

## Oil & Gas and Petrochemicals

### Q4FY21E: YoY EPS rise for all except GSPL; IOC's strongest

Key trends in oil & gas sector in Q4FY21 were: 1) Dubai and Brent crude were up 19-20% YoY at US\$59.7-60.7/bbl; 2) domestic gas price was at US\$2.0/mmbtu (10-year low); 3) Reuters' Singapore gross refining margin (GRM) was at a 6-quarter high of US\$1.8/bbl; 4) auto fuel net marketing margin was down 61% YoY at Rs1.2/l; and 5) auto fuel demand was up 6% YoY and total product demand up 2% YoY in Q4FY21.

- ▶ **RIL's Q4 EPS up 26% YoY:** RIL's consolidated recurring EPS is estimated to be up 26% YoY in Q4FY21E driven by: i) 45% YoY rise in digital services EBITDA; 2) 8% YoY rise in retail EBITDA; iii) 53% YoY rise in petrochemical EBITDA though oil to chemicals (O2C) EBITDA is estimated to be down 6% YoY and iv) 32-63% YoY fall in interest and tax.
- ▶ **318% YoY jump in IOC's EPS; BPCL profit vs loss in Q4FY20:** We estimate IOC's Q4FY21E EPS to be up 318% YoY driven by: i) Product inventory gain of Rs44.4bn vs loss of Rs22.9bn in Q4FY20; ii) 353% YoY rise in petrochemical EBITDA to Rs21.5bn and iv) GRM of US\$5.3/bbl boosted by crude inventory gain of US\$5.1/bbl vs negative GRM of minus US\$9.6/bbl hit by large inventory loss. We estimate BPCL's Q4FY21E standalone EPS at Rs12.1 vs loss in Q4FY20 due to inventory gain vs loss in Q4FY20. Excluding inventory impact, IOC and BPCL's Q4 EPS would be down 86-92% YoY.
- ▶ **OIL in the black vs in the red in Q4FY20:** We estimate Oil India's (OIL) Q4FY21E EPS at Rs5.4 vs loss in Q4FY20 mainly due to 15% YoY rise in oil realisation.
- ▶ **GAIL's Q4 EPS to be up 18% YoY:** We estimate GAIL's Q4FY21 EPS to be up 18% YoY, driven by: i) 4.2x YoY jump in petrochemical EBITDA on rise in margins; ii) 40% YoY rise in gas marketing EBITDA helped by surge in oil prices and spot LNG and iii) 13% YoY rise in LPG and other hydrocarbon EBITDA. Gas marketing and transmission volumes are estimated to be up 1-3% YoY at 99-112mmscmd, petrochemical volumes up 34% YoY and LPG volumes up 6% YoY.
- ▶ **IGL & MGL's EPS up 43-48% YoY and that of GGL's up 18% YoY:** We estimate Q4FY21 EPS of GGL to be up 18% YoY, driven by 19% YoY rise in volumes to 11.8mmscmd with industrial volumes rising by 23% YoY to 9.4mmscmd driven by Morbi volumes. EBITDA margin is estimated to be down 5% YoY to Rs4.5/scm hit by surge in spot LNG not being fully passed on to consumers. We estimate Q4FY21E EPS of IGL and MGL to be up 43-48% YoY driven by 34-37% YoY (8-17% QoQ) rise in EBITDA margin to Rs8.9-13.2/scm and 6% YoY rise in volumes.
- ▶ **5% YoY fall in standalone EPS of GSPL:** We estimate GSPL's Q4 standalone EPS to be down 5% YoY hit by 12% YoY fall in its transmission volumes to 32.3mmscmd as surge in spot LNG price in Jan'21 led to fall in volumes.
- ▶ **PLNG's EPS to be up 86% YoY:** PLNG's Q4FY21E EPS is estimated to be up 86% YoY on a low base, driven by 14% YoY rise in Dahej regas charge and absence of one-time expenses like Rs1bn to PM Cares fund in Q4FY20.

### Q4FY21E result preview

(Rs/share)	Recurring standalone EPS			
	Q4FY21E	YoY (%)	FY21E	YoY (%)
IOC	9.1	318%	24.7	185%
BPCL	12.1	NM	50.6	216%
RIL	22.5	26%	70.7	-4%
OIL	5.4	NM	6.4	-52%
GAIL	5.9	18%	12.3	-7%
PLNG	4.4	86%	19.9	29%
GSPL	3.8	-5%	16.5	-4%
GGL	4.2	18%	17.7	33%
IGL	5.2	43%	14.8	-4%
MGL	24.9	48%	66.1	-12%

Source: I-Sec research \*Note: RIL's EPS in consol

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#### Q4FY21 result preview

#### Top picks

- GAIL
- OIL

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## Sector trends in Q4FY21

Brent price up 20% YoY and 36% QoQ

### Oil prices up YoY and QoQ in Q4FY21

Brent price in Q4FY21 at US\$60.7/bbl was up 20% YoY from US\$50.6/bbl in Q4FY20 and 36% QoQ from US\$44.6/bbl in Q3FY21. WTI and Dubai crude prices were up 28-19% YoY and 36% QoQ.

