

Reliance Industries | BUY



Key takeaways from FY24 Annual Report

RIL, in its [FY24 annual report](#), re-emphasised its New Energy business roadmap and reported rapid progress in setting up of 5 Giga factories to achieve Net Carbon Zero by 2035. On the O2C business, it highlighted that petchem margin weakness continues on huge capacity addition amidst muted demand; however, refining margin remains robust on steady global oil demand growth. As far as its Digital business is concerned, RIL restated that rollout of its 5G services pan-India via standalone architecture gives it an edge over peers. Jio's pan-India rollout of JioAirFiber has expanded the addressable market and, hence, it reiterated its 100mn target (vs. ~12mn currently). It once again emphasised that JioBharat phone is likely to make India '2G-mukt'. Digital business capex was at INR 574bn in FY24 taking cumulative investment to ~USD 86bn; of this ~USD 10 spent on Digital business alone (ex-Telecom). Retail business capex normalised to INR 245bn in FY24. The company also restated its focus on expanding consumer brands and strengthening Digital/New Commerce capabilities. We maintain BUY (TP of INR 3,500/share) as we believe peak capex/net-debt is behind us, and also because RIL has industry leading capabilities across businesses to drive robust 16-17% EPS CAGR over the next 3-5 years. Key expectations from 29th Aug'24 AGM are around timeline for potential listing of Digital and Retail business and update on progress of various New Energy projects; the FY24 annual report states that the company will continue to monitor financial markets to seize suitable opportunities for capital-raising to support its growth plans.

- Reiterates New Energy business roadmap with rapid progress in setting up of 5 Giga factories to achieve Net Carbon Zero by 2035:** RIL reiterated its target to achieve Net Carbon Zero target by 2035 by transforming itself into a sustainable, circular and Net Carbon Zero material business. The company's integration across the New Energy value chain is likely to make clean energy accessible and affordable and result in energy self-sufficiency for India. It restated the New Energy business roadmap and reported rapid progress in the setting up of the 5 Giga factories: **a)** phase-wise scale-up of solar PV cell and module factory at Jamnagar to 20GW by 2026; **b)** 20GW solar capacity will be established by 2025 for captive power needs and green hydrogen production; **c)** commence transition from Grey hydrogen to Green Hydrogen from 2025; **d)** plans to industrialise sodium ion cell production at a megawatt level and aims to take it to gigawatt scale; **e)** battery packs production to scale up to 50GWH capacity annually by 2027; and **f)** 100GW of solar energy capacity will be established and enabled by 2030.
- Petchem margin weakness continues on huge capacity addition amidst muted demand; however, refining margin continues to be robust on steady global oil demand growth:** Petchem margin continues to be weak driven by huge capacity addition, particularly in China, amidst muted growth in global petchem demand. However, RIL's petchem margin and volume has been relatively better due to optimised feed mix and robust domestic demand. Further, refining margin is likely to continue to be robust on steady global oil demand growth led by Asia; and RIL has been able to continue to maximise margin with feedstock sourcing advantage (from Russia, Venezuela etc.), yield optimisation and superior product placement.
- Jio 5G rolled out pan-India; JioBharat will make India '2G-mukt'; 100mn target as pan-India rollout of JioAirFiber has expanded addressable market:** Jio has rolled out 5G services pan-India

| Financial Summary | (INR mn) | | | | |
|------------------------|-----------|-----------|-----------|------------|------------|
| Y/E March | FY23A | FY24A | FY25E | FY26E | FY27E |
| Net Sales | 8,778,350 | 9,010,640 | 9,695,199 | 10,982,544 | 12,739,022 |
| Sales Growth (%) | 26.1 | 2.6 | 7.6 | 13.3 | 16.0 |
| EBITDA | 1,421,620 | 1,622,330 | 1,729,131 | 2,032,893 | 2,371,162 |
| EBITDA Margin (%) | 16.2 | 18.0 | 17.8 | 18.5 | 18.6 |
| Adjusted Net Profit | 662,840 | 696,210 | 790,687 | 928,891 | 1,113,948 |
| Diluted EPS (INR) | 98.0 | 102.9 | 116.9 | 137.3 | 164.6 |
| Diluted EPS Growth (%) | 17.9 | 5.0 | 13.6 | 17.5 | 19.9 |
| ROIC (%) | 10.2 | 9.5 | 9.6 | 10.7 | 11.9 |
| ROE (%) | 8.9 | 9.2 | 9.6 | 10.4 | 11.3 |
| P/E (x) | 30.6 | 29.1 | 25.6 | 21.8 | 18.2 |
| P/B (x) | 2.8 | 2.6 | 2.4 | 2.2 | 2.0 |
| EV/EBITDA (x) | 15.9 | 14.1 | 13.3 | 11.2 | 9.6 |
| Dividend Yield (%) | 0.3 | 0.3 | 0.4 | 0.4 | 0.5 |

Source: Company data, JM Financial. Note: Valuations as of 21/Aug/2024

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Recommendation and Price Target

| | |
|----------------------------|-------|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 3,500 |
| Upside/(Downside) | 16.8% |
| Previous Price Target | 3,500 |
| Change | 0.0% |

Key Data – RELIANCE IN

| | |
|--------------------------|-----------------------|
| Current Market Price | INR2,997 |
| Market cap (bn) | INR20,280.7/US\$241.6 |
| Free Float | 44% |
| Shares in issue (mn) | 6,765.0 |
| Diluted share (mn) | 6,766.0 |
| 3-mon avg daily val (mn) | INR19,486.4/US\$232.2 |
| 52-week range | 3,218/2,220 |
| Sensex/Nifty | 80,905/24,770 |
| INR/US\$ | 83.9 |

Price Performance

| % | 1M | 6M | 12M |
|-----------|------|------|------|
| Absolute | -3.6 | 2.1 | 18.9 |
| Relative* | -4.1 | -7.7 | -4.1 |

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

via standalone architecture, with +108mn subscribers (subs) migrated to Jio's 5G network at end-Mar'24 (vs ~72mn for Bharti) and ~130mn subs at end-Jun'24 (vs. ~90mn for Bharti). Jio's pan-India rollout of JioAirFiber has expanded the addressable market and, hence, it reiterated its target to reach 100mn premises through a combination of fiber and fixed wireless solutions vs. ~12mn currently. Further, it highlighted that Jio continues to gain market share in enterprise connectivity and is focussing on small and medium businesses (SMBs) as a large addressable market. It also highlighted that JioBharat phone has taken 50% market share in sub-INR 1,000 phone segment and is likely to make India '2G-mukt'.

- **Capex of INR 574bn in Digital business in FY24 taking cumulative investment to ~USD 86bn; of this ~USD 10 spent on Digital business alone (ex-Telecom):** RIL invested INR 574bn in the Digital business in FY24, taking its cumulative investment to ~USD 86bn in the overall Digital business including Telecom (vs. ~USD 79bn in FY23); of this ~USD 76bn has been spent so far in Telecom business while ~USD 10bn (or ~INR 810bn) has been spent in pure Digital businesses ex-Telecom. EBITDA contribution from Digital business (ex-Telecom) accounted for 6-8% of overall Digital EBITDA – **Exhibit 7-8**.
- **Capex normalised to INR 245bn in FY24 in Retail business; focussed on expanding consumer brands and strengthening Digital/New Commerce capabilities:** The management reiterated the strong growth potential in India's retail sector – it expects the industry to grow at a strong 11% CAGR to become a USD 1,400bn market by 2027. Reliance Retail capex has normalised to INR 245bn in FY24 (vs. huge capex of INR 513bn in FY23). However, the company continues to focus on partnerships and acquisitions to strengthen capabilities and product offerings, build its consumer brands portfolio and strengthen its Digital and New Commerce capabilities. The company opened 796 net new stores in FY24, taking the total number of stores to 18,836; it added nearly 13.5mn sq. ft. of retail space in FY24, taking its total retail space to 79.1mn sq. ft. at end- FY24. Merchant partnerships and digital commerce now contribute nearly 19% of revenue in FY24 (vs. 18% in FY23, 10% in FY21 and near-zero in FY20). The registered loyal customer base grew 22% in FY24 to 304mn.
- **AGM on 29th Aug'24 — key expectations around potential strategic sale and listing plans for its key businesses:** Key expectations from 29th Aug'24 AGM are around any update on: **a)** potential timeline for listing of Retail and Digital businesses; any potential strategic stake sale in O2C business; **b)** update on progress of various projects underway in New Energy business with timelines around project commissioning and potential earning potential from this projects; **c)** any update on 5G monetisation plans; and **d)** any further update around succession plans.
- **Peak capex and net-debt behind; we reiterate BUY on robust 16-17% EPS CAGR over the next 3-5 years:** We reiterate BUY (unchanged TP of INR 3,500/share; and 3 year TP of INR 4,600) as we believe [concerns on debt are overdone](#) as we expect RIL's capex and net debt to have peaked in FY24 and likely to decline gradually with moderation in capex (to INR 1.2trln-1.3trln p.a. vs. INR 1.3 trn in FY24 and INR 2.3trln in FY23) but, importantly, also be fully funded by a gradual increase in internal cash generation. Further, company highlighted in FY24 annual report that it will continue to monitor financial markets to seize suitable opportunities for capital-raising to support its growth plans. Be that as it may, we believe RIL could still drive a robust 16-17% EPS CAGR over the next 3-5 years with Jio's ARPU expected to rise at ~11% CAGR over FY24-28 with ARPU being on a structural uptrend given the consolidated industry structure, higher ARPU requirement to recover significant 5G capex and to avoid a duopoly market — [A Giant Digital Leap](#). Moreover, Retail EBITDA is also expected to grow at 20-25% on continued strong growth momentum as RIL is driving omni-channel capabilities across segments. Further, listing of Jio and Retail business over the next few years could lead to a potential re-rating. At CMP, the stock is trading at 21.8x (3 yr avg: 24.4x) and EV/EBITDA of 11.2x (3 yr avg: 12.8x). Key risks: **a)** high capex in New Energy business, resulting in rising net debt with limited earnings visibility from new projects; **b)** weak subscriber addition and limited wireless tariff hike; and **c)** weak downstream margins due to macro concerns.

New Energy business

Reiterates Net Carbon Zero target by 2035 via transformation to sustainable, circular and Net Carbon Zero material business

RIL reiterated its target to become Net Carbon Zero by 2035 and become the world's leading O2C, New Energy and New Materials company with a sustainable and circular business mode. Three pillars of its Net Carbon Zero Strategy are: **a)** making CO₂ a recyclable resource; **b)** developing low-carbon alternatives; and **c)** leading the clean energy transition. The company highlighted its key strength is its full integration across the New Energy value chain – i.e., converting photons to green electrons and further to green molecules leading to reduction of carbon footprint; it targets not only to make clean energy available, but also to make it accessible and affordable, thereby ensuring energy self-sufficiency for India.

The company aims to maximise Renewable Energy (RE) generation at an optimal cost so as to provide affordable clean energy alternatives and increase Netbacks for RE via:

- a) Target to set up integrated RE Plant with optimal configuration;
- b) Green H₂ (GH₂), Green Chemicals and Energy Storage to maximise value addition and, hence, Netbacks for RE;
- c) Modular approach for development of RE and GH₂/its derivatives through standardisation and repeatable/scalable configuration; and
- d) Cost-competitive manufacturing of above to be achieved by global partnerships, technological innovations, and supply chain optimisation and local value addition

Exhibit 1. RIL's New Energy business various acquisitions and partnerships over the last few years

| Brand / Company | Segment | Amount (INR bn) | Details |
|-------------------------------------|------------------------------|-----------------|--|
| Nel | Electrolyser Technology | | Acquired exclusive license for Nel's electrolysers in India |
| Stiesdal | Electrolyser Technology | | Collaborated on technology development & manufacturing of electrolysers in India |
| NexWafe | Silicon Wafers Manufacturing | 2.3 | Acquired stake |
| REC Solar | Solar Panel Manufacturing | 61.7 | Acquired 100% stake |
| Sterling & Wilson Renew able Energy | Solar EPC Solutions | 28.5 | Acquired 40% stake |
| Ambri | Energy Storage | 4.0 | Made strategic investment |
| Faradion | Energy Storage | 12.5 | Acquired 100% stake for ~ INR 10bn and invested ~INR 2.5bn as growth capital |
| Lithium Werks | Energy Storage | 4.9 | Acquired 100% stake |
| SenseHawk | Solar Industry Software | 2.6 | Acquired majority stake |
| Caelux | Solar Power Solutions | 1.0 | Acquired 20% stake |
| Altigreen | EV Solutions | 0.5 | Acquired stake |
| Total | | 118 | |

Source: Company

Reiterates New Energy business roadmap with rapid progress in setting up of 5 Giga factories

RIL stated that there is rapid progress in its efforts to develop its Green Energy ecosystem with its earlier announced 5 Giga-factories, which are: **a) Integrated solar photovoltaic module factory** for end-to-end manufacturing of solar panels used in solar energy generation; **b) Advanced energy storage battery factory** for storing the solar energy in large scale grid batteries utilising advanced electro chemical technologies; **c) Electrolyser factory** for manufacturing modular electrolysers used in making green hydrogen, **d) Fuel cell factory** for producing fuel cells powered by green hydrogen, and **e) Power electronics factory** for designing and manufacturing power-electronics-based systems for telecommunications, cloud computing and IoT platforms.

RIL has qualified for the government's Performance Linked Incentive (PLI) scheme for manufacturing electrolysers of 300MWe p.a. and green hydrogen production for 90ktpa; this is in addition to PLI awards for Solar PV and Advanced Chemistry Cells (ACC) received in FY23. Also RIL signed an MOU with the government of Maharashtra for 100ktpa GH₂ production, with total projected investment of ~INR 150bn.

The company reiterated the following roadmap for the New energy business:

- a) Solar PV cell and module factory at Jamnagar to commence by end of 2024 and to be scaled to 20GW in a phased manner by 2026 (solar panels manufactured in Jamnagar have obtained BIS certification);

- b) 20GW solar capacity will be established by 2025 for captive needs of RTC power and intermittent energy for green hydrogen production. RIL also initiated participation in RE PPA with the first PPA signed with MSEDCL for 128 MW for 25 years;
- c) Will commence transition from Grey hydrogen to Green Hydrogen from 2025;
- d) Highlighted plans to industrialise sodium ion cell production at a megawatt level and aims to take it to gigawatt scale;
- e) To expand battery packs production 50GWH capacity annually by 2027, 50 MWh per year capacity pilot line has been set up and will be scaled up for commercial scale production;
- f) 100GW of solar energy capacity will be established and enabled by 2030.

Exhibit 2. New Energy Business SCOT Analysis



Source: Company

O2C and E&P business

Petchem margin weakness continues on huge capacity addition amidst muted demand; RIL relatively better due to optimised feed mix & robust domestic demand

Polymers and Elastomers – global margins weakened on surplus capacity; RIL optimised feed mix and benefited from robust domestic demand: Global ethylene demand grew 2% YoY to 181mmtpa in CY23, while capacity addition was 9mmtpa resulting in global operating rate declining by 2%. Global polymer demand was up ~0.5% YoY to 246mmtpa in CY23 with demand for PE and PP growing by 0.5% and 1% respectively, while PVC demand declined by 0.6%. Global demand for SBR declined by 6.6% YoY in CY23, while PBR demand decreased by 2.5% YoY due to subdued vehicle sales and inventory destocking.

However, India's domestic PP, PE and PVC demand grew by 9%, 20% and 9% YoY, respectively, driven by infrastructure, automotive, e-commerce, FMCG and agriculture sector. Further, India's SBR and PBR demand expanded by 4% and 10% YoY, respectively, driven by robust OEM demand. Polymer demand in India is expected to rise by 6-8% YoY in FY25, driven by construction, automotive, packaging, and consumer goods sectors.

Polymer prices weakened during FY24 due to global capacity additions and slowdown in demand on recessionary fears in developed markets. Polymer margins contracted during FY24 with PP-Naphtha, HDPE-Naphtha and PVC margins down by 13%, 8% and 21% YoY, respectively. However, RIL Cracker feed-mix was optimised based on Naphtha vs. Ethane economics and lower Ethane prices supported chemical margins (as US Ethane prices decreased by 48% and Asian Naphtha prices dropped by 11% YoY).

