

GAIL

Refer to important disclosures at the end of this report

Earnings miss amid weak marketing and the Gazprom default

CMP	Target Price
Rs 89 as of (November 4, 2022)	Rs 110 (▼) 12 months
Rating	Upside
BUY (■)	23.7 %

- GAIL's Q2FY23 standalone EBITDA/PAT missed our estimates by 31%/20% at Rs17.6bn/Rs15.4bn, on weaker gas marketing margins and LPG&LHC earnings, partly offset by lower petchem losses, beat in transmission & Other Income, and lower taxes.
- Gas transmission EBITDA was down 7% QoQ to Rs10.1bn with rise in opex, though volume was down only 2% at 107.7mmscmd. Marketing EBITDA fell 81% to Rs4.5bn, with volumes down 8% to 92.5mmscmd. RLNG margin stood at USD0.15/mmbtu, down 89%.
- Petchem utilization fell to 47% due to the Gazprom hit and high RLNG prices. EBITDA loss was Rs2.1bn (vs. our est of Rs5.9bn). LPG&LHC EBITDA stood at Rs5.2bn, an 18% miss on higher opex. LPG transmission realization & volumes were better than expected.
- We cut FY23E EPS by 22%, to reflect H1 numbers and weaker petchem, LPG and transmission; we also trim FY24/25E EPS by 10%/8%, building-in conservative margins. We cut our Sep-24 TP by 9% to Rs110/share (retaining 5x EV/EBITDA); maintain BUY.

Highlights: Average transmission tariff rose 4% QoQ to Rs1.6/scm. LPG transmission EBITDA rose 30% QoQ, with volumes/tariff up 4%/11%. Petchem average realization fell 10% QoQ, while unit opex saw a rise, with premium to Korea touching 43% vs. 30% QoQ. LPG and LHC production was flat QoQ, while discount to Arab Gulf contracted to 6% from 8%. Other segment EBITDA was also higher, at Rs6.6bn (reflected in the Rs8bn Other Income) vs. our estimate of Rs1.3bn. Net debt rose from Rs42.7bn to Rs103.1bn HoH, due to higher working capital. Tax rate stood at 18.1%, while capex for H1 was Rs39.7bn.

Guidance: Gazprom supply disruptions (13 cargoes in Q2) were at the forefront in Q2, leading to lower internal gas consumption, weak petchem utilization (at 40% now), customer supply cuts to take or pay levels, and sourcing of spot gas (1-1.5 cargoes in Q2, and IGX). GAIL reduced allocation to fertilizer and other customers by ~2.7mmscmd each, while Pata reduction was ~3mmscmd. Reduction in gas marketing spreads QoQ was on a high base in Q1. Change in PNGRB tariff regulation is likely to be announced this month. HVJ tariff review should come up, possibly by next fiscal. JHBDPL network is expected to fully commission within the next 2 years with 16mmscmd capacity, and tariff would see a rise. The Gol diverted 0.45mmscmd (of the 1.55mmscmd) of APM gas consumed by GAIL's gas business to CGDs from mid-August. Q3 petchem volume target is at 100-110tmt with calibrated RLNG usage. GAIL expects the legal process for the JBF Petro acquisition to complete in 3-6 months, with still 2 years before plant commissioning, at an investment of Rs18-20bn. FY23 capex target is Rs75bn. Dabhol LNG terminal breakwater is expected to be operational by Mar-23.

