

Reliance Industries

BSE SENSEX
 31,380

S&P CNX
 9,187

CMP: INR1,363 TP: INR1,589 (+17%)
Buy

Stock Info

Bloomberg	RIL IN
Equity Shares (m)	6,339
M.Cap.(INRb)/(USDb)	8642.7 / 102.2
52-Week Range (INR)	1618 / 876
1, 6, 12 Rel. Per (%)	29/16/20
12M Avg Val (INR M)	15158
Free float (%)	51.1

Financials Snapshot (INR b)

Y/E March	2020E	2021E	2022E
Net Sales	6,009	5,955	7,602
EBITDA	877	922	1,328
Net Profit	455	422	644
Adj. EPS (INR)	76.8	71.2	108.8
EPS Gr. (%)	14.2	-7.2	52.7
BV/Sh. (INR)	720.9	783.8	879.9

Ratios

Net D:E	0.6	0.5	0.3
RoE (%)	11.2	9.5	13.1
RoCE (%)	9.1	8.5	12.0
Payout (%)	11.6	11.6	11.6

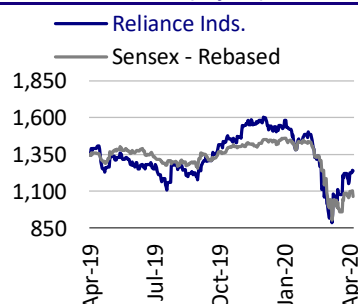
Valuations

P/E (x)	17.7	19.1	12.5
P/BV (x)	1.9	1.7	1.5
EV/EBITDA(x)	12.1	11.3	7.3
EV/Sales (x)	1.8	1.8	1.3
Div. Yield (%)	0.5	0.5	0.8

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	48.9	48.9	46.2
DII	13.6	14.2	12.2
FII	26.3	25.6	25.7
Others	11.2	11.4	16.0

FII Includes depository receipts

Stock Performance (1-year)


The big handshake

Changing gears to drive digital business vision

- In India's biggest tech deal, Facebook acquired a ~10% stake in Jio Platforms, a wholly-owned subsidiary of Reliance Industries Limited, for INR436b. This deal could have far-reaching benefits for Jio Platforms, presenting a plethora of opportunities in its fiber and digital business endeavors.
- Pre-money, the deal is valued at an enterprise/equity value of INR4.62t/INR4.21t. Of the total cash received, Jio Platforms would get ~INR150b, leaving net debt of just ~INR260b in the company.
- The partnership would accelerate RJio's digital monetization drive; management's renewed focus on the Jio app ecosystem and the entire grocery backend value chain would open up multiple new e-commerce opportunities as the company plans to leverage JioMart and WhatsApp to enable small Indian *kirana* stores to transact digitally with their customers.
- We have revised RJio's equity value/share to INR750 from INR500 earlier, on account of the capital reorganization of ~INR180/share transferred to RIL and additional gains from the deal, as well as deleveraging through internal sources.

RJio announces largest FDI in technology sector in India

- **Facebook to inject fresh equity of INR436b for 10% equity** – Facebook announced a deal to acquire a 10% stake in Jio Platforms (a holding company of Reliance Jio Infocomm and Reliance Jio Digital Services) for INR436b. The deal is at a pre-money enterprise/equity value of INR4.62t/INR4.21t, with net debt to INR410b. Post-money, the deal is at an equity value of INR4.36t for a 10% stake. Thus, of the total amount received, Jio Platforms would get INR150b, while the rest of the amount (INR288b) would go to RIL to subsequently be used for deleveraging.
- **Valuation broadly in line with our estimate** – We estimated RJio's enterprise value at INR5t; the deal is broadly in line with this at ~9% below our estimate.

Big positive, with new levers for growth

- **Huge vote of confidence on RJio's valuation:** The size of the deal justifies the higher magnitude of valuation RJio has garnered in just 3.5 years since its launch. This valuation is over ~20% higher than the current enterprise value of BHARTI, a prominent name in the Indian telecom space.
- **New growth opportunities:** The partnership with Facebook could open up a plethora of growth opportunities for its digital services: Jio Platforms and fiber initiatives. Management indicated that the 60m SMEs, along with the grocery backend value chain, would be the company's key focus area as it plans to utilize JioMart (Reliance Retail's new e-commerce business) and WhatsApp (Facebook's chat messenger) to enable small Indian kirana shops to transact digitally with their customers.

