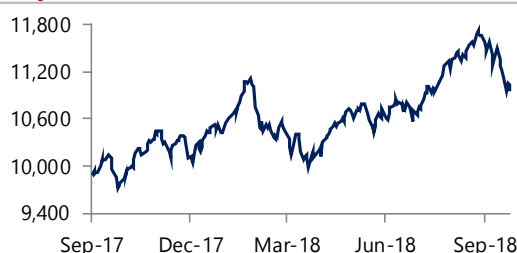


SEPTEMBER 28, 2018

	27-Sep	% Chg			
		1 Day	1 Mth	3 Mths	
Indian Indices					
SENSEX Index	36,324	(0.6)	(6.1)	3.1	
NIFTY Index	10,978	(0.7)	(6.1)	2.9	
NSEBANK Index	25,042	(1.3)	(11.4)	(5.2)	
NIFTY 500 Index	9,202	(1.1)	(7.6)	0.8	
CNXMcap Index	17,510	(2.3)	(11.4)	(3.7)	
BSESMCAP Index	14,940	(2.0)	(12.0)	(6.5)	
World Indices					
Dow Jones	26,440	0.2	1.4	9.2	
Nasdaq	8,042	0.6	0.1	7.2	
FTSE	7,545	0.5	(0.9)	(0.9)	
NIKKEI	23,797	(1.0)	6.1	8.7	
Hangseng	23,797	(1.0)	6.1	8.7	
Shanghai	27,716	(0.4)	(1.8)	(2.3)	
Value traded (Rs cr)		27-Sep	% Chg Day		
Cash BSE	2,702		(10.4)		
Cash NSE	42,010		18.1		
Derivatives	1,894,899		54.1		
Net inflows (Rs cr)		26-Sep	MTD	YTD	
FII	(700)	(8,546)	(13,985)		
Mutual Fund	1,544	7,684	84,301		
Nifty Gainers & Losers		Price	Chg	Vol	
27-Sep		(Rs)	(%)	(mn)	
Gainers					
Bharti Infra	268	2.4	3.8		
TCS	2,189	2.2	3.3		
Coal India Ltd	276	1.4	8.0		
Losers					
Yes Bank	203	(9.2)	91.2		
Indiabulls Housing	940	(6.0)	10.6		
Bajaj Finance	2,204	(4.8)	2.8		
Advances / Declines (BSE)					
27-Sep	A	B	T	Total	% total
Advances	91	246	45	382	100
Declines	339	754	103	1,196	313
Unchanged	2	21	12	35	9
Commodity		% Chg			
	27-Sep	1 Day	1 Mth	3 Mths	
Crude (US\$/BBL)	81.7	-	7.6	5.0	
Gold (US\$/OZ)	1,182.9	(1.0)	(1.3)	(5.1)	
Silver (US\$/OZ)	14.2	(0.5)	(2.7)	(10.6)	
Debt / forex market		27-Sep	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	8.0	8.1	7.9	7.9	
Re/US\$	72.6	72.6	70.2	68.6	

Nifty



Source: Bloomberg

News Highlights

- ▶ The Reserve Bank of India allowed lenders to dip further into statutory liquidity reserves, to help them meet their liquidity coverage ratio requirement. The central bank said that banks could 'carve out' upto 15 percent of holdings under SLR to meet their LCR requirements, compared to 13 percent earlier. (Mint)
- ▶ The GST Council may consider increasing the cess on luxury cars to raise funds to help states affected by natural calamities. The proposal to hike the cess, subject to a ceiling of 25 percent, would be discussed in the meeting of Goods and Service Tax Council scheduled on Sept 28. (ET)
- ▶ The Government has deferred a tender for 10,000 megawatts (MW) of solar power till 12 October on bidders request for extending time for securing tie-ups for domestic manufacturing and completing ongoing negotiations for sourcing modules at better prices. (Mint)
- ▶ **Punjab National Bank's** board has approved a proposal for capital infusion of Rs. 54.31 bn from the central government by way of preferential issue of equity shares. (ET)
- ▶ **Yes Bank** yesterday, refuted allegations of ever greening of corporate loans and inflating its share price ahead of key fund raising activities. The bank also said that it had no dealings with Rana Kapoor's family office, which manages personal investments of the CEO and his family. (BS)
- ▶ The Reserve Bank of India (RBI) will meet the Life Insurance Corporation of India (LIC) today to chart out a course of action for the crisis-stricken **IL&FS** group. (ET)
- ▶ **JSW Steel** will replace **Lupin** in the benchmark NSE Nifty 50 Index today. The Sajjan Jindal-led company will join Tata Steel Ltd., the only other steelmaker in the index. (BS)
- ▶ **Astec Lifesciences** announced that the start of the commercial operations of its manufacturing plant in Maharashtra. This unit had been set up to manufacture and supply agrochemicals and intermediates. (BS)
- ▶ PNGRB revises pipeline tariffs for **GAIL (India) Ltd.** and **Gujarat State Petronet Ltd.** effective from April 1. The hike in tariffs is expected to lift earnings by 6-19 percent for both the companies. (ET)
- ▶ **Central Bank** invoked pledge on the shares of **Rolta India's** arm. The arm had pledged 25 mn equity shares held by parent Rolta India. (Mint)
- ▶ **Kesoram Industries** received approval from the Karnataka government for acquisition of 675 acres of land for mining activities). The company said that the acquisition would augment its existing reserves of limestone. (Mint)
- ▶ **Karnataka Bank** launched QR coded two-wheeler insurance product in association with Bajaj Allianz General Insurance. The bank said that paperless and instant two-wheeler insurance policy could be issued in two minutes now. (ET)
- ▶ **Reliance Communications** clarified that Paytm's parent company-One97 Communications has filed petition in NCLT for dues worth Rs 202 mn against the telecom operator's two arms. The matter is due for a hearing on Oct. 26. (ET)

