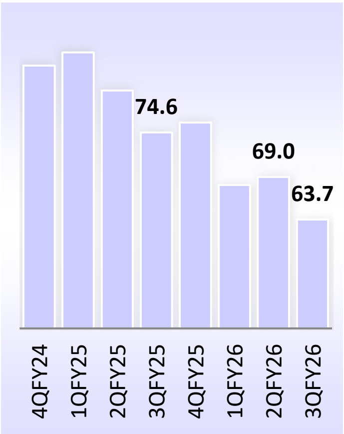
Sector Update | January 2026

Oil & Gas

Macro volatility crimps margin of safety

- **Macro headwinds have intensified, narrowing the margin of safety across the Oil & Gas sector. INR depreciation (~6% YoY in 3QFY26) continues to weigh on OMC/CGD margins, partially offsetting benefits from softer crude prices. Refining margins, which spiked in Nov'25 (SG GRM averaged USD9.8/bbl, up 47%/63% MoM/YoY) amid supply dislocations and geopolitical risks, have moderated as planned maintenance concluded and incremental global capacity came onstream, limiting earnings upside from current levels. Additionally, Henry Hub (HH) gas prices rose sharply (up 52%/23% YoY/QoQ in 3QFY26), pressuring margins and diluting the benefit of structurally lower domestic gas costs.**
- **While sector stocks (excl. OMCs) have corrected meaningfully from recent peaks, current valuations still do not reflect maximum pessimism. Majority of the stocks trade near or above the LTA P/E or P/B, limiting the margin of safety. We also highlight that only MAHGL, IGL, and BPCL trade near their mean-1 SD valuation (P/E for CGDs; P/B for BPCL). HPCL, GAIL, and MAHGL are our preferred picks in the sector.**

Brent crude price (USD/bbl)

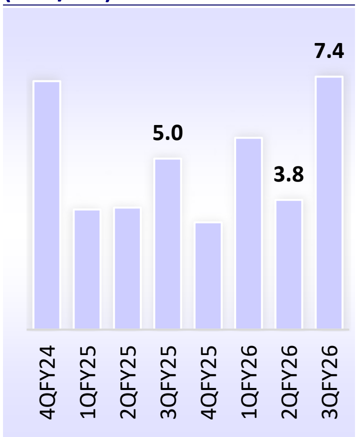


Source: Reuters, MOFSL

Excise tweak concerns resurface; marketing remains the preferred sub-sector

Marketing has remained our preferred sub-sector over the last two years as: 1) Since Jun'24, we have maintained a negative view on crude oil prices (link); crude softness has helped OMCs report MS/HSD gross marketing margins above our estimates, 2) LPG under-recovery has declined sharply from INR100-170/cyl (FY25-1HFY26) to INR30-50/cyl (3QFY26 avg). Recent investor pushback on OMCs has been driven by concerns over potential adverse excise duty adjustments as we head closer to the central government budget, given weak GST collection data (link). However, we believe a minor INR1-1.5/lit duty adjustment is unlikely to trigger a sharp de-rating for OMCs, given the otherwise strong earnings momentum.

Reuters Singapore GRM (USD/bbl)



Source: Reuters, MOFSL

Despite recent strength in diesel cracks, reiterate neutral on refining

Despite recent strength in diesel cracks, we reiterate a neutral stance on refining over FY27-28, as expected net global capacity additions in CY26 (~1mb/d) are likely to outpace liquid demand growth (~0.7mb/d). Diesel cracks have already corrected from a high of USD30/bbl in Nov'25 to USD18/bbl recently, as planned/unplanned capacity under maintenance resumes operations. While we are positive on IOCL's 25% refining capacity expansion by FY27'end, the timely commissioning of projects will be key to sustaining investor confidence and driving a re-rating. This aligns with guidance from Southeast Asian refiners (IRPC & Thai Oil), which expect Gasoline/Diesel refining margins to correct to USD9/16 per bbl in CY26 from USD14/24 per bbl in 4QCY25.

City gas distribution: USD/INR and HH price volatility key challenges; MAHGL most reliant on price hikes

The benefit of lower gas costs (amid lower crude oil prices) has been partly offset by three headwinds: 1) 6% INR depreciation in 3QFY26, 2) sharp 52% YoY rise in HH prices in FY26'YTD, 3) continued APM de-allocation and, at times, new well gas shortage. According to reported data, GUJGA had the least HH exposure in 2QFY26 (2%), while MAHGL had the most (34%). With the revised unified zonal tariff effective from 1 Jan'26, IGL is expected to see an EBITDA margin uplift of INR0.9/scm, MAHGL is likely to face a margin contraction of INR0.3/scm, while GUJGA's margins should remain largely

Abhishek Nigam – Research Analyst (Abhishek.Nigam@MotilalOswal.com)
Research Analyst - Rishabh Daga (Rishabh.Daga@MotilalOswal.com)

unchanged. We believe that MAHGL would likely need price hikes to offset the impact of: 1) higher HH-linked gas cost (est. impact of INR0.3-0.4/scm); 2) Rupee depreciation (est. impact of INR0.7-0.8/scm); and 3) increase in Zone-1 tariff (est. impact of INR0.3/scm).

Rising dry-well costs; weak Brent price outlook keeps us negative on upstream

Upstream remains our least preferred sub-sector despite ONGC/Oil India trading at/near LTA one-year rolling forward P/B. We are building in Brent oil prices of USD60/bbl in FY27/28 amid oil demand growth (IEA est.: 0.86mb/d), significantly trailing projected supply growth (IEA est.: 2.4mb/d). The potential for further production increases from OPEC+ presents an additional downside risk to our current oil price assumptions. We also see a heightened risk of earnings cuts amid rising exploration costs write-offs.

Our top picks – HPCL, GAIL, and MAHGL

- HPCL: We continue to prefer HPCL among OMCs, given: 1) its high leverage towards marketing, which remains our preferred sub-sector, 2) the reasonable current valuation, 3) receipt of INR6.6b per month in LPG compensation over Nov'25-Oct'26, which will boost earnings, even as the sharp decline in LPG under-recovery to INR30-40/cyl currently, vs ~INR135/cyl in 1HFY26, improves blended marketing margins, and 4) mid-term auto-fuel marketing margin outlook remains robust amid a weak crude price outlook (USD60/bbl in FY27/28). Further, the start-up of RUF and HRRL, coupled with sustained strength in diesel cracks, is expected to meaningfully boost refining earnings.
- GAIL's valuations have corrected sharply from their Sep'24 highs, and the stock now trades close to its historical average at ~1x one-year forward core P/B, offering limited downside, considering an attractive dividend yield and a robust FCF outlook. Further, the transmission tariff revision, effective from Jan'26, would raise the FY27E PAT by around 7%. Transmission volumes are also set to rebound in FY27 as the impact of multiple one-off disruptions in FY26 wanes, with a recovery in power and fertilizer offtake and normalization of flood-impacted supplies. Government initiatives to further rationalize natural gas (NG) taxation can be a significant long-term positive. Reiterate BUY with a TP of INR215.
- We model MAHGL's volumes to clock an 11% CAGR over FY25-28 and estimate an EBITDA margin of INR8.7-8.9 per scm during the period. While margins may face pressure in the near-term amid high HH prices, we believe this has already been factored into the current stock price. MAHGL currently trades at 10.1x FY28E SA P/E. We value MAHGL at 15x Dec'27 P/E, resulting in a TP of INR1,645. Reiterate BUY.

Exhibit 1: Valuation snapshot

Company Name	Reco	EPS (INR)			P/E (x)			P/B (x)			ROE (%)		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28
Aegis Logistics	Neutral	23.6	24.4	27.4	30.8	29.7	26.5	4.9	4.5	4.0	16.9	15.7	15.9
B P C L	Neutral	56.6	37.7	31.6	6.7	10.1	12.1	1.6	1.5	1.3	26.6	15.1	11.5
Castrol India	Buy	10.1	9.3	10.3	19.0	20.6	18.7	7.7	7.1	6.6	42.1	35.8	36.7
GAIL (India)	Buy	12.8	15.3	16.8	13.7	11.5	10.4	1.4	1.3	1.2	11.4	12.6	12.7
GUJS	Neutral	13.5	13.3	14.3	23.7	24.0	22.3	1.6	1.5	1.5	6.9	6.5	6.7
Gujarat Gas	Buy	17.4	18.2	21.1	25.1	24.1	20.7	3.3	3.0	2.7	13.5	12.9	13.8
H P C L	Buy	86.1	63.9	46.8	5.8	7.8	10.6	1.6	1.4	1.3	31.8	19.6	12.8
I O C L	Neutral	22.0	15.6	11.7	7.6	10.7	14.2	1.1	1.0	1.0	15.3	9.9	7.0
Indraprastha Gas	Buy	10.5	12.2	13.2	18.5	15.9	14.7	2.7	2.4	2.2	15.1	16.0	15.8
Mahanagar Gas	Buy	91.7	101.1	112.5	12.4	11.3	10.1	1.8	1.6	1.5	14.7	14.8	15.1
O N G C	Neutral	33.1	30.3	30.3	7.3	8.0	8.0	0.8	0.8	0.7	11.7	10.0	9.4
Oil India	Neutral	28.4	23.6	25.0	15.1	18.2	17.2	1.4	1.4	1.3	9.8	7.7	7.7
Petronet LNG	Buy	22.4	31.7	26.4	13.0	9.2	11.0	2.0	1.8	1.6	16.4	20.7	15.5
Reliance Industries	Buy	54.0	58.6	65.7	29.5	27.2	24.2	2.4	2.2	2.0	8.3	8.4	8.7

Source: MOFSL

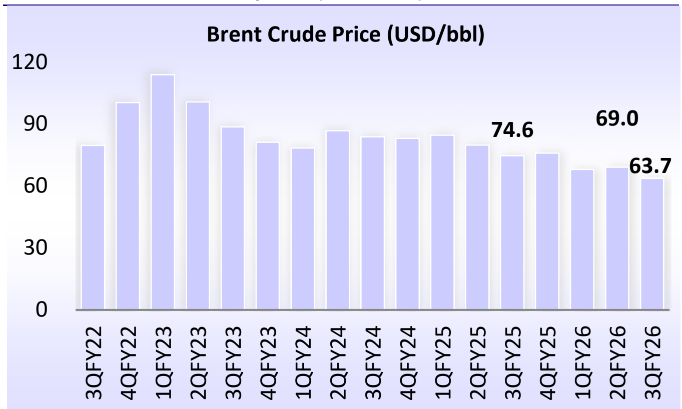
Subdued oil price outlook for CY26E

Global energy agencies are forecasting a downward trajectory for oil prices in CY26, despite recent supply-related disruptions. The weak oil price outlook is premised upon:

- Weakening Chinese oil demand, signaling a structural shift and pushing global oil demand growth below 1mb/d for the first time in the last decade outside of crisis years (CY26: 0.86mb/d);
- Strong supply growth of 3/2.4 mb/d in CY25/26, raising the risk of oversupply (IEA estimates);
- Elevated inventory levels, with global crude oil floating storage reaching 121mb in the first week of Jan'26 (five-year average: 81mb).

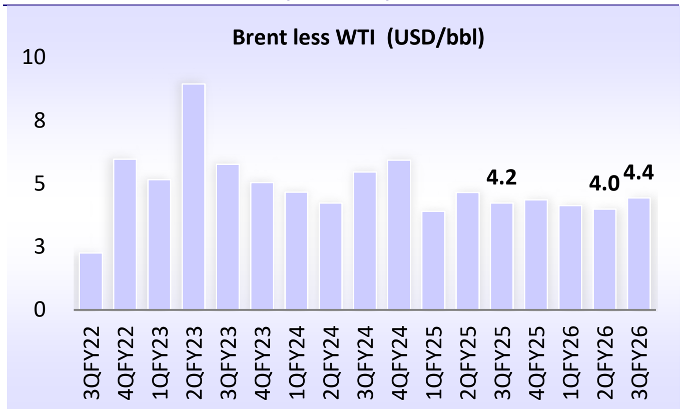
While Brent prices have already declined ~USD12.5/bbl (vs FY25 avg.) in FY26'YTD, we forecast Brent to average USD60/bbl in FY27/28, with downside risks persisting for both oil and gas realizations.

Exhibit 2: Brent crude price (USD/bbl)



Source: Reuters, MOFSL

Exhibit 3: Brent less WTI (USD/bbl)



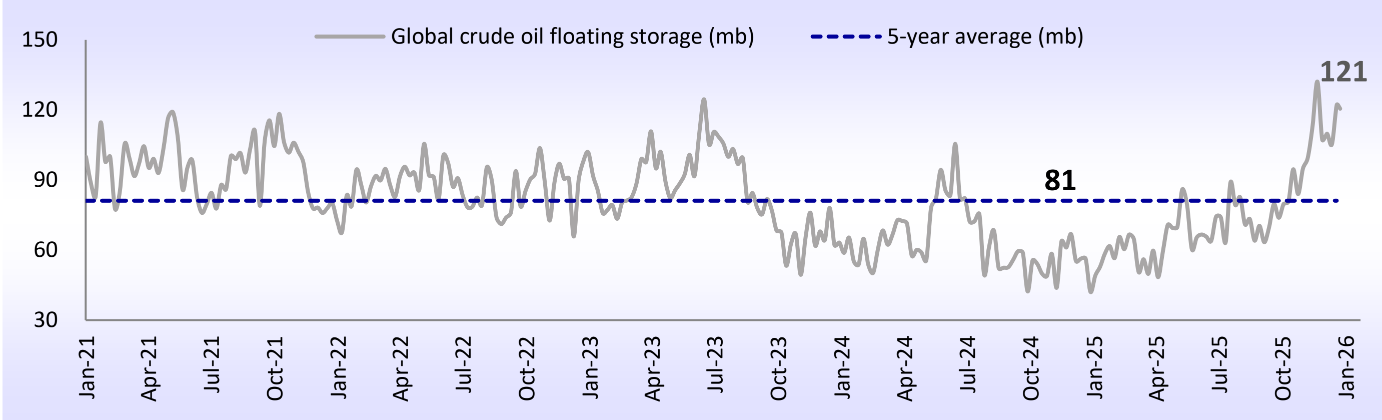
Source: Reuters, MOFSL

IEA expects crude oil oversupply of ~1.5mb/d in CY26

- **Global oil market faces oversupply and uncertainty:** The global oil market is becoming increasingly unbalanced as supply continues to rise (IEA est.: 3/2.4 mb/d in CY25/26), while demand growth remains modest compared to historical trends (IEA est.: 0.83/0.86 mb/d in CY25/26). Several uncertainties cloud the demand-supply outlook, including the economic effects of recent tariff disputes and the consequences of new sanctions on Russia.
- **Global oil demand outlook: Modest growth, imbalanced market:** According to IEA's latest estimates, **global oil demand is expected to rise by 830/860 kb/d in CY25/26**, slightly above prior forecasts, supported by an improving macroeconomic and trade backdrop. Gasoil and jet/kerosene together account for about half of the CY25 increase, while fuel oil demand declines amid substitution by NG and solar in power generation. **In CY26, petrochemical feedstocks are set to drive growth, with their share rising to over 60% from 40% in CY25**.
- **Global oil supply to rise by ~3/2.4 mb/d in CY25/26:** Global oil supply declined by 610kb/d in Nov'25, extending the cumulative decline to ~1.5mb/d from the peak reached in Sep'25. OPEC+ contributed over 3/4th of the reduction, led by sanctions-affected Russia and Venezuela. However, **IEA still estimates strong global oil supply growth of 3/2.4 mb/d in CY25/26**.

- **Sanctions intensify pressure on Russia's oil sector:** Russian oil exports dropped by 420kb/d in Nov'25, and Urals crude prices plunged by USD8.2/bbl to USD43.5/bbl. According to IEA, this reduced Russia's export revenue to USD11b, down USD3.6b YoY.

