

Reliance Industries | BUY

Correction overdone, near bear-case valuation; BUY

We believe the recent correction in RIL's share price is overdone (4% this week and 8% in the last 1 month after rise in Middle East tensions) as it won't be negatively impacted by the recent spike in crude and LNG prices. Instead, RIL could see near-term benefits due to: a) jump in diesel crack on account of supply disruption risk; and b) likely rise in petchem margin (as petchem product prices are likely to rise along with crude price while its feedstock cost is unlikely to rise much as it has limited dependency on crude-linked naphtha). The correction in RIL seems largely due to FII-related selling (FII holding at 21.1% at end-Dec'25 versus peak of 28.3% at end-Mar'21). At CMP, RIL is trading near our bear-case valuation of ~INR 1,275/share - exhibit 3. We reiterate BUY (unchanged TP of INR 1,730) on comfortable valuations after the recent correction, as share price adequately factors concern around near-term weakness in retail business EBITDA growth on account of ramp-up in the quick commerce business. However, it's not discounting 15-16% EBITDA-compounding story in Digital business over the next 2-3 years driven by 10-11% ARPU CAGR; hence we expect 14-16% EPS CAGR for RIL over the next 3-5 years. Key triggers are Jio's IPO in the next few months (assuming SEBI norms for large IPOs are notified in the next few weeks) and likely telecom tariff hike post that. At CMP, the stock is trading at FY28E P/E of 16.8x (3-year average 23.9x) and FY28E EV/EBITDA of 8.2x (3-year average 11.9x).

- Spike in crude/LNG price doesn't hit RIL's O2C business earnings; instead RIL to see near-term benefit due to jump in diesel crack and likely rise in petchem margin:** We believe the recent correction in RIL's share price is overdone (4% this week and 8% in last 1 month after escalation in Middle East tensions) as it doesn't get negatively impacted due to the recent spike in crude and LNG prices. Instead, RIL benefits due to jump in diesel cracks to USD 35-42/bbl in the last 2 days (~USD20/bbl earlier) as the diesel yield for RIL's refinery is a high 40-50%; assuming diesel crack sustains at ~USD30/bbl, RIL's GRM could rise by USD 4-5/bbl. Every USD 1/bbl rise in RIL's GRM on an annualised basis results in an increase in its annual EBITDA by INR 45bn or 2.2% and increase in valuation by INR 29/share of 1.7%. However, we agree this abnormally high diesel crack is not sustainable; also, there could be a risk of the government taking it away via windfall tax (similar to action taken post Russia-Ukraine crisis when the government capped diesel/petrol crack at ~USD20/bbl and took margin beyond that via windfall tax). Further, RIL also benefits due to likely rise in its petchem margin as petchem product prices are likely to rise along with crude price, while its petchem feedstock cost is unlikely to rise much as it has limited dependency on crude-linked naphtha. RIL's petchem feedstock breakdown is approximately: i) 25% ethane; ii) 50% off-gases and iii) and only 25% crude-linked naphtha.
- Correction in RIL overdone; currently trading near our bear-case valuation:** We believe the correction in RIL is largely due to FII-related selling given RIL is a large liquid holding for FIIs (FII holding of 21.1% at end-Dec'25 versus peak of 28.3% at end-Mar'21). At CMP, RIL is trading near our bear-case valuation of ~INR 1,275/share (**exhibit 3**) which is based on: **a)** 20x FY28E EV/EBITDA multiple for the retail business (25x in the base case) and 15% cut in FY28E retail EBITDA estimate to account for near-term weakness in retail business EBITDA growth on account of ramp-up in the quick commerce business; **b)** 11x FY28E EV/EBITDA multiple for the telecom business (12.6x in the base case) – at CMP, Bharti India business is trading at 9.5-10x FY28E EV/EBITDA; **c)** New Energy business at 1x of INR750bn investment (2x in base case); **d)** 6.5x FY28E EV/EBITDA for O2C business (7.5x in the base case) and 10% lower EBITDA factoring in risk of some impact on refinery throughput due to some shortage of crude availability;

Financial Summary						(INR mn)
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	9,010,640	9,646,930	9,269,072	10,234,258	11,826,033	
Sales Growth (%)	2.6	7.1	-3.9	10.4	15.6	
EBITDA	1,622,330	1,654,440	1,837,016	2,045,010	2,334,075	
EBITDA Margin (%)	18.0	17.1	19.8	20.0	19.7	
Adjusted Net Profit	696,210	696,480	829,507	925,160	1,085,603	
Diluted EPS (INR)	51.4	51.5	61.3	68.4	80.2	
Diluted EPS Growth (%)	4.4	0.0	19.1	11.5	17.3	
ROIC (%)	9.5	8.8	9.7	10.0	11.1	
ROE (%)	9.2	8.5	9.5	9.9	10.8	
P/E (x)	26.1	26.1	21.9	19.7	16.8	
P/B (x)	2.3	2.2	2.0	1.9	1.7	
EV/EBITDA (x)	12.8	12.7	11.6	10.5	9.1	
Dividend Yield (x)	0.4	0.4	0.4	0.4	0.6	

Source: Company data, JM Financial. Note: Valuations as of March 04, 2026



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,730
Upside/(Downside)	28.6%
Previous Price Target	1,730
Change	0.0%

Key Data – RELIANCE IN equity

Current Market Price	INR1,345
Market cap (bn)	INR18,201.7/US\$197.5
Free Float (%)	44.2
Shares in issue (mn)	13,532.5
Diluted share (mn)	13,532.5
3-mon avg daily val (mn)	INR17,373.3/US\$188.7
52-week range	INR1,612/1,115
Sensex/Nifty	79,116/24,481
INR/US\$	92.1