What's Inside

- ▶ **Company Update:** NBCC (India) Ltd
- ▶ **Sector Update:** Natural Gas

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, IE = Indian Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange, MC = Moneycontrol

Company Update

Stock Details

Market cap (Rs mn)	:	110970
52-wk Hi/Lo (Rs)	:	146 / 60
Face Value (Rs)	:	1
3M Avg. daily vol (Nos)	:	6,076,674
Shares o/s (mn)	:	1800

Source: Bloomberg

Financial Summary - Standalone

Y/E Mar (Rs mn)	FY18	FY19E	FY20E
Revenue	59050	75867	100972
Growth (%)	(6.0)	28.5	33.1
EBITDA	3994	5073	6576
EBITDA margin (%)	6.8	6.7	6.5
PAT	3336	4161	5247
EPS	1.9	2.3	2.9
EPS Growth (%)	(5.0)	24.7	26.1
Book value (Rs/share)	10.1	11.2	12.6
Dividend per share (Rs)	1.0	1.2	1.5
ROE (%)	19.1	21.7	24.5
ROCE (%)	24.2	28.0	32.3
P/E (x)	33.5	26.8	21.3
EV/EBITDA (x)	23.7	17.9	12.9
P/BV (x)	6.1	5.5	4.9

Source: Company, Kotak Securities - PCG

Shareholding Pattern (%)

(%)	Jun-18	Mar-18	Dec-17
Promoters	73.7	74.3	74.5
FII	4.9	4.4	5.8
DII	9.9	10.6	9.9
Others	11.5	10.7	9.8

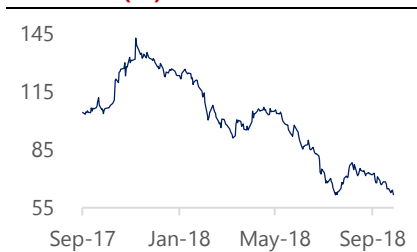
Source: Company

Price Performance (%)

(%)	1M	3M	6M
NBCC India Ltd	(15.8)	(16.0)	(36.6)
Nifty	(6.1)	2.9	7.8

Source: Bloomberg

Price chart (Rs)



Source: Bloomberg

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NBCC (INDIA) LTD

PRICE Rs.62

TARGET Rs.95

BUY

NBCC (India) has been in news in recent time due to award of new contracts, acquisition of PSUs in similar businesses, tree cutting related issues in its redevelopment projects, etc. Below mentioned are the key highlights of the same.

Key highlights

- ❑ NBCC is acquiring stake in 2 PSU companies HSCC (India) and EPI with specialized expertise in PMC segment. Based on its past track record of acquisition of Hindustan Steelwork Construction, the company is confident of positive synergy from the acquisition.
- ❑ As per media article, Ministry of Housing and Urban Affairs has recently informed the Delhi High Court about revised plan for redevelopment of government colonies under which tree cutting would be minimized. The company is positive on the clearance of the project and would update on the same in future.
- ❑ NBCC has received in principle approval from Air India to monetize/redevelopment ~34 acre of Air India's land parcel at prime location in Delhi. We believe that these projects are located at prime location in Delhi and has huge development potential and would positively impact its order book.
- ❑ The company is in process of preparing detailed project report for completing real estate projects of Amrapali group. The company would be doing this project on PMC basis and is not required to invest any amount in the same.
- ❑ NBCC has strong order book of ~Rs 800 bn which includes Rs 500 bn of self-revenue generating project (Redevelopment project). The present order book gives very strong revenue growth visibility for the next 5 years.

Outlook & Valuation

The company has maintained guidance of 30% yoy growth in FY19E revenue despite challenges faced by its large size redevelopment project. We maintain our earnings estimates for FY19E and FY20E based on new order inflows and expectation of timely resolution of legal hurdles. The stock is presently trading at PE of 26.8x and 21.3x based on FY19E & FY20E EPS of Rs 2.3 and Rs 2.9 respectively. We maintain Buy on the stock with target price of Rs 95.

Acquisition of PSUs in similar business

NBCC has been selected as buyer in strategic divestment of HSCC (India) Ltd by government of India at a bid amount of Rs 2.85bn. The government in October 2017 invited bids from similarly placed central public sector enterprises (CPSEs) for buying out entire 100% stake in HSCC, along with management control. Post that, NBCC had submitted financial bid in June 2018 for buying HSCC and declared successful bidder recently. HSCC is in PMC business in hospitals segment in India with revenue of ~Rs 16 bn and order book of ~Rs 100 bn. It is a profit making company with net cash on balance sheet. The company is also taking over another PSU Engineering Projects (India) (EPI) which is also in PMC business in building space and also has overseas presence. EPI is also a profitable company with debts on books would be restructured before consolidation with NBCC. Based on its past track record of acquisition of Hindustan Steelwork Construction

(HSCL), the company is confident of positive synergy from the acquisition. We believe that these acquisition will reduce competition for NBCC and will positively impact its order book in the longer run.

Update on redevelopment project

NBCC's large size redevelopment project of Rs 250 bn got stuck due to NGT raising issue related to large scale tree cutting at the site. The matter is presently under hearing by Delhi High court and till that time there is stay order on the project. As per media article, Ministry of Housing and Urban Affairs has recently informed the Delhi High Court about revised plan for redevelopment of seven government colonies (3 being developed by NBCC and 4 by CPWD) through an affidavit. As per revised plan, there will be decrease of 739 housing units in order to avoid cutting of trees. In the new plan, the number of 'affected' trees will be 6,997 as against earlier affected number of 13,975 trees. Further, these trees will be translocated to other location. The company is positive on the clearance of the project and would update on the same in future.

