RESULT REVIEW

BUY
TP: Rs 3,585 | ⮝ 15%

RELIANCE INDUSTRIES | Oil & Gas | 20 July 2024

Structural position to tide over near-term hiccups

- **RIL missed consensus; while slowdown was anticipated in Retail and O2C, the extent was bit higher**
- **Despite slowdown in high-margin category F&L, stable Retail margins are positive signs indicating benefit of rationalisation**
- **Reiterate BUY with tweak in TP to Rs 3,585 (from Rs 3,610); RIL's consumer businesses remain key beneficiaries of India's growth story**

Kirtan Mehta, CFA
research@bobcaps.in

Q1 EBITDA missed consensus: Q1 EBITDA was 3% below Bloomberg consensus and 2% below our forecasts. The miss to our forecasts was driven by 5% lower EBITDA in Retail and 4% lower in Oil & Gas.

Stable Retail margin indicates benefit of rationalisation: Retail slowdown continued into Q1 after significant rationalisation in Q4 and FY24. The impact was compounded by tepid discretionary spend in its highest-margin category Fashion & Lifestyle (F&L). Still, Retail delivered flat QoQ margin, indicating that rationalisation has started improving margins. While we lower Retail EBITDA growth to 16% this year, we maintain 20%+ CAGR over the next three years on the back of its leadership position in a structural growth market.

O2C is positioned to maximise margins under normalised environment: Margin normalisation was acute this quarter, taking O2C EBITDA to the lower end of the Rs 120bn-200bn range over the past eight quarters and unit margin at US$ 89/t to a 14-quarter low. While there are near-term challenges, RIL has already demonstrated its ability to maximise margins with its highly flexible O2C configuration.

RIL is geared to deliver double-digit earnings growth: While we slow down FY25 EBITDA growth to a high single-digit (9%) on the slowdown in Retail and O2C, we continue to bake in a 11% CAGR in EBITDA over FY24-FY27, led by 22% CAGR in consumer business profits.

Key stock catalysts: (a) Jio: Signs of monetising standalone 5G roll-out beyond tariff-repair, (b) Retail: Delivery on 3x growth target over 5 years and demonstration of RIL's comfort in sharing performance details for major retail verticals. (c) O2C: Guidance on cost reduction with the deployment of new energy. (d) Media: Progress on scaling up the business. (e) Public offers: Listing of the Jio and retail businesses.

Reiterate BUY given 15% upside: We adjust our SOTP-based TP to Rs 3,585 (from Rs 3,610) factoring in changes to estimates. We retain target multiples for Refining (7.5x), Petrochemicals (8.5x), Jio Infocomm (11x) and Retail (34x).

Key changes

Target	Rating
▼	◄►

Ticker/Price	RIL IN/Rs 3,110
Market cap	US$ 256.1bn
Free float	50%
3M ADV	US$ 223.7mn
52wk high/low	Rs 3,218/Rs 2,220
Promoter/FPI/DII	50%/21%/17%

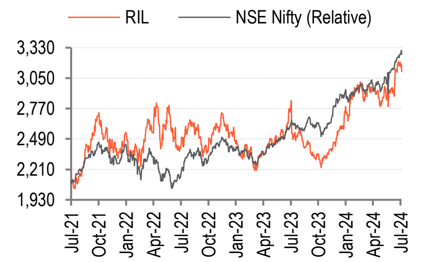
Source: NSE | Price as of 19 Jul 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	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 mn)	6,96,067	7,79,541	9,28,386
Adj. EPS (Rs)	102.9	115.2	137.2
Consensus EPS (Rs)	102.9	119.4	137.8
Adj. ROAE (%)	9.2	9.4	10.2
Adj. P/E (x)	30.2	27.0	22.7
EV/EBITDA (x)	14.6	13.4	11.6
Adj. EPS growth (%)	5.0	12.0	19.1

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

Stock performance



Source: NSE

Q1 below consensus

RIL's Q1FY25 EBITDA at Rs 388bn was 3% below Bloomberg consensus and 2% below our forecasts. While the decline was along anticipated lines, the impact turned out to be a bit higher. RIL's net income at Rs 151bn was 2% below our forecast but 13% below consensus.

- **Retail and O2C led the miss.** Among RIL's business segments, the Retail business's EBITDA and O2C EBITDA were 5% and 4%, respectively, below our forecasts, resulting in the miss.
- **EBITDA was 9% lower sequentially.** The slowdown was mainly the result of normalisation of margins in O2C (contributing to a Rs 37bn decline), and marginal decline in Oil & Gas (Rs 4bn) and Retail (Rs 2bn), partially offset by marginal increase in Digital Services (Rs 3bn).
- **Retail slowdown extended into Q1.** Retail revenue slowed for the second quarter in a row to 10% YoY from 18% YoY in Q4 and 28% growth in FY24. While this quarter was impacted by tepid discretionary spend in Fashion and Lifestyle, it was also impacted by rationalisations being carried out in the business.
- **Consumer businesses slipped to high single-digit growth.** Despite slowdown in retail, consumer businesses clocked 9.2% YoY growth in Q1 and offset weakness in energy (-5% YoY), maintaining consolidated EBITDA growth in positive territory. Consumer business growth is likely to bottom out in Q1 with the tariff hike supporting the next leg of growth in Digital Services starting from Q2.
- **Consumer businesses contribution moving up closer to half of net profit.** The consumer businesses now account for nearly half of RIL's EBITDA (48%) and net profit (46%).
- **Cash profit continues to cover capex.** In Q1 as well, capex of Rs 288bn was well covered by internal cash generation. Net debt remained broadly stable YoY, decreasing by just Rs 39bn YoY to Rs 1,123bn (excluding deferred spectrum liabilities).

