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Quarterly Result Update

RELIANCE INDUSTRIES LIMITED

April 23, 2024

Reliance Industries Limited

Current Price: ₹ 2960.60

STOCK DATA

BSE Code	500325
NSE Symbol	RELIANCE
Reuters	RELI.BO
Bloomberg	RELIANCE IN

VALUE PARAMETERS

52 W H/L(Rs)	3024.80/2132.29
Mkt. Cap.(Rs Cr)	2003050.00
Latest Equity(Subscribed)	6765.69
Latest Reserve (cons.)	744456.00
Latest EPS (cons.) -Unit Curr.	103.27
Latest P/E Ratio -cons	28.67
Latest Bookvalue (cons.) -Unit Curr.	1110.34
Latest P/BV - cons	2.67
Dividend Yield -%	0.30
Face Value	10.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2024
Foreign	24.46
Institutions	16.68
Govt Holding	0.11
Non Promoter Corp. Hold.	0.49
Promoters	49.11
Public & Others	9.15

Financial Results

In Cr.

Particulars	Qtr Ending Mar. 24	Qtr Ending Mar. 23	Var. (%)
Total Income	236533.00	212834.00	11
OPM (%)	17.97	18.02	-5bps
OP	42516.00	38356.00	11
Other income	4634.00	2996.00	55
PBIDT	47150.00	41352.00	14
Net Finance Charges	5761.00	5819.00	-1
PBDT	41389.00	35533.00	16
Depreciation	13569.00	11452.00	18
PBT	27820.00	24081.00	16
Tax expense	6577.00	2754.00	139
PAT	21243.00	21227.00	0
Minority Interest	2292.00	2028.00	13
Profit after Minority Interest and Share of profit of Associates	18951.00	19299.00	-2
EPS (Rs)	28.01	25.76	-

Reliance Q4 Results reported Double-digit growth in O2C and consumer business, in line with market estimates.

Consolidated net sales of Reliance Industries have increased 11.13% to Rs 236533 crore supported by double-digit growth in O2C and consumer business. Oil & gas segment revenues increased sharply by 42.0% with higher volumes from KG D6 block.

Sales of Others segment fell 5.87% to Rs 31,099.00 crore (accounting for 10.66% of total sales). Sales of Oil and Gas segment has gone up 41.97% to Rs 6,468.00 crore (accounting for 2.22% of total sales). Sales of Digital Services segment has gone up 10.73% to Rs 34,741.00 crore (accounting for 11.91% of total sales). Sales of Oil to Chemicals (02C) segment has gone up 10.88% to Rs 1,42,634.00 crore (accounting for 48.91% of total sales). Sales of Retail segment has gone up 10.69% to Rs 76,683.00 crore (accounting for 26.30% of total sales). Inter-segment sales came down from Rs 27,923.00 crore to Rs 26,791.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 9.25% to Rs 31,572.00 crore. PBIT of Others segment rose 77.17% to Rs 163.00 crore (accounting for 0.52% of total PBIT). PBIT of Oil and Gas segment rose 30.51% to Rs 4,081.00 crore (accounting for 12.93% of total PBIT). PBIT of Digital Services segment rose 10.94% to Rs 8,601.00 crore (accounting for 27.24% of total PBIT). PBIT of Oil to Chemicals (02C) segment rose 1.13% to Rs 14,355.00 crore (accounting for 45.47% of total PBIT). PBIT of Retail segment rose 17.12% to Rs 4,372.00 crore (accounting for 13.85% of total PBIT).

PBIT margin of Others segment rose from 0.28% to 0.52%. PBIT margin of Oil and Gas segment fell from 68.63% to 63.10%. PBIT margin of Digital Services segment rose from 24.71% to 24.76%. PBIT margin of Oil to Chemicals (02C) segment fell from 11.03% to 10.06%. PBIT margin of Retail segment rose from 5.39% to 5.70%. Overall PBIT margin fell from 10.83% to 10.83%.

