

RIL's consol. Q1FY25 EBITDA came in line at Rs388bn, as O2C and Jio were largely as expected; however, Retail saw a 6% miss on slower top-line growth (fashion & lifestyle affected), partly offset by beat in Upstream and Others. Consol. PAT at Rs151bn was a slight miss on lower Other Income. Net debt fell 3% QoQ to Rs1.12trn, whereas capex was Rs288bn. Mgmt. said Jio tariff hikes would add to earnings from Q2, while remaining constructive on O2C. We trim FY25/26E EBITDA by 3%/2%, lowering Retail & O2C earnings, and based on Q1 print. The whole Retail sector has seen weakness in discretionary categories. We maintain ADD with rolled-over Sep-25E TP of Rs3,335/sh (4% up), and raise Jio multiple from 11x to 12x EV/EBITDA. Any positive developments regarding vertical monetization and new energy are key triggers.

### Reliance Industries: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	8,778,350	9,010,640	9,908,918	10,568,303	11,170,857
EBITDA	1,421,620	1,622,330	1,764,518	1,973,736	2,116,605
Adj. PAT	629,665	696,210	748,895	867,541	948,720
Adj. EPS (Rs)	104.3	102.9	110.6	128.0	139.8
EBITDA margin (%)	16.2	18.0	17.8	18.7	18.9
EBITDA growth (%)	28.7	14.1	8.8	11.9	7.2
Adj. EPS growth (%)	9.2	(1.4)	7.5	15.7	9.2
RoE (%)	8.4	9.2	9.1	9.7	9.7
RoIC (%)	13.8	14.2	14.3	15.1	15.8
P/E (x)	31.4	30.2	28.1	24.3	22.2
EV/EBITDA (x)	14.8	13.7	12.5	10.9	9.7
P/B (x)	2.8	2.7	2.4	2.2	2.1
FCFF yield (%)	(6.8)	0.3	2.0	3.3	5.4

Source: Company, Emkay Research

**Key Result Highlights:** O2C saw weakness QoQ due to sharp decline in refining spreads, partly offset by arbitrage crude and cheaper ethane. O2C feedstock/sales stood at 19.8mt/17.7mmt, flat/up 4% QoQ, whereas EBITDA/mt fell 22% to USD79. **Upstream** EBITDA fell 7% QoQ to Rs52.1bn as opex rose 12% (lower than expected), whereas KG Basin gas volumes were slightly lower at 28.7mmscmd amid weaker prices. **Jio** clocked in line subs addition of 7.9mn, though ARPU was lower at Rs181.7 (flat QoQ). Jio's EBITDA rose 2.1% QoQ to Rs149.4bn. Network opex was up 1% QoQ to Rs79.2bn. **Retail** EBITDA fell 3% QoQ to Rs56.7bn, up 10% YoY with revenue growth of 8% YoY. Net store addition was 82, with retail area rising 3% QoQ to 81.3mn sqft. Growth was steady in Grocery, Electronics, and Jewellery, but Fashion/Lifestyle saw moderation due to overall macro weakness. RIL's Other Income rose 4% YoY to Rs39.8bn (a 12% miss).

**Management KTAs:** Mgmt. is structurally constructive on O2C despite volatility, as middle distillate spreads could be supported by steady demand, whereas petchem deltas could be range-bound. Current KG Basin gas output is ~30mmscmd and additional 0.5mmscmd CBM output can be expected from new wells; LNG price outlook is largely steady on lack of new near-term capacity additions and geo-political risks. Jio would see impact of tariff hikes in ensuing quarters, with 5G accounting for 31% of its wireless traffic, amid JioFiber scale-up and spectrum acquisition. Retail focus is on tech platform, with supply chain and distribution capabilities to sustain growth momentum in near to medium-term. Balance sheet remains stable with strong OCF and capex moderation YoY.

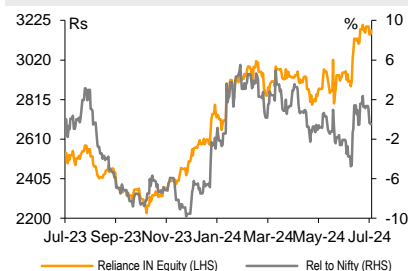
**Valuation:** We value RIL on an SOTP basis, with core segments using Sep-26E EV/EBITDA and Upstream/New Energy/Other segments using DCF+premium/EV-IC/EV-sales methodologies. We retain our EV/EBITDA for all segments except Jio (raised to 12x from 11x, reflecting better earnings visibility going ahead, after the tariff hike). **Key risks:** Adverse commodity/currency, B2C competition, delay in monetization of ventures, and policy & new business risks.

