Reliance Industries

BUY

INDUSTRY	OIL & GAS
CMP *(as on 16 Jan 2017)*	**Rs 1,076**
Target Price	**Rs 1,225**
Nifty	8,413
Sensex	27,288
KEY STOCK DATA	
Bloomberg	RIL IN
No. of Shares (mn)	3,244
MCap (Rs bn) / ($ mn)	3,491/51,234
6m avg traded value (Rs mn)	3,779

STOCK PERFORMANCE (%)			
52 Week high / low	**Rs 1,130/888**		
	3M	6M	12M
Absolute (%)	(0.1)	6.3	0.3
Relative (%)	1.3	8.3	(11.3)

SHAREHOLDING PATTERN (%)	
Promoters	46.48
FIs & Local MFs	14.56
FIIs	12.86
Public & Others	26.10

Source : BSE

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Drifting, though constructively

RIL's standalone 3QFY17 EBITDA was below estimates at Rs 106bn (+4% YoY) led by lower GRM and muted petchem demand. Domestic petchem demand was weak on account of demonetisation. This resulted in higher exports with lower margins. The higher other income boosted APAT to Rs 80bn.

We expect strong margins to continue unless crude prices go above $ 65/bbl (which we see as unlikely). However, even tough macros will not impact RIL to a great extent owing to its efficient operations.

<u>Our positive stance on RIL is based on the US$ 18.5bn capex in refining/chemicals ($ 17.5bn invested so far).</u> Commissioning of these projects has begun and will be fully operational in 2HFY18. A delay of a quarter or two of in such projects is not significant. <u>We are confident of an incremental EBITDA of ~US$ 3.5bn over FY15 from these capex.</u>

<u>We are concerned about the returns in the company's telecom business</u>. Jio has incurred a capex of Rs 1.7tn and may further require an additional ~Rs 0.5tn. The subscriber base of 72mn (till Dec-16) does not excite us for now, as it may lack sustainability once the free period gets over. However, we still remain positive on RIL owing to the sustainable EBITDA growth here on. Chemicals and refining are on a roll till FY19 and Jio may well achieve a critical mass by then. <u>Our SOTP based target for RIL is Rs 1,225/sh based on FY19E. Maintain BUY.</u>

Highlights of the quarter

- **Refining:** GRM was at US$ 10.8/bbl (-US$ 0.7 YoY, +0.7 QoQ). Sequential improvement in GRM was led by higher margins across all products. Premium over Singapore GRMs was US$ 4.1/bbl (vs. $5.0 QoQ).
- **Petchem:** PP volumes were lower on account of a maintenance shutdown. However, strong PE margins led to EBIT of Rs 34bn (+30% YoY).
- **Telecom is the key risk:** RIL has invested Rs 1.7tn till Dec-16 in R-Jio. The company will raise Rs 0.3tn through preference shares. It is very difficult to ascertain returns on these investments.
- **Near term outlook:** Uncertainty related to the commercial launch of R-Jio and delay in guidance for project commissioning may impact the stock negatively. Weakness should be treated as a buying opportunity.

FINANCIAL SUMMARY (Standalone)

(Rs bn)	3QFY17	3QFY16	*YoY(%)*	2QFY17	*QoQ (%)*	FY16	FY17E	FY18E	FY19E
Net Sales	618.06	565.67	*9.3*	595.77	*3.7*	2,331.58	2,380.87	2,761.07	2,891.67
EBITDA	106.04	102.48	*3.5*	105.55	*0.5*	401.39	426.06	507.52	568.75
PAT	80.22	72.97	*9.9*	77.04	*4.1*	274.17	295.50	334.29	381.32
Diluted EPS (Rs)	24.8	22.6	*9.9*	23.8	*4.1*	84.6	91.2	103.2	117.7
P/E (x)						12.7	11.8	10.4	9.1
EV / EBITDA (x)						10.2	9.6	7.4	6.0
RoE (%)						12.0	11.7	12.0	12.3

Source: Company, HDFC sec Inst Research

E&P business

KG-D6

- KG-D6 gas volume declined further to 7.6 mmscmd (-29% YoY). Oil volumes were at 0.26 mmbbl (-36%).
- Gas price was at US$ 2.8/mmbtu (-35% YoY) and oil realisation was at US$ 43.6/bbl (-5% YoY).
- Side Track operation in second MA well to be completed during 4Q FY17.

PMT

- Gas volumes increased to 15.6 BCF (+3% QoQ) owing to restoration of production from two wellhead platforms
- Management has guided that production in the PM field is sustainable.

CBM

- Phase-1 activities are complete. Test production started in 1QFY17.
- Testing and commissioning of the Shahdol-Phulpur pipeline is under progress.

Shale Gas

- Gas realisation went up to US$ 3.0/mmbtu (+32% YoY, +5% QoQ). Average realisation for 3Q increased 12% QoQ, wherzeas volumes were flat at 41 BCFe.

