

## Steady earnings amid large drop in capex

Oil &amp; Gas ▶ Result Update ▶ April 23, 2024

TARGET PRICE (Rs): 3,200

RIL reported largely in-line earnings (consol EBITDA of Rs425bn and PAT of Rs190bn deviated by 2-3%) in Q4FY24, combined with a 3% QoQ decline in net debt to Rs1.16trn. Retail EBITDA was an 8% miss on lower revenue, but was offset by better O2C on higher utilization and improved refining. Jio and Upstream were inline. Capex run-rate fell sharply to Rs232bn in Q4, though we believe ~Rs1.2trn p.a. would hold going ahead from new energy & petchem. We are positive on Jio tariff hikes, given the competitive landscape, while Oil & Gas and Retail should remain steady. We raise FY25-26E earnings by 2-5% each and SOTP based TP by 8% to Rs3,200/share on the back of higher profitability in Jio (due to ARPU) and roll-over to Mar-26E. RIL is well-placed with steady earnings and positive FCFF; new energy should also commence. We retain ADD.

## Reliance Industries: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	6,999,620	8,778,350	9,010,640	10,086,577	10,793,393
EBITDA	1,104,600	1,421,620	1,622,330	1,825,813	2,013,867
Adj. PAT	537,474	629,665	696,210	794,747	894,977
Adj. EPS (Rs)	95.6	104.3	102.9	117.3	132.0
EBITDA margin (%)	15.8	16.2	18.0	18.1	18.7
EBITDA growth (%)	36.8	28.7	14.1	12.5	10.3
Adj. EPS growth (%)	17.3	9.2	(1.4)	14.0	12.5
RoE (%)	7.3	8.4	9.2	9.6	9.9
RoIC (%)	10.9	13.8	14.2	15.1	15.8
P/E (x)	35.0	29.9	28.8	25.2	22.4
EV/EBITDA (x)	18.1	14.1	13.1	11.4	10.1
P/B (x)	2.4	2.6	2.5	2.3	2.1
FCFF yield (%)	(2.6)	(7.2)	0.4	2.7	3.8

Source: Company, Emkay Research

**Key Result Highlights:** O2C EBITDA recovered 19% QoQ to Rs167.8bn led by higher utilization on completion of maintenance activities combined with better gasoline spreads and lower SAED. Feedstock optimization and cheaper ethane also supported. O2C feedstock/sales stood at 19.8mt/17.2mmt, up 6%/4% QoQ, while EBITDA/mt rose 13% to USD102. **Upstream** EBITDA fell 3% QoQ to Rs56bn on slightly lower revenues, as KG Basin gas volumes were flat QoQ at 29.6mmscmd. **Jio** clocked strong net subs additions of 10.9mn (our est.: 10.5mn), while ARPU was a tad lower at Rs181.7, flat QoQ. Jio's EBITDA was up 2.7% QoQ to Rs146.4bn. Network opex was up 2.1% QoQ to Rs78.7bn. **Retail** EBITDA fell 7% QoQ to Rs58.3bn. Net store additions stood at 62, while retail area rose 9% QoQ to 79.1mn sqft. Q4 revenue growth of 10% YoY was muted, likely due to lower transaction growth, while margins improved on better product mix and supply chain efficiencies. For FY24, consol EBITDA/APAT grew 14%/11%, while reported capex fell to Rs1.3trn YoY from Rs1.4trn. Dividend recommended is Rs10 (~10% payout).

**Management KTAs:** O2C business outlook stays healthy on firm middle distillate, strong gasoline cracks & healthy demand, though global volatility could sustain. Chemical margins are expected to recover steadily on slower capacity additions. Current KG Basin gas output is ~30mmscmd, along with ~23kbpd oil/condensate, while Company recently signed a term contract for 0.9mmscmd CBM gas. Jio has 108mn 5G users, while JioFiber is gaining traction in tier-2 cities. Company targets cohort-based scale up of Jio among SMBs. While Q4 was affected due to rationalization, outlook is steady, led by Digital, expansion in distribution & product portfolio. Capex is funded via internal accruals; the balance sheet is robust. Petchem and new energy would expand in capacity.

**Valuation:** We value RIL on SOTP basis, using Mar-26E EV/EBITDA method for core segments and EV-IC/EV-sales method for New Energy/Other segments. **Key risks:** Adverse commodity/currency, B2C competition, delay in monetization of ventures, policy & new business risks.

Target Price – 12M	Mar-25
<b>Change in TP (%)</b>	<b>8.5</b>
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	8.1
CMP (22-Apr-24) (Rs)	2,959.7

Stock Data	Ticker
52-week High (Rs)	3,025
52-week Low (Rs)	2,139
Shares outstanding (mn)	6,765.7
Market-cap (Rs bn)	20,026
Market-cap (USD mn)	240,198
Net-debt, FY25E (Rs mn)	853,227
ADTV-3M (mn shares)	6
ADTV-3M (Rs mn)	18,188.5
ADTV-3M (USD mn)	218.2
Free float (%)	50.0
Nifty-50	22,336
INR/USD	83.4
<b>Shareholding, Mar-24</b>	
Promoters (%)	49.1
FPIs/MFs (%)	21.5/16.7

## Price Performance

(%)	1M	3M	12M
Absolute	1.7	9.1	38.3
Rel. to Nifty	0.6	5.3	9.1

## 1-Year share price trend (Rs)



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## Exhibit 1: Actuals vs. Estimates (Q4FY24)

