

Reliance Industries | BUY



Slightly weak result led by O2C; a little weakness in Retail offset by beat in Digital

RIL's consolidated 1QFY26 EBITDA was 3-4% below JMFe/consensus at INR 429bn (down 2.1% QoQ but up 10.7% YoY) primarily due to: a) O2C EBITDA being 4% below JMFe due to impact of shutdown and high fuel oil crack (while E&P EBITDA was in line); and b) Retail EBITDA being 2% below JMFe as consumer electronic sales was impacted due to the early onset of the monsoon. However, Digital EBITDA was 2% above JMFe on robust subscriber addition including FWA. Reported consolidated PAT (after minority interest) was higher at INR 270bn on account of INR 89bn of profit from sale of listed investments (i.e., its stake in Asian Paints). On new energy projects, the management said it is on track to commission giga factories progressively over the next 4-6 quarters; post-commissioning, it expects the energy business to be self-funded by partnering with right players for offtake and financing. Consolidated capex was down INR 62bn QoQ to INR 299bn at end-1QFY26, while net debt was higher by a marginal INR 5bn QoQ at INR 1,176bn. We reiterate BUY (TP of INR 1,700) as we expect net debt to decline gradually, and also because RIL has industry leading capabilities across businesses to drive robust 15-20% EPS CAGR over the next 3-5 years, particularly driven by both consumer businesses.

- **Retail operating EBITDA 2% below JMFe at INR 60.4bn, up 10.9% YoY led by 11.3% YoY growth in gross revenue:** Retail gross revenue was at INR 842bn (up 11.3% YoY, but down 5% QoQ on a high base); hence, Retail operating EBITDA was 2% below JMFe at INR 60.4bn (up 10.9% YoY but down 7.2% QoQ on a high base). EBITDA margin declined 17bps QoQ at 7.2% in 1QFY26 (vs. 7.3% in 4QFY25). A total of 19,592 physical stores are operational (252 net stores added in 1QFY26, but total area was up only 0.2mn sqft to 77.6mn sqft, probably as a few larger stores got rationalised and replaced by smaller stores). Grocery and Fashion & Lifestyle (F&L) segment did well while consumer electronic was impacted due to the early onset of the monsoon. Consumer brands' revenue doubled YoY to INR 44bn in 1QFY26 while JioMart Quick hyper-local daily orders increased 175% YoY and 68% QOQ.
- **Digital EBITDA 2.4% above JMFe at INR 183bn on robust subs addition (9.9mn) while ARPU was slightly lower; didn't comment on timeline for Jio IPO or next tariff hike:** Digital segment EBITDA, at INR 183bn (up 6% QoQ and up 22.5% YoY), was 2.4% above JMFe, due to robust net subscriber addition at 9.9mn (vs. JMFe of 7.2mn) with monthly churn limited at 1.8% while ARPU was slightly lower at INR 209 (vs. JMFe of 210) but still up by INR 2.6 QoQ, aided by residual pass-through of Jul'24 tariff hike and 1 more day QoQ in 1QFY26. Jio's standalone 1QFY26 revenue was 1% above JMFe at INR 315bn (up 3.8% QoQ and up 18.5% YoY). Further, opex was also 1.6% lower than JMFe; hence, Jio's standalone 1QFY26 EBITDA was 3.3% above JMFe at INR 173bn (up 6.9% QoQ and up 23.4% YoY); EBITDA margin improved QoQ to 54.9% in 1QFY26 (53.3% in 4QFY25). Network costs, access charges, licence fees & spectrum usage charges were lower than expected while SG&A and other costs were higher than expected. Over 210mn subs migrated to Jio's 5G network (vs. around 191mn at end-4QFY25); JioAirFiber continues to see strong uptake and there were over 7.4mn JioAirFiber connections at end-1QFY26 (vs. over 5.6mn at end-4QFY25), taking total home connections to over 20mn at end-

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	90,10,640	96,46,930	1,01,37,729	1,13,44,070	1,30,34,544
Sales Growth (%)	2.6	7.1	5.1	11.9	14.9
EBITDA	16,22,330	16,54,440	18,76,078	21,49,797	25,12,506
EBITDA Margin (%)	18.0	17.1	18.5	19.0	19.3
Adjusted Net Profit	6,96,210	6,96,480	8,32,964	9,78,397	11,94,524
Diluted EPS (INR)	51.4	51.5	61.6	72.3	88.3
Diluted EPS Growth (%)	5.0	0.0	19.6	17.5	22.1
ROIC (%)	9.5	8.8	9.8	10.8	12.3
ROE (%)	9.2	8.5	9.5	10.4	11.7
P/E (x)	28.7	28.7	24.0	20.4	16.7
P/B (x)	2.5	2.4	2.2	2.0	1.9
EV/EBITDA (x)	13.9	13.8	12.3	10.7	9.0
Dividend Yield (%)	0.3	0.4	0.4	0.5	0.5

Source: Company data, JM Financial. Note: Valuations as of 18/Jul/2025

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,700
Upside/(Downside)	15.2%
Previous Price Target	1,700
Change	0.0%

Key Data – RELIANCE IN

Current Market Price	INR1,476
Market cap (bn)	INR19,974.5/US\$231.8
Free Float	43%
Shares in issue (mn)	13,530.0
Diluted share (mn)	13,532.0
3-mon avg daily val (mn)	INR17,673.9/US\$205.1
52-week range	1,594/1,115
Sensex/Nifty	81,758/24,968
INR/US\$	86.2

Price Performance

%	1M	6M	12M
Absolute	3.2	13.3	-7.0
Relative*	4.0	5.1	-8.3

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

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1QFY26. Data usage per subs jumped 10.1% QoQ to 37GB/month driven by higher mix of 5G and home users and boosted by the IPL season in 1QFY26. The management highlighted that deployment of UBR (unlicensed band radio) has enabled +1mn home connects and is key to achieving the 100mn home target.

- **O2C business EBITDA 4% below JMFe at INR 145bn due to impact of shutdown and high fuel oil crack; E&P segment EBITDA in line with JMFe at INR 50bn:** O2C EBITDA was 4% below JMFe at INR 145bn (flat QoQ but up 15% YoY) due to the impact of the shutdown and high fuel-oil crack. Hence, implied GRM was lower at USD 9.4/bbl vs. JMFe of USD 10/bbl (vs. Spore Dubai GRM of USD 5.6/bbl and vs. ~USD 9.6/bbl implied in 4QFY25); implied petchem margin continues to be weak. Jio-bp transportation fuels volume was up 35% adding to O2C EBITDA. Hence, RIL's overall O2C EBITDA margin was at USD 98/tn, lower than JMFe of USD 99/tn (vs. USD 97/tn in 4QFY25). The management reiterated a stable outlook for refining margin and weak outlook for petchem margin. However, E&P segment EBITDA was in line with JMFe at INR 50bn in 1QFY26 (down 2.9% QoQ) due to natural decline in KG output.
- **Consolidated capex down INR 62bn QoQ to INR 299bn at end 1QFY26; net debt slightly higher by marginal INR 5bn QoQ at INR 1,176bn:** RIL's cons 1QFY26 capex was lower QoQ at INR 299bn (vs. capex of INR 360bn in 4QFY25; INR 1,311bn in FY25 and INR 1,318bn in FY24). Further, reported net debt was up by a marginal INR 5bn QoQ at INR 1,176bn at end-1QFY26 (vs. reported net debt of INR 1,171bn at end-4QFY25). Consolidated gross debt at end-1QFY26 was INR 3,384bn (vs. INR 3,475bn at end-4QFY25); while cash and cash equivalents at end-1QFY26 was INR 2,209bn (vs. INR 2,305bn at end-4QFY25).
- **Net debt to decline gradually on likely moderation of capex; reiterate BUY as we expect strong 15-20% EPS CAGR over the next 3-5 years driven by both consumer businesses:** We have marginally tweaked our FY26-FY28 estimates; hence, our TP is unchanged at INR 1,700. We reiterate BUY as we expect its net debt to decline gradually because capex will not only moderate (INR 1.2trln-1.4trln p.a. vs. INR 2.3trln in FY23 and INR 1.3trln 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 (0.7x at end-1QFY26) also gives comfort. Moreover, we believe RIL has industry leading capabilities across businesses to drive robust 15-20% EPS CAGR over the next 3-5 years, particularly driven by both consumer businesses with Jio's ARPU is expected to rise at 13% CAGR over FY25-28 with ARPU being on a structural uptrend given the industry structure, future investment needs, and the need to avoid a duopoly market. Clarity on the potential timeline and valuation of Jio's listing could be a possible near- to medium-term trigger. At CMP, the stock is trading at FY27E P/E of 20.4x (3-yr avg: 24.7x) and FY27E EV/EBITDA of 10.3x (3-yr avg: 12.6x). Key risks: **a)** high capex, resulting in rising net debt with limited earnings visibility from new projects; **b)** weak subs addition and limited ARPU hike; **c)** muted growth in the retail business; and **d)** subdued O2C margins due to macro concerns.

1QFY26 Result Review

Key takeaways from post-earnings analyst meet:

- 1) Net debt and capex: Cons capex moderated QoQ to INR 299bn in 1QFY26 (vs. INR 360bn in 4QFY25); net debt slightly higher by INR 5bn QoQ at INR 1,176bn
- RIL's consolidated 1QFY26 capex moderated QoQ to INR 299bn vs. capex of INR 360bn in 4QFY25 (FY25 capex was INR 1,311bn vs. FY24 capex of INR 1,318bn; FY23 capex was INR 1,418bn ex-spectrum and INR 2,355bn including spectrum).
- Reported net debt was slightly higher by INR 5bn QoQ to INR 1,176bn at end-1QFY26 (vs. reported net debt of INR 1,171bn at end-4QFY25). Consolidated gross debt at end-1QFY26 was INR 3,384bn (vs. INR 3,475bn at end-4QFY25); while cash and cash equivalents at end-1QFY26 was INR 2,209bn (vs. INR 2,304bn at end-4QFY25).