Proposal for completing Amrapali projects

As per news reports, NBCC has placed proposal to complete housing projects of private realtor Amrapali. This involves construction of balance work in 46,575 flats in phases within 36 months at a construction cost of around ~Rs 85bn (the final cost would be arrived after preparation of detailed project report). In clarification to exchange, the company said that the matter is presently subjudice with the Supreme Court's decision is awaited. The company would be preparing detailed project report in order to assess the exact cost. As per news report, the company would be provided with requisite funds through various sources to complete the project. The initial funding requirement can be mobilized through sales of assets, land, etc of Amrapali group. The available source of funding includes a) Rs 38.5 bn of balance amount from buyers to be received till completion, b) Rs 26 bn from sale of 4889 unsold units and c) Rs 21 bn from sale of 14.4 msf of unused FSI (Source: Media article). As per company, NBCC will not invest any amount in the projects and the revenue model is based on normal PMC projects where it gets PMC fees in the range of 7-10%.

Strong order book, maintained 30% plus revenue growth guidance

NBCC has strong order book of Rs 800 bn which includes Rs 500 bn of self-revenue generating project (Redevelopment project). The present order book gives very strong revenue growth visibility for the next 5 years. The company management has targeted for over 30% revenue growth in FY19E despite its large size redevelopment project of Rs 250 bn got stuck due to tree cutting issue. The management is confident of achieving its guidance of 30% growth in revenue even without contribution from this projects in FY19E as other large size projects are moving on expected line. The development of railways land project is progressing well where it has Rs 50 bn of work in hand. Similarly AIIMs project and Maharashtra irrigation project are moving well.

New project addition

NBCC has received in principle approval from Air India to monetize/redevelopment Air India's land parcel at Baba Kharag Singh Marg, Connaught Place and Vasant Vihar in the national Capital. The property at Vasant Vihar is spread on 30 acres and it houses Air India's staff colony. The property at Baba Khadak Singh Marg, Connaught Place is spread across 3.54 acres. We believe that these projects are located at prime location in Delhi and has huge development potential. Further, the Air India has large portion of land spread at

prime locations across India and are pending for long time for monetization. Apart from this, the company is expecting approval for large size redevelopment project at Ghitorni in Delhi. The company has opportunity to add new orders from development of railway land.

Outlook & Valuation

Based on strong current order book of Rs 800 bn and robust pipeline for future projects, we expect high growth in NBCC's revenue in the next 5 years. But its large size project (of Rs 250 bn) related to redevelopment of 3 government colonies in Delhi is under litigation due to local protest related to large scale tree cutting on the site. The government is taking several measures for clearance of the project by changing design in order to avoid cutting of tree. But, any major delay in approval of the project due to this will impact its revenue growth in coming years.

The company has maintained guidance of 30% yoy growth in FY19E revenue despite challenges faced by its large size redevelopment project. We maintain our earnings estimates for FY19E and FY20E based on new order inflows and expectation of timely resolution of legal hurdles. The stock is presently trading at PE of 26.8x and 21.3x based on FY19E & FY20E EPS of Rs 2.3 and Rs 2.9 respectively. We maintain Buy on the stock with target price of Rs 95.

Company Background

NBCC (India) Ltd is a Navratna PSU company engaged in the business of project management consultancy (PMC), EPC contract and Real Estate development. The PMC business involves concept to commissioning of civil construction projects from various government departments. The company gets PMC contracts mostly on nomination basis as it has been notified as Public Work Organization under revised Rule 126 (2) of General Financial Rules (GFR). The real estate business involves development of residential and commercial projects on government or PSUs land through Joint Development or Land bank based development model. The company has 150 acres land parcels spread across cities such as Delhi, Gurgaon, Kolkata, Kochi, Alwar, Meerut, Ghaziabad, Faridabad, Lucknow, Patna, etc. The company has a very small presence in EPC business where it undertakes EPC contracts involving civil structural work in power BOP space. The company is not much focused on this division. NBCC is designated as the implementing agency for executing projects under various government program such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Pradhan Mantri Gram Sadak Yojna (PMGSY), Solid Waste Management (SWM) and developmental work in North Eastern Region.

Financials: Standalone

Profit and Loss Statement (Rs mn)

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Revenues	62,794	59,050	75,867	100,972
% change yoy	8.0	(6.0)	28.5	33.1
EBITDA	4,024	3,994	5,073	6,576
% change yoy	31.1	(0.7)	27.0	29.6
Depreciation	26	27	27	27
EBIT	3,998	3,967	5,045	6,549
Other Income	886	1,061	1,167	1,284
Interest	7	2	2	3
Profit Before Tax	4,877	5,026	6,211	7,831
% change yoy	20.7	3.1	23.6	26.1
Tax	1,366	1,690	2,049	2,584
as % of EBT	28.0	33.6	33.0	33.0
PAT	3,511	3,336	4,161	5,247
% change yoy	22.3	(5.0)	24.7	26.1
Shares outstanding (mn)	1,800	1,800	1,800	1,800
EPS (Rs)	2.0	1.9	2.3	2.9
DPS (Rs)	1.0	1.0	1.2	1.5
CEPS (Rs)	2.0	1.9	2.3	2.9
BVPS (Rs)	9.3	10.1	11.2	12.6

Source: Company, Kotak Securities – Private Client Research

Cash flow Statement (Rs mn)

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Pre-Tax Profit	4,877	5,026	6,211	7,831
Depreciation	26	27	27	27
Change in WC	1,901	(157)	1,614	3,395
Other operating activities	(1,745)	(1,882)	(2,049)	(2,584)
Operating Cash Flow	5,059	3,014	5,802	8,669
Capex	(58)	(12)	(100)	(100)
Free Cash Flow	5,001	3,002	5,702	8,569
Change in Investments	1,259	462	-	-
Investment cash flow	1,201	450	-100	-100
Equity Raised	-	-	-	-
Debt Raised/Repaid	(116)	-	-	-
Dividend & Others	(2,021)	(1,858)	(2,193)	(2,766)
CF from Financing	(2,137)	(1,858)	(2,193)	(2,766)
Change in Cash	4,123	1,606	3,509	5,803
Opening Cash	11,406	15,530	17,135	20,644
Closing Cash	15,530	17,135	20,644	26,447

