

23 August 2023

India | Equity Research | Company Update

Reliance Industries

Oil & Gas

FY23 Annual Report – broad-based earnings strength; FCF remains negative

The FY23 annual report of Reliance Industries (RIL) throws up some interesting data points: i) Capex of INR 1.4trn had grown by a material INR 423bn in FY23, ii) resultant, net debt (including spectrum and other deferred payment liabilities) expanded sharply to INR 1.05trn, despite a material INR 428bn of increase in cash + equivalents for the year, iii) net working capital (excluding cash) increased by INR 220bn, driven by a sharp uptick in inventories, iv) FCF generation remains elusive, despite sharply higher profitability – FCF yield of negative 1.2% vs an average negative yield of 3.6% over FY21-22. Overall, earnings prospects remain strong for RIL, but we have revised down FY24/25E EPS by 2% each, TP reduced by 1% to INR 2,650/sh (from INR 2,670/sh). Maintain **ADD** rating.

Broad-based earnings growth

RIL has continued its quest to create a diverse well-rounded portfolio of earnings growth over the last 5 years and this year has seen further strengthening of the same. EBITDA contribution from the erstwhile mainstay oil to chemicals (OTC) segment reduced by 2,958bps over FY19-23 to 41% while share of retail and JIO had expanded (aggregate) by 2,158bps over the period to 45% as of end FY23.

Capex intensity remains material

Capex of INR 423bn in FY23 had grown materially over (restated) capex of INR 995bn seen in FY22, with retail and JIO segments expectedly consuming the bulk of the capex. The rise in retail segment is particularly striking, with capex of INR 514bn in FY23, ~10x the capex in this segment seen in FY18! JIO/digital services capex of INR 585bn was also the second highest seen in the last 6 years. We also note that revenue run rate for some of these segments has not kept pace, with retail net revenue growing 3.7x (capex run rate up 10x) from FY18-23.

Free cashflow (FCF) improvement remains tepid

Despite a near 18% CAGR in operating earnings over FY20-23, FCF earned during this period has remained muted – aggregate FCF earned during FY20-23 is negative INR 760bn, with small positive FCF earned in FY20 and FY22 offset by a sharply negative FCF of ~INR 1trn seen cumulatively in FY21 and FY23.

Financial Summary

Y/E (INR bn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	7,176	8,913	10,033	10,850
EBITDA	1,084	1,422	1,655	1,884
EBITDA %	15.1	15.9	16.5	17.4
Net Profit	568	663	790	932
EPS (Rs)	83.9	98.0	116.8	137.7
EPS % Chg YoY	30.0	16.8	19.2	17.9
P/E (x)	30.0	25.7	21.6	18.3
EV/EBITDA (x)	17.5	13.9	11.7	10.1
RoCE (Pre-tax) (%)	6.9	8.2	9.1	10.2
RoE (%)	7.7	8.9	10.5	11.2

Probal Sen

probal.sen@icicisecurities.com
+91 22 6807 7274

Hardik Solanki

solanki.hardik@icicisecurities.com

Sanjesh Jain

sanjesh.jain@icicisecurities.com

Market Data

Market Cap (INR)	17,046bn
Market Cap (USD)	205,457mn
Bloomberg Code	RELIANCE IN EQUITY
Reuters Code	RELI.BO
52-week Range (INR)	2,632 / 1,986
Free Float (%)	50.0
ADTV-3M (mn) (USD)	220.5

Price Performance (%)	3m	6m	12m
Absolute	13.0	16.7	6.5
Relative to Sensex	6.0	10.2	12.4

ESG Disclosure	2021	2022	Change
ESG score	51.7	56.9	5.3
Environment	40.4	46.1	5.6
Social	29.6	34.8	5.2
Governance	84.9	89.9	5.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	0.8	(0.4)
EBITDA	0.7	0.8
EPS	(1.8)	(1.9)

Previous Reports

23-07-2023: [Q1FY24 results review](#)

24-04-2023: [Q4FY23 results review](#)

Working capital expands

Due to largely a sharp uptick in inventory levels over FY23, net working capital (NWC) has seen a steady uptick over the last three years. From levels of INR 154bn in FY21, NWC has expanded to INR 385bn by the end of FY23, this is largely due to INR 583bn expansion in inventories held by RIL. We believe larger scale of operations at retail and lacklustre demand offtake from the OTC segment would have driven a greater inventory build-up from these two segments over FY23. Absolute levels of inventories can be misleading when the scale is expanding so meaningfully, but we note even average days of inventory have seen a jump to 281 days in FY23 vs just 218 days in FY20 and ~250 days over FY21-22.

Net debt expands; however, leverage well within management's guidance

With capex run-rate outweighing revenue/profitability growth, net debt has steadily grown over FY21-23 – post reaching a 6-year low of INR 1trn in FY21 (driven by the influx of investor money in JIO/retail), net debt had steadily expanded to INR 3.2trn in FY23. We include deferred payment liabilities (primarily related to spectrum liabilities) and creditors for capex in borrowings whereas the management tends to exclude these. As per management's methodology, net debt has expanded from negative INR 2.2bn (FY21) to positive INR 1.3trn in FY23.

Return ratios: Improvement still some time away

Led by a sharp uptick in capital employed, which keeps running well ahead of earnings growth, RoCE (return on capital employed) has remained at moderate levels over the last 4-5 years. It has seen the sharpest contraction in retail segment while there has been a sharp jump in the returns from the upstream oil & gas segment.

"New Energy" segment to be the focus of investments over the next few years

Multiple investments in the various areas of the "New Energy" segment are starting to play out gradually, with others segment (housing the new energy and other smaller segments) having grown in revenue by ~10x over FY18-23, even as profitability from this segment remains some time away. The upcoming AGM of RIL on the Aug 28, '23 should provide some more meaningful update on the pace and direction of investments in this segment over the next few years.

