

## Oil & Gas and Petrochemicals

IGL (BUY)

MGL (BUY)

Gujarat Gas (ADD)

PLNG (HOLD)

GAIL(BUY)

GSPL(BUY)

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## INDIA

## Oil & Gas



### Gas prices – How long can the bearish sentiment last?

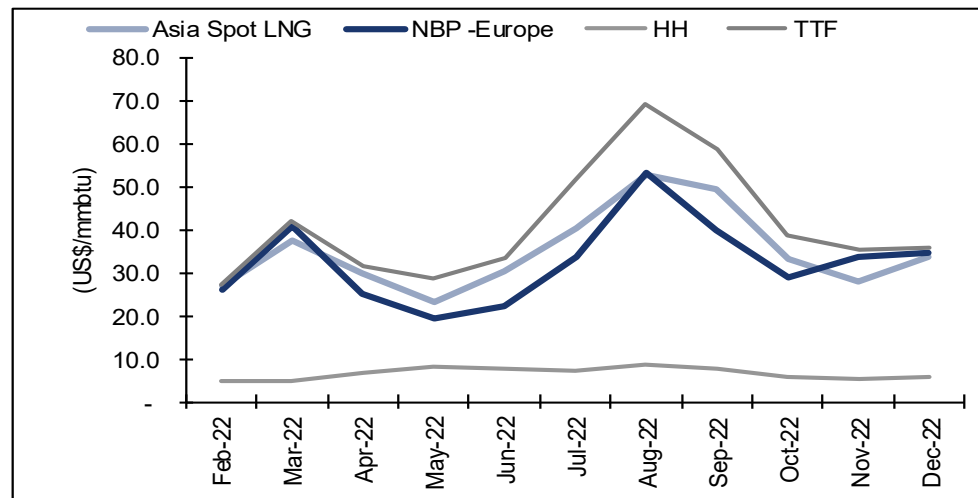
There has been a surprising lack of traction in LNG prices at the onset of the European winter, with the high levels of inventory and warm temperatures across Europe dragging prices. Additionally, demand across India and China has weakened considerably due to the persistent high prices across Asia and the covid lockdown till recently in China. Overall, the next 6-9 months do seem positive for Indian gas players, with lower than estimated prices for both domestic and imported gas to help keep prices at manageable levels. Nevertheless, we remain wary of extrapolating these price trends through to FY24E-FY25E given the likelihood of rebound in Chinese demand, renewed inventory build-up in Europe and relatively limited growth in global LNG exports over the next 2 years. We therefore continue to assume average LNG prices at US\$25-28/mmbtu for FY24E. In this scenario, we see margins for CGDs remaining strong over FY24E, helped by lower domestic gas prices and moderate LNG prices. IGL, MGL and GGL remain our preferred stocks in that order with GSPL the preferred play for gas utilities.

- ▶ **Weather and inventory come to the rescue of gas prices:** Unusually warm weather in most parts of Europe, coupled with the aggressive fill-up of gas storage in H2CY22 and weak demand in Asia have kept gas prices in check over Dec'22-Jan'23. Because of these developments, JKM LNG futures seem to be implying a moderate gas price environment over the next 6-9 months, which is good news for Indian gas consumers. Our sense is that Asian spot LNG prices will continue to hover at <US\$30/mmbtu at least till Jul-Aug'23, which means a relatively stronger-margin environment for CGDs in H1FY24E.
- ▶ **Supplies however remain constrained with uncertainty persisting on Russian supplies in FY24:** Despite the optimism stemming from recent events, we remain cautious on pricing trends over the medium term. Prospects for global LNG supply growth are limited given that: 1) most of Qatar's additional capacity of 33mt (to be commissioned by CY23-CY24E) is already sold off to China, and 2) limited traction is expected from the US and Australia at least over the next 18-24 months. Additionally, three factors are relevant for prices, especially over H2FY24E: i) revival of demand in China and India over the next 12 months, ii) possibility of Russian gas supplies to Europe sinking lower over the full year CY23 vs CY22 if the Russia-Ukraine conflict escalates; and iii) further disruptions in LNG exports from existing sources where, for a number of major exporters, utilisation has been unusually tepid due to multiple factors.
- ▶ **Implications for Indian players:** Implications for the six gas companies under our coverage are tangible: i) every US\$1/mmbtu change in blended gas costs for the 3 CGDs without any pass-through of increase/decrease can change the FY24E EPS by 43% / 32% / 46% for IGL / MGL / GGL respectively; ii) for the gas utilities GAIL / GSPL / PLNG, the implications are less direct. A lower gas cost environment does create more favourable conditions for higher utilisation of the PLNG Dahej terminal and resultant higher volumes for GAIL and GSPL, but the extent of the same remains uncertain as of now. Our preferred stocks remain unchanged with IGL-MGL-GGL the order for CGDs, and GSPL-GAIL-PLNG for the gas utilities.
- ▶ **Key upside risks:** i) Higher than expected decline in LNG prices, ii) resumption of price increase in petrol and diesel, iii) stronger regulatory push for gas conversion.
- ▶ **Key downside risks:** i) Sudden disruption in Russian gas supplies to Europe, ii) faster recovery of Chinese demand for oil & gas, iii) sudden reversal of weather patterns in Europe.

## The winter boost has simply not happened!

The anticipated jump in global LNG prices from Dec'22 onwards has failed to materialise owing to the abnormally warm winter this time around across major gas consuming countries in Europe. Resultant of this and the fact that inventory levels in EU remain above 5-year averages has meant that most global gas indices have barely moved in the past 2 months.

**Chart 1: Global gas prices have remained flat over the past 2 months...**

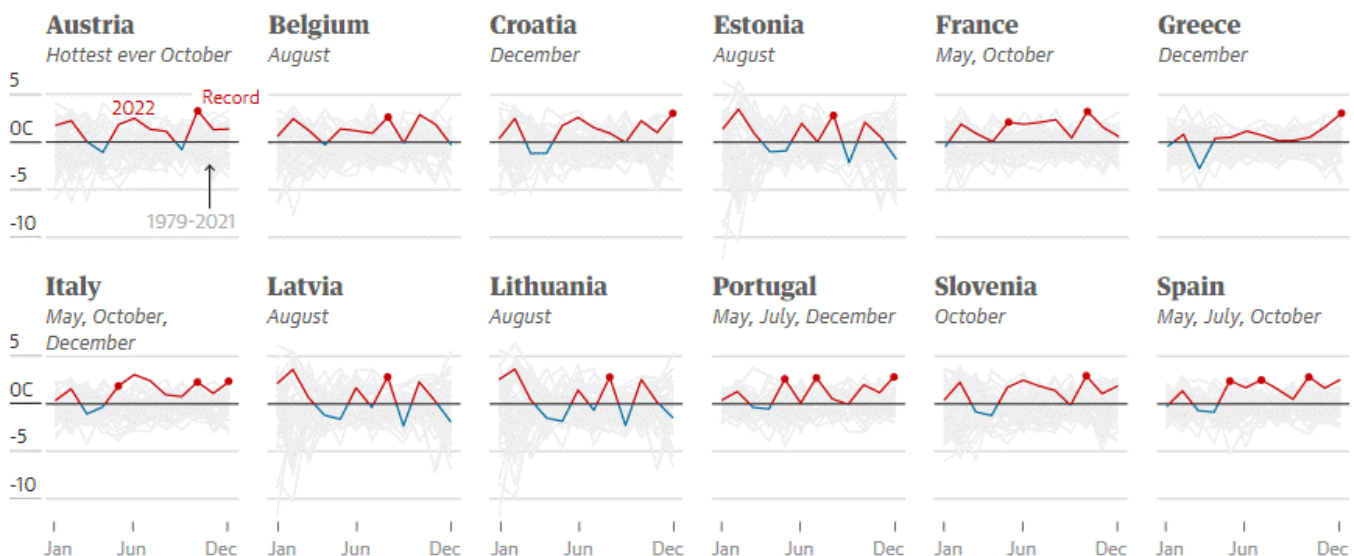


Source: Bloomberg, I-Sec research

**Chart 2: ...with temperatures across 12 countries in EU above historical averages**

## 12 European countries had monthly temperature records broken in 2022

Difference in monthly average temperature compared to 1991-2020, in degrees celsius

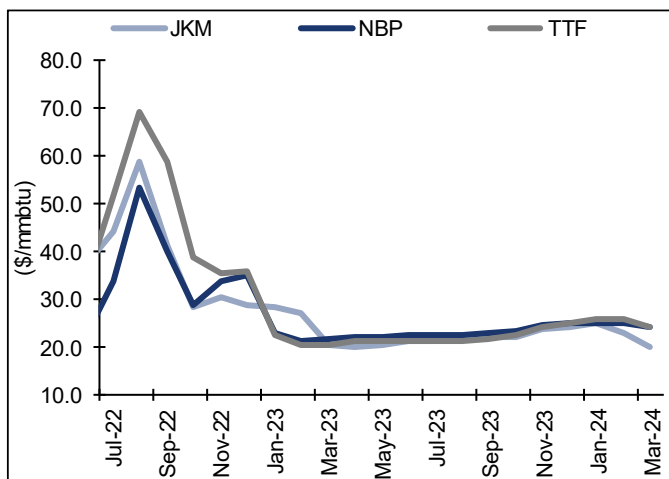


Guardian graphic. Source: Copernicus Climate Change Service, ERA5. Note: Figures are for surface air temperature anomalies at two metres above ground level, relative to 1991-2020.

Source: Copernicus Climate Change, I-Sec research

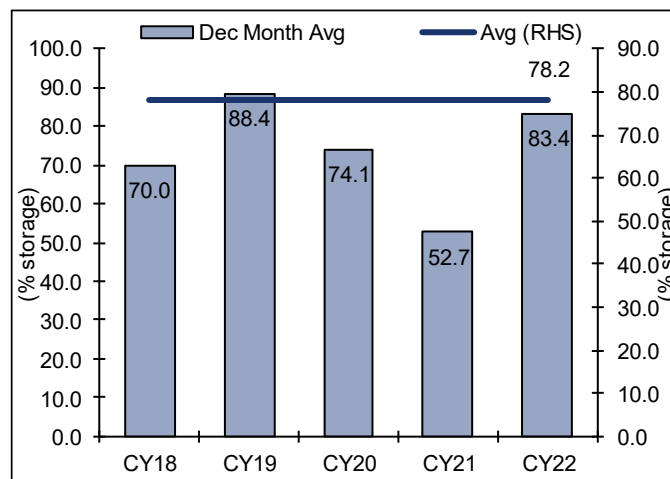
This bearishness reflects on gas futures prices as well. JKM futures now indicate a price range of US\$20-25/mmbtu over the next 12 months, well below the average price of US\$34.0/mmbtu witnessed over CY22. As mentioned earlier, the comfortable gas storage levels across the EU are a key factor driving this bearishness.

