

BHARAT PETROLEUM CORPORATION

Subdued quarter; near-term pressure till Kochi finds its feet

India Equity Research | Oil, Gas and Services



Bharat Petroleum (BPCL) reported subdued Q4FY17 performance with EBITDA missing estimate 21%. GRM at USD6/bbl missed estimate 3% and lagged peers (IOCL's GRM: USD9/bbl, HPCL's GRM: USD8/bbl), which could be attributed to initial losses from Kochi refinery expansion. Impact of private competition hit BPCL's marketing EBITDA, which plummeted 55% QoQ. All units of Kochi expansion will be commissioned by July 2017. On stabilisation, Kochi is expected to earn at least USD2/bbl premium margin on overall capacity. Q1FY18 appears mixed as: 1) flattish Singapore benchmark GRM at USD6.4/bbl; and 2) possible inventory losses given 4% moderation in oil price. Retail margins, however, remain healthy. On structurally higher GRMs post Kochi expansion and attractive dividend yield, maintain 'BUY' with target price of INR830.

GRM-led disappointment; Kochi stabilisation underway

GRM of USD6/bbl (up 2% QoQ, down 5% YoY) was at USD0.4/bbl discount to Singapore given initial losses from Kochi's expanded capacity. Throughput, at 6MMT, came 2% ahead. Kochi expansion is on track with management expecting all units to be commissioned by July 2017. BPCL has guided for ~50% utilisation level for expanded capacity in FY18. We believe, benefits of higher GRM will flow through from Q4FY18.

Bina, Numaligarh report steady numbers, healthy dividend payout

Bina and Numaligarh reported healthy GRMs of USD12.5/bbl and USD24/bbl, respectively. FY17 PAT for both nearly doubled vis-à-vis FY16. BPCL declared an additional bonus issue in the ratio 1:2 (1:1 issue declared in September 2016). With a final dividend of INR1/share, FY17 dividend stood at INR32.5/share, implying healthy yield of ~4%.

Outlook and valuations: Kochi to enhance profitability; retain 'BUY'

We expect Q1FY18 to be mixed with the possibility of some inventory losses given the recent dip in oil. GRM will structurally enhance following stabilisation of the high-margin 6MMT Kochi expansion. In the near term, rising private competition remains a key monitorable. BPCL will undertake significant capex of INR1tn across verticals, which will drive long-term earnings. We forecast 18%/17% EPS growth in FY18/19. The stock currently trades at an attractive 8x FY19E PER with RoE of 30%. We maintain 'BUY/SO'.

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Equalweight

MARKET DATA (R: BPCL.BO, B: BPCL IN)

CMP	: INR 739
Target Price	: INR 830
52-week range (INR)	: 770 / 450
Share in issue (mn)	: 1,446.2
M cap (INR bn/USD mn)	: 1,068 / 16,528
Avg. Daily Vol.BSE/NSE('000)	: 2,778.5

SHARE HOLDING PATTERN (%)

	Current	Q3FY17	Q2FY17
Promoters *	54.9	54.9	54.9
MF's, FI's & BK's	7.6	7.5	7.9
FII's	22.5	22.7	22.1
Others	14.9	14.9	15.0
* Promoters pledged shares (% of share in issue)			NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW O & G Index
1 month	2.7	3.4	(1.7)
3 months	12.3	8.4	5.0
12 months	51.4	17.7	51.4

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Financials

(INR mn)

