Reliance Industries — Accumulate

Oil & Gas | Q4FY24 Result Update

DART — DOLAT ANALYSIS & RESEARCH THEMES — IN-DEPTH• PRECISE• ACTIONABLE

Result Update

O2C & Jio EBITDA growth driver

- **RIL's Q4FY24 headline numbers came slightly below our estimates with Revenue/EBIDTA/PAT growth of +5%/+5%/+10% QoQ. O2C and Jio led the show, but there was a weak performance by Retail.**
- **Sharp reduction in Capex (-48% YoY/-13% QoQ) post 5G rollout and slowdown in retail store addition. Going forward, we expect moderation in capex, which will improve FCF and reduce the net debt. We forecast EBITDA/PAT CAGR of 14%/22% for FY24-FY26E with Jio contributing 48% share on the back of a tariff hike and retail contributing 21% on operating leverage & improved throughput.**
- **We tweak our FY25E/FY26E EPS estimates by +3%/+2% to factor in (1) recovery in petrochemical margins; and (2) higher operating efficiency at O2C unit. Maintain 'Accumulate' rating with an upward revision in SoTP based target price at Rs3,260 (vs. Rs3,010 earlier) mainly due to expansion in telecom valuation multiple and decline in net debt on moderation of capex.**

EBITDA majorly driven by O2C and Jio

O2C EBITDA of Rs168bn increased by 3% YoY/19% QoQ mainly due to (1) throughput up 6% QoQ; (2) RIL processed ~25%/10% Russian/Venezuelan crude (as per Reuters,); Venezuelan crude was at steep discounts; and (3) SAED impact on the RIL's GRM was less than US$0.3/bbl vs. US$1/bbl last year (based on our calculations). **Jio's** EBITDA grew by 12% YoY and 3% QoQ supported by healthy subscriber additions of 10.9mn and despite being 1 day less in this quarter ARPU was flat sequentially. Surprisingly **KG-D6 gas** production was lower QoQ by 1% and lower price realization led to moderation in E&P EBITDA. Sequentially, **retail** segment performance was weak largely due to lower footfalls and transactions, despite improvement in EBITDA margins. In retail- Network addition and throughput have declined. Revenue/EBITDA per store declined by 10%/7% sequentially.

Potential listing of consumer biz + tariff hike a key trigger

Key triggers will be (1) likely listing of Jio plus value discovery in New Energy and (2) tariff hike. We expect capex decline for Jio and Retail in FY25E/FY26E, thereby helping in improving FCF and receding concerns on the rise in net debt.

Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	23,65,330	21,29,450	11.1	22,50,860	5.1
Total Expense	19,40,170	17,45,050	11.2	18,44,300	5.2
EBITDA	4,25,160	3,84,400	10.6	4,06,560	4.6
Depreciation	1,35,690	1,14,560	18.4	1,29,030	5.2
EBIT	2,89,470	2,69,840	7.3	2,77,530	4.3
Other Income	45,340	29,180	55.4	38,690	17.2
Interest	57,610	58,190	(1.0)	57,890	(0.5)
EBT	2,77,200	2,40,830	15.1	2,58,330	7.3
Tax	65,770	27,870	136.0	63,450	3.7
RPAT	1,89,510	1,92,990	(1.8)	1,72,650	9.8
APAT	1,89,510	1,92,990	(1.8)	1,72,650	9.8
			(bps)		(bps)
Gross Margin (%)	35.1	35.6	(50)	34.5	65
EBITDA Margin (%)	18.0	18.1	(8)	18.1	(9)
NPM (%)	8.0	9.1	(105)	7.7	34
Tax Rate (%)	23.7	11.6	1215	24.6	(84)
EBIT Margin (%)	12.2	12.7	(43)	12.3	(9)

CMP	Rs 2,960
Target / Upside	Rs 3,260 / 10%
NIFTY	22,336

Scrip Details

Equity / FV	Rs 67,660mn / Rs 10
Market Cap	Rs 20,025bn
	USD 241.7bn
52-week High/Low	Rs 3,025/ 2,220
Avg. Volume (no)	60,18,800
Bloom Code	RELIANCE IN

Price Performance	1M	3M	12M
Absolute (%)	2	11	26
Rel to NIFTY (%)		8	4

Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	50.3	50.3	50.3
MF/Banks/FIs	6.6	7.0	7.5
FIIs	22.6	22.1	22.1
Public / Others	20.6	20.6	20.1

Valuation (x)

	FY24A	FY25E	FY26E
P/E	28.8	22.1	19.1
EV/EBITDA	13.1	11.6	10.1
ROE (%)	9.2	10.9	11.4
RoACE (%)	7.3	7.8	8.3

Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	9,010.6	9,714.5	10,615.2
EBITDA	1,622.3	1,857.0	2,071.6
PAT	696.2	906.5	1,050.8
EPS (Rs.)	102.9	134.0	155.3

VP - Research: Yogesh Patil
Tel: +9122 40969758
E-mail: yogeshp@dolatcapital.com

Associate: Anish Jindal
Tel: +9122 40969773
E-mail: anishj@dolatcapital.com

Exhibit 1: Actual vs Estimates of RIL Consolidated

Particulars (Rs mn)	Actual	Estimates	% Variation	Comment
Revenue	23,65,330	24,27,455	(2.6)	Retail segment EBITDA is lower than expected
EBITDA	4,25,160	4,39,496	(3.3)	on account of lower footfalls and decline in transactions
EBITDA Margins	18.0	18.1	(13bps)	sequentially. After 7 quarter, Retail EBITDA declined QoQ
PAT	1,89,510	1,92,118	(1.4)	

Source: Company, DART

Change in Estimates

Exhibit 2: Change in Estimates

Particulars (Rs Mn)	FY25E			FY26E		
	New	Old	Chg. (%)	New	Old	Chg.(%)
Net Revenue	97,14,457	98,54,253	(1.4)	1,06,15,239	1,08,28,044	(2.0)
EBITDA	18,56,978	18,03,155	3.0	20,71,605	20,27,430	2.2
EBT	12,78,926	12,45,456	2.7	14,69,026	14,45,918	1.6
APAT	9,06,465	8,81,051	2.9	10,50,785	10,32,428	1.8

Source: Company, DART

Valuation

Our TP for RIL of Rs3,260/share is computed on a sum-of-the-parts (SOTP) valuation method (Mar'26): a) **Petchem** segment at an EV of Rs410/share based on 7.5x forward EV/EBITDA; b) **Refining** segment at an EV of Rs447/share based on 7.5x forward EV/EBITDA; c) **E&P** segment at an EV of Rs155/share based on 7.5x forward EV/EBITDA; d) **Digital segment** (RIL's ~66% stake in JPL) at an EV of Rs884/share based on 11x forward EV/EBITDA (FY26E) and e) Retail business (RIL's share 81%) at an EV of Rs1,312/share based on 35x forward EBITDA. We maintain 'Accumulate' rating given RIL's industry-leading capabilities across businesses and expectation of a strong EPS CAGR over next 2 years. *At CMP, the stock is trading at FY26E P/E of 19.1x and FY26E EV/EBITDA of 10.1x.*

