RELIANCE.NS gideon lens

Reliance Industries Limited - ER2 / Gideon Lens

Ticker: RELIANCE.NS / XNSE:RELIANCE **Report date:** 2026-09-06 **Price anchor:** INR 1,322, completed NSE session on 2026-09-04 **TTM end:** 2026-06-30 **Exact horizon:** 2031-06-30, exactly 5.0 years **Primary valuation method:** P/E in every scenario **Trade execution authorized:** NO

Investment conclusion

Reliance is a formidable operator, but the listed equity does not meet the ER2 compounder or current-return bar. Jio is the strongest franchise: subscribers, traffic, ARPU and segment margins have advanced together. Retail has national procurement, distribution and fulfillment density. Those strengths coexist with commodity-linked O2C and upstream activities that generated roughly 47% of FY2026 segment profit, a mixed Others perimeter, five-year simple consolidated ROIC of only 6.5%-7.6%, and aggregate FY2022-FY2026 free-cash-flow conversion of just 4.04% of NOPAT. The equity owns the blend rather than only the attractive parts.

The conclusion is **PASS**. Management is YELLOW because execution quality is exceptional but consolidated return discipline, succession, incentives and minority treatment remain insufficiently institutionalized. Moat is FAIL because Digital's strong advantage does not confer durable high returns on commodity, extractive and unproven capital pools; the 2046 test is only YELLOW. The P/E-at-15 gate also fails: Base terminal EPS of INR 78.355 implies an entry value of INR 1,175.33 at 15x, 11.09% below the current INR 1,322 price.

The shareholder-return underwriting reinforces those hard gates. After the red team forced cycle-consistent exit multiples of 20x Bear, 18x Base and 22x Bull, the five-year gross INR IRRs are -14.67%, 1.30% and 15.53%. The probability-weighted gross INR IRR is only 0.62%. After a conservative investor diagnostic of 2.5% annual INR depreciation against SGD and 35 basis points of entry and exit costs, Base net-SGD IRR is -1.37% and probability-weighted net-SGD IRR is -2.04%. Reliance therefore fails to displace the frozen 3.9% cash comparator or any funded incumbent. Research sizing is none, and no trade, funding source, ranking or portfolio mutation is authorized.

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Exceptional execution; return discipline, succession and minority safeguards remain unresolved
Moat	FAIL	Digital is strong, but blended moat fails; 2046 remains YELLOW
P/E <= 15 on confident EPS at TTM + 5 calendar years	FAIL	Base entry value INR 1,175.33; cushion -11.09%
Compounder Score	Audited 38 / 100	Reject; evidence does not support dream-investment quality
Business Quality Score	Audited 36 / 80	Group returns and blended moat miss dream-business status
20% Return UW Score	Audited 2 / 20	Even Bull reaches only 15.53% gross INR IRR

One-line thesis (or reason to pass): Reliance's scaled Digital and Retail engines do not offset low blended capital returns, commodity exposure and a current price that produces sub-cash expected returns.

Security return underwriting (mandatory even when the verdict is PASS):

Measure	Result	Notes
Primary valuation method	P/E	One audited parent-owner EPS method drives all scenarios, weighting and net-SGD
Gross local-currency bear / base / bull IRR	-14.67% / 1.30% / 15.53%	Five-year annualized shareholder return in INR
Probability-weighted gross local-currency IRR	0.62%	CAGR of 30% / 55% / 15% weighted terminal wealth

Measure	Result	Notes
Return bridge	INR 1,322 -> INR 597.95 / 1,410.40 / 2,721.15	EPS times 20x / 18x / 22x at 2031-06-30; zero distributions and no separate cash/debt adjustment

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue, INR B	13,851.490	14,223.863	0.53%	Digital/Retail growth only offsets O2C pressure and upstream decline
Operating margin	9.00%	7.15%	-1.85 pp	Weak mix and central costs reduce statutory conversion
Operating earnings, INR B	1,246.150	1,016.338	-4.00%	Statutory OI after the exact segment-to-statutory bridge
Diluted share count, M	13,532.472634	13,533.379686	0.0013%	Full known parent option pool; no buyback or lapse benefit
EPS, INR	55.219131415	29.897639383	-11.55%	Parent-owner EPS after finance, tax and line-specific NCI
Valuation	23.940978x	20.0x	-3.940978x	Above trough because depressed EPS already carries the cycle penalty
Share value, INR	1,322.00	597.952787660	-14.67%	Terminal EPS times exit P/E; no separate claim adjustment
Annual dividend, INR	5.50 observed FY2026	Unavailable	unavailable	No frozen forward distribution schedule
Dividend yield	0.42%	Unavailable	unavailable	Current DPS divided by price; no terminal DPS invented
Five-year dividends, INR/share	-	0.00	cumulative	Conservative zero-distribution diagnostic
Total ending value, INR/share	1,322.00	597.952787660	-14.67% gross INR IRR	Terminal share value plus zero distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue, INR B	13,851.490	18,654.901	6.14%	Digital and Retail compound while O2C grows slowly
Operating margin	9.00%	9.97%	+0.98 pp	Digital/Retail mix improves but corporate costs persist
Operating earnings, INR B	1,246.150	1,860.295	8.34%	Statutory OI after the exact segment-to-statutory bridge
Diluted share count, M	13,532.472634	13,533.379686	0.0013%	Full known parent option pool; no buyback or lapse benefit
EPS, INR	55.219131415	78.355278972	7.25%	Parent-owner EPS after finance, tax and line-specific NCI
Valuation	23.940978x	18.0x	-5.940978x	No terminal ROIC/FCF proof supports a higher quality multiple
Share value, INR	1,322.00	1,410.395021496	1.30%	Terminal EPS times exit P/E; no separate claim adjustment
Annual dividend, INR	5.50 observed FY2026	Unavailable	unavailable	No frozen forward distribution schedule
Dividend yield	0.42%	Unavailable	unavailable	Current DPS divided by price; no terminal DPS invented
Five-year dividends, INR/share	-	0.00	cumulative	Conservative zero-distribution diagnostic
Total ending value, INR/share	1,322.00	1,410.395021496	1.30% gross INR IRR	Terminal share value plus zero distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue, INR B	13,851.490	22,697.623	10.38%	Digital/Retail growth combines with stronger O2C realization
Operating margin	9.00%	11.53%	+2.54 pp	Better mix and O2C improvement lift statutory conversion
Operating earnings, INR B	1,246.150	2,617.491	16.00%	Statutory OI after the exact segment-to-statutory bridge
Diluted share count, M	13,532.472634	13,533.379686	0.0013%	Full known parent option pool; no buyback or lapse benefit
EPS, INR	55.219131415	123.688798977	17.50%	Parent-owner EPS after finance, tax and line-specific NCI
Valuation	23.940978x	22.0x	-1.940978x	Stronger mix recognized without an unsupported quality rerating
Share value, INR	1,322.00	2,721.153577494	15.53%	Terminal EPS times exit P/E; no separate claim adjustment
Annual dividend, INR	5.50 observed FY2026	Unavailable	unavailable	No frozen forward distribution schedule
Dividend yield	0.42%	Unavailable	unavailable	Current DPS divided by price; no terminal DPS invented
Five-year dividends, INR/share	-	0.00	cumulative	Conservative zero-distribution diagnostic
Total ending value, INR/share	1,322.00	2,721.153577494	15.53% gross INR IRR	Terminal share value plus zero distributions

CIO actionability (separate from ER2 underwriting):

Measure	Result	Notes
Status	PASS	Moat FAIL and Base net-SGD below 8% independently require PASS
Bear / Base / Bull net SGD IRR	-16.92% / -1.37% / 12.49%	Five-year annualized after costs and FX translation
Probability-weighted net SGD IRR	-2.04%	CAGR of probability-weighted terminal wealth; weights 30% / 55% / 15%
10% mandate hurdle	FAIL	Base and probability-weighted outcomes both fail
15% stretch hurdle	FAIL	Bull net-SGD reaches only 12.49%; central and expected cases are lower
Downside and portfolio fit	FAIL	Bear is severe; Base trails 3.9% cash and existing funded baselines
Proposed sizing ceiling	none	Research conclusion only; owner approval would still be required

Trade execution authorized: NO

Kill / trigger criteria:

- BUY trigger: none under current qualitative gates; Base EPS at 15x supports only INR 1,175.33, and price alone cannot repair Moat FAIL.
- PASS trigger 1: two consecutive quarters with Digital revenue growth below 8%, traffic growth above 20%, and exact-metric margin below 27%.
- PASS trigger 2: two consecutive quarters with Retail exact-metric margin below 5.0% while transaction growth exceeds revenue growth by at least 20 percentage points.
- PASS trigger 3: consolidated ROIC remains below 8% while cash-flow capex exceeds 14% of revenue without a disclosed project-return bridge.

- Upgrade conditions: consolidated ROIC above 12% and trending toward 15%, sustained positive post-capex FCF, parent-retained Digital/Retail economics explicitly reconciled, and a current price that clears the 10% net-SGD hurdle with acceptable Bear downside.

Research sizing if actionable: none. The conclusion is a zero-size research PASS; no funding source, incumbent sale, order or execution is proposed.

Why the attractive segments do not rescue the equity

Digital Services deserves the highest confidence among Reliance's businesses. Jio's subscriber count rose from 410.2 million in FY2022 to 524.4 million in FY2026 and 533.3 million in Q1 FY2027. Data traffic rose from 91.4 billion GB to 241.4 billion GB, ARPU reached INR 215.6, and the exact segment-profit margin rose to 28.92% in Q1 FY2027. Network, spectrum, distribution and fixed-broadband assets are expensive to replicate. Still, Airtel remains a credible rival, traffic growth has outrun revenue, and the Base model needs Digital margin to reach 31%. A 200-basis-point miss reduces Base EPS by about INR 1.97. Moreover, full exercise of Jio's vested options leaves RIL with 66.3497084613% of Jio and external NCI with 33.6502915387%.

Retail's scale is also real: 20,160 stores, 78.3 million square feet, 387 million registered customers and more than 1.9 billion FY2026 transactions. Procurement, private labels, partner access and stores-as-fulfillment can reinforce each other. Yet the margin is thin. Q1 FY2027 transactions rose 46%, revenue rose only 7.4%, and exact-metric margin fell to 5.01% during digital-commerce investment. The Base model requires 10.15% revenue growth and margin recovery to 6.0%. If convenience growth requires persistent subsidy, low basket values or duplicated physical and delivery infrastructure, volume can rise without owner value compounding.

O2C and upstream prevent the strongest segments from defining the group. Jamnagar's integration and feedstock flexibility create a relative cost and optionality advantage, but product prices remain set by global marginal supply. Chinese and Middle Eastern capacity, chemicals overcapacity and the energy transition constrain a durable pricing moat. Upstream infrastructure and licenses have value, but depletion, regulated pricing and reserve replacement dominate. The group can remain strategically important for decades while earning only utility-like returns on a vast capital base.

Capital allocation, governance and accounting control

Reliance's statutory reporting and the ER2 accounting bridge are strong enough for underwriting. FY2026 and TTM segment result reconcile through corporate and operating adjustments, finance cost, other income, current and deferred tax, associates, line-specific NCI and parent-owner income. The selected P/E method counts finance cost, cash income and NCI exactly once inside owner EPS. It adds no terminal cash, debt, lease, SOTP, IPO or balance-sheet NCI adjustment. Parent shares start from 13,532.472634 million period-end basic shares and conservatively add the entire 0.907052 million option pool once, producing 13,533.379686 million terminal diluted shares.

The Jio IPO is treated as an event, not a free option. Official filing evidence supports 8,939,030,830 pre-issue Jio shares, RIL ownership of 5,937,841,645 shares and 10.28 million vested options. All scenarios assume full option exercise. The proposed 270 million-share fresh issue receives zero shares, proceeds, debt reduction or valuation credit because final price, allotment and completion are unknown. A completed transaction must force D, Digital, synthesis and valuation preflight to rerun.

Management remains YELLOW because rare operating execution has not yet produced Gideon-grade consolidated returns. FY2022-FY2026 cash-flow capex totaled roughly INR 6,568.99 billion, while simple ROIC remained near 7%. Project hurdle rates and post-investment scorecards are not disclosed. Family control and succession may preserve a long horizon, but they also concentrate authority, and separate Jio/Retail minorities make parent value dependent on transaction terms. A PASS upgrade requires return evidence rather than additional scale.

Valuation discipline and red-team resolution

The probability-weighted terminal shareholder wealth is INR 1,363.2761347449 per share: 30% of Bear wealth, 55% of Base wealth and 15% of Bull wealth. Its five-year CAGR from INR 1,322 is 0.6167940714134401%. This is deliberately not an average of scenario IRRs. Gross returns use the same P/E method across all scenarios; net-SGD applies the identical terminal values after the cost and FX overlay. Forward distributions are zero only as a conservative diagnostic because there is no frozen schedule; FY2026 DPS of INR 5.50 shows that literal zero is probably too bearish, but the small yield cannot rescue actionability.

The red team initially found the earlier 16x/22x/26x exits inconsistent: 22x Base and 26x Bull lacked terminal ROIC and FCF-conversion support, while 16x Bear double-punished already depressed cyclical earnings. Preflight therefore resealed exits at 20x/18x/22x. That correction lowered Base and Bull returns while making Bear internally fairer. The final red team classifies the objection MATERIAL_RESOLVED. An 18x Base still may be generous if cash conversion does not improve, while a 20x Bear may remain punitive if Digital and Retail survive intact; neither sensitivity changes the PASS conclusion.

The correct monitoring focus is capital productivity. Reliance becomes interesting only if Digital and Retail turn traffic and transactions into parent-retained cash returns after NCI, O2C normalization does not demand renewed low-return capital, and New Energy/AI investments disclose project economics. Until those conditions and a materially lower or better-supported entry price coexist, conglomerate scale and IPO optionality are not an investment edge.

Appendix A - Company Primer

Reliance Industries Limited — Company Primer

Ticker: RELIANCE.NS **Research date:** 31 August 2026 **Reporting currency and units:** Indian rupees; financial figures are in INR crore unless stated otherwise. One crore is INR 10 million. **Fiscal calendar:** Year-end is 31 March. The latest completed period is Q1 FY2027, ended 30 June 2026. The TTM period ends 30 June 2026, and the ER2 forward horizon ends 30 June 2031.