Source: Company, Kotak Securities – Private Client Research

Balance sheet (Rs mn)

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Paid - Up Equity Capital	1,800	1,800	1,800	1,800
Reserves	14,936	16,414	18,381	20,862
Net worth	16,736	18,214	20,181	22,662
Borrowings	-	-	-	-
Total Liabilities	16,736	18,214	20,181	22,662
Net block	650	635	708	781
Total fixed assets	650	635	708	781
Investments	1,048	586	586	586
Inventories	15,704	16,575	21,295	28,342
Sundry debtors	21,866	22,585	29,016	38,618
Cash and equivalents	15,530	17,135	20,644	26,447
Loans and advances & Others	9,039	17,400	20,879	25,055
Total current assets	62,138	73,695	91,835	118,463
Sundry creditors and others	47,453	56,781	72,952	97,093
Provisions	1,040	1,505	1,581	1,660
Total CL & provisions	48,493	58,287	74,533	98,752
Net current assets	13,645	15,408	17,303	19,711
Net Deferred tax	995	1,157	1,157	1,157
Total Assets	16,736	18,214	20,181	22,662

Source: Company, Kotak Securities – Private Client Research

Ratio Analysis

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Profitability Ratios				
EBITDA margin (%)	6.4	6.8	6.7	6.5
EBIT margin (%)	6.4	6.7	6.7	6.5
Net profit margin (%)	5.6	5.6	5.5	5.2
EPS growth (%)	22.3	(5.0)	24.7	26.1
Balance Sheet Ratios:				
Receivables (days)	127	140	140	140
Inventory (days)	91	102	102	102
Payable (days)	276	351	351	351
Cash Conversion Cycle (days)	(57)	(109)	(109)	(109)
Asset Turnover (x)	4.0	3.5	4.0	4.7
Net Debt/ Equity (x)	(0.9)	(0.9)	(1.0)	(1.2)
Return Ratios:				
RoCE (%)	26.5	24.2	28.0	32.3
RoE (%)	22.0	19.1	21.7	24.5
Valuation Ratios:				
P/E (x)	31.8	33.5	26.8	21.3
P/BV (x)	6.7	6.1	5.5	4.9
EV/EBITDA (x)	23.9	23.7	17.9	12.9
EV/Sales (x)	1.5	1.6	1.2	0.8

Source: Company, Kotak Securities – Private Client Research

Sector Update

Stock Details

BSE Oil Ind Mkt cap (Rs bn)	:	6,157
52-wk Hi/Lo (Rs)	:	16727 / 13232
No.of members	:	10
BSE OIL Index Value	:	14,837
O&G weightage in Sensex	:	10.48

Source: Bloomberg

Price performance (%)

	3M	6M	1Y
ABAN	(21)	(46)	(51)
MRPL	(12)	(31)	(37)
HPCL	(8)	(27)	(37)
GGAS	(14)	(23)	(20)
MAHGL	3	(15)	(21)
IOCL	(1)	(12)	(18)
BPCL	(0)	(9)	(16)
CPCL	1	(8)	(23)
IGL	3.1	-6.7	-7.3
GSPL	0	(4)	(6)
ONGC	13	(2)	7
OINL	4	0	(3)
PLNG	11	1	2
BSEOIL	10	3	4
NIFTY	3	8.7	14
SENSEX	3	9	17
GAIL	15	18	29
RIL	29	40	57

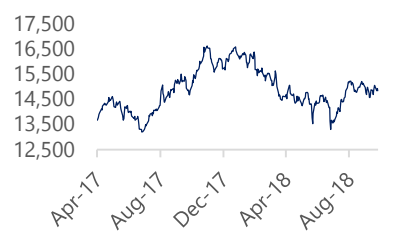
Source: Company, Kotak Securities - PCG

Price Performance (%)

(%)	1M	3M	6M
BSE Oil and Gas Sector	(2.4)	8.8	3.0
Nifty	(6.1)	2.9	8.7

Source: Bloomberg

BSE Oil and Gas Index chart



Source: Bloomberg

NATURAL GAS SECTOR UPDATE

GO GREEN

India's gas consumption growth stayed strong supported by higher LNG demand. RLNG's gas consumption mix rose 206 bps yoy to 47% in August'18. Higher RLNG consumption is positive for PLNG. India's gas production increased 0.6% yoy due to increase in gas production by ONGC.

From 1st October 2018, domestic gas prices are expected to be revised upward which is positive for ONGC (biggest beneficiary), Oil India and RIL. On the flip side, higher gas price along with weak INR will negatively impact CGD companies and may impact margins.

CGD gas consumption rose by 6.6% yoy to 25 mmscmd. Higher CGD consumption is positive for IGL and MGL. RLNG prices increased which will negatively impact industrial and commercial gas consumption. Gujarat gas has the highest industrial gas exposure and might get impacted. Qatar Petroleum intends to raise production by a further 10% by 2024, to 110 mn tons per year. This will keep RLNG prices under control in the long term.

