

CMP	: INR 1,477
Reco	: BUY ↔
Target Price	: INR 1,640 ↑
Target Price Change	: 10%
Target 1HFY28 EV/EBITDA (x)	: 12.6
EBITDA Change FY26/ 27	: +1%/+2%

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Market data	
Sensex	: 81,758
Sector	: Oil & Gas
Market Cap (INR bn)	: 19,974.5
Market Cap (USD bn)	: 231.834
O/S Shares (mn)	: 13,532.5
52-wk HI/LO (INR)	: 1594/1115
Avg. Daily Vol ('000)	: 10,304
Bloomberg	: RELIANCE IN

Source: Bloomberg

	FY26e	FY27e	FY28e
EPS (INR)	54.2	65.0	71.4
P/E	27.2	22.7	20.7
P/BV	2.0	1.9	1.8
EV/EBITDA	11.2	9.9	8.5
Dividend Yield (%)	0.6	0.6	0.6

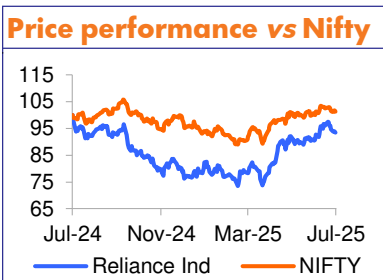
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	3	16	13	(7)
Relative	4	12	5	(8)

Source: Company, Antique

Shareholding pattern	
Promoters	: 50%
Public	: 50%
Others	: 0%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

1QFY26 RESULT REVIEW

Reliance Industries

Miss on O2C and Retail; Jio/Upstream in-line

Reliance Industries (RIL) reported 1QFY26 EBITDA of INR 429.1 bn, down 2.1% QoQ but up 10.7% YoY, coming in 5%/4% below our/Bloomberg estimates due to weaker-than-expected performance in O2C and Retail. Jio and upstream were broadly in line. O2C EBITDA was sequentially muted, impacted by lower throughput from refinery maintenance and higher fuel oil cost. This was partly offset by higher transport fuel cracks and stronger petchem margins. Retail EBITDA missed our estimate by 5% due to weak consumer electronics sales led by early monsoon. Digital EBITDA beat by 1%, driven by higher-than-expected subscriber additions of 9.9 mn and ARPU of INR 208.8 vs our estimate of INR 208. Upstream remained weak due to lower KGD6 volumes and realizations. Reported PAT higher at INR 269.9 bn, up 39% QoQ and 78% YoY, aided by a sharp jump in other income to INR 151.2 bn, INR 89.2 bn from the sale of stake in Asian Paints. Adjusted PAT came in at INR 180.7 bn, down 7% QoQ but up 19% YoY, 8%/10% below our/Bloomberg estimates. We introduce FY28 projections, factoring 30% utilization of new petchem capacities. We revise our FY26-27 retail revenue growth to 16-17% (from 12-13%) on strong outlook, resulting in 1-2% higher consolidated EBITDAs and raise the Fashion & Lifestyle multiple to 30x (from 27x) on higher margins and faster growth (+20%). We estimate FY25-28 EBITDA/PAT CAGR at 14%/12% to INR 2,429 bn/ INR 966 bn in FY28. We roll forward our valuation to 1HFY28 (earlier FY27) and revise the target price to INR 1,640/ share (vs INR 1,485), implying 11% upside.

O2C: Sequentially muted on lower throughput

1QFY26 O2C EBITDA stood at INR 145 bn, down 4% QoQ but up 11% YoY, 9% below our estimates. Despite better refining cracks and improved petchem deltas, performance was impacted by a planned refinery maintenance shutdown in April and significant narrowing of fuel oil spread (FO is a feedstock for RIL). Subsidiary EBITDA down 5% QoQ to INR 52.8 bn, while standalone EBITDA fell 3% QoQ to INR 92.4 bn. Total throughput down 6% QoQ to 19.1 MMT, while transportation fuel volume stood at 11.4 MMT, down 5% QoQ. Petrol/diesel/ATF cracks rose 65%/10%/8% QoQ and 16%/7%/8% YoY respectively. Petchem deltas improved across products-PP at USD 360/t (+15% QoQ, +13% YoY), PVC at USD 385/t (+8% QoQ, +4% YoY), PE at USD 325/t (+17% QoQ, -2% YoY), and polyester chain delta at USD 446/t (+8% QoQ, -9% YoY).

Digital Services: Strong subscriber additions and ARPU drive growth

Digital Services EBITDA came in at INR 183.1 bn, up 6% QoQ and 23% YoY, marginally ahead of our estimate of INR 181 bn. Growth was led by robust 9.9 mn subscriber adds (vs. our est. of 7.5 mn), pushing the total base to 498.1 mn. ARPU rose 1.3% QoQ to INR 208.8, fully reflecting the July tariff hike (Bharti absorption in 3QFY25). 5G subscribers up over 20 mn QoQ to 213 mn. Per capita data usage rose to 37 GB/month from 33.6 GB, with data traffic growing 12% QoQ to 54.7 bn GB. Home broadband net adds stood at 2.6 mn QoQ, taking total to 20 mn. FWA subscribers rose by 1.8 mn to 7.4 mn, making Jio the world's largest FWA provider. Over half the FWA growth came from Tier 3/4 towns, suggesting strong rural/ semi-urban traction. JioStar contributed INR 95 bn/ INR 2.7 bn revenue/EBITDA since Nov'24 till 4Q, while 1QFY26 alone delivered INR 96 bn/ INR 10.1 bn, driven by IPL-linked usage. With 5G capex largely complete, free cash flows are expected to improve from FY26 onwards

