



Reliance Industries

STOCK INFO.	BLOOMBERG
BSE Sensex: 8,701	RIL IN
S&P CNX: 2,584	REUTERS CODE
	RELI.BO

24 October 2008

Buy

Previous Recommendation: Buy

Rs1,016

Equity Shares (m)	1,453.4
52-Week Range	3,252/991
1,6,12 Rel. Perf. (%)	-6/1/5
M.Cap. (Rs b)	1,475.9
M.Cap. (US\$ b)	29.5

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS B)	(RS B)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
03/07A	1,117	119	82.2	31.7	12.4	2.3	22.4	18.7	1.6	8.7
03/08A	1,334	153	105.0	27.7	9.7	1.8	21.5	17.5	1.3	7.7
03/09E	1,656	170	107.9	2.7	9.4	1.5	18.0	15.6	1.1	6.8
03/10E	2,435	301	190.4	76.6	5.3	1.2	23.6	20.7	0.7	3.7

FY10E includes RPL financials

- Result in line with expectation: Reliance Industries reported 2QFY09 PAT of Rs41.2b (our est. Rs41.9b); up 7.4% YoY and flat QoQ. Reported EBITDA at Rs64.7b (our est. of Rs62.5b) is up 12% YoY and 5.8% QoQ.
- GRM marginally above estimate: Reported GRM at US\$13.4/bbl (our est. US\$13/bbl). This indicates a premium of US\$7.6/bbl (US\$7.2/bbl in 2QFY08 and US\$7.6/bbl in 1QFY09) over Benchmark Singapore margins.
- Lower naphtha cost improves petchem margins: Petchem EBIT margin stood at 12.2% v/s 10.6% in 1QFY09 helped by higher decline in naphtha price v/s product prices.
- Oil & Gas production to be ramped up in 6-8 quarters: RIL began oil production in September 2008 and currently is pumping at the rate of 10kbd. Gas production is expected to begin in 4QFY09 and will be ramped up in 6-8 quarters.
- Cutting estimates and target price; maintain Buy: We have reduced our FY09 EPS estimate by 3.5% to Rs108 to account for increased interest cost and lower price for its oil sales and FY10 EPS estimate by 8% to Rs190. We have also reduced our SOTP based target to Rs1,734 to factor in 1) lower multiple assigned to RIL's core business, due to subdued business outlook 2) cut in share of profit from RPL (reduced GRM assumptions), and 3) revised retail business value (increased risks). We remain positive on the company primarily due to large potential upsides from E&P. The stock currently trades at 9.4x FY09E and 5.3x FY10E EPS. **Buy.**

QUARTERLY PERFORMANCE

(RS MILLION)

Y/E MARCH	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	295,240	320,430	345,900	372,860	415,790	447,870	390,784	401,776	1,334,430	1,656,221
Change (%)	13.6	6.6	22.7	35.8	40.8	39.8	13.0	7.8	19.5	24.1
Raw Material Consumed	208,880	233,540	258,380	280,980	315,100	345,320	295,497	301,851	981,780	1,257,768
Staff Cost	4,960	4,710	5,770	5,760	6,510	5,880	6,174	6,616	21,200	25,180
Other Expenses	24,670	24,370	23,420	25,930	32,970	31,930	23,260	26,647	98,390	114,807
EBITDA	56,730	57,810	58,330	60,190	61,210	64,740	65,854	66,662	233,060	258,466
% of Net Sales	19.2	18.0	16.9	16.1	14.7	14.5	16.9	16.6	17.5	15.6
Change (%)	22.4	14.2	12.6	16.4	7.9	12.0	12.9	10.8	16.3	10.9
Depreciation	11,250	11,290	12,130	13,800	11,510	12,640	13,200	14,400	48,470	51,750
Interest	2,950	2,570	2,530	2,720	2,940	4,370	4,392	3,898	10,770	15,600
Other Income	1,970	1,680	2,410	2,890	2,260	1,510	2,008	3,538	8,950	9,317
PBT	44,500	45,630	46,080	46,550	49,020	49,240	50,270	51,902	182,770	200,433
Tax	8,200	7,260	7,260	7,430	7,920	8,020	8,445	8,308	30,150	32,693
Rate (%)	18.4	15.9	15.8	16.0	16.2	16.3	16.8	16.0	16.5	16.3
Adjusted PAT	36,300	38,370	38,820	39,120	41,100	41,220	41,825	43,595	152,620	167,740
Change (%)	34.1	27.9	26.0	24.0	13.2	7.4	7.7	11.4	27.8	9.9
Reported PAT	36,300	38,370	80,790	39,120	41,100	41,220	41,825	43,595	194,580	167,740