Price Performance

%	1M	6M	12M
Absolute	-7.7	-1.1	15.8
Relative*	-2.2	1.0	6.8

*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Reiterate BUY on comfortable valuations, and as we expect strong 14-16% EPS CAGR over the next 3-5 years particularly driven by both consumer businesses:** We reiterate BUY (unchanged TP of INR 1,730) on comfortable valuations after the recent correction, as share price adequately factors concern around near-term weakness in retail business EBITDA growth on account of ramp-up in the quick commerce business. However, it's not discounting 15-16% EBITDA-compounding story in Digital business over the next 2-3 years driven by 10-11% ARPU CAGR; hence we expect 14-16% EPS CAGR for RIL over the next 3-5 years. Key triggers are Jio's IPO in the next few months (assuming SEBI norms for large IPOs are notified in the next few weeks) and likely telecom tariff hike post that. Further we expect its net debt to decline gradually because capex will not only moderate (INR 1.2tn-1.4tn p.a. versus INR 2.3tn in FY23 and INR 1.3tn in FY24 and FY25) but, importantly, also be fully funded by a gradual increase in internal cash generation. RIL's guidance on keeping reported net debt to EBITDA below 1x (0.6x at end-3QFY26) also gives comfort. At CMP, RIL is trading near our bear-case valuation of ~INR 1,275/share. At CMP, the stock is trading at FY28E P/E of 16.8x (3-year average: 23.9x) and FY28E EV/EBITDA of 8.2x (3-year average: 11.9x). Key risks: **a)** weak subs addition and limited ARPU hike; **b)** sustained muted growth in the retail business; and **c)** subdued O2C margins due to macro concerns.

Key assumptions and estimates

Exhibit 1: Key assumptions

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Brent crude price (USD/bbl)	44.7	80.0	95.4	83.1	78.9	65.0	65.0	70.0
Exchange rate (INR/USD)	71.9	74.5	80.4	82.8	84.6	88.0	90.6	92.4
Refining								
EBITDA (INR Bn)	139	279	412	379	283	354	413	421
Crude throughput	65.7	67.8	67.1	67.8	70.0	67.5	68.9	68.9
Margins (USD/bbl)								
S'pore Dubai GRM	0.5	5.0	10.7	6.6	3.8	6.0	6.0	6.0
RIL's total GRM premium	5.5	4.5	2.0	4.6	4.7	4.1	5.0	5.0
a) RIL normal GRM premium	5.5	4.0	1.3	3.6	3.7	3.1	4.0	4.0
b) Petcoke gasification addition to GRM	0.0	0.5	0.8	1.0	1.0	1.0	1.0	1.0
RIL's total GRM	6.0	9.5	12.7	11.2	8.5	10.1	11.0	11.0
Refining cash opex	2.0	2.0	2.3	2.0	2.0	2.0	2.0	2.0
Refining EBITDA	4.0	7.5	10.4	9.2	6.5	8.1	9.0	9.0
Petrochemicals								
EBITDA (INR Bn)	243	249	208	245	267	265	304	398
EBITDA/ton (USD/ton)	209	206	175	205	206	196	216	226
Sales volumes (mmtpa)								
Polymers	5.9	5.8	5.7	5.6	6.0	6.0	6.1	7.0
Polyesters	2.8	3.2	3.2	3.2	3.7	3.7	3.8	4.3
Fiber intermediaries	6.7	6.3	5.1	4.7	4.7	4.7	4.8	6.8
Sales volumes (mmtpa)	16.2	16.2	14.8	14.4	15.3	15.4	15.5	19.0
E&P								
EBITDA (INR Bn)	3	55	136	202	212	191	168	157
Gas and condensate production (mmscmd)	3	18	20	31	32	31	29	27
Gas realisation (USD/mmbtu)	3.6	6.3	11.0	10.2	9.7	9.5	9.0	9.0
Digital								
EBITDA (INR Bn)	340	403	503	567	650	762	850	1,005
EBITDA margin (%)	44.2%	47.6%	49.5%	49.9%	50.0%	50.5%	49.0%	48.7%
Wireless segment								
Subscribers (mn - EoP)	426	410	439	482	490	522	551	559
ARPU (INR)	143	153	178	181	196	212	234	263
FTTH segment								
Subscribers (mn - EoP)		5	8	11	18	29	41	52
ARPU (INR)		529	528	498	483	489	495	495
Retail								
Gross Revenue (INR Bn)	1,549	1,993	2,603	3,068	3,308	3,767	4,311	4,953
EBITDA (INR Bn)	98	124	180	231	251	273	311	353
EBITDA margin (%)	6.3%	6.2%	6.9%	7.5%	7.6%	7.2%	7.2%	7.1%
Total stores	12,711	15,196	18,040	18,836	19,340	19,908	20,487	21,077
Net Store additions (#)	404	2,485	2,844	796	504	568	579	591
Gross revenue per average store (INR Mn)	124	143	157	166	173	192	213	238
- YoY growth (%)	-12%	15%	10%	6%	4%	11%	11%	12%
EBITDA per average store (INR Mn)	8.0	8.9	10.8	12.5	13.1	13.9	15.4	17.0
- YoY growth (%)	-8%	11%	21%	16%	5%	6%	11%	11%
EBITDA break-up (INR Bn)								
O2C	382	527	621	624	550	619	717	819
E&P	3	55	136	202	212	191	168	157
Digital	340	403	503	567	650	762	850	1,005
Retail	98	124	180	231	251	273	311	353
Financial Services & Others	56	19	-6	64	63	-8	0	0
Total	879	1,128	1,433	1,687	1,725	1,837	2,045	2,334
Energy business	384	582	757	826	762	810	885	975
Non-energy business (incl others)	495	546	677	861	964	1,027	1,160	1,359
EBITDA proportion								
O2C	43%	47%	43%	37%	32%	34%	35%	35%
E&P	0%	5%	9%	12%	12%	10%	8%	7%
Digital	39%	36%	35%	34%	38%	41%	42%	43%
Retail	11%	11%	13%	14%	15%	15%	15%	15%
Financial Services & Others	6%	2%	0%	4%	4%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Energy business	44%	52%	53%	49%	44%	44%	43%	42%
Non-energy business (incl others)	56%	48%	47%	51%	56%	56%	57%	58%
EBITDA growth (%)								
O2C		38%	18%	1%	-12%	13%	16%	14%
E&P		2015%	149%	49%	5%	-10%	-12%	-7%
Digital		18%	25%	13%	15%	17%	11%	18%
Retail		26%	45%	29%	9%	9%	14%	14%
Financial Services & Others		-66%	-131%	-1157%	-2%	-113%	-100%	0%
Total		28%	27%	18%	2%	6%	11%	14%