Operating profit margin has declined from 18.02% to 17.97%, leading to 10.85% rise in operating profit to Rs 42,516.00 crore with strong contribution from all businesses. Raw material cost as a % of total sales (net of stock adjustments) decreased from 47.82% to 45.23%. Purchase of finished goods cost rose from 17.37% to 18.63%. Other expenses rose from 14.21% to 14.68%. JPL EBITDA increased 12.5% YoY with higher revenue driven by sustained momentum in subscriber additions. EBITDA for RRVL increased sharply by 18.5% led by business efficiencies and a 60 bps margin expansion to 8.6%. Resilient O2C EBITDA despite weak margin environment. Lower transportation fuel cracks were offset by reduced SAED impact. Oil and Gas segment EBITDA increased sharply by 47.5%, led by 66.4% higher gas and condensate production from KG D6 block.

Other income rose 57.70% to Rs 4534 crore. PBIDT rose 14.11% to Rs 47150 crore. Provision for interest fell 1% to Rs 5761 crore due to lower average liability balances. PBDT rose 16.60% to Rs 41389 crore. Provision for depreciation rose 18.49% to Rs 13569 crore on expanded asset base across all the businesses, higher network utilization in Digital Services business and ramp-up in upstream production.

Fixed assets increased to Rs 11,03,851.00 crore as of 31 March 2024 from Rs 10,03,287.00 crore as of 31 March 2023. Intangible assets declined from Rs 15,270.00 crore to Rs 14,989.00 crore. Profit before tax grew 15.69% to Rs 27,820.00 crore. Share of profit/loss was 376.19% higher at Rs 100 crore. Provision for tax was expense of Rs 6577 crore, compared to Rs 2754 crore due to availing of tax credits in the corresponding quarter of the previous year. Effective tax rate was 23.64% compared to 11.48%. Minority interest increased 13.02% to Rs 2,292.00 crore. Net profit attributable to owners of the company decreased 1.29% to Rs 18,951.00 crore.

Full year results analysis

Net sales of Reliance Industries have increased 2.65% to Rs 901064 croresupported by continued growth momentum in consumer businesses and upstream business. Revenue for JPL increased by 11.7% YoY, led by robust subscriber growth of 42.4 million across mobility and homes and benefit of mix improvement in ARPU. Revenue for RRVL grew by 17.8% YoY with strong growth across all consumption baskets, gross area addition of 15.6 million sq. ft. and record footfalls of over a one billion. O2C revenue decreased by 5.0% primarily on account of lower product price realization following a 13.5% YoY decline in average Brent crude oil prices. This was partially offset by higher volumes. Revenue from Oil & Gas segment increased significantly by 48.0% mainly on account of higher volumes from KG D6 block (+56.8%), despite lower gas price realisation from KG D6 field.

Sales of Others segment fell 8.98% to Rs 80,516.00 crore (accounting for 7.26% of total sales). Sales of Oil and Gas segment has gone up 48.04% to Rs 24,439.00 crore (accounting for 2.20% of total sales). Sales of Digital Services segment has gone up 10.97% to Rs 1,32,938.00 crore (accounting for 11.98% of total sales). Sales of Oil to Chemicals (02C) segment has gone down 5.03% to Rs 5,64,749.00 crore (accounting for 50.90% of total sales). Sales of Retail segment has gone up 17.84% to Rs 3,06,848.00 crore (accounting for 27.66% of total sales). Inter-segment sales rose Rs 1,04,934.00 crore to Rs 1,09,368.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 9.97% to Rs 1,20,457.00 crore. PBIT of Others segment rose 32.73% to Rs 1,387.00 crore (accounting for 1.15% of total PBIT). PBIT of Oil and Gas segment rose 35.65% to Rs 14,831.00 crore (accounting for 12.31% of total PBIT). PBIT of Digital Services segment rose 11.60% to Rs 33,124.00 crore (accounting for 27.50% of total PBIT). PBIT of Oil to Chemicals (02C) segment fell 0.49% to Rs 53,617.00 crore (accounting for 44.51% of total PBIT). PBIT of Retail segment rose 25.04% to Rs 17,498.00 crore (accounting for 14.53% of total PBIT).

PBIT margin of Others segment rose from 1.18% to 1.72%. PBIT margin of Oil and Gas segment fell from 66.23% to 60.69%. PBIT margin of Digital Services segment rose from

24.78% to 24.92%. PBIT margin of Oil to Chemicals (02C) segment rose from 9.06% to 9.49%. PBIT margin of Retail segment rose from 5.37% to 5.70%. Overall PBIT margin rose from 10.14% to 10.86%.

