



Reliance
Industries Limited
Current Price: ₹ 1467.05

STOCK DATA

BSE Code	500325
NSE Symbol	RELIANCE
Reuters	RELI.BO
Bloomberg	RIL IN

VALUE PARAMETERS

52 W H/L(Rs)	1617.80/875.70
Mkt. Cap.(Rs Cr)	930012
Latest Equity(Subscribed)	6339.33
Latest Reserve (cons.)	399034
Latest EPS (cons.) -Unit Curr.	68.63
Latest P/E Ratio -cons	21.38
Latest Bookvalue (cons.) -Unit Curr.	639.46
Latest P/BV - cons	2.29
Dividend Yield -%	0.41
Face Value	10

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2019
Foreign	26.8
Institutions	13.42
Govt Holding	0.19
Non Promoter Corp. Hold.	0.93
Promoters	48.87
Public & Others	9.78

Financial Results

	Qtr Ending Mar. 20	Qtr Ending Mar. 19	In Cr. VAR %
Net Sales	139283.00	142565.00	-2
OPM%	15.60	14.80	
OP	21782.00	21153.00	3
Other Income	4133.00	2826.00	46
PBIDT	25915.00	23979.00	8
Interest	6064.00	4894.00	24
PBDT	19851.00	19085.00	4
Depreciation	6332.00	5295.00	20
PBT before EO	13519.00	13790.00	-2
EO	4267.00	0.00	
PBT after EO	9252.00	13790.00	-33
Tax	2677.00	3431.00	-22
PAT	6575.00	10359.00	-37
Share of profit/(loss) of associates	-29.00	68.00	
Minority interest	198.00	65.00	
Consolidate Net Profit	6348.00	10362.00	-39
EPS (Rs)	14.79	17.49	

GRM for Q4FY20 at \$8.9 per barrel was much higher than street estimates of around \$7.2-8.0 a barrel, and was also remarkably outperforming Singapore complex margins by \$7.7 a barrel.

Reliance Industries Limited (RIL) achieved revenue of Rs 139283 crore in Q4FY20 a decrease of 2% as compared to Rs 142565 crore in the corresponding period of the previous year. Decrease in revenue is primarily on account of 10.1% decline in refining and petrochemicals business revenues. Sharp fall of 20.5% Y-o-Y in average Brent oil price led to lower product price realization across the hydrocarbon chain. This was partially offset by continuing growth in consumer businesses, even amidst the operational issues posed by the pandemic. Digital Services and retail business recorded an increase of 30.0% and 4.2% Y-o-Y respectively, in revenue during the quarter. Exports (including deemed exports) from RIL's India operations were lower by 6.8% at Rs 45,708 crore as against Rs 49,052 crore in the corresponding period of the previous year due to lower price realizations from Refining and Petrochemicals business. This was partially offset by increase in sales volume from refinery business by 14.4%.

The fall out of COVID-19 outbreak on economic activity disrupted businesses across manufacturing and services sectors during the quarter. Global oil markets witnessed significant volatility on account of demand destruction and excess supplies. Lockdowns and travel restrictions in most geographies led to steep fall in transportation fuel demand. Global oil demand in CY2020 is expected to fall by 9.3 mb/d Y-o-Y, lowest level in last 8-years. As a result, global refining utilization and economics are likely to get impacted in the near term. The pandemic outbreak also impacted Petrochemical segment during the quarter with demand slowdown in most end-use markets including consumer discretionary and packaging demand.

While RIL maintained near normal utilization at all major facilities, gradual resumption of economic activity in the coming months is expected to aid demand recovery for fuels and

Segment Results

Particulars	Qtr Ending Mar. 20	Qtr Ending Mar. 19	% to total	Var. (%)
Revenue:				
Petrochemicals	32206	42414	17	-24
Refining	84854	87844	44	-3
Oil & Gas	625	1069	0	-42
Organized retail	38211	36663	20	4
Digital Service	18632	14328	10	30
Financial Services	671	322		108
Others	17155	7938	9	116
Total	192354	190578	100	1
Less: Inter Segment Revenues	41145	35427		16
Less: GST recovered	11926	12586		
Net Revenue from Operation	139283	142565		-2
PBIT				
Petrochemicals	4553	7961	27	-43
Refining	5706	4452	33	28
Oil & Gas	-485	-267	-3	82
Organized retail	2062	1721	12	20
Digital Service	4104	2665	24	54
Financial Services	39	315		-88
Others	1163	139		737
PBIT	17142	16986	93	1
Segment Assets				
Petrochemicals	130,866	129,952	11	1
Refining	229,070	220,103	20	4
Oil & Gas	42,693	36,133	4	18
Organized retail	38,165	35,560	3	7
Digital Service	277,439	213,393	24	
Financial Services	25,258	8,332	2	203
Others	92,522	65,992		
Unallocated	329,902	292,941	28	13
Total Segment Assets	1165915	1002406	92	16
Segment Liabilities				
Petrochemicals	12,129	21,745	1	-44
Refining	38,265	46,928	3	-18
Oil & Gas	42,626	42,201	4	1
Organized retail	19,276	22,508	2	-14
Digital Service	75,837	150,083	7	-49
Financial Services	78	19	0	311
Others	25,180	10,790		
Unallocated	952,524	708,132	82	35
Total Segment Liabilities	1165915	1002406	98	16

