Reliance Industries

BSE SENSEX	S&P CNX
19,008	5,697
Bloomberg	RIL IN
Equity Shares (m)	3,286.2
52-Week Range (Rs)	1,187/841
1,6,12 Rel. Perf. (%)	-2/-12/-18
M.Cap. (Rs b)	3,241.9
M.Cap. (US$ b)	71.0

Rs987 **Neutral**

YEAR END	NET SALES (RS B)	PAT (RS B)	EPS (RS)	P/E (X)	ADJ. EPS (RS)	Adj. P/E (X)	Adj. P/B (X)	ROE (%)	ROCE (%)	EV/ EBITDA
03/10A	1,925	162	49.6	19.9	54.8	18.0	2.4	13.4	11.3	12.2
03/11E	2,418	206	62.8	15.7	69.4	14.2	2.1	14.9	13.1	9.5
03/12E	2,355	214	65.0	15.2	71.7	13.8	1.8	13.6	12.8	8.4
03/13E	2,209	253	76.9	12.8	84.9	11.6	1.6	14.2	13.6	7.1

All adjusted per share info and valuation ratios are adjusted for treasury shares held by company

- **3QFY11 results largely in line with expectations:** RIL reported EBITDA of Rs95.4b (v/s our estimate of Rs99.4b) for 3QFY11, up 22% YoY and 2% QoQ. Lower than expected EBITDA was due to lower than estimated E&P profits, partially compensated by higher petchem margins. Despite lower than estimated EBITDA, PAT was in-line at Rs51.4b (+28% YoY and +4% QoQ) due to (1) lower DD&A expenses, (2) higher other income, and (3) lower effective tax rate.
- **GRM at US$9/bbl; premium of US$3.5/bbl over Singapore GRM:** RIL's GRM for the quarter was US$9/bbl (v/s our estimate of US$9.5/bbl) as against US$5.9/bbl in 3QFY10 and US$7.9/bbl in 2QFY11. Despite improvement in the Light-Heavy crude price differential, RIL's GRM premium over Singapore GRM contracted from US$3.7/bbl in 2QFY11 to US$3.5/bbl in 3QFY11 due to partial replacement of KG-D6 gas by higher priced LNG.
- **No clarity on KG-D6 ramp-up:** RIL management provided neither any incremental guidance on KG-D6 ramp-up nor any update on the reservoir studies currently underway. In the previous quarter, the management had stated that increase in KG-D6 production is unlikely before 4QFY12.
- **Petchem business catches limelight in FY11; outlook positive:** Petchem EBIT margin was 15.2% v/s 14.6% in 2QFY11 and 13.9% in 3QFY10. Management, despite new Middle East capacities expect petchem margin to sustain due to higher demand in China and India.
- **Key things to watch:** (1) Results of reservoir studies of KG-D6 and volume ramp-up, (2) clarity on 7-year income tax holiday for KG-D6 (we model tax holiday), (3) margin trend in refining and petchem, (4) execution on announced downstream projects (off-gases cracker, PX/PTA expansion and IGCC), and (5) developments on its BWA foray.
- **Cutting estimates; SOTP-based target price at Rs971:** We are cutting our EPS estimates by 2.5% for FY12 to Rs71.7 and by 4.8% for FY13 to Rs84.9 to factor in the change in our KG-D6 gas production and exchange rate (Rs/US$) assumptions. We are revising our KG-D6 gas production assumption from 60/80mmsmcd to 55/60mmsmcd for FY12/FY13. We are changing our Rs/US$ assumption from 44.5/43.0 to 45/44.0 for FY12/FY13. Our FY11E EPS is up by 2% due to increase in 4Q GRM from US$8.5/bbl to US$9.5/bbl and change in Rs/US$ rate from 44.5 to 45. Our SOTP-based target price is Rs971. Maintain **Neutral**.

