

January 20, 2024

## Q3FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	2,912		2,718	
Sales (Rs. bn)	9,879	10,476	9,802	10,268
% Chng.	0.8	2.0		
EBITDA (Rs. bn)	1,723	1,869	1,713	1,849
% Chng.	0.6	1.1		
EPS (Rs.)	106.6	114.2	106.1	118.9
% Chng.	0.5	(4.0)		

### Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. bn)	8,795	9,250	9,879	10,476
EBITDA (Rs. bn)	1,429	1,552	1,723	1,869
Margin (%)	16.2	16.8	17.4	17.8
PAT (Rs. bn)	667	636	721	773
EPS (Rs.)	98.6	94.1	106.6	114.2
Gr. (%)	5.0	(4.6)	13.4	7.1
DPS (Rs.)	9.0	6.1	6.7	7.4
Yield (%)	0.3	0.2	0.2	0.3
RoE (%)	8.3	7.5	7.9	7.8
RoCE (%)	9.3	8.8	9.3	9.4
EV/Sales (x)	2.4	2.3	2.1	1.9
EV/EBITDA (x)	14.8	13.9	12.2	10.9
PE (x)	27.7	29.1	25.7	24.0
P/BV (x)	2.3	2.1	2.0	1.8

### Key Data

RELI.BO | RELIANCE IN

52-W High / Low	Rs.2,793 / Rs.1,986	
Sensex / Nifty	71,683 / 21,622	
Market Cap	Rs.18,504bn/ \$ 2,22,771m	
Shares Outstanding	6,766m	
3M Avg. Daily Value	Rs.15575.8m	

### Shareholding Pattern (%)

Promoter's	50.27
Foreign	22.60
Domestic Institution	16.07
Public & Others	11.06
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	6.9	5.6	21.4
Relative	6.5	(1.1)	3.1

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# Reliance Industries (RELIANCE IN)

Rating: ACCUMULATE | CMP: Rs2,735 | TP: Rs2,912

## O2C continues to remain under pressure

### Quick Pointers:

- O2C implied EBITDA/mt stood at US\$59.3/mt, down 24% QoQ.
- Net subscriber addition at 11mn, digital services EBITDA grew 3.2% QoQ and 11.5% YoY.

**Reliance Industries' (RIL) consolidated revenue declined 3% QoQ to Rs2,250.9 bn (PLe: Rs2,392.7 bn). EBITDA fell 1% QoQ to Rs 406.6bn (PLe: Rs 403.3 bn) while PAT also fell 1% QoQ to Rs 172.7 bn (PLe: Rs157.9 bn). Retail EBITDA grew 31.1% YoY to Rs62.6bn. Standalone EBITDA declined 8.5% QoQ due to lower fuel and downstream margins and planned maintenance shutdown. ARPU stood at Rs 181.7 while total subscribers stand at 470.9mn. The company is on track to commission new energy segment in phases starting this fiscal year end. The stock is trading at 10.8x FY26E EBITDA. We maintain Accumulate rating with a TP of Rs 2,912, based on SoTP valuing the standalone business at 7.5x FY26 EBITDA, Jio at 15x FY26 EBITDA and Retail at 39x FY26 EBITDA.**

**Retail:** Reliance Retail's revenue came in at Rs743.7bn, up 8% QoQ, 23.8% YoY led by growth across grocery, fashion & lifestyle and consumer electronics business. EBITDA stood at Rs62.6bn, up 7.5% QoQ and 31.1% YoY. PAT came in at Rs31.7bn, up 13.4% QoQ and 31.9% YoY. Footfalls grew 8.5 % QoQ to 282mn. A total of 252 new stores were opened taking the total count to 18,774 stores with an area of 72.9 mn sq ft.

**Digital Services:** Jio Platforms Ltd reported a revenue of Rs 276.9 bn, up 3.1% QoQ and 11.3% YoY. YoY growth was led by subscriber growth. EBITDA came in at Rs 139.5 bn, up 3.2% QoQ and 11.5% YoY. PAT stood at Rs 54.5 bn, up 2.8% QoQ and 11.6% YoY. Subscribers grew by 11.2 mn QoQ to 470.9mn while ARPU came in at Rs181.7/month, flat QoQ.

**Standalone O2C:** RIL's standalone EBITDA came in at Rs 175.6 bn, down 9% QoQ, up 17% YoY. QoQ decline was on account of planned maintenance shutdown and weak petchem margins. PAT stood at Rs99.2bn, down 11% QoQ. O2C EBITDA for the quarter was Rs110.7bn, down 21% QoQ. Throughput came in at 18.7mmt, down 7% QoQ while sales fell 4% QoQ to 16.4mmt. Oil and Gas segment's EBITDA at Rs57.8bn was up 21% QoQ with production at ~30 mmscmd.

**Consol 9MFY24:** Consolidated revenue for 9MFY24 stood at Rs6,645.3bn, flat YoY. EBITDA for the period came in at Rs1197.2bn, up 14.6% YoY and PAT came in at Rs506.7bn, up 6.9% YoY. Capex incurred in Q3 came in at Rs301bn with investments in pan-India 5G rollout, expansion of retail infrastructure and new energy business. Capex for 9MFY24 stands at Rs1085.6bn while net debt stands at Rs1193.7bn.

### Exhibit 1: Valuation Table

Sum of the parts	INR/share	Remarks/Methodology
<b>Standalone Business (O2C and E&amp;P)</b>	<b>893</b>	<b>7.5x FY26 EBITDA</b>
<b>Investments</b>		
Reliance Retail	1,360	39x FY26 EBITDA
RJio	891	15x FY26 EBITDA
<b>Total</b>	<b>3,144</b>	
Net debt / (cash)	232	Standalone
<b>Target price</b>	<b>2,912</b>	

Source: Company, PL

### Exhibit 2: Consolidated Financials Snapshot

Y/e March (Rs bn)	Q3FY24	Q2FY24	QoQ gr.	Q3FY23	YoY gr.	9MFY24	9MFY23	YoY gr.
<b>Revenue</b>	<b>2,250.9</b>	<b>2,318.9</b>	<b>-2.9%</b>	<b>2,171.6</b>	<b>3.6%</b>	<b>6,645.3</b>	<b>6,665.2</b>	<b>-0.3%</b>
<b>EBITDA</b>	<b>406.6</b>	<b>409.7</b>	<b>-0.8%</b>	<b>352.5</b>	<b>15.3%</b>	<b>1,197.2</b>	<b>1,044.7</b>	<b>14.6%</b>
<i>EBITDA margin %</i>	<i>18.1</i>	<i>17.7</i>		<i>16.2</i>		<i>18.0</i>	<i>15.7</i>	
Depreciation	129.0	125.9	2.5%	101.9	26.7%	372.6	288.6	29.1%
Interest	57.9	57.3	1.0%	52.0	11.3%	173.6	137.5	26.2%
Other Income	38.7	38.4	0.7%	31.5	22.9%	115.2	89.1	29.4%
<b>PBT</b>	<b>258.3</b>	<b>264.9</b>	<b>-2.5%</b>	<b>230.1</b>	<b>12.3%</b>	<b>766.2</b>	<b>707.6</b>	<b>8.3%</b>
Tax	63.5	66.7	-4.9%	52.7	20.5%	191.3	179.3	6.7%
<i>Tax Rate %</i>	<i>24.6</i>	<i>25.2</i>		<i>22.9</i>		<i>25.0</i>	<i>25.3</i>	
Minority Interest	22.2	24.3	-8.4%	19.5	14.1%	68.2	54.3	25.6%
<b>PAT</b>	<b>172.7</b>	<b>173.9</b>	<b>-0.7%</b>	<b>157.9</b>	<b>9.3%</b>	<b>506.7</b>	<b>474.0</b>	<b>6.9%</b>

Source: Company, PL

## Reliance Retail

Reliance Retail reported a robust performance with net revenue at Rs 743.7bn for 3QFY24, a growth of 23.8% YoY led by a healthy growth across grocery, fashion & lifestyle and consumer electronics.