Valuation: We value GAIL on a SOTP basis, with a 5.0x blended target Sep-24E EV/EBITDA for the SA business and investments at a 30% holdco discount. We maintain BUY on attractive valuations. **Key risks:** Adverse commodity price margins, currency, regulations, and outages.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Oil & Gas \(Page 9\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	5,67,302	9,16,265	14,65,420	14,27,654	13,13,466
EBITDA	64,451	1,38,290	94,062	1,03,364	1,09,180
EBITDA Margin (%)	11.4	15.1	6.4	7.2	8.3
APAT	48,902	1,03,640	65,221	70,887	75,066
EPS (Rs)	11.0	23.3	9.9	10.8	11.4
EPS (% chg)	(25.0)	111.9	(57.5)	8.7	5.9
ROE (%)	10.8	20.3	11.5	11.8	11.7
P/E (x)	8.0	3.8	8.9	8.2	7.8
EV/EBITDA (x)	6.9	3.2	7.2	6.6	6.2
P/BV (x)	0.8	0.7	1.0	0.9	0.9

Source: Company, Emkay Research

Change in Estimates

EPS Chg FY23E/FY24E (%)	(22)/(10)
Target Price change (%)	(8.7)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	9.9	10.8
Consensus	12.0	11.4
Mean Consensus TP (12M)	Rs 117	

Stock Details

Bloomberg Code	GAIL IN
Face Value (Rs)	10
Shares outstanding (mn)	6,575
52 Week H/L	116 / 83
M Cap (Rs bn/USD bn)	582 / 7.06
Daily Avg Volume (nos.)	1,63,50,890
Daily Avg Turnover (USD mn)	17.6

Shareholding Pattern Sep '22

Promoters	51.5%
FIIIs	19.9%
DIIIs	14.0%
Public and Others	14.6%

Price Performance

(%)	1M	3M	6M	12M
Absolute	1	(5)	(16)	(12)
Rel. to Nifty	(3)	(9)	(22)	(13)

Relative price trend



Source: Bloomberg

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Exhibit 1: Actual vs. Estimates (Q2FY23)

Rs bn	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	385	460	339	-16%	14%	
Adjusted EBITDA	18	25	31	-31%	-43%	Weaker marketing performance
EBITDA Margin	4.6%	5.5%	9.1%	-95bps	-450bps	
Adjusted Net Profit	15	19	23	-20%	-33%	

Source: Company, Emkay Research

Exhibit 2: Quarterly summary

Rs mn	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY	QoQ	H1FY22	H1FY23	YoY
Revenue	2,15,110	2,57,698	2,69,619	3,75,625	3,84,786	79%	2%	3,88,949	7,60,411	96%
COGS	1,63,300	1,97,666	2,12,884	3,14,402	3,47,819	113%	11%	2,97,272	6,62,222	123%
Gross Profit	51,810	60,031	56,735	61,222	36,967	-29%	-40%	91,677	98,189	7%
Opex	17,059	17,750	19,590	17,566	19,319	13%	10%	32,813	36,885	12%
EBITDA	34,751	42,281	37,145	43,657	17,647	-49%	-60%	58,864	61,304	4%
Depreciation	5,244	5,322	5,461	6,030	6,194	18%	3%	10,329	12,223	18%
Interest	424	394	461	481	683	61%	42%	890	1,164	31%
Other Income	7,740	6,518	4,235	1,798	7,988	3%	344%	9,716	9,786	1%
Exceptionals	-	-	-	-	-			0	-	
PBT	36,823	43,084	35,459	38,944	18,759	-49%	-52%	57,360	57,703	1%
Tax	8,194	10,204	8,628	9,792	3,388	-59%	-65%	13,432	13,180	-2%
Rep. PAT	28,630	32,880	26,831	29,152	15,371	-46%	-47%	43,929	44,523	1%
Adj. PAT	28,630	32,880	26,831	29,152	15,371	-46%	-47%	43,929	44,523	1%
Adj. EPS	4.4	5.0	4.1	4.4	2.3	-46%	-47%	6.7	6.8	1%
Gas Transmission										
Volume (mmscmd)	114.3	114.3	107.6	109.5	107.7	-6%	-2%	111.0	108.6	-2%
Adj. Tariff (Rs/scm)	1.4	1.4	1.5	1.5	1.6	12%	4%	1.4	1.5	11%
Reported EBITDA	13,140	12,560	11,540	10,900	10,100	-23%	-7%	24,900	21,000	-16%
LPG Transmission										
Volume (mmt)	1.1	1.1	1.1	1.1	1.1	4%	4%	2.1	2.2	4%
Tariff (Rs/mt)	1,565	1,570	1,577	1,592	1,773	13%	11%	1,574	1,684	7%
Reported EBITDA	980	960	1,010	1,000	1,300	33%	30%	2,000	2,300	15%
Gas Marketing										
Volume (mmscmd)	97.7	96.6	94.7	100.8	92.5	-5%	-8%	96.8	96.7	0%
Reported EBITDA	11,240	17,950	17,790	24,020	4,520		-81%	15,460	28,540	
EBITDA Margin (USD/mmbtu)	0.3	0.6	0.6	0.8	0.1		-86%	0.3	0.5	
Petchem										
Sales Volume (kt)	221.0	217.0	216.0	109.0	108.0	-51%	-1%	359.0	217.0	-40%
Reported EBITDA	4,820	4,900	5,030	1,690	-2,100			7,370	-410	
EBITDA/mt (USD)	241	261	278	193	-244			237	-24	
LPG & LHC										
Sales Volume (kt)	262.0	275.0	217.0	220.0	231.0	-12%	5%	512.0	451.0	-12%
Reported EBITDA	7,030	8,750	7,530	6,630	5,240	-25%	-21%	13,570	11,870	-13%
EBITDA/mt (USD)	296	368	414	375	196	-34%	-48%	312	283	-9%