**Chart 3: Futures prices trending downwards...**



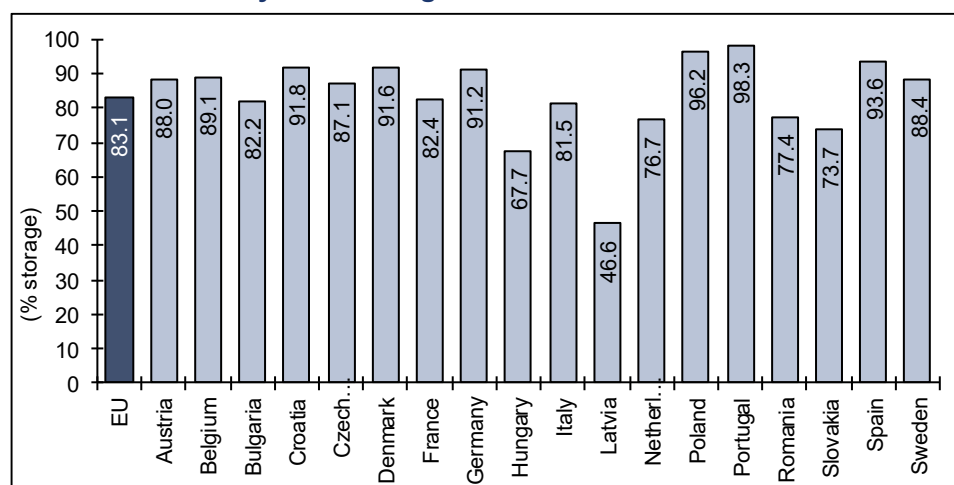
Source: Bloomberg, CME, I-Sec research, Note: Jan- 23 onwards are future prices

**Chart 4: ...with EU gas storage above 5-year avg.**



Source: IEA, I-Sec research

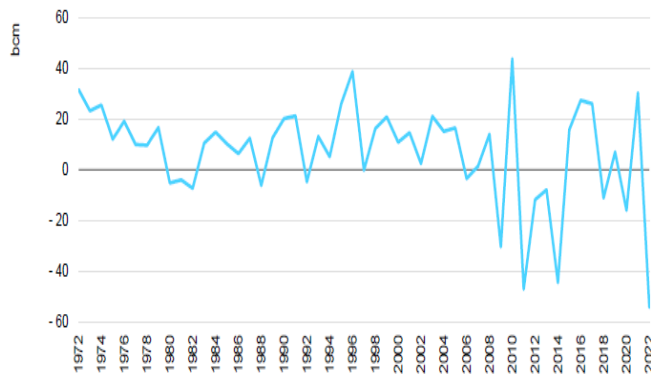
**Chart 5: EU country-wise storage as on 8<sup>th</sup> Jan'23**



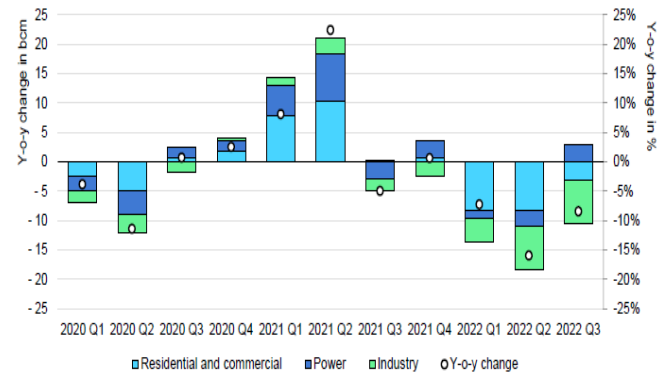
Source: IEA, I-Sec research

Another factor missing in the discussion on EU gas consumption is that, in addition to milder weather currently cutting down demand, overall consumption in CY22 got impacted by the record high prices earlier in the year (NBP hit a record of US\$75.1/mmbtu on 29<sup>th</sup> Aug'22, Dutch TTF prices touched a high of US\$91.0/mmbtu on 25<sup>th</sup> Aug'22).

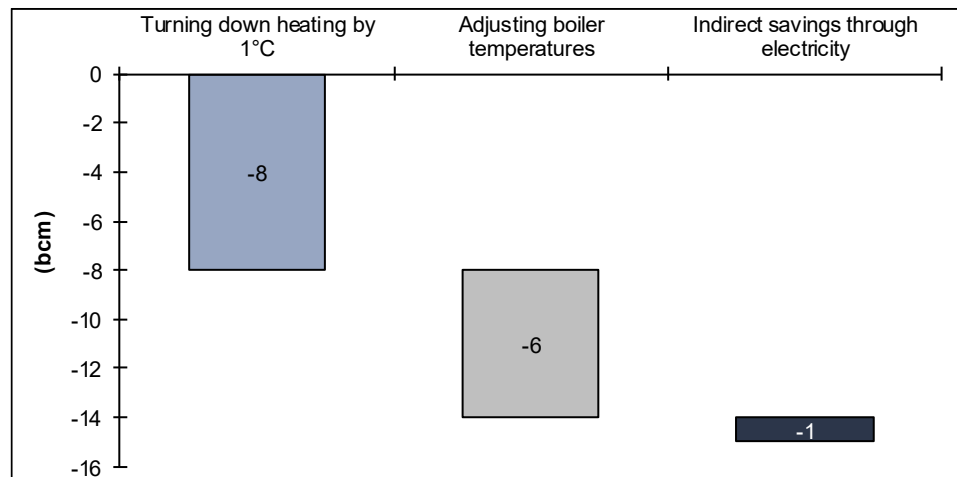
As a result, a sharp reduction was seen in EU industrial gas demand in particular, with IEA estimating CY22 has seen European gas demand falling by almost 50bcm (~137mmcmd), the largest drop in past 50 years! While the correction seen in past 2 months is a relief, it does not automatically imply the return of some of this demand. The closure of industrial units and change in consumer behaviour are more structural responses to the crisis and studies indicate that changes such as reducing home temperatures, reducing boiler temperatures and electricity-saving measures can structurally reduce European demand by ~15bcm/year (~41mmcmd/year).

**Chart 6: European gas demand is expected to drop by >50bcm in CY22...**

Source: IEA Gas market report, I-Sec research. Note: Chart period is Calendar year

**Chart 7: ...largely driven by demand destruction in the industrial sector**

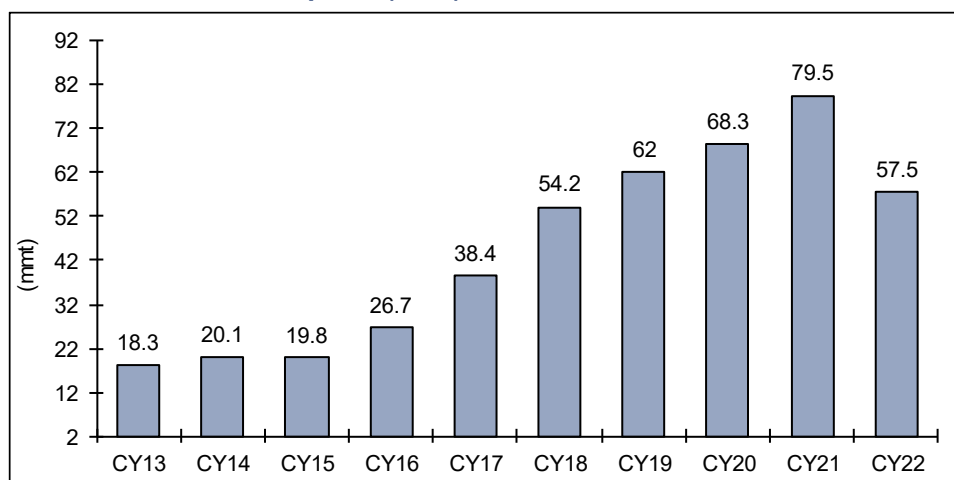
Source: IEA Gas market report, I-Sec research. Note: Chart period is Calendar year

**Chart 8: Potential savings on natural gas from behaviour change during the CY22/CY23 heating season: up to 15bcm**

Source: IEA Gas market report, I-Sec research

### China gas consumption and LNG imports down in CY22

China's LNG imports at 50.5bcm across 10MCY22 (Jan-Oct) represent a 21.6% decline YoY, steepest in the past decade. The stringent covid-related lockdowns across major cities led to decline in industrial activity, which has reflected in weaker demand for LNG over CY22. 10MCY22 (Jan –Oct) consumption remained muted, with apparent consumption of gas at ~300bcm (Jan-Oct'22) implying a 1-2% YoY decline for CY22. ([link](#))

**Chart 9: China LNG imports (mmt)**

Source: Kpler, Energy Intelligence, I-Sec research.

This moderation in LNG prices is likely to benefit Indian consumers as well. With a reduction of US\$5/mmbtu in average spot LNG prices (from earlier consensus of US\$30/mmbtu to US\$25/mmbtu implied by current JKM futures) likely to reduce blended gas costs for India by 9-10% for FY24E.

**Table 1: Indian overall gas sourcing cost**

Oil Prices	Volume mmscmd	Slope	Units	Current	FY24E	
			US\$/bbl		80	95
ONGC	53.9		US\$/mmbtu	9.6	7.3	7.3
Oil India	8.4		US\$/mmbtu	9.6	7.3	7.3
Gorgon	5.2	14%	US\$/mmbtu	11.2	12.6	13.3
Gasprom	1.8	14%	US\$/mmbtu	11.2	12.6	13.3
Rasgas	30.6	13%	US\$/mmbtu	10.7	12.0	12.6
RIL	12.0	18%	US\$/mmbtu	14.0	12.0	12.0
RIL	7.0	18%	US\$/mmbtu	14.0	12.0	12.0
Spot LNG	44.1		US\$/mmbtu	32.0	25.0	25.0
<b>Total</b>	<b>163.0</b>		<b>US\$/mmbtu</b>	<b>16.5</b>	<b>13.7</b>	<b>13.9</b>

Source: Company data, I-Sec research

Additionally, every US\$1/mmbtu change in blended gas costs that is not passed on, has extremely material implications for the earnings of CGDs. **Therefore, if the current softness in gas prices persists beyond the next 6 months, there exists an upside of ~30-40% to our current FY24E EPS estimates!**

**Table 2: Sensitivity – Impact of US\$1/mmbtu increase in gas cost**

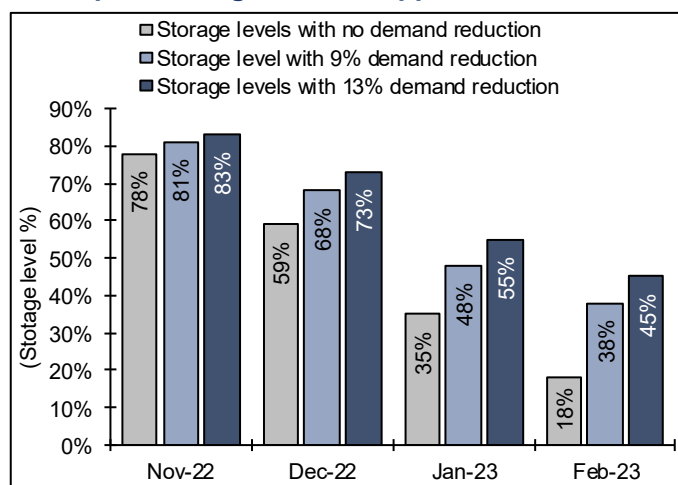
	Units	IGL	MGL	GGL
<b>FY24 I-Sec estimates</b>				
Gas cost	Rs mn	1,24,865	56,231	1,49,176
Gas cost	Rs/scm	39.3	41.2	42.8
Gas cost	US\$/mmbtu	13.7	14.4	14.8
Volume	mmscm	3,179	1,364	3,488
EPS	Rs/sh	22.5	93.0	23.8
<b>Impact of increase in US\$1/mmbtu gas cost</b>				
Gas cost less tax	Rs mn	6820	2926	7574
Impact on EPS	Rs/sh	9.7	29.6	11.0
<b>% change impact on EPS</b>	<b>%</b>	<b>43%</b>	<b>32%</b>	<b>46%</b>

Source: Company data, I-Sec research

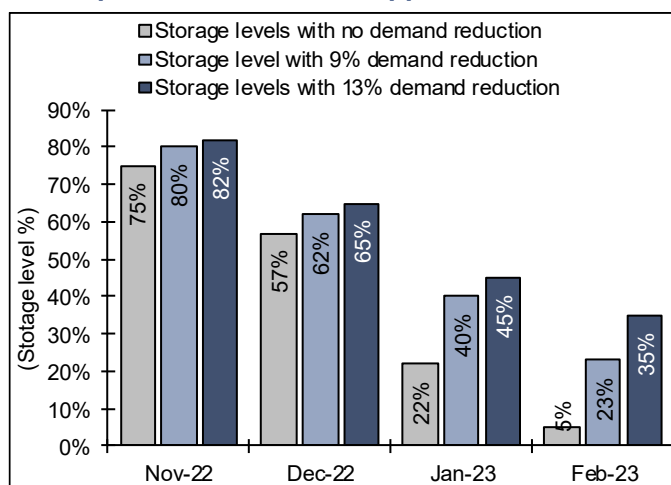
**But, can this supply comfort last? We remain skeptical**

Positive though this softness may be for Indian gas consumers and the overall gas demand globally, we do not share the optimism indicated by the current demand-supply environment and the futures prices. Our belief remains that there are significant bullish triggers for gas prices by the time the next winter comes in Europe – with Chinese demand revival, further cuts in Russian supplies and renewed inventory build-up in Europe all serving as upside risks to gas prices.

