

HOLD

TP: Rs 2,520 | ▲ 8%

RELIANCE INDUSTRIES

Oil & Gas

14 February 2022

Derisking the O2C business

- RIL plans to restructure a part of its O2C business to address climate risks and open up new opportunities for value addition
- Approach involves (i) conversion of carbon-intense feedstock into chemicals & clean energy and (ii) potential strategic partnerships
- We maintain our HOLD rating and TP of Rs 2,520

Kirtan Mehta, CFA

researchreport@bobcaps.in

Announces blueprint for embracing new energy in O2C: With the development of a renewable energy portfolio (solar, use of biomass and hydrogen), RIL plans to repurpose syngas for the production of blue hydrogen and also aims to capture and monetise carbon in phase-1. As the company evolves its electrolyser ecosystem with cost-effective green hydrogen, it aims to once again repurpose syngas as a feedstock for chemicals.

Syngas subsidiary to involve strategic partners and investors: RIL is carving out a gasification business with a net asset value of US\$ 9.6bn as a separate subsidiary. It aims to structure the arm as a job work contractor to produce syngas, hydrogen and carbon for RIL and also to provide a minimum offtake guarantee. Management has guided for an initial valuation of US\$ 4bn for this subsidiary.

Upside from use of H2 as fuel: In the first stage, RIL expects the subsidiary to see valuation upsides from better utilisation of the syngas plant via production of blue hydrogen and carbon capture. RIL too will derive upsides from the shift away from fossil fuel as well as from monetising hydrogen and carbon.

Upside from use of syngas as feedstock: As green hydrogen becomes competitive and RIL's electrolyser ecosystem develops, the subsidiary will derive higher prices for syngas as a feedstock as against fuel use. Management plans to add value by expanding into the specialty chemicals chain, involving strategic partners and technology licensors.

Front-loading of value unlocking: RIL aims to tie up with strategic partners and investors to derisk the use of new technologies. The approach also helps unlock value at an early stage, as seen in the company's telecom and retail businesses.

Maintain HOLD: We retain our SOTP-based TP of Rs 2,520 which values RIL's refining business at 7.5x FY24E EV/EBITDA, petrochemicals at 8.5x, telecom (Jio Infocomm) at 10x and retail at 32x. Our TP includes Rs 111 for the value of its venture into digital services and Rs 47 for the new energy division.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	RIL IN/Rs 2,339
Market cap	US\$ 209.4bn
Free float	49%
3M ADV	US\$ 205.8mn
52wk high/low	Rs 2,751/Rs 1,877
Promoter/FPI/DII	50%/25%/14%

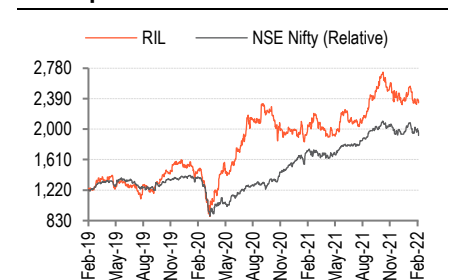
Source: NSE | Price as of 14 Feb 2022

Key financials

Y/E 31 Mar	FY21A	FY22E	FY23E
Total revenue (Rs mn)	46,69,240	68,85,377	79,00,553
EBITDA (Rs mn)	8,07,370	11,38,765	13,75,862
Adj. net profit (Rs mn)	4,36,628	5,82,093	7,18,765
Adj. EPS (Rs)	67.7	90.3	106.2
Consensus EPS (Rs)	67.7	87.7	112.3
Adj. ROAE (%)	7.6	8.0	9.1
Adj. P/E (x)	34.5	25.9	22.0
EV/EBITDA (x)	23.0	16.1	13.3
Adj. EPS growth (%)	(0.3)	33.3	17.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Embracing new energy in O2C operations

Syngas subsidiary to involve strategic partners, investors

RIL is separating its syngas business into a subsidiary from 31 Mar 2022 to create the flexibility of involving strategic partners and investors. Management has guided for an initial valuation of Rs 300bn or US\$ 4bn for this arm while it plans to transfer net assets worth Rs 720bn or close to US\$ 10bn.

