

Indian Oil

Refer to important disclosures at the end of this report

Reported numbers beat estimates on higher GRMs; petchem outperforms

- Q4FY21 standalone EBITDA came in at Rs147.0bn, up ~4x yoy/53% qoq with a 40% beat, driven by higher GRMs and petchem margins. PAT of Rs87.8bn (up 79% qoq) was a 40% beat, with lower ETR of 20% offsetting higher interest, lower other income and impairment.
- Reported GRM in Q4 was USD10.6/bbl (est.: USD6.0) while price lag adj. GRM was USD2.51. Total marketing sales volume rose 1.7% yoy to 22.6mmt, with domestic up 2.4% yoy to 21.2mmt. Reported marketing EBITDA halved qoq to Rs34.4bn due to impairment.
- Petchem EBITDA rose 15% qoq to Rs22.5bn, driven by a 22% uptick in margin though volumes declined 5%. Pipeline EBITDA fell 5% to Rs16.1bn due to a 6% decline in margins, while volumes stayed flat. Gross debt rose 41% qoq to Rs1.03trn (down 4% yoy).
- We cut FY22E/23E EPS by 10% each as we factor in lower marketing margins due to volatile oil prices. We raise TP by 18% to Rs130, after lowering our net debt estimate based on reported FY21 numbers. Maintain Buy rating on IOCL with an EW stance in sector EAP.

Highlights: IOCL's Other Expenditure rose 12% qoq/9% yoy to Rs94.4bn. Employee cost was higher by 9%/48% qoq/yoy to Rs31.4bn with a bonus provision of Rs18bn. Interest cost jumped 71% qoq to Rs10.7bn. Other Income was a 23% miss. Refinery utilization stayed flat qoq at 102%, while segment EBITDA stood at Rs63.8bn. Petrol/diesel sales grew 8.2%/2.2% yoy vs. industry's 9.7%/4.1%. There was a marketing segment impairment of Rs12.0bn on PMUY loans. For FY21, IOCL's EBITDA/APAT rose 73%/134% to Rs392.7bn/228.0bn, driven by a jump in GRMs, marketing margins and petchem earnings. Volumes were down 10%. Interest costs declined 48%, while forex gain was Rs11.5bn. IOCL incurred Rs270bn capex (incl. JVs/subs). Final dividend of Rs1.5/sh was recommended with Rs12.0 in total. Q4-end debt included Rs79.1bn of lease liability, while subsidy receivables fell to Rs6.8bn.

Guidance: Management expects GRMs to improve due to vaccine rollout and better demand. GRMs in Q4 were driven by inventory gains but the company will no longer disclose it. As of May, debt is down to Rs870bn. Petrol/diesel sales volume in May is down 33%/35% vs. CY19 for three OMCs. IOCL would purchase Iran crude when sanctions are lifted. Barauni/Gujarat/Panipat refinery expansions will be completed by Apr'23/Aug'24/Sep'24. Demand should continue to grow. IOCL's project IRR hurdle rate is 11%. LMO supply has not affected overall petchem operations, and naphtha cracker/LAB units are operating at 110%+ in May. FY22 capex guidance is Rs285bn, with Rs50bn/66bn/50bn/26bn on refining/marketing/pipelines/petchem. Annual outlet addition run-rate of 2,000-3,000 should continue. Hydrogen plant monetization is aimed at inducting a partner to improve efficiency.

Valuation: We value IOCL on a SoTP basis with 6x blended target FY23E EV/EBITDA for the standalone business. Key risks: Adverse petroleum prices/margins/currency/govt actions.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Oil & Gas \(Page 8\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	4,807,984	3,738,576	4,459,623	4,717,916	4,894,561
EBITDA	230,586	392,663	275,726	318,626	333,682
EBITDA Margin (%)	4.7	10.4	6.1	6.7	6.8
APAT	59,266	227,201	125,792	148,120	150,662
EPS (Rs)	6.5	24.7	13.7	16.1	16.4
EPS (% chg)	(65.1)	283.4	(44.6)	17.8	1.7
ROE (%)	5.9	22.2	11.0	12.2	11.6
P/E (x)	16.2	4.2	7.6	6.5	6.4
EV/EBITDA (x)	8.8	4.8	7.0	6.1	5.8
P/BV (x)	1.0	0.9	0.8	0.8	0.7