Consolidated (Rs bn)	Actual	Estimates	Consensus Estimates	Variation		Comments
		(Emkay)	(Bloomberg)	Emkay	Consensus	
Total Revenues	2,365	2,344	2,363	1%	0%	
EBITDA	425	433	425	-2%	0%	Retail & Others miss partly offset by beat in O2C
EBITDA Margin (%)	18.0%	18.5%	18.0%	-49bps	-3bps	
Adj. Net Profit (after MI)	190	183	188	3%	1%	Higher Other Income and slightly lower ETR, Retail MI also lower

Source: Company, Emkay Research

## Exhibit 2: Detailed Actuals vs. Estimates (Q4FY24)

Rs bn	Q4FY24E	Q4FY24A	Deviation
<b>Consol EBITDA</b>	<b>433</b>	<b>425</b>	<b>-8</b>
O2C	163	168	5
Upstream	56	56	0
Retail	63	58	-5
Jio	146	146	0
Others	5	-3	-8
D/A	133	136	3
Interest	56	58	1
Other Income	35	45	10
Tax	70	66	-4
Minority Interest & JV	-25	-22	3
<b>PAT</b>	<b>183</b>	<b>190</b>	<b>6</b>

Source: Company, Emkay Research

## Exhibit 3: Quarterly Highlights (Consolidated)

Rs bn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ	FY23	FY24	YoY
Revenue	2,129	2,076	2,319	2,251	2,365	11%	5%	8,795	9,011	2%
Expenditure	1,745	1,695	1,909	1,844	1,940	11%	5%	7,366	7,388	0%
<b>EBITDA</b>	<b>384</b>	<b>381</b>	<b>410</b>	<b>407</b>	<b>425</b>	<b>11%</b>	<b>5%</b>	<b>1,429</b>	<b>1,622</b>	<b>14%</b>
Depreciation	115	118	126	129	136	18%	5%	403	508	26%
Interest	58	58	57	58	58	-1%	0%	196	231	18%
Other Income	29	38	38	39	45	55%	17%	118	161	36%
Exceptionals	0	0	0	0	0			0	0	
PBT	241	243	265	258	277	15%	7%	948	1,043	10%
Tax	28	61	67	63	66	136%	4%	207	257	24%
PAT	213	182	198	195	211	-1%	8%	741	786	6%
Minor./Assc.	-20	-22	-24	-22	-22			-74	-90	
<b>Group Rep. PAT</b>	<b>193</b>	<b>160</b>	<b>174</b>	<b>173</b>	<b>190</b>	<b>-2%</b>	<b>10%</b>	<b>667</b>	<b>696</b>	<b>4%</b>
Group Adj. PAT	193	160	174	173	190	-2%	10%	667	696	4%
Adj. EPS (Rs)	30.5	23.7	25.7	25.5	28.0	-8%	10%	105.5	102.9	-2%
EBITDA Margin	18%	18%	18%	18%	18%			16%	18%	
Tax Rate	12%	25%	25%	25%	24%			22%	25%	
Gross Debt	3,147	3,187	2,957	3,117	3,246	3%	4%	3,147	3,246	3%
Cash & Equivalent	2,045	1,921	1,780	1,924	2,083	2%	8%	2,045	2,083	2%
<b>Net Debt</b>	<b>1,102</b>	<b>1,266</b>	<b>1,177</b>	<b>1,194</b>	<b>1,163</b>	<b>6%</b>	<b>-3%</b>	<b>1,102</b>	<b>1,163</b>	<b>6%</b>
Capex	444	396	388	301	232	-48%	-23%	1,460	1,318	-10%
Refining Volumes (mmt)*	17.3	17.2	17.3	16.0	17.0	-2%	6%	66.4	67.5	2%
Petchem Net Volumes (mmt)*	4.2	4.3	4.4	4.0	4.4	4%	9%	17.2	17.1	-1%
<b>Upstream EBITDA</b>	<b>38</b>	<b>40</b>	<b>47.7</b>	<b>58.0</b>	<b>56.1</b>	<b>47%</b>	<b>-3%</b>	<b>136</b>	<b>202</b>	<b>49%</b>
KG-D6 Gas Output (mmscmd)	20.2	20.9	28.3	29.6	29.6	46%	0%	19.4	27.1	40%
Retail Revenue	693	700	772	830	767	11%	-8%	2,604	3,068	18%
<b>Retail Reported EBITDA</b>	<b>49</b>	<b>52</b>	<b>58</b>	<b>63</b>	<b>58</b>	<b>18%</b>	<b>-7%</b>	<b>180</b>	<b>231</b>	<b>28%</b>
Retail EBITDA Margin	7.1%	7.4%	7.6%	7.6%	7.6%			6.9%	7.5%	
Jio Revenue (incl Digital)	234	240	248	254	260	11%	2%	908	1,001	10%
<b>Jio Reported EBITDA</b>	<b>134</b>	<b>137</b>	<b>141</b>	<b>143</b>	<b>146</b>	<b>9%</b>	<b>3%</b>	<b>503</b>	<b>567</b>	<b>13%</b>
Jio EBITDA Margin	57%	57%	57%	56%	56%			55.4%	56.6%	
Jio ARPU (Rs)	179	181	182	182	182	2%	0%	177	181	2%
Jio Subs (mn)	439	449	460	471	482	10%	2%	439	482	10%

Source: Company, Emkay Research; Note: i) Some numbers may not fully match with those in annual tables due to different adjustment methods in the Emkay detailed annual model and averaging discrepancies; ii) \* not reported and hence assumed