Retail: Muted topline on consumer electronics sales, margin stable

Retail revenue fell 5% QoQ to INR 841.7 bn, but was up 11.3% YoY, falling short of our estimate by 5%. EBITDA fell 5.1% QoQ to INR 63.8 bn, up 12.5% YoY, with EBITDA margin holding steady at 7.58%. Consumer electronics saw weak sales, especially in ACs, due to early monsoon. Registered customer base grew to 358 mn from 349 mn, while total transactions rose to 389 mn from 361 mn. The store network (net adds) expanded by 252 stores this quarter (vs 238 in 4Q), taking the total to 19,592. Operating area rose marginally to 77.6 mn sq ft. JioMart saw 68% QoQ and 175% YoY growth in daily orders, with management emphasizing organic growth over M&A for better cost economics. Fashion remains the most profitable category, with most SKUs owned by RIL. Grocery and electronics are lower-margin segments. Streamlining of inventory and store closures is largely complete. RIL also acquired India brand IP rights for Kelvinator. In fashion and lifestyle, new formats GAP, AZorte, and Yousta posted 59% YoY growth and now operate over 170 stores.

Oil & Gas: Both KGD6 realizations and volumes soft

Oil & Gas EBITDA came in at INR 50 bn, down 2% QoQ and 4% YoY, impacted by lower KGD6 volume and realization. KGD6 gas output stayed flat QoQ at 26.6 mmscmd, down 8% YoY. Oil and condensate production dipped to 19,300 bpd vs 19,670 bpd in 4QFY25. CBM output improved to 0.88 mmscmd, up 3.7% QoQ. KGD6 gas realization fell to USD 9.97/mmbtu, down 1.2% QoQ but up 7.6% YoY.

Capex trends stable; One-off boosts PAT

Q1 consolidated capex stood at INR 298.7 bn, down 17.1% QoQ but up 3.8% YoY. Our FY26/27/28 capex estimate is at INR 1.12 trn/ INR 1.22 trn/ INR 1.25 trn. Of this, INR 180-200 bn annually is for petchem expansion, INR 300-350 bn for telecom, and the rest for new energy, retail, and maintenance. Net debt remained flat at INR 1.175 trn vs INR 1.170 trn in 4Q, due to some payments towards supplier credit. Reported PAT rose to INR 269.9 bn, up 39% QoQ and 78% YoY, driven by INR 89.2 bn exceptional other income from the Asian Paints stake sale.

Investment Summary

Jio's growth momentum remains strong with another tariff hike likely in the next 12 months, while Retail should strengthen significantly post-restructuring. In O2C, while refining outlook is stable, petchem is set to improve in FY28, even as volume growth from new projects contribute. We maintain BUY with a revised SoTP-based TP of INR 1,640/share.

Table 1: Earnings estimate change

(INR bn)	FY26E			FY27E			FY28E
	Earlier	Revised	Change	Earlier	Revised	Change	New
Revenue	10,171	10,322	1%	10,894	11,274	3%	12,332
EBITDA	1,953	1,969	1%	2,146	2,193	2%	2,429
PAT	804	823	2%	860	880	2%	967

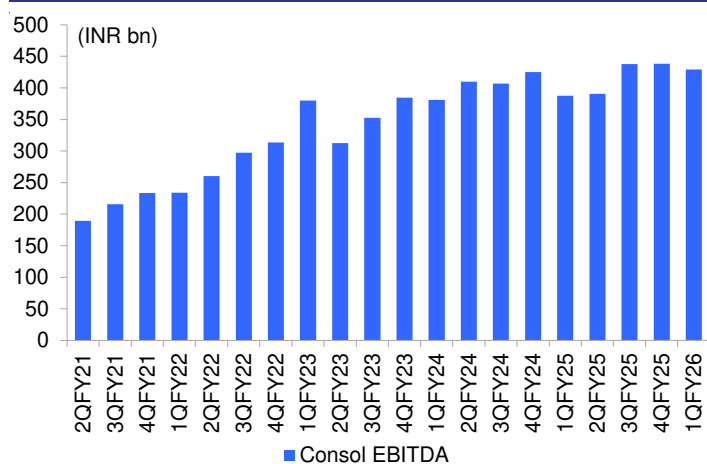
Source: Company, Antique

Table 2: Financial summary

(INR bn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)
Sales	2,436	2,318	5.1	2,614	-6.8
Cost of Material Consumed	1,527	1,535	-0.5	1,704	-10.4
% of sales	62.7	66.2		65.2	
Employee cost	72	71	2.3	77	-5.9
% of sales	62.7	66.2		65.2	
Other expenses	408	325	25.7	395	3.4
% of sales	62.7	66.2		65.2	
Total Exp	2,007	1,930	4.0	2,176	-7.7
EBITDA	429	388	10.7	438	-2.1
Margin %	17.6	16.7		16.8	
Other income	152	40	282.4	51	199.5
Depreciation	138	136	1.8	135	2.7
Interest exp	70	59	18.9	62	14.3
PBT	372	232	60.3	293	27.2
PBT after exceptional	372	232	60.3	293	27.2
Tax	65	58	11.7	67	-3.1
Tax Rate %	17.4	24.9		22.8	
Adjusted Net Profit	181	151	19.7	194	-6.9
Minority interest	38	23	64.2	32	18.3
PAT attributable to Owners	270	151	78.3	194	39.1
Adjusted EPS (INR)	13.4	11.2	19.4	14.3	-6.9

