

## Strong refining gains lift consolidated earnings...

**About the stock:** Reliance Industries (RIL) is one of India's biggest conglomerates with a presence in oil refining & marketing and petrochemicals, oil & gas exploration, retail, digital services and media, etc, making it a well-diversified business entity.

- At the EBITDA level in FY22, O2C and oil & gas contributed 49% while retail, digital and others contributed 10%, 34% and 7%, respectively

**Q1FY23 Results:** RIL's results were driven by strong oil-to-chemicals (O2C) gains. However, O2C profitability stood below estimates which led to lower than expected PAT.

- Revenue was up 54.5% YoY to ₹ 223113 crore as all major segments reported revenue growth. It grew 10.9% QoQ mainly led by O2C segment
- EBITDA was at ₹ 37997 crore, up 62.6% YoY (and up 21.1% QoQ). EBITDA growth YoY was driven by O2C (up 63% YoY) and digital service (up 26% YoY) mainly on account of higher refining earnings in O2C coupled with higher ARPU driven by tariff hike
- Subsequently, PAT was at ₹ 17955 crore, up 46.3% YoY.

**What should investors do?** Long term prospects and dominant standing of RIL in each of its product & service portfolio provides comfort for long term value creation. RIL's consumer business will be the growth driver, going ahead. However, refining product cracks have seen correction compared to peaks witnessed in Q1FY23.

- We change our rating from BUY to **HOLD** on the stock

**Target Price and Valuation:** We value RIL at ₹ 2700 on an SoTP basis.

### Key triggers for future price performance:

- Increment value accretion from the 'digital ecosystem' that will be captured at the Jio Platforms (JPL) level
- Steady FCF generation in the retail segment would enable the company to maintain debt at lower levels and improve its ability to invest in future inorganic opportunities
- Rise in GRMs will be the key to lift O2C earnings and steady cash flow from traditional business will enable RIL to invest in new energy verticals

**Alternate Stock Idea:** Apart from RIL, in our oil & gas coverage we also like Gail.

- Gail is a beneficiary of increasing gas consumption. Stable volume growth along with higher profitability from gas trading, petchem and LPG segment due to higher oil prices will add value
- BUY with target price of ₹ 180



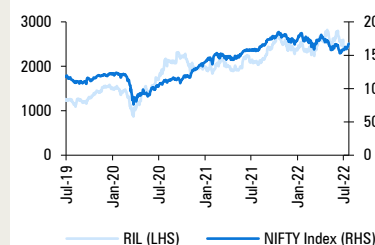
### Particulars

Particular	Amount
Market Capitalization (₹ Crore)	16,43,895.0
Total Debt (FY21) (₹ Crore)	2,92,714.0
Cash (FY21) (₹ Crore)	17,397.0
EV (₹ Crore)	19,19,212.0
52 week H/L	2855/ 2016
Equity capital (FY21) (₹ Crore)	6,445.0
Face value (₹)	10.0

### Shareholding pattern

	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	50.6	50.6	50.7	50.6
FII	25.4	24.7	24.2	23.9
DII	13.2	13.6	14.3	14.7
Others	10.8	11.0	10.9	10.8

### Price Chart



### Recent event & key risks

- Key Risk:** (i) Any re-imposition of lockdown restrictions leading to store closure, (ii) Higher than expected downstream margins

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### Key Financial Summary

Key Financials	FY20	FY21	FY22P	5 Yr CAGR (FY17-22P)	FY23E	FY24E	2 Yr CAGR (FY22P-24E)
Revenue (₹ crore)	6,58,866.0	5,39,238.0	7,92,756.0	19.1	9,73,453.5	10,19,369.8	13.4
EBITDA (₹ crore)	88,709.0	80,737.0	1,10,460.0	19.1	1,38,976.5	1,59,028.7	20.0
PAT (₹ crore)	39,354.0	49,128.0	60,705.0	15.3	70,421.1	83,686.1	17.4
EPS (₹)	62.1	76.2	89.7		104.1	123.7	
P/E (x)	39.1	31.9	27.1		23.3	19.6	
P/BV (x)	3.4	2.2	2.1		1.9	1.8	
RoCE (%)	8.1	5.5	7.1		9.2	10.4	
RoE (%)	8.8	7.0	7.8		8.3	9.1	

## Key takeaways of recent quarter & conference call highlights

### Segmental details

#### Reliance Jio

**RJio's Q1 quarterly operating performance was better than expected.** Post sim consolidation led three consecutive quarter of net subscriber decline, the company added 9.7 million (mn) subs (more than expectations of 6 mn). The positive surprise was also on higher ARPU growth which led to modest beat at topline and EBITDA levels. The ARPU saw a growth of 4.8% QoQ at ₹ 175.7 (our expectations ₹ 174), driven by residual pass through of tariff hike undertaken in December, 2021 and subscriber mix (higher data usage driven ARPU upgrades). The revenues and EBITDA stood at ₹ 20873 crore / ₹ 10964 crore up by 4.7%/4.3% QoQ, respectively. The margins stood at 50.1%, down 16 bps QoQ and tad higher than our estimates of 50%, owing to higher topline. The PAT at ₹ 4335 crore, up 3.9% QoQ, was tad lower than expected (our expectations ₹ 4420 crore), owing to higher than anticipated depreciation.

- **On KPI front, key takeaways were:**

- **Subscribers:** The overall subscriber base (incl. Fiber and enterprise) stood at 419.9 mn, up 9.7 mn QoQ (vs. our expectations of 6 mn sub addition). We highlight that it was first net positive subscriber addition quarter post sim consolidation led three consecutive quarter of net subscriber decline. This implies that consolidation impact is largely over. The gross addition remained healthy at 35 million and churn came down to 2% vs. the average of 3.5% in the last three quarters.
- **ARPU:** Given the improved subscriber mix and residual impact of tariff hike undertaken in December, 2021 (~20-25% hike in prepaid segment), the ARPU saw a growth of 4.8% QoQ at ₹ 175.7
- **Data/Voice usage:** Total Minutes grew 3.3% QoQ to 1,246 bn (MoU/sub/month stood at 1001), and data usage was up by 5.6% QoQ to 20.8 GB/day. The company attributed the improvement in customer metrics to subscriber mix.

