DALALBYTES INVESTMENT REPORT

Reliance **Industries**

Four companies in one: the segment map, the sum of the parts, and the Jio IPO catalyst

September 24, 2026 · NSE: RELIANCE

Reference price: Rs 1,219.20 (September 24, 2026 close)

80/100	Positive	Rs 1,900	Rs 16.73L cr
DalalBytes score	Verdict	FY2029 base target*	Market cap

DALALBYTES VERDICT

Headline verdict

Positive. A long-term compounder trading at its 52-week low.
Reliance Industries is India's largest private company by market value, and it trades today like a stock the market has stopped believing in. At Rs 1,219.20 the shares sit essentially at their 52-week low (Rs 1,226.40), down 22.5% year to date, pricing the business at 22.5 times trailing earnings while every one of its consumer engines is accelerating. The business is four companies in one: Jio (digital services), Reliance Retail (consumption), O2C plus E&P (energy cash flows), and the New Energy build that will define the next decade. The Jio IPO, expected in October or November 2026 at banker-touted $130 to 180 billion valuations, is the near-term value unlock that can force the market to re-price the sum of the parts. DalalBytes score: 80/100. FY2029 estimates: bear Rs 1,000, base Rs 1,900, bull Rs 2,800.

Rs 1,219	-22.5%	22.5x	80/100	Rs 1,900	+56%
REFERENCE PRICE	YTD RETURN	TTM P/E	SCORE	BASE TARGET*	BASE UPSIDE*

* FY2029 targets are DalalBytes estimates, not facts. See the Valuation section for the full bear/base/bull framework.

Business overview

Reliance Industries Limited (NSE: RELIANCE) is an oil-to-chemicals-to-consumer conglomerate chaired by Mukesh Ambani. What began as a refining and petrochemicals business has been rebuilt twice: first by the multi-lakh-crore bet on Jio, which made India one of the world's largest mobile data markets, and then by the construction of India's largest retailer from scratch. A third rebuild is now under way in New Energy, with Rs 75,000 crore committed to solar, batteries, electrolysers, and green hydrogen at Jamnagar.

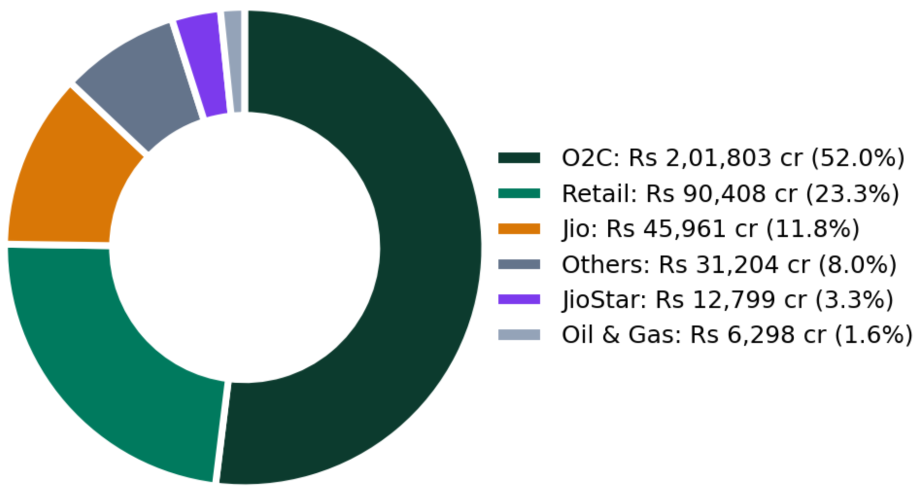
The economics split cleanly. Jio and Retail are high-growth consumer franchises with expanding margins and enormous runways. O2C and the KG-D6 gas fields are cash machines that fund the build. New Energy is the call option: near-zero earnings today, potentially a fourth engine by the end of the decade. JioStar (the Disney India merger) rounds out the portfolio as the country's largest media and entertainment platform.

