

Pressure on cyclical earnings

The oil price crash has been a main feature of Q4FY20 – Brent has plunged 20% QoQ on average, exiting the quarter at <US\$ 30/bbl – a stunning 65% below Jan'20 levels. The situation has been exacerbated by demand destruction of ~25mbpd in April due to Covid-19. Fundamentals for cyclicals were mixed in Q4 – Singapore GRMs dropped to US\$ 1.2/bbl (-24% QoQ), while petchem cracks have risen by an estimated ~10%. Gas utilities could benefit the most from low LNG prices and the 22% fall in domestic gas price from Apr'20.

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Cyclicals to suffer from demand destruction: Oil demand destruction during the pandemic is clearly visible from refining margins – Singapore GRMs continue to decline, averaging at US\$ 1.2/bbl for Q4FY20, as spreads for key fuels that serve as a harbinger of economic growth have crashed, viz. diesel (-22.5% QoQ), ATF (-38%) and petrol (-39%). Trends in Q1FY21 may worsen as a further spread of the coronavirus deepens economic disruptions in Europe and the US. While the Chinese economy seems to be limping back towards normalcy, other key oil demand centres in Asia (such as India) are yet to see a resumption in activity.

Expect V-shaped demand recovery in H2FY21: We expect oil consumption to exhibit a V-shaped recovery in Asia by H2FY21, implying GRMs have likely bottomed out (refining margins are not necessarily linked to oil prices given OPEC+ supply disruptions). A similar trend is expected for integrated petrochemicals chain cracks.

LNG prices to align: Spot LNG prices have been muted at <US\$ 5/mmbtu in Q4FY20, moving closer to the long-term LNG average of ~US\$ 6/mmbtu as falling oil prices have narrowed the gap between the two. We expect both prices to align to ~US\$ 3/mmbtu levels by May'20, which could augur well for gas consumption in India from Q2FY21, if economic activity resumes.

Gas utilities to gain; RIL's diversification advantage to pay off: We expect gas utilities to report robust earnings in Q4 led by sequential margin expansion. OMCs' GRMs could be drained by massive inventory losses, albeit somewhat neutralised by a surge in marketing margins QoQ. While RIL's cyclical business earnings could post a steep decline in Q4, earnings expansion in the telecom (RJio) and retail businesses could save the day. RJio earnings could improve further in Q1FY21 as data usage surges post the enforced economic lockdown. Earnings of upstream PSUs are expected to crash given low oil prices.

KEY RECOMMENDATIONS

Ticker	Rating
RIL IN	BUY
IOCL IN	BUY
ONGC IN	BUY
GAIL IN	BUY
PLNG IN	BUY
IGL IN	BUY



FIG 1 – BOBCAPS ENERGY UNIVERSE: Q4FY20 PREVIEW

Company (Rs mn)	Net Sales			EBITDA			PAT		
	Q4FY20E	YoY (%)	QoQ (%)	Q4FY20E	YoY (%)	QoQ (%)	Q4FY20E	YoY (%)	QoQ (%)
Reliance Industries	1,392,861	0.5	(8.9)	200,633	(3.7)	(10.4)	101,315	(2.8)	(15.7)
Indian Oil Corp	1,199,717	(4.9)	(3.7)	64,760	(40.5)	(2.6)	21,294	(65.1)	(9.0)
Bharat Petroleum Corp	2,002,803	170.7	9.0	26,268	(45.3)	13.4	15,377	26.2	15.1
Hindustan Petroleum Corp	667,749	(1.3)	(5.2)	22,809	(53.0)	45.7	9,626	(67.6)	28.8
Oil & Natural Gas Corp	198,038	(26.0)	(16.5)	85,338	(31.0)	(30.6)	16,730	(58.6)	(59.7)
Oil India	24,508	(20.6)	(17.0)	6,691	(38.0)	(38.9)	2,281	(72.1)	(43.9)
GAIL (India)	133,545	(28.8)	(25.3)	18,900	12.2	(13.0)	9,884	(11.9)	(2.6)
Petronet LNG	82,872	(1.1)	(7.0)	10,969	74.9	(1.0)	6,683	51.8	(1.0)
Indraprastha Gas	16,679	8.1	0.2	3,717	12.2	(5.1)	2,665	18.2	(6.1)
Mahanagar Gas	6,971	(3.5)	(6.4)	2,568	20.0	(0.8)	1,826	36.8	5.5
Gujarat State Petronet	6,107	40.7	(2.4)	3,648	10.8	(4.0)	2,109	37.6	(5.0)
Gujarat Gas	20,169	5.7	(19.5)	3,722	46.4	0.4	1,981	70.0	0.8

