

BUY

TP: Rs 3,075 | ▲ 17%

RELIANCE INDUSTRIES

Oil & Gas

10 July 2023

Consumer and new energy businesses key catalysts

- Reliance Retail exit offer targeted at minority shareholders and does not reflect full retail business value
- RIL to no longer hold a direct stake in financial arm JFS post demerger; for now, we value it at Rs 161/sh (1x value of treasury shares)
- Maintain BUY with a revised TP of Rs 3,075 (vs. Rs 2,800) as we roll forward our valuation to FY26

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Retail exit offer targeted at small minority shareholders: The Reliance Retail (RRL) exit offer of Rs 1,362/sh is targeted at only 0.07% of minority shareholders. If accepted, this could avoid the need for their approval, if so required by regulation, on some related party transactions, corporate restructuring, etc.

Exit offer not a reflection of whole business value: While the exit offer values RIL's effective stake in RRL at ~Rs 850 per share of RIL, this is not a reflection of the whole value of retail business. RRL accounts for only ~35% of net assets of the retail vehicle, Reliance Retail Ventures (RRVL). We value the retail business at Rs 1,273/sh, applying an FY26E EV/EBITDA multiple of 30x, and discounting back to Jul'24E.

JFS demerger approved: We value Jio Financial Services (JFS) at Rs 161/sh, which is 1x RIL's treasury stock valuation of Rs 1,087bn or US\$ 13bn. Post demerger, RIL will not have a direct stake in JFS, with shareholding of the latter mirroring that of RIL.

Modest decline in Q1 profits: We forecast a 3.6%/9.9% QoQ decline in RIL's Q1FY24 EBITDA/net income on pullback in O2C profits and normalisation of tax rate.

Key growth catalysts: (a) O2C: Guidance on cost reduction with deployment of new energy in O2C; (b) Jio: Gains in market share and ARPU on nationwide launch of 5G and Jio AirFibre; (c) Retail: Acceleration towards 3x growth target over 3-5 years set at the FY21 AGM and demonstration of RIL's comfort in sharing the granular performance for major retail verticals; (d) JFS: Roadmap and listing; (e) E&P: Start-up of MJ field; (f) Listing of Jio and retail businesses.

Reiterate BUY, TP raised to Rs 3,075: We tweak our FY24/FY25 EBITDA estimates by +2%/-1%, and revise our SOTP-based TP to Rs 3,075 (from Rs 2,800), rolling forward our valuation base to FY26. We maintain target multiples across the refining (7x FY26E EV/EBITDA), petrochem (8x), telecom (Jio: 9x) and retail (30x) businesses, and include Rs 157/sh (from Rs 164) for the upstream business, Rs 107 (Rs 104) for digital services, Rs 171 (Rs 182) for the new energy division and Rs 161 (Rs 144) for JFS.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	RIL IN/Rs 2,634
Market cap	US\$ 216.9bn
Free float	50%
3M ADV	US\$ 150.0mn
52wk high/low	Rs 2,755/Rs 2,180
Promoter/FPI/DII	50%/22%/17%

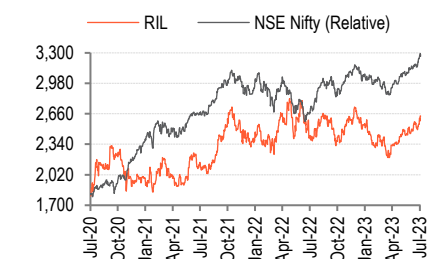
Source: NSE | Price as of 7 Jul 2023

Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
Total revenue (Rs mn)	87,94,680	81,89,995	93,07,519
EBITDA (Rs mn)	14,29,080	16,65,628	18,50,375
Adj. net profit (Rs mn)	6,67,020	7,75,262	8,37,517
Adj. EPS (Rs)	98.6	114.6	123.8
Consensus EPS (Rs)	98.6	116.6	129.3
Adj. ROAE (%)	8.3	9.1	9.0
Adj. P/E (x)	26.7	23.0	21.3
EV/EBITDA (x)	14.3	12.3	11.1
Adj. EPS growth (%)	14.2	16.2	8.0

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



Retail exit offer does not signify full business value

Reliance Retail (RRL) is offering an exit to minority investors at Rs 1,362/sh.