Exhibit 3: RIL's SoTP Valuation

Sum of parts valuation	Methodology	Base- Mar'26	Multiple	Valuation	US$m	per share
Segment						
Petrochem	EV/EBITDA	3,70,096	7.5	27,75,721	33,850	410
Refining	EV/EBITDA	4,02,998	7.5	30,22,487	36,860	447
Oil/gas	EV/EBITDA	1,39,528	7.5	10,46,462	12,762	155
Digital	See exhibit no 23 (RIL stakes 65.1%)			59,80,258	72,930	884
Retail	EV/EBITDA (RIL-81% stake)	3,13,209	35.0	88,79,464	1,08,286	1312
New Energy	1.5x to 750bn investment			11,55,000	14,085	171
Total enterprise value		**12,25,831**		**2,28,59,392**	**2,78,773**	**3,379**
Less: (net debt) FY25E				(8,01,242)	(9,771)	-118
Target price				**2,20,58,150**	**2,69,002**	**3,260**

Source: Company, DART

Exhibit 4: RIL's key operating parameters with key Financials

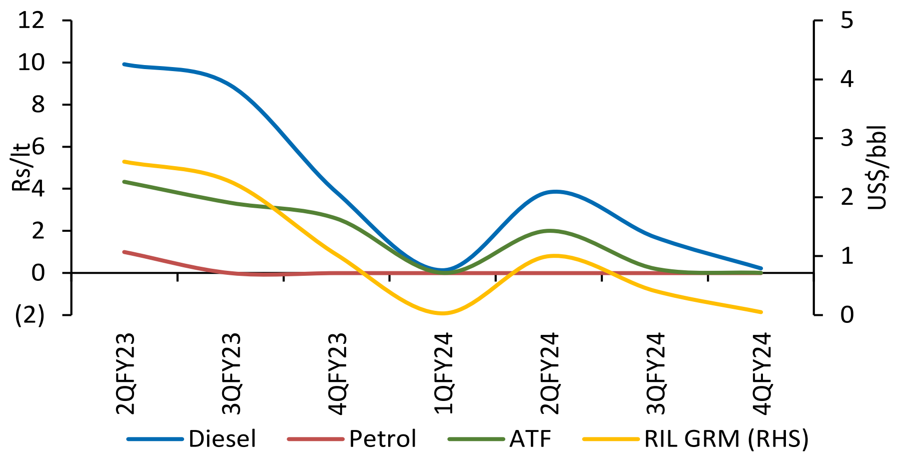
Particulars	Unit	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Segment- Refining									
Crude processed	MMT	68.28	70.39	60.91	63.03	62.31	63.50	70.25	70.25
Gross Refining Margins	US$/bbl	9.20	8.90	6.50	8.00	10.00	10.00	11.20	11.20
Refining EBITDA	Rs mn	2,25,170	1,90,210	1,39,994	1,96,110	2,81,208	2,95,286	3,91,260	4,02,998
Segment- Petrochemical									
EBITDA per tonne	US$/tonne	318.0	300.5	182.4	249.2	210.6	243.8	235.6	260.9
Petchem EBITDA	Rs mn	3,51,251	3,29,824	1,91,197	2,90,875	2,73,264	3,26,018	3,24,455	3,70,096
Domestic E&P									
Gas Production	mmscmd	2.9	1.34	2.9	14	21	28	30	30
E &P EBITDA	Rs mn	1,977	2,147	3,809	36,145	1,02,008	1,38,446	1,35,477	1,39,528
Digital/ Jio									
Overall subscribers	mn	307	388	426	410	450	482	512	538
Overall ARPU	Rs/month	137	130	143	153	175	181	197	213
Retail									
Retail Revenue	Rs mn	11,67,203	14,55,524	13,75,943	16,93,974	23,09,310	27,30,790	32,56,607	38,66,773
Retail EBITDA	Rs mn	60,600	94,037	81,634	1,03,256	1,76,090	2,21,960	2,60,529	3,13,209

Source: Company, DART

O2C – Throughput recovery, dis. crude, cheap feedstock for cracker

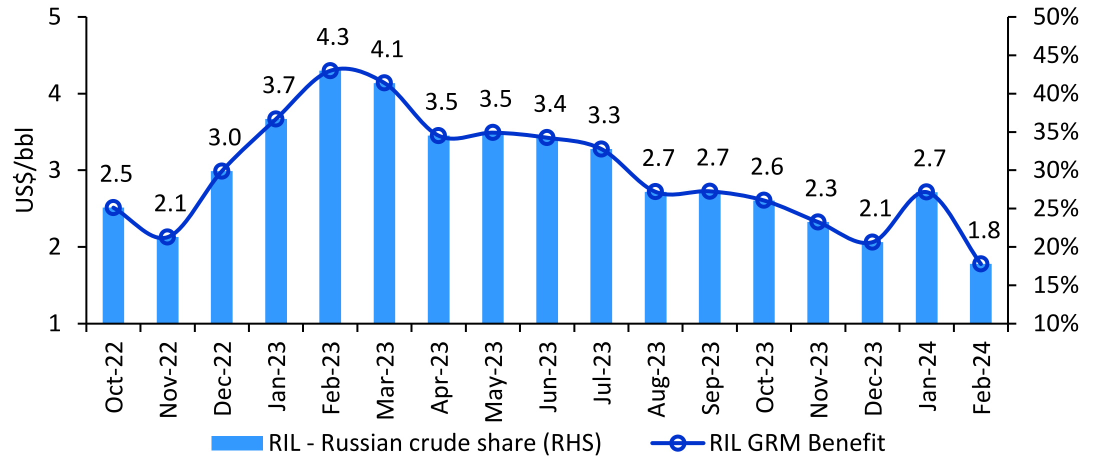
Net revenue increased by 11%/1% YoY/QoQ to Rs 1,426bn primarily on account of improved price realization for the transportation fuel segment and higher volume. Reported EBITDA of Rs168bn increased by 3% YoY /19% QoQ mainly as (1) O2C throughput was up 6% QoQ; (2) RIL processed ~25%/10% Russian/Venezuelan crude (As per Reuters); Venezuelan crude was at steep discounts; (3) SAED impact on the RIL's GRM was less than US$0.3/bbl vs. US$1/bbl (based on our calculations); (4) a sequential decline in ethane prices helped in cracking; (5) higher domestic product placement; and (6) improved gasifier performance helped in minimizing the fuel mix cost.

Exhibit 5: Fall in export duties on oil products led to no impact on RIL GRM in Q4FY24



