

Reliance Industries

BSE SENSEX 34,287 S&P CNX 10,142

CMP: INR1,581 TP: INR1,743 (+10%)

Buy

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Stock Info

| | RIL IN |
|-----------------------|---------------|
| Bloomberg | RIL IN |
| Equity Shares (m) | 6,339 |
| M.Cap.(INRb)/(USD\$b) | 10120.9/133.8 |
| 52-Week Range (INR) | 1618 / 867 |
| 1, 6, 12 Rel. Per (%) | 0/19/33 |
| 12M Avg Val (INR M) | 18080 |
| Free float (%) | 51.1 |

Financials Snapshot (INR b)

| Y/E March | 2020 | 2021E | 2022E |
|----------------|-------|-------|-------|
| Net Sales | 5,957 | 5,358 | 6,873 |
| EBITDA | 879 | 902 | 1,197 |
| Net Profit | 432 | 421 | 622 |
| Adj. EPS (INR) | 68.1 | 66.4 | 98.1 |
| EPS Gr. (%) | 8.4 | -2.5 | 47.8 |
| BV/Sh. (INR) | 715.1 | 776.7 | 867.2 |

Ratios

| | | | |
|------------|------|-----|------|
| Net D:E | 0.6 | 0.5 | 0.3 |
| RoE (%) | 10.3 | 8.9 | 11.9 |
| RoCE (%) | 8.5 | 7.7 | 9.9 |
| Payout (%) | 11.6 | 7.3 | 7.8 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 23.2 | 23.8 | 16.1 |
| P/BV (x) | 2.2 | 2.0 | 1.8 |
| EV/EBITDA(x) | 14.4 | 14.0 | 10.0 |
| EV/Sales (x) | 2.1 | 2.4 | 1.7 |
| Div. Yield (%) | 0.4 | 0.3 | 0.4 |

Shareholding pattern (%)

| As On | Mar-20 | Dec-19 | Mar-19 |
|----------|--------|--------|--------|
| Promoter | 48.9 | 48.9 | 46.2 |
| DII | 13.6 | 13.6 | 11.8 |
| FII | 25.9 | 26.3 | 26.2 |
| Others | 11.6 | 11.2 | 15.9 |

FII Includes depository receipts

Another day, yet another deal!

Global investor Mubadala to buy 1.85% stake for INR90.94b

- In less than six weeks, Reliance Industries (RIL) has sealed its sixth stake sale deal in Jio Platforms. On 5th Jun'20, RIL announced that global investor Mubadala Investment Company would invest INR90.94b in Jio Platforms for 1.85% equity stake at post-money equity value of INR4.91t (in-line) and enterprise value (EV) of INR5.2t.
- Similar to the previous four deals (Silver Lake, Vista, General Atlantic and KKR), the Mubadala investment is also fresh equity infusion in Jio Platforms and does not dilute the stake of earlier investors (Facebook, Silver Lake, Vista, General Atlantic and KKR) as it is done through conversion of OCPS (held by RIL's wholly-owned subsidiary or WOS).
- Only 10% of the amount would be retained in Jio Platforms. Subsequently, with the recent capital reorganization, creation of InvIT and six stake-sale deals (including the Mubadala deal), Jio Platforms has reached net debt of INR219b from peak of INR2.17t.
- We value Jio Platforms by assigning an EV/EBITDA multiple of 13x on FY22E to arrive at a target price of INR885/share.

Contours of RIL-Mubadala deal

- RIL has announced that Mubadala would invest INR90.94b in Jio Platforms for 1.85% equity stake at post-money equity value of INR4.91t and at EV of INR5.2t.
- Jio Platforms' valuation in this deal is in line with the previous four deals – Silver Lake ([see report](#)), Vista Equity Partners ([see report](#)), General Atlantic ([see report](#)) and KKR deal ([see report](#)) – at INR4.91t post-money equity.
- Mubadala's investment is fresh equity infusion into Jio Platforms (like the previous deals) and would not dilute the stake of earlier investors (Facebook, Silver Lake, Vista, General Atlantic and KKR) as RJio's capital structure is fixed and this is fresh equity through conversion of OCPS (held by WOS of RIL).
- Similar to the previous deals, Jio Platforms is expected to retain 10% of the cash and the rest would be transferred to its parent company, which could be subsequently used for deleveraging.
- The company has raised INR876b in a short span of six weeks through six high profile investments with equity dilution of ~19%.

