# Mahanagar Gas (MAHGAS)

ICICI direct Research

CMP: ₹ 790 | Target: ₹ 950 (20%) | Target Period: 12 months | BUY

August 9, 2019

Result Update

ICICI Securities – Retail Equity Research

## Better margins aid strong profit growth...

Mahanagar Gas (MGL) reported its Q1FY20 results which were above our estimates on profitability front on account of better margins. The topline increased 22.9 % YoY to ₹ 831.2 crore marginally below our estimates of ₹ 835.5 crore on account of lower than expected sales volume. The volumes came at 3.0 mmscmd (up 3.8% YoY) vs. our estimates of ₹ 3.1 mmscmd mainly on account of lower growth of 2% YoY in CNG volumes. Gross margins were higher by ₹ 2/scm QoQ and ₹ 2.7/scm YoY due to increase in realisations. Subsequently, PAT increased 32.7% YoY to ₹ 170.2 crore and came above our estimates of ₹ 152.3 crore.

### Volume growth subdued due to CNG segment ...

MGL reported lower than anticipated volume growth of 3.8% YoY against our expectations of 7.1% YoY. Lower growth in CNG volume at 2% YoY (our estimate: 6.5%) to 2.16 mmscmd mainly led to disappointing volume growth. On the PNG front, growth momentum in terms of volumes was maintained which increased 8.7% YoY to 0.8 mmscmd. The volume growth rate is lower than MGL's average growth rate of 6-6.5% witnessed over last few years. We have marginally lowered MGL's volume outlook to 5-6% CAGR in the coming years due to lower CNG growth assumptions. Given the cost economics of natural gas over other alternative fuels in conjunction with rising pollution concerns maintaining above mentioned growth rate shouldn't be a concern. MGL has plans to aggressively set up CNG stations with 20-25 additions per annum. Going forward, we estimate sales volumes at 3.1 mmscmd and 3.3 mmscmd in FY20E and FY21E, respectively.

### Healthy margins outlook going ahead

MGL has maintained its CNG prices during the quarter following the price hikes in the previous quarter. Along with better realisations, LNG costs have also come down in the current quarter. As a result, gross margins came in at ₹ 15.2/scm above our estimates of ₹ 13.8/scm. On account of the same and also lower than expected other expenses, EBITDA/scm also stood at ₹ 10.3/scm. In our opinion, MGL gross margins are expected to remain healthy at ~₹ 14/scm for both FY20E and FY21E.

### Valuation & Outlook

The government's priority allocation of domestic gas to CGD sector has enabled MGL to access cheaper gas for CNG and domestic business segments, constituting ~85% of total sales volume. MGL's strong gas pipeline infrastructure and expanding operations in Mumbai, its adjoining areas and Raigad district will enable MGL to capture the benefits of the large and growing market given the low penetration. In spite of decent performance, we have lowered our P/E multiple from 16x to 14x due to uncertainty over regulator's (PNGRB) decision on possible competition in existing area (Mumbai) and selling of remaining 10% stake of BG Group in MGL. We arrive at a target price of ₹ 950 with a **BUY** recommendation.

**Particulars**

| Particular | Amount |
|---|---|
| Market Capitalization (₹ Crore) | 7,803.4 |
| Total Debt (FY18) (₹ Crore) | 1.2 |
| Cash and Investments (FY18) ( | 91.9 |
| EV (₹ Crore) | 7,712.8 |
| 52 week H/L | 1057/755 |
| Equity capital (₹ Crore) | 98.8 |
| Face value (₹) | 10.0 |

**Key Highlights**

- Results were above our estimates on the profitability front on account of better margins
- Volumes to show growth of 5-6% over the next two years
- MGL margins are expected to remain healthy on account of higher realisations and lower LNG costs
- Maintain BUY on stock with target price of ₹ 950 /share

