

January 21, 2019

Reliance Industries Ltd.

Retail and Jio outperforms, ARPU declines and GRM witnessed pressure

Refining & Marketing witnessed margin pressure

The company's R&M revenue grew by 47.3% y-o-y & 13.1% q-o-q to INR 1117380 million in Q3FY19. EBIT declined by 18.0% y-o-y & 5.0% q-o-q to INR 50550 million. EBIT margins stood at 4.5% in Q3FY19 as compared to 8.1% in Q3FY18 and 5.4% in Q2FY19, registering decline of 360 bps Y-o-Y & 90 bps Q-o-Q. This decline was owing to GRM's witnessing huge pressure. However, with petcoke gasification unit to come on-stream we expect it would give a boost to GRM by \$ 1.2-1.3/bbl. During Q3FY19, the company's Jamnagar refineries processed 18.0 MMT of crude.

Pet-chem business posted a strong show in Q3FY19, margins improved y-o-y owing to strong volumes, however, realizations remained sluggish

The petrochemicals business revenue grew by an impressive 37.1% y-o-y & 5.7% q-o-q to INR 462460 million. This strong growth in revenues was due to increase in volumes. Domestic demand environment in Q3FY19 is impacted by price volatility. However, the company has adopted proactive marketing and effective product placement strategy in falling price environment. The company's EBIT grew by 42.9% y-o-y & 1.2% q-o-q to INR 82210 million supported by strong y-o-y volume growth led by successful stabilization of the world's largest ROGC its downstream units and new PX facility. EBIT margins stood at 17.8% in Q3FY19 as compared to 17.1% in Q3FY18 & 18.6% in Q2FY19. The company's fibre intermediate production during Q3FY19 surged 14% Y-o-Y to 2.9 MMT. Polyester production declined 6% Y-o-Y to 0.7 MMT in view of planned plant maintenances.

Retail business profits have multifold, stores are expanding in a big way

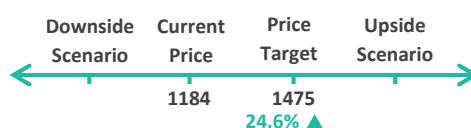
The retail business revenue grew by 89.3% y-o-y & 9.7% q-o-q to INR 355770 million in Q3FY19. The strong growth is attributable to accelerated store expansion, strong value proposition and focus on customer experience across all consumption baskets. The company's EBIT grew by 210.5% y-o-y & 21.5% q-o-q to INR 15120 million. EBIT margins stood at 4.2% in Q3FY19 as compared to 2.6% in Q3FY18 & 3.8% in Q2FY19. Reliance Retail received over 5.7 crore footfalls across its stores during the Diwali festive period, up by 25% over last year and witnessed high double-digit LFL revenue growth. The margin improvement is attributable to healthy festive season sales and new store openings. The company reported 13.9 crore footfalls in Q3FY19, thereby, registering a growth of 21% Y-o-Y across its stores which led to strong growth in revenues.

JIO business ARPU disappoints, however, profits expectation are in line

The digital business revenue grew 51.2% y-o-y & 12.4% q-o-q to INR 123020 million in Q3FY19. The company EBIT grew by 64.0% y-o-y & 15.7% q-o-q to INR 23620 million. EBIT margins stood at 19.2% in Q3FY19 as compared to 17.7% in Q3FY18 & 18.7% in Q2FY19. Subscriber base for Q3FY19 stood at 280.1 million as compared to 160.1 million in Q3FY18, thereby, registering a growth of 75% on Y-o-Y basis. Total wireless data traffic during Q3FY19 stood at 864 crore GB.

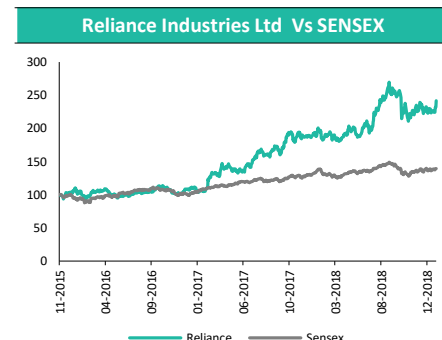
Valuations

We value the company using SOTP valuation, thereby, valuing refining & petchem business at 8x FY20E EBITDA & telecom at 7.5x FY20E EBITDA to arrive at a target price of INR 1475/share indicating 24.6% upside.