Fig 1 – Quarterly performance

(Rs bn)	Q1FY25	Q4FY24	QoQ (%)	Q1FY24	YoY (%)
Consolidated P&L					
Revenue	2,362	2,407	(1.9)	2,108	12.0
EBITDA excl other income	**388**	**425**	**(8.8)**	**381**	**1.8**
Net income adjusted	174	212	(17.9)	183	(4.5)
Net income post minority share	151	190	(20.1)	160	(5.5)
EBITDA mix					
Oil to Chemicals (O2C)	131	168	(22.0)	153	(14.3)
Oil and Gas	52	56	(7.1)	40	29.8
Retail	57	58	(2.7)	52	10.1
Digital Services	149	146	2.0	137	8.9
Others	20	22	(9.3)	23	(11.6)
Segment EBITDA	409	451	(9.2)	404	1.2
Delta	18	20		15	
Consolidated EBITDA (Reported)	**427**	**471**	**(9.1)**	**419**	**2.0**
Energy businesses	183	224	(18.2)	193	(5.1)
Consumer businesses	**206**	**205**	**0.7**	**189**	**9.2**

Source: Company, BOBCAPS Research

Fig 2 – Quarterly operational indicators

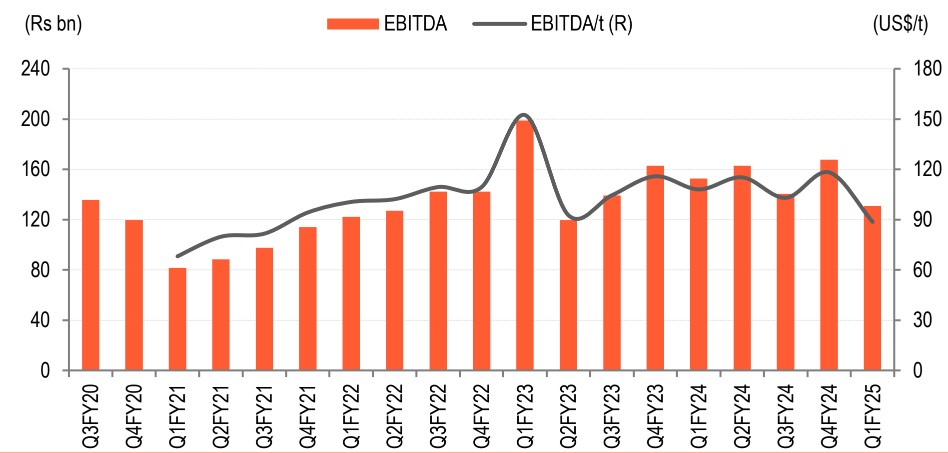
	Unit	Q4FY24	Q3FY24	QoQ (%)	Q4FY23	YoY (%)
Digital Services						
Customer base	mn	489.7	481.8	1.6	448.5	9.2
Net customer additions	mn	7.9	10.9		9.2	
ARPU	Rs/month	181.7	181.7	0.0	180.5	0.7
Retail						
Revenue	Rs bn	663	676	(2.0)	622	6.6
Core revenue	Rs bn	445	461	(3.5)	417	6.7
EBITDA margin excl investment income	%	8.2	8.3		7.9	
Total store count	Nos	18,918	18,836	0.4	18,446	2.6
Total store area	mn sqft	81.3	79.1	2.8	70.6	15.2
Oil to Chemicals (O2C)						
Feedstock throughput	mt	19.8	19.8	0.0	19.7	0.5
Production meant for sale	mt	17.7	17.1	3.5	17.2	2.9
Transportation fuels	mt	11.6	11.3	2.7	11.1	4.5
O2C EBITDA/t	US$/t	89	118	(25.0)	108	(17.9)
Oil and Gas						
Production	BCFe	71.7	73.5	(2.4)	50.4	42.3
KG-D6 gas production	mmscmd	28.7	29.7	(3.4)	20.9	37.3
KG-D6 realisation	US$/MMBtu	9.3	9.5	(2.7)	10.8	(14.2)

Source: Company, BOBCAPS Research

Oil to Chemicals (O2C)

O2C EBITDA has seen a sharp 22% sequential pullback to Rs 131bn, bringing the quarterly profit to the lower end of the Rs 120bn-200bn range seen over the past eight quarters. Blended O2C margin per tonne at US$89/t was also at a 14-quarter low.

Fig 3 – O2C: EBITDA at the lower end of the range over past 8 quarters

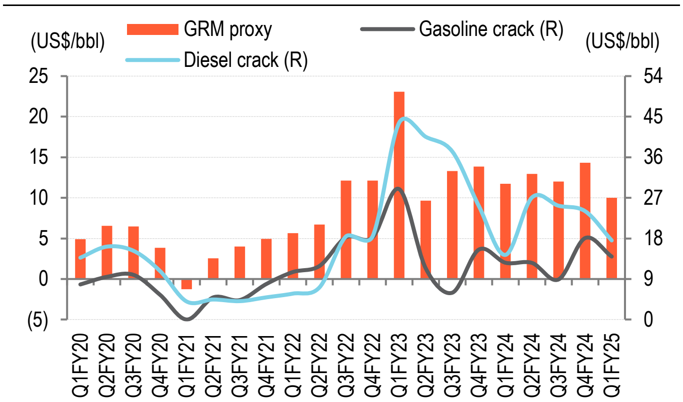


Source: Company, BOBCAPS Research

- **Normalisation of margins:** Refining margin has seen a sharp pullback with normalisation of fuel crack spreads (down ~35% QoQ). The impact was partially cushioned by continuing gradual improvement in petrochemicals for the past three quarters.

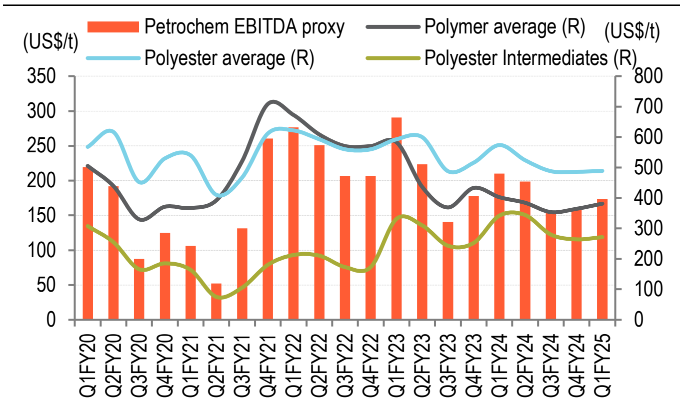
  In Refining, we estimate that RIL's gross refining margin (GRM) declined by US$ 4.3/bbl in Q1 to US$ 10.0/bbl. In Petrochemicals, we estimate that average EBITDA/t may have improved by 8% QoQ to ~US$ 174/t with mild recovery in polymer spreads.

