

BUY

TP: Rs 1,655 | ▲ 17%

RELIANCE INDUSTRIES

Oil & Gas

19 October 2025

Results above expectation; Retail growth to continue in H2

- Q2 results were above expectation due to better-than-expected performance of Retail, Telecom and Oil-to-Chemicals (O2C) business
- Retail growth momentum to continue in Q3FY26 on festive demand, supported by GST rationalisation
- Assuming coverage with a BUY and a TP of Rs1,655 based on EV/EBITDA for Sept'27

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Results above expectation: Revenue came at Rs2,546bn (+10.0%YoY, +4.5%QoQ), was 2% above consensus estimates. EBITDA came at Rs459bn (+17.5%YoY, +6.9%QoQ) and was 3% above consensus estimates due to better-than-expected EBITDA performance of Retail (+16.5%YoY), Telecom (+17.7%YoY) & O2C business (+20.9%YoY).

Retail and Telecom business: Retail business reported strong growth in revenues (+19%YoY, +7%QoQ) with strong growth in segments – Grocery (+23%YoY), Fashion (+22%YoY) and Consumer Electronics (+18%YoY), aided by GST reduction and new launches. EBITDA increased by 16.5%YoY, due to ramp-up in store footprint, favourable mix and focus on operational efficiencies. Telecom business revenues came at Rs427bn (+15%YoY, +4%QoQ), driven by subscriber growth of 5.8%YoY and ARPU growth of 8.4%YoY. EBITDA increased by 17.7%YoY.

Oil-to-Chemicals (O2C) business: O2C business revenues came at Rs1,605bn (+3.2%YoY+3.7%QoQ) driven by volume growth. EBITDA increased by 20.9%YoY due to higher fuel cracks (22-37%YoY), growth in fuel retailing volumes and higher polymer margins in downstream chemicals. Margins increased by+6% in PE, +8% in PP and +5% in PVC

Green energy business: It is on track to set up 20GWp of Solar PV manufacturing and 100GWh of battery giga factory. 1st cell line is likely to be commissioned in October 2025. Capex commitment is Rs750bn.

Capex: Incurred a capex of Rs400bn in Q2FY26. Reported net debt stood at Rs1,185bn vs Rs1,170bn in Mar'25, with Net Debt/Equity of 0.1x

Coverage with BUY: We remain positive on growth, driven by Retail and Telecom businesses, supported by the O2C business. We are assuming coverage with BUY and a SoTP based TP of Rs1,655 on EV/EBITDA on Sept.27 for different business segments.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	RIL IN/Rs 1,417
Market cap	US\$ 217.9bn
Free float	50%
3M ADV	US\$ 168.3mn
52wk high/low	Rs 1,551/Rs 1,115
Promoter/FPI/DII	50%/19%/19%

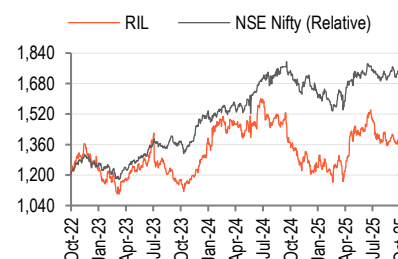
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	9,646,930	10,914,841	11,852,128
EBITDA (Rs mn)	1,654,440	1,823,982	2,068,079
Adj. net profit (Rs mn)	696,480	817,344	950,866
Adj. EPS (Rs)	51.5	60.4	70.3
Consensus EPS (Rs)	51.5	60.4	70.3
Adj. ROAE (%)	3.8	4.1	4.6
Adj. P/E (x)	27.5	23.5	20.2
EV/EBITDA (x)	12.3	11.1	9.6
Adj. EPS growth (%)	(50.0)	17.4	16.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Revenue	2,546,230	2,436,320	4.5	2,315,350	10.0	4,982,550	4,633,190	7.5
EBITDA	458,850	429,050	6.9	390,580	17.5	887,900	778,230	14.1
EBITDA margin (%)	18.0	17.6		16.9		17.8	16.8	
Depreciation	144,160	138,420	4.1	128,800	11.9	282,580	264,760	6.7
Interest	68,270	70,360	(3.0)	60,170	13.5	138,630	119,350	16.2
Other income	44,820	151,190	(70.4)	48,760	(8.1)	196,010	88,590	121.3
PBT	291,240	371,460	(21.6)	250,370	16.3	662,700	482,710	37.3
Tax	69,780	64,650	7.9	59,360	17.6	134,430	117,220	14.7
PAT	181,650	269,940	(32.7)	165,630	9.7	451,590	317,010	42.5
PATM (%)	7.1	11.1		7.2		9.1	6.8	
EPS (Rs)	13.42	19.95	(32.7)	12.24	9.7	33.37	23.43	42.5