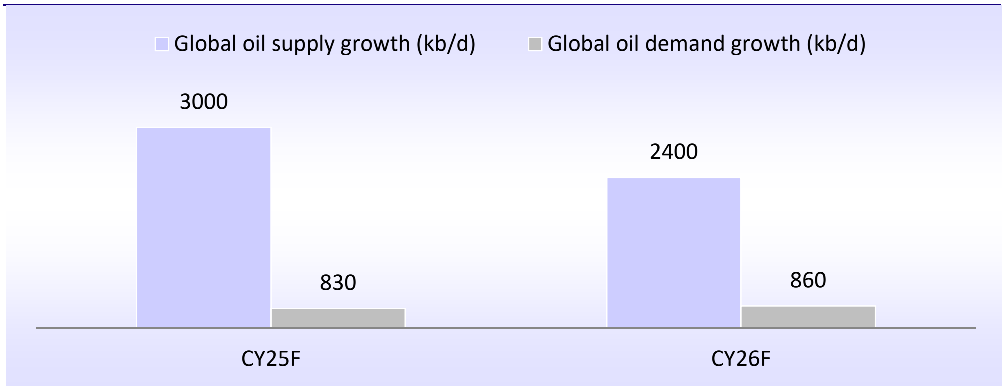
Exhibit 4: Global crude oil floating storage remains significantly above the five-year average (in million barrels)



Source: Bloomberg, MOFSL

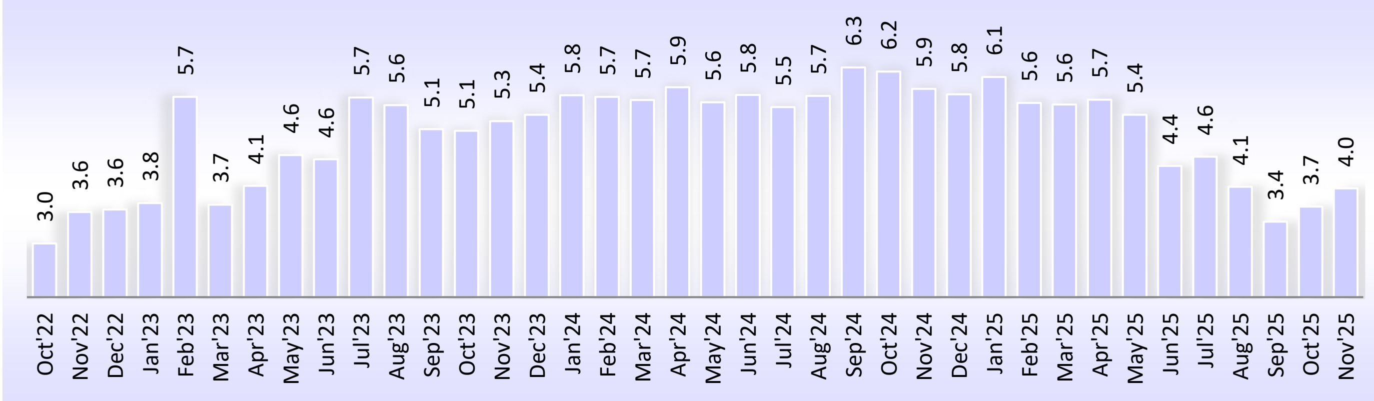
- **Global oil stocks build, but pricing hubs remain tight:** According to IEA, observed global oil stocks increased by 424mb between Jan'25 and Nov'25, averaging 1.3mb/d. Crude oil held on water rose sharply by 213mb since end-Aug'25, reflecting challenges in placing sanctioned barrels, a surge in long-haul shipments from the Americas to Asia that lifted volumes in transit, and higher Middle East OPEC+ exports amid increased quotas and seasonally weaker regional demand. China's crude inventories rose by 58mb over Jan'25-Nov'25, while US gas liquids stocks increased by 63mb. In contrast, crude and refined product inventories at key pricing hubs recorded only marginal builds.

Exhibit 5: Global oil supply to exceed demand by ~2.2/1.5 mb/d in CY25/26



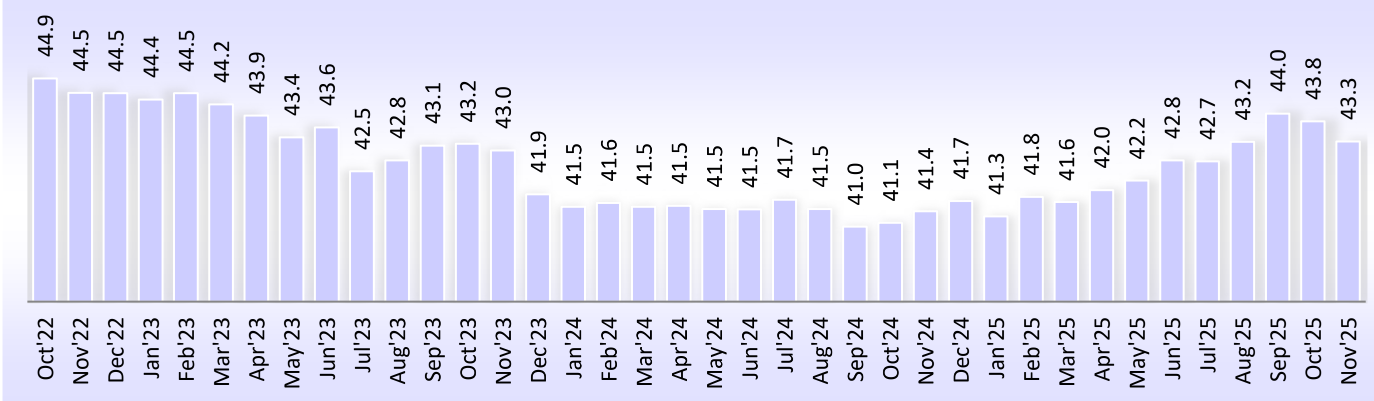
Source: IEA, MOFSL

Exhibit 6: OPEC+ surplus crude oil production capacity (mb/d)



Source: IEA, MOFSL

Exhibit 7: OPEC+ crude oil production (mb/d)

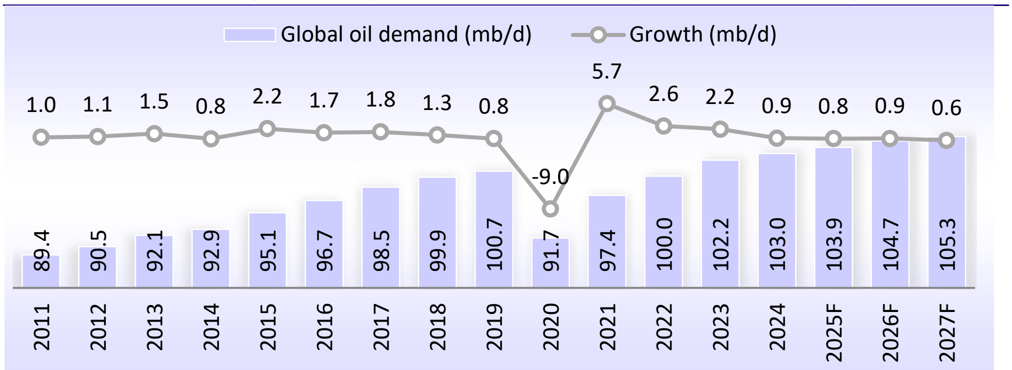


Source: IEA, MOFSL

Structural shifts could keep oil demand lower for longer

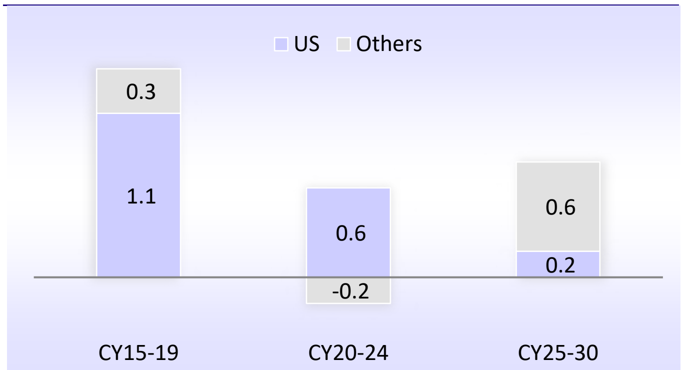
- **Oil demand growth may fall ~20% short of the past decade's average in CY26-27:** Global oil markets are undergoing a structural shift as Chinese demand is losing momentum, a sharp contrast to the previous decade, when the country contributed 60% of the global increase in oil demand. With Chinese oil demand set to peak this decade amid EV adoption, LNG trucking, rail expansion, and economic rebalancing, IEA projects annual global demand growth of ~0.6-0.8 mb/d over CY25-CY27, below the ~1 mb/d average of the past decade.
- **Emerging economies to drive oil demand growth entirely:** IEA projects that incremental gains in oil demand will come entirely from non-OECD countries, dominated by Asia Pacific, which is expected to contribute ~1mb/d over CY25-27, but still far below China's earlier surge. Consumption in North America and Europe is set to decline ~0.5mb/d during CY25-27, led by structural weakness in gasoline and gasoil. This marks a decisive shift toward slower, emerging market-driven demand growth.

Exhibit 8: Oil demand growth may fall ~20% short of the past decade's average in CY26-27



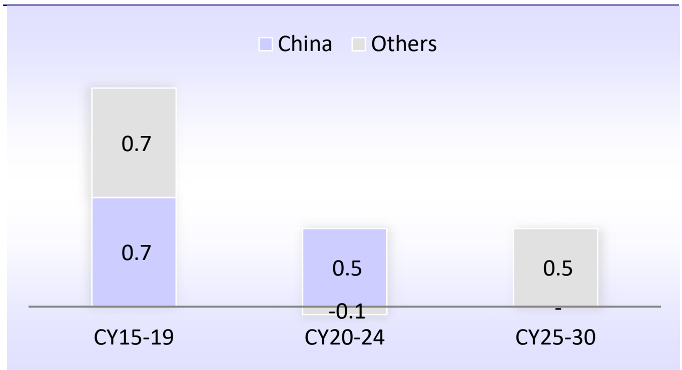
Source: IEA, MOFSL

Exhibit 9: US share of global oil supply growth declines (mb/d)



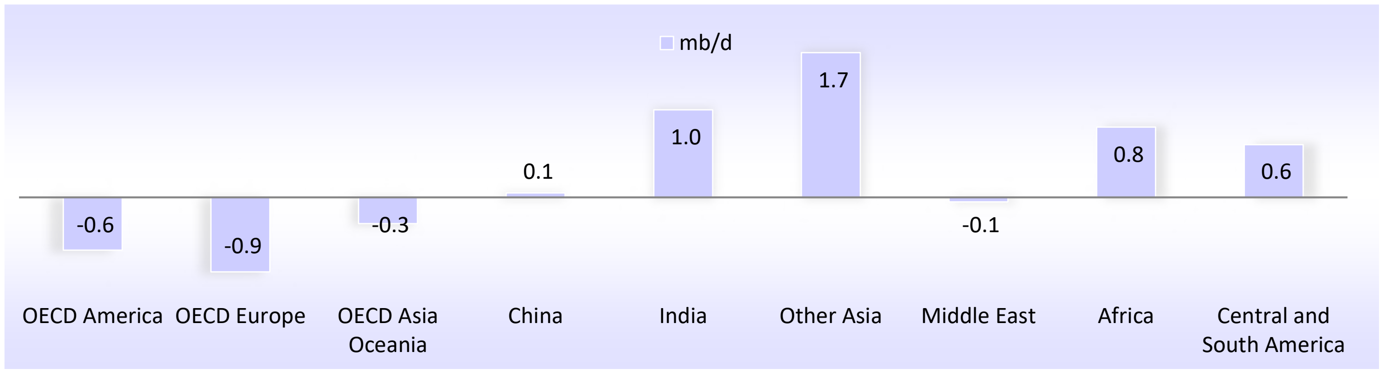
Source: IEA, MOFSL

Exhibit 10: Chinese oil demand growth wanes (mb/d)



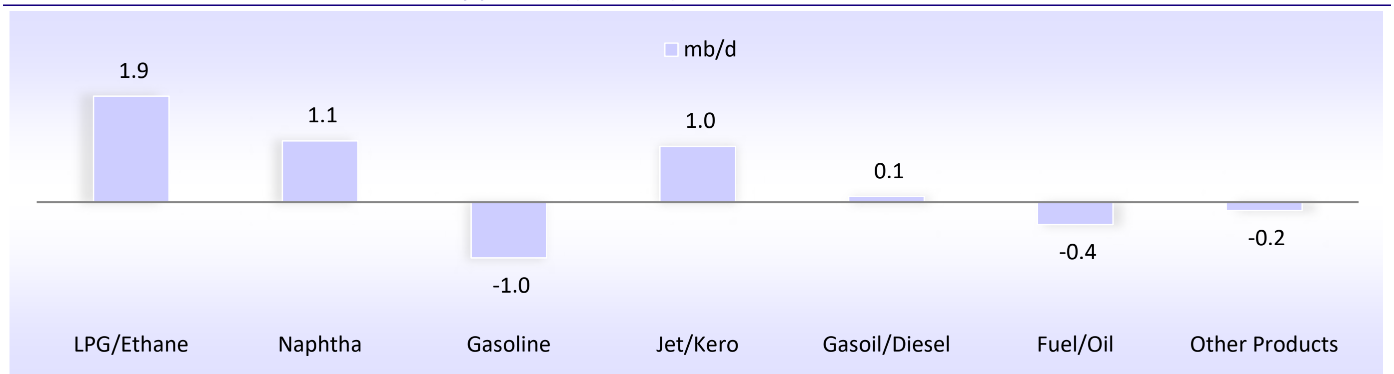
Source: IEA, MOFSL

Exhibit 11: Growth in world oil demand by select countries and regions (CY24-30)



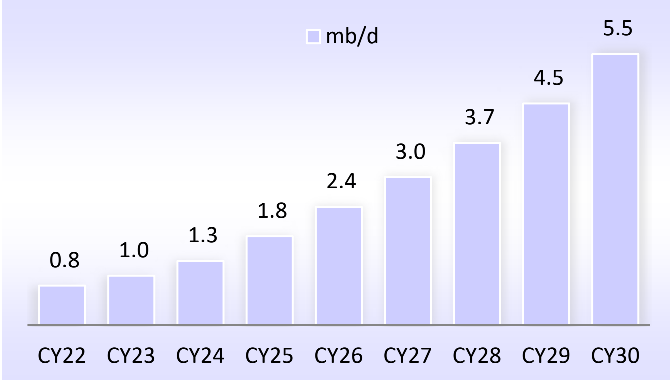
Source: IEA, MOFSL

Exhibit 12: Growth in world oil demand by product (CY24-30)



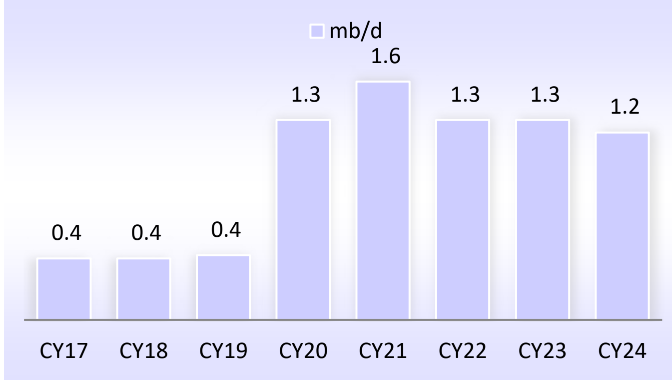
Source: IEA, MOFSL

Exhibit 13: Oil demand displaced by EVs



Source: IEA, MOFSL

Exhibit 14: Oil demand displaced by teleworking



Source: IEA, MOFSL

Risk of exploratory cost write-offs in the coming years

- One of the key risks we have consistently highlighted for investing in ONGC/OINL is exploratory cost write-offs. While we like higher exploration intensity (which is key to building a robust development pipeline), we believe this will likely be accompanied by higher dry well write-offs, which will weigh on earnings.
- **Exploratory cost write-offs likely to be back-end loaded for ONGC**: While ONGC's 1HFY26 exploratory cost write-offs appear modest (INR25.7b vs INR28.5b in 1HFY25), we flag the risk of a sharp uptick in write-offs over the coming quarters. This is because a significant 71% of FY25's annual exploration cost was recognized in 2HFY25, highlighting a pronounced back-end loading trend that could recur and weigh on earnings visibility in the second half.
- **Brent below USD65/bbl poses risk of earnings cut in 2HFY26:** If Brent averages below our 2HFY26 assumption of USD65/bbl (current: ~USD62/bbl), there is a risk of a material downside to FY26 earnings, as both crude oil and gas realizations would be adversely impacted. We estimate that every USD1/bbl decline in Brent translates into a ~2% reduction in FY26E/FY27E PAT for both ONGC SA and OINL SA. Despite seemingly attractive valuations of 0.8x/1.4x FY27E P/B for ONGC consol./OINL SA, we remain on the sidelines due to weak earnings visibility, and continue to prefer marketing and CGD plays.