	4QFY16	1QFY17	2QFY17	3QFY17
Production (BCFe)	50.6	44.5	41.4	41.4
Avg Realisation (US$/mcfe)	2.0	2.5	2.6	2.9
Gas price (US$/mmbtu)	2.1	2.0	2.9	3.0
Revenues ($ mn)	82	93	89	92
EBITDA ($ mn)	28	40	23	30

Source: Company, HDFC Sec Inst Research

Refining business

- Throughput was 17.8 mnT (-1% YoY, 115% utilisation). GRM was at US$ 10.8/bbl (+0.7 QoQ). There was an improvement in margins across all products.
- Premium over Singapore GRM remained strong at US$ 4.1/bbl vs 5.0 QoQ. The Singapore mix has a high share of fuel oil and gasoline, where margins have improved sharply.
- The spread for light distillate increased sharply QoQ (gasoline from 11.6 to 14.6 and naphtha from -1.9 to 0.3). Losses in fuel oil reduced from -$ 5.1/bbl to -2.7. Gas oil spread improved from 11.0 to 12.1.
- The petcoke gasification project may get slightly delayed from its initial guidance of Jun-17. It will take an additional six months to operate at full capacity. The company maintains its guidance of additional GRM of US$ 2.5/bbl by replacing LNG with coke.

Petchem and fibres

- **Polymer:** Spread for PP, PE and PVC was above the five-year average, led by a strong demand at lower prices. Domestic demand for polymers grew by 5% YoY despite negative impact of demonetisation.
- **Polyester: A** pickup in demand improved margins. However, they remain below the five-year average.

Retail

- The business has achieved critical mass with FY16 revenues at Rs 220bn. The segment is PAT positive and gaining from operating leverage. Total investment in this business is ~US$ 2bn.
- 3QFY17 EBIDTA was Rs 3.3bn (+37% YoY). RIL added 111 stores in 3Q, taking the total to 3,553.

Higher profitability in petchem was negated by lower YoY GRM

Interest cost includes forex losses of ~Rs 5.8bn

Quarterly Financials Snapshot (Standalone)

(Rs bn)	3QFY17	3QFY16	YoY(%)	2QFY17	QoQ (%)
Revenues	618.06	565.67	*9.3*	595.77	*3.7*
Material Expenses	420.65	386.31	*8.9*	411.58	*2.2*
Employee Expenses	9.49	10.91	*(13.0)*	10.16	*(6.6)*
Other Operating Expenses	81.88	65.97	*24.1*	68.48	*19.6*
EBIDTA	**106.04**	**102.48**	***3.5***	**105.55**	***0.5***
Depreciation	20.77	21.68	*(4.2)*	20.29	*2.4*
EBIT	**85.27**	**80.80**	***5.5***	**85.26**	***0.0***
Other Income	30.25	22.81	*32.6*	22.80	*32.7*
Interest Cost	9.31	6.36	*46.4*	6.33	*47.1*
PBT	**106.21**	**97.25**	***9.2***	**101.73**	***4.4***
Tax	25.99	24.28	*7.0*	24.69	*5.3*
RPAT	**80.22**	**72.97**	***9.9***	**77.04**	***4.1***
EO (Loss) / Profit (Net Of Tax)	-	-	-	-	-
APAT	**80.22**	**72.97**	***9.9***	**77.04**	***4.1***
EPS	24.8	22.6	*9.9*	23.8	*4.1*

Source: Company, HDFC Sec Inst Research

Margin Analysis

	3QFY17	3QFY16	YoY (bps)	2QFY17	QoQ (bps)
Material Expenses As % of Net Sales	68.1	68.3	*(23)*	69.1	*(102)*
Employee Expenses As % of Net Sales	1.5	1.9	*(39)*	1.7	*(17)*
Other Expenses As % of Net Sales	13.2	11.7	*159*	11.5	*175*
EBITDA Margin (%)	17.2	18.1	*(96)*	17.7	*(56)*
Net Profit Margin (%)	13.0	12.9	*8*	12.9	*5*
Tax Rate (%)	24.5	25.0	*(50)*	24.3	*20*

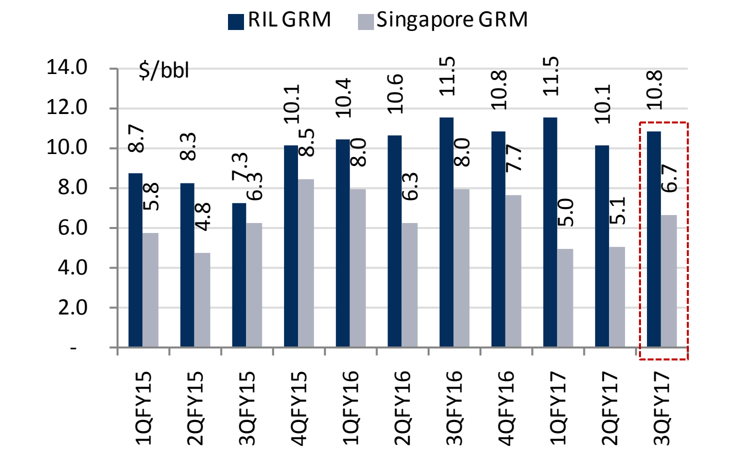
Source: Company, HDFC Sec Inst Research

GRM improved QoQ led by improvement in margins across all products. Premium over Singapore GRM remains high