50.48%	17.20%	21.19%	Rs 6.00	Baa1
PROMOTER HOLDING	FII HOLDING	DII HOLDING	FY26 DIVIDEND	MOODY'S RATING

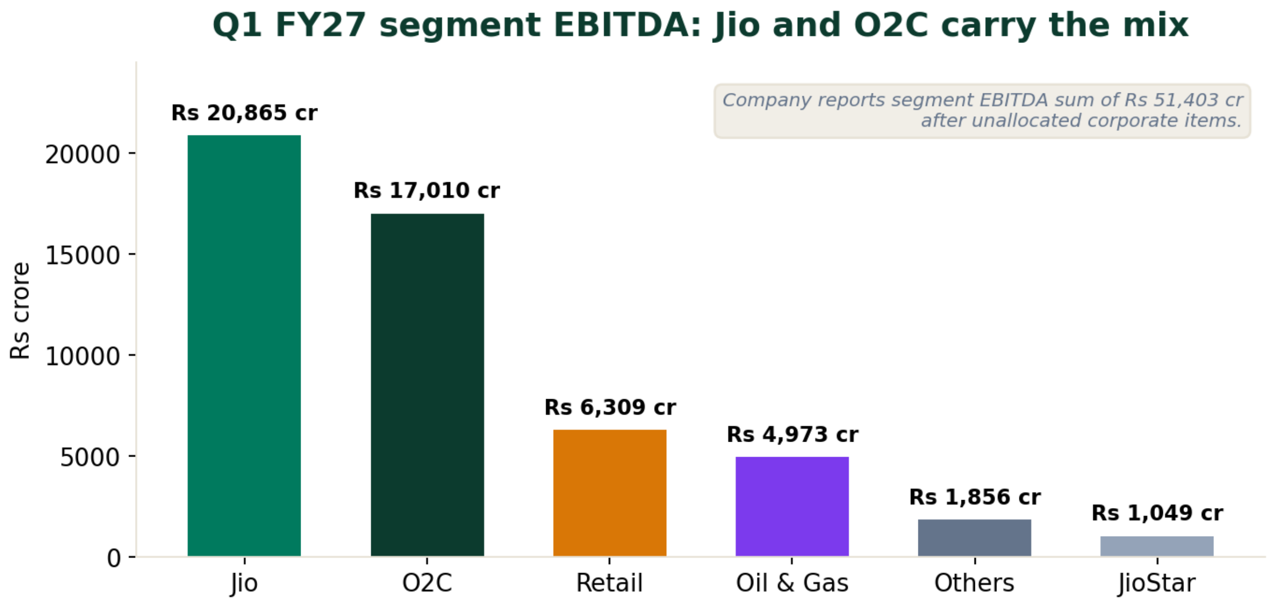
The segment map: seven divisions, each graded on its own economics

Q1 FY27 · QUARTER ENDED JUNE 30, 2026

Q1 FY27 segment revenue mix (gross, before eliminations)



Inter-segment eliminations (~Rs 48,216 cr) reconcile to consolidated gross revenue of Rs 3,40,257 cr.



Jio Platforms: the crown jewel

Gross revenue Rs 45,961 cr (+14.9% YoY); EBITDA Rs 20,865 cr (+15.1%) at a record 53.3% margin. 533.3M wireless subs (+8.9M QoQ), ARPU Rs 215.6 (+3.3% YoY), ~285M 5G subs, 28.6M fixed broadband (>43% share, AirFiber >14M), 69.4B GB data (+26.9%), churn 1.6%. RIL owns 66.43%; Meta 9.98%, Google 7.73%. DRHP filed Jun 19 2026, SEBI cleared Aug 28, pure fresh issue ~Rs 37,700 cr, listing expected Oct/Nov 2026. Banker valuation talk of $130-180B is speculation. Drivers: tariff hikes, AirFiber, enterprise AI. Risk: spectrum/AGR regulation.

Reliance Retail: scale nobody else can touch

Gross revenue Rs 90,408 cr (+7.4%; +11.6% ex-RCPL demerger); EBITDA Rs 6,309 cr (-1.1%) at 7.9% margin. FY26: Rs 3.70 lakh cr gross revenue, EBITDA Rs 27,033 cr (8.3%). 20,169 stores, 78.4M sq ft, 396M registered customers, 568M quarterly transactions (+46%). RIL ~85% of RRVL; 10.09% sold in 2020 for Rs 47,265 cr. 2027 IPO talk is media speculation only. Drivers: store productivity, private labels, kirana integration. Risk: quick-commerce competition; the Q1 EBITDA dip shows margins are not immune to mix shifts.