**Research Analyst**

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**Key Financial Summary**

| Key Financials | FY17 | FY18 | FY19E | FY20E | FY21E | CAGR (FY19-21E) |
|---|---|---|---|---|---|---|
| Revenue (₹ crore) | 2,239.1 | 2,452.9 | 3,056.8 | 3,390.4 | 3,561.0 | 7.9 |
| EBITDA (₹ crore) | 644.2 | 780.6 | 885.5 | 1,060.1 | 1,091.7 | 11.0 |
| PAT (₹ crore) | 393.4 | 477.9 | 546.5 | 654.4 | 669.3 | 10.7 |
| EPS(₹) | 39.8 | 48.4 | 55.3 | 66.3 | 67.8 | |
| P/E (x) | 19.8 | 16.3 | 14.3 | 11.9 | 11.7 | |
| P/Book (x) | 4.2 | 3.7 | 3.2 | 2.8 | 2.4 | |
| RoCE (%) | 29.8 | 31.9 | 31.5 | 32.4 | 28.9 | |
| RoE (%) | 21.4 | 22.8 | 22.7 | 23.3 | 20.8 | |

*Source: Company, ICICI Direct Research*

### Exhibit 1: Variance Analysis

| | Q1FY20 | Q1FY20E | Q1FY19 | YoY (%) | Q4FY19 | QoQ (%) | Comments |
|---|---|---|---|---|---|---|---|
| Total Revenues | 831.2 | 835.5 | 676.3 | 22.9 | 793.2 | 4.8 | Marginally lower-than-estimates on account of lower volume growth in CNG segment |
| Raw materials costs | 348.2 | 375.0 | 292.9 | 18.9 | 366.5 | -5.0 | |
| Employees Cost | 24.4 | 18.9 | 16.9 | 44.6 | 18.5 | 31.7 | |
| Other Expenses | 181.7 | 195.5 | 155.5 | 16.8 | 194.2 | -6.4 | |
| Total Expenditure | 554.4 | 589.3 | 465.3 | 19.1 | 579.3 | -4.3 | |
| EBITDA | 276.8 | 246.2 | 210.9 | 31.2 | 214.0 | 29.4 | Better-than-expected gross margins lead to increase in operational profits QoQ as well as YoY |
| EBITDA margins (%) | 0.3 | 0.3 | 31.2 | -3086 bps | 27.0 | -2664 bps | |
| Depreciation | 37.2 | 33.6 | 29.5 | 26.0 | 32.9 | 13.1 | |
| EBIT | 239.6 | 212.6 | 181.4 | 32.1 | 181.1 | 32.3 | |
| Interest | 1.4 | 0.0 | 0.1 | 2,183.3 | 0.0 | NA | |
| Other Income | 20.3 | 20.0 | 15.3 | 32.6 | 23.8 | -14.6 | |
| Extra Ordinary Item | 0.0 | 0.0 | 0.0 | NA | 0.0 | NA | |
| PBT | 258.6 | 232.6 | 196.7 | 31.5 | 204.9 | 26.2 | |
| Total Tax | 88.4 | 80.2 | 68.4 | 29.2 | 71.4 | 23.8 | |
| PAT | 170.2 | 152.3 | 128.3 | 32.7 | 133.5 | 27.5 | |
| **Key Metrics** | | | | | | | |
| Sales Volumes (mmscmd) | 3.0 | 3.1 | 2.9 | 3.8 | 3.0 | -0.8 | CNG volumes was lower than estimates at 2.2 mmscmd (up 2% YoY) whereas PNG volumes at 0.8 mmscmd (up 8.7% YoY) was in line with our estimate |
| Realisation (₹/scm) | 30.8 | 29.8 | 25.9 | 19.0 | 29.3 | 5.0 | Higher CNG realisations than expected led to higher realisations |
| Gross Margin (₹/scm) | 15.2 | 13.8 | 12.5 | 21.4 | 13.2 | 15.1 | Higher realisations as well as lower gas costs led to gross margins above expectations |