Exhibit 1. RIL consolidated quarterly debt and capex details

INR Mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Reported Gross debt	3,049,370	3,363,370	3,504,530	3,475,300	3,384,320	-2.6%	11.0%
Less: Cash & cash equivalent	1,925,960	2,198,990	2,349,880	2,304,470	2,208,510	-4.2%	14.7%
Reported Net debt	1,123,410	1,164,380	1,154,650	1,170,830	1,175,810	0.4%	4.7%
Add: Spectrum Liability	1,082,720	1,067,350	1,067,350	1,044,100	1,044,100	0.0%	-3.6%
Net debt including Spectrum Liability	2,206,130	2,231,730	2,222,000	2,214,930	2,219,910	0.2%	0.6%
Reported Net debt to EBITDA	0.7	0.7	0.7	0.7	0.7	2.6%	-5.4%
Net debt (including Spectrum Liability) to EBITDA	1.4	1.4	1.3	1.3	1.3	2.4%	-9.1%
Consolidated Capex	287,850	340,220	322,590	360,410	298,750	-17.1%	3.8%
Increase/(decrease) in working capital (as per cash flow statement on half yearly basis)		178,290		237,240			

Source: Company, JM Financial

2) Retail business: Grocery and F&L did well while consumer electronic was impacted; consumer brands revenue doubled YoY to INR 44bn in 1QFY26; JioMart Quick hyper-local daily orders increased 175% YoY and 68% QOQ

- Grocery and F&L segment did well; but consumer electronic and device sales were impacted due to the early onset of the monsoon (also as 1Q is a seasonally weak quarter). Grocery witnessed double-digit YoY growth in core categories: HPC (+15%), Fruits and Vegetables (+15%), Packaged Foods (+13%)
- Consumer brands revenue doubled YoY to INR 44bn in 1QFY26 with General Trade accounting for 70%+ of total consumer brands revenue.
- Demerging consumer brands business Reliance Consumer Products Ltd (RCPL) from RRVL (Reliance Retail Ventures Ltd); RCPL will house all consumer brands portfolio and will become a direct subsidiary of RIL (with similar shareholding as is for RRVL); expects RCPL to be one of the largest FMCG companies by 2030.
- JioMart Quick hyper-local daily orders increased 175% YoY and 68% QoQ. Express deliveries now available on JioMart across ~4,300 pin codes by 2200+ stores across 1000+ cities at end-1QFY26 (vs. +4,000 pin codes across 2,100+ stores at end-4QFY25) while competition focussed mostly on metros and Tier-1 cities. The company will continue to use its store as the backbone for its model while it will also put in dark stores to fill the gaps to reduce delivery radius (where store is not present or is far away) or order volume is very high. Will also continue to build its network organically.

3) O2C business: Reiterated stable outlook for refining margin and weak outlook for petchem margin; expects spot LNG price to remain high ~USD 11-13/mmbtu in near term

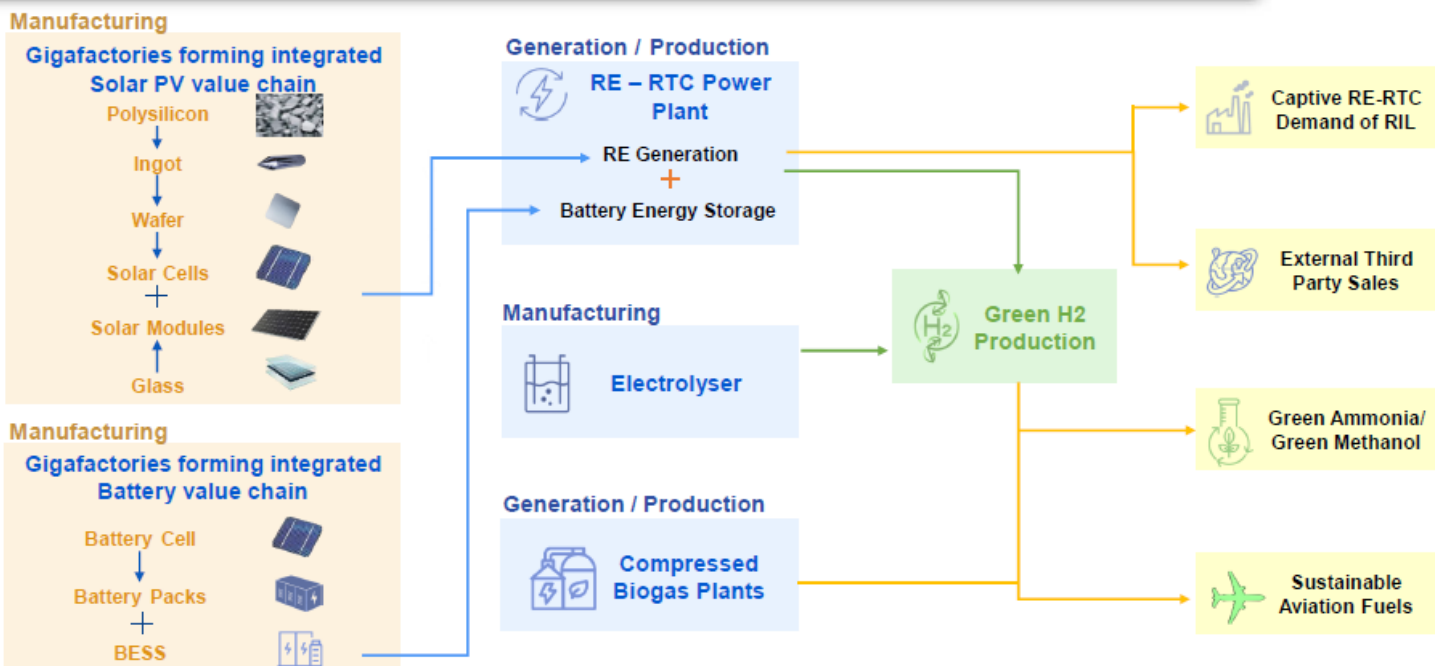
- Weak global O2C margin was partly offset by higher domestic fuel marketing sales (35% growth in RIL's retail volume) and also higher domestic sales of petchem products, cost optimisation, favourable ethane cracking, higher sulphur prices, etc.
- O2C EBITDA impacted due to planned shutdown (volume down 3.5%), higher feedstock costs on strong fuel oil cracks and higher freight costs.
- Reiterated stable outlook for refining margin given healthy global oil demand growth of 0.7mmbpd in CY25 and limited net capacity addition (and supply disruptions) with significant refining capacity closures expected in Europe and North America in CY25 and CY26.
- Reiterated petchem margin likely to remain constrained by higher supplies and volatility in feedstock prices.
- Expect spot LNG price to remain high around \$11-13/mmbtu in the near term due to delay in commissioning of LNG export capacity.

4) New Energy business:

- On track to commission giga factories progressively over the next 4-6 quarters with completion and commissioning activities in full swing – shared images of the project in PPT.
- Post-commissioning, expects the energy business to be self-funded by partnering with right players for offtake and financing.
- Setting up dedicated transmission line from Kutch to Jamnagar to meet captive power requirement. Expects atleast 25% cost reduction in energy consumption for RIL group.
- UBR (Unlicensed Band Radio) technology offers significant advantages over 5G FWA

Exhibit 2. RIL's New Energy project details

World's ONLY End-to-End Integrated Green Energy Business



“Jio Moment” for our New Energy Business

Source: Company, JM Financial.


5) Digital business: No comment on timeline for tariff hike or Jio IPO; deployment of UBR enabling +1mn home connects and key to achieving 100mn home target

- No comment on timeline for tariff hike or Jio IPO.
- JioAirFiber continues to see strong uptake and engagement pan-India and now has over 7.4mn JioAirFiber connections at end-1QFY26 (vs. over 5.6mn at end-4QFY25, over 4.5mn at end-3QFY25, over 2.8mn at end-2QFY25), making Jio the largest FWA service provider globally (holds ~82% market share in India). Further, including FWA subs, its home broadband subs base has exceeded 20mn as of end-1QFY26.
- Jio is first to deploy UBR (unlicensed band radio) based technology for providing FWA services at scale, enabling 1mn+ monthly home connects - this could be critical to achieving 100mn home target. It also highlighted that FWA (UBR) has several advantages over 5G FWA like abundant availability of UBR spectrum, stable throughput, IPTV support, cost economical and high scalability.
- Over 210mn subs migrated to Jio's 5G network (vs. around 191mn at end-4QFY25); also offering differentiated 5G experience using network slicing.
- On monetisation of various digital apps, the management said that monetisation is taking place in enterprise segment led by cloud, content offerings, Wi-Fi and security offerings to enterprises. Further, it looks forward to monetise such services gradually in B2C segment also.
- Highlighted proposition of Jio's in-house full tech-stack solution and said that it's likely to drive revenue growth as Jio doesn't need to depend on vendor for business scale-up, cost is very advantageous, provides flexibility; also this tech-stack can provide incremental revenue in future as many players are interested to deploy it in other markets.

