

Reliance Industries Ltd

Embracing a 2H recovery; Raising PT to 2300

- **Recovery's Child...** RIL earnings, valuations are leveraged to the global economic recovery. JPM global economics team believes that global data points are tracking a 2H recovery scenario. We raise our FY11 refining margin estimates and align our March-10 PT to reflect higher earnings, risk appetite. Maintain OW.
- **...with unique growth visibility:** RIL is one few companies in the Asia Energy, Chemicals space with earnings growth visibility. Ramp up in refining) new volumes can compensate US\$5/bbl drop in GRMs) and gas volumes will drive 35% earnings CAGR over FY09-11E.
- **Is there steam in this rally? Yes, in our view** We are raising our Mar-10 PT to Rs2,300, based on raised earnings. We also raise our PE multiple to 11x (from 10x earlier) as earnings visibility, risk appetite will improve further, if recovery pans out in 2H09.
- **Green shoots abound...** Our global economic team has raised US and Japanese growth forecasts on back of positive datapoints. Demand growth in India is robust, particularly for polymers, and the margin environment is healthy with local petchem premium to import parity. Ramp up in E&P, new refinery revenues are further positives for RIL.
- **...but we would look out for the weeds:** Apart from global economic risk factors, India elections results in mid-May could bring a fresh round of volatility. If the materials' restocking is not followed through with end-demand, cyclical stocks could face a further leg down. RIL also faces legal and regulatory risks in gas and petroleum marketing business which could impact earnings and stock.

Overweight

RELI.BO, RIL IN

Price: Rs1,876.70

▲ **Price Target: Rs2,300.00**
Previous: Rs1,600.00

India

Integrated Oils

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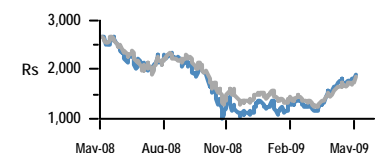
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J.P. Morgan India Private Limited

Price Performance



	YTD	1m	3m	12m
Abs	50.4%	13.4%	44.2%	-29.3%
Rel	27.9%	-3.9%	12.3%	1.3%

Reliance Industries Ltd (Reuters: RELI.BO, Bloomberg: RIL IN)

Rs in mn, year-end Mar	FY07A	FY08A	FY09E	FY10E	FY11E		
Revenue	1,116,927.2	1,334,430.0	1,486,609.7	1,577,036.7	1,993,023.4	52-week Range (Rs)	2,706.60 - 930.00
Net Profit	119,434.9	194,583.4	153,673.1	212,516.0	299,633.7	Mkt Cap (Rs mn)	2,953,545
EPS (Rs)	85.73	133.88	93.53	129.35	182.37	Mkt Cap (\$ mn)	59,994.8
DPS (Rs)	10.34	13.00	13.00	14.00	20.00	Shares O/S (mn)	1,574
Sales growth (Y/Y%)	37.5%	19.5%	11.4%	6.1%	26.4%	Price (Rs)	1,876.70
EPS growth (Y/Y%)	31.7%	56.2%	NM	38.3%	41.0%	Date Of Price	05 May 09
ROCE (%)	25.1%	20.2%	14.4%	15.6%	19.2%	Free float (%)	49.0%
ROE (%)	32.6%	35.9%	18.5%	19.0%	22.6%	3-mth trading value (Rs mn)	2,586.1
P/E (x)	21.9	14.0	20.1	14.5	10.3	3-mth trading value (\$ mn)	52.5
P/B (x)	5.8	4.3	3.0	2.6	2.1	3-mth trading volume (mn)	1.4
EV/EBITDA (x)	13.8	12.5	12.0	8.3	6.2	BSE30	12,131
Div yield (%)	0.6%	0.7%	0.7%	0.7%	1.1%	Exchange Rate	49.23
						Fiscal Year End	Mar

Source: Company data, Reuters, J.P. Morgan estimates.

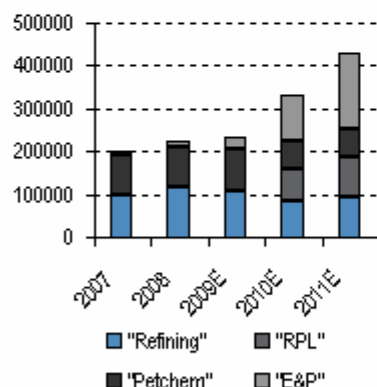
See page 11 for analyst certification and important disclosures, including non-US analyst disclosures.