Intermediates and Polyesters – margins capped due to capacity additions: Global intermediaries demand rose 2% YoY to 162mmtpa in CY23 amid crude price volatility and sluggish Chinese recovery: **a)** global PX demand was flat at 50mmtpa in CY23, while supply grew by 6% YoY, led by new capacity additions; **b)** PTA and MEG demand grew 3% YoY due to higher downstream polyester operating rates. Further, global polyester demand grew by 4% YoY to 88mmtpa in CY23, primarily driven by recovery in Chinese downstream operations. However, domestic polyester demand grew by 4% YoY with PET growing by 13% due to strategic purchasing by major brands in view of ICC World Cup and state elections; while PFY demand grew by 2% and PSF demand was down by 2% due to slowdown in exports of polyester and downstream products impacting growth of staple filament. Polyester growth remains strong, supported by domestic demand resilience. Exports from India are expected to increase with global demand recovery, boosting capacity utilisation.

PX-Naphtha margins was up 10% in FY24, rising above the 5-year average of USD 303/tn; RIL continued to optimise production based on PX vs. gasoline economics. PTA-PX margin decreased by 14% due to tight PX supply and significant capacity expansions of PTA in China. MEG-Naphtha margin surged 53% to USD 67/tn, driven by increased downstream operations and weaker naphtha prices; however, margins remain weak due to capacity overhang and higher inventory. PET margins weakened due to a substantial capacity increase in China and sluggish demand growth in Western countries attributed to high inflation. Filament and Staple margins were constrained by significant capacity expansions in China and subdued global market demand.

Refining margin likely to continue to be robust on steady global oil demand growth

Refining margin is expected to continue to be robust on back of steady growth in global oil demand, supported by Asian markets, particularly China and India. However, new refining capacity addition in Middle East and Africa are likely to balance the market. RIL continued to maximise refining margin with feedstock sourcing advantage (from Russia, Venezuela etc.), yield optimisation and superior product placement.

Separately, Jio-bp has 4,500+ Electric Vehicle (EV) public charge points in FY24 (vs. 1,000+ in FY23), taking the network strength to 1,729 (vs. 1,400+ in FY23). EV market in India scaled up significantly in FY24 with 13,000+ (vs. 6,600+ in FY23) charging stations and cumulative country-wide EVs of 4mn (vs. 2.7mn in FY23).

E&P business

RIL undertook comprehensive assessment with more than 2 years of production data, three additional wells in R Cluster and one additional well in Satellite Cluster are being proposed to be drilled. This is expected to provide incremental recovery of ~240 BCF of gas from these fields.

Exhibit 3. Production meant for sale and throughput (mmtpa)

| | FY20 | FY21 | FY22 | FY23 | FY24 |
|--|-------------|-------------|-------------|-------------|-------------|
| Transportation Fuels | | | | | |
| Gasoil | 26.3 | 24.9 | 25.8 | 25.2 | 24.9 |
| Gasoline / Alkylate | 12.1 | 10.5 | 11.7 | 12.2 | 13.5 |
| ATF | 4.9 | 2.2 | 3.7 | 4.7 | 5.3 |
| Polymers and Elastomers | | | | | |
| PP | 2.9 | 2.9 | 2.9 | 2.7 | 2.8 |
| PE | 2.2 | 2.3 | 2.2 | 2.2 | 2.1 |
| PVC | 0.8 | 0.7 | 0.7 | 0.8 | 0.7 |
| Elastomers and Feedstock | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 |
| Intermediates and Polyesters | | | | | |
| PX | 2.8 | 3.4 | 2.9 | 1.9 | 1.4 |
| Benzene and Derivatives | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 |
| PTA | 2.4 | 2.0 | 2.2 | 2.2 | 2.4 |
| MEG | 1.2 | 1.3 | 1.2 | 1.0 | 0.9 |
| Filament | 1.2 | 1.0 | 1.2 | 1.2 | 1.3 |
| Staple | 0.8 | 0.7 | 0.8 | 0.8 | 0.8 |
| PET | 1.2 | 1.1 | 1.2 | 1.2 | 1.1 |
| Fuels, Solids and Others | 11.5 | 9.7 | 10.9 | 9.5 | 9.7 |
| Total production meant for sale | 71.0 | 63.6 | 68.2 | 66.4 | 67.8 |
| Total throughput (mmt) | 79.8 | 71.9 | 76.7 | 77.0 | 78.2 |

Source: Company

Exhibit 4. Global petchem margin trend; India's strong demand provides support to RIL petchem business

| | FY20 | FY21 | FY22 | FY23 | FY24 |
|--|------------|------------|------------|------------|------------|
| Global Petchem margins (USD/mt) | | | | | |
| Polymer Delta Scenario | | | | | |
| PP-Naphtha | 166 | 637 | 530 | 360 | 315 |
| HDPE-Naphtha | 390 | 512 | 426 | 362 | 333 |
| PVC-Naphtha-EDC | 462 | 584 | 573 | 474 | 373 |
| Polyester Delta Scenario | 603 | 513 | 602 | 550 | 518 |
| India's Petchem demand growth (% YoY) | | | | | |
| Polymer | | | 8% | 12% | 14% |
| PE | | | 6% | 8% | 20% |
| PP | | | 14% | 6% | 9% |
| PVC | | | 3% | 32% | 9% |
| Polyester | | | 24% | 14% | 4% |
| PSF | | | 25% | 17% | -2% |
| PFY | | | 31% | 10% | 2% |
| PET | | | 6% | 28% | 13% |

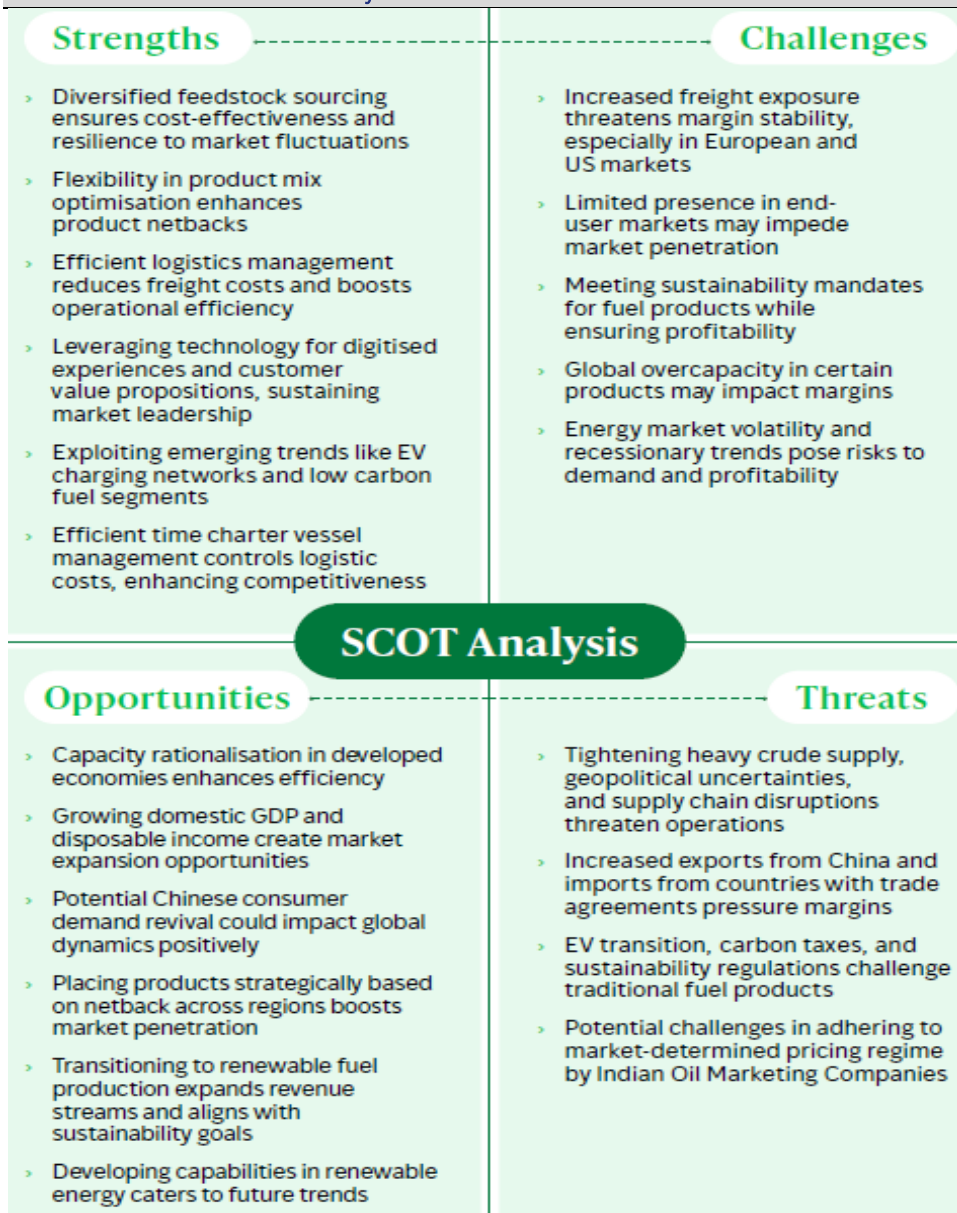
Source: Company

Exhibit 5. Refining margin has been robust in last 2 years driven by strong diesel cracks

| | FY24 | FY23 | FY22 | FY21 | FY20 | FY19 | FY18 | FY17 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| S'pore GRM (USD/bbl) | 6.6 | 10.8 | 5.0 | 0.5 | 3.2 | 4.9 | 7.2 | 6.2 |
| Product cracks (USD/bbl) | | | | | | | | |
| Diesel | 20.5 | 35.7 | 10.5 | 4.7 | 13.6 | 14.4 | 13.2 | 11.1 |
| Petrol | 16.2 | 19.1 | 13.7 | 4.6 | 10.0 | 8.4 | 14.6 | 14.9 |
| Naptha | -11.8 | -12.1 | 1.6 | -0.8 | -5.4 | -3.9 | 0.2 | 1.2 |
| LPG | -29.7 | -36.3 | -15.1 | -6.9 | -22.2 | -22.3 | -13.2 | -11.4 |
| Jet Fuel | 20.5 | 32.9 | 10.5 | 4.7 | 13.6 | 14.4 | 13.2 | 11.1 |
| Fuel Oil | -9.4 | -18.4 | -6.5 | -2.2 | -6.9 | -1.5 | -3.2 | -4.8 |
| Brent (USD/bbl) | 83.0 | 94.7 | 80.0 | 44.7 | 60.9 | 70.2 | 57.6 | 49.0 |

Source: Reuters, Bloomberg

Exhibit 6. O2C Business SCOT Analysis



Source: Company

Digital business

Capex of INR 574bn in Digital business in FY24 taking cumulative investment to ~USD 86bn; of this ~USD 10spent on Digital business alone (ex-Telecom)

RIL invested INR 574bn in the Digital business in FY24, taking its cumulative investment to ~USD 86bn in the overall Digital business including Telecom (vs. ~ USD 79bn in FY23). Out of this ~USD 86bn cumulative investment, around USD 76bn has been spent so far in Telecom business while ~USD 10bn (or ~INR 810bn) has been spent in pure Digital businesses ex-Telecom (in the absence of disclosure, it is assumed that RIL would have invested ~INR 100bn in FY22, FY23 as well as FY24 in Digital business, similar to FY21) of which: **a)** ~INR 690bn has been invested organically to develop digital assets, and; **b)** ~INR 120bn has been spent on acquisition of digital assets/start-ups.

Exhibit 7. Cumulative investment of ~USD 86bn in overall Telecom + Digital business; of this ~USD 10bn spent on Digital business alone

| INR bn | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Comments |
|---|------|------|------|------|------|-------|------|---|
| Total Digital capex (including Telecom) | 481 | 795 | 390 | 360 | 827 | 1,522 | 574 | Source: RIL annual report, this includes spectrum cost also |
| Jio Infocomm Limited capex | 470 | 685 | 215 | 261 | 729 | 1,423 | 475 | Source: Analyst meets, cash flow statement |
| Other Digital capex (ex-telecom) | 11 | 110 | 175 | 99 | 99 | 99 | 99 | This balancing number of ~INR400bn over FY18-21 is the capex incurred on its other Digital assets; for FY22, FY23 and FY24 assumed similar to FY21 in absence of break-up and difference as Jio capex |
| Value of investments in JPL | | | 101 | 16 | | | | Equity/ preferred investments/ committed capital in subsidiaries of JPL |

Source: Company, JM Financial.

Please note EBITDA from the Digital business ex-Telecom accounts for 6-8% of overall Digital EBITDA. Please refer **Exhibit 7-8**, which illustrates the capex and EBITDA from the digital business alone (i.e., ex-Telecom), based upon RIL's and Jio's disclosures.

Exhibit 8. Digital EBITDA ex-Telecom accounts for 6-8% of overall Digital EBITDA

| INR mn | | FY20 | FY21 | FY22 | FY23 | FY24 | YoY (%) |
|---|-------|---------|---------|-----------|-----------|-----------|---------|
| Revenue break-up | | | | | | | |
| Digital | a | 691,280 | 902,870 | 1,001,610 | 1,197,890 | 1,329,380 | 11.0% |
| JPL consolidated | b | | 735,030 | 815,870 | 980,990 | 1,095,580 | 11.7% |
| Jio standalone (Telecom) | c | 544,030 | 704,360 | 772,040 | 911,480 | 1,005,770 | 10.3% |
| Digital Revenue ex-Telecom | d=a-c | 147,250 | 198,510 | 229,570 | 286,410 | 323,610 | 13.0% |
| -Entities inside JPL | e=b-c | | 30,670 | 43,830 | 69,510 | 89,810 | 29.2% |
| -Entities outside JPL | f=d-e | | 167,840 | 185,740 | 216,900 | 233,800 | 7.8% |
| Digital Revenue ex-Telecom (% of total Digital Revenue) | | | 22.0% | 22.9% | 23.9% | 24.3% | |
| EBITDA break-up | | | | | | | |
| Digital | a | 230,170 | 340,350 | 402,680 | 502,860 | 566,960 | 12.7% |
| JPL consolidated | b | | 323,590 | 391,120 | 487,210 | 549,590 | 12.8% |
| Jio standalone (Telecom) | c | 216,540 | 314,610 | 378,570 | 470,340 | 528,780 | 12.4% |
| Digital EBITDA ex-Telecom | d=a-c | 13,630 | 25,740 | 24,110 | 32,520 | 38,180 | 17.4% |
| -Entities inside JPL | e=b-c | | 8,980 | 12,550 | 16,870 | 20,810 | 23.4% |
| -Entities outside JPL | f=d-e | | 16,760 | 11,560 | 15,650 | 17,370 | 11.0% |
| Digital EBITDA ex-Telecom (% of total Digital EBITDA) | | | 7.6% | 6.0% | 6.5% | 6.7% | |
| EBIT break-up | | | | | | | |
| Digital | a | 145,510 | 211,810 | 251,500 | 296,810 | 331,230 | 11.6% |
| JPL consolidated | b | | 206,570 | 252,230 | 297,570 | 328,560 | 10.4% |
| Jio standalone (Telecom) | c | 142,580 | 199,270 | 242,420 | 284,880 | 314,840 | 10.5% |
| Digital EBIT ex-Telecom | d=a-c | 2,930 | 12,540 | 9,080 | 11,930 | 16,390 | 37.4% |
| -Entities inside JPL | e=b-c | | 7,300 | 9,810 | 12,690 | 13,720 | 8.1% |
| -Entities outside JPL | f=d-e | | 5,240 | (730) | (760) | 2,670 | -451.3% |
| Digital EBIT ex-Telecom (% of total Digital EBIT) | | | 5.9% | 3.6% | 4.0% | 4.9% | |
| EBITDA margin (%) | | | | | | | |
| Digital | | 33.3% | 37.7% | 40.2% | 42.0% | 42.6% | |
| JPL consolidated | | | 44.0% | 47.9% | 49.7% | 50.2% | |
| Jio standalone (Telecom) | | 39.8% | 44.7% | 49.0% | 51.6% | 52.6% | |

Source: Company, JM Financial

Jio 5G services rolled-out pan-India via Standalone architecture; Jio's share of India data traffic is ~60% and has enough capacity to serve over a billion Indians

Jio has rolled out its 5G network pan-India, with +108mn subscribers migrated to Jio's 5G network at end-Mar'24 (vs. ~72mn 5G subs for Bharti Airtel at end-Mar'24) and ~130mn subscribers at end-Jun'24 (vs. ~90mn 5G subs for Bharti Airtel at end-Jun'24); Jio's 5G network now carries almost 30% of its mobility data traffic. The management reiterated that Jio rolling out 5G on standalone (SA) architecture has multiple technology advantages: **a)** ability to offer tailor- made network slices for different customer cohorts and use cases; **b)** Voice over New Radio (VoNR); **c)** and cloud-native 5G core with cutting edge security (Quantum Safe), etc. Further, it highlighted that Jio's share of data traffic in India has increased to ~60% and it has built enough data capacity to serve over a billion Indians for their digital needs at homes, offices, and on-the-go.

