RATING BUY | CMP INR 1,165 | TP INR 1,490

PL Capital
PRABHUDAS LILLADHER

Reliance Industries (RELIANCE IN)

Q2FY27 Result Update

October 31, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	1,490		1,480	
Sales (INR bn)	12,587	12,717	12,043	12,203
% Chng.	*4.5*	*4.2*		
EBITDA (INR bn)	2,257	2,316	2,089	2,175
% Chng.	*8.0*	*6.5*		
EPS (INR)	72.6	72.3	63.6	65.2
% Chng.	*14.2*	*10.9*		

Key Data	RELI.BO | RELIANCE IN
BSE Code	500325
NSE Code	RELIANCE
52-W High / Low	INR 1,611 / INR 1,152
Face Value	10
Sensex / Nifty	74,460 / 23,053
Market Cap	INR 15,765 bn / $ 166,021 mn
Shares Outstanding	13532.54 mn
3M Avg. Daily Value	INR 16,908.92 mn

Shareholding Pattern (%)

Promoters	50
FIIs	18.66
Mutual Funds	9.78
Domestic Institutions	10.77
Public & Others	10.79
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(1.9)	(9.9)	(18.6)	(21.7)
Relative	(4.5)	(5.7)	(15.9)	(11.3)

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR bn)	10,572	12,783	12,587	12,717
bn	1,789	2,140	2,257	2,316
Margin (%)	*16.9*	*16.7*	*17.9*	*18.2*
PAT (INR bn)	718	945	982	979
EV (INR bn)	20,102	19,478	19,164	18,748
Total Debt (INR bn)	3,980	4,105	4,230	4,355
C&C Eq. (INR bn)	1,460	2,209	2,648	3,189
EPS (INR)	53.1	69.8	72.6	72.3
Gr. (%)	*3.1*	*31.6*	*3.9*	*(0.4)*
DPS (INR)	5.5	7.8	7.8	7.8
Yield (%)	*0.5*	*0.7*	*0.7*	*0.7*
RoE (%)	*8.2*	*10.0*	*9.5*	*8.7*
RoCE (%)	*9.6*	*11.3*	*11.0*	*10.3*
EV/Sales (x)	1.9	1.5	1.5	1.5
EV/EBITDA (x)	11.2	9.1	8.5	8.1
PE (x)	21.9	16.7	16.0	16.1
P/BV (x)	1.7	1.6	1.5	1.4

EBITDA beat led by strong O2C performance

Quick Pointers

- MS/HSD/Jet/MS cracks up 3.0x/3.5x/3.7x YoY
- Management expects recovery in Retail in 2HFY27

Consolidated EBITDA came in ahead of estimates at INR566.2bn (PLe: INR491.4bn; BBGe: INR519.4bn) led by strong performance in O2C business amid tight product cracks. As a result, Adj. PAT increased 22.0% QoQ to INR255.5bn (PLe: INR213.4bn; BBGe: INR213.6bn). Standalone EBITDA surged 55.6% YoY and 14.7% QoQ to INR223.9bn, driven by tight global fuel and feedstock markets and improved polyester margins, partly offset by weak marketing margins, higher crude premiums, freight and insurance costs. Retail performance remained subdued, with EBITDA from operations declining 11.1% YoY while remaining flat QoQ at INR58.9bn, reflecting elevated input costs, ongoing digital investments and the shift in festive demand to Q3FY27. Management expects performance to improve in 2HFY27. In the Digital business, Jio's ARPU improved 1.5% QoQ to INR218.8, supported by healthy subscriber additions of 9.1mn, taking its 5G subscriber base to 300mn. The O2C segment is expected to remain resilient, supported by healthy refining cracks amid persistent global supply disruptions, while weakness in Retail remains a key monitorable. We maintain BUY with a revised TP of INR1,490 (earlier INR1,480), underpinned by resilient standalone performance. We incorporate INR111/share for the New Energy business, valued at 2x the announced capex of INR750bn.

Retail: Gross revenue grew 6.4% YoY; (Adj. for demerger of consumer brands). Reported net revenue rose 5.8% YoY to INR802.2bn. EBITDA from operations declined 11.1% YoY to INR58.9bn, with EBITDA margin contracting to 7.3% vs 7.8% YoY due to planned investment phase, high input-cost inflation, and the festive shift to Q3. Management expects performance to improve in 2HFY27.

Digital Services: RJIL net revenue increased by 10.8% YoY & 3.2% QoQ to INR353.1bn in Q2FY27. EBITDA grew 13.9% YoY and 5.2% QoQ to INR196.7bn, with EBITDA margin expanding to 55.7% vs 54.2% YoY. Subs additions stood at 9.1mn, while ARPU improved by 1.5% QoQ at INR218.8. JPL net revenue grew 11.3% YoY to INR404.8bn, while EBITDA increased 16.6% YoY to INR218.8bn.

Standalone segment: Standalone EBITDA surged 55.6% YoY and 14.7% QoQ to INR223.9bn in Q2FY27 due to tight global fuel and feedstock markets, improved polyester margins, partly offset by SAED-capped domestic marketing margins, higher crude premiums, freight and insurance costs. Oil & Gas EBITDA declined marginally by 2.0% YoY to INR49.0bn.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
Net Sales (INR bn)	3,107	3,306	*6.4*	2,546	*29.9*
EBITDA (INR bn)	491	566	*15.3*	459	*23.3*
Margin (%)	*15.8*	*17.1*	*130 bps*	*18.0*	*(90) bps*
PAT (INR bn)	213	255	*19.7*	182	*40.1*

Source: Company, PL

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Exhibit 1: Valuation Table

Sum of the parts	INR/share	Remarks/Methodology
Standalone Business (O2C and E&P)	381	7.5x Sep'28 EBITDA
Reliance Retail equity valuation	515	30x Sep'28 EBITDA
JPL equity valuation	522	FY26 EV at 64.4% stake and 25% holdco disc.
New Energy	111	2x investments
Total	1,529	
Net debt / (cash)	39	Standalone - Sep'27
Target price	**1,490**	

Source: PL. Note - Totals may not add up due to rounding.