- **Outlook:** We believe that sim consolidation is largely done. The improving subscriber mix is also a key positive driver of ARPU. We have marginally tweaked the earnings estimates and we remain constructive on the company. We also await the spectrum auction to gauge how superior is company positioning itself vs. peers in terms of 5G spectrum holdings. We continue to believe that Jio's digital ecosystem lends it a competitive advantage in the overall communication space, thereby providing superior legs of growth and valuation pegging.

## Reliance Retail

Reliance Retail Q1FY23 results were a mixed bag with beat on EBITDA front, however revenues were below our estimates. Q1FY23 was the first disruption free quarter in almost two years. Consumer spending was higher as families indulged in increased leisure activities, higher socializing and enhanced festive shopping as COVID situation improved. However, overall buoyancy in consumer sentiment was moderated to an extent due to inflationary concerns.

Driven by strong demand owing to opening up of offices, schools and a strong festive and wedding season, Reliance Retail reported one of its best quarterly performance in Q1FY23. On a favourable base, revenue grew by 51% YoY (flattish QoQ) to ₹ 58544 crore. While company witnessed healthy recovery in footfalls (from 104% of pre-covid levels in Q4FY22 to 119% in Q1FY23) the same did not reflect in QoQ growth. On a three year CAGR basis, revenue grew at rate of 20%. Core retail revenue (exc. JIO sales), grew by 80% YoY. Store addition trajectory continued to be robust with addition of 792 stores taking the total store count to 15866 stores. Retail coverage area now stands at 45.5 million (three year CAGR: 25%), which is well ahead of any other Indian retailer. On the segmental front, fashion and lifestyle division grew at the fastest pace (3x YoY), while grocery and consumer electronics grew nearly 2x YoY. Better product mix and positive operating leverage, resulted in EBITDA margins expanding by 150 bps YoY (20 bps QoQ) to 6.6%. Absolute EBITDA nearly doubled YoY (up 4% QoQ) to ₹ 3837 crore (three year CAGR: 23%). Significantly higher depreciation (up 36% QoQ) led to PAT declining by 4% QoQ to ₹ 2061 crore (up 114% YoY).

Reliance Retail over the last five years has created world class ecosystem (online+offline) with scale (revenue and stores) well ahead of peers. Over the last five years' revenue and EBITDA have grown at a robust CAGR of 43% and 57%, respectively (FY17-22). Company bolstered its offering and continued to fill white spaces through acquisitions (franchise agreements with brand GAP, Tod, Pret A Manger). Reliance Retail's widespread physical store network would further enhance its Omni-channel capabilities (~19% of revenues) and position it as a frontrunner to garner consistent business growth by capturing a larger pie of the Indian retail sector opportunity.

### Fashion & lifestyle:

- Reliance Retail consolidated its leadership position in Fashion & Lifestyle as it delivered a strong revenue growth of 3x over last year driven by regional festivities & promotions resulting in all time high average bill values and healthy conversions.
- The opening up of offices, schools and consumers resorting to refreshing their wardrobes led to strong growth in Men's formal wear, women's western wear and footwear.
- In the merchant partner business, the platform added 660 new brands and continued to strengthen its product offering. The company continued to focus on enhancing share of own brands as it introduced 14 new own brands during the quarter. The share of own brands grew by 300 bps YoY to 30%.
- In the Luxury / Premium brands, the business grew ~5x over last year driven by fully operational mall stores and in-store events. The business through AJIO Luxe also scaled up by more than 6x over last year with presence of nearly 400 brands on the platform.

### Grocery:

- The grocery business continued its growth momentum and delivered its best ever quarter with revenues nearly 2x of previous year driven by broad based growth across all categories.
- In the current inflationary environment, Reliance Retail managed to optimize the product prices for the final consumers by leveraging on its large scale and efficient sourcing network.
- The company is focussing on increasing the share of non-food revenues in the overall revenue pie to improve the margin profile. Through its continuous efforts, the company has been able to increase the share of non-food products by 470 bps over last year.
- The company continues to strengthen its own brand portfolio. During Q1FY23, it launched two new brands - 'Bubbles' in soft drink & 'Joyland' in confectionary which have received an encouraging response from the customers.
- The company has witnessed strong growth in JioMart Kirana orders which is driven by increased merchant penetration and addition of region-specific assortment in commodities. The merchant base has increased 4x over last year.
- The company continues to invest in strengthening its supply chain infrastructure. It has added 33 new fulfilment centers including 4 cold chain facilities for faster delivery to the merchant partners.

### Consumer electronics:

- The Consumer Electronics business delivered a strong performance as it doubled its business over last year led increased traffic and higher average bill values. It witnessed broad based growth across categories of air conditioners, mobiles, laptops, and high-end TVs. The company did exclusive launches, co-branded events and bank partnerships to deliver industry leading growth.
- The company launched focused promotions during the IPL for TVs and for productivity devices during back-to-school which enabled to capture consumer demand
- The company's own brands portfolio continued to scale up rapidly with 6x growth in sales over last year led by attractive offers and new launches.