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Company Description

RIL is a conglomerate with interests in refining, petrochemical, E&P, retail and infrastructure development. RIL is India's largest company by market cap, and is a dominant player in the domestic petrochemical market. It recently merged RPL with itself. Over FY09-11E we estimate RIL's EPS would grow 35% CAGR. Stable gas earnings would contribute ~45% of FY11E Ebitda.

RIL Ebitda Break-up (Rs mn)



Sc

EPS: J.P. Morgan vs consensus

	J. P. Morgan	Consensus
FY10E	129.3	128.0
FY11E	182.4	165.3

Source: Bloomberg, J.P.Morgan estimates

P&L sensitivity metrics (FY10)

	EBITDA impact (%)	EPS impact (%)
GRM assumption		
Impact of each US\$1/bbl	6.5%	8.5%
Petchem margins		
Impact of 10% lower Petchem Ebitda	1.5%	2.0%
Gas Price		
Impact if gas price is US\$3.3/mmbtu	-8%	-11%
Rupee depreciation		
Impact due to 5% rupee depreciation	6%	8%

Source: J.P.Morgan estimates

Price target and valuation analysis

Our Mar-10 PT is Rs 2300/share based on 11x FY11E EPS (adjusted for treasury shares). Our earnings estimate factor in ~30% contraction in refining and petchem margins over FY09-11E. We estimate 35% earnings CAGR for RIL over FY09-11E mainly due to ramping up of gas revenues from KG. This would also reduce cyclicality in RIL's earnings.

FY11 EPS	182
FY11 Ebitda	429,861
Current Price	1,876
FY11E P/E	10.3
FY11E EV/Ebitda	7.5

We estimate gas revenues would compensate for fall in refining and petchem margins for RIL over FY09-11E. Also RIL's earnings are positively linked to rupee depreciation. Key upside risk would be better than expected petchem and refining margins. Key downside risk would be lower gas prices (US\$3.3/mmbtu) contingent upon RIL-RNRL court case and prolonged global slowdown leading to lower refining and petchem earnings.

A play on economic recovery...

Reliance Industries is leveraged to global economic recovery, with ~55% of earnings coming from cyclical businesses in FY11E. We estimate that if global growth rebounds in 2HCY09 (as expected), refining utilization will trough in 2009. We are now building in a recovery in refining margins over CY11, compared to flat refining margins assumed earlier.

A CY10 demand recovery would lead to trough utilisation levels in CY09E.

Figure 1: Refining Capacity adds and utilisation

	2006	2007	2008 E	2009 E	2010 E	2011 E
Total Capacity	86,678	87,913	89,400	91,389	92,749	94,590
Additional capacity	1,180	1,235	1,487	1,989	1,360	1,842
Demand						
OECD Demand	49,581	49,169	47,519	45,916	46,376	46,839
Non-OECD demand	34,649	36,051	37,301	36,703	38,344	38,880
OECD Growth	-1%	-1%	-3%	-3%	1%	1%
Non-OECD growth	6%	4%	3%	-2%	4%	1%
Total demand	84,230	85,220	84,820	82,620	84,720	85,720
Total growth	2%	1%	0%	-3%	3%	1%
Refinery Utilization	89%	88%	86%	82%	83%	82%

Source: J.P.Morgan estimates

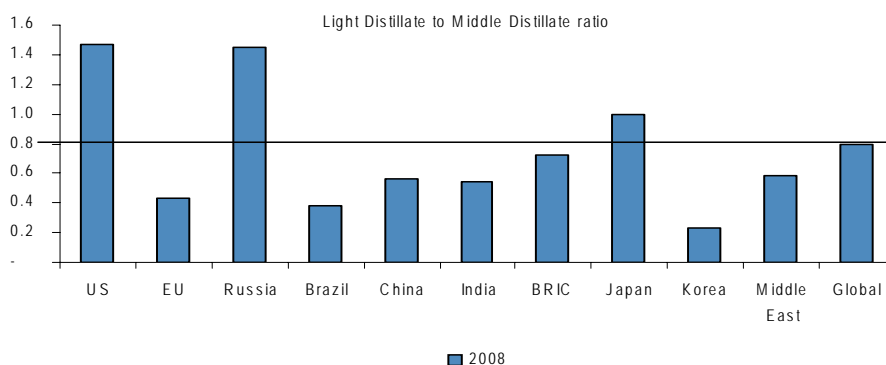
Smaller refineries across the globe and more recently in China are under pressure to close