O2C: the cash machine

Revenue Rs 2,01,803 cr (+30.4%); EBITDA Rs 17,010 cr (+17.2%) at 8.4% margin. Jamnagar is the world's largest single-site refining complex (~1.24-1.4M bpd) with roughly a $4.5/bbl gross refining margin premium to Singapore (broker estimate). The Aramco 20% stake deal was called off in Nov 2021. O2C is a cash cow funding the consumer and new-energy builds, not a growth story. Risk: refining-margin cyclicality; the quarter's revenue growth was largely price-driven.

Oil & Gas (E&P): small, beautiful, litigated

Revenue Rs 6,298 cr (+3.2%); EBITDA Rs 4,973 cr at a 79% margin. KG-D6 (RIL 66.67%, BP 33.33%) produces 24.8 mmscmd of gas, declining as the field matures. Superb per-unit economics. The overhang: a $30B+ government arbitration claim with a verdict expected around mid-2026, status unknown. A genuine tail risk: remote in probability, severe in impact.

New Energy: the fourth engine, currently a blueprint

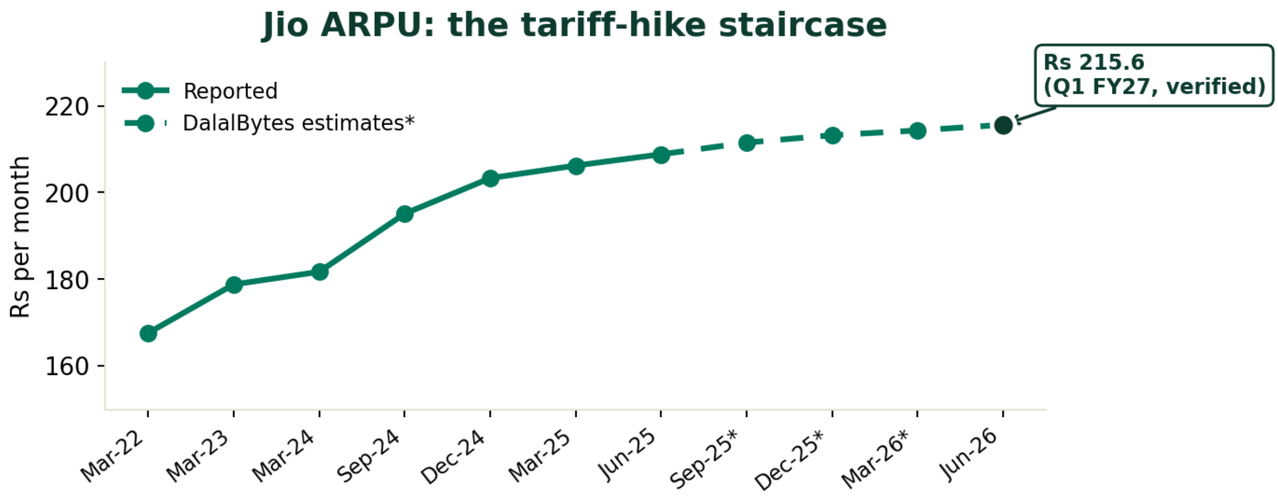
Rs 75,000 cr committed. Jamnagar giga complex: solar HJT modules (first 200 MWp delivered, toward 10 GWp), 40 GWh batteries commissioning with H2 2026 ramp, electrolyser operational end-2026, green H2 target 3 MTPA by 2032, Kutch 550,000-acre solar park. Near-zero earnings today. Bull case: Reliance does to energy hardware what Jio did to telecom. Bear case: manufacturing margins disappoint and the capital is gone. MOSL's Rs 110/share is a placeholder for option value, not a valuation of earnings.

JioStar: the media rollup

Gross revenue Rs 12,799 cr (+14.1%); EBITDA Rs 1,049 cr. RIL ~63.16% effective (16.34% direct + 46.82% via Viacom18); Disney 36.84%. Valued at Rs 70,352 cr at the Nov 2024 merger. FY26: gross revenue Rs 36,248 cr, EBITDA Rs 4,885 cr (15.7% margin). JioHotstar: 451M MAUs, India's largest streaming audience. The smallest value driver, but a real strategic asset in the consumer flywheel.