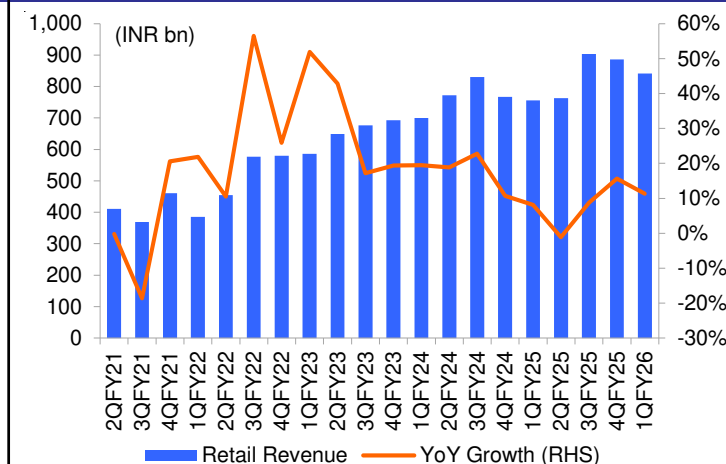
Source: Company, Antique

Exhibit 1: EBITDA: INR 429 bn (-2.1% QoQ, 10.7% YoY)



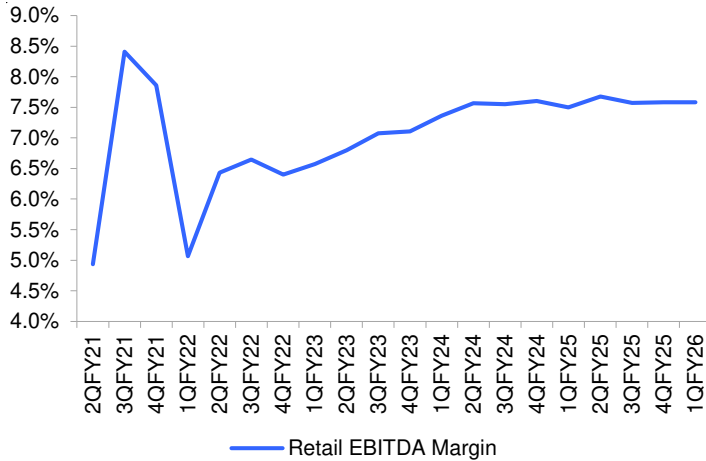
Source: Company, Antique

Exhibit 2: Retail Revenue: INR 842 bn (-5% QoQ, +11.3% YoY)



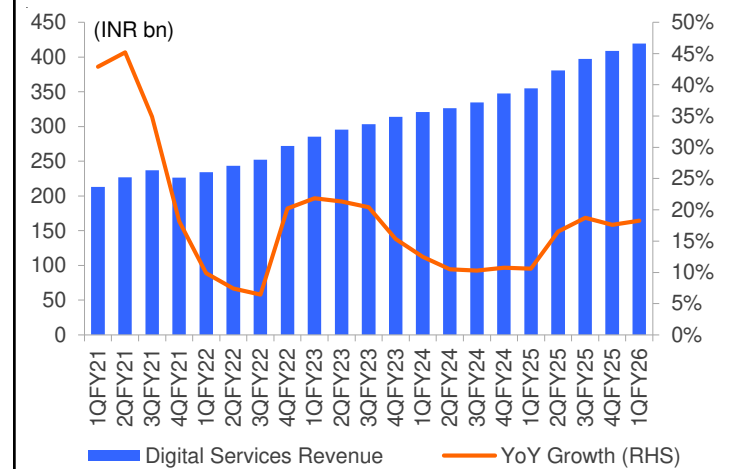
Source: Company, Antique

Exhibit 3: Retail EBITDA margin: 7.58% (flat QoQ/YoY)



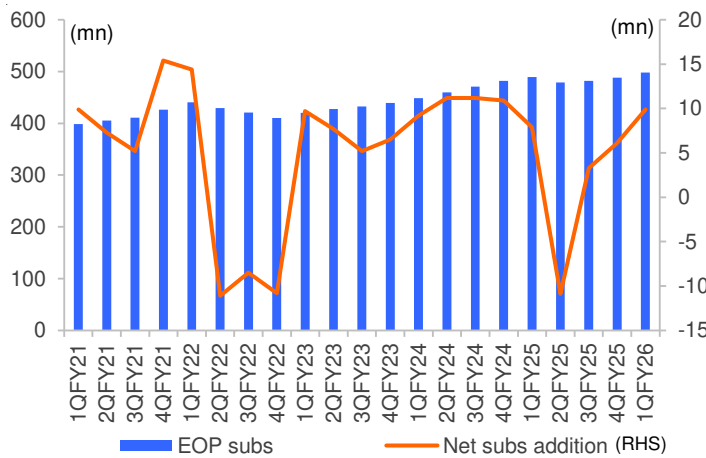
Source: Company, Antique

Exhibit 4: Digital Services Revenue: INR 419 bn (+2.7% QoQ, +18.3% YoY)