Target Price – 12M	Sep-25
Change in TP (%)	4.2
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	7.2
CMP (19-Jul-24) (Rs)	3,110.3

Stock Data	Ticker
52-week High (Rs)	3,218
52-week Low (Rs)	2,220
Shares outstanding (mn)	6,765.8
Market-cap (Rs bn)	21,045
Market-cap (USD mn)	251,554
Net-debt, FY25E (Rs mn)	972,604
ADTV-3M (mn shares)	7
ADTV-3M (Rs mn)	19,360.2
ADTV-3M (USD mn)	231.4
Free float (%)	50.0
Nifty-50	24,531
INR/USD	83.7
<b>Shareholding, Mar-24</b>	
Promoters (%)	49.1
FPIs/MFs (%)	21.5/16.7

Price Performance (%)	1M	3M	12M
Absolute	6.6	5.8	20.1
Rel. to Nifty	2.2	(4.5)	(2.9)

### 1-Year share price trend (Rs)



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## Exhibit 1: Actuals vs Estimates (Q1FY25)

Consolidated (Rs bn)	Actual	Estimates	Consensus Estimates	Variation		Comments
		(Emkay)	(Bloomberg)	Emkay	Consensus	
Total Revenues	2,318	2,325	2,307	0%	0%	
EBITDA	388	389	398	0%	-3%	Retail miss, Upstream and Others beat
EBITDA Margin	16.7%	16.7%	17.3%	-1bps	-55bps	
Adj. Net Profit (after MI)	151	153	166	-1%	-9%	Lower Other Income

Source: Company, Emkay Research

## Exhibit 2: Detailed Actuals vs Estimates (Q1FY25)

(Rs bn)	Q1FY25E	Q1FY25A	Deviation
<b>Consol. EBITDA</b>	<b>389</b>	<b>388</b>	<b>-1</b>
O2C	133	131	-2
Upstream	51	52	1
Retail	60	57	-3
Jio	150	149	0
Others	-4	-2	3
D/A	137	136	-1
Interest	61	59	-1
Other Income	46	40	-6
Tax	60	58	-2
Minority Interest & JV	-25	-23	1
<b>PAT</b>	<b>153</b>	<b>151</b>	<b>-1</b>