STRONG BUY*


Market Details	
Industry	Oil & Gas
Sensex	36386
Nifty	10906
Bloomberg Code	RIL:IN
Eq. Cap. (INR Millions)	59220
Face Value (INR)	10
52-w H/L	1329/871
Market Cap (INR Millions)	7498295.8

Valuation Data	FY18	FY19E	FY20E
EV/EBITDA (x)	13.7	10.4	9.9
P/E (x)	17.8	17.2	14.5
P/B (x)	2.4	2.1	1.9



Shareholding Pattern (in %)			
	Dec'18	Sept'18	Dec'17
Promoters	47.19	47.27	47.48
FIIIs	24.02	24.41	24.20
DIIs	12.47	11.91	11.57
Retail	16.32	16.41	16.75
Total	100.0	100.0	100.0

(INR Millions)	FY16	FY17	FY18	FY19E	FY20E
Revenue (Net of excise duty)	27,41,510	30,53,820	39,16,770	58,76,208	67,04,956
Growth		11%	28%	50%	14%
EBITDA	4,17,560	4,62,060	6,41,760	8,48,022	9,13,699
Growth		11%	39%	32%	8%
Net Profit	2,96,340	2,99,380	3,91,980	4,06,090	4,84,642
Growth		1%	31%	4%	19%
EV/EBITDA	20.5	19.1	13.7	10.4	9.9
P/E	23.4	23.5	17.8	17.2	14.5

Source: NSPL Research

* Read last page for disclaimer & rating rationale

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Q3FY19 Result Analysis

(INR Millions)	Q3FY19	Q2FY19	Q3FY18	Y-o-Y	Q-o-Q
Revenue (Net of excise duty)	1563970	1433230	998100	56.7%	9.1%
COGS	1113590	1004790	657200	69.4%	10.8%
Employee Expenses	32650	29270	23330	39.9%	11.5%
Other Expenses	204560	188090	141770	44.3%	8.8%
Total Expenses	1350800	1222150	822300	64.3%	10.5%
EBITDA	213170	211080	175800	21.3%	1.0%
Depreciation	52370	52290	45300	15.6%	0.2%
Other Income	24600	12500	22180	10.9%	96.8%
EBIT	185400	171290	152680	21.4%	8.2%
Finance Cost	41190	39320	20950	96.6%	4.8%
PBT (before exceptional item)	144210	131970	131730	9.5%	9.3%
Share of associates	240	10	390	-38.5%	2300.0%
Exceptional items	0	0	0		
PBT (after exceptional item)	144450	131980	132120	9.3%	9.4%
Taxes	40690	36490	37750	7.8%	11.5%
Net Profit	103760	95490	94370	10.0%	8.7%
EPS in INR	17.3	16.06	15.97	8.3%	7.7%

- The company's net sales grew 56.7% y-o-y and 9.1% q-o-q to INR 1563970 million in Q3FY19.
- EBITDA grew by 21.3% y-o-y and 1.0% q-o-q to INR 213170 million in Q3FY19. EBITDA Margins stood at 13.6% in Q3FY19 as against 17.6% in Q3FY18 and 14.7% in Q2FY19.
- Employee expense grew by 39.9% y-o-y to INR 32650 million owing to expansion of petrochemical unit and newly installed ROGC refinery.
- Finance cost grew by 96.6% y-o-y & 4.8% q-o-q to INR 41190 million in Q3FY19.
- PBT grew by 9.3% y-o-y & 9.4% q-o-q to INR 144450 million in Q3FY19.
- Reported PAT grew 10.0% y-o-y and 8.7% q-o-q to INR 103760 million in Q3FY19. PAT margins stood at 6.6% in Q3FY19 as compared to 9.5% in Q3FY18 and 6.7% in Q2FY19.

	Q3FY19	Q2FY19	Q3FY18
Top-line contribution share			
Petrochemicals	22%	23%	24%
Refining & Marketing	53%	51%	54%
Oil & Gas	1%	1%	1%
Retail	17%	17%	13%
Digital services	6%	6%	6%
Others	3%	3%	2%
Total	100%	100%	100%
Bottom-line contribution share			
Petrochemicals	18%	19%	17%
Refining & Marketing	5%	5%	8%
Oil & Gas	-16%	-36%	-18%
Retail	4%	4%	3%
Digital services	19%	19%	18%
Others	7%	6%	9%
Total	100%	100%	100%

Source: Company, NSPL Research

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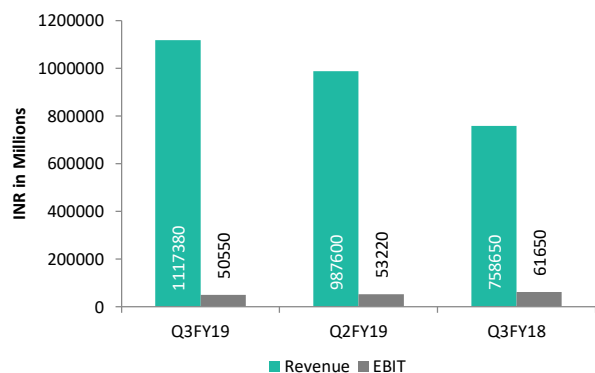
Refining & Marketing business

INR in Million	Q3FY19	Q2FY19	Q3FY18	Y-o-Y	Q-o-Q
Revenue	1117380	987600	758650	47.3%	13.1%
EBIT	50550	53220	61650	-18.0%	-5.0%
EBIT margins	4.5%	5.4%	8.1%		
Crude Refined (MMT)	18	17.7	17.7	1.7%	1.7%
GRM (\$ per barrel)	8.8	9.5	11.6	-24.1%	-7.4%