Source: BOBCAPS Research

FIG 2 – BOBCAPS ENERGY UNIVERSE: VALUATION SUMMARY

Company	CMP (Rs)	TP (Rs)	Upside (%)	EPS (Rs)			PE (x)			ROE (%)		
				FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
RIL IN	1,170	1,500	28.2	66.6	84.1	116.6	17.6	13.9	10.0	10.2	11.6	14.2
IOCL IN	85	200	135.3	15.4	23.3	24.0	5.5	3.6	3.5	12.5	18.4	17.8
BPCL IN	356	470	32.0	46.2	56.6	58.4	7.7	6.3	6.1	20.5	22.4	20.6
HPCL IN	215	340	58.1	38.8	51.1	59.6	5.5	4.2	3.6	18.5	21.9	22.7
ONGC IN	76	110	44.7	23.4	2.8	10.0	3.2	26.7	7.6	12.9	1.5	5.2
OINL IN	90	130	44.4	27.5	6.4	14.2	3.3	14.0	6.4	10.5	2.4	5.1
GAIL IN	90	140	55.6	12.4	13.4	13.3	7.3	6.7	6.8	12.1	12.1	11.3
PLNG IN	219	330	50.7	21.8	24.0	25.5	10.0	9.1	8.6	30.0	29.2	27.1
IGL IN	465	433	(6.9)	15.9	18.9	22.6	29.2	24.6	20.5	22.8	22.1	21.7
MAHGL IN	940	750	(20.2)	81.8	78.5	81.1	11.5	12.0	11.6	31.3	26.8	24.9
GUJS IN	204	275	34.8	18.4	18.0	21.1	11.1	11.3	9.7	17.3	14.8	15.5
GUJGA IN	257	265	3.1	18.2	14.2	18.4	14.1	18.2	14.0	45.8	26.7	29.3

Source: BOBCAPS Research

Key macro trends

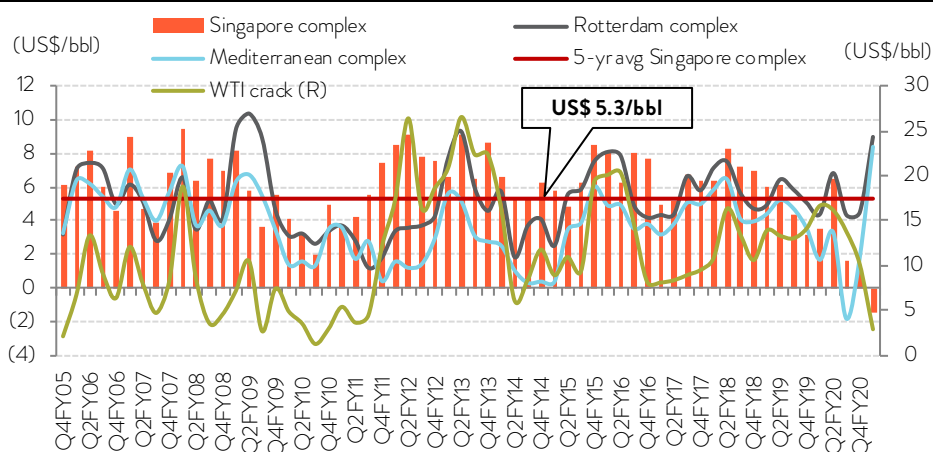
FIG 3 – MONTHLY GRM AND PRODUCT PRICE MOVEMENT

(US\$/bbl)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Rotterdam Complex	4.5	5.1	(11.4)	4.3	4.3	5.0	5.6	(10.6)
Singapore Complex	1.2	3.2	(61.3)	1.6	(23.5)	3.2	4.9	(34.7)
Mediterranean Complex	1.8	3.6	(50.25)	(1.9)	(194.8)	1.2	4.5	(72.56)
WTI Crack	10.1	14.2	(28.9)	13.7	(26.4)	14.2	13.6	4.0
Product Spreads								
LPG	(18.8)	(24.6)	23.5	(21.5)	12.5	(24.5)	(24.9)	1.6
Petrol	4.9	1.6	207.3	8.0	(39.1)	6.6	6.5	1.5
Naphtha	(3.2)	(7.6)	58.1	(2.6)	(23.1)	(5.7)	(3.4)	(68.2)
Jet Kero	8.6	13.0	(33.5)	13.9	(38.0)	12.6	15.0	(15.8)
Diesel	11.1	12.7	(12.9)	14.3	(22.5)	13.2	14.1	(6.3)
Fuel Oil	(8.4)	(0.9)	(831.7)	(19.5)	57.0	(8.1)	(2.6)	(205.4)
Crude Prices & Spreads								
Brent	50.5	63.3	(20.1)	62.7	(19.4)	60.8	70.5	(13.7)
Indian Crude Basket	50.7	63.3	(19.9)	62.3	(18.6)	60.5	69.5	(12.8)
Arab Light Heavy	3.1	1.4	117.7	2.3	34.0	2.2	2.5	(11.6)
Dubai - Arab Heavy	(0.4)	(0.2)	166.6	(1.2)	(63.4)	(0.7)	1.0	(170.1)
Currency - INR USD	72.4	69.6	4.1	71.2	1.7	70.9	68.2	4.0