*Source: Company, ICICI Direct Research*

### Exhibit 2: Change in estimates

| | FY20E | | | FY21E | | | |
|---|---|---|---|---|---|---|---|
| **(₹ Crore)** | **Old** | **New** | **% Change** | **Old** | **New** | **% Change** | **Comments** |
| Revenue | 3431.5 | 3,390.4 | -1.2 | 3656.0 | 3,561.0 | -2.6 | |
| EBITDA | 980.4 | 1,060.1 | 8.1 | 1,046.6 | 1,091.7 | 4.3 | Marginal higher gross margins lead to upward revision in EBITDA |
| EBITDA Margin (%) | 28.6 | 31.3 | 270 bps | 28.6 | 30.7 | 203 bps | |
| PAT | 611.7 | 654.4 | 7.0 | 647.8 | 669.3 | 3.3 | |
| EPS (₹) | 61.9 | 66.3 | 7.0 | 65.6 | 67.8 | 3.3 | |

*Source: Company, ICICI Direct Research*

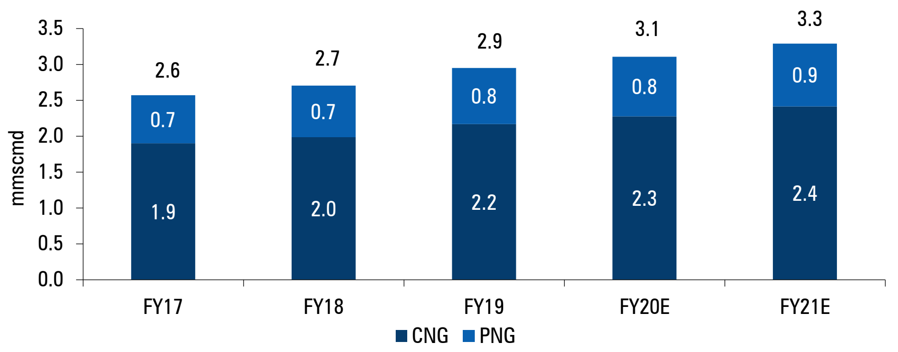
### Exhibit 3: Assumptions

| | | | Current | | Earlier | | Comments |
|---|---|---|---|---|---|---|---|
| | **FY18** | **FY19** | **FY20E** | **FY21E** | **FY20E** | **FY21E** | |
| Sales Volumes (mmscmd) | 2.70 | 2.95 | 3.10 | 3.29 | 3.14 | 3.34 | Lowered CNG volume growth rate marginally to 6% from 6.5% in coming quarters |
| Realisation (₹/scm) | 24.9 | 28.4 | 29.9 | 29.7 | 29.9 | 30.0 | |
| Gross Margin (₹/scm) | 12.2 | 12.9 | 14.3 | 14.1 | 13.5 | 13.6 | Increase gross margin estimates due to higher realisations and decline in LNG gas costs |