QUARTERLY PERFORMANCE (STANDALONE) **(RS BILLION)**

Y/E MARCH	FY10				FY11				FY10	FY11E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**311.9**	**468.5**	**568.6**	**575.7**	**582.3**	**574.8**	**597.9**	**663.5**	**1,924.6**	**2,418.5**
Change (%)	*-25.0*	*4.6*	*80.1*	*103.0*	*86.7*	*22.7*	*5.2*	*15.3*	*31.6*	*25.7*
EBITDA	**63.8**	**72.2**	**78.4**	**91.4**	**93.4**	**94.0**	**95.4**	**100.7**	**305.8**	**383.5**
% of Net Sales	*20.5*	*15.4*	*13.8*	*15.9*	*16.0*	*16.3*	*16.0*	*15.2*	*15.9*	*15.9*
Change (%)	*4.3*	*11.5*	*46.3*	*68.0*	*46.3*	*30.2*	*21.7*	*10.2*	*30.7*	*25.4*
Depreciation	18.8	24.3	28.0	33.9	34.9	33.8	33.6	34.3	105.0	136.5
Interest	4.6	4.6	5.5	5.3	5.4	5.4	5.5	6.1	20.0	22.4
Other Income	7.1	6.3	5.1	6.2	7.2	6.7	7.4	7.6	24.6	29.0
PBT	**47.6**	**49.5**	**50.1**	**58.3**	**60.4**	**61.5**	**63.8**	**67.9**	**205.5**	**253.6**
Tax	10.9	11.0	10.0	11.2	11.9	12.3	12.4	13.8	43.1	50.3
Rate (%)	22.9	22.2	20.0	19.3	19.7	19.9	19.5	20.3	21.0	19.8
Adj. PAT	**36.7**	**38.5**	**40.1**	**47.1**	**48.5**	**49.2**	**51.4**	**54.2**	**162.4**	**203.3**
Change (%)	*-10.8*	*-6.6*	*14.5*	*20.3*	*32.3*	*27.8*	*28.1*	*15.0*	*3.8*	*25.2*
Reported PAT	**36.7**	**38.5**	**40.1**	**47.1**	**48.5**	**49.2**	**51.4**	**54.2**	**162.4**	**203.3**
EPS (Rs)	**12.3**	**12.9**	**13.5**	**15.8**	**16.3**	**16.5**	**17.3**	**18.2**	**54.5**	**68.3**

E: MOSL Estimates

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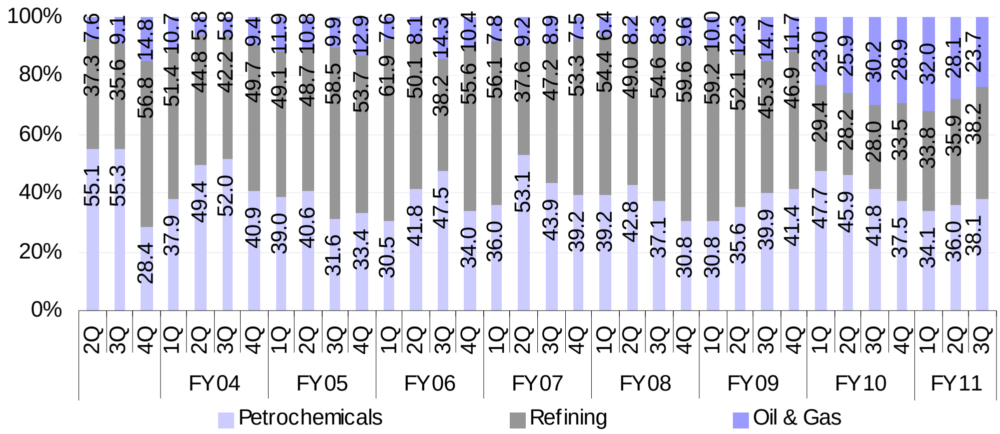
EBITDA marginally below our estimate; PAT in-line

Reliance Industries (RIL) reported EBITDA of Rs95.4b (v/s our estimate of Rs99.4b) for 3QFY11, up 22% YoY and 2% QoQ. Lower than expected EBITDA was due to lower than estimated E&P profits, partially compensated by higher petchem margins.

PAT was Rs51.4b (in-line), up 28% YoY and 4% QoQ. Despite lower EBITDA, PAT was in-line due to (1) lower DD&A expenses at Rs33.6b (v/s our estimate of Rs34.9b) due to lower PMT depletion, (2) higher other income at Rs7.4b (v/s our estimate of Rs6.8b), and (3) lower effective tax rate at 19.5% (v/s our estimate of Rs20.1%).

