

Sector update

Oil & Gas and
Petrochemicals

IGL (BUY)

MGL (BUY)

GGL (ADD)

PLNG (Reduce)

GSPL (BUY)

GAIL (BUY)

ONGC (BUY)

OIL India (BUY)

INDIA



Oil & gas, and petrochemicals

Gas sector: Recent measures clear the regulatory clutter

Two recent regulatory developments go a long way clearing a few regulatory issues that have been in limbo for the past several years in the Indian gas sector. Recent amendments to the Petroleum and Natural Gas Regulatory Board Act (PNGRB Act) clear lingering concerns on natural gas tariffs to a great extent. At the same time, the recommendations proposed by Kirit Parikh Committee on natural gas prices present a reasonable, phasing-out direction to gas pricing in the country, which has hitherto seen multiple pricing regimes and arbitrary contractual timelines. We believe the proposed regulations are designed to: i) provide momentum to pipeline transmission infra investments – specifically, long pending pipelines for Gujarat State Petronet (GSPL); ii) create a relatively more stable pricing regime for the CGDs, even if it is at a higher level than historical averages; and iii) provide enough incentive for higher investments in the gas upstream segment, with the premise of fully deregulated pricing by FY26 and FY27 (depending on the type of field) to accelerate new exploration.

- ▶ **Tariff regulations clean up legacy concerns:** Key amendments proposed by the PNGRB: i) allow for a longer ramp-up period for new pipelines, ii) allow for system use gas (SUG) charges, iii) create a mechanism for integrated tariff for interconnected pipelines, iv) allow for only prospective application of lower tax rates, v) allow for a 5-year volume exemption for new pipelines; and vi) increase the number of tariff zones to 3 vs 2 earlier. Combined, we believe these amendments can create a more equitable and fair tariff environment for the gas transmission entities and help accelerate investment into new pipelines by GSPL and GAIL.
- ▶ **Gas price recommendations are a positive as well:** Key recommendations of Kirit Parikh Committee include: i) a floor of US\$4 and a cap of US\$6.5 per mmbtu for domestic gas from nomination fields, with 10% slope to monthly crude price to be the base formula; ii) for other domestic fields, formula is proposed to be the same, without the cap and floor; iii) the cap be raised by US\$0.5/mmbtu annually; iv) for new fields, price to be at a 20% premium to normal formula; v) complete deregulation of APM gas prices by 1st Jan'27 and 1st Jan'26 for difficult fields; vi) inclusion of gas in GST, with a mechanism to compensate states for revenue loss for the first 5 years.
- ▶ **Clarity and visibility more valuable than subsidy:** We note that the steadily rising price trajectory for domestic gas is a long-term negative for gas costs, but we submit that visibility and clarity on the quantum (US\$0.5/mmbtu annually) is a positive. Additionally, even after 8 months of price hikes kept in abeyance for petrol and diesel, CNG prices in Delhi still trade at a discount of 46%/33% vs petrol/diesel respectively. Given that every US\$0.5/mmbtu increase in gas price requires price hike of Rs2.3/kg for CNG and Rs1.7/scm for domestic PNG, which is not material annually for next 2-3 years. Also, with some normalisation likely in petrol and diesel prices over FY24, margin performance may also improve. We reiterate **BUY** on GAIL, GSPL, IGL and MGL, **ADD** on GGL, and **REDUCE** on PLNG. We also remain positive on ONGC and Oil India, with clear visibility on gas realisations reaching US\$8/mmbtu by FY25E and free pricing beyond that a clear positive for earnings over FY23E-FY27E.

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Utilisation of NG pipelines in the country at very low levels

One of the key concerns for gas pipeline operators in the country has been the very low utilisation of available capacity due to lack of adequate supply and also slower demand ramp-up across segments. While utilisation for some of the major pipelines of GAIL and the Gujarat Network of GSPL are at healthy levels of 60-80%, for the rest utilisation levels remain well below economic levels. Overall, for the country as a whole, pipeline utilisation at just 31% is very low, given the investment made over the last 10 years.

Table 1: Natural gas (NG) pipelines in the country

Network/Region	Entity	Capacity mmscmd	Pipeline Status	Average flow FY22 (mmscmd)	Utilisation FY22
Assam Natural Gas Pipeline	Assam Gas (AGCL)	2	O	1.4	55.4
Cauvery Basin Network	GAIL	4	O	2.0	46.7
Hazira-Vijaipur-Jagdishpur -GREP Gas Rehabilitation and Expansion Project)-Dahej-Vijaipur HVJ/VDPL	GAIL	57	O	72.4	65.1
DVPL-GREP upgradation (DVPL-II & DVPL)	GAIL	54	O		
Dahej-Uran-Panvel-Dhabhol	GAIL	20	O	16.9	84.7
KG Basin Network	GAIL	16	O	3.8	23.8
Gujarat Regional Network	GAIL	8	O	2.1	25.5
Agartala Regional Network	GAIL	2	O	1.0	51.5
Mumbai Regional Network	GAIL	7	O	4.5	63.4
Dukli - Maharajganj	GAIL	0.3	O	0.1	23.1
Chainsa-Jhajjar-Hissar	GAIL	35	UC	1.4	3.9
Dadri-Bawana-Nangal	GAIL	31	UC	7.0	22.5
Kochi-Koottanad-Bangalore-Mangalore	GAIL	16	O	3.9	24.2
Dabhol-Bangalore	GAIL	16	UC/PO	1.7	10.8
Jagdishpur-Haldia-Bokaro Dhamra-Paradip- Barauni-Guwahati	GAIL	23	UC/PO	1.6	7.0
Hazira-Ankleshwar (HAPI)	GGI	4	O	1.0	23.3
Mehsana – Bhatinda	GIGL	46	CUP	3.6	7.9
Bhatinda – Gurdaspur	GIGL	34	UC	0.0	0.1
Mallavaram - Bhopal - Bhilwara – Vijaipur	GITL	78	UC	1.2	1.6
High Pressure Gujarat Gas Grid	GSPL	31	O	35.4	82.3
Low Pressure Gujarat Gas Grid	GSPL	12	O		
Dadri-Panipat	IOCL	10	O	5.5	58.0
Ennore-Tuticorin	IOCL	85	UC/PO	2.9	24.0
Dahej-Koyali	IOCL	5	O	0.1	1.0
Uran-Trombay	ONGC	6	O	2.7	45.2
Kakinada- Bharuch Natural Gas Pipeline (erstwhile East - West Pipeline)	Pipeline Infra	85	O	20.6	24.2
Shahdol-Phulpur	RGPL	4	O	0.7	20.3
Total		691.3		193.3	31.5

Source: PPAC, I-Sec research; Note- O- Operational, UC-Under construction, PO-Partial operational and CUP-commissioning under progress. Status as on 31.03.2022

What does the proposed change in regulations imply?

The amendments have introduced a more relaxed capacity utilisation/normative volume requirement for pipelines. The new norms mandate a 10-year ramp-up starting from 30% to 100% (75% of capacity) of the nominal pipeline capacity vs 60% to 100% (75% of capacity) over 5 years. These norms are also applicable for future expansions.

As opposed to earlier norms, capacity expansion of pipelines is to be exempted from tariff calculations for 5 years, provided it caters to new gas sources. Also, in the case of expansion of the pipeline by >10% of nominal capacity, additional capex, opex and volumes will now be included in tariff calculations, as opposed to being excluded earlier.

This directly addresses the problem faced by new and upcoming pipelines to recoup their costs and continue to execute new connectivity plans. With a slower ramp-up of volumes and the exemption of 5 years for capacity expansion, economics of under-construction and newly complete pipelines improve materially for both GAIL and GSPL in our opinion.