## Exhibit 4: O2C earnings, volumes and margins

Rs bn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ	FY23	FY24	YoY
<b>Throughput – Feedstock (mmt)</b>	<b>19.8</b>	<b>19.7</b>	<b>20.0</b>	<b>18.7</b>	<b>19.8</b>	<b>0%</b>	<b>6%</b>	<b>77.0</b>	<b>78.2</b>	<b>2%</b>
Production For Sale (mmt)	17.1	17.2	17.1	16.4	17.1	0%	4%	66.3	67.8	2%
Transport Fuels	11.4	11.1	11.1	10.2	11.3	-1%	11%	42.0	43.7	4%
Polymers	1.5	1.4	1.5	1.2	1.5	0%	25%	5.7	5.6	-2%
Fibre Intermediaries	0.7	0.9	0.9	0.8	0.8	14%	0%	3.1	3.4	10%
Polyesters	0.6	0.6	0.6	0.6	0.6	0%	0%	2.5	2.4	-4%
Chemicals & Others	2.9	3.2	3.0	3.6	2.9	0%	-19%	13.0	12.7	-2%
Revenue	1,286	1,330	1,480	1,411	1,426	11%	1%	5,946	5,647	-5%
Expenditure	1,123	1,178	1,317	1,270	1,259	12%	-1%	5,326	5,024	-6%
<b>EBITDA</b>	<b>163</b>	<b>153</b>	<b>163</b>	<b>141</b>	<b>168</b>	<b>3%</b>	<b>19%</b>	<b>621</b>	<b>624</b>	<b>1%</b>
D&A	21	21	22	21	24	15%	17%	82	88	7%
EBIT	142	132	141	120	144	1%	20%	539	536	0%
<b>EBITDA/mt (USD)</b>	<b>100</b>	<b>94</b>	<b>98</b>	<b>90</b>	<b>102</b>	<b>2%</b>	<b>13%</b>	<b>100</b>	<b>96</b>	<b>-4%</b>

Source: Company, Emkay Research

## Reliance Jio – Strong subscriber addition to continue

**Outlook – Strong subscriber addition to continue:** Jio's subscriber addition has been strong in the last 6 quarters, while ARPU growth was moderate in the absence of tariff hikes. We expect the strong subscriber addition to continue for RJio, led by: i) competitive pricing of its plans; and ii) roll out of 5G that may attract high ARPU customers (including postpaid customers), as Vi's 5G rollout may still take some time; and iii) launch of JioBharat phone at attractive price, targeting current 2G customers.

We expect a tariff hike in FY25, as telcos are not earning the required rate of return and telcos will need a tariff hike to recover the 5G investment. We also see possibility of another round of tariff hike in FY26, as Vi requires to make payment for AGR/spectrum dues from H2FY26 once the moratorium ends.

**We increase FY25E/FY26E subscriber numbers by ~1% each, to factor-in the fast subscriber addition; we also raise our ARPU estimate by 2%/5% for FY25/FY26, respectively. FY25E/FY26E EBITDA increases by 3%/9% as a result.**

### Reliance Jio – Q4 Result highlights

**Revenue and margin broadly in-line:** RJio's revenue grew 2.3% QoQ to Rs259.6bn (Consensus: Rs260bn; Emkay: Rs260.7bn), broadly in line with consensus/our estimates. EBITDA stood at Rs136.1bn (+2.5% QoQ).

**EBITDA margin was flattish QoQ** at 52.4%, broadly in line with our estimate of 52.6% and Consensus estimate of 52.3%. Marketing expense was up 11.7% QoQ to Rs14bn, as spend remained elevated amid rise in competitive intensity. Licence fee was up 2.5% QoQ. The impact was mitigated by lower employee expenses (-4% QoQ) and lower access charge (-30% QoQ). Also, network operating cost was up only 2.1% QoQ, to Rs78.7bn (down by 10bps QoQ as a %age of sales), thus mitigating the impact on margin. Finance cost was down 1.2% QoQ (flattish leverage), while depreciation grew 2.9% QoQ. Other income was down 16% QoQ. PAT grew 2.5% QoQ to Rs53.4bn (Emkay est.: Rs 54.7 bn).

**JPL ex-Jio revenue was up 25%QoQ** to Rs29.1bn. EBITDA was up 17.4% QoQ to Rs6.3bn. Margin was down by 140bps QoQ to 21.5%

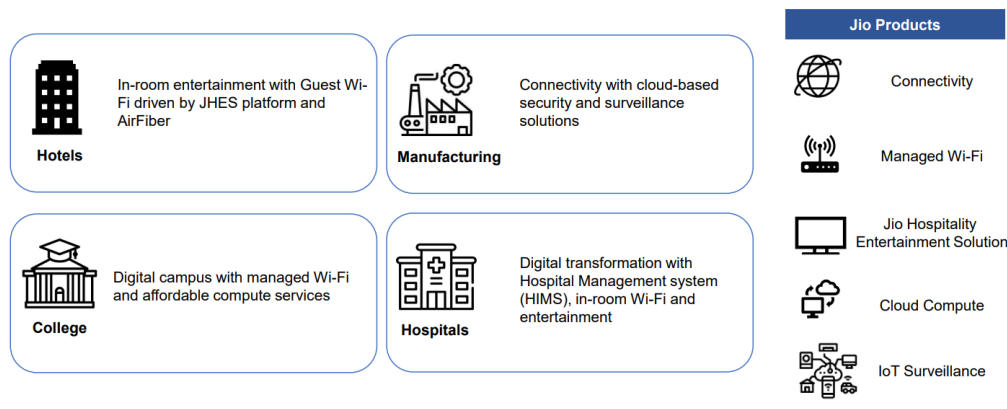
**Strong subscriber addition continues in Q4:** Total subscriber base increased by 10.9mn (Emkay: 10.5mn; Consensus: 10.8mn). ARPU was flat QoQ at Rs181.7 (Emkay: Rs182.5; Consensus: Rs182) due to one less day in Q4 vs Q3 and free 5G services (which reduced one-off data charges). Jio has seen good 5G traction with 108mn subscribers shifting to 5G by the end of Q4 (vs. 90mn in Q3 and 70mn in Q2). Company has seen 2.4x increase in data traffic in the last 3 years.

