

Reliance Industries Ltd.

Result Update Q2FY24



CMP INR 2,314

Result Update

Reliance Industries reported Q2FY24 :

- 1) Record quarterly EBITDA at ₹ 44,867 crore (US\$ 5.4 billion), up 30% YoY
- 2) Robust operating performance across segments .
- 3) Net profit at ₹ 19,878 crore (US\$ 2.4 billion), up 30% YoY.
- 4) Strong growth delivery in consumer businesses with superior experience and seamless ecosystem.
- 5) Highest ever quarterly Retail segment EBITDA with strong footfalls and 80 bps margin expansion .
- 6) Digital Services growth led by network leadership, strong subscriber addition, growing 5G adoption.
- 7) Sustained O2C EBITDA benefiting from strong domestic demand, firm fuel cracks and PVC delta .
- 8) Ramp-up in KG D6 gas production aided sharp improvement in Oil & Gas segment EBITDA.

The consumer business seemed very strong. Retail as the highest quarterly EBITDA, with strong footfalls. The O2C EBITDA was very strong on the back of domestic demand, which held up very well, and firm fuel cracks, specifically PVC Delta.

Another upside came from our KGD6 gas production, which was sharply up, and which actually led to strong performance for oil and gas segment. Retail at INR 77,000 crores, the revenues were up 19%, and the EBITDA ₹ 5,820 cr, which was up 32%. on a Y-o-Y, the store expansion numbers, the area under operation at 71.5 million square feet, which is again up 31%.

Moving to the digital services, revenue close to ₹ 32,000 r, up 11%, and the EBITDA ₹ 13,500, up 12.5%. The subscriber addition, it had 11.1 million additions, and on a full Y-O-Y basis, it is 32 million.

On the oil and gas side, as I highlighted, the revenues at ₹ 6,620 cr, up at 72%, and the EBITDA at ₹ 4,800 crore, up 50%. These are these are all time highs.

Key Standalone Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	EPS (INR)	Ad BVPS (INR)	ROE (%)	ROCE (%)	P/E (X)	P/BV (X)
FY19	5,69,209	84,167	39,734	14.8	7.0	66.2	610.7	10.2	6.7	2.2	0.2
FY20	5,97,535	88,894	39,773	14.9	6.7	61.5	708.6	8.8	6.3	1.8	0.2
FY21	4,66,924	79,922	53,223	17.1	11.4	76.2	1104.5	7.0	5.4	2.8	0.2
FY22	6,95,963	1,08,446	65,889	15.6	9.5	89.7	1229.7	7.8	6.1	2.9	0.2
FY23	8,77,835	1,40,860	73,646	16.0	8.4	98.6	1129.3	9.3	7.6	2.6	0.2

Source: Ventura Research & Company Financials

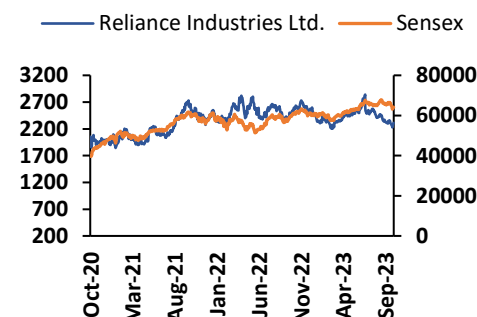
Industry Refineries

Scrip Details

Face Value (INR)	10
Market Cap (INR Cr)	15,63,785
Price (INR)	2,314
No of SH O/S (Cr)	676.62
3M Avg Vol (000)	369
52W H/L (INR)	2,856/ 2180
Div. Yield (%)	0.38

Shareholding (%) Sep 2023

Promoter	50.3
FIIs	22.5
DII's	8.5
Public	12.2
Mutual Funds	6.6
TOTAL	100.0



Segment Highlights:

