

June 12, 2024

Company Update

■ Change in Estimates | Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	SELL		SELL	
Target Price	170		163	
Sales (Rs. m)	1,357	1,375	1,357	1,375
% Chng.	-	-	-	-
EBITDA (Rs. m)	129	133	129	133
% Chng.	-	-	-	-
EPS (Rs.)	12.5	12.8	12.5	12.8
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. bn)	1,443	1,306	1,357	1,375
EBITDA (Rs. bn)	67	133	129	133
Margin (%)	4.7	10.2	9.5	9.7
PAT (Rs. bn)	53	88	82	84
EPS (Rs.)	8.1	13.4	12.5	12.8
Gr. (%)	(48.8)	66.7	(7.0)	2.5
DPS (Rs.)	4.0	5.5	5.1	5.2
Yield (%)	1.9	2.6	2.4	2.5
RoE (%)	9.6	14.7	12.3	11.8
RoCE (%)	6.4	13.2	11.3	10.8
EV/Sales (x)	1.1	1.2	1.2	1.2
EV/EBITDA (x)	23.0	11.7	12.2	11.9
PE (x)	26.4	15.8	17.0	16.6
P/BV (x)	2.5	2.2	2.0	1.9

Key Data

GAIL.BO | GAIL IN

52-W High / Low	Rs.233 / Rs.103
Sensex / Nifty	76,457 / 23,265
Market Cap	Rs.1,399bn / \$ (2,14,68,26,273)m
Shares Outstanding	6,575m
3M Avg. Daily Value	Rs.5604.43m

Shareholding Pattern (%)

Promoter's	51.90
Foreign	14.24
Domestic Institution	19.37
Public & Others	14.49
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	10.5	50.9	102.9
Relative	5.0	38.0	66.2

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Payal Shah

payalshah@plindia.com |

Growth outlook to remain muted

Quick Pointers:

- In next 3-4 years, we expect India's gas consumption to rise from 191mmscmd in FY24 to 218mmscmd
- While GAIL's transmission would grow by 8% CAGR in FY24-26E, trading is expected to grow a tad lower (6%). Petrochemical and LPG are expected to remain muted

India's trunk gas pipeline network is expected to rise from 23,391km in FY24-end to 27,516km in the next 3-4years. GAIL's own network is expected to rise from 16,240km to 19,970km (including spur lines) in the next 2-3years. With already connected consumers (except power) consuming optimal amount of gas, and fewer new consumer additions, we expect GAIL's transmission volume to rise from 120mmscmd in FY24 to 130/140mmscmd in FY25/26E. This includes seasonal boost from the power sector. Bringing natural gas under the GST ambit would bring down gas cost and aid volume growth too. However, increasingly, consumers are securing their contracts directly, thereby dampening the expected growth rate in trading. Incremental petrochem projects are also margin dilutive. Considering the slow growth in transmission and low return ratios for petrochem expansions, we remain negative on the stock with a SELL rating and target price of Rs170, valuing it at 12x FY26 standalone EPS and adding the value of investments.

Muted expansion of Indian gas pipeline network: A total of 23,391km of pipeline is already operational and another 4,125km is under various stages of construction. Most of this growth will come from GAIL's network, which is expected to grow by 1,347km (excl spur lines). Barring GAIL, marginal expansion in pipelines is anticipated across other entities.

CGDs main driver of growth: Gas demand from the power sector stood at 24.8mmscmd in FY24. Currently, additional 13mmscmd is being used to meet summer electricity demand. This seasonal spike could reach 15-17mmscmd by FY26/27, but overall demand growth is projected at 3.5% CAGR, reaching 27.6mmscmd by FY27. Refinery gas demand is expected to grow at 4.5% CAGR to 30.2mmscmd by FY27, driven by Paradip, Barauni and Haldia refineries. CGD demand is projected to rise significantly and reach 50mmscmd by FY27, up from 36.9mmscmd in FY24, with Gujarat Gas growing at 9-10% CAGR, MGL and IGL at 5-6%, and other CGDs at 15% CAGR. Fertilizer sector demand is expected to remain flat at 57.5mmscmd.