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

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

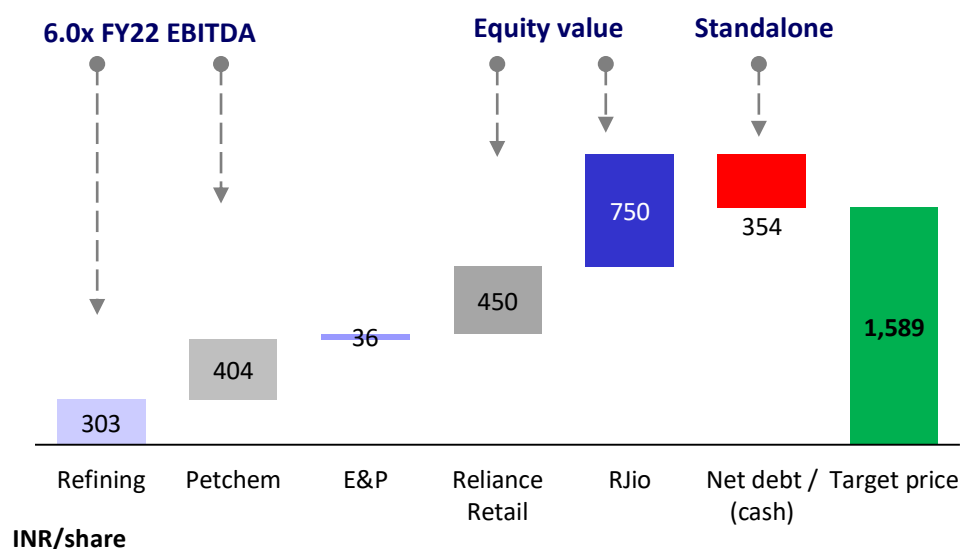
Sharp deleveraging – Strong balance sheet

RJio’s leverage has reduced significantly in the past year from net debt of INR1,463b (net debt to EBITDA of 9.7x) to just INR263b currently (net debt to EBITDA of about 0.7x) as of FY21E. This is attributed to the infrastructure investment trust (InvIT) of INR1070b announced last fiscal, an additional INR1080b (apart from the FB amount received) moved to RIL, and other internally sourced deleveraging. This has created a very lean balance sheet, with invested capital of INR988b, enabling RJio to save interest cost of nearly ~INR90b and garner RoCE of 21% in FY21E.

Valuation and view

The Facebook deal at this valuation has strengthened our conviction in the digital business. We have revised RJio’s TP to INR750 based on lower net debt as per the capital reorganization and additional deleveraging from the FB deal and other internal sources. We have revised our TP to INR750 using the DCF Method, with implied EV/EBITDA of 14x/11x on FY21/22.

Exhibit 1: RJio – DCF Valuation (INR b)



Source: MOFSL, Company

Exhibit 2: Post-money, RJio’s equity value stands at INR4.4b (INR b)

Jio Platforms	Pre-money	FB amount infused in Jio Platforms	Post-money
Enterprise Value	4,620	147	4,620
Debt	410		263
Equity Value	4,210	147	4,357

Source: Company

Exhibit 3: Jio Platforms should get INR147b of the total investment (INR b)

Particulars	Value (INR b)
Total amount received from FB	436
Jio Platforms	147
RIL	288

Source: Company

Exhibit 4: RJio's net debt should reduce to INR263b

RJio's debt reconciliation	Amount in INR b
Net debt including tower and fiber debt in 2QFY20	2,354
Tower debt	247
Fiber Debt	460
Debt remaining after tower and fiber debt	1,647
Debt transferred to RIL	1,080
Net debt post reorganization based on 2QFY20	567
Debt reduction in 3QFY20 (management discussion)	150
Net debt as of Dec'19	417
Net debt during Facebook deal	410
Cash received from Facebook deal	147
Net debt post Facebook deal	263

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

Source: Company, MOFSL

Exhibit 5: RJio – DCF Valuation (INR b)

Particulars	FY20E	FY21E	FY22E	FY23–30E
EBITDA	217	367	487	4,714
Capex	200	200	218	948
FCFF (pre-tax)	17	167	269	3,766
Tax	-22	-51	-63	-798
FCFF (post-tax)	-4	116	206	2,968
Terminal Value				6,740
Cash flow after Terminal Value	-4	116	206	9,708
NPV (INR b)	5,165			

Particulars	
Terminal growth rate	4%
Enterprise value (INR b)	5,165
Net debt (INR b)	723
Equity value (INR b)	4,442
No of shares (b)	5.9
Target price (INR)	750