In addition to demand recovery, there is likelihood of weaker refining capacities shuttering in the current environment and help bring the market to balance. Japan has already witnessed announcements of capacity closures (Nippon Oil (60Kbpd) and Sunoco (85Kbpd)). Small independent US refiners are vulnerable and any tightening of environmental norms (CO2 legislation) could lead to capacity closures. In China refineries with annual capacity of less than 1 million metric tons, will be closed and the government will “actively guide” plants that can process 1 million to 2 million tons a year to cease operations or merge according to the NDRC (Bloomberg).

In the current environment, gasoline spreads are shoring up margins, but going forward we expect middle distillate spreads to improve. Importantly, Reliance refineries continue to have a high middle distillate slate, which will be key to riding the recovery as oil consumption in the faster growing (and probably first in the recovery) emerging markets is skewed towards middle distillates and in the medium term will help middle distillate spreads.

Near term increasing gasoline spreads would help GRMs and over the medium term, consumption skew towards Diesel in high growth markets (emerging markets) would help diesel demand and spreads.

Figure 2: High growth markets (emerging markets) skewed towards middle distillates



Source: J.P.Morgan estimates

We are less constructive on Petchem margins rebound and assume a 40% contraction in RIL's Petchem Ebitda

We continue to be cautious on petrochem margins in our earnings assumptions. Restocking trade could provide upside to our FY10 estimates, but with large new cap adds in CY09, we expect CY10 will be rough for petrochem and we have assumed ~40% contraction in RIL's Petchem Ebitda over FY08-11E.

Figure 3: Earnings sensitivity to RIL GRMs and Petchem margins

GRMs (US\$/bbl)	Ebitda (Rs mn)	% change (base case)
\$9.0	385,578	-10%
\$10.0	407,719	-5%
\$11.0	429,861	0%
\$12.0	452,002	5%
\$13.0	474,144	10%
Petchem Ebitda Impact=		
20% lower	417561	-2.9%
10% Lower	423711	-1.4%
10% higher	436011	1.4%
20% higher	442161	2.9%

Source: J.P.Morgan estimates

Global datapoints tracking a 2H recovery

Our Global Economics team notes in their recently released note "[Paradox of Lift](#)"

"Economic releases continue to align with our expectation that we are in the early stages of a synchronized turn toward a second-half recovery in the global economy. Indeed, it looks likely that Asia is already growing, and there is a reasonable chance that the global economy will stabilize this quarter. This week, we have made upward revisions to current quarter forecasts for the US and Japan."

Amongst the paradox's pointed out in the economics note we would like to highlight the likely positive impact of production recovery...

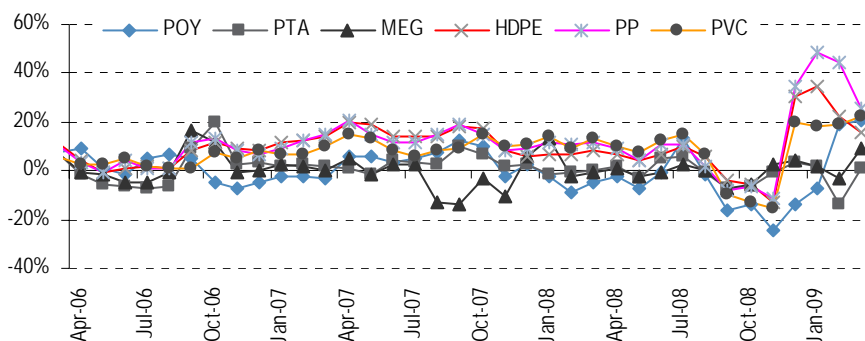
"Production recovers alongside rising excess capacity. The global adjustment to excess capacity will take place over a long period of time and will weigh on capital spending and pricing power. However, firms have scaled back production far enough that inventories are now falling sharply world- wide. In this environment, even a modest improvement in final demand can produce large swings in industrial output, as firms need to adjust to a changing environment. From an estimated 30% annual rate of decline last quarter, a move toward stabilization in industrial output this summer would add roughly 3% to annualized global GDP growth in each of the middle quarters of the year."

