



Reliance Industries Ltd. Quick take on Q4FY11 results – April 21st, 2011

CMP: Rs. 1039.9/-

The company's Q4FY11 revenue registered yoy growth of 26.2% to touch Rs. 726.7bn beating street estimates of Rs. 685 bn. This was mainly contributed by 17.8 % yoy growth in Petrochemicals segment, refining segment witnessing a growth of 22.3% yoy basis and de growth of 4.9% in oil and gas segment to touch Rs. 41bn in Q4FY11.

On the margin front the company's performance was under pressure. It reported EBITDA margins of 13.5%, a decline of 232bps on yoy basis. Petrochemicals segment witnessed an improvement of 5 bps to touch EBIT margin of 14.43% in Q4FY11, refining EBIT margins for Q4FY11 stood at 4%, an improvement of 20 bps on yoy basis and oil gas segment registered EBIT margin of 38.2%, a decline of 117 bps on yoy basis.

On a qoq basis, GRM stood at US\$9.2 per barrel in Q4FY11 whereas for FY11 the GRM was US\$8.4 per barrel. On a qoq basis, the street was expecting GRMs of US\$9.7 a barrel.

The company witnessed yoy PAT growth of 14% to touch Rs.53.7 bn. PAT for FY11 registered yoy growth of 24.9% to touch Rs. 202.8 bn. Q4FY11 EPS clocked yoy growth of 13.8% to touch Rs. 16.4 per share in Q4FY11. FY11 EPS stood at Rs. 62 on a standalone basis, a growth of 24.7% on yoy basis.

FY11 Debt Equity ratio was at 0.44 on a standalone basis. Cash and Balance (on a standalone basis stood at Rs. 271.3 bn) as on FY11.

Key developments in Q4FY11

It has entered into an arrangement with M/S BP Exploration (Alpha) Ltd. (BP), which is a wholly owned subsidiary of BP Exploration Operating Company Ltd., where BP has agreed to take a stake in 23 Oil and Gas production sharing contracts that the company operates in India, including KG-D6 block subject to obtaining regulatory approvals. Pursuant to the arrangement, M/s. BP Exploration (Alpha) Ltd. will pay to the company an aggregate consideration of US\$7.2 bn (inclusive of any adjustments for revenue and costs from 1st January, 2011 to the closing date. The company has received US\$2 bn (Rs. 90bn) as a deposit under current liabilities, against the above transaction. The accounting entries of the above transaction will be made in the books of accounts of the company on receipt of final regulatory approvals.

The board of directors has approved an appropriation of Rs. 160 bn (US\$3.59 bn) to General reserves. In addition, the directors have recommended, subject to the approval of shareholders, a dividend of Rs. 8 per fully paid up equity share of Rs. 10 each, aggregating to Rs. 27.72 bn (US\$622mn), including dividend distribution tax.

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