RJio – virtually debt free

- RJio's net debt would reduce to INR219b with Mubadala's investment of INR90.94b, from peak of INR2.17t before the InvIT formation. Moreover, 10% of Mubadala's investment (INR90.94b) would flow to Jio Platforms and the rest would to the parent company. Before this deal, RJio's net debt had reduced to INR228b from capital reorganization, the InvIT structure and stake sales via the five deals (FB, Silver Lake, Vista, General Atlantic and KKR).

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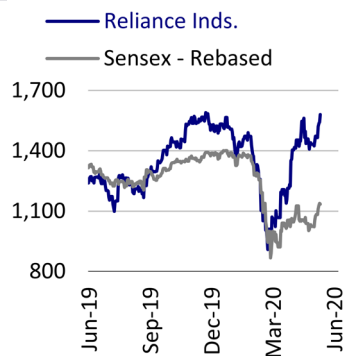
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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

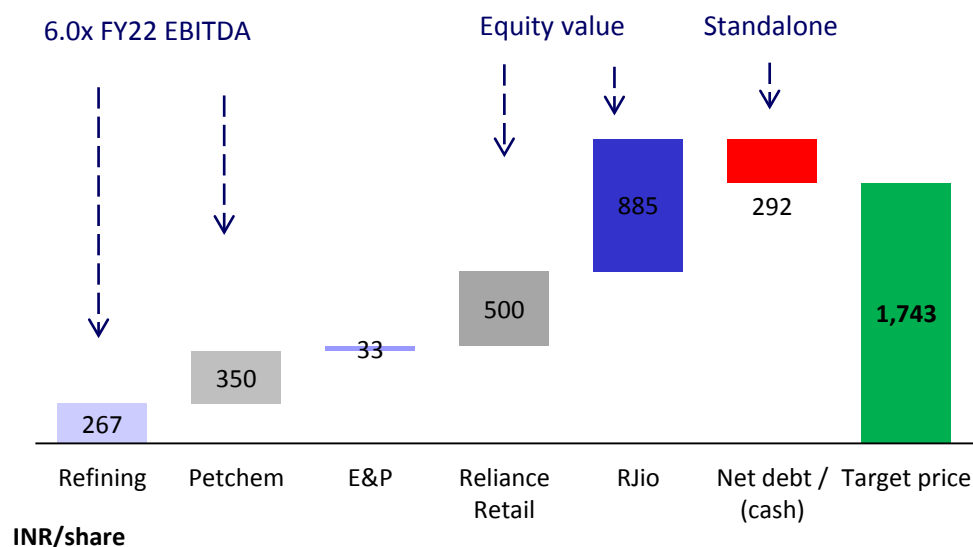
Stock Performance (1-year)



Valuation and view

We expect RJio to garner revenue/EBITDA CAGR of 22%/44% over FY20-22E along with healthy EBITDA margin expansion. Although the company has witnessed subdued ARPU growth in 4QFY20, we believe this could be due to longer validity plans. RJio is expected to accrue full benefit of the price hike in FY21. Additionally, the favorable competitive landscape in the Indian telecom sector should offer healthy incremental EBITDA either through ARPU hikes or market share gains. Due to RJio’s continuous debt reduction, we have marginally increased our TP to INR885/share (v/s INR855 earlier) by assigning 13x EV/EBITDA on FY22E. Subsequently, the TP of RIL increases to INR1,743 (v/s INR1,713 earlier).

