

**BUY**

TP: Rs 3,610 | ▲ 15%

**RELIANCE INDUSTRIES**

| Oil & Gas

| 28 June 2024

**Jio delivers on tariff hike; reiterate BUY**

- Jio delivers on our expectation of a tariff increase a quarter earlier. We now factor in 9%/11% tariff hikes over FY25/FY26
- We tweak our estimates to build in the earlier-than-expected increases in tariff
- Maintain BUY with a higher TP of Rs 3,610 (Rs 3,380); 5G monetisation, listing of Jio and Retail, and start-up of New Energy are key catalysts

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**Tariff increase comes through:** Both leading telecom players – Jio and BHARTI – have raised tariffs by Rs 45-50/month across various tariff plans from 3 July. While the effective increase works out to 12-25% with an apparent increase of c20% for Jio on a lower tariff base, it works out to 12-20% with an apparent increase of 15% for BHARTI. The relatively competitive structure remains the same with Jio but is cheaper at lower data usage plans.

**Tariff hikes in line with expectation:** The tariff increase was broadly in line with our expectation of a 22% increase in ARPU over the next two years, although it was a quarter earlier than our expectation. We raise FY25/FY26 ARPU by 2%/1% to Rs 198/Rs 225 to factor in the tariff increase. Despite 5G services roll-out ahead, we remain conservative in building in further tariff hikes at this stage.

**Estimates tweaked:** While we continue to model in 26% annual growth in Digital Services EBITDA over FY24-FY26, we raise our FY25 Digital Services EBITDA by 1% to factor in earlier implementation of tariff increase. This leads to a marginal 0.5% increase for RIL's EBITDA.

**Key stock catalysts:** (a) Jio: Clear signs of monetising standalone 5G roll-out. (b) Retail: Delivery on 3x growth target over FY21-FY26 and demonstration of RIL's comfort in sharing performance details for major retail verticals. (c) O2C: Guidance on cost reduction with the deployment of new energy. (d) Media: Progress on scaling up the business. (e) Public offers: Listing of the Jio and retail businesses

**Reiterate BUY:** We raise our SOTP-based TP to Rs 3,610 (from Rs 3,380) by raising target multiples for Digital Services (11x from 10x) and Retail (34x from 32x) to reflect the increase in valuation for peers and rolling forward fair value to Jun'25 (from Apr'25). We have retained target multiples for Refining (7.5x) and Petrochemicals (8.5x). Given 15% upside, we reiterate BUY.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	RIL IN/Rs 3,131
Market cap	US\$ 257.8bn
Free float	50%
3M ADV	US\$ 226.9mn
52wk high/low	Rs 3,162/Rs 2,220
Promoter/FPI/DII	50%/22%/17%

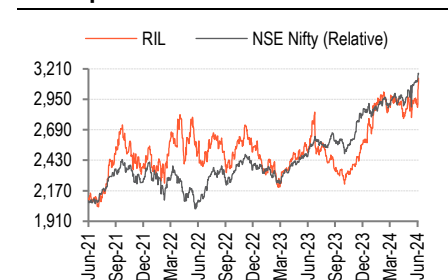
Source: NSE | Price as of 28 Jun 2024

**Key financials**

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs)	90,10,640	94,78,644	1,04,66,137
EBITDA (Rs mn)	16,22,187	17,95,301	20,41,832
Adj. net profit (Rs)	6,96,067	8,00,001	9,44,275
Adj. EPS (Rs)	102.9	118.2	139.6
Consensus EPS	102.9	119.5	137.2
Adj. ROAE (%)	9.2	9.6	10.4
Adj. P/E (x)	30.4	26.5	22.4
EV/EBITDA (x)	14.7	13.3	11.6
Adj. EPS growth (%)	5.0	14.9	18.0

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

**Stock performance**



Source: NSE



## Telecom tariff increase comes through

With Jio deciding to raise telecom tariff from 3 July and Bharti Airtel (BHARTI IN, Not Rated) following suit, the sector is set to benefit from normalisation of tariffs to more reasonable levels.