E: Motilal Oswal Estimates

Results in line with expectation

Reliance reported 2QFY09 PAT of Rs41.2b (our est. Rs41.9b); up 7.4% YoY from Rs38.4b in 2QFY08 and flat QoQ. Reported EBITDA at Rs64.7b (our est. of Rs62.5b) is up 12% YoY from Rs57.8b and 5.8% QoQ from Rs61.2b.

Share of oil and gas business in EBIT increase to 12% (Rs6.5b) v/s 10% in 1QFY09 and 8% in 2QFY08. This primarily includes sale of oil and gas from PMT fields.

Rupee depreciation v/s US\$ (7% YoY and 4% QoQ) has also helped RIL in the quarter.

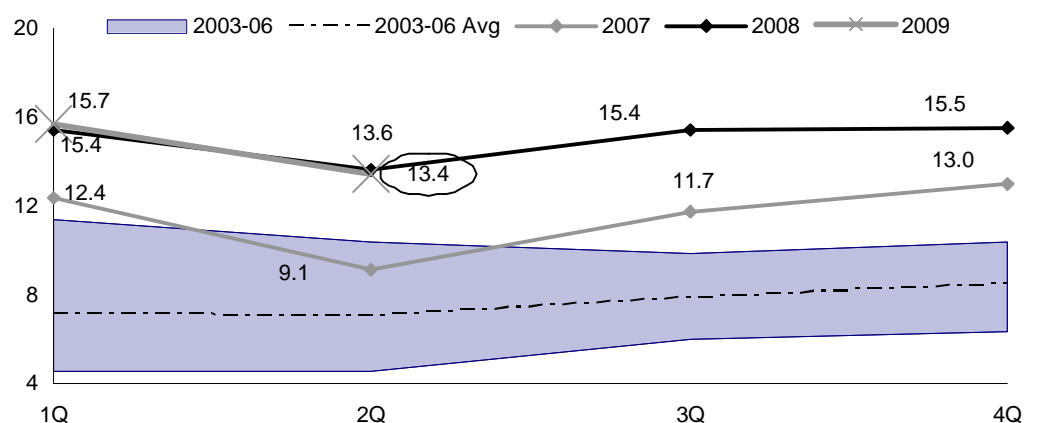
Other expenditure of Rs31.9b (up 31% YoY and down 3% QoQ) includes exchange fluctuation loss of Rs1.8b against gain of Rs2.7b in 2QFY08 and loss of Rs2.8b in 1QFY09.

Interest cost increased in the quarter to Rs4.4b v/s Rs2.9b in 1QFY09 led by increase in loans. Gross debt stood at Rs384b (v/s Rs365b in 4QFY08).

