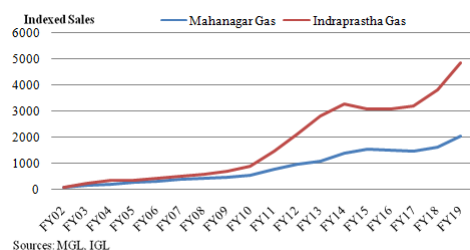
Cross Sectional Analysis

| Company | Equity* | CMP | MCAP* | Sales* | Profit* | OPM (%) | NPM (%) | Int Cov | ROE (%) | Mcap/Sales | P/BV | P/E |
|------------------|---------|-----|-------|--------|---------|---------|---------|---------|---------|------------|------|------|
| Mahanagar Gas | 99 | 946 | 9346 | 3008 | 763 | 34.1 | 25.4 | 216.9 | 28.9 | 3.1 | 3.4 | 12.2 |
| Indraprastha Gas | 140 | 476 | 33317 | 6475 | 1188 | 23.0 | 16.5 | 86.4 | 25.9 | 5.1 | 6.6 | 28.1 |

*figures in crores; calculations on ttm basis

During Q3FY20, IGL's CNG sales volume increased by 9% while PNG volumes increased by a massive 18% over Q3FY19. Overall, there was an impressive 13% rise in sales volume during this quarter over corresponding quarter of FY19 which prompted revenues to rise by 10.2% y-o-y. An increase in minimum wages (employee expenses grew by Rs. 7.3 crores from Rs. 36.36 cr in September to 43.66 cr in the quarter ended December 31, 2019) failed to stunt profit growth – PAT grew by 34.8% y-o-y aided by lower taxes. IGL witnessed an impressive 23.5% growth in its operating profit y-o-y for 9 months ended Dec 2019 on the back of robust revenue growth of 16.8%.

To cater to the growing demand for CNG, IGL is now looking to consolidate its position in existing areas and foray into new geographical areas. Last fiscal it started working in association with Indian Oil Corporation to set up India's first H-CNG station. It has also entered into MoUs with parties to promote gas usage in home appliances, manufacture gas meters, provide charging facilities to e-vehicles, etc.



Note: Standalone data for Indraprastha Gas for the graphs.

Financials

Quarterly Results

Figures in Rs crs

| | Q3FY20 | Q3FY19 | % chg. | 9MFY20 | 9MFY19 | % chg. |
|---------------------------------------|---------------|---------------|-------------|----------------|----------------|-------------|
| Income From Operations | 744.50 | 752.68 | -1.1 | 2285.57 | 2068.53 | 10.5 |
| Other Income | 28.57 | 20.38 | 40.2 | 71.89 | 53.88 | 33.4 |
| Total Income | 773.07 | 773.06 | 0.0 | 2357.46 | 2122.41 | 11.1 |
| Total Expenditure | 485.64 | 513.58 | -5.4 | 1476.47 | 1397.01 | 5.7 |
| EBITDA (other income included) | 287.43 | 259.48 | 10.8 | 880.99 | 725.40 | 21.4 |
| Interest | 1.62 | 0.09 | 1700.0 | 4.44 | 0.28 | 1485.7 |
| Depreciation | 41.45 | 32.76 | 26.5 | 117.73 | 93.06 | 26.5 |
| PBT | 244.36 | 226.63 | 7.8 | 758.82 | 632.06 | 20.1 |
| Tax | 58.31 | 78.31 | -25.5 | 131.90 | 219.12 | -39.8 |
| PAT | 186.05 | 148.32 | 25.4 | 626.92 | 412.94 | 51.8 |
| EO | - | - | - | - | - | - |
| Adjusted Net Profit | 186.05 | 148.32 | 25.4 | 626.92 | 412.94 | 51.8 |
| EPS(Rs) | 18.83 | 15.02 | 25.4 | 63.47 | 41.80 | 51.8 |