- **Tariff increase:** Jio has decided to raise tariff by 12-25% across its various plans with an apparent increase of c20%. BHARTI has effected an increase of c12-20%, with an apparent increase of c15%. However, in absolute terms, the increase is of a similar quantum across both competitors. The increase will be effective from 3 July.
- **Increase in line, but earlier:** The quantum of increase is broadly in line with our prior estimates (we had built in a 22% increase over next two years) but a quarter earlier than our expectation, as we were building in an increase around the festive season.
- **Relative competitive structure retained:** With an absolute increase of similar magnitude, relative competitive structure remains the same between two competitors. BHARTI continues to be bit expensive at lower end plans but broadly comparable on plans with higher data usage.
- **5G threshold needs to be watched:** Jio has decided to continue with free 5G on plans with data usage equal to and more than 2GB/day. If this leads to a shift from a 1.5GB/day plan to 2GB/day plan for many consumers, this could enable further increase in ARPU, in our view.
- **Positive for the sector:** With both competitors following a similar structure of tariff plans, this will lead to lower disruption and support earnings increase for the sector as a whole.

**Fig 1 – Tariff comparison**

Plan frequency (Rs)	Data usage	Jio			Airtel			Difference: Jio Less Airtel	
		Old	New	Change (%)	Old	New	Change (%)	Absolute (Rs)	(%)
<b>Pre-paid plans</b>	-	-	-	-	-	-	-	-	-
Monthly	1 GB/day	209	249	19.1	265	299	12.8	(50)	(16.7)
-	1.5 GB/day	239	299	25.1	299	349	16.7	(50)	(14.3)
-	2 GB/day	299	349	16.7	-	-	-	-	-
-	2.5 GB/day	349	399	14.3	359	409	13.9	(10)	(2.4)
-	3 GB/day	399	449	12.5	399	449	12.5	0	0.0
2-month	1.5 GB/day	479	579	20.9	479	579	20.9	0	0.0
-	2 GB/day	533	629	18.0	549	649	18.2	(20)	(3.1)
3-month	1.5 GB/day	666	799	20.0	719	859	19.5	(60)	(7.0)
-	2 GB/day	719	859	19.5	839	979	16.7	(120)	(12.3)
-	3 GB/day	999	1199	20.0	-	-	-	-	-
Annual	2 GB/day	-	-	-	2999	3599	20.0	-	-
-	2.5 GB/day	2999	3599	20.0	-	-	-	-	-
<b>Post-paid plans</b>	-	-	-	-	-	-	-	-	-
Monthly	30 GB	299	349	16.7	-	-	-	-	-
-	40 GB	-	-	-	399	449	12.5	-	-
-	75 GB	399	449	12.5	499	549	10.0	(100)	(18.2)
Monthly, family of 2	105 GB	-	-	-	599	699	16.7	-	-
Monthly, family of 4	190 GB	-	-	-	999	1199	20.0	-	-

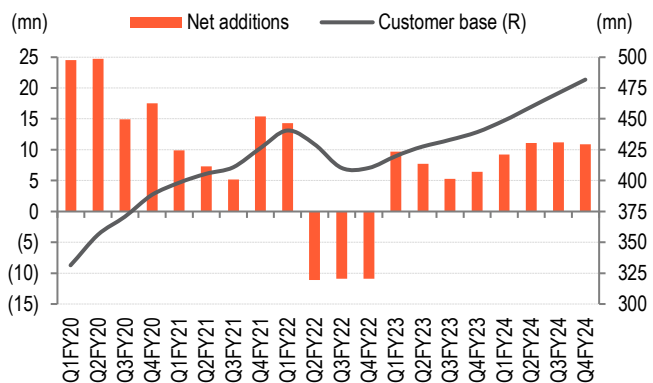
Source: Company, BOBCAPS Research

### Learnings from last tariff increase

The last notable industry-wide tariff hike was implemented in Dec'21, resulting in a 20% increase in average price.