Source: Company, Emkay Research

CMP	Target Price
Rs 105 as of (May 20, 2021)	Rs 130 (▲) 12 months
Rating	Upside
BUY (■)	23.9 %

Change in Estimates

EPS Chg FY22E/FY23E (%)	(10)/(10)
Target Price change (%)	17.9
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	13.7	16.1
Consensus	15.4	18.0
Mean Consensus TP (12M)	Rs 127	

Stock Details

Bloomberg Code	IOCL IN
Face Value (Rs)	10
Shares outstanding (mn)	9,414
52 Week H/L	110 / 71
M Cap (Rs bn/USD bn)	986 / 13.48
Daily Avg Volume (nos.)	26,279,160
Daily Avg Turnover (US\$ mn)	35.3

Shareholding Pattern Mar '21

Promoters	51.5%
FIIIs	5.8%
DIIIs	13.0%
Public and Others	29.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	19	7	23	41
Rel. to Nifty	14	8	6	(14)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Sabri Hazarika

sabri.hazarika@emkayglobal.com
+91 22 6612 1282

Tanay Gabhawala

tanay.gabhawala@emkayglobal.com
+91 22 6612 1336

Exhibit 1: Actual vs. Estimates (Q4FY21)

Rs bn	Actual	Estimate (Emkay)	Consensus Estimate (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	1,237	1,384	1,295	-11%	-4%	
Adjusted EBITDA	147	104	91	41%	61%	Higher GRM-petchem margins, inventory gains
EBITDA Margin (%)	12%	8%	7%	436bps	483bps	
Adjusted Net Profit	97	63	47	55%	110%	Lower ETR offset by lower Oth Inc, impairment

Source: Company, Emkay Research

Exhibit 2: Quarterly summary

Rs mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY	QoQ	FY20	FY21	YoY
Revenue	1,178,257	623,966	856,105	1,063,365	1,237,140	5%	16%	4,850,335	3,780,576	-22%
COGS	1,036,227	476,335	653,234	853,706	964,349	-7%	13%	4,192,021	2,947,625	-30%
Gross Profit	142,030	147,631	202,871	209,658	272,791	92%	30%	658,314	832,951	27%
Opex	107,601	92,497	108,593	113,432	125,767	17%	11%	431,109	440,289	2%
Total Expenditure	1,143,828	568,832	761,827	967,138	1,090,116	-5%	13%	4,623,130	3,387,913	-27%
EBITDA	34,429	55,134	94,278	96,226	147,024	327%	53%	227,205	392,663	73%
Depreciation	23,895	23,545	24,036	24,667	25,795	8%	5%	87,661	98,043	12%
Interest	18,504	11,713	2,211	6,286	10,729	-42%	71%	59,795	30,939	-48%
Other Income	17,180	5,612	8,653	8,997	10,701	-38%	19%	34,630	33,963	-2%
Exceptional Items	(118,118)	(12)	(7)	(7)	(12,006)			(111,874)	(12,031)	
Forex Gain/(Losses)	(27,193)	810	6,721	3,698	315		-91%	(39,446)	11,544	
PBT	(136,102)	26,286	83,398	77,962	109,511		40%	(36,941)	297,157	
Tax	(84,248)	7,177	21,125	28,796	21,698		-25%	(50,073)	78,796	
PAT	(51,853)	19,108	62,273	49,166	87,813		79%	13,132	218,360	1,563%
Adjusted PAT	36,499	19,117	62,278	49,170	97,441	167%	98%	97,311	228,006	134%
Adjusted EPS (Rs)	4.0	2.1	6.8	5.4	10.6	167%	98%	10.6	24.8	134%
Tax Rate	62%	27%	25%	37%	20%			136%	27%	
Core EBITDA*	106,133	87,094	20,278	69,926	47,024	-56%	-33%	280,319	224,323	-20%
Core PAT*	54,212	42,971	2,007	35,882	15,859	-71%	-56%	112,220	96,719	-14%
Core EPS (Rs)*	5.9	4.7	0.2	3.9	1.7	-71%	-56%	12.2	10.5	-14%
Refining Volumes (mmt)	17.1	12.9	14.0	17.9	17.6	3%	-2%	69.4	62.4	-10%
Reported GRM (USD/bbl)	(0.8)	(2.0)	8.6	2.2	10.6		384%	2.3	5.6	142%
Core GRM (USD/bbl)*	8.3	4.4	(1.0)	1.2	3.1	-62%	152%	4.2	1.9	-54%
Adjusted Refining EBITDA	(17,317)	(36,040)	34,049	(6,958)	63,465			(3,284)	54,516	
Marketing Volumes (mmt)	22.2	16.5	18.9	23.0	22.6	2%	-2%	89.7	81.0	-10%
Diesel	8.6	6.4	6.7	9.0	8.8	2%	-2%	36.2	30.9	-14%
Petrol	2.9	2.1	2.8	3.2	3.1	8%	-4%	12.1	11.2	-8%
Marketing Margin (Rs/mt)*	5,276	7,769	5,879	5,822	4,569	-13%	-22%	5,141	5,883	14%
Adjusted Marketing EBITDA	39,186	71,398	27,407	62,303	35,683	-9%	-43%	144,657	196,792	36%
Marketing Inventory Gain/(Losses)*	10,136	13,920	760	17,110	30,000			15,146	61,790	308%
Pipeline Volumes (mmt)	20.8	15.0	17.3	21.8	21.8	5%	0%	85.3	76.0	-11%
Pipeline EBITDA	15,400	11,500	12,920	16,990	16,080	4%	-5%	62,950	57,490	-9%
Petchem EBITDA	4,750	7,280	12,110	19,540	22,480	373%	15%	26,770	61,410	129%
Gross Debt	1,165,450	986,050	915,050	724,510	1,023,270	-12%	41%	1,165,450	1,023,270	-12%
Implied Net Debt	1,074,565	899,927	831,306	632,992	923,977	-14%	46%	1,074,565	923,977	-14%
Net Under-recovery	-	-	-	-	-			-	-	-