Pan-India roll-out of JioAirFiber has expanded addressable market; reiterates 100mn target vs ~12mn currently

JioAirFiber has been rolled out in ~5,900 towns at end-Mar'24 (and pan-India by Jun'24) with encouraging early signs of demand. JioAirFiber has been positioned as an entertainment-first product, and content bundling is driving ~30% higher per capita usage compared to JioFiber. This has expanded addressable market for fixed broadband with Jio continuing to lead with ~12mn premises connected with JioFiber/JioAirFiber as Mar'24 – **Exhibit 9**. Jio reiterated its target to reach 100mn premises through a combination of fiber and fixed wireless solutions.

Exhibit 9. Jio leads on net home additions in FTTH business

| | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total FTTH subscriber base (mn) | | | | | | | | | | | | | |
| BSNL | 3.66 | 3.68 | 3.71 | 3.71 | 3.75 | 3.80 | 3.83 | 3.89 | 3.97 | 4.05 | 4.14 | 4.18 | 4.19 |
| Bharti | 6.54 | 6.71 | 6.87 | 7.03 | 7.17 | 7.28 | 7.39 | 7.50 | 7.61 | 7.73 | 7.84 | 7.95 | 8.04 |
| Jio | 9.17 | 9.40 | 9.59 | 9.75 | 9.97 | 10.15 | 10.38 | 10.63 | 10.92 | 11.27 | 11.62 | 12.00 | 12.41 |
| Others | 15.7 | 15.9 | 16.2 | 16.4 | 16.5 | 16.6 | 16.8 | 16.9 | 17.0 | 17.0 | 17.1 | 17.2 | 17.2 |
| Total | 35.10 | 35.70 | 36.41 | 36.87 | 37.35 | 37.79 | 38.35 | 38.87 | 39.46 | 40.06 | 40.71 | 41.31 | 41.83 |
| MoM change in FTTH subscriber base (mn) | | | | | | | | | | | | | |
| BSNL | 0.05 | 0.02 | 0.03 | 0.00 | 0.04 | 0.05 | 0.03 | 0.06 | 0.08 | 0.08 | 0.09 | 0.04 | 0.01 |
| Bharti | 0.14 | 0.17 | 0.16 | 0.16 | 0.14 | 0.11 | 0.11 | 0.11 | 0.11 | 0.12 | 0.11 | 0.11 | 0.09 |
| Jio | 0.25 | 0.23 | 0.19 | 0.16 | 0.22 | 0.18 | 0.23 | 0.25 | 0.29 | 0.35 | 0.35 | 0.38 | 0.41 |
| Others | 0.19 | 0.18 | 0.33 | 0.14 | 0.08 | 0.10 | 0.19 | 0.10 | 0.11 | 0.05 | 0.10 | 0.07 | 0.01 |
| Total | 0.63 | 0.60 | 0.71 | 0.46 | 0.48 | 0.44 | 0.56 | 0.52 | 0.59 | 0.60 | 0.65 | 0.60 | 0.52 |
| FTTH Subscriber market share (%) | | | | | | | | | | | | | |
| BSNL | 10.4% | 10.3% | 10.2% | 10.1% | 10.0% | 10.1% | 10.0% | 10.0% | 10.1% | 10.1% | 10.2% | 10.1% | 10.0% |
| Bharti | 18.6% | 18.8% | 18.9% | 19.1% | 19.2% | 19.3% | 19.3% | 19.3% | 19.3% | 19.3% | 19.3% | 19.2% | 19.2% |
| Jio | 26.1% | 26.3% | 26.3% | 26.4% | 26.7% | 26.9% | 27.1% | 27.3% | 27.7% | 28.1% | 28.5% | 29.0% | 29.7% |
| Others | 44.8% | 44.6% | 44.6% | 44.4% | 44.1% | 43.8% | 43.7% | 43.3% | 43.0% | 42.5% | 42.0% | 41.6% | 41.1% |

Source: TRAI, JM Financial.

Jio continues to gain market share in enterprise connectivity; focus on small and medium businesses (SMBs) as a large addressable market

Jio has signed significant deals for digital services like Cloud, CPaaS, and IoT over the past year to strengthen its enterprise offerings. Hence, Jio continues to gain market share in enterprise connectivity, with rising presence across key industry verticals like BFSI, government, and manufacturing. Jio expects small and medium businesses (SMBs) as a large addressable market where it's likely to benefit from its deeper network presence via JioFiber and JioAirFiber; education institutes, retail stores, and professional services are key SMB customer segments where Jio has seen significant traction.

Jio and its subsidiaries have filed for 1,255 patents and were granted 144 patents in FY24 (taking cumulative patents granted to 331 at end FY24) spanning 6G, 5G, artificial intelligence (AI), large language models (LLMs), deep learning, big data, devices, internet of things (IoT) and Narrowband-IoT or NB-IoT. Jio is also trying to build capabilities in evolving technologies such as AI/ML (artificial intelligence/machine learning), AR/VR (augmented reality/virtual reality), robotics, natural language recognition and processing. Jio has launched new products like, JioSpaceFiber, JioCloudXP, JioGamesCloud, JioCloudPC, JioMotive, JioSafe, and JioTranslate. Jio is deploying its indigenously developed technologies at scale in India and will subsequently take it to global markets.

JioBharat phone has 50% market share in sub-INR 1,000 phone segment; reiterates JioBharat will make India '2G-mukt'

JioBharat phone has taken 50% market share in the sub-INR 1,000 phone segment; management re-iterated that JioBharat smartphone, at the price of a feature phone, will go a long way in making India '2G-mukt' by enabling existing 200-250mn 2G feature phone users to transition to 4G/5G.

Exhibit 10. Jio records strong active subs additions in last few months; VLR largely stable around 93%

| | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| VLR (%) | | | | | | | | | | | | | |
| Bharti | 99.7 | 100.2 | 99.8 | 99.6 | 99.2 | 98.6 | 98.9 | 99.6 | 99.6 | 99.9 | 99.2 | 99.1 | 98.9 |
| Vodafone-Idea | 88.3 | 88.6 | 87.3 | 87.8 | 88.0 | 88.5 | 88.2 | 88.0 | 87.9 | 87.9 | 87.9 | 87.5 | 86.6 |
| Jio | 94.5 | 94.0 | 93.6 | 93.6 | 93.3 | 92.9 | 92.3 | 91.7 | 91.3 | 91.6 | 91.7 | 92.1 | 92.5 |
| BSNL/MTNL and Others | 52.0 | 52.1 | 52.4 | 53.0 | 52.6 | 52.7 | 52.3 | 52.7 | 52.8 | 53.9 | 54.3 | 54.0 | 53.7 |
| Total industry | 91.2 | 91.3 | 90.9 | 91.0 | 90.8 | 90.6 | 90.5 | 90.5 | 90.3 | 90.8 | 90.6 | 90.7 | 90.7 |
| Total EoP Active Subscriber base (mn) | | | | | | | | | | | | | |
| Bharti | 373 | 376 | 376 | 376 | 375 | 375 | 378 | 381 | 383 | 385 | 383 | 384 | 385 |
| Vodafone-Idea | 203 | 202 | 199 | 200 | 198 | 199 | 197 | 195 | 194 | 193 | 193 | 191 | 188 |
| Jio | 415 | 416 | 417 | 420 | 422 | 423 | 424 | 426 | 427 | 430 | 433 | 437 | 441 |
| BSNL/MTNL and Others | 53 | 52 | 51 | 51 | 50 | 50 | 49 | 49 | 49 | 49 | 48 | 48 | 47 |
| Total industry | 1,043 | 1,046 | 1,043 | 1,047 | 1,045 | 1,046 | 1,048 | 1,051 | 1,052 | 1,058 | 1,058 | 1,060 | 1,061 |
| Active Subscriber market share (%) | | | | | | | | | | | | | |
| Bharti | 35.7% | 35.9% | 36.0% | 35.9% | 35.9% | 35.8% | 36.0% | 36.3% | 36.4% | 36.4% | 36.2% | 36.2% | 36.3% |
| Vodafone-Idea | 19.4% | 19.3% | 19.1% | 19.1% | 19.0% | 19.0% | 18.8% | 18.6% | 18.4% | 18.3% | 18.2% | 18.0% | 17.7% |
| Jio | 39.7% | 39.7% | 40.0% | 40.1% | 40.4% | 40.5% | 40.5% | 40.5% | 40.6% | 40.7% | 41.0% | 41.2% | 41.6% |
| BSNL/MTNL and Others | 5.1% | 5.0% | 4.9% | 4.8% | 4.8% | 4.7% | 4.7% | 4.7% | 4.6% | 4.6% | 4.6% | 4.5% | 4.4% |

Source: TRAI, JM Financial.

Exhibit 11. Jio's overall subs additions continue to be robust on back of JioBharat phones; leads with subs market share of 40.7%

| | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Subscriber base (mn) | | | | | | | | | | | | | |
| Bharti | 374 | 375 | 376 | 378 | 378 | 380 | 382 | 382 | 384 | 386 | 387 | 388 | 389 |
| Vodafone-Idea | 230 | 228 | 228 | 228 | 225 | 224 | 223 | 222 | 221 | 220 | 219 | 218 | 217 |
| Jio | 439 | 442 | 446 | 449 | 452 | 456 | 460 | 464 | 468 | 470 | 472 | 475 | 477 |
| BSNL/MTNL and Others | 102 | 100 | 98 | 96 | 95 | 94 | 94 | 93 | 93 | 90 | 89 | 88 | 88 |
| Total industry | 1,144 | 1,146 | 1,148 | 1,150 | 1,151 | 1,154 | 1,158 | 1,161 | 1,165 | 1,165 | 1,167 | 1,169 | 1,171 |
| MoM change in subscriber base (mn) | | | | | | | | | | | | | |
| Bharti | 1.4 | 1.5 | 1.2 | 1.3 | 0.4 | 1.7 | 1.9 | 0.8 | 1.5 | 1.8 | 0.8 | 1.3 | 1.3 |
| Vodafone-Idea | -1.3 | -1.3 | -0.0 | -0.7 | -2.0 | -1.1 | -1.4 | -1.5 | -1.0 | -0.7 | -0.7 | -0.9 | -0.9 |
| Jio | 2.3 | 3.9 | 3.2 | 3.5 | 3.2 | 3.4 | 4.0 | 4.2 | 3.6 | 2.1 | 2.7 | 2.2 | 1.9 |
| BSNL/MTNL and Others | -2.0 | -1.4 | -2.2 | -2.3 | -0.6 | -0.9 | -0.2 | -1.2 | -0.2 | -2.4 | -1.2 | -0.5 | -0.7 |
| Total industry | 0.4 | 2.7 | 2.2 | 1.7 | 0.8 | 3.2 | 4.3 | 2.2 | 3.9 | 0.8 | 1.5 | 2.0 | 1.6 |
| Total Subscriber market share (%) | | | | | | | | | | | | | |
| Bharti | 32.7% | 32.7% | 32.8% | 32.8% | 32.9% | 32.9% | 33.0% | 33.0% | 33.0% | 33.1% | 33.1% | 33.2% | 33.2% |
| Vodafone-Idea | 20.1% | 19.9% | 19.9% | 19.8% | 19.6% | 19.4% | 19.3% | 19.1% | 18.9% | 18.9% | 18.8% | 18.7% | 18.6% |
| Jio | 38.4% | 38.6% | 38.8% | 39.1% | 39.3% | 39.5% | 39.7% | 40.0% | 40.1% | 40.3% | 40.5% | 40.6% | 40.7% |
| BSNL/MTNL and Others | 8.7% | 8.6% | 8.4% | 8.1% | 8.1% | 8.0% | 7.9% | 7.8% | 7.8% | 7.6% | 7.5% | 7.4% | 7.3% |

Source: TRAI, JM Financial.

Exhibit 12. Digital Business SCOT Analysis



Source: Company

Retail business

The company reiterated the strong growth potential in India's retail sector – it expects the industry to grow at a strong +10% CAGR to +USD 1,400bn market by CY27 (from +USD 951bn in CY23) driven by favourable demographics, rising income levels, growing share of urbanisation, expanding female workforce, access to better education and aspirational lifestyle. It added that rising demand for premium and luxury products is likely to boost this growth trajectory, reflecting the evolving preferences with rising disposable incomes. Hence, it expects India to become the third-largest retail market by 2030 from 5th largest currently.

Retail business capex normalised to INR 245bn in FY24 vs. huge capex of INR 514bn in FY23; raised equity fund raise of INR178bn in FY24

Reliance Retail capex normalised to INR 245bn in FY24 vs huge capex of INR 514bn in FY23 with continuous focus to consolidate its leadership position through acquisitions and partnerships. Further, Reliance Retail undertook equity fund raise of INR 178.1bn during FY24; had earlier raised INR 472bn during FY21.

Exhibit 13. Reliance Retail stake sale details

| Date | Firm | Equity stake (on fully diluted basis) | Investment (INR bn) | Pre-money equity value (INR bn) |
|--------------|---------------------|---------------------------------------|---------------------|---------------------------------|
| 09-Sep-20 | Silver Lake | 1.75% | 75.0 | 4,210 |
| 23-Sep-20 | KKR | 1.17% | 55.5 | 4,210 |
| 30-Sep-20 | General Atlantic | 0.84% | 36.8 | 4,285 |
| 30-Sep-20 | Silver Lake | 0.38% | 18.8 | 4,285 |
| 01-Oct-20 | Mubadala | 1.40% | 62.5 | 4,285 |
| 02-Oct-20 | GIC | 1.22% | 55.1 | 4,285 |
| 03-Oct-20 | TPG | 0.41% | 18.4 | 4,285 |
| 06-Oct-20 | ADIA | 1.20% | 55.1 | 4,285 |
| 05-Nov-20 | Saudi PIF | 2.04% | 95.6 | 4,587 |
| 23-Aug-23 | Qatar Inv Authority | 0.99% | 82.8 | 8,278 |
| 11-Sep-23 | KKR | 0.25% | 20.7 | 8,361 |
| 06-Oct-23 | ADIA | 0.59% | 49.7 | 8,381 |
| Total | | 12.24% | 625.8 | |

Source: Company

Focused on partnerships and acquisitions to strengthen capabilities & product offerings and build its consumer brands portfolio: During FY24, the company made several strategic partnerships and acquisitions to strengthen its capabilities and product offerings: **a)** acquisition of Sephora India franchise; **b)** IP rights for Superdry for India, Sri Lanka and Bangladesh; **c)** India business of Kiko Milano; **d)** majority stake in Ed-a-Mama. FY24 also saw successful integration of Metro India's operations with grocery new commerce business to provide omni-channel experience and wider assortment to its B2B customers and merchant partners.

The management highlighted that over 90% of the fast-growing Indian retail market comprises grocery, fashion & lifestyle and consumer electronics. The company's grocery consumption basket delivered steady performance in FY24 led by growth in footfalls and bill values. Its key priority is to focus on range expansion across non-food categories; hence, stores witnessed continued growth in the non-food category led by general merchandise and home & personal care categories.

Reliance Retail is the largest fashion and lifestyle retailer in India and operates a variety of store formats to meet diverse customer segments with its premium brands business continuing to lead the premium and luxury segment with widest portfolio of brands. Jewels business' steady revenue growth continued in FY24 via its focus on differentiated product offering, including collections inspired by India's rich heritage. During the year it also launched the Swadesh store format and youth-focused Yousta. Further, Reliance Retail is the leading player in consumer electronics retailing in India and operates Reliance Digital and MyJio Stores to offer differentiated value proposition, strong in-store experience, and extensive product assortment.

Moreover, the company is continuously building its consumer brands business through indigenous products that are accessible and affordable. Consumer brands business witnessed the introduction of new products across various categories and an extended distribution reach via its omni-channel distribution model, leveraging a network of Reliance Retail's stores as well as digital and new commerce platforms. Reliance Retail's acquired beverage brand Campa and owned brand Independence have received good traction from trade channels

and consumers. Further, it continues to strengthen its portfolio of brands through new launches (Necto, Brew House and Campa Runner Energy) and acquisitions and partnerships (Ravalgaon and Elephant House) during FY24.