Maintain ADD

We have tweaked our earnings estimates marginally to factor in higher depreciation, lower other income and higher tax partly set off by an increase in earnings in digital services (ex JIO). EPS reduced by 2% each for FY24 and FY25E. At our revised estimates, we still see consolidated EPS CAGR at a material 18.6% over FY23-FY25E, with a lower 15.1% CAGR in EBITDA. With these revisions, our SoTP-based target price of INR 2,650/sh implies a limited 5% upside (from INR 2670/sh), underpinning our ADD rating.

Key risks

Stronger OTC margin, lower capex, stronger ARPU growth in RJio, and faster-than-estimated execution on green energy plans

Exhibit 1: Segmental EBITDA contribution is more diversified now

EBITDA (INR bn)	FY19	FY20	FY21	FY22	FY23
Oil to Chemicals (O2C)	639	538	382	527	621
Oil and Gas	16	4	3	55	136
Retail	62	97	98	124	180
Digital Services	153	233	340	403	503
Financial Services	2	8	13	7	5
Others	28	40	50	71	56
Total EBITDA	901	920	886	1,187	1,500
Segmental EBITDA Contribution					
Oil to Chemicals (O2C)	71%	58%	43%	44%	41%
Oil and Gas	2%	0%	0%	5%	9%
Retail	7%	11%	11%	10%	12%
Digital Services	17%	25%	38%	34%	34%
Financial Services	0%	1%	1%	1%	0%
Others	3%	4%	6%	6%	4%
Total	100%	100%	100%	100%	100%

Source: Company data, I-Sec research

Exhibit 2: Capex in retail and digital segments has increased sharply in FY23

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
O2C	243	156	181	79	79	191
Oil & Gas	-13	59	31	39	55	47
Retail	48	50	93	103	299	514
Digital Services	481	885	390	360	369	585
Financial Services				0.2	0.5	0.0
Others	82	158	107	183	136	47
Unallocable	-49	17	3	33	57	33
Total Capex	793	1,324	805	797	995	1,418

Source: Company data, I-Sec research, Note : Digital services capex is reinstated for FY22.

Exhibit 3: Free cashflow continued to be weak impacting FCF yield

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
CFO	715	423	949	270	1,107	1,150
Capex	-740	-936	-765	-1,058	-1,001	-1,410
Free Cashflow	-25	-513	184	-789	105	-260
Fund Raised	5	2	1	2,136	402	5
Change In Investment in cash flow	35	-19	165	-473	3	294
Borrowings	199	845	370	-837	99	381
Deferred Payment + Upfront Payment	-7	-28	-163	0	-193	0
Interest payment	-177	-233	-285	-183	-263	-217
Others	-18	-23	-74	11	27	138
Net Increase in cash and Bank Balance	12	31	198	-135	178	343
Free Cashflow Yield	-0.1%	-2.6%	0.9%	-4.1%	0.5%	-1.2%

Source: Company data, I-Sec research

Exhibit 4: Increase in working capital driven by a sharp rise in inventories

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
Inventories	608	676	739	817	1,078	1,400
Receivables	176	301	197	190	236	284
Other CA	435	476	609	626	713	697
Trade Payables	1,069	1,083	968	1,089	1,593	1,472
Other CL	473	579	822	390	267	525
Net working capital	-322	-209	-246	154	167	385
Wcap Days						
Inventories	370	117	218	252	254	281
Receivables	16	15	13	12	10	10
Other CA	265	83	168	200	179	160
Trade Payables	650	197	317	333	359	348
Other CL	287	96	216	196	88	90
Net Working Cap Days	-287	-77	-134	-65	-4	13

Source: Company data, I-Sec research

Exhibit 5: Net debt has increased substantially over FY21-FY23

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
LT	1,442	2,075	1,976	1,637	1,877	1,832
Current Maturity	372	156	449	0	0	0
ST	374	644	938	881	786	1,308
Deferred Payment Liability (DOT)	211	202	188	188	372	1,128
Lease Liability	0	0	75	83	157	204
Capex Creditors	843	664	952	402	413	611
Total Borrowings	3,241	3,741	4,579	3,191	3,605	5,083
Cash and Cash Equivalent *	619	821	1,038	2,097	1,444	1,872
Net Debt	2,622	2,920	3,541	1,095	2,161	3,211

Source: Company data, I-Sec research Note * Include Cash and Cash eq. , Current Investment and share call money receivable

Exhibit 6: Reported gross and net debt

INR bn	FY19	FY20	FY21	FY22	FY23
Borrowing - Non-Current (including current maturities)		2,425	1,917	2,147	2,317
Borrowing - Current		938	601	516	823
Gross Debt	2,875	3,363	2,518	2,663	3,140
Cash and Marketable Securities *	1,367	1,753	2,540	2,315	1,882
Net Debt	1,508	1,610	-22	348	1,258

Cash and Marketable Securities break up*					
Cash and Cash Equivalents	111	309	174	362	687
Current Investment	710	729	1,524	1,081	1,185
Other Marketable Securities (including investments in Jio Digital Fibre Private Limited and Summit Digital Infrastructure Private Limited and)	546	714	443	871	10
Share Call money receivable on rights issue	0	0	398	1	0
Total Cash and Marketable Securities	1,367	1,753	2,540	2,315	1,882

Source: Company data, I-Sec research

Exhibit 7: Foreign borrowings

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
USD	890	1,142	1,284	985	1,173	1,357
EUR	98	106	188	126	120	120
JPY	17	57	107	130	121	117
Total Foreign Debt	1,005	1,304	1,580	1,241	1,414	1,594
% Foreign Debt	31.0%	34.9%	34.5%	38.9%	39.2%	31.4%