Source: Company, JM Financial

Correction over-done, near bear-case valuation; BUY

Our 1-year target price for RIL of INR 1,730/share is computed on a sum-of-the-parts (SOTP) valuation method:

- a) Petchem segment at an EV of INR 220/share based on 7.5x FY28E EV/EBITDA;
- b) Refining segment at an EV of INR 233/share based on 7.5x FY28E EV/EBITDA;
- c) E&P segment at an EV of INR 60/share based on 5.0x FY28E EV/EBITDA;
- d) Digital segment (RIL's 66.43% stake in JPL) at an EV of INR 673/share comprising: i) Telecom business at INR 616/share based on DCF valuation; implied valuation of ~12.7x FY28E EV/EBITDA; and ii) Digital opportunities at INR 57/share based on potential monetisation of Video OTT apps, audio OTT and Consumer IoT business.
- e) Retail business (RIL's 83.56% stake) at an EV of INR 545/share based on 25x FY28E EBITDA.
- f) New Energy business at an EV of INR 111/share (based on 2x announced capex of INR 750bn) and other investments at INR 48/share (listed investment, Disney Viacom JV and Real estate investment).

We reiterate BUY on comfortable valuations after the recent correction, as share price adequately factors concern around near-term weakness in retail business EBITDA growth on account of ramp-up in the quick commerce business. However, it's not discounting 15-16% EBITDA-compounding story in Digital business over the next 2-3 years driven by 10-11% ARPU CAGR; hence we expect 14-16% EPS CAGR for RIL over the next 3-5 years. Key triggers are Jio's IPO in the next few months (assuming SEBI norms for large IPOs are notified in the next few weeks) and likely telecom tariff hike post that. At CMP, the stock is trading at FY28E P/E of 16.8x (3-year average 23.9x) and FY28E EV/EBITDA of 8.2x (3-year average 11.9x).

Exhibit 2: RIL Sum-of-the-parts valuation - our 1-year target price for RIL is INR 1,730/share

Business segment	Valuation methodology	FY28 EBITDA (INR Bn)	Valuation multiple	Valuation (INR bn)	Valuation (USD bn)	Valuation (INR/share)	Comments
Energy business (for RIL's 100% stake)				6,952	77	514	
Petchem	EV/ EBITDA	398	7.5	2,983	33	220	Valued at 7.5x FY28 EV/EBITDA
Refining	EV/ EBITDA	421	7.5	3,158	35	233	Valued at 7.5x FY28 EV/EBITDA
E&P	EV/ EBITDA	162	5.0	811	9	60	Valued at 5x FY28 EV/EBITDA
Digital business (for RIL's 66.43% stake)				9,109	101	673	
a) Telecom business	DCF			8,340	92	616	Based on DCF valuation; COE 13.5% and WACC of 11%; implied valuation of ~12.7x FY28 EV/EBITDA
b) Digital opportunities				768	8	57	JPL investments at book value - Monetization of Video OTT apps, JioSaavn and Consumer IoT business etc
Retail business (for RIL's 83.56% stake)	EV/ EBITDA			7,379	81	545	Valued at 25x FY28 EV/EBITDA, based on peers valuation range; D-Mart trades at +30x
New Energy business (for RIL's 100% stake)				1,500	17	111	At 2x announced capex of INR 750bn
Media business (for RIL's 63.16% stake)		54	12	644	7	48	Valued at 12x FY28 EV/EBITDA
Total Enterprise Value				25,584	282	1,891	
Less: Net Debt				2,193	24	162	
Total Equity Value				23,391	258	1,730	

Source: JM Financial

Exhibit 3: RIL sum-of-the-parts valuation – bear-case target price for RIL is INR 1,275/share

Business segment	Valuation methodology	FY28 EBITDA (INR Bn)	Valuation multiple	Valuation (INR bn)	Valuation (USD bn)	Valuation (INR/share)	Comments
Energy business (for RIL's 100% stake)				5,417	60	400	
Petchem	EV/ EBITDA	358	6.5	2,327	26	172	10% lower EBITDA, valued at 6.5x EV/EBITDA
Refining	EV/ EBITDA	379	6.5	2,463	27	182	10% lower EBITDA, valued at 6.5x EV/EBITDA
E&P	EV/ EBITDA	157	4.0	627	7	46	Valued at 4x EV/EBITDA
Digital business (for RIL's 66.43% stake)				7,713	85	570	
a) Telecom business	DCF			7,329	81	542	Based on DCF valuation; COE 13.5% and WACC of 11%; implied valuation of 11x FY28 EV/EBITDA
b) Digital opportunities				384	4	28	JPL investments at 50% of book value
Retail business (for RIL's 83.56% stake)	EV/ EBITDA			5,018	55	371	15% lower EBITDA; Valued at 20x FY28 EV/EBITDA, based on peers valuation range; D-Mart trades at +30x
New Energy business (for RIL's 100% stake)				750	8	55	At 1x announced capex of INR 750bn in 3 years
Media business (for RIL's 63.16% stake)		54	10	537	6	40	Valued at 10x EV/EBITDA
Total Enterprise Value				19,435	215	1,435	
Less: Net Debt				2,197	24	162	
Total Equity Value				17,238	190	1,275	

Source: JM Financial

Risks along with EPS and valuation sensitivity

a) Refining margin sensitivity: Every USD 1/bbl increase/decrease in GRM has a positive/negative impact of 1.7% of our valuation, 3.7% of our FY27E EPS, and 2.2% of our FY27E EBITDA. An unexpected decline in refining margin could have a negative impact on RIL's earnings and valuation.

b) Petchem margin sensitivity: Every USD 20/tonne increase/decrease in EBITDA margin has a positive/negative impact of 1.3% of our valuation, 2.3% of our FY27E EPS, and 1.4% of our FY27E EBITDA. An unexpected slide in petchem EBITDA margin could hurt RIL's earnings and valuation.

c) Retail margin sensitivity: Every 50bps increase/decrease in retail EBITDA margin has a positive/negative impact of 2.0% of our valuation, 1.8% of our FY27E EPS, and 1.1% of our FY27E EBITDA. Any downside to retail profitability could have a negative impact on RIL's earnings and valuation.