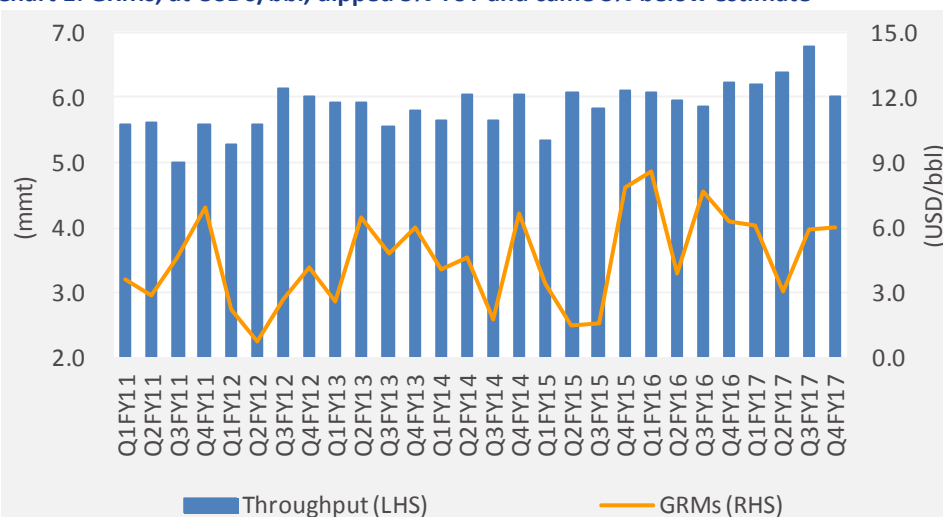
Year to March	Q4FY17	Q4FY16	% Chg	Q3FY17	% Chg	FY17	FY18E	FY19E
Net revenues	570,365	435,545	31.0	535,427	6.5	2,012,507	2,110,274	2,350,451
EBITDA	28,091	33,701	(16.6)	33,165	(15.3)	135,125	174,213	207,498
Adjusted Profit	24,385	21,160	15.2	22,719	7.3	87,224	102,974	120,630
Adjusted Diluted EPS	18.6	16.1	15.2	17.3	7.3	66.5	78.5	92.0
Diluted P/E (x)						11.1	9.4	8.0
EV/EBITDA (x)						9.1	8.1	7.5
ROAE (%)						30.5	30.8	31.2

Table 1: Key operational metrics

Key Operational metrics	Q4FY16	Q3FY17	Q4FY17	% YoY	% QoQ
Refining					
EBITDA (INR mn)	15,082	15,084	13,644	(9.5)	(9.6)
Standalone GRM (USD/bbl)	6.3	5.9	6.0	(4.6)	1.9
Throughput (TMT)	6,220	6,780	6,020	(3.2)	(11.2)
Bina GRM (USD/bbl)	9.4	11.9	12.5	33.0	5.0
Marketing (TMT)					
EBITDA (INR mn)	18,227	18,368	8,298	(54.5)	(54.8)
MS	1,549	1,651	1,549	0.0	(6.2)
HSD	5,025	5,006	4,562	(9.2)	(8.9)
LPG	1,170	1,273	1,273	8.8	0.0
SKO	255	169	168	(34.1)	(0.6)
Others	1,781	1,661	1,708	(4.1)	2.8
Domestic Sales Volume	9,780	9,760	9,260	(5.3)	(5.1)
Exports Sales Volume	540	750	810	50.0	8.0
Total Sales Volume	10,320	10,510	10,070	(2.4)	(4.2)
Product inven. gains / (losses) [INR mn]	-9,910	6,650	4,022	(140.6)	(39.5)
Market share (%)					
BPCL	19.5	19.9	19.1	-0.02	-0.04
HPCL	18.0	18.5	18.1	0.00	-0.02
IOCL	38.7	38.8	35.0	-0.10	-0.10
Private players (RIL, Essar)	23.7	22.8	27.8	0.17	0.22

