Sector Thematic

Indian Gas Sector

Looking beyond the pandemic

A sharp increase in domestic gas supply growth, from no growth over FY17–FY20 to a 12% CAGR over FY21–FY24E, and the uneven impact of COVID-19 on various gas consumers should shuffle the deck in the gas utilities sector. Coupled with global excess supply (over demand) keeping LNG prices competitive, this should benefit Indian gas utilities. We expect supply and (low) price led 9.8% CAGR in Indian natural gas demand over FY21–24E to drive earnings growth of 42-45% (FY21–FY23E) as well as stock price upside potential of over 19-27% for our top picks GAIL, GSPL, and Petronet LNG. Rising capacity utilisation should drive growth for these stocks, which currently trade at compelling valuations. On FY22E, GAIL, GSPL and PLNG are trading at a PER of 6.4-11.9x, a 17-39% discount to their five-year average. By FY22E, operating cash flows should improve by up to 21% YoY, and FCF yield should increase up to 1,020bps YoY for these three companies.

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INSTITUTIONAL RESEARCH

Indian Gas Sector

Looking beyond the pandemic

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- **Strong earnings growth, improving RoEs and FCF:** Improved asset utilisation over FY21-FY23E should drive earnings growth of 42-45% for our top picks GAIL (India) Limited (GAIL), Gujarat State Petronet Limited (GSPL) and Petronet LNG (PLNG). From FY21E to FY23E, free cash flow (FCF) should improve by INR 37bn for GAIL to INR 27bn, 2x for GSPL to INR 15bn and 4% for PLNG to INR 32bn. By FY23E, return on equity (RoE) should rise by up to 606bps (29% of FY21) against 13-132% over FY17–20.
- **Domestic gas supply to rise by 12% CAGR over FY21–24E, the highest increase since FY10**: We estimate domestic gas supply to increase by 40% or 32mmscmd over FY21–24E, similar to FY09-11. Over FY09-11, domestic gas supply increased by 59% or 53mmscmd. Over Apr-09 to Mar-10, gas transmission company stocks appreciated by 65-123% (EPS by 19-247% YoY in FY10) and city gas company stocks by 36-100% (EPS by 19-26%YoY in FY10), driven by the expected benefit of rising gas supply and demand.
- **Low price, pipeline infrastructure expansion to ensure robust gas demand**: Commissioning of long-distance gas pipelines, rising penetration of the city gas network post the 10th round of auctions in Nov-2018 and low gas price (Domestic and LNG prices are at their 10-year low) should drive 10% CAGR in Indian gas demand to 209mmscmd over FY21-24E after a decline by 1% CAGR over the past eight years (FY12–20).
- **Low prices should ensure strong domestic demand for LNG:** Low LNG price, at less than 10% of oil price in a benign oil price environment, should ensure strong domestic demand from industrial sectors (power, petrochemicals, etc.). We estimate an incremental demand of 5.3mmtpa over FY21–FY23E, a CAGR of 10%. LNG price should continue to stay on the lower side due to excess LNG liquefaction capacity (39mmtpa over CY20-22) at a time of demand reduction due to COVID-19.
- **COVID-19 impact:** After falling by 6% MoM to 130mmscmd in April 2020, gas consumption in India has bounced back 21% MoM to 157mmscmd in May 2020. Low LNG price and recovery in industrial activity have seen Industrial consumption recover from 126mmscmd in April 2020 to 151mmscmd in May 2020.

Company	Reco	TP	Upside (%)
GAIL	BUY	124	27.4
GGL	ADD	325	13.7
GSPL	BUY	252	24.6
IGL	ADD	444	10.5
MGL	ADD	1,065	7.9
OIL	REDUCE	99	2.5
ONGC	REDUCE	78	0.4
PLNG	BUY	291	19.3

FY22E	PER (x)	P/B (x)
GAIL	7.9	0.7
GGL	16.1	3.9
GSPL	6.4	1.4
IGL	21.4	3.9
MGL	14.0	2.7
OIL	4.7	0.3
ONGC	9.4	0.5
PLNG	11.9	3.1

Valuations: We value the city gas, gas transmission and LNG importing companies on DCF (WACC of 11%). We value GAIL using sum-of-the-parts with each segment being valued on EV/EBIDTA multiples

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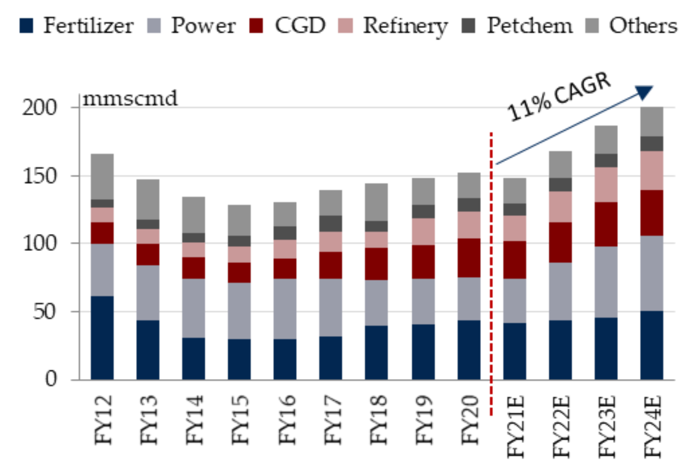
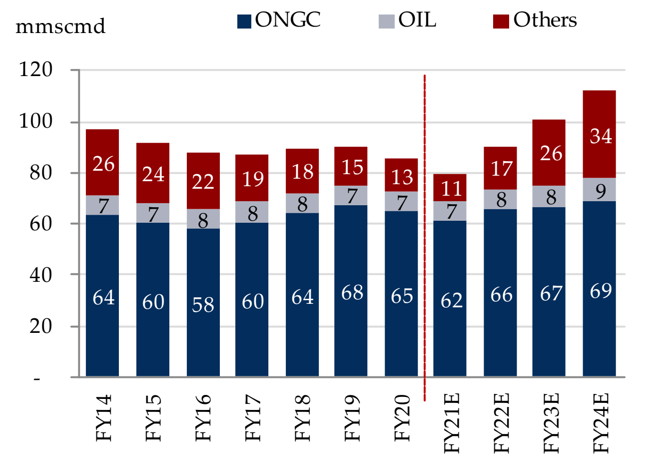
Story in charts

Exhibit 1: Gas demand to rise by 11% CAGR over FY21-24E to 201 million metric standard cubic meters per day or mmscmd



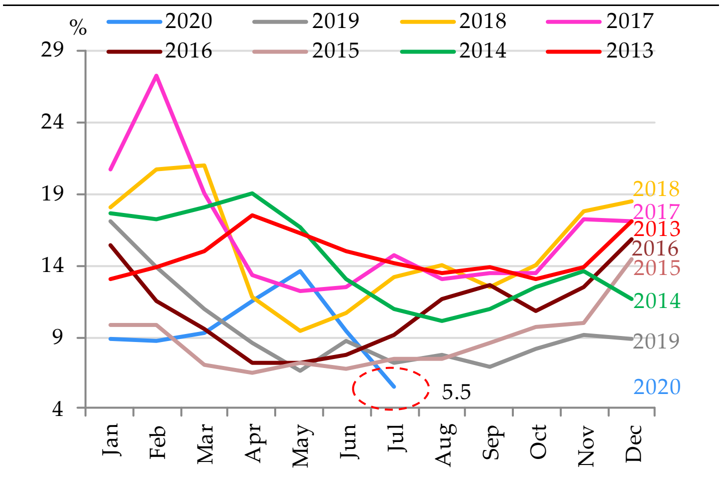
Source: Petroleum Planning & Analysis Cell (PPAC), HSIE Research

Exhibit 2: Domestic production set to rise by 12% CAGR over FY21-24 to 112mmscmd (56% of FY24 demand)



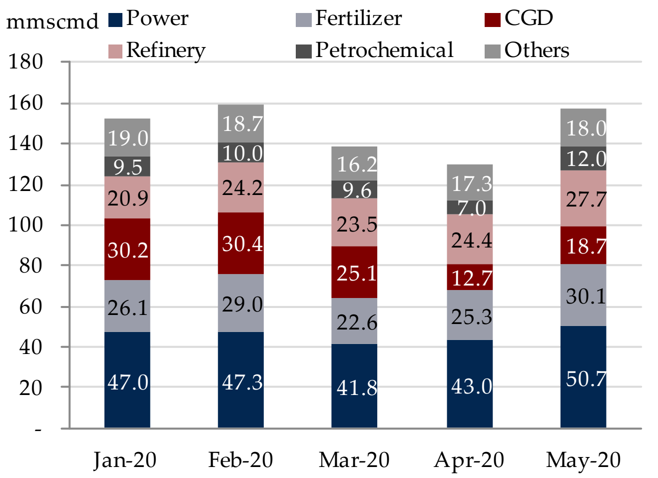
Source: Ministry of Petroleum and Natural Gas (MoPNG), HSIE Research | Others include production from private players and Joint Ventures

Exhibit 3: LNG prices are trading at the lowest slope to Brent price in this decade



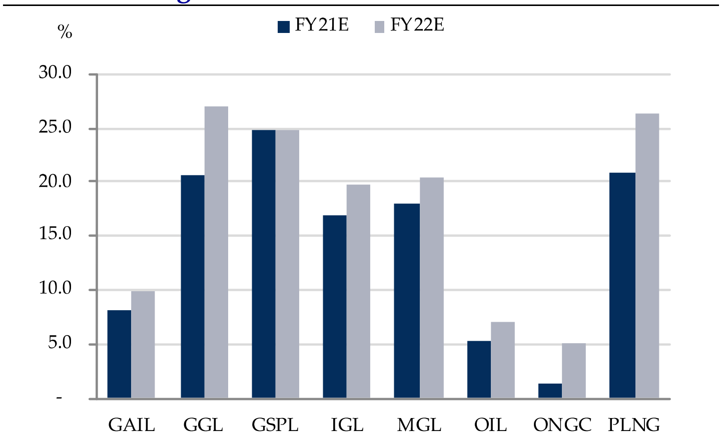
Source: Bloomberg, Various News Sources, HSIE Research

Exhibit 4: Domestic consumption has bounced back post Apr-20 lows as industrial activity improved in May-20



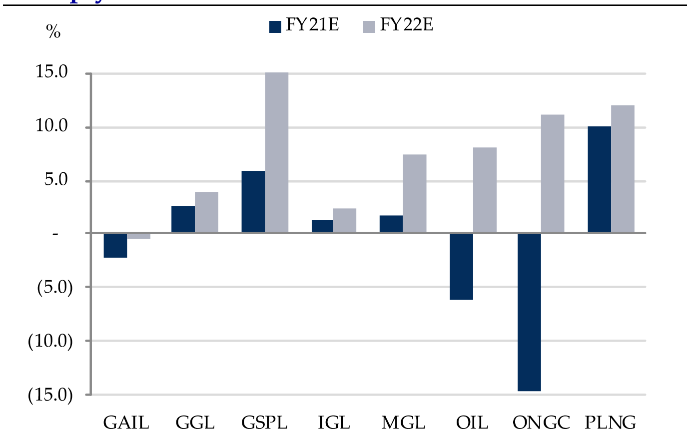
Source: Petroleum Planning & Analysis Cell, HSIE Research

Exhibit 5: RoEs to improve in FY22E across companies in our coverage universe



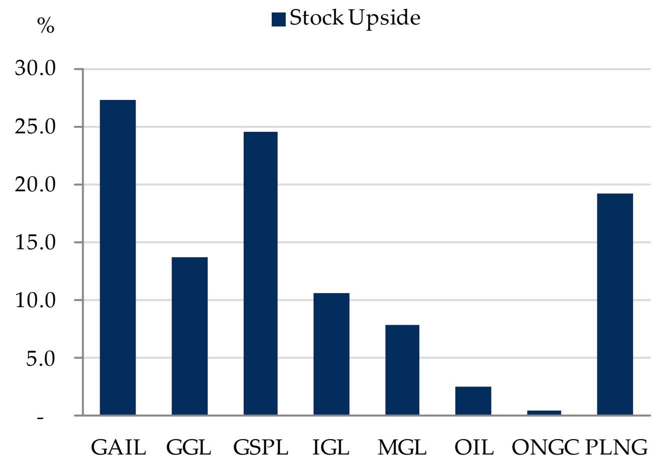
Source: Company, HSIE Research

Exhibit 6: Free cash flow yields should recover sharply in FY22E



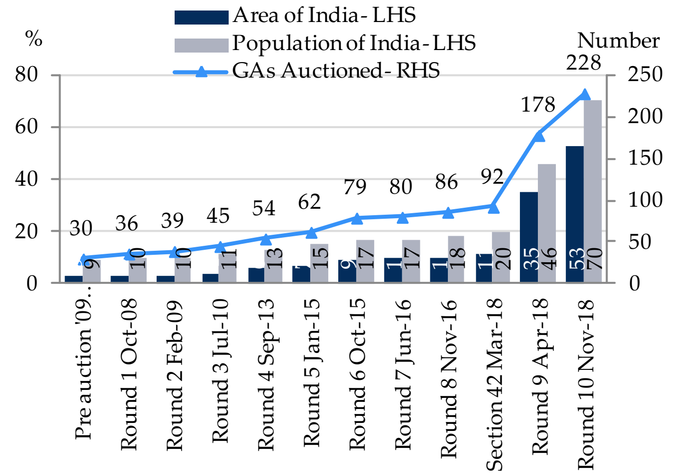
Source: Company, HSIE Research

Exhibit 7: Our top picks are GAIL (India) Limited (GAIL), Gujarat State Petronet Limited (GSPL) and Petronet LNG (PLNG)



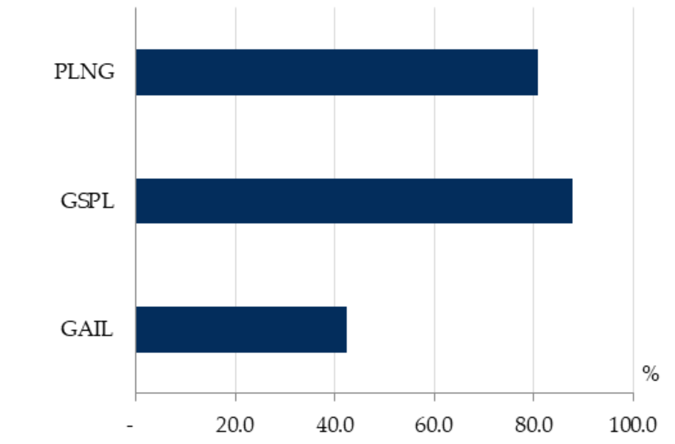
Source: Bombay Stock Exchange (BSE), HSIE Research

Exhibit 8: Recent City Gas Distribution (CGD) auction rounds have more than doubled the areas allocated



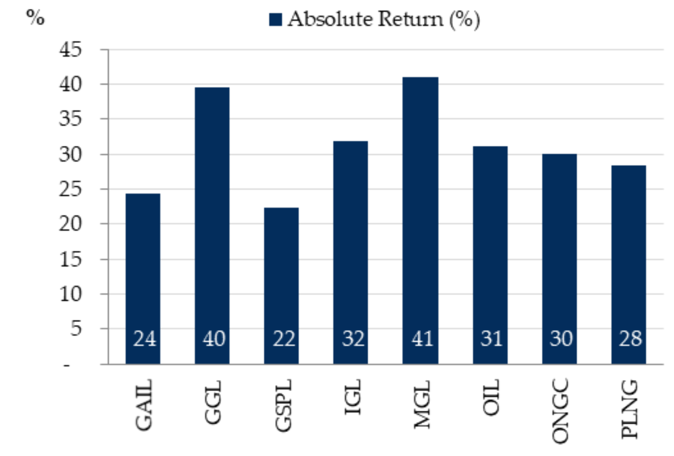
Source: Petroleum and Natural Gas Regulatory Board (PNGRB), HSIE Research

Exhibit 9: Capacity utilisation as on Mar-20



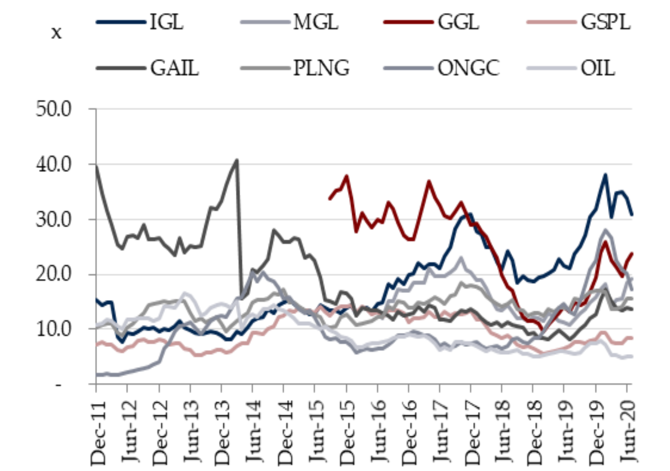
Source: Company, HSIE Research

Exhibit 10: Stock performance from 23rd Mar to 30th Jul-2020



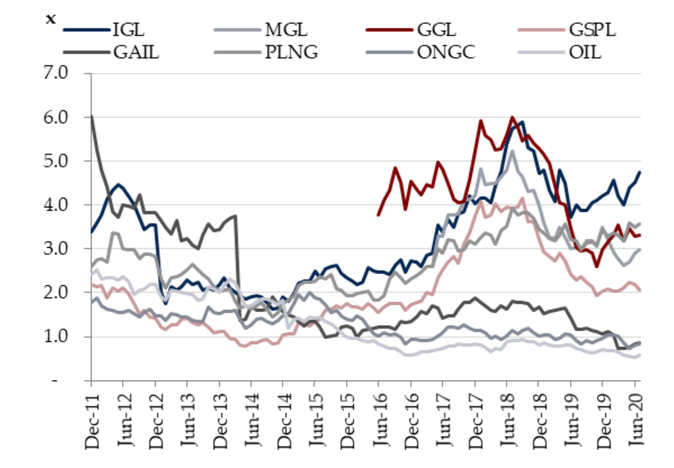
Source: BSE, HSIE Research

Exhibit 11: 1-year forward PER: Gas stocks trading off their highs



Source: BSE, Company, HSIE Research

Exhibit 12: 1-year forward P/BV



Source: BSE, Company, HSIE Research

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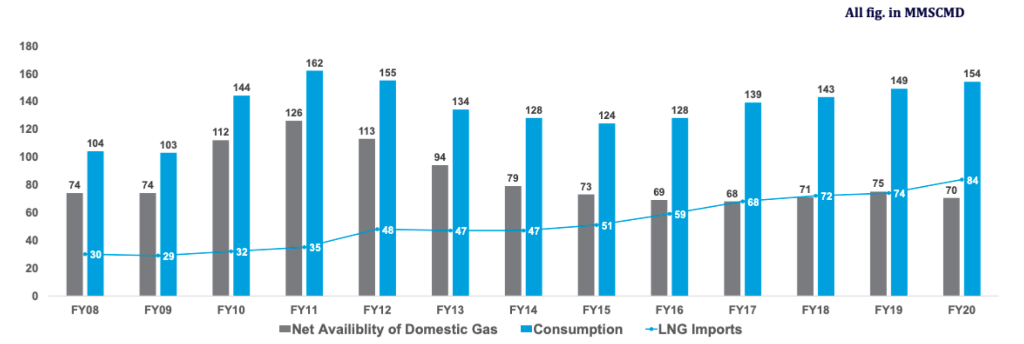
Domestic Gas production should rise for the first time in almost a decade

Domestic gas production should increase by 40% over FY21-24E

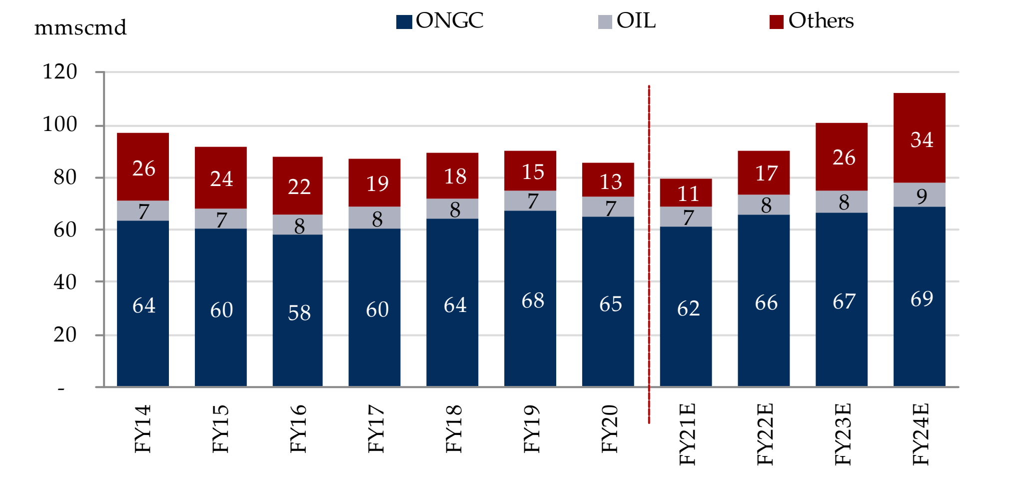
With the restart of production from Reliance Industries' (RIL) KGD6 block and commencement of Oil and Natural Gas Corporation Limited's (ONGC) KG DWN 98/2 block in KG basin off the eastern offshore over the next twelve months, we expect domestic gas production to increase from FY22 for the first time since FY11. We estimate domestic gas production to increase by 32.2 million metric standard cubic meters per day or mmscmd or 12% CAGR over FY21-24E. A substantial increase in domestic gas production, especially from eastern offshore fields, should create demand from the power sector thereby benefiting GAIL (India) Limited (GAIL).

