


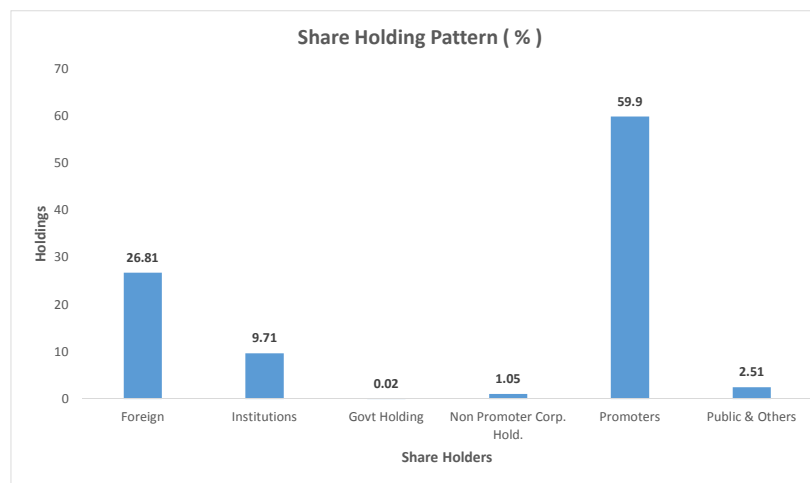
<div>Research Report</div>	<div>  <div> Spearhead FinServe <small>PRIVATE LIMITED</small> <small>A subsidiary of Spearhead Services Pvt Ltd</small> </div> </div>																
<div>Cairn India Ltd</div>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>318.00</td></tr> <tr> <td>Target</td><td>370 - 375</td></tr> <tr> <td>Accumulation Price Band</td><td>310 - 320</td></tr> <tr> <td>Time Frame</td><td>6 months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	318.00	Target	370 - 375	Accumulation Price Band	310 - 320	Time Frame	6 months	Derivative Segment	Yes				
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<div>Industry : Energy</div>	<div>Quick Glance</div> <table> <tr> <td>Share Capital (Rs Cr)</td><td>1,694.65</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>59,590.00</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td>59,590.00</td></tr> <tr> <td>Face Value (in Rs)</td><td>10.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>386/295</td></tr> </table>	Share Capital (Rs Cr)	1,694.65	Market Cap (Rs Cr)	59,590.00	Enterprise Value (Rs Cr)	59,590.00	Face Value (in Rs)	10.00	52 Week High/ Low (in Rs)	386/295						
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<div>Company Overview</div> <ul style="list-style-type: none"> Incorporated in the year 2006, as a subsidiary of UK based Cairn Energy PLC,subsequently taken over by Vedanta Resources PLC, Cairn India Ltd is one of the biggest private sector exploration and production companies in India, focusing on the businesses such as surveying, prospecting, drilling, exploring, acquiring, developing, producing, maintaining, refining, storing, trading, supplying etc. With a capacity of two processing plants11 platforms, 200 km of sub-sea pipelines and operations spreading across the Indian sub-continent, the company is participant in various oil and gas blocks/fields , oil accounts to 96% of the overall production, controlling about 1.3 billion barrels of oil equivalent in recoverable reserves. The production in 2014 was 76 million barrels of oil equivalent, implying a reserve life of 15 years. The company's narrow economic moat acts and an onshore Rajasthan oil field acts as an advantage accounting to more than 80% of its annual production and revenue. Assuming a stable exchange rate, this would result in 10% and 9% compounded annual growth in production and revenue, respectively, over the 2015-19 period 	<div>Financials</div> <table> <tr> <td>EPS (Rs)</td><td>36.90</td></tr> <tr> <td>Book Value (Rs)</td><td>203.28</td></tr> <tr> <td>P/E</td><td>8.62</td></tr> <tr> <td>P/BV</td><td>1.12</td></tr> <tr> <td>ROE</td><td>25.60</td></tr> <tr> <td>ROCE (%)</td><td>20.53</td></tr> <tr> <td>Dividend Yield (%)</td><td>3.62</td></tr> <tr> <td>Debt - Equity</td><td>-</td></tr> </table>	EPS (Rs)	36.90	Book Value (Rs)	203.28	P/E	8.62	P/BV	1.12	ROE	25.60	ROCE (%)	20.53	Dividend Yield (%)	3.62	Debt - Equity	-