Table 2: GAIL pipelines under construction

	Length (km)	Investment (Rs bn)
Jagdishpur-Haldia-Bokaro-Dhamra Pipeline (JHBDPL)	885	45.2
Barauni Guwahati Pipeline(BGPL)	729	30.6
Dhamra-Haldia Pipeline (DHPL)	253	10.3
Srikakulam-Angul Pipeline (SAPL)	744	26.6
KKBMPL II	312	23.7
Sultanpur-Jhajjar-Hissar Pipeline (SJHPL)	135	3.3
Haridwar-Rishikesh-Dehradun Pipeline (HRDPL)	50	2.2
Mumbai Nagpur Jharsuguda Pipeline(MNJPL)	1,755	78.4
Total	4,863	220.2

Source: Company data, I-Sec research

Table 3: GSPL pipeline expansions

Standalone	Capacity (mmscmd)	Operating Length (km)	Completion Target
A) Fully Operational Common Carrier Natural Gas Pipelines			
Low Pressure Gujarat Gas Grid	12	57	
High Pressure Gujarat Gas Grid	31	2,637	
Total A	43	2,695	
B) Under Construction Tie-in connectivities			
Jamnagar -Dwarka pipeline	3	100	Dec-24
HPCL Chhara connectivity	18	85	Dec-23
Expansion project for connecting new capacity at PLNG Dahej to Bhadbhut	14.8	39	Dec-24
Anjar Palanpur	18	274	Dec-23
Swan energy terminal connectivity	18	3	Dec-24
Total B	71.8	501	
Total A+B	114.8	3,196	

Source: Company data, I-Sec research

Integrated tariffs to create a more equitable and transparent mechanism

As of now, there is a levelised tariff mechanism applicable for individual pipelines, with the tariff spread over two zones depending on the distance of the customers from the pipeline. While a unified tariff mechanism was already proposed earlier, the new amendments also propose creation of three tariff zones. This would help spread out the tariff escalations more gradually, lowering the burden for the customers.

Another crucial clause is the provision to increase tariffs on an annualised basis instead of the same levelised tariffs applying though the life of the pipeline. This alleviates the pressure on customers in the initial years of low tariffs and also compensates pipeline operators for the later years.

Lastly, the amendments introduce the concept of 'integrated tariffs' for inter-connected pipelines with common tap-offs. This will be relevant especially for GSPL's Gujarat network and for the Urja Ganga Pipeline (Jagdishpur-Haldia-Dhamra-Bokaro pipeline).

Table 4: GAIL tariff as on 1st Nov'22 (Rs/mmbtu) – Varied tariffs across pipelines to be smoothed out over the next few years

Network/Region	Sub-Network	Total Capacity mmscmd	Zone 1	Zone 2	Zone 3	Zone 4
Agartala Network	NA	2.00	5.8	NA	NA	NA
Cauvery Basin	Narimanam - Kuthalam	2.00	43.8	NA	NA	NA
	Ramnad	2.33	9.6	NA	NA	NA
Chainsa-Jhajjar-Hisar	NA	35.00	7.9	NA	NA	NA
Dabhol-Bengaluru	NA	16.00	45.4	45.4	45.4	NA
Dadri-Bawana-Nangal	NA	31.00	14.0	14.1	NA	NA
Dahej-Uran-Dabhol-Panvel	NA	19.90	29.6	39.9	NA	NA
Dukli-Maharajganj	NA	0.08	27.4	NA	NA	NA
Integrated HVJ	NA	107.00	19.8	36.9	45.4	49.6
Jagdishpur-Haldia-Bokaro-Dhamra*	NA	7.44	63.4	63.5	NA	NA
Gujarat Regional P/L Network	South Gujarat Main	3.25	27.6	NA	NA	NA
	Motwan	0.09	2.8	NA	NA	NA
	Kadi-Kalol	0.13	61.6	NA	NA	NA
	Kalol-Ramol	0.67	1.9	NA	NA	NA
	Mehsana	0.24	14.8	NA	NA	NA
	Paliyad	0.07	4.6	NA	NA	NA
	Ex-Hazira (GGCL)	3.88	1.1	NA	NA	NA
KG- Basin	NA	16.00	16.1	NA	NA	NA
Kochi-Koottanad-Bengaluru-Mangaluru	NA	16.00	42.8	42.8	NA	NA
Mumbai Regional	Uran-Thal-Usar	3.54	6.0	NA	NA	NA
	Trombay	3.49	25.2	NA	NA	NA

Source: Company data, I-Sec research *Tariff for zone 3 & 4 to be decided alongside completion of the Phase III & IV of the pipeline

Allowing SUC charges would address a longstanding concern for operators

Post a long-pending demand from both GSPL and GAIL, the gas regulator has finally allowed transmission loss @0.1% of actual volumes multiplied by gas price allowed as a deduction for tariff calculation. This is a material positive for both players and this alone can have positive impact of 4-5% on GSPL's EBITDA FY24E onwards while for GAIL standalone EBITDA can see ~1% benefit.

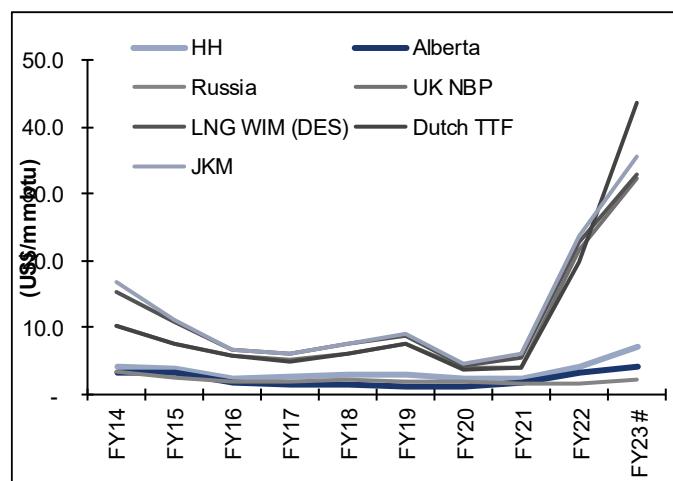
Prospective application of the lower tax rate helps GSPL

For companies that have opted for lower corporate tax rate of 25.2% vs the earlier marginal tax rate of 33.3%, regulations are now amended to factor this impact only prospectively (FY24 onwards) rather than retrospectively. This implies GSPL would see a lower-than-expected hit on tariffs, as FY21-FY23 impact of the lower tax rate will be excluded from tariff calculations.

New gas price recommendations go a long way to provide clarity and visibility

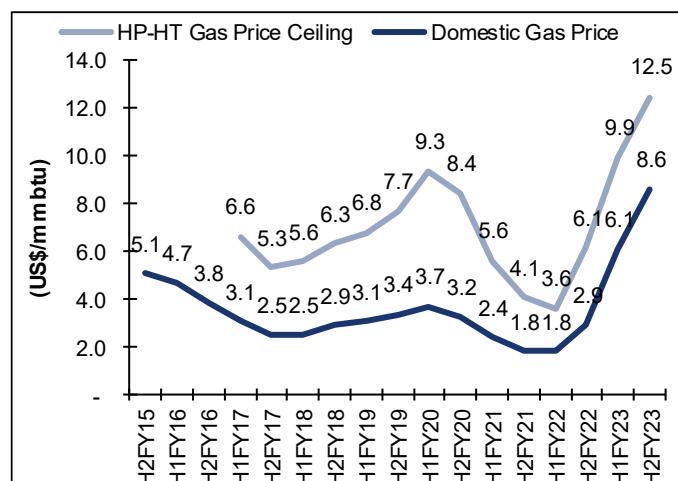
The Kirit Parikh Committee presented its report to the government on 30th Nov'22, with a raft of recommendations to streamline the process of gas pricing in the country. The impetus to do this was driven by sharply increasing domestic gas prices, driven by the surge in most international price benchmarks following the Russia-Ukraine conflict (see charts 1 & 2).

Chart 1: Comparative gas prices at various international hubs



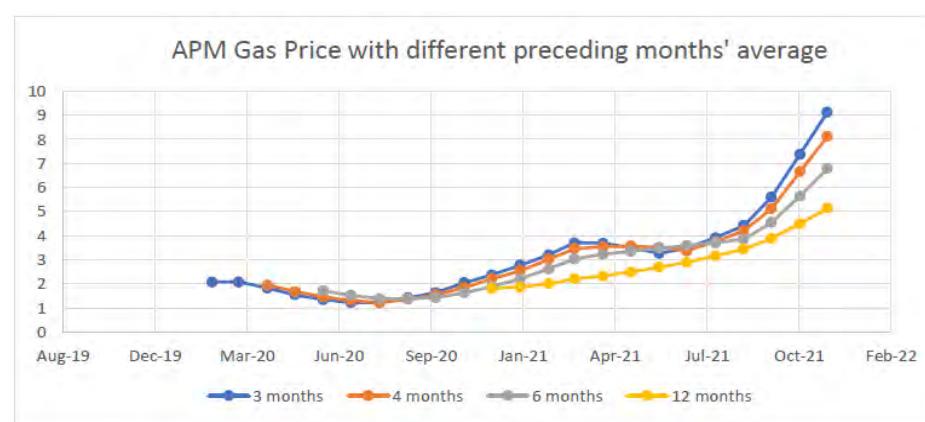
Source: Kirit Parikh draft report, Bloomberg, I-Sec research; # FY23 avg till Nov'22 and Russia FY23 price is for Apr-Jun'22

Chart 2: Gas prices determined after 2014 and 2016 notifications (GCV)



Source: PPAC, I-Sec research

Chart 3: APM gas price applying the formulae with average over different months



Source: Kirit Parikh draft report, I-Sec research

At the same time, the committee was given a mandate to ensure that the pricing, while being reasonable also provided fair incentives to encourage ongoing investments in the upstream sector.