Note: Jio Financial Services was demerged in August 2023 and is separately listed. Exclude it from all Reliance math. The 'Others' line (Rs 31,204 cr revenue, Rs 1,856 cr EBITDA in Q1 FY27) covers financial-services remnants, textiles, and smaller businesses.

Jio deep dive: why the IPO matters



**Sep-25 to Mar-26 are DalalBytes interpolations between reported quarters, not company figures.*

> Jio built the world's largest standalone 5G network at a fraction of the cost its global peers spent, because it started all-IP and skipped the legacy layers.
>
> DalalBytes Research

- The listing mechanics: DRHP filed June 19, 2026; SEBI clearance August 28, 2026; a pure fresh issue of roughly Rs 37,700 cr (no promoter selling); listing expected October/November 2026. Fresh capital funds the next leg of 5G monetization and enterprise build.
- The valuation debate: banker talk of $130-180B is speculation, but directionally it prices Jio at 12-16x forward EBITDA, in line with Bharti Airtel's telecom multiple. At the midpoint, RIL's 66.43% stake alone is worth roughly Rs 8.5-9.5 lakh crore, or Rs 620-700 per RIL share, before any other business.
- The ARPU staircase: Rs 215.6 today, with a two-year tariff-hike cadence and 5G fixed-wireless (AirFiber) as the monetization lever. Every Rs 10 of ARPU at 53% margins is pure operating leverage across 533M subscribers.
- The strategic holders: Meta (9.98%) and Google (7.73%) bought in 2020 at valuations the IPO should render quaint. Their presence is both validation and a future overhang if they ever sell.

Financial deep dive

Q1 FY27 · QUARTER ENDED JUNE 30, 2026 · REPORTED JULY 17, 2026

Metric	Q1 FY27	YoY

Gross revenue	Rs 3,40,257 cr	+24.5%
Revenue from operations	Rs 3,11,850 cr	+25.4%
Recurring EBITDA*	Rs 54,067 cr	+10.1%
Broker operating EBITDA	Rs 47,517 cr	n/a
Segment EBITDA sum	Rs 51,403 cr	+9.9%
PAT incl associates	Rs 23,196 cr	+6.1% recur.
EPS	Rs 15.48	n/a

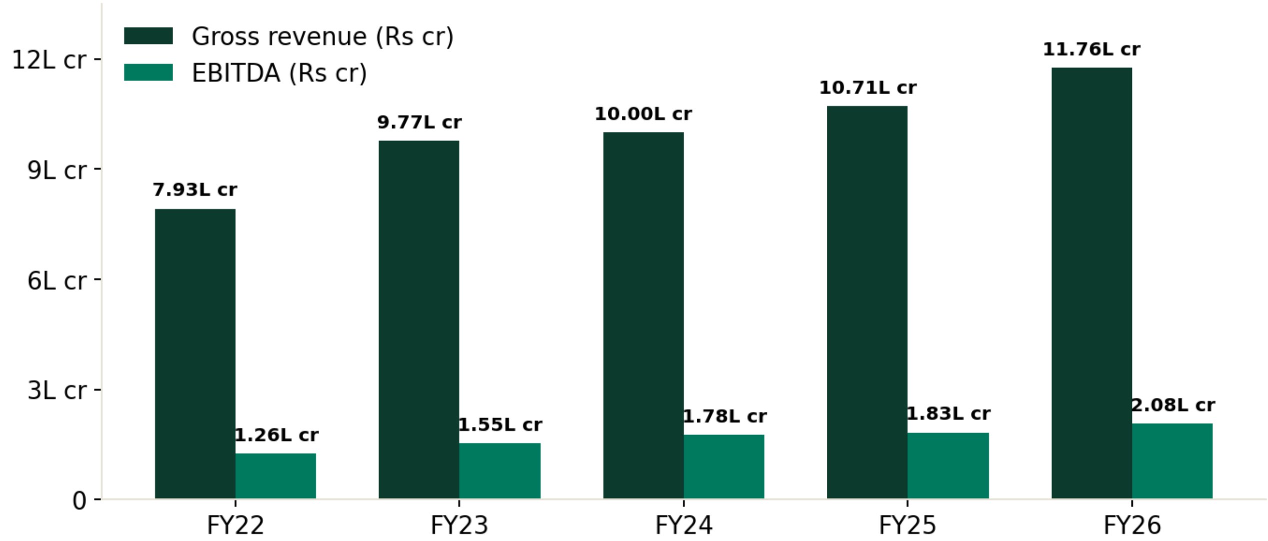
* Company definition includes Rs 6,550 cr of other income. Q1 FY26 had an Rs 8,924 cr exceptional gain from a listed-investment sale, so the PAT comparison is on a recurring basis. Read the quarter on the consumer engines, not the headline: revenue grew 24.5% but recurring EBITDA only 10.1%, because O2C's revenue is price-driven at thin margins while the high-margin consumer businesses grow steadily. Consolidated margins always dilute when oil prices rise.