Refining replaced petchem as highest EBIT contributor in 3QFY11



Source: Company/MOSL

GRM at US$9/bbl; premium over Singapore reduced QoQ due to lower KG-D6 gas usage

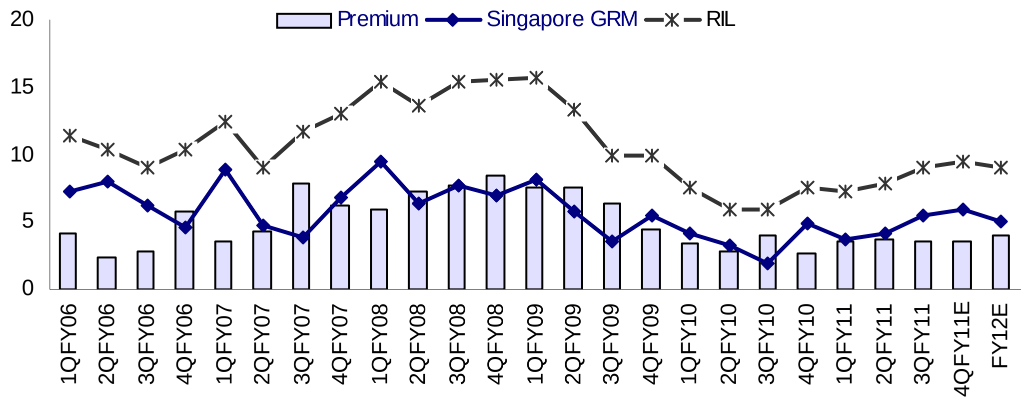
- Refinery EBIT at Rs24.4b was up 77% YoY and 11% QoQ, primarily due to 53% YoY and 14% QoQ increase in GRM.
- 3QFY11 GRM was US$9/bbl, up 53% YoY and 14% QoQ. Despite improvement in the Light-Heavy crude price differential, RIL's GRM premium over Singapore GRM contracted due to partial replacement of KG-D6 gas by higher priced LNG.
- Refinery throughput stood at 16.1mmt; (down 2% YoY and 5% QoQ) due to shutdown in one of its crude units.
- RIL currently operates 695 fuel retail outlets.
- KG-D6 gas usage in refining can be under threat. As against 8mmscmd consumption in previous quarters, RIL is currently consuming ~4mmscmd of KG-D6 gas (allocation of ~2.4mmscmd) and ~5mmscmd of LNG. Production from KG-D6 has declined from 60mmscmd to 53mmscmd. Any further decline might result in shortage for RIL and it will have to revert to refinery fuel or LNG.
- RIL management indicated a positive outlook on refining margins, led by improvement in the global economy. We currently model GRM of US$9/bbl for FY12 and US$10.2/bbl for FY13.

Lower KG-D6 gas usage leads to lowering of premium over benchmark Singapore GRM

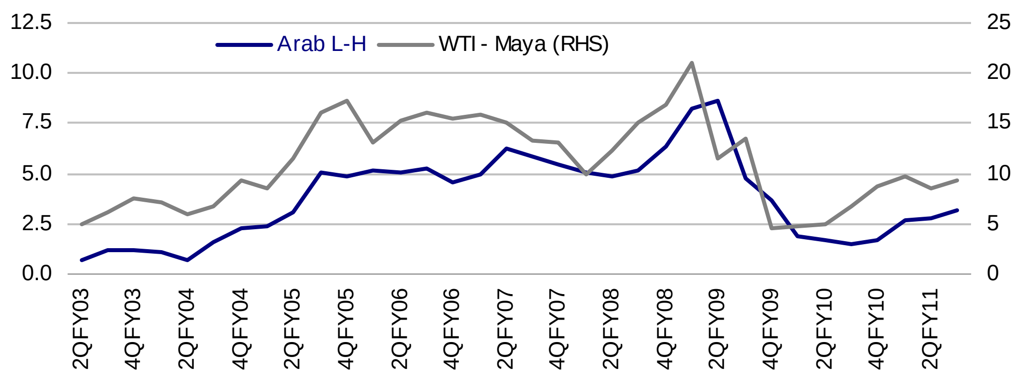
	FY09				FY10				FY11			3QFY11 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Refining Segment (Rs b)													
Refinery Throughput (mmt)	8.1	8.2	7.9	7.9	12.0	15.6	16.6	16.7	16.9	16.9	16.0	-3.7	-5.4
Utilization (%)	98.5	98.8	95.3	95.3	77.4	100.8	107.2	107.7	109.0	109.1	103.2	-3.7	-5.4
Revenues	326	364	217	216	244	396	480	513	505	497	525	9.4	5.7
EBIT	30	28	19	20	13	13	14	20	20	22	24	76.6	11.1
EBIT Margins (%)	9.3	7.6	8.7	9.0	5.3	3.4	2.9	3.9	4.0	4.4	4.6	61.4	5.1
Refining Margins (US$/bbl)													
RIL GRM	15.7	13.4	10.0	9.9	7.5	6.0	5.9	7.5	7.3	7.9	9.0	52.5	13.9
Singapore GRM	8.1	5.8	3.6	5.5	4.1	3.2	1.9	4.9	3.6	4.2	5.5	189.5	31.0
Premium over Singapore	7.6	7.6	6.4	4.4	3.4	2.8	4.0	2.6	3.7	3.7	3.5	-12.5	-5.4