The recent IEA gas market report indicates that even with a 13% lower YoY demand scenario for Europe, storage levels across Europe will plummet by Feb'23. This would necessitate another round of robust inventory build-outs to start from May-Jun'23 to have an 80% inventory level by Nov'23 for winter.

**Chart 10: European gas storage levels with assumption of higher LNG supplies**

Source: IEA Gas market report, I-Sec research

**Chart 11: European gas storage levels with assumption of lower LNG supplies**

Source: IEA Gas market report, I-Sec research

## Global LNG terminals have been underutilized despite stronger prices

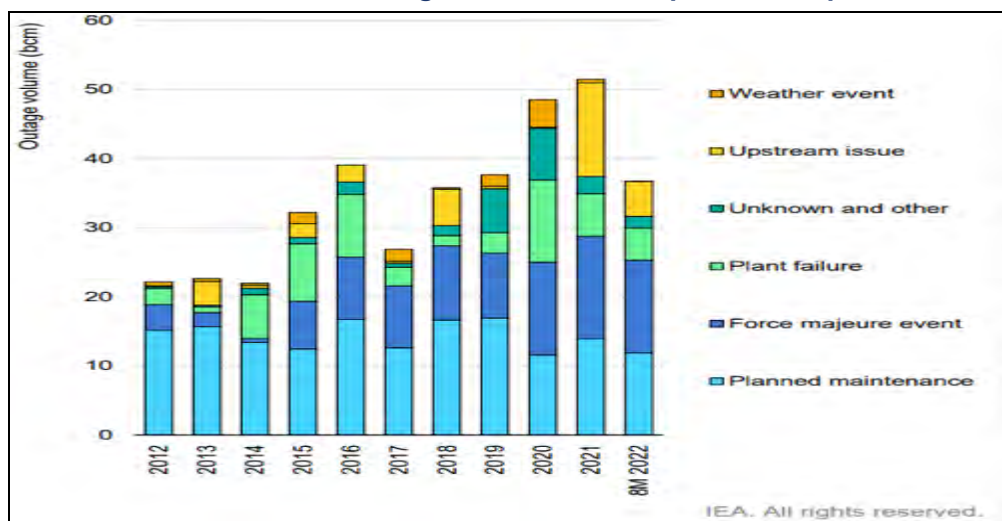
One curious factor relevant to possible bullish sentiment in prices is that, across the globe, established LNG export terminals have been faltering in terms of utilisation over CY22. This is despite the logical scenario where record high prices should have spurred higher utilisations across the board. Digging into the reasons for the same, while force majeure and weather events can be thought of as non-recurring hence solvable, even upstream issues (i.e. issues with the actual gas fields supplying to the terminal), plant failures and maintenance issues (which are becoming frequent) are worrying trends for large exporters globally ([link](#))

**Table 3: Global LNG terminals that underperformed in CY22**

LNG supply project	as % of capacity (LNG output in CY22)	as % of 5 year max
Angola LNG	66%	70%
Arzew Skikda (Algeria )	41%	80%
Atlantic LNG terminal (Trinidad)	68%	63%
Bontang LNG( Indonesia)	74%	55%
Brunei LNG	67%	72%
Darwin LNG (Australia)	42%	44%
Egyptian LNG	39%	71%
Freeport LNG (USA)	46%	50%
Ichthys LNG (Australia)	84%	87%
Kribi FLNG (Cameroon )	50%	92%
Nigeria LNG	68%	69%
Peru LNG	79%	84%
Prelude FLNG (Australia)	37%	63%
Skangas LNG (Norway)	64%	68%

Source: IEEFA calculation, based on partial year data from S&P global data, I-Sec research

**Chart 12: Reason for LNG outages and volume impact breakup**



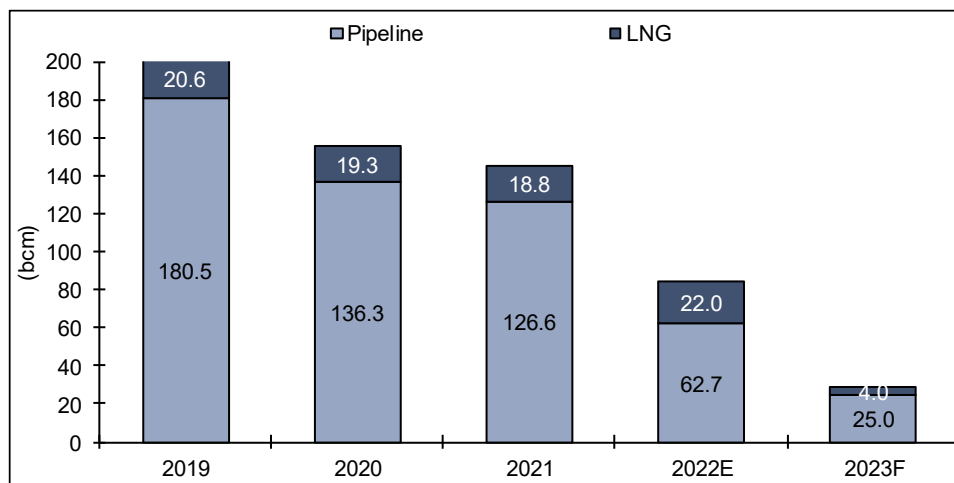
Source: IEA Gas report, I-Sec research, Calendar Year , 8M – up to Aug'22



## Russian gas supplies to contract further

Russian pipeline gas supplies to Europe dropped to ~60bcm in CY22, less than half of CY21 levels. Further, with limited visibility on resolution of the Russia-Ukraine conflict, estimates suggest that Russian pipeline supplies may halve to <30bcm for CY23 thereby creating even more constraints for EU supplies.

**Chart 13: Russia's gas exports to EU**



Source: IEA, BP statistics, I-Sec research

## Non-Russian pipeline sources have limited capacity

While LNG supplies are anyways in a tight spot, ex-Russian pipeline exports to EU have seen material increases over CY21 and 22 (~38mt each year). But estimates of capacity increases in these countries suggest limited potential for growth in CY23, which is a further trigger for supply tightness over the next 12 months.

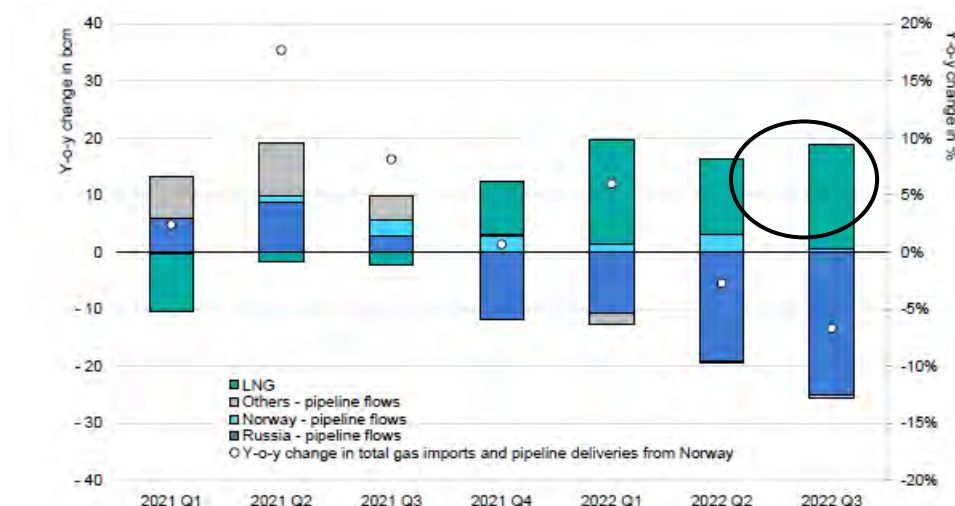
**Table 4: Europe's overall gas imports and storage level to decline in CY23**

in bcm	CY19	CY 20	CY21	CY22E	CY23F	CY21YTD*	CY22YTD*
<b>Indigenous Production</b>	<b>218.5</b>	<b>212.2</b>	<b>211.1</b>	<b>212.1</b>	<b>208.9</b>	<b>164.8</b>	<b>164.6</b>
<b>Pipeline Imports</b>							
Nord Stream I and II	54.5	55.1	55.1	27.8	0	35.6	27.9
Yamal Pipeline - Kondratki	32.2	29.4	25.6	1.3	0	20.5	1.3
Brotherhood Pipeline Velke	57	35.5	28	16.3	0	18.2	13.8
Brotherhood Pipeline Beregovo	15.1	6.7	6.1	0.3	0	5.1	0.3
<b>Russian Pipeline Imports</b>	<b>180.5</b>	<b>136.3</b>	<b>126.6</b>	<b>62.7</b>	<b>0</b>	<b>88.1</b>	<b>59.6</b>
Central Asian Pipeline Imports	0.7	6	19.5	24	24	11.9	18
North Africa Pipeline Imports	26.8	25.3	38	37.1	36	25.9	27.9
<b>Total Pipeline Imports</b>	<b>208</b>	<b>167.6</b>	<b>184.1</b>	<b>123.8</b>	<b>60</b>	<b>125.9</b>	<b>105.5</b>
<b>LNG Imports</b>							
Of which from Russia	20.6	19.3	18.8	22	0	13.6	16.5
<b>Grand total supply</b>	<b>542.5</b>	<b>493.2</b>	<b>501.4</b>	<b>494</b>	<b>427</b>	<b>365.6</b>	<b>388.7</b>
<b>Consumption before storage EU28</b>	<b>476.2</b>	<b>457.5</b>	<b>478.7</b>	<b>416.6</b>	<b>416.6</b>	<b>337.6</b>	<b>295.1</b>
<b>Storage level at year end /period</b>	<b>66.3</b>	<b>35.7</b>	<b>22.7</b>	<b>77.4</b>	<b>10.4</b>	<b>28</b>	<b>93.6</b>

