

# Indraprastha Gas

Refer to important disclosures at the end of this report

## Wading through the perfect storm; maintain Buy

- IGL has faced multiple headwinds, including rising APM gas prices and shortfall, which led to margin concerns. Aggressive RSP hikes, in response, have led to worries about CNG economics and demand outlook amid EV-led developments in Delhi.
- Q4FY22 results were largely stable with 14% yoy volume growth, despite a ~Rs15/kg CNG RSP hike since Oct'21 and omicron. EBITDA/scm also held up at Rs7.2. Management's guidance of a 3-year volume CAGR of 13% and Rs7-8/scm EBITDA is also reassuring.
- The newly launched guidelines and pooled gas raise commodity risks in sourcing, though our bear case of sourced gas linked 100% to oil (term LNG) implies 30% CNG savings to petrol. Diesel usage is already restricted in NCR. We believe a viable case for CNG exists.
- We retain our FY23E/FY24E EPS but lower our long term volumes and terminal growth rate in DCF, and raise CoE. We cut the TP by 30% to Rs450/sh, but maintain Buy. Correction in global gas prices (crude being stable) and volume strength are upside risks.

**Expect to achieve double-digit 3-year volume CAGR; though building slowdown over long term:** IGL's management has maintained its 13% volume CAGR guidance during FY22-25, with core Delhi growing at 6-7%. Our segment-wise vehicle parc model for Delhi implies that this is achievable and that robust growth in Noida-Ghaziabad and Gurugram is also acceptable owing to their overall rapid development as satellites. EV-related risks in Delhi, like mandatory registration for app-based cabs and vehicle age limits, would not hold in these satellites as they are located in different states. DTC buses and auto-rickshaw population can fall drastically but offset by growth in CNG cabs, LGVs and private vehicles. The I/C PNG segment should also keep growing as polluting fuel bans are expanded around NCR. IGL also expects Ajmer and Muzaffarnagar to be sizeable GAs, driven both by IPNG and CNG.

**New pooled gas pricing exposes IGL to multiple benchmarks, but CNG viability to exist:** New pooled gas now puts multiple benchmarks (US, NBP, term LNG, spot LNG, naphtha, FO, etc) in the mix, which lowers visibility on gas costs. This could also result in material margin volatility between periods. Although, in reality, the govt should have diverted APM gas from other sectors as per the priority policy (CGD on top). Still, the APM gas price hike to double digits in H2FY23 would again create the same issue of rising cost pressure for players. Hence, there is no permanent solution. We, however, believe as CNG/DPNG competes with crude derivatives like petrol, diesel and LPG, pooled gas should be connected to oil-linked benchmarks (like term LNG) to maintain parity and taxation should be the arbitrage tool to promote gas. Our calculation suggests, at current Brent of USD110/bbl and normalized GRMs, CNG would remain viable amid a rapidly expanding eco-system in the country. We build in Rs7.5-8.2 EBITDA/scm in our explicit DCF forecasts, up to FY35.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Oil & Gas \(Page 10\)](#)

### Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	49,408	77,100	1,37,415	1,58,129	1,72,500
EBITDA	14,830	18,811	22,716	26,208	28,769
EBITDA Margin (%)	30.0	24.4	16.5	16.6	16.7
APAT	10,057	12,896	15,589	17,965	19,678
EPS (Rs)	14.4	18.4	22.3	25.7	28.1
EPS (% chg)	(5.0)	28.2	20.9	15.2	9.5
ROE (%)	18.4	19.6	20.7	20.5	19.3
P/E (x)	26.9	21.0	17.4	15.1	13.7
EV/EBITDA (x)	16.5	12.8	10.2	8.5	7.4
P/BV (x)	4.6	3.9	3.3	2.9	2.5

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 387</b> as of (May 18, 2022)	<b>Rs 450 (▼)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>16.4 %</b>

### Change in Estimates

EPS Chg FY23E/FY24E (%)	-1/1
Target Price change (%)	(30.2)
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	22.3	25.7
Consensus	20.4	23.0
Mean Consensus TP (12M)	Rs 494	

### Stock Details

Bloomberg Code	IGL IN
Face Value (Rs)	2
Shares outstanding (mn)	700
52 Week H/L	604 / 321
M Cap (Rs bn/USD bn)	271 / 3.49
Daily Avg Volume (nos.)	37,78,999
Daily Avg Turnover (US\$ mn)	18.0

### Shareholding Pattern Mar '22

Promoters	45.0%
FIIIs	19.9%
DIIIs	16.9%
Public and Others	18.2%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(2)	2	(21)	(25)
<b>Rel. to Nifty</b>	4	9	(14)	(30)

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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## Story in Charts

### Exhibit 1: Change in assumptions

	FY23E			FY24E			FY25E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
EBITDA/scm (Rs.)	8.0	7.5	-6%	8.0	7.7	-4%	7.8
Sales Volumes (mmscmd)	8.0	8.2	3%	9.1	9.3	3%	10.0
Growth	16.8%	18.0%	120bps	13.2%	13.0%	-25bps	7.7%

Source: Company, Emkay Research

### Exhibit 2: Change in estimates

(Rs mn)	FY23E			FY24E			FY25E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	95,479	1,37,415	44%	1,05,940	1,58,129	49%	1,72,500
EBITDA	23,476	22,716	-3%	26,689	26,208	-2%	28,769
EBITDA Margins	24.6%	16.5%	-800bps	25.2%	16.6%	-860bps	16.7%
PAT	15,672	15,589	-1%	17,860	17,965	1%	19,678
EPS (Rs)	22.4	22.3	-1%	25.5	25.7	1%	28.1

