

Indices

	Last close	% Chg	% YTD
Sensex	17,151	0.3	11.0
Nifty	5,226	0.4	13.0
CNX Midcap	7,604	0.3	24.4
Nasdaq	2,988	(0.8)	14.7
DJIA	12,921	0.6	5.8

Volumes

	US\$m	% Chg
BSE	335	(40.4)
NSE	1,735	(32.5)
Total	2,070	(33.9)

ADR/GDR (US\$)

	Latest	% Chg	% Prem
Dr Reddy's	33.7	1.1	(1.1)
HDFC Bank	33.1	0.1	7.8
ICICI Bank	33.5	0.6	(0.9)
ITC	4.7	1.8	0.2
Infosys	47.5	(3.4)	3.8
Satyam	2.6	na	(13.5)
Ranbaxy	9.8	(1.1)	(0.1)
Reliance	28.8	(0.8)	(0.7)
Wipro	9.8	(1.8)	20.4
SBI	86.1	0.2	(1.8)
Tata Motors	28.9	3.3	(0.8)

Net In/Outflows (US\$m)

	13-Apr	MTD	YTD
Fills	33.4	98	8,964
Dom MFs	50.7	(46)	(1,049)

Currencies

	Closing	Chg
Rs/US\$	51.68	(0.05)
US\$/EUR	1.31	(0.00)
US\$/JPY	80.47	0.06

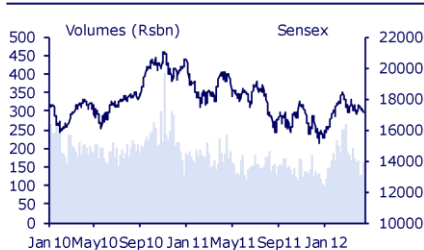
Bond Markets

	Closing	Chg
10 yr bond	8.46	0.00
Interbank call	8.75	0.25

Commodities

	Latest	% Chg	% Chg 1m
Brent (US\$/bbl)	118.9	0.1	(6.0)
Gold (US\$/oz)	1,650	(0.1)	(0.6)
Cu (US\$/MT)	8,054	(1.4)	(0.8)
Al (US\$/MT)	2,065	(0.2)	(8.5)

Sensex



What's inside

	Main reason for writing	Rec.	Target price	±%
India Macro	Infofax	-	-	-
Reliance Industries	Company Update	O-PF	860	+16
Tata Motors	Company update	BUY (O-PF)	370 (310)	+23
Earnings Calendar	-	-	-	-
Valuation matrix	-	-	-	-

Reco/target price in brackets indicate previous reco and target price (only when changed).

News headlines: Corporate

- Coal India has stated that it would sign the fuel supply agreements with power companies before April 20 but will pay only a marginal penalty for default. (ET)
- Tata Motors global vehicle sales have risen by 26%YoY in March. (ET)
- Tata Steel has drawn up plans to invest up to Rs20bn in its Port Talbot facility in United Kingdom in the near-term. (ET)

News headlines: Economic and political

- RBI has stated that inflation is likely to remain near current levels during FY13. (ET)
- Headline inflation in the month of March was at 6.89% down from 9.68% a year back. (ET)
- The Coal Secretary has convened a meeting between private coal mining companies and Coal India to identify projects that could be outsourced to private miners. (ET)
- Telecom Regulatory Authority of India (TRAI) has recommended that all communication services should be allowed under one license with an entry fee of Rs150m compared to Rs16.6bn at present. (ET)

Turnover Highlights

	Price (Rs)	Chg (%)	Vol (\$m)	YTD chg (%)
Tata Motors	301	3.9	82.1	68.3
Jaiprakash	80	3.0	24.8	52.1
SBI	2,265	2.4	111.0	39.9
ITC	241	2.0	21.1	19.7
L&T	1,302	1.5	38.0	30.9
Maruti	1,342	1.5	14.4	46.2
Ranbaxy	507	1.4	7.3	25.2
Tata Steel	455	1.2	28.3	35.7
ICICI Bank	874	1.0	67.3	27.6
Rel. Infra.	551	0.9	21.1	61.7
BHEL	261	0.9	18.6	9.2
Cairn	344	0.8	5.9	9.6
DLF	199	0.7	19.7	8.8
Hero Honda	2,069	0.6	12.1	4.1
SAIL	94	0.2	4.3	15.0
Zee	125	0.2	0.9	5.8
TCS	1,070	0.1	54.5	(7.8)
HDFC Bank	530	0.1	45.2	24.1
RCOM	84	0.0	11.4	20.5
HDFC	678	(0.4)	23.2	3.9
Reliance	748	(0.5)	40.0	8.0
Hindalco	124	(0.6)	17.1	7.1
ONGC	259	(0.7)	6.3	1.0
Sterilite	106	(0.7)	8.6	18.3
NTPC	166	(0.7)	4.2	2.9
HUL	421	(0.9)	6.7	3.4
Grasim	2,609	(1.2)	1.6	4.8
Sun Pharma	578	(1.3)	3.9	16.1
Infosys	2,365	(1.6)	218.8	(14.6)
Bharti	317	(2.0)	27.0	(7.7)

BSE 200 Movers and Shakers

	Price (Rs)	Chg (%)	YTD chg (%)
Top Gainers			
Aurobindo Pharm	126	8.5	48.4
Hexaware Tech.	127	5.3	68.6
Pfizer	1,308	4.6	18.8
Tata Motors	301	3.9	68.3
Indusind Bank	342	3.5	51.5
Patel Engineering	116	3.4	50.5
Spicejet	32	3.3	92.3
Allahabad Bank	191	3.2	66.0
IDBI	109	3.2	39.6
Jaiprakash	80	3.0	52.1
Axis Bank	1,197	3.0	48.1
Bata India	845	2.9	59.5
LIC Housing	272	2.9	23.0
Vijaya Bank	62	2.8	36.9
Top Losers			
GSPL	68	(3.1)	(12.5)
Nestle India	4,785	(2.8)	16.9
IVRCL Infra.	71	(2.7)	150.8
Gujarat Ambuja	159	(2.3)	2.5
Ultratech Cemen	1,441	(2.3)	23.5
Hotel LeelaVentu	32	(2.3)	10.8
Bharti Airtel	317	(2.0)	(7.7)
CESC	258	(2.0)	28.2
Gujarat State Fe	426	(1.9)	28.1
ACC	1,238	(1.7)	8.9
Infosys Tech.	2,365	(1.6)	(14.6)
Nagarjuna Cons.	54	(1.6)	61.0
Exide Industries	136	(1.5)	29.0
Union Bank	228	(1.5)	34.0

- As per Oil Secretary, Mr. G. C. Chaturvedi, India's oil refining capacity is likely to rise by 43% to 310mtpa by Mar-2017 from the current 216mtpa. (BS)

News headlines: Corporate

- Government is considering **SAIL**-led consortium's demand for state funding of their US\$10.8bn investment plan in Afghanistan. (ET)
- **Bharti Airtel** has signed an IT outsourcing deal with **Avaya** that covers all 20 countries where it offers mobile phone facilities. (ET)
- **Jindal Steel and Power (JSPL)** plans to begin production from its Utkal B-1 coal block in Odisha by August this year. (BS)
- **Indian Oil Corporation** has secured a US\$250m five-year term loan with 20 bank-consortium. (Mint)
- **Dabur India** has announced that it will speed up innovation for new products to maintain its growth momentum. (ET)
- **ABB** has announced its plans to invest Rs2.5bn to build new facilities in India to manufacture high-voltage power products and transformers. (ET)
- **Hindustan Petroleum Corp** (HPCL) has issued tender seeking 1m barrels of crude for June loading after a four month gap. (ET)
- **Jaypee group** is reportedly targeting to ramp up its cement-making capacity to around 50 mtpa over the next five years from 33.5 mtpa now. (ET)
- **Piramal Healthcare** has acquired worldwide rights to molecular imaging research and development portfolio of **Bayer Pharma AG**. for an undisclosed amount. (Mint)

Key to CLSA investment rankings: **BUY:** Total return expected to exceed market return AND provide 20% or greater absolute return; **O-PF:** Total return expected to be greater than market return but less than 20% absolute return; **U-PF:** Total return expected to be less than market return but expected to provide a positive absolute return; **SELL:** Total return expected to be less than market return AND to provide a negative absolute return. For relative performance, we benchmark the 12-month total return (including dividends) for the stock against the 12-month forecast return (including dividends) for the local market where the stock is traded.

CLSA changed the methodology by which it derives its investment rankings on 1 January 2012. The stocks covered in this report are subject to the revised methodology. We have made no changes to the methodologies through which analysts derive price targets - our views on intrinsic values and appropriate price targets are unchanged by this revised methodology. For further details of our new investment ranking methodology, please refer to our website.

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Note: In the interests of timeliness, this document has not been edited.

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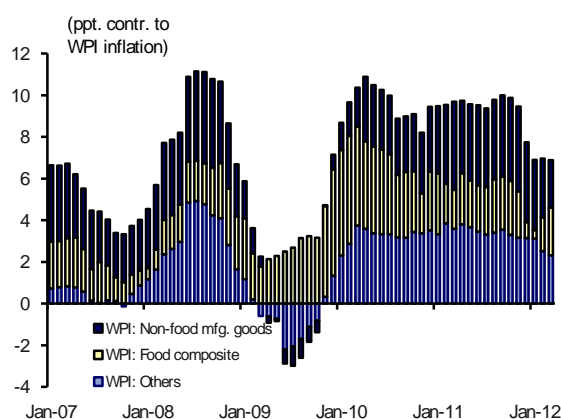
1. INDIA INFLATION – Food inflation jumps, core lower

India's March WPI inflation came in at 6.9% YoY, slightly higher than market expectations. The upside surprise was driven primarily by a jump in food composite inflation. However, non-manufactured goods (i.e. core) inflation eased to a two-year low, although partly flattered by last year's high base. Disturbingly, data revisions continue their upward bias with the January inflation reading revised to 6.9% from 6.6%. Overall, today's inflation details do not affect our expectation of a token 25bp repo rate cut to 8.25% by RBI in its annual monetary policy scheduled for 17 April. We expect RBI to keep CRR at 4.75% for now.

Revisions distort the signals from sequential seasonally adjusted WPI data, but they suggest an anticipated cooling off that should not be ignored. Thus, core inflation eased to 4.4% 3m/3m (saar) in March from 8.7% in December. Headline WPI inflation was slightly lower at 6.5% 3m/3m (saar) in March from 7.1% in December

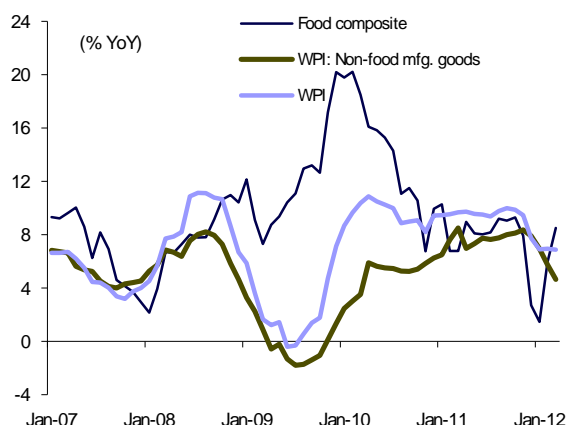
in February. RBI has been more focussed on core inflation but the decline exaggerates the underlying trend. This is because, apart from base effect, India has not adjusted local fuel prices, which in turn makes suppressed inflation a legitimate worry. For example, a 10% hike in the price of diesel will add 0.5-0.7ppt to the headline WPI inflation rate. Also, persistently high food inflation will eventually adversely affect core inflation.

WPI inflation - key drivers



Source: CEIC, CLSA Asia-Pacific Markets

WPI inflation



Source: CEIC, CLSA Asia-Pacific Markets

At 8.5% YoY, food composite inflation in March was higher than core inflation for the second consecutive month. The gap between the two has widened significantly, to 3.8ppt from a mere 0.2ppt

The anticipated rate cut is largely a token move and RBI is being opportunistic given the softening in inflation that will likely reverse in 2-3 months. The tone of the policy statement will be less dovish than market expectations. RBI will focus more on the risks to the inflation outlook, balance of payments (BoP) strains and fiscal laxity. It will signal its inability to move aggressively on rates because of these constraints and because of the long overdue fuel price adjustments. The sustainable medium- to long-term solution for India's elevated inflation is with the government, not with RBI. We expect market expectations of the total quantum of rate cuts to be scaled back to closer to our forecast of 50bp (including the expected rate cut on 17 April). BoP concerns (see *Triple-A Fault lines*, 4 April) will also limit the interest rate cuts RBI can deliver.

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17 April 2012

India

Petro/Chems

Reuters RELI.BO
Bloomberg RIL IB

Priced on 16 April 2012

India Sensex @ 17,094.5

12M hi/lo Rs1,044.00/687.55

12M price target Rs860.00
±% potential +15%

Shares in issue 3,273.4m
Free float (est.) 50.0%

Market cap US\$47,543m

3M average daily volume
Rs4,106.1m (US\$82.1m)

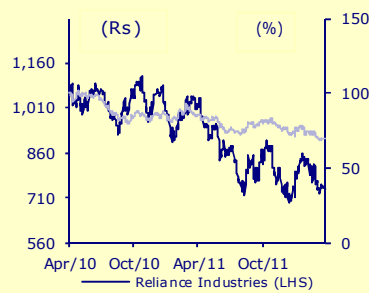
Foreign s'holding 22.2%

Major shareholders

Ambani Family 41.0%
Treasury Stock 8.9%

Stock performance (%)

	1M	3M	12M
Absolute	(3.1)	4.9	(26.5)
Relative	(1.0)	(0.7)	(16.7)
Abs (US\$)	(5.7)	4.5	(36.9)



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The fifth year and counting...

After its recent 15% correction, 2012 is now Reliance's fifth straight year of relative under-performance. We foresee some triggers emerging by year-end but singular variables, such as a gas price hike or the telecom foray, may not be enough for a sustained re-rating. Reliance needs to create a deep portfolio of projects to rekindle investor interest. Further, these may need to be in the energy chain; its ~US\$8.5bn non-core portfolio has been a drag on performance. Reliance has been more reticent here than we had expected clouding its long term outlook.

Reliance has now been under-performing for five years

After its 15% correction since mid-Feb, Reliance's stock is now under-performing the Sensex in 2012 – the fifth year in succession. Over this time, FY09-14 earnings have been cut 18-44%. This is continuing; we recently cut FY12-14 EPS by 2-7% to factor in lower KG-D6 volumes and SOTP by Rs25/sh to factor in a 30% cut in D1-D3 reserves to 7tcf. Our current FY13 estimate (~Rs69/sh, similar to consensus) implies a ~30% rise in EPS over the 4Q run-rate. This is predicated on a weaker currency (Rs53/US\$), a US\$1/bbl rebound in GRMs and higher other income but we concede downside risks.

Triggers may emerge by end 2012 but may be short-lived

We expect the EPS momentum to start rebounding when the polyester expansions begin to come on-stream from early 2013. By this time, we expect the 4G telecom launch, indications of higher gas prices and more detail on the retail foray to help. These triggers are likely to short-lived, however, as singular variables may not be enough for a re-rating. For example, while higher gas prices will renew the E&P thrust, NAV impact is limited (US\$1 = 1.5%) while EPS impact (US\$1 = ~3%) will accrue only from FY15. Similarly, our telecom analyst cautions that infra challenges and lack of a 4G device eco-system may force Reliance to bundle 2G voice implying higher capex.

Reliance needs to build a deep portfolio of projects in the core energy chain

In our view, therefore, Reliance needs to create a portfolio of +15-20 projects like its global energy peers have, to rekindle investor interest. Historically, sustained project growth has driven stock performance by driving EPS growth across cycles. This is now sorely missing; ten year profit Cagr has dipped below 20% for the first time in history.

Reliance can take on another ~US\$30bn of projects but has been reticent

Reliance has been more reticent on new projects than we had expected it to be, though; perhaps because of poor returns from the US\$17bn KG-D6, RPET projects and the +50% fall in US gas prices since the time it acquired its shale gas assets. For example, gross block will be flat over FY10-15 despite US\$12bn outlay on downstream projects as the olefins, IGCC projects are yet to commence in earnest. Indeed, given its cash (US\$15bn), operating cashflow (US\$6-7bn annually) and capital serving needs, it can easily invest an additional ~US\$30bn without stressing its balance sheet.

Non-core investments have been a drag on returns and stock performance

Further, these projects may need to be in the core energy chain. Its ~US\$8.5bn non-core investments (~20% of balance sheet) across multiple verticals have been a drag shaving off ~3ppt from ROACE; the retail venture, for example, is still incurring losses even after five years of operation. Nonetheless, with the stock trading at 11x PE and a 25% discount to our NAV and triggers emerging by end-2012, we maintain O-PF.

Financials

Year to 31 Mar	11A	12CL	13CL	14CL	15CL
Revenue (Rsm)	2,658,106	3,483,435	3,698,957	3,631,877	3,864,176
Net profit (Rsm)	202,109	202,086	222,234	223,426	263,192
EPS (RS)	61.8	61.8	68.9	70.2	82.6
EPS growth (% YoY)	27.1	0.0	11.5	1.9	17.8
ROE (%)	13.6	12.5	12.7	11.9	12.8
PE (x)	12.1	12.1	10.9	10.7	9.1
EV/Ebitda (x)	6.4	5.9	5.4	4.7	3.3

Source: CLSA Asia-Pacific Markets

Reliance has corrected by 15% in the last two months and is now underperforming in 2012

Earnings estimates for Reliance have been consistently cut over time

Consensus earnings downgrades from peak

- FY09: 18%**
- FY10: 44%**
- FY11: 33%**
- FY12: 29%**
- FY13: 41%**
- FY14: 23%**

Earnings momentum remains weak near term

Our current FY13 estimate (in-line with consensus) implies a ~30% rise in EPS over the 4Q run-rate

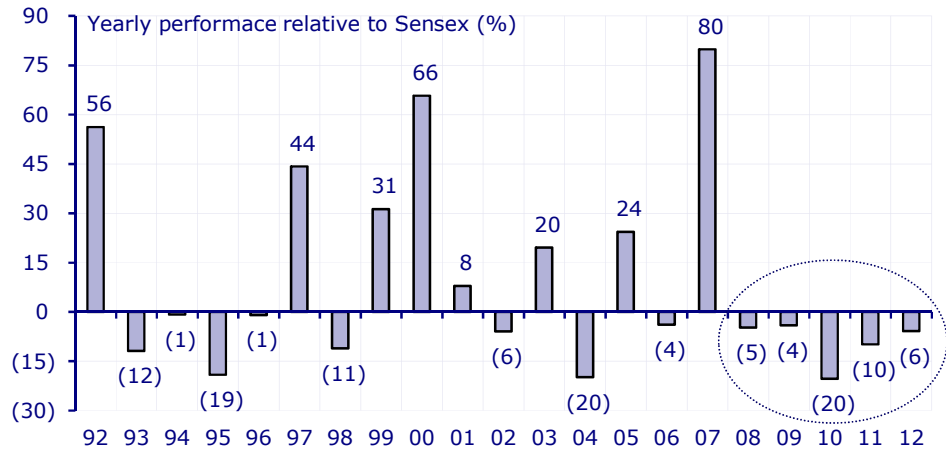
This is predicated on a weaker currency, a rebound in GRMs and higher other income...

... but, we concede, appears at risk

Reliance's stock has underperformed for five years now

Figure 1

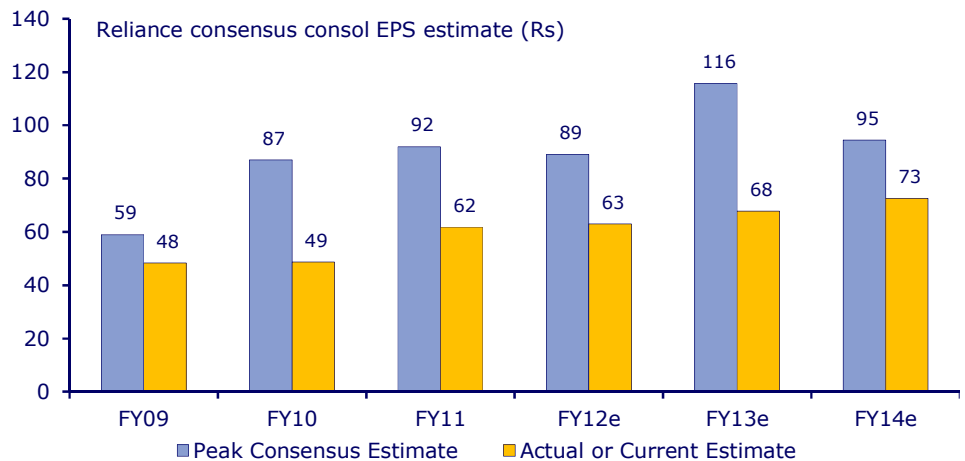
Reliance's relative stock price performance



Source: Bloomberg, CLSA Asia-Pacific Markets

Figure 2

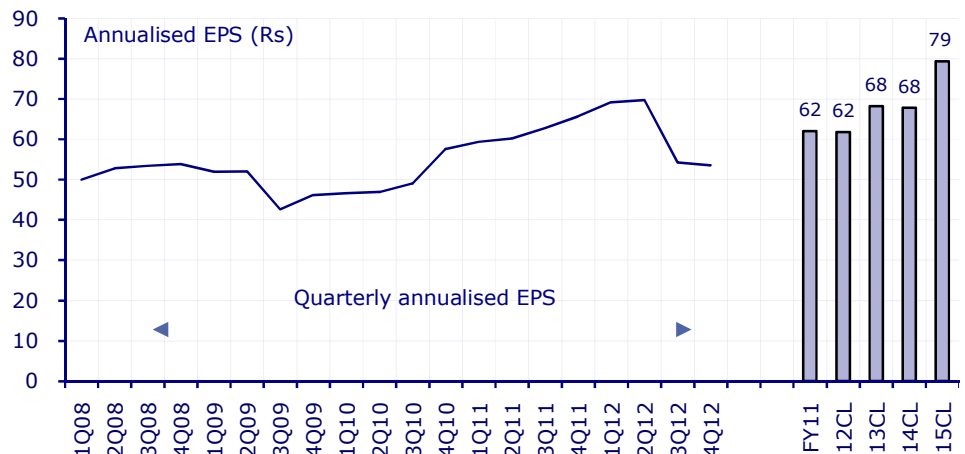
Trend in consensus earnings estimates for Reliance



Source: Bloomberg, CLSA Asia-Pacific Markets

Figure 3

Trend in Reliance's standalone quarterly EPS and our projections



Source: CLSA Asia-Pacific Markets

We model US\$100/bbl Brent long term

We expect GRMs to improve by US\$1/bbl from 4Q levels

Petchem volumes will rise over FY14-15

We model US\$8/mmbtu gas prices from FY15

We expect Reliance's US\$ Ebitda to decline by 12%YoY in FY12 and 9%YoY in FY13...