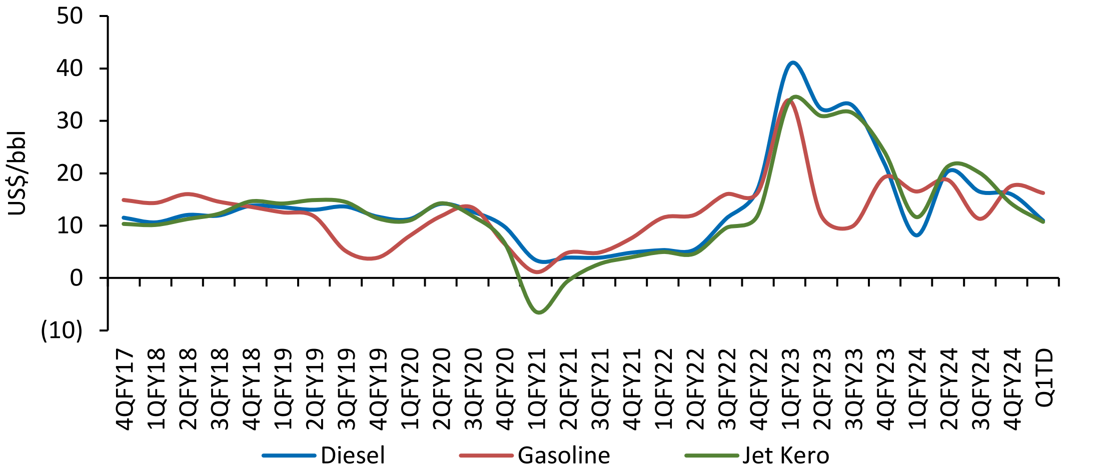
Source: Company, DART

Exhibit 6: RIL processed ~25% of Russian +10% Venezuela crude in Q4FY24



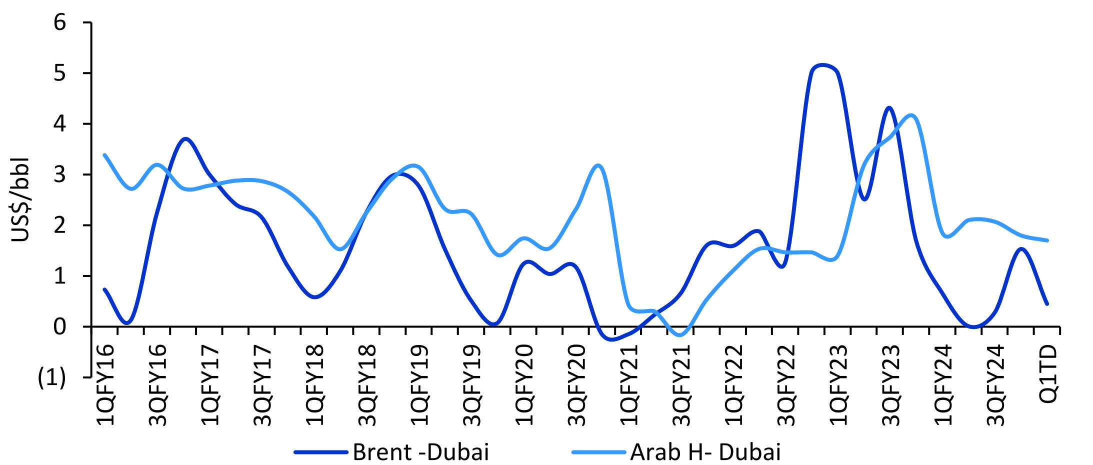
Source: Reuter, DART

Exhibit 7: Gasoline cracks rise but Deisel and Jet Karo decline on sequential basis in Q1TD



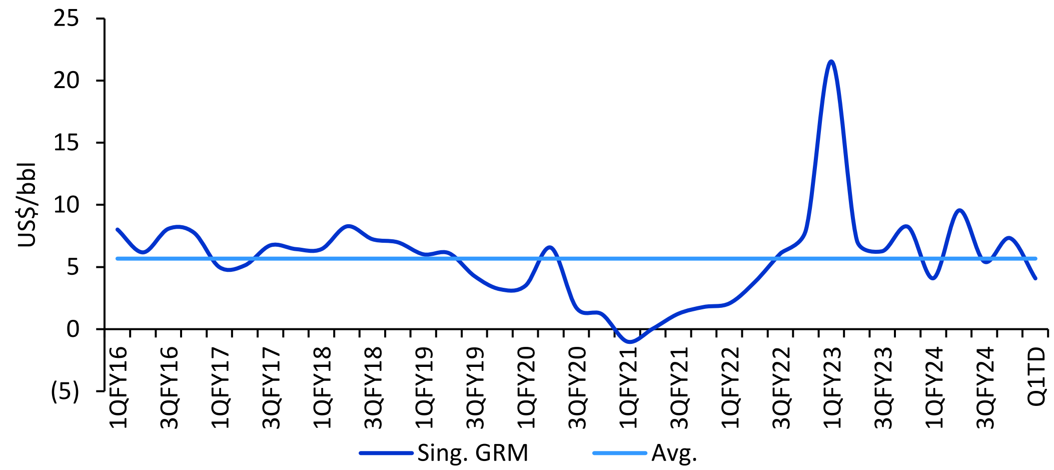
Source: Company, DART

Exhibit 8: Arab Heavy-Dubai Spread rise on sequential basis in Q4FY24



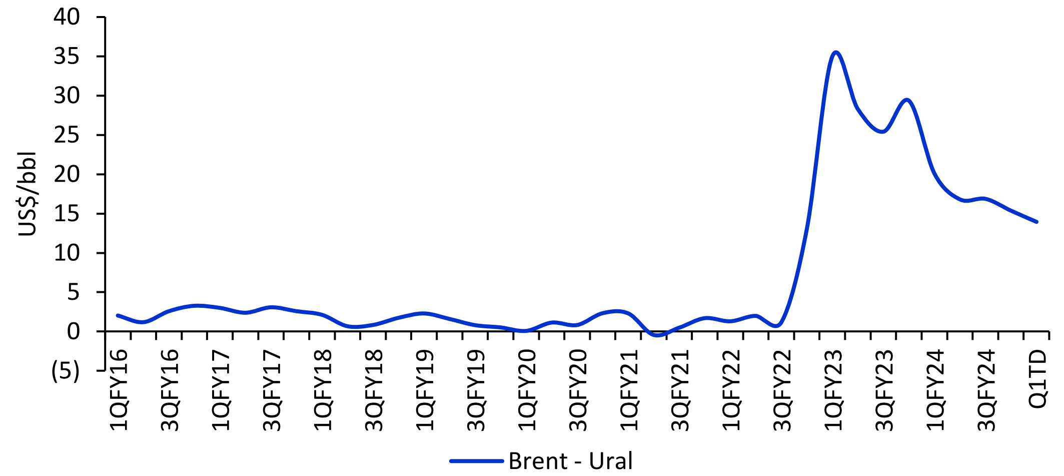
Source: Company, DART

Exhibit 9: Sing. GRM jumps to $7.5/bbl in Q4FY24 against long term avg of $5.7/bbl



Source: Company, DART, Reuters

Exhibit 10: Russian Urals discounts to Brent declined in Q4



Source: Company, DART

Exhibit 11: RIL standalone Financials

Fig in Rs mn	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Net Sales	**14,68,320**	**11,87,020**	**23.7**	**12,76,950**	**15.0**
Raw materials	10,81,900	8,35,180	29.5	9,45,300	14.5
Personnel Cost	19,460	14,440	34.8	18,620	4.5
Other expense	1,66,730	1,56,700	6.4	1,37,450	21.3
EBITDA	**2,00,230**	**1,80,700**	**10.8**	**1,75,580**	**14.0**
EBITDA Margin	**13.6%**	**15.2%**	**-159bps**	**13.7%**	**-11bps**
Depreciation	48,560	27,340	77.6	45,670	6.3
Finance cost	36,130	37,450	-3.5	29,820	21.2
Other Income	34,970	27,850	25.6	29,690	17.8
EBIT	1,51,670	1,53,360	-1.1	1,29,910	16.8
PBT	**1,50,510**	**1,43,760**	**4.7**	**1,29,780**	**16.0**
Taxation	37,680	5,550	578.9	30,540	23.4
PAT	**1,12,830**	**1,38,210**	**-18.4**	**99,240**	**13.7**

