

Week Gone

- ⇒ The benchmark indices logged strong gains during the week positive trends in the global market boosted sentiments . Nifty closed above the key 18,000 levels .
- ⇒ The BSE Mid-Cap index gained 376.50 or 1.45% to settle at 26,368.78. The BSE Small-Cap index added 331.6 points or 1.15% to settle at 292,32.53 points
- ⇒ Equity indices snapped their three days losing streak and ended at the days high on Friday , 12 November 2021. The barometer index , S&P BSE Sensex rallied 767 points or 1.28% to 60686.69

Week Ahead

- ⇒ Global and domestic macro economic data, trend in global markets ,the movement of rupees against dollar and crude oil prices will dictate trend on the bourses on the near term. Stocks markets will remain closed on Friday, 19 November 2021 , on account of Gurunanak Jayanti.
- ⇒ Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched.
- ⇒ On the macro front, the government will unveil data on inflation based on the wholesale price index on 15th November 2021.

Technical Overview

Index closed with a gain of 1.04% at 18102. Index opened with gap up and remained volatile throughout the week ending the week around opening price and ending week with minor gains. Index has reversed taking support at 9 WEMA, suggests till index hold above the support line index to scale higher and breakdown from the same would generate a caution signal. Going ahead index has an immediate resistance placed around 18180-18300-18400. While on the lower side support is seen at 17950-17830-17700.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	12-Nov-21	04-Nov-21	Weekly % Chg
Nifty 50	18,102.8	17,916.8	1.0
Nifty Next 50	44,242.6	43,099.4	2.7
Nifty 100	18,389.5	18,156.2	1.3
Nifty 500	15,579.0	15,376.9	1.3
NIFTY MIDCAP 100	31,925.9	31,442.7	1.5
S&P BSE SENSEX	60,686.7	60,067.6	1.0
S&P BSE 100	18,438.1	18,208.9	1.3
S&P BSE 200	7,874.7	7,771.8	1.3
S&P BSE 500	24,772.1	24,447.2	1.3
S&P BSE MidCap	26,368.8	25,992.3	1.4
S&P BSE SmallCap	29,232.5	28,900.9	1.1

WORLD INDICES

Index	12-Nov-21	04-Nov-21	Weekly % Chg
Nikkei Index	29,610.0	29,611.6	0.0
Hang Seng Index	25,328.0	24,870.5	1.8
Kospi Index	2,968.8	2,969.3	0.0
Shanghai SE Composite	3,539.1	3,491.6	1.4
Strait Times Index	3,228.4	3,242.3	-0.4
Dow Jones	35,943.9	36,425.1	-1.3
NASDAQ	15,740.9	16,025.4	-1.8
FTSE	7,343.2	7,301.9	0.6

FOREX

Currency	12-Nov-21	05-Nov-21	Weekly % Chg
US\$ (Rs.)	74.3	74.5	-0.3
GBP (Rs.)	99.5	100.5	-1.0
Euro (Rs.)	85.2	86.1	-1.0
Yen (Rs.) 100 Units	65.2	65.6	-0.6

NIFTY TOP GAINERS (WEEKLY)

Scrip	12-Nov-21	04-Nov-21	Weekly % Chg
Mahindra & Mahindra	937.8	872.9	7%
Bharti Airtel	743.5	701.1	6%
Tech Mahindra	1585	1505.9	5%
Adani Ports & Special	750.3	713.7	5%
Vedanta	328.2	312.2	5%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
12-Nov-21	10,362.9	9,851.8	511.1
11-Nov-21	7,188.3	8,825.7	-1,637.5
10-Nov-21	9,113.0	9,582.5	-469.5
09-Nov-21	12,747.5	13,608.1	-860.7
08-Nov-21	12,747.5	13,608.1	-860.7
<u>MTD</u>	52,159.2	55,476.3	-3,317.2

NIFTY TOP LOSERS (WEEKLY)

Scrip	12-Nov-21	04-Nov-21	Weekly % Chg
Indusind Bank	1,037.1	1,189.1	-13%
SBI	511.4	530.5	-4%
Maruti Suzuki	7,479.9	7,747.4	-3%
Bajaj Auto	3,635.1	3,759.4	-3%
Tata Steel	1,287.3	1,325.9	-3%