GRM marginally above estimate

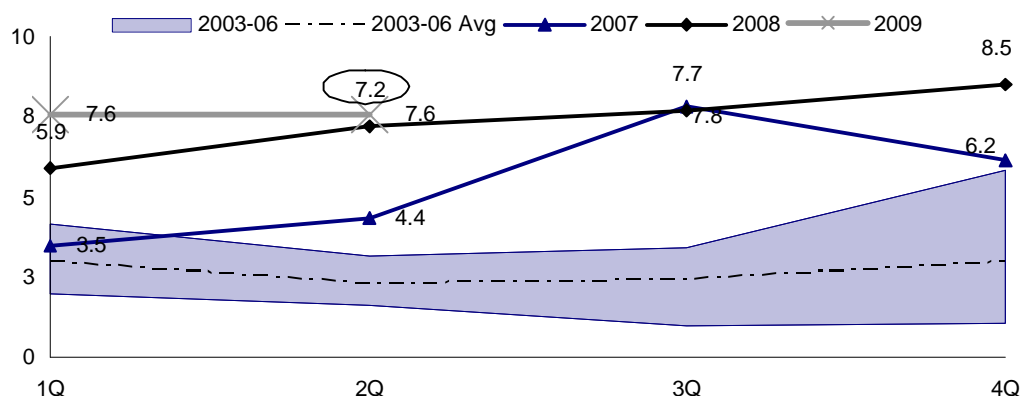
Reported GRM at US\$13.4/bbl (our est., US\$13/bbl). This indicates a premium of US\$7.6/bbl (US\$7.2/bbl in 2QFY08 and US\$7.6/bbl in 1QFY09) over benchmark Singapore margins. RIL had reported a premium of US\$7.2/bbl in 2QFY08 and US\$7.6/bbl in 1QFY09. It has booked inventory gain of Rs1.5b (~US\$0.5/bbl) during the quarter despite fall in crude and product prices.

RIL GRM AT US\$13.4/BBL



Source: Company/Motilal Oswal Securities

SUSTAINED PREMIUMS OVER BENCHMARK SINGAPORE



Source: Company/Motilal Oswal Securities

Refining EBIT at Rs27.7b was up 19.5% YoY from Rs23.2b in 2QFY08 and down 9% QoQ from Rs30.4b in 1QFY09. Throughput at 8.2mmt was up 1.4% YoY and 0.9% QoQ. RIL refinery capacity utilization was ~99% against 82-86% worldwide average.

REFINING MARGINS MARGINALLY HIGHER THAN EXPECTED AT US\$13.4/BBL

REFINING SEGMENT (RSB)	1QFY08	2QFY08	3QFY08	4QFY08	FY08	1QFY09	2QFY09	YOY (%)	QOQ (%)
Refinery Throughput (mmt)	8.0	8.1	7.6	8.1	31.8	8.1	8.2	1.4	0.9
Revenues	223.3	235.8	261.5	286.9	1,007.4	325.9	363.9	54.4	11.7
EBIT	25.6	23.2	26.1	28.4	103.3	30.4	27.7	19.5	-8.8
EBIT Margins (%)	11.5	9.8	10.0	9.9	10.3	9.3	7.6		
Refining Margins (US\$/bbl)									
RIL GRM	15.4	13.6	15.4	15.5	15.0	15.7	13.4	-1.5	-14.6
Singapore GRM	9.5	6.4	7.7	7.0	7.6	8.1	5.8	-9.1	-28.4
Premium over Singapore	5.9	7.2	7.7	8.5	7.3	7.6	7.6	5.3	0.0

Source: Company/Motilal Oswal Securities

Gasoline cracks led by demand slowdown have declined (~US\$4.6/bbl in 2QFY09 v/s US\$11.7/bbl in last 3 years); however diesel cracks continue to remain higher than its historical averages (~US\$25.6/bbl in 2QFY09 v/s US\$19/bbl in last 3 years).

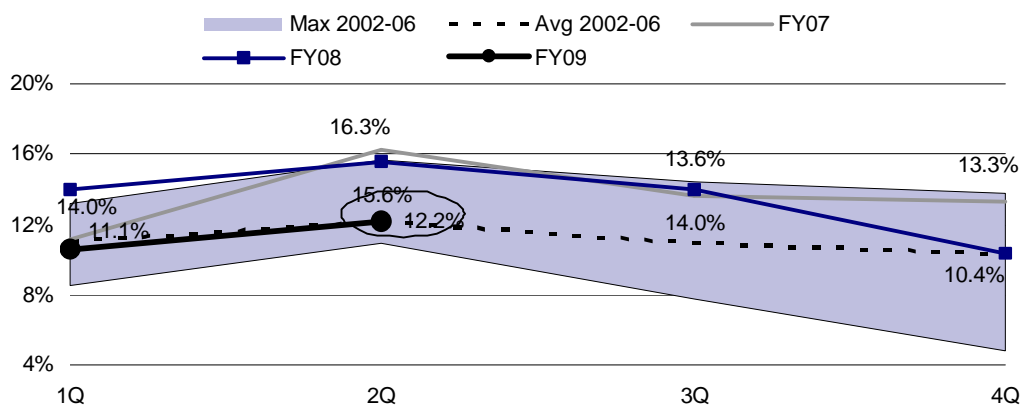
We expect refining margins for complex refiners like Reliance to sustain over the medium term; however, in the short term, we expect some moderation, as new capacity of ~1.2-1.5mmbbl/d (including RPL) comes on line.