Exhibit 15: Exploratory cost write-off history for ONGC and OINL (INR b)

	FY21	FY22	FY23	FY24	FY25	1HFY26
ONGC *	63.9	55.1	99.9	55.7	98.3	25.7
OINL #	1.2	1.7	6.9	5.2	6.5	14.4

Source: Company, MOFSL

* Includes survey costs and exploratory well costs

Includes exploration cost write-off/provisions/impairments

Exhibit 16: Exploratory and development wells drilled by ONGC

Particulars	FY21	FY22	FY23	FY24	FY25
Exploratory Wells Drilled	100	78	85	103	109
Development Wells Drilled	380	356	378	441	469

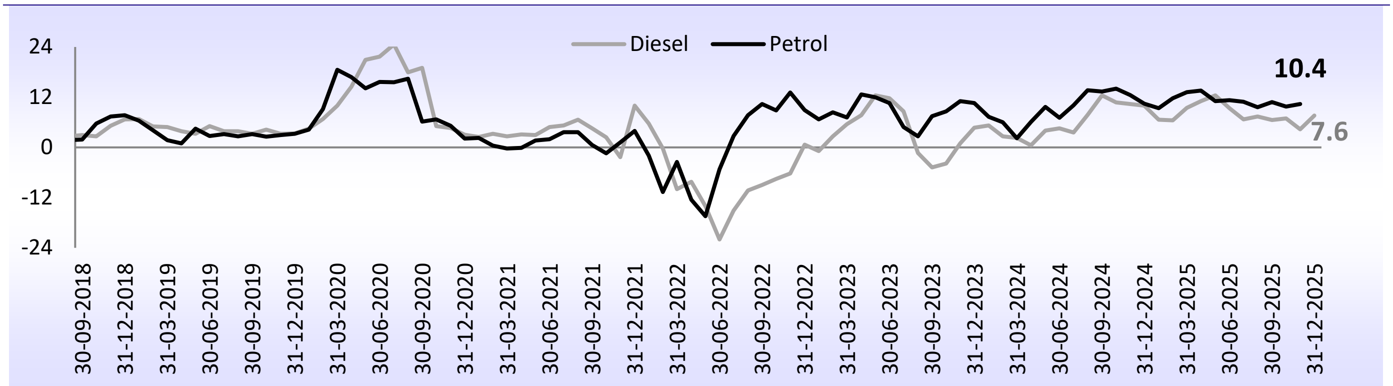
Source: Company, MOFSL

Refining and marketing

Marketing: Auto-fuel marketing margins squeezed but remain resilient

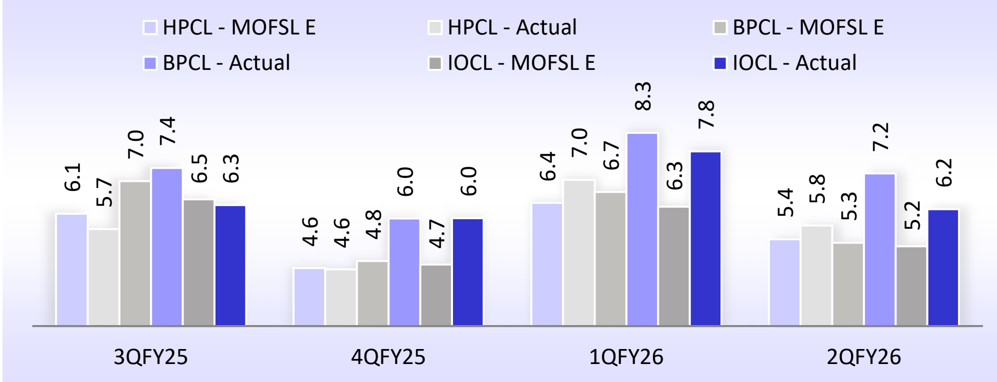
- **Marketing margins soften, but remain above our assumption:** MS/HSD gross marketing margins contracted 3%/8% QoQ in 3QFY26 due to a sharp uptick in MS/HSD refining cracks (up 43%/30% QoQ). **In a scenario where diesel cracks over Brent sustain at ~USD30/bbl, Brent averages USD63/bbl, and the INR/USD exchange rate stabilizes at INR89.4/USD, we estimate diesel gross marketing margin to contract 70% vs 2QFY26 margin.** However, diesel marketing margin has already rebounded, with Dec'25 marketing margin averaging INR7.6/lit. Hence, we maintain our assumption of INR3.5/lit MS/HSD marketing margins.
- **Marketing upcycle to continue amid weak crude price outlook:** Brent has already declined by ~USD12.5/bbl over the past year, averaging ~USD63.7/bbl in 3QFY26. We expect Brent to average USD65/bbl in 2HFY26 and USD60/bbl in FY27-28, driven by a significantly oversupplied crude market. The IEA forecasts global oil demand growth of ~830/860kb/d in CY25/26, compared to the supply growth of 3/2.4 mb/d, underscoring the bearish outlook. We believe that if the Russia-Ukraine war concludes and OPEC+ continues to increase output to defend market share, there would be an additional downside risk to our crude oil price assumptions.
- We estimate that every USD1/bbl change in global MS/HSD prices affects MS/HSD gross marketing margins by INR0.5/INR0.5 per lit (5%/7% vs. Dec'25 levels). However, we remain conservative and build in MS/HSD marketing margins of INR3.5/lit.
- **Lower crude favors HPCL, but strong refining may limit near-term upside:** Among OMCs, HPCL stands to benefit the most from softer crude prices, given its leverage towards marketing. However, in the near term, while refining margins remain strong, HPCL may slightly underperform due to its relatively lower refining exposure.

Exhibit 17: MS/HS marketing margins remain strong - Marketing margin (INR/ lit)



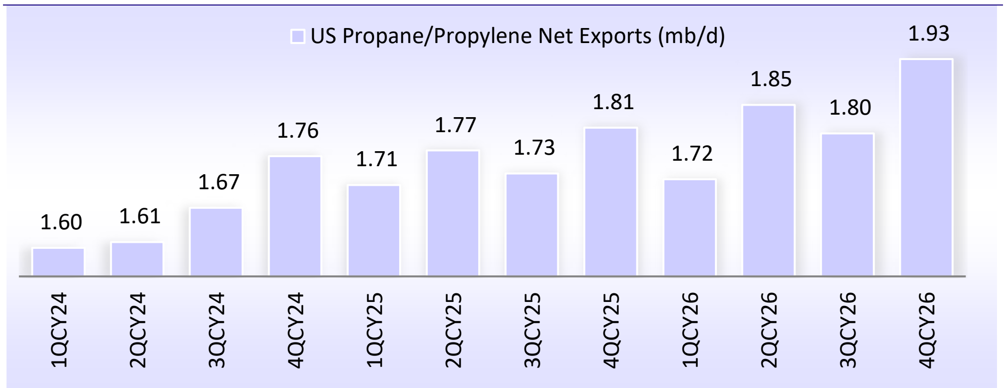
Source: Bloomberg, MOFSL

Exhibit 18: Gross marketing margins reported by OMCs over the last four quarters (INR/lit)



Source: Company, MOFSL

Exhibit 19: US propane exports to rise to 1.93mb/d by CY26'end

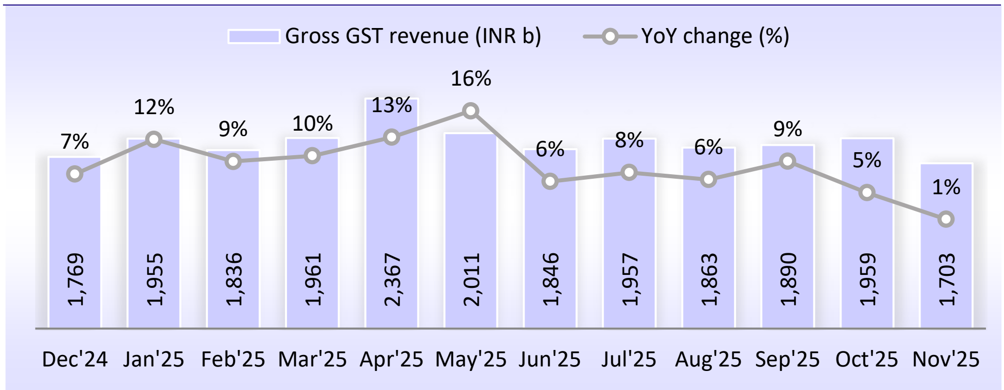


Source: US EIA, MOFSL

Minor excise duty tweaks unlikely to drive a sharp de-rating

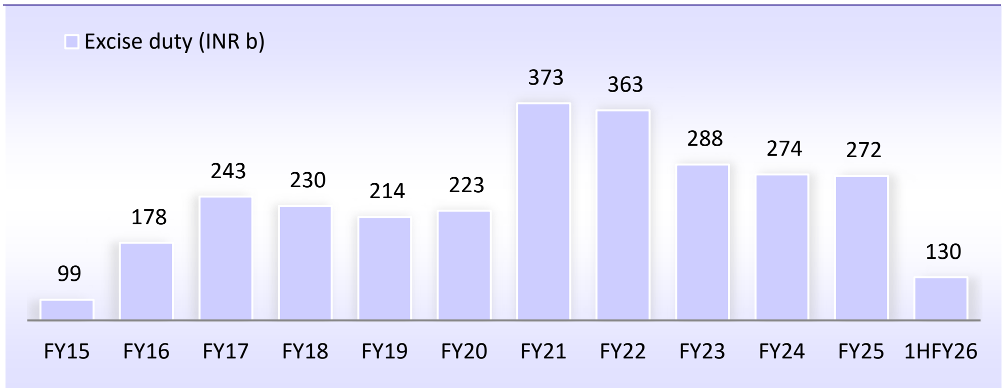
- **GST revenue slowdown could trigger excise duty hikes amid low crude prices:** Recent investor pushback on OMCs has centered around the possibility of adverse excise duty adjustments as we head closer to the central government budget, given weak GST collection data. The slowdown in GST collections to a 12-month low of INR1.7t in Nov'25 (media article), following the recent rate rationalization reforms, points to rising fiscal pressures. In a low crude oil price environment, this could increase the likelihood of the government resorting to higher excise duties on MS/HSD as a revenue-augmenting measure.
- **However, as current MS and HSD marketing margins over Brent of INR12.2 and INR9.8/lit are above our current assumption of INR3.5/lit, a minor INR1-1.5/lit duty adjustment is unlikely to lead to a sharp de-rating for OMCs, in our view, given the otherwise strong earnings momentum.**

Exhibit 20: GST collections hit a 12-month low of INR1.7t in Nov'25



Source: CMIE, MOFSL

Exhibit 21: Contribution of the petroleum sector to the exchequer via excise duty



Source: PPAC, MOFSL

Exhibit 22: Excise duty adjustments made by the government since May'14

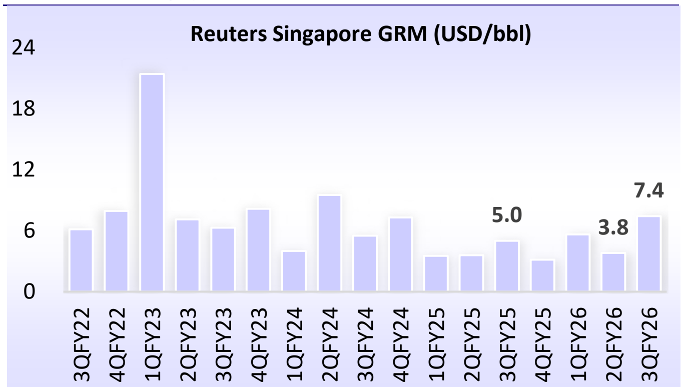
Date	Particulars	Petrol Excise	Diesel Excise
As of May'14		9.5	3.6
Nov'14	Excise duty hike	1.5	1.5
Dec'14	Excise duty hike	2.3	1.0
Jan'15	Excise duty hike	2.0	2.0
Jan'15	Excise duty hike	2.0	2.0
Nov'15	Excise duty hike	1.6	0.4
Dec'15	Excise duty hike	0.3	1.2
Jan'16	Excise duty hike	0.4	2.0
Jan'16	Excise duty hike	0.8	2.0
Feb'16	Excise duty hike	1.0	1.5
Oct'17	Excise duty Cut	-2.0	-2.0
Oct'18	Excise duty Cut	-1.5	-1.5
Jul'19	Excise duty hike	2.0	2.0
Mar'20	Excise duty hike	3.0	3.0
May'20	Excise duty hike	10.0	13.0
Nov'21	Excise duty Cut	-5.0	-10.0
May'22	Excise duty Cut	-8.0	-6.0
Apr'25	Excise duty hike	2.0	2.0
As of date		**21.8**	**17.6**

Source: MOFSL

Refining: Near-term strength in diesel cracks; medium-term outlook remains balanced

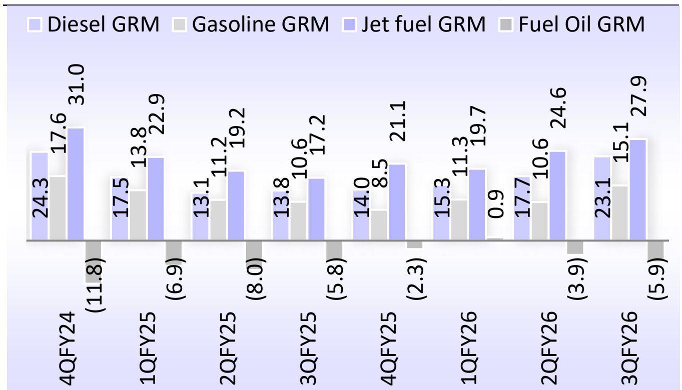
- **Despite recent strength in diesel cracks, remain neutral on refining:** Despite recent strength in diesel cracks, we reiterate a neutral stance on refining over FY27-28, as the CY26 expected net global capacity addition (~1mb/d) is likely to outpace liquid demand growth (~0.7mb/d). Diesel cracks have already corrected from a high of USD30/bbl in Nov'25 to USD18/bbl recently as planned/unplanned capacity under maintenance resumes operations. While we are positive on IOCL's strong 25% refining capacity expansion by FY27'end, the timely commissioning of projects will be key to boosting investor confidence and driving a re-rating. This aligns with guidance from Southeast Asia refiners (IRPC & Thai Oil), who expect Gasoline/Diesel refining margins to correct to USD9/16 per bbl from USD14/24/bbl.