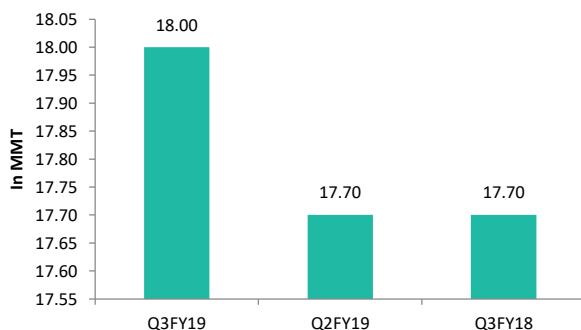
Source: Company, NSPL Research

- The company’s R&M revenue grew by 47.3% Y-o-Y & 13.1% Q-o-Q to INR 1117380 million.
- EBIT declined by -18.0% Y-o-Y & 5.0% Q-o-Q to INR 50550 million.
- EBIT margins stood at 4.5% in Q3FY19 as compared to 8.1% in Q3FY18 and 5.4% in Q2FY19, registering decline of 360 bps Y-o-Y & 90 bps Q-o-Q. This decline was owing to GRM’s witnessing huge pressure. However, with pet coke gasification unit to come on-stream we expect it would give a boost to GRM by \$ 1.2-1.3/bbl.
- GRM for Q3FY19 stood at \$ 8.8/bbl, outperforming Singapore complex margins by \$ 4.5/bbl.
- During Q3FY19, the company’s Jamnagar refineries processed 18.0 MMT of crude. The average refinery utilization rates globally in Q3FY19 were 87.6% in North America, 84.1% in Europe and 89.3% in Asia. US refinery utilization declined Q-o-Q due to higher maintenance shutdowns in line with seasonal trends. European refinery utilization was down Q-o-Q on account of lower Rhine river water levels, a key constraint in the European refining logistics, prompting refiners to cut throughput.
- Reliance exports of refined products from India stood at \$ 6.9 billion during Q3FY19 as compared to \$ 5.8 billion in Q3FY18. In terms of volume, exports of refined products were 10.8 MMT during Q3FY19 as compared to 10.3 MMT in Q3FY18.
- During Q3FY19, the benchmark Singapore complex margin averaged \$ 4.3 /bbl as compared to \$ 6.1 /bbl in Q2FY19 and \$ 7.2 /bbl in Q3FY18.
- The light distillate cracks dropped sharply due to slower gasoline demand growth. The decline in light distillate cracks weighed on Singapore margins despite gains in fuel oil and middle distillate cracks. Increased crude oil production by OPEC, Russia and the United States more than offset the loss in supplies from Iran, weighed negatively on the crude oil benchmarks. Dubai oil price fell by \$6.9/bb to averaged \$ 67.4/bbl for Q3FY19, however up \$ 8.1/bbl on Y-o-Y basis.
- Singapore gasoline cracks averaged \$ 4.7 /bbl during Q3FY19 as against \$ 11.5 /bbl in Q2FY19 and \$ 14.4 /bbl in Q3FY18. Gasoline cracks dropped Q-o-Q caused by slower demand growth with high pump prices in major markets such as China and India. Seasonal declines in US demand and high refinery utilization rates also led to higher exports and inventory globally.

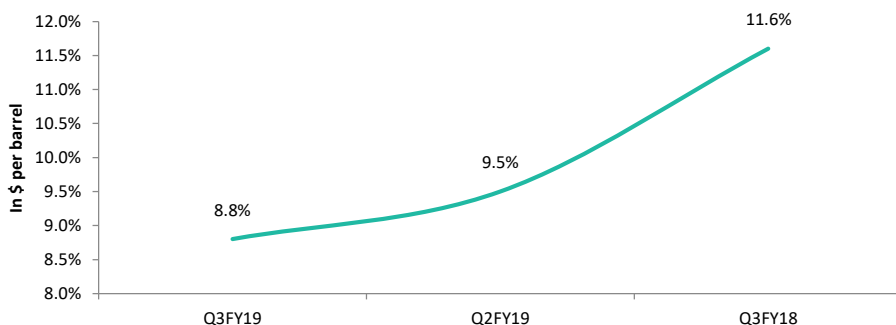
Revenue & EBIT performance



Production performance



GRM witnessing continuous decline



Source: Company, NSPL Research



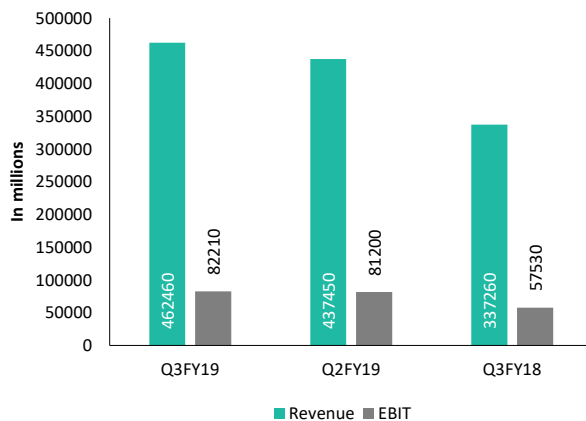
Petrochemicals Business

INR in Million	Q3FY19	Q2FY19	Q3FY18	Y-o-Y	Q-o-Q
Revenue	462460	437450	337260	37.1%	5.7%
EBIT	82210	81200	57530	42.9%	1.2%
EBIT margins	17.8%	18.6%	17.1%		
Production (MMT)	9.7	9.4	8.4	15.5%	3.2%