Source: BOBCAPS Research

Fig 2 – Q2FY26 Actual vs Estimates

Particulars	Q2 Actual	Consensus	VAR (%)
Revenue (Rs mn)	2,546,230	2,488,700	2.3
EBITDA (Rs mn)	458,850	444,788	3.2
EBITDA margin (%)	18.0	17.9	
PAT (Rs mn)	181,650	195,678	(7.2)
EPS (Rs)	13.4	14.5	(7.2)

Source: Company, Bloomberg

Fig 3 – Retail business

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Revenue - gross	900,180	841,710	6.9	763,020	18.0	1,741,890	1,519,170	14.7
Revenue - Net	791,280	737,200	7.3	665,020	19.0	1,528,480	1,327,620	15.1
EBITDA	68,160	63,810	6.8	58,500	16.5	131,970	115,140	14.6
PAT	34,390	32,670	5.3	29,350	17.2	67,060	53,880	24.5
Margins (%)								
EBITDA	8.6	8.7		8.8		8.6	8.7	
PAT	4.3	4.4		4.4		4.4	4.1	

Source: BOBCAPS Research

Fig 4 – Jio Telecom business

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YOY (%)	H1FY26	H1FY25	YOY (%)
Revenue	426,520	410,540	3.9	371,190	14.9	837,060	716,670	16.8
EBITDA	187,570	181,350	3.4	159,310	17.7	368,920	305,690	20.7
PAT	73,790	71,100	3.8	65,360	12.9	144,890	122,290	18.5
Margins (%)								
EBITDA	44.0	44.2		42.9		44.1	42.7	44.0
PAT	17.3	17.3		17.6		17.3	17.1	17.3

Source: BOBCAPS Research

Fig 5 – Average revenue per user (ARPU)

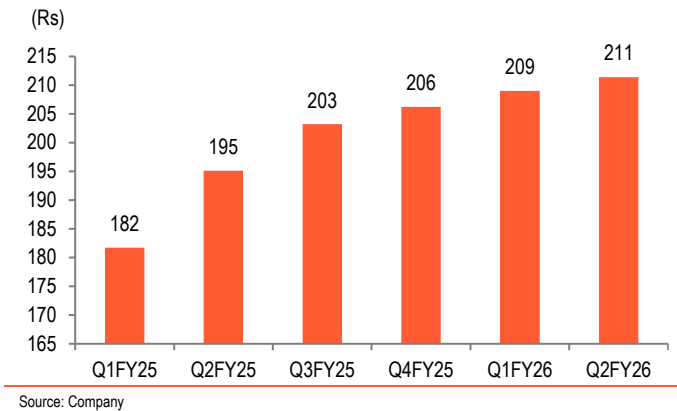
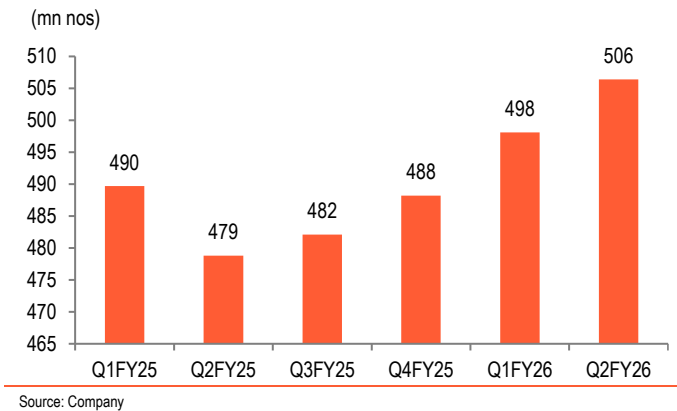


