Update

SECTOR: OIL & GAS

Reliance Industries

STOCK INFO.	BLOOMBERG
BSE Sensex: 10,787	RIL IN
	REUTERS CODE
S&P CNX: 3,185	RELI.BO

Equity Shares (m)	1,393.5
52-Week Range	1,195/426
1,6,12 Rel. Perf. (%)	4/26/74
M.Cap. (Rs b)	1,334.4
M.Cap. (US$ b)	29.7

30 May 2006

Buy

Previous Recommendation: Buy Rs955

YEAR END	NET SALES (RS M)	PAT (RS M)	EPS (RS)	EPS GROWTH (%)	P/E (X)	P/BV (X)	ROE (%)	ROCE (%)	EV/ SALES	EV/ EBITDA
03/06A	812,110	90,690	65.1	19.8	14.7	4.7	26.6	22.5	1.9	11.1
03/07E	862,764	99,427	71.4	9.6	13.4	3.7	30.8	23.9	1.8	9.0
03/08E	890,056	92,619	66.5	-6.8	14.4	3.0	23.0	22.1	1.7	8.8

Current stock price fairly reflects our SOTP valuation: RIL's current stock price fairly reflects our SOTP valuation of Rs934/share, which is based on the company's core business earnings, the value of its E&P reserves declared till date and the value of its stake in RPL and IPCL.

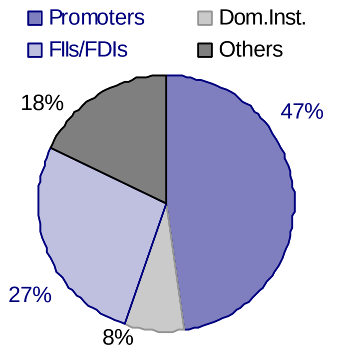
However, E&P reserves could be significantly higher than announced: The value of RIL's E&P reserves based on the declarations made so far works out to about Rs199/share. However, we expect the company to declare additional reserves over the next 3-24 months, which we conservatively value at Rs424/share.

Retailing, SEZ development – the next big drivers: RIL is making forays into the retailing and SEZ development businesses. We believe that these businesses, which command higher valuations than its core commodity business, would be the next big growth drivers for RIL. However, our financial models do not factor in any contributions from these businesses.

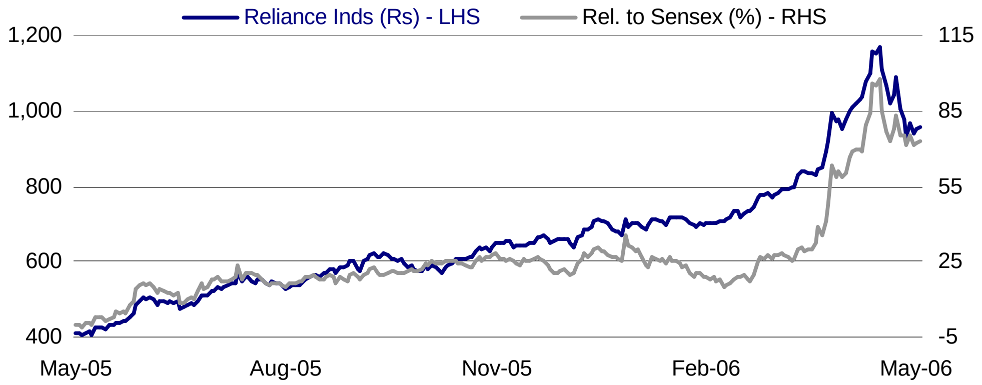
Core business fundamentals remain robust: Both refining and petrochemical business fundamentals remain robust. While we believe that there is very little downside risk to our estimates for the next two years, earnings upgrades are likely if refining margins remain strong for a couple of more months.

Reiterate Buy: The stock quotes at a P/E of 14.4x FY08E and an EV/EBITDA of 8.8x FY08E. Our basic SOTP value is Rs934/share and we estimate potential upside of Rs424/share over the next 24 months from additional E&P reserves. We reiterate **Buy** on account of the large potential upside from E&P.

SHAREHOLDING PATTERN (%)



STOCK PERFORMANCE (1 YEAR)



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RIL has outperformed the market over the last six months by 26%, on the back of robust financial performance, E&P related announcements (Mahanadhi and CBM reserves) and value unlocking through the RPL public issue. The current stock price fairly reflects our SOTP valuation of Rs934/share, which is based on the company's core business earnings, the value of its E&P reserves declared till date and the value of its stake in RPL and IPCL. However, we reiterate our **Buy** recommendation, as we believe there exist significant upsides to our SOTP valuation.