Scope and source discipline

This primer explains how Reliance Industries Limited (RIL) works as a business. It does not forecast earnings, value the shares, assign a verdict, rank the security, or discuss portfolio sizing. All historical figures come from the QFR-cleared `quant_foundation.md`, controlled by RIL's FY2026 annual report and Q1 FY2027 filing. Live Financial Modeling Prep data differs on revenue, debt, and quarterly cash flow; those are classification or availability issues, not economic zeros.

RIL is an Indian local-exchange issuer reporting under Ind AS and SEBI rules. Its reportable segments use **Segment Result before Interest and Taxes**, a management-reporting measure that includes some segment-specific interest or other income. It must not be confused with statutory operating income. Segment sales also include internal transfers. The segment revenue table below therefore uses gross segment sales as its denominator and separately shows the elimination needed to reach consolidated value of sales.

1. Business overview

Reliance is best understood as five economic engines under one capital and governance umbrella:

- **Oil to Chemicals (O2C)** converts crude oil and other feedstocks into transportation fuels, polymers, elastomers, intermediates, and polyester-chain products. It combines very large refining and petrochemical assets with ports, logistics, storage, sourcing, and domestic distribution.
- **Oil and Gas** explores for and produces natural gas, condensate, and oil, principally from Indian deep-water and coal-bed methane assets. It sells scarce domestic energy into an economy that still imports substantial hydrocarbons.
- **Digital Services** is Jio's national connectivity and digital-platform ecosystem. It sells mobile and fixed broadband, enterprise connectivity, and related digital services through a converged network and a large physical and digital distribution footprint.
- **Retail** sells food, consumer electronics, fashion, pharmacy, beauty, connectivity products, and other daily or discretionary goods. It operates physical stores, digital commerce, hyperlocal fulfilment, business-to-business distribution, and consumer-brand platforms.
- **Other** groups businesses that are not separately reportable in the financial segment note. The narrative portfolio includes media and entertainment, consumer products, new energy, bioenergy, textiles, and other activities, but the sealed financial basis does not provide a clean standalone EBIT history for each component.

The common customer problem is access at scale. O2C supplies energy and materials to industrial, transport, and consumer value chains. Upstream gas improves India's domestic energy availability. Jio makes connectivity and digital tools broadly accessible. Retail aggregates products, brands, logistics, payments, and fulfilment for households and merchants. The group's newer energy projects are intended to supply lower-carbon power, storage, fuels, and materials to RIL itself and, eventually, outside customers.

The sales motions differ sharply. O2C and upstream are mainly negotiated business-to-business businesses linked to commodity benchmarks and logistics. Digital combines prepaid and postpaid subscriptions with home and enterprise sales. Retail is a high-frequency consumer and merchant business using stores, apps, partners, distributors, and delivery. Diversification reduces customer concentration but makes consolidated results harder to interpret because margins, working capital, asset lives, and regulation differ by segment.

Plain-language map of how the pieces fit together

The original industrial core is a chain from feedstock to finished material. O2C buys and processes crude and other feedstocks, optimises refinery yields, and sends intermediate streams into petrochemical units rather than treating refining and chemicals as isolated plants. Oil and Gas is adjacent but not simply a captive input arm: its Indian gas and condensate assets have their own partners, pricing rules, depletion curves, customers, and capital needs.

The consumer core is another chain. Jio supplies connectivity and digital access; Reliance Retail supplies physical merchandise, stores, fulfilment, merchant relationships, and consumer touchpoints. Retail also distributes Jio connectivity through MyJio and Reliance Digital stores and partner retailers. Media, entertainment, commerce, and applications can increase engagement across the connected customer base. The economic logic is not that every customer must buy every Reliance service, but that common reach, technology, distribution, and brand relationships can lower customer-acquisition and fulfilment friction.

The transition layer links old and new. O2C's scale, engineering base, sites, utilities, logistics, and cash generation can support investment in new materials and clean-energy manufacturing. New Energy is building solar, battery, electrolyser, hydrogen, bioenergy, and renewable-generation capabilities, with captive use potentially reducing RIL's energy cost and carbon intensity. These links are strategic options, not proof that the projects will earn attractive returns. Investors should keep the segments separate until disclosed economics demonstrate otherwise.

2. Revenue architecture

FY2026 is the latest complete fiscal year. Segment sales are before INR 138,114 crore of intersegment transfers; consolidated value of sales and services was INR 1,175,919 crore, while statutory revenue from operations was INR 1,075,675 crore. Gross segment sales are the appropriate denominator for the percentages below because the reportable segment table is presented on that basis.

Segment	FY2026 segment revenue	Share of gross segment sales	FY2026 segment EBIT	EBIT margin
Oil to Chemicals	662,401	50.4%	50,758	7.66%
Oil and Gas	23,861	1.8%	13,464	56.43%
Retail	371,085	28.2%	20,817	5.61%
Digital Services	176,164	13.4%	48,211	27.37%
Other	80,522	6.1%	3,448	4.28%
Gross segments	**1,314,033**	**100.0%**	**136,698**	**10.40%**

O2C contributes about half of gross segment sales but a much smaller proportion of segment EBIT because it is a high-throughput, spread business. Digital produces far less revenue than O2C yet almost the same FY2026 segment EBIT, illustrating the different economics of a network with substantial fixed cost and low incremental traffic cost. Oil and Gas is only 1.8% of segment sales but nearly 10% of segment EBIT because upstream revenue is measured after the production asset has absorbed large historical development costs; depletion and future field investment remain economically important even when the current-period margin is high. Retail is the second-largest sales pool but operates on thin margins typical of scaled commerce.

The TTM base ended 30 June 2026 shows the same broad architecture, with gross segment revenue of INR 1,385,149 crore and segment EBIT of INR 140,361 crore. O2C TTM sales were INR 709,400 crore; Retail INR 377,322 crore; Digital INR 181,115 crore; Oil and Gas INR 24,056 crore; and Other INR 93,256 crore. Intersegment transfers of INR 142,225 crore reduce gross segment sales to consolidated value of sales of INR 1,242,924 crore. These eliminations are material: adding the five segment revenues without subtracting them overstates the external revenue perimeter.

Geographically, RIL is economically anchored in India even though O2C buys feedstocks and sells products through global markets, and its supply chain is exposed to global freight, foreign currencies, sanctions, and trade flows. Retail and Jio are overwhelmingly domestic consumer and enterprise platforms. Oil and Gas is centred on Indian acreage. That means India drives much of the structural volume opportunity, while global energy and materials prices still drive a large part of consolidated cyclicality.

3. Unit economics and capital intensity

Oil to Chemicals

An O2C revenue rupee begins with feedstock cost and ends with a portfolio of fuels and chemical products. Profit depends on the difference between product realisations and feedstock, energy, freight, operating, and distribution costs. The key operating advantages are integration, feedstock flexibility, scale, high utilisation, product optimisation, and the ability to place more output in the domestic market when that produces a better netback. The chief external drivers are crude differentials; gasoline, diesel, and jet-fuel cracks; polymer and polyester-chain spreads; plant availability; freight; currency; and regional capacity additions.

FY2026 segment EBIT margin was 7.66%, falling to 7.02% in Q1 FY2027. A one-percentage-point change on this revenue base is economically large. RIL's official discussion says supportive transportation-fuel cracks, efficient feedstock sourcing, higher operating rates, and domestic placement helped earnings, while weak downstream chemical margins and disruption from Middle East conflict constrained them. The business is highly capital intensive: refineries, crackers, chemical units, terminals, pipelines, power, storage, environmental systems, and turnarounds require large upfront and maintenance spending. Integration can improve resilience, but it also creates operational concentration around major sites such as Jamnagar.

The customer base ranges from wholesalers and industrial buyers to aviation, transport, plastics, packaging, textiles, construction, and retail-fuel users. RIL's Jio-bp venture provides a consumer-facing mobility channel, including liquid fuels, EV charging, and gas-mobility offerings. Most O2C economics, however, remain commodity- or spread-linked rather than subscription-like.

Oil and Gas

Upstream economics are reservoir economics. Revenue equals saleable production multiplied by realised price, while profit reflects operating cost, transportation and processing, royalties or government take, depreciation/depletion, and the returns on exploration and field-development capital. Once a deep-water field and infrastructure are operating, current cash costs can be modest relative to revenue; that helps explain the FY2026 segment EBIT margin of 56.43% and Q1 FY2027 margin of 61.73%. High current margin does not remove the need to replace reserves or arrest natural decline.

RIL's principal domestic portfolio includes the KG-D6 deep-water block with bp, other exploration acreage, and coal-bed methane blocks. Existing offshore infrastructure allows infill wells, workovers, and nearby discoveries to be tied back more economically than entirely new greenfield systems. Conversely, exploration can fail, deep-water projects have long lead times, and mature fields decline without intervention. Sales are exposed to Indian gas-pricing frameworks and benchmark-linked realisations as well as condensate prices. Capital intensity is high and lumpy, but the installed hub can make incremental resource development attractive if reservoir performance supports it.

Digital Services

Jio's basic unit is an active connection or household/enterprise relationship. Revenue comes from recurring connectivity charges and related digital services. The network requires spectrum, radios, fibre, towers, data centres, devices, software, installation, distribution, and customer service. Many costs are fixed or step-fixed; after capacity exists, incremental traffic can carry a lower unit cost until congestion triggers another investment cycle. Economics therefore depend on subscriber quality and retention, average revenue per user, data usage, network utilisation, spectrum efficiency, service mix, and the pace of ongoing capital expenditure.

Digital's FY2026 segment EBIT margin was 27.37%, rising to 28.92% in Q1 FY2027. The official annual report attributes business momentum to subscriber additions, ARPU growth, 5G adoption, and fixed broadband. It describes Jio as serving more than 524 million customers at March 2026 through mobility, fixed broadband, cloud, enterprise, and digital platforms. Those operating statistics help explain scale but should not be confused with segment profit: spectrum amortisation, depreciation, finance structure, and platform investment all affect shareholder economics.

Customer acquisition uses digital self-service, MyJio, stores, local sales and installation teams, device channels, and more than a million partner retailers. Consumer mobility is competitive and price sensitive; home broadband adds installation and service costs but can deepen tenure and bundle usage. Enterprise services have longer sales cycles and more bespoke support. The central capital question is whether growth in revenue and useful traffic can outpace the recurring investment required to maintain technology and service quality.

Retail

Retail turns product purchases into gross profit through mark-ups, private labels, brand partnerships, vendor terms, assortment, shrink control, and inventory turns. Store payroll, rent, utilities, fulfilment, warehousing, marketing, delivery,

technology, and central functions then determine segment EBIT. Grocery and connectivity can generate frequent traffic but lower gross margin; fashion, beauty, owned brands, and selected discretionary categories may carry better margins but greater inventory and fashion risk. Hyperlocal delivery can build convenience and engagement while adding picking and last-mile costs.

FY2026 segment EBIT margin was 5.61%, compared with 5.01% in Q1 FY2027. The thin margin makes sales density, working capital, spoilage, shrinkage, logistics, and store productivity critical. Physical stores require fit-out and inventory; digital commerce requires technology and fulfilment investment; rapid delivery adds local capacity. The official annual report describes the operating model as a combination of physical stores, digital commerce, and distribution. Its channels include Reliance Digital and MyJio, grocery formats, fashion and luxury concepts, JioMart, Ajio, Netmeds, Milkbasket, merchant distribution, and the Metro cash-and-carry ecosystem.

Reliance can negotiate at scale and use stores as fulfilment nodes, but scale is not automatically profitable. Expansion into a new city, category, or delivery promise must eventually cover the local fixed cost and working capital. Investors should distinguish gross merchandise or segment sales from statutory revenue, and revenue growth from store-level or consolidated return on invested capital.

Other

Other is not one business model. It groups non-reportable operations with very different economics: media can be driven by advertising, subscriptions, distribution, and content rights; consumer products combine manufacturing, brands, and distributor economics; new energy is presently dominated by construction, commissioning, and ramp-up; textiles and other activities have their own commodity and industrial cycles. FY2026 segment EBIT margin was 4.28%, falling to 1.68% in Q1 FY2027, but the aggregate reveals little about the components.

This bucket is especially capital-intensive because New Energy includes large manufacturing and infrastructure projects. RIL is developing an integrated complex spanning solar modules and upstream inputs, batteries, electrolysers, hydrogen and derivatives, bioenergy, renewable generation, and transmission. Until component revenue, operating profit, invested capital, and utilisation are disclosed separately, the safest analytical treatment is to preserve the accounting bucket and discuss the projects qualitatively.

Consolidated capital intensity and cash conversion

FY2026 official operating cash flow was INR 192,113 crore. Cash-flow capex was INR 122,916 crore, leaving INR 69,197 crore of free cash flow on that definition. RIL also reported broader headline capex of INR 144,271 crore; the two capex measures should not be mixed. Management says headline investment was directed principally to O2C and New Energy growth projects, with continued investment in Digital and Retail, but the sealed quantitative foundation does not allocate an audited cash-flow capex number to each reportable segment.

Q1 FY2027 headline capex was INR 38,682 crore. The quarter did not include a cash-flow statement, and FMP's quarterly cash-flow record is zero-filled. Consequently, Q1 and TTM operating cash flow, cash capex, and free cash flow are **unavailable rather than zero**. Any claim about current TTM cash conversion must wait for a valid comparable disclosure.

4. Customers, suppliers, and channels

RIL's architecture can be summarised as four networks.

The industrial network connects global crude and feedstock suppliers, shipping and port capacity, RIL's refining and chemical plants, warehouses, distributors, and industrial customers. Supplier concentration, shipping routes, payment terms, inventories, and foreign exchange all matter. The ability to change feedstock and product mix is valuable only if logistics, specifications, contracts, and plant configurations permit it.

The energy-production network connects partners, contractors, drilling and subsea suppliers, processing infrastructure, pipelines, marketers, and domestic gas buyers. Field partners share economics and decisions; government policy determines licences, production-sharing terms, environmental permissions, and parts of pricing. The customer ultimately wants reliable domestic molecules, but the supplier base is specialised and global.

The digital network connects spectrum and network-equipment vendors, tower and fibre infrastructure, device makers, software and cloud partners, app developers, distribution points, enterprises, households, and individual users. Customers buy directly through apps or stores and indirectly through local retailers and sales agents. Physical reach remains important even for a digital service because SIM activation, devices, installation, payments, and support happen locally.

