

# Reliance Industries

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,266**

**TP: INR2,760 (+22%)**

**Buy**

## Standalone gains; Consumer on a steady path

Bloomberg	RELIANCE IN
Equity Shares (m)	6766
M.Cap.(INRb)/(USD\$b)	15330.5 / 184.2
52-Week Range (INR)	2632 / 1986
1, 6, 12 Rel. Per (%)	-1/-2/-6
12M Avg Val (INR M)	15972

### Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	8,795	9,502	10,758
EBITDA	1,429	1,622	1,795
Adj PAT	667	698	804
EBITDA (%)	16%	17%	17%
EPS (INR)	98.6	103.1	118.8
EPS Gr. (%)	14%	5%	15%
BV/Sh. (INR)	1,274	1,375	1,492

### Ratios

Net D/E	0.3	0.4	0.3
RoE (%)	8.3	8.2	8.7
RoCE (%)	8.1	7.8	8.3

### Valuations

P/E (x)	23.0	22.0	19.1
P/BV (x)	1.8	1.6	1.5
EV/EBITDA (x)	12.5	11.4	10.0
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.0	0.0	0.0

### Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	49.1	49.1	49.1
DII	15.8	15.9	14.7
FII	24.4	24.5	25.8
Others	10.7	10.5	10.4

FII Includes depository receipts

- Reliance Industries (RIL)'s 2QFY24 consolidated revenue grew 1% YoY/12% QoQ to INR2,319b (in line). EBITDA reported a strong 31% YoY growth to INR410b (8% beat), aided by sustained performance in the O2C segment, better gas price realization, and steady EBITDA growth of 13%/32% YoY in RJio/Retail during the quarter. Consequently, PAT grew 27% YoY to INR174b (5% beat).
- RJio's revenue/EBITDA grew 3% QoQ each (in line), fueled by 2.5% subscriber additions and marginal increase in ARPU. This flowed into the PAT, which rose 4% QoQ to INR51b (in-line). However, FCF (post-interest) turned negative to -INR19b, due to the continued high capex (INR190b in 1HFY24) and interest costs (INR76b) in 2QFY24.
- Reliance Retail posted a healthy revenue/EBITDA growth of ~19%/32% YoY (in line) buoyed by 41% YoY footfall growth and 31% YoY footprint additions. Higher depreciation and finance cost led to PAT growth of 21% YoY to INR27.9b.
- Standalone 2QFY24 EBITDA at INR192b (+14% vs. our estimate) was fueled by strong refining/PVC cracks and a rise in gas volumes. O2C's earnings in 3QFY24 may be tempered by plant shutdowns and weak gasoline margin. Over the next 1.5 years, we are building in healthy O2C profitability amid: 1) refining net capacity additions in CY24 (0.6mnbpod) are trailing oil demand growth of 0.9mnbpod (IEA), 2) CY23 is the last year of substantial supply growth (~5%; CY20-24) for olefins, and 3) low inventories for oil products and PE/PP globally. Consequently, we believe re-stocking can lead to a sharp uptick in margins.
- Net debt improved sequentially to INR1,177.3b in 2Q vs. INR 1,266.2b in 1Q. The cash and cash equivalents included INR103.5b towards capital raise in Reliance Retail. Capex for the quarter narrowed a bit sequentially to INR388.2b vs. INR396.5b in 1QFY24 (INR444.1b in 4QFY23).
- Using SOTP, we value the Refining and Petrochemical segments at 7.5x EV/EBITDA, arriving at a valuation of INR878/share for the standalone business. We ascribe an equity valuation of INR760/share to RJio and INR1,353/share to Reliance Retail, factoring in the recent stake sale. Our TP is adjusted for JFS valuation. **We reiterate our BUY rating with a TP of INR2,760.**

### RJio – growth driven by (in-line) subscriber additions

- RJio's revenue/EBITDA grew 3% QoQ each (in line), fueled by 2.5% subscriber additions and marginal increase in ARPU. This flowed into the PAT, which rose 4% QoQ to INR51b (in-line).
- The company is aggressively rolling out 5G, having deployed over 150k sites with 1m+ 5G cells and 85% of the overall 5G capacity in the country. RJio remains on track to complete the pan-India rollout by Dec'23. We marginally revise our FY24E/25E capex to INR400b/INR312b.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- We expect its revenue/EBITDA CAGR at 11%/15% over FY23-25 factoring in 9%/3% CAGR for subs/ARPU over the same period. RJio's long-term outlook remains intact underpinned by market share gains from VIL, tariff hikes, and new growth opportunities such as Jiofiber, Airfiber, and JioBharat along with other digital avenues triggered by 5G rollout.

### Reliance Retail – steady growth as expected

- Reliance Retail's revenue/EBITDA surged 19.5%/32.2% YoY to INR689b/INR58b (in line/ 5% beat) with 80bp YoY margin improvement. Core revenue/EBITDA (excluding Connectivity) jumped 24%/34% YoY as per our working. Higher depreciation and finance cost led to PAT growth of 21% YoY to INR27.9b.
- The growth lagged footprint additions. Reliance Retail reported 204 net store additions to 18,650 stores (+45.7% YoY) with a total area of 71.5m (+31.2% YoY).
- The Grocery business jumped 33% YoY, while Consumer Electronics/Fashion & Lifestyle rose 11%/32% YoY. Digital & New Commerce grew 39% YoY in 2QFY24, increasing its contribution to 19% from 18% in 2QFY23.
- Reliance Retail completed the transfer of assets to the warehouse InvIT entity for a total consideration of INR51.5b on 25<sup>th</sup> Oct'23. It completed an equity fund raise of INR153.1b in the current round from global marquee investors such as ADIA, QIC and KKR, thereby diluting ~2% stake.
- Standalone revenue and EBITDA are likely to report a 22% and 30% CAGR, respectively, over FY23-25 (maintained estimates) fueled by accelerated store additions across segments, a recovery in store productivity, and aggressive foray into digital & new commerce.

### Standalone – sustained performance across segments drives a beat!

- Standalone revenue came in at INR1,374b (flat YoY), while EBITDA stood at INR192b (est. of INR168b, +63% YoY). The beat was driven by a strong gasoline margin as well as a rise in gas volumes in the E&P business as production at MJ field ramped up.
  - Downstream contribution, however, remained weak due to lower PE, PP and polyester chain deltas during the quarter.
  - EBITDA/mt stood at USD101.9 (+53% YoY), with production meant for sale at 17.1mmt (+6% YoY).
- Reported PAT grew 62% YoY to INR112b (est. of INR100b) during the quarter.
- Price realization for KG-D6 gas improved to USD10.5/mmBtu in 2QFY24 from USD9.9/mmBtu in 2QFY23.
- Oil & Gas exploration EBITDA jumped 51% YoY to INR47.7b.
- **For 1HFY24**, revenue stood at INR2,600b (-8% YoY); EBITDA was at INR367b (+12% YoY), while PAT stood at INR208b (-5% YoY).
  - Production meant for sale was at 34.3mmt (+4% YoY).
  - EBITDA/mt stood at USD98.5 (-4% YoY).
- **Key macro performance highlights:**
  - Global oil demand in 2QFY24 improved 2.5mn bopd YoY to 102.7mn bopd, with strong demand originating mainly from China and India.
  - Global refinery throughput was higher by 1.7mn bopd YoY to 82.9mn bopd in 2Q.

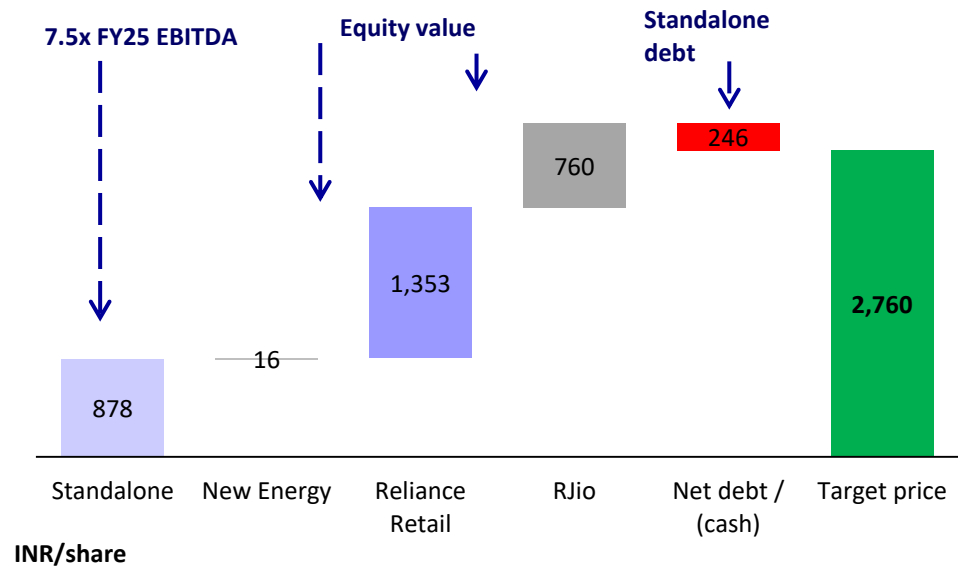
- Crude oil benchmarks decreased YoY due to macro headwinds led by high interest rates and lower industrial activities. Sentiments also shifted from risk premium to fundamentals.

### Valuation and view

- Segment-wise, the Consumer business continues to post double-digit EBITDA growth with both RJio and Reliance Retail likely to record 15%/30% EBITDA CAGR over FY23-25. The growth would be driven by retail sector's footprint additions and new categories, while the telecom business continues to focus on subscriber growth. In O2C, we see refining and petchem segments margins picking up from the current levels as net capacity additions for both segments are tapering off on a YoY basis in CY24. Further, FY25 would see the full benefit from the ramped up volumes at MJ field.
- We value Reliance Retail's core business at 40x EV/EBITDA on FY25E and connectivity at 5x to arrive at our valuation of INR1,539. Reliance Retail's value in RIL share comes to INR1,353 (for its 87.9% stake). Our premium valuation multiples capture the opportunity for rapid expansion in its retail business and the aggressive rollouts of the digital platforms.
- We have marginally raised our FY24/FY25 estimates for RJio factoring in 11%/15% revenue/EBITDA CAGR during FY23-25. RJio is valued at an EV/EBITDA multiple of 12x on FY25E EBITDA. The potential tariff hikes, market share gains from VIL, and opportunity in Digital offer an option value of INR150 (Exhibit 15), arriving at a valuation of INR760/share (adjusted for its 66% stake).
- According to IEA estimates, the global oil demand growth is expected to remain strong led by transportation fuels. Average CY23 demand would be at 101.8mnbopd (up 2.2mnbopd YoY). Demand for CY24 is likely to be at 102.7mnbopd (up 0.9mnbopd YoY). Margin is anticipated to remain high amid a tight refining system in place with planned and unplanned shutdowns to help refiners even in the subdued demand growth scenario. Further voluntary cuts by OPEC+ and geopolitical tensions are expected to keep price and margin high.
- The global downstream chemical margin is expected to remain soft due to near-term supply overhang. Margin could improve, though, with moderation in supply from China coupled with improvement in global demand for products. RIL is expected to have an edge over peers as a majority of its focus lies in the domestic market in Polymer and Polyester products.
- LNG demand remains stagnant despite a higher summer demand in North East Asia. Severity of the coming winter in the EU is expected to affect the prices of LNG too with inventories at historical highs. The ceiling price for KG D6 is at USD9.96/mmBtu for 2HFY24.
- We model a capex of INR550b/INR450b for FY24/FY25 in the Standalone business, considering RIL's investments in the new-age greener businesses (such as solar energy and a hydrogen ecosystem in India).
- Consolidated gross debt contracted sequentially to INR2,957b at end-2QFY24 (from INR3,187b at Jun'23) with cash & cash equivalents at INR1,780b. Net debt stood at INR1,177b (according to management). The cash and cash equivalents included INR103.5b towards capital raise in Reliance Retail.
- We have built in an FY24 capex of INR1,200b, modeling INR400b in Telecom, INR550b in the Standalone business and the rest in others considering RIL's investment in new-age greener businesses.

- Using SOTP, we value the Refining and Petrochemical segment at 7.5x FY25E EV/EBITDA to arrive at a valuation of INR878/share for Standalone. We ascribe an equity valuation of INR760/share to RJio and INR1,353/share to Reliance Retail and INR16/share towards the new age business. **We reiterate our BUY rating with a TP of INR2,760.**

Exhibit 1: RIL – SoTP valuation (INR/share)



## Consolidated - Quarterly Earnings Model

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	Est. (%)	
<b>Net Sales</b>	<b>2,193</b>	<b>2,301</b>	<b>2,172</b>	<b>2,129</b>	<b>2,076</b>	<b>2,319</b>	<b>2,449</b>	<b>2,658</b>	<b>8,795</b>	<b>9,502</b>	<b>2,254</b>	<b>3%</b>
YoY Change (%)	56.7	37.3	17.4	2.7	-5.4	0.8	12.8	24.8	25.6	8.0	-2.0	
<b>EBITDA</b>	<b>380</b>	<b>312</b>	<b>352</b>	<b>384</b>	<b>381</b>	<b>410</b>	<b>417</b>	<b>419</b>	<b>1,429</b>	<b>1,622</b>	<b>379</b>	<b>8%</b>
Margin (%)	17.3	13.6	16.2	18.1	18.4	17.7	17.0	15.8	16.2	17.1	16.8	
Depreciation	89	97	102	115	118	126	125	128	403	497	108	16%
Interest	40	46	52	58	58	57	52	42	196	210	54	6%
Other Income	22	35	31	29	38	38	29	9	118	114	31	23%
<b>PBT before EO expense</b>	<b>273</b>	<b>205</b>	<b>230</b>	<b>241</b>	<b>243</b>	<b>265</b>	<b>269</b>	<b>258</b>	<b>948</b>	<b>1,030</b>	<b>248</b>	<b>7%</b>
Extra-Ord expense	-9	-2	0	0	0	0	0	0	-11	0	0	
<b>PBT</b>	<b>282</b>	<b>206</b>	<b>230</b>	<b>241</b>	<b>243</b>	<b>265</b>	<b>269</b>	<b>258</b>	<b>959</b>	<b>1,030</b>	<b>248</b>	<b>7%</b>
Tax	78	49	53	28	61	67	69	61	207	257	64	5%
Rate (%)	27.7	23.6	22.9	11.6	25.2	25.2	25.7	23.7	21.6	24.9	25.7	
Minority Interest & Profit/Loss of Asso. Cos.	15.5	19.3	19.5	20.0	21.7	24.3	18.9	18.9	74.3	75.7	19	
<b>Reported PAT</b>	<b>188</b>	<b>138</b>	<b>158</b>	<b>193</b>	<b>160</b>	<b>174</b>	<b>181</b>	<b>178</b>	<b>678</b>	<b>698</b>	<b>166</b>	<b>5%</b>
<b>Adj PAT</b>	<b>182</b>	<b>137</b>	<b>158</b>	<b>193</b>	<b>160</b>	<b>174</b>	<b>181</b>	<b>178</b>	<b>678</b>	<b>698</b>	<b>166</b>	<b>5%</b>
YoY Change (%)	48.3	0.1	-2.8	19.1	-12.0	27.0	14.6	-7.8	16.0	2.9	21.4	
Margin (%)	8.3	6.0	7.3	9.1	7.7	7.5	7.4	6.7	7.7	7.3	7.4	

