



Equity | India  
24<sup>th</sup> January 2022

**Eureka Stock & Share Broking Services  
Ltd.**

**EuValue**

**Reliance Industries Ltd.**

**Result update**

Above market expectation, on overall strong performance.

**BSE CODE: 500325**  
**SECTOR: REFINERIES**

**NSE SYMBOL: RELIANCE**  
**FACE VALUE: Rs. 10**

**BLOOMBERG CODE: RIL IN**  
**LAST PRICE: Rs. 2378**

#### Consolidated Quarterly Result

- Reliance Industries consolidated net sales increased 56.99% to Rs 185027 crore in Q3FY22 compared to Q3FY21. Sales of Others segment rose 44.56% to Rs 15,842.00 crore (accounting for 6.79% of total sales). Sales of Oil and Gas segment has gone up 493.74% to Rs 2,559.00 crore (accounting for 1.10% of total sales). Sales of Digital Services segment has gone up 6.43% to Rs 25,200.00 crore (accounting for 10.80% of total sales). Sales of Financial services segment has gone down 5.86% to Rs 611.00 crore (accounting for 0.26% of total sales). Sales of Oil to Chemicals (O2C) segment has gone up 56.76% to Rs 1,31,427.00 crore (accounting for 56.32% of total sales). Sales of Retail segment has gone up 52.45% to Rs 57,717.00 crore (accounting for 24.73% of total sales). Inter-segment sales rose Rs 19,586.00 crore to Rs 23,533.00 crore.
- Exports from RIL's India operations increased by 105.3% to Rs 64,781 crore as against Rs 31,559 crore in the corresponding quarter of the previous year mainly due to both higher price realizations and higher volumes
- The increase in gross revenue was primarily on account of the following Revenue of O2C was driven by higher volumes and improved price realization on the back of 80% Y-o-Y increase in crude oil prices.
- Revenue of Oil & Gas segment increased multi-fold led by ramp-up of gas production from KG D6 block. Revenue growth was also supported by higher gas price realization in KG D6 and CBM block.
- Digital Services revenues continued uptrend with strong customer traction in connectivity business
- Operating profit margin has declined from 18.30% to 16.06%, leading to 37.74% rise in operating profit to Rs 29,706.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 42.22% to 48.16%. Purchase of finished goods cost fell from 21.80% to 20.79%. Employee cost decreased from 3.35% to 2.46%. Other expenses fell from 15.62% to 12.92%.
- Other income fell 9.12% to Rs 4047 crore. PBIDT rose 29.72% to Rs 33753 crore. Profit before interest, tax and other unallocable items (PBIT) have jumped 41.28% to Rs 24,000.00 crore. PBIT of Others segment rose 5.33% to Rs 1,225.00 crore (accounting for 5.10% of total PBIT). PBIT of Oil and Gas reported profit of Rs 1,326.00 crore compared to loss of Rs 447.00 crore. PBIT of Digital Services segment rose 10.18% to Rs 6,298.00 crore (accounting for 26.24% of total PBIT). PBIT of Financial services segment fell 21.33% to Rs 236.00 crore (accounting for 0.98% of total PBIT). PBIT of Oil to Chemicals (O2C) segment rose 52.57% to Rs 11,667.00 crore (accounting for 48.61% of total PBIT). PBIT of Retail segment rose 24.49% to Rs 3,248.00 crore (accounting for 13.53% of total PBIT).
- PBIT margin of others segment fell from 10.61% to 7.73%. PBIT margin of Oil and Gas segment rose from negative 103.71% to 51.82%. PBIT margin of Digital Services segment rose from 24.14% to 24.99%. PBIT margin of Financial services segment fell from 46.22% to 38.63%. PBIT margin of Oil to Chemicals (O2C) segment fell from 9.12% to 8.88%. PBIT margin of Retail segment fell from 6.89% to 5.63%. Overall PBIT margin fell from 10.79% to 10.28%.
- Provision for interest fell 11.88% to Rs 3812 crore. PBDT rose 38.02% to Rs 29941 crore. Provision for depreciation rose 15.27% to Rs 7683 crore.
- Profit before tax grew 48.11% to Rs 22,258.00 crore. Share of profit/loss was 77.33% higher at Rs 133 crore. PBT before EO was up 48.26% to Rs 22391 crore. The company reported EO income of Rs 2836 crore compared to EO expense of Rs 121 crore (net impact of impairment of Shale Gas assets totaling to Rs 15,691 crore and recognition of Deferred Tax Assets of Rs 15,570 crore in respect of the difference between the book base and tax base of the Shale Gas Operations). PBT after EO was up 68% to Rs 25227 crore.
- During the quarter, Reliance Eagleford Upstream Holding, LP (REUHLP) a wholly owned step-down subsidiary of Reliance Industries Limited (RIL), signed agreements with Ensign Operating III, LLC, a Delaware limited liability company to divest its interest in certain upstream assets in the Eagleford shale play of Texas, USA. With this transaction, RIL has divested all its shale gas assets and has exited from the shale gas business in North America. This transaction resulted into an exceptional gain on sale of assets amounting Rs 2,872 crore (part of Oil & Gas segment). This was partially offset by provision for liabilities pertaining to GAPCO amounting to Rs 36 crore.
- Provision for tax was expense of Rs 4688 crore compared to Rs 88 crore. Effective tax rate was 18.58% compared to 0.59%.
- Outstanding debt as on December 31, 2021 was Rs 244,708 crore. Cash and cash equivalents as on December 31, 2021 were at Rs 241,846 crore.
- The capital expenditure for the quarter ended December 31, 2021 was Rs 27,582 crore and for nine months ended December 31, 2021 was Rs 69,303 crore. Additionally, Rs 43,589 crore was incurred towards acquisition of Spectrum by RJIL.