Exhibit 13: Over the last 5 years Indian natural gas consumption has grown whereas domestic production steadily declined



Source: GAIL, HSIE Research

Exhibit 14: Domestic gas production to rise by 12% CAGR over FY21-24E by 32.2mmscmd



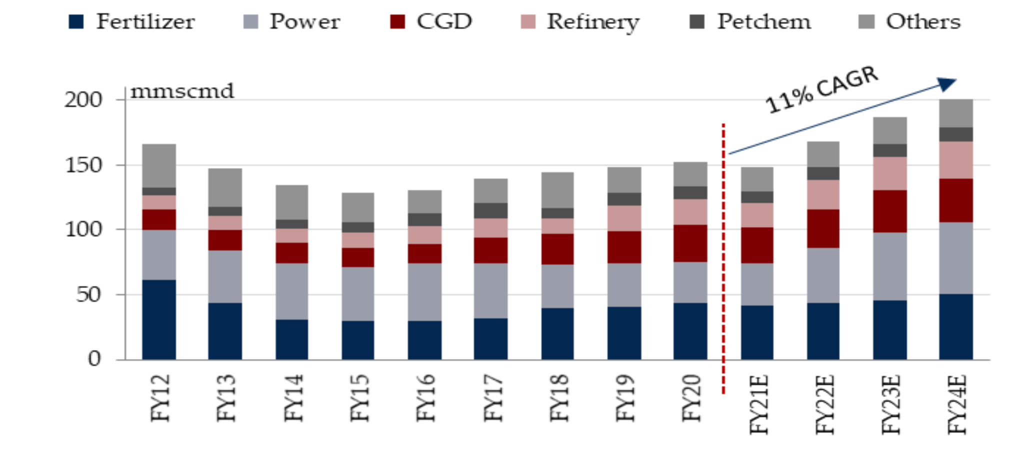
Source: Ministry of Petroleum and Natural Gas, HSIE Research | Others include private players and Joint Ventures

Low gas price, infrastructure expansion to catalyse demand

Indian gas demand to rise by 36% over FY21-24E

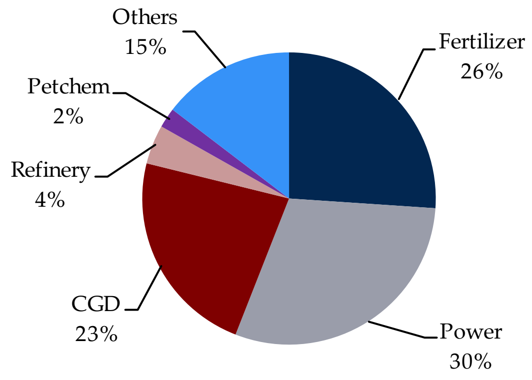
We expect gas demand in India to accelerate over FY21-24E as domestic gas supply rises – after almost a decade, pipeline penetration improves, city gas distribution network expands and gas prices (domestic and LNG) remain competitive with other liquid fuels. India's natural gas demand growth should accelerate from a -1% CAGR over FY12–20 to 10.7% CAGR over FY21-24E. Majority of the incremental gas demand should come from power, refineries, fertiliser and city gas sectors. We estimate an 8% CAGR in LNG demand over this period despite a strong 12% CAGR in domestic gas supply.

Exhibit 15: Gas demand to increase by 11% CAGR over FY21-24E



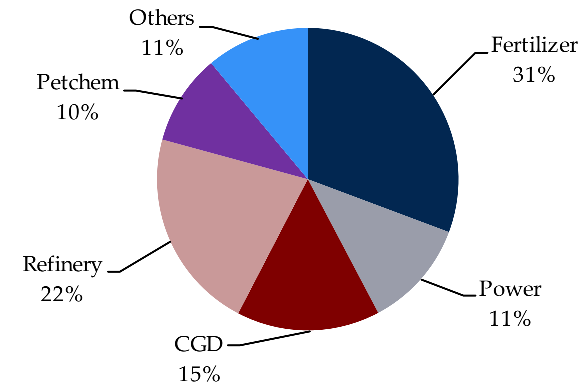
Source: Petroleum Planning & Analysis Cell, HSIE Research

Exhibit 16: Domestic demand mix in FY20 was dominated by the power sector



Source: Petroleum Planning & Analysis Cell, HSIE Research

Exhibit 17: R-LNG demand mix in FY20 was dominated by the fertiliser sector

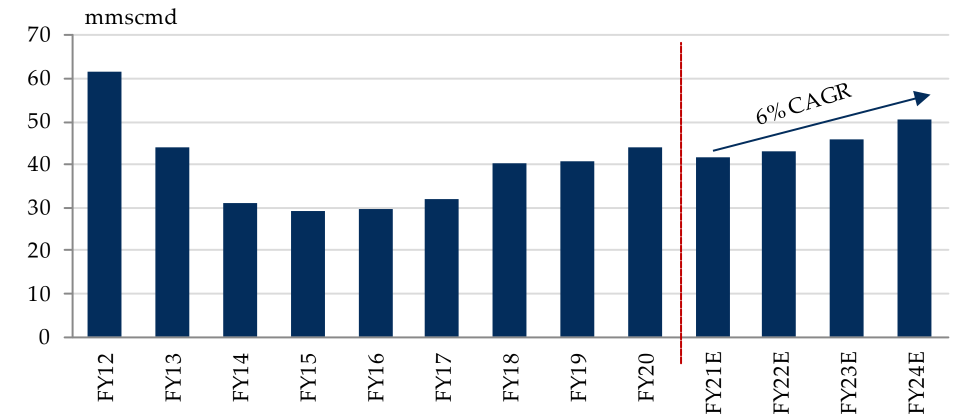


Source: Petroleum Planning & Analysis Cell, HSIE Research

Revival of closed units to drive gas demand in the fertiliser sector:

We estimate gas demand of the fertiliser sector to increase by a 6% CAGR to 50.3mmscmd over FY21-24E. At present, eight public sector fertiliser plants are closed. Of these, five plants, namely Ramagundam, Gorakhpur, Sindri, Barauni and Talcher are being revived.

Exhibit 18: Consumption by the fertiliser industry should grow by 6% CAGR over FY21-24E



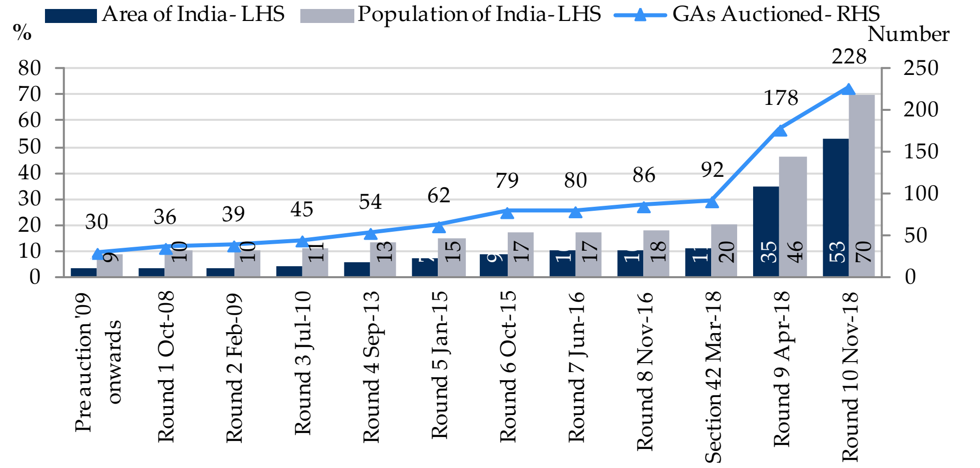
Source: Petroleum Planning & Analysis Cell, HSIE Research

City gas demand to rise by 8% over FY21-24E

With the completion of the 10th round of city gas auctions, the City Gas Distribution (CGD) sector in India is poised for robust growth. With 80 GAs allocated in the 9th round and 50 more Geographical Areas (GAs) in the 10th round, India should witness a significant investment drive in the next 4-5 years for the development of these city gas areas. This should ultimately boost gas demand of the city gas sector. Over FY21-24E, we estimate expansion in new areas and a pick-up in industrial activity that could drive incremental 25% or about 7mmscmd demand from city gas to about 34mmscmd.

The government's decision to raise excise duty on petrol by INR 13/litre and diesel by INR 16/litre in March-20 has improved Compressed Natural Gas' (CNG) competitive position against liquid fuels. Besides, falling gas price has resulted in a fall in CNG price, widening the discount as well as supporting CNG margins.

Exhibit 19: Recent CGD auction rounds have more than doubled the areas allocated



Source: Petroleum and Natural Gas Regulatory Board (PNGRB), HSIE Research

Exhibit 20: Coverage of population of India and its area

No.	CGD authorisations	Geographical Areas		% of population of India		% Area of India	
		Standalone	Cumulative	Standalone	Cumulative	Standalone	Cumulative
1	Pre PNGRB	30	30	9.3	9.3	3.0	3.0
2	Round 1 Oct-08	6	36	0.3	9.6	0.0	3.0
3	Round 2 Feb-09	3	39	0.2	9.8	0.0	3.0
4	Round 3 Jul-10	6	45	0.8	10.6	1.2	4.2
5	Round 4 Sep-13	9	54	2.3	12.9	1.3	5.5
6	Round 5 Jan-15	8	62	2.0	14.9	1.8	7.3
7	Round 6 Oct-15	17	79	2.1	17.0	2.0	9.4
8	Round 7 Jun-16	1	80	0.4	17.4	0.5	9.8
9	Round 8 Nov-16	6	86	0.9	18.3	0.6	10.4
10	Section 42 Mar-18	6	92	1.6	19.9	0.6	11.0
11	Round 9 Apr-18	86	178	26.4	46.2	23.8	34.8
12	Round 10 Nov-18	50	228	24.2	70.5	17.9	52.7

Source: Petroleum and Natural Gas Regulatory Board (PNGRB), HSIE Research

Exhibit 21: Status of CGD infrastructure in India as on Jun-19

Particulars	Numbers
Domestic connections	55,96,155
Commercial PNG connections	28,417
Industrial connections	9,024
Total PNG connections	56,33,596
CNG stations	1,758
Steel pipeline infrastructure (inch-km)	50,216
MDPE pipeline infrastructure (inch km)	1,16,158

Source: PNGRB, HSIE Research | PNG stands for Piped Natural Gas

Exhibit 22: 9th and 10th CGD bidding rounds

Particulars	9th round	10th round	Total
GAs offered	86	50	136
Bids received	406	225	631
Entities	38	25	41
Coverage			
State/union territories	22	14	23
(a) Districts	174 districts (156 full and 18 part)	124 districts (112 full and 12 part)	298 districts (268 full and 30 part)
(b) Area (%)	23.8	17.9	41.7
(c) Population (%)	26.4	24.2	50.6
Minimum Work Program			
PNG domestic connections (mn)	22	20	42
CNG stations	4,603	3,578	8,181
Steel pipeline (thousand inch-km)	116	58	174

Source: PNGRB, HSIE Research | PNG stands for Piped Natural Gas

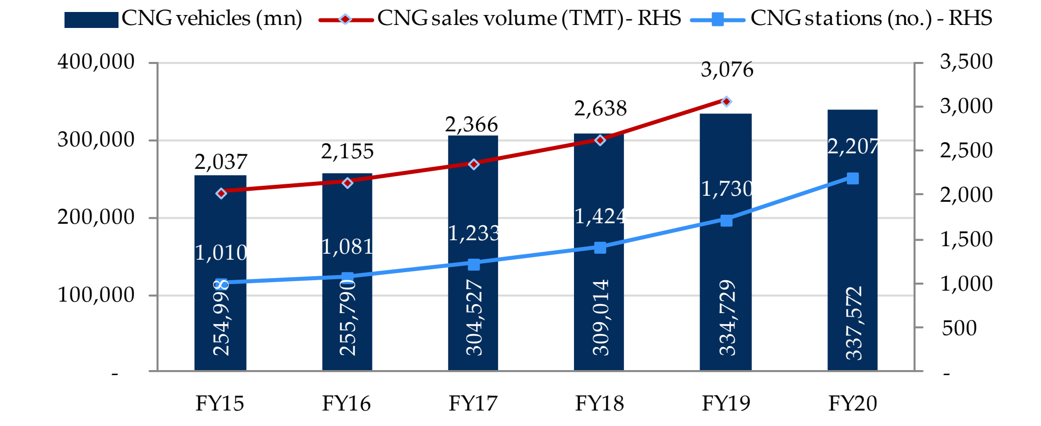
Gas allocation policy favours city gas distribution

To promote the development of City Gas Distribution (CGD) network, the government has granted priority in domestic gas allocation to domestic piped natural gas (D-PNG) and Compressed Natural gas (CNG) segments in Oct-2014. The Ministry of Petroleum and Natural Gas (MoPNG) has allowed 100% domestic gas, i.e. Administered Price Mechanism (APM) and Panna Mukti Tapti (PMT), supply for D-PNG and CNG based on the entity's previous 6- month average consumption. An additional 10% of gas is allocated to meet any fluctuations in growth and demand. Through this policy domestic gas supply has been prioritised over fertiliser and power sectors. Cheaper domestic gas makes D-PNG and CNG competitive compared to alternative fuels. Since then, CGD gas consumption has increased from 16.0mmscmd in FY14 to 28.6mmscmd in FY20.

Regulator's enthusiasm to encourage competition creates near term uncertainty

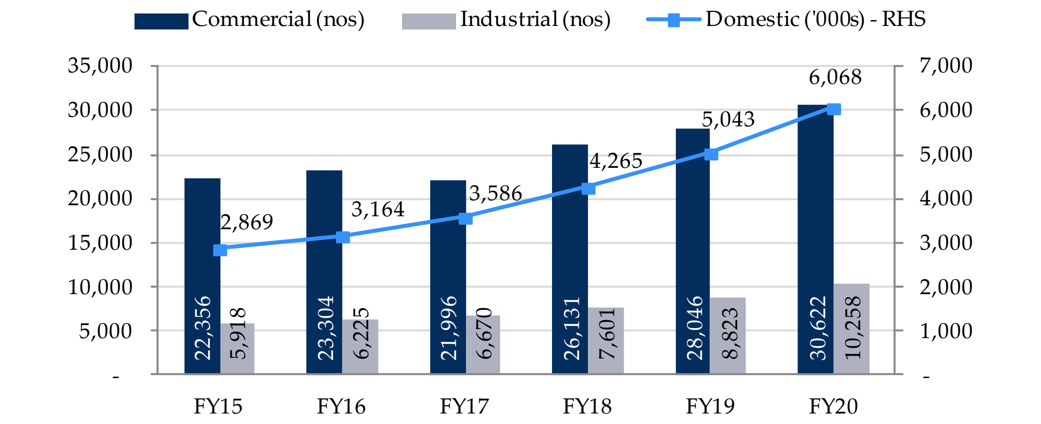
To protect the interest of consumers, Petroleum and Natural Gas Regulatory Board (PNGRB) has initiated the process of determination of transportation tariff for CGD networks where marketing exclusivity has expired. However, there is a lack of clarity on domestic gas allocation to new entrants entering established Geographical Areas (GAs). Without APM gas, it is difficult for the new entrants to compete with incumbents, particularly for their CNG and Domestic-PNG businesses. This poses a strong entry barrier for new entrants. Thus, incumbents are likely to continue to enjoy quasi-monopolistic situation.

Exhibit 23: Compressed Natural Gas has seen a steady growth



Source: MoPNG, PPAC, HSIE Research | TMT stands for thousand metric tons

Exhibit 24: Piped Natural Gas – consumers have almost doubled over the last 5 years

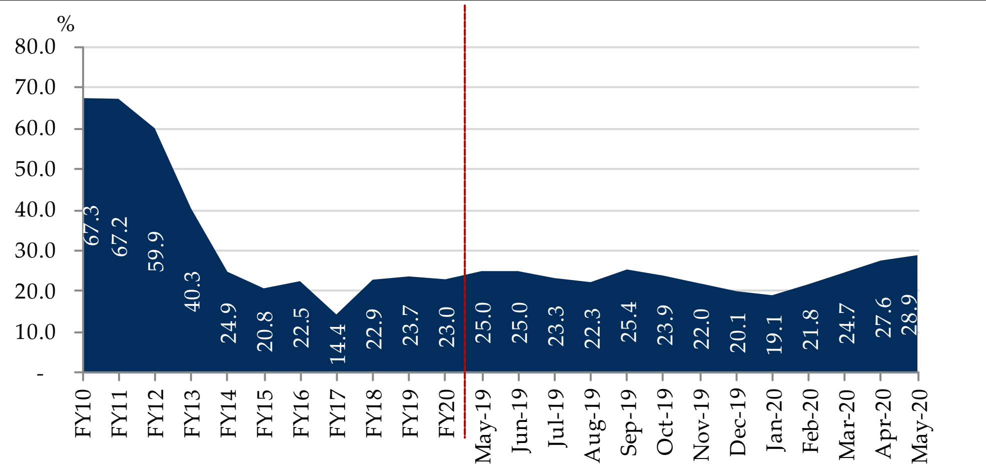


Source: MoPNG, PPAC, HSIE Research

Demand from power sector to bounce back

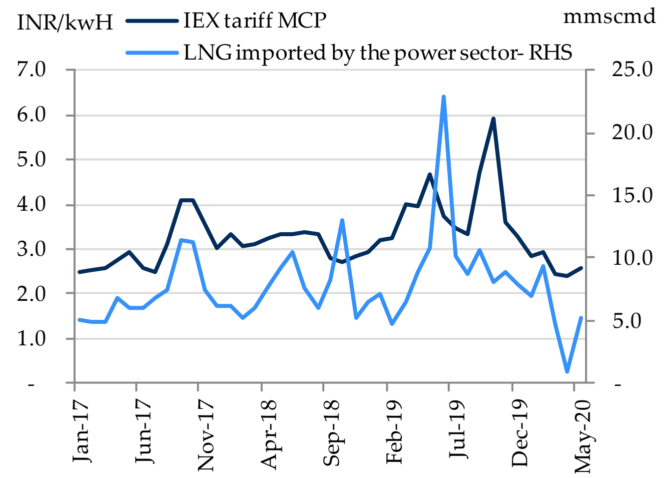
The Indian gas-based power sector is currently operating at ~29% PLF or Plant Load Factor (demand of 30.0mmscmd), up from the low of 19% (demand of 26.1mmscmd) in Jan-20. The recent spurt in utilisation is a consequence of low LNG price (below USD 2 per Metric Million British Thermal Unit or mmbtu), which has made power generation economical using LNG. In FY10, driven by availability of cheaper domestic gas from RIL's KGD6 block, gas-based power plants were operating at a 67% PLF. Given the installed gas-based power capacity of about 25GW, we estimate a latent demand of nearly 91mmscmd at 80% PLF at the right gas price. Driven by increased domestic gas production from the east coast fields and continuing low LNG price, we expect PLF for gas-based power plants to rise from 23% in FY20 to 41% by FY24. This should drive an incremental total demand of 23mmscmd in the next four years (FY21-24E).