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<div>Industry Overview</div> <ul style="list-style-type: none"> India being the 13 th largest consumer in the world consuming around 55 bcm (billion cubic meters) (approx.149 mmscmd) and the fourth largest importer, currently having a LNG import capacity around around 23.0 mmtpa through 4 terminals & meeting more than 35% of total gas supply of the country). Natural gas is fast gaining its place in India's large and rapidly growing energy market. Due to its inherent environment friendly nature, ease of handling and greater efficiency, natural gas is proving its utility both as fuel and feedstock. It has helped to attract investments and catalyse new demand and supply. This sector has witnessed significant developments over the years. India's natural gas demand is likely to jump by over 55% to 378 million standard cubic meters a day by 2016-17 but its availability will be way short of the requirement,with Domestic production of 101.1 mmscmd in 2012-13 will rise to 182 mmscmd by 2021-22 while import of liquified natural gas (LNG) is projected to jump from 44.6 mmscmd to 188 in 10 years. The new natural gas policy is expected to double the price of the fuel will lead to an increase in domestic production as it improves the commercial viability of marginal and deep-water field leading to the improvement of India's energy security and increase availability of gas for its key gas-consuming industries 	<div>Highlights</div> <table> <tr> <td>Debt (Rs Cr)</td><td>-</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>36,870.53</td></tr> <tr> <td>FII Holdings (%)</td><td>16.89</td></tr> <tr> <td>MF Holdings (%)</td><td>0.51</td></tr> <tr> <td>Free Float Market Capitalisation (Rs Cr)</td><td>18,095.88</td></tr> <tr> <td>Beta</td><td>0.33</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>133,066</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>2,661,328</td></tr> </table>	Debt (Rs Cr)	-	Reserves (Rs Crs)	36,870.53	FII Holdings (%)	16.89	MF Holdings (%)	0.51	Free Float Market Capitalisation (Rs Cr)	18,095.88	Beta	0.33	Avg Volume Per day (no. of shares)	133,066	Avg Volume Per Month (no. of shares)	2,661,328
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<div>Key Highlights</div> <ul style="list-style-type: none"> Cairn India signs up with US firm to invest ~1,200 cr in Rajasthan block to drill 100 wells at the Rajasthan onland block over the next 18 months ONGC has approved partner Cairn India's move to raise the cost of developing the Bhagyam field in Rajasthan block by 30 per cent to \$ 608 million Cairn India plans to set up exploration programme with the aim to increase its reserves of oil and oil equivalent gas to 7 bn barrels During the quarter, the company lent a loan \$. 1.25 bn to parent Vedanta group for 2 year time period at rate of Libor+300 bps. The company has planned a Capex of US \$ 3 Bn through FY15-17E, expecting to establish 3 bn boe hydrocarbons with focus on renewing and accelerating 2C-2P resource reserve conversion, with a guidance of 7-10% CAGR for the next three years, which implies a gross production of 2,21,000- 2,41,000 boepd in FY17E. 																	
<div>Key Risks</div> <ul style="list-style-type: none"> Fluctuations in Crude Oil Prices Geo - Political Tensions Raising Input Costs Pending approvals and allocations from government 																	