Largest omni-channel retailer with integrated stores, digital and new commerce platforms

The company's key focus continues to be to meet the needs of customers through a range of options, exceptional value, superior quality, and unparalleled shopping and delivery experiences. Hence, Reliance Retail runs an integrated network of physical stores, digital commerce and new commerce initiatives via partner merchants. The company opened 796 net new stores in FY24 (gross store addition was 1,840) taking the total number of stores to 18,836 at end FY24; added nearly 13.5mn sq. ft. of retail space in FY24 taking its total retail space to 79.1mn sq. ft. at end-FY24 (vs. 65.6mn sq. ft. at end-FY23). Further the company continues to innovate across formats and products to improve customer experience and serve evolving consumer needs. Hence, its registered loyal customer base grew 22% YoY to 304mn at end-FY24.

The company launched omni-channel beauty retail platform Tira and undertook rapid expansion of its platform's digital and physical footprint. Its New Commerce initiative is not just home deliveries of groceries to electronics but also supporting small indigenous merchants and kirana shop owners. In the fashion e-commerce space, its online platform AJIO strengthened its proposition by enhancing its product catalogue and drawing in millions of customers with comprehensive brand catalogue across price points.

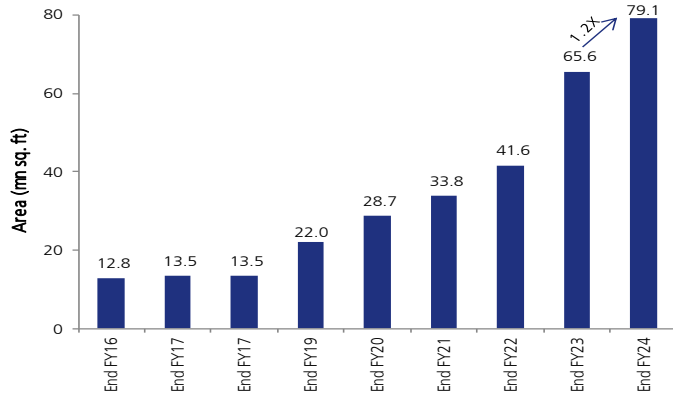
New Commerce business through JioMart Digital (JMD) continued its growth journey and expanded its merchant partner base. Merchant partnerships and digital commerce now contribute nearly 19% of revenue in FY24 (vs. 18% in FY23, 17% in FY22, 10% in FY21 and near-zero in FY20).

Exhibit 14. Reliance Retail business – key parameters

| | FY21 | FY22 | FY23 | FY24 |
|---|--------|--------|--------|--------|
| Revenue (INR Bn) | 1,549 | 1,993 | 2,683 | 3,226 |
| EBITDA (INR Bn) | 98 | 124 | 180 | 231 |
| EBITDA margin (%) | 6.3% | 6.2% | 6.6% | 6.8% |
| Total stores | 12,711 | 15,196 | 18,040 | 18,836 |
| Net Store additions (#) | 404 | 2,485 | 2,844 | 796 |
| Gross revenue per average store (INR) | 111 | 120 | 146 | 166 |
| - YoY growth (%) | -15% | 8% | 21% | 14% |
| Area (mn sq ft) | 33.8 | 41.6 | 65.6 | 79.1 |
| Net area addition (mn sq ft) | 5.1 | 7.8 | 24.0 | 13.5 |
| Store Footfalls (mn) | | | 775 | 1,063 |
| Registered Customer Base (mn) | 156 | 193 | 249 | 304 |
| No of Transactions (mn) | | | 1,031 | 1,260 |
| Digital & New Commerce - sales contribution (%) | 10% | 17% | 18% | 19% |

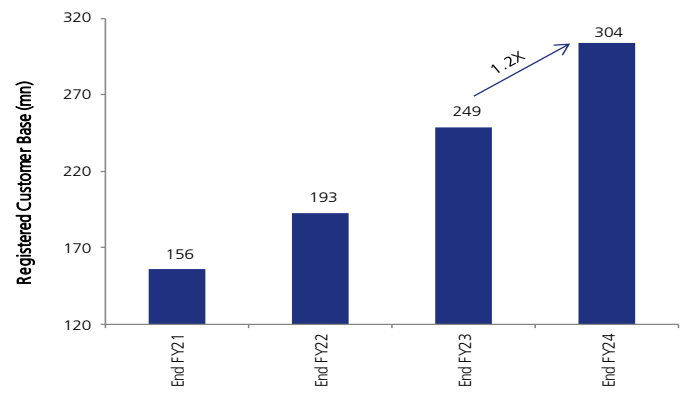
Source: Company

Exhibit 15. RIL Retail total store area grew 1.2x or by ~14mn sq.ft. in FY24



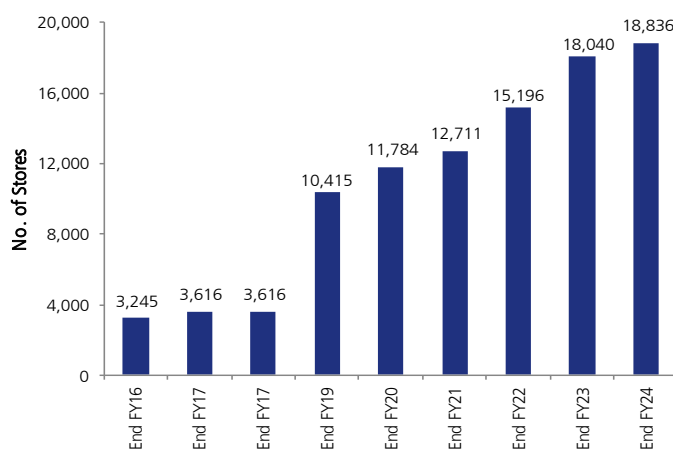
Source: Company, JM Financial.

Exhibit 16. RIL Retail registered customer base expanded 1.2x to 304mn in FY24



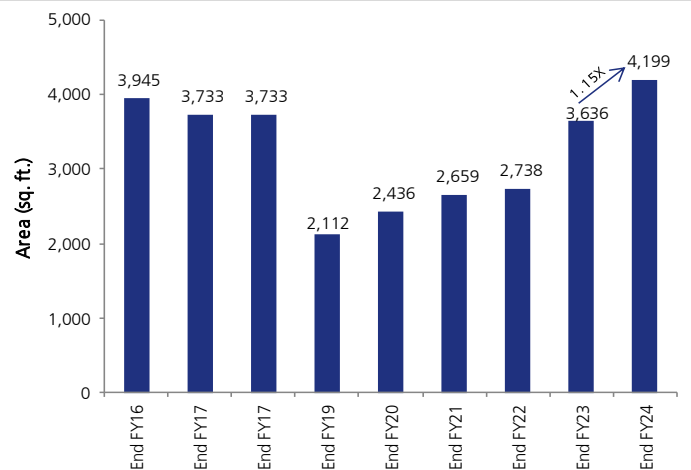
Source: Company, JM Financial.

Exhibit 17. RIL Retail total store count increased by ~800 stores in FY24



Source: Company, JM Financial.

Exhibit 18. RIL Retail witnessed 1.15x growth in average store area in FY24



Source: Company, JM Financial.

Exhibit 19. Retail Business SCOT Analysis

| SCOT Analysis | |
|---|--|
| <p>Strengths</p> <ul style="list-style-type: none"> › Largest omni-channel retailer with integrated stores, digital and new commerce platforms › Proven product design capabilities to develop innovative and high-quality products › Robust sourcing ecosystem involving MSMEs national and international suppliers › Large supply chain operations with ability to deliver products across the country › Leveraging customer insights, analytics and technology to build strong brands and deliver exceptional customer experience › Widest portfolio of brands making Reliance Retail a partner of choice | <p>Challenges</p> <ul style="list-style-type: none"> › Supply of quality real estate due to limited availability of quality malls and high streets › Access to trained manpower to support growth |
| <p>Opportunities</p> <ul style="list-style-type: none"> › Strengthen end-to-end value chain to serve the fast fashion opportunity › Growing demand for premium and luxury products in India › Scale up own brands and formats | <p>Threats</p> <ul style="list-style-type: none"> › Macro-economic impact on consumer sentiments |

Source: Company

Capex and Debt details

Capex moderated to INR 1,318bn in FY24 (from record high of INR 2,355bn in FY23 which included INR 937bn incurred on 5G spectrum acquisition), primarily in:

a) Digital business to INR 574bn in FY24 (vs. INR 1,522bn in FY23 including INR 937bn incurred on 5G spectrum acquisition); and

b) Retail business to INR 245bn in FY24 (vs. INR 514bn in FY23)

Exhibit 20. RIL's segment wise break-up of consolidated capex and EBITDA break-up

| INR Bn | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E |
|---------------------------------------|--------------|--------------|--------------|------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Capex break-up | | | | | | | | | | | | | | | | |
| O2C | 394 | 441 | 352 | 243 | 156 | 181 | 79 | 79 | 191 | 203 | 344 | 348 | 351 | 355 | 358 | 362 |
| E&P | 158 | 97 | 62 | -13 | 59 | 31 | 39 | 55 | 47 | 34 | 35 | 36 | 37 | 37 | 38 | 39 |
| Retail | 4 | 3 | 8 | 48 | 50 | 93 | 103 | 299 | 514 | 245 | 201 | 214 | 254 | 230 | 218 | 240 |
| Digital services (including spectrum) | | | 682 | 481 | 795 | 390 | 360 | 827 | 1,522 | 574 | 303 | 297 | 345 | 402 | 434 | 474 |
| New Energy | | | | | | | | | | | 250 | 250 | 250 | 250 | 250 | 250 |
| Financial Services | | | | | - | - | 0 | 0 | - | - | - | - | - | - | - | - |
| Others | 393 | 508 | 29 | 82 | 158 | 107 | 183 | 136 | 47 | 237 | 36 | 36 | 36 | 36 | 36 | 36 |
| Unallocable | 54 | 81 | 15 | -49 | 17 | 3 | 33 | 57 | 33 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Total | 1,002 | 1,130 | 1,147 | 793 | 1,235 | 805 | 797 | 1,454 | 2,355 | 1,318 | 1,194 | 1,205 | 1,297 | 1,334 | 1,359 | 1,426 |
| EBITDA break-up | | | | | | | | | | | | | | | | |
| O2C | 302 | 405 | 451 | 549 | 639 | 538 | 382 | 527 | 621 | 624 | 626 | 691 | 784 | 887 | 912 | 938 |
| E&P | 76 | 69 | 13 | 17 | 16 | 4 | 3 | 55 | 136 | 202 | 201 | 207 | 213 | 219 | 224 | 229 |
| Retail | 8 | 9 | 12 | 25 | 62 | 97 | 98 | 124 | 180 | 231 | 271 | 341 | 427 | 533 | 625 | 712 |
| Digital services | 0 | 0 | -0 | 67 | 153 | 233 | 340 | 403 | 503 | 567 | 632 | 794 | 948 | 1,127 | 1,251 | 1,388 |
| Financial Services | | | | | 2 | 8 | 13 | - | - | - | - | - | - | - | - | - |
| Others | 11 | 13 | 17 | 26 | 28 | 40 | 50 | 71 | 56 | 86 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unallocable | 18 | 12 | 34 | 28 | -24 | 7 | -7 | -52 | -62 | -19 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total | 415 | 507 | 525 | 712 | 877 | 927 | 879 | 1,128 | 1,433 | 1,691 | 1,729 | 2,033 | 2,371 | 2,764 | 3,011 | 3,266 |

Source: Company, JM Financial. Note Digital capex includes spectrum liability

Gross and net-debt details: Out of the total gross debt of INR 3,246bn at end-FY24, INR 2,118bn was in the standalone entity. Other key subsidiaries that had debt were: a) Reliance Jio – INR 544bn; b) Reliance Retail – INR 413bn; c) Reliance Sibur Elastomers – INR 16bn; d) Independent Media Trust Group – INR 73bn.

Exhibit 21. RIL's consolidated gross-debt break-up across its key subsidiaries

| INR Bn | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Reported Gross debt break-up | 1,807 | 1,966 | 2,188 | 2,875 | 3,363 | 2,518 | 2,663 | 3,140 | 3,246 |
| Standalone | 1,071 | 1,074 | 1,169 | 1,620 | 2,623 | 2,217 | 1,946 | 2,158 | 2,118 |
| Reliance Jio | 370 | 475 | 584 | 670 | 233 | 112 | 425 | 368 | 544 |
| Reliance Holding USA (Shale gas) | 332 | 328 | 309 | 350 | 363 | 39 | - | - | - |
| Reliance Retail Group | 7 | NA | 34 | 130 | 46 | 90 | 199 | 466 | 413 |
| Recron Malaysia/Reliance Sibur Elastomers | 13 | 16 | 10 | 12 | 25 | 23 | 24 | 21 | 16 |
| Reliance Gas Pipeline Ltd | 11 | 15 | 13 | 14 | | | | | |
| Independent Media Trust Group | 7 | 13 | 22 | 30 | 36 | 24 | 22 | 58 | 73 |

Source: Company, JM Financial.

Further, cash and cash equivalents at end-FY24 amounted to INR 2,083bn, resulting in a consolidated reported net debt position of INR 1,163bn at end-FY24 or 0.7x reported net debt to EBITDA. However, adjusted net debt (including spectrum and other liabilities) was at ~INR 2,657bn or 1.6x adjusted net debt to EBITDA (vs. INR 2,891bn at end-FY23). This moderation in debt was due to lower capex, with FY24 capex moderating to INR 1,138bn (from INR 2,355bn including INR 937bn towards 5G spectrum – Exhibit 20. However, we expect the capex run-rate to moderate to INR1,200bn to INR1,300bn p.a. from FY25 onwards due to moderation in capex in Digital and Retail business, though is likely to be partly offset via rise in New Energy capex (assumed at annual run-rate of ~INR 250bn).

Hence, we expect RIL's net debt to peak in FY24 and decline gradually thereafter as capex is likely to get fully funded via a gradual rise in internal cash generation. We expect RIL's adjusted net debt to have already peaked at ~INR 2,657bn, or 1.6x adjusted net debt to EBITDA, at end-FY24 before moderating to ~INR 2,149bn, or 1.1x adjusted net debt to EBITDA, by end-FY26. Similarly, reported net debt is likely to have peaked at INR 1,163bn, or 0.7x reported net debt to EBITDA, by end-FY24. We draw comfort from RIL's guidance that reported net debt to EBITDA is likely to remain below 1x (vs. 0.7x by end-FY24). Further, company highlighted in FY24 annual report that it will continue to monitor financial markets to seize suitable opportunities for capital-raising to support its growth plans.

