

CMP - 390

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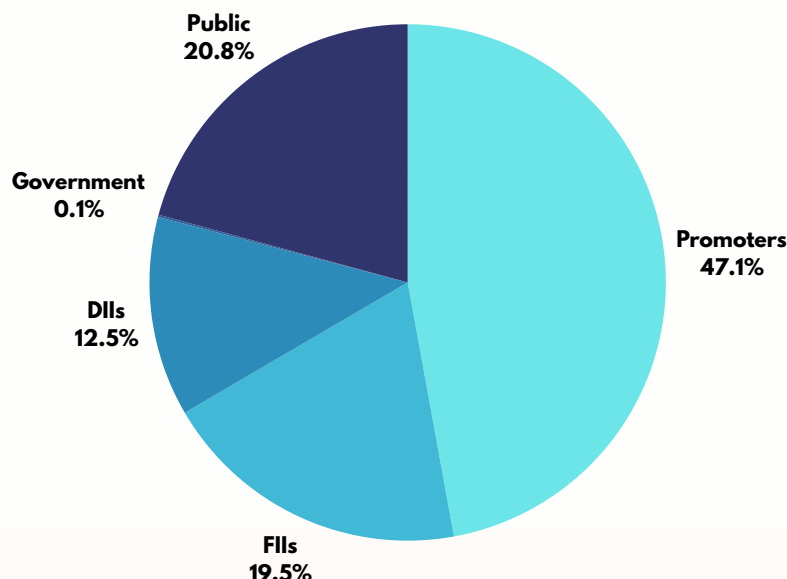
About the Company

Jio Financial Services Limited is an Indian financial services company that offers financial and investment services with a focus on robust infrastructure technology solutions. The company serves customers in India and aims to provide a range of financial products digitally to promote financial security and prosperity for all Indians. Originally a subsidiary of Reliance Industries, Jio Financial Services became an independent entity and was listed on the Indian stock exchanges in August 2023. The company's top owners include private companies holding a 41% stake and individual investors holding 30% of the company

Recent Quarter Highlights

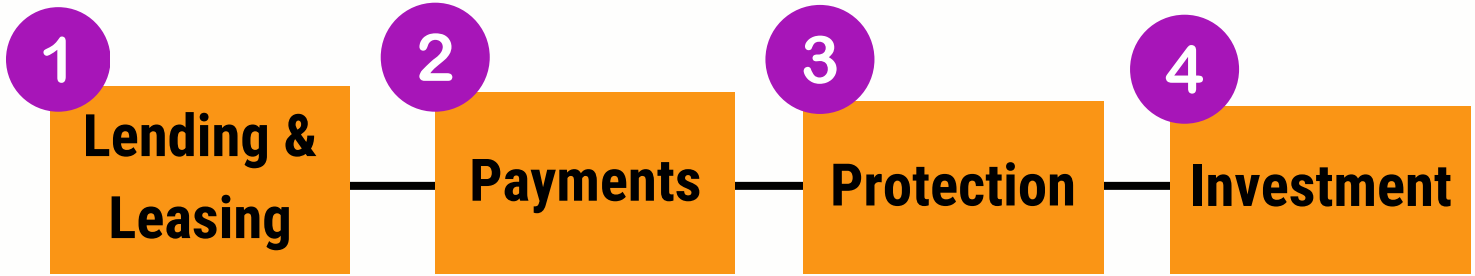
- Jio Financial Services (JFS) reported a net profit of ₹310.6 crore for Q4 FY24, marking a massive 80% YoY drop compared to ₹1,604.5 crore in the same period last year.
- Revenue from operations declined 77% from ₹1,853.8 crore in Q4FY23 to ₹418.1 crore in the period.
- However, JFS recorded a total revenue of ₹418 crore during the fourth quarter, which is marginally higher than ₹413.61 crore reported in the previous quarter.
- The company's Q4FY24 results follow a dip in performance post-demerger, as it encountered a decline in financial performance during the second quarter.

Shareholding Pattern till mAr'24



SOURCES:INVESTOR RELATIONS

SERVICE PORTFOLIO (BUSINESS MODEL)



Jio Financial provides a range of financial services including lending, leasing, payments, protection, and investments.

Lending: Jio Financial addresses working capital needs through vendor financing. Additionally, projects such as LAP, LAMF, etc., are in the pipeline.