Exhibit 1: RJio – DCF Valuation (INR b)



Source: MOFSL, Company

Exhibit 2: Post-money, RJio’s equity value stands at INR4.91t (INR b)

| Jio Platforms | Pre-money | Mubadala amount infused in Jio Platforms | Post-money |
|------------------|-----------|--|------------|
| Enterprise Value | 5,160 | 0 | 5,160 |
| Debt | 341 | 91 | 250 |
| Equity Value | 4,819 | 91 | 4,910 |

Source: Company

Exhibit 3: Jio Platforms should get INR9.1b of total investment (INR b)

| Particulars | |
|-------------------------------------|------|
| Total amount received from Mubadala | 90.9 |
| Jio Platform | 9.1 |
| RIL | 81.8 |

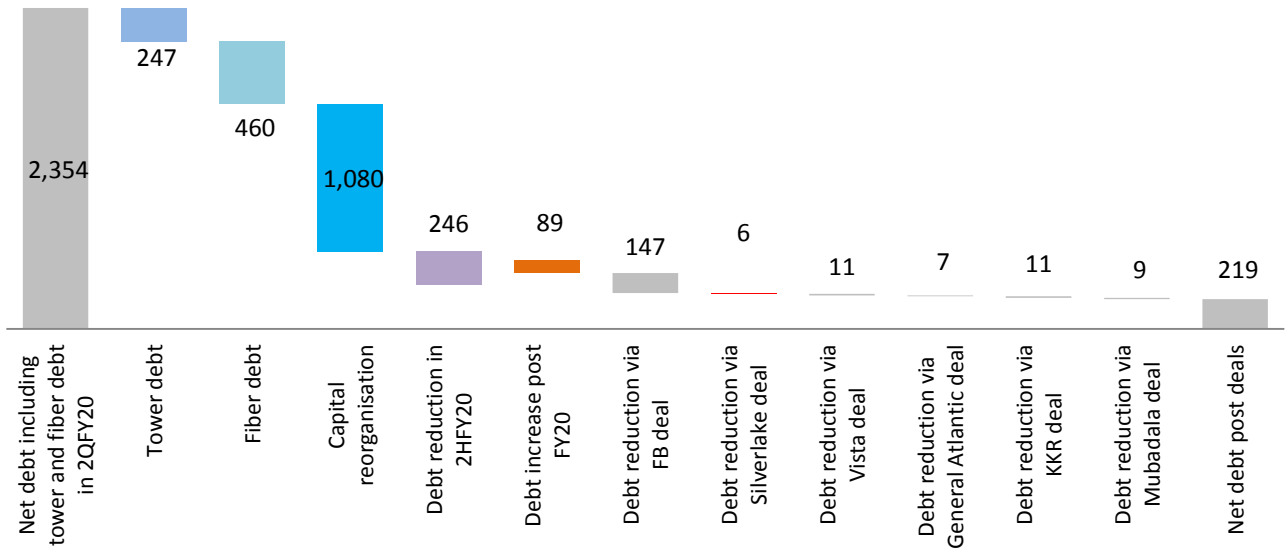
Source: Company

Exhibit 4: RJio – EV/EBITDA based valuation on FY22E

| Particulars | (INR b) |
|------------------------|--------------|
| EBITDA | 447 |
| EV/EBITDA (x) | 13 |
| EV | 5,823 |
| Debt | 584 |
| Equity Value | 5,240 |
| Value Per Share | 885 |

Source: MOFSL, Company

Exhibit 5: RJio is virtually debt free with net debt of INR219b



Note: We considered INR460b fiber debt in our valuation as the deal is yet to be finalized