Likely to restart its domestic fuel retailing: Management indicated that, with the significant fall in crude prices, it is considering restarting its domestic fuel retailing business. It will take a decision on this after a sustainable trend visibility in crude prices.

Lower naphtha cost improves petchem margins QoQ

Petchem EBIT margin improved significantly QoQ helped by higher decline in naphtha price versus product prices. Petchem EBIT margin stood at 12.2% v/s 10.6% in 1QFY09.

PETCHEM MARGINS IMPROVE QOQ



Source: Company/Motilal Oswal Securities

EBIT at Rs18.9b was down 6% YoY and up 20% QoQ. Petchem production was marginally up YoY and flat QoQ.

Polymer segment margins were better versus the polyester segment. Spreads in key polymers continue to remain higher versus the last 5-year averages. PP over naphtha at US\$192/mt (v/s 5-year average of US\$132/mt); PE over naphtha at US\$712/mt (v/s 5-year average of US\$622/mt) and PVC over EDC at US\$192/mt (v/s 5-year average of US\$492/mt).

IMPROVED PETCHEM MARGINS

PETCHEM SEGMENT (RSB)	1Q	2Q	3Q	4Q	FY08	1Q	2Q	YOY	QOQ
	FY08	FY08	FY08	FY08		FY09	FY09	(%)	(%)
Petchem Production (mmt)	4.8	5.0	4.8	5.1	19.6	5.0	5.0	0.9	0.0
Revenues	132.1	129.6	127.1	141.2	530.0	148.7	155.5	20.0	4.6
EBIT	18.5	20.3	17.8	14.7	71.1	15.8	19.0	-6.3	20.1
EBIT Margins (%)	14.0	15.6	14.0	10.4	13.4	10.6	12.2		

Source: Company/Motilal Oswal Securities

High product prices have resulted in a demand growth slowdown in polymers (PP, PVC), and falling crude prices resulted in the destocking in RIL's downstream customers. Industry demand was lower in the quarter in view of falling oil prices and downstream operators delaying their purchases in anticipation of further price declines. However, management indicated that its efficient supply chain management has ensured adequate offtake of the products.

E&P

Oil production to be ramped up in 6-8 quarters: RIL has begun oil production from its KG-D6 block from September 2008. Currently it is producing oil at the rate of 10kbd. (production to date, 375kbd). The first crude parcel is expected to be sold in November.

RIL's management indicated that the price of oil from KG-D6 will be linked to Bonny Light and will be at some discount to the price of Bonny Light, however the discount factor is under negotiation with the prospective customers.

Gas production to begin in 4QFY09: KG-D6 development project is on track and management continues with its guidance of production commencement in 2HFY09. The production ramp-up of oil and gas to the plateau rate will be done in 6-8 quarters. Other key highlights in the KG-D6 development project include:

- ✍ 3 rigs deployed for well completion
- ✍ Pipeline to be ready by November 2008: East-West gas pipeline is complete and has also completed a majority of the testing. Pipeline will be ready well before the gas production

Other updates

Reliance Petroleum - 97% overall completion: RPL's refinery has achieved an overall completion up to 97%, with the share of construction nearly complete and mechanical completion for start-up of the refinery is ongoing. It has commissioned the critical and support infrastructure like power, utilities, storage and logistics facilities.

Retail: RIL increased its retail store count to 816 stores (v/s 735 in 1QFY09). It added Reliance Living Homeware and Reliance Home Kitchens formats in the quarter and also announced a JV with lifestyle brand, Diesel. It has also launched a franchise arrangement with toymaker company, Hamleys.