Source: Bloomberg, BOBCAPS Research

GRMs fall to 15-year low at US\$ 1.2/bbl

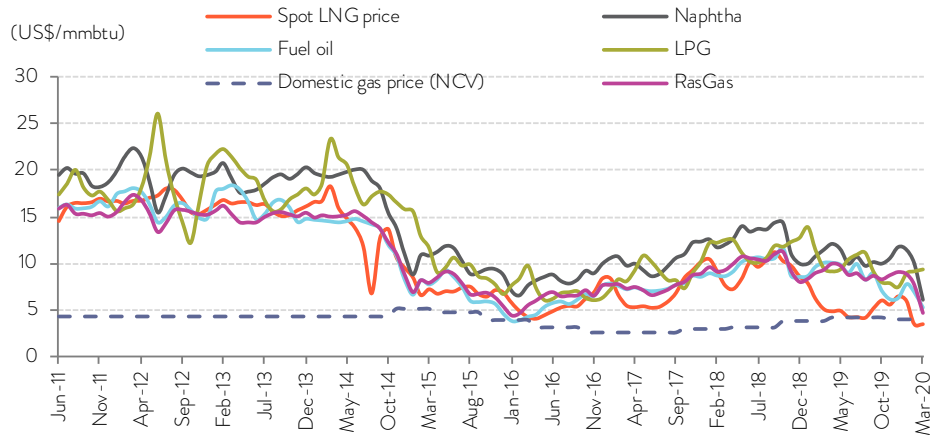
FIG 4 – REGIONAL GRM TREND



Source: Bloomberg, BOBCAPS Research

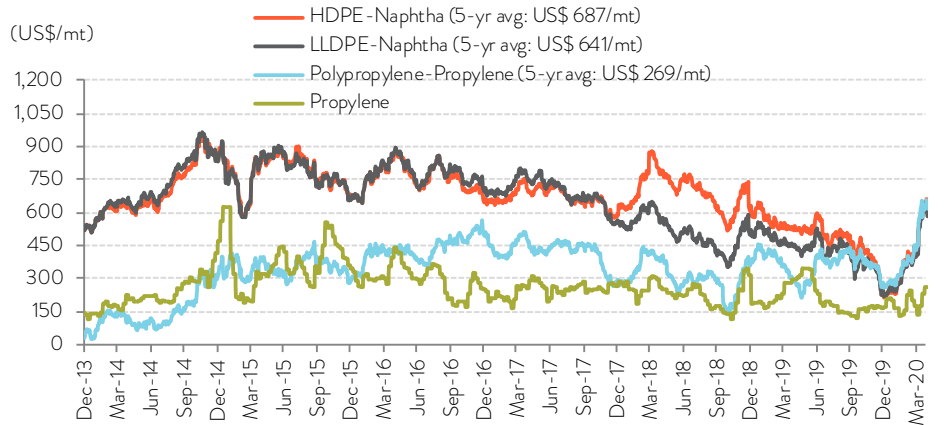
Spot LNG prices continue to decline – at US\$ 4.2/mmbtu for Q4FY20

FIG 5 – LNG PRICES AGAINST ALTERNATIVES



Source: Bloomberg, BOBCAPS Research

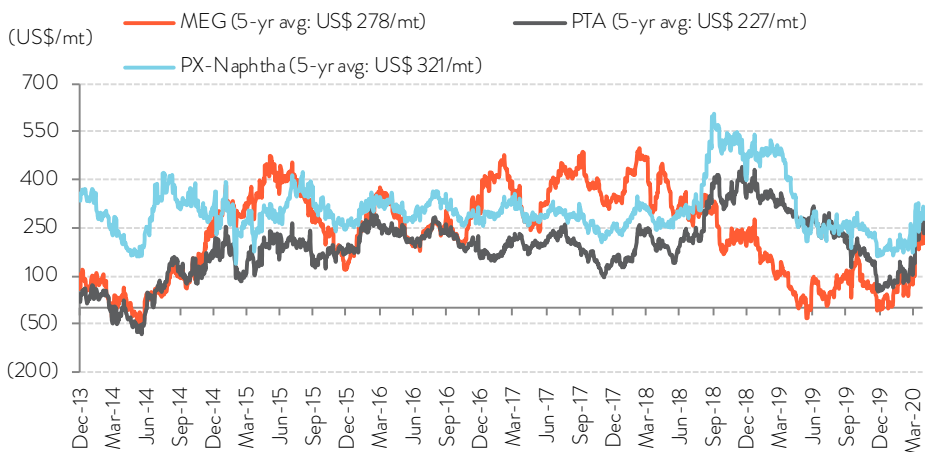
FIG 6 – POLYMER SPREADS – HDPE/LLDPE/PP/PVC