Operating profit margin has jumped from 16.19% to 18%, leading to 14.12% rise in operating profit to Rs 1,62,233.00 crore with positive contribution from all key operating segments. Raw material cost as a % of total sales (net of stock adjustments) decreased from 49.58% to 44.19%. Purchase of finished goods cost rose from 18.56% to 20.96%. Employee cost increased from 2.74% to 2.83%. Other expenses rose from 13.47% to 14.11%.

Other income rose 36.84% to Rs 16057 crore. PBIDT rose 15.85% to Rs 178290 crore. Provision for interest rose 18.12% to Rs 23118 crore due to higher liability balances and higher market interest rates. Loan funds rose to Rs 3,46,142.00 crore as of 31 March 2024 from Rs 3,34,392.00 crore as of 31 March 2023. Inventories rose to Rs 1,52,770.00 crore as of 31 March 2024 from Rs 1,40,008.00 crore as of 31 March 2023. Sundry debtors were higher at Rs 31,628.00 crore as of 31 March 2024 compared to Rs 28,448.00 crore as of 31 March 2023. Cash and bank balance rose to Rs 97,225.00 crore as of 31 March 2024 from Rs 68,664.00 crore as of 31 March 2023. Investments declined from Rs 2,35,560.00 crore as of 31 March 2023 to Rs 2,25,672.00 crore as of 31 March 2024.

PBDT rose 15.52% to Rs 155172 crore. Provision for depreciation rose 26.12% to Rs 50832 crore on expanded asset base across all the businesses, higher network utilization in Digital Services business and ramp-up in upstream production. Fixed assets increased to Rs 11,03,851.00 crore as of 31 March 2024 from Rs 10,03,287.00 crore as of 31 March 2023. Intangible assets declined from Rs 15,270.00 crore to Rs 14,989.00 crore.

Profit before tax grew 10.97% to Rs 1,04,340.00 crore. Share of profit/loss was 1,512.50% higher at Rs 387 crore. Provision for tax was expense of Rs 25707 crore, compared to Rs 20376 crore on account of utilization of tax credits in previous financial year. Effective tax rate was 24.55% compared to 21.67%.

Minority interest increased 27.25% to Rs 9,399.00 crore. Net profit attributable to owners of the company increased 5.03% to Rs 69,621.00 crore. Cash flow from operating activities increased to Rs 1,58,788.00 crore for year ended March 2024 from Rs 1,15,032.00 crore for year ended March 2023. Cash flow used in acquiring fixed assets during the year ended March 2024 stood at Rs 1,52,883.00 crore, compared to Rs 1,40,988.00 crore during the year ended March 2023. Capital Expenditure for the year ended March 31, 2024, was Rs 131,769 crore with investments in pan-India 5G roll-out, expansion of retail infrastructure and new energy business. This excludes amount incurred towards spectrum and is adjusted for capital advances and regrouping of assets.

Operational Highlights

Consolidated Jio Platforms

- Operating revenue (net of GST) growth continued to be driven by robust subscriber growth across mobility and homes, and the benefit of mix improvement in ARPU.
- Network leadership sustains subscriber addition with Jio outpacing competition and adding 10.9 million net subscribers during Q4'FY24. Monthly churn was 1.5%.
- ARPU was Rs 181.7 with better subscriber mix partially offset by increasing mix of promotional 5G traffic, offered unlimited to subscribers and not yet charged separately.
- Engagement levels continued to remain strong with total data and voice traffic increasing by 35.2% and 9.7% YoY, respectively.
- Jio has rolled out its True5G network across India, with 108 million+ subscribers migrated to Jio's 5G network. The Jio True 5G network now carries around 28% of Jio's wireless data traffic, with the entire 5G data being carried on Jio's own 5G+4G combo core.

- JioAirFiber services are now being offered across 5,900 cities/ towns, with further ramp-up towards pan India coverage soon. Average daily data usage for AirFiber subscribers is at ~13 GB, which is 30% higher than JioFiber subscribers.