Source: Company, Emkay Research

*Note: Q4 refining-marketing inventory figures are estimated as not disclosed by company, hence core figures are also estimated

**Note: Quarter summation may not match with annual tables fully due to past revisions made and other adjustments

Con-call highlights

- IOCL's normalized GRM in Q4FY21 was USD2.51/bbl. The GRM mismatch between 9M and Q4 was due to past quarterly restatements. GRMs in Q4 were driven by inventory gains but the company will no longer disclose inventory gain/loss figures as it is an unnecessary focus, pricing environment will remain volatile always and it is not a statutory requirement.
- MS (petrol) cracks improved from USD2.97/bbl to USD5.39/bbl qoq in Q4FY21, while HSD (diesel) rose from USD2.44 to USD3.78, though in Q4FY20 it was USD8.77/bbl. Polymer spreads rose to USD690/mt, up 6% qoq/45% yoy. PTA rose 39% qoq though it was down 2% yoy in Q4. Petchem EBITDA was driven by margins and volumes.
- Expects GRMs to improve going ahead on global vaccine rollout and better demand environment. Fuel refining margins are improving. Will look at Iran crude when sanctions are lifted but it is premature to comment now. It is favorable for Indian refiners. IOCL generally keeps 15-16mmt of crude and product inventories.
- Petrol/diesel sales volume in May (H1) is down 33%/35% vs. May 2019 for three OMCs. In April, it was down 5%/11% vs. Apr'2019. Refinery utilization in May is 84%. Retailing margins are stable.
- LMO supply is from the Panipat MEG plant and NCU O2 supply is unaffected; hence, overall petchem operations are not impacted. Covid situation is fast improving and the hit will not be like last year.
- Petchem operations are stable currently, with NCU at 113% utilization in May and Gujarat LAB at 111%. Panipat PX/PTA was 86% in April due to shut-down, while Paradip PPU is at 60-65% due to feed limitation but IOCL is looking at importing the same. Petchem demand outlook is robust in India. IOCL aims 14-15% petchem integration by CY30.
- Q4-end debt included Rs79.14bn of lease liability. Subsidy receivable O/S from Govt is down to Rs6.8bn including March claims. Currently, debt is down to Rs870bn.
- Barauni, Gujarat and Panipat expansions would be completed by Apr'2023, Aug'2024 and Sep'2024, respectively. The company believes absolute Indian demand will grow to absorb the increase in production. All refinery expansions include petchem facilities.
- IOCL's project MIRR hurdle rate is 11%. Haldia, Panipat and Baroda (Koyali) will have new lube facilities. The Paradip MEG plant is expected to commission in FY22.
- FY21 capex was Rs270bn, of which refining/marketing/pipeline/petchem/CGD incl. JV/other JVs/small projects (below Rs250mn each) was Rs50.58bn/61.24bn/46.77bn/26.3bn/14bn/13.51bn/31.49bn and Rs500mn/490mn in R&D/E&P. FY22 guidance is Rs285bn, with the breakdown being Rs50bn/66bn/50bn/25.8bn/15bn/10bn/45bn.