Exhibit 3. UBR (Unlicensed Band Radio) technology offers significant advantages over 5G FWA

UBR – a Global First Offering At Scale

- **Fixed broadband has strong demand but is supply constrained** due to limited scalable options
 - ✓ Last-mile fiber is not economical for mass roll-out due to cost and time to deploy
- Globally, telcos have had challenges with 5G Fixed Wireless Access (FWA)
 - ✓ **Coverage and Cost Constraints:** Achieving wide coverage requires dense 5G standalone (SA) infrastructure, which is capital-intensive and misaligned with need for rapid, cost-effective expansion
 - ✓ **Strained Capacity and Scalability:** Finite capacity per cell sector leads to quick saturation, degrading performance and necessitating additional infrastructure investment to sustain service quality

Feature	5G FWA (Fixed Wireless Access)	UBR (Unlicensed Band Radio) 
Spectrum	Limited availability	Abundant availability
Uplink/ Download	Asymmetrical (DL >> UL)	Configurable symmetry (e.g., 70:30)
Throughput	Varies with load	Stable; can commit 1.0 - 2.5 Gbps per user
Multi-cast / IPTV	Not supported, OTT only	Full supported with - < 1 second zap time
Scalability	Limited by mobile infra and spectrum	Highly scalable with minimal interference

Fiber-comparable experience at fraction of cost and installation time

Source: Company, JM Financial.

Exhibit 4. Jio standalone quarterly financials

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	265,800	285,270	296,270	303,540	314,930	3.8%	18.5%
Operating costs	125,580	133,020	138,290	141,660	141,920	0.2%	13.0%
- Network costs	79,230	82,440	83,590	84,060	84,520	0.5%	6.7%
-License fees, SUC and oher revenue share	24,330	25,960	26,810	27,840	28,200	1.3%	15.9%
-Access Charges	2,620	3,650	5,640	4,940	3,850	-22.1%	46.9%
- Employee Costs	4,850	4,960	5,020	5,040	4,970	-1.4%	2.5%
-SG&A and other costs	14,550	16,010	17,230	19,780	20,380	3.0%	40.1%
EBITDA	140,220	152,250	157,980	161,880	173,010	6.9%	23.4%
Depreciation & Amortization	56,070	57,340	58,320	59,250	62,040	4.7%	10.6%
EBIT	84,150	94,910	99,660	102,630	110,970	8.1%	31.9%
Interest cost	11,010	11,220	12,680	13,460	20,810	54.6%	89.0%
Reported PBT	73,140	83,690	86,980	89,170	90,160	1.1%	23.3%
Tax	18,690	21,380	22,210	22,750	23,050	1.3%	23.3%
Reported PAT	54,450	62,310	64,770	66,420	67,110	1.0%	23.3%
Tax/PBT (%)	25.6%	25.5%	25.5%	25.5%	25.6%		
EBITDA margin (%)	52.8%	53.4%	53.3%	53.3%	54.9%		
Incremental EBITDA margin (%)	57.7%	61.8%	52.1%	53.6%	97.7%		

Source: Company, JM Financial.

Exhibit 5. Jio segmental break-up - computation of ARPU of wireless business (ex- FTTH)

Particulars	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Jio reported revenue (INR mn)	264,780	283,380	293,070	300,180	308,820	2.9%	16.6%
Jio reported EBITDA (INR mn)	140,220	152,250	157,980	161,880	173,010	6.9%	23.4%
Jio reported EBITDA margin (%)	53.0%	53.7%	53.9%	53.9%	56.0%	3.9%	5.8%
Incremental EBITDA margin (%)	55.5%	64.7%	59.1%	54.9%	128.8%	134.8%	132.1%
Jio reported ARPU (INR)	182	195	203	206	209	1.3%	14.9%
Jio reported subscriber base (mn)	490	479	482	488	498	2.0%	1.7%
FTTH/FWA							
Subscriber base (mn) (as per TRAI data)	12.4	14.2	16.6	18.1	20.7	14.4%	66.5%
ARPU (INR) (assumed)	572	566	550	540	540	0.0%	-5.6%
Revenue (INR mn)	20,317	22,558	25,344	28,042	31,363	11.8%	54.4%
EBITDA Margin (%) (assumed)	53.7%	53.6%	53.5%	53.4%	53.4%	0.0%	-0.5%
EBITDA (INR mn)	10,904	12,089	13,559	14,975	16,748	11.8%	53.6%
Incremental EBITDA Margin (%)	55.8%	52.9%	52.8%	52.5%	53.4%	1.8%	-4.3%
Wireless							
Revenue (INR mn)	244,463	260,822	267,726	272,138	277,457	2.0%	13.5%
EBITDA (INR mn)	129,316	140,161	144,421	146,905	156,262	6.4%	20.8%
EBITDA Margin (%)	52.9%	53.7%	53.9%	54.0%	56.3%	4.3%	6.5%
Incremental EBITDA Margin (%)	55.4%	66.3%	61.7%	56.3%	175.9%	212.4%	217.8%
Subscriber base (mn)	477	465	466	470	477	1.6%	0.0%
ARPU (INR)	172	185	192	194	195	0.7%	13.5%

Source: Company, JM Financial.

Exhibit 6. Jio standalone debt details

INR Bn	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Gross debt (excluding deferred payment liability)		433		527		709		705
Deferred payment liability		1,106		1,083		1,067		1,044
Other Financial liability (primarily capex creditors)		648		502		429		388
Total Gross debt		2,187		2,112		2,205		2,137
Less: Cash and Cash Equivalents		18		14		5		63
Net Debt		2,169		2,099		2,200		2,074
Net Debt to EBITDA (x)		3.9		3.6		3.4		3.0

Source: Company, JM Financial.

Exhibit 7. Jio Platforms Ltd consolidated quarterly financials

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	294,490	317,090	330,740	339,860	350,320	3.1%	19.0%
Operating costs	148,110	157,780	164,890	169,700	168,970	-0.4%	14.1%
EBITDA	146,380	159,310	165,850	170,160	181,350	6.6%	23.9%
Depreciation & Amortization	58,510	59,890	60,920	62,060	64,790	4.4%	10.7%
EBIT	87,870	99,420	104,930	108,100	116,560	7.8%	32.7%
Interest cost	11,150	11,440	12,840	13,620	21,050	54.6%	88.8%
Reported PBT	76,670	87,950	92,050	94,490	95,510	1.1%	24.6%
Tax	19,740	22,590	23,480	24,260	24,410	0.6%	23.7%
Reported PAT	56,930	65,360	68,570	70,230	71,100	1.2%	24.9%
Tax/PBT (%)	25.7%	25.7%	25.5%	25.7%	25.6%		
EBITDA margin (%)	49.7%	50.2%	50.1%	50.1%	51.8%		

Source: Company, JM Financial.

Total digital EBITDA came in at INR 183bn in 1QFY26, of which JPL's EBITDA was INR 181bn (including Jio business EBITDA of INR 173bn). Other digital EBITDA (ex-Jio) was lower QoQ at INR 10.1bn in 1QFY26 with that of digital entities outside JPL being lower QoQ and that of digital entities inside JPL being tad higher QoQ.

a) Entities inside JPL: JPL's EBITDA ex-Jio business was tad higher QoQ at INR 8.3bn in 1QFY26 vs. INR 8.3bn in 4QFY25.

b) Entities outside JPL: Digital EBITDA ex-JPL was lower QoQ at INR 1.8bn in 1QFY26 vs. INR 2.6bn in 4QFY25.

Exhibit 8. Digital business break-up into Telecom and ex-Telecom Digital assets

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue break-up							
Digital	354,700	380,550	397,330	408,610	419,490	2.7%	18.3%
JPL consolidated	294,490	317,090	330,740	339,860	350,320	3.1%	19.0%
Jio standalone (Telecom)	265,800	285,270	296,270	303,540	314,930	3.8%	18.5%
Digital revenue ex-Telecom	88,900	95,280	101,060	105,070	104,560	-0.5%	17.6%
-Entities inside JPL	28,690	31,820	34,470	36,320	35,390	-2.6%	23.4%
-Entities outside JPL	60,210	63,460	66,590	68,750	69,170	0.6%	14.9%
Digital revenue ex-Telecom (% of total Digital revenue)	25.1%	25.0%	25.4%	25.7%	24.9%		
EBITDA break-up							
Digital	149,440	161,390	166,400	172,780	183,120	6.0%	22.5%
JPL consolidated	146,380	159,310	165,850	170,160	181,350	6.6%	23.9%
Jio standalone (Telecom)	140,220	152,250	157,980	161,880	173,010	6.9%	23.4%
Digital EBITDA ex-Telecom	9,220	9,140	8,420	10,900	10,110	-7.2%	9.7%
-Entities inside JPL	6,160	7,060	7,870	8,280	8,340	0.7%	35.4%
-Entities outside JPL	3,060	2,080	550	2,620	1,770	-32.4%	-42.2%
Digital EBITDA ex-Telecom (% of total Digital EBITDA)	6.2%	5.7%	5.1%	6.3%	5.5%		
EBIT break-up							
Digital	88,060	98,580	102,520	108,010	114,160	5.7%	29.6%
JPL consolidated	87,870	99,420	104,930	108,100	116,560	7.8%	32.7%
Jio standalone (Telecom)	84,150	94,910	99,660	102,630	110,970	8.1%	31.9%
Digital EBIT ex-Telecom	3,910	3,670	2,860	5,380	3,190	-40.7%	-18.4%
-Entities inside JPL	3,720	4,510	5,270	5,470	5,590	2.2%	50.3%
-Entities outside JPL	190	(840)	(2,410)	(90)	(2,400)	2566.7%	-1363.2%
Digital EBIT ex-Telecom (% of total Digital EBIT)	4.4%	3.7%	2.8%	5.0%	2.8%		
EBITDA margin (%)							
Digital	42.1%	42.4%	41.9%	42.3%	43.7%	3.2%	3.6%
JPL consolidated	49.7%	50.2%	50.1%	50.1%	51.8%	3.4%	4.1%
Jio standalone (Telecom)	52.8%	53.4%	53.3%	53.3%	54.9%	3.0%	4.1%
Digital EBITDA ex-Telecom	10.4%	9.6%	8.3%	10.4%	9.7%	-6.8%	-6.8%
-Entities inside JPL	21.5%	22.2%	22.8%	22.8%	23.6%	3.4%	9.8%
-Entities outside JPL	5.1%	3.3%	0.8%	3.8%	2.6%	-32.9%	-49.6%