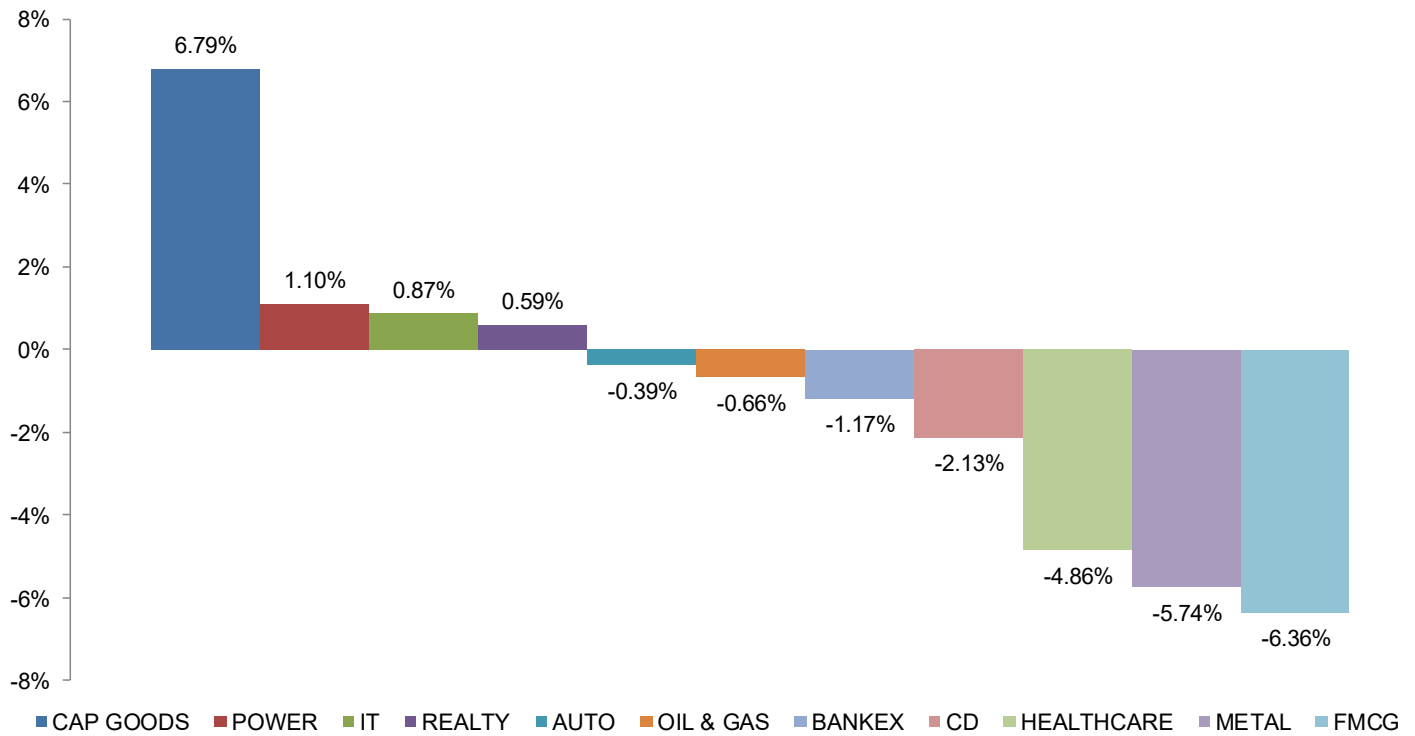
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
12-Nov-21	6,818.7	5,967.3	851.4
11-Nov-21	5,430.0	4,984.2	445.8
10-Nov-21	6,903.2	6,136.2	767.0
09-Nov-21	6,933.9	5,022.1	1,911.8
08-Nov-21	6,933.9	5,022.1	1,911.8
<u>MTD</u>	33,019.5	27,131.9	5,887.7

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	12/11/21	04/11/21	Weekly % Chg	12/11/21	04/11/21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
FSL	200.4	178.1	-11.1	1788800	4908800	174.4
BSOFT	405.9	427.6	5.3	833300	2156700	158.8
JKCEMENT	3521.4	3689.5	4.8	104475	194250	85.9
ATUL	8802.5	8719.9	-0.9	23250	41025	76.5
WHIRLPOOL	2071.4	2284.9	10.3	259500	425000	63.8

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	12/11/21	04/11/21	Weekly % Chg	12/11/21	04/11/21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
TITAN	2427.9	2541.5	4.7	6780375	5183250	-23.6
VOLTAS	1215.5	1266.2	4.2	2371500	1893500	-20.2
ADANIENT	1487.9	1712.2	15.1	26705500	22227000	-16.8
ABFRL	286.15	299.5	4.7	11609000	9677200	-16.6
ONGC	150.7	152.2	1.0	47524400	39685800	-16.5

Industrial Gases and Fuels

Company Background

Incorporated in 1984, GAIL (India) Limited (GAIL) has over the years evolved as an integrated natural gas company, with a presence in transmission, gas processing, and downstream petrochemicals (which use natural gas as a primary input). Apart from these businesses, GAIL also has interests in the Liquefied Natural Gas (LNG) business through Petronet LNG Ltd. (PLL), Konkan LNG Limited (KLL), and in city gas distribution projects both in India Mahanagar Gas Ltd. (MGL), and Indraprastha Gas Ltd. (IGL)] and overseas (Natgas and Fayum Gas in Egypt). GAIL now controls the Dabhol LNG terminal through Konkan LNG Limited (KLL), post demerger of Ratnagiri Gas & Power Private Limited's (RGPPL) assets and liabilities related to the LNG terminal to KLL which was approved in February 2018. GAIL also has stakes in exploration and production of hydrocarbons. GAIL has wholly owned subsidiaries in Singapore and the US for expanding its presence outside India in the segments of LNG, petrochemical trading and shale gas assets.