Source: Company, DART

Exhibit 12: RIL's Consolidated Financials

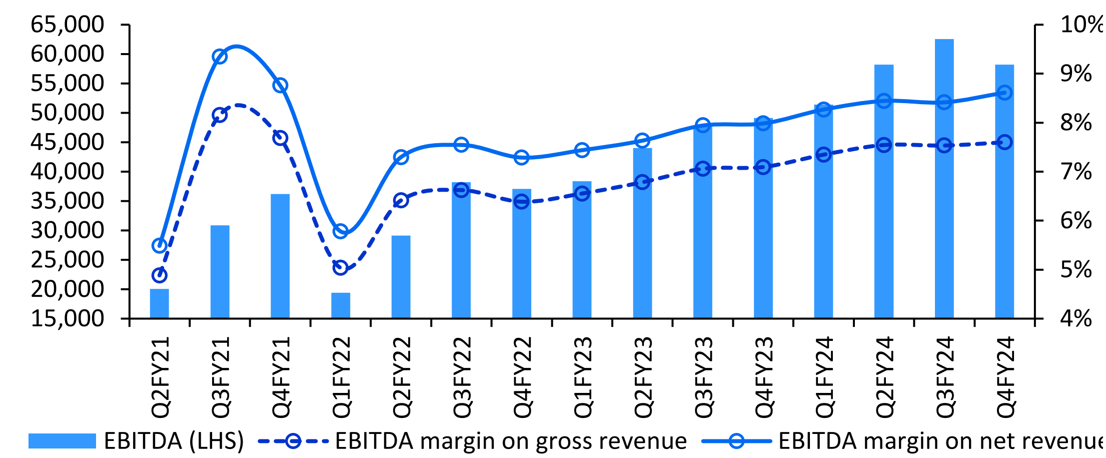
Particulars (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Net sales	**23,65,330**	**21,29,450**	**11.1**	**22,50,860**	**5.1**
Raw materials	15,34,640	13,71,030	11.9	14,75,020	4.0
Staff cost	68,180	64,710	5.4	63,130	8.0
Other expenditure	3,37,350	3,09,310	9.1	3,06,150	10.2
EBIDTA	**4,25,160**	**3,84,400**	**10.6**	**4,06,560**	**4.6**
EBDITA margins	**18.0%**	**18.1%**	**-8bps**	**18.1%**	**-9bps**
Interest	57610	58190	-1.0	57890	-0.5
Depreciation	-135690	-114560	18.4	-129030	5.2
Other income	45340	29180	55.4	38690	17.2
Profit before tax	**2,78,200**	**2,41,140**	**15.4**	**2,59,860**	**7.1**
Tax	(65,770)	(27,870)	136.0	(63,450)	3.7
Net profit	**1,89,510**	**1,92,990**	**-1.8**	**1,72,650**	**9.8**

Source: Company, DART

Retail – weak performance

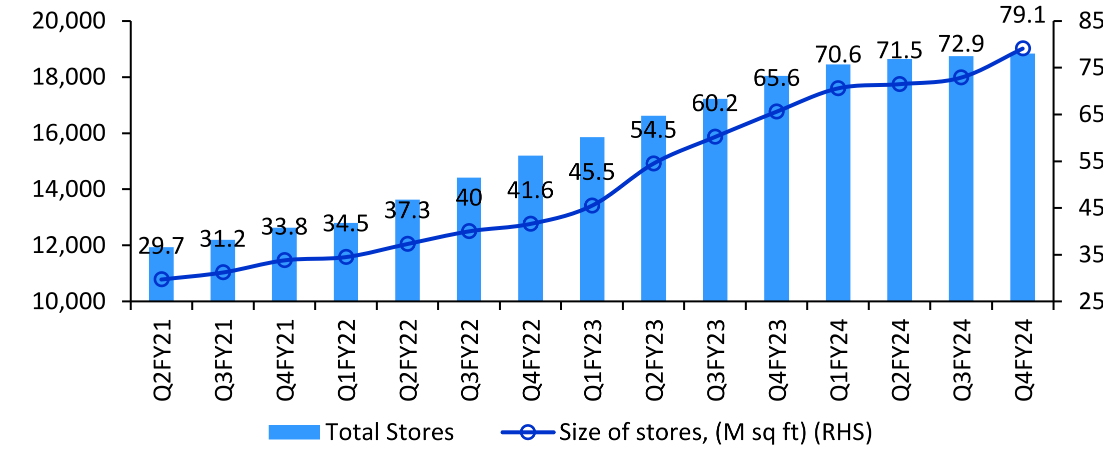
Network addition and throughput have declined. Revenue/EBITDA per store has also declined by 10%/7% sequentially. We believe the major reason would be lower footfall & transactions. Retail segment revenue/EBITDA posted a decline after 7 quarters. We believe this would be mainly due to the slowdown in the FMCG, Apparel, and Footwear segment. Net revenue declined by 9% QOQ (+10% YoY) to Rs676bn and core EBITDA declined by 7% QoQ (+18% YoY) to Rs56.3bn. The company expanded its physical store network with 92 additions sequentially, taking the total store count at the end of the quarter to 18,836. Core EBITDA margins expanded by 58bps YoY to 8.33% mainly due to favorable mix, positive operating leverage, and operational efficiencies.

Exhibit 13: Core EBITDA margins improved despite weakness in footfalls & transactions



Source: Company, DART

Exhibit 14: Store addition continues with 92 stores being added in Q4



Source: Company, DART

Exhibit 15: Key Financials of Reliance Retail

Fig in Rs mn	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Gross revenue	**7,66,270**	**6,92,670**	**10.6**	**8,30,630**	**-7.7**
Net revenue	6,76,100	6,15,590	9.8	7,43,730	-9.1
EBITDA (LHS)	58,230	49,140	18.5	62,580	-7.0
Core EBITDA	**56,320**	**47,690**	**18.1**	**60,610**	**-7.1**
Depreciation	14,520	11,810	22.9	13,840	4.9
EBIT	41,800	37,330	12.0	46,770	-10.6
EBITDA margin on gross revenue	7.6%	7.1%	50bps	7.5%	7bps
EBITDA margin on net revenue	8.6%	8.0%	63bps	8.4%	20bps
Core EBITDA margin on gross Revenue	7.3%	6.9%	46bps	7.3%	5bps
Core EBITDA margin on net	8.3%	7.7%	58bps	8.1%	18bps
Net Profit	**26,980**	**24,150**	**11.7**	**31,650**	**-14.8**
No of Stores	**18,836**	**18,040**	**4.4**	**18,744**	**0.5**

Source: Company, DART

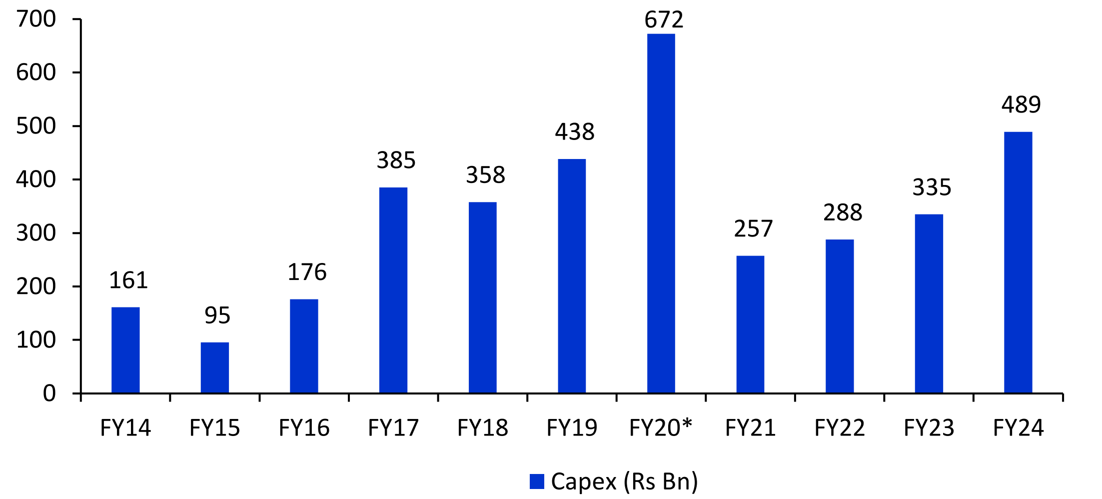
Reliance Jio – (Link to detail report https://tinyurl.com/4bazddw4)

