

Reliance Industries (RIL) – BUY

Company Update

Current Market Price (CMP)

Rs.2405

Target Price

Rs.2850

Our fair value of Rs.2850 implies upside of 18.5% from current market price.

Rationale:

- Recent correction driven by events, which may have limited impact on RIL
- We expect RIL's EBITDA to grow by a robust 26% CAGR over the next two years.
- Expect earnings to grow by 30.8% in FY23E and 18.6% in FY24E.
- Sum-of-the-parts (SOTP) based fair value is Rs. 2850.

EBIDTA: Earnings before Interest, Depreciation, Tax and Amortization.

Company update:

Positives:

- Jio has raised tariffs for prepaid plans by 20-21%.
- Refining margins have recovered in Q3FY22 till date.
- Polymers margins have stabilized in the recent months
- Polyesters margins continue to improve.

Negatives:

- Reduction in Jio's subscriber base.
- Delayed and underwhelming launch of the much-awaited JioPhone Next.
- Call off of stake sale in O2C entity to Saudi Aramco.

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For detailed report dated 29 Nov 2021. Note: CMP & valuation may differ due to difference in dates.



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Holding period: 12 Months. Disclaimer: <http://bit.ly/2n5AxIE>