Investment Rationale

Dominant position in natural gas transmission business and majority ownership by the GOI

GAIL enjoys a dominant position in the natural gas transmission business with a market share of ~70%. GAIL is the market leader in the transmission of natural gas in the country with over 12,400 Km of pipeline network, out of total pipeline network in India of ~17,500 Km (i.e. 70.86% of country's pipeline) with the a natural gas handling capacity of 253 MMSCMD. Further, pipeline of around 6,700 Km is under construction & approved by GAIL out of total under construction & approved pipe line being laid in India of around 17000 km. Further, GoI owns the majority ownership with 51.85% stake in the company as on September 30, 2021.

Diversified revenue stream

AIL has presence in different products, besides leadership position in transmission of natural gas and LPG. The company has established presence in various other business segments like city gas distribution, petrochemicals, liquid hydrocarbons, exploration & production and telecom. This diversified business segments helps in spreading operating risk of the company. Further, in order to diversify its revenue streams and utilise its ability to source natural gas efficiently, GAIL has also diversified into downstream sectors i.e. manufacturing of petrochemicals and liquified petroleum gas (LPG). The LPG segment has been aiding profitability of GAIL and maintaining healthy segmental contribution.

Valuation and Outlook

GAIL, a Government of India undertaking, is an integrated natural gas company in India and is a leading player in the transmission of natural gas in the country. Further, the favourable demand growth for natural gas, downstream integration benefits arising from presence in Petrochemicals and LPG and strong financial risk profile arising from healthy capital structure, high profitability and comfortable debt protection metrics keep us positive on the future growth of the company. On valuation front, we valued the company based on 10x of its FY23e earnings and arrive at a target price of INR 185 (25% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

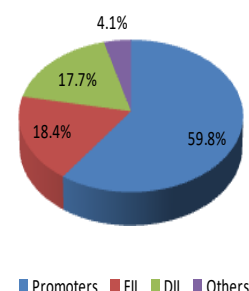
Stock

CMP (INR)	148.
Target Price (INR)	185
NSE Symbol	GAIL
BSE Code	532155
Bloomberg	GAIL IN
Reuters	GAIL.BO

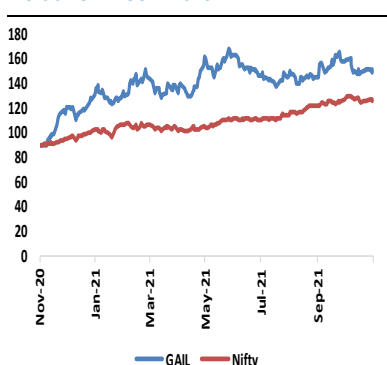
Key Data

Nifty	18,102
52WeekH/L(INR)	171/91
O/s Shares (Mn)	4,440
Market Cap (INR bn)	6,571
Face Value (INR)	10
Average volume	
3 months	16,201,120
6 months	15,838,500
1 year	20,829,880

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials					
YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E
Revenue	7,61,899	7,25,177	5,73,719	8,43,367	9,61,438
<i>Revenue Growth (Y-o-Y)</i>	39.8%	(4.8%)	(20.9%)	47.0%	14.0%
EBIDTA	96,676	88,353	72,438	1,09,638	1,15,373
<i>EBIDTA Growth (Y-o-Y)</i>	24.3%	(8.6%)	(18.0%)	51.4%	5.2%
Net Profit	65,457	94,221	61,364	92,770	86,529
<i>Net Profit Growth (Y-o-Y)</i>	36.4%	43.9%	(34.9%)	51.2%	(6.7%)
Diluted EPS	14.7	21.2	13.8	20.9	19.5
<i>Diluted EPS Growth (Y-o-Y)</i>	36.4%	43.9%	(34.9%)	51.2%	(6.7%)
Key Ratios					
EBIDTA margin (%)	12.7%	12.2%	12.6%	13.0%	12.0%
NPM (%)	8.6%	13.0%	10.7%	11.0%	9.0%
RoE (%)	14.2%	19.1%	11.5%	15.4%	13.0%
RoCE (%)	20.0%	15.8%	12.0%	16.3%	17.3%
Valuation Ratios					
P/E (x)	10.0x	7.0x	10.7x	7.1x	7.6x
EV/EBITDA	6.9x	8.0x	9.8x	6.7x	5.7x
P/BV (x)	1.4x	1.3x	1.2x	1.1x	1.0x
Market Cap. / Sales (x)	0.9x	0.9x	1.1x	0.8x	0.7x

Source: Company, BP Equities Research



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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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