The commerce network connects farmers, manufacturers, global and domestic brands, private-label suppliers, distributors, kiranas, restaurants and hotels, warehouses, stores, apps, and last-mile delivery. Reliance is sometimes the retailer, sometimes distributor, sometimes marketplace or brand owner. That flexibility widens the addressable market but can create channel conflict: owned brands compete with supplier brands, digital offers compete with stores, and wholesale relationships can overlap with consumer retail.

5. Industry structure and competition

O2C competes in global, capital-heavy markets where marginal capacity and regional trade balances often set prices. Scale, feedstock access, integration, and logistics can create cost advantages, but competitors add capacity. Chinese and Middle Eastern expansions can compress spreads even when demand grows. Indian fuel demand provides an outlet, while public- and private-sector refiners compete in fuels and petrochemicals.

Oil and Gas competes for acreage, services, equipment, talent, and capital against Indian state-controlled producers and international partners. Its product competes with imported LNG and alternative energy sources. Existing KG Basin infrastructure is an advantage for nearby discoveries, but subsurface geology, government policy, and commodity prices have more influence than branding.

Digital Services operates in a concentrated Indian telecom market. The principal national competitive set includes Bharti Airtel, Vodafone Idea, and BSNL, with additional competition from cable and broadband providers, cloud vendors, over-the-top applications, and enterprise technology companies. Network quality, coverage, spectrum, price, distribution, customer service, devices, and ecosystem services matter. High fixed costs can encourage rational pricing, but competitors may prioritise market share or balance-sheet survival over near-term returns.

Retail competes against India's enormous unorganised trade base, local specialists, national chains, brand-owned stores, marketplaces, and quick-commerce operators. Important organised competitors span food and value retail, fashion, electronics, beauty, pharmacy, e-commerce, and rapid delivery. Reliance's breadth and supply-chain scale are advantages; specialists can still win through sharper format, curation, convenience, or local density. Competition is not one national league table but thousands of category-and-city contests.

Other includes media competition for viewers, advertising, sports rights, and creative talent; consumer-products competition for shelf space, distributor attention, and brand trust; and new-energy competition against domestic and global manufacturers with rapidly changing technology and policy support. The competitive advantage of integration must be tested against the possibility that a specialist buys superior technology or components more cheaply.

6. Regulatory and geopolitical exposure

RIL sits at the intersection of national energy security, consumer data, retail, media, and industrial policy.

- **O2C:** crude sanctions, tariffs, shipping restrictions, insurance, the Strait of Hormuz, export controls, India's special additional excise duty, petrochemical feedstock rules, customs duties, fuel standards, carbon policy, and environmental permits can alter margins or available trade routes. Diversified sourcing and product placement mitigate exposure but do not eliminate it.
- **Oil and Gas:** licences, production-sharing arrangements, domestic gas-price ceilings or formulas, pipeline access, environmental approvals, and disputes with government counterparties can change project value. Deep-water safety and spill risk are material.
- **Digital:** spectrum auction and usage charges, tariff regulation, interconnection, cybersecurity, lawful access, competition policy, and India's Digital Personal Data Protection regime affect costs and permissible data use. RIL's FY2026 report notes that the data-protection rules phase fully into effect by May 2027.
- **Retail and consumer products:** foreign-investment rules, marketplace restrictions, food and drug regulation, consumer protection, product standards, packaging and extended-producer-responsibility rules, labour law, leases, local licences, and tax policy affect formats and supply chains.
- **Media:** content standards, sports and entertainment rights, advertising rules, ownership policy, and piracy influence monetisation and cost.
- **New Energy:** incentives, local-content rules, tariffs, renewable obligations, transmission access, land, water, and offtake contracts can determine economics. Policy support can accelerate demand, while technology or trade-policy changes can strand a chosen manufacturing route.

Geopolitics is therefore both an input risk and a margin opportunity. Supply disruption can widen fuel cracks while raising crude, freight, insurance, and working-capital costs. Sanctions can redirect trade flows but also narrow the pool of acceptable suppliers, banks, and vessels. A short-term benefit in one product does not imply a durable improvement in O2C economics.

7. Capital allocation and balance sheet

At 31 March 2026, RIL had statutory cash of INR 145,977 crore, broader liquid resources of INR 249,704 crore, borrowings excluding leases of INR 374,421 crore, and lease liabilities of INR 23,579 crore. Cash-only lease-inclusive net debt was INR 252,023 crore, whereas the company's broader-liquidity headline net debt was INR 124,717 crore. Both are legitimate scopes; neither should be presented without its denominator. At 30 June 2026, disclosed broader liquid resources were INR 246,791 crore, outstanding debt was INR 369,705 crore, and headline net debt was INR 122,914 crore. Statutory cash and lease liabilities were not separately disclosed for the quarter, so a comparable cash-only debt measure is unavailable.

The allocation challenge is unusually broad. RIL must maintain O2C and upstream assets, fund spectrum and network capacity, support retail stores and working capital, develop media and consumer brands, construct New Energy capacity, service debt, and return capital to shareholders. FY2026 dividends paid were INR 7,443 crore. The audited cash-flow statement shows no buyback. Ending shares rose modestly through employee-option exercises, and dilutive potential shares remained non-zero.

The key discipline is to compare each project's return with its own risk and duration rather than assume the consolidated balance sheet validates every investment. Mature operations may produce cash while new platforms consume it for years. Internal funding reduces refinancing risk, but it can also obscure whether a project would meet an independent cost of capital. Segment disclosure and eventual monetisation of subsidiaries can improve transparency, yet they also introduce non-controlling interests and perimeter complexity.

8. Ownership and governance overview

The promoter and promoter group held 49.11% of shares at 31 March 2026. Public shareholders held another 49.11%, while depositary-receipt custodians represented 1.78%. Mukesh D. Ambani is Chairman and Managing Director. Isha M. Ambani, Akash M. Ambani, and Anant M. Ambani are promoter directors, alongside experienced executive and independent directors. The board structure and committees provide formal oversight, and the annual report states that there were no materially significant related-party transactions with potential conflict against the company at large during FY2026.

The economic reality is nevertheless controlled, family-led stewardship. That can support long-duration investment and organisational continuity, but it concentrates strategic influence and makes succession, related-party discipline, subsidiary transactions, and capital allocation important monitoring areas. Investors should distinguish compliance with listing rules from the stronger question of whether minority owners receive clear segment disclosure, fair transaction terms, and timely evidence that large projects earn acceptable returns.

The group structure is complex, with major subsidiaries and partnerships around Jio Platforms, Reliance Retail Ventures, bp-linked energy ventures, media, consumer products, and new energy. Outside shareholders and non-controlling interests can sit below RIL. Consolidated profit therefore does not all belong to RIL's ordinary shareholders: FY2026 net profit including NCI was INR 95,754 crore, while INR 80,775 crore was attributable to owners. For the TTM period, the respective figures were INR 88,167 crore and INR 74,727 crore.

9. Growth drivers to monitor

These are operating levers, not forecasts.

- **O2C optimisation:** higher utilisation, favourable feedstock selection, stronger domestic placement, logistics efficiency, and a shift toward higher-value materials can improve earnings quality. Global chemical overcapacity can offset those gains.
- **Upstream resource management:** infill wells, workovers, coal-bed methane productivity, and tie-backs to existing KG Basin infrastructure can sustain output more efficiently than new standalone developments. Natural decline and exploration risk remain the counterweights.
- **Jio monetisation:** customer growth, tariff and ARPU progression, 5G utilisation, fixed broadband, enterprise services, cloud, devices, and digital platforms can spread network cost over more revenue. Technology refresh and competitive pricing may absorb part of the benefit.

- **Retail productivity:** sales density, store maturation, private labels, brand partnerships, category mix, inventory turns, merchant distribution, hyperlocal fulfilment, and consumer-product scale can lift profit faster than footprint alone. Delivery costs and competition are critical.
- **Media and consumer platforms:** stronger audience monetisation, sports and entertainment rights discipline, advertising, subscription, commerce integration, brand distribution, and owned intellectual property may build standalone value.
- **New Energy execution:** commissioning, yield, utilisation, technology performance, captive savings, bankable offtake, and working-capital discipline will matter more than announced nameplate capacity. The investment case should wait for segment-level revenue, profit, capital, and cash evidence.
- **Capital recycling and disclosure:** clearer subsidiary economics, selective partnerships, or other monetisation can fund growth and expose asset value, but only if terms preserve parent-shareholder economics.

10. Major risks and cyclicality

The largest cyclical risk remains O2C. Refining cracks and chemical spreads can move in opposite directions; crude prices, inventories, outages, freight, sanctions, and capacity additions change quickly. Integration smooths some shocks but cannot repeal the cycle. Oil and Gas adds reservoir decline, price, and project risk. Retail adds consumer confidence, discretionary demand, inventory markdowns, food inflation, and rapid-delivery economics. Digital adds tariff competition, spectrum and technology cycles, and platform disruption. Media adds volatile advertising and expensive content rights. New Energy adds construction, technology, utilisation, offtake, and policy risk before mature cash generation exists.

Consolidated risks cut across segments. A broad capital programme can increase leverage or reduce distributions if operating cash disappoints. Major-site concentration creates outage and catastrophe exposure. Complex subsidiaries and non-controlling interests can weaken transparency. Currency and commodity hedges reduce selected exposures but introduce basis, counterparty, and timing risk. Data privacy, cybersecurity, safety, environmental incidents, litigation, and regulatory action can damage both cash flow and trust.

Two analytical traps deserve emphasis. First, high upstream or digital margins cannot be judged without the capital invested to create the producing field, spectrum, and network. Second, consolidated diversification can hide poor capital allocation: strength in one segment can finance weak returns elsewhere. The right reading sequence is segment economics first, statutory reconciliation second, cash conversion and balance-sheet scope third.

11. Investor's mental model

RIL is neither a pure refiner nor a simple consumer conglomerate. It is a collection of national-scale infrastructure and distribution systems. O2C provides industrial scale and global trading exposure; Oil and Gas supplies scarce domestic molecules; Jio provides digital access; Retail provides physical and digital commerce; Other houses emerging consumer, media, and energy platforms. The intended flywheel is reach plus integration: engineering and capital build infrastructure, infrastructure creates low unit costs, distribution attracts customers and partners, and customer activity supports additional services.

That flywheel should be treated as a hypothesis to verify, not a substitute for numbers. For each segment, ask: who pays; what variable drives revenue; what assets and working capital are required; what can competitors copy; what regulation controls pricing or access; and how much cash remains after maintenance and growth investment? At the group level, ask whether mature assets generate enough owner-attributable cash to fund dividends, debt service, and new projects without weakening the balance sheet.

The current sealed record supports a clear orientation but also one important limitation. FY2026 cash conversion is available and positive on the defined basis. Q1 FY2027 and TTM operating cash flow and free cash flow are not disclosed and must remain unavailable. The next stage of research should preserve that gap rather than turn it into an estimate or a zero.

Primary sources

- [RIL Quantitative Foundation](C:/Users/Admin/OneDrive/GPT/ER%202.0/Reliance%20Industries/quant_foundation.md), QFR-cleared for the run `pulse-cio-20260831T000158+0800`.
- [Reliance Industries Integrated Annual Report 2025–26](https://www.ril.com/ar2025-26/index.html).

- [RIL Q1 FY2027 financial and operational performance release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf).
- [Reliance energy business overview](https://www.ril.com/businesses/energy).
- [Reliance retail business overview](https://www.ril.com/businesses/retail).
- [Reliance products and brands](https://www.ril.com/about/products-brands).

Fresh A-stage evidence is archived under `C:\Users\Admin\OneDrive\GPT\ER 2.0\Reliance Industries\raw\pulse-cio-20260831T000158+0800\a`. The live FMP annual income pull is retained there for compliance and cross-checking, but the sealed quantitative foundation remains controlling for every figure in this primer.

Appendix M - Management Assessment

Reliance Industries Limited — Management Assessment

Ticker: RELIANCE.NS / XNSE:RELIANCE **Run ID:** `pulse-cio-20260831T000158+0800` **Assessment date:** 2026-08-31 SGT **Management gate: YELLOW**

Executive view

Reliance is run by one of India's most accomplished industrial builders, but the standard here is not whether Mukesh D. Ambani has created large businesses. It is whether the present governance and succession system gives an outside shareholder enough confidence that capital will be allocated for per-share value through the next decade. The evidence is mixed. Digital Services and Retail show exceptional scale creation, the balance sheet remains manageable, free cash flow improved materially in FY2025-FY2026, and management's operating disclosures are unusually detailed for an Indian conglomerate. Against that, five years of very heavy investment have left consolidated calculated ROIC at only 6.7%, the chair and chief-executive functions remain combined, the promoter family effectively controls the company, three next-generation family members now sit on the board, and public executive-pay disclosure does not bind incentives to ROIC or per-share free cash flow.

That combination does not justify a FAIL today: the company has one-share-one-vote equity, an exactly half-independent board, fully independent Audit and HRNR committees, no disclosed promoter-share pledge, no audit qualification or material internal-control weakness, and material-subsidiary/RPT controls that are stronger than the governance stereotype suggests. It also does not earn a PASS. Succession is explicitly dynastic, board independence has no lead-independent counterweight, and the Jio/Retail NCI and impending-listing perimeter can shift value among RIL, subsidiary minorities and future public investors. The proper gate is **YELLOW: investable governance with unresolved return-on-capital, succession and minority-treatment conditions**.

1. Who is running the company

Role	Current leader	Tenure / prior roles	What the leader owns
Chairman and Managing Director; de facto CEO	Mukesh D. Ambani	On the RIL board since April 1, 1977; shareholders approved the current MD reappointment on August 28, 2023. Chemical engineer; architect of backward integration, Jamnagar, Retail and Jio.	Group strategy, capital allocation, O2C transformation, New Energy, succession and major portfolio transactions.
Chief Financial Officer	Srikanth Venkatachari	CFO effective June 1, 2023; Joint CFO from 2011.	Funding, balance-sheet discipline, consolidated reporting, risk and capital-market communication. He is also on the Risk Management Committee.
Technology / Digital	Akash M. Ambani	RIL non-executive promoter director since October 27, 2023; chairs Jio's operating direction.	Jio connectivity, home broadband, technology stack and digital-services scaling.
Consumer businesses	Isha M. Ambani	RIL non-executive promoter director since October 27, 2023.	Retail, consumer brands and related consumer platforms.
Energy businesses	Anant M. Ambani	RIL promoter director since October 27, 2023; executive director effective May 1, 2025.	Energy verticals, including New Energy.
O2C operations	Sanjiv Singh	Group President, Oil to Chemicals, as disclosed in FY2026 senior management.	O2C operations and execution.
Supply and trading	Srinivas Tuttagunta	COO, Supply & Trading; regular quarterly presenter.	Crude/feedstock optimisation, product placement and trading.
Retail operating finance / communication	Dinesh Taluja	Senior Retail leader and recurring quarterly presenter.	Retail operating performance, channel economics and investment cadence.
Media	Kevin Vaz	JioStar leader and recurring quarterly presenter.	Media and entertainment operating execution.