Exhibit 2: Consolidated Quarterly Estimates

(INR bn)	Q1FY27	*YoY gr. (%)*	Q2FY27	*YoY gr. (%)*	Q3FY27E	*YoY gr. (%)*	Q4FY27E	*YoY gr. (%)*
Sales	3094.7	*27.0*	3306.0	*29.8*	3251.9	*22.8*	3130.6	*6.5*
EBITDA	475.2	*10.7*	566.2	*23.4*	572.8	*24.5*	526.0	*19.2*
Margin (%)	*15.4*	*-226*	*17.1*	*-90*	*17.6*	*24*	*16.8*	*179*
Adj. PAT	209.5	*16.0*	255.5	*40.6*	272.0	*45.9*	208.1	*22.6*

Source: Company, PL

Exhibit 3: Consolidated Financials Snapshot

Y/e March (INR bn)	Q2FY27	Q1FY27	*QoQ gr.*	Q2FY27E	*% Var.*	Q2FY26	*YoY gr.*	1HFY27	1HFY26	*YoY gr.*
Revenue	**3,306.0**	**3,094.7**	***6.8%***	**3,107.3**	***6.4%***	**2,546.2**	***29.8%***	**6,400.7**	**4,982.6**	***28.5%***
Total Expenditure	2,739.9	2,619.5	*4.6%*	2,616.0	*4.7%*	2,087.4	*31.3%*	5,359.4	4,094.7	*30.9%*
EBITDA	**566.2**	**475.2**	***19.1%***	**491.4**	***15.2%***	**458.9**	***23.4%***	**1,041.3**	**887.9**	***17.3%***
EBITDA margin %	*17.1*	*15.4*		*15.8*		*16.8*		*16.3*	*17.8*	
Depreciation	153.2	151.0	*1.4%*	141.9	*7.9%*	144.2	*6.2%*	304.2	282.6	*7.6%*
Interest	84.8	83.4	*1.7%*	75.3	*12.6%*	68.3	*24.2%*	168.2	138.6	*21.3%*
Other Income	57.9	65.5	*-11.6%*	62.3	*-7.1%*	44.8	*29.3%*	123.4	196.0	*-37.0%*
PBT	**386.1**	**306.3**	***26.1%***	**336.5**	***14.8%***	**291.2**	***32.6%***	**692.4**	**662.7**	***4.5%***
Tax	93.6	76.3	*22.7%*	79.0	*18.5%*	69.8	*34.2%*	169.9	134.4	*26.4%*
Minority Interest	37.0	20.6	*80.1%*	44.1	*-16.0%*	39.8	*-7.0%*	57.6	76.7	*-24.9%*
Adj PAT	**255.5**	**209.5**	***22.0%***	**213.4**	***19.7%***	**181.7**	***40.6%***	**464.9**	**362.2**	***28.4%***

Source: Company, PL

Reliance Retail

Adjusting for the Consumer Brands demerger, gross revenue grew 6.4% YoY and 1.4% QoQ to INR917.2bn, while net revenue increased 5.8% YoY and remained flat QoQ at INR802.2bn. EBITDA from operations declined 11.1% YoY but remained flat QoQ at INR58.9bn, with EBITDA margin contracting to 7.3% from 7.4%/7.8% in Q1FY27/Q2FY26, respectively. The moderation in operating performance was largely attributable to input cost inflation amid deficient monsoon conditions, uneven rural demand and the shift of festive demand to Q3FY27, with Navratri and Diwali falling entirely in the quarter. Despite the subdued operating environment, all consumption baskets registered growth. Management continued to prioritise investments in scaling its Digital Commerce business, focusing on expanding the consumer base and leveraging the platform for growth over the coming years. PAT (including share of associates and JVs) declined 24.3% YoY and 6.9% QoQ to INR26.1bn.

Registered customer base crossed 400mn (vs. 396mn in Q1FY27). However, the store count declined to 19,947 from 20,169 QoQ, as the company continued to expand in growth markets while exiting underperforming stores, including select 7-Eleven outlets. Consequently, net store additions were negative at 222 during the quarter, with retail area declining to 77.5mn sq. ft. from 78.4mn sq. ft. in Q1FY27.

As outlined in the previous quarter's concall, management aims to double operating EBITDA over the next three years, driven by JioMart expansion, omni-channel scaling, dark store additions and improving operating leverage. FY27 will remain investment-led, with a focus on scaling operations and strengthening operating leverage, while monetisation benefits and margin expansion are expected to materialise over FY28–29.

Consumer Electronics:

- Like-for-like (LFL) revenue grew 8% YoY in Q2FY27, supported by improved product availability, sharper pricing and targeted promotional initiatives.
- Omni-channel presence expanded further across Tier 2 and Tier 3 markets, while the distribution business sustained its growth momentum, led by mobiles and laptops, with gross revenue increasing 20% YoY.
- Q3 priorities include maximising festive season sales, increasing the attachment of service and financing offerings, and expanding market reach.
- Management highlighted its position as India's largest retailer of premium products, including leading smartphone brands such as Apple and Samsung. Lower margins are viewed as a strategic investment to acquire high-value customers with significant lifetime value.

Fashion & Lifestyle:

- Like-for-like (LFL) revenue grew 3% YoY, led by the Apparel & Footwear segment, despite the absence of the full-price festive selling period during the quarter.
- Digital commerce penetration in Apparel & Footwear increased 100bps YoY to 28.3%, while own brands' contribution expanded by ~710bps YoY. The Premium & Luxury business further strengthened its presence, crossing 1,000 exclusive brand outlets.

Grocery

- Like-for-like (LFL) revenue grew 3% YoY, while digital penetration in Grocery B2C revenue increased by 270bps YoY.
- Regional festivals supported customer engagement, although incomplete pass-through of input-cost inflation weighed on margins. Growth remained broad-based across key categories, including Staples, Dairy, Frozen and Bakery.

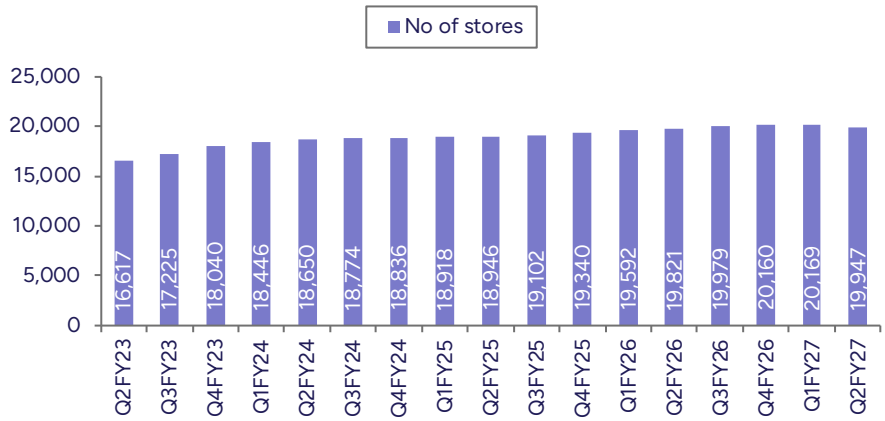
- Management expects margin recovery to be driven by improved space productivity, assortment optimisation, a focused vendor base and stronger joint business planning with brand partners.

JioMart

- Grocery B2C online revenue grew +42% YoY, supported by +24% growth in units per order. Average order value continued to improve, driven by initiatives encouraging customers to build larger baskets to qualify for free delivery.