EBITDA came in at Rs62.6bn, up 31.1% on a YoY basis. EBITDA margin stood at 8.4%, up 50 bps YoY driven by operating leverage and continued focus on cost management.

- The business expanded its store network by adding 252 new stores taking the total store count at the end of the quarter to 18,774 stores with an area of 72.9 million sq ft. Footfalls for the quarter came in at over 282 million across formats, a growth of 40.3% YoY. Digital Commerce and New Commerce businesses continued to grow and contributed 19% of revenue.
- It acquired Sephora's India franchise business and entered into an exclusive distribution arrangement with SMCP to launch Sandro and Maje brands in India.

### Consumer Electronics:

- Consumer Electronics segment reported a 19% growth YoY amid higher basket value and improved conversions.
- Own brands / PBG business further scaled up with its merchant count up 2.6x Y-o-Y. It launched several new products across UHD television, refrigerator, and small domestic appliance categories.
- Jio Mart expanded its merchant partner base by 34% YoY.

### Fashion & Lifestyle:

- Fashion & Lifestyle business grew 28% YoY on the back of higher footfalls and conversions owing to the festive season.
- AJIO added several new brands and launched new app features to enhance customer experience. AjioGram, a Direct-toConsumer focused content driven platform that onboards & supports fashion startups was launched during the quarter.
- Jewels business delivered steady performance led by festive and wedding season buying. It recorded highest ever Dhanteras sales. The business continues to strengthen product offerings with launch of Vivaham wedding collection and 'Swarn Banga' regional collection.
- Urban Ladder, with its continued focus on ramping up store network is now present across 29 cities. Tira is expanding store network across top tier cities and has received strong customer traction.

## Grocery

- Grocery delivered a stellar growth of 41% YoY led by festive demand. Robust demand in festive categories, confectionary, snacks and dry fruits was witnessed during the period.
- Stores witnessed strong growth in non-food categories led by General Merchandise & Home and Personal Care.
- With integration of Metro India's operation, the business is further gaining traction with merchant partners. Metro recorded highest ever quarterly sales during the period.

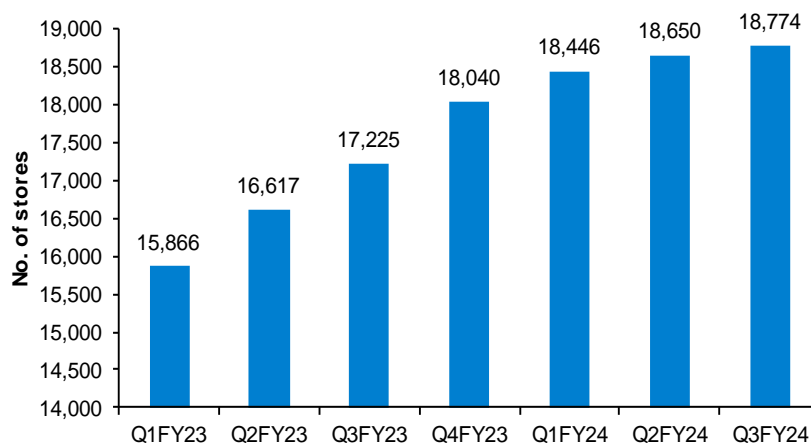
## Consumer Brands

- Consumer brands delivered ~3x Y-o-Y growth in revenues and distribution reach, with growth driven by categories such as beverages, general merchandise and staples
- Campa and Independence have received good traction from trade channels & consumers.

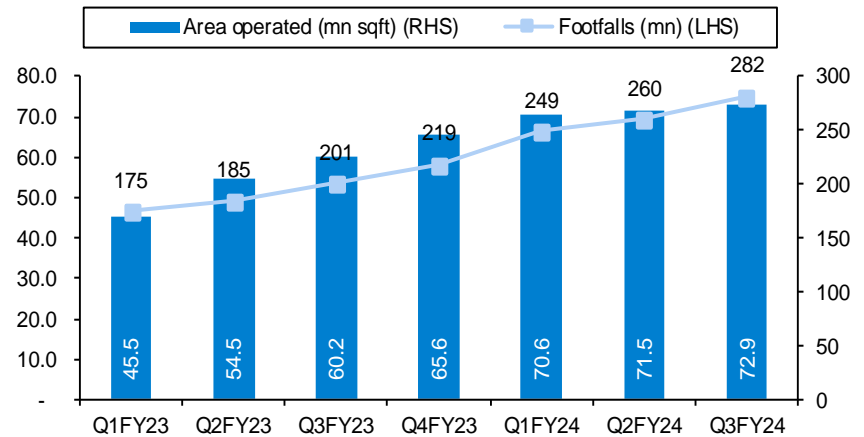
## JioMart

- JioMart continues to deliver steady growth led by increase in traffic and average order value across categories on the platform, with F&L and CDIT outperforming.
- JioMart strengthened its catalogue with option count scaling up 84% Y-o-Y and seller base expanding by more than 3x over last year

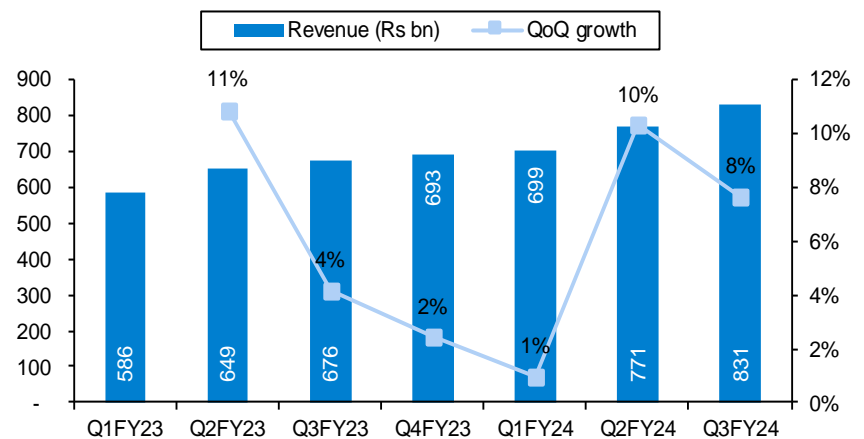
### Exhibit 3: A total of 1,549 new stores were added YoY



