Date: 13/06/2011            CMP Rs. 926            ACCUMULATE            Potential Upside: 15-20%

CMP – 926
Sensex – 18,266
Nifty –5,482

Industry/Sector: Oil & Gas
52 Week Range (BSE): 1187 / 885
Free Float (%): 54.9%
Free Float (Cr): 166832
Market Cap (Rs.Cr): 303331
Beta: 1.21
Latest P/E: 14.94
Industry P/E: 15.32

COMPANY PROFILE

The Reliance a well known Group originally founded by Mr. Dhirubhai H. Ambani a legend personality of India. The Reliance group operates in the business of Energy and related materials. It’s India’s largest private sector and a Fortune Global 500 company. Group’s annual revenues are in excess of $ 58 bn.

The company was originally founded as a Textile company and it led its evolution as a global leader in different segments especially in Textiles materials and energy, refining business. First, the company has set up his new mill in Naroda, Gujarat and established biggest textile brand ‘Only Vimal’ in 1966.

In 1977 Reliance Textile Industries came with an IPO which was oversubscribed 7 times. RIL operates world-class manufacturing facilities across the India at Allahabad, Barabanki, Dahej, Dhenkanal, Hazira-surat, Hoshiarpur, Jamnagar, Kurkumbh, Nagothane, Nagpur, Naroda, Patalganga, Silvassa and Vadodara.

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Reliance Industries Ltd
Business Segments

Exploration & Production
Petroleum Refining & Marketing
Petrochemicals
Textiles
Retail

PRODUCTS & BRANDS OFFERED BY THE COMPANY:

- Crude oil and natural gas
- LPG
- Propylene
- Naphtha
- Gasoline
- Jet/Aviation Turbine Fuel
- Superior Kerosene Oil
- High Speed Diesel
- Sulphur
- Petroleum Coke
- Polypropylene
- High Density Polyethylene
- Low Density Polyethylene
- Linear Low Density Polyethylene
- Polyvinyl Chloride
RECENT FINANCIAL PERFORMANCE

The Company has registered 24.8% growth in its Top line by 72674 crore in the Q4 FY 2011 compare to 57570 crore in the same quarter of the previous year. Expenditure of the company stood at 62831 crore, increased by 29.7% as against Q4 FY 2010 mainly on the back of Personnel and Interest cost. However, the Depreciation of the company marginally reduced by 0.15% to 3387 crore verses 3392 crore in the preceding year.

Net profit of the company surged by 14.1% to 5376 crore in the Q4 FY 2011 compare to 4710 crore in the Q4 FY 2010.

In FY 2011, Reliance Industries Limited (RIL) achieved largest Profit Growth in its history from all 3 core segments-Petrochemicals, refining & marketing and oil& gas. The group has recorded turnover 258000 crore and higher net profit 20286 crore.
## FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>Rs Cr</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL INCOME</td>
<td>268354.00</td>
<td>205926.00</td>
<td>153138.00</td>
<td>138,371.00</td>
</tr>
<tr>
<td>Net Sales/Income from Operation</td>
<td>265811.00</td>
<td>203740.00</td>
<td>151224.00</td>
<td>137,147.00</td>
</tr>
<tr>
<td>Other Income</td>
<td>2543.00</td>
<td>2186.00</td>
<td>1914.00</td>
<td>1,224.00</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>226850.00</td>
<td>172846.00</td>
<td>127432.00</td>
<td>114,003.00</td>
</tr>
<tr>
<td>EBITDA</td>
<td>41504.00</td>
<td>33080.00</td>
<td>25706.00</td>
<td>24368.00</td>
</tr>
<tr>
<td>Interest</td>
<td>2411.00</td>
<td>2060.00</td>
<td>1816.00</td>
<td>1,086.00</td>
</tr>
<tr>
<td>Depreciation</td>
<td>14121.00</td>
<td>10946.00</td>
<td>5651.00</td>
<td>5,004.00</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>-917.00</td>
<td>8606.00</td>
<td>-370.00</td>
<td>4,733.00</td>
</tr>
<tr>
<td>EBT</td>
<td>24055.00</td>
<td>28680.00</td>
<td>17869.00</td>
<td>23011.00</td>
</tr>
<tr>
<td>Tax</td>
<td>4783.00</td>
<td>4256.00</td>
<td>2919.00</td>
<td>3,488.00</td>
</tr>
<tr>
<td>PAT</td>
<td>19272.00</td>
<td>24424.00</td>
<td>14950.00</td>
<td>19,523.00</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>15.61%</td>
<td>16.24%</td>
<td>17.00%</td>
<td>17.77%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>7.25%</td>
<td>11.99%</td>
<td>9.89%</td>
<td>14.24%</td>
</tr>
<tr>
<td>Basic EPS (Rs)</td>
<td>67.80</td>
<td>53.40</td>
<td>108.20</td>
<td>105.40</td>
</tr>
<tr>
<td>Latest P/E (TTM)</td>
<td>14.94</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Latest EPS (TTM)</td>
<td>62.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
OUTLOOK: RIL a heavy weight stock in the key benchmark indices has underperformed the SENSEX in the last 1 year. At the CMP of Rs.926 the stock is available at a P/E of 14.90 and which is reasonably fair. We feel that the company can give attractive Returns to the Investors on the back of initiatives of new business as well as strategic deal with BP for its exploration and production (E&P) and gas marketing business. Consequently, we are recommending long term investors to “BUY” the stock with target of potential upside of 15-20% from the current level.

TECHNICAL VIEW:

This heavy weight stock has underperformed the market. On quarterly chart stock is trading in a wide range of 1150 to 885. While on weekly chart stock has given triangle pattern breakout with moderate volume which is good sign for bears. However 850 will act major support levels where short term traders will act as buying opportunity.

We recommend to “BUY” the stock on dips for possible upward target of 1115 === 1218 === 1270 with stop loss of 806.
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