We estimate the potential upside from E&P at Rs424/share. Potential E&P upsides are likely from the following sources:

- **Additional gas reserves and new oil reserves in KG Basin:** These are discovered reserves whose size is yet to be announced. Media reports indicate, potential reserves of 7TCF gas and 1b barrels of oil. We expect an announcement over the next 3-6 months.
- **Mahanadhi Basin:** Phase III exploration is in progress and could lead to materialization of 8.2 TCF of potential upside indicated during the announcement of the first 2.35 TCF in-place reserves. We expect an announcement over the next 8-10 months.
- **CBM:** Exploration is in progress. Potential reserves are estimated at about 9 TCF. Expected announcement – Sonhat: 3-6 months, Barmer 1 & 2: 18-24 months.

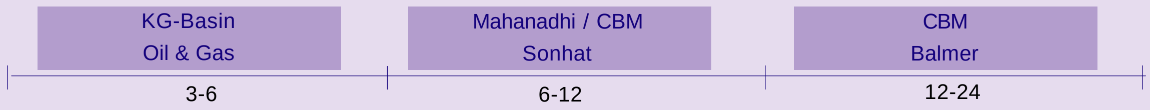
We assign a very high probability to the materialization of the KG Basin reserves (valued at Rs189/share).

Also, RIL is making forays into the retailing and SEZ development businesses. These businesses, which command higher valuations than its core commodity business, would be the next big growth drivers. Given RIL's strong execution skills, we expect the company to achieve its aggressive targets for these ventures (see section entitled "Retailing & SEZ development – the next big drivers" on page 5). However, our financial models do not factor in any contributions from these businesses.

RIL: SOTP VALUATION

BUSINESS	RS/SHARE	BASIS OF VALUATION
Petrochemicals & Refining	662	Core business EV of 5.5x FY08E EBITDA
Exploration & Production	199	
KG Basin Gas Reserve (90% stake)	91	DCF; well-head price of US$2.4/mmbtu
Panna Mukta & Tapti (30% stake)	29	
Mahanadhi Basin (90% stake)	26	Value of 2.35 TCF based on KG basin valuation framework, but at US$4/mmbtu
CBM (100% stake)	53	Value of 3.65 TCF at 20% premium to KG, adjusted for realisation of US$4/mmbtu
IPCL	16	20% discount to market price
Reliance Infocom Debt	13	Book value
RPL	155	20% discount to market price for RIL's 75% stake
Total	1,045	
Net Debt	-111	FY08E
RIL: post demerger	**934**	**SOTP value based on 1.2b shares**
Potential Upside	**424**	
E&P	424	Based on indicative reserves from various sources, final reserves could vary
KG Basin New Gas	104	Based on lower end of 7-14 TCF reported discovery- reserve size to be announced
KG Basin Oil Discovery	85	Based on market news of 1b bbl reserves, @US$6/bbl - reserve size to be assessed
PMT Redevelopment	15	Based on additional reserves expectation of 1 TCF; Source: market news
Mahanadhi Basin	89	Based on total upside potential of 8.2 TCF reported
CBM	131	Based on 9TCF reserve size-data from DGH projections on potential
Yemen Oil Discovery		Reserve size not available
Retailing & SEZ Development		Likely to be substantial

EXPECTED TIMELINE MONTHS



Source: Company/ Motilal Oswal Securities

E&P reserves could be significantly higher than announced

✍ KG Basin – expect additional gas reserve announcements in 3-6 months

We believe oil and gas reserve related announcements over the next 3-6 months would drive near term stock performance. Additional gas find (over and above the 14TCF reserves under development) and new oil discovery in KG basin have already been announced by the company and have been acknowledged by DGH (Director General of Hydrocarbons), the de-facto upstream regulator. Reserve assessment is currently in progress and we expect an announcement over the next 3-6 months.

Reserve announcement could be the trigger for stock performance

Stock prices tend to discount oil & gas reserves even before they are developed, unlike a normal asset like plant and machinery. In that respect oil & gas reserves are more comparable to inventory (in this case lying under the ground) than a fixed asset. Finalisation of reserves usually provides a good starting point for valuation of the reserves and forms a trigger for stock performance. The reserve size announcement is also a confirmation of the commerciality of the reserve, since some oil & gas discoveries may not be commercially exploitable.

Media reports indicate substantial reserves

Media and industry sources indicate in-place reserve size of between 7-14 TCF of gas and 1bn barrels of oil. We estimate the value of these reserves (as and when they are established) between Rs189-293/share.

We peg the value of gas reserves at Rs104-208/share, based on the DCF valuation framework used for the current 14TCF reserve under development, however with higher gas price realization. Realisation for the current 14TCF reserve in KG basin is limited by NTPC contract and Reliance Energy commitments at US$3/mmbtu, implying well-head realization of not more than US$2.3-2.4/mmbtu, adjusting for transportation tariff and marketing costs. However, the new gas reserves would be sold at free market prices.