Source: Company, Emkay Research; Note: Adjusted PAT may not exactly match with that in annual representations due to different adjustment method in the Emkay detailed annual model

Concall Highlights

- GAIL India's Q2FY23 results were characterized by Gazprom (GMT) supply disruptions, which translated into reduction in Company's internal gas consumption and, resultantly, weak petchem utilization, cutting supplies to customers to supply or pay levels (run-rate is 50-70%) and sourcing of gas from the spot market. Transmission volume decline (52% utilization) was less, as other gas sources met GAIL's own shortfall.
- In terms of the Gazprom supply default, GAIL faced a shortfall of 13 cargos in Q2 and a total of 17 cargos remain undelivered till date. This has led to supply disruption of 8.5-9mmscmd and, in response to such shortfalls, GAIL has reduced allocation to fertilizer players (wef 16-July-22) and to other customers by ~2.7mmscmd each, while Pata reduction was ~3mmscmd (since the last 1-2 months).
- In order to mitigate this shortfall and meet contractual obligations, GAIL has also procured 1-1.5 LNG cargos from the international market in Q2. Further, it has domestically sourced up to a cumulative 20-25mmscmd from IGX recently. GAIL has given guidance on procuring 1-2 RLNG cargos on a quarterly basis in coming years, for meeting its contractual obligations; this is not by choice and is neither attractive, although the market remains dynamic.
- GAIL would participate in the upcoming RIL-BP's HP-HT bidding round for 12mmscmd gas. It is exploring all new sources (including domestic gas), targeting cheaper procurement.
- Gas marketing saw volume weakness on lower RLNG and overseas sales. Management refrained from attributing reduction in gas marketing spreads to a single reason, and highlighted that the QoQ drop in margins was mainly on a high base as Q1 saw better market conditions, high gas prices and no supply disruptions.
- Demand is improving as India is a price sensitive market and global gas prices have recently fallen. For refineries though, current prices are a tad high and Company also needs time to shift its systems back to gas (vs liquid fuels, etc being used currently).
- Change in PNGRB tariff regulation is likely to be announced this month. For HVJ, GAIL is in the process of submitting documents to the PNGRB which will be completed in the next 3-6 months; thereafter, the HVJ tariff review should happen, mostly by next fiscal.
- The JHBDPL network capacity stands at 16mmscmd; however, with extensions (like Dhamra, Haldia and Panipat), it is 23mmscmd. The company expects it to fully commission within the next 2 years. JHBDPL has anchor customers, and ramp-up is expected to lead to additional volumes of 9-10mmscmd, of which 7.5mmscmd is attributable to 4 fertilizer plants (Matix and Gorakhpur already operational, while Sindri and Barauni to come up by Dec-22), with the balance from CGD, industries, etc. At 75% utilization, tariff regulations (12% returns) would be favorable.
- JHBDPL tariff at Rs65/mmbtu is set at Phase 1 level of capex, which is only Rs15bn (Rs18bn, including grants), while total capex would be Rs100bn (Rs150bn, including grants). Hence this entails tariff revision (by next year). The higher share of volume in this network has already aided growth in blended transmission realization (QoQ, up in Q2FY23). The Dhamra Angul section would commission in H2FY23.
- The GoI diverted 0.45mmscmd (of the 1.55mmscmd) of APM gas consumed by GAIL's gas transmission business to the CGD sector, following the revised allocation wef 16-Aug-2022. Hence, GAIL is now receiving 1.1mmscmd, although there is no clarity on further diversions. APM gas cost has now risen, though the rise in fuel cost would be a pass-through in the next tariff review/revision.
- Petchem segment (Pata) is operating at 40% utilization currently. Polymer output for H1 was low due to proportionately lower gas supply, while GAIL is reviewing the H2 situation, as the RLNG market has improved, with current prices at USD21-25/mmbtu. Q3 volume target is 100-110tmt, with RLNG usage only up to a certain extent. Petchem prices will also determine the level of LNG cost absorption. GAIL operates a gas portfolio.
- GAIL has submitted its resolution plan for JBF Petrochemicals with the NCLT, for approval, after emerging as the winning bidder. GAIL expects the legal process to be completed within the next 3-6 months, while the plant would take another 2 years to commission, i.e. by CY25. An investment of Rs18-20bn would be needed. The acquisition has synergy with the existing business and also some level of diversification.