Source: Company, Emkay Research

## Exhibit 3: Quarterly Highlights (Consolidated)

(Rs bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
Revenue	2,076	2,319	2,251	2,365	2,318	12%	-2%	8,795	9,011	2%
Expenditure	1,695	1,909	1,844	1,940	1,930	14%	-1%	7,366	7,388	0%
<b>EBITDA</b>	<b>381</b>	<b>410</b>	<b>407</b>	<b>425</b>	<b>388</b>	<b>2%</b>	<b>-9%</b>	<b>1,429</b>	<b>1,622</b>	<b>14%</b>
Depreciation	118	126	129	136	136	15%	0%	403	508	26%
Interest	58	57	58	58	59	1%	3%	196	231	18%
Other Income	38	38	39	45	40	4%	-12%	118	161	36%
Exceptionals	0	0	0	0	0			0	0	
PBT	243	265	258	277	232	-4%	-16%	948	1,043	10%
Tax	61	67	63	66	58	-5%	-12%	207	257	24%
PAT	182	198	195	211	174	-4%	-17%	741	786	6%
Minor./Assc.	-22	-24	-22	-22	-23			-74	-90	
<b>Group Rep. PAT</b>	<b>160</b>	<b>174</b>	<b>173</b>	<b>190</b>	<b>151</b>	<b>-5%</b>	<b>-20%</b>	<b>667</b>	<b>696</b>	<b>4%</b>
Group Adj. PAT	160	174	173	190	151	-5%	-20%	667	696	4%
Adj. EPS (Rs)	23.7	25.7	25.5	28.0	22.4	-5%	-20%	105.5	102.9	-2%
EBITDA Margin	18%	18%	18%	18%	17%			16%	18%	
Tax Rate	25%	25%	25%	24%	25%			22%	25%	
Gross Debt	3,187	2,957	3,117	3,246	3,049	-4%	-6%	3,147	3,246	3%
Cash & Equivalent	1,921	1,780	1,924	2,083	1,926	0%	-8%	2,045	2,083	2%
<b>Net Debt</b>	<b>1,266</b>	<b>1,177</b>	<b>1,194</b>	<b>1,163</b>	<b>1,123</b>	<b>-11%</b>	<b>-3%</b>	<b>1,102</b>	<b>1,163</b>	<b>6%</b>
Capex	396	388	301	232	288	-27%	24%	1,460	1,318	-10%
Refining Volumes (mmt)*	17.2	17.3	16.0	17.0	17.5	2%	3%	66.4	67.5	2%
Petchem Net Volumes (mmt)*	4.3	4.4	4.0	4.4	4.6	7%	6%	17.2	17.1	-1%
<b>Upstream EBITDA</b>	<b>40</b>	<b>47.7</b>	<b>58.0</b>	<b>56.1</b>	<b>52.1</b>	<b>30%</b>	<b>-7%</b>	<b>136</b>	<b>202</b>	<b>49%</b>
KG-D6 Gas Output (mmscmd)	20.9	28.3	29.6	29.6	28.7	37%	-3%	19.4	27.1	40%
Retail Revenue	700	772	830	767	756	8%	-1%	2,604	3,068	18%
<b>Retail Reported EBITDA</b>	<b>51</b>	<b>58</b>	<b>63</b>	<b>59</b>	<b>57</b>	<b>10%</b>	<b>-3%</b>	<b>180</b>	<b>231</b>	<b>29%</b>
Retail EBITDA Margin	7.3%	7.6%	7.6%	7.7%	7.5%			6.9%	7.5%	
Jio Revenue (incl. Digital)	240	248	254	260	265	10%	2%	908	1,001	10%
<b>Jio Reported EBITDA</b>	<b>137</b>	<b>141</b>	<b>143</b>	<b>146</b>	<b>149</b>	<b>9%</b>	<b>2%</b>	<b>503</b>	<b>567</b>	<b>13%</b>
Jio EBITDA Margin	57%	57%	56%	56%	56%			55.4%	56.6%	
Jio ARPU (Rs)	181	182	182	182	182	1%	0%	177	181	2%
Jio Subs (mn)	449	460	471	482	490	9%	2%	439	482	10%

Source: Company, Emkay Research; Note: i) Some numbers may not fully match with those in annual tables due to different adjustment methods in the Emkay detailed annual model and averaging discrepancies; ii) \* not reported and hence assumed

## Exhibit 4: O2C earnings, volumes, and margins

(Rs bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
<b>Throughput – Feedstock (mmt)</b>	<b>19.7</b>	<b>20.0</b>	<b>18.7</b>	<b>19.8</b>	<b>19.8</b>	<b>1%</b>	<b>0%</b>	<b>77.0</b>	<b>78.2</b>	<b>2%</b>
Production For Sale (mmt)	17.2	17.1	16.4	17.1	17.7	3%	4%	66.3	67.8	2%
Transport Fuels	11.1	11.1	10.2	11.3	11.6	5%	3%	42.0	43.7	4%
Polymers	1.4	1.5	1.2	1.5	1.4	0%	-7%	5.7	5.6	-2%
Fibre Intermediaries	0.9	0.9	0.8	0.8	0.7	-22%	-13%	3.1	3.4	10%
Polyesters	0.6	0.6	0.6	0.6	0.7	17%	17%	2.5	2.4	-4%
Chemicals & Others	3.2	3.0	3.6	2.9	3.3	3%	14%	13.0	12.7	-2%
Revenue	1,330	1,480	1,411	1,426	1,571	18%	10%	5,946	5,647	-5%
Expenditure	1,177	1,317	1,270	1,259	1,440	22%	14%	5,326	5,024	-6%
<b>EBITDA</b>	<b>153</b>	<b>163</b>	<b>141</b>	<b>168</b>	<b>131</b>	<b>-14%</b>	<b>-22%</b>	<b>621</b>	<b>624</b>	<b>1%</b>
D&A	21	22	21	24	24	15%	-1%	82	88	7%
EBIT	132	141	120	143	107	-19%	-25%	539	536	0%
<b>EBITDA/mt (USD)</b>	<b>94</b>	<b>98</b>	<b>90</b>	<b>102</b>	<b>79</b>	<b>-16%</b>	<b>-22%</b>	<b>100</b>	<b>96</b>	<b>-4%</b>