There was a maintenance shutdown in Q1

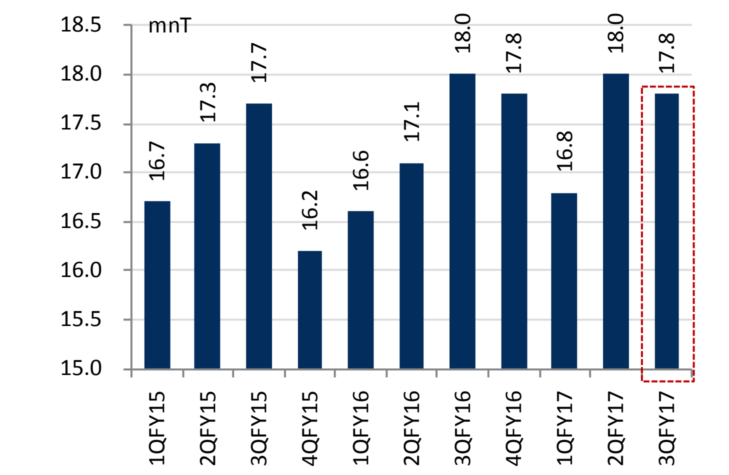
Refineries' Performance

RIL's GRM trend vs. Singapore Complex GRM



Source: Company, HDFC Sec Inst Research

Crude Throughput (mnT)



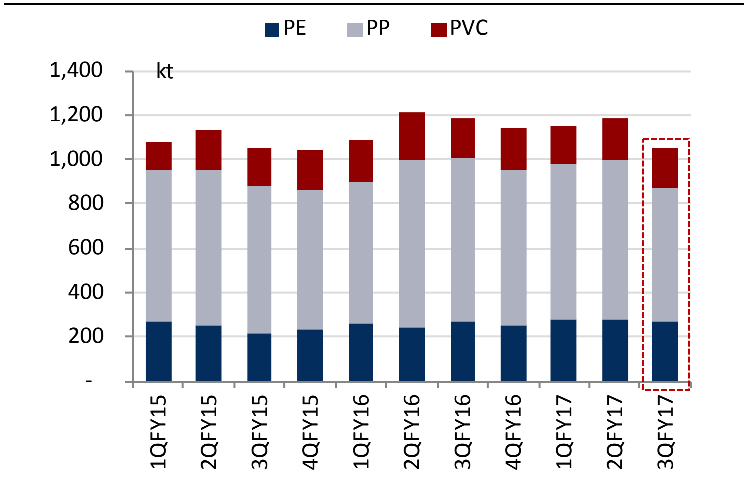
Source: Company, HDFC Sec Inst Research

PP volumes were lower due to maintenance shutdown

PE, PP and PVC margins are above five-year average

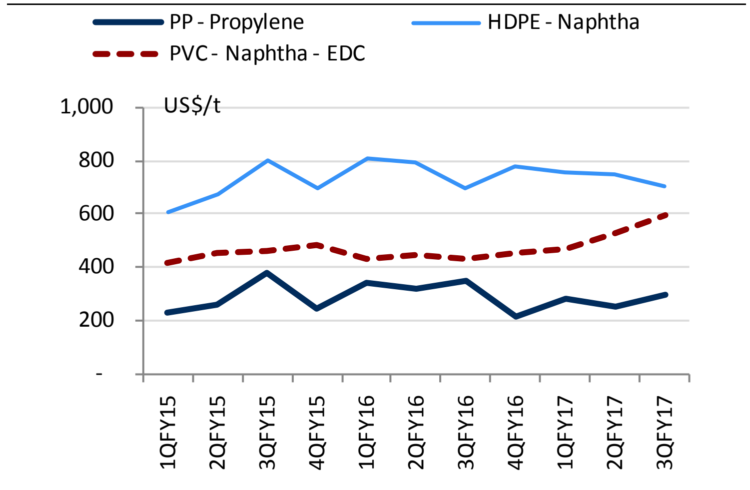
Polymers' Performance

Polymers' Production



Source: Company, HDFC Sec Inst Research

Polymer Margins (indicative industry spreads)



Source: Company, HDFC Sec Inst Research

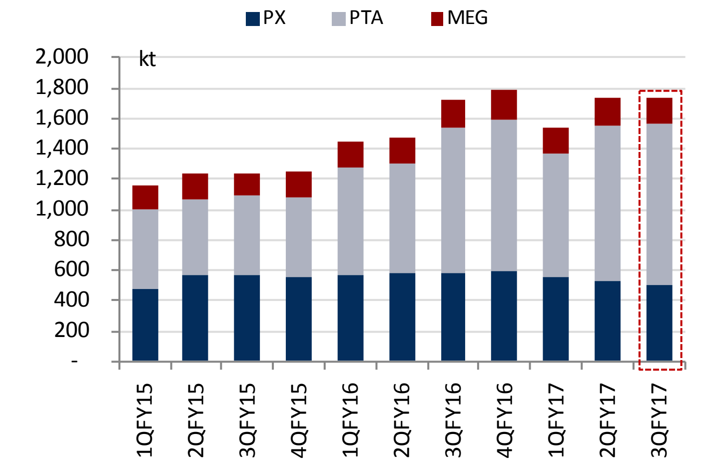
PTA expanded capacity got commissioned in FY16