Source: MOFSL, Company

Incremental EBITDA opportunity through ARPU hike or market share gains

- **ARPU hike could increase RJio's FY22 EBITDA by ~30%:** RJio is well-placed to capitalize on the Indian telecom industry's weak environment as it may benefit from another price hike (more likely) or through market share gains in Vodafone Idea Ltd (VIL). The government has maintained its stance in a healthy telecom market with one public and three private players, stressing the need for VIL to stay afloat. However, this would require another price surge (potentially 25%). Our workings indicate this price increase could raise RJio's EBITDA by INR160b in FY22, taking it to INR644b (a 32% increase from our current estimates).
- **Market share gains at VIL's expense:** In case VIL discontinues operations due to prevailing market uncertainties, we expect RJio to gain a 40% subscriber share and 50% revenue share from VIL. We believe RJio/BHARTI would gain an equal share of postpaid and non-bundle high ARPU customers, while RJio should gain 60% of broadband customers. The majority of low ARPU feature phone customers should move to BHARTI (80%) as shifting to RJio would require a JioPhone, which would not be feasible for most of them. Overall, RJio could gain incremental revenue of INR245b in FY22E (27% of our estimates). Furthermore, in case VIL survives the current market condition, RJio should continue to gain from its weak seven to eight circles, which should benefit the company over the coming two to three quarters.
- **Risk of ARPU derailment for peers:** With this deal, RJio receives INR150b in cash, which it could use to increase market share through price cuts (as it did upon market entry). Moreover, RJio could increase its ARPU from other digital growth opportunities received via this deal. This poses the risk of ARPU hikes being derailed. However, TRAI has floated a consultation paper that could set the floor prices for operators, reducing the risk of ARPU hikes being derailed.

FCF turning positive

- RJio has passed its peak capex. With robust EBITDA growth and capex expected to plunge nearly 70% over FY18–21E, RJio is expected to garner healthy FCF. We expect revenue/EBITDA to reach INR893b/INR487b in FY22, with a CAGR of 28%/50% over FY20–22E. Increasing the EBITDA level should increase RJio's FCF to INR162b in FY22 from -INR372b in FY19. Furthermore, ARPU could increase on account of another price hike, which should increase EBITDA from this level.

Exhibit 6: VIL needs to implement price hike to survive

(Amount in INR b)	FY22
Capex	52
Cash Interest	30
Deferred spectrum liability	165
AGR payment	52
Total requirement	300
EBITDA (pre-IND-AS 116)	195
Incremental EBITDA required	105
Incremental revenue required	149
ARPU (INR)	138
Subscribers (m)	364
ARPU hike required (INR)	34
New ARPU (INR)	173
Increase in ARPU required (%)	25%