Exhibit 16: Change in Estimates

Particulars (Rs mn)	FY25E			FY26E			Remarks
	Old	New	Chg.(%)	Old	New	Chg.(%)	
Closing Subs (Mn)	508	512	0.7	532	538	1.0	Reduction in estimates to factor lower than expected ARPU growth and delay in tariff hikes (earlier it was presumed in H2FY24).
ARPU (Rs)	193	197	2.2	220	213	(3.1)	
Revenue (Rs Bn)	1,142	1,175	2.9	1,371	1,340	(2.2)	
EBITDA (Rs Bn)	604	638	5.7	747	739	(1.2)	
EBITDA Margin (%)	52.9	54.3	142	54.5	55.1	60	
APAT (Rs Bn)	240	265	10.5	339	318	(6.2)	

Source: Company, DART

Exhibit 17: Jio's Annual Cash Capex Trend



*Source: Company, DART, *FY20 includes Rs 402bn adjustment towards creditors as per scheme of arrangement*

Exhibit 18: Jio's Reported Cash Flows

Particulars (Rs bn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total FY14-24
Net Profit/(Loss) before tax	(0)	(0)	(0)	(0)	11	46	76	161	199	244	275	1,011
Dep./Finance costs/Others	0	0	0	0	54	96	126	146	179	238	249	1,088
Wcap change	(12)	(28)	(43)	(34)	(29)	(75)	(37)	19	(64)	(2)	30	(275)
Operating Cash Flow	**(13)**	**(28)**	**(44)**	**(34)**	**36**	**67**	**166**	**326**	**313**	**481**	**553**	**1,823**
Purchase of PPE	(161)	(95)	(176)	(385)	(358)	(438)	(672)	(257)	(288)	(335)	(489)	(3,656)
Investment/Loans	(11)	(3)	(3)	(1)	(1)	(1)	-	-	-	-	-	(20)
Purchase/(sale) of Invts.	0	(3)	3	0	(0)	(2)	(11)	14	(1)	1	(15)	(14)
Investing Cash Flow	**(172)**	**(101)**	**(177)**	**(386)**	**(359)**	**(442)**	**(684)**	**(243)**	**(289)**	**(334)**	**(505)**	**(3,691)**
Equity Capital Issuance	179	71	150	-	-	-	-	-	-	-	-	399
Preference Capital Issuance/(redemption)	(26)	72	-	337	313	-	1,250	-	-	-	-	1,945
Borrowings	37	(0)	103	141	102	460	(551)	(120)	120	(66)	128	354
Finance Costs	(4)	(13)	(33)	(58)	(85)	(92)	(110)	(31)	(144)	(79)	(171)	(821)
Financing Cash Flow	**185**	**129**	**220**	**420**	**330**	**368**	**588**	**(152)**	**(24)**	**(145)**	**(44)**	**1,877**
Change in Cash & CE	0	(0)	(0)	0	7	(7)	70	(69)	0	2	5	10
FCF (OCF + PPE + Finance costs)	**(178)**	**(137)**	**(253)**	**(478)**	**(407)**	**(463)**	**(617)**	**37**	**(119)**	**67**	**(107)**	**(2,654)**

Source: Company, DART

Exhibit 19: Quarterly Financial Snapshot

(Rs Mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	% YoY	% QoQ
Revenue	**2,09,010**	**2,18,730**	**225,210**	**229,980**	**233,940**	**2,40,420**	**2,47,500**	**2,53,680**	**2,59,590**	**11.0**	**2.3**
Access Costs	1,900	2,570	1,890	2,200	2,820	3,210	2,990	3,020	2,130	(24.5)	(29.5)
Net revenue	**2,07,110**	**2,16,160**	**223,320**	**227,780**	**231,120**	**2,37,210**	**2,44,510**	**2,50,660**	**2,57,460**	**11.4**	**2.7**
License fees	25,040	25,360	23,210	21,200	21,550	22,040	22,900	23,300	23,890	10.9	2.5
Network Costs	65,330	68,420	71,810	72,270	72,240	73,790	76,070	77,060	78,660	8.9	2.1
Employee Costs	3,680	3,690	4,280	4,000	4,370	4,420	4,680	5,030	4,830	10.5	(4.0)
S&D	3,100	3,620	4,340	4,980	5,280	5,390	5,770	6,730	7,040	33.3	4.6
Other expenses	4,860	5,430	4,790	5,240	5,580	5,790	5,560	5,770	6,920	24.0	19.9
Operating Costs	**1,02,010**	**1,06,520**	**108,430**	**107,690**	**109,020**	**1,11,430**	**1,14,980**	**1,17,890**	**1,21,340**	**11.3**	**2.9**
EBITDA	**1,05,100**	**1,09,640**	**114,890**	**120,090**	**122,100**	**1,25,780**	**1,29,530**	**1,32,770**	**1,36,120**	**11.5**	**2.5**
D&A	37,440	42,310	45,230	48,100	49,820	51,590	52,580	54,110	55,660	11.7	2.9
Int. & Fin. charge	12,180	9,970	10,160	10,400	10,060	9,710	10,080	10,160	10,040	(0.2)	(1.2)
Other Income	440	820	1,120	630	1,050	850	1,060	1,450	1,220	16.2	(15.9)
PBT	**55,920**	**58,180**	**60,620**	**62,220**	**63,270**	**65,330**	**67,930**	**69,950**	**71,640**	**13.2**	**2.4**
Tax	14,190	14,830	15,440	15,840	16,110	16,700	17,350	17,870	18,270	13.4	2.4
APAT	**41,730**	**43,350**	**45,180**	**46,380**	**47,160**	**48,630**	**50,580**	**52,080**	**53,370**	**13.2**	**2.4**

Source: Company, DART

Exhibit 20: Margin Analysis (%)

Particulars	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY bps	QoQ bps
Access Costs	**0.9**	**1.2**	**0.8**	**1.0**	**1.2**	**1.3**	**1.2**	**1.2**	**0.8**	**(38)**	**(37)**
License fees	12.0	11.6	10.3	9.2	9.2	9.2	9.3	9.2	9.2	(1)	2
Network Costs	31.3	31.3	31.9	31.4	30.9	30.7	30.7	30.4	30.3	(58)	(8)
Employee Costs	1.8	1.7	1.9	1.7	1.9	1.8	1.9	2.0	1.9	(1)	(12)
S&D	1.5	1.7	1.9	2.2	2.3	2.2	2.3	2.7	2.7	45	6
Other expenses	2.3	2.5	2.1	2.3	2.4	2.4	2.2	2.3	2.7	28	39
Operating Costs (ex-Access)	**48.8**	**48.7**	**48.1**	**46.8**	**46.6**	**46.3**	**46.5**	**46.5**	**46.7**	**14**	**27**
EBITDA	**50.3**	**50.1**	**51.0**	**52.2**	**52.2**	**52.3**	**52.3**	**52.3**	**52.4**	**24**	**10**
D&A	17.9	19.3	20.1	20.9	21.3	21.5	21.2	21.3	21.4	15	11
Interest costs	5.8	4.6	4.5	4.5	4.3	4.0	4.1	4.0	3.9	(43)	(14)
Other Income	0.2	0.4	0.5	0.3	0.4	0.4	0.4	0.6	0.5	2	(10)
PBT	**26.8**	**26.6**	**26.9**	**27.1**	**27.0**	**27.2**	**27.4**	**27.6**	**27.6**	**55**	**2**
Tax	6.8	6.8	6.9	6.9	6.9	6.9	7.0	7.0	7.0	15	1
APAT	**20.0**	**19.8**	**20.1**	**20.2**	**20.2**	**20.2**	**20.4**	**20.5**	**20.6**	**40**	**2**
LF as % of NR	12.1	11.7	10.4	9.3	9.3	9.3	9.4	9.3	9.3	(5)	(2)
Tax as % of PBT	25.4	25.5	25.5	25.5	25.5	25.6	25.5	25.5	25.5	4	0