**Reliance retail customer base crossed 200 million mark and it registered 220 million transactions during Q1FY23 which is more than 60% higher than pre-covid levels. On the future strategy front, the company is planning to focus on enhancing consumer touch-points and is expected to continue with its aggressive store network expansion and strengthen its digital commerce and omni channel capabilities. The company is also planning to strengthen its supply chain infrastructure which would enable it to enhance order fulfilment capabilities across channels. Also the management indicated that it would continue to on board new merchants and augment its own product design capabilities and grow its own brand portfolio and focus on scale up of new businesses.**

## Energy segments

### O2C profitability below estimates; E&P growth continues

- O2C revenue was at ₹ 161715 crore, up 56.7% YoY, 10.9% QoQ, in line with estimates. Revenue growth was mainly attributed to increase in crude oil and product prices
- EBITDA grew 62.6% YoY (and 39.7% QoQ) to ₹ 19888 crore, weaker than our estimate of ₹ 29270 crore. Weaker than expected GRMs led to lower than expected EBITDA as per our understanding. The management stated that higher operating and crude purchasing costs partially offset the profitability from healthy product cracks in refining segment.
- Going ahead, we estimate O2C EBITDA at ₹ 57061.7 crore and ₹ 60427.7 crore in FY23E and FY24E, respectively, as we revise GRMs estimate taking into account current product cracks trend
- E&P segment revenue growth YoY was mainly driven by increase in realisation. Revenue at ₹ 3625 crore was up 183% YoY (and 80.5% QoQ). Domestic production was 43.2 BCFe, up 21% YoY. KG-D6 production during the quarter was 19 mmscmd
- KG-D6 realisation increased 169% YoY post revision in gas prices in October 2021 and April 2022 that led to EBITDA growth. Also, CBM realisation reported sharp growth. EBITDA was at ₹ 2737 crore, up 243.4% YoY and 75.9% QoQ (our estimate: ₹ 2473 crore).
- The management guided that the company is on track to deliver more than 28 mmscmd gas production in FY24. We revise estimates taking into account current oil & gas prices trend. Gas ceiling price was revised upwards by ~62% from April 2022 onwards and is expected to remain healthy in FY23E, which augurs well for the segment.
- Going ahead, we estimate E&P EBITDA at ₹ 13310.5 crore and ₹ 16465.3 crore in FY23E and FY24E, respectively

Exhibit 1: Variance Analysis

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Total Revenues	2,23,113.0	2,31,501.0	1,44,372.0	54.5	2,11,887.0	5.3	
Raw materials costs	1,46,869.0	1,49,289.7	90,305.0	62.6	1,45,009.0	1.3	
Employees Cost	6,003.0	4,597.6	4,257.0	41.0	5,278.0	13.7	
Other Expenses	32,244.0	30,505.4	26,442.0	21.9	-29,283.0	-210.1	
Total Expenditure	1,85,116.0	1,84,392.7	1,21,004.0	53.0	1,21,004.0	53.0	
EBITDA	37,997.0	47,108.3	23,368.0	62.6	31,366.0	21.1	Below estimates on account of lower than expected O2C profitability
EBITDA margins (%)	17.0	20.3	16.2	84 bps	14.8	223 bps	
Depreciation	8,946.0	8,358.5	6,883.0	30.0	8,001.0	11.8	
EBIT	29,051.0	38,749.8	16,485.0	76.2	23,365.0	24.3	
Interest	3,997.0	3,150.0	3,397.0	17.7	3,556.0	12.4	
Other Income	2,182.0	4,150.0	4,182.0	-47.8	2,602.0	-16.1	Lower than expected other income
Extra Ordinary Item	0.0	0.0	0.0	NA	0.0	NA	
PBT	27,236.0	39,749.8	17,270.0	57.7	22,411.0	21.5	
Total Tax	7,793.0	10,017.0	3,464.0	125.0	4,390.0	77.5	
PAT	17,955.0	27,909.0	12,273.0	46.3	16,203.0	10.8	Weaker than expected O2C profitability resulted in lower than anticipated PAT

Key Metrics

Exchange rate (₹/\$)	77.3	77.3	73.9	4.6	75.2	2.7	
ARPU (₹)	174.2	174.2	138.4	25.9	167.6	3.9	
Subscribers (mn)	416.8	416.8	440.6	-5.4	410.2	1.6	
Retail revenue (₹ crore)	58569.0	61466.0	38563.0	51.9	58019.0	0.9	Footfalls recovered to 119% of pre-Covid level
Retail EBITDA (₹ crore)	3849.0	3655.0	1953.0	97.1	3712.0	3.7	Higher share of fashion and lifestyle segment enhanced margin profile
O2C EBITDA (₹ crore)	19888.0	29270.3	12231.0	62.6	14241.0	39.7	Lower than expectations
E&P EBITDA (₹ crore)	2737.0	2473.0	797.0	243.4	1556.0	75.9	
Gas output (mmscmd)	13.4	13.1	14.3	-6.1	12.7	5.8	In line with estimates

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			
	Old	New	% Change	Old	New	% Change	
Revenue	998008.0	973453.5	-2.5	1014979.0	1019369.8	0.4	
EBITDA	1,57,605.2	1,38,976.5	-11.8	168510.4	1,59,028.7	-5.6	Revised O2C estimates led to change in consolidated estimates
EBITDA Margin (%)	15.8	14.3	-152 bps	16.6	15.6	-100 bps	
PAT	86,523.6	70,421.1	-18.6	89608.6	83,686.1	-6.6	
EPS (₹)	127.9	104.1	-18.6	132.5	123.7	-6.6	

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier		
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Exchange rate (₹/\$)	74.0	74.5	78.9	79.5	77.8	78.0	
ARPU (₹)	143.1	153.4	184.7	202.9	183.6	200.9	Realigned estimates post Q1FY23 results
Subscribers	426.2	410.2	435.2	451.2	435.2	450.2	
Retail revenue (₹ crore)	153818.0	199749.0	257157.6	311499.7	262377.2	312228.9	
Retail EBITDA (₹ crore)	9842.0	12423.0	16964.3	21645.7	17209.2	21765.6	
O2C EBITDA (₹ crore)	38170.0	52722.0	57061.7	60427.7	77057.8	71521.8	Revised estimates taking into account current product cracks trend
E&P EBITDA (₹ crore)	258.0	5457.0	13310.5	16465.3	12143.8	15940.0	
Gas output (mmscmd)	8.3	14.1	15.4	20.8	15.9	20.8	