Source: Company, Emkay Research

## Reliance Jio – Tariffs take center stage amid likely moderation in subscriber addition

**Outlook – Tariffs take center stage amid likely moderation in subscriber addition:** We expect some moderation in subscriber addition for Jio as new tariffs become applicable from 3-Jul-2024 and could result in gradual ARPU improvement. We expect moderate subscriber addition in the near to medium-term for RJio on account of recent tariff hike, eventual 5G monetization (free 5G usage now restricted to plans with 2GB/day and above), pan-India 5G coverage that may attract high-ARPU customers (incl. postpaid customers), as Vi's 5G rollout may still take some time; and the scale of JioBharat phone. We also see possibility of another round of tariff hike in FY26E and have built in the same, as Vi requires to pay for AGR/spectrum dues from H2FY26, once the moratorium ends, besides recovery of the 5G investment.

**We maintain our unchanged subscriber estimates for FY25/FY26 at 510.1/529.6mn, but raise our ARPU estimate ~1% for FY25 to Rs204. As a result, the FY25E EBITDA has been adjusted upwards ~1%.**

### Reliance Jio – Q1 Result highlights

**Revenue grew sequentially amid steady margins:** RJio's revenue grew 2%/10% QoQ/YoY to Rs264.8bn, whereas EBITDA stood at Rs139.2bn (up 11% YoY and 2% QoQ).

**EBITDA margins were flattish QoQ** at 52.6% in Q1FY25 vs 52.4% in Q4FY24. Access charge grew 23% QoQ to Rs2.6bn (down 18% YoY). Marketing expense was up 4% QoQ to Rs14.6bn as spend remained elevated amid rise in competitive intensity; license fee was up 10%/2% YoY/QoQ to Rs24.3bn. Network operating cost grew 1% sequentially to Rs79.2bn, down by 38bps QoQ as a percentage of sales, thus mitigating the impact on margin. Finance cost was up 10% QoQ, whereas depreciation rose at a lower rate of 1% QoQ to Rs56.1bn. Other income was down 16% QoQ to Rs1.0bn (up 20% YoY). PAT grew 2% QoQ to Rs54.5bn.

**JPL's ex-Jio revenue was up 43%/2% YoY/QoQ** to Rs29.7bn. However, EBITDA was down 2% QoQ to Rs6.2bn. Margin was down by 76bps QoQ to 20.7%

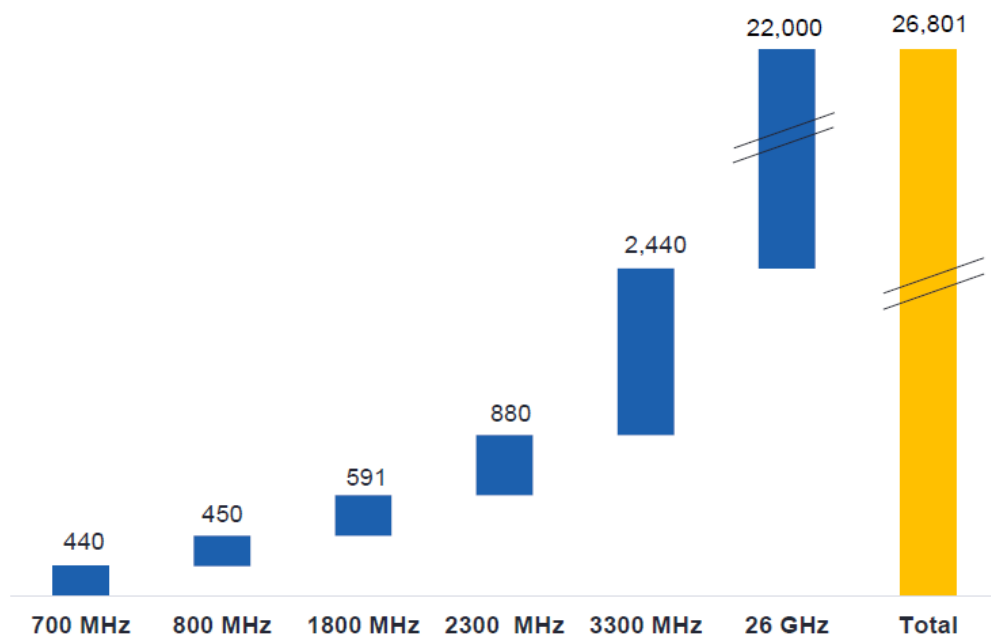
**Subscriber addition moderates sequentially, whereas ARPU was a 1% miss to our estimates:** Total subscriber base increased by 7.9mn, largely in line with our estimates. ARPU was flat QoQ at Rs181.7 (~1% miss to our estimate of Rs182.7) due to free 5G services (which reduced one-off data charges). However, ARPU is anticipated to strengthen going ahead due to the introduction of new plans that imply a rise of 13-25% compared with previous plans. Jio has seen good 5G traction, making it the largest 5G operator globally (outside of China), with ~130mn subscribers. Company has seen 2.4x increase in data traffic in the last 3 years.