Exhibit 23: Singapore GRM trend (USD/bbl)



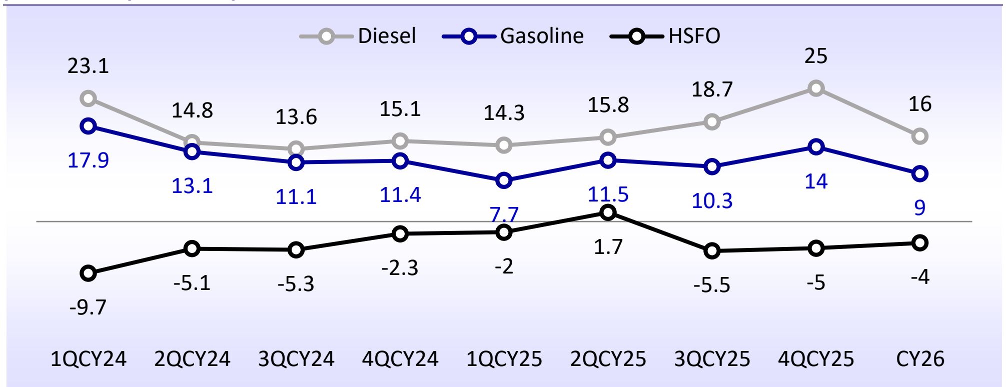
Source: Reuters, MOFSL

Exhibit 24: Product cracks excl. fuel oil strengthen (USD/bbl)



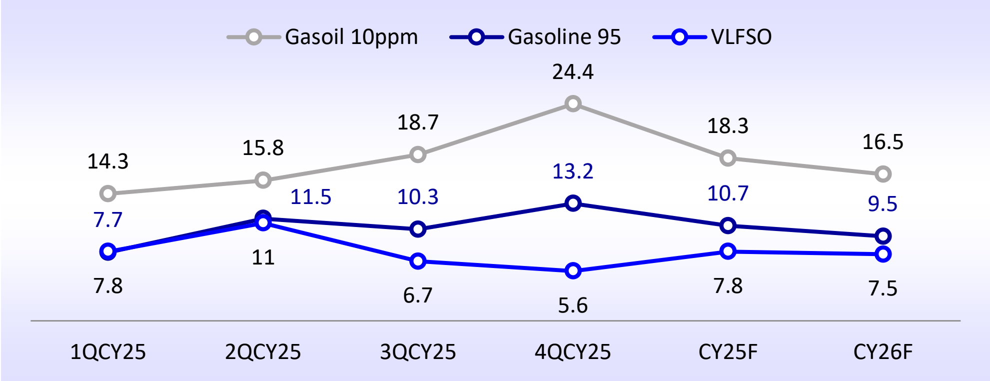
Source: Bloomberg, MOFSL

Exhibit 25: IRPC's (Southeast Asia's refining company) estimates: 4QCY25 and CY26 petroleum product spreads over Dubai crude



Source: IRPC, MOFSL

Exhibit 26: PTTGC's (Southeast Asia's refining company) estimates: 4QCY25 and CY26 petroleum product spreads over Dubai crude

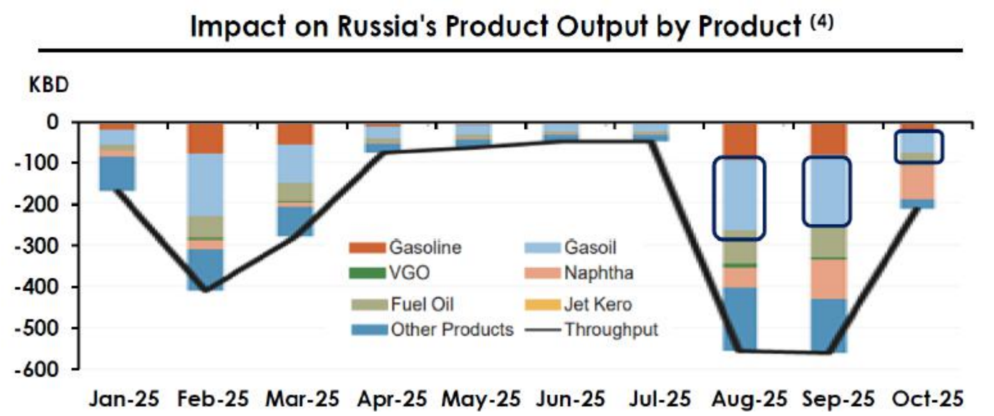


Source: PTTGC, MOFSL

Refining margin to remain range-bound in the near-to-mid-term

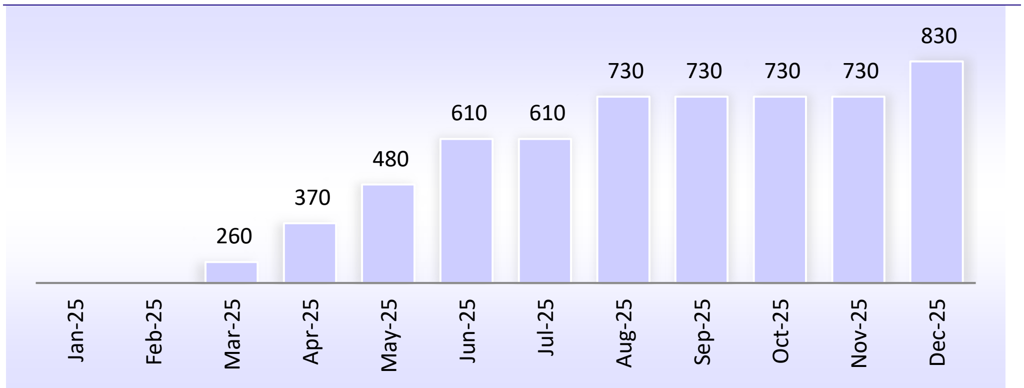
- **Diesel cracks surged to USD30/bbl in Nov'25 amid supply disruptions and elevated global refinery downtime:** Diesel and gasoline cracks surged recently, averaging USD27/16 per bbl in Nov'25 vs LTA of USD16/12.6 per bbl. The strength in cracks was driven by recent refinery shutdowns, scheduled post-summer maintenance, unplanned outage-related repairs, ~0.8mb/d cumulative product loss from refinery closures in CY25YTD in Atlantic Basin, and Ukraine's strikes, which have disrupted Russia's product exports. According to Thai Oil, a Southeast Asia-based refiner, **Ukrainian attacks disrupted 1.1mb/d of Russian refining capacity (~17%/~1% of Russia's/global refining capacity).** According to S&P Global, global refinery downtime in Oct'25 stood at 9.4mb/d, up 1.5/0.6 mb/d MoM/YoY, leading to tighter refined-product supply.
- **Near-term crack strength tempered by easing disruptions and capacity additions:** While product cracks are expected to remain robust (slightly above the LTA) in the near-term, given the upcoming EU sanctions on the import of Russian refined products from Jan'26 (link) and recurring attacks on Russian refineries by Ukraine (link), cracks have already corrected from recent highs as planned refinery maintenance concludes globally and new capacities begin operations. We highlight that a resolution would likely allow Russian diesel to re-enter markets more freely, potentially leading diesel cracks to normalize to USD16/bbl (LTA) levels or even lower.
- **Refining remains structurally soft amid sluggish global liquid demand growth:** We reiterate our neutral stance on refining over FY27-28 as net refinery capacity addition over CY25-27 (~1.35mb/d) remains above the expected growth in refined product demand during the period (~0.7mb/d) (S&P Global estimates). However, delays in refinery start-ups or announcements of new shutdowns can support stronger margins.

Exhibit 27: Ukrainian drone strikes and Russia's export ban through Dec'25 to tighten Russian gasoil supply



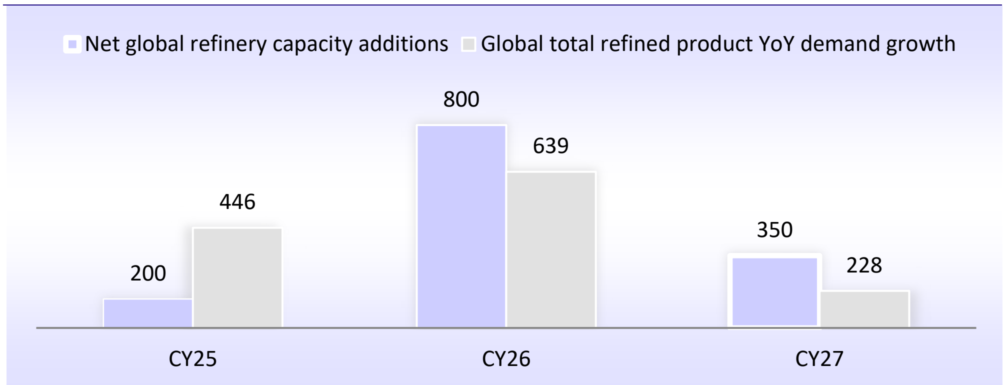
Source: Thai Oil, MOFSL

Exhibit 28: Cumulative product losses from CY25 Atlantic Basin refinery closures (kb/d)



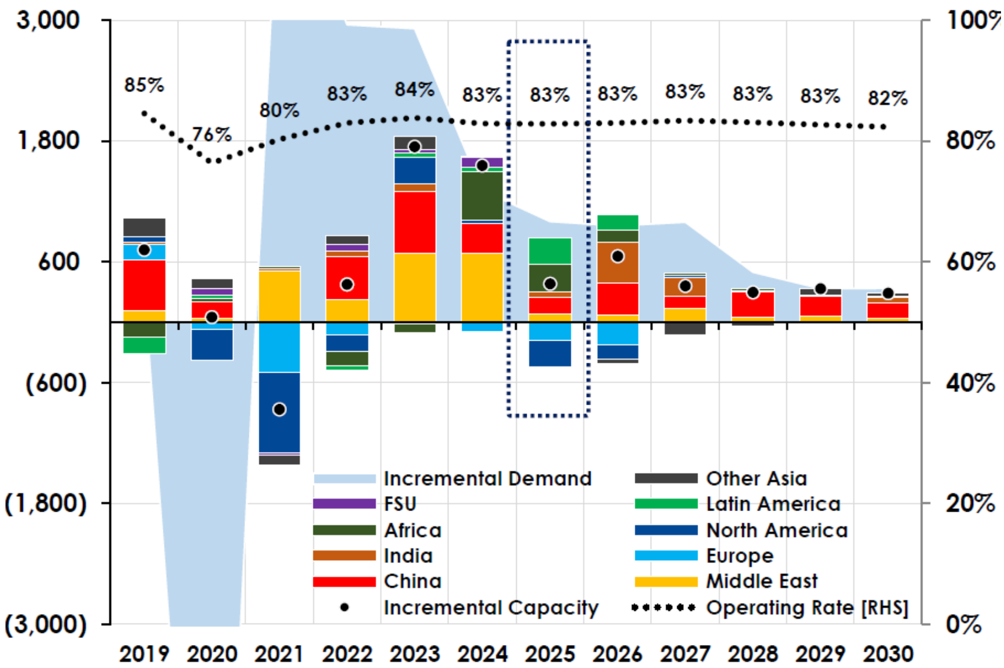
Source: Thai Oil, MOFSL

Exhibit 29: Net global refinery capacity additions largely in line with YoY global refined product demand growth, according to S&P Global



Source: S&P Global, MOFSL

Exhibit 30: Global effective CDU additions vs additional demand (kb/d) – Thai Oil

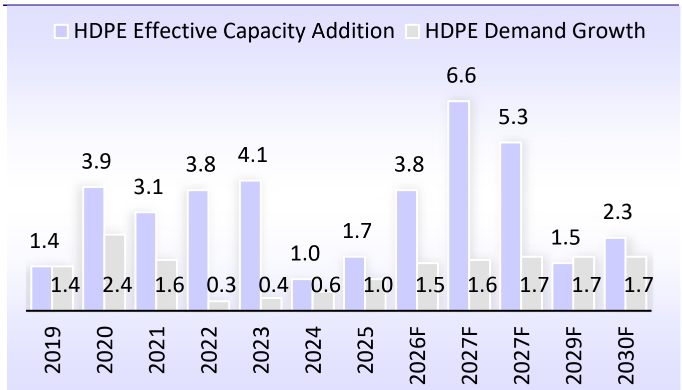


Source: Thai Oil, MOFSL

Global overcapacity to keep petchem spreads under pressure

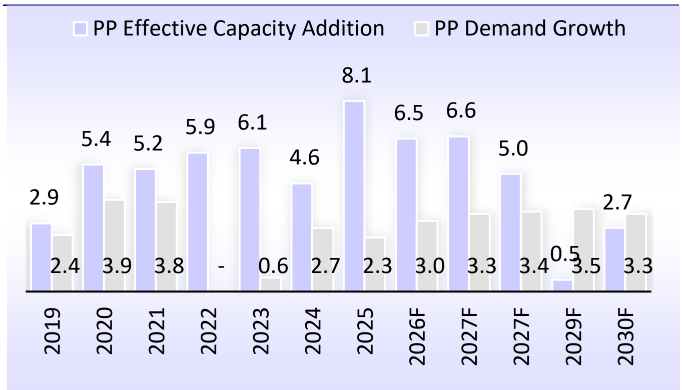
- **PE/PP spreads remain similar YoY**: In FY26'YTD, HDPE spread over naphtha increased 8% YoY, while LDPE/PP/PX spread over naphtha declined 3%/2%/17% YoY. Spreads have remained range-bound over the last two years. The weakness in spread was driven by 1.7/8.1mmt capacity addition for HDPE/PP in CY25 vs. global demand growth of 1/2.3mmt.
- **GAIL's petchem expansion on track for FY26 commissioning:** GAIL's petrochemical expansion remains on track, with the 1,250ktpa PTA project targeted for completion by Feb'26. The 500ktpa PDH-PP unit is slated for mechanical completion by Jun'26, with production likely commencing by Dec'26. We are building in for petchem volumes to rise 25% over FY25-28, thus boosting profitability.
- At the Pata complex, GAIL continues to supply feedstock under HH-linked contracts, though it retains flexibility to switch to crude-linked pricing as needed. The company does not anticipate any major shutdowns in the near term, ensuring stable operations until new capacities come onstream.
- **HDPE/PP spreads to remain weak amid strong expected capacity additions globally**: With significant capacity addition to continue over the next few years (15.7/18.1 mmt HDPE/PP global capacity addition vs 4.7/9.7mmt incremental demand over CY26-28 expected by Thai Oil), we expect weakness in petchem spreads to persist in FY27-28. We are building in a soft earnings outlook for GAIL/RIL.

Exhibit 31: Global HDPE capacity addition vs demand growth (in mt)



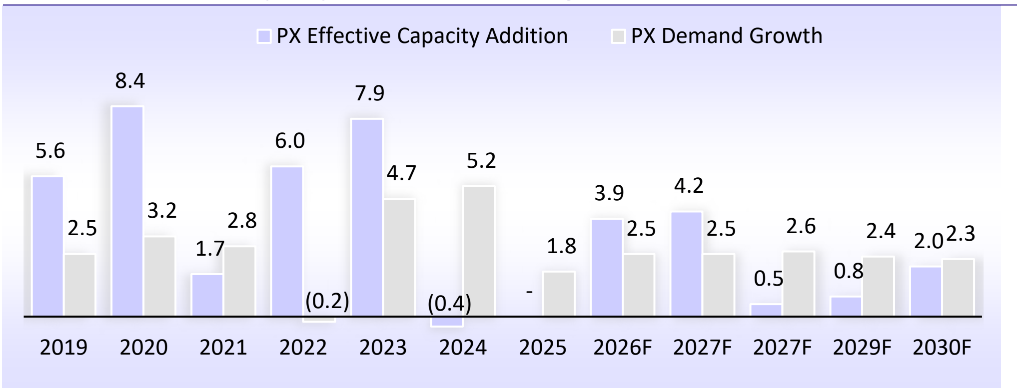
Source: Thai Oil, MOFSL

Exhibit 32: Global PP capacity addition vs. demand growth (in mt)



Source: Thai Oil, MOFSL

Exhibit 33: Global PX capacity addition vs demand growth (in mt)

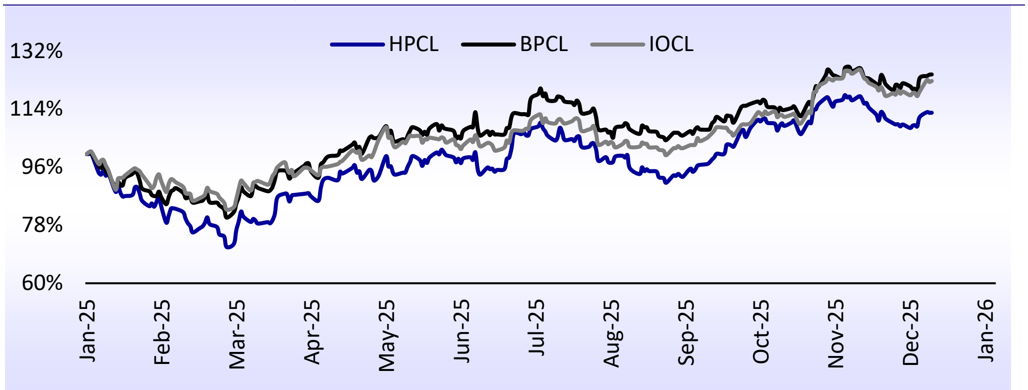


Source: Thai Oil, MOFSL

HPCL remains our preferred pick among OMCs

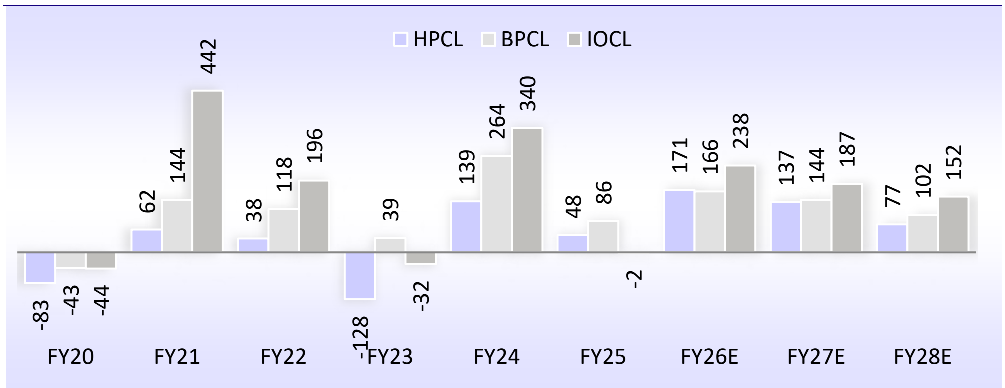
- **HPCL's relative underperformance largely driven by recent strength in GRMs:** Since 1st Jan'25, HPCL has underperformed BPCL/IOCL. We believe that the relative underperformance is driven by a sharp decline in diesel gross marketing margin, which contracted 8% QoQ/39% YoY in 3QFY26, as diesel cracks surged to as high as USD30/bbl (LTA: USD16/bbl).
- In a scenario where diesel cracks over Brent sustain at ~USD30/bbl, Brent averages USD63/bbl, and the INR/USD exchange rate stabilizes at INR89.4/USD, we estimate diesel gross marketing margin to contract 70% vs 2QFY26 margin. That said, diesel cracks have already corrected, currently at ~USD18/bbl, which should help alleviate pressure on the stock.
- **HPCL's marketing leverage intact:** HPCL's current valuation appears reasonable, and we believe the stock should continue to perform well, as: 1) receipt of INR6.6b per month in LPG compensation over Nov'25-Oct'26 shall boost earnings; 2) a sharp decline in LPG under-recovery to INR30-50/cyl currently, vs ~INR135/cyl in 1HFY26, shall improve blended marketing margins; 3) mid-term auto-fuel marketing margin outlook remains robust amid a weak crude price outlook (USD60/bbl in FY27/28); and 4) start-up of RUF and HRRL, coupled with sustained strength in diesel cracks, would meaningfully boost refining earnings.