- **Reliance Retail is separate from the retail business holding vehicle.** RRL is a step-down subsidiary of Reliance Retail Ventures (RRVL), a holding company of the retail business in which RIL had sold stakes to strategic investors back in FY21.
- **Exit offer is targeted at a small group of minority investors.** RRVL holds 99.3% stake in RRL as per the FY22 Annual Report, leaving minority shareholding at just 0.07%.
- **Provisions related to Related Party Transactions from the Companies Act:**
 - Section 188 of the Companies Act on Related Party transactions requires shareholders' approval in addition to Audit Committee approval for specific related party transactions. Examples include sale and purchase transactions with a particular related party crossing 10% of revenue or buying/disposing of property valued at more than 10% of net worth.
 - Section 188 requires that no member of the company shall vote on such related party resolutions to approve any contract or arrangement if such a member is a related party for the specific resolution. Exemption is available only to a company in which 90% or more members, in number, are relatives of promoters or are related parties.
- **Exit offer values RRL at US\$ 83bn for a 100% stake.** For the 85% effective stake that RIL holds in the step-down subsidiary, this valuation translates to ~Rs 850 per share of RIL.
- **RRL's valuation is not comparable with the value of retail business in our SOTP model.** While RRL accounted for 96% of RRVL's EBITDA in FY22, it housed only 34% of its net assets as per RIL's FY22 Annual Report. As RRL does not represent the entire retail business, its exit valuation should not be confused with the overall business value.

We value the entire retail business at Rs 1,273/sh, applying an FY26E EV/EBITDA multiple of 30x and then discounting back to Jul'24E. Our valuation multiple is below the average FY24E multiple of 37.0x/39.1x for select players in the Indian retail industry that operate in different segments of the value chain.

Fig 1 – Reliance Retail accounts for 96% of EBITDA of RRVL consolidated ...

(Rs bn)	RRVL Consolidated		RRVL	RRL	Balance	RRL as % of
	FY23	FY22	Standalone	Standalone		RRVL Consol
			FY22	FY22	FY22	FY22
Sales	2,478.9	1,888.6	6.6	1,848.2	33.7	97.9
Service	124.7	108.5	45.4	86.3	(23.3)	79.6
Less: GST	(294.3)	(247.2)	(7.0)	(240.6)	0.3	97.3
Net revenue	2,309.3	1,749.8	45.1	1,694.0	10.8	96.8
Gross profit	354.2	251.0	4.2	226.1	20.8	90.0
EBITDA	174.2	107.8	1.8	103.3	2.8	95.8
EBIT	134.6	85.7	0.2	85.4	0.0	99.7
Other income	4.4	16.0	35.7	0.1	(19.9)	0.8
PBT	121.3	95.1	31.4	65.8	(2.1)	69.2
PAT	91.8	70.6	23.5	49.3	(2.3)	69.9

Source: Company, BOBCAPS Research

Fig 2 – ...but only 34% of net assets

(Rs bn)	RRVL Consolidated	RRVL Standalone	RRL Standalone	Balance
Net assets	88,593	68,251	30,255	(9,913)
% of RRVL consolidated		77.0	34.2	(11.2)