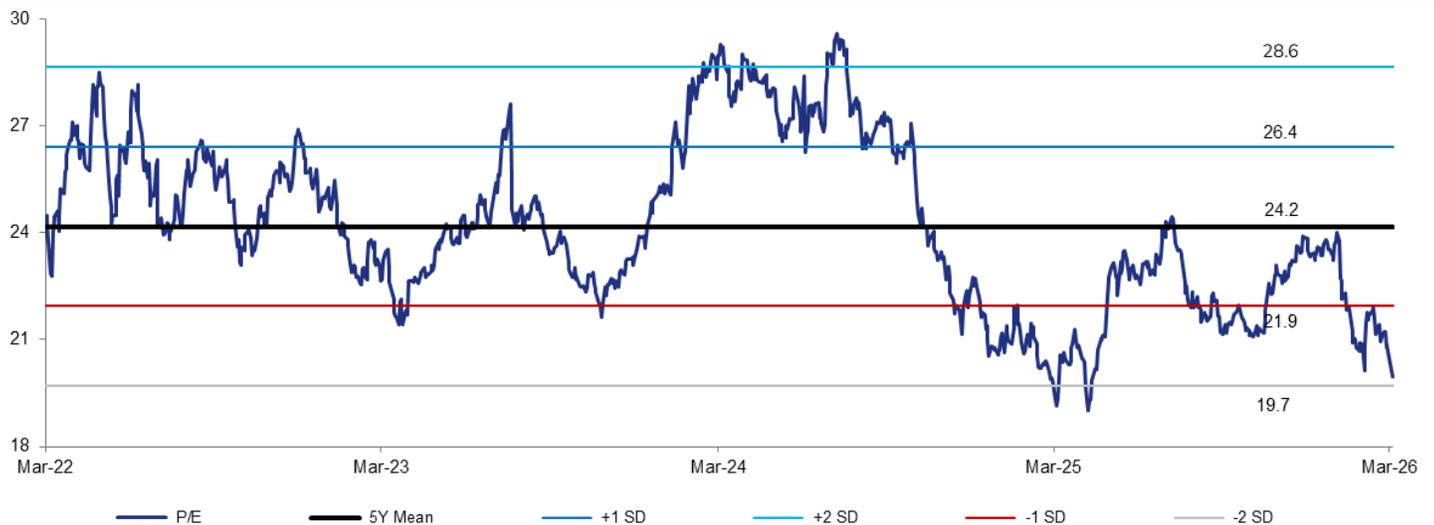
d) ARPU and subscriber sensitivity: Every INR 10 increase/decrease in ARPU has a positive/negative impact of 0.8% of our valuation and 1.9% of our FY27E EPS and 1.7% of our FY27E EBITDA. Every 20mn increase/decrease in subscribers has a positive/negative impact of 1.0% of our valuation, 1.8% of our FY27E EPS and 1.6% of our FY27E EBITDA. Lower-than-expected ARPU and subscriber growth could have a negative impact on RIL's earnings and valuation.

Exhibit 4: RIL earnings and valuation sensitivity

	FY27E Base case assumption	Change	Impact on FY27 EBITDA		Impact on FY27 EPS		Impact on TP	
			INR bn	% change	INR	% change	INR	% change
GRM (USD/bbl)	11	+/- USD 1/bbl	45	2.2%	2.5	3.7%	29	1.7%
Petchem EBITDA margins (USD/ton)	216	+/- USD 20/tn	30	1.4%	1.6	2.3%	22	1.3%
Retail EBITDA margins (%)	7.20%	+/- 0.5%	22	1.1%	1.2	1.8%	35	2.0%
Jio wireless ARPU	234	+/- INR 10	36	1.7%	1.3	1.9%	13	0.8%
Jio wireless subscriber (mn)	551	+/-20mn	33	1.6%	1.2	1.8%	18	1.0%
Base case			2,045		68		1,730	