Source: MOFSL, Company

Reliance Jio Infocomm: Financials and valuations

| Consolidated – Income statement | | | | | | | | (INR b) |
|-------------------------------------|----------|----------|----------|------------|------------|------------|------------|------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Total Income from Operations | 0 | 0 | 0 | 202 | 388 | 543 | 722 | 810 |
| Change (%) | NA | 0.0 | -50.0 | NA | 92.7 | 39.9 | 32.9 | 12.2 |
| Total Expenditure | 0 | 0 | 0 | 134 | 237 | 327 | 376 | 363 |
| % of Sales | NA | NA | NA | 66.6 | 61.1 | 60.3 | 52.0 | 44.8 |
| EBITDA | 0 | 0 | 0 | 67 | 151 | 216 | 346 | 447 |
| Margin (%) | NA | NA | NA | 33.4 | 38.9 | 39.7 | 48.0 | 55.2 |
| Depreciation | 0 | 0 | 0 | 36 | 64 | 74 | 101 | 111 |
| EBIT | 0 | 0 | 0 | 32 | 87 | 142 | 246 | 335 |
| Int. and Finance Charges | 0 | 0 | 0 | 20 | 41 | 66 | 25 | 34 |
| Other Income | 0 | 0 | 0 | 0 | 0 | 1 | 4 | 17 |
| PBT after EO Exp. | 0 | 0 | 0 | 11 | 46 | 76 | 225 | 319 |
| Total Tax | 0 | 0 | 0 | 4 | 16 | 21 | 60 | 87 |
| Tax Rate (%) | 0.0 | 34.4 | 34.5 | 34.8 | 34.9 | 27.2 | 26.6 | 27.1 |
| Reported PAT | 0 | 0 | 0 | 7 | 30 | 56 | 165 | 233 |
| Adjusted PAT | 0 | 0 | 0 | 7 | 30 | 56 | 165 | 233 |
| Change (%) | NA | -31.7 | 98.6 | LP | 310.0 | 87.7 | 196.7 | 41.0 |
| Margin (%) | NA | NA | NA | 3.6 | 7.6 | 10.2 | 22.9 | 28.7 |

| Consolidated – Balance sheet | | | | | | | | (INR b) |
|-------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Equity Share Capital | 301 | 450 | 450 | 450 | 450 | 450 | 450 | 450 |
| Total Reserves | -1 | -78 | 259 | 579 | -46 | 1,260 | 1,425 | 1,657 |
| Net Worth | 301 | 372 | 709 | 1,029 | 404 | 1,710 | 1,875 | 2,107 |
| Total Loans | 239 | 884 | 1,244 | 1,438 | 1,479 | 421 | 421 | 421 |
| Capital Employed | 539 | 1,257 | 1,953 | 2,468 | 1,883 | 2,130 | 2,295 | 2,528 |
| Gross Block | 10 | 12 | 14 | 1,595 | 1,444 | 1,772 | 2,224 | 2,442 |
| Less: Accum. Deprn. | 1 | 2 | 4 | 40 | 104 | 138 | 278 | 390 |
| Net Fixed Assets | 9 | 9 | 10 | 1,555 | 1,340 | 1,634 | 1,946 | 2,053 |
| Capital WIP | 723 | 1,061 | 1,780 | 700 | 346 | 213 | 0 | 0 |
| Total Investments | 8 | 8 | 9 | 10 | 13 | 25 | 11 | 11 |
| Curr. Assets, Loans&Adv. | 80 | 197 | 211 | 272 | 259 | 545 | 677 | 806 |
| Account Receivables | 0 | 0 | 0 | 9 | 7 | 16 | 40 | 44 |
| Cash and Bank Balance | 0 | 0 | 0 | 7 | 4 | 75 | 286 | 376 |
| Loans and Advances | 80 | 197 | 210 | 256 | 247 | 454 | 351 | 385 |
| Curr. Liability & Prov. | 281 | 19 | 56 | 70 | 74 | 152 | 154 | 157 |
| Account Payables | 0 | 0 | 0 | 31 | 33 | 47 | 46 | 45 |
| Other Current Liabilities | 281 | 19 | 55 | 34 | 41 | 104 | 94 | 97 |
| Provisions | 0 | 0 | 1 | 5 | 1 | 1 | 14 | 16 |
| Net Current Assets | -201 | 178 | 155 | 202 | 185 | 394 | 523 | 649 |
| Appl. of Funds | 539 | 1,257 | 1,953 | 2,468 | 1,883 | 2,265 | 2,480 | 2,713 |