Fig 6 – Subscriber base



Call Highlights

- **Oil-to-Chemicals (O2C) business:** O2C business revenue growth was driven by higher volumes:
 - Sales volumes increased by 2%YoY in refining segment. Jio BP network added 236 outlets on YoY, which led to volume growth of 34% for Diesel and 32% for Petrol.
 - EBITDA growth is led by gains in transportation fuel cracks (22-37%) and polymer margins – PE (+6%), PP (+8%) and PVC (+5%).
 - Demand environment - Domestic demand for Polymers increased by 3%YoY and Polyester demand by 3%YoY.
 - Management is positive about business environment. GST rationalisation is likely to boost demand for polymers and polyesters and fuels (increased vehicle sales). For Petchem business – downstream chemical margins will likely stay constrained by higher supplies.
 - **Retail business:** Retail business revenue of 19%YoY was driven by grocery, fashion and consumer electronics. 412 new stores were opened, taking the total to 19,821.
 - JioMart – quick commerce platform added 6mn new customers-with QoQ growth rate of 120%.
 - Strong traction in online fashion – Shein crossed 6mn+app installs and reached 11mn monthly active users.
- FMCG business:** Achieved gross revenue of Rs54,000mn in Q2FY26 and Rs98,500mn in H1FY26. Consumer brands – Campa and Independence - continue to gain traction across markets. Campa sustained double-digit growth in key markets. Under “Independence” brand, RIL sells atta, edible oil, rice, sugar, glucose biscuit and energy toffee.
- Outlook –** RIL will continue to focus on scaling up digital commerce activity (JioMart) and grow new commerce merchant partnerships to expand business.
- **Telecom business:** Revenue growth was driven by ARPU growth and subscriber additions. ARPU increased to Rs211 in Q2FY26 from Rs195 in Q2FY25. QoQ increase from Rs209 in Q1FY26 is aided by promotional 5G offers. Outlook is positive and going forward, telecom business growth will continue to be driven by enterprise solutions, 5G coverage and FTTH momentum.
 - **Oil & Gas business:** Oil & gas segment reported decline of 2.6%YoY in revenue and 5.4%YoY decline in EBITDA, due to lower KG D6 gas volumes, lower CBM gas realisation and higher operating costs. KG D6 gas production decreased to 26mmscmd in Q2FY26 from 29mmscmd in Q2FY25. Focus will remain on augmenting production in CBM with the commencement of 40 wells campaign.
 - **Net debt:** Net debt remained stable QoQ at Rs1,185bn on Sept’25 vs Rs1,175bn on June’25 due to strong cashflow generation. While it was Rs1,170bn on March 25, Gross debt was Rs3,482bn on Sept25.. Net Debt/Equity stood at 0.1x.

Valuation Methodology

We remain positive on growth driven by Retail and Telecom business, supported by O2C business. GST rationalisation, festive demand aided by scale up in digital commerce will be key growth drivers for Retail and O2C business.

Fig 7 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
USD-INR	84	87	87	87	87
Brent crude (USD/bbl)	80	80	60	60	60
O2C business					
Refining					
GRM (USD/bbl)	11.0	6.0	6.5	8.0	8.5
Crude throughput (mnt)	78.2	80.5	75.1	76.1	77.1
Petchem business					
Margin (USD/t)	315.0	300.0	325.0	360.0	390.0
Retail business					
Revenue growth % YoY	17.8	7.9	17.0	9.0	7.0
EBITDA % margin	7.5	7.6	7.8	7.9	8.3
Telecom business					
Subscriber base (mn nos)	482	488	507	509	510
ARPU (Rs)	181	199	212	227	240
EBITDA % margin	52.8	50.0	52.5	53.5	54.5

