SECTOR UPDATE

OIL AND GAS

Q1FY18 results review: Strong sector outperformance

India Equity Research | Oil, Gas and Services

The oil & gas sector remained a bright spot in an otherwise subdued quarter for the overall market, reporting 3% YoY PAT growth (ex-OMCs) versus 4% decline for NIFTY. Similarly, aggregate EBITDA (ex-OMCs) rose 8% YoY (8% ahead) compared to 1% fall for Nifty. OMCs too reported robust core earnings (aggregate core EBITDA up 59% YoY), but suffered from severe inventory losses (INR70bn overall). All sub-sectors performed ahead of estimates, notably: 1) CGD companies beat volume (IGL, GGL reported double digit growth) and margin estimates; 2) ONGC reported strong operational performance led by robust gas output and cost efficiencies; and 3) RIL's refining and petchem came 2% and 8% ahead despite subdued market dynamics. We forecast earnings momentum to sustain given that benchmark GRM is up 20% QTD. While core GRM for OMCs will rise further due to stabilisation of refinery expansions, healthy CGD volume growth is likely to sustain despite GST headwinds. In addition to benign gas cost, GAIL and ONGC in particular will benefit from robust domestic gas production. Top picks: RIL, IGL and IOCL.

Q1FY18: Operationally robust; uptick in core GRMs

We believe, operationally, Q1FY18 (ex-inventory and one offs) surpassed estimates. City gas benefited from benign feedstock costs and favourable exchange rate. Cost efficiencies drove 15% EBITDA beat for ONGC, despite 8% lower oil price. Downstream core GRMs came 5% ahead, up 36% YoY, riding new capacities. Earnings of gas utilities (including PLNG) rose 7% QoQ despite maintenance shutdown at GAIL's petchem facility. **Positive surprises**: Domestic city gas saw significant margin expansion. **Negative surprises**: Core EBITDA (ex-inventory) of OMCs came 1% below possibly on account of higher private competition in the marketing segment.

Prospects bright as earnings momentum expected to sustain

Downstream: QTD Singapore benchmark GRM is up ~20% on strong light and middle distillate spreads. QTD, oil is flat with a downward bias, which portends some inventory losses. MS/HSD sales in July jumped 12%/9% YoY, indicating strong retail demand. **Upstream**: We expect an upward revision (~20%) in domestic gas price for H2FY18, coinciding with ONGC's rising gas production.

Company outlook: Production ramp up, upcoming capacities

RIL: Commissioning of USD20bn core projects (ROGC and petcoke gasification) will drive robust earnings growth even at subdued long-term oil price. We believe, benefits of operational leverage are yet to fully play out in capacities commissioned recently. **ONGC**: Double digit gas production growth to coincide with likely uptick in domestic gas price. **OMCs**: Stabilisation of Paradip and Kochi expansions will drive core GRMs. **City gas**: Bus additions, conversion of All India taxis, industrial uptick and new GAs will drive city gas volumes.

Top picks: RIL, IGL and IOCL.

Earnings snapshot (ex-OMC)

(%)	beat/ miss	Growth QoQ	Growth YoY
Upstream	**(6.7)**	**(10.5)**	**(8.2)**
ONGC	(6.7)	(10.5)	(8.2)
Downstream	**4.1**	**0.6**	**8.6**
Reliance	4.1	0.6	8.6
Gas Utilities	**(12.8)**	**14.2**	**0.3**
GAIL	(15.9)	13.3	(2.9)
GSPL	12.2	20.1	25.8
LNG - PLNG	**(0.8)**	**(7.1)**	**15.8**
City gas	9.2	46.2	23.6
IGL	13.5	20.3	9.0
MGL	15.1	25.0	34.1
GGL	(2.6)	214.9	39.4
Aggregate	**(0.6)**	**(1.3)**	**3.2**

Key parameter summary

(%)	**Beat / (Miss)**	**Growth Y-o-Y**	**Growth Q-o-Q**
GRM (OMC+RIL)	5.4	36.1	1.5
ONGC realisation	0.2	10.7	(7.1)
CGD EBITDA/scm	15.6	6.1	35.7
GAIL (India)			
Petchem	(47.6)	(21.9)	(13.3)
LPG	32.4	140.3	4.6
PLNG utilization	(2.5)	(21.2)	3.6

Source: Edelweiss research

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August 22, 2017

Table 1: Q1FY18 earnings summary: PAT ex-OMCs (INR mn)

	Q1FY18	Q1FY18E	beat/miss (%)	Q4FY17	QoQ (%)	Q1FY17	YoY (%)
Upstream	**38,847**	**41,647**	***(6.7)***	**43,402**	***(10.5)***	**42,325**	***(8.2)***
ONGC	38,847	41,647	*(6.7)*	43,402	*(10.5)*	42,325	*(8.2)*
Downstream	**81,960**	**78,757**	***4.1***	**81,510**	***0.6***	**75,480**	***8.6***
Reliance	81,960	78,757	*4.1*	81,510	*0.6*	75,480	*8.6*
Gas Utilities	**10,722**	**12,292**	***(12.8)***	**9,388**	***14.2***	**10,689**	***0.3***
GAIL	9,197	10,933	*(15.9)*	8,118	*13.3*	9,476	*(2.9)*
GSPL	1,525	1,359	*12.2*	1,270	*20.1*	1,213	*25.8*
LNG utility - PLNG	**4,376**	**4,410**	***(0.8)***	**4,708**	***(7.1)***	**3,779**	***15.8***
City gas	**3,899**	**3,572**	***9.2***	**2,667**	***46.2***	**3,156**	***23.6***
IGL	1,613	1,421	*13.5*	1,341	*20.3*	1,480	*9.0*
MGL	1,243	1,080	*15.1*	995	*25.0*	927	*34.1*
GGL	1,044	1,071	*(2.6)*	331	*214.9*	748	*39.4*
Total Aggregates	**139,805**	**140,678**	***(0.6)***	**141,674**	***(1.3)***	**135,429**	***3.2***

Table 2: Q1FY18 earnings summary: EBITDA ex-OMCs (INR mn)

	Q1FY18	Q1FY18E	beat/miss (%)	Q4FY17	QoQ (%)	Q1FY17	YoY (%)
Upstream	**98,807**	**85,975**	***14.9***	**111,132**	***(11.1)***	**92,761**	***6.5***
ONGC	98,807	85,975	*14.9*	111,132	*(11.1)*	92,761	*6.5*
Downstream	**115,890**	**112,172**	***3.3***	**112,800**	***2.7***	**108,170**	***7.1***
Reliance	115,890	112,172	*3.3*	112,800	*2.7*	108,170	*7.1*
Gas Utilities	**20,181**	**18,977**	***6.3***	**17,277**	***16.8***	**18,266**	***10.5***
GAIL	17,404	16,534	*5.3*	15,250	*14.1*	15,933	*9.2*
GSPL	2,778	2,443	*13.7*	2,027	*37.1*	2,333	*19.1*
LNG utility - PLNG	**7,442**	**7,199**	***3.4***	**7,063**	***5.4***	**6,425**	***15.8***
City gas	**7,504**	**6,647**	***12.9***	**5,390**	***39.2***	**6,233**	***20.4***
IGL	2,773	2,401	*15.5*	2,296	*20.8*	2,537	*9.3*
MGL	2,033	1,713	*18.7*	1,631	*24.6*	1,524	*33.4*
GGL	2,698	2,533	*6.5*	1,463	*84.4*	2,173	*24.2*
Total Aggregates	**249,824**	**230,970**	***8.2***	**253,662**	***(1.5)***	**231,855**	***7.7***

