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BUY
TP: Rs 3,015 | ⮝ 18%

RELIANCE INDUSTRIES | Oil & Gas | 11 August 2023

FY23 annual report takeaways: Propelling growth

- **Key AR takeaways: an improving narrative for digital, missing granularity for retail and approaching target dates for new energy business**
- **Investments in telecom infrastructure assets offloaded; new energy and strategic business subsidiaries attract higher funding**
- **RIL's consumer businesses remain key beneficiaries of India's growth story; maintain BUY with a TP of Rs 3,015 (unchanged)**

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Jio Digital – improving narrative: Jio is progressing on adding subscribers at both ends of the data consumption spectrum to improve ARPU. In the high-end consumption category, it is nearing inflection point for home broadband. At the lower end, the success of its inexpensive smartphone 'JioBharat' will be key to migrating 2G users.

Investments in telecom infrastructure assets offloaded: RIL has offloaded its ~Rs 310bn investments in tower and fibre assets, specifically Summit Digital Infrastructure (Rs 54bn) and Jio Digital Fibre (Rs 255bn).

Retail – granularity in financials still missing: While RIL's disclosures on revenue growth for the retail verticals have improved this year, there is still no granularity in terms of store count, store space, growth and margins for these verticals and sub-categories. RIL's network of ~18,000 stores is split 50:50 between digital stores and other core outlets. Tier-2 & 3 markets remain a priority, accounting for two-third of network stores.

New energy business approaching delivery dates: RIL is due to deliver on startup of the 10GW solar PV factory and 5GWh battery manufacturing facility in 2024, and 20GW of solar power generation capacity by 2025. The company has invested Rs 140bn-150bn primarily in technology tie-ups so far.

EPC arm to merge with RIL: RIL has invested Rs 831bn into subsidiary Reliance Projects and Property, with incremental investment of Rs 94bn in FY23. This is an EPC arm that manages group projects and properties across businesses and will now be merged with similar resources in parent RIL to create a focused EPC entity.

Investing in strategic businesses: In FY23, RIL ploughed Rs 349bn into subsidiary Strategic Business Ventures, taking its total investment to Rs 443bn toward new areas (such as sports, electronics manufacturing) and treasury investments.

Reiterate BUY: Our SOTP-based TP of Rs 3,015 ascribes unchanged multiples across refining (7x FY26E EV/EBITDA), petrochem (8x), telecom (Jio: 9x) and retail (32x), and includes Rs 161/sh for upstream, Rs 107 for digital services, and Rs 171 for new energy.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	RIL IN/Rs 2,547
Market cap	US$ 209.7bn
Free float	50%
3M ADV	US$ 206.4mn
52wk high/low	Rs 2,856/Rs 2,180
Promoter/FPI/DII	50%/23%/17%

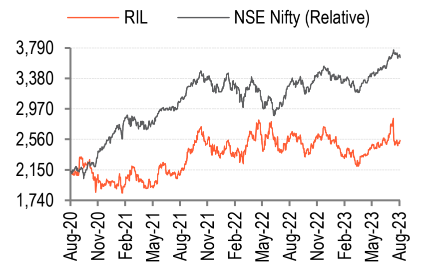
Source: NSE | Price as of 11 Aug 2023

Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
Total revenue (Rs mn)	87,94,680	80,22,533	91,28,638
EBITDA (Rs mn)	14,29,080	16,68,607	18,55,656
Adj. net profit (Rs mn)	6,67,020	7,76,169	8,38,294
Adj. EPS (Rs)	98.6	114.7	123.9
Consensus EPS (Rs)	98.6	116.4	129.3
Adj. ROAE (%)	8.3	9.1	9.0
Adj. P/E (x)	25.8	22.2	20.6
EV/EBITDA (x)	13.9	11.9	10.7
Adj. EPS growth (%)	14.2	16.4	8.0

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Key takeaways from FY23 Annual Report

Retail and Jio account for only a quarter of gross debt

RIL's gross debt is still largely carried on its own balance sheet, with consumer businesses (retail, Jio Digital) still directly housing only a quarter of the same.