The committee has also looked to simplify the pricing regime for different categories of natural gas produced in the country, which at this time is a needlessly confusing set of formulas for different gas production in the country.

Table 5: Policy regimes for different fields

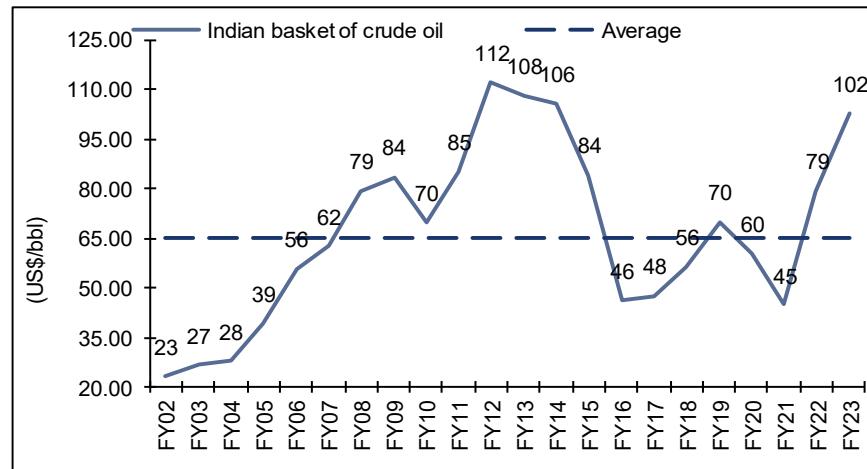
Type of Field	Pricing Regime	Production FY22 (MMSCM)	mmscmd
Nominated - ONGC	As per 2014 formulae	20,600	56.4
Nominated - OIL	As per 2014 formulae	2,900	7.9
NELP blocks	As per 2014 formulae		
Pre NELP blocks with PSC requiring Govt Approval	As per 2014 formulae	195	0.5
Pre NELP blocks with PSC not requiring Govt Approval	Fixed contractually for certain period, PSC provides specific formula	2,453	6.7
Small & Isolated fields in Nomination blocks	Under Pricing guidelines of 2013	0	
Small & Isolated fields new supplies & contracts	Price determined on bidding basis	0	
Deep Water, Ultra Deep Water and HTHP	Pricing freedom under a ceiling price based on cost of alternate fuels under 2016 guidelines	6,566	18.0
Discovered Small Fields (Marginal Fields Policy)	Royalty paying plus no cess revenue sharing contract full marketing freedom on arms-length basis	0	
CBM	Marketing and Pricing freedom under 2017 guidelines	682	1.9
HELP (2016) Hydrocarbon Exploration Licensing Policy	Royalty paying plus no cess Revenue sharing contract full marketing freedom on arms- length basis		
Pre-NELP in the North East Region	Pricing & Marketing freedom for production from 1st July, 2018	383	1.0
Field Development Plan approved before 28th February, 2019 with Production Sharing Contract	Pricing freedom but not marketing freedom.		
Reforms in Exploration and Licensing Policy (post Feb 2019)	Full freedom but bids must be through electronic bidding portal		
Miscellaneous	As per 2014 formulae	223	0.6
		34,002	93.2

Source: Kirit Parikh report, I-Sec research

Keeping the various conflicting parameters in mind, the committee has made the following proposals:

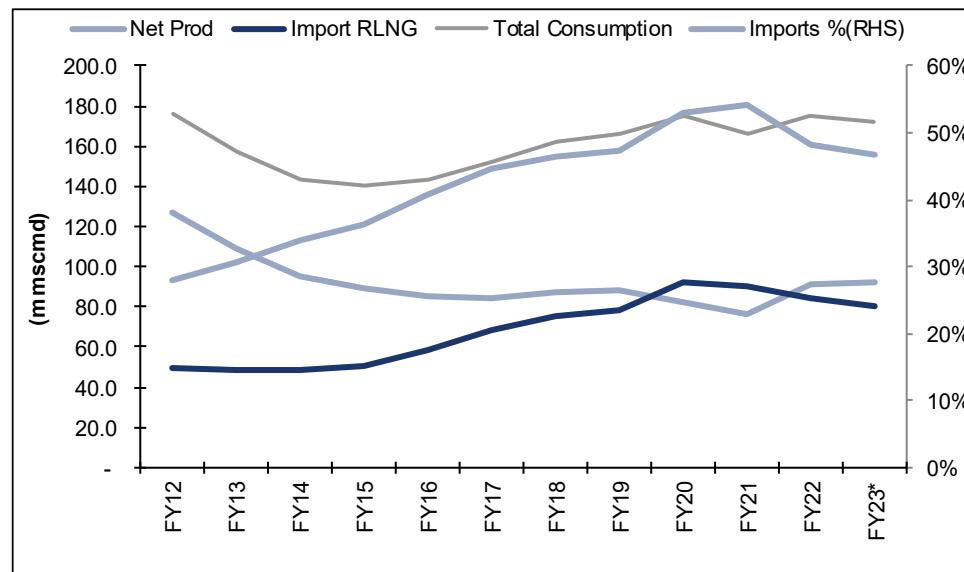
- A ceiling of US\$6.5/mmbtu for all domestic production from nominated fields of ONGC and OIL (APM), with a floor of US\$4/mmbtu and an annual escalation of US\$0.5/mmbtu every year.
- Within the range of floor and ceiling, the prices for APM to be fixed using a 10% slope to Indian basket of crude prices, calculated on a monthly basis.

Chart 4: Price of Indian basket of crude oil

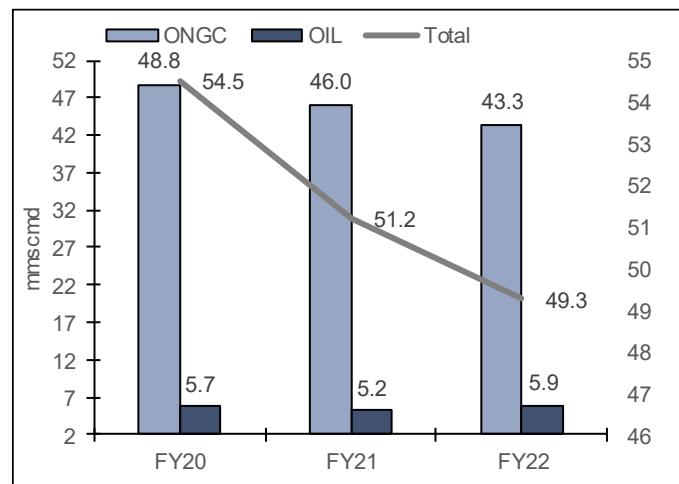


Source: Kirit Parikh draft report, I-Sec research ; FY23 avg up to Nov'22

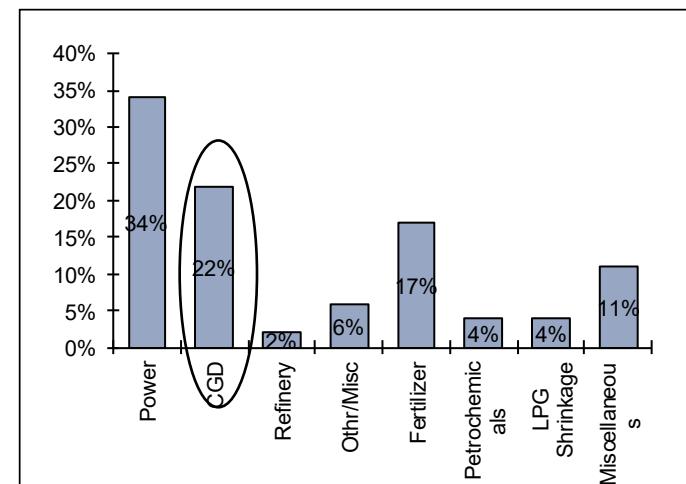
- For the range of operators that are not on APM pricing, the proposed pricing formula will also apply, except without any of the floor and ceiling restrictions.
- For new wells or well interventions in nomination fields, a premium of ~20% over the APM base price has been proposed. The committee has also proposed to give marketing freedom for the additional production.
- The recommendations propose a pass-through of the price reduction to the consumers by the CGDs who will be one of the biggest beneficiaries of the moderation in domestic gas costs.