Extracts from our Global economics team's report titled "Paradox of Life" dated 1st May 09 by Bruce Kasman

Local markets, growth visibility protect downside

Reliance continues to benefit from its stranglehold in the local Indian market. Local petrochem prices continue to be at a premium to import parity prices. Also, if over-capacity does push down petrochem prices, local industry would likely lobby for imposition of higher tariff protection.

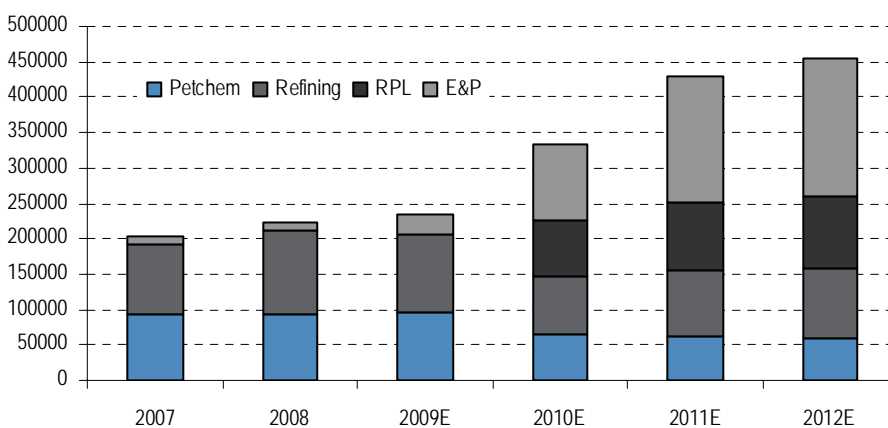
Figure 4: RIL's Petrochem premium/discount to international prices



Source: J.P.Morgan estimates

The key drivers for RIL's earnings growth in FY10/11 will be led by operational ramp-up in refining and E&P. In spite of 27% decrease in Ebitda in existing refining and petchem business new gas and RPL refinery would help generate ~35% CAGR Ebitda growth over FY09-11E.

Figure 5: RIL Ebitda Break Up



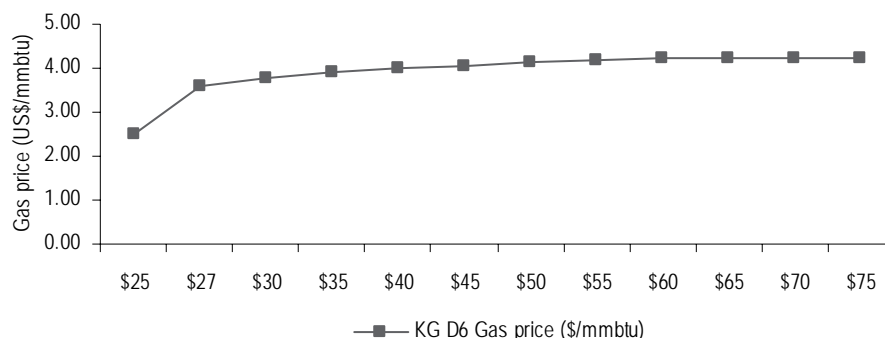
Source: Company, J.P.Morgan estimates

KG gas and refining volume growth through RPL would not only offset ~30% Ebitda decline factored in existing earnings but lead a 35% CAGR Ebitda growth over FY09-11E.

We see little risk to RIL's E&P gas realisations from lower crude prices as sensitivity of gas prices till US\$35/bbl is very low.

Gas earnings have high certainty, with price fixed at US\$4.2/mmbtu and government take at lower levels in the initial years. We are conservatively building in gas ramp up to 80mmcmd only by Mar-10. We are taking a dip in gas revenues in FY11, as crude linked gas price will likely average below RIL's capped price of US\$4.2/mmbtu (US\$60/bbl). However, as the chart below illustrates even sharply lower crude prices will barely impact RIL's gas realization.