Source: Bloomberg, I-Sec research \*up to September YTD

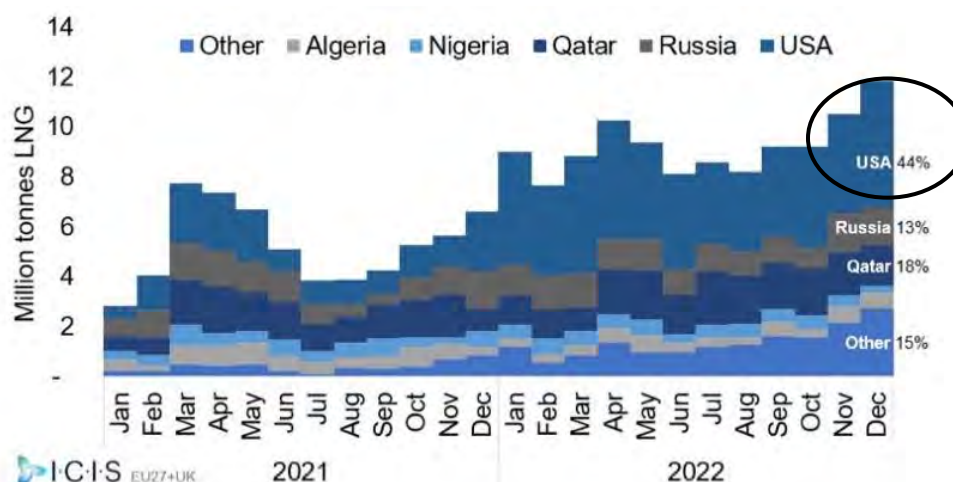


**Chart 14: Record-high LNG imports partially offset the shortfall in Russian piped gas supplies in Q3CY22;**



Source: IEA, I-Sec research, Chart period is calendar year

**Chart 15: Europe LNG imports by source – strongest share of the US**

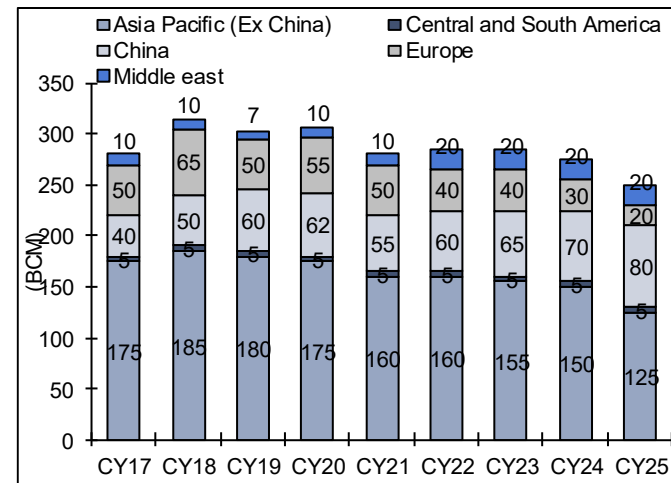


Source: ICIS, I-Sec research

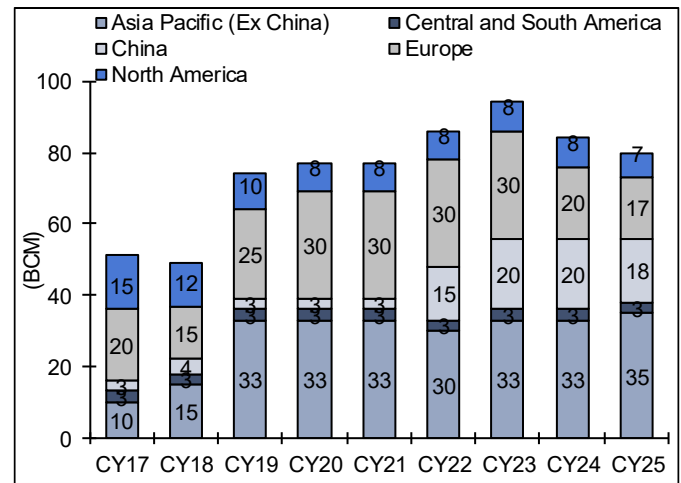
### US was the saviour for CY22; can it rescue CY23 as well?

US share of European gas imports has grown from negligible levels in CY21 to ~44% in CY22 helping mitigate to a large extent the shortfall caused by the reduction of Russian pipeline supplies to EU. As per some industry estimates ([link](#)), aggregate US LNG exports to Europe touched 50bcm (~137mmscmd) in CY22 and is likely to remain at those levels in CY23 as well.

Growth beyond this level in the next 12-18 months however seems unlikely. This is because the growth has been achieved mainly via higher operational levels at existing terminals, rather than any meaningful additions to export capacity, at least in CY22. While the projections for LNG exports by associations like the Global Data Energy do point to >220mt of feasible + under-development terminals in the US by CY26, we do believe the timeline implies most of that capacity will be available only post CY24. Also, we note that as per the International Gas Union (IGU) report dated July22, projects actually under-construction amount to only ~19.4mt over CY22-CY26 ([link](#)).

**Chart 16: Oil-linked pricing remains dominant in import contracts...**

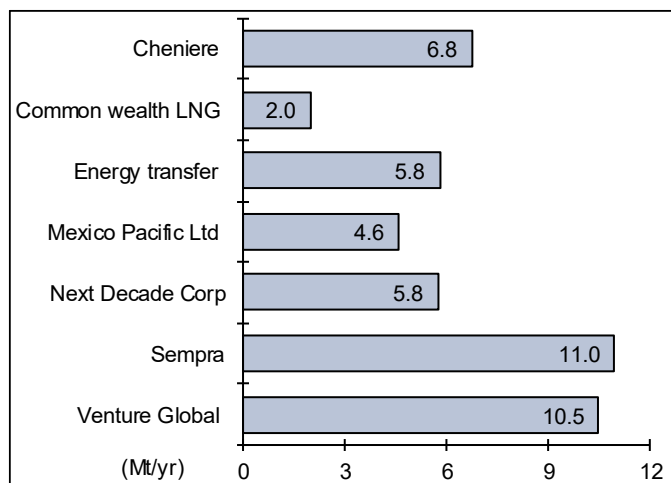
Source: IEA Gas market report, I-Sec research

**Chart 17: ...though gas indexation is gaining ground**

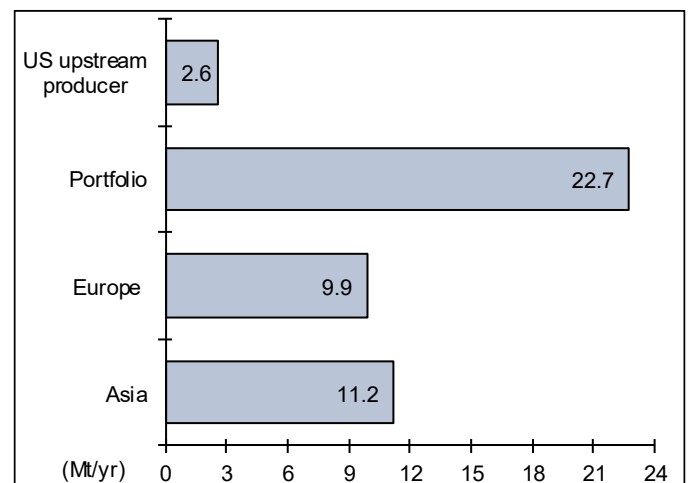
Source: IEA Gas market report, I-Sec research

We note that contracts aggregating ~42mt of LNG were signed by major US LNG exporters in CY22 (55bcm/y), of which Europe has secured only 13mt or so as per the data from S&P. Interestingly, almost 22mt is sold to what are called portfolio aggregators, which implies that Europe or China may still get a share of these volumes depending on the pricing environment over the next 3 years.

Indian players however will continue to struggle in this scenario given that Indian consumers will find it difficult to offtake cargoes at >US\$25/mmbtu over a sustained period of time.

**Chart 18: Total LNG deal volumes announced in CY22 by US developers (mt/yr)**

Source: S&amp;P Global Commodity Insight, I-Sec research, As of Jul'22

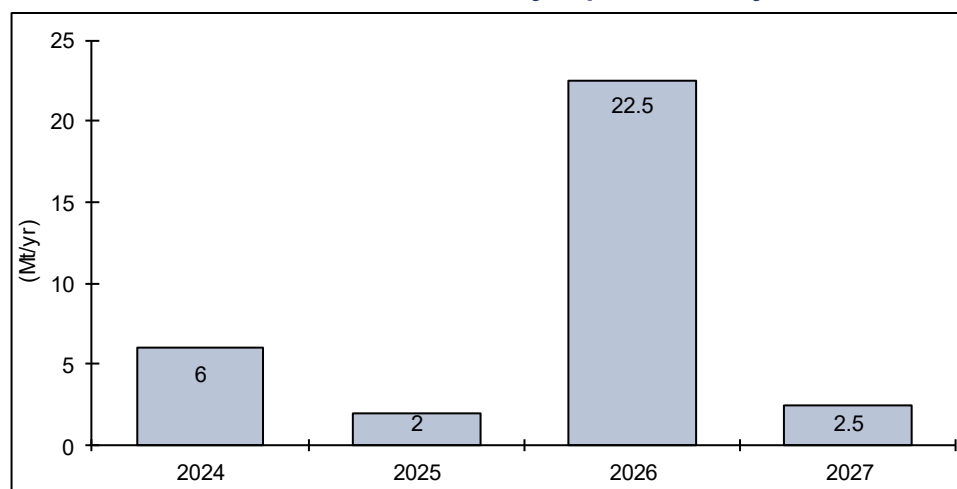
**Chart 19: Counterparties in CY22 deals with US LNG companies**

Source: S&amp;P Global Commodity Insight, I-Sec research, As of Jul'22

## Huge volumes of gas to come out of existing contracts over the next 5-7 years

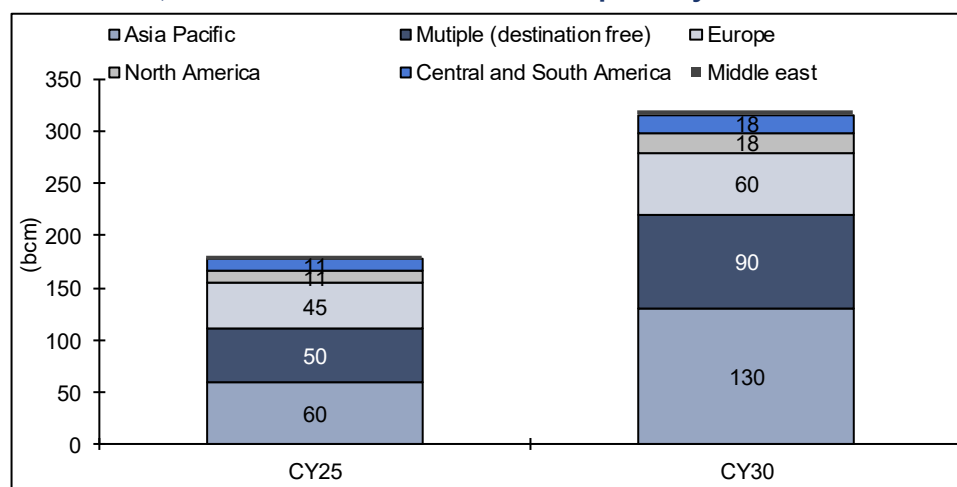
Another factor of interest in global LNG trade over the next few years is the extent of LNG volumes that are likely to be available for fresh contracts over the next few years. As per IEA, an estimated 180bcm/y of active LNG contracts are to expire by CY25, with ~320bcm/y to expire by CY30. This opens up opportunities for European buyers to tie up additional volumes but we note that China, Japan and Korea can also come to the market for these volumes (we exclude India as price tolerance is the least for Indian buyers).