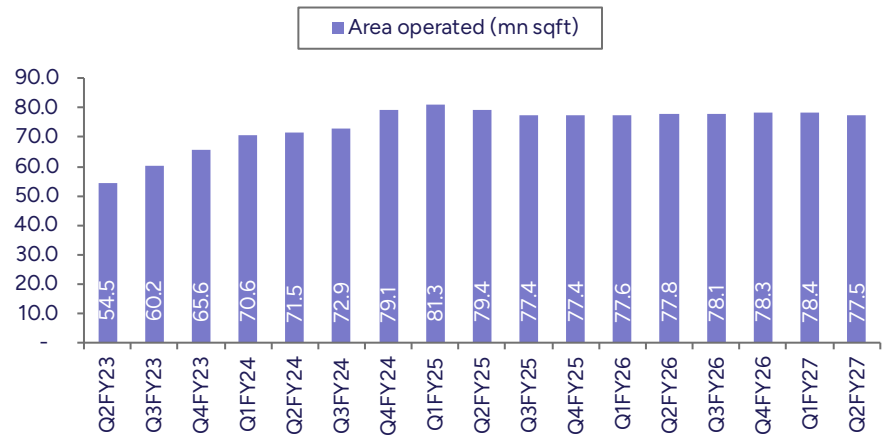
- Deeper penetration across smaller cities and towns continued to drive customer acquisition and growth. JioMart's dark store network crossed 5,000 outlets, spanning over 1,000 cities, strengthening its hyperlocal fulfilment capabilities and delivery reach.

Exhibit 4: Net new stores declined by 222 as company exited under-performing stores



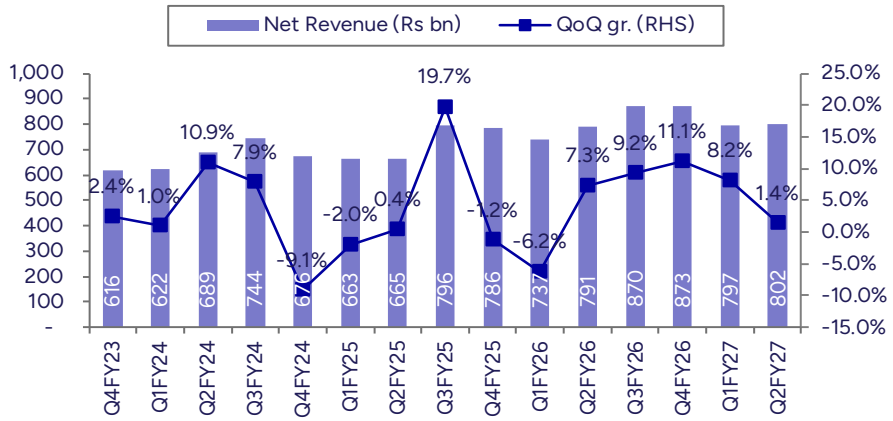
Source: Company, PL

Exhibit 5: As a result, area operated declined



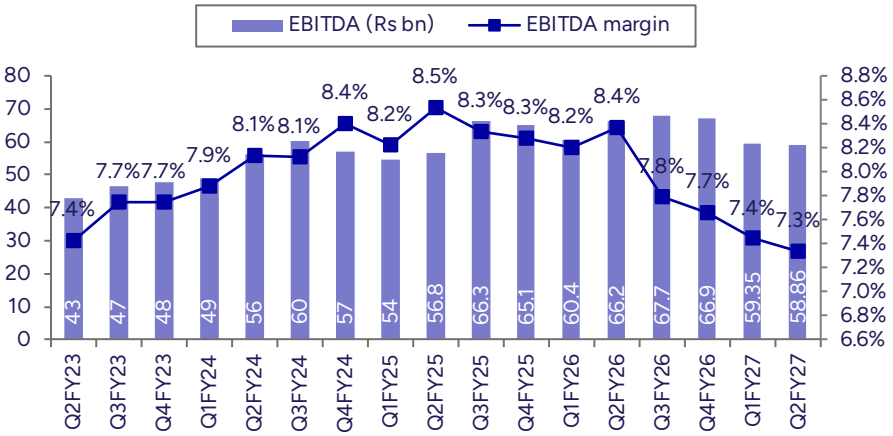
Source: Company, PL

Exhibit 6: Net Revenue increased by 1.4% YoY



Source: Company, PL

Exhibit 7: EBITDA margin from operations declined to 7.3% (based on net revenue) in Q2FY27



Source: Company, PL

Exhibit 8: Reliance Retail Ventures Income Statement (INR bn)

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
Total Income from Operations	2,910	3,238.5	3,433	3,688	3983
Change (%)	*6.6*	11.3	6.0	7.4	8.0
Total Expenditure	2,671	3,015	3,177	3,400	3,664
% of Sales	*91.8*	93.1	92.6	92.2	92.0
EBITDA	239	223.7	255.7	287.7	318.6
Margin (%)	*8.2*	6.9	7.4	7.8	8.0

Source: Company, PL

Exhibit 9: **Reliance Retail Quarterly Income Statement (INR bn)**

	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY gr. (%)	QoQ gr. (%)
Net Revenue	**758.4**	**869.5**	**873.4**	**797.5**	**802.2**	***5.8***	***0.6***
EBITDA	**66.2**	**67.7**	**66.9**	**59.4**	**58.9**	***-11.1***	***-0.8***
Margin	*8.7%*	*7.8%*	*7.7%*	*7.4%*	*7.3%*	*-16.0*	*-1.4*
Investment Income	1.9	1.5	2.3	3.7	2.3	*21.9*	*-37.4*
Depreciation	15.4	15.8	15.8	17.8	18.2	*18.1*	*2.2*
Finance Costs	5.9	5.8	5.3	7.9	9.1	*53.9*	*14.1*
Tax Expense	12.2	12.1	12.5	9.3	7.8	*-36.3*	*-16.6*
Net Profit	**34.7**	**35.5**	**35.6**	**28.1**	**26.2**	***-24.5***	***-6.7***

Source: Company, PL

Jio Platforms

- ARPU improved 1.5% QoQ and 3.5% YoY to INR218.8 in Q2FY27 (vs. INR215.6 in Q1FY27 and INR211.4 in Q2FY26), supported by a favourable subscriber mix and higher customer engagement.

- **Subscriber Growth:** Net subscriber additions remained healthy at 9.1mn (vs. 8.9mn in Q1FY27), taking the total subscriber base to 542.4mn from 533.3mn in Q1FY27 and 506.4mn in Q2FY26. Growth continued to be driven by strong 5G and fixed broadband additions, with net additions of over 66mn and 7.3mn, respectively, YoY. Approximately 55% of mobility subscribers are now on the 5G network. 5G customers base stood at 300mn vs 285mn in Q1FY27 and 234.4mn in Q2FY26.

- **Fixed Broadband:** Subscriber base reached 30mn, with 1.4mn net additions during Q2FY27. Airfiber customers grew to 15.1mn vs 14mn QoQ. Home broadband penetration currently stands at ~20%, with management targeting 46% by FY31. Selective international expansion opportunities are also being evaluated, while the strategic focus remains on scaling digital services rather than solely driving ARPU growth. Jio continues to be the world's largest FWA provider.

- **Data Consumption**: Total data traffic increased 22.1% YoY, while average data consumption per user rose to 44.2GB/month from 43.7GB in Q1FY27 and 42.3GB in Q2FY26, reflecting sustained growth in data usage.