Fig 4 – Refining GRM (proxy) weakens on lower fuel cracks



Source: Company, BOBCAPS Research

Fig 5 – Petrochemicals EBITDA's (proxy) modest recovery



Source: Company, BOBCAPS Research

- **Flexibility continues to add value:** RIL continues to demonstrate the benefit of its flexible refining capabilities to largely overcome the soft margin environment in different parts of the chain. RIL maximised arbitrage barrels from Russia and usage of ethane from the US; optimised aromatics components blending to gasoline over para-xylene (PX); maximised petrochemicals production in view of improving spreads; maximised domestic fuel sale in view of pullback in regional margins; and maximised gasifier operation to largely eliminate LNG sourcing.

O2C profits to remain resilient over FY25E-FY26E

We expect O2C EBITDA to come off its peak but remain resilient over the next two years as highly complex refining and petrochemical assets allow RIL to efficiently align the feedstock mix as well as product and energy mixes with market opportunities.

- **Near-term several challenges exist –** (a) lower global operating rates for both refinery (78.7%) and petrochemical (78.5%), (b) higher fuel inventories, and (c) continuing ramp-up of new refineries in Africa and Middle East,
- **Positive drivers could also emerge –** (a) pick up in US gasoline demand during summer driving season, (b) further pick-up in aviation fuel demand, (c) possibility of active hurricane season in the US (could impact 1mb/d of refining capacity) and (d) likely reinstatement of ban on gasoline exports from Russia.
- **Downstream petrochemicals –** RIL expects only a gradual recovery in margin with a slowing pace of capacity addition.

Oil & Gas

In Q4, Oil & Gas EBITDA was down 7% QoQ with marginal decline in volumes and realisations. However, volumes have come back with KGD6 production back at 30mmscmd of gas and 23kb/d of oil and condensate.

Over the next three years, we expect Oil & Gas EBITDA to come off the peak with easing of gas realisation and sharing of higher profit barrels with government. We assume that plateau production will extend over a longer plateau period of four to five years with additional 4-5mmscmd production from the R and Satellite clusters after two to three years.

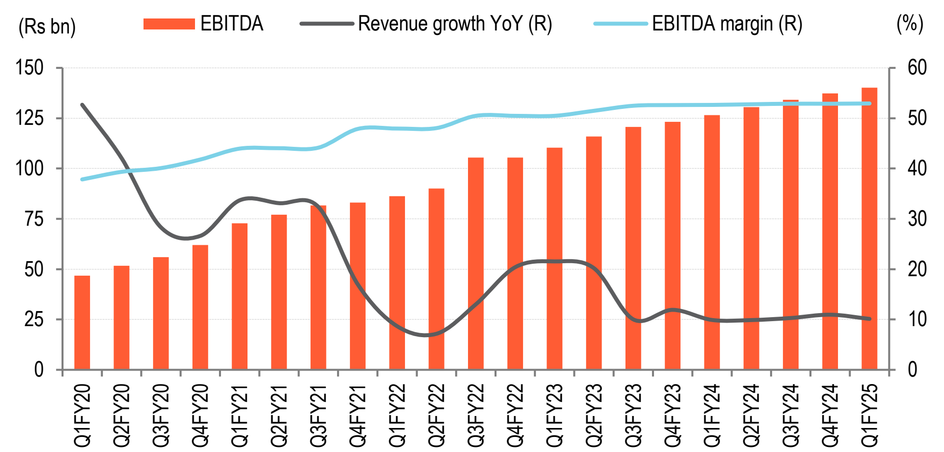
Digital Services

While Digital Services posted another quarter of slower EBITDA growth of 8.9% YoY in Q1, growth is likely to pick up from Q2 with the 13-20% hike across different plans. Digital Services is gaining traction in 5G usage, home and enterprise segments.

- **Jio is clocking a record in 5G services:** Jio Infocomm now has the largest 5G subscriber base worldwide outside China at 130mn and is also the largest operator globally in terms of data traffic.
- **Continue to gain subscriber market share:** Jio Infocomm added 41.2mn net subscribers YoY, indicating healthy increase in subscriber market share. Consumer engagement is also moving up reflected in 33% YoY growth in data traffic to 44.1bn GB.
- **Fixed broadband gaining traction:** Jio currently has 60% of the market share in net FTTH (Fibre to the Home) additions and has crossed the 1.1mn mark. Jio has

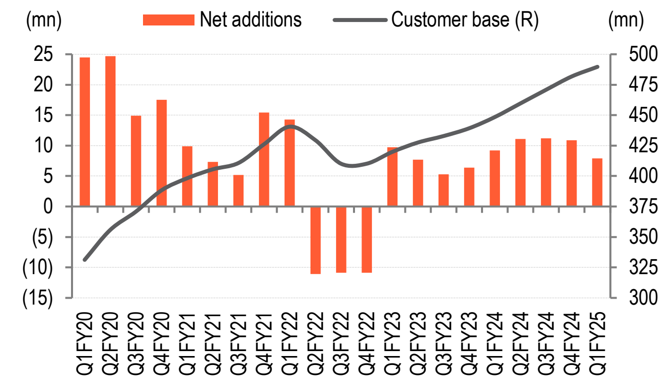
started offering a fixed wireless offering, ie, Jio AirFiber pan-India and is seeing increasing traction.