Source: Company, JM Financial. Please note JPL, apart from the telecom assets (i.e. Jio), contains tech investments like Embibe (Ed- tech), OTT platforms, Haptik (AI based messaging app) to name a few. As per our understanding digital assets outside JPL consists of logistic, tech start-ups like Grab-a-Grub etc. which work with the retail side of the business

Exhibit 9. RIL consolidated quarterly snapshot

INR Mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue (net of GST and excise)	2,317,840	2,315,350	2,399,860	2,613,880	2,436,320	-6.8%	5.1%
Operating costs	1,930,190	1,924,770	1,961,970	2,175,560	2,007,270	-7.7%	4.0%
EBITDA	387,650	390,580	437,890	438,320	429,050	-2.1%	10.7%
EBITDA Margin %	16.7%	16.9%	18.2%	16.8%	17.6%	84bps	89bps
Depreciation	135,960	128,800	131,810	134,790	138,420	2.7%	1.8%
EBIT	251,690	261,780	306,080	303,530	290,630	-4.2%	15.5%
Interest	59,180	60,170	61,790	61,550	70,360	14.3%	18.9%
Other income	39,830	48,760	42,140	49,050	151,190	208.2%	279.6%
PBT	232,310	252,590	287,690	292,800	372,480	27.2%	60.3%
Tax	57,860	59,360	68,390	66,690	64,650	-3.1%	11.7%
Reported PAT before Minority interest	174,450	193,230	219,300	226,110	307,830	36.1%	76.5%
Reported PAT after Minority interest	151,380	165,630	185,400	194,070	269,940	39.1%	78.3%
Reported EPS after Minority interest (INR)	11.2	12.2	13.7	14.3	19.9	0.4	0.8
Tax/PBT (%)	24.9%	23.5%	23.8%	22.8%	17.4%		
Segment EBITDA break-up							
O2C	130,930	124,130	144,020	150,800	145,110	-3.8%	10.8%
E&P	52,100	52,900	55,650	51,230	49,960	-2.5%	-4.1%
Organised retail	56,720	58,610	68,400	67,210	63,810	-5.1%	12.5%
Digital service	149,440	161,390	166,400	172,780	183,120	6.0%	22.5%
Financial Services	0	0	0	0	0	NM	NM
Others	20,030	21,060	21,480	22,690	25,890	14.1%	29.3%
Total	409,220	418,090	455,950	464,710	467,890	0.7%	14.3%

Source: Company, JM Financial

Exhibit 10. RIL segment-wise breakdown

INR Mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
O2C segment							
Production meant for sale (mmt)	17.7	17.7	17.9	17.9	17.3	-3.4%	-2.3%
Total throughput (incl Refinery throughput) (mmt)	19.8	20.2	20.2	20.3	19.1	-5.9%	-3.5%
Overall O2C EBITDA/tn (USD/ton)	89	84	95	97	98		
Spore Dubai GRM (USD/bbl)	3.5	3.6	5.0	3.1	5.6		
Implied RIL GRM (USD/bbl)	7.7	7.1	9.4	9.6	9.4		
E&P business							
Gas production (mmscmd) (RIL's share)	22.3	22.1	21.9	20.9	20.8	-0.7%	-7.0%
KG D6 gas realisation (USD/mmbtu)	9.3	9.6	9.7	10.1	10.0	-1.2%	7.6%
CBM gas realisation (USD/mmbtu)	11.6	11.4	10.6	10.4	9.9	-4.4%	-14.6%
Jio (standalone)							
No of subs (Mn)	490	479	482	488	498	2.0%	1.7%
QoQ increase in no of subs (Mn)	7.9	-10.9	3.3	6.1	9.9		
ARPU (INR/month)	182	195	203	206	209	1.3%	14.9%
Data usage (GB/month)	30.3	31.0	32.3	33.6	37.0	10.1%	22.1%
Revenue (INR Mn)	265,800	285,270	296,270	303,540	314,930	3.8%	18.5%
EBITDA (INR Mn)	140,220	152,250	157,980	161,880	173,010	6.9%	23.4%
EBITDA margin (%)	52.8%	53.4%	53.3%	53.3%	54.9%		
PAT (INR Mn)	54,450	62,310	64,770	66,420	67,110	1.0%	23.3%
Retail segment							
Total stores	18,918	18,946	19,102	19,340	19,592	1.3%	3.6%
Net stores addition in quarter	82	28	156	238	252		
Area (mn sq ft)	81.3	79.4	77.4	77.4	77.6	0.3%	-4.6%
Net area addition in quarter (mn sq ft)	2.2	-1.9	-2.0	0.0	0.2		
Registered Customer Base (mn)	316	327	338	349	358	2.6%	13.3%
No of Transactions (mn)	334	343	355	361	389	7.8%	16.5%
Gross revenue (INR mn)	756,150	763,020	903,330	886,200	841,710	-5.0%	11.3%
Operating EBITDA (INR mn)	54,480	56,750	66,320	65,100	60,440	-7.2%	10.9%
Operating EBITDA margin* (%)	7.2%	7.4%	7.3%	7.3%	7.2%	-17bps	-2bps

Source: Company, JM Financial, * on gross revenue basis

Key Assumptions and Estimates

Exhibit 11. Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Brent crude price (USD/bbl)	80.0	95.4	83.1	78.9	75.0	75.0	75.0
Exchange rate (INR/USD)	74.5	80.4	82.8	84.6	87.1	88.8	90.6
Refining							
EBITDA (INR Bn)	279	412	379	307	347	356	363
Crude throughput	67.8	67.1	67.8	67.8	67.8	68.2	68.2
Margins (USD/bbl)							
Spore Dubai GRM	5.0	10.7	6.6	3.8	5.5	5.5	5.5
RIL's total GRM premium	4.5	2.0	4.6	5.5	4.5	4.5	4.5
a) RIL normal GRM premium	4.0	1.3	3.6	4.5	3.5	3.5	3.5
b) Petcoke gasification addition to GRM	0.5	0.8	1.0	1.0	1.0	1.0	1.0
RIL's total GRM	9.5	12.7	11.2	9.3	10.0	10.0	10.0
Refining cash opex	2.0	2.3	2.0	2.0	2.0	2.0	2.0
Refining EBITDA	7.5	10.4	9.2	7.3	8.0	8.0	8.0
Petrochemicals							
EBITDA (INR Bn)	249	208	245	267	276	326	451
EBITDA/ton (USD/ton)	206	175	206	216	214	230	241
Sales volumes (mmtpa)							
Polymers	5.8	5.7	5.6	5.7	5.8	6.2	7.5
Polyesters	3.2	3.2	3.2	3.2	3.3	3.6	4.3
Fiber intermediaries	6.3	5.1	4.7	4.8	4.8	5.3	7.9
Sales volumes (mmtpa)	16.2	14.8	14.4	14.6	14.8	16.0	20.6
E&P							
EBITDA (INR Bn)	55	136	202	212	204	196	189
Gas and condensate production (mmscmd)	18	20	31	32	30	28	26
Gas realisation (USD/mmbtu)	6.3	11.0	10.2	9.7	9.5	9.5	9.5
Digital							
EBITDA (INR Bn)	403	503	567	650	788	961	1,140
EBITDA margin (%)	47.9%	49.8%	50.2%	50.5%	53.7%	54.3%	54.8%
Wireless segment							
Subscribers (mn - EoP)	410	439	482	490	510	518	526
ARPU (INR)	153	178	181	196	222	248	279
Retail							
Revenue (INR Bn)	1,993	2,683	3,130	3,422	3,991	4,664	5,449
EBITDA (INR Bn)	124	180	231	251	269	319	378
EBITDA margin (%)	6.2%	6.6%	6.7%	6.7%	6.7%	6.8%	6.9%
Net Store additions (#)	2,485	2,844	796	366	568	579	591
Gross revenue per average store (INR Mn)	120	146	165	176	199	226	257
- YoY growth (%)	8%	21%	13%	7%	13%	14%	14%
EBITDA break-up (INR Bn)							
O2C	527	621	624	550	623	682	814
E&P	55	136	202	212	204	196	189
Digital	403	503	567	650	788	961	1,140
Retail	124	180	231	251	269	319	378
Financial Services & Others	19	-6	64	85	-8	-8	-8
Total	1,128	1,433	1,687	1,748	1,876	2,150	2,513
Energy business	582	757	826	762	827	878	1,003
Non-energy business (incl others)	546	677	861	986	1,049	1,272	1,510
EBITDA proportion							
O2C	47%	43%	37%	31%	33%	32%	32%
E&P	5%	9%	12%	12%	11%	9%	8%
Digital	36%	35%	34%	37%	42%	45%	45%
Retail	11%	13%	14%	14%	14%	15%	15%
Financial Services & Others	2%	0%	4%	5%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%
Energy business	52%	53%	49%	44%	44%	41%	40%
Non-energy business (incl others)	48%	47%	51%	56%	56%	59%	60%
EBITDA growth (%)							
O2C	38%	18%	1%	-12%	13%	10%	19%
E&P	2015%	149%	49%	5%	-4%	-4%	-4%
Digital	18%	25%	13%	15%	21%	22%	19%
Retail	26%	45%	29%	9%	7%	19%	18%
Financial Services & Others	-66%	-131%	-1157%	34%	-110%	0%	0%
Total	28%	27%	18%	4%	7%	15%	17%