Source: Company, Edelweiss research

Table 3: Key elements of surprise

Key surprise element	Q1FY18	Q1FY18E	beat/miss (%)	Q4FY17	QoQ (%)	Q1FY17	YoY (%)	Surprise	Comments
Oil Marketing companies									
Core GRM (USD/bbl)									
BPCL	6.9	6.9	*(0.3)*	6.0	*14.5*	2.6	*165.6*	In line	BPCL's core GRM came in line, up YoY and QoQ despite stabilization of Kochi expansion.
HPCL	8.8	6.4	*37.8*	8.0	*10.4*	3.6	*148.5*	Positive	IOCL's core GRM (in-line) fell 7% QoQ even as Paradip commenced 100% utilization.
IOCL	6.4	6.5	*(0.9)*	6.9	*(6.7)*	3.5	*82.8*	In line	HPCL's core GRM at USD9/bbl (38% ahead)
Reliance									
GRM (USD/bbl)	11.9	11.2	*6.3*	11.5	*3.5*	11.5	*3.5*	Positive	GRM surprised despite stronger FO, to which RIL has limited exposure and narrowing Arab L-H spread
ONGC realisation									Realisations came mixed. Oil came ahead on lower discount versus Brent. Gas price however missed 6%
Oil (USD/bbl)	51.0	50.9	*0.2*	54.9	*(7.1)*	46.1	*10.7*	In line	
Gas (USD/mmbtu)	2.8	3.0	*(5.9)*	3.0	*(7.8)*	3.3	*(16.8)*	Negative	
EBITDA margin (INR/scm)									CGD players saw margin expansion on the back of benign feedstock and favorable exchange rate, which were not passed on to customers. MGL saw higher proportion of sales from company owned outlets which enjoy higher profitability.
IGL	6.3	5.6	*13.5*	5.5	*15.0*	6.5	*(3.3)*	Positive	
MGL	8.7	7.0	*24.5*	6.9	*25.9*	6.7	*29.9*	Positive	
GGL	4.8	4.3	*11.5*	2.7	*80.3*	4.6	*4.3*	Positive	
GSPL									
Volumes (mmscmd)	26.9	26.0	*3.4*	23.4	*15.0*	25.1	*6.9*	Positive	Volume/tariff came 3%/5% ahead. Beat was due to better sales-mix in favor of refining and power sector.
Tariffs (INR/scm)	1.2	1.1	*4.5*	1.1	*4.5*	1.1	*7.9*	Positive	
GAIL (INR mn)									Petchem was impacted by maintenance shutdowns, as volumes fell 31% QoQ. LPG came sharply ahead on improved domestic gas production, higher mix of rich gas in the feedstock mix.
Petrochemical EBITDA	1,570	2,998	*(47.6)*	1,810	*(13.3)*	2,010	*(21.9)*	Negative	
LPG EBITDA	5,430	4,103	*32.4*	5,190	*4.6*	2,260	*140.3*	Positive	
Petronet LNG									
% utilization	94.7	97.2	*(2.5)*	91.1	*3.6*	115.9	*(21.2)*	Negative	Utilization came slightly below. However PLNG reported strong volumes despite slowdown in industry imports implying market share gains.

Source: Company, Edelweiss research

Downstream sector: Core performance came ahead

Downstream earnings are largely a function of GRMs. Core GRMs of all 3 OMCs surpassed expectations:

- Despite nil exposure to FO and narrowing Arab L-H spread, RIL reported GRM of USD11.9/bbl, a premium of USD5.5/bbl to the Singapore benchmark.
- IOCL reported core GRM of USD6.4/bbl (Paradip core GRM: USD5.44/bbl). Management expects full benefits of complexity when capacity consistently operates at 100%.
- Despite stabilisation of Kochi expansion, BPCL's core GRM was ~2.5x Q1FY17.

Chart 1: RIL's GRM came significantly ahead despite headwinds

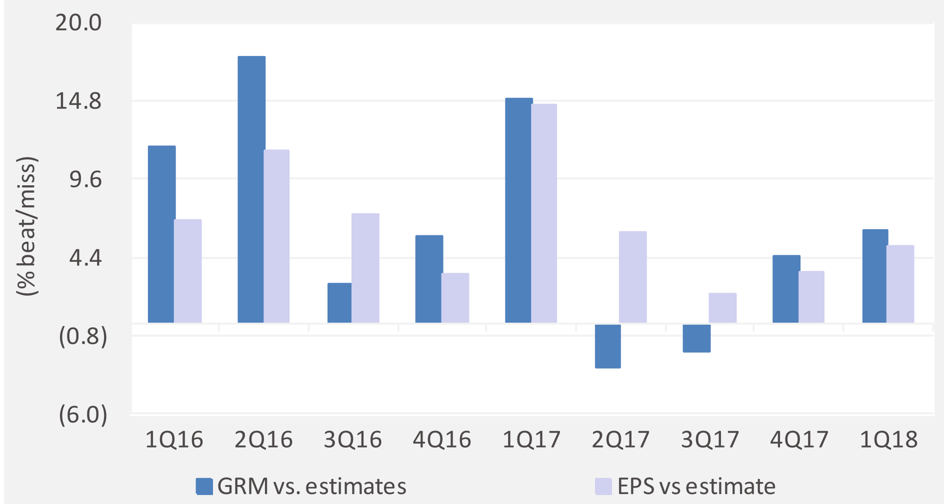
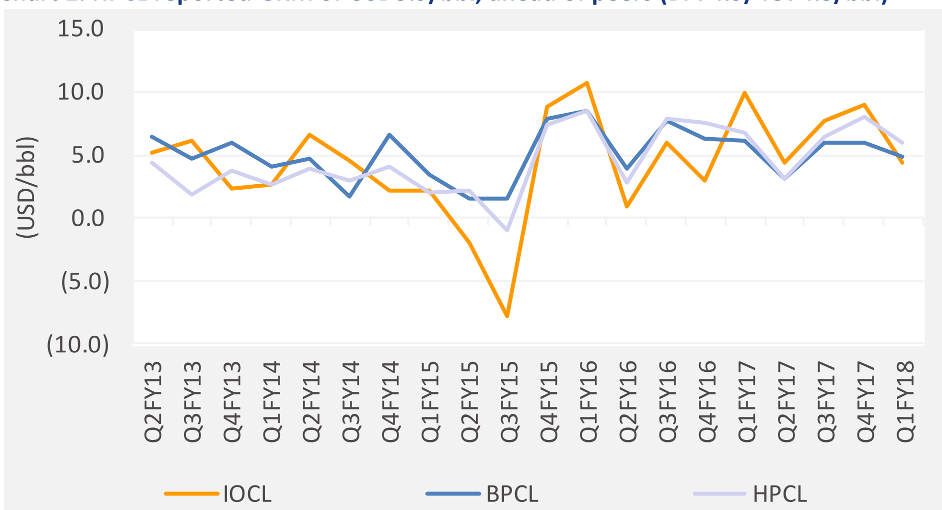