Source: Company data, I-Sec research

Exhibit 8: Capital employed to other segment (new energy and others) has increased along with retail and digital services

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
O2C	784	2,814	3,221	3,147	3,052	3,297
Oil & Gas	-99	-61	363	208	240	318
Retail	95	131	196	775	887	1,001
Digital Services	1,010	633	2,049	2,376	2,539	2,843
Financial Services	432	83	683	807	1,084	0
Others	0	552	643	1,204	1,367	1,738
Total	2,223	4,152	7,156	8,517	9,169	9,197

Source: Company data, I-Sec research

Exhibit 9: Return on capital employed remains subdued across segments except for oil and gas

ROCE	FY18	FY19	FY20	FY21	FY22	FY23
O2C	60%	31%	15%	9%	15%	17%
Oil & Gas	16%	17%	-9%	-5%	13%	39%
Retail	22%	49%	51%	16%	12%	15%
Digital Services	3%	11%	11%	10%	10%	11%
Financial Services	0%	1%	2%	2%	0%	0%
Others	0%	-6%	5%	3%	0%	-4%

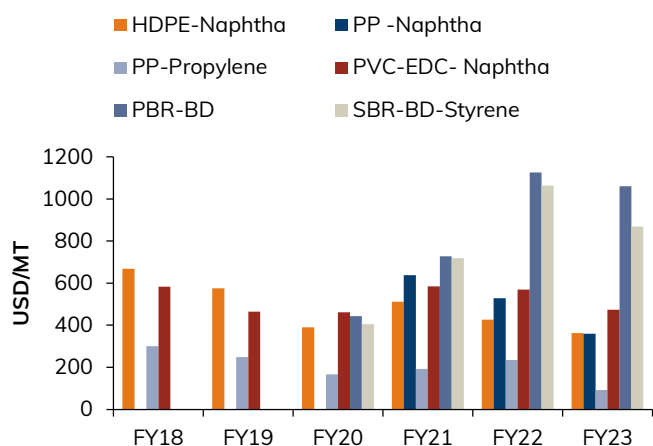
Source: Company data, I-Sec research

Exhibit 10: Key acquisitions and investments in new energy business

Company Name	Investment	About company	Reliance to leverage
Acquired REC Solar Holdings AS (REC Group)	Enterprise value of USD 771mn	REC Group is one of the world's leading solar cells & panels, and polysilicon manufacturing companies.	The acquisition is likely to help Reliance become a global scale PV manufacturer with industry-leading heterojunction (HJT) cell technology.
Acquired 40% stake in Sterling & Wilson Renewable Energy	INR 28.1bn	Sterling & Wilson Renewable Energy is one of the largest EPC and O&M providers globally, providing turnkey solutions in new energy value chain.	Its acquisition may boost Reliance's commitment to enable up to 100 GWp of solar energy in India by 2030 and become a global player in renewable industry.
Acquired Faradion Limited	Enterprise value of USD 100mn	Faradion is a leading global battery technology company and has competitively superior, strategic, far-reaching and extensive IP portfolios covering several aspects of sodium-ion technology.	Reliance is likely to use Faradion's technology at its proposed fully integrated energy storage gigafactory as a part of the DAGEGC project at Jamnagar, India.
Ambri	Invested USD 50mn	Ambri Inc is developing long storage battery based upon antimony calcium technology. Along with strategic investors Paulson & Co. Inc. and Bill Gates and a few other investors, RNEL is investing a total of USD 144mn.	The investment may help Reliance commercialise and grow its long-duration energy storage systems business globally.
Germany's NexWafe	Invested USD 29mn	Partnered with NexWafe for joint technology development and commercialisation of high-efficiency monocrystalline 'green solar wafers'.	Reliance has access to NexWafe's proprietary technology, which is expected to drastically lower costs and make solar photovoltaics the lowest-cost form of renewable energy available. This may help Reliance build large-scale wafer manufacturing facilities in India.
Collaboration with Denmark's Stiesdal A/S on technology		Collaboration with Denmark's Stiesdal A/S on technology development and manufacturing of hydrogen electrolyzers in India.	This technology can produce hydrogen at a significantly lower cost compared to current levels. This may pave the way for rapid decarbonisation and commercialisation of affordable green hydrogen – a key enabler in achieving India's green energy transition. RNEL and Stiesdal may also collaborate to develop and implement other path-breaking climate change technologies.
Lithium Werks	Invested USD 61mn to acquire assets of Lithium Werks	An integrated portfolio of high-performance LFP solutions with a unique history of 30+ years of battery experience and innovation.	This may further strengthen Reliance's cell chemistry technology leadership and accelerate setting up of multi gigawatt hour scale battery manufacturing in India.
Acquired 20% stake in Caelux Corporation	USD 12mn	It is engaged in the development of perovskite-based solar technology that improves the relative performance of new crystalline silicon modules to make them more powerful and cost effective.	Through this investment and collaboration, Reliance may produce more powerful and lower cost solar modules leveraging Caelux's products.
Acquired majority stake in SenseHawk	Total transaction value of USD 32mn	SenseHawk is an early-stage California-based developer of software based management tools for solar energy generation industry.	It may help accelerate Reliance's solar projects from planning to production by streamlining processes and using automation.
Altigreen	Invested INR 500mn	Altigreen is an electric vehicle technology and solutions company for commercial last-mile transportation through 2/3/4 wheeled vehicles.	Reliance is likely to collaborate with Altigreen for battery, supply for cells, BMS and vehicle IOT.