Reliance Retail

- The business grew its store footprint across consumption baskets, opening 1,840 stores with gross area addition of 15.6 million sq. ft. Total store count of 18,836 with total area of 79.1 million sq. ft.
- The quarter recorded footfalls of over 272 million across formats, a growth of 24.2% YoY.
- The business expanded its store network with 562 new store openings with gross area addition of 7.8 million sq. ft.
- The registered customer base was at 304 million at the end of the year, up 22.2% YoY while the total transactions recorded were at 1.26 billion, up 22.0% YoY.
- Reliance Retail undertook equity fund raise of Rs 17,814 crore in FY24, including Rs 2,500 crore infused by RIL during the quarter
- The business acquired Ed-a-Mamma, a kids and maternity-wear brand and majority ownership of Superdry IP for India, Sri Lanka and Bangladesh markets, Sephora India's franchise business and entered into an exclusive distribution arrangement with SMCP to launch Sandro and Maje brands in India amongst many initiatives to bolster its product capabilities through acquisitions and partnerships.

Oil to Chemicals (O2C)

- Segment Revenue for Q4FY24 increased by 10.9% YoY to Rs 142,634 crore primarily on account of improved realization for transportation fuels segment and higher volumes.
- Segment EBITDA for Q4FY24 marginally increased by 3.0% YoY to Rs 16,777 crore supported by advantageous feedstock sourcing, ethane cracking and higher domestic product placement.
- In Q4FY24, global oil demand rose by 1.6 million barrels per day YoY to 102 million barrels per day due to higher demand, mainly from Americas, and Asia. Jet/Kero posted a strong YoY demand growth of ~0.69 million barrels per day while for gasoline demand increased by 0.16 million barrels per day YoY. Diesel demand grew YoY by 0.26 million barrels per day.
- Dated Brent averaged $83.2 per barrel in Q4FY24, an increase of $2 per barrel on YoY basis. Crude oil benchmarks rose YoY as demand trend remained positive amid tanker constraints through Red sea crisis. Continuation of voluntary production cuts by OPEC+ and reduced availability of Russian production further supported oil prices.
- Global refinery crude throughput was lower by 0.2 million barrels per day YoY at 81.8 million barrels per day in Q4FY24.
- Domestic demand of HSD, MS & ATF increased by 4.2%, 8.4% and 10.1% respectively over same quarter last year.
- On YoY basis, domestic polymer and polyester demand remained flat.

Transportation fuels

- Singapore Gasoline 92 RON cracks fell YoY to $13.3 per barrel in Q4FY24 from $15 per barrel in Q4FY23. High stock build in US compared to previous year led to lower Gasoline cracks in Q4FY24.

- Singapore Gasoil 10-ppm cracks fell YoY to $23.1 per barrel in Q4FY24 from 28.6 million barrels per day in Q4FY23. Cracks declined due to weak demand, ample supply from new refineries as well as from those returning from maintenance and resilient Russian diesel exports. Also, Red Sea tension resulting in higher freight led to lower exports from Asia to Europe keeping Asian markets well supplied.
- Singapore Jet/Kero cracks fell YoY to $21.1 per barrel in Q4FY24 from $26.5 per barrel in Q4 FY23 amid increased exports from China and higher freight rates.

Polymers

- Polymer price declined YoY with subdued global demand and volatile feedstock energy price environment. Prices declined across polymer, PP price down by 7%, PE by 4% and PVC by 13%.
- US Ethane price was at 19 cpg, down by 23% YoY in line with lower US gas prices. Singapore Naphtha price was at $ 661/MT, stable YoY. EDC price increased by 21% YoY amidst supply constraint.
- Polymer margins were down 9% to 34% on YoY basis with subdued demand globally and supply overhang. PE margin over Naphtha was lower at $308/MT during Q4FY24 as against $340/MT in Q4FY23. PP margin over Naphtha was lower at $300/MT during Q4FY24 as against $367/MT in Q4FY23. PVC margin over Naphtha & EDC was lower at $316/MT in Q4FY24 as against $482/MT in Q4FY23.
- Q4FY24 polymer domestic demand remained flat YoY. PP and PE demand improved by 7% and 6% respectively with healthy demand from retail & FMCG packaging, furniture, households, consumer durables, automotive and infrastructure. PVC demand down by 18% due to higher base effect in Q4FY23.