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- GAIL's SA CGD portfolio has 123 CNG stations and 0.262mn DPNG connections as of Sep-22. Two CNG stations/25,000 DPNG connections were added in Q2; Company targets adding 100/0.25mn annually, respectively, going ahead. GAIL Gas reported Q2FY23 Revenue/EBITDA/PAT of Rs27.16/1.01/0.97bn. It has 348/0.8mn CNG stations/DPNG connections as of now, with 2/21,000 added in Q2. CNG sales were 0.5mmscmd of the total 5.5mmscmd volumes of GAIL Gas.
- GAIL's capex in H1FY23 stood at Rs39.67bn, with investments in the pipeline, petchem, equity contributions, CGD and E&P. H2 is likely to see ~Rs35bn capex (Rs75bn being the full-year target), primarily on pipelines.
- The Dabhol LNG terminal breakwater is expected to be operational by Mar-23 and next year would be an all-year terminal. Higher Other Income in Q2FY23 mainly comprised of dividends. GAIL connected the Jamshedpur and Ranchi spur lines in Q2 for CGD connectivity. LPG capacity utilization was 115%. GAIL saw fall of Rs12,000/mt in LHC prices and of Rs10,000/mt in petrochemical realization during Q2.

Exhibit 3: Changes in assumptions

	FY23E			FY24E			FY25E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Gas Transmission									
Volumes (mmscmd)	111.0	109.9	-1%	117.6	116.4	-1%	124.7	123.4	-1%
Adj Tariff (Rs/scm)	1.6	1.6	5%	1.6	1.8	12%	1.7	2.0	17%
Adj EBITDA (Rs bn)	37.5	29.2	-22%	42.7	37.5	-12%	46.8	44.9	-4%
LPG Transmission									
Volumes (mmt)	4.2	4.3	2%	4.3	4.4	3%	4.3	4.5	3%
Adj EBITDA (Rs bn)	3.5	3.9	12%	3.5	3.9	13%	3.5	3.9	13%
Gas Marketing									
Volumes (mmscmd)	100.2	103.7	3%	105.9	102.4	-3%	110.3	104.7	-5%
Margin (USD/mmbtu)	0.4	0.3	-9%	0.3	0.3	0%	0.3	0.3	-1%
Adj EBITDA (Rs bn)	43.0	40.9	-5%	33.9	34.3	1%	32.3	32.0	-1%
Petchem									
Capacity Utilization	88%	50%	-43%	100%	75%	-25%	100%	90%	-10%
EBITDA/mt (USD)	17.9	-247.5	-1481%	168.4	26.1	-85%	226.1	86.4	-62%
Adj EBITDA (Rs bn)	0.9	-7.0	-848%	10.4	1.3	-88%	14.2	5.2	-64%
LPG & LHC									
EBITDA/mt (USD)	304.7	237.3	-22%	196.4	230.1	17%	181.1	195.0	8%
Adj EBITDA (Rs bn)	23.9	18.8	-21%	15.1	18.6	23%	14.0	16.0	14%