Leasing: Jio Financial is moving towards Device-as-a-Service (DaaS) in the leasing segment.

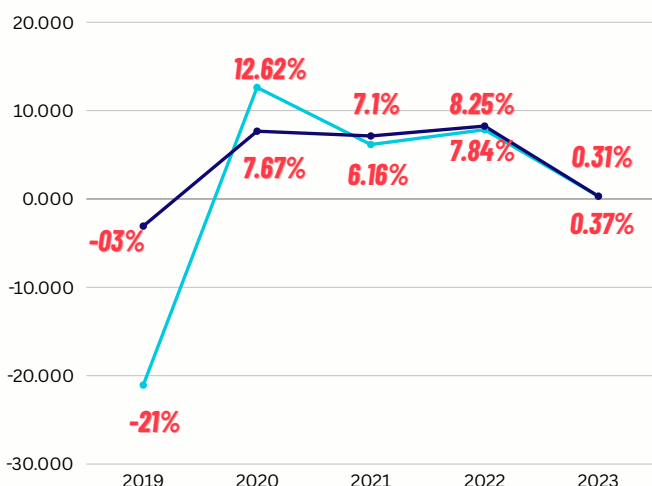
Payments: Recently, Jio Financial launched a revamped Digital Savings Account and Payment Solutions.

Protection: Jio Financial has tie-ups with 29 insurance companies. It offers embedded insurance for white goods at the point of sale, extended warranty for consumer durables and mobiles, and shop insurance through Jio Payment Solutions Limited's merchant platforms. It also launched an Institutional Sales channel.

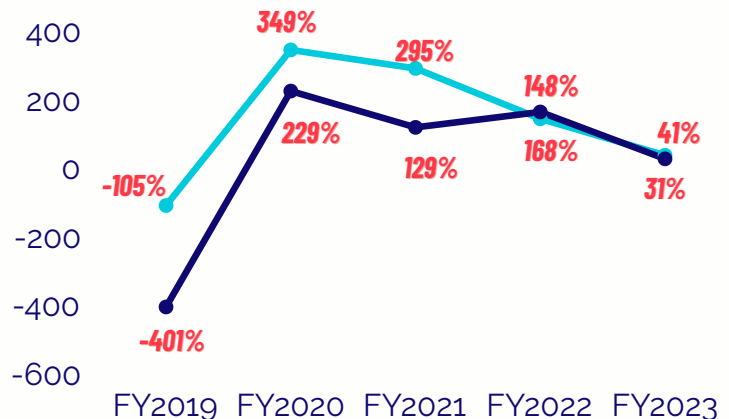
Investments: Jio Financial raised funds through investment, including a 50-50 JV with BlackRock to launch wealth management and broking businesses.

With Jio's technology as its key growth differentiator, supported by AI, alternate data, and additional features,

● ROE VS ROCE ●



● INCOME AND PROFIT GROWTH ●



SOURCES: INVESTOR RELATIONS

BUSINESS MODEL

Jio Financial Services Ltd (JFSL)

JFSL is a publicly listed entity (CIC*) and acts as the holding company for the group

100%

Jio Finance Limited (JFL)

NBFC REGULATED BY RBI

50%

Jio Finance Limited (JFL)

1. PROPOSED JV FOR ASSET MANAGEMENT COMPANY
2. PROPOSED JV FOR WEALTH MANAGEMENT AND BROKING

100%

Jio Leasing Services Limited (JLSL)

LEASING ENTITY

50%

RIL IL

JV WITH RELIANCE STRATEGIC BUSINESS VENTURES LIMITED

50%

Blackrock

100%

Jio Insurance Broking Limited (JIBL)

INSURANCE BROKING ENTITY REGULATED BY IRDAI

77.5%

Jio Payments Bank (JPB)

PAYMENTS BANK REGULATED BY RBI

100%

Jio Payment Solutions Limited (JPSL)

PAYMENT AGGREGATOR REGULATED BY RBI

100%

Reliance Industrial Investment Holdings Limited (RIIHL)

INVESTMENT HOLDING COMPANY

PT

RSHL

22.5%

SBI

SOURCES:INVESTOR RELATIONS

QUARTERLY RESULT

(ALL FIGURES IN CR.)