Monthly readings on natural gas production, availability and consumption in India

- ❑ **India's total gas consumption:** In August'18, India's gas consumption increased by 3.3% yoy to 166 mmscmd due to strong gas demand from all the sectors except petrochemical and power.
- ❑ **RLNG consumption:** Notable growth is witnessed in total RLNG consumption. In August'18, RLNG demand increased by 8% yoy to 78 mmscmd supported by double digit growth from both fertilizer (11% yoy) and refinery (18% yoy) sector growth. CGD sector imported gas demand decreased marginally by 1% yoy due to higher LNG prices and weaker rupee.
- ❑ The contribution of RLNG in India's total gas consumption mix rose to 47% in August'18 vs 45% in August'17, reflecting rising demand for imported gas. We expect this rising trend to continue in the medium to long term due to better cost economics relative to liquid fuel, continuously rising RLNG supply, and rising demand from industrial and commercial segment. However, short-term we are cautious because of rise in spot LNG prices.
- ❑ **Domestic gas supply:** India's gas production was marginally up by 0.6% yoy to 90 mmscmd in August'18 supported by higher gas production by ONGC. ONGC gas production rose by 5.6% yoy to 67 mmscmd. Oil India's production declined to 7.6 mmscmd (-9% yoy) and production from private players/JVs continued to decline and stands at 16 mmscmd (-12% yoy).
- ❑ **India's total Gas consumption mix:** Major consuming sectors are fertilizer (25%), power (18%), CGD (15%), refinery (12%), petrochemicals (6%) sector and balance by others.
- ❑ **Top Picks:** Petronet LNG (TP Rs.267)

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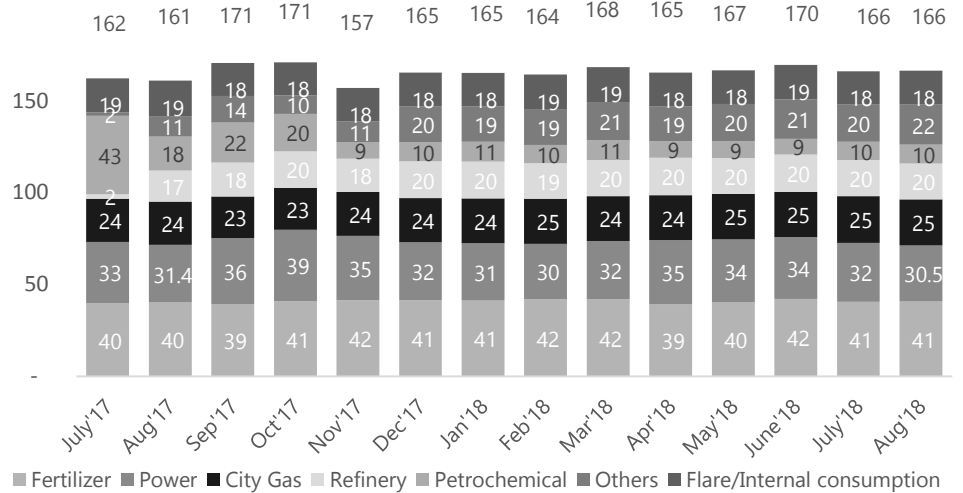
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India's gas story in charts

India's total gas consumption and sectorial mix

India's gas consumption increased by 3.3% yoy supported by all the industries except petchem/Power sector

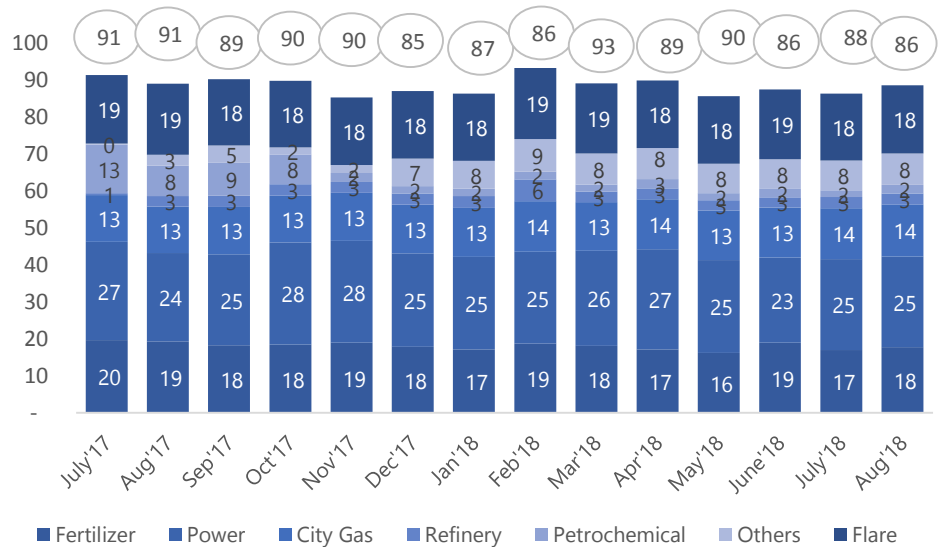
India's total gas consumption – Industry wise (mmscmd)



Source: PPAC and Kotak Securities – Private Client Research

Domestic gas consumption declined marginally by 0.5% yoy due to decline in gas consumption in petrochemical and fertilizer segment

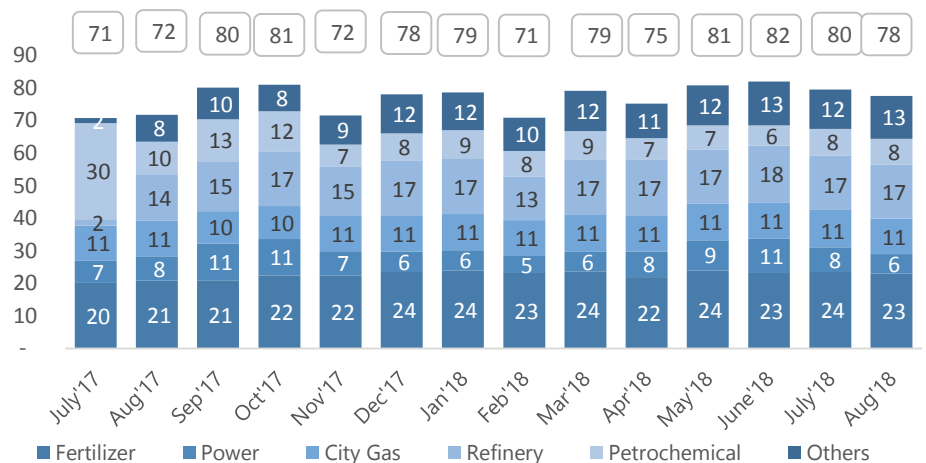
India's domestic gas consumption – Industry wise (mmscmd)



Source: PPAC and Kotak Securities – Private Client Research. Note: Upstream companies use some gas as internal consumption while some quantity of gas is flared as a part of technical requirement.