Source: Company, ICICI Direct Research

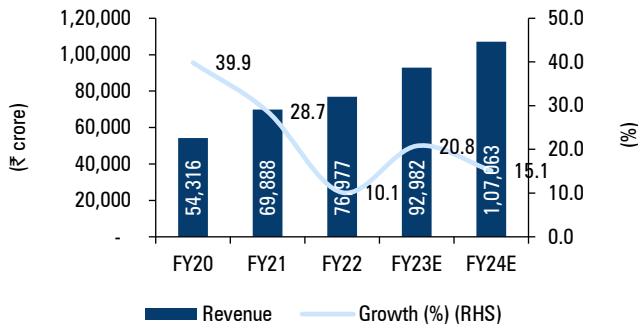
**Exhibit 4: Jio Variance Analysis**

	Q1FY23	Q1FY23E	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	21,873	21,582	17,994	20,901	21.6	4.7	Topline tad higher led by higher subscriber addition and superior ARPU
Other Income	82	21	14	44	485.7	86.4	
Network operating expenses	6,842	6,850	5,973	6,533	14.5	4.7	
Access charges	257	210	170	190	51.2	35.3	
Employee cost	369	375	338	368	9.2	0.3	
Selling & Distribution expenses	362	310	257	310	40.9	16.8	
Other expenses	543	490	515	486			
EBITDA	10,964	10,782	8,617	10,510	27.2	4.3	EBITDA beat owing to better revenues
EBITDA Margin (%)	50.1	50.0	47.9	50.3	224 bps	-16 bps	
Depreciation	4,231	3,958	3,115	3,744	35.8	13.0	
Interest	997	920	821	1,218	21.4	-24.5	
Exceptional Items	0	0	0	0	NA	NA	
Total Tax	1,483	1,505	1,194	1,419	24.2	4.5	
PAT	4,335	4,420	3,501	4,173	23.8	3.9	
Subs (mn)	420	417	441	410	-4.7	2.4	
ARPU (₹)	175.7	174.2	138	168	27.0	4.8	ARPU growth was driven by residual pass through of tariff hike undertaken in December, 2021