**Engagement levels remain strong:** Total data consumption was up 8% QoQ to 44.1bn GB, helped by higher consumption from 5G and increased engagement. Data consumption per capita rose to 30.3GB/month vs 28.7GB/month in Q4.

### Key takeaways from the earnings call

- **5G users reached 130mn** with net addition of 22mn users in Q1 vs 18mn net additions in Q4. 5G network contributed 31% of mobility traffic for RJio. Jio Bharat is also aiding the subscriber addition.
- **Monthly churn was 1.7%** in 1QFY25 vs 1.5% in 4QFY24.
- **JioAirFiber services are now available pan India.** Content bundling is driving strong engagement. AirFiber subscriber addition was 1.1mn in Q1FY25 (the highest ever).
- FTTH penetration is increasing and currently the base is >1mn. Jio has 60% share in industry net additions in the home broadband segment.
- **Jio's offering for SMB businesses include a suite of bundled offerings.** These include various use cases for education, hospitals, and manufacturing. Jio's enterprise offerings include connectivity solutions across multiple state co-operative banks, financing options for devices and connectivity, Managed Wi-Fi, and Jio hospitality entertainment solution.

Exhibit 5: Jio's spectrum holding (uplink + downlink, in MHz)



Source: Company

Exhibit 6: Jio – Quarterly Financials

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Net Sales	240,420	247,500	253,680	259,590	264,780	2.0	10.1
Access charge	3,210	2,990	3,020	2,130	2,620	23.0	(18.4)
as % of sales	1.3	1.2	1.2	0.8	1.0		
Network Operating	73,790	76,070	77,060	78,660	79,230	0.7	7.4
as % of sales	30.7	30.7	30.4	30.3	29.9		
Employee Expenses	4,420	4,680	5,030	4,830	4,850	0.4	9.7
as % of sales	1.8	1.9	2.0	1.9	1.8		
Marketing Expenses	11,180	11,330	12,500	13,960	14,550	4.2	30.1
as % of sales	4.7	4.6	4.9	5.4	5.5		
License Fee	22,040	22,900	23,300	23,890	24,330	1.8	10.4
as % of sales	9.2	9.3	9.2	9.2	9.2		
Total operating expenditure	114,640	117,970	120,910	123,470	125,580	1.7	9.5
<b>EBITDA</b>	<b>125,780</b>	<b>129,530</b>	<b>132,770</b>	<b>136,120</b>	<b>139,200</b>	<b>2.3</b>	<b>10.7</b>
Depreciation	51,590	52,580	54,110	55,660	56,070	0.7	8.7
EBIT	74,190	76,950	78,660	80,460	83,130	3.3	12.1
Other Income	850	1,060	1,450	1,220	1,020	(16.4)	20.0
Interest	9,710	10,080	10,160	10,040	11,010	9.7	13.4
Exceptional Item	0	0	0	0	0		
PBT	65,330	67,930	69,950	71,640	73,140	2.1	12.0
Tax	16,700	17,350	17,870	18,270	18,690	2.3	11.9
PAT	48,630	50,580	52,080	53,370	54,450	2.0	12.0
<b>(%)</b>						<b>(bps)</b>	<b>(bps)</b>
EBIDTA	52.3	52.3	52.3	52.4	52.6	14	26
EBIT	30.9	31.1	31.0	31.0	31.4	40	54
EBT	27.2	27.4	27.6	27.6	27.6	3	45
PAT	20.2	20.4	20.5	20.6	20.6	0	34
Effective Tax rate	25.6	25.5	25.5	25.5	25.6	5	(1)