... but a sharp rise in share of other income in consol PBT from 13% in FY11 to 33% in FY13 will help

Our weaker INR forecast (Rs53/US\$) also helps

We expect net profits to revive in FY15 on higher gas prices and a rebound in E&P production as well as the ramp-up in petchem projects

Earnings momentum will remain soft near term

Figure 4

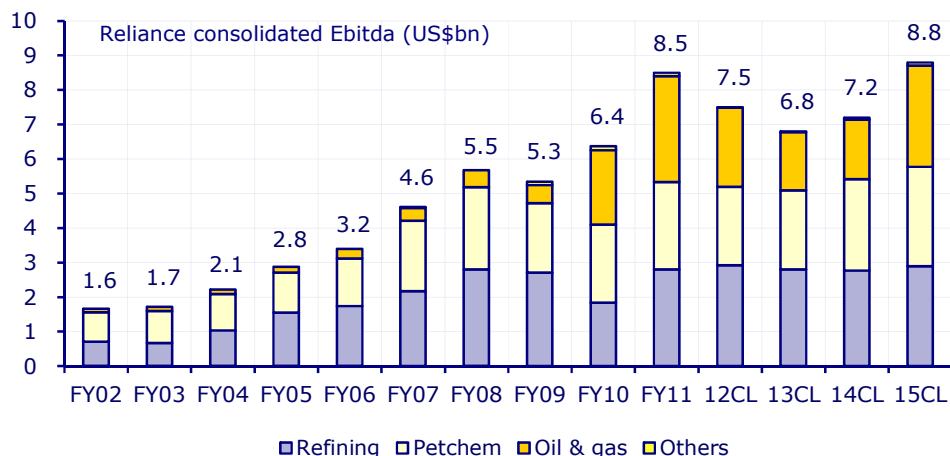
Key assumption driving our earnings estimate for Reliance

	FY06	FY07	FY08	FY09	FY10	FY11	12CL	13CL	14CL	15CL
Macro Assumptions										
Brent (\$/bbl)	58.0	64.7	82.4	84.7	69.7	86.7	114.4	103.8	100.0	100.0
Average INR (Rs/\$)	44.6	45.2	40.2	45.8	47.4	45.6	47.9	53.0	53.0	53.0
Refining Assumptions										
Refining crude thrupt (mt)	30.5	31.7	31.8	35.6	60.9	66.6	67.5	68.6	67.5	69.0
Reliance GRM (\$/bbl)	10.3	11.7	15.0	11.6	6.7	8.4	8.5	8.2	8.2	8.3
CLSA Sing Complex GRM (\$/bbl)	7.8	7.5	9.8	8.7	4.5	7.1	10.1	7.9	8.1	8.3
Petchem Assumptions										
Petchem production (mt)	8.5	10.2	11.0	10.2	11.4	12.0	11.8	11.8	12.7	14.7
Blended margin (\$/t)	497	424	421	388	347	410	387	385	418	394
Upstream assumptions										
PMT gas production (mmscmd)	9.8	10.7	14.8	16.1	14.4	11.9	11.8	11.1	10.0	9.0
PMT oil production (kbpd)	32.7	39.4	44.9	39.2	40.4	28.4	27.9	25.2	22.8	20.6
D6 D1-D3 gas production (mmscmd)					39.4	48.1	35.3	25.1	20.1	25.0
D6 MA gas production (mmscmd)					-	7.5	7.3	6.4	6.2	5.6
KG-D6 MA oil production (kbpd)				1.4	11.1	22.3	13.7	11.7	9.9	8.4
KG-D6 gas price (\$/mmbtu)				4.2	4.2	4.2	4.2	4.2	4.2	8.0

Source: CLSA Asia-Pacific Markets

Figure 5

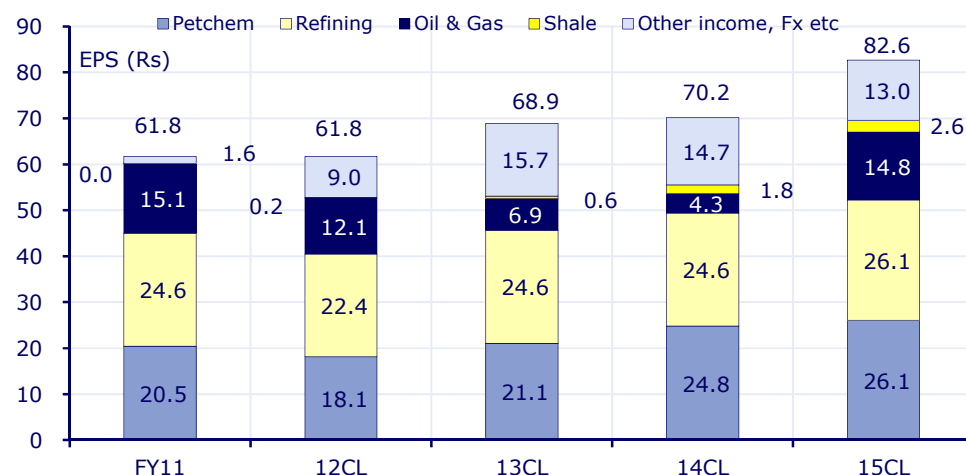
Trend and break up of Reliance's consolidated US\$ Ebitda



Source: CLSA Asia-Pacific Markets

Figure 6

Break-up of Reliance's consolidated net profit



Source: CLSA Asia-Pacific Markets

Reliance has historically been able to grow earnings at at-least a 20% Cagr over any ten year period

It has now slipped below this trajectory

In our view, this is driven by the lack of new project growth that has historically driven its earnings growth across commodity cycles

Indeed, while its capital base will be up ~40% over FY10-15...

... its productive capacity (gross block) is broadly flat over this period

This is unprecedented in Reliance's history

Reliance's reticence is probably partly explained by the exceptionally poor performance of all of its major projects in the recent past

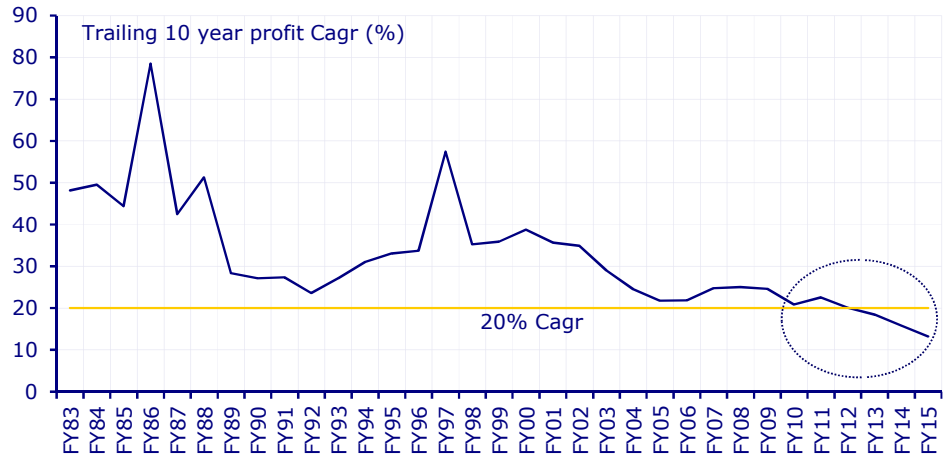
For example, the US\$9bn KG-D6 project and the US\$8bn RPET project are delivering poor returns...

... while the US\$1.5bn organised retail foray is yet to breakeven even after five years

Reliance's growth trajectory is at its weakest in history

Figure 7

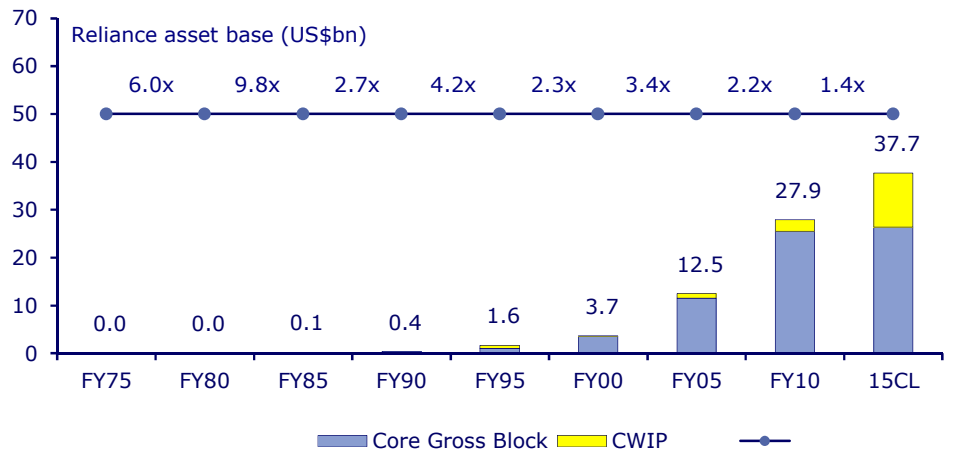
Trend in Reliance's long term earnings growth



Source: CLSA Asia-Pacific Markets

Figure 8

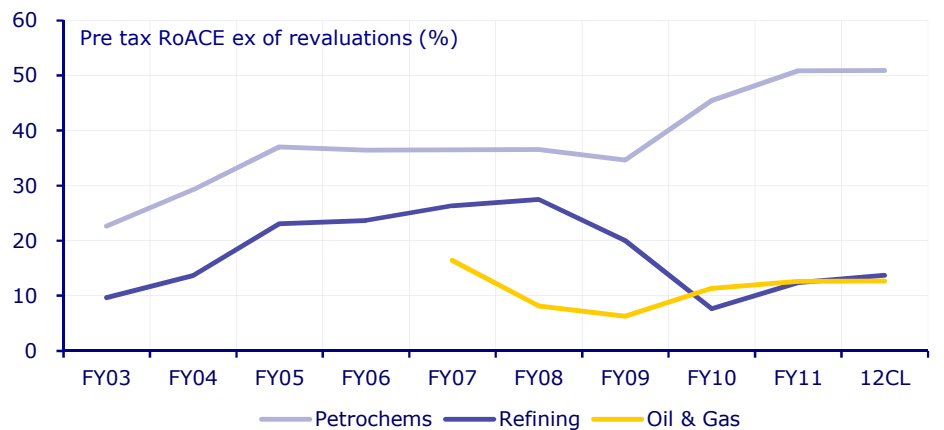
Trend in Reliance's gross asset base



Source: CLSA Asia-Pacific Markets. Includes RPET and IPCL when they were independent companies

Figure 9

Reliance's pre-tax return ratios in various segments



Source: CLSA Asia-Pacific Markets

Lack of earnings growth and projects is impacting the stock

Figure 10

Summary and commentary on Reliance's annual stock price performance

	Stock perf (%)		EPS growth (%YY)	Gross Block (%YY)	RIL Stock perf	Comments
	Abs	Rel				
FY92	265	(2)	25	3	Strong	Strong rally in Indian markets; Harshad Mehta scam unearthed
FY93	(44)	2	29	76	Weak	Reliance places US\$150m GDR
FY94	37	(28)	37	20	Rel Weak	Reliance embarks on large refinery plans with innovative financing (TOCD). Also raises equity of US\$440m in Euro convertible and GDR
FY95	(22)	(8)	29	12	Weak	Strong earnings performance but CG concerns on merger of subsidiaries
FY96	(20)	(24)	22	30	Weak	Ethylene spreads dropped 33% YoY. FY97 profits rose only 1.4% YoY
FY97	23	24	1	59	Strong	Commissioning of the Hazira cracker
FY98	38	22	24	38	Strong	Commissioning of expansions in polymer, polyester, chemicals and fiber intermediates
FY99	(26)	(22)	2	5	Weak	Ethylene spreads decreased 40% YoY; refining margins at new lows
FY00	141	107	32	36	Strong	Large PX unit and RPET comes on-stream
FY01	24	52	4	5	Strong	Upswing in petrochem margins; ramp-up of RPET
FY02	(23)	(19)	(6)	95	Weak	Refining margins fell 35% YoY; ethylene spreads plunged 40% YoY. EPS dipped YoY
FY03	(8)	4	21	9	Weak	Refining margins remained poor; ethylene spreads flat as economic growth faltered
FY04	95	11	29	6	Strong	Upswing in refining and petrochem margins
FY05	1	(15)	48	3	Weak	Strong up-cycle in both refining and petrochem but stock price suffered due to family dispute from Aug 2004
FY06	46	(28)	23	20	Rel Weak	New project outlook muted on demerger after settlement between the Ambani brothers. RPET announced in FY07
FY07	72	56	23	25	Strong	Upswing in refining margins, large RPET and KG-D6 expansion project underway. KG-D6 resource base upgraded.
FY08	65	46	27	7	Strong	New ventures (retail, SEZ) and the RPET project promise outsized returns. Continued E&P exploration success and rising optimism on higher oil & gas resource base.
FY09	(33)	5	(9)	42	Weak	Impact of GFC, concerns on balance sheet and speculation of trading losses emerge. Sharp earnings downgrades as refining and petrochem margin worsened. New projects get pushed back. FY09 annual report suggests surprisingly high gross block.
FY10	41	(40)	1	56	Rel Weak	RPET and KG-D6 come on-stream, stock does well in absolute terms but underperforms. Foray into telecoms announced.
FY11	(2)	(13)	27	8	Weak	Concerns emerge on E&P volume ramp-up at the KG-D6 block. Earnings downgrades on lower downstream margins and fall in E&P volumes. Scale back of growth capex as well.
FY12	(22)	(14)	(0)	(8)	Weak	Earnings downgrades on lower downstream margins and sharp fall in E&P volumes. Continued tussle with the government and impact of CAG report also impacts valuations
FY13	(11)	(7)	11	5	Weak	Expectations of higher gas prices, FY12 underperformance and start of buyback drives recovery initially before weakness in downstream margins and drop in E&P volumes takes a toll

Source: CLSA Asia-Pacific Markets

Equity issuances, Weak margins and governance concerns in FY94-96
Hazira cracker comes on-stream, strong margins as well in FY97-98
First Jamnagar refinery
Family dispute impacts FY05-06
KG-D6 and second refinery implementation and optimism around retail, SEZ and E&P
Reliance's stock price has been weak in the last few years as earnings and asset growth has lagged

Reliance will spend US\$10-12bn on downstream projects

It may also spend US\$4-5bn on domestic E&P projects

It has large outlays for shale gas but it can time these investments and limit equity requirements

It is also investing time in consumer forays...

... where the telecom venture may require a large capital dose

Reliance is investing but can afford a stronger footprint

Figure 11

Reliance's current project portfolio

(US\$bn)	Total Cost	RIL Spend	Timeline	Comment
Downstream				
Polyester	3.0	3.0	2013-14	Reliance is expanding capacity in PFY, POY and PET that should come on-stream by 1H-2013 and in PX/PTA that should be on-stream by 2H-2014
Olefins Cracker	4.5	4.5	2015	A 1.5mt cracker and associated downstream units (PE, MEG) based on off-gases of the two Jamnagar refineries. This should come on-stream in FY16
IGCC Plant	3.5	3.5	2015	To generate power and hydrogen from pet-coke from refineries to add value and also replace the off-gases (currently used for energy, steam, hydrogen)
Elastomers	0.9	0.6	2014-15	Expansion of PBR and SBR and a Butyl Rubber Plant in a 74% JV with SIBUR
Sub Total	11.9	11.6		Reliance has a US\$10-12bn downstream investment plan but execution of the olefins cracker and IGCC are yet to accelerate
Upstream				
KG-D6 D1-D3	3.1	0.0	nm	Unspent money on Phase-II of the D1-D3 project. Unlikely to be spent now given re-scoping of the KG-D6 development plan
KG-D6 MA	0.7	0.0	nm	Largely relates to the option to buy the FPSO. Unlikely now
KG-D6 Satellite	1.5	0.9	2016	Recently received approval for development. Production is likely in 2016
KG-D6 R-Series	2.3	1.4	2015	Has not received final approval. Reliance indicates production likely in 2015
KG-D6 Others	0.9	0.5	2016	DGH has refused to notify two discoveries here because of some technicalities
NEC-25	1.2	0.7	2016	Relates to the AJ-2 and AJ-3 discoveries. Based on DOC
CY-D5	1.5	1.0	2017	Based on DOC of D35 (A1 and A2)
GS-01	0.2	0.1	2017	Based on DOC of D-33
Sub Total	11.3	4.7		Reliance will likely spend less than US\$5bn on domestic E&P developments over the next five years
Shale Gas				
Atlas/Chevron Marcellus	2.3		Ongoing	Has spent US\$0.8bn so far. Estimate is CLSA for the next five years. Includes future drilling carry and capex. Progress has been slow due to low gas prices.
Carizzo Marcellus	0.9		Ongoing	Has spent US\$0.5bn so far. Estimate is CLSA for the next five years. Includes future drilling carry and capex. Progress has been slow due to low gas prices.
Pioneer Eagleford	3.2		Ongoing	Has spent US\$1.8bn so far. Estimate is CLSA for the next five years. Includes future drilling carry and capex. Faster progress given high liquid content
Sub Total	6.3			Housed in a 100% subsidiary that routinely accesses debt. Equity requirements from Reliance may be minimal
Non-Core				
Telecoms	2.0+		2012	Has already spent US\$3bn and had indicated a spend of another ~US\$2bn but this could rise significantly
Retail	0.9+		Ongoing	Invested equity of US\$1.2bn but has increased aggression again recently. Media articles speculate that it could raise another US\$0.9bn from Reliance
Financial Services	?			Had inked an agreement to buy Bharti's stake in two insurance JVs for US\$0.3bn but fell through. Has an MOU with DE Shaw for investments here
Hospitality	?			Has spent US\$0.3bn and owns 15% in EIH which controls the Oberoi Group.
Aviation	?			Media reports speculate that it is interested in KFA
Media	?			Invested US\$0.5bn in ETV so far; this could go higher depending on the outcome of the NW-18/TV-18 agreements
Sub Total	2.9+			Several plans; capex may be significantly higher in telecoms

Source: CLSA Asia-Pacific Markets

Capex fell to six year lows in FY12...

... and we do not expect investment momentum to return in earnest before 2HFTY14

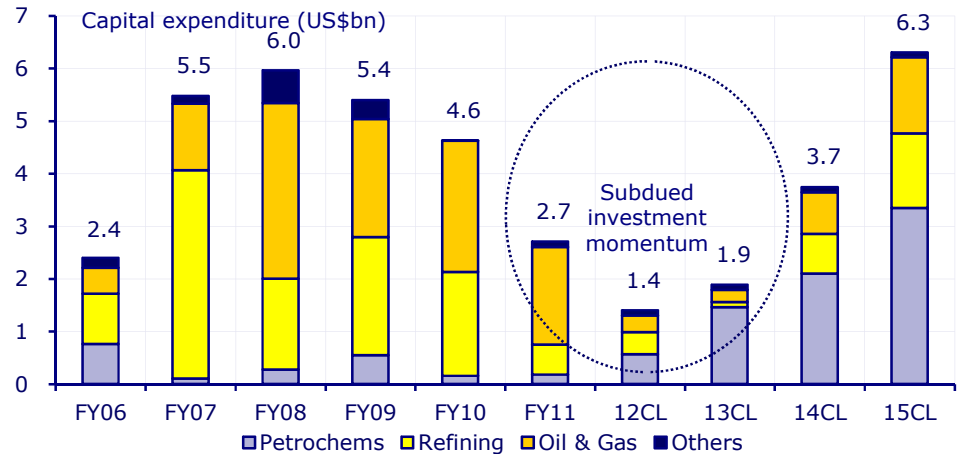
We forecast several years of free cashflow ahead

Reliance currently has US\$15bn in cash...