Financial Highlights

Income Statement (Annual) - Stand Alone					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Net Sales	9,927.53	9,200.98	8.80	2.39	3.20
EBITDA	8,963.66	7,773.31	158.98	(25.95)	(7.03)
EBITDA Margin	90.29	84.48	(31.36)	(1,085.77)	(219.69)
Depreciation	1,181.76	961.80	0.03	0.03	0.05
Interest	6.45	66.41	111.45	186.69	66.28
Other Income	1,901.64	899.67	240.13	92.71	160.16
PBT	7,775.45	6,745.10	47.50	(212.67)	(73.36)
APAT	7,454.33	6,480.65	43.96	(212.67)	(68.95)
PAT Margin (%)	75.09	70.43	(1,298.18)	(8,898.33)	(2,154.69)
Earnings Per Share	36.90	32.06	0.23	-	-

Balance Sheet - Stand Alone					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Equity Share Capital	1,907.63	1,910.24	1,907.40	1,901.92	1,896.97
Reserves and Surplus	36,870.53	32,107.12	30,012.22	29,912.64	29,993.37
Tangible Net Worth	1,694.65	1,319.70	1,251.24	1,350.80	1,345.00
Deferred Tax Liability :	431.82	258.02	-	-	-
Long Term Debt	-	-	-	1,350.00	1,345.00
ShortTerm Debt	-	-	1,250.00	-	-
Total Debt	-	-	1,250.00	1,350.00	1,345.00
Current Liabilities	1,703.42	962.08	94.20	153.80	148.07
Total Provisions	1,606.26	1,691.62	0.60	0.10	3.00
Total Liabilities	40,472.81	35,337.06	33,170.86	33,165.36	33,281.74
Gross Block	4,729.11	4,251.22	2.72	2.59	0.11
Net Fixed Assets	3,022.03	3,041.81	2.57	2.47	0.02
Investments	29,574.42	26,410.27	32,674.80	32,568.25	33,129.09
Current Assets	2,748.26	2,501.33	530.56	722.42	230.98
Deferred Tax Asset :	8.88	7.19	-	-	-
Receivables	1,499.30	1,169.54	0.47	0.17	1.57
Inventories	163.26	107.04	-	-	0.98
Cash	170.85	151.05	460.00	652.93	192.79
Total Assets	40,472.81	35,337.06	33,170.86	33,165.36	33,281.74

Income Statement (Quarterly) - Stand Alone								
Particulars (Rs Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	2,682.89	2,659.64	2,451.85	2,133.15	2,315.99	2,243.93	-	0.80
EBITDA	2,187.62	1,868.25	2,596.24	2,311.56	1,855.85	13,568.34	(9.49)	(7.52)
EBITDA Margin	81.54	70.24	105.89	108.36	80.13	604.67	-	(940.00)
Depreciation	318.12	308.74	285.39	269.53	225.44	269.97	0.01	0.01
Interest	2.69	1.52	1.66	0.58	14.17	4.68	15.51	26.35
Other Income	310.32	45.76	779.16	766.40	201.99	11,886.64	18.58	19.96
PBT	1,866.81	1,557.99	2,309.19	2,041.45	1,616.24	13,293.69	(25.01)	(33.88)
APAT	1,755.93	1,473.39	2,235.88	1,989.12	1,554.57	13,251.12	(25.01)	(33.88)
PAT Margin (%)	65.45	55.40	91.19	93.25	67.12	590.53	-	(4,235.00)
Earnings Per Share	9.20	7.71	11.71	10.41	8.14	69.39	(0.13)	(0.18)

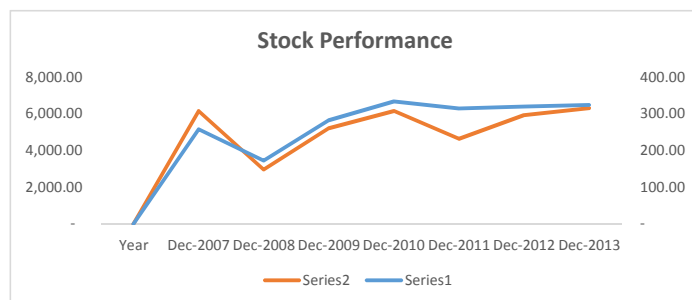


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	9,927.53	9,200.98	8.80	2.39	3.20
EBITDA Margins	%	90.29	84.48	(31.36)	(1,085.77)	(219.69)
PAT	Crs	7,454.33	6,480.65	43.96	(212.67)	(68.95)
PAT Margins	%	75.09	70.43	(1,298.18)	(8,898.33)	(2,154.69)
Revenue Growth	%	7.90	104,456.59	268.20	(25.31)	(14.21)
EBITDA Growth	%	15.31	4,789.49	(712.64)	269.13	(106.25)
PAT Growth	%	15.02	14,642.15	(120.67)	208.44	(227.12)
Debt - Equity	times	-	0.02	0.04	0.04	0.02
ROCE	%	20.53	19.79	(0.01)	-	-
ROE	%	25.60	18.54	-	-	-

Peer Comparison				
Particulars	Units	Cairn India	ONGC	Oil India
Revenue	Rs Cr	9,927.53	83,308.96	9,947.57
EBITDA Margins	%	90.29	38.52	61.56
PAT	Rs Cr	7,454.33	20,960.89	3,589.34
PAT Margins	%	75.09	25.12	36.08
Debt - Equity	%	-	0.02	0.03
EPS	Rs / Share	59.24	30.89	48.94
PE	times	8.62	13.23	11.89
P/BV	times	1.12	2.09	1.68
ROCE	%	20.53	21.30	27.20
ROE	%	25.60	4.90	5.97
EV/EBITDA	times	7.08	7.89	3.21

Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
Cairn India	-2.69%	-6.33%
Nifty	24%	2%



Valuation Chart