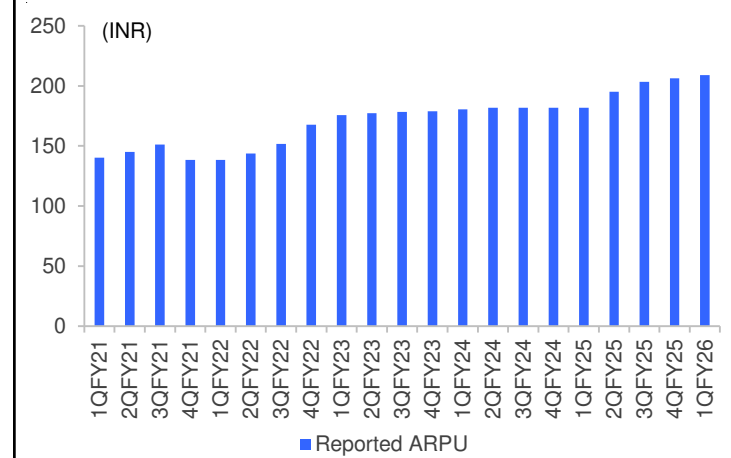
Source: Company, Antique

Exhibit 5 : Subs addition: 9.9 mn (6.1 mn QoQ, 7.9 mn YoY)



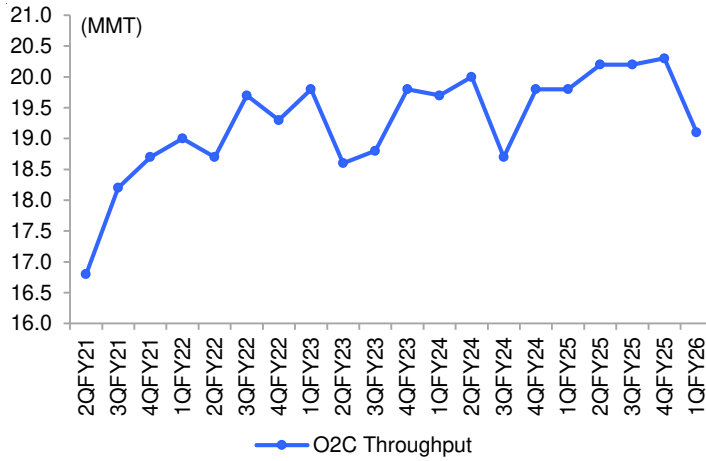
Source: Company, Antique

Exhibit 6: Reported ARPU: INR 208.8 (INR 206.2 QoQ, 181.7 YoY)



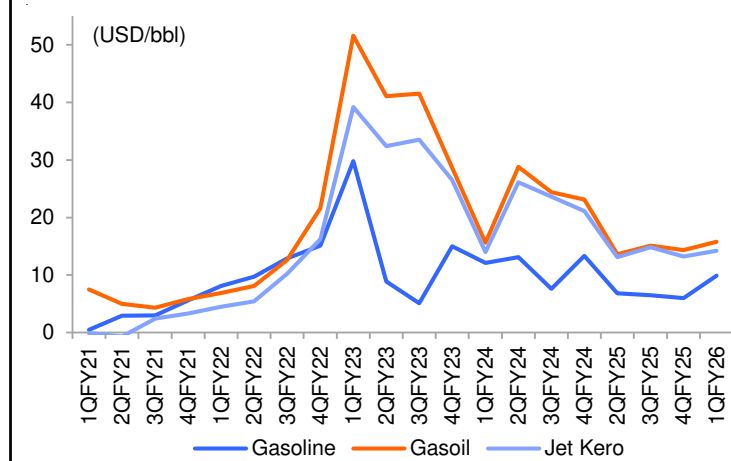
Source: Company, Antique

Exhibit 7 : O2C throughput: 19.1 mn t (-5.9% QoQ, -3.5% YoY)