Source: Company, NSPL Research

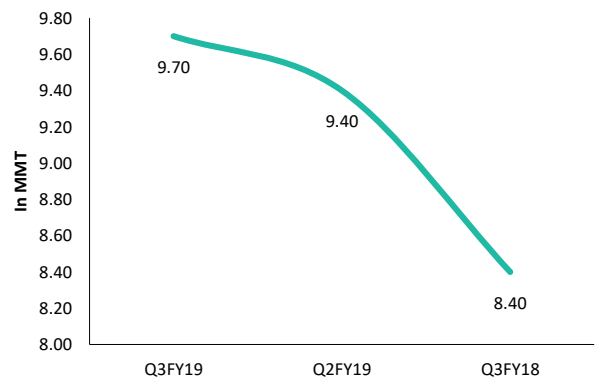
- The petrochemicals business revenue grew by an impressive 37.1% Y-o-Y & 5.7% Q-o-Q to INR 462460 million. This strong growth in revenues was due to increase in volumes which grew by 15.5% Y-o-Y & 3.2% Q-o-Q to 9.7 MMT in Q3FY19.
- The company's EBIT grew by 42.9% Y-o-Y & 1.2% Q-o-Q to INR 82210 million. Favorable naphtha (-15%) and propane (-5.5%) feedstock prices on Q-o-Q basis has benefitted the integrated operations. Domestic demand environment in Q3FY19 is impacted by price volatility. However, the company has adopted proactive marketing and effective product placement strategy in falling price environment
- EBIT margins stood at 17.8% in Q3FY19 as compared to 17.1% in Q3FY18 & 18.6% in Q2FY19.
- Naphtha prices eased in Q3FY19 amidst falling crude prices and lower gasoline blending demand. On Q-o-Q basis, Dubai crude oil prices were down by 8% and Asian naphtha prices softened by 15%. Lower naphtha prices led to improvement in integrated naphtha cracker margins.
- PP margins improved 20% Q-o-Q and were at healthy levels of \$259/MT due to weakening of propylene prices. PE margins also strengthened by 6% on Q-o-Q basis to \$590/MT with easing of naphtha prices. PVC margins softened to \$ 410/MT with 4 year high EDC prices.
- On Y-o-Y basis, domestic polymer demand increased by 6% for 9MFY19; PP, PE and PVC demand were higher by 5%, 7% and 7% respectively. Demand for Q3FY19 increased by 2% on Y-o-Y basis. The company's polymer production was at a record high level of 1.5 MMT during Q3FY19, up 17% Y-o-Y driven by best-in class performance across sites including new ROGC complex.
- During the quarter naphtha prices declined 15% Q-o-Q, while tight supplies and strong demand in China capped the downtrend of PX price to 3% Q-o-Q. Consequently, PX-Naphtha margin improved by 12% Q-o-Q (\$547/MT).
- Reliance continues to benefit from integrated operations in the polyester chain. Chain margin declined marginally by 3% Q-o-Q but continued to remain above the 5-year average.
- The company's fibre intermediate production during Q3FY19 surged 14% Y-o-Y to 2.9 MMT. Polyester production declined 6% Y-o-Y at 0.7 MMT in view of planned plant maintenances.

Revenue & EBIT of Petrochemicals business



Source: Company, NSPL Research

Production performance



- Global PET consumption from beverage sector slowed with onset of cold weather in Northern Hemisphere. Price competition prevailed with producers pushing sales amidst thin trade and falling raw material prices. However, anticipating resurgence in demand ahead of Spring Festival in China, producers maintained high operating rates; accumulating stocks ahead of seasonal demand. PET price declined 10% Q-o-Q, with margin declining 16% Q-o-Q (\$170/MT).
- Polyester demand grew by 6% Y-o-Y for the 9MFY19 period led by 11% growth in filament demand and 6% growth in PET demand. Staple fibre demand however declined 9% Y-o-Y due to tight liquidity in downstream and increased recycled PSF replacement. For Q3FY19, domestic demand for polyester remained weak due to cautious downstream buying.
- Polyester continued to witness sluggish downstream demand set through the end of previous quarter. Contrary to expectations, demand post-Chinese National holidays failed to pick up. Polyester filament yarn prices declined 14% Q-o-Q, while PTA prices witnessed a marginal decline, thereby weakening margins by 35% Q-o-Q (\$208/MT).
- MEG markets were impacted by the upstream volatility and cautious downstream demand. MEG prices declined 18% Q-o-Q with rising Chinese port inventories and low polymerization rate. MEG margin declined 21% Q-o-Q (\$374/MT) to 2-year low. RIL remained partially cushioned by the downside on account of its integrated nature of operations and feed flexibility.