Source: Company, DART

Exhibit 21: Quarterly Operational Snapshot

Particulars	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	% YoY	% QoQ
Closing Subs (Mn)	410.2	419.9	427.6	432.9	439.3	448.5	459.7	470.9	481.8	9.7	2.3
Gross Adds (Mn)	35.5	35.2	32.7	34.2	33.2	33.2	34.4	34.9	32.3	(2.7)	(7.4)
Churn (Mn)	46.3	25.5	25.0	28.9	26.8	24.0	23.2	23.7	21.4	(20.1)	(9.7)
Net Adds (Mn)	(10.8)	9.7	7.7	5.3	6.4	9.2	11.2	11.2	10.9	70.3	(2.7)
Monthly Churn (%)	3.71	2.05	1.97	2.24	2.05	1.80	1.70	1.70	1.50	(55)	(20)
ARPU (Rs)	167.6	175.7	177.2	178.2	178.8	180.5	181.7	181.7	181.7	1.6	-
Data Usage (Mn GB)	24,600	25,900	28,200	29,000	30,300	33,200	36,300	38,100	40,900	35.0	7.3
Data Usage/Sub (GB/Month)	19.7	20.8	22.2	22.5	23.2	24.9	26.6	27.3	28.6	23.6	4.9
Minutes of Usage (Bn Mins)	1,200	1,250	1,230	1,270	1,310	1,340	1,330	1,370	1,440	9.9	5.1
MOU/Sub (Mins)	962	1,004	968	984	1,001	1,006	976	981	1,008	0.6	2.7

Source: Company, DART

Exhibit 22: Key Model Assumptions

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Closing Subs (Mn)	306.7	387.5	426.2	410.2	439.3	481.8	511.8	537.8
Net Additions (Mn)	120.1	80.8	38.7	(16.0)	29.1	42.5	30.0	26.0
ARPU (Rs)	137.4	132.1	143.1	153.4	178.1	181.2	197.1	212.8
Data Usage (Mn GB)	32,330	47,866	61,160	91,300	113,400	1,48,500	1,78,425	2,04,747
Data Usage/Sub (MBs)	10.92	11.49	12.53	18.19	22.25	26.87	29.93	32.51
Minutes of Usage (bn Mins)	2,341	3,301	3,830	4,504	5,060	5,480	6,083	6,556
MOU/Sub (Mins)	791	793	784	897	993	992	1,020	1,041
Revenue (Rs bn)	406.6	550.2	698.9	769.8	907.9	1,001.2	1,175.0	1,340.0
EBITDA (Rs bn)	151.0	222.7	309.1	376.3	466.7	524.2	638.1	738.6
EBITDA Margin (%)	37.1	40.5	44.2	48.9	51.4	52.4%	54.3%	55.1%
Chg YoY/bps (%)								
Closing Subs (Mn)	64.4	26.3	10.0	(3.8)	7.1	9.7	6.2	5.1
ARPU (Rs)	(4.9)	(3.9)	8.4	7.2	16.1	1.7	8.8	8.0
Data Usage (Mn GB)	145.9	48.1	27.8	49.3	24.2	31.0	20.2	14.8
Data Usage/Sub (MBs)	15.9	5.2	9.0	45.2	22.3	20.8	11.4	8.6
Minutes of Usage (Bn Mins)	151.9	41.0	16.0	17.6	12.3	8.3	11.0	7.8
MOU/Sub (Mins)	18.7	0.2	(1.0)	14.4	10.6	(0.1)	2.9	2.0
Revenue (Rs bn)	101.8	35.3	27.0	10.1	17.9	10.3	17.4	14.0
EBITDA Margin (Rs bn)	124.3	47.5	38.8	21.7	24.0	12.3	21.7	15.8

Source: Company, DART

Exhibit 23: Valuation Snapshot

Particulars	Amount (Rs bn)	Target multiple	EV (Rs bn)	Value per share (Rs)
FY26E EBITDA	739	11.0	8,125	1,195
CWIP in FTTH/Enterprise	779	0.50	392	58
Intangible assets under development	1,296	0.50	648	95
Enterprise Value			**9,165**	**1,350**
(-) FY26E Net debt			1,797	264
Equity Value			**7,368**	**1,090**

Source: Company, DART

Financial Performance

Income Statement

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	**406.6**	**550.2**	**698.9**	**769.8**	**907.9**	**1,001.2**	**1,175.0**	**1,340.0**	**1,567.3**
Growth (%)	101.8	35.3	27.0	10.1	17.9	10.3	17.4	14.0	17.0
Net Access costs	60.3	58.0	46.3	8.1	9.5	11.4	11.7	13.4	15.7
Net revenue	**346.3**	**492.3**	**652.6**	**761.7**	**898.4**	**989.8**	**1,163.2**	**1,326.6**	**1,551.7**
Growth (%)	118.3	42.1	32.6	16.7	17.9	10.2	17.5	14.0	17.0
License fee	41.6	57.2	77.6	90.7	91.3	92.1	108.1	123.3	144.2
LF as % of NR	12.0	11.6	11.9	11.9	10.2	9.3	9.3	9.3	9.3
Network & IT costs	113.4	169.3	220.6	250.1	284.7	305.6	334.8	369.6	407.9
Employee costs	16.6	14.6	13.4	14.2	16.3	19.0	23.5	26.8	31.3
SG&A	11.5	12.8	11.7	11.0	18.2	24.9	29.4	33.5	39.2
Other Expenses	12.3	15.6	20.2	19.3	21.0	24.0	29.4	34.8	43.1
Total Opex	**153.8**	**212.3**	**265.9**	**294.7**	**340.3**	**373.5**	**417.1**	**464.7**	**521.6**
EBITDA	**151.0**	**222.7**	**309.1**	**376.3**	**466.7**	**524.2**	**638.1**	**738.6**	**885.9**
EBITDA (%)	37.1	40.5	44.2	48.9	51.4	52.4	54.3	55.1	56.5
EBITDA Growth (%)	124.3	47.5	38.8	21.7	24.0	12.3	21.7	15.8	19.9
Depreciation	64.0	74.0	115.3	136.2	185.5	213.9	242.8	272.7	309.1
EBIT	**87.0**	**148.8**	**193.8**	**240.2**	**281.3**	**310.3**	**395.3**	**465.9**	**576.9**
Other Income	0.1	0.9	5.5	2.3	3.6	4.6	4.8	4.9	4.9
Interest	41.5	66.2	38.4	43.8	40.6	40.0	43.8	44.4	41.8
PBT	**45.6**	**83.5**	**160.9**	**198.7**	**244.3**	**274.9**	**356.3**	**426.4**	**540.0**
Tax	15.9	19.3	40.7	50.5	62.2	70.2	90.9	108.7	137.7
APAT	**29.6**	**64.1**	**120.2**	**148.2**	**182.1**	**204.7**	**265.5**	**317.7**	**402.3**
APAT Growth (%)	310.0	116.3	87.4	23.3	22.9	12.4	29.7	19.7	26.6