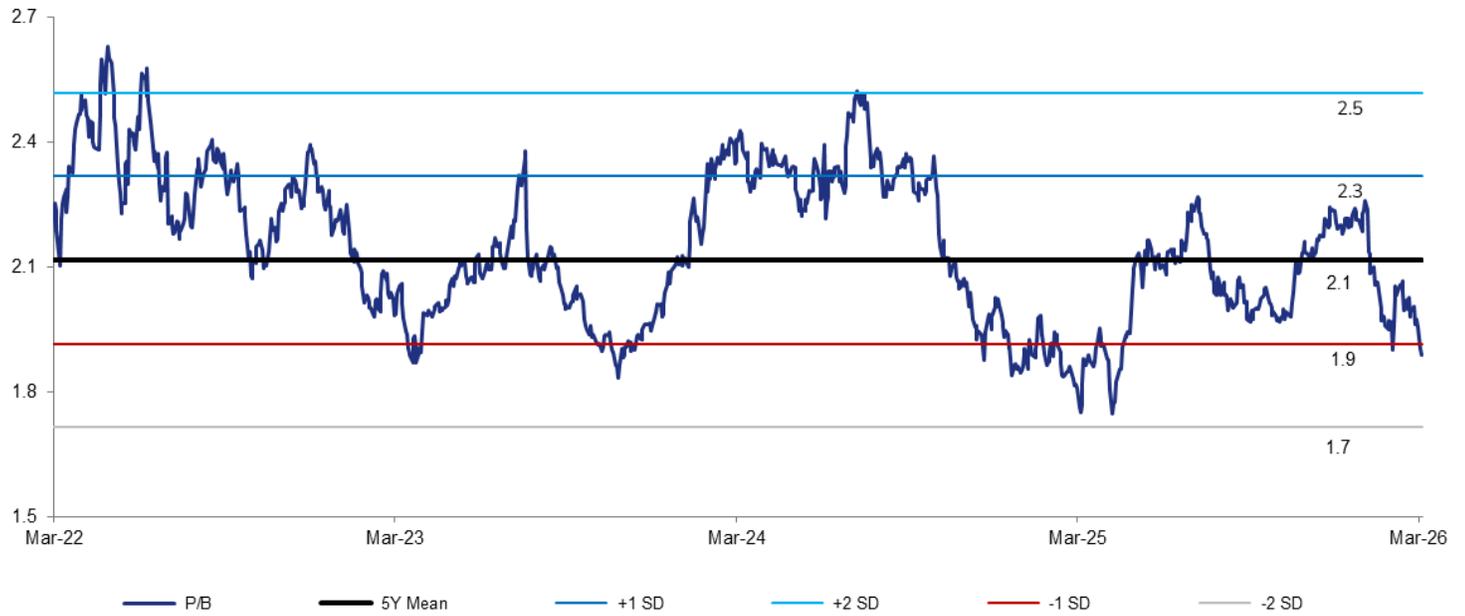
Source: JM Financial

Exhibit 5: RIL 1-year forward PE band



Source: JM Financial, Bloomberg

Exhibit 6: RIL 1-year forward PB band



Source: JM Financial, Bloomberg

Exhibit 7: RIL 1-year forward EV-EBITDA band



Source: JM Financial, Bloomberg

Exhibit 8: Global refiners' valuation snapshot

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27
US peers															
Valero Energy	9.6	8.5	8.9	6.0	7.4	7.0	20.3	16.4	16.2	2.7	2.6	2.5	11.8	15.0	14.1
Marathon Petroleum	8.6	7.8	7.7	8.5	10.0	9.5	20.4	15.4	14.8	3.5	3.3	3.3	15.8	22.0	19.6
US peers average	9.1	8.2	8.3	7.3	8.7	8.2	20.4	15.9	15.5	3.1	2.9	2.9	13.8	18.5	16.9
European peers															
Galp Energia	5.6	5.6	5.2	15.1	15.3	15.8	13.1	14.3	13.5	3.0	2.7	2.5	22.4	20.0	19.4
Motor Oil Hellas	5.3	6.0	6.4	9.8	8.9	8.1	5.8	7.9	8.7	1.2	1.1	1.1	23.4	15.5	12.3
PKN Orlen	4.1	4.1	4.0	14.1	15.1	14.9	10.7	10.1	10.9	0.9	0.9	0.8	8.6	8.7	7.8
MOL Hungarian oil & gas plc	3.5	3.6	3.6	13.2	13.9	13.5	7.3	7.4	7.4	0.6	NM	NM	9.1	8.5	8.6
OMV Ag	4.5	5.0	4.8	22.9	23.8	24.1	9.7	10.2	9.7	1.1	1.2	1.1	9.7	10.0	12.0
European peers average	4.6	4.8	4.8	13.1	13.3	15.3	9.3	10.0	10.0	1.4	1.5	1.4	13.5	11.0	12.0
Asian peers															
SK Innovation	18.0	12.9	10.7	4.6	6.6	7.7	NM	NM	NM	0.9	0.9	0.8	-5.1	-0.2	3.1
GS Holdings	6.3	5.8	5.7	12.4	13.4	13.3	8.8	7.9	7.4	0.4	0.4	0.4	5.2	5.5	5.7
MRPL	6.9	8.2	8.4	6.9	5.5	5.3	NM	NM	15.6	2.2	1.9	1.8	16.7	13.0	11.7
CPCL	3.8	5.7	5.4	7.3	4.8	5.0	NM	NM	NM	1.4	1.3	1.2	26.2	14.9	13.4
BPCL	4.9	5.8	6.1	9.5	7.9	7.1	6.4	8.1	8.8	1.6	1.4	1.3	27.9	19.2	16.3
HPCL	5.3	5.7	5.9	6.9	6.3	5.8	5.6	6.2	6.5	1.4	1.2	1.1	28.6	21.5	17.9
IOCL	6.0	6.3	6.4	8.9	8.3	7.7	7.8	8.9	8.9	1.2	1.1	1.0	16.9	13.5	11.9
RIL	11.7	10.4	9.5	18.3	19.1	19.3	22.8	20.6	18.5	2.0	1.8	1.7	8.8	8.9	9.3
Asian peers average ex- RIL	7.3	7.2	6.9	8.1	7.6	7.4	7.2	7.8	9.5	1.3	1.2	1.1	16.6	12.5	11.4
Global peers average ex- RIL	6.6	6.5	6.4	10.0	10.0	10.3	10.5	10.3	10.7	1.6	1.5	1.5	15.0	12.7	12.4
Global peers median ex- RIL	5.5	5.8	6.0	8.9	8.3	7.9	8.8	8.9	9.3	1.3	1.2	1.1	15.8	13.5	12.1