Cutting EPS estimates for RPL on lower GRM assumptions

We have reduced our EPS estimates for FY10 by 8% to Rs17.1 and for FY11 by 21% to Rs16.5 respectively. The cut in estimates is primarily due to change in the assumption of GRM to US\$13.8/bbl in FY10 and to US\$12.5/bbl in FY11 (previously 15.5/bbl for both years). We have lowered our GRM assumption for RPL due to weak outlook on gasoline crack margins led by likely demand slowdown. RPL's product slate has ~31% gasoline production making it more vulnerable to reduced gasoline cracks. We value RPL on a DCF basis to arrive at a revised price target of Rs115/share (previous Rs158/share).

CUTTING RPL ESTIMATES (RSB)

	2010E			2011E		
	REVISED	PREVIOUS	CHG (%)	REVISED	PREVIOUS	CHG (%)
Net Profit	77	83	-8	74	93	-21
EPS (Rs)	17.1	18.5	-8	16.5	20.7	-21

Source: Motilal Oswal Securities

Cutting estimates for RIL; SOTP-based target is Rs1,734; maintain Buy

We have reduced our FY09 EPS estimates by 3.5% to Rs108 to account for increased interest cost and lower price for its oil sales (we now assume US\$80/bbl for 2HFY09). We have also reduced our FY10 EPS estimates by 8% to Rs190/share to account for: (1) cut in gas production volumes from KG-D6 to average 48mmscmd in FY10 (previously, 57.5mmscmd), as we expect slower-than-assumed ramp-up in gas production volumes ; (2) cut in share of profit from RPL due to reduced GRM assumptions.

CUTTING ESTIMATES FOR RIL

	2009E			2010E		
	REVISED	PREVIOUS	CHG (%)	REVISED	PREVIOUS	CHG (%)
Net Profit (Rs b)	170	176	-4	301	329	-8
EPS (Rs)	107.9	111.8	-4	190.4	208.0	-8

Source: Motilal Oswal Securities

Our FY09 estimates do not build in earnings from KG-D6 gas as well as RPL. Though both these projects are likely to be commissioned in 2HFY09; we assume that commercial production would commence from April 2009 to take maximum advantage of the tax benefits (7-year holiday for KG-D6 and SEZ tax benefits for RPL). However, if commercial production does commence in FY09 itself, we would need to revise our estimates for FY09. Our FY10 estimates include consolidation for Reliance Petroleum.

We have reduced our based case SOTP price target to Rs1,734/share (previously, Rs2,230/share) to factor in the following:

1. lower EV/EBITDA multiple at 4.5x FY10E (previously, 5.5x FY09E) to RIL's refining and petchem (core) business due to subdued outlook on refining and petchem business.
2. no hike in gas price for KG-D6 assumed.
3. valuing RPL at 20% discount to reduced target price of Rs115/share (previously Rs158)
4. revising retail business value to Rs85/share primarily due to: (1) slower ramp-up in store openings v/s expectation, (2) stabilizing various formats of retail before ramp-up, (3) higher-than-expected lease rentals/employee costs and other expenses, (4) rising competition, and (5) fear of slowdown. To factor in these concerns we are increasing our WACC to 14.1% and moderating growth rates. To factor in moderated growth rates we arrive at a revised DCF based value of Rs85/share (previous Rs182/share). WACC increased to 14% to account for higher interest rate scenario.

We continue to remain positive on the company primarily due to large potential upsides from E&P. We have a potential upside of Rs496/share for RIL's E&P business. Including this, the SOTP value works out to Rs2,230/share. The stock currently trades at 9.4x FY09E and 5.3x FY10E EPS. **Buy.**