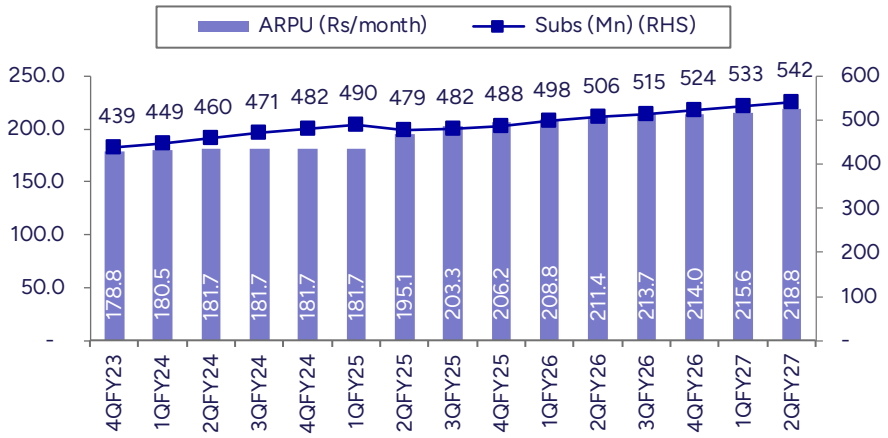
- **RJIL Performance**: RJIL reported net revenue growth of 3.3% QoQ and 10.8% YoY to INR353.1bn in Q2FY27. EBITDA increased 5.2% QoQ and 13.9% YoY to INR196.8bn, with EBITDA margin expanding to 55.7% from 54.7% in Q1FY27 and 54.2% in Q2FY26.

- **JPL Performance**: JPL's operating revenue grew 11.4% YoY to INR404.8bn, while EBITDA increased 16.6% YoY to INR218.8bn, resulting in a 250bps YoY expansion in EBITDA margin. PAT (including share of associates and JVs) increased 13.7% YoY to INR83.9bn, partly offset by higher finance costs.

- **JioStar Performance**: Revenue increased 10.0% YoY to INR68.1bn, while EBITDA declined 11.0% YoY to INR13.8bn. EBITDA margin contracted to 22.1% from 28.1% in Q2FY26, although it improved from 9.6% in Q1FY27. Subscription revenue recorded strong growth across digital and linear TV platforms, while sports advertising revenue benefited from a higher number of cricketing events.

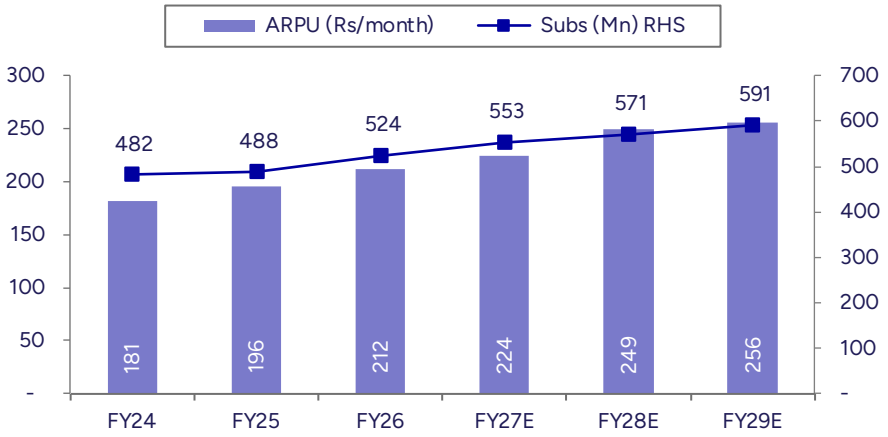
- **JPL Strategy:** JPL aims to expand its mobility, home and enterprise customer base through high-speed connectivity and digital services, while enhancing customer lifetime value through deeper digital engagement and stronger retention. The company remains focused on translating subscriber and revenue growth into profitability and cash generation through operating leverage, cost efficiencies and disciplined capital allocation. It also plans to unlock new growth opportunities through new digital offerings, strategic partnerships and expansion into new markets.

Exhibit 10: ARPU grew to INR218.8 in Q2FY27



Source: Company, PL

Exhibit 11: Subscribers expected to reach 591mn in FY29E



Source: Company, PL

Exhibit 12: Operational Update

Particulars	Q2FY27	Q1FY27	*QoQ gr.*	Q2FY26	*YoY gr.*
Customer Base (Million)	542.4	533.3	*1.7%*	506.4	*7.1%*
ARPU (INR/month)	218.8	215.6	*1.5%*	211.4	*3.5%*
Data Traffic (bn GB)	71.3	69.4	*2.7%*	58.4	*22.1%*

Source: Company, PL

Exhibit 13: Reliance Jio Infocomm Income Statement (INR bn)

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	**1,141**	**1,289**	**1,448**	**1,680**	**1,783**
EBITDA	**603**	**698**	**796**	**924**	**991**
Depreciation	231	260	281	299	324
EBIT	**372**	**439**	**516**	**625**	**668**
Interest & Finance Charges	48	86	114	101	101
Other Income	9	25	36	37	39
PBT	333	378	438	562	606
Tax	85	97	112	144	155
Net Income After Taxes	**248**	**282**	**326**	**418**	**451**

Source: Company, PL

Exhibit 14: Reliance Jio Infocomm Quarterly Income Statement (INR bn)

Y/E March	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Net Revenue	**318.5**	**327.5**	**333.8**	**342.1**	**353.1**
YoY Change (%)	*12.4*	11.8	11.2	10.8	10.8
Total Expenditure	145.8	150.1	152.7	155.0	156.3
EBITDA	**172.8**	**177.4**	**181.1**	**187.1**	**196.8**
Margins (%)	*54.2*	54.2	54.3	54.7	55.7
Depreciation	63.9	66.5	67.1	70.0	71.4
Finance Cost	21.2	21.2	22.4	29.6	29.9
Other Income	6.0	6.6	6.6	8.8	8.3
PBT	**93.7**	**96.3**	**98.3**	**96.3**	**103.8**
Tax	23.9	24.6	25.1	24.7	26.5
Rate (%)	*26%*	26%	26%	26%	26%
PAT	**69.7**	**71.7**	**73.2**	**71.7**	**77.2**
Margins (%)	*21.9*	21.9	21.9	20.9	21.9
YoY Change (%)	*11.9*	10.7	10.2	6.8	10.8

Source: Company, PL

Standalone

- **Strong Standalone performance**: Standalone EBITDA increased 55.6% YoY and 14.7% QoQ to INR223.9bn in Q2FY27, supported by tighter global fuel and feedstock markets amid supply disruptions in Russia and the Middle East. Low product inventories drove a sharp improvement in fuel cracks, with diesel and gasoline cracks rising 3.5x and 3x YoY, respectively. Polyester chain margins improved 33%, led by PX and PTA, while lower ethane prices over Naphtha further supported profitability. A higher share of time-chartered vessels helped mitigate elevated freight costs.

- **Margin Headwinds**: The strong operating performance was partly offset by SAED-related caps on domestic fuel marketing margins for MS, HSD and ATF, higher crude premiums, elevated freight and insurance costs, and under-recoveries in domestic fuel retailing. Lower alkylate and petrochemical output also weighed on margins.