500kta PDH-PP plant at Usar to deliver poor return ratios: PDH-PP delta stands at USD385/mt. Assuming a D/E of 2 and an interest cost of 5%, we estimate ROCE of 1.5%. Capital commitment for the plant stands at Rs91.3bn and actual capex incurred up to 31st March was Rs36.5bn. We have already witnessed the poor performance of GAIL's Pata petrochemical plant, which has delivered an average ROCE of 1% in the last five years (with negative ROCE in the last two years).

Exhibit 1: Gas consumption to rise to 218mmscmd by FY27E

Gas consumption	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Fertilizer	42.1	40.1	41.0	43.9	46.8	49.4	54.7	57.5	57.5	57.5	57.5
Power	31.6	32.9	32.9	30.8	31.4	24.6	20.6	24.8	27.0	27.3	27.6
City Gas	20.0	23.4	25.3	28.2	24.8	33.6	33.3	36.9	40.8	45.1	50.0
Petrochem/Ref	40.7	33.0	28.6	31.1	30.2	21.4	23.5	26.4	28.4	29.2	30.2
Others	2.4	13.2	20.1	19.3	20.3	33.8	33.3	45.5	47.8	50.2	52.7
Total	136.8	142.6	147.9	153.2	153.6	162.8	165.5	191.1	201.5	209.3	217.9

Source: PL, Industry

- **Across CGDs**, we expect Gujarat Gas to report a 9-10% volume CAGR over FY24-27E with recovery in Morbi volumes. MGL and IGL volumes are expected to rise 5/6% during the period. Gas consumption across other CGDs is expected to rise 15% CAGR over FY24-27E.
- Thus, total CGD consumption is likely to grow to 50mmscmd in FY27E (from 36.9mmscmd in FY24).

Exhibit 2: Total CGD demand to grow at 11% CAGR over FY24-27E

CGD (mmscmd)	FY24	FY25E	FY26E	FY27E
Gujarat Gas	9.4	10.3	11.2	12.2
<i>Growth</i>		10%	9%	9%
MGL	3.62	3.79	3.98	4.2
<i>Growth</i>		5%	5%	5%
IGL	8.45	8.95	9.51	10.1
<i>Growth</i>		6%	6%	6%
Others	15.44	17.8	20.4	23.5
<i>Growth</i>		15%	15%	15%
Total	36.9	40.8	45.1	50.0

Source: Company, PL

- India has a total of capacity of 23.8GW of **gas based power plants**. Out of this, ~6.8GW is lying idle since long. These would require capex in order to make them operational. Thus, 17GW of gas-based capacity is available for power generation.
- Demand from the power sector stood at 24.8mmscmd in FY24. Currently (Jun'24), ~13mmscmd of additional gas is being consumed to meet the surge in electricity demand due to the summer season (May and June). This volume can further rise to 15/17mmscmd in FY26/27E.
- However, this spike would only be seen for a period of two months. Thus, overall gas demand from the power sector could rise by 3.5% CAGR to 27.6mmscmd in FY27.

Exhibit 3: Power demand to grow at 3.5% CAGR

mmscmd	FY24	FY25E	FY26E	FY27E
Power	24.8	27.0	27.3	27.6
Incremental 2-month demand		13	15	17

Source: PL, Industry

- **Refining segment:** Paradip (15mmtpa) has started using gas since the past few months. Further, Barauni (6mmtpa) refinery is ramping up its gas offtake. These two refineries are expected to account for the incremental 2mmscmd demand in FY25. Haldia (8mmtpa) has not started gas offtake yet and is expected to add incremental 0.8mmscmd demand in FY26. These are expected to result in a growth of 3% YoY for FY27.
- In addition to above, India is also adding a total of ~1mnbopd of refining capacity, which is likely to be operational beyond FY27. These would incrementally consume 4.6mmscmd when all are operational at full capacity.