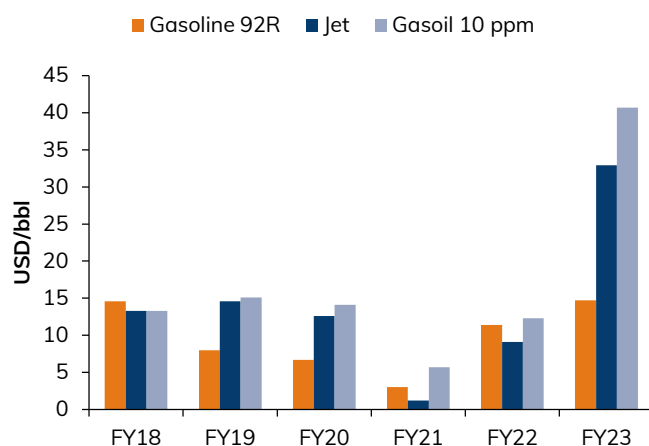
Source: Company data, I-Sec research

Exhibit 11: Southeast Asia polymer margins



Source: Company data, I-Sec research

Exhibit 12: Asian cracks for transportation fuels



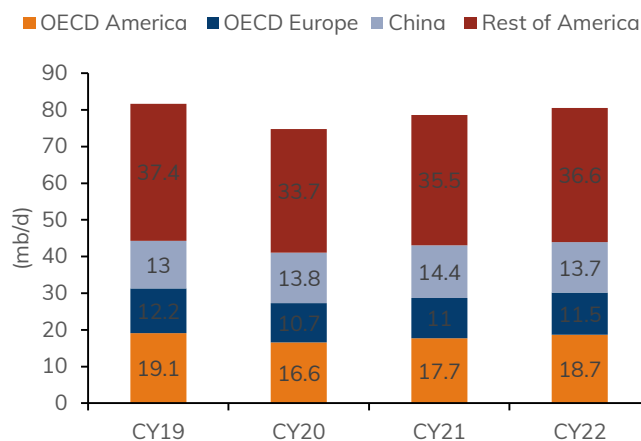
Source: Company data, I-Sec research

Exhibit 13: Intermediates and polyester margin trends

(USD/MT)	FY18	FY19	FY20	FY21	FY22	FY23
PX- Naphtha	346	479	292	172	215	350
PTA-PX	131	181	155	157	105	113
MEG-Naphtha	538	417	215	232	203	44
POY-PTA & MEG	282	262	282	203	294	200
PSF-PTA & MEG	201	154	163	150	151	110
PET- PTA & MEG	167	222	158	146	191	164

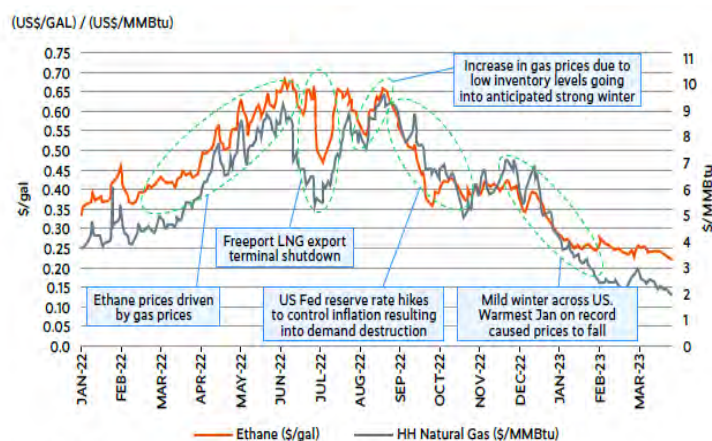
Source: Company data, I-Sec research

Exhibit 14: Global refinery throughput



Source: Company data, I-Sec research

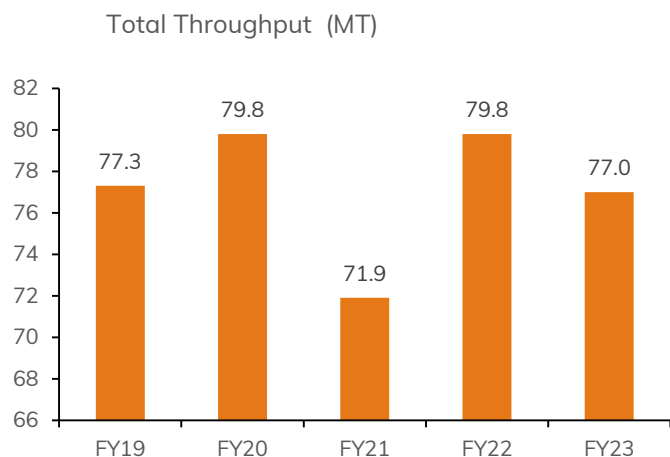
Exhibit 15: Ethane prices



Source: Reuters

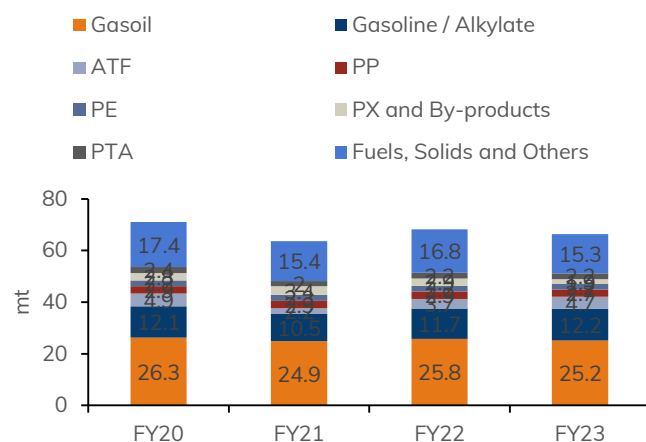
Source: Company data, I-Sec research

Exhibit 16: Total throughput...