Chart 5: India gas consumption

Source: PPAC, Kirit Parikh draft report, I-Sec research, * Pro-rated for full year based on H1 figures

Chart 6: Production of APM gas (nomination fields)

Source: Kirit Parikh draft report, I-Sec research

Chart 7: Sectoral consumption of APM gas (FY22)

Source: Kirit Parikh draft report, I-Sec research

Table 6: Use of APM natural gas in priority sectors

mmscmd	Fertiliser	Dom PNG	CNG	Total CGD	Total
FY20	17.96	1.85	10.78	12.63	30.59
FY21	17.95	2.36	9.68	12.04	29.99
FY22	15.66	2.42	13.56	15.99	31.65
FY23 *	14.98	2.68	19.25	21.93	36.91

Source: Kirit Parikh report, I-Sec research; *April to Sept 2022

Table 7: Domestic gas production

Mmscmd	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
ONGC-Nomination	60.3	57.9	60.5	64.2	67.6	64.9	59.9	59.4
OIL-Nomination	7.5	7.8	8.0	7.9	7.5	7.3	6.8	7.9
Pvt/JVs-in PSC + RSC/CBM	24.4	22.5	18.8	17.4	15.0	13.0	11.8	25.9
Total Natural Gas Production	92.2	88.1	87.4	89.4	90.1	85.2	78.6	93.2

Source: PPAC, I-Sec research

- Continuation of the current gas allocation policy, with CNG and domestic PNG on highest priority, but with a staggered plan of withdrawal from gas allocation as and when market conditions permit.
- Full deregulation of APM prices recommended by 1st Jan'27.
- For difficult fields, the committee has recommended the eventual removal of the price ceiling. But in view of the macro environment, they have recommended retention of the ceiling for the time being.
- Complete deregulation of the difficult field gas price by 1st Jan'26.
- Subsidies for fertiliser segment to continue, introduce subsidies for the non-refundable security deposit charged by CGDs to customers.
- Removal of take-or-pay obligation from power producers towards gas purchase obligations.
- Development of a local price discovery mechanism for development of a gas market.
- Gas to be brought under GST, with 5 years' compensation for the states to make up for loss of revenue. Till the time it is implemented, the committee has proposed a reduction in the Central excise duty rates

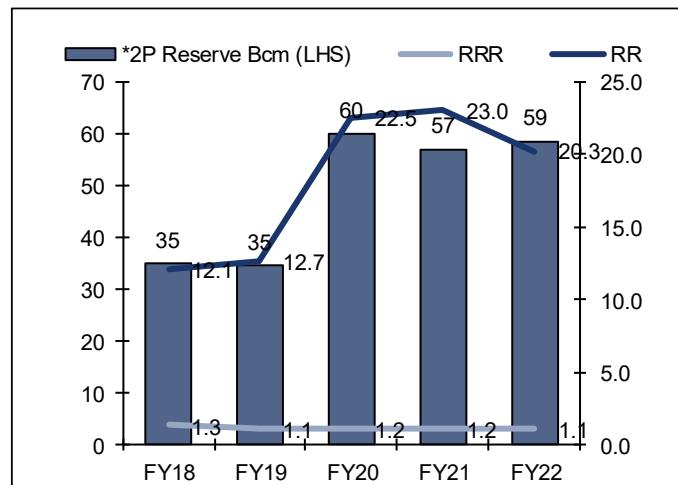
Impact on individual sub-segments to be material

- CGDs:** Given that ~80% and ~87% of overall volumes of IGL and MGL, respectively, come via domestic and CNG segments, the extent of benefit for IGL and MGL will likely be larger vs GGL, which derives only ~36% volumes from priority segments. Our sense is that: 1) IGL and MGL have seen gross margins in Q3FY23-TD so far (till 25th Nov'22) at Rs11.6-13.7/scm for CNG and Rs12.9-16.5/scm for domestic segments, and 2) if FY24E gross margins are maintained at similar levels, retail prices for CNG and domestic can be reduced by Rs7.7-8/kg and Rs4.9-5/scm, respectively. For GGL, we don't expect much change in prices since it has not increased gas prices post the US\$2.5/mmbtu increase in domestic gas prices from 1st Oct'22 (please see the calculations in tables 1-3 in our note [here](#))
- Gas transmission companies:** Both the listed gas transmission players, GAIL and GSPL, should largely benefit from these measures, in our view. For GSPL, in

particular, the amendments related to capacity expansion, tax rate, slower ramp-up and SUG are welcome, given the apprehension investors have had for a long time on the extent of tariff cuts post FY23. With these amendments in place, GSPL can see as much as 11-12% increase in its FY24E EPS, while for GAIL the impact would be <2% as per our rough estimates. We have conservatively factored-in only ~5% cut in tariffs for GSPL FY24E onwards, while for GAIL we assume a smaller 2% tariff increment in our note dated 25th Nov'22 (see [here](#))

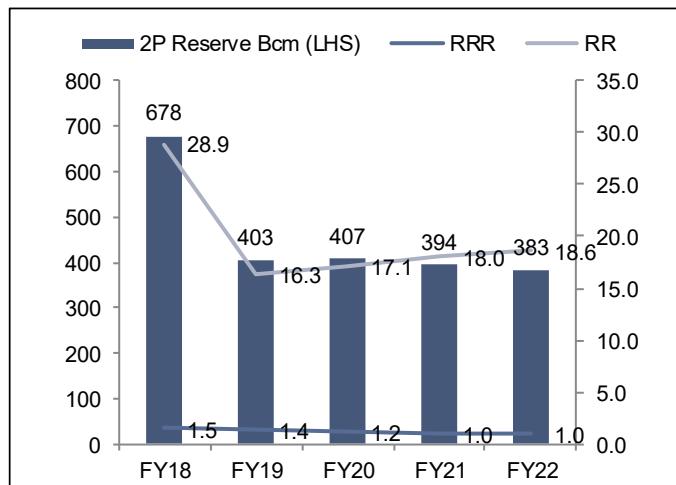
- **Upstream companies:** For ONGC and Oil India, we note that FY24 street estimates were largely factoring-in US\$7.5-8/mmbtu of blended gas realisations. Therefore, the recommended price of US\$6.5/mmbtu would likely reduce FY24E EPS by 5.7-6.7% (our estimates remain unchanged as we factored-in ~US\$7.5/mmbtu including US\$12.5/mmbtu for the ~5mmscmd of KG 98/2 gas expected in the year). We also note that the measures to increase price by US\$0.5/mmbtu every year and also free up pricing by FY26/FY27 are material positives for long-term earnings trends. We note that the prices of US\$6.5-8/mmbtu over FY24E/FY25E/FY26E are still well above average realisations over FY15-FY21 and are well above the F&D costs of ~US\$3.5/mmbtu.

