

RESEARCH**RELIANCE INDUSTRIES | TARGET: Rs 3,585 | +18% | BUY**

Key takeaways from the FY24 AGM

SUMMARY**RELIANCE INDUSTRIES**

- Key positives include announcement of bonus issue, high-growth targets for consumer business, and comfort in working with deep-tech
- While announcement of initial milestones for New Energy imparts some visibility, listing of Jio Digital Services and Retail were not addressed
- Reiterate BUY with a TP of Rs 3,585. RIL's consumer businesses remain key beneficiaries of India's growth story

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BUY

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RELIANCE INDUSTRIES

Oil & Gas

29 August 2024

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Positive pointers from the AGM: a) Proposal for issuance of bonus shares in 1:1 ratio, b) confirmation on high growth expectations from consumer businesses for next 3-4 years, c) Improving visibility on initial milestones for New Energy business, d) broadening of Digital Service canvass with vision of AI for everyone, everywhere while continuing to focus on large market potential e) improving comfort with deep-technology and innovation across businesses visible in widening of canvass

Clarity still awaited: a) timeline for listing of Jio and Retail businesses, b) potential savings from use of new energy in existing business, c) plan for further scale-up of petrochemicals integration in O2C (Oil to Chemicals) business

Our forecasts are in line with aspirations: Doubling of business in Jio Digital Services and Retail ties in with our current EBITDA growth CAGR forecasts of 23% and 22% over FY24-27E. Similarly, its aspiration of doubling overall business by FY30 is also directionally in line with our EBITDA CAGR of 11% over FY24-FY27E.

New Energy: visibility improving slowly: a) First module of 10MWh integrated PV solar module factory in FY25, b) Start of 30GWh/year module of battery gigafactory initially with assembly of BESS and pack solutions and then gradual backward integration into battery chemistries, c) first electrolyser manufacturing facility in FY26, d) plan of development of renewable electricity on leased land in Kutch, having potential of 150bn units of electricity generation in a modular manner

M&E: Growing scale and ambitions: With the merger of Viacom18 and Disney ie of platform and content creation, Reliance has achieved a scale of \$1.2bn of revenue from Media and Entertainment business and positioned the business for scale-up in India and starts to also incubate global ambition starting with news.

Reiterate BUY: We have an SOTP-based TP of Rs 3,585 with target multiples for Refining (7.5x), Petrochemicals (8.5x), Jio Infocomm (11x) and Retail (34x). Refer to [Structural position to tide over near-term hiccups](#), published on 20 July, for details on our forecasts and valuation.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	RIL IN/Rs 3,042
Market cap	US\$ 245.4bn
Free float	50%
3M ADV	US\$ 228.5mn
52wk high/low	Rs 3,218/Rs 2,220
Promoter/FPI/DII	50%/21%/17%

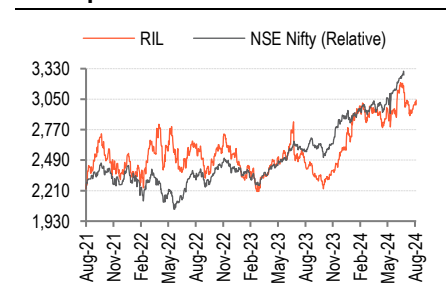
Source: NSE | Price as of 29 Aug 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs)	90,10,640	93,49,965	1,03,34,266
EBITDA (Rs mn)	16,22,187	17,65,754	20,32,313
Adj. net profit (Rs)	6,96,067	7,79,541	9,28,386
Adj. EPS (Rs)	102.9	115.2	137.2
Consensus EPS	102.9	119.4	137.8
Adj. ROAE (%)	9.2	9.4	10.2
Adj. P/E (x)	29.6	26.4	22.2
EV/EBITDA (x)	14.3	13.2	11.4
Adj. EPS growth (%)	5.0	12.0	19.1

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

Stock performance



Source: NSE



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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

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