RELiance: SUM OF PARTS VALUATION

BUSINESS	US\$ B	RS B	RS/SH	COMMENTS
Core business:	21.8	915	665	
Petrochem and refining	19.2	805	585	Core business EV @4.5x FY10E EBITDA
Others	2.6	110	80	EV @4.5x FY10E EBITDA (includes PMT)
New E&P Initiatives	24.9	1,045	760	
KG - D6 Gas (KG Basin)	17.4	733	533	DCF based; Assumed plateau of 120 MMSCMD; 26 TCF total recovery
KG - D6 MA1 Oil (KG Basin)	3.1	132	96	DCF based; Assumed recovery of 196 mmbbls over 10 years; 5% premium to Brent (Long term - \$70/bbl)
NEC - 25 (Mahanadi basin)	1.7	72	53	DCF based; 90% stake; reserves of 3.7 TCF, production to commence in 2012
Sohagpur East & West (CBM blocks)	0.9	40	29	DCF based; 100% stake; OGIP of 3.65 TCF, assumed 50% recovery, production to commence in FY11
KG - III - 6 oil (KG Basin)	0.8	34	24	Reserve size yet to be assessed. Value based on market news on reserves at 1b bbls, @US\$2/bbl
Block - 9 (Yemen)	0.8	35	25	Currently producing. 2P reserves of 332 mmbbls valued, assumed 50% recovery valued at @US\$20/bbl; RILstake 25%
Investments	7.5	314	256	
RPL	6.9	291	212	At 20% discount to our our target price
Investments in RGTIL	0.5	20	15	Investments of Rs20b as on Mar-2008
Investments in RIIL	0.1	3	2	45% stake
Investment in SEZ	0.9	38	28	Rs38b invested till Mar-2008 in Haryana & Jamnagar SEZ
Reliance Retail	2.8	117	85	100% subsidiary of RIL
Net Debt	1.1	44	32	
Total Base Value	58	2,435	1,734	Based on Fully diluted equity cap of 1375m (excl 198m treasury shares)
Potential Upside	16	682	496	
E&P				
KG-D6 Gas - additional prospects	6.7	282	205	DCF based, indicated 50TCF potential in NFD.Potential upside recovery of 11TCF assuming 75% recovery.
KG-D6 oil - additional prospects	2.6	108	78	DCF based, identified prospect of 1.6b bbls, Base case has only 12.2% recovery. Assumed additional 7.8% recovery (124mmbbls)
Sonhat, Barmer 1and 2 (CBM Blocks)	1.3	56	41	Based on 8TCF reserve size - data from DGH projections on potential resources & RIL OGIP of 1.5TCF for Sonhat (@US\$1/BOE or US\$0.17/MCF)
NEC - 25 (Mahanadi basin)	0.3	11	8	Upside potential of 1.5TCF (2P) (@US\$1/BOE or US\$ 0.17/MCF)
KG-DWN-2001/1 (D9)	4.8	200	146	Prospective resources of 5.6bboe as per Hardy; RIL stake 90%, Valued at US\$1/boe
KG-DWN-2003/1 (D3)	0.6	26	19	Prospective resources of 695mboe as per Hardy; RIL stake 90%, Valued at \$1/boe
MN-DWN-2003/1 (D4 Block)	0	0	0	As per Niko (15%) partner, this block has similar geological system as KG-D6 & could be potentially larger than KG-D6/NEC-25; We currently do not ascribe any value as exploratory drilling yet to commence
CY-DWN-2001/2 (Cauvery Basin)	0	0	0	Most recent discovery in Cauvery deep water; Potentially a large find based on large gas and oil flow rate from test well; Further exploratory drilling continuing; We do not ascribe any value as reserve/resource estimate yet to be announced
KG-OSN-2001/1 (KG Basin)	0	0	0	Gas discovery in Sep 2006; Commerciality under evaluation; we do not ascribe any value
GS-OSN-2000/1 (Gujarat Saurashtra)	0	0	0	Gas discovery in May 2007; RIL's first discovery in large potential carbonate reservoirs; Commerciality under review
SEZ	0	0	0	We await more clarity on RIL's SEZ plans
Total incl upside potential (excl Retail & SEZ)	74	3,117	2,230	Based on Fully diluted equity cap of 1,375m (excl 198m treasury shares)

Source: Motilal Oswal Securities

Reliance Industries: an investment profile

Company description

Reliance Industries (RIL), a Fortune Global 500 company, is India's largest private sector entity, with turnover of US\$35b and net profit of US\$3.8b in FY08. It has reported historically high CAGRs of over 25% in topline and bottomline through backward integration in energy chain and is now moving into high growth areas like retail and SEZ.