Exhibit 34: Rebased stock price chart for OMCs since 1st Jan'25



Source: Bloomberg (rebased), MOFSL

Exhibit 35: OMCs: Free cash flow trend (INR b)



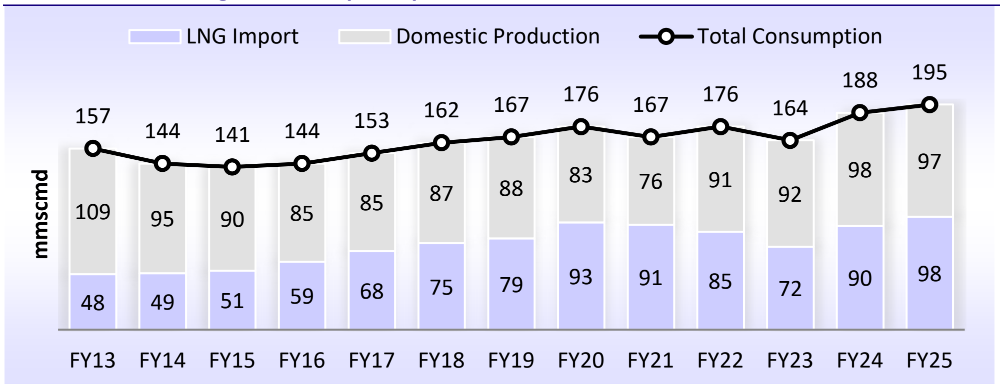
Source: Company, MOFSL

Gas utilities

India LNG imports to clock a robust 6% CAGR over FY25-30

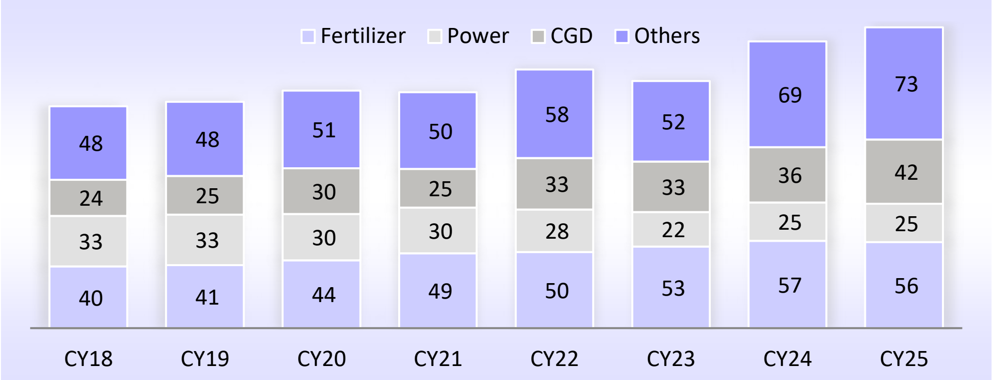
- **Over FY25-27, we are building in a ~3% CAGR in NG production for OINL/ONGC, and flat gas production volumes for Reliance. Assuming a modest 4.5% CAGR in India's NG consumption over FY25-30 and a 2% CAGR in domestic NG production (aggressive assumption), India's LNG imports would need to clock a robust 6% CAGR over the period (~32mmscmd increase in LNG imports over FY25-30).**
- **India's LNG imports clocked a 7.3% CAGR over FY15-25:** NG consumption increased at a 3.6% CAGR over the same period, reaching 195mmscmd in FY25. With only ~1% CAGR in domestic net NG production, LNG imports rose at a 7.3% CAGR to 98mmscmd.
- **CGDs guide for 7-12% YoY NG volume growth over the next few years:** PNGRB expects an 8% CAGR in India's NG consumption over FY24-CY30, primarily driven by a 2.5x-3.5x growth in CNG consumption by CY30 from a baseline of ~37mmscmd in FY24. IEA also expects a 6.6% CAGR in India's NG demand over CY23-30, with a 7.4% CAGR in the CGD sector over CY24-30. Under our coverage universe, MAHGL/IGL/GUJGA are guiding for a 10%/7%/12% YoY growth in CNG volumes over FY26-27, while GAIL expects a ~8-9mmscmd increase in gas transmission volumes.
- **India's NG demand growth implies a 6% CAGR in LNG imports over FY25-30:** According to PNGRB, India's LNG imports are likely to more than double by CY30, driven by robust demand growth and only moderate gains in domestic gas production. IEA also estimates only a 0.6% CAGR in domestic NG production, leading to a 10.5% CAGR in LNG demand, reaching 178mmscmd.
- **GAIL and PLNG key beneficiaries of rising NG demand and imports in India:** GAIL and PLNG are well-positioned to be key beneficiaries of rising gas penetration in India and the upcoming global LNG glut. We estimate GAIL's transmission volumes to clock a 4% CAGR over FY26-28. For PLNG, we estimate a 6% CAGR in regas volumes over FY26-28.

Exhibit 36: Natural gas consumption pattern in India over FY13-25



Source: Industry, MOFSL

Exhibit 37: Sectoral natural gas consumption pattern in India over FY18-25

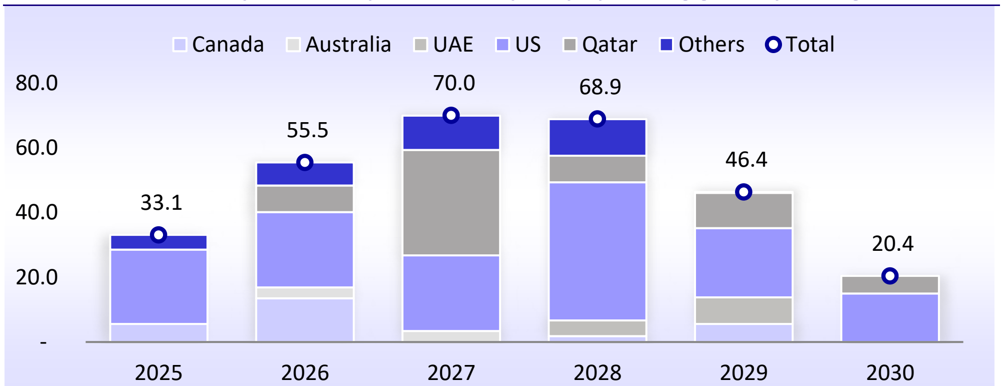


Source: Industry, MOFSL

Global LNG export capacity to rise by ~54% over CY25-30

- **Global liquefaction capacity is set to rise by 10%/11% YoY in CY26/27:** According to IEA, between CY25 and CY30, ~295bcm (54% of current capacity) of new LNG export capacity is projected to come online from projects that have already reached final investment decision (FID) or are currently under construction. Annual liquefaction capacity additions are projected to rise steadily from ~33bcm in CY25 (6% of current capacity) to a peak of ~70bcm (13% of current capacity) in CY27, before moderating during CY28-30. This marks the largest capacity additions in any five-year period in the history of the LNG market.
- **Stalled 67bcm LNG projects could unlock significant supply upside:** Notably, this estimate excludes potential additions from Russia's Arctic LNG 2 (27bcm/year), Mozambique LNG (18bcm/year), and Qatar's North Field West expansion (22bcm/year), all of which have been approved but are not progressing toward commercial operations due to various delays and challenges.
- **LNG prices to remain under pressure in CY26 and beyond:** Historically, global LNG demand has seen a CAGR of 5-6% vs. liquefaction capacity CAGR of 7.5% during CY24-30. As such, we expect global LNG prices to come under pressure in CY26 and beyond.

Exhibit 38: ~295bcm/year LNG liquefaction capacity upcoming globally during CY25-30



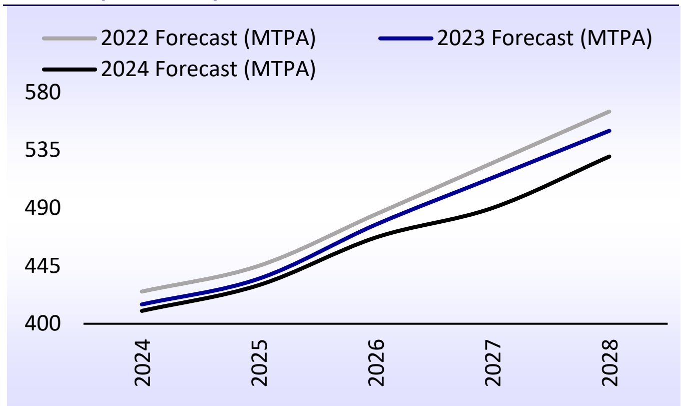
Source: IEA, MOFSL

Exhibit 39: LNG projects under construction post-FID and select approved projects yet to commence

Region	Country	Project	Status	Year of FID or approval	Expected first LNG	Nameplate capacity (bcm/yr)	Nameplate capacity (mtpa)
Africa	Republic of the Congo	Congo FLNG 2	Under construction	2022	2025	3.3	2.4
Africa	Gabon	Cap Lopez	Under construction	2023	2026	1	0.7
Africa	Nigeria	NLNG	Under construction	2019	2027	10.9	8
Africa	Senegal	Tortue FLNG - Phase 1	Under construction (commissioning)	2018	2025	3.4	2.5
Asia Pacific	Australia	Pluto LNG	Under construction	2021	2026	6.8	5
Asia Pacific	Malaysia	ZFLNG	Under construction	2022	2027	2.7	2
Central and South America	Argentina	Southern Energy FLNG - Phase 1	Under construction	2025	2027	3.3	2.4
Middle East	Oman	Marsa LNG	Under construction	2024	2028	1.3	1
Middle East	**Qatar**	**North Field East (NFE)**	**Under construction**	**2021**	**2026**	**43.5**	**32**
Middle East	**Qatar**	**North Field South (NFS)**	**Under construction**	**2023**	**2028**	**21.8**	**16**
Middle East	**United Arab Emirates**	**Ruwais LNG**	**Under construction**	**2024**	**2028**	**13**	**9.6**
North America	Canada	Cedar LNG	Under construction	2024	2028	4.5	3.3
North America	Canada	LNG Canada	Under construction (commissioning)	2018	2025	19	14
North America	Canada	Woodfibre LNG	Under construction	2022	2027	2.8	2.1
North America	Mexico	ECA LNG - Phase 1	Under construction	2020	2026	4.4	3.2
North America	Mexico	Fast LNG Altamira 2	Under construction	2023	2027	1.9	1.4
North America	**United States**	**Corpus Christi - Stage 3**	**Under construction (partly in service)**	**2022**	**2025**	**13.6**	**10**
North America	United States	Corpus Christi - Midscale Trains 8-9	Under construction	2025	2028	6.8	5
North America	**United States**	**Golden Pass LNG**	**Under construction**	**2019**	**2025**	**21.2**	**15.6**
North America	United States	Plaquemines LNG - Phase 2	Under construction (commissioning)	2023	2025	9.1	6.7
North America	**United States**	**Port Arthur LNG**	**Under construction**	**2023**	**2027**	**18.3**	**13.5**
North America	**United States**	**Rio Grande LNG**	**Under construction**	**2023**	**2027**	**23.9**	**17.6**
North America	**United States**	**Louisiana LNG**	**Under construction**	**2025**	**2029**	**22.4**	**16.5**
North America	**United States**	**CP2 LNG - Phase 1**	**Under construction**	**2025**	**2027**	**19.6**	**14.4**
Africa	Mozambique	Mozambique LNG	Post-FID - on hold	2019		17.5	12.9
Eurasia	Russia	Arctic LNG 2	Post-FID - under sanctions	2019		26.9	19.8
Middle East	Qatar	North Field West (NFW)	Approved - not under construction	2024		21.7	16

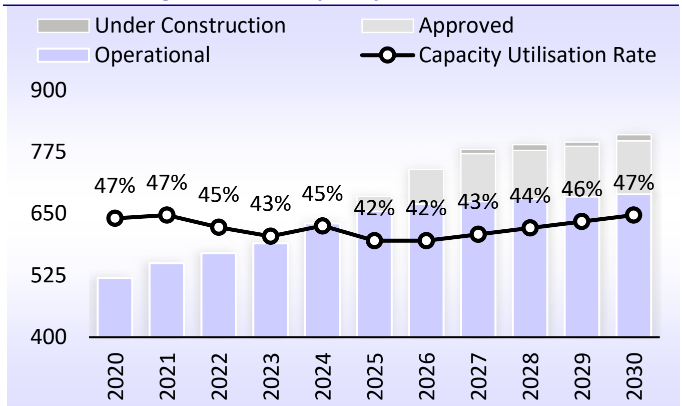
Source: IEA, MOFSL

Exhibit 40: Shell reduced the 2028 LNG supply forecast by ~30mmtpa in two years



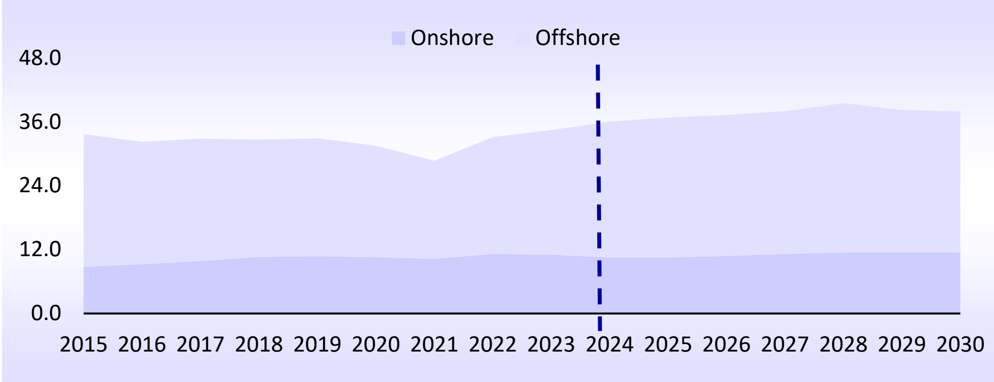
Source: Shell, MOFSL

Exhibit 41: Regasification capacity in Asia



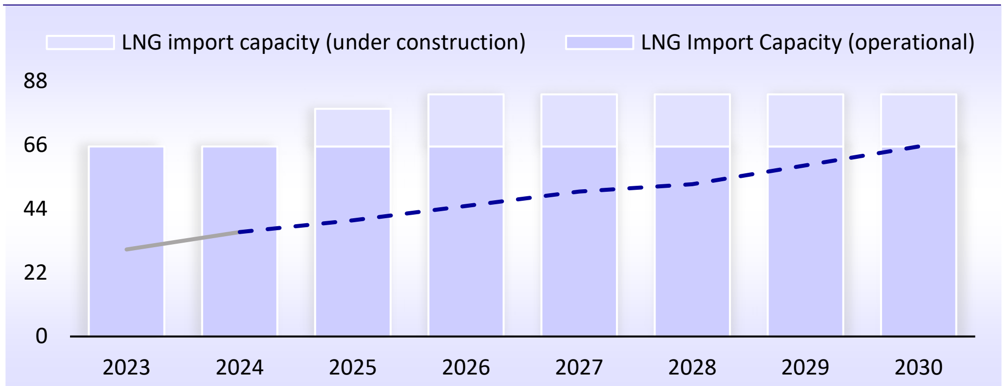
Source: Shell, MOFSL

Exhibit 42: Annual natural gas production in India during 2015-2030



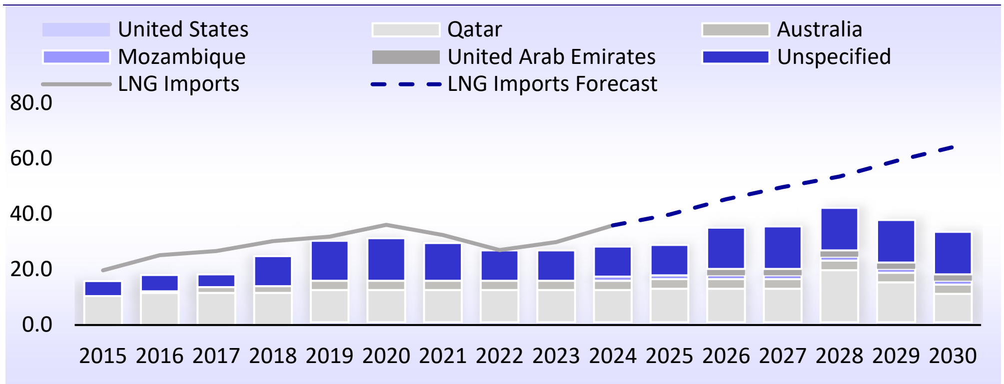
Source: IEA, MOFSL

Exhibit 43: LNG demand forecast and import capacity in India during 2023-2030



Source: IEA, MOFSL

Exhibit 44: Total LNG imports and volumes under long-term contracts by source and by calendar year in India, 2015-2030