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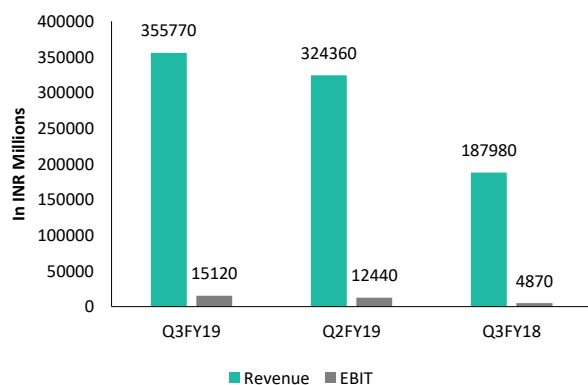
Organised Retail Business

INR in Million	Q3FY19	Q2FY19	Q3FY18	Y-o-Y	Q-o-Q
Revenue	355770	324360	187980	89.3%	9.7%
EBIT	15120	12440	4870	210.5%	21.5%
EBIT margins	4.2%	3.8%	2.6%		
Area operated (Mn sq.ft)	20.6	19.5	14.5	42.1%	5.6%

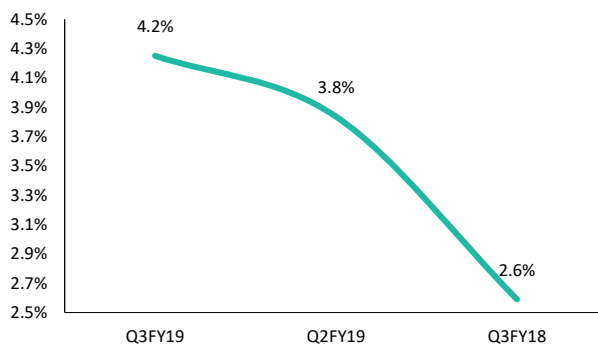
Source: Company, NSPL Research

- The retail business revenue grew by 89.3% Y-o-Y & 9.7% Q-o-Q to INR 355770 million in Q3FY19. The retail business registered robust growth during the quarter driven by healthy festive season sales and new store openings. The company reported 13.9 crore footfalls in Q3FY19, thereby, registering a growth of 21% Y-o-Y across its stores which led to strong growth in revenues.
- EBIT margins stood at 4.2% in Q3FY19 as compared to 2.6% in Q3FY18 and 3.8% in Q2FY19. EBIT grew by 210.5% Y-o-Y & 21.5% Q-o-Q to INR 15120 million in Q3FY19.
- EBIT has nearly tripled for four consecutive quarters. YTD revenues and profits have surpassed the whole of FY18. During the period, Reliance Retail further consolidated its leadership position and is India's largest, most profitable and fastest growing retailer.
- Reliance Retail received over 5.7 crore footfalls across its stores during the Diwali festive period, up by 25% over last year and witnessed high double-digit LFL revenue growth.
- Reliance Retail grocery stores led by Reliance Fresh and SMART delivered a robust revenue growth during the quarter backed by healthy volume growth across food and non-food categories. Strengthening own brand portfolio, 37 new SKUs across food FMCG, home and personal care were launched. 10 new SMART stores and 7 new Fresh stores were opened during the quarter taking the total count to 539 Fresh and Smart stores as on 31st December 2018.
- Ajio.com, the curated online fashion destination, continues to gather customer traction across all parameters. With an endeavor to offer latest fashion to Indian consumers, Ajio nearly doubled its option width from 60,000 to over 115,000 options during the quarter. Ajio Gold, a collection of premium and luxury brands was launched during the quarter.
- Reliance Retail now operates 514 own retail outlets as of 31st December, 2018. It continues to witness healthy volume growth across petroleum products.
- Reliance Retail continues to strengthen its store network to have a ubiquitous presence across 6,400+ towns and cities. Reliance Retail continues add new stores to its network at an accelerated pace. Approximately 140 stores and 640 Jio Stores were added during the quarter translating to over 60 store openings a week.