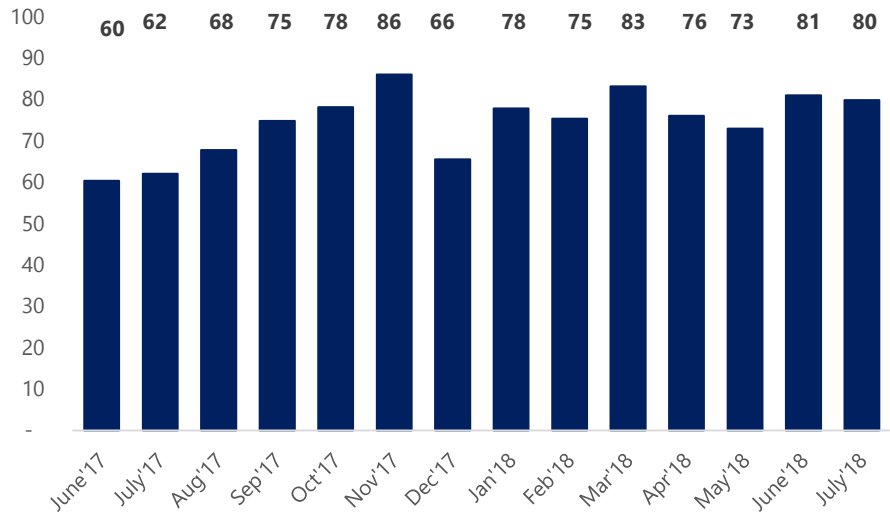
RLNG consumption grew by 8% yoy. Strong LNG demand witnessed from Refinery and Fertilizer sectors.

Imported RLNG consumption in India – Industry wise (mmscmd)



Source: PPAC and Kotak Securities – Private Client Research

India's LNG imports (mmscmd)

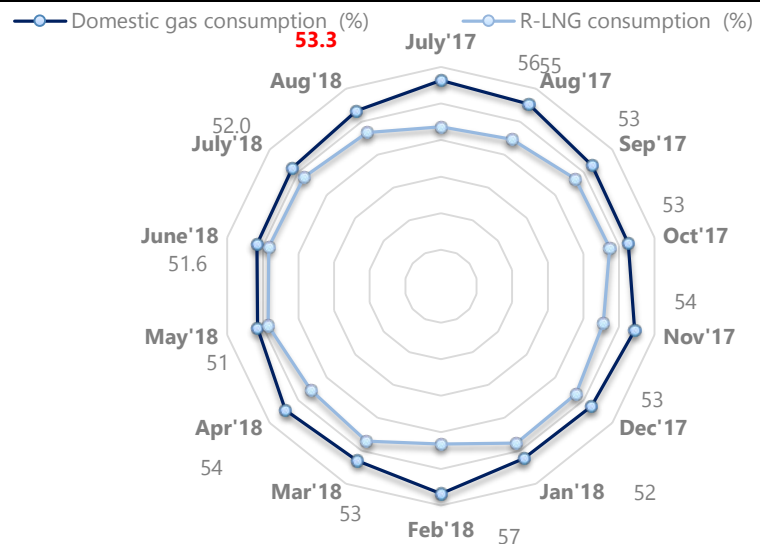


India's RLNG demand is expected to remain robust

Source: PPAC and Kotak Securities – Private Client Research.

Note: RLNG is imported by PLNG, GAIL, GSPC, HLPL, RIL, IOCL, Torrent Power & BPCL

Imported vs Domestic natural gas consumption mix (%)

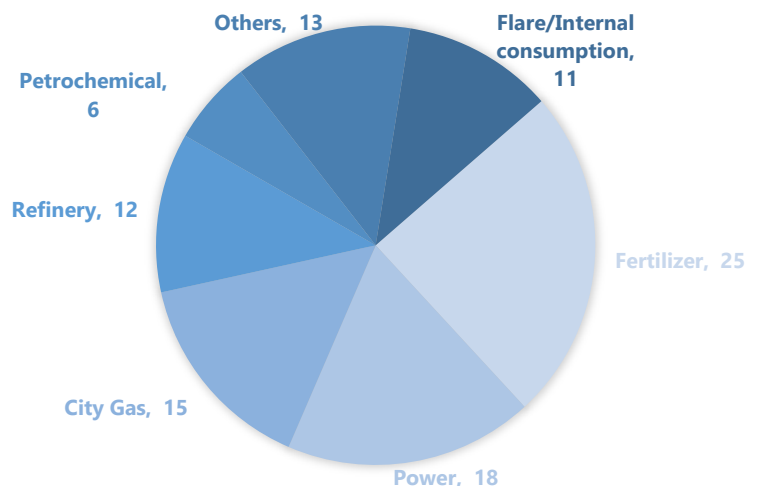


India's RLNG consumption mix stood higher at 46.7% in August'18 v/s 44.6% in August'17.

New regasification capacity is boosting India's consumption of imported gas. In long term, we expect meaningful jump in RLNG consumption in India.

Source: PPAC and Kotak Securities – Private Client Research. Note: Gas flared and internally consumed.