**Operational Highlights:****Consolidated Jio Platforms**

- Quarterly operating revenue (net of GST) was Rs 20,597 crore, growth of 13.8% Y-o-Y (adjusted for IUC), driven by higher ARPUs and increasing revenues from new services
- ARPU during the quarter of Rs151.6 per subscriber per month which is healthy 8.4% growth on Y-o-Y basis (adjusted for IUC) and 5.6% growth on Q-o-Q basis
- Total customer base as on 31st December 2021 of 421.0 million, net addition of 10.2 million customers on Y-o-Y basis.
- Total data traffic was 23.4 billion GB during the quarter; 47.8% growth Y-o-Y. Total voice traffic was 1.15 trillion minutes during the quarter; 17.9% growth Y-o-Y. During 3Q FY22, average data and voice consumption per user per month increased to 18.4 GB and 901 minutes, respectively.
- Gross subscriber addition remains strong with total gross adds of 34.6 million in 3Q FY22 driven by both mobility and FTTH businesses
- Jio undertook around 20% hike across prepaid plans effective 1st December 2021 which is in line with other industry operators. Jio's new plans continue to provide the best value for consumers in the industry across price points

**Reliance Retail**

- All time high revenues were recorded across all consumption baskets driven by highest ever store sales and sustained growth momentum in digital & new commerce. Consumer Electronics and Apparel & Footwear doubled their business on the back of strong festive sales while Grocery sustained its consistent and strong double-digit growth momentum.
- During the quarter, business added 837 stores taking the total count to 14,412 stores and 2.3 million sq ft. of warehousing space to bolster its service capabilities.
- Business continued to strengthen its Digital and New Commerce capabilities. Merchant partnerships and Digital commerce orders scaled new highs with merchant partners growing 4x Y-o-Y while digital commerce orders growing 2x Y-o-Y.
- Reliance Retail has built capabilities through acquisitions and strategic partnerships and has invested over Rs 7,600 crore during the 9 months period in FY 22.
- Fashion & Lifestyle business delivered highest ever quarterly revenues with 2x growth over same period last year.
- Grocery business sustained its strong and consistent double-digit growth momentum, delivering its all-time high revenue driven by higher footfalls and robust bill values.

**Oil to Chemicals (O2C)**

- Global oil demand in 3Q FY22 grew by 1.1 mb/d from 2Q FY22 to reach 99.0 mb/d, which is 4.8 mb/d higher compared to 3Q FY21 due to robust consumption and increasing international travel as more countries re-opened their borders.
- Crude oil benchmarks surged during the quarter due to gas-to-oil switching, stronger refining margins and the continued decline in oil stocks in major consuming regions, while the rise in prices was kept in check due to emergence of Omicron variant. Brent averaged \$ 79.7 /bbl in 3Q FY22 (up \$ 6.3 /bbl Q-o-Q and \$ 35.5 /bbl Y-o-Y)
- Global refinery throughput was at 79.8 mb/d in 3Q FY22, an improvement of 1.8 mb/d Q-o-Q and 4.7 mb/d higher Y-o-Y.
- Domestic demand of ATF & MS increased by 32.0% and 2.3% respectively whereas demand for HSD declined by 3.8% over same quarter last year.
- In 3Q FY22, transportation fuel cracks strengthened Q-o-Q due to improvement in regional mobility, opening of countries with lowering border restrictions, strong industrial and manufacturing activity, continued high Natural Gas prices, higher winter heating demand and limited Chinese exports.