Particulars	Sep-23	% of Revenue	Dec-23	% of Revenue	Mar-24	% of Revenue
Operating Revenue	148.9	100%	134.08	100%	140.51	100%
Other Income	0	0.00%	0	0.00%	0	0.00%
Interest Expended	0	0.00%	0	0.00%	0	0.00%
Operating Expenses	22.24	14.94%	33.25	24.80%	33.44	23.80%
Total Provisions	0	0.00%	0	0.00%	0	0.00%
Depreciation	3.1	2%	3.09	2%	3.06	2%
Profit Before Tax	123.56	82.98%	97.74	72.90%	104.01	74.02%
Tax	34.8	23.37%	27.26	20.33%	26.25	18.68%
Net Profit	88.76	59.61%	70.48	52.57%	77.76	55.34%
Adjusted EPS (RS)	0.14		0.11		0.12	

INCOME STATEMENT

Particulars	Mar-19	Mar-20	% of Revenue	Mar-21	% of Revenue	Mar-22	% of Revenue	Mar-23	% of Revenue
Operating Income	-105.03	349.25	100%	295.18	100%	148.61	100%	41.63	100%
Other Income	0.09	0	0.00%	15.63	5.30%	35.65	23.99%	13.27	31.88%
Interest	247.89	127.76	36.58%	110.57	37.46%	0	0.00%	0	0.00%
Operating Exp	11.04	8.75	2.51%	69.79	23.64%	7.04	4.74%	2.15	5.16%
Total Provison	5	18.91	5.41%	12.39	4.20%	0.35	0.24%	3.41	8.19%
Exceptional Items	0	0	0%	0	0%	0	0%	0	0%
Profit before tax	-368.87	193.83	55.50%	118.06	40.00%	176.87	119.02%	49.34	118.52%
Tax	32.81	-36.11	-10.34%	-5	-1.69%	8.83	5.94%	18.09	43.45%
Profit after tax	-401.68	229.94	65.84%	123.06	41.69%	168.04	113.07%	31.25	75.07%
Adjusted EPS	-1,988.51	1,138.32		609.21		831.88		154.55	

BALANCE SHEET

Particulars	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Equity and Liabilities					
<i>Share Capital</i>	2.33	2.33	2.33	2.33	2.33
<i>Total Reserves</i>	1,704.66	1,934.60	2,057.66	2,225.70	24,051.92
<i>Borrowings</i>	0	0	0	0	0
<i>Other N/C liabilities</i>	53.78	4.77	-3.77	-5.31	4.08
<i>Current liabilities</i>	2,339.42	2,824.09	0.07	0.09	744.77
Total liabilities	4,100.19	4,765.79	2,056.29	2,222.81	24,803.10
Assets					
<i>Loans</i>	0	0	0	0	0
<i>Net Block</i>	0	0	0	0	48.8
<i>CapitalWIP</i>	0	0	0	0	0
<i>Intangible WIP</i>	0	0	0	0	0
<i>Investments</i>	1,037.78	206.09	57.49	180.9	19,400.57
<i>Other Loans</i>	102.77	128.71	1,985.91	2,041.35	23.87
<i>Other N/A Assets</i>	0	0	0	0	0
<i>Current Assets</i>	2,959.64	4,430.99	12.89	0.56	5,329.86
Total Assets	4,100.19	4,765.79	2,056.29	2,222.81	24,803.10

WHAT SHOULD INVESTORS DO?

Jio Financial Services is poised for a significant presence in 2024, leveraging its disruptive entry into the fintech sector in mid-2023. The company aims to bolster its impact by expanding financial offerings, strengthening its payments vertical, and diversifying services through strategic partnerships and joint ventures. JFS's performance will be closely tied to the economic climate, while offering unique products, competitive rates, and superior customer service will be crucial for standing out in a competitive market. With a focus on three essential elements for building a robust business at scale — the Jio brand, capital, and customer adjacency from the ecosystem — along with the ongoing development of digital, intuitive, and simple product offerings, we believe these key strengths will drive sustainable growth in the future.

Considering the company's current and future prospects, as well as associated risks, we have applied an earnings-based approach, forecasting an earnings growth of 12-15%.


Our current stance on jio is on upgrade target of 494, representing a potential upside of 27%.




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