*Source: Company, ICICI Direct Research*

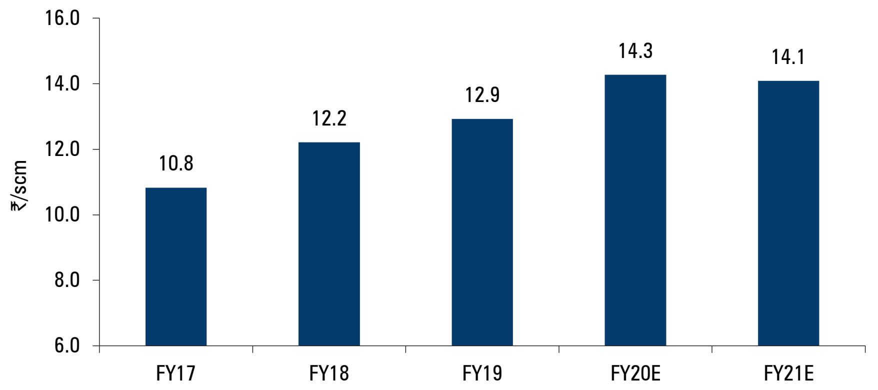
## Story in charts

### Exhibit 4: Volume to grow at steady pace



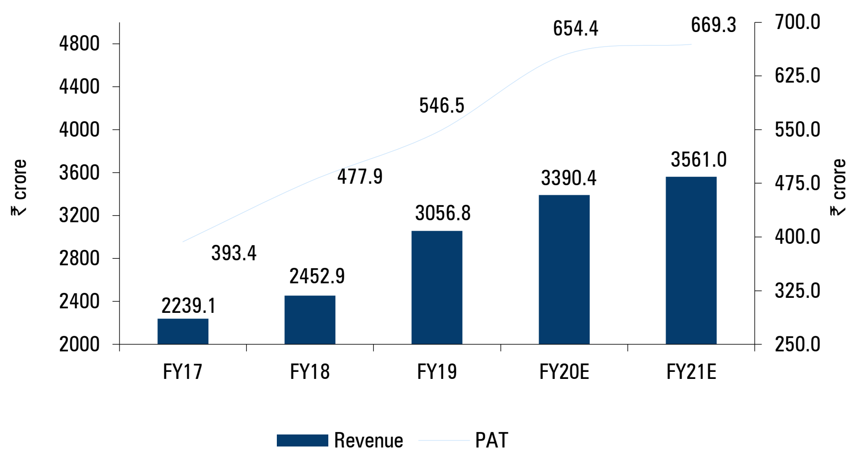

*Source: Company, ICICI Direct Research*

### Exhibit 5: Margin trend



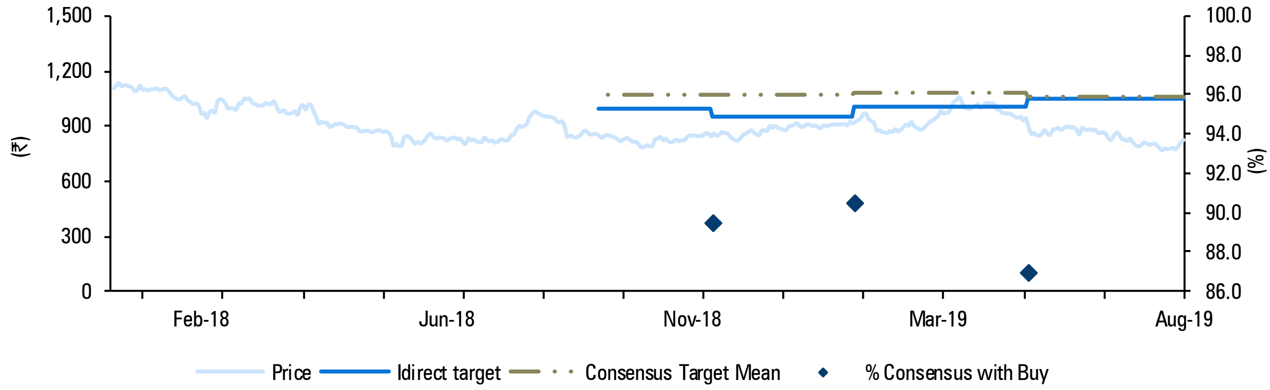

*Source: Company, ICICI Direct Research*

### Exhibit 6: Revenues & PAT will continue to show upward trend




*Source: Company, ICICI Direct Research*

Exhibit 7: Recommendation History vs. Consensus




*Source: Bloomberg, Company, ICICI Direct Research*

Exhibit 8: Top 10 Shareholders

| Rank | Investor Name | Filing Date | % O/S | Position | Change (m) |
|---|---|---|---|---|---|
| 1 | GAIL (India) Ltd | 30-Jun-19 | 32.5 | 32.1 | 0.0 |
| 2 | BG Asia Pacific Holdings Pte. Ltd. | 30/Jun/19 | 10.0 | 9.9 | 0.0 |
| 3 | Maharashtra, State of | 30-Jun-19 | 10.0 | 9.9 | 0.0 |
| 4 | Schroder Investment Management (Hong Kong) Ltd. | 31/Mar/19 | 5.4 | 5.4 | 0.0 |
| 5 | State Bank of India | 30-Jun-19 | 3.3 | 3.2 | 1.3 |
| 6 | L&T Investment Management Limited | 31/Dec/18 | 1.8 | 1.7 | 0.6 |
| 7 | The Vanguard Group, Inc. | 30-Jun-19 | 1.2 | 1.2 | 0.0 |
| 8 | Eastspring Investments India Equity Open Limited | 31/Mar/19 | 1.1 | 1.1 | -0.2 |
| 9 | Lazard Asset Management, L.L.C. | 30-Jun-19 | 1.1 | 1.1 | 0.6 |
| 10 | Bajaj Allianz Life Insurance Company Limited | 31/Mar/19 | 1.0 | 1.0 | 1.0 |

*Source: Reuters, ICICI Direct Research*

Exhibit 9: Recent Activity

| BUYS | | | SELLS | | |
|---|---|---|---|---|---|
| Investor name | Value (m) | Shares (m) | Investor name | Value (m) | Shares (m) |
| Union Investment Luxembourg S.A. | 9.62 | 0.63 | State Bank of India | -3.21 | -0.26 |
| Pzena Investment Management, LLC | 2.03 | 0.16 | HSBC Global Asset Management (India) Private Limitec | -1.90 | -0.15 |