Fig 6 – Digital Services: EBITDA growth to pick up from Q2 on tariff hike



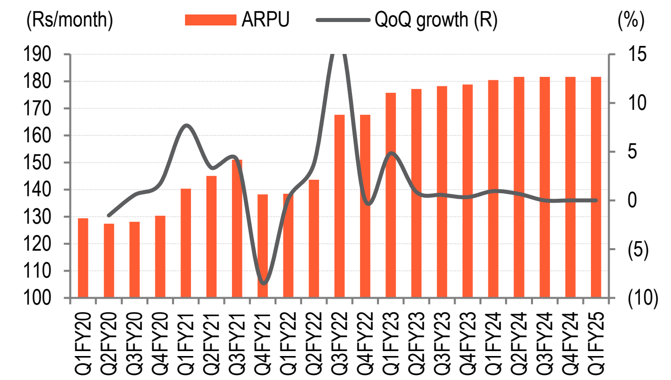
Source: Company, BOBCAPS Research

Fig 7 – Gaining subscriber market share



Source: Company, BOBCAPS Research

Fig 8 – ARPU to rise from Q2 on tariff-increase



Source: Company, BOBCAPS Research

Expect Digital Services EBITDA to rise 26% CAGR by FY26E

We model for 22% annual growth in Digital Services EBITDA over FY24-FY27 on the back of leveraging revenue increase from increasing 5G service penetration.

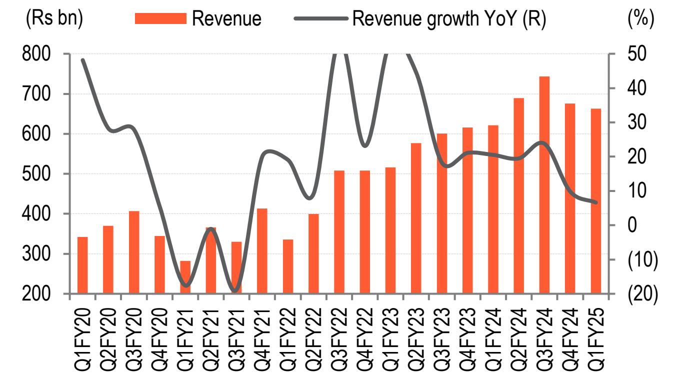
- To factor in the possibility of SIM consolidation, we lower net subscriber additions from 42mn in FY24 to 25mn in FY25, but assume continuing momentum into FY26/ FY27 with the addition of 30mn and 25mn, respectively, on the back of transition from 2G/3G to 4G/5G. For home broadband services, we factor in a gradual pickup in connections to ~52mn by end-FY27.
- Given the consolidation in the industry and recent increase in tariff led by Jio Infocomm, we are factoring in on average 11% annual hikes in ARPU to an average of Rs 245 in FY27, broadly in line with requirements for 'tariff repair'. Although Jio 2.0 is in the making, we remain conservative in our assumptions at this stage as ARPU acceleration will depend on the successful ramp-up of 5G services, levels of user engagement and new use cases for the technology.

Retail

Retail business EBITDA of Rs 54bn (excluding investment income) was down 3% QoQ in Q1 after a 7% QoQ decline in Q4. Annual growth slowed to 10% YoY in Q1 from the 28% growth in FY24 as a result of muted sales growth in Fashion and Lifestyle and continuing impact of rationalisations to improve business profitability. Jio has closed more than 1,000 stores over the past year to optimise its footprint.

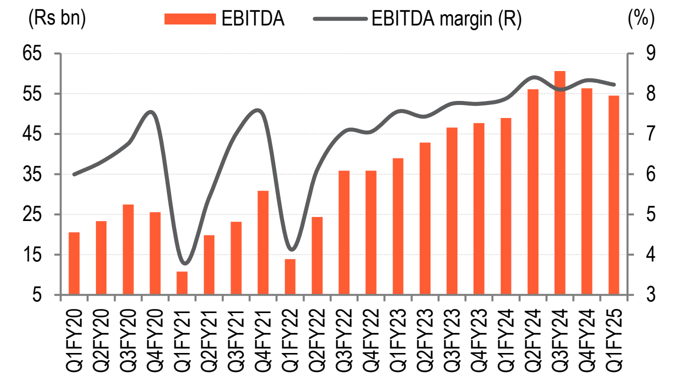
- Retail gross revenue has been running at a Rs 3.1tn annual run rate over the past 12 months or 1.9x FY21 revenue and must grow at an annualised rate of 24% over the next two years if it is to triple in five years, in line with RIL's target set at the FY21 AGM. Growth has been driven by core segments growing 2.4x to Rs 1.9tn revenue over FY21-24, and delivering a growth CAGR of 34%.
- Retail EBITDA margin was resilient at 8.2% in Q2 despite muted growth in its high-margin fashion and lifestyle business, indicating improvement in overall cost structure.
- The focus of the Retail business has shifted to store space extension after developing a footprint of more than 18,000 stores. Store space was up 15% YoY to 81.3mn sq ft in Q1FY25.

Fig 9 – Retail revenue growth: Slowdown continued in Q1 from slower spend in F&L and impact of rationalisation



Source: Company, BOBCAPS Research

Fig 10 – Retail EBITDA margin stable in Q1 despite slower growth in high-margin F&L



Source: Company, BOBCAPS Research

Expect Retail EBITDA CAGR at 22% over FY24-27E

We forecast 22% annual growth in Retail EBITDA over FY24-FY27.

- We assume 3.2x revenue growth between FY22 and FY27 (vs. RIL's target of 3x over three to five years). Growth would be driven by the expansion of physical stores, integration of acquisitions, digital commerce with stores, and merchant partnerships.
- We expect EBITDA margin to improve to 9.2% in FY27 from 8.0% in FY24 as the Retail business leverages its large scale and national presence, and integrates premium brands and partnerships.

Valuation methodology

Forecast revisions

Factoring in Q1 results particularly normalisation of margins in refining segment and slowdown in Retail business, we lower our EBITDA estimates for FY25 by 1.6% and FY26 by 0.5%.

