RESULT REVIEW

BUY
TP: Rs 510 | 19%

INDRAPRASTHA GAS | Oil & Gas | 12 February 2024

Legacy UP, new GAs can offset slowdown, reiterate BUY

- **Factoring in faster e-transition for DTC buses and passenger vehicles in Delhi, we lower FY23-FY26 volume growth to 5.9% from 8.4%**
- **We still factor in 6.5% CAGR over FY25-FY33, the semi-explicit period of our DCF, expecting Uttar Pradesh and newer GAs to support growth**
- **Our DCF-based TP reduces to Rs 510 (from Rs 550) baking in slower growth; we believe CNG will coexist with EVs and reiterate BUY**

Kirtan Mehta, CFA | Yash Thakur
research@bobcaps.in

Delhi growth slowing down: IGL highlighted at the Q3FY24 call that Delhi CNG growth has slowed to 3% over 9MFY24 with the loss of ~40% of DTC buses. We estimate that the loss of the remaining 60% over the next 12-18 months could further impact CNG volumes by 2-3%. Even within passenger vehicles (TPV category a proxy for cabs/buses), we note that EV additions have risen to >40% of the total over FY23-10MFY24 (Fig 1) ahead of the impact of aggregator policies.

Volume growth lowered: For FY25/FY26, we conservatively cut volume growth by 5%/7% to 9mmscmd/9.6mmscmd, below management guidance as we factor in the slowdown in Delhi. While we do believe that growth would continue outside Delhi for IGL, we are building in a couple of slower years for now.

New growth levers: (a) Increase in CNG-based passenger vehicles outside Delhi – the contribution of Noida and Ghaziabad has increased to 45% of TPV additions for IGL, ahead of Delhi at <30% (Fig 2), and new GA (6th to 11th rounds) contribution too has risen to 25%. (b) Improvement in consumer sentiment, leading to higher additions of private cars –monthly average adds of 6.8k/6.0k over the past 6/10 months from 4.5k in FY23 (Fig 6). (c) Success on the start of a pilot for long-haul buses in UP, Uttarakhand and Rajasthan. (d) Move away from monopolistic pricing in new GAs and for industrial consumers.

Profit estimates cut: We lower our FY25/FY26 EBITDA forecasts for IGL by 5%/7%, incorporating the cuts in volume growth. Despite this, we still expect an 11% EBITDA CAGR (from 14%) over FY23-FY26.

Reiterate BUY: Rolling valuations forward to Jan'25, we cut our DCF-based TP to Rs 510 (from Rs 550), which assumes an 11% cost of equity, 6.5% (from 7.3%) volume CAGR and ~Rs 8.0/scm (unchanged) average EBITDA margin over FY25-FY33, with terminal growth of 4%. Our TP implies an FY25E P/E of 17.9x, below the the 5Y mean forward multiple of 18.7x. While the stock has recovered ~13% from the recent bottom in Nov'23, it is still 12% below the recent peak in mid-October. Given 19% upside to our TP, we reiterate BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	IGL IN/Rs 427
Market cap	US$ 3.6bn
Free float	55%
3M ADV	US$ 12.8mn
52wk high/low	Rs 516/Rs 376
Promoter/FPI/DII	45%/18%/23%

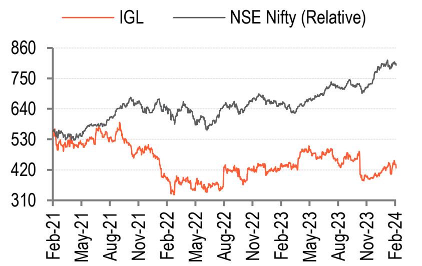
Source: NSE | Price as of 12 Feb 2024

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	1,41,459	1,36,505	1,45,388
EBITDA (Rs mn)	20,398	24,936	25,482
Adj. net profit (Rs mn)	16,397	19,689	19,920
Adj. EPS (Rs)	23.4	28.1	28.5
Consensus EPS (Rs)	23.4	29.1	31.8
Adj. ROAE (%)	21.1	22.8	19.9
Adj. P/E (x)	18.2	15.2	15.0
EV/EBITDA (x)	14.0	11.2	10.7
Adj. EPS growth (%)	9.1	20.1	1.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Q3FY24 result review

Results missed estimates

- **EBITDA missed consensus…:** Though IGL's revenue at Rs 35.6bn was broadly in line with consensus/our forecast (-1%/+1%), EBITDA at Rs 5.6bn was 13%/9% below and net income at Rs 3.9bn was 12%/7% below. We attribute the miss to the use of contracted gas instead of APM (administered price mechanism) gas to bridge the shortfall in availability of the latter.

- **…and declined sequentially:** EBITDA was down 14% QoQ mainly on account of a 16% or Rs 1.4/scm QoQ decline in EBITDA margin to Rs 7.2/scm, although the fall was partially offset by 2.2% growth in volumes.

- **Higher gas purchase cost…:** The sequential decline in EBITDA margin was primarily driven by a sharp Rs 1.5/scm increase in gas purchase cost and a modest Rs 0.2/scm increase in opex, which was partially offset by a slight Rs 0.3/scm rise in realisation on account of partial passthrough of gas purchase cost.

- **…driven by lower allocation of APM gas:** The quarter saw a higher 22% shortfall (vs. 13% in Q2) in APM gas availability for the priority sector, which was met by higher cost gas. IGL covered the shortfall with term LNG (17% of priority sector requirements), HPHT gas (from high pressure high temperature fields: 4%), and nominal spot procurement (0.06mmscmd) from the IGX exchange.

  While APM gas is priced at US$ 6.5/MMbtu, HPHT gas came at a ceiling price of US$ 9.96/MMbtu and the effective average price for contracted gas may have been somewhat higher. IGL has currently contracted 2.35mmscmd of volumes, comprising of 1.78mmscmd on mid-term contracts and 0.58mmscmd on long-term contracts. The contracted portfolio also includes domestic HPHT volumes. Gas purchase cost under mid-term contracts was US$ 13-14/MMbtu with a 115% slope to the US HH price plus a constant of US$ 5.5-5.6/MMbtu.

- **Impact was higher than MAHGL due to greater use of contract gas:** The gas purchase cost increase for IGL at Rs 1.5/scm QoQ was significantly higher than that for MAHGL which saw a flat purchase cost. We believe this impact may have been because of IGL's compulsion to use a higher proportion of contracted volumes (RLNG usage of 17% of priority sector requirements), whereas MAHGL was able to back down volumes on its contracts and use 18-20% of HPHT gas to bridge the shortfall in APM gas.

- **Margin guidance maintained:** While the Q3 EBITDA margin at Rs 7.2/scm was lower than the guided range of US$ 7.5-8.0/scm, IGL remains confident of delivering the same over the year.