Source: Company/MOSL

RIL GRM at US$9/bbl



Light-Heavy differentials improve QoQ



Source: Company/MOSL

Product cracks (v/s Dubai crude): middle distillates strong on QoQ comparison

(US$/bbl)	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11	2QFY11	3QFY11
LPG	-22.0	-22.4	-17.4	-16.7	-20.4	-21.0	-12.2
Gasoline	7.2	7.0	2.8	9.7	7.5	6.6	8.6
Diesel	7.2	6.8	6.1	8.7	11.4	12.2	12.8
Jet/Kero	7.6	7.1	7.2	9.2	11.7	12.6	14.1
Naphtha	-2.7	-1.5	-1.5	2.3	-0.6	-1.6	3.2
Fuel Oil	-11.6	-5.5	-11.0	-7.8	-10.5	-3.0	-4.3

Source: Company/MOSL

E&P: no clarity on KG-D6 ramp-up; we now model volumes at 55/60mmscmd for FY12/FY13 v/s earlier 60/80mmscmd

- **E&P profitability remained low:** RIL reported E&P EBIT (KG-D6 and PMT) at Rs15b (v/s Rs17.1b in 2QFY11 and Rs4.9b in 3QFY10). Overall E&P EBIT was 36% (v/s 39.6% in 2QY11 and 41.8% in 3QFY10). E&P profitability continues to be impacted by higher depletion charge, resulting in lower EBIT margin.
- **KG-D6 averaged 55.8mmscmd in 3QFY11:** KG-D6 volumes averaged 55.8mmsmcd in 3QFY11 v/s 48mmscmd in 3QFY10 and 58mmscmd in 2QFY11. PMT fields commenced production after shutdown in 2QFY11 and gross production averaged 10.7mmscmd v/s 8.5mmscmd in 2QFY11 and 13.5mmscmd in 3QFY10.
- **Discussion with DGH to have cascading impact on RIL's domestic E&P portfolio:** RIL indicated that it is also having discussions with DGH regarding its E&P plan for all its domestic blocks. We believe this could lead to delays in the development of its key blocks like satellite fields and NEC-25, which were in advanced stages. We do not expect the development work to begin on these blocks for another 2-3 quarters and post that production would require another 3-4 years to commence. Hence, beyond KG-D6, there are no material production starts for the next 2-3 years.

KG-D6 average production at ~55.8mmscmd; E&P EBIT margin lower QoQ and YoY at 36%