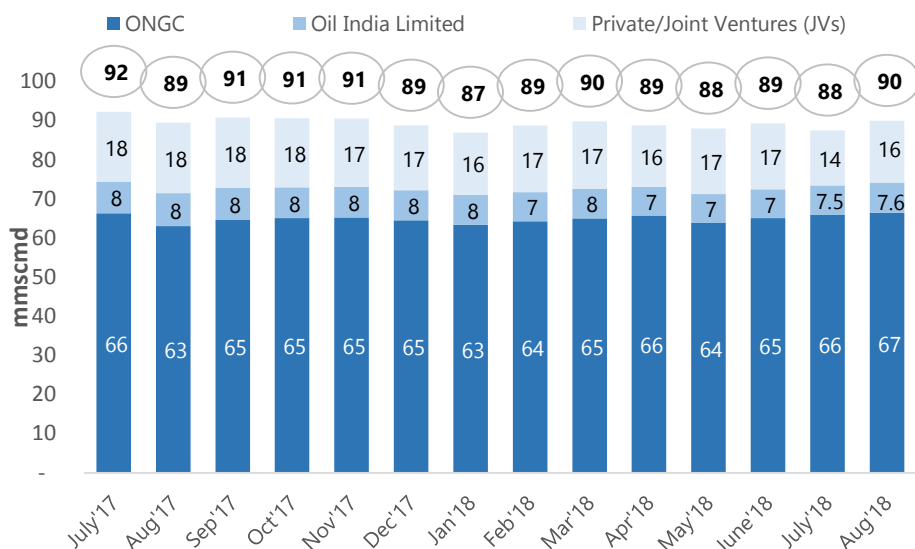
India's total natural gas consumption mix (%)



Source: PPAC and Kotak Securities – Private Client Research

India's total gas production – (mmscmd)

Domestic gas supply yoy basis increased due to higher supply from ONGC

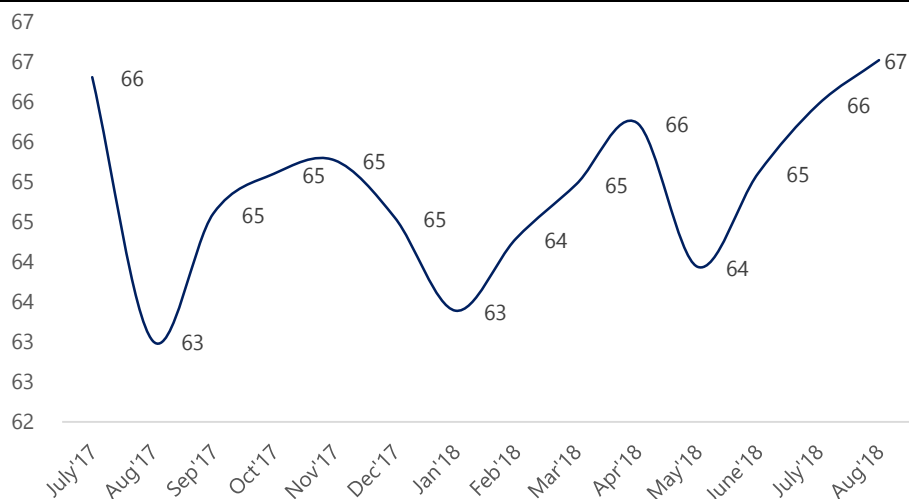


Source: PPAC and Kotak Securities – Private Client Research

ONGC is the highest domestic gas producer.

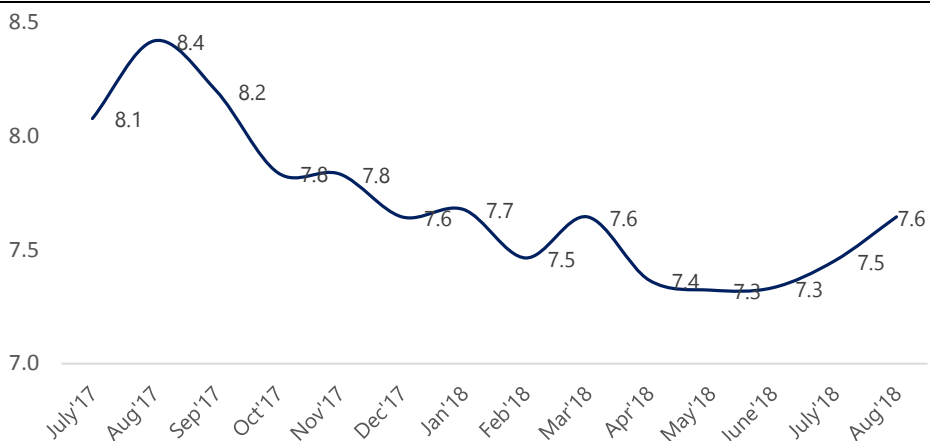
ONGC's gas supply stands higher by 5.6% yoy

ONGC's gas production from domestic fields (mmscmd)



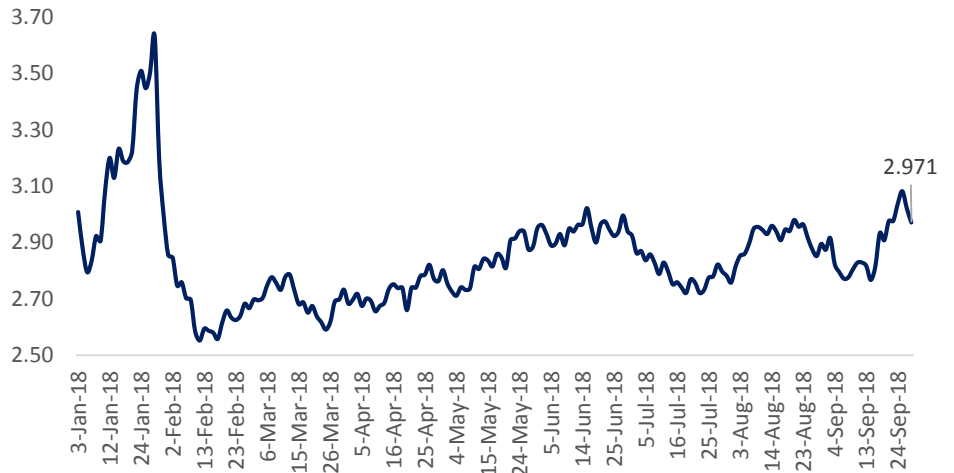
Source: PPAC and Kotak Securities – Private Client Research

