

Oil & Gas Sector

NBIE INVESTOR Conference Update – Gas companies

June 07, 2024

Growth expectation is priced in

Key Points

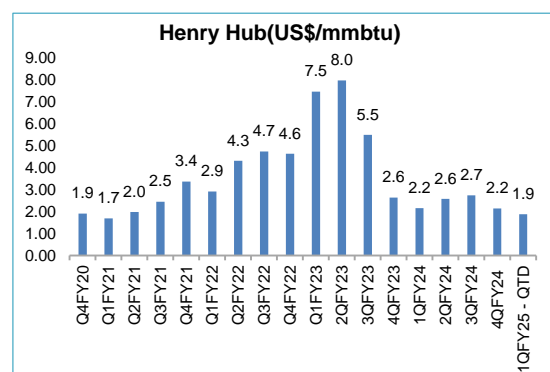
- During the group investor meeting at the NBIE Investor Conference, GAIL Ltd management was positive about volume growth in the core Gas Transmission and Gas Marketing businesses – based on visibility on gas sourcing, benign gas prices and healthy end-use demand, including gas-based power. PLNG management was sanguine about the increase in Dahej utilization to 100%+, driven by healthy growth in LNG consumption along with higher utilization of 50-60% in Kochi (once the final stretch of the linked pipeline (KKMBPL) is completed during 3QFY25-4QFY25). We maintain ACCUMULATE on both GAIL as well as PLNG post the 29%/36% rally YTD.
- GAIL also expects **compensation for high-cost LNG** used in Gas Transmission compressors. This and the ramp-up in gas pipeline utilisation from 58% **are positive for Gas Transmission segment's earnings**.
- GAIL management expects **Gas Marketing segment's EBITDA** of at least Rs45bn and has confidence in mitigating any downside to this estimate through its hedging strategy. Further, the company sees upside to this estimate.
- The company expects the **Petchem segment** to turn profitable in FY25, supported by the ramp-up to full capacity utilisation based on normal gas supply and operating leverage – these will offset polymer prices being capped at the current Rs91/kg.
- PLNG was positive about growth in Dahej and Kochi volume in FY26 post the 5mn TPA Dahej expansion and the completion of KKMBPL. These two terminals will benefit from the lower gas transmission tariff as per zone 1 tariff under the unified tariff system for LNG delivered to nearby customers.

PLNG Petchem project: PLNG CFO cited positives that will support IRR estimate of 16%. These include the lower hard cost of ~Rs160bn, earnings from import/handling of ethane & propane and the tie-up with Deepak Phenolics (Not Rated) for the sale of 0.25mn TPA of propylene. PLNG said that the project is backed by healthy Indian demand for PP and is likely to replace imports of propylene and PP. The management brushed aside concerns about international oversupply, citing the potential for healthy spreads for PP over the life of the project, based on long term historical averages. The project capex is likely to get ramped up from FY26E and will be over by FY28E.

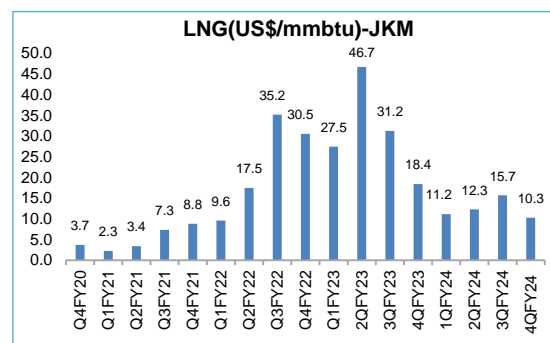
Trend in Brent and crack spreads

US\$/bbl	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	FY23	FY24
Brent	81.2	78.4	86.7	84	83.1	95.3	83.1
Dubai	80.1	77.4	83.7	83.9	81.5	92.8	82.4

Source: Bloomberg; Nirmal Bang Institutional Equities Research



Source: Bloomberg; Nirmal Bang Institutional Equities Research



Source: Bloomberg; Nirmal Bang Institutional Equities Research

Stock	FY26E EPS (Rs)	FY26E *PE(x)	FY26E *P/BV (x)	TP (Rs)	RATING
GAIL	18.24	11.2	1.7	211	ACCUMULATE
PLNG	29.55	10.2	1.9	294	ACCUMULATE
MGL	151.91	9.0	1.8	1,536	BUY

Source: Bloomberg; Nirmal Bang Institutional Equities Research;
*PE&P/BV on CMP

Links:

[GAIL PPT](#)

[NBIE conference KTA from MGL meetings](#)

Please refer to the disclaimer towards the end of the document.

GAIL: Rating ACCUMULATE; CMP - Rs208; TP - Rs211

- **We maintain ACCUMULATE on GAIL** due to the muted risk/reward as the stock's near 100% YoY rally has priced in visible catalysts.
- We remain constructive about the long-term outlook for the core gas business, underpinned by healthy gas demand growth infrastructure expansion and policy support. GAIL as a market leader will be a key beneficiary.

Positives: We expect healthy growth in Gas Transmission and Gas Trading. Policy enablers, gas demand CAGR of 5.5-6% and visibility in gas availability/lower gas costs are added catalysts. LNG liquefaction capacity addition will cap LNG prices as per GAIL.

- GAIL's new integrated tariff offers upside in Gas Transmission earnings as the unified tariff proposal is positive for long-term volume expansion in the Indian gas market.
- Easing LNG supply and the decline in spot prices to US\$10-11/mmbtu to spur gas demand growth - positive for Gas Transmission/Gas Marketing.