Exhibit 22. RIL's consolidated debt break-up details

| INR bn | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Reported Gross debt | 1,609 | 1,807 | 1,966 | 2,188 | 2,875 | 3,363 | 2,518 | 2,663 | 3,140 | 3,246 | 3,173 | 3,180 | 3,137 | 3,134 | 3,152 | 3,181 |
| Less: Cash and cash equivalent | 845 | 900 | 772 | 781 | 1,330 | 1,753 | 2,540 | 2,315 | 1,882 | 2,083 | 1,956 | 2,152 | 2,476 | 3,080 | 3,867 | 4,857 |
| Reported Net debt | 764 | 907 | 1,194 | 1,407 | 1,545 | 1,610 | -22 | 348 | 1,257 | 1,163 | 1,217 | 1,028 | 661 | 54 | -715 | -1,676 |
| Other liabilities | | | | | | | | | | | | | | | | |
| Other non-current financial liabilities* | 15 | 22 | 90 | 85 | 100 | 113 | 151 | 126 | 86 | 101 | 101 | 101 | 101 | 101 | 101 | 101 |
| Deferred payment liabilities (Spectrum) | 74 | 133 | 201 | 202 | 188 | 188 | 188 | 372 | 1,128 | 1,083 | 1,083 | 1,083 | 1,083 | 1,083 | 1,083 | 1,083 |
| Other current financial liabilities** | 302 | 741 | 916 | 880 | 580 | 500 | 436 | 445 | 685 | 556 | 389 | 183 | 174 | 165 | 157 | 149 |
| Other current liabilities*** | 34 | 100 | 209 | 432 | 529 | 476 | 330 | 216 | 429 | 552 | 552 | 552 | 552 | 552 | 552 | 552 |
| Less: Other current assets *** | -85 | -163 | -199 | -328 | -368 | -328 | -824 | -712 | -695 | -798 | -798 | -798 | -718 | -704 | -633 | -570 |
| Other liabilities | 340 | 833 | 1,218 | 1,272 | 1,030 | 950 | 282 | 448 | 1,634 | 1,494 | 1,327 | 1,121 | 1,192 | 1,198 | 1,260 | 1,315 |
| Adjusted Net debt (incl other liabilities) | 1,104 | 1,740 | 2,412 | 2,679 | 2,574 | 2,560 | 260 | 795 | 2,891 | 2,657 | 2,544 | 2,149 | 1,853 | 1,252 | 545 | -361 |
| Other details | | | | | | | | | | | | | | | | |
| Equity | 2,087 | 2,316 | 2,637 | 2,935 | 3,871 | 4,492 | 7,002 | 7,795 | 7,159 | 7,935 | 8,580 | 9,355 | 10,300 | 11,458 | 12,731 | 14,123 |
| EBITDA | 415 | 507 | 525 | 712 | 877 | 927 | 879 | 1,128 | 1,433 | 1,691 | 1,729 | 2,033 | 2,371 | 2,764 | 3,011 | 3,266 |
| PAT | 236 | 299 | 299 | 361 | 398 | 394 | 491 | 607 | 667 | 696 | 791 | 929 | 1,114 | 1,339 | 1,457 | 1,580 |
| CFO (after working capital changes) | 344 | 381 | 496 | 715 | 423 | 949 | 262 | 1,107 | 1,150 | 1,588 | 1,427 | 1,696 | 1,969 | 2,266 | 2,450 | 2,705 |
| FCF | -290 | -88 | -286 | -25 | -513 | 184 | -797 | 105 | -260 | 59 | 233 | 491 | 673 | 932 | 1,091 | 1,280 |
| Capex | 1,002 | 1,130 | 1,147 | 793 | 1,235 | 805 | 797 | 1,454 | 2,355 | 1,318 | 1,194 | 1,205 | 1,297 | 1,334 | 1,359 | 1,426 |
| Reported Net Debt to Equity (x) | 0.4 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 | -0.0 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | -0.1 | -0.1 |
| Adjusted Net Debt to Equity (x) | 0.5 | 0.8 | 0.9 | 0.9 | 0.7 | 0.6 | 0.0 | 0.1 | 0.4 | 0.3 | 0.3 | 0.2 | 0.2 | 0.1 | 0.0 | -0.0 |
| Reported Net Debt to EBITDA (x) | 1.8 | 1.8 | 2.3 | 2.0 | 1.8 | 1.7 | -0.0 | 0.3 | 0.9 | 0.7 | 0.7 | 0.5 | 0.3 | 0.0 | -0.2 | -0.5 |
| Adjusted Net Debt to EBITDA (x) | 2.7 | 3.4 | 4.6 | 3.8 | 2.9 | 2.8 | 0.3 | 0.7 | 2.0 | 1.6 | 1.5 | 1.1 | 0.8 | 0.5 | 0.2 | -0.1 |
| RIL share price end FY (INR) | 413 | 523 | 660 | 883 | 1,363 | 1,103 | 2,003 | 2,635 | 2,331 | 2,972 | | | | | | |
| RIL share price return in each FY (%) | -11% | 27% | 26% | 34% | 54% | -19% | 82% | 32% | -12% | 27% | | | | | | |
| NIFTY 50 Index price end FY (INR) | 8,491 | 7,738 | 9,174 | 10,114 | 11,624 | 8,598 | 14,691 | 17,465 | 17,360 | 22,327 | | | | | | |
| NIFTY 50 Index price return in each FY (%) | 27% | -9% | 19% | 10% | 15% | -26% | 71% | 19% | -1% | 29% | | | | | | |

Source: Company, JM Financial **Interest accrued but not due on deferred payment liabilities, deposits and creditors for capex; **Creditor for capex, security deposits; ***Statutory dues; ****Balance with tax authorities, prepaid expense, deposits, advance to vendors and claims receivable

Key Assumptions and Estimates

Exhibit 23. Key Assumptions

| | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E | FY28E |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Brent crude price (USD/bbl) | 44.7 | 80.0 | 95.4 | 83.1 | 75.0 | 75.0 | 75.0 | 75.0 |
| Exchange rate (INR/USD) | 71.9 | 74.5 | 80.4 | 82.8 | 84.4 | 86.1 | 87.9 | 89.6 |
| Refining | | | | | | | | |
| EBITDA (INR Bn) | 139 | 279 | 412 | 379 | 360 | 389 | 396 | 404 |
| Crude throughput | 65.7 | 67.8 | 67.1 | 67.8 | 68.2 | 68.2 | 68.2 | 68.2 |
| Margins (USD/bbl) | | | | | | | | |
| Spore Dubai GRM | 0.5 | 5.0 | 10.7 | 6.6 | 6.0 | 6.0 | 6.0 | 6.0 |
| RIL's total GRM premium | 5.5 | 4.5 | 2.0 | 4.6 | 4.5 | 5.0 | 5.0 | 5.0 |
| a) RIL normal GRM premium | 5.5 | 4.0 | 1.3 | 3.6 | 3.5 | 4.0 | 4.0 | 4.0 |
| b) Petcoke gasification addition to GRM | 0.0 | 0.5 | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| RIL's total GRM | 6.0 | 9.5 | 12.7 | 11.2 | 10.5 | 11.0 | 11.0 | 11.0 |
| Refining cash opex | 2.0 | 2.0 | 2.3 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Refining EBITDA | 4.0 | 7.5 | 10.4 | 9.2 | 8.5 | 9.0 | 9.0 | 9.0 |
| Petrochemicals | | | | | | | | |
| EBITDA (INR Bn) | 243 | 249 | 208 | 245 | 266 | 303 | 388 | 483 |
| EBITDA/ton (USD/ton) | 209 | 206 | 175 | 206 | 216 | 237 | 249 | 262 |
| Sales volumes (mmtpa) | | | | | | | | |
| Polymers | 5.9 | 5.8 | 5.7 | 5.6 | 5.7 | 5.8 | 6.7 | 7.5 |
| Polyesters | 2.8 | 3.2 | 3.2 | 3.2 | 3.2 | 3.3 | 3.8 | 4.3 |
| Fiber intermediaries | 6.7 | 6.3 | 5.1 | 4.7 | 4.7 | 4.8 | 6.3 | 7.8 |
| Total | 16.2 | 16.2 | 14.8 | 14.4 | 14.6 | 14.8 | 17.7 | 20.6 |
| E&P | | | | | | | | |
| EBITDA (INR Bn) | 3 | 55 | 136 | 202 | 201 | 207 | 213 | 219 |
| Gas production (mmscmd) | 3 | 18 | 269 | 31 | 33 | 33 | 33 | 33 |
| Gas realisation (USD/mmbtu) | 3.6 | 6.3 | 0.8 | 10.2 | 10.0 | 9.5 | 9.5 | 9.5 |
| Digital | | | | | | | | |
| EBITDA (INR Bn) | 340 | 403 | 503 | 567 | 632 | 794 | 948 | 1,127 |
| EBITDA margin (%) | 44.4% | 47.9% | 49.8% | 50.2% | 50.4% | 53.7% | 54.3% | 54.7% |
| Wireless segment | | | | | | | | |
| Subscribers (mn - EoP) | 426 | 410 | 439 | 482 | 499 | 510 | 518 | 526 |
| ARPU (INR) | 143 | 153 | 178 | 181 | 201 | 222 | 248 | 279 |
| FTTH segment | | | | | | | | |
| Subscribers (mn - EoP) | | 5 | 8 | 11 | 15 | 19 | 24 | 29 |
| ARPU (INR) | | 444 | 444 | 444 | 444 | 466 | 490 | 514 |
| Retail | | | | | | | | |
| Revenue (INR Bn) | 1,549 | 1,993 | 2,683 | 3,226 | 3,875 | 4,766 | 5,845 | 7,148 |
| EBITDA (INR Bn) | 98 | 124 | 180 | 231 | 271 | 341 | 427 | 533 |
| EBITDA margin (%) | 6.3% | 6.2% | 6.6% | 6.8% | 7.0% | 7.2% | 7.3% | 7.5% |
| Total stores | 12,711 | 15,196 | 18,040 | 18,836 | | | | |
| Net Store additions (#) | 404 | 2,485 | 2,844 | 796 | 1,128 | 1,151 | 1,174 | 1,197 |
| Gross revenue per average store (INR) | 111 | 120 | 146 | 166 | 189 | 220 | 255 | 297 |
| - YoY growth (%) | -15% | 8% | 21% | 14% | 13% | 16% | 16% | 16% |
| Area (mn sq ft) | 33.8 | 41.6 | 65.6 | 79.1 | | | | |
| Net area addition (mn sq ft) | 5.1 | 7.8 | 24.0 | 13.5 | | | | |
| Store Footfalls (mn) | | | 775 | 1,063 | | | | |
| Registered Customer Base (mn) | 156 | 193 | 249 | 304 | | | | |
| No of Transactions (mn) | | | 1,031 | 1,260 | | | | |
| Digital & New Commerce - sales contribution (%) | 10% | 17% | 18% | 19% | | | | |
| EBITDA break-up (INR Bn) | | | | | | | | |
| O2C | 382 | 527 | 621 | 624 | 626 | 691 | 784 | 887 |
| E&P | 3 | 55 | 136 | 202 | 201 | 207 | 213 | 219 |
| Digital | 340 | 403 | 503 | 567 | 632 | 794 | 948 | 1,127 |
| Retail | 98 | 124 | 180 | 231 | 271 | 341 | 427 | 533 |
| Financial Services & Others | 56 | 19 | -6 | 67 | -1 | -1 | -1 | -1 |
| Total | 879 | 1,128 | 1,433 | 1,691 | 1,729 | 2,033 | 2,371 | 2,764 |
| Energy business | 384 | 582 | 757 | 826 | 827 | 899 | 997 | 1,106 |
| Non-energy business (incl others) | 495 | 546 | 677 | 865 | 902 | 1,134 | 1,374 | 1,658 |
| EBITDA proportion | | | | | | | | |
| O2C | 43% | 47% | 43% | 37% | 36% | 34% | 33% | 32% |
| E&P | 0% | 5% | 9% | 12% | 12% | 10% | 9% | 8% |
| Digital | 39% | 36% | 35% | 34% | 37% | 39% | 40% | 41% |
| Retail | 11% | 11% | 13% | 14% | 16% | 17% | 18% | 19% |
| Financial Services & Others | 6% | 2% | 0% | 4% | 0% | 0% | 0% | 0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Energy business | 44% | 52% | 53% | 49% | 48% | 44% | 42% | 40% |
| Non-energy business (incl others) | 56% | 48% | 47% | 51% | 52% | 56% | 58% | 60% |

Source: Company, JM Financial

Valuation

Our Target Price for RIL of INR 3,500/share (and 3 year TP of INR 4,600) is computed on a sum-of-the-parts (SOTP) valuation method:

- a) Petchem segment at an EV of INR 383/share based on 7.5x Sep'26EV/EBITDA;
- b) Refining segment at an EV of INR 435/share based on 7.5x Sep'26EV/EBITDA;
- c) E&P segment at an EV of INR 186/share based on 6.0x Sep'26EV/EBITDA;
- d) Digital segment (RIL's 67.05% stake in JPL) at an EV of INR1,094/share comprising: i) Telecom business at INR 970/share based on DCF valuation; implied valuation of ~11.2x Sep'26 EV/EBITDA; and ii) Digital opportunities at INR 124/share based on potential monetisation of Video OTT apps, audio OTT and Consumer IoT business.
- e) Retail business (RIL's 83.0% stake) at an EV of INR 1,179/share based on 25x Sep'26 EBITDA. Further, we value Jio Mart at an EV of INR 149/share, factoring in the opportunity of digitisation of kirana stores.

We reiterate BUY given its industry leading capabilities across businesses and expectation of robust 16-17% EPS CAGR over the next 3-5 years. At CMP, the stock is trading at FY26E P/E of 21.8x (3 yr avg: 24.4x) and FY26E EV/EBITDA of 11.2x (3 yr avg: 12.8)

Exhibit 24. RIL Sum-of-the-parts valuation - our Target Price for RIL is INR 3,500/share

| Business segment | Valuation methodology | Sep'26 EBITDA (INR Bn) | Valuation multiple | Valuation (INR bn) | Valuation (USD bn) | Valuation (INR/share) | Equity Valuation (INR bn) | Equity Valuation (USD bn) | Equity Valuation (INR/share) | Comments |
|--|-----------------------|------------------------|--------------------|--------------------|--------------------|-----------------------|---------------------------|---------------------------|------------------------------|--|
| Energy business | | | | 6,793 | 80 | 1,004 | 6,444 | 76 | 952 | |
| Petchem | EV/ EBITDA | 345 | 7.5 | 2,589 | 31 | 383 | | | | Valued at 7.5x Sep'26 EV/EBITDA |
| Refining | EV/ EBITDA | 392 | 7.5 | 2,944 | 35 | 435 | | | | Valued at 7.5x Sep'26 EV/EBITDA |
| E&P | EV/ EBITDA | 210 | 6.0 | 1,260 | 15 | 186 | | | | Valued at 6x Sep'26 EV/EBITDA |
| Digital business (for RIL's 67.05% stake) | | | | 7,399 | 88 | 1,094 | 6,490 | 77 | 959 | |
| a) Telecom business | DCF | | | 6,560 | 78 | 970 | | | | Based on DCF valuation; COE 13.5% and WACC of 11%; implied valuation of 11.2x Sep'26 EV/EBITDA |
| b) Digital opportunities | | | | 838 | 10 | 124 | | | | JPL investments at book value - Monetization of Video OTT apps, JioSaavn and Consumer IoT business etc |
| Retail business (for RIL's ~83% stake) | EV/ EBITDA | | | 8,982 | 106 | 1,327 | 8,736 | 103 | 1,291 | |
| a) Retail business | | | | 7,974 | 94 | 1,179 | | | | Valued at 25x Sep'26 EV/EBITDA, based on peers valuation range; D-Mart trades at +40x |
| b) JioMart New commerce business | | | | 1,008 | 12 | 149 | | | | Valuing kirana digitisation opportunity assuming Jio Mart gets ~10% market share in General Trade ecommerce market by FY30 |
| New Energy business | | | | 1,125 | 13 | 166 | 1,125 | 13 | 166 | At 1.5x announced capex of INR 750bn |
| Other investments | | | | 850 | 10 | 126 | 850 | 10 | 126 | Listed equity / Disney Viacom JV / Real estate investment |
| Total Enterprise Value | | | | 25,148 | 298 | 3,717 | | | | |
| Less: Net Debt | | | | 1,504 | 18 | 222 | | | | |
| Total Equity Value | | | | 23,644 | 280 | 3,500 | 23,644 | 280 | 3,500 | |