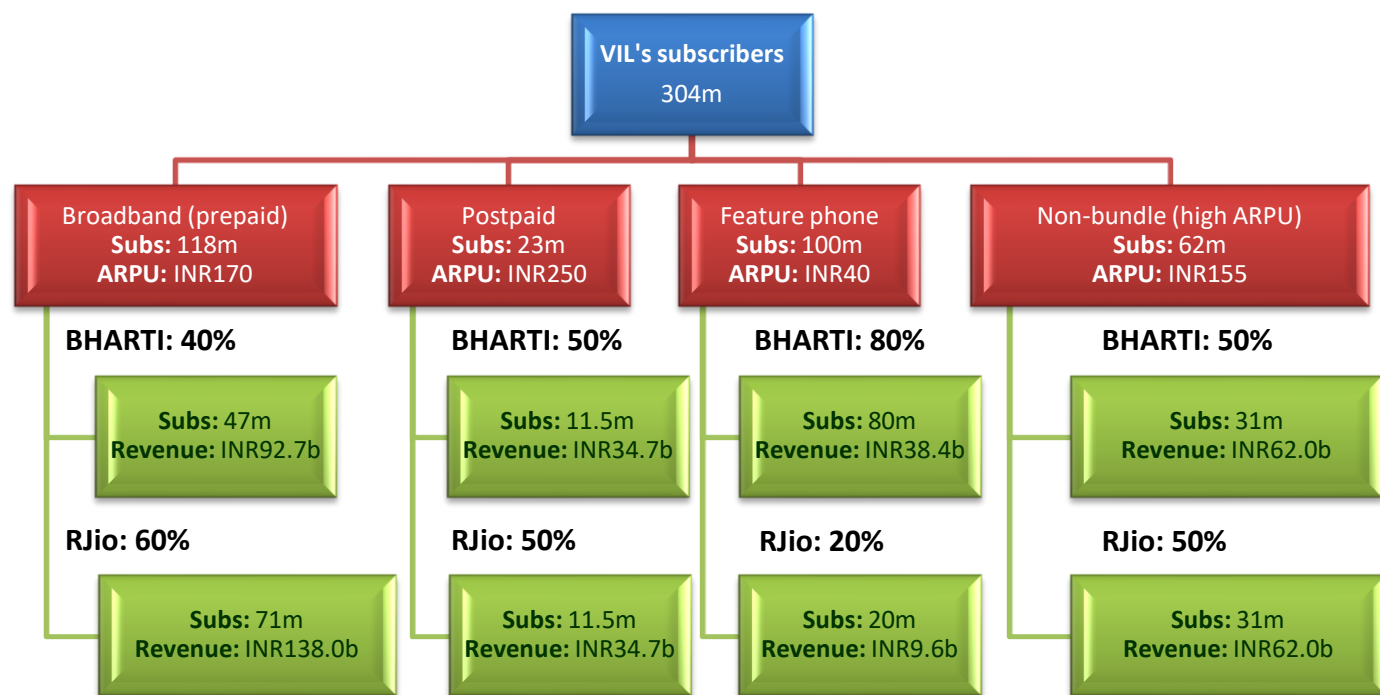
Source: MOFSL, Company

Exhibit 7: At 25% ARPU hike (needed by VIL to survive), RJio's incremental EBITDA to be INR157b

Company	RJio
(Amount in INR b)	FY22
EBITDA	487
ARPU (INR)	159
Increase in ARPU due to VIL price hike (%)	25%
New ARPU	198
Subscribers (m)	476
Incremental revenue	224
Incremental EBITDA	157
New EBITDA	644
Increase in EBITDA (%)	32%

Source: MOFSL, Company

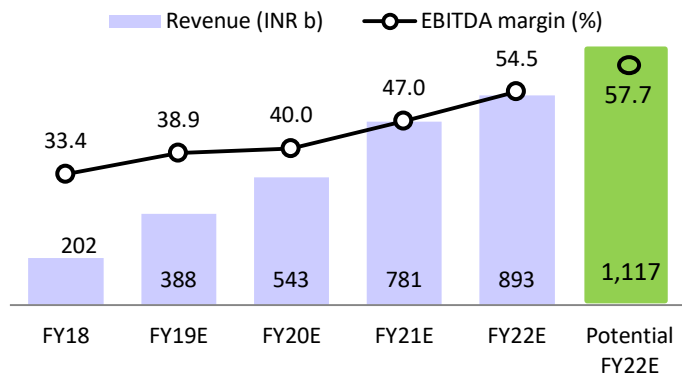
Exhibit 8: VIL customers' transition to BHARTI/RJio – Customer split at ~60%/40%, while revenue split is equal



Source: MOFSL, Company

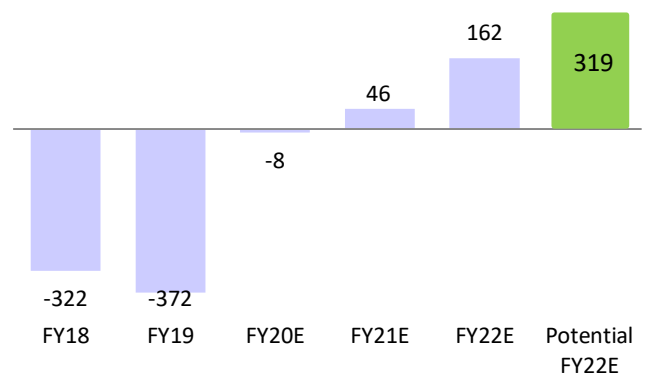
Reliance Jio Infocomm: Story in charts

Exhibit 9: Potential to reach INR1.2b in revenue in FY22



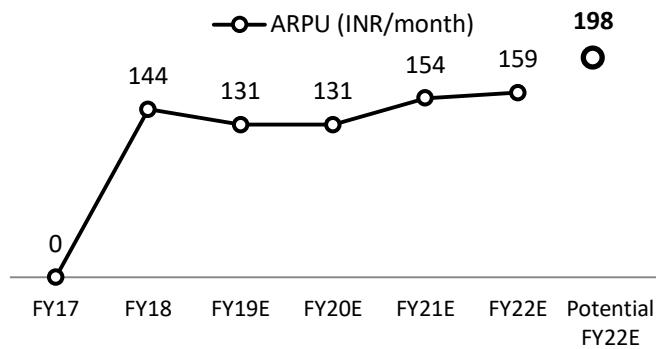
Source: Company, MOFSL

Exhibit 47: FCF potential to reach INR319b in FY22 (INR b)