FY24-FY26E CAGR

- Volume CAGR – 9.2%/6.2% in Gas Transmission/Gas Marketing.
- EPS CAGR of 16.5%.
- Valuation looks reasonable on P/BV basis (FY26E P/BV of 1.7x) vs. potential increase in future RoE - from 9.5% in FY23 to 17.5%/15.9% by FY25E/FY26E.
- SOTP-based TP of Rs211 (based on DCF value for Gas Transmission; March'26 EV/E of 7x for Gas Marketing, 5x for Petchem and 5x for LPG & HC and Other segments). The stock trades at 11.2x P/E on March'26E.

Risks:

Weak Petrochem fundamentals and the cyclical nature of LPG prices cast a shadow on Petchem and LPG & HC segments (despite the positive outlook on segment earnings estimates)

Regulatory risk

Potential volatility in gas cost/supplies.

Also, the Gas Marketing business looks to have hit an interim peak post the surge in FY24.

Exhibit 1: GAIL Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
Revenues	14,42,497	13,05,731	11,99,373	11,46,137
EBITDA	66,989	1,33,044	1,73,831	1,82,486
Net Profit Adj	53,015	88,365	1,18,878	1,19,922
EPS (Rs)	8.06	13.44	18.08	18.24
EPS gr (%)	-48.4	66.7	34.5	0.9
EBITDA Margin (%)	4.6	10.2	14.5	15.9
EV/EBITDA	23.4	11.8	8.9	8.5
P/E	25.8	15.5	11.3	11.2
P/BV	2.46	2.14	1.88	1.71
FCF yield/EV %	-2.4	2.5	5.3	4.6
Dividend Yield (%)	1.92	2.64	3.12	3.60
Post-tax RoCE (%)	4.3	8.6	10.8	10.2
RoE (%)	9.5	14.7	17.5	15.9

Source: Company, Nirmal Bang Institutional Equities Research; CMP as of June 6, 2024

PLNG: ACCUMULATE; CMP – Rs302; TP - Rs294

- **We maintain ACCUMULATE on PLNG** due to the muted risk/reward as the stock's 35% YoY rally has priced in visible catalysts. *Our TP is after reducing 20% from the core DCF value for risks related to market, execution and policy.*

Positives

- Long term CAGR of 5.5-6% in Indian gas demand; this will support growth in LNG imports once the ramp-up in KG D6 and KG 98/3 gas production is absorbed.
- Low cost Dahej expansion by 5mn TPA at a 10th of the cost of a new LNG import and regas terminal is likely to support increase in Dahej volume growth from 6.2% in FY25E to 12.2% in FY26E - implies FY24-FY26E Dahej volume CAGR of 9.1%.
- Kochi ramp-up to 40% utilisation by FY26E from 23% in FY24 and up to 55-60% by FY28E/FY29E implies FY24-FY26E Kochi volume CAGR of 32%.
- Blended volume CAGR of 10.6% during FY24-FY26E and 5.2% during FY24-FY31E.

Risks: Concern about capital allocation and competition from new LNG Regas terminals. The large capex on Petchem could hit the market when there is excess supply, although demand growth for Propylene & PP may not be a problem. A spike in LNG prices due to excess demand or supply disruption could temper growth in LNG imports and pose downside risk to PLNG's volume growth outlook.

Exhibit 2: PLNG – Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
Revenues	5,98,994	5,27,293	4,60,721	4,26,649
EBITDA	48,540	52,054	50,034	62,961
Consolidated Net Profit	33,258	36,524	35,338	44,296
EPS (Rs)	22.17	24.35	23.56	29.53
EPS gr (%)	-3.3	9.8	-3.2	25.3
EBITDA Margin (%)	8.1	9.9	10.9	14.8
EV/EBITDA	8.0	7.5	7.8	6.2
P/E	13.6	12.4	12.8	10.2
P/BV	3.0	2.6	2.3	2.0
FCF yield/EV %	3.4	9.5	9.8	7.5
Dividend Yield (%)	3.8	3.3	3.3	3.3
Post-tax RoCE (%)	15.8	16.0	13.9	15.0
RoE (%)	23.0	22.4	19.2	21.2

Source: Company, Nirmal Bang Institutional Equities Research; CMP as of June 6, 2024

NBIE Conference KTA - GAIL Ltd

GAIL team: S.K Sinha – CGM of F&A; Anand Khapre - GM of Marketing; Avinash Yadav – Manager (MAC)

Natural Gas transmission

- Volume in FY23 was 107mmscmd and in FY24 it was 120mmscmd. FY25 average volume is expected at 130-132mmscmd; March'25 exit rate at 135mmscmd with incremental growth from LNG imports.
- CDG, Refinery & Power sectors will contribute to volume growth.
- Laying five pipelines which are under bid pipelines while the rest are authorized ones.
- Out of 4k kms of pipelines in progress, all are bid pipelines, except KKMBPL (Kochi-Mangaluru-Bengaluru)
- Gas Transmission - CU at 58% currently.
- **LNG sourcing:** 14MMTPA in portfolio [5.8 from USA, 4.8 from Qatar, 2.85 from SEFE (erstwhile GAZPROM) and 0.43 from Australia] – to touch 15.5MMTPA by CY26 based on new LNG tie-up - 1mn TPA from Vitol and 0.5mn TPA from ADNOC UAE.

Natural Gas Marketing

- **EBITDA:** Rs35bn guidance for FY24 revised to Rs40-45bn for FY25 Vs FY24 reported number of Rs59bn
- Margin of US\$20 cents/MMBTU in each contract with 5% escalation every year – in LNG and Non-APM domestic gas + some trading margin on LNG.
- 60-70% contracts have been sold on Mark-to-Market basis.
- Gas Marketing volume stood at 98.46mmscmd in FY24. As this volume increases, incremental profit kicks in.
- Dabhol LNG terminal in Kokan LNG subsidiary (GAIL stake 93%).
- 17 LNG cargos were brought to Dhabol in FY24 vs 19 nos in FY23; to double in FY26 after breakwater work by 3QFY25.
- Regas tariff earnings of Rs200mn per cargo.
- KKMBPL capacity is 16MMSCMD - the balance pipeline work to be completed by Nov'24. Kerala and Karnataka section has been completed while the TN section is pending - entails a capex of Rs25bn - out of the total cost of Rs59bn for the entire KKMBPL project.