Source: Company, Emkay Research

### Exhibit 3: DCF Valuation (Mar'23E)

DCF Assumptions	Rs mn	Core IGL	CUGL 50%	MNGL 50%	Consol
Risk Free Rate	7.0%	NPV Of FCF (FY23-35E)	1,31,507	3,781	23,427
Risk Premium	5.3%	Terminal Value	3,15,222	7,128	56,630
Beta	0.8	PV Of TV	90,079	2,037	16,183
Cost Of Equity	11.0%	Total Value	2,21,586	5,818	39,610
Cost Of Debt	8.0%	Less: Adj. Net Debt (Mar'23E)	-43,848	-1,418	-2,701
Post Tax Cost Of Debt	6.0%	<b>Equity Value</b>	<b>2,65,433</b>	<b>7,236</b>	<b>42,310</b>
Average Debt:Equity Ratio	0%	No. Of Shares O/S (mn)	700	700	700
<b>WACC</b>	<b>11.0%</b>	<b>Target Price (Rs.)</b>	<b>379</b>	<b>10</b>	<b>60</b>
<b>Terminal Growth Rate</b>					
IGL	2.0%				
CUGL	1.0%				
MNGL	1.0%				

Source: Company, Emkay Research

### Exhibit 4: PE-based valuation (FY24E EPS)

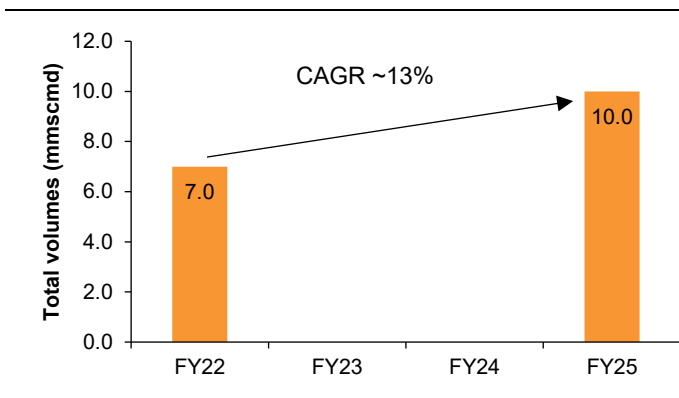
Rs./sh	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
IGL's Core EPS	11.2	15.1	14.4	18.4	22.3	25.7	28.1
Less: CU/MNGL Div. Inc.	0.1	0.4	0.4	0.5	0.6	0.6	0.7
<b>IGL Adjusted EPS</b>	<b>11.1</b>	<b>14.7</b>	<b>14.0</b>	<b>17.9</b>	<b>21.7</b>	<b>25.0</b>	<b>27.4</b>
CUGL/MNGL EPS Contri.	1.4	2.1	1.8	3.2	3.5	3.8	4.2
<b>Consol. EPS</b>	<b>12.5</b>	<b>16.8</b>	<b>15.8</b>	<b>21.1</b>	<b>25.2</b>	<b>28.8</b>	<b>31.6</b>
Target Multiple (x)						15.6	
<b>DCF Target Price</b>						<b>450</b>	

Source: Company, Emkay Research

**Exhibit 5: Our bear case still implies CNG to be 30% cheaper to petrol which under an expanding eco-system should support conversions**

CNG Vs. Petrol/Diesel	Now			Bear Case		
	Petrol	Diesel	CNG	Petrol	Diesel	CNG
<b>Delhi</b>						
Brent (USD/bbl)-Pooled Gas (USD/mmbtu)	110.0	110.0	8.0	110.0	110.0	15.4
Price (Rs/ltr-kg)	105.4	96.7	73.6	115.0	105.0	106.7
Mileage (km/ltr-kg)	15.0	18.0	20.0	15.0	18.0	20.0
Cost (Rs/km)	7.0	5.4	3.7	7.7	5.8	5.3
CNG cheaper by (%)	-48%	-31%		-30%	-9%	
Daily running (km)	40	40	40	40	40	40
Daily cost (Rs)	281	215	147	307	233	213
Annual cost (Rs)	1,01,194	77,336	52,999	1,10,400	84,000	76,846
Savings vs. petrol (Rs)		23,858	48,194		26,400	33,554
CNG/diesel kit cost (Rs)		1,00,000	70,000		1,00,000	70,000
Payback period (months)		50	17		45	25

Source: Company, IOCL, Emkay Research

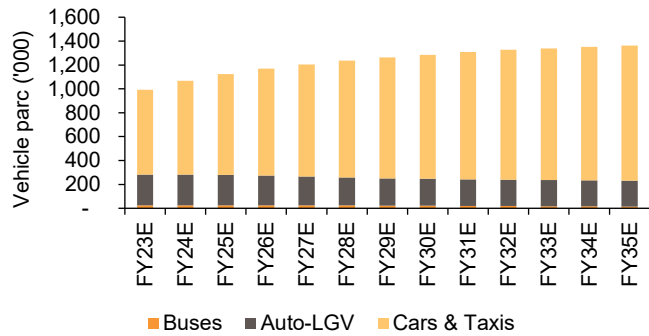
**Exhibit 6: Strong mid-term volume growth guidance of 13% CAGR**