Source: Bloomberg, BOBCAPS Research

QoQ increase in cracks of naphtha-based petchem chain due to oil price crash

FIG 7 – POLYESTER INTERMEDIARY SPREADS – PX/PTA/MEG

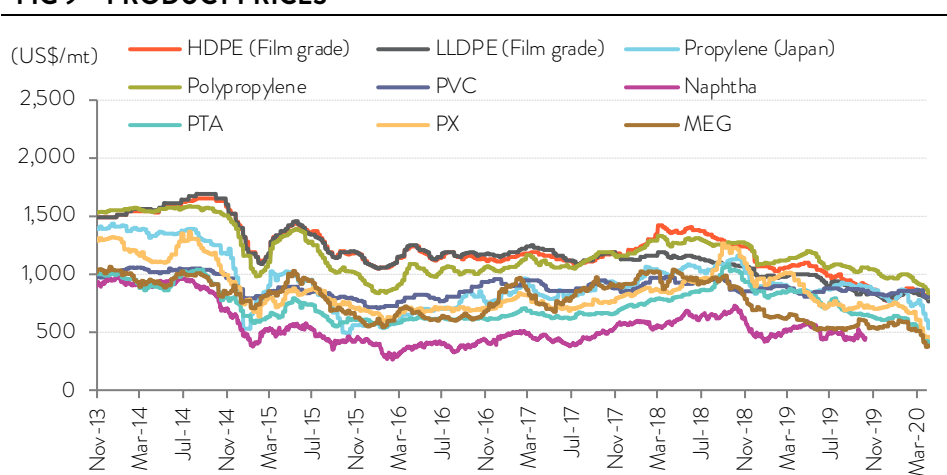


Source: Bloomberg, BOBCAPS Research

FIG 8 – PETROCHEMICAL PRODUCT CRACKS

(US\$/mt)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Naphtha Prices	430	527	(18.38)	506	(14.9)	485.4	588.4	(17.51)
HDPE Naphtha	415	530	(21.75)	335	23.69	438.2	681.0	(35.66)
LLDPE Naphtha	400	447	(10.59)	312	27.92	393.9	513.5	(23.28)
Propylene Naphtha	342	333	2.73	333	2.73	358.5	415.6	(13.74)
Polypropylene - Propylene	184	282	(34.81)	174	5.45	198.4	231.2	(14.16)

Source: Bloomberg, BOBCAPS Research

FIG 9 – PRODUCT PRICES

Source: BOBCAPS Research, Bloomberg

Q4FY20: Company-wise expectations

Reliance Industries (RIL)

Q4FY20E highlights

- Consolidated earnings and EBITDA expected to be muted at Rs 101bn (-3% YoY, -16% QoQ) and Rs 201bn (-4% YoY, -10% QoQ) respectively owing to weak earnings from refining, petchem and exploration segments
- GRMs estimated to decline to US\$ 7.1/bbl (-13.4% YoY, -22.8% QoQ) due to weaker MS, HSD and jet kero cracks. Substantial inventory losses likely due to crude price crash. Refining EBIT forecast to decrease to Rs 34bn (-18% YoY) on lower GRMs and reduced crude throughput
- Oil price crash has led to higher naphtha-based petchem chain cracks. But gains to be offset by lower petchem production at 8mmt (-14.9% YoY, -19.2% QoQ)
- RJio EBIT projected to improve to Rs 43bn (+11.7% QoQ) on ~17mn net subscriber additions and ARPU of Rs 132 (+2.8% QoQ) post tariff hikes
- Retail business EBIT estimated to grow to Rs 25bn (+43.4% YoY, +3.3% QoQ).

What to watch for

- GRM outlook after the Covid-19 lockdown
- Updates on commissioning of petcoke gasifiers

FIG 10 – RIL: Q4FY20 PREVIEW (CONSOLIDATED)

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	1,392,861	1,386,590	0.5	1,529,390	(8.9)	5,977,271	5,671,350	5.4
EBITDA	200,633	208,320	(3.7)	223,860	(10.4)	859,163	839,180	2.4
EBITDA margin (%)	14.4	15.0	-	14.6	-	14.4	14.8	-
Adj. PAT	101,315	104,270	(2.8)	120,180	(15.7)	435,065	397,340	9.5
Adj. EPS (Rs)	17.1	17.6	(2.8)	19.0	(9.8)	73.5	67.1	9.6
GRMs (US\$/bbl)	7.1	8.2	(13.4)	9.2	(22.8)	8.5	9.2	(8.4)
Refining throughput (mmt)	15.0	16.0	(6.3)	18.1	(17.1)	67.3	67.8	(0.7)
Petrochemical production (mmt)	8.0	9.4	(14.9)	9.9	(19.2)	36.5	37.2	(1.9)

Source: BOBCAPS Research

Oil marketing companies (IOCL, BPCL, HPCL)

Q4FY20E highlights

- Refining segment earnings expected to decline for all three OMCs on weaker GRMs, while marketing earnings may increase as retail prices were not cut despite the oil price crash
- GRMs for OMCs could trend lower than Singapore GRMs due to their higher share of transport fuels (MS, HSD and jet kero) in the product slate, and inventory losses due to collapse in oil prices towards end-Q4FY20.