Petrochemicals

- 2.8 Lakh* capacity in Assam gas cracker JV with BCPL (70% stake for GAIL).
 Note: * 1lakh = 0.1mn
- Sold more than 1mn polymers in FY24.
- First two quarters of FY24 saw losses followed by a profit turnaround in 3QFY24, which continued in 4QFY24. Overall loss in FY24 stood at Rs137mn.
- GAIL expects a reasonable profit in FY25.
- Usar plant Polypropylene (PP) capacity of 0.5mn TPA (based on PDHPP). Total capex of Rs110bn (Rs110bn).

- Total Petrochemicals capacity will touch 2.75mn TPA in FY25 (including new PP capacity and the acquired PTA capacity of 1.25mn TPA under GAIL Mangalore Petrochemicals Ltd)
- Price realisation of polymers dropped to Rs93k per tonne – so, the key lever for segment earnings is input gas cost optimisation and maximization of CU – as gas cost is more than 80% of total production cost.
- Estimates Petchem sales of 1.6mn tonnes in FY26.
- On the prospects for the Petchem expansion – GAIL cited India's low per capacity consumption of just 14 kg vs the US per capita consumption of 93 kg and China's consumption of 83 kg. The world average is 39 kg per capita.
- Full production in the new plant at Usar and PTA plant is likely by FY27-end.

Exhibit 3: Quarterly analysis of Petrochemical spreads

US\$/te	4QFY24	4QFY23	YoY%	3QFY24	QoQ%	1QFY24	1QFY25 - QTD
Ethylene-Naphtha	211	167	26.1	197	6.9	222	172
HDPE-Naphtha	311	364	-14.5	318	-2.4	406	313
LLDPE-Naphtha	323	372	-13.2	316	2.2	401	334
Polypropylene-Naphtha	308	370	-16.6	301	2.4	381	319
MEG-Naphtha	-136	-173	-21.6	-166	-18.1	-107	-159
Paraxylene-Naphtha	337	328	2.7	347	-2.9	411	345

Source: Bloomberg, Nirmal Bang Institutional Equities Research

LPG & Hydrocarbons (LPG&HC)

- Total capacity of 1.4mn TPA. Produced 0.98mn tonnes in FY24, which is likely to be sustained in FY25.
- Profitability moves with change in price realisation as this segment gets 100% APM gas.

Other details

- Capex will be funded from internal accruals and a loan with D/E of 0.29.
- Loan outstanding of Rs130bn as on date (end March'24 gross debt stood at Rs163bn as per result filing).

NBIE Conference KTA: Petronet LNG Ltd

PLNG team: V.K. Mishra - Director (Finance); Mr Debabrata Satpathy - General Manager (F&A)

Dahej

- CU at 110-115% vs 97% in 4QFY24 and increasing due to rise in gas consumption in the Power segment.
- Dahej 5mn TPA expansion to be completed by end-FY25 at a low capex of Rs5.7bn compared to the investment of at least Rs50bn required for a 5mn tpa greenfield LNG terminal, according to the company.
- 17.5MMTPA already touched and the same is likely to increase.

East Coast LNG terminal at Gopalpur

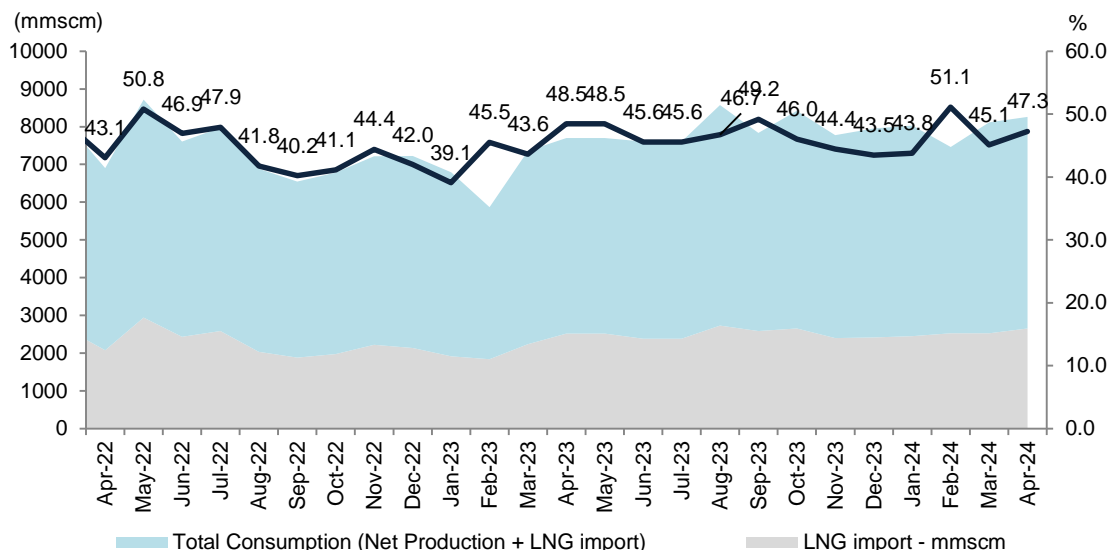
- PLNG is seeking additional land of 80 acres from the Odisha government. Once this additional land is granted, the land available will increase to 100 acres, which is required if PLNG decides in favour of a land-based terminal instead of the current project based on FSRU (floating storage regas unit).
- The capex approved for FSRU is Rs23bn. For land-based terminal, the project cost is likely to be higher at Rs50-55bn.
- The East Coast LNG terminal project is awaiting above land allotment, board approval and DFR. PLNG revealed that it is most likely to choose the land based terminal due to the tight market for FSRUs.