Source: Company, Emkay Research

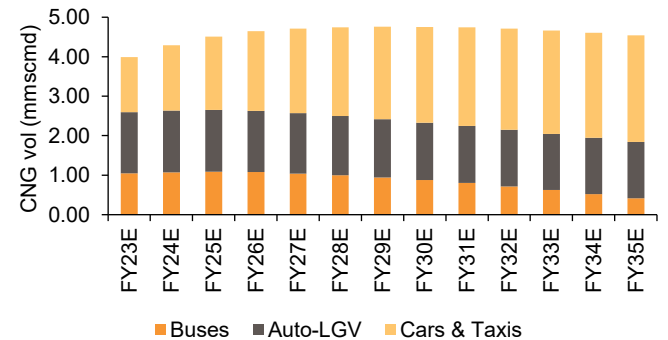
**Exhibit 7: New GAs slowly garnering bigger share of IGL's volumes**

Volume share	FY22	FY25
Delhi	77%	62%
Noida+Greater N+Ghaziabad	15%	18%
Rewari	3%	3%
Gurgaon	2%	6%
Karnal	2%	2%
Muzaffarnagar+	1%	4%
Kanpur+	0%	2%
Kaithal	0%	1%
Ajmer	0%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Company, Emkay Research

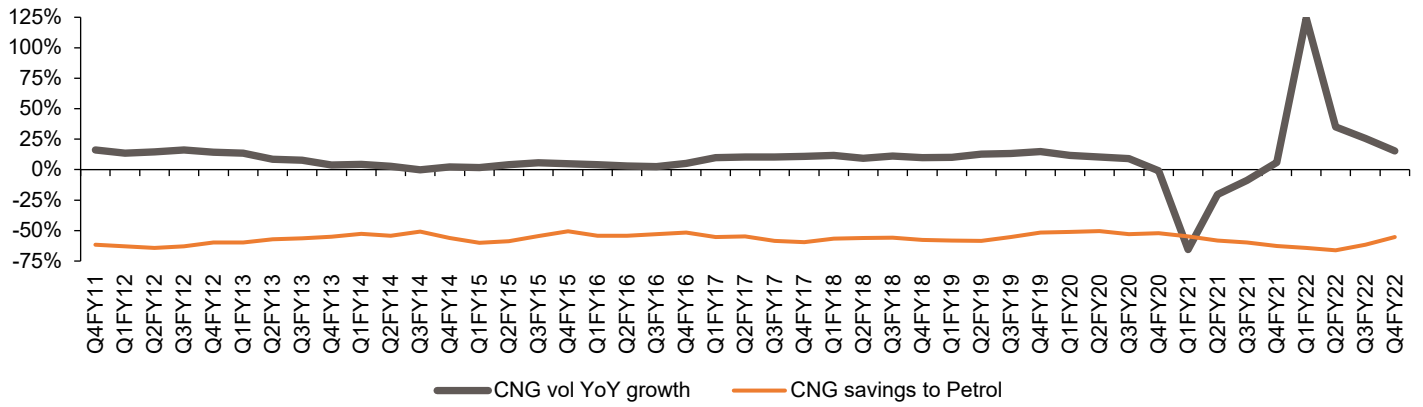
**Exhibit 8: Delhi's vehicle population to remain stagnant with...**