**Chart 20: Firm LNG contract volumes by expected start year under CY22 deals**



Source: IEA, I-Sec research

**Chart 21: About 180bcm of active LNG contracts are due to expire between CY22-CY25, and almost 320bcm will have expired by CY30**



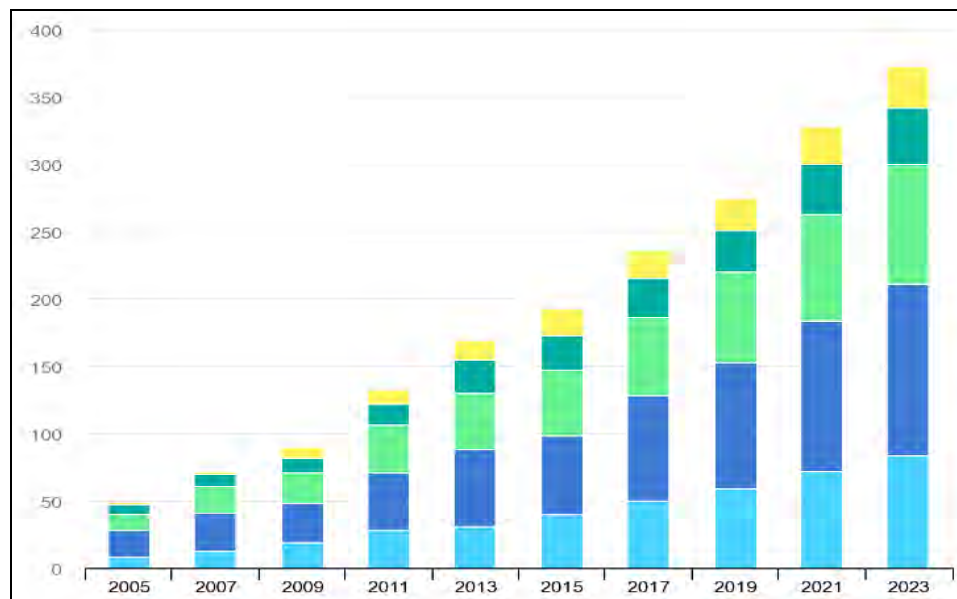
Source: IEA, I-Sec research

## Chinese demand can rebound in next 2 years

Post the removal of covid-related restrictions in a hurry since Dec'22, Chinese industrial activity and transportation demand can rebound in CY23 ([link](#)). This presents an additional challenge for other buyers of LNG over CY23-CY24E from a pricing

perspective as China would be eager to secure as much energy cargoes as possible to get its economy back on track.

**Chart 22: Chinese natural gas consumption by sector, CY05-CY23 (bcm)**



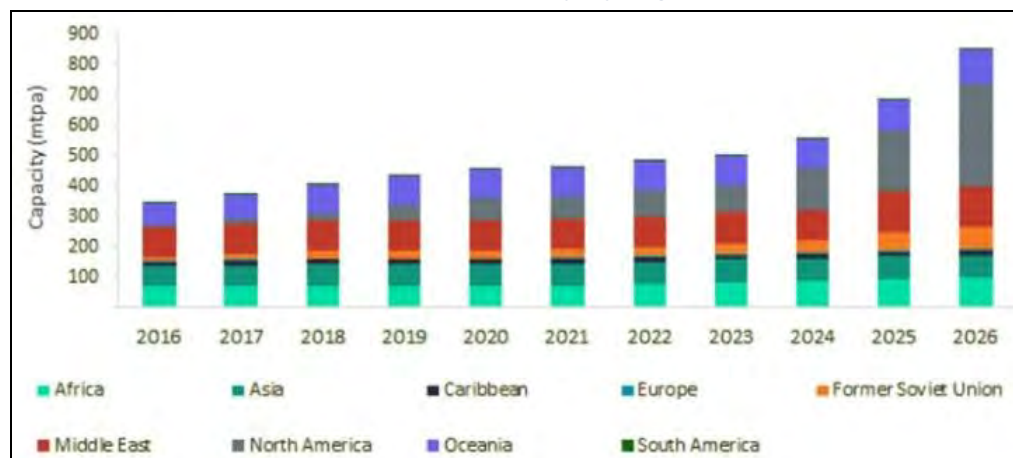
Source: IEA, I-Sec research, Note: Chart period is Calendar Year

### Medium-term LNG supply prospects look better, execution of projects the key

The 'Global Capacity and Capital Expenditure Outlook for LNG Liquefaction Terminals, 2022-2026', indicates that global (liquefaction) LNG capacity is expected to grow by 75% over the next four years – from 488mtpa in CY22 to 852mtpa in CY26 – from new builds and expansion projects ([link](#)).

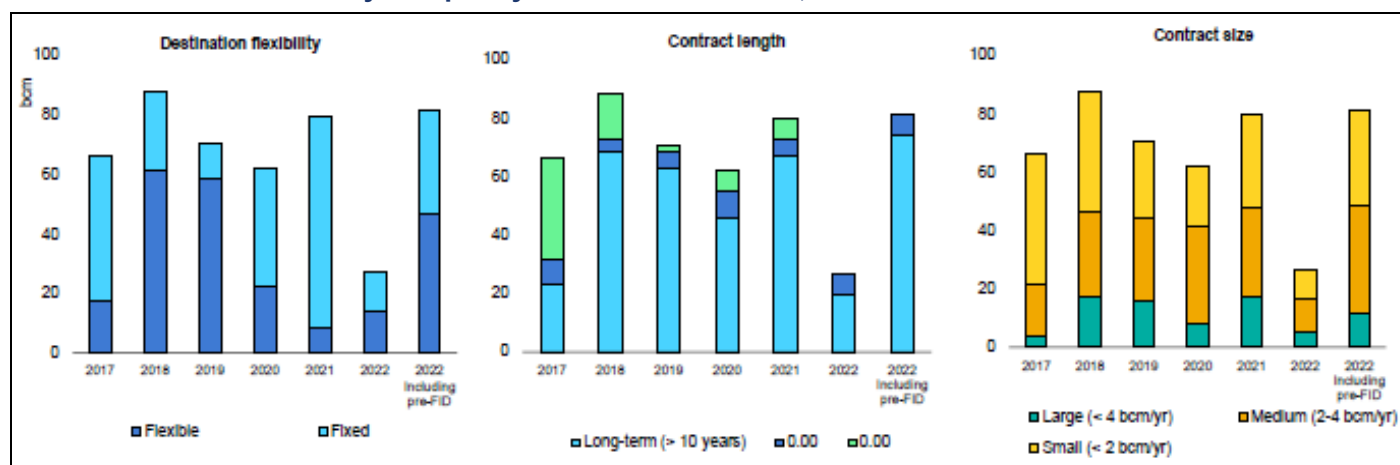
Among countries, the US leads globally with 220.3mtpa of liquefaction capacity additions by CY26. Russia and Qatar follow with capacities of 44.7mtpa and 32.0mtpa respectively.

**Chart 23: Global LNG liquefaction capacity by region**



Source: Global Capacity and Capital Expenditure Outlook I-Sec research

**Chart 24: Recent contracting trends present a shift back to destination-fixed LNG supplies: Volume of contracts concluded each year split by contractual element, CY17-CY22**



Source: IEA Gas market report, I-Sec research

**Table 5: World natural gas demand (in bcm) by region and key countries**

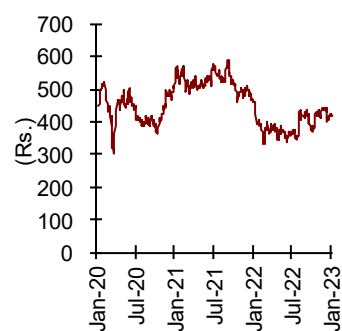
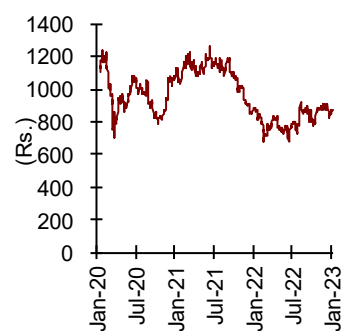
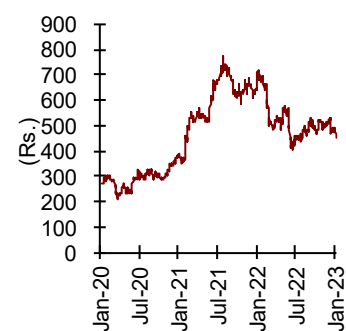
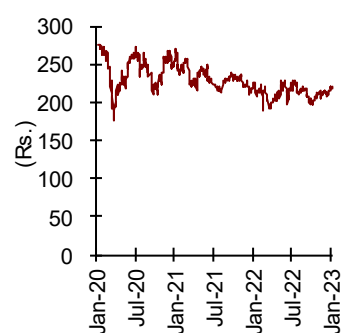
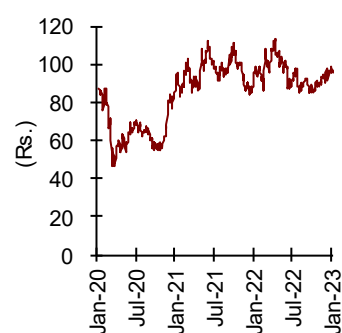
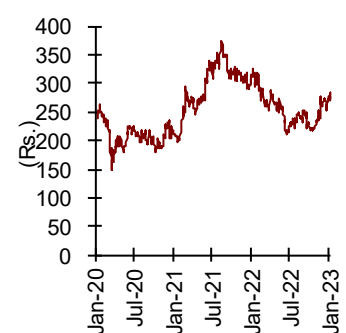
in bcm	CY19	CY20	CY21	CY22	CY23	CY23/CY22
Africa	164	161	169	166	171	3.0%
<b>Asia Pacific</b>	<b>835</b>	<b>841</b>	<b>895</b>	<b>895</b>	<b>923</b>	<b>3.1%</b>
<i>of which China</i>	306	325	364	370	390	5.4%
Central and South America	155	142	153	147	147	0.0%
Eurasia	608	584	634	619	614	-0.8%
<i>of which Russia</i>	482	460	501	484	479	-1.0%
Europe	586	573	604	548	531	-3.1%
Middle East	545	548	564	582	596	2.4%
North America	1106	1080	1084	1114	1102	-1.1%
<i>of which United States</i>	888	869	867	890	876	-1.6%
World	3999	3930	4103	4071	4085	0.3%

Source: IEA Gas market report, I sec research

**Table 6: World natural gas production (in bcm) by region and key countries**

in bcm	CY19	CY20	CY21	CY22	CY23	CY23/CY22
Africa	252	241	262	270	278	3.0%
<b>Asia Pacific</b>	<b>637</b>	<b>630</b>	<b>651</b>	<b>669</b>	<b>681</b>	<b>1.8%</b>
<i>of which China</i>	174	189	205	220	230	4.5%
Central and South America	167	150	147	149	151	1.3%
Eurasia	921	866	955	841	817	-2.9%
<i>of which Russia</i>	738	692	762	651	623	-4.3%
Europe	249	230	223	232	235	1.3%
Middle East	671	674	694	715	732	2.4%
North America	1174	1154	1178	1212	1235	1.9%
<i>Of which United States</i>	968	954	973	1010	1041	3.1%
World	4071	3945	4110	4089	4129	1.0%