Source: Company, Edelweiss research

Chart 1: GRMs, at USD6/bbl, dipped 5% YoY and came 3% below estimate



Source: Company, Edelweiss research

Chart 2: GRM trend – BPCL’s GRMs impacted by Kochi integration

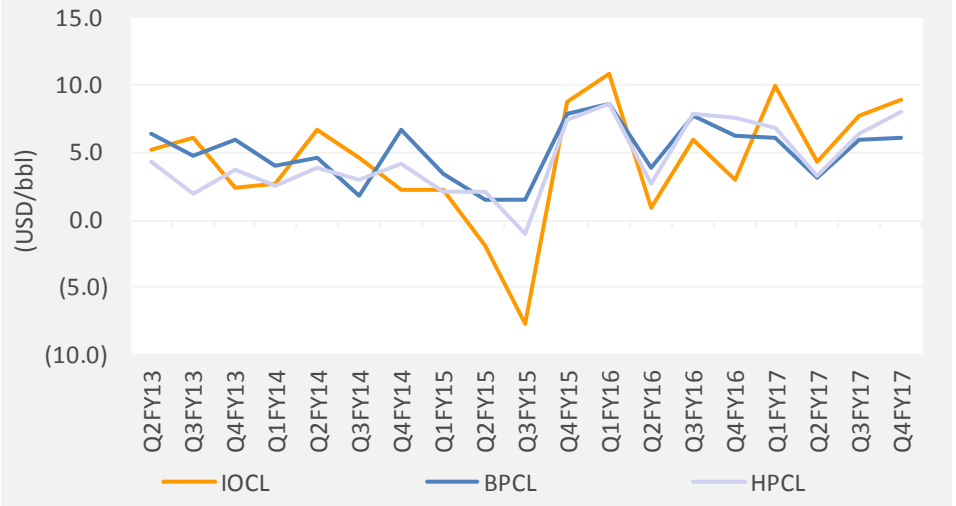


Chart 3: BPCL’s marketing growth—SKO and diesel sales dipped YoY

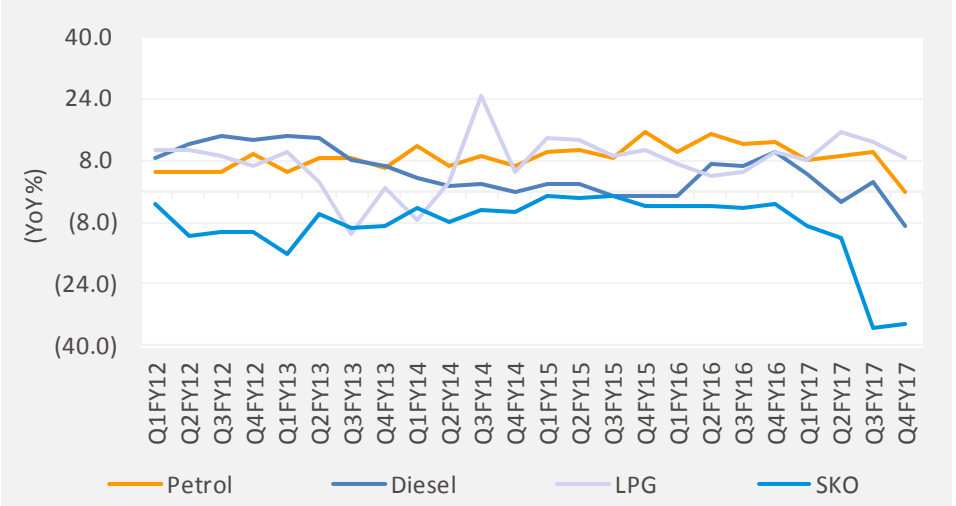
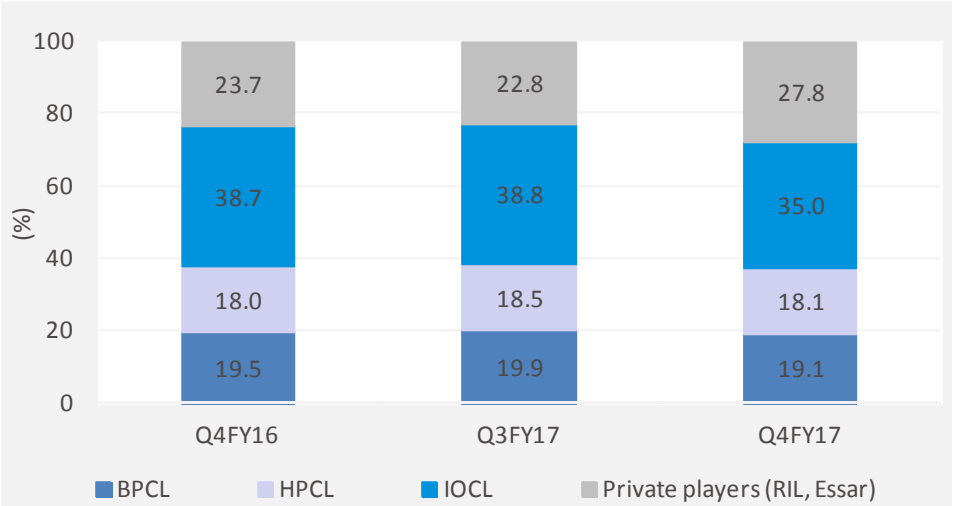


