

Turns ex-bonus today...

About the stock: Gail India is a gas utility company with various business segments such as gas transmission & trading, LPG, LLH and petrochemicals.

- It operates a natural gas pipeline network of 14500 km as of end of FY22
- Gail also has a presence in CGD sector directly and via associate companies

Gail turns ex-bonus today:

- The company had made an announcement regarding bonus issue on July 27. The issue of bonus shares is in the ratio of 1:2 i.e. one new bonus equity share each for every two existing equity shares
- Ex-bonus date is today i.e. September 6 and record date for the same is September 7. Accordingly, the share price has been adjusted to opening price of ₹ 91/share against closing price of ₹ 137/share yesterday
- Hence, we revise our target price to ₹ 110/share post this corporate action. We maintain our **BUY** rating on the stock and value Gail based on SoTP method

Key triggers for future price performance:

- Pick-up in gas transmission volume
- Gas trading is expected to report healthy gains in the near term due to favourable spot LNG prices
- Consistent dividend payout



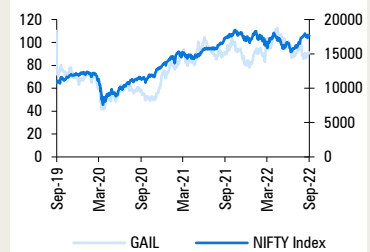
Particulars

Particular	Amount
Market Capitalization (₹ Crore)	60,491.0
Total Debt (FY22) (₹ Crore)	6,598.5
Cash and Investments (FY22)	2,085.0
EV (₹ Crore)	65,004.5
52 week H/L	116/84
Equity capital (₹ Crore)	6,575.1
Face value (₹)	10.0

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	51.9	51.8	51.8	51.9
FII	18.4	19.7	19.6	19.9
DII	25.7	23.2	23.8	23.3
Others	4.1	5.3	4.8	4.8

Price Chart



Recent event & key risks

- Bonus issue of equity shares in ratio of 1:2
- **Key Risk:** (i) Slower than expected volume growth, (ii) Lower than expected gas trading margins

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Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22	5 year CAGR (FY217-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenue (₹ crore)	75,126.3	71,871.0	56,730.2	91,626.5	13.4	1,48,314.6	1,47,471.8	26.9
EBITDA (₹ crore)	9,528.7	8,369.4	6,445.1	13,829.0	16.6	13,544.0	9,509.8	(17.1)
PAT (₹ crore)	6,025.7	6,620.6	4,890.2	10,364.0	24.2	9,744.1	6,632.7	(20.0)
EPS (₹)	13.4	14.7	11.0	23.3		14.8	10.1	
PE (x)	6.9	6.3	8.4	3.9		6.2	9.1	
P/Book (x)	0.9	0.9	0.9	0.7		1.0	0.9	
EV / EBITDA	4.3	5.3	7.0	3.3		4.7	6.8	
ROCE (%)	17.6	13.7	8.7	18.8		16.3	9.6	
ROE (%)	13.7	15.1	10.5	18.6		15.7	10.1	

Source: Company, ICICI Direct Research

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Buy: > 15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: < -15%



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