- **Crude Sourcing & Product Placement**: Crude throughput remained flat YoY at 18.1mmt, but increased QoQ from 15.6mmt. Procurement was recalibrated across the Americas, Middle East and Mediterranean markets to capture favourable sourcing opportunities. Product placement was also redirected towards higher-netback markets across East, West and South Africa, Latin America, Europe and Australia. The company supplied low-sulphur jet fuel to South Africa for the first time and doubled LPG supplies to the Indian market.

- **Global Refining Market**: Refining margins strengthened sharply across regions, with diesel and jet kero cracks increasing 3.5x and 3.7x YoY, respectively, remaining the primary margin drivers. Gasoline cracks also rose 3x YoY as refiners prioritised middle-distillate yields. Global refinery outages reached historic highs, keeping refinery runs materially below year-ago levels. Product inventories remained tight, with global gasoline and diesel inventories 6-10% below their 5-year averages.

- **Oil Demand**: Global oil demand recovered QoQ to 102.5mb/d but remained below CY25 levels. The IEA expects global oil demand to decline by 2.6mb/d in CY26. Domestic oil demand remained flat at 57.1mmt, flat YoY as resilient petrol and diesel offset weak LPG & Naphtha. MS - Sustained personal mobility and steady automotive sales. HSD - Deficient monsoon lifted irrigation use; freight & construction support. ATF - High cost and disruptions in conflict zones curbed travel

- **KG-D6 gas production** declined to 24.0mmscmd (vs. 24.8mmscmd QoQ and 26.1mmscmd YoY), while oil and condensate production fell to 15.9kbpd from 16.7kbpd QoQ. Management expects production to improve through its multi-lateral well (MLW) programme. Of the planned 40 MLW wells, 37 have been completed, of which 35 are connected to the production system.

- Average KG-D6 gas realization moderated to USD8.9/mmbtu from USD10.0/mmbtu in Q2FY26. Conversely, CBM gas realisation improved to USD13.24/mmbtu from USD9.53/mmbtu in Q2FY26 and USD12.0/mmbtu in Q1FY27.

- Oil and Gas revenue remained broadly flat YoY at INR60.2bn despite 9.0% lower KG-D6 gas volumes, supported by improved oil and condensate realisations, higher CBM gas volumes and realisations, and favourable currency movements. EBITDA declined marginally by 2.0% YoY to INR49.0bn, primarily due to higher GoI levies.

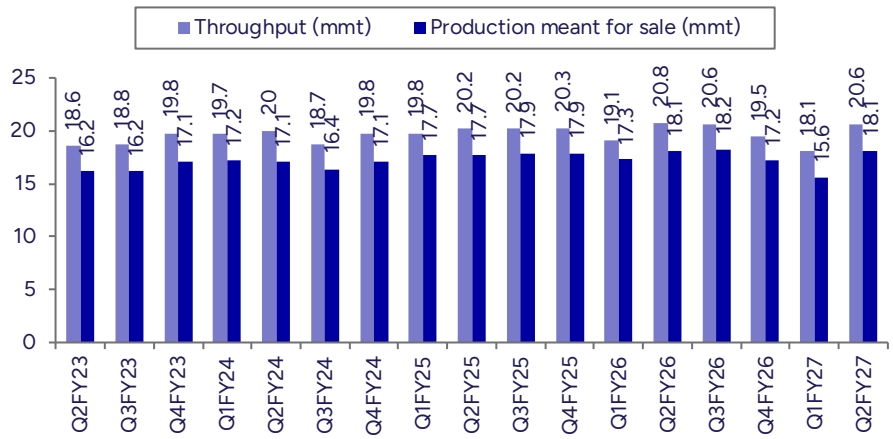
- PE margins expanded 5% YoY to USD340/MT (vs USD474/mt in Q1FY27), while PP margins improved 8% YoY to USD340/MT (vs USD372/mt in Q1FY27). Margin improvement was supported by ~30% higher product prices amid limited regional supplies and firm naphtha prices.

- PVC margins declined 19% YoY to USD295/MT (vs USD347/mt in Q1FY27), as a 13% increase in PVC prices lagged the sharp 57% rise in EDC feedstock costs. Polyester chain margins improved 33% YoY to USD573/MT (vs. USD520/MT in Q1FY27), supported by higher PX (+33%), PTA (+15%) and polyester product deltas (+49%).

- Polymer demand declined 4% YoY amid supply disruptions in the Middle East, which constrained product availability. Polyester demand fell 6% YoY, reflecting price volatility and cautious customer buying.

- **Retail & Mobility**: Reliance BP Mobility Limited (RBML) expanded its retail network to 2,304 outlets from 2,221 in Q1FY27. MS and HSD sales volumes grew 4.2% YoY, reflecting continued market share gains..

Exhibit 15: Production for sale improved QoQ



Source: Company, PL

Exhibit 16: Mix performance of product crack spreads

Product	YoY Change	Q2 FY27 Avg. Price / Margin	Key Factors (YoY)
Naphtha (MOPS) prices	▲ 43%	$815/MT	Tracking higher crude prices caused by ME supply disruptions
US Ethane prices	▲ 5%	24.3 cpg	Strong export-led petrochemical demand
PE	▲ 5%	$340/MT	Higher product price (up ~30%) supported by limited regional supplies and firm Naphtha price
PP	▲ 8%	$340/MT	
PVC	▼ 19%	$295/MT	PVC price increase (up 13%) lagged sharp increase in feedstock price (EDC up 57%)
Polyester chain	▲ 33%	$573/MT	Higher PX (up 33%), PTA (up 15%) and Polyester product deltas (up 49%) supported high chain margins

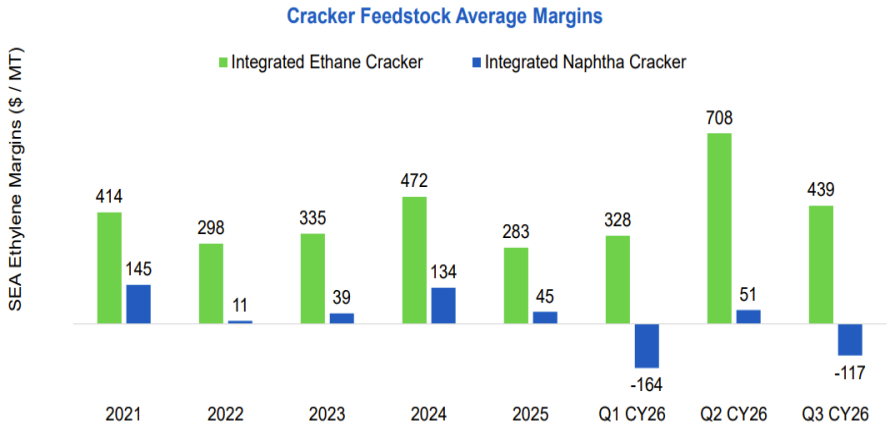
Source: Company, PL

Exhibit 17: Petchem – Conflict Impacting Operations, Feedstock Economics

Metric	Impact (2Q vs pre-conflict)
Naphtha flow from ME	6.5 MMT vs 12.5 MMT
Ethane	24.3 cpg vs 23.2 cpg
Capacity impacted (Global)	**PE**: 41.2 MMTA **MEG**: 12.8 MMTA **PTA**: 32 MMTA
Cracker Utilization	**Global**: ~71% vs ~81% **APAC**: ~72% vs ~82% **US**: ~90% vs ~89% **ME&A**: ~48% vs ~78%