Income Statement

Figures in Rs crs

| | FY17 | FY18 | FY19 | FY20e | FY21e |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Income From Operations | 2033.97 | 2233.01 | 2791.07 | 2929.35 | 2446.86 |
| Growth (%) | -2.1 | 9.8 | 25.0 | 4.95 | -16.5 |
| Other Income | 52.66 | 57.68 | 77.71 | 88.83 | 106.56 |
| Total Income | 2086.63 | 2290.69 | 2868.78 | 3018.18 | 2553.42 |
| Total Expenditure | 1389.82 | 1452.90 | 1905.62 | 1918.24 | 1590.79 |
| EBITDA (other income included) | 696.81 | 837.79 | 963.16 | 1099.94 | 962.63 |
| Interest | 1.02 | 0.09 | 0.32 | 6.20 | 6.51 |
| Depreciation | 95.13 | 111.18 | 125.93 | 155.74 | 144.75 |
| PBT | 600.66 | 726.51 | 836.91 | 938.00 | 811.37 |
| Tax | 207.23 | 248.64 | 290.52 | 177.00 | 204.22 |
| PAT | 393.43 | 477.87 | 546.39 | 761.00 | 607.15 |
| EO | 3.89 | 1.27 | -2.75 | - | - |
| Adjusted Net Profit | 389.54 | 476.61 | 549.14 | 761.00 | 607.15 |
| EPS (Rs) | 40.07* | 48.25 | 55.59 | 77.04 | 61.47 |

*calculated on weighted average equity

Balance Sheet

Figures in Rs crs

| | FY17 | FY18 | FY19 | FY20e | FY21e |
|-------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Sources of Funds | | | | | |
| Share Capital | 98.78 | 98.78 | 98.78 | 98.78 | 98.78 |
| Reserves | 1741.26 | 1996.57 | 2300.09 | 2822.92 | 3222.64 |
| Total Shareholders' Funds | 1840.04 | 2095.35 | 2398.87 | 2921.70 | 3321.41 |
| Long Term Debt | 2.70 | 1.20 | - | 47.70* | 42.93* |
| Total Liabilities | 1842.74 | 2096.54 | 2398.87 | 2969.40 | 3364.34 |
| Application of Funds | | | | | |
| Gross Block | 1481.74 | 1818.73 | 2174.01 | 2770.05 | 3020.05 |
| Less: Accumulated Depreciation | 176.99 | 286.78 | 410.59 | 566.33 | 711.08 |
| Net Block | 1304.75 | 1531.95 | 1763.41 | 2203.72 | 2308.97 |
| Capital Work in Progress | 411.53 | 356.62 | 369.69 | 350.00 | 350.00 |
| Investments | 466.67 | 687.68 | 654.02 | 900.00 | 1200.00 |
| Current Assets, Loans and Advances | | | | | |
| Inventory | 23.76 | 24.00 | 19.12 | 20.07 | 21.08 |
| Trade receivables | 94.54 | 88.47 | 99.53 | 104.51 | 105.00 |
| Cash and Bank | 136.11 | 91.88 | 298.84 | 287.04 | 305.61 |
| Other Assets | 73.51 | 83.47 | 104.36 | 109.94 | 104.61 |
| Total CA & LA | 327.93 | 287.82 | 521.85 | 521.56 | 536.30 |
| Current Liabilities | 623.03 | 718.11 | 814.31 | 887.17 | 880.31 |
| Provisions-Short term | 6.65 | 5.14 | 6.89 | 6.54 | 7.20 |
| Total Current Liabilities | 629.68 | 723.25 | 821.20 | 893.71 | 887.51 |
| Net Current Assets | -301.76 | -435.44 | -299.35 | -372.15 | -351.21 |
| Net Deferred Tax Liability | -137.63 | -174.83 | -204.84 | -165.24 | -185.24 |
| Net long term assets (net of liabilities) | 99.17 | 130.55 | 115.94 | 53.07 | 41.82 |
| Total Assets | 1842.74 | 2096.54 | 2398.87 | 2969.40 | 3364.34 |