E: MOFSL Estimates

## Standalone - Quarterly Earnings Model

(INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
<b>Net Sales</b>	<b>1,464.8</b>	<b>1,373.5</b>	<b>1,259.9</b>	<b>1,186.4</b>	<b>1,226.3</b>	<b>1,373.8</b>	<b>1,405.0</b>	<b>1,487.9</b>	<b>5,284.5</b>	<b>5,492.9</b>	<b>1,266.4</b>	<b>8%</b>
YoY Change (%)	70.0	41.7	13.3	-8.4	-16.3	0.0	11.5	25.4	24.7	3.9	-7.9	
<b>EBITDA</b>	<b>209.5</b>	<b>117.9</b>	<b>150.3</b>	<b>180.1</b>	<b>174.9</b>	<b>191.9</b>	<b>195.3</b>	<b>198.0</b>	<b>657.8</b>	<b>760.1</b>	<b>167.7</b>	<b>14%</b>
Margin (%)	14.3	8.6	11.9	15.2	14.3	14.0	13.9	13.3	12.4	13.8	13.2	
Depreciation	22.5	26.1	25.3	27.3	38.8	43.8	42.7	45.6	101.2	171.0	27.6	
Interest	26.2	29.2	33.5	37.5	36.0	32.4	33.7	34.7	126.3	136.7	35.1	
Other Income	25.3	33.3	25.8	27.9	27.3	29.3	26.1	21.7	112.3	104.4	28.8	
<b>PBT before EO expense</b>	<b>186.2</b>	<b>95.9</b>	<b>117.3</b>	<b>143.2</b>	<b>127.4</b>	<b>145.0</b>	<b>145.0</b>	<b>139.4</b>	<b>542.7</b>	<b>556.9</b>	<b>133.9</b>	<b>8%</b>
Extra-Ord expense	-8.7	-1.7	0.0	-0.5	0.0	0.0	0.0	0.0	-10.8	0.0	0.0	
<b>PBT</b>	<b>194.9</b>	<b>97.6</b>	<b>117.3</b>	<b>143.7</b>	<b>127.4</b>	<b>145.0</b>	<b>145.0</b>	<b>139.4</b>	<b>553.4</b>	<b>556.9</b>	<b>133.9</b>	<b>8%</b>
Tax	43.9	28.4	33.6	5.5	31.2	32.9	36.5	35.1	111.4	135.7	33.7	
Rate (%)	22.5	29.1	28.6	3.8	24.4	22.7	25.2	25.2	20.1	24.4	25.2	
<b>Reported PAT</b>	<b>151.0</b>	<b>69.2</b>	<b>83.7</b>	<b>138.2</b>	<b>96.3</b>	<b>112.1</b>	<b>108.5</b>	<b>104.3</b>	<b>442.1</b>	<b>421.2</b>	<b>100.2</b>	<b>12%</b>
<b>Adj PAT</b>	<b>142.3</b>	<b>68.0</b>	<b>83.7</b>	<b>137.8</b>	<b>96.3</b>	<b>112.1</b>	<b>108.5</b>	<b>104.3</b>	<b>431.3</b>	<b>421.2</b>	<b>100.2</b>	<b>12%</b>
YoY Change (%)	65.5	-26.3	-17.6	24.2	-32.3	64.9	29.6	-24.3	10.3	-2.3	44.8	
Margin (%)	9.7	4.9	6.6	11.6	7.9	8.2	7.7	7.0	8.2	7.7	7.9	
<b>Key Assumptions</b>												
Production meant for sale (mmt)	16.9	16.2	16.2	17.1	17.2	17.1	17.0	17.0	66.4	68.3	17.2	-1%
EBITDA/mt (USD)	139.6	66.7	84.4	100.7	95.1	101.9	103.1	104.2	97.9	101.1	83.0	23%

## Exhibit 2: RIL consolidated – summary of changes to our estimates (INR b)

RIL Consol	FY24E	FY25E
<b>Revenue</b>		
Old	9,388	10,860
Actual/New	9,502	10,758
Change (%)	1%	-1%
<b>EBITDA</b>		
Old	1,561	1,780
Actual/New	1,622	1,795
Change (%)	4%	1%
<b>PAT</b>		
Old	694	816
Actual/New	698	804
Change (%)	0%	-1%

Source: Company, MOFSL

## Exhibit 3: RIL Standalone – summary of changes to our estimates (INR b)

RIL Standalone	FY24E	FY25E
<b>Revenue</b>		
Old	5,367	6,108
Actual/New	5,493	6,032
Change (%)	2%	-1%
<b>EBITDA</b>		
Old	706	782
Actual/New	760	792
Change (%)	8%	1%
<b>PAT</b>		
Old	422	483
Actual/New	421	466
Change (%)	0%	-3%

Source: Company, MOFSL

## Exhibit 4: Rjio – summary of changes to our estimates (INR b)

Rjio	FY24E	FY25E
<b>Revenue</b>		
Old	994	1,110
Actual/New	1,004	1,126
Change (%)	1%	1%
<b>EBITDA</b>		
Old	521	608
Actual/New	526	613
Change (%)	1%	1%
<b>PAT</b>		
Old	202	243
Actual/New	207	250
Change (%)	2%	3%

Source: Company, MOFSL

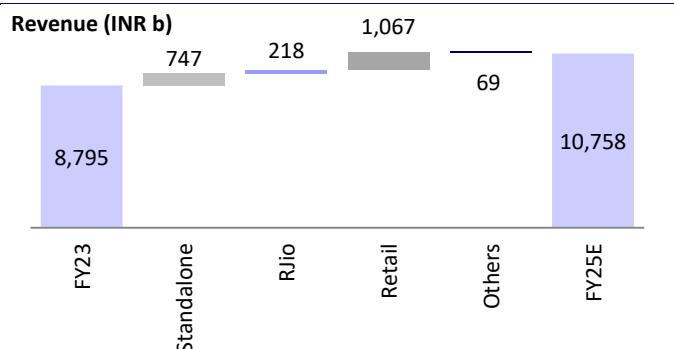
## Exhibit 5: Reliance Retail – summary of changes to our estimates (INR b)

Reliance Retail	FY24E	FY25E
<b>Revenue</b>		
Old	2,669	3,283
Actual/New	2,646	3,242
Change (%)	-1%	-1%
<b>EBITDA</b>		
Old	192	248
Actual/New	194	248
Change (%)	1%	0%
<b>PAT</b>		
Old	93	128
Actual/New	94	129
Change (%)	1%	0%

Source: Company, MOFSL

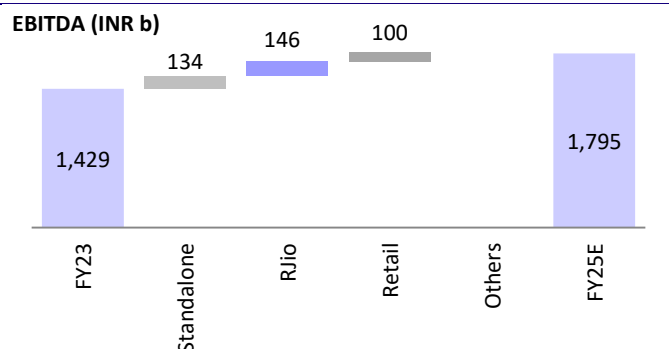
## RIL – story in charts

**Exhibit 6: Expect Reliance Retail to add the highest revenue over FY23–25 (INR b)**



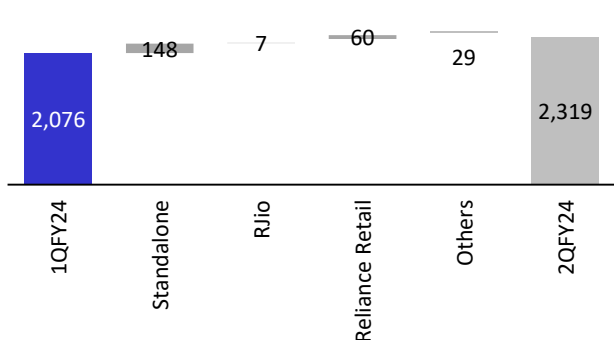
Source: Company, MOFSL

**Exhibit 7: Rjio to add the highest EBITDA over FY23–25E (INR b)**



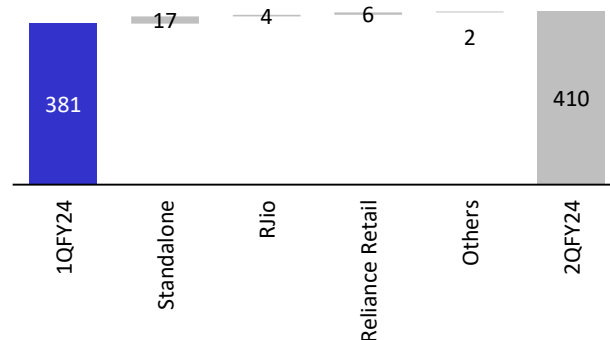
Source: Company, MOFSL

**Exhibit 8: Sequential revenue flow in 2QFY24 (INR b)**



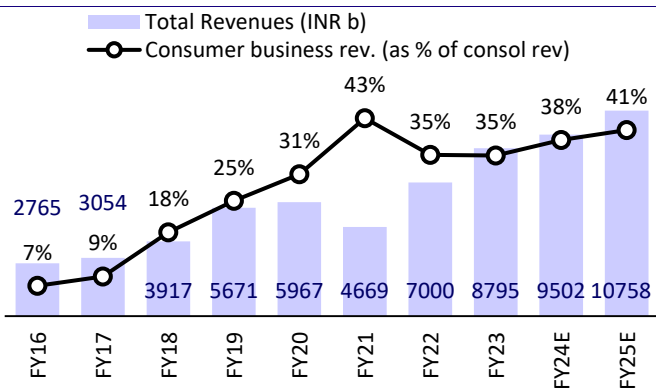
Source: Company, MOFSL

**Exhibit 9: Sequential EBITDA flow in 2QFY24 (INR b)**



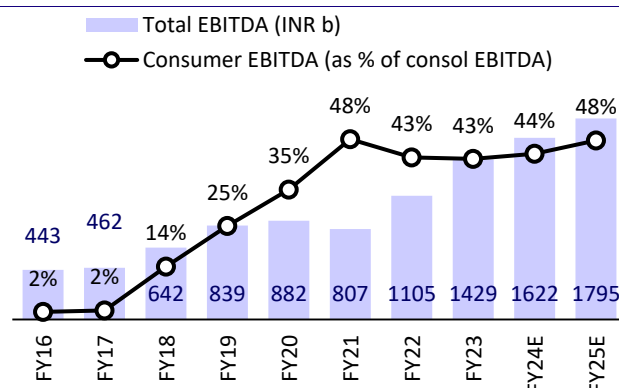
Source: Company, MOFSL

**Exhibit 10: Expect Consumer business to contribute 41% to FY25 revenue**



Source: Company, MOFSL

**Exhibit 11: Expect Consumer business to contribute 48% to FY25 EBITDA**



Source: Company, MOFSL

**Exhibit 12: Net debt position (INR b)**

INR b	Sep'21	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23
Gross Debt	2,559	2,663	2,634	2,949	3,035	3,147	3,187	2,957
Cash & Cash equivalent	2,595	2,315	2,057	2,016	1,933	2,045	1,921	1,780
Net Debt	(36)	348	577	933	1,102.5	1,102.2	1,266.2	1,177.3

; Source: MOFSL, Company

**Exhibit 13: Summary of cash flow utilization for 1HFY24 (INR b)**

<b>Net Debt Reconciliation (INR b)</b>	<b>1HFY24</b>
<b>Net Debt (Opening) (A)</b>	<b>1,102</b>
<b>Add</b>	
Capex	658
Finance Cost	116
WC	45
Loans Repaid	174
Others Outflows (Dividend, Fin. Cost and Other misc.)	180
Cash requirements (B)	1173
Total requirements (A+B) = (C)	2,275
<b>Less:</b>	
Borrowings	0
Stake sale/Fund Raise	161
OCF	708
Sale of investment	229
<b>Total Inflows (D)</b>	<b>1,099</b>
<b>Net Debt (Closing) (C-D)</b>	<b>1,177</b>

Source: MOFSL, Company

**RIL Consolidated: Key takeaways**

- The company's revenue growth was constrained by lower O2C revenue with a 14% decline in crude price, offset by double-digit revenue growth in the Consumer businesses.
- EBITDA growth was underpinned by 65.8% higher volumes in KG D6 (under Oil and Gas) and improvements in gasoline and PVC margins.
- Strong operating cash flows largely funded the capex of INR388.2b, primarily towards 5G roll-outs and building a retail ecosystem.
- Net debt for the quarter was lower aided by a capital raise of INR103.5b in RRVL from QIA and KKR. The company subsequently announced a capital raise of INR49.7b in RRVL from ADIA in Oct'23.
- Management expects a significant decline in capex intensity on completion of the 5G network roll-outs by year-end.