Source: Company, BOBCAPS Research

JFS demerger approved by NCLT

- Record date for Jio Financial Services (JFS) merger is 20 Jul 2023.** After receiving approval from the National Company Law Tribunal (NCLT), RIL announced 1 July 2023 as the effective date of demerger and 20 July as the record date for issuance of shares of Reliance Strategic Investments (RSIL). Prior to listing, the demerged RSIL will be renamed as Jio Financial Services (JFS). After listing, JFS will become a separate company mirroring the shareholding of RIL.
- JFS board reconstituted.** Hitesh Sethani, ex-ICICI Banker, has been inducted as MD and CEO of the financial arm, in line with earlier indications. Isha Ambani and Anshuman Thakur has been inducted as non-executive directors on the board, with K V Kamath appointed as non-executive chairman back in Nov'22.
- Business plan for JFS is likely to be announced close to its listing.** This could help determine a suitable valuation for the demerged entity. JFS and its subsidiaries will leverage RIL's technology capability and focus on digital delivery of financial products to democratise financial services.
- We value JFS at Rs161/sh, based on 1x RIL's treasury stock valuation.** Eventually, JFS's valuation will depend upon clarity on regulatory capital to be deployed for identified business and the holding company discount on the value of RIL's stake above regulatory capital requirements. While RIL's entire shareholding may not be considered as regulatory capital, we assume that JFS will be able to leverage this stake to raise the mandated funds. Until the business model evolves, we prefer to value the company in line with RIL's marketable treasury stock.

Q1FY24 forecasts

We forecast a modest 3.6% QoQ decline in RIL's Q1FY24 EBITDA on the back of an estimated 10% pullback in Oil to Chemicals (O2C) profits. While transportation fuel product spreads have corrected sharply to a more stable level, O2C business is likely to benefit from higher use of discounted Russian crude and better retail margins on petroleum products. We expect Q1 net profit to decline 9.9% QoQ as the tax rate normalises from a lower rate of 11.6% in Q4FY23.

Fig 3 – RIL Q1FY24 forecasts

(Rs bn)	QFY24E	Q4FY23	QoQ (%)	Q1FY23	YoY (%)
Consolidated P&L					
Revenue	2,079	2,164	(3.9)	2,231	(6.8)
EBITDA excl other income	370	384	(3.6)	380	(2.5)
Net income adjusted	194	213	(8.8)	194	0.0
Net income post minority share	174	193	(9.9)	180	(3.2)
EBITDA mix					
Oil to Chemicals (O2C)	147	163	(9.6)	199	(25.9)
Oil and Gas	39	38	1.3	27	40.7
Retail	50	49	2.5	38	31.1
Digital Services	137	134	2.4	117	17.1
Others	20	20	1.6	14	44.8
Segment EBITDA	393	404	(2.6)	396	(0.6)
Delta	12	10	22.2	7	76.0
Consolidated EBITDA (Reported)	405	414	(2.0)	402	0.7
Energy businesses	186	201	(7.5)	226	(17.8)
Consumer businesses	188	183	2.4	156	20.6

Source: Company, BOBCAPS Research

Fig 4 – RIL Q1FY24 operational indicator forecasts

Parameter	Unit	Q1FY24E	Q4FY23	QoQ (%)	Q1FY23	YoY (%)
Digital Services						
Customer base	mn	446.3	439.3	1.6	419.9	6.3
Net customer additions	mn	7.0	6.4	9.4	9.7	(27.8)
ARPU	Rs/month	182.4	178.8	2.0	175.7	3.8
Retail						
Revenue	Rs bn	631	616	2.5	516	22.3
EBITDA margin excl investment income	%	8.0	7.7	3.3	7.6	5.9
Oil to Chemicals						
Production meant for sale	mt	17.5	17.1	2.3	16.9	3.6
Transportation fuels	mt	11.2	11.4	(1.8)	10.5	6.7
Oil and Gas						
Production	BCFe	45.5	45.1	0.9	43.2	5.3
KG-D6 gas production	mmscmd	20.0	20.0	0.0	19.0	5.3
KG-D6 realisation	US\$/MMbtu	11.0	11.4	(3.4)	9.7	13.2

Source: Company, BOBCAPS Research

Valuation methodology

Forecast revisions

We tweak our FY24/FY25 EBITDA estimates by +2%/-1% to incorporate our revised commodity forecasts, and also introduce FY26 projections. Our revised forecasts are 2%/2%/6% ahead of consensus for FY24/FY25/FY26, reflecting our view of continuing strong growth in both consumer-facing businesses (i.e Digital Services and Retail).