... and it will remain high, in our opinion

Figure 12

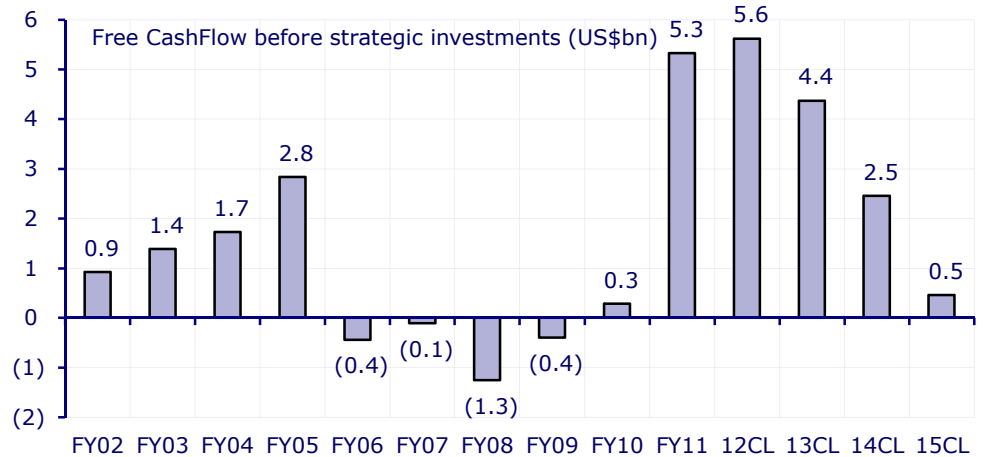
Trend in Reliance's capital expenditure



Source: CLSA Asia-Pacific Markets. Note: Includes IPCL and RPET capex when they were independent

Figure 13

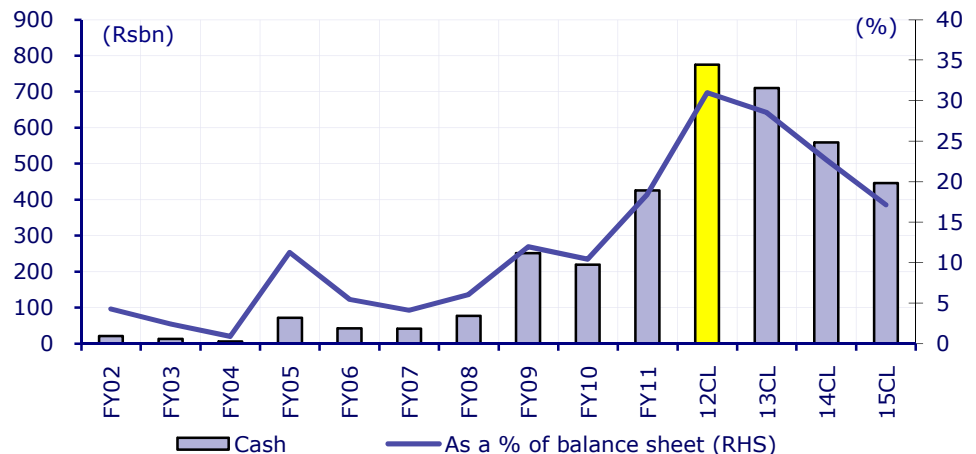
Trend in free cashflow for Reliance



Source: CLSA Asia-Pacific Markets. Note: Before outflows for strategic investments

Figure 14

Trend in cash levels for Reliance



Source: CLSA Asia-Pacific Markets. Note: Does not assume new debt issuances to replace repayments

Reliance has US\$6.6bn in debt repayment obligations over the next three years

It can easily meet these without resorting to new debt issuances

Its access to debt markets remains exceptionally strong...

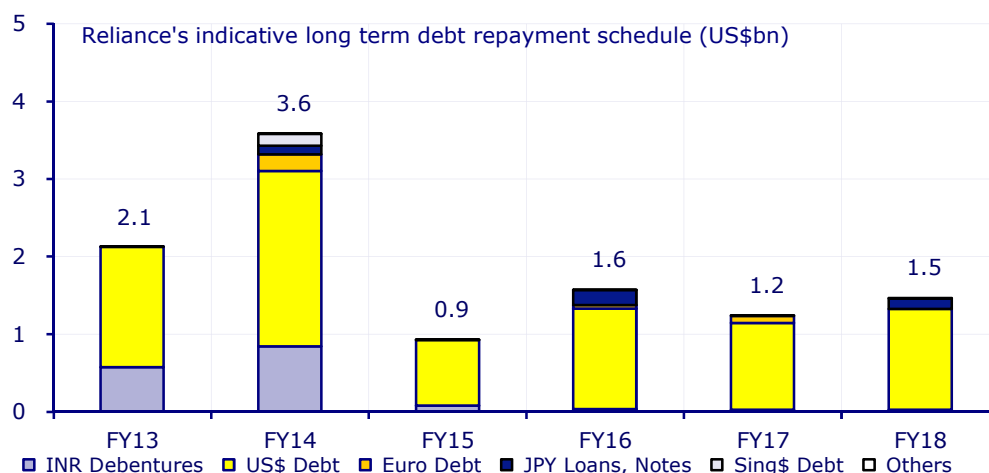
... and, in our view, it will look to refinance these, however, lowering the draw on cashflow

Indeed, our calculations suggest that Reliance can afford a much larger execution footprint...

... but taking on organic or inorganic growth opportunities of US\$25-30bn without stressing the balance sheet

Figure 15

Reliance's long term debt repayment schedule



Source: CLSA Asia-Pacific Markets

Figure 16

Reliance can afford a much more extensive project growth footprint

	US\$bn	Comments
Starting Excess Cash as of Mar12	14.6	Cash and cash equivalents as of Mar12
Operating Cashflow over FY13-15	19.2	Cashflow after w-capital changes, taxes including other income
Stake sale to BP	0.0	This can bring in additional US\$1.8bn
Internal accruals available	33.8	Total sources of cash over FY13-15
Petrochem expansions	8.6	On petrochem expansions, phase-II of KG-D6, Atlas JV etc
Upstream	1.6	On exploration and the KG-D6 satellite and R-Cluster plan
Shale Gas	(0.0)	Shale will likely be funded by internal accruals or additional debt
Normal Capex	0.8	Normal maintenance capex
Interest	1.3	Interest, dividend payments and buybacks
Debt repayments	6.6	Anticipated repayments; does not assume any new debt raising
Dividends	1.9	Expected dividends including taxes
Equity Buyback	1.2	Reliance has approved a US\$2bn buyback
Committed Uses of Funds	22.1	Total likely uses of funds
Cash after Committed Outflow	11.7	Reliance will still have excess cash on its balance sheet
Domestic E&P	0.9	We build in additional capex in KG and NEC-25
Overseas E&P	0.6	On overseas investments
Investments	1.8	On telecoms, retail etc
Discretionary Uses of Cash	3.3	We model less than US\$4bn on these opportunities
Ending Excess Cash as of Mar15	8.4	Reliance will still have over US\$8bn in cash by Mar15
Additional equity available	4.0	Reliance can raise additional equity by selling treasury stock
Additional leverage available	16.6	Additional debt that Reliance can take assuming 50% net gearing and 2x Net Debt/Ebitda thresholds are not exceeded as of Mar15
Additional funds till Mar15	20.6	Total incremental funds that can be raised
Additional opportunities	29.0	Investment opportunities Reliance needs to generate

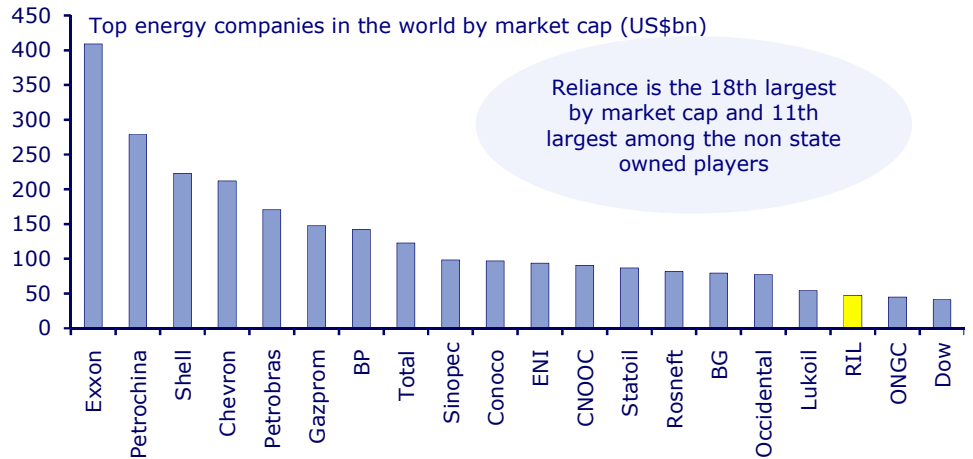
Source: CLSA Asia-Pacific Markets

Reliance is amongst the 20 largest energy companies by market cap

Global peers have a much deeper project inventory

Figure 17

List of Global large cap energy stocks by MCAP

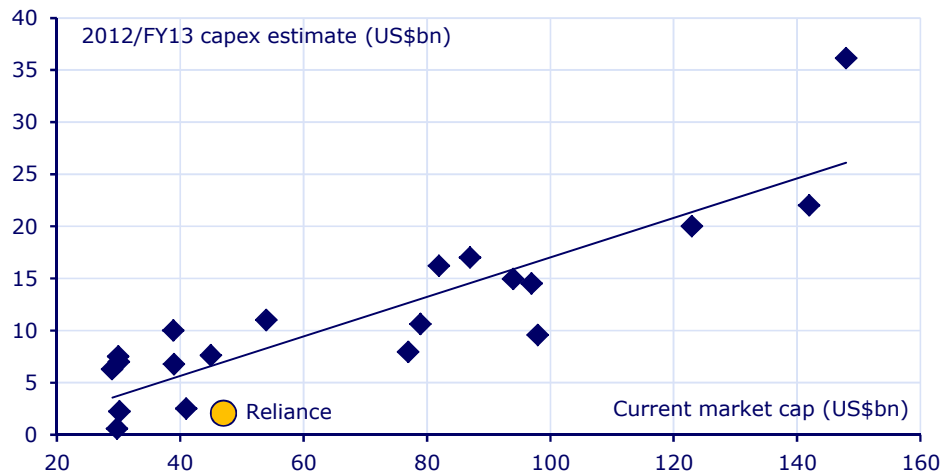


Source: CLSA Asia-Pacific Markets

Figure 18

Reliance's FY13 capex spend is going to be amongst the bottom quartile when put in relation to its size amongst the energy large caps

A comparison of current year capex guidance/estimate to the size of the company

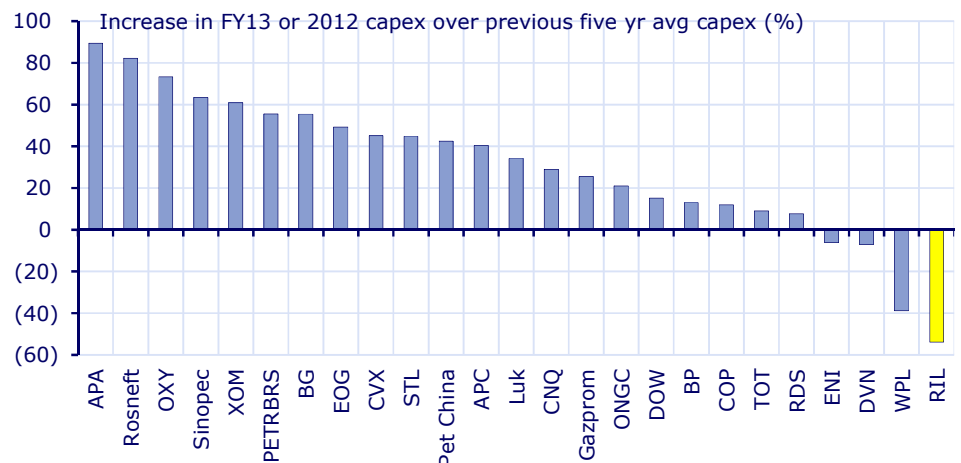


Source: CLSA Asia-Pacific Markets

Figure 19

Reliance's FY13 capex spend will decline the highest when compared with the previous five year average capex spend by the company

Comparison of 2012 capex to avg of previous five year capex for energy large caps



Source: CLSA Asia-Pacific Markets

Figure 20

Key project outlook for some select large companies

	Market Cap (US\$bn)	Project Comment
The US\$100bn+ Club		
Exxon	409	Portfolio of over 120 projects straddling 23bn boe of reserves and resources. 21 major project start-ups between 2012-14
Petrochina	279	Growth for liquids comes from Nanpu with productions 30kbpd in 2011 to 200kbpd by 2016; Growth for gas comes from Changqing, from 2bcfd in 2011 to 2.5bcfd by 2015, also Junggar Basin, with gas output from 0.2bcfd in 2011 to 0.5bcfd by 2016.
Shell	223	26 projects under construction with 14 start-ups in 2012-13, 6 in 2014-15 and 5 in 2016+. Looking to mature 36 projects that are 2014-2020 start-ups
Chevron	212	2 key project start-ups and 4 key project ramp-ups in 2011. Nearly 100 projects under various stages with ~40 in construction or ramp-up phases. 28 project start-ups over 2012-14. 12 more projects where it expects FID in this timeframe
Petrobras	171	Plans to spend US\$225bn over 2011-15 of which US\$128bn in upstream. 19 large projects adding capacity of 2.3mbpd
Gazprom	148	Access to massive resources in Nadym-Pur-Taz, Yamal, Shtokman, Eastern Siberia and Far East. Several growth projects in subsidiary Gazpromneft.
BP	142	6 upstream major projects start-ups in 2012 with ~700kboepd of gross capacity and 9 in 2013-14 aggregating ~1mboepd
Total	123	7 major projects launched since 2011 with five more by end 2012. Overall, 25 start-ups in 2011-15 adding 600kboepd of new production of which most are in progress
US\$50-100bn Club		
Sinopec	98	Growth for liquids will come from resumed production in Angola, alongside in-organic growth (Galp, Repsol blocks in Brazil) from parentco; Growth for gas comes from Puguang and Yuanba. Unconventional gas in Sichuan Basin could also contribute
Conoco	97	8 major projects aggregating US\$5-6bn in capex to come on-stream in 2012
ENI	94	Over 20 project start-ups aggregating ~700kboepd by 2015
CNOOC	91	Four new projects in offshore China to come on-stream after aggressive M&A in the last few years. 16 projects are under construction but little visibility on organic growth; potential growth from joint exploration in South China Sea but it takes time
Statoil	87	Nine start-ups of 0.45kbpd in 2011-12, 11 start-ups of 1.1mbpd over 2013-16 and eight start-ups over 2017-20 of 0.8mbpd. Additional 100 projects in progress
Rosneft	82	Has access to large resources but near term Focus on cost control
BG	79	Identified route to increase access to LNG volumes to 20mt by 2015 and +30mt b 2020 from ~12mt currently. Has grown E&P reserves and resources by 14% Cagr over 2007-11 and has aggressive exploration targets. Four projects in Australia, three more FPSOs in Brazil over 2013-14. Six new projects on-stream in 2012.
Occidental	77	Spending in Permian, California, Mid Continent US and in Abu Dhabi
Lukoil	54	Targeting a 3.5% production Cagr over the next decade with six major overseas projects and nine projects in Russia. Start-ups spread over 2011-19
The US\$25-50bn Club		
ONGC	45	Over 30 projects under various stages aggregating over US\$11bn in outlay. Also conceptualizing two large East Coast developments
Dow Chemical	41	Focus is lowering capex, cut costs and increase innovations. Selective expansions in emerging markets. Setting up 3mtpa Sadara unit, expected to start-up in 2015
Anadarko	39	Four oil-focused mega projects underway. Exploration in Mozambique, Brazil, East Africa, West Africa and GOM. Potentially ten large start-ups over the next decade
Apache	39	Two large LNG projects underway (Wheatstone and Kitimat), ten more E&P projects scheduled to start-up over 2012-16. Aggressive exploration targets for 2012
Formosa	30	Minor US\$250m expansion in C5 recoveries and MTBE. Earmarked US\$1.7bn for polymer capacity expansion at its US facilities in the next four years
EOG	30	US\$7.5bn capex planned in 2012 on exploration and development of its US shale assets. Has a very large inventory of shale assets to be developed over time. Also working on Kitimat LNG projects
Woodside	30	Three major LNG developments (Pluto, Browse, Sunrise). Development of Laverda project which could have 100mboe of oil and continued exploration in Australia
CNR	37	Eight thermal in situ oil sand facilities to add 360kbpd to oil production capacity by 2026. US\$7bn capex planned in 2012.
Devon	29	Will spend US\$6-8bn annually over 2012-16, target of 6-8% production Cagr. Has large shale gas acreage and also focusing on two SAGD projects in Canada.
Reliance	47	US\$3bn polyester projects on-stream by 2013-14 and US\$8bn olefins/IGCC by 2015-16. Relatively small domestic E&P (US\$4-5bn) and shale gas projects (US\$3-4bn) also expected over the next five years. Also spending on consumer businesses like telecoms, retail where it is yet to prove itself.

Source: CLSA Asia-Pacific Markets

With a few exceptions ...

... most large global energy and chemical companies are investing heavily for growth...

... with several project start-ups planned over the next few years

This is in contrast with Reliance's investment plans which are much below historic levels

While Reliance's core investment momentum has been muted...

... its non-core investment portfolio has become a large US\$8.3bn over time

For example, it has invested over US\$3.2bn on real-estate and allied ventures and US\$4.6bn on consumer oriented businesses

Reliance has also US\$3.5bn in core areas

This is more welcome but profitability in shale gas has been muted near term due to falling US natural gas prices

Non-core investments have exceeded US\$8.5bn...

Figure 21

A select summary of Reliance's key investments

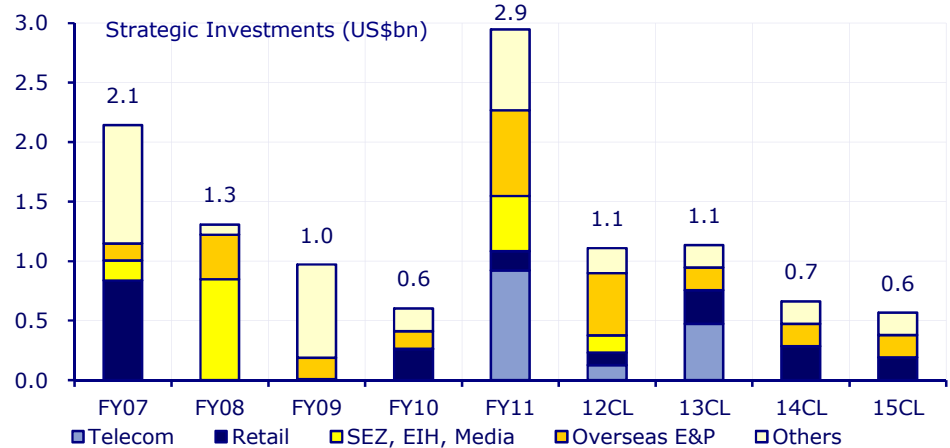
	Amount Invested (Rsm)	Amount Invested (US\$m)	Amount Invested (Rs/sh)	Comments
Land and Infra				
Haryana SEZ	43,012	835	15	Investments made till Mar-11. Reliance holds 92.5%
RGITIL	20,000	388	7	Preference shares in lieu of deposit
Jamnagar Infra	24,036	466	8	Hosts the SEZ refinery. Equity investment of Rs10bn. Being merged into Reliance.
Gujarat Ports	578	11	0	
Delta Corp	637	12	0	
Commercial Land	84,292	1,635	29	Across various trading subsidiaries
Real Estate Funds	3,848	75	1	Investments in four different funds including Urban Infra (Rs2.2bn) and HDFC India Real Estate (Rs1bn)
Sub Total	176,402	3,423	61	Over US\$3bn in real estate
Services				
Retail	78,696	1,527	27	Equity investments of Rs59.4bn as of Mar-11
Infotel Broadband	134,031	2,601	46	Investment to secure spectrum; Reliance has committed equity of Rs48bn with the rest being raised by external debt (ECB and NCDs)
Media (NW-18/TV-18/Ennadu/ETV)	26,000	504	9	Reliance invested Rs26bn in Ennadu; it will sell part of its stake in Ennadu to TV-18 and also help promoters of TV-18 to subscribe to the TV-18/NW-18 rights issues. Exposure may rise from current levels.
Den Networks	380	7	0	
HFCL	570	11	0	
Sub Total	239,677	4,650	83	Over US\$4.5bn in consumer forays
Other Non-Core				
EIH	14,412	280	5	Now holds a 15% stake
Shinano Retail	7,000	136	2	Likely to be holding company of the Mumbai Indians cricket franchise
Deccan Cargo	1,649	32	1	Reliance has written off this investment. Recent media articles speculate that it is interested in KFA.
Parabool	432	8	0	
NSE	285	6	0	
Others	1,394	27	0	
Sub Total	25,172	488	9	Recently entered into hospitality
Core Investments				
Recron Malaysia	10,308	200	4	Acquisition in 2007. Has 550kta of polyester capacity
Gapco Africa	4,203	82	1	Acquisition in 2007. Gives Reliance exposure to African retail market and tankages for exports
Chevron Marcellus JV	44,427	862	15	Acquisition cost, capex and carry as of Dec-11
Carizzo Marcellus JV	26,646	517	9	Acquisition cost, capex and carry as of Dec-11
Pioneer Eagleford JV	91,123	1,768	32	Acquisition cost, capex and carry as of Dec-11
Sub Total	176,708	3,429	61	Core energy investments of US\$3.5bn
Total	617,959	11,990	214	Nearly US\$12bn of investments...
Of which core	176,708	3,429	61	
Of which non-core	441,251	8,561	153	... with over US\$8.5bn if that in non-energy businesses

Source: CLSA Asia-Pacific Markets

... and have been a drag on returns and performance as Reliance is yet to prove successful outside the energy chain

Figure 22

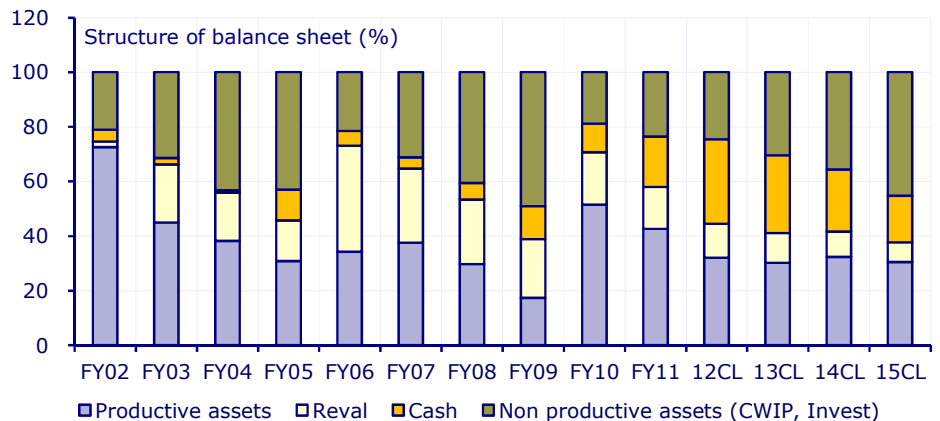
Trend in strategic investments made by Reliance over time



Source: CLSA Asia-Pacific Markets

Figure 23

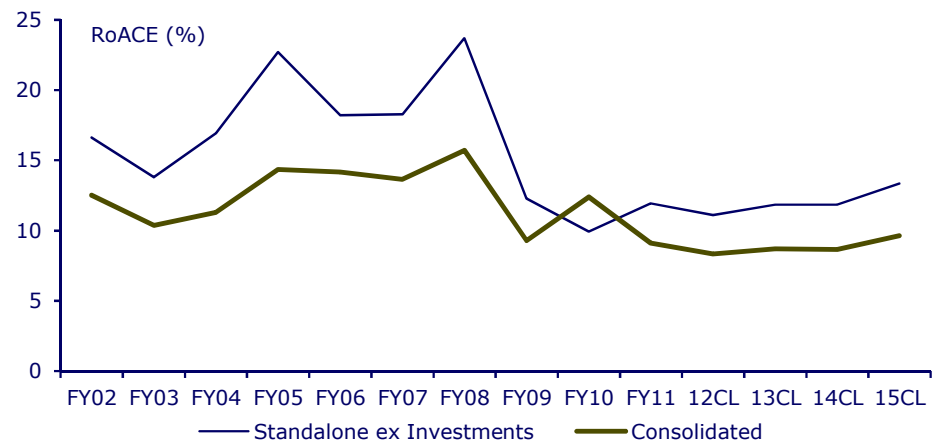
The structure of Reliance's balance sheet



Source: CLSA Asia-Pacific Markets

Figure 24

Trend in return ratios for Reliance



Source: CLSA Asia-Pacific Markets

Investments in telecoms could be higher than what we model...