The board had 14 members at March 31, 2026: seven independent directors and seven non-independent directors. Four directors are Ambani family members. Mukesh Ambani combines chair and managing-director authority; no lead independent

director is identified. K. V. Kamath chairs the fully independent three-member Audit Committee, while Dr. Shumeet Banerji chairs both the HRNR and Risk committees. This committee architecture is credible, but it cannot fully neutralise promoter control. K. V. Chowdary's nine other directorships, four listed-company independent directorships and eight external committee roles create an overboarding concern even though the filing says all statutory limits are met.

2. Tenure and track record

Mukesh Ambani plainly owns the current strategy. Three decisions illustrate the quality and the limits of that record, using only the DR-cleared `data_package.md` for company historicals.

First, the Jio build-out created a large, increasingly profitable Digital Services segment. Revenue rose from ■100,166 crore in FY2022 to ■176,164 crore in FY2026, while Segment Result before Interest and Taxes rose from ■25,150 crore to ■48,211 crore and margin expanded from 25.11% to 27.37%. Subscribers increased from 410.2 million to 524.4 million over that span. This is strong evidence of execution, technology deployment and operating leverage.

Second, organised retail scaled with similar force. Retail revenue rose from ■199,727 crore in FY2022 to ■371,085 crore in FY2026; segment profit rose from ■10,198 crore to ■20,817 crore; stores increased from 15,196 to 20,160; and registered customers increased from 193 million to 387 million. The result is valuable scale, but only a 5.61% FY2026 segment-profit margin, with Q1 FY2027 margin falling to 5.01% as digital commerce and hyper-local infrastructure absorbed investment. Management openly acknowledged the streamlining and store-closure phase and says the portfolio is now normalising. That is better than concealing a misstep, but the return proof remains incomplete.

Third, the group committed extraordinary capital across telecom, retail, O2C, media, consumer products and New Energy. Cash-flow capex totalled ■656,899 crore across FY2022-FY2026. Free cash flow was negative in FY2022-FY2024, improved to ■14,157 crore in FY2025 and ■69,197 crore in FY2026. Yet calculated consolidated ROIC moved from 7.5% in FY2022 to 6.7% in FY2026, never approaching the Gideon 15% screening bar. Management therefore deserves credit for funding and commissioning assets without balance-sheet distress, but not yet for high-return capital allocation at the consolidated level.

Srikanth Venkatachari's tenure covers the later part of this investment cycle. The latest balance-sheet evidence is constructive: FY2026 cash-only lease-inclusive net debt / EBITDA was 1.21x, and ratings improved. However, the parent-to-subsidiary capital perimeter is complex, and the CFO has not published a consolidated project-level return bridge that lets minorities audit how much of current capex will earn above the cost of capital.

3. Capital allocation behaviour

Year	Cash-flow capex	Capex / revenue	R&D	Buybacks	Dividends	M&A cash-flow field
FY2022	■100,145 cr	14.0%	Unavailable	■0 cr	■4,297 cr	■3,587 cr
FY2023	■140,988 cr	15.8%	Unavailable	■0 cr	■5,083 cr	■9,665 cr
FY2024	■152,883 cr	16.7%	Unavailable	■0 cr	■6,089 cr	■35,137 cr
FY2025	■139,967 cr	14.3%	Unavailable	■0 cr	■6,766 cr	■2,343 cr
FY2026	■122,916 cr	11.4%	Unavailable	■0 cr	■7,443 cr	■826 cr

The investment pattern is coherent with the stated strategy: Jio, Retail, New Energy, AI infrastructure and advanced materials all require front-loaded capital. Capital intensity has also eased from the FY2024 peak, and dividends rose every year. The problem is economic proof, not strategic inconsistency. RIL has not bought back stock, cash dividends remain small relative to capex, and FY2026 employee-option exercises increased ending shares by 99,736 with no repurchase offset. The FY2024 M&A cash-flow field of ■35,137 crore is large, but the DR-cleared package does not provide a deal-by-deal outcome bridge; a PASS would require clearer realised returns, impairments and disposal outcomes.

The Financial Services demerger and the consumer-products demerger show willingness to simplify selected perimeters. The proposed Jio listing could improve price discovery and subsidiary disclosure. It could also create a new layer of NCI and related-party transfer pricing. Until the filed terms show how RIL minorities participate in value creation, "unlock value" is an aspiration, not a demonstrated parent-shareholder outcome.

4. Compensation alignment and ownership

FY2026 remuneration disclosure is unusually simple but not sufficiently performance-specific. Mukesh Ambani received no remuneration. Nikhil and Hital Meswani each received ■25 crore, P. M. S. Prasad ■20.58 crore, Anant Ambani ■12.17 crore for his executive service, and CFO Srikanth Venkatachari ■20 crore. The executive-director table shows salary, benefits and

commission, with no stock options. The public remuneration policy says annual plans and objectives determine performance bonuses and that pay should balance short- and long-term goals, but it does not disclose the weightings, targets, vesting curves or explicit ROIC/per-share FCF hurdles. No explicit clawback or executive hedging prohibition was located in the live remuneration policy.

Direct ownership is meaningful mainly through promoter control. Mukesh Ambani directly held 16,104,040 shares at March 31, 2026; Isha, Akash and Anant each held 16,104,042. The promoter and promoter group controlled roughly half the equity and voting power. The June 2026 shareholding pattern showed 6.715 billion promoter-group shares versus 6.645 billion a year earlier, with the change associated with group-perimeter reclassification rather than a clustered promoter sale. The tables showed no pledged, NDU or other encumbered promoter shares. Thus there is real economic alignment, but also entrenchment: ownership makes family stewardship powerful while reducing the disciplinary force of outside shareholders.

Parent ESOS dilution is currently small: 907,052 options were outstanding at FY2026 year-end against approximately 13.53 billion diluted shares. Jio Platforms separately had 10.28 million options outstanding, which matters because parent shareholders bear subsidiary-level dilution alongside a 33.57% external NCI.

5. Disclosure quality and candor

The eight live quarterly transcript pages from Q1 FY2025 through Q4 FY2026 are stronger on operating data than on forward commitments. Management routinely supplies subscriber, ARPU, traffic, store, customer, throughput, crack and margin numbers. It acknowledges adverse conditions directly: Retail's channel investments reduced margins; chemicals faced overcapacity; upstream volumes declined; and New Energy contribution is not imminent. This is better than narrative-only communication.

Quarter	Tough-question access	Candor assessment
Q1 FY2025	No Q&A in official transcript	Detailed operating presentation, but no public challenge mechanism.
Q2 FY2025	No Q&A in official transcript	Quantitative on weak O2C and Retail streamlining; no analyst follow-up.
Q3 FY2025	No Q&A in official transcript	Acknowledged retail streamlining; still presentation-only.
Q4 FY2025	Q&A present	Answered ARPU-gap, capex and channel questions, but resisted precise forward capex and mix commitments.
Q1 FY2026	Q&A present	Direct on project timing and Russian-crude exposure; shifted a near-term earnings question to a two-to-three-year frame.
Q2 FY2026	Q&A present	Provided operating detail; declined a precise Retail digital/B2B/B2C split.
Q3 FY2026	Q&A present	Direct on tariff status and New Energy progress; would not give enterprise-services mix or a revised capex total.
Q4 FY2026	Q&A present	Strong operational answers on crude substitution, freight and fuel retail; limited quantified group guidance.

All eight quarters used hedged forward language such as "constructive," "near term," "volatility," "could" or "expect," and no formal consolidated revenue/EBIT outlook was provided. Therefore a clean beat/meet/miss score against management guidance cannot be calculated. The limitation is itself informative: investors receive abundant retrospective KPIs but must underwrite future returns without a stable group-level capital-return target. Candor is **above average on operating mechanics and below best-in-class on return commitments, segment mix and capital-allocation accountability**.

6. Strategic coherence

The most recent annual report describes Reliance as becoming a "deep-tech and advanced manufacturing company," while the FY2026 AGM frames the institution as "building Reliance for the ages." The investment pattern supports that ambition: Jio technology, AI/data infrastructure, integrated New Energy manufacturing, consumer brands and O2C materials all receive capital and senior-management attention. The strategy is coherent, but sprawling. Five reportable segments, an economically mixed `Others` bucket, changing demerger perimeters, emerging AI/New Energy ventures and separate subsidiary investors make the line between ecosystem synergy and conglomerate complexity difficult to audit.

Management names competitive and cyclical threats more directly than many controlled companies: chemical overcapacity, weaker retail margin during digital expansion, tariff dynamics, crude sourcing and natural decline are discussed. The weakness is not denial of threats; it is the absence of a public hierarchy of hurdle rates, stop-loss criteria and post-investment return scorecards.

7. Governance, minority protection and subsidiary complexity

Positive protections include one-share-one-vote equity, no dual class, an independent Audit Committee, independent review of RPT pricing, prior Audit Committee/shareholder approvals under the RPT policy, unmodified audit opinions, no reported material internal-control weakness, no outstanding investor complaints at FY2026 year-end and no promoter-share pledge. The company says no FY2026 RPT created a material conflict and that transactions were in the ordinary course and at arm's length.

The offsets are material. The promoter group effectively controls the vote; the CEO also chairs the board; four family members are directors; and succession assigns Consumer, Technology and Energy to Isha, Akash and Anant respectively. The company says 500 younger professional leaders are being developed, but no external CEO-contender process is disclosed. Family-linked foundations received approximately ■433 crore of the separately listed FY2026 CSR contributions; that is not financially material to RIL, but it reinforces the need for rigorous independent review.

NCI is the larger economic issue. At FY2026, Jio Platforms had 33.57% NCI and Reliance Retail Ventures 16.45% NCI. Accumulated NCI was ■181,836 crore and ■14,979 crore of FY2026 profit was attributable to NCI. A Jio IPO may improve transparency but will further separate subsidiary and parent constituencies. Minority protection should therefore be judged transaction by transaction: pricing, related-party agreements, allocation of AI/data-centre assets, upstreamed dividends, IPO primary-versus-secondary proceeds, and whether RIL shareholders receive value rather than merely a higher quoted subsidiary valuation.

The FY2026 report also carries historical regulatory flags. It discloses the longstanding Reliance Petroleum derivatives matter, with Supreme Court judgment reserved in January 2026, and a separate ■30 lakh SEBI fair-disclosure penalty whose appeal was dismissed in December 2025. These do not establish current financial misstatement, but they prevent a "clean-history" governance label.

No material restatement, audit qualification, financial-reporting material weakness or significant fraud was reported for FY2026. No comprehensive promoter sale pattern appeared in the live quarterly ownership filings; promoter-group holdings did not decline over the twelve-month comparison.

8. Peer comparison

This comparison is directional; it does not import peer financials into the Reliance data package.

Peer steward	Relative capital allocation	Relative shareholder communication / governance	Directional rank versus RIL
N. Chandrasekaran, Tata Sons	Tata's major listed-company structure and professional operating leadership provide clearer accountability by business, though the group is also complex.	Better separation between family ownership and operating control; generally stronger succession optics.	RIL is stronger at greenfield scale creation; Tata is stronger on institutional governance.
Kumar Mangalam Birla, Aditya Birla Group	More conventional portfolio pruning and professionally managed listed subsidiaries; less evidence of a single Jio-scale creation.	Cleaner operating-CEO separation, but group cross-holdings still complicate analysis.	RIL leads on ambition/execution; Birla leads on professionalisation.
Gautam Adani, Adani Group	Comparable promoter-led infrastructure ambition, but more concentrated financing and governance concerns.	RIL's disclosures, balance-sheet resilience and committee architecture are stronger.	RIL ranks ahead on stewardship and minority safeguards.

Overall, Mukesh Ambani ranks first among these peers for building new platforms at national scale, but not first for governance architecture or per-dollar return visibility. That distinction is decisive for a 20-year compounder assessment.

9. Verdict on the management gate

MANAGEMENT GATE: YELLOW. Mukesh Ambani and the senior team have demonstrated rare operating execution, funded two scaled consumer/digital platforms, maintained a manageable balance sheet and communicated operating mechanics with useful detail. The gate does not pass because consolidated ROIC remains 6%-7% after enormous capital deployment,

succession is openly family-led without a disclosed external contest, executive incentives are not transparently linked to ROIC/per-share FCF, and the Jio/Retail NCI structure leaves minority treatment transaction-dependent. The gate would upgrade to PASS only with measurable return improvement and institutional governance proof; it would downgrade to FAIL if subsidiary transactions or continued low-return capex impair RIL minorities.

Upgrade conditions:

- Consolidated ROIC rises sustainably above 10%-12% on the existing capital base, with a disclosed path toward the 15% Gideon screen, while FCF remains positive after New Energy/AI commissioning.
- Jio listing terms, AI/data-centre related-party agreements and future subsidiary transactions demonstrate equal treatment of RIL minorities, transparent NCI allocation and no value leakage.
- Board architecture gains a genuine independent counterweight—separate chair/CEO or a disclosed lead independent director—and executive scorecards publish multi-year ROIC and per-share FCF hurdles.

Downgrade conditions:

- ROIC stays below 8% through the next commissioning cycle while capex reaccelerates without project-level return disclosure.
- Family succession expands board control or related-party/subsidiary transactions transfer economics away from RIL shareholders on non-transparent terms.
- Guidance becomes less quantitative, regulatory issues recur, or audit/internal-control findings challenge the current clean financial-reporting record.

Primary evidence used

- [RIL Integrated Annual Report 2025-26](https://rilstaticasset.akamaized.net/sites/default/files/reports/RIL-Integrated-Annual-Report-2025-26.pdf) — live-fetched for board, remuneration, ownership, RPT, NCI, regulatory and internal-control disclosures.
- [RIL quarterly webcast and transcript archive](https://www.ril.com/investors/events-presentations) — live-fetched for Q1 FY2025 through Q4 FY2026 commentary and Q&A.
- [RIL financial-reporting archive](https://www.ril.com/investors/financial-reporting) — live-fetched for official quarterly and annual source routing.
- [RIL shareholding-pattern archive](https://www.ril.com/investors/shareholders-information/shareholding-pattern) — live-fetched for June 2025 and June 2026 promoter holdings and encumbrance checks.
- [RIL Board of Directors](https://www.ril.com/about/board-of-directors) and [Board Committees](https://www.ril.com/about/board-committees) — live-fetched for current roles and committee structure.
- `data_package.md` — sole source for company historical financials, capital allocation, recent corporate actions and statutory/NCI forecast context.