Fig 5 – Revised estimates

(Rs bn)	Actual		New		Old		Change (%)	
	FY23P	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E
Revenue	8,795	8,190	9,308	10,517	8,580	9,483	(4.5)	(1.8)
EBITDA	1,429	1,666	1,850	2,114	1,638	1,873	1.7	(1.2)
EBITDA margin (%)	16.2	20.3	19.9	20.1	19.1	19.8	-	-
Adj. PAT	667	775	838	995	782	857	(0.9)	(2.3)
EPS (Rs)	98.6	114.6	123.8	147.1	115.6	126.7	(0.9)	(2.3)

Source: Company, BOBCAPS Research

Fig 6 – Estimates vs. Consensus

(Rs bn)	Forecasts			Consensus			Delta to Consensus (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	8,190	9,308	10,517	9,463	10,098	9,962	(13.5)	(7.8)	5.6
EBITDA	1,666	1,850	2,114	1,626	1,817	2,001	2.4	1.9	5.7
Adj. PAT	775	838	995	800	899	1,074	(3.1)	(6.8)	(7.4)
EPS (Rs)	114.6	123.8	147.1	116.6	129.3	147.0	(1.7)	(4.2)	0.1

Source: Bloomberg, BOBCAPS Research

Fig 7 – RIL's EBITDA mix

Particulars	FY21	FY22	FY23P	FY24E	FY25E	FY26E	FY21/23 CAGR	FY23/26E CAGR
EBITDA (Rs bn)								
O2C	382	527	621	648	580	588	-	-
Oil & Gas	2	55	136	151	173	157	-	-
Cyclical subtotal	383	582	757	799	753	744	-	-
Digital Services	334	394	490	606	770	984	-	-
Retail	98	124	179	234	301	360	-	-
Consumer subtotal	432	518	669	840	1,071	1,344	-	-
Others	(7)	5	3	26	26	26	-	-
Consolidated business EBITDA	807	1,105	1,429	1,666	1,850	2,114	-	-
EBITDA YoY growth (%)								
O2C	na	38.1	17.7	4.4	(10.6)	1.4	27.5	(1.8)
Oil & Gas	(92.9)	3410.6	149.0	11.1	14.8	(9.6)	835.0	4.9
Cyclical subtotal	(70.2)	51.8	30.1	5.6	(5.8)	(1.2)	40.5	(0.5)
Digital Services	117.5	18.2	24.3	23.7	27.0	27.8	21.2	26.1
Retail	57.8	26.5	44.8	30.4	28.8	19.5	35.3	26.2
Consumer subtotal	100.3	20.1	29.2	25.5	27.5	25.5	24.5	26.1
Consolidated	(4.1)	36.8	29.4	16.6	11.1	14.3	21.0	13.9

Particulars	FY21	FY22	FY23P	FY24E	FY25E	FY26E	FY21/23 CAGR	FY23/26E CAGR
EBITDA composition (% of total)								
O2C	47.3	47.7	43.4	38.9	31.3	27.8	-	-
Oil & Gas	0.2	4.9	9.5	9.1	9.4	7.4	-	-
Cyclical subtotal	47.5	52.7	52.9	48.0	40.7	35.2	-	-
Digital Services	41.3	35.7	34.3	36.4	41.6	46.5	-	-
Retail	12.1	11.2	12.5	14.0	16.3	17.0	-	-
Consumer subtotal	53.5	46.9	46.8	50.4	57.9	63.5	-	-

Source: Company, BOBCAPS Research

Fig 8 – Key assumptions

Parameter	Unit	FY22	FY23P	FY24E	FY25E	FY26E
Exchange rate	INR/USD	74.5	80.4	82.2	82.5	84.2
Energy						
Oil price	US\$/bbl	80.0	95.0	80.7	85.0	85.0
Refining margin	US\$/bbl	8.0	11.5	10.0	9.0	9.0
Petrochem EBITDA	US\$/ton	272	269	278	254	248
O2C throughput	mt	68.2	71.0	71.0	71.0	71.0
Gas realisation- KG D6	US\$/mmbtu	4.9	10.7	10.5	10.2	10.2
Gas production- KG D6	mmscmd	17.7	19.0	24.5	29.0	29.0
Jio Digital Services						
No of subscribers	mn	410	439	474	504	524
ARPU	Rs	150	177	186	206	228
Retail						
Revenue growth	% YoY	25.8	32.0	26.9	22.8	19.1
EBITDA margin	%	6.2	7.5	8.0	8.4	8.4

Source: Company, BOBCAPS Research

BUY with TP of Rs 3,075

We raise our SOTP-based TP for RIL to Rs 3,075 from Rs 2,800 as we roll our valuation base forward to FY26 and factor in market optimism on India's growth trajectory. We believe RIL's consumer businesses will be key beneficiaries of this growth. We discount our SOTP value back to Jul'24 to arrive at a one-year forward target price.