Source: Company, Emkay Research

Exhibit 4: Changes in estimates

(Rs bn)	FY23E			FY24E			FY25E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,372	1,465	7%	1,350	1,428	6%	1,258	1,313	4%
EBITDA	117	94	-20%	113	103	-9%	118	109	-7%
EBITDA Margins	8.6%	6.4%	-215bps	8.4%	7.2%	-114bps	9.4%	8.3%	-104bps
PAT	84	65	-22%	79	71	-10%	82	75	-8%
EPS (Rs)	12.8	9.9	-22%	11.9	10.8	-10%	12.5	11.4	-8%

Source: Company, Emkay Research

Valuation

Exhibit 5: SOTP-based valuation – Sep-23E

Components	Basis	Sep-24E EBITDA	Multiple(x)	EV (Rs bn)	EV/Sh (Rs)	Comments
Gas Transmission - Standalone	EV/EBITDA	41	6.5	268	41	
LPG Transmission - Standalone	EV/EBITDA	4	6.0	24	4	
Gas Marketing - Standalone	EV/EBITDA	33	3.5	116	18	
Petrochemicals - Standalone	EV/EBITDA	3	5.0	16	2	
LPG & LHC - Standalone	EV/EBITDA	17	5.0	87	13	
Others -Standalone	EV/EBITDA	7	2.5	19	3	
Core Business EV		106	5.0	529	80	Blended Multiple at 5.5x
Less: Adj. Net Debt (end-Sep-23E)				67	10	
Core Business Valuation				462	70	
Value of Listed Investments	TP/CMP			157	24	At 30% HoldCo Discount
Value of Unlisted Investments	BV			102	15	At 0.7x P/B
Target Price-Fair Value (Rs/sh)				720	110	

Source: Company, Emkay Research

Exhibit 6: Schedule and Value of Investments

Listed	Type	Basis of Valuation	TP/CMP (Rs/sh)	Equity Value (Rs bn)	GAIL Stake	Pro-rata Value (Rs bn)	HoldCo Discount	Contr. to SOTP (Rs bn)	Per Share Value (Rs)
PLNG	JV	TP (Emkay)	260	390	12.5%	49	30%	34	5.2
IGL	JV	TP (Emkay)	450	315	22.5%	71	30%	50	7.5
MGL	JV	CMP*1.12x	995	98	32.5%	32	30%	22	3.4
ONGC	Financial	TP (Emkay)	190	2,390	2.5%	59	30%	41	6.2
China Gas Holding	Financial	CMP*1.12x	88	460	2.9%	13	30%	9	1.4
Gujarat Industries Power Co. Ltd (GIPCL)	Financial	CMP*1.12x	94	143	0.4%	1	30%	0	0.1
Total Listed						224		157	24
Unlisted									
Unlisted CGDs	Subsidiary	BV			100%	104	30%	73	11.0
Brahmaputra Cracker Limited (BCPL)	Subsidiary	BV			70%	42	30%	29	4.4
Total Unlisted						145		102	15
Grand Total Investments						369		258	39