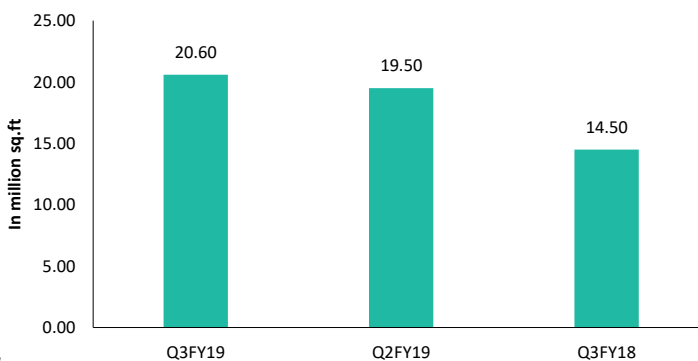
Revenue & EBIT of Retail business



EBIT margin show a growth trend



Area operated under retail business witnessed huge jump Y-o-Y



Source: Company, NSPL Research

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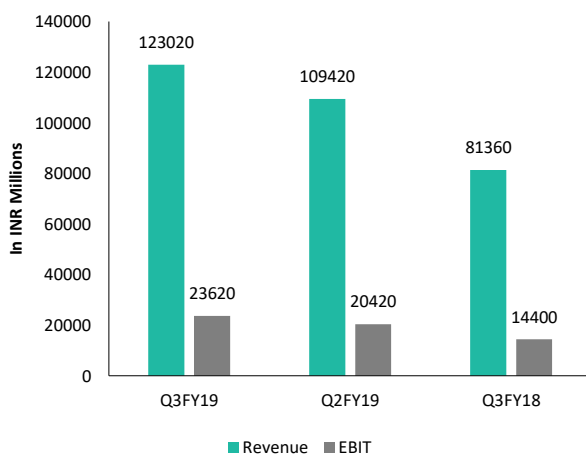
Digital Business

INR in Million	Q3FY19	Q2FY19	Q3FY18	Y-o-Y	Q-o-Q
Revenue	123020	109420	81360	51.2%	12.4%
EBIT	23620	20420	14400	64.0%	15.7%
EBIT margins	19.2%	18.7%	17.7%		
Subscribers (Millions)	280.1	252.3	160.1	75.0%	11.0%

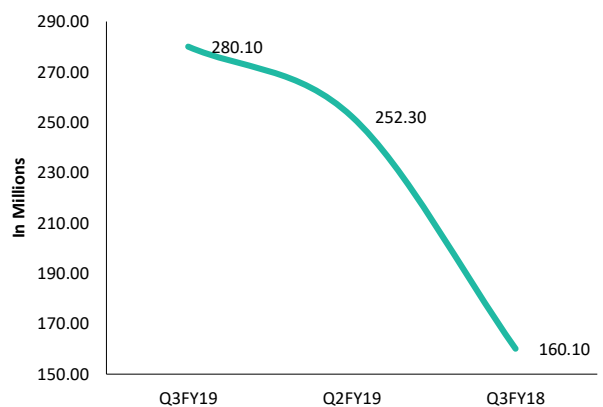
Source: Company, NSPL Research

- The digital business revenue grew 51.7% Y-o-Y & 12.4% Q-o-Q to INR 123020 million.
- The company EBIT grew impressively by 64% Y-o-Y & 15.7% Q-o-Q to INR 23620 million in Q3FY19. EBIT margins stood at 19.2% in Q3FY19 as compared to 17.7% in Q3FY18 & 18.7% in Q2FY19.
- Subscriber base for Q3FY19 stood at 280.1 million as compared to 160.1 million in Q3FY18, thereby, registering a growth of 75% on Y-o-Y basis.
- The company reported lowest churn in the industry at 0.61% per month.
- ARPU during Q3FY19 stood at INR 130.0 per subscriber per month as compared to INR 153.5 in Q3FY18, registering a de-growth of 15.3% Y-o-Y.
- Total wireless data traffic during Q3FY19 stood at 864 crore GB.
- Total voice traffic during Q3FY19 stood at 63,406 crore minutes.
- Jio continues to be the most popular wireless broadband service provider in the country with its subscriber base increasing to 280.1 million as ON Q3FY19. Net subscriber addition for the company during the past twelve months was 120 million, which is the highest in the industry by a substantial margin. Jio has become a service provider of choice across customer strata with highest share of smartphone subscribers, and a growing Jio phone user base.
- Customer engagement for Jio services continues to be industry leading with average data consumption at 10.8 GB per user per month, average voice consumption at 794 minutes per user per month. Average data consumption has sustained at elevated levels despite higher base, primarily driven by superior network performance and improving use cases on the Jio digital platform.
- The company announced its Jio Giga Fiber services for Homes and Enterprise at the 41st AGM (post IPO) of RIL held on 5th July 2018. Jio has seen overwhelming customer interest across 1,400 cities. Jio is currently connecting homes on priority based on the requests received and optimizing its service offerings. The connectivity solutions market for Homes and Enterprise would be re-invented with Jio’s next generation FTTX services.
- Jio’s end-to-end all IP network has been consistently rated as the fastest network in India by TRAI’s MySpeed application over the last 23 months with an average download speed of 18.7 Mbps during December 2018. Jio has also been consistently rated to have the widest LTE coverage in the country.

Revenue & EBIT of Digital business



Significant jump in subscriber base



Source: Company, NSPL Research

- Jio has already started work on connecting 50 million homes across 1,100 cities. It will work together with Hathway and DEN and all the LCOs to offer a quick and affordable upgrade to a world-class lineup of Jio Giga Fiber and Jio Smart-Home Solutions to the 24 million existing cable connected homes of these companies across 750 cities. This will accelerate Jio’s commitment to connect 50 million homes with Jio Giga Fiber in the shortest possible time.
- We expect subscriber base to go up significantly and might able to cross 300+ million users by FY21E.
- Strong financial performance despite competitive pressures led by growth in subscriber additions and industry leading customer engagement.
- Robust EBITDA margins and strong operating leverage to play out in the near future of digital business.

