

MAY 09, 2022

RESULT

Sector view: **Neutral**

CMP (₹): **2,621**

Fair Value (₹): **3,050**

BSE-30: **54,836**

In-line results, net debt rises. RIL's results were in line with our estimates in 4QFY22, marked by strong operating performance across segments despite headwinds. Rise in net debt levels, elevated capex and negative FCF were a tad disappointing yet again. We expect the earnings trajectory to improve further over the next 12 months driven by (1) strength in refining, (2) further hike in telecom tariffs and (3) strong growth in retail business. Reiterate BUY rating and revise FV to Rs3,050 on rollover to June 2024E.

| Reliance Industries | | | | Forecasts/valuations | | | |
|-------------------------------|-----------------|------|------|----------------------|-------|-------|--------|
| Stock data | | | | 2022 | 2023E | 2024E | |
| CMP(Rs)/FV(Rs)/Rating | 2,621/3,050/BUY | | | 91.1 | 124.8 | 135.8 | |
| 52-week range (Rs) (high-low) | 2,856-1,906 | | | 26.4 | 37.0 | 8.8 | |
| Mcap (bn) (Rs/US\$) | 16,640/216.4 | | | 28.8 | 21.0 | 19.3 | |
| ADTV-3M (mn) (Rs/US\$) | 18,012/234 | | | 2.1 | 2.0 | 1.8 | |
| Shareholding pattern (%) | | | | EV/EBITDA (X) | 15.9 | 11.4 | 9.9 |
| Promoters | 49.1 | | | RoE (%) | 7.8 | 9.7 | 9.7 |
| FPIs/MFs/BFIs | 26.6/5.0/6.3 | | | Div. yield (%) | 0.3 | 0.3 | 0.3 |
| Price performance (%) | | | | Sales (Rs bn) | 7,000 | 9,742 | 10,500 |
| Absolute | 1M | 3M | 12M | EBITDA (Rs bn) | 1,105 | 1,538 | 1,759 |
| Rel. to BSE-30 | 0.1 | 12.4 | 35.7 | Net profits (Rs bn) | 579 | 793 | 863 |
| | 8.1 | 18.9 | 23.7 | | | | |

Higher-than-anticipated results from Jio and O2C, partly offset by lower retail

RIL's 4QFY22 consolidated EBITDA was in line with our estimate at Rs313.7 bn, up 6% qoq led by a healthy performance across O2C and Jio, while retail was below our estimates. O2C EBITDA increased 5% qoq to Rs142.4 bn, 3% higher than our estimate reflecting a strong increase in refining margins, which offset lower realized petchem margins; volumes moderated for transportation fuels and others, while that for petchem increased. Jio's EBITDA increased 10% qoq to Rs105.1 bn, 5% above our estimate, as a reduction in subscriber base by 10.9 mn was offset by a strong 11% rise in implied ARPU to Rs167.6/month and operating leverage; gross subscriber additions remained robust at 35.5 mn. Retail segment was partly impacted by Covid related issues at the start of the quarter which eased progressively. Core revenues moderated 5% qoq but increased 9% yoy, however core revenues ex-digital and new commerce are likely to have declined on a yoy basis. EBITDA increased modestly by 2% qoq to Rs35.9 bn with margins increasing ~10bps; revenue contribution from digital and new commerce forays increased to 19% from 12% in 3QFY22 and new store openings remained robust yet again. Upstream reported EBITDA of Rs15.6 bn, EBITDA is not comparable qoq owing to divestment of stake in US Shale assets; volumes for the quarter were modestly lower on account of lower production from KG D6 due to well testing activities. Consolidated net income was marginally lower than our estimates at Rs162 bn (EPS of Rs25.5, ex-treasury shares), rising 3% qoq as incremental EBITDA and a lower tax rate were offset by an increase in DD&A and lower other income. RIL reported current tax reversal of Rs44.6 bn mainly due to transfer of its gasification undertaking; deferred tax increased to Rs88.5bn on utilization of tax credits and incentives.

Capex, net debt rise; FCF remains negative in FY2022

Our estimate of effective net debt increased to Rs883 bn (US\$12 bn) from Rs594 bn (US\$8 bn) at the end of FY2021, partly reflecting the increase in deferred spectrum liabilities by Rs183 bn. Jio's overall effective net debt increased to Rs960 bn from Rs505 bn a year ago. RIL reported a negative FCF of Rs292 bn in FY2022, in comparison to FCF generation of Rs73 bn in 1HFY22. RIL had reported a large negative FCF of Rs888 bn in FY2021 as well due to payment of capex creditors and WC liabilities. Capex increased further to Rs1.2 tn from Rs1.06 tn in FY2021.

Raise FY2023-24E EPS by 3-7% and reiterate BUY with a revised FV of Rs3,050

We raise our FY2023E EPS by 7% and FY2024E EPS by 3% mainly on factoring in higher refining margins, which is partly offset by slower subscriber additions for Jio and other minor changes. We reiterate our BUY rating on the stock, while revising SoTP-based FV to Rs3,050 from Rs2,925 earlier on rolling forward to June 2024 estimates.

Hemang Khanna

Exhibit 1: Interim consolidated results of Reliance Industries, March fiscal year-ends (Rs mn)

| | 4QFY22 | 4QFY22E | 4QFY21 | 3QFY22 | (% chg.) | | | FY2022 | FY2021 | (% chg.) | FY2023E |
|---|-------------------|----------------|-------------------|-------------------|--------------|---------------|---------------|-------------------|-------------------|-------------|-------------------|
| | | | | | 4QFY22E | 4QFY21 | 3QFY22 | | | | |
| Net sales | 2,073,750 | 2,150,499 | 1,495,750 | 1,850,270 | (3.6) | 38.6 | 12.1 | 6,999,620 | 4,669,240 | 49.9 | 9,742,374 |
| Total expenditure | (1,760,090) | (1,836,106) | (1,262,240) | (1,553,210) | (4.1) | 39.4 | 13.3 | (5,895,020) | (3,861,870) | 52.6 | (8,203,995) |
| Inc/(Dec) in stock | 60,410 | — | (38,610) | 45,720 | | | | 214,570 | 90,640 | | — |
| Raw materials | (1,510,500) | (1,517,299) | (976,760) | (1,307,410) | (0.4) | 54.6 | 15.5 | (4,963,690) | (3,017,650) | 64.5 | (6,970,777) |
| Staff cost | (52,780) | (47,842) | (39,760) | (46,600) | 10.3 | 32.7 | 13.3 | (187,750) | (148,170) | 26.7 | (203,207) |
| Other expenditure | (257,220) | (270,965) | (207,110) | (244,920) | (5.1) | 24.2 | 5.0 | (958,150) | (786,690) | 21.8 | (1,030,011) |
| EBITDA | 313,660 | 314,393 | 233,510 | 297,060 | (0.2) | 34.3 | 5.6 | 1,104,600 | 807,370 | 36.8 | 1,538,379 |
| Other income | 24,570 | 39,716 | 32,370 | 40,470 | (38.1) | (24.1) | (39.3) | 149,470 | 163,270 | (8.5) | 153,832 |
| Finance cost | (35,560) | (37,721) | (40,440) | (38,120) | (5.7) | (12.1) | (6.7) | (145,840) | (211,890) | (31.2) | (163,478) |
| DD&A expense | (80,010) | (80,625) | (69,730) | (76,830) | (0.8) | 14.7 | 4.1 | (297,970) | (265,720) | 12.1 | (340,675) |
| Pretax profits | 222,660 | 235,763 | 155,710 | 222,580 | (5.6) | 43.0 | 0.0 | 810,260 | 493,030 | 64.3 | 1,188,059 |
| Extraordinaries | — | — | 7,970 | 28,360 | | | | 28,360 | 56,420 | | — |
| Current tax | 44,590 | (31,868) | (6,090) | (27,630) | (239.9) | (832.2) | (261.4) | (31,610) | (22,050) | 43.4 | (216,792) |
| Deferred tax | (88,490) | (20,000) | (7,780) | (19,250) | | | | (131,360) | 4,830 | | (74,282) |
| Net income | 178,760 | 183,895 | 149,810 | 204,060 | (2.8) | 19.3 | (12.4) | 675,650 | 532,230 | 26.9 | 896,984 |
| Share of profit/(loss) of associates | 1,450 | 1,500 | 140 | 1,330 | | | | 2,800 | 5,160 | | 2,250 |
| Minority interest | (18,180) | (21,279) | (17,680) | (19,900) | | | | (71,400) | (46,110) | | (107,237) |
| Adjusted net income | 162,030 | 164,116 | 124,300 | 157,130 | (1.3) | 30.4 | 3.1 | 578,690 | 434,860 | 33.1 | 791,998 |
| Adjusted EPS (Rs) | 25.5 | 25.8 | 20.6 | 24.7 | (1.3) | 23.8 | 3.1 | 91.1 | 72.1 | 26.4 | 124.7 |
| Other comprehensive income (after tax) | 85,500 | — | 2,420 | 150,850 | | | | 427,930 | 337,980 | | — |
| Total comprehensive income (after tax) | 247,530 | — | 126,720 | 307,980 | — | — | — | 1,006,620 | 772,840 | — | — |
| Effective tax rate (%) | 19.7 | 22.0 | 8.9 | 21.1 | | | | 20.1 | 3.5 | | 24.5 |
| Segment results | | | | | | | | | | | |
| Revenues | | | | | | | | | | | |
| O2C | 1,457,860 | — | 1,010,800 | 1,314,270 | 44.2 | 10.9 | — | 5,009,000 | 3,200,080 | 56.5 | 7,394,871 |
| Oil & gas | 20,080 | — | 8,480 | 25,590 | 136.8 | (21.5) | — | 74,920 | 21,400 | 250.1 | 185,921 |
| Organized retail | 580,190 | — | 460,990 | 577,170 | 25.9 | 0.5 | — | 1,997,490 | 1,547,760 | 29.1 | 2,721,897 |
| Digital | 271,960 | — | 226,280 | 252,000 | 20.2 | 7.9 | — | 1,001,610 | 902,870 | 10.9 | 942,276 |
| Others | 242,990 | — | 208,380 | 164,530 | 16.6 | 47.7 | — | 734,870 | 506,580 | 45.1 | 737,370 |
| Gross turnover | 2,573,080 | — | 1,914,930 | 2,333,560 | 34.4 | 10.3 | — | 8,817,890 | 6,178,690 | 42.7 | 11,982,334 |
| Inter segment | 247,690 | — | 193,980 | 235,330 | 27.7 | 5.3 | — | 890,330 | 776,730 | 14.6 | 867,405 |
| Excise duty | 206,520 | — | 171,990 | 185,520 | 20.1 | 11.3 | — | 711,220 | 529,120 | 34.4 | 1,047,555 |
| Net sales | 2,118,870 | — | 1,548,960 | 1,912,710 | 36.8 | 10.8 | — | 7,216,340 | 4,872,840 | 48.1 | 10,067,374 |
| EBITDA | | | | | | | | | | | |
| O2C | 142,410 | — | 114,070 | 135,300 | 24.8 | 5.3 | — | 527,220 | 381,700 | 38.1 | 707,523 |
| Oil & gas | 15,560 | — | 4,800 | 20,330 | 224.2 | (23.5) | — | 54,570 | 2,580 | 2,015.1 | 142,380 |
| Organized retail | 35,910 | — | 30,890 | 35,350 | 16.3 | 1.6 | — | 109,740 | 85,330 | 28.6 | 177,918 |
| Digital | 112,090 | — | 89,450 | 102,300 | 25.3 | 9.6 | — | 402,680 | 340,350 | 18.3 | 540,648 |
| Others | 27,750 | — | 13,080 | 19,570 | 112.2 | 41.8 | — | 78,610 | 63,680 | 23.4 | 83,610 |
| Total | 333,720 | — | 252,290 | 312,850 | 32.3 | 6.7 | — | 1,172,820 | 873,640 | 34.2 | 1,652,079 |
| EBIT | | | | | | | | | | | |
| O2C | 123,860 | — | 91,770 | 116,670 | 35.0 | 6.2 | — | 451,940 | 297,730 | 51.8 | 623,785 |
| Oil & gas | 9,460 | — | 1,110 | 13,260 | 752.3 | (28.7) | — | 28,790 | (14,770) | (294.9) | 106,147 |
| Organized retail | 29,660 | — | 25,790 | 29,480 | 15.0 | 0.6 | — | 87,490 | 66,820 | 30.9 | 156,505 |
| Digital | 70,620 | — | 56,000 | 62,980 | 26.1 | 12.1 | — | 251,500 | 211,810 | 18.7 | 373,253 |
| Others | 21,160 | — | 8,980 | 14,610 | 135.6 | 44.8 | — | 59,040 | 49,920 | 18.3 | 71,069 |
| Total | 254,760 | — | 183,650 | 237,000 | 38.7 | 7.5 | — | 878,760 | 611,510 | 43.7 | 1,330,758 |
| Interest expense | (35,560) | — | (40,260) | (38,120) | (11.7) | (6.7) | — | (145,840) | (210,270) | (30.6) | (163,478) |
| Interest income | 25,180 | — | 27,750 | 33,010 | (9.3) | (23.7) | — | 109,040 | 108,280 | 0.7 | 55,528 |
| Other unallocable (net) | (21,480) | — | (15,290) | 20,380 | 40.5 | (205.4) | — | (43,390) | (11,330) | 283.0 | (32,500) |
| PBT | 222,900 | — | 155,850 | 252,270 | 43.0 | (11.6) | — | 798,570 | 498,190 | 60.3 | 1,190,309 |
| Current tax | 44,590 | — | (6,090) | (27,630) | (832.2) | (261.4) | — | (31,610) | (22,050) | 43.4 | (216,792) |
| Deferred tax | (88,490) | — | (7,780) | (19,250) | 1,037.4 | 359.7 | — | (131,360) | 4,830 | (2,819.7) | (74,282) |
| PAT | 179,000 | — | 141,980 | 205,390 | 26.1 | (12.8) | — | 635,600 | 480,970 | 32.1 | 899,234 |
| Assets | | | | | | | | | | | |
| O2C | 3,792,090 | — | 3,589,640 | 3,679,500 | 5.6 | 3.1 | — | 3,792,090 | 3,589,640 | 5.6 | — |
| Oil & gas | 349,380 | — | 351,630 | 372,760 | (0.6) | (6.3) | — | 349,380 | 351,630 | (0.6) | — |
| Organized retail | 1,247,360 | — | 983,610 | 1,091,890 | 26.8 | 14.2 | — | 1,247,360 | 983,610 | 26.8 | — |
| Digital | 3,719,070 | — | 3,059,650 | 3,679,020 | 21.6 | 1.1 | — | 3,719,070 | 3,059,650 | 21.6 | — |
| Others | 2,695,580 | — | 2,152,990 | 2,433,680 | 25.2 | 10.8 | — | 2,695,580 | 2,152,990 | 25.2 | — |
| Unallocated corporate | 3,362,060 | — | 3,256,380 | 3,324,940 | 3.2 | 1.1 | — | 3,362,060 | 3,256,380 | 3.2 | — |
| Total | 15,165,540 | — | 13,393,900 | 14,581,790 | 13.2 | 4.0 | — | 15,165,540 | 13,393,900 | 13.2 | — |
| Liabilities | | | | | | | | | | | |
| O2C | 613,360 | — | 442,840 | 509,550 | 38.5 | 20.4 | — | 613,360 | 442,840 | 38.5 | — |
| Oil & gas | 108,990 | — | 143,590 | 131,970 | (24.1) | (17.4) | — | 108,990 | 143,590 | (24.1) | — |
| Organized retail | 360,310 | — | 208,790 | 260,670 | 72.6 | 38.2 | — | 360,310 | 208,790 | 72.6 | — |
| Digital | 1,179,380 | — | 683,280 | 1,182,760 | 72.6 | (0.3) | — | 1,179,380 | 683,280 | 72.6 | — |
| Others | 245,610 | — | 143,430 | 141,870 | 71.2 | 73.1 | — | 245,610 | 143,430 | 71.2 | — |
| Unallocated corporate | 12,657,890 | — | 11,771,970 | 12,354,970 | 7.5 | 2.5 | — | 12,657,890 | 11,771,970 | 7.5 | — |
| Total | 15,165,540 | — | 13,393,900 | 14,581,790 | 13.2 | 4.0 | — | 15,165,540 | 13,393,900 | 13.2 | — |