We have assumed a well-head realization of US$4/mmbtu for the new reserve valuation, in line with the prevailing market price. The latest GAIL-PMT and ONGC-IPCL contracts have been finalized at US$4.75/mmbtu. Prevailing international prices are well over US$6/mmbtu, while continuing crude price strength could signal stronger domestic gas prices in the future. Domestic gas prices broke away from the APM benchmarks when LNG from Qatar landed in India and simultaneously JV gas selling price caps expired in FY05. The latest free priced domestic gas contracts have further improved, moving ahead of LNG, whose US$3.86/mmbtu price served as a benchmark last year. We expect domestic gas prices to increasingly align with global prices in the medium to long term.

We estimate value of reported 1bn barrels of oil reserve (as per media reports) at Rs85/share, based on US$6/bbl valuation and a recovery factor of 40%. This is in line with global valuation benchmark EV/boe adjusting for a development cost of US6/bbl.

Room for further positive surprises

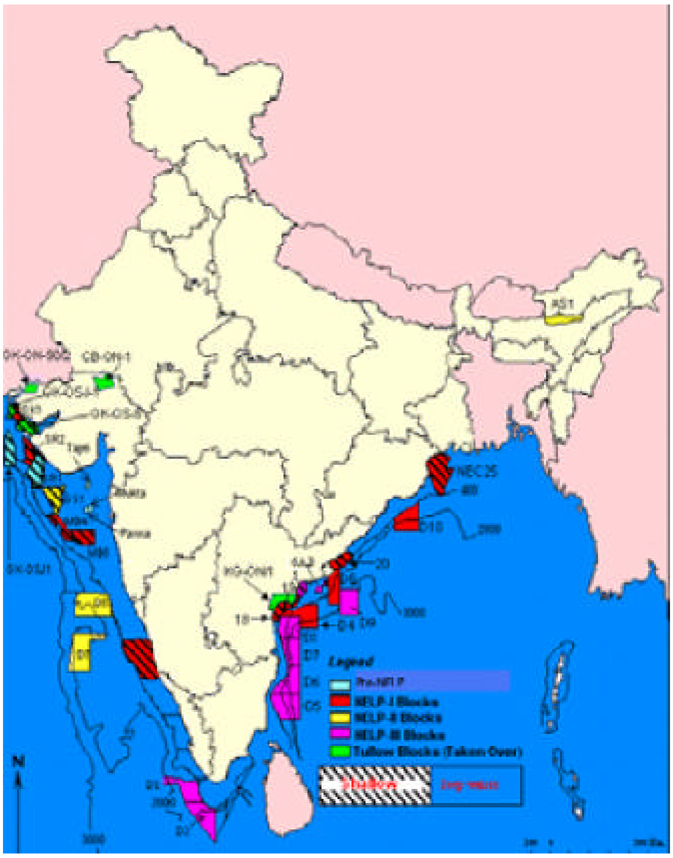
KG basin has emerged as a prolific hydrocarbon basin with very large gas finds over the last 4 years. The success rate in the basin is unmatched in the history of India. Apart from RIL's 14TCF gas find, GSPC and ONGC too reported large gas finds with preliminary reserve reports of 20TCF and 6 TCF respectively. Additional gas and new oil discoveries announced by RIL in the basin too add to the success story.

A closer look at the exploration activities of RIL in KG basin indicates that further upside potential exists (over and above the oil and gas discoveries already announced – viz 14TCF reserves under development and additional gas and new oil discoveries). Till a few months back RIL had spud 16 consecutive successful exploratory wells in the deepwater block KG-DWN-98/3 (NELP 1) dubbed as D6. Of the 16 only the first three, named Dhirubhai 1,2 & 3 have been declared commercial (14TCF of reserves) and have entered the first phase of development. The rest are still being assessed.

Even after this great run of success, the area covered in the exploration programme till now is just between 35 – 40%, leaving sufficient scope for possible positive surprises. It is also encouraging to note that RIL has surpassed its own exploratory commitments by drilling 16 wells in D6 as against the 4 wells committed as part of minimum work programme spanning the first two phases, which also stands testimony to the prolific reserves in the basin.

Also, media reports indicate that the preliminary test results of the recent development wells (part of development of the 14 TCF reserve under commercial development scheduled for production in 2008) indicate that the wells contain more hydrocarbons than previously estimated. This apparently has led to redesigning of production facilities during development. These reports could also indicate the possibility of upgradation of the original 14TCF reserves. Apart from a mere reserve upgradation, this could also lead to lower capex per unit of production as well as lower lifting costs, potentially enhancing the DCF value of the reserve.