Chart 2: HPCL reported GRM of USD5.9/bbl, ahead of peers (BP: 4.9/ IO: 4.3/bbl)

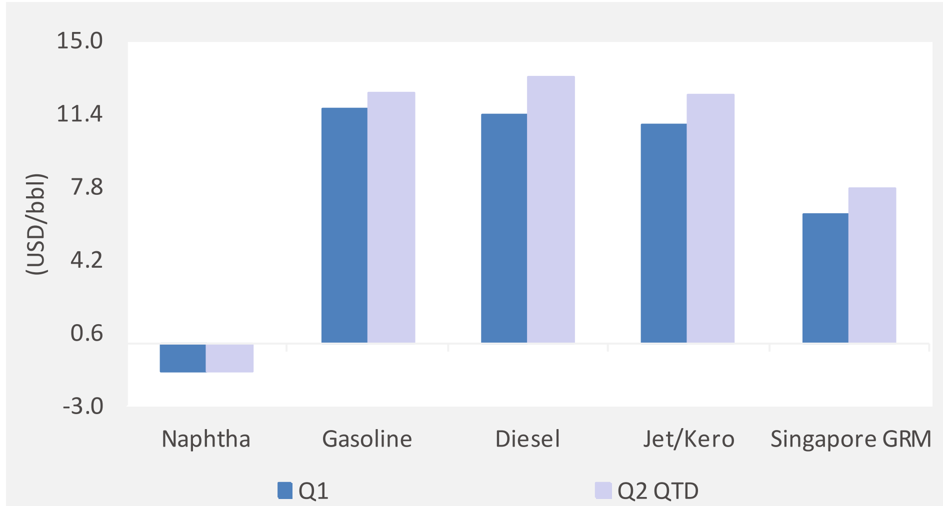


Source: Company, Edelweiss research

Downstream benchmark margin trending up

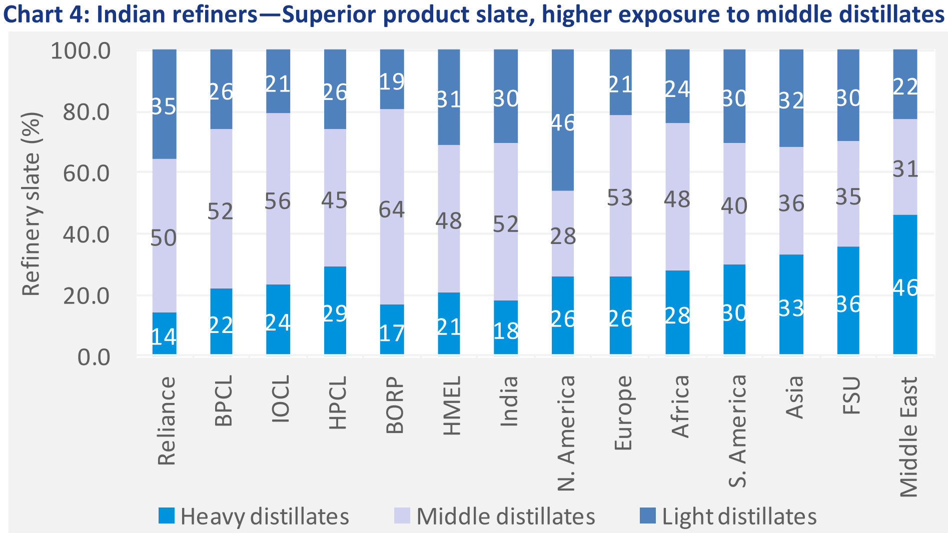
Refining benchmark margins have risen 20% QTD to USD7.7/bbl on strong light and middle distillate cracks (gasoline, gasoil and ATF). With higher exposure to middle distillates, Indian refiners will benefit immensely. Oil has been flat QTD with a downward bias, indicating some inventory losses. Core GRM will improve as new complex capacities stabilise.

Chart 3: QTD Singapore benchmark margin is up 20%



Source: Company, Edelweiss research

Chart 4: Indian refiners—Superior product slate, higher exposure to middle distillates



Source: MoPNG, Edelweiss research

Upstream sector: Oil uptick bodes well for upstream earnings, capex

ONGC's earnings are primarily driven by its net crude realisation, which was impacted by 8% QoQ correction in oil price.

For Q1FY18, ONGC reported 3% higher crude and 11% YoY higher gas production, which were in line. ONGC's PAT, however, missed estimates by 7% on one-offs.

While Brent has been flat QTD (currently: USD50/bbl), domestic gas realisation remains sub-optimal. ONGC has guided for 8-10% YoY increase in gas and flattish crude output. The company's gas production has risen steadily over the past 3 quarters.