**Engagement levels remain strong:** Total data consumption was up 7% QoQ to 40.9bn GB, helped by higher consumption from 5G and increased engagement. Data consumption/Sub rose to 28.7GB/month vs. 27.3GB/month in Q3.

#### Key takeaways from the earnings call

- **5G users reached 108mn** with net addition of 18mn users in Q4 vs. 20mn net additions in Q3. 5G network contributed 28% of mobility traffic for RJio. Jio Bharat is also aiding the subscriber addition.
- **Monthly churn was 1.5%** in 4QFY24 vs. 1.7% in 3QFY24.
- **JioAirFiber services are now being offered across ~5,900 cities/towns.** Content bundling is driving strong engagement. Average daily data usage for AirFiber subscribers is ~13GB (monthly usage of 400GB per capital per month), which is 30% higher than that for JioFiber subscribers. It is seeing traction from Tier-2 towns.
- Jio has seen increase in market share by 300bps since Dec-22.
- **Jio's offering for SMB businesses includes a suite of bundled offerings.** These include various use cases for hotel, hospitals, manufacturing and colleges. Jio's offerings include connectivity solutions, Managed wi-fi, Jio hospitality entertainment solution.

## Exhibit 5: Jio's customized digital solutions SMB business



Source: Company

## Exhibit 6: Jio – Quarterly Financials

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Net Sales	233,940	240,420	247,500	253,680	259,590	2.3	11.0
Access charge	2,820	3,210	2,990	3,020	2,130	(29.5)	(24.5)
as % of sales	1.2	1.3	1.2	1.2	0.8		
Network Operating	72,240	73,790	76,070	77,060	78,660	2.1	8.9
as % of sales	30.9	30.7	30.7	30.4	30.3		
Employee Expenses	4,370	4,420	4,680	5,030	4,830	(4.0)	10.5
as % of sales	1.9	1.8	1.9	2.0	1.9		
Marketing Expenses	10,860	11,180	11,330	12,500	13,960	11.7	28.5
as % of sales	4.6	4.7	4.6	4.9	5.4		
License Fee	21,550	22,040	22,900	23,300	23,890	2.5	10.9
as % of sales	9.2	9.2	9.3	9.2	9.2		
Total operating expenditure	111,840	114,640	117,970	120,910	123,470	2.1	10.4
<b>EBITDA</b>	<b>122,100</b>	<b>125,780</b>	<b>129,530</b>	<b>132,770</b>	<b>136,120</b>	<b>2.5</b>	<b>11.5</b>
Depreciation	49,820	51,590	52,580	54,110	55,660	2.9	11.7
EBIT	72,280	74,190	76,950	78,660	80,460	6.5	10.2
Other Income	1,050	850	1,060	1,450	1,220	(15.9)	16.2
Interest	10,060	9,710	10,080	10,160	10,040	(1.2)	(0.2)
Exceptional Item	0	0	0	0	0		
PBT	63,270	65,330	67,930	69,950	71,640	2.4	13.2
Tax	16,110	16,700	17,350	17,870	18,270	2.2	13.4
PAT	47,160	48,630	50,580	52,080	53,370	2.5	13.2
<b>(%)</b>						<b>(bps)</b>	<b>(bps)</b>
EBITDAM	52.2	52.3	52.3	52.3	52.4	10	24
EBITM	30.9	30.9	31.1	31.0	31.0	(1)	10
EBTM	27.0	27.2	27.4	27.6	27.6	2	55
PATM	20.2	20.2	20.4	20.5	20.6	3	40
Effective Tax rate	25.5	25.6	25.5	25.5	25.5	(4)	4

Source: Company, Emkay Research

**Exhibit 7: Jio Platforms (consolidated) – Quarterly Financials**

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	254,650	261,150	268,750	276,970	288,710	4.2%	13.4%
EBITDA	127,670	131,160	135,280	139,550	143,600	2.9%	12.5%
EBITDA Margin	50.1%	50.2%	50.3%	50.4%	49.7%	-65 bps	-40 bps
PAT	49,840	50,980	52,970	54,450	55,830	2.5%	12.0%

Source: Company, Emkay Research

**Exhibit 8: Jio Platforms (ex-Jio) – Quarterly Financials**

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	20,710	20,730	21,250	23,290	29,120	25.0%	40.6%
EBITDA	4,520	4,530	4,690	5,330	6,260	17.4%	38.5%
EBITDA Margin	21.8%	21.9%	22.1%	22.9%	21.5%	-139 bps	-33 bps
PAT	2,680	2,350	2,390	2,370	2,460	3.8%	-8.2%

Source: Company, Emkay Research

**Exhibit 9: Jio's KPIs**

	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
ARPU (Rs)	178.8	180.5	181.7	181.7	181.7	0.0	1.6
MoU	1,003.0	1,003.0	979.0	982.0	1,008.0	2.6	0.5
Total Number of mins Calculated (bn)	1,312.2	1,335.7	1,333.7	1,370.8	1,440.5	5.1	9.8
Total Data consumption (bn GBs)	30.2	33.2	36.3	38.1	40.9	7.4	35.4
Data Usage/ per User (GB/month)	23.1	24.9	26.6	27.3	28.7	5.1	24.2