**Table 1: Brent price up 20% YoY and 36% QoQ; WTI and Dubai also up 28-19% YoY and 36% QoQ**

(US\$/bbl)	Q4FY21	Q4FY20	Change (%)	Q3FY21	Change (%)
Brent	60.7	50.6	20%	44.6	36%
WTI	58.1	45.6	28%	42.6	36%
Dubai	59.7	50.3	19%	43.9	36%

Source: Bloomberg, I-Sec research

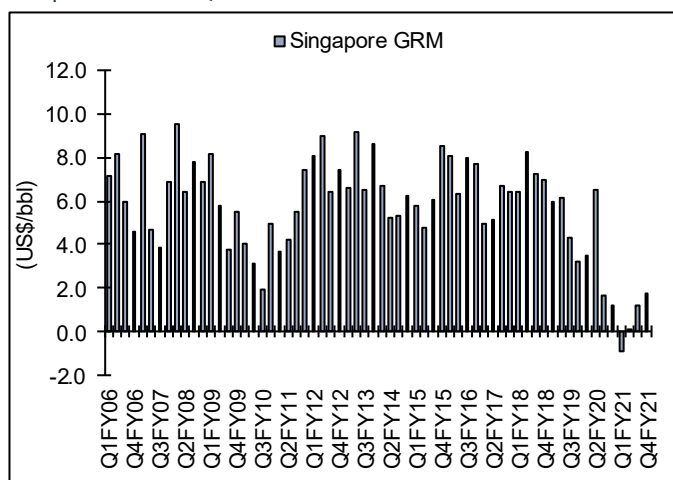
### Reuters' Singapore GRM weak, but at six-quarter high

#### Q4FY21 Singapore GRM at 6-quarter high

Reuters' Singapore GRM, which was in the red in Q1FY21 at minus US\$0.9/bbl, probably for the first time ever, and just about in the black at US\$0.05/bbl in Q2FY21, recovered to US\$1.2/bbl in Q3FY21. Singapore GRM recovered further in Q4FY21 to be at 6-quarter high of US\$1.8/bbl. Singapore GRM was:

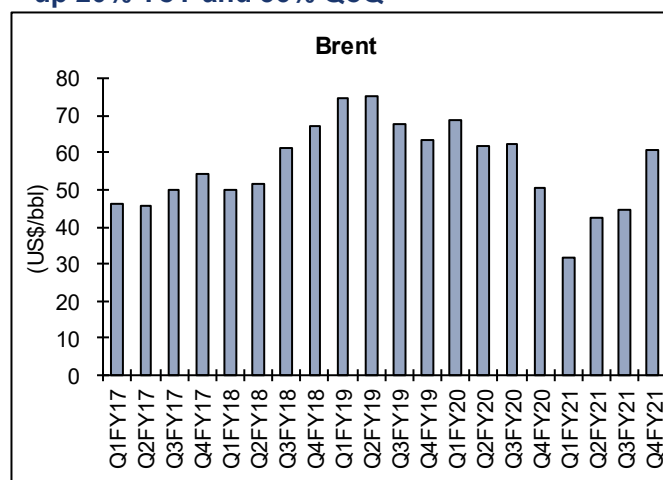
- Up US\$0.58/bbl YoY from US\$1.21/bbl in Q4FY20
- Up US\$0.56/bbl QoQ from US\$1.22/bbl in Q3FY21

**Chart 1: Singapore GRM at 6-quarter high of US\$1.8/bbl in Q4FY21**



Source: Reuters, I-Sec research

**Chart 2: Brent price at US\$60.7/bbl in Q4FY21 – up 20% YoY and 36% QoQ**



Source: Bloomberg, I-Sec research

### Diesel cracks up in Q4 from at least 63-quarters low of Q3FY21

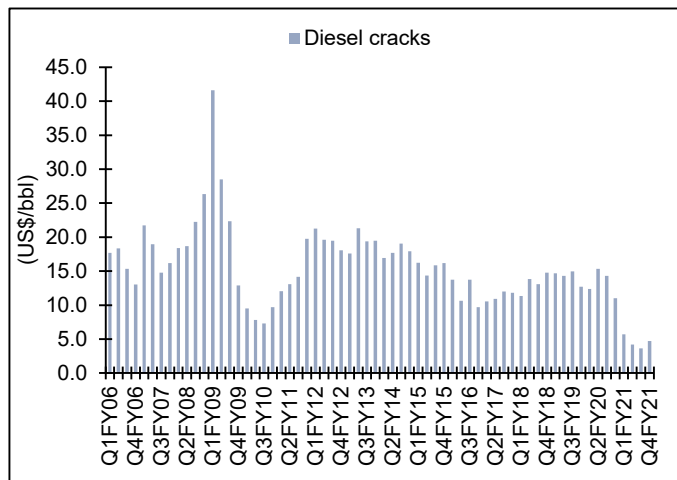
Diesel cracks at US\$3.6/bbl in Q3FY21 were the lowest in at least 63 quarters, but were up 30% QoQ to US\$4.7/bbl in Q4FY21. The recovery in diesel cracks is driven by fall in US distillate inventory by 12.1mn bbls since US snowstorms, but is still 1.7%

above 5-year average level. Despite recovery, diesel cracks are weak due to slower diesel demand recovery in India and Europe.

### Petrol cracks at 5-quarter high in Q4FY21

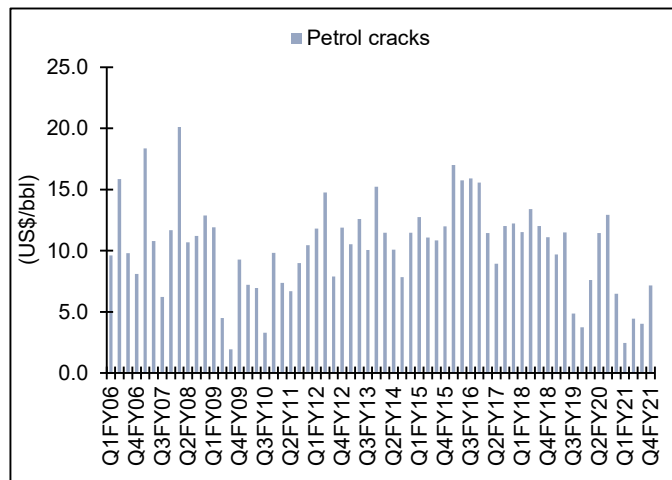
Petrol cracks are up 78% QoQ to 5-quarter high of US\$7.2/bbl in Q4FY21. They are up 2.9x from 46-quarter low of US\$2.5/bbl in Q1FY21.