Source: Company, Govt, Emkay Research

**Exhibit 9: ...share of buses, autos declining on gradual EV adoption**

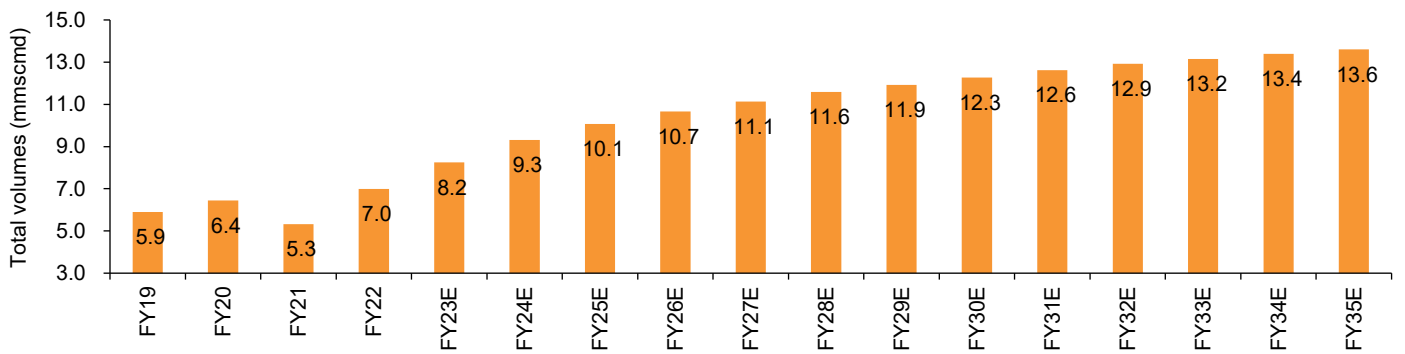
Source: Company, Emkay Research

**Exhibit 10: Historical long term CNG volume growth versus CNG to petrol economics**



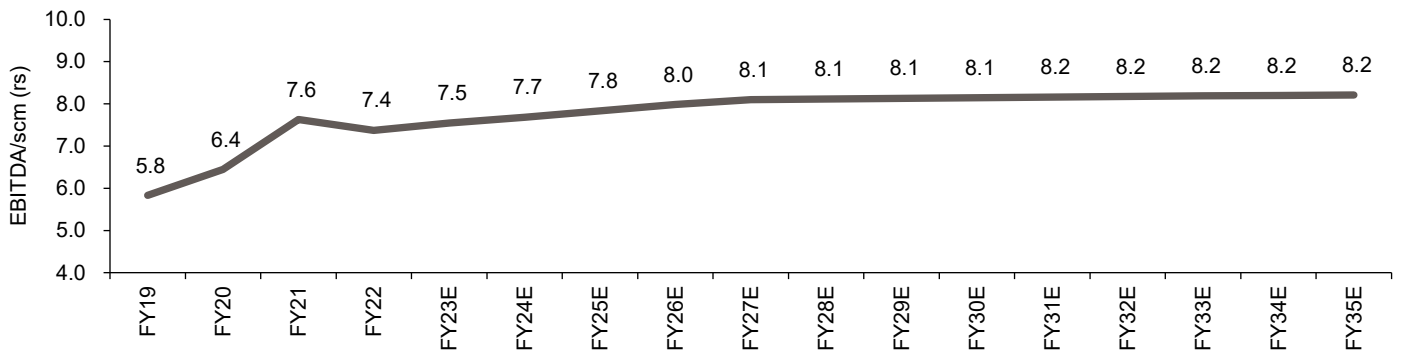
Source: Company, Emkay Research

**Exhibit 11: Expect long term volumes to grow, albeit at a slower pace due to EV transition**



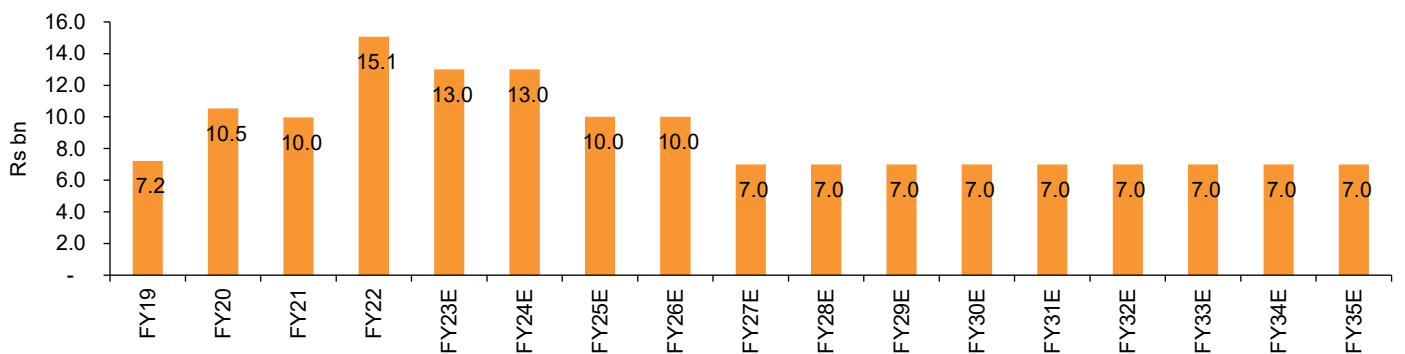
Source: Company, Emkay Research

**Exhibit 12: Assuming long term EBITDA/scm of Rs7.5-8.2**



Source: Company, Emkay Research

**Exhibit 13: Annual capex for FY23-26E expected at Rs10bn+ on infrastructure set up in new GAs, but to taper down beyond this**



Source: Company, Emkay Research

## Q4FY22 Results Update

### Highlights

- IGL's Q4FY22 standalone (SA) EBITDA/APAT of Rs5.00bn/Rs3.37bn (up 7%/9% qoq; up 2%/2% yoy) came in 8% below our estimates, primarily due to a margin miss. Other Income rose 55% yoy to Rs434mn (32% beat) but had Rs340mn liability reversal. Other Expenditure rose 12% yoy/11% qoq to Rs3.49bn due to higher power & fuel costs. ETR was also higher at 27.3%.
- Total gas sales volumes rose 14% yoy/1% qoq to 7.74mmscmd (2% below est). Gross margin rose 8% qoq to Rs12.7/scm (3% below), with net realization up 10% and unit gas cost rising by 11%. Unit opex was 3% higher than expected at Rs5.6/scm (up 8% qoq but down 1% yoy). EBITDA/scm, hence, was up 8% qoq at Rs7.2 vs. Rs7.7 estimated by us (down 10% yoy). CUGL/MNGL reported a gross PAT of Rs1.45bn in Q4, up 64% yoy/9% qoq.
- For FY22, S/A EBITDA/APAT rose 27%/28% to Rs18.8bn/Rs12.9bn on the back of 31% growth in volumes to 7.0mmscmd as the Covid impact abated. EBITDA/scm, however, fell 3% to Rs7.4. Capex was Rs15bn, while the dividend was Rs5.5/sh, implying 29% payout (vs 27% in FY21). CUGL/MNGL gross PAT rose 79% to Rs4.5bn.