... while Reliance is looking to increase its aggression in organised retail again

Productive assets now make up only ~30% of the balance sheet with cash making up another ~30% in FY12

The non-core investments continue to a drag on return ratios

For example, consol ROCE is ~3ppt lower than standalone ROCE ex of investments

The earlier telecom venture of Reliance took time to break-even

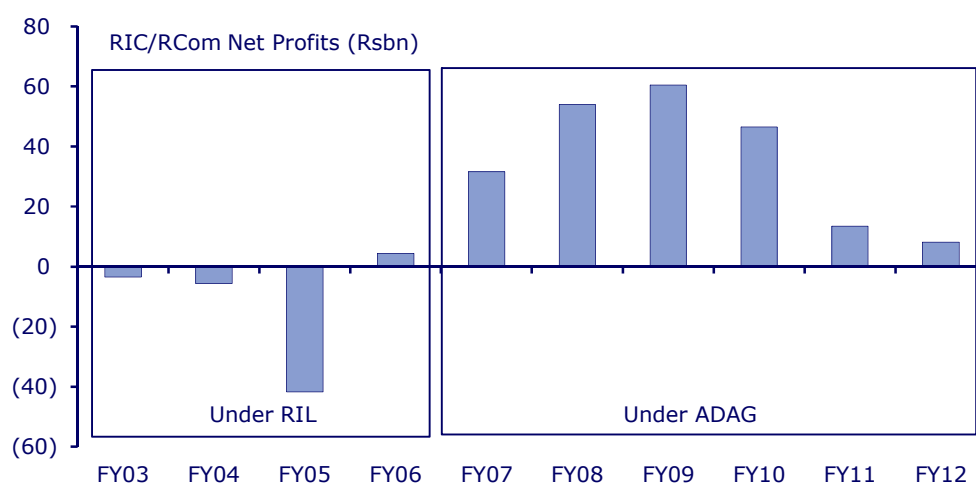
Reliance 4G LTE-TDD rollout delayed

Operators with 4G spectrum

- RIL – 22 circles – \$2.8bn
- Aircel – 8 circles – \$0.7bn
- Bharti – 4 circles – \$0.7bn
- Qual – 4 circles – \$1.1bn
- Tikona – 5 circles – \$0.2bn
- Augere – 1 circle – \$0.0bn

Figure 25

Trend in net profits of Reliance's first telecom foray



Source: CLSA Asia-Pacific Markets. Note: Pro-forma aggregate of RIC, RCIL and RTL for FY03-05 and does not adjust for eliminations. FY05 includes Rs45bn of write-off in RIC and RCIL

Our telecom analyst, Deepti Chaturvedi, notes that even as mobile leader Bharti has launched India's first 4G-LTE-TDD network with data offering and will expand services across four circles, Reliance which owns 4G/Broadband Wireless Access spectrum in all 22 circles is yet to sign even a tower or infrastructure-sharing deal and is unlikely to commence its rollout before end-2012. Also, while LTE-TDD is fast evolving, the device ecosystem is in infancy and current regulatory restrictions under BWA licences, do now allow operators to offer voice services. Hence industry expects Reliance will also participate in upcoming 2G spectrum auction to offer voice and data services.

Figure 26

Rollout details of 4G services

	LTE Spectrum (MHz)	Total band width for LTE (MHz)	4G License	4G Carriers	4G roll out schedule	Vendors
Australia	1800	n/a	n/a	Telstra, Optus, Vodafone, Hutch	Since 2011	n/a
China	2300/2500	n/a	Not issued yet	China Mobile	Expected 2013	Huawei, ZTE, Datang, Ericsson, Alcatel-Lucent
Hong Kong	850/1800/2300/2600	285.7	Issued	HTHK, SmarTone, CSL, CMHK, HKT	Since 2010	Huawei, ZTE, Ericsson
India	2300	60	Issued	Infotel, MTNL/ BSNL, Aircel, Qualcomm, Tikona, Bharti, Augere	Bharti in Kolkata in Apr-12, Infotel expected in late 2012	Ericsson, ZTE, Huawei
Indonesia	Under discussion	Under discussion	Issued	Not issued yet	Under discussion	Huawei
Japan	2100/2500	n/a	Issued	Softbank, Docomo, KDDI	Since 2010	Huawei
Korea	800/900/1800/2100	160	Issued	SKT, KT, LG U+	Since 2011	Samsung, Ericsson, Nokia Siemens
Malaysia	2600	180	Issued	n/a	2013	Huawei, Ericsson
Philippines	Under discussion	Under discussion	Not issued yet	Not issued yet	Under discussion	Huawei, ZTE
Singapore	1800/2600	n/a	Issued	M1, Singtel, Starhub	Since 2011	n/a
Taiwan	700/900/1800/2600	150-250	Targeted 2013	Not issued yet	Targeted 2015	n/a
USA	700/1700	n/a	Issued	Multiple telcos	Since 2010	n/a
German	800/900/1800/2600	265	Issued	Telefonia O2, Vodafone, Deutsche Tel, E Plus	Since 2010	n/a

Source: CLSA Asia-Pacific Markets

The organised retail venture is lagging its initial revenue targets significantly and is still making losses – even at the Ebitda level

Reliance’s infrastructure forays has also not yield any returns so far

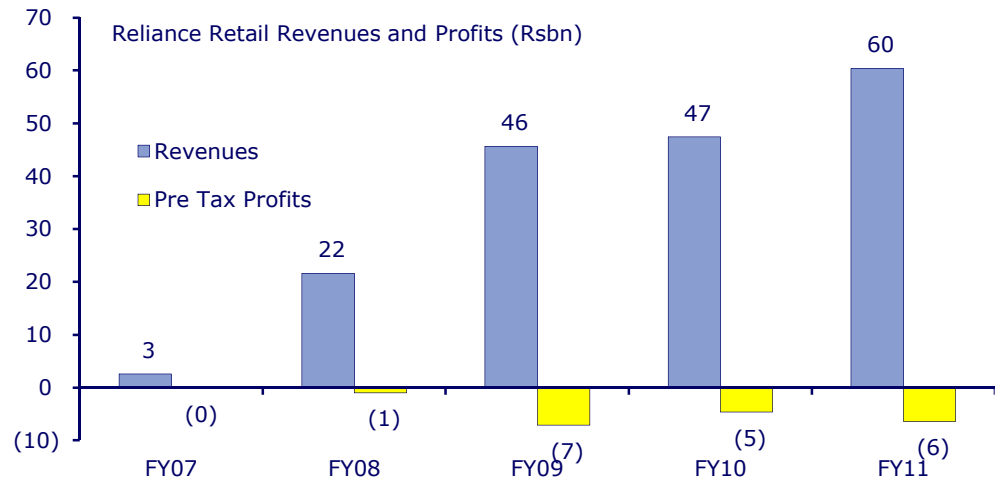
Reliance’s shale gas investments are welcome, in our view and should work longer term...

... but the drastic fall in natural gas prices in the US will impact the near to medium term

US natural gas prices have more than halved since the time of Reliance’s acquisitions

Figure 27

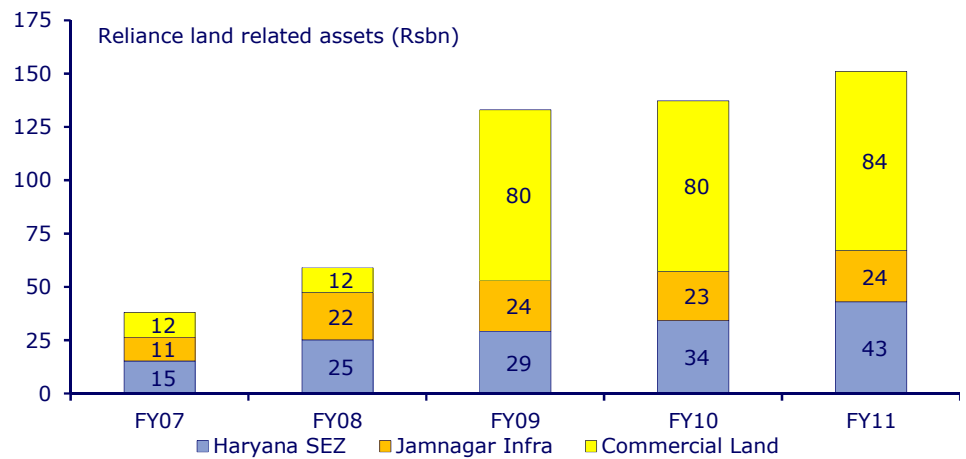
Trend in net profits of Reliance Retail



Source: CLSA Asia-Pacific Markets. Note: Pro-Forma aggregate; does not adjust for eliminations

Figure 28

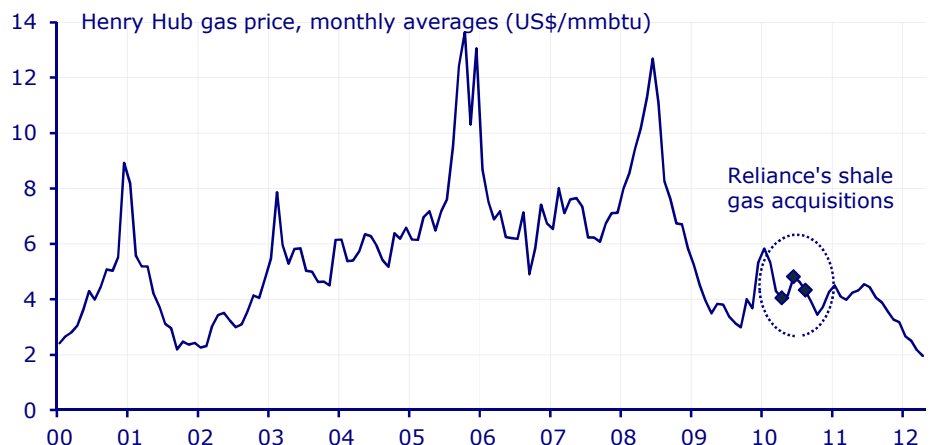
Trend in assets in the SEZ and commercial land segments



Source: CLSA Asia-Pacific Markets

Figure 29

Trend in Henry Hub natural gas prices



Source: Bloomberg, CLSA Asia-Pacific Markets

Appendix I: Summary consol income statement

Figure 30

Reliance consolidated income statement summary

(Rsbn)	FY08	FY09	FY10	FY11	12CL	13CL	14CL	15CL
Net Sales	1,371	1,512	2,037	2,658	3,483	3,699	3,632	3,864
Raw materials	(914)	(1,075)	(1,531)	(2,018)	(2,921)	(3,085)	(2,968)	(3,086)
Purchases	(99)	(72)	(75)	(70)	(20)	(20)	(20)	(20)
Stock change	15	23	60	45	29	-	-	-
Netback	374	388	491	614	572	595	644	758
Opex	(125)	(113)	(162)	(194)	(184)	(203)	(230)	(258)
Staff Costs	(27)	(30)	(28)	(33)	(30)	(31)	(33)	(35)
Ebitda	221	245	302	387	359	360	381	466
Refining	113	124	87	128	140	149	147	153
Petchem	95	92	107	115	109	121	140	152
Oil & Gas	20	24	102	140	110	89	91	155
PMT	20	24	21	17	21	20	17	15
KG-D6	-	(0)	78	117	77	48	38	83
Shale JVs	-	-	-	2	11	20	35	55
Gas trading	-	-	3	4	2	2	1	2
Retail	(1)	(1)	1	2	2	3	5	7
Others	(6)	6	5	3	(2)	(2)	(2)	(2)
Depreciation	(50)	(57)	(109)	(141)	(123)	(120)	(131)	(151)
Ebit	171	188	192	246	236	240	250	314
Interest	(11)	(18)	(21)	(24)	(24)	(28)	(25)	(25)
Other Income	12	19	22	25	59	74	63	50
Core PBT	173	189	193	247	270	286	287	340
FX gains	10	(7)	7	2	(10)	-	-	-
Exceptionals, Others	47	(4)	86	(9)	-	-	-	-
PBT	230	179	287	241	260	286	287	340
Taxes	(35)	(29)	(43)	(48)	(58)	(64)	(64)	(77)
Current	(26)	(13)	(31)	(44)	(52)	(57)	(55)	(67)
Deferred	(9)	(16)	(11)	(4)	(6)	(7)	(9)	(10)
% rate	15.2	16.3	14.8	19.9	22.4	22.4	22.3	22.6
Minority interest	(0)	0	1	0	-	-	-	-
PAT	195	150	245	193	202	222	223	263
Adjustments	(42)	3	(86)	9	-	-	-	-
Recurring PAT	154	153	159	202	202	222	223	263
% yoy	27	(0)	4	27	(0)	10	1	18
EPS	52.9	48.3	48.6	61.8	61.8	68.9	70.2	82.6
% yoy	27	(9)	1	27	(0)	11	2	18

Source: CLSA Asia-Pacific Markets

We expect US\$ Ebitda to decline but this will be offset somewhat by a weaker currency

Other income will make a larger proportion of PBT

Reliance capitalises most of its currency fluctuations

We assume a buyback of 90m shares...

... and forecast a 11% EPS growth in FY13 and 2% in FY14

Our target price for Reliance is Rs860/sh

This excludes value for all investments (except shale gas) and exploration upside....

... but does not build in any conglomerate discounts

Weak earnings momentum is the key headwind for Reliance

Appendix II: Valuation summary

Figure 31

Our Mar-13 sum-of-parts valuation summary

	US\$bn	Rs/sh	Comments
Core Business	34.3	624	Implies 6.0x Mar14 EV/Ebitda
Petrochem	16.9	310	At 6.4x Mar14 EV/Ebitda, implies 2.3x EV/CE
Refining	15.7	284	At 5.6x Mar14 EV/Ebitda including gas savings; implies US\$996/complex-bpd
Fuel retailing	0.0	0	At zero value given lack of clarity on fuel pricing
Legacy upstream	1.6	30	At 5x Mar14 EV/Ebitda for the PMT fields
New upstream	12.4	228	Implies 16.9x Mar14 EV/Ebitda; 12.1x without E&P upside
KG-D6 Producing Assets	6.1	112	DCF of KG-D6 D-D3 and MA. Implies 8.6x Mar14 EV/Ebitda
Other KG-D6 discoveries	0.7	12	Satellite fields and other discoveries
Other block discoveries	1.8	32	DCF of NEC-25; US\$3/boe for KG-D3, GS-01 and CBM
Exploration upside	3.6	65	2bn boe of risked prospective resources at US\$1.8/boe
Gas marketing	0.3	6	NPV of marketing margins at US\$0.135/mmbtu
Investments	5.2	96	Implies 0.54x PB on investment portfolio
US Shale	1.7	30	Implied US\$1.1/boe on 9tcf cf. Reliance guidance of 11.8tcf
Overseas E&P	0.2	4	At 0.2x EV/IC on identifiable overseas investments
Reliance Retail	1.0	19	At 0.8x P/B on estimated equity investment of Rs60bn
Telecoms	1.1	20	0.8x PB on equity investment for BWA foray through Infotel
SEZ and Land	0.5	9	At 0.2x PB of Reliance SEZ and commercial land
Media	0.5	10	Based on call option value of Ennadu, money invested via IMT
Others	0.2	4	EIH at 0.8x of market value and MI at 0.5x PB
Enterprise Value	51.9	947	Implies 7.2x Mar14 EV/Ebitda
Net Cash (Debt)	2.3	43	Mar13 end estimated net cash (debt)
Fair Equity Value	54.3	990	Fair value, implies 12.8x Mar14 PE ex treasury shares
CLSA target price	47.1	859	Target Price assumes zero value for exploration upside and all investments except the US shale ventures

Source: CLSA Asia-Pacific Markets

Figure 32

Key stock moving events to watch out for in 2012

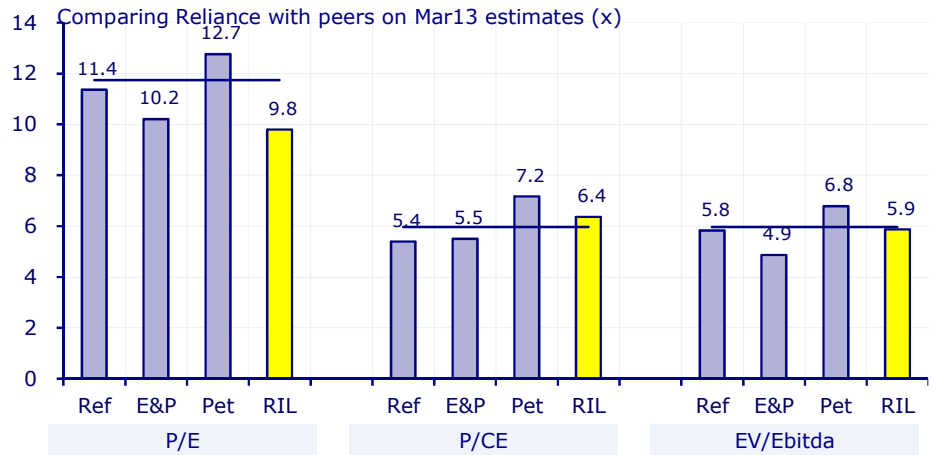
News Event	Timing	Impact
Weak quarterly results for 3Q and possibly 4Q	Jan/Apr	Negative
Consensus earnings downgrades	2012	Negative
Govt approval for commencing development of satellite fields	Jan	Positive
Continued decline in KG-D6 gas production	2012	Negative
Arbitration proceedings in KG-D6 cost recovery	2012	Negative
Launch of telecom broadband services	2H-2012	Positive
Outlook on infrastructure access and capex for telecom	2012	Uncertain
Continued groundwork on raising gas prices in India	2012	Positive
Commissioning of polyester units starting with PFY at Silvassa	Late 2012	Positive
Greater disclosure and operational ramp-up in organized retail	Late 2012	Positive

Source: CLSA Asia-Pacific Markets

Reliance is trading at a discount to global peers on EV/Ebitda and PE

Figure 33

Comparing Reliance's valuation with global peers



Source: CLSA Asia-Pacific Markets. Note: Adjusted for treasury shares for this calculation

Figure 34

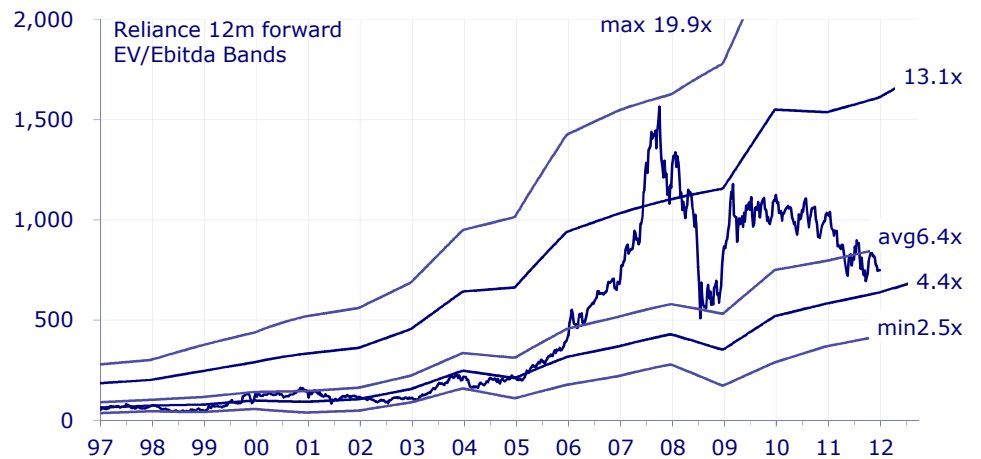
Reliance's global-peer-multiple based Mar-13 fair value

Summary (Rs/share)	Multiple (x)	FY14 earnings	Fair equity value
Peer multiple based fair equity value of Reliance			
PE Basis	10.3	EPS = 77.3	799
P/CE Basis	5.4	CEPS = 122.5	656
EV/Ebitda basis	5.7	Ebitda = 381,083	742
Average earnings based fair value (Rs/share)			732

Source: CLSA Asia-Pacific Markets. Note: Earnings adjusted for treasury shares for this calculation

Figure 35

Reliance's 12m forward EV/Ebitda band chart



Source: CLSA Asia-Pacific Markets

Reliance's fair value will drop to Rs732/sh if we use global peer multiples as a benchmark

Reliance is trading below its historical EV/Ebitda average

Reliance's stock is trading at a near 5 year high PE discount to BSE Sensex

Reliance's consensus PE is ~10% lower than its historic averages but higher than 7-8x level which has acted as a bottom in previous cycles

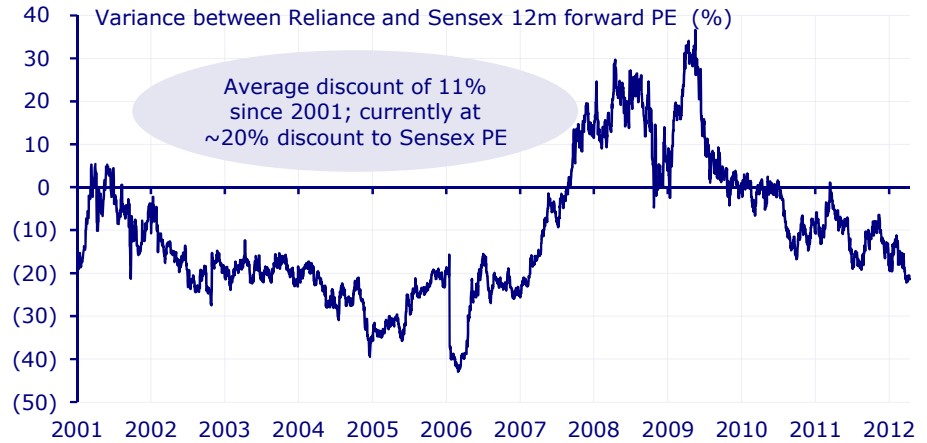
At 1.6x PB, adjusted for revaluations, Reliance is trading lower than the levels at which it bottomed in 2008...