Fig 1 – RIL: FY23 gross debt breakup

Business	Gross debt (Rs bn)	Gross debt (US$ bn)	Debt mix (%)
Standalone	2,158	26.3	68.7
Reliance Retail	466	5.7	14.9
Reliance JIO Digital	368	4.5	11.7
Independent Media Trust Group	58.15	0.7	1.9
Reliance Sibur Elastomers	21	0.3	0.7
Others	67.4	0.8	2.1
Consolidated	**3,140**	**38.2**	**100.0**

Source: Company, BOBCAPS Research

RIL has liquidated a significant proportion of non-current investments considered liquid in FY23. This is reflected in the reduction of other marketable securities to Rs 10.2bn from Rs 871.1bn at end-FY22.

- **Unwinding investments in telecom infrastructure assets:** During the fiscal, the company offloaded its ~Rs 310bn investments in tower and fibre assets, specifically Summit Digital Infrastructure (Rs 54bn) and Jio Digital Fibre (Rs 255bn).
- **Liquidation of other liquid but long-term investments:** In addition, RIL has also liquidated Rs 285bn of quoted debentures or bonds and Rs 228bn of government securities.

Fig 2 – RIL: Net debt

(Rs bn)	31 Mar 2022	31 Mar 2023
Gross Debt	2,663	3,140
Cash and Marketable Securities		
Cash and cash equivalents	362	687
Current Investments	1,081	1,185
Other Marketable Securities	871	10
Cash and Marketable Securities	**2,315**	**1,882**
Net Debt (A)	**348**	**1,258**

Source: Company, BOBCAPS Research

Jio Digital – An improving narrative

Jio is progressing on adding subscribers at both ends of the data consumption spectrum to improve ARPU. In the high-end consumption category, it is targeting 100mn home broadband customers and 50mn small-to-medium businesses (SMB). We believe the company is approaching inflection point for an acceleration in home broadband. To target SMBs, Jio is focusing on end-to-end solutions while also partnering with technology providers and system aggregators in a bid to draw large enterprises. At the lower end of the consumption pyramid, it is attempting to entice the switchover of 300mn 2G SIMs via its cheaper JioBharat phone launch.

- **Acceleration likely in home connectivity:** Jio has connected 9mn consumers out of its medium-term target of 50mn. At this point, it has reached the premises of 25mn customers and is expanding further. In addition, the launch of Jio AirFiber could help it reach another 50mn customers.
- **5G use cases and industry solutions in progress:** Key 5G use cases presented in the annual report cover several verticals – smart agriculture (cattle farming with IoT and intelligent farming with IoT), healthcare (remote diagnostics and community clinics), education, homes, manufacturing, and retail (for instance, offering the ability to virtually try on various clothing options).
- **Key technology initiatives underway:** Among the initiatives are an in-house 5G stack, MEC racks, a streaming platform, AirFiber, and the JioBharat phone. Jio is also partnering with manufacturers to design and develop new 4G devices.
- **Rollout of 5G with adoption of global technology:** The company has built a complete array of 5G radio products, including a massive MIMO radio unit, indoor small cell, mmWave outdoor small cell, 5G integrated macro gNodeB, 5G indoor combo small cell, and a combined centralised and distributed unit. It has also developed its own indigenous 5G core which, along with its radio products, complies with global 3GPP standards.
- **Investing in technology startups to improve digital platform:** Under the JioGenNext initiative, RIL has invested in seven high-potential startups in FY23 to target different industry solutions – CloudHedge (cloud migration in weeks), Skyware (grain spillage detection), Salcit Technologies (lung disease detection via smartphone), EdgeNeural AI (workflow solutions comprising AI algorithms and models for Edge devices), CloudWalker (transforming smart TV user experience), Vitra AI (translation to 50+ languages), and Meraqui (blue colour workforce management).