Source: BOBCAPS Research

Retail business

Reliance Industries has a 83.56% stake holding in Reliance Retail Ventures Ltd. (RRVL). Balance 16.44% is held by investors - KKR, Silverlake partners, GIC, TPG and others

Key drivers would be benefit of GST rationalization and consumption demand. We estimate a CAGR% of 10.9% in revenue and 14.1% in EBITDA over FY25-FY28E

Fig 8 – Retail business estimates

	FY24	FY25	FY26E	FY27E	FY28E	CAGR (FY25-FY28E) (%)
Revenues (Rs mn)	3,067,860	3,308,700	3,871,179	4,219,585	4,514,956	10.9
EBITDA (Rs mn)	230,400	250,530	300,016	333,347	372,484	14.1
EBITDA % margin	7.5	7.6	7.8	7.9	8.3	

Source: BOBCAPS Research

We value the business at 35xSept.27 EBITDA. Multiple is at a discount to multiple of 45x for Avenue supermarts and 38x for Trent for FY27E.

We arrive at a enterprise value of Rs12,352bn (USD142) for overall business and attributable value of its 83.56% stake amounts to Rs10,321bn (USD119bn)

Fig 9 – Retail business valuation

	EBITDA Sept.27	Multiple (x)	Rs mn	USD bn	Comments
Retail	352,916	35.0	12,352,044	142	for 100% value
Enterprise value (Rs mn)			10,321,368	119	for 83.56% stake

Source: BOBCAPS Research

Telecom business

Reliance Industries has a 66.43% stake holding in Jio Platforms Ltd. (JPL). Balance 33.57% is held by investors – Facebook, Silverlake partners, General Atlantic and others

Based on key assumptions of ARPU CAGR growth of 6.5% and subscriber base growth of 1.5% over FY25-FY28E, we estimate CAGR of 4.5% in revenue and 7.6% in EBITDA

Fig 10 – Telecom business estimates

	FY24	FY25	FY26E	FY27E	FY28E	CAGR (FY25-FY28E) (%)
Subscribers(mn)	482	488	507	509	510	1.5
ARPU (Rs)	181	199	212	227	240	6.5
Revenues (Rs mn)	1,001,190	1,282,180	1,287,578	1,381,593	1,465,184	4.5
EBITDA (Rs mn)	528,780	641,700	675,978	739,152	798,525	7.6
EBITDA % margin	52.8	50.0	52.5	53.5	54.5	

Source: BOBCAPS Research

We value the business at 12x multiple of EV/EBITDA which is an average of multiple of Bharti Airtel and Vodafone. We arrive at a enterprise value of Rs9,226bn (USD106) for overall business and attributable value of its 66.43% stake amounts to Rs6,128mn (USD70bn)

Fig 11 – Telecom business valuation

	EBITDA Sept.27	Multiple (x)	Rs mn	USD bn	Comments
Telecom	768,839	12.0	9,226,062	106	for 100% value
Enterprise value (Rs mn)			6,128,873	70	for 66.43% STAKE

Source: BOBCAPS Research

Green energy business

We assign a value of 1.0x book value for its business. With capex commitment of Rs750bn, it is valued at Rs750bn with contribution of Rs59/share to overall SoTP value. Option value reflects progress on launch of solar cell giga factory and battery storage giga factory.