- **Business shows clear recovery from weakness in FY23:** EBITDA was up 32% YoY in Q3 and 18% YoY in 9M primarily on the back of recovery in EBITDA margin. This can be attributed to the improvement in stability of gas purchase cost after the implementation of Kirit Parikh Committee recommendations in Apr'23. 9MFY24 EBITDA margin has improved to a healthy level of Rs 8.1/scm, close to the company's medium-term guidance range.

- **Affiliates' profitability also shows clear improvement:** IGL has exposure to GAs (geographical areas) in Maharashtra and Central Uttar Pradesh (UP) through its stakes in Maharashtra Natural Gas and Central UP Gas. The company's share of profit from affiliates was up 40% YoY to Rs 1.9bn YoY and it also received higher dividend of Rs 0.7bn from its affiliates during the quarter.

Volume growth impacted by loss of DTC bus volumes

- **Volume growth has resumed…:** Q3 volumes at 8.5mmscd were up 2.2% QoQ, driven by growth across segments, viz. CNG (1.3%), domestic (7.1%) and industrial and commercial (6.0%).

- **…but still modest YoY:** Volumes grew 4.4% YoY during the quarter driven by growth in the CNG (4.2%), domestic (10.8%) and industrial and commercial (4.4%) segments. The quarter also modestly pulled up growth to 3.7% in 9MFY24 from 3.3% in H1.

- **Loss of DTC buses impacted CNG volumes...:** IGL highlights that CNG volume growth in Delhi has dropped to just 2-3% YoY in 9MFY24 owing to the loss of 950 DTC (Delhi Transport Corporation) buses out of the total pool of 3,200, as the state transport body gradually electrifies the fleet. The loss has significantly offset a robust 8-10% YoY growth in volumes from private vehicles as well as 7-8% growth outside Delhi GA. As Delhi accounts for 63% of CNG volumes, this slowdown has pulled down growth for the entire CNG segment.

- **...and overshadowed sustained recovery in CNG vehicle additions:** The monthly CNG vehicle addition run-rate was healthy at 15k vehicles in Q3 after a recovery to 15.9k in Q2 from a low point of 14.1k in Q1. IGL estimates that this was supported by additions of 7k in the private car segment, 5.5k in commercial vehicles (CVs including cabs, goods carriage, autos) and 3k in retrofit vehicles.

- **Growth momentum sustained in household segment:** IGL's focus on the household segment has resulted in growth of 15% YoY in 9MFY24 from 8% in FY23. However, with the segment weight at 7% of the company's mix, it has a limited impact on overall growth.

- **Industrial segment also staged modest recovery:** The industrial segment is showing early signs of recovery with 4% YoY and 6% QoQ growth in industrial and commercial volumes.

Volume guidance maintained despite Q3 miss

IGL aims to deliver 9mmscmd of volumes on average in Q4FY24 and has maintained its earlier target of exiting FY25 at 10mmscmd despite the anticipated loss of all DTC bus volumes by FY25-FY26 and potentially slower growth in CV additions due to implementation of the Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023.

Impact from loss of DTC buses likely to be only 2-3% of CNG volumes

The loss of the entire fleet of DTC buses to EV buses could mean 2-3% lower CNG volumes for IGL considering that the DTC bus pool served by the company forms just 10% of the total CNG buses in Delhi (3.2k out of ~30k) and ~20% of CNG volumes from the company's bus segment.

Apart from DTC buses, IGL also serves 3.9k of DIMTS buses (Delhi Integrated Multi-Modal Transit System). The risk here is not immediate as this fleet will be electrified only upon their retirement (only 0.5k buses shifted to EVs so far) in the absence of an explicit EV policy and may give the company some buffer time to offset the loss via other avenues.

Impact of Aggregator Policy for EV transition in Delhi not yet clear

Delhi has notified two schemes for transitioning CVs to EVs. The schemes target the CV fleets of aggregators, delivery service providers, e-commerce entities, and premium buses. While these schemes have been notified in Q3FY24, IGL has refrained from commenting on the near-term impact as vehicle registration data is available only for two months at this stage.

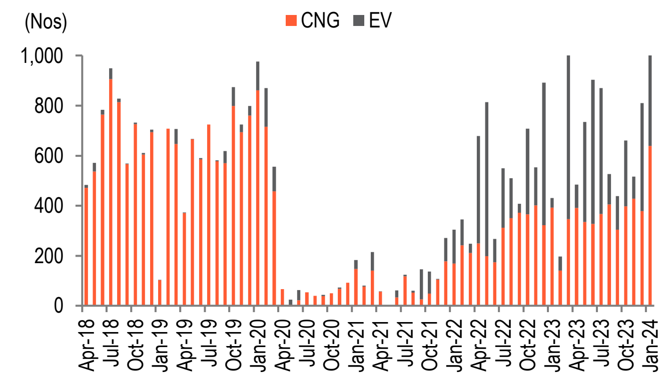
However, our analysis of passenger vehicle (TPV category includes low, medium and heavy passenger vehicles) registration data available from the government's Vahan database as a proxy for commercial cabs and buses indicates the likelihood of a lower impact. While the Vahan database does not cover all RTOs (regional transport offices), data is still substantially representative of trends in IGL's GAs.

- **Delhi-CNG CVs were already losing market share to EVs:** Within the passenger vehicle category, EVs have already started gaining market share in Delhi, rising to 49% of the new passenger car mix in FY23 and 45% over 10MFY24.
- **Delhi's contribution to new growth is less than 30% of total new additions:** We note that legacy Delhi (i.e. National Capital Territory of Delhi) contribution to CNG additions for IGL had already reduced to less than 30% of the company's total additions in 10MFY24, even prior to the implementation of this policy.
- **70% of commercial passenger vehicle additions are unaffected by Delhi policy:** The legacy UP GA (i.e. Noida and Ghaziabad) is the leading contributor in the commercial passenger vehicle category, accounting for ~45% of additions in 10MFY24. The contribution of new GAs has also increased to ~25% of total additions in the segment over 10MFY24. While GAs won during the 6th and 9th rounds accounted for ~17% of new commercial passenger vehicle additions, GAs won during the 10th and 11th rounds accounted for 8%.

BOBCAPS
TRUST I INNOVATION I EXCELLENCE

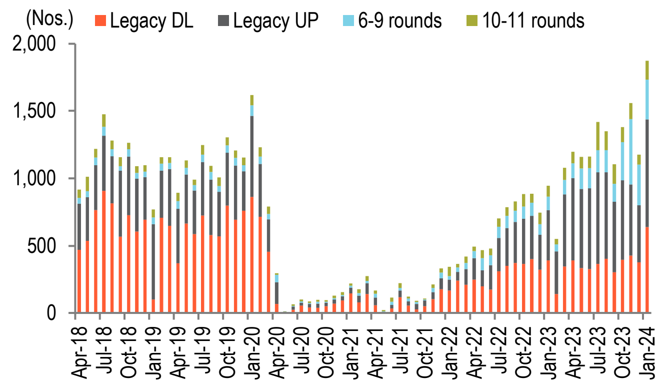
- **Growth in new additions much stronger in GAs outside Delhi:** Over 10MFY24, new additions in legacy UP, GAs 6-9 and GAs 10-11 have grown 131%, 167% and 81% YoY as against growth of 27% in Delhi.