Source: IEA, MOFSL

GAIL: Transmission volumes to rebound in FY27 as one-off disruptions wane

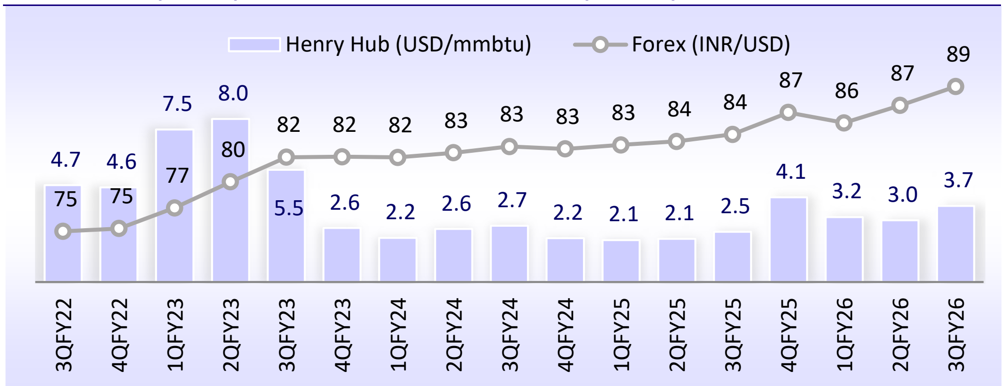
- Gas volumes are likely to recover meaningfully in FY27 as several one-off disruptions that hampered volumes in FY26 normalize. The power sector's offtake, which collapsed this year due to weak power demand, could add around 2mmscmd in FY27. The fertilizer sector's volumes are also expected to recover, though the permanent shutdown of one Kanpur-based plant (1.5-2mmscmd impact) will limit the upside. Further, according to our channel checks, flood-related disruptions this year led to a 2-3mmscmd loss, which is expected to recover in FY27.

- Gas offtake ramp-up has been slower across IOCL's refineries in Paradip, Haldia, Barauni, and Guwahati. With improving connectivity and new IOCL refinery capacities coming onstream, transmission throughput and utilization are expected to strengthen in FY27.

CGDs: USD/INR and HH price volatility key challenges; MAHGL the most reliant on price hike

- The benefit of lower gas costs (amid lower crude oil prices) has been partly offset by three headwinds: 1) 6% INR depreciation in 3QFY26, 2) sharp 52% YoY rise in HH prices in FY26'YTD, 3) continued APM de-allocation and, at times, new well gas shortage.
- According to reported data, GUJGA had the least HH exposure in 2QFY26 (2%), while MAHGL had the most (34%). With the revised unified zonal tariff effective from 1 Jan'26, IGL is expected to see an EBITDA margin uplift of INR0.9/scm, MAHGL is likely to face a margin contraction of INR0.3/scm, while GUJGA's margins should remain largely unchanged.
- We believe that MAHGL would likely need price hikes to offset the impact of: 1) higher HH-linked gas cost (est. impact of INR0.3-0.4/scm); 2) Rupee depreciation (est. impact of INR0.7-0.8/scm); and 3) increase in Zone-1 tariff (est. impact of INR0.3/scm).

Exhibit 45: Rupee depreciated 6%/2% YoY/QoQ; HH prices up 52%/23% YoY/QoQ



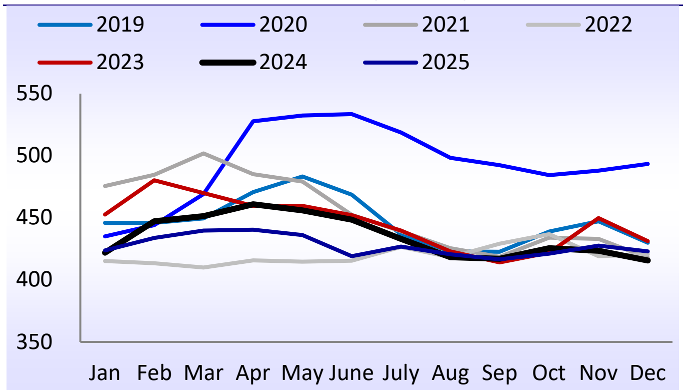
Source: Bloomberg, MOFSL

Exhibit 46: MAHGL has the highest exposure to HH-linked gas, followed by IGL (%)

2QFY26 gas sourcing split (%)	MAHGL	IGL	GUJGA
APM	39	41	23
New Well Gas	8	13	5
HP-HT	12	10	0
IGX	8	0	0
HH linked	34	12	2
Brent linked	0	25	37
Spot LNG	0	0	33

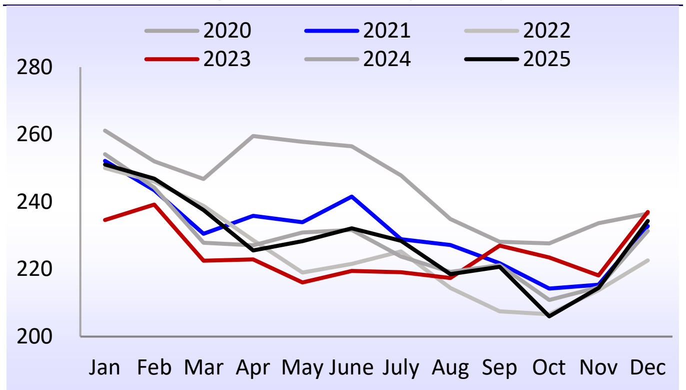
Source: Company, MOFSL

Exhibit 47: The US crude inventory (mnbopd)



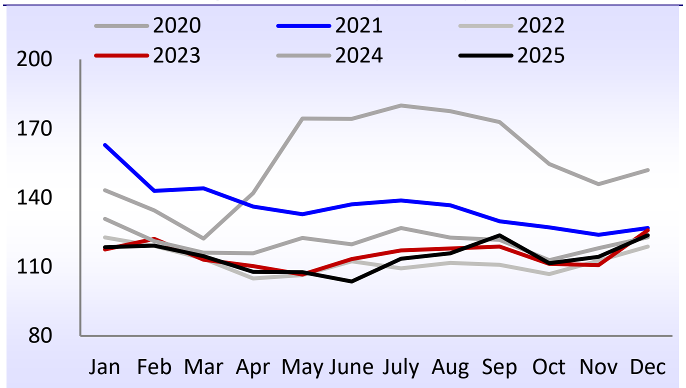
Source: Bloomberg, MOFSL

Exhibit 48: The US gasoline inventory (mnbopd)



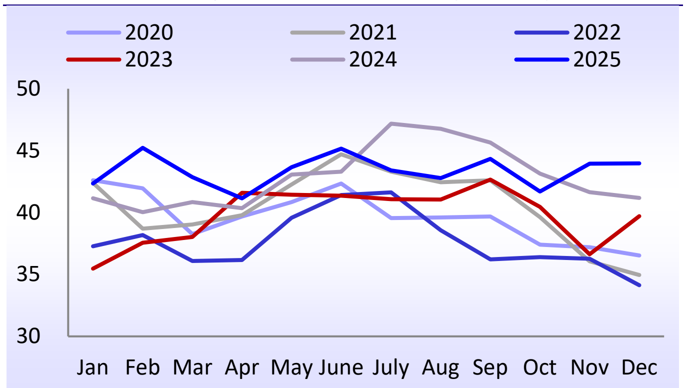
Source: Bloomberg, MOFSL

Exhibit 49: The US gasoil inventory (mnbopd)



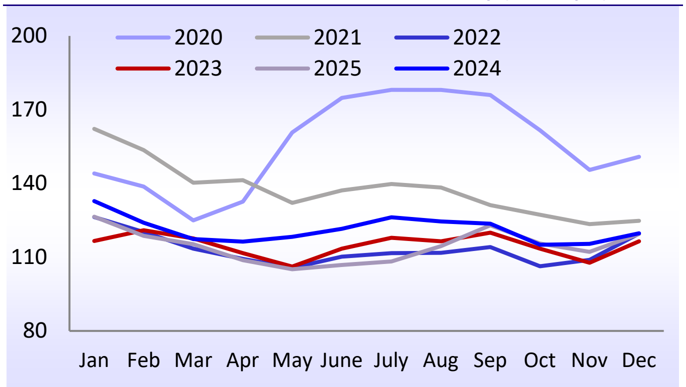
Source: Bloomberg, MOFSL

Exhibit 50: The US jet kerosene inventory (mnbopd)



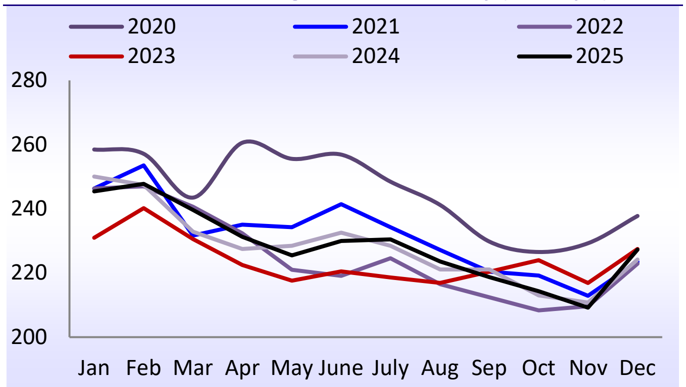
Source: Bloomberg, MOFSL

Exhibit 51: The US distillate fuel oil inventory (mnbopd)



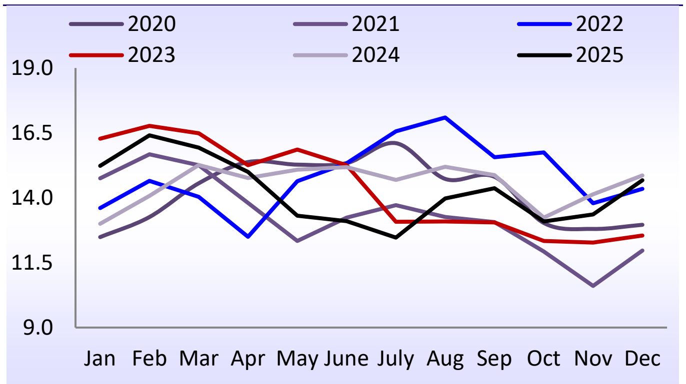
Source: Bloomberg, MOFSL

Exhibit 52: The US motor gasoline inventory (mnbopd)



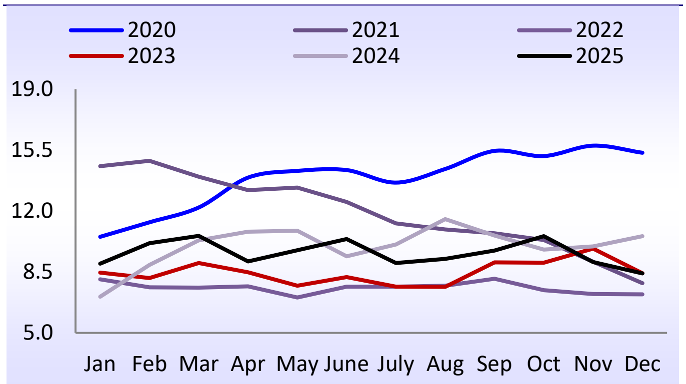
Source: Bloomberg, MOFSL

Exhibit 53: Singapore light distillate inventory (mnbopd)



Source: Bloomberg, MOFSL

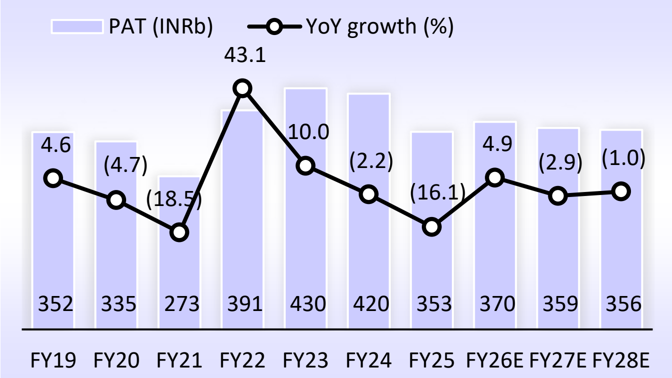
Exhibit 54: Singapore middle distillate inventory (mnbopd)



Source: Bloomberg, MOFSL

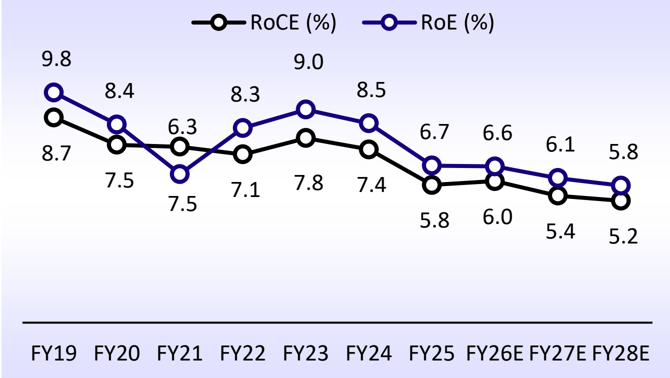
RIL – Financial summary and assumptions (TP: INR1,790) – BUY