### Guidance

- IGL added 105 CNG stations, taking the total to 717 as of FY22-end. For the next two years, capex guidance is Rs15bn each. IGL plans to add 125 CNG stations in FY23.
- EBITDA/scm guidance is Rs7-8 going ahead. Gas sourcing has become dynamic, hence retail pricing can vary month on month. No RSP change is expected in May'22 though.
- Volume guidance is 8.2-8.5mmscmd for FY23 and 10mmscmd for FY25 (average). Current volumes stood at 8mmscmd. CNG vehicle conversion was 49,000 in Q4 (had some omicron impact), and IGL does not see any demand hit as of now due to the retail price hikes.
- LNG contracts signed earlier have to be honored at take-or-pay volume levels, while new guideline-based volumes are separate, but IGL would take in the same. IGL will have to see if contracted volume can be diverted to the I/C PNG segment, etc.
- Pooled gas price is USD8.04/mmbtu as of now as reported in media.
- No update on Gurgaon court case. All GAs are, however, showing healthy growth.
- CUGL/MNGL results were volume-driven. IGL will look at raising the dividend as profitability and cash flows grow.

## Exhibit 14: Actuals vs. Estimates (Q4FY22)

Rs mn	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	24,059	24,499	24,152	-2%	0%	Lower volumes
Adjusted EBITDA	5,005	5,463	4,962	-8%	1%	Higher gas costs/opex
EBITDA Margin (%)	20.8%	22.3%	20.5%	-150bps	30bps	
Adjusted Net Profit	3,369	3,667	3,250	-8%	4%	

Source: Company, Emkay Research

## Exhibit 15: Detailed quarterly highlights

Rs mn	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY	QoQ	FY21	FY22	YoY
CNG Sales	12,550	9,822	14,735	17,791	19,480	55%	9%	39,608	61,828	56%
Less Excise	1,594	1,231	1,848	2,230	2,441	53%	9%	4,976	7,750	56%
PNG Sales	4,550	3,983	5,425	6,594	7,020	54%	6%	14,776	23,022	56%
<b>Net Revenues</b>	<b>15,506</b>	<b>12,574</b>	<b>18,312</b>	<b>22,155</b>	<b>24,059</b>	<b>55%</b>	<b>9%</b>	<b>49,408</b>	<b>77,100</b>	<b>56%</b>
Dec./(Inc.) in Stock In Trade	(6)	(1)	(17)	(11)	(8)			(2)	(38)	
Raw Material Cost	7,145	5,621	9,300	13,854	15,187	113%	10%	22,298	43,961	97%
Total COGS	7,139	5,620	9,283	13,842	15,178	113%	10%	22,295	43,923	97%
<b>Gross Profit</b>	<b>8,367</b>	<b>6,954</b>	<b>9,029</b>	<b>8,313</b>	<b>8,881</b>	<b>6%</b>	<b>7%</b>	<b>27,113</b>	<b>33,176</b>	<b>22%</b>
Employee Cost	343	374	524	477	385	12%	-19%	1,344	1,760	31%
Other Expenses	3,107	2,771	3,204	3,140	3,491	12%	11%	10,939	12,606	15%
Total OPEX	3,450	3,145	3,727	3,616	3,876	12%	7%	12,283	14,365	17%
Total Expenditure	10,589	8,765	13,010	17,459	19,055	80%	9%	34,578	58,289	69%
<b>EBITDA</b>	<b>4,918</b>	<b>3,809</b>	<b>5,302</b>	<b>4,696</b>	<b>5,005</b>	<b>2%</b>	<b>7%</b>	<b>14,830</b>	<b>18,811</b>	<b>27%</b>
Depreciation	761	778	805	835	753	-1%	-10%	2,904	3,171	9%
<b>EBIT</b>	<b>4,156</b>	<b>3,031</b>	<b>4,497</b>	<b>3,861</b>	<b>4,252</b>	<b>2%</b>	<b>10%</b>	<b>11,926</b>	<b>15,641</b>	<b>31%</b>
Interest	36	29	26	28	49	34%	72%	113	132	16%
Other Income	280	298	775	304	434	55%	43%	1,502	1,810	21%
PBT before exceptional	4,400	3,299	5,246	4,137	4,637	5%	12%	13,315	17,319	30%
Exceptional items	-	-	-	-	340			-	340	
<b>PBT</b>	<b>4,400</b>	<b>3,299</b>	<b>5,246</b>	<b>4,137</b>	<b>4,977</b>	<b>13%</b>	<b>20%</b>	<b>13,315</b>	<b>17,659</b>	<b>33%</b>
Current tax	979	793	1,178	992	1,236	26%	25%	2,955	4,199	42%
Deferred tax	111	64	63	59	125	13%	111%	303	310	
Total tax	1,090	857	1,241	1,051	1,361	25%	29%	3,258	4,509	38%
<b>Reported PAT</b>	<b>3,310</b>	<b>2,443</b>	<b>4,005</b>	<b>3,085</b>	<b>3,616</b>	<b>9%</b>	<b>17%</b>	<b>10,057</b>	<b>13,150</b>	<b>31%</b>
Rep. EPS (Rs.)	4.7	3.5	5.7	4.4	5.2	9%	17%	14.4	18.8	31%
Adjusted PAT	3,310	2,443	4,005	3,085	3,369	2%	9%	10,057	12,902	28%
Adj. EPS (Rs.)	4.7	3.5	5.7	4.4	4.8	2%	9%	14.4	18.4	28%
<b>CUGL/MNGL Gross PAT</b>	<b>882</b>	<b>673</b>	<b>1,070</b>	<b>1,325</b>	<b>1,447</b>	<b>64%</b>	<b>9%</b>	<b>2,516</b>	<b>4,514</b>	<b>79%</b>
CUGL/MNGL EPS Contri (Rs)	0.6	0.5	0.8	0.9	1.0	64%	9%	1.8	3.2	79%
Consol. Adj. EPS (Rs.) ex Div. Adj.	5.4	4.0	6.5	5.4	5.8	9%	9%	16.2	21.7	34%
Shares O/S (mn)	700	700	700	700	700			700	700	
EBITDA margin	32%	30%	29%	21%	21%			30%	24%	
Standalone Rep. NPM	21%	19%	22%	14%	15%			20%	17%	
Effective tax rate	25%	26%	24%	25%	27%			24%	26%	
<b>Total Sales (mmscmd)</b>	<b>6.8</b>	<b>5.3</b>	<b>7.2</b>	<b>7.7</b>	<b>7.7</b>	<b>14%</b>	<b>1%</b>	<b>5.3</b>	<b>7.0</b>	<b>31%</b>
CNG Volumes (mn kg)	309	236	344	363	356	15%	-2%	958	1,299	36%
PNG Volumes (mmscm)	176	152	178	186	188	7%	1%	587	704	20%
Domestic	45	44	42	45	51	13%	13%	169	182	7%
Industrial+Commercial	89	74	91	95	92	3%	-3%	286	352	23%
3rd party Trading	42	34	46	46	45	7%	-2%	132	171	29%
<b>Gross Margin (Rs./scm)</b>	<b>13.6</b>	<b>14.4</b>	<b>13.6</b>	<b>11.8</b>	<b>12.7</b>	<b>-7%</b>	<b>8%</b>	<b>13.9</b>	<b>13.0</b>	<b>-7%</b>
<b>Adj. EBITDA/scm (Rs.)</b>	<b>8.0</b>	<b>7.9</b>	<b>8.0</b>	<b>6.7</b>	<b>7.2</b>	<b>-10%</b>	<b>8%</b>	<b>7.6</b>	<b>7.4</b>	<b>-3%</b>
CNG Real (Rs./kg)	40.7	41.7	42.8	49.0	54.7	35%	12%	41.4	47.6	15%
PNG Real (Rs./scm)	25.9	26.2	30.5	35.4	37.3	44%	5%	25.2	32.9	31%
Average Real (Rs./scm)	25.3	26.0	27.5	31.5	34.5	37%	10%	25.4	30.2	19%
<b>Capex</b>	<b>4,320</b>	<b>3,010</b>	<b>3,160</b>	<b>3,480</b>	<b>5,350</b>	<b>24%</b>	<b>54%</b>	<b>10,110</b>	<b>15,000</b>	<b>48%</b>