RIL'S PORTFOLIO MAP COVERING KG BASIN AND MAHANADHI



Source: Company/Motilal Oswal Securities

RIL's recent oil discovery announcement spans two blocks. While a mix of oil and gas was reported in the latest wells in the D6 block, oil was also discovered in the adjacent NELP III block of KG-OSN- 2001/02. We believe exploration in the block is in its early stages. Apart from these two blocks RIL has 6 more blocks in the prolific KG basin (till a few months back and could be different since failure to carry out minimum work programme would lead to reverting of the field to the Government. Recent reports suggest that the minimum work programme is overdue in a few blocks in KG basin).

CBM and Mahanadhi Basin – next in line

Reliance has established 3.65TCF of reserves in the Sohagpur CBM blocks. This is in line with DGH's pre-exploration resource estimate of 3TCF. It has also entered into a contract with IFFCO for supply of 3MMSCMD (to be raised to 6MMSCMD) of CBM from this field.

RIL has three more CBM blocks – Sonhat, Barmer 1 & 2. DGH's pre-exploration resource estimate for the three blocks is over 9TCF. Going by DGH's estimates vs actuals in the case of Sohagpur blocks as well as ONGC and Great Eastern's CBM blocks, DGH's resource estimate with respect to CBMs appears to be a pretty good starting point.

Our valuation of 9TCF of CBM would be Rs131/share. This is based on a realisation of US$4/mmbtu and a 20% premium to normal natural gas reserve valuation. We believe, a 20% premium is justified since we believe that the capex as well as lifting cost per unit would be lower in the case of CBM compared to normal gas, while the terms of NELP too is likely to be more favourable compared to a normal gas field, given the relatively limited competition.

Exploration is in progress in all the three fields. Going by the timeline of Sohagpur blocks (3.65TCF reserves, part of our base case SOTP), wherein, reserve announcement took between 14-18 months after commencement of drilling of coreholes, we expect an announcement related to Sonhat CBM (expected reserve of ~1.2TCF) over the next 3-6 months, while Barmer blocks (~7.8TCF) could take between 18-24 months.

RIL's Mahanadhi basin block, NEC-25 has been certified to contain 2.35TCF (already part of our base case SOTP) for the drilled discoveries (6 wells) and 8.2TCF of total upside potential (potential upside to our base case SOTP). With the third extension to complete the committed work programme (Government has been providing extensions for blocks where the work programme was not completed due to some valid reason – in this case delay in regulatory clearances) setting a deadline of December 2006, we expect materialization of reserve upside (if any) in the next 8-10 months.

✍ E&P stake sale to Chevron – early value realization

RIL's MoU with Chevron also covers investment in E & P, apart from stake in RPL. We believe Chevron taking stake in RIL's E & P assets is a high probability event, given the interest shown by players like BP in taking stake in domestic E & P projects, especially as an alliance partner of large domestic players like ONGC and RIL. A stake sale would benefit investors, as it would lead to early realization of value, apart from providing a good valuation benchmark.

Retailing & SEZs – the next big drivers

RIL, backed by large cashflow (about Rs236b over the next two years) from core business, plans to enter organized retail sector and SEZ development, which are high growth businesses commanding far superior market valuations compared to its core commodity business. Given the large investment requirement, which would act as an entry barrier restricting potential competition, despite attractive returns.

The management does not provide any details on its retail plan. It maintains that the board has approved the initial phase of setting up of hypermarkets / supermarkets / convenience stores / specialty stores etc in select cities and towns covering all the geographical regions in the country at an estimated cost of US$750m.

However, media reports indicate that elaborate preparations and some high profile hiring have been completed, indicating a real aggressive foray, typical of Reliance. Media reports on the project are as follows:

1) An ambitious pan-India footprint covering over 800 cities/towns
2) Investment outlay of about Rs300b over the next five years, with nearly Rs80b in supply chain alone to back up the nationwide retail network and
3) A turnover target in 2010 of Rs900b

Retailing in India is estimated to be a Rs10,500b business growing at 5% pa. However, organized retailing as of now is just 3.4% with a turnover of Rs360b, but growing at over 30% pa. Reliance's 2010 target would form over 8.5% market share – aggressive, but not beyond reach, especially given the management's proven execution skills.

Retail business commands vastly superior market valuations compared to commodity business. The largest retail player in India, Pantaloon is currently valued at a P/E of between 22-25x Jun '08 estimates, while RIL's core business valuations are at about 9x FY08 estimates.

On the SEZ front, media reports indicate that Reliance plans to develop 4 SEZs:

- ✍ Investment in Jamnagar SEZ is already underway. Land acquisition is in progress.
- ✍ Haryana Government is reported to have cleared an SEZ to be developed by the Reliance group.
- ✍ Reports also suggest that a Navi Mumbai and Maha Mumbai SEZs are being pursued.