PET expanded capacity was commissioned in FY16

Margins remain muted for polyesters

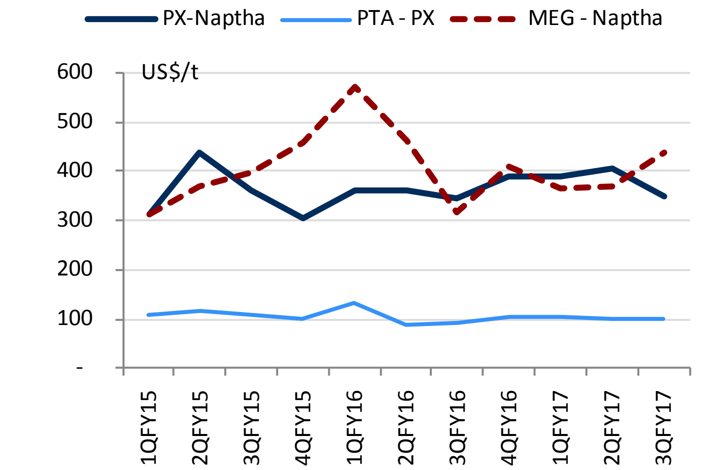
Polyesters' Performance

Intermediates Production Volumes



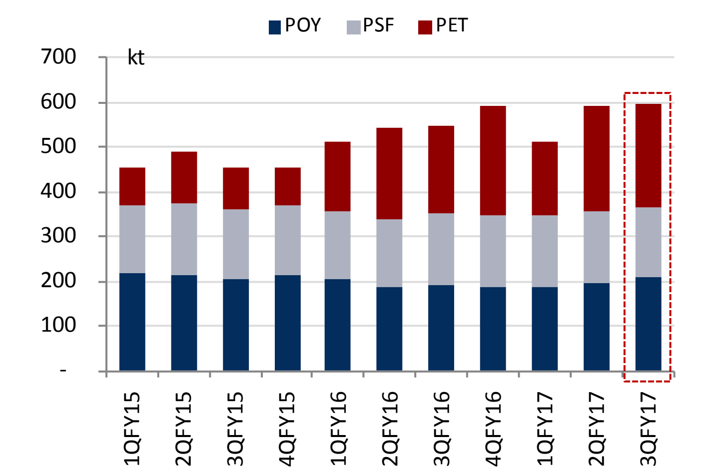
Source: Company, HDFC Sec Inst Research

Intermediates Margins (indicative industry spreads)



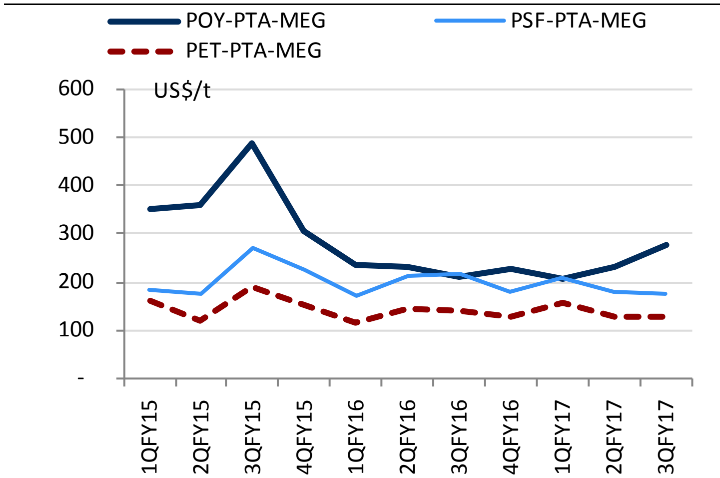
Source: Company, HDFC Sec Inst Research

Polyester Production Volumes



Source: Company, HDFC Sec Inst Research

Polyester Margins (indicative industry spreads)



Source: Company, HDFC Sec Inst Research

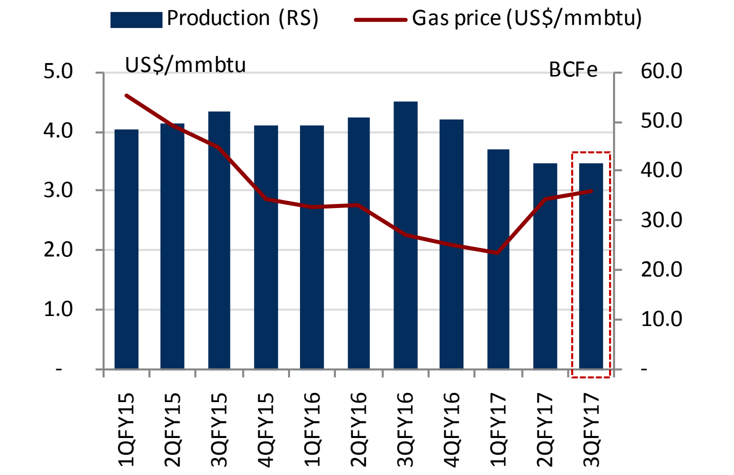
Gas realisation went up sharply to US$ 3.0/mmbtu