Source: Company, Emkay Research. Email: emkay@whitemarquesolutions.com use and downloaded at 05/19/2022 02:11 PM

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**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>49,408</b>	<b>77,100</b>	<b>1,37,415</b>	<b>1,58,129</b>	<b>1,72,500</b>
<b>Expenditure</b>	<b>34,578</b>	<b>58,289</b>	<b>1,14,699</b>	<b>1,31,921</b>	<b>1,43,731</b>
<b>EBITDA</b>	<b>14,830</b>	<b>18,811</b>	<b>22,716</b>	<b>26,208</b>	<b>28,769</b>
Depreciation	2,904	3,171	3,815	4,389	5,028
<b>EBIT</b>	<b>11,926</b>	<b>15,641</b>	<b>18,901</b>	<b>21,819</b>	<b>23,741</b>
Other Income	1,502	1,810	2,081	2,342	2,711
Interest expenses	113	132	141	143	144
<b>PBT</b>	<b>13,315</b>	<b>17,319</b>	<b>20,841</b>	<b>24,018</b>	<b>26,308</b>
Tax	3,258	4,762	5,252	6,052	6,630
Extraordinary Items	0	340	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>10,057</b>	<b>13,150</b>	<b>15,589</b>	<b>17,965</b>	<b>19,678</b>
<b>Adjusted PAT</b>	<b>10,057</b>	<b>12,896</b>	<b>15,589</b>	<b>17,965</b>	<b>19,678</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	1,400	1,400	1,400	1,400	1,400
Reserves & surplus	57,319	67,962	79,653	93,127	1,07,886
<b>Net worth</b>	<b>58,719</b>	<b>69,362</b>	<b>81,053</b>	<b>94,527</b>	<b>1,09,286</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>1,130</b>	<b>1,076</b>	<b>1,087</b>	<b>1,098</b>	<b>1,109</b>
Net deferred tax liability	2,422	2,737	3,078	3,420	3,762
<b>Total Liabilities</b>	<b>62,271</b>	<b>73,175</b>	<b>85,219</b>	<b>99,045</b>	<b>1,14,157</b>
<b>Net block</b>	<b>43,209</b>	<b>50,017</b>	<b>55,778</b>	<b>62,688</b>	<b>69,578</b>
<b>Investment</b>	<b>18,557</b>	<b>20,156</b>	<b>20,500</b>	<b>20,850</b>	<b>21,208</b>
<b>Current Assets</b>	<b>15,639</b>	<b>20,564</b>	<b>33,873</b>	<b>42,688</b>	<b>55,592</b>
Cash & bank balance	11,323	13,616	22,477	29,755	41,589
Other Current Assets	893	1,173	1,185	1,196	1,208
<b>Current liabilities &amp; Provision</b>	<b>23,603</b>	<b>31,349</b>	<b>42,164</b>	<b>46,136</b>	<b>49,281</b>
<b>Net current assets</b>	<b>(7,964)</b>	<b>(10,785)</b>	<b>(8,291)</b>	<b>(3,448)</b>	<b>6,311</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>62,271</b>	<b>73,175</b>	<b>85,219</b>	<b>99,045</b>	<b>1,14,157</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>11,813</b>	<b>15,508</b>	<b>18,760</b>	<b>21,676</b>	<b>23,597</b>
Other Non-Cash items	52	340	0	0	0
Chg in working cap	5,215	5,429	6,709	2,776	2,416
<b>Operating Cashflow</b>	<b>15,460</b>	<b>20,044</b>	<b>24,184</b>	<b>22,943</b>	<b>24,567</b>
Capital expenditure	(11,246)	(15,296)	(13,022)	(13,022)	(10,022)
<b>Free Cash Flow</b>	<b>4,214</b>	<b>4,748</b>	<b>11,162</b>	<b>9,921</b>	<b>14,544</b>
Investments	(15,612)	(1,599)	(344)	(350)	(357)
Other Investing Cash Flow	2,389	1,317	0	0	0
<b>Investing Cashflow</b>	<b>(22,967)</b>	<b>(13,768)</b>	<b>(11,285)</b>	<b>(11,031)</b>	<b>(7,669)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	169	(54)	11	11	11
Dividend paid (incl tax)	(1,960)	(3,850)	(3,897)	(4,491)	(4,920)
Other Financing Cash Flow	(1,065)	54	(11)	(11)	(11)
<b>Financing Cashflow</b>	<b>(2,970)</b>	<b>(3,982)</b>	<b>(4,039)</b>	<b>(4,634)</b>	<b>(5,064)</b>
<b>Net chg in cash</b>	<b>(10,477)</b>	<b>2,294</b>	<b>8,861</b>	<b>7,278</b>	<b>11,834</b>
Opening cash position	21,799	11,323	13,616	22,477	29,755
<b>Closing cash position</b>	<b>11,323</b>	<b>13,617</b>	<b>22,477</b>	<b>29,755</b>	<b>41,589</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	30.0	24.4	16.5	16.6	16.7
EBIT Margin	24.1	20.3	13.8	13.8	13.8
Effective Tax Rate	24.5	27.5	25.2	25.2	25.2
Net Margin	20.4	16.3	11.3	11.4	11.4
ROCE	23.2	25.8	26.5	26.2	24.8
ROE	18.4	19.6	20.7	20.5	19.3
RoIC	52.9	63.1	74.7	80.1	74.4