**Chart 3: Diesel cracks up 30% QoQ in Q4FY21 from at least 63-quarter low of Q3FY21**



Source: Reuters, I-Sec research

**Chart 4: Petrol cracks at 5-quarter high of US\$7.2/bbl in Q4FY21**



Source: Reuters, I-Sec research

## Q4FY21 product inventory gain of Rs23-44bn for BPCL-IOC

### US\$3-5.1/bbl inventory gain for BPCL-IOC

Crude inventory gain is likely for OMCs given the cost of opening crude inventory was lower than spot price in Q4. We estimate inventory gain of US\$2.97/bbl for BPCL and US\$5.1/bbl for IOC.

### Product inventory gain of Rs23.4-44.4bn estimated for BPCL-IOC

We estimate product inventory gain in Q4FY21 at Rs23.4-44.4bn for BPCL-IOC vs loss of Rs18.8-22.9bn in Q4FY20, respectively.

### INR stronger by 0.7% YoY in Q4FY21

In Q4FY21, INR was 0.7% YoY stronger at Rs72.9 vs the US\$. Stronger INR will mean lower oil and gas price realisation and GRM in INR terms.

## Auto fuel marketing margin at Rs1.2/l in Q4FY21; volumes up

### Auto fuel volumes up 6% YoY and total up 2% YoY in Q4FY21

India's petroleum product consumption was up 2.5% YoY in Q4FY21 with that of petrol up 9.7% YoY and diesel up 4.1% YoY. Consumption of auto fuels was up 6% YoY in Q4FY21. Subsidised fuels were up 2% YoY while industrial fuels were down 1% YoY in Q4FY21.

**Table 2: Petroleum product consumption up 2.5% YoY in Q4FY21; petrol up 9.7% YoY and diesel up 4.1% YoY**

	Q4FY21	Q4FY20	YoY change
LPG	7.02	6.83	2.7%
Naphtha	3.85	3.95	-2.4%
Petrol	7.81	7.12	9.7%
Aviation fuel	1.35	1.91	-29.3%
Kerosene	0.44	0.50	-12.6%
Diesel	20.60	19.78	4.1%
Light diesel oil	0.28	0.16	73.9%
Lubricants & Greases	1.00	0.97	3.0%
Fuel oil & LSHS	1.60	1.66	-4.1%
Bitumen	2.32	2.14	8.4%
Petroleum coke	4.84	5.05	-4.2%
Others	2.99	2.70	10.5%
<b>TOTAL</b>	<b>54.09</b>	<b>52.78</b>	<b>2.5%</b>

Source: PPAC, I-Sec research

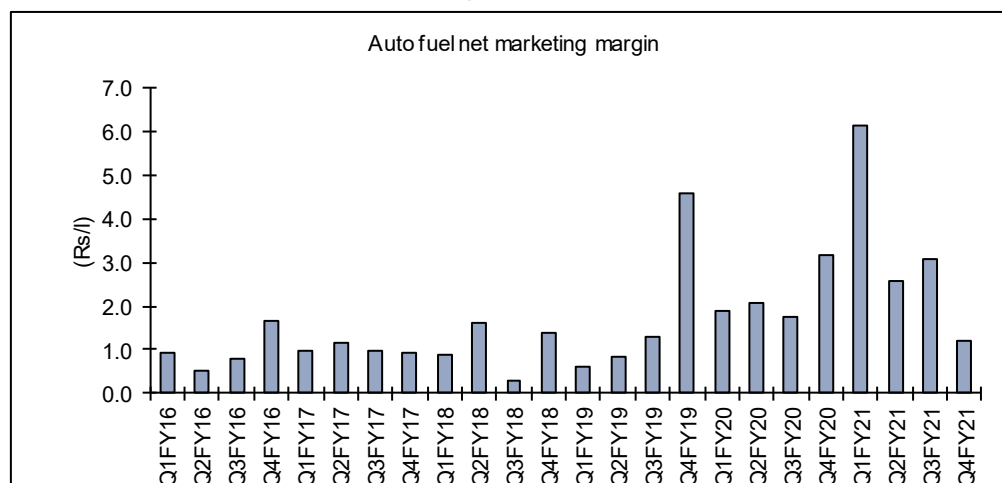
**Table 3: Auto fuels volumes up 6% YoY, subsidised fuels up 2% YoY but industrial volumes down 1% YoY in Q4FY21**

	Q4FY21	Q4FY20	YoY change
Auto fuels	29.4	27.9	6%
Transportation fuels	30.8	29.8	3%
Industrial fuels	12.9	13.0	-1%
Subsidised fuels	7.5	7.3	2%
Others	3.0	2.7	11%

Source: PPAC, I-Sec research

**Net margin down 61% YoY at Rs1.2/l in Q4FY21**

Auto fuel net marketing margin is estimated at Rs1.2/l in Q4FY21, down 61% YoY from Rs3.2/l in Q4FY20. Margins are down 61% QoQ and 80% from record level of Rs6.13/l in Q1FY21.

**Chart 5: Q4FY21 auto fuel net margin down 61% YoY at Rs1.2/l**

Source: PPAC, Company data, I-Sec research

**No subsidy in Q4FY21****No subsidy on LPG and kerosene in Jan-Mar'21**

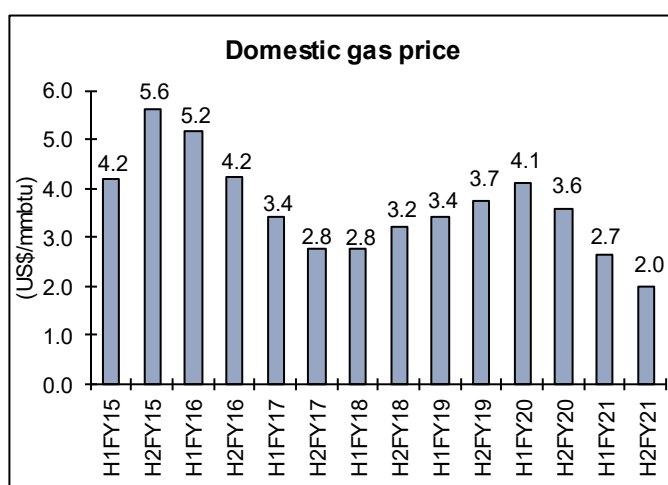
With plunge in oil prices, there was no subsidy on kerosene throughout Q1 while there was subsidy on LPG only in Apr'20. There was no subsidy on LPG and kerosene in Q4FY21.