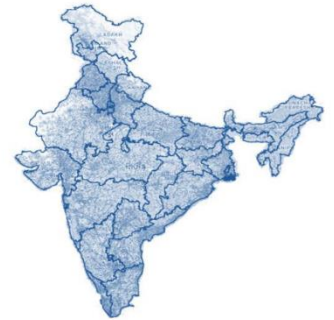
1. Retail (RRVL)

1. Festive demand leading growth across segments
2. Best-ever Independence Day sale – “Digital India Sale” recording 23% YoY growth.
3. Accelerated new store addition of 2,033 on YoY (471 new stores in Q2 FY24)

2. Digital Services (JPL)

1. Strong net subscriber addition of 32.1 Mn on YoY (11.1 Mn in 2Q FY24)
2. Data traffic up 28.5% YoY at 36.3 Bn GB – 5G adoption and FTTH ramp-up.
3. Over 70 Mn subscribers migrated to 5G.
4. Differentiated service offering leading to higher customer engagement.

~8,000 towns covered with True5G



3. O2C

1. Strong EBITDA growth supported by firm gasoline, PVC margins, optimised feedstock sourcing, higher volumes.
 - Lower SAED in line with weak middle-distillate cracks
2. Weak downstream chemicals deltas impacted by subdued global demand in well-supplied market.
3. Strong domestic markets – Oil demand up 5.3%, Polymer up 25%, Polyester up 12%.
 - Downstream sector restocking with lower prices

4. OIL And Gas

1. All-time high quarterly EBITDA
2. Strong incremental volume (gas and condensate) from MJ field and better pricing driving growth
3. KG D6 gas production averaged at 28.3 MMSCMD vs. 19 MMSCMD in 2Q FY23

Key projects and partnerships:

1. Global marquee investors reaffirm their confidence in Reliance Retail’s vision, execution prowess and value creation.
 - Equity fund raise of Rs 15,314 Cr in the current round from global marquee investors
 - Completed transfer of assets to warehouse InvIT entity.

The total consideration received for these assets is ₹ 5,150 crore on 25th October 2023(1).

2. Focused on creativity and innovation to serve the evolving Indian customer; launches new store format ‘Yousta’.
3. Acquired Ed-a-Mamma and majority ownership of Superdry IP for India, Sri Lanka and Bangladesh

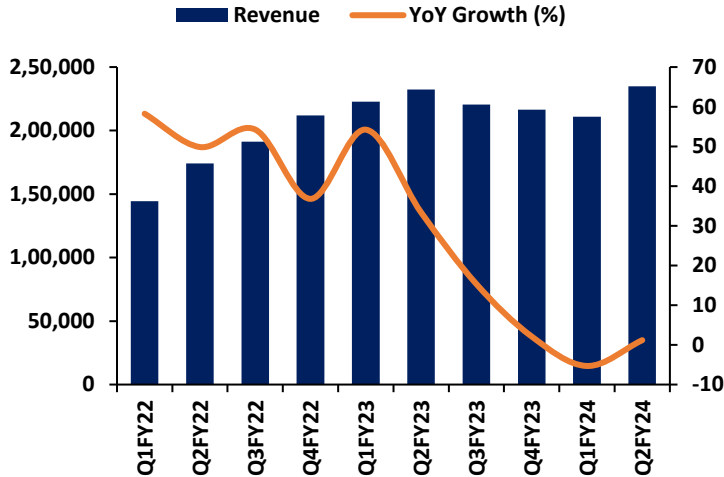
Reliance industries consolidated Financial Summary