FY26 FULL YEAR

Metric	FY26	YoY
Gross revenue	Rs 11,75,919 cr	+9.8%
EBITDA	Rs 2,07,911 cr	+13.4%
PAT	Rs 95,754 cr	+17.8%
Cash profits	Rs 1,71,258 cr	+16.6%
Capex	Rs 1,44,271 cr	n/a

The five-year arc

Five years: revenue up 48%, EBITDA up 65%

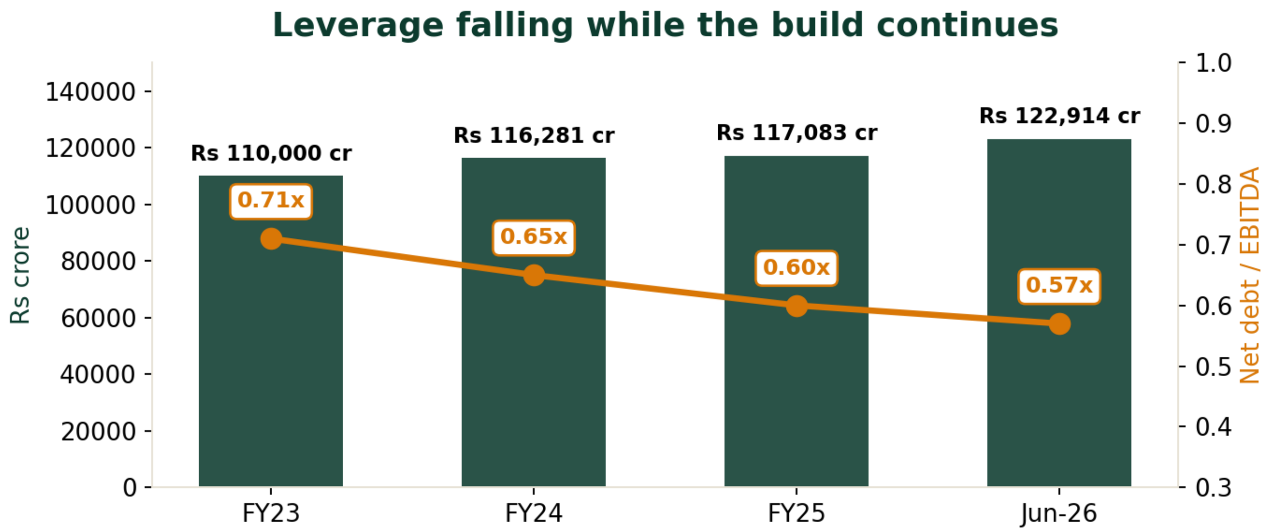


Year	Gross revenue	EBITDA	Margin
FY22	Rs 7,92,756 cr	Rs 1,25,687 cr	15.9%
FY23	Rs 9,76,524 cr	Rs 1,54,691 cr	15.8%
FY24	Rs 10,00,122 cr	Rs 1,78,290 cr	17.8%
FY25	Rs 10,71,174 cr	Rs 1,83,422 cr	17.1%
FY26	Rs 11,75,919 cr	Rs 2,07,911 cr	17.7%

Revenue compounded at roughly 10.4% a year over five years; EBITDA at roughly 13.4%. The margin stepped up from ~16% to ~18% as consumer businesses took a larger share of the mix. This is the flywheel in numbers: each year the high-margin consumer engines dilute the low-margin energy base.