Reliance Industries (RIL)

Based on growth drivers and assumptions, Retail, Telecom and O2C will be growth drivers for the business. We estimate a 14.1% CAGR growth in EBITDA for Retail and 7.6% CAGR growth for Telecom over FY25-FY28E

Fig 12 – EBITDA estimates of various businesses

Business	FY24	FY25	FY26E	FY27E	FY28E	CAGR (FY25-FY28E) (%)
O2C	576,580	465,070	758,051	894,088	974,410	28.0
Oil & gas	201,910	211,880	59,217	66,889	75,019	(29.3)
Retail	230,400	250,530	300,016	333,347	372,484	14.1
Telecom	528,780	641,700	675,978	739,152	798,525	7.6
Others	84,660	85,260	30,719	34,602	39,068	(22.9)
Total EBITDA (Rs mn)	1,622,330	1,654,440	1,823,982	2,068,079	2,259,506	10.9

Source: BOBCAPS Research

SoTP based valuation rationale

We are assuming coverage with BUY and a SoTP based TP of Rs1,655 on EV/EBITDA for Sept.27 for different business segments – 6.5x for refining; 5.5x for Petchem; 12x for Telecom and 35x for Retail business. SoTP includes attributable value of RIL's stake in Retail (83.56%) and Telecom business.(66.43%).

Fig 13 – Valuation summary - SoTP based on EV/EBITDA - Sept.27E

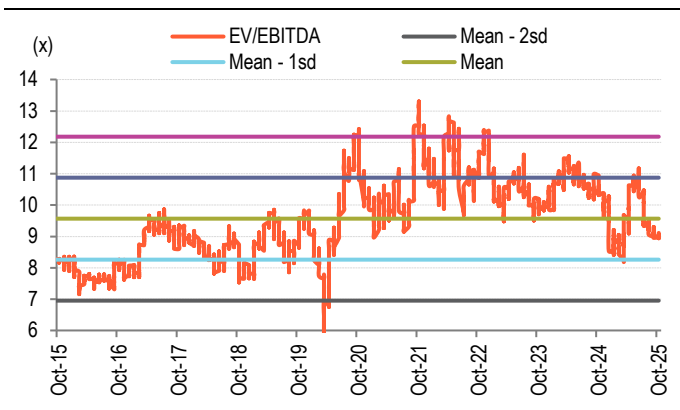
Particulars	EBITDA (Rs. mn)	Multiple (x)	Rs mn	USD bn	Rs/share	Comments
Refining	279,344	6.5	1,815,738	21	143	6.0x EV/EBITDA
Petchem business	654,905	5.5	3,601,978	41	283	5.5x EV/EBITDA
Cyclical business			5,417,716	62	426	
Domestic E&P	183,146	4.5	824,158	9	65	4.5x EV/EBITDA
Value of Standalone business			6,241,874	72	491	
Other businesses						
Reliance Jio	768,839	12.0	9,226,062	106	726	On 12x EV/EBITDA on Sept. 27;
			6,128,873	70	482	attributable value of 66.43% stake of RIL
Retail	352,916	35.0	12,352,044	142	972	On 35x EV/EBITDA on Sept. 27
			10,321,368	119	812	attributable value of 83.56% stake of RIL
Green energy			750,000	9	59	Option value at 1x Book value
Less -Net debt			2,410,280	28	190	
Target price (Rs)			26,159,700	301	1,655	

Source: BOBCAPS Research

Key risks

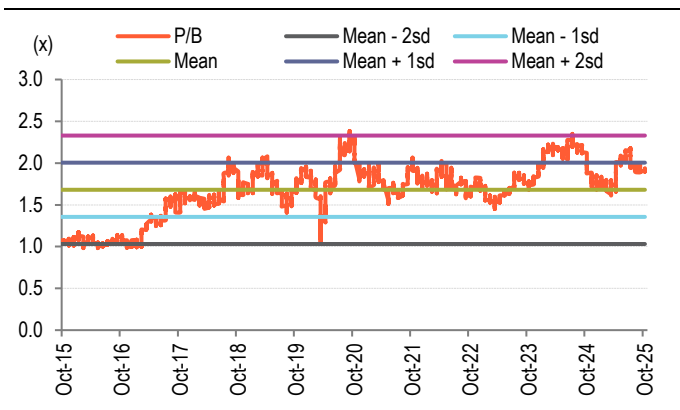
- **O2C business:** Lower than estimated GRM in refining and Petchem margins due to demand constraints can affect growth of O2C business
- **Retail business:** Moderation in revenue growth due to slower activity can impact its store expansion footprint and its growth.