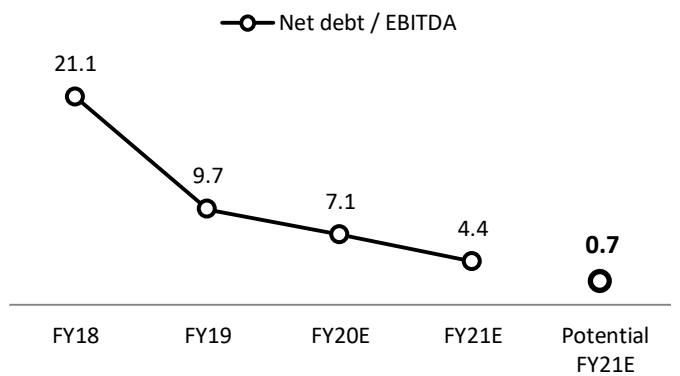
Source: Company, MOFSL

Exhibit 10: ARPU potential to reach ~INR200 in FY22



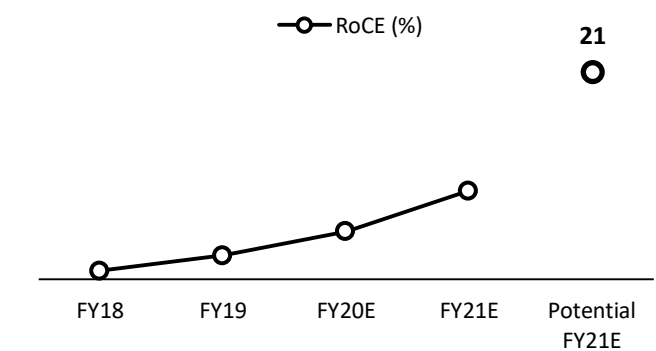
Source: Company, MOFSL

Exhibit 48: Net debt / EBITDA to decline



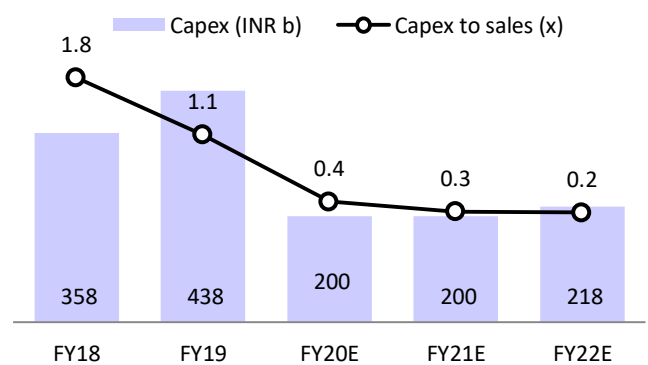
Source: Company, MOFSL

Exhibit 11: RoCE potential to reach 21% in FY21E



Source: Company, MOFSL

Exhibit 49: Capex/Sales to decrease to 0.2x in FY22E



Source: Company, MOFSL

Reliance Jio Infocomm: Financials and valuations

Consolidated – Income statement								(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Total Income from Operations	0	0	0	202	388	543	781	893
Change (%)	NA	0.0	-50.0	NA	92.7	39.9	43.9	14.2
Total Expenditure	0	0	0	134	237	326	414	406
% of Sales	NA	NA	NA	66.6	61.1	60.0	53.0	45.5
EBITDA	0	0	0	67	151	217	367	487
Margin (%)	NA	NA	NA	33.4	38.9	40.0	47.0	54.5
Depreciation	0	0	0	36	64	71	80	103
EBIT	0	0	0	32	87	147	287	384
Int. and Finance Charges	0	0	0	20	41	76	100	153
Other Income	0	0	0	0	0	1	1	1
PBT after EO Exp.	0	0	0	11	46	72	188	231
Total Tax	0	0	0	4	16	22	51	63
Tax Rate (%)	0.0	34.4	34.5	34.8	34.9	30.3	27.0	27.1
Reported PAT	0	0	0	7	30	50	138	169
Adjusted PAT	0	0	0	7	30	50	138	169
Change (%)	NA	-31.7	98.6	LP	310.0	68.2	175.8	22.6
Margin (%)	NA	NA	NA	3.6	7.6	9.2	17.6	18.9