Source: Company, Emkay Research

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**Exhibit 7: Jio Platforms (consolidated) – Quarterly Financials**

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ	YoY
Revenue	261,150	268,750	276,970	288,710	294,490	2.0%	12.8%
EBITDA	131,160	135,280	139,550	143,600	146,380	1.9%	11.6%
EBITDA Margin	50.2%	50.3%	50.4%	49.7%	49.7%	-3 bps	-52 bps
PAT	50,980	52,970	54,450	55,830	56,930	2.0%	11.7%

Source: Company, Emkay Research

**Exhibit 8: Jio Platforms (ex-Jio) – Quarterly Financials**

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ	YoY
Revenue	20,730	21,250	23,290	29,120	29,710	2.0%	43.3%
EBITDA	4,530	4,690	5,330	6,260	6,160	-1.6%	36.0%
EBITDA Margin	21.9%	22.1%	22.9%	21.5%	20.7%	-76 bps	-112 bps
PAT	2,350	2,390	2,370	2,460	2,480	0.8%	5.5%

Source: Company, Emkay Research

**Exhibit 9: Jio's KPIs**

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
ARPU (Rs)	180.5	181.7	181.7	181.7	181.7	0.0	0.7
MoU	1,003.0	979.0	982.0	1,008.0	977.0	-3.1	-2.6
Total Number of mins Calculated (bn)	1,335.7	1,333.7	1,370.8	1,440.5	1,423.7	-1.2	6.6
Total Data consumption (bn GBs)	33.2	36.3	38.1	40.9	44.1	7.9	33.1
Data Usage/per User (GB/month)	24.9	26.6	27.3	28.7	30.3	5.5	21.6

Source: Company, Emkay Research

**Exhibit 10: Subscriber addition for Jio**

Subscriber break-down (mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Wireless	439	450	461	471	477	1.4	8.7
Home broadband (estimated)	9.2	9.8	10.4	11.2	12.3	9.8	33.9
Total	449	460	471	482	490	1.6	9.2
<b>Subscriber additions</b>							
Wireless	8.4	10.6	10.6	10.1	6.8	-32.7	-18.7
Home broadband (estimated)	0.84	0.58	0.63	0.80	1.10	37.5	31.0
Total	9.2	11.1	11.2	10.9	7.9	-27.5	-14.1

Source: Company, Emkay Research

**Exhibit 11: Changes in estimates for Jio**

Particulars	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Subscriber (mn)	510.1	510.1	0%	529.6	529.6	0%	544.8
ARPU	203	204	1%	226	226	0%	241
Revenue (Rs bn)	1,206	1,216	1%	1,411	1,410	0%	1,552
EBITDA	649.7	658.5	1%	797.1	797.0	0%	895.5
EBITDA Margin	54%	54%	27bps	57%	57%	0bps	58%

Source: Company, Emkay Research

**Change in estimates:** We maintain our unchanged subscriber estimates for FY25/FY26 at 510.1/529.6mn, while raising our ARPU estimate ~1% for FY25 to Rs204. As a result, the FY25E EBITDA has been adjusted upwards ~1%.

## Reliance Retail – Revenue growth moderates amid weak macros

**Growth moderates due to overall macro weakness; performance in line with most categories but slower vs DMART:** Net retail revenues at Rs663bn saw further growth moderation to 7% in Q1 (vs 10%/18% in Q4/FY24). Q1 growth is largely in line with TTAN peers but slower compared to DMART, which has delivered ~18% growth. Moderation in growth is likely due to streamlining of operations toward better margin mix and weak macros as other discretionary categories (QSR/Apparel/Footwear) are also expected to report muted growth in Q1. However, margin performance has been decent with 40bps gain in Q1, likely supported by focus on profitability and better mix/supply-chain efficiencies. Net profit at Rs24.5bn was flat in Q1 due to higher depreciation on account of higher asset base. Store additions remained muted at 82 stores in Q4 vs ~800 additions in FY24 and ~2,500 additions in FY22/FY23. Total store count stood at 18,918 stores (up 3%), covering 81.3mn sqft (up ~15% on YoY basis).

