

## RESULT UPDATION

### Cairn India

In 2Q FY13, Cairn India reported 68% YoY jump in revenue to Rs.44.43 bn and flattish growth in QoQ basis as against street expectation of Rs.48.7 bn. Lower than expected revenue was due to lower than expected average oil realization. Average oil price realization for the quarter stood at \$98.1/bbl as against expected realization was \$110.2/bbl. The average USD-Rupee exchange rate for the quarter was Rs 55.15 versus Rs 54.1 for corresponding quarter of previous year. The closing exchange rate as on September 30, 2012 was Rs 52.72.

EBITDA growth for the quarter was 66% YoY to Rs.34.3 bn as against expectation of Rs 37.6 bn. EBITDA margin of the company for the quarter was 77% in line with street expectation. Despite 3% sequential de growth in average oil realization, the company reported 1% declined in EBITDA largely due to lower operating cost.

Cairn reported higher depreciation, depletion and amortization (DDA) cost and lower exploration cost in 2QFY13. The company reported higher DDA cost of Rs.452 cr an increase of 44% YoY on account of higher oil production. Lower exploration cost of Rs23 cr (down 33% YoY) was reported by the company as against Rs.35 cr in 1QFY13 and Rs.39 Cr reported in 2QFY12.

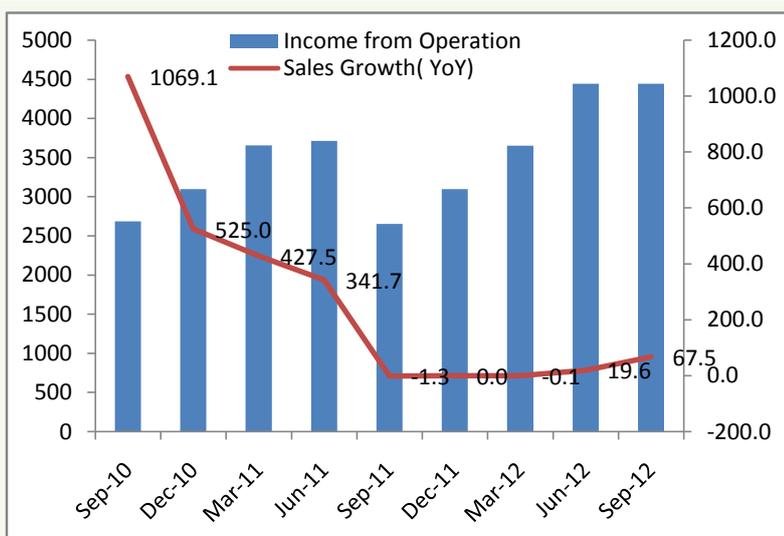
Net profit of the company increased by 204% YoY and -39% QoQ to Rs.204 cr. Declined profit in sequential basis was on account of lower than expected other income and loss of Rs248 cr in foreign currency fluctuations. Effective tax rate for the company was lower at 2.9% versus 11.9% in 2QFY12 and 3.2% in 1QFY13.

At the end of 2QFY13, the company has cash & Cash equivalent of Rs.13068 cr of which non convertible debenture was Rs.625 cr. Net cash available to the company was Rs.12443 cr. The outstanding debentures were redeemed in October 2012.

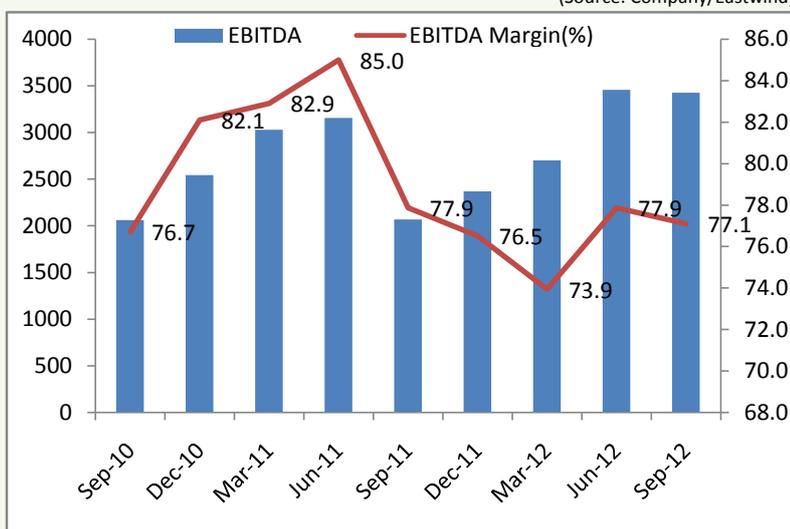
Cairn produced 171801 bopd of oil in Rajasthan block an increase of 37% YoY whereas average daily gross operated production was 207245 bopd which was 22% higher than 2QFY12's production of 169944 bopd. Mangala and Bhagyan production for the quarter was 148908 bopd and 22435 bopd respectively. The participation interest for the quarter was 120261 bopd from Rajasthan, 6438 bopd from Ravva and 2732 bopd from Cambay. Total gas out for the quarter stood at 19.07 mn boe an increase of 22% and working interest was 11.9 mn boe an increase of 30%.

Average crude oil price realization was lower at \$98.1/bbl as against \$101/bbl in 1QFY13 and \$102.8/bbl in 2QFY12. The discount of average price realization was 10.8% in Rajasthan block. The company highlighted that gas price realization of \$4.6/mscf as against \$4.5/mscf in 1QFY13 and \$4.6/mscf in 2QFY12.

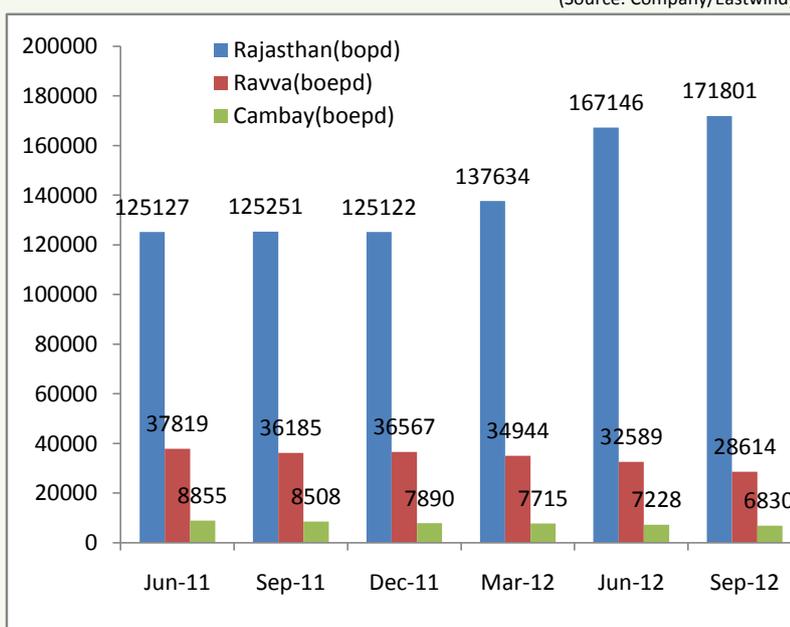
Further Cairn India signed a farm-in agreement with PetroSA for the 19,922 square km off-shore Block 1, which is located in the geologically-proven Orange Basin in SA. Cairn India will hold a 60% interest in the block and will be the Operator. At the price of 327, stock is trading at 5.5 times of expected EPS of Rs.61.5 for FY13E. We recommend add on the stock.



(Source: Company/Eastwind)



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