| L&T Investment Management Limited | 1.05 | 0.08 | Kotak Mahindra Asset Management Company Ltd. | -1.72 | -0.14 |
| Florida State Board of Administration | 1.17 | 0.08 | Principal Asset Management Private Limited | -1.69 | -0.11 |
| Goldman Sachs Asset Management International | 0.95 | 0.07 | BNP Paribas Asset Management India Pvt. Ltd. | -0.91 | -0.07 |

*Source: Reuters, ICICI Direct Research*

Exhibit 10: Shareholding Pattern

| (in %) | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 |
|---|---|---|---|---|---|
| Promoter | 56.5 | 42.5 | 42.5 | 42.5 | 42.5 |
| FII | 12.7 | 19.0 | 21.6 | 24.4 | 24.3 |
| DII | 7.7 | 14.3 | 13.4 | 12.9 | 12.7 |
| Others | 23.1 | 24.2 | 22.5 | 20.3 | 20.5 |

*Source: Company, ICICI Direct Research*

## Financial summary

**Exhibit 11: Profit and loss statement** ₹ crore

| (Year-end March) | FY18 | FY19 | FY20E | FY21E |
|---|---|---|---|---|
| **Revenue** | **2452.9** | **3056.8** | **3390.4** | **3561.0** |
| Growth (%) | 9.6 | 24.6 | 10.9 | 5.0 |
| Raw material Costs | 1029.1 | 1399.2 | 1468.4 | 1548.0 |
| Employee Costs | 67.0 | 70.9 | 84.9 | 95.1 |
| Other Expenditure | 356.3 | 435.6 | 471.4 | 504.0 |
| Op. Expenditure | 1672.3 | 2171.3 | 2330.3 | 2469.3 |
| **EBITDA** | **780.6** | **885.5** | **1060.1** | **1091.7** |
| Growth (%) | 21.2 | 13.4 | 19.7 | 3.0 |
| Depreciation | 111.2 | 125.9 | 149.2 | 163.8 |
| EBIT | 669.4 | 759.5 | 910.9 | 927.9 |
| Interest | 0.3 | 0.3 | 1.4 | 0.0 |
| Other Income | 57.4 | 77.7 | 88.3 | 94.0 |
| PBT | 726.5 | 837.0 | 997.9 | 1021.9 |
| Growth (%) | 21.0 | 15.2 | 19.2 | 2.4 |
| Tax | 248.7 | 290.5 | 343.4 | 352.5 |
| **Reported PAT** | **477.9** | **546.5** | **654.4** | **669.3** |
| Growth (%) | 21.5 | 14.4 | 19.8 | 2.3 |
| **EPS** | **48.4** | **55.3** | **66.3** | **67.8** |