Figure 6: KG D-6 gas price sensitivity to oil prices



Source: J.P.Morgan estimates

Regionally the only stock with strong earnings growth over FY08-11E

For our regional coverage universe we expect earnings de growth for most of the Petchem and Refining companies over FY08-11E and flat to marginal de growth for E&P companies. Though we also factor in ~30% de growth in RIL's existing petchem and refining business but volume growth in refining through RPL and gas revenues from KG basin would not only offset a 30% decline in existing business EBITDA but lead to ~35% CAGR growth over FY09-11E.

RIL shows strongest earnings growth over FY08-11E with most Petchem and Refining companies expected to show de growth and E&P companies likely to report flat or marginal decline.

Figure 7: No earnings growth over FY09-11E for regional coverage universe

Company	Country	Earnings Growth (%)			
		CY08	CY09	CY10	07-10 CAGR
Upstream					
CNOOC	China	35%	-57%	47%	-5%
ONGC	India	12%	18%	-20%	2%
PTTEP	Thailand	46%	-38%	46%	10%
Petrochina	China	-9%	-49%	50%	-12%
Sinopec	China	-59%	50%	29%	-7%
Refineries					
Thai Oil	Thailand	-99%	6415%	0%	-9%
PTTAR	Thailand	-147%	-162%	93%	-17%
ESSO	Thailand	-90%	44%	10%	-45%
SK Energy	Korea	-10%	18%	16%	7%
S-Oil	Korea	-44%	95%	-20%	-5%
IOC	India	-7%	-37%	50%	-4%
HPCL	India	-19%	-65%	212%	-4%
BPCL	India	-21%	-57%	198%	0%
FPCC	Taiwan	-78%	72%	10%	-26%
Petrochemicals					
FCFC	Taiwan	-87%	57%	19%	-38%
FPCC	Taiwan	-78%	72%	10%	-26%
Nan Ya Plastics	Taiwan	-84%	25%	86%	-28%
Formosa Plastics	Taiwan	-17%	-28%	13%	-12%
Far Eastern	Taiwan	5%	-1%	-9%	-2%
OUCG	Taiwan	-13%	-22%	22%	-6%
LG Chem	Korea	27%	-15%	12%	6%
Hanwha Chemical	Korea	-27%	-40%	-4%	-25%
PTTAR	Thailand	-147%	-162%	93%	-17%
PTTCH	Thailand	-39%	-37%	132%	-4%
IRPC PCL	Thailand	-232%	-115%	265%	-11%
Reliance Industries	India	2.3%	38%	41%	25%

Source: Company, J.P.Morgan estimates

Valuations – reflect changing sentiment, but there is upside

Reliance Industries stock has outperformed Indian markets by xx% over the last xx months. While this does reflect in part the impact of improving sentiment on the duration of the global downturn, we feel improving econ data will provide a catalyst for further performance.

We are raising our PT to Rs2,300 based on 11x FY11E EPS (adjusted for treasury shares). We adjust treasury stock effect as we feel in the current environment; RIL is unlikely to place/sell the stock. We are raising our earnings multiple a notch to factor in the impact of 2H recovery on 1) improved earnings visibility for cyclical businesses and 2) lowering of equity risk premium.

Figure 8: RIL Valuations

Valuations (Unadjusted) @ Rs2300/share	FY09E	FY10E	FY11E
EV/Ebitda	17.4	12.1	9.1
P/E	24.6	17.8	12.6
P/B	3.7	3.1	2.6
P/CEPS	18.7	13.1	9.9
Valuations adjusted @ Rs2300/share			
Adjusted EPS (Rs/share)	106.3	147.0	207.3
Adjusted CEPS (Rs/share)	139.6	199.9	264.6
Adjusted Book (Rs/share)	711	833	1,004
Adjusted P/E	21.6	15.6	11.1
Adjusted P/CEPS	16.5	11.5	8.7
Adjusted P/B	3.24	2.76	2.3
Valuations Adjusted @ Current Price			
Adjusted P/E	17.6	12.8	9.0
Adjusted P/CEPS	13.4	9.4	7.1
Adjusted P/B	2.6	2.3	1.9

RIL currently trades at 9.0x FY11 adjusted EPS and 7.0x FY11 cash EPS.

Out PT of Rs2300/share is based on 11.0x adjusted FY11E EPS of Rs207/share.