The subsidiary will operate as a job work contractor for RIL to produce syngas, hydrogen and carbon dioxide with a minimum guaranteed offtake. It is intended to improve operating efficiency and to capture value from other embedded industrial gases (oxygen, nitrogen, argon and crypton). The main upside in the first stage will be from full utilisation of syngas production capability (16-18mmcmd) for conversion to blue hydrogen and carbon capture. In the second stage, upsides should emerge from the discovery of prices of syngas as a feedstock in contrast to its use as a fuel.

RIL's blueprint for shifting to blue and green hydrogen

Step 1: Use available syngas to produce blue hydrogen

After startup in 2019, RIL's syngas plant has been helping to lower energy cost volatility for the Jamnagar complex. However, the plant has been operating at partial capacity due to the availability of cheaper fuel alternatives such as LNG in 2020 and RIL's own KG-D6 gas in 2021.

RIL aims to progressively replace fossil fuels in Jamnagar operations with renewables (solar, biomass-based fuel, hydrogen) and battery energy storage systems. Given this shift, the company plans to repurpose syngas for the production of blue hydrogen by deploying carbon capture and storage technology. Management sees a possibility of producing hydrogen at a competitive cost of US\$ 1.2-1.5/kg.

Production of blue hydrogen with syngas generates carbon and RIL sees the potential to capture 15mmtpa of CO₂ at 30% of the typical cost of carbon. This can be monetised with manufacturers of (i) urea using green ammonia, (ii) e-products and fuels using green hydrogen, (iii) synthetic aviation fuel, (iv) construction mineralisation, dry ice, and (v) algal oil and super-proteins made through synthetic biology pathways.

Step 2: Shift to syngas as a feedstock once green hydrogen becomes cost-effective

As RIL develops an electrolyser ecosystem and green hydrogen becomes cheaper, the company aims to replace blue hydrogen with green hydrogen and spare syngas for use as a feedstock. While developing feedstock use, it aims to keep the development approach balance sheet-light and tie up with technology licensors and strategic investors to derisk investments.

With syngas as a feedstock, the company plans to build an integrated Acetyls Complex including methanol, acetic acid and derivatives. Management also flagged the possibility of extending into specialty chemical value chains as below:

- Chemicals with 'Oxygen' (MEG and Oxo-Alcohols)
- Methanol to Olefins complex
- Downstream specialty chemicals chain such as (i) MMA and PMMA (end-use: paints, adhesives), (ii) formic acid (end-use: preservative, anti-bacterial agent in livestock feed), (iii) n-Paraffin, Cyclohexane, MDI, TDI (end-use: household products like detergents, foam, sealants), and (iv) polycarbonate (end-use: agro, building, automobiles)

Ongoing repurposing of other O2C assets

Separately, RIL is also continuing to repurpose some existing assets to maximise value from the market environment. It has started producing needle coke from the coker at Jamnagar and has revived the ACN plant at Vadodara for conversion to carbon fibre. In addition, it is planning to repurpose PX (para xylene) and PTA (purified terephthalic acid) at the Patalganga complex to produce MX (mixed xylene) and PIA (purified isophthalic acid).

Valuation methodology

We maintain our HOLD rating and SOTP target of Rs 2,520 for RIL which is based on FY24 valuations. Given that consumer-facing businesses form ~50% of the company's EBITDA and have high growth potential, our valuation implies a target FY23E P/E of 22x and FY24E P/E of 18x.

Fig 1 – Valuation summary

Business	Fair Value (US\$ bn)	Fair Value (Rs bn)	Value/share (Rs)	Valuation basis
Energy				
Refining	31	2,301	362	7.5x FY24E EBITDA
Petrochem	32	2,430	383	8.5x FY24E EBITDA
Upstream	8	587	92	Combination of DCF and reserve multiple
New energy	4	300	47	Option value
Energy total	75	5,618	884	-
Jio	55	4,132	650	10x FY24E EBITDA, RIL share
Digital services	9	705	111	6x FY25E Sales, discounted to FY23, RIL share
Reliance Retail	82	6,123	964	32x FY24E EBITDA, RIL share
Enterprise value	221	16,578	2,610	-
Net Debt	8	573	90	-
Equity value	213	16,005	2,520	18.4x FY24E EPS