Source: IEA Gas market report, I-Sec research

**Price charts****IGL****MGL****Gujarat Gas****PLNG****GAIL****GSPL**

Source: Bloomberg

## Financial summary – IGL

**Table 7: Profit and Loss statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Income (Sales)</b>	<b>49,408</b>	<b>77,100</b>	<b>91,298</b>	<b>97,559</b>
<b>Operating Expenses</b>	<b>34,578</b>	<b>58,289</b>	<b>70,465</b>	<b>75,303</b>
<b>EBITDA</b>	<b>14,830</b>	<b>18,812</b>	<b>20,832</b>	<b>22,256</b>
% margins	30%	24%	23%	23%
Depreciation & Amortisation	2,904	3,171	3,766	4,270
Gross Interest	113	132	104	104
Other Income	1,502	2,150	2,414	3,081
<b>Recurring PBT</b>	<b>13,315</b>	<b>17,659</b>	<b>19,375</b>	<b>20,963</b>
Less: Taxes	3,258	4,509	4,844	5,241
<b>Net Income (Reported)</b>	<b>10,057</b>	<b>13,150</b>	<b>14,532</b>	<b>15,722</b>
<b>Recurring Net Income</b>	<b>10,057</b>	<b>13,150</b>	<b>14,532</b>	<b>15,722</b>

Source: Company data, I-Sec research

**Table 8: Balance sheet**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Assets</b>				
Total Current Assets	31,092	37,627	47,923	58,376
of which cash & cash eqv.	11,323	13,616	23,366	33,971
Total Current Liabilities & Provisions	23,778	31,478	37,275	39,831
<b>Net Current Assets</b>	<b>7,314</b>	<b>6,149</b>	<b>10,649</b>	<b>18,544</b>
<b>Investments</b>	<b>3,104</b>	<b>3,093</b>	<b>3,093</b>	<b>3,093</b>
<b>Net Fixed Assets</b>	<b>43,209</b>	<b>50,017</b>	<b>56,411</b>	<b>60,301</b>
Capital Work-in-Progress	8,469	13,786	13,786	13,786
<b>Total Assets</b>	<b>59,674</b>	<b>70,308</b>	<b>81,202</b>	<b>92,987</b>

**Liabilities**

Borrowings (Includes cash deposits)	836	834	834	834
Deferred Tax Liability	2,422	2,737	2,737	2,737
Equity Share Capital	1,400	1,400	1,400	1,400
Face Value per share (Rs)	2	2	2	2
Reserves & Surplus	57,319	67,962	78,852	90,634
Net worth	<b>58,719</b>	<b>69,362</b>	<b>80,252</b>	<b>92,034</b>
<b>Total liabilities</b>	<b>59,674</b>	<b>70,308</b>	<b>81,202</b>	<b>92,987</b>

Source: Company data, I-Sec research

**Table 9: Quarterly trend**
*(Rs mn, year ending March 31)*

	Dec'21	Mar'22	Jun'22	Sept'22
Net sales	22,155	24,059	31,939	35,540
% growth (YoY)	21.0%	8.6%	32.7%	11.3%
EBITDA	4,696	5,005	6,175	5,275
Margin (%)	21.2%	20.8%	19.3%	14.8%
Other income	304	774	307	1,100
Add: Extraordinaries				
<b>Net profit</b>	<b>3,085</b>	<b>3,616</b>	<b>4,209</b>	<b>4,161</b>

Source: Company data, I-Sec research

**Table 10: Cashflow statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Cashflow</b>	<b>14,882</b>	<b>18,961</b>	<b>20,832</b>	<b>22,256</b>
Working Capital Changes	3,473	3,777	5,253	2,713
Operating Cash flow	<b>15,460</b>	<b>18,979</b>	<b>21,241</b>	<b>19,729</b>
Capital Commitments	(8,829)	(13,370)	(10,160)	(8,160)
<b>Free Cashflow</b>	<b>6,631</b>	<b>5,610</b>	<b>11,081</b>	<b>11,569</b>
<b>Cashflow from Investing Activities</b>	<b>(18,264)</b>	<b>(15,848)</b>	<b>(7,746)</b>	<b>(5,079)</b>
Inc (Dec) in Borrowings	-	-	-	-
Inc (Dec) in marketable investments	(10,783)	(3,224)	-	-
Dividend paid	(1,960)	(2,519)	(3,641)	(3,940)
Cash flow from Financing Activities	<b>(2,970)</b>	<b>(3,285)</b>	<b>(3,746)</b>	<b>(4,044)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(5,774)</b>	<b>(153)</b>	<b>9,749</b>	<b>10,606</b>

Source: Company data, I-Sec research

**Table 11: Key ratios**
*(Year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Per Share Data (in Rs)</b>				
EPS(Basic Recurring)	14.4	18.8	20.8	22.5
Recurring Cash EPS	18.5	23.3	26.1	28.6
Dividend per share (DPS)	3.6	5.5	5.2	5.6
Book Value per share (BV)	83.9	99.1	114.6	131.5

**Growth Ratios (%)**

Operating Income	-24%	56%	18%	7%
EBITDA	-2%	27%	11%	7%
Recurring Net Income	-12%	31%	11%	8%
Recurring EPS	-12%	31%	11%	8%
Recurring CEPS	-7%	26%	12%	9%

**Valuation Ratios (% YoY)**

P/E	29.2	22.3	20.2	18.7
P/BV	5.0	4.2	3.7	3.2
EV / EBITDA	18.9	14.7	12.8	11.6
EV / FCF	42.2	49.5	24.2	22.2

**Operating Ratios**

Other Income / PBT (%)	11%	12%	12%	15%
Effective Tax Rate (%)	24%	25%	25%	25%
D/E Ratio (%)	0.0	0.0	0.0	0.0
Net D/E Ratio	(0.2)	(0.2)	(0.3)	(0.4)

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	20%	17%	16%	16%
RoCE	20%	22%	21%	19%
RoNW	17%	19%	18%	17%
Dividend Payout Ratio	25%	29%	25%	25%
Dividend Yield	0.9%	1.3%	1.2%	1.3%
EBITDA Margins	30%	24%	23%	23%

Source: Company data, I-Sec research



## Financial summary – MGL

**Table 12: Profit and Loss statement**
*(Rs mn., year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Income (Sales)</b>	<b>21,525</b>	<b>35,602</b>	<b>66,124</b>	<b>76,871</b>
<b>Operating Expenses</b>	12,186	26,359	54,961	63,375
<b>EBITDA</b>	<b>9,340</b>	<b>9,243</b>	<b>11,164</b>	<b>13,496</b>
% margins	43%	26%	17%	18%
Depreciation & Amortisation	1,737	1,963	2,512	2,896
Gross Interest	72	75	50	50
Other Income	805	857	1,992	1,730
<b>Recurring PBT</b>	<b>8,336</b>	<b>8,063</b>	<b>10,594</b>	<b>12,280</b>
Less: Taxes	2,140	2,093	2,667	3,091
<b>Net Income (Reported)</b>	<b>6,196</b>	<b>5,969</b>	<b>7,928</b>	<b>9,189</b>
<b>Recurring Net Income</b>	<b>6,196</b>	<b>5,969</b>	<b>7,928</b>	<b>9,189</b>

Source: Company data, I-Sec research

**Table 13: Balance sheet**
*(Rs mn., year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Assets</b>				
Total Current Assets	8,465	9,159	23,536	28,934
of which cash & cash eqv.	5,119	4,652	18,678	23,673
Total Current Liabilities & Provisions	11,915	14,357	28,954	33,540
<b>Net Current Assets</b>	<b>(3,450)</b>	<b>(5,198)</b>	<b>(5,418)</b>	<b>(4,606)</b>
<b>Investments</b>	<b>10,250</b>	<b>10,883</b>	<b>11,971</b>	<b>13,168</b>
<b>Net Fixed Assets</b>	<b>21,693</b>	<b>26,137</b>	<b>30,026</b>	<b>33,530</b>
Capital Work-in-Progress	5,603	6,159	6,159	6,159
<b>Total Assets</b>	<b>34,096</b>	<b>37,981</b>	<b>42,738</b>	<b>48,251</b>
<b>Liabilities</b>				
Borrowings (Includes cash deposits)	-	-	-	-
Deferred Tax Liability	1,773	2,008	2,008	2,008
Equity Share Capital	988	988	988	988
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus	31,336	34,985	39,742	45,256
Net worth	<b>32,324</b>	<b>35,973</b>	<b>40,730</b>	<b>46,243</b>
<b>Total liabilities</b>	<b>34,096</b>	<b>37,981</b>	<b>42,738</b>	<b>48,251</b>

Source: Company data, I-Sec research

**Table 14: Quarterly trend**
*(Rs mn., year ending March 31)*

	Dec'21	Mar'22	Jun'22	Sept'22
Net sales	10,207	10,811	14,502	15,581
% growth (YoY)	23.7%	5.9%	34.1%	7.4%
EBITDA	1,031	2,155	2,856	2,528
Margin (%)	10.1%	19.9%	19.7%	16.2%
Other income	218	227	200	260
Add: Extraordinaries				
Net profit	568	1,318	1,852	1,640

Source: Company data, I-Sec research

**Table 15: Cashflow statement**
*(Rs mn., year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Cashflow</b>	<b>9,518</b>	<b>9,506</b>	<b>11,164</b>	<b>13,496</b>
Working Capital Changes	602	1,652	14,246	4,182
Operating Cash flow	<b>8,055</b>	<b>9,037</b>	<b>22,743</b>	<b>14,588</b>
Capital Commitments	(3,395)	(6,473)	(6,400)	(6,400)
<b>Free Cashflow</b>	<b>4,660</b>	<b>2,564</b>	<b>16,343</b>	<b>8,188</b>
<b>Cashflow from Investing</b>				
<b>Activities</b>	<b>(4,439)</b>	<b>(6,400)</b>	<b>(5,496)</b>	<b>(5,867)</b>
Inc (Dec) in Borrowings	-	-	-	-
Inc (Dec) in investments	1,287	(357)	(1,088)	(1,197)
Dividend paid	(3,221)	(2,810)	(3,171)	(3,676)
Cash flow from Financing				
<b>Activities</b>	<b>(3,488)</b>	<b>(3,103)</b>	<b>(3,221)</b>	<b>(3,726)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>128</b>	<b>(467)</b>	<b>14,026</b>	<b>4,995</b>

Source: Company data, I-Sec research

**Table 16: Key ratios**
*(Year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Per Share Data (in Rs)</b>				
EPS(Basic Recurring)	62.7	60.4	80.3	93.0
Recurring Cash EPS	80.3	80.3	105.7	122.3
Dividend per share (DPS)	23.0	25.0	32.1	37.2
Book Value per share (BV)	327.2	364.2	412.3	468.1
<b>Growth Ratios (%)</b>				
Operating Income	-28%	65%	86%	16%
EBITDA	-11%	-1%	21%	21%
Recurring Net Income	-16%	-4%	33%	16%
Recurring EPS	-16%	-4%	33%	16%
Recurring CEPS	-12%	0%	32%	16%
<b>Valuation Ratios (% YoY)</b>				
P/E	13.7	14.3	10.7	9.3
P/BV	2.6	2.4	2.1	1.8
EV / EBITDA	7.5	7.5	4.9	3.6
EV / FCF	15.0	27.2	3.3	5.9

