



**Invesfinc
Advisors**

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Research Study

RELIANCE INDUSTRIES LTD

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About Company

- ▶ Reliance Industries Limited is a Fortune 500 company and the largest private sector corporation in India. It has evolved from being a textiles and polyester company to an integrated player across energy, materials, retail, entertainment and digital services. Reliance's products and services portfolio touches almost all Indians on a daily basis, across economic and social spectrums.
- ▶ Reliance was founded by Dhirubhai Ambani and is now promoted and managed by his elder son, Mukesh Dhirubhai Ambani. Ambani's family have about 50% shareholding in the conglomerate.

Highlights

- ▶ **Digital Services Business (Jio) (9% of revenue)**
Digital services business is the most profitable with an EBITDA Margin of 33%.
- ▶ **Refining & Marketing Business (50% of revenue)**
RIL owns Jamnagar refining facility which is the world's largest refining hub with a capacity of 1.24 million barrels per day. **It accounts for ~27% of total oil refining capacity of India.**
- ▶ **Petrochemicals Business (19% of revenue)**
Reliance is the largest producer of petrochemicals in the country and amongst the top ten in the world.
- ▶ **Oil and Gas Exploration & Production Business (0.5% of revenue)**
RIL as an integrated E&P Operator is India's leading Deepwater Operator.
- ▶ **Media & Entertainment (1% of revenue)**
Reliance is the owner of Network 18 Media which operates 56 channels in India spanning news and entertainment. It is also in the Film industry through Viacom studios and Jio studios.

Scrip details

ril.com	Reliance Industries Ltd	BSE: 500325	NSE: RELIANCE
Market Cap	₹ 1,598,845 Cr.	Book Value	₹ 1,042
Current Price	₹ 2,405	Dividend Yield	0.29 %
High / Low	₹ 2,480 / 1,830	ROCE	8.19 %
Stock P/E	33.6	ROE	7.97 %
EPS	₹ 76.0	Face Value	₹ 10.0

Daily timeframe chart for 1 year period



Technical Recommendation

Name	Value	Action
RSI(14)	68.629	Buy
STOCH(9,6)	48.804	Neutral
STOCHRSI(14)	23.249	Overbought
Williams %R	-22.000	Buy
CCI(14)	78.4414	Buy
ROC	7.207	Buy
Ultimate Oscillator	51.879	Buy

Fundamental Recommendation

- ▶ Reliance Industries Ltd (RIL) is expected a 3x growth in retail revenues in 3-5 years, implying a revenue CAGR of 32% over FY21-26E and an estimated EBITDA of >Rs20,000 crore. EV/ EBITDA of 30x would mean retail EV of ~\$80-85 bn (vs. valuation of \$68 billion).
- ▶ Jio Phone Next's launch would sustain strong subscriber addition (large-scale migration of 30 crore 2G customers) and potential ARPU hike to help gain revenue market share. Ramp up of broadband services to drive growth for Jio.
- ▶ Recovery in Singapore GRM to \$4.9/bbl could help finalize potential deal in oil-to-chemical (O2C) with Saudi Aramco. Strengthening of balance sheet would support inorganic growth and new energy investment.
- ▶ We maintain a Buy on RIL with a revised SoTP- based PT of Rs. 2,750 given our expectation robust 27% PAT CAGR over FY21-24E. Further value unlocking in digital and retail businesses (with a likely IPO) are key catalysts for RIL.

Invesfinc Advisors Analysis

Date	Analysis	Current Price	Target Price	Stoploss
22-09-2021	BUY	2430.5	2750	2140



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