*Long term lease liability

Key Financial Ratios

| | FY17 | FY18 | FY19 | FY20e | FY21e |
|-------------------------|------|------|------|-------|-------|
| Growth Ratios(%) | | | | | |
| Revenue | -2.1 | 9.8 | 25.0 | 5.0 | -16.5 |
| EBITDA | 25.0 | 21.0 | 15.7 | 13.7 | -12.5 |
| Net Profit | 26.4 | 22.4 | 15.2 | 38.6 | -20.2 |
| EPS | 16.2 | 20.4 | 15.2 | 38.6 | -20.2 |
| Margins (%) | | | | | |
| Operating Profit Margin | 31.7 | 35.0 | 31.9 | 34.5 | 35.0 |
| Gross profit Margin | 33.9 | 37.4 | 34.6 | 37.3 | 39.1 |
| Net Profit Margin | 19.2 | 21.3 | 19.7 | 26.0 | 24.8 |
| Return (%) | | | | | |
| ROCE | 23.9 | 25.9 | 25.9 | 27.5 | 20.0 |
| ROE | 24.0 | 25.9 | 25.9 | 29.9 | 20.2 |
| Valuations | | | | | |
| Market Cap/ Sales | 4.3 | 4.2 | 3.7 | 2.8 | 3.8 |
| EV/EBITDA | 11.9 | 10.4 | 9.8 | 6.3 | 8.5 |
| P/E | 22.3 | 19.9 | 19.0 | 10.6 | 15.4 |
| P/BV | 5.2 | 4.8 | 4.6 | 2.9 | 2.9 |
| Other Ratios | | | | | |
| Debt Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Debt-Equity Ratio | -0.4 | -0.4 | -0.4 | -0.4 | -0.5 |
| Current Ratio | 1.0 | 1.1 | 1.2 | 1.4 | 1.7 |
| Turnover Ratios | | | | | |
| Fixed Asset Turnover | 1.7 | 1.6 | 1.7 | 1.5 | 1.1 |
| Total Asset Turnover | 1.2 | 1.2 | 1.3 | 1.1 | 0.8 |
| Inventory Turnover | 66.5 | 60.8 | 88.4 | 97.9 | 77.3 |
| Debtors Turnover | 21.8 | 24.4 | 29.7 | 28.7 | 23.4 |
| Creditor Turnover | 12.0 | 12.6 | 14.5 | 12.0 | 9.3 |
| WC Ratios | | | | | |
| Inventory Days | 5.5 | 6.0 | 4.1 | 3.7 | 4.7 |
| Debtor Days | 16.8 | 15.0 | 12.3 | 12.7 | 15.6 |
| Creditor Days | 30.4 | 28.9 | 25.1 | 30.5 | 39.4 |
| Cash Conversion Cycle | -8.2 | -7.9 | -8.7 | -14.0 | -19.1 |

Cumulative Financial Data

| Figures in Rs. crs | FY06-09 | FY10-13 | FY14-17 | FY18-21e |
|---------------------------|---------|---------|---------|----------|
| Income from operations | 2232 | 4659 | 8092 | 10400 |
| Operating profit | 963 | 1636 | 2133 | 3539 |
| EBIT | 860 | 1476 | 1957 | 3328 |
| PBT | 850 | 1472 | 1952 | 3315 |
| PAT | 570 | 993 | 1295 | 2394 |
| Dividends | 182 | 486 | 781 | 898 |
| OPM (%) | 43.2 | 35.1 | 26.4 | 34.0 |
| NPM (%) | 25.5 | 21.3 | 16.0 | 23.0 |
| ROE (%) | 29.6 | 26.7 | 22.4 | 24.3 |
| ROCE (%) | 27.4 | 26.5 | 22.3 | 23.5 |
| Interest Coverage | 82.9 | 375.6 | 420.3 | 253.6 |
| Debt Equity* | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed asset turnover | 1.3 | 1.7 | 1.8 | 1.4 |
| Debtors turnover | 9.1 | 13.5 | 21.9 | 26.1 |
| Inventory turnover | 29.3 | 56.2 | 79.4 | 76.5 |
| Creditors turnover | 5.0 | 9.2 | 14.4 | 11.6 |
| Debtor days | 40.3 | 27.0 | 16.7 | 14.0 |
| Inventory days | 12.5 | 6.5 | 4.6 | 4.8 |
| Creditor days | 73.2 | 39.8 | 25.3 | 31.5 |
| Cash conversion | -20.4 | -6.3 | -4.0 | -12.7 |
| Dividend payout ratio (%) | 31.9 | 49.0 | 60.0 | 37.6 |