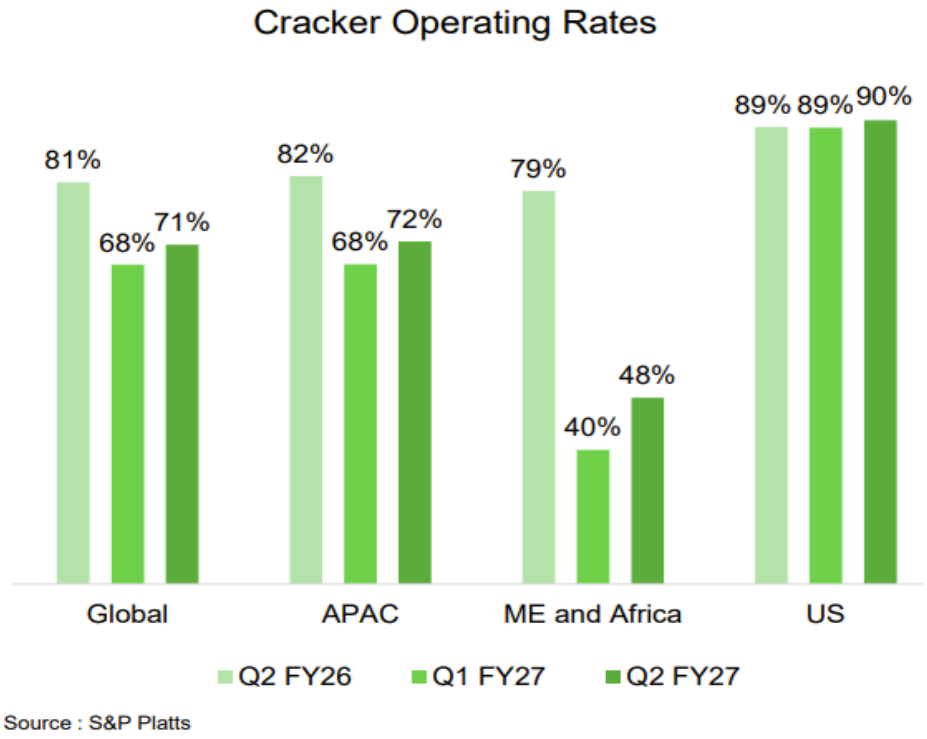
Source: Company, PL

Exhibit 18: Cracker Feedstock Margin Trend



Source: Company, PL

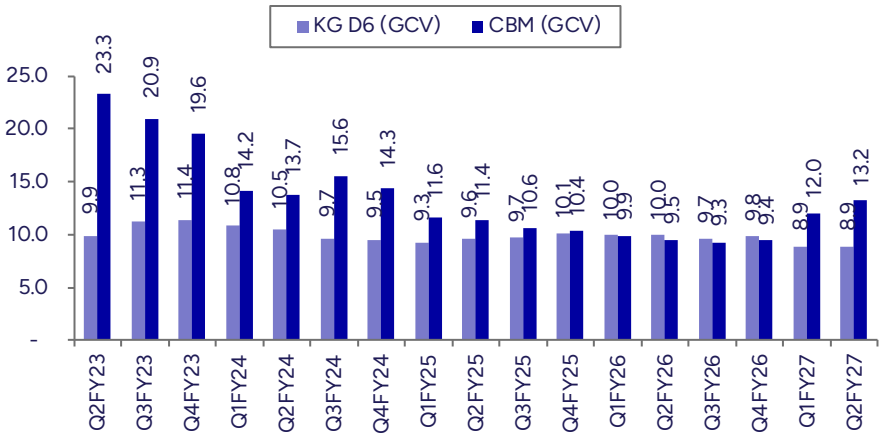
Exhibit 19: Cracker Operating Rates



Source : S&P Platts

Source: Company, PL

Exhibit 20: KG D6 realization remained flat QoQ at USD8.9/mmBtu



Source: Company, PL

Exhibit 21: Standalone Income Statement (INR bn)

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
Total Income from Operations	**5,173**	**5,056**	**6,914**	**6,230**	**5,963**
Change (%)	*-3.2*	*-2.3*	*36.7*	*-9.9*	*-4.3*
EBITDA	**581**	**544**	**831**	**708**	**669**
Margin (%)	*11.2*	*10.8*	*12.0*	*11.4*	*11.2*
Depreciation	180	171	164	179	191
EBIT	**401**	**373**	**667**	**529**	**478**
Int. and Finance Charges	101	69	76	81	86
Other Income	161	237	163	164	165
PBT bef. EO Exp.	**461**	**541**	**754**	**612**	**558**
EO Items	0	0	0	0	0
PBT after EO Exp.	**461**	**541**	**754**	**612**	**558**
Total Tax	109	102	185	150	137
Tax Rate (%)	*23.6*	*18.9*	*24.5*	*24.5*	*24.5*
Reported PAT	**353**	**439**	**569**	**462**	**421**
Adjusted PAT	**353**	**349**	**569**	**462**	**421**
Margin (%)	*6.8*	*-1.0*	*63.0*	*-18.8*	*-8.9*

Source: Company, PL

Exhibit 22: Standalone Quarterly Income Statement (INR bn)

	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27	Q2 FY27	*YoY gr. (%)*	*QoQ gr. (%)*
Net Sales	**1,263.4**	**1,211.5**	**1,418.2**	**1,636.3**	**1,724.1**	***5.4%***	***36.5%***
YoY Change (%)	*-2.9*	*-2.6*	*6.7*	*40.6*	*36.5*		
EBITDA	**143.9**	**148.9**	**119.6**	**195.3**	**223.9**	***14.7%***	***55.6%***
Margins (%)	*11.4*	*12.3*	*8.4*	*11.9*	*13.0*		
Depreciation	44.7	44.3	40.7	42.0	39.9	*-4.8%*	*-10.7%*
Interest	17.7	14.7	14.7	18.4	19.5	*6.3%*	*10.3%*
Other Income	34.5	34.1	33.6	41.1	39.0	*-5.1%*	*13.2%*
PBT before EO expense	**115.9**	**124.0**	**97.8**	**176.0**	**203.4**	***15.6%***	***75.5%***
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0		
PBT	**115.9**	**124.0**	**97.8**	**176.0**	**203.4**	***15.6%***	***75.5%***
Tax	24.6	30.0	23.6	43.3	49.9	*15.2%*	*102.4%*
Rate (%)	*21.2*	*24.2*	*24.1*	*24.6*	*24.5*		
Reported PAT	**91.3**	**94.0**	**74.2**	**132.7**	**153.5**	***15.7%***	***68.2%***
Adj PAT	**91.3**	**94.0**	**74.2**	**132.7**	**153.5**	***15.7%***	***68.2%***
YoY Change (%)	*18.4*	*7.7*	*-33.8*	*45.4*	*63.4*		
Margins (%)	*7.2*	*7.8*	*5.2*	*8.1*	*8.9*		