Exhibit 55: Standalone PAT profile



Source: Company, MOFSL

Exhibit 56: Return ratios to stabilize going forward



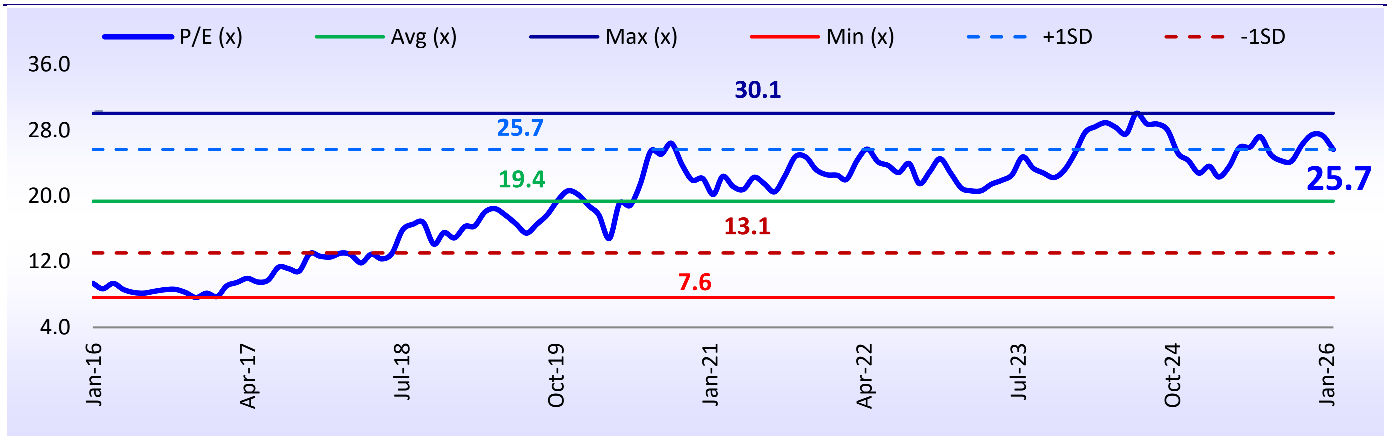
Source: Company, MOFSL

Exhibit 57: Standalone financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	2,457	4,237	5,393	5,345	5,173	4,853	4,537	4,533
EBITDA	335	523	668	743	581	581	582	578
Adj. PAT	273	391	430	420	353	370	359	356
Adj. EPS (INR)	21.2	28.9	31.8	31.1	26.1	27.3	26.6	26.3
BV/Sh.(INR)	368	349	354	381	401	423	442	461
Ratios								
Net D:E	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
RoE (%)	6.3	8.3	9.0	8.5	6.7	6.6	6.1	5.8
RoCE (%)	7.5	7.1	7.8	7.4	5.8	6.0	5.4	5.2
Payout (%)	13.0	12.1	12.1	16.1	21.1	36.8	26.4	28.5
Valuations								
P/E (x)	58.7	43.1	39.1	40.0	47.7	45.5	46.8	47.3
P/BV (x)	3.4	3.6	3.5	3.3	3.1	2.9	2.8	2.7
EV/EBITDA (x)	52.7	35.5	27.5	24.6	31.0	31.0	31.1	31.4
Div. Yield (%)	0.3	0.3	0.3	0.4	0.4	1.0	0.6	0.6
FCF per share	-17.3	36.5	19.3	29.4	31.1	4.6	-6.5	-2.6

Source: Company, MOFSL

Exhibit 58: RIL's one-year forward P/E ratio at ~33% premium to its long-term average



Source: Company, MOFSL

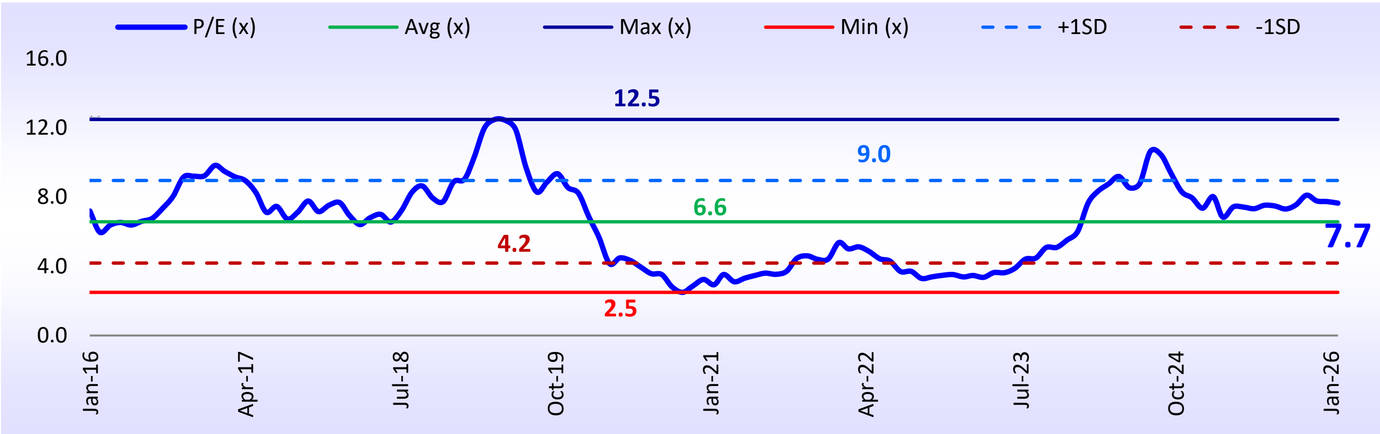
ONGC – Financial summary and assumptions (TP: INR240) – Neutral

Exhibit 59: Financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	3,605.7	5,317.6	6,848.3	6,531.7	6,632.6	5,842.2	5,255.2	5,414.7
EBITDA	566.0	857.7	857.1	1,081.9	988.6	1,073.4	1,007.4	988.3
Adj. PAT	207.0	413.6	402.4	564.8	384.4	416.9	381.7	381.3
Adj. EPS (INR)	16.5	32.9	32.0	44.9	30.6	33.1	30.3	30.3
EPS Gr. (%)	23.8	99.8	(2.7)	40.4	(31.9)	8.5	(8.4)	(0.1)
BV/Sh.(INR)	172.2	202.2	221.7	264.2	267.6	287.1	306.1	324.0
Ratios								
Net D:E	0.5	0.4	0.5	0.3	0.4	0.3	0.2	0.1
RoE (%)	9.7	17.2	14.8	18.1	11.3	11.7	10.0	9.4
RoCE (%)	7.3	15.7	11.3	13.1	9.7	11.8	10.4	9.8
Payout (%)	21.2	26.8	41.6	27.9	40.2	40.2	36.1	39.8
Valuations								
P/E (x)	14.7	7.4	7.6	5.4	7.9	7.3	8.0	8.0
P/BV (x)	1.4	1.2	1.1	0.9	0.9	0.8	0.8	0.7
EV/EBITDA (x)	7.3	4.8	5.1	3.9	4.4	3.7	3.6	3.3
Div. Yield (%)	1.5	4.3	4.6	5.1	5.1	5.5	4.5	5.0
FCF Yield (%)	4.9	14.5	15.7	20.0	16.5	23.4	20.9	21.4

Source: Company, MOFSL

Exhibit 60: ONGC's one-year forward P/E ratio



Source: Company, MOFSL

HPCL – Financial summary and assumptions (TP: INR590) – Buy

Exhibit 61: Key assumptions

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Exchange Rate (INR/USD)	74.3	74.5	80.4	82.8	84.6	87.5	88.2	90.0
Brent Crude (USD/bbl)	44.4	80.5	96.1	83.0	78.6	66.1	60.0	60.0
Market Sales (MMT)	36.6	39.1	43.5	46.8	49.8	51.8	53.9	56.0
YoY (%)	*(8)*	*7*	*11*	*8*	*6*	*4*	*4*	*4*
GRM (USD/bbl)	3.9	7.2	12.1	9.1	5.7	7.0	6.6	6.5
Singapore GRM (USD/bbl)	0.5	5.0	10.7	6.6	3.8	5.7	5.0	5.0
Prem/(disc) (USD/bbl)	*3*	*2*	*1*	*2*	*2*	*1.2*	*1.6*	*1.5*
Total Refinery throughput (MMT)	16.4	14.0	19.1	22.3	25.3	26.3	26.6	26.6
YoY (%)	*-4%*	*-15%*	*37%*	*17%*	*13%*	*4%*	*1%*	*0%*
Refining capacity utilization (%)	104%	88%	85%	91%	103%	107%	109%	109%
Blended marketing margin incld inventory (INR/lit)	6.3	4.3	(0.8)	5.5	4.4	6.1	5.3	4.5
Consolidated EPS	**50.1**	**34.3**	**-32.8**	**75.2**	**31.6**	**86.1**	**63.9**	**46.8**

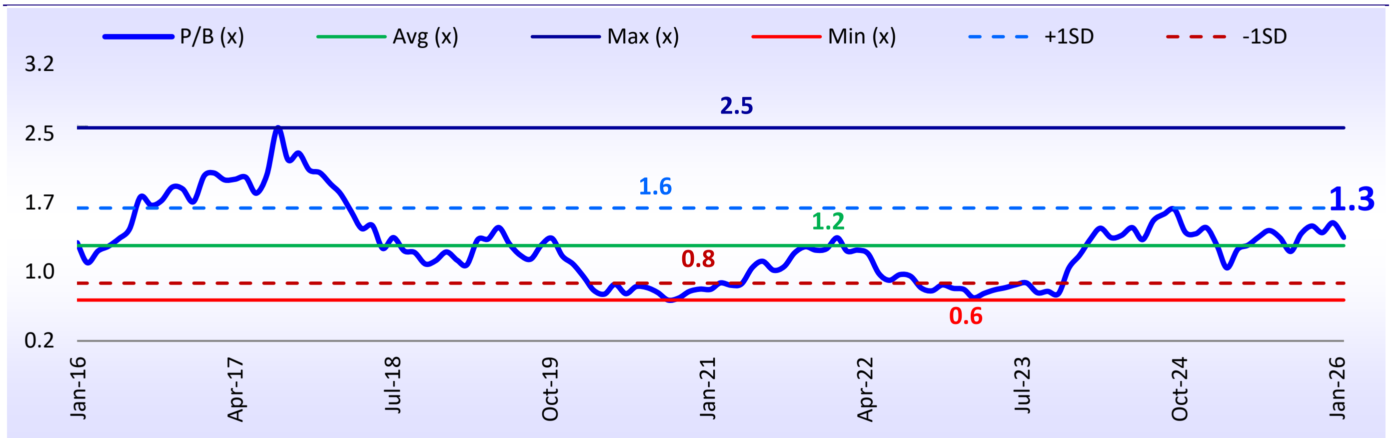
Source: Company, MOFSL

Exhibit 62: Financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	2,332	3,499	4,407	4,339	4,341	3,914	3,326	3,393
EBITDA	160	102	-72	249	166	313	260	222
Adj. PAT	107	73	-70	160	67	183	136	100
Adj. EPS (INR)	50	34	-33	75	32	86	64	47
EPS Gr. (%)	193	-32	PL	LP	-58	172	-26	-27
BV/Sh.(INR)	179	195	152	220	240	302	349	382
Ratios								
Net D:E	1.1	1.1	2.1	1.3	1.3	0.9	0.7	0.6
RoE (%)	30.9	18.4	-19.0	40.4	13.7	31.8	19.6	12.8
RoCE (%)	14.9	8.3	-7.8	15.9	8.2	16.2	11.8	9.0
Payout (%)	30.3	27.2	0.0	27.9	33.2	28.8	26.4	27.9
Valuations								
P/E (x)	9.9	14.5	-15.1	6.6	15.7	5.8	7.8	10.6
P/BV (x)	2.8	2.5	3.3	2.2	2.1	1.6	1.4	1.3
EV/EBITDA (x)	9.2	14.7	-23.9	6.7	10.4	5.2	6.0	7.0
Div. Yield (%)	3.1	1.9	0.0	4.2	2.1	5.0	3.4	2.6
FCF Yield (%)	5.9	3.6	-12.1	13.2	4.5	16.2	13.0	7.3

Source: Company, MOFSL

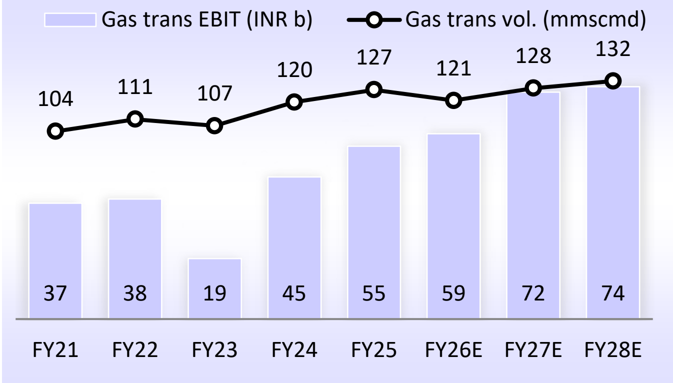
Exhibit 63: HPCL's one-year forward P/B ratio



Source: Company, MOFSL

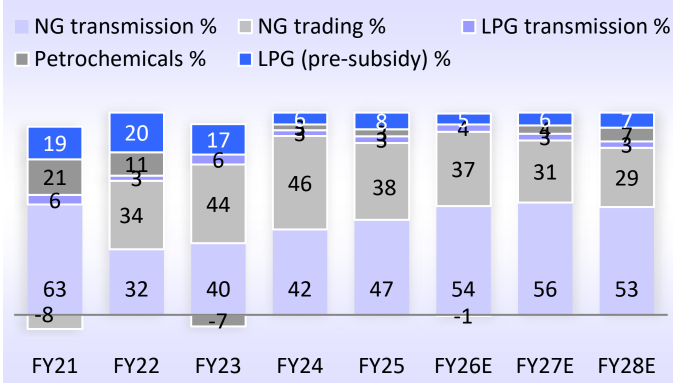
GAIL – Financial summary and assumptions (TP: INR215) – BUY

Exhibit 64: Expect transmission volumes to reach ~132mmscmd in FY28…



Source: Company, MOFSL

Exhibit 65: …with contribution to EBITDA increasing to 53%



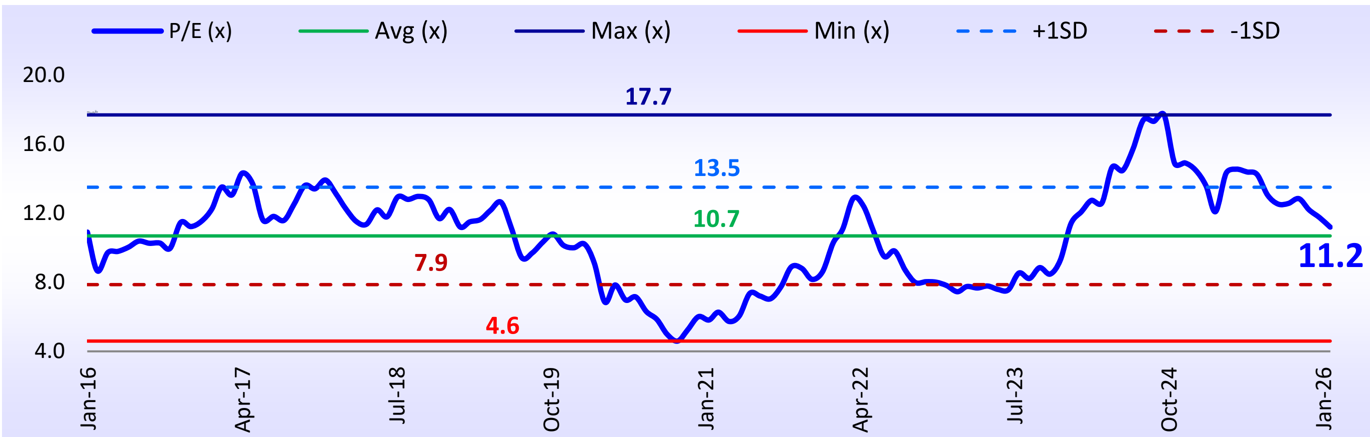
Source: Company, MOFSL

Exhibit 66: Financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	567.4	916.5	1,443.0	1,306.4	1,372.1	1,280.3	1,364.2	1,443.2
EBITDA	64.5	138.3	67.0	134.8	143.3	128.0	149.0	159.5
Adj. PAT	48.9	103.6	53.0	90.2	94.5	83.1	100.4	110.2
Adj. EPS (INR)	7.4	15.8	8.1	13.7	14.4	12.6	15.3	16.8
EPS Gr. (%)	-25.2	111.9	-48.8	70.1	4.8	-12.1	20.8	9.8
BV/Sh.(INR)	77.1	89.5	93.5	101.8	113.5	122.1	132.4	143.8
Ratios								
Net D:E	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1
RoE (%)	10.8	20.3	9.5	15.0	9.5	11.3	12.6	12.7
RoCE (%)	9.0	17.0	7.9	11.9	9.7	9.7	10.8	11.1
Payout (%)	45.0	21.3	49.6	40.1	32.0	32.0	32.0	32.0
Valuations								
P/E (x)	23.5	11.1	21.7	12.8	12.2	13.9	11.5	10.4
P/BV (x)	2.3	2.0	1.9	1.7	1.5	1.4	1.3	1.2
EV/EBITDA (x)	9.6	5.0	12.5	7.4	6.7	7.2	6.1	5.5
Div. Yield (%)	1.9	1.9	2.3	3.1	3.1	2.3	2.8	3.1
FCF Yield (%)	2.7	2.6	-3.9	4.2	7.5	2.0	5.3	6.1