Source: JM Financial, Bloomberg

Exhibit 9: Global telecom companies' valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27
Bharti Airtel	11.5	10.0	8.9	40.4	27.9	22.0	8.2	6.9	5.8	56.9	57.5	57.9	21.7	27.0	29.3
Bharti Hexacom	17.3	14.3	12.4	43.6	30.2	23.7	11.8	9.8	8.0	52.3	55.0	56.9	28.4	34.9	36.5
Jio (JMF)	18.6	15.8	13.3	42.7	31.9	24.3	4.5	3.9	3.4	54.9	55.3	55.8	11.1	13.1	15.0
Vodafone Idea	17.8	14.8	12.6	NM	NM	NM	NM	NM	NM	42.1	45.1	47.4	NM	NM	NM
Indian telcos average	16.3	13.7	11.8	42.3	30.0	23.3	8.2	6.9	5.7	51.6	53.2	54.5	20.4	25.0	26.9
AT&T	7.2	6.9	6.7	13.6	12.2	11.1	1.7	1.7	1.6	37.0	37.4	38.0	13.9	13.6	14.4
T-Mobile	9.6	8.7	8.1	21.9	20.2	16.0	4.1	4.2	4.1	38.5	39.4	40.7	19.4	21.1	27.1
Verizon	7.2	6.6	6.4	13.6	10.2	9.6	1.7	1.9	1.8	36.4	36.9	37.5	13.9	19.0	19.3
US telcos average	8.0	7.4	7.1	16.4	14.2	12.2	2.5	2.6	2.5	37.3	37.9	38.7	15.8	17.9	20.3
Deutsche Telekom	7.4	7.0	6.6	16.7	15.4	13.6	2.6	2.5	2.4	37.2	38.0	38.9	13.9	14.9	15.8
Orange	6.9	6.2	6.0	24.8	16.1	14.8	1.5	1.5	1.5	30.9	32.8	33.4	5.7	8.9	10.2
Telefonica	5.6	5.3	5.2	13.0	10.5	9.8	1.2	1.2	1.2	32.3	33.9	34.3	1.2	10.5	10.8
Telenor	9.3	9.3	9.1	20.6	18.4	17.3	3.7	3.5	3.5	44.6	45.6	46.2	16.2	20.0	20.7
Vodafone Plc	6.3	5.7	5.5	14.1	12.5	10.7	0.6	0.6	0.6	28.4	29.4	29.7	3.4	4.0	4.5
BT Group	5.3	5.3	5.3	11.5	12.5	12.4	1.7	1.6	1.6	40.4	41.4	41.9	13.2	12.0	11.7
Europe telcos average	6.8	6.5	6.3	16.8	14.2	13.1	1.9	1.8	1.8	35.6	36.8	37.4	8.9	11.7	12.3
China Mobile	7.0	3.8	3.8	10.7	10.1	9.7	2.0	1.0	1.0	32.6	32.2	31.9	18.4	10.2	10.2
China Telecom	3.2	3.2	3.0	11.5	11.3	10.5	0.9	0.8	0.8	27.1	27.2	27.5	7.5	7.5	7.9
China Unicom	1.8	1.8	1.8	9.4	9.4	8.8	0.5	0.5	0.5	25.4	24.8	24.5	5.8	5.9	5.9
China telcos average	4.0	2.9	2.9	10.6	10.3	9.7	1.1	0.8	0.8	28.4	28.1	28.0	10.6	7.8	8.0
KT Corp	1.8	4.1	4.0	9.4	10.4	9.6	0.5	0.9	0.8	22.3	21.3	21.0	5.8	8.5	8.7
LG Uplus	3.8	3.3	3.3	9.2	9.7	9.0	0.9	0.8	0.7	23.3	24.1	23.9	10.2	8.1	8.3
SK Telecom	5.6	4.9	4.9	45.0	14.9	13.7	1.5	1.4	1.3	27.3	30.0	29.5	3.5	9.5	9.8
Korea telcos average	3.8	4.1	4.1	21.2	11.6	10.8	1.0	1.0	1.0	24.3	25.1	24.8	6.5	8.7	9.0
Celcom Digi	8.7	8.5	8.3	22.9	20.9	19.2	2.3	2.3	2.3	44.9	44.8	45.2	10.5	11.5	12.5
Telekom Malaysia	6.4	6.4	6.2	16.3	16.4	15.7	2.7	2.5	2.4	38.5	37.7	37.9	16.6	15.6	15.5
Malaysia telcos average	7.5	7.4	7.3	19.6	18.7	17.4	2.5	2.4	2.4	41.7	41.3	41.5	13.5	13.6	14.0
Advanced Info	10.4	9.8	9.5	24.3	21.3	19.9	10.5	14.9	14.1	53.8	54.7	54.9	44.9	58.3	78.7
Chungwa Telecom	12.0	11.6	11.2	28.0	26.6	25.2	2.8	2.8	2.8	37.7	37.7	37.8	10.1	10.6	11.1
Converge ICT	4.4	4.0	3.7	8.5	7.6	7.0	1.6	1.4	1.2	59.0	59.0	58.9	20.1	19.5	18.1
Globe Telecom	6.9	6.7	6.5	12.1	10.9	10.2	1.4	1.3	1.3	48.4	48.3	48.3	12.9	13.6	14.0
Indosat	4.7	4.4	4.1	14.9	12.0	10.6	2.0	1.8	1.7	47.3	47.7	48.1	13.4	15.4	16.4
MTN Group	5.3	4.6	3.9	16.0	14.0	11.1	2.4	2.0	1.7	44.8	45.7	47.9	NM	NM	NM
Singtel	22.6	20.8	19.7	26.8	23.8	20.4	3.0	3.0	3.0	27.6	29.0	29.6	12.6	12.2	13.8
Taiwan Mobile	11.4	11.6	11.6	22.8	22.2	21.3	3.8	3.8	3.7	21.4	22.0	22.0	17.2	17.2	18.0
Telecom Indonesia	5.5	5.3	5.1	15.5	14.3	13.5	2.4	2.4	2.3	49.7	50.4	50.5	14.8	15.6	16.0
XL Axiata	6.1	5.4	4.9	NM	NM	18.5	1.6	1.7	1.6	43.8	45.6	47.7	(7.6)	-3.7	8.3
Other regional telcos average	8.9	8.4	8.0	18.8	17.0	15.8	3.1	3.5	3.3	43.3	44.0	44.6	15.4	17.6	21.6
Global telcos average	8.4	7.7	7.2	20.3	16.5	14.7	2.9	2.9	2.7	38.9	39.6	40.1	13.1	15.1	17.0

Source: Bloomberg, JM Financial.