Chart 8: Oil India – domestic gas reserves, RRR and RR



Source: Company data, I-Sec research; *Based on projected volume of gas under various sales contracts, 1P, 2P and 3P - Gas Reserves (Bcm)

Chart 9: ONGC – domestic gas reserves, RRR and RR



Source: Company data, I-Sec research

Table 8: Blended gas realisations for ONGC and Oil India

US\$/mmbtu	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
ONGC	4.8	4.8	3.3	3.3	3.9	4.2	2.7	2.9
Oil India	4.3	4.2	2.8	2.7	3.3	3.5	2.2	2.4

Source: Company data, I-Sec research

ANNEXURE

Table 9: Comparison of fuel cost of CNG and petrol vehicles

Units	On-road Price		Mileage		Fuel Price		Fuel Cost	
	Rs lacs	Rs lacs	km/ltr	km/ltr	Rs/ltr	Rs/kg (Oct'22)	Rs/km	Rs/km
Model	Petrol	CNG	Petrol	CNG	Petrol	CNG	Petrol	CNG
Maruti Swift	4.7	5.7	15	28	101.3	88.5	6.75	3.16
Car SUV			9	16	101.3	88.5	11.56	5.53
3W			28	38	101.3	88.5	3.62	2.33

Source: Kirit Parikh draft report, I-sec research

Table 10: Payback periods for additional capital / conversion kit cost of CNG vehicles

Vehicle	On-road cost Petrol – CNG (Rs)		Monthly use (in km)	Saving (Rs/month)	Payback period (Months)	
	Factory-built	Kit fixed			Factory built	Kit fixed
Maruti Swift	1,00,000	36000	1500	5,385	18.57	6.69
Car SUV	1,00,000	36000	1500	9,045	11.06	3.98
3W		24000	2,400	3,096		7.75

Source: Kirit Parikh draft report, I-sec research

Table 11: CNG vs petrol and diesel prices

		Mumbai			Delhi			Gujarat		
		Petrol	Diesel	CNG	Petrol	Diesel	CNG	Petrol	Diesel	CNG
Retail price	Rs per ltr/kg	106.3	94.3	89.5	96.7	89.6	78.6	96.5	92.2	75.0
Retail price	Rs/kg	150.0	114.1	89.5	136.5	108.4	78.6	136.1	111.6	75.0
Calorific Value	Kcal/kg	11,110	11,000	11,950	11,110	11,000	11,950	11,110	11,000	11,950
Retail price /10k Kcal	Rs/10k Kcal	135.0	103.7	74.9	122.8	98.6	65.8	122.5	101.5	62.8
CNG price benefit		-45%	-28%		-46%	-33%		-49%	-38%	

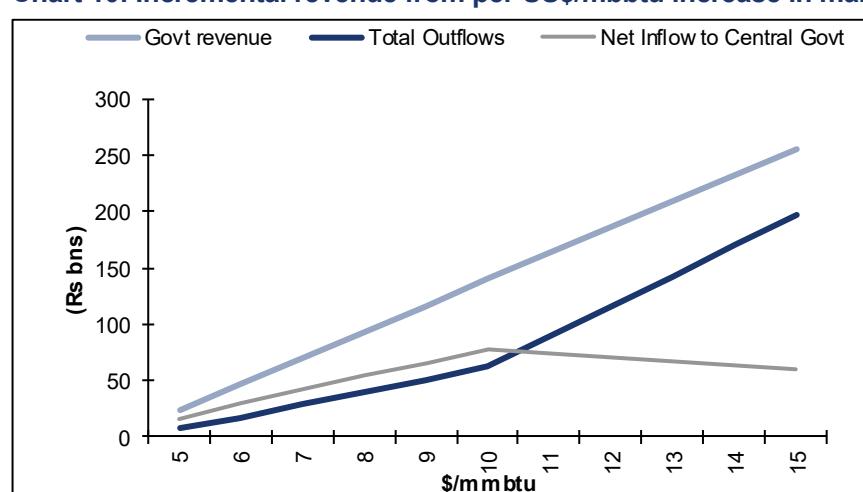
Source: Company data, I-Sec research

Table 12: PNG vs LPG prices

	Unit	Mumbai	Delhi	Gujarat
Domestic PNG price	Rs/scm	54.0	53.6	48.1
Non-subsidised LPG price	Rs/cylinder	1,053	1,053	1,060
Domestic LPG price	Rs/kg	74.1	74.2	74.6
PNG GCV	Kcal/scm	9500	9,500	9,500
LPG GCV	Kcal/kg	11,950	11,950	11,950
PNG domestic cost	Rs/mn Kcal	5,684.2	5,641.1	5,057.9
LPG subsidised cost	Rs/mn Kcal	6,202.5	6,205.4	6,246.7
Saving of domestic PNG over LPG		-8%	-9%	-19%

Source: Company data, I-Sec research

Chart 10: Incremental revenue from per US\$/mbbtu increase in market price of gas



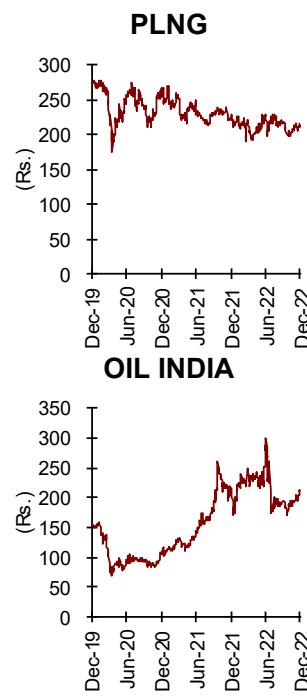
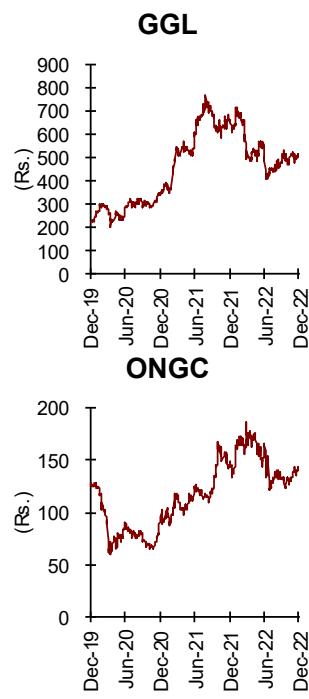
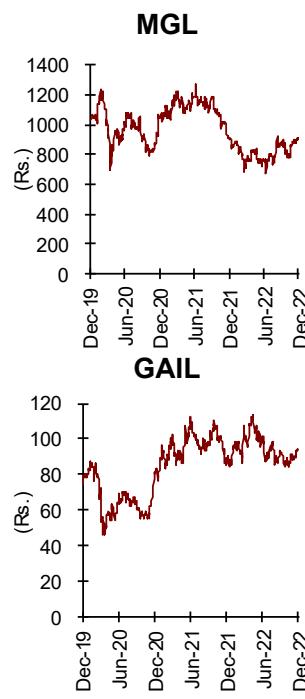
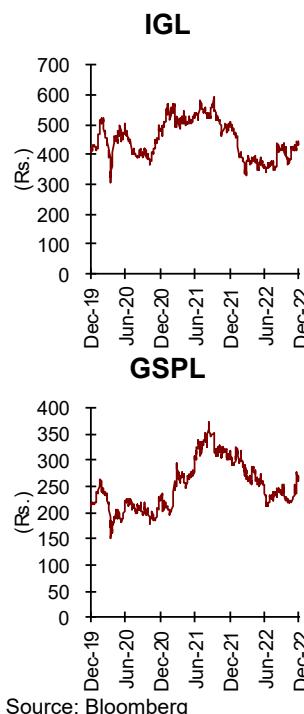
Source: Kirit Parikh draft report, I-Sec research ; FY23 avg up to Nov'22

Table 13: Assumption used for creating Charts 10-Incremental revenue from per US\$/mmbtu increase in market gas price

Domestic gas	MMSCM/ Year	Million MMBTU
Fertiliser	2,333	92.56
PNG Domestic	884	35.06
CNG Transport	4,951	196.47
Total domestic gas production	17,980	713.5
Market Price of gas \$/MMBTU		
Base Price for Natural Gas	USD/mmbtu	4.0 to 15.0
Royalty 10%	USD/mmbtu	1.05
Royalty	%	10%
Share of Offshore Gas	%	6.5%
Average VAT on gas	%	14.50%
Income Tax	%	25.17%
Affordable Price for CGD - Domestic PNG	\$/mmbtu	6
Affordable Price for CGD - Transport CNG	\$/mmbtu	10
Exchange Rate	USD/INR	80
Govt shareholding in ONGC/ OIL		58%
Pay-out Ratio		30%

Source: Kirit Parikh draft report, I-Sec research

Price Chart



Financial summary – IGL

Table 14: Profit and Loss statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	49,408	77,100	89,679	96,637
Operating Expenses	34,578	58,289	69,619	74,678
EBITDA	14,830	18,812	20,059	21,959
% margins	30%	24%	22%	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
Recurring PBT	13,315	17,659	18,602	20,666
Less: Taxes	3,258	4,509	4,651	5,166
Net Income (Reported)	10,057	13,150	13,952	15,499
Recurring Net Income	10,057	13,150	13,952	15,499

Source: Company data, I-Sec research

Table 15: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	31,092	37,627	46,828	57,398
of which cash & cash equiv.	11,323	13,616	22,397	33,060
Total Current Liabilities & Provisions	23,778	31,478	36,614	39,455
Net Current Assets	7,314	6,149	10,214	17,943
Investments	3,104	3,093	3,093	3,093
Net Fixed Assets	43,209	50,017	56,411	60,301
Capital Work-in-Progress	8,469	13,786	13,786	13,786
Total Assets	59,674	70,308	80,767	92,386
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	78,417	90,033
Net worth	58,719	69,362	79,817	91,433
Total Liabilities	59,674	70,308	80,767	92,386