petrochemical products.

Non-grocery retail business was impacted by nation-wide lockdown. Retail segment operated most of its food and grocery formats in consonance with local directives. Retail grocery stores

ensured supply of essential goods and other items of daily use to consumers. Retail business leveraged its network of collection centers and actively engaged with key suppliers to ensure priority supplies and assured quantity of essentials.

Digital Services ensured uninterrupted connectivity for families, businesses and government agencies; further enabling health-care at home, work from home and learn from home under its "Corona Haarega India Jeetega" initiative.

Segment EBITDA increased by 5.3% to Rs 23,325 crore from Rs 22,147 crore in corresponding period of the previous year. The increase in Segment EBITDA was led by strong performance in digital services (+42.9%), retail (+32.9%) and refining (+26.2%) businesses. Superior product and value proposition in retail and digital service businesses is driving customer acquisition and improved operating metrics.

Depreciation (including depletion and amortization) was Rs 6,332 crore as compared to Rs 5,295 crore in corresponding period of the previous year. Increase in depreciation was primarily on account of capitalization of Gasification project and digital services projects. Finance cost was at Rs 6,064 crore as against Rs 4,894 crore in corresponding period of the previous year. Higher loan balances, currency depreciation and lower interest capitalization on account of commissioning of digital projects, led to increase in finance cost by 23.9% Y-o-Y. Profit after tax (excluding exceptional item) was higher by 3.7% at Rs 10,813 crore as against Rs 10,427 crore in the corresponding period of the previous year.

During the quarter, the company has provided for non-cash inventory holding losses due to sharp decline in oil markets. This has been disclosed as an exceptional Item of Rs 4,245 crore, net of tax (tax Rs 899 crore) in the financial results. Profit after tax (including exceptional item) was lower by 37.2% at Rs 6,546 crore as against Rs 10,427 crore in the corresponding period of the previous year.

Outstanding debt as on 31st March, 2020 was Rs 336,294 crore. Cash and cash equivalents as on 31st March, 2020 were at Rs 175,259 crore. The capital expenditure for the quarter ended 31st March, 2020 was Rs 21,707 crore (\$ 2.9 billion) including exchange rate difference.

FY'20 results performance

For FY20 RIL achieved net sales of Rs 611645 crore, an increase of 5% as compared to Rs 583094 crore in the previous year. The company operating margins remained flat at 14.4%. As a result operating was up 5% to Rs 88217 crore. Increase in revenue is primarily on account of higher revenues from the consumer businesses. Digital services business and Retail business recorded an increase of 40.7% and 24.8%, respectively, in revenue as compared to previous year. Revenues for the Refining and Petrochemicals business declined in line with fall in average oil and product prices for the year. Average Brent oil price declined 13% Y-o-Y, while realisations for key petrochemical products declined by 15%-32% Y-o-Y. This was partially offset by higher crude throughput and petrochemicals production during the year. Exports (including deemed exports) from India were lower at Rs 202,830 crore as against Rs 224,391 crore in the previous year. The decline in exports was primarily on account of lower realization due to fall in crude oil prices.

Segment EBITDA increased by 3.2% to Rs 92,964 crore from Rs 90,084 crore in corresponding period of the previous year. The increase in segment EBITDA was led by strong performance in consumer businesses which grew by 49.3% Y-o-Y. Retail business benefitted from new store additions, strong footfalls and high LFL growth. Digital services segment witnessed robust growth in subscriber base and strong customer engagement through the year. Refining segment performance was resilient as higher volumes offset weaker product cracks and demand environment. Petrochemicals segment earnings were impacted by weak margins with subdued demand in a well-supplied market. The company has provided for non-cash inventory holding losses for the quarter. This has been disclosed as an exceptional Item of Rs 4,245 crore,

net of tax (tax ₹ 899 crore) in the financial results.