- EV-related capex won't be significant as of now though IOCL did not give guidance as yet. CGD projects are largely on schedule. It is concentrating on CNG, including cascade supplies, etc. RO addition run-rate (2,000-3,000 p.a.) will continue, including A and B sites.
- IOCL has 15,000km of pipelines. The ETBPL (Tamil Nadu gas pipeline) is progressing with the Tiruvallur section to be ready by June and full completion expected by Feb'2022, with Rs60.25bn of total capex. Ennore LNG terminal volume was 2.72mmscmd in April.
- Paradip Hyderabad pipeline's physical progress as of Mar'2021 was 94% with completion by Mar'2022. Koyali Solapur pipeline's progress stands at 85% and completion is expected in Feb'2022. Paradip Haldia Durgapur (till Patna, etc.) is 87% completed and full completion is expected by Dec'2021.
- In FY21, 3,000 ROs were set up, taking the total to 32,060; 3.8mn+/293 LPG customers/distributors were added; 310/637 CNG ROs/mobile-dispensing-units were brought online. XP-95 fuel is available in 2,500 ROs currently and will reach 6,000 by July.
- In FY21, 1,658 ROs were solarized, taking the total to 18,336, or 57%. It marketed 962mt CBG from 11 plants through 18 ROs. It has 257 EV charging and 29 battery swapping stations as of Mar'21-end. The company is looking to set up an aluminum air plant. The H-CNG pilot is progressing well. Gas sales touched the highest level of 4.77mmt in FY21.
- Hydrogen plant monetization is aimed at inducting a partner to improve operational efficiency. IOCL has good renewable energy capacity.
- IOCL contributed aggressively to Covid relief. LMO containers can be reused for other applications. A sizeable portion of IOCL's workforce has been vaccinated.
- No major damage to IOCL installations-facilities from recent cyclone. Some coastal offices, ROs etc. have been affected but activities will resume soon.
- Employee costs went up due to Rs18bn of bonus provisions being made. There was no bonus in FY20. IOCL is adopting online and new-age technologies.

Exhibit 3: Changes in assumptions

	FY22E			FY23E			FY24E
	Old	New	% Chg.	Old	New	% Chg.	Introduced
GRM (USD/bbl)	3.8	4.0	7%	4.5	5.0	11%	5.2
Marketing Margin (Rs/mt)	4,826	4,245	-12%	5,125	4,721	-8%	4,841
<i>Growth</i>	-9%	-16%	-651bps	6%	11%	502bps	3%
Marketing Sales (mmt)	88	87	0%	91	91	1%	94
<i>Growth</i>	9%	8%	-88bps	4%	5%	97bps	3%

Source: Emkay Research

Exhibit 4: Changes in estimates

Rs bn	FY22E			FY23E			FY24E
	Old	New	% Chg.	Old	New	% Chg.	Introduced
Revenue	5,660	4,502	-20%	5,990	4,762	-21%	4,939
EBITDA	298	276	-7%	341	319	-7%	334
EBITDA Margins	5%	6%	86bps	6%	7%	100bps	7%
PAT	140	126	-10%	165	148	-10%	151
EPS (Rs)	15.3	13.7	-10%	18.0	16.1	-10%	16.4