Source: Company, Emkay Research; * 1.12x is taken as 1 year forward over CMP

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	5,67,302	9,16,265	14,65,420	14,27,654	13,13,466
Expenditure	5,02,850	7,77,975	13,71,358	13,24,290	12,04,286
EBITDA	64,451	1,38,290	94,062	1,03,364	1,09,180
Depreciation	19,079	21,112	25,443	29,472	32,700
EBIT	45,373	1,17,179	68,619	73,893	76,479
Other Income	20,045	20,469	22,191	24,231	26,577
Interest expenses	1,559	1,744	3,617	3,355	2,700
PBT	63,858	1,35,903	87,194	94,769	1,00,356
Tax	14,956	32,263	21,973	23,882	25,290
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	48,902	1,03,640	65,221	70,887	75,066
Adjusted PAT	48,902	1,03,640	65,221	70,887	75,066

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	44,404	44,404	65,751	65,751	65,751
Reserves & surplus	4,21,708	5,11,464	5,14,592	5,53,579	5,94,866
Net worth	4,66,112	5,55,868	5,80,343	6,19,331	6,60,617
Minority Interest	0	0	0	0	0
Loan Funds	67,317	76,558	1,05,000	1,05,000	99,000
Net deferred tax liability	45,022	47,673	48,239	48,816	49,405
Total Liabilities	5,78,450	6,80,098	7,33,581	7,73,146	8,09,022
Net block	3,64,979	3,97,810	4,80,574	5,21,941	5,61,910
Investment	97,238	1,21,209	1,22,421	1,23,646	1,24,882
Current Assets	1,48,102	2,13,673	2,85,344	2,76,854	2,56,612
Cash & bank balance	13,618	20,850	9,066	5,728	2,169
Other Current Assets	17,183	23,531	37,634	36,664	33,732
Current liabilities & Provision	1,50,903	1,83,307	2,46,258	2,41,709	2,27,721
Net current assets	(2,801)	30,366	39,086	35,145	28,891
Misc. exp	0	0	0	0	0
Total Assets	5,78,450	6,80,098	7,33,581	7,73,146	8,09,022

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	43,814	1,15,434	65,002	70,538	73,779
Other Non-Cash items	9,821	12,956	0	0	0
Chg in working cap	33,485	(23,286)	(19,938)	1,180	3,285
Operating Cashflow	83,728	89,550	52,152	80,663	87,174
Capital expenditure	(60,824)	(65,621)	(68,994)	(71,753)	(73,593)
Free Cash Flow	22,904	23,929	(16,842)	8,909	13,581
Investments	(22,254)	(23,971)	(1,212)	(1,224)	(1,236)
Other Investing Cash Flow	21,335	22,976	0	0	0
Investing Cashflow	(41,698)	(46,148)	(48,014)	(48,747)	(48,253)
Equity Capital Raised	(698)	0	21,347	0	0
Loans Taken / (Repaid)	9,693	9,241	28,442	0	(6,000)
Dividend paid (incl tax)	(22,371)	(39,943)	(29,349)	(31,899)	(33,780)
Other Financing Cash Flow	(21,516)	(3,725)	(32,744)	0	0
Financing Cashflow	(36,451)	(36,171)	(15,921)	(35,254)	(42,480)
Net chg in cash	5,579	7,231	(11,783)	(3,338)	(3,558)
Opening cash position	8,039	13,618	20,850	9,066	5,728
Closing cash position	13,618	20,850	9,066	5,728	2,169

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	11.4	15.1	6.4	7.2	8.3
EBIT Margin	8.0	12.8	4.7	5.2	5.8
Effective Tax Rate	23.4	23.7	25.2	25.2	25.2
Net Margin	8.6	11.3	4.5	5.0	5.7
ROCE	11.7	21.9	12.8	13.0	13.0
ROE	10.8	20.3	11.5	11.8	11.7
RoIC	9.9	23.6	11.2	10.4	10.0

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	11.0	23.3	9.9	10.8	11.4
CEPS	15.3	28.1	13.8	15.3	16.4
BVPS	105.0	125.2	88.3	94.2	100.5
DPS	5.0	10.0	4.5	4.9	5.1