Company is focusing on reducing capex and opex

Domestic gas price for KG-D6 is reduced to US$ 2.8/mmbtu for 2HFY17

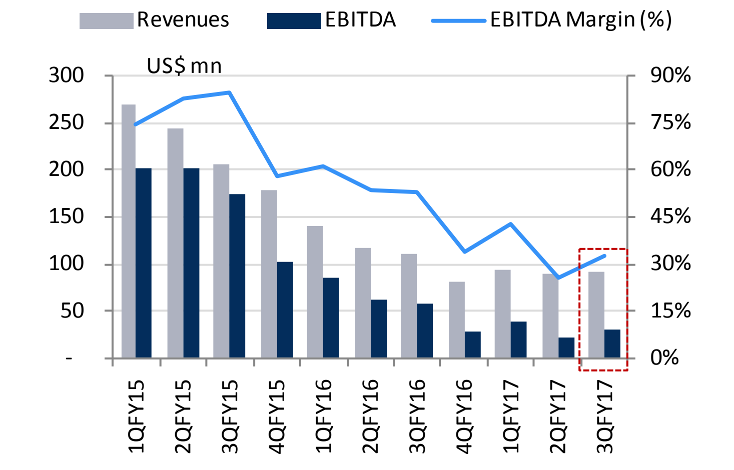
US Shale Performance

Production Volumes and Gas realisation



Source: Company, HDFC Sec Inst Research

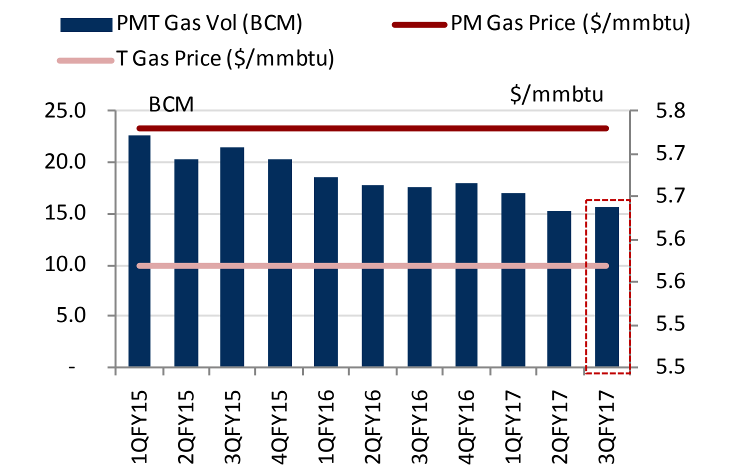
Key Financials Trend



Source: Company, HDFC Sec Inst Research

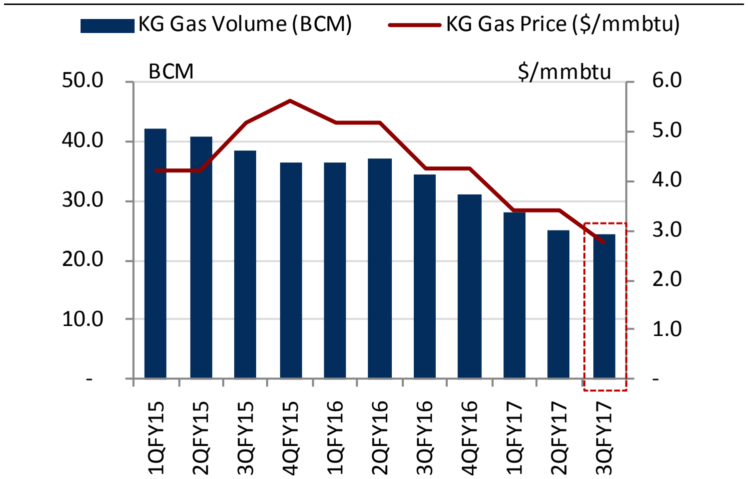
Domestic E&P Performance

PMT: Production Volumes and Gas realisation



Source: Company, HDFC Sec Inst Research

KG: Production Volumes and Gas realisation



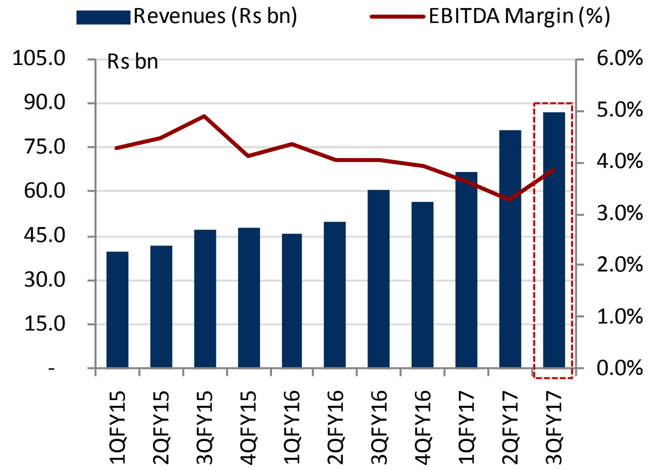
Source: Company, HDFC Sec Inst Research

Retail revenues in 3QFY17 include ~Rs 14bn of auto fuel sales.

Revenues are also boosted by sales of LYF mobile and MIFI device (driven by free welcome offer)

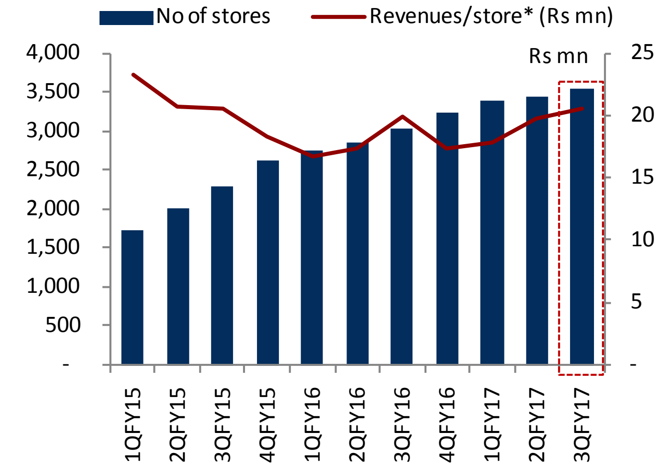
Retail Performance

Key Financials' Trend



Source: Company, HDFC Sec Inst Research

Store Additions And Performance Per Store



Source: Company, HDFC Sec Inst Research
* Revenues exclude auto fuels revenues

Petrochemical performance improvement was led by both volumes and margins

GRM remained strong at US$ 10.8/bbl

No major change in estimates

Quarterly Segmental Snapshot (Standalone)