Exhibit 4: Refinery/petchem demand to grow at 4.5% CAGR

mmscmd	FY24	FY25E	FY26E	FY27E
Refinery/Petchem	26.4	28.4	29.2	30.2
Incremental gas		2.0	0.8	0.9

Source: Industry, PL

- India's **operational gas pipeline network** stands at 23,391km and another 4,125km is under works. Out of this, GAIL's network alone accounts for 33% of this addition.
- Including spur lines, GAIL's total network is expected to rise from 16,240km to 19,970km in the next 2-3years.

Exhibit 5: India's gas pipeline network

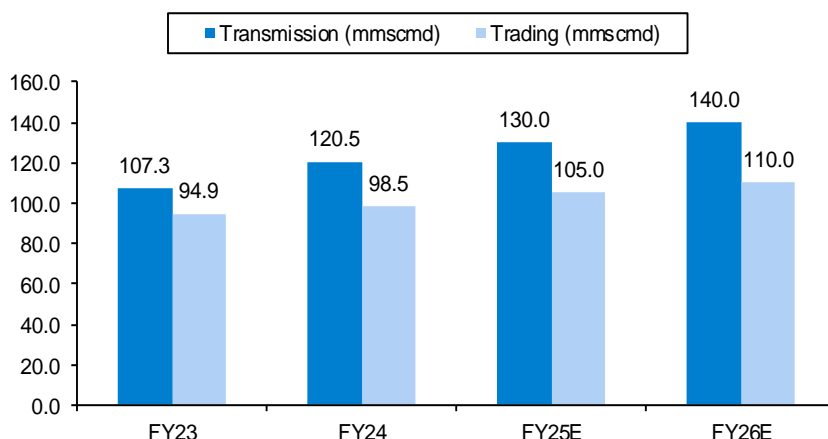
Natural Gas Pipeline (km)	GAIL	GSPL	PIL	IOCL	AGCL	RGPL	GGL	DFPCL	ONGC	GIGL	GITC	Others	Total
Operational	11,009	2,716	1,483	143	107	304	73	42	24	-	-	-	15,901
Partially Commissioned	4,743			1,080						1,302		365	7,490
Total Operational Length													23,391
Under Construction	1,347	3		352						899	36	1,488	4,125
Total Length													27,516

Source: PL, Industry

Exhibit 6: GAIL's upcoming pipeline projects

Name of Projects	Lengths of Pipelines (Km)/Capacity	Commissioned length (Km)	Expected Completion Date	Approved Cost	Capital Commitment	Actual Capex up to 31.03.2024
Major Pipeline Projects						
Dhamra-Angul P/L (JHBDPL 2A)	413	413	Commissioned	2,451	2,438	2,254
Bokaro-Angul P/L (JHBDPL 3A)	620	620	Commissioned	2,890	2,841	2,670
Durgapur-Haldia P/L (JHBDPL 3B)	294	-	31 st Mar 2025	2,433	2,174	1,866
Barauni Guwahati P/L (BGPL)	717	717	Commissioned	3,992	3,989	3,793
Dhamra-Haldia P/L	253	150	31 st Mar 2025	1,031	942	743
KKBMP L – II P/L – Commissioned	579	579	Commissioned	3,544	3,032	2,950
KKBMP L – II P/L – Under Construction	322	-	30 th Nov 2024	2,365	1,577	922
Srikakulam-Angul P/L	744	-	30 th Sep 2024	2,658	2,316	1,868
Mumbai-Nagpur-Jharsuguda P/L	1,755	-	31 st Oct 2024	7,844	6,735	5,360
Gurdaspur - Jammu P/L	152	-	11 th July 2026	522	23	2
C2/C3 Pipeline (Vijaipur to Pata)	360	-	June 2027	1,792	-	-

Source: Company, PL

Exhibit 7: GAIL's transmission volume expected to grow at 8% CAGR


Source: PL, Company

- **Dependence on GAIL reducing:** HPHT gas has been allocated for the priority sector (CNG and D-PNG) consumers. Indian CGDs have been directly sourcing this gas from the KG-Basin without relying on GAIL
- Companies are also directly tying up LNG supplies and thus, GAIL's trading volumes would show muted growth prospects

Exhibit 8: Consumers securing supply contracts directly

Non-GAIL LNG contracts	mmtpa	mmscmd	Starting from
Deepak Fertilisers	0.65	2.34	2026
Indian Oil	0.8	2.88	2026
Indian Oil	1.2	4.32	2026
ArcelorMittal Nippon Steel	0.5	1.8	2027
Total		11.34	

Source: PL, Industry

- **Petrochemical projects:** On 10th Jun'24, GAIL announced plans to set up a 1,500kta ethane cracker project in Madhya Pradesh at a total capex of Rs600bn. Apart from this, it has 3 petchem projects under various stages of development. We expect these projects to deliver poor return ratios given the weak spreads.