Source: Company, JM Financial

Exhibit 12. Change in estimates and TP

	New	Old	Change
TP (INR)	1,700	1,700	0.0%
Rating	BUY	BUY	
Revenue (INR Mn)			
FY26	10,137,729	10,156,696	-0.2%
FY27	11,344,070	11,346,393	0.0%
FY28	13,034,544	13,045,693	-0.1%
EBITDA (INR Mn)			
FY26	1,876,078	1,876,569	0.0%
FY27	2,149,797	2,152,456	-0.1%
FY28	2,512,506	2,521,893	-0.4%
PAT after minority interest (INR Mn)			
FY26	832,965	839,288	-0.8%
FY27	978,398	984,207	-0.6%
FY28	1,194,524	1,205,662	-0.9%
EPS (INR)			
FY26	61.6	62.0	-0.8%
FY27	72.3	72.7	-0.6%
FY28	88.3	89.1	-0.9%

Source: JM Financial

Valuation

Our 1 year target Price for RIL of INR 1,700/share (and 3 year TP of INR 2,070) is computed on a sum-of-the-parts (SOTP) valuation method:

- a) Petchem segment at an EV of INR 215/share based on 7.5x Sep'27 EV/EBITDA;
- b) Refining segment at an EV of INR 199/share based on 7.5x Sep'27 EV/EBITDA;
- c) E&P segment at an EV of INR 85/share based on 6.0x Sep'27 EV/EBITDA;
- d) Digital segment (RIL's 67.05% stake in JPL) at an EV of INR 607/share comprising: i) Telecom business at INR 550/share based on DCF valuation; implied valuation of ~10.5x Mar'27 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 83.0% stake) at an EV of INR 534/share based on 25x Sep'27 EBITDA.
- f) New Energy business at an EV of INR 83/share (based on 1.5x announced capex of INR 750bn) and other investments at INR 37/share (listed investment, Disney Viacom JV and Real estate investment).

We reiterate BUY as we expect net debt to decline gradually, and also because RIL has industry leading capabilities across businesses to drive robust 15-20% EPS CAGR over the next 3-5 years, particularly driven by both consumer businesses. At CMP, the stock is trading at FY27E P/E of 20.4x (3-yr avg: 24.7x) and FY27E EV/EBITDA of 10.3x (3-yr avg: 12.6x).

Exhibit 13. RIL Sum-of-the-parts valuation - our 1-year target price for RIL is INR 1,700/share

Business segment	Valuation methodology	Sep'27 EBITDA (INR Bn)	Valuation multiple	Valuation (INR bn)	Valuation (USD bn)	Valuation (INR/share)	Comments
Energy business				6,766	80	500	
Petchem	EV/ EBITDA	388	7.5	2,914	34	215	Valued at 7.5x Sep'27 EV/EBITDA
Refining	EV/ EBITDA	360	7.5	2,699	32	199	Valued at 7.5x Sep'27 EV/EBITDA
E&P	EV/ EBITDA	192	6.0	1,153	14	85	Valued at 6x Sep'27 EV/EBITDA
Digital business (for RIL's 67.05% stake)				8,221	97	607	
a) Telecom business	DCF			7,445	88	550	Based on DCF valuation; COE 13.5% and WACC of 11%; implied valuation of ~11x Sep'27 EV/EBITDA
b) Digital opportunities				775	9	57	JPL investments at book value - Monetization of Video OTT apps, JioSaavn and Consumer IoT business etc
Retail business (for RIL's ~83% stake)	EV/ EBITDA			7,230	85	534	Valued at 25x Sep'27 EV/EBITDA, based on peers valuation range; D-Mart trades at +35x
New Energy business				1,125	13	83	At 1.5x announced capex of INR 750bn
Other investments				500	6	37	Listed equity / Disney Viacom JV / Real estate investment
Total Enterprise Value				23,842	282	1,762	
Less: Net Debt				837	10	62	
Total Equity Value				23,005	272	1,700	

Source: JM Financial

Exhibit 14. RIL Sum-of-the-parts valuation – our 3-year target price for RIL is INR 2,070/share

Business segment	Valuation methodology	EBITDA (INR Bn)	Valuation multiple	Valuation (INR bn)	Valuation (USD bn)	Valuation (INR/share)	Comments
Energy business				7,609	90	560	
Petchem	EV/ EBITDA	498	7.5	3,737	44	276	Valued at 7.5x EV/EBITDA
Refining	EV/ EBITDA	374	7.5	2,808	33	208	Valued at 7.5x EV/EBITDA
E&P	EV/ EBITDA	177	6.0	1,065	13	78	Valued at 6x EV/EBITDA
Digital business (for RIL's 67.05% stake)				9,423	111	696	
a) Telecom business	DCF			8,464	100	625	Based on DCF valuation; COE 13.5% and WACC of 11%; implied valuation of 9.2x Sep'29 EV/EBITDA
b) Digital opportunities				960	11	71	JPL investments at book value - Monetization of Video OTT apps, JioSaavn and Consumer IoT business etc
Retail business (for RIL's ~83% stake)	EV/ EBITDA			9,276	110	686	Valued at 25x Sep'29 EV/EBITDA, based on peers valuation range; D-Mart trades at +30x
New Energy business				1,500	18	111	At 2x announced capex of INR 750bn
Other investments				500	6	37	Listed equity / Disney Viacom JV / Real estate investment
Total Enterprise Value				28,309	335	2,093	
Less: Net Debt				299	4	22	
Total Equity Value				28,010	331	2,070	

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 2% of our valuation, 4% of our FY26E EPS, and 2% of our FY26E 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% of our valuation, 2% of our FY26E EPS, and 1% of our FY26E 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 3% of our valuation, 2% of our FY26E EPS, and 1% of our FY26E EBITDA. Any downside to retail profitability could have a negative impact on RIL's earnings and valuation.

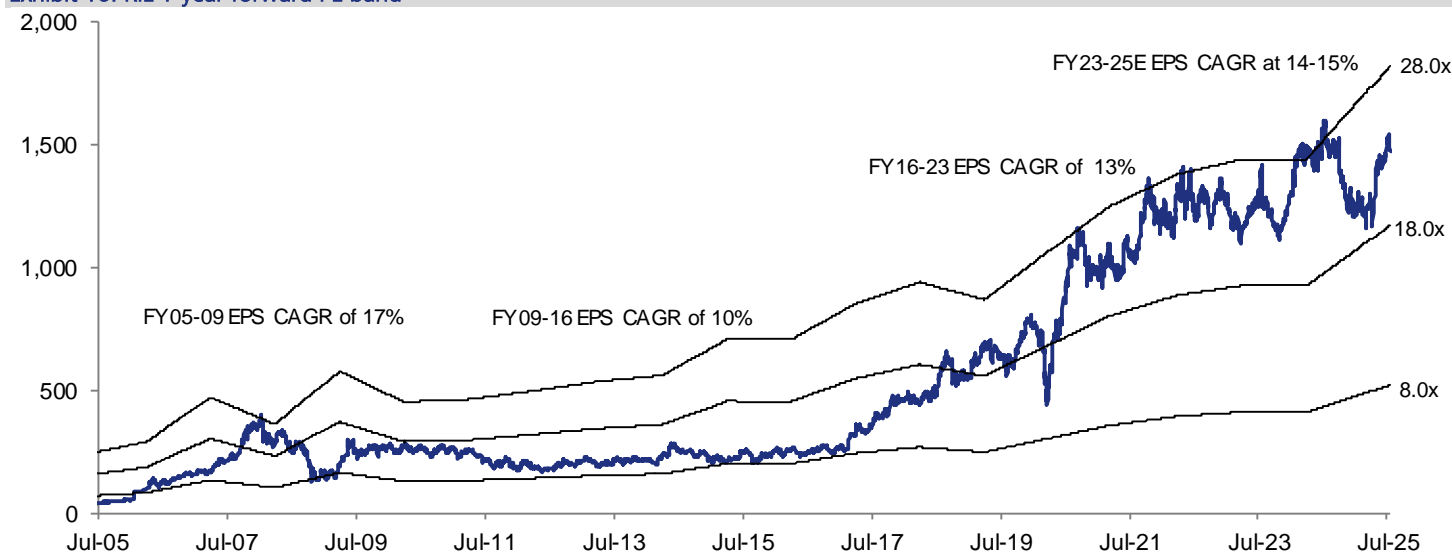
d) ARPU and subscriber sensitivity: Every INR 10 increase/decrease in ARPU has a positive/negative impact of 1% of our valuation and 2% of our FY26E EPS and FY26E EBITDA. Every 20mn increase/decrease in subscribers has a positive/negative impact of 1% of our valuation, FY26E EPS and FY26E EBITDA. Lower-than-expected ARPU and subscriber growth could have a negative impact on RIL's earnings and valuation.