E: MOFSL Estimates

Reliance Jio Infocomm: Financials and valuations

Ratios

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Basic (INR) | | | | | | | | |
| EPS | 0.0 | 0.0 | 0.0 | 0.2 | 0.7 | 1.2 | 3.7 | 5.2 |
| Cash EPS | 0.0 | 0.0 | 0.0 | 1.0 | 2.1 | 2.9 | 5.9 | 7.6 |
| BV/Share | 10.0 | 8.3 | 15.7 | 22.9 | 9.0 | 38.0 | 41.7 | 46.8 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Payout (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Valuation (x) | | | | | | | | |
| FCF per share | | -4.9 | -9.3 | -7.2 | -8.3 | -7.6 | 4.9 | 2.4 |
| Return Ratios (%) | | | | | | | | |
| RoE | -0.1 | 0.0 | -0.1 | 0.8 | 4.1 | 5.3 | 9.2 | 11.7 |
| RoCE | NA | 0.0 | 0.0 | 0.9 | 2.6 | 5.2 | 8.3 | 10.7 |
| RoIC | NA | 7.7 | -0.2 | 2.1 | 3.5 | 6.2 | 9.5 | 11.8 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 |
| Asset Turnover (x) | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 |
| Debtor (Days) | 274 | 913 | 3,650 | 17 | 7 | 11 | 20 | 20 |
| Creditor (Days) | 0 | 0 | 0 | 56 | 31 | 32 | 23 | 20 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 0.3 | 10.3 | 3.8 | 3.9 | 3.5 | 3.6 | 4.4 | 5.1 |
| Interest Cover Ratio | -14.0 | -18.0 | -47.2 | 1.5 | 2.1 | 2.1 | 9.7 | 10.0 |
| Net Debt/Equity | 0.8 | 2.4 | 1.7 | 1.4 | 3.6 | 0.2 | 0.1 | 0.0 |

Consolidated – Cash flow statement

(INR b)

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OP/(Loss) before Tax | 0 | 0 | 0 | 11 | 46 | 76 | 225 | 319 |
| Depreciation | 0 | 0 | 0 | 36 | 64 | 74 | 101 | 111 |
| Interest & Finance Charges | 0 | 0 | 0 | 20 | 41 | 66 | 25 | 34 |
| Direct Taxes Paid | 0 | 0 | 0 | -2 | -10 | -12 | -60 | -87 |
| (Inc)/Dec in WC | -28 | -43 | -34 | -29 | -75 | -37 | 116 | -36 |
| CF from Operations | -28 | -44 | -34 | 36 | 66 | 168 | 407 | 342 |
| Others | 0 | 0 | 0 | 0 | 0 | -2 | 11 | -17 |
| CF from Operating incl EO | -28 | -44 | -34 | 36 | 67 | 166 | 418 | 324 |
| (Inc)/Dec in FA | -95 | -176 | -385 | -358 | -438 | -508 | -200 | -218 |
| Free Cash Flow | -123 | -220 | -419 | -322 | -372 | -342 | 218 | 106 |
| (Pur)/Sale of Investments | -5 | 0 | 0 | -1 | 0 | -9 | 14 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 4 | 8 | 22 |
| CF from Investments | -101 | -177 | -386 | -359 | -438 | -512 | -178 | -196 |
| Issue of Eq/Pref.Shares | 71 | 150 | 337 | 313 | 0 | 1,250 | 0 | 0 |
| Inc/(Dec) in Debt | 72 | 103 | 141 | 102 | 460 | -538 | 0 | 0 |
| Interest Paid | -13 | -33 | -58 | -85 | -92 | -103 | -25 | -34 |
| Dividend Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CF from Fin. Activity | 129 | 220 | 420 | 330 | 368 | 609 | -25 | -34 |
| Inc/Dec of Cash | 0 | 0 | 0 | 7 | -3 | 262 | 216 | 94 |
| Opening Balance | 0 | 0 | 0 | 0 | 7 | 0 | 71 | 282 |
| Closing Balance | 0 | 0 | 0 | 7 | 4 | 262 | 286 | 376 |