Source: Company, J.P.Morgan estimates

Figure 9: RIL 1 yr frd P/E chart



Source: Bloomberg, J.P.Morgan estimates

Figure 10: RIL 1 yr frd EV/Ebitda Chart



Source: Bloomberg, J.P.Morgan estimates

Earnings revision

Figure 11: RIL revising estimates

We have revised Ebitda by 4-10% due to US\$1/bbl higher GRM assumption in FY11 and INR/USD assumption at Rs48

	FY10	FY11	FY12
Reliance Industries			
Ebitda			
Revised	333,846	429,861	442,347
Earlier	321815	390804	
Change (%)	4%	10%	
Net Profit			
Revised	212516	299634	309077
Earlier	186855	250875	
Change (%)	14%	19%	

Source: J.P.Morgan estimates

Figure 12: Change in Assumptions

Net profit estimates are up 14-19% due to increase in Ebitda and RIL-RPL merger impact.

We have increased our FY11 GRMs by US\$1/bbl.

Macro Assumptions	Revised			Previous	
	FY10E	FY11E	FY12E	FY10E	FY11E
WTI (US\$/bbl)	48.0	60.0	75.0	48.0	60.0
INR/USD	48.0	48.0	48.0	46.5	46.0
Refining					
Crude throughput (mmt)	59.1	62.0	62.0	59.1	62.0
GRMs (US\$/bbl)	10.0	11.0	11.0	10.0	10.0
Exploration and Production					
Existing Assets					
Oil Production (b/d)	17248	17248	17248	17248	17248
Gas Production (mmscmd)	4.96	4.95	4.93	4.96	4.95
KG D-6					
Production (mmscmd)	45.0	80.0	80.0	45.0	80.0
Gas Price (US\$/mmbtu)	4.20	4.10	4.20	4.20	4.10

Source: J.P.Morgan estimates

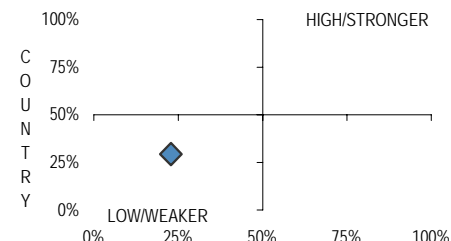
All Data As Of 05-May-09

Q-Snapshot: Reliance Industries Ltd.

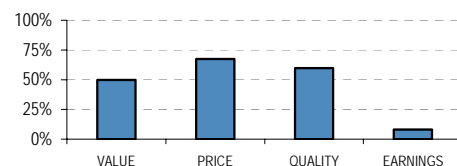
Quant Return Drivers (a Score >50% indicates company ranks 'above average')

Score 0% (worst) to 100% (best)	vs Country	vs Industry	Raw Value
Value			
P/E Vs Market (12mth fwd EPS)	29%	35%	1.1x
P/E Vs Sector (12mth fwd EPS)	28%	41%	1.1x
EPS Growth (forecast)	87%	89%	32.2%
Value Score	50%	60%	
Price Momentum			
12 Month Price Momentum	67%	44%	-29.2%
1 Month Price Reversion	55%	47%	13.4%
Momentum Score	67%	44%	
Quality			
Return On Equity (forecast)	56%	64%	20.4%
Earnings Risk (Variation in Consensus)	60%	91%	0.12
Quality Score	60%	74%	
Earnings & Sentiment			
Earnings Momentum 3mth (risk adjusted)	72%	74%	-6.6
1 Mth Change in Avg Recom.	2%	1%	-0.95
Net Revisions FY2 EPS	27%	26%	-38%
Earnings & Sentiment Score	8%	6%	
COMPOSITE Q-SCORE* (0% To 100%)	29%	23%	

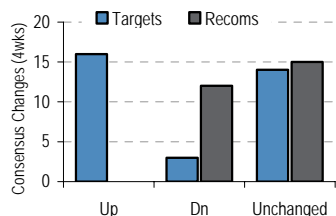
J.P. Morgan Composite Q-Score



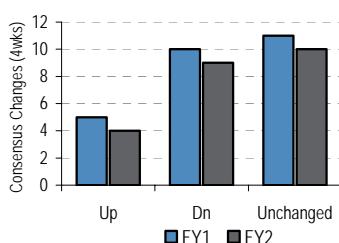
INDUSTRY
 Quant Return Drivers Summary (vs Country)