Profit after tax (excluding exceptional item) was higher by 11.3% at Rs 44,324 crore as against Rs 39,837 crore in the previous year. Profit after tax (including exceptional item) was higher by 0.1% at Rs 39,880 crore as against Rs 39,837 crore in the previous year.

In spite of the Covid-19 crisis and the lockdowns, the due-diligence by Saudi Aramco for the planned investment in the O2C business is on track as both the parties are committed and actively engaged.

Segment performance

Segmentwise, Q4FY20 revenue from the Refining & Marketing segment declined by 3.4% Y-o-Y to Rs 84,854 crore while Segment EBIT increased by 28.2% Y-o-Y to Rs 5,706 crore with higher throughput and better GRMs. Segment EBIT improved on Y-o-Y basis with maximized crude throughput and better light distillate cracks. GRM for 4Q FY20 was at \$ 8.9/bbl, remarkably outperforming Singapore complex margins by \$ 7.7/bbl. FY20 revenue from the refining & marketing segment declined by 1.6% Y-o-Y to Rs 387,522 crore and Segment EBIT decreased by 6.8% Y-o-Y to Rs 21,334 crore. R&M segment revenue was impacted due to lower price realizations in domestic as well as export market due to fall in crude prices. GRM for FY20 was at \$ 8.9/bbl, outperforming Singapore complex margins by \$ 5.7/bbl.

Q4FY20 revenue from the Petrochemicals segment decreased 24.1% Y-o-Y to Rs 32,206 crore due to lower price realizations along with disruptions in local and regional markets. Petrochemicals segment EBIT was at Rs 4,553 crore, down 42.8% Y-o-Y, with significant decline in margins. The impact of lower product margins was mitigated to some extent by optimizing feedstock mix during the quarter. FY20 revenue from the Petrochemicals segment decreased by 15.6% to Rs 145,264 crore due to lower price realizations with weaker demand in well-supplied markets. Petrochemicals segment EBIT was at Rs 25,547 crore, down 21.1% as compared to previous year, due to lower margins in key products - Paraxylene, MEG, PET, Polypropylene and Polyethylene.

Q4FY20 revenue for the Oil & Gas segment decreased 41.5% Y-o-Y to Rs 625 crore. Segment EBIT was at Rs (485) crore as against Rs (267) crore in the corresponding period of the previous year. The segment performance continues to be impacted by low volumes and declining prices. Domestic production was lower at 4.1 BCFe, down 67.6% Y-o-Y while production in US Shale operations increased by 14.4% to 23.9 BCFe. FY'20 revenue for the Oil & Gas segment decreased 35.8% to Rs 3,211 crore. Segment EBIT was at Rs (1,407) crore as against Rs (1,379) crore in the previous year. Volumes from conventional fields and US shale were lower on account of natural decline and slowdown in development activity. Domestic production was lower at 38.8 BCFe, down 34.1% Y-o-Y and production in US Shale operations declined by 14.9% to 80.4 BCFe.

Retail segment revenue for Q4FY20 grew by 4.2% Y-o-Y to Rs 38,211 crore. EBITDA grew by 32.9% Y-o-Y to Rs 2,556 crore. Segment Revenues for FY20 grew by 24.8% Y-o-Y to Rs 162,936 crore. EBITDA for FY20 grew by 56% Y-o-Y to Rs 9,654 crore. Ranked as the fastest growing retail company in the world (Global Powers of Retailing 2020, a Deloitte report) it now operates 11,784 stores covering 28.7 million square feet with over 1,500 stores opened in the year and a record 30% retail space added. Footfalls at 640 million were up 17% Y-o-Y with 125 million registered customer base, up 40% Y-o-Y. Overall, the year has been a growth year with March being a tepid month due to the COVID-19 lockdown impact. It added 496 stores in the quarter or 1,553 stores during the year taking the overall count of 11,784 stores covering an area of 28.7 million square feet.

Digital services business standalone revenue from operations, including access revenues, have increased to Rs 14,835 crore, with standalone EBITDA of Rs 6,201 crore and EBITDA margin of 41.8%. Standalone Net Profit was at Rs 2,331 crore during the quarter and at Rs 5,562 crore for

the full year, showing an annual increase of 88%. Subscriber base as on 31st March 2020 was at 387.5 million (26.3% YoY growth), with ARPU during the quarter of Rs 130.6 per subscriber per month. Total wireless data traffic during the quarter was 1,284 crore GB (34.3% YoY growth) and total voice traffic during the quarter was 87,634 crore minutes (21.0% YoY growth).