Exhibit 25: Gas based power plants' PLF has risen in recent months



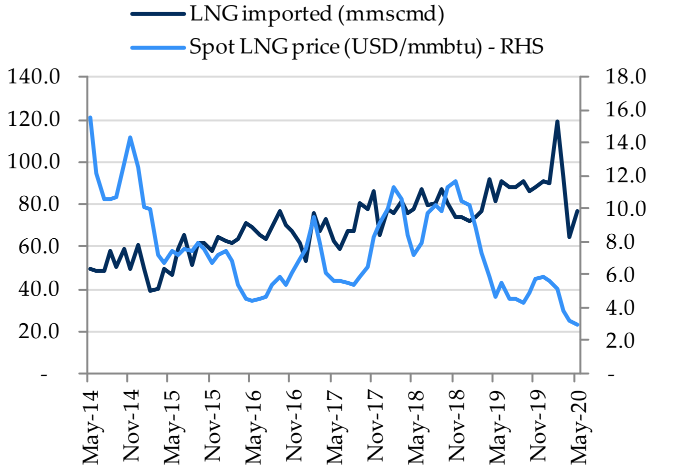
Source: Central Electricity Authority, HSIE Research

Exhibit 26: LNG consumption in power sector is positively correlated with merchant power tariff



Source: Indian Energy Exchange, PPAC, HSIE Research

Exhibit 27: LNG import have risen with fall in spot LNG price



Source: PPAC, Reuters, HSIE Research

Infrastructure growth to add new users

Gas pipeline infrastructure to expand after a long hiatus

India currently has ~17,500kms of gas pipeline predominately in western and northern India. The government has announced a national gas grid network project with an investment of INR 92bn under which ~17,000kms of gas pipelines will connect eastern and southern India to domestic gas sources and also to new LNG terminals. GAIL has been actively engaged in developing this network and working towards development of a National Gas Grid structure as a backbone for expanding the infrastructure reach across the country. Majority of the network addition should be achieved by the Jagadishpur-Haldia/Bokaro-Dhamra Pipeline (JHBDPL) at an estimated project cost of INR 129bn. GoI has already approved a 40% (INR 52bn) capital grant for this project and INR 36bn has already been disbursed by FY20. GAIL is also working to execute the Vijaipur–Auraiya–Phulpur pipeline (VAPPL) of 672km to ensure the feed of gas supply to JHBDPL. Further, the Kochi-Kottanad-Mangalore pipeline (KKMPL) project of 873km is also under execution by GAIL, which should be commissioned in 2QFY21E. Indian Oil Corporation Limited (IOCL) is executing the Ennore-Bengaluru-Nagapattinam-Tuticorin gas pipeline, which is connecting its upcoming LNG terminal at Ennore to industrial hubs in southern India. North east gas grid project is being implemented by Indradhanush Gas Grid Ltd (IGGL), under which ~1,656kms of pipeline will be built at an investment of INR 93bn. It will cover eight states of the north-east region. Government will support this project by providing viability gap funding of INR 56bn (60% of the project cost).

Currently, the transmission infrastructure dominates the western and northern parts of the country, but the eastern and southern parts are significantly underserved. In our view, development of these pipeline projects will not only cater to existing demand but also spur strong multi-year demand from industries as well as the city gas segment.

Exhibit 28: Company-wise natural gas pipelines as on Mar-19

Pipeline Name	Capacity (mmscmd)	Utilisation (%)
Onshore		
GAIL	**194**	**54.2**
Hazira-Vijaipur-Jagdishpur- Gas Rehabilitation and Expansion Project -Dahej-Vijaipur (HVJ-GREP-DVPL)	53	53.3
DVPL-GREP Upgradation (DVPL-II & VDPL)	54	71.6
Chhainsa-Jhajjar-Hissar P/L	5	20.6
Dadri Bawana Nangal	31	20.6
Dahej-Panvel-Dhabol	20	70.6
Kochi-Koottanad-Bangalore-Mangalore (Phase-1)	6	28.5
Dhabol Bangalore	16	7.8
Gujarat	9	45.4
Rajasthan Regional (Jaisalmer)	2	48.1
Cauvery Basin	9	38.9
K G Basin	16	32.4
Tripura (Agartala)	2	56.1
Mumbai Regional	7	90.6
IOCL	**10**	**54.4**
Dadri Panipat R LNG Pipeline	9	54.4
ETBPNMT R LNG Pipeline	1	-
GSPL- Network	**43**	**80.4**
DNPL: Duliajan to Numaligarh	1	64.2
AGCL: Duliajan to Numaligarh	2	47.2

Pipeline Name	Capacity (mmscmd)	Utilisation (%)
RIL	**71**	**27.3**
East-West Pipeline	67	27.4
Shahdol-Phulpur Pipeline	4	25.6
Total Onshore Gas Pipeline	**321**	**51.5**
Offshore		
ONGC	6	63.2
20" Uran Trombay Gas Line	6	63.2
Total Gas Pipeline	**327**	**51.7**

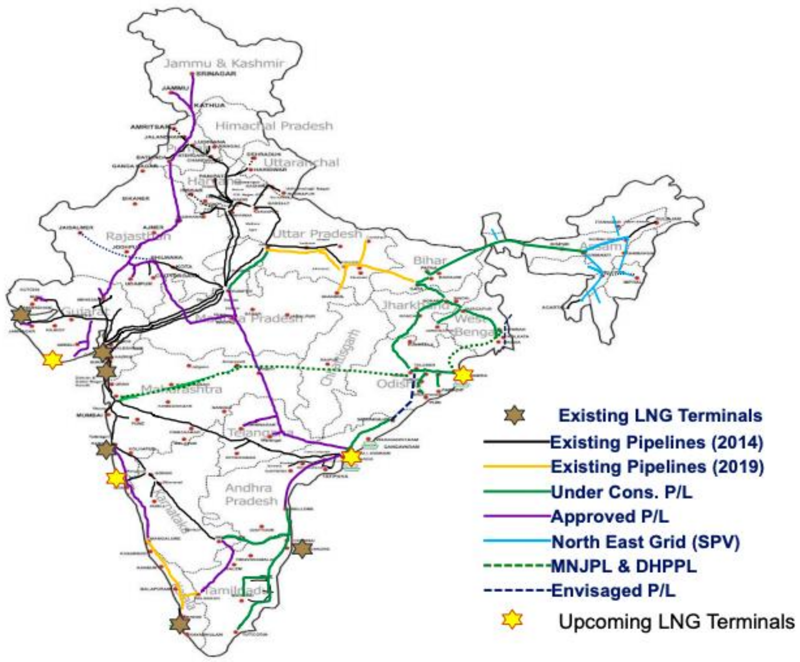
Source: PNGRB, HSIE Research

Exhibit 29: Existing natural gas pipelines as on May-20

Company	Pipeline (kms)	Capacity (mmscmd)
GAIL	12,160	246
Reliance/Brookfield	1,480	84
GSPL	2,695	43
Agartala Regional Natural Gas Pipeline	215	6
Duliajan - Numaligarh Gas Pipeline	192	1
IOCL	163	22
Total	**16,905**	**402**

Source: PPAC, HSIE Research

Exhibit 30: Existing natural gas pipeline network in India (Jun-20)



Source: GAIL, HSIE Research

Exhibit 31: Upcoming natural gas pipelines

Promoters	Pipeline Name	Length (kms)	Expected completion
GAIL	Jagdishpur – Haldia/Bokaro – Dhamra Pipeline Project (JHBDPL) & Barauni-Guwahati Pipeline project (BGPL)	2,655	In phases
GAIL	Srikakulam-Angul	690	
GAIL	Mumbai Jharsuguda	1,755	
GAIL, IOCL, OIL, ONGC and NRL	North East Region (NER) Gas Grid	1,656	
GAIL	Kochi-Koottanad- Bangalore-Mangalore (Ph-II) Pipeline Project (KKBMPL)	1104	Feb-22
IOC	Ennore-Thiruvallur-Bangalore-Nagapattinum– Madurai – Tuticorin Natural gas pipeline (ETBNMTPL)	1,170	
Total		**9,030**	

Source: Company, HSIE Research

LNG infrastructure

In the last two years, India has added 12.5 million metric tons per annum (mmtpa) of the LNG regasification capacity. IOCL commissioned 5mmtpa of green field LNG terminal at Ennore (Tamil Nadu) on the east coast of India in FY19. Petronet LNG augmented the capacity of its regasification terminal at Dahej from 15mmtpa to 17.5mmtpa in Jun-19. Recently, GSPC's 5mmtpa regasification terminal at Mundra (Gujarat) commenced its operations.

H-Energy appears to have made steady progress at its Jaigarh project, chartering a 4mmtpa FSRU from Engie and targeting commissioning in 2HCY20. In addition to this, two new RLNG (regasified LNG) terminals of 5mmtpa capacity each are coming up in Dhamra and Chhara. Completion of these projects will increase the RLNG capacity from 42.5mmtpa in May-20 to 61.5mmtpa by Mar-22. These new terminals will not only ease import constraints in the existing western and northern markets but also make gas available in the southern and eastern parts of the country.

Exhibit 32: Operational Regasification terminals and their utilisations

Terminal	Promoters	Capacity (MMTPA)	Utilisation in FY20 (%)
Dahej (Gujarat)	Petronet LNG	17.5	103.1
Hazira (Gujarat)	Hazira LNG	5	98.0
Dabhol (Maharashtra)	Ratnagiri Gas and Power Pvt Ltd	1.69	32.9
Kochi (Kerala)	Petronet LNG	5	16.6
Ennore	Indian Oil LNG Pvt Ltd	5	9.0
Mundra	GSPC	5	29.6

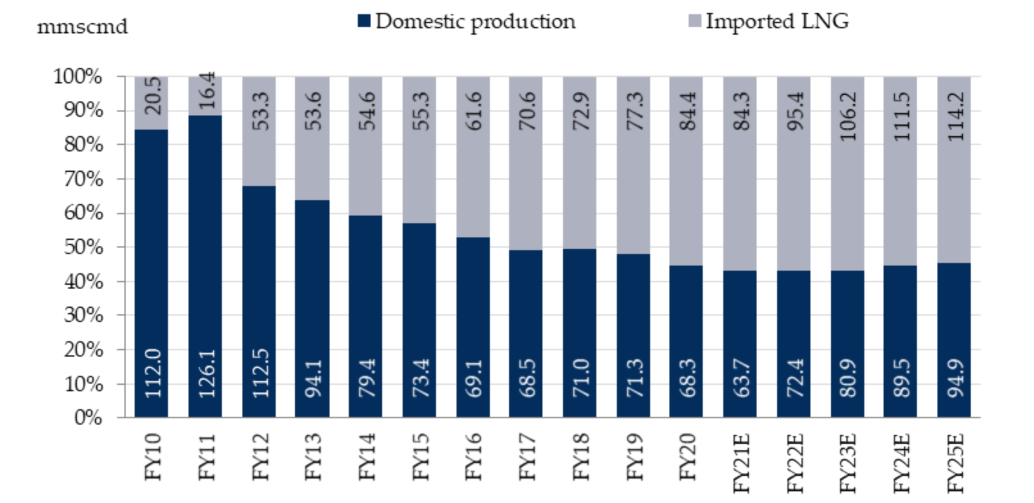
Source: PNGRB, HSIE Research

Exhibit 33: New Regasification terminals

Location	Promoters	Capacity as on 01.05.2020 (MMTPA)	Remarks
Jafradabad	Exmar (38%); Gujarat Government (26%); Swan Energy (26%); Tata Group (10%);	5.0	Completion expected in CY20
H-Gas LNG Gateway (Jaigarh) - Hoegh Cape Ann	H-Energy Gateway Private limited	4.0	Expected completion: CY20
Dhamra LNG	Adani Group (50%); Total (50%)	5.0	Expected completion: CY21
Chhara LNG	HPCL (0%); Shapoorji (100%);	5.0	Expected completion: CY22
Total		**19.0**	

Source: Company, International Gas Union, HSIE Research

Exhibit 34: Incremental demand of natural gas to be met by imported LNG



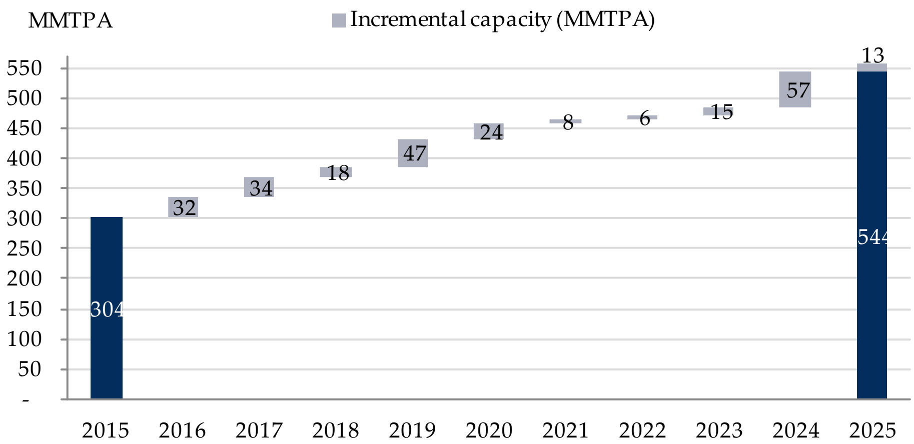
Source: Bloomberg, Various News Sources, HSIE Research

Supply additions, muted demand to ensure low LNG price

Global LNG capacity to rise by 85mmtpa over CY2019 - 2022

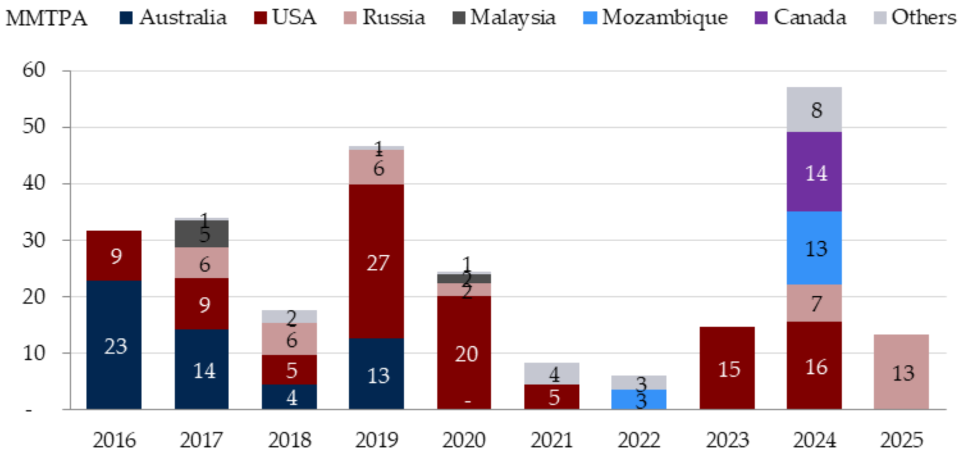
- As per the International Gas Union (IGU), 47mmtpa (12% of 2018-end capacity) of liquefaction capacity has been added globally in 2019. Further, 123mmtpa of LNG capacity should start commercial operations during 2020-2025.
- Russia and USA together should add 77mmtpa during this period. Thus, liquefaction capacity should increase by 5% CAGR from 387mmtpa in 2018 to 557mmtpa in 2025. In comparison to liquefaction capacity addition, the global LNG trade grew merely by 7% CAGR from 314mmtpa in 2018 to 359mmtpa in 2020.

Exhibit 35: Global liquefaction capacities to grow 1.4x over CY18 to CY25



Source: International Gas Union (IGU), HSIE Research

Exhibit 36: Liquefaction capacity addition has been led by Australia, US and Russia



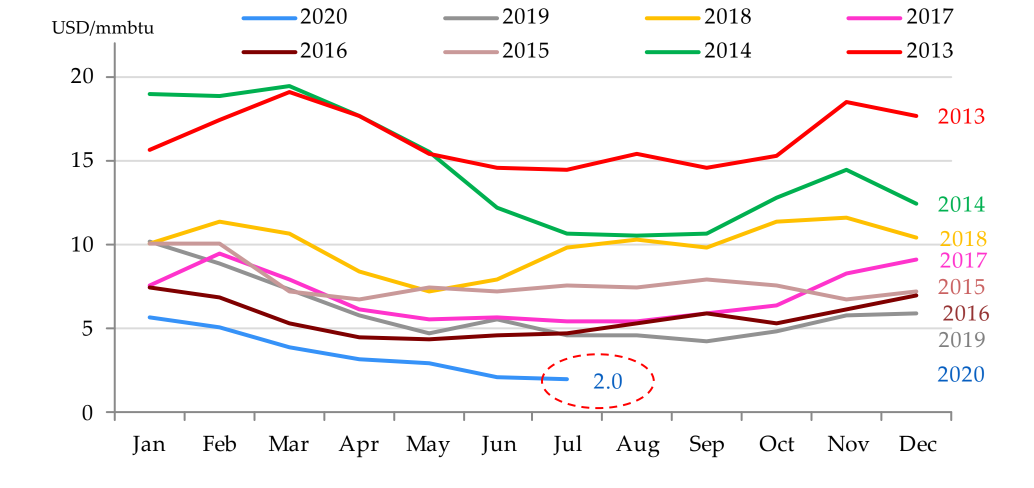
Source: International gas Union, HSIE Research | * Others comprise Cameroon (CY18), Argentina (CY19), Indonesia (CY17, CY20 and CY21), Mauritania (CY22), Nigeria (CY24)

RLNG prices to remain benign

Historically, most of the liquefaction projects were supported by long-term contracts and gas pricing was indexed to oil. However, abundance of shale gas volumes being produced and exported from the USA has made Henry Hub one of the global gas price reference. In CY2019, around 68% of volumes sold through long term contracts were indexed to oil while 24% were indexed to Henry Hub. This shows decoupling of LNG pricing from crude oil. Surge in shale gas production over last decade has resulted in low gas prices at Henry Hub. Gradual decoupling of LNG contract from oil indexed to Henry Hub gas prices will keep LNG prices benign.

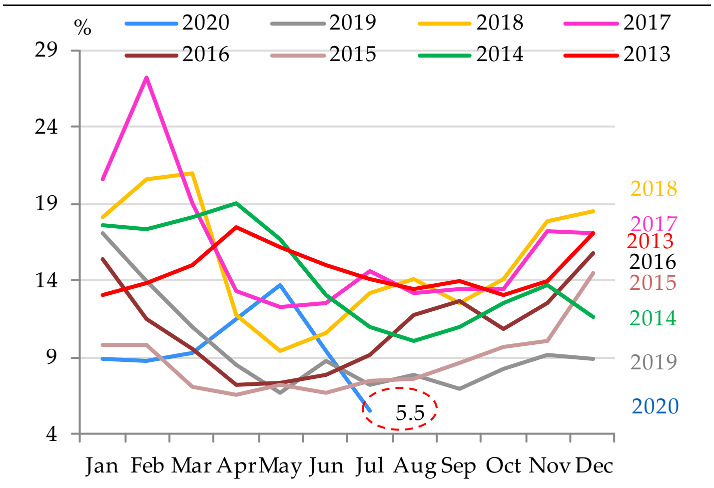
Improving competitiveness vs. other liquid fuels should drive LNG demand growth in India as industries replace liquid fuels with spot LNG. The spot LNG price has fallen by over 80% to below US$ 2/mmbtu from Jan-2019 highs of over US$ 10.2/mmbtu. It has declined from 17.1% of Brent in Jan-2019 to about 5.5% in June 2020. We estimate that LNG is currently about 65% cheaper than fuel oil and 70% cheaper than naphtha. Moreover, the start-up of new LNG capacity of 24/8/6 mmtpa during CY2020/2021/2022 along with weakness in global demand post COVID-19 should support low LNG prices over the next two years.