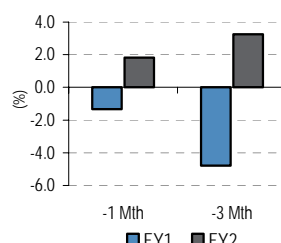
Targets & Recommendations**



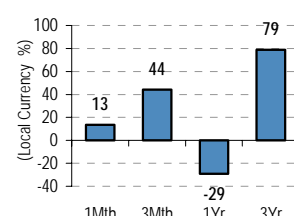
EPS Revisions**



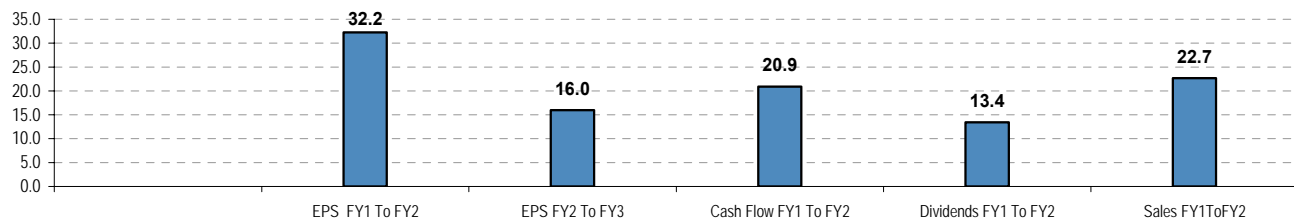
EPS Momentum (%)



Historical Total Return (%)



Consensus Growth Outlook (%)



Closest in Country by Size (Consensus. ADV = average daily value traded in US\$m over the last 3 mths)

Code	Name	Industry	USD MCAP	ADV	PE FY1	Q-Score*
500325-IN	Reliance Industries Ltd.	Oil Refining/Marketing	56,702	43.29	15.2	29%
500312-IN	Oil & Natural Gas Corp. Ltd.	Oil & Gas Production	36,998	4.77	9.2	42%
532555-IN	NTPC Ltd.	Electric Utilities	31,336	4.50	20.3	65%
532454-IN	Bharti Airtel Ltd.	Wireless Telecommunications	28,427	7.31	17.1	80%
500209-IN	Infosys Technologies Ltd.	Information Technology Services	17,256	6.24	16.2	31%
500112-IN	State Bank of India	Regional Banks	16,212	19.80	9.5	41%
500103-IN	Bharat Heavy Electricals Ltd.	Electrical Products	16,160	7.99	25.7	58%
500875-IN	ITC Ltd.	Tobacco	14,249	1.92	23.2	54%
532540-IN	Tata Consultancy Services Ltd.	Information Technology Services	12,189	2.92	12.5	27%
532174-IN	ICICI Bank Ltd.	Regional Banks	10,630	26.90	15.3	18%
530965-IN	Indian Oil Corp. Ltd.	Oil Refining/Marketing	10,570	0.42	11.3	46%

Source: Factset, Thomson and J.P. Morgan Quantitative Research. For an explanation of the Q-Snapshot, please visit <http://jpmorgan.hk.acrobat.com/qsnapshot/>
 Q-Snapshots are a product of J.P. Morgan's Global Quantitative Analysis team and provide quantitative metrics summarized in an overall company 'Q-Score.'
 Q-Snapshots are based on consensus data and should not be considered as having a direct relationship with the J.P. Morgan analysts' recommendation.
 * The Composite Q-Score is calculated by weighting and combining the 10 Quant return drivers shown. The higher the Q-Score the higher the one month expected return. On a 14 Year back-test the stocks with the highest Q-Scores have been shown (on average) to significantly outperform those stocks with the lowest Q-Scores in this universe. ** The number of up, down and unchanged target prices, recommendations or EPS forecasts that make up consensus.