Exhibit 15. RIL Earnings and valuation sensitivity

	FY26E Base case assumption	Change	Impact on FY26 EBITDA		Impact on FY26 EPS		Impact on TP	
			INR bn	% change	INR	% change	INR	% change
GRM (USD/bbl)	10.0	+/- USD 1/bbl	43	2%	2.4	4%	28	2%
Petchem EBITDA margins (USD/ton)	214	+/- USD 20/tn	26	1%	1.5	2%	18	1%
Retail EBITDA margins (%)	6.7%	+/- 0.5%	24	1%	1.3	2%	43	3%
Jio wireless ARPU	222	+/- INR 10	33	2%	1.3	2%	12	1%
Jio wireless subscriber (mn)	510	+/- 20mn	15	1%	0.6	1%	15	1%
Base case			1,876		62		1,700	

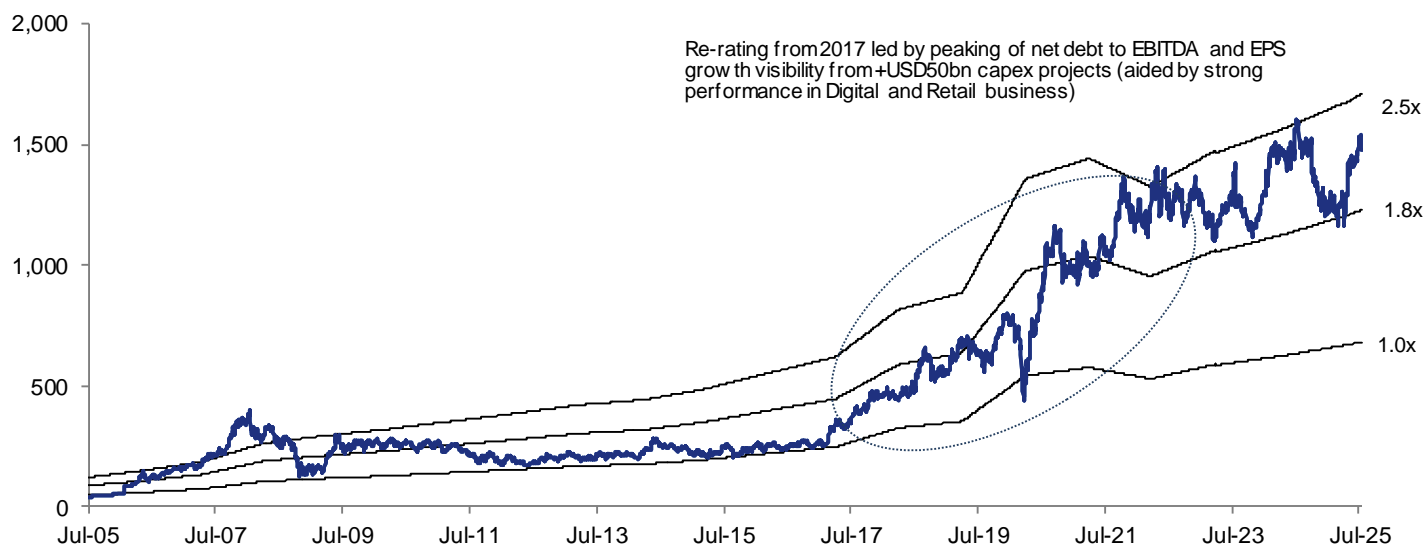
Source: JM Financial

Exhibit 16. RIL 1-year forward PE band



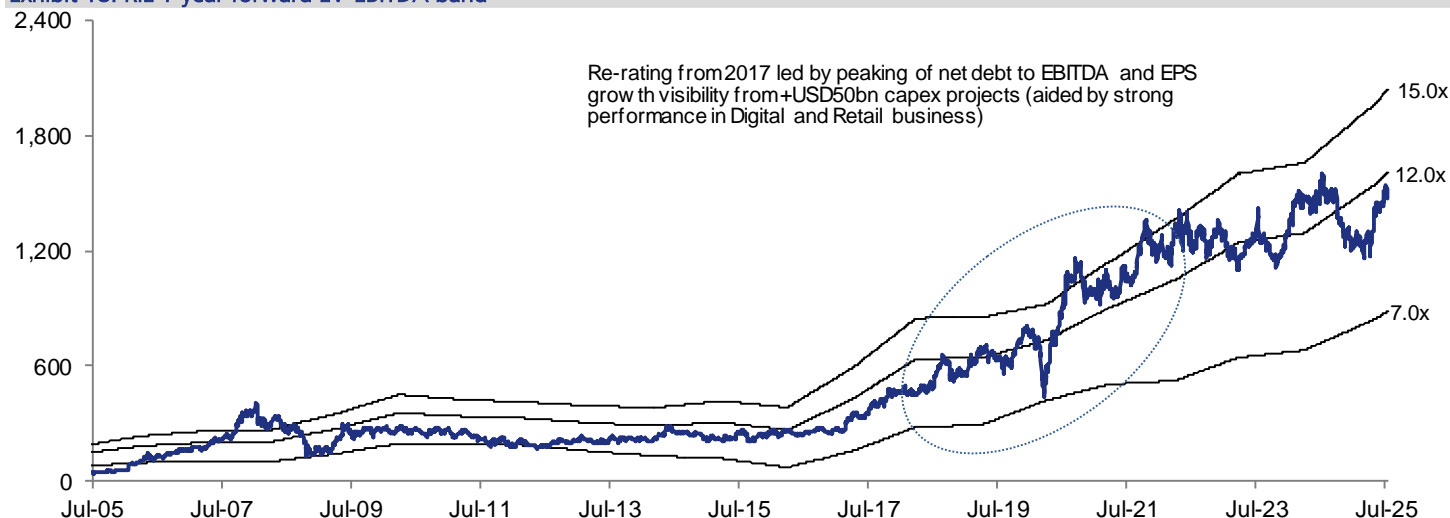
Source: JM Financial, Bloomberg

Exhibit 17. RIL 1-year forward PB band



Source: JM Financial, Bloomberg

Exhibit 18. RIL 1-year forward EV-EBITDA band



Source: JM Financial, Bloomberg

Exhibit 19. Global refiners' valuation snapshot

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26
US peers															
Valero Energy	8.6	9.8	7.8	5.0	5.1	6.1	18.7	22.1	14.6	1.8	1.9	1.9	9.7	8.0	13.6
Marathon Petroleum	8.4	8.6	7.6	7.7	8.9	9.2	20.3	22.3	14.9	3.4	3.4	3.2	14.7	13.1	21.6
US peers average	8.5	9.2	7.7	6.3	7.0	7.6	19.5	22.2	14.7	2.6	2.7	2.5	12.2	10.5	17.6
European peers															
Galp Energia	4.4	5.4	4.8	15.8	15.2	15.9	11.6	15.3	13.3	2.6	2.5	2.3	23.3	16.1	17.6
Motor Oil Hellas	5.0	5.5	5.9	8.4	8.2	7.3	7.3	6.3	7.8	1.0	1.0	0.9	11.3	16.5	12.0
PKN Orlen	3.9	3.1	3.1	9.7	12.5	13.2	11.1	7.2	8.0	0.7	0.7	0.6	5.5	9.3	8.0
MOL Hungarian oil & gas plc	3.1	3.2	3.2	12.7	13.4	13.2	5.2	5.1	5.9	0.5	NM	NM	10.0	11.4	9.5
OMV Ag	3.5	3.9	4.1	21.5	21.4	20.9	7.3	8.9	8.2	0.9	0.9	0.9	11.1	9.4	10.6
European peers average	4.0	4.2	4.2	12.1	12.3	12.2	8.5	8.5	8.6	1.1	1.3	1.2	12.3	11.8	10.2
Asian peers															
SK Innovation	22.4	16.0	10.9	3.9	5.0	7.1	NM	NM	29.8	0.7	0.7	0.7	-5.6	-1.9	2.2
GS Holdings	5.4	5.4	5.2	13.3	13.3	13.4	4.6	7.0	6.8	0.3	0.3	0.3	7.5	5.0	5.3
SK Energy Co Ltd	22.4	16.0	10.9	3.9	5.0	7.1	NM	NM	29.8	0.7	0.7	0.7	-5.6	-1.9	2.2
MRPL	18.0	8.3	7.8	2.4	5.6	5.8	NM	NM	13.3	2.0	1.8	1.6	-0.2	12.7	12.8
CPCL	15.5	6.8	5.6	1.6	3.8	4.5	140.4	13.6	11.8	1.4	1.4	1.3	1.0	11.9	14.3
BPCL	8.3	7.1	6.8	5.4	6.8	6.7	11.0	9.2	9.2	1.7	1.6	1.4	15.8	18.0	16.0
HPCL	10.4	7.2	6.9	3.5	5.4	5.4	13.3	8.3	8.0	1.7	1.5	1.3	14.1	20.3	18.7
IOCL	10.5	7.3	6.6	4.5	6.9	7.2	21.0	10.2	9.5	1.1	1.0	1.0	6.4	11.0	11.2
RIL	13.9	12.3	11.0	17.3	18.4	19.0	28.1	24.8	21.8	2.3	2.1	2.0	8.6	9.0	9.5
Asian peers average ex- RIL	14.1	9.3	7.6	4.8	6.5	7.2	38.1	9.7	14.8	1.2	1.1	1.0	4.2	9.4	10.3
Global peers average ex- RIL	10.0	7.6	6.5	7.7	8.7	9.1	22.7	11.3	12.7	1.4	1.4	1.3	8.2	10.4	11.2
Global peers median ex- RIL	8.4	7.1	6.6	5.2	6.8	7.2	11.3	9.0	9.5	1.1	1.2	1.1	9.9	11.2	11.6