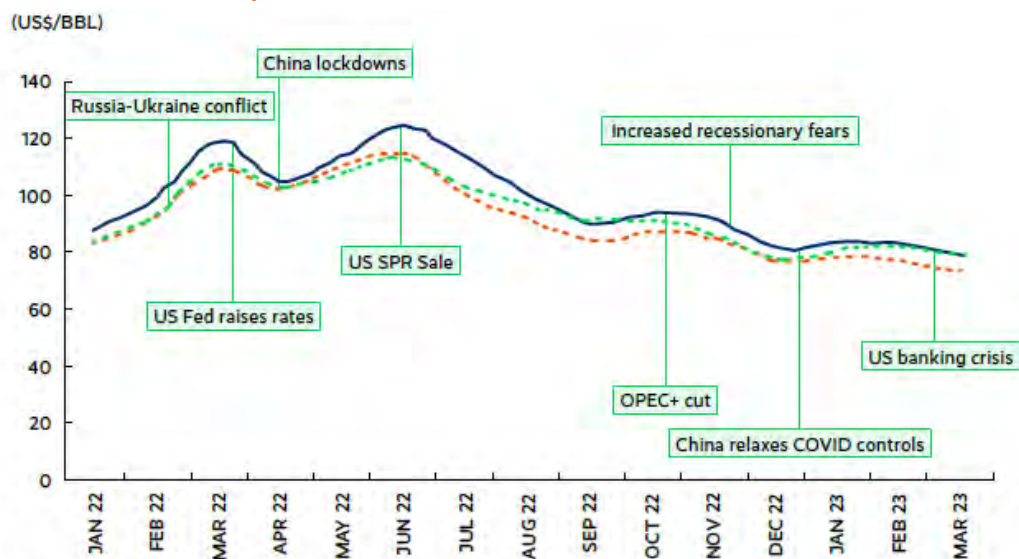
Source: Company data, I-Sec research

Exhibit 17: ...production meant for sale



Source: Company data, I-Sec research

Exhibit 18: Crude oil prices had softened in FY23...



Source: Platts

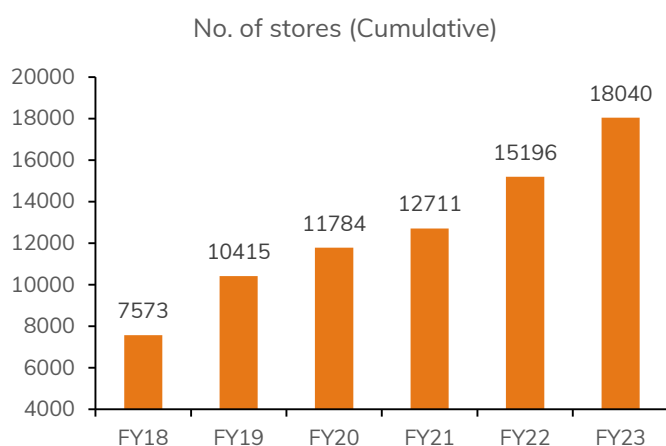
Source: Company data, I-Sec research

Exhibit 19: ...so had LNG prices

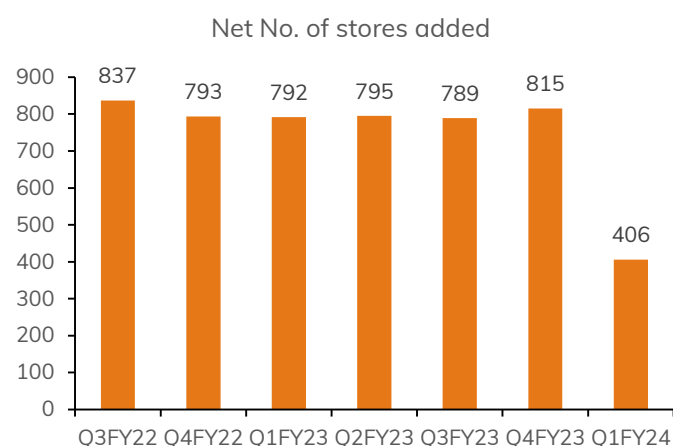

Source: Company data, I-Sec research

Exhibit 20: Retail strengthening capabilities through acquisitions/partnerships


Source: Company data, I-Sec research

Exhibit 21: Material addition to store count...


Source: Company data, I-Sec research

Exhibit 22: ...quarterly run-rate has stayed consistent except for Q1FY24


Source: Company data, I-Sec research

Exhibit 28: E&P portfolio

Block	Country	Partner	RIL Stake	JV Acreage (acres)	Status
Conventional					
KG-DWN-98/3	India	bp-33.33%	66.67%	2,90,230	R Cluster Field: Producing from December 2020 Satellite Cluster: Producing from April 2021 M3 Field: Development activities underway
NEC-OSN-97/2	India	bp-33.33%	66.67%	2,05,520	FDP submitted; under review with Govt
KG-UDWHP-2018/1	India	bp-40.00%	60.00%	3,74,093	Exploration activities ongoing
Unconventional					
SP(East)-CBM-2001/1	India	–	100.00%	1,22,317	Development ongoing
SP(West)-CBM-2001/1	India	–	100.00%	1,23,552	Producing

Source: Company data, I-Sec research

Exhibit 29: Production performance

Domestic JV Production	Unit of Measurement	FY18	FY19	FY20	FY21	FY22	FY23
KG D6							
Gas	BCF	67.9	36.4	17.5	24	224.3	248.8
Oil	MMBL	0.8	0.29			0.2	0.23
PANNA- MUKTA							
Oil	MMBBL	5.4	4.1	2.6			
Gas	BCF	62.1	51.1	34.2			
CBM							
Gas	BCF	7.1	12.6	12.2	11.8	10.2	9.3