Key investment arguments

- ✍ **E&P - the new growth engine:** Exploration and Production (E&P) is the next frontier in RIL's successful strategy of backward integration in its core businesses. RIL is the largest exploration acreage holder in the private sector in India. It had its world-scale gas find in 2002, has since then 44 discoveries in KG-D6 as well as several other blocks. We believe as its KG-D6 gas comes on line in FY09, E&P will soon become the key growth driver.
- ✍ **Refining - high complexity to help RIL:** We expect refining margins for complex refiners such as Reliance to sustain over the medium term, however, in the short term; we expect some moderation, as new capacity of ~1.2-1.5mmbbl/d (including RPL) comes on line.
- ✍ **Petrochemicals – naphtha corrected but operating rates also reduced:** Though the petchem industry got a respite with declining naphtha prices, slowdown in

the global economy has led to demand slowdown in the sector. We believe operating rates across the petchem sector would remain low in the medium term.

- ✍ **Retailing - potential value driver:** We believe organized retailing in India offers a huge growth opportunity and RIL would be able to make the most of this opportunity. Its deep pockets would help sustain a relatively long gestation involved in building a pan-India retailing giant. It has established 816 stores till Sep-08.

Key investment risks

- ✍ Short-term concerns remain on possible delays in KG-D6 gas production.

Recent developments

- ✍ Commenced oil production from its KG-D6 block in September 2008.
- ✍ RPL refinery achieved 97% overall progress to 2QFY09.

Valuation and view

- ✍ The stock currently trades at 9.4x FY09E and 5.3x FY10E EPS. Our FY10 numbers include consolidation for RPL.
- ✍ Our SOTP-based price target is Rs1,734.
- ✍ We believe the company's E&P business and new initiatives – retailing and SEZs – could provide upsides.

TARGET PRICE AND RECOMMENDATION

CURRENT PRICE (RS)	TARGET PRICE (RS)	UPSIDE (%)	RECO.
1,016	1,734	70.6	Buy

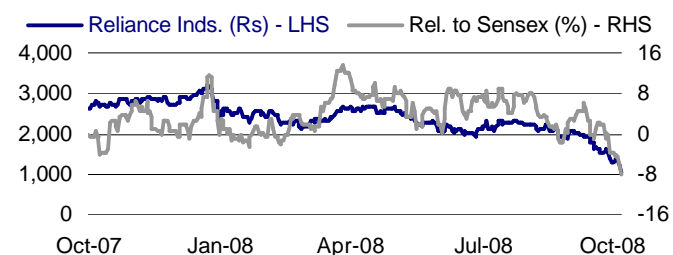
SHAREHOLDING PATTERN (%)

	SEP-08	JUN-08	SEP-07
Promoter	45.0	51.6	51.3
Domestic Inst	9.1	8.9	7.3
Foreign	28.4	21.8	24.9
Others	17.6	17.7	16.5

EPS: MOST FORECAST VS CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VARIATION (%)
FY09	107.9	113.1	-4.6
FY10	190.4	180.3	5.6

STOCK PERFORMANCE (1 YEAR)