Exhibit 37: Historical SPOT LNG prices



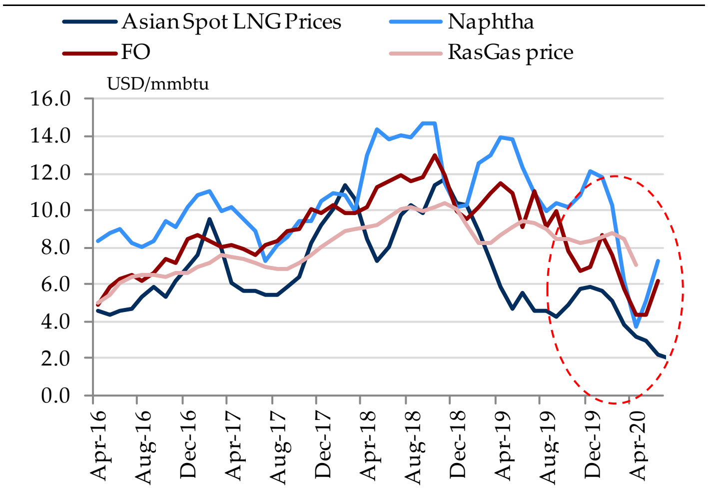
Source: Various News Sources, HSIE Research

Exhibit 38: SPOT prices expressed as a slope to Brent



Source: Bloomberg, Various News Sources, HSIE Research

Exhibit 39: SPOT LNG prices vis-à-vis alternatives fuels



Source: Bloomberg, Various News Sources, HSIE Research | FO stands for Fuel Oil

Winners and losers

Valuations are compelling

GAIL, GSPL and PLNG, upgraded to Buy from Add, are our preferred picks among the gas utilities whereas we are downgrading gas producers ONGC and Oil India to Reduce from Add.

- GAIL is trading at FY22E P/BV of 0.7x (RoE of 9.8%) and FY22E PER of 7.9x, a 37% discount to its five year average PER. GSPL too, at FY22E PER of 6.4x is trading at a discount of 39% to its five year average PER (FY22E P/BV of 1.4x with RoE of 24.8%). Its natural gas transmission business trades at a FY22E PER of 2.7x. We expect GAIL and GSPL's valuation to improve once investors are convinced on the likely start-up of new gas production off the eastern coast. PLNG is trading at a FY22E P/BV of 3.1x (RoE 26.3%) and FY22E P/E of 11.9x, a 17% discount to its five-year average, despite potential growth in utilisation over the next four quarters.
- On FY22E, Gujarat Gas (GGL) is trading at 16.1x P/E (discount of 34% to five-year average) and 3.9x P/B, with a RoE of 27.0%. In comparison, IGL is trading at a FY22E P/BV of 3.9x (19.7% RoE) and P/E of 21.4x (discount of 4% to five-year average), the premium justified by the quality of its cashflows due to a higher share of steadier CNG volumes in the mix. MGL continues to trade at a steep discount to its peer city gas companies at FY22E PER of 14.0x and PBV of 2.7x (RoE of 20.4%) because of lack of long-term volume growth opportunities. We expect city gas companies stock valuations to improve once the overhang of potential adverse impact of Petroleum and Natural Gas Regulatory Board's (PNGRB) enthusiasm to clarify regulations allowing competitors in existing geographical areas, subsides.
- Gas producers - ONGC (FY22E PER of 9.4x) and Oil India (FY22E PER of 4.7x) - on the other hand, would continue to be at the receiving end of lower realizations and hence we are downgrading ONGC and Oil India to Reduce.

Exhibit 40: Consolidated Peer Comparison

	MCap (INR bn)	CMP as on 30th July (INR)	RECO	TP (INR)	P/E (x)		P/BV (x)	
					FY21E	FY22E	FY21E	FY22E
GAIL	437	97	BUY	124	10.4	7.9	0.8	0.7
GGL	197	286	ADD	325	26.2	16.1	4.9	3.9
GSPL	114	202	BUY	252	8.2	6.4	1.8	1.4
IGL	281	402	ADD	444	29.0	21.4	4.6	3.9
MGL	97	987	ADD	1,065	17.4	14.0	3.0	2.7
OIL	105	97	REDUCE	99	6.7	4.7	0.3	0.3
ONGC	981	78	REDUCE	78	32.9	9.4	0.5	0.5
PLNG	366	244	BUY	291	15.8	11.9	3.2	3.1

Source: BSE, Company, HSIE Research

Change in estimates

- We have raised our FY21/22E EPS estimates for GAIL by 6.0/6.6% respectively owing to increase in (1) Natural gas (NG) transmission and trading volume assumption by ~10% as we now expect recovery in gas volumes to be faster in 2HFY21E and FY22E, (2) NG trading margin assumption.
- We raise our FY22E EPS estimates for GSPL by 11.5% to INR 31.6/share as we increase our gas transmission volume assumption by 15% to 46.2mmscmd
- We expect fall in share of associate companies (Maharashtra Natural Gas Limited and Central UP Gas Limited) in IGL as their profits were adversely impacted due to the lockdown. Therefore, we cut IGL's consolidated FY21E EPS by 5% to INR 13.8/share.
- We have reduced our EPS estimate for MGL by 15.2% for FY22E to INR 70.6/share as we have cut our total volumes and per unit EBITDA margin assumptions by 4.9% and 270bps for FY22E.
- For PLNG, we increase our operating expense assumption leading to a reduction in EPS by 2.6/4.9% for FY21/22E to INR 15.5/20.5 per share.
- For OIL and ONGC, we cut our consolidated EPS estimates due to higher operating expenses and a cut in earnings of subsidiaries.

Exhibit 41: Consolidated change in estimates

	FY21E			FY22E		
	Old	New	Variance (%)	Old	New	Variance (%)
GAIL						
EPS (INR/sh)	8.8	9.3	6.0	11.5	12.2	6.6
TP (INR/sh)	110	124	12.6			
Reco	ADD	BUY				
GGL						
EPS (INR/sh)	10.9	10.9	(0.4)	17.9	17.7	(1.1)
TP (INR/sh)	322	325	0.9			
Reco	ADD	BUY				
GSPL						
EPS (INR/sh)	25.3	24.6	(2.9)	28.3	31.6	11.5
TP (INR/sh)	251	252	0.3			
Reco	ADD	BUY				
IGL						
EPS (INR/sh)	14.6	13.8	(5.1)	19.1	18.8	(1.3)
TP (INR/sh)	520	444	(14.5)			
Reco	ADD	ADD				
MGL						
EPS (INR/sh)	61.3	56.7	(7.6)	83.3	70.6	(15.2)
TP (INR/sh)	1,137	1,065	(6.3)			
Reco	ADD	ADD				
OIL						
EPS (INR/sh)	16.0	14.5	(9.2)	25.4	20.5	(19.3)
TP (INR/sh)	100	99	(1.0)			
Reco	ADD	REDUCE				
ONGC						
EPS (INR/sh)	2.7	2.4	(11.9)	8.8	8.3	(5.8)
TP (INR/sh)	86	78	(9.3)			
Reco	ADD	REDUCE				
PLNG						
EPS (INR/sh)	15.9	15.5	(2.6)	21.6	20.5	(4.9)
TP (INR/sh)	280	291	3.9			
Reco	ADD	BUY				

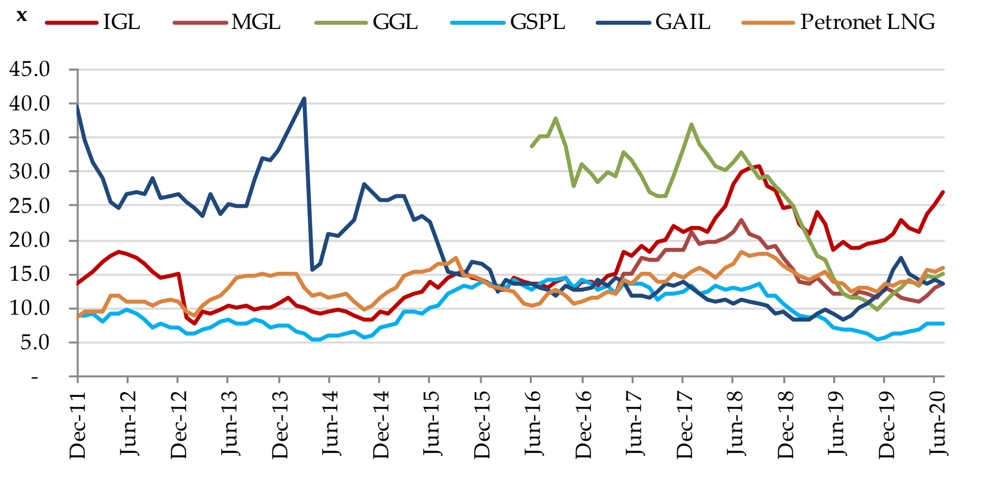
Source: Company, HSIE Research

Exhibit 42: City gas company stocks have outperformed Year-to-Date (YTD)

Company	Absolute Return (%)			Relative Return vs BSE O&G Index (%)			Relative Return vs Sensex (%)		
	1M	12M	YTD	1M	12M	YTD	1M	12M	YTD
GAIL	-4.9	-24.8	-19.8	-9.7	-26.2	-10.1	-13.0	-25.7	-11.2
GGL	-10.1	74.4	12.2	-14.8	73.0	21.9	-18.1	73.5	20.8
GSPL	-8.6	-1.5	-8.2	-13.4	-2.8	1.6	-16.7	-2.4	0.5
IGL	-9.0	34.0	-5.4	-13.8	32.6	4.3	-17.1	33.1	3.2
MGL	-6.3	25.6	-7.3	-11.1	24.2	2.4	-14.3	24.7	1.3
OIL	3.2	-37.0	-36.2	-1.6	-38.4	-26.4	-4.9	-37.9	-27.5
ONGC	-3.7	-43.9	-38.6	-8.5	-45.2	-28.8	-11.8	-44.8	-29.9
PLNG	-5.4	4.7	-8.6	-10.2	3.4	1.1	-13.5	3.8	0.0

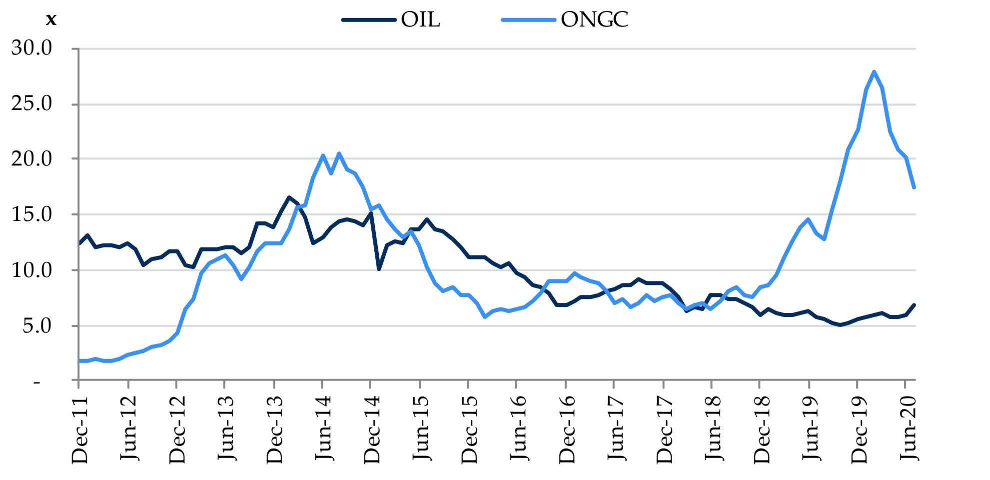
Source: BSE, HSIE Research

Exhibit 43: PER: City gas company stocks are trading at higher valuations versus gas transmission companies



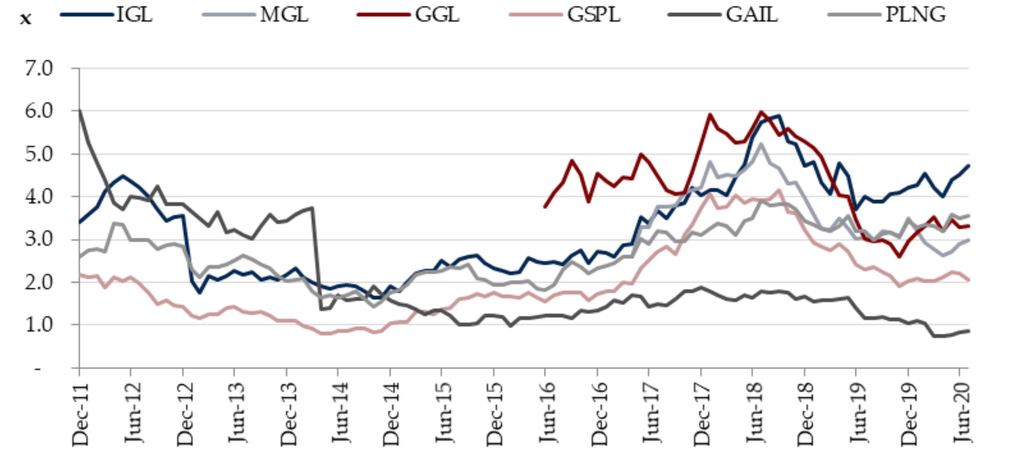
Source: BSE, Company, HSIE Research

Exhibit 44: Gas producers' valuation continue to remain under pressure



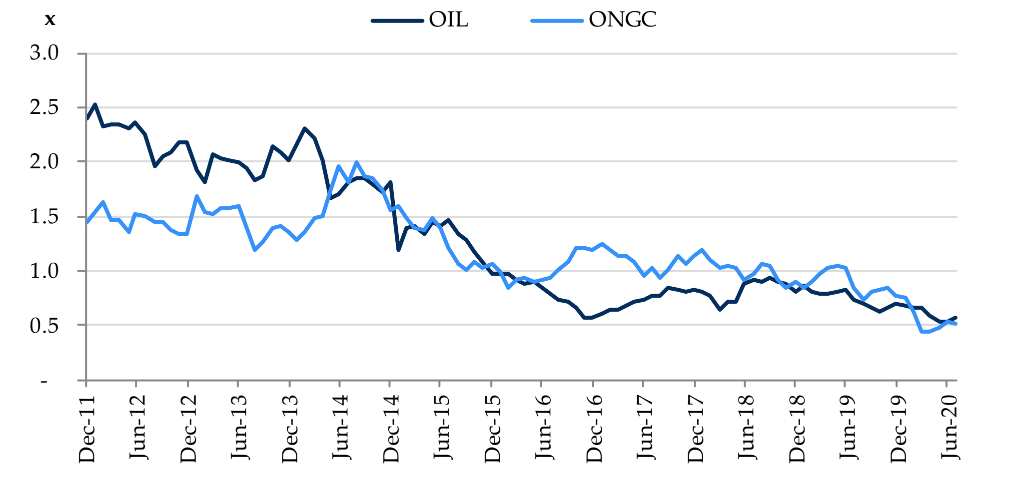
Source: BSE, Company, HSIE Research

Exhibit 45: 1-year forward P/B (Gas sector)



Source: BSE, Company, HSIE Research

Exhibit 46: 1-year forward P/B (Upstream companies)



Source: BSE, Company, HSIE Research

GAIL

TP INR 124, BUY

Gas transmission business of GAIL is likely to be in a sweet spot owing to (1) Increase in domestic gas production, (2) Increase in demand of RLNG, (3) Completion of major pipelines in eastern and southern part of India. As per our gas demand-supply model, domestic gas supply should increase from 68mmscmd in FY20 to 72mmscmd in FY22 and further to 95mmscmd by FY25. RLNG's demand should increase from 84mmscmd to 104mmscmd by FY22 and it should further boost to 123mmscmd by FY25. GAIL with its dominant position in gas pipeline infrastructure should be the largest beneficiary.

The completion of JHBDPL and KMPL should not only connect the eastern and southern parts of India to national gas grid and cater to existing demand in the area but also spur strong multiyear demand from industries as well as city gas segment. PNGRB has authorized GAIL to lay CGD network in Varanasi, Patna, Ranchi, Bhubaneshwar, Jamshedpur and Cuttack in order to ensure healthy utilisation of the JHBDPL. Besides, government has revived five fertiliser plants along the JHBDPL pipeline. This will ensure sustainability and optimum utilization of this pipeline. GAIL has planned to commission KMPL in 1HFY21. It will connect the Mangalore Refinery and Petrochemical Limited's (MRPL) refinery, ONGC Mangalore Petrochemicals Limited's (OMPL) petrochemical complex and Madras Fertilisers Limited's (MFL) fertiliser unit. We estimate that the customers are equipped to take gas and have potential to offtake ~5mmscmd of gas. Thus, the utilisation of KMPL should ramp up in FY22E.

We believe that the majority of incremental domestic gas produced on the east coast of India by ONGC and RIL-BP JV will flow through GAIL's KG basin pipeline network as stranded power plants in Andhra Pradesh should consume most of this gas. LNG prices should remain benign in near term owing to supply glut in global LNG market. This will bode well for price sensitive Indian gas market. Low LNG price should create demand for imported LNG from industrial and CGD customers. We expect a rise in domestic gas and imported LNG supply should ensure healthy utilisation of GAIL's pipeline network. We expect transmission volume to increase from 105mmscmd in FY21E to 123mmscmd in FY22E while gas marketing volume to increase from 91mmscmd to 105mmscmd during this period.

We expect Petrochemical segment EBITDA to increase to INR 4bn in FY22 from a loss of INR 2bn in FY21 owing to 29% YoY growth in sales volumes to 800kt and 27% YoY increase in realization to INR60/kg. Realization for LPG/LHC should increase from USD270/t to USD305/t with increase in oil prices in FY22E. This should lead to increase in EBITDA from INR 4bn in FY21E to INR 9bn in FY22E for the segment. LPG transmission's EBITDA should rise marginally from INR 4bn in FY21E to INR 5bn in FY22E. Thus, we estimate that GAIL's standalone EBITDA and APAT to grow by 41% and 44% YoY in FY22E to INR 69bn and INR 42bn.

We adopt EV/EBITDA as our valuation methodology, arriving at a target price of INR 129/share. We ascribe a higher 6.0x EV/EBITDA multiple for the more stable gas and LPG transmission and domestic gas marketing businesses and 2.0x EV/EBITDA multiple to more volatile non-domestic gas/LNG marketing business. We value the cyclical petrochemicals and LPG/LHC businesses at 5x EV/EBITDA. After subtracting net debt, we arrive at a core value per share of INR 89/share. To this, we add INR 35/share as value of GAIL's investments in various listed and unlisted companies. As the outlook on spot LNG prices is subdued, we believe it may lead to positive surprises on volume growth front and thereby support GAIL's core transmission earnings. Besides, we expect gradual recovery in its cyclical business in FY22E with rise in commodity prices. The stock is currently trading at 0.7x FY22E PBV and 7.9x

FY22E PER. We believe it is contextually low given an EPS growth of 32% YoY, RoE of 9.8% and dividend yield of 2.8% in FY22E. We upgrade GAIL to BUY from ADD.

Exhibit 47: Key Metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
NG Transmission volume	mmscmd	105.2	107.4	108.4	104.9	123.3
Polymer production	TMT	673	735	738	623	801
LPG/Liquid HC Production	TMT	1,276	1,329	1,264	1,268	1,274
EBITDA						
Gas transmission	INR bn	36.33	40.89	44.72	37.48	44.74
Gas Trading	INR bn	12.55	28.59	22.70	16.00	18.73
LPG and hydrocarbons	INR bn	23.72	26.30	16.73	4.33	9.02
Petchem	INR bn	6.89	8.15	2.05	-1.86	3.38
Consolidated Financial Summary						
Revenue	INR bn	545	762	725	492	583
EBITDA	INR bn	78	97	90	56	76
PAT	INR bn	48	65	94	42	55
EPS	INR/sh	10.6	14.5	20.9	9.3	12.2

Source: Company, HSIE Research

Gujarat Gas

TP INR 325, ADD

The company has a balanced portfolio of mature, semi-mature and new GAs that should enable the company to sustain its volume growth in the longer run. Near term volume growth for the company should be driven by areas such as Palghar, Dahej, Silvasa and Panchmahal. These GAs are dominated by chemical and FMCG suppliers as well as small-scale industrial estates. Besides, PNGRB has transferred the authorisation of Amritsar and Bhatinda district GAs from GSPL to GGL. The potential of these two GAs is ~1mmscmd, of which (CNG+DPNG) demand is ~0.5mmscmd.