Source: Emkay Research

Exhibit 5: Value of investments

Rs/sh/mn	Shares (mn)	Price	Value
Chennai Petro	77	120	9,272
Lanka IOC	40	8	320
Petronet LNG	188	240	45,000
ONGC	987	110	108,557
GAIL	109	150	16,332
Oil India	54	130	6,956
Total			186,437
Value/share at 30% Haircut			14

Source: Company, Emkay Research

Exhibit 6: Core business valuation

Mar'23 Estimates (Rs bn)	EBITDA	Multiple (x)	EV	EV/Share
Refining	85	5.0	423	46
Pipelines	68	6.5	441	48
Petrochemicals	63	7.0	440	48
Marketing	103	6.0	620	68
Total EV	319	6.0	1,924	210
Less: Adj. Net Debt (Mar'22 End)			864	94
Fair Value/M-Cap			1,060	115
No. Of Shares O/S (bn)			9.2	

Source: Company, Emkay Research, Note: FY22E dividend is deducted in adjusted net debt

Exhibit 7: SOTP valuation

Rs/sh	Value
EV/EBITDA	115
Investments	14
Target Price	130

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	4,807,984	3,738,576	4,459,623	4,717,916	4,894,561
Expenditure	4,624,048	3,387,913	4,226,737	4,442,987	4,605,449
EBITDA	230,586	392,663	275,726	318,626	333,682
Depreciation	87,661	98,043	110,886	125,521	140,657
EBIT	142,925	294,620	164,840	193,106	193,025
Other Income	35,547	33,963	36,619	39,196	43,407
Interest expenses	59,795	30,939	33,289	34,280	35,011
PBT	118,678	297,644	168,171	198,022	201,420
Tax	(96,207)	69,955	42,379	49,901	50,758
Extraordinary Items	(155,619)	(487)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	13,132	218,360	125,792	148,120	150,662
Adjusted PAT	59,266	227,201	125,792	148,120	150,662

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	91,810	91,810	91,810	91,810	91,810
Reserves & surplus	845,878	1,013,190	1,082,375	1,163,842	1,246,706
Net worth	937,689	1,105,000	1,174,186	1,255,652	1,338,516
Minority Interest	0	0	0	0	0
Loan Funds	1,165,450	1,023,270	1,063,270	1,083,270	1,083,770
Net deferred tax liability	114,131	129,647	140,609	151,352	161,880
Total Liabilities	2,217,270	2,257,918	2,378,065	2,490,274	2,584,166
Net block	1,336,818	1,433,999	1,545,914	1,720,266	1,865,599
Investment	391,386	486,194	491,943	497,767	503,667
Current Assets	1,085,325	1,089,826	1,131,297	1,189,870	1,231,312
Cash & bank balance	5,891	16,683	13,793	11,823	11,535
Other Current Assets	104,660	78,650	79,437	80,231	81,033
Current liabilities & Provision	893,636	1,082,623	1,138,136	1,195,266	1,238,522
Net current assets	191,689	7,203	(6,839)	(5,397)	(7,210)
Misc. exp	0	0	0	0	0
Total Assets	2,217,270	2,257,918	2,378,065	2,490,274	2,584,166

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	83,131	263,681	131,552	158,826	158,014
Other Non-Cash items	(176,135)	29,886	0	0	0
Chg in working cap	(44,848)	210,793	22,115	7,330	12,054
Operating Cashflow	71,903	490,958	255,462	276,055	294,978
Capital expenditure	(298,789)	(228,368)	(239,327)	(230,463)	(230,463)
Free Cash Flow	(226,886)	262,590	16,135	45,592	64,515
Investments	108,014	(94,809)	(5,749)	(5,824)	(5,900)
Other Investing Cash Flow	(113,596)	67,674	0	0	0
Investing Cashflow	(268,824)	(221,540)	(208,457)	(197,091)	(192,956)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	301,863	(142,180)	40,000	20,000	500
Dividend paid (incl tax)	(58,023)	(83,832)	(56,606)	(66,654)	(67,798)
Other Financing Cash Flow	17,890	(1,676)	0	0	0
Financing Cashflow	201,935	(258,627)	(49,895)	(80,934)	(102,309)
Net chg in cash	5,015	10,791	(2,890)	(1,970)	(288)
Opening cash position	877	5,891	16,683	13,793	11,823
Closing cash position	5,891	16,682	13,793	11,823	11,535