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## Steady growth; ramping up 5G aggressively

### Revenue/EBITDA grew 3% QoQ (in line); FCF turns negative

RJio reported in-line performance in 2QFY24 with standalone revenue growth of 3% QoQ (10% YoY; in line) to INR248b driven by ARPU/Subscriber growth of 0.7%/2.5% QoQ. EBITDA improved to INR130b, up 3% QoQ (13% YoY; in-line), and margins remained flat at 52.3% with an incremental EBITDA margin of 50%. Despite the aggressive 5G capex cycle, it is notable that the network operating expenses grew only 3% QoQ to INR76b (30.7% of sales). This translated into a 4% QoQ PAT growth to reach INR51b (in-line) with 20.4% margin. Jio Platforms Ltd (JPL)'s revenue/PAT increased 3%/4% QoQ to INR269b/INR53b during the quarter.

### Improving operating metrics

RJio continues to focus on subscriber-led growth, and it reported a strong 2.5% QoQ growth (11.2m net adds), taking the total subscriber count to 459.7m. ARPU was up 0.7% QoQ to INR181.7 led by data plan upgrades. Total wireless data traffic grew 9% QoQ to 36.3b GB v/s 33.2b GB in 1QFY24 with data usage/subs growing 7% QoQ to 26.6 GB/month. Total voice consumption decreased 1% QoQ to 1.33t minutes.

### Capex intensity remains high; on track to complete 5G roll-outs

FCF (post-interest) turned negative to -INR19b led by continued high capex (INR190b in 1H) and interest costs (INR76b). The company generated INR248b OCF in 1HFY24. FCF generated stood at INR46b/INR67b in 1HFY23/FY23. Net debt (incl. LL) reduced INR10b to INR1.6t. RJio has deployed 1m+ 5G cells pan-India with coverage across ~8,000 cities/ towns, >150k 5G sites with both 700Mhz and 3500Mhz bands vs. ~115k sites in 1QFY24 and 60k sites in 4QFY23, and it is on track to complete the pan-India rollout by Dec'23.

### 5G, JioBharat and JioAirFiber – three big growth engines

Jio has contributed to 85% of the overall 5G capacity in the country to date. The monthly 5G traffic surpassed 1.5 exabytes, though it has yet to start charging for 5G consumption. But possibilities of new use cases to leverage 5G network may drive growth. **JioBharat** phone has gained substantial market share in the non-smartphone segment within the first few months of its launch. The company targets to upgrade the industry's 2G subscribers to 4G. JioAirFiber was launched in eight cities and it expects pan-India coverage in the coming months. JioAirFiber is likely to accelerate Jio's home penetration to over 100m homes from 10m homes.

### VIL market share, tariff hikes are the key long-term growth levers; but near-term growth may remain soft

We expect RJio's revenue/EBITDA CAGR at 11%/15% over FY23-FY25 due to low probability of tariff hikes. We have built in 9%/3% growth in subscriber/ARPU. Overall revenue growth should soften with high subscriber base, continued churn, limited visibility on tariff hikes in the near term, and slower market share gains as VIL holds its turf. However, the long-term sector outlook remains buoyant as: a) market consolidation has left just two strong players, underscoring the opportunity to monetize 5G and tariff hikes, and b) once VIL's debt moratorium (AGR + spectrum liability) expires in Nov'25E, its INR400b revenue size may offer strong market share growth opportunity in two years.



## RJio – key takeaways from the management interaction

### Key operating metrics: growth led by rising customer base and engagement

- Subscribers rose 2.5% QoQ (11.2m adds) taking the total count to 459.7m. This should further accelerate with 5G as over 70m subscribers migrated to 5G.
  - Jio is the only provider, which is consistently adding net subscribers. Others may be adding at gross level but could be negative on net level.
- ARPU grew 0.7% QoQ to INR181.7. There is no gain owing to incremental 5G traffic as it is not charging for 5G due to 5G expansion phase under coverage.
- Wireless data traffic per subscriber per month grew 7% QoQ to 26.6 GB/month led by 5G adoption and FTTH ramp-up
- Voice consumption per subscriber per month remained flat at 1,006 mins.

### Jio's True5G to transform the Digital Ecosystem

- It had deployed 1m+ 5G cells pan-India with coverage across ~8,000 cities/towns.
- It has more than 150K 5G sites carrying 700 MHz and 3500 MHz bands
- Jio has contributed to 85% of the overall 5G capacity in the country to date.
- The share of premium devices on Jio Network (+INR20k ASP) has doubled (1.9x) over the last 18 months.

### JioBharat – accelerating the transition towards 2G MukT Bharat

- **JioBharat** phone has gained substantial market share in the non-smartphone segment within the first few months of its launch.
- It gained substantial market share through MNP.
- Video, Music streaming and UPI are the key features being used with an entry-level pricing of INR1,000.

### Jio AirFiber – creating addressable market in homes/ small offices

- **JioAirFiber** was launched in eight cities and RJio expects pan-India coverage in the coming months.
- Monthly plans ranges from INR599 (30mbps) to 3,999 (100mbps) with 14+ OTT
- JioAirFiber is expected to accelerate Jio's home penetration from 10m homes to over 100m homes. It can give dedicated capacity to homes without impacting wireless due to True 5G network.
- A large proportion of demand is coming from non-fiber penetrated areas
- Jio is committed to connect 100m premises going ahead

### Scaling up the enterprise suite of services

- Jio is present across 85%+ large enterprises, top 20 Banks and 400+ BFSI accounts
- The company has a win rate of 80%+ in government bids
- One in four enterprise customers, i.e. 25% of the enterprises, is using two or more Jio services
- Large wins across IoT, CPaaS, Cloud and other digital solutions

### Using Jio's indigenous 5G stack

- Jio is handling 100% of 5G traffic from its own 5G stack
- It is building cloud-based Artificial Intelligence (AI) infrastructure in India in collaboration with NVIDIA. NVIDIA will provide CPU, GPU, networking, and AI operating systems while Jio will manage and maintain the AI cloud infrastructure and oversee customer engagement and access.
- The 5G core is ORAN-compliant. ORAN is one of the more advanced radio access network technologies that the world is looking to adopt.
- Building software defined radio and +100 types of 4G/5G nodes by their own

### Others

- Jio had won all nine awards given by Ookla for Mobile Networks in India, including all awards for 5G network
- Added JioSpaceFiber partnering with SES using medium earth orbit (MEO) satellite technology
- Acquired a majority stake in Accops Systems Pvt Ltd (a software product company and a prominent player in the cybersecurity industry). Accops serves over 800 enterprises and SMEs across verticals, like BFSI, healthcare, pharmaceuticals, government, IT/ITes, education and defense.

### Valuations rich given its growth prospects

- We have marginally raised our FY24/FY25 estimates for RJio factoring in 11%/15% revenue/EBITDA CAGR during FY23-25. RJio is valued at an EV/EBITDA multiple of 12x on FY25E EBITDA. The potential tariff hikes, market share gains from VIL, and opportunity in Digital offer an option value of INR150 (Exhibit 15), arriving at a valuation of INR760/share (adjusted for its 66% stake).
- The option value captures: a) its market leadership position, market share gains and tariff hike opportunities that are not factored in the estimates, b) growth in the wireline business, and c) opportunity in the digital space, particularly from the series of recent acquisitions.

#### Exhibit 14: RJio – EV/EBITDA-based SoTP valuation

Particulars	(INR b)
EBITDA	613
EV/EBITDA (x)	12
EV	7,504
Debt	1,299
Equity Value	6,206
Stake of RIL	66.48%
RIL stake in Rjio	4,125
RIL shares (b)	6.8
RIL stake in RJio	610
Add : Option value (Exhibit 15)	150
<b>RIL stake in Rjio</b>	<b>760</b>

Source: Company, MOFSL

**Exhibit 15: RJio – Optional value is the value calculated using 15% ARPU hike and 15% VIL’s subscribers shift by FY25E**

Particulars	(INR b)
EBITDA	126
EV/EBITDA (x)	12x
EV	1,547
Stake of RIL	66%
<b>RIL stake in RJio</b>	<b>1,028</b>
RIL no of shares (b)	6.8
<b>Value Per Share (INR)</b>	<b>150</b>

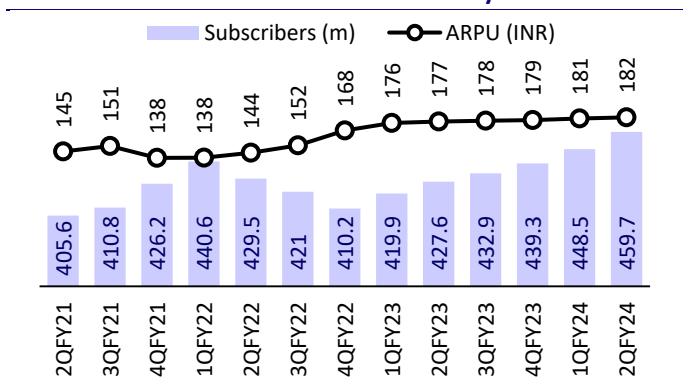
Source: Company, MOFSL

**Exhibit 16: RJio – KPI comparison**

Key Operating Metrics	2QFY23	1QFY24	2QFY24	YoY%	QoQ%	2QFY24E	Var (%)
Subscriber base (m)	427.6	448.5	459.7	7.5	2.5	455.7	0.9
Net subs adds	7.7	9.2	11.2	45.5	21.7	7.2	55.6
ARPU (INR/sub/month)	177.2	180.5	181.7	2.5	0.7	181	0.2
Total wireless Data traffic (b GB)	28.2	33.2	36.3	28.7	9.3	34	7.2
Wireless Data traffic per sub (GB/mth)	22.2	24.9	26.6	20.1	6.9	25.0	6.7
Voice on Network (b min)	1,230	1,340	1,330	8.1	-0.7	1,333	-0.2
Voice consumption per sub (min/mth)	968	1,006	976	0.9	-3.0	1,006	-3.0

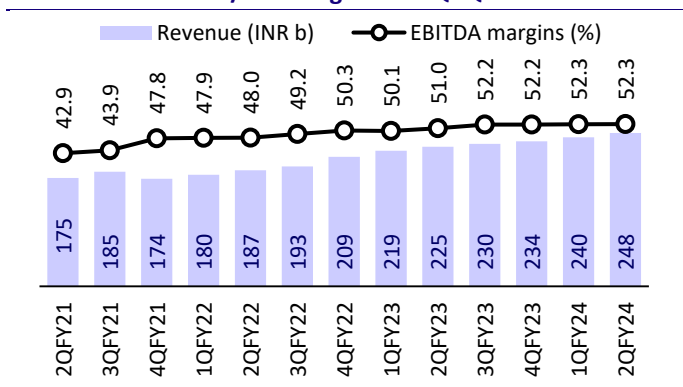
Source: MOFSL, Company

**Exhibit 17: RJio – subscriber additions steady**



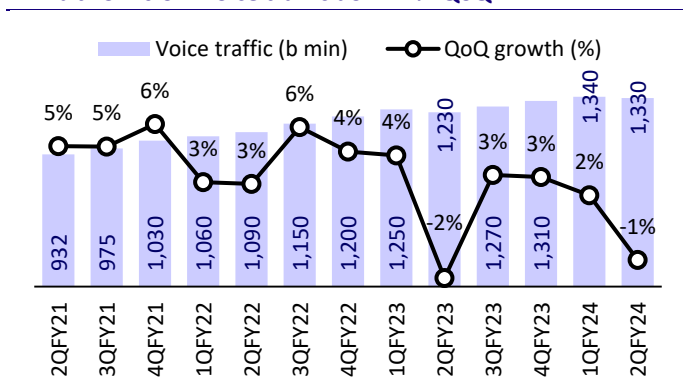
Source: MOFSL, Company

**Exhibit 18: Revenue/EBITDA grew 3% QoQ**



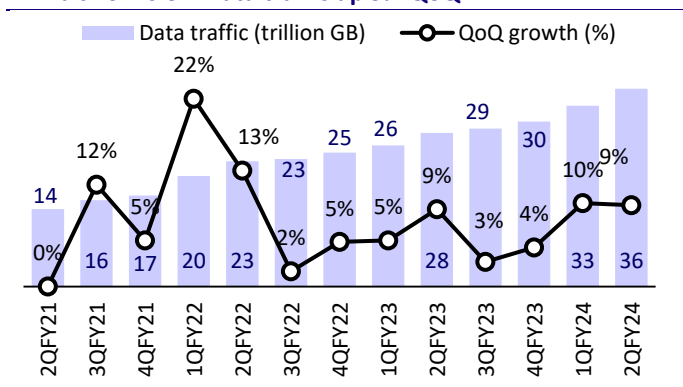
Source: MOFSL, Company

**Exhibit 19: RJio – Voice traffic down 1% QoQ**



Source: MOFSL, Company

**Exhibit 20: RJio – Data traffic up 9% QoQ**



Source: MOFSL, Company

**Exhibit 21: Financial snapshot of Jio Platforms**

(INR b)	2QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
Gross Revenue	285	306	315	10.6	2.9
Operating Revenue	243	261	269	10.7	2.9
<b>EBITDA</b>	<b>120</b>	<b>131</b>	<b>135</b>	<b>12.6</b>	<b>3.1</b>
EBITDA Margin	49.5%	50.2%	50.3%	84bps	11bps
D&A	46	53	54	17.1	2.7
<b>EBIT</b>	<b>74</b>	<b>78</b>	<b>81</b>	<b>9.8</b>	<b>3.5</b>
EBIT Margin	30.4%	30.0%	30.2%	-24bps	16bps
Finance Cost	10	10	10	-0.1	3.9
<b>PBT</b>	<b>64</b>	<b>69</b>	<b>71</b>	<b>11.5</b>	<b>3.4</b>
Tax	16	18	18	9.8	2.0
Tax rate	26%	26%	25%		
<b>PAT</b>	<b>47</b>	<b>51</b>	<b>53</b>	<b>12.0</b>	<b>3.9</b>
PAT Margin	19.5%	19.5%	19.7%	23bps	19bps