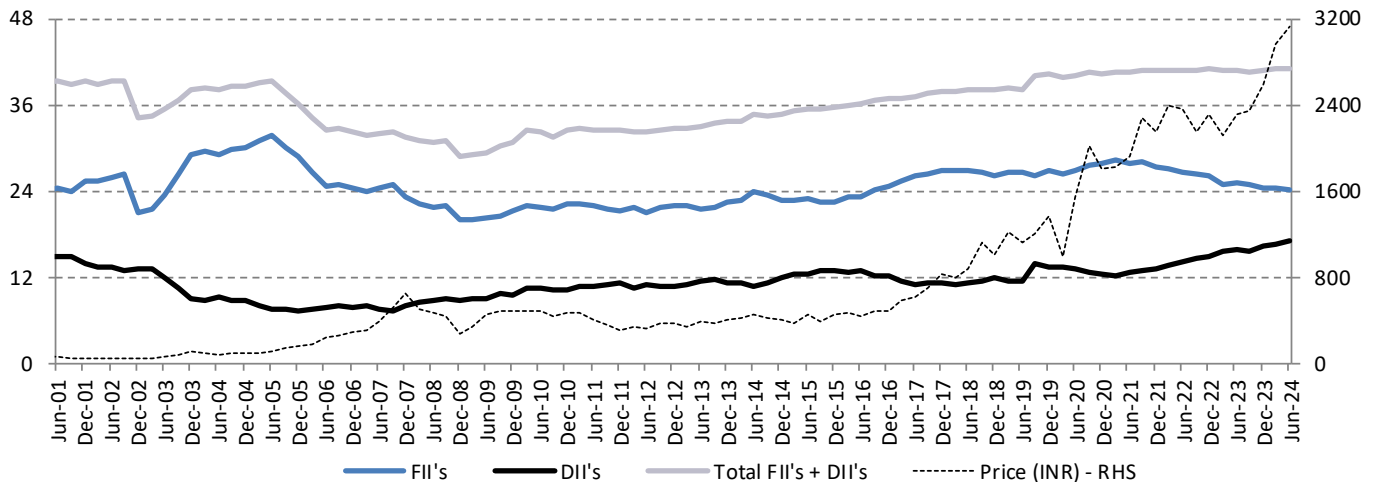
Source: JM Financial

Exhibit 25. RIL Sum-of-the-parts valuation - our 3 year Target Price for RIL is INR 4,600/share

| Business segment | Valuation methodology | EBITDA (INR Bn) | Valuation multiple | Valuation (INR bn) | Valuation (USD bn) | Valuation (INR/share) | Comments |
|--|-----------------------|-----------------|--------------------|--------------------|--------------------|-----------------------|--|
| Energy business | | | | 8,184 | 97 | 1,208 | |
| Petchem | EV/ EBITDA | 500 | 7.5 | 3,749 | 44 | 554 | Valued at 7.5x EV/EBITDA |
| Refining | EV/ EBITDA | 412 | 7.5 | 3,093 | 37 | 457 | Valued at 7.5x EV/EBITDA |
| E&P | EV/ EBITDA | 224 | 6.0 | 1,342 | 16 | 197 | Valued at 6x EV/EBITDA |
| Digital business (for RIL's 67.05% stake) | | | | 8,449 | 100 | 1,249 | |
| a) Telecom business | DCF | | | 7,490 | 89 | 1,107 | Based on DCF valuation; COE 13.5% and WACC of 11%; implied valuation of 9.9x Sep'28 EV/EBITDA |
| b) Digital opportunities | | | | 959 | 11 | 142 | JPL investments at book value - Monetization of Video OTT apps, JioSaavn and Consumer IoT business etc |
| Retail business (for RIL's ~83% stake) | EV/ EBITDA | | | 13,252 | 157 | 1,959 | |
| a) Retail business | | | | 12,010 | 142 | 1,775 | Valued at 25x Sep'28 EV/EBITDA, based on peers valuation range; D-Mart trades at +40x |
| b) JioMart New commerce business | | | | 1,242 | 15 | 184 | Valuing kirana digitisation opportunity assuming Jio Mart gets ~10% market share in General Trade ecommerce market by FY30 |
| New Energy business | | | | 1,500 | 18 | 222 | At 2x announced capex of INR 750bn |
| Other investments | | | | 850 | 10 | 126 | Listed equity / Disney Viacom JV / Real estate investment |
| Total Enterprise Value | | | | 32,235 | 382 | 4,762 | |
| Less: Net Debt | | | | 1,095 | 13 | 162 | Net debt at end FY28 |
| Total Equity Value | | | | 31,140 | 369 | 4,600 | |

Source: JM Financial

Exhibit 26. RIL's FII and DII shareholding trend: FII shareholding at end-Jun'24 has declined by 389bps while DII shareholding has risen by 417bps since Sep'21



Source: Capitaline

Risks along with EPS and valuation sensitivity

a) Refining margin sensitivity: Every USD 1/bbl increase/decrease in GRM has a positive/negative impact of 2% of our valuation, 3% of our FY26E EPS, and 2% of our FY26E EBITDA. An unexpected decline in refining margin could have a negative impact on RIL's earnings and valuation.

b) Petchem margin sensitivity: Every USD 20/tonne increase/decrease in EBITDA margin has a positive/negative impact of 1% of our valuation, 2% of our FY26E EPS, and 1% of our FY26E EBITDA. An unexpected slide in petchem EBITDA margin could hurt RIL's earnings and valuation.

c) Retail margin sensitivity: Every 50bps increase/decrease in retail EBITDA margin has a positive/negative impact of 2% of our valuation, 2% of our FY26E EPS, and 1% of our FY26E EBITDA. Any downside to retail profitability could have a negative impact on RIL's earnings and valuation.

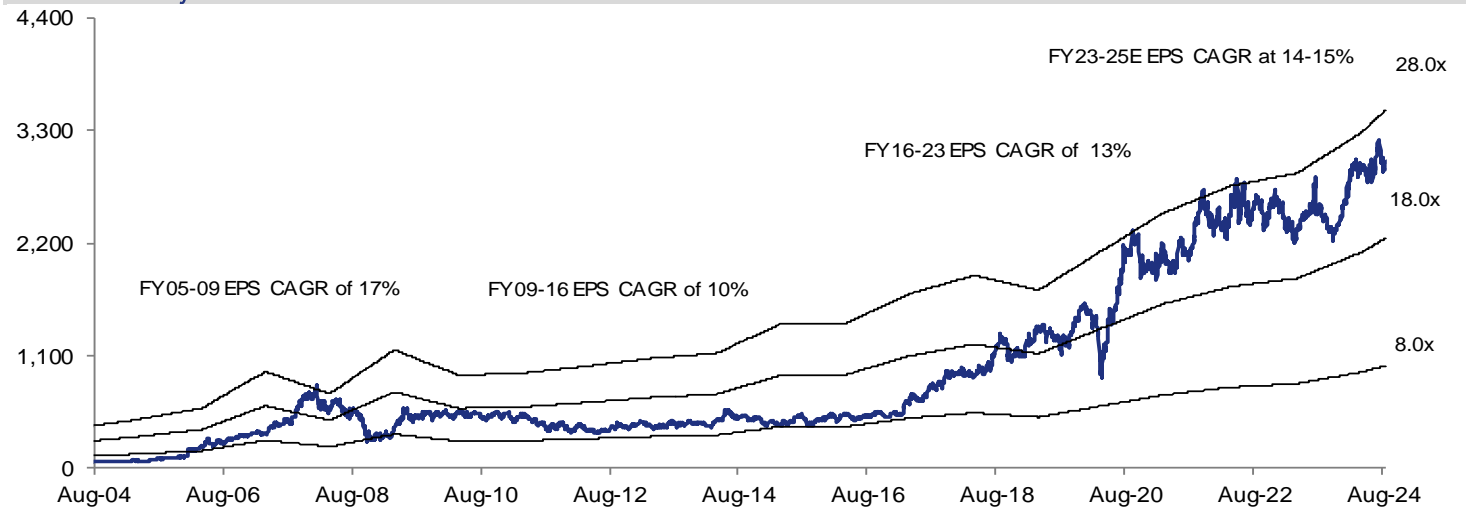
d) ARPU and subscriber sensitivity: Every INR 10 increase/decrease in ARPU has a positive/negative impact of 1% of our valuation and 2% our FY26E EPS and FY26E EBITDA. Every 20mn increase/decrease in subscribers has a positive/negative impact of 1% of our valuation, FY26E EPS and FY26E EBITDA. Lower-than-expected ARPU and subscriber growth could have a negative impact on RIL's earnings and valuation.

Exhibit 27. RIL Earnings and valuation sensitivity

| | FY26E Base case assumption | Change | Impact on FY26 EBITDA | | Impact on FY26 EPS | | Impact on TP | |
|----------------------------------|----------------------------|---------------|-----------------------|----------|--------------------|----------|--------------|----------|
| | | | INR bn | % change | INR | % change | INR | % change |
| GRM (USD/bbl) | 11.0 | +/- USD 1/bbl | 43 | 2% | 4.8 | 3% | 55 | 2% |
| Petchem EBITDA margins (USD/ton) | 237 | +/- USD 20/tn | 26 | 1% | 2.9 | 2% | 36 | 1% |
| Retail EBITDA margins (%) | 7.2% | +/- 0.5% | 24 | 1% | 2.6 | 2% | 86 | 2% |
| Jio wireless ARPU | 222 | +/- INR 10 | 33 | 2% | 2.5 | 2% | 24 | 1% |
| Jio wireless subscriber (mn) | 510 | +/-20mn | 15 | 1% | 1.1 | 1% | 29 | 1% |
| Base case | | | 2,033 | | 137 | | 3,500 | |