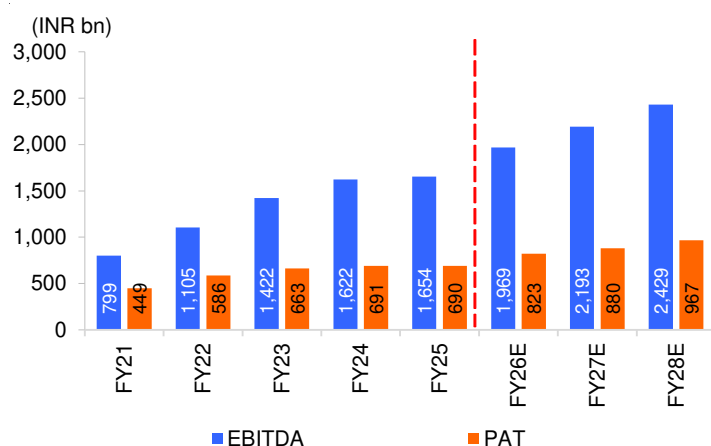
Source: Company, Antique

Exhibit 8: Gasoline/Gasoil/Jet Kero cracks at USD /bbl of 9.9/ 15.8/14.2



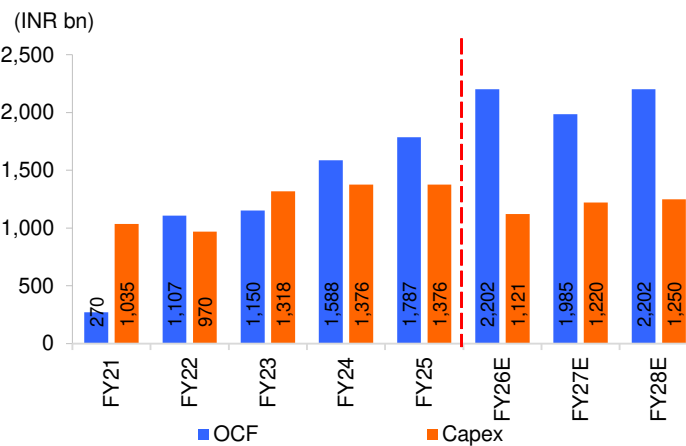
Source: Company, Antique

Exhibit 9: We estimate FY25-28 EBITDA/PAT CAGR at 14%/12% to INR 2,429 bn/ INR 966 bn in FY28



Source: Company, Antique

Exhibit 10: Consol OCF estimated to grow at 5.4% CAGR over FY25-28E



Source: Company, Antique

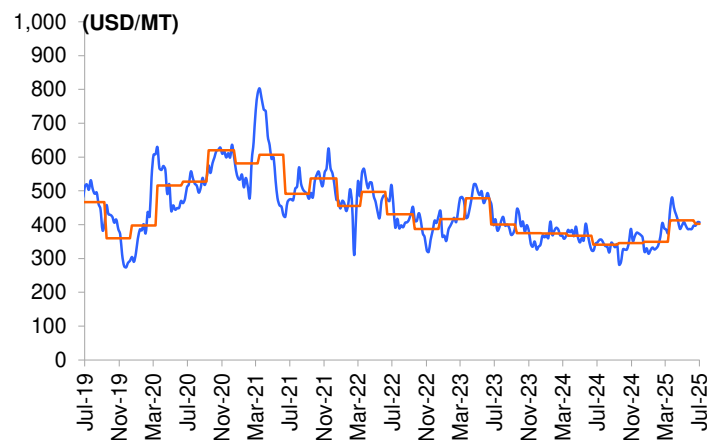
Table 3: 1QFY26 EBITDA at INR 429.1 bn (-2.1% QoQ, +10.7% YoY), 5%/4% below our/Bloomberg estimates

Consol	Units	Q1FY25	Q4FY25	Q1FY26	QoQ	YoY	Consensus	vs act.	Antique	vs act.
EBITDA	INR bn	387.7	438.3	429.1	-2%	11%	444.7	-4%	450.8	-5%
O2C	INR bn	130.9	150.8	145.1	-4%	11%			160.3	-9%
O2C (stand)	INR bn	90.7	95.5	92.4	-3%	2%			105.3	-12%
O2C (subsidiaries)	INR bn	40.3	55.3	52.8	-5%	31%			55.0	-4%
Upstream	INR bn	52.1	51.2	50.0	-2%	-4%			49.0	2%
Retail	INR bn	56.7	67.2	63.8	-5%	13%			67.5	-5%
Digital	INR bn	149.4	172.8	183.1	6%	23%			181.1	1%
PAT	INR bn	151.4	194.1	269.9	39%	78%	200.6	35%	196.3	37%
Adj. PAT	INR bn	151.4	194.1	180.7	-7%	19%	200.6	-10%	196.3	-8%
Retail revenue	INR bn	756.3	886.4	841.7	-5%	11%			888.2	-5%
O2C throughput	mn t	19.8	20.3	19.1	-6%	-4%			20.2	-5%
O2C EBITDA/ton (stand)	USD/t	54.2	54.3	56.5	4%	4%			61.0	-7%
ARPU	INR	181.7	206.2	208.8	1%	15%			208.0	0%
Subscribers	mn	489.7	488.2	498.1	2%	2%			495.7	0%