Chart 5: ONGC's performance has largely tracked net realisation trend

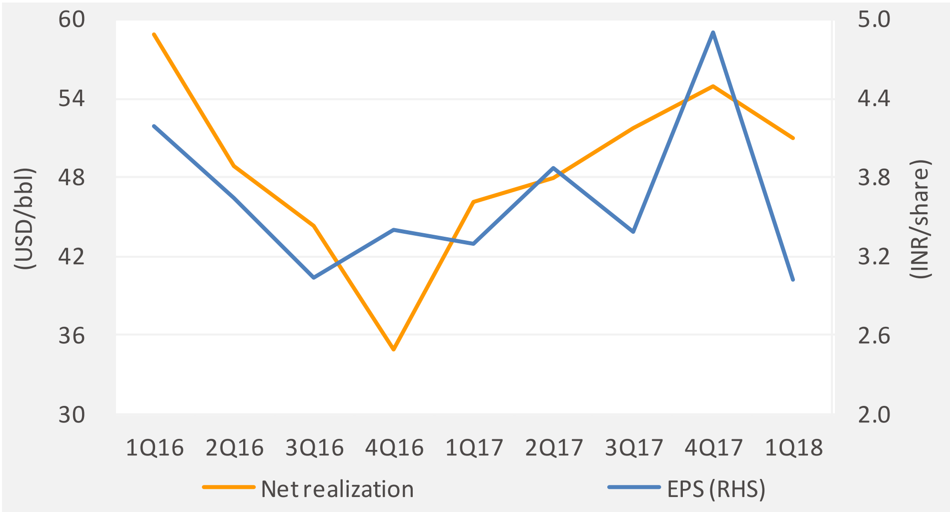
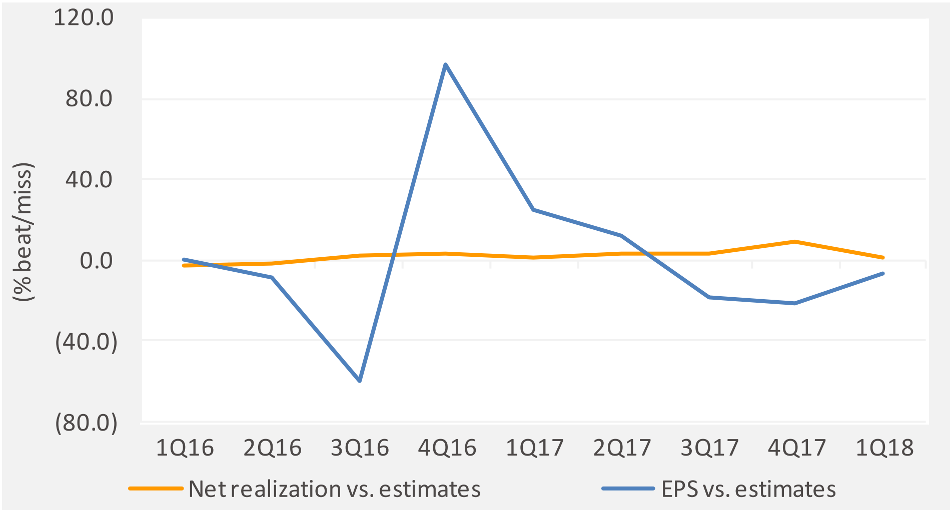
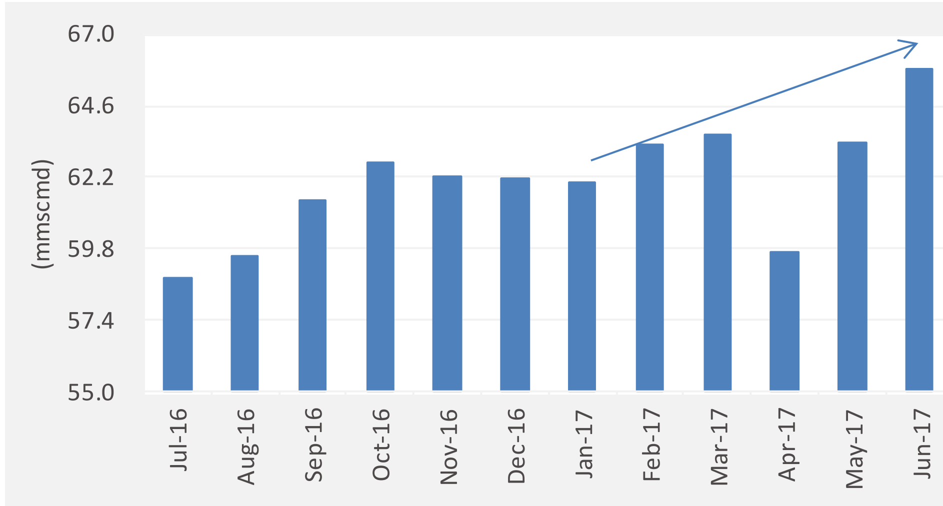


Chart 6: While realisations came ahead, PAT missed estimate due to one offs



Source: Company, Edelweiss research

Chart 7: YTD, ONGC's gas production has increased ~14% YoY



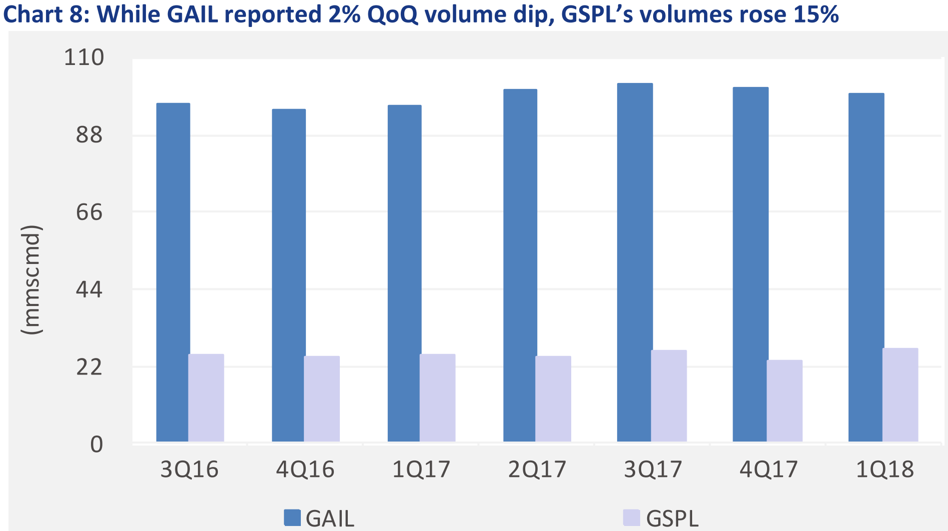
Source: Company, Edelweiss research

Gas utilities: Mixed bag

GAIL management stated that growth in transmission volumes will moderate with cessation of power pooling. However, with the upcoming Jagdishpur-Haldia pipeline, demand will revive from the fertiliser segment in FY19. Moreover, the company's cyclical segments (petrochemicals and LPG) will benefit from oil recovery and benign feedstock costs. Successful stabilisation of PATA II also bodes well.

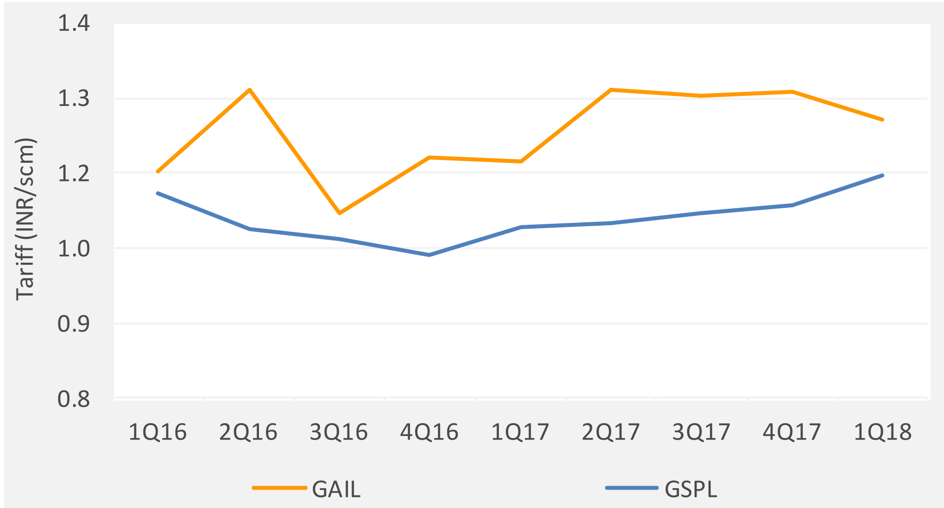
GSPL will benefit from the recent 5MMT expansion of PLNG's Dahej capacity with city gas (~30% volumes) driving demand. We expect robust near-term prospects with higher off - take by RIL from Q2FY18 (~5mmscmd over 6 months). More importantly, GSPL awaits revised tariff orders for its pipeline, which is expected to be higher than prevailing tariff.