The company added 68 CNG stations in FY20 taking the total tally to 400. GGL has planned to set up ~60 CNG stations in FY21E (of which, 10 are ready to commence operations). This should expand the reach of CNG in Gujarat and encourage auto engine conversions to CNG. Currently, blended volumes are ~75% of pre-COVID-19 levels, courtesy the strong demand of pharmaceuticals and agrochemicals players based in Ankleshwar and Vapi. The GGL management is confident that blended volumes should cross FY20 levels by 2QFY21E.

We expect 1HFY21E volumes to remain muted as (1) Lower plant capacity utilisation result in lower demand from Industrial consumers, and (2) CNG volume off-take remains low as the country struggles with the COVID-19 pandemic. However, we expect volume to increase by a 12% CAGR to 12mmscmd over FY21-23E.

We believe that per unit EBITDA should correct marginally to INR 4.5 in FY21E from INR 4.7/scm in FY20 with decline in volumes as share of the cheaper spot LNG in blended raw material cost falls. Subsequently, margins should recover as every incremental unit of demand would be met by the spot LNG. As our per estimates, per unit EBITDA should rise to INR 4.9/scm by FY23E. We forecast Gujarat Gas' EBITDA and APAT to grow by 25% and 37% CAGR over FY21–23E, implying that earnings would be volume-led.

We prefer GGL over other CGD entities purely based on its robust volume growth, long term growth opportunity and compelling valuations. Currently, the stock is trading at 16.1x FY22E PER while MGL and IGL are trading at 14/21.4x. We believe that current valuation is contextually low, given (1) Superior RoE over its CGD peers 27% vs. 20% for MGL and IGL in FY22E (2) FCF generation of ~INR 23bn over FY21-23E. We maintain an ADD recommendation with a TP of INR 325/share (WACC 11%, Terminal growth rate 3%).

Exhibit 48: Key metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Sales volume	mmscmd	6.2	6.5	9.5	8.4	11.1
EBITDA margin	INR/scm	4.0	4.3	4.7	4.4	4.8
Financial Summary						
Revenue	INR bn	62	78	103	77	106
EBITDA	INR bn	9	10	16	14	19
PAT	INR bn	3	4	9	8	12
EPS	INR/sh	4.2	6.3	13.1	10.9	17.7

Source: Company, HSIE Research

Gujarat State Petronet LNG

TP INR 252, BUY

We expect spot LNG prices to remain benign courtesy the supply glut in the global LNG market. The sustained low spot LNG prices bode well for the increasing gas demand in Gujarat owing to the state's proximity to LNG terminals and well-connected pipeline network. In May-20, power plants in Gujarat consumed 11.2mmscmd of spot gas, which is higher 2.3x YoY and up 9% MoM despite low demand for power due to the lockdown and industrial shutdown in the state. This is largely attributable to low spot LNG prices. Demand for gas is expected to increase further once the situation normalises post the pandemic. Hence, GSPL is in a position to take advantage of the surge in gas demand.

Gujarat is home to 27.5mmtpa of LNG re-gasification terminal and is likely to add two more LNG regasification terminals of 5mmtpa capacity each, at Chhara and Jafrabad by HPCL and Swan Energy respectively, over the next two years. GSPL is planning to connect these terminals to its pipeline grid in Gujarat. The recently-commissioned Mundra LNG re-gasification terminal by Gujarat State Petroleum Corporation (GSPC) is operating at 40% capacity owing to capacity constraints of the Mundra-Chotalia pipeline. Once this pipeline's capacity is augmented, the terminal's utilisation should improve as well, since it would then be connected to the high-demand area of Morbi. Besides, PLNG is expanding its Dahej terminal capacity further from 17.5mmtpa to 20mmtpa by FY25 by adding two tanks. New LNG terminals and better utilisation of existing terminals should ensure sustainability of gas volumes for GSPL in the long term.

After the 9th round of CGD auction bidding, 100% geographical area and population of Gujarat is covered under the CGD network. Over the next 3-5 years, bid winners have to expand infrastructure as per the minimum work programme. Expansion of the CGD network should expand gas demand of CGD entities. GSPL is currently transmitting ~8-9mmscmd of gas to RIL's refinery in Jamanagar. We believe that RIL should continue to use regasified LNG as a fuel for its refinery so as to take advantage of the benign LNG prices. Therefore, we do not foresee any reduction in volumes by RIL in the near term.

We expect transmission volumes to jump from 37.9mmscmd in FY20 to 50mmscmd in FY23E, a CAGR of 11% over FY21-23E. This should translate into 10% and 12% CAGR in standalone EBITDA and APAT respectively to INR 21bn and INR 14bn.

We value the transmission business using Discounted Cash Flow (DCF) at INR 93/sh (WACC of 11% and Terminal growth rate of 3%). To this, we add INR 159/sh as value of its investments in Gujarat Gas, Sabarmati Gas and other investments to arrive at the target price of INR 252/sh. The stock is trading at 6.4x FY22E PER, which is low given healthy return ratios (RoE of 24.9/24.8% in FY21E/22E) and FCF of INR 28bn over the next two years. Upgrade to BUY from ADD.

Exhibit 49: Key Metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Transmission volume	mmscmd	31.5	34.6	37.9	40.2	46.2
Blended Tariff	INR/tscm	1,130	1,350	1,304	1,301	1,301
Consolidated Financial Summary						
Revenue	INR bn	73	93	122	131	137
EBITDA	INR bn	20	25	32	30	39
PAT	INR bn	7	10	17	14	18
EPS	INR/sh	13.2	17.9	30.7	24.6	31.6

Source: Company, HSIE Research | tscm stands for thousand standard cubic meters

Indraprastha Gas

TP INR 444, ADD

IGL has a well-developed network in the National Capital Territory of Delhi, Noida, Greater Noida and Ghaziabad. The company has a quasi-monopolistic position in Delhi/National Capital Region (NCR) with regulatory support in the form of prioritised gas allocation, ban on petrol and diesel for public transport and ban on Fuel Oil/ Low Sulphur Heavy Stock/petroleum coke (FO/LSHS/pet coke) in favour of PNG. This should support volume growth in IGL's mature market.

The company has commenced operations in Rewari (won in the 6th bidding round) and Karnal (won in the 8th round) GAs by commissioning CNG stations and connecting industrial customers, particularly in Rewari. PNGRB has authorised IGL to lay infrastructure between the west side of Sohna Road and NH8 in Gurugram; the company has already commissioned six CNG stations in this area. Besides, IGL won a GA (Meerat, Muzaffarnagar & Shamali districts) in the 9th round and three GAs (Kaithal, Ajmer, Pali and Rajsamand, Kanpur, Fatehpur and Hamirpur) in the 10th CGD bidding round. IGL has commissioned two CNG stations each in Kaithal and Kanpur. A mix portfolio comprising mature and new GAs should enable a sustainable volume growth for IGL in the long haul.

We forecast IGL's EBITDA and APAT to grow by 25% and 28% CAGR over FY21–23E. We estimate EBITDA to increase from INR 13bn in FY21 to INR 17bn in FY22E. Demand for CNG has nosedived because of the COVID-19 outbreak and the enforcement of a lockdown. We believe that CNG volumes should decline by ~14% YoY to 4.1mmscmd in FY21E dragging overall volumes to 5.8mmscmd from 6.4mmscmd in FY20. However, we expect total volumes to jump by 21.7% YoY to 7.1mmscmd in FY22E.

In our opinion, per unit EBITDA should dip marginally by 6% to INR 6.1 in FY21E from INR 6.5 in FY20 as share of the higher-margin CNG falls to 71% from 74%. Subsequently, margins should recover in FY22E with increase in volumes. Hence, per unit EBITDA should rise to INR 6.6/scm in FY22E. Thus, FY22 earnings growth should primarily be volume-led.

Among the CGD companies, IGL has the lowest return ratios over FY21/22E (RoE of 17-20% vs 18-20% for MGL and 21-27% for GGL). Currently, the stock is trading at 21.4x FY22E PER while MGL and GGL are trading at 14x and 16.1x respectively. We thus maintain ADD with a TP of INR 444 (WACC 11%, Terminal growth rate 3.0%).

Exhibit 50: Key metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Sales volume	mmscmd	5.2	5.9	6.4	5.8	7.1
EBITDA margin	INR/scm	5.9	5.8	6.4	6.1	6.6
Consolidated Financial Summary						
Revenue	INR bn	45	58	65	55	68
EBITDA	INR bn	11	13	15	13	17
PAT	INR bn	7	8	12	10	13
EPS	INR/sh	10.3	12.0	16.8	13.8	18.8

Source: Company, HSIE Research

Mahanagar Gas

TP INR 1,065, ADD

MGL operates in Mumbai, Thane & its adjoining areas, and Raigad district, caters to ~4,000 industrial and commercial customers and supplies CNG to ~7.5 lakh vehicles via 256 CNG outlets. In Raigad, MGL currently operates 14 CNG stations that collectively sold ~38 tons per day (TPD) of gas in 4QFY20. Unlike IGL, MGL lacks regulatory support from the state government. Therefore, its volume growth is primarily dependent on rise in population and growth in industrial activity in Thane/Raigad districts.

MGL expanded its per unit EBITDA margin over the last four years from INR 6.7/scm in FY17 to INR 9.8/scm in FY20 by taking advantage of the low spot LNG prices and falling domestic gas prices. The company has partly retained the benefit of falling raw material prices and expanded its per unit EBITDA margins. However, we expect the per unit EBITDA margin to dip by 6% to INR 9.1 in FY21E from INR 9.8 in FY20 as (1) Share of the high margin CNG and industrial/commercial segments falls to 82% from 86%, and (2) Share of the cheaper LNG in the sourcing mix falls to 11% from 15% with decline in industrial volume. Thereafter in FY22E, margins should recover with increase in share of the high margin segments in MGL's sales mix. Hence, per unit EBITDA should rise to INR 10/scm in FY23E by a CAGR of 4.3% over FY21-23E.

Spread of COVID-19 in Mumbai and its adjoining areas has hindered the off-take of CNG and of PNG by industrial and commercial customers. We expect a YoY volume decline in FY21E of (1) 18% in the CNG segment to 1.8mmscmd, (2) 30% to 0.28mmscmd in the industrial and commercial segments. However, we forecast that domestic PNG volumes should rise by 12% YoY to 0.45mmscmd led by a decrease in out-of-home consumption. Thus, overall volumes should plunge by 15% YoY to 2.5mmscmd in FY21E. However, we expect total volume to rise by a 10% CAGR to 3mmscmd over FY21-23E.

We forecast MGL's EBITDA and APAT to grow by 15% and 18% CAGR over FY21–23E. EBITDA should to decline to INR 8.3bn in FY21 from INR 10.5bn in FY20 and bounce back to INR 11bn in FY23.

MGL is trading at 14x PER FY22E while IGL and GGL at 21.4x and 16.1x respectively. This is contextually low compared to peers, given RoE of 18-20% and RoIC of 23-24% for MGL (RoE of 17-19% for IGL and 21-27% for GGL, RoIC of 27-30% for IGL and 14-21% for GGL). Our DCF-based TP is INR 1,065 (WACC 11%, Terminal growth rate 3.0%). Maintain ADD.

Exhibit 51: Key Metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Sales volume	mmscmd	2.7	2.9	3.0	2.5	2.9
EBITDA margin	INR/scm	7.7	8.0	9.8	9.1	9.7
Financial Summary						
Revenue	INR bn	22	28	30	23	28
EBITDA	INR bn	8	9	11	8	10
PAT	INR bn	5	5	8	6	7
EPS	INR/sh	48.4	55.3	80.3	56.7	70.6

Source: Company, HSIE Research

Oil India

TP INR 99, REDUCE

The blow out incident at Oil India's well in Baghjan district (Assam) and the subsequent bandh and blockades have resulted in loss of oil and gas production for the company. Coupled with this, OIL lost production owing to the lockdown courtesy the spread of COVID-19. This translated into YoY volume decline of (1) 6.4% in oil production, (2) 5.5% in gas production, in two months of 1QFY21. We expect, overall natural gas production from its own fields should dip 10% YoY from 2.7bcm in FY20 to 2.4bcm in FY21E and crude oil production to fall by 9% YoY to 3.0mmt from 3.3mmt in FY20. We expect crude oil and gas production to bounce back in FY22E to FY20 levels.

Oil prices should remain muted at USD 32/37/41 in FY21/22/23E vs. USD 61 in FY20, given the weak global macros, despite production cuts from OPEC and non-OPEC countries. Gas realisation should slide to USD 2.7/2.7/3.0 per Metric Million British Thermal Unit or mmbtu in FY21/22/23E from USD 2.8/mmbtu in FY20. Sharp correction in oil and gas prices and dip in production should result in 40/63/92% YoY reduction in standalone revenue/EBITDA/APAT in FY21E to INR 73/10/2bn. However, in FY22E it should increase by 24/95/392% and 11/28/42% YoY to INR 90/19/9bn and INR 100/24/13bn in FY22E and FY23E owing to expected increase in oil and gas realisations.

Despite production cuts from OPEC and non-OPEC countries, we expect oil prices to remain muted in FY21/22E owing to the robust supply from US Shale and weakening global macros. With no subsidy sharing with OMCs, OIL remains a pure play on crude oil prices. Lower oil and gas realisations will drag down profitability for OIL.

We value standalone business at INR 31 and its investments at INR 68. Downgrade to REDUCE from ADD.

Exhibit 52: Key Metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Brent price assumption	USD/bbl	57.5	70.0	63.0	36.3	41.3
Gas realisation blended	USD/mmbtu	2.7	3.2	2.8	2.7	2.7
Production (Standalone)						
Oil	mmtpa	3.4	3.2	3.3	3.0	3.4
Gas	bcm	2.9	2.7	2.7	2.4	2.7
Consolidated Financial Summary						
Revenue	INR bn	107	138	122	73	90
EBITDA	INR bn	39	56	32	11	21
PAT	INR bn	27	39	36	16	22
EPS	INR/sh	25.2	36.3	33.2	14.5	20.5

Source: Company, HSIE Research

Oil and Natural Gas Corporation of India

TP INR 78, REDUCE

Closure of gas wells owing to lower offtake from customers and GAIL during the lockdown has resulted in 14.3% YoY decline in cumulative gas production in YTDFY21. We expect the production loss at this stage to be made up for in the next few months. Thus, overall natural gas production from its own fields should dip 5% from 23.7bcm in FY20 to 22.6bcm in FY21E. We expect the gas production to increase by 7/1% YoY in FY22/23E to 25.4/25.7bcm as offtake from customers/GAIL normalises and ONGC commences production from KG-DWN-98/2 field in 1QFY22E. Including the share in JV production, ONGC's total gas production should increase by 4.1% CAGR whereas oil production should grow by 1% CAGR to 23.6mmt over FY21-23E.

We expect gas production from KG-DWN-98/2 to increase to 12mmscmd by FY25E and reach its peak production of 14mmscmd in FY26E. Besides, Daman, W/O series and Deen Dayal field will add another ~4-4.5mmscmd of production. Therefore, ONGC's net gas production (assuming natural decline rate of 4%) should increase by ~1.6bcm to 25.2mmt by FY25E.

Oil prices should remain muted at USD 36/41/45 per barrel in FY21/22/23E vs. USD 59 in FY20, given the weak global macros, despite production cuts from OPEC and non-OPEC countries. Gas realisation should slide to USD 2.7/2.9/3.1 per mmbtu in FY21/22/23E from USD 3.9/mmbtu in FY20. Sharp correction in oil and gas prices and dip in production should result in 32/43/66% YoY reduction in standalone revenue/EBITDA/APAT in FY21 to INR 654/279/58bn. However, we expect an increase of 21/32/109% YoY and 11/11/24% to INR 789/367/122bn and INR 876/409/151bn in FY22E and FY23E owing to expected increase in oil and gas realisation and increase in gas production.

Despite production cuts from OPEC and non-OPEC countries, we expect the oil prices to remain muted owing to the robust supply from US Shale and weakening global macros in FY21/22E/23E. With no subsidy sharing with OMCs, ONGC remains a play on crude oil prices. Lower oil and gas realisations will drag down profitability for ONGC.

We value standalone business at INR 54 and its investments at INR 24. Downgrade to REDUCE from ADD.

Exhibit 53: Key metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Brent price assumption	USD/bbl	55.2	68.2	59.4	36.3	41.3
Gas realisation blended	USD/mmbtu	3.0	3.6	3.9	2.7	2.9
Production (Standalone)						
Oil	mmtpa	25.4	24.2	23.4	23.1	23.4
Gas	bcm	24.6	25.8	24.9	23.7	25.4
OVL production	mmtoe	14.2	14.8	15.0	15.3	15.6
Consolidated Financial Summary						
Revenue	INR bn	3,622	4,535	4,250	3,294	3,758
EBITDA	INR bn	644	839	612	412	563
PAT	INR bn	259	349	181	30	104
EPS	INR/sh	20.6	27.7	14.4	2.4	8.3

Source: Company, HSIE Research

Petronet LNG

TP INR 291, BUY

As per our estimates, India's demand for imported LNG should rise by 5.2% CAGR over FY20-25E from 25.4mmtpa to 32.6mmtpa by FY25E. We estimate Petronet LNG's (PLNG) regasification volume to increase by a 5.7% CAGR from 18.2mmtpa in FY20 to 23.9mmtpa in FY25E. This implies that PLNG's pivotal position in India's LNG market with >70% share. A relatively low regasification tariff compared to competitors, well-connected terminals, timely expansion strategy and tied up capacity with off-takers should ensure healthy utilisation for PLNG's terminals, despite competition from new terminals.

Majority of incremental domestic gas production over the next three to four years is coming from ONGC and RIL-BP's blocks in the KG basin. Extraction of this gas from difficult fields will demand a premium over APM gas. As per our calculation, the landed cost of this gas on the western or northern part of India should be higher than the landed cost of spot LNG. In our opinion, majority of this gas will be consumed locally on the eastern part of India, predominantly by stranded power plants in Andhra Pradesh. Thus, we do not foresee any adverse impact of rising domestic gas production on PLNG's Dahej terminal utilisation.

We expect Dahej terminal utilisation to remain at 93/110% in FY21/22E. Utilisation will be low in FY21E as COVID-19 has adversely impacted demand in 1HFY21E. In FY22E, volume should jump by 19% YoY to 986tbtu (19.4mmt) despite 14% jump in domestic gas production owing to robust demand for gas. GAIL's Kochi-Mangalore pipeline (KMPL) will be commissioned in 1HFY21E. Therefore, utilisation of Kochi LNG terminal should increase from 17% (43tbtu or 0.8mmt) in FY20 to 29% (75tbtu or 1.5mmt) in FY22E. We have assumed a 5% escalation in regasification tariff for Dahej and Kochi terminal for three and two years respectively. We expect EBITDA for FY21E to remain muted at INR 40bn (-0.7% YoY) and thereafter to grow by a 15% CAGR to INR 52bn in FY22E.

Over the next three years (FY21-23E), PLNG should generate Operating Cash Flow (OCF) of INR 116bn while its capex requirement is limited at INR 17bn. The company should generate Free Cash Flow (FCF) of INR 99bn. On our FY22E estimates, the stock is trading at a FCF yield of 12%.

We upgrade PLNG to BUY from an ADD recommendation with a TP of INR 291 (WACC of 11% and terminal growth of 3%) owing to robust volume offtake in 2HFY21 and FY22E as (1) Benign LNG prices will ensure high LNG imports, in turn allowing full utilisation at Dahej on its expanded capacity, (2) Higher utilisation of Kochi terminal on completion of Kochi-Mangalore pipeline in 1HFY21E, which will subsequently raise utilisation at Kochi, and (3) Healthy FCF in the absence of major capex.