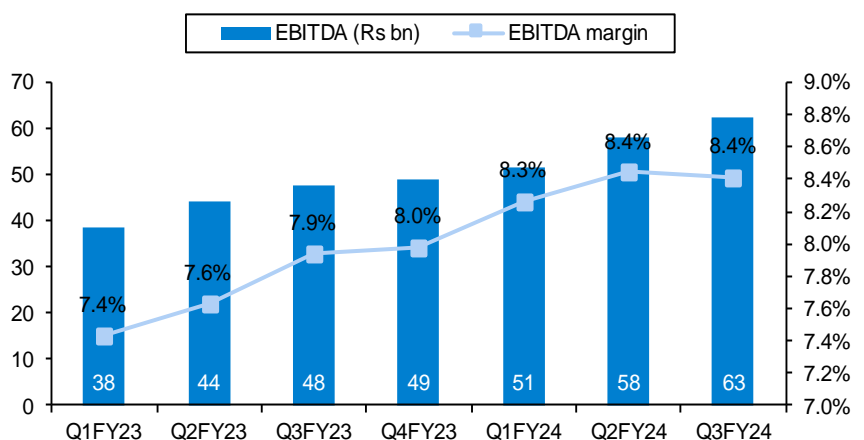
Source: Company, PL

**Exhibit 4: Footfalls grew by 22 million QoQ**


Source: Company, PL

**Exhibit 5: Revenue grew 8% QoQ on account of festive demand**


Source: Company, PL

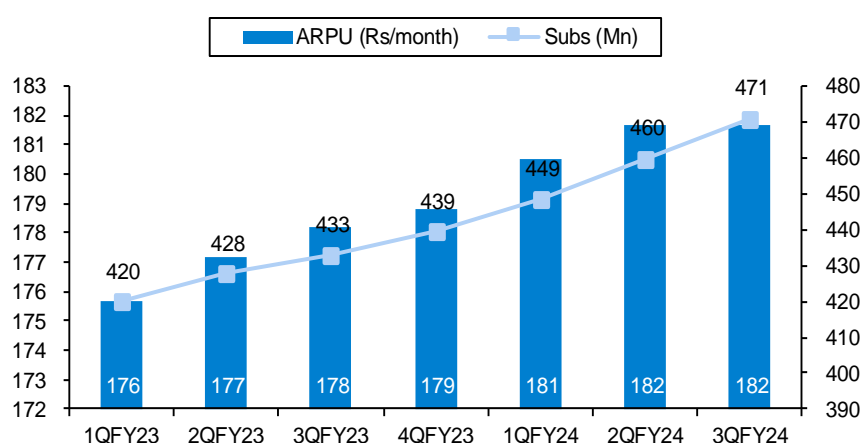
**Exhibit 6: EBITDA margin continues to remain at around 8%**


Source: Company, PL

## Jio Platforms

- Net subscriber addition continued to accelerate with Jio adding 11.2 mn subscribers during the quarter. Total subscribers stand at 470.9 million. Monthly churn stood at 1.7% in Q3FY24.
- ARPU increased 2% YoY to Rs 181.7 due to better subscriber mix partially offset by start of 5G services. ARPU remained flat QoQ.
- Total data and voice traffic increased 31.5% and 7.9% YoY, respectively.
- About 90 million subscribers have been migrated to Jio's 5G network. The Jio True 5G network now carries almost one-fourth of Jio's mobility data traffic.
- JioBharat platform now has 3 SKUs with price points ranging from Rs999 to Rs2,599, providing more choices to customers. It has over 45% market share in the sub - ₹ 1,000 segment.
- JioAirFiber is now available in over 4,000 cities/ towns, with pan-India coverage expected in 1H'CY24. Content bundling is driving a ~30% higher per capita usage on JioAirFiber vs JioFiber
- TM Forum, the leading global alliance of telco and tech companies and Jio opened an Innovation Hub in Mumbai during the quarter. The Innovation Hub, the first of its kind for the industry, will focus its first efforts on accelerating the development of Generative AI (Gen AI) and Large Language Models (LLM) and Open Digital Architecture to benefit the whole industry
- During the quarter, Jio also announced a partnership with network services and consumer experience pioneer Plume to provide market-leading smart home and small business services to its subscribers across India.

### Exhibit 7: 11mn subscribers were added during the quarter



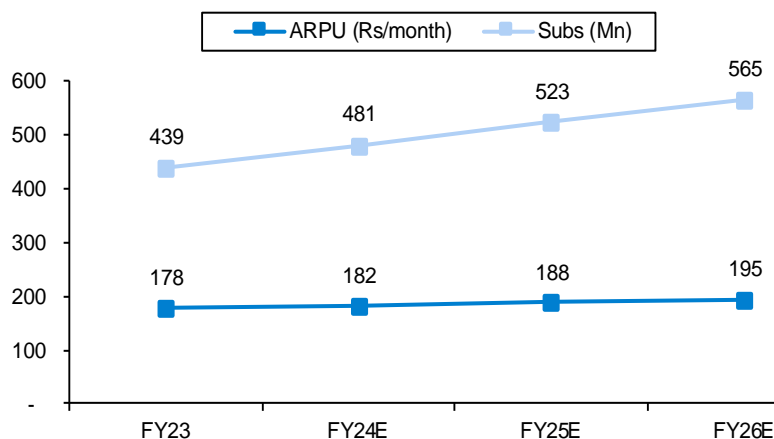
Source: Company, PL

### Exhibit 8: Operational Update

Particulars	Q3FY24	Q2FY24	QoQ gr.	Q3FY23	YoY gr.
Customer Base (Million)	470.9	459.7	2.4%	432.9	8.8%
ARPU (Rs/month)	181.7	181.7	0.0%	178.2	2.0%
Data Traffic (bn GB)	38.1	36.3	5.0%	29.0	31.4%
Voice Traffic (tn mins)	1.4	1.3	3.0%	1.3	7.9%