Our target FY26E EV/EBITDA multiples remain unchanged across key businesses, viz. refining (7x), petrochemicals (8x), telecom (Jio Infocomm: 9x), and retail (30x). We tweak valuations of other businesses as follows: Rs 157/sh (vs. Rs 164 earlier) for the upstream business, Rs 107 (vs. Rs 104) for the digital services venture, Rs 171 (vs. Rs 182) for the new energy division, and Rs 161 (Rs 144) for JFS.

We maintain BUY on RIL given 17% upside potential on the 7 July 2023 stock price. In our view, concerns over elevated capex are overdone and the ramp-up in outlay is likely to be in keeping with RIL's structural profit growth.

Fig 9 – Valuation summary

Business (Rs bn)	Fair Value		Value/share (Rs)	Valuation basis
	(US\$ bn)	(Rs bn)		
Energy				
Refining	26	2,114	312	7x FY26E EBITDA
Petrochem	32	2,663	394	8x FY26E EBITDA
Upstream	13	1,064	157	Combination of DCF and reserve multiple
New energy	14	1,156	171	Option value
Energy total	85	6,997	1,034	-
Jio Infocomm	67	5,502	813	9x FY26E EBITDA, RIL share
Digital Services	9	722	107	6x FY26E Sales, RIL share
Reliance Retail	105	8,615	1,273	30x FY26E EBITDA, RIL share
Consumer business total	181	14,840	2,193	-
Jio Financial Services	13	1,087	161	At 1x value of RIL treasury shares
Enterprise value Jul'24	279	22,924	3,388	-
Net Debt	26	2,127	314	-
Marketable securities	0	8	1	At 85% of BV
Equity value Jul'24	253	20,805	3,075	20.9x FY25E EPS
TP (rounded to nearest Rs 5)	-	-	3,075	-

Source: BOBCAPS Research

Key risks

We highlight key downside risks to our estimates below:

- **O2C and Oil & Gas businesses:** Lower-than-assumed oil price, gas price, gross refining margin (GRM) and petrochemical crack movements on easing of the demand-supply balance, or adverse regulatory moves (such as higher windfall taxes or caps on gas price) are key downside risks.
- **Digital Services:** Downside risks in this business include lower growth in subscriber base, slower rise in average tariffs, inferior operating margin and slower pickup in digital services than our assumptions.
- **Reliance Retail:** Below-expected revenue growth driven by slower economic activity as well as lower market share gains against organised retail and competition are primary downside risks. Higher competitive intensity can also push operating margin below our current assumptions. RIL has invested more than US\$ 1bn in acquiring assets and capabilities, and the pace of integration will pose added challenges.
- **New Energy:** Slower-than-expected evolution and integration of new energy businesses with existing businesses would be a key downside risk.
- **Corporate risk:** Succession planning with orderly transfer of management control to the next generation is the key to continuity. RIL has initiated the process by elevating Akash Ambani as Chairman of Reliance Jio Infocomm and elevating a professional manager, Pankaj Pawar, as Managing Director. Isha Ambani has been part of the executive leadership at Reliance Retail Ventures.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Bharat Petroleum Corp	BPCL IN	10.3	392	450	BUY
Gujarat State Petronet	GUJS IN	2.0	287	370	BUY
Hindustan Petroleum Corp	HPCL IN	5.3	306	410	BUY
Indian Oil Corp	IOCL IN	11.4	99	150	BUY
Mahanagar Gas	MAHGL IN	1.3	1,112	1,200	HOLD
Reliance Industries	RIL IN	216.9	2,634	3,075	BUY