... but it has traded at lower levels (~1xPB) in the past...

... when there was poor margins or project growth momentum

Figure 36

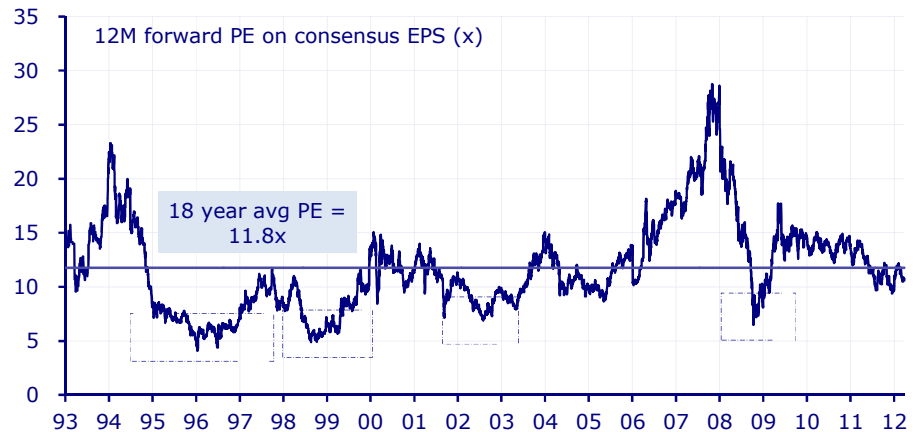
A comparison of Reliance and BSE Sensex 12 month forward PE



Source: CLSA Asia-Pacific Markets

Figure 37

Reliance's 12month forward PE on consensus EPS



Source: CLSA Asia-Pacific Markets, Datastream

Figure 38

Forward PB adjusted for revaluations, mergers, changes in depreciation policies



Source: CLSA Asia-Pacific Markets

Summary financials

Year to 31 March	2011A	2012CL	2013CL	2014CL	2015CL
Summary P&L forecast (Rsm)					
Revenue	2,658,106	3,483,435	3,698,957	3,631,877	3,864,176
Op Ebitda	387,125	358,550	360,323	381,083	465,737
Op Ebit	245,917	235,903	240,370	250,115	314,300
Interest income	-	-	-	-	-
Interest expense	(24,107)	(24,363)	(27,829)	(25,443)	(24,530)
Other items	27,911	48,951	73,849	62,712	50,394
Profit before tax	249,722	260,491	286,391	287,384	340,164
Taxation	(47,834)	(58,405)	(64,156)	(63,958)	(76,972)
Minorities/Pref divs	222	-	-	-	-
Net profit	202,109	202,086	222,234	223,426	263,192
Summary cashflow forecast (Rsm)					
Operating profit	245,917	235,903	240,370	250,115	314,300
Operating adjustments	-	-	-	-	-
Depreciation/amortisation	141,208	122,646	119,953	130,968	151,438
Working capital changes	17,111	(132,345)	(20,024)	(16,413)	(24,026)
Net interest/taxes/other	(43,901)	(52,014)	(57,189)	(54,888)	(66,584)
Net operating cashflow	360,335	174,191	283,111	309,781	375,128
Capital expenditure	(247,375)	362,168	(190,648)	(269,229)	(414,282)
Free cashflow	112,959	536,359	92,462	40,552	(39,154)
Acq/inv/disposals	11,801	20,656	23,849	37,712	25,394
Int, invt & associate div	(24,107)	(24,363)	(27,829)	(25,443)	(24,530)
Net investing cashflow	(259,681)	358,461	(194,628)	(256,960)	(413,417)
Increase in loans	195,007	152,621	(128,098)	(158,492)	(23,132)
Dividends	(27,719)	(31,152)	(33,613)	(36,975)	(40,336)
Net equity raised/other	(40,984)	(23,529)	(88,500)	(24,500)	(25,000)
Net financing cashflow	126,304	97,941	(250,212)	(219,967)	(88,468)
Incr/(decr) in net cash	226,957	630,593	(161,729)	(167,146)	(126,758)
Exch rate movements	2,483	(9,666)	0	0	0
Opening cash	238,508	467,948	1,088,875	927,146	760,000
Closing cash	467,948	1,088,875	927,146	760,000	633,243
Summary balance sheet forecast (Rsm)					
Cash & equivalents	467,948	1,088,875	927,146	760,000	633,243
Debtors	156,952	205,872	216,562	209,673	220,218
Inventories	385,194	405,696	423,453	410,528	424,716
Other current assets	118,694	139,664	161,830	184,353	206,798
Fixed assets	1,878,417	1,393,602	1,464,297	1,602,558	1,865,402
Intangible assets	-	-	-	-	-
Other term assets	0	0	0	0	0
Total assets	3,075,188	3,339,653	3,349,231	3,348,057	3,556,321
Short-term debt	-	-	-	-	-
Creditors	527,165	483,447	511,574	494,509	514,300
Other current liabs	47,303	49,068	51,529	54,891	58,252
Long-term debt/CBs	841,062	993,683	865,585	707,093	683,961
Provisions/other LT liabs	110,709	117,100	124,067	133,136	143,524
Minorities/other equity	8,022	8,022	8,022	8,022	8,022
Shareholder funds	1,540,928	1,688,334	1,788,454	1,950,406	2,148,262
Total liabs & equity	3,075,188	3,339,653	3,349,231	3,348,057	3,556,321
Ratio analysis					
Revenue growth (% YoY)	30.5	31.0	6.2	(1.8)	6.4
Ebitda growth (% YoY)	28.3	(7.4)	0.5	5.8	22.2
Ebitda margin (%)	14.6	10.3	9.7	10.5	12.1
Net profit margin (%)	7.6	5.8	6.0	6.2	6.8
Dividend payout (%)	13.0	14.6	14.5	15.7	14.5
Effective tax rate (%)	19.2	22.4	22.4	22.3	22.6
Ebitda/net int exp (x)	16.1	14.7	12.9	15.0	19.0
Net debt/equity (%)	24.1	(5.6)	(3.4)	(2.7)	2.4
ROE (%)	13.6	12.5	12.7	11.9	12.8
ROIC (%)	10.4	10.2	11.3	10.9	12.2
EVA@/IC (%)	(1.1)	(1.2)	(0.1)	(0.5)	0.8

Source: CLSA Asia-Pacific Markets

Companies mentioned

- Anadarko (APC - US\$76.59 - BUY)
- Bharti Airtel (BHARTI - RS324.0 - UNDERPERFORM)
- CNOOC (883 - HK\$15.40 - UNDERPERFORM)
- Dow Chemical (DOW - US\$32.67 - UNDERPERFORM)
- Formosa Petrochem (6505 - NT\$86.5 - SELL)
- ONGC (ONGC - RS261.1 - OUTPERFORM)
- PetroChina (857 - HK\$10.84 - BUY)
- Reliance Comm (RCOM - RS86.8 - UNDERPERFORM)
- Reliance Industries (RIL - RS742.9 - OUTPERFORM)
- Sinopec (386 - HK\$8.27 - BUY)

Recommendation history - Reliance Industries Ltd RIL IB

Date	Rec level*	Closing price	Target
03 April 2012	O-PF	740.80	860.00
21 March 2012	O-PF	760.40	885.00
05 January 2012	O-PF	716.00	850.00
16 October 2011	O-PF	866.80	950.00
17 August 2011	BUY	759.00	960.00
08 July 2011	BUY	870.35	1,050.00
22 February 2011	BUY	956.50	1,125.00
23 January 2011	O-PF	986.50	1,125.00
05 July 2010	O-PF	1,068.45	1,150.00
09 May 2010	O-PF	1,033.85	1,085.00
24 April 2010	O-PF	1,087.35	1,015.00

Source: CLSA Asia-Pacific Markets

*** Prior to 1 Jan 2012, our rating structure was: BUY = Expected to outperform the local market by >10%; O-PF = Expected to outperform the local market by 0-10%; U-PF = Expected to underperform the local market by 0-10%; SELL = Expected to underperform the local market by >10%.**

Key to CLSA investment rankings: **BUY:** Total return expected to exceed market return AND provide 20% or greater absolute return; **O-PF:** Total return expected to be greater than market return but less than 20% absolute return; **U-PF:** Total return expected to be less than market return but expected to provide a positive absolute return; **SELL:** Total return expected to be less than market return AND to provide a negative absolute return. For relative performance, we benchmark the 12-month total return (including dividends) for the stock against the 12-month forecast return (including dividends) for the local market where the stock is traded.

CLSA changed the methodology by which it derives its investment rankings on 1 January 2012. The stocks covered in this report are subject to the revised methodology. We have made no changes to the methodologies through which analysts derive price targets - our views on intrinsic values and appropriate price targets are unchanged by this revised methodology. For further details of our new investment ranking methodology, please refer to our website.

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Note: In the interests of timeliness, this document has not been edited.

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16 April 2012

**India
Autos**

Reuters TAMO.BO
Bloomberg TTMT IB

Priced on 16 April 2012

India Sensex @ 17,094.5

12M hi/lo Rs301.80/137.65

12M price target Rs370.00
±% potential +23%

Shares in issue 3,173.1m
Free float (est.) 65.0%

Market cap US\$17,312m

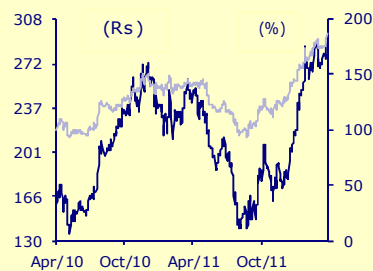
3M average daily volume
Rs3,964.7m (US\$79.3m)

Major shareholders

Tata group 35.0%
FIIs (incl ADR) 41.6%

Stock performance (%)

	1M	3M	12M
Absolute	4.8	40.8	21.6
Relative	7.1	33.3	37.9
Abs (US\$)	1.9	40.3	4.4



Source: Bloomberg

www.clsa.com

Volume surprise continues

JLR's volumes have continued to surprise on the upside with Feb and Mar volumes coming in 5-16% above estimates boosted by strong Evoque demand. Rising proportion of China in volumes, operating leverage benefits and stable currencies have also improved margin outlook for JLR. In India, LCV and car volumes have improved in 4Q and profit outlook for India business is also improving. We upgrade FY13-14 EPS by 16-18% factoring in higher volumes in both JLR and India and anticipate upgrades by street in weeks ahead. We upgrade Tata Motors from O-PF to BUY with a TP of Rs370.

JLR's volumes continue to surprise positively

JLR's monthly global sales improved further in March with volumes at 36.5K units rising 51% YoY and 16% above estimates. This is the second month in a row that volumes have beaten our estimates handsomely. Evoque sales seem to have stabilized at the 10K level and demand outlook for the vehicle remains robust. The recent addition of a third shift at the Halewood plant has effectively increased JLR's total annual capacity to 390-400K units – enough for FY13 and de-bottlenecking measures are being planned to take the capacity further up by FY14. Industry premium vehicle demand remains strong as evidenced by the monthly sales of JLR's peers. More important, China sales of the industry were also strong over Feb and Mar, which should allay concerns of slowing China demand. We upgrade FY13/14 JLR volumes by 7% to 391K/422K units.

Improving margin outlook at JLR as well

Operating leverage benefits from higher volumes are fairly meaningful for JLR. Share of China in volumes has improved from 17% in 3Q to 19% in 4Q and should improve further in FY13. The principal currencies relevant to JLR's margins have been stable from 3Q to 4Q. This has improved our outlook for JLR's margins and we now build in 18.6% EBITDA margins over FY13-14 (~17.5% previously).

Rising LCV and car volumes in India

India LCV volumes have improved substantially in 2HFY12 and we expect strong growth in FY13 backed by higher capacity at the Pantnagar and Dharwad plants. The launch of a new platform for non-Ace LCVs will also boost volumes in FY13. India car volumes (incl Nano) have picked up in 2H. However, outlook for trucks remains subdued with industry growth slowing down to -4% in Mar-12. We upgrade Tata's India volumes by 9-10% factoring in higher LCV/car volumes.

Upgrading FY13-14 EPS by 16-18%; upgrade from O-PF to BUY

We now build in JLR's capex at £2bn per year (£1.5bn before). Our estimates are 12-14% above consensus and we anticipate EPS upgrades by the street in coming weeks. A strong response to the new Range Rover platform that will be launched by end-CY12 could drive further upgrades to FY14 EPS. Upgrade to BUY.

Financials

Year to 31 Mar	10A	11A	12CL	13CL	14CL
Revenue (Rsm)	925,193	1,231,333	1,669,859	2,054,224	2,271,053
Rev forecast change (%)	-	-	1.9	6.4	6.8
Net profit (Rsm)	10,415	91,072	122,094	147,546	161,187
NP forecast change (%)	-	-	7.5	18.4	15.6
EPS (Rs)	3.3	27.4	36.7	44.4	48.5
CL/consensus (38) (EPS%)	-	-	108	114	112
EPS growth (% YoY)	nm	721.0	34.1	20.8	9.2
PE (x)	90.0	11.0	8.2	6.8	6.2
Dividend yield (%)	1.0	1.3	0.7	0.7	1.0
ROE (%)	14.5	65.8	49.3	39.7	31.1
Net debt/equity (%)	301.2	106.6	51.7	18.6	1.1

Source: CLSA Asia-Pacific Markets

JLR: Operational and financial metrics

Figure 1

Jaguar volumes are up 41% YoY in 4QFY12

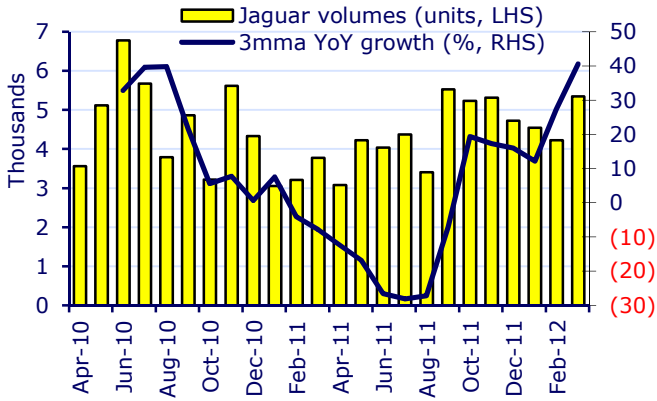
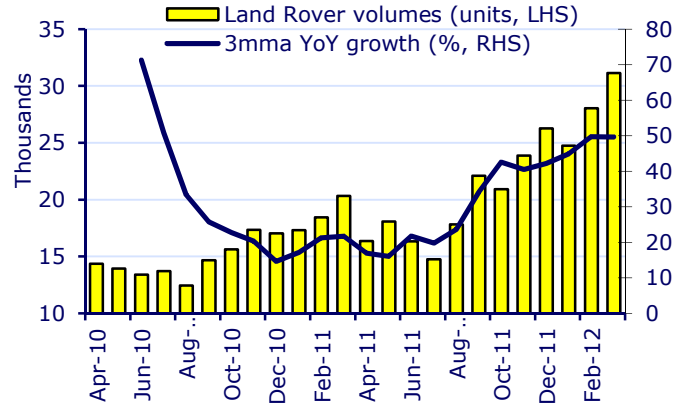


Figure 2

LR volumes are up 50% in 4QFY12 – boosted by Evoque

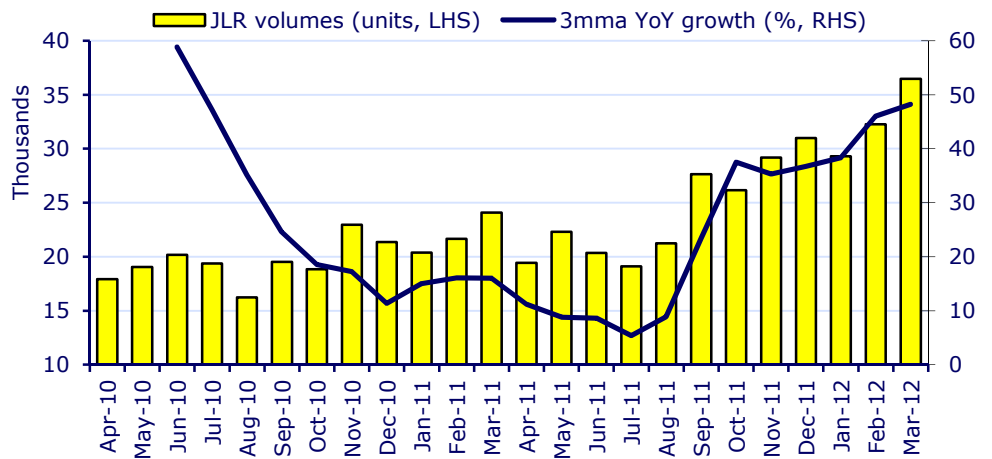


Source: Company, CLSA Asia-Pacific Markets

JLR's volume growth has picked up with the launch of 'Evoque'

Figure 3

JLR's total volumes have grown 48% YoY in 4Q



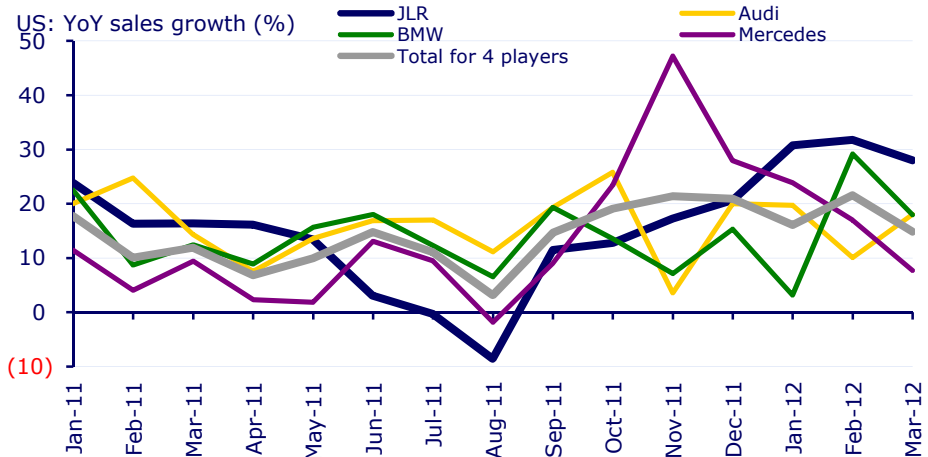
Source: Company, CLSA Asia-Pacific Markets

Total US luxury auto sales volumes (retail) for the four main players (BMW, Mercedes, Audi and JLR) were up 15% YoY in Mar (CYTD: +17%)

JLR's US retail volumes grew 28% YoY in March – mainly led by strong contribution from Evoque

Figure 4

US premium vehicle demand remained strong in March

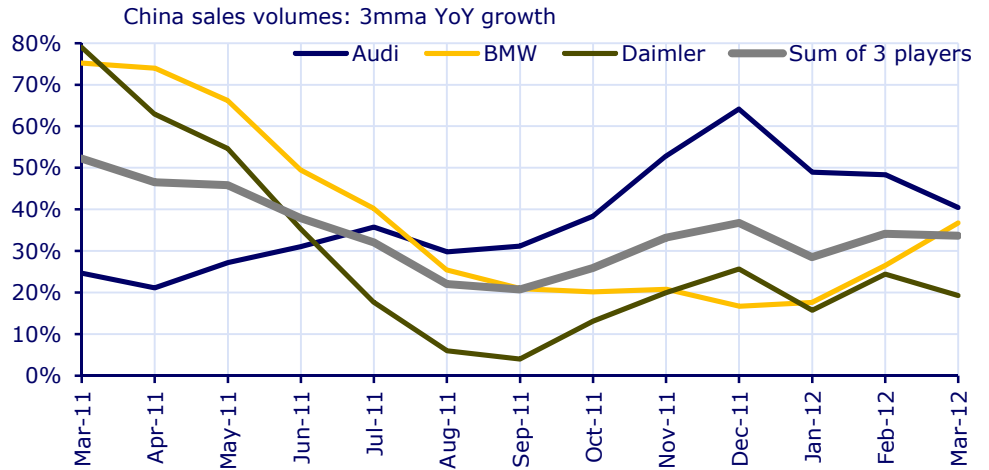


Source: Wards Auto, CLSA Asia-Pacific Markets

Total global volumes for BMW, Audi and Daimler were up 13% YoY in March (CYTD: +11% YoY)