No cached warehouse transcript or financial file was used. Live source copies for this stage are preserved under `raw/pulse-cio-20260831T000158+0800/m/`.

Appendix W - Moat and 2046 Durability

Reliance Industries Limited — Moat and 2046 Durability

Run ID: `pulse-cio-20260831T000158+0800` Ticker: `RELIANCE.NS` Assessment date: 2026-08-31 Quantitative authority: DR-cleared `data_package.md`; INR financials are crore unless stated otherwise.

Evidence boundary

All five segment appendices began as placeholders. Retail completed before this gate locked, and its competitive-dynamics/moat sections were incorporated; the other four remained unfinished and were not treated as evidence or awaited indefinitely. Financials, mix, KPIs and margins come only from the DR-cleared data package. Competitive context was checked against Reliance's [FY2026 report](https://www.ril.com/ar2025-26/index.html) and [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf), Bharti Airtel's [Q4 FY2026 pack](https://assets.airtel.in/static-assets/cms/investor/docs/quarterly_results/2025-26/Q4/Quarterly-IR-Pack-Bharti-Airtel-Consolidated.pdf), IndianOil's [FY2026 commentary](https://www.iocl.com/uploads/Integrated-Annual-Report-2025-26/corporate-overview/chairmans-communique.html), and Eternal's [Q4 FY2026 update](https://www.eternal.com/blog/q4fy26/). Reliance's “leadership” labels are management claims; the verdict prioritises observed margins, rival capability and capital returns.

1. Moat taxonomy applied

Network effects — moderate, concentrated in Digital and selected consumer platforms. Jio's 533.3 million Q1 FY2027 subscribers, nationwide phygital distribution and growing home/enterprise relationships make a larger network more valuable to content, device, advertising and service partners. This is not a pure user-to-user network effect: a subscriber can call or message across carriers, and over-the-top apps own important engagement layers. The defensible loop is indirect—scale lowers unit network cost, attracts partners, expands distribution and funds more services. Retail has a weaker two-sided effect between consumers, brands and merchants, but local assortment and fulfilment density matter more than national registrations. O2C and upstream have no meaningful network effect.

Switching costs — moderate in Digital; low elsewhere. Mobile-number portability and prepaid usage limit telecom lock-in, yet installed home equipment, bundled content, family plans, payment histories, enterprise integration and service familiarity create friction. Jio's moat is therefore retention through breadth and price-value, not contractual captivity. Retail customers can switch on every basket; loyalty data and convenience help but do not lock them in. O2C buyers can change suppliers subject to qualification, logistics and contract terms, while upstream gas buyers ultimately buy a fungible molecule. Media subscriptions and advertising budgets are also contestable.

Scale economies — strong but not uniformly high-return. Reliance's clearest group advantage is the ability to spread fixed costs over enormous physical and digital systems: Jamnagar integration and logistics, KG-D6 infrastructure, a nationwide telecom network, 20,000-plus stores, procurement, fulfilment and customer-acquisition channels. Scale protects cost and availability, but it is not synonymous with moat. IndianOil reported 75.45 MMT of FY2026 refinery throughput, 42,818 retail fuel outlets and continuing capacity additions, showing that other national champions can build comparable industrial and distribution scale. Likewise, Bharti Airtel reported 373 million India mobile customers, 96.5% population coverage and INR257 mobile ARPU in March 2026. Reliance has scale advantages, not uncontested scale.

Brand — useful in Jio and retail; limited in commodities. Jio stands for affordable connectivity and broad reach, while Retail's formats and partner access support traffic and trust. The package does not disclose controlled churn, cohort retention or brand-level gross margins. In refining, chemicals and upstream, specification, reliability, location and price matter more than the corporate brand. RCPL's distribution is promising, but shelf access alone is not durable brand equity.

Regulatory position — meaningful barrier, also a two-sided risk. Spectrum, rights of way, environmental permits and upstream licences deter casual entrants. Reliance's execution capability matters, but these are not perpetual franchises: spectrum can be auctioned, data use and media concentration regulated, gas formulas changed and carbon costs tightened. Strategic relevance does not guarantee pricing power or high returns.

IP and patents — emerging in Digital, unproven as a group profit moat. Reliance reports more than 6,800 patent filings and describes an end-to-end stack spanning standalone 5G, radios, OSS/BSS, devices, operating systems and applications. This can reduce vendor dependence and improve cost/time-to-market. The economic test is external licensing, superior

network cost per bit, enterprise wins or durable service differentiation—not patent count. O2C process know-how and operating optimisation are valuable but rival refiners license technology too. New Energy depends partly on licensed and fast-changing technologies; announced capacity and patents are not yet protected profit pools.

High-trust procurement and distribution — moderate to strong. Large counterparties value Reliance's financing capacity, service levels and national reach. Jio's installation network, Retail's procurement and O2C's sourcing/logistics are difficult to reproduce quickly. Outages, privacy failures, supplier conflict or poor service can erode trust, and specialists can still win narrow categories. This reinforces scale but does not rescue commodity economics.

2. Per-segment moat and blended-company challenge

Segment	Moat today	Durability	Segment gate	Break mechanism / earliest signal
O2C	Integrated assets, feedstock flexibility, logistics and domestic placement create a cost/optionality edge	5-10 years; 20-year returns uncertain	FAIL	Chinese/Middle Eastern capacity and energy transition compress spreads; segment EBIT margin below 7% through a normal cycle
Oil and Gas	Scarce licences, existing KG-D6 infrastructure and brownfield tie-back economics	5-10 years, resource-life dependent	FAIL	Decline outruns infill wells or regulated/benchmark gas realisations fall; two-year production and reserve-replacement weakness
Retail	National procurement, dense stores, fulfilment, customer data, partner access and format breadth	10 years; 20 years conditional	YELLOW	Quick-commerce economics and specialists erode density advantage; transactions rise while EBIT margin falls below 5%
Digital Services	Spectrum/network scale, coverage, low unit cost, distribution and bundled ecosystem	10-20 years	PASS	Price war, technology substitution or capex intensity absorbs operating leverage; ARPU stalls while traffic and capex surge
Others	Media rights/audience, brands and green-energy integration are potentially valuable but aggregated and immature	5 years visible; 20 years speculative	FAIL	Rights inflation, weak consumer-brand repeat, technology obsolescence or low utilisation; no separate returns after commissioning

O2C. The moat is operational, not pricing-based. Jamnagar's integration, multi-feed capability, trading intelligence and product-placement network should place Reliance on a favourable part of the cost curve and allow it to switch outputs as cracks move. But the product is still priced by global marginal supply. FY2022-FY2026 segment EBIT margins ranged from 7.54% to 9.49%, with compression in the last two years despite exceptional scale. Reliance itself identifies Chinese exports, global chemical overcapacity, carbon rules and EV growth as threats. IndianOil's capacity expansion and record throughput confirm that capable domestic competitors are investing, not retreating. This is a resilience advantage inside a commodity industry, not a Gideon-quality 20-year moat.

Oil and Gas. KG-D6 infrastructure, licences and geological knowledge are real barriers. Near-field discoveries can use sunk pipelines and processing assets, producing attractive brownfield economics. But customers pay for gas and condensate, not for Reliance's brand; price formulas, LNG parity, field decline and subsurface outcomes dominate. Segment EBIT margin moved from 38.43% in FY2022 to 66.23% in FY2023 and 56.43% in FY2026 as production and realisations changed. Management reported natural decline in FY2026 and plans infill/workover activity. Until reserves and replacement economics support a long runway, high current margins are depletion economics, not proof of a renewable moat.

Retail. Scale is tangible: 20,160 stores, 78.3 million square feet, 387 million registered customers and more than 1.9 billion FY2026 transactions. Procurement, private labels, store-as-fulfilment, format breadth, partner brands and data can reinforce each other locally. Margin persistence is encouraging—segment EBIT margin stayed in a narrow 5.11%-5.76% band over five years while revenue nearly doubled—but the level is thin. The FY2026 EBITDA margin fell 40 basis points as hyperlocal commerce grew, and Q1 FY2027 investment in digital commerce reduced Retail EBITDA and margin. Eternal's rapid quick-commerce growth and the 109 million Indians transacting across its platforms in FY2026 show that convenience leadership is contested. Retail merits YELLOW: a real density moat, but not yet evidence of high returns after stores, inventory, fulfilment and working capital.

Digital Services. This is Reliance's strongest moat. Subscriber scale rose from 410.2 million in FY2022 to 524.4 million in FY2026 and 533.3 million in Q1 FY2027; data traffic rose from 91.4 billion GB to 241.4 billion GB. Segment EBIT margin expanded from 25.11% to 27.37%, then reached 28.92% in Q1 FY2027 on the data-package basis. ARPU increased to INR215.6 while customers still grew, observable evidence of monetisation without franchise collapse. The network, spectrum, distribution, fixed broadband and ecosystem are expensive to duplicate. The moat is not absolute: Airtel's higher ARPU, broad coverage and continued customer additions prove a strong rival can compete. Still, India's concentrated structure and Jio's cost/coverage position plausibly preserve high incremental returns for a decade or longer.

Others. The 4.28% FY2026 EBIT margin and 1.68% Q1 FY2027 margin combine media, consumer products, New Energy and other activities, obscuring the economics. JioStar may have audience advantages, RCPL can exploit Retail's distribution, and New Energy may integrate solar, storage and captive demand. None supports a five-year, separately additive returns record. Rights can be bid away, brands need repeat preference, and manufacturing faces technology and price deflation. Treat optionality as optionality, not moat.

Blended-moat challenge. FY2026 O2C produced about 50% of gross segment revenue and 37% of segment EBIT; O2C plus Oil and Gas generated roughly 47% of segment EBIT. Digital produced about 35% of segment EBIT, Retail 15%, and Others 3%. Thus nearly half of segment profit came from commodity/extractive pools that fail the 20-year moat bar, while the strongest moat sat inside a capital-intensive subsidiary with non-controlling interests. Consolidated ROIC was only 6.5%-7.6% over FY2022-FY2026, far below the Gideon 15% gate. Diversification may reduce earnings volatility, but it does not convert low-return commodity assets or speculative reinvestment into a high-return compounder. The equity owns the blend.

3. Margin persistence evidence

Only five comparable years are available in the cleared package, not the requested ten; this limitation lowers confidence. Consolidated operating margin was stable but not high, ranging from 11.0% to 12.2% and ending FY2026 at 11.3%. Stability through different cycles evidences resilience, yet the absence of margin expansion despite very large Digital and Retail growth suggests legacy capital intensity and mix offsets.

Margin on exact disclosed basis	FY2022	FY2023	FY2024	FY2025	FY2026	Interpretation
Consolidated operating	11.0%	11.4%	12.2%	11.5%	11.3%	Stable, but modest and capital-heavy
O2C segment EBIT	9.02%	9.06%	9.49%	7.54%	7.66%	Compression supports commodity challenge
Oil and Gas segment EBIT	38.43%	66.23%	60.69%	62.83%	56.43%	High but price/volume and depletion sensitive
Retail segment EBIT	5.11%	5.37%	5.71%	5.76%	5.61%	Persistent, thin economics
Digital Services segment EBIT	25.11%	24.78%	24.90%	25.77%	27.37%	Best moat evidence; scale producing leverage
Others segment EBIT	7.63%	1.18%	1.50%	0.95%	4.28%	Perimeter volatility; no reliable moat signal

The data do not support a blanket “Reliance moat.” They support a strong Digital moat, a developing Retail moat, industrial cost advantages in O2C, resource/infrastructure barriers upstream, and unproven options elsewhere.

4. AI disruption stress test

Segment	AI classification	Effect on moat	Assessment
O2C	Physical chokepoint	Optimises feedstock, maintenance, yields and logistics; cannot replicate refineries or distribution	Protected operationally; commodity pricing unchanged
Oil and Gas	Physical/regulatory chokepoint	Improves seismic interpretation, recovery and uptime; cannot create licences or molecules	Most protected from direct AI disintermediation
Retail	Workflow plus distribution	AI can copy discovery, pricing and merchandising; stores, sourcing and fulfilment remain physical	Mixed; specialists may gain equal software capability
Digital Services	Platform-adjacent infrastructure	AI increases traffic, cloud/compute demand and network relevance, but global platforms may own value	Beneficiary if compute economics and enterprise trust hold

Segment	AI classification	Effect on moat	Assessment
Others	Workflow/IP plus manufacturing	Media discovery/creation faces AI abundance; brands and new-energy factories depend on distribution/cost	Media most exposed; New Energy exposed to technology shifts

Media and digital content inside Others are most AI-exposed: recommendation, localisation and creative workflows can be replicated, shifting rents toward scarce rights and distribution. Retail merchandising and service are next; broadly purchasable AI does not uniquely protect Reliance. Oil and Gas is most protected because geology, licences and offshore infrastructure are physical chokepoints. Digital may benefit as AI raises network, cloud and compute demand. The announced data-centre programme is not yet a moat; utilisation, power cost, retention and after-capex returns must prove it.

5. The 2046 test

Specific base description for 2046. On 2026-08-31, twenty years forward is 2046-08-31. Reliance plausibly sells national digital access, enterprise connectivity, sovereign compute/AI, commerce/logistics, consumer products, entertainment, electricity/storage and low-carbon materials. Households, enterprises, merchants and governments pay for reliable infrastructure and distribution. Digital and Retail are the largest cash engines; New Energy has scaled or been rationalised. O2C serves chemicals, aviation, specialty and circular materials with less transport-fuel weight; upstream gas declines absent reserve replacement. Margin is stable to slightly higher only if Digital/consumer platforms outgrow O2C and new-energy assets earn their cost of capital. The durable moat is the physical-plus-digital distribution mesh—spectrum, fibre, compute, stores and fulfilment—not vague conglomerate agility.

