

Reliance Industries (RIL) – ADD

Result Update

Current Market Price (CMP)

Rs.2,035

Target Price

Rs.2,260

Our fair value of Rs.2260 implies upside of 11% from current market price.

Rationale:

- Robust delivery by O2C, Jio & upstream businesses offsets weakness in retail.
- Healthy subscriber addition & strong growth in new commerce are encouraging
- Expect earnings (EPS) to grow by 17.5% in FY22E and 24.5% in FY23E.
- Sum-of-the-parts fair value is Rs2,260 on rollover to September 2023E.

O2C: Oil to Chemical. EBITDA: Earnings before Interest, Depreciation, Tax and Amortization.

Q1FY22 Earnings update:

Positives:

- Consolidated EBITDA was in line with our estimate at Rs23,368 cr.
- Consolidated net income was 19% above our estimate at Rs12,273 cr.
- Net cash increased to ~Rs3,860 cr in Q1FY21 from ~Rs2,210 cr as of end-FY21.
- Jio's net subscriber additions were fairly strong at 1.43 cr.

Negatives:

- Reliance retail's overall revenues declined 18% qoq in Q1FY22.
- The unrelenting pace of capex remained an area of concern.

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For detailed report dated 26th July 2021. Note: CMP & valuation may differ due to difference in dates.



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