Fig in INR Cr (unless specified)	FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
Revenue from operation	4,66,924	1,25,459	1,50,183	1,66,475	1,86,723	6,95,963	1,98,990	2,08,780	1,96,793	1,90,239	8,77,835	1,87,258	2,10,846
Growth (YoY) (%)	-21.9	59.7	51.6	60.0	41.1	49.1	58.6	39.0	18.2	1.9	26.1	-5.9	1.0
Raw Material Cost	2,92,942	90,305	1,13,429	1,26,169	1,45,009	4,72,952	1,46,681	1,59,119	1,45,737	1,37,103	5,92,943	1,31,668	1,52,709
Material Cost to Sales (%)	62.7	72.0	75.5	75.8	77.7	68.0	73.7	76.2	74.1	72.1	67.5	70.3	72.4
Employee Cost	14,817	4,257	4,580	4,660	5,278	18,758	5,999	6,148	6,267	6,471	24,872	6,601	5,947
Employee Cost to Sales (%)	3.2	3.4	3.0	2.8	2.8	2.7	3.0	2.9	3.2	3.4	2.8	3.5	2.8
Other Expenses	79,243	7,529	6,154	5,940	5,070	95,807	8,553	12,473	9,542	8,225	1,19,160	10,896	11,222
Other Expenses to Sales (%)	17.0	6.0	4.1	3.6	2.7	13.8	4.3	6.0	4.8	4.3	13.6	5.8	5.3
EBITDA	79,922	23,368	26,020	29,706	31,366	1,08,446	37,757	31,040	35,247	38,440	1,40,860	38,093	40,968
Margin (%)	17.1	18.6	17.3	17.8	16.8	15.6	19.0	14.9	17.9	20.2	16.0	20.3	19.4
PAT	53,223	13,843	15,440	20,406	17,876	65,889	19,464	15,401	17,740	21,296	73,646	18,258	19,878
Margin (%)	11.4	11.0	10.3	12.3	9.6	9.5	9.8	7.4	9.0	11.2	8.4	9.8	9.4
Net Profit	49,128	12,273	13,680	18,549	16,203	60,705	17,917	13,476	15,792	19,299	66,702	16,011	17,394
Margin (%)	10.5	9.8	9.1	11.1	8.7	8.7	9.0	6.5	8.0	10.1	7.6	8.6	8.2
Adjusted EPS	76.2					89.7					98.6		
P/E Ratio	2.8					2.9							
Adjusted BVPS (Rs)	1,104.5					1,229.7					1,129.3		
P/BV Ratio (X)	0.2					0.2					0.2		
Enterprise Value	2,17,426					3,00,222					2,97,046		
EV/EBITDA Ratio	2.7					2.8					2.1		
Networth	7,00,172					7,79,485					7,15,872		
Return on Equity	7.0					7.8					9.3		
Capital Employed	9,51,983					10,45,790					10,29,838		
Return on Capital Employed	5.4					6.1					7.6		
Invested Capital	7,82,140					9,01,494					8,42,701		
Return on Invested Capital	6.8					8.7					11.9		
Cash From Operating Activities	26,958					1,10,654					1,15,032		
Cash Flow from Investing Activities	-142,409					-1,10,103					-91,235		
Cash from Financing Activities	1,01,904					17,289					10,455		
Net Cash Flow	-13,547					17,840					34,252		
Free Cahflow	-56,035					25,385					-1,440		
FCFF to sales	-12.0					3.6					-0.2		
FCF to Net Profit	-280.9					-159.2					-192.3		
Total debt	2,51,811					2,66,305					3,13,966		
Net Debt	81,968					1,22,009					1,26,829		
Net Debt to Equity	11.7					15.7					17.7		
Net Debt to EBITDA	102.6					112.5					90.0		
Fundamental Scores													
Altman Z Score	0.7					0.8					0.7		
Piotroski F-score	6.0					5.0					6.0		
Beneish M-score	-2.4					-2.0					-2.3		