Exhibit 10: Global petchem companies' valuation snapshot

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27
Global (ex Asia) peers															
Dow	11.9	10.4	8.4	7.9	9.1	10.9	NM	NM	NM	1.2	1.4	1.5	-4.9	-1.7	3.3
Du Pont	14.4	13.2	12.4	23.5	24.5	25.2	30.1	21.8	19.7	1.1	1.3	1.3	4.4	6.4	6.8
Wacker Chemie	9.9	8.6	7.2	9.9	11.2	12.8	NM	589.0	36.8	0.9	0.9	0.9	-1.9	0.0	2.5
Johns on Matthey	8.5	8.3	7.8	17.1	20.2	21.5	13.6	14.2	11.6	1.5	1.8	1.6	14.3	16.8	14.1
BASF	9.3	8.9	8.1	11.2	11.8	12.5	17.3	18.5	15.0	1.2	1.2	1.2	5.9	7.7	7.3
Indorama ventures	10.2	8.1	7.5	7.9	9.4	10.0	NM	NM	12.4	0.9	0.9	0.9	-1.4	4.7	6.9
SABIC	9.9	8.9	7.2	13.6	15.8	18.7	NM	34.2	21.8	1.1	1.1	1.1	-11.3	3.5	5.6
Eastman Chemical Co	8.9	8.5	7.9	16.5	17.2	17.9	14.0	12.9	11.2	1.5	1.4	1.4	10.1	11.3	12.7
Olin Corp	8.5	10.6	7.5	9.8	7.7	10.5	NM	NM	51.4	1.5	1.7	1.8	-0.9	-5.2	3.4
AKZO Nobel	8.9	8.7	8.1	14.2	15.0	15.7	15.1	13.8	12.6	2.2	2.1	2.0	12.3	14.4	16.4
Global (ex Asia) peers average	10.0	9.4	8.2	13.2	14.2	15.6	18.0	100.7	21.4	1.3	1.4	1.4	2.7	5.8	7.9
Asian peers															
Mitsubishi Gas Chem	14.1	11.7	10.4	11.7	13.4	14.6	NM	20.6	17.9	1.4	1.4	1.3	-1.5	7.2	8.0
Sinopec Shanghai Petrochemical	30.3	11.2	7.2	1.3	3.7	5.7	NM	24.1	15.8	0.6	0.6	0.6	-2.1	2.9	4.9
LG Chem	10.0	8.4	6.1	14.9	16.4	19.6	NM	167.6	18.5	1.0	1.0	0.9	-0.8	0.5	4.6
Formosa Chemicals & Fibre Corp	28.4	16.4	14.6	4.2	7.9	8.5	NM	NM	32.6	1.1	0.9	0.9	-2.2	1.4	2.9
Nan Ya Plastics	29.1	18.5	14.1	10.8	16.2	19.5	216.7	27.5	20.5	2.0	1.9	1.9	1.1	7.4	9.1
Formosa Plastics	48.7	48.3	NM	4.4	4.5	NM	NM	NM	29.8	1.1	1.1	1.1	-1.3	1.5	3.7
Hanwha	30.3	15.7	11.2	6.0	9.8	12.6	NM	NM	19.5	1.1	1.1	1.1	-5.4	0.2	5.9
Asahi Kasei Corp	8.4	7.7	7.3	13.0	13.6	14.0	17.7	15.2	13.8	1.3	1.3	1.2	7.4	8.3	8.8
Toray Industries	10.6	9.4	8.9	10.4	11.2	11.4	24.2	18.4	15.9	1.1	1.1	1.0	4.8	6.0	6.5
Kuraray Co	5.2	4.8	4.5	18.2	18.6	19.2	24.6	14.2	11.9	0.8	0.7	0.7	3.0	5.5	6.4
Teijin Ltd	NM	NM	6.3	7.8	10.5	10.8	NM	20.5	16.6	0.8	0.8	0.8	-1.3	4.0	4.9
Mitsui Chemicals	8.1	7.0	6.4	11.9	13.3	14.1	17.5	13.1	11.0	1.0	1.0	0.9	6.0	7.7	8.6
RL	11.7	10.4	9.5	18.3	19.1	19.3	22.8	20.6	18.5	2.0	1.8	1.7	8.8	8.9	9.3
Asian peers average	19.6	14.1	8.9	10.2	12.2	14.1	53.9	34.2	18.6	1.2	1.1	1.1	1.3	4.7	6.4
Global peers average	15.2	12.0	8.6	13.2	14.2	15.6	37.6	61.6	19.8	1.2	1.2	1.2	1.9	5.2	7.1
Global peers median	10.1	9.1	7.9	11.2	13.3	14.0	17.7	20.5	17.2	1.1	1.1	1.1	-0.8	5.5	6.5