Consolidated – Balance sheet								(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Equity Share Capital	301	450	450	450	450	450	450	450
Total Reserves	-1	-78	259	579	-46	4	141	310
Net Worth	301	372	709	1,029	404	454	591	760
Total Loans	239	884	1,244	1,438	1,479	1,614	1,704	1,704
Capital Employed	539	1,257	1,953	2,468	1,883	2,068	2,296	2,464
Gross Block	10	12	14	1,595	1,444	1,990	2,190	2,408
Less: Accum. Deprn.	1	2	4	40	104	174	254	358
Net Fixed Assets	9	9	10	1,555	1,340	1,815	1,935	2,050
Capital WIP	723	1,061	1,780	700	346	0	0	0
Total Investments	8	8	9	10	13	11	11	11
Curr. Assets, Loans&Adv.	80	197	211	272	259	358	517	577
Account Receivables	0	0	0	9	7	30	43	49
Cash and Bank Balance	0	0	0	7	4	58	95	104
Loans and Advances	80	197	210	256	247	270	380	425
Curr. Liability & Prov.	281	19	56	70	74	116	168	174
Account Payables	0	0	0	31	33	40	51	50
Other Current Liabilities	281	19	55	34	41	65	102	107
Provisions	0	0	1	5	1	10	15	17
Net Current Assets	-201	178	155	202	185	242	350	403
Appl. of Funds	539	1,257	1,953	2,468	1,883	2,068	2,296	2,464

E: MOFSL Estimates

Reliance Jio Infocomm: Financials and valuations

Ratios								
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Basic (INR)								
EPS	0.0	0.0	0.0	0.2	0.7	1.1	3.1	3.7
Cash EPS	0.0	0.0	0.0	1.0	2.1	2.7	4.8	6.0
BV/Share	10.0	8.3	15.7	22.9	9.0	10.1	13.1	16.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
FCF per share		-4.9	-9.3	-7.2	-8.3	-0.2	1.0	3.6
Return Ratios (%)								
RoE	-0.1	0.0	-0.1	0.8	4.1	11.6	26.3	24.9
RoCE	NA	0.0	0.0	0.9	2.6	5.2	9.6	11.8
RoIC	NA	7.7	-0.2	2.1	3.5	5.8	10.0	12.3
Working Capital Ratios								
Fixed Asset Turnover (x)	0.0	0.0	0.0	0.1	0.3	0.3	0.4	0.4
Asset Turnover (x)	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.4
Debtor (Days)	274	913	3,650	17	7	20	20	20
Creditor (Days)	0	0	0	56	31	27	24	20
Leverage Ratio (x)								
Current Ratio	0.3	10.3	3.8	3.9	3.5	3.1	3.1	3.3
Interest Cover Ratio	-14.0	-18.0	-47.2	1.5	2.1	1.9	2.9	2.5
Net Debt/Equity	0.8	2.4	1.7	1.4	3.6	3.4	2.7	2.1

Consolidated – Cash flow statement									(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	
OP/(Loss) before Tax	0	0	0	11	46	72	188	231	
Depreciation	0	0	0	36	64	71	80	103	
Interest & Finance Charges	0	0	0	20	41	76	100	153	
Direct Taxes Paid	0	0	0	-2	-10	-22	-51	-63	
(Inc)/Dec in WC	-28	-43	-34	-29	-75	-38	-71	-45	
CF from Operations	-28	-44	-34	36	66	158	247	380	
Others	0	0	0	0	0	33	-1	-1	
CF from Operating incl EO	-28	-44	-34	36	67	192	246	380	
(Inc)/Dec in FA	-95	-176	-385	-358	-438	-200	-200	-218	
Free Cash Flow	-123	-220	-419	-322	-372	-8	46	162	
(Pur)/Sale of Investments	-5	0	0	-1	0	2	0	0	
Others	0	0	0	0	0	5	5	5	
CF from Investments	-101	-177	-386	-359	-438	-194	-195	-213	
Issue of Eq/Pref.Shares	71	150	337	313	0	0	0	0	
Inc/(Dec) in Debt	72	103	141	102	460	135	90	0	
Interest Paid	-13	-33	-58	-85	-92	-76	-100	-153	
Dividend Paid	0	0	0	0	0	0	0	0	
Others	0	0	0	0	0	0	0	0	
CF from Fin. Activity	129	220	420	330	368	59	-10	-153	
Inc/Dec of Cash	0	0	0	7	-3	57	41	13	
Opening Balance	0	0	0	0	7	0	53	91	
Closing Balance	0	0	0	7	4	58	95	104	