Chart 4: Market share – Private players have made significant inroads in retail



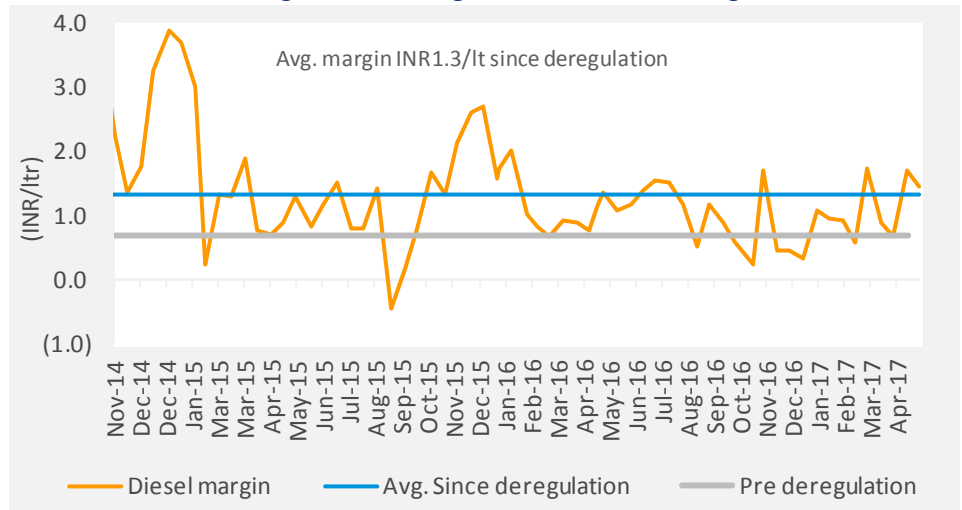
Source: Company, Edelweiss research

Table 2: Current diesel margins, at INR1.2/litre, up 26% versus Q4FY17

Diesel	Margins	vs regulated	
		margins (%)	QoQ (%)
Pre de-control	0.7		
3QFY15	2.4	246.6	246.6
4QFY15	2.2	220.3	(7.6)
1QFY16	1.1	51.9	(52.6)
2QFY16	0.9	25.5	(17.4)
3QFY16	1.5	108.0	65.6
4QFY16	1.5	114.9	3.4
1QFY17	1.0	48.5	(30.9)
2QFY17	1.2	73.0	16.5
3QFY17	0.7	1.9	(41.1)
4QFY17	0.9	32.9	30.5
QTD	1.2	67.6	26.1
Current	1.4	106.1	22.9

Source: Edelweiss research

Chart 5: Diesel retail margins have averaged INR1.3/ltr since deregulation



Source: Edelweiss research

Table 3: SOTP valuation

	Base value (USD bn)	Base value (INR bn)	Base value (INR/share)
BPCL standalone refining (@ EV/EBITDA 6x)	8.8	527	402
Equity value of Bina refinery (@ EV/EBITDA 6.5x)	1.2	71	54
BPCL marketing (@ EV/EBITDA 6x)	9.3	558	426
BPCL pipelines (@ EV/EBITDA 6x)	0.6	35	27
Equity value of Mozambique (@ 70tcf gas)	0.5	30	23
Equity value of Brazil (225mn bbls @ \$1.5/boe)	0.5	27	21
Wahoo (200m bbls, 12.5% stake)	0.0	2	1
BM SEAL-11 (1000m bbls, 20% stake)	0.2	12	9
EV of operating assets	20.8	1,248	952
Non-current investments at 20% discount	1.7	103	79
Cash & cash equivalents	0.5	29	22
Debt net of advances	4.9	293	223
Net debt	2.7	161	122
Equity value	18.1	1,088	830
CMP (INR)			739
Return on CMP (%)			12.3

Source: Edelweiss research

Q4FY17 conference call: Key highlights

Market share lost to private players: Private players have acquired 5.3% (FY16: 3.5%) petrol market share and 6% (FY16: 3.1%) diesel market share as on March 31, 2017. Impact of competition has been more severe on BPCL than peers. BPCL's share in retail among OMCs stands at 28.5% (PY: 28.55%) for petrol and 29% (28.83%) for diesel.

Impact of Reliance offering INR1/litre discount on diesel: Impact limited to only retail outlets in vicinity of OMCs.

Impact of GST: There will an increase in capex on account of stranded taxes. However, GST will cover taxes like octroi, CST and products like LPG which will offset some impact. BPCL expects overall impact of INR8-9bn. It will provide further clarity shortly in terms of P&L and capex cost impact.

Digital discount: Digital discount of 0.75% continues. However, share of digital transactions remains constant at 22-25%.

Kochi refinery commissioning: Petro FCCU and delayed coker units will be commissioned by July. H2FY18 will see full operations. BPCL has guided for 50% utilisation of incremental capacity. Post commissioning, Kochi will not produce FO.

GRM impact: BPCL stated that opex will increase to ~USD0.5/bbl on commissioning of delayed coker, which will be offset by higher GRM. It has maintained its guidance that post expansion, Kochi will earn GRMs at USD2/bbl premium to Singapore benchmark.

GRM impact in Q4FY17 from Kochi: Purchased higher quantum of low sulfur light crude, impacting GRM by roughly USD1/bbl in Q4FY17. No additional costs related to Kochi optimisation.