Fig 1 – Delhi commercial passenger vehicles: EVs have gained more than 40% market share since FY23



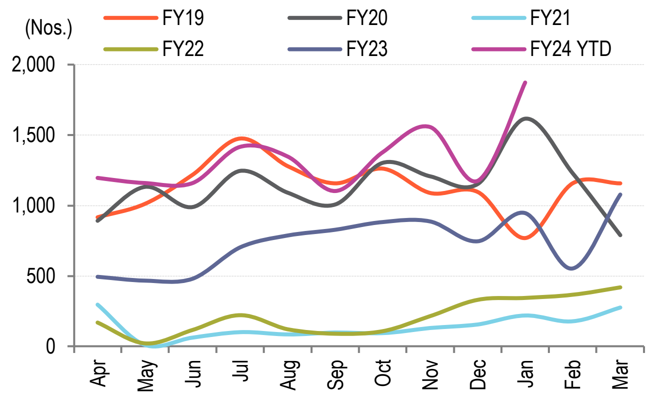
Source: VAHAN, BOBCAPS Research

Fig 2 – IGL: Commercial passenger vehicle additions outside Delhi have increased to 70% of mix



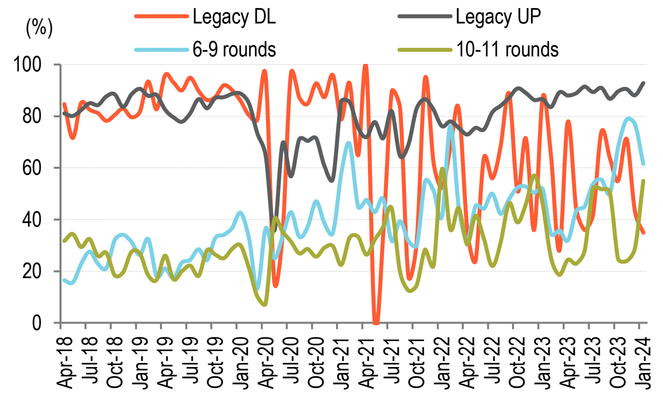
Source: VAHAN, BOBCAPS Research

Fig 3 – IGL is benefitting from pickup in passenger vehicles in FY24



Source: VAHAN, BOBCAPS Research

Fig 4 – Legacy UP has been seeing more CNG passenger vehicles in registration mix than Delhi



Source: VAHAN, BOBCAPS Research

Pickup in customer sentiment to aid CNG volume growth for IGL

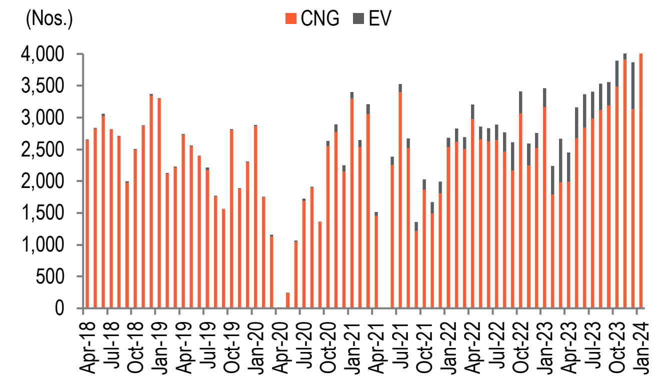
We see a significant pickup in customer sentiment after the cut in CNG prices by the CGD (city gas distribution) sector from Apr'23. We look at registration data for the light motor vehicle (LMV) category as a proxy to assess new private car additions.

- **Sharp uptick in CNG vehicle additions in FY24.** Average monthly CNG car additions have picked up to 6.8k/6k vehicles over the past 6/10 months from 4.5k vehicles over FY23.

- **Pickup is significantly higher outside Delhi.** Average monthly CNG car additions increased to 3.2k/2.8k vehicles over the past 6/10 months, which is a significant improvement over the 2k seen over FY23.

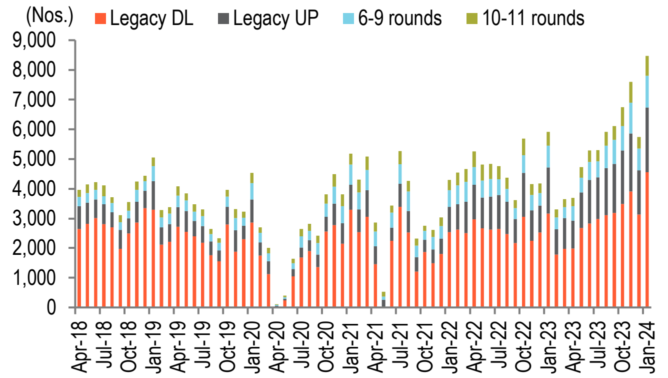
- **Contribution of GAs.** Legacy areas still account for 80% of the CNG vehicle additions over 10MFY24, with legacy Delhi maintaining its lead at 53% followed by legacy UP at 26%. New GAs are slowly gathering pace and accounted for 20% of additions.

Fig 5 – Within private cars (LMVs), CNG vehicles continue to maintain strong share in Delhi



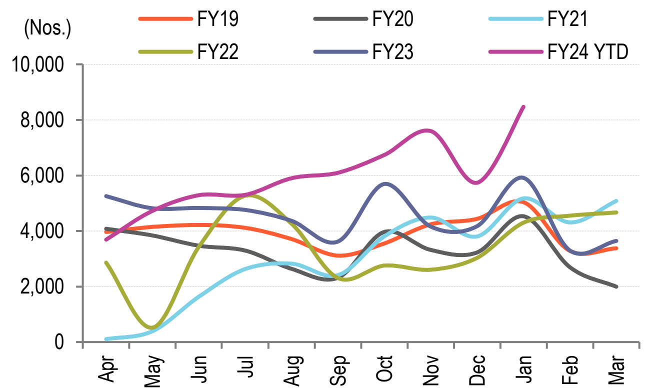
Source: VAHAN, BOBCAPS Research

Fig 6 – Private car additions are split half and half between Legacy Delhi and Legacy UP+New GAs



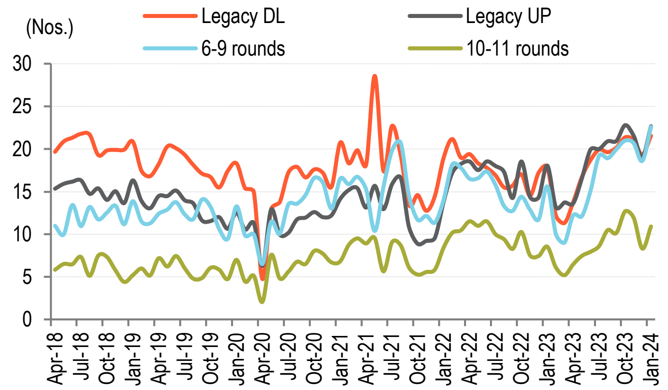
Source: VAHAN, BOBCAPS Research

Fig 7 – Pickup in private car additions has been quite strong in FY24



Source: VAHAN, BOBCAPS Research

Fig 8 – CNG vehicle registration as a % of total LMV registrations stands at 20-25% in mature GAs



Source: VAHAN, BOBCAPS Research

Steps to offset loss of CNG volumes to EVs in Delhi

Although we do see challenges from near-term volume losses in DTC buses, we still think that IGL has scope to resume its growth trajectory. Management commentary does show some progress in the form of initiating pilots on long-haul buses and dumpers as well as a move away from monopolistic pricing. However, these are early days and IGL needs to sustain its thrust on reviving volume growth.