Balance sheet: the fortress funds the build

Rs 3.70L cr	Rs 2.47L cr	Rs 1.23L cr	0.57x	Rs 38,682 cr
GROSS DEBT	CASH	NET DEBT	NET DEBT / EBITDA	Q1 CAPEX



FY23 net debt (~Rs 1.10 lakh cr) is a DalalBytes estimate from the company's $13.4B disclosure; ratio estimated.

As of June 30, 2026: gross debt Rs 3,69,705 cr; cash Rs 2,46,791 cr; net debt Rs 1,22,914 cr; net debt to EBITDA 0.57x. Moody's upgraded the rating to Baa1. The company spends enormously (Q1 capex Rs 38,682 cr; FY26 Rs 1,44,271 cr) yet keeps leverage below 0.6x because cash profits of Rs 1.71 lakh crore nearly cover the build. The dividend (Rs 6.00/share for FY26, ~0.49% yield) is a token, not a thesis.

The moat

The execution machine

Reliance's true moat is not any single asset but the demonstrated ability to conceive, fund, and execute decade-scale builds: Jamnagar, then Jio, then Retail, now New Energy. Each was dismissed as overreach when announced; each became the industry's cost leader. Competitors can copy the strategy; they cannot copy the balance sheet plus the promoter will to deploy it.

The capital allocation flywheel

O2C and E&P generate the cash; the cash builds Jio and Retail; Jio and Retail generate the cash that builds New Energy. Each generation of the flywheel is funded internally, which is why net debt stays at 0.57x despite Rs 1.44 lakh crore of annual capex. This is the conglomerate done right: the parts fund each other instead of competing for capital.

Jio's cost architecture

An all-IP, 4G-first then 5G-first network with no legacy 2G/3G drag gives Jio the lowest cost per GB in the industry. That is why it can price disruptively and still print 53.3% EBITDA margins. The 5G rollout extended the advantage: the world's largest standalone 5G network, built cheaper than anyone else's.

Retail's kirana integration

20,169 stores plus the JioMart kirana network create a distribution density no e-commerce pure play can match in India. Private labels and sourcing scale push gross margins up while prices stay down: the classic flywheel, executed at a scale Walmart would recognize.

Risks

- The conglomerate discount: the market values the parts at more than the whole. The Jio IPO is the mechanism that attacks this discount, but holding-company discounts rarely disappear fully.
- Capex intensity: Rs 1.44 lakh crore a year means free cash flow stays thin through the build years. If New Energy's returns disappoint, that capital is gone. The fortress balance sheet is the mitigant, not the excuse.
- Regulation: spectrum pricing, AGR dues, and tariff politics in telecom; FDI and e-commerce rule changes in retail; windfall taxes in energy when margins spike.
- Succession execution: Akash (Jio/telecom), Isha (retail/consumer), and Anant (energy) joined the board in 2023, and the day-to-day transition is 'almost complete' per the 2026 AGM. The record is smooth so far, but the true test of the next generation comes in a downturn, which has not arrived yet.
- O2C cyclicality: when refining margins compress, the consolidated numbers look ugly even though the consumer engines are fine. Investors who cannot look through the cycle will sell the wrong dips and buy the wrong rallies.