While specifics on the proposals and possible valuations are not available, prospects for SEZ development appear good. Global as well as domestic investors face a dilemma regarding investment in this country. While India cannot be ignored as an investment destination, given the pace of economic growth, lack of infrastructure is a critical bottleneck. SEZs are expected to offer world-class infrastructure, further sweetened by tax breaks making investment in SEZs attractive.

Proven execution capabilities reduce risk

The unrelated diversifications into retail and SEZ, along with the proposed large scale have raised a few questions among a section of investors. However, Reliance's success in the execution of the Reliance Infocom project stands testimony to Reliance's execution capabilities, even in totally un-related business areas. In the case of SEZs, which involves creation of world-class infrastructure, the project would not be entirely new to Reliance, given their world-class infrastructure at Jamnagar (port facilities, utilities, housing, schools, community centres and other infrastructure) to suppport its existing refinery. We believe, Reliance's proven execution capabilities provide comfort in the case of these new project initiatives.

Value unlocking could lead to early value realization

Though the new investment plans appear to be long gestation projects (at least 5 years), investors could realize value much earlier. We believe, value unlocking is likely once reasonable visibility of prospects and cashfow is established, which could happen well ahead of the 5 year timeframe. However, RIL may not be a 100% owner of these projects and we believe the possibility of a strategic partner exists, while investment participation by the Ambani family too cannot be ruled out, as seen in the case of Reliance Infocom.

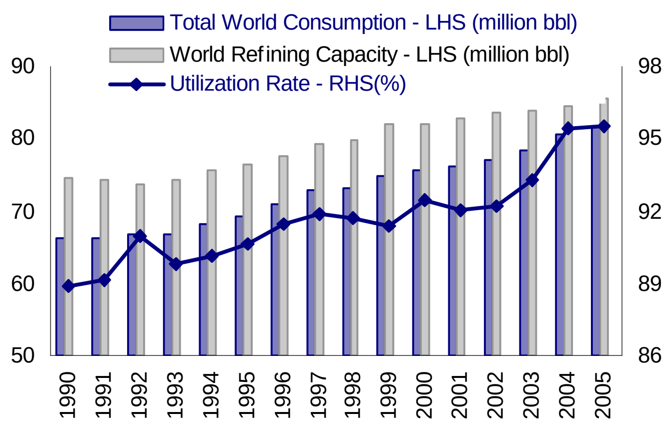
Core business fundamentals continue to remain robust

Both refining and petrochemical business fundamentals remain robust and are expected to remain strong atleast for the next 24 months. We believe, downside risk is limited, while positive surprises are likely. Earnings upgrades are likely if current refining margin strength continues for a couple of more months.

✍ Refining cycle upswing expected to last for 48-60 months

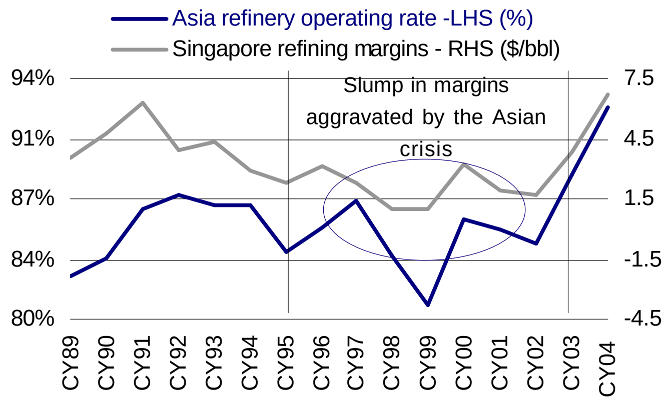
Refining fundamentals remain robust, with high operating rates globally keeping refining margins strong. Significant underinvestment in refining over the last decade (1994-2004), when capacity grew merely 1.1% p.a. versus demand growth of 1.7% p.a. (Source: BP Statistical Review 2005), is the driver of the current high refinery operating rates and consequent strength in refining margins.

HISTORIC CAPACITY AND DEMAND GROWTH (US$/BBL)