## Domestic gas price at 10-year low in Q4FY21

### H2FY21 domestic gas price down 45% YoY – lowest since Jun'10

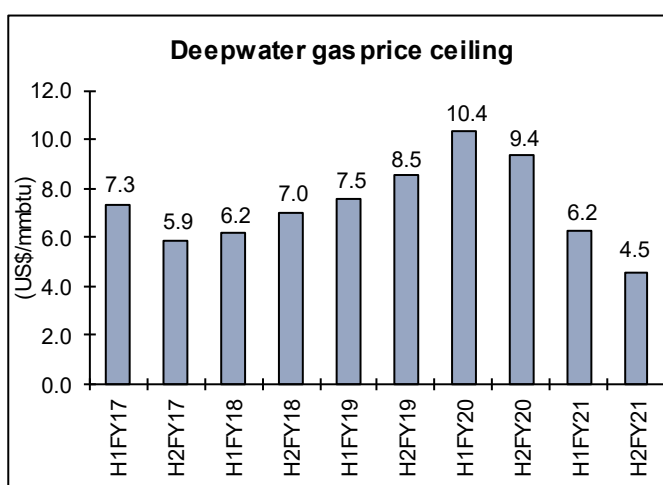
Price of most gas produced in India (other than from deepwater blocks starting from CY16 and pre-NELP blocks) including that from the nomination acreage (APM gas) is based on volume-weighted US, UK, Russian and Canadian gas prices in the preceding four quarters with one quarter lag. Price is revised semi-annually. The gas price for H2FY21 is thus based on prices in Jul'19-Jun'20. The price so calculated for H2FY21 at US\$2.0/mmbtu (on NCV basis) is down 45% YoY and, in fact, is the lowest gas price since Jun'10. Gas price was at US\$4.2/mmbtu from Jun'10 to Oct'14. Price for deepwater gas at US\$4.51/mmbtu is down 52% YoY.

**Chart 6: H2FY21 price for APM gas to be down 45% YoY**



Source: Bloomberg, PPAC, I-Sec research

**Chart 7: H2FY21 price ceiling for deepwater gas to be down 52% YoY**



Source: Bloomberg, PPAC, I-Sec research

### Q4FY21 other and deepwater gas price down 44-51% YoY in INR

Q4FY21 price ceiling for gas from deepwater blocks was down 51% YoY and gas from other fields was down 44% YoY in INR terms.

**Table 4: H2FY21 gas price at US\$2.0-4.5/mmbtu; price for most Indian gas output down 45% YoY and that for deepwater blocks' output down 52% YoY**

	Deepwater gas	Other gas output
<b>(US\$/mmbtu)</b>		
Q4FY21	4.51	1.99
Q4FY20	9.37	3.59
<b>YoY change</b>	<b>-52%</b>	<b>-45%</b>
<b>Rs/mmbtu</b>		
Q4FY21	329	145
Q4FY20	678	260
<b>YoY change</b>	<b>-51%</b>	<b>-44%</b>

Source: Bloomberg, PPAC, I-Sec research

## Companies

### RIL (HOLD)

(QoQ chg: -0.4%, YoY chg: 64.0%)

**Table 5: Quarterly estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	2,41,555	2,17,820	11%	8,15,415	8,76,350	-7%	2,15,660	12%
Recurring PAT	1,45,251	1,06,150	37%	4,55,811	4,37,980	4%	1,32,220	10%
Recurring EPS (Rs)	22.5	17.9	26%	70.7	73.9	-4%	20.5	10%
<b>Key variables:</b>								
GRM (US\$/bbl)	5.2	8.9	-42%	5.4	8.9	-40%	4.2	24%
Throughput (mmt)	16.4	18.3	-10%	65.0	70.6	-8%	16.7	-2%

Source: Company data, I-Sec research

### Q4 EPS up 26% YoY driven by petrochemical, retail & digital services

We estimate RIL's Q4FY21E consolidated EPS to be up 26% YoY driven by:

- 53% YoY rise in petrochemical EBITDA due to surge in margins.
- 45% YoY rise in digital services EBITDA.
- 8% YoY rise in retail EBITDA.
- 32% YoY fall in interest cost and 17% YoY rise in other income.
- 63% YoY fall in tax

Q4 EPS is estimated to rise despite 60% YoY fall in refining EBITDA.

### Q4 GRM down 42% YoY; throughput down 10% YoY

We estimate RIL's Q4FY21E GRM at US\$5.2-6.5/bbl including inventory gain of US\$2.8-3.7/bbl and throughput to be down 10% YoY. RIL's Q3FY21 GRM was estimated to be at the lower-end of our estimate of US\$4.2-5.7/bbl. Therefore, we estimate RIL's GRM to be at the lower-end of our estimate at US\$5.2/bbl in Q4FY21, down 42% YoY. At the higher-end of our estimate, GRM would be down 27% YoY, refining EBITDA down 42% YoY and EPS would be up 35% YoY.