Source: MOFSL, Company

**Exhibit 22: Financial comparison between Jio Platforms and subsidiaries**

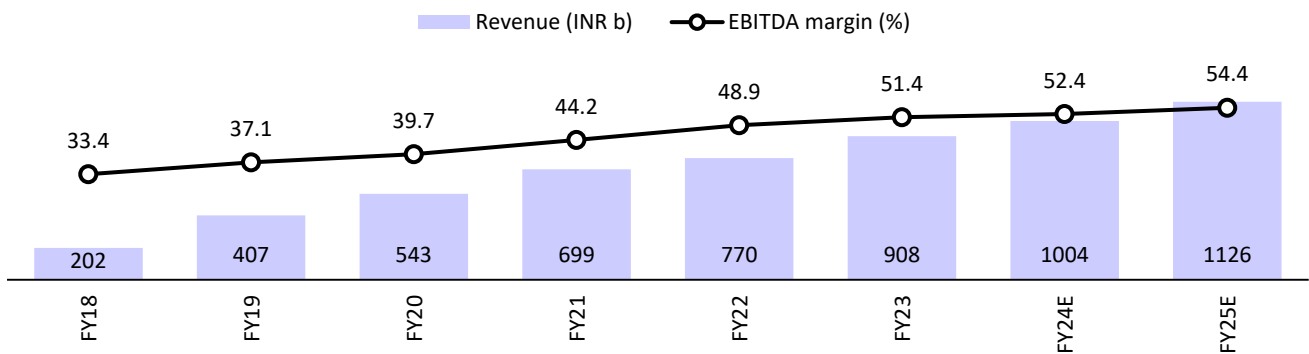
Particulars (INR b)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY	QoQ
<b>Operating Revenue</b>											
RJPL	198	206	223	235	243	249	255	261	269	11%	3%
Growth QoQ	4%	4%	8%	5%	3%	3%	2%	3%	3%		
Rjio	187	195	209	220	226	231	235	241	249	10%	3%
Growth QoQ	4%	4%	7%	5%	3%	2%	2%	3%	3%		
Subsidiary	10	11	13	15	16	18	20	20	20	23%	2%
Growth QoQ	9%	7%	20%	15%	9%	12%	7%	1%	2%		
<b>EBITDA</b>											
RJPL	93	100	109	114	120	125	128	131	135	13%	3%
Growth QoQ	5%	8%	9%	5%	5%	4%	2%	3%	3%		
Margin	47%	49%	49%	49%	49%	50%	50%	50%	50%	86	11
Rjio	90	95	105	110	115	120	122	126	130	13%	3%
Growth QoQ	4%	6%	10%	4%	5%	5%	2%	3%	3%		
Margin	48%	49%	50%	50%	51%	52%	52%	52%	52%	135	-2
Subsidiary	3	5	4	5	5	5	6	5	6	10%	7%
Growth QoQ	11%	62%	-17%	13%	13%	-2%	9%	-3%	7%		
Margin	30%	45%	31%	30%	32%	28%	28%	27%	28%	-331	142
<b>PAT</b>											
RJPL	37	38	43	45	47	49	50	51	53	12%	4%
Growth QoQ	2%	2%	13%	5%	4%	3%	2%	2%	4%		
Margin	19%	18%	19%	19%	19%	20%	20%	20%	20%	23	19
Rjio	35	36	42	43	45	46	47	49	51	12%	4%
Growth QoQ	1%	2%	15%	4%	4%	3%	2%	3%	4%		
Margin	19%	19%	20%	20%	20%	20%	20%	20%	20%	39	20
Subsidiary	2	1.8	1.25	1.97	2.13	2.47	2.65	2.38	2.41	13%	1%
Growth QoQ	33%	-10%	-31%	58%	8%	16%	7%	-10%	1%		
Margin	19%	16%	9%	13%	13%	13%	13%	12%	12%	-104	-4

Source: MOFSL, Company

**Exhibit 23: RJio – summary of the changes to our estimates**

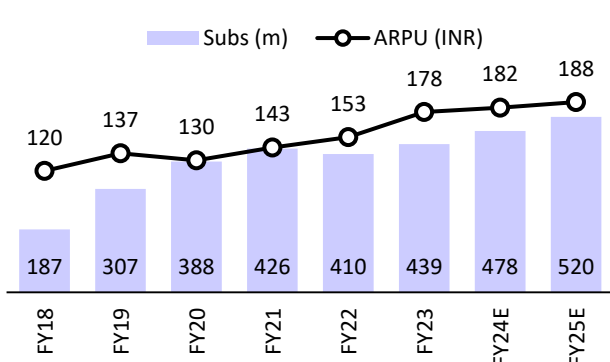
	FY24E	FY25E
<b>Revenue (INRb)</b>		
Old	994	1110
Actual/New	1004	1126
Change (%)	1.1	1.4
<b>EBITDA (INRb)</b>		
Old	521	608
Actual/New	526	613
Change (%)	1.0	0.7
<b>EBITDA margin (%)</b>		
Old	52.5	54.8
Actual/New	52.4	54.4
Change (bp)	-5bps	-38bps
<b>Net Profit (INRb)</b>		
Old	202	243
Actual/New	207	250
Change (%)	2.3	2.8
<b>EPS (INR)</b>		
Old	4.5	5.4
Actual/New	4.6	5.6
Change (%)	2.3	2.8

**Exhibit 24: RJio – expect 11%/15% revenue/EBITDA CAGR over FY23-25**



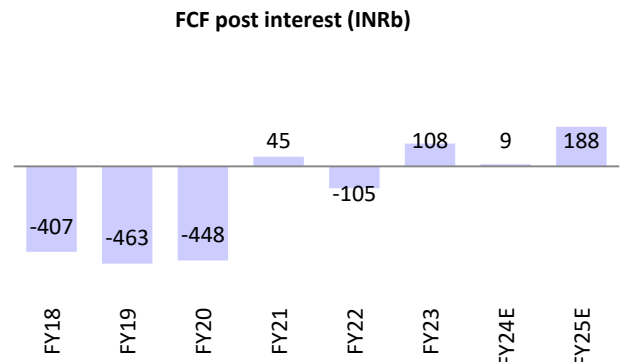
Source: MOFSL, Company

**Exhibit 25: Expect 9%/3% growth in Subs/ARPU over FY23-25**



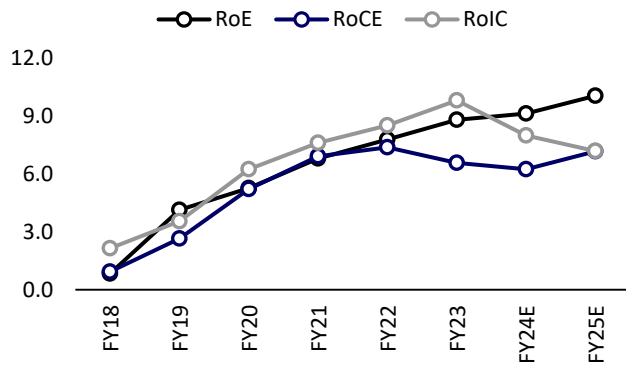
Source: MOFSL, Company

**Exhibit 26: FCF may moderate in FY24E owing to high capex**



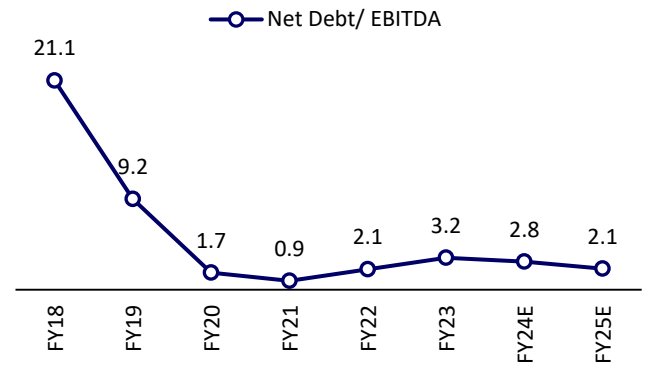
Source: MOFSL, Company

**Exhibit 27: High capex will moderate return ratios**



Source: Company, MOFSL

**Exhibit 28: RJio – expect net debt-to-EBITDA to decline (x)**



Source: Company, MOFSL

**Exhibit 29: Net Debt (excl LL) Reconciliation (INR b)**

	<b>FY23</b>	<b>1HFY24</b>
Net Debt (Opening)	774	1504
Add:		
Capex	335	190
Finance Cost	38	93
Spectrum purchased	801	0
Purchase/(Sale) of investment	-1	51
Others	145	2
Less:		
Increase in borrowings	-107	-78
OCF generated	-481	-265
<b>Net Debt (Closing)</b>	<b>1,504</b>	<b>1,497</b>

Source: Company, MOFSL



## Healthy performance persists

### Steady growth and margin improvement

Reliance Retail reported a strong consolidated revenue growth of 19.5% YoY to INR689b (in-line) led by well-rounded growth across consumption baskets with strong 8% QoQ growth in footfalls (up 40.5% YoY) to 260m. However, the overall growth lagged the strong footprint additions of 31% YoY to 71.5m. It opened 471 stores (204 net new stores), taking the total store count to 18,650 stores. Blended EBITDA clocked a 32.2% YoY growth to INR58b (5% beat) with a margin expansion of 80bp YoY to 8.4%, driven by operating leverage and continued focus on cost management. Consequently, PAT was up 21% YoY to INR27.9b as improved operating performance was dragged down by higher depreciation and finance costs.

### Segment-wise revenue growth

Core revenue (excl. connectivity and petro retail) is estimated to grow at 24% YoY, while core EBITDA is estimated to be up by 34% YoY to INR50.4b. Grocery grew 33% YoY led by Smart and Smart Bazaar formats. Fashion and Lifestyle reported 32% YoY growth despite the shift in festive season, while consumer durables grew 11% YoY. Digital and New Commerce businesses continued to grow and contributed 19% to its revenue during the quarter.

### New initiatives to propel future growth

Reliance Retail completed the transfer of assets to warehouse InvIT entity for a total consideration of INR51.5b on 25<sup>th</sup> Oct'23. The business acquired Ed-a-Mamma, a kids and maternity-wear brand, and majority ownership of Superdry IP for India, Sri Lanka and Bangladesh. It completed an equity fund raise of INR153.1b in the current round from global marquee investors such as Abu Dhabi Investment Authority (ADIA), QIA and KKR, thereby diluting ~2% stake.

### Valuation and view

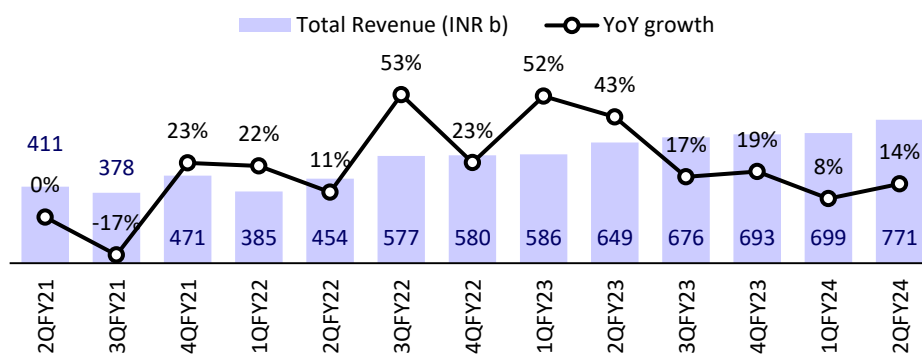
Reliance Retail has seen aggressive growth in the past few years. Even during Covid-19, it has increased its footprint/stores by 2.5x/53% over FY20-23. The digital verticals, Ajio and JioMart, are seeing strong traction and are increasing the revenue share to 19% (i.e., INR146.6b), with a growth of 16%/39% QoQ/YoY. We expect a revenue/EBITDA CAGR of 22%/29% over FY23-25 (aided by a strong 22% EBITDA CAGR over FY20-23) to reach INR3.4t/INR289b by FY25E on consolidated basis. Standalone revenue and EBITDA are likely to report a 22% and 30% CAGR, respectively, over FY23-25. We value Reliance Retail on an SOTP basis, valuing its core business at 40x EV/EBITDA on FY25E and connectivity at 5x to arrive at our valuation of INR1,539. Reliance Retail's value in RIL share comes to INR1,353 (for its 87.9% stake). Our premium valuation multiples capture the opportunity for rapid expansion in its retail business and the aggressive rollouts of the digital platforms.

**Exhibit 30: Quarterly performance**

(INRb)	2QFY23	1QFY24	2QFY24	YoY%	QoQ%	2QFY24E	vs. est. %
Net Revenues	577	622	689	19.5	10.9	692	-0.4
EBITDA - blended	44	51	58	32.2	13.3	55	5.2
EBITDA Margin (%) - blended	7.6%	8.3%	8.4%	81bps	17bps	8.0%	45bps
Retail Area (in mnsqft)	54.5	70.6	71.5	31.2	1.3		
Stores	12,803	18,446	18,650	5847	204		
PAT	23	24	28	21.0	14.0		

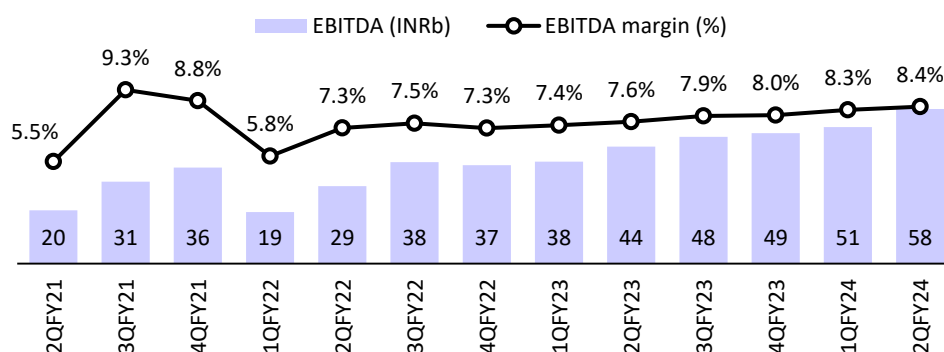
E: MOFSL estimates

**Exhibit 31: Reliance Retail – gross revenue continued with its growth trajectory**



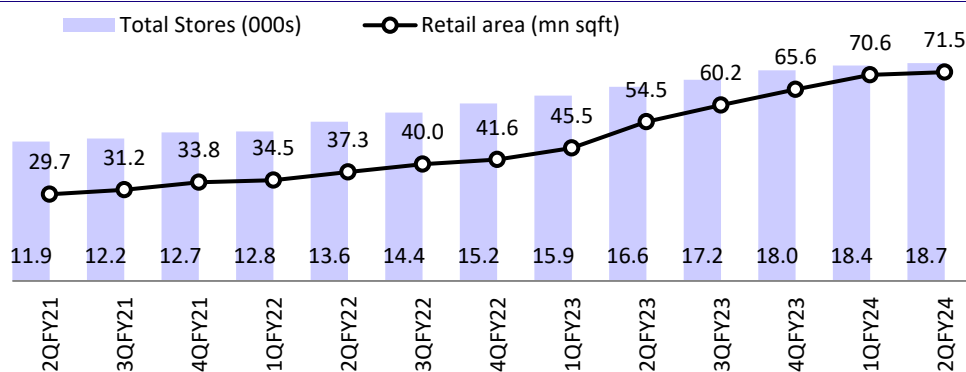
Source: Company, MOFSL

**Exhibit 32: Reliance Retail – EBITDA margin improved to 8.4%**



Source: Company, MOFSL

**Exhibit 33: Reliance Retail – Footprint additions remained strong**



Source: Company, MOFSL



**Exhibit 34: Improved KPIs for 2QFY24**

(Fig in m)	2QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
Store footfalls	185	249	260	41	4
Customer base	221	267	281	27	5
Transactions	250	314	315	26	0