Source: Company, PL

### Exhibit 9: Subscribers expected to reach 565 mn in FY26

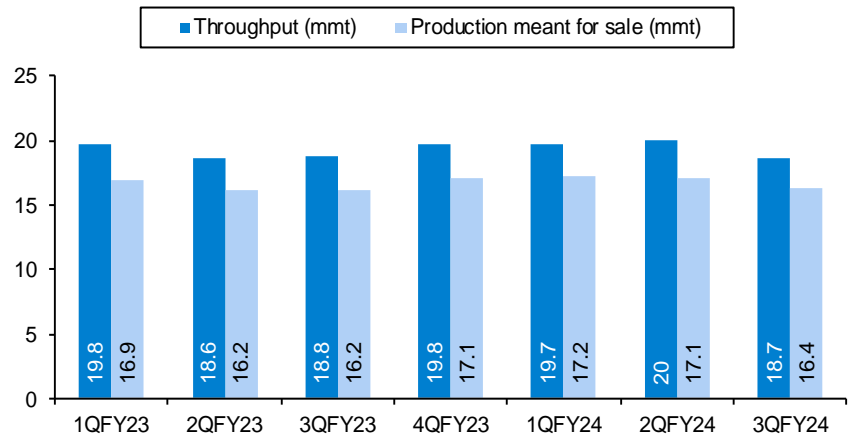


Source: Company, PL

### Standalone Business

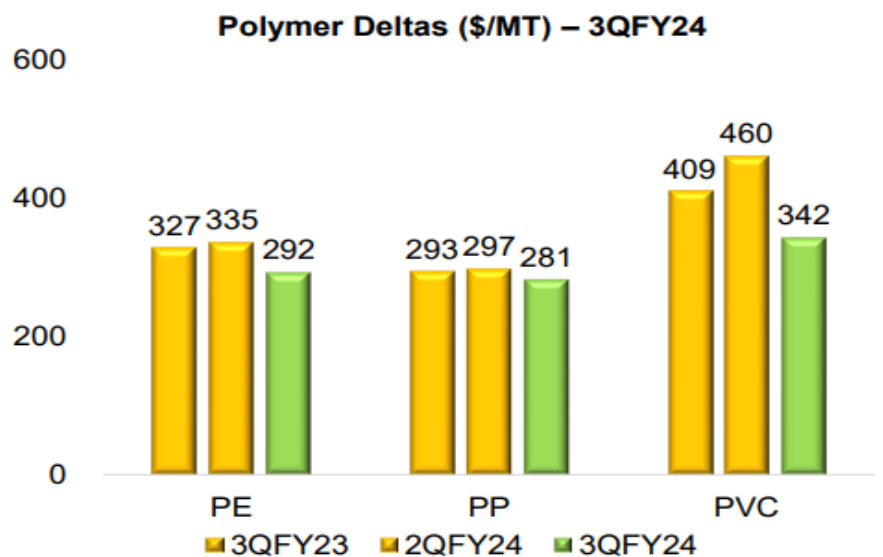
- EBITDA came in at Rs175.6bn, down 9% QoQ due to weak petchem margins and planned maintenance shutdown of CDU, FCCU, delayed coking and ROGC complex which impacted yields and profitability.
- Production meant for sale came in at 16.4 mmt (down 4% QoQ, marginally up by 1% YoY) while total throughput stood at 18.7 mmt (down 7% QoQ, down 1% YoY)
- Domestic demand of diesel, petrol and jet fuel increased by 1%, 4.7% and 11% YoY, respectively. India's polymer and polyester demand during 3Q FY24 improved by 10% and 1% YoY, respectively.
- Polymer margins were down 4% - 17% on a Y-o-Y basis with subdued demand globally in a well-supplied market.
- KG D6 gas production stood at ~30mmscmd in Q3FY24 vs 19mmscmd in 3QFY23; with oil/condensate production at 21,000 bopd
- Average realisation for KG D6 gas was US\$9.66/mmBtu in Q3FY24 against US\$ 11.3/mmBtu in Q3FY23. The average price realised for CBM gas was US\$ 15.6/mmBtu against US\$20.9/mmBtu in Q3FY23.
- On the exploration front, first exploration well in Block KG UDW1 is under drilling.

Exhibit 10: Production for sale down 4% QoQ



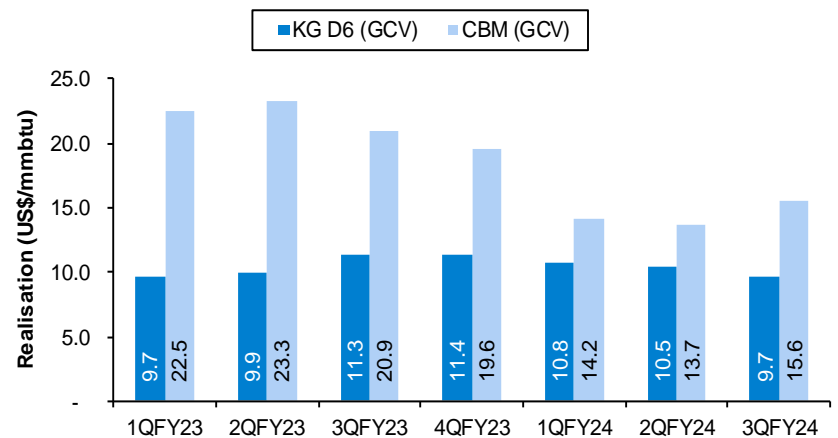
Source: Company, PL

Exhibit 11: Polymer deltas remained weak YoY and QoQ amid subdued global demand particularly from China



Source: Company

Exhibit 12: KG D6 realization fell 7.6%QoQ



Source: Company, PL



**Exhibit 13: Reliance Retail Ventures Income Statement (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
<b>Total Income from Operations</b>	<b>2309</b>	<b>2762</b>	<b>3187</b>	<b>3678</b>
<i>Change (%)</i>	<i>32.0</i>	<i>19.6</i>	<i>15.4</i>	<i>15.4</i>
Total Expenditure	2136	2555	2946	3396
<i>% of Sales</i>	<i>92.5</i>	<i>92.5</i>	<i>92.4</i>	<i>92.3</i>
<b>EBITDA</b>	<b>173</b>	<b>207</b>	<b>242</b>	<b>282</b>
<i>Margin (%)</i>	<i>7.5</i>	<i>7.5</i>	<i>7.6</i>	<i>7.7</i>
Depreciation	25	28	31	35
<b>EBIT</b>	<b>148</b>	<b>179</b>	<b>210</b>	<b>247</b>
Int. and Finance Charges	6	7	8	8
Other Income	22	22	22	22
<b>PBT bef. EO Exp.</b>	<b>163</b>	<b>194</b>	<b>224</b>	<b>260</b>
EO Items				
<b>PBT after EO Exp.</b>	<b>163</b>	<b>194</b>	<b>224</b>	<b>260</b>
Total Tax	41	49	56	66
<i>Tax Rate (%)</i>	<i>25.2</i>	<i>25.2</i>	<i>25.2</i>	<i>25.2</i>
<b>Reported PAT</b>	<b>122</b>	<b>145</b>	<b>168</b>	<b>195</b>
<b>Adjusted PAT</b>	<b>122</b>	<b>145</b>	<b>168</b>	<b>195</b>
<i>Change (%)</i>	<i>73.3</i>	<i>18.6</i>	<i>15.8</i>	<i>16.1</i>
<i>Margin (%)</i>	<i>5.3</i>	<i>5.2</i>	<i>5.3</i>	<i>5.3</i>

Source: Company, PL

**Exhibit 14: Reliance Retail Quarterly Income Statement (Rs bn)**

	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Revenue</b>	615.6	621.6	689.4	743.7
<b>EBITDA from Operations</b>	47.7	49.0	56.1	60.6
Investment Income	1.5	2.4	2.1	2.0
<b>EBITDA</b>	49.1	51.4	58.2	62.6
<i>EBITDA Margin (%)</i>	<i>8.0</i>	<i>8.3</i>	<i>8.4</i>	<i>8.4</i>
Depreciation	11.9	13.3	14.0	13.8
Finance Costs	5.7	6.3	6.3	6.3
Tax Expense	7.4	7.3	10.0	10.8
<b>Net Profit</b>	24.2	24.5	27.9	31.7