What to watch for

- GRM outlook for Paradip, Bhatinda and Bina refineries post Covid-19 lockdown

FIG 11 – IOCL: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	1,199,717	1,262,141	(4.9)	1,246,152	(3.7)	4,877,891	5,276,927	(7.6)
EBITDA	64,760	108,759	(40.5)	66,503	(2.6)	250,486	338,237	(25.9)
EBITDA margin (%)	5.40	8.62	-	5.34	-	5.14	6.41	-
Adj. PAT	21,294	60,993	(65.1)	23,390	(9.0)	86,280	168,942	(48.9)
Adj. EPS (Rs)	2.2	6.5	(65.3)	2.5	(9.6)	9.1	17.8	(48.9)
GRMS (US\$/bbl)	2.0	4.1	(51.1)	4.1	(51.2)	2.7	5.4	(50.6)
Throughput (mmt)	16.5	17.4	(4.9)	17.5	(5.7)	68.8	71.8	(4.2)
Market sales (mmt)	23.1	22.6	2.0	23.4	(1.4)	89.5	86.3	3.8
Pipeline throughput (mmt)	21.0	21.2	(1.2)	20.96	-	85.6	88.5	(3.3)
Petrochemical volumes (mmt)	0.55	0.67	(17.8)	0.63	(13.0)	2.23	2.64	(15.2)

Source: BOBCAPS Research

FIG 12 – BPCL: Q4FY20 PREVIEW

(Rsmn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	912,635	739,904	23.3	747,324	22.1	3,066,546	2,971,478	3.2
EBITDA	24,697	48,050	(48.6)	27,030	(8.6)	97,274	118,370	(17.8)
EBITDA margin (%)	2.7	6.5	-	3.6	-	3.2	4.0	-
PAT (adj.)	8,999	12,187	(26.2)	12,602	(28.6)	49,437	71,320	(30.7)
Adj. EPS (Rs)	4.58	6.20	(26.2)	6.41	(28.6)	25.13	36.26	(30.7)
Reported GRMs (US\$/bbl)	2.00	2.74	(27.0)	3.23	(38.1)	2.58	4.58	(43.8)
Refining throughput (mmt)	8.00	8.21	(2.6)	8.41	(4.9)	31.52	31.01	1.6
Market sales (mmt)	11.58	11.65	(0.6)	12.34	(6.2)	43.96	44.98	(2.3)

Source: BOBCAPS Research

FIG 13 – HPCL: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	667,749	676,286	(1.3)	704,479	(5.2)	2,685,062	2,739,809	(2.0)
EBITDA	22,809	48,567	(53.0)	15,653	45.7	75,078	102,255	(26.6)
EBITDA margin (%)	3.4	7.2	-	2.2	-	2.8	3.7	-
Adj. PAT	9,626	29,699	(67.6)	7,472	28.8	34,791	60,287	(42.3)
Adj. EPS (Rs)	6.3	19.5	(67.6)	4.9	28.8	23.4	39.6	(40.7)
Reported GRMs (US\$/bbl)	1.0	4.5	(77.9)	1.8	(44.1)	1.4	5.0	(71.8)
Refining throughput (mmt)	4.0	4.6	(13.0)	4.2	(3.8)	16.6	18.4	(9.8)
Market sales (mmt)	10.3	10.1	2.0	10.6	(2.5)	40.4	38.7	4.3
Pipeline throughput (mmt)	5.1	5.6	(9.3)	5.1	-	20.6	21.5	(4.5)

Source: BOBCAPS Research

ONGC

Q4FY20E highlights

- Earnings expected to decline to Rs 16.7bn (-58.6% YoY, -59.7% QoQ) on lower crude realisations and higher operating expenses
- Oil & gas production estimated to fall to 11.5mmtoe (-7.3% YoY) with oil production at 5.8mmt and gas output slipping to 5.7bcm (-12.7% YoY).