Source: Company, PL

Exhibit 23: Standalone Balance Sheet (INR bn)

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	135	135	135	135	135
Total Reserves	5,296	5,527	5,991	6,367	6,710
Net Worth	5,431	5,662	6,126	6,502	6,846
Total Loans	1,988	2,314	2,314	2,314	2,314
Deferred Tax Liabilities	374	363	363	363	363
Capital Employed	**7,793**	**8,340**	**8,803**	**9,180**	**9,523**
Gross Block	5,125	5,257	5,657	6,057	6,457
Less: Accum. Deprn.	2,015	2,186	2,350	2,529	2,719
Net Fixed Assets	3,110	3,071	3,307	3,528	3,738
Capital WIP	824	1,376	1,476	1,576	1,676
Total Investments	3,904	4,146	4,146	4,146	4,146
Curr. Assets, Loans&Adv.	2,386	3,065	4,381	4,053	3,910
Inventory	892	1,049	1,435	1,293	1,237
Account Receivables	156	166	228	205	196
Cash and Bank Balance	825	1,082	1,855	1,709	1,699
Loans and Advances	513	768	864	845	777
Curr. Liability & Prov.	2,431	3,319	4,507	4,123	3,947
Account Payables	2,402	3,274	4,477	4,097	3,921
Provisions	29	44	30	27	26
Net Current Assets	-45	-253	-126	-71	-37
Appl. of Funds	**7,793**	**8,340**	**8,803**	**9,180**	**9,523**

Source: Company, PL

Exhibit 24: Standalone Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
EPS	26.1	25.8	42.0	34.1	31.1
Valuation (x)					
P/E	51.0	51.5	31.6	38.9	42.7
P/BV	1.5	1.4	1.3	1.3	1.2
EV/EBITDA	32.9	35.3	22.2	26.2	27.8
Return Ratios (%)					
RoE	6.7	6.3	9.7	7.3	6.3
RoCE	5.8	6.4	7.6	6.1	5.4

Source: Company, PL

Exhibit 25: Standalone Cash Flow Statement (INR bn)

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
OP/(Loss) before Tax	461	541	754	612	558
Depreciation	180	171	164	179	191
Interest & Finance Charges	101	69	76	81	86
Direct Taxes Paid	-109	-102	-185	-150	-137
(Inc)/Dec in WC	496	465	646	-201	-44
Others	11	-11	0	0	0
CF from Operations	**1,140**	**1,133**	**1,455**	**521**	**653**
(Inc)/Dec in FA	-502	-683	-500	-500	-500
Free Cash Flow	638	450	955	21	153
(Pur)/Sale of Investments	-203	-243	0	0	0
Others	0	0	0	0	0
CF from Investments	**-705**	**-926**	**-500**	**-500**	**-500**
Inc/(Dec) in Debt	-130	326	0	0	0
Interest Paid	-101	-69	-76	-81	-86
Dividend Paid	-74	-81	-105	-86	-78
CF from Fin. Activity	**-303**	**50**	**-182**	**-167**	**-164**
Inc/Dec of Cash	132	257	773	-146	-10
Opening Balance	**692**	**825**	**1,082**	**1,855**	**1,709**
Closing Balance	**825**	**1,082**	**1,855**	**1,709**	**1,699**

Source: Company, PL

Financials

Income Statement (INR bn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**10,572**	**12,783**	**12,587**	**12,717**
YoY gr. (%)	*9.6*	*20.9*	*(1.5)*	*1.0*
Cost of Goods Sold	6,887	8,493	8,530	8,791
Gross Profit	3,686	4,290	4,057	3,926
Margin (%)	*34.9*	*33.6*	*32.2*	*30.9*
Employee Cost	303	374	376	387
Other Expenses	1,593	1,776	1,424	1,223
EBITDA	**1,789**	**2,140**	**2,257**	**2,316**
YoY gr. (%)	*8.2*	*19.6*	*5.5*	*2.6*
Margin (%)	*16.9*	*16.7*	*17.9*	*18.2*
Depreciation and Amortization	577	618	670	721
EBIT	**1,213**	**1,522**	**1,587**	**1,595**
Margin (%)	*11.5*	*11.9*	*12.6*	*12.5*
Net Interest	271	301	313	322
Other Income	290	245	247	251
Profit Before Tax	**1,232**	**1,466**	**1,522**	**1,523**
Margin (%)	*11.6*	*11.5*	*12.1*	*12.0*
Total Tax	276	368	382	383
Effective Tax Rate (%)	*22.4*	*25.1*	*25.1*	*25.1*
Profit After Tax	**956**	**1,098**	**1,140**	**1,141**
Minority Interest	148	153	157	162
Share Profit from Associate	-	-	-	-
Adjusted PAT	**718**	**945**	**982**	**979**
YoY gr. (%)	*3.1*	*31.6*	*3.9*	-
Margin (%)	*6.8*	*7.4*	*7.8*	*7.7*
Extra Ord. Income / (Exp)	89	-	-	-
Reported PAT	**808**	**945**	**982**	**979**
YoY gr. (%)	*16.0*	*17.0*	*3.9*	-
Margin (%)	*7.6*	*7.4*	*7.8*	*7.7*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	808	945	982	979
Equity Shares O/s (bn)	**14**	**14**	**14**	**14**
EPS (INR)	**53.1**	**69.8**	**72.6**	**72.3**

Source: Company, PL

Balance Sheet (INR bn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**15,773**	**17,797**	**19,244**	**20,518**
Tangibles	15,773	17,797	19,244	20,518
Intangibles	-	-	-	-
Acc: Dep / Amortization	**4,809**	**5,428**	**6,098**	**6,819**
Tangibles	4,809	5,428	6,098	6,819
Intangibles	-	-	-	-
Net Fixed Assets	**10,963**	**12,369**	**13,146**	**13,699**
Tangibles	10,963	12,369	13,146	13,699
Intangibles	-	-	-	-
Capital Work In Progress	2,377	1,553	1,306	1,232
Goodwill	285	285	285	285
Non-Current Investments	2,483	2,483	2,483	2,483
Net Deferred Tax Assets	(980)	(980)	(980)	(980)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,669	2,019	1,988	2,008
Trade Receivables	585	707	696	704
Cash & Bank Balance	1,460	2,209	2,648	3,189
Other Current Assets	-	-	-	-
Total Assets	**21,781**	**23,993**	**24,884**	**25,956**
Equity				
Equity Share Capital	135	135	135	135
Other Equity	8,905	9,745	10,622	11,495
Total Networth	**9,040**	**9,880**	**10,757**	**11,630**
Non-Current Liabilities				
Long Term Borrowings	3,980	4,105	4,230	4,355
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade Payables	1,588	1,921	1,891	1,911
Other Current Liabilities	4,375	5,290	5,208	5,262
Total Equity & Liabilities	**21,781**	**23,993**	**24,884**	**25,956**