Network18 Media & Investments reported Q4FY20 consolidated revenue of Rs 1,464 crore an increase of 18.9% Y-o-Y. Rise in ranking of Entertainment channel and upsurge in News consumption helped the group post growth in ad-revenues in the quarter, even as advertising was severely impacted during late-Q4 due to the COVID-19 related lockdown. Entertainment profitability continued its improved run despite ad-headwinds, led by growth in subscription and syndication revenue streams, and opex reductions. Increased contribution of subscription in revenue mix to 35% in FY20 (vs 26% in FY19), and furthering of cost controls implemented in FY20 shall help blunt the impact of the COVID crisis.

Other developments

- Reliance Industries Limited, Jio Platforms Limited and Facebook, Inc. on 22nd April 2020 announced the signing of binding agreements for an investment of Rs 43,574 crore by Facebook into Jio Platforms. Facebook's investment will translate into a 9.99% equity stake in Jio Platforms on a fully diluted basis. This transaction values Jio Platforms Ltd at post money equity value of ₹ 436,172 crore.
- Concurrent with the investment, Jio Platforms, Reliance Retail Limited ("Reliance Retail") and WhatsApp have also entered into a commercial partnership agreement to further accelerate Reliance Retail's New Commerce business. JioMart would be integrated with WhatsApp to ensure that consumers are able to access the nearest kiranas who can provide products and services to their homes by transacting seamlessly with JioMart using WhatsApp.
- Recommended a Dividend of Rs 6.50 per equity share of Rs 10/- each for the financial year ended March 31, 2020
- Approved issuance of equity shares of Rs 10/- each of the company of an issue size of Rs 53,125 crore by way of 'Rights Issue' (the "Issue") to eligible equity shareholders of the company as on the record date. The price for the Rights Issue has been determined at ` 1,257 per share and the share ratio at 1:15.
- The Board was also informed that the company expected to complete the capital raising programme totaling over Rs 1.04 Lakh crore by Q1 of the current financial year. This includes the investment by Facebook in Jio Platforms, the upcoming rights issue and the previous investment by British Petroleum in FY2019-20.
- In addition to the FB investment, the Board was informed that RIL has received strong interest from other strategic and financial investors and is in good shape to announce a similar sized investment in the coming months. This establishes the attractiveness of Jio Platforms to the world and is a strong validation of RIL's capability to conceive large-scale disruptive greenfield businesses. With a strong visibility to these equity infusions, the Board was informed that RIL is set to achieve net zero debt status ahead of its own aggressive timeline.

Management Comments

Commenting on the results, Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Limited said: "As India and the world grapple with the biggest challenge faced by our generation, I am heartened by the robust response of Reliance to the extraordinary circumstances created by the COVID-19 pandemic.

I firmly believe that nothing is more valuable in this world than the value of human life — the value of each and every human being, irrespective of their social or economic background. Therefore, the highest act of value-creation lies in saving human life, ensuring human health, and enhancing human wellbeing and happiness. We at Reliance judge and measure our success, both in our business and philanthropic activities, solely on the basis of this moral matrix.

Reliance is, and will continue to be, guided by this philosophy in India's battle against the COVID-19 pandemic. We have been tirelessly working on a multi-pronged prevention, mitigation, and ongoing support strategy that is comprehensive, sustainable, and resilient. RIL has deployed the combined strengths of Reliance Foundation, Reliance Retail, Jio, Reliance Industries, and all the members of the Reliance Family in a well-coordinated manner with the efforts of both Government (at the central, state and local levels) and Civil Society in India.

I take this opportunity to also commend the important contribution of all constituents of Indian industry and business to India's national endeavour to overcome the corona calamity.

Today I am pleased to announce that despite the daunting challenges arising from the fallout of the global pandemic, our company has once again delivered a resilient performance for FY 2019-20.

Our O2C (Oil to Chemicals) businesses delivered sustained earnings due to its integrated portfolio, cost-competitiveness, feedstock flexibility and product placement capabilities. We continue to operate all our major facilities at near normal utilisation levels.

Our consumer businesses further strengthened their leadership positions and recorded robust growth on all operating and financial parameters during the year. Both Retail and Jio, continue to work towards providing superior products and services to Indian consumers.

We are fully committed on our investment plans in our consumer businesses and new initiatives. We are at the doorsteps of a huge opportunity and our rights issue and all other equity transactions will strengthen Reliance and position us to create substantial value for all our stakeholders.

Indeed, converting the corona crisis into a new opportunity, Reliance will innovatively step up its plans to create much greater societal and shareholder value. I am confident that our India and Reliance will emerge stronger in the post Covid-19 world." Corona Haarega, India Jeetega!"

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