Retail – Still no granularity in financials

While RIL's disclosures on revenue growth for the retail verticals have improved this year, there is still no granularity in terms of number of stores, store space, growth and margins for various verticals and their sub-categories. RIL's network of 18,000 stores is split 50:50 between digital stores and other core outlets. Tier-2 and tier-3 markets remain a priority, accounting for two-third of network stores.

- **Strategic priorities:** RIL is prioritising expansion of the retail business into tier-2 and tier-3 markets, augmenting its supply chain infrastructure, strengthening digital commerce, reinforcing the product and design ecosystem, and building new capabilities through strategic acquisitions.
- **Targeting five imperatives *(Paanch Pran)*:** These comprise meeting the needs of customers through a range of options, offering exceptional value, superior quality, and unparalleled shopping and delivery experiences.
- **Expanding footprint:** During FY23, 25mn sqft of store area has been added, taking the total to 65.6mn sqft with 12.6mn sqft of warehousing area.
- **Focusing on tier-2 & 3 cities:** The retail business operates over two-thirds of its stores in tier-2-and-beyond towns with operations in over 7,000 towns across the country.

New energy – Approaching target dates

RIL is due to deliver on startup of the 10GW solar photovoltaic (PV) factory and 5GWh battery manufacturing facility in 2024, both won under the government's production-linked incentives (PLI) scheme. The company is also looking to establish 20GW of solar power generation capacity by 2025. While RIL has completed technology tie-ups for solar and energy storage factories, it is still working to identify appropriate technology tie-ups for its other three verticals – electrolyser, fuel cell and power electronics.

Investment in new energy business on the rise

A reading of the standalone balance sheet indicates that RIL's investment in new energy is mainly through its subsidiary Reliance New Energy (Rs 66.7bn). This subsidiary has, in turn, invested in inorganic technology tie-ups for the business. RIL indicates that it has spent Rs 140bn-150bn so far to acquire technology and capabilities. We understand that investment in giga factories will pick up this year.

Fig 3 – Investments in new energy business

(Rs bn)	FY22	FY23	Step-down subsidiaries
Reliance New Energy Limited			
Equity shares	55.5	62.5	▪ Solar value chain: REC Solar Holdings, Reliance New Solar Energy ▪ Storage value chain: Faradion, Reliance Lithium Werks, Reliance New Energy Battery Storage, Reliance New Energy Storage ▪ Others: Reliance Bio Energy, Reliance Power Electronics
Loans - Non-Current	0.0	4.3	
Loans – Current	18.5	0.0	
Subtotal	**74.0**	**66.7**	

Source: Company, BOBCAPS Research

Update on giga factories

- **Vision of a fully integrated new energy chain:** RIL is targeting a shift to renewable power, hydrogen fuel cells and green chemicals. To this end, it is working on giga factories for each component (solar modules, battery packs, fuel cells, electrolysers and power electronics), which will initially meet captive requirements and, upon reaching viable cost and commercial scale, will target external markets.
- **Solar PV giga factory:** RIL has reiterated that its 10GW per year integrated solar PV factory will commence operations in 2024 and scale up to 20GW per year in a phased manner by 2026. For the purpose of decarbonising operations, the company is targeting 20GW of solar energy generation capacity for captive use by 2025 and 100GW of solar modules by 2030. For the heterojunction technology (HJT) module, it aims to improve efficiency from 23% in 2023 to 26% by 2026 and further to 28%. The company also aims to extend the life of PV modules from 25 to 50 years.
- **Energy storage giga factory:** The target is to start battery pack production and scale up to a fully integrated 5GWh cell-to-pack facility by 2024 and further ramp up to 50GWh in annual capacity by 2027. RIL has partnered with three industry disruptors targeting different types of battery chemistry – Lithium Werks, Faradion and Ambri – to hedge its bets against technology shifts.
- **Electrolyser giga factory:** After proving cost and performance targets, the company aims to progressively commence transition from grey to green hydrogen by 2025. At this stage, it has partnered with Stiesdal for pressurised alkaline electrolyser technology and is working on partnerships with other cutting-edge players to hedge bets on the technology front.
- **Fuel cell and power electronics factory:** This factory appears to be still at the conceptual stage with no technology tie-ups announced yet.