- **Initial success garnering pilots for long-haul bus conversion:** After several years, IGL has managed to convince several neighbouring state governments to start pilots of CNG buses for long-haul inter-state transport buses. Management indicates that the UP, Uttarakhand and Rajasthan governments have agreed to the conversion of 60, 45 and 20 buses respectively as a pilot. IGL is still in discussions with the Haryana government for a similar pilot. Besides type-4 cylinder-based buses, the company is also planning to create an option for LCNG-based (liquid to CNG) long-haul buses by developing 10 LCNG stations.

- **Move away from monopolistic pricing particularly in new GAs:** With a shift in focus to maximising volumes, IGL has also recognised the need to rationalise its pricing policy to make CNG competitive against alternate fuels in new GAs, even by lowering the recovery of supply & distribution charges and margins. The company took the first step this quarter by cutting CNG prices by Rs 3/kg at Rewari and maintaining prices in Kanpur, Muzaffarnagar, Karnal, Kaithal, Banda, Mahoba, and Ajmer GAs, while raising CNG price in Delhi by Rs 3/kg.
- **Plan to start a pilot for construction dumpers:** IGL seems to be moving one step forward towards starting a pilot of converting 2-3 dumpers to CNG in the Banda-Mahoba-Chitrakoot GA. It is also evaluating infrastructure creation by way of a large CNG station, followed up by incentive schemes. Given fuel consumption of 80-100kg/day per dumper and 6k dumpers in the GA, it will translate to offtake of 0.1-0.2mn kg/day even if only a quarter of the fleet is converted.
- **Plans to move to flexible pricing for industrial customers:** Management plans to rationalise the pricing policy for industrial customers by offering flexible prices linked to volumes and alternate fuel competition.
- **Leverage ban on diesel gensets in Delhi:** IGL highlights an increase in inquiries from commercial customers for conversion to CNG gensets after a ban on the usage of diesel gensets effective Oct'23.

Infrastructure

- **FY24 capex:** Against an annual capex target of Rs 14bn-15bn, IGL has incurred Rs 8.6bn in 9MFY24. The company further indicated a regional split of Rs 4bn in Delhi, Rs 3bn in UP, and Rs 1.5bn in both Haryana and Rajasthan.
- **FY25 capex:** Management reiterates a Rs 14bn-15bn target for FY25 but indicates a higher focus on CBG (compressed biogas) and LNG through the allocation of 20% of capex.
- **CNG stations:** The company added 27 stations in 9MFY24 and aims to add 60 more in Q4FY24. It had 802 stations operational as of Nov'23.
- **Customer additions:** IGL has added 0.27mn domestic households and 1,000 industrial and commercial connections over 9MFY24. As of Nov'23, it had a total of 2.49mn household, 5,486 commercial and 4.312 industrial customers.
- **CBG plants:** The company has signed an MOU with two technology partners for setting up 19 CBG plants across four states (Delhi, Haryana, Rajasthan and Uttar Pradesh). It aims for production of 0.45mmscmd, equivalent to 5% of its daily requirements. At current prices, CBG is 10-15% cheaper than APM gas.
- **Small-scale LNG plant:** IGL is considering a pilot small-scale LNG plant to make available CNG in the hinterland without pipeline connectivity. This will be the first such pilot in the country where CNG will be used for conversion to LNG.

Fig 9 – Quarterly performance: Q3FY24 below consensus on higher usage of contract gas for bridging shortfall

(Rs mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
Net sales	**35,562**	**37,108**	**(4.2)**	**34,585**	**2.8**	**104,217**	**104,587**	**(0.4)**
Raw materials	25,459	28,636	(11.1)	23,803	7.0	72,603	76,435	(5.0)
% of sales	*71.6*	*77.2*		*68.8*		*69.7*	*73.1*	
Other expenditure	4,462	4,188	6.5	4,213	5.9	12,980	12,417	4.5
% of sales	*12.5*	*11.3*		*12.2*		*12.5*	*11.9*	
EDITDA	**5,641**	**4,285**	**31.7**	**6,569**	**(14.1)**	**18,635**	**15,735**	**18.4**
EDITDA (Rs/scm)	**7.2**	**5.7**	**26.1**	**8.6**	**(15.9)**	**8.1**	**7.1**	**14.2**
EDITDA margin (%)	**15.9**	**11.5**		**19.0**		**17.9**	**15.0**	
Depreciation and amortisation	1,018	925	10.1	1,022	(0.4)	3,030	2,696	12.4
Interest	18	26	(32.2)	25	(28.0)	66	80	(17.9)
Other income	550	557	(1.4)	1,340	(59.0)	2,346	1,965	19.4
Profit Before Tax	**5,155**	**3,891**	**32.5**	**6,862**	**(24.9)**	**17,885**	**14,923**	**19.8**
Provision for tax	1,235	1,109	11.4	1,514	(18.5)	4,232	3,771	12.2
-effective tax rate (%)	*23.9*	*28.5*		*22.1*		*23.7*	*25.3*	
PAT (reported)	**3,921**	**2,783**	**40.9**	**5,348**	**(26.7)**	**13,653**	**11,153**	**22.4**

Source: Company, BOBCAPS Research

Fig 10 – Volume growth resumed modestly as pickup in vehicle addition was partly offset by loss of DTC buses

(mmscm)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
CNG	**582**	**559**	**4.2**	**575**	**1.3**	**1,718**	**1,659**	**3.6**
PNG	**198**	**188**	**5.2**	**189**	**4.8**	**572**	**550**	**3.9**
Industrial/Commercial	95	91	4.4	90	6.0	273	272	0.3
Domestic	57	51	10.8	53	7.1	162	141	14.9
Natural Gas	46	46	0.5	46	(0.3)	137	137	(0.1)
Total volume	**780**	**747**	**4.4**	**764**	**2.2**	**2,290**	**2,209**	**3.7**
Total volume (mmscmd)	**8.48**	**8.12**	**4.4**	**8.30**	**2.2**	**8.33**	**8.03**	**3.7**