Polyesters

- Polyester chain delta declined 6% YoY due to weaker PTA and Polyester product deltas offset by improvement in MEG delta. Polyester chain margin was at $ 486/MT during Q4FY24 as against $ 517/MT in Q4FY23.
- During Q4FY24, PX margin over Naphtha remained flat YoY with sluggish downstream demand recovery post Chinese New Year.
- On YoY basis, domestic Polyester demand remained flat. PFY and PSF demand was down by 5% and 3% respectively due to weak downstream demand from textiles. PET demand grew by 8% with higher demand from beverage segment.

Oil and Gas (Exploration and production) Business

- Q4FY24 revenue is higher by 42.0% as compared to Q4FY23 mainly on account of higher volumes partly offset by lower price realization from KG D6 Field.
- The average price realised for KG D6 gas was $ 9.53 per mmbtu in Q4FY24 vis-à-vis $ 11.39 per mmbtu in Q4FY23. The average price realised for CBM gas was $ 14.34 per mmbtu in Q4FY24 vis-à-vis $ 19.57 per mmbtu in Q4FY23.
- EBITDA increased to Rs 5,606 crore which is up by 47.5% on YoY basis. EBITDA margin was at 86.7% for Q4FY24.
- Block KG D6 is currently producing ~30 MMSCMD gas and ~ 23,000 barrels per day of Oil per Condensate.
- RIL successfully contracted 0.9 MMSCMD of CBM from Shahdol at 12.67% of Brent + 0.78 for 2 years

Media Business

- Media business recorded a strong operating and financial performance across verticals during the quarter. Revenue from operations was up by 63.0% YoY to Rs 2,419 crore, driven by Sports, Movies and News verticals.
- News business revenue was up 25% YoY, driven by the strong growth in advertising revenue of both TV and Digital Platform.
- Viacom18 revenue grew 83% YoY led by Sports and Movies segments. Sports revenue growth was primarily driven by 13 IPL matches held during the quarter, as the tournament kicked off earlier this year. Release of `Fighter`, the biggest movie of 2024 so far, drove the growth in the Movies segment. The advertising revenue on TV network also delivered strong growth on the back of robust viewership share.
- TV network share increased 70 bps Q-o-Q to 11.4%, driven by the strong performance of Hindi GEC, Movie and Sports portfolio. Colors achieved its highest GRPs in the last 8 years and highest market share in the last 12 years, briefly climbing to the #1 position during the quarter. Colors Cineplex maintained its position in the Hindi movie genre, driven by premier of popular movies as well as airing of cricket series. Colors Kannada and Colors Marathi continued to be the two strong channels in the regional markets.

Commenting on the results, Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Limited said: "Initiatives across RIL's businesses have made a remarkable contribution towards fostering growth of various sectors of the Indian economy. It is heartening to note that alongside strengthening the national economy, all segments have posted a robust financial and operating performance. This has helped the Company achieve multiple milestones. I am happy to share that this year, Reliance became the first Indian company to cross the Rs 100,000-crore threshold in pre-tax profits. Performance of the digital services segment has been boosted by accelerated expansion of subscriber base, supported by both mobility and fixed wireless services. With over 108 million True 5G customers, Jio truly leads the 5G transformation in India. From upgrading the hitherto 2G users to smartphones, to leading the effort of producing AI-driven solutions, Jio has proved its capability in strengthening the nation's digital infrastructure.

Reliance Retail continued to provide customers endless choices through its robust omni-channel presence. We continue to offer product differentiation and superior offline experience through stores re-modelling and revamping of layouts. Our digital commerce platforms also provide newer solutions to users with a broad brand catalogue. Reliance Retail also works towards strengthening millions of merchants through its unique initiatives in new commerce space. Strong demand for fuels globally, and limited flexibility in refining system worldwide, supported margins and profitability of the O2C segment. Downstream chemical industry experienced increasingly challenging market conditions through the year. Despite headwinds, maintaining leading product positions and feedstock flexibility through our operating model that prioritises cost management, we delivered a resilient performance. The KG-D6 block has achieved 30 MMSCMD of production and now accounts for 30% of India's domestic gas production. We remain committed to our projects and initiatives, including those in the New Energy segment, which will bolster the company, and help it deliver sustainable growth for the future."

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