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	4.7	10.4	6.1	6.7	6.8
EBIT Margin	2.9	7.8	3.7	4.1	3.9
Effective Tax Rate	(81.1)	23.5	25.2	25.2	25.2
Net Margin	4.4	6.0	2.8	3.1	3.1
ROCE	8.3	14.7	8.7	9.5	9.3
ROE	5.9	22.2	11.0	12.2	11.6
RoIC	9.9	20.0	11.2	12.0	10.9

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	6.5	24.7	13.7	16.1	16.4
CEPS	16.0	35.4	25.8	29.8	31.7
BVPS	102.1	120.4	127.9	136.8	145.8
DPS	4.2	12.0	6.2	7.3	7.4

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	16.2	4.2	7.6	6.5	6.4
P/CEPS	6.5	3.0	4.1	3.5	3.3
P/BV	1.0	0.9	0.8	0.8	0.7
EV / Sales	0.4	0.5	0.4	0.4	0.4
EV / EBITDA	8.8	4.8	7.0	6.1	5.8
Dividend Yield (%)	4.1	11.5	5.9	6.9	7.1

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	1.2	0.8	0.8	0.8	0.7
Net Debt/EBIDTA	4.7	2.3	3.5	3.1	2.9
Working Cap Cycle (days)	37.6	51.9	46.3	46.3	46.3

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	(8.0)	(22.2)	19.3	5.8	3.7
EBITDA	(34.9)	70.3	(29.8)	15.6	4.7
EBIT	(48.8)	106.1	(44.0)	17.1	0.0
PAT	(92.2)	1,562.8	(42.4)	17.8	1.7

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	1,178,257	623,966	856,105	1,063,365	1,237,140
EBITDA	34,429	55,134	94,278	96,226	147,024
EBITDA Margin (%)	2.9	8.8	11.0	9.0	11.9
PAT	(51,853)	19,108	62,273	49,166	87,813
EPS (Rs)	(5.6)	2.1	6.8	5.4	9.6

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoters	51.5	51.5	51.5	51.5	51.5
FIs	7.2	6.3	6.1	5.8	5.8
DIs	13.4	13.9	13.4	13.5	13.0
Public and Others	27.9	28.3	29.1	29.1	29.7

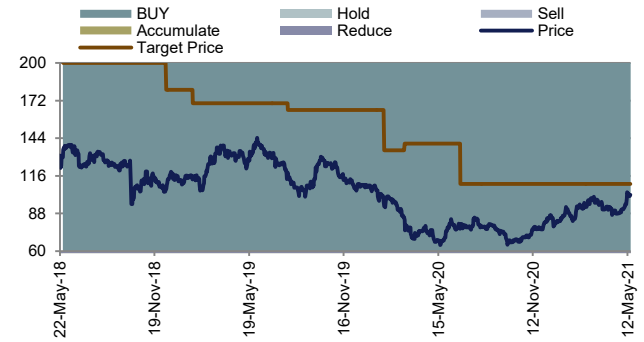
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
23-Apr-21	88	110	12m	Buy	Sabri Hazarika
23-Mar-21	97	110	12m	Buy	Sabri Hazarika
18-Mar-21	94	110	12m	Buy	Sabri Hazarika
26-Nov-20	77	110	12m	Buy	Sabri Hazarika
3-Oct-20	67	110	12m	Buy	Sabri Hazarika
28-Sep-20	68	110	12m	Buy	Sabri Hazarika
23-Sep-20	68	110	12m	Buy	Sabri Hazarika
4-Aug-20	78	110	12m	Buy	Sabri Hazarika
26-Jun-20	80	110	12m	Buy	Sabri Hazarika
3-Jun-20	78	140	12m	Buy	Sabri Hazarika
6-May-20	69	140	12m	Buy	Sabri Hazarika
11-Mar-20	83	140	12m	Buy	Sabri Hazarika
1-Feb-20	93	135	12m	Buy	Sabri Hazarika
24-Jan-20	103	165	12m	Buy	Sabri Hazarika
4-Dec-19	109	165	12m	Buy	Sabri Hazarika
1-Nov-19	122	165	12m	Buy	Sabri Hazarika
25-Oct-19	122	165	12m	Buy	Sabri Hazarika
23-Sep-19	122	165	12m	Buy	Sabri Hazarika
1-Aug-19	117	165	12m	Buy	Sabri Hazarika
10-Jun-19	137	170	12m	Buy	Sabri Hazarika
20-May-19	134	170	12m	Buy	Sabri Hazarika
31-Jan-19	115	170	12m	Buy	Sabri Hazarika
28-Jan-19	116	180	12m	Buy	Sabri Hazarika
31-Dec-18	116	180	12m	Buy	Sabri Hazarika
11-Dec-18	106	180	12m	Buy	Sabri Hazarika
4-Sep-18	123	200	12m	Buy	Sabri Hazarika
13-Jul-18	126	200	12m	Buy	Sabri Hazarika
8-Jun-18	139	200	12m	Buy	Sabri Hazarika
28-May-18	135	200	12m	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Oil & Gas