*Source: Company, ICICI Direct Research*

**Exhibit 12: Cash flow statement** ₹ crore

| (Year-end March) | FY18 | FY19 | FY20E | FY21E |
|---|---|---|---|---|
| Profit after Tax | 477.9 | 546.5 | 654.4 | 669.3 |
| Add: Depreciation | 111.2 | 125.9 | 149.2 | 163.8 |
| Add: Others | 37.2 | 15.0 | 15.0 | 15.0 |
| Cash Profit | 626.3 | 687.4 | 818.6 | 848.1 |
| Increase/(Decrease) in CL | 95.4 | 244.1 | 118.7 | 49.8 |
| (Increase)/Decrease in CA | -49.3 | 43.4 | -29.4 | -15.8 |
| **CF from Operating Activities** | **672.4** | **974.9** | **908.0** | **882.2** |
| Purchase of Fixed Assets | 283.5 | 252.7 | 249.9 | 246.0 |
| (Inc)/Dec in Investments | -221.0 | -40.0 | -40.0 | -40.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| **CF from Investing Activities** | **-504.5** | **-292.7** | **-289.9** | **-286.0** |
| Inc/(Dec) in Loan Funds | -1.5 | 0.0 | 0.0 | 0.0 |
| Inc/(Dec) in Sh. Cap. & Res. | 0.0 | 0.0 | 0.0 | 0.0 |
| Less: Dividend Paid | 222.6 | 231.1 | 254.3 | 265.8 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| **CF from financing activities** | **-224.1** | **-231.1** | **-254.3** | **-265.8** |
| Change in cash Eq. | -56.2 | 451.1 | 363.9 | 330.4 |
| Op. Cash and cash Eq. | 148.1 | 91.9 | 543.0 | 906.8 |
| **Cl. Cash and cash Eq.** | **91.9** | **543.0** | **906.8** | **1,237.2** |

*Source: Company, ICICI Direct Research*

**Exhibit 13: Balance sheet** ₹ crore

| (Year-end March) | FY18 | FY19 | FY20E | FY21E |
|---|---|---|---|---|
| **Source of Funds** | | | | |
| Equity Capital | 98.8 | 98.8 | 98.8 | 98.8 |
| Preference capital | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves & Surplus | 1,996.5 | 2,311.8 | 2,712.0 | 3,115.5 |
| Shareholder's Fund | 2,095.3 | 2,410.6 | 2,810.8 | 3,214.3 |
| Loan Funds | 1.2 | 1.2 | 1.2 | 1.2 |
| Deferred Tax Liability | 174.8 | 189.8 | 204.8 | 219.8 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 |
| **Source of Funds** | **2271.3** | **2601.7** | **3016.8** | **3435.4** |
| | | | | |
| **Application of Funds** | | | | |
| Gross Block | 1,818.7 | 2,093.7 | 2,368.7 | 2,643.7 |
| Less: Acc. Depreciation | 286.8 | 410.0 | 559.4 | 727.2 |
| Net Block | 1,531.9 | 1,683.7 | 1,809.4 | 1,916.5 |
| Capital WIP | 356.6 | 331.6 | 306.6 | 281.6 |
| Total Fixed Assets | 1,888.6 | 2,015.3 | 2,116.0 | 2,198.2 |
| Investments | 687.7 | 727.7 | 767.7 | 807.7 |
| Inventories | 24.0 | 25.1 | 27.9 | 29.3 |
| Debtor | 91.6 | 134.0 | 148.6 | 156.1 |
| Cash | 91.9 | 543.0 | 906.8 | 1,237.2 |
| Loan & Advance, Other CA | 226.6 | 139.6 | 151.6 | 158.4 |
| Total Current assets | 434.0 | 841.6 | 1234.9 | 1581.0 |
| Current Liabilities | 719.0 | 670.0 | 743.1 | 780.5 |
| Provisions | 19.9 | 313.0 | 358.6 | 371.0 |
| Total CL and Provisions | 738.9 | 983.0 | 1101.7 | 1151.5 |
| Net Working Capital | -304.9 | -141.3 | 133.2 | 429.5 |
| Miscellaneous expense | 0.0 | 0.0 | 0.0 | 0.0 |
| **Application of Funds** | **2271.4** | **2601.7** | **3016.9** | **3435.4** |