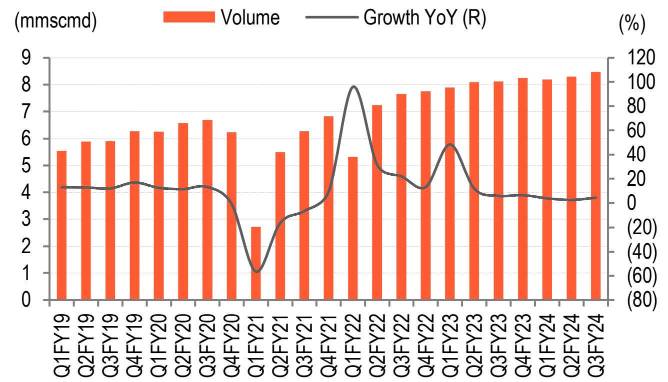
Source: Company, BOBCAPS Research

Fig 11 – Margins: Q3 margin declined due to higher gas purchase cost

(Rs/scm)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
CNG realisation (Rs/kg)	63.2	67.5	(6.4)	62.8	0.6	62.9	64.9	(3.0)
PNG realisation	46.8	54.2	(13.6)	46.6	0.5	47.2	50.7	(6.9)
Avg realisation	**45.6**	**49.7**	**(8.2)**	**45.3**	**0.7**	**45.5**	**47.3**	**(3.9)**
Gas cost	32.6	38.3	(14.9)	31.2	4.7	31.7	34.6	(8.4)
Gross spread	**12.9**	**11.3**	**14.2**	**14.1**	**(8.3)**	**13.8**	**12.7**	**8.3**
Other operating costs	5.7	5.6	2.0	5.5	3.7	5.7	5.6	0.8
EDITDA (Rs/scm)	**7.2**	**5.7**	**26.1**	**8.6**	**(15.9)**	**8.1**	**7.1**	**14.2**

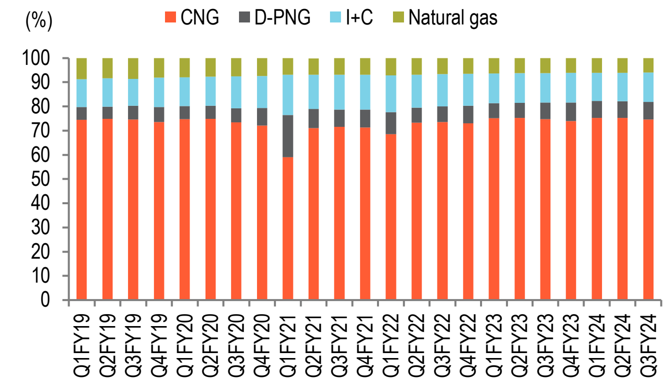
Source: Company, BOBCAPS Research

Fig 12 – Volume growth resumed modestly



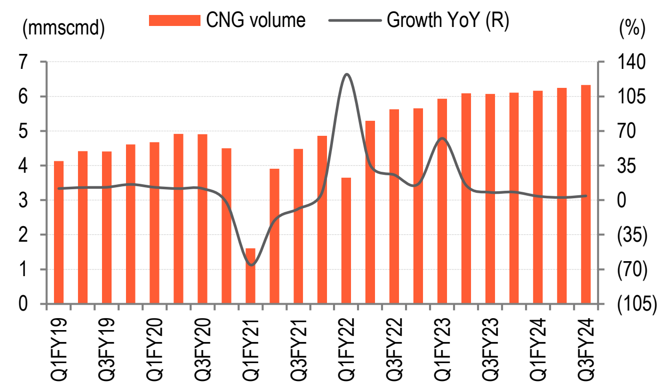
Source: Company, BOBCAPS Research

Fig 13 – Volume mix trends largely unchanged



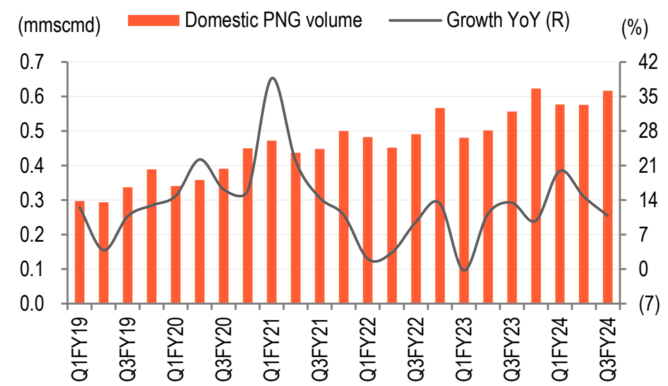
Source: Company, BOBCAPS Research | D-PNG: Domestic Piped Natural Gas; I+C: Industrials and Commercials

Fig 14 – CNG volumes grew 4% YoY as fewer DTC buses partly offset rise in CNG vehicle additions



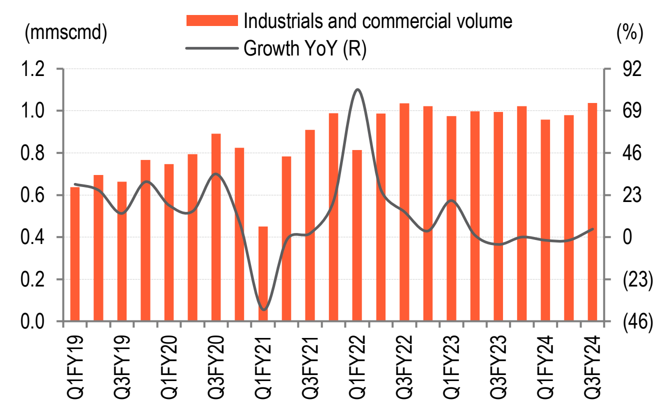
Source: Company, BOBCAPS Research

Fig 15 – Domestic PNG growth momentum maintained



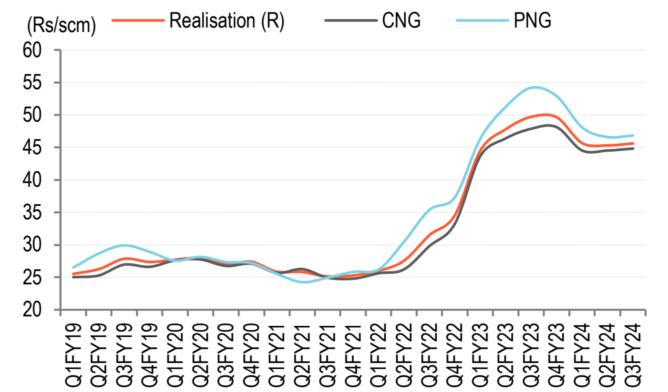
Source: Company, BOBCAPS Research

Fig 16 – Industrial and commercial volumes recovered 4.8% QoQ



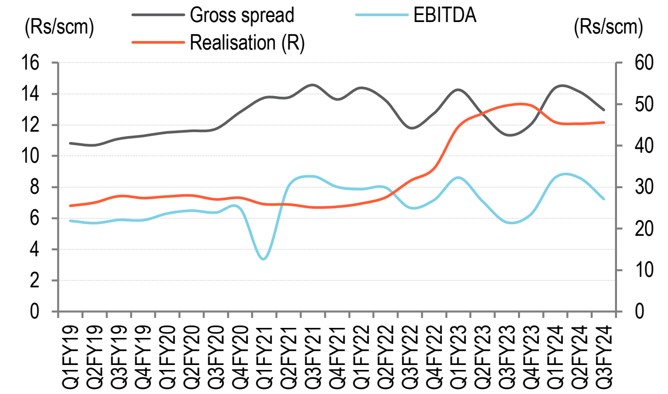
Source: Company, BOBCAPS Research

Fig 17 – IGL has not passed on increase in gas purchase costs to CNG customers in new GAs and households