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	8.0	3.8	8.9	8.2	7.8
P/CEPS	5.8	3.2	6.4	5.8	5.4
P/BV	0.8	0.7	1.0	0.9	0.9
EV / Sales	0.8	0.5	0.5	0.5	0.5
EV / EBITDA	6.9	3.2	7.2	6.6	6.2
Dividend Yield (%)	5.7	11.3	5.0	5.5	5.8

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	0.1	0.1	0.2	0.2	0.1
Net Debt/EBIDTA	0.8	0.4	1.0	1.0	0.9
Working Cap Cycle (days)	14.2	19.7	23.3	23.3	23.3

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	(21.1)	61.5	59.9	(2.6)	(8.0)
EBITDA	(24.0)	114.6	(32.0)	9.9	5.6
EBIT	(31.7)	158.3	(41.4)	7.7	3.5
PAT	(26.1)	111.9	(37.1)	8.7	5.9

Quarterly (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Revenue	2,15,110	2,57,698	2,69,619	3,75,625	3,84,786
EBITDA	34,751	42,281	37,145	43,657	17,647
EBITDA Margin (%)	16.2	16.4	13.8	11.6	4.6
PAT	28,630	32,880	26,831	29,152	15,371
EPS (Rs)	6.4	7.4	6.0	6.7	2.3

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-21	Mar-22	Jun-22	Sep-22	Sep-22
Promoters	51.5	51.5	51.5	51.5	51.5
FIs	19.6	19.5	19.8	19.7	19.9
DIs	15.2	15.8	15.2	13.8	14.0
Public and Others	13.8	13.3	13.5	15.0	14.6

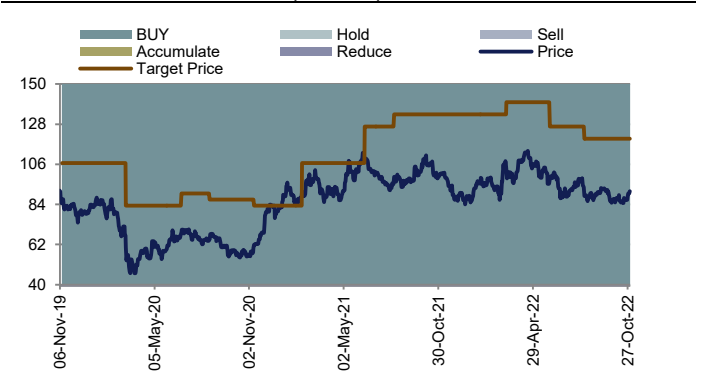
Source: Capitaline

RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
02-Oct-22	87	120	12m	Buy	Sabri Hazarika
05-Aug-22	89	120	12m	Buy	Sabri Hazarika
31-May-22	98	127	12m	Buy	Sabri Hazarika
09-Mar-22	103	140	12m	Buy	Sabri Hazarika
04-Feb-22	98	133	12m	Buy	Sabri Hazarika
23-Nov-21	92	133	12m	Buy	Sabri Hazarika
30-Oct-21	99	133	12m	Buy	Sabri Hazarika
06-Aug-21	99	133	12m	Buy	Sabri Hazarika
26-Jul-21	94	127	12m	Buy	Sabri Hazarika
23-Jun-21	102	127	12m	Buy	Sabri Hazarika
11-Jun-21	109	127	12m	Buy	Sabri Hazarika
29-May-21	102	107	12m	Buy	Sabri Hazarika
23-Apr-21	86	107	12m	Buy	Sabri Hazarika
22-Mar-21	91	107	12m	Buy	Sabri Hazarika
18-Feb-21	95	107	12m	Buy	Sabri Hazarika
11-Feb-21	91	107	12m	Buy	Sabri Hazarika
06-Jan-21	89	83	12m	Buy	Sabri Hazarika
27-Nov-20	68	83	12m	Buy	Sabri Hazarika
26-Nov-20	69	83	12m	Buy	Sabri Hazarika
11-Nov-20	62	83	12m	Buy	Sabri Hazarika
28-Sep-20	59	87	12m	Buy	Sabri Hazarika
18-Aug-20	65	87	12m	Buy	Sabri Hazarika
25-Jun-20	69	90	12m	Buy	Sabri Hazarika
06-May-20	63	83	12m	Buy	Sabri Hazarika
11-Mar-20	60	83	12m	Buy	Sabri Hazarika
02-Mar-20	66	107	12m	Buy	Sabri Hazarika
11-Feb-20	86	107	12m	Buy	Sabri Hazarika
24-Jan-20	86	107	12m	Buy	Sabri Hazarika
10-Dec-19	74	107	12m	Buy	Sabri Hazarika
04-Dec-19	82	107	12m	Buy	Sabri Hazarika
10-Nov-19	85	107	12m	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Oil & Gas