What to watch for

- Management guidance on oil and gas production over FY21 (see [Riding the storm](#))
- OVL's earnings and production outlook for FY21/FY22

FIG 14 – ONGC: Q4FY20 PREVIEW (STANDALONE)

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	198,038	267,585	(26.0)	237,101	(16.5)	942,648	1,096,546	(14.0)
EBITDA	85,338	123,710	(31.0)	122,983	(30.6)	487,151	592,964	(17.8)
EBITDA margin (%)	43.1	46.2	-	51.9	-	51.7	54.1	-
Adj. PAT	16,730	40,446	(58.6)	41,516	(59.7)	156,566	265,495	(41.0)
Adj. EPS (Rs)	1.3	3.2	(58.6)	3.2	(59.7)	12.2	20.7	(41.0)

Source: BOBCAPS Research

FIG 15 – PRODUCTION AND SALES TREND

	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Production								
Oil (mmt)	5.8	5.9	(1.3)	5.8	-	23.4	24.2	(3.6)
Gas (bcm)	5.7	6.6	(12.7)	6.2	(7.3)	24.6	25.8	(4.8)
Total (mmtoe)	11.5	12.5	(7.3)	12.0	(3.8)	47.9	50.0	(4.2)
Sales								
Oil (mmt)	5.2	5.9	(11.0)	5.2	-	21.1	22.5	(6.1)
Gas (bcm)	4.8	5.2	(7.5)	4.8	-	19.6	20.5	(4.5)
Total (mmtoe)	10.0	11.1	(9.4)	10.0	-	40.7	43.0	(5.4)

Source: BOBCAPS Research

Oil India (OINL)

Q4FY20E highlights

- Earnings expected to decline to Rs 2.3bn (-72% YoY) on lower oil prices (-15.7% YoY) and higher operating expenses
- EBITDA to fall to Rs 6.7bn (-38% YoY) on lower realisations

What to watch for

- Production outlook for FY21/FY22
- Capex outlook in the scenario of low oil prices

FIG 16 – OINL: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	24,508	30,869	(20.6)	29,520	(17.0)	119,898	137,350	(12.7)
EBITDA	6,691	10,793	(38.0)	10,960	(38.9)	45,429	56,920	(20.2)
EBITDA margin (%)	27.3	35.0	-	37.1	-	37.9	41.4	-
Adj. PAT	2,281	8,183	(72.1)	4,064	(43.9)	20,683	27,984	(26.1)
Adj. EPS (Rs)	2.1	7.5	(72.1)	3.7	(43.9)	19.1	24.7	(22.6)

Source: BOBCAPS Research

FIG 17 – PRODUCTION AND SALES TREND

	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Production								
Oil (mmt)	0.75	0.79	(4.8)	0.75	-	3.12	3.32	(6.0)
Gas (bcm)	0.63	0.70	(10.2)	0.70	(9.5)	2.79	2.87	(2.7)
Total (mmtoe)	1.38	1.49	(7.4)	1.45	(4.6)	5.91	6.19	(6.3)
Sales								
Oil (mmt)	0.72	0.78	(6.8)	0.73	(0.3)	3.04	3.23	(6.0)
Gas (bcm)	0.60	0.62	(3.5)	0.60	-	2.47	2.51	(1.5)
Total (mmtoe)	1.32	1.40	(5.4)	1.32	(0.2)	5.51	5.74	(4.1)

Source: BOBCAPS Research

GAIL

Q4FY20E highlights

- Gas transmission/trading volumes forecast at 105mmscmd/90mmscmd (-4.8%/-6.3% QoQ) due to force majeure by a few industries domestically
- Expect higher LPG earnings due to 10% QoQ rise in realisations

- Petchem realisations likely to reduce driven by lower PE prices. Petchem production to witness sharp reduction to 170k mt (-20% QoQ) due to on lower demand, induce by CPVID19 led economic disruption
- Overall EBITDA projected at Rs 18.9bn (-13% QoQ).

What to watch for

- Hive-off of gas pipeline assets

FIG 18 – GAIL: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	133,545	187,634	(28.8)	178,827	(25.3)	675,878	751,263	(10.0)
EBITDA	18,900	16,841	12.2	21,713	(13.0)	78,830	95,551	(17.5)
EBITDA margin (%)	14.2	9.0	-	12.1	-	11.7	12.7	-
PAT (adjusted)	9,884	7,959	24.2	10,151	(2.6)	43,553	56,993	(23.6)
Adjusted EPS (Rs)	2.2	1.8	24.2	2.3	(2.6)	9.7	12.6	(23.6)

Source: Company, BOBCAPS Research

FIG 19 – VOLUME TREND

	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Natural Gas transmission								
Volume (mmscmd)	105.00	109.15	(3.8)	110.30	(4.8)	107.35	107.45	(0.1)
Realisation (Rs/scm)	1.56	1.49	4.7	1.56	(0.2)	1.52	1.47	3.2
LPG transmission								
Volume ('000 MT)	990	1,023	(3.2)	1,043	(5.1)	3,859	3,975	(2.9)
Realisation (Rs/MT)	1,618	1,728	(6.4)	1,618	-	1,619	1,570	3.1
Natural Gas trading								
Volume (mmscmd)	90.00	98.42	(8.6)	96.00	(6.3)	94.31	96.95	(2.7)
Realisation (Rs/scm)	13.00	17.45	(25.5)	19.43	(33.1)	16.83	17.34	(2.9)
Petrochemicals								
Volume ('000 MT)	170	213	(20.2)	211	(19.4)	745	747	(0.3)
Gross Realisation (US\$/MT)	944	1,145	(17.5)	983	(4.0)	1,016	1,257	(19.2)
LPG and Liquid HC								
Volume ('000 MT)	300	335	(10.4)	337	(11.0)	1,262	1,329	(5.0)
Realisation (US\$/MT)	480	475	1.0	404	18.8	459	528	(13.1)