*Source: Company, ICICI Direct Research*

**Exhibit 14: Key ratios** ₹ crore

| (Year-end March) | FY18 | FY19 | FY20E | FY21E |
|---|---|---|---|---|
| **Per share data (₹)** | | | | |
| Book Value | 212.1 | 244.0 | 284.6 | 325.4 |
| Cash per share | 78.9 | 128.6 | 169.5 | 207.0 |
| EPS | 48.4 | 55.3 | 66.3 | 67.8 |
| Cash EPS | 59.6 | 68.1 | 81.4 | 84.3 |
| DPS | 19.0 | 20.0 | 22.0 | 23.0 |
| **Profitability & Operating Ratios** | | | | |
| EBITDA Margin (%) | 31.8 | 29.0 | 31.3 | 30.7 |
| PAT Margin (%) | 19.5 | 17.9 | 19.3 | 18.8 |
| Fixed Asset Turnover (x) | 1.3 | 1.5 | 1.6 | 1.6 |
| Inventory Turnover (Days) | 3.6 | 3.0 | 3.0 | 3.0 |
| Debtor (Days) | 13.6 | 16.0 | 16.0 | 16.0 |
| Current Liabilities (Days) | 107.0 | 80.0 | 80.0 | 80.0 |
| **Return Ratios (%)** | | | | |
| RoE | 22.8 | 22.7 | 23.3 | 20.8 |
| RoCE | 31.9 | 31.5 | 32.4 | 28.9 |
| RoIC | 50.8 | 66.6 | 80.1 | 79.3 |
| **Valuation Ratios (x)** | | | | |
| PE | 16.3 | 14.3 | 11.9 | 11.7 |
| Price to Book Value | 3.7 | 3.2 | 2.8 | 2.4 |
| EV/EBITDA | 9.9 | 8.2 | 6.5 | 6.0 |
| EV/Sales | 3.1 | 2.4 | 2.0 | 1.8 |
| **Leverage & Solvency Ratios** | | | | |
| Debt to equity (x) | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest Coverage (x) | 2,574.7 | NA | NA | NA |
| Debt to EBITDA (x) | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | 0.6 | 0.9 | 1.1 | 1.4 |
| Quick ratio | 0.6 | 0.8 | 1.1 | 1.3 |

*Source: Company, ICICI Direct Research*

Exhibit 15: ICICI Direct Coverage Universe (Oil & Gas)