(Rs mn)	3QFY17	3QFY16	YoY(%)	2QFY17	QoQ (%)
Segmental Revenues					
Petrochemicals	216.90	180.31	*20.3*	212.93	*1.9*
Refining	532.15	495.52	*7.4*	518.38	*2.7*
E & P	6.23	9.92	*(37.2)*	7.01	*(11.1)*
Gross Revenues	**758.17**	**688.27**	***10.2***	**741.37**	***2.3***
EBIT					
Petrochemicals	33.59	25.84	*30.0*	34.64	*(3.0)*
Refining	61.27	63.17	*(3.0)*	59.01	*3.8*
E & P	(1.25)	2.44	*(151.2)*	0.24	*(620.8)*
Total	**94.75**	**92.33**	***2.6***	**94.79**	***(0.0)***
EBIT Margins (%)					
Petrochemicals	15.5	14.3	*116*	16.3	*(78)*
Refining	11.5	12.7	*(123)*	11.4	*13*
E & P	(20.1)	24.6	*(4,466)*	3.4	*(2,349)*

Change In Estimates

(Rs bn)	FY18E Old	FY18E New	*% ch*	FY19E Old	FY19E New	*% ch*
Revenue	2,742.69	2,761.07	*0.7*	2,808.94	2,891.67	*2.9*
EBITDA	507.36	507.52	*0.0*	568.58	568.75	*0.0*
PAT	334.20	334.29	*0.0*	381.30	381.32	*0.0*
EPS (Rs/sh)	103.1	103.2	*0.0*	117.7	117.7	*0.0*

Source: Company, HDFC Sec Inst Research

Peer Valuation

	MCap (Rs bn)	CMP (Rs/sh)	Rating	TP (Rs/sh)	EPS (Rs/sh)			P/E (x)			P/BV (x)			ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Reliance Industries	**3,491**	**1,076**	**BUY**	**1,225**	**91.2**	**103.2**	**117.7**	**11.8**	**10.4**	**9.1**	**1.3**	**1.2**	**1.1**	**11.7**	**12.0**	**12.3**
ONGC	2,545	198	NEU	206	14.3	14.3	15.9	13.9	13.9	12.5	1.6	1.5	1.4	11.7	11.1	11.7
Indian Oil Corp	1,713	353	BUY	370	32.4	34.2	36.4	10.9	10.3	9.7	2.0	1.8	1.6	19.9	18.6	17.6
BPCL	966	668	NEU	680	45.1	52.6	58.3	14.8	12.7	11.5	3.1	2.7	2.3	22.3	22.5	21.6
Gail India	568	448	BUY	515	27.0	31.9	34.3	16.6	14.0	13.1	1.7	1.6	1.5	10.7	11.6	11.6
HPCL	497	490	BUY	515	36.8	40.2	40.5	13.3	12.2	12.1	2.4	2.1	1.9	19.1	18.5	16.7
Petronet LNG	272	362	BUY	415	20.2	25.3	29.9	17.9	14.3	12.1	3.6	3.1	2.6	22.0	23.4	23.4
OIL India	275	343	NEU	353	26.9	26.5	27.5	12.8	13.0	12.5	0.9	0.8	0.8	9.5	8.9	8.9
Indraprastha Gas	128	915	NEU	850	40.7	44.3	49.3	22.5	20.6	18.6	4.5	3.9	3.3	21.6	20.1	19.2

Source: Company, HDFC Sec Inst Research

Full benefits from petcoke gasification will accrue to refining operations in FY19E

KG volumes will remain muted, and so will prices

Petchem projects commissioning is slightly delayed

Assumptions

	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Crude price (USD/bbl)	107.1	107.0	85.4	47.0	50.0	55.0	55.0
INR-USD	54.4	60.5	61.2	65.8	66.0	67.0	67.0
Refining Business							
GRM (USD/bbl)	9.2	8.1	8.6	10.8	10.7	11.1	12.0
Crude Throughput (mmt)	68.5	68.0	67.9	69.6	69.6	69.6	69.4
Upstream Business							
PMT							
Gas (BCF)	115	93	85	81	78	76	74
Oil (mmbbl)	9	8	7	7	7	7	7
PM Gas Price (USD/mmbtu)	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Tapti Gas Price (USD/mmbtu)	5.6	5.6	5.6	5.6	5.6	5.6	5.6
KG							
Gas (mmscmd)	26	14	12	10	9	11	16
Gas Price (USD/mmbtu)	4.2	4.2	5.2	4.7	3.1	3.5	4.0
Petrochemicals							
Sales Volume (mmt)	8.9	9.0	9.1	10.2	10.9	12.4	13.7

Source: Company, HDFC Sec Inst Research

SOTP Valuation (Based On FY18E)