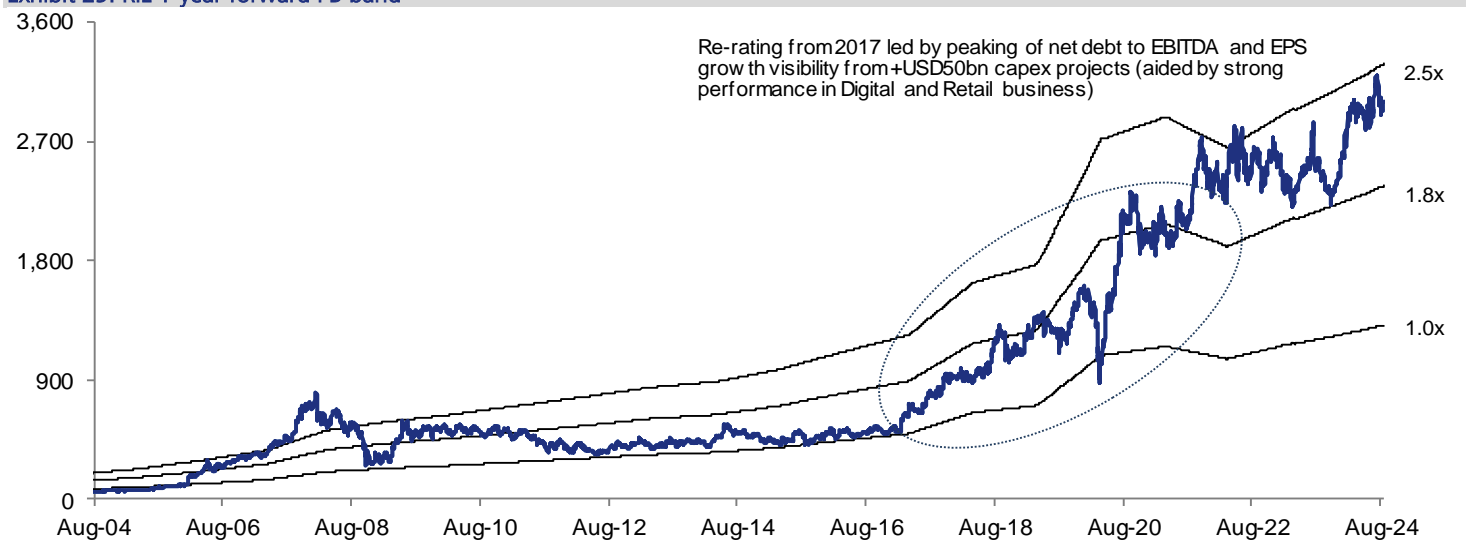
Source: JM Financial

Exhibit 28. RIL 1-year forward PE band



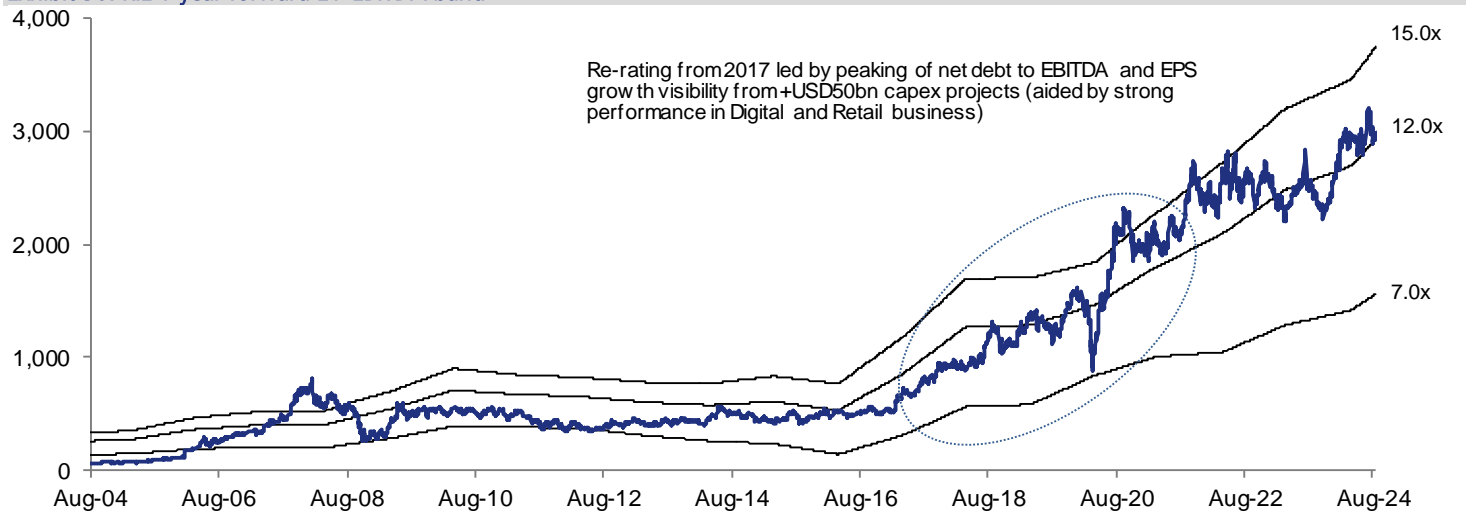
Source: JM Financial, Bloomberg

Exhibit 29. RIL 1-year forward PB band



Source: JM Financial, Bloomberg

Exhibit 30. RIL 1-year forward EV-EBITDA band



Source: JM Financial, Bloomberg

Exhibit 31. Global telecom and digital companies valuations

| Company | EV/EBITDA (x) | | | P/E (x) | | | P/B (x) | | | EBITDA Margins (%) | | | ROE (%) | | |
|--------------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|--------------------|-------------|-------------|-------------|-------------|-------------|
| | CY23/FY24 | CY24/FY25 | CY25/FY26 | CY23/FY24 | CY24/FY25 | CY25/FY26 | CY23/FY24 | CY24/FY25 | CY25/FY26 | CY23/FY24 | CY24/FY25 | CY25/FY26 | CY23/FY24 | CY24/FY25 | CY25/FY26 |
| Bharti Airtel | 12.2 | 10.5 | 9.3 | 43.5 | 29.3 | 22.7 | 8.2 | 6.7 | 5.7 | 53.2 | 54.6 | 55.2 | 21.2 | 24.8 | 27.3 |
| Bharti Hexacom | 15.2 | 12.6 | 10.7 | 38.7 | 31.8 | 22.8 | 10.3 | 8.2 | 6.4 | 49.9 | 52.2 | 54.2 | 25.3 | 31.6 | 34.8 |
| Jio (JMFc) | 18.5 | 15.5 | 12.3 | 40.2 | 31.4 | 22.4 | 3.5 | 3.1 | 2.7 | 52.6 | 53.2 | 53.5 | 9.0 | 10.5 | 13.0 |
| Vodafone Idea | 16.9 | 13.9 | 11.3 | NM | NM | NM | NM | NM | NM | 42.9 | 45.5 | 48.2 | NM | NM | NM |
| Indian telcos average | 15.7 | 13.1 | 10.9 | 40.8 | 30.9 | 22.6 | 7.3 | 6.0 | 4.9 | 49.6 | 51.4 | 52.8 | 18.5 | 22.3 | 25.1 |
| AT&T | 6.3 | 6.2 | 6.1 | 8.9 | 8.6 | 8.3 | 1.2 | 1.1 | 1.1 | 36.5 | 36.8 | 37.0 | 13.8 | 13.5 | 13.3 |
| T-Mobile | 9.7 | 9.1 | 8.5 | 21.2 | 17.5 | 14.7 | 3.7 | 3.7 | 3.8 | 39.1 | 39.9 | 40.8 | 17.4 | 21.7 | 26.5 |
| Verizon | 6.3 | 6.4 | 6.3 | 8.9 | 8.8 | 8.4 | 1.2 | 1.6 | 1.5 | 36.2 | 36.2 | 36.4 | 13.8 | 18.4 | 17.7 |
| US telcos average | 7.4 | 7.2 | 7.0 | 13.0 | 11.6 | 10.5 | 2.1 | 2.2 | 2.1 | 37.2 | 37.6 | 38.1 | 15.0 | 17.9 | 19.2 |
| Deutsche Telekom | 6.8 | 6.2 | 6.0 | 13.9 | 12.4 | 11.1 | 2.1 | 2.0 | 1.9 | 37.5 | 39.9 | 40.3 | 14.7 | 15.5 | 15.8 |
| Orange | 5.3 | 5.0 | 4.9 | 9.8 | 8.6 | 7.8 | 0.8 | 0.8 | 0.8 | 30.1 | 31.3 | 31.5 | 8.4 | 9.0 | 9.6 |
| Telefonica | 5.4 | 5.4 | 5.4 | 12.1 | 11.6 | 11.1 | 1.0 | 1.0 | 1.0 | 32.2 | 32.0 | 31.6 | 8.2 | 8.2 | 8.3 |
| Telenor | 7.5 | 7.4 | 7.1 | 12.1 | 15.0 | 13.4 | 2.7 | 2.8 | 2.8 | 44.1 | 44.0 | 44.5 | 23.9 | 18.6 | 21.3 |
| Vodafone Plc | 6.2 | 6.0 | 5.9 | 9.8 | 8.4 | 7.6 | 0.4 | 0.4 | 0.4 | 30.1 | 30.4 | 30.5 | 3.6 | 4.0 | 4.5 |
| BT Group | 4.2 | 4.1 | 4.1 | 7.0 | 7.4 | 7.2 | 0.9 | 1.0 | 0.9 | 39.0 | 39.5 | 39.9 | 12.5 | 11.9 | 12.0 |
| Europe telcos average | 5.9 | 5.7 | 5.6 | 10.8 | 10.6 | 9.7 | 1.3 | 1.3 | 1.3 | 35.5 | 36.2 | 36.4 | 11.9 | 11.2 | 11.9 |
| China Mobile | 6.6 | 3.6 | 3.5 | 9.0 | 10.0 | 9.6 | 1.7 | 1.0 | 1.0 | 32.8 | 32.4 | 32.4 | 19.7 | 11.1 | 11.1 |
| China Telecom | 3.7 | 3.6 | 3.4 | 11.9 | 11.0 | 10.3 | 0.9 | 0.8 | 0.8 | 26.5 | 26.6 | 26.5 | 7.3 | 7.7 | 8.2 |
| China Unicom | 1.5 | 1.4 | 1.4 | 9.0 | 8.3 | 7.7 | 0.5 | 0.5 | 0.5 | 26.3 | 25.8 | 25.5 | 5.8 | 6.0 | 6.4 |
| China telcos average | 3.9 | 2.9 | 2.8 | 10.0 | 9.8 | 9.2 | 1.0 | 0.8 | 0.8 | 28.5 | 28.2 | 28.1 | 10.9 | 8.3 | 8.6 |
| KT Corp | 1.5 | 3.1 | 3.0 | 9.0 | 7.3 | 7.0 | 0.5 | 0.5 | 0.5 | 21.1 | 21.0 | 21.2 | 5.8 | 7.4 | 7.4 |
| LG Uplus | 3.2 | 2.7 | 2.7 | 8.0 | 6.8 | 6.4 | 0.6 | 0.5 | 0.4 | 24.9 | 24.8 | 24.7 | 7.1 | 6.9 | 7.0 |
| SK Telecom | 3.8 | 3.8 | 3.8 | 10.0 | 9.6 | 9.1 | 1.0 | 0.9 | 0.9 | 30.9 | 30.6 | 30.2 | 10.1 | 10.0 | 10.3 |
| Korea telcos average | 2.8 | 3.2 | 3.2 | 9.0 | 7.9 | 7.5 | 0.7 | 0.7 | 0.6 | 25.7 | 25.5 | 25.4 | 7.7 | 8.1 | 8.3 |
| Axiata | 5.8 | 5.6 | 5.3 | 30.6 | 22.3 | 17.6 | 1.0 | 1.0 | 1.0 | 45.2 | 45.5 | 46.5 | 2.9 | 3.9 | 5.3 |
| Maxis | 9.1 | 8.9 | 8.8 | 19.7 | 18.9 | 17.9 | 4.9 | 4.8 | 4.6 | 39.3 | 39.1 | 39.0 | 24.4 | 25.3 | 25.9 |
| Malaysia telcos average | 7.5 | 7.3 | 7.0 | 25.2 | 20.6 | 17.7 | 2.9 | 2.9 | 2.8 | 42.3 | 42.3 | 42.8 | 13.7 | 14.6 | 15.6 |
| Advanced Info | 8.7 | 8.4 | 8.2 | 22.1 | 20.0 | 18.6 | 7.6 | 7.3 | 6.9 | 50.7 | 51.0 | 51.7 | 35.1 | 36.7 | 37.8 |
| Chungwa Telecom | 11.1 | 10.9 | 10.8 | 25.3 | 24.4 | 23.8 | 2.4 | 2.5 | 2.4 | 38.6 | 38.9 | 38.3 | 9.9 | 10.1 | 10.2 |
| Converge ICT | 5.5 | 5.0 | 4.6 | 11.0 | 9.9 | 8.7 | 2.0 | 1.7 | 1.5 | 59.5 | 60.0 | 59.8 | 19.9 | 18.4 | 17.6 |
| Globe Telecom | 7.7 | 7.4 | 7.0 | 14.8 | 14.1 | 12.2 | 1.9 | 1.9 | 1.8 | 46.4 | 46.6 | 46.9 | 15.7 | 15.0 | 16.1 |
| Indosat | 5.1 | 4.7 | 4.4 | 15.9 | 13.1 | 11.1 | 2.5 | 2.2 | 2.0 | 48.4 | 49.1 | 49.5 | 15.7 | 17.4 | 18.4 |
| MTN Group | 4.2 | 3.6 | 3.2 | 15.3 | 10.2 | 8.3 | 1.1 | 1.0 | 0.9 | 37.0 | 39.2 | 39.6 | NM | NM | NM |
| Singtel | 14.7 | 13.9 | 13.4 | 18.5 | 16.0 | 14.2 | 1.9 | 1.9 | 1.9 | 26.4 | 27.1 | 27.5 | 10.6 | 11.7 | 13.0 |
| Taiwan Mobile | 11.9 | 11.4 | 11.1 | 26.5 | 24.1 | 21.3 | 3.9 | 3.9 | 3.8 | 20.3 | 19.6 | 18.7 | 15.5 | 17.5 | 18.8 |
| Telecom Indonesia | 4.6 | 4.3 | 4.2 | 11.6 | 10.9 | 10.3 | 2.0 | 1.9 | 1.9 | 51.7 | 52.1 | 52.3 | 17.6 | 18.0 | 17.6 |
| XL Axiata | 4.2 | 3.9 | 3.8 | 16.0 | 13.2 | 11.8 | 1.1 | 1.0 | 1.0 | 50.4 | 50.4 | 50.1 | 6.9 | 7.7 | 8.0 |
| Other regional telcos average | 7.8 | 7.4 | 7.1 | 17.7 | 15.6 | 14.0 | 2.7 | 2.5 | 2.4 | 43.0 | 43.4 | 43.4 | 16.3 | 17.0 | 17.5 |
| Global telcos average | 7.6 | 7.0 | 6.5 | 17.4 | 15.0 | 13.0 | 2.5 | 2.3 | 2.1 | 38.7 | 39.2 | 39.5 | 13.9 | 14.5 | 15.4 |

Source: Bloomberg, JM Financial, Company.

Exhibit 32. Global petchem companies valuation snapshot

| Company | EV/EBITDA (x) | | | EBITDA Margins (%) | | | P/E (x) | | | P/B (x) | | | ROE (%) | | |
|---------------------------------------|---------------|-------------|-------------|--------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|-------------|
| | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 |
| Global (ex Asia) peers | | | | | | | | | | | | | | | |
| DoW | 9.4 | 8.6 | 7.2 | 12.2 | 13.6 | 15.3 | 24.5 | 20.3 | 14.0 | 1.9 | 2.0 | 1.9 | 7.2 | 9.6 | 14.0 |
| Du Pont | 13.3 | 12.7 | 11.7 | 24.4 | 24.9 | 25.7 | 23.1 | 21.2 | 18.4 | 1.4 | 1.4 | 1.4 | 6.2 | 6.6 | 7.6 |
| Wacker Chemie | 6.4 | 6.8 | 5.1 | 12.9 | 12.9 | 15.9 | 13.4 | 18.7 | 10.6 | 0.9 | 1.0 | 0.9 | 6.8 | 5.3 | 8.7 |
| Johnson Matthey | 6.3 | 6.1 | 5.6 | 14.6 | 16.4 | 18.0 | 10.9 | 10.2 | 8.7 | 1.1 | 1.2 | 1.1 | 10.1 | 10.9 | 12.2 |
| BASF | 8.3 | 7.7 | 6.7 | 10.8 | 12.2 | 13.3 | 14.2 | 12.7 | 10.6 | 1.0 | 1.1 | 1.1 | 5.2 | 7.7 | 9.6 |
| Indorama ventures | 9.0 | 7.8 | 7.0 | 7.7 | 8.7 | 9.5 | 32.7 | NM | 11.5 | 0.6 | 0.7 | 0.7 | 1.6 | -2.5 | 6.3 |
| SABIC | 11.7 | 11.5 | 8.0 | 14.6 | 15.4 | 20.8 | 153.9 | 40.0 | 18.3 | 1.3 | 1.4 | 1.3 | 1.2 | 3.0 | 6.9 |
| Eastman Chemical Co | 10.0 | 8.9 | 8.2 | 17.4 | 19.3 | 20.1 | 15.3 | 12.8 | 11.0 | 2.1 | 2.0 | 1.8 | 13.9 | 15.9 | 17.2 |
| Olin Corp | 6.0 | 8.1 | 6.2 | 19.4 | 14.8 | 17.8 | 11.8 | 25.4 | 11.4 | 2.5 | 2.6 | 1.9 | 21.8 | 11.6 | 19.7 |
| AKZO Nobel | 9.6 | 9.2 | 8.5 | 13.5 | 13.9 | 14.6 | 15.5 | 13.5 | 12.0 | 2.0 | 2.0 | 1.8 | 13.1 | 14.9 | 15.9 |
| Global (ex Asia) peers average | 9.0 | 8.7 | 7.4 | 14.7 | 15.2 | 17.1 | 31.5 | 19.4 | 12.7 | 1.5 | 1.5 | 1.4 | 8.7 | 8.3 | 11.8 |
| Asian peers | | | | | | | | | | | | | | | |
| Mitsubishi Gas Chem | 8.5 | 8.1 | 6.8 | 10.4 | 11.4 | 12.9 | 11.6 | 12.1 | 10.4 | 0.9 | 0.8 | 0.8 | 7.2 | 6.6 | 7.5 |
| Sinopec Shanghai Petrochemical | 16.6 | 8.9 | 7.2 | 1.6 | 2.9 | 3.6 | 238.2 | 18.7 | 10.1 | 0.3 | 0.4 | 0.4 | -0.3 | 2.5 | 4.5 |
| LG Chem | 7.8 | 7.2 | 4.9 | 11.6 | 13.7 | 16.7 | 14.9 | 24.3 | 9.2 | 0.7 | 0.7 | 0.6 | 4.5 | 2.9 | 7.2 |
| Formosa Chemicals & Fibre Corp | 19.4 | 17.1 | 14.7 | 5.7 | 5.8 | 6.5 | 27.4 | 28.7 | 17.9 | 0.8 | 0.8 | 0.8 | 3.1 | 2.5 | 3.5 |
| Nan Ya Plastics | 18.7 | 16.5 | 12.7 | 8.6 | 10.6 | 12.4 | 41.3 | 32.7 | 19.2 | 1.0 | 1.0 | 0.9 | 2.8 | 3.3 | 4.9 |
| Formosa Plastics | 28.8 | 33.1 | 24.1 | 6.4 | 5.5 | 7.2 | 27.6 | 34.3 | 20.7 | 1.0 | 0.9 | 0.9 | 3.7 | 2.6 | 3.6 |
| Hanwha | 11.4 | 22.4 | 8.9 | 11.1 | 6.2 | 13.9 | 20.7 | NM | 12.4 | 0.5 | 0.6 | 0.6 | 2.4 | -9.9 | 4.5 |
| Asahi Kasei Corp | 7.2 | 6.0 | 5.6 | 10.5 | 11.7 | 12.2 | 17.3 | 12.6 | 10.7 | 0.8 | 0.7 | 0.7 | 4.8 | 6.0 | 6.9 |
| Toray Industries | 8.6 | 7.8 | 7.0 | 9.6 | 10.0 | 10.7 | 20.3 | 13.9 | 11.4 | 0.8 | 0.6 | 0.6 | 3.7 | 4.8 | 5.7 |
| Kuraray Co | 5.2 | 4.7 | 4.4 | 19.5 | 20.3 | 20.8 | 13.5 | 11.7 | 10.1 | 0.9 | 0.8 | 0.8 | 6.9 | 6.9 | 7.7 |
| Teijin Ltd | 7.6 | 7.1 | 6.4 | 9.5 | 10.1 | 10.8 | 36.4 | 25.3 | 14.5 | 0.6 | 0.6 | 0.6 | 1.7 | 2.8 | 4.2 |
| Mitsui Chemicals | 8.3 | 6.7 | 6.0 | 9.9 | 11.5 | 12.3 | 14.8 | 9.8 | 8.1 | 0.9 | 0.8 | 0.7 | 6.4 | 8.1 | 9.6 |
| RL | 14.2 | 12.8 | 11.4 | 17.3 | 18.0 | 19.0 | 28.8 | 25.6 | 21.9 | 2.4 | 2.3 | 2.1 | 8.8 | 9.5 | 10.0 |
| Asian peers average | 12.5 | 12.2 | 9.2 | 10.1 | 10.6 | 12.2 | 39.4 | 20.8 | 13.6 | 0.9 | 0.8 | 0.8 | 4.3 | 3.7 | 6.1 |
| Global peers average | 11.0 | 10.7 | 8.4 | 14.7 | 15.2 | 17.1 | 36.0 | 20.2 | 13.2 | 1.2 | 1.1 | 1.1 | 6.2 | 5.7 | 8.6 |
| Global peers median | 9.0 | 8.1 | 7.0 | 11.1 | 12.2 | 13.9 | 20.3 | 18.7 | 11.4 | 0.9 | 0.9 | 0.9 | 5.2 | 6.0 | 7.5 |