| Sector / Company | CMP (₹) | TP (₹) | Rating | M Cap (₹ Cr) | EPS (₹) | | | P/E (x) | | | EV/EBITDA (x) | | | RoCE (%) | | | RoE (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY19 | FY20E | FY21E | FY19E | FY20E | FY21E | FY19E | FY20E | FY21E | FY19E | FY20E | FY21E | FY19E | FY20E | FY21E |
| BPCL (BHAPET) | 336 | 375 | Hold | 72,886 | 36.3 | 32.0 | 41.0 | 9.3 | 10.5 | 8.2 | 7.8 | 8.1 | 6.5 | 13.0 | 11.6 | 14.8 | 19.3 | 16.0 | 18.8 |
| Castrol India (CASIND) | 127 | 120 | Reduce | 12,562 | 7.2 | 7.2 | 7.1 | 17.7 | 17.7 | 17.9 | 11.0 | 10.8 | 10.9 | 88.3 | 87.6 | 90.7 | 61.6 | 60.9 | 63.1 |
| GAIL (India) (GAIL) | 129 | 160 | Hold | 58,179 | 13.4 | 11.7 | 12.2 | 9.7 | 11.0 | 10.6 | 6.3 | 7.3 | 7.8 | 16.9 | 13.4 | 11.8 | 13.8 | 11.5 | 11.4 |
| Gujarat Gas (GUJGA) | 174 | 205 | Buy | 11,978 | 6.3 | 11.2 | 11.5 | 27.5 | 15.6 | 15.2 | 13.9 | 8.2 | 7.7 | 16.8 | 27.9 | 25.5 | 19.8 | 26.7 | 22.3 |
| Gujarat State Petro (GSPL) | 211 | 210 | Hold | 11,886 | 14.1 | 14.3 | 13.2 | 15.0 | 14.8 | 16.0 | 9.6 | 9.6 | 9.9 | 15.7 | 14.6 | 13.1 | 13.9 | 12.6 | 10.7 |
| Gulf Oil Lubricants (GULO) | 756 | 810 | Hold | 3,748 | 35.8 | 41.5 | 45.0 | 21.1 | 18.2 | 16.8 | 12.9 | 11.1 | 10.0 | 35.8 | 34.4 | 32.0 | 30.7 | 29.3 | 26.4 |
| HPCL (HINPET) | 249 | 265 | Hold | 37,986 | 39.5 | 29.2 | 31.0 | 6.3 | 8.5 | 8.0 | 5.1 | 6.9 | 6.4 | 16.6 | 9.8 | 9.8 | 22.1 | 15.4 | 15.3 |
| Indian Oil Corp (INDOIL) | 138 | 170 | Hold | 126,699 | 18.4 | 17.9 | 21.1 | 7.5 | 7.7 | 6.6 | 3.7 | 3.6 | 3.4 | 13.4 | 14.3 | 15.3 | 15.0 | 13.6 | 15.0 |
| Indraprastha Gas (INDGAS) | 300 | 350 | Hold | 21,000 | 11.2 | 12.5 | 13.1 | 26.7 | 24.0 | 22.8 | 16.5 | 14.5 | 13.3 | 25.6 | 24.0 | 22.0 | 19.2 | 18.3 | 16.9 |
| Mahanagar Gas (MAHGAS) | 790 | 950 | Buy | 7,803 | 55.3 | 66.3 | 67.8 | 14.3 | 11.9 | 11.7 | 8.2 | 6.5 | 6.0 | 31.5 | 32.4 | 28.9 | 22.7 | 23.3 | 20.8 |
| Mangalore Refinery (MRPL | 53 | 50 | Hold | 9,289 | 1.8 | 0.5 | 5.1 | 29.0 | 98.9 | 10.3 | 8.4 | 11.0 | 5.6 | 5.7 | 3.0 | 9.8 | 2.9 | 0.8 | 7.6 |
| ONGC (ONGC) | 139 | 180 | Hold | 178,383 | 21.2 | 20.1 | 22.6 | 6.5 | 6.9 | 6.1 | 3.3 | 3.3 | 3.0 | 15.4 | 14.4 | 15.2 | 13.0 | 11.4 | 11.9 |
| Petronet LNG (PETLNG) | 232 | 235 | Hold | 34,800 | 14.4 | 15.7 | 18.0 | 16.1 | 14.8 | 12.9 | 10.7 | 8.8 | 7.6 | 26.5 | 24.3 | 27.2 | 21.3 | 22.3 | 24.2 |

*Source: Company, ICICI Direct Research*

## RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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# ANALYST CERTIFICATION

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