Past Use or Pay claims

- Trade receivables – Outstanding of Rs18.32bn towards Use or Pay (UoP) claims booked by PLNG as dues from off-takers for the shortfall in the LNG cargoes imported by them in CY21, CY22 and CY23. PLNG has made provision of Rs897.5mn in FY23 and another Rs2.68bn in FY24 against the above receivables, which has increased the cumulative provision to Rs3.58bn as of March'24 (29% of the UoP receivables for CY21/CY22).
- PLNG has received a bank guarantee of Rs13bn from the defaulting off-takers.

The default in bringing contracted number of LNG cargoes against UoP in CY21 has **to be settled by Dec'24 by bringing extra cargoes for the value of the claim** as per the terms of settlement for the above claim agreed between PLNG and off-takers. **If off-takers do not bring the above extra cargoes** in addition to their obligation as per the offtake agreement, **then PLNG will encash the bank guarantee to the extent of shortfall in extra cargoes**. And, the same process will apply to dues pertaining to CY22 - to be settled by end- CY25. **Hence, the company believes it is protected against any default on its receivables on the above UOP claims.**

Exhibit 4: India LNG import trend chart



Source: PPAC, Nirmal Bang Institutional Equities Research

Petrochemicals project

- To diversify into downstream operations.
- PDHPP plant, 750KTPA propylene plant and 500KTPA PP plant.
- In talks with OPAL to supply imported ethane as the C2C3 content (required as feed for OPAL's ethylene cracker) in imported LNG is also likely to decline.
- **Building ethane tank of 1-2mn tonne capacity for supply to OPAL - the third jetty project underway will enhance LNG handling capacity besides enabling import of ethane and propane.**
- Sale of 250 KTPA of propylene already tied up with Deepak Phenolix.
- By 2035, India will have demand of 15mn TPA of PP.
- India's capacity of 9mn is likely to touch 10mn.
- Capex to start in FY25 at ~Rs15bn to Rs20bn and then ramp up over FY26 -FY28; will utilize cold energy, which is being utilized and released in LNG plant for ethane and propane handling.
- Capex of ~Rs200bn. But, this includes hard cost expected at Rs160bn and the rest is soft cost, including interest during construction.
- The management is banking on saving soft cost and it is working on bank financing based on the hard cost estimate for now - with Debt/Equity of 70/30.
- Debt of Rs80-90bn – will start drawing down debt as the capex ramps up.
- **Spread in US\$/tonne:**
Propane to propylene – 300; Propane to polypropylene – 500.
- Tariff on ethane is close to Dahej tariff and will add to profitability.
- Expects equity IRR of at least 16%.
- **The project will earn spreads on: (a) 500KTPA of PP (b) 250KTPA propylene and (c) tariff on handling propane & ethane imports and storage. PLNG expects half the EBITDA of the project to be generated by streams (b) and (c).**
- The entire project is to be completed in four years.

Other points

- LNG import contract that PLNG had with Qatar Gas is renewed till 2048.
- Dividend payment is likely to continue at the current payout.
- OCF to be strong with annual estimate of Rs40bn, as per management.
- Capex guidance for FY25 is at Rs15bn to Rs20bn.
- **The Dahej, Kochi and Goplapur terminals will see healthy demand for LNG from these locations from nearby customers. This is because the gas transmission tariff in these nearby markets will be as per zone 1 tariff under the PNGRB's unified tariff, which is the lowest vs the graded increase in tariff in zones farther away from gas source.**

Exhibit 5: Trend in Indian gas demand

Segment	Vol. (mmscmd)		Growth YoY	Vol. (mmscmd)		Growth YoY	Vol. (mmscmd)		Growth YoY	mmscmd	Growth YoY
	FY22	FY23	(%)	4QFY23	4QFY24	(%)	Apr'23	Apr'24	(%)	FY24	(%)
Fertilizer	49.5	54.5	7.3	54.8	57.7	5.2	53.7	54.6	1.7	57.5	5.5
Power	24.9	20.7	-8.7	21.1	23.5	11.3	24.4	31.5	28.9	24.7	19.2
Citygas	33.3	33.4	-0.8	33.9	38.9	14.7	34.7	40.2	16.0	37.0	10.7
Refinery	14.3	10.6	-26.4	10.0	18.4	84.9	11.2	20.9	86.6	15.9	50.0
Petchem	7.2	5.0	-29.0	6.4	7.3	14.6	8.5	3.9	-54.3	7.3	45.6
Other+ losses	33.8	33.4	7.7	34.7	49.6	42.7	34.9	46.3	32.6	45.5	36.3
Total	162.9	157.6	-1.4	160.9	195.4	21.4	167.4	197.3	17.9	187.9	19.2