Source: RPL/ Motilal Oswal Securities

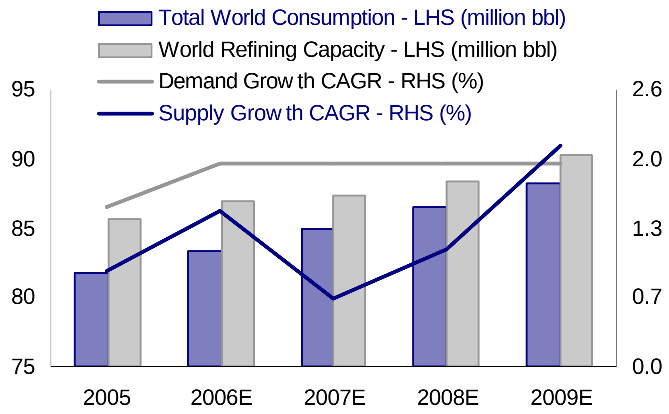
REFINERY MARGIN (US$/BBL): BOUNCING BACK AFTER PROLONGED WEAKNESS



Source: Motilal Oswal Securities

Given the average lead time for new projects range between 36-48 months, limited refinery construction activity reported and continued robust demand growth, we expect the current refining margin strength to continue over the next 48-60 months. Demand growth for the period 2006-2010 is expected to be robust at 1.9% p.a. (Source: Harts World Refining and Fuel Service, December 2005), while capacity addition is expected to lag at just about 1.3% p.a. for the period 2005-2009 (Source: RPL quoting PEL market services outlook for the world refining industry, January 2006). We also believe the risk to the global demand forecast is likely to be limited, given that it is Asia which would be driving global demand growth this time. Asian demand is expected to grow by a robust 2.8% p.a.

SUPPLY GROWTH EXPECTED TO LAG DEMAND GROWTH

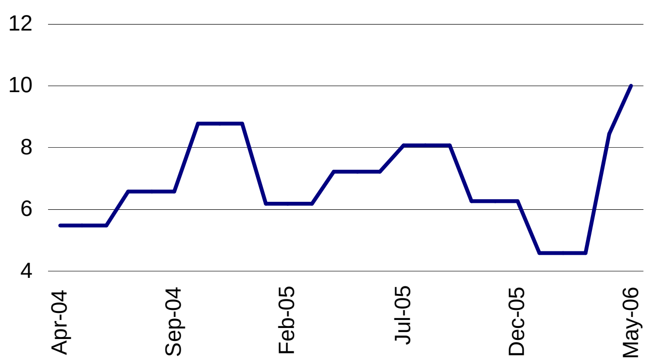


Source: RPL/ Motilal Oswal Securities

Sharp rise in April-May could drive possible upgrades

We believe the refining margin upswing over the last 2 months is driven by a combination of planned & unplanned shutdown in US along with seasonal demand. Average Singapore margin for FY07 till date is about US$9/bbl, well over our assumption of US$6.5/bbl. While the current strength in margins is unlikely to sustain for the full year, continued strength over next month could lead to strong 1QFY07 profits and consequently an upgrade in FY07 refining margin assumption and estimate.

SINGAPORE COMPLEX MARGIN (US$/BBL)



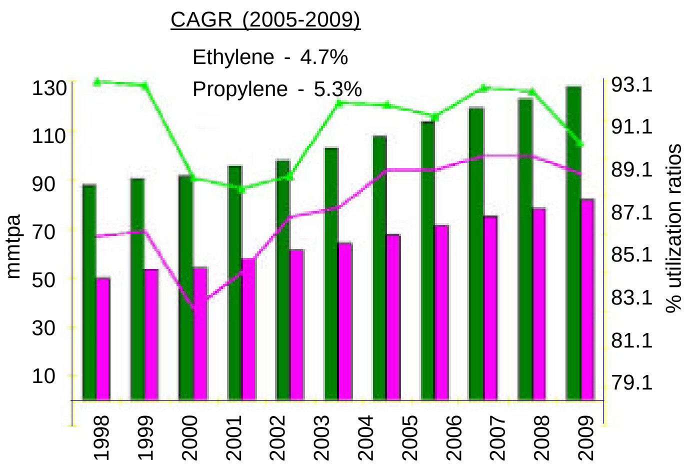
Source: RPL/ Motilal Oswal Securities

In the case of RIL, every US$1/bbl of refining margin improvement would translate into pre-tax profits of Rs10b and EPS of Rs4.9/share. While losses on retail fuel sales is likely to set off part of the gains from refining margins, RIL's 1QFY07 profits are likely to show a strong growth YoY.

Petrochemical cycle in a "golden period"

We believe that the petrochemical (ethylene and propylene) sector is currently riding its "golden period". The sector has been in an upcycle for 12-18 months, which is expected to last another 24 months. This is unprecedented. Given the fair amount of certainty on the limited new capacity additions in the pipeline over the next 36 months and the strong demand growth, we do not see a serious threat to this scenario. The postponement of significant capacity additions (about 3m tons) in the Middle-East originally scheduled for 2HCY06, by 6 – 12 months, has further reduced possible threat. While the debate on whether peak margins are behind us or not continues, there appears to be a consensus on continuation of strong margins over the next 24 months.