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Profit & Loss (INR Millions)	FY16	FY17	FY18	FY19E	FY20E
Net sales	27,41,510	30,53,820	39,16,770	58,76,208	67,04,956
COGS	1886750	2122990	2674660	4151545	4783145
Employee Expenses	74,260	83,880	95,230	1,24,407	1,35,237
Other Expenses	3,62,940	3,84,890	5,05,120	7,52,234	8,72,875
EBITDA	4,17,560	4,62,060	6,41,760	8,48,022	9,13,699
D&A	1,16,110	1,16,460	1,67,060	2,14,803	2,44,948
Other income	74,800	94,430	99,490	68,844	58,555
EBIT	3,76,250	4,40,030	5,74,190	7,02,063	7,27,305
Interest Expense	36,950	38,590	80,520	1,40,773	92,491
PBT	3,85,040	4,01,440	4,93,670	5,61,291	6,34,814
Tax	1,77,400	2,04,120	2,02,670	1,55,201	1,50,172
PAT	2,96,340	2,99,380	3,91,980	4,06,090	4,84,642
EPS in INR	50.5	50.4	66.3	68.7	81.9

Balance Sheet (INR Millions)	FY16	FY17	FY18	FY19E	FY20E
Share Capital	29,480	29,590	59,220	59,220	59,220
Reserves & Surplus	22,86,080	26,07,500	28,75,840	32,45,874	36,87,277
Minority Interest	33,560	29,170	35,390	35,390	35,390
Shareholder's Funds	23,49,120	26,66,260	29,70,450	33,40,484	37,81,887
Long term borrowings	14,16,470	15,21,480	14,41,750	15,86,750	16,31,750
Long term provisions	12,310	23,530	29,060	43,598	49,747
Deferred tax liabilities	3,38,040	4,68,720	4,98,280	5,99,384	6,42,147
Other non-current liabilities	22,490	90,250	85,420	1,28,153	1,46,227
Total Non-current liabilities	17,89,310	21,03,980	20,54,510	23,57,885	24,69,870
Short Term borrowings	2,35,450	3,15,280	3,74,290	4,24,290	4,54,290
Trade payables	6,02,960	7,65,950	10,68,610	15,29,424	17,45,125
Other financial liabilities	8,95,330	10,45,410	12,51,510	17,62,862	20,11,487
Other current liabilities	1,00,050	2,08,820	4,31,790	4,70,097	5,36,396
Short-term provisions	17,750	17,690	12,320	18,483	21,090
Current liabilities	18,51,540	23,53,150	31,38,520	42,05,156	47,68,389
Total Equity and Liabilities	59,89,970	71,23,390	81,63,480	99,03,525	1,10,20,146
Fixed Assets	15,78,250	17,04,830	31,60,310	40,61,548	48,99,158
Capital work in progress	17,03,970	25,03,770	16,62,200	7,70,220	4,70,220
Intangible assets	2,28,310	2,31,510	8,20,410	10,54,369	12,71,811
Intangible assets under develop	5,83,000	7,44,600	2,08,020	2,08,020	2,08,020
Goodwill on consol	42,540	48,920	58,130	58,130	58,130
Loans & advances	20,320	27,080	26,680	40,027	45,672
Non current investments	4,15,120	2,56,390	2,52,590	5,28,859	6,03,446
Other Non-current assets	140610	1,38,160	1,37,280	2,05,957	2,35,004
Total Non-current Assets	47,12,120	56,55,260	63,25,620	69,27,130	77,91,461
Inventories	4,64,860	4,89,510	6,08,370	9,17,654	10,47,075
Current Investments	4,25,030	5,72,600	5,76,030	8,64,200	9,86,082
Trade receivables	44,650	81,770	1,75,550	2,57,587	2,93,916
Cash and cash equivalents	1,10,280	30,230	42,550	2,22,590	86,498
Short term loans & advances	8,410	9,960	23,270	58,762	67,050
Other current assets	1,63,450	1,98,710	3,27,610	5,28,859	6,03,446
Other financial assets	61170	85350	84,480	1,26,743	1,44,618
Total Current Assets	12,77,850	14,68,130	18,37,860	29,76,395	32,28,685
Total Assets	59,89,970	71,23,390	81,63,480	99,03,525	1,10,20,146

Source: NSPL Research

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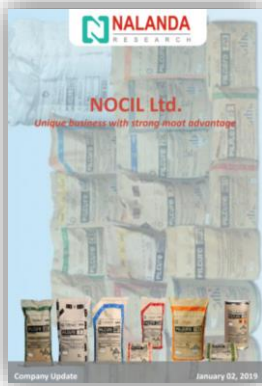