Other technology areas under exploration

- **CO2 as a recyclable resource:** The company is working on using CO2 for synthesis gas (syngas) and, in turn, green methanol production. It is separately working on photosynthetic biological pathways for conversion into high-value proteins, nutraceuticals, advanced materials and biofuels.
- **Reliance catalytic hydrothermal liquefaction (RCAT-HTL):** The RCAT-HTL technology is being pursued to derive value from waste by producing biofuel using organic feedstock waste.
- **Catalytic gasification of biomass to hydrogen (B2H):** RIL indicated that it is in the advanced stage of designing a 50tpd B2H demonstration plant to produce green hydrogen based on a patented technology.
- **Pursuing several other technology pathways:** Other areas being pursued include biomass-derived anode material for sodium-ion batteries and hard carbon development for battery applications.

EPC arm to merge with RIL

EPC (engineering, procurement and construction) subsidiary, Reliance Projects and Property, manages group projects and properties across business lines. RIL has invested Rs 831bn in this subsidiary, with incremental investment of Rs 94bn in FY23. While Reliance Projects and Property has step-down subsidiaries in the areas of new energy, no material investment has gone into these entities as this isn't the vehicle under which the conglomerate is carrying out its new energy buildout.

RIL has received NCLT (National Company Law Tribunal) approval for merging this subsidiary with itself as it aims to create a separate, focused EPC group. While RIL has ~4,000 engineers with proven experience across EPMC (engineering, procurement, project management and construction), Reliance Projects and Property has 20,000 engineers specialising in the same. The EPC group will play a major role in implementing all large projects across oil-to-chemicals (O2C), new energy and 5G rollout.

Fig 4 – Investments in new energy business

(Rs bn)	FY22	FY23
Reliance Projects & Property Management Services		
Equity shares	0.3	0.3
0.01% Non-Cumulative Optionally Convertible Preference Share	200.0	505.0
Loans - Non-Current	205.8	13.7
Subtotal	**406.1**	**519.0**

Step-down subsidiaries – No material investment here

- Kutch New Energy Projects
- Reliance Carbon Fibre Cylinder, Reliance New Energy Carbon Fibre Cylinder
- Reliance Hydrogen Electrolysis, Reliance New Energy Hydrogen Electrolysis
- Reliance Hydrogen Fuel Cell, Reliance New Energy Hydrogen Fuel Cell
- Reliance New Energy Power Electronics
- Reliance Chemicals and Materials, Reliance Petro Materials, Reliance Infratel, Reliance SMSL

Source: Company, BOBCAPS Research

Growing investment in strategic ventures

During FY23, RIL ploughed Rs 349bn from the standalone business into subsidiary Strategic Business Ventures (RSBVL), taking its total investment in the latter to Rs 443bn. RSBVL accounts for funding for new business lines and also treasury investments.

Fig 5 – Investments into other strategic businesses

(Rs bn)	FY22	FY23
Reliance Strategic Business Ventures Limited (RSBVL)		
Zero Coupon Unsecured Optionally Fully Convertible Debentures	15.7	137.9
Purchase / Subscription of Investments	7.5	150.6
Loans - Non-Current	70.5	154.4
Subtotal	**93.7**	**442.9**

Source: Company, BOBCAPS Research

The subsidiary has, in turn, invested in the following areas:

- **Treasury investments:** Kalaari Capital Partners (Rs 5.9bn, end-FY23) and Napean Focused Investment Fund (Rs 25.6bn)
- **Sports:** Mumbai Indians cricket team, Indiawin Sports Middle East, football club Stoke City, and in FY23 the UAE and South Africa cricket teams
- **Green building solutions:** Innovative building solutions focused on sustainable, greener products

- **EV charging solutions:** Stake in Enercent Technologies – a multi-sided energy platform for electric vehicle consumers, charging infrastructure owners/operators, parking lots, EV OEMs, and utilities/power producers
- **Electronics manufacturing hub:** Invested Rs 16.7bn in Sanmina's existing Indian entity for a 50.1% stake to create a world-class electronics manufacturing hub in India. The joint venture will prioritise high-technology infrastructure hardware for growth markets and across industries such as communications networking (5G, cloud infrastructure, hyperscale datacenters), medical and healthcare systems, industrial and cleantech, defense and aerospace
- **Enterprise resource planning (ERP) for supermarkets:** Acquired VasyERP, a cloud-based POS (Point of Sale), accounting and ERP software for supermarkets, retailers and manufacturers
- **Polyester manufacturing:** Acquired two polyester manufacturers – Shubhalakshmi Polyesters and Shubhlaxmi Polytex – for ~Rs 16bn in FY23

O2C – Focused on capturing value chain margin

RIL's O2C business has been improving its flexibility to capture value chain margins and reduce volatility through the cycle by allowing shifts across its product chains. The company has entered into a long-term EDC (ethylene di-chloride) contract to improve availability of the hydrocarbon so as to curtail production loss and debottleneck via use of this feedstock.

- **Needle coke & synthetic graphite manufacturing:** RIL has developed technology for needle coke production using existing assets and feed from its refinery.
- **Transition from fossil fuels to renewables:** The company is starting the transition with targeted setup of 20GW of solar energy generation capacity by 2025.
- **Transition from transportation fuels to chemical building blocks:** While RIL has shared the overall blueprint for this shift, specific steps are yet to be put into motion.

Media – Expanding its wings

- **Key priorities:** These comprise (a) digital delivery under the slogan 'Digital First, TV Always', (b) building a sustainable and scalable model for digital products (subscription), (c) strengthening its position in regional markets, and (d) continued innovation and expansion in new content genres.
- **Large opportunity:** The company estimates that televisions connected to the internet currently account for just 1% of total advertising spends. Such big-screen TVs present a large opportunity for digital content consumption and capturing a bigger pie of advertising spends.
- **Current success:** A total of 3,000 advertisers use RIL's Network18 media platforms to reach customers.
- **Jio Studios:** Content arm Jio Studios is looking to be a game changer in the content creation value chain.

Valuation methodology

BUY with TP of Rs 3,015

We have a BUY on RIL with an SOTP-based TP of Rs 3,015 (unchanged), valuing key businesses at FY26E EV/EBITDA multiples as follows: refining (7x), petrochemicals (8x), telecom (Jio Infocomm: 9x) and retail (32x). We also include the following values for other businesses: Rs 161/sh for the upstream business, Rs 107 for the digital services venture, and Rs 171 for the new energy division. We discount our SOTP value back to Jul'24 to arrive at a one-year forward target price.

We maintain BUY on RIL given 19% upside potential. In our view, current market buoyancy reflects investor optimism on India's growth trajectory, and RIL's consumer businesses will be key beneficiaries of this growth. Further, concerns over elevated capex appear overdone and we believe the ramp-up in outlay is likely to be in keeping with RIL's structural profit growth.