Source: Company, BOBCAPS Research

Petronet LNG (PLNG)

Q4FY20E highlights

- Volumes estimated to rise to 233tbtu (+13.6% YoY) as LNG consumption was up 22% YoY during Jan-Feb'20. But disruptions in Mar'20 and the subsequent force majeure faced by PLNG may keep overall volumes largely flat QoQ
- EBITDA forecast at Rs 11bn (+75% YoY, -1% QoQ)
- Service volumes to remain elevated at 111tbtu (+22% YoY, flat QoQ) due to the continued fall in spot LNG prices

What to watch for

- Updates on Tellurian LNG deal
- Updates on commissioning of Kochi-Mangalore gas pipeline (which was scheduled to start by Mar'20).

FIG 20 – PLNG: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	82,872	83,832	(1.1)	89,102	(7.0)	351,720	383,954	(8.4)
EBITDA	10,969	6,272	74.9	11,076	(1.0)	43,889	32,935	33.3
EBITDA margin (%)	13.2	7.5	-	12.4	-	12.5	8.6	-
EBITDA margin (Rs/mmbtu)	47.1	30.6	53.9	47.5	(1.0)	46.6	39.0	19.4
Blended margin (Rs/mmbtu)	55.0	41.2	33.5	55.4	(0.8)	54.2	47.1	15.0
Adj. PAT	6,683	4,402	51.8	6,752	(1.0)	30,789	21,554	42.8
Adj. EPS (Rs)	4.5	2.9	51.8	4.5	(1.0)	20.5	14.4	42.8

Source: Company, BOBCAPS Research

FIG 21 – VOLUME TRENDS

Volumes (tbtu)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Long-term contract	111.0	107.0	3.7	111.0	-	443.0	461.0	(3.9)
Spot	11.0	7.1	56.0	11.0	-	35.0	23.3	50.2
Regasification services	111.0	91.0	22.0	111.0	-	464.0	360.0	28.9
Total volumes	233.0	205.1	13.6	233.0	-	942.0	844.3	11.6

Source: Company, BOBCAPS Research

Indraprastha Gas (IGL)

Q4FY20E highlights

- Earnings expected at Rs 2.7bn (+18% YoY, -6.1% QoQ)
- Volume growth traction likely to continue (620mmscm; +10% YoY, +0.7% QoQ). CNG volumes estimated to improve by 10% YoY and PNG by 7.4% due to robust growth in Jan-Feb'20
- Per unit EBITDA to be muted at Rs 6.0/scm (+2% YoY, -5.8% QoQ) due to the weak USDINR

What to watch for

- Outlook on volumes from new areas
- Impact of COVID19 led disruptions on CNG volume outlook

FIG 22 – IGL: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	16,679	15,426	8.1	16,642	0.2	66,006	57,649	14.5
EBITDA	3,717	3,312	12.2	3,918	(5.1)	15,146	12,570	20.5
EBITDA (Rs/scm)	6.0	5.9	2.0	6.4	(5.8)	6.6	5.8	12.7
EBITDA margin (%)	22.3	21.5	-	23.5	-	22.9	21.8	-
Adj. PAT	2,665	2,255	18.2	2,839	(6.1)	11,497	7,867	46.2
Adj. EPS (Rs)	3.8	3.2	18.2	4.1	(6.1)	16.4	11.2	46.2

Source: Company, BOBCAPS Research

FIG 23 – VOLUME TREND

	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
CNG Volumes (mn kg)	323	294	10.0	318	1.8	1,266	1,148	10.3
PNG Volume (mmscm)	160	149	7.4	164	(2.3)	621	553	12.3
Industrial/Commercial	76	69	10.0	82	(7.6)	299	252	18.7
Domestic	39	35	10.0	36	6.7	139	120	15.5
Natural Gas	46	45	1.3	46	-	183	181	1.2
Total Volume (mmscm)	620	564	10.1	616	0.7	2,305	2,156	6.9
Total Volume (mmscmd)	6.82	6.26	8.8	6.70	1.8	6.31	5.91	6.9

Source: Company, BOBCAPS Research

Mahanagar Gas (MAHGL)

Q4FY20E highlights

- Volumes to be muted at 278mmscm (+3% YoY, +1.3% QoQ) due to a high base and slowdown in the addition or conversion rate of CNG vehicles. CNG volumes estimated at 203mmscm (+3% YoY, -0.6% QoQ) and PNG at 75mmscm (+2.5% YoY, -1.9% QoQ)
- Gross spreads set to increase YoY to Rs 15/scm (+13% QoQ) due to decrease in cost of gas
- Per unit EBITDA estimated at Rs 10.4/scm (+31.9% YoY, +13.1% QoQ)

What to watch for

- Outlook on expansion in Raigad
- Impact of COVID19 led disruptions, and higher use of diesel mini AC buses by the BMC, on CNG volume outlook in Mumbai.

