


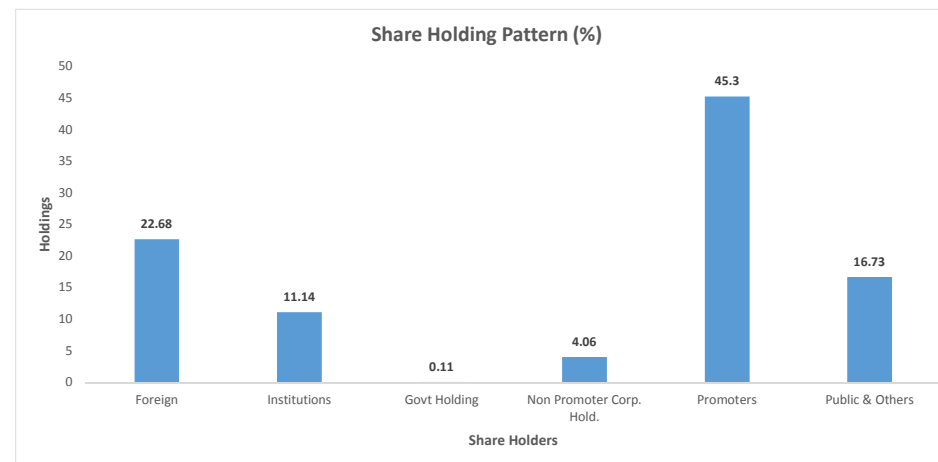
<h2 style="text-align: center;">Research Report</h2>	 <p style="text-align: center;">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																		
<h2 style="text-align: center;">Reliance Industries</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>995</td></tr> <tr> <td>Target</td><td>1254</td></tr> <tr> <td>Accumulation Price Band</td><td>995 -1115</td></tr> <tr> <td>Time Frame</td><td>6 Months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	995	Target	1254	Accumulation Price Band	995 -1115	Time Frame	6 Months	Derivative Segment	Yes						
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<p style="text-align: center;">Company Overview</p> <ul style="list-style-type: none"> Founded in the year 1966, Reliance Industries is not only India's largest private sector company on all major financial parameters but also the first private sector company from India to feature in the Fortune Global 500 list of 'World's Largest Corporations' and ranks 117th amongst the world's Top 200 companies in terms of profits. With world-class manufacturing facilities across the country at Allahabad, Barabanki, Dahej, Hazira, Hoshiarpur, Jamnagar and other parts of India and having a history of venturing into various businesses, the company currently operates in three business segments: petrochemicals, refining, and oil and gas. 	<table> <tr> <th colspan="2">Financials</th></tr> <tr> <td>EPS (Rs)</td><td>69.89</td></tr> <tr> <td>Book Value (Rs)</td><td>556.94</td></tr> <tr> <td>P/E</td><td>14.44</td></tr> <tr> <td>P/BV</td><td>1.63</td></tr> <tr> <td>ROE</td><td>11.15</td></tr> <tr> <td>ROCE (%)</td><td>11.52</td></tr> <tr> <td>Dividend Yield (%)</td><td>0.87</td></tr> <tr> <td>Debt - Equity</td><td>0.43</td></tr> </table>	Financials		EPS (Rs)	69.89	Book Value (Rs)	556.94	P/E	14.44	P/BV	1.63	ROE	11.15	ROCE (%)	11.52	Dividend Yield (%)	0.87	Debt - Equity	0.43
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<p style="text-align: center;">Industry Overview</p> <ul style="list-style-type: none"> Production and Consumption of Petroleum Products saw an increase by 1% in the month of Mar 2014 compared to March 2013. PSU Oil Marketing Companies had to sell Diesel, Kerosene and Domestic LPG at government determined prices, lower than the international prices leading to the under recovery, which was met partially by the government and partially by the upstream companies. The price of crude oil, key feedstock for the refining business, gets impacted due to changes in demand-supply environment and overall macroeconomic conditions. Any slowdowns in the global economy may result in downturn for the refining industry. Currently the price of crude oil has hit a 9 - month high, facing an impact from the escalated tensions in major oil supplier Iraq. Refining Construction in India continues to see an Upbeat, with planned capacity additions, estimating an increase to 365 MMT by the end of XIII plan (2022), driven by the growth in domestic demand and Asian demand supply deficit. India, the fourth largest consumer of Oil, saw a meager increase in the demand by 0.7% to 158 million tonne in 2013-14 after after monthly price increases chipped away growth in diesel consumption. Refining Margins recovered in 4Q FY14 after remaining subdued during earlier part of the year, but the PBIDT Margin is expected to fall to 4.3% in FY 14 and is expected to improve to 4.8% by FY 15, whereas PAT margin is likely to improve to 1.9% 	<table> <tr> <th colspan="2">Highlights</th></tr> <tr> <td>Debt (Rs Cr)</td><td>89,968.00</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>193,842.00</td></tr> <tr> <td>FII Holdings (%)</td><td>18.61</td></tr> <tr> <td>MF Holdings (%)</td><td>2.10</td></tr> <tr> <td>Free Float Market Capitalisation (Rs Cr)</td><td>170,471.92</td></tr> <tr> <td>Beta</td><td>1.07</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>3,500,000</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>70,000,000</td></tr> </table>	Highlights		Debt (Rs Cr)	89,968.00	Reserves (Rs Crs)	193,842.00	FII Holdings (%)	18.61	MF Holdings (%)	2.10	Free Float Market Capitalisation (Rs Cr)	170,471.92	Beta	1.07	Avg Volume Per day (no. of shares)	3,500,000	Avg Volume Per Month (no. of shares)	70,000,000
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<p style="text-align: center;">Key Highlights</p> <ul style="list-style-type: none"> With an equity capital of Rs. 3232 cr the stock has out performed the market in the month of May 2014, due to supporting factors such as : <ul style="list-style-type: none"> a. Reliance infra sharing agreement with Tower Vision India b. An increase in the net profits by 4.7% to Rs . 22493 cr, making it the highest gain in the previous 2 years helped by factors such as growth in petrochemical earnings, margin expansion across polymers and downstream polyester products, backed by increase in consolidated EBITDA to over 12% due to contribution of a well performing US Shales business, despite of below expected other income and contribution from the domestic gas business c. In the refineries front, RIL's GRM stood at \$ 9.3/barrel surprising the analysts estimates lying between \$ 8.7 - \$ 9 / barrel The other supporting factors: <ul style="list-style-type: none"> a. A large financial aid of \$ 500 million from Export Development Canada , one of Canada's leading financier and insurer of Canadian exporting companies b. The Company being awarded two offshore Myanmar Blocks for its expansion domestically 																			
<p style="text-align: center;">Key Risks</p> <ul style="list-style-type: none"> Long pending legal battles Delay in approvals from the government front Global Environmental Conditions Sudden change in the rules and regulations brought in by the government 																			

Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Net Sales	390,117.00	360,297.00	329,904.00	248,170.00	192,461.02
EBITDA	39,813.00	38,785.00	39,811.00	41,178.00	33,041.18
EBITDA Margin	9.92	10.45	11.72	15.92	16.49
Depreciation	8,789.00	9,465.00	11,394.00	13,608.00	10,496.53
Interest	3,206.00	3,036.00	2,667.00	2,328.00	1,997.21
Other Income	390,117.00	360,297.00	329,904.00	248,170.00	192,461.02
PBT	27,818.00	26,284.00	25,750.00	25,242.00	20,547.44
APAT	21,984.00	21,003.00	20,040.00	20,286.00	16,235.67
PAT Margin (%)	5.48	5.66	5.90	7.84	8.10
Earnings Per Share	66.55	63.66	60.01	60.80	48.59

Balance Sheet					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Equity Share Capital	3,232.00	3,229.00	3,271.00	3,273.00	3,270.37
Reserves and Surplus	193842.00	176766.00	162825.00	148267.00	133900.24
Tangible Net Worth	110,626.00	90,923.00	85,779.00	108,880.00	108,903.01
Deferred Tax Liability :	12,376.00	12,293.00	12,207.00	11,743.00	11,169.25
Long Term Debt	62,708.00	43,006.00	48,025.00	51,112.00	56,658.00
Short Term Debt	27,260.00	29,421.00	20,422.00	16,491.00	5,836.69
Total Debt	89,968.00	72,427.00	68,447.00	67,603.00	62,494.69
Current Liabilities	64,142.00	49,523.00	44,216.00	49,403.00	36,848.04
Total Provisions	4,167.00	4,348.00	4,258.00	4,601.00	3,565.43
Total Liabilities	287,059.00	252,447.00	234,544.00	219,153.00	199,666.66
Gross Block	222,565.00	213,154.00	205,493.00	221,253.00	215,864.71
Net Fixed Assets	109,406.00	109,748.00	113,723.00	142,707.00	153,259.89
Investments	86,062.00	52,509.00	54,008.00	37,652.00	23,228.62
Current Assets	33,654.00	61,739.00	56,841.00	27,430.00	21,965.63
Deferred Tax Asset :	161.00	100.00	85.00	181.00	242.95
Receivables	10,664.00	11,880.00	18,424.00	17,442.00	11,660.21
Inventories	42,932.00	42,729.00	35,955.00	29,825.00	26,981.62
Cash	36,624.00	49,547.00	39,598.00	27,135.00	13,462.65
Total Assets	287,059.00	252,447.00	234,544.00	219,153.00	199,666.66