Source: Company, PL

**Exhibit 15: Reliance Retail Ventures Balance Sheet (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
Equity Share Capital	69	69	69	69
Eq. Share Warrants & App. Money	0	0	0	0
Minority Interest	24	24	24	24
Total Reserves	940	1084	1252	1447
Net Worth	1033	1178	1345	1540
Total Loans	238	253	268	283
Deferred Tax Liabilities	16	16	16	16
<b>Capital Employed</b>	<b>1287</b>	<b>1447</b>	<b>1629</b>	<b>1839</b>
Gross Block	455	518	582	647
Less: Accum. Deprn.	114	143	174	209
Net Fixed Assets	341	375	408	438
Goodwill	28	28	28	28
Capital WIP	251	251	251	251
Total Investments	275	275	275	275
Curr. Assets, Loans&Adv.	619	705	884	1097
Inventory	256	306	353	408
Account Receivables	120	144	166	191
Cash and Bank Balance	57	33	108	202
Loans and Advances	186	222	256	296
Curr. Liability & Prov.	227	188	217	250
Account Payables	183	136	157	181
Other Current Liabilities	42	50	58	66
Provisions	2	2	2	2
Net Current Assets	393	517	667	847
<b>Appl. of Funds</b>	<b>1287</b>	<b>1447</b>	<b>1629</b>	<b>1839</b>

Source: Company, PL

**Exhibit 16: Reliance Retail Ventures Ratios**

Y/E March	FY23	FY24E	FY25E	FY26E
EPS	20.4	24.2	28.0	32.5
<b>Return Ratios (%)</b>				
RoE	12.6	13.1	13.3	13.5
RoCE	10.6	11.1	11.4	11.7
<b>Working Capital Ratios</b>				
Fixed Asset Turnover (x)	5.1	5.3	5.5	5.7

Source: Company, PL

**Exhibit 17: Reliance Retail Ventures Cash Flow Statement (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	163	194	224	260
Depreciation	25	28	31	35
Interest & Finance Charges	6	7	8	8
Direct Taxes Paid	-41	-49	-56	-66
(Inc)/Dec in WC	-48	-149	-75	-86
<b>CF from Operations</b>	<b>105</b>	<b>31</b>	<b>132</b>	<b>152</b>
Others	-22	-22	-22	-22
<b>CF from Operating incl EO</b>	<b>83</b>	<b>9</b>	<b>110</b>	<b>130</b>
(Inc)/Dec in FA	-62	-63	-64	-65
Free Cash Flow	21	-54	46	65
(Pur)/Sale of Investments	0	0	0	0
Others	22	22	22	22
<b>CF from Investments</b>	<b>-41</b>	<b>-41</b>	<b>-42</b>	<b>-43</b>
Issue of Shares				
Inc/(Dec) in Debt	14	15	15	15
Interest Paid	-6	-7	-8	-8
Dividend Paid				
Others				
<b>CF from Fin. Activity</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>7</b>
Inc/Dec of Cash	51	-24	75	93
<b>Opening Balance</b>	<b>6</b>	<b>57</b>	<b>33</b>	<b>108</b>
<b>Closing Balance</b>	<b>57</b>	<b>33</b>	<b>108</b>	<b>202</b>

Source: Company, PL

**Exhibit 18: Reliance Jio Infocomm Income Statement (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
<b>Total Revenue</b>	<b>908</b>	<b>1003</b>	<b>1132</b>	<b>1269</b>
Network Operating exp	285	312	325	332
Spectrum and license costs	91	92	101	113
Access and Roaming Charge	9	10	11	13
Employee Expenses	16	17	19	20
Subscriber acquisition/servicing and admin costs	0	0	0	0
Selling & Distribution	18	42	46	49
Other Expenditure	21	0	0	0
Total Expenditure	441	473	502	527
<b>EBITDA</b>	<b>467</b>	<b>529</b>	<b>630</b>	<b>743</b>
<i>EBITDA margins</i>	<i>51.4%</i>	<i>52.8%</i>	<i>55.6%</i>	<i>58.5%</i>
Depreciation	185	211	237	277
<i>as a % of revenue</i>	<i>20.4%</i>	<i>21.0%</i>	<i>20.9%</i>	<i>21.8%</i>
<b>EBIT</b>	<b>281</b>	<b>318</b>	<b>393</b>	<b>465</b>
<i>EBIT margins</i>	<i>31.0%</i>	<i>31.7%</i>	<i>34.7%</i>	<i>36.7%</i>
Interest & Finance Charges	41	43	49	50
<i>as a % of revenue</i>	<i>4.5%</i>	<i>4.3%</i>	<i>4.4%</i>	<i>4.0%</i>
Other Income	4	4	5	8
<i>as a % of revenue</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.6%</i>
<b>Net Income Before Taxes</b>	<b>244</b>	<b>279</b>	<b>348</b>	<b>423</b>
<i>PBT margins</i>	<i>26.9%</i>	<i>27.8%</i>	<i>30.8%</i>	<i>33.3%</i>
Provision for Income Taxes	62	71	89	108
<i>Effective tax rate</i>	<i>25.5%</i>	<i>25.5%</i>	<i>25.5%</i>	<i>25.5%</i>
<b>Net Income After Taxes</b>	<b>182</b>	<b>208</b>	<b>260</b>	<b>315</b>

Source: Company, PL

**Exhibit 19: Reliance Jio Infocomm Balance Sheet (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
<b>Equity and liabilities</b>				
Equity				
Equity share capital	450	450	450	450
Other equity	1,710	1,918	2,178	2,493
<b>Total equity (A)</b>	<b>2,160</b>	<b>2,368</b>	<b>2,628</b>	<b>2,943</b>
<b>Non-Current Liabilities:</b>				
Borrowings	227	205	102	51
Other financial liabilities	156	156	156	156
Deferred payment liabilities	1,173	1,173	1,173	1,173
Provisions/DTL	139	71	74	80
<b>Total Non-Current Liabilities (B)</b>	<b>1,695</b>	<b>1,605</b>	<b>1,506</b>	<b>1,460</b>
<b>Current Liabilities:</b>				
Borrowings	129	117	58	29
Accounts Payable	34	26	28	29
Other financial liabilities	349	349	349	349
Deferred payment liabilities				
Other current liabilities	90	120	136	152
Provisions	1	5	6	7
<b>Total Current Liabilities (C)</b>	<b>602</b>	<b>617</b>	<b>577</b>	<b>566</b>
<b>TOTAL</b>	<b>4,458</b>	<b>4,590</b>	<b>4,710</b>	<b>4,969</b>
Net Block	2,252	2,865	3,388	3,650
(iii) Capital Work-in-Progress	435	435	217	109
(iv) Intangible Assets under Development	1,225	613	306	153
<b>Total</b>	<b>3,912</b>	<b>3,912</b>	<b>3,912</b>	<b>3,912</b>
Non-Current Investments	11	11	11	11
Other financial assets				
Long Term Loans and Advances				
Other Non-Current Assets	237	237	237	237
Deferred tax Assets (Net)				
	249	249	249	249
<b>Current Assets</b>				
Current Investments	6	6	7	7
Trade Receivables	24	19	22	24
Cash and Bank Balances	9	210	336	421
Other financial assets	39	10	11	13
Short Term Loans and Advances				
Other Current Assets	220	220	220	220
<b>Total Current Assets</b>	<b>297</b>	<b>465</b>	<b>595</b>	<b>685</b>
<b>TOTAL</b>	<b>4,458</b>	<b>4,626</b>	<b>4,756</b>	<b>4,845</b>