Fig 14 – EV/EBITDA 2YF



Source: Bloomberg

Fig 15 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	9,010,640	9,646,930	10,914,841	11,852,128	12,791,826
EBITDA	1,622,330	1,654,440	1,823,982	2,068,079	2,259,506
Depreciation	(508,320)	(531,360)	(575,702)	(620,752)	(665,802)
EBIT	1,274,580	1,302,860	1,431,655	1,634,370	1,784,488
Net interest inc./(exp.)	(231,180)	(242,690)	(229,678)	(215,167)	(201,709)
Other inc./(exp.)	160,570	179,780	183,376	187,043	190,784
Exceptional items	0	0	0	0	0
EBT	1,043,400	1,060,170	1,201,977	1,419,203	1,582,779
Income taxes	(257,070)	(252,300)	(384,633)	(468,337)	(522,317)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	3,870	5,220	0	0	0
Reported net profit	696,210	696,480	817,344	950,866	1,060,462
Adjustments	0	0	0	0	0
Adjusted net profit	696,210	696,480	817,344	950,866	1,060,462

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,783,770	1,867,890	2,113,390	2,294,872	2,476,822
Other current liabilities	1,149,050	1,521,700	1,521,700	1,521,700	1,521,700
Provisions	21,750	41,470	41,470	41,470	41,470
Debt funds	3,246,220	3,475,300	3,175,300	2,875,300	2,625,300
Other liabilities	2,101,190	2,498,590	2,498,590	2,498,590	2,498,590
Equity capital	67,660	135,320	135,320	135,320	135,320
Reserves & surplus	7,867,150	8,296,680	9,036,215	9,905,889	10,881,776
Shareholders' fund	9,257,880	10,096,260	10,835,795	11,705,469	12,681,356
Total liab. and equities	17,559,860	19,501,210	20,186,245	20,937,401	21,845,238
Cash and cash eq.	972,250	1,065,020	1,078,426	1,417,497	1,957,829
Accounts receivables	316,280	421,210	476,570	517,495	558,524
Inventories	1,527,700	1,460,620	1,652,592	1,794,504	1,936,782
Other current assets	797,900	806,940	806,940	806,940	806,940
Investments	1,195,020	1,236,720	1,236,720	1,236,720	1,236,720
Net fixed assets	6,060,840	6,831,020	7,255,318	7,484,565	7,668,763
CWIP	1,523,820	1,697,100	1,697,100	1,697,100	1,697,100
Intangible assets	1,589,120	2,917,610	2,917,610	2,917,610	2,917,610
Deferred tax assets, net	9,380	4,080	4,080	4,080	4,080
Other assets	3,675,700	3,058,700	3,058,700	3,058,700	3,058,700
Total assets	17,559,860	19,501,210	20,186,245	20,937,401	21,845,238

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	1,638,910	2,327,840	1,620,893	1,785,431	1,926,616
Capital expenditures	(1,513,000)	(1,865,060)	(1,000,000)	(850,000)	(850,000)
Change in investments	1,109,610	(167,090)	0	0	0
Other investing cash flows	(22,060)	(185,710)	0	0	0
Cash flow from investing	(425,450)	(2,217,860)	(1,000,000)	(850,000)	(850,000)
Equities issued/Others	0	67,660	0	0	0
Debt raised/repaid	99,140	229,080	(300,000)	(300,000)	(250,000)
Interest expenses	(231,180)	(242,690)	(229,678)	(215,167)	(201,709)
Dividends paid	67,660	74,426	77,809	81,192	84,575
Other financing cash flows	(923,910)	(145,686)	(155,618)	(162,384)	(169,150)
Cash flow from financing	(988,290)	(17,210)	(607,487)	(596,359)	(536,284)
Chg in cash & cash eq.	225,170	92,770	13,406	339,072	540,331
Closing cash & cash eq.	972,250	1,065,020	1,078,426	1,417,497	1,957,829