GRMs from refineries in Q4FY17: Kochi: USD5.4/bbl, Mumbai: USD6.7/bbl, Bina: USD12.5/bbl and Numaligarh: USD24/bbl (including excise benefit).

Bina PAT for FY17 stood at INR8.1bn (FY16: INR3.6bn) and Numaligarh PAT stood at INR21bn (FY16: INR12bn). BPCL has commenced creeping expansion of Bina refinery from 6MMT to 7.8MMT, which is scheduled to be completed by 2018.

Capex guidance: BPCL has guided for INR75-80bn capex in FY18. Refining projects: INR23bn, marketing: INR10bn, upstream (excluding Brazil, Mozambique): INR29bn, balance towards regular maintenance and upgradation.

Differential pricing: Differential pricing underway in numerous markets which allows for additional margin of INR0.1 and INR0.25 for diesel and petrol, respectively. BPCL stated that ~60-65% outlets covering ~75% of volumes have been automated.

Debt: Short-term debt rose in Q4 on account of excise duty submission and dividend payment. INR20bn has been drawn for capex plans.

Income statement one offs: Of the INR6bn hit towards employee expenses, INR4.8bn related to one-time hit towards gratuity; balance pertains to wage revision and is recurring.

Others: Kochi at current level consumes 1.8mmscmd, which will ramp-up to 2.4-2.6mmscmd on full commissioning.

Marketing EBITDA was impacted partially due to absence of recoveries of state surcharge dues. BPCL recovered dues of INR8bn in FY16.

Financial snapshot

(INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17	FY18E	FY19E
Net revenues	570,365	435,545	31.0	535,427	6.5	2,012,507	2,110,274	2,350,451
Raw material costs	504,765	359,796	40.3	463,946	8.8	1,714,110	1,754,441	1,944,800
Gross profit	65,599	75,749	(13.4)	71,481	(8.2)	298,397	355,833	405,651
Employee expenses	8,399	8,198	2.5	6,819	23.2	36,691	40,851	44,742
Other expenses	29,109	33,850	(14.0)	31,498	(7.6)	126,582	140,770	153,411
EBITDA	28,091	33,701	(16.6)	33,165	(15.3)	135,125	174,213	207,498
Depreciation	5,238	4,296	21.9	4,836	8.3	21,076	33,621	34,804
EBIT	22,853	29,405	(22.3)	28,329	(19.3)	114,048	140,592	172,694
Other income	6,624	4,435	49.4	5,511	20.2	20,478	27,109	26,160
Interest	1,475	2,405	(38.7)	1,349	9.4	6,964	14,911	21,497
Add: Prior period items								
Add: Exceptional items								
Profit before tax	28,002	31,434	(10.9)	32,491	(13.8)	127,562	152,790	177,358
Provision for taxes	3,616	10,274	(64.8)	9,771	(63.0)	41,926	49,345	56,460
Reported net profit	24,385	21,160	15.2	22,719	7.3	87,224	102,974	120,630
Adjusted Profit	24,385	21,160	15.2	22,719	7.3	87,224	102,974	120,630
Diluted shares (mn)	1,311	1,311		1,311		1,311	1,311	1,311
Adjusted Diluted EPS	18.6	16.1	15.2	17.3	7.3	66.5	78.5	92.0
Diluted P/E (x)	-	-		-		11.1	9.4	8.0
EV/EBITDA (x)	-	-		-		9.1	8.1	7.5
ROAE (%)	-	-		-		30.5	30.8	31.2
As % of net revenues								
Gross profit	11.5	17.4		13.4		14.8	16.9	17.3
EBITDA	4.9	7.7		6.2		6.7	8.3	8.8
Adjusted net profit	4.3	4.9		4.2		4.3	4.9	5.1

Company Description

BPCL is a leading player in the Indian petroleum industry with operations in both refining and marketing segments. The company is venturing into E&P business through exploration assets in Mozambique and Brazil partnering Anadarko and Petrobras. BPCL has stakes in 21 E&P blocks worldwide. BPCL, along with its subsidiaries, owns three refineries with a combined refining capacity of 30.5 mmtpa. The 6MMT expansion of its Kochi refinery will be commissioned in FY17.

Investment Theme

Normally BPCL's refining margins have exhibited less volatility compared to the other oil marketing companies. We expect global refining margins to improve led by capacity closures offsetting capacity additions.