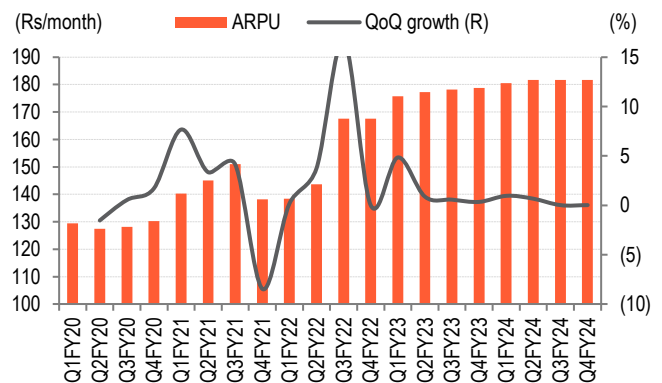
- **6-9 months feed through:** The tariff increase took around six months to feed through ARPU with different renewal cycles. While tariff was raised in Dec'21, ARPU stabilised by Q3FY22.
- **Subscriber consolidation:** The industry witnessed nine months of SIM consolidation over Q2-Q4FY22 as visible in Fig 2.

**Fig 2 – Gaining subscriber market share**



Source: Company, BOBCAPS Research

**Fig 3 – ARPU stable, 5G is the next lever for uptick**



Source: Company, BOBCAPS Research

### Digital Services estimate change

While we continue to model in 26% annual growth in Digital Services EBITDA over FY24-FY26, we raise our FY25 Digital Services EBITDA by 1% to factor in earlier implementation of tariff increase.

- **ARPU increase:** While we raise FY25/FY26 ARPU by 2%/1% to Rs 198/Rs 225 to factor in the tariff increase from 3 July, we are now assuming 9%/11% YoY increase in tariff over FY25/FY26. We have built in six to nine months for the tariff to fully feed through ARPU. Although Jio 2.0 is in the making, we remain conservative in our assumptions at this stage as ARPU acceleration will depend on the successful ramp-up of 5G services, levels of user engagement and new use cases for the technology.
- **Marginally lower consumer additions in FY25:** To factor in the possibility of SIM consolidation, we lower net subscriber additions for FY25 to 30mn from 40mn. In this round, we expect lower consolidation as this been done once post Covid. We continue to assume growth of 29mn consumers (vs 25mn) in FY26 as Jio continues to win subscriber market share on increased penetration of 5G. For home broadband services, we have retained our earlier forecast of a gradual pickup in connections to ~40mn by end-FY26.

## Valuation methodology

### Forecast revisions

Factoring in EBITDA forecast increase for Digital Services, we increase our FY25 EBITDA estimates by 0.5%. We now assume the benefit of tariff increase flowing through only from H2FY25 and conservatively assume marginally lower EBITDA growth in Retail at 22% CAGR (vs 26%) over FY24-26.

**Fig 4 – Revised estimates**

(Rs bn)	Actual	New		Old		Change (%)	
	FY24P	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	9,011	9,479	10,466	9,471	10,466	0.1	0.0
<b>EBITDA</b>	<b>1,622</b>	<b>1,795</b>	<b>2,042</b>	<b>1,786</b>	<b>2,042</b>	<b>0.5</b>	<b>0.0</b>
EBITDA margin (%)	18.0	18.9	19.5	18.9	19.5	-	-
Adj. PAT	696	800	944	795	944	0.7	0.1
EPS (Rs)	102.9	118.2	139.6	117.5	139.5	0.7	0.1

Source: Company, Bloomberg

Our revised EBITDA forecasts are marginally (-1.3%) below Bloomberg consensus for FY25 but in line for FY26.

**Fig 5 – Estimates vs Bloomberg Consensus**

(Rs bn)	Forecasts		Consensus		Delta to consensus (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	9,479	10,466	10,096	10,828	(6.2)	(3.3)
<b>EBITDA</b>	<b>1,795</b>	<b>2,042</b>	<b>1,820</b>	<b>2,038</b>	<b>(1.3)</b>	<b>0.2</b>
Adj. PAT	18.9	19.5	825	948	(2.9)	0.1
EPS (Rs)	800	944	119.5	137.2	(3.0)	(0.5)

Source: Bloomberg, BOBCAPS Research

We expect 12% annual growth in RIL's EBITDA over FY24-FY26 mainly driven by 25% CAGR for the Consumer business.

