

# Contours of Reliance Industries Limited demerger of Financial Services business

Demerger: RIL

Record Date: 20-Jul-23

Last day to trade: 19-Jul-23

Proposal to demerge Reliance Strategic Investments

Reliance Industries (RIL) – Demerger of Financial Services business

Recently NCLT has approved the demerger of financial services business of RIL and merger of the same with Reliance Strategic Investment Limited (RSIL), which will be renamed Jio Financial Services Limited (JFSL). As per the scheme of arrangement, the investment of RIL in Reliance Industrial Investment and Holdings Limited (RIIHL) i.e. 6.1% treasury shares would be transferred to JFSL. Shareholder of RIL will get JFSL's shares in 1:1 ratio and record date for determining equity shareholders of RIL has been fixed on July 20, 2023. JFSL plans to build a Fintech platform to tap growth opportunities in financial services (consumer/merchant lending, insurance, payments, digital broking, and asset management).

Impact on Reliance Ind on Treasury share valuation: – As RIL will transfer 6.1% treasury share so the value of JFSL would be in tandem with value of treasury share. The value of treasury share based on RIL's CMP works out to be Rs172/share and post holding discount of 30% the value comes at ~Rs120/share. Reliance Ind value would get adjusted to around Rs120 plus premium of Jio financials future valuation. Thus, the adjustment impact of the RIL price would be around 4-6%.

Jio Financial Services Limited (JFSL): The value of Jio Financial, would be discovered more effectively, once details on business strategy, targets & milestones etc are made public. At the current juncture, the market is valuing JFSL at value of treasury shares plus some minor premium on Jio financials (Rs170-200).

NSE to conduct special pre-open session in RIL on July 20, 2023.

Impact on RIL Cash Price on 20th July 2023: Reliance Ind price will get adjusted post the demerger of JFSL (Jio financials services ltd), the difference between 19th July price and July 20th Price in special pre-open session for price discovery.

F&O Impact: In the run-up to the record date, based on existing rules, all F&O contracts will expire on 19-Jul-23.

Actionable: Buy Reliance Industries for long-term investment. Will get more details and roadmap in upcoming AGM.

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