BPCL's Bina refinery is of higher complexity and will have higher refining margins. The refinery has stabilized and is positively contribution to BPCL's bottom line.

Discoveries in Mozambique and Brazil provide good opportunity for company to enhance its footprint in the E&P space and lower the impact of under-recoveries in the long run.

It is also investing in a chemicals project in Kochi along with LG Chemicals which is expected to generate IRR in excess of 20%.

Diesel deregulation from Oct 19, 2014 will lead to further drop in interest costs and an increase in retail margins as well. We believe benefits of recent deregulation are more permanent and will in fact progressively show through more significantly going forward.

Key Risks

Roll-back of deregulation due to sharp rally in crude prices

Regulatory change in the form of reduction in duty protection will lower refining margins.

Country risk in areas of its E&P operations, especially in Mozambique, where the industry ecosystem and regulations are still in a nascent stage.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.3	6.3	6.3
USD/INR (Avg)	65.0	67.5	67.0	67.0
Sector				
Brent Crude (USD/bbl)	47.6	49.0	55.0	56.1
Under-recovery (INR bn)	276	227	312	373
% sharing by Govt	90.6	100.0	75.0	70.0
% sharing by upstream	9.4	-	25.0	30.0
Company				
Refining				
Refining thrput (mmt)	24	23	28	30
GRM (USD/bbl)	6.6	5.3	7.0	8.0
Opex (USD/bbl)	1.4	1.6	1.5	1.5
Marketing				
Export sales (mmt)	1.9	2.5	3.4	4.6
Tot dom. sales (mmt)	36.5	37.7	40.4	42.7
Gasoline sales (mmt)	6.0	6.4	7.1	7.6
Diesel sales (mmt)	19.4	19.1	20.2	21.3
Nor. gross mgn (INR/mt)	5,002	5,027	5,127	5,332
Pipelines				
Ppl thrput (BTKM)	6.0	6.0	6.0	6.0
Ppl EBITDA INR/mmt/km	1.0	1.0	1.0	1.0
Financial assumptions				
Avg. Interest rate (%)	6.2	5.5	5.0	5.0
Gross debt (INR bn)	136	210	306	409
Capex (INR bn)	100	206	167	163
Cash conversion cycle	13	21	25	19

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	1,878,146	2,012,507	2,110,274	2,350,451
Materials costs	1,590,746	1,714,110	1,754,441	1,944,800
Gross profit	287,400	298,397	355,833	405,651
Employee costs	29,621	36,691	40,851	44,742
Other Expenses	128,409	126,582	140,770	153,411
EBITDA	129,371	135,125	174,213	207,498
Depreciation	20,719	21,076	33,621	34,804
EBIT	108,652	114,048	140,592	172,694
Add: Other income	15,958.4	20,477.5	27,109.11	26,159.89
Less: Interest Expense	6,805	6,964	14,911	21,497
Profit Before Tax	117,806	127,562	152,790	177,358
Less: Provision for Tax	40,427	41,926	49,345	56,460
Less: Minority Interest	5,040	7,846	471	267
Associate profit share	3,510	9,434	-	-
Reported Profit	75,849	87,224	102,974	120,630
Adjusted Profit	75,849	87,224	102,974	120,630
Shares o/s (mn)	1,311	1,311	1,311	1,311
Adjusted Basic EPS	57.8	66.5	78.5	92.0
Diluted shares o/s (mn)	1,311	1,311	1,311	1,311
Adjusted Diluted EPS	57.8	66.5	78.5	92.0
Adjusted Cash EPS	73.6	82.6	103.9	118.3
Dividend per share (DPS)	16.8	25.5	26.4	30.7
Dividend Payout Ratio(%)	33.9	44.7	39.2	38.9

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating expenses	93.1	93.3	91.7	91.2
Materials costs	84.7	85.2	83.1	82.7
Staff costs	1.6	1.8	1.9	1.9
S G & A expenses	6.8	6.3	6.7	6.5
Depreciation	1.1	1.0	1.6	1.5
Interest Expense	0.4	0.3	0.7	0.9
EBITDA margins	6.9	6.7	8.3	8.8
Net Profit margins	4.3	4.7	4.9	5.1

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	(22.6)	7.2	4.9	11.4
EBITDA	32.3	4.4	28.9	19.1
PBT	53.2	8.3	19.8	16.1
Adjusted Profit	57.8	15.0	18.1	17.1
EPS	57.8	15.0	18.1	17.1