Exhibit 9: Upcoming petrochemical plants

Major Petchem projects	Capacity (kta)	Expected Completion Date	Approved Cost (Rs bn)	Capital Commitment (Rs bn)	Actual capex upto 31/3/24 (Rs bn)
Propane Dehydrogenation & Polypropylene Project (PDH-PP), Usar	500	April 2025 (Mech Completion)	112.6	91.3	36.5
IPA, Usar	50	Dec-25	5.3	0.4	0.0
Polypropylene project, Pata	60	December 2024 (Mech Completion)	13.0	11.3	6.7
Ethane cracker project, Sehra Madhya Pradesh	1500		600		

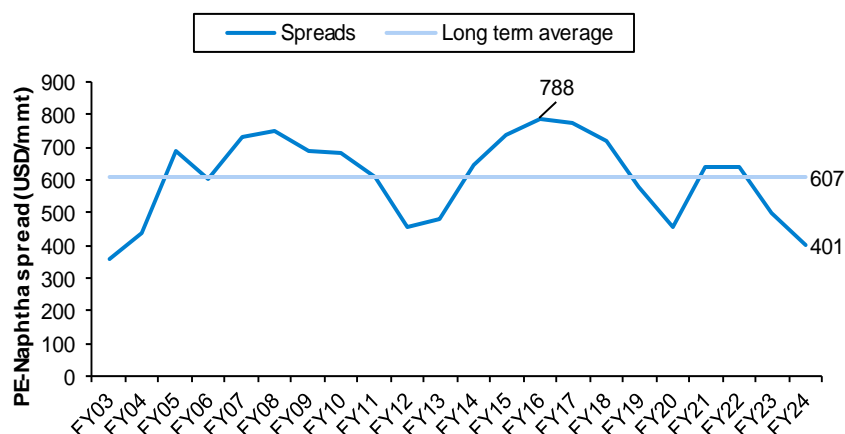
Source: Company, PL

- GAIL's **810kta Pata petchem** plant has been consistently delivering a poor ROCE (with negative ROCE in the past two years due to higher R-LNG prices).
- With gas prices moderating, the company has stated that the plant would run at full capacity and generate reasonable profits.

Exhibit 10: ROCE for PATA petchem plant

PATA petchem plant	FY20	FY21	FY22	FY23	FY24
EBIT(Rsmn)	-2,455	10,649	12,453	-10,609	-1,366
Tax Rate%	0	25.17	25.17	0	0
Assets (Rsmn)	100011.3	93367.3	94974.8	111760	145228.4
Liabilities (Rsmn)	4661.6	5555.4	6365.4	8950.8	19277.9
Capital employed(Rsmn)	95349.7	87811.9	88609.4	102809.2	125950.5
ROCE (%)	(3)	9	11	(10)	(1)

Source: Company, PL

Exhibit 11: PE-Naphtha spreads are down 34% from long-term average


Source: PL, Industry

- Input feedstock for the **PDH-PP plant at Usar** is 600kta of propane, priced at USD615/mt. Output is 500kta of polypropylene priced at USD1000/mt. Gross margin works out to be USD131mn.
- The approved project cost is Rs112.6bn, assuming a D/E of 2 and an interest cost of 5%, we arrive at a ROCE of mere 1.5%.