Fig 11 – Revised estimates

(Rs bn)	Actual	New			Old		Change (%)	
	FY24P	FY25E	FY26E	FY27E	FY25E	FY26E	FY25E	FY26E
Revenue	9,011	9,350	10,334	11,205	9,479	10,466	(1.4)	(1.3)
EBITDA	**1,622**	**1,766**	**2,032**	**2,238**	**1,795**	**2,042**	**(1.6)**	**(0.5)**
EBITDA margin (%)	18.0	18.9	19.7	20.0	18.9	19.5	(0.1)	0.2
Adj. PAT	696	780	928	1,053	800	944	(2.6)	(1.7)
EPS (Rs)	102.9	115.2	137.2	155.6	118.2	139.6	(2.6)	(1.7)

Source: Company, Bloomberg

We introduce our FY27 forecasts. We expect 11% annual growth in RIL's EBITDA over FY24-FY27 mainly driven by 22% CAGR for the Consumer business.

Fig 12 – RIL's EBITDA mix

	FY22	FY23	FY24P	FY25E	FY26E	FY27E	FY21/24 CAGR (%)	FY24/27E CAGR (%)
EBITDA (Rs bn)								
O2C	527	621	624	588	615	618	-	-
Oil & Gas	55	136	203	189	176	148	-	-
Cyclical subtotal	**582**	**757**	**827**	**777**	**790**	**766**	**-**	**-**
Digital Services	394	490	555	689	877	1,029	-	-
Retail	124	179	230	267	332	410	-	-
Consumer subtotal	**518**	**669**	**786**	**956**	**1,209**	**1,439**	**-**	**-**
Others	(16)	(4)	9	33	33	33	-	-
Consolidated business EBITDA	**1,084**	**1,422**	**1,622**	**1,766**	**2,032**	**2,238**	**-**	**-**
EBITDA YoY growth (%)								
O2C	na	17.7	0.5	(5.8)	4.6	0.5	11.9	(0.3)
Oil & Gas	NM	149.0	49.5	(7.0)	(7.1)	(15.8)	395.4	(10.1)
Cyclical subtotal	**(26.9)**	**30.1**	**9.3**	**(6.1)**	**1.8**	**(3.1)**	**(0.8)**	**(2.5)**
Digital Services	18.2	24.3	13.3	24.1	27.2	17.4	27.4	22.8
Retail	26.5	44.8	28.5	15.9	24.4	23.4	39.7	21.2
Consumer subtotal	**20.1**	**29.2**	**17.4**	**21.7**	**26.4**	**19.1**	**30.4**	**22.4**
Consolidated	**34.3**	**31.1**	**14.1**	**8.9**	**15.1**	**10.1**	**29.8**	**11.3**
EBITDA composition (% of total)								
O2C	48.6	43.7	38.5	33.3	30.3	27.6	-	-
Oil & Gas	5.0	9.6	12.5	10.7	8.6	6.6	-	-
Cyclical subtotal	**53.6**	**53.2**	**51.0**	**44.0**	**38.9**	**34.2**	**-**	**-**
Digital Services	36.4	34.5	34.2	39.0	43.1	46.0	-	-
Retail	11.4	12.6	14.2	15.1	16.4	18.3	-	-
Consumer subtotal	**47.8**	**47.1**	**48.4**	**54.2**	**59.5**	**64.3**	**-**	**-**

Source: Company, BOBCAPS Research

Fig 13 – Key assumptions

	Unit	FY23	FY24P	FY25E	FY26E	FY27E
Exchange rate	INR/USD	80.4	82.8	83.5	83.5	83.5
Energy						
Oil price	US$/bbl	95.0	84.7	85.0	85.0	85.0
Refining margin	US$/bbl	11.5	11.5	10.2	9.5	9.5
Petrochem EBITDA	US$/ton	285	263	257	278	278
O2C throughput	mt	66.4	71.0	71.0	71.0	71.0
Gas realisation- KG D6	US$/mmbtu	10.7	11.2	9.9	10.2	8.5
Gas production- KG D6	mmscmd	19.0	27.1	29.0	29.0	29.0
Jio Digital Services						
No of subscribers	mn	439	482	507	536	561
ARPU	Rs	177	181	198	226	245
Retail						
Revenue growth	% YoY	32.0	18.3	15.5	20.3	17.6
EBITDA margin	%	7.5	8.0	8.4	8.8	9.2

Source: Company, BOBCAPS Research, NM: Not meaningful

BUY with TP of Rs 3,585

We lower our SOTP-based TP for RIL to Rs 3,585 from Rs 3,610 as we incorporate marginal changes in our estimates, while retaining our target multiples. For our SOTP valuations, we first arrive at Mar'25 fair value using one-year forward multiple on FY26 estimates and then roll forward the same to Jun'25 to arrive at our 12-month forward TP.

- We include valuations of other businesses: Rs 217/sh (from Rs 197/sh) for the upstream business, Rs 131 (unchanged) for the Digital Services venture, Rs 189 (unchanged) for the New Energy division and Rs 41 (unchanged) for the media business.

We maintain BUY on RIL given 15% upside potential. In our view, the company will deliver structural profit growth while balancing its capex outlay and risk profile.

Fig 14 – Valuation summary

Business (Rs bn)	Fair Value		Value/share	Valuation basis
	(US$ bn)	(Rs bn)	(Rs)	
Energy				
Refining	31	2,608	385	7.5x FY26E EBITDA
Petrochem	40	3,318	490	8.5x FY26E EBITDA
Upstream	18	1,468	217	Combination of DCF and reserve multiple
New energy	15	1,281	189	Option value
Energy total	**105**	**8,674**	**1,282**	**-**
Jio Infocomm	79	6,557	969	11x FY26E EBITDA, RIL share
Digital Services	11	883	131	6x FY26E Sales, RIL share
Reliance Retail	119	9,830	1,453	34x FY26E EBITDA, RIL share
Consumer business total	**209**	**17,270**	**2,553**	**-**
Media business	3	280	41	Combination of market value and book value
Enterprise value	**317**	**26,224**	**3,876**	**-**
Net Debt	24	1,968	291	-
Equity value	**293**	**24,256**	**3,585**	**-**
TP (rounded to nearest Rs 5)			**3,585**	**26.1x FY26E EPS**

Source: BOBCAPS Research

Oil to Chemicals

We value RIL's Refining and Chemicals businesses at a one-year forward EV/EBITDA of 7.5x (unchanged) and 8.5x (unchanged) respectively. Our multiples are marginally below the valuation of global peers in refining (7.8x-8.2x on CY24E/FY25E) and petrochem (8.4-10.9x on CY24E).