GLOBAL DEMAND AND SUPPLY OF ETHYLENE AND PROPYLENE

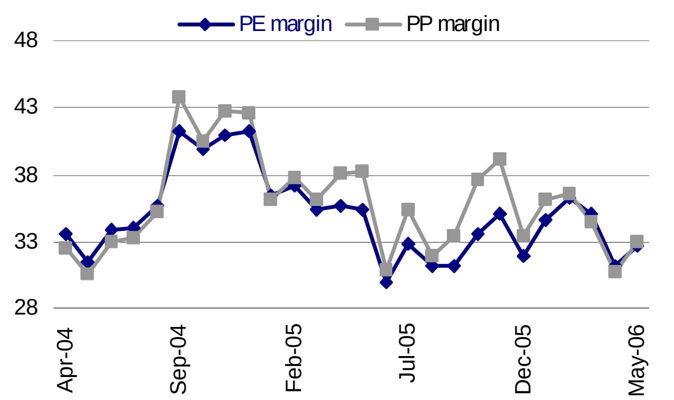


Source: CMAI

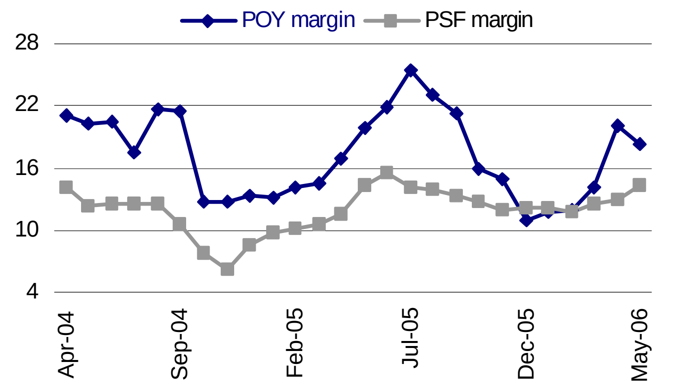
However, the outlook for the polyester chain is not encouraging. Large polyester capacity addition in China over the last three years and continuing polyester and intermediate capacity addition is leading to oversupply. The supply overhang is likely to keep operating rate to levels well below 70% over the next 3 years. While polyester (standalone) margin could increase from current low levels, we expect margin pressure to continue during this period. Industry experts indicate that global capacity addition in polyester between 2005 – 2007 is about 18m tons, while demand growth during that period is just about 10m tons.

Large capacity addition in PTA and PX are also scheduled over the next 2 years, which we believe would result in contraction of polyester chain margins including MEG.

PE & PP MARGINS OVER NAPHTHA (RS/KG)

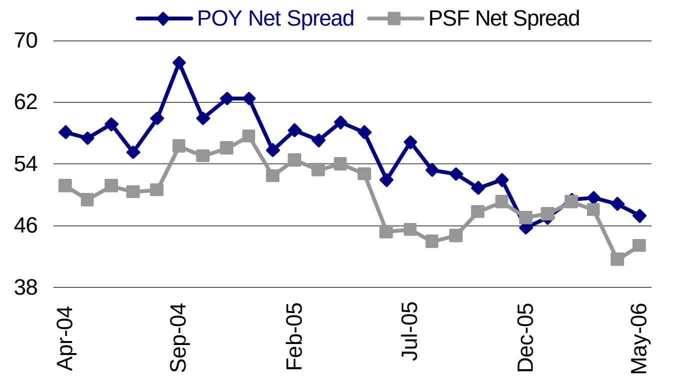


POY & PSF MARGINS OVER PTA/MEG (RS/KG)



Source: Reliance/ Motilal Oswal Securities

NTEGRATED MARGINS (RS/KG)



Source: Reliance/ Motilal Oswal Securities

Petrochemical volume growth provides a cushion

Significant capacity expansions are currently under implementation driving petrochemical volume growth, which would cushion the cycle downturn as and when it happens. RIL has commissioned 100 ktpa of polyester capacity. The remaining 440 ktpa of polyester and 280 ktpa of PP capacity is expected to be commissioned in the current quarter, while PX and PTA capacities of 310ktpa and 532ktpa respectively are expected to be commissioned next quarter.

Valuation and view

We reiterate our Buy recommendation. Our basic SOTP value is Rs934/share and we estimate upside potential of Rs424/share over the next 12-24 months from the E&P business. Core business fundamentals could only improve from current levels, in our opinion. Investments in new businesses – retailing and SEZ development – would be the next growth drivers. The stock trades at a P/E of 14.4x FY08E and EV/EBITDA of 8.8x FY08E.