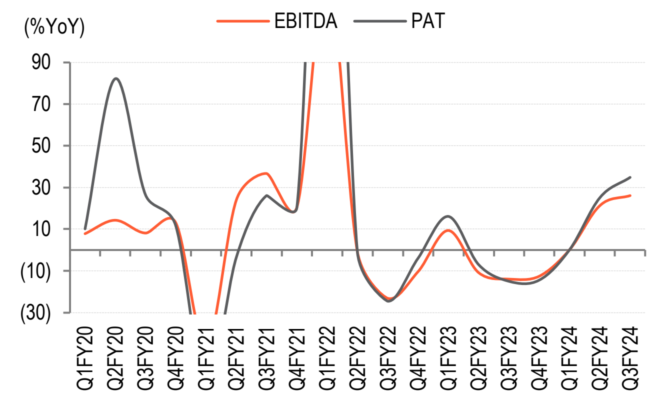
Source: Company, BOBCAPS Research

Fig 18 – EBITDA margin declined on higher gas cost...



Source: Company, BOBCAPS Research

Fig 19 – …but still healthy on affordable APM gas pricing



Source: Company, BOBCAPS Research

Valuation methodology

Forecast changes

We raise our FY24 EBITDA estimate by 2.5% as we are not factoring in the impact of the possible CNG price cut in Q4 in the absence of petrol price cuts to date. For FY24, FY25 and FY26, we lower our volume growth forecasts by 2%, 5% and 7% to 8.4mmscmd, 9mmscmd and 9.6mmscmd respectively. Though management has reiterated its exit target of 9mmscmd for FY24 and 10mmscmd for FY25, we remain conservative in our forecasts at this stage, particularly considering the decline in DTC buses and potential challenges from accelerated electrification in the commercial cab and bus categories.

While we do believe that growth would continue outside Delhi for IGL, we build in a couple of slower years before resumption of the growth trajectory. The cut in volumes leads to a 5%/7% decline in our EBITDA estimates for FY25/FY26. We now expect IGL's EBITDA to grow from Rs 20.4bn in FY23 to Rs 28.1bn in FY26, an 11% CAGR (from 14%), driven by slower volume growth of 5.9% (from 8.4%) and normalisation of margin to Rs 8/scm (unchanged) by FY26 as the global LNG market turns into surplus. Our EBITDA forecasts are broadly in line with consensus for FY24 but 2-3% below for FY25-FY26.

- Our EBITDA margin assumption of Rs 7.9/scm on average over our forecast period is marginally higher than the average of Rs 7.5/scm clocked by IGL in FY21-FY22, reflecting more reasonable APM gas prices and the pullback in LNG prices. Our EBITDA margin is still within the guided range of Rs 7.5-8.0/scm.
- At the APM price of US$ 6.5-7.5/MMbtu over our forecast period, we believe CNG remains competitive in the private car space.
- We are now accounting for a shift of 3.0-3.5k CNG buses to electric buses over FY25-FY26. For commercial cabs, we believe that growth could still be sustained over the medium term as legacy UP and newer GAs potentially offset the decline in new additions in Delhi. We are positive about potential growth in long-haul buses and expect IGL to capture floating volumes from neighboring regions as it scales up buses with type-4 cylinders and accelerates penetration in legacy as well as newer GAs with higher capex.

Fig 20 – Revised estimates

(Rs bn)	Actual	New			Old			Change (%)		
	FY23	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	141,459	136,505	145,388	166,627	134,515	153,255	178,499	1.5	(5.1)	(6.7)
EBITDA	**20,398**	**24,936**	**25,482**	**28,051**	**24,338**	**26,828**	**30,227**	**2.5**	**(5.0)**	**(7.2)**
EBITDA growth (%)	37.5	22.2	2.2	10.1	19.3	10.2	12.7	-	-	-
Net income incl affiliate	16,397	19,864	20,079	22,061	19,208	20,917	23,527	3.4	(4.0)	(6.2)

Source: Company, BOBCAPS Research

Fig 21 – Estimates vs. Consensus

(Rs bn)	Forecasts			Consensus			Delta to Consensus (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	136,505	145,388	166,627	135,326	145,044	156,069	0.9	0.2	6.8
EBITDA	24,936	25,482	28,051	24,922	26,353	28,585	0.1	(3.3)	(1.9)
EBITDA growth (%)	22.2	2.2	10.1	22.2	5.7	12.2	-	-	-
Net income excl affiliates (consolidated)	16,509	16,224	17,636	-	-	-	-	-	-
Net income incl affiliates (consolidated)	19,864	20,079	22,061	-	-	-	-	-	-
Net income incl dividend from affiliates (standalone)	-	-	-	17,866	18,527	19,904	-	-	-

Source: Bloomberg, BOBCAPS Research

Fig 22 – Key business drivers and assumptions

Particulars	FY23	FY24E	FY25E	FY26E	FY23-26E CAGR (%)
Volumes (mmscmd)					
CNG	6.1	6.3	6.7	7.0	-
D-PNG	0.5	0.6	0.7	0.8	-
I+C	1.0	1.0	1.2	1.3	-
Natural gas	0.5	0.5	0.5	0.5	-
Total	**8.1**	**8.4**	**9.0**	**9.6**	**-**
Volume growth (%)					
CNG	19.6	4.0	5.9	5.0	5.0
D-PNG	8.2	14.7	15.3	15.0	15.0
I+C	3.7	0.6	14.7	11.9	8.9
Natural gas	7.1	-0.3	0.3	0.0	0.0
Total	**15.8**	**4.0**	**7.3**	**6.4**	**5.9**
Volume mix (%)					
CNG	74.8	74.8	73.8	72.8	-
D-PNG	6.7	7.4	7.9	8.5	-
I+C	12.4	12.0	12.8	13.4	-
Natural gas	6.2	5.9	5.5	5.2	-
Total	**100.0**	**100.0**	**100.0**	**100.0**	**-**
Profitability indicator (Rs/scm)					
Revenue	47.9	44.3	44.1	47.5	-
Gross spread	12.6	13.9	13.6	14.0	-
EBITDA	6.9	8.1	7.7	8.0	-
PAT	4.9	5.5	5.1	5.2	-
ROE	20.6	22.1	19.2	18.5	-
Key assumptions					
USDINR exchange rate	80.4	82.8	82.5	84.2	-
APM gas price (US$/MMbtu)	7.3	6.5	7.0	7.5	-
Gas price ceiling (US$/MMbtu)	11.2	11.0	10.4	10.1	-
LNG contract price (US$/MMbtu)	18.0	12.7	12.1	12.1	-
LNG spot price (US$/MMbtu)	30.9	12.0	12.5	15.0	-
Priority sector gas bucket (US$/MMbtu)	8.7	7.4	7.7	8.4	-
Industrials and commercials gas bucket (US$/MMbtu)	19.6	12.4	11.8	12.2	-