**Operating Ratios**

Other Income / PBT (%)	10%	11%	19%	14%
Effective Tax Rate (%)	26%	26%	25%	25%
D/E Ratio (%)	-	-	-	-
Net D/E Ratio	-16%	-13%	-46%	-51%

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	29%	17%	12%	12%
RoCE	24%	20%	21%	23%
RoNW	19%	17%	19%	20%
Dividend Payout Ratio	37%	41%	40%	40%
Dividend Yield	2.7%	2.9%	3.7%	4.3%
EBITDA Margins	43%	26%	17%	18%

Source: Company data, I-Sec research

## Financial summary – Gujarat Gas (GGL)

**Table 17: Profit and Loss statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Income (Sales)</b>	<b>98,543</b>	<b>1,64,562</b>	<b>1,71,681</b>	<b>1,86,623</b>
<b>Operating Expenses</b>	<b>77,664</b>	<b>1,43,799</b>	<b>1,47,061</b>	<b>1,60,251</b>
<b>EBITDA</b>	<b>20,878</b>	<b>20,763</b>	<b>24,620</b>	<b>26,372</b>
% margins	21%	13%	14%	14%
Depreciation & Amortisation	3,408	3,849	4,321	4,804
Gross Interest	1,163	568	500	460
Other Income	740	909	906	795
<b>Recurring PBT</b>	<b>17,047</b>	<b>17,135</b>	<b>20,705</b>	<b>21,903</b>
Less: Taxes	4,292	4,278	5,213	5,515
<b>Net Income (Reported)</b>	<b>12,755</b>	<b>12,858</b>	<b>15,492</b>	<b>16,388</b>
<b>Recurring Net Income</b>	<b>12,755</b>	<b>12,937</b>	<b>15,492</b>	<b>16,388</b>

Source: Company data, I-Sec research

**Table 18: Balance sheet**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Assets</b>				
Total Current Assets	14,808	14,689	19,023	26,074
of which cash & cash eqv.	3,187	211	4,706	11,465
Total Current Liabilities & Provisions	23,905	24,730	24,107	24,959
<b>Net Current Assets</b>	<b>(9,097)</b>	<b>(10,041)</b>	<b>(5,085)</b>	<b>1,115</b>
<b>Investments</b>	<b>3,163</b>	<b>4,642</b>	<b>5,142</b>	<b>5,642</b>
<b>Net Fixed Assets</b>	<b>59,644</b>	<b>66,299</b>	<b>73,478</b>	<b>80,175</b>
Capital Work-in-Progress	6,878	9,923	9,923	9,923
<b>Total Assets</b>	<b>52,526</b>	<b>62,746</b>	<b>75,381</b>	<b>88,777</b>
<b>Liabilities</b>				
Borrowings (Includes cash deposits)	7,700	6,753	6,253	5,753
Deferred Tax Liability	8,063	8,077	8,077	8,077
Equity Share Capital	1,377	1,377	1,377	1,377
Face Value per share (Rs)	2	2	2	2
Reserves & Surplus	43,450	54,616	67,752	81,648
Net worth	<b>44,827</b>	<b>55,993</b>	<b>69,129</b>	<b>83,025</b>
<b>Total liabilities</b>	<b>52,526</b>	<b>62,746</b>	<b>75,381</b>	<b>88,777</b>

Source: Company data, I-Sec research

**Table 19: Quarterly trend**
*(Rs mn, year ending March 31)*

	Dec'21	Mar'22	Jun'22	Sept'22
Net sales	51,444	46,694	51,701	39,765
% growth (YoY)	81.8%	36.2%	71.7%	10.0%
EBITDA	2,375	6,974	6,066	6,427
Margin (%)	4.6%	14.9%	11.7%	16.2%
Other income	353	177	190	185
Add: Extraordinaries				
Net profit	1,219	4,533	3,811	4,039

Source: Company data, I-Sec research

**Table 20: Cashflow statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Cashflow</b>	<b>21,255</b>	<b>21,076</b>	<b>24,620</b>	<b>26,372</b>
Working Capital Changes	(537)	(95)	(462)	559
Operating Cash flow	<b>16,552</b>	<b>16,618</b>	<b>18,945</b>	<b>21,416</b>
Capital Commitments	(7,512)	(13,265)	(11,500)	(11,500)
<b>Free Cashflow</b>	<b>9,040</b>	<b>3,353</b>	<b>7,445</b>	<b>9,916</b>
<b>Cashflow from Investing Activities</b>	<b>(6,083)</b>	<b>(12,935)</b>	<b>(11,094)</b>	<b>(11,205)</b>
Inc (Dec) in Borrowings	(11,150)	(4,193)	(500)	(500)
Inc (Dec) in marketable investments	998	-	(500)	(500)
Dividend paid	(863)	(1,560)	(2,356)	(2,493)
Cash flow from Financing Activities	<b>(13,177)</b>	<b>(6,284)</b>	<b>(3,357)</b>	<b>(3,453)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(2,708)</b>	<b>(2,602)</b>	<b>4,495</b>	<b>6,759</b>

Source: Company data, I-Sec research

**Table 21: Key ratios**
*(Year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Per Share Data (in Rs)</b>				
EPS(Basic Recurring)	18.5	18.8	22.5	23.8
Recurring Cash EPS	23.5	24.4	28.8	30.8
Dividend per share (DPS)	2.0	2.0	2.9	3.1
Book Value per share (BV)	65.1	81.3	100.4	120.6
<b>Growth Ratios (%)</b>				
Operating Income	-4%	67%	4%	9%
EBITDA	27%	-1%	19%	7%
Recurring Net Income	39%	1%	20%	6%
Recurring EPS	39%	1%	20%	6%
Recurring CEPS	31%	4%	18%	7%
<b>Valuation Ratios (% YoY)</b>				
P/E	25.2	24.8	20.7	19.6
P/BV	7.2	5.7	4.6	3.9
EV / EBITDA	15.5	15.6	12.9	11.8
EV / FCF	35.7	96.4	42.7	31.3

**Operating Ratios**

Other Income / PBT (%)	4%	5%	4%	4%
Effective Tax Rate (%)	25%	25%	25%	25%
D/E Ratio (%)	17%	12%	9%	7%
Net D/E Ratio	10%	12%	2%	-7%

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	13%	8%	9%	9%
RoCE	33%	27%	27%	24%
RoNW	28%	23%	22%	20%
Dividend Payout Ratio	11%	11%	13%	13%
Dividend Yield	0.4%	0.4%	0.6%	0.7%
EBITDA Margins	21%	13%	14%	14%

Source: Company data, I-Sec research

## Financial summary – GSPL

**Table 22: Profit and Loss statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Income (Sales)</b>	<b>1,17,260</b>	<b>1,83,220</b>	<b>1,88,048</b>	<b>2,06,712</b>
<b>Operating Expenses</b>	<b>81,517</b>	<b>1,48,219</b>	<b>1,52,317</b>	<b>1,66,386</b>
<b>EBITDA</b>	<b>35,743</b>	<b>35,001</b>	<b>35,731</b>	<b>40,326</b>
% margins	30%	19%	19%	20%
Depreciation & Amortisation	5,418	5,795	6,452	7,254
Gross Interest	2,266	1,118	620	650
Other Income	911	1,056	1,084	990
<b>Recurring PBT</b>	<b>28,971</b>	<b>29,025</b>	<b>29,744</b>	<b>33,413</b>
Less: Taxes	7,432	7,256	7,809	8,752
Share of Associates	385	541	541	541
<b>Net Income (Reported)</b>	<b>16,068</b>	<b>16,383</b>	<b>15,375</b>	<b>17,691</b>
<b>Recurring Net Income</b>	<b>16,068</b>	<b>16,383</b>	<b>15,375</b>	<b>17,691</b>

Source: Company data, I-Sec research

**Table 23: Balance sheet**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Assets</b>				
Total Current Assets	17,898	17,909	25,729	36,248
of which cash & cash eqv.	4,089	1,077	8,154	16,942
Total Current Liabilities & Provisions	22,642	26,179	27,448	29,110
<b>Net Current Assets</b>	<b>(4,744)</b>	<b>(8,270)</b>	<b>(1,719)</b>	<b>7,137</b>
<b>Investments</b>	<b>14,568</b>	<b>16,700</b>	<b>18,700</b>	<b>20,700</b>
<b>Net Fixed Assets</b>	<b>94,960</b>	<b>99,447</b>	<b>1,12,129</b>	<b>1,23,875</b>
Capital Work-in-Progress	9,531	12,454	13,718	14,718
<b>Total Assets</b>	<b>1,41,687</b>	<b>1,52,940</b>	<b>1,77,347</b>	<b>2,03,318</b>
<b>Liabilities</b>				
Borrowings (Includes cash deposits)	20,029	7,128	8,707	8,707
Deferred Tax Liability	12,282	12,327	12,327	12,327
Equity Share Capital	5,642	5,642	5,642	5,642
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus	58,266	73,545	87,792	1,04,355
Net worth	63,908	79,187	93,434	1,09,997
<b>Total liabilities</b>	<b>1,41,687</b>	<b>1,52,940</b>	<b>1,77,347</b>	<b>2,03,318</b>

Source: Company data, I-Sec research

**Table 24: Quarterly trend**
*(Rs mn, year ending March 31)*

	Dec'21	Mar'22	Jun'22	Sept'22
Net sales	4,712	4,331	4,818	4,346
% growth (YoY)	-19.9%	-8.1%	11.2%	-9.8%
EBITDA	3,365	3,062	3,602	3,338
Margin (%)	71.4%	70.7%	74.8%	76.8%
Other income	39	64	40	1,037
Add: Extraordinaries	348	-	-	-
Net profit	2,481	2,020	2,355	3,142

Source: Company data, I-Sec research

**Table 25: Cashflow statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Cashflow</b>	<b>36,092</b>	<b>35,272</b>	<b>35,731</b>	<b>40,326</b>
Working Capital Changes	73	(391)	97	(539)
Operating Cash flow	<b>28,973</b>	<b>27,456</b>	<b>28,019</b>	<b>31,035</b>
Capital Commitments	-8,567	-12,892	-20,397	-20,000
<b>Cashflow from Investing Activities</b>	<b>(10,796)</b>	<b>(13,569)</b>	<b>(20,772)</b>	<b>(20,469)</b>
Inc (Dec) in Borrowings	(17,053)	(13,541)	1,579	-
Dividend paid	(1,526)	(1,757)	(1,128)	(1,128)
Cash flow from Financing Activities	<b>(20,962)</b>	<b>(16,593)</b>	<b>(169)</b>	<b>(1,778)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(2,785)</b>	<b>(2,707)</b>	<b>7,077</b>	<b>8,788</b>

Source: Company data, I-Sec research

**Table 26: Key ratios**
*(Year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Per Share Data (in Rs)</b>				
EPS(Basic Recurring)	28.5	29.2	27.3	31.4
Recurring Cash EPS	38.1	39.3	38.7	44.2
Dividend per share (DPS)	2.0	2.0	2.0	2.0
Book Value per share (BV)	113.3	140.4	165.6	195.0
<b>Growth Ratios (%)</b>				
Operating Income	-6%	56%	3%	10%
EBITDA	11%	-2%	2%	13%
Recurring Net Income	-7%	2%	-6%	15%
Recurring EPS	24%	2%	-7%	15%
Recurring CEPS	-4%	3%	-2%	14%
<b>Valuation Ratios (% YoY)</b>				
P/E	9.8	9.6	10.3	8.9
P/CFPS	5.5	5.8	5.6	5.1
P/BV	2.5	2.0	1.7	1.4
EV / EBITDA	4.9	4.7	4.4	3.7
EV / FCF	8.5	11.0	17.5	12.1
<b>Operating Ratios</b>				
Other Income / PBT (%)	3%	4%	4%	3%
Effective Tax Rate (%)	26%	25%	26%	26%
D/E Ratio (%)	31%	9%	9%	8%