While RIL's Refining and Petrochem operations deserve a premium over peers, our stance reflects our conservative approach to valuing cyclical businesses. We note that RIL's refinery runs highly integrated operations and consistently delivers stronger margins than peers, has the flexibility to switch between transportation fuels and petrochemical output, and to optimise feedstock and product slates. This apart, we expect the company to gradually make progress on its plan to improve chemical integration from 25% to 60-70% in this decade. RIL aims to embark on phase 1 expansion towards this in FY25.

Fig 15 – Global refining peers

Company	Bloomberg Code	Market Cap (US$ bn)	Price Currency	Current Price	P/E (x)		P/B (x)		EV/EBITDA (x)	
					CY24E/ FY25E	CY25E/ FY26E	CY24E/ FY25E	CY25E/ FY26E	CY24E/ FY25E	CY25E/ FY26E
Phillips 66	PSX US	59.7	USD	140.7	14.8	10.7	2.0	1.8	9.3	7.7
Valero Energy	VLO US	49.1	USD	150.1	11.6	11.0	1.9	1.7	6.6	6.3
Marathon Petroleum	MPC US	58.3	USD	165.6	12.8	11.4	2.8	2.8	7.7	7.4
S-Oil	010950 KS	0.6	KRW	68,500	8.0	6.8	0.8	0.8	5.4	5.4
SK Innovation	096770 KS	0.8	KRW	1,15,900	17.7	7.7	0.5	0.5	8.4	6.7
IRPC	IRPC TB	0.9	THB	1.65	16.7	10.0	0.4	0.4	8.2	6.4
Thai Oil	TOP TB	3.3	THB	53.25	7.6	5.6	0.7	0.6	8.5	5.8
Eneos Holdings	5020 JP	16.0	JPY	826.2	9.8	8.4	0.7	0.7	7.4	7.5
Idemitsu Kosan	5019 JP	9.1	JPY	1,019	8.9	8.0	0.7	0.7	8.3	7.7
Weighted Average	**-**	**197.8**	**-**	-	**12.6**	**10.6**	**2.0**	**1.9**	**7.9**	**7.2**
Simple Average	**-**	**-**	**-**	-	**12.0**	**8.8**	**1.2**	**1.1**	**7.8**	**6.8**
Median	**-**	**-**	**-**	-	**11.6**	**8.4**	**0.7**	**0.7**	**8.2**	**6.7**

Source: Bloomberg, BOBCAPS Research

Fig 16 – Global petrochemicals peers

Company	Bloomberg Code	Market Cap (US$ bn)	Price Currency	Current Price	P/E (x)		P/B (x)		EV/EBITDA (x)	
					CY24E	CY25E	CY24E	CY25E	CY24E	CY25E
LG Chem	051910 KS	1.7	KRW	3,33,500	16.9	8.1	0.7	0.7	6.7	4.9
Lotte Chemical	011170 KS	0.3	KRW	1,06,300	NA	12.5	0.3	0.3	12.3	8.1
SK Innovation	096770 KS	0.8	KRW	1,15,900	17.7	7.7	0.5	0.5	8.4	6.7
S-Oil	010950 KS	0.6	KRW	68,500	8.0	6.8	0.8	0.8	5.4	5.4
Wanhua Chemical	600309 CH	35.4	CNY	81.78	12.9	11.0	2.5	2.2	8.7	7.0
IRPC	IRPC TB	0.9	THB	1.65	16.7	10.0	0.4	0.4	8.2	6.4
Formosa Plastics	1301 TT	11.9	TWD	60.8	39.9	23.0	1.1	1.1	37.8	25.3
Petronas Chemicals	PCHEM MK	10.4	MYR	6.04	18.9	15.5	1.2	1.1	9.2	7.5
Indorama Ventures	IVL TB	3.0	THB	19.2	15.3	10.0	0.6	0.6	7.2	6.3
LyondellBasell	LYB US	32.2	USD	98.74	11.8	10.1	2.3	2.2	7.8	7.0
Dow	DOW US	39.0	USD	55.41	19.1	13.5	2.1	2.1	8.3	7.0
Weighted Average	**-**	**136.0**	**-**	**-**	**17.4**	**12.8**	**2.0**	**1.9**	**10.9**	**8.6**
Simple Average	**-**	**-**	**-**	**-**	**17.8**	**12.0**	**1.2**	**1.1**	**10.9**	**8.3**
Median	**-**	**-**	**-**	**-**	**16.7**	**10.5**	**1.0**	**0.9**	**8.4**	**7.0**

Source: Bloomberg, BOBCAPS Research

Digital Services (Jio)

While we value Jio Infocomm's wireless, wireline and enterprise business at 11x FY26E (unchanged) EBITDA, we value RIL's venture into Digital Services (part of JPL) at 6x FY26E Sales (unchanged) and roll forward to Jun'25.

Fig 17 – Indian telecom peers

Company	Bloomberg Code	Market Cap (US$ bn)	Price Currency	Current Price	P/E (x)		P/B (x)		EV/EBITDA (x)	
					FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Bharti Airtel	BHARTI IN	106.0	INR	1483.65	41.5	29.3	8.2	6.7	11.6	9.7
Bharti Hexacom	BHARTIHE IN	6.8	INR	1137.55	43.9	29.9	10.1	8.4	14.2	11.7
Vodafone Idea	IDEA IN	13.2	INR	16.27	NA	NA	NA	NA	16.7	14.3

Source: Bloomberg, BOBCAPS Research, NA: Not Available

Given that RIL's Digital Services are at a relatively nascent stage, we value the business at 6x Sales, in line with the typical multiple for transactions in this space. We see potential for sales of US$ 2.6bn for JPL based on our assumption of an average 7.5% market share for the company across digital market segments by FY26.