Source: Company, Bloomberg, Antique

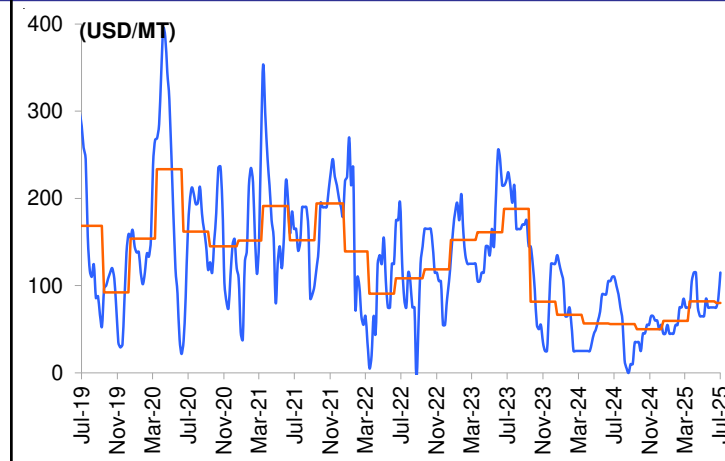
Petrochemicals margin trend

Exhibit 11: PE-Naphtha



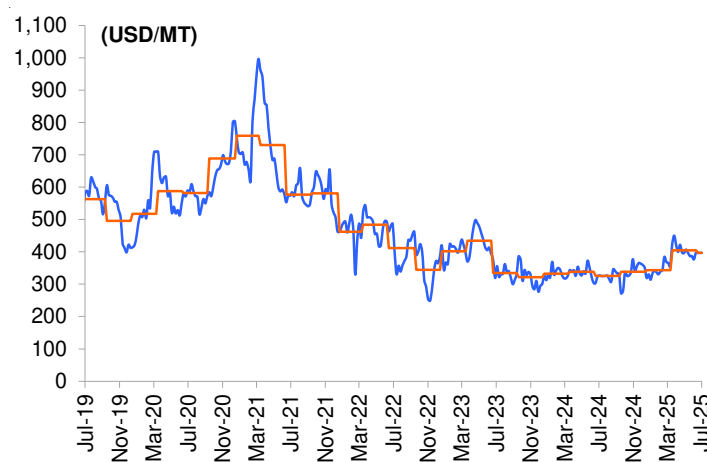
Source: Bloomberg, Antique

Exhibit 12: PE-Ethane



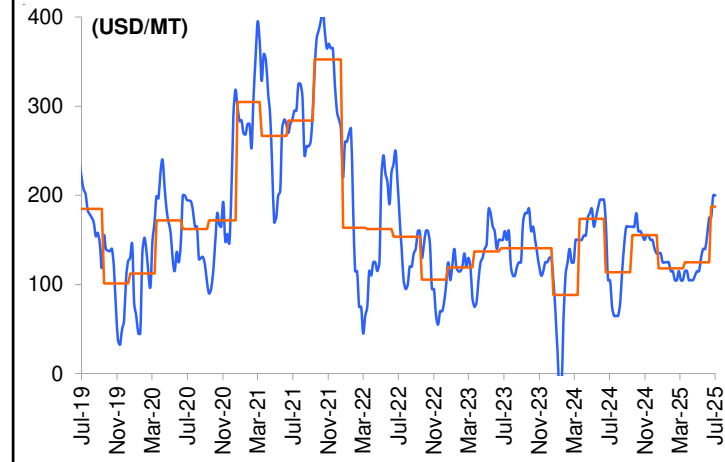
Source: Bloomberg, Antique

Exhibit 13: PP-Naphtha



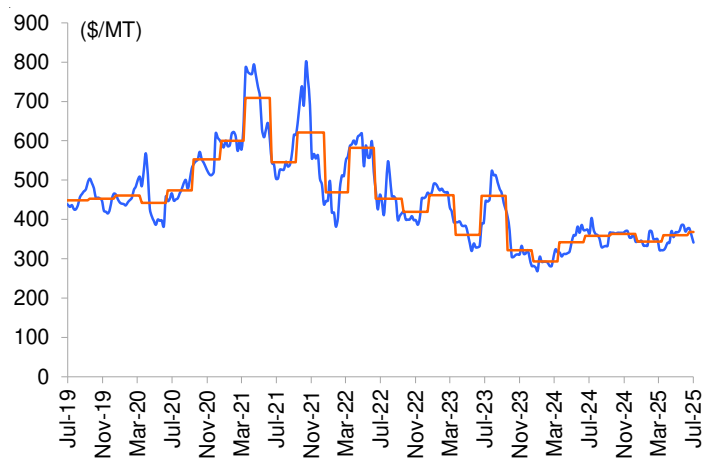
Source: Bloomberg, Antique

Exhibit 14: PP-Propane



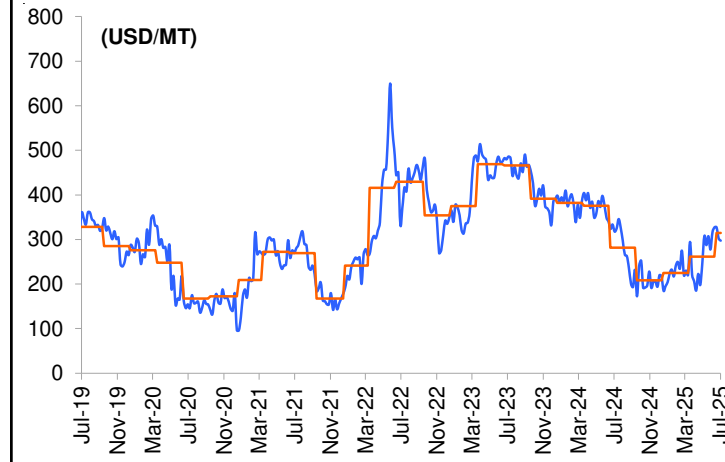
Source: Bloomberg, Antique

Exhibit 15: PVC-EDC/ Ethylene



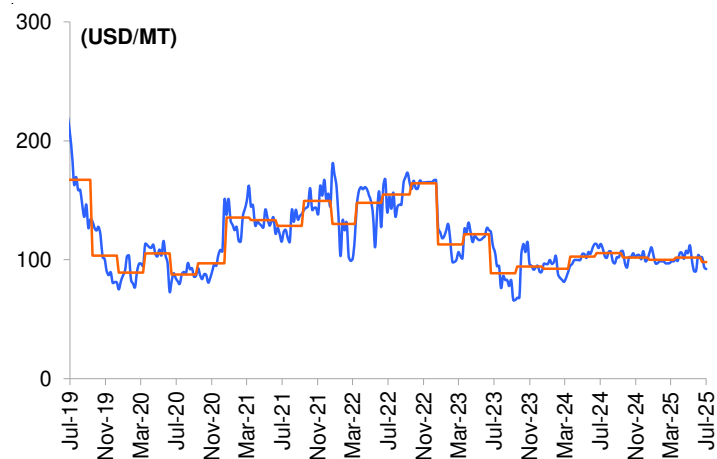
Source: Bloomberg, Antique

Exhibit 16: PX-Naphtha



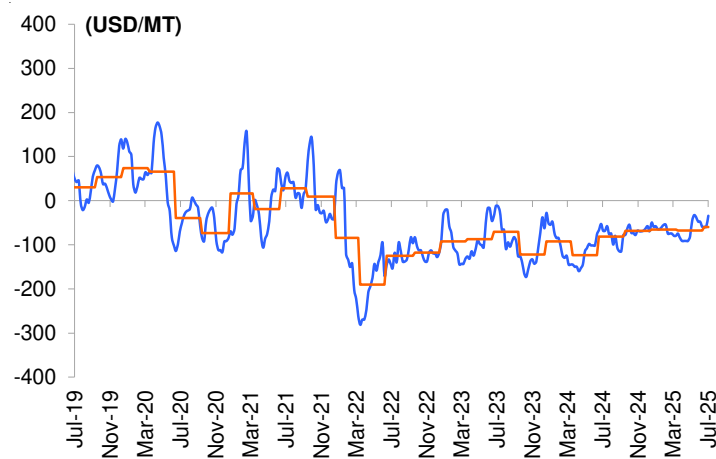
Source: Bloomberg, Antique

Exhibit 17: PTA-PX



Source: Bloomberg, Antique

Exhibit 18: MEG-Ethane



Source: Bloomberg, Antique

Table 4: SoTP valuation (Based on 1HFY28 EV/EBITDA)

Segment	EBITDA	Multiple (x)	EV	Net debt	Equity	Stake	Net equity (INR mn)	INR /share
O2C	6,99,393	8.5	59,44,843		59,44,843	100%	59,44,843	439
Upstream	1,87,256	5.0	9,36,280		9,36,280	100%	9,36,280	69
Fuel retail	30,000	7.5	2,25,000		2,25,000	50%	1,12,500	8
New Energy	-	-	13,50,000		13,50,000	100%	13,50,000	100
Energy total	9,16,649	-	84,56,123	2,11,705	82,44,417		82,44,417	609
Telecom	8,87,245	12.0	1,06,46,936	7,29,756	99,17,180	66%	65,87,983	487
Consumer Electronics	48,974	8.0	3,91,791		3,91,791	84%	3,27,185	24