Chart 8: While GAIL reported 2% QoQ volume dip, GSPL's volumes rose 15%



Source: Company, Edelweiss research

Chart 9: Both companies are expecting tariff orders, which will boost realisations



We have calculated earnings sensitivity for a likely range of tariff hikes below.

Table 4: GSPL's sensitivity to potential tariff hike (our base case is 12% tariff hike)

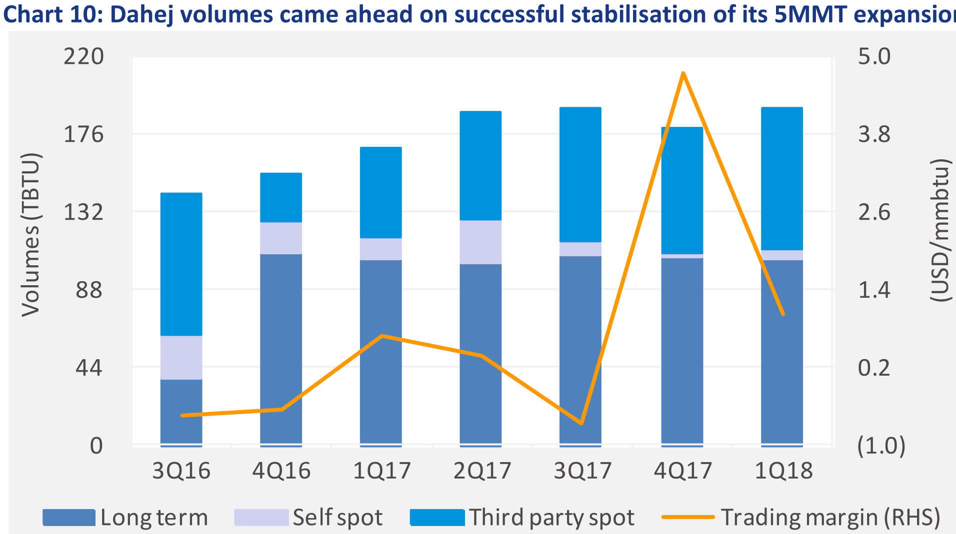
if tariff increase by (%)	10.0	12.0	15.0	20.0	25.0	30.0	40.0	50.0
FY19 EPS rise by (%)	(11.4)	0.0	3.6	9.7	15.8	21.8	34.0	46.1
Target price rise by (%)	(7.7)	0.0	2.2	5.9	9.6	13.3	20.6	28.0

PLNG: Dahej expansion to sustain near-term robust volumes

PLNG volumes bucked weak industry trend (up 7% QoQ despite flat industry imports). Dahej terminal's utilisation improved QoQ to 95% (Q4FY17: 91%) following temporary disruption in spot market during Q4FY17. PLNG's Kochi terminal reported its highest-ever utilisation of 12% (Q4FY17: 5%).

Going forward, in addition to rising competitive intensity for PLNG, we see headwinds to LNG demand due to ramp up in domestic gas production and disruption following commissioning of key projects by RIL (petcoke gasification, ethane imports from US).

Chart 10: Dahej volumes came ahead on successful stabilisation of its 5MMT expansion



Source: Company, Edelweiss research

City gas distribution: Continues to impress; better days ahead

City gas, IGL and GUJGA in particular, reported robust Q1FY18 numbers. In addition to healthy volume growth, benign feedstock and favourable exchange rate aided significant EBITDA margin expansion.

Volumes were robust at 6.1mmscmd (up 19% YoY, 1% QoQ; 5% miss) despite temporary GST related disruption in Morbi. In a major relief to industrial customers, the Gujarat government has effectively reduced VAT on industrial PNG from 15% to 6% to counter the GST impact. This effectively enhances PNG competitiveness vs. FO (PNG at 10% discount) and coal gas (PNG at 10% premium vs. threshold levels of 15-20%), which is likely to accelerate conversions for GGL.

IGL reported strong 13% YoY volume growth on 40% higher CNG conversions and significant bus additions in FY17. We remain upbeat on volume growth prospects driven by addition of buses, higher conversion of cars, uptick in industrial activity aided by competitive gas feedstock and commissioning of new geographies.

Chart 11: IGL, GGL posted double digit volume growth

Source: Company, Edelweiss research

Chart 12: GGL clocked significant industrial volume uptick following benign gas price

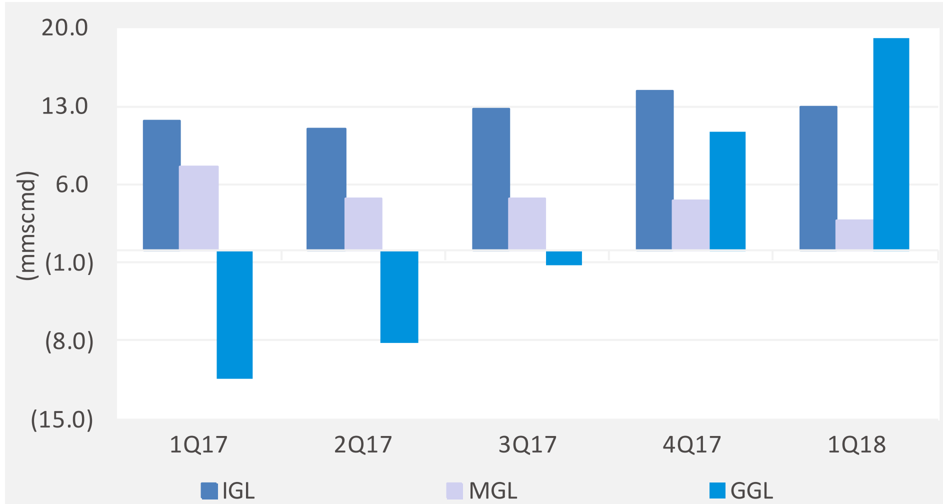
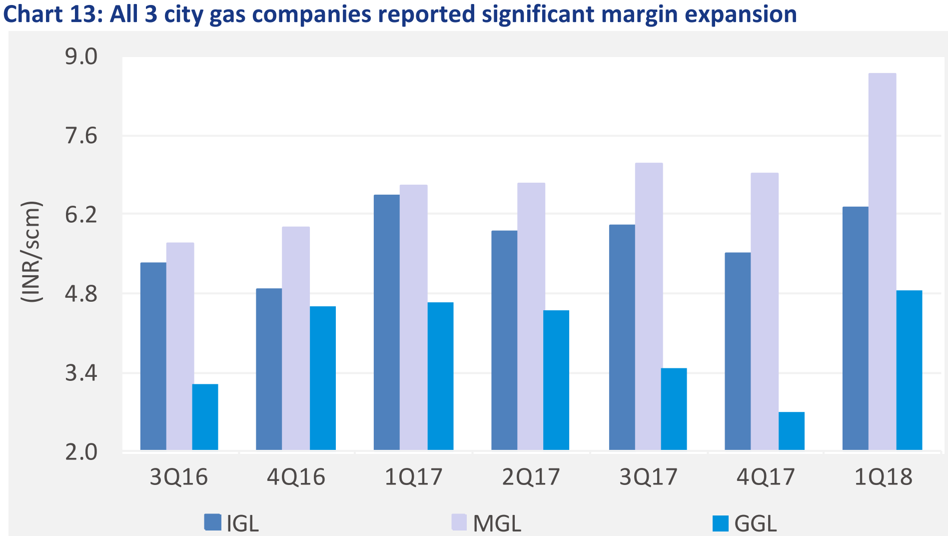