Reliance Retail

We value Reliance Retail at one-year forward target EV/EBITDA to 34x (unchanged). Our target multiple is marginally below the simple average FY25 multiple of 35.7x for select players in the Indian retail industry that operate in different segments of the value chain. We use a simple average instead of market cap-weighted average to represent players across different segments below.

Fig 18 – Indian retail peers

Company	Bloomberg Code	Market Cap (US$ bn)	Price Currency	Current Price	P/E (x)		P/B (x)		EV/EBITDA (x)	
					FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Trent	TRENT IN	22.6	INR	5,309	121.5	89.9	34.3	25.1	71.9	54.3
Avenue Supermarkets	DMART IN	39.5	INR	5,083	99.0	80.2	14.8	12.5	63.4	51.2
Titan	TTAN IN	34.6	INR	3,262	67.0	54.4	20.3	15.9	45.1	37.1
Jubilant Foodworks	JUBI IN	4.5	INR	568	99.8	71.4	14.5	12.7	25.4	21.2
Aditya Birla Fashion and Retail	ABFRL IN	3.9	INR	323	NA	NA	8.3	8.5	19.7	15.9
V-Mart Retail	VMART IN	0.8	INR	3,283	NA	154.7	8.8	8.5	20.4	15.8
Shoppers Stop	SHOP IN	1.1	INR	819	68.9	39.9	19.1	13.2	12.5	12.4
Bata India	BATA IN	2.4	INR	1,530	54.4	44.6	11.0	9.5	23.0	19.0
Relaxo Footwears	RLXF IN	2.5	INR	830	79.8	62.4	9.4	8.5	40.2	32.7
Weighted Average	**-**	**111.8**	**-**	**-**	**91.7**	**72.5**	**20.0**	**15.8**	**54.2**	**43.3**
Simple Average	**-**	**-**	**-**	**-**	**84.3**	**74.7**	**15.6**	**12.7**	**35.7**	**28.8**
Median	**-**	**-**	**-**	**-**	**79.8**	**66.9**	**14.5**	**12.5**	**25.4**	**21.2**

Source: Company, BOBCAPS Research, NA Not Available

New Energy

We assign an option value of US$ 15bn, which is 1.5x of the US$ 10bn investment committed by RIL for New Energy. The option value reflects progress on (a) launch of the company's solar cell giga factory and battery storage giga factory, and (b) the blueprint in place for conversion of carbon-intense feedstocks into chemicals and clean energy.

Media business

We value the media business at Rs 41/sh (unchanged) factoring in the joint venture that will combine the business of Viacom18 and Star India. We factor in the 75% stake in Network 18 Media at market value and the stakes of RIL and Viacom18 in the new media JV at the transaction value of US$ 8.5bn. The JV will be controlled by RIL and owned 16.34% by RIL, 46.82% by Viacom18 and 36.84% by Disney. RIL's investment of US$ 1.35bn in Viacom 18 has effectively resulted in a 60.36% stake (on a fully-diluted basis) for RIL.

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 penetration in home broadband segment, 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 unorganised 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. Chairman Mukesh Ambani has already announced his intent to stay at the helm for five more years and to mentor his children Akash, Isha and Anant for "collective leadership", while also inducting them into RIL's board.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Total revenue	**87,78,350**	**90,10,640**	**93,49,965**	**1,03,34,266**	**1,12,05,479**
EBITDA	14,21,620	16,22,187	17,65,754	20,32,313	22,38,112
Depreciation	(4,03,030)	(5,08,320)	(5,50,234)	(6,04,986)	(6,79,139)
EBIT	10,18,590	11,13,867	12,15,520	14,27,327	15,58,973
Net interest inc./(exp.)	(1,95,710)	(2,31,180)	(2,28,676)	(2,28,676)	(2,28,676)
Other inc./(exp.)	1,17,340	1,60,570	1,71,922	1,82,488	2,15,494
Exceptional items	0	0	0	0	0
EBT	9,40,220	10,43,257	11,58,766	13,81,139	15,45,791
Income taxes	(2,03,760)	(2,57,070)	(2,77,650)	(3,13,748)	(3,26,136)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(73,620)	(90,120)	(1,01,575)	(1,39,005)	(1,66,640)
Reported net profit	**6,62,840**	**6,96,067**	**7,79,541**	**9,28,386**	**10,53,015**
Adjustments	0	0	0	0	0
Adjusted net profit	**6,62,840**	**6,96,067**	**7,79,541**	**9,28,386**	**10,53,015**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Accounts payables	14,71,720	17,83,770	15,97,784	15,37,653	14,79,493
Other current liabilities	11,23,260	11,52,800	11,92,400	11,98,636	12,05,528
Provisions	37,850	42,190	42,190	42,190	42,190
Debt funds	34,20,960	35,18,090	35,18,090	35,18,090	35,18,090
Other liabilities	17,16,220	17,95,750	19,31,237	19,52,944	19,96,491
Equity capital	67,660	67,660	67,660	67,660	67,660
Reserves & surplus	70,91,060	78,67,150	85,77,167	94,33,416	1,04,19,094
Shareholders' fund	71,58,720	79,34,810	86,44,827	95,01,076	1,04,86,754
Total liab. and equities	**1,60,58,820**	**1,75,50,480**	**1,83,51,174**	**1,93,14,240**	**2,04,58,836**
Cash and cash eq.	6,86,640	9,72,250	9,92,629	11,71,691	16,04,838
Accounts receivables	2,84,480	3,16,280	3,47,511	3,70,693	3,92,846
Inventories	14,00,080	15,27,700	15,80,226	16,39,235	17,00,871
Other current assets	11,46,450	12,89,130	12,89,130	12,89,130	12,89,130
Investments	23,55,600	22,56,720	22,56,720	22,56,720	22,56,720
Net fixed assets	70,95,350	76,49,960	98,10,566	1,07,09,180	1,13,76,201
CWIP	29,37,520	33,88,550	18,79,500	16,82,700	16,43,340
Intangible assets	1,52,700	1,49,890	1,49,890	1,49,890	1,49,890
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	45,001	45,001	45,001
Total assets	**1,60,58,820**	**1,75,50,480**	**1,83,51,174**	**1,93,14,240**	**2,04,58,836**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Cash flow from operations	**12,02,980**	**12,12,927**	**10,63,197**	**13,86,506**	**15,75,150**
Capital expenditures	(25,33,630)	(15,13,960)	(12,01,790)	(13,06,800)	(13,06,800)
Change in investments	16,67,980	(21,340)	0	0	0
Other investing cash flows	13,790	2,83,600	1,71,922	1,82,488	2,15,494
Cash flow from investing	**(8,51,860)**	**(12,51,700)**	**(10,29,868)**	**(11,24,312)**	**(10,91,306)**
Equities issued/Others	10	0	0	0	0
Debt raised/repaid	(2,75,650)	1,42,880	0	(1,50,000)	(1,50,000)
Interest expenses	0	0	0	0	0
Dividends paid	(50,830)	(56,478)	(69,524)	(72,137)	(67,337)
Other financing cash flows	3,00,210	1,92,980	1,01,575	1,39,005	1,66,640
Cash flow from financing	**(26,260)**	**2,79,382**	**32,051**	**(83,132)**	**(50,697)**
Chg in cash & cash eq.	**3,24,860**	**2,40,609**	**65,380**	**1,79,062**	**4,33,147**
Closing cash & cash eq.	**6,86,640**	**9,27,249**	**9,92,629**	**11,71,691**	**16,04,838**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24P	FY25E	FY26E	FY27E
Reported EPS	98.0	102.9	115.2	137.2	155.6
Adjusted EPS	98.0	102.9	115.2	137.2	155.6
Dividend per share	7.5	8.3	10.3	10.7	10.0
Book value per share	1,058.0	1,172.7	1,277.7	1,404.2	1,549.9