Source: JM Financial, Bloomberg

Exhibit 33. Global refiner's valuation snapshot

| Company | EV/EBITDA (x) | | | EBITDA Margins (%) | | | P/E (x) | | | P/B (x) | | | ROE (%) | | |
|-------------------------------------|---------------|-------------|-------------|--------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|
| | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 | FY24/CY23 | FY25/CY24 | FY26/CY25 |
| US peers | | | | | | | | | | | | | | | |
| Valero Energy | 3.7 | 6.4 | 6.2 | 9.9 | 6.4 | 6.9 | 5.9 | 11.4 | 10.5 | 1.9 | 1.8 | 1.7 | 34.6 | 15.3 | 16.7 |
| Marathon Petroleum | 4.9 | 7.1 | 7.0 | 11.6 | 9.3 | 8.9 | 7.8 | 13.9 | 12.0 | 3.0 | 3.0 | 3.2 | 34.0 | 19.2 | 23.0 |
| US peers average | 4.3 | 6.8 | 6.6 | 10.7 | 7.8 | 7.9 | 6.9 | 12.7 | 11.3 | 2.4 | 2.4 | 2.4 | 34.3 | 17.3 | 19.8 |
| European peers | | | | | | | | | | | | | | | |
| Galp Energia | 5.0 | 5.4 | 5.5 | 16.7 | 16.1 | 15.9 | 16.3 | 14.1 | 15.3 | 3.5 | 3.2 | 2.9 | 23.4 | 23.3 | 19.4 |
| Motor Oil Hellas | 3.0 | 4.2 | 4.9 | 10.5 | 8.3 | 6.9 | 2.5 | 5.6 | 5.4 | 0.8 | 0.9 | 0.8 | 34.6 | 11.2 | 14.3 |
| PKN Orlen | 2.0 | 2.6 | 2.3 | 12.5 | 10.3 | 12.7 | 3.3 | 6.7 | 5.5 | 0.5 | 0.5 | 0.4 | 17.7 | 7.9 | 8.5 |
| Saras | 2.3 | 3.2 | 4.3 | 6.1 | 4.4 | 3.4 | 4.9 | 8.4 | 15.4 | 1.1 | 1.1 | 1.1 | 24.5 | 13.1 | 6.9 |
| MOL Hungarian oil & gas plc | 3.4 | 3.2 | 3.4 | 12.3 | 12.8 | 12.5 | 3.9 | 4.7 | 5.1 | 0.5 | 0.5 | 0.5 | 14.0 | 12.2 | 9.2 |
| OMV Ag | 3.0 | 3.3 | 3.4 | 19.6 | 21.7 | 22.1 | 5.1 | 5.6 | 6.0 | 0.7 | 0.7 | 0.7 | 12.0 | 12.5 | 11.1 |
| European peers average | 3.1 | 3.6 | 4.0 | 13.0 | 12.3 | 12.3 | 6.0 | 7.5 | 8.8 | 1.2 | 1.1 | 1.1 | 21.0 | 13.4 | 11.6 |
| Asian peers | | | | | | | | | | | | | | | |
| SK Innovation | 9.5 | 9.3 | 6.4 | 5.5 | 5.8 | 8.1 | 16.9 | 66.0 | 7.8 | 0.5 | 0.5 | 0.4 | 2.8 | 0.2 | 5.5 |
| GS Holdings | 4.3 | 4.3 | 4.0 | 15.0 | 15.6 | 16.1 | 2.5 | 3.2 | 3.0 | 0.3 | 0.3 | 0.3 | 12.0 | 10.0 | 9.9 |
| SK Energy Co Ltd | 9.5 | 9.3 | 6.4 | 5.5 | 5.8 | 8.1 | 16.9 | 66.0 | 7.8 | 0.5 | 0.5 | 0.4 | 2.8 | 0.2 | 5.5 |
| MRPL | 7.1 | 13.9 | 11.1 | 8.0 | 3.9 | 5.1 | 10.5 | 18.3 | 13.8 | 3.1 | 2.5 | 2.3 | 28.4 | 13.6 | 15.1 |
| CPCL | 4.0 | 5.2 | 5.8 | 6.7 | 5.1 | 5.0 | 5.3 | 6.5 | 7.7 | 1.7 | 1.5 | 1.4 | 32.5 | 21.3 | 14.7 |
| BPCL | 4.8 | 8.2 | 7.7 | 8.7 | 5.1 | 5.6 | 5.6 | 9.7 | 9.4 | 2.0 | 1.7 | 1.5 | 44.0 | 17.4 | 15.7 |
| HPCL | 5.6 | 8.7 | 7.4 | 6.4 | 4.0 | 4.7 | 5.1 | 10.4 | 8.2 | 2.0 | 1.6 | 1.4 | 43.9 | 17.9 | 18.9 |
| IOCL | 4.8 | 7.3 | 6.5 | 9.8 | 6.7 | 7.2 | 5.5 | 10.1 | 9.0 | 1.5 | 1.2 | 1.1 | 29.5 | 12.6 | 13.0 |
| RIL | 14.2 | 12.8 | 11.4 | 17.3 | 18.0 | 19.0 | 28.8 | 25.6 | 21.9 | 2.4 | 2.3 | 2.1 | 8.8 | 9.5 | 10.0 |
| Asian peers average ex- RIL | 6.2 | 8.3 | 6.9 | 8.2 | 6.5 | 7.5 | 8.5 | 23.8 | 8.3 | 1.4 | 1.2 | 1.1 | 24.5 | 11.6 | 12.3 |
| Global peers average ex- RIL | 4.8 | 6.3 | 5.8 | 10.3 | 8.8 | 9.3 | 7.4 | 16.3 | 8.9 | 1.5 | 1.3 | 1.3 | 24.4 | 13.0 | 12.9 |
| Global peers median ex- RIL | 4.6 | 5.9 | 6.0 | 9.9 | 6.5 | 7.7 | 5.4 | 9.9 | 8.0 | 1.3 | 1.2 | 1.1 | 26.4 | 12.8 | 13.6 |

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

| Income Statement | | (INR mn) | | | | |
|-----------------------------|------------------|------------------|------------------|-------------------|-------------------|--|
| Y/E March | FY23A | FY24A | FY25E | FY26E | FY27E | |
| Net Sales | 8,778,350 | 9,010,640 | 9,695,199 | 10,982,544 | 12,739,022 | |
| Sales Growth | 26.1% | 2.6% | 7.6% | 13.3% | 16.0% | |
| Other Operating Income | 0 | 0 | 0 | 0 | 0 | |
| Total Revenue | 8,778,350 | 9,010,640 | 9,695,199 | 10,982,544 | 12,739,022 | |
| Cost of Goods Sold/Op. Exp | 5,884,830 | 5,853,430 | 6,298,128 | 7,134,404 | 8,275,436 | |
| Personnel Cost | 248,720 | 256,790 | 269,630 | 283,111 | 297,267 | |
| Other Expenses | 1,223,180 | 1,278,090 | 1,398,310 | 1,532,136 | 1,795,157 | |
| EBITDA | 1,421,620 | 1,622,330 | 1,729,131 | 2,032,893 | 2,371,162 | |
| EBITDA Margin | 16.2% | 18.0% | 17.8% | 18.5% | 18.6% | |
| EBITDA Growth | 31.1% | 14.1% | 6.6% | 17.6% | 16.6% | |
| Depn. & Amort. | 403,030 | 508,320 | 521,097 | 576,350 | 627,313 | |
| EBIT | 1,018,590 | 1,114,010 | 1,208,034 | 1,456,542 | 1,743,849 | |
| Other Income | 117,340 | 160,570 | 142,195 | 135,907 | 135,548 | |
| Finance Cost | 195,710 | 231,180 | 189,135 | 194,556 | 174,717 | |
| PBT before Excep. & Forex | 940,220 | 1,043,400 | 1,161,094 | 1,397,893 | 1,704,681 | |
| Excep. & Forex Inc./Loss(-) | 4,180 | 0 | 0 | 0 | 0 | |
| PBT | 944,400 | 1,043,400 | 1,161,094 | 1,397,893 | 1,704,681 | |
| Taxes | 203,760 | 257,070 | 272,968 | 332,884 | 410,140 | |
| Extraordinary Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 | |
| Assoc. Profit/Min. Int.(-) | 73,620 | 90,120 | 97,439 | 136,118 | 180,593 | |
| Reported Net Profit | 667,020 | 696,210 | 790,687 | 928,891 | 1,113,948 | |
| Adjusted Net Profit | 662,840 | 696,210 | 790,687 | 928,891 | 1,113,948 | |
| Net Margin | 7.6% | 7.7% | 8.2% | 8.5% | 8.7% | |
| Diluted Share Cap. (mn) | 6,766.0 | 6,766.0 | 6,766.0 | 6,766.0 | 6,766.0 | |
| Diluted EPS (INR) | 98.0 | 102.9 | 116.9 | 137.3 | 164.6 | |
| Diluted EPS Growth | 17.9% | 5.0% | 13.6% | 17.5% | 19.9% | |
| Total Dividend + Tax | 60,894 | 67,660 | 74,426 | 87,958 | 108,256 | |
| Dividend Per Share (INR) | 9.0 | 10.0 | 11.0 | 13.0 | 16.0 | |

Source: Company, JM Financial

| Balance Sheet | | (INR mn) | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| Y/E March | FY23A | FY24A | FY25E | FY26E | FY27E | |
| Shareholders' Fund | 7,158,720 | 7,934,810 | 8,580,484 | 9,354,892 | 10,300,264 | |
| Share Capital | 67,660 | 67,660 | 67,660 | 67,660 | 67,660 | |
| Reserves & Surplus | 7,091,060 | 7,867,150 | 8,512,824 | 9,287,232 | 10,232,604 | |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 | |
| Minority Interest | 1,130,090 | 1,323,070 | 1,409,205 | 1,529,959 | 1,688,982 | |
| Total Loans | 3,139,660 | 3,246,220 | 3,172,530 | 3,180,155 | 3,136,955 | |
| Def. Tax Liab. / Assets (-) | 587,750 | 713,030 | 738,068 | 765,051 | 795,709 | |
| Total - Equity & Liab. | 12,016,220 | 13,217,130 | 13,900,288 | 14,830,057 | 15,921,910 | |
| Net Fixed Assets | 10,185,570 | 11,188,400 | 11,860,890 | 12,489,868 | 13,159,120 | |
| Gross Fixed Assets | 10,267,280 | 11,330,210 | 12,536,123 | 13,753,532 | 15,061,935 | |
| Intangible Assets | 152,700 | 149,890 | 149,890 | 149,890 | 149,890 | |
| Less: Depn. & Amort. | 3,171,930 | 3,680,250 | 4,201,347 | 4,777,698 | 5,405,011 | |
| Capital WIP | 2,937,520 | 3,388,550 | 3,376,224 | 3,364,144 | 3,352,305 | |
| Investments | 2,355,600 | 2,256,720 | 2,256,720 | 2,256,720 | 2,256,720 | |
| Current Assets | 3,517,650 | 4,105,360 | 3,923,100 | 4,282,734 | 4,847,742 | |
| Inventories | 1,400,080 | 1,527,700 | 1,439,970 | 1,543,215 | 1,706,204 | |
| Sundry Debtors | 284,480 | 316,280 | 319,978 | 358,165 | 409,585 | |
| Cash & Bank Balances | 686,640 | 972,250 | 859,086 | 1,055,529 | 1,379,093 | |
| Loans & Advances | 42,240 | 60,380 | 70,110 | 83,479 | 99,657 | |
| Other Current Assets | 1,104,210 | 1,228,750 | 1,233,955 | 1,242,346 | 1,253,203 | |
| Current Liab. & Prov. | 4,042,600 | 4,333,350 | 4,140,422 | 4,199,264 | 4,341,672 | |
| Current Liabilities | 1,471,720 | 1,783,770 | 1,645,595 | 1,756,448 | 1,948,259 | |
| Provisions & Others | 2,570,880 | 2,549,580 | 2,494,827 | 2,442,817 | 2,393,412 | |
| Net Current Assets | -524,950 | -227,990 | -217,322 | 83,469 | 506,070 | |
| Total - Assets | 12,016,220 | 13,217,130 | 13,900,288 | 14,830,057 | 15,921,910 | |

Source: Company, JM Financial

| Cash Flow Statement | | (INR mn) | | | | |
|------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|--|
| Y/E March | FY23A | FY24A | FY25E | FY26E | FY27E | |
| Profit before Tax | 944,400 | 1,043,400 | 1,161,094 | 1,397,893 | 1,704,681 | |
| Depn. & Amort. | 403,030 | 508,320 | 521,097 | 576,350 | 627,313 | |
| Net Interest Exp. / Inc. (-) | 82,930 | 122,840 | 46,940 | 58,649 | 39,168 | |
| Inc (-) / Dec in WCAP. | -196,340 | 63,660 | -54,144 | -30,579 | -22,597 | |
| Others | -20,730 | -30,730 | 0 | 0 | 0 | |
| Taxes Paid | -62,970 | -119,610 | -247,931 | -305,900 | -379,482 | |
| Operating Cash Flow | 1,150,320 | 1,587,880 | 1,427,057 | 1,696,413 | 1,969,084 | |
| Capex | -1,409,880 | -1,528,830 | -1,193,587 | -1,205,329 | -1,296,565 | |
| Free Cash Flow | -259,560 | 59,050 | 233,470 | 491,085 | 672,519 | |
| Inc (-) / Dec in Investments | 294,440 | 169,750 | -14,935 | -21,759 | -27,036 | |
| Others | 185,430 | 223,270 | 142,195 | 135,907 | 135,548 | |
| Investing Cash Flow | -930,010 | -1,135,810 | -1,066,327 | -1,091,181 | -1,188,052 | |
| Inc / Dec (-) in Capital | 4,790 | 198,370 | -81,890 | -81,890 | -81,890 | |
| Dividend + Tax thereon | 0 | 0 | 0 | 0 | 0 | |
| Inc / Dec (-) in Loans | 380,750 | 92,620 | -128,442 | -44,385 | -92,605 | |
| Others | -280,990 | -457,450 | -263,561 | -282,514 | -282,973 | |
| Financing Cash Flow | 104,550 | -166,460 | -473,894 | -408,789 | -457,468 | |
| Inc / Dec (-) in Cash | 324,860 | 285,610 | -113,164 | 196,443 | 323,564 | |
| Opening Cash Balance | 361,780 | 686,640 | 972,250 | 859,086 | 1,055,529 | |
| Closing Cash Balance | 686,640 | 972,250 | 859,086 | 1,055,529 | 1,379,093 | |

Source: Company, JM Financial

| Dupont Analysis | | | | | | |
|---------------------|-------|-------|-------|-------|-------|--|
| Y/E March | FY23A | FY24A | FY25E | FY26E | FY27E | |
| Net Margin | 7.6% | 7.7% | 8.2% | 8.5% | 8.7% | |
| Asset Turnover (x) | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | |
| Leverage Factor (x) | 1.7 | 1.8 | 1.8 | 1.7 | 1.7 | |
| RoE | 8.9% | 9.2% | 9.6% | 10.4% | 11.3% | |

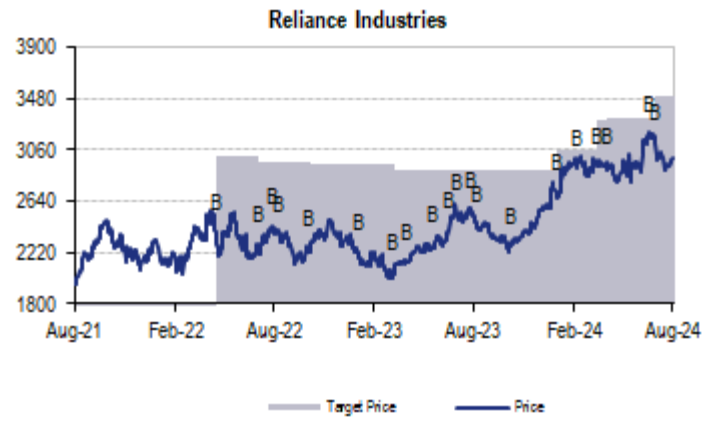
| Key Ratios | | | | | | |
|---------------------|---------|---------|---------|---------|---------|--|
| Y/E March | FY23A | FY24A | FY25E | FY26E | FY27E | |
| BV/Share (INR) | 1,058.0 | 1,172.7 | 1,268.2 | 1,382.6 | 1,522.4 | |
| ROIC | 10.2% | 9.5% | 9.6% | 10.7% | 11.9% | |
| ROE | 8.9% | 9.2% | 9.6% | 10.4% | 11.3% | |
| Net Debt/Equity (x) | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | |
| P/E (x) | 30.6 | 29.1 | 25.6 | 21.8 | 18.2 | |
| P/B (x) | 2.8 | 2.6 | 2.4 | 2.2 | 2.0 | |
| EV/EBITDA (x) | 15.9 | 14.1 | 13.3 | 11.2 | 9.6 | |
| EV/Sales (x) | 2.6 | 2.5 | 2.4 | 2.1 | 1.8 | |
| Debtor days | 12 | 13 | 12 | 12 | 12 | |
| Inventory days | 58 | 62 | 54 | 51 | 49 | |
| Creditor days | 73 | 88 | 75 | 72 | 69 | |

Source: Company, JM Financial

History of Earnings Estimate and Target Price

| Date | Recommendation | Target Price | % Chg. |
|-----------|----------------|--------------|--------|
| 7-May-22 | Buy | 3,000 | |
| 23-Jul-22 | Buy | 2,950 | -1.7 |
| 17-Aug-22 | Buy | 2,950 | 0.0 |
| 29-Aug-22 | Buy | 2,950 | 0.0 |
| 24-Oct-22 | Buy | 2,950 | 0.0 |
| 22-Jan-23 | Buy | 2,950 | 0.0 |
| 28-Mar-23 | Buy | 2,900 | -1.7 |
| 22-Apr-23 | Buy | 2,900 | 0.0 |
| 8-Jun-23 | Buy | 2,900 | 0.0 |
| 9-Jul-23 | Buy | 2,900 | 0.0 |
| 22-Jul-23 | Buy | 2,900 | 0.0 |
| 18-Aug-23 | Buy | 2,900 | 0.0 |
| 28-Aug-23 | Buy | 2,900 | 0.0 |
| 28-Oct-23 | Buy | 2,900 | 0.0 |
| 20-Jan-24 | Buy | 3,050 | 5.2 |
| 28-Feb-24 | Buy | 3,050 | 0.0 |
| 5-Apr-24 | Buy | 3,300 | 8.2 |
| 23-Apr-24 | Buy | 3,320 | 0.6 |
| 7-Jul-24 | Buy | 3,320 | 0.0 |
| 20-Jul-24 | Buy | 3,500 | 5.4 |

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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| Definition of ratings | |
|-----------------------|---|
| Rating | Meaning |
| Buy | Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields. |
| Hold | Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months. |
| Sell | Price expected to move downwards by more than 10% from the current market price over the next twelve months. |

* REITs refers to Real Estate Investment Trusts.

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