Source: JM Financial, Bloomberg

Exhibit 20. Global telecom companies' valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27
Bharti Airtel	14.0	11.8	10.3	29.9	37.3	27.4	9.3	8.3	6.8	53.9	55.9	57.0	34.3	23.4	27.9
Bharti Hexacom	19.2	18.5	15.5	49.0	45.0	31.5	12.3	12.5	10.2	49.1	52.1	54.4	28.3	29.8	34.9
Jio (JMFc)	17.9	14.1	11.6	38.6	28.5	20.2	4.0	3.5	3.0	53.2	53.0	53.7	10.4	13.0	15.8
Vodafone Idea	15.0	14.9	12.3	NM	NM	NM	NM	NM	NM	41.7	43.4	46.0	NM	NM	NM
Indian telcos average	16.5	14.8	12.4	39.2	36.9	26.4	8.5	8.1	6.7	49.5	51.1	52.8	24.3	22.0	26.2
AT&T	7.1	7.2	6.9	10.2	13.0	12.0	1.6	1.7	1.6	37.1	37.2	37.9	10.3	13.2	13.7
T-Mobile	10.1	10.1	9.3	22.3	21.2	17.8	4.1	4.2	4.3	43.9	38.8	39.9	17.9	19.8	24.6
Verizon	6.4	7.2	6.1	8.4	13.0	8.5	1.7	1.7	1.5	38.6	36.5	36.7	18.3	13.2	17.6
US telcos average	7.9	8.1	7.4	13.6	15.7	12.8	2.5	2.5	2.5	39.8	37.5	38.2	15.5	15.4	18.6
Deutsche Telekom	6.2	7.1	6.7	12.7	15.4	13.7	2.2	2.3	2.2	43.3	37.5	38.8	18.5	14.4	15.6
Orange	4.7	5.9	5.5	13.0	14.8	10.8	1.0	1.1	1.1	33.7	30.9	32.4	8.1	6.8	9.2
Telefonica	6.2	5.3	5.3	71.6	13.6	13.0	1.9	1.3	1.4	27.1	32.5	32.6	2.4	6.4	9.7
Telenor	7.5	9.0	8.8	9.4	19.4	16.8	2.3	3.2	3.2	44.5	44.3	44.9	26.1	16.2	19.6
Vodafone Plc	5.6	5.2	5.0	11.3	10.6	9.9	0.4	0.4	0.4	27.8	28.8	29.1	(7.4)	3.7	4.1
BT Group	4.2	4.9	4.9	12.6	10.5	10.7	0.9	1.5	1.4	36.6	40.4	41.0	6.3	13.2	12.3
Europe telcos average	5.7	6.2	6.0	21.8	14.0	12.5	1.4	1.6	1.6	35.5	35.7	36.4	9.0	10.1	11.8
China Mobile	3.7	6.3	4.1	11.2	8.8	11.2	1.1	1.6	1.2	32.1	32.5	32.5	10.1	19.0	10.5
China Telecom	2.7	4.5	4.3	12.7	13.6	12.5	0.9	1.0	1.0	26.6	26.5	26.7	7.4	7.6	8.0
China Unicom	1.9	2.4	2.3	10.4	11.9	11.0	0.6	0.7	0.7	25.5	25.4	24.9	5.8	6.0	6.2
China telcos average	2.8	4.4	3.6	11.4	11.4	11.6	0.9	1.1	1.0	28.1	28.1	28.0	7.8	10.9	8.2
KT Corp	4.1	2.4	4.0	23.0	11.9	9.4	0.7	0.7	0.8	17.7	22.7	21.6	2.8	6.0	8.5
LG Uplus	3.1	3.8	3.3	11.9	8.3	9.4	0.5	0.8	0.7	24.1	24.3	24.1	4.4	10.4	7.6
SK Telecom	3.7	3.9	3.7	9.6	12.5	9.7	1.0	1.0	1.0	30.8	29.4	30.3	10.7	7.9	10.1
Korea telcos average	3.6	3.4	3.7	14.8	10.9	9.5	0.7	0.8	0.8	24.2	25.5	25.3	6.0	8.1	8.7
Celcom Digi	9.9	9.7	9.5	30.9	24.8	22.6	2.6	2.8	2.8	44.0	46.2	46.6	8.5	11.2	12.3
Telekom Malaysia	6.2	6.2	6.0	12.6	15.1	14.4	2.5	2.4	2.2	38.1	38.4	38.6	20.9	16.0	15.7
Malaysia telcos average	8.1	8.0	7.7	21.8	19.9	18.5	2.6	2.6	2.5	41.0	42.3	42.6	14.7	13.6	14.0
Advanced Info	9.4	8.9	8.6	24.3	21.3	19.7	8.8	8.5	8.1	52.3	53.1	53.4	37.4	41.2	42.0
Chungwa Telecom	11.1	11.2	11.0	25.7	26.4	25.8	2.5	2.6	2.6	37.6	37.8	37.9	9.7	9.9	10.2
Converge ICT	6.4	5.3	4.8	10.8	10.2	9.1	2.3	2.0	1.7	57.9	60.5	60.5	20.9	20.9	19.7
Globe Telecom	7.5	6.6	6.4	13.8	11.3	10.2	1.9	1.4	1.3	49.1	47.4	47.4	14.1	13.4	14.5
Indosat	5.1	4.6	4.3	16.3	13.8	12.0	2.4	2.1	1.9	47.3	47.7	48.3	15.3	15.3	16.5
MTN Group	5.1	4.5	3.9	93.9	13.2	10.4	1.3	1.9	1.6	31.3	41.7	43.6	NM	NM	NM
Singtel	14.0	19.9	18.9	14.1	23.4	21.1	2.3	2.6	2.6	33.7	27.4	27.9	16.5	12.1	12.3
Taiwan Mobile	10.4	11.1	10.9	24.8	22.0	21.4	4.0	3.7	3.7	21.3	20.8	20.5	16.2	17.4	18.2
Telecom Indonesia	4.4	4.3	4.2	11.4	11.4	10.9	1.9	1.8	1.8	50.3	50.3	50.6	17.0	16.2	16.4
XL Axiata	4.1	4.7	4.3	16.2	20.3	17.0	1.1	1.1	1.1	53.0	50.0	50.6	6.9	6.2	6.8
Other regional telcos average	7.7	8.1	7.7	25.1	17.3	15.7	2.9	2.8	2.6	43.4	43.7	44.1	17.1	16.9	17.4
Global telcos average	7.7	7.9	7.3	22.4	17.7	15.1	2.7	2.7	2.5	38.9	39.1	39.6	14.0	14.2	15.3

Source: Bloomberg, JM Financial.

Exhibit 21. Global petchem companies' valuation snapshot

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26
Global (ex Asia) peers															
DoW	6.5	9.6	7.7	12.7	8.8	10.7	14.3	629.9	30.9	1.1	1.2	1.3	7.3	-0.2	3.4
Du Pont	11.9	11.3	10.6	25.3	25.8	26.2	19.2	17.5	15.9	1.3	1.3	1.3	6.8	6.4	7.4
Wacker Chemie	5.9	6.6	5.3	13.0	11.5	13.5	14.9	35.2	16.2	0.7	0.7	0.7	4.9	2.1	4.3
Johnson Matthey	6.9	6.8	7.4	16.4	17.5	15.2	13.1	11.6	13.3	1.5	1.3	1.3	14.1	13.4	15.4
BASF	7.5	7.8	7.0	12.1	11.7	12.7	14.5	14.9	12.4	1.1	1.1	1.1	6.4	6.2	8.0
Indorama ventures	8.5	7.8	7.1	8.2	9.2	10.0	NM	NM	10.5	0.9	0.9	0.9	-12.0	5.5	8.2
SABIC	9.0	10.3	8.5	15.2	13.6	16.0	34.8	50.8	26.0	1.0	1.1	1.1	2.9	1.7	4.0
Eastman Chemical Co	7.7	8.0	7.4	18.9	18.4	19.2	10.2	10.7	9.5	1.6	1.5	1.4	15.2	13.7	14.7
Olin Corp	6.1	6.7	5.5	13.3	11.8	13.8	22.1	38.1	11.7	1.1	1.2	1.3	5.1	2.9	9.5
AKZO Nobel	9.8	9.5	9.0	13.9	14.5	15.0	14.6	14.0	12.9	2.3	2.1	2.0	14.5	13.9	15.5
Global (ex Asia) peers average	8.0	8.5	7.6	14.9	14.3	15.2	17.5	91.4	15.9	1.3	1.2	1.2	6.5	6.6	9.0
Asian peers															
Mitsubishi Gas Chem	7.7	7.8	6.7	11.7	11.9	13.2	10.3	11.8	10.1	0.7	0.7	0.7	7.2	6.0	7.1
Sinopec Shanghai Petrochemical	11.2	8.3	6.6	2.3	3.3	4.1	45.4	17.9	11.8	0.3	0.5	0.5	0.7	2.8	4.2
LG Chem	9.5	7.5	5.6	12.1	15.5	18.6	49.4	54.1	12.6	0.6	0.6	0.6	1.1	1.2	4.6
Formosa Chemicals & Fibre Corp	15.7	15.3	12.2	4.8	5.6	7.1	49.1	NM	42.7	0.5	0.6	0.5	1.0	0.1	1.3
Nan Ya Plastics	12.4	13.0	10.7	11.1	10.0	11.8	36.9	60.0	20.6	0.6	0.7	0.7	1.1	1.2	3.2
Formosa Plastics	39.0	53.1	35.4	4.1	3.2	4.8	1175.8	NM	44.4	0.7	0.9	0.8	0.3	0.1	1.8
Hanwha	51.3	12.2	8.9	3.3	10.5	13.6	NM	NM	12.0	0.8	0.7	0.6	-17.6	1.5	5.5
Asahi Kasei Corp	6.1	5.6	5.2	11.9	12.7	13.2	11.9	10.6	8.5	0.7	0.7	0.7	6.2	6.8	8.1
Toray Industries	8.1	7.7	7.1	10.6	10.8	11.2	16.9	16.4	13.6	0.8	0.8	0.8	5.1	5.3	6.2
Kuraray Co	4.3	4.3	4.0	21.1	21.0	21.6	10.8	12.5	9.0	0.8	0.7	0.7	7.7	6.0	8.1
Teijin Ltd	NM	NM	5.4	-0.5	9.7	10.7	9.3	19.2	12.9	0.5	0.5	0.5	5.6	2.7	4.1
Mitsui Chemicals	7.3	6.8	6.1	10.8	11.8	12.8	11.7	11.3	9.3	0.7	0.7	0.7	6.2	6.4	7.6
RIL	13.9	12.3	11.0	17.3	18.4	19.0	28.1	24.8	21.8	2.3	2.1	2.0	8.6	9.0	9.5
Asian peers average	15.5	12.8	9.6	9.3	11.1	12.4	121.3	23.9	17.6	0.8	0.8	0.7	2.6	3.8	5.5
Global peers average	12.1	10.8	8.7	14.9	14.3	15.2	76.8	55.9	16.9	1.0	1.0	1.0	4.3	5.0	7.0
Global peers median	8.3	7.9	7.1	12.1	11.8	13.2	14.9	17.5	12.9	0.8	0.8	0.8	5.6	5.3	7.1