Exhibit 12: ROCE for 500kta PDH-PP plant at Usar

Particulars	Remarks
Gross margin (USDmn)	131
Opex (USDmn)	50 assuming an opex of USD100/mt
EBITDA (USDmn)	81
Exchange rate (Rs/USD)	83
EBITDA (Rsmn)	6,723
Depr (Rsmn)	4,502 assuming 25yrs
EBIT (Rsmn)	2,221
Interest cost	3,752
PBT	-1,531
Tax rate (%)	25.2
PAT	-385
ROCE (%)	1.5

Source: PL, Industry

- On the valuation front, the company is currently trading at 16.4x FY26 EPS. Given the rich valuations, we value the company at 12x FY26 standalone adj EPS of Rs11 and add the value of listed (ONGC, MGL, IGL, PLNG) and unlisted investments to arrive at our **TP of Rs170** and maintain **SELL** rating

Exhibit 13: Valuation table

Valuation	Rs/sh	Basis
Core Business	134	12x adj. EPS
Listed Investments	30	25% discount to CMP/target price
Unlisted investments	6	Investment value
Total	170	

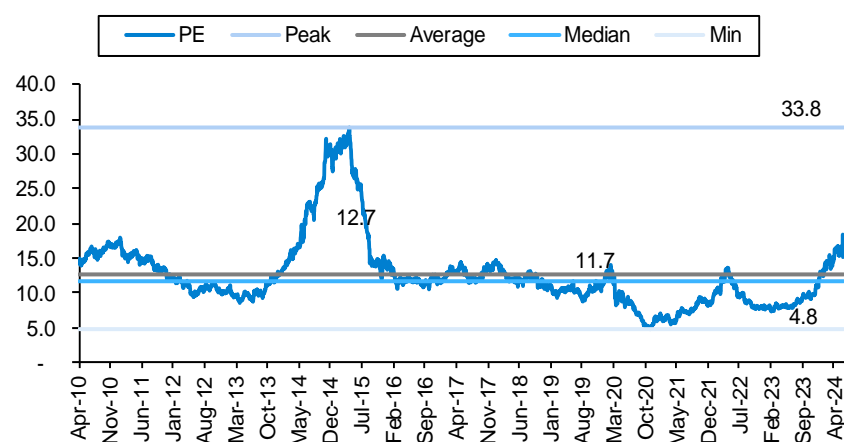
Source: PL

- Even if we value the company on EV/EBITDA basis, assigning a 7.5x multiple to its transmission business, 6x to its trading business and 8/6/6x for its LPG transmission/petchem/LPG segments we arrive at a value of Rs168

Exhibit 14: Valuation using segmental EV/EBITDA

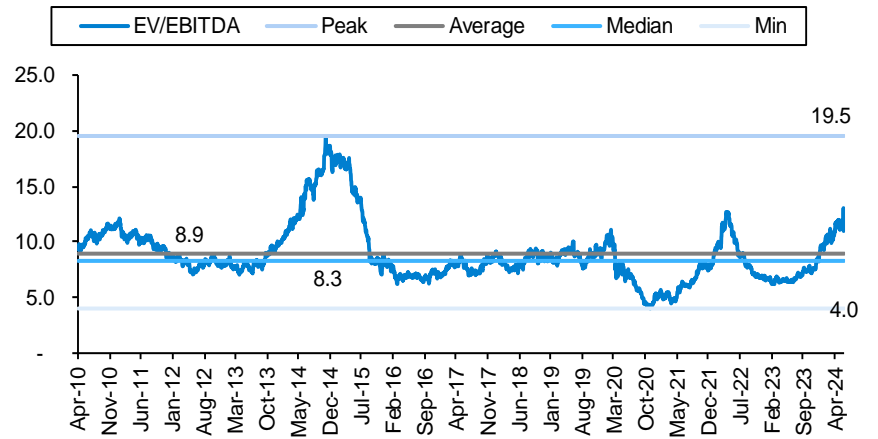
Business	EBITDA	Target multiple (x)	Value (Rs b)
Gas transmission	70	7.5	524
LPG transmission	5	8.0	36
Gas trading	44	6.0	265
Petrochemicals	14	6.0	85
LPG	30	6.0	179
E&P			0
Investments			237
Enterprise value			1326
Net Debt (as of FY25)			218
Implied Equity value			1107
Value (Rs/sh)			168