Exhibit 54: Key Metrics

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Operating Assumptions						
Dahej						
Capacity	mmt	15	15	17.5	17.5	17.5
Throughput	mmt	16.0	16.1	17.4	16.3	19.4
Re-gas tariff	INR/mmbtu	45.3	47.6	49.9	52.4	55.1
Kochi						
Capacity	mmt	5.0	5.0	5.0	5.0	5.0
Throughput	mmt	0.6	0.5	0.8	1.1	1.5
Re-gas tariff	INR/mmbtu	76.2	80.0	84.0	79.1	83.1

Y/E Mar	Unit	FY18	FY19	FY20	FY21E	FY22E
Financial Summary						
Revenue	INR bn	306	384	355	242	335
EBITDA	INR bn	33	33	40	40	49
PAT	INR bn	21	22	28	23	31
EPS	INR/sh	13.9	14.4	18.3	15.5	20.5

Source: Company, HSIE Research

Exhibit 55: Consolidated peer set comparison

Consolidated	CMP (INR)	RECO	TP (INR)	P/E (x)			RoE (%)			EV/EBITDA (x)			Dividend yield (%)			FCFF yield (%)		
				FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
GAIL	97	BUY	124	4.6	10.4	7.9	19.8	8.2	9.8	5.4	8.7	6.2	9.0	2.0	2.9	(5.6)	(2.1)	(0.3)
GGL	286	ADD	325	21.9	26.2	16.1	32.6	20.6	27.0	12.7	14.8	9.9	0.8	0.4	0.6	5.7	2.7	4.0
GSPL	202	BUY	252	6.6	8.2	6.4	42.3	24.9	24.8	4.5	4.6	3.2	1.2	2.4	2.9	18.2	6.0	16.2
IGL	402	ADD	444	23.9	29.0	21.4	24.3	16.8	19.7	17.1	19.8	14.6	0.7	0.6	0.8	1.3	1.2	2.3
MGL	987	ADD	1,065	12.3	17.4	14.0	29.7	18.1	20.4	8.0	10.1	7.7	3.5	2.3	2.9	6.6	1.7	7.4
OIL	97	REDUCE	99	2.9	6.7	4.7	12.5	5.3	7.0	5.8	17.7	8.8	13.2	0.9	4.2	(9.5)	(6.1)	8.1
ONGC	78	REDUCE	78	5.4	32.9	9.4	8.5	1.4	5.1	3.5	6.5	4.7	8.9	2.2	14.9	6.9	(14.6)	11.1
PLNG	244	BUY	291	13.3	15.8	11.9	26.2	20.8	26.3	8.0	7.7	6.1	2.0	4.1	4.9	11.4	10.1	12.0

Source: BSE, Company, HSIE Research

GAIL (Consolidated)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Revenues	**486**	**545**	**762**	**725**	**492**	**583**
Growth (%)	***(6.7)***	***12.2***	***39.8***	***(4.8)***	***(32.2)***	***18.5***
Raw Material	365	408	593	569	378	442
Gas Trading	-	-	-	-	-	-
Employee Cost	13	13	19	16	17	18
Other Expenses	42	45	53	50	41	47
EBITDA	**66**	**78**	**97**	**90**	**56**	**76**
EBITDA Margin (%)	***13.6***	***14.3***	***12.7***	***12.4***	***11.3***	***13.0***
EBITDA Growth (%)	***46.0***	***18.0***	***24.3***	***(6.6)***	***(38.4)***	***35.8***
Depreciation	15	15	17	21	25	29
EBIT	**50**	**63**	**80**	**69**	**30**	**46**
Other Income (Including EO Items)	13	8	12	15	16	16
Interest Cost	6	3	2	3	4	4
PBT	**58**	**68**	**91**	**82**	**42**	**59**
Taxes	18	21	33	9	11	15
RPAT	**39**	**46**	**58**	**73**	**32**	**44**
EO (Loss) / Profit (Net Of Tax)	1	-	-	-	-	-
APAT	**38**	**46**	**58**	**73**	**32**	**44**
Share of associates	*(6)*	*2*	*8*	*22*	*11*	*12*
Minority interest	(0)	(0)	(0)	(1)	(1)	(1)
Consolidated Net Profit	***32***	***48***	***65***	***94***	***42***	***55***
Consol PAT Growth (%)	72.6	48.6	36.5	43.9	(55.6)	31.9
EPS (INR/sh)	***7.2***	***10.6***	***14.5***	***20.9***	***9.3***	***12.2***
EPS Growth (%)	72.6	48.6	36.5	43.9	(55.6)	31.9

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	17	23	23	45	45	45
Reserves And Surplus	376	394	437	448	489	545
Net Worth	**393**	**417**	**460**	**493**	**535**	**590**
Minority Interest	0	0	0	1	1	1
Long-term Debt	50	22	10	39	41	32
Short-term Debt	7	10	10	27	28	22
Total Debt	**57**	**32**	**21**	**66**	**68**	**55**
Net Deferred Taxes	43	50	65	40	46	47
Long-term Provisions & Others	35	38	42	52	60	62
Total liabilities	**529**	**538**	**588**	**652**	**710**	**754**
APPLICATION OF FUNDS						
Net Block	301	305	327	382	477	520
CWIP	41	59	97	117	110	113
Investments	101	101	107	99	99	99
LT Loans And Advances	51	49	17	16	17	18
Other Non-current assets	8	6	25	15	16	16
Total Non-current Assets	**503**	**520**	**574**	**629**	**719**	**766**
Inventory	17	19	25	32	21	18
Debtors	28	34	44	48	32	28
Cash And Cash Equivalent	14	32	14	13	24	21
Loans And Advances	11	10	7	11	11	11
Other Current Assets	24	13	20	17	17	17
Total Current Assets	**94**	**109**	**110**	**120**	**104**	**96**
Creditors	27	39	39	39	42	45
Other Current Liabilities & Provisions	40	52	57	58	71	63
Total Current Liabilities	**68**	**91**	**96**	**97**	**113**	**108**
Net Current Assets	**26**	**18**	**14**	**22**	**(9)**	**(12)**
Total Assets	**529**	**538**	**588**	**652**	**710**	**754**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	58	68	91	82	42	59
Non-operating & EO Items	(20)	(7)	(4)	6	(6)	(5)
Interest Expenses	6	3	2	3	4	4
Depreciation	15	15	17	21	25	29
Working Capital Change	(4)	26	(14)	(10)	43	1
Tax Paid	(23)	(14)	(18)	(34)	(5)	(14)
OPERATING CASH FLOW (a)	**32**	**91**	**72**	**68**	**103**	**73**
Capex	(21)	(37)	(77)	(95)	(114)	(75)
Free Cash Flow (FCF)	*11*	*54*	*(5)*	*(27)*	*(10)*	*(2)*
Investments	(3)	1	(7)	8	-	-
Non-operating Income	13	8	12	15	16	16
Others	0	4	13	11	(1)	(1)
INVESTING CASH FLOW (b)	**(11)**	**(24)**	**(58)**	**(61)**	**(99)**	**(60)**
Debt Issuance/(Repaid)	(34)	(25)	(11)	45	2	(14)
Interest Expenses	(6)	(3)	(2)	(3)	(4)	(4)
FCFE	*(28)*	*26*	*(18)*	*15*	*(12)*	*(19)*
Share Capital Issuance	4	6	-	23	-	-
Dividend	(19)	(31)	(43)	(39)	(9)	(12)
Others	29	4	25	(34)	17	14
FINANCING CASH FLOW (c)	**(25)**	**(49)**	**(32)**	**(9)**	**7**	**(16)**
NET CASH FLOW (a+b+c)	**(4)**	**18**	**(18)**	**(2)**	**11**	**(2)**
EO Items, Others						
Closing Cash & Equivalents	14	32	14	13	24	21

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	13.6	14.3	12.7	12.4	11.3	13.0
EBIT Margin	10.4	11.5	10.5	9.6	6.2	7.9
APAT Margin	6.6	8.8	8.6	13.0	8.5	9.5
RoE	8.5	11.8	14.9	19.8	8.2	9.8
Core RoCE	7.0	10.7	13.1	16.7	5.7	7.4
RoCE	6.9	9.4	11.8	15.6	6.6	7.9
EFFICIENCY						
Tax Rate %	31.4	31.4	36.2	11.2	25.2	25.2
Asset Turnover (x)	1.5	1.6	2.1	1.7	0.9	0.9
Inventory (days)	12.8	12.9	12.0	16.0	15.5	11.5
Debtor (days)	20.7	23.0	20.9	24.3	23.4	17.4
Other Current Assets (days)	26.3	15.3	13.2	13.8	20.7	17.9
Payables (days)	83.7	95.9	82.9	118.3	194.4	142.1
Other Current Liabilities & Provisions (days)	30.4	34.7	27.5	29.3	53.1	39.5
Cash Conversion Cycle (days)	(54.2)	(79.4)	(64.3)	(93.5)	(187.8)	(134.8)
Net Debt/EBITDA (x)	0.6	(0.0)	0.1	0.6	0.8	0.4
Net D/E (x)	0.1	(0.0)	0.0	0.1	0.1	0.1
Interest Coverage (x)	9.1	21.2	50.3	22.5	7.5	12.5
PER SHARE DATA						
EPS (INR)	7.2	10.6	14.5	20.9	9.3	12.2
CEPS (INR)	7.2	10.6	14.5	20.9	9.3	12.2
DPS (INR)	3.4	5.7	8.0	8.7	1.9	2.8
BV (INR)	87.1	92.4	102.0	109.2	118.5	130.8
VALUATION						
P/E (x)	13.6	9.1	6.7	4.6	10.4	7.9
P/Cash EPS (x)	13.7	9.3	6.9	4.9	10.7	8.2
P/BV (x)	1.1	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	7.3	5.6	4.6	5.4	8.7	6.2
EV/Revenue (x)	1.0	0.8	0.6	0.7	1.0	0.8
OCF/EV (%)	6.6	20.8	16.2	13.8	21.4	15.5
FCFF /EV (%)	2.2	12.3	(1.1)	(5.6)	(2.1)	(0.3)
FCFE/M CAP (%)	(6.5)	6.0	(4.1)	3.4	(2.7)	(4.4)
Dividend Yield (%)	3.5	5.9	8.3	9.0	2.0	2.9

Source: Company, HSIE Research

Gujarat Gas (Standalone)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Revenues	**51**	**62**	**78**	**103**	**77**	**106**
Growth (%)	*(16.6)*	*21.2*	*25.6*	*32.8*	*(25.4)*	*38.1*
Raw Material	38	47	61	79	55	77
Employee Cost	1	1	2	2	2	2
Other Expenses	4	5	5	6	6	7
EBITDA	**8**	**9**	**10**	**16**	**14**	**19**
EBIDTA Margin (%)	*15.2*	*14.5*	*12.7*	*15.9*	*17.7*	*18.1*
EBITDA Growth (%)	*7.1*	*15.3*	*10.0*	*66.0*	*(16.7)*	*41.4*
Depreciation	3	3	3	3	3	3
EBIT	**5**	**6**	**7**	**13**	**10**	**16**
Other Income (Including EO Items)	(0)	0	1	1	1	1
Interest	2	2	2	2	1	1
PBT	**3**	**5**	**6**	**12**	**10**	**16**
Tax	1	2	2	0	3	4
RPAT	**2**	**3**	**4**	**12**	**8**	**12**
EO (Loss) / Profit (Net Of Tax)	(0)	-	(0)	3	-	-
APAT	**2**	**3**	**4**	**9**	**8**	**12**
APAT Growth (%)	*36.6*	*19.4*	*49.2*	*107.3*	*(16.7)*	*62.8*
AEPS (INR/sh)	**4**	**4**	**6**	**13**	**11**	**18**
AEPS Growth %	*36.6*	*19.4*	*49.2*	*107.3*	*(16.7)*	*62.8*

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	1	1	1	1	1	1
Reserves And Surplus	15	17	21	32	38	49
Total Equity	**17**	**19**	**22**	**33**	**40**	**51**
Long-term Debt	23	22	21	18	15	11
Short-term Debt	1	1	1	-	1	1
Total Debt	**24**	**23**	**22**	**18**	**16**	**12**
Deferred Tax Liability	10	11	11	8	11	14
Long-term Provision	0	0	1	2	1	2
TOTAL SOURCES OF FUNDS	**50**	**53**	**56**	**61**	**68**	**78**
APPLICATION OF FUNDS						
Net Block	49	51	53	56	56	58
Capital WIP	**5**	**5**	**5**	**6**	**7**	**8**
LT Loans And Advances	3	3	3	3	3	4
Total Non-current Investments	**1**	**0**	**0**	**0**	**0**	**0**
Inventories	0	1	1	0	0	1
Debtors	3	4	5	5	4	5
Cash and Cash Equivalent	1	1	3	7	11	18
Other Current Assets	**1**	**1**	**1**	**2**	**1**	**2**
Total Current Assets	5	7	10	14	17	25
Creditors	**3**	**3**	**4**	**4**	**3**	**4**
Other Current Liabilities & Provisions	10	11	12	15	14	14
Total Current Liabilities	**13**	**14**	**16**	**18**	**16**	**18**
Net Current Assets	**(8)**	**(7)**	**(5)**	**(4)**	**1**	**8**
TOTAL APPLICATION OF FUNDS	**50**	**53**	**56**	**61**	**68**	**78**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	3	5	6	12	10	16
Non-operating & EO Items	0	(0)	(1)	(1)	(1)	(1)
Interest Expenses	2	2	2	2	1	1
Depreciation	3	3	3	3	3	3
Working Capital Change	6	(0)	1	3	(1)	(1)
Tax Paid	(1)	(2)	(2)	(0)	(3)	(4)
OPERATING CASH FLOW (a)	**13**	**7**	**9**	**19**	**10**	**14**
Capex	(5)	(4)	(5)	(7)	(5)	(6)
Free Cash Flow (FCF)	8	2	4	12	5	8
Investments	1	1	(0)	(0)	-	-
Non-operating Income	(0)	0	1	1	1	1
INVESTING CASH FLOW (b)	**(4)**	**(3)**	**(4)**	**(6)**	**(4)**	**(5)**
Debt Issuance/(Repaid)	0	(0)	(1)	(4)	(3)	(4)
Interest Expenses	(2)	(2)	(2)	(2)	(1)	(1)
FCFE	6	0	1	6	1	3
Share Capital Issuance	(0)	-	0	-	-	-
Dividend	(0)	(1)	(1)	(2)	(1)	(1)
FINANCING CASH FLOW (c)	**(2)**	**(3)**	**(4)**	**(7)**	**(5)**	**(6)**
NET CASH FLOW (a+b+c)	**7**	**0**	**1**	**5**	**2**	**3**
EO Items, Others						
Closing Cash & Equivalents	**7**	**1**	**2**	**8**	**8**	**14**

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	15.2	14.5	12.7	15.9	17.7	18.1
EBIT Margin	10.2	10.1	9.0	12.8	13.5	15.0
APAT Margin	4.8	4.7	5.6	8.7	9.8	11.5
RoE	12.9	16.5	21.3	32.6	20.6	27.0
RoIC	7.4	7.9	9.6	18.5	14.1	20.5
RoCE	7.5	8.0	10.5	17.8	13.2	17.8
EFFICIENCY						
Tax Rate (%)	27.7	37.1	29.0	25.4	25.2	25.2
Fixed Asset Turnover (x)	0.9	1.1	1.3	1.5	1.1	1.4
Inventory (days)	3	3	3	2	2	2
Debtor (days)	22	22	21	18	18	18
Other Current Assets (days)	5	7	7	7	7	7
Payables (days)	27	24	20	17	17	17
Other Current Liabilities & Provisions (days)	73	64	56	51	64	49
Cash Conversion Cycle (days)	(70)	(56)	(45)	(42)	(54)	(39)
Net Debt/EBITDA (x)	3.0	2.4	1.9	0.7	0.3	(0.3)
Net D/E (x)	1.4	1.2	0.9	0.3	0.1	(0.1)
Interest Coverage (x)	0.4	0.3	0.3	0.1	0.1	0.1
PER SHARE DATA (INR)						
EPS	3.5	4.2	6.3	13.1	10.9	17.7
CEPS	7.3	8.2	10.5	17.7	15.6	22.6
Dividend	0.6	0.8	1.0	2.2	1.1	1.8
Book Value	24.2	27.1	32.0	48.2	57.8	73.5
VALUATION						
P/E (x)	80.7	67.6	45.3	21.9	26.2	16.1
P/Cash EPS (x)	39.3	35.0	27.3	16.2	18.3	12.7
P/BV (x)	11.8	10.5	8.9	5.9	4.9	3.9
EV/EBITDA (x)	28.3	24.4	21.9	12.7	14.8	9.9
EV/Revenue (x)	4.3	3.5	2.8	2.0	2.6	1.8
Dividend Yield (%)	0.2	0.3	0.3	0.8	0.4	0.6
OCF/EV (%)	6.0	3.1	4.0	9.0	5.1	7.2
FCFF/EV (%)	3.6	1.1	1.7	5.7	2.7	4.0
FCFE/M Cap (%)	3.1	0.1	0.3	3.1	0.7	1.4

Source: Company, HSIE Research

Gujarat State Petronet LNG (Consolidated)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Revenues	**59**	**73**	**93**	**122**	**131**	**137**
Growth (%)	*494.9*	*23.0*	*28.7*	*31.0*	*6.9*	*4.5*
Raw Material	36	45	59	75	**83**	**85**
Employee Cost	2	2	2	2	3	3
Other Expenses	5	6	7	13	15	10
EBITDA	**16**	**20**	**25**	**32**	**30**	**39**
EBITDA Margin (%)	*27.8*	*28.1*	*27.2*	*26.3*	*23.1*	*28.2*
EBITDA Growth (%)	*89.6*	*24.5*	*24.3*	*26.9*	*(6.3)*	*27.8*
Depreciation	4	4	5	5	6	6
EBIT	**12**	**16**	**21**	**27**	**24**	**32**
Other Income (Including EO Items)	1	1	1	1	1	1
Interest Cost	3	2	4	4	2	2
PBT	**10**	**15**	**18**	**24**	**23**	**31**
Taxes	3	5	6	2	6	8
RPAT	**7**	**9**	**12**	**23**	**17**	**23**
EO (Loss) / Profit (Net Of Tax)	**-**	**-**	**(0)**	**-**	**-**	**-**
APAT	**7**	**9**	**12**	**23**	**17**	**23**
Share of associates	0	0	0	(0)	(0)	(0)
Minority interest	*2*	*2*	*2*	*5*	*3*	*6*
Consolidated Net Profit (Adjusted)	**6**	**7**	**10**	**17**	**14**	**18**
APAT Growth (%)	*11.3*	*33.7*	*36.3*	*71.1*	*(19.8)*	*28.3*
AEPS (INR/sh)	**9.8**	**13.2**	**17.9**	**30.7**	**24.6**	**31.6**
EPS Growth (%)	*11.1*	*33.7*	*36.3*	*71.1*	*(19.8)*	*28.3*

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	6	6	6	6	6	6
Reserves And Surplus	40	19	27	43	57	75
Net Worth	**45**	**24**	**33**	**49**	**63**	**80**
Minority Interest	12	9	10	15	15	13
Long-term Debt	30	54	46	24	19	14
Short-term Debt	0	0	-	-	2	2
Total Debt	**30**	**54**	**46**	**24**	**21**	**16**
Net Deferred Taxes	15	16	16	12	23	33
Long-term Provisions & Others	1	1	2	3	2	3
Total liabilities	**103**	**103**	**107**	**102**	**123**	**146**
APPLICATION OF FUNDS						
Net Block	81	82	89	93	108	116
CWIP	12	14	9	8	14	17
Investments	5	6	7	10	12	15
LT Loans And Advances	1	1	1	1	-	-
Other Non-current assets	4	4	3	3	2	2
Total Non-current Assets	**102**	**106**	**109**	**115**	**136**	**151**
Inventory	2	2	2	2	2	2
Debtors	5	5	7	7	8	8
Cash And Cash Equivalent	9	5	5	8	12	21
Loans And Advances	1	1	1	0	0	0
Other Current Assets	1	1	1	2	2	2
Total Current Assets	**16**	**13**	**15**	**19**	**24**	**34**
Creditors	3	3	4	4	5	5
Other Current Liabilities & Provisions	12	14	14	27	32	34
Total Current Liabilities	**15**	**17**	**18**	**31**	**36**	**39**
Net Current Assets	**1**	**(3)**	**(2)**	**(13)**	**(13)**	**(5)**
Total Assets	**103**	**103**	**107**	**102**	**123**	**146**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	10	15	18	24	23	31
Non-operating & EO Items	(3)	(3)	(3)	(7)	(5)	(7)
Interest Expenses	3	2	4	4	2	2
Depreciation	4	4	5	5	6	6
Working Capital Change	8	1	(1)	13	4	2
Tax Paid	6	(4)	(5)	(6)	5	3
OPERATING CASH FLOW (a)	**29**	**15**	**17**	**34**	**35**	**37**
Capex	(58)	(8)	(7)	(8)	(27)	(17)
Free Cash Flow (FCF)	*(29)*	*7*	*10*	*26*	*8*	*20*
Investments	2	(1)	(1)	(3)	(2)	(3)
Non-operating Income	1	1	1	1	1	1
Others	(1)	0	1	0	2	(0)
INVESTING CASH FLOW (b)	**(56)**	**(8)**	**(6)**	**(10)**	**(26)**	**(20)**
Debt Issuance/(Repaid)	20	24	(8)	(22)	(3)	(4)
Interest Expenses	(3)	(2)	(4)	(4)	(2)	(2)
FCFE	*(12)*	*29*	*(2)*	*1*	*3*	*14*
Share Capital Issuance	(0)	(0)	0	0	-	-
Dividend	(1)	(1)	(1)	(1)	(3)	(3)
Others	14	(31)	2	6	3	2
FINANCING CASH FLOW (c)	**30**	**(11)**	**(11)**	**(21)**	**(6)**	**(8)**
NET CASH FLOW (a+b+c)	**3**	**(4)**	**(0)**	**3**	**4**	**9**
EO Items, Others						
Closing Cash & Equivalents	9	5	5	8	12	21