Source: Company data, I-Sec research

Table 16: 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				
Net profit	3,085	3,616	4,209	4,161

Source: Company data, I-Sec research

Table 17: Cashflow statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Cashflow	14,882	18,961	20,059	21,959
Working Capital Changes	3,473	3,777	4,719	2,937
Operating Cash flow	15,460	18,979	20,127	19,730
Capital Commitments	(8,829)	(13,370)	(10,160)	(8,160)
Free Cashflow	6,631	5,610	9,967	11,570
Cashflow from Investing Activities				
Inc (Dec) in Borrowings	-	-	-	-
Inc (Dec) in marketable investments	(10,783)	(3,224)	-	-
Dividend paid	(1,960)	(2,519)	(3,496)	(3,884)
Cash flow from Financing Activities	(2,970)	(3,285)	(3,600)	(3,988)
Chg. in Cash & Bank balance	(5,774)	(153)	8,781	10,663

Source: Company data, I-Sec research

Table 18: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (in Rs)				
EPS(Basic Recurring)	14.4	18.8	19.9	22.1
Recurring Cash EPS	18.5	23.3	25.3	28.2
Dividend per share (DPS)	3.6	5.5	5.0	5.5
Book Value per share (BV)	83.9	99.1	114.0	130.6
Growth Ratios (%)				
Operating Income	-24%	56%	16%	8%
EBITDA	-2%	27%	7%	9%
Recurring Net Income	-12%	31%	6%	11%
Recurring EPS	-12%	31%	6%	11%
Recurring CEPS	-7%	26%	9%	12%
Valuation Ratios (% YoY)				
P/E	30.4	23.3	21.9	19.7
P/BV	5.2	4.4	3.8	3.3
EV / EBITDA	19.7	15.4	14.0	12.3
EV / FCF	44.1	51.7	28.2	23.4
Operating Ratios				
Other Income / PBT (%)	11%	12%	13%	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%	20%	19%
RoNW	17%	19%	17%	17%
Dividend Payout Ratio	25%	29%	25%	25%
Dividend Yield	0.8%	1.3%	1.1%	1.3%
EBITDA Margins	30%	24%	22%	23%

Source: Company data, I-Sec research

Financial summary – MGL

Table 19: Profit and Loss statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	21,525	35,602	66,124	76,871
Operating Expenses	12,186	26,359	54,961	63,375
EBITDA	9,340	9,243	11,164	13,496
% 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
Recurring PBT	8,336	8,063	10,594	12,280
Less: Taxes	2,140	2,093	2,667	3,091
Net Income (Reported)	6,196	5,969	7,928	9,189
Recurring Net Income	6,196	5,969	7,928	9,189

Source: Company data, I-Sec research

Table 20: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	8,465	9,159	23,536	28,934
of which cash & cash equiv.	5,119	4,652	18,678	23,673
Total Current Liabilities & Provisions	11,915	14,357	28,954	33,540
Net Current Assets	(3,450)	(5,198)	(5,418)	(4,606)
Investments	10,250	10,883	11,971	13,168
Net Fixed Assets	21,693	26,137	30,026	33,530
Capital Work-in-Progress	5,603	6,159	6,159	6,159
Total Assets	34,096	37,981	42,738	48,251
Liabilities				
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	32,324	35,973	40,730	46,243
Total Liabilities	34,096	37,981	42,738	48,251

Source: Company data, I-Sec research

Table 21: 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 22: Cashflow statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Cashflow	9,518	9,506	11,164	13,496
Working Capital Changes	602	1,652	14,246	4,182
Operating Cash flow	8,055	9,037	22,743	14,588
Capital Commitments	(3,395)	(6,473)	(6,400)	(6,400)
Free Cashflow	4,660	2,564	16,343	8,188
Cashflow from Investing				
Activities	(4,439)	(6,400)	(5,496)	(5,867)
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				
Activities	(3,488)	(3,103)	(3,221)	(3,726)
Chg. in Cash & Bank balance	128	(467)	14,026	4,995

Source: Company data, I-Sec research

Table 23: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (in Rs)				
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
Growth Ratios (%)				
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%
Valuation Ratios (% YoY)				
P/E	14.1	14.6	11.0	9.5
P/BV	2.7	2.4	2.1	1.9
EV / EBITDA	7.7	7.7	5.1	3.7
EV / FCF	15.4	27.9	3.5	6.1
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	2.6%	2.8%	3.6%	4.2%
EBITDA Margins	43%	26%	17%	18%

Source: Company data, I-Sec research

Financial summary – Gujarat Gas (GGL)

Table 24: Profit and Loss statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	98,543	1,64,562	1,71,681	1,86,623
Operating Expenses	77,664	1,43,799	1,47,061	1,60,251
EBITDA	20,878	20,763	24,620	26,372
% 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
Recurring PBT	17,047	17,135	20,705	21,903
Less: Taxes	4,292	4,278	5,213	5,515
Net Income (Reported)	12,755	12,858	15,492	16,388
Recurring Net Income	12,755	12,937	15,492	16,388

Source: Company data, I-Sec research

Table 25: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	14,808	14,689	19,023	26,074
of which cash & cash equiv.	3,187	211	4,706	11,465
Total Current Liabilities & Provisions	23,905	24,730	24,107	24,959
Net Current Assets	(9,097)	(10,041)	(5,085)	1,115
Investments	3,163	4,642	5,142	5,642
Net Fixed Assets	59,644	66,299	73,478	80,175
Capital Work-in-Progress	6,878	9,923	9,923	9,923
Total Assets	52,526	62,746	75,381	88,777
Liabilities				
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	44,827	55,993	69,129	83,025
Total Liabilities	52,526	62,746	75,381	88,777

Source: Company data, I-Sec research

Table 26: 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 27: Cashflow statement

(Rs mn, year ending March 31)

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

Source: Company data, I-Sec research

Table 28: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (in Rs)				
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
Growth Ratios (%)				
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%
Valuation Ratios (% YoY)				
P/E	28.0	27.6	23.0	21.8
P/BV	8.0	6.4	5.2	4.3
EV / EBITDA	17.2	17.3	14.4	13.1
EV / FCF	39.6	107.0	47.5	34.8
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%	0.6%
EBITDA Margins	21%	13%	14%	14%

Source: Company data, I-Sec research

Financial summary – GSPL

Table 29: Profit and Loss statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	1,17,260	1,83,220	1,88,048	2,06,712
Operating Expenses	81,517	1,48,219	1,52,317	1,66,386
EBITDA	35,743	35,001	35,731	40,326
% 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
Recurring PBT	28,971	29,025	29,744	33,413
Less: Taxes	7,432	7,256	7,809	8,752
Share of Associates	385	541	541	541
Net Income (Reported)	16,068	16,383	15,375	17,691
Recurring Net Income	16,068	16,383	15,375	17,691

Source: Company data, I-Sec research

Table 30: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
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
Net Current Assets	(4,744)	(8,270)	(1,719)	7,137
Investments	14,568	16,700	18,700	20,700
Net Fixed Assets	94,960	99,447	1,12,129	1,23,875
Capital Work-in-Progress	9,531	12,454	13,718	14,718
Total Assets	1,41,687	1,52,940	1,77,347	2,03,318
Liabilities				
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
Total Liabilities	1,41,687	1,52,940	1,77,347	2,03,318

Source: Company data, I-Sec research

Table 31: 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 32: Cashflow statement

(Rs mn, year ending March 31)

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

Source: Company data, I-Sec research

Table 33: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (in Rs)				
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
Growth Ratios (%)				
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%
Valuation Ratios (% YoY)				
P/E	9.4	9.2	9.8	8.5
P/CFPS	5.2	5.5	5.4	4.9
P/BV	2.4	1.9	1.6	1.4
EV / EBITDA	4.7	4.5	4.2	3.5
EV / FCF	8.2	10.5	16.7	11.5
Operating Ratios				
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 34: Profit and Loss statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income				
(Sales)	5,74,283	9,27,698	11,01,327	10,61,747
Operating Expenses	5,01,845	7,76,182	9,88,744	9,22,842
EBITDA	72,438	1,51,516	1,12,583	1,38,905
% margins	13%	16%	10%	13%
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	6,829	6,886
Recurring PBT	60,109	1,37,012	94,137	1,21,067
Less: Taxes	15,826	31,599	23,534	30,267
Net Income (Reported)	60,595	1,23,037	91,742	1,11,663
Recurring Net Income	60,595	1,23,037	91,742	1,11,663