**Exhibit 35: Reliance Retail – summary of the changes to our estimates**

(INR b)	FY24E	FY25E
<b>Revenue</b>		
Old	2669	3283
Actual/New	2646	3242
Change (%)	-1	-1
<b>EBITDA</b>		
Old	192	248
Actual/New	194	248
Change (%)	0.8	0.2
<b>EBITDA margin (%)</b>		
Old	7.2	7.5
Actual/New	7.3	7.7
Change (bp)	12	11
<b>Net Profit</b>		
Old	93	128
Actual/New	94	129
Change (%)	1.3	0.3
<b>EPS (INR)</b>		
Old	19	26
Actual/New	19	26
Change (%)	1.3	0.3

Source: Company, MOFSL

**Exhibit 36: Reliance Retail – SoTP valuation (FY25E-based)**

Valuation	EBITDA	Multiple	EV (INR b)
Core EBITDA	267	35	10,685
Petro and Connectivity	25	5	125.0
Total			10,810
Less Net Debt			396
Equity Value			10,414
No of Shares (in b)			6.8
Target Price			1,539
RIL stake in RRVL			87.9%
RRVL value in SOTP			1,353

## Reliance Retail – key takeaways from the management interaction

### Key Highlights:

- The segment witnessed broad-based revenue growth across categories with EBITDA growth led by Grocery and Fashion & Lifestyle consumption baskets.
- The segment added 471 new stores in 2QFY24, taking the total retail area to 71.5m sq.ft. as of Sep'23 with the acquisition of Ed-a-Mamma and a majority ownership of Superdry IP for India, Sri Lanka and Bangladesh.
- The segment reported an equity fund raise of INR153.14b in the current round from global marquee investors.

### Detailed Highlights:

#### Financial performance:

- The segment witnessed broad-based revenue growth across categories as consumer electronics grew 11% YoY, while Fashion & Lifestyle/Grocery reported a growth of 32%/33% in 2QFY24.
- EBITDA growth of 32% YoY was mainly led by Grocery and Fashion & Lifestyle consumption baskets.

#### Store additions and expansion:

- The segment added 471 new stores in 2QFY24 taking the total retail area to 71.5m sq.ft.
- With the segment's focus on creativity and innovation to serve the evolving Indian customer, it announced the launch of a new store format 'Yousta'.
- It further announced acquisition of Ed-a-Mamma and majority ownership of Superdry IP for India, Sri Lanka and Bangladesh.

### Other Highlights:

- The segment reported an equity fund raise of INR153.14b in the current round from global marquee investors.
- The segment saw improved operating matrix which included:
  - Footfalls at 260m, up 41% YoY; while registered customers grew 27% YoY to 281m.
  - The segment reported a rise in the number of transactions by 25% YoY to 315m.
- Contribution of Digital and New Commerce stood at 19% of sales for 2QFY24.

### Segmental Performance:

#### Consumer Electronics:

- The segment reported another quarter of steady growth with the best ever 15<sup>th</sup> August Digital India sale, +23% YoY.
- New launches, category promotions, and regional festivals drove growth within the AC, phones, and refrigerators categories.
- Merchant base was up 2.6x YoY on the back of new product launches under PBG and expanded range.
- Jio Mart witnessed a robust growth led by phones and high-end TVs; the segment's merchant base was up 44% YoY during the quarter.

### Fashion & Lifestyle

- Off-line business under the segment delivered a robust growth despite the festive period falling in the current quarter.
- The company launched “Trends” concept stores with future-ready, immersive shopping experience.
- Under Ajo, its continued focus on catalogue expansion persisted which led to improvement in options count by 50% YoY.
- The segment saw strengthening of own brands through partnerships such as Performax with AIFF and Point Cove with Viacom18.
- Ajo Luxe delivered a strong performance with improvement in options by 61% YoY. Its portfolio crossed 600 brands.
- The Jewelry segment witnessed sustained growth led by improvement in operational metrics despite high gold rates.
- Under Lingerie, the segment announced a flagship event ‘Grand Lingerie Festival’, which delivered strong traffic across offline and online channels. It also saw expansion across Reliance Retail formats such as Blushlace, Trends, Azorte, and Centro.

### Grocery:

- The segment delivered another quarter of record performance led by Smart and Smart Bazaar.
- The segment’s “Full Paisa Vasool Sale” delivered a new high driven by GM and HPC categories and recorded the highest single-day sale on 15<sup>th</sup> Aug’23.
- The segment announced collaborations with 125+ prominent brands for ‘Smart Bazaar Chaliye’ campaign, which is an industry-first initiative.
- Under categories, Gift packs and festive categories saw a good traction during Rakhi, Onam, Janmashtami, and Ganpati festivals.

### Consumer Brands:

- The segment maintained its growth momentum led by beverages, general merchandize, and staples during the quarter.
- With focus on expanding distribution and engagement in General Trade, it delivered a~4x YoY revenue growth.
- Beverages segment surged 7x YoY as Campa continued to gain traction from trade and consumers. The company launched a cricket-themed drink ‘Campa Cricket’ to ride on the ICC Cricket World Cup.
- The company’s in-house brand “Independence” is on a sustained growth momentum
- JioMart is on a sustained growth path with robust increase in traffic and average bill value.
- JioMart’s catalogue expansion continued as option count was up 3x YoY with seller base rising 2x YoY.

**Standalone – sustained performance across segments drives a beat!****Cracks improve along with improvement in demand**

- **Global diesel demand** improved 0.2mnbopd YoY to 28.8mnbopd fueled by strong demand from Asia-Pacific and the Middle East, partially offset by a decline in Europe, Latin America and North America. Diesel cracks moderated YoY despite a strong demand, due to weak macros that hit sentiments across Europe.
- **Global gasoline demand** increased 0.75mnbopd YoY in 2QFY24 to 27.1mnbopd as demand was higher from Asia-Pacific, North America and European regions. Cracks improved due to lower inventories amid unplanned refinery outages and strong Chinese and Indian demand. Supply disruptions kept the market tight that supported cracks on a sequential basis as well.
- **ATF cracks** declined to USD26.1/bbl in 2QFY24 (from USD32.4/bbl in 2QFY23) as demand rose to 7.5mnbopd (up 1.05mnbopd YoY). There was higher demand from Asia-Pacific, North America and Europe. A sharp improvement in cracks QoQ was led by sweeter crude slate that resulted in a lower middle-distillate yield with refineries prioritizing diesel over ATF.
- **Global oil demand** rose 2.5mnbopd YoY led by China and Asia. Jet and Gasoline demand stood robust. Domestic demand across products was robust as well. This led to refinery operating rates improving to 80% (up 50bp YoY). Weak global demand trends and new capacity additions in North East Asia resulted in a decline in global cracker operating rates to 81.1% (down 405bp YoY).
- **Domestic oil demand** was up 5.3% YoY at 54.9mmt in 2QFY24 led by improving road infrastructure and tourism. Industrial and mining activities were also strong coupled with healthy growth in PV sales. Domestic air traffic was also robust at 36.8m passengers (up 21.8% YoY). Shutdowns of a CDU, Catalytic Cracking unit, Coker unit and ROGC were initiated from 2H of Sep'23 for regular M&I.
- **Outlook:** According to IEA estimates, the global oil demand growth is expected to remain strong led by transportation fuels. Average CY23 demand would be at 101.8mnbopd (up 2.2mnbopd YoY). Demand for CY24 is likely to be at 102.7mnbopd (up 0.9mnbopd YoY). Refining margin is likely to be supported by: 1) a heavy maintenance season heading into 4QFY24, 2) net refining capacity additions globally at 0.6mnbopd are trailing oil demand growth of 0.9mnbopd in CY24, and 3) inventories for oil products, which remain at the lower end of the last five-year range, globally.

**Exhibit 37: O2C operating performance**

Feedstock (mmt)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY % change
Throughput	19.7	19.3	19.8	18.6	18.8	19.8	19.7	20.0	8%
<b>Production meant for sale</b>	<b>17.6</b>	<b>17.3</b>	<b>16.9</b>	<b>16.2</b>	<b>16.2</b>	<b>17.1</b>	<b>17.2</b>	<b>17.1</b>	<b>6%</b>
Transportation fuels	10.9	10.7	10.5	9.9	10.2	11.4	11.1	11.1	12%
Polymers	1.5	1.5	1.4	1.4	1.4	1.5	1.4	1.5	7%
Fiber Intermediates	1	1	0.8	0.9	0.7	0.7	0.9	0.9	0%
Polyesters	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0%
Chemicals and Others	3.6	3.4	3.5	3.4	3.3	2.9	3.2	3.0	-12%

Source: Company, MOFSL

**Petchem – Both Polymer and Polyester margins decline YoY**

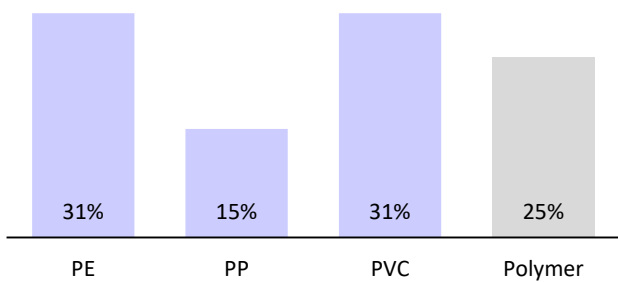
Domestic Polymer demand was up 25% YoY in 2QFY24.

Domestic Polyester demand was up 12% YoY

- Demand for PE and PP remained healthy during the quarter led by consumer durables, packaging, automobiles, e-commerce and infrastructure sectors. PVC demand also remained strong led by wires, cables, pipes, and infrastructure projects. Government schemes drove pipe demand during the quarter.
- Polymer demand as a whole was up 25% YoY. Deltas for PE/PP/PVC were at -8%/ -17%/+7% during the quarter on YoY basis; while the same sequentially were at -16%/-22%/+23%. Subdued global demand and supply overhang led to weak polymer deltas in 2QFY24. PE and PP deltas declined owing to a fall in product prices being higher than the decline in Naphtha prices.
- Polyester demand remained healthy, growing at 12% YoY with PET demand improving on strong pull in the beverage segment; while prices remained soft. PSF and PFY demand improved as well ahead of the festive season.
- Polyester deltas were down 13% YoY and 9% QoQ led by slower-than-expected recovery in Chinese demand that hurt the company’s ability to pass on the higher feedstock prices to its customers. PTA delta was down because of an uptick in PX price with PTA price remaining flat, although India margin was robust. MEG delta declined due to strong Naphtha prices, an increase in Chinese inventory, and capacity overhang.
- **Outlook:** Near-term olefin outlook remains soft, tempered by: 1) starting of a new capacity (Long Son Petchem project, 2mmtpa in Vietnam), and 2) soft demand environment amid high interest rates. However, beyond the next two quarters, we remain positive on petrochemicals and highlight that: a) CY23 is the last year of substantial supply growth (~5%; CY20-24) for olefins and as such spreads should improve, 2) globally, inventories for PE/PP remain low and re-stocking can lead to a sharp improvement in margins.

**Exhibit 38: Domestic Polymer demand for 2QFY24**

Polymers - YoY % growth ■ PE ■ PP ■ PVC ■ Polymer



**Exhibit 39: Domestic Polyester demand for the quarter**

Polyester - YoY % growth ■ PSF ■ PYF ■ PET ■ Polyester

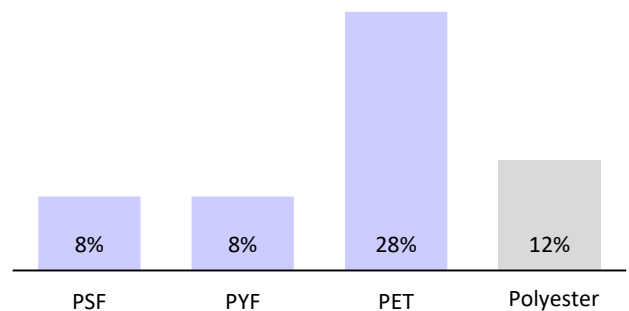
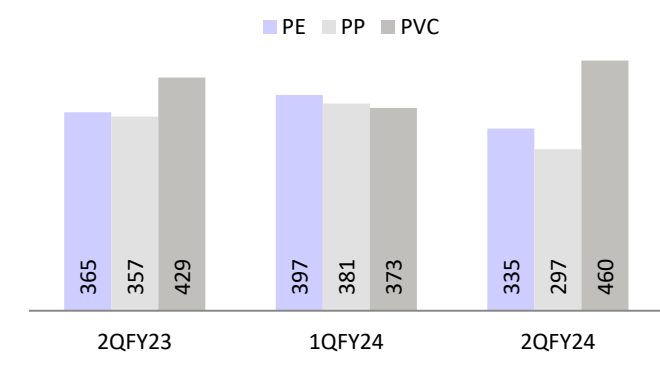
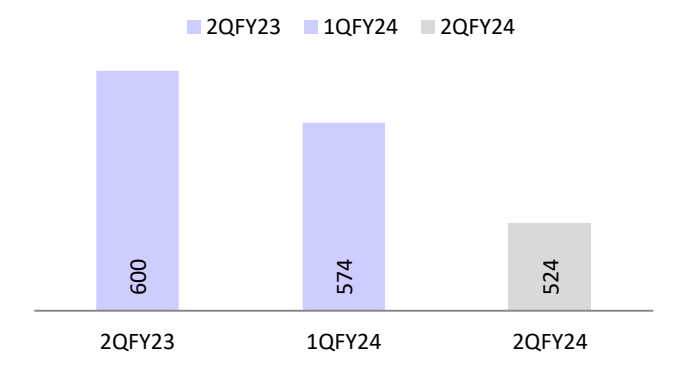


Exhibit 40: Polymer deltas for the quarter (USD/mt)



Source: Company, MOFSL

Exhibit 41: Polyester chain margins in 2QFY24 (USD/mt)



Source: Company, MOFSL

### E&P – primed to create value from the gas business

- Segmental revenue was strong at INR66.2b (up 72% YoY), with EBITDA at INR47.7b in 2QFY24 (up 50% YoY). There was a sharp uptick in the volumes led by commencement of production of gas and condensate from the MJ field. Realization was also on the higher side, which led to this robust performance. However, higher costs related to the commissioning of the MJ field and decommissioning of the Tapti field saw margin contracted in the quarter.
- Production grew to ~29mmscmd in the KG-D6 basin in 2QFY24.** All eight wells have been completed and are producing gas with an additional 40-well program started as part of the CBM production augmentation plan. The ramp up of the same is expected to be from 4QFY24. Management also informed that the first exploration from the KG UDW1 well is to be drilled in 2HFY24.
- Production from the KG D6 field stood at 68.3BCFe (up 66% YoY) with price realization for KG-D6 gas improving 6% YoY to USD10.5/mmBtu in 2QFY24 from USD9.9/mmBtu in 2QFY23. CBM gas production declined YoY, while realization was also lower at USD13.7/mmBtu, down 41% YoY. Management believes it is on track to meet 30% of India's domestic gas production.
- Outlook:** LNG demand remains stagnant despite a higher summer demand in North East Asia. Severity of the coming winter in the EU is expected to affect the prices of LNG too with inventories at historical highs. The ceiling price for KG D6 is at USD9.96/mmBtu for 2HFY24.