Figure 5

Luxury car makers also reported continued strong volume growth in China in Mar

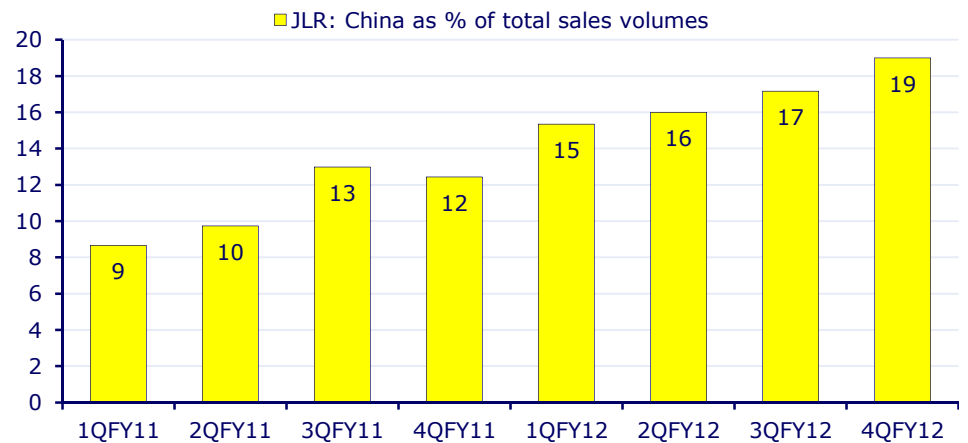


Source: Company, CLSA Asia-Pacific Markets

Contribution of China to JLR's sales volumes continues to rise

Figure 6

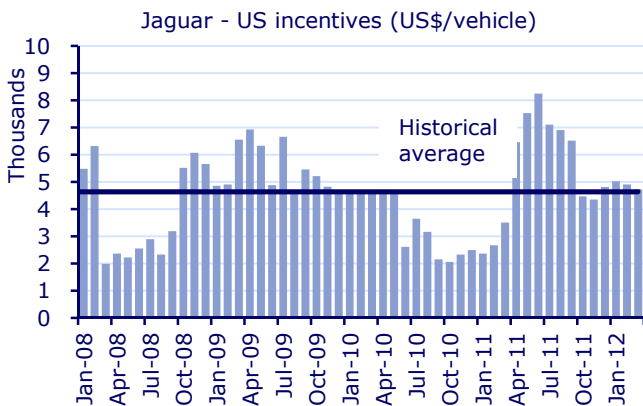
China contributed 19% of JLR's volumes in 4Q'12 – up from 12% in 4Q'11



Source: Company, CLSA Asia-Pacific Markets

Figure 7

Jaguar's incentives in US have been stable off late



Source: Autodata, CLSA Asia-Pacific Markets

Figure 8

Land Rover incentives are still at low levels

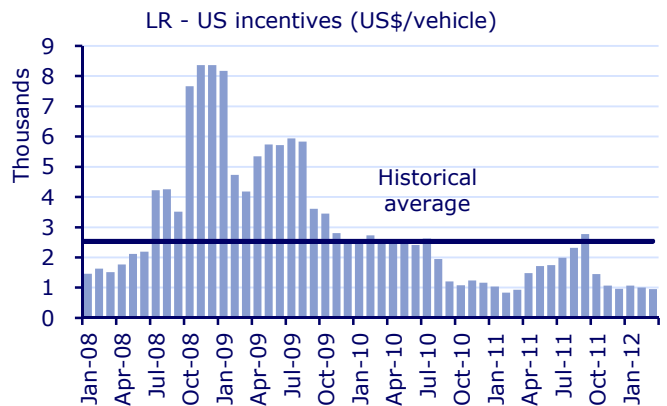


Figure 9

GBP vs. USD is flat QoQ in 4Q

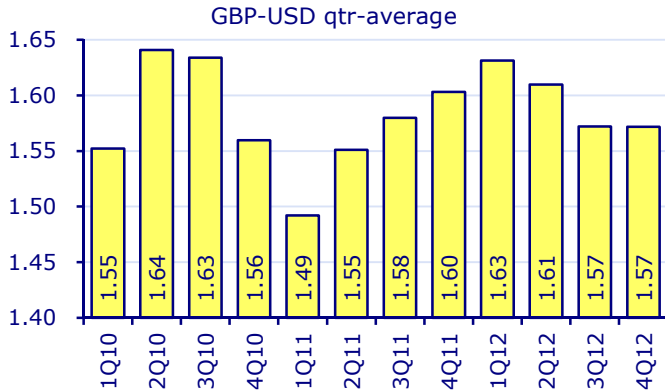
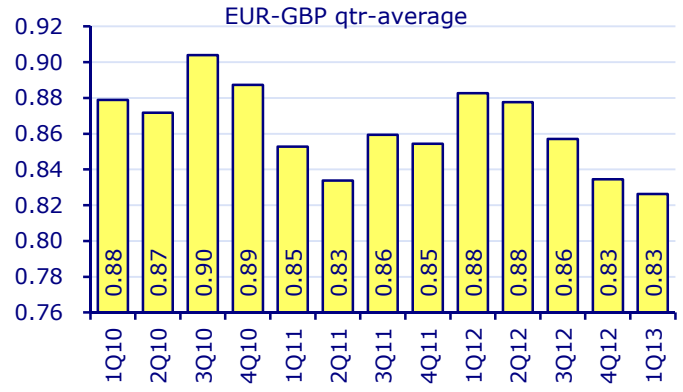


Figure 10

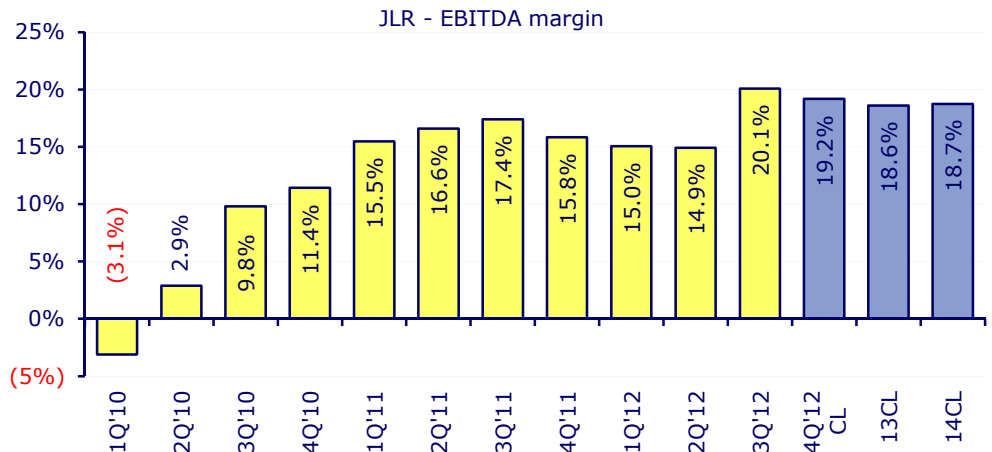
EUR vs. GBP rate is also almost stable QoQ in 4Q



Source: Bloomberg, CLSA Asia-Pacific Markets

Figure 11

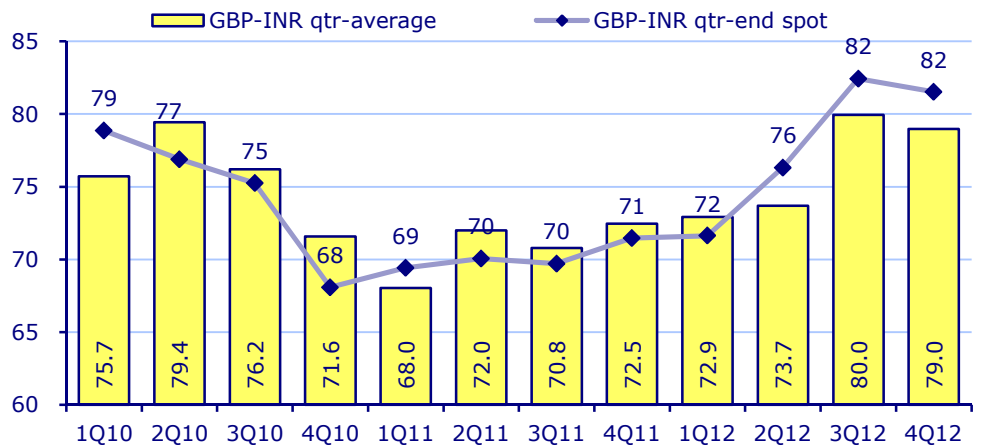
We estimate JLR margins to remain ~19% over FY13-14



Source: Company, CLSA Asia-Pacific Markets

Figure 12

GBP vs. INR trend



Source: Bloomberg, CLSA Asia-Pacific Markets

INR has strengthened a bit vs. GBP QoQ – slightly negative in terms of translation of JLR's GBP profits to INR

Standalone: Operational and financial metrics

Figure 13

Tata's M&HCV volumes growth has come down sharply

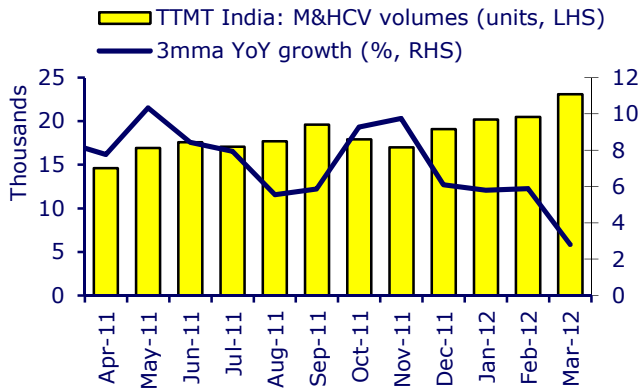
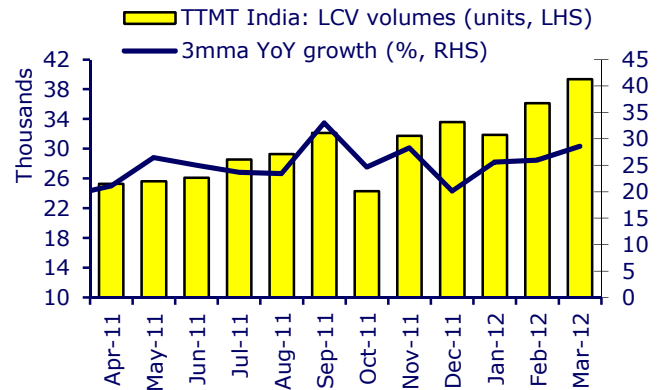


Figure 14

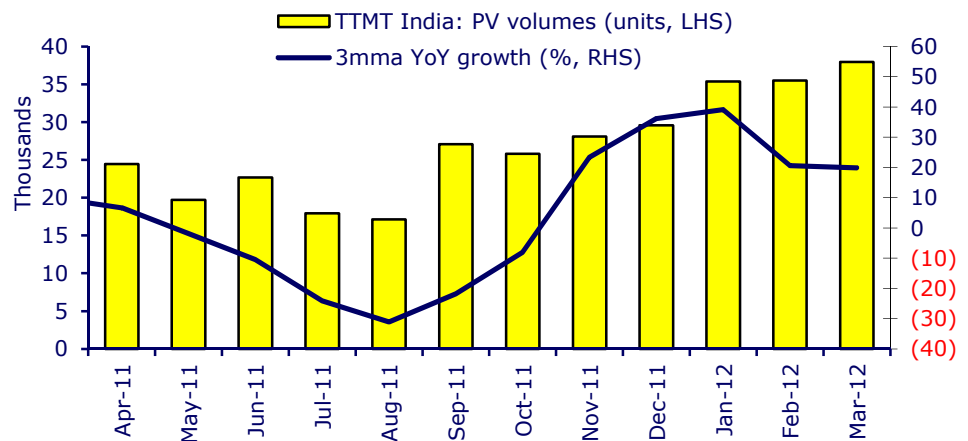
LCVs continue to grow strongly



Source: Company, CLSA Asia-Pacific Markets

Figure 15

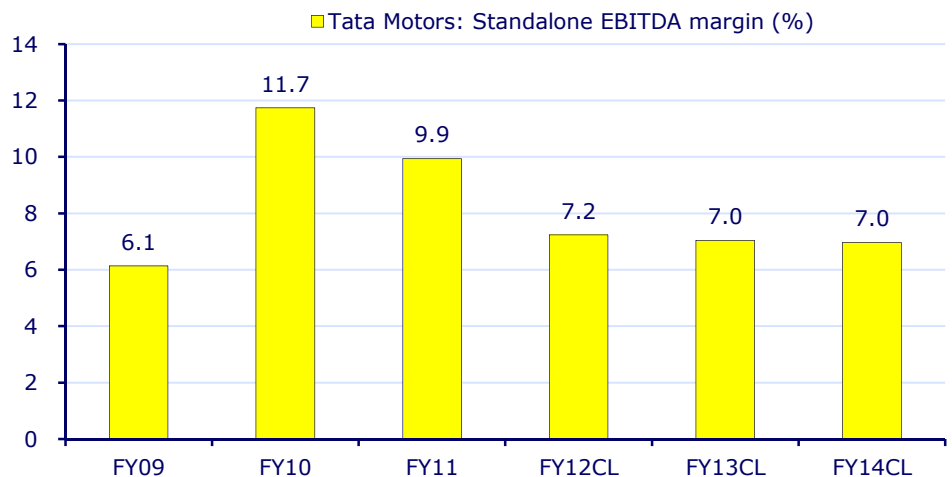
India passenger vehicle growth has improved substantially in 2HFY12



Source: Company, CLSA Asia-Pacific Markets

Figure 16

We expect standalone margins to remain around 7% over FY12-14



Source: Company, CLSA Asia-Pacific Markets

We value JLR at Rs275/sh at 9x FY14 P/E with a 20% holdco discount

We are valuing JLR at 9x FY14 P/E, which is at 10% discount to long term average P/E of 10x for BMW and Daimler

Figure 17

Our FY14 based target price for Tata Motors is Rs370

SOTP table	FY14	Methodology
Tata Motors India	74	13x P/E
JLR	275	9x P/E on adjusted EPS; 20% holdco discount
Non-JLR subsidiaries	20	10x P/E; 1x P/B for TMFL; 20% holdco discount
Target price	370	

Source: CLSA Asia-Pacific Markets

Figure 18

BMW and DAI are currently trading at ~8.5x CY12 P/E, but we believe long term average P/E is a better benchmark

Company	Mkt Cap (US\$b)	PE (x)		EV/Ebitda (x)		PB (x)		RoE (%)	
		2012	2013	2012	2013	2012	2013	2011	2012
Daimler	57	7.9	6.9	8.5	7.6	1.0	0.9	13.8	13.4
BMW	58	8.8	8.5	7.8	7.6	1.5	1.3	20.0	17.4
Volkswagen	75	6.8	6.1	6.5	5.8	0.9	0.8	21.4	14.0
Toyota	140	12.7	9.7	10.7	9.1	0.9	0.9	2.7	8.1
Honda	64	10.0	8.2	7.4	6.5	1.1	1.0	5.3	11.4
Nissan	45	8.1	6.6	5.9	5.3	1.0	0.9	10.8	12.6
Suzuki	13	13.9	12.3	3.1	2.8	1.0	0.9	5.8	7.3
Ford	45	7.9	6.8	9.5	8.3	2.3	1.7	86.8	32.8
Average of BMW & DAI		8.3	7.7	8.2	7.6	1.2	1.1	16.9	15.4
Overall - mean		9.5	8.1	7.4	6.6	1.2	1.1	20.8	14.6

*Toyota, Honda, Nissan and Suzuki are Mar year-end; 2012 column has FY13 multiples and so on. Source: Bloomberg, CLSA Asia-Pacific Markets

Figure 19

JLR: Volume assumptions

('000 units)	10M-FY09	FY10	FY11	FY12	FY13CL	FY14CL
Jaguar volumes	47	47	53	54	60	62
Land Rover volumes	120	147	191	260	331	360
JLR total volumes	167	194	244	314	391	422
Volume growth (%)						
Jaguar	NA	0.9%	11.8%	2.0%	11.0%	3.0%
Land Rover	NA	21.8%	30.1%	36.6%	27.1%	8.9%
JLR total	NA	15.9%	25.6%	29.1%	24.3%	8.0%

Source: Company, CLSA Asia-Pacific Markets

Figure 20

JLR: Financial snapshot

£ mn	10M-FY09	FY10	FY11	FY12CL	FY13CL	FY14CL
Net sales	4,974	6,555	9,905	13,615	16,927	18,466
EBITDA	(41)	432	1,619	2,407	3,147	3,462
EBIT	(250)	74	1,119	1,790	2,280	2,421
PBT	(312)	15	1,126	1,705	2,186	2,328
PAT	(337)	(14)	1,043	1,381	1,694	1,804
Networkth	(80)	1,379	1,680	3,061	4,756	6,560
Gross debt	1,953	1,283	1,261	1,561	1,561	1,561
Current liabilities	2,322	2,988	3,735	4,825	5,798	6,250
Other liabilities	(48)	(10)	(55)	(55)	(55)	(55)
Source of funds	4,147	5,640	6,622	9,393	12,060	14,316
Net fixed assets	2,138	2,554	3,031	3,913	5,046	6,005
Goodwill	376	376	376	376	376	376
Cash	128	680	923	2,170	3,132	4,163
Other current assets	1,493	2,029	2,187	2,828	3,401	3,668
Other assets	11	0	105	105	105	105
Use of funds	4,147	5,640	6,622	9,393	12,060	14,316
Operating cashflow	(68)	509	1,978	2,372	2,845	2,914
Capex	(604)	(635)	(779)	(1,340)	(1,790)	(1,790)
Free cashflow	(672)	(126)	1,200	1,032	1,055	1,124
Gross margin	36.4%	32.3%	36.8%	35.7%	34.7%	34.7%
EBITDA margin	(0.8%)	6.6%	16.3%	17.7%	18.6%	18.7%
Tax rate	(8.0%)	197.4%	7.4%	19.0%	22.5%	22.5%
Net ASP (£/vehicle)	29,731	33,791	40,658	43,301	43,301	43,734
EBITDA/vehicle (£)	(244)	2,228	6,644	7,657	8,051	8,199

Source: Company, CLSA Asia-Pacific Markets

Figure 21

JLR: Adjusted net profit

£ mn	FY12CL	FY13CL	FY14CL
Reported net profit	1,381	1,694	1,804
Adjusted net profit	1,157	1,463	1,630
% diff	(16.2)	(13.7)	(9.7)

*Net profit adjusted for lower expensing of R&D spend compared to luxury car peers. Source: Company, CLSA Asia-Pacific Markets

Figure 22

Tata Motors: Standalone volume assumptions

Volumes ('000 units)	FY09	FY10	FY11	FY12CL	FY13CL	FY14CL
M&HCVs	123	167	210	221	222	252
LCVs	168	232	286	370	476	548
UVs	40	36	45	51	56	62
Cars (incl Nano)	167	207	264	266	314	356
Total	498	643	804	908	1,069	1,217
YoY growth						
M&HCVs	(31.5%)	36.1%	25.4%	5.5%	0.3%	13.4%
LCVs	(1.7%)	37.8%	23.2%	29.3%	28.9%	15.0%
UVs	(23.2%)	(9.7%)	24.2%	13.5%	9.9%	9.9%
Cars (incl Nano)	(6.8%)	24.2%	27.3%	0.9%	18.3%	13.2%
Total	(14.4%)	29.0%	25.1%	12.9%	17.8%	13.9%

Source: Company, CLSA Asia-Pacific Markets

Figure 23

Tata Motors: Standalone financial snapshot

(Rs bn)	FY09	FY10	FY11	FY12CL	FY13CL	FY14CL
Net sales	257	354	477	548	656	745
EBITDA	17	40	45	37	44	49
PAT	9	17	19	14	15	19
Networth	133	165	220	225	234	243
Gross debt	132	166	159	159	159	159
Current liabilities	108	174	163	167	183	196
Total Liabilities	373	505	542	551	576	598
Net fixed assets	146	164	175	189	201	211
Cash	11	18	24	14	19	25
Other current assets	85	98	117	121	130	135
Other assets	130	225	226	226	226	226
Total Assets	373	505	542	551	576	598
Operating cash flow	4	85	(2)	17	32	35
Capital expenditure/Inv.	(130)	(122)	(26)	(30)	(30)	(30)
Free cash flow	(126)	(36)	(28)	(13)	2	5
Sales growth	(9.2%)	38.0%	34.9%	14.8%	19.7%	13.6%
Ebitda growth	(29.9%)	128.1%	12.3%	(16.6%)	16.8%	12.5%
EPS growth	(61.0%)	65.1%	5.2%	(85.3%)	11.3%	23.2%
Ebitda margin	6.1%	11.7%	9.9%	7.2%	7.0%	7.0%
Debt/ Equity (X)	1.0x	1.0x	0.7x	0.7x	0.7x	0.6x
RoAE	9.1%	13.9%	9.5%	5.2%	6.6%	7.9%
RoACE	10.4%	13.0%	11.1%	7.0%	7.5%	8.3%

Source: Company, CLSA Asia-Pacific Markets

Figure 24

Tata Motors: Consolidated financial snapshot						
(Rs bn)	FY09	FY10	FY11	FY12CL	FY13CL	FY14CL
Net sales	709	925	1,231	1,670	2,054	2,271
EBITDA	22	86	178	245	312	344
Recurring PAT	(21)	10	91	122	148	161
Diluted EPS (Rs)	(7.6)	3.3	27.4	36.7	44.4	48.5
Net fixed assets	357	385	435	532	635	720
Intangible assets	44	34	36	38	39	39
Cash	41	87	109	189	264	339
Other current assets	276	338	401	464	527	568
Non-current assets	13	22	25	26	26	26
Application of funds	732	867	1,007	1,248	1,490	1,692
Networth	59	82	192	300	440	590
Current liabilities & provisions	312	417	470	574	673	723
Gross debt	350	352	328	357	358	357
Non-current liabilities	11	16	17	18	20	21
Source of funds	732	867	1,007	1,248	1,490	1,692
Operating cash flow	7	93	112	257	303	304
Capital expenditure	(100)	(85)	(81)	(174)	(178)	(170)
Free cash flow	(92)	9	31	83	126	134
Sales growth	98.9%	30.4%	33.1%	35.6%	23.0%	10.6%
Ebitda growth	(48.3%)	292.0%	106.4%	37.8%	27.4%	10.1%
EPS growth	(178.8%)	(144.0%)	721.0%	34.1%	20.8%	9.2%
Ebitda margin	3.1%	9.3%	14.4%	14.7%	15.2%	15.1%
Net debt/Reported equity	5.2x	3.1x	1.1x	0.5x	0.2x	0.0x
RoAE	(28.8%)	14.7%	66.5%	49.7%	39.9%	31.3%
RoACE	0.5%	15.2%	25.7%	29.8%	30.1%	27.0%