Source: Company, PL

**Exhibit 20: Reliance Jio Infocomm Cash Flow Statement (Rs bn)**

	FY23	FY24E	FY25E	FY26E
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Loss Before Tax as per Profit and Loss Statement	244	279	348	423
<b>Adjusted for:</b>				
Depreciation and Amortisation Expense	185	211	237	277
Interest and Finance charges	41	43	49	50
Interest Income	-4	-4	-5	-8
Profit on Sale of Current Investments (Net)				
Loss on Sale of Fixed Assets				
Others (inclu Def tax)				
Operating Loss before Working Capital Changes	469	529	630	743
Working Capital change				
Trade Receivables	19	5	-2	-3
Trade Payables	13	-8	2	1
Other liabilities	0	31	15	17
Provision	62	-63	4	6
Other assets	-21	29	-1	-1
<b>Total</b>	<b>-2</b>	<b>-6</b>	<b>17</b>	<b>20</b>
Cash used in Operations	467	523	647	763
(Taxes Paid) / Refund	13	-71	-89	-108
<b>Net Cash used in Operating Activities</b>	<b>481</b>	<b>452</b>	<b>558</b>	<b>655</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Including movement in Capital Work in Progress and Intangible Assets Under Development)	-336	-211	-237	-277
Sale of Fixed Assets	1			
Purchase of Investments	-1077	0		
Sale of Investments	1078			
Purchase of Investment in Subsidiaries	0			
Interest Income	0	4	5	8
Fixed Deposits / Margin Money with the banks	0			
Others				
<b>Net Cash used in Investing Activities</b>	<b>-334</b>	<b>-208</b>	<b>-232</b>	<b>-270</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Equity/Pref Shares				
Proceeds from Long Term Borrowings	93			
Repayment of Long Term Borrowings	-85			
Proceeds from Short Term Borrowings				
Repayment of Short Term Borrowings	-114			
Proceeds/(Repmt) of borrowings	-107		-150	-250
Interest and Finance Charges Paid	-38	-43	-49	-50
Others				
<b>Net Cash from Financing Activities</b>	<b>-145</b>	<b>-43</b>	<b>-199</b>	<b>-300</b>
Net (Decrease) in Cash and Cash Equivalents	2	201	126	85
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>2</b>	<b>4</b>	<b>206</b>	<b>332</b>
<b>Closing Balance of Cash and Cash Equivalents (Refer Note 18)</b>	<b>4</b>	<b>206</b>	<b>332</b>	<b>417</b>

Source: Company, PL

**Exhibit 21: Reliance Jio Infocomm Quarterly Income Statement (Rs bn)**

Y/E March	4QFY23	1QFY24	2QFY24	3QFY24
<b>Net Revenue</b>	<b>234</b>	<b>240</b>	<b>248</b>	<b>254</b>
<i>YoY Change (%)</i>	<i>11.9</i>	<i>9.9</i>	<i>9.9</i>	<i>10.3</i>
Total Expenditure	112	115	118	121
<b>EBITDA</b>	<b>122</b>	<b>126</b>	<b>130</b>	<b>133</b>
<i>Margins (%)</i>	<i>52.2</i>	<i>52.3</i>	<i>52.3</i>	<i>52.3</i>
Depreciation	50	52	53	54
Finance Cost	10	10	10	10
Other Income	1	1	1	1
<b>PBT</b>	<b>63</b>	<b>65</b>	<b>68</b>	<b>70</b>
Tax	16	17	17	18
<i>Rate (%)</i>	<i>25.5%</i>	<i>25.6%</i>	<i>25.5%</i>	<i>25.5%</i>
<b>PAT</b>	<b>47</b>	<b>49</b>	<b>51</b>	<b>52</b>
<i>Margins (%)</i>	<i>20.2</i>	<i>20.2</i>	<i>20.4</i>	<i>20.5</i>
<i>YoY Change (%)</i>	<i>13.0%</i>	<i>12.2%</i>	<i>12.0%</i>	<i>12.3%</i>

Source: Company, PL

**Exhibit 22: Standalone Income Statement (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
<b>Total Income from Operations</b>	<b>5,298</b>	<b>5,234</b>	<b>5,346</b>	<b>5,356</b>
<i>Change (%)</i>	<i>25.0</i>	<i>-1.2</i>	<i>2.1</i>	<i>0.2</i>
<b>EBITDA</b>	<b>671</b>	<b>704</b>	<b>757</b>	<b>767</b>
<i>Margin (%)</i>	<i>12.7</i>	<i>13.5</i>	<i>14.2</i>	<i>14.3</i>
Depreciation	101	177	194	208
<b>EBIT</b>	<b>570</b>	<b>528</b>	<b>563</b>	<b>560</b>
Int. and Finance Charges	126	142	129	129
Other Income	112	120	136	196
<b>PBT bef. EO Exp.</b>	<b>556</b>	<b>506</b>	<b>570</b>	<b>627</b>
EO Items				
<b>PBT after EO Exp.</b>	<b>556</b>	<b>506</b>	<b>570</b>	<b>627</b>
Total Tax	114	121	144	158
<i>Tax Rate (%)</i>	<i>20.5</i>	<i>23.9</i>	<i>25.2</i>	<i>25.2</i>
<b>Reported PAT</b>	<b>442</b>	<b>385</b>	<b>427</b>	<b>469</b>
<b>Adjusted PAT</b>	<b>440</b>	<b>385</b>	<b>427</b>	<b>469</b>
<i>Change (%)</i>	<i>12.7</i>	<i>-12.5</i>	<i>10.7</i>	<i>9.9</i>
<i>Margin (%)</i>	<i>8.3</i>	<i>7.4</i>	<i>8.0</i>	<i>8.8</i>

Source: Company, PL

**Exhibit 23: Standalone Quarterly Income Statement (Rs bn)**

	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Sales</b>	<b>1,187.0</b>	<b>1,226.3</b>	<b>1,373.8</b>	<b>1,277.0</b>
<i>YoY Change (%)</i>	<i>-8.3</i>	<i>-16.9</i>	<i>0.0</i>	<i>1.4</i>
<b>EBITDA</b>	<b>1,006.3</b>	<b>1,051.3</b>	<b>1,181.9</b>	<b>1,101.4</b>
<i>Margins (%)</i>	<i>180.7</i>	<i>174.9</i>	<i>191.9</i>	<i>175.6</i>
Depreciation	15.2	14.3	14.0	13.7
Interest	27.3	38.8	43.8	45.7
Other Income	37.5	36.0	32.4	29.8
<b>PBT before EO expense</b>	<b>27.9</b>	<b>27.3</b>	<b>29.3</b>	<b>29.7</b>
Extra-Ord expense	143.8	127.4	145.0	129.8
<b>PBT</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Tax	143.8	127.4	145.0	129.8
<i>Rate (%)</i>	<i>5.6</i>	<i>31.2</i>	<i>32.9</i>	<i>30.5</i>
<b>Reported PAT</b>	<b>3.9</b>	<b>24.4</b>	<b>22.7</b>	<b>23.5</b>
<b>Adj PAT</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>YoY Change (%)</i>	<i>138.2</i>	<i>96.3</i>	<i>112.1</i>	<i>99.2</i>
<i>Margins (%)</i>	<i>138.2</i>	<i>96.3</i>	<i>112.1</i>	<i>99.2</i>
<b>EBITDA/mt (USD)</b>	<b>83.8</b>	<b>71.8</b>	<b>78.4</b>	<b>59.3</b>