Reliance Consol.: Financials and valuations

| Consolidated – Income statement | | | | | | | | (INR b) |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Total Income from Operations | 3,754.4 | 2,740.0 | 3,053.8 | 3,916.8 | 5,692.1 | 5,957.0 | 5,357.8 | 6,872.5 |
| Change (%) | -13.6 | -27.0 | 11.5 | 28.3 | 45.3 | 4.7 | -10.1 | 28.3 |
| EBITDA | 373.6 | 417.0 | 461.9 | 641.8 | 841.7 | 878.8 | 902.4 | 1,197.3 |
| Margin (%) | 10.0 | 15.2 | 15.1 | 16.4 | 14.8 | 14.8 | 16.8 | 17.4 |
| Depreciation | 115.5 | 115.7 | 116.5 | 167.1 | 209.3 | 222.0 | 244.0 | 259.3 |
| EBIT | 258.2 | 301.4 | 345.5 | 474.7 | 632.3 | 656.7 | 658.4 | 938.0 |
| Int. and Finance Charges | 33.2 | 36.9 | 38.5 | 80.5 | 165.0 | 220.3 | 232.5 | 229.9 |
| Other Income | 86.1 | 122.9 | 93.4 | 88.6 | 83.9 | 143.0 | 140.0 | 137.3 |
| PBT bef. EO Exp. | 311.1 | 387.4 | 400.3 | 482.8 | 551.2 | 579.4 | 565.8 | 845.5 |
| EO Items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -44.4 | 0.0 | 0.0 |
| PBT after EO Exp. | 311.1 | 387.4 | 400.3 | 482.8 | 551.2 | 535.0 | 565.8 | 845.5 |
| Total Tax | 74.7 | 88.8 | 102.0 | 133.5 | 153.9 | 137.3 | 145.6 | 224.0 |
| Tax Rate (%) | 24.0 | 22.9 | 25.5 | 27.6 | 27.9 | 25.7 | 25.7 | 26.5 |
| Minority Interest | 0.7 | 1.2 | -0.7 | -11.5 | -1.0 | -1.1 | -0.7 | -0.7 |
| Reported PAT | 235.7 | 297.5 | 299.0 | 360.8 | 398.4 | 398.8 | 420.9 | 622.1 |
| Adjusted PAT | 235.7 | 297.5 | 299.0 | 360.8 | 398.4 | 431.8 | 420.9 | 622.1 |
| Change (%) | 4.8 | 26.2 | 0.5 | 20.7 | 10.4 | 8.4 | -2.5 | 47.8 |
| Margin (%) | 6.3 | 10.9 | 9.8 | 9.2 | 7.0 | 7.2 | 7.9 | 9.1 |