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	102.9	51.5	60.4	70.3	78.4
Adjusted EPS	102.9	51.5	60.4	70.3	78.4
Dividend per share	10.0	5.5	5.8	6.0	6.3
Book value per share	1,172.7	623.1	677.8	742.0	814.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.3	2.1	1.9	1.7	1.5
EV/EBITDA	12.5	12.3	11.1	9.6	8.4
Adjusted P/E	13.8	27.5	23.5	20.2	18.1
P/BV	1.2	2.3	2.1	1.9	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.4	76.2	68.0	67.0	67.0
Interest burden (PBT/EBIT)	0.8	0.8	0.8	0.9	0.9
EBIT margin (EBIT/Revenue)	14.1	13.5	13.1	13.8	14.0
Asset turnover (Rev./Avg TA)	0.5	0.5	0.6	0.6	0.6
Leverage (Avg TA/Avg Equity)	0.2	0.2	0.2	0.2	0.2
Adjusted ROAE	9.7	9.9	9.3	9.9	10.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	2.5	7.1	13.1	8.6	7.9
EBITDA	13.5	2.0	10.2	13.4	9.3
Adjusted EPS	4.4	(50.0)	17.4	16.3	11.5

Profitability & Return ratios (%)

EBITDA margin	18.0	17.1	16.7	17.4	17.7
EBIT margin	14.1	13.5	13.1	13.8	14.0
Adjusted profit margin	7.7	7.2	7.5	8.0	8.3
Adjusted ROAE	4.0	3.8	4.1	4.6	5.0
ROCE	8.8	8.5	8.8	9.7	10.2

Working capital days (days)

Receivables	13	16	16	16	16
Inventory	62	55	55	55	55
Payables	88	85	85	86	86

Ratios (x)

Gross asset turnover	0.5	0.5	0.6	0.6	0.6
Current ratio	1.2	1.1	1.1	1.2	1.3
Net interest coverage ratio	5.5	5.4	6.2	7.6	8.8
Adjusted debt/equity	0.1	0.1	0.1	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

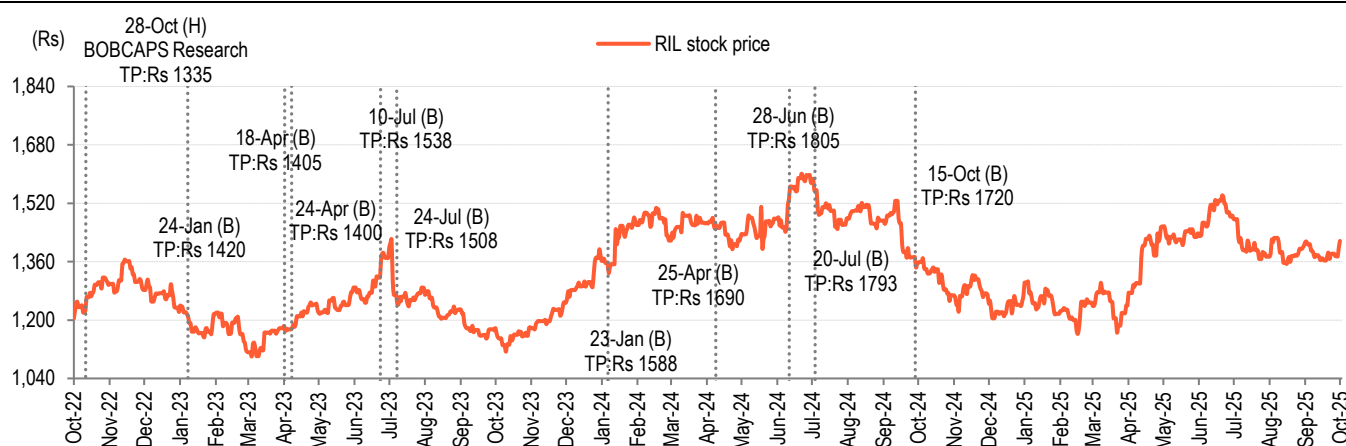
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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