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	95,193.00	103,521.00	103,758.00	87,645.00	84,198.00	93,886.00	90,336.00	91,876.00
EBITDA	10,367.00	9,927.00	9,909.00	9,610.00	10,068.00	10,113.00	9,889.00	8,715.00
EBITDA Margin	10.89	9.59	9.55	10.96	11.96	10.77	10.95	9.49
Depreciation	2,275.00	2,143.00	2,233.00	2,138.00	2,239.00	2,457.00	2,306.00	2,463.00
Interest	799.00	792.00	805.00	810.00	709.00	806.00	737.00	784.00
Other Income	2,036.00	2,305.00	2,060.00	2,535.00	2,243.00	1,740.00	2,112.00	1,904.00
PBT	7,293.00	6,992.00	6,871.00	6,662.00	7,120.00	6,850.00	6,846.00	5,468.00
APAT	5,631.00	5,511.00	5,490.00	5,352.00	5,589.00	5,502.00	5,409.00	4,503.00
PAT Margin (%)	5.92	5.32	5.29	6.11	6.64	5.86	5.99	4.90
Earnings Per Share	17.40	17.10	17.00	16.60	17.30	17.00	16.70	13.80

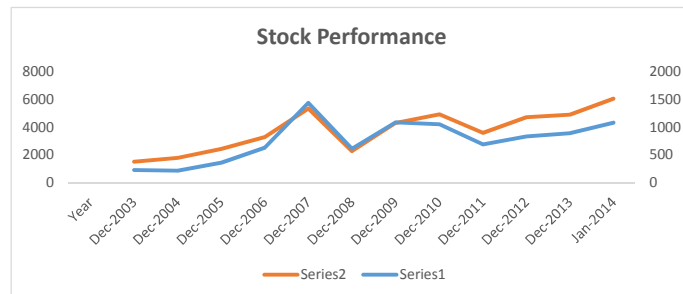


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	390,117.00	360,297.00	329,904.00	248,170.00	192,461.02
EBITDA Margins	%	9.92	10.45	11.72	15.92	16.49
PAT	Crs	21,984.00	21,003.00	20,040.00	20,286.00	16,235.67
PAT Margins	%	5.48	5.66	5.90	7.84	8.10
Revenue Growth	%	8.28	9.21	32.93	28.95	35.58
EBITDA Growth	%	2.65	(2.58)	(3.32)	24.63	30.22
PAT Growth	%	4.67	4.81	(1.21)	24.95	6.05
Gearing	times	0.43	0.41	0.44	0.47	0.56
ROCE	%	11.52	12.15	12.77	13.63	11.89
ROE	%	11.15	11.74	12.30	13.89	12.65

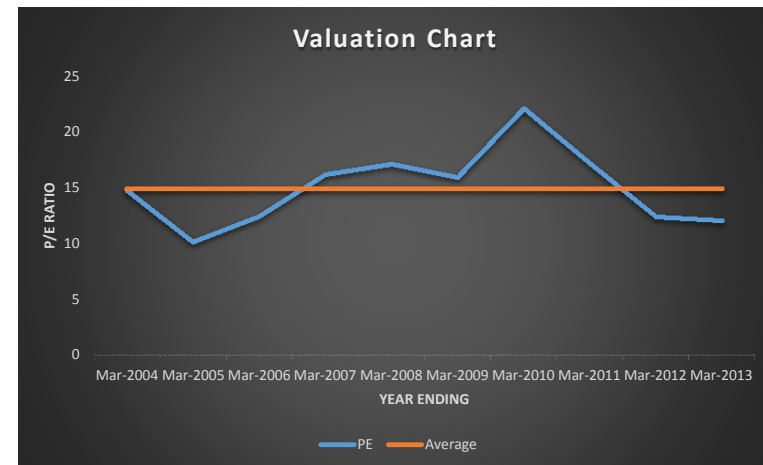
Peer Comparison				
Particulars	Units	Reliance Industries	IOCL	BPCL
Revenue	Rs Cr	390,117.00	503,175.69	250,649.27
EBITDA Margins	%	9.92	3.82	3.11
PAT	Rs Cr	21,984.00	5,900.82	2,758.72
PAT Margins	%	5.48	1.17	1.05
Gearing	%	0.43	1.31	1.48
EPS	Rs / Share	69.89	23.06	51.36
PE	times	14.44	16.11	12.78
P/BV	times	1.63	1.20	2.20
ROCE	%	11.52	8.40	14.77
ROE	%	11.15	8.94	16.58
EV/EBITDA	times	8.89	7.27	6.27

Stock Performance vis-a-vis Index

Particulars	Return (%)	
	YTD	QTD
Reliance Inds	12.25	(1.29)
CNX Energy	25.02	(4.03)



Valuation Chart



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