Source: PL

Exhibit 15: GAIL currently trades at 16.4x FY26 EPS


Source: Company, PL

Exhibit 16: GAIL currently trades at 11.8x FY26 EV/EBITDA



Source: PL, Industry

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	1,443	1,306	1,357	1,375
YoY gr. (%)	57.5	(9.5)	3.9	1.3
Cost of Goods Sold	1,289	1,071	1,099	1,111
Gross Profit	154	236	257	264
Margin (%)	10.7	18.0	19.0	19.2
Employee Cost	18	21	22	23
Other Expenses	69	82	107	109
EBITDA	67	133	129	133
YoY gr. (%)	(53.6)	97.5	(2.8)	2.9
Margin (%)	4.7	10.2	9.5	9.7
Depreciation and Amortization	25	33	35	35
EBIT	42	99	94	97
Margin (%)	2.9	7.6	7.0	7.1
Net Interest	3	7	7	8
Other Income	27	23	23	23
Profit Before Tax	66	115	110	113
Margin (%)	4.6	8.8	8.1	8.2
Total Tax	13	27	28	28
Effective tax rate (%)	19.4	23.6	25.2	25.2
Profit after tax	53	88	82	84
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	53	88	82	84
YoY gr. (%)	(51.7)	65.4	(6.6)	2.5
Margin (%)	3.7	6.7	6.1	6.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	53	88	82	84
YoY gr. (%)	(51.7)	65.4	(6.6)	2.5
Margin (%)	3.7	6.7	6.1	6.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	53	88	82	84
Equity Shares O/s (m)	7	7	7	7
EPS (Rs)	8.1	13.4	12.5	12.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	703	768	885	985
Tangibles	703	768	885	985
Intangibles	-	-	-	-
Acc: Dep / Amortization	281	314	348	384
Tangibles	281	314	348	384
Intangibles	-	-	-	-
Net fixed assets	423	454	536	601
Tangibles	423	454	536	601
Intangibles	-	-	-	-
Capital Work In Progress	137	159	139	139
Goodwill	-	-	-	-
Non-Current Investments	148	211	211	211
Net Deferred tax assets	(47)	(50)	(50)	(50)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	53	53	55	56
Trade receivables	114	107	111	112
Cash & Bank Balance	4	7	13	17
Other Current Assets	49	51	51	51
Total Assets	961	1,095	1,170	1,240
Equity				
Equity Share Capital	66	66	66	66
Other Equity	491	576	625	674
Total Networkth	557	642	690	740
Non-Current Liabilities				
Long Term borrowings	143	164	182	199
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	215	240	248	251
Total Equity & Liabilities	961	1,095	1,170	1,240

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	66	116	110	113
Add. Depreciation	25	33	35	35
Add. Interest	3	7	7	8
Less Financial Other Income	27	23	23	23
Add. Other	(20)	(15)	-	-
Op. profit before WC changes	74	140	152	155
Net Changes-WC	(31)	6	2	1
Direct tax	(15)	(27)	(28)	(28)
Net cash from Op. activities	28	118	126	128
Capital expenditures	(73)	(70)	(100)	(100)
Interest / Dividend Income	-	-	-	-
Others	8	(10)	-	-
Net Cash from Inv. activities	(66)	(80)	(100)	(100)
Issue of share cap. / premium	-	-	-	-
Debt changes	80	21	18	17
Dividend paid	(31)	(36)	(34)	(34)
Interest paid	(6)	(11)	(7)	(8)
Others	(18)	(8)	-	-
Net cash from Fin. activities	26	(34)	(23)	(25)
Net change in cash	(12)	4	3	3
Free Cash Flow	(45)	48	26	28