Oil India monthly gas production (MMSCMD)



Source: PPAC and Kotak Securities – Private Client Research

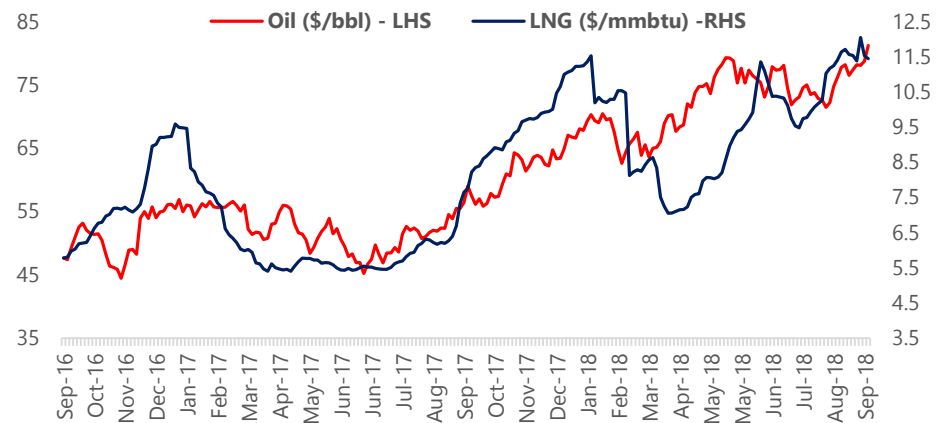
Henry Hub Natural Gas Futures Price (US\$/mmbtu)



Source: Bloomberg and Kotak Securities – Private Client Research

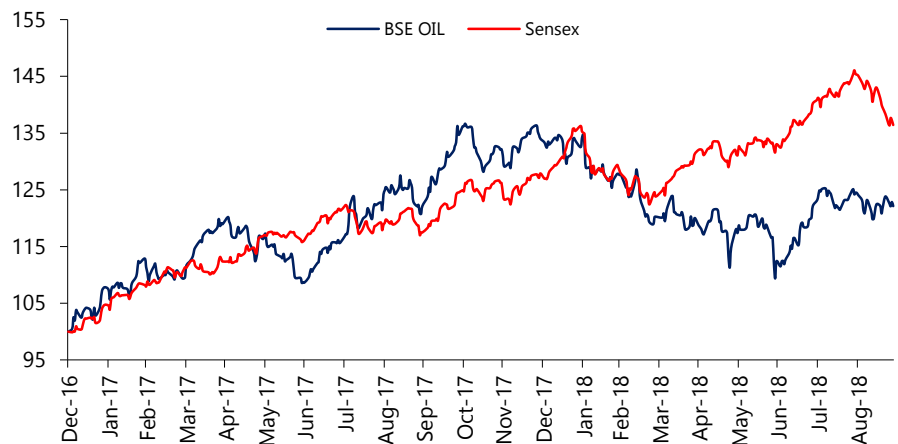
Singapore SGX LNG Index Group (SLInG) is a spot price index for Asian LNG.

Singapore SGX LNG and Oil price



Source: Bloomberg and Kotak Securities – Private Client Research

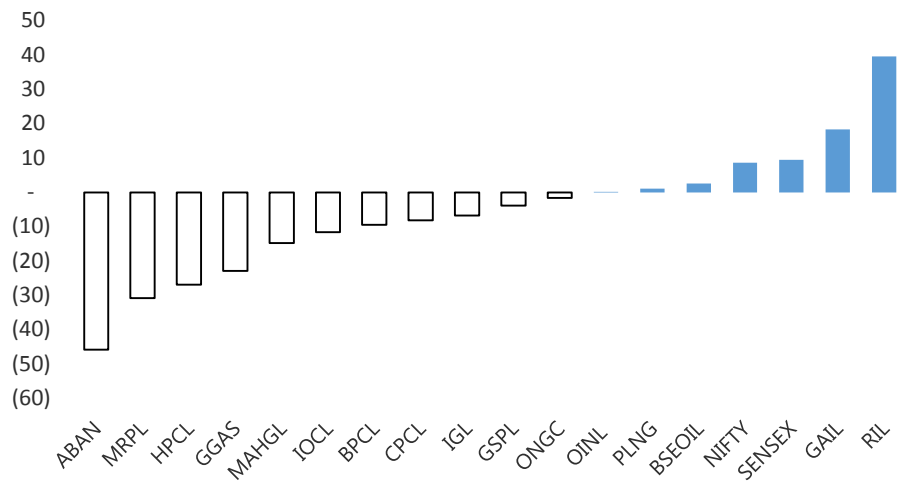
Oil and Gas Index and Sensex performance



Source: Bloomberg

During the last six months, Nifty has given a return of 8.7% however, BSE Oil and Gas Index has given a return of 3%. In the oil and gas sector, RIL has given highest return (40%) during the last six months followed by GAIL 18% and PLNG 1%.

6M Price performance of oil and gas companies (%)



Source: Bloomberg

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Definitions of ratings

- BUY** – We expect the stock to deliver more than 12% returns over the next 12 months
- ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 12 months
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