| Consolidated – Balance sheet | | | | | | | | (INR b) |
|-------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
| Equity Share Capital | 29.4 | 29.5 | 29.6 | 59.2 | 59.3 | 63.4 | 63.4 | 63.4 |
| Total Reserves | 2,155.4 | 2,286.0 | 2,607.5 | 2,875.8 | 3,811.9 | 4,469.9 | 4,860.2 | 5,433.5 |
| Net Worth | 2,185.0 | 2,315.6 | 2,637.1 | 2,935.1 | 3,871.1 | 4,533.3 | 4,923.6 | 5,496.9 |
| Minority Interest | 30.4 | 33.6 | 29.2 | 35.4 | 82.8 | 80.2 | 80.2 | 80.2 |
| Total Loans | 1,682.5 | 1,947.1 | 1,836.8 | 1,816.0 | 2,719.4 | 2,914.2 | 3,014.2 | 2,514.2 |
| Deferred Tax Liabilities | 129.7 | 204.9 | 212.0 | 245.4 | 499.2 | 541.2 | 541.2 | 541.2 |
| Capital Employed | 4,027.6 | 4,501.2 | 4,715.0 | 5,031.9 | 7,172.6 | 8,068.9 | 8,559.1 | 8,632.5 |
| Gross Block | 2,844.7 | 3,312.5 | 3,564.0 | 5,775.5 | 5,867.8 | 7,450.1 | 8,572.9 | 9,197.5 |
| Less: Accum. Deprn. | 1,324.1 | 1,505.9 | 1,627.7 | 1,794.7 | 2,004.1 | 2,226.1 | 2,470.1 | 2,729.4 |
| Net Fixed Assets | 1,520.6 | 1,806.6 | 1,936.3 | 3,980.7 | 3,863.8 | 5,224.0 | 6,102.8 | 6,468.1 |
| Goodwill on Consolidation | 44.0 | 42.5 | 48.9 | 58.1 | 120.0 | 102.6 | 102.6 | 102.6 |
| Capital WIP | 1,664.6 | 2,287.0 | 3,248.4 | 1,870.2 | 1,794.6 | 1,091.1 | 468.2 | 343.6 |
| Total Investments | 764.5 | 840.2 | 856.1 | 855.3 | 2,403.0 | 2,767.7 | 2,767.7 | 2,767.7 |
| Curr. Assets, Loans&Adv. | 1,051.2 | 1,013.8 | 978.3 | 1,348.4 | 1,842.7 | 2,473.8 | 2,341.3 | 3,085.3 |
| Inventory | 532.5 | 464.9 | 489.5 | 608.4 | 675.6 | 739.0 | 663.5 | 851.1 |
| Account Receivables | 53.2 | 44.7 | 81.8 | 175.6 | 300.9 | 196.6 | 176.5 | 226.4 |
| Cash and Bank Balance | 125.5 | 110.3 | 30.2 | 42.6 | 110.8 | 309.2 | 397.8 | 592.3 |
| Loans and Advances | 340.1 | 394.0 | 376.8 | 521.9 | 755.4 | 1,229.1 | 1,103.5 | 1,415.5 |
| Curr. Liability & Prov. | 1,017.2 | 1,488.8 | 2,353.0 | 3,080.8 | 2,851.5 | 3,590.3 | 3,223.5 | 4,134.8 |
| Account Payables | 594.1 | 603.0 | 766.0 | 1,068.6 | 1,083.1 | 968.0 | 869.1 | 1,114.8 |
| Other Current Liabilities | 353.7 | 855.8 | 1,545.9 | 1,970.8 | 1,721.1 | 2,580.8 | 2,317.2 | 2,972.3 |
| Provisions | 69.5 | 30.1 | 41.2 | 41.4 | 47.3 | 41.5 | 37.2 | 47.7 |
| Net Current Assets | 33.9 | -475.0 | -1,374.7 | -1,732.5 | -1,008.8 | -1,116.4 | -882.2 | -1,049.6 |
| Appl. of Funds | 4,027.6 | 4,501.2 | 4,715.0 | 5,031.9 | 7,172.6 | 8,068.9 | 8,559.1 | 8,632.5 |