FIG 24 – MAHGL: Q4FY20 PREVIEW

(Rs. mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	7,604	7,225	5.2	7,445	2.1	30,460	27,911	9.1
EBITDA	2,902	2,140	35.6	2,589	12.1	10,993	8,855	24.1
EBITDA margin (%)	38.2	29.6	-	34.8	-	36.1	31.7	-
EBITDA (Rs/scm)	10.4	7.9	31.9	9.2	13.1	9.9	8.2	20.6
Adj. PAT	2,076	1,335	55.6	1,861	11.6	8,346	5,464	52.7
Adj. EPS (Rs)	21.0	13.5	55.6	18.8	11.6	84.5	55.3	52.7

Source: Company, BOBCAPS Research

FIG 25 – VOLUME TREND

	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
CNG Volume (mmscm)	203	198	3.0	205	(0.6)	808	791	2.1
PNG Volume (mmscm)	75	73	2.5	76	(1.9)	297	286	4.1
Industrial/Commercial	38	38	2.0	38	0.6	152	148	2.4
Domestic	36	35	3.0	38	(4.3)	146	138	5.9
Total Volume (mmscm)	278	270	2.9	281	(0.9)	1,108	1,077	2.9
Total Volume (mmscmd)	3.09	3.01	2.9	3.05	1.3	3.04	2.95	2.9

Source: Company, BOBCAPS Research

Gujarat State Petronet (GUJS)

Q4FY20E highlights

- Volumes likely to be muted at 37mmscmd (flat QoQ) as robust power sector offtake in Jan-Feb was offset by slowdown in Mar'20
- EBITDA to decline 4% QoQ to Rs 3.6bn

What to watch for

- Outlook on volumes post commissioning of RIL's petcoke gasification project and offtake by power segment

FIG 26 – GUJS: Q4FY20 PREVIEW

Y/E March (Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	6,107	4,339	40.7	6,259	(2.4)	23,808	18,773	26.8
EBITDA	3,648	3,293	10.8	3,800	(4.0)	15,801	15,757	0.3
EBITDA margin (%)	59.7	75.9	-	60.7	-	66.4	83.9	-
PAT (adjusted)	2,109	1,533	37.6	2,221	(5.0)	10,901	8,278	31.7
EPS (Rs)	3.74	2.72	37.5	3.94	(5.1)	19.33	14.68	31.7
Volumes (mmscm)	3,325	2,921	13.8	3,398	(2.2)	13,842	12,626	9.6
Volumes (mmscmd)	36.9	32.5	13.8	36.9	-	37.8	34.6	9.4
Tariffs (Rs/scm)*	1.82	1.49	22.5	1.82	-	1.69	1.43	18.5

Source: Company, BOBCAPS Research Note*: Tariffs not comparable YoY, as revision of tariffs in Q3FY19 carry adjustments for Q1 FY19 as well

Gujarat Gas (GUJGA)

Q4FY20E highlights

- EBITDA/scm expected to rise to Rs 4.8/scm (+9.6% YoY, +10% QoQ) mainly due to lower spot LNG prices
- Volumes likely to increase YoY to 8.8mmscmd (+35.1% YoY) on higher industrial consumption in Jan-Feb. QoQ volumes to decline 6% due to slowdown in Morbi in Mar'20

What to watch for

- Outlook on expansion into new geographical areas and capex allocation

FIG 27 – GUJGA: Q4FY20 PREVIEW

(Rs mn)	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20E	FY19	YoY (%)
Net sales	20,169	19,076	5.7	25,062	(19.5)	96,506	77,544	24.5
EBITDA	3,722	2,541	46.4	3,705	0.4	15,798	9,846	60.4
EBITDA (Rs/scm)	4.8	4.3	9.6	4.3	10.1	4.7	4.1	15.4
EBITDA margin (%)	18.5	13.3	-	14.8	-	16.4	12.7	-
Adj. PAT (Rs)	1,981	1,165	70.0	1,965	0.8	11,456	4,349	163.4
Adj. EPS (Rs)	2.9	1.7	70.0	2.9	0.8	16.6	6.3	163.4
Volumes (mmscmd)	8.8	6.5	35.1	9.3	(5.7)	9.1	6.6	39.0

Source: Company, BOBCAPS Research

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