Bear 2046. Jio becomes a capital-intensive access pipe while global AI/cloud platforms capture application economics; price competition and technology refresh absorb traffic growth. Quick-commerce and specialist retailers match local density, forcing subsidies and compressing Retail margins. Content-rights auctions transfer media rents to sports leagues and studios. Chinese and Middle Eastern supply keeps chemicals commoditised as fuel demand peaks, KG-D6 declines without replacement, and New Energy manufacturing is stranded by technology and price deflation. Reliance remains large and strategically relevant but earns utility-like returns on a vast asset base. That bear outcome is materially plausible—roughly one chance in three—because it requires no existential failure, only weak incremental returns and continued cross-subsidy.

2046 test: YELLOW. The future business can be described specifically and the distribution infrastructure should still matter, but high returns depend on a major profit-mix migration from commodities to Digital/Retail/compute and on disciplined treatment of New Energy. Upgrade to PASS if consolidated ROIC rises above 12% and trends toward 15%, Digital monetisation outpaces capex without losing customers, and Retail holds or expands EBIT margin while hyperlocal volume scales. Downgrade to FAIL if Digital ARPU and margin stall amid rising traffic/capex, Retail transactions grow while margin falls below 5%, or new-energy capacity ramps without segment-level revenue, profit and cash returns.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Global capacity and energy transition	New refining/chemical supply compresses spreads while EVs reduce fuel growth	O2C, Oil and Gas	O2C EBIT margin below 7%; lower utilisation; persistent weak chemical deltas	High
Rational rivals become irrational	Airtel/Jio/Vodafone pricing or heavy network investment prevents monetisation	Digital Services	ARPU flat/down for two quarters; churn or capex intensity rises; margin reverses	Medium
Quick-commerce/local-specialist density	Rivals match convenience and assortment, forcing subsidy and fulfilment spend	Retail, consumer products	Transactions grow but EBITDA/EBIT margins contract; store productivity stalls	High
Platform capture of AI/media value	Global models/clouds and rights owners capture economics above Reliance infrastructure	Digital, Media, Others	High compute capex with weak utilisation; rights cost grows faster than revenue	Medium-high
Capital allocation dilution	Commodity cash funds low-return factories/platforms under opaque segment reporting	All; especially Others/New Energy	ROIC stays below 8%; no separate returns; FCF again trails investment	High

7. Pricing power verification

Pricing power is strongest—but still bounded—in Digital. Jio exit-quarter ARPU rose from INR167.6 in FY2022 to INR214.0 in FY2026 and INR215.6 in Q1 FY2027 while subscribers grew from 410.2 million to 533.3 million. Digital EBIT margin expanded to 27.37% in FY2026, and Q1 FY2027 revenue and EBITDA continued to grow. This is better evidence than a tariff announcement alone: realised revenue per user and customer adoption moved together. Yet Airtel's March 2026 India mobile ARPU of INR257 and positive customer additions show that monetisation is industry-wide and Jio does not have unilateral price control.

Retail pricing power is weak-to-moderate. Revenue, customers and transactions rose while five-year EBIT margin stayed near 5%-6%, implying procurement, mix and private labels partly absorbed inflation and competitive spending. But FY2026 EBITDA margin fell 40 basis points and Q1 FY2027 Retail EBITDA margin was 7.9% as digital-commerce investment increased. The value proposition appears to pass savings to consumers; that builds traffic but is not classic price-taking power. No churn, cohort contribution or contract-escalator data are disclosed.

O2C and Oil and Gas do not possess broad pricing power. O2C earnings respond to cracks, feedstock spreads, utilisation, geopolitics and regulated levies; Oil and Gas realisations follow pricing formulas and commodity benchmarks. Flexibility can improve netbacks relative to peers but cannot set the market price. Media rights, advertising and consumer brands inside Others may eventually price on audience or brand strength, but the combined reporting perimeter prevents verification. The package discloses no stable gross-margin or retention series for those sub-businesses.

8. Moat verdict

Moat gate: FAIL. Reliance owns one strong moat in Digital Services and a credible but unresolved density/distribution moat in Retail. However, O2C and Oil and Gas supplied roughly 47% of FY2026 segment EBIT and depend primarily on commodity spreads, depletion and regulation; Others is economically mixed and unproven. Five-year consolidated ROIC of 6.5%-7.6% is the decisive counterweight to claims that scale already compounds capital at Gideon's hurdle. A strong segment cannot confer its moat on the whole equity when nearly half of profit and most capital remain in less-protected pools.

2046 test: YELLOW. A specific 2046 Reliance—digital access/compute, commerce/logistics, consumer/media and lower-carbon industrial infrastructure—is plausible, but high returns require an unproven mix migration and disciplined reinvestment. Digital margin/ARPU/capex, Retail margin through hyperlocal scaling, O2C mid-cycle margins, consolidated ROIC and separately disclosed New Energy cash returns are the decisive observables. Under the ER2 calibration, present fame, scale and strategic importance are insufficient: the blended company does not yet meet the 20-year high-return compounder bar.

Appendix B1 - Oil to Chemicals

Reliance Industries Limited — Oil to Chemicals (O2C) Segment Deep Dive

Ticker: RELIANCE.NS **Run ID:** `pulse-cio-20260831T000158+0800` **TTM anchor:** 2026-06-30 **Exact five-year horizon:** 2031-06-30 **Reporting currency and scale:** INR crore unless stated otherwise **Exact sealed profit basis:** `Segment Result before Interest and Taxes`

0. Segment boundary and taxonomy note

Oil to Chemicals is Reliance Industries Limited's integrated refining-and-petrochemicals segment. The data package describes the perimeter as refining, petrochemicals, fuel retailing, aviation fuel, bulk marketing, polymers, polyester and elastomers [data_package §1, Reporting structure table, O2C scope row]. The four principal segment definitions have been stable since FY2024. The only recent comparative revision relevant here is that the FY2025 annual report restated FY2024 O2C `Segment Result before Interest and Taxes` to ■53,613 crore from ■53,617 crore; this appendix uses only the later ■53,613 crore comparative [data_package §1, taxonomy paragraph]. Financial Services was demerged effective 2023-03-31, but it had no reported segment revenue or `Segment Result before Interest and Taxes` in the old FY2022 taxonomy and is not mixed into O2C. Accordingly, the clean comparable dollar history is FY2023-FY2026, with FY2024 on the restated basis. Operational volume history is used only where the DR-cleared package provides it.

The forecast begins at the TTM ended 2026-06-30 and ends exactly five calendar years later, on 2031-06-30. It does not compound from FY2026 for six years. The TTM revenue anchor is ■709,400 crore, the sum of the four disclosed quarters Q2 FY2026 through Q1 FY2027. The TTM `Segment Result before Interest and Taxes` anchor is ■52,407 crore, taken directly from the sealed statutory bridge's ■524,070 million value. No product revenue dollars are invented: Reliance does not disclose a complete transportation-fuels, polymers, polyester, elastomers or intermediates revenue split [data_package §4, product-disclosure table, O2C row].

1. What this segment actually is

O2C is a physical conversion and trading system rather than a collection of independent product brands. It purchases crude oil and other feedstocks, processes them through refining and petrochemical assets, and sells transportation fuels, aviation fuel, polymers, elastomers, intermediates and polyester-chain materials. Its economic output is shaped by how much feedstock the system can process, what portion becomes saleable product, the product slate, regional prices, feedstock discounts, freight, energy costs and the margin captured between input and output prices. Integration matters because intermediate streams can be routed toward the outlet with the best netback, subject to plant configuration and operating constraints.

Customers range from fuel distributors and large industrial or aviation buyers to plastics converters, textile-chain manufacturers and other materials users. Pricing is predominantly market-linked. Reliance can optimize crude selection, yields, logistics, exports and domestic placement, but it cannot set global crude, gasoline, diesel, jet-fuel or commodity-polymer prices. That distinction is critical: operational excellence can improve relative performance, yet absolute profitability remains cyclically exposed. The most recent quarter illustrates the difference. Q1 FY2027 O2C revenue rose 30.4% year over year primarily because crude oil prices rose 54.1%, while production meant for sale fell 9.8% during a planned turnaround [data_package §5, paragraph following quarterly table]. Revenue growth therefore did not represent a 30% increase in physical customer demand or sustainable unit expansion.

The commercial model has three overlapping channels. First, domestic fuel and materials placement connects the complex to India's structural consumption growth. Second, export flexibility lets Reliance sell into regional and global markets when netbacks are superior, although this adds freight, sanctions, trade-policy and destination-spread exposure. Third, internal integration links refining outputs and petrochemical feedstocks, allowing the system to choose between fuel and chemical pathways where technically possible. Management's statement about ensuring availability of critical energy and materials to India supports throughput resilience, but the data package explicitly warns that it is not a guarantee of high cracks [data_package §6, O2C 2026-04-24 row].

Fuel retailing is within the reported O2C boundary, but the package does not provide a separate retail-fuel revenue or profit schedule. The same is true for aviation fuel and bulk marketing. Therefore this model does not assign fabricated revenue

shares to those channels. It treats the reported segment as one financial projection and uses disclosed operating KPIs—production meant for sale and throughput—to discipline the revenue forecast. Refining, fuels, petrochemicals and materials are discussed as margin and demand drivers, not as unsupported additive dollar forecasts.

New Energy is also relevant, but mainly as context. The data package classifies emerging New Energy activities outside the O2C product-dollar schedule and notes that no full reportable revenue/profit history exists [data_package §4, Others/emerging row]. This appendix therefore does not quietly insert solar, batteries, green hydrogen or other New Energy revenue into O2C. New Energy may affect group capital allocation, energy costs, carbon intensity, the long-run demand mix and future reporting boundaries. Until Reliance discloses an additive segment bridge, those effects remain a strategic overlay and wildcard rather than a modeled O2C product line.

2. Current economics at the TTM anchor

The TTM ended 2026-06-30 contains O2C revenue of ■709,400 crore: ■160,558 crore in Q2 FY2026, ■162,095 crore in Q3, ■184,944 crore in Q4 and ■201,803 crore in Q1 FY2027 [data_package §5, O2C quarterly rows]. The sealed TTM bridge reports O2C `Segment Result before Interest and Taxes` of ■524,070 million, or ■52,407 crore [data_package §3a, TTM bridge, O2C row]. The resulting exact-metric margin is 7.39%. This is not statutory operating income and must not be labeled an operating margin. The issuer states that segment results include interest income or other income pertaining to segments; the statutory bridge separately removes and classifies the relevant items [data_package §3, opening paragraph; §3a, TTM bridge].

TTM revenue grew above the latest completed FY's ■662,401 crore, but the right interpretation is price and mix exposure rather than a volume boom. The latest Q1 revenue increase was 30.4% even as saleable production fell 9.8% and throughput fell 5.2% [data_package §0a, Material KPI history, O2C rows; §5, O2C explanatory paragraph]. The four most recent quarterly exact-metric margins were 7.82%, 8.59%, 6.36% and 7.02%. This range shows how quickly price, cracks, chemical deltas, maintenance and mix can move profitability even within a single year [data_package §5, O2C quarterly rows].

The latest completed FY provides the cleanest annual operating scale: 70.9 MMT of production meant for sale and 80.0 MMT of total throughput in FY2026 [data_package §0a, Material KPI history, two O2C rows]. Using the package's annual KPI and Q1 year-over-year changes solely as a mechanical bridge gives an indicative TTM saleable-production run rate of about 69.2 MMT and throughput of about 79.0 MMT. The calculation is visible rather than hidden: prior Q1 saleable production is 15.6 / 0.902 = 17.3 MMT, so TTM is 70.9 - 17.3 + 15.6 = 69.2 MMT; prior Q1 throughput is 18.1 / 0.948 = 19.1 MMT, so TTM is 80.0 - 19.1 + 18.1 = 79.0 MMT. These are analyst-derived operating anchors, not new issuer disclosures.

Dividing TTM revenue by the indicative TTM saleable volume gives an implied realization/mix proxy of about ■102,507 per tonne. That is not a disclosed selling price and should not be mistaken for one product's price. It aggregates fuels, polymers, polyester, intermediates, elastomers, taxes and mix. Its role is to keep the revenue forecast arithmetically connected to a physical base. A forecast in which revenue compounds rapidly while volume and this proxy do not would fail the bottom-up test.

O2C is inherently capital intensive: refineries, crackers, downstream chemical units, utilities, terminals, storage, pipelines and environmental equipment require large maintenance and reinvestment outlays. However, the data package supplies only consolidated cash-flow capex and headline group capex, not an O2C cash-capex series [data_package §7, capital-allocation table and paragraph]. [DATA GAP: Reliance does not disclose a DR-cleared O2C cash-capex, depreciation, maintenance-capex or invested-capital schedule sufficient to calculate segment ROIC.] This prevents a reliable stand-alone O2C return-on-capital calculation. It does not justify treating capex as zero.

Similarly, the package discloses product families but no complete product revenue shares. [DATA GAP: Transportation fuels, fuel retailing, aviation fuel, polymers, elastomers, intermediates and polyesters are not separately dollar-disclosed in the verified data package.] The proper response is a KPI-driven segment model, not artificial percentages that happen to sum to 100%.

3. Unit economics

O2C revenue can be decomposed conceptually into saleable volume multiplied by an aggregate realization/mix factor. The physical side depends on throughput, asset availability, turnaround timing, yields, utilization and the conversion of feedstocks into marketable products. The realization side depends on crude prices, refined-product benchmarks, polymer and polyester pricing, product mix, currency, freight and domestic-versus-export placement. Revenue is therefore a poor stand-alone indicator of economic progress. A crude-price surge can lift reported revenue while weakening per-barrel or per-tonne

margins; a crude-price decline can reduce revenue even when cracks or chemical deltas improve.

Profit begins with refining cracks and chemical spreads, then reflects feedstock flexibility, energy, freight, logistics, inventory timing, operating reliability and the ability to choose the best output slate. For fuels, the relevant economics are not simply crude price but the differential between crude and product realizations, adjusted for yield and costs. For chemicals and materials, the decisive variables include naphtha or other feedstock costs, regional capacity utilization, polymer and polyester demand, import parity and the speed with which new capacity competes away spreads. The segment's integrated design can cushion but cannot repeal these market forces.

Current margin evidence is mid-cycle-looking but not obviously normalized. The annual exact-metric margin was 9.02% in FY2022, 9.06% in FY2023, 9.49% in restated FY2024, 7.54% in FY2025 and 7.66% in FY2026 [data_package §3, O2C table]. The TTM margin is 7.39%. The step-down from FY2024 is consistent with the package's management warning that downstream chemicals continue to be affected by overcapacity [data_package §6, O2C 2025-10-17 row]. It would be aggressive to assume an automatic return to 9% merely because 9% occurred earlier in the cycle.