	FY09				FY10				FY11			3QFY11 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
E&P Segment (Rs b)													
Revenues	8	9	10	7	19	29	35	43	47	43	42	18.4	-2.9
EBIT	5	6	6	5	10	12	15	17	19	17	15	1.8	-11.8
EBIT Margin (%)	63.9	69.0	58.7	64.3	54.1	41.7	41.8	39.4	41.2	39.6	36.0		
Gross Oil Production (kbd)													
PMT	32.3	34.4	42.7	43.1	40.7	34.9	40.3	40.2	36.1	9.9	28.5	-29.2	187.1
Yemen	5.0	5.5	3.6	3.1	4.2	4.2	4.4	4.6	4.6	4.6	4.3	-1.6	-5.9
KG-D6	-	-	5.0	5.6	8.7	10.8	10.0	15.0	24.7	22.4	22.0	119.9	-1.6
Total	**37.3**	**39.9**	**51.3**	**51.8**	**53.6**	**49.8**	**54.7**	**59.8**	**65.3**	**36.9**	**54.8**	**0.3**	**48.7**
Gross Gas Production (mmscmd)													
PMT	16.5	17.0	17.0	14.6	14.5	13.7	13.5	14.6	14.1	8.5	10.8	-20.0	26.9
KG-D6	0.0	0.0	0.0	0.0	19.3	32.0	48.0	59.8	59.1	57.9	55.8	16.3	-3.6
Total	**16.5**	**17.0**	**17.0**	**14.6**	**33.7**	**45.7**	**61.5**	**74.4**	**73.2**	**66.4**	**66.6**	**8.3**	**0.3**
Gross Oil +Gas (mmboe)	**13.2**	**13.7**	**14.7**	**13.4**	**24.9**	**31.6**	**41.5**	**49.6**	**49.4**	**42.8**	**44.5**	**7.3**	**4.1**
Net Oil +Gas (mmboe)	**3.9**	**4.1**	**4.7**	**4.3**	**14.8**	**21.5**	**30.1**	**37.0**	**37.2**	**34.6**	**34.4**	**14.4**	**-0.7**

Source: Company/MOSL

Petrochemicals: polyester boosts margins; overall petchem outlook positive

- RIL's petchem margin stood at 15.2% (v/s 14.6% in 2QFY11 and 13.9% in 3QFY10). QoQ increase in the petchem EBIT to Rs24.2b v/s Rs22b in 2QFY11 was primarily led by volume increase. Total petchem production increased by 4% to 5.6mmtpa.
- In 3QFY11, PE and PP prices were up by 4.8% and 5.1%, respectively, offset by 17% increase in naphtha prices. Integrated PE and PP spreads were down 9% and 5%, respectively. However, polyester business has continued to show improvement in margins, with PSF and POY integrated margins up 24% QoQ and 17% QoQ, respectively. Polyester volumes were up 5% QoQ.
- RIL indicated that most of the Middle Eat capacities have already being commissioned and new supply has been absorbed by increasing demand in India and China. Management expects the petrochemicals sector to be the beneficiary of strong demand and has a positive outlook.

Petchem EBIT up QoQ led by volume growth

	FY09				FY10				FY11			3QFY11 (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Petchem Segment (Rs b)													
Total producton (mmt)	5.0	5.0	4.6	4.7	4.9	5.4	5.5	5.3	4.9	5.4	5.6	1.8	3.7
Polymer ('000 MT)	831	823	704	718	819	1,095	1,086	1,100	931	1,069	1,100	1.3	2.9
Polyester ('000 MT)	410	364	361	399	411	420	469	400	422	429	449	-4.3	4.7
Polyester Interm. ('000 MT)	1,184	1,170	1,091	1,138	1,129	1,179	1,192	1,100	1,100	1,100	1,200	0.7	9.1
Revenues	149	155	126	97	117	133	148	154	139	151	160	8.2	5.7
EBIT	16	19	17	17	21	22	21	22	21	22	24	18.2	10.6
EBIT Margins (%)	10.6	12.2	13.1	17.7	18.0	16.5	13.9	14.4	14.8	14.6	15.2	9.3	4.6

Source: Company/MOSL

Other highlights

- Gross debt increased by Rs20b QoQ to Rs702b.
- Net debt stood at Rs383b v/s Rs388b in 2QFY11. Increase of Rs24.8b in cash and cash equivalents has contributed to the decline in net debt. 3QFY11 has seen the highest ever cash balance.
- Interest capitalized during the quarter was Rs1.3b (v/s Rs1b in 3QFY10 and Rs1.3b in 2QFY11).
- Other income was Rs7.4b, up 46% YoY and 10% QoQ.
- Effective tax rate was 19.5% v/s 19.9% in 2QFY11 and 20% in 3QFY10.

Valuation and view

Our assumptions

- We model average gas production of 55/60mmscmd for FY12/13.
- Well-head gas price of US$4.2/mmbtu. We continue to factor in tax holiday on KG-D6 gas profits.
- GRM of US$9/bbl in FY12 and US$10.2/bbl in FY13.