Source: Company, ICICI Direct Research

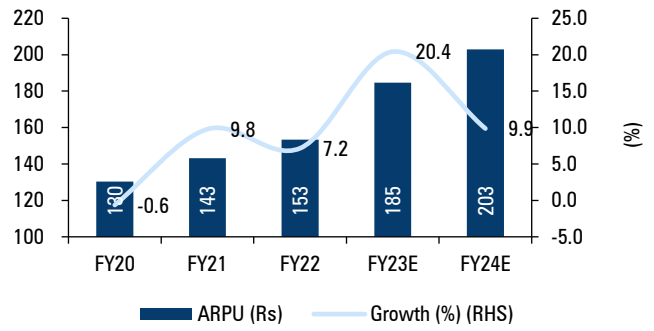
Story in charts

Exhibit 5: Jio revenue trend



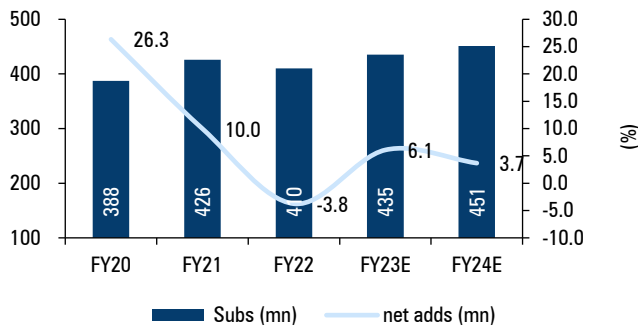
Source: Company, ICICI Direct Research

Exhibit 6: ARPU to grow at 15 CAGR in FY22-24E



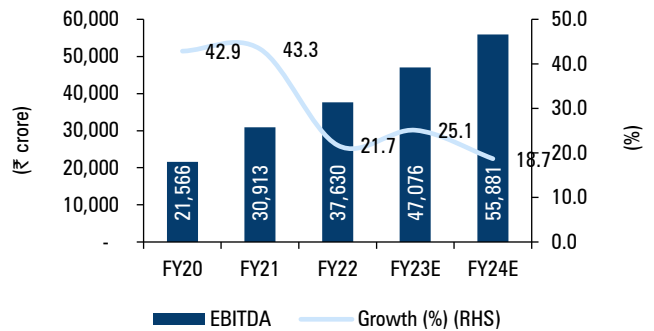
Source: Company, ICICI Direct Research

Exhibit 7: Subscribers growth trend



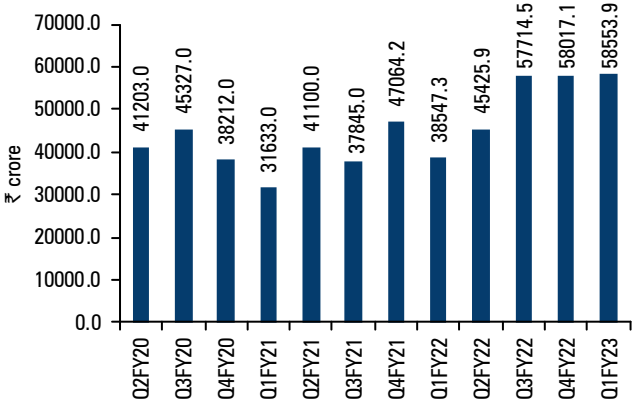
Source: Company, ICICI Direct Research

Exhibit 8: Jio EBITDA trend



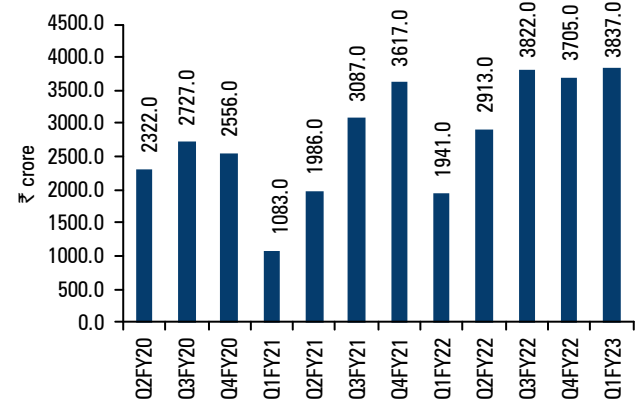
Source: Company, ICICI Direct Research

Exhibit 9: Retail- Revenue quarterly trend



Source: Company, ICICI Direct Research

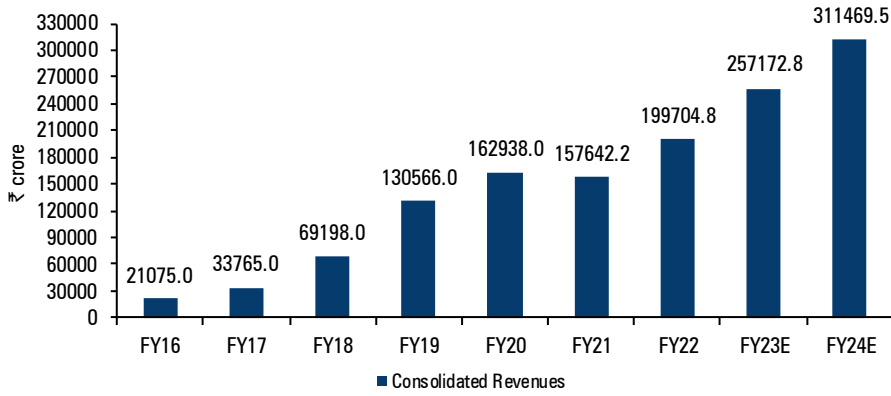
Exhibit 10: Retail EBITDA quarterly trend



Source: Company, ICICI Direct Research. EBITDA includes other income

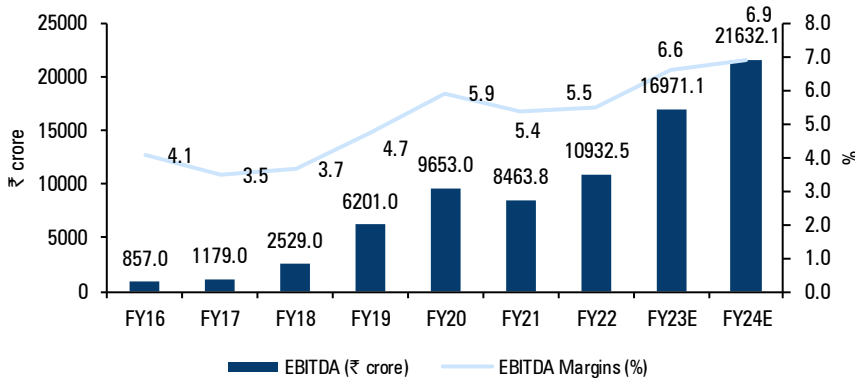


**Exhibit 11: Consolidated retail revenues to grow at CAGR of 25% in FY22-24E**



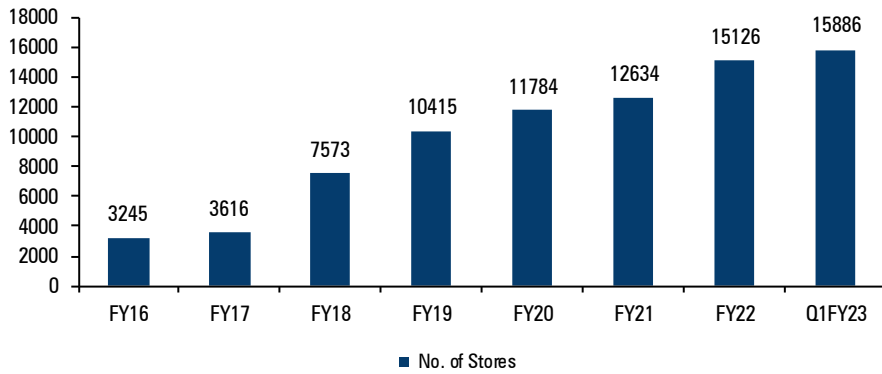
Source: Company, ICICI Direct Research

**Exhibit 12: EBITDA expected to grow at 40% CAGR during FY22-24E**



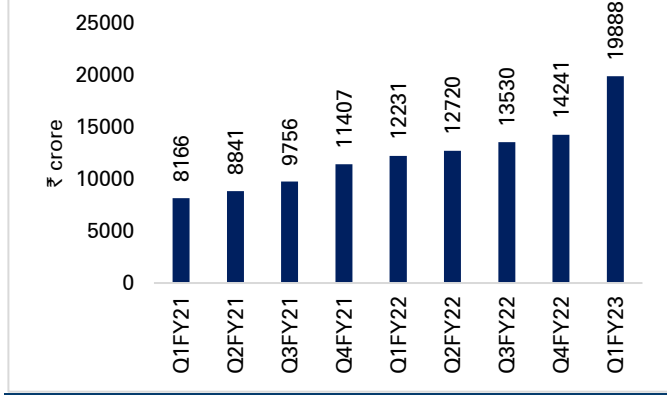
Source: Company, ICICI Direct Research. EBITDA excludes other income