The implied annual revenue per saleable tonne also demonstrates price cyclicality. Using only data-package figures, the proxy was about ■89,556 per tonne in FY2023, ■83,296 in FY2024, ■88,051 in FY2025 and ■93,428 in FY2026. The three-year CAGR from FY2023 to FY2026 was only 1.42%, despite large year-to-year moves. At Q1 FY2027, the combination of 30.4% revenue growth and a 9.8% saleable-volume decline implies a roughly 44.6% jump in the aggregate revenue-per-tonne proxy. That is an extreme cyclical movement, not a credible five-year CAGR assumption.

Maintenance and turnarounds create a second source of operating leverage. Fixed costs continue while throughput is interrupted, and the volume lost during a planned outage cannot always be recovered immediately. Q1 FY2027 explicitly shows this mechanism: planned turnaround reduced production and throughput even as market prices boosted revenue [data_package §5, explanatory paragraph]. The model therefore caps base volume growth at 1.0%, below the FY2023-FY2026 2.21% saleable-production CAGR, and does not extrapolate the latest annual peak.

Working capital is another hidden economic variable. High crude and product prices increase the cash tied up in inventories and receivables even if accounting margins are unchanged. Price reversals can create inventory effects that are not equivalent to steady-state conversion economics. The segment profit basis can include segment-related interest or other income, so corporate synthesis must preserve the sealed bridge rather than treating the segment number as statutory operating income. This appendix does not allocate corporate/unallocated or bridge items into O2C; those remain for the synthesis stage exactly as required by the upstream ledger.

The reinvestment requirement is not optional. Reliability, catalyst replacement, energy efficiency, emissions compliance, feedstock flexibility and product-upgrading projects are required just to sustain competitiveness. A high-complexity integrated system can earn better relative margins than a simple refinery, but complexity also brings maintenance and execution burden. Because the data package lacks O2C capex and invested capital, the forecast treats improved utilization and integration benefits conservatively in margin rather than assuming uncosted growth.

4. Competitive dynamics

The competitive set is broader than Indian public-sector refiners. In domestic fuels, Reliance competes with Indian Oil, Bharat Petroleum, Hindustan Petroleum, Nayara Energy and other marketing channels. In export refining, it competes with large, complex plants across the Middle East and Asia. In petrochemicals, polymers and polyester chains, competition includes Indian producers, Middle Eastern feedstock-advantaged exporters, Chinese integrated capacity, US ethane-based chains and other Asian producers. The economics differ by molecule and destination, so a single "market share" figure would be misleading. [DATA GAP: The DR-cleared data package does not provide a comparable O2C market-share series by fuel or chemical product.]

Reliance's principal competitive advantage is relative cost and optionality, not monopoly pricing. Scale can lower unit overhead and support procurement, shipping and maintenance capabilities. Integration can route intermediate streams and optimize the fuels-versus-chemicals mix. Access to domestic demand and export infrastructure broadens placement. But commodity customers can generally compare market-linked prices, and imported products cap local pricing in contestable categories. The durable question is therefore whether Reliance can remain on the low-cost side of the regional curve, not whether it can charge a structurally high branded premium.

India's demand backdrop is supportive but not sufficient for a bull case. The IEA's India Oil Market Report expects India to be the largest source of global oil-demand growth through 2030, with diesel/gasoil the largest contributor, jet-kerosene growing about 5.9% annually and gasoline growth much slower at about 0.7% as vehicle electrification offsets part of demand ([IEA

India Oil Market Report executive summary](https://www.iea.org/reports/india-oil-market-report/executive-summary)). PPAC reported FY2025 Indian petroleum-product consumption of 239.17 MMT, up 2.1%, with gasoline up 7.5%, LPG 5.6%, diesel 2.0% and aviation turbine fuel 8.9% ([PPAC Industry Consumption Report](https://ppac.gov.in/download.php?file=menu%2F1745468191_ICR_April-March+2024-25_Final.pdf)). These figures support moderate physical growth and favorable local placement for selected products, but they do not justify using national demand growth as O2C's revenue CAGR without considering capacity, market share and exports.

Global refining conditions are contested. The IEA's Oil 2025 outlook forecasts refined-product demand peaking in 2027 while net refining capacity continues to expand through 2030, especially in China and India. It expects 4.2 mb/d of additions and 1.6 mb/d of closures, implying pressure on marginal capacity and utilization ([IEA Oil 2025 executive summary](https://www.iea.org/reports/oil-2025/executive-summary)). OPEC's World Oil Outlook 2025 is more constructive, projecting global refinery utilization rising from roughly 80.4% in 2024 to 83.3% in 2030 as demand and closures tighten balances ([OPEC World Oil Outlook 2025 refining chapter](https://www.opec.org/assets/assetdb/woo-2025-1.pdf)). The disagreement is useful: it makes a wide refining-margin scenario range more honest than a single deterministic crack assumption.

Petrochemicals face a more clearly adverse near-term supply structure. McKinsey's 2026 global chemicals review says capacity additions continue to outpace consumption in several chains and that structural overcapacity is pressuring margins, although closures and canceled projects may eventually help ([McKinsey global chemical industry trends](https://www.mckinsey.com/industries/chemicals/our-insights/global-chemical-industry-trends)). Its India-focused 2026 work puts global petrochemical operating rates near 70%, versus about 80% before COVID-19, and highlights Chinese overcapacity and trade fragmentation ([McKinsey India chemicals report](https://www.mckinsey.com/industries/chemicals/our-insights/from-challenges-to-possibilities-leading-indias-chemical-industry-through-global-headwinds)). This aligns with Reliance management's own warning and is why the base case does not assume a rapid chemical-spread recovery.

Feedstock advantage is uneven across competitors. Middle Eastern and US producers can benefit from advantaged gas or NGL inputs in some chains. Chinese integrated producers may run for strategic, employment or downstream reasons even when industry returns are poor. European capacity faces high energy and compliance costs and may close, which can help global balances but does not guarantee Indian margins. Reliance's crude flexibility and integration are valuable defenses, yet they do not immunize commodity chemicals from a low-utilization world.

Substitution risk differs by product. Electric vehicles, efficiency and biofuels pressure road-fuel growth, while aviation demand and industrial freight can remain stronger. Recycling, material-lighting and regulation can reduce virgin-polymer intensity, but population growth, urbanization and low per-capita materials consumption in developing economies support demand. The IEA expects petrochemicals to become the dominant source of global oil-demand growth from 2026 onward, but much of incremental feedstock supply is NGL-based rather than refinery-derived ([IEA Oil 2025](https://www.iea.org/reports/oil-2025/executive-summary)). That distinction is a competitive headwind for naphtha-linked producers.

5. Moat at the segment level

O2C has a cost-and-complexity moat, not a demand or pricing monopoly. The most defensible elements are integrated assets, operating know-how, logistics, scale procurement, ability to process varied feedstocks, access to India's growing demand pool and export optionality. These capabilities are expensive and time-consuming to reproduce. A new entrant must assemble land, infrastructure, licenses, utilities, feedstock supply, environmental systems, skilled operations and customer channels at enormous capital cost. That creates an entry barrier.

The moat's practical benefit is resilience through the cycle. A flexible integrated operator should be able to protect utilization, choose better netbacks and survive periods that force high-cost standalone plants to reduce rates or close. The historical exact-metric margin remaining positive through a difficult chemical cycle is consistent with resilience, but not proof of superior returns on incremental capital. Consolidated ROIC was only 6.7% in FY2026 [data_package §2, consolidated historicals], and there is no stand-alone O2C invested-capital series. The segment can therefore be competitively strong while still failing the Gideon standard for a high-return compounder.

There is limited evidence of customer switching costs in commodity fuels and basic materials. Buyers care about reliability, specification, logistics and credit, yet many can switch suppliers when price differences justify it. Contracts and infrastructure can create friction, but not software-like lock-in. Network effects are also weak. Scale matters, but additional participants do not make the product inherently more valuable to existing customers.

The moat is vulnerable to state-backed capacity and feedstock asymmetry. Competitors with low-cost gas, advantaged crude, sovereign support or strategic overbuilding can accept returns that a private investor would reject. Chinese and Middle Eastern additions can keep chemical and refining capacity loose even if Reliance operates efficiently. A durable moat against conventional peers does not protect against prolonged industry oversupply.

The five-to-ten-year durability verdict is therefore **moderate and cyclical**. The assets should remain strategically relevant through 2031 because India's energy and materials demand is growing, aviation and industrial uses remain robust, and Reliance's integration supports relative competitiveness. However, the absolute margin moat is thin: the segment cannot dictate cracks or polymer deltas. A credible base case should value the system as a resilient low-cost operator around current margins, not as a structurally expanding-margin platform.

New Energy may reinforce the moat if it lowers internal energy costs, reduces carbon intensity, improves regulatory positioning or produces advantaged feedstocks. It may also destroy value if capital is deployed ahead of demand or if technologies commoditize rapidly. Because the new-energy revenue/profit perimeter is not disclosed in the O2C segment, no moat credit is monetized in the financial forecast. This avoids treating strategic aspiration as current segment economics.

6. Historical growth rates reproduced from the data package

6.1 Financial history

Reliance does not disclose product-level O2C revenue dollars. The finest dollar-disclosed financial line is the reportable segment total. Every historical cell below points to the exact data-package table row used. The "three-year CAGR" uses FY2023 as the base and FY2026 as the endpoint, a true three-year span; the displayed FY-3 through FY-1 values are FY2024-FY2026.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	3-yr CAGR	Most recent YoY	Data package cite
O2C reportable segment total	■564,749 crore [data_package §3, O2C Revenue row, FY2024 restated cell]	■626,921 crore [data_package §3, O2C Revenue row, FY2025 cell]	■662,401 crore [data_package §3, O2C Revenue row, FY2026 cell]	3.66% from ■594,650 crore FY2023 [data_package §3, O2C Revenue row, FY2023 and FY2026 cells]	30.4% in Q1 FY2027 [data_package §5, O2C Q1 FY2027 row]	data_package §3 O2C table and §5 O2C quarterly table
Transportation fuels	Not separately disclosed [data_package §4, product table, O2C row]	Not separately disclosed [data_package §4, product table, O2C row]	Not separately disclosed [data_package §4, product table, O2C row]	Not calculable [data_package §10, product-level O2C gap row]	Not separately disclosed [data_package §4, O2C KPI row]	data_package §4 and §10
Polymers, elastomers, intermediates and polyesters	Not separately disclosed [data_package §4, product table, O2C row]	Not separately disclosed [data_package §4, product table, O2C row]	Not separately disclosed [data_package §4, product table, O2C row]	Not calculable [data_package §10, product-level O2C gap row]	Not separately disclosed [data_package §4, O2C KPI row]	data_package §4 and §10

Annual arithmetic tie-outs are within the required 2% tolerance: ■594,650 crore × 0.950 = ■564,918 crore versus ■564,749 crore reported, a 0.03% rounding difference; ■564,749 crore × 1.110 = ■626,871 crore versus ■626,921 crore reported, a 0.01% difference; and ■626,921 crore × 1.057 = ■662,655 crore versus ■662,401 crore reported, a 0.04% difference. The reported revenue and disclosed/calculated YoY series are internally coherent.

6.2 Operating KPI history

The physical KPIs are not product revenue and are deliberately presented in their native units. They discipline the forecast without pretending that one tonne of fuel has the same value or margin as one tonne of polymer or polyester.

Operating KPI	FY2024	FY2025	FY2026	3-yr CAGR	Latest interim trend	Data package cite
Production meant for sale	67.8 MMT [data_package §0a, Material KPI history, O2C production row, FY2024 cell]	71.2 MMT [data_package §0a, Material KPI history, O2C production row, FY2025 cell]	70.9 MMT [data_package §0a, Material KPI history, O2C production row, FY2026 cell]	2.21% from 66.4 MMT FY2023 [data_package §0a, same row, FY2023 and FY2026 cells]	Q1 FY2027 15.6 MMT, down 9.8% [data_package §0a, same row, Latest interim cell]	data_package §0a Material KPI history
Total throughput	78.2 MMT [data_package §0a, Material KPI history, O2C throughput row, FY2024 cell]	80.5 MMT [data_package §0a, Material KPI history, O2C throughput row, FY2025 cell]	80.0 MMT [data_package §0a, Material KPI history, O2C throughput row, FY2026 cell]	1.28% from 77.0 MMT FY2023 [data_package §0a, same row, FY2023 and FY2026 cells]	Q1 FY2027 18.1 MMT, down 5.2% [data_package §0a, same row, Latest interim cell]	data_package §0a Material KPI history
Implied revenue per saleable tonne	■83,296 [calculated from data_package §3 O2C Revenue FY2024 and §0a production FY2024]	■88,051 [calculated from data_package §3 O2C Revenue FY2025 and §0a production FY2025]	■93,428 [calculated from data_package §3 O2C Revenue FY2026 and §0a production FY2026]	1.42% from ■89,556 FY2023 [calculated from the same cited rows]	Implied +44.6% in Q1 FY2027 [calculated from 30.4% revenue growth and -9.8% volume growth in data_package §5]	Analyst calculation on data-package figures

Physical tie-outs are exact to displayed precision because the KPI table reports the level and latest YoY directly. Revenue-per-tonne is a calculated segment proxy, not a disclosed product price. The FY2023-FY2026 revenue CAGR of 3.66% approximately decomposes into 2.21% saleable-volume growth and 1.42% realization/mix growth: 1.0221 × 1.0142 - 1 = 3.66%. This identity is the backbone of the forward model.

7. Management guidance quoted from data package Section 6

Reliance provides no formal O2C revenue or `Segment Result before Interest and Taxes` outlook. The relevant guidance consists of two qualitative statements in the DR-cleared package. No transcript or additional Reliance quote was re-fetched.

Data-package row	Verbatim management excerpt	Topic	Forecast interpretation
data_package §6, O2C 2025-10-17, Mukesh D. Ambani	“Downstream chemicals continue to be impacted by overcapacity.”	Chemical cycle	Base and bear cases must assume prolonged pressure; a rapid return to FY2024 margin is not management-supported.
data_package §6, O2C 2026-04-24, Mukesh D. Ambani	“Reliance has again demonstrated its commitment to ensure availability of critical energy and materials to India.”	Domestic placement	Supports throughput resilience and domestic relevance, but does not guarantee pricing power, high cracks or chemical spread recovery.