INCOME STATEMENT (RS MILLION)

Y/E MARCH	2004	2005	2006E	2007E	2008E
Net Sales	**518,020**	**660,513**	**812,110**	**862,764**	**890,056**
Change (%)	*12.9*	*27.5*	*23.0*	*6.2*	*3.2*
Finished Gds Purchase	22,183	23,566	23,566	23,566	23,566
Raw Materials Cons	347,210	435,753	525,707	552,222	576,971
Sales and distribution exp	22,622	18,250	19,089	21,377	22,384
Employee Costs	6,660	8,464	9,780	10,501	11,236
Other Expenditure	13,455	41,130	90,970	84,233	88,707
Change in Stocks	6,050	5,244	0	0	0
EBITDA	**99,840**	**128,107**	**143,000**	**170,867**	**167,194**
% of Net Sales	*19.3*	*19.4*	*17.6*	*19.8*	*18.8*
Depreciation	32,470	37,230	34,010	39,524	40,525
Interest	14,350	14,687	8,780	14,867	11,989
Other Income	11,380	14,498	6,830	7,807	8,812
PBT	**63,010**	**90,689**	**107,040**	**124,284**	**123,493**
Tax	11,410	14,970	16,350	24,857	30,873
Rate (%)	*18.1*	*16.5*	*15.3*	*20.0*	*25.0*
PAT	51,600	75,719	90,690	99,427	92,619
Adjusted PAT	**52,990**	**75,719**	**90,690**	**99,427**	**92,619**
Change (%)	*29.1*	*42.9*	*19.8*	*9.6*	*-6.8*

BALANCE SHEET (RS MILLION)

Y/E MARCH	2004	2005	2006E	2007E	2008E
Share Capital	13,960	13,931	13,930	13,930	13,930
Reserves	328,020	388,204	266,577	350,328	427,270
Net Worth	**341,979**	**402,135**	**280,507**	**364,258**	**441,200**
Total Loans	209,447	187,846	289,549	245,875	233,479
Deferred Tax	34,748	42,668	49,708	65,244	83,768
Capital Employed	**586,175**	**632,650**	**619,766**	**675,378**	**758,448**
Gross Fixed Assets	507,694	523,959	610,037	678,855	705,133
Less: Depreciation	192,347	223,327	257,337	296,861	337,386
Net Fixed Assets	**315,347**	**300,632**	**352,700**	**381,994**	**367,747**
Capital WIP	33,568	48,293	66,208	89,043	127,793
Investments	126,312	131,359	83,225	83,225	83,225
Curr. Assets, L & Adv.					
Inventory	72,312	74,129	108,664	114,006	118,888
Debtors	31,899	39,278	51,277	52,561	54,274
Cash & Bank Balance	86,864	152,281	38,964	41,261	97,858
Loans&Adv.&Other Assets	49,424	57,993	58,735	59,493	60,265
Current Liab. & Prov.					
Liabilities	102,845	132,840	116,401	122,405	127,592
Provisions	26,708	38,476	23,608	23,800	24,011
Net Current Assets	**110,948**	**152,366**	**117,632**	**121,116**	**179,683**
Application of Funds	**586,175**	**632,650**	**619,766**	**675,378**	**758,448**

*E: MOSt Estimates *FY06E post demerger*

RATIOS

Y/E MARCH	2004	2005	2006E	2007E	2008E
Basic (Rs)					
EPS	37.0	54.3	65.1	71.4	66.5
Cash EPS	60.2	81.1	89.5	99.7	95.5
Book Value	244.9	288.6	201.3	261.4	316.6
DPS	5.3	7.5	10.0	10.0	10.0
Payout (incl. Div. Tax.)	14.2	13.8	15.4	14.0	15.0
Valuation (x)					
P/E		17.6	14.7	13.4	14.4
Cash P/E		11.8	10.7	9.6	10.0
EV / EBITDA		10.7	11.1	9.0	8.8
EV / Sales		2.3	2.0	1.8	1.8
Price / Book Value		3.3	4.7	3.7	3.0
Dividend Yield (%)		0.8	1.0	1.0	1.0
Profitability Ratios (%)					
RoE	16.1	20.4	26.6	30.8	23.0
RoCE	13.9	20.1	22.5	23.9	22.1
Turnover Ratios					
Debtors (No. of Days)	22	20	20	22	22
Fixed Asset Turnover (x)	1.5	1.9	2.1	1.9	1.8
Leverage Ratio					
Net Debt / Equity (x)	0.4	0.1	0.9	0.6	0.3

RELIANCE VALUATION : SUM OF PARTS

CORE-BUSINESSES	RS/SHARE
Petrochem and Refining	662
E & P	199
KG basin gas reserve value (DCF based) (90% stake)	91
Panna Muktha & Tapti (30% stake)	29
Mahanadi basin (2.35TCF-100% stake)	26
CBM (3.65TCF-100% stake)	53
IPCL	16
Reliance infocom debt	13
RPL	155
Total	**1,045**
Net debt	**-111**
RIL : post demerger	**934**
Potential upside from new discoveries	**424**

Source: Company/Motilal Oswal Securities

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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

MOSt is not engaged in providing investment-banking services.