Cash Flow (INR Millions)	FY16	FY17	FY18	FY19E	FY20E
PBT	3,87,370	4,00,340	4,94,260	5,61,291	6,34,814
Operating profit before working capital changes	3,88,870	4,41,700	6,27,650	9,16,866	9,72,254
Operating profit after working capital changes	4,67,160	5,96,330	8,13,030	13,88,368	12,85,212
Less income tax paid	-85820	-1,00,830	-98,440	-1,55,201	-1,50,172
Cash Flow from Operating	3,81,340	4,95,500	7,14,590	12,33,167	11,35,040
(Incr)/ Decr in Gross PP&E	-4,68,980	-781090	-7,39,530	-13,50,000	-13,00,000
Purchase of investments	-71,53,340	-65,47,600	-53,39,840	-5,64,439	-1,96,469
Cash Flow from Investing	-3,61,900	-6,62,920	-6,82,900	-10,71,298	-12,10,402
(Decr)/Incr in Debt	346730	317280	3,69,700	1,95,000	75,000
Dividend Paid	-72590	-530	-39,160	-36,595	-43,654
Finance costs	-92240	-129200	-1,76,690	-1,40,773	-92,491
Cash Flow from Financing	-32,100	86,170	-20,010	18,171	-60,730
Incr/(Decr) in Balance Sheet Cash	-12,660	-81,250	11,680	1,80,040	-1,36,092
Cash at the Start of the Year	1,22,850	1,10,230	29,890	42,550	2,22,590
Cash at the End of the Year	1,10,230	30,230	42,550	2,22,590	86,498

RATIOS	FY16	FY17	FY18	FY19E	FY20E
Profitability					
Return on Assets (%)	5.0%	4.2%	4.8%	4.1%	4.4%
Return on Capital (%)	9.4%	9.8%	12.0%	13.1%	12.4%
Return on Equity (%)	12.7%	11.2%	13.2%	12.2%	12.8%
Margin Trend					
Gross Margin (%)	15.2%	15.1%	16.4%	14.4%	13.6%
EBITDA Margin (%)	12.8%	13.3%	13.3%	10.9%	9.9%
Net Margin (%)	10.9%	9.8%	10.0%	6.9%	7.2%
Liquidity					
Current Ratio	0.7	0.6	0.6	0.7	0.7
Quick Ratio	0.1	0.0	0.1	0.1	0.1
Debtor Days	6	10	16	16	16
Inventory Days	62	59	57	57	57
Creditor Days	80	92	100	95	95
Solvency					
Total Debt / Equity	0.7	0.7	0.6	0.6	0.6
Interest Coverage	10.2	11.4	7.1	5.0	7.9
Valuation Ratios					
EV/EBITDA	20.5	19.1	13.7	10.4	9.9
P/E	23.4	23.5	17.8	17.2	14.5
P/B	3.0	2.6	2.4	2.1	1.9

Source: NSPL Research

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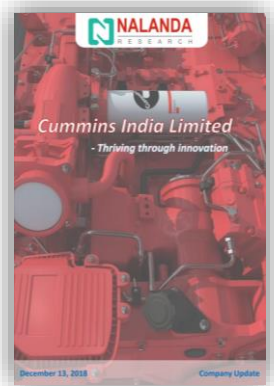
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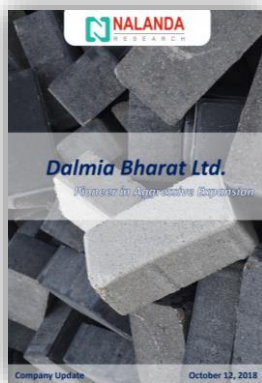
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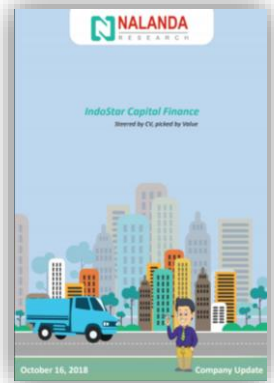
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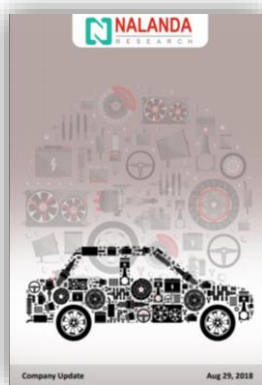
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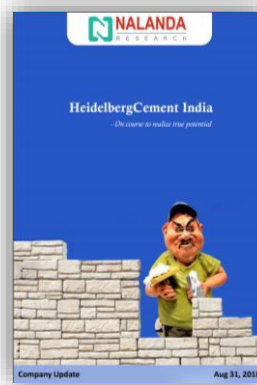
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Reliance Industries Ltd.				Rating Legend	
Date	CMP (INR)	Target Price (INR)	Recommendation	Strong Buy	More than 15%
January 21, 2019	1184	1475	Strong Buy	Buy	5% - 15%
October 22, 2018	1101	1434	Strong Buy	Hold	0 - 5%
July 30, 2018	1129	1327	Strong Buy	Reduce	-5% - 0
				Sell	Less than -5%

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