Key assumptions

Key Metrics	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Exchange Rate (Rs/US$)	45.2	40.3	45.8	47.5	45.5	45.0	44.0
Refining							
Capacity (mmt)	33.0	33.0	33.0	62.0	62.0	62.0	62.0
Production (mmt)	31.7	31.8	32.0	60.9	66.7	64.9	64.9
Capacity Utilization (%)	96	96	97	98	108	105	105
GRM (US$/bbl)							
Blended GRM	11.7	15.0	12.3	6.9	8.4	9.0	10.2
Singapore GRM	6.1	7.6	5.8	3.6	4.9	5.0	5.2
Premuim to Singapore	5.6	7.3	6.5	3.3	3.6	4.0	5.0
E&P							
Gas Production (mmscmd)				39.8	56.2	55.0	60.0
Oil Production (kbd)				10.7	22.8	22.0	30.0

Source: Company/MOSL

Key things to watch

- Results of reservoir studies of KG-D6 and volume ramp up guidance
- Clarity on 7-year income tax holiday for KG-D6 gas (we model tax holiday)
- Margin trend in refining and petchem
- Execution on downstream projects announced in AGM (off-gases cracker, PX/PTA expansion and IGCC)
- Developments on its BWA foray

Cutting estimates; SOTP-based target price at Rs971

We are cutting our EPS estimates by 2.5% for FY12 to Rs71.7 and by 4.8% for FY13 to Rs84.9 to factor in the change in our KG-D6 gas production and exchange rate assumptions. We are revising our KG-D6 gas production assumption from 60/80mmsmcd to 55/60mmsmcd for FY12/FY13. We are changing our Rs/US$ assumption from 44.5/43.0 to 45/44.0 for FY12/FY13. Our FY11E EPS is up by 2% due to increase in 4Q GRM from US$8.5/bbl to US$9.5/bbl and change in Rs/US$ rate from 44.5 to 45. Our SOTP-based target price is Rs971. Maintain **Neutral**.

Reliance: Sum of parts valuation

Business	US$ b	Rs b	Rs/sh	Comments
Core business	**41.8**	**1,923**	**646**	
Refining	24	1,088	365	Core business EV @7x FY12E EBITDA
Petchem	18	835	281	EV @7.5x FY12E EBITDA
E&P Initiatives	**19**	**863**	**290**	Includes KG-D6, NEC-25, CBM, KG-III-6 and Yemen block
KG - D6 Gas (KG Basin)	9	416	140	DCF; 90% stake; Plateau of 105 MMSCMD; 20.4 TCF recovery
KG - D6 MA1 Oil (KG Basin)	2	87	29	DCF; 90% stake; 89mmbbls recovery; (LT Brent - $75/bbl)
NEC - 25 (Mahanadi basin)	2	73	25	DCF; 90% stake; reserves of 3.7 TCF, prodn likely in in 2014
Sohagpur East & West (CBM blocks)	1	39	13	DCF; 100% stake; OGIP of 3.65 TCF, assumed 50% recovery, production to commence in FY11
KG - III - 6 oil (KG Basin)	1	37	12	Value based on reserves at 1b bbls; 40% recovery, @US$2/bbl
Block - 9 (Yemen)	1	38	13	Currently producing. 2P reserves of 332 mmbbls valued, assumed 50% recovery valued at @US$20/bbl; RIL stake 25%
PMT	2	107	36	Currently producing. EV @5x FY12E EBITDA
Investment in Shale Gas	1	65	22	JV with Atlas, Pioneer & Carrizo; valued at 1.5x cash investment
Investments	**7**	**192**	**65**	Includes RGTIL, RIIL and SEZ
Investments in RGTIL, RIIL	1	24	8	At book value and
Investments in fuel Retailing	4	40	13	At estimated book value
Investments in BWA	2	100	34	BWA Foray
Investment in SEZ	1	28	9	At book value
Reliance Retail	**2**	**102**	**34**	100% subsidiary of RIL
Less: Net Debt	**4**	**189**	**63**	Excludes FY11 KG-D6 cash, as already captured in DCF
Cash & Short term Investments	9.4	432	145	FY11E
Total Debt	13.5	621	209	FY11E
Total Base Value	**66**	**2,892**	**971**	Based on fully diluted equity shares of 2,977m (excl 309m treasury shares)

Source: MOSL

Reliance Industries: an investment profile

Company description

Reliance Industries (RIL), a Fortune-500 company, is India's largest private sector entity, with a turnover of US$40b and net profit of US$3.5b. It has reported historically high CAGRs of over 22% in topline and bottomline through backward integration in energy chain (textiles, petchem, refining and E&P) and is now moving into high growth areas like retail and SEZ.