Source: BOBCAPS Research

Fig 2 – RIL: EBITDA mix

	FY20	FY21	FY22E	FY23E	FY24E	FY21-24E CAGR (%)
EBITDA (Rs bn)	-	-	-	-	-	-
Petrochemicals	309	296	324	292	286	-
Refining	245	119	222	277	307	-
Oil & Gas	13	2	54	97	87	-
Cyclical subtotal	567	416	601	665	680	-
Digital Services	225	334	378	511	623	-
Retail	97	98	118	157	225	-
Consumer subtotal	322	432	496	668	848	-
Others	2	(40)	42	42	42	-
Consolidated business EBITDA	890	807	1,139	1,376	1,570	-
EBITDA YoY growth (%)	-	-	-	-	-	-
Petrochemicals	(18.3)	(4.4)	9.6	(10.0)	(1.9)	(1.1)
Refining	(6.1)	(51.4)	86.8	24.6	10.9	37.2
Oil & Gas	(41.3)	(87.9)	3402.9	78.4	(10.0)	283.1
Cyclical subtotal	(14.3)	(26.6)	44.4	10.8	2.2	17.8
Digital Services	46.8	48.2	13.4	35.2	21.9	23.1
Retail	55.7	1.4	20.3	33.2	43.3	31.9
Consumer subtotal	49.3	34.1	14.9	34.7	26.9	25.3
Consolidated	5.8	(9.3)	41.0	20.8	14.1	24.8
EBITDA composition (% of total)	-	-	-	-	-	-
Petrochemicals	34.8	36.6	28.5	21.2	18.2	-
Refining	27.5	14.7	19.5	20.1	19.5	-

	FY20	FY21	FY22E	FY23E	FY24E	FY21-24E CAGR (%)
Oil & Gas	1.4	0.2	4.8	7.1	5.6	-
Cyclical subtotal	63.7	51.5	52.7	48.4	43.3	-
Digital Services	25.3	41.3	33.2	37.2	39.7	-
Retail	10.8	12.1	10.3	11.4	14.3	-
Consumer subtotal	36.1	53.5	43.6	48.6	54.0	-

Source: Company, BOBCAPS Research

Fig 3 – Key assumptions

Parameter	Unit	FY21	FY22E	FY23E	FY24E
Exchange rate	INR/USD	74.2	75.0	76.5	78.0
Energy					
Oil price	US\$/bbl	45.8	75.0	75.0	70.0
Refining margin	US\$/bbl	6.0	8.0	9.0	9.5
Petchem EBITDA	US\$/t	203	257	229	220
O2C throughput	mt	62.0	69.4	71.0	71.0
Gas realisation- KG D6	US\$/MMBtu	3.8	4.9	7.6	5.3
Gas production- KG D6	mmscmd	1.8	12.4	21.5	30.0
Jio					
No of subscribers	Mn	426	426	466	506
ARPU	Rs	144	148	167	178
Retail					
Revenue growth	% YoY	(5.3)	27.4	36.2	33.7
EBITDA margin	%	5.9	5.9	6.5	7.1

Source: Company, BOBCAPS Research

Key risks

Key upside risks to our estimates are:

- **O2C and Oil & Gas businesses:** Higher-than-assumed oil price, gas price, GRM and petrochemical crack movements on tightening of demand-supply balance than our current assumptions are key risks.
- **Digital Services:** Upside risks in this business are higher growth in subscriber base, faster rise in average tariffs, better operating margin and faster pickup of digital services than our assumptions.
- **Reliance Retail:** Faster revenue growth driven by faster economic growth, gaining of market share against organised retail and competition are primary upside risks. Lower competitive intensity can also push operating margin above our current assumptions. RIL has invested more than US\$ 1bn in acquiring assets and capabilities and the pace of integration will pose additional risks.
- **New energy business:** Faster evolution of new energy businesses and integration with existing businesses than our current assumption is a key upside risk.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Bharat Petroleum Corp	BPCL IN	10.4	362	460	HOLD
GAIL	GAIL IN	8.2	138	160	BUY
Hindustan Petroleum Corp	HPCL IN	5.4	290	345	BUY
Indian Oil Corp	IOCL IN	14.5	117	135	BUY
Indraprastha Gas	IGL IN	3.5	381	565	BUY
Mahanagar Gas	MAHGL IN	1.0	786	750	SELL
Petronet LNG	PLNG IN	4.3	216	330	BUY
Reliance Industries	RIL IN	209.4	2,339	2,520	HOLD