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	27.8	28.1	27.2	26.3	23.1	28.2
EBIT Margin	20.4	22.0	22.2	22.1	18.7	23.5
APAT Margin	9.4	10.2	10.8	14.1	10.6	13.0
RoE	13.0	21.3	35.3	42.3	24.9	24.8
Core RoCE	11.8	11.0	14.5	23.2	17.5	19.7
RoCE	9.4	8.7	12.3	19.8	13.8	14.3
EFFICIENCY						
Tax Rate (%)	31.7	35.7	33.4	6.5	25.2	25.2
Asset Turnover (x)	0.9	0.7	0.9	1.1	1.0	0.9
Inventory (days)	9.5	9.1	7.7	5.1	5.6	5.7
Debtor (days)	28.2	25.2	27.4	19.5	21.4	21.7
Other Current Assets (days)	7.2	6.6	6.7	7.0	6.7	6.6
Payables (days)	8.9	6.7	6.1	5.2	5.6	5.8
Other Current Liabilities & Provisions (days)	73.8	67.9	55.5	80.9	88.8	89.8
Cash Conversion Cycle (days)	(37.7)	(33.8)	(19.8)	(54.4)	(60.5)	(61.6)
Net Debt/EBITDA (x)	1.3	2.4	1.6	0.5	0.3	(0.1)
Net D/E (x)	0.5	2.0	1.2	0.3	0.1	(0.1)
Interest Coverage (x)	4.3	6.6	4.9	7.3	10.4	16.4
PER SHARE DATA (INR)						
EPS	9.8	13.2	17.9	30.7	24.6	31.6
CEPS	17.6	21.1	26.2	39.9	34.8	42.9
DPS	1.8	2.1	2.4	2.4	4.9	5.9
BV	80.3	43.1	58.5	86.7	111.3	142.9
VALUATION						
P/E (x)	20.5	15.4	11.3	6.6	8.2	6.4
P/Cash EPS (x)	11.5	9.6	7.7	5.1	5.8	4.7
P/BV (x)	2.5	4.7	3.5	2.3	1.8	1.4
EV/EBITDA (x)	9.0	8.4	6.5	4.5	4.6	3.2
EV/Revenue (x)	2.5	2.4	1.8	1.2	1.1	0.9
OCF/EV (%)	19.7	8.6	10.4	23.6	25.5	30.4
FCFF /EV (%)	(19.6)	4.1	6.3	18.2	6.0	16.2
FCFE/M CAP (%)	(10.2)	25.1	(1.8)	0.6	2.4	11.9
Dividend Yield (%)	0.9	1.0	1.2	1.2	2.4	2.9

Source: Company, HSIE Research

Indraprastha Gas (Consolidated)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Revenues	**38**	**45**	**58**	**65**	**55**	**68**
Growth (%)	*3.5*	*18.9*	*27.1*	*12.5*	*(15.9)*	*25.5*
Raw Material	21	25	34	37	30	37
Employee Cost	1	1	1	2	2	2
Other Expenses	7	8	10	11	11	12
EBITDA	**10**	**11**	**13**	**15**	**13**	**17**
EBIDTA Margin (%)	*25.4*	*24.8*	*22.0*	*23.4*	*23.6*	*24.9*
EBITDA Growth (%)	*24.4*	*15.9*	*12.8*	*19.9*	*(15.4)*	*32.7*
Depreciation	2	2	2	3	3	3
EBIT	**8**	**9**	**11**	**13**	**10**	**14**
Other Income (Including EO Items)	0	1	1	1	2	2
Interest	0	0	0	0	0	0
PBT	**8**	**10**	**12**	**14**	**12**	**16**
Tax	3	4	4	3	3	4
RPAT	**5**	**6**	**8**	**11**	**9**	**12**
EO (Loss) / Profit (Net Of Tax)	-	-	-	1	-	-
APAT	**5**	**6**	**8**	**10**	**9**	**12**
Share from associates	1	1	1	2	1	1
Consolidated APAT	**6**	**7**	**8**	**12**	**10**	**13**
Consolidated APAT Growth (%)	*32.4*	*19.0*	*16.7*	*39.8*	*(17.7)*	*36.0*
AEPS (INR/sh)	**8.7**	**10.3**	**12.0**	**16.8**	**13.8**	**18.8**
AEPS Growth (%)	*32.4*	*19.0*	*16.7*	*39.8*	*(17.7)*	*36.0*

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	1	1	1	1	1	1
Reserves And Surplus	29	35	42	52	60	71
Total Equity	**30**	**36**	**43**	**54**	**62**	**72**
Long-term Debt	-	-	-	-	-	-
Short-term Debt	-	-	-	-	-	-
Total Debt	**-**	**-**	**-**	**-**	**-**	**-**
Deferred Tax Liability	2	3	3	3	2	2
Long-term Provision and others	0	0	0	1	1	1
TOTAL SOURCES OF FUNDS	**32**	**39**	**47**	**57**	**64**	**76**
APPLICATION OF FUNDS						
Net Block	21	24	29	36	42	49
Capital WIP	4	4	5	8	4	4
LT Loans And Advances	0	1	1	1	(1)	(1)
Total Non-current Investments	4	4	5	6	6	6
Total Non-current assets	**29**	**33**	**39**	**50**	**51**	**59**
Inventories	1	1	1	1	0	1
Debtors	2	2	2	2	1	2
Cash and Cash Equivalents	10	14	19	22	26	32
Other Current Assets	1	1	1	1	2	3
Total Current Assets	**13**	**18**	**22**	**25**	**30**	**37**
Creditors	3	3	5	2	2	2
Other Current Liabilities & Provisions	7	8	10	16	16	17
Total Current Liabilities	**10**	**12**	**15**	**18**	**18**	**19**
Net Current Assets	**4**	**6**	**7**	**7**	**13**	**17**
TOTAL APPLICATION OF FUNDS	**32**	**39**	**47**	**57**	**64**	**76**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	8	10	12	14	12	16
Non-operating & EO Items	0	(0)	(0)	(1)	(1)	(1)
Interest Expenses	0	0	0	0	0	0
Depreciation	2	2	2	3	3	3
Working Capital Change	3	2	3	3	(1)	1
Tax Paid	(3)	(3)	(4)	(3)	(4)	(3)
OPERATING CASH FLOW (a)	**11**	**11**	**13**	**16**	**8**	**16**
Capex	(3)	(5)	(7)	(12)	(5)	(11)
Free Cash Flow (FCF)	7	5	6	3	3	6
Investments	(0)	(1)	(1)	(1)	-	-
Non-operating Income	0	1	1	1	2	2
Others	(0)	(0)	(0)	0	2	(0)
INVESTING CASH FLOW (b)	**(3)**	**(5)**	**(7)**	**(12)**	**(2)**	**(8)**
Debt Issuance/(Repaid)	-	-	-	-	-	-
Interest Expenses	(0)	(0)	(0)	(0)	(0)	(0)
FCFE	7	5	6	3	3	6
Share Capital Issuance	-	-	-	-	-	-
Dividend	(1)	(2)	(2)	(2)	(2)	(2)
Others	(0)	1	0	1	(0)	0
FINANCING CASH FLOW (c)	**(2)**	**(1)**	**(2)**	**(1)**	**(2)**	**(2)**
NET CASH FLOW (a+b+c)	**6**	**4**	**4**	**3**	**4**	**6**
EO Items, Others						
Closing Cash & Equivalents	**10**	**14**	**19**	**22**	**26**	**32**

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	25.4	24.8	22.0	23.4	23.6	24.9
EBIT Margin	21.0	20.8	18.5	19.5	18.4	19.9
APAT Margin	15.9	15.9	14.6	18.1	17.8	19.2
RoE	21.7	21.7	21.2	24.3	16.8	19.7
RoIC	29.1	33.5	35.0	43.0	26.6	29.5
RoCE	21.9	21.8	21.4	24.5	16.9	19.8
EFFICIENCY						
Tax Rate (%)	35.4	36.5	36.1	21.9	25.2	25.2
Fixed Asset Turnover (x)	1.7	1.7	1.8	1.6	1.1	1.2
Inventory (days)	4.9	4.2	3.2	2.9	2.9	2.9
Debtors (days)	19.3	18.2	14.0	9.6	9.6	9.6
Other Current Assets (days)	4.8	4.5	4.9	5.4	15.8	13.9
Payables (days)	48.0	49.6	52.5	22.3	22.3	22.3
Other Current Liabilities & Provisions (days)	65.5	67.4	66.0	88.4	106.7	91.7
Cash Conversion Cycle (days)	(84.5)	(90.1)	(96.3)	(92.8)	(100.8)	(87.6)
Net Debt/EBITDA (x)	(1.1)	(1.3)	(1.5)	(1.4)	(2.0)	(1.9)
Net D/E (x)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Interest Coverage (x)	118.0	110.1	83.7	156.1	123.7	168.0
PER SHARE DATA (INR)						
EPS	8.7	10.3	12.0	16.8	13.8	18.8
CEPS	11.0	12.9	14.9	20.4	17.9	23.7
Dividend	1.7	2.3	2.8	2.8	2.5	3.4
Book Value	43.0	52.1	61.7	76.5	87.9	103.4
VALUATION						
P/E (x)	46.4	39.0	33.4	23.9	29.0	21.4
P/Cash EPS (x)	36.4	31.2	27.0	19.7	22.5	16.9
P/BV (x)	9.3	7.7	6.5	5.3	4.6	3.9
EV/EBITDA (x)	28.0	23.8	20.7	17.1	19.8	14.6
EV/Revenue (x)	7.1	5.9	4.6	4.0	4.7	3.6
Dividend Yield (%)	0.4	0.6	0.7	0.7	0.6	0.8
OCF/EV (%)	4.0	4.0	5.0	6.0	3.3	6.5
FCFF/EV (%)	2.7	2.0	2.2	1.3	1.2	2.3
FCFE/M Cap (%)	2.6	1.9	2.0	1.2	1.1	2.0

Source: Company, HSIE Research

Mahanagar Gas (Standalone)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Revenues	**20**	**22**	**28**	**30**	**23**	**28**
Growth (%)	*(2.2)*	*9.8*	*25.0*	*6.5*	*(22.7)*	*22.3*
Raw Material	10	10	14	14	9	12
Employee Cost	1	1	1	1	1	1
Other Expenses	3	4	4	5	4	5
EBITDA	**6**	**8**	**9**	**11**	**8**	**10**
EBIDTA Margin (%)	*31.7*	*34.9*	*31.7*	*35.4*	*36.3*	*37.1*
EBITDA Growth %	*25.6*	*21.1*	*13.5*	*18.9*	*(20.9)*	*25.0*
Depreciation	1	1	1	2	2	2
EBIT	**5**	**7**	**8**	**9**	**6**	**8**
Other Income (Including EO Items)	1	1	1	1	1	1
Interest	0	0	0	0	-	-
PBT	6	7	8	10	7	9
Tax	2	2	3	2	2	2
RPAT	**4**	**5**	**5**	**8**	**6**	**7**
EO (Loss) / Profit (Net Of Tax)	-	-	-	-	-	-
APAT	**4**	**5**	**5**	**8**	**6**	**7**
APAT Growth (%)	*27.5*	*21.4*	*14.3*	*45.2*	*(29.5)*	*24.6*
AEPS (INR/sh)	**39.8**	**48.4**	**55.3**	**80.3**	**56.7**	**70.6**
AEPS Growth (%)	*27.5*	*21.4*	*14.3*	*45.2*	*(29.5)*	*24.6*

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	1	1	1	1	1	1
Reserves And Surplus	17	20	23	29	31	35
Total Equity	**18**	**21**	**24**	**30**	**32**	**36**
Long-term Debt	0	0	-	-	-	-
Short-term Debt	-	-	-	-	-	-
Total Debt	**0**	**0**	**-**	**-**	**-**	**-**
Deferred Tax Liability	1	2	2	2	2	2
Long-term Provision	0	0	0	1	1	1
TOTAL SOURCES OF FUNDS	**20**	**23**	**26**	**32**	**35**	**39**
APPLICATION OF FUNDS						
Net Block	13	15	18	19	22	24
Capital WIP	**4**	**4**	**4**	**5**	**4**	**4**
LT Loans And Advances	1	1	1	2	2	2
Total Non-current Investments	**-**	**-**	**-**	**-**	**-**	**-**
Inventories	0	0	0	0	0	0
Debtors	1	1	1	1	1	1
Cash and Cash Equivalents	6	8	10	14	13	17
Other Current Assets	1	1	1	1	1	1
Total Current Assets	**8**	**10**	**12**	**15**	**14**	**18**
Creditors	1	1	2	1	1	1
Other Current Liabilities & Provisions	5	6	7	8	7	10
Total Current Liabilities	**6**	**7**	**8**	**9**	**8**	**11**
Net Current Assets	**2**	**3**	**4**	**6**	**6**	**8**
TOTAL APPLICATION OF FUNDS	**20**	**23**	**26**	**32**	**35**	**39**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	6	7	8	10	7	9
Non-operating & EO Items	(1)	(1)	(1)	(1)	(1)	(1)
Interest Expenses	0	0	0	0	-	-
Depreciation	1	1	1	2	2	2
Working Capital Change	1	1	1	2	(1)	2
Tax Paid	(2)	(2)	(3)	(2)	(2)	(2)
OPERATING CASH FLOW (a)	**6**	**6**	**7**	**10**	**6**	**11**
Capex	(3)	(3)	(4)	(4)	(4)	(5)
Free Cash Flow (FCF)	3	3	3	6	1	6
Investments	(1)	0	0	(1)	(0)	(0)
Non-operating Income	1	1	1	1	1	1
Others	-	-	-	-	-	-
INVESTING CASH FLOW (b)	**(3)**	**(2)**	**(3)**	**(4)**	**(3)**	**(4)**
Debt Issuance/(Repaid)	(1)	0	0	2	-	-
Interest Expenses	(0)	(0)	(0)	(0)	-	-
FCFE	3	3	4	8	1	6
Share Capital Issuance	0	-	-	0	(0)	-
Dividend	(2)	(2)	(3)	(4)	(3)	(3)
FINANCING CASH FLOW (c)	**(3)**	**(2)**	**(2)**	**(2)**	**(3)**	**(3)**
NET CASH FLOW (a+b+c)	**0**	**2**	**2**	**4**	**(0)**	**4**
EO Items, Others			0	2	-	-
Closing Cash & Equivalents	**6**	**8**	**10**	**15**	**13**	**17**

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	31.7	34.9	31.7	35.4	36.3	37.1
EBIT Margin	27.0	30.0	27.2	30.0	28.1	29.3
APAT Margin	19.3	21.4	19.6	26.7	24.4	24.8
RoE	22.1	24.3	24.3	29.7	18.1	20.4
RoIC	26.8	30.4	31.2	41.1	24.3	23.0
RoCE	20.4	22.3	22.3	27.5	16.8	19.0
EFFICIENCY						
Tax Rate (%)	34.5	34.2	34.7	19.3	25.2	25.2
Fixed Asset Turnover (x)	1.5	1.4	1.4	1.3	0.8	0.9
Inventory (days)	4	4	3	2	2	2
Debtors (days)	17	15	13	8	8	8
Other Current Assets (days)	13	13	14	8	8	8
Payables (days)	22	18	20	16	14	15
Other Current Liab & Provns (days)	91	100	87	100	117	124
Cash Conversion Cycle (days)	(79)	(86)	(78)	(97)	(113)	(120)
Net Debt/EBITDA (x)	(0.9)	(1.0)	(1.1)	(1.3)	(1.6)	(1.6)
Net D/E (x)	(0.3)	(0.4)	(0.4)	(0.5)	(0.4)	(0.5)
Interest Coverage (x)	0.0	0.0	0.0	0.0	-	-
PER SHARE DATA (INR)						
EPS	39.8	48.4	55.3	80.3	56.7	70.6
CEPS	49.5	59.6	68.0	96.7	75.8	92.7
Dividend	19.0	19.0	23.6	35.0	22.7	28.2
Book Value	186.3	212.1	242.9	298.9	328.4	365.1
VALUATION						
P/E (x)	24.8	20.4	17.8	12.3	17.4	14.0
P/Cash EPS (x)	20.0	16.6	14.5	10.2	13.0	10.7
P/BV (x)	5.3	4.7	4.1	3.3	3.0	2.7
EV/EBITDA (x)	14.2	11.5	9.9	8.0	10.1	7.7
EV/Revenue (x)	4.5	4.0	3.2	2.8	3.7	2.9
Dividend Yield (%)	1.9	1.9	2.4	3.5	2.3	2.9
OCF/EV (%)	6.3	6.9	8.1	11.9	6.7	13.2
FCFF/EV (%)	3.5	3.8	3.8	6.6	1.7	7.4
FCFE/M Cap (%)	2.6	3.5	3.8	7.9	1.5	6.1

Source: Company, HSIE Research

Oil India (Consolidated)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Revenues	**96**	**107**	**138**	**122**	**73**	**90**
Growth (%)	***(2.6)***	***11.8***	***28.8***	***(11.7)***	***(39.9)***	***23.8***
Material cost	(0)	0	2	3	2	2
Statutory Levies	-	-	-			
Employee Cost	16	17	16	19	19.38	19.77
Other Expenses	49	50	64	68	41	48.06
EBIDTA	**31**	**39**	**56**	**32**	**11**	**21**
EBIDTA Margin (%)	***32.6***	***36.7***	***40.6***	***26.4***	***15.2***	***22.7***
EBIDTA Growth (%)	***(10.7)***	***12.6***	***10.5***	***(34.9)***	***(42.3)***	***49.0***
Depreciation	12	13	15	15	13	14
EBIT	**19**	**26**	**40**	**17**	**(2)**	**7**
Other Income (Incl. EO Items)	14	10	11	12	13	12
Interest	4	6	6	6	6	7
PBT	**29**	**31**	**46**	**22**	**4**	**12**
Tax	7	11	14	(3)	1	3
EO (Loss) / Profit (Net Of Tax)	(12)	-	(10)	(2)	-	-
Share of Profit of Associates and Joint Ventures	**5**	**8**	**12**	**13**	**13**	**13**
Consolidated RPAT	**16**	**27**	**32**	**38**	**16**	**22**
Consolidated APAT	**25**	**27**	**39**	**36**	**16**	**22**
Consol PAT Growth (%)	*11.7*	*10.5*	*44.1*	*(8.5)*	*(56.4)*	*41.4*
Adjusted EPS (INR/sh)	**22.8**	**25.2**	**36.3**	**33.2**	**14.5**	**20.5**
EPS Growth (%)	*11.7*	*10.5*	*44.1*	*(8.5)*	*(56.4)*	*41.4*