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	14.4	18.4	22.3	25.7	28.1
CEPS	18.5	22.5	27.7	31.9	35.3
BVPS	83.9	99.1	115.8	135.0	156.1
DPS	3.6	5.5	5.6	6.4	7.0

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	26.9	21.0	17.4	15.1	13.7
P/CEPS	20.9	17.2	13.9	12.1	11.0
P/BV	4.6	3.9	3.3	2.9	2.5
EV / Sales	5.0	3.1	1.7	1.4	1.2
EV / EBITDA	16.5	12.8	10.2	8.5	7.4
Dividend Yield (%)	0.9	1.4	1.4	1.7	1.8

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)
Net Debt/EBIDTA	(1.7)	(1.6)	(1.7)	(1.8)	(2.0)
Working Cap Cycle (days)	(21.6)	(22.5)	(28.2)	(28.2)	(28.1)

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	(23.8)	56.0	78.2	15.1	9.1
EBITDA	(2.4)	26.8	20.8	15.4	9.8
EBIT	(5.9)	31.1	20.8	15.4	8.8
PAT	(11.5)	30.8	18.6	15.2	9.5

<b>Quarterly (Rs mn)</b>	<b>Q4FY21</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>
Revenue	15,506	12,574	18,312	22,155	24,059
EBITDA	4,918	3,809	5,302	4,696	5,005
<b>EBITDA Margin (%)</b>	<b>31.7</b>	<b>30.3</b>	<b>29.0</b>	<b>21.2</b>	<b>20.8</b>
PAT	3,310	2,443	4,005	3,085	3,369
<b>EPS (Rs)</b>	<b>4.7</b>	<b>3.5</b>	<b>5.7</b>	<b>4.4</b>	<b>4.8</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>	<b>Mar-22</b>
Promoters	45.0	45.0	45.0	45.0	45.0
FIIIs	23.8	23.9	21.9	20.2	19.9
DIIIs	15.9	14.8	16.1	16.7	16.9
Public and Others	15.3	16.3	17.1	18.1	18.2