E: Estimate

Balance Sheet

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
SOURCES OF FUNDS									
Equity Share Capital	450	450	450	450	450	450	450	450	450
Preference Share Capital	-	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Reserves	(46)	10	130	278	460	664	929	1,247	1,649
Total Shareholders' Funds	**404**	**1,710**	**1,830**	**1,978**	**2,160**	**2,364**	**2,629**	**2,947**	**3,349**
Long term debt	756	135	155	224	278	468	424	269	130
Short term debt	521	282	189	324	444	422	364	297	251
Deferred spectrum payment	202	188	188	372	1,173	1,128	1,115	1,101	835
Lease Liabilities	-	-	-	100	137	126	132	139	146
Total Debt	**1,479**	**605**	**532**	**1,020**	**2,032**	**2,145**	**2,035**	**1,805**	**1,362**
Other non-current liabilities	-	-	25	77	142	215	205	196	187
SOURCES OF FUNDS	**1,883**	**2,315**	**2,387**	**3,074**	**4,334**	**4,724**	**4,870**	**4,948**	**4,899**
APPLICATION OF FUNDS									
Net Block	1,686	1,847	1,881	2,644	3,912	4,282	4,389	4,466	4,457
Other non-current assets	136	286	395	251	249	261	274	300	300
Total Non-current Assets	**1,823**	**2,133**	**2,277**	**2,895**	**4,161**	**4,543**	**4,663**	**4,766**	**4,757**
Cash & Equivalents	6	89	10	12	14	39	50	8	(51)
Other Current Assets	129	196	214	278	283	292	315	339	367
Total Current Assets	**135**	**284**	**224**	**290**	**297**	**331**	**365**	**348**	**316**
Total Current Liabilities	74	102	114	111	124	150	158	166	174
Net Current Assets	**61**	**182**	**111**	**179**	**173**	**181**	**207**	**182**	**141**
APPLICATION OF FUNDS	**1,883**	**2,315**	**2,387**	**3,074**	**4,334**	**4,724**	**4,870**	**4,948**	**4,899**

E: Estimate

Cash Flows

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Reported PAT	30	64	120	148	182	205	265	318	402
Net interest expense	41	66	38	44	41	40	44	44	42
Depreciation	64	74	115	136	185	214	243	273	309
WC Chg & others	64	(39)	(7)	(67)	9	17	(15)	(17)	(19)
OPERATING CF (a)	**199**	**166**	**267**	**261**	**417**	**476**	**537**	**618**	**735**
Capex	505	(235)	(150)	(899)	(1,453)	(584)	(350)	(350)	(300)
Free cash flow (FCF)	**704**	**(69)**	**117**	**(638)**	**(1,037)**	**(108)**	**187**	**268**	**435**
Investments	(53)	(149)	(84)	196	67	61	(22)	(36)	(9)
INVESTING CASH FLOW (b)	**452**	**(384)**	**(234)**	**(703)**	**(1,386)**	**(523)**	**(372)**	**(386)**	**(309)**
Debt Issuance	41	(874)	(73)	487	1,013	113	(109)	(230)	(443)
Interest expenses	(41)	(66)	(38)	(44)	(41)	(40)	(44)	(44)	(42)
FCFE	**650**	**(1,159)**	**(79)**	**2**	**3**	**25**	**11**	**(42)**	**(59)**
Share capital Issuance	(655)	1,241	0	(0)	-	(1)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
FINANCING CASH FLOW (c)	**(655)**	**301**	**(112)**	**444**	**972**	**72**	**(153)**	**(274)**	**(485)**
NET CASH FLOW (a+b+c)	**(5)**	**83**	**(79)**	**2**	**3**	**24**	**11**	**(42)**	**(59)**
Closing Cash & Equivalents	**6**	**89**	**10**	**12**	**14**	**39**	**50**	**8**	**(51)**

E: Estimate

Key Ratios

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
PROFITABILITY (%)									
EBITDA Margin	37.1	40.5	44.2	48.9	51.4	52.4	54.3	55.1	56.5
EBIT Margin	21.4	27.0	27.7	31.2	31.0	31.0	33.6	34.8	36.8
APAT Margin	7.3	11.7	17.2	19.2	20.1	20.4	22.6	23.7	25.7
RoE	4.1	6.1	6.8	7.8	8.8	9.0	10.6	11.4	12.8
RoIC (or Core RoCE)	2.6	5.6	6.3	6.6	5.7	5.1	6.2	7.1	8.7
RoCE	2.6	5.4	6.2	6.6	5.7	5.1	6.1	7.1	8.7
EFFICIENCY									
Tax Rate (%)	34.9	23.2	25.3	25.4	25.5	25.5	25.5	25.5	25.5
Fixed Asset Turnover (x)	0.2	0.3	0.4	0.3	0.3	0.2	0.3	0.3	0.4
Other Current Assets (days)	116.2	129.9	111.9	131.9	113.7	106.5	97.8	92.5	85.4
CL & Provisions (days)	66.7	67.8	59.4	52.5	49.9	54.8	49.1	45.2	40.6
Cash Conversion Cycle (days)	49.4	62.1	52.5	79.4	63.8	51.7	48.7	47.3	44.7
Net D/E (x)	3.6	0.3	0.3	0.5	0.9	0.9	0.8	0.6	0.4
Net D/EBITDA (x)	9.8	2.3	1.7	2.7	4.3	4.0	3.1	2.4	1.6
Interest Coverage (x)	2.1	2.2	5.0	5.5	6.9	7.8	9.0	10.5	13.8
PER SHARE DATA (Rs)									
EPS	0.7	1.4	2.7	3.3	4.0	4.5	5.9	7.1	8.9
CEPS	2.1	3.1	5.2	6.3	8.2	9.3	11.3	13.1	15.8
Dividend	-	-	-	-	-	-	-	-	-
Book Value	9.0	38.0	40.7	44.0	48.0	52.5	58.4	65.5	74.4

E: Estimate

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	**87,94,680**	**90,10,640**	**97,14,457**	**1,06,15,239**
Total Expense	**73,65,600**	**73,88,310**	**78,57,479**	**85,43,633**
COGS	58,92,800	58,53,430	62,60,623	68,59,412
Employees Cost	2,48,940	2,56,790	2,45,499	2,54,652
Other expenses	12,23,860	12,78,090	13,51,357	14,29,570
EBIDTA	**14,29,080**	**16,22,330**	**18,56,978**	**20,71,605**
Depreciation	4,03,190	5,08,320	5,27,736	5,46,427
EBIT	**10,25,890**	**11,14,010**	**13,29,242**	**15,25,179**
Interest	1,95,710	2,31,180	1,98,924	2,02,120
Other Income	1,18,260	1,60,570	1,48,609	1,45,967
Exc. / E.O. items	0	0	0	1
EBT	**9,48,440**	**10,43,400**	**12,78,926**	**14,69,026**
Tax	2,07,130	2,57,070	3,03,862	3,49,642
RPAT	6,67,020	6,96,210	9,06,465	10,50,784
Minority Interest	**73,860**	**93,990**	**71,400**	**71,400**
Profit/Loss share of associates	**(430)**	**3,870**	**2,800**	**2,800**
APAT	**6,67,020**	**6,96,210**	**9,06,465**	**10,50,785**