Source: PPAC, Nirmal Bang Institutional Equities Research

Exhibit 6: NBIE Gas sector peer group valuation

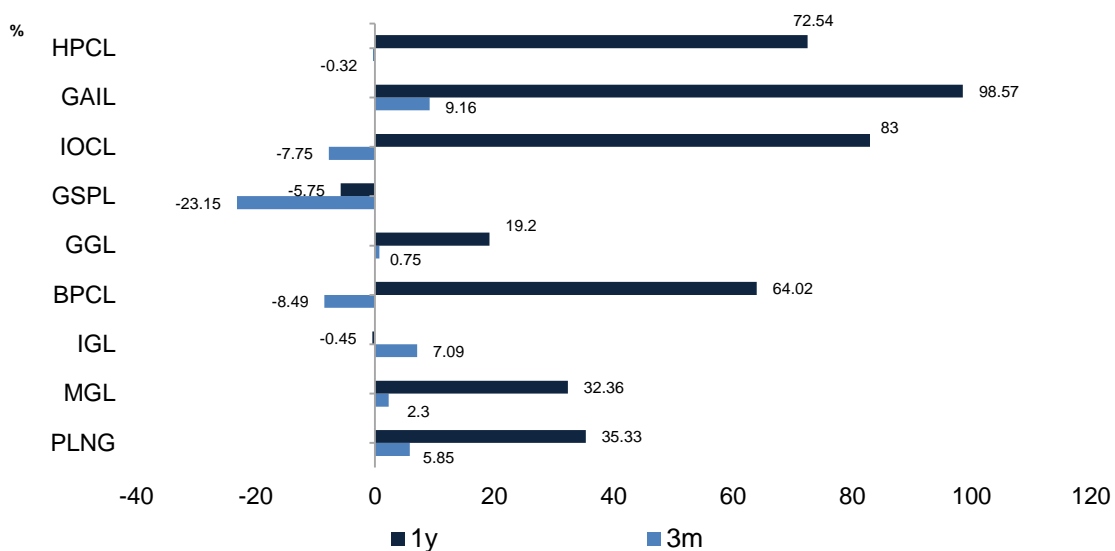
	CMP	Mkt cap	TP	Rating	Revenue (Rsmn)			EPS (Rs.)			PE (x)		
Company	(Rs)	(US\$mn)			FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
GAIL	208	16432	211	Accumulate	1305731	1199373	1146137	13.44	18.08	18.24	15.5	11.5	11.4
PLNG	302	5443	294	Accumulate	527293	460721	426649	24.35	23.56	29.53	12.4	12.8	10.2
GGL	571	4723	554	Accumulate	156902	158338	155364	15.81	19.92	24.50	36.1	28.7	23.3
IGL	461	3877	488	Accumulate	140000	145348	155139	28.36	35.64	38.09	16.3	12.9	12.1
MGL	1360	1614	1536	Buy	62445	69055	73358	130.50	140.55	151.91	10.4	9.7	9.0
GSPL	278	1885	-	Under Review	20315	13071	23210	22.78	12.09	25.17	12.2	23.0	11.0
Average					368781	340984	329976	39.21	41.64	47.91	17.1	16.4	12.8

Source: Company; Nirmal Bang Institutional Equities Research

	FY24-FY26E CAGR %			P/B (x)			RoCE %			RoE %		
Company	Revenue	EBITDA	PAT	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
GAIL	-6.3	17.1	16.5	2.1	1.9	1.7	8.6	10.8	10.2	14.7	17.5	15.9
PLNG	-10.0	10.0	10.1	2.6	2.3	2.0	16.0	13.9	15.0	22.4	19.2	21.2
GGL	-0.5	17.1	24.5	5.2	4.8	4.2	12.5	14.0	15.2	14.5	16.6	18.2
IGL	5.3	18.1	15.9	3.3	2.9	2.6	15.7	17.5	16.4	22.6	24.1	22.8
MGL	8.4	8.1	7.9	2.6	2.2	1.8	23.3	20.9	19.0	27.8	24.5	22.2
GSPL	6.9	6.9	5.1	1.5	1.5	1.3	9.9	3.7	9.4	13.1	6.4	12.1
Average	-5.4	14.6	14.3	2.9	2.6	2.3	14.3	13.5	14.2	19.2	18.0	18.7

Source: Company; Nirmal Bang Institutional Equities Research

Exhibit 7: NBIE O&G Universe Stock Price Performance



Source: Bloomberg; Nirmal Bang Institutional Equities Research

Standalone Financials: GAIL

Exhibit 8: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Revenue	9,16,265	14,42,497	13,05,731	11,99,373	11,46,137
y/y	61.51	57.43	-9.48	-8.15	-4.44
Raw Material Expenses	7,07,822	12,88,759	10,70,402	9,03,708	8,33,764
RM/Sales %	77.3	89.3	82.0	75.3	72.7
Employee cost	17,062	17,738	20,861	21,238	23,347
Other expenses	53,091	69,011	81,424	1,00,597	1,06,541
EBITDA	1,38,290	66,989	1,33,044	1,73,831	1,82,486
y/y	114.57	-51.56	98.60	30.66	4.98
Depreciation	21,112	24,881	33,308	35,094	45,061
EBIT	1,17,179	42,109	99,736	1,38,736	1,37,425
Interest Expense	1,744	3,117	6,972	8,573	8,397
Other Income	20,469	26,847	22,782	25,282	27,782
PBT (adjusted)	1,35,903	65,838	1,15,546	1,55,445	1,56,810
Income Tax Expense	32,263	12,823	27,181	36,567	36,888
PAT	1,03,640	53,015	88,365	1,18,878	1,19,922
EPS (Rs)	15.63	8.06	13.44	18.08	18.24
y/y	111.93	-48.40	66.68	34.53	0.88