**Exhibit 13: Robust store addition trajectory in FY22 (added ~2500 stores)**



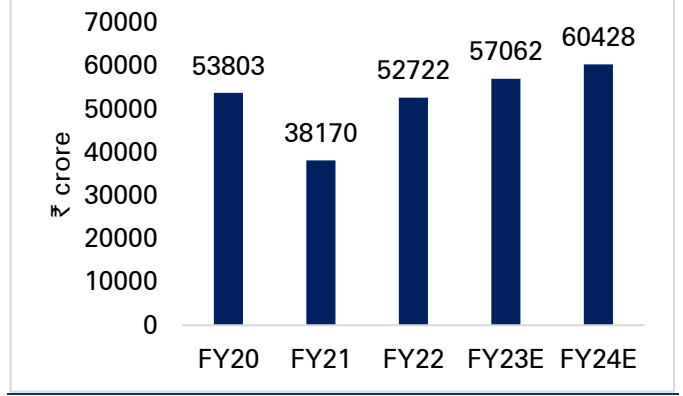
Source: Company, ICICI Direct Research

Exhibit 14: O2C EBITDA quarterly trend



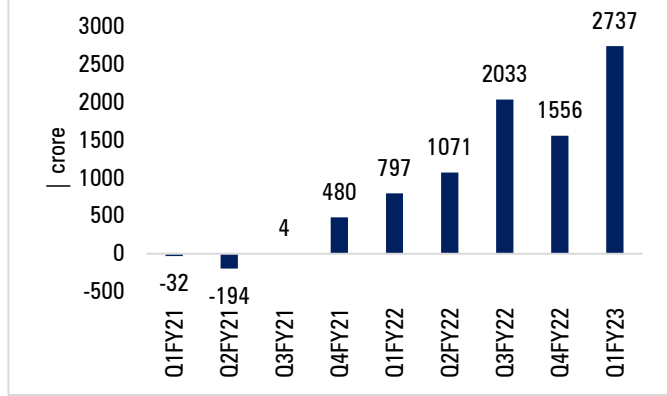
Source: Company, ICICI Direct Research

Exhibit 15: O2C EBITDA trend



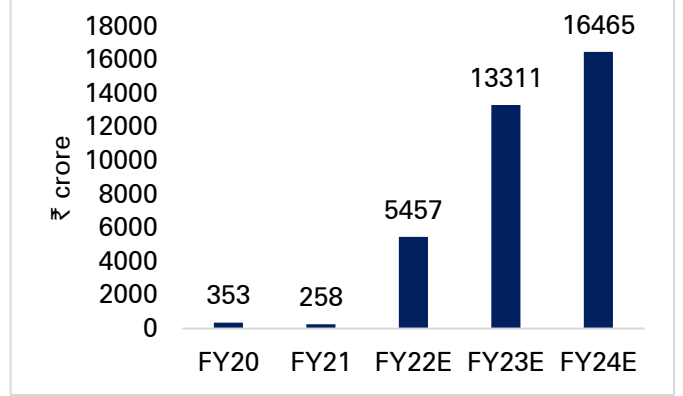
Source: Company, ICICI Direct Research

Exhibit 16: E&P EBITDA quarterly trend



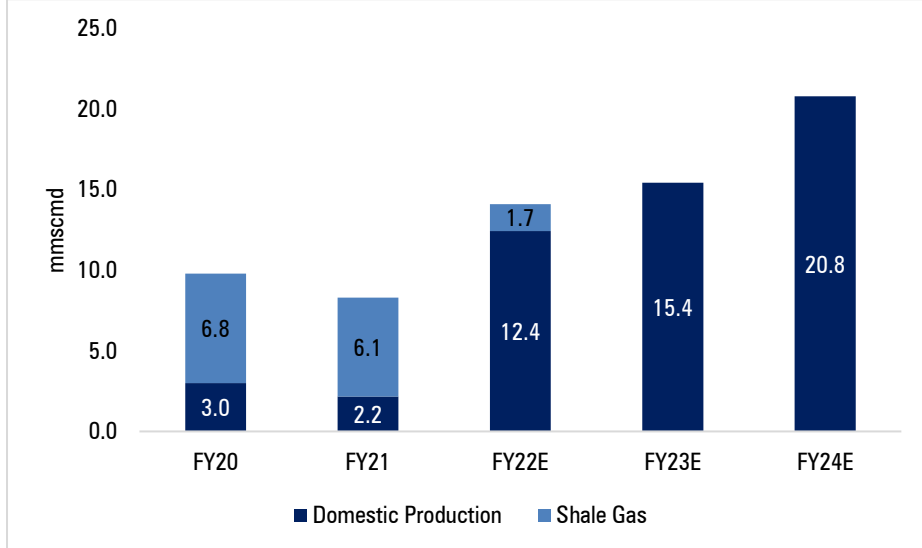
Source: Company, ICICI Direct Research

Exhibit 17: E&P EBITDA trend



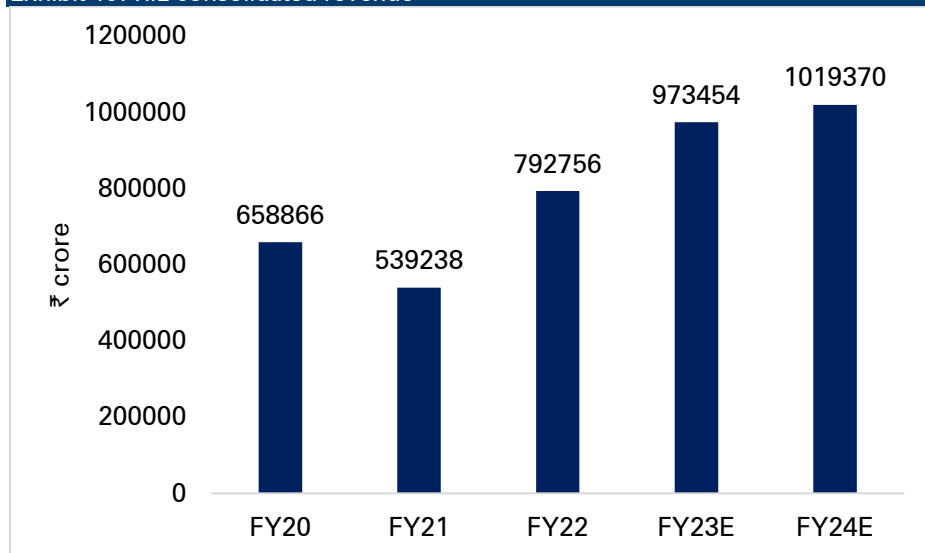
Source: Company, ICICI Direct Research

Exhibit 18: Gas production trend



Source: Company, ICICI Direct Research

Exhibit 19: RIL consolidated revenue



Source: Company, ICICI Direct Research

Exhibit 20: RIL consolidated EBIT

	FY20	FY21	FY22	FY23E	FY24E
O2C	45191.0	29773.0	45194.0	48439.7	51427.7
Oil & gas	-1407.0	-1477.0	2879.0	10462.5	13165.3
Retail	8292.0	7991.0	10198.0	13558.4	17747.2
Digital Services	14634.0	21181.0	25150.0	32016.0	36996.0
Financial Services	811.0	1357.0	726.0	1299.0	1600.0
Others	2671.0	3635.0	5196.0	3324.0	3800.0
<b>Total</b>	<b>70192.0</b>	<b>62460.0</b>	<b>89343.0</b>	<b>109099.6</b>	<b>124736.2</b>