E: MOFSL Estimates

Reliance Consol.: Financials and valuations

Ratios

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EPS | 37.2 | 46.9 | 47.2 | 56.9 | 62.8 | 68.1 | 66.4 | 98.1 |
| Cash EPS | 55.4 | 65.2 | 65.5 | 83.3 | 95.9 | 103.2 | 104.9 | 139.0 |
| BV/Share | 344.7 | 365.3 | 416.0 | 463.0 | 610.7 | 715.1 | 776.7 | 867.2 |
| DPS | 4.6 | 4.9 | 5.1 | 5.6 | 6.1 | 6.1 | 4.0 | 6.4 |
| Payout (%) | 15.1 | 12.4 | 13.1 | 11.9 | 11.6 | 11.6 | 7.3 | 7.8 |
| Valuation (x) | | | | | | | | |
| P/E | 42.5 | 33.7 | 33.5 | 27.8 | 25.2 | 23.2 | 23.8 | 16.1 |
| Cash P/E | 28.5 | 24.3 | 24.1 | 19.0 | 16.5 | 15.3 | 15.1 | 11.4 |
| P/BV | 4.6 | 4.3 | 3.8 | 3.4 | 2.6 | 2.2 | 2.0 | 1.8 |
| EV/Sales | 3.1 | 4.3 | 3.9 | 3.0 | 2.2 | 2.1 | 2.4 | 1.7 |
| EV/EBITDA | 31.0 | 28.4 | 25.6 | 18.4 | 15.0 | 14.4 | 14.0 | 10.0 |
| Dividend Yield (%) | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.3 | 0.4 |
| Return Ratios (%) | | | | | | | | |
| RoE | 11.3 | 13.2 | 12.1 | 13.0 | 11.7 | 10.3 | 8.9 | 11.9 |
| RoCE | 7.2 | 8.0 | 7.5 | 8.8 | 9.1 | 8.5 | 7.7 | 9.9 |
| RoIC | 12.8 | 17.0 | 27.9 | 24.2 | 17.8 | 14.4 | 11.1 | 14.0 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 1.3 | 0.8 | 0.9 | 0.7 | 1.0 | 0.8 | 0.6 | 0.7 |
| Asset Turnover (x) | 0.9 | 0.6 | 0.6 | 0.8 | 0.8 | 0.7 | 0.6 | 0.8 |
| Inventory (Days) | 52 | 62 | 59 | 57 | 43 | 45 | 45 | 45 |
| Debtor (Days) | 5 | 6 | 10 | 16 | 19 | 12 | 12 | 12 |
| Creditor (Days) | 58 | 80 | 92 | 100 | 69 | 59 | 59 | 59 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.0 | 0.7 | 0.4 | 0.4 | 0.6 | 0.7 | 0.7 | 0.7 |
| Interest Cover Ratio | 7.8 | 8.2 | 9.0 | 5.9 | 3.8 | 3.0 | 2.8 | 4.1 |
| Net Debt/Equity | 0.7 | 0.8 | 0.7 | 0.6 | 0.7 | 0.6 | 0.5 | 0.3 |

Consol. – Cash flow statement

(INR b)

| Y/E March | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E |
|----------------------------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|----------------|
| PBT | 311.1 | 387.4 | 400.3 | 482.8 | 551.2 | 535.0 | 565.8 | 845.5 |
| Depreciation | 115.5 | 115.7 | 116.5 | 167.1 | 209.3 | 222.0 | 244.0 | 259.3 |
| Tax paid | -74.7 | -88.8 | -102.0 | -133.5 | -153.9 | -137.3 | -145.6 | -224.0 |
| Change in deferred tax liability | 10.5 | 75.2 | 7.0 | 33.5 | 253.8 | 42.0 | 0.0 | 0.0 |
| Change in net working capital | 279.9 | 493.8 | 819.6 | 370.1 | -655.4 | 306.0 | -145.6 | 361.9 |
| Operating cash flow | 641.5 | 982.1 | 1,242.1 | 931.4 | 206.1 | 968.8 | 519.3 | 1,243.3 |
| Capex | -1,015.6 | -1,022.5 | -1,214.0 | -842.5 | -1,427.5 | -2,210.1 | -500.0 | -500.0 |
| Change in investments | -158.5 | -75.6 | -15.9 | 0.8 | -198.9 | 984.2 | 0.0 | 0.0 |
| Investing cash flows | -1,174.1 | -1,098.2 | -1,229.9 | -841.7 | -1,626.4 | -1,226.0 | -500.0 | -500.0 |
| Change in borrowings | 294.9 | 264.6 | -110.4 | -20.7 | 903.4 | 194.8 | 100.0 | -500.0 |
| Issuance of equity | -2.0 | -129.9 | 61.7 | -20.0 | 584.1 | 309.8 | 0.0 | 0.0 |
| Others | 18.8 | -126.7 | 57.3 | -13.8 | 631.5 | 307.2 | 0.0 | 0.0 |
| Dividend paid | -35.6 | -37.0 | -39.2 | -42.8 | -46.4 | -46.4 | -30.6 | -48.8 |
| Financing cash flow | 278.2 | 100.9 | -92.3 | -77.3 | 1,488.5 | 455.5 | 69.4 | -548.8 |
| Net change in cash | -254.4 | -15.2 | -80.1 | 12.3 | 68.3 | 198.4 | 88.6 | 194.5 |
| Closing cash balance | 125.5 | 110.3 | 30.2 | 42.6 | 110.8 | 309.2 | 397.8 | 592.3 |

E: MOFSL Estimates

NOTES

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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