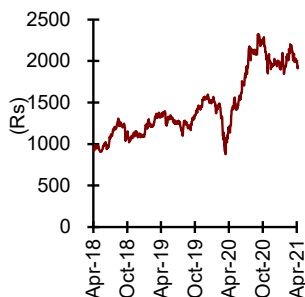
**Table 6: Q4FY21 EBITDA estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
Petrochemicals	91,000	59,380	53%	2,72,039	3,09,330	-12%	77,099	18%
Refining	26,720	66,140	-60%	1,15,382	2,44,610	-53%	20,461	31%
O2C	1,17,720	1,25,520	-6%	3,87,420	5,53,940	-30%	97,560	21%
Oil & gas	500	(460)	NM	(1,720)	3,530	NM	40	1150%
Retail	27,600	25,560	8%	89,790	96,540	-7%	23,270	19%
Digital services	93,734	64,520	45%	3,44,634	2,25,170	53%	89,420	5%
Financial services	4,000	-	NM	16,130	-	NM	3,030	32%
Others	15,000	18,110	-17%	53,470	50,460	6%	14,940	0%
Less: unallocated	17,000	15,430	10%	74,310	53,290	39%	12,600	35%
<b>Total</b>	<b>2,41,555</b>	<b>2,17,820</b>	<b>11%</b>	<b>8,15,415</b>	<b>8,76,350</b>	<b>-7%</b>	<b>2,15,660</b>	<b>12%</b>

Source: Company data, I-Sec research

**Price chart**



**IOC (ADD)**

(QoQ chg: -12.0%, YoY chg: 6.8%)

**Table 7: Quarterly estimates***(Rs mn, year ending March 31)*

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	1,34,417	5,437	2372%	3,80,031	1,85,303	105%	96,219	40%
Recurring PAT	85,663	20,479	318%	2,32,094	81,544	185%	65,049	32%
Recurring EPS (Rs)	9.1	2.2	318%	24.7	8.7	185%	6.9	32%
<b>Key variables:</b>								
GRM (US\$/bbl)	5.3	(9.6)	NM	3.6	0.1	2440%	2.1	154%
Throughput (mmt)	17.1	17.1	0%	61.8	69.4	-11%	17.9	-4%
Product inventory gain/(loss)	44,366	(22,910)	NM	76,156	(17,900)	NM	17,110	159%
Petrochemical EBITDA	21,500	4,750	353%	60,430	26,770	126%	19,540	10%

Source: Company data, I-Sec research

**Q4 EPS up 4.2x driven by petrochemical & inventory gain**

We estimate IOC's Q4FY21E EPS to be up 4.2x YoY driven by:

- Product inventory gain of Rs44.4bn vs loss of Rs22.9bn in Q4FY20.
- 4.5x YoY surge in petrochemical EBITDA to Rs21.5bn driven by jump in margins.
- GRM of US\$5.3/bbl including inventory gain of US\$5.1/bbl vs minus US\$9.6/bbl in Q4FY20.

Q4 EPS is estimated to rise despite 61% YoY fall in net marketing margin to Rs1.2/l.

**Q4 throughput flat YoY but sales volume up 4% YoY**

We estimate IOC's Q4FY21E:

- Crude throughput to be flat YoY at 17.1mmt; its throughput was up 11% YoY in Jan'21 but down 6% YoY in Feb'21.
- Sales volume to be up 4% YoY with petrol volume up 10.5% YoY and diesel volume up 5% YoY.

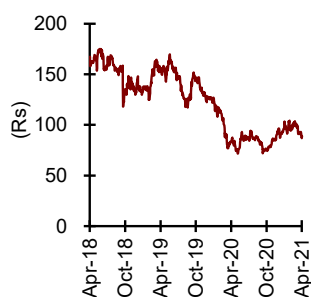
**Table 8: Q4FY21 EBITDA estimates***(Rs mn, year ending March 31)*

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
Refining	26,957	(1,24,510)	NM	29,237	(1,22,730)	NM	(3,260)	NM
Inventory gains/losses	44,366	(22,910)	NM	76,156	(17,900)	NM	17,110	159%
Petrochemicals	21,500	4,750	353%	60,430	26,770	126%	19,540	10%
Pipelines	16,231	15,400	5%	57,641	62,950	-8%	16,990	-4%
Marketing	25,364	46,230	-45%	1,77,944	1,64,870	8%	54,190	-53%
<b>Total</b>	<b>1,34,417</b>	<b>5,437</b>	<b>2372%</b>	<b>3,80,031</b>	<b>1,85,303</b>	<b>105%</b>	<b>96,219</b>	<b>40%</b>

Source: Company data, I-Sec research

**IOC's Q4FY21E EPS down 86% YoY, excluding impact of inventory**

IOC's Q4FY21E EPS will be down 86% YoY if impact of crude and product inventory gain in Q4FY21 and Q4FY20 is excluded. IOC's crude and product inventory gain is estimated at Rs90.7bn in Q4FY21E vs loss of Rs184.8bn in Q4FY20.

**Price chart**



**BPCL (BUY)**

(QoQ chg: -0.6%, YoY chg: 16.9%)

**Table 9: Quarterly estimates***(Rs mn, year ending March 31)*

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	41,155	-6,188	NM	1,68,948	66,393	154%	43,782	-6%
Recurring PAT	26,229	-877	NM	1,09,749	31,502	248%	32,695	-20%
Recurring EPS (Rs)	12.1	(0.4)	NM	50.6	16.0	216%	16.6	-27%
<b>Key variables:</b>								
GRM (US\$/bbl)	2.9	0.8	283%	2.9	2.5	15%	2.5	16%
Throughput (mmt)	7.9	8.4	-6%	25.9	31.9	-19%	7.2	9%
Product inventory gain/(loss)	23,400	-18,830	NM	47,620	-17,790	NM	2,690	770%

Source: Company data, I-Sec research

**Q4 EPS up driven by inventory gain**

We estimate BPCL's Q4FY21E EPS at Rs12.1/share vs minus Rs0.4/share in Q4FY20 driven by:

- Product inventory gain of Rs23.4bn vs loss of Rs18.8bn in Q4FY20.
- 3.8x YoY surge in GRM to US\$2.9/bbl including inventory gain of US\$3.0/bbl.