Source: Company, Emkay Research

**Exhibit 10: Subscriber addition for Jio**

Subscriber break-down (mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Wireless	431	439	450	461	471	2.2	9.2
Home broadband (estimated)	8.3	9.2	9.8	10.4	11.2	7.7	34.2
<b>Total</b>	<b>439</b>	<b>449</b>	<b>460</b>	<b>471</b>	<b>482</b>	<b>2.3</b>	<b>9.7</b>
Subscriber additions							
Wireless	5.7	8.4	10.6	10.6	10.1	-4.4	76.6
Home broadband (estimated)	0.68	0.84	0.58	0.63	0.80	27.0	17.6
Total	6.4	9.2	11.1	11.2	10.9	-2.7	70.3

Source: Company, Emkay Research

**Exhibit 11: Changes in estimates for Jio**

Particulars (Rs mn)	FY25E			FY26E		
	Previous	Revised	% Change	Previous	Revised	% Change
Subscriber	506	510	0.7%	526	530	0.7%
ARPU	199	203	1.8%	214	226	5.5%
Revenue	1,178,090	1,205,761	2.3%	1,327,292	1,410,533	6.3%
EBITDA	628,745	649,739	3.3%	729,862	797,103	9.2%
EBITDA Margin %	53.4	53.9	52 bps	55.0	56.5	152 bps

Source: Company, Emkay Research

**Change in estimates:** We increase FY25E/FY26E subscriber numbers by ~1% each (to factor-in the fast-paced subscriber addition), besides raising our ARPU estimate by ~2%/6%, respectively. Hence, FY25E/FY26E EBITDA has been revised upwards by ~3%/9%.

**Exhibit 12: Jio estimate**

	FY23	FY24E	FY25E	FY26E
Subscriber (mn)	439	482	510	530
Subscriber addition (mn)	29	42	28	19
ARPU (Rs)	178	181	203	226
YoY growth	16%	2%	12%	12%
Revenue (Rs mn)	907,908	1,001,212	1,205,761	1,410,533
YoY growth	18%	10%	20%	17%
EBITDA (Rs mn)	466,768	524,222	649,739	797,103
EBITDA Margin (%)	51.4	52.4	53.9	56.5

Source: Company, Emkay Research

## Reliance Retail – Steady trajectory sticks

**Q4 Topline growth of 10% lower than that of TTAN/DMART; FY24 performance largely in-line:** Net retail revenue at Rs676bn saw growth moderating to 10% in Q4 (vs. 21% in 9MFY24). This moderation was likely due to drop in transaction growth (up 6% in Q4), while bill size growth continued. Q4 growth is slower compared with that of DMART/TTAN, which have delivered ~20% growth in their respective domestic businesses, while other fashion/footwear/QSR peers are expected to report muted organic growth in Q4. For full-FY24, topline growth is 18% and comparable with that of TTAN/DMART. However, margin performance has surprised positively, with 50-60bps gain in Q4/FY24; such gains are likely led by better mix/supply-chain efficiencies. Net profit at Rs27bn grew 12% in Q4, while FY24 net profit at Rs111bn saw higher growth, at 21%. Lower profit growth in Q4 was due to higher depreciation on account of a higher asset base and higher finance cost on account of increase in debt/interest rate. Store additions were slow at 62/796 stores in Q4/FY24 vs. ~2,500 net additions in FY22/23. Total store count stood at 18,836 (up 4%), covering 79.1mn sqft (up ~21% on YoY basis).

**Digital traction continues:** Strong traction in digital/new-commerce channels continued, with sustained traction in consumer facing platforms (Jiomart/Ajio) and healthy on-boarding of merchants in new commerce initiatives. Ajio's catalogue grew 30% along with improved customer experience through product rating features and store-front personalization. Traction in JioMart also continued, with volume-led 30% growth in AOV and 94% increase in seller base.

**Strengthening Consumer brands portfolio through product launches:** Revenue growth was driven by momentum in beverages and new product launches (Campa runner energy, Necto, Brew Tea). Focus on expanding distribution and engagement in the General Trade channel led to 3x growth. Company has also acquired rights to manufacture and sell a beverage under the 'Elephant House' brand in India from Sri Lanka-based beverage maker, with reciprocal rights to sell *Campa* in Sri Lanka. It also acquired sugar confectionary rights/trademarks from Ravalgaon IP during Q4.

**Valuations and forecasts:** While Q4 topline performance was weaker, better margins helped partially offset the growth disappointment. We see the weak Q4 results as a short-term blip and expect RIL to maintain momentum in FY25. We change our estimates slightly for FY25-26 and rollover our valuation. Our blended multiple remains unchanged at 35x Mar-26E retail EBITDA (37x Core Retail and 7x Connectivity).

**Exhibit 13: Reliance Retail – Quarterly financials**

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ	FY24	FY23	YoY
Gross Revenue	692,670	699,480	771,480	830,630	766,270	10.6%	-7.7%	3,067,860	2,603,640	17.8%
Net Revenue	615,590	621,590	689,370	743,730	676,100	9.8%	-9.1%	2,730,790	2,309,310	18.3%
EBITDA	49,140	51,390	58,200	62,580	58,230	18.5%	-7.0%	230,400	179,280	28.5%
- margin	8.0%	8.3%	8.4%	8.4%	8.6%			8.4%	7.8%	
EBIT	37,260	38,050	44,210	48,740	43,710	17.3%	-10.3%	174,710	139,780	25.0%
- margin	6.1%	6.1%	6.4%	6.6%	6.5%			6.4%	6.1%	
PAT	24,150	24,480	27,900	31,650	26,980	11.7%	-14.8%	111,010	91,810	20.9%
- margin	3.9%	3.9%	4.0%	4.3%	4.0%			4.1%	4.0%	