**Fig 6 – RIL's EBITDA mix**

Particulars	FY21	FY22	FY23	FY24P	FY25E	FY26E	FY21/24 CAGR (%)	FY24/26E CAGR (%)
<b>EBITDA (Rs bn)</b>								
O2C	382	527	621	624	600	615	-	-
Oil & Gas	2	55	136	203	194	174	-	-
<b>Cyclical subtotal</b>	<b>383</b>	<b>582</b>	<b>757</b>	<b>827</b>	<b>794</b>	<b>789</b>	-	-
Digital Services	334	394	490	555	693	879	-	-
Retail	98	124	179	230	275	341	-	-
<b>Consumer subtotal</b>	<b>432</b>	<b>518</b>	<b>669</b>	<b>786</b>	<b>969</b>	<b>1,220</b>	-	-
Others	(7)	(16)	(4)	9	33	33	-	-
<b>Consolidated business EBITDA</b>	<b>807</b>	<b>1,084</b>	<b>1,422</b>	<b>1,622</b>	<b>1,795</b>	<b>2,042</b>	-	-
<b>EBITDA YoY growth (%)</b>								
O2C	NA	38.1	17.7	0.5	(3.8)	2.5	17.8	(0.7)
Oil & Gas	(92.9)	3,410.6	149.0	49.5	(4.8)	(9.9)	407.5	(7.4)
<b>Cyclical subtotal</b>	<b>(70.2)</b>	<b>51.8</b>	<b>30.1</b>	<b>9.3</b>	<b>(4.1)</b>	<b>(0.6)</b>	<b>29.2</b>	<b>(2.3)</b>
Digital Services	117.5	18.2	24.3	13.3	24.9	26.7	18.5	25.8

Particulars	FY21	FY22	FY23	FY24P	FY25E	FY26E	FY21/24 CAGR (%)	FY24/26E CAGR (%)
Retail	57.8	26.5	44.8	28.5	19.5	23.9	33.0	21.7
<b>Consumer subtotal</b>	<b>100.3</b>	<b>20.1</b>	<b>29.2</b>	<b>17.4</b>	<b>23.3</b>	<b>25.9</b>	<b>22.1</b>	<b>24.6</b>
<b>Consolidated</b>	<b>(4.1)</b>	<b>34.3</b>	<b>31.1</b>	<b>14.1</b>	<b>10.7</b>	<b>13.7</b>	<b>26.2</b>	<b>12.2</b>
<b>EBITDA composition (% of total)</b>								
O2C	47.3	48.6	43.7	38.5	33.4	30.1	-	-
Oil & Gas	0.2	5.0	9.6	12.5	10.8	8.5	-	-
<b>Cyclical subtotal</b>	<b>47.5</b>	<b>53.6</b>	<b>53.2</b>	<b>51.0</b>	<b>44.2</b>	<b>38.6</b>	-	-
Digital Services	41.3	36.4	34.5	34.2	38.6	43.0	-	-
Retail	12.1	11.4	12.6	14.2	15.3	16.7	-	-
<b>Consumer subtotal</b>	<b>53.5</b>	<b>47.8</b>	<b>47.1</b>	<b>48.4</b>	<b>54.0</b>	<b>59.7</b>	-	-