Source: Company, Kotak Institutional Equities estimates

Exhibit 2: Interim standalone results of Reliance Industries, March fiscal year-ends (Rs mn)

| | 4QFY22 | 4QFY22E | 4QFY21 | 3QFY22 | (% chg.) | | | FY2022 | FY2021 | (% chg.) | FY2023E |
|----------------------------|------------------|------------------|----------------|------------------|--------------|-------------|-------------|------------------|------------------|--------------|------------------|
| | | | | | 4QFY22E | 4QFY21 | 3QFY22 | | | | |
| Net sales | 1,294,790 | 1,349,558 | 806,560 | 1,111,520 | (4.1) | 60.5 | 16.5 | 4,237,030 | 2,456,670 | 72.5 | 5,551,594 |
| Total expenditure | (1,148,980) | (1,205,940) | (704,630) | (972,570) | (4.7) | 63.1 | 18.1 | (3,713,900) | (2,121,670) | 75.0 | (4,787,391) |
| Inc/(Dec) in stock | (10,790) | — | (10,970) | 7,880 | | | | 79,620 | (6,100) | | — |
| Raw materials | (1,014,580) | (1,063,760) | (591,530) | (855,720) | (4.6) | 71.5 | 18.6 | (3,315,430) | (1,755,630) | 88.8 | (4,189,430) |
| Staff cost | (14,160) | (13,459) | (12,650) | (12,870) | 5.2 | 11.9 | 10.0 | (54,260) | (50,240) | 8.0 | (59,143) |
| Other expenditure | (109,450) | (128,721) | (89,480) | (111,860) | (15.0) | 22.3 | (2.2) | (423,830) | (309,700) | 36.9 | (538,817) |
| EBITDA | 145,810 | 143,618 | 101,930 | 138,950 | 1.5 | 43.0 | 4.9 | 523,130 | 335,000 | 56.2 | 764,203 |
| Other income | 30,720 | 33,486 | 27,970 | 34,430 | (8.3) | 9.8 | (10.8) | 138,720 | 148,180 | (6.4) | 143,916 |
| Finance cost | (19,840) | (23,421) | (30,010) | (23,010) | (15.3) | (33.9) | (13.8) | (91,230) | (162,110) | (43.7) | (97,023) |
| DD&A expense | (24,650) | (26,740) | (25,820) | (25,970) | (7.8) | (4.5) | (5.1) | (102,760) | (91,990) | 11.7 | (119,972) |
| Pretax profits | 132,040 | 129,175 | 74,070 | 124,400 | 2.2 | 78.3 | 6.1 | 467,860 | 229,080 | 104.2 | 691,124 |
| Extraordinaries | — | — | — | — | | | | — | 43,040 | | — |
| Current tax | 51,140 | (24,424) | 2,100 | (21,840) | | | | (7,870) | — | | (127,858) |
| Deferred tax | (72,240) | (765) | — | (890) | | | | (69,150) | 47,320 | | (24,189) |
| Reported net income | 110,940 | 103,721 | 76,170 | 101,670 | 7.0 | 45.6 | 9.1 | 390,840 | 319,440 | 22.4 | 539,077 |
| Adjusted net income | 110,940 | 103,721 | 76,170 | 101,670 | | | | 390,840 | 276,400 | | 539,077 |
| Adjusted EPS (Rs) | 17.5 | 16.3 | 12.6 | 16.0 | | | | 61.5 | 45.8 | | 84.9 |
| Effective tax rate (%) | 16.0 | 19.5 | (2.8) | 18.3 | | | | 16.5 | (17.4) | | 22.0 |
| Segment results | | | | | | | | | | | |
| Revenues | | | | | | | | | | | |
| O2C | 1,370,220 | | 895,830 | 1,197,790 | | 53.0 | 14.4 | 4,561,470 | 2,754,260 | 65.6 | |
| Oil & gas | 19,800 | | 5,300 | 20,580 | | 273.6 | (3.8) | 63,290 | 7,910 | 700.1 | |
| Others | 11,630 | | 8,220 | 10,500 | | 41.5 | 10.8 | 42,220 | 31,540 | 33.9 | |
| Gross turnover | 1,401,650 | | 909,350 | 1,228,870 | | 54.1 | 14.1 | 4,666,980 | 2,793,710 | 67.1 | |
| Inter segment | 1,040 | | 1,430 | 760 | | (27.3) | 36.8 | 2,730 | 4,310 | (36.7) | |
| Excise duty/GST | 60,700 | | 48,150 | 54,150 | | 26.1 | 12.1 | 210,500 | 138,710 | 51.8 | |
| Net sales | 1,339,910 | | 859,770 | 1,173,960 | | 55.8 | 14.1 | 4,453,750 | 2,650,690 | 68.0 | |
| Operating costs | | | | | | | | | | | |
| O2C | 1,242,260 | | 804,820 | 1,086,710 | | 54.4 | 14.3 | 4,117,220 | 2,467,690 | 66.8 | |
| Oil & gas | 10,620 | | 4,360 | 9,750 | | 143.6 | 8.9 | 38,700 | 7,490 | 416.7 | |
| Others | 7,390 | | 5,660 | 6,510 | | 30.6 | 13.5 | 26,190 | 18,050 | 45.1 | |
| Total | 18,010 | | 10,020 | 16,260 | | 79.7 | 10.8 | 64,890 | 25,540 | 154.1 | |
| EBIT | | | | | | | | | | | |
| O2C | 127,960 | | 91,010 | 111,080 | | 40.6 | 15.2 | 444,250 | 286,570 | 55.0 | |
| Oil & gas | 9,180 | | 940 | 10,830 | | NA | (15.2) | 24,590 | 420 | 5,754.8 | |
| Others | 4,240 | | 2,560 | 3,990 | | 65.6 | 6.3 | 16,030 | 13,490 | 18.8 | |
| Total | 141,380 | | 94,510 | 125,900 | | 49.6 | 12.3 | 484,870 | 300,480 | 61.4 | |
| Interest expense | (19,840) | | (30,010) | (23,010) | | (33.9) | (13.8) | (91,230) | (162,110) | (43.7) | |
| Interest income | 32,280 | | 24,760 | 32,550 | | 30.4 | (0.8) | 123,190 | 109,590 | 12.4 | |
| Other unallocable (net) | (21,780) | | (15,190) | (11,040) | | | | (48,970) | (18,880) | | |
| PBT | 132,040 | | 74,070 | 124,400 | | 78.3 | 6.1 | 467,860 | 229,080 | 104.2 | |
| Current tax | 51,140 | | 2,100 | (21,840) | | | | (7,870) | - | | |
| Deferred tax | (72,240) | | - | (890) | | | | (69,150) | 47,320 | | |
| PAT | 110,940 | | 76,170 | 101,670 | | 45.6 | 9.1 | 390,840 | 319,440 | 22.4 | |

Source: Company, Kotak Institutional Equities estimates

Segment-wise performance

- ▶ **Jio—robust results as reduction in subscriber base offset by higher ARPU and operating leverage.** EBITDA was 5% above our expectations, reflecting 3.5% higher-than-anticipated revenues and operating leverage. Revenue increased 8% qoq to Rs209.1 bn as 10.9mn decline (-2.6%) in EoP subscribers to 410.2 mn was offset by 10.5% increase in ARPU to Rs167.6/month. EBITDA increased 10.5% qoq to Rs105.1 bn with margins increasing to 50.3% from 49.2% in the previous quarter. Jio reported net income of Rs41.7 bn, which was 10% above our estimate as higher EBITDA offset lower than anticipated other income.

Gross subscriber additions remained robust at 35.5 mn, however, the company accounted large subscriber exits of 46.4 mn reflecting loss of lower-end subscribers and SIM consolidation following the price hikes taken for the prepaid segment. The management indicated the SIM consolidation cycle was nearing completion and most of the tariff hike has been absorbed. Implied that monthly churn rate remained elevated at 3.7% versus 3.4% in the previous quarter and well above the 1-2% range in the earlier quarters. Our calculations suggest an implied net gain of subscribers in the month of March of 2.2mn versus a loss of 9.3mn in January and 3.7mn in February 2022.

Implied ARPU increased 10.5% sequentially to Rs167.6/sub/month underpinned by nearing full flow through of tariff hikes taken at the start of December and an improved subscriber mix. Operating metrics exhibited healthy trends as data consumption per user increased 7.2% qoq to 19.7 GB per month and voice consumption per user increased 6.8% qoq to 962 minutes per month.

JPL's reported financials imply around 9% increase in non-telecom revenues to Rs13.6 bn from Rs12.5 bn in 3QFY22; EBITDA increased by 7% to Rs3.6 bn from Rs3.4 bn in 3QFY22.