Balance sheet		(INR mn)			
As on 31st March	FY16	FY17	FY18E	FY19E	
Share capital	6,556	13,113	13,113	13,113	
Reserves & Surplus	271,377	295,085	315,687	401,931	
Shareholders' funds	277,933	308,198	328,800	415,043	
Minority Interest	16,783	19,582	15,963	16,230	
Short term borrowings	244	82,177	102,946	105,601	
Long term borrowings	210,972	232,553	440,597	571,054	
Total Borrowings	211,216	314,730	543,543	676,655	
Long Term Liabilities	17,867	16,420	16,420	16,420	
Def. Tax Liability (net)	30,720	40,548	38,889	38,582	
Sources of funds	554,518	699,477	927,194	1,146,510	
Gross Block	592,662	-	833,412	863,370	
Net Block	251,901	334,390	502,458	497,612	
Capital work in progress	174,589	168,339	439,345	483,878	
Intangible Assets	1,689	2,449	6,237	145,189	
Total Fixed Assets	428,179	505,177	948,041	1,126,678	
Non current investments	104,482	190,214	77,008	77,964	
Cash and Equivalents	95,282	75,573	112,055	100,274	
Inventories	146,437	211,968	171,432	190,732	
Sundry Debtors	22,169	48,038	37,690	41,852	
Loans & Advances	41,966	33,855	43,670	47,919	
Other Current Assets	25,702	26,038	49,777	45,262	
Current Assets (ex cash)	236,274	319,898	302,569	325,765	
Trade payable	83,524	113,825	108,880	121,436	
Other Current Liab	226,175	277,560	403,597	362,734	
Total Current Liab	309,699	391,385	512,478	484,171	
Net Curr Assets-ex cash	(73,425)	(71,487)	(209,909)	(158,406)	
Uses of funds	554,518	699,477	927,194	1,146,510	
BVPS (INR)	212.0	235.0	250.8	316.5	

Free cash flow		(INR mn)			
Year to March	FY16	FY17	FY18E	FY19E	
Reported Profit	75,849	87,224	102,974	120,630	
Add: Depreciation	20,719	21,076	33,621	34,804	
Interest (Net of Tax)	4,470	4,675	10,095	14,653	
Others	(5,486)	(10,568)	(22,132)	(19,357)	
Less: Changes in WC	26,118	(32,599)	46,665	43,678	
Operating cash flow	69,434	135,007	77,893	107,053	
Less: Capex	72,868	285,716	219,834	213,441	
Free Cash Flow	(3,435)	(150,709)	(141,941)	(106,388)	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Bharat Petroleum Corporation	16,528	9.4	8.0	8.1	7.5	30.8	31.2
Hindustan Petroleum Corporation	8,707	6.1	5.4	7.7	7.0	40.1	38.1
Indian Oil Corporation	31,518	9.1	8.1	5.6	5.4	21.6	21.2
Median	-	9.1	8.0	7.7	7.0	30.8	31.2
AVERAGE	-	8.2	7.2	7.1	6.7	30.8	30.2

Source: Edelweiss research

Cash flow metrics		FY16	FY17	FY18E	FY19E
Year to March					
Operating cash flow		69,434	135,007	77,893	107,053
Investing cash flow		(73,797)	(214,015)	(194,113)	(188,238)
Financing cash flow		(65,428)	152,864	90,432	69,401
Net cash Flow		(69,792)	73,856	(25,788)	(11,784)
Capex		(72,868)	(285,716)	(219,834)	(213,441)
Dividend paid		(14,243)	(36,609)	(36,952)	(42,214)

Profitability and efficiency ratios

Year to March	FY16	FY17	FY18E	FY19E
ROAE (%)	30.3	30.5	30.8	31.2
ROACE (%)	24.9	23.4	21.9	19.9
Inventory Days	36	38	40	34
Debtors Days	5	6	7	6
Payable Days	24	21	23	22
Cash Conversion Cycle	17	24	24	19
Current Ratio	1.1	1.0	0.8	0.9
Gross Debt/EBITDA	1.6	2.3	3.1	3.3
Gross Debt/Equity	0.7	1.0	1.6	1.6
Adjusted Debt/Equity	0.7	1.0	1.6	1.6
Net Debt/Equity	0.4	0.7	1.3	1.3
Interest Coverage Ratio	16.0	16.4	9.4	8.0

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Total Asset Turnover	3.5	3.2	2.6	2.3
Fixed Asset Turnover	6.9	6.8	2.9	2.3
Equity Turnover	7.0	6.5	6.3	6.1