Reliance Industries: Summary of Financials

Profit and Loss statement						Cash flow statement					
Rs in millions, year-end Mar	FY08	FY09E	FY10E	FY11E	FY12E		FY08	FY09E	FY10E	FY11E	FY12E
Revenues	1,334,430	1,486,610	1,577,037	1,993,023	2,361,001	EBIT	174719	185467	257387	346948	355745
% change YY	19%	11%	6%	26%	18%	Depreciation & amortisation	48471	48075	76458	82913	86602
EBITDA	223,191	233,542	333,846	429,861	442,347	Change in working capital	(43104)	9944	(18501)	(5058)	(6839)
% change YY	10%	5%	43%	29%	3%	Taxes	(35519)	(27537)	(27965)	(33859)	(32533)
EBITDA Margin (%)	17%	16%	21%	22%	19%	Others	66156	14767	19490	19840	13986
EBIT	174,719	185,467	257,387	346,948	355,745	Cash flow from operations	210725	230715	306870	410784	416961
% change YY	13%	6%	39%	35%	3%	Capex	(233317)	(240144)	(223640)	(199400)	(177800)
EBIT Margin (%)	13%	12%	16%	17%	15%	Change in investments	(51339)	(20000)	(10000)	(10000)	(20001)
Net financial income	55,383	(4,257)	(16,059)	(11,656)	(11,717)	Interest	(10774)	(19024)	(35549)	(31496)	(25703)
Earnings before tax	230,102	181,210	241,329	335,292	344,028	Free cash flow	(84705)	(48452)	37681	169888	193456
% change YY	58%	-21%	33%	39%	3%	Equity raised/ (repaid)	17154	189901	0	0	0
Tax	(35,519)	(27,537)	(28,813)	(35,659)	(34,950)	Debt raised/ (repaid)	136513	80295	(25782)	(91688)	(71613)
as % of EBT	15%	15%	12%	11%	10%	Dividends paid	(22012)	(24883)	(26797)	(46660)	(53267)
Net Income (adjusted for min.)	152,613	153,673	212,516	299,634	309,077	Beginning cash	18449	67681	264541	248795	278535
% change YY	28%	1%	38%	41%	3%	Ending cash	67681	264541	248795	278535	344692
Shares Outstanding	1643	1643	1643	1643	1643						
EPS	92.9	93.5	129.3	182.4	188.1						
% change YY	8%	1%	38%	41%	3%						
EPS (Adjusted for Treasury)	105.6	106.3	147.0	207.3	213.8						
Balance sheet						Ratio Analysis					
	FY08	FY09E	FY10E	FY11E	FY12E	% , year-end Mar	FY08	FY09E	FY10E	FY11E	FY12E
Cash and cash equivalents	67,681	264,541	248,795	278,535	344,692	EBITDA margin	17%	16%	21%	22%	19%
Accounts receivable	62,276	64,614	84,654	107,963	129,043	EBIT margin	13%	12%	16%	17%	15%
Inventories	142,475	171,700	129,747	160,272	196,091	Net profit margin	11%	10%	13%	15%	13%
Others	123,922	73,614	77,011	78,437	79,891						
Current assets	396,354	574,469	540,207	625,207	749,718	Sales growth	19%	11%	6%	26%	18%
Total Investments	199,366	219,366	229,366	239,366	322,706	Net profit growth	28%	1%	38%	41%	3%
Net fixed assets	904,880	1,096,949	1,244,131	1,360,618	1,451,817						
Liabilities	216,970	199,858	155,524	189,300	230,349	Interest coverage (x)	N/A	43.6	16.0	29.8	30.4
Provisions	105,973	114,283	129,979	153,011	168,257	Net debt to total capital	34%	18%	16%	8%	1%
Total current liabilities	322,943	314,141	285,503	342,312	398,606	Net debt to equity	57%	28%	23%	11%	1%
Total assets	1,177,657	1,576,643	1,728,201	1,882,879	2,125,635	Sales/assets	113%	94%	91%	106%	111%
Total debt	469,190	549,485	523,703	432,015	360,402	Assets/equity	166%	153%	143%	130%	120%
Other liabilities	0	0	0	0	0	ROE	25.0%	17.7%	19.0%	22.6%	19.2%
Total liabilities	469,191	549,485	523,703	432,015	360,402	ROCE	17.3%	13.5%	15.6%	19.2%	17.7%
Minority Interest	0	0	0	0	0						
Shareholders' equity	708,466	1,027,158	1,204,498	1,450,865	1,765,233						
BVPS	431.2	625.2	733.1	883.1	1,074.4						

Source: Company, J.P. Morgan estimates

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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
18-Feb-09	OW	1267.60	1600.00
23-Apr-09	OW	1716.10	1600.00

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.
 J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

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