Source: Company, BOBCAPS Research

### Fig 7 – Key assumptions

Parameter	Unit	FY22	FY23	FY24P	FY25E	FY26E
Exchange rate	INR/USD	74.5	80.4	82.8	83.5	83.5
<b>Energy</b>						
Oil price	US\$/bbl	80.0	95.0	84.7	85.0	85.0
Refining margin	US\$/bbl	8.0	11.5	11.5	10.5	9.5
Petrochem EBITDA	US\$/ton	282	285	263	257	278
O2C throughput	mt	68.2	66.4	71.0	71.0	71.0
Gas realisation- KG D6	US\$/mmbtu	4.9	10.7	11.2	10.2	10.2
Gas production- KG D6	mmscmd	17.7	19.0	27.1	29.0	29.0
<b>Jio Digital Services</b>						
No of subscribers	mn	410	439	482	512	541
ARPU	Rs	150	177	181	198	225
<b>Retail</b>						
Revenue growth	% YoY	25.8	32.0	18.3	19.5	20.5
EBITDA margin	%	6.2	7.5	8.0	8.4	8.7

Source: Company, BOBCAPS Research

## BUY with TP of Rs 3,610

We raise our SOTP-based TP for RIL to Rs 3,610 from Rs 3,380 as we incorporate marginal changes in our estimates, adjust our target multiples in line with rerating of peer companies and roll forward our SOTP value to Jun'25 (Apr'25 previously) to arrive at a one-year forward TP. For our SOTP valuations, we first arrive at Mar'25 fair Value using one-year forward multiple on FY26 estimates and then roll forward the same to arrive at 12-month forward TP.

- We have raised our target FY26E EV/EBITDA for Telecom (Jio Infocomm: 11x from 10x) and Retail Retail (34x from 32x) but maintained for Refining (7.5x) and Petrochemicals (8.5x).
- We include valuations of other businesses: Rs 197/sh (from Rs 194/sh) for the upstream business, Rs 131 (from Rs 129) for the Digital Services venture, Rs 189 (from Rs 186) for the New Energy division and Rs 41 (unchanged) for the media business.

We maintain BUY on RIL given 15% upside potential. In our view, the company will deliver structural profit growth while balancing its capex outlay and risk profile.

**Fig 8 – Valuation summary**

Business (Rs bn)	Fair Value		Value/share (Rs)	Valuation basis
	(US\$ bn)	(Rs bn)		
<b>Energy</b>				
Refining	31	2,607	385	7.5x FY26E EBITDA
Petrochem	40	3,317	490	8.5x FY26E EBITDA
Upstream	16	1,330	197	Combination of DCF and reserve multiple
New energy	15	1,281	189	Option value
<b>Energy total</b>	<b>103</b>	<b>8,535</b>	<b>1,261</b>	-
Jio Infocomm	79	6,571	971	10x FY26E EBITDA, RIL share
Digital Services	11	883	131	6x FY26E Sales, RIL share
Reliance Retail	122	10,088	1,491	32x FY26E EBITDA, RIL share
<b>Consumer business total</b>	<b>212</b>	<b>17,542</b>	<b>2,593</b>	-
Media business	3	280	41	Combination of market value and book value
<b>Enterprise value</b>	<b>318</b>	<b>26,356</b>	<b>3,895</b>	-
Net Debt	23	1,931	285	-
<b>Equity value</b>	<b>295</b>	<b>24,425</b>	<b>3,610</b>	-
<b>TP (rounded to nearest Rs 5)</b>			<b>3,610</b>	<b>25.9x FY26E EPS</b>

Source: BOBCAPS Research

### Digital Services (Jio)

While we value Jio Infocomm’s wireless, wireline and enterprise business at 11x (from 10x) FY26E EBITDA, we value **RIL’s** venture into Digital Services (part of JPL) at 6x FY26E Sales (unchanged) discounted back to Jul’25. We raise our target multiple for the Jio Infocomm telecom business in line with rerating of the Indian sector. While we have not built in another hike in tariff beyond the one on 3 July, we remain positive on prospects of further tariff hikes to allow the players to earn their cost of capital.