[DATA GAP: Management gives no quantified O2C FY2027 revenue, volume, margin, capex or earnings guide in the verified package.] The model therefore treats recent revenue acceleration as price-driven and uses independently justified scenario drivers. Management’s overcapacity warning receives more weight than generic resilience language because it directly addresses the marginal economics of chemicals.

8. Forward growth assumptions

Modeling method and TTM anchor

The bottom-up equation is:

`O2C revenue = production meant for sale × aggregate realization and mix proxy`.

TTM saleable production is estimated at 69.2 MMT from the FY2026 annual level and the disclosed Q1 change. TTM revenue of ■709,400 crore implies ■102,507 per saleable tonne. Total throughput of about 79.0 MMT is a capacity-and-reliability cross-check, not a second revenue driver. This prevents double counting. Product-family dollars are unavailable, so refining/fuels and petrochemicals/materials influence realization and margin rather than being assigned invented sales bases.

8.1 Base case growth assumptions

Product / driver	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Saleable production volume	2.21%	-9.8% Q1 FY2027	No quantified guide	1.0%	India demand and post-turnaround normalization support growth, but throughput is near recent scale and new capacity is not explicitly modeled.
Aggregate realization and mix	1.42% implied	+44.6% implied Q1 FY2027	No quantified guide	1.5%	Latest surge reflects crude-price shock; long-run assumption reverts near the historical proxy CAGR with modest inflation and mix.
Total O2C revenue	3.66%	+30.4% Q1 FY2027	No quantified guide	2.52%	Multiplication of 1.0% volume and 1.5% realization gives 2.515%; chemicals overcapacity prevents a stronger base.
Refining and transportation-fuels context	Product dollars unavailable	Revenue effect not separable	Availability commitment only	Included in total, no separate dollars	Indian diesel, jet fuel and LPG demand help placement, while global capacity and transport electrification cap pricing.
Petrochemicals and materials context	Product dollars unavailable	Revenue effect not separable	Overcapacity warning	Included in total, no separate dollars	Demand grows, but low regional utilization and new capacity constrain price and mix contribution.

Product / driver	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
New Energy context	No O2C dollar history	Not applicable	Phased commissioning is outside O2C guide	0% additive O2C revenue	No disclosed O2C perimeter or profit bridge; effects remain strategic and are not fabricated.

The base case deliberately decelerates from the Q1 revenue rate in one step because the quarter's 30.4% revenue growth was explicitly driven by a 54.1% crude-price increase while production declined. That is a price reset, not a customer-adoption S-curve. The implied annual revenue growth path is 2.52% in every forecast year, producing ■727,241 crore, ■745,532 crore, ■764,282 crore, ■783,503 crore and ■803,208 crore. The steady rate is not meant to imply smooth commodity prices; it is a normalized five-year CAGR representation.

8.2 Bull case growth assumptions

Product / driver	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Saleable production volume	2.21%	-9.8% Q1 FY2027	No quantified guide	2.0%	Strong reliability, completed turnaround and favorable domestic/export placement reproduce most of the historical volume CAGR.
Aggregate realization and mix	1.42% implied	+44.6% implied Q1 FY2027	No quantified guide	4.0%	Better cracks, product mix and inflation persist, but the rate remains far below the one-quarter spike.
Total O2C revenue	3.66%	+30.4% Q1 FY2027	No quantified guide	6.08%	Multiplication of 2.0% volume and 4.0% realization gives 6.08%; requires favorable refining and eventual chemical rationalization.
Refining and transportation-fuels context	Product dollars unavailable	Revenue effect not separable	Availability commitment only	Included in total, no separate dollars	India and aviation demand absorb output while closures elsewhere keep middle-distillate balances constructive.
Petrochemicals and materials context	Product dollars unavailable	Revenue effect not separable	Overcapacity warning	Included in total, no separate dollars	Industry cancellations and closures restore utilization late in the horizon; the warning clears slowly, not instantly.
New Energy context	No O2C dollar history	Not applicable	Phased commissioning is outside O2C guide	0% additive O2C revenue	Potential cost and carbon benefits are reflected only in margin sensitivity, never as unsupported sales.

The bull case requires multiple conditions to align: sustained Indian demand, high asset availability, disciplined new regional capacity, refinery closures in disadvantaged regions, improved chemical utilization and favorable feedstock or product differentials. It is not simply "higher oil prices." Persistently higher crude without stronger product spreads could raise revenue but not profit. The bull's revenue path is ■752,532 crore, ■798,285 crore, ■846,821 crore, ■898,308 crore and ■952,925 crore.

8.3 Bear case growth assumptions

Product / driver	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Saleable production volume	2.21%	-9.8% Q1 FY2027	No quantified guide	-1.0%	Repeated outages, weak exports or poor utilization overwhelm domestic demand and reduce saleable output.
Aggregate realization and mix	1.42% implied	+44.6% implied Q1 FY2027	No quantified guide	-2.0%	Crude and product price normalization, adverse mix and oversupplied chemicals reverse the TTM price step-up.
Total O2C revenue	3.66%	+30.4% Q1 FY2027	No quantified guide	-2.98%	Multiplication of -1.0% volume and -2.0% realization gives -2.98%; no abrupt cliff is assumed.
Refining and transportation-fuels context	Product dollars unavailable	Revenue effect not separable	Availability commitment only	Included in total, no separate dollars	Global capacity exceeds refined demand and weak export netbacks offset India's local growth.

Product / driver	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Petrochemicals and materials context	Product dollars unavailable	Revenue effect not separable	Overcapacity warning	Included in total, no separate dollars	Chinese and Middle Eastern supply keeps utilization low; price competition persists throughout the horizon.
New Energy context	No O2C dollar history	Not applicable	Phased commissioning is outside O2C guide	0% additive O2C revenue	Capital diversion or execution drag is a group risk; no O2C revenue credit is permitted.

The bear's negative revenue path is gradual: ■688,260 crore, ■667,750 crore, ■647,851 crore, ■628,545 crore and ■609,814 crore. This is consistent with a commodity reset rather than structural disappearance of the business. The model does not force a demand-collapse scenario because India's structural demand and the segment's physical relevance remain meaningful. The bear instead combines mild volume erosion with a persistent realization and mix headwind.

8.4 Thesis-consistency and deceleration check

The sharpest apparent deceleration is Q1 revenue growth of 30.4% to base CAGR of 2.52%. This is defensible because the package explicitly attributes the quarter to crude prices rising 54.1% while volume fell. The comparable path is not a high-growth software product maturing; it is a commodity price shock reverting toward a multi-year 3.66% segment revenue CAGR. The base assumption is only 114 basis points below that historical CAGR and the bull is 242 basis points above it. No unprecedented adoption deceleration is being assumed.

The model also checks the physical and pricing endpoints. By 2031, base saleable production reaches 72.7 MMT and the aggregate realization proxy reaches ■110,429 per tonne. Bear endpoints are 65.8 MMT and ■92,658 per tonne. Bull endpoints are 76.4 MMT and ■124,715 per tonne. All are reconstructable from the disclosed/derived TTM starting point and the stated CAGRs.

9. Forward `Segment Result before Interest and Taxes` margin assumptions

The exact current TTM margin is 7.39% on the sealed `Segment Result before Interest and Taxes` basis. The segment's quarterly and annual history supports a wide scenario range. No corporate/unallocated, finance-cost, statutory operating-income, tax or NCI item is inserted here.

Case	TTM margin	Refining and fuels effect	Petrochemicals and materials effect	Integration, reliability and mix effect	TTM+5y margin	Specific mechanism
Bear	7.39%	-80 bps	-75 bps	-34 bps	5.50%	Weak cracks, persistent chemical overcapacity, poor utilization and adverse feedstock or freight reduce conversion economics.
Base	7.39%	+25 bps	-35 bps	+21 bps	7.50%	Refining resilience and optimization offset chemical pressure; the net change is only +11 bps.
Bull	7.39%	+95 bps	+45 bps	+41 bps	9.20%	Refining tightness, chemical rationalization, high reliability and favorable mix lift margin near but not above prior-cycle highs.

The bear decline exceeds 100 basis points and therefore requires explicit mechanisms. Global refining additions exceed the IEA's projected refined-product demand growth, pressuring utilization and cracks. Chemical operating rates remain depressed, and state-backed or feedstock-advantaged capacity continues to run. Lower utilization raises unit fixed costs. The assumed 5.50% margin remains positive because integration and scale protect survivability, but it is far below the FY2022-FY2024 9% range.

The base margin is essentially flat: 7.50% versus 7.39% TTM. Refining benefits from India's demand and asset optimization, but chemical spreads remain structurally weak. Reliability and mix add only enough to offset the chemical drag. This is more conservative than simply reverting to the FY2024 9.49% margin and accords with management's explicit overcapacity warning.

The bull expands 181 basis points to 9.20%. Its mechanisms are refinery closures in high-cost regions, strong middle-distillate and aviation demand, disciplined Asian additions, chemical-capacity rationalization, favorable feedstock selection and high utilization. Even then, the terminal margin stays below FY2024's 9.49%. New Energy contributes no revenue and only possible cost/carbon support inside the integration effect. If future disclosures place new-energy earnings in another segment, this assumption must be revisited rather than cross-subsidized.

The annual margin and profit cadence is shown below. Profit is revenue multiplied by the exact-metric margin; it is not statutory operating income.

Case	Year 1 margin and profit	Year 2 margin and profit	Year 3 margin and profit	Year 4 margin and profit	Year 5 margin and profit
Bear	7.00%; ■48,178 crore	6.60%; ■44,072 crore	6.20%; ■40,167 crore	5.80%; ■36,456 crore	5.50%; ■33,540 crore
Base	7.35%; ■53,452 crore	7.35%; ■54,797 crore	7.40%; ■56,557 crore	7.45%; ■58,371 crore	7.50%; ■60,241 crore
Bull	7.80%; ■58,697 crore	8.20%; ■65,459 crore	8.60%; ■72,827 crore	8.90%; ■79,949 crore	9.20%; ■87,669 crore

10. Segment rollup built bottom-up

10.1 Operating-driver rollup

The segment rollup uses one disclosed financial perimeter and two explicit operating drivers. There is no product-dollar allocation to sum because the upstream source does not disclose one. This is still bottom-up: volume and realization reconstruct revenue exactly, throughput cross-checks feasibility, and the exact profit margin reconstructs segment profit.

Case	TTM saleable production	Volume CAGR	TTM+5y saleable production	TTM realization proxy	Realization CAGR	TTM+5y realization proxy	Revenue CAGR
Bear	69.2 MMT	-1.0%	65.8 MMT	■102,507 per tonne	-2.0%	■92,658 per tonne	-2.98%
Base	69.2 MMT	1.0%	72.7 MMT	■102,507 per tonne	1.5%	■110,429 per tonne	2.52%
Bull	69.2 MMT	2.0%	76.4 MMT	■102,507 per tonne	4.0%	■124,715 per tonne	6.08%

The unit conversion is consistent: 1 MMT equals one million tonnes and one crore equals INR 10 million, so MMT multiplied by INR per tonne divided by 10 produces INR crore. For the base case, 72.735 MMT × ■110,429 per tonne / 10 = approximately ■803,208 crore. Bear and bull reconcile on the same basis.

10.2 Financial rollup

Case	TTM+5y revenue	Exact profit metric	TTM+5y margin	TTM+5y profit	Revenue tie-out	Profit tie-out
Bear	■609,814 crore	Segment Result before Interest and Taxes	5.50%	■33,540 crore	65.813 MMT × ■92,658 per tonne / 10 = ■609,814 crore	■609,814 crore × 5.50% = ■33,540 crore
Base	■803,208 crore	Segment Result before Interest and Taxes	7.50%	■60,241 crore	72.735 MMT × ■110,429 per tonne / 10 = ■803,208 crore	■803,208 crore × 7.50% = ■60,241 crore
Bull	■952,925 crore	Segment Result before Interest and Taxes	9.20%	■87,669 crore	76.408 MMT × ■124,715 per tonne / 10 = ■952,925 crore	■952,925 crore × 9.20% = ■87,669 crore

All scenario revenue totals reconcile to their operating drivers within rounding and therefore within the required 1% tolerance. All profit totals equal revenue times the stated exact-metric margin. No corporate/unallocated or statutory bridge item is absorbed into segment margin. The probability-weighted terminal diagnostic is ■775,133 crore of revenue and ■57,716 crore of `Segment Result before Interest and Taxes`, using 30% bear, 50% base and 20% bull probabilities. This expected value is informative but is not a fourth scenario.

10.3 Why the probabilities are nonuniform

The base case receives 50% because the segment has strong physical resilience and domestic relevance, yet current chemical conditions argue against aggressive recovery. The bear receives 30%, more than the bull's 20%, because two independent structural headwinds can coincide: refinery capacity may outgrow refined-product demand, and chemical capacity may remain oversupplied. The bull is feasible but requires both refining and chemicals to improve alongside strong reliability. These probabilities are intentionally nonuniform and reflect asymmetry in the current evidence rather than mechanical thirds.

11. Key risks and wildcards

Bear — refining overcapacity and crack compression. The IEA sees global refining additions outpacing refined-product demand through 2030. If closures lag, utilization and cracks can remain weak even while India grows. Revenue may stay large because crude prices pass through, while exact-metric profit contracts. The monitoring signal is sustained quarterly margin below 6.5% without a major turnaround.

Bear — chemical overcapacity persists longer than expected. Management already identifies downstream overcapacity. Chinese and Middle Eastern additions, low operating discipline or feedstock advantages could keep polymer, polyester and intermediate spreads depressed for the full horizon. The key signal is continued segment-margin weakness despite normal throughput and supportive refining conditions.

Bear — crude sourcing, sanctions, freight and trade restrictions. O2C's optimization depends on access to diverse feedstocks and destinations. Sanctions enforcement, tariffs, shipping disruption, insurance constraints or changing discounts can reduce the value of flexibility. These risks may change both realized revenue and margins and can emerge faster than annual reporting.

Bear — operational concentration and turnaround risk. Large integrated sites create scale but also concentration. Extended outages, accidents, utility failures or slower turnaround recovery can reduce throughput and raise unit costs. The model's -1.0% bear volume CAGR is not a catastrophe scenario; a prolonged major outage would be worse.

Base — India demand mix. Strong diesel, aviation and LPG growth can support placement, while gasoline electrification and biofuel blending reduce some road-fuel growth. The product mix matters more than aggregate oil demand. Domestic demand does not automatically translate into higher Reliance market share or margins.

Base — working-capital and accounting noise. High commodity prices can inflate revenue and working capital without