Source: Company, CLSA Asia-Pacific Markets

Summary financials

Year to 31 March	2010A	2011A	2012CL	2013CL	2014CL
Summary P&L forecast (Rsm)					
Revenue	925,193	1,231,333	1,669,859	2,054,224	2,271,053
Op Ebitda	102,571	168,130	245,010	312,076	343,595
Op Ebit	63,745	121,620	173,349	216,841	232,920
Interest income	0	0	0	0	0
Interest expense	(43,853)	(20,454)	(24,629)	(26,626)	(26,107)
Other items	885	2,556	2,187	2,419	2,671
Profit before tax	20,776	103,721	150,908	192,634	209,484
Taxation	(10,058)	(12,164)	(28,471)	(44,650)	(48,160)
Minorities/Pref divs	(303)	(485)	(343)	(438)	(137)
Net profit	10,415	91,072	122,094	147,546	161,187
Summary cashflow forecast (Rsm)					
Operating profit	63,745	121,620	173,349	216,841	232,920
Operating adjustments	0	0	0	0	0
Depreciation/amortisation	38,826	46,510	71,661	95,235	110,675
Working capital changes	26,009	(40,484)	41,159	36,006	9,003
Net interest/taxes/other	(35,310)	(15,244)	(29,560)	(44,668)	(48,466)
Net operating cashflow	93,269	112,402	256,609	303,415	304,132
Capital expenditure	(84,754)	(81,240)	(173,522)	(177,596)	(170,417)
Free cashflow	8,515	31,162	83,087	125,819	133,715
Acq/inv/disposals	24,022	2,776	(5,792)	3,221	3,794
Int, invt & associate div	0	0	0	0	0
Net investing cashflow	(60,732)	(78,464)	(179,313)	(174,375)	(166,622)
Increase in loans	20,140	(12,015)	28,706	1,327	(513)
Dividends	(3,496)	(10,195)	(7,171)	(7,171)	(10,757)
Net equity raised/other	6,901	10,824	(19,601)	(47,730)	(51,133)
Net financing cashflow	23,545	(11,387)	1,934	(53,575)	(62,402)
Incr/(decr) in net cash	56,083	22,551	79,229	75,465	75,107
Exch rate movements	0	0	0	0	0
Opening cash	42,236	98,319	120,869	200,098	275,564
Closing cash	98,319	120,869	200,098	275,564	350,671
Summary balance sheet forecast (Rsm)					
Cash & equivalents	98,319	120,869	200,098	275,564	350,671
Debtors	71,912	68,774	92,609	114,214	126,382
Inventories	113,120	140,705	177,952	220,119	250,415
Other current assets	24	19	23	24	24
Fixed assets	385,063	434,931	531,723	635,140	719,824
Intangible assets	34,229	35,848	38,337	38,657	38,657
Other term assets	152,807	191,372	193,429	192,487	191,337
Total assets	866,780	1,006,571	1,248,325	1,490,458	1,691,663
Short-term debt	0	0	0	0	0
Creditors	340,773	371,147	476,198	571,565	618,576
Other current liabs	76,435	98,692	97,966	101,433	104,738
Long-term debt/CBs	351,924	327,914	356,620	357,947	357,434
Provisions/other LT liabs	13,448	14,638	14,938	16,347	17,467
Minorities/other equity	2,135	2,466	2,809	3,247	3,384
Shareholder funds	82,065	191,715	299,793	439,919	590,064
Total liabs & equity	866,780	1,006,571	1,248,325	1,490,458	1,691,663
Ratio analysis					
Revenue growth (% YoY)	30.4	33.1	35.6	23.0	10.6
Ebitda growth (% YoY)	455.9	63.9	45.7	27.4	10.1
Ebitda margin (%)	11.1	13.7	14.7	15.2	15.1
Net profit margin (%)	1.1	7.4	7.3	7.2	7.1
Dividend payout (%)	89.9	14.6	5.4	4.5	6.2
Effective tax rate (%)	48.4	11.7	18.9	23.2	23.0
Ebitda/net int exp (x)	2.3	8.2	9.9	11.7	13.2
Net debt/equity (%)	301.2	106.6	51.7	18.6	1.1
ROE (%)	14.5	65.8	49.3	39.7	31.1
ROIC (%)	9.3	28.9	32.6	33.7	31.7
EVA@/IC (%)	(1.3)	17.2	21.1	22.4	20.3

Source: CLSA Asia-Pacific Markets

Companies mentioned

Tata Motors (TTMT - RS300.4 - OUTPERFORM)

Recommendation history - Tata Motors Ltd TTMT IB

Date	Rec level*	Closing price	Target
15 February 2012	O-PF	267.90	310.00
04 January 2012	O-PF	193.90	215.00
01 December 2011	U-PF	172.45	160.00
15 November 2011	U-PF	177.90	170.00
12 August 2011	U-PF	169.12	158.00
17 June 2011	O-PF	196.90	230.00
27 May 2011	O-PF	232.25	264.00
14 February 2011	BUY	228.93	300.00
15 December 2010	BUY	260.76	296.00
10 November 2010	BUY	254.11	282.00
11 August 2010	BUY	191.46	240.00
28 May 2010	BUY	148.58	174.00

Source: CLSA Asia-Pacific Markets

*** Prior to 1 Jan 2012, our rating structure was: BUY = Expected to outperform the local market by >10%; O-PF = Expected to outperform the local market by 0-10%; U-PF = Expected to underperform the local market by 0-10%; SELL = Expected to underperform the local market by >10%.**

Key to CLSA investment rankings: **BUY:** Total return expected to exceed market return AND provide 20% or greater absolute return; **O-PF:** Total return expected to be greater than market return but less than 20% absolute return; **U-PF:** Total return expected to be less than market return but expected to provide a positive absolute return; **SELL:** Total return expected to be less than market return AND to provide a negative absolute return. For relative performance, we benchmark the 12-month total return (including dividends) for the stock against the 12-month forecast return (including dividends) for the local market where the stock is traded.

CLSA changed the methodology by which it derives its investment rankings on 1 January 2012. The stocks covered in this report are subject to the revised methodology. We have made no changes to the methodologies through which analysts derive price targets - our views on intrinsic values and appropriate price targets are unchanged by this revised methodology. For further details of our new investment ranking methodology, please refer to our website.

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Note: In the interests of timeliness, this document has not been edited.

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India - April 2012 Earnings Announcement Calendar

Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
2	<u>APRIL</u>	3		4		5		6		7		8	
9		10		11		12		13	Infosys	14		15	
16	Mindtree	17		18	HCL Tech HDFC Bank	19	ACC Ambuja	20	Reliance Industries Cairn	21		22	
23	TCS Ultratech	24	Sesa Petronet	25	Yes Bank, LIC Housing Wipro Indi Cements	26		27	ICICI, Axis Lanco Hexaware	28	Maruti	29	
30	Shoppers, Exide, Titan GCPL, Dabur	1	<u>MAY</u> HUL	2		3		4		5		6	

Coverage universe

Board Line : (9122)-66505050



Name	Price (Rs)	Mkt Cap (US\$m)	3m Avg T/O (US\$m)	Normalized EPS				P/E			EV/ Ebitda		P/B			RoAE			Div Yield			Perf			Rec	Target Price
				FY12	FY13	FY14	FY12-14 Cagr	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	1m	3m	1y		
Autos		51,603	178				8.4	12.0	10.4	9.5	7.3	5.8	3.8	2.9	35.4	31.8	27.8	1.7	1.9	1.6	18.5	11.7				
Abhijeet Naik Dir-5060																										
Tata Motors	301	17,211	79	36.7	44.4	48.5	14.9	8.2	6.8	6.2	4.5	3.3	3.2	2.2	49.7	39.9	31.3	0.7	0.7	5	38	22	BUY	370		
M & M	686	8,151	36	41.4	38.3	43.5	2.6	16.6	17.9	15.8	10.7	11.2	3.2	2.8	22.6	18.0	17.9	1.5	1.5	1	(3)	(5)	U-PF	720		
Bajaj Auto	1,650	9,236	16	105.1	113.3	122.7	8.1	15.7	14.6	13.4	13.1	11.0	7.5	6.0	53.9	45.7	40.3	2.7	3.0	(4)	14	16	U-PF	1,430		
Maruti	1,342	7,504	23	55.3	81.5	101.6	35.5	24.3	16.5	13.2	17.3	10.8	2.5	2.2	11.0	14.5	15.8	0.6	0.7	(2)	21	7	SELL	1,035		
Hero Honda	2,069	7,994	20	122.4	132.3	123.4	0.4	16.9	15.6	16.8	14.0	12.3	12.1	10.8	76.8	72.9	62.2	4.1	4.6	6	13	13	SELL	1,650		
Ashok Leyland	29	1,506	5	2.2	2.1	3.0	16.7	13.3	13.8	9.8	8.5	8.6	1.8	1.7	14.2	12.9	16.9	3.4	3.4	6	15	6	SELL	23		
Banks/Financials		145,862	554				17.9	12.0	10.2	8.6			1.8	1.6	16.1	16.6	17.3	1.8	2.0	0.2	14.1	(13.3)				
Aashish Agarwal Dir-5075																										
State Bank	2,265	29,413	151	214.9	257.9	310.2	20.1	10.5	8.8	7.3			1.5	1.3	12.8	15.3	16.1	1.5	1.8	1.7	22.8	(19.3)	U-PF	2,090		
ICICI Bank	874	19,428	100	53.7	64.3	76.9	19.7	16.3	13.6	11.4			1.7	1.6	9.7	10.9	12.1	1.9	2.3	(4.8)	11.2	(20.7)	BUY	1,020		
HDFC Bank	530	24,056	32	21.8	26.2	32.7	22.6	24.3	20.2	16.2			4.2	3.7	18.5	19.3	20.7	0.8	1.0	4.3	13.1	12.1	BUY	580		
HDFC	678	19,380	80	28.0	32.9	39.1	18.1	24.2	20.6	17.3			5.3	4.1	21.7	22.7	22.9	1.3	1.6	1.7	0.4	(4.1)	BUY	800		
Axis Bank	1,197	9,570	60	96.8	112.6	137.4	19.1	12.4	10.6	8.7			2.2	1.9	19.4	19.4	20.3	1.6	1.9	(1.6)	24.4	(16.3)	BUY	1,150		
Indusind Bank	342	3,094	5	16.9	20.4	26.1	24.2	20.3	16.8	13.1			3.4	3.0	18.1	18.9	20.8	-	-	11.6	23.0	22.2	BUY	415		
PNB	924	5,663	10	149.7	164.6	188.0	12.1	6.2	5.6	4.9			1.2	1.0	20.3	19.3	19.1	3.5	4.4	(4.1)	0.7	(22.5)	SELL	900		
Power Finance	185	4,725	15	23.3	26.6	30.9	15.1	7.9	7.0	6.0			1.2	1.1	16.2	16.3	16.9	3.8	3.6	(1.7)	21.3	(26.6)	U-PF	240		
REC	221	4,223	13	27.7	31.0	37.1	15.8	8.0	7.1	6.0			1.5	1.3	20.1	19.9	20.9	3.8	4.2	5.6	30.9	(10.7)	U-PF	260		
Bank of Baroda	790	5,988	10	114.3	132.3	154.0	16.1	6.9	6.0	5.1			1.3	1.1	19.6	19.4	19.4	2.3	2.7	(2.3)	4.2	(19.7)	O-PF	870		
Canara Bank	473	4,054	8	76.0	86.8	100.0	14.7	6.2	5.4	4.7			0.9	0.8	15.8	15.9	16.1	2.4	2.8	(3.3)	12.3	(27.4)	SELL	430		
IDFC	133	3,892	27	10.3	11.1	13.0	12.5	13.0	11.9	10.2			1.6	1.4	13.4	13.0	13.8	1.4	1.5	(8.2)	14.3	(15.3)	O-PF	150		
Bank of India	377	3,990	6	47.4	51.9	61.1	13.6	8.0	7.3	6.2			1.1	1.0	14.2	13.9	14.6	1.9	2.1	5.0	24.5	(22.7)	SELL	310		
Union Bank	228	2,309	8	29.0	37.6	41.1	19.1	7.8	6.0	5.5			0.9	0.8	11.6	13.9	13.8	2.6	3.3	(1.2)	20.2	(33.7)	SELL	190		
OBC	266	1,501	3	43.9	53.0	60.2	17.1	6.1	5.0	4.4			0.5	0.5	11.1	12.4	12.9	4.5	5.3	(4.7)	18.5	(28.8)	SELL	230		
Corp. Bank	416	1,193	1	104.3	102.6	114.7	4.9	4.0	4.1	3.6			0.8	0.7	19.8	17.2	16.8	5.0	4.9	(9.1)	6.4	(33.5)	SELL	370		
Yes Bank	369	2,519	26	26.2	30.2	37.3	19.3	14.1	12.2	9.9			2.8	2.4	21.7	20.8	21.4	0.9	1.1	0.3	29.2	11.6	O-PF	445		
J&K Bank	920	863	0	154.4	172.2	191.4	11.3	6.0	5.3	Na			1.1	1.0	19.9	19.1	18.4	3.4	3.7	7.6	22.9	9.6	BUY	1,090		
Cement		24,009	36				9.5	16.5	15.3	13.8	8.6	7.9	2.4	2.2	15.6	15.0	14.9	1.2	1.3	(4.7)	12.0	16.6				
Vivek Maheshwari Dir-5053																										
UltraTech Cement	1,441	7,642	6	75.6	81.6	86.1	6.7	19.1	17.7	16.7	11.3	10.4	3.1	2.7	17.8	16.4	15.0	0.4	0.4	(2.7)	22.2	34.6	SELL	1,075		
Ambuja Cements	159	4,730	10	7.9	8.8	10.4	14.4	20.1	18.0	15.4	11.0	9.7	3.0	2.8	15.4	15.8	17.1	2.1	2.5	(5.5)	1.2	5.7	SELL	135		
Grasim	2,609	4,629	4	266.7	265.5	271.0	0.8	9.8	9.8	9.6	4.9	4.8	1.4	1.3	15.7	13.8	12.6	1.1	1.1	(5.5)	2.5	3.4	O-PF	2,750		
ACC	1,238	4,497	11	58.3	63.8	73.1	12.0	21.2	19.4	16.9	11.9	10.5	3.2	3.0	16.1	16.0	16.6	2.1	1.8	(7.6)	8.6	11.2	SELL	1,000		
Shree Cement	2,863	1,930	1	99.9	150.9	219.4	48.2	28.7	19.0	13.1	8.4	7.2	4.4	3.7	16.3	21.0	24.9	0.5	0.6	(1.0)	36.5	45.1	SELL	2,850		
India Cement	97	579	4	10.9	12.0	14.3	14.9	9.0	8.1	6.8	6.7	6.0	0.7	0.7	8.0	8.4	9.4	1.5	1.5	(5.6)	35.0	(1.9)	U-PF	110		
Cap goods & infra.		45,596	213				11.8	14.7	12.8	11.7	10.9	9.7	2.6	2.2	18.8	18.8	17.7	1.2	1.2	(3.4)	0.5	(30.4)				
Rajesh Panjwani Dir-852 26008271																										
BHEL	261	12,350	42	28.1	29.6	29.1	1.9	9.3	8.8	9.0	6.6	5.9	2.5	2.1	30.4	26.3	21.8	1.8	1.8	(4.7)	(7.1)	(41.5)	U-PF	260		
Crompton	132	1,642	9	7.9	10.6	13.4	30.4	16.7	12.5	9.9	10.1	7.8	2.3	2.0	14.6	17.5	19.2	1.8	1.8	(5.0)	(7.2)	(54.5)	U-PF	125		
Suzlon	24	829	20	0.9	2.4	3.3	NA	26.4	10.0	7.3	7.0	5.2	0.6	0.5	2.5	6.2	7.9	-	-	(14.8)	5.0	(55.5)	SELL	19		