Analyst: Sabri Hazarika

Contact Details

sabri.hazarika@emkayglobal.com
+91 22 6612 1282

Sector

Oil & Gas

Analyst bio

Sabri Hazarika holds an MBA and comes with 11 years of research experience. His team currently covers 12 stocks in the Indian Oil & Gas space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Oil & Gas	9.99	9.99	0%	0	100.00
BPCL	0.42	0.46	10%	4	4.62
GAIL	0.32	0.35	10%	3	3.53
Gujarat Gas	0.10	0.00	-100%	-10	0.00
Gujarat State Petronet	0.09	0.05	-46%	-4	0.49
Gulf Oil Lubricants	0.00	0.03	NA	3	0.29
HPCL	0.23	0.25	10%	2	2.55
Indian Oil	0.32	0.31	-2%	-1	3.12
Indraprastha Gas	0.21	0.23	11%	2	2.33
Petronet LNG	0.21	0.23	10%	2	2.34
Oil India	0.06	0.06	0%	0	0.56
ONGC	0.49	0.54	10%	5	5.41
Reliance Industries	7.54	7.47	-1%	-7	74.75
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	20-May-20	19-Nov-20	17-Feb-21	19-Apr-21	19-May-21
EAP - Oil & Gas	100.0	90.8	119.9	129.8	120.6	128.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	90.8	118.9	129.0	119.9	127.7

*Performance measurement base date 1st April 2019

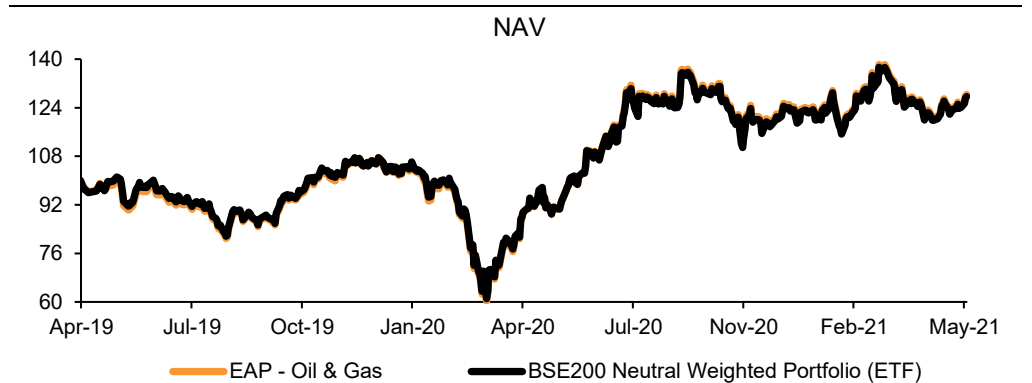
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Oil & Gas	6.4%	-1.1%	7.1%	41.4%
BSE200 Neutral Weighted Portfolio (ETF)	6.5%	-1.0%	7.3%	40.5%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

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

Completed Date: 21 May 2021 00:57:05 (SGT)

Dissemination Date: 21 May 2021 00:58:05 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of May 20, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of May 20, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 20, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the May 20, 2021

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com