In FY2022, Jio's revenues grew by 10% yoy to Rs769.8 bn reflecting 16mn net decrease in subscriber base, which was offset by a 7% increase in realized ARPUs to Rs153.4; ARPUs are not comparable yoy owing removal of IUC from January 2021. EBITDA increased 22% to Rs376.3 bn and net income increased 23% to Rs148.2 bn. In FY2022, JPL's non-telecom revenues increased 28% to Rs46.1 bn and EBITDA increased sharply by 40% to Rs12.6 bn.

Growth for JioFiber remains strong, with the segment reporting an addition of ~0.7mn homes qoq to around ~5.3 mn from ~4.6 mn at the end of 3QFY22.

Jio launched new Set Top Box plans, offering the device at zero cost and plans beginning from Rs100/month.

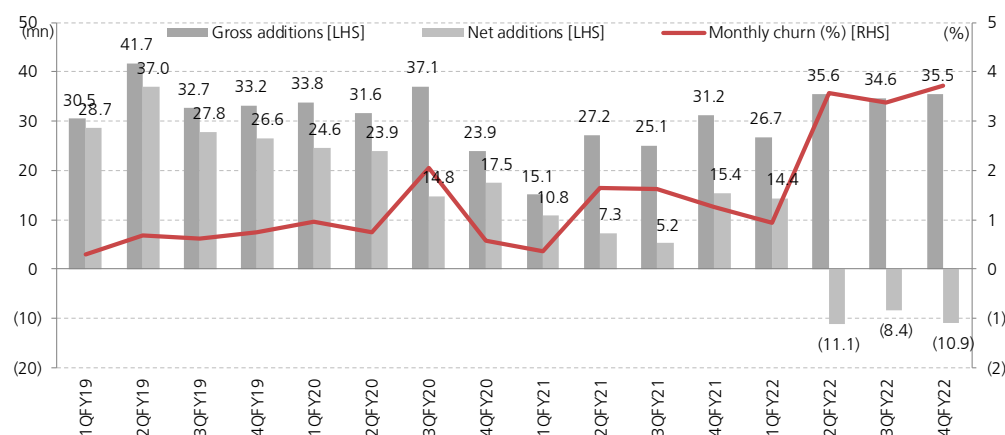
Exhibit 3: Quarterly results of Jio, March fiscal year-ends (Rs mn)

| | 4QFY22 | 4QFY22E | 4QFY21 | 3QFY22 | (% chg.) | | | FY2022 | FY2021 | (% chg.) | FY2023E |
|--|----------------|---------------|---------------|---------------|--------------|--------------|--------------|----------------|----------------|-------------|----------------|
| | | | | | 4QFY22E | 4QFY21 | 3QFY22 | | | | |
| Profit model | | | | | | | | | | | |
| Revenues | 209,010 | 201,942 | 173,580 | 193,470 | 3.5 | 20.4 | 8.0 | 769,770 | 698,880 | 10.1 | 942,276 |
| Interconnect | (1,900) | (2,462) | (1,790) | (2,290) | (22.8) | 6.1 | (17.0) | (8,060) | (46,310) | (82.6) | (9,449) |
| LF/SUC | (25,040) | (24,478) | (19,520) | (22,520) | 2.3 | 28.3 | 11.2 | (90,740) | (77,550) | 17.0 | (110,574) |
| Network operating costs | (65,330) | (63,582) | (57,540) | (62,430) | 2.7 | 13.5 | 4.6 | (250,130) | (220,580) | 13.4 | (276,223) |
| Employee costs | (3,680) | (3,951) | (3,450) | (3,610) | (6.9) | 6.7 | 1.9 | (14,220) | (13,370) | 6.4 | (15,206) |
| SG&A and other costs | (7,960) | (7,741) | (8,380) | (7,480) | 2.8 | (5.0) | 6.4 | (30,320) | (31,940) | (5.1) | (32,675) |
| EBITDA | 105,100 | 99,728 | 82,900 | 95,140 | 5.4 | 26.8 | 10.5 | 376,300 | 309,130 | 21.7 | 498,148 |
| Other income | 440 | 1,640 | 230 | 1,550 | | | | 2,270 | 5,480 | | 1,021 |
| Finance cost | (12,180) | (11,831) | (8,000) | (12,540) | 3.0 | 52.3 | (2.9) | (43,770) | (38,400) | 14.0 | (42,335) |
| Depreciation and amortization | (37,440) | (38,805) | (30,150) | (35,680) | (3.5) | 24.2 | 4.9 | (136,150) | (115,340) | 18.0 | (155,395) |
| Profit before taxes | 55,920 | 50,732 | 44,980 | 48,470 | 10.2 | 24.3 | 15.4 | 198,650 | 160,870 | 23.5 | 301,439 |
| Extraordinaries | — | — | — | — | | | | — | — | | — |
| Current tax | — | — | — | — | | | | — | — | | (61,795) |
| Deferred tax | (14,190) | (12,886) | (11,380) | (12,320) | | | | (50,480) | (40,720) | | (15,072) |
| Net income | 41,730 | 37,846 | 33,600 | 36,150 | 10.3 | 24.2 | 15.4 | 148,170 | 120,150 | 23.3 | 224,572 |
| Adjusted net income | 41,730 | 37,846 | 33,600 | 36,150 | 10.3 | 24.2 | 15.4 | 148,170 | 120,150 | 23.3 | 224,572 |
| Contribution to RIL's EPS (Rs) | 6.6 | 6.0 | 5.6 | 5.7 | | | | 23.3 | 19.9 | | 35.4 |
| Operational metrics | | | | | | | | | | | |
| EOP subscribers (mn) | 410.2 | 415.1 | 426.2 | 421.1 | (1.2) | (3.8) | (2.6) | 410.2 | 426.2 | (3.8) | 443.7 |
| Average subscribers (mn) | 415.7 | 418.1 | 418.5 | 425.3 | (0.6) | (0.7) | (2.3) | 418.2 | 406.9 | 2.8 | 426.9 |
| ARPU (Rs/month) | 167.6 | 161.0 | 138.3 | 151.6 | 4.1 | 21.2 | 10.5 | 153.4 | 143.1 | 7.2 | 183.9 |
| EBITDA margins (%) | 50.3 | 49.4 | 47.8 | 49.2 | 90 bps | 253 bps | 111 bps | 48.9 | 44.2 | 465 bps | 52.9 |
| Data consumption (bn GB) | 24.6 | 24.1 | 16.7 | 23.5 | 2.1 | 47.3 | 4.8 | 91,377 | 62,490 | 46.2 | 111.9 |
| Data consumption per user (GB/month) | 19.7 | 19.2 | 13.3 | 18.4 | 2.7 | 48.3 | 7.2 | 18,208 | 12.8 | 42.3 | 21.8 |
| Voice consumption (bn min) | 1,200 | 1,175 | 1,033 | 1,150 | 2.1 | 16.1 | 4.4 | 4,510 | 3,835 | 17.6 | 4,423 |
| Voice consumption per user (min/month) | 962 | 937 | 823 | 901 | 2.7 | 16.9 | 6.8 | 899 | 786 | 14.4 | 863 |
| Net subscriber additions (mn) | (10.9) | (6.0) | 15.4 | (8.4) | 81.7 | (170.8) | 29.8 | (16.0) | 38.7 | (141.3) | 33.5 |
| Total levies (%) | 12.1 | 12.3 | 11.4 | 11.8 | | | | 11.9 | 11.9 | | 11.9 |
| Tax rate (%) | 25.4 | 25.4 | 25.3 | 25.4 | | | | 25.4 | 25.3 | | 25.5 |

Source: Company, Kotak Institutional Equities estimates

Exhibit 4: Jio's net subscriber additions declined sharply led by high churn in lower-end subscribers and sim consolidation

Quarterly gross and net subscriber additions for Jio, March fiscal year-ends, 1QFY19 onwards (mn)



Source: Company, Kotak Institutional Equities

Exhibit 5: Our calculations suggest Jio gained mn subscribers in March
Implied subscriber loss for Jio in March 2022 based on reported 4QFY22 data

| | (# mn) |
|--|------------|
| Jio's EoP subscriber base at end-4QFY22 | 410.2 |
| Wireless subscriber base at end-Feb 2022 | 402.7 |
| Fixed BB subscriber base at end-Feb 2022 | 5.0 |
| Overall subscriber base at end-Feb 2022 | 407.8 |
| FTTH subscribers as of end-Mar 2022 | 5.3 |
| Implied wireless subscriber base at end-Mar 2022 | 404.9 |
| Implied overall wireless subscriber gain/(loss) in Mar 2022 | 2.2 |
| Implied fixed BB subscriber additions in Mar 2022 | 0.3 |

Source: Company, Kotak Institutional Equities estimates

Exhibit 6: Quarterly results of Jio Platforms, March fiscal year-ends, 1QFY21 onwards (Rs mn)

| | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Profit model | | | | | | | | |
| Revenues | 172,540 | 184,960 | 194,750 | 182,780 | 189,520 | 197,770 | 205,970 | 222,610 |
| EBITDA | 73,320 | 79,710 | 84,830 | 85,730 | 88,920 | 92,940 | 100,080 | 109,180 |
| Finance cost | (11,700) | (10,240) | (8,510) | (8,010) | (8,230) | (10,860) | (12,570) | (1,220) |
| Depreciation and amortization | (27,760) | (29,100) | (29,520) | (30,640) | (31,650) | (32,400) | (36,610) | (38,380) |
| Profit before taxes | 33,860 | 40,370 | 46,800 | 47,080 | 49,040 | 49,680 | 50,900 | 58,600 |
| Net income | 25,200 | 30,200 | 34,860 | 35,080 | 36,510 | 37,280 | 37,950 | 42,980 |
| Contribution to RIL's EPS (Rs) | 4.3 | 5.1 | 5.9 | 5.9 | 6.1 | 6.2 | 6.3 | 7.1 |
| Operational metrics | | | | | | | | |
| Non-telecom revenues | 6,970 | 10,150 | 9,830 | 9,200 | 9,580 | 10,420 | 12,500 | 13,600 |
| Non-telecom EBITDA | 510 | 2,700 | 3,170 | 2,600 | 2,610 | 2,910 | 3,390 | 3,640 |
| EOP subscribers (mn) | 398.3 | 405.6 | 410.8 | 426.2 | 440.6 | 429.5 | 421.1 | 410.2 |
| Average subscribers (mn) | 392.9 | 402.0 | 408.2 | 418.5 | 433.4 | 435.1 | 425.3 | 415.7 |
| ARPU (Rs/month) | 140.5 | 145.0 | 151.0 | 138.3 | 138.4 | 143.5 | 151.6 | 167.6 |
| EBITDA margins (%) | 42.3 | 42.9 | 43.9 | 47.8 | 47.9 | 48.0 | 49.2 | 50.3 |
| Data consumption (bn GB) | 14.7 | 15.2 | 15.9 | 16.7 | 20.3 | 23.0 | 23.5 | 24.6 |
| Data consumption per user (GB/month) | 12.5 | 12.6 | 13.0 | 13.3 | 15.6 | 17.6 | 18.4 | 19.7 |
| Voice consumption (bn min) | 891 | 936 | 975 | 1,033 | 1,060 | 1,090 | 1,150 | 1,200 |
| Voice consumption per user (min/month) | 756 | 776 | 796 | 823 | 815 | 835 | 901 | 962 |
| Net adds (mn) | 10.8 | 7.3 | 5.2 | 15.4 | 14.4 | (11.1) | (8.4) | (10.9) |
| Total levies (%) | 12.0 | 12.2 | 12.0 | 11.4 | 11.9 | 11.8 | 11.8 | 12.1 |
| Tax rate (%) | 25.3 | 25.3 | 25.3 | 25.3 | 25.4 | 25.4 | 25.4 | 25.4 |