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	322	318	343	323
YoY gr. (%)	(14.2)	(17.3)	(3.2)	(1.6)
Raw Material Expenses	273	260	278	259
Gross Profit	49	58	65	64
Margin (%)	15.3	18.2	18.9	19.8
EBITDA	24	35	38	36
YoY gr. (%)	(44.3)	97.8	1,362.7	1,058.3
Margin (%)	7.5	11.0	11.2	11.0
Depreciation / Depletion	6	8	8	12
EBIT	18	27	30	24
Margin (%)	5.6	8.6	8.9	7.4
Net Interest	2	2	2	2
Other Income	3	6	8	6
Profit before Tax	19	31	37	28
Margin (%)	5.9	9.8	10.8	8.8
Total Tax	5	7	9	7
Effective tax rate (%)	25.2	23.2	23.0	23.4
Profit after Tax	14	24	28	22
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	14	24	28	22
YoY gr. (%)	(51.6)	56.5	1,056.8	260.7
Margin (%)	4.4	7.6	8.3	6.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	14	24	28	22
YoY gr. (%)	(51.6)	56.5	1,056.8	260.7
Margin (%)	4.4	7.6	8.3	6.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	14	24	28	22
Avg. Shares O/s (m)	7	7	7	7
EPS (Rs)	2.1	3.7	4.3	3.3

Source: Company Data, PL Research

Key Financial Metrics

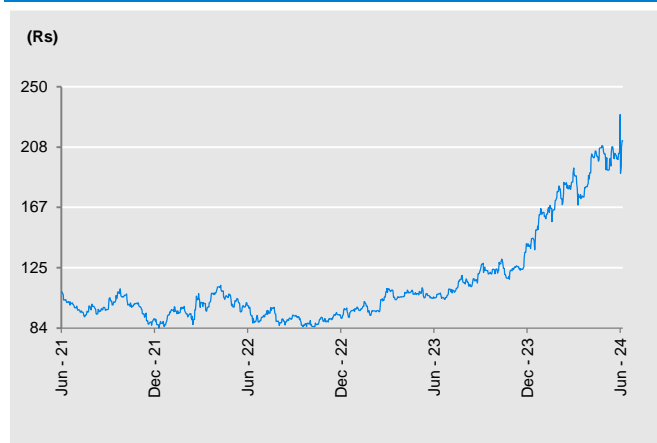
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	8.1	13.4	12.5	12.8
CEPS	11.8	18.5	17.7	18.2
BVPS	84.3	98.0	105.0	112.6
FCF	(6.9)	7.3	4.0	4.3
DPS	4.0	5.5	5.1	5.2
Return Ratio(%)				
RoCE	6.4	13.2	11.3	10.8
ROIC	4.4	9.1	8.2	8.0
RoE	9.6	14.7	12.3	11.8
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.2	0.2
Net Working Capital (Days)	-	-	-	-
Valuation(x)				
PER	26.4	15.8	17.0	16.6
P/B	2.5	2.2	2.0	1.9
P/CEPS	18.0	11.5	12.0	11.7
EV/EBITDA	23.0	11.7	12.2	11.9
EV/Sales	1.1	1.2	1.2	1.2
Dividend Yield (%)	1.9	2.6	2.4	2.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Transmission Volume (mmscmd)	107	120	130	140
Transmission EBIT (Rs/mscm)	488	1,026	1,044	1,023
Trading Volume (mmscmd)	95	98	105	110
Trading EBIT (Rs/mscm)	884	1,688	961	920
Petchem (kt)	400	787	810	810
Petchem EBIT (Rs/kg)	(6)	(12)	10	10
LPG (kt)	4,335	4,396	4,520	4,565
LPG EBIT (Rs/mt)	850	721	796	788

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	18-May-24	Sell	163	209
2	09-Apr-24	Sell	162	201
3	30-Jan-24	Reduce	157	172
4	08-Jan-24	Hold	155	164
5	23-Nov-23	BUY	151	124
6	01-Nov-23	BUY	139	120
7	06-Oct-23	BUY	136	125
8	04-Jul-23	BUY	118	106

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	239	211
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	2,268	2,464
10	Divgi Torqtransfer Systems	Accumulate	831	765
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Accumulate	2,346	2,168
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	163	209
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	257
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,716	2,372
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Swarnendu Bhushan- IIT, MBA Finance, Ms. Payal Shah- MMS-Finance Research Analysts, 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. 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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Swarnendu Bhushan- IIT, MBA Finance, Ms. Payal Shah- MMS-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts 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.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates 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 are 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.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., 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 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 by Prabhudas Lilladher Pvt. Ltd. only 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, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com