INCOME STATEMENT						RATIOS					
(Rs Billion)						(Rs Billion)					
Y/E MARCH	2006	2007	2008	2009E	2010E*	Y/E MARCH	2006	2007	2008	2009E	2010E
Net Sales	812	1,117	1,334	1,656	2,435	Basic (Rs)					
Change (%)	23.0	37.5	19.5	24.1	47.0	EPS (Adj)	65.08	82.2	105.0	107.9	190.4
Raw Materials Cons & Purchase	583	787	963	1,270	1,784	Cash EPS	89.5	115.3	138.3	140.7	242.0
Sales and distribution exp	47	37	32	54	55	Book Value	357.4	440.1	560.4	690.9	926.3
Employee Costs	10	21	21	25	26	DPS	10.0	11.0	13.0	16.0	20.0
Other Expenditure	50	79	66	89	124	Payout (incl. Div. Tax.)	17.5	13.0	9.8	17.4	15.0
Change in Stocks	-21	-7	19	-42	0	Valuation (x)					
EBITDA	143	200	233	260	445	P/E	19.5	12.4	9.7	9.4	5.3
% of Net Sales	17.6	17.9	17.5	15.7	18.3	Cash P/E	14.2	8.8	7.3	7.2	4.2
Depreciation	34	48	48	52	82	EV / EBITDA	13.8	8.7	7.7	6.8	3.7
Interest	9	12	11	16	28	EV / Sales	2.4	1.6	1.3	1.1	0.7
Other Income	7	5	9	9	17	Price / Book Value	3.6	2.3	1.8	1.5	1.2
Extraordinary Items (net)	0	0	42	0	0	Dividend Yield (%)	0.8	1.1	1.3	1.6	2.0
PBT	107	145	225	202	352	Profitability Ratios (%)					
Tax	16	26	30	33	28	RoE	219	22.4	215	18.0	23.6
Rate (%)	15.3	17.7	13.4	16.2	8.0	RoCE	17.5	18.7	17.5	15.6	20.7
PAT before MI	91	119	195	170	324	Turnover Ratios					
Minority Interest					23	Debtors (No. of Days)	18	13	14	13	12
Adj. PAT Post MI	91	119	153	170	301	Fixed Asset Turnover (x)	12	12	13	15	18
Change (%)	19.8	31.7	27.7	11.2	77.5	Leverage Ratio					
* Includes consolidation for RPL						Net Debt / Equity (x)	0.4	0.4	0.4	0.2	0.1
BALANCE SHEET						CASH FLOW STATEMENT					
(Rs Billion)						(Rs Billion)					
Y/E MARCH	2006	2007	2008	2009E	2010E*	Y/E MARCH	2006	2007	2008	2009E	2010E
Share Cap. (incl sh. suspense)	14	15	15	16	16	OP/(Loss) before Tax	107	145	230	202	351
Reserves	484	625	800	1071	1450	Depreciation	49	68	66	52	82
Net Worth	498	640	814	1,087	1,465	Interest /Other Income	4	9	4	0	0
Total Loans	219	278	365	382	522	Direct Taxes Paid	-9	-19	-25	-24	-22
Deferred Tax	50	70	79	87	93	(Inc)/Dec in Wkg. Capital	-32	-13	-31	83	-36
Minority Interest					52	Other op activities	-15	-22	-70	0	0
Capital Employed	766	988	1,258	1,556	2,133	CF from Op. Activity	103	169	174	313	375
Gross Fixed Assets	850	995	1042	1170	1,528	(Inc)/Dec in FA & CWIP	-94	-82	-191	-165	-144
Less: Depreciation	293	359	423	475	560	(Pur)/Sale of Investments	-31	-101	-10	-109	-94
Net Fixed Assets	557	637	619	695	968	Other In activities	4	-3	-39	0	1
Capital WIP	70	75	230	267	323	CF from Inv. Activity	-121	-186	-240	-274	-238
Investments	58	163	221	230	303	Change in Equity	0	3	17	151	11
Curr. Assets, L & Adv.						Inc / (Dec) in Debt	16	34	73	17	6
Inventory	101	121	142	143	185	Dividends Paid	-12	-34	0	-49	-50
Debtors	42	37	62	58	101	CF from Fin. Activity	4	3	90	120	-33
Cash & Bank Balance	21	18	43	201	308	Inc / (Dec) in Cash	-15	-14	24	158	105
Loans & Adv. and Other CA	81	122	181	281	311	Add: Opening Balance	36	21	18	43	201
Current Liab. & Prov.						Add: On Amalgamation		11			
Liabilities	126	169	210	255	283	Closing Balance	21	18	43	201	308
Provisions	39	17	30	65	83						
Net Current Assets	81	113	188	364	539						
Application of Funds	766	988	1,258	1,556	2,133						

E: Most Estimates



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Disclosure of Interest Statement

Reliance Industries

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|---|----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
| 3. Broking relationship with company covered | No |
| 4. Investment Banking relationship with company covered | No |

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