Source: Company, Kotak Institutional Equities

Exhibit 7: Quarterly performance of digital segment (including Den/Hathway and others), March fiscal year-ends, 1QFY20 onwards

| | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Financials (Rs bn) | | | | | | | | | | | | |
| Gross revenues | 149.1 | 156.2 | 175.6 | 186.3 | 213.0 | 226.8 | 236.8 | 226.3 | 234.0 | 243.6 | 252.0 | 272.0 |
| EBITDA | 49.1 | 53.2 | 58.3 | 64.5 | 78.0 | 83.5 | 89.4 | 89.5 | 92.7 | 95.6 | 102.3 | 112.1 |
| DD&A | 18.3 | 20.0 | 19.8 | 23.5 | 31.0 | 31.9 | 32.3 | 33.5 | 34.9 | 35.5 | 39.3 | 41.5 |
| EBIT | 30.8 | 33.2 | 38.6 | 41.0 | 47.1 | 51.6 | 57.2 | 56.0 | 57.8 | 60.1 | 63.0 | 70.6 |
| Total assets | 3,659 | 3,676 | 2,569 | 2,774 | 2,930 | 2,905 | 2,872 | 3,060 | 3,383 | 3,610 | 3,679 | 3,719 |
| Operating metrics | | | | | | | | | | | | |
| EOP subscribers (mn) | 331.3 | 355.2 | 370.0 | 387.5 | 398.3 | 405.6 | 410.8 | 426.2 | 440.6 | 429.5 | 421.1 | 410.2 |
| ARPU (Rs/month) | 129.4 | 127.5 | 128.4 | 130.6 | 140.5 | 145.0 | 151.0 | 138.3 | 138.4 | 143.5 | 151.6 | 167.6 |
| EBITDA margins (%) | 32.9 | 34.1 | 33.2 | 34.6 | 36.6 | 36.8 | 37.8 | 39.5 | 39.6 | 39.2 | 40.6 | 41.2 |
| Data consumption per user (GB/month) | 11.4 | 11.7 | 11.4 | 11.6 | 12.5 | 12.6 | 13.0 | 13.3 | 15.6 | 17.6 | 18.4 | 19.7 |
| Voice consumption per user (min/month) | 821 | 789 | 760 | 771 | 756 | 776 | 796 | 823 | 815 | 835 | 901 | 962 |

Source: Company, Kotak Institutional Equities estimates

- ▶ **Retail—lower than anticipated results reflect impact of the pandemic.** The segment witnessed Covid related issues in the month of January 2022, however the operating environment improved steadily over February and March exceeded pre-Covid levels. RR's revenues and EBITDA were below our estimates in 4QFY22 largely reflecting slower-than-anticipated growth for core revenues. Overall retail revenues increased 23% yoy to Rs580 bn (+1% qoq) reflecting 9% yoy increase in core retail sales; however, our estimates for core revenues ex-digital and new commerce indicate revenues declined 11% yoy due to the impact of the pandemic.

Digital and new commerce accounted for 19% of core retail sales in 4QFY22, up from ~12% in 3QFY22. We understand that this amount includes Ajo, reliancedigital.in and JioMart's B2C as well as B2B offering for kiranas/merchants.

Reported EBITDA of Rs37.1 bn included investment income of Rs1.2 bn earned on funds from capital raise; adjusted EBITDA increased 2% qoq to Rs35.9 bn with margins rising by ~10 bps. Segment EBIT moderated 5% yoy and 1% qoq to Rs30.9 bn; adjusted EBIT excluding investment income increased 15% yoy and 1% qoq to Rs29.7 bn. The company has not provided break-up of retail revenues across categories.

RR's operational performance improved further in 4QFY22 benefitting from an improvement in operating environment—(1) 98% of total stores were operational versus 97% in 3QFY22, 89% in 2QFY22 and 61% in 1QFY22 and (2) footfalls exceeded pre-Covid, now at 104% versus 95% in 3QFY22, 78% in 2QFY22 and 46% in 1QFY22.

RR added—(1) 793 stores and shut down 9 stores leading to a net addition of 784 stores, and added 1.6 mn sq. ft of retail area and (2) 71 new warehousing and fulfilment centres with an area of 3.1 mn sq. feet in the quarter. JioMart continues to scale up its merchant base, the current base is up 4X over the previous year.

The grocery segment reported record revenues in 4QFY22; the segment grew ahead of the industry and customer footfalls exceeded pre-Covid levels. Over 2,000 grocery stores were operational in the quarter.

JioMart continued to grow at a strong pace—merchants on the platform increased 4X yoy; JioMart is also augmenting its supply chain to improve delivery performance.

Fashion and lifestyle segment saw strong double digit growth in 4QFY22 driven by footfalls exceeding pre-Covid levels and ABVs increasing 27% yoy. Trends Small Town launched its 600th store (+100 stores qoq).

AJIO's delivered another record quarter amid strong event execution and activations. The platform recorded its highest ever monthly sales in March 2022 during its 'All Star Sale' campaign. Tier 3 and below towns account for ~2/3rd of AJIO's overall orders

Revenue from new commerce ventures increased 3.5X yoy; the segment increased the overall catalogue by 55% yoy, added 750 labels and launched 4 own brands. Tier 3 and below towns account for 75% of overall orders.

Zivame reported strong double digit growth yoy; Zivame market place is also being scaled up to showcase a larger variety of brands and categories and

Consumer electronics continued to reported strong double digit growth in store sales driven by broad based growth across all categories. Digital crossed 500 stores in 3QFY22. Revenues from own/licensed brands increased 70% qoq driven by local activations and national campaigns. JioMart Digital has seen a 50% increase in merchant base sequentially.

Netmeds reported a 2X yoy increase in store productivity and online orders; the catalogue increased 40% yoy and has added OTC, beauty, Ayush and homeopathy products; daily orders increased 1.6X and MAU witnessed a 2X increase; hyper local deliveries are now being executed across over 8,000 pin codes and now account for 30% of total sales; new commerce operations have scaled up to 1,900+ cities and the merchant base doubled sequentially.

In FY2022, the retail segment reported revenues of Rs2 tn, up 28% yoy and EBITDA (excluding investment income) of Rs109.5 bn, which increased 29% yoy.

Exhibit 8: Quarterly performance of retail segment, March fiscal year-ends, 1QFY20 onwards

| | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating metrics | | | | | | | | | | | | |
| Retail stores (#) | 10,644 | 10,901 | 11,316 | 11,784 | 11,806 | 11,931 | 12,201 | 12,711 | 12,803 | 13,635 | 14,412 | 15,196 |
| Area (mn sq. ft) | 23.0 | 24.5 | 26.3 | 28.6 | 28.7 | 29.9 | 31.2 | 33.8 | 34.5 | 37.3 | 40.0 | 41.6 |
| Financials | | | | | | | | | | | | |
| Revenue | 382 | 412 | 453 | 382 | 316 | 392 | 378 | 471 | 385 | 454 | 577 | 580 |
| Core retail | 215 | 247 | 271 | 195 | 122 | 181 | 189 | 293 | 201 | 222 | 337 | 321 |
| Jio and fuel | 167 | 165 | 183 | 187 | 194 | 211 | 189 | 178 | 184 | 232 | 240 | 259 |
| Share of digital + new commerce (%) | | | | | 4 | | | 10 | 20 | 20 | 12 | 19 |
| EBITDA | 20.5 | 23.2 | 27.3 | 25.6 | 10.8 | 20.1 | 23.1 | 30.8 | 13.9 | 24.4 | 35.4 | 35.9 |
| Core retail | 17.4 | 20.2 | 23.7 | 21.9 | | | | | | | | |
| Jio and fuel | 3.1 | 3.0 | 3.5 | 3.7 | | | | | | | | |
| EBIT | 17.8 | 20.4 | 23.9 | 20.6 | 7.2 | 15.2 | 18.3 | 25.8 | 9.0 | 19.3 | 29.5 | 29.7 |
| Net profit | | | | 15.5 | 4.3 | 9.7 | 18.3 | 22.5 | 9.6 | 17.0 | 22.6 | 21.4 |
| Growth (%) | | | | | | | | | | | | |
| Revenue | 48 | 27 | 27 | 4 | (17) | (5) | (17) | 23 | 22 | 16 | 53 | 23 |
| Core retail | 52 | 34 | 36 | (7) | (43) | (27) | (30) | 50 | 65 | 23 | 78 | 9 |
| Jio and fuel | 42 | 18 | 17 | 19 | 16 | 28 | 4 | (5) | (5) | 10 | 27 | 46 |
| Margins (%) | | | | | | | | | | | | |
| EBITDA | 5.4 | 5.6 | 6.0 | 6.7 | 3.4 | 5.1 | 6.1 | 6.6 | 3.6 | 5.4 | 6.1 | 6.2 |
| Core retail | 8.1 | 8.2 | 8.8 | 11.2 | | | | | | | | |
| Jio and fuel | 1.8 | 1.8 | 1.9 | 2.0 | | | | | | | | |
| EBIT | 4.7 | 4.9 | 5.3 | 5.4 | 2.3 | 3.9 | 4.8 | 5.5 | 2.3 | 4.3 | 5.1 | 5.1 |

Source: Company, Kotak Institutional Equities

- **O2C—strong performance driven as higher refining margins offsets weak petchem margins.** Segment EBITDA increased by 5% qoq to Rs142.4 bn in 4QFY22, modestly higher than our expectations reflecting higher refining margins. RIL benefitted from a strong sequential increase in refining margins driven by a robust increase in spreads for transportation fuels, which was partially offset by a decline in petchem margins amid weak naphtha cracking margins and oversupply in fiber intermediates. The availability of domestic gas and internal fuels enabled RIL to protect itself from adversely higher LNG prices in 4QFY22. RIL's crackers operated at 99% in 4QFY22 versus global average of 84%.

RIL maximized the production of middle distillates to capture the sequential increase in spreads driven by (1) demand recovery in Asia (2) supply disruptions due to the Russia-Ukraine conflict, (3) curtailed Chinese exports and (4) low global inventory levels. RIL deferred planned maintenance activities in 4QFY22 to capture elevated margins.

Production volumes meant for sale for (1) transportation fuels (diesel, gasoline and ATF) moderated 2% qoq to 10.7 mn tons, (2) petrochemicals (polymer, polyester and fiber) increased qoq to 3.2 mn tons versus 3.1 mn tons in 3QFY22 and (3) chemicals and others declined 6% qoq to 3.4 mn tons. Overall feedstock throughput (including external purchases of naphtha, ethane and propane) declined 2% qoq to 19.3 mn tons.

Domestic demand for—(1) polymers increased 3% qoq and yoy in 4QFY22; polymer demand is now 16% above pre-Covid levels; PVC demand declined 2% yoy impacted by record prices and unseasonal rains and (2) polyesters increased 1% yoy in 4QFY22 and is now 22% above pre-Covid levels; demand growth for PSF and PET was strong at 4% and 9% respectively, while PFY demand declined 3% yoy impacted by volatility in prices.

In FY2022, the O2C segment EBITDA increased 38% yoy to Rs527.2 bn, driven by higher throughput and realized margins for refining and petrochemicals..

Exhibit 9: Quarterly performance of O2C segment, March fiscal year-ends, 2QFY21 onwards

| | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Financials (Rs bn) | | | | | | | |
| Revenue | 761.8 | 838.4 | 1,010.8 | 1,032.1 | 1,204.8 | 1,314.3 | 1,457.9 |
| EBITDA | 88.4 | 97.6 | 114.1 | 122.3 | 127.2 | 135.3 | 142.4 |
| DD&A | 20.9 | 21.1 | 22.3 | 18.4 | 19.7 | 18.6 | 18.6 |
| EBIT | 67.5 | 76.5 | 91.8 | 103.9 | 107.5 | 116.7 | 123.9 |
| Total assets | 3,605 | 3,604 | 3,590 | 3,666 | 3,697 | 3,680 | 3,792 |
| Operating metrics (mn tons) | | | | | | | |
| Feedstock throughput | 16.8 | 18.2 | 18.7 | 19.0 | 18.7 | 19.7 | 19.3 |
| Production meant for sale | | | | | | | |
| Transportation Fuels | 8.7 | 9.7 | 9.9 | 9.8 | 9.8 | 10.9 | 10.7 |
| Polymers | 1.5 | 1.5 | 1.5 | 1.4 | 1.5 | 1.5 | 1.5 |
| Fiber Intermediates | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 |
| Polyesters | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 |
| Chemicals and Others | 3.0 | 3.3 | 3.5 | 3.6 | 3.8 | 3.6 | 3.4 |
| Total | 14.9 | 16.2 | 16.6 | 16.5 | 16.8 | 17.6 | 17.3 |

Source: Company, Kotak Institutional Equities

- **Upstream—modest decline in volumes; realizations remained steady.** Financials for the segment are not comparable on a qoq/yoy basis given the divestment of the shale business. Reported revenues stood at Rs20 bn and EBITDA was at Rs15.6 bn. Overall volumes for the quarter were modestly lower on account of lower production from KGD6 due to well testing activities carried out in the quarter and natural decline for CBM production. KGD6 volumes were at 18 mn scm/d in the 4QFY22 and gas price realization also remained steady.

RIL remains on track to produce first gas from the MJ field by 3QFY23. Guidance remained unchanged on achieving cumulative peak production of ~30 mcm/d in CY2023 from the three KG D6 projects.