Among categories, growth was steady in Grocery, Electronics, and Jewellery, whereas Fashion/Lifestyle saw growth moderation due to overall macro weakness. Extreme summers helped Reliance Digital stores deliver >5% SSG (AC/Ref), whereas Grocery growth was helped by strong traction in Big Box formats (Smart Bazaar). To improve growth in Fashion business, RIL is focusing on refreshing assortment at stores, ramp-up of trendy new formats (Azorte/Yousta), and store expansion.

**Digital traction also moderates:** Traction in digital/new-commerce channels also likely saw some moderation as its mix remained stable at 18% in Q1, despite slower overall topline growth. Ajo's catalogue grew 20% along with addition of ~2mn new customers. Traction in JioMart also continued with 16% growth in AOV, supported by 50% AOV growth in non-grocery categories.

**Strengthening consumer brands portfolio through category/distribution expansion:** Revenue growth was driven by category/channel expansion as the portfolio now includes presence in Biscuits, Beverages, Staples, and Confectionary along with growing engagement in General Trade channel (+150%). To bolster its product portfolio, RIL is strengthening its supply chain across categories through partnerships.

**Valuations and forecasts:** Macro-led sluggishness drives 5-6% cut to our EBITDA estimate. We see current weakness as a short-term blip and expect RIL to recover strongly through FY25E. Our revised EV gets raised 1.3% to Rs8.83trn (vs Rs8.72trn earlier), helped by 6M rollover to Sep-25E and partly offset by slower revenue growth assumed now. Blended multiple remains unchanged at ~35x Sep-26E retail EBITDA (37x Core Retail and 7x Connectivity).

### Exhibit 12: Reliance Retail – Quarterly financials

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ	FY23	FY24	YoY
Gross Revenue	699,480	771,480	830,630	766,270	756,150	8.1%	-1.3%	2,603,640	3,067,860	17.8%
Net Revenue	621,590	689,370	743,730	676,100	662,600	6.6%	-2.0%	2,309,310	2,730,790	18.3%
EBITDA	51,390	58,200	62,580	58,230	56,640	10.2%	-2.7%	179,280	230,400	28.5%
- Margin	8.3%	8.4%	8.4%	8.6%	8.5%			7.8%	8.4%	
EBIT	38,050	44,210	48,740	43,710	39,970	5.0%	-8.6%	139,780	174,710	25.0%
- Margin	6.1%	6.4%	6.6%	6.5%	6.0%			6.1%	6.4%	
PAT	24,480	27,900	31,650	26,980	24,530	0.2%	-9.1%	91,810	111,010	20.9%
- Margin	3.9%	4.0%	4.3%	4.0%	3.7%			4.0%	4.1%	

Source: Company, Emkay Research

### Exhibit 13: Reliance Retail – Change in estimates

(Rs mn)	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue (net)	3,193,564	3,002,841	-6.0%	3,656,599	3,427,543	-6.3%	3,891,963
EBITDA	266,987	250,938	-6.0%	312,094	293,009	-6.1%	338,934
- Margin	8.4%	8.4%	0	8.5%	8.5%	0	8.7%
Core retail EBITDA	242,819	227,583	-6.3%	285,509	268,965	-5.8%	312,485
- Margin	10.9%	10.7%	-20	11.0%	10.9%	-10	11.0%

Source: Company, Emkay Research

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## Oil & Gas – Earnings steady

We cut FY25E/26E O2C EBITDA 8%/3%, mainly due to lower refining margins; whereas petchem spreads have been kept flattish. Petchem prices overall are expected to recover gradually. Mgmt. indicated that Indian petchem demand remains steady, though low ethane price is supporting margins as feedstock optimization continues. Upstream EBITDA has been kept constant for FY25-26E.

**Exhibit 14: Change in O&G assumptions and estimates**

	FY25E			FY26E			FY27E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Average GRM (USD/bbl)	11.0	9.7	-12%	10.8	10.3	-5%	10.0
Petchem EBITDA/mt (USD)	174	174	0%	176	176	0%	174
KG Gas Volumes (mmscmd)	30	30	0%	30	30	0%	30
Gas Price (USD/mmbtu)	10.8	10.8	0%	10.8	10.8	0%	10.8
O2C EBITDA (Rs bn)	643	589	-8%	648	627	-3%	639
Upstream EBITDA (Rs bn)	228	228	0%	217	217	0%	202

Source: Company, Emkay Research

We trim RIL's consolidated EBITDA 3%/2% for FY25E/26E, to reflect lower O2C and Retail earnings; whereas Jio's profitability has been raised. Consequently, consolidated earnings for RIL have dipped 6%/3% for FY25E/26E, reflecting below the operating line items as well.