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	9,010,640	9,646,930	9,269,072	10,234,258	11,826,033	
Sales Growth (%)	2.6	7.1	-3.9	10.4	15.6	
Other Operating Income	-	-	-	-	-	
Total Revenue	9,010,640	9,646,930	9,269,072	10,234,258	11,826,033	
Cost of Goods Sold/Op. Exp	5,853,430	6,296,890	6,050,249	6,680,260	7,719,267	
Personnel Cost	256,790	285,590	299,870	314,863	330,606	
Other Expenses	1,278,090	1,410,010	1,081,937	1,194,125	1,442,085	
EBITDA	1,622,330	1,654,440	1,837,016	2,045,010	2,334,075	
EBITDA Margin (%)	18.0	17.1	19.8	20.0	19.7	
EBITDA Growth (%)	14.1	2.0	11.0	11.3	14.1	
Depn. & Amort.	508,320	531,360	541,119	573,910	602,722	
EBIT	1,114,010	1,123,080	1,295,897	1,471,101	1,731,353	
Other Income	160,570	179,780	153,727	152,734	152,246	
Finance Cost	231,180	242,690	253,359	242,207	228,711	
PBT before Excep. & Forex	1,043,400	1,060,170	1,196,265	1,381,628	1,654,888	
Excep. & Forex Inc./Loss(-)	-	-	-	-	-	
PBT	1,043,400	1,060,170	1,196,265	1,381,628	1,654,888	
Taxes	257,070	252,300	258,893	314,797	385,049	
Extraordinary Inc./Loss(-)	-	-	-	-	-	
Assoc. Profit/Min. Int.(-)	90,120	111,390	107,866	141,671	184,236	
Reported Net Profit	696,210	696,480	829,507	925,160	1,085,603	
Adjusted Net Profit	696,210	696,480	829,507	925,160	1,085,603	
Net Margin (%)	7.7	7.2	8.9	9.0	9.2	
Diluted Share Cap. (mn)	13,532	13,532	13,532	13,532	13,532	
Diluted EPS (INR)	51.4	51.5	61.3	68.4	80.2	
Diluted EPS Growth (%)	4.4	0.0	19.1	11.5	17.3	
Total Dividend + Tax	67,660	74,426	81,192	81,192	108,256	
Dividend Per Share (INR)	5.0	5.5	6.0	6.0	8.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Profit before Tax	1,043,400	1,060,170	1,196,265	1,381,628	1,654,888	
Depn. & Amort.	508,320	531,360	541,119	573,910	602,722	
Net Interest Exp. / Inc. (-)	122,840	123,630	99,632	89,473	76,465	
Inc (-) / Dec in WCap.	63,660	237,240	-33,322	-8,216	6,712	
Others	-30,730	-46,120	-	-	-	
Taxes Paid	-119,610	-119,250	-239,724	-293,057	-359,898	
Operating Cash Flow	1,587,880	1,787,030	1,563,970	1,743,737	1,980,888	
Capex	-1,528,830	-1,399,670	-1,327,140	-1,270,169	-1,163,852	
Free Cash Flow	59,050	387,360	236,830	473,568	817,036	
Inc (-) / Dec in Investments	176,950	-117,820	243	-12,150	-14,916	
Others	216,070	142,140	153,727	152,734	152,246	
Investing Cash Flow	-1,135,810	-1,375,350	-1,173,170	-1,129,585	-1,026,522	
Inc / Dec (-) in Capital	198,370	220	-213,220	-181,070	-181,070	
Dividend + Tax thereon	-	-	-	-	-	
Inc / Dec (-) in Loans	92,620	192,470	-108,247	-130,884	-71,976	
Others	-457,450	-511,600	-334,551	-323,399	-336,967	
Financing Cash Flow	-166,460	-318,910	-656,019	-635,353	-590,013	
Inc / Dec (-) in Cash	285,610	92,770	-265,218	-21,202	364,353	
Opening Cash Balance	686,640	972,250	1,065,020	799,802	778,600	
Closing Cash Balance	972,250	1,065,020	799,802	778,600	1,142,954	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Shareholders Fund	9,257,880	10,096,260	10,739,220	11,543,790	12,524,300	
Share Capital	67,660	135,320	135,320	135,320	135,320	
Reserves & Surplus	7,867,150	8,296,680	8,844,671	9,521,813	10,335,186	
Preference Share Capital	-	-	-	-	-	
Minority Interest	1,323,070	1,664,260	1,759,229	1,886,657	2,053,796	
Total Loans	3,246,220	3,475,300	3,426,053	3,351,215	3,332,476	
Def. Tax Liab. / Assets (-)	-369,690	-213,650	-194,482	-172,742	-147,591	
Other non-current liabilities / Lease Liabilities	-	-	-	-	-	
Total - Equity & Liab.	12,504,100	13,571,560	14,165,274	14,895,004	15,856,778	
Net Fixed Assets	11,188,400	12,617,510	13,403,530	14,099,790	14,660,920	
Gross Fixed Assets	11,330,210	13,960,240	15,303,860	16,590,180	17,769,860	
Intangible Assets	149,890	245,300	245,300	245,300	245,300	
Less: Depn. & Amort.	3,680,250	4,211,610	4,752,729	5,326,639	5,929,360	
Capital WIP	3,388,550	2,623,580	2,607,097	2,590,943	2,575,112	
Investments	2,256,720	2,423,810	2,423,810	2,423,810	2,423,810	
Current Assets	4,105,360	4,455,810	3,980,812	4,084,676	4,678,326	
Inventories	1,527,700	1,460,620	1,274,232	1,360,653	1,531,684	
Sundry Debtors	316,280	421,210	398,061	424,555	467,904	
Cash & Bank Balances	972,250	1,065,020	799,802	778,600	1,142,954	
Loans & Advances	60,380	120,120	127,013	135,172	144,796	
Other Current Assets	1,228,750	1,388,840	1,381,704	1,385,696	1,390,988	
Current Liab. & Prov.	4,333,350	5,095,120	4,793,261	4,841,915	5,009,769	
Current Liabilities	1,783,770	1,867,890	1,625,031	1,729,731	1,950,822	
Provisions & Others	2,549,580	3,227,230	3,168,230	3,112,185	3,058,947	
Net Current Assets	-227,990	-639,310	-812,449	-757,239	-331,444	
Other Non Current Assets/ROU Assets	-	-	-	-	-	
Total - Assets	12,504,100	13,571,560	14,165,274	14,895,004	15,856,778	

Source: Company, JM Financial

Dupont Analysis						
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Margin (%)	7.7	7.2	8.9	9.0	9.2	
Asset Turnover (x)	0.7	0.6	0.6	0.6	0.7	
Leverage Factor (x)	1.8	1.8	1.8	1.8	1.7	
RoE (%)	9.2	8.5	9.5	9.9	10.8	

Source: Company, JM Financial

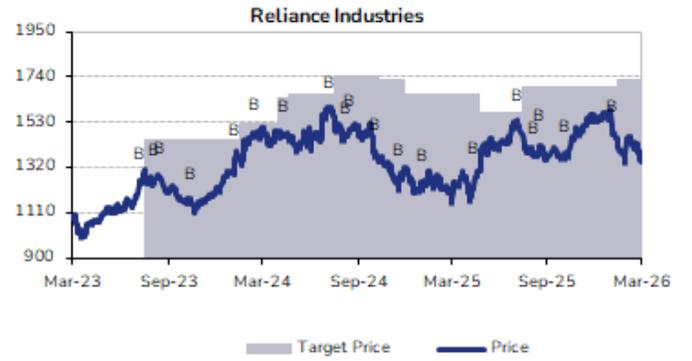
Key Ratios						
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
BV/Share (INR)	586.4	623.1	663.6	713.7	773.8	
ROIC (%)	9.5	8.8	9.7	10.0	11.1	
ROE (%)	9.2	8.5	9.5	9.9	10.8	
Net Debt/Equity (x)	0.1	0.1	0.1	0.1	0.1	
P/E (x)	26.1	26.1	21.9	19.7	16.8	
P/B (x)	2.3	2.2	2.0	1.9	1.7	
EV/EBITDA (x)	12.8	12.7	11.6	10.5	9.1	
EV/Sales (x)	2.3	2.2	2.3	2.1	1.8	
Debtor days	13	16	16	15	14	
Inventory days	62	55	50	49	47	
Creditor days	88	85	80	77	75	

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
17-Jan-26	Buy	1,730	1.7
18-Oct-25	Buy	1,700	0.0
30-Aug-25	Buy	1,700	0.0
17-Aug-25	Buy	1,700	0.0
19-Jul-25	Buy	1,700	7.6
26-Apr-25	Buy	1,580	-4.8
16-Jan-25	Buy	1,660	0.0
2-Dec-24	Buy	1,660	-4.3
15-Oct-24	Buy	1,735	-0.8
29-Aug-24	Buy	1,750	0.0
22-Aug-24	Buy	1,750	0.0
20-Jul-24	Buy	1,750	5.4
23-Apr-24	Buy	1,660	0.6
5-Apr-24	Buy	1,650	8.2
28-Feb-24	Buy	1,525	0.0
20-Jan-24	Buy	1,525	5.2
28-Oct-23	Buy	1,450	0.0
28-Aug-23	Buy	1,450	0.0
18-Aug-23	Buy	1,450	0.0
22-Jul-23	Buy	1,450	

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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