**Oil and Gas (Exploration and production) Business**

- Segment Revenues for 3Q FY22 increased by 494% Y-o-Y to Rs 2,559 crore. Segment EBITDA sharply increased to Rs 2,033 crore, with EBITDA margin of 79.4%. This was primarily due to ramp-up of gas production from KG D6 and improved price realization.
- Price realization for KG D6 gas improved 69.3% Q-o-Q to \$ 6.13 /mmbtu in 3Q FY 22 vis-a-vis \$ 3.62 /mmbtu in 2Q FY 22 and \$ 3.51 /mmbtu in 3Q FY 21.
- Price realization for CBM gas for 3Q FY22 was \$ 7.11 /mmbtu vis-a-vis \$ 6.63 /mmbtu in 2Q FY22 and \$ 4.24 /mmbtu in 3Q FY21.
- KG D6: gas production during 3Q FY22 was at 39.5 BCF (RIL's share) vis-a-vis 39.2 BCF (RIL's share) in 2Q FY 22 and 1.07 BCF (RIL's Share) in 3Q FY21.
- CBM gas production was at 2.51 BCF in 3Q FY22 vis-a-vis 2.62 BCF in 2Q FY 22 and 2.93 BCF in 3Q FY21

**Media Business**

- Revenue from operations (net of GST) for 3Q FY22 rose 16.5% Y-o-Y to Rs 1,657 crore, driven by strong growth in ad revenues in both News and Entertainment businesses.
- EBITDA for 3Q FY22 grew 15.1% Y-o-Y to Rs 373 crore. EBITDA margins rose to 22.5% as profitability of news business, both TV and Digital, saw a sharp improvement while entertainment business delivered strong margins despite increase in original content and high production value impact properties.

## Quarterly Result (Consolidated)

(In Rs. Crs)

	3rd Qtr Dec 21	3rd Qtr Dec 20	Y-o-Y Var(%)	2nd Qtr Sep 21	Q-o-Q Var(%)	9 Month Dec 21	9 Month Dec 20	Var(%)
Net Sales	1,85,027	1,17,860	57.0	1,67,611	10.4	4,92,587	3,17,349	55.2
Other Operating Income	0	0	0.0	0		0	0	0.0
Other Income	7,016	4,528	55.0	4,263	64.6	15,461	18,437	-16.1
Total Income	1,92,043	1,22,388	56.9	1,71,874	11.7	5,08,048	3,35,786	51.3
Total Expenditure	1,55,321	96,415	61.1	1,41,591	9.7	4,13,493	2,59,963	59.1
PBIDT	36,722	25,973	41.4	30,283	21.3	94,555	75,823	24.7
Interest	3,812	4,326	-11.9	3,819	-0.2	11,028	17,145	-35.7
PBDT	32,910	21,647	52.0	26,464	24.4	83,527	58,678	42.4
Depreciation	7,683	6,665	15.3	7,230	6.3	21,796	19,599	11.2
Minority Interest Before NP	0	0	0.0	0		0	0	0.0
PBT	25,227	14,982	68.4	19,234	31.2	61,731	39,079	58.0
Tax	2,763	295	836.6	2,532	9.1	7,620	1,596	377.4
Deferred Tax	1,925	-207		1,223	57.4	4,287	-1,261	
Reported Profit After Tax	20,539	14,894	37.9	15,479	32.7	49,824	38,744	28.6
Minority Interest After NP	1,990	1,793	11.0	1,799	10.6	5,322	2,843	87.2
Net Profit after Minority Interest	18,549	13,101	41.6	13,680	35.6	44,502	35,901	24.0
Extra-ordinary Items	2,309	-119		0		2,289	4,647	-50.7
Adjusted Profit After EO item	16,240	13,220	22.9	13,680	18.7	42,213	31,254	35.1
			0					0
EPS (Adj)(In Rs.)	28.08	20.33	38.12	20.88		68.01	55.65	22.21

## Segmental Result (Consolidated)

(In Rs. Crs)

	% of (Total)	2112 (03)	2012 (03)	Var(%)	% of (Total)	2112 (09)	2012 (09)	Var(%)	% of (Total)
<b>Sales</b>									
Oil to Chemicals (O2C)	56	131427	83,838	57	57	355114	2,18,928	62	52
Others	7	15,842	10,959	45	8	47,586	27,856	71	8
Oil and Gas	1	2,559	431	494	1	5,484	1,292	324	0
Retail	25	57,717	37,860	52	23	1,41,730	1,10,617	28	25
Digital Services	11	25,200	23,678	6	12	72,965	67,659	8	15
Financial services	0	611	649	-6	0	1,602	1,964	-18	0
Total Reported Sales	100	2,33,356	1,57,415	48	100	6,24,481	4,28,316	46	100
Less: Inter segment revenues		23,533	19,586	20		64,264	61,173	5	
Net Sales		2,09,823	1,37,829	52		5,60,217	3,67,143	53	
<b>PBIT</b>									
Oil to Chemicals (O2C)	49	11,667	7,647	53	51	32,808	20,596	59	48
Others	5	1,225	1,163	5	5	3,248	2,881	13	6
Oil and Gas	6	1,326	-447	LP	3	1,933	-1,588	LP	-2
Retail	14	3,248	2,609	24	11	7,111	4,878	46	13
Digital Services	26	6,298	5,716	10	28	18,088	15,581	16	34
Financial services	1	236	300	-21	1	540	1,210	-55	2
Total PBIT	100	24,000	16,988	41	100	63,728	43,558	46	100
Less : Interest		811	2,051	-60		2,642	9,723	-73	
Add: Other un-allocable		-798	166	PL		-2,191	399	PL	
PBT		22,391	15,103	48		58,895	34,234	72	

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