Key growth catalysts

- Jio: Gains in market share and ARPU on nationwide launch of 5G and Jio AirFiber
- Retail: Acceleration towards 3x growth target over 3-5 years set at the FY21 AGM
- O2C: Guidance on cost reduction with deployment of new energy
- E&P: Stabilisation of MJ field
- Listing of Jio and retail businesses

Fig 6 – Valuation summary

Business (Rs bn)	Fair Value (US$ bn)	Fair Value (Rs bn)	Value/share (Rs)	Valuation basis
Energy				
Refining	26	2,120	313	7x FY26E EBITDA
Petrochem	32	2,671	395	8x FY26E EBITDA
Upstream	13	1,088	161	Combination of DCF and reserve multiple
New energy	14	1,159	171	Option value
Energy total	**86**	**7,039**	**1,040**	**-**
Jio Infocomm	70	5,750	850	9x FY26E EBITDA, RIL share
Digital Services	9	725	107	6x FY26E Sales, RIL share
Reliance Retail	109	8,953	1,323	32x FY26E EBITDA, RIL share
Consumer business total	**188**	**15,428**	**2,280**	**-**
Enterprise value	**273**	**22,467**	**3,321**	**-**
Net Debt	25	2,076	307	-
Marketable securities	0	8	1	At 85% of BV
Equity value	**248**	**20,399**	**3,015**	**20.9x FY25E EPS**
TP (rounded to nearest Rs 5)	**-**	**-**	**3,015**	**-**

Source: BOBCAPS Research

Key risks

We highlight key downside risks to our estimates below:

- **O2C and Oil & Gas businesses:** Lower-than-assumed oil price, gas price, gross refining margin (GRM) and petrochemical crack movements on easing of the demand-supply balance, or adverse regulatory moves (such as higher windfall taxes or caps on gas price) are key downside risks.
- **Digital Services:** Downside risks in this business include lower growth in subscriber base, slower rise in average tariffs, inferior operating margin and slower pickup in digital services than our assumptions.
- **Reliance Retail:** Below-expected revenue growth driven by slower economic activity as well as lower market share gains against organised retail and competition are primary downside risks. Higher competitive intensity can also push operating margin below our current assumptions. RIL has invested more than US$ 1bn in acquiring assets and capabilities, and the pace of integration will pose added challenges.
- **New Energy:** Slower-than-expected evolution and integration of new energy businesses with existing businesses would be a key downside risk.
- **Corporate risk:** Succession planning with orderly transfer of management control to the next generation is the key to continuity. RIL has initiated the process by elevating Akash Ambani as Chairman of Reliance Jio Infocomm and elevating a professional manager, Pankaj Pawar, as Managing Director. Isha Ambani has been part of the executive leadership at Reliance Retail Ventures.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Bharat Petroleum Corp	BPCL IN	9.4	358	450	BUY
Gujarat State Petronet	GUJS IN	1.9	279	370	BUY
Hindustan Petroleum Corp	HPCL IN	4.6	267	410	BUY
Indian Oil Corp	IOCL IN	10.7	94	150	BUY
Indraprastha Gas	IGL IN	3.8	444	550	BUY
Mahanagar Gas	MAHGL IN	1.2	1,011	1,210	HOLD
Reliance Industries	RIL IN	209.7	2,547	3,015	BUY