Source: Company, PL

**Exhibit 24: Standalone Balance Sheet (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
Equity Share Capital	68	68	68	68
Total Reserves	4,958	5,302	5,683	6,102
Net Worth	5,026	5,370	5,751	6,170
Total Loans	2,166	1,949	1,949	1,949
Deferred Tax Liabilities	340	340	340	340
<b>Capital Employed</b>	<b>7,531</b>	<b>7,659</b>	<b>8,040</b>	<b>8,459</b>
Gross Block	4,100	4,582	4,922	5,262
Less: Accum. Deprn.	1,648	1,833	2,027	2,235
Net Fixed Assets	2,452	2,748	2,894	3,027
Capital WIP	489	366	376	386
Total Investments	4,086	4,086	4,086	4,086
Curr. Assets, Loans&Adv.	2,121	2,056	2,315	2,595
Inventory	489	483	494	495
Account Receivables	169	167	171	171
Cash and Bank Balance	618	455	750	992
Loans and Advances	845	951	901	938
Curr. Liability & Prov.	1,617	1,598	1,632	1,635
Account Payables	1,595	1,576	1,609	1,612
Provisions	22	22	22	22
Net Current Assets	504	459	684	960
<b>Appl. of Funds</b>	<b>7,531</b>	<b>7,659</b>	<b>8,040</b>	<b>8,459</b>

Source: Company, PL

**Exhibit 25: Standalone Ratios**

Y/E March	FY23	FY24E	FY25E	FY26E
EPS	68.3	59.8	66.2	72.8
<b>Vauation (x)</b>				
P/E	37.2	42.5	38.4	34.9
P/BV	3.1	2.9	2.7	2.5
EV/EBITDA	26.7	25.4	23.2	22.6
<b>Return Ratios (%)</b>				
RoE	9.0	7.4	7.7	7.9
RoCE	7.8	6.8	7.0	7.1

Source: Company, PL

**Exhibit 26: Standalone Cash Flow Statement (Rs bn)**

Y/E March	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	556	506	570	627
Depreciation	101	177	194	208
Interest & Finance Charges	126	142	129	129
Direct Taxes Paid	-49	-121	-144	-158
(Inc)/Dec in WC	-122	-117	70	-35
Others	-131			
<b>CF from Operations</b>	<b>481</b>	<b>587</b>	<b>819</b>	<b>771</b>
(Inc)/Dec in FA	-286	-350	-350	-350
Free Cash Flow	195	237	469	421
(Pur)/Sale of Investments	183			
Others	97			
<b>CF from Investments</b>	<b>-6</b>	<b>-350</b>	<b>-350</b>	<b>-350</b>
Inc/(Dec) in Debt	277	-217		
Interest Paid	-140	-142	-129	-129
Dividend Paid	-51	-41	-46	-50
<b>CF from Fin. Activity</b>	<b>-74</b>	<b>-400</b>	<b>-174</b>	<b>-179</b>
Inc/Dec of Cash	401	-163	295	242
<b>Opening Balance</b>	<b>217</b>	<b>618</b>	<b>455</b>	<b>750</b>
<b>Closing Balance</b>	<b>618</b>	<b>455</b>	<b>750</b>	<b>992</b>

Source: Company, PL



## Financials

### Income Statement (Rs bn)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Net Revenues</b>	<b>8,795</b>	<b>9,250</b>	<b>9,879</b>	<b>10,476</b>
YoY gr. (%)	25.6	5.2	6.8	6.0
Cost of Goods Sold	5,893	6,198	6,620	7,020
Gross Profit	2,902	3,052	3,260	3,457
Margin (%)	33.0	33.0	33.0	33.0
Employee Cost	249	262	280	297
Other Expenses	1,224	1,239	1,257	1,292
<b>EBITDA</b>	<b>1,429</b>	<b>1,552</b>	<b>1,723</b>	<b>1,869</b>
YoY gr. (%)	29.4	8.6	11.1	8.4
Margin (%)	16.2	16.8	17.4	17.8
Depreciation and Amortization	403	511	561	621
<b>EBIT</b>	<b>1,026</b>	<b>1,040</b>	<b>1,163</b>	<b>1,248</b>
Margin (%)	11.7	11.2	11.8	11.9
Net Interest	196	228	224	225
Other Income	118	126	143	206
<b>Profit Before Tax</b>	<b>948</b>	<b>938</b>	<b>1,082</b>	<b>1,229</b>
Margin (%)	10.8	10.1	10.9	11.7
Total Tax	207	227	270	307
Effective tax rate (%)	21.8	24.2	25.0	25.0
<b>Profit after tax</b>	<b>741</b>	<b>711</b>	<b>812</b>	<b>880</b>
Minority interest	74	75	90	107
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>667</b>	<b>636</b>	<b>721</b>	<b>773</b>
YoY gr. (%)	5.0	(4.6)	13.4	7.1
Margin (%)	7.6	6.9	7.3	7.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>667</b>	<b>636</b>	<b>721</b>	<b>773</b>
YoY gr. (%)	5.0	(4.6)	13.4	7.1
Margin (%)	7.6	6.9	7.3	7.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	667	636	721	773
<b>Equity Shares O/s (bn)</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>EPS (Rs)</b>	<b>98.6</b>	<b>94.1</b>	<b>106.6</b>	<b>114.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>10,289</b>	<b>13,139</b>	<b>14,384</b>	<b>15,233</b>
Tangibles	10,289	13,139	14,384	15,233
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>3,193</b>	<b>3,704</b>	<b>4,265</b>	<b>4,886</b>
Tangibles	3,193	3,704	4,265	4,886
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>7,096</b>	<b>9,435</b>	<b>10,120</b>	<b>10,348</b>
Tangibles	7,096	9,435	10,120	10,348
Intangibles	-	-	-	-
Capital Work In Progress	2,938	1,088	593	494
Goodwill	137	137	137	137
Non-Current Investments	3,366	3,359	3,359	3,359
Net Deferred tax assets	(603)	(603)	(603)	(603)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	1,400	1,473	1,573	1,668
Trade receivables	285	299	320	339
Cash & Bank Balance	747	289	803	1,465
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>17,135</b>	<b>17,929</b>	<b>18,879</b>	<b>19,904</b>
<b>Equity</b>				
Equity Share Capital	68	68	68	68
Other Equity	8,144	8,739	9,415	10,179
<b>Total Networkth</b>	<b>8,212</b>	<b>8,807</b>	<b>9,483</b>	<b>10,246</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,351	3,351	3,351	3,351
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,472	1,548	1,653	1,753
Other current liabilities	2,367	2,490	2,659	2,820
<b>Total Equity &amp; Liabilities</b>	<b>17,135</b>	<b>17,929</b>	<b>18,879</b>	<b>19,904</b>