Source: Company, Emkay Research

**Exhibit 14: Reliance Retail – Change in estimates**

Rs mn	FY25e			FY26e		
	Previous	Revised	Variance	Previous	Revised	Variance
Revenue (net)	3,134,401	3,193,564	1.9%	3,583,437	3,656,599	2.0%
EBITDA	264,174	266,987	1.1%	308,325	312,094	1.2%
- margin	8.4%	8.4%	0	8.6%	8.5%	0
Core retail EBITDA	244,018	242,819	-0.5%	285,660	285,509	-0.1%
- margin	10.4%	10.9%	50	10.6%	11.0%	40

Source: Company, Emkay Research



## Oil & Gas – Earnings steady

We largely retain the O2C FY25-26E EBITDA, given range-bound refining margins and flattish petchem spreads. Petchem prices overall are expected to recover gradually.

**Exhibit 15: Change in O&G assumptions and estimates**

	FY25E			FY26E		
	Previous	Revised	Variance	Previous	Revised	Variance
Average GRM (USD/bbl)	10.2	10.3	1%	10.0	10.0	0%
Petchem EBITDA/mt (USD)	172	174	1%	174	176	1%
KG Gas Volumes (mmscmd)	30	30	0%	30	30	0%
Gas Price (USD/mmbtu)	10.3	10.8	5%	10.3	10.8	5%
O2C EBITDA (Rs bn)	640	643	0%	640	648	1%
Upstream EBITDA (Rs bn)	214	228	6%	204	217	6%

Source: Company, Emkay Research

We raise RIL's consolidated EBITDA 4% for FY26E, to reflect the higher Jio profitability as well as the slight uptick in Upstream. Consequently, consol. earnings for RIL have increased 5% for FY26E, while FY25E earnings estimates are up 2%.

**Exhibit 16: Change in RIL's consolidated estimates**

(Rs bn)	FY25E			FY26E		
Consol.	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	9,573	10,087	5%	10,217	10,793	6%
EBITDA	1,797	1,826	2%	1,934	2,014	4%
EBITDA Margins	18.8%	18.1%	-67bps	18.9%	18.7%	-27bps
APAT	777	795	2%	849	895	5%
EPS (Rs)	114.6	117.3	2%	125.2	132.0	5%

Source: Company, Emkay Research

## Valuation

**Exhibit 17: SOTP-based valuation – Mar-25E**

Rs bn (Mar-26E, Consol)	Method	Head	Multiple (x)	EV	EV/sh
Refining	EV/EBITDA	341	7.5	2,555	377
Petrochemicals	EV/EBITDA	307	7.5	2,306	340
Upstream Oil & Gas	EV/EBITDA	217	6.0	1,303	192
Organised Retail (82%)	EV/EBITDA	249	35.0	8,717	1,286
Telecom (Jio) - 67%	EV/EBITDA	534	11.0	5,877	867
Others	EV/Sales	774	1.5	1,162	171
New Energy	EV/IC	750	1.5	1,125	166
<b>Total</b>		<b>1,726</b>	<b>13.4</b>	<b>23,044</b>	<b>3,399</b>
Adj. Net Debt (Mar-25E end)				1,347	199
<b>Equity Value</b>				<b>21,697</b>	<b>3,200</b>
Shares O/S (bn)					6.8

Source: Company, Emkay Research

**Exhibit 18: PER-based valuation (on Mar-26E EPS)**

(Consol.)	FY22	FY23	FY24	FY25E	FY26E
RIL's Adjusted EPS (Rs)	84.6	99.1	102.9	117.3	132.0
<b>Target Multiple (x)</b>					<b>24.2</b>
<b>SOTP Target Price (Rs/sh)</b>					<b>3,200</b>

Source: Company, Emkay Research

## Reliance Industries: Consolidated Financials and Valuations

## Profit &amp; Loss

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
<b>Revenue</b>	<b>6,999,620</b>	<b>8,778,350</b>	<b>9,010,640</b>	<b>10,086,577</b>	<b>10,793,393</b>
Revenue growth (%)	49.9	25.4	2.6	11.9	7.0
<b>EBITDA</b>	<b>1,104,600</b>	<b>1,421,620</b>	<b>1,622,330</b>	<b>1,825,813</b>	<b>2,013,867</b>
EBITDA growth (%)	36.8	28.7	14.1	12.5	10.3
Depreciation & Amortization	297,970	403,030	508,320	529,308	556,373
<b>EBIT</b>	<b>806,630</b>	<b>1,018,590</b>	<b>1,114,010</b>	<b>1,296,505</b>	<b>1,457,493</b>
EBIT growth (%)	48.9	26.3	9.4	16.4	12.4
Other operating income	149,470	117,340	160,570	167,719	175,425
Other income	149,470	117,340	160,570	167,719	175,425
Financial expense	145,840	195,710	231,180	252,474	234,920
<b>PBT</b>	<b>810,260</b>	<b>940,220</b>	<b>1,043,400</b>	<b>1,211,751</b>	<b>1,397,999</b>
Extraordinary items	0	0	0	0	0
Taxes	162,970	203,760	257,070	305,361	352,296
Minority interest	(2,800)	(240)	(3,870)	(3,729)	(3,840)
Income from JV/Associates	(71,400)	(73,860)	(93,990)	(115,371)	(154,566)
<b>Reported PAT</b>	<b>607,050</b>	<b>662,840</b>	<b>696,210</b>	<b>794,747</b>	<b>894,977</b>
PAT growth (%)	23.6	9.2	5.0	14.2	12.6
<b>Adjusted PAT</b>	<b>537,474</b>	<b>629,665</b>	<b>696,210</b>	<b>794,747</b>	<b>894,977</b>
<b>Diluted EPS (Rs)</b>	<b>95.6</b>	<b>104.3</b>	<b>102.9</b>	<b>117.3</b>	<b>132.0</b>
Diluted EPS growth (%)	17.3	9.2	(1.4)	14.0	12.5
<b>DPS (Rs)</b>	<b>8.0</b>	<b>9.0</b>	<b>10.0</b>	<b>11.7</b>	<b>14.5</b>
<b>Dividend payout (%)</b>	<b>8.4</b>	<b>8.6</b>	<b>9.7</b>	<b>10.0</b>	<b>11.0</b>
EBITDA margin (%)	15.8	16.2	18.0	18.1	18.7
EBIT margin (%)	11.5	11.6	12.4	12.9	13.5
Effective tax rate (%)	28.7	25.2	24.6	25.2	25.2
<b>NOPLAT (pre-IndAS)</b>	<b>575,126</b>	<b>761,905</b>	<b>839,543</b>	<b>969,786</b>	<b>1,090,205</b>
Shares outstanding (mn)	6,352.2	6,353.2	6,766.0	6,772.8	6,779.5