Source: BOBCAPS Research, NSE | Price as of 11 Aug 2023

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23P	FY24E	FY25E	FY26E
Total revenue	**69,99,620**	**87,94,680**	**80,22,533**	**91,28,638**	**1,03,13,161**
EBITDA	11,04,600	14,29,080	16,68,607	18,55,656	21,45,288
Depreciation	(2,97,970)	(4,03,190)	(4,12,796)	(4,76,474)	(5,28,669)
EBIT	8,06,630	10,25,890	12,55,811	13,79,182	16,16,619
Net interest inc./(exp.)	(1,45,840)	(1,95,710)	(2,12,560)	(2,12,560)	(2,12,560)
Other inc./(exp.)	1,49,470	1,18,260	1,48,899	1,58,085	1,96,531
Exceptional items	28,360	0	0	0	0
EBT	8,10,260	9,48,440	11,92,151	13,24,707	16,00,590
Income taxes	(1,62,970)	(2,07,130)	(3,22,882)	(3,55,681)	(4,05,095)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(68,600)	(74,290)	(93,100)	(1,30,732)	(1,79,330)
Reported net profit	**6,07,050**	**6,67,020**	**7,76,169**	**8,38,294**	**10,16,166**
Adjustments	0	0	0	0	0
Adjusted net profit	**5,84,201**	**6,67,020**	**7,76,169**	**8,38,294**	**10,16,166**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23P	FY24E	FY25E	FY26E
Accounts payables	15,93,300	14,71,780	13,08,192	13,69,296	13,91,986
Other current liabilities	6,67,360	11,23,670	9,84,205	10,50,003	10,81,969
Provisions	37,890	37,870	37,870	37,870	37,870
Debt funds	29,39,980	34,28,380	34,28,380	34,28,380	34,28,380
Other liabilities	8,57,850	17,16,310	17,83,474	18,52,163	19,22,260
Equity capital	67,650	67,660	67,660	67,660	67,660
Reserves & surplus	77,27,200	81,43,870	88,39,973	96,02,708	1,05,41,768
Shareholders' fund	77,94,850	82,11,530	89,07,633	96,70,368	1,06,09,428
Total liab. and equities	**1,49,86,220**	**1,71,19,630**	**1,76,72,943**	**1,87,62,001**	**2,00,05,144**
Cash and cash eq.	3,61,780	7,47,080	7,09,213	10,62,242	16,42,027
Accounts receivables	2,36,400	2,84,510	2,74,434	2,77,608	2,79,938
Inventories	10,77,780	14,00,080	13,10,850	13,44,180	13,56,556
Other current assets	13,64,580	11,51,180	11,51,180	11,51,180	11,51,180
Investments	39,42,640	33,66,330	33,66,330	33,66,330	33,66,330
Net fixed assets	61,47,890	70,95,930	90,33,454	99,09,670	1,05,92,339
CWIP	17,25,060	29,37,900	16,90,862	15,14,172	14,80,154
Intangible assets	1,30,090	1,36,620	1,36,620	1,36,620	1,36,620
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**1,49,86,220**	**1,71,19,630**	**1,76,72,943**	**1,87,62,001**	**2,00,05,144**

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23P	FY24E	FY25E	FY26E
Cash flow from operations	**11,83,480**	**12,31,540**	**9,03,482**	**13,15,771**	**14,58,351**
Capital expenditures	(15,15,680)	(25,64,070)	(11,03,282)	(11,76,000)	(11,77,320)
Change in investments	(7,65,610)	7,75,790	0	0	0
Other investing cash flows	5,92,750	(87,750)	1,48,899	1,58,085	1,96,531
Cash flow from investing	**(16,88,540)**	**(18,76,030)**	**(9,54,383)**	**(10,17,915)**	**(9,80,789)**
Equities issued/Others	3,200	10	0	0	0
Debt raised/repaid	9,100	(2,68,230)	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(42,970)	(55,256)	(80,066)	(75,559)	(77,106)
Other financing cash flows	7,23,540	13,53,266	93,100	1,30,732	1,79,330
Cash flow from financing	**6,92,870**	**10,29,790**	**13,034**	**55,173**	**1,02,223**
Chg in cash & cash eq.	**1,87,810**	**3,85,300**	**(37,867)**	**3,53,029**	**5,79,785**
Closing cash & cash eq.	**3,61,780**	**7,47,080**	**7,09,213**	**10,62,242**	**16,42,027**

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23P	FY24E	FY25E	FY26E
Reported EPS	89.7	98.6	114.7	123.9	150.2
Adjusted EPS	86.4	98.6	114.7	123.9	150.2
Dividend per share	6.7	8.2	11.8	11.2	11.4
Book value per share	1,152.2	1,213.6	1,316.5	1,429.3	1,568.1