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Balance sheet

Y/E March (Rsmn): Consolidated	FY22	FY23	FY24	FY25E	FY26E
Total Share Capital	44,404	65,751	65,751	65,751	65,751
Reserves and Surplus	5,11,464	4,90,786	5,76,043	6,52,183	7,22,792
Net worth	5,55,868	5,56,537	6,41,794	7,17,934	7,88,543
Long Term Borrowings	48,301	78,371	1,15,648	1,05,607	70,567
Grant for JHBDPL	46,760	45,416	43,875	43,875	43,875
Gas pool money	5,819	5,819	5,819	5,819	5,819
Provisions	6,664	7,993	9,337	9,337	9,337
Other long term liab	64,278	63,486	76,768	76,768	76,768
Short Term Borrowings	4,000	45,020	48,483	47,020	49,020
Short term provisions	8,439	8,934	10,652	14,555	14,013
Trade Payables	54,660	72,992	67,189	65,719	62,802
Deposits - Retention money/	12,218	13,895	13,895	13,895	13,895
Other current liabilities	56,400	62,854	61,826	67,695	67,378
Total Capital And Liabilities	8,63,405	9,61,316	10,95,285	11,68,224	12,02,017
Total Asset plus WIP	5,28,523	5,79,698	6,48,185	6,97,598	7,57,037
Non-Current Investments	1,21,209	1,27,888	1,75,139	1,87,139	1,97,139
Long term loans & advances	31,297	33,171	53,130	53,130	53,130
Other Non-Current Assets	33,688	33,026	33,551	33,551	33,551
Current Investments	-	-	-	-	-
Inventories	30,152	52,813	52,911	49,289	37,681
Trade Receivables	73,164	1,03,663	96,091	91,741	87,669
Cash&Cash Equivalents	13,676	1,738	5,886	25,383	5,417
Bank balances	7,174	2,282	1,147	1,147	1,147
Short term loans & advances	991	677	886	886	886
Other Current Assets	23,531	26,361	28,360	28,360	28,360
Total Assets	8,63,405	9,61,315	10,95,285	11,68,224	12,02,017

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Cash flow

Y/E March (Rsmn): Consolidated	FY22	FY23	FY24	FY25E	FY26E
PBT	1,35,903	65,838	1,15,546	1,55,445	1,56,810
Add depreciation	21,112	24,881	33,308	35,094	45,061
Other expenses	(5,768)	(16,529)	(7,061)	(16,709)	(19,385)
Change in W/C-inc/(dec)	29,737	30,932	(5,548)	(16,274)	(11,904)
Income tax	31,960	15,178	27,482	36,567	36,888
Cashflow from Operations (A)	89,550	28,080	1,19,859	1,53,538	1,57,503
(Capex)	(59,184)	(74,191)	(70,513)	(84,508)	(1,04,500)
Investments	13,036	8,658	(9,511)	13,282	17,782
Free Cash Flow	43,402	(37,453)	39,835	82,312	70,785
Cashflow from Investing (B)	(46,148)	(65,533)	(80,024)	(71,225)	(86,718)
Increase/(Decrease) in borrowings	3,629	79,560	21,043	(11,504)	(33,040)
Other Liab.	(45,477)	(54,045)	(55,353)	(51,311)	(57,710)
Cashflow from Financing (C)	(41,849)	25,515	(34,310)	(62,815)	(90,751)
Ch in Cash and Cash equiv	1,553	(11,938)	5,525	19,497	(19,966)
opg cash	12,122	13,676	1,738	5,886	25,383
closing cash	13,676	1,738	7,263	25,383	5,417

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Key ratios

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Profitability & return ratios					
EBITDA margin (%)	15.1	4.6	10.2	14.5	15.9
EBIT margin (%)	12.8	2.9	7.6	11.6	12.0
Net profit margin (%)	11.3	3.7	6.8	9.9	10.5
RoE (%)	20.3	9.5	14.7	17.5	15.9
Post-tax RoCE (%)	12.8	4.3	8.6	10.8	10.2
RoIC (%)	18.4	5.9	11.5	14.2	12.5
Working capital ratios					
Receivables (days)	21.3	22.4	27.9	27.9	27.9
Inventory (days)	11.2	10.5	14.8	15.0	12.0
Payables (days)	19.5	16.2	19.6	20.0	20.0
Cash conversion cycle	13.0	16.7	23.1	22.9	19.9
Leverage ratios					
Net debt (Rsmn)	67,379	1,65,181	1,98,107	1,67,106	1,54,031
Net Debt (cash)/Equity (X)	0.12	0.30	0.31	0.23	0.20
Net Debt/EBITDA	0.49	2.47	1.49	0.96	0.84
Valuation ratios					
EV/sales (x)	1.71	1.09	1.20	1.29	1.35
EV/EBITDA (x)	11.34	23.41	11.79	8.89	8.47
EV/FCF	36.14	-41.88	40.78	18.78	21.84
P/E (x)	13.34	25.85	15.51	11.34	11.24
P/BV (x)	2.49	2.46	2.14	1.88	1.71
FCF Yield (%)	2.77	-2.39	2.45	5.32	4.58
Dividend Yield (%)	3.18	1.92	2.64	3.12	3.60
Per share ratios					
EPS	15.63	8.06	13.44	18.08	18.24
Cash EPS	18.20	10.76	16.61	21.31	21.79
BVPS	83.81	84.64	97.61	109.19	119.93
DPS	6.63	4.00	5.50	6.50	7.50