Key investment arguments

- E&P upside now seems back-ended: Though E&P would be a long-term driver for the company, in the medium term, growth seems to be subdued, led by delays in the ramp-up of KG-D6 and delays in the approval of development plans for satellite fields and NEC-25. RIL is the largest exploration acreage holder in the private sector in India. Post its world-scale gas discovery in 2002 in KG-D6, it has reported more than 50 discoveries.
- Refining - high complexity to help RIL: Uptick in GRM, led by economic recovery and cold weather will help RIL to post decent refinery margins in coming quarters. We expect refining margins to remain range-bound at US$5-6/bbl, as impending 1.4mmbbl/d of new capacity would start supporting incremental demand.
- Petrochemicals - increasing demand in India and China helps: Growing demand in India and China has helped petchem margins to remain robust despite new capacities getting commissioned in the Middle East and China. Strong domestic demand will help RIL to push through its volumes in India.

Key investment risks

- Further delays in the KG-D6 gas volume ramp-up.
- Our estimates could be adversely impacted by lower than expected refining and petchem margins.

Recent developments

- RIL entered into three JVs, with three different US-based shale gas companies: (1) with Atlas Energy (RIL stake of 40%) to develop Marcellus shale acreage, (2) with Pioneer Natural Resources (RIL stake of 45%) in its Eagle Ford shale acreage, and (3) with Carizzo Oil and Gas (RIL 60% stake) in Marcellus shale acreage. RIL acquired 95% equity stake in Infotel, which has Broadband Wireless Access (BWA) spectrum license for 22 circles.

Valuation and view

- Adjusted for treasury shares, RIL trades at 15x FY12E adjusted EPS of Rs72. Our SOTP-based target price for RIL is Rs971/share. Maintain **Neutral**.

Target Price and Recommendation

Current Price (Rs)	Target Price (Rs)	Upside (%)	Reco.
987	971	-	Neutral

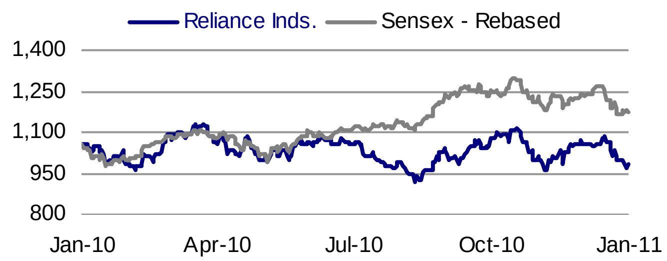
EPS: MOSL forecast v/s consensus (Rs)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY11	62.8	64.6	-2.8
FY12	65.0	75.8	-14.2

Shareholding Pattern (%)

	Dec-10	Sep-10	Dec-09
Promoter	44.8	44.9	46.8
Domestic Inst	10.4	10.2	9.6
Foreign	22.2	21.4	21.3
Others	22.6	23.6	22.3

Stock performance (1 year)



Financials and Valuation

RIL - INCOME STATEMENT					(Rs Billion)
Y/E MARCH	2009	2010	2011E	2012E	2013E
Net Sales	**1,418**	**1,925**	**2,418**	**2,355**	**2,209**
Change (%)	*6.3*	*35.7*	*25.7*	*-2.6*	*-6.2*
Raw Materials Cons & Purch	1,070	1,509	1,880	1,813	1,637
Employee Costs	24	24	25	26	27
Other Expenditure	96	126	152	101	80
Change in Stocks	-4	-39	-25	0	0
EBITDA	**233**	**306**	**386**	**415**	**465**
% of Net Sales	*16.4*	*15.9*	*16.0*	*17.6*	*21.1*
Depreciation	52	105	136	140	153
Interest	17	20	22	24	24
Other Income	21	25	29	24	34
PBT	**184**	**205**	**256**	**274**	**322**
Tax	31	43	50	60	69
Rate (%)	*16.9*	*21.0*	*19.6*	*22.0*	*21.4*
PAT	**153**	**162**	**206**	**214**	**253**
Adj. PAT	**153**	**162**	**206**	**214**	**253**
Change (%)	*0.3*	*6.1*	*26.9*	*3.8*	*18.4*