Source: Company, MOFSL

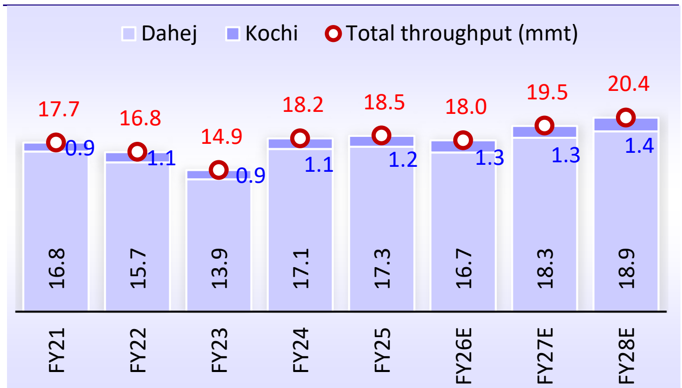
Exhibit 67: GAIL's one-year forward P/E ratio



Source: Company, MOFSL

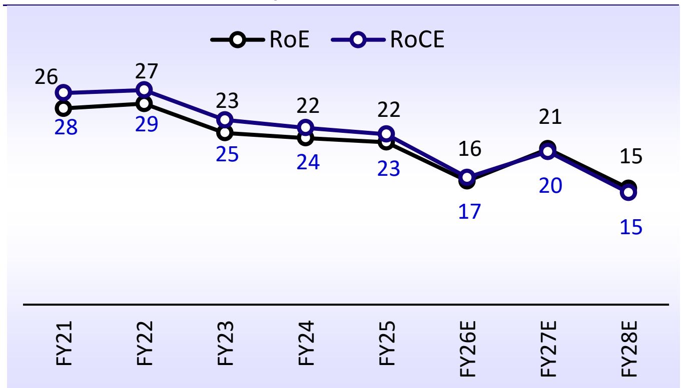
PLNG – Financial summary and assumptions (TP: INR390) – Buy

Exhibit 68: Expect throughput of 19.5-20.5mmtpa in FY27-28E



Source: Company, MOFSL

Exhibit 69: Return ratio profile for PLNG



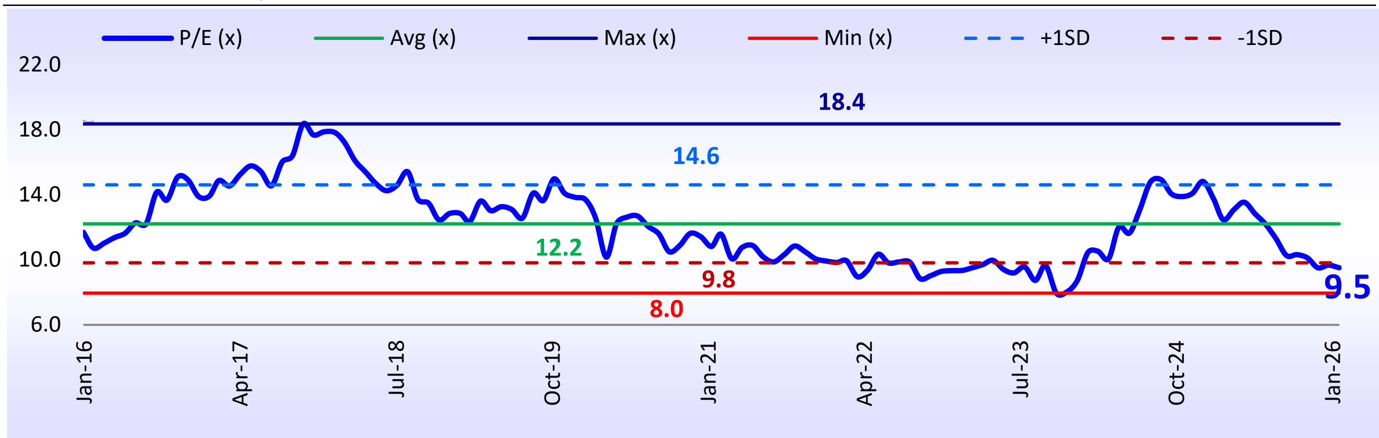
Source: Company, MOFSL

Exhibit 70: Financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	260.2	431.7	599.0	527.3	509.8	473.0	506.7	507.9
EBITDA	47.0	52.5	48.6	52.1	55.2	47.2	67.7	58.7
Adj. PAT	29.5	33.5	32.4	35.4	39.3	33.6	47.5	39.6
Adj. EPS (INR)	19.7	22.3	21.6	23.6	26.2	22.4	31.7	26.4
EPS Gr. (%)	6.9	13.7	-3.4	9.1	11.0	-14.5	41.5	-16.6
BV/Sh.(INR)	77.7	89.5	99.6	113.1	129.2	143.1	162.6	178.9
Ratios								
Net D:E	-0.4	-0.3	-0.4	-0.4	-0.5	-0.4	-0.3	-0.3
RoE (%)	26.1	26.7	22.8	22.2	21.6	16.4	20.7	15.5
RoCE (%)	28.1	28.5	24.6	23.5	22.7	16.9	20.3	14.9
Payout (%)	58.5	51.5	46.3	42.4	38.2	38.2	38.2	38.2
Valuation								
P/E (x)	14.8	13.0	13.5	12.3	11.1	13.0	9.2	11.0
P/BV (x)	3.7	3.3	2.9	2.6	2.3	2.0	1.8	1.6
EV/EBITDA (x)	8.4	7.5	7.8	7.0	6.3	7.4	5.2	6.3
Div. Yield (%)	4.0	4.0	3.4	3.4	3.4	2.9	4.2	3.5

Source: Company, MOFSL

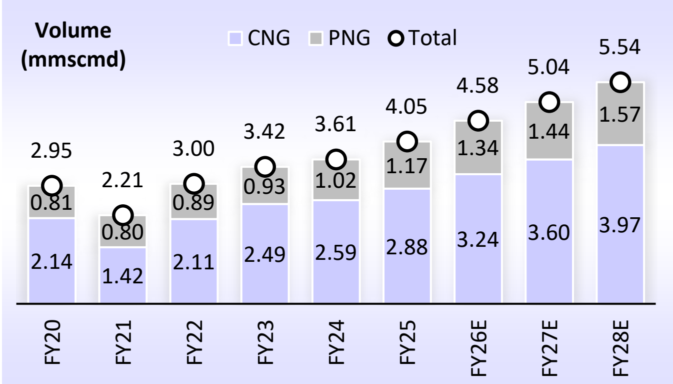
Exhibit 71: PLNG's one-year forward P/E ratio



Source: Company, MOFSL

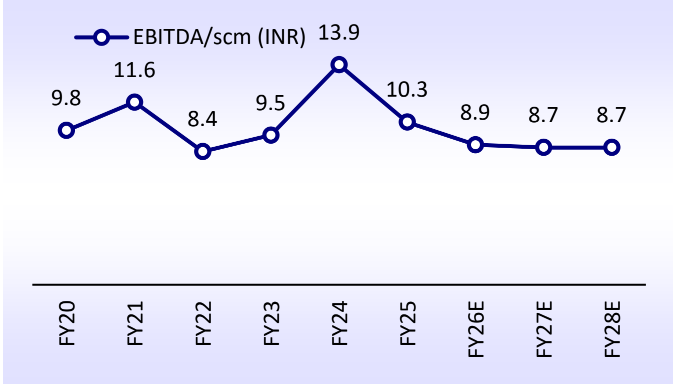
MAHGL – Financial summary and assumptions (TP: INR1,645) – BUY

Exhibit 72: Expect volumes to post a 10% CAGR in FY26-28E



Source: Company, MOFSL

Exhibit 73: EBITDA/scm profile for MAHGL



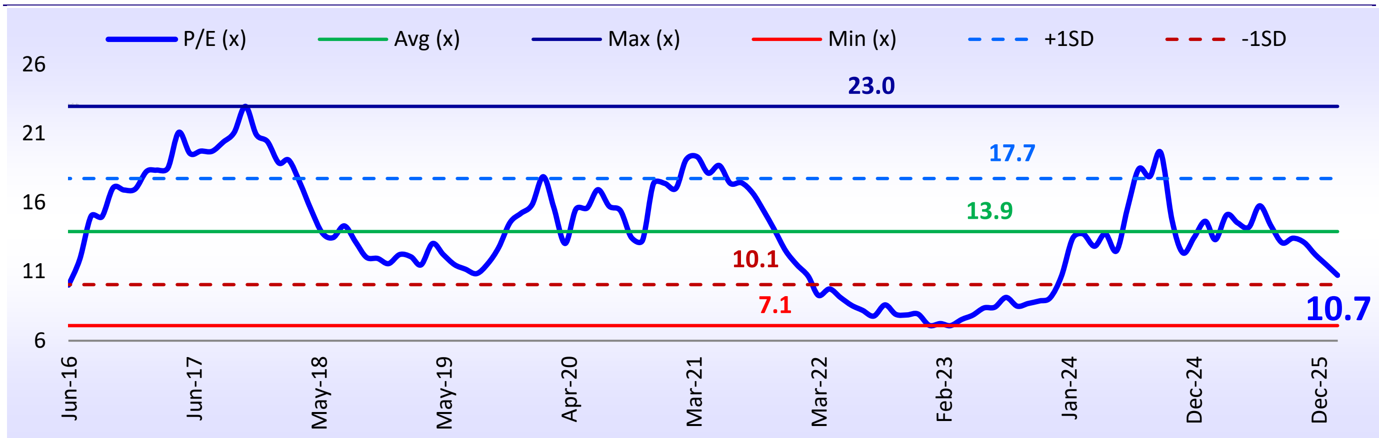
Source: Company, MOFSL

Exhibit 74: Financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	21.5	35.6	63.0	62.4	70.0	80.6	88.1	98.7
EBITDA	9.3	9.2	11.8	18.4	15.2	14.8	16.0	17.6
Adj. PAT	6.2	6.0	7.9	12.9	10.5	9.1	10.0	11.1
Adj. EPS (INR)	62.7	60.4	80.0	130.5	106.2	91.8	101.1	112.5
EPS Gr. (%)	-21.9	-3.6	32.3	63.2	-18.6	-13.6	10.2	11.3
BV/Sh.(INR)	327.2	364.2	418.5	520.6	596.2	651.3	711.9	779.4
Ratios								
Net D:E	-0.2	-0.1	-0.1	-0.1	0.0	0.0	0.0	-0.1
RoE (%)	20.0	17.5	20.4	27.8	19.0	14.7	14.8	15.1
RoCE (%)	20.1	17.5	20.5	27.8	19.1	14.9	14.9	15.2
Payout (%)	36.7	38.1	32.5	40.0	28.3	40.0	40.0	40.0
Valuation								
P/E (x)	18.2	18.9	14.3	8.7	10.7	12.4	11.3	10.1
P/BV (x)	3.5	3.1	2.7	2.2	1.9	1.8	1.6	1.5
EV/EBITDA (x)	11.5	11.7	9.3	5.9	7.2	7.4	6.9	6.2
Div. Yield (%)	2.0	2.0	2.3	4.6	2.6	3.2	3.5	3.9
FCF Yield (%)	4.1	2.3	2.3	7.0	2.6	2.3	2.0	3.5

Source: Company, MOFSL

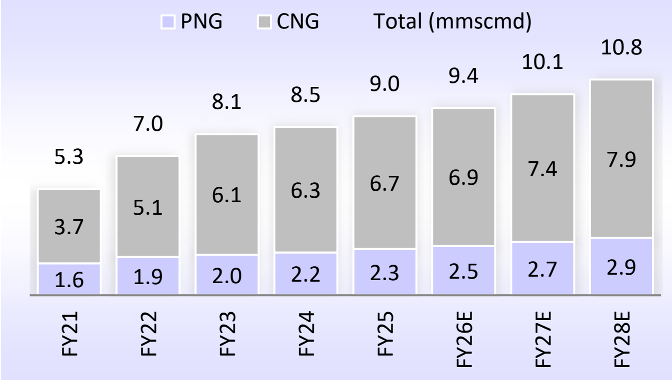
Exhibit 75: MAHGL's one-year forward P/E ratio



Source: Company, MOFSL

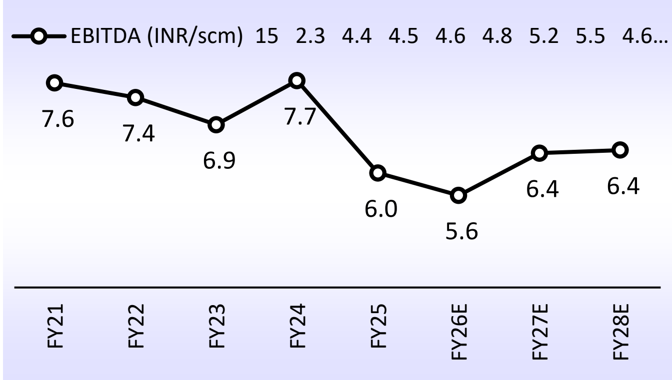
IGL – Financial summary and assumptions (TP: INR245) – Buy

Exhibit 76: Expect volumes to post a 7% CAGR in FY26-28E…



Source: Company, MOFSL

Exhibit 77: … with EBITDA/scm at ~INR6.4



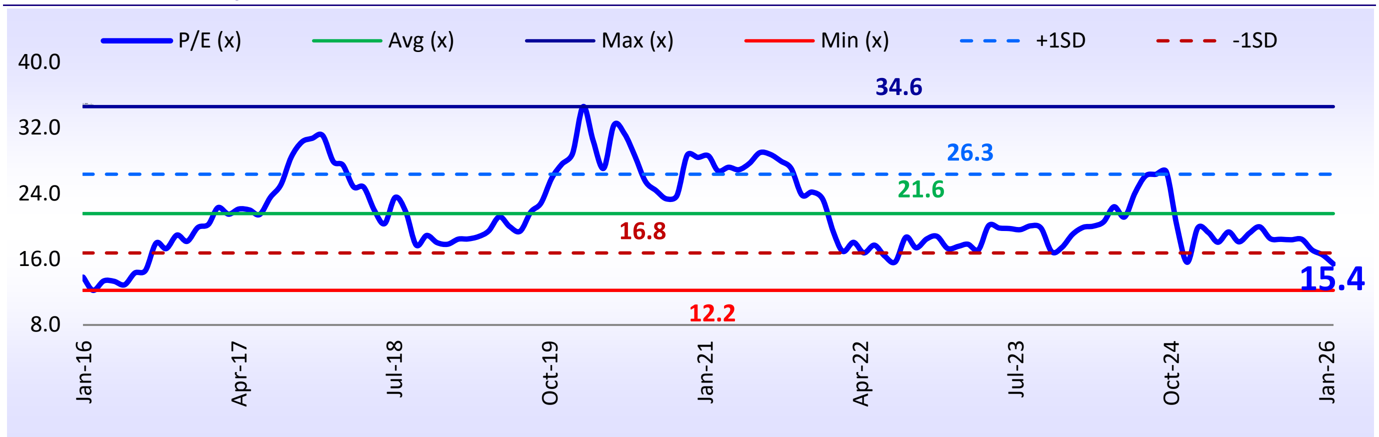
Source: Company, MOFSL

Exhibit 78: Financial summary (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	49.4	77.1	141.4	140.0	149.3	160.9	172.6	185.2
EBITDA	14.8	18.8	20.3	23.7	19.8	19.3	23.5	25.4
Adj. PAT	10.1	13.1	14.5	17.5	14.7	14.3	17.1	18.5
Adj. EPS (INR)	7.2	9.4	10.3	12.5	10.5	10.2	12.2	13.2
EPS Gr. (%)	-11.5	30.8	9.9	21.0	-16.0	-2.7	19.7	8.0
BV/Sh.(INR)	41.9	49.5	50.6	61.1	66.3	72.4	79.6	87.5
Ratios								
Net D:E	-0.2	-0.2	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2
RoE (%)	18.4	20.5	20.6	22.4	16.5	14.7	16.1	15.8
RoCE (%)	17.8	19.9	19.9	21.5	15.8	14.1	15.5	15.2
Payout (%)	25.1	29.3	63.0	30.0	40.5	40.5	40.5	40.5
Valuation								
P/E (x)	27.0	20.7	18.8	15.5	18.5	19.0	15.9	14.7
P/BV (x)	4.6	3.9	3.8	3.2	2.9	2.7	2.4	2.2
EV/EBITDA (x)	8.4	6.5	5.4	4.8	12.6	12.8	10.4	9.5
Div. Yield (%)	0.9	1.4	3.4	1.9	2.2	2.1	2.6	2.8
FCF Yield (%)	2.4	2.1	3.7	1.2	4.0	2.5	3.6	4.3

Source: Company, MOFSL

Exhibit 79: IGL's one-year forward P/E ratio



Source: Company, MOFSL

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.
Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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