Business	EBITDA (Rs bn)	Multiple	Value (Rs bn)	Value* (Rs/sh)	Valuation Basis
Petrochemicals	224	6.0	1,342	459	EV/EBITDA on FY17E
Refining	291	6.0	1,746	597	EV/EBITDA on FY17E
E & P					
PMT	13	4.0	53	18	EV/EBIDTA on FY17E
KG D6 Gas			24	8	NPV
NEC			51	17	NPV
CBM			14	5	NPV
	Investment (US$ bn)				
Shale Gas	6.0	1.0	396	135	x Inv as on Dec-15
Retail	2.0	1.0	130	44	x Inv as on Dec-15
Telecom (R-Jio)	25.9	0.5	855	293	x Inv as on Dec-15
Consolidated Net Debt		1.0	(1,030)	(352)	x as on Mar-18
Value per share			**3,581**	**1,225**	

Source: Company, HDFC Sec Inst Research, * Valuation is based on 2.923bn shares (net of treasury shares)

Standalone Income Statement

(Rs bn)	FY15	FY16	FY17E	FY18E	FY19E
Revenues	**3,290.76**	**2,331.58**	**2,380.87**	**2,761.07**	**2,891.67**
Growth %	***(15.6)***	***(29.1)***	***2.1***	***16.0***	***4.7***
Raw Material	2,650.75	1,611.81	1,624.92	1,875.15	1,922.69
Employee Cost	36.86	42.60	47.71	53.44	59.85
Other Expenses	287.13	275.78	282.18	324.95	340.38
EBITDA	**316.02**	**401.39**	**426.06**	**507.52**	**568.75**
EBIDTA Margin (%)	***9.6***	***17.2***	***17.9***	***18.4***	***19.7***
EBITDA Growth %	***2.3***	***27.0***	***6.1***	***19.1***	***12.1***
Depreciation	84.88	95.66	93.10	133.54	148.74
EBIT	**231.14**	**305.73**	**332.96**	**373.98**	**420.01**
Other Income (Including EO Items)	87.21	75.82	78.97	86.62	96.65
Interest	23.67	24.54	25.65	23.62	18.21
PBT	**294.68**	**357.01**	**386.28**	**436.98**	**498.45**
Tax	67.49	82.84	90.78	102.69	117.14
RPAT	**227.19**	**274.17**	**295.50**	**334.29**	**381.32**
EO (Loss) / Profit (Net Of Tax)	-	-	-	-	-
APAT	**227.19**	**274.17**	**295.50**	**334.29**	**381.32**
APAT Growth (%)	***3.3***	***20.7***	***7.8***	***13.1***	***14.1***
AEPS	**70.1**	**84.6**	**91.2**	**103.2**	**117.7**
AEPS Growth %	***3.3***	***20.7***	***7.8***	***13.1***	***14.1***

Source: Company, HDFC Sec Inst Research

Standalone Balance Sheet

(Rs bn)	FY15	FY16	FY17E	FY18E	FY19E
SOURCES OF FUNDS					
Share Capital	32.36	32.40	32.40	32.40	32.40
Reserves And Surplus	2,129.40	2,369.44	2,620.34	2,904.18	3,227.94
Total Equity	**2,161.76**	**2,401.84**	**2,652.74**	**2,936.58**	**3,260.34**
Long-term Debt	762.27	778.66	818.66	618.66	418.66
Short-term Debt	213.93	292.64	302.64	302.64	302.64
Total Debt	**976.20**	**1,071.30**	**1,121.30**	**921.30**	**721.30**
Deferred Tax Liability	126.77	131.59	131.59	131.59	131.59
Long-term Provision	14.04	14.89	14.89	14.89	14.89
TOTAL SOURCES OF FUNDS	**3,278.77**	**3,619.62**	**3,920.52**	**4,004.36**	**4,128.12**
APPLICATION OF FUNDS					
Net Block	1,145.63	1,314.10	1,868.00	2,218.46	2,218.72
Capital WIP	**824.70**	**1,099.34**	**749.34**	**399.34**	**384.34**
LT Loans And Advances	225.42	131.82	131.82	131.82	131.82
Total Non-current Investments	**620.58**	**1,126.30**	**1,126.30**	**1,126.30**	**1,126.30**
Inventories	365.51	280.34	293.53	340.41	356.51
Debtors	46.61	34.95	35.69	41.39	43.35
Cash and Cash Equivalent	620.86	463.21	527.13	636.06	783.34
Other Current Assets	128.54	127.14	127.14	127.14	127.14
Total Current Assets	**1,161.52**	**905.64**	**983.49**	**1,144.99**	**1,310.33**
Creditors	544.70	545.21	489.22	567.34	594.18
Other Current Liabilities & Provns	154.38	412.37	449.21	449.21	449.21
Total Current Liabilities	**699.08**	**957.58**	**938.43**	**1,016.55**	**1,043.39**
Net Current Assets	**462.44**	**(51.94)**	**45.06**	**128.44**	**266.94**
TOTAL APPLICATION OF FUNDS	**3,278.77**	**3,619.62**	**3,920.52**	**4,004.36**	**4,128.12**