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24P	FY25E	FY26E	FY27E
EV/Sales	2.7	2.6	2.5	2.3	2.1
EV/EBITDA	16.6	14.6	13.4	11.6	10.5
Adjusted P/E	31.7	30.2	27.0	22.7	20.0
P/BV	2.9	2.7	2.4	2.2	2.0

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24P	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	70.5	66.7	67.3	67.2	68.1
Interest burden (PBT/EBIT)	92.3	93.7	95.3	96.8	99.2
EBIT margin (EBIT/Revenue)	11.6	12.4	13.0	13.8	13.9
Asset turnover (Rev./Avg TA)	56.6	53.6	52.2	55.0	56.5
Leverage (Avg TA/Avg Equity)	2.1	2.2	2.2	2.1	2.0
Adjusted ROAE	8.9	9.2	9.4	10.2	10.5

Ratio Analysis

Y/E 31 Mar	FY23A	FY24P	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	26.1	2.6	3.8	10.5	8.4
EBITDA	31.1	14.1	8.9	15.1	10.1
Adjusted EPS	16.8	5.0	12.0	19.1	13.4
Profitability & Return ratios (%)					
EBITDA margin	16.2	18.0	18.9	19.7	20.0
EBIT margin	11.6	12.4	13.0	13.8	13.9
Adjusted profit margin	7.6	7.7	8.3	9.0	9.4
Adjusted ROAE	8.9	9.2	9.4	10.2	10.5
ROCE	6.8	6.9	7.0	7.8	8.1
Working capital days (days)					
Receivables	11	12	13	13	12
Inventory	75	86	89	92	95
Payables	76	80	81	69	61
Ratios (x)					
Gross asset turnover	0.9	0.9	0.8	0.7	0.7
Current ratio	0.9	1.0	1.1	1.2	1.3
Net interest coverage ratio	5.2	4.8	5.3	6.2	6.8
Adjusted debt/equity	0.4	0.3	0.3	0.2	0.2

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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

BUY – Expected return >+15%

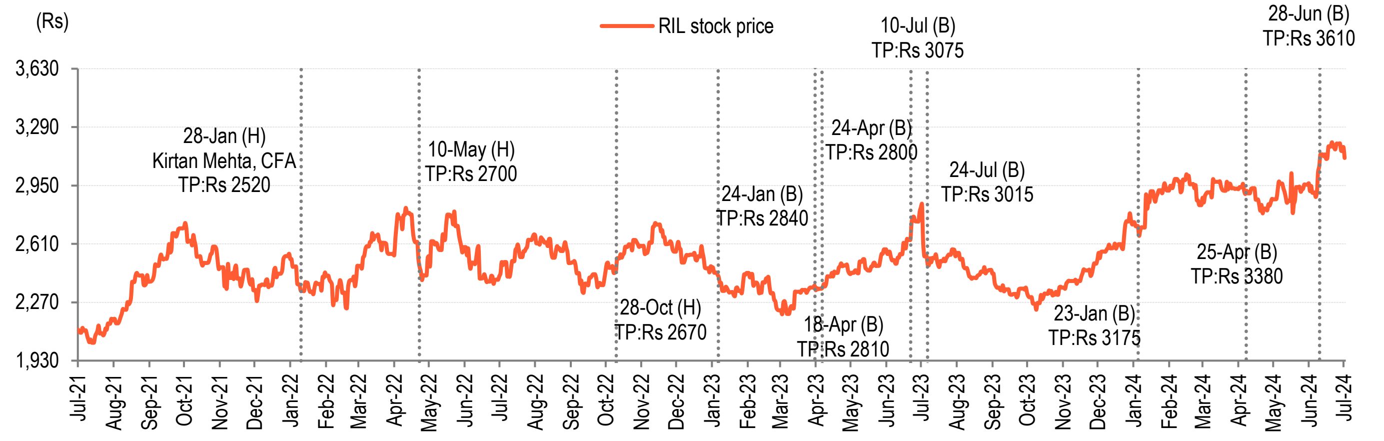
HOLD – Expected return from -6% to +15%

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

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 BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of 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 is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

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 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. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

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 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.

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 or third party in the past 12 months in connection with research report/activities. 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.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.