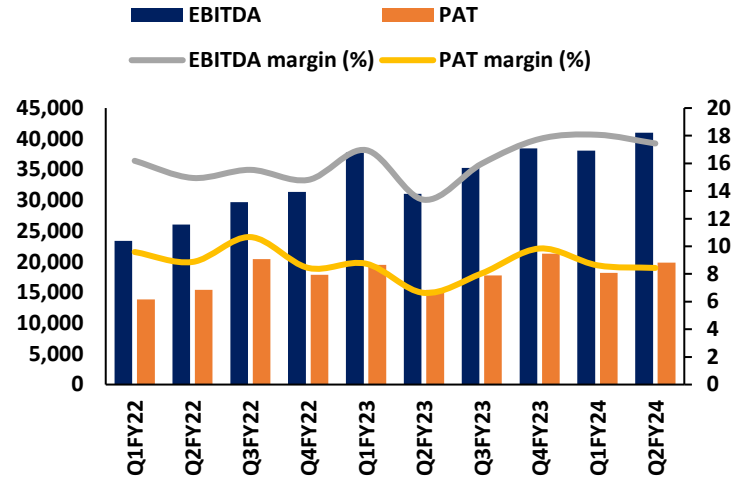
Source: Ventura Research & Company Financials

Reliance Industries Financial Summary in Charts

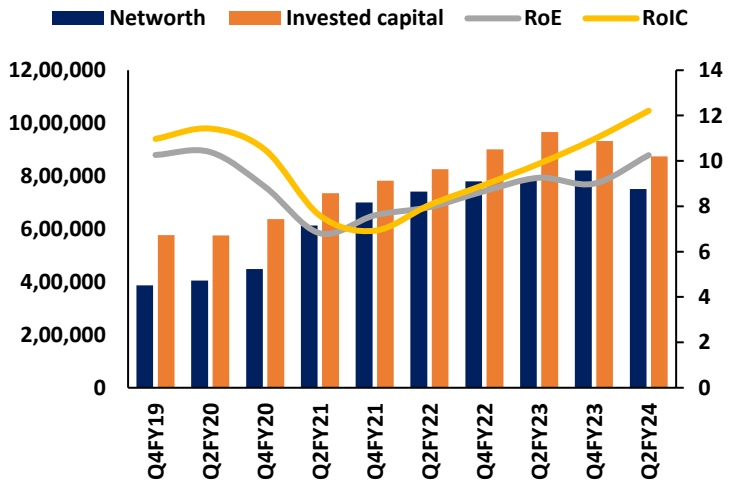
Revenue Growth



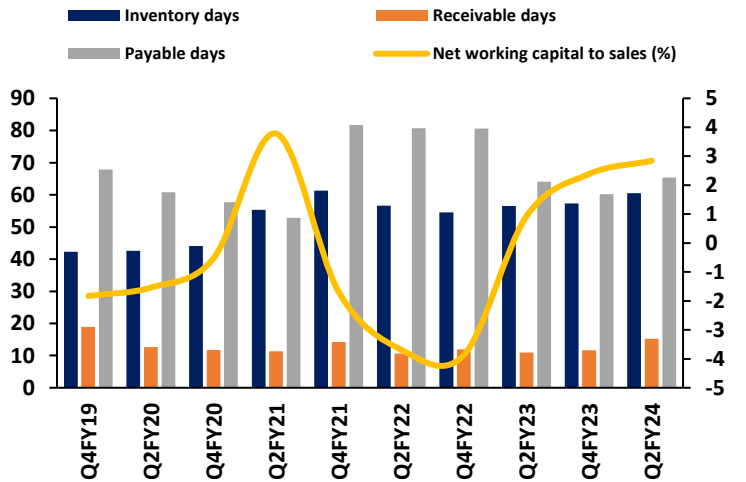
Operating Profit and Net Margins



Return Ratios



Working Capital



Source: Ventura Research & Company Financials

Reliance Industries Financial Summary in Charts

Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22	FY23
Income Statement						Per share data & Yields					
Revenue	5,69,209.0	5,97,535.0	4,66,924.0	6,95,963.0	8,77,835.0	Adjusted EPS (INR)	58.5	58.2	72.6	89.7	98.6
YoY Growth (%)		5.0	(21.9)	49.1	26.1	Adjusted Cash EPS (INR)	89.4	91.0	111.9	133.7	158.1
Raw Material Cost	3,94,646.0	4,05,429.0	2,92,942.0	4,72,952.0	5,92,943.0	Adjusted BVPS (INR)	584.4	681.8	1,181.5	1,313.9	1,225.0
RM Cost to Sales (%)	69.3	67.9	62.7	68.0	67.5	Adjusted CFO per share (INR)	62.6	140.2	39.8	163.5	170.0
Employee Cost	12,488.0	14,075.0	14,817.0	18,758.0	24,872.0	CFO Yield (%)	2.7	6.1	1.7	7.1	7.4
Employee Cost to Sales (%)	2.2	2.4	3.2	2.7	2.8	Adjusted FCF per share (INR)	(57.0)	52.8	(82.8)	37.5	(2.1)
Other Expenses	77,908.0	89,137.0	79,243.0	95,807.0	1,19,160.0	FCF Yield (%)	(2.5)	2.3	(3.6)	1.6	(0.1)
Other Exp to Sales (%)	13.7	14.9	17.0	13.8	13.6	Solvency Ratio (X)					
EBITDA	84,167.0	88,894.0	79,922.0	1,08,446.0	1,40,860.0	Total Debt to Equity	0.7	0.7	0.3	0.3	0.4
Margin (%)	14.8	14.9	17.1	15.6	16.0	Net Debt to Equity	0.5	0.5	0.1	0.1	0.2
YoY Growth (%)		5.6	(10.1)	35.7	29.9	Net Debt to EBITDA	2.5	2.6	1.0	1.1	0.9
Depreciation & Amortization	20,934.0	22,203.0	26,572.0	29,782.0	40,303.0	Return Ratios (%)					
EBIT	63,233.0	66,691.0	53,350.0	78,664.0	1,00,557.0	Return on Equity	10.2	8.8	7.0	7.8	9.3
Margin (%)	11.1	11.2	11.4	11.3	11.5	Return on Capital Employed	6.7	6.3	5.4	6.1	7.6