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	67,660	67,660	67,660	67,660
Minority Interest	**11,30,090**	**13,23,070**	**11,30,090**	**11,30,090**
Reserves & Surplus	70,91,060	78,67,150	86,70,411	96,80,914
Net Worth	71,58,720	79,34,810	87,38,071	97,48,574
Total Debt	**31,39,660**	**32,46,220**	**35,09,341**	**33,45,783**
Net Deferred Tax Liability	19,96,310	21,01,190	21,25,349	21,93,510
Total Capital Employed	**1,34,24,780**	**1,46,05,290**	**1,55,02,851**	**1,64,17,956**
Applications of Funds				
Net Block	70,95,350	76,49,960	83,37,460	87,58,231
CWIP	**29,37,520**	**33,88,550**	**30,42,981**	**28,58,843**
Investments	17,88,480	18,20,350	18,23,160	18,23,160
Current Assets, Loans & Advances	42,52,960	47,01,000	50,23,050	57,47,872
Inventories	14,00,080	15,27,700	17,08,454	18,15,182
Receivables	2,84,480	3,16,280	3,00,299	3,41,831
Cash and Bank Balances	18,71,370	20,33,950	20,75,771	25,44,541
Loans and Advances	1,98,720	2,64,820	2,02,407	1,65,736
Other Current Assets	**4,98,310**	**5,58,250**	**7,36,120**	**8,80,581**
Less: Current Liabilities & Provisions	26,49,530	29,54,570	27,23,800	27,70,150
Payables	26,27,750	29,32,820	27,01,353	27,47,317
Other Current Liabilities	21,780	21,750	22,448	22,832
sub total				
Net Current Assets	16,03,430	17,46,430	22,99,250	29,77,722
Total Assets	**1,34,24,780**	**1,46,05,290**	**1,55,02,851**	**1,64,17,956**

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	33.0	35.0	35.6	35.4
EBIDTA Margin	16.2	18.0	19.1	19.5
EBIT Margin	11.7	12.4	13.7	14.4
Tax rate	21.8	24.6	23.8	23.8
Net Profit Margin	7.6	7.7	9.3	9.9
(B) As Percentage of Net Sales (%)				
COGS	67.0	65.0	64.4	64.6
Employee	2.8	2.8	2.5	2.4
Other	13.9	14.2	13.9	13.5
(C) Measure of Financial Status				
Gross Debt / Equity	0.4	0.4	0.4	0.3
Interest Coverage	5.2	4.8	6.7	7.5
Inventory days	58	62	64	62
Debtors days	12	13	11	12
Average Cost of Debt	6.7	7.2	5.9	5.9
Payable days	109	119	101	94
Working Capital days	67	71	86	102
FA T/O	1.2	1.2	1.2	1.2
(D) Measures of Investment				
AEPS (Rs)	98.6	102.9	134.0	155.3
CEPS (Rs)	158.2	178.0	212.0	236.1
DPS (Rs)	6.4	6.4	6.4	6.4
Dividend Payout (%)	6.4	6.2	4.7	4.1
BVPS (Rs)	1058.0	1172.7	1291.5	1440.8
RoANW (%)	8.9	9.2	10.9	11.4
RoACE (%)	7.2	7.3	7.8	8.3
RoAIC (%)	9.0	9.2	10.2	11.2
(E) Valuation Ratios				
CMP (Rs)	2960	2960	2960	2960
P/E	30.0	28.8	22.1	19.1
Mcap (Rs Mn)	2,00,25,330	2,00,25,330	2,00,25,330	2,00,25,330
MCap/ Sales	2.3	2.2	2.1	1.9
EV	2,12,93,620	2,12,37,600	2,14,58,900	2,08,26,572
EV/Sales	2.4	2.4	2.2	2.0
EV/EBITDA	14.9	13.1	11.6	10.1
P/BV	2.8	2.5	2.3	2.1
Dividend Yield (%)	0.2	0.2	0.2	0.2
(F) Growth Rate (%)				
Revenue	25.6	2.5	7.8	9.3
EBITDA	29.4	13.5	14.5	11.6
EBIT	27.2	8.6	19.3	14.7
PBT	17.1	10.0	22.6	14.9
APAT	15.3	4.4	30.2	15.9
EPS	15.3	4.4	30.2	15.9

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	**9,48,010**	**10,47,270**	**12,78,927**	**14,69,025**
Depreciation & w.o.	4,03,190	5,08,320	5,27,736	5,46,427
Net Interest Exp	1,95,710	2,31,180	1,98,924	2,02,120
Direct taxes paid	(62,970)	(1,19,610)	(3,03,862)	(3,49,642)
Change in Working Capital	(1,96,340)	63,660	(5,10,999)	(2,09,703)
Non Cash	(1,37,280)	(1,42,940)	(3,99,023)	(1,40,477)
(A) CF from Operating Activities	**11,50,320**	**15,87,880**	**7,91,703**	**15,17,751**
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(14,09,880)	(15,28,830)	(8,72,477)	(7,83,060)
Free Cash Flow	**(2,59,560)**	**59,050**	**(80,773)**	**7,34,691**
(Inc)./ Dec. in Investments	4,97,530	3,85,820	0	0
Other	0	0	0	1
(B) CF from Investing Activities	**(9,12,350)**	**(11,43,010)**	**(8,72,477)**	**(7,83,060)**
Issue of Equity/ Preference	3,71,880	0	0	0
Inc./(Dec.) in Debt	0	2,66,160	2,87,280	(95,398)
Interest exp net	(2,16,500)	(3,71,730)	(50,315)	(56,154)
Dividend Paid (Incl. Tax)	(50,830)	(60,890)	(1,14,370)	(1,14,370)
Other	0	0	0	0
(C) CF from Financing	**1,04,550**	**(1,66,460)**	**1,22,595**	**(2,65,921)**
Net Change in Cash	3,42,520	2,78,410	41,821	4,68,770
Opening Cash balances	**15,28,850**	**18,71,370**	**20,33,950**	**20,75,771**
Closing Cash balances	**18,71,370**	**21,49,780**	**20,75,771**	**25,44,541**

E – Estimates

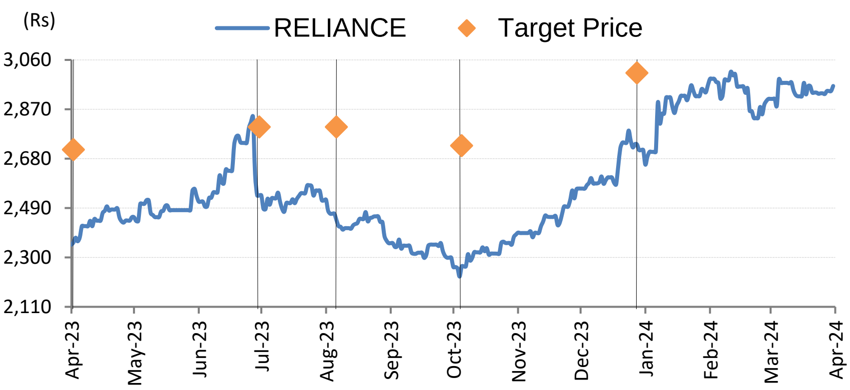
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Apr-23	Accumulate	2,715	2,358
Jul-23	Accumulate	2,802	2,539
Aug-23	Accumulate	2,802	2,444
Oct-23	Accumulate	2,730	2,266
Jan-24	Accumulate	3,010	2,735

**Price as on recommendation date*

DART Team

Purvag Shah	**Managing Director**	**purvag@dolatcapital.com**	**+9122 4096 9747**
Amit Khurana, CFA	**Head of Equities**	**amit@dolatcapital.com**	**+9122 4096 9745**

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	**Designation**	**E-mail**	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

<u>**Analyst(s) Certification**</u>

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Dolat Capital Market Private Limited. and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. persons only: This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

Dolat Capital Market Private Limited.

Corporate Identity Number: U65990GJ993PTC116741
Member: BSE Limited and National Stock Exchange of India Limited.
SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012
Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.
Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com