Source: Company data, I-Sec research

Table 35: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	83,741	1,35,231	1,68,963	1,66,116
Total Current Liabilities &				
Provisions	1,10,294	1,41,624	1,47,650	1,53,756
Net Current Assets	-26,553	-6,393	21,313	12,360
Investments	1,64,262	2,01,898	2,01,898	2,01,898
Net Fixed Assets	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
Total Assets	7,03,555	8,24,170	8,71,451	9,31,671
Liabilities				
Borrowings	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	6,66,476	7,51,497
Net Worth	5,31,823	6,41,343	7,10,883	7,95,903
Total Liabilities	7,03,555	8,24,170	8,71,451	9,31,671

Source: Company data, I-Sec research

Table 8: Quarterly trend

(Rs mn, year ending March 31)

	Dec-21	Mar-22	Jun-22	Sept-22
Net sales	2,57,698	2,69,619	3,75,625	3,84,786
% growth (YoY)	19.8%	4.6%	39.3%	2.4%
EBITDA	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				
Net profit	32,880	26,831	29,152	15,371

Source: Company data, I-Sec research

Table 36: Cashflow statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Cashflow				
before working capital changes	78,744	1,64,613	1,12,583	1,38,905
Working Capital Changes	24,210	(35,485)	(27,706)	8,953
Operating Cashflow	89,934	96,286	61,542	1,17,790
Capital Commitments	(56,972)	(69,713)	(70,000)	(70,000)
Cashflow from Investing Activities	(46,403)	(56,995)	(42,032)	(42,252)
Inc (Dec) in Borrowings	5,749	6,258	(22,458)	(25,000)
Dividend paid	(22,381)	(39,954)	(22,202)	(26,642)
Cashflow from Financing Activities	(34,706)	(39,159)	(43,964)	(48,831)
Chg. in Cash & Bank balances	8,825	132	(24,453)	26,708

Source: Company data, I-Sec research

Table 37: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (Rs)				
EPS(Basic Recurring)	9.2	18.7	14.0	17.0
Recurring Cash flow per share	12.5	22.4	17.9	21.2
Dividend per share (DPS)	3.4	6.1	5.0	6.0
Book Value per share (BV)	80.9	97.5	108.1	121.0
Growth Ratios (%)				
Operating Income	-21%	62%	19%	-4%
EBITDA	-21%	109%	-26%	23%
Recurring Net Income	-19%	103%	-25%	22%
Diluted Recurring EPS	-19%	103%	-25%	22%
Valuation Ratios (x)				
P/E	10.0	4.9	6.6	5.5
P/CFPS	9.2	4.7	6.3	5.1
P/BV	1.1	0.9	0.9	0.8
EV / EBITDA	9.1	4.4	6.0	4.5
EV/FCF	4.5	4.2	4.8	3.1
Operating Ratios				
Other Income / PBT (%)	17%	9%	7%	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%	9%
RoCE	7%	14%	8%	10%
RoNW	8%	18%	10%	12%
Dividend Payout Ratio	36%	32%	24%	24%
Dividend Yield	4%	7%	5%	6%
EBITDA Margins	13%	16%	10%	13%

Source: Company data, I-Sec research

Financial summary – PLNG

Table 38: Profit and Loss statement

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	2,60,229	4,31,686	5,45,739	6,24,639
Operating Expenses	2,13,234	3,79,199	4,95,789	5,72,220
EBITDA	46,995	52,487	49,950	52,419
% 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	3,124	3,610
Recurring PBT	39,386	44,606	41,850	44,319
Less: Taxes	10,183	11,212	10,534	11,155
Net Income (Reported)	29,392	34,381	31,316	33,164
Recurring Net Income	29,392	34,381	31,316	33,164

Source: Company data, I-Sec research

Table 39: Balance sheet

(Rs mn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	81,619	87,153	1,04,097	1,18,314
Total Current Liabilities & Provisions	17,662	24,314	29,099	32,268
Net Current Assets	63,957	62,839	74,998	86,046
Investments	17,070	12,859	12,988	13,118
Net Fixed Assets	1,03,131	95,572	95,898	97,147
Capital Work-in-Progress	255	1,926	1,000	1,000
Total Assets	1,90,900	2,13,618	2,30,028	2,45,563
Liabilities				
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	1,34,207	1,47,473
Net worth	1,18,069	1,36,681	1,49,207	1,62,473
Total Liabilities	1,90,900	2,13,618	2,30,028	2,45,563

Source: Company data, I-Sec research

Table 40: 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 41: Cashflow statement

(Rs mn, year ending March 31)

	FY22	FY22	FY23E	FY24E
Operating Cashflow	47,287	53,666	49,950	52,419
Working Capital Changes	(1,746)	(6,336)	(4,033)	(2,852)
Operating Cashflow	35,592	34,688	35,383	38,412
Capital Commitments	(730)	(723)	(7,574)	(10,000)
Cashflow from Investing				
Activities	(9,273)	(10,533)	(4,578)	(6,520)
Inc (Dec) in Borrowings	(368)	(414)	(1,000)	(1,000)
Dividend paid	(22,452)	(15,750)	(18,790)	(19,898)
Cashflow from Financing				
Activities	(27,586)	(22,109)	(22,839)	(23,858)
Chg. in Cash & Bank balance	(1,267)	2,046	7,965	8,034

Source: Company data, I-Sec research

Table 42: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (in Rs)				
EPS(Basic Recurring)	19.6	22.9	20.9	22.1
Recurring Cash EPS	24.3	26.5	26.3	27.9
Dividend per share (DPS)	12.0	12.0	13.0	13.0
Book Value per share (BV)	78.7	91.1	99.5	108.3
Growth Ratios (%)				
Operating Income	-27%	66%	26%	14%
EBITDA	18%	12%	-5%	5%
Recurring Net Income	27%	17%	-9%	6%
Recurring EPS	27%	17%	-9%	6%
Recurring CEPS	12%	13%	-7%	5%
Valuation Ratios (% YoY)				
P/E	11.0	9.4	10.4	9.8
P/CFPS	9.1	9.3	9.2	8.4
P/BV	2.7	2.4	2.2	2.0
EV / EBITDA	6.8	6.0	6.1	5.7
EV / FCF	9.1	9.3	11.0	10.5
Operating Ratios				
Other Income / PBT (%)	9%	7%	7%	8%
Effective Tax Rate (%)	26%	25%	25%	25%
D/E Ratio (%)	31%	25%	22%	20%
Return/Profitability Ratios (%)				
Recurring Net Income Margins	11%	8%	6%	5%
RoCE	24.0%	25.3%	22.1%	21.7%
RoNW	25.6%	27.0%	21.9%	21.3%
Dividend Payout Ratio	59%	50%	60%	60%
Dividend Yield	5.3%	5.3%	5.8%	6.1%
EBITDA Margins	18%	12%	9%	8%

Source: Company data, I-Sec research

Financial summary – ONGC

Table 43: Profit and Loss statement

(Rs bn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	3,605.7	5,317.6	7,110.0	7,502.5
Operating Expenses	3,039.7	4,460.0	6,020.4	6,213.7
EBITDA	494.7	798.7	1,020.8	1,220.1
% margins	14%	15%	14%	16%
Depreciation & Amortisation	255.4	268.8	303.3	325.2
Gross Interest	50.8	57.0	51.1	51.8
Other Income	93.2	74.4	65.9	92.5
Recurring PBT	281.7	547.3	732.3	935.6
Less: Taxes	82.6	48.0	197.2	246.4
Net Income (Reported)	162.5	455.2	544.5	669.2
Recurring Net Income	158.4	476.3	544.5	669.2

Source: Company data, I-Sec research

Table 44: Balance sheet

(Rs bn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Net Current Assets	5.8	(16.3)	280.3	735.9
Investments	355.5	369.2	376.6	384.1
Net Fixed Assets	2,302.0	2,431.9	2,481.3	2,946.3
Capital Work-in-Progress	1,003.3	1,067.2	1,207.1	1,162.1
Total Assets	5,432.6	5,854.5	6,512.3	7,423.7
Liabilities				
Borrowings	1,098.2	1,077.8	1,224.1	1,632.1
Deferred Tax Liability	454.0	382.6	382.6	382.6
Equity Share Capital	62.9	62.9	62.9	62.9
Face Value per share (Rs)	5.0	5.0	5.0	5.0
Reserves & Surplus	2,146.9	2,532.1	2,872.8	3,309.2
Minority Interest	216.2	238.2	245.4	283.7
Net worth	2,209.8	2,595.0	2,935.7	3,372.1
Total Liabilities	5,432.6	5,854.5	6,512.3	7,423.7