Source: Company Data, PL Research



## Cash Flow (Rs bn)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	948	938	1,082	1,229
Add. Depreciation	403	511	561	621
Add. Interest	-	-	-	-
Less Financial Other Income	118	126	143	206
Add. Other	202	(75)	(90)	(107)
Op. profit before WC changes	1,554	1,375	1,552	1,742
Net Changes-WC	(196)	(572)	28	27
Direct tax	(207)	(227)	(270)	(307)
<b>Net cash from Op. activities</b>	<b>1,150</b>	<b>576</b>	<b>1,310</b>	<b>1,462</b>
Capital expenditures	(1,318)	(1,000)	(750)	(750)
Interest / Dividend Income	-	-	-	-
Others	448	7	-	-
<b>Net Cash from Inv. activities</b>	<b>(870)</b>	<b>(993)</b>	<b>(750)</b>	<b>(750)</b>
Issue of share cap. / premium	5	-	-	-
Debt changes	381	-	-	-
Dividend paid	(51)	(41)	(46)	(50)
Interest paid	-	-	-	-
Others	(456)	-	-	-
<b>Net cash from Fin. activities</b>	<b>105</b>	<b>(41)</b>	<b>(46)</b>	<b>(50)</b>
<b>Net change in cash</b>	<b>385</b>	<b>(458)</b>	<b>515</b>	<b>662</b>
Free Cash Flow	(168)	(424)	560	712

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	98.6	94.1	106.6	114.2
CEPS	158.2	169.6	189.5	206.0
BVPS	1,213.6	1,301.6	1,401.5	1,514.4
FCF	(24.8)	(62.7)	82.8	105.2
DPS	9.0	6.1	6.7	7.4
<b>Return Ratio(%)</b>				
RoCE	9.3	8.8	9.3	9.4
ROIC	6.3	5.9	6.4	6.8
RoE	8.3	7.5	7.9	7.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.3	0.3	0.3	0.2
Net Working Capital (Days)	34	34	34	34
<b>Valuation(x)</b>				
PER	27.7	29.1	25.7	24.0
P/B	2.3	2.1	2.0	1.8
P/CEPS	17.3	16.1	14.4	13.3
EV/EBITDA	14.8	13.9	12.2	10.9
EV/Sales	2.4	2.3	2.1	1.9
Dividend Yield (%)	0.3	0.2	0.2	0.3

Source: Company Data, PL Research

## Quarterly Financials (Rs bn)

Y/e Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Revenue</b>	<b>2,129</b>	<b>2,076</b>	<b>2,319</b>	<b>2,251</b>
YoY gr. (%)	2.7	(5.4)	0.8	3.6
Raw Material Expenses	1,371	1,317	1,527	1,475
Gross Profit	758	759	792	776
Margin (%)	35.6	36.6	34.1	34.5
<b>EBITDA</b>	<b>384</b>	<b>381</b>	<b>410</b>	<b>407</b>
YoY gr. (%)	22.6	0.3	31.2	15.3
Margin (%)	18.1	18.4	17.7	18.1
Depreciation / Depletion	115	118	126	129
<b>EBIT</b>	<b>270</b>	<b>263</b>	<b>284</b>	<b>278</b>
Margin (%)	12.7	12.7	12.2	12.3
Net Interest	58	58	57	58
Other Income	29	38	38	39
<b>Profit before Tax</b>	<b>241</b>	<b>243</b>	<b>265</b>	<b>258</b>
Margin (%)	11.3	11.7	11.4	11.5
Total Tax	28	61	67	63
Effective tax rate (%)	11.6	25.2	25.2	24.6
<b>Profit after Tax</b>	<b>213</b>	<b>182</b>	<b>198</b>	<b>195</b>
Minority interest	20	22	24	22
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>193</b>	<b>160</b>	<b>174</b>	<b>173</b>
YoY gr. (%)	19.1	(10.8)	27.4	9.3
Margin (%)	9.1	7.7	7.5	7.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>193</b>	<b>160</b>	<b>174</b>	<b>173</b>
YoY gr. (%)	19.1	(10.8)	27.4	9.3
Margin (%)	9.1	7.7	7.5	7.7
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>193</b>	<b>160</b>	<b>174</b>	<b>173</b>
Avg. Shares O/s (bn)	7	7	7	7
<b>EPS (Rs)</b>	<b>28.5</b>	<b>23.7</b>	<b>25.7</b>	<b>25.5</b>

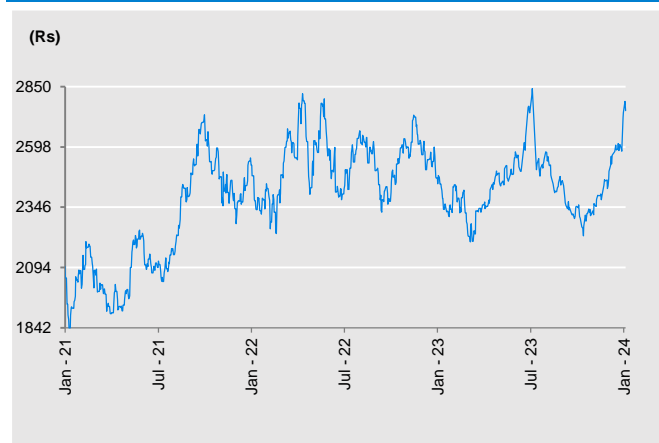
Source: Company Data, PL Research

## Key Operating Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
Brent (US\$/bbl)	96	84	85	85
US\$/Rs	81	84	84	84
Production meant for sale(mmt)	17	17	17	17
EBITDA/mt (US\$)	84	70	89	89
Net Subscriber addition (mn)	29	41	42	42
Retail Rev Growth YoY(%)	32	20	15	15

Source: Company Data, PL Research

## Price Chart



## Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-24	Accumulate	2,718	2,608
2	23-Nov-23	Accumulate	2,618	2,388
3	28-Oct-23	BUY	2,618	2,266
4	06-Oct-23	BUY	2,913	2,318
5	28-Aug-23	BUY	2,898	2,444
6	04-Jul-23	BUY	2,822	2,616
7	24-Apr-23	BUY	2,822	2,349
8	06-Apr-23	BUY	2,827	2,326
9	21-Jan-23	BUY	2,878	2,443

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	584	629
2	Bayer Cropscience	Accumulate	5,920	5,193
3	Bharat Petroleum Corporation	Sell	371	453
4	Bharti Airtel	Accumulate	1,088	1,047
5	Clean Science and Technology	Hold	1,368	1,572
6	Deepak Nitrite	Reduce	1,881	2,451
7	Dhanuka Agritech	BUY	1,060	883
8	Fine Organic Industries	Hold	4,920	4,867
9	GAIL (India)	Hold	155	164
10	Godrej Agrovet	Hold	420	515
11	Gujarat Fluorochemicals	Reduce	3,342	3,626
12	Gujarat Gas	Hold	473	505
13	Gujarat State Petronet	Accumulate	374	334
14	Hindustan Petroleum Corporation	Sell	276	420
15	Indian Oil Corporation	Sell	94	133
16	Indraprastha Gas	Hold	416	431
17	Insecticides India	Accumulate	600	519
18	Jubilant Ingrevia	Hold	433	498
19	Laxmi Organic Industries	Reduce	267	289
20	Mahanagar Gas	Reduce	1,065	1,238
21	Mangalore Refinery & Petrochemicals	Sell	106	134
22	Navin Fluorine International	BUY	4,260	3,823
23	NOCIL	Reduce	236	274
24	Oil & Natural Gas Corporation	BUY	259	216
25	Oil India	Hold	379	380
26	P.I. Industries	BUY	4,600	3,648
27	Petronet LNG	Reduce	208	229
28	Rallis India	Reduce	190	217
29	Reliance Industries	Accumulate	2,718	2,608

## PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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