Source: Company, ICICI Direct Research

Exhibit 21: Percentage share of business segments in RIL's EBIT mix

	FY20	FY21	FY22	FY23E	FY24E
O2C	64.4%	47.7%	50.6%	44.4%	41.2%
Oil & gas	-2.0%	-2.4%	3.2%	9.6%	10.6%
Retail	11.8%	12.8%	11.4%	12.4%	14.2%
Digital Services	20.8%	33.9%	28.1%	29.3%	29.7%
Financial Services	1.2%	2.2%	0.8%	1.2%	1.3%
Others	3.8%	5.8%	5.8%	3.0%	3.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company, ICICI Direct Research

Exhibit 22: Valuation Table

Business segments	Valuation Methodology	Value (₹ crore)	₹/share
<b>Energy</b>			
Oil to Chemicals	7x FY24E EBITDA	410908	607
Oil & Gas	6.5x FY24E EBITDA	107024	158
<b>Value of Energy business</b>		<b>517933</b>	<b>766</b>
<b>Consumer Business</b>			
Retail (RIL share)	38x FY24E EBITDA	699539	1034
Digital services (RIL share)	DCF	544152	804
<b>Value of Consumer business</b>		<b>1243691</b>	<b>1838</b>
Others		154200	228
Net debt		89413	132
<b>Equity value</b>		<b>1826410</b>	<b>2700</b>

Source: Company, ICICI Direct Researches

## Consolidated Financial Summary

Exhibit 23: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>539238.0</b>	<b>792756.0</b>	<b>973453.5</b>	<b>1019369.8</b>
Growth (%)	-18.2	47.0	22.8	4.7
(Inc./Dec. in stock trade)	199915.0	360784.0	443962.7	414927.2
Raw material Costs	92786.0	114128.0	144883.8	179448.1
Employee Costs	14817.0	18775.0	21682.4	23417.0
Excise Duty	72314.0	92794.0	118027.2	131331.9
Other Expenditure	78669.0	95815.0	105920.8	111216.8
Op. Expenditure	4,58,501.0	6,82,296.0	8,34,477.0	8,60,341.1
<b>EBITDA</b>	<b>80737.0</b>	<b>110460.0</b>	<b>138976.5</b>	<b>159028.7</b>
Growth (%)	-9.0	36.8	25.8	14.4
Depreciation	26572.0	29797.0	35134.9	39892.5
EBIT	54165.0	80663.0	103841.6	119136.2
Interest	21189.0	14584.0	13447.0	13000.0
Other Income	16843.0	15227.0	14032.0	16600.0
PBT	55461.0	84142.0	104426.6	122736.2
Growth (%)	3.5	51.7	24.1	17.5
Tax	1722.0	16297.0	27245.0	30929.5
Minority Interest	4611.0	7140.0	6760.5	8120.6
<b>Reported PAT</b>	<b>49128.0</b>	<b>60705.0</b>	<b>70421.1</b>	<b>83686.1</b>
Growth (%)	24.8	23.6	16.0	18.8
<b>EPS</b>	<b>76.2</b>	<b>89.7</b>	<b>104.1</b>	<b>123.7</b>

Source: Company, ICICI Direct Research

Exhibit 25: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Source of Funds</b>				
Equity Capital	6,445.0	6,765.0	6,765.0	6,765.0
Preference Capital	0.0	0.0	0.0	0.0
Reserves & Surplus	6,93,727.0	7,72,720.0	8,37,052.6	9,14,650.1
Shareholder's Fund	7,00,172.0	7,79,485.0	8,43,817.6	9,21,415.1
Loan Funds	2,92,714.0	3,55,258.1	2,85,258.1	2,20,258.1
Deferred Tax Liability	37,001.0	49,644.0	54,919.0	60,194.0
Minority Interest and others	99,260.0	1,09,499.0	1,17,499.0	1,25,499.0
<b>Source of Funds</b>	<b>11,29,147.0</b>	<b>12,93,886.1</b>	<b>13,01,493.7</b>	<b>13,27,366.2</b>
<b>Application of Funds</b>				
Gross Block	7,75,812.0	8,92,149.0	9,61,389.0	10,34,389.0
Less: Acc. Depreciation	2,34,554.0	2,64,351.0	2,99,485.9	3,39,378.4
Net Block	5,41,258.0	6,27,798.0	6,61,903.1	6,95,010.6
Capital WIP	1,25,953.0	1,72,506.0	1,41,835.0	1,28,835.0
Total Fixed Assets	6,67,211.0	8,00,304.0	8,03,738.1	8,23,845.6
Investments	3,64,828.0	3,94,264.0	4,09,682.0	4,14,682.0
Inventories	81,672.0	1,07,778.0	1,25,348.8	1,31,261.3
Debtor	19,014.0	23,640.0	34,670.9	36,306.3
Cash	17,397.0	36,178.0	1,12,924.1	1,30,844.9
Loan & Advance, Other CA	1,71,090.0	1,37,501.0	1,28,501.0	1,19,001.0
Total Current assets	2,89,173.0	3,05,097.0	4,01,444.8	4,17,413.5
Current Liabilities	1,86,936.0	2,01,989.9	3,06,704.5	3,21,171.3
Provisions	5,129.0	3,789.0	6,666.7	7,403.6
Total CL and Provisions	1,92,065.0	2,05,778.9	3,13,371.2	3,28,574.9
Net Working Capital	97,108.0	99,318.1	88,073.6	88,838.6
Miscellaneous expense	0.0	0.0	0.0	0.0
<b>Application of Funds</b>	<b>11,29,147.0</b>	<b>12,93,886.1</b>	<b>13,01,493.7</b>	<b>13,27,366.2</b>