Coverage universe

Board Line : (9122)-66505050



Name	Price (Rs)	Mkt Cap (US\$m)	3m Avg T/O (US\$m)	Normalized EPS				P/E			EV/ Ebitda		P/B		RoAE			Div Yield		Perf			Rec	Target Price
				FY12	FY13	FY14	FY12-14 Cagr	FY12	FY13	FY14	FY12	FY13	FY12	FY13	FY12	FY13	FY14	FY12	FY13	1m	3m	1y		
Somshankar Sinha Dir-5071																								
L&T	1,302	15,423	73	78.8	86.7	96.7	10.7	16.5	15.0	13.5	13.4	12.8	2.8	2.4	17.9	17.3	17.0	1.2	1.2	(1.4)	2.7	(24.7)	O-PF	1,350
Jaiprakash Associates	80	3,280	35	4.8	6.6	7.9	27.8	16.5	12.1	10.1	12.8	10.2	1.5	1.5	9.2	12.1	12.5	0.3	0.3	1.5	25.4	(19.9)	BUY	100
Adani Ports	129	4,997	5	5.8	7.4	9.0	24.9	22.4	17.5	14.4	17.4	14.6	4.9	4.0	24.2	25.1	24.7	0.8	0.9	(3.2)	(7.9)	(11.7)	SELL	130
Jain Irrigation	92	703	7	5.8	7.0	9.8	29.8	15.8	13.1	9.4	8.1	7.8	2.0	1.8	14.3	15.3	18.5	1.1	1.1	(10.5)	(8.8)	(44.9)	BUY	150
IRB	191	1,230	9	14.3	14.1	13.8	(1.6)	13.4	13.5	13.8	8.7	8.7	2.3	1.8	18.4	14.7	11.7	0.8	0.8	(3.3)	25.3	(10.8)	O-PF	175
Aditya Bhartia Dir-5077																								
ABB India	826	3,389	2	10.1	17.7	17.2	30.5	82.0	46.6	48.2	46.0	27.6	6.7	5.9	8.4	13.5	13.5	0.3	0.3	(3.1)	11.8	0.9	SELL	600
Thermax	438	1,010	1	34.4	31.5	35.1	0.9	12.7	13.9	12.5	7.1	7.4	3.2	2.7	27.8	21.1	20.1	1.4	1.6	(11.6)	(7.9)	(36.3)	U-PF	535
Voltas	116	745	11	4.5	8.5	10.1	48.8	25.6	13.7	11.6	12.1	9.0	2.7	2.4	10.8	18.7	19.8	2.1	2.6	(10.0)	26.5	(33.6)	SELL	95
Consumer		81,664	103				19.0	35.3	29.0	24.9	24.3	19.9	12.2	10.4	36.9	38.6	38.8	1.5	1.9	9.3	13.4	27.4		
Vivek Maheshwari Dir-5053																								
ITC	241	36,469	39	7.8	9.0	10.5	16.0	31.0	26.8	23.0	21.5	18.4	10.5	9.5	35.6	36.8	38.6	1.9	2.3	11.5	15.7	27.0	O-PF	260
HUL	421	17,620	20	11.9	14.0	16.0	16.0	35.3	30.2	26.3	36.6	24.1	34.7	23.0	78.8	91.6	79.4	1.5	2.2	8.0	5.9	53.2	SELL	370
Nestle India	4,785	8,928	3	104.6	123.7	144.9	17.7	45.7	38.7	33.0	29.0	24.8	32.5	22.7	84.7	69.0	58.0	1.0	1.1	9.1	18.0	28.6	SELL	4,200
United Spirits	701	1,774	27	24.7	30.0	38.3	24.5	28.4	23.4	18.3	13.4	11.6	2.1	1.9	7.5	8.5	10.1	0.7	0.9	21.0	9.9	(32.6)	U-PF	750
GSK Consumers	2,770	2,254	1	90.3	108.2	128.3	19.2	30.7	25.6	21.6	23.7	19.7	9.7	8.0	34.4	34.3	33.9	1.3	1.5	7.5	10.7	21.4	O-PF	3,200
Godrej Consumer	490	3,225	2	17.4	20.7	24.3	18.0	28.1	23.7	20.2	21.1	17.6	7.3	5.9	28.8	27.6	26.7	1.0	1.0	9.7	21.8	25.9	O-PF	470
Colgate	1,123	2,956	2	32.7	36.8	41.3	12.4	34.3	30.5	27.2	28.9	25.0	35.5	31.4	109.2	109.2	108.8	2.2	2.5	3.1	16.4	25.3	SELL	875
Dabur	112	3,762	3	3.7	4.4	5.2	17.7	29.9	25.5	21.6	22.3	18.8	11.2	9.1	41.5	39.3	37.3	1.3	1.6	8.2	15.1	8.1	O-PF	105
Marico	178	2,114	1	5.2	6.4	7.4	19.6	34.4	27.8	24.0	23.9	19.4	9.4	7.4	30.6	29.8	27.3	0.6	0.6	12.6	15.7	27.3	U-PF	185
Metals & Mining		35,527	202				18.6	9.1	7.2	6.5	6.0	5.7	0.9	0.8	10.7	12.4	12.3	2.1	2.2	(4.0)	(0.4)	(36.5)		
Abhijeet Naik Dir-5060																								
Coal India	339	41,453	28	23.2	25.2	26.2	6.4	14.6	13.5	12.9	9.4	7.7	4.9	3.9	38.1	32.5	27.5	1.5	1.7	(0.7)	(3.6)	Na	SELL	315
SAIL	94	7,493	9	8.7	10.4	11.2	13.4	10.7	9.0	8.4	9.8	10.0	1.0	0.9	9.4	10.4	10.5	2.2	2.7	(2.1)	(0.7)	(44.8)	SELL	80
Sterlite	106	6,903	28	16.8	17.7	19.4	7.4	6.3	6.0	5.5	2.0	1.4	0.8	0.7	13.2	12.4	12.3	2.1	1.9	(6.8)	(2.9)	(38.1)	O-PF	138
Tata Steel	455	8,554	62	23.8	45.1	60.3	59.1	19.1	10.1	7.6	7.1	6.1	1.1	1.0	6.4	10.9	13.3	2.6	2.6	0.1	2.8	(27.8)	BUY	570
Hindalco	124	4,598	35	16.7	14.5	16.1	(1.7)	7.4	8.6	7.7	6.2	7.0	0.8	0.7	10.6	8.5	8.8	1.6	1.6	(11.9)	(11.7)	(41.0)	SELL	115
Sesa Goa	185	3,109	21	36.2	53.7	47.5	14.5	5.1	3.4	3.9	4.9	4.2	1.0	0.8	23.3	27.9	20.0	2.7	2.7	(6.9)	(3.9)	(41.5)	U-PF	230
JSW Steel	752	3,247	42	36.4	79.5	86.9	54.5	20.7	9.5	8.7	6.4	5.8	1.0	0.9	4.9	10.2	10.3	1.3	1.7	0.5	14.0	(21.5)	U-PF	750
Bhushan Steel	395	1,624	3	45.5	56.4	66.8	21.1	8.7	7.0	5.9	9.7	8.7	1.4	1.2	17.7	18.3	18.1	0.1	0.1	1.6	16.1	(23.7)	O-PF	470
Oil & Gas		139,023	179				5.7	10.6	9.7	9.5	5.1	5.4	1.5	1.4	14.7	14.6	13.7	2.2	2.6	(3.8)	(0.1)	(17.2)		
Somshankar Sinha Dir-5071																								
Reliance Ind.	748	47,403	82	61.8	68.9	70.2	6.6	12.1	10.9	10.7	6.6	6.6	1.5	1.4	12.5	12.8	12.0	1.2	1.3	(3.1)	0.8	(26.7)	O-PF	860
ONGC	259	42,895	23	31.1	27.9	27.1	(6.7)	8.3	9.3	9.6	3.6	3.8	1.7	1.5	21.4	17.1	15.1	3.5	3.9	(5.1)	(1.1)	(9.4)	O-PF	310
IOC	253	11,866	3	10.9	29.8	34.2	77.2	23.2	8.5	7.4	5.0	6.1	1.0	1.0	4.5	11.7	12.4	1.2	3.2	(7.6)	(6.3)	(23.4)	U-PF	270
Gail	356	8,735	11	29.7	32.4	31.9	3.7	12.0	11.0	11.2	8.0	8.1	2.1	1.8	18.3	17.7	15.6	2.2	2.5	(2.9)	(3.9)	(24.2)	U-PF	400
Cairn India	344	12,714	20	41.0	54.0	52.1	12.7	8.4	6.4	6.6	5.8	4.2	1.4	1.1	17.7	19.3	15.7	-	-	(0.3)	(0.3)	1.5	BUY	420
Oil India	459	5,341	3	57.6	47.7	44.3	(12.3)	8.0	9.6	10.4	3.0	3.7	1.8	1.8	22.2	18.8	18.3	10.9	10.9	(5.3)	0.1	(12.4)	BUY	580
BPCL	678	4,747	7	24.6	30.9	54.9	49.4	27.6	21.9	12.4	5.8	8.1	1.5	1.5	5.7	6.8	11.3	1.0	1.0	2.1	29.1	13.2	BUY	820
HPCL	283	1,855	5	6.9	15.4	34.2	122.1	40.8	18.4	8.3	7.5	9.7	0.8	0.7	1.9	4.1	8.7	0.7	1.8	(5.3)	8.7	(21.7)	U-PF	300
Petronet LNG	163	2,368	7	14.3	13.9	13.5	(3.1)	11.4	11.7	12.1	8.0	7.5	3.5	2.9	34.9	26.9	21.8	1.9	1.9	0.4	3.6	22.4	BUY	190
Vikash Jain Dir-5015																								
Gujarat Petronet	68	740	3	9.1	6.2	6.3	(17.0)	7.4	11.0	10.8	5.1	6.4	1.6	1.4	23.1	13.4	12.3	1.5	1.5	(12.5)	(16.4)	(31.8)	U-PF	85
Aban Offshore	427	359	14	97.5	58.4	123.0	12.3	4.4	7.3	3.5	7.0	7.3	0.9	0.8	21.5	11.2	20.3	1.1	1.1	(7.3)	1.1	(38.5)	SELL	430
Pharmaceuticals		42,366	63				37.9	28.6	18.1	16.7	16.5	13.5	5.0	4.1	16.4	25.1	22.7	0.9	1.3	6.6	8.7	10.7		
Hemant Bakhru Dir-5063																								
Sun Pharma	578	11,516	11	23.3	26.9	30.1	13.7	24.8	21.5	19.2	17.6	15.0	5.3	4.4	23.2	22.4	21.3	0.8	0.9	5.9	12.0	31.4	O-PF	590
Dr Reddy's	1,759	5,771	12	90.3	106.7	107.9	9.3	19.5	16.5	16.3	15.3	12.5	5.1	4.0	29.2	27.3	22.5	0.8	1.1	4.7	7.0	6.4	BUY	1,900
Cipla	312	4,855	11	14.2	16.8	19.0	15.9	22.0	18.6	16.4	17.4	14.4	3.3	2.9	16.0	16.6	16.4	0.8	0.8	3.4	(7.6)	(2.9)	U-PF	360
Ranbaxy	507	4,138	7	(40.9)	39.8	32.2	NA	(12.4)	12.7	15.7	14.7	12.2	6.7	4.9	(35.7)	44.2	27.9	0.5	2.0	23.4	9.1	9.5	SELL	384
Glaxosmithkline	2,175	3,565	1	58.9	86.4	97.5	28.7	36.9	25.2	22.3	20.6	17.8	9.2	8.1	25.3	34.2	34.1	2.2	2.5	1.6	9.7	3.3	U-PF	2,115
Lupin Ltd	566	4,893	7	21.2	26.5	32.4	23.7	26.7	21.4	17.5	20.7	15.0	6.2	5.0	25.9	26.1	26.0	0.7	0.9	12.4	30.7	37.8	BUY	616
Cadila Healthcare	701	2,778	2	32.0	40.3	47.5	21.7	21.9	17.4	14.8	17.2	14.4	5.3	4.3	27.0	27.4	26.2	0.8	1.1	(1.9)	5.5	(16.8)	O-PF	730
Torrent Pharma	627	1,026	1																					

Coverage universe

Board Line : (9122)-66505050



Name	Price (Rs)	Mkt Cap (US\$m)	3m Avg T/O (US\$m)	Normalized EPS				P/E			EV/ Ebitda		P/B		RoAE			Div Yield		Perf			Rec	Target Price
				FY12	FY13	FY14	FY12-14 Cagr	FY12	FY13	FY14	FY12	FY13	FY12	FY13	FY12	FY13	FY14	FY12	FY13	1m	3m	1y		
Power		61,100	98				15.1	14.5	12.4	11.0	10.7	9.2	1.8	1.6	12.8	13.7	14.0	1.8	1.9	(4.9)	1.0	(16.6)		
Rajesh Panjwani Dir-852 26008271																								
NTPC	166	26,407	8	11.7	12.8	13.8	8.8	14.1	13.0	12.0	10.4	10.3	1.9	1.7	13.7	13.8	13.9	2.6	2.6	(4.0)	(1.0)	(10.7)	O-PF	190
Abhishek Tyagi Dir-5055																								
Jindal Steel & Power Lt	501	9,066	25	42.4	52.1	57.3	16.3	11.8	9.6	8.7	9.1	8.3	2.6	2.1	24.7	24.0	21.2	0.3	0.3	(12.9)	(2.1)	(25.4)	O-PF	535
NHPC	20	4,665	3	1.5	1.6	1.9	13.0	13.3	12.1	10.4	9.6	8.9	0.9	0.9	7.0	7.5	8.3	3.1	3.3	(6.9)	(4.9)	(21.9)	SELL	129
PowerGrid	112	10,021	10	6.6	7.9	8.9	16.1	16.9	14.2	12.5	10.8	9.8	2.2	2.0	13.8	15.0	15.2	2.0	2.1	3.8	11.3	6.5	O-PF	124
Lanco Infrass.	18	836	21	0.5	1.3	2.2	115.8	38.6	13.5	8.3	13.7	10.4	0.9	0.9	2.4	6.5	9.8	-	-	(4.3)	21.7	(58.1)	SELL	19
Tata Power	103	4,730	12	7.9	8.2	8.2	1.8	13.0	12.6	12.5	8.9	7.0	1.6	1.5	13.5	12.2	11.0	1.2	1.2	(2.4)	5.3	(21.2)	O-PF	120
Adani Power	70	2,961	13	2.0	4.6	7.2	90.5	35.5	15.4	9.8	30.2	10.7	2.4	2.1	6.8	14.5	19.2	-	-	(3.7)	(15.9)	(39.6)	SELL	72
JSW Energy Ltd	56	1,790	5	1.9	3.7	5.4	69.7	30.3	15.3	10.5	13.5	8.0	1.5	1.4	5.2	9.8	13.1	-	2.1	(16.6)	27.3	(28.9)	SELL	42
CESC	258	624	2	40.9	41.6	45.2	5.2	6.3	6.2	5.7	5.4	5.3	0.8	0.7	13.0	11.9	11.7	1.7	1.9	(16.2)	10.5	(17.6)	BUY	348
Software		140,732	347				9.1	17.9	15.0	13.7	12.1	9.8	4.8	3.9	29.7	28.8	26.0	1.8	2.0	(7.2)	2.1	(5.1)		
Nimish Joshi Dir-5054																								
TCS	1,070	40,515	38	55.2	68.6	75.1	16.6	19.4	15.6	14.2	13.6	10.5	6.7	5.2	38.1	37.4	32.4	2.2	2.2	(8.5)	(3.1)	(10.2)	U-PF	1,105
Infosys	2,365	26,274	69	145.5	161.3	175.5	9.8	16.2	14.7	13.5	10.5	8.9	4.2	3.4	28.5	25.7	23.3	1.4	1.7	(17.5)	(11.2)	(20.9)	U-PF	2,630
Accenture Ltd (US\$)	62	43,594	208	3.4	3.9	4.4	13.6	18.3	16.0	14.2	9.2	7.9	9.3	7.0	61.2	51.7	43.8	1.4	1.9	(2.7)	15.7	13.2	O-PF	70
Wipro	421	20,028	12	23.2	27.9	30.6	14.9	18.1	15.1	13.7	12.8	10.4	3.9	3.3	23.3	23.8	22.1	1.9	1.9	(1.8)	1.4	(6.4)	U-PF	418
HCL Tech.	485	6,495	9	30.3	36.9	41.4	16.9	16.0	13.1	11.7	9.3	7.7	3.4	2.8	23.4	23.7	22.2	1.2	1.2	(2.5)	14.0	0.9	U-PF	414
eClerx	750	422	0	55.0	66.6	77.6	18.8	13.6	11.3	9.7	9.5	7.5	6.9	5.1	57.7	52.7	46.8	2.7	2.7	(1.3)	5.6	0.6	BUY	880
Mindtree	489	383	1	52.3	55.1	53.1	0.8	9.3	8.9	9.2	5.4	4.2	2.0	1.6	24.1	20.9	17.1	0.5	0.5	7.1	10.7	27.2	U-PF	450
Telecom		34,313	85				15.2	28.5	25.3	20.3	7.5	6.5	1.5	1.4	3.2	5.7	6.7	0.3	0.3	(3.8)	(5.2)	(9.6)		
Deepthi Chaturvedi Dir-5066																								
Bharti	317	23,298	42	12.8	19.0	22.0	31.3	24.9	16.7	14.4	7.4	5.8	2.3	2.0	9.5	12.8	13.1	0.4	0.4	(3.2)	(8.1)	(14.9)	U-PF	355
Reliance Communicatic	84	3,371	30	3.9	5.4	7.3	36.0	21.5	15.7	11.6	6.9	5.8	0.4	0.4	2.0	2.7	3.5	-	-	(8.3)	(5.0)	(21.5)	U-PF	95
Idea Cellular	95	6,054	9	2.0	2.2	2.4	10.5	47.3	43.1	38.7	8.6	7.6	2.4	2.3	5.3	5.5	5.8	-	-	(4.2)	5.8	41.6	SELL	80
Tata Communications	227	1,254	2	7.0	7.4	7.9	6.5	32.6	30.6	28.8	8.2	7.8	0.8	0.8	2.6	2.7	2.8	1.1	1.1	1.5	3.1	(12.9)	O-PF	231
MTNL	28	335	3	(43.3)	(37.1)	(35.4)	(9.5)	(0.6)	(0.7)	(0.8)	(7.5)	(7.6)	0.2	0.4	(51.9)	(85.8)	(507.8)	-	-	(8.6)	(4.8)	(43.5)	SELL	25
Media		7,642	19				22.2	19.2	18.7	15.4	10.4	8.8	4.3	3.8	19.9	21.8	23.3	2.1	2.1	(2.6)	0.3	(16.2)		
Deepthi Chaturvedi Dir-5066																								
Sun TV	285	2,170	6	17.9	20.1	22.7	12.5	15.9	14.2	12.5	7.0	6.1	4.2	3.7	28.2	27.8	27.6	3.6	3.6	(10.0)	(2.4)	(32.9)	O-PF	363
Zee Telefilms	125	2,314	4	5.9	6.7	8.0	16.0	21.0	18.6	15.6	15.3	12.9	3.6	3.2	18.0	18.2	19.1	1.9	1.9	(0.7)	4.0	0.1	BUY	145
Dish TV	60	1,239	8	(1.4)	0.2	1.5	NA	(44.6)	391.0	41.1	14.9	10.9	(60.1)	(71.0)	412.2	(16.7)	#####	-	-	10.5	(3.8)	(11.5)	O-PF	73
Jagran Prakashan	99	607	0	6.2	6.8	7.6	10.9	16.0	14.7	13.0	8.6	7.8	4.0	3.7	27.1	27.4	28.3	4.0	4.0	(2.7)	1.0	(18.1)	U-PF	94
HT Media	128	584	0	7.9	8.9	10.2	13.9	16.3	14.4	12.6	9.4	7.4	2.0	1.8	13.4	13.3	13.4	0.3	0.3	(4.5)	(6.6)	(17.5)	O-PF	157
Saurabh Mehrotra Dir-5074																								
DB Corp	205	729	0	10.9	12.0	14.1	13.9	18.9	17.1	14.6	10.7	9.5	4.0	3.7	22.8	22.8	24.0	2.4	2.4	(2)	11		O-PF	197
Real estate		13,591	108				15.7	15.7	13.5	11.8	13.5	11.2	1.1	1.0	7.1	7.8	8.4	0.7	0.8	(0.5)	5.4	(21.1)		
Mahesh Nandurkar, CFA Dir-5079																								
DLF	199	6,547	41	8.3	9.0	10.9	14.9	24.1	22.2	18.3	13.4	13.5	1.3	1.3	5.6	5.9	6.8	1.0	1.0	1.5	0.5	(18.6)	SELL	185
Unitech	29	1,447	16	1.2	1.8	2.2	38.1	24.7	16.0	13.0	29.5	17.0	0.6	0.6	2.6	3.9	4.6	-	0.2	(2.7)	10.6	(35.3)	U-PF	30
Oberoi Realty	268	1,701	1	12.7	17.9	25.3	41.3	21.1	14.9	10.6	17.9	9.8	2.4	2.1	11.9	14.8	17.9	-	-	(0.9)	6.7	6.5	O-PF	330
Godrej Properties	608	919	0	20.4	29.1	42.5	44.4	29.8	20.9	14.3	28.7	21.2	4.2	3.6	14.8	18.6	22.9	-	-	(6.2)	(5.2)	(12.3)	SELL	608
JP Infratech	48	1,301	1	8.4	8.7	7.6	(5.3)	5.7	5.5	6.4	9.3	6.3	1.2	1.0	22.2	19.4	14.9	2.1	2.7	(1.0)	18.5	(22.7)	BUY	60
HDIL	87	704	47	15.5	16.5	17.7	6.8	5.6	5.2	4.9	8.0	7.0	0.4	0.3	6.6	6.6	6.6	-	-	(12.3)	13.2	(53.9)	SELL	84
Anant Raj	58	332	1	6.3	7.1	9.0	19.8	9.3	8.2	6.4	10.8	8.6	0.4	0.4	4.9	5.3	6.4	-	-	(1.4)	(1.9)	(37.0)	BUY	93
Abhinav Sinha Dir-5069																								
Sobha Developers	338	641	1	16.7	25.6	32.1	38.5	20.2	13.2	10.5	14.5	9.9	1.7	1.5	8.6	12.1	13.6	1.0	1.2	13.1	40.7	14.4	BUY	385

Coverage universe

Board Line : (9122)-66505050



Name	Price (Rs)	Mkt Cap (US\$m)	3m Avg T/O (US\$m)	Normalized EPS				P/E			EV/ Ebitda		P/B			RoAE			Div Yield		Perf			Rec	Target Price
				FY12	FY13	FY14	FY12-14 Cagr	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	1m	3m		
Education		360	13				6.6	5.6	4.7	5.0	3.7	3.1	0.7	0.6	12.8	13.4	11.5	1.0	1.0	(0.3)	(13.2)	(58.3)			
Nimish Joshi Dir-5054																									
Educomp	194	360	13	34.4	40.8	39.1	6.6	5.6	4.7	5.0	3.7	3.1	0.7	0.6	12.8	13.4	11.5	1.0	1.0	(0.3)	(13.2)	(58.3)	SELL	210	
Others		15,771	125				64.0	41.1	20.7	16.2	13.6	9.9	4.2	3.4	9.8	18.1	19.6	0.8	1.0	1.4	23.7	3.2			
Jaibir Sethi Dir-5037																									
Titan	237	4,071	17	6.6	7.6	9.0	17.2	36.1	31.1	26.3	24.9	20.9	14.2	10.4	46.4	38.6	34.2	0.7	0.7	1.5	28.4	21.7	SELL	200	
Page Industries	2,762	596	0	82.6	112.8	144.9	32.5	33.4	24.5	19.1	24.0	17.5	19.1	14.7	64.6	68.0	67.0	1.5	2.2	7.0	9.2	63.8	BUY	3,250	
Sintex	84	441	13	10.8	14.1	15.7	20.4	7.7	5.9	5.3	5.3	5.1	0.9	0.7	11.6	13.4	13.8	0.6	0.8	(0.8)	16.4	(49.4)	U-PF	84	
Jet Airways	361	602	20	(128.0)	1.3	11.8	NA	(2.8)	271.7	30.5	58.3	9.4	(11.6)	(12.1)	NA	NA	NA	-	-	13.0	53.5	(22.9)	SELL	290	
Havells	585	1,414	5	29.4	39.6	47.1	26.5	19.9	14.8	12.4	11.5	9.4	7.5	5.1	45.0	41.2	34.9	0.5	0.6	1.3	35.1	44.6	BUY	700	
TTK Prestige	3,456	757	10	106.8	137.0	182.0	30.6	32.4	25.2	19.0	21.5	16.4	13.6	9.6	50.5	44.5	41.9	0.5	0.7	27.3	44.0	49.0	BUY	3,830	
Bharat Forge	310	1,396	3	18.1	18.8	25.8	19.5	17.1	16.5	12.0	8.9	8.6	3.2	2.7	19.9	17.9	20.9	1.1	1.1	(6.3)	8.1	(13.9)	U-PF	340	
Pantaloon Retail	165	692	15	5.4	5.6	8.1	22.9	30.7	29.5	20.3	8.7	8.0	1.2	1.2	4.2	4.1	5.6	0.6	0.6	6.0	10.9	(40.6)	SELL	155	
Apollo Tyres	87	845	4	7.9	10.2	12.4	24.9	10.9	8.5	7.0	6.7	5.4	1.6	1.3	14.2	17.0	17.5	0.6	0.7	6.6	31.6	28.3	BUY	102	
Jubilant	1,152	1,451	22	16.6	25.0	34.8	44.8	69.3	46.2	33.1	38.1	26.1	26.9	18.4	45.8	47.3	45.7	0.3	0.4	6.8	38.6	83.8	O-PF	1,380	
Exide Industries	136	2,230	4	5.5	7.0	7.9	20.0	24.6	19.4	17.1	16.0	12.5	3.9	3.4	16.3	18.8	18.9	1.6	1.8	(7.3)	11.2	(3.8)	SELL	120	
Shopper's Stop	358	572	1	7.9	9.4	12.8	27.4	45.6	38.3	28.1	23.0	18.9	4.5	4.1	10.3	11.2	13.6	0.3	0.4	(1.9)	25.5	3.5	SELL	320	
Vikash Jain Dir-5015																									
SR Sugars	33	427	8	0.0	1.7	4.2	1,088.0	1,100.9	19.1	7.8	7.1	6.2	1.9	0.9	0.2	6.6	11.6	1.5	3.0	(10.0)	(1.3)	(56.1)	BUY	45	
Balrampur Chini	58	276	2	(1.3)	2.5	2.6	NA	(43.6)	23.1	22.1	12.3	10.9	1.2	1.2	(2.7)	5.3	5.4	-	1.3	4.4	48.8	(23.1)	O-PF	66	
CLSA Universe		859,885	2,338				14.8	15.5	13.3	11.8	9.1	8.0	2.3	2.1	16.0	16.5	16.6	1.6	1.8	(1.7)	5.7	(7.4)			
Sensex		17,151		1,101	1,265	1,408	13.1	15.6	13.6	12.2	9.1	8.1	2.6	2.3	17.9	18.1	17.7	1.7	1.9	(1.8)	4.2	(11.5)			

Key to CLSA investment rankings: BUY = Expected to outperform the local market by >10%; O-PF = Expected to outperform the local market by 0-10%; U-PF = Expected to underperform the local market by 0-10%; SELL = Expected to underperform the local market by >10%. Performance is defined as 12-month total return (including dividends).

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