The tail risk: KG-D6 arbitration

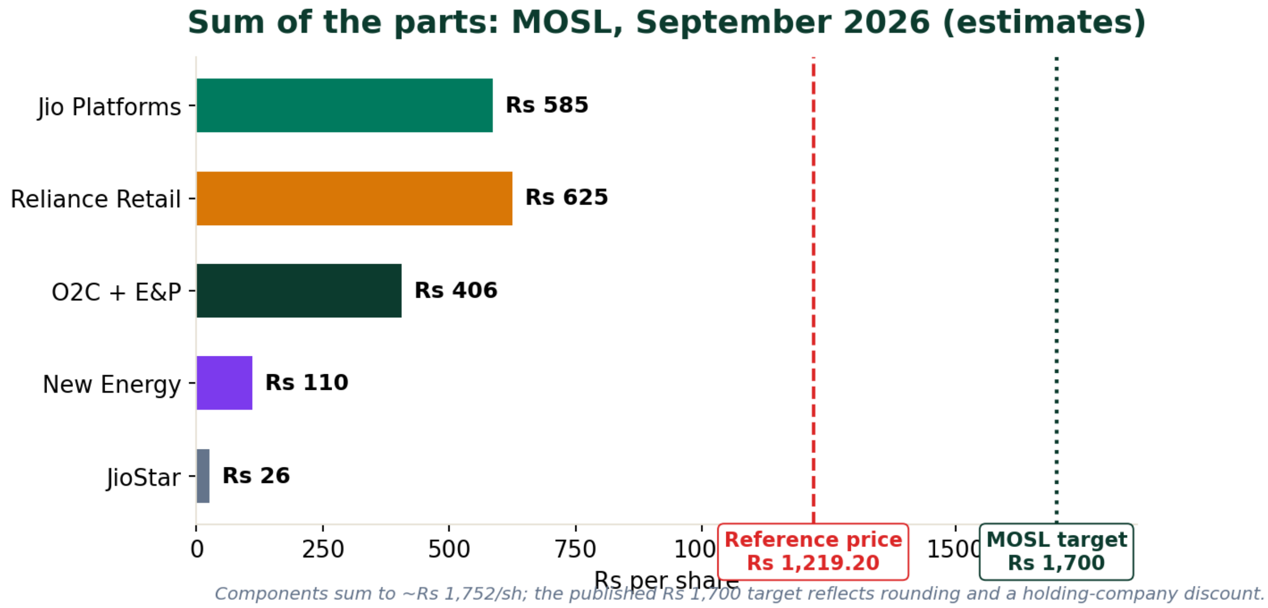
The $30B+ government claim over the KG-D6 block has a verdict expected around mid-2026, with status unknown at the time of writing. Remote in probability, severe in impact. Size the position for it and move on; it does not change the operating thesis.

Valuation: the parts are worth more than the whole

Component (MOSL, Sep 2026)	Rs/share

Jio Platforms	585
Reliance Retail	625
O2C + E&P	406
New Energy	110
JioStar	26
Implied sum	~1,752
MOSL published target	1,700

The components sum slightly above the published Rs 1,700 target, reflecting rounding and a small holding-company discount in the published number. Prabhudas Lilladher's target is Rs 1,683; the broader consensus range is roughly Rs 1,580 to Rs 1,700. Against the Rs 1,219.20 reference price, even the low end of consensus implies about 30% upside. All broker figures are estimates.



DalalBytes FY2029 targets (estimates)

Case	Target	Return	What has to happen
Bear	Rs 1,000	~-18%	Jio IPO disappoints; ARPU stalls; O2C margins compress
Base	Rs 1,900	~+56%	Jio lists well; retail margins pass 9%; discount narrows
Bull	Rs 2,800	~+130%	Jio and Retail rerate; New Energy proves out; strong O2C

The base case is a 56% return over roughly three years, about 16% annualized, from a business with a 0.57x leverage ratio and a fortress balance sheet. That is the compounder's bargain: market-level risk, well above market returns, if the parts get valued as parts.

Catalysts

- Jio IPO (October/November 2026): the single biggest near-term catalyst in Indian markets. A clean listing at or above banker talk re-prices the entire SOTP and drags the parent up with it.
- Battery ramp (H2 2026): the 40 GWh battery plant commissioning is the first proof point that New Energy is real hardware, not a presentation.
- Retail IPO talk (2027): media speculation only, but if it firms up, it is the second value-unlock in the same playbook.
- Tariff cycle: Indian telecom raises prices roughly every two years; the next round flows almost entirely to Jio's EBITDA at 53% margins.

Bottom line

Four companies in one, trading at a 52-week low. The consumer engines are accelerating, the balance sheet is a fortress, the Jio IPO is weeks away, and the sum of the parts says Rs 1,700 against a Rs 1,219 price. Score 80/100. Positive. This is what a long-term compounder looks like when the market stops paying attention.