**Fig 9 – Indian telecom peers**

Company	Bloomberg Code	Market Cap (US\$ bn)	Price Currency	Current Price	P/E (x)		P/B (x)		EV/EBITDA (x)	
					FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Bharti Airtel	BHARTI IN	103.9	INR	1451.3	40.5	28.7	8.0	6.5	11.5	9.6
Bharti Hexacom	BHARTIHE IN	6.6	INR	1099.95	42.3	29.0	10.1	8.4	14.8	12.0
Vodafone Idea	IDEA IN	14.5	INR	17.89	NA	NA	NA	NA	17.0	14.5

Source: Bloomberg, BOBCAPS Research, NA Not Available

Given that RIL’s Digital Services are at a relatively nascent stage, we value the business at 6x Sales, in line with the typical multiple for transactions in this space. We see potential for sales of US\$ 2.6bn for JPL based on our assumption of an average 7.5% market share for the company across digital market segments by FY26.

### Reliance Retail

We raise one-year forward target EV/EBITDA to 34x (from 32x) to reflect the increase in peer valuation. Our target multiple is in line with the simple average/ median FY25 multiple of 34.8x for select players in the Indian retail industry that operate in different segments of the value chain. We use a simple average instead of market cap-weighted average to represent players across different segments below.

**Fig 10 – Indian retail peers**

Company	Bloomberg Code	Market Cap (US\$ bn)	Price Currency	Current Price	P/E (x)		P/B (x)		EV/EBITDA (x)	
					FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Trent	TRENT IN	23.4	INR	5,451	125.5	92.8	35.5	25.9	74.6	56.4
Avenue Supermarkets	DMART IN	36.8	INR	4,783	89.8	73.7	13.8	11.7	58.0	46.9
Titan	TTAN IN	36.2	INR	3,404	68.8	55.7	20.8	16.4	45.8	37.9
Jubilant Foodworks	JUBI IN	4.5	INR	561	95.9	68.5	14.2	12.3	25.2	21.0
Aditya Birla Fashion and Retail	ABFRL IN	3.8	INR	316	NA	NA	8.1	8.2	18.8	15.3
V-Mart Retail	VMART IN	0.7	INR	2,894	NA	NA	7.8	7.6	17.7	13.8
Shoppers Stop	SHOP IN	1.0	INR	753	66.5	36.8	19.3	12.8	10.5	10.0
Bata India	BATA IN	2.3	INR	1,482	53.2	43.7	10.8	9.4	21.7	18.0
Relaxo Footwears	RLXF IN	2.5	INR	819	81.9	62.7	9.4	8.5	40.5	32.4
<b>Weighted Average</b>	-	<b>111.1</b>	-	-	<b>89.5</b>	<b>70.3</b>	<b>20.3</b>	<b>16.0</b>	<b>53.0</b>	<b>42.4</b>
<b>Simple Average</b>	-	-	-	-	<b>83.1</b>	<b>62.0</b>	<b>15.5</b>	<b>12.5</b>	<b>34.8</b>	<b>28.0</b>
<b>Median</b>	-	-	-	-	<b>81.9</b>	<b>62.7</b>	<b>13.8</b>	<b>11.7</b>	<b>25.2</b>	<b>21.0</b>

