

Reliance Industries Ltd

J.P. Morgan India Conference Takeaways - ALERT

Overweight

RELI.BO, RIL IN

Price: Rs1,217.85

07 November 2008

We hosted Reliance Industries at our J.P. Morgan India conference, key takeaways from company response to investor queries....

- **Patalganga facilities and shutdowns:** RIL denied that it has shut down Patalganga facilities, though some polyester units at Patalganga were undergoing routine maintenance and would start up next week. The units contribute 1.5% to RIL's revenues (we estimate polyester totally contributes 5% of RIL's FY09E earnings). RIL has taken a 4 week maintenance shut down at its PolyPropylene plant in Jamnagar
- **Voluntary Retirement Scheme:** Patalganga is one of the oldest facilities of RIL (c.1982) and the voluntary retirement scheme accepted by 400 personnel at Patalganga is part of a cost optimization exercise. The PTA/LAB facilities at Patalganga are functioning as usual.
- **KGD6 gas:** RIL expects KGD6 gas to be available from 1Q09. It expects that the government intervention in the legal process with RNRL and a clear gas utilization policy will ensure legal/regulatory issues will not hinder production start-up early next year.
- **RPL start-up:** Testing and trials were on for equipment and units. RPL's refinery units will be started up and stabilized in phases over 1Q09
- **Retail venture:** RIL is now operating 816 stores (3.8mn sq. ft area). Investment in the retail venture stays at around Rs80bn and no major investments were made in either retail or SEZ subsidiary in 2Q.
- **Business outlook:** RIL acknowledged that there was a challenging business environment in refining and petrochemicals. However, with large scale, efficient plants (top decile efficiencies in most units), they were well positioned to weather a downturn. Revenues from gas fields would further bolster cashflows.
- **Use of cash** For now, RIL was using cash from promoter fund infusion (on warrant conversion) to shore up its balance sheet. The company will continue to look at opportunities to grow businesses.

Integrated Oils

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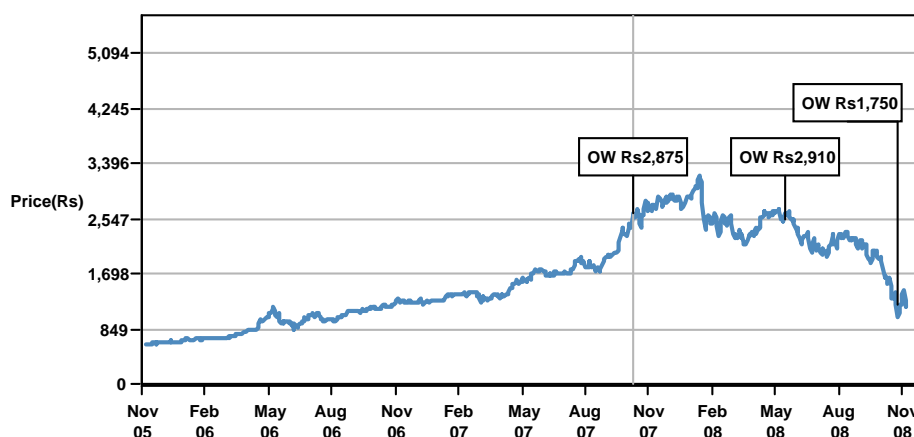
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Reliance Industries Ltd (RELI.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
11-Oct-07	OW	2617.35	2875.00
15-May-08	OW	2529.95	2910.00
24-Oct-08	OW	1215.25	1750.00

Source: Reuters and J.P. Morgan; price data adjusted for stock splits and dividends.
 Break in coverage Apr 28, 2004 - May 20, 2004, and Oct 13, 2005 - Oct 11, 2007. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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