Source: Company, BOBCAPS Research

DCF-based TP revised to Rs 510, maintain BUY

We lower our DCF-based TP to Rs 510 (from Rs 550) as we factor in our revised estimates. Though volume growth in Delhi is likely to slow down due to an accelerated shift to EVs, we believe that legacy UP and newer GAs will help IGL continue to deliver healthy growth over the next decade. In our view, CNG vehicles and EVs will coexist in India over the medium term until battery technology and grid infrastructure mature.

Key assumptions for our DCF-based fair value are cost of equity of 11%, terminal growth of 4%, volume CAGR of ~6.5% (from 7.3%) and average EBITDA margin of Rs 8/scm (unchanged) over our explicit and semi-explicit forecast period of FY25-FY33. Our DCF-based TP implies an FY25E P/E of 17.9x, which is lower than the stock's five-year mean P/E of 18.7x on Bloomberg consensus earnings. As our TP implies ~19% upside, we rate IGL as BUY.

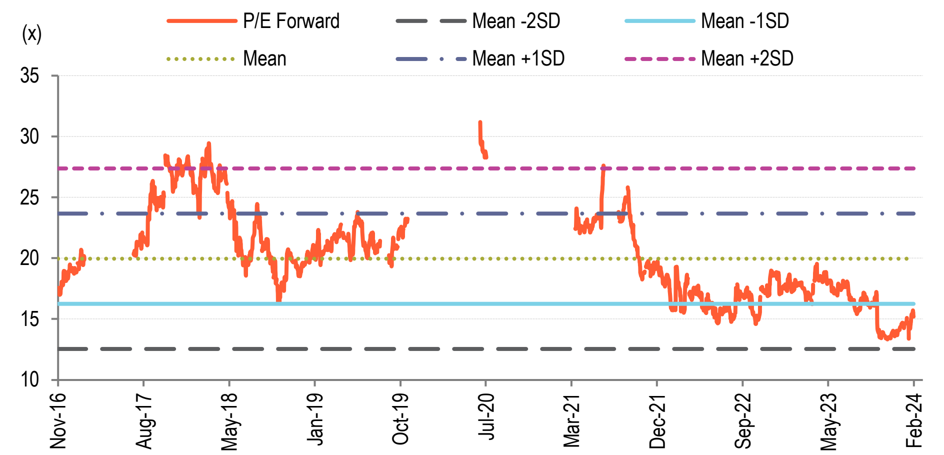
Fig 23 – DCF-based fair value

Valuation parameters	Value (Rs mn)
PV of FCF FY25E-FY33E	81,375
PV of terminal value	1,71,368
Enterprise Value	2,52,743
Less: Net Debt FY24E	(32,336)
Equity value	**2,85,079**
NPV – IGL share (Rs)	407
NPV – MNGL (Rs)	48
NPV – CUPGL (Rs)	12
Consolidated NPV Mar'24 (Rs)	**467**
Consolidated NPV Jan'25 (Rs)	**510**
Target price as on Jan'25 (rounded off to nearest Rs 5)	**510**

Source: BOBCAPS Research

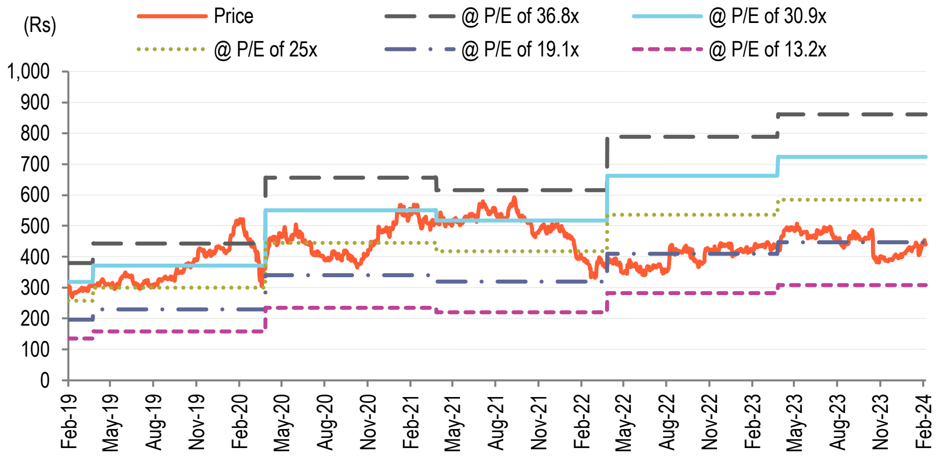
Over the past five years, IGL has traded at an average one-year forward P/E of 18.7x with a one standard deviation range of 15.5x-21.8x on Bloomberg consensus. Similarly, it has traded at an average TTM P/E of 25x with a one standard deviation range of 19.1-30.9x based on actual earnings.

Fig 24 – IGL has traded at an average 1Y fwd PE of 18.7x/19.9x over past 5/10Y



Source: Bloomberg, BOBCAPS Research

Fig 25 – Trailing P/E of 25x over past 5Y



Source: Bloomberg, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- lower-than-expected margins arising from an inability to pass on higher gas purchase cost to consumers,
- slower volume growth than our assumptions owing to faster penetration of EVs than expected, and
- adverse PNGRB (Petroleum and Natural Gas Regulatory Board) or government regulations that could impact our margin or volume outlook.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Indraprastha Gas	IGL IN	3.6	427	510	BUY
Mahanagar Gas	MAHGL IN	1.7	1,452	1,590	BUY
Petronet LNG	PLNG IN	4.7	257	220	HOLD
Reliance Industries	RIL IN	239.2	2,905	3,175	BUY