Source: BOBCAPS Research, NSE | Price as of 7 Jul 2023

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	46,69,240	69,99,620	87,94,680	81,89,995	93,07,519
EBITDA	8,07,370	11,04,600	14,29,080	16,65,628	18,50,375
Depreciation	(2,65,720)	(2,97,970)	(4,03,190)	(4,11,865)	(4,77,065)
EBIT	5,41,650	8,06,630	10,25,890	12,53,763	13,73,310
Net interest inc./(exp.)	(2,11,890)	(1,45,840)	(1,95,710)	(2,12,560)	(2,12,560)
Other inc./(exp.)	1,63,270	1,49,470	1,18,260	1,45,128	1,53,159
Exceptional items	56,420	28,360	0	0	0
EBT	4,93,030	8,10,260	9,48,440	11,86,331	13,13,909
Income taxes	(17,220)	(1,62,970)	(2,07,130)	(3,17,504)	(3,48,654)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(40,950)	(68,600)	(74,290)	(93,565)	(1,27,738)
Reported net profit	4,91,280	6,07,050	6,67,020	7,75,262	8,37,517
Adjustments	0	0	0	0	0
Adjusted net profit	4,36,628	5,84,201	6,67,020	7,75,262	8,37,517

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	10,88,970	15,93,300	14,71,780	13,08,192	13,69,296
Other current liabilities	7,71,750	6,67,360	11,23,670	9,84,205	10,50,003
Provisions	51,290	37,890	37,870	37,870	37,870
Debt funds	27,47,410	29,39,980	34,28,380	34,28,380	34,28,380
Other liabilities	5,46,910	8,57,850	17,16,310	17,82,369	18,51,029
Equity capital	64,450	67,650	67,660	67,660	67,660
Reserves & surplus	69,37,270	77,27,200	81,43,870	88,40,382	96,02,374
Shareholders' fund	70,01,720	77,94,850	82,11,530	89,08,042	96,70,034
Total liab. and equities	1,32,00,650	1,49,86,220	1,71,19,630	1,76,72,714	1,87,58,004
Cash and cash eq.	1,73,970	3,61,780	7,47,080	6,50,575	10,00,427
Accounts receivables	1,90,140	2,36,400	2,84,510	2,74,434	2,77,608
Inventories	8,16,720	10,77,780	14,00,080	13,10,850	13,44,180
Other current assets	16,99,430	13,64,580	11,51,180	11,51,180	11,51,180
Investments	36,48,280	39,42,640	33,66,330	33,66,330	33,66,330
Net fixed assets	53,10,460	61,47,890	70,95,930	90,34,385	99,55,992
CWIP	12,59,530	17,25,060	29,37,900	17,48,340	15,25,668
Intangible assets	1,02,120	1,30,090	1,36,620	1,36,620	1,36,620
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	1,32,00,650	1,49,86,220	1,71,19,630	1,76,72,714	1,87,58,004

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	(15,20,350)	11,83,480	12,31,540	9,04,312	13,20,480
Capital expenditures	(4,89,180)	(15,15,680)	(25,64,070)	(11,60,760)	(11,76,000)
Change in investments	(85,770)	(7,65,610)	7,75,790	0	0
Other investing cash flows	(6,32,040)	5,92,750	(87,750)	1,45,128	1,53,159
Cash flow from investing	(12,06,990)	(16,88,540)	(18,76,030)	(10,15,632)	(10,22,841)
Equities issued/Others	10,02,980	3,200	10	0	0
Debt raised/repaid	(3,54,780)	9,100	(2,68,230)	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(45,840)	(42,970)	(55,256)	(78,750)	(75,525)
Other financing cash flows	19,89,750	7,23,540	13,53,266	93,565	1,27,738
Cash flow from financing	25,92,110	6,92,870	10,29,790	14,815	52,213
Chg in cash & cash eq.	(1,35,230)	1,87,810	3,85,300	(96,505)	3,49,852
Closing cash & cash eq.	1,73,970	3,61,780	7,47,080	6,50,575	10,00,427