FY 06-09 implies four year period ending fiscal 09;*as on terminal year

Favorable external environment, increase in demand for natural gas and larger customer base have aided in MGL's topline growth of 3.6x during FY14-17 period from four years ending FY09. However, considerable fluctuation in natural gas costs (raw material to sales ratio increased to 57.9% from 36.1% during four years ending FY09) impacted margins – OPM declined to 26.4% during FY14-17 period from 43.2% during FY06-09 period. Higher earnings and reduction in debt explain substantial rise in interest coverage ratio over the years (see table).

In view of positive outlook for CGD sector on back of rising urbanization, shift to cleaner fuels and untapped market, we expect MGL to post revenue growth of over 28% during FY18-21 period; however, the firm would struggle to carry out the largesse of FY19 when revenue grew by 25% not least due to lockdown of Maharashtra for over a month now – FY21's revenue is estimated to fall by 16.5%. Its focus to enhance network in the adjoining areas of its presence would help it meet the increasing demand for clean fuel. With spot gas prices witnessing a downward trend recently, we expect operating margins to improve to 34% during four years ending FY21. Profits would rise by 84.9% with ROE and ROCE of 24.3% and 23.5% respectively. Faster recoveries in payments coupled with a rise in creditors days would push down the cash conversion cycle in FY18-21 (see table).

Financial Summary- US Dollar denominated

| million \$ | FY17 | FY18 | FY19 | FY20e | FY21e |
|-------------------------------|-------|-------|-------|-------|-------|
| Equity capital | 15.2 | 15.2 | 14.3 | 13.1 | 12.9 |
| Shareholders' funds | 264.0 | 302.0 | 328.7 | 372.5 | 420.0 |
| Total debt | 0.4 | 0.2 | 0.0 | 8.3 | 7.4 |
| Net fixed assets (incl. CWIP) | 264.7 | 290.4 | 308.4 | 338.8 | 348.2 |
| Investments | 72.0 | 105.7 | 94.6 | 119.4 | 157.1 |
| Net current assets | -66.4 | -87.1 | -61.4 | -64.4 | -60.9 |
| Total assets | 264.4 | 302.2 | 328.7 | 378.8 | 425.7 |
| Revenues | 303.2 | 346.5 | 399.4 | 413.3 | 320.4 |
| EBITDA | 103.0 | 129.7 | 138.4 | 155.2 | 126.0 |
| EBDT | 102.8 | 129.7 | 138.4 | 154.3 | 125.2 |
| PBT | 88.6 | 112.4 | 120.4 | 132.3 | 106.2 |
| PAT | 58.1 | 74.0 | 78.6 | 107.4 | 79.5 |
| EPS(\$) | 0.60 | 0.75 | 0.80 | 1.09 | 0.80 |
| Book value (\$) | 2.67 | 3.06 | 3.33 | 3.77 | 4.25 |

Income statement figures translated at average rates; balance sheet at year end rates; FY21 at current rates (Rs 76.37/\$).
All dollar denominated figures are adjusted for extraordinary items.

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buy: >20% accumulate: >10% to ≤20% hold: ≥-10% to ≤10% reduce: ≥-20% to <-10% sell: <-20%

Exchange Rates Used- Indicative

| Rs/\$ | FY16 | FY17 | FY18 | FY19 | FY20 |
|----------|-------|-------|-------|-------|-------|
| Average | 65.46 | 67.09 | 64.45 | 69.89 | 70.88 |
| Year end | 66.33 | 64.84 | 65.04 | 69.17 | 75.39 |

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.