Source: BOBCAPS Research, NSE | Price as of 14 Feb 2022

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	59,75,350	46,69,240	68,85,377	79,00,553	87,38,985
EBITDA	8,90,090	8,07,370	11,38,765	13,75,862	15,70,210
Depreciation	(2,22,030)	(2,65,720)	(3,14,105)	(3,61,780)	(4,00,564)
EBIT	6,68,060	5,41,650	8,24,660	10,14,082	11,69,646
Net interest inc./(exp.)	(2,20,270)	(2,11,890)	(1,68,401)	(1,77,338)	(1,77,338)
Other inc./(exp.)	1,31,640	1,63,270	1,86,735	2,11,877	2,68,829
Exceptional items	(44,440)	56,420	0	0	0
EBT	5,79,430	4,93,030	8,42,994	10,48,621	12,61,137
Income taxes	(1,37,260)	(17,220)	(1,99,660)	(2,37,121)	(2,75,299)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(4,190)	(40,950)	(61,242)	(92,735)	(1,25,820)
Reported net profit	3,93,540	4,91,280	5,82,093	7,18,765	8,60,018
Adjustments	0	0	0	0	0
Adjusted net profit	4,37,980	4,36,628	5,82,093	7,18,765	8,60,018

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	9,67,990	10,88,970	11,14,528	11,50,101	11,04,107
Other current liabilities	22,09,060	10,65,880	11,40,154	11,80,831	11,48,269
Provisions	36,800	51,290	51,290	51,290	51,290
Debt funds	31,02,210	24,53,280	27,28,280	27,28,280	27,28,280
Other liabilities	7,00,620	5,46,910	5,58,820	5,71,578	5,85,304
Equity capital	63,390	64,450	67,650	67,650	67,650
Reserves & surplus	44,28,270	69,37,270	74,62,671	81,16,372	89,06,385
Shareholders' fund	44,91,660	70,01,720	75,30,321	81,84,022	89,74,035
Total liab. and equities	1,16,30,150	1,32,00,650	1,41,77,234	1,50,12,679	1,58,63,682
Cash and cash eq.	3,09,200	1,73,970	1,60,149	6,31,093	11,95,646
Accounts receivables	1,96,560	1,90,140	1,92,440	1,93,116	1,92,794
Inventories	7,39,030	8,16,720	9,30,831	9,50,234	9,25,147
Other current assets	12,00,050	16,99,430	16,99,430	16,99,430	16,99,430
Investments	27,67,670	36,48,280	36,48,280	36,48,280	36,48,280
Net fixed assets	52,23,990	53,10,460	60,03,979	67,86,204	71,79,401
CWIP	10,91,060	12,59,530	14,30,006	9,92,201	9,10,864
Intangible assets	1,02,590	1,02,120	1,12,120	1,12,120	1,12,120
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	1,16,30,150	1,32,00,650	1,41,77,234	1,50,12,679	1,58,63,682

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	7,43,000	(12,26,220)	7,04,794	9,37,597	9,52,333
Capital expenditures	(7,86,470)	(4,89,180)	(11,78,100)	(7,06,200)	(7,12,424)
Change in investments	(4,09,780)	(85,770)	(10,000)	0	0
Other investing cash flows	1,12,720	(6,32,040)	1,86,735	2,11,877	2,68,829
Cash flow from investing	(10,83,530)	(12,06,990)	(10,01,365)	(4,94,323)	(4,43,595)
Equities issued/Others	1,55,020	10,02,980	3,200	0	0
Debt raised/repaid	2,82,590	(6,48,910)	2,75,000	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(42,820)	(45,840)	(56,692)	(65,064)	(70,006)
Other financing cash flows	(44,440)	56,420	61,242	92,735	1,25,820
Cash flow from financing	3,50,350	3,64,650	2,82,750	27,671	55,814
Chg in cash & cash eq.	9,820	(20,68,560)	(13,821)	4,70,944	5,64,553
Closing cash & cash eq.	1,20,630	(17,59,360)	1,60,149	6,31,093	11,95,646

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	62.1	76.2	86.0	106.2	127.1
Adjusted EPS	68.0	67.7	90.3	106.2	127.1
Dividend per share	5.7	6.1	8.8	9.6	10.3
Book value per share	708.6	1,086.4	1,113.1	1,209.8	1,326.5

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	3.0	4.0	2.7	2.3	2.1
EV/EBITDA	20.3	23.0	16.1	13.3	11.6
Adjusted P/E	34.4	34.5	25.9	22.0	18.4
P/BV	3.3	2.2	2.1	1.9	1.8

