

National Democratic Alliance (NDA) has won the election with even better majority paving the way for continuity

- ❖ We expect Oil Marketing Companies (OMCs) to see dual benefits. 1) INR appreciation, we see a high probability, will benefit OMCs as for every Re 1 appreciation, under recoveries of the OMCs will decrease by ~Rs50 bn p.a.; 2) Correction on crude prices also augers well for profitability of OMCs. These factors are positive for HPCL, BPCL and IOCL.
- ❖ We are also positive on BFSI sector especially banks. We prefer PSU banks like SBI over private banks. Within private banks we like ICICI Bank, HDFC Bank, Axis Bank and Federal Bank. We would avoid NBFCs as the liquidity and NPA crisis is still not over. We will have to monitor as to how the government will handle the credit crisis. However, we are positive on select high quality companies like Cholamandalam Financial Holdings and Sundaram Finance.
- ❖ During the 3 terms of NDA government we have seen that the government focus is towards Infrastructure development which will benefit companies like Dilip Buildcon, KNR Construction, PNC Infrastructure, Ashokha Buildcon and NBCC. NDA government would maintain continuation of favorable policies towards roads sector. This will ensure implementation of the ambitious Bharatmala programme. A total of around 24,800 kms are being considered in Phase I of Bharatmala. In addition, Bharatmala Pariyojana phase -I also includes 10,000 kms of balance road works under NHDP, taking the total to 34,800 kms at an estimated cost of Rs.5,35,000 crore to be implemented over FY18-22. The scheme is likely to result in overall development of the economy through better quality roads resulting in increase in freight traffic with lower logistics costs, huge investment leading to trickle-down effect on the economy, employment generation etc. We expect road infrastructure to move at a high pace as the appointed dates will start coming in for the HAM projects as now the election hurdle has been crossed.
- ❖ Since 2014, Government has been also focusing on “Make in India” especially in the defense sector. We believe that the government will continue to focus on indigenization of the manufacturing in the sector. This will benefit companies like Larsen & Toubro, Bharat Electronics, Bharat Dynamics, Mishra Dhatu Nigam, Cochin Shipyard, Bharat Forge.
- ❖ Along with the stable government it is expected that monsoon would be good in this year which will benefit Fertilizer, agro and agro chemical companies like Coromandel International, Gujarat State Fertilizer Corporation, PI Industries and Chambal Fertilizers.
- ❖ Below are the few stocks which looks good and can be considered as stock SIP.

Sr No	Stocks	CMP	Market Cap (Rs bn)	EPS (Rs) (TTM)	No of Branches
1	ICICI Bank Ltd	411	2649	7	4874
2	Axis Bank Ltd	776	1997	20	4050
3	HDFC Bank Ltd	2332	6355	83	5103
4	Cochin Shipyard Ltd	364	48	37	-
5	Indian Oil Corp Ltd	154	1452	18	-
6	Hindustan Petroleum Corp Ltd	290	441	44	-
7	State Bank of India	342	3054	-8	22961
8	Bharat Electronics Ltd	103	250	6	-
9	Larsen & Toubro Ltd	1476	2070	64	-
10	Reliance Industries Ltd	1334	8455	67	-
11	Hero MotoCorp Ltd	2744	548	172	-
12	Coromandel International Ltd	405	118	25	-
13	Gujarat Alkalies & Chemicals Ltd	554	41	73	-
14	Petronet LNG Ltd	238	357	15	-
15	Deepak Nitrite Ltd	284	39	13	-
16	Dilip Buildcon Ltd	588	80	40	-
17	KNR Constructions Ltd	260	37	17	-
18	Ashoka Buildcon Ltd	122	34	-4	-
19	Indian Hotels	148	176	2	-
20	Inox Leisure Ltd	324	33	13	-
21	Adani Ports & Special Economic Zone Ltd	408	844	18	-

Disclaimer

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