Exhibit 42: Gas production profile and unit price realization

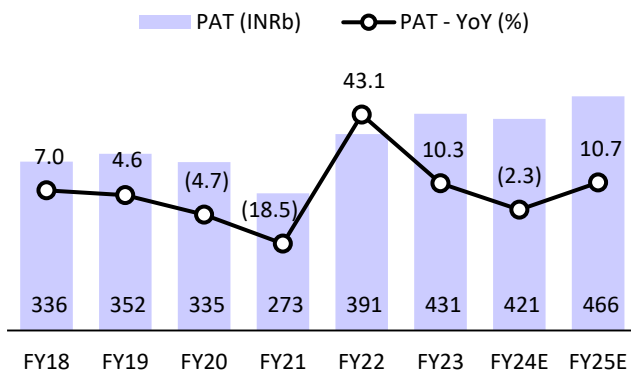
Particulars	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY % change	QoQ % change
Revenue (INR b)	16.4	25.6	20.1	36.3	38.5	44.7	45.6	46.3	66.2	72%	43%
EBITDA (INR b)	10.7	20.3	15.6	27.4	31.7	38.8	38.0	40.2	47.7	50%	19%
EBITDA margin (%)	65.1%	79.4%	77.5%	75.5%	82.3%	86.7%	83.4%	86.7%	72.0%	-12.5%	-16.9%
<b>Production- BCFe (RIL share)</b>											
KG D6	39.2	39.7	38.0	40.8	41.2	41.9	42.9	48.3	68.3	66%	41%
CBM	2.6	2.5	2.4	2.4	2.4	2.3	2.2	2.2	2.1	-13%	-5%
US Shale*	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA
<b>Price Realization (USD/mmBtu)</b>											
KG D6 (GCV)	3.6	6.1	6.1	9.7	9.9	11.3	11.4	10.8	10.5	6%	-3%
CBM (GCV)	6.6	7.1	7.6	22.5	23.3	20.9	19.6	14.2	13.7	-41%	-3%
US Shale (GCV) - USD/mcfe*	6.2	0.0	0.0	0.0	-	0.0	0.0	0.0	-	NA	NA

\*Exited from the shale gas business in North America completely in 3QFY22

Source: Company, MOFSL

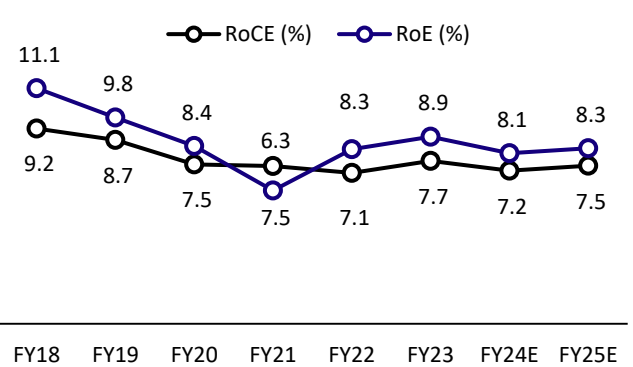
## Standalone business – story in charts

**Exhibit 43: Standalone PAT profile**



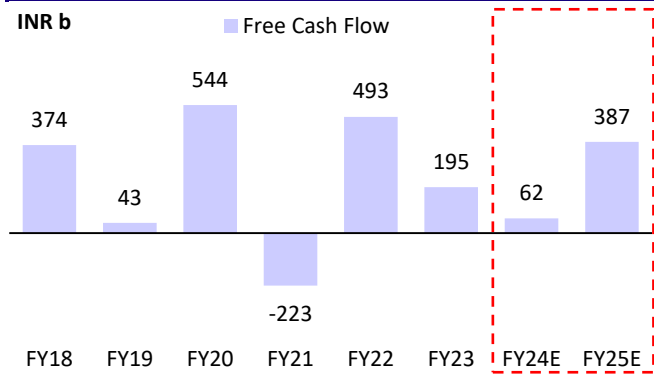
Source: Company, MOFSL

**Exhibit 44: Return ratios to stabilize going forward**



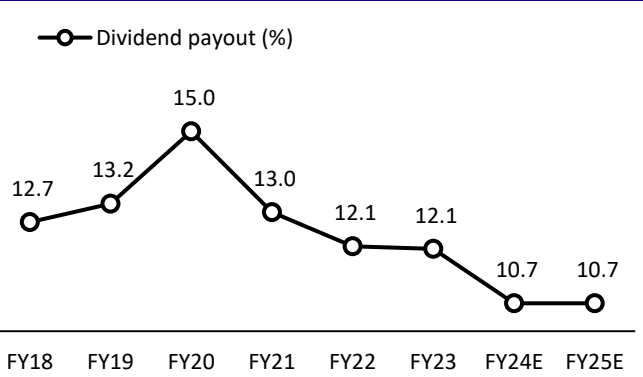
Source: Company, MOFSL

**Exhibit 45: Standalone business to generate FCF of INR449b over FY24-25E...**



Source: Company, MOFSL

**Exhibit 46: ...with expected dividend payout of ~10.7% going forward**



Source: Company, MOFSL

## Reliance Jio Infocomm: Financials and valuations

Consolidated - Income Statement								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>202</b>	<b>407</b>	<b>543</b>	<b>699</b>	<b>770</b>	<b>908</b>	<b>1,004</b>	<b>1,126</b>
Change (%)	NA	101.8	33.6	28.7	10.1	17.9	10.6	12.1
<b>Total Expenditure</b>	<b>134</b>	<b>256</b>	<b>327</b>	<b>390</b>	<b>393</b>	<b>441</b>	<b>478</b>	<b>513</b>
% of Sales	66.6	62.9	60.3	55.8	51.1	48.6	47.6	45.6
<b>EBITDA</b>	<b>67</b>	<b>151</b>	<b>216</b>	<b>309</b>	<b>376</b>	<b>467</b>	<b>526</b>	<b>613</b>
Margin (%)	33.4	37.1	39.7	44.2	48.9	51.4	52.4	54.4
Depreciation	36	64	74	115	136	185	212	238
<b>EBIT</b>	<b>32</b>	<b>87</b>	<b>142</b>	<b>194</b>	<b>240</b>	<b>281</b>	<b>314</b>	<b>375</b>
Int. and Finance Charges	20	41	66	38	44	41	41	44
Other Income	0	0	1	5	2	4	4	5
<b>PBT after EO Exp.</b>	<b>11</b>	<b>46</b>	<b>76</b>	<b>161</b>	<b>199</b>	<b>244</b>	<b>277</b>	<b>336</b>
Total Tax	4	16	21	41	50	62	71	85
Tax Rate (%)	34.8	34.9	27.2	25.3	25.4	25.5	25.5	25.5
<b>Reported PAT</b>	<b>7</b>	<b>30</b>	<b>56</b>	<b>120</b>	<b>148</b>	<b>182</b>	<b>207</b>	<b>250</b>
<b>Adjusted PAT</b>	<b>7</b>	<b>30</b>	<b>56</b>	<b>120</b>	<b>148</b>	<b>182</b>	<b>207</b>	<b>250</b>
Change (%)	LP	310.0	87.7	116.0	23.3	22.9	13.4	21.1
Margin (%)	3.6	7.3	10.2	17.2	19.2	20.1	20.6	22.2

Consolidated - Balance Sheet								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	450	450	450	450	450	450	450	450
Total Reserves	579	-46	1,260	1,380	1,528	1,710	1,916	2,167
<b>Net Worth</b>	<b>1,029</b>	<b>404</b>	<b>1,710</b>	<b>1,830</b>	<b>1,978</b>	<b>2,160</b>	<b>2,366</b>	<b>2,617</b>
Total Loans	1,438	1,399	470	300	797	1,529	1,529	1,379
<b>Capital Employed</b>	<b>2,468</b>	<b>1,803</b>	<b>2,179</b>	<b>2,129</b>	<b>2,775</b>	<b>3,689</b>	<b>3,896</b>	<b>3,996</b>
Gross Block	1,595	1,444	1,772	1,965	2,555	2,867	4,926	5,238
Less: Accum. Deprn.	40	104	138	253	389	615	827	1,065
<b>Net Fixed Assets</b>	<b>1,555</b>	<b>1,340</b>	<b>1,634</b>	<b>1,712</b>	<b>2,165</b>	<b>2,252</b>	<b>4,100</b>	<b>4,174</b>
Capital WIP	700	346	213	170	479	1,660	0	0
<b>Total Investments</b>	<b>10</b>	<b>13</b>	<b>25</b>	<b>15</b>	<b>17</b>	<b>17</b>	<b>11</b>	<b>11</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>272</b>	<b>259</b>	<b>545</b>	<b>604</b>	<b>524</b>	<b>529</b>	<b>514</b>	<b>560</b>
Account Receivables	9	7	16	14	43	24	19	22
Cash and Bank Balance	7	4	75	6	6	9	28	70
Loans and Advances	256	247	454	584	475	496	467	468
<b>Curr. Liability &amp; Prov.</b>	<b>70</b>	<b>155</b>	<b>238</b>	<b>371</b>	<b>410</b>	<b>768</b>	<b>729</b>	<b>748</b>
Account Payables	31	33	47	22	20	34	26	28
Other Current Liabilities	34	121	190	323	313	595	626	640
Provisions	5	1	1	26	78	140	77	80
<b>Net Current Assets</b>	<b>202</b>	<b>104</b>	<b>308</b>	<b>233</b>	<b>114</b>	<b>-240</b>	<b>-215</b>	<b>-189</b>
<b>Appl. of Funds</b>	<b>2,468</b>	<b>1,803</b>	<b>2,179</b>	<b>2,129</b>	<b>2,775</b>	<b>3,689</b>	<b>3,896</b>	<b>3,996</b>



## Reliance Jio Infocomm: Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>0.2</b>	<b>0.7</b>	<b>1.2</b>	<b>2.7</b>	<b>3.3</b>	<b>4.0</b>	<b>4.6</b>	<b>5.6</b>
Cash EPS	1.0	2.1	2.9	5.2	6.3	8.2	9.3	10.8
BV/Share	22.9	9.0	38.0	40.7	44.0	48.0	52.6	58.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>								
FCF per share	-7.2	-8.3	-7.7	1.5	0.6	3.2	1.1	5.1
<b>Return Ratios (%)</b>								
RoE	0.8	4.1	5.3	6.8	7.8	8.8	9.1	10.0
RoCE	0.9	2.7	5.2	6.9	7.4	6.6	6.2	7.2
RoIC	2.1	3.5	6.2	7.6	8.5	9.8	8.0	7.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.1	0.3	0.3	0.4	0.3	0.3	0.2	0.2
Asset Turnover (x)	0.1	0.2	0.2	0.3	0.3	0.2	0.3	0.3
Debtor (Days)	17	7	11	7	20	10	7	7
Creditor (Days)	56	29	32	12	10	13	10	9
<b>Leverage Ratio (x)</b>								
Current Ratio	3.9	1.7	2.3	1.6	1.3	0.7	0.7	0.7
Interest Cover Ratio	1.5	2.1	2.1	5.0	5.5	6.9	7.7	8.6
Net Debt/Equity	1.4	3.4	0.2	0.2	0.4	0.7	0.6	0.5