Source: Company data, I-Sec research

Exhibit 30: Segmental gross revenue

INR Bn	FY18	FY19	FY20	FY21	FY22	FY23
O2C	4,213	5,498	4,374	3,065	4,803	5,712
Oil & Gas	52	50	32	21	75	165
Retail	622	1,164	1,464	1,391	1,750	2,310
Digital Services	208	395	594	766	851	1,020
Financial Services	0	0	22	24	0	0
Others	103	178	382	411	574	756
Total	5,199	7,285	6,868	5,679	8,053	9,962

Source: Company data, I-Sec research

Exhibit 31: Segmental revenue mix has increased for JIO and digital services over FY18-FY23

	FY18	FY19	FY20	FY21	FY22	FY23
O2C	81%	75%	64%	54%	60%	57%
Oil & Gas	1%	1%	0%	0%	1%	2%
Retail	12%	16%	21%	25%	22%	23%
Digital Services	4%	5%	9%	13%	11%	10%
Financial Services	0%	0%	0%	0%	0%	0%
Others	2%	2%	6%	7%	7%	8%
Total	100%	100%	100%	100%	100%	100%

Source: Company data, I-Sec research

Exhibit 32: Net revenue (net of inter-segment adjustments and GST)

INR bn	FY18	FY19	FY20	FY21	FY22	FY23
O2C	3,331	4,454	4,232	3,016	4,791	5,699
Refining	2,283	3,062				
Petchem	1,048	1,393				
Oil & Gas	50	44	27	16	50	106
Retail	618	1,153	1,412	1,339	1,709	2,260
Digital Services	16	21	120	137	120	179
Financial Services	0	0	16	11	0	0
Others	68	139	318	344	506	669
Net Revenue	4,083	5,810	6,124	4,863	7,176	8,913

Source: I-Sec research, Company data

Exhibit 33: Segmental EBIT

(INR bn)	FY18	FY19	FY20	FY21	FY22	FY23
O2C	470	553	452	298	452	539
Oil & Gas	-15	-14	-14	-15	29	109
Retail	21	55	83	80	102	140
Digital Services	32	88	146	212	252	297
Financial Services	0	2	8	13	0	0
Others	16	12	27	36	52	10
Unallocable	21	-29	3	-11	-56	-65
Total EBIT	545	668	705	613	830	1,030

Source: Company data, I-Sec research

Exhibit 34: Segmental EBIT contribution (to total EBIT)

	FY18	FY19	FY20	FY21	FY22	FY23
O2C	86%	83%	64%	49%	54%	52%
Oil & Gas	-3%	-2%	-2%	-2%	3%	11%
Retail	4%	8%	12%	13%	12%	14%
Digital Services	6%	13%	21%	35%	30%	29%
Financial Services	0%	0%	1%	2%	0%	0%
Others	3%	2%	4%	6%	6%	1%
Unallocable	4%	-4%	0%	-2%	-7%	-6%

Source: Company data, I-Sec research

Exhibit 35: Related-party transaction

INR bn	Relationship	FY22	FY23
Purchase / Subscription of Investments			
Reliance 4IR Realty Development Limited	Subsidiary	100	88
Reliance New Energy Limited	Subsidiary	55	9
Reliance Projects & Property Management Services Limited	Subsidiary	200	396
Reliance Strategic Business Ventures Limited	Subsidiary	8	151
Net Loans and Advances, Deposits Given / (Returned)			
Reliance Industrial Investments and Holdings Limited	Subsidiary	-51	-71
Reliance Projects & Property Management Services Limited	Subsidiary	-100	-192
Reliance Strategic Business Ventures Limited	Subsidiary	17	84
Revenue from Operations			
Reliance BP Mobility Limited	Subsidiary	360	135
Reliance Global Energy Services (Singapore) Pte. Limited	Subsidiary	424	287
Reliance International Limited	Subsidiary	272	2,357
RIL USA, Inc.	Subsidiary	75	58
Purchase of Goods / Services			
Reliance Ethane Pipeline Limited	Subsidiary	3	51
Reliance International Limited	Subsidiary	19	81
RIL USA, Inc.	Subsidiary	0	46
Labour Processing and Hire Charges			
Reliance Syngas Limited	Subsidiary	0	51
Sale of Business (Through Slump Sale)			
Reliance Syngas Limited	Subsidiary	305	0
Balances as at 31st March, 2023			
Loans and Advances			
Reliance Strategic Business Ventures Limited	Subsidiary	70	154
Reliance Projects & Property Management Services Limited	Subsidiary	206	14
Deposits			
Reliance Projects & Property Management Services Limited	Subsidiary	120	120
Other Financial Assets-Current			
Reliance Syngas Limited	Subsidiary	305	275