Analyst: Sabri Hazarika

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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)
Oil & Gas	9.99	9.94	-1%	-5	100.00	
BPCL	0.27	0.29	9%	2	2.95	0
GAIL	0.22	0.24	9%	2	2.42	0
Gujarat Gas	0.08	0.08	-7%	-1	0.77	0
Gujarat State Petronet	0.00	0.01	NA	1	0.10	0
Gulf Oil Lubricants	0.00	0.00	NA	0	0.00	0
HPCL	0.13	0.14	9%	1	1.37	0
Indian Oil	0.24	0.27	9%	2	2.67	0
Indraprastha Gas	0.14	0.16	14%	2	1.57	0
Petronet LNG	0.15	0.16	8%	1	1.57	0
Oil India	0.06	0.08	16%	1	0.75	0
ONGC	0.49	0.58	16%	8	5.76	0
Reliance Industries	8.20	7.94	-3%	-26	79.55	0
Cash	0.00	0.05	NA	5	0.51	0

Source: Emkay Research

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	3-Nov-21	4-May-22	3-Aug-22	3-Oct-22	3-Nov-22
EAP - Oil & Gas	100.0	156.0	164.4	156.8	144.0	153.6
BSE200 Neutral Weighted Portfolio (ETF)	100.0	155.1	163.3	155.8	143.1	152.8

*Performance measurement base date 1st April 2019

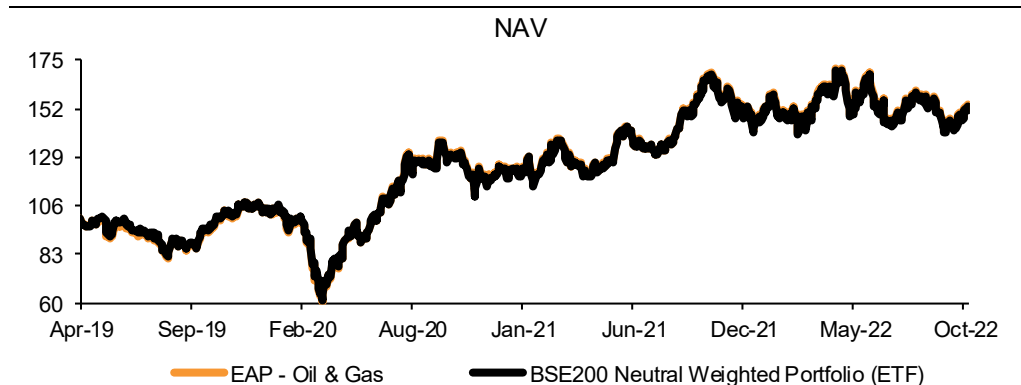
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Oil & Gas	6.7%	-2.0%	-6.6%	-1.5%
BSE200 Neutral Weighted Portfolio (ETF)	6.8%	-1.9%	-6.4%	-1.5%

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”

Emkay Rating Distribution

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

Completed Date: 05 Nov 2022 03:19:19 (SGT)

Dissemination Date: 05 Nov 2022 03:20:19 (SGT)

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