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	8	8	11	11	11	11
Reserves And Surplus	287	283	279	278	293	316
Total Equity	**295**	**290**	**290**	**288**	**304**	**326**
Minority Interest	**-**	**-**	**-**			
Long-term Debt	89	107	108	127	129	132
Short-term Debt	52	0	0	-	-	-
Total Debt	**142**	**107**	**108**	**127**	**129**	**132**
Deferred Tax Liability	33	36	37	28	28	27
Long-term Provision	9	9	9	14	14	14
TOTAL SOURCES OF FUNDS	**479**	**443**	**443**	**458**	**476**	**500**
APPLICATION OF FUNDS						
Net Block	90	106	104	129	134	138
Capital WIP	34	27	33	20	21	22
Goodwill on consolidation	-	-	-	-	-	-
LT Loans And Advances	6	7	6	2	2	3
Non-current investments	263	261	262	262	265	269
Non-current assets	0	0	0	2	2	2
Total Non-current Assets	**393**	**401**	**406**	**414**	**424**	**434**
Inventories	11	11	12	13	8	9
Debtors	10	14	13	11	6	8
Cash and Cash Equivalent	78	39	67	45	38	56
ST Loans And Advances	28	36	43	15	15	16
Other Current Assets	1	2	11	17	18	19
Total Current Assets	**129**	**102**	**146**	**100**	**85**	**108**
Creditors	6	6	6	6	4	4
Other Current Liabilities & Provisions	37	55	103	51	30	37
Total Current Liabilities	**43**	**60**	**109**	**57**	**34**	**42**
Net Current Assets	**86**	**41**	**37**	**43**	**51**	**66**
TOTAL APPLICATION OF FUNDS	**479**	**443**	**443**	**458**	**476**	**500**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	29	31	46	22	4	12
Non-operating & EO Items	(20)	(2)	(10)	(0)	(0)	1
Interest Expenses	4	6	6	6	6	7
Depreciation	12	13	15	15	13	14
Working Capital Change	10	6	32	(29)	(15)	3
Tax Paid	2	(8)	(14)	(5)	(2)	(4)
OPERATING CASH FLOW (a)	**37**	**45**	**75**	**9**	**7**	**33**
Capex	(31)	(22)	(20)	(27)	(19)	(19)
Free Cash Flow (FCF)	*6*	*23*	*55*	*(18)*	*(12)*	*15*
Investments	(116)	3	(1)	0	(4)	(4)
Non-operating Income	14	10	11	12	13	12
Others	0	(2)	1	3	(0)	(1)
INVESTING CASH FLOW (b)	**(133)**	**(11)**	**(9)**	**(12)**	**(10)**	**(11)**
Debt Issuance/(Repaid)	45	(35)	1	19	3	3
Interest Expenses	(4)	(6)	(6)	(6)	(6)	(7)
FCFE	*46*	*(17)*	*50*	*(5)*	*(16)*	*11*
Share Capital Issuance	2	(0)	3	-	-	-
Dividend	(14)	(13)	(13)	(14)	(1)	(4)
Others	42	(19)	(24)	(18)	1	4
FINANCING CASH FLOW (c)	**70**	**(73)**	**(39)**	**(19)**	**(4)**	**(4)**
NET CASH FLOW (a+b+c)	**(26)**	**(39)**	**27**	**(22)**	**(7)**	**18**
EO Items, Others						
Closing Cash & Equivalents	78	39	67	45	38	56

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA margin	32.6	36.7	40.6	26.4	15.2	22.7
EBIT margin	20.3	24.3	29.4	13.8	(2.9)	7.8
APAT margin	25.9	25.6	28.6	29.6	21.5	24.6
RoE	9.0	9.3	13.6	12.5	5.3	7.0
RoIC (or Core RoCE)	5.5	5.9	9.4	8.8	1.9	3.6
RoCE	6.5	6.7	9.9	9.6	4.4	5.6
EFFICIENCY						
Tax rate (%)	23.8	36.8	31.6	(14.4)	25.2	25.2
Fixed Asset Turnover (x)	0.8	0.7	0.9	0.6	0.3	0.4
Inventory (days)	42	37	32	38	38	38
Debtor (days)	39	48	35	33	32	32
Other Current Assets (days)	112	128	143	95	165	139
Payables (days)	-	-	-	-	-	-
Other Current Liab (days)	141	187	272	152	150	151
Cash conversion cycle (days)	52	26	(62)	14	85	59
Net Debt/EBITDA (x)	2.0	1.7	0.7	2.6	8.2	3.7
Net D/E (x)	0.2	0.2	0.1	0.3	0.3	0.2
Interest coverage (x)	4.4	4.7	6.5	2.6	(0.3)	1.1
PER SHARE DATA (INR)						
EPS	22.8	25.2	36.3	33.2	14.5	20.5
CEPS	33.7	37.5	50.5	47.4	26.7	33.0
Book Value	272.2	267.7	267.2	266.0	280.5	301.0
DPS	12.7	12.4	11.7	12.8	0.8	4.1
VALUATION						
P/E (x)	4.3	3.8	2.7	2.9	6.7	4.7
P/BV (x)	0.4	0.4	0.4	0.4	0.3	0.3
EV/EBITDA (x)	5.4	4.4	2.6	5.8	17.7	8.8
EV/Revenues (x)	1.8	1.6	1.1	1.5	2.7	2.0
OCF/EV (%)	22.1	26.1	51.3	5.0	3.7	18.5
FCF/EV (%)	3.5	13.4	37.8	(9.5)	(6.1)	8.1
FCFE/MCap (%)	43.9	(16.4)	47.2	(4.8)	(15.0)	10.4
Dividend yield (%)	13.1	12.8	12.1	13.2	0.9	4.2

Source: Company, HSIE Research

Oil and Natural Gas Corporation of India (Consolidated)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Revenues	**3,257**	**3,622**	**4,535**	**4,250**	**3,294**	**3,758**
Growth (%)	147.62	11.2	25.2	(6.3)	(22.5)	14.1
Raw Material	994	1,217	1,622	1,772	1,156	1,501
Employee Cost	67	61	64	65	68	70
Other Expenses	1,616	1,701	2,009	1,801	1,658	1,624
EBITDA	**580**	**644**	**839**	**612**	**412**	**563**
EBITDA Margin (%)	**17.8**	**17.8**	**18.5**	**14.4**	**12.5**	**15.0**
EBITDA Growth (%)	***40.6***	***10.9***	***30.3***	***(27.1)***	***(32.7)***	***36.7***
Depreciation	254	306	332	357	297	306
EBIT	**326**	**338**	**506**	**255**	**114**	**257**
Other Income (Including EO Items)	99	77	66	(5)	(5)	(5)
Interest Cost	36	50	58	70	78	94
PBT	**389**	**365**	**513**	**180**	**32**	**159**
Taxes	125	131	209	75	13	66
RPAT	264	234	305	105	19	93
EO (Loss) / Profit (Net Of Tax)	4	2	(10)	(65)	-	-
APAT	**260**	**232**	**314**	**170**	**19**	**93**
Share of associates and minority interest	28	27	34	11	11	12
Consolidated Net Profit (Adjusted)	**288**	**259**	**349**	**181**	**30**	**104**
APAT Growth (%)	***52.3***	***(9.9)***	***34.5***	***(48.1)***	***(83.5)***	***249.5***
AEPS (INR/sh)	**22.9**	**20.6**	**27.7**	**14.4**	**2.4**	**8.3**
EPS Growth (%)	***52.3***	***(9.9)***	***34.5***	***(48.1)***	***(83.5)***	***249.5***

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	64	64	63	63	63	63
Reserves And Surplus	1,880	1,976	2,119	2,007	2,004	1,951
Net Worth	**1,944**	**2,040**	**2,181**	**2,070**	**2,067**	**2,014**
Minority Interest	133	156	181	178	187	196
Long-term Debt	528	550	531	801	1,320	1,373
Short-term Debt	216	462	490	316	264	309
Total Debt	**744**	**1,012**	**1,021**	**1,117**	**1,584**	**1,682**
Net Deferred Taxes	368	415	474	461	82	406
Long-term Provisions & Others	242	271	299	352	370	388
Total liabilities	**3,430**	**3,895**	**4,156**	**4,178**	**4,290**	**4,687**
APPLICATION OF FUNDS						
Net Block	2,346	2,520	2,579	2,675	2,729	3,093
CWIP	214	214	299	459	632	447
Investments	634	640	639	453	462	471
LT Loans And Advances	22	18	28	32	33	33
Other Non-current assets	447	480	510	612	628	626
Total Non-current Assets	**3,662**	**3,872**	**4,056**	**4,232**	**4,485**	**4,670**
Inventory	299	306	352	331	256	292
Debtors	125	139	154	92	71	81
Cash And Cash Equivalent	220	101	102	110	72	228
Loans And Advances	10	10	17	12	12	13
Other Current Assets	138	175	276	263	305	309
Total Current Assets	**792**	**730**	**901**	**807**	**716**	**923**
Creditors	240	266	325	230	178	203
Other Current Liabilities & Provisions	784	442	476	631	733	703
Total Current Liabilities	**1,024**	**707**	**801**	**861**	**911**	**907**
Net Current Assets	**(232)**	**23**	**100**	**(54)**	**(195)**	**17**
Total Assets	**3,430**	**3,895**	**4,156**	**4,178**	**4,290**	**4,687**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	389	365	513	180	32	159
Non-operating & EO Items	(75)	(52)	(22)	81	16	16
Interest Expenses	36	50	58	70	78	94
Depreciation	254	306	332	357	297	306
Working Capital Change	185	(373)	(76)	162	103	(56)
Tax Paid	27	(84)	(150)	(87)	(393)	258
OPERATING CASH FLOW (a)	**816**	**212**	**656**	**762**	**133**	**776**
Capex	(449)	(480)	(477)	(613)	(524)	(484)
Free Cash Flow (FCF)	*367*	*(268)*	*179*	*149*	*(391)*	*293*
Investments	(546)	(6)	1	186	(9)	(9)
Non-operating Income	99	77	66	(5)	(5)	(5)
Others	84	(30)	(41)	(105)	(17)	2
INVESTING CASH FLOW (b)	**(812)**	**(439)**	**(451)**	**(537)**	**(555)**	**(496)**
Debt Issuance/(Repaid)	208	268	9	96	467	98
Interest Expenses	(36)	(50)	(58)	(70)	(78)	(94)
FCFE	*539*	*(50)*	*129*	*175*	*(1)*	*298*
Share Capital Issuance	21	-	(1)	(0)	-	-
Dividend	(113)	(105)	(22)	(88)	(22)	(146)
Others	(123)	(5)	(131)	(155)	15	16
FINANCING CASH FLOW (c)	**(42)**	**108**	**(204)**	**(217)**	**383**	**(125)**
NET CASH FLOW (a+b+c)	**(38)**	**(119)**	**1**	**9**	**(38)**	**156**
EO Items, Others						
Closing Cash & Equivalents	220	101	102	110	72	228

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	17.8	17.8	18.5	14.4	12.5	15.0
EBIT Margin	10.0	9.3	11.2	6.0	3.5	6.8
APAT Margin	8.8	7.2	7.7	4.3	0.9	2.8
RoE	15.2	13.0	16.5	8.5	1.4	5.1
Core RoCE	9.3	7.1	9.0	5.3	2.1	4.2
RoCE	9.7	7.9	9.5	5.3	1.8	3.5
EFFICIENCY						
Tax Rate (%)	32.3	36.0	40.7	41.7	41.7	41.7
Asset Turnover (x)	1.2	1.2	1.4	1.0	0.7	0.7
Inventory (days)	33	31	28	28	28	28
Debtor (days)	14	14	12	8	8	8
Other Current Assets (days)	17	19	24	24	35	31
Payables (days)	88	80	73	47	56	49
Other Current Liabilities & Provisions (days)	88	45	38	54	81	68
Cash Conversion Cycle (days)	(112)	(61)	(47)	(42)	(66)	(50)
Net Debt/EBITDA (x)	0.9	1.4	1.1	1.6	3.7	2.6
Net D/E (x)	0.3	0.4	0.4	0.5	0.7	0.7
Interest Coverage (x)	9.1	6.8	8.7	3.6	1.5	2.7
PER SHARE DATA (INR)						
EPS	22.9	20.6	27.7	14.4	2.4	8.3
CEPS	43.1	44.9	54.1	42.7	26.0	32.6
DPS	9.0	8.3	1.7	7.0	1.7	11.6
BV	154.5	162.2	173.4	164.5	164.3	160.1
VALUATION						
P/E (x)	3.4	3.8	2.8	5.4	32.9	9.4
P/Cash EPS (x)	1.8	1.7	1.4	1.8	3.0	2.4
P/BV (x)	0.5	0.5	0.4	0.5	0.5	0.5
EV/EBITDA (x)	2.8	3.2	2.5	3.5	6.5	4.7
EV/Revenue (x)	0.5	0.6	0.5	0.5	0.8	0.7
OCF/EV (%)	49.8	10.3	31.5	35.2	5.0	29.5
FCFF /EV (%)	22.4	(13.1)	8.6	6.9	(14.6)	11.1
FCFE/M CAP (%)	54.9	(5.0)	13.2	17.8	(0.2)	30.3
Dividend Yield (%)	11.6	10.7	2.2	8.9	2.2	14.9

Source: Company, HSIE Research

Petronet LNG (Standalone)

INCOME STATEMENT

(INR bn)	FY17	FY18	FY19	FY20	FY21E	FY22E
Revenues	**246**	**306**	**384**	**355**	**242**	**335**
Growth (%)	*(9.3)*	*24.3*	*25.5*	*(7.7)*	*(31.6)*	*38.1*
Raw Material	214	267	344	305	193	275
Employee Cost	1	1	1	1	1	2
Other Expenses	5	5	6	8	9	9
EBITDA	**26**	**33**	**33**	**40**	**40**	**49**
EBIDTA Margin (%)	*10.5*	*10.8*	*8.6*	*11.3*	*16.3*	*14.7*
EBITDA Growth (%)	*63.5*	*27.8*	*(0.6)*	*21.1*	*(0.7)*	*24.3*
Depreciation	4	4	4	8	8	8
EBIT	**22**	**29**	**29**	**32**	**32**	**41**
Other Income (Including EO Items)	3	3	5	3	3	4
Interest	2	2	1	4	4	4
PBT	**24**	**31**	**32**	**31**	**31**	**41**
Tax	7	10	11	4	8	10
RPAT	**17**	**21**	**22**	**27**	**23**	**31**
EO (Loss) / Profit (Net Of Tax)				(1)		
APAT	**17**	**21**	**22**	**28**	**23**	**31**
APAT Growth (%)	*87.0*	*21.8*	*3.7*	*27.7*	*(15.6)*	*32.5*
AEPS (INR/sh)	**11.4**	**13.9**	**14.4**	**18.3**	**15.5**	**20.5**
AEPS Growth (%)	*87.0*	*21.8*	*3.7*	*27.7*	*(15.6)*	*32.5*

Source: Company, HSIE Research

BALANCE SHEET

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	8	15	15	15	15	15
Reserves And Surplus	73	82	86	95	99	105
Total Equity	**81**	**97**	**101**	**110**	**114**	**120**
Long-term Debt	22	15	7	1	-	-
Short-term Debt	8	7	6	-	-	-
Total Debt	**30**	**22**	**14**	**1**	**-**	**-**
Deferred Tax Liability	7	10	13	9	8	11
Long-term Provision	14	13	11	44	47	45
TOTAL SOURCES OF FUNDS	**132**	**142**	**139**	**163**	**169**	**176**
APPLICATION OF FUNDS						
Net Block	84	80	77	77	72	69
Capital WIP	**0**	**2**	**3**	**0**	**1**	**1**
LT Loans And Advances	2	1	9	37	38	38
Total Non-current Investments	**3**	**2**	**2**	**2**	**2**	**2**
Inventories	5	5	6	5	4	5
Debtors	12	17	14	16	12	17
Cash and Cash Equivalent	31	48	38	46	60	68
Other Current Assets	1	1	2	3	4	4
Total Current Assets	**49**	**70**	**60**	**70**	**79**	**94**
Creditors	9	16	13	12	8	11
Other Current Liabilities & Provisions	(3)	(1)	(1)	13	15	18
Total Current Liabilities	**6**	**14**	**12**	**24**	**23**	**29**
Net Current Assets	**43**	**56**	**47**	**46**	**57**	**65**
TOTAL APPLICATION OF FUNDS	**132**	**142**	**139**	**163**	**169**	**176**

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR bn)	FY17	FY18	FY19	FY20P	FY21E	FY22E
Reported PBT	24	31	32	31	31	41
Non-operating & EO Items	(3)	(3)	(5)	(2)	(3)	(4)
Interest Expenses	2	2	1	4	4	4
Depreciation	4	4	4	8	8	8
Working Capital Change	(6)	4	(2)	9	3	0
Tax Paid	(5)	(7)	(8)	(9)	(8)	(8)
OPERATING CASH FLOW (a)	**15**	**30**	**23**	**41**	**34**	**42**
Capex	(5)	(2)	(2)	(5)	(3)	(6)
Free Cash Flow (FCF)	*10*	*29*	*22*	*37*	*31*	*36*
Investments	1	0	0	(0)	-	-
Non-operating Income	3	3	5	3	3	4
Others	(1)	1	(7)	(28)	(1)	(1)
INVESTING CASH FLOW (b)	**(1)**	**2**	**(5)**	**(30)**	**(1)**	**(2)**
Debt Issuance/(Repaid)	(0)	(8)	(8)	(13)	(1)	-
Interest Expenses	(2)	(2)	(1)	(4)	(4)	(4)
FCFE	*8*	*19*	*13*	*20*	*26*	*32*
Share Capital Issuance	-	8	-	-	-	-
Dividend	(5)	(9)	(18)	(22)	(19)	(25)
Others	2	(4)	(2)	36	3	(2)
FINANCING CASH FLOW (c)	**(5)**	**(15)**	**(29)**	**(3)**	**(20)**	**(31)**
NET CASH FLOW (a+b+c)	**9**	**17**	**(10)**	**8**	**13**	**8**
EO Items, Others						
Closing Cash & Equivalents	**31**	**48**	**38**	**46**	**60**	**68**

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20P	FY21E	FY22E
PROFITABILITY (%)						
EBITDA Margin	10.5	10.8	8.6	11.3	16.3	14.7
EBIT Margin	9.0	9.5	7.5	9.1	13.1	12.2
APAT Margin	6.9	6.8	5.6	7.8	9.6	9.2
RoE	23.2	23.3	21.8	26.2	20.8	26.3
RoIC	17.0	20.8	20.2	26.2	21.4	28.8
RoCE	15.0	16.0	15.8	20.6	15.8	19.6
EFFICIENCY						
Tax Rate (%)	27.7	32.0	33.3	13.3	25.2	25.2
Fixed Asset Turnover (x)	3.5	3.8	4.2	3.8	2.6	3.5
Inventory (days)	8	6	5	5	6	6
Debtor (days)	18	20	13	16	18	18
Other Current Assets (days)	0.8	0.8	2.1	3.6	5.5	4.1
Payables (days)	14	19	12	12	12	12
Other Current Liabilities & Provisions (days)	(5)	(2)	(1)	13	22	20
Cash Conversion Cycle (days)	17	9	9	0	(4)	(3)
Net Debt/EBITDA (x)	(0.0)	(0.8)	(0.7)	(1.1)	(1.5)	(1.4)
Net D/E (x)	(0.0)	(0.3)	(0.2)	(0.4)	(0.5)	(0.6)
Interest Coverage (x)	0.1	0.1	0.0	0.1	0.1	0.1
PER SHARE DATA (INR)						
EPS	11.4	13.9	14.4	18.3	15.5	20.5
CEPS	13.8	16.6	17.1	23.5	20.8	26.0
Dividend	1.0	1.3	2.5	5.0	10.0	12.1
Book Value	54.0	64.8	67.1	73.0	76.0	80.0
VALUATION						
P/E (x)	21.5	17.6	17.0	13.3	15.8	11.9
P/Cash EPS (x)	17.6	14.7	14.3	10.4	11.7	9.4
P/BV (x)	4.5	3.8	3.6	3.3	3.2	3.1
EV/EBITDA (x)	14.1	10.3	10.4	8.0	7.7	6.1
EV/Revenue (x)	1.5	1.1	0.9	0.9	1.3	0.9
Dividend Yield (%)	0.4	0.5	1.0	2.0	4.1	4.9
OCF/EV (%)	4.1	9.0	6.8	12.9	11.2	14.0
FCF/EV (%)	2.7	8.4	6.3	11.4	10.1	12.0
FCFE/M Cap (%)	2.1	5.1	3.4	5.4	7.2	8.6

Source: Company, HSIE Research

Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

We, **Harshad Katkar, MBA, Nilesh Ghuge, MMS, Divya Singhal, CA & Rutvi Chokshi, CA**, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. HSL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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