Source: Company data, I-Sec research

Exhibit 36: Major movement in standalone investment

INR (bn)	FY21	FY22	FY23
Debtentures			
Summit Digital Infrastructure Private Limited	119	54	0
Jio Digital Fibre Private Limited – Secured Redeemable Non- Convertible Debtentures (Series PPD1)	60	60	0
Jio Digital Fibre Private Limited – Secured Redeemable Non- Convertible Debtentures (Series PPD2)	100	101	0
Jio Digital Fibre Private Limited – Secured Redeemable Non- Convertible Debtentures (Series PPD3)	93	94	0
Joint Ventures			
Equities Sintex Industries Limited	0	0	6
9% Optionally Convertible Preference Shares of Alok Industries Limited	0	3	3
6% Unsecured Optionally Fully Convertible Debtenture of Sintex Industries Limited	0	0	9
In Equity Shares of Subsidiary Companies			
Reliance Ethane Holding Pte Limited	10	10	10
Reliance Industries (Middle East) DMCC	2	14	14
Reliance Retail Ventures Limited	173	173	173
Reliance Sibur Elastomers Private Limited	18	18	18
Reliance Ventures Limited	24	24	24
Reliance New Energy Limited	0	55	62
Reliance 4IR Realty Development Limited	176	176	176
Reliance Strategic Business Ventures Limited	100	100	100
Jio Platforms Limited	536	547	548
Pref shares			
0.6% Non-Cumulative Optionally Convertible Preference Shares of Reliance Industrial Investments and Holdings Limited *	116	116	0
9% Non-Cumulative Optionally Convertible Preference Shares of Reliance Prolific Traders Private Limited	13	13	13
6% Non-Cumulative Optionally Convertible Preference Shares of Reliance Content Distribution Limited	53	53	53
5% Non-Cumulative Compulsorily Convertible Preference Shares of Reliance Exploration & Production DMCC of AED 1,000 each	0	0	24
0.01% Non-Cumulative Optionally Convertible Preference Shares of Reliance 4IR Realty Development Limited	0	100	125
0.01% Non-Cumulative Optionally Convertible Preference Shares of Reliance Projects & Property Management Services	0	200	505
Debtentures			
Zero Coupon Unsecured Optionally Fully Convertible Debtentures of Reliance Strategic Business Ventures Limited	16	16	138
Zero Coupon Unsecured Optionally Fully Convertible Debtenture Reliance 4IR Development Limited	0	0	63
Trust			
Investment in Corpus of Independent Media Trust	34	34	34
Other comp Pref shares			
10% Optionally Convertible Preference Shares of Jio Digital Fibre Private Limited	779	779	778
0.001% Cumulative Compulsory Convertible Preference Shares of Reliance Storage Limited	0	0	91
Other investment			
BreakThrough Energy Ventures LLC	0	6	8
In Debtentures or Bonds - Quoted fully paid up	36	285	0
In Government Securities - Quoted fully paid up	0	228	0
Others	69	47	60
Total Standalone Investment	2,526	3,305	3,036

Source: Company data, I-Sec research, * the Company has demerged its financial services business undertaking to Reliance Strategic Investments Limited, on a going concern basis

Exhibit 37: Movement in consolidated investment

INR bn	FY21	FY22	FY23
Investment in Associates			
Quoted Equity			
GTPL Hathway Limited	4	5	5
Sterling & Wilson Renewable Energy Limited	0	28	24
Unquoted Equity			
Gujarat Chemical Port Limited	5	6	8
Reliance Services and Holdings Limited *	119	216	0
Pref shares			
Reliance Services and Holdings Limited - 6% Non-Cumulative Redeemable Preference Shares *	176	176	0
Dunzo Digital Private Limited - Compulsorily Convertible Preference Shares Series F	0	14	16
In JV			
Sanmina-SCI India Private Limited	0	0	18
Sintex Industries Limited	0	0	6
Sintex Industries Limited - 6% Unsecured Optionally Fully Convertible Debenture	0	0	9
Trust			
Investment in Corpus of Petroleum Trust *	462	596	0
Investment in Joint Ventures			
In Debentures or Bonds			
Summit Digitel Infrastructure Private Limited – Secured Redeemable Non-Convertible Debentures	119	54	0
Jio Digital Fibre Private Limited – Secured Redeemable Non- Convertible Debentures (Series PPD1)	60	60	0
Jio Digital Fibre Private Limited – Secured Redeemable Non- Convertible Debentures (Series PPD2)	100	101	0
Jio Digital Fibre Private Limited – Secured Redeemable Non- Convertible Debentures (Series PPD3)	93	94	0
BreakThrough Energy Ventures LLC	2	6	8
In Pref shares			
Netradyne Inc - Series A	3	4	4
Netradyne Inc - Series B	0	1	1
NexWafe GmbH - Series C	0	2	0
Homodeus Inc - Series B	0	0	0
Glance Inmobi Pte Limited - Series D	0	0	16
Exyn Technologies Inc. - Series B	0	0	2
Jio Digital Fibre Private Limited - 10% Optionally Convertible Preference Shares	779	779	778
Pipeline Infrastructure Private Limited	40	40	40
Teesta Retail Private Limited - 6% Non Cumulative Optionally Convertible Preference Shares	5	5	5
Reliance Storage Limited - 0.001% Cumulative Compulsorily Convertible Preference Shares	0	0	91
In Debentures or Bonds - Quoted, Fully Paid Up	36	289	0
In Government Securities - Quoted	0	229	0
Digital Fibre Infrastructure Trust of - Unquoted bond	22	29	0
Equity			
ElH Limited	11	18	20
Himachal Futuristic Communications Limited	0	4	3
Nepean Focused Investment Fund - Class	0	21	26
Others	88	83	91
Total Consolidated Investment	2,124	2,861	1,171

Source: Company data, I-Sec research , * the Company has demerged its financial services business undertaking to Reliance Strategic Investments Limited, on a going concern basis

Exhibit 38: Reliance's SoTP valuation

Business	Valuation measure used	USD (bn)	INR (bn)	INR/share
Petrochemicals	7x Avg of FY25E EV/EBITDA	24.7	2,027	300
Refining	7x Avg of FY25E EV/EBITDA	42.5	3,488	515
Exploration & production	DCF	6.1	503	74
Media	Market value	0.2	19	3
Retail	38.5x FY25E EV/EBITDA	94.8	7,772	1,149
Telecom	67% of Rjio DCF value +Digital Services FV	63.7	5,226	772
New Energy	1.5x Capital employed	13.7	1,125	166
Total EV		245.8	20,159	2,979
Less: net debt		27.2	2,228	329
Sum of parts valuation		218.7	17,931	2,650
CMP				2,519
Upside / (downside)				5%