Source: Company, Emkay Research

## Cash flows

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	810,260	940,220	1,043,400	1,211,751	1,397,999
Others (non-cash items)	32,660	(11,990)	21,500	0	0
Taxes paid	(37,970)	(62,970)	(119,610)	(196,308)	(254,148)
Change in NWC	734,750	841,830	135,840	203,080	84,061
<b>Operating cash flow</b>	<b>1,106,540</b>	<b>1,150,320</b>	<b>1,587,880</b>	<b>1,743,742</b>	<b>1,765,842</b>
Capital expenditure	(1,628,900)	(2,585,560)	(1,511,150)	(1,188,170)	(997,660)
Acquisition of business	(699,750)	1,893,530	(46,060)	(16,259)	(16,421)
Interest & dividend income	59,520	111,230	107,230	167,719	175,425
<b>Investing cash flow</b>	<b>(1,101,030)</b>	<b>(912,350)</b>	<b>(1,143,010)</b>	<b>(1,047,326)</b>	<b>(849,379)</b>
Equity raised/(repaid)	3,200	10	0	68	68
Debt raised/(repaid)	144,940	476,610	106,560	(50,000)	(200,000)
Payment of lease liabilities	(21,320)	(14,060)	(14,060)	(14,060)	(14,060)
Interest paid	(145,840)	(195,710)	(231,180)	(252,474)	(234,920)
Dividend paid (incl tax)	(42,970)	(50,830)	(60,890)	(79,102)	(98,025)
Others	213,560	(125,530)	19,050	(16,481)	(16,370)
<b>Financing cash flow</b>	<b>172,890</b>	<b>104,550</b>	<b>(166,460)</b>	<b>(397,990)</b>	<b>(549,247)</b>
Net chg in Cash	178,400	342,520	278,410	298,426	367,216
OCF	1,106,540	1,150,320	1,587,880	1,743,742	1,765,842
Adj. OCF (w/o NWC chg.)	1,841,290	1,992,150	1,723,720	1,946,821	1,849,903
FCFF	(522,360)	(1,435,240)	76,730	555,572	768,182
FCFE	(608,680)	(1,519,720)	(47,220)	470,817	708,687
OCF/EBITDA (%)	100.2	80.9	97.9	95.5	87.7
FCFE/PAT (%)	(100.3)	(229.3)	(6.8)	59.2	79.2
<b>FCFF/NOPLAT (%)</b>	<b>(90.8)</b>	<b>(188.4)</b>	<b>9.1</b>	<b>57.3</b>	<b>70.5</b>

Source: Company, Emkay Research

## Balance Sheet

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	67,650	67,660	67,660	67,728	67,795
Reserves & Surplus	7,727,200	7,091,060	7,867,150	8,579,066	9,372,178
<b>Net worth</b>	<b>7,794,850</b>	<b>7,158,720</b>	<b>7,934,810</b>	<b>8,646,794</b>	<b>9,439,974</b>
Minority interests	1,094,990	1,130,090	1,323,070	1,442,170	1,600,576
Deferred tax liability (net)	486,010	587,750	713,030	822,083	920,231
<b>Total debt</b>	<b>2,663,050</b>	<b>3,139,660</b>	<b>3,246,220</b>	<b>3,196,220</b>	<b>2,996,220</b>
<b>Total liabilities &amp; equity</b>	<b>12,038,900</b>	<b>12,016,220</b>	<b>13,217,130</b>	<b>14,107,267</b>	<b>14,957,001</b>
Net tangible fixed assets	4,697,770	5,244,600	5,799,210	6,424,186	6,831,248
Net intangible assets	1,143,350	1,390,320	1,390,320	1,390,320	1,390,320
Net ROU assets	306,770	460,430	460,430	460,430	460,430
Capital WIP	1,725,060	2,937,520	3,388,550	3,422,436	3,456,660
Goodwill	130,090	152,700	149,890	149,890	149,890
Investments [JV/Associates]	3,473,340	1,579,810	1,625,870	1,642,129	1,658,550
<b>Cash &amp; equivalents</b>	<b>1,442,960</b>	<b>1,871,370</b>	<b>2,033,950</b>	<b>2,342,993</b>	<b>2,720,932</b>
Current assets (ex-cash)	2,066,880	2,422,070	2,702,260	2,939,424	3,145,404
Current Liab. & Prov.	2,947,320	4,042,600	4,333,350	4,664,541	4,856,433
<b>NWC (ex-cash)</b>	<b>(880,440)</b>	<b>(1,620,530)</b>	<b>(1,631,090)</b>	<b>(1,725,117)</b>	<b>(1,711,030)</b>
<b>Total assets</b>	<b>12,038,900</b>	<b>12,016,220</b>	<b>13,217,130</b>	<b>14,107,267</b>	<b>14,957,001</b>
Net debt	1,220,090	1,268,290	1,212,270	853,227	275,288
Capital employed	12,038,900	12,016,220	13,217,130	14,107,267	14,957,001
<b>Invested capital</b>	<b>5,397,540</b>	<b>5,627,520</b>	<b>6,168,760</b>	<b>6,699,710</b>	<b>7,120,859</b>
BVPS (Rs)	1,227.1	1,126.8	1,172.7	1,276.7	1,392.4
Net Debt/Equity (x)	0.2	0.2	0.2	0.1	0.0
Net Debt/EBITDA (x)	1.1	0.9	0.7	0.5	0.1
Interest coverage (x)	0.2	0.2	0.2	0.2	0.1
<b>RoCE (%)</b>	<b>8.3</b>	<b>9.4</b>	<b>10.1</b>	<b>10.7</b>	<b>11.2</b>