YoY Growth (%)		5.5	(20.0)	47.4	27.8	Return on Invested Capital	10.6	9.8	6.8	8.7	11.9
Other Income	8,386.0	13,279.0	17,142.0	14,943.0	13,036.0	Working Capital Ratios					
Bill discounting & other charges	16,495.0	22,027.0	21,189.0	14,584.0	19,571.0	Payable Days (Nos)	69	59	85	84	61
Fin Charges Coverage (X)	3.8	3.0	2.5	5.4	5.1	Inventory Days (Nos)	43	45	64	57	58
Exceptional Item	0.0	(4,444.0)	5,642.0	2,836.0	0.0	Receivable Days (Nos)	19	12	15	12	12
PBT	55,124.0	53,499.0	54,945.0	81,859.0	94,022.0	Net Working Capital Days (Nos)	-7	-2	-6	-15	9
Margin (%)	9.7	9.0	11.8	11.8	10.7	Net Working Capital to Sales (%)	(1.9)	(0.5)	(1.8)	(4.0)	2.4
YoY Growth (%)		(2.9)	2.7	49.0	14.9	Valuation (X)					
Tax Expense	15,390.0	13,726.0	1,722.0	15,970.0	20,376.0	P/E	39.5	39.7	31.8	25.8	23.4
Tax Rate (%)	27.9	25.7	3.1	19.5	21.7	P/BV	4.0	3.4	2.0	1.8	1.9
PAT	39,734.0	39,773.0	53,223.0	65,889.0	73,646.0	EV/EBITDA	21.0	20.2	20.6	15.5	12.0
Margin (%)	7.0	6.7	11.4	9.5	8.4	EV/Sales	3.1	3.0	3.5	2.4	1.9
YoY Growth (%)		0.1	33.8	23.8	11.8	Cash Flow Statement					
Min Int/Sh of Assoc	(146.0)	(419.0)	(4,095.0)	(5,184.0)	(6,944.0)	PBT	55,124.0	53,499.0	54,945.0	81,859.0	94,022.0
Net Profit	39,588.0	39,354.0	49,128.0	60,705.0	66,702.0	Adjustments	20,422.0	62,523.0	(31,236.0)	25,064.0	90,582.0
Margin (%)	7.0	6.6	10.5	8.7	7.6	Change in Working Capital	(17,810.0)	(7,419.0)	4,971.0	19,701.0	(49,196.0)
YoY Growth (%)		(0.6)	24.8	23.6	9.9	Less: Tax Paid	(15,390.0)	(13,726.0)	(1,722.0)	(15,970.0)	(20,376.0)
Balance Sheet						Cash Flow from Operations	42,346.0	94,877.0	26,958.0	1,10,654.0	1,15,032.0
Share Capital	5,926.0	6,339.0	6,445.0	6,765.0	6,766.0	Net Capital Expenditure	(92,777.0)	(75,553.0)	(1,03,518.0)	(97,008.0)	(1,31,802.0)
Total Reserves	3,89,466.0	4,55,008.0	7,92,987.0	8,82,219.0	8,22,115.0	Change in Investments	(2,351.0)	3,033.0	(38,891.0)	(13,095.0)	40,567.0