Exhibit 10: Quarterly performance of E&P segment, March fiscal year-ends, 1QFY20 onwards

| | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Financials (Rs bn) | | | | | | | | | | | | |
| Revenues | 9.2 | 7.9 | 8.7 | 6.3 | 5.1 | 3.6 | 4.3 | 8.5 | 12.8 | 16.4 | 25.6 | 20.1 |
| EBITDA | 2.1 | 1.3 | 0.6 | (0.5) | (0.3) | (1.9) | 0.04 | 4.80 | 7.97 | 10.71 | 20.33 | 15.56 |
| DD&A | 4.6 | 4.3 | 4.3 | 4.4 | 4.8 | 4.4 | 4.5 | 3.7 | 5.7 | 6.9 | 7.1 | 6.1 |
| EBIT | (2.5) | (3.1) | (3.7) | (4.9) | (5.1) | (6.3) | (4.5) | 1.1 | 2.3 | 3.8 | 13.3 | 9.5 |
| Operating metrics | | | | | | | | | | | | |
| Domestic gas production (bcf) | 10 | 10 | 9 | 4 | 3 | 3 | 3 | 18 | 36 | 42 | 42 | 40 |
| US shale production (bcfe) | 18 | 20 | 24 | 26 | 25 | 25 | 23 | 7 | 10 | 11 | NA | NA |
| Exchange rate (Rs/US\$) | 69.5 | 70.4 | 71.2 | 72.5 | 75.9 | 74.4 | 73.8 | 72.9 | 73.8 | 74.1 | 74.9 | 75.2 |

Source: Company, Kotak Institutional Equities

- **Financial services.** Revenues for the financial service segment declined 14% qoq to Rs 5.3bn in 4QFY22 from Rs6.1 bn in 3QFY22 and EBITDA declined to Rs1.7 bn from Rs2.5 bn in the previous quarter. Total assets increased to Rs1.1 tn from Rs0.98 tn in 3QFY22 likely due to MTM gain on treasury stock held by the financial services segment.

Exhibit 11: Quarterly performance of financial services segment, 1QFY20 onwards

| | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Financials (Rs bn) | | | | | | | | | | | | |
| Revenues | 5.1 | 5.4 | 3.6 | 7.8 | 6.9 | 6.1 | 6.4 | 4.6 | 4.8 | 4.9 | 6.1 | 5.3 |
| EBITDA | 1.2 | 2.5 | 0.9 | 3.5 | 3.8 | 5.3 | 3.0 | 1.4 | 1.3 | 1.9 | 2.5 | 1.7 |
| Total assets | 132 | 239 | 175 | 684 | 838 | 1,080 | 966 | 804 | 873 | 1,021 | 984 | 1,086 |
| Operating metrics | | | | | | | | | | | | |
| EBITDA margins (%) | 23.8 | 45.1 | 25.9 | 45.0 | 55.1 | 86.6 | 47.3 | 31.1 | 27.6 | 38.5 | 40.3 | 32.8 |

Source: Company, Kotak Institutional Equities

Key highlights of balance sheet and cash flow movement

Exhibit 12: Borrowings and other financial liabilities increased in FY2022

Standalone, Jio and consolidated balance sheet, March fiscal year-ends, 2020 onwards (Rs bn)

| | Standalone | | | | Jio | | | | Consolidated | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | 31-Mar-20 | 31-Mar-21 | 30-Sep-21 | 31-Mar-22 | 31-Mar-20 | 31-Mar-21 | 30-Sep-21 | 31-Mar-22 | 31-Mar-20 | 31-Mar-21 | 30-Sep-21 | 31-Mar-22 |
| ASSETS | | | | | | | | | | | | |
| Non-current assets | | | | | | | | | | | | |
| Property, plant and equipment | 2,978 | 2,921 | 2,892 | 2,238 | 1,029 | 1,151 | 1,200 | 1,324 | 4,359 | 4,511 | 4,599 | 5,005 |
| Capital work-in-progress | 156 | 208 | 243 | 193 | 212 | 169 | 183 | 192 | 591 | 712 | 777 | 681 |
| Goodwill | | | | | | | | 0 | 103 | 102 | 112 | 130 |
| Other intangible assets | 86 | 147 | 170 | 158 | 606 | 560 | 862 | 842 | 865 | 800 | 1,137 | 1,143 |
| Intangible assets under development | 123 | 121 | 117 | 154 | 1 | 1 | 279 | 286 | 500 | 548 | 910 | 1,045 |
| Financial assets | | | | | | | | | | | | |
| Investments | 4,191 | 2,526 | 2,696 | 3,305 | 11 | 11 | 11 | 11 | 2,039 | 2,124 | 2,487 | 2,861 |
| Loans | 443 | 657 | 651 | 442 | 0 | 0 | 0 | 0 | 217 | 25 | 38 | 40 |
| Other non-current assets | 45 | 50 | 71 | 73 | 275 | 384 | 235 | 240 | 403 | 661 | 520 | 622 |
| Total non-current assets | 8,023 | 6,630 | 6,841 | 6,563 | 2,133 | 2,277 | 2,770 | 2,895 | 9,077 | 9,482 | 10,579 | 11,526 |
| Current assets | | | | | | | | | | | | |
| Inventories | 388 | 374 | 452 | 459 | | | | | 739 | 817 | 926 | 1,078 |
| Financial assets | | | | | | | | | | | | |
| Investments | 700 | 947 | 1,022 | 783 | 14 | 4 | 40 | 6 | 729 | 1,524 | 1,528 | 1,081 |
| Trade receivables | 75 | 42 | 67 | 144 | 16 | 14 | 50 | 43 | 197 | 190 | 175 | 236 |
| Cash and bank balance | 84 | 56 | 60 | 217 | 75 | 6 | 5 | 6 | 309 | 174 | 191 | 362 |
| Loans | 150 | 10 | 10 | 2 | | | | | 7 | 1 | 1 | 1 |
| Other financial assets | 161 | 596 | 482 | 549 | 11 | 6 | 6 | 36 | 274 | 611 | 479 | 239 |
| Other current assets | 107 | 83 | 69 | 70 | 169 | 194 | 195 | 199 | 328 | 413 | 417 | 473 |
| Total current assets | 1,666 | 2,107 | 2,161 | 2,224 | 284 | 224 | 296 | 290 | 2,583 | 3,730 | 3,716 | 3,470 |
| Total assets | 9,689 | 8,737 | 9,002 | 8,787 | 2,417 | 2,501 | 3,066 | 3,185 | 11,659 | 13,212 | 14,295 | 14,997 |
| EQUITY & LIABILITIES | | | | | | | | | | | | |
| Equity | | | | | | | | | | | | |
| Equity share capital | 63 | 64 | 66 | 68 | 450 | 450 | 450 | 450 | 63 | 64 | 66 | 68 |
| Other equity | 4,182 | 4,680 | 4,814 | 4,648 | 1,260 | 1,380 | 1,450 | 1,528 | 4,470 | 6,937 | 7,353 | 7,727 |
| Non-controlling interest | | | | | | | | | 80 | 993 | 1,038 | 1,095 |
| Total equity | 4,246 | 4,745 | 4,880 | 4,715 | 1,710 | 1,830 | 1,900 | 1,978 | 4,613 | 7,994 | 8,456 | 8,890 |
| Non-current liabilities | | | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | | | |
| Borrowings | 1,788 | 1,606 | 1,523 | 1,672 | | 4 | 6 | 162 | 1,976 | 1,637 | 1,557 | 1,877 |
| Other financial liabilities | 43 | 40 | 51 | 60 | 135 | 151 | 139 | 142 | 188 | 216 | 212 | 250 |
| Deferred payment liabilities | | | | | 188 | 188 | 487 | 372 | 188 | 188 | 487 | 372 |
| Deferred tax liabilities (net) | 506 | 308 | 301 | 308 | | 25 | 49 | 76 | 541 | 370 | 391 | 496 |
| Long-term provisions | 5 | 20 | 21 | 21 | | | | 1 | 23 | 31 | 33 | 25 |
| Total non-current liabilities | 2,341 | 1,974 | 1,895 | 2,062 | 323 | 369 | 681 | 752 | 2,917 | 2,442 | 2,680 | 3,020 |
| Current liabilities | | | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | | | |
| Borrowings | 513 | 611 | 643 | 273 | 232 | 108 | 172 | 263 | 938 | 881 | 1,002 | 786 |
| Trade payables | 710 | 870 | 1,144 | 1,340 | 47 | 22 | 21 | 20 | 968 | 1,089 | 1,321 | 1,593 |
| Other financial liabilities | 1,206 | 332 | 286 | 333 | 50 | 80 | 222 | 81 | 1,448 | 450 | 548 | 472 |
| Other current liabilities | 662 | 196 | 125 | 54 | 55 | 91 | 69 | 90 | 757 | 330 | 243 | 216 |
| Short-term provisions | 11 | 9 | 29 | 9 | 1 | 1 | 1 | 1 | 19 | 25 | 45 | 19 |
| Total current liabilities | 3,102 | 2,018 | 2,227 | 2,010 | 384 | 302 | 485 | 455 | 4,129 | 2,776 | 3,160 | 3,087 |
| Total equity and liabilities | 9,689 | 8,737 | 9,002 | 8,787 | 2,417 | 2,501 | 3,066 | 3,185 | 11,659 | 13,212 | 14,295 | 14,997 |

Source: Company, Kotak Institutional Equities

- ▶ **Effective net debt increased to Rs883 bn from Rs594 bn.** Our estimate of effective net debt increased to Rs883 bn (US\$12 bn) as on March 31, 2022 from Rs594 bn (US\$8 bn) as on March 31, 2021 partly reflecting the increase in deferred spectrum liabilities by Rs183 bn and borrowings by Rs145 bn; other financial assets declined sharply by Rs357 bn. Jio's overall effective net debt remained broadly steady at Rs960 bn as on March 31, 2022 from Rs963 bn a year ago.

Exhibit 13: Effective net debt increased to Rs883 bn from Rs594 bn in FY2021
Consolidated net debt calculation, March fiscal year-ends, 2019 onwards (Rs bn)

| | 31-Mar-19 | 31-Mar-20 | 31-Mar-21 | 30-Sep-21 | 31-Mar-22 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Borrowings | 2,719 | 2,914 | 2,518 | 2,559 | 2,663 |
| Other financial liabilities | 1,004 | 1,636 | 666 | 760 | 722 |
| Deferred payment liabilities | 188 | 188 | 188 | 487 | 372 |
| Total financial liabilities | 3,912 | 4,738 | 3,372 | 3,806 | 3,757 |
| Cash and bank balance | 75 | 309 | 174 | 191 | 362 |
| Investments | 1,255 | 1,443 | 1,968 | 2,138 | 2,233 |
| Other financial assets | 247 | 498 | 637 | 518 | 280 |
| Total financial assets | 1,577 | 2,251 | 2,778 | 2,846 | 2,875 |
| Net debt | 2,335 | 2,487 | 594 | 960 | 883 |

Source: Company, Kotak Institutional Equities estimates

Exhibit 14: Jio's effective net debt increased to Rs960 bn from Rs505 bn in FY2021
Consolidated net debt calculation for Jio, March fiscal year-ends, 2019 onwards (Rs bn)

| | 31-Mar-19 | 31-Mar-20 | 31-Mar-21 | 30-Sep-21 | 31-Mar-22 |
|------------------------------------|--------------|------------|------------|--------------|--------------|
| Borrowings | 692 | 232 | 112 | 177 | 425 |
| Other financial liabilities | 585 | 184 | 232 | 361 | 223 |
| Deferred payment liabilities | 202 | 188 | 188 | 487 | 372 |
| Total financial liabilities | 1,479 | 605 | 532 | 1,025 | 1,020 |
| Cash and bank balance | 4 | 75 | 6 | 5 | 6 |
| Investments | 13 | 25 | 15 | 51 | 17 |
| Other financial assets | 7 | 11 | 6 | 6 | 36 |
| Total financial assets | 24 | 110 | 27 | 63 | 59 |
| Net debt | 1,456 | 495 | 505 | 963 | 960 |

Source: Company, Kotak Institutional Equities estimates

- **Net working capital turns negative.** Consolidated net working capital (receivables + inventory – payables) turned negative to –Rs279 bn from Rs-82 bn at end-FY2021.