Source: Company, PL

Cash Flow (INR bn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	1,232	1,466	1,522	1,523
Add. Depreciation	577	618	670	721
Add. Interest	-	-	-	-
Less Financial Other Income	290	245	247	251
Add. Other	263	(153)	(157)	(162)
Op. Profit before WC Changes	2,072	1,932	2,034	2,083
Net Changes-WC	125	366	(33)	22
Direct Tax	(276)	(368)	(382)	(383)
Net Cash from Op. Activities	**1,921**	**1,929**	**1,620**	**1,722**
Capital Expenditures	(1,221)	(1,200)	(1,200)	(1,200)
Interest / Dividend Income	-	-	-	-
Others	120	-	-	-
Net Cash from Invt. Activities	**(1,101)**	**(1,200)**	**(1,200)**	**(1,200)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	28	125	125	125
Dividend Paid	(79)	(105)	(105)	(105)
Interest Paid	-	-	-	-
Others	(930)	-	-	-
Net Cash from Fin. Activities	**(515)**	**20**	**20**	**20**
Net Change in Cash	**304**	**749**	**439**	**541**
Free Cash Flow	700	729	420	522

Source: Company, PL

Quarterly Financials (INR bn)

Y/e Mar	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Net Revenues	**2,649**	**2,941**	**3,095**	**3,306**
YoY gr. (%)	*10.4*	*12.5*	*27.0*	*29.8*
Raw Material Expenses	1,716	2,010	2,114	2,257
Gross Profit	933	930	981	1,049
Margin (%)	*35.2*	*31.6*	*31.7*	*31.7*
EBITDA	**460**	**441**	**475**	**566**
YoY gr. (%)	*5.1*	*0.7*	*10.7*	*23.4*
Margin (%)	*17.4*	*15.0*	*15.4*	*17.1*
Depreciation / Depletion	146	148	151	153
EBIT	**314**	**293**	**324**	**413**
Margin (%)	*11.9*	*10.0*	*10.5*	*12.5*
Net Interest	66	66	83	85
Other Income	49	44	66	58
Profit before Tax	**297**	**272**	**306**	**386**
Margin (%)	*11.2*	*9.2*	*9.9*	*11.7*
Total Tax	75	66	76	94
Effective Tax Rate (%)	*25.4*	*24.2*	*24.9*	*24.2*
Profit After Tax	**222**	**206**	**230**	**293**
Minority Interest	35	36	21	37
Share Profit from Associate	-	-	-	-
Adjusted PAT	**186**	**170**	**209**	**255**
YoY gr. (%)	*0.6*	*(12.6)*	*(22.4)*	*40.6*
Margin (%)	*7.0*	*5.8*	*6.8*	*7.7*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**186**	**170**	**209**	**255**
YoY gr. (%)	*0.6*	*(12.6)*	*(22.4)*	*40.6*
Margin (%)	*7.0*	*5.8*	*6.8*	*7.7*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**186**	**170**	**209**	**255**
Avg. Shares O/s (bn)	14	14	14	14
EPS (INR)	**13.8**	**12.5**	**15.5**	**18.9**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	53.1	69.8	72.6	72.3
CEPS	95.7	115.5	122.1	125.6
BVPS	668.1	730.1	794.9	859.5
FCF	51.7	53.9	31.0	38.5
DPS	5.5	7.8	7.8	7.8
Return Ratio (%)				
RoCE	9.6	11.3	11.0	10.3
ROIC	6.0	7.0	7.1	7.0
RoE	8.2	10.0	9.5	8.7
Balance Sheet				
Net Debt : Equity (x)	0.3	0.2	0.1	0.1
Net Working Capital (Days)	50	48	47	45
Valuation (x)				
PER	21.9	16.7	16.0	16.1
P/B	1.7	1.6	1.5	1.4
P/CEPS	12.2	10.1	9.5	9.3
EV/EBITDA	11.2	9.1	8.5	8.1
EV/Sales	1.9	1.5	1.5	1.5
Dividend Yield (%)	0.5	0.7	0.7	0.7
FCFF Yield (%)	4.4	4.6	2.7	3.3
PEG Ratio	7.0	0.5	4.1	(44.5)

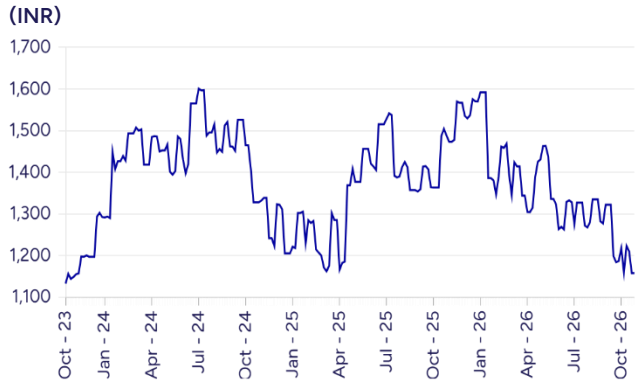
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Brent (US$/bbl)	69	93	79	75
US$/Rs	88	96	98	99
Production meant for sale(mmt)	18	17	18	18
Net Sub. addition / month (mn)	36	29	18	20
ARPU	212	224	249	256
Retail Net Rev Growth YoY(%)	11	6	7	8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Oct-26	BUY	1480	1208
2	19-Jul-26	BUY	1675	1327
3	08-Jul-26	BUY	1650	1308
4	26-Apr-26	BUY	1635	1328
5	08-Apr-26	BUY	1719	1305
6	18-Feb-26	BUY	1688	1423
7	18-Jan-26	BUY	1683	1458
8	07-Jan-26	BUY	1741	1508
9	18-Oct-25	BUY	1668	1417
10	03-Oct-25	BUY	1609	1363

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aarti Industries	Accumulate	521	491
2	Bharat Petroleum Corporation	Accumulate	305	290
3	Bharti Airtel	BUY	2367	1834
4	Clean Science and Technology	Accumulate	769	715
5	Deepak Nitrite	REDUCE	1419	1519
6	Fine Organic Industries	BUY	6629	5626
7	GAIL (India)	BUY	206	168
8	Gujarat Energy	HOLD	239	228
9	Gujarat Fluorochemicals	HOLD	4665	4556
10	Hindustan Petroleum Corporation	HOLD	342	338
11	Indian Oil Corporation	Accumulate	138	130
12	Indraprastha Gas	BUY	165	146
13	Jubilant Ingrevia	HOLD	649	632
14	Laxmi Organic Industries	REDUCE	177	190
15	Mahanagar Gas	Accumulate	1187	1039
16	Mangalore Refinery & Petrochemicals	HOLD	180	185
17	Navin Fluorine International	Accumulate	9554	8680
18	NOCIL	HOLD	140	137
19	Oil & Natural Gas Corporation	Accumulate	250	222
20	Oil India	Accumulate	512	454
21	P.I. Industries	HOLD	2305	2210
22	Paradeep Phosphates	Accumulate	173	155
23	PCBL Chemical	BUY	375	327
24	Petronet LNG	Accumulate	313	297
25	Reliance Industries	BUY	1480	1208
26	SRF	HOLD	2349	2331
27	Sudeep Pharma	SELL	943	1130
28	Vinati Organics	Accumulate	1278	1142

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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Indian Clients

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