Valuation parameters

Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	57.8	66.5	78.5	92.0
Y-o-Y growth (%)	57.8	15.0	18.1	17.1
Adjusted Cash EPS (INR)	73.6	82.6	103.9	118.3
Diluted P/E (x)	12.8	11.1	9.4	8.0
P/B (x)	3.5	3.1	2.9	2.3
EV / Sales (x)	0.6	0.6	0.7	0.7
EV / EBITDA (x)	8.5	9.1	8.1	7.5
Dividend Yield (%)	2.3	3.4	3.6	4.2

Additional Data

Directors Data

S Varadarajan	Chairman & Managing Director	S Ramesh	Director - Marketing
R Ramachandran	Director - Refineries	S P Gathoo	Director - HR
P H Kurian	Government Director	Anant Kumar Singh	Government Director
P Balasubramanian	Director - Finance	Rajesh Mangal	Independent Director
Deepak Bhojwani	Independent Director	Gopal Nanda	Independent Director

Auditors - M/s. CNK & Associates LLP, M/s. Haribhakti & Co. LLP

**as per last annual report*

Holding – Top10

	Perc. Holding		Perc. Holding
Government of india	54.93	Bpcl trust for inves	9.33
Blackrock	2.28	Life insurance corp	1.97
Vanguard group	1.52	Hdfc asset managemen	0.76
Templeton asset mgmt	0.69	Robeco groep nv	0.61
Morgan stanley	0.58	Dsp blackrock invest	0.52

**in last one year*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Bharat Petroleum Corporation	BUY	SO	M	Cairn India	HOLD	SP	M
GAIL (INDIA)	BUY	SO	L	Gujarat Gas	BUY	SO	M
Gujarat State Petronet	BUY	SO	M	Hindustan Petroleum Corporation	HOLD	SP	L
Indian Oil Corporation	BUY	SO	M	Indraprastha Gas	BUY	SO	M
Mahanagar Gas Ltd	BUY	SO	H	ONGC	BUY	SO	L
Petronet LNG	HOLD	SP	L	Reliance Industries	BUY	SO	M

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return



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Aditya Narain

Head of Research

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Coverage group(s) of stocks by primary analyst(s): Oil, Gas and Services

Bharat Petroleum Corporation, Cairn India, GAIL (INDIA), Gujarat Gas, Gujarat State Petronet, Hindustan Petroleum Corporation, Indraprastha Gas, Indian Oil Corporation, Mahanagar Gas Ltd, ONGC, Petronet LNG, Reliance Industries

Recent Research

Date	Company	Title	Price (INR)	Recos
30-May-17	ONGC	Operationally in line; robust gas growth outlook; <i>Result Update</i>	179	Buy
26-May-17	Indraprastha Gas	Operationally robust, volume momentum to sustain; <i>Result Update</i>	1,026	Buy
26-May-17	Hindustan Petroleum Corporation	GRM beat; year-end bonus cheer; <i>Result Update</i>	568	Hold

Distribution of Ratings / Market Cap

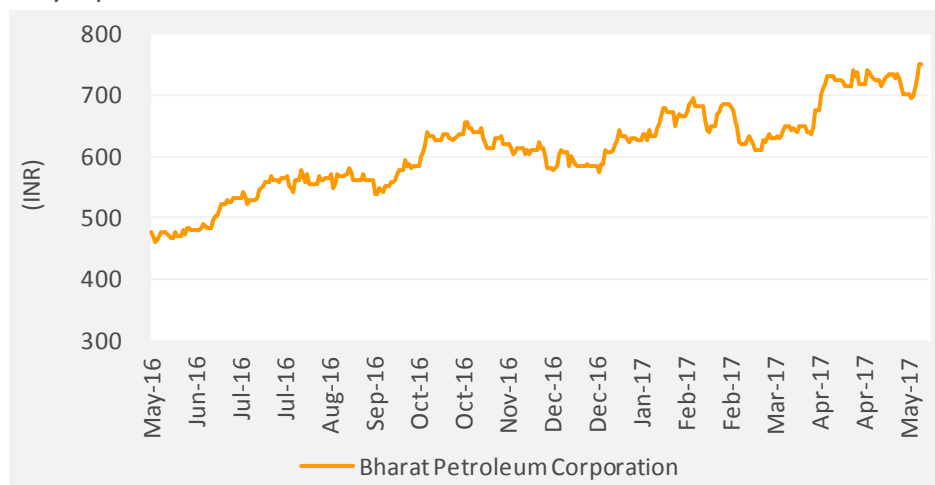
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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