Reliance Consol.: Financials and valuations

Consolidated – Income statement								(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Total Income from Operations	3,754.4	2,740.0	3,053.8	3,916.8	5,671.4	6,009.3	5,955.1	7,601.8
Change (%)	-13.6	-27.0	11.5	28.3	44.8	6.0	-0.9	27.7
EBITDA	373.6	417.0	461.9	641.8	839.2	877.4	921.6	1,327.8
Margin (%)	10.0	15.2	15.1	16.4	14.8	14.6	15.5	17.5
Depreciation	115.5	115.7	116.5	167.1	209.3	212.2	220.4	253.1
EBIT	258.2	301.4	345.5	474.7	629.8	665.2	701.2	1,074.7
Int. and Finance Charges	33.2	36.9	38.5	80.5	165.0	211.0	232.4	297.0
Other Income	86.1	122.9	93.4	88.6	86.4	145.1	99.0	99.0
PBT bef. EO Exp.	311.1	387.4	400.3	482.8	551.2	599.4	567.8	876.7
EO Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT after EO Exp.	311.1	387.4	400.3	482.8	551.2	597.6	567.8	876.7
Total Tax	74.7	88.8	102.0	133.5	153.9	145.9	146.3	232.9
Tax Rate (%)	24.0	22.9	25.5	27.6	27.9	24.4	25.8	26.6
Minority Interest	0.7	1.2	-0.7	-11.5	-1.0	-1.8	-0.7	-0.7
Reported PAT	235.7	297.5	299.0	360.8	398.4	453.5	422.1	644.5
Adjusted PAT	235.7	297.5	299.0	360.8	398.4	454.9	422.1	644.5
Change (%)	4.8	26.2	0.5	20.7	10.4	14.2	-7.2	52.7
Margin (%)	6.3	10.9	9.8	9.2	7.0	7.6	7.1	8.5

Consolidated – Balance sheet								(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Equity Share Capital	29.4	29.5	29.6	59.2	59.3	59.3	59.3	59.3
Total Reserves	2,155.4	2,286.0	2,607.5	2,875.8	3,811.9	4,212.6	4,585.5	5,154.9
Net Worth	2,185.0	2,315.6	2,637.1	2,935.1	3,871.1	4,271.8	4,644.8	5,214.2
Minority Interest	30.4	33.6	29.2	35.4	82.8	82.8	82.8	82.8
Total Loans	1,682.5	1,947.1	1,836.8	1,816.0	2,719.4	2,619.4	2,519.4	2,019.4
Deferred Tax Liabilities	129.7	204.9	212.0	245.4	499.2	499.2	499.2	499.2
Capital Employed	4,027.6	4,501.2	4,715.0	5,031.9	7,172.6	7,473.3	7,746.2	7,815.6
Gross Block	2,844.7	3,312.5	3,564.0	5,775.5	5,867.8	7,603.5	8,330.7	8,796.1
Less: Accum. Deprn.	1,324.1	1,505.9	1,627.7	1,794.7	2,004.1	2,216.3	2,436.7	2,689.8
Net Fixed Assets	1,520.6	1,806.6	1,936.3	3,980.7	3,863.8	5,387.3	5,894.0	6,106.3
Goodwill on Consolidation	44.0	42.5	48.9	58.1	120.0	120.0	120.0	120.0
Capital WIP	1,664.6	2,287.0	3,248.4	1,870.2	1,794.6	658.9	331.8	266.4
Total Investments	764.5	840.2	856.1	855.3	2,423.0	2,423.0	2,423.0	2,423.0
Curr. Assets, Loans&Adv.	1,051.2	1,013.8	978.3	1,348.4	1,822.7	1,905.5	1,971.6	2,722.1
Inventory	532.5	464.9	489.5	608.4	675.6	715.9	709.4	905.6
Account Receivables	53.2	44.7	81.8	175.6	300.9	318.8	315.9	403.3
Cash and Bank Balance	125.5	110.3	30.2	42.6	75.1	53.8	136.6	379.7
Loans and Advances	340.1	394.0	376.8	521.9	771.1	817.0	809.6	1,033.5
Curr. Liability & Prov.	1,017.2	1,488.8	2,353.0	3,080.8	2,851.5	3,021.4	2,994.2	3,822.1
Account Payables	594.1	603.0	766.0	1,068.6	1,083.1	1,147.6	1,137.3	1,451.8
Other Current Liabilities	353.7	855.8	1,545.9	1,970.8	1,721.1	1,823.7	1,807.2	2,306.9
Provisions	69.5	30.1	41.2	41.4	47.3	50.1	49.7	63.4
Net Current Assets	33.9	-475.0	-1,374.7	-1,732.5	-1,028.8	-1,115.9	-1,022.6	-1,100.0
Appl. of Funds	4,027.6	4,501.2	4,715.0	5,031.9	7,172.6	7,473.3	7,746.2	7,815.6