**Includes consolidation for RPL*

BALANCE SHEET					(Rs Billion)
Y/E MARCH	2009	2010	2011E	2012E	2013E
Share Cap. (incl sh. suspense	31	33	33	33	33
Reserves	1232	1339	1532	1730	1952
Net Worth	**1,264**	**1,372**	**1,564**	**1,762**	**1,985**
Total Loans	739	625	623	621	618
Deferred Tax	97	109	125	141	160
Minority Interest					
Capital Employed	**2,100**	**2,106**	**2,312**	**2,524**	**2,764**
Gross Fixed Assets	1496	2159	2246	2331	2457
Less: Depreciation	493	626	763	903	1056
Net Fixed Assets	**1,003**	**1,533**	**1,483**	**1,428**	**1,401**
Capital WIP	690	121	163	199	234
Investments	216	232	380	440	477
Curr. Assets, L & Adv.					
Inventory	148	270	268	263	241
Debtors	46	117	94	92	86
Cash & Bank Balance	222	135	191	365	567
Loans & Adv. and Other CA	131	103	115	115	115
Current Liab. & Prov.					
Liabilities	327	368	339	333	306
Provisions	30	36	43	44	53
Net Current Assets	**190**	**220**	**287**	**458**	**651**
Misc. Expenses	0	0	0	0	0
Application of Funds	**2,100**	**2,106**	**2,312**	**2,524**	**2,764**

E: MOSL Estimates

RATIOS					
Y/E MARCH	2009	2010	2011E	2012E	2013E
Basic (Rs)					
EPS	52.6	49.6	62.8	65.0	76.9
EPS (ex Treasury)	**57.6**	**54.8**	**69.4**	**71.7**	**84.9**
Cash EPS	69.1	81.7	104.4	107.7	123.4
Book Value	426.0	419.4	477.1	535.6	603.3
DPS	6.5	7.0	8.0	8.0	10.0
Payout (incl. Div. Tax.)	14.5	15.0	14.9	14.4	15.2
Valuation (x)					
P/E		19.9	15.7	15.2	12.8
Cash P/E		12.1	9.4	9.2	8.0
EV / EBITDA		12.2	9.5	8.4	7.1
EV / Sales		1.9	1.5	1.5	1.5
Price / Book Value		2.4	2.1	1.8	1.6
Dividend Yield (%)		0.7	0.8	0.8	1.0
Profitability Ratios (%)					
RoE	15.7	13.4	14.9	13.6	14.2
RoCE	12.5	11.3	13.1	12.8	13.6
Turnover Ratios					
Debtors (No. of Days)	14	15	16	14	15
Fixed Asset Turnover (x)	1.1	1.1	1.1	1.0	0.9
Leverage Ratio					
Net Debt / Equity (x)	0.4	0.4	0.3	0.1	0.0

CASH FLOW STATEMENT					(Rs Billion)
Y/E MARCH	2009	2010	2011E	2012E	2013E
OP/(Loss) before Tax	184	205	256	274	322
Depreciation	72	135	136	140	153
Interest /Other Income	2	-1	0	0	0
Direct Taxes Paid	-19	-31	-35	-44	-50
(Inc)/Dec in Wkg. Capital	-38	-53	-11	3	9
Other op activities	-19	-50	0	0	0
CF from Op. Activity	**182**	**205**	**347**	**374**	**435**
(Inc)/Dec in FA & CWIP	-247	-218	-128	-121	-162
(Pur)/Sale of Investments	24	-12	-147	-60	-38
Loans and Advances	0	0	0	0	0
Other In activities	-18	48	0	0	0
CF from Inv. Activity	**-241**	**-182**	**-276**	**-181**	**-199**
Change in Equity	152	1	11	15	0
Inc / (Dec) in Debt	105	-88	-2	-3	-3
Dividends Paid	-19	-22	-24	-31	-31
CF from Fin. Activity	**237**	**-110**	**-15**	**-18**	**-33**
Inc / (Dec) in Cash	**179**	**-87**	**56**	**174**	**202**
Add: Opening Balance	43	222	135	191	365
Closing Balance	**222**	**135**	**191**	**365**	**567**

NOTES

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Disclosure of Interest Statement	Reliance Industries
1. Analyst ownership of the stock	No
2. Group/Directors ownership of the stock	No
3. Broking relationship with company covered	No
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