Shareholders Fund	3,95,392.0	4,61,347.0	7,99,432.0	8,88,984.0	8,28,881.0	Cash Flow from Investing	(95,128.0)	(72,520.0)	(1,42,409.0)	(1,10,103.0)	(91,235.0)
Long Term Borrowings	2,07,506.0	1,97,631.0	1,63,683.0	1,87,699.0	1,83,176.0	Change in Borrowings	75,723.0	23,216.0	(86,583.0)	(4,047.0)	34,590.0
Deferred Tax Assets / Liabilities	45,147.0	51,223.0	35,854.0	48,601.0	58,775.0	Less: Finance Cost	(16,495.0)	(22,027.0)	(21,189.0)	(14,584.0)	(19,571.0)
Other Long Term Liabilities	29,407.0	38,108.0	40,903.0	62,823.0	1,37,700.0	Proceeds from Equity	232.0	130.0	2,13,597.0	40,217.0	519.0
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	2,856.0	1,790.0	2,625.0	1,853.0	1,607.0	Dividend Paid	(3,554.0)	(3,860.0)	(3,921.0)	(4,297.0)	(5,083.0)
Total Liabilities	6,80,308.0	7,50,099.0	10,42,497.0	11,89,960.0	12,10,139.0	Cash flow from Financing	55,906.0	(2,541.0)	1,01,904.0	17,289.0	10,455.0
Net Block	3,98,374.0	5,32,658.0	5,41,258.0	6,27,798.0	7,24,805.0	Net Cash Flow	3,124.0	19,816.0	(13,547.0)	17,840.0	34,252.0
Capital Work in Progress	1,50,178.0	59,096.0	71,171.0	68,052.0	1,17,259.0	Forex Effect	0.0	0.0	0.0	0.0	0.0
Intangible assets under development	29,285.0	50,010.0	54,782.0	1,04,454.0	1,76,493.0	Opening Balance of Cash	4,255.0	11,081.0	30,920.0	17,397.0	36,178.0
Non Current Investments	1,64,612.0	2,03,852.0	2,12,382.0	2,86,146.0	1,17,087.0	Closing Balance of Cash	7,379.0	30,897.0	17,373.0	35,237.0	70,430.0
Long Term Loans & Advances	14,946.0	36,597.0	30,721.0	19,926.0	17,140.0						
Other Non Current Assets	8,182.0	22,542.0	36,740.0	45,227.0	27,802.0						
Net Current Assets	(85,269.0)	(1,54,656.0)	95,443.0	38,357.0	29,553.0						
Total Assets	6,80,308.0	7,50,099.0	10,42,497.0	11,89,960.0	12,10,139.0						

Source: Ventura Research & Company Financials

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