**Exhibit 15: Change in RIL's consolidated estimates**

(Rs bn)	FY25E			FY26E			FY27E
Consolidated	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	10,087	9,909	-2%	10,793	10,568	-2%	11,171
EBITDA	1,826	1,765	-3%	2,014	1,974	-2%	2,117
EBITDA Margins	18.1%	17.8%	-29bps	18.7%	18.7%	2bps	18.9%
APAT	795	749	-6%	895	868	-3%	949
EPS (Rs)	117.3	110.6	-6%	132.0	128.0	-3%	139.8

Source: Company, Emkay Research



## Valuation

**Exhibit 16: SOTP-based valuation – Sep-25E**

Sep-26E, Consol. (Rs bn)	Method	Head	Multiple (x)	EV	EV/share
Refining	EV/EBITDA	325	7.5	2,437	359
Petrochemicals	EV/EBITDA	308	7.5	2,313	341
Upstream Oil & Gas	EV/EBITDA	209	5.8	1,219	180
Organised Retail (82%)	EV/EBITDA	252	35.0	8,829	1,302
Telecom (Jio) – 67%	EV/EBITDA	567	12.0	6,807	1,004
Others	EV/Sales	782	1.5	1,173	173
New Energy	EV/IC	750	1.5	1,125	166
<b>Total</b>		<b>1,740</b>	<b>13.7</b>	<b>23,903</b>	<b>3,526</b>
Adj. Net Debt (Sep-25E End)				1,291	190
<b>Equity Value</b>				<b>22,612</b>	<b>3,335</b>
Shares O/S (bn)					6.8

Source: Company, Emkay Research

**Exhibit 17: PER-based valuation (on Sep-26E EPS)**

Rs/share (Consol.)	FY22	FY23	FY24	FY25E	FY26E	FY27E
RIL's Adjusted EPS (Rs)	84.6	99.1	102.9	110.6	128.0	139.8
<b>Target Multiple (x)</b>						<b>24.9</b>
<b>SOTP Target Price</b>						<b>3,335</b>

Source: Company, Emkay Research

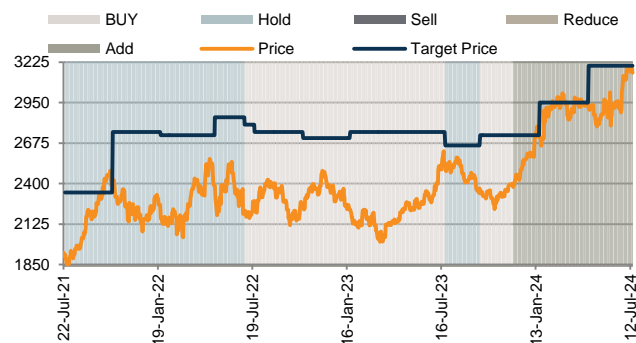


RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
23-Apr-24	2,919	3,200	Add	Sabri Hazarika
20-Jan-24	2,713	2,950	Add	Sabri Hazarika
30-Nov-23	2,377	2,730	Add	Sabri Hazarika
29-Oct-23	2,266	2,730	Buy	Sabri Hazarika
28-Sep-23	2,334	2,730	Buy	Sabri Hazarika
29-Aug-23	2,420	2,660	Hold	Sabri Hazarika
23-Jul-23	2,539	2,660	Hold	Sabri Hazarika
24-Apr-23	2,148	2,750	Buy	Sabri Hazarika
22-Jan-23	2,225	2,750	Buy	Sabri Hazarika
24-Oct-22	2,259	2,710	Buy	Sabri Hazarika
23-Jul-22	2,280	2,750	Buy	Sabri Hazarika
15-Jul-22	2,188	2,800	Buy	Sabri Hazarika
04-Jul-22	2,199	2,800	Buy	Sabri Hazarika
08-May-22	2,387	2,850	Hold	Sabri Hazarika
24-Jan-22	2,166	2,730	Hold	Sabri Hazarika
23-Nov-21	2,174	2,750	Hold	Sabri Hazarika
24-Oct-21	2,394	2,750	Hold	Sabri Hazarika
26-Jul-21	1,892	2,340	Hold	Sabri Hazarika
25-Jul-21	1,918	2,340	Hold	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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