Chart 13: All 3 city gas companies reported significant margin expansion



Source: Company, Edelweiss research

Table 5: Company-wise Q1FY18 earnings details

Stock		Q1FY18A (INR mn)	Q1FY18E (INR mn)	Beat/(Miss) (%)	Q1FY17A (INR mn)	Y-o-Y (%)	Q4FY17A (INR mn)	Q-o-Q (%)	Comments / Key highlights
Earnings beat									
RIL	Revenues	642,170	619,479	*3.7*	534,960	*20.0*	671,460	*(4.4)*	Standalone PAT of INR82bn (1% ahead) driven by robust petchem margin and strong GRM. GRM at USD11.9/bbl, up USD0.4/bbl QoQ despite 6% fall in oil and 19% contraction in Arab L-H spread. Refining / petchem EBIT came 2%/8% ahead, petchem driven by higher volumes and better spreads.
	EBITDA	115,890	112,172	*3.3*	108,170	*7.1*	112,800	*2.7*	
	Core PAT	81,960	77,893	*5.2*	75,480	*8.6*	81,510	*0.6*	
IGL	Revenues	10,492	10,456	*0.3*	8,997	*16.6*	10,019	*4.7*	PAT, at INR1.6bn (up 9% YoY, 20% QoQ), came 13% ahead: 1) Volumes up 13% YoY, 2% ahead, (CNG:12% YoY, 4% ahead, PNG up 17% YoY, 1% ahead); 2) EBITDA margin at INR6.3/scm versus est. INR5.6/scm.
	EBITDA	2,773	2,402	*15.5*	2,537	*9.3*	2,296	*20.8*	
	Core PAT	1,613	1,422	*13.4*	1,480	*9.0*	1,341	*20.3*	
MGL	Revenues	5,309	5,212	*1.9*	4,834	*9.8*	5,253	*1.1*	PAT at INR1.2bn (up 34% YoY, 25% QoQ), came 15% ahead purely driven by margin expansion (lower feedstock, stronger INR and better sales mix), while volumes came 5% below.
	EBITDA	2,033	1,713	*18.6*	1,524	*33.4*	1,631	*24.6*	
	Core PAT	1,243	1,080	*15.2*	927	*34.1*	995	*25.0*	
GSPL	Revenues	2,982	2,780	*7.2*	2,581	*15.5*	2,460	*21.2*	EBITDA of INR2.8bn (up 19% YoY, 37% QoQ, 14% ahead). Beat was led by 15% QoQ volume surge to 27mmscmd (3% ahead) and robust tariff at INR1.16/scm (5% ahead).
	EBITDA	2,778	2,443	*13.7*	2,333	*19.1*	2,027	*37.1*	
	Core PAT	1,525	1,359	*12.2*	1,213	*25.8*	1,270	*20.1*	
GGL	Revenues	14,780	14,229	*3.9*	12,247	*20.7*	14,002	*5.6*	EBITDA (up 24% YoY, 84% QoQ) came 6% ahead, given: 1) Volumes up 19% YoY, 1% QoQ, (5% miss), despite temporary GST related disruption in Morbi; and 2) Healthy EBITDA margin at INR4.8/scm (up 4% YoY, 80% QoQ, 12% ahead).
	EBITDA	2,698	2,534	*6.5*	2,173	*24.2*	1,463	*84.4*	
	Core PAT	1,044	1,072	*(2.7)*	748	*39.4*	331	*214.9*	
Earnings miss									
ONGC	Revenues	190,735	200,478	*(4.9)*	176,704	*7.9*	217,140	*(12.2)*	EBITDAX of INR99bn (up 7% YoY, down 11% QoQ) came 15% ahead on lower opex and robust production. PAT at INR39bn, however, came 7% below on higher taxes, lower other income. Cash costs/bbl came 6% below on production efficiencies driven by improved rig productivity and lower rig rates.
	EBITDA	98,807	85,975	*14.9*	92,761	*6.5*	111,132	*(11.1)*	
	Core PAT	38,847	41,647	*(6.7)*	42,325	*(8.2)*	43,402	*(10.5)*	
BPCL	Revenues	571,258	623,635	*(8.4)*	469,387	*21.7*	570,365	*0.2*	Core GRM of USD7/bbl (up 2.7x YoY) despite initial drag from Kochi expansion. Core EBITDA came in strong at INR26bn (up 64% YoY) despite subdued marketing (core marketing EBITDA up 2% YoY, 4% below).
	EBITDA	12,250	20,678	*(40.8)*	39,192	*(68.7)*	28,091	*(56.4)*	
	Core PAT	7,446	14,538	*(48.8)*	26,205	*(71.6)*	23,406	*(68.2)*	

Stock		Q1FY18A (INR mn)	Q1FY18E (INR mn)	Beat/(Miss) (%)	Q1FY17A (INR mn)	Y-o-Y (%)	Q4FY17A (INR mn)	Q-o-Q (%)	Comments / Key highlights
HPCL	Revenues	534,685	585,706	*(8.7)*	448,408	*19.2*	515,248	*3.8*	Strong core GRM of USD8.8/bbl (up 148% YoY, 38% ahead). Core refining EBITDA (ex. USD3/bbl inventory loss) came 51% ahead, core marketing EBITDA came 13% below. Overall core EBITDA came in strong at INR31bn (up 75% YoY, 13% ahead).
	EBITDA	16,280	22,116	*(26.4)*	36,268	*(55.1)*	28,860	*(43.6)*	
	Core PAT	9,247	12,362	*(25.2)*	20,984	*(55.9)*	18,188	*(49.2)*	
IOCL	Revenues	1,026,262	1,001,873	*2.4*	860,807	*19.2*	1,003,375	*2.3*	Strong core GRM of USD7.7/bbl (up 12% QoQ, 19% ahead). PAT, however, was dragged by severe inventory loss (USD3.4/bbl versus est. USD2.0/bbl). Core EBITDA (ex-inventory and large INR28bn write-back) came in strong at INR86bn (up 32% YoY, 34% QoQ).
	EBITDA	51,915	77,147	*(32.7)*	136,835	*(62.1)*	44,086	*17.8*	
	Core PAT	26,668	40,193	*(33.6)*	82,690	*(67.7)*	37,206	*(28.3)*	
GAIL	Revenues	114,065	135,627	*(15.9)*	106,870	*6.7*	134,217	*(15.0)*	EBITDA of INR17bn (up 14% QoQ) came 5% ahead on robust trading and LPG/LHC performance. (1) gas transmission EBITDA came 8% ahead; 2) LPG/LHC and gas trading EBITDA came 32%/22% ahead; 3) petchem missed by 48% as volumes were hit by temporary maintenance in Q1FY18.
	EBITDA	17,404	16,534	*5.3*	15,933	*9.2*	15,250	*14.1*	
	Core PAT	9,197	10,933	*(15.9)*	9,476	*(2.9)*	8,118	*13.3*	
PLNG	Revenues	64,351	67,612	*(4.8)*	53,373	*20.6*	63,651	*1.1*	EBITDA of INR7.4bn (up 16% YoY, 5% QoQ, 3% ahead). Volumes rose 7% QoQ, despite flat industry imports. Dahej terminal's utilisation improved to 95% (Q4FY17: 91%). PLNG's Kochi terminal reported its highest-ever utilisation of 12%.
	EBITDA	7,442	7,199	*3.4*	6,425	*15.8*	7,063	*5.4*	
	Core PAT	4,376	4,410	*(0.8)*	3,779	*15.8*	4,708	*(7.1)*	