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	90,10,640	96,46,930	1,01,37,729	1,13,44,070	1,30,34,544
Sales Growth	2.6%	7.1%	5.1%	11.9%	14.9%
Other Operating Income	0	0	0	0	0
Total Revenue	90,10,640	96,46,930	1,01,37,729	1,13,44,070	1,30,34,544
Cost of Goods Sold/Op. Exp	58,53,430	62,96,890	66,17,252	74,04,673	85,08,105
Personnel Cost	2,56,790	2,85,590	2,99,870	3,14,863	3,30,606
Other Expenses	12,78,090	14,10,010	13,44,530	14,74,737	16,83,327
EBITDA	16,22,330	16,54,440	18,76,078	21,49,797	25,12,506
EBITDA Margin	18.0%	17.1%	18.5%	19.0%	19.3%
EBITDA Growth	14.1%	2.0%	13.4%	14.6%	16.9%
Depn. & Amort.	5,08,320	5,31,360	5,56,376	5,86,913	5,99,665
EBIT	11,14,010	11,23,080	13,19,702	15,62,883	19,12,841
Other Income	1,60,570	1,79,780	1,60,223	1,58,398	1,56,130
Finance Cost	2,31,180	2,42,690	2,46,306	2,22,845	2,13,773
PBT before Excep. & Forex	10,43,400	10,60,170	12,33,618	14,98,437	18,55,198
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	10,43,400	10,60,170	12,33,618	14,98,437	18,55,198
Taxes	2,57,070	2,52,300	2,78,787	3,46,659	4,38,489
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	90,120	1,11,390	1,21,867	1,73,380	2,22,186
Reported Net Profit	6,96,210	6,96,480	8,32,964	9,78,397	11,94,524
Adjusted Net Profit	6,96,210	6,96,480	8,32,964	9,78,397	11,94,524
Net Margin	7.7%	7.2%	8.2%	8.6%	9.2%
Diluted Share Cap. (mn)	13,532.0	13,532.0	13,532.0	13,532.0	13,532.0
Diluted EPS (INR)	51.4	51.5	61.6	72.3	88.3
Diluted EPS Growth	5.0%	0.0%	19.6%	17.5%	22.1%
Total Dividend + Tax	67,660	74,426	81,192	94,724	1,08,256
Dividend Per Share (INR)	5.0	5.5	6.0	7.0	8.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	10,43,400	10,60,170	12,33,618	14,98,437	18,55,198
Depn. & Amort.	5,08,320	5,31,360	5,56,376	5,86,913	5,99,665
Net Interest Exp. / Inc. (-)	1,22,840	1,23,630	86,084	64,446	57,643
Inc (-) / Dec in WCap.	63,660	2,37,240	-15,188	-14,345	-5,043
Others	-30,730	-46,120	0	0	0
Taxes Paid	-1,19,610	-1,19,250	-2,59,153	-3,25,651	-4,12,192
Operating Cash Flow	15,87,880	17,87,030	16,01,736	18,09,801	20,95,271
Capex	-15,28,830	-13,99,670	-12,09,883	-12,30,917	-11,81,279
Free Cash Flow	59,050	3,87,360	3,91,853	5,78,884	9,13,992
Inc (-) / Dec in Investments	1,69,750	-1,17,820	-12,821	-15,760	-18,954
Others	2,23,270	1,42,140	1,60,223	1,58,398	1,56,130
Investing Cash Flow	-11,35,810	-13,75,350	-10,62,481	-10,88,279	-10,44,103
Inc / Dec (-) in Capital	1,98,370	220	-1,72,800	-1,72,800	-1,72,800
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	92,620	1,92,470	-1,08,247	-1,30,884	-71,976
Others	-4,57,450	-5,11,600	-3,27,498	-3,17,569	-3,22,029
Financing Cash Flow	-1,66,460	-3,18,910	-6,08,546	-6,21,252	-5,66,805
Inc / Dec (-) in Cash	2,85,610	92,770	-69,290	1,00,269	4,84,364
Opening Cash Balance	6,86,640	9,72,250	10,65,020	9,95,730	10,95,999
Closing Cash Balance	9,72,250	10,65,020	9,95,730	10,95,999	15,80,363

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	79,34,810	84,32,000	90,21,547	97,46,198	1,06,77,677
Share Capital	67,660	1,35,320	1,35,320	1,35,320	1,35,320
Reserves & Surplus	78,67,150	82,96,680	88,86,227	96,10,878	1,05,42,357
Preference Share Capital	0	0	0	0	0
Minority Interest	13,23,070	16,64,260	17,75,552	19,35,155	21,39,330
Total Loans	32,46,220	34,75,300	34,26,053	33,51,215	33,32,476
Def. Tax Liab. / Assets (-)	7,13,030	8,30,450	8,50,084	8,71,092	8,97,389
Total - Equity & Liab.	1,32,17,130	1,44,02,010	1,50,73,236	1,59,03,660	1,70,46,871
Net Fixed Assets	1,11,88,400	1,26,17,510	1,32,71,017	1,39,15,021	1,44,96,635
Gross Fixed Assets	1,13,30,210	1,39,60,240	1,51,86,607	1,64,33,678	1,76,30,787
Intangible Assets	1,49,890	2,45,300	2,45,300	2,45,300	2,45,300
Less: Depn. & Amort.	36,80,250	42,11,610	47,67,986	53,54,899	59,54,565
Capital WIP	33,88,550	26,23,580	26,07,097	25,90,943	25,75,112
Investments	22,56,720	24,23,810	24,23,810	24,23,810	24,23,810
Current Assets	41,05,360	44,55,810	43,17,728	45,66,076	52,86,472
Inventories	15,27,700	14,60,620	13,80,336	14,80,801	16,51,633
Sundry Debtors	3,16,280	4,21,210	4,19,882	4,51,736	4,97,982
Cash & Bank Balances	9,72,250	10,65,020	9,95,730	10,95,999	15,80,363
Loans & Advances	60,380	1,20,120	1,28,654	1,38,747	1,50,533
Other Current Assets	12,28,750	13,88,840	13,93,126	13,98,794	14,05,961
Current Liab. & Prov.	43,33,350	50,95,120	49,39,319	50,01,248	51,60,045
Current Liabilities	17,83,770	18,67,890	17,71,089	18,89,063	21,01,098
Provisions & Others	25,49,580	32,27,230	31,68,230	31,12,184	30,58,947
Net Current Assets	-2,27,990	-6,39,310	-6,21,591	-4,35,172	1,26,426
Total - Assets	1,32,17,130	1,44,02,010	1,50,73,236	1,59,03,660	1,70,46,871

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.7%	7.2%	8.2%	8.6%	9.2%
Asset Turnover (x)	0.7	0.6	0.6	0.7	0.7
Leverage Factor (x)	1.8	1.8	1.8	1.8	1.7
RoE	9.2%	8.5%	9.5%	10.4%	11.7%

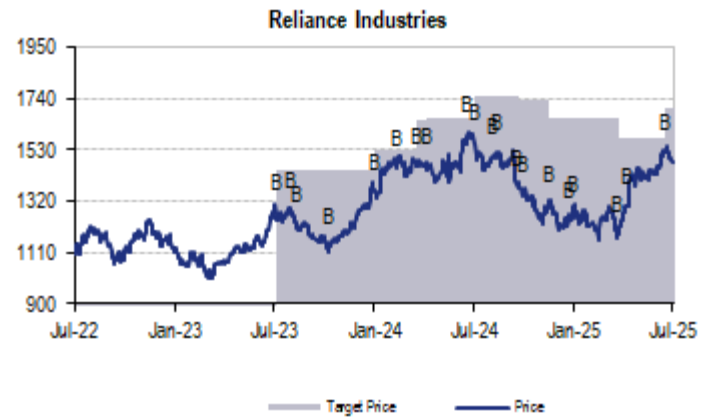
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	586.4	623.1	666.7	720.2	789.1
ROIC	9.5%	8.8%	9.8%	10.8%	12.3%
ROE	9.2%	8.5%	9.5%	10.4%	11.7%
Net Debt/Equity (x)	0.2	0.1	0.1	0.1	0.1
P/E (x)	28.7	28.7	24.0	20.4	16.7
P/B (x)	2.5	2.4	2.2	2.0	1.9
EV/EBITDA (x)	13.9	13.8	12.3	10.7	9.0
EV/Sales (x)	2.5	2.4	2.3	2.0	1.7
Debtor days	13	16	15	15	14
Inventory days	62	55	50	48	46
Creditor days	88	85	78	75	73

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
22-Jul-23	Buy	1,450	
18-Aug-23	Buy	1,450	0.0
28-Aug-23	Buy	1,450	0.0
28-Oct-23	Buy	1,450	0.0
20-Jan-24	Buy	1,525	5.2
28-Feb-24	Buy	1,525	0.0
5-Apr-24	Buy	1,650	8.2
23-Apr-24	Buy	1,660	0.6
7-Jul-24	Buy	1,660	0.0
20-Jul-24	Buy	1,750	5.4
22-Aug-24	Buy	1,750	0.0
29-Aug-24	Buy	1,750	0.0
7-Oct-24	Buy	1,735	-0.8
15-Oct-24	Buy	1,735	0.0
2-Dec-24	Buy	1,660	-4.3
7-Jan-25	Buy	1,660	0.0
16-Jan-25	Buy	1,660	0.0
8-Apr-25	Buy	1,580	-4.8
26-Apr-25	Buy	1,580	0.0
3-Jul-25	Buy	1,700	7.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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