Source: Company, Emkay Research

## Valuations and key Ratios

Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	35.0	29.9	28.8	25.2	22.4
P/CE(x)	22.5	18.2	16.6	15.1	13.8
P/B (x)	2.4	2.6	2.5	2.3	2.1
EV/Sales (x)	2.9	2.3	2.4	2.1	1.9
EV/EBITDA (x)	18.1	14.1	13.1	11.4	10.1
EV/EBIT(x)	24.8	19.7	19.1	16.1	14.0
EV/IC (x)	3.7	3.6	3.4	3.1	2.9
FCFF yield (%)	(2.6)	(7.2)	0.4	2.7	3.8
FCFE yield (%)	(3.2)	(8.1)	(0.2)	2.3	3.5
Dividend yield (%)	0.3	0.3	0.3	0.4	0.5
<b>DuPont-RoE split</b>					
Net profit margin (%)	7.7	7.2	7.7	7.9	8.3
Total asset turnover (x)	0.6	0.7	0.7	0.7	0.7
Assets/Equity (x)	1.5	1.6	1.7	1.6	1.6
<b>RoE (%)</b>	<b>7.3</b>	<b>8.4</b>	<b>9.2</b>	<b>9.6</b>	<b>9.9</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	8.2	8.7	9.3	9.6	10.1
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
<b>RoIC (%)</b>	<b>10.9</b>	<b>13.8</b>	<b>14.2</b>	<b>15.1</b>	<b>15.8</b>
<b>Operating metrics</b>					
Core NWC days	(30.1)	(3.0)	(13.4)	(16.5)	(16.5)
<b>Total NWC days</b>	<b>(30.1)</b>	<b>(3.0)</b>	<b>(13.4)</b>	<b>(16.5)</b>	<b>(16.5)</b>
Fixed asset turnover	0.8	0.9	0.8	0.9	0.8
Opex-to-revenue (%)	16.4	16.8	17.0	16.9	17.2

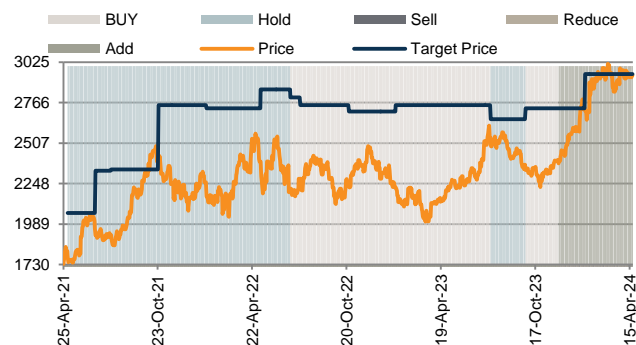
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jan-24	2,713	2,950	Add	Sabri Hazarika
30-Nov-23	2,377	2,730	Add	Sabri Hazarika
29-Oct-23	2,266	2,730	Buy	Sabri Hazarika
28-Sep-23	2,334	2,730	Buy	Sabri Hazarika
29-Aug-23	2,420	2,660	Hold	Sabri Hazarika
23-Jul-23	2,539	2,660	Hold	Sabri Hazarika
24-Apr-23	2,148	2,750	Buy	Sabri Hazarika
22-Jan-23	2,225	2,750	Buy	Sabri Hazarika
24-Oct-22	2,259	2,710	Buy	Sabri Hazarika
23-Jul-22	2,280	2,750	Buy	Sabri Hazarika
15-Jul-22	2,188	2,800	Buy	Sabri Hazarika
04-Jul-22	2,199	2,800	Buy	Sabri Hazarika
08-May-22	2,387	2,850	Hold	Sabri Hazarika
24-Jan-22	2,166	2,730	Hold	Sabri Hazarika
23-Nov-21	2,174	2,750	Hold	Sabri Hazarika
24-Oct-21	2,394	2,750	Hold	Sabri Hazarika
26-Jul-21	1,892	2,340	Hold	Sabri Hazarika
25-Jul-21	1,918	2,340	Hold	Sabri Hazarika
25-Jun-21	1,917	2,330	Hold	Sabri Hazarika
23-Jun-21	2,009	2,060	Hold	Sabri Hazarika
29-May-21	1,908	2,060	Hold	Sabri Hazarika
03-May-21	1,785	2,060	Hold	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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