### Consolidated - Cash Flow Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	11	46	76	161	199	244	277	336
Depreciation	36	64	74	115	136	185	212	238
Interest & Finance Charges	20	41	66	38	44	41	41	44
Direct Taxes Paid	-2	-10	-12	-1	-1	13	-71	-85
(Inc)/Dec in WC	-29	-75	-40	19	-64	-2	-6	16
<b>CF from Operations</b>	<b>36</b>	<b>66</b>	<b>165</b>	<b>332</b>	<b>313</b>	<b>482</b>	<b>454</b>	<b>548</b>
Others	0	0	-2	-6	0	-1	-4	-5
<b>CF from Operating incl EO</b>	<b>36</b>	<b>67</b>	<b>163</b>	<b>326</b>	<b>313</b>	<b>481</b>	<b>450</b>	<b>543</b>
(Inc)/Dec in FA	-358	-438	-508	-257	-288	-335	-400	-312
<b>Free Cash Flow</b>	<b>-322</b>	<b>-372</b>	<b>-345</b>	<b>69</b>	<b>25</b>	<b>146</b>	<b>50</b>	<b>231</b>
(Pur)/Sale of Investments	-1	0	-9	14	-1	1	6	0
Others	0	-4	-164	0	0	0	4	5
<b>CF from Investments</b>	<b>-359</b>	<b>-442</b>	<b>-681</b>	<b>-243</b>	<b>-288</b>	<b>-334</b>	<b>-390</b>	<b>-307</b>
Issue of Eq/Pref.Shares	313	0	1,250	0	0	0	0	0
Inc/(Dec) in Debt	102	460	-538	-120	106	-107	0	-150
Interest Paid	-85	-92	-103	-23	-130	-38	-41	-44
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	0	-20	-8	0	0	0	0
<b>CF from Fin. Activity</b>	<b>330</b>	<b>368</b>	<b>588</b>	<b>-152</b>	<b>-24</b>	<b>-145</b>	<b>-41</b>	<b>-194</b>
<b>Inc/Dec of Cash</b>	<b>7</b>	<b>-7</b>	<b>70</b>	<b>-69</b>	<b>0</b>	<b>2</b>	<b>19</b>	<b>42</b>
Opening Balance	0	7	0	71	2	2	4	23
<b>Closing Balance</b>	<b>7</b>	<b>0</b>	<b>71</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>23</b>	<b>66</b>
Other Bank Balance	0	4	4	4	4	4	4	4
<b>Total balance</b>	<b>7</b>	<b>4</b>	<b>75</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>28</b>	<b>70</b>

## Reliance Retail: Financials and valuations

### Standalone - Income Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>515</b>	<b>1019</b>	<b>1304</b>	<b>1317</b>	<b>1694</b>	<b>2175</b>	<b>2646</b>	<b>3242</b>
Change (%)	94.6	98.1	27.9	1.0	28.6	28.4	21.6	22.5
<b>Total Expenditure</b>	<b>491</b>	<b>960</b>	<b>1212</b>	<b>1236</b>	<b>1591</b>	<b>2027</b>	<b>2452</b>	<b>2993</b>
% of Sales	95.4	94.2	93.0	93.9	93.9	93.2	92.7	92.3
<b>EBITDA</b>	<b>24</b>	<b>59</b>	<b>91</b>	<b>81</b>	<b>103</b>	<b>148</b>	<b>194</b>	<b>248</b>
Margin (%)	4.6	5.8	7.0	6.1	6.1	6.8	7.3	7.7
Depreciation	4	6	11	14	18	24	31	37
<b>EBIT</b>	<b>19</b>	<b>53</b>	<b>80</b>	<b>66</b>	<b>85</b>	<b>124</b>	<b>163</b>	<b>211</b>
Int. and Finance Charges	1	6	9	7	20	35	39	41
Other Income	0	1	3	2	0	2	2	2
<b>PBT bef. EO Exp.</b>	<b>19</b>	<b>48</b>	<b>74</b>	<b>62</b>	<b>66</b>	<b>91</b>	<b>126</b>	<b>172</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>19</b>	<b>48</b>	<b>74</b>	<b>62</b>	<b>66</b>	<b>91</b>	<b>126</b>	<b>172</b>
Total Tax	6	17	19	16	16	23	32	43
Tax Rate (%)	33.7	34.9	25.4	25.8	25.0	25.2	25.2	25.2
<b>Reported PAT</b>	<b>12</b>	<b>31</b>	<b>55</b>	<b>46</b>	<b>49</b>	<b>68</b>	<b>94</b>	<b>129</b>
<b>Adjusted PAT</b>	<b>12</b>	<b>31</b>	<b>55</b>	<b>46</b>	<b>49</b>	<b>68</b>	<b>94</b>	<b>129</b>
Change (%)	192.8	152.4	76.5	-17.2	7.6	37.5	38.5	36.9
Margin (%)	2.4	3.1	4.2	3.5	2.9	3.1	3.6	4.0

### Standalone - Balance Sheet

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	50	50	50	50	50	50	50	50
Total Reserves	41	76	131	203	253	321	415	543
<b>Net Worth</b>	<b>91</b>	<b>126</b>	<b>181</b>	<b>253</b>	<b>303</b>	<b>370</b>	<b>464</b>	<b>593</b>
Total Loans	34	128	47	147	408	468	508	513
Deferred Tax Liabilities	-6	0	0	0	0	0	0	0
<b>Capital Employed</b>	<b>119</b>	<b>254</b>	<b>228</b>	<b>401</b>	<b>710</b>	<b>838</b>	<b>972</b>	<b>1106</b>
Gross Block	53	98	114	158	229	307	379	449
Less: Accum. Deprn.	21	26	33	43	61	85	116	153
<b>Net Fixed Assets</b>	<b>32</b>	<b>72</b>	<b>82</b>	<b>114</b>	<b>168</b>	<b>222</b>	<b>263</b>	<b>296</b>
Capital WIP	41	25	88	106	237	237	237	237
<b>Total Investments</b>	<b>5</b>	<b>36</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>156</b>	<b>211</b>	<b>180</b>	<b>276</b>	<b>469</b>	<b>535</b>	<b>663</b>	<b>808</b>
Inventory	105	113	93	123	200	204	248	303
Account Receivables	22	43	25	60	88	102	124	152
Cash and Bank Balance	2	3	3	4	5	4	18	18
Loans and Advances	28	52	58	89	176	225	274	336
<b>Curr. Liability &amp; Prov.</b>	<b>116</b>	<b>90</b>	<b>128</b>	<b>101</b>	<b>171</b>	<b>162</b>	<b>197</b>	<b>242</b>
Account Payables	82	41	57	67	129	109	132	162
Other Current Liabilities	33	48	71	34	41	53	64	79
Provisions	0	0	0	1	1	1	1	1
<b>Net Current Assets</b>	<b>41</b>	<b>121</b>	<b>52</b>	<b>174</b>	<b>298</b>	<b>373</b>	<b>465</b>	<b>567</b>
<b>Appl. of Funds</b>	<b>119</b>	<b>254</b>	<b>228</b>	<b>401</b>	<b>710</b>	<b>838</b>	<b>972</b>	<b>1106</b>

E: MOFSL Estimates

## Reliance Retail: Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>2.5</b>	<b>6.3</b>	<b>11.1</b>	<b>9.2</b>	<b>9.9</b>	<b>13.6</b>	<b>18.8</b>	<b>25.8</b>
Cash EPS	3.4	7.5	13.3	12.1	13.5	18.4	25.0	33.3
BV/Share	18.2	25.2	36.3	50.8	60.6	74.2	93.1	118.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Return Ratios (%)</b>								
RoE	15.7	29.0	36.1	21.1	17.8	20.2	22.5	24.3
RoCE	13.5	18.7	25.7	16.2	11.6	12.2	13.6	15.3
RoIC	22.8	26.6	37.5	23.7	17.2	17.6	18.7	20.3
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	9.7	10.4	11.4	8.4	7.4	7.1	7.0	7.2
Asset Turnover (x)	4.3	4.0	5.7	3.3	2.4	2.6	2.7	2.9
Inventory (Days)	74	40	26	34	43	34	34	34
Debtor (Days)	16	16	7	17	19	17	17	17
Creditor (Days)	58	15	16	19	28	18	18	18
<b>Leverage Ratio (x)</b>								
Current Ratio	1.4	2.3	1.4	2.7	2.7	3.3	3.4	3.3
Interest Cover Ratio	19.1	8.7	9.3	9.6	4.3	3.5	4.2	5.2
Net Debt/Equity	0.3	0.7	0.2	0.5	1.3	1.2	1.0	0.8

### Standalone Cashflow Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	19	48	74	62	66	91	126	172
Depreciation	4	6	11	14	18	24	31	37
Interest & Finance Charges	1	-1	-2	-2	20	35	39	41
Direct Taxes Paid	-5	-10	-11	-14	-12	-23	-32	-43
(Inc)/Dec in WC	-15	-33	84	-61	-75	-75	-80	-101
<b>CF from Operations</b>	<b>4</b>	<b>11</b>	<b>156</b>	<b>-1</b>	<b>16</b>	<b>52</b>	<b>84</b>	<b>106</b>
Others	1	-24	9	7	0	-2	-2	-2
<b>CF from Operating incl EO</b>	<b>5</b>	<b>-13</b>	<b>165</b>	<b>6</b>	<b>16</b>	<b>50</b>	<b>82</b>	<b>104</b>
(Inc)/Dec in FA	-48	-47	-67	-82	-203	-78	-72	-70
<b>Free Cash Flow</b>	<b>-43</b>	<b>-60</b>	<b>98</b>	<b>-76</b>	<b>-187</b>	<b>-28</b>	<b>10</b>	<b>34</b>
(Pur)/Sale of Investments	3	-7	18	0	-1	1	0	0
Others	-4	0	2	-15	-52	2	2	2
<b>CF from Investments</b>	<b>-49</b>	<b>-54</b>	<b>-48</b>	<b>-97</b>	<b>-257</b>	<b>-75</b>	<b>-70</b>	<b>-68</b>
Issue of Shares	10	4	0	26	0	0	0	0
Inc/(Dec) in Debt	34	94	-81	118	260	60	40	5
Interest Paid	-1	-6	-9	-6	-19	-35	-39	-41
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	-23	-27	-47	0	0	0	0
<b>CF from Fin. Activity</b>	<b>43</b>	<b>68</b>	<b>-117</b>	<b>91</b>	<b>241</b>	<b>25</b>	<b>1</b>	<b>-36</b>
<b>Inc/Dec of Cash</b>	<b>-1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>13</b>	<b>0</b>
Opening Balance	3	2	3	3	4	5	4	18
<b>Closing Balance</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>18</b>	<b>18</b>

## RIL: Standalone financials and valuations

### Standalone - Income Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>2,900</b>	<b>3,716</b>	<b>3,370</b>	<b>2,457</b>	<b>4,237</b>	<b>5,285</b>	<b>5,493</b>	<b>6,032</b>
Change (%)	19.8	28.1	-9.3	-27.1	72.5	24.7	3.9	9.8
<b>EBITDA</b>	<b>517</b>	<b>589</b>	<b>528</b>	<b>335</b>	<b>523</b>	<b>658</b>	<b>760</b>	<b>792</b>
Margin (%)	17.8	15.8	15.7	13.6	12.3	12.4	13.8	13.1
Depreciation	96	106	97	92	103	101	171	165
<b>EBIT</b>	<b>422</b>	<b>483</b>	<b>431</b>	<b>243</b>	<b>420</b>	<b>557</b>	<b>589</b>	<b>627</b>
Int. and Finance Charges	47	98	121	162	91	126	137	127
Other Income	82	88	136	148	139	112	104	126
<b>PBT bef. EO Exp.</b>	<b>457</b>	<b>474</b>	<b>446</b>	<b>229</b>	<b>468</b>	<b>543</b>	<b>557</b>	<b>625</b>
EO Items	0	0	-42	43	0	11	0	0
<b>PBT after EO Exp.</b>	<b>457</b>	<b>474</b>	<b>403</b>	<b>272</b>	<b>468</b>	<b>553</b>	<b>557</b>	<b>625</b>
Total Tax	121	122	94	-47	77	111	136	159
Tax Rate (%)	26.5	25.8	23.3	-17.4	16.5	20.1	24.4	25.4
<b>Reported PAT</b>	<b>336</b>	<b>352</b>	<b>309</b>	<b>319</b>	<b>391</b>	<b>442</b>	<b>421</b>	<b>466</b>
<b>Adjusted PAT</b>	<b>336</b>	<b>352</b>	<b>335</b>	<b>273</b>	<b>391</b>	<b>431</b>	<b>421</b>	<b>466</b>
Change (%)	7.0	4.6	-4.7	-18.5	43.1	10.3	-2.3	10.7
Margin (%)	11.6	9.5	9.9	11.1	9.2	8.2	7.7	7.7

### Standalone - Balance Sheet

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	63	63	63	64	68	68	68	68
Total Reserves	3,083	3,990	3,849	4,680	4,648	4,958	5,334	5,751
<b>Net Worth</b>	<b>3,146</b>	<b>4,053</b>	<b>3,912</b>	<b>4,745</b>	<b>4,715</b>	<b>5,026</b>	<b>5,402</b>	<b>5,818</b>
Total Loans	968	1,572	1,973	1,667	1,946	2,166	1,884	1,884
Deferred Tax Liabilities	279	473	506	308	308	340	340	340
<b>Capital Employed</b>	<b>4,394</b>	<b>6,098</b>	<b>6,391</b>	<b>6,720</b>	<b>6,969</b>	<b>7,531</b>	<b>7,626</b>	<b>8,042</b>
Gross Block	3,159	3,286	4,417	4,512	3,943	4,100	4,642	5,022
Less: Accum. Deprn.	1,149	1,255	1,352	1,444	1,547	1,648	1,828	1,993
<b>Net Fixed Assets</b>	<b>2,010</b>	<b>2,032</b>	<b>3,065</b>	<b>3,068</b>	<b>2,396</b>	<b>2,452</b>	<b>2,814</b>	<b>3,029</b>
Capital WIP	995	1,116	280	328	347	489	506	576
<b>Total Investments</b>	<b>2,252</b>	<b>3,317</b>	<b>4,918</b>	<b>3,473</b>	<b>4,088</b>	<b>4,086</b>	<b>4,086</b>	<b>4,086</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>919</b>	<b>1,293</b>	<b>1,454</b>	<b>1,851</b>	<b>1,933</b>	<b>2,121</b>	<b>1,901</b>	<b>2,197</b>
Inventory	396	441	388	374	459	489	509	558
Account Receivables	105	121	75	42	144	169	176	193
Cash and Bank Balance	27	38	85	56	217	618	217	427
Loans and Advances	391	693	907	1,379	1,113	845	999	1,019
<b>Curr. Liability &amp; Prov.</b>	<b>1,781</b>	<b>1,659</b>	<b>3,326</b>	<b>2,001</b>	<b>1,795</b>	<b>1,617</b>	<b>1,681</b>	<b>1,845</b>
Account Payables	1,750	1,626	3,301	1,977	1,770	1,595	1,657	1,820
Provisions	31	33	25	24	25	22	23	25
<b>Net Current Assets</b>	<b>-863</b>	<b>-366</b>	<b>-1,872</b>	<b>-150</b>	<b>138</b>	<b>504</b>	<b>220</b>	<b>352</b>
<b>Appl. of Funds</b>	<b>4,394</b>	<b>6,098</b>	<b>6,391</b>	<b>6,720</b>	<b>6,969</b>	<b>7,531</b>	<b>7,626</b>	<b>8,042</b>