Exhibit 15: Consolidated net working capital remained negative at –Rs279 bn
Working capital, March fiscal year-ends, 2018 onwards (Rs bn)

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Standalone working capital | | | | | |
| Account receivables | 105 | 121 | 75 | 42 | 144 |
| Days of sales | 13 | 12 | 8 | 6 | 12 |
| Inventory | 396 | 441 | 388 | 374 | 459 |
| Days of CoGS | 66 | 55 | 53 | 72 | 48 |
| Accounts payable | 887 | 882 | 710 | 870 | 1,340 |
| Days of CoGS | 143 | 108 | 94 | 160 | 140 |
| Net working capital | (386) | (320) | (248) | (454) | (737) |
| Days of sales | (49) | (31) | (27) | (67) | (63) |
| Consolidated working capital | | | | | |
| Account receivables | 176 | 301 | 197 | 190 | 236 |
| Days of sales | 16 | 19 | 12 | 15 | 12 |
| Inventory | 608 | 676 | 739 | 817 | 1,078 |
| Days of CoGS | 109 | 89 | 100 | 149 | 112 |
| Accounts payable | 1,069 | 1,083 | 968 | 1,089 | 1,593 |
| Days of CoGS | 143 | 98 | 84 | 132 | 120 |
| Net working capital | (285) | (107) | (32) | (82) | (279) |
| Days of sales | (27) | (7) | (2) | (6) | (15) |

Source: Company, Kotak Institutional Equities estimates

Exhibit 16: Cumulative repayment of capex creditors, working capital and other liabilities was at Rs970 bn for FY2021 including Rs866 bn in 1HFY21
Cash flow reconciliation, March fiscal year-end, 2021 (Rs bn)

| | FY2021 | 1HFY22 | 2HFY22 | FY2022 |
|--|----------------|--------------|----------------|----------------|
| Reported net debt by the company | | | | |
| Beginning gross debt | 3,363 | 2,518 | 2,559 | 2,518 |
| Beginning cash and cash equivalents (a) | 1,753 | 2,142 | 2,328 | 2,142 |
| Beginning net debt | 1,610 | 376 | 230 | 376 |
| Ending gross debt | 2,518 | 2,559 | 2,663 | 2,663 |
| Ending cash and cash equivalents (a) | 2,142 | 2,328 | 2,315 | 2,315 |
| Ending net debt | 376 | 230 | 348 | 348 |
| Reduction in net debt as disclosed by the company [A] | 1,234 | 146 | (118) | 28 |
| Cash flow as per disclosures | | | | |
| Cash profits | 798 | 458 | 650 | 1,108 |
| Capital raise from rights issue and asset monetization | 2,202 | 132 | 265 | 397 |
| Cash inflow [B] | 3,001 | 590 | 915 | 1,505 |
| Capital expenditures | (797) | (417) | (578) | (995) |
| Payments to capex creditors | (262) | (26) | 19 | (7) |
| Change in working capital | (507) | 74 | (67) | 7 |
| Cash outflow [C] | (1,566) | (369) | (625) | (994) |
| Net cash flow [D] = [B] + [C] | 1,435 | 220 | 290 | 510 |
| Implied net reduction in other liabilities [A] - [D] | (201) | (75) | (408) | (482) |
| Sum of capex, net change in working capital and other liabilities [A] - [B] | (1,767) | (444) | (1,033) | (1,476) |

Source: Company, Kotak Institutional Equities estimates

- **Negative FCF of Rs292 bn in FY2022.** RIL reported a negative FCF of Rs292 bn in FY2022, in comparison to FCF generation of Rs73 bn in 1HFY22. In 2HFY22, the company—(1) incurred capex of Rs578 bn versus Rs417 bn in 1HFY22 and (2) had a WC deployment of Rs67 bn versus release of 74 bn in 1HFY22; which meant other liabilities declined by Rs408 bn in 2HFY22.

Reported FCF in FY2022 included OCF of Rs843 bn and cash capex of Rs1.2 tn (including capex creditors). RIL had reported a large negative FCF of Rs888 bn in FY2021 as well due to payment of capex creditors and WC liabilities.

Reported ex-spectrum capex stood at 994.7 bn in FY2022; Jio acquired spectrum worth Rs458.88 bn in FY2022.

Exhibit 17: Repayment of working capital liabilities and capex creditors led to large negative FCF in FY2021
Cash flow statement, March fiscal year-ends, 2019 onwards (Rs bn)

| | Standalone | | | | Subsidiaries | | | | Consolidated | | | |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|----------------|--------------|----------------|
| | FY2020 | FY2021 | 1HFY22 | FY2022 | FY2020 | FY2021 | 1HFY22 | FY2022 | FY2020 | FY2021 | 1HFY22 | FY2022 |
| Operating | | | | | | | | | | | | |
| Profit before tax | 446 | 272 | 211 | 468 | 134 | 277 | 154 | 374 | 579 | 549 | 365 | 841 |
| DD&A | 97 | 92 | 52 | 103 | 125 | 174 | 89 | 195 | 222 | 266 | 141 | 298 |
| Taxes | (62) | (17) | (3) | (15) | (32) | (15) | (11) | (23) | (93) | (32) | (13) | (38) |
| Interest expenses | 121 | 162 | 48 | 91 | 98 | 48 | 24 | 55 | 219 | 210 | 72 | 146 |
| Interest paid | (145) | (143) | (60) | (110) | (89) | (40) | (9) | (153) | (233) | (183) | (69) | (263) |
| Others including other income | (112) | (151) | (66) | (111) | 8 | (16) | (7) | (37) | (104) | (168) | (73) | (148) |
| Extraordinaries | (44) | (43) | 0 | 0 | 0 | (13) | 0 | 0 | (44) | (56) | 0 | 0 |
| Working capital | 320 | (320) | 103 | 138 | (169) | (187) | (29) | (131) | 151 | (507) | 74 | 7 |
| Total operating [A] | 621 | (148) | 286 | 565 | 75 | 227 | 211 | 278 | 696 | 78 | 496 | 843 |
| Investing | | | | | | | | | | | | |
| Capital expenditure [B] | (232) | (218) | (103) | (182) | (533) | (841) | (340) | (1,013) | (765) | (1,058) | (443) | (1,195) |
| Investment in group companies | 318 | (277) | (3) | (137) | (318) | 277 | 3 | 137 | — | — | — | — |
| Other investments (net) | (1,309) | 1,202 | (200) | (198) | 1,285 | (1,675) | 38 | 200 | (24) | (473) | (161) | 3 |
| Asset sales | (246) | (73) | 0 | 0 | 256 | 96 | 0 | 31 | 10 | 23 | 0 | 31 |
| Interest/dividends received [C] | 42 | 108 | 4 | 62 | (20) | (16) | 16 | (3) | 22 | 92 | 20 | 60 |
| Total investing | (1,427) | 743 | (302) | (453) | 669 | (2,159) | (283) | (648) | (757) | (1,416) | (585) | (1,101) |
| Financing | | | | | | | | | | | | |
| Share issuance | 0 | 132 | 133 | 398 | 1 | 2,004 | (1) | 5 | 1 | 2,136 | 132 | 402 |
| Loans (net) | 898 | (717) | (69) | (305) | (553) | (131) | 82 | 382 | 345 | (847) | 13 | 77 |
| Dividends | (46) | (39) | (43) | (43) | — | — | — | — | (46) | (39) | (43) | (43) |
| Others | — | — | — | — | (41) | (47) | — | — | (41) | (47) | — | — |
| Total financing | 852 | (624) | 20 | 50 | (593) | 1,826 | 81 | 387 | 260 | 1,202 | 101 | 436 |
| Addition of subsidiaries | | | | | | | | | | | 4 | |
| Net change in cash | 47 | (29) | 4 | 161 | 151 | (106) | 9 | 17 | 198 | (135) | 13 | 178 |
| Opening cash | 38 | 85 | 56 | 56 | 73 | 225 | 118 | 128 | 111 | 309 | 174 | 183 |
| Closing cash | 85 | 56 | 60 | 217 | 224 | 118 | 131 | 145 | 309 | 174 | 191 | 362 |
| Free cash flow [A] - [B] + [C] | 431 | (257) | 186 | 445 | (479) | (631) | (114) | (737) | (47) | (888) | 73 | (292) |

Source: Company, Kotak Institutional Equities

Key assumptions behind earnings model

- ▶ **Jio.** We expect higher subscriber base and rise in blended ARPU to drive substantial increase in revenues and EBITDA to Rs1.2 tn and Rs687 bn respectively with margins expanding to 57% by FY2024. We assume overall subscriber base to increase to 476 mn by end-FY2024E and blended ARPU to increase to Rs217/subs.

Exhibit 18: Financial model of Reliance Jio, March fiscal year-ends, 2018-25E (Rs bn)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Assumptions | | | | | | | | |
| Wireless subscriber base at end-period (mn) | 187 | 307 | 388 | 424 | 405 | 435 | 464 | 489 |
| Wireless subscriber market share (%) | 17 | 28 | 34 | 36 | 35 | 37 | 38 | 40 |
| Wireless ARPU (Rs/month) | 96 | 131 | 130 | 141 | 150 | 179 | 212 | 240 |
| Broadband subscriber base at end-period (mn) | | 1 | 1 | 3 | 5 | 9 | 12 | 16 |
| Broadband ARPU (Rs/month) | | — | — | 683 | 526 | 510 | 497 | 506 |
| Overall EBITDA margins (%) | 33 | 39 | 40 | 44 | 49 | 53 | 57 | 59 |
| Profit model | | | | | | | | |
| Revenues | 202 | 388 | 543 | 699 | 770 | 942 | 1,208 | 1,454 |
| EBITDA | 67 | 151 | 216 | 309 | 376 | 498 | 687 | 855 |
| Net income | 7 | 30 | 56 | 120 | 148 | 225 | 344 | 448 |
| Contribution to RIL's EPS (Rs) | 1 | 5 | 10 | 13 | 16 | 24 | 36 | 47 |
| Balance sheet | | | | | | | | |
| Net-worth | 1,029 | 404 | 1,710 | 1,830 | 1,978 | 2,202 | 2,547 | 2,995 |
| Effective net debt | 1,400 | 1,456 | 495 | 511 | 997 | 1,052 | 985 | 758 |
| Invested capital | 2,278 | 1,760 | 2,144 | 2,295 | 3,203 | 3,620 | 4,061 | 4,513 |
| Cash flow | | | | | | | | |
| Operating cash flow | (20) | 50 | 99 | 283 | 233 | 388 | 537 | 674 |
| Working capital | (29) | (75) | (37) | 19 | (64) | (9) | (15) | (14) |
| Capital expenditure | (358) | (438) | (518) | (261) | (481) | (411) | (430) | (502) |
| Free cash flow | (407) | (464) | (455) | 41 | (313) | (32) | 93 | 159 |
| Returns (%) | | | | | | | | |
| RoAE | 0.8 | 4.1 | 5.3 | 6.8 | 7.8 | 10.7 | 14.5 | 16.2 |
| RoACE | 0.9 | 2.6 | 5.2 | 6.4 | 6.7 | 8.2 | 11.0 | 13.1 |
| CRoCI | 2.5 | 6.9 | 8.4 | 11.5 | 9.9 | 11.4 | 13.8 | 15.3 |
| Adjusted CRoCI | 2.5 | 6.9 | 8.8 | 11.4 | 9.9 | 11.4 | 13.8 | 15.4 |

Source: Company, Kotak Institutional Equities estimates

- **Retail.** We expect the retail segment to deliver strong growth over FY2023-24E led by a continued store expansions, rising share of new commerce business and operating leverage. We expect core revenues to rise to Rs1.6 tn in FY2023E and Rs2 tn in FY2024E and core retail margins to expand to 9.9% in FY2023E and 10.3% in FY2024E.