Source: Capitaline

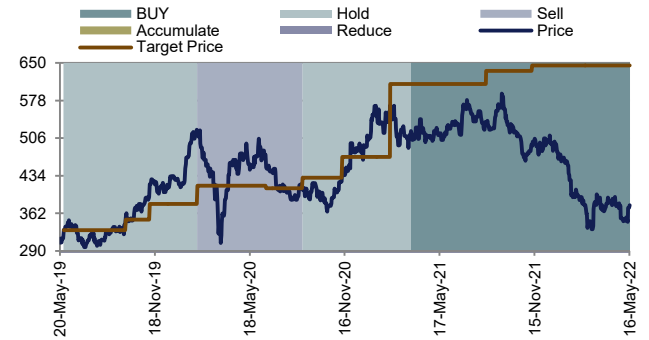


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
23-Nov-21	494	645	12m	Buy	Sabri Hazarika
10-Nov-21	491	645	12m	Buy	Sabri Hazarika
29-Sep-21	519	635	12m	Buy	Sabri Hazarika
14-Aug-21	535	635	12m	Buy	Sabri Hazarika
26-Jul-21	547	610	12m	Buy	Sabri Hazarika
25-Jun-21	513	610	12m	Buy	Sabri Hazarika
23-Jun-21	519	610	12m	Buy	Sabri Hazarika
18-Jun-21	532	610	12m	Buy	Sabri Hazarika
29-May-21	514	610	12m	Buy	Sabri Hazarika
23-Apr-21	510	610	12m	Buy	Sabri Hazarika
23-Mar-21	519	610	12m	Buy	Sabri Hazarika
18-Feb-21	568	610	12m	Hold	Sabri Hazarika
11-Feb-21	569	610	12m	Hold	Sabri Hazarika
27-Nov-20	496	470	12m	Hold	Sabri Hazarika
11-Nov-20	448	470	12m	Hold	Sabri Hazarika
28-Sep-20	404	430	12m	Hold	Sabri Hazarika
27-Aug-20	407	430	12m	Hold	Sabri Hazarika
18-Jun-20	450	410	12m	Sell	Sabri Hazarika
06-May-20	468	415	12m	Sell	Sabri Hazarika
07-Feb-20	511	415	12m	Sell	Sabri Hazarika
24-Jan-20	496	380	12m	Hold	Sabri Hazarika
04-Dec-19	413	380	12m	Hold	Sabri Hazarika
08-Nov-19	418	380	12m	Hold	Sabri Hazarika
25-Oct-19	377	350	12m	Hold	Sabri Hazarika
23-Sep-19	355	350	12m	Hold	Sabri Hazarika
16-Sep-19	334	330	12m	Hold	Sabri Hazarika
01-Jul-19	305	330	12m	Hold	Sabri Hazarika
10-Jun-19	340	330	12m	Hold	Sabri Hazarika
27-May-19	330	330	12m	Hold	Sabri Hazarika

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Oil & Gas



**Analyst: Sabri Hazarika**

### Contact Details

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### Sector

Oil & Gas

### Analyst bio

Sabri Hazarika holds an MBA and comes with 12 years of research experience. His team currently covers 12 stocks in the Indian Oil & Gas space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
<b>Oil &amp; Gas</b>	<b>11.51</b>	<b>11.51</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
BPCL	0.36	0.32	-9%	-3	2.82	0
<b>GAIL</b>	<b>0.29</b>	<b>0.32</b>	<b>10%</b>	<b>3</b>	<b>2.81</b>	<b>0</b>
Gujarat Gas	0.10	0.10	0%	0	0.87	0
Gujarat State Petronet	0.08	0.08	4%	0	0.71	0
Gulf Oil Lubricants	0.00	0.00	NA	0	0.00	0
<b>HPCL</b>	<b>0.17</b>	<b>0.15</b>	<b>-15%</b>	<b>-3</b>	<b>1.27</b>	<b>0</b>
Indian Oil	0.33	0.30	-9%	-3	2.63	0
Indraprastha Gas	0.14	0.13	-7%	-1	1.14	0
Petronet LNG	0.17	0.18	5%	1	1.53	0
<b>Oil India</b>	<b>0.09</b>	<b>0.10</b>	<b>10%</b>	<b>1</b>	<b>0.87</b>	<b>0</b>
<b>ONGC</b>	<b>0.62</b>	<b>0.69</b>	<b>10%</b>	<b>6</b>	<b>5.98</b>	<b>0</b>
Reliance Industries	9.15	9.14	0%	-2	79.38	0
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>	<b>0</b>

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	18-May-21	16-Nov-21	15-Feb-22	18-Apr-22	17-May-22
EAP - Oil & Gas	100.0	128.1	158.1	151.3	158.8	156.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	127.2	157.2	150.2	157.7	155.3

\*Performance measurement base date 1<sup>st</sup> April 2019

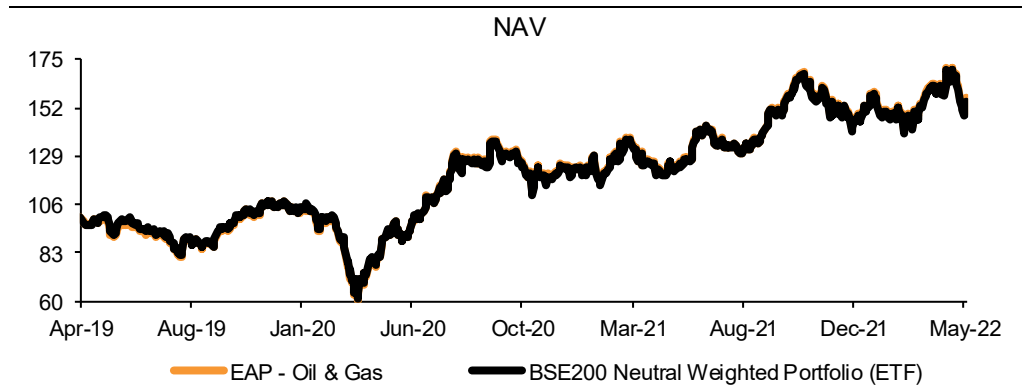
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Oil & Gas	-1.5%	3.4%	-1.0%	22.1%
BSE200 Neutral Weighted Portfolio (ETF)	-1.5%	3.4%	-1.2%	22.1%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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Ratings	Expected Return within the next 12-18 months.
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HOLD	Between -5% to 15%
SELL	Below -5%

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