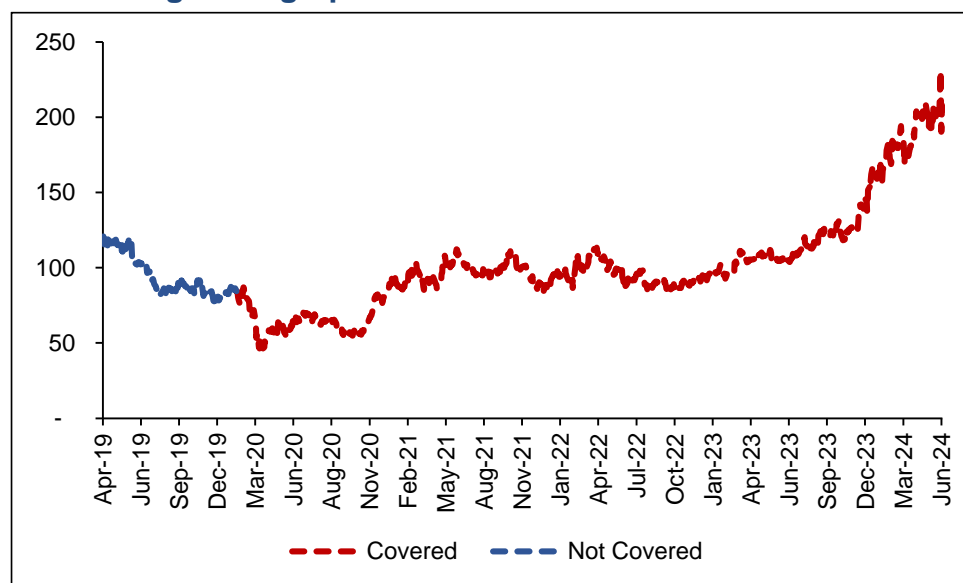
Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price	Target price (Rs)
28 th January 2020	Buy	127	156
11 th February 2020	Buy	122	156
31 st March 2020	Buy	70	133
26 th June 2020	Buy	103	149
13 th August 2020	Buy	97	120
23 rd September 2020	Buy	84	112
11 th November 2020	Buy	90	112
5 th December 2020	Buy	120	140
9 th January 2021	Buy	133	159
11 th February 2021	Buy	136	164
11 th June 2021	Acc	164	183
6 th August 2021	Buy	143	188
23 rd September 2021	Buy	150	191
30 th October 2021	Buy	149	178
4 th February 2022	Buy	147	189
31 st May 2022	Buy	144	168
5 th August 2022	Buy	140	186
15 th September 2022*	Buy	92	122
5 th November 2022	Acc	89	90
31 st January 2023	Acc	95	101
25 th March 2023	Buy	106	126
21 st May 2023	Buy	105	126
1 st August 2023	Buy	119	139
16 th October 2023	Buy	128	147
1 st November 2023	Buy	120	151
30 th January 2024	Acc	172	171
14 th March 2024	Acc	176	170
19 th May 2024	Acc	209	211
7 th June 2024	Acc	208	211

Note: *GAIL prices adjusted post bonus in this note

GAIL rating track graph



Consolidated Financials: PLNG

Exhibit 12: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Revenue	4,31,686	5,98,994	5,27,293	4,60,721	4,26,649
y/y	65.89	38.76	-11.97	-12.63	-7.40
Raw Material Expenses	3,70,775	5,39,524	4,64,641	4,01,763	3,54,092
RM/Sales %	85.9	90.1	88.1	87.2	83.0
Employee cost	1,779	1,691	1,935	2,031	2,153
Other expenses	6,645	9,239	8,663	6,892	7,443
EBITDA	52,487	48,540	52,054	50,034	62,961
y/y	11.69	-7.52	7.24	-3.88	25.84
Depreciation	7,685	7,644	7,766	8,276	8,533
EBIT	44,802	40,897	44,288	41,758	54,428
Interest Expense	3,173	3,306	2,896	2,336	2,114
Other Income	2,977	5,231	6,085	6,459	5,624
PBT (adjusted)	44,606	42,821	47,477	45,881	57,939
Income Tax Expense	11,212	10,944	12,207	11,797	14,897
Associates inc/loss(+/-)	986	1,380	1,254	1,254	1,254
Cons. Net Profit Adj	34,381	33,258	36,524	35,338	44,296
EPS (Rs)	22.92	22.17	24.35	23.56	29.53
y/y	16.97	-3.27	9.82	-3.25	25.35

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Balance sheet

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	15,000	15,000	15,000	15,000	15,000
Reserves and Surplus	1,21,681	1,37,646	1,59,101	1,79,439	2,08,735
Networth	1,36,681	1,52,646	1,74,101	1,94,439	2,23,735
Long Term Borrowings	-	-	-	-	50,000
Other long term liab	41,248	38,849	33,382	30,915	28,683
Deferred Tax Liabilities [Net]	8,321	7,026	6,165	6,165	6,165
Trade Payables	15,268	16,444	28,650	16,264	14,315
Other Financial Liab	4,986	4,000	4,955	5,449	4,072
Current Maturity of Long-term Loans	230	-	-	-	-
Other current liabilities	6,884	8,561	7,977	8,521	7,274
Total Capital and Liabilities	2,13,618	2,27,525	2,55,230	2,61,754	3,34,245
Net Asset	68,496	64,541	61,541	69,079	69,562
Capital Work-In-Progress	1,926	11,259	15,524	22,536	88,836
Investments in Joint Venture	4,101	4,986	6,167	6,167	6,167
Other Non-current assets	51,941	28,269	43,058	39,861	36,546
Current Investments	8,758	8,697	-	-	-
Inventories	5,767	11,531	14,654	7,553	7,066
Trade Receivables	26,844	38,397	36,261	18,934	17,534
Cash And Equivalents	10,538	627	17,234	36,832	97,742
Bank balance	32,724	56,231	56,908	56,908	6,908
Other financial assets	1,855	2,527	3,267	3,267	3,267
Other Current Assets	666	460	617	617	617
Total Assets	2,13,618	2,27,525	2,55,230	2,61,754	3,34,245

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Cash flow

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
PBT	45,593	42,822	47,477	45,881	57,939
Add depreciation	7,685	7,644	7,766	8,276	8,533
Other expenses	788	3,048	-64	-4,123	-3,511
Change in W/C-inc/(dec)	6,638	15,943	-5,906	-13,081	2,686
Opg cashflow after W/C change	47,428	37,571	61,085	63,115	60,275
Income tax	12,642	12,385	12,374	11,797	14,897
Cashflow from Operations (A)	34,786	25,185	48,711	51,318	45,378
Capex	-723	-10,577	-8,408	-19,512	-72,000
Ch in Equity Accounted Investees	-	-	-	-	-
Ch in Investments	5,621	429	9,223	-	50,000
Net movement in fixed deposits	-17,617	-4,220	-16,483	-	-
Other Income	2,088	2,952	5,108	7,713	6,879
Free Cash Flow	24,155	13,768	38,152	39,519	30,256
Cashflow from Investing (B)	-10,631	-11,417	-10,560	-11,799	-15,121
Increase/(Decrease) in long term borrowings	-414	-230	-	-	50,000
Ch in Current Maturity	-	-	-	-	-
Ch in lease liability	-5,857	-5,947	-6,429	-2,467	-2,232
Dividends (including tax) paid	-15,750	-17,250	-15,000	-15,000	-15,000
Interest expense	-88	-253	-116	-2,336	-2,114
Cashflow from Financing (C)	-22,109	-23,680	-21,545	-19,921	30,654
Ch in Cash and Cash equi	2,046	-9,911	16,607	19,598	60,910
closing cash	10,538	627	17,234	36,832	97,742