Q4 EPS is estimated to rise despite 61% YoY fall in net marketing margin to Rs1.2/l.

**Q4 throughput down 6% YoY but sales volume up 3% YoY**

We estimate BPCL's Q4FY21E:

- Crude throughput to be down 6% YoY to 7.9mmt; its throughput was up 2-1% YoY in Jan-Feb'21.
- Sales volume to be up 3% YoY with petrol volume up 9% YoY and diesel volume up 3.5% YoY.

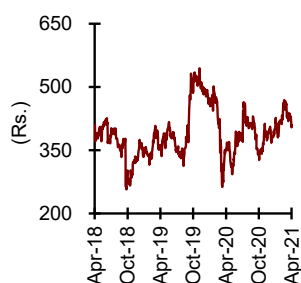
**Table 10: Q4FY21 EBITDA estimates***(Rs mn, year ending March 31)*

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
Refining	1,568	-6,472	NM	5,590	5,060	10%	-118	NM
Inventory gains/losses	23,400	-18,830	NM	47,620	-17,790	NM	2,690	770%
Marketing	16,187	19,113	-15%	1,15,738	79,123	46%	41,210	-61%
<b>Total</b>	<b>41,155</b>	<b>-6,188</b>	<b>-765%</b>	<b>1,68,948</b>	<b>66,393</b>	<b>154%</b>	<b>43,782</b>	<b>-6%</b>

Source: Company data, I-Sec research

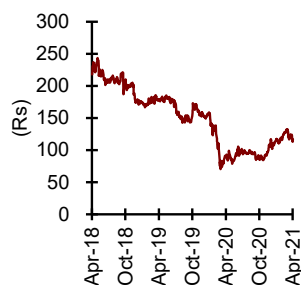
**BPCL's Q4FY21E EPS down 92% YoY, excluding impact of inventory**

BPCL's Q4FY21E EPS will be down 92% YoY if impact of crude and product inventory gain in Q4FY21 and Q4FY20 is excluded. BPCL's crude and product inventory gain is estimated at Rs36bn in Q4FY21E vs loss of Rs48.5bn in Q4FY20.

**Price chart**

**OIL (BUY)**

(QoQ chg: -1.3%, YoY chg: 29.3 %)

**Price chart****Table 11: Quarterly estimates***(Rs mn, year ending March 31)*

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	11,811	-11,014	NM	20,218	25,905	-22%	-938	NM
PBT	7,761	-4,928	NM	7,379	21,201	-65%	-2,328	NM
Recurring PAT	5,807	-2,095	NM	6,952	14,445	-52%	-1,034	NM
Standalone recurring EPS (Rs)	5.4	(1.9)	NM	6.4	13.3	-52%	(1.0)	NM
<b>Key variables (US\$/bbl):</b>								
Net oil price realisation	59.7	52.2	14%	44.1	60.8	-27%	44.1	35%
Net oil price realisation (Rs/bbl)	4,353	3,777	15%	3,272	4,307	-24%	3,252	34%
Domestic gas price (US\$/mmbtu)	2.0	3.6	-45%	2.3	3.3	-30%	2.0	0%

Source: Company data, I-Sec research

**Q4FY21E EPS up YoY driven by oil price realisation**

We estimate OIL's Q4FY21E EPS at Rs5.4/share vs minus Rs1.9/share in Q4FY20 driven by 15% YoY rise in oil price realisation at Rs4,353/bbl vs Rs3,777/bbl in the same quarter in the preceding year. Q4 EPS is estimated to rise despite 44% YoY fall in domestic gas price realisation at Rs5,220/mmbtu vs Rs9,354/mmbtu in Q4FY20. Oil volumes are estimated to remain flat YoY at 0.74mmt while gas volumes are estimated to rise 20% YoY to 0.64bcm in Q4FY21.

**Oil price realisation up 15% YoY**

We estimate OIL's oil price realisation at:

- US\$59.7/bbl to be up 14% YoY in US\$ terms.
- Rs4,353/bbl – up 15% YoY in INR terms.

**Gas price realisation down 44% YoY**

We estimate OIL's gas price realisation at:

- US\$2.0/mmbtu – down 45% YoY.
- Rs5,220/mmbtu – down 44% YoY in INR terms.

**GAIL (BUY)**

(QoQ chg: -1.7%, YoY chg: 61.4%)

**Table 12: Quarterly estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	36,790	24,754	49%	75,593	85,554	-12%	19,195	92%
PBT	35,320	24,541	44%	72,294	80,277	-10%	18,677	89%
Recurring PAT	26,430	22,461	18%	55,487	59,768	-7%	14,873	78%
Recurring EPS (Rs)	5.9	5.0	18%	12.3	13.3	-7%	3.3	78%
<b>Sales volume</b>								
Gas pipeline transportation (mmscmd)	112.0	109.0	3%	104.7	108.4	-3%	110.3	2%
Gas marketing volumes (mmscmd)	99.0	97.8	1%	91.1	96.4	-6%	95.6	4%
LPG pipeline transportation (t)	10,50,000	10,40,000	1%	41,59,000	39,09,000	6%	10,88,000	-3%
LPG and other liquid hydrocarbons (t)	3,20,000	3,02,000	6%	12,01,000	12,64,000	-5%	3,19,000	0%
Petrochemicals (t)	2,32,875	1,74,000	34%	8,70,875	7,38,000	18%	2,31,000	1%

Source: Company data, I-Sec research

**Q4 EPS to rise 18% YoY driven by petrochemical & gas marketing**

We estimate GAIL's Q4FY21 EPS to be up 18% YoY despite 4.3x YoY surge in tax driven by:

- 40% YoY rise in gas marketing EBITDA to Rs8.8bn helped by surge in oil prices and spot LNG.
- 4.2x YoY surge in petrochemical EBITDA on rise in margins.
- 13% YoY rise in LPG production EBITDA on rise in LPG prices.
- 11% YoY rise in gas transmission EBITDA.