Table 6: Valuation snapshot

Company	Reco	Market Price (INR)	Target Price (INR)	Mcap (USD mn)	Diluted EPS (INR) FY17	FY18E	FY19E	P/E(x) FY17	FY18E	FY19E	PB (x) FY19E	ROE (%) FY17	FY18E	FY19E	Div yield FY18E	EPS CAGR FY17-19E
OnG																
RIL	BUY	1,563	2,018	79,279	101.0	106.6	133.1	15.5	14.7	11.7	1.3	11.9	10.6	11.6	1.4	14.8
BPCL	BUY	510	554	17,264	44.3	41.3	53.1	11.5	12.4	9.6	2.6	30.5	25.1	29.2	2.8	9.5
HPCL	HOLD	450	440	10,686	54.0	38.2	45.2	8.3	11.8	9.9	2.2	43.7	23.3	22.1	3.9	(8.5)
IOCL	BUY	423	445	32,046	40.9	35.7	42.8	10.3	11.9	9.9	1.8	20.9	16.7	18.3	4.1	2.3
ONGC	BUY	159	201	31,910	15.7	16.8	21.1	10.2	9.5	7.6	0.9	9.9	9.9	12.3	5.0	16.1
GAIL	BUY	378	420	9,963	19.1	26.5	29.6	19.8	14.3	12.7	1.4	8.5	10.9	11.2	1.6	24.7
GSPL	BUY	189	213	1,661	8.8	11.1	11.7	21.4	17.0	16.1	1.9	11.6	13.2	12.7	1.4	15.4
IGL	BUY	1,260	1,435	2,751	44.2	53.2	60.2	28.5	23.7	20.9	4.3	22.2	22.9	22.3	0.5	16.7
GGL	BUY	771	1,034	1,655	16.0	29.7	40.7	48.1	26.0	19.0	4.4	13.8	22.3	25.3	0.8	59.3
MGL	BUY	1,012	1,187	1,559	39.8	46.7	51.1	25.4	21.7	19.8	4.0	22.1	22.8	21.5	1.8	13.2
PLNG	HOLD	229	225	5,359	11.4	13.0	14.3	20.1	17.7	16.0	3.4	23.5	22.8	22.0	1.1	12.3
OnG - Mean								**19.9**	**16.4**	**13.9**	**2.6**	**19.9**	**18.2**	**19.0**	**2.2**	**16.0**
OnG - Mean (market cap wtd average)								**14.0**	**13.4**	**10.9**	**1.6**	**16.8**	**14.2**	**15.6**	**2.7**	**12.0**

Source: Edelweiss research

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Recent Research

Date	Company	Title	Price (INR)	Recos
14-Aug-17	**Bharat Petroleum**	Core GRM strong; Kochi stabilisation underway; *Result Update*	478	Buy
11-Aug-17	**Gujarat State Petronet**	Robust quarter, sanguine near-term prospects; *Result Update*	180	Buy
11-Aug-17	**Indraprastha Gas**	Strong all-round show, growth momentum to sustain; *Result Update*	1,216	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

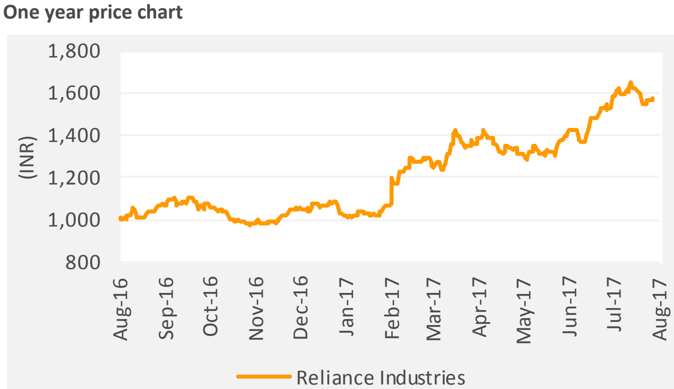
	Buy	Hold	Reduce	Total
Rating Distribution* * 1 stocks under review	161	67	11	240

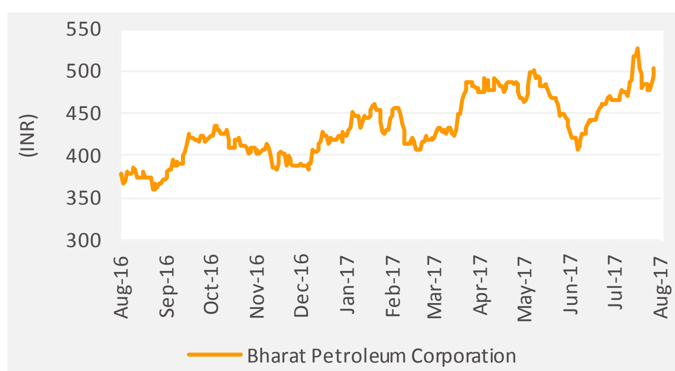
	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	156	62	11