E: MOFSL Estimates

Reliance Consol.: Financials and valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
EPS	39.8	50.2	50.5	60.9	67.2	76.8	71.2	108.8
Cash EPS	59.3	69.7	70.1	89.1	102.5	112.6	108.4	151.5
BV/Share	368.7	390.7	445.0	495.3	653.2	720.9	783.8	879.9
DPS	5.0	5.2	5.5	6.0	6.5	7.4	6.9	10.5
Payout (%)	15.1	12.4	13.0	11.9	11.6	11.6	11.6	11.6
Valuation (x)								
P/E	34.2	27.1	26.9	22.3	20.2	17.7	19.1	12.5
Cash P/E	22.9	19.5	19.4	15.3	13.3	12.1	12.5	9.0
P/BV	3.7	3.5	3.1	2.7	2.1	1.9	1.7	1.5
EV/Sales	2.6	3.6	3.2	2.5	1.9	1.8	1.8	1.3
EV/EBITDA	25.7	23.7	21.3	15.3	12.7	12.1	11.3	7.3
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.8
FCF per share	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)								
RoE	11.3	13.2	12.1	13.0	11.7	11.2	9.5	13.1
RoCE	7.2	8.0	7.5	8.8	9.1	9.1	8.5	12.0
RoIC	12.8	17.0	27.9	24.2	17.7	13.9	11.3	16.4
Working Capital Ratios								
Fixed Asset Turnover (x)	1.3	0.8	0.9	0.7	1.0	0.8	0.7	0.9
Asset Turnover (x)	0.9	0.6	0.6	0.8	0.8	0.8	0.8	1.0
Inventory (Days)	52	62	59	57	43	43	43	43
Debtor (Days)	5	6	10	16	19	19	19	19
Creditor (Days)	58	80	92	100	70	70	70	70
Leverage Ratio (x)								
Current Ratio	1.0	0.7	0.4	0.4	0.6	0.6	0.7	0.7
Interest Cover Ratio	7.8	8.2	9.0	5.9	3.8	3.2	3.0	3.6
Net Debt/Equity	0.7	0.8	0.7	0.6	0.7	0.6	0.5	0.3

Consolidated – Cash flow statement

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
PBT	311.1	387.4	400.3	482.8	551.2	597.6	567.8	876.7
Depreciation	115.5	115.7	116.5	167.1	209.3	212.2	220.4	253.1
Tax paid	-74.7	-88.8	-102.0	-133.5	-153.9	-145.9	-146.3	-232.9
Change in deferred tax liability	10.5	75.2	7.0	33.5	253.8	0.0	0.0	0.0
Change in net working capital	279.9	493.8	819.6	370.1	-671.1	65.8	-10.6	320.5
Operating cash flow	641.5	982.1	1,242.1	931.4	190.4	731.5	632.0	1,218.2
Capex	-1,015.6	-1,022.5	-1,214.0	-842.5	-1,427.5	-600.0	-400.0	-400.0
Change in investments	-158.5	-75.6	-15.9	0.8	-218.9	0.0	0.0	0.0
Investing cash flows	-1,174.1	-1,098.2	-1,229.9	-841.7	-1,646.4	-600.0	-400.0	-400.0
Change in borrowings	294.9	264.6	-110.4	-20.7	903.4	-100.0	-100.0	-500.0
Misc	20.8	3.2	-4.4	6.2	47.4	0.0	0.0	0.0
Issuance of equity	-2.0	-129.9	61.5	-20.0	584.1	0.0	0.0	0.0
Others	18.8	-126.7	57.1	-13.8	631.5	0.0	0.0	0.0
Dividend paid	-35.6	-37.0	-38.9	-42.8	-46.4	-52.8	-49.2	-75.1
Financing cash flow	278.2	100.9	-92.3	-77.3	1,488.5	-152.8	-149.2	-575.1
Net change in cash	-254.4	-15.2	-80.1	12.3	32.6	-21.3	82.8	243.1
Closing cash balance	125.5	110.3	30.2	42.6	75.1	53.8	136.6	379.7

E: MOFSL Estimates

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

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