Exhibit 19: Financial model of Reliance Retail, March fiscal year-ends, 2018-25E (Rs bn)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|
| Profit model | | | | | | | | |
| Revenues (gross) | 622 | 1,166 | 1,465 | 1,353 | 1,997 | 2,722 | 3,475 | 4,176 |
| Core retail | 362 | 735 | 928 | 761 | 1,042 | 1,553 | 1,977 | 2,372 |
| Jio recharges (a) | 330 | 570 | 702 | 777 | 955 | 1,168 | 1,497 | 1,803 |
| EBITDA | 25 | 62 | 97 | 85 | 110 | 178 | 233 | 287 |
| Core retail | 22 | 52 | 83 | 69 | 90 | 154 | 203 | 250 |
| Jio recharges (a) | 4 | 10 | 14 | 16 | 19 | 23 | 30 | 36 |
| EBIT | 21 | 55 | 83 | 66 | 87 | 145 | 190 | 234 |
| Net income | 13 | 33 | 54 | 55 | 71 | 98 | 122 | 149 |
| Contribution to RIL's EPS (Rs) | 2 | 5 | 9 | 8 | 9 | 13 | 16 | 20 |
| Balance sheet | | | | | | | | |
| Net-worth | 92 | 128 | 184 | 780 | 851 | 949 | 1,072 | 1,221 |
| Net debt | 25 | 113 | 20 | (368) | (233) | (46) | 79 | 169 |
| Invested capital | 117 | 241 | 204 | 412 | 618 | 903 | 1,151 | 1,390 |
| Operating metrics (%) | | | | | | | | |
| Revenue growth | 86.7 | 87.4 | 25.6 | (7.6) | 47.6 | 36.3 | 27.7 | 20.2 |
| Core retail | 42.3 | 102.9 | 26.2 | (18.0) | 37.0 | 49.0 | 27.3 | 20.0 |
| Non-core retail | 296.9 | 73.1 | 23.0 | 10.8 | 22.8 | 22.4 | 28.2 | 20.4 |
| EBITDA margins | 4.1 | 5.3 | 6.6 | 6.3 | 5.5 | 6.5 | 6.7 | 6.9 |
| Core retail | 6.0 | 7.0 | 8.9 | 9.1 | 8.7 | 9.9 | 10.3 | 10.6 |
| Non-core retail | 1.1 | 1.8 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| EBIT margins | 3.3 | 4.8 | 5.6 | 4.9 | 4.4 | 5.3 | 5.5 | 5.6 |
| RoAE | 16.5 | 30.0 | 34.9 | 11.4 | 8.7 | 10.9 | 12.1 | 13.0 |
| RoACE | 15.6 | 20.2 | 27.6 | 16.0 | 12.6 | 14.2 | 13.7 | 13.7 |
| Stores (#) | 7,573 | 10,415 | 11,784 | 12,711 | 15,196 | 16,871 | 18,171 | 19,471 |

Source: Company, Kotak Institutional Equities estimates

- **Refining.** We model higher crude throughput at 70.6 mn tons in FY2023-24E and higher margins at US\$14/bbl in FY2023E and US\$11.5/bbl in FY2024E. Higher margins in FY2023E will be boosted by (1) favorable supply situation as ~3 mn b/d of refining capacity is under various stages of shutdown, (2) lower offtake of refined product from Russia amid the ongoing Russia-Ukraine conflict, (3) low product inventories across the globe and (4) a recovery in global oil demand.

Exhibit 20: Major assumptions for RIL's refining segment, March fiscal year-ends, 2018-25E (US\$/bbl)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Exchange rate (Rs/US\$) | 64.5 | 69.9 | 70.8 | 74.2 | 74.5 | 76.6 | 77.0 | 78.5 |
| Crude throughput (mn tons) | | | | | | | | |
| DTA refinery | 32.8 | 31.4 | 32.8 | 34.1 | 31.2 | 32.8 | 32.8 | 32.8 |
| SEZ refinery | 37.0 | 37.0 | 37.8 | 31.6 | 36.9 | 37.8 | 37.8 | 37.8 |
| Total crude throughput | 69.8 | 68.3 | 70.6 | 65.7 | 68.0 | 70.6 | 70.6 | 70.6 |
| Blended refining margins (US\$/bbl) | 11.7 | 9.2 | 8.9 | 6.0 | 8.6 | 13.5 | 11.6 | 10.1 |
| Implied operating costs (US\$/bbl) | 3.3 | 2.8 | 2.3 | 2.4 | 2.7 | 2.9 | 3.0 | 3.1 |

Source: Company, Kotak Institutional Equities estimates

- **Petchem.** We expect volumes to remain steady at 20.6 mn tons in FY2023-24E and margins to improve modestly in the coming years after declining to US\$175/ton in FY2023E; we factor margins of US\$180/ton in FY2024E and US\$185/ton in FY2025E.

Exhibit 21: Major assumptions for RIL's petchem segment, March fiscal year-ends, 2018-25E (US\$/ton)

| | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E | 2025E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Exchange rate (Rs/US\$) | 64.5 | 69.9 | 70.8 | 74.2 | 74.5 | 76.6 | 77.0 | 78.5 |
| Production volumes (mn tons) | | | | | | | | |
| Polymers | 4.9 | 5.8 | 6.0 | 5.9 | 6.0 | 6.0 | 6.0 | 6.0 |
| PE | 1.4 | 2.1 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| PP | 2.8 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| PVC | 0.7 | 0.7 | 0.8 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 |
| Polyesters | 2.4 | 3.5 | 3.4 | 2.9 | 3.4 | 3.5 | 3.5 | 3.5 |
| PFY | 0.8 | 1.7 | 1.6 | 1.4 | 1.6 | 1.7 | 1.7 | 1.7 |
| PSF | 0.6 | 0.7 | 0.7 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 |
| PET | 1.0 | 1.2 | 1.2 | 1.0 | 1.1 | 1.2 | 1.2 | 1.2 |
| Fiber intermediates | 9.0 | 10.9 | 10.8 | 9.6 | 11.0 | 11.1 | 11.1 | 11.1 |
| PX | 3.7 | 4.3 | 4.2 | 3.9 | 4.5 | 4.5 | 4.5 | 4.5 |
| PTA | 4.1 | 4.9 | 4.9 | 4.3 | 4.9 | 4.9 | 4.9 | 4.9 |
| MEG | 1.2 | 1.7 | 1.7 | 1.5 | 1.7 | 1.7 | 1.7 | 1.7 |
| Total volumes | 16.4 | 20.1 | 20.2 | 18.4 | 20.4 | 20.6 | 20.6 | 20.6 |
| Petchem EBITDA per ton (US\$/ton) | 244 | 263 | 212 | 176 | 195 | 175 | 180 | 185 |

Notes:

(a) Volumes include Recron Malaysia from FY2019 onwards.

Source: Company, Kotak Institutional Equities estimates

Exhibit 22: Segment break-up of consolidated EBITDA, March fiscal year-ends, 2018-25E (Rs bn)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|------------------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| EBITDA | | | | | | | | |
| Petrochemicals | 243 | 379 | 309 | 248 | 303 | 283 | 294 | 307 |
| Refining and marketing | 306 | 261 | 245 | 133 | 224 | 424 | 346 | 290 |
| Oil and gas | 17 | 16 | 4 | 3 | 55 | 142 | 179 | 155 |
| Organized retail | 25 | 62 | 97 | 85 | 110 | 178 | 233 | 287 |
| Digital services | 68 | 153 | 225 | 340 | 403 | 541 | 742 | 915 |
| Others | (17) | (32) | (48) | (3) | 10 | (30) | (35) | (35) |
| Total | 642 | 839 | 831 | 807 | 1,105 | 1,538 | 1,759 | 1,919 |

Source: Company, Kotak Institutional Equities estimates

Exhibit 23: RIL's earnings are leveraged to several business drivers

Sensitivity of consolidated EBITDA and EPS to key assumptions, March fiscal year-end, 2023-24E

| Change | FY2023E | | | | FY2024E | | | | |
|-------------------------|--------------|--------------|---------|------------|---------|--------------|---------|------------|-----|
| | EBITDA | | EPS | | EBITDA | | EPS | | |
| | (Rs bn) | (%) | (Rs bn) | (%) | (Rs bn) | (%) | (Rs bn) | (%) | |
| Refining margins | +US\$1/bbl | 40 | 3% | 4.7 | 4% | 40 | 2% | 4.7 | 3% |
| Refining operating cost | +US\$0.5/bbl | (20) | -1% | (2.4) | -2% | (20) | -1% | (2.3) | -2% |
| Petchem margins | +US\$25/ton | 39 | 3% | 4.7 | 4% | 40 | 2% | 4.6 | 3% |
| Retail EBITDA margins | +50 bps | 14 | 1% | 1.6 | 1% | 17 | 1% | 2.0 | 1% |
| Jio wireless ARPU | +Rs10/month | 38 | 2% | 4.6 | 4% | 41 | 2% | 4.9 | 4% |
| Jio wireless subscriber | +25 mn | 30 | 2% | 3.6 | 3% | 36 | 2% | 4.2 | 3% |
| Exchange rate | Rs1/US\$ | 13 | 1% | 1.6 | 1% | 14 | 1% | 1.6 | 1% |
| Base case | | 1,538 | | 125 | | 1,759 | | 136 | |

Source: Kotak Institutional Equities estimates

Exhibit 24: Our SoTP valuation of RIL is Rs3,050 per share

Sum-of-the-parts valuation of RIL based on June 2024 estimates (Rs)

| | EBITDA | EV/EBITDA | EV | | Valuation |
|-------------------------------|---------|-----------|---------------|------------|--------------|
| | (Rs bn) | (X) | (Rs bn) | (US\$ bn) | (Rs/share) |
| Energy | | | 6,275 | 81 | 988 |
| Petrochemicals | 297 | 7.5 | 2,226 | 29 | 351 |
| Refining and marketing | 332 | 7.5 | 2,490 | 32 | 392 |
| Upstream | 173 | 6.0 | 1,037 | 13 | 163 |
| New energy option value | | | 521 | 7 | 82 |
| Jio | | | 5,044 | 66 | 794 |
| Base case | 785 | 9.0 | 7,066 | 92 | 1,112 |
| Minority interest (33.52%) | | | (2,022) | (26) | (318) |
| Retail | | | 8,665 | 113 | 1,364 |
| Core retail | 247 | 35.0 | 8,638 | 112 | 1,360 |
| New commerce option value | | | 1,551 | 20 | 244 |
| Minority interest (14.94%) | | | (1,524) | (20) | (240) |
| Total enterprise value | | | 19,984 | 260 | 3,146 |
| Others | | | 325 | 4 | 51 |
| Consolidated net debt | | | 933 | 12 | 147 |
| Fair value | | | 19,376 | 252 | 3,050 |

Notes:

(a) We use 6.352 bn shares including rights issue but excluding 412.8 mn treasury shares.

Source: Kotak Institutional Equities estimates

Exhibit 25: Global technology stocks valuation summary, calendar year-ends, 2022-23E

| | Price | Market cap. | EV | Sales | P/E (X) | | EV/EBITDA | |
|------------------------|-------|-------------|-----------|-----------|-------------|-------------|-------------|-------------|
| | 6-May | (US\$ bn) | (US\$ bn) | (US\$ bn) | CY2022E | CY2023E | CY2022E | CY2023E |
| Alibaba Group Holdings | 178 | 483 | 547 | 106 | 16.8 | 13.6 | 11.5 | 9.3 |
| Alphabet Inc | 2,751 | 1,842 | 1,522 | 183 | 22.1 | 18.9 | 14.8 | 12.9 |
| Amazon.com Inc | 3,336 | 1,689 | 1,773 | 386 | 40.7 | 30.8 | 18.7 | 14.8 |
| Apple Inc | 149 | 2,458 | 2,132 | 275 | 26.4 | 24.9 | 20.0 | 19.2 |
| Baidu Inc | 178 | 62 | 47 | 16 | 17.3 | 13.9 | 10.4 | 8.3 |
| Facebook Inc | 325 | 915 | 931 | 86 | 18.2 | 16.3 | 11.3 | 9.6 |
| JD.com Inc | 83 | 130 | 107 | 108 | 41.1 | 27.0 | 26.3 | 16.4 |
| NetEase Inc | 102 | 69 | 68 | 11 | 21.1 | 18.2 | 16.5 | 13.1 |
| Netflix Inc | 665 | 294 | 281 | 25 | 50.1 | 39.4 | 35.9 | 28.5 |
| Tencent Holdings | 510 | 4,889 | 746 | 70 | 24.6 | 20.5 | 18.3 | 15.6 |
| Mean | | | | | 27.9 | 22.4 | 18.4 | 14.8 |
| Median | | | | | 23.4 | 19.7 | 17.4 | 14.0 |