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Key Ratios

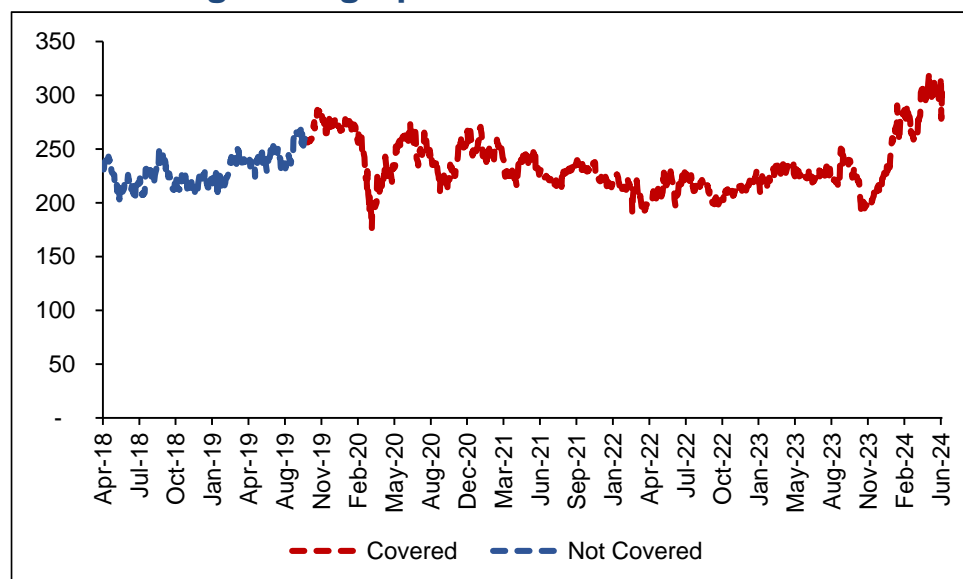
Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Profitability & return ratios					
EBITDA margin (%)	12.2	8.1	9.9	10.9	14.8
EBIT margin (%)	10.4	6.8	8.4	9.1	12.8
Net profit margin (%)	8.0	5.6	6.9	7.7	10.4
RoE (%)	27.0	23.0	22.4	19.2	21.2
RoCE (%)	18.8	15.8	16.0	13.9	15.0
RoIC (%)	27.4	23.9	26.8	25.9	35.1
Working capital ratios					
Receivables (days)	19.3	19.9	25.8	15.0	15.0
Inventory (days)	4	5	9	6	6
Payables (days)	11	10	16	13	12
Cash conversion cycle	12.3	15.5	19.3	8.1	8.8
Leverage ratios			0		
Net debt (Rsmn)	-51,790	-65,555	-74,142	-93,740	-54,651
Net Debt (cash)/Equity (X)	-0.38	-0.43	-0.43	-0.48	-0.24
Net Debt/EBITDA	-0.99	-1.35	-1.42	-1.87	-0.87
Valuation ratios					
EV/sales (x)	0.9	0.6	0.7	0.8	0.9
EV/EBITDA (x)	7.4	8.0	7.5	7.8	6.2
EV/FCF	16.1	28.2	10.2	9.8	12.8
P/E (x)	13.2	13.6	12.4	12.8	10.2
P/BV (x)	3.3	3.0	2.6	2.3	2.0
FCF Yield (%)	6.0	3.4	9.5	9.8	7.5
Dividend Yield (%)	3.5	3.8	3.3	3.3	3.3
Per share ratios					
EPS	22.92	22.17	24.35	23.56	29.53
Cash EPS	28.04	27.27	29.53	29.08	35.22
BVPS	91.12	101.76	116.07	129.63	149.16
DPS	10.50	11.50	10.00	10.00	10.00

Source: Company, Nirmal Bang Institutional Equities Research

PLNG rating track

Date	Rating	Market price (Rs)	Target price (Rs)
1 st October 2019	Buy	258	312
31 st October 2019	Buy	286	336
12 February 2020	Buy	263	334
27 March 2020	Buy	193	319
1 July 2020	Buy	258	312
19 August 2020	Buy	258	316
23 September 2020	Buy	220	325
13 November 2020	Buy	244	325
9 January 2021	Buy	268	336
12 February 2021	Buy	242	336
10 June 2021	Buy	228	339
18 August 2021	Buy	224	339
22 September 2021	Buy	232	292
11 November 2021	Buy	235	283
11 February 2022	Buy	220	256
13 May 2022	Buy	210	248
17 August 2022	Acc	218	237
15 September 2022	Buy	215	254
11 November 2022	Buy	213	271
21 January 2023	Buy	223	267
21 March 2023	Buy	235	312
6 April 2023	Buy	236	311
4 May 2023	Buy	237	325
1 August 2023	Buy	234	286
16 October 2023	Buy	231	288
31 October 2023	Buy	200	281
31 January 2024	Acc	268	297
24 May 2024	Acc	308	294
7 th June 2024	Acc	302	294

PLNG rating track graph



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