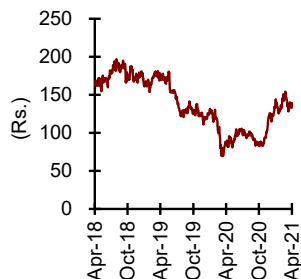
Gas marketing and transmission volumes are estimated to be up 1-3% YoY at 99-112mmscmd, petrochemicals volumes up 34% YoY and LPG volume up 6% YoY.

**Table 13: Segment EBITDA estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
Gas pipeline	12,880	11,640	11%	47,690	46,580	2%	12,470	3%
LPG pipeline	1,061	1,100	-4%	4,141	3,900	6%	1,090	-3%
<b>Regulated business</b>	13,941	12,740	9%	51,831	50,480	3%	13,560	3%
Gas marketing	8,812	6,310	40%	(158)	22,700	NM	(450)	NM
LPG and other liquid hydrocarbons	6,266	5,540	13%	15,186	16,730	-9%	3,040	106%
Petrochemicals	7,771	1,850	320%	15,721	2,050	667%	5,490	42%
<b>Cyclical business</b>	22,849	13,700	67%	30,749	41,480	-26%	8,080	183%
<b>EBITDA</b>	36,790	24,754	49%	75,593	85,554	-12%	19,195	92%
<b>EBITDA/unit</b>								
Gas pipeline (Rs/mscm)	1,250	1,161	8%	1,656	1,562	6%	1,229	2%
Gas marketing (Rs/mscm)	968	702	38%	(6)	856	NM	(51)	NM
Gas marketing (US\$/mmbtu)	0.4	0.3	37%	(0.0)	0.3	NM	(0.0)	NM
LPG pipeline (Rs/t)	1,010	1,058	-5%	996	998	0%	1,002	1%
LPG and other liquid hydrocarbons (Rs/t)	19,580	18,344	7%	12,644	13,236	-4%	9,530	105%
Petrochemicals (Rs/t)	33,370	10,632	214%	18,052	2,778	550%	23,766	40%

Source: Company data, I-Sec research

**Price charts**

## Gujarat State Petronet (BUY)

(QoQ chg: 20.8%, YoY chg: 37.0%)

### Price chart

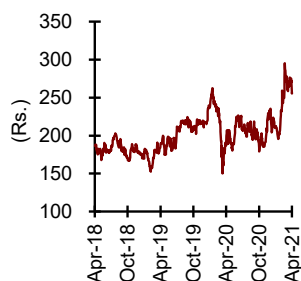


Table 14: Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	3,516	3,557	-1%	14,769	15,749	-6%	3,984	-12%
PBT	2,876	2,795	3%	12,450	12,786	-3%	3,328	-14%
Recurring PAT	2,152	2,256	-5%	9,332	9,740	-4%	2,475	-13%
Recurring EPS (Rs)	3.8	4.0	-5%	16.5	17.3	-4%	4.4	-13%
<b>Key variables</b>								
Transmission volumes (mmscmd)	32.3	36.8	-12%	36.4	37.8	-4%	39.4	-18%
Tariff (Rs/mscm)	1,671	1,697	-2%	1,580	1,670	-5%	1,592	5%

Source: Company data, I-Sec research

### Q4FY21 EPS down YoY hit by lower volumes and margin

We estimate GSPL's Q4FY21 standalone recurring EPS to be down 5%, hit by 12% YoY fall in transmission volumes and 2% YoY fall in transmission tariff. We estimate transmission volumes at 32.3mmscmd vs 36.8mmscmd in Q4FY20 and tariff at Rs1,671/scm.

## Gujarat Gas (BUY)

(QoQ chg: 41.7%, YoY chg: 123.5%)

### Price chart

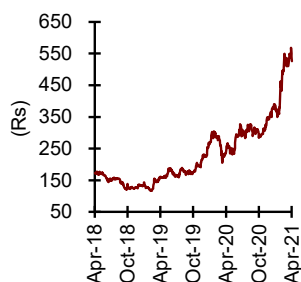


Table 15: Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	4,788	4,267	12%	20,124	16,343	23%	6,148	-22%
PBT	3,888	3,231	20%	16,253	12,079	35%	5,239	-26%
Recurring PAT	2,910	2,459	18%	12,165	9,122	33%	3,922	-26%
Recurring EPS (Rs)	4.2	3.6	18%	17.7	13.3	33%	5.7	-26%
<b>Sales volume (mmscmd)</b>								
CNG	145	134	8%	467	544	-14%	142	2%
PNG	919	771	19%	2,933	2,910	1%	911	1%
Domestic	60	60	0%	230	208	11%	59	2%
Industrial	850	700	21%	2,676	2,661	1%	843	1%
Commercial	9	11	-20%	27	41	-35%	9	-2%
Total	1,064	905	18%	3,400	3,454	-2%	1,053	1%
Total (mmscmd)	11.8	9.9	19%	9.3	9.4	-1%	11.4	3%
<b>EBITDA margin (Rs/scm)</b>								
	4.5	4.7	-5%	5.9	4.7	25%	5.8	-23%

Source: Company data, I-Sec research

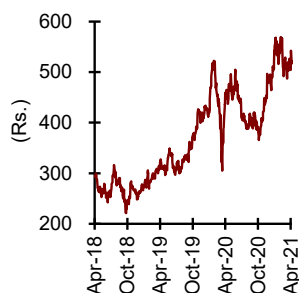
### Q4 EPS up 18% YoY driven by 19% YoY rise in volumes