Source: Company data, I-Sec research

Financial Summary

Exhibit 39: Profit & Loss

(INR bn, year ending)

	FY22A	FY23A	FY24E	FY25E
Net Sales	7,176	8,913	10,033	10,850
EBITDA	1,084	1,422	1,655	1,884
EBITDA Margin (%)	15.1	15.9	16.5	17.4
Depreciation & Amortization	298	403	469	509
EBIT	787	1,019	1,186	1,375
Interest expenditure	146	196	182	165
Other Non-operating Income	149	117	144	148
PBT	822	940	1,149	1,357
Profit / (Loss) from Associates	3	0	0	0
Less: Taxes	160	204	289	342
PAT	659	736	859	1,015
Less: Minority Interest	71	74	69	84
Net Income (Reported)	607	667	790	932
Extraordinaries (Net)	28	-	-	-
Recurring Net Income	568	663	790	932

Source Company data, I-Sec research

Exhibit 40: Balance sheet

(INR bn, year ending)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	2,149	2,870	2,734	2,812
of which cash & bank	362	687	735	738
Total Current Liabilities & Provisions	2,419	2,710	2,608	2,623
Net Current Assets	(270)	160	127	189
Other Non Current Assets	-	-	-	-
Net Fixed Assets	6,278	7,248	7,589	7,930
Other Fixed Assets	-	-	-	-
Capital Work in Progress	1,725	2,938	3,288	3,638
Non Investment	3,763	1,834	1,651	1,486
Current Investment	1,082	1,185	1,185	1,185
Deferred Tax assests	-	-	-	-
Total Assets	12,578	13,364	13,839	14,427
Liabilities				
Borrowings	3,192	4,472	4,148	3,781
Deferred Tax Liability	496	603	603	603
Lease Liability	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	68	68	68	68
Reserves & Surplus*	7,727	7,091	7,820	8,692
Total Net Worth	7,795	7,159	7,888	8,759
Minority Interest	1,095	1,130	1,199	1,283
Total Liabilities	12,578	13,364	13,839	14,427

Source Company data, I-Sec research

Exhibit 41: Quarterly trend

(INR bn, year ending)

	Sep-22	Dec-22	Mar-23	Jun-23
Net Sales	2,301	2,172	2,129	2,076
% growth (YOY)	37%	17%	3%	-5%
EBITDA	312	352	384	381
Margin %	13.6	16.2	18.1	18.4
Other Income	35.1	31.5	29.2	38.1
Extraordinaries	-	-	-	-
Adjusted Net Profit	136.6	157.9	193.0	160.1

Source Company data, I-Sec research

Exhibit 42: Cashflow statement

(INR bn, year ending)

	FY22A	FY23A	FY24E	FY25E
Cash Flow from operation before working Capital	1,137	1,410	1,655	1,884
Working Capital Changes	7	(196)	81	(59)
Tax	(38)	(63)	(289)	(342)
Operating Cashflow	1,107	1,150	1,448	1,484
Capital Commitments	(970)	(1,318)	(1,160)	(1,200)
Free Cashflow	136	(168)	288	284
Others CFI	(131)	406	327	313
Cashflow from Investing Activities	(1,101)	(912)	(833)	(887)
Inc (Dec) in Borrowings	99	367	(324)	(367)
Interest Cost	(263)	(217)	(182)	(165)
Others	338	(46)	(61)	(61)
Cash flow from Financing Activities	173	105	(566)	(593)
Chg. in Cash & Bank balance	188	325	48	3
Closing cash & balance	362	687	735	738

Source Company data, I-Sec research

Exhibit 43: Key ratios

(Year ending)

	FY22A	FY23A	FY24E	FY25E
Per Share Data (INR)				
Recurring EPS	83.9	98.0	116.8	137.7
Diluted EPS	83.9	98.0	116.8	137.7
Recurring Cash EPS	127.9	157.5	186.1	213.0
Dividend per share (DPS)	7.5	9.0	9.0	9.0
Book Value per share (BV)	1,152.1	1,058.0	1,165.8	1,294.6
Dividend Payout (%)	9.0	9.2	7.7	6.5
Growth (%)				
Net Sales	47.6	24.2	12.6	8.2
EBITDA	34.3	31.1	16.4	13.8
EPS	30.0	16.8	19.2	17.9
Valuation Ratios (x)				
P/E	30.0	25.7	21.6	18.3
P/CEPS	19.7	16.0	13.5	11.8
P/BV	2.2	2.4	2.2	1.9
EV / EBITDA	17.5	13.9	11.7	10.1
EV / Operating Income	20.2	17.4	14.6	12.5
Dividend Yield (%)	0.3	0.4	0.4	0.4
Operating Ratios				
EBITDA Margins (%)	15.1	15.9	16.5	17.4
Effective Tax Rate (%)	19.5	21.7	25.2	25.2
Net Profit Margins (%)	7.9	7.4	7.9	8.6
NWC / Total Assets (%)	(2.1)	1.2	0.9	1.3
Fixed Asset Turnover (x)	0.9	0.9	0.9	1.0
Working Capital Days	(22.8)	9.1	9.3	9.2
Net Debt / Equity %	22.4	36.3	28.2	21.2
Profitability Ratios				
RoCE (%)	5.5	6.4	6.8	7.6
RoCE (Pre-tax) (%)	6.9	8.2	9.1	10.2
RoE (%)	7.7	8.9	10.5	11.2

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