Fashion & Lifestyle	1,83,647	30.0	55,09,403		55,09,403	84%	46,00,903	340
Grocery	1,19,067	15.0	17,86,005		17,86,005	84%	14,91,493	110
Connectivity	19,090	5.0	95,450		95,450	84%	79,711	6
Subsidiaries + JVs	-	-	3,54,939		3,54,939	84%	2,96,410	22
Retail	3,53,584	23.0	81,37,589	2,97,868	78,39,721	84%	65,46,951	484
Other Investments	-	-	-	-	-		-	60
Total	21,57,478	12.6	2,72,40,648	12,39,330	2,60,01,319		2,13,79,351	1,640

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	90,10,640	96,46,930	1,03,21,912	1,12,73,998	1,23,32,124
Op. Expenses	73,88,310	79,92,490	83,52,450	90,80,936	99,02,961
EBITDA	16,22,330	16,54,440	19,69,462	21,93,062	24,29,162
Gross Profit	NA	NA	NA	NA	NA
Depreciation	5,08,320	5,31,360	5,78,733	6,27,127	7,58,075
EBIT	11,14,010	11,23,080	13,90,730	15,65,935	16,71,088
Other income	1,60,570	1,79,780	1,81,144	1,87,764	1,95,129
Interest Exp.	2,31,180	2,42,690	2,71,592	2,80,666	2,89,905
Extra Ordinary Items -gain/(loss)	3,870	5,220	89,240	-	-
Reported PBT	10,39,530	10,54,950	12,11,042	14,73,033	15,76,312
Tax	2,57,070	2,52,300	3,24,760	3,74,614	3,99,708
Reported PAT	7,82,460	8,02,650	8,86,282	10,98,419	11,76,604
Minority Interest	93,990	1,16,610	1,52,661	2,18,799	2,10,017
PAT attributable to owners of the company	6,88,470	6,86,040	7,33,621	8,79,621	9,66,588
Adjusted PAT	6,91,373	6,89,955	8,22,861	8,79,621	9,66,588
Adjusted EPS (INR)	50.9	50.7	54.2	65.0	71.4