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	81.9	79.5	69.1	68.5	68.2
Interest burden (PBT/EBIT)	80.1	101.4	102.2	103.4	107.8
EBIT margin (EBIT/Revenue)	11.2	11.6	12.0	12.8	13.4
Asset turnover (Rev./Avg TA)	55.3	37.6	50.3	54.1	56.6
Leverage (Avg TA/Avg Equity)	2.6	2.2	1.9	1.9	1.8
Adjusted ROAE	10.5	7.6	8.0	9.1	10.0

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	5.0	(21.9)	47.5	14.7	10.6
EBITDA	5.8	(9.3)	41.0	20.8	14.1
Adjusted EPS	10.6	(0.3)	33.3	17.6	19.7
Profitability & Return ratios (%)					
EBITDA margin	14.9	17.3	16.5	17.4	18.0
EBIT margin	11.2	11.6	12.0	12.8	13.4
Adjusted profit margin	7.3	9.4	8.5	9.1	9.8
Adjusted ROAE	10.5	7.6	8.0	9.1	10.0
ROCE	6.9	5.8	5.8	6.7	7.3
Working capital days (days)					
Receivables	15	15	10	9	8
Inventory	62	95	179	205	187
Payables	74	97	70	63	57
Ratios (x)					
Gross asset turnover	0.9	0.6	0.8	0.9	0.9
Current ratio	0.6	1.0	1.0	1.2	1.4
Net interest coverage ratio	3.0	2.6	4.9	5.7	6.6
Adjusted debt/equity	0.6	0.3	0.3	0.3	0.2

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

Disclaimer

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

BUY – Expected return >+15%

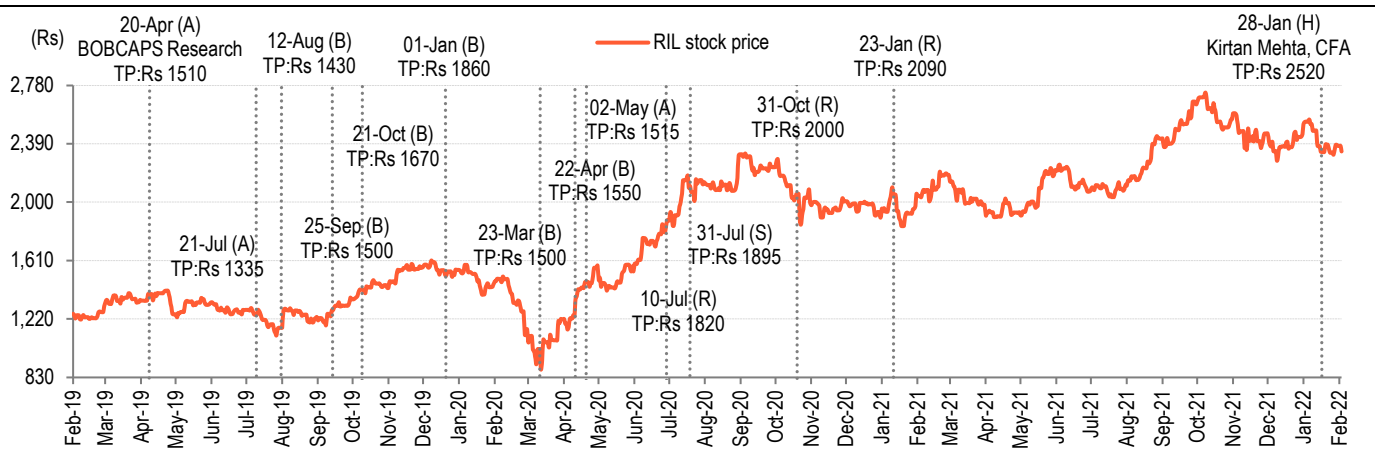
HOLD – Expected return from -6% to +15%

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)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Rating distribution

As of 31 January 2022, out of 115 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 63 have BUY ratings, 32 have HOLD ratings, 5 are rated ADD*, 1 is rated REDUCE* and 14 are rated SELL. None of these companies have been investment banking clients in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOBCAPS.

General disclaimers

BOBCAPS is engaged in the business of Institutional Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may act as market makers or assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company in the past 12 months. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

Research analyst Kirtan Mehta has served as an employee of Reliance Industries (RIL IN) during the period 2002-2003, as disclosed by the research analyst.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.