Source: Company, BOBCAPS Research, NA Not Available

## 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 penetration in home broadband segment, 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 unorganised 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. Chairman Mukesh Ambani has already announced his intent to stay at the helm for five more years and to mentor his children Akash, Isha and Anant for "collective leadership", while also inducting them into RIL's board.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
<b>Total revenue</b>	<b>69,59,630</b>	<b>87,78,350</b>	<b>90,10,640</b>	<b>94,78,644</b>	<b>1,04,66,137</b>
EBITDA	10,84,460	14,21,620	16,22,187	17,95,301	20,41,832
Depreciation	(2,97,820)	(4,03,030)	(5,08,320)	(5,53,394)	(6,10,602)
EBIT	7,86,640	10,18,590	11,13,867	12,41,907	14,31,229
Net interest inc./(exp.)	(1,45,840)	(1,95,710)	(2,31,180)	(2,28,676)	(2,28,676)
Other inc./(exp.)	1,49,430	1,17,340	1,60,570	1,72,841	1,96,221
Exceptional items	28,360	0	0	0	0
EBT	7,90,230	9,40,220	10,43,257	11,86,073	13,98,775
Income taxes	(1,59,700)	(2,03,760)	(2,57,070)	(2,83,443)	(3,15,089)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(68,450)	(73,620)	(90,120)	(1,02,629)	(1,39,411)
<b>Reported net profit</b>	<b>5,90,440</b>	<b>6,62,840</b>	<b>6,96,067</b>	<b>8,00,001</b>	<b>9,44,275</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>5,67,613</b>	<b>6,62,840</b>	<b>6,96,067</b>	<b>8,00,001</b>	<b>9,44,275</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Accounts payables	15,93,300	14,71,720	17,83,770	16,33,442	16,33,442
Other current liabilities	6,67,360	11,23,260	11,52,800	11,92,400	11,98,636
Provisions	37,890	37,850	42,190	42,190	42,190
Debt funds	29,39,980	34,20,960	35,18,090	35,18,090	35,18,090
Other liabilities	8,57,850	17,16,220	17,95,750	19,32,762	21,05,306
Equity capital	67,650	67,660	67,660	67,660	67,660
Reserves & surplus	77,27,200	70,91,060	78,67,150	85,95,538	94,67,420
Shareholders' fund	77,94,850	71,58,720	79,34,810	86,63,198	95,35,080
<b>Total liab. and equities</b>	<b>1,49,86,220</b>	<b>1,60,58,820</b>	<b>1,75,50,480</b>	<b>1,84,07,781</b>	<b>1,95,97,854</b>
Cash and cash eq.	3,61,780	6,86,640	9,72,250	10,28,607	15,19,419
Accounts receivables	2,36,400	2,84,480	3,16,280	3,13,840	3,16,904
Inventories	10,77,780	14,00,080	15,27,700	15,32,677	15,32,677
Other current assets	13,64,580	11,46,450	12,89,130	12,89,130	12,89,130
Investments	39,42,640	23,55,600	22,56,720	22,56,720	22,56,720
Net fixed assets	61,47,890	70,95,350	76,49,960	98,07,406	1,07,84,412
CWIP	17,25,060	29,37,520	33,88,550	19,84,510	17,03,702
Intangible assets	1,30,090	1,52,700	1,49,890	1,49,890	1,49,890
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>1,49,86,220</b>	<b>1,60,58,820</b>	<b>1,75,50,480</b>	<b>1,83,62,780</b>	<b>1,95,52,854</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
<b>Cash flow from operations</b>	<b>11,66,910</b>	<b>12,02,980</b>	<b>12,12,927</b>	<b>12,04,300</b>	<b>15,34,372</b>
Capital expenditures	(15,15,680)	(25,33,630)	(15,13,960)	(13,06,800)	(13,06,800)
Change in investments	(7,65,610)	16,67,980	(21,340)	0	0
Other investing cash flows	5,92,710	13,790	2,83,600	1,72,841	1,96,221
<b>Cash flow from investing</b>	<b>(16,88,580)</b>	<b>(8,51,860)</b>	<b>(12,51,700)</b>	<b>(11,33,959)</b>	<b>(11,10,579)</b>
Equities issued/Others	3,200	10	0	0	0
Debt raised/repaid	9,100	(2,75,650)	1,42,880	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(42,970)	(50,830)	(56,478)	(71,612)	(72,393)
Other financing cash flows	7,40,150	3,00,210	1,92,980	1,02,629	1,39,411
<b>Cash flow from financing</b>	<b>7,09,480</b>	<b>(26,260)</b>	<b>2,79,382</b>	<b>31,016</b>	<b>67,018</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,87,810</b>	<b>3,24,860</b>	<b>2,40,609</b>	<b>1,01,358</b>	<b>4,90,812</b>
<b>Closing cash &amp; cash eq.</b>	<b>3,61,780</b>	<b>6,86,640</b>	<b>9,27,249</b>	<b>10,28,607</b>	<b>15,19,419</b>

### Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
Reported EPS	87.3	98.0	102.9	118.2	139.6
Adjusted EPS	83.9	98.0	102.9	118.2	139.6
Dividend per share	6.7	7.5	8.3	10.6	10.7
Book value per share	1,152.2	1,058.0	1,172.7	1,280.4	1,409.3

### Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
EV/Sales	3.4	2.7	2.6	2.5	2.3
EV/EBITDA	22.0	16.7	14.7	13.3	11.6
Adjusted P/E	37.3	32.0	30.4	26.5	22.4
P/BV	2.7	3.0	2.7	2.4	2.2

### DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24P	FY25E	FY26E
Tax burden (Net profit/PBT)	69.3	70.5	66.7	67.4	67.5
Interest burden (PBT/EBIT)	104.1	92.3	93.7	95.5	97.7
EBIT margin (EBIT/Revenue)	11.3	11.6	12.4	13.1	13.7
Asset turnover (Rev./Avg TA)	49.4	56.6	53.6	52.8	55.2
Leverage (Avg TA/Avg Equity)	1.9	2.1	2.2	2.2	2.1
<b>Adjusted ROAE</b>	<b>7.7</b>	<b>8.9</b>	<b>9.2</b>	<b>9.6</b>	<b>10.4</b>

### Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
<b>YoY growth (%)</b>					
Revenue	49.1	26.1	2.6	5.2	10.4
EBITDA	34.3	31.1	14.1	10.7	13.7
Adjusted EPS	30.0	16.8	5.0	14.9	18.0
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	15.6	16.2	18.0	18.9	19.5
EBIT margin	11.3	11.6	12.4	13.1	13.7
Adjusted profit margin	8.2	7.6	7.7	8.4	9.0
Adjusted ROAE	7.7	8.9	9.2	9.6	10.4
ROCE	5.6	6.8	6.9	7.2	7.9
<b>Working capital days (days)</b>					
Receivables	11	11	12	12	11
Inventory	71	75	86	88	88
Payables	83	76	80	81	71
<b>Ratios (x)</b>					
Gross asset turnover	0.9	0.9	0.9	0.8	0.7
Current ratio	1.0	0.9	1.0	1.1	1.2
Net interest coverage ratio	5.4	5.2	4.8	5.4	6.3
<b>Adjusted debt/equity</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>

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



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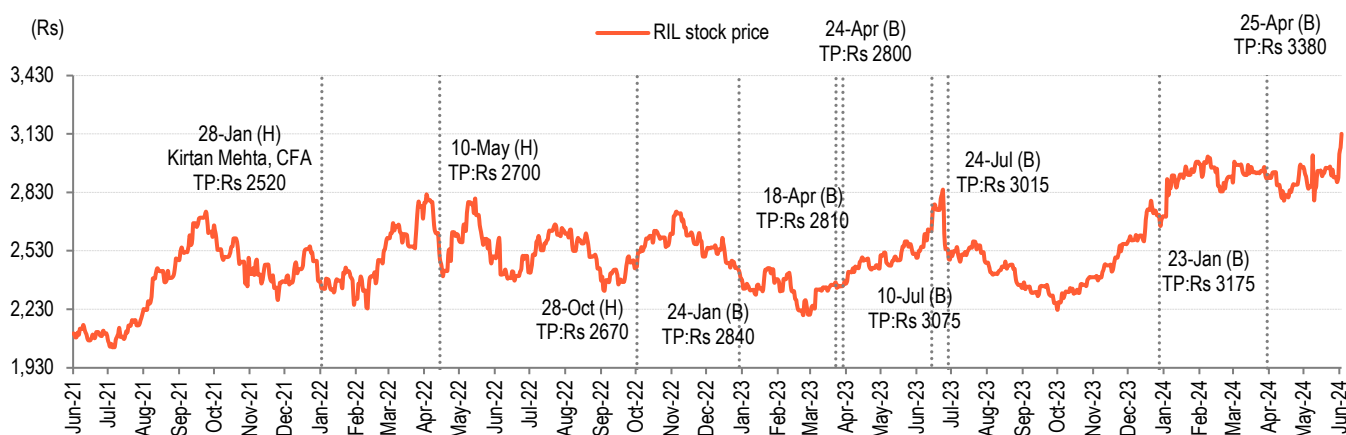
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