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	67,660	1,35,320	1,35,320	1,35,320	1,35,320
Reserves & Surplus	78,67,150	82,96,680	96,64,661	1,02,18,702	1,12,33,256
Networth	79,34,810	84,32,000	97,99,981	1,03,54,022	1,13,68,576
Debt	45,44,140	47,39,850	47,28,307	47,52,345	47,73,058
Minority Interest	13,23,070	16,64,260	19,73,498	23,65,531	27,67,106
Net deferred Tax liabilities	7,22,410	8,34,530	9,29,527	10,59,732	11,95,200
Capital Employed	1,45,24,430	1,56,70,640	1,74,31,313	1,85,31,630	2,01,03,940
Gross Fixed Assets	1,11,45,820	1,38,71,260	1,52,23,594	1,64,38,350	2,08,63,106
Accumulated Depreciation	33,45,970	38,77,330	41,41,103	46,28,371	53,53,223
Capital work in progress	33,88,550	26,23,580	23,92,690	23,97,690	(777,310)
Net Fixed Assets	1,11,88,400	1,26,17,510	1,34,75,181	1,42,07,669	1,47,32,572
Investments	22,56,720	24,23,810	26,27,030	26,27,030	26,27,030
Non Current Investments	11,95,020	12,36,720	15,13,600	15,13,600	15,13,600
Current Investments	10,61,700	11,87,090	11,13,430	11,13,430	11,13,430
Current Assets, Loans & Advances	41,14,740	44,59,890	48,38,395	52,93,223	64,37,553
Inventory	15,27,700	14,60,620	16,51,940	17,07,050	17,71,440
Debtors	3,16,280	4,21,210	3,83,579	4,06,814	4,31,302
Cash & Bank balance	9,72,250	10,65,020	16,19,176	19,95,658	30,51,111
Loans & advances and others	12,98,510	15,13,040	11,83,700	11,83,700	11,83,700
Current Liabilities & Provisions	30,35,430	38,30,570	35,09,294	35,96,292	36,93,216
Liabilities	29,93,240	35,06,060	34,64,434	35,51,432	36,48,356
Provisions	42,190	3,24,510	44,860	44,860	44,860
Net Current Assets	10,79,310	6,29,320	13,29,101	16,96,931	27,44,337
Application of Funds	1,45,24,430	1,56,70,640	1,74,31,312	1,85,31,630	2,01,03,940

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (m)	13,532	13,532	13,532	13,532	13,532
Diluted no. of shares (m)	13,532	13,532	13,532	13,532	13,532
BVPS (INR)	586.4	623.1	724.2	765.1	840.1
CEPS (INR)	95.4	98.6	108.3	127.5	143.0
DPS (INR)	9.0	5.5	9.5	9.5	9.5

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	10,43,400	10,60,170	13,89,522	14,73,033	15,76,312
Depreciation & amortisation	5,08,320	5,31,360	5,78,733	6,27,127	7,58,075
Interest expense	2,31,180	2,42,690	2,71,592	2,80,666	2,89,905
(Inc)/Dec in working capital	63,660	2,37,240	3,32,615	8,653	8,046
Tax paid	(1,19,610)	(1,19,250)	(1,88,823)	(2,17,213)	(2,35,667)
Less: Interest/Dividend Income Received	(1,07,450)	(1,24,100)	(1,81,144)	(1,87,764)	(1,95,129)
Other operating Cash Flow	(31,620)	(41,080)	-	-	-
Cash flow from operating activities	15,87,880	17,87,030	22,02,494	19,84,502	22,01,542
Capital expenditure	(13,75,760)	(13,76,240)	(11,21,444)	(12,19,756)	(12,49,756)
Inc/(Dec) in investments	1,76,950	(1,17,820)	-	-	-
Add: Interest/Dividend Income Received	63,000	1,18,710	(18,856)	(12,236)	(4,871)
Cash flow from investing activities	(11,35,810)	(13,75,350)	(11,40,299)	(12,31,992)	(12,54,627)
Inc/(Dec) in share capital	1,98,370	-	-	-	-
Inc/(Dec) in debt	67,790	1,62,910	(11,543)	24,038	20,713
Dividend Paid	(60,890)	(71,800)	(1,28,558)	(1,28,558)	(1,28,558)
Interest Paid / Others	(3,71,730)	(4,10,240)	(2,71,592)	(2,80,666)	(2,89,905)
Cash flow from financing activities	(1,66,460)	(3,19,130)	(4,11,693)	(3,85,185)	(3,97,749)
Net cash flow	2,85,610	92,550	6,50,501	3,67,325	5,49,165
Opening balance	6,86,640	9,72,250	10,65,020	17,15,521	20,82,846
Closing balance	9,72,250	10,64,800	17,15,521	20,82,846	26,32,012

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue(%)	2.6	7.1	7.0	9.2	9.4
EBITDA(%)	14.1	2.0	19.0	11.4	10.8
Adj PAT(%)	4.4	-0.2	19.3	6.9	9.9
Adj EPS(%)	3.9	-0.4	6.9	19.9	9.9

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E	29.0	29.1	27.2	22.7	20.7
P/BV	2.5	2.4	2.0	1.9	1.8
EV/EBITDA	13.9	13.6	11.2	9.9	8.5
EV/Sales	2.5	2.3	2.1	1.9	1.7
Dividend Yield (%)	0.6	0.4	0.6	0.6	0.6

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	9.2	8.4	9.0	8.7	8.9
RoCE (%)	9.1	8.6	9.5	9.8	9.7
Asset/T.O (x)	0.8	0.8	0.7	0.7	0.7
Net Debt/Equity (x)	0.3	0.3	0.2	0.2	0.1
EBIT/Interest (x)	5.5	5.4	5.8	6.2	6.4

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin(%)	18.0	17.1	19.1	19.5	19.7
EBIT Margin(%)	12.4	11.6	13.5	13.9	13.6
PAT Margin(%)	7.5	7.0	7.8	7.7	7.7

Source: Company Antique