Source: BOBCAPS Research, NSE | Price as of 12 Feb 2024

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	**77,100**	**1,41,459**	**1,36,505**	**1,45,388**	**1,66,627**
EBITDA	18,811	20,398	24,936	25,482	28,051
Depreciation	(3,171)	(3,634)	(4,205)	(5,107)	(5,832)
EBIT	15,641	16,764	20,731	20,375	22,219
Net interest inc./(exp.)	(132)	(106)	0	0	0
Other inc./(exp.)	1,766	2,029	1,789	1,984	2,121
Exceptional items	0	0	0	0	0
EBT	17,275	18,687	22,520	22,358	24,340
Income taxes	(4,509)	(4,827)	(5,675)	(5,634)	(6,134)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	2,257	2,536	2,844	3,196	3,653
Reported net profit	**15,023**	**16,397**	**19,689**	**19,920**	**21,859**
Adjustments	0	0	0	0	0
Adjusted net profit	**15,023**	**16,397**	**19,689**	**19,920**	**21,859**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	7,861	9,013	6,168	6,609	7,727
Other current liabilities	9,986	16,974	16,974	16,974	16,974
Provisions	4,295	5,438	5,438	5,438	5,438
Debt funds	0	0	0	0	0
Other liabilities	13,019	15,469	17,164	18,656	20,191
Equity capital	1,400	1,400	1,400	1,400	1,400
Reserves & surplus	74,460	77,912	91,705	1,05,772	1,21,258
Shareholders' fund	75,860	79,312	93,105	1,07,172	1,22,658
Total liab. and equities	**1,11,022**	**1,26,206**	**1,38,849**	**1,54,848**	**1,72,989**
Cash and cash eq.	13,616	26,332	28,407	34,376	42,325
Accounts receivables	5,206	9,034	8,602	9,161	10,500
Inventories	455	492	1,197	1,275	1,461
Other current assets	1,685	3,456	3,456	3,456	3,456
Investments	26,257	15,219	15,219	15,219	15,219
Net fixed assets	49,896	57,205	74,588	83,980	92,648
CWIP	13,786	14,337	7,250	7,250	7,250
Intangible assets	121	130	130	130	130
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**1,11,022**	**1,26,206**	**1,38,849**	**1,54,848**	**1,72,989**

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	**21,080**	**23,574**	**20,681**	**24,339**	**26,699**
Capital expenditures	(14,727)	(10,973)	(14,500)	(14,500)	(14,500)
Change in investments	(3,373)	11,038	0	0	0
Other investing cash flows	1,766	2,029	1,789	1,984	2,121
Cash flow from investing	**(16,334)**	**2,094**	**(12,711)**	**(12,516)**	**(12,379)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(3,850)	(9,100)	(5,896)	(5,853)	(6,372)
Other financing cash flows	1,397	(3,852)	0	0	0
Cash flow from financing	**(2,453)**	**(12,952)**	**(5,896)**	**(5,853)**	**(6,372)**
Chg in cash & cash eq.	**2,294**	**12,716**	**2,075**	**5,969**	**7,948**
Closing cash & cash eq.	**13,616**	**26,332**	**28,407**	**34,376**	**42,325**

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	21.5	23.4	28.1	28.5	31.2
Adjusted EPS	21.5	23.4	28.1	28.5	31.2
Dividend per share	5.5	13.0	8.4	8.4	9.1
Book value per share	108.4	113.3	133.0	153.1	175.2

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	3.7	2.0	2.0	1.9	1.6
EV/EBITDA	15.0	14.0	11.2	10.7	9.5
Adjusted P/E	19.9	18.2	15.2	15.0	13.7
P/BV	3.9	3.8	3.2	2.8	2.4

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	87.0	87.7	87.4	89.1	89.8
Interest burden (PBT/EBIT)	110.4	111.5	108.6	109.7	109.5
EBIT margin (EBIT/Revenue)	20.3	11.9	15.2	14.0	13.3
Asset turnover (Rev./Avg TA)	76.5	119.3	103.0	99.0	101.7
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.4
Adjusted ROAE	21.6	21.1	22.8	19.9	19.0

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	56.0	83.5	(3.5)	6.5	14.6
EBITDA	26.8	8.4	22.2	2.2	10.1
Adjusted EPS	28.1	9.1	20.1	1.2	9.7
Profitability & Return ratios (%)					
EBITDA margin	24.4	14.4	18.3	17.5	16.8
EBIT margin	20.3	11.9	15.2	14.0	13.3
Adjusted profit margin	19.5	11.6	14.4	13.7	13.1
Adjusted ROAE	21.6	21.1	22.8	19.9	19.0
ROCE	16.6	16.0	18.0	15.2	14.5
Working capital days (days)					
Receivables	18	18	24	22	22
Inventory	4	2	3	4	4
Payables	38	25	25	19	19
Ratios (x)					
Gross asset turnover	1.3	2.1	1.6	1.4	1.4
Current ratio	0.9	1.3	1.5	1.7	1.9
Net interest coverage ratio	118.4	158.3	0.0	0.0	0.0
Adjusted debt/equity	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

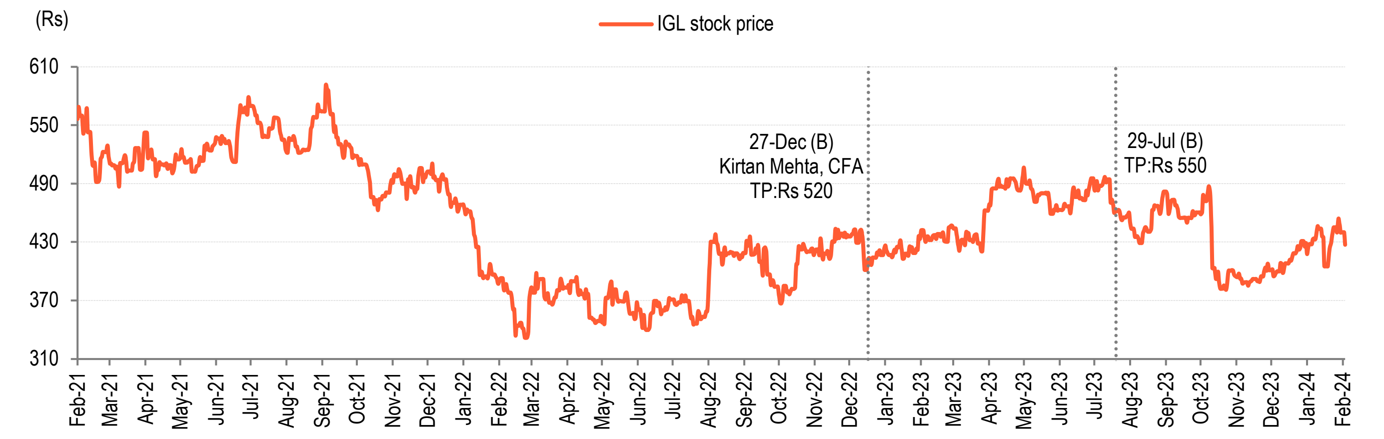
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): INDRAPRASTHA GAS (IGL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company. Research Analyst Kirtan Mehta has served as an employee of Reliance Industries (RIL IN) during the period 2002-2003, as disclosed by the research analyst.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK"**). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.