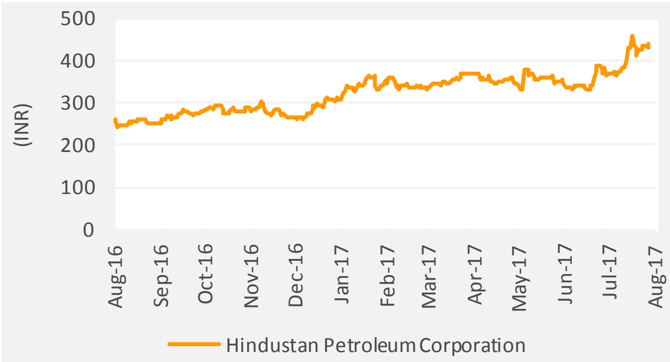
Rating Interpretation

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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(INR)
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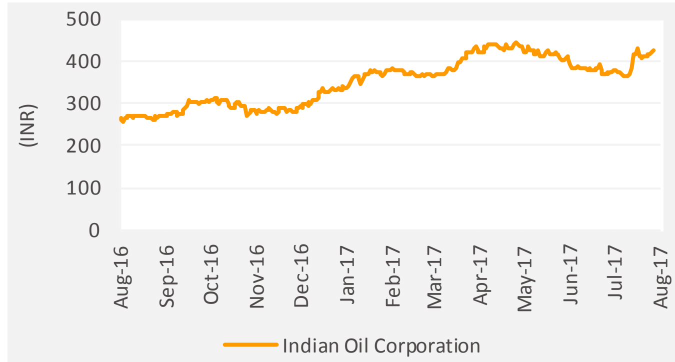
Hindustan Petroleum Corporation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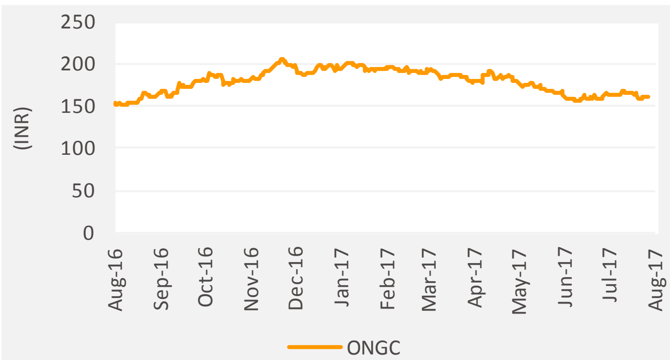
Indian Oil Corporation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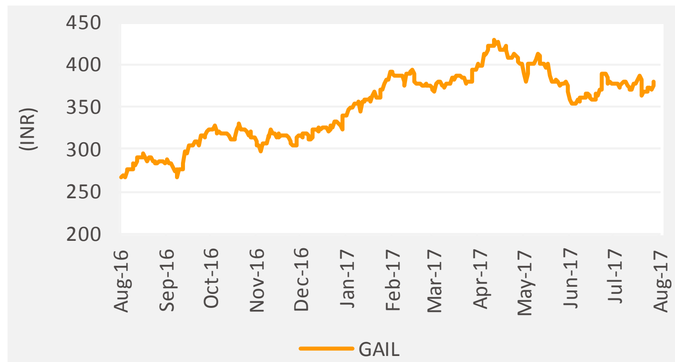
ONGC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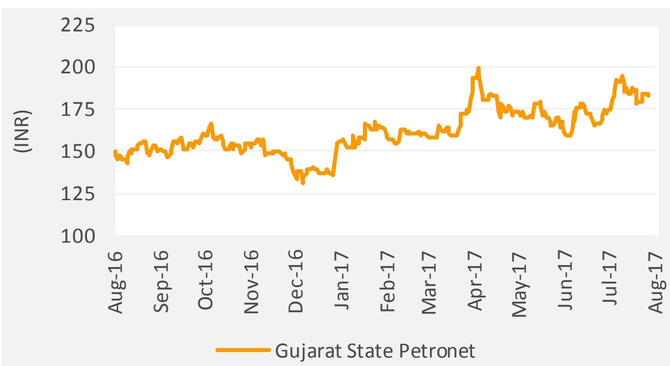
GAIL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(INR)
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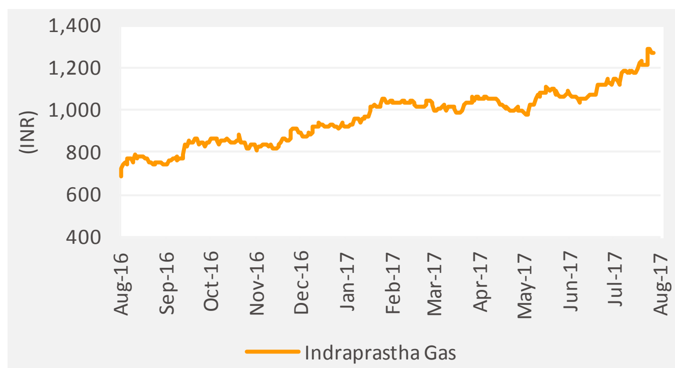
Gujarat State Petronet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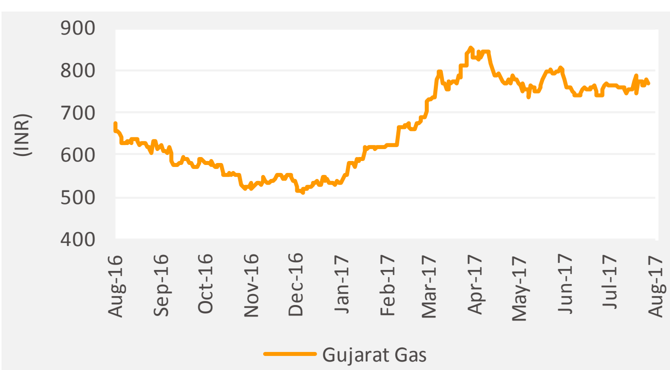
Indraprastha Gas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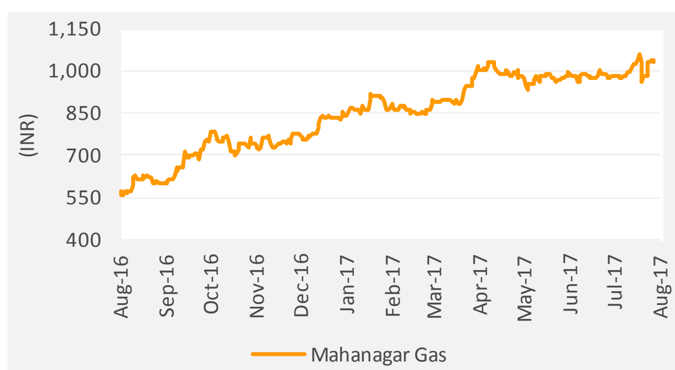
Gujarat Gas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1,000
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(INR)
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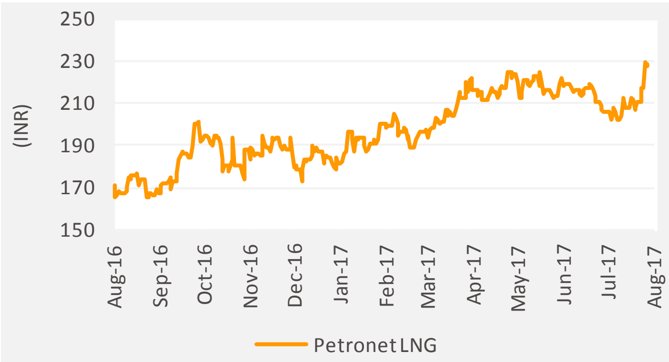
Mahanagar Gas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170
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(INR)
Aug-16
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Oct-16
Nov-16
Dec-16
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Feb-17
Mar-17
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Petronet LNG

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