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23P	FY24E	FY25E	FY26E
EV/Sales	2.8	2.3	2.5	2.2	1.9
EV/EBITDA	18.0	13.9	11.9	10.7	9.2
Adjusted P/E	29.5	25.8	22.2	20.6	17.0
P/BV	2.2	2.1	1.9	1.8	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23P	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	69.7	70.3	65.1	63.3	63.5
Interest burden (PBT/EBIT)	104.0	92.5	94.9	96.1	99.0
EBIT margin (EBIT/Revenue)	11.5	11.7	15.7	15.1	15.7
Asset turnover (Rev./Avg TA)	49.7	54.8	46.1	50.1	53.2
Leverage (Avg TA/Avg Equity)	1.9	2.0	2.0	2.0	1.9
Adjusted ROAE	7.9	8.3	9.1	9.0	10.0

Ratio Analysis

Y/E 31 Mar	FY22A	FY23P	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	49.9	25.6	(8.8)	13.8	13.0
EBITDA	36.8	29.4	16.8	11.2	15.6
Adjusted EPS	33.8	14.2	16.4	8.0	21.2
Profitability & Return ratios (%)					
EBITDA margin	15.8	16.2	20.8	20.3	20.8
EBIT margin	11.5	11.7	15.7	15.1	15.7
Adjusted profit margin	8.3	7.6	9.7	9.2	9.9
Adjusted ROAE	7.9	8.3	9.1	9.0	10.0
ROCE	5.8	6.5	7.0	7.2	8.0
Working capital days (days)					
Receivables	11	11	13	11	10
Inventory	71	75	77	78	80
Payables	83	76	80	67	62
Ratios (x)					
Gross asset turnover	0.9	0.9	0.7	0.7	0.7
Current ratio	1.0	0.9	0.9	1.0	1.1
Net interest coverage ratio	5.5	5.2	5.9	6.5	7.6
Adjusted debt/equity	0.3	0.3	0.3	0.2	0.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Note: Recommendation structure changed with effect from 21 June 2021

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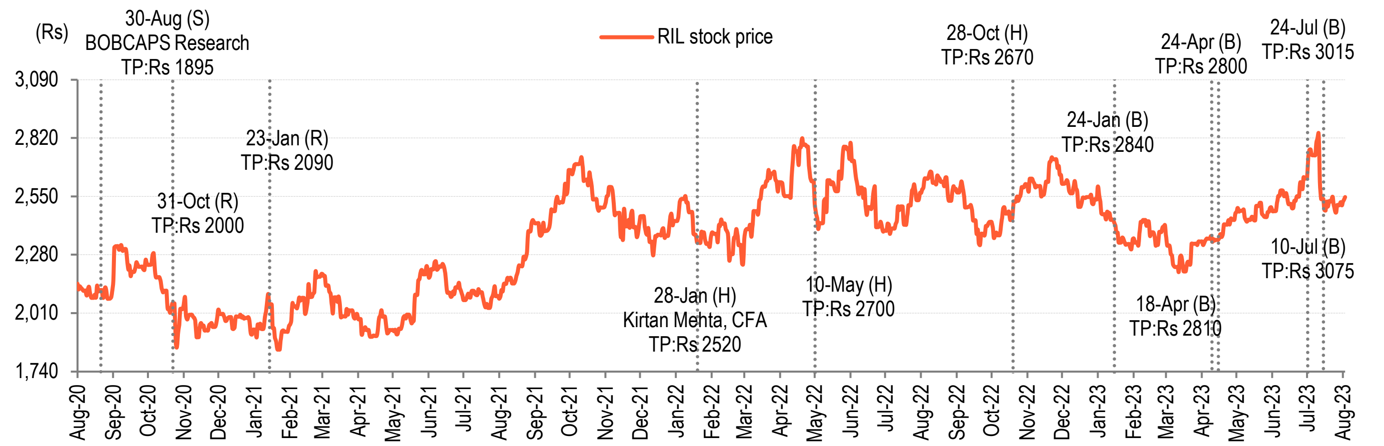

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