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	76.2	89.7	98.6	114.6	123.8
Adjusted EPS	64.5	86.4	98.6	114.6	123.8
Dividend per share	6.1	6.7	8.2	11.6	11.2
Book value per share	1,086.4	1,152.2	1,213.6	1,316.6	1,429.2

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	4.4	2.9	2.3	2.5	2.2
EV/EBITDA	25.5	18.6	14.3	12.3	11.1
Adjusted P/E	40.8	30.5	26.7	23.0	21.3
P/BV	2.4	2.3	2.2	2.0	1.8

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	79.5	69.7	70.3	65.3	63.7
Interest burden (PBT/EBIT)	101.4	104.0	92.5	94.6	95.7
EBIT margin (EBIT/Revenue)	11.6	11.5	11.7	15.3	14.8
Asset turnover (Rev./Avg TA)	37.6	49.7	54.8	47.1	51.1
Leverage (Avg TA/Avg Equity)	2.2	1.9	2.0	2.0	2.0
Adjusted ROAE	7.6	7.9	8.3	9.1	9.0

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	(21.9)	49.9	25.6	(6.9)	13.6
EBITDA	(9.3)	36.8	29.4	16.6	11.1
Adjusted EPS	(0.3)	33.8	14.2	16.2	8.0
Profitability & Return ratios (%)					
EBITDA margin	17.3	15.8	16.2	20.3	19.9
EBIT margin	11.6	11.5	11.7	15.3	14.8
Adjusted profit margin	9.4	8.3	7.6	9.5	9.0
Adjusted ROAE	7.6	7.9	8.3	9.1	9.0
ROCE	5.7	5.8	6.5	7.0	7.2
Working capital days (days)					
Receivables	15	11	11	12	11
Inventory	95	71	75	77	78
Payables	97	83	76	78	66
Ratios (x)					
Gross asset turnover	0.6	0.9	0.9	0.7	0.7
Current ratio	1.0	1.0	0.9	0.9	1.0
Net interest coverage ratio	2.6	5.5	5.2	5.9	6.5
Adjusted debt/equity	0.4	0.3	0.3	0.3	0.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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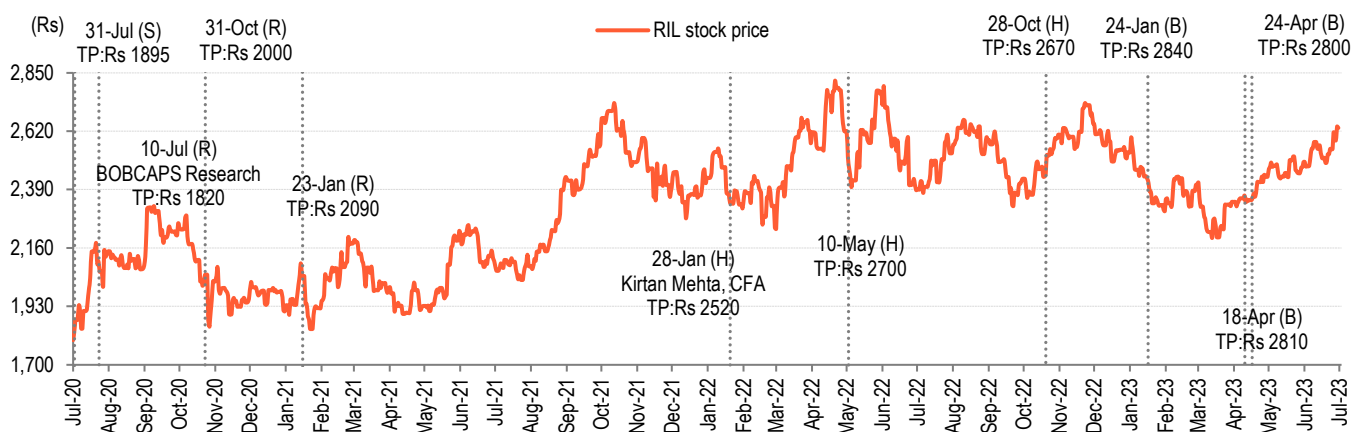
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): RELIANCE INDUSTRIES (RIL IN)



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