Source: Company, HDFC Sec Inst Research

Standalone Cash Flow

(Rs bn)	FY15	FY16	FY17E	FY18E	FY19E
Reported PBT	294.68	357.01	386.28	436.98	498.45
Non-operating & EO Items	(72.71)	(102.99)	(78.97)	(86.62)	(96.65)
Interest Expenses	23.67	24.54	25.65	23.62	18.21
Depreciation	84.88	95.66	93.10	133.54	148.74
Working Capital Change	83.15	147.89	(33.08)	25.55	8.78
Tax Paid	(60.82)	(81.29)	(90.78)	(102.69)	(117.14)
OPERATING CASH FLOW (a)	**352.85**	**440.82**	**302.20**	**430.38**	**460.39**
Capex	(427.20)	(213.22)	(297.00)	(134.00)	(134.00)
Free Cash Flow (FCF)	(74.35)	227.60	5.20	296.38	326.39
Investments	(93.66)	(505.72)	-	-	-
Non-operating Income	87.21	75.82	78.97	86.62	96.65
Others	16.00	64.00			
INVESTING CASH FLOW (b)	**(417.65)**	**(579.12)**	**(218.03)**	**(47.38)**	**(37.35)**
Debt Issuance/(Repaid)	54.70	48.12	50.00	(200.00)	(200.00)
Interest Expenses	(23.67)	(24.54)	(25.65)	(23.62)	(18.21)
FCFE	(43.32)	251.18	29.55	72.76	108.18
Share Capital Issuance	2.26	2.83	-	-	-
Dividend	(32.68)	(72.59)	(44.60)	(50.45)	(57.55)
FINANCING CASH FLOW (c)	**0.61**	**(46.18)**	**(20.25)**	**(274.08)**	**(275.77)**
NET CASH FLOW (a+b+c)	**(64.19)**	**(184.48)**	**63.92**	**108.93**	**147.28**
EO Items, Others	(14.50)	27.17	-	-	-
Closing Cash & Equivalents	**620.86**	**463.21**	**527.13**	**636.06**	**783.34**

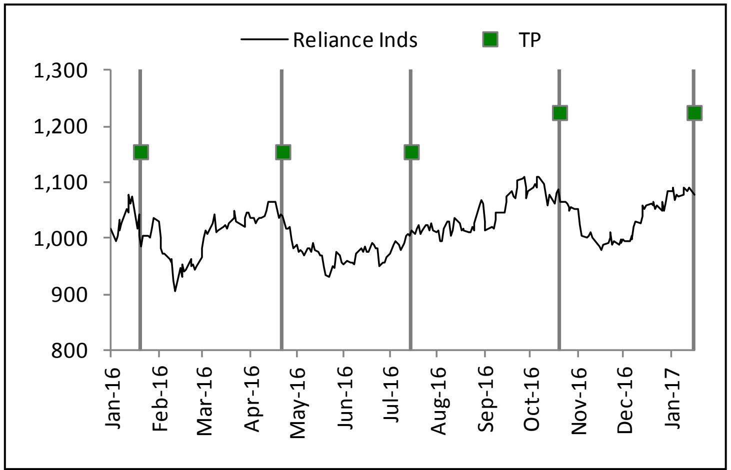
Source: Company, HDFC Sec Inst Research

Standalone Key Ratios

	FY15	FY16	FY17E	FY18E	FY19E
PROFITABILITY %					
EBITDA Margin	9.6	17.2	17.9	18.4	19.7
EBIT Margin	7.0	13.1	14.0	13.5	14.5
APAT Margin	6.9	11.8	12.4	12.1	13.2
RoE	11.0	12.0	11.7	12.0	12.3
Core RoCE	7.4	8.4	8.1	8.8	10.0
RoCE	8.0	8.8	8.7	9.2	10.1
EFFICIENCY					
Tax Rate %	22.9	23.2	23.5	23.5	23.5
Fixed Asset Turnover (x)	1.0	0.6	0.5	0.5	0.5
Inventory (days)	41	44	45	45	45
Debtor (days)	5	5	5	5	5
Other Current Assets (days)	14	20	19	17	16
Payables (days)	60	85	75	75	75
Other Current Liab & Provns (days)	17	65	69	59	57
Cash Conversion Cycle (days)	(18)	(81)	(74)	(67)	(65)
Net Debt/EBITDA (x)	1.1	1.5	1.4	0.6	(0.1)
Net D/E	0.2	0.3	0.2	0.1	(0.0)
Interest Coverage	13.4	15.5	16.1	19.5	28.4
PER SHARE DATA (Rs)					
EPS	70.1	84.6	91.2	103.2	117.7
CEPS	96.4	114.1	119.9	144.4	163.6
Dividend	9.5	10.5	11.8	13.3	15.2
Book Value	668.0	741.3	818.7	906.4	1,006.3
VALUATION					
P/E (x)	15.3	12.7	11.8	10.4	9.1
P/Cash EPS (x)	11.2	9.4	9.0	7.5	6.6
P/BV (x)	1.6	1.5	1.3	1.2	1.1
EV/EBITDA (x)	12.2	10.2	9.6	7.4	6.0
EV/Revenue (x)	1.2	1.8	1.7	1.4	1.2
Dividend Yield (%)	0.9	1.0	1.1	1.2	1.4
CFO/EV (%)	9.2	10.8	7.4	11.4	13.4
FCFF/EV (%)	(1.9)	5.6	0.1	7.9	9.5
FCFE/M Cap (%)	(1.2)	7.2	0.8	2.1	3.1

Source: Company, HDFC Sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
20-Jan-16	1,005	BUY	1,155
25-Apr-16	1,039	BUY	1,155
18-Jul-16	1,012	BUY	1,155
21-Oct-16	1,088	BUY	1,225
17-Jan-17	1,076	BUY	1,225

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period

NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period

SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

We, Satish Mishra, PGDM, & Deepak Kolhe, MBA, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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