## RIL: Standalone financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>52.2</b>	<b>54.6</b>	<b>52.0</b>	<b>42.4</b>	<b>60.6</b>	<b>66.9</b>	<b>65.3</b>	<b>72.3</b>
Cash EPS	67.0	70.9	67.1	56.6	76.6	82.6	91.9	98.0
BV/Share	511.4	658.8	635.8	771.2	766.4	816.9	878.0	945.7
<b>Valuation (x)</b>								
P/E	43.5	41.5	43.6	53.5	37.4	33.9	34.7	31.3
Cash P/E	33.8	31.9	33.8	40.0	29.6	27.4	24.7	23.1
P/BV	4.4	3.4	3.6	2.9	3.0	2.8	2.6	2.4
EV/Sales	5.4	4.3	4.9	6.6	3.9	3.1	3.0	2.7
EV/EBITDA	30.0	27.4	31.2	48.4	31.2	24.6	21.4	20.3
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3
FCF per share	58.0	6.7	84.3	-34.5	76.6	30.2	9.7	60.0
<b>Return Ratios (%)</b>								
RoE	11.1	9.8	8.4	6.3	8.3	8.9	8.1	8.3
RoCE	9.2	8.7	7.5	7.5	7.1	7.7	7.2	7.5
RoIC	31.3	26.1	24.1	14.4	13.6	19.1	17.3	16.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.9	1.1	0.8	0.5	1.1	1.3	1.2	1.2
Asset Turnover (x)	0.7	0.6	0.5	0.4	0.6	0.7	0.7	0.7
Inventory (Days)	50	43	42	56	40	34	34	34
Debtor (Days)	13	12	8	6	12	12	12	12
Creditor (Days)	220	160	358	294	152	110	110	110
<b>Leverage Ratio (x)</b>								
Current Ratio	0.5	0.8	0.4	0.9	1.1	1.3	1.1	1.2
Interest Cover Ratio	9.1	5.0	3.6	1.5	4.6	4.4	4.3	4.9
Net Debt/Equity	0.3	0.4	0.5	0.3	0.4	0.3	0.3	0.3

### Standalone - Cash Flow Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	457	474	403	272	468	556	557	625
Depreciation	96	106	97	92	103	101	171	165
Interest & Finance Charges	47	98	121	162	91	126	137	127
Direct Taxes Paid	-86	-94	-53	-17	-15	-49	-136	-159
(Inc)/Dec in WC	205	-193	335	-320	138	-122	-117	78
Others	-99	-98	-129	-194	-111	-131	0	0
<b>CF from Operations</b>	<b>620</b>	<b>292</b>	<b>775</b>	<b>-5</b>	<b>675</b>	<b>481</b>	<b>612</b>	<b>837</b>
(Inc)/Dec in FA	-246	-249	-232	-218	-181	-286	-550	-450
<b>Free Cash Flow</b>	<b>374</b>	<b>43</b>	<b>544</b>	<b>-223</b>	<b>493</b>	<b>195</b>	<b>62</b>	<b>387</b>
(Pur)/Sale of Investments	-5,348	-127	-1,309	1,202	-563	183	0	0
Others	5,003	-163	105	-242	292	97	0	0
<b>CF from Investments</b>	<b>-591</b>	<b>-539</b>	<b>-1,436</b>	<b>743</b>	<b>-453</b>	<b>-6</b>	<b>-550</b>	<b>-450</b>
Inc/(Dec) in Debt	91	415	118	-181	-238	277	-282	0
Interest Paid	-73	-116	-145	-143	-110	-140	-137	-127
Dividend Paid	-39	-43	-46	-39	-43	-51	-45	-50
<b>CF from Fin. Activity</b>	<b>-19</b>	<b>258</b>	<b>708</b>	<b>-766</b>	<b>-60</b>	<b>-74</b>	<b>-463</b>	<b>-177</b>
<b>Inc/Dec of Cash</b>	<b>10</b>	<b>10</b>	<b>47</b>	<b>-29</b>	<b>161</b>	<b>401</b>	<b>-401</b>	<b>210</b>
Opening Balance	18	27	38	84	56	217	618	217
<b>Closing Balance</b>	<b>27</b>	<b>38</b>	<b>85</b>	<b>56</b>	<b>217</b>	<b>618</b>	<b>217</b>	<b>427</b>

## RIL: Consolidated financials and valuations

### Consolidated - Income Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>3,917</b>	<b>5,671</b>	<b>5,967</b>	<b>4,669</b>	<b>7,000</b>	<b>8,795</b>	<b>9,502</b>	<b>10,758</b>
Change (%)	28.3	44.8	5.2	-21.8	49.9	25.6	8.0	13.2
<b>Total Expenditure</b>	<b>3,275</b>	<b>4,832</b>	<b>5,085</b>	<b>3,862</b>	<b>5,895</b>	<b>7,366</b>	<b>7,879</b>	<b>8,963</b>
% of Sales	83.6	85.2	85.2	82.7	84.2	83.8	82.9	83.3
<b>EBITDA</b>	<b>642</b>	<b>839</b>	<b>882</b>	<b>807</b>	<b>1,105</b>	<b>1,429</b>	<b>1,622</b>	<b>1,795</b>
Margin (%)	16.4	14.8	14.8	17.3	15.8	16.2	17.1	16.7
Depreciation	167	209	222	266	298	403	497	523
<b>EBIT</b>	<b>475</b>	<b>630</b>	<b>660</b>	<b>542</b>	<b>807</b>	<b>1,026</b>	<b>1,125</b>	<b>1,272</b>
Int. and Finance Charges	81	165	220	212	146	196	210	205
Other Income	99	86	140	163	149	118	114	136
<b>PBT bef. EO Exp.</b>	<b>494</b>	<b>551</b>	<b>579</b>	<b>493</b>	<b>810</b>	<b>948</b>	<b>1,030</b>	<b>1,203</b>
EO Items	0	0	-44	56	28	0	0	0
<b>PBT after EO Exp.</b>	<b>494</b>	<b>551</b>	<b>535</b>	<b>549</b>	<b>839</b>	<b>948</b>	<b>1,030</b>	<b>1,203</b>
Total Tax	133	154	137	17	163	207	257	307
Tax Rate (%)	27.0	27.9	25.7	3.1	19.4	21.8	24.9	25.5
Minority Interest	-11	-1	-1	41	69	74	76	93
<b>Reported PAT</b>	<b>372</b>	<b>398</b>	<b>399</b>	<b>491</b>	<b>607</b>	<b>667</b>	<b>698</b>	<b>804</b>
<b>Adjusted PAT</b>	<b>372</b>	<b>398</b>	<b>432</b>	<b>437</b>	<b>584</b>	<b>667</b>	<b>698</b>	<b>804</b>
Change (%)	24.6	7.2	8.4	1.1	33.8	14.2	4.6	15.2
Margin (%)	9.5	7.0	7.2	9.4	8.3	7.6	7.3	7.5

### Consolidated - Balance Sheet

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	59	59	63	64	68	68	68	68
Eq. Share Warrants & App. Money	0	0	0	0	0	0	0	0
Total Reserves	2,876	3,812	4,428	6,937	7,727	8,144	8,796	9,550
<b>Net Worth</b>	<b>2,935</b>	<b>3,871</b>	<b>4,492</b>	<b>7,002</b>	<b>7,795</b>	<b>8,212</b>	<b>8,864</b>	<b>9,618</b>
Minority Interest	35	83	122	993	1,095	1,130	1,130	1,130
Total Loans	1,816	2,719	2,914	2,238	2,820	3,351	3,351	3,351
Deferred Tax Liabilities	245	499	541	370	496	603	603	603
<b>Capital Employed</b>	<b>5,032</b>	<b>7,173</b>	<b>8,069</b>	<b>10,602</b>	<b>12,206</b>	<b>13,296</b>	<b>13,949</b>	<b>14,703</b>
Gross Block	5,775	5,868	7,450	7,802	8,938	10,289	13,239	14,564
Less: Accum. Deprn.	1,795	2,004	2,226	2,492	2,790	3,193	3,690	4,213
<b>Net Fixed Assets</b>	<b>3,981</b>	<b>3,864</b>	<b>5,224</b>	<b>5,310</b>	<b>6,148</b>	<b>7,096</b>	<b>9,550</b>	<b>10,352</b>
Goodwill on Consolidation	58	120	103	102	130	137	137	137
Capital WIP	1,870	1,795	1,091	1,260	1,725	2,938	1,188	613
<b>Total Investments</b>	<b>855</b>	<b>2,403</b>	<b>2,768</b>	<b>3,648</b>	<b>3,943</b>	<b>3,366</b>	<b>3,366</b>	<b>3,366</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,348</b>	<b>1,843</b>	<b>2,474</b>	<b>2,892</b>	<b>3,051</b>	<b>3,598</b>	<b>3,856</b>	<b>4,931</b>
Inventory	608	676	739	817	1,078	1,400	1,513	1,713
Account Receivables	176	301	197	190	236	285	307	348
Cash and Bank Balance	43	111	309	174	362	747	136	719
Loans and Advances	522	755	1,229	1,711	1,375	1,167	1,900	2,152
<b>Curr. Liability &amp; Prov.</b>	<b>3,081</b>	<b>2,851</b>	<b>3,590</b>	<b>2,610</b>	<b>2,791</b>	<b>3,839</b>	<b>4,147</b>	<b>4,696</b>
Account Payables	1,069	1,083	968	1,089	1,593	1,472	1,590	1,800
Other Current Liabilities	1,971	1,721	2,581	1,465	1,159	2,329	2,516	2,849
Provisions	41	47	41	56	38	38	41	46
<b>Net Current Assets</b>	<b>-1,732</b>	<b>-1,009</b>	<b>-1,116</b>	<b>282</b>	<b>260</b>	<b>-241</b>	<b>-291</b>	<b>236</b>
<b>Appl. of Funds</b>	<b>5,032</b>	<b>7,173</b>	<b>8,069</b>	<b>10,602</b>	<b>12,206</b>	<b>13,296</b>	<b>13,949</b>	<b>14,703</b>

E: MOFSL Estimates

**RIL: Consolidated financials and valuations****Ratios**

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>62.8</b>	<b>67.2</b>	<b>68.1</b>	<b>67.7</b>	<b>86.4</b>	<b>98.6</b>	<b>103.1</b>	<b>118.8</b>
Cash EPS	83.6	94.3	101.5	109.0	136.9	166.1	185.3	205.9
BV/Share	455.4	600.6	696.9	1,086.4	1,209.4	1,274.1	1,375.3	1,492.3
DPS	5.5	6.0	6.0	6.4	7.0	7.9	6.7	7.4
Payout (%)	11.5	11.6	11.6	8.4	7.8	8.0	6.5	6.2
<b>Valuation (x)</b>								
P/E	36.1	33.7	33.2	33.4	26.2	23.0	22.0	19.1
Cash P/E	27.1	24.0	22.3	20.8	16.5	13.6	12.2	11.0
P/BV	5.0	3.8	3.3	2.1	1.9	1.8	1.6	1.5
EV/Sales	4.2	3.0	2.9	3.6	2.5	2.0	2.0	1.7
EV/EBITDA	25.5	20.5	19.5	20.6	16.1	12.5	11.4	10.0
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
FCF per share	1.8	-0.8	-22.1	14.3	-18.3	22.8	0.0	0.0
<b>Return Ratios (%)</b>								
RoE	13.3	11.7	10.3	7.6	7.9	8.3	8.2	8.7
RoCE	9.1	9.1	8.5	8.2	7.8	8.1	7.8	8.3
RoIC	24.4	17.7	14.5	11.1	11.1	12.9	10.9	9.8
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.7	1.0	0.8	0.6	0.8	0.9	0.7	0.7
Asset Turnover (x)	0.8	0.8	0.7	0.4	0.6	0.7	0.7	0.7
Inventory (Days)	57	43	45	64	56	58	58	58
Debtor (Days)	16	19	12	15	12	12	12	12
Creditor (Days)	100	70	59	85	83	61	61	61
<b>Leverage Ratio (x)</b>								
Current Ratio	0.4	0.6	0.7	1.1	1.1	0.9	0.9	1.1
Interest Cover Ratio	5.9	3.8	3.0	2.6	5.5	5.2	5.4	6.2
Net Debt/Equity	0.6	0.7	0.6	0.3	0.3	0.3	0.4	0.3

**Consolidated - Cash Flow Statement****(INR b)**

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
PBT	494	552	536	555	839	948	1,030	1,203
Depreciation	167	209	222	266	298	403	497	523
Tax paid	-98	-122	-84	-32	-38	-207	-257	-307
Change in deferred tax liability	0	0	0	0	0	0	0	0
Change in net working capital	185	-288	219	-507	7	-196	-561	56
Misc	-34	72	87	-19	1	202	-76	-93
<b>Operating cash flow</b>	<b>715</b>	<b>423</b>	<b>981</b>	<b>262</b>	<b>1,107</b>	<b>1,150</b>	<b>634</b>	<b>1,383</b>
Capex	-730	-928	-756	-1,035	-970	-1,318	-1,200	-750
Change in investments	35	-19	141	-473	3	294	0	0
Misc	11	-5	-142	92	-124	154	0	0
<b>Investing cash flows</b>	<b>-683</b>	<b>-951</b>	<b>-757</b>	<b>-1,416</b>	<b>-1,092</b>	<b>-870</b>	<b>-1,200</b>	<b>-750</b>
Change in borrowings	199	865	356	-837	99	381	0	0
Misc	-184	-265	-337	-241	-285	-231	0	0
Issuance of equity	5	2	1	2,136	402	5	0	0
Others	-180	-263	-335	1,895	117	-225	0	0
Dividend paid	-39	-43	-46	-39	-43	-51	-45	-50
<b>Financing cash flow</b>	<b>-20</b>	<b>559</b>	<b>-25</b>	<b>1,019</b>	<b>173</b>	<b>105</b>	<b>-45</b>	<b>-50</b>
Net change in cash	12	31	198	-135	188	385	-611	583
Closing cash balance	43	111	309	174	362	747	136	719

E: MOFSL Estimates

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