We estimate GGL's Q4FY21 recurring EPS to rise 18% YoY driven by 19% YoY rise in sales volumes to 11.8mmscmd vs 9.9mmscmd in Q4FY20. Rise in volumes will be driven by 23% YoY rise in industrial volumes to 9.4mmscmd due to surge in Morbi volumes. The YoY rise in Q4 EPS is despite 5% YoY and 23% QoQ fall in EBITDA margin to Rs4.5/scm, hit by surge in spot LNG not being fully passed on to consumers. **Q1FY22E earnings of GGL are likely to be strong driven both by strong volumes and margins (steep price hike for industrial consumers from 1-Feb'21) as spot LNG prices are much lower now than in early-Q4FY20.**

## Indraprastha Gas (REDUCE)

(QoQ chg: -7.7%, YoY chg: 13.5%)

### Price chart



**Table 16: Quarterly estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	5,295	3,767	41%	15,208	15,196	0%	5,007	6%
PBT	4,828	3,398	42%	13,743	14,156	-3%	4,485	8%
Recurring PAT	3,613	2,534	43%	10,360	10,736	-4%	3,349	8%
Recurring EPS (Rs)	5.2	3.6	43%	14.8	15.3	-4%	4.8	8%
<b>Sales volume</b>								
CNG	430	409	5%	1,348	1,739	-22%	412	4%
PNG	164	158	4%	575	618	-7%	164	0%
Domestic	49	41	20%	173	141	23%	41	20%
Industrial / Commercial	79	75	5%	276	298	-8%	84	-6%
Others	36	42	-15%	126	179	-30%	39	-8%
Total	594	567	5%	1,923	2,357	-18%	576	3%
Total (mmscmd)	6.6	6.2	6%	5.3	6.4	-18%	6.3	5%
<b>EBITDA margin (Rs/scm)</b>								
	8.9	6.6	34%	7.9	6.4	23%	8.7	3%

Source: Company data, I-Sec research

### Q4 EPS up 43% YoY driven by 34% YoY surge in EBITDA margin

We estimate IGL's Q4FY21 recurring EPS to rise by 43% YoY driven by 34% YoY and 3% QoQ surge in EBITDA margin to Rs8.9/scm and 6% YoY rise in volumes to 6.6mmscmd. We estimate 5% YoY rise in CNG volumes and industrial and commercial volumes. We expect gain from rise in CNG margin to more than make up for fall in margins on industrial and commercial volumes due to rise in spot LNG price.

## Mahanagar Gas (HOLD)

(QoQ chg: -1.8%, YoY chg: 17.2%)

**Table 17: Quarterly estimates**

(Rs mn, year ending March 31)

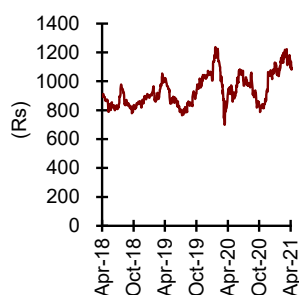
	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	3,489	2,438	43%	9,667	10,529	-8%	3,167	10%
PBT	3,284	2,247	46%	8,754	9,835	-11%	2,913	13%
Recurring PAT	2,457	1,666	48%	6,525	7,447	-12%	2,172	13%
Recurring EPS (Rs)	24.9	16.9	48%	66.1	75.4	-12%	22.0	13%
<b>Sales volume</b>								
CNG	182	180	1%	517	784	-34%	173	5%
PNG	83	73	13%	295	296	0%	82	1%
Domestic	46	38	20%	174	148	18%	47	-2%
Industrial / Commercial	37	35	6%	121	148	-18%	35	6%
Total	265	253	5%	812	1,080	-25%	255	4%
Total (mmscmd)	2.9	2.8	6%	2.2	3.0	-25%	2.8	6%
<b>EBITDA margin (Rs/scm)</b>								
	13.2	9.6	37%	11.9	9.7	22%	12.4	6%

Source: Company data, I-Sec research

### Q4 EPS up 48% YoY driven by 37% YoY rise in EBITDA margin

We estimate MGL's Q4FY21 recurring EPS to rise by 48% YoY driven by 37% YoY and 6% QoQ rise in EBITDA margin to Rs13.2/scm and 6% YoY rise in volumes to 2.9mmscmd. Gain from rise in CNG margin is estimated to more than make up for fall in margins on industrial and commercial volumes due to rise in spot LNG price.

**Price chart**



## Petronet LNG (HOLD)

(QoQ chg: -15.3%, YoY chg: 6.2%)

**Table 18: Quarterly estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	% YoY	FY21E	FY20	% YoY	Q3FY21	% QoQ
EBITDA	10,435	6,975	50%	46,520	39,895	17%	13,353	-22%
PBT	8,905	4,863	83%	40,020	31,827	26%	11,724	-24%
Recurring PAT	6,664	3,590	86%	29,924	23,237	29%	8,785	-24%
Recurring EPS (Rs)	4.4	2.4	86%	19.9	15.5	29%	5.9	-24%
<b>Key variables:</b>								
Dahej volume (TBTU)	205	206	0%	851	885	-4%	222	-8%
Dahej volume (mmt)	4.1	4.1	0%	17.0	17.7	-4%	4.4	-8%
Dahej regas charge (Rs/mmbtu)	57.0	49.9	14%	58.1	52.2	11%	62.0	-8%

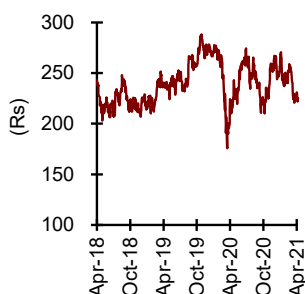
Source: Company data, I-Sec research

### Q4FY21 EPS up 86% YoY on rise in Dahej regas charge

We estimate PLNG's Q4FY21 recurring EPS to rise 86% YoY despite Dahej regas volumes being flat YoY, driven mainly by:

- 14% YoY rise in Dahej regas charge to Rs57/mmbtu vs Rs50/mmbtu in Q4FY20.
- Absence of one-time expenses like Rs1bn to PM Cares fund in Q4FY20.
- 25% YoY fall in interest cost and 39% YoY rise in other income.

### Price chart



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