Source: Company data, I-Sec research

Table 45: Quarterly trend

(Rs bn, year ending March 31)

	Dec'21	March'22	Jun'22	Sept'22
Net sales	285	345	423	383
% growth (YoY)	17%	21%	23%	-9%
EBITDA	157	179	252	186
Margin (%)	55%	52%	59%	49%
Other income	15	13	8	35
Add: Extraordinaries	0	0	0	0
Net profit	88	89	152	128

Source: Company data, I-Sec research

Table 46: Cashflow statement

(Rs bn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Cashflow	586.6	878.2	1,089.6	1,288.9
Working Capital Changes	(39.2)	36.7	(108.4)	29.2
Operating Cash flow	472.0	780.0	784.1	1,071.6
Capital Commitments	(430.0)	(445.3)	(553.1)	(816.1)
Free Cashflow	42.0	334.7	231.0	255.6
Cashflow from Investing				
Activities	(390.9)	(404.8)	(483.0)	(717.8)
Inc (Dec) in Borrowings	53.0	(129.9)	146.3	408.0
Dividend paid	(31.0)	(129.2)	(203.8)	(232.7)
Cash flow from Financing				
Activities	(82.6)	(359.8)	(108.6)	123.5
Chg. in Cash & Bank balance				
	(1.5)	15.4	192.4	477.3

Source: Company data, I-Sec research

Table 47: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (in Rs)				
EPS(Basic Recurring)	12.6	37.9	43.3	53.2
Recurring Cash EPS	32.9	59.2	67.4	79.0
Dividend per share (DPS)	3.6	10.5	16.2	18.5
Book Value per share (BV)	175.7	206.3	233.4	268.0
Growth Ratios (%)				
Operating Income	-6%	121%	35%	25%
EBITDA	-5%	61%	28%	20%
Recurring Net Income	-20%	201%	14%	23%
Recurring EPS	-20%	201%	14%	23%
Recurring CEPS	-11%	80%	14%	17%
Valuation Ratios (% YoY)				
P/E	11.3	3.8	3.3	2.7
P/CFPS	4.3	2.4	2.1	1.8
P/BV	0.8	0.7	0.6	0.5
EV / EBITDA	5.6	3.4	2.6	2.2
EV / FCF	11.6	5.2	3.8	2.9
Operating Ratios				
Other Income / PBT (%)	33%	14%	9%	10%
Effective Tax Rate (%)	29%	9%	27%	26%
D/E Ratio (%)	0.1%	-0.3%	4.3%	9.9%
Net D/E Ratio	50%	42%	42%	48%
Return/Profitability Ratios (%)				
Recurring Net Income Margins	4.4%	9.0%	7.7%	8.9%
RoCE	4.6%	9.6%	12.1%	13.0%
RoNW	7.4%	19.8%	19.7%	21.2%
Dividend Payout Ratio	28.6%	27.7%	37.4%	34.8%
Dividend Yield	2.5%	7.4%	11.4%	13.0%
EBITDA Margins	13.7%	15.0%	14.4%	16.3%

Source: Company data, I-Sec research

Financial summary – Oil India

Table 48: Profit & Loss statement

(Rs bn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Income (Sales)	225.0	300.1	284.0	270.8
Operating Expenses	168.0	195.1	180.8	176.4
EBITDA	57.0	105.0	100.7	91.9
% margins	25.3%	35.0%	35.5%	33.9%
Depreciation & Amortisation	18.4	18.2	20.5	22.6
Gross Interest	6.6	9.4	13.1	16.0
Other Income	10.9	11.4	11.5	11.5
Recurring PBT	42.9	88.8	78.6	64.7
Less: Taxes	2.2	22.7	19.8	16.3
Net Income (Reported)	35.3	56.2	55.6	46.5
Recurring Net Income	39.8	56.2	55.6	46.5

Source: Company data, I-Sec research

Table 49: Balance sheet

(Rs bn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	104.9	101.1	111.6	121.9
of which cash & cash eqv.	15.9	15.5	29.2	40.7
Total Current Liabilities & Provisions	62.7	65.9	67.0	69.0
Net Current Assets	26.4	19.7	15.4	12.2
Investments	240.4	273.1	273.4	273.7
Net Fixed Assets	159.3	167.7	264.7	339.6
Capital Work-in-Progress	31.7	59.0	59.0	59.0
Total Assets	552.9	608.2	715.7	801.1
Liabilities				
Borrowings	197.2	167.2	234.2	286.2
Equity Share Capital	10.8	10.8	10.8	10.8
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus*	225.8	294.8	329.8	357.9
Net Worth	236.7	305.6	340.7	368.7
Total Liabilities	552.9	608.2	715.7	801.1

Source: Company data, I-Sec research

Table 8: Quarterly trend

(Rs mn, year ending March 31)

	Dec-21	Mar-22	Jun-22	Sept-22
Net sales	37,367	44,786	59,676	46,434
% growth (YoY)	76%	74%	98%	40%
EBITDA	13,162	19,400	26,892	19,798
EBITDA Margin (%)	35%	43%	45%	43%
Other income	9,685	4,943	623	8,949
Add: Extraordinaries	0	0	0	0
Net profit	12,449	16,300	15,555	17,205

Source: Company data, I-Sec research

Table 50: Cashflow statement

(Rs bn, year ending March 31)

	FY21	FY22	FY23E	FY24E
Operating Cashflow	73.5	64.0	117.4	103.2
Working Capital				
Changes	0.4	(10.9)	(13.9)	4.6
Net Operating cashflow	64.9	52.4	93.1	88.1
Capital Commitments	(33.1)	(31.3)	(59.7)	(120.0)
Free Cashflow	31.9	21.1	33.4	(31.9)
Cashflow from Investing Activities	(22.1)	(85.2)	(41.9)	(107.6)
Issue of Share Capital (inc. Buyback impact)	0.0	0.0	0.0	0.0
Inc (Dec) in Borrowings	(35.6)	70.7	(34.1)	67.0
Dividend paid	(30.0)	(25.9)	(13.8)	(20.6)
Chg. in Cash & Bank balances	(30.5)	4.2	(5.0)	13.7

Source: Company data, I-Sec research

Table 51: Key ratios

(Year ending March 31)

	FY21	FY22	FY23E	FY24E
Per Share Data (Rs)				
EPS(Basic Recurring)	36.7	51.8	51.3	42.9
Recurring Cash flow per share	53.7	68.7	70.2	63.7
Dividend per share (DPS)	15.0	14.3	21.0	18.0
Book Value per share (BV)	218.2	281.8	312.3	336.6
Growth Ratios (%)				
Operating Income	9%	125%	-8%	-14%
EBITDA	7%	84%	-4%	-9%
Recurring Net Income	-19%	41%	-1%	-16%
Diluted Recurring EPS	-19%	41%	-1%	-16%
Valuation Ratios (x)				
P/E	5.7	4.0	4.1	4.9
P/CFPS	3.9	3.1	3.0	3.3
P/BV	1.0	0.7	0.7	0.6
EV / EBITDA	7.2	3.6	4.3	5.2
EV/FCF	19.4	11.4	(13.6)	(25.6)
Operating Ratios				
Other Income / PBT (%)	25.5%	12.9%	14.6%	17.8%
Effective Tax Rate (%)	5.2%	25.6%	25.2%	25.2%
NWC / Total Assets (%)	4.8%	3.2%	2.1%	1.5%
D/E Ratio (%)	83.3%	54.7%	68.8%	77.6%
Return/Profitability Ratios (%)				
Recurring Net Income Margins	47.4%	39.8%	30.2%	26.7%
RoCE	13.1%	21.0%	17.8%	14.0%
RoNW	17.6%	20.7%	19.2%	15.9%
Dividend Payout Ratio	40.9%	27.5%	40.9%	42.0%
Dividend Yield	7.1%	6.8%	10.0%	8.6%
EBITDA Margins	69.4%	75.5%	56.0%	54.1%

Source: Company data, I-Sec research

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