Source: Company, ICICI Direct Research

Exhibit 24: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Profit after Tax</b>	53,739.0	67,845.0	77,181.6	91,806.7
Add: Depreciation	26,572.0	29,797.0	35,134.9	39,892.5
Add: Others	-17,122.0	12,643.0	5,275.0	5,275.0
Cash Profit	63,189.0	1,10,285.0	1,17,591.5	1,36,974.2
Increase/(Decrease) in CL	-83,978.0	13,713.9	1,07,592.4	15,203.7
(Increase)/Decrease in CA	-55,312.0	2,857.0	-19,601.8	1,952.1
<b>CF from Operating Activities</b>	<b>-76,101.0</b>	<b>1,26,855.9</b>	<b>2,05,582.1</b>	<b>1,54,130.0</b>
Purchase of Fixed Assets	52,019.0	1,62,890.0	38,569.0	60,000.0
(Inc)/Dec in Investments	-88,061.0	-29,436.0	-15,418.0	-5,000.0
Others	87079	10239	8000	8000
<b>CF from Investing Activities</b>	<b>-53,001.0</b>	<b>-1,82,087.0</b>	<b>-45,987.0</b>	<b>-57,000.0</b>
Inc/(Dec) in Loan Funds	-81,689.0	62,544.1	-70,000.0	-65,000.0
Inc/(Dec) in Sh. Cap. & Res.	2,01,189.0	16,880.0	-6,760.5	-8,120.6
Dividend Paid	3921	5412	6088.5	6088.5
<b>CF from financing activities</b>	<b>1,15,579.0</b>	<b>74,012.1</b>	<b>-82,849.0</b>	<b>-79,209.1</b>
Change in cash Eq.	-13,523.0	18,781.0	76,746.1	17,920.8
Op. Cash and cash Eq.	30,920.0	17,397.0	36,178.0	1,12,924.1
<b>Cl. Cash and cash Eq.</b>	<b>17,397.0</b>	<b>36,178.0</b>	<b>1,12,924.1</b>	<b>1,30,844.9</b>

Source: Company, ICICI Direct Research

Exhibit 26: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Per share data (₹)</b>				
Book Value	1,086.4	1,152.2	1,247.3	1,362.0
Cash per share	27.0	53.5	166.9	193.4
EPS	76.2	89.7	104.1	123.7
Cash EPS	117.5	133.8	156.0	182.7
DPS	7.0	8.0	9.0	9.0
<b>Profitability &amp; Operating Ratios</b>				
EBITDA Margin (%)	15.0	13.9	14.3	15.6
PAT Margin (%)	10.0	8.6	7.9	9.0
Fixed Asset Turnover (x)	0.8	1.0	1.2	1.2
Inventory Turnover (Days)	55.3	49.6	47.0	47.0
Debtor (Days)	12.9	10.9	13.0	13.0
Current Liabilities (Days)	126.5	93.0	115.0	115.0
<b>Return Ratios (%)</b>				
RoE	7.0	7.8	8.3	9.1
RoCE	5.5	7.1	9.2	10.4
RoIC	5.6	7.3	10.2	11.8
<b>Valuation Ratios (x)</b>				
PE	31.9	27.1	23.3	19.6
Price to Book Value	2.2	2.1	1.9	1.8
EV/EBITDA	22.8	17.8	13.1	10.9
EV/Sales	3.4	2.5	1.9	1.7
<b>Leverage &amp; Solvency Ratios</b>				
Debt to equity (x)	0.4	0.5	0.3	0.2
Interest Coverage (x)	2.6	5.5	7.7	9.2
Debt to EBITDA (x)	3.6	3.2	2.1	1.4
Current Ratio	1.5	1.5	1.3	1.3
Quick ratio	1.1	1.0	0.9	0.9

Source: Company, ICICI Direct Research

**Exhibit 27: ICICI Direct coverage universe**

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
BPCL (BHAPET)	310	360	Hold	66,013	41.3	28.1	44.8	7.5	11.0	6.9	6.0	7.9	5.6	13.9	8.5	13.1	17.7	11.7	16.8
GAIL (India) (GAIL)	139	180	Buy	61,721	23.2	19.9	18.8	6.0	7.0	7.4	4.8	5.4	5.8	19.0	14.5	12.4	18.5	14.4	12.5
Gujarat Gas (GUJGA)	456	625	Buy	31,391	18.9	18.8	24.1	24.1	24.2	19.0	15.4	15.2	11.9	26.9	23.4	25.5	23.2	19.6	20.9
HPCL (HINPET)	231	255	Hold	32,778	44.9	8.0	42.8	5.1	29.0	5.4	7.8	16.4	7.1	7.3	0.8	7.3	16.5	3.0	15.0
Indian Oil Corp (INDOIL)	70	85	Hold	96,401	26.3	14.6	13.1	2.7	4.8	5.4	1.5	2.3	2.4	12.9	10.5	9.0	18.4	14.3	12.2
Indraprastha Gas (INDGAS)	366	440	Buy	25,620	18.8	20.6	23.0	19.4	17.7	15.9	12.9	11.1	9.7	22.3	22.0	21.1	19.0	18.1	17.5
Mahanagar Gas (MAHGAS)	798	820	Hold	7,882	60.4	78.5	78.1	13.2	10.2	10.2	8.1	6.2	6.0	20.1	23.4	20.8	16.9	19.3	17.2
Petronet LNG (PETLNG)	217	210	Hold	32,550	22.3	17.6	21.2	9.7	12.3	10.2	6.0	6.9	5.7	27.0	20.3	22.7	25.0	18.9	21.1
Reliance Industries (RELIND)	2,430	2,700	Hold	16,43,895	89.7	104.1	123.7	27.1	23.3	19.6	17.8	13.1	10.9	7.1	9.2	10.4	7.8	8.3	9.1

Source: Bloomberg, ICICI Direct Research

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