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	14%	9%	8%	9%
RoCE	22.9%	20.3%	17%	17%
RoNW	28.5%	22.9%	18%	17%
Dividend Payout Ratio	7%	7%	7%	6%
Dividend Yield	0.7%	0.7%	0.7%	0.7%
EBITDA Margins	30%	19%	19%	20%

Source: Company data, I-Sec research

## Financial summary – GAIL

**Table 27: Profit and Loss statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Income</b>				
(Sales)	5,74,283	9,27,698	10,70,656	10,55,199
<b>Operating Expenses</b>	5,01,845	7,76,182	9,70,448	9,29,541
<b>EBITDA</b>	72,438	1,51,516	1,00,208	1,25,657
% margins	13%	16%	9%	12%
Depreciation & Amortisation	21,738	24,202	25,972	27,535
Gross Interest	1,793	2,025	-696	-2,811
Other Income	10,434	11,723	6,702	6,408
<b>Recurring PBT</b>	60,109	1,37,012	81,634	1,07,341
Less: Taxes	15,826	31,599	20,409	26,835
<b>Net Income (Reported)</b>	60,595	1,23,037	82,365	1,01,369
<b>Recurring Net Income</b>	60,595	1,23,037	82,365	1,01,369

Source: Company data, I-Sec research

**Table 28: Balance sheet**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Assets</b>				
Total Current Assets	83,741	1,35,231	1,64,428	1,65,009
Total Current Liabilities & Provisions	1,10,294	1,41,624	1,42,950	1,49,415
<b>Net Current Assets</b>	-26,553	-6,393	21,478	15,593
<b>Investments</b>	1,64,262	2,01,898	2,01,898	2,01,898
<b>Net Fixed Assets</b>	5,45,600	6,00,625	6,44,653	6,87,118
Capital Work-in-Progress	1,33,997	1,54,904	1,54,904	1,54,904
<b>Total Assets</b>	7,03,555	8,24,170	8,66,515	9,20,880
<b>Liabilities</b>				
<b>Borrowings</b>	67,603	92,157	69,700	44,700
Equity Share Capital	44,404	44,404	44,404	44,404
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus*	4,87,417	5,96,936	6,61,540	7,40,706
<b>Net Worth</b>	5,31,823	6,41,343	7,05,946	7,85,113
<b>Total Liabilities</b>	7,03,555	8,24,170	8,66,515	9,20,880

Source: Company data, I-Sec research

**Table 8: Quarterly trend**
*(Rs mn, year ending March 31)*

	Dec-21	Mar-22	Jun-22	Sept-22
<b>Net sales</b>	2,57,698	2,69,619	3,75,625	3,84,786
% growth (YoY)	19.8%	4.6%	39.3%	2.4%
<b>EBITDA</b>	42,281	37,145	43,657	17,647
EBITDA Margin (%)	16.4%	13.8%	11.6%	4.6%
Other income	6,518	4,235	1,798	7,988
Add: Extraordinaries				
<b>Net profit</b>	32,880	26,831	29,152	15,371

Source: Company data, I-Sec research

**Table 29: Cashflow statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Cashflow before working capital changes</b>	78,744	1,64,613	1,00,208	1,25,657
Working Capital Changes	24,210	(35,485)	(27,871)	5,884
<b>Operating Cashflow</b>	89,934	96,286	52,128	1,04,905
Capital Commitments	(56,972)	(69,713)	(70,000)	(70,000)
Cashflow from Investing Activities	(46,403)	(56,995)	(42,159)	(42,730)
Inc (Dec) in Borrowings	5,749	6,258	(22,458)	(25,000)
Dividend paid	(22,381)	(39,954)	(17,762)	(22,202)
<b>Cashflow from Financing Activities</b>	(34,706)	(39,159)	(39,523)	(44,390)
<b>Chg. in Cash &amp; Bank balances</b>	8,825	132	(29,554)	17,785

Source: Company data, I-Sec research

**Table 30: Key ratios**
*(Year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Per Share Data (Rs)</b>				
EPS(Basic Recurring)	9.2	18.7	12.5	15.4
Recurring Cash flow per share	12.5	22.4	16.5	19.6
Dividend per share (DPS)	3.4	6.1	4.0	5.0
Book Value per share (BV)	80.9	97.5	107.4	119.4
<b>Growth Ratios (%)</b>				
Operating Income	-21%	62%	15%	-1%
EBITDA	-21%	109%	-34%	25%
Recurring Net Income	-19%	103%	-33%	23%
Diluted Recurring EPS	-19%	103%	-33%	23%
<b>Valuation Ratios (x)</b>				
P/E	10.5	5.2	7.7	6.3
P/CFPS	9.7	5.0	7.3	5.9
P/BV	1.2	1.0	0.9	0.8
EV / EBITDA	9.5	4.6	7.1	5.3
EV/FCF	4.7	4.4	5.5	3.6

**Operating Ratios**

Other Income / PBT (%)	17%	9%	8%	6%
Effective Tax Rate (%)	26%	25%	25%	25%
D/E Ratio (%)	13%	14%	10%	6%

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	8%	11%	6%	8%
RoCE	7%	14%	7%	9%
RoNW	8%	18%	9%	11%
Dividend Payout Ratio	36%	32%	22%	22%
Dividend Yield	4%	6%	4%	5%
EBITDA Margins	13%	16%	9%	12%

Source: Company data, I-Sec research

## Financial summary – PLNG

**Table 31: Profit and Loss statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Income (Sales)</b>	<b>2,60,229</b>	<b>4,31,686</b>	<b>5,23,269</b>	<b>6,28,517</b>
<b>Operating Expenses</b>	<b>2,13,234</b>	<b>3,79,199</b>	<b>4,75,454</b>	<b>5,75,432</b>
<b>EBITDA</b>	<b>46,995</b>	<b>52,487</b>	<b>47,815</b>	<b>53,085</b>
% margins	18%	12%	9%	8%
Depreciation & Amortisation	7,841	7,685	8,174	8,750
Gross Interest	3,360	3,173	3,050	2,960
Other Income	3,591	2,977	3,686	4,164
<b>Recurring PBT</b>	<b>39,386</b>	<b>44,606</b>	<b>40,277</b>	<b>45,539</b>
Less: Taxes	10,183	11,212	10,138	11,462
<b>Net Income (Reported)</b>	<b>29,392</b>	<b>34,381</b>	<b>30,139</b>	<b>34,077</b>
<b>Recurring Net Income</b>	<b>29,392</b>	<b>34,381</b>	<b>30,139</b>	<b>34,077</b>

Source: Company data, I-Sec research

**Table 32: Balance sheet**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Assets</b>				
Total Current Assets	81,619	87,153	1,02,807	1,18,338
Total Current Liabilities & Provisions	17,662	24,314	28,280	32,397
<b>Net Current Assets</b>	<b>63,957</b>	<b>62,839</b>	<b>74,527</b>	<b>85,941</b>
<b>Investments</b>	<b>17,070</b>	<b>12,859</b>	<b>12,988</b>	<b>13,118</b>
<b>Net Fixed Assets</b>	<b>1,03,131</b>	<b>95,572</b>	<b>95,898</b>	<b>97,147</b>
Capital Work-in-Progress	255	1,926	1,000	1,000
<b>Total Assets</b>	<b>1,90,900</b>	<b>2,13,618</b>	<b>2,28,739</b>	<b>2,45,587</b>
<b>Liabilities</b>				
Borrowings (Includes cash deposits)	36,529	34,385	33,385	32,385
Equity Share Capital	15,000	15,000	15,000	15,000
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus	1,03,069	1,21,681	1,33,737	1,47,368
Net worth	1,18,069	1,36,681	1,48,737	1,62,368
<b>Total liabilities</b>	<b>1,90,900</b>	<b>2,13,618</b>	<b>2,28,739</b>	<b>2,45,587</b>

Source: Company data, I-Sec research

**Table 33: Quarterly trend**
*(Rs mn, year ending March 31)*

	Dec'21	Mar'22	Jun'22	Sept'22
Net sales	1,25,972	1,11,604	1,42,638	1,59,857
% growth (YoY)	16.5%	-11.4%	27.8%	12.1%
EBITDA	17,322	11,691	10,644	11,730
Margin (%)	13.8%	10.5%	7.5%	7.3%
Other income	719	852	1,418	942
Add: Extraordinaries				
Net profit	11,435	8,047	7,009	7,443

Source: Company data, I-Sec research

**Table 34: Cashflow statement**
*(Rs mn, year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Operating Cashflow</b>	<b>47,287</b>	<b>53,666</b>	<b>47,815</b>	<b>53,085</b>
Working Capital Changes	(1,746)	(6,336)	(3,145)	(3,900)
Operating Cashflow	<b>35,592</b>	<b>34,688</b>	<b>34,532</b>	<b>37,723</b>
Capital Commitments	(730)	(723)	(7,574)	(10,000)
<b>Cashflow from Investing Activities</b>	<b>(9,273)</b>	<b>(10,533)</b>	<b>(4,016)</b>	<b>(5,966)</b>
Inc (Dec) in Borrowings	(368)	(414)	(1,000)	(1,000)
Dividend paid	(22,452)	(15,750)	(18,084)	(20,446)
Cashflow from Financing Activities	<b>(27,586)</b>	<b>(22,109)</b>	<b>(22,133)</b>	<b>(24,406)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(1,267)</b>	<b>2,046</b>	<b>8,383</b>	<b>7,351</b>

Source: Company data, I-Sec research

**Table 35: Key ratios**
*(Year ending March 31)*

	FY21	FY22	FY23E	FY24E
<b>Per Share Data (in Rs)</b>				
EPS(Basic Recurring)	19.6	22.9	20.1	22.7
Recurring Cash EPS	24.3	26.5	25.5	28.6
Dividend per share (DPS)	12.0	12.0	12.0	14.0
Book Value per share (BV)	78.7	91.1	99.2	108.2
<b>Growth Ratios (%)</b>				
Operating Income	-27%	66%	21%	20%
EBITDA	18%	12%	-9%	11%
Recurring Net Income	27%	17%	-12%	13%
Recurring EPS	27%	17%	-12%	13%
Recurring CEPS	12%	13%	-11%	11%
<b>Valuation Ratios (% YoY)</b>				
P/E	11.2	9.6	10.9	9.6
P/CFPS	9.2	9.5	9.5	8.7
P/BV	2.8	2.4	2.2	2.0
EV / EBITDA	6.8	6.1	6.5	5.7
EV / FCF	9.2	9.4	11.5	10.9

**Operating Ratios**

Other Income / PBT (%)	9%	7%	9%	9%
Effective Tax Rate (%)	26%	25%	25%	25%
D/E Ratio (%)	31%	25%	22%	20%

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	11.3%	8.0%	5.8%	5.4%
RoCE	24.0%	25.4%	21.0%	22.0%
RoNW	25.6%	27.0%	21.1%	21.9%
Dividend Payout Ratio	58.7%	50.2%	60.0%	60.0%
Dividend Yield	5.3%	5.3%	5.5%	6.2%
EBITDA Margins	18.1%	12.2%	9.1%	8.4%

Source: Company data, I-Sec research

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