Source: Bloomberg, Kotak Institutional Equities

Exhibit 26: Global petrochemical valuations summary, calendar year-ends, 2022-23E

| | Year ending | Price 6-May | Market cap. (US\$ mn) | EV (US\$ mn) | Sales (US\$ mn) | P/E (X) | | EV/EBITDA (X) | |
|------------------------------------|-------------|-------------|-----------------------|--------------|-----------------|-------------|-------------|---------------|------------|
| | | | | | | CY2022E | CY2023E | CY2022E | CY2023E |
| China | | | | | | | | | |
| Sinopec Shanghai Petrochem (CNY) | Dec | 3.3 | 4,275 | 1,653 | 14,518 | 60.2 | 17.7 | 25.9 | 9.6 |
| Europe | | | | | | | | | |
| BASF SE (EUR) | Dec | 47.0 | 50,467 | 74,932 | 66,404 | 18.4 | 13.4 | 8.9 | 7.4 |
| AKZO NOBEL (EUR) | Dec | 82.8 | 18,439 | 21,090 | 10,384 | 22.3 | 19.1 | 12.5 | 11.1 |
| India | | | | | | | | | |
| Reliance Industries (Rs) | Mar | 2,055 | 181,610 | 126,730 | 84,197 | 31.8 | 21.1 | 18.4 | 13.4 |
| Japan | | | | | | | | | |
| Mitsui Chemicals (JPY) | Mar | 2,666 | 5,218 | 8,115 | 12,317 | 19.7 | 11.1 | 8.3 | 6.3 |
| Mitsubishi Chemical Holdings (JPY) | Mar | 586 | 8,446 | 29,922 | 32,936 | 21.8 | 10.0 | 9.1 | 7.5 |
| Sumitomo Chemical Co. (JPY) | Mar | 340 | 5,384 | NA | 20,475 | 23.8 | 10.2 | 9.7 | 8.2 |
| Tosoh Corp. (JPY) | Mar | 1,690 | 5,255 | 5,719 | 7,231 | 14.9 | 10.4 | 6.7 | 5.3 |
| Korea | | | | | | | | | |
| Daelim Industrial Co. (W) | Dec | 78,000 | 2,397 | 3,585 | 8,327 | 3.7 | 3.9 | 3.1 | 3.3 |
| Hanwha Chemical Corp. (W) | Dec | 43,700 | 6,168 | 6,966 | 8,158 | 16.5 | 11.9 | 10.1 | 8.7 |
| Honam Petrochemical Corp. (W) | Dec | 233,000 | 7,051 | 5,373 | 12,982 | 38.2 | 11.4 | 7.9 | 4.7 |
| LG Chem (W) | Dec | 611,000 | 38,082 | 35,658 | 24,572 | 32.1 | 23.1 | 11.1 | 9.1 |
| US | | | | | | | | | |
| Eastman Chemical Co. (US\$) | Dec | 82 | 11,084 | 15,800 | 9,273 | 14.4 | 11.7 | 9.6 | 8.6 |
| Olin Corp. (US\$) | Dec | 17 | 2,663 | 6,029 | 6,110 | 47.3 | 40.5 | 12.4 | 8.1 |
| Avient Corp. (US\$) | Dec | 47 | 2,855 | 2,348 | 2,863 | 19.6 | 14.7 | 7.7 | 5.9 |
| Mean | | | | | | 24.1 | 14.8 | 10.5 | 7.8 |
| Median | | | | | | 19.7 | 11.9 | 9.6 | 8.1 |

Source: Bloomberg, Kotak Institutional Equities

Exhibit 27: Global refiners valuation summary, calendar year-ends, 2022-23E

| | Year ending | Price 6-May | Market cap. (US\$ mn) | EV (US\$ mn) | Sales (US\$ mn) | P/E (X) | | EV/EBITDA | |
|------------------------------------|-------------|-------------|-----------------------|--------------|-----------------|-------------|-------------|-------------|------------|
| | | | | | | CY2022E | CY2023E | CY2022E | CY2023E |
| Europe | | | | | | | | | |
| MOL Hungarian Oil & Gas plc (HUF) | Dec | 1,522 | 3,971 | 8,647 | 18,134 | 36.9 | 6.1 | 5.1 | 4.2 |
| Omv Ag (Eur) | Dec | 19 | 7,432 | 21,279 | 26,263 | 8.8 | 5.8 | 4.6 | 3.4 |
| Polski Koncern Naftowy Orlen (PLN) | Dec | 38 | 4,105 | 9,815 | 28,974 | 6.6 | 4.9 | 4.8 | 3.8 |
| India | | | | | | | | | |
| Bharat Petroleum Corp. (Rs) | Mar | 354 | 10,325 | 17,239 | 39,984 | 12.6 | 8.9 | 10.4 | 8.3 |
| Hindustan Petroleum Corp. (Rs) | Mar | 188 | 3,840 | 8,943 | 37,803 | 5.7 | 4.3 | 6.5 | 5.4 |
| Indian Oil Corp. (Rs) | Mar | 80 | 10,056 | 26,136 | 67,431 | 7.1 | 5.0 | 7.2 | 5.7 |
| Reliance Industries (Rs) | Mar | 2,055 | 181,610 | 126,730 | 84,197 | 31.8 | 21.1 | 18.4 | 13.4 |
| Japan | | | | | | | | | |
| Idemitsu Kosan Co. (JPY) | Mar | 2,105 | 5,997 | 18,005 | 55,614 | 18.0 | 6.8 | 9.9 | 7.0 |
| Tonengeneral Sekiyu KK (JPY) | Dec | 351 | 10,831 | 37,005 | 92,096 | 9.4 | 5.8 | 8.1 | 5.8 |
| Korea | | | | | | | | | |
| S-Oil Corp. (KW) | Dec | 54,300 | 5,399 | 11,157 | 20,940 | 20.1 | 13.5 | 10.8 | 9.1 |
| SK Innovation Co. (KW) | Dec | 125,500 | 10,248 | 17,759 | 42,814 | 97.6 | 32.2 | 17.2 | 9.1 |
| Thailand | | | | | | | | | |
| Thai Oil plc (THB) | Dec | 34 | 2,243 | 5,740 | 11,739 | 25.6 | 11.9 | 27.4 | 8.7 |
| US | | | | | | | | | |
| Hollyfrontier Corp. (US\$) | Dec | 18 | 2,882 | 7,259 | 17,487 | 11.1 | 27.0 | 11.1 | 6.0 |
| Marathon Petroleum (US\$) | Dec | 29 | 18,760 | 65,923 | 123,950 | 19.0 | 15.0 | 18.7 | 9.9 |
| Sunoco Inc (US\$) | Dec | 25 | 2,499 | 5,845 | 16,596 | 12.3 | 7.7 | 7.5 | 8.0 |
| Valero Energy Corp. (US\$) | Dec | 38 | 15,304 | 30,829 | 102,730 | 14.6 | 55.4 | 23.9 | 7.7 |
| Mean | | | | | | 19.4 | 13.5 | 11.5 | 7.4 |
| Median | | | | | | 12.4 | 7.6 | 10.2 | 7.3 |

Source: Bloomberg, Kotak Institutional Equities

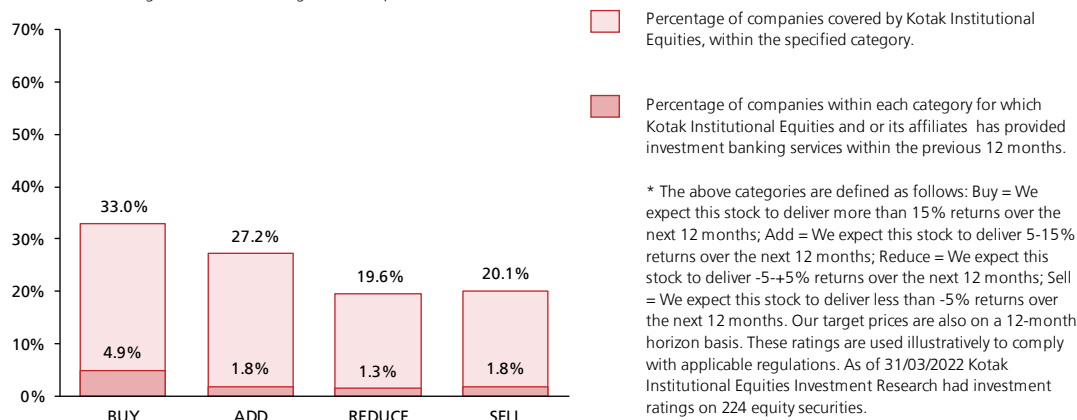
Exhibit 28: Consolidated profit model, balance sheet, cash model, March fiscal year-ends, 2018-25E (Rs bn)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Profit model (Rs bn) | | | | | | | | |
| Net sales | 3,917 | 5,671 | 5,967 | 4,669 | 7,000 | 9,742 | 10,500 | 11,245 |
| EBITDA | 642 | 839 | 831 | 807 | 1,105 | 1,538 | 1,759 | 1,919 |
| Other income | 89 | 81 | 140 | 163 | 149 | 154 | 165 | 179 |
| Finance cost | (81) | (165) | (220) | (212) | (146) | (163) | (175) | (170) |
| DD&A expense | (167) | (209) | (222) | (266) | (298) | (340) | (400) | (435) |
| Pretax profits | 483 | 546 | 528 | 493 | 810 | 1,189 | 1,348 | 1,492 |
| Minority interest/share of associates | 1 | (1) | (4) | (41) | (69) | (105) | (142) | (173) |
| Extraordinary items | 11 | 5 | (2) | 56 | 28 | — | — | — |
| Effective tax | (133) | (154) | (128) | (17) | (163) | (291) | (344) | (383) |
| Net profits | 361 | 396 | 394 | 491 | 607 | 793 | 863 | 937 |
| Adjusted net profits | 350 | 391 | 396 | 435 | 579 | 793 | 863 | 937 |
| Adjusted EPS (Rs) | 59 | 66 | 67 | 72 | 91 | 125 | 136 | 147 |
| Balance sheet (Rs bn) | | | | | | | | |
| Total equity | 2,935 | 3,871 | 4,533 | 7,002 | 7,795 | 8,534 | 9,339 | 10,216 |
| Deferred tax liability | 245 | 451 | 512 | 370 | 496 | 571 | 638 | 709 |
| Minority interest | 35 | 83 | 80 | 993 | 1,095 | 1,200 | 1,342 | 1,515 |
| Total borrowings | 2,188 | 2,875 | 2,914 | 2,238 | 2,663 | 2,708 | 2,519 | 2,180 |
| Other liabilities | 2,709 | 2,696 | 3,590 | 2,610 | 2,947 | 3,315 | 3,383 | 3,399 |
| Total liabilities and equity | 8,113 | 9,976 | 11,630 | 13,212 | 14,997 | 16,327 | 17,221 | 18,018 |
| Cash | 43 | 75 | 309 | 174 | 362 | 352 | 390 | 416 |
| Loans and advances | 50 | 74 | 224 | 25 | 17 | 17 | 17 | 17 |
| Other assets | 1,341 | 1,814 | 2,014 | 2,794 | 2,802 | 3,396 | 3,570 | 3,766 |
| Total fixed assets | 5,851 | 5,658 | 6,315 | 6,570 | 7,873 | 8,619 | 9,302 | 9,876 |
| Investments | 829 | 2,355 | 2,768 | 3,648 | 3,943 | 3,943 | 3,943 | 3,943 |
| Total assets | 8,113 | 9,976 | 11,630 | 13,212 | 14,997 | 16,327 | 17,221 | 18,018 |
| Effective net debt | 2,349 | 2,335 | 2,487 | 594 | 883 | 912 | 690 | 252 |
| Free cash flow (Rs bn) | | | | | | | | |
| Operating cash flow, excl. working capital | 353 | 475 | 504 | 586 | 836 | 1,136 | 1,283 | 1,420 |
| Working capital | 185 | (251) | 192 | (507) | 7 | (202) | (109) | (108) |
| Capital expenditure | (740) | (936) | (765) | (1,058) | (1,195) | (1,089) | (1,055) | (1,064) |
| Other income | 23 | 16 | 22 | 92 | 60 | 154 | 165 | 179 |
| Free cash flow | (178) | (697) | (47) | (888) | (292) | (0) | 283 | 426 |
| Ratios (%) | | | | | | | | |
| Debt/equity | 74.5 | 74.3 | 64.3 | 32.0 | 34.2 | 31.7 | 27.0 | 21.3 |
| Net debt/equity | 80.0 | 60.3 | 54.9 | 8.5 | 11.3 | 10.7 | 7.4 | 2.5 |
| RoAE | 12.6 | 11.5 | 9.4 | 7.5 | 7.8 | 9.7 | 9.7 | 9.6 |
| RoACE | 7.7 | 7.8 | 7.2 | 7.2 | 6.6 | 7.9 | 8.2 | 8.4 |
| Adjusted RoACE | 12.3 | 11.8 | 9.9 | 9.2 | 10.1 | 12.3 | 12.3 | 12.4 |
| CRoCI | 7.4 | 7.5 | 7.3 | 7.4 | 7.2 | 8.5 | 8.9 | 9.1 |
| Adjusted CRoCI | 10.2 | 12.4 | 10.3 | 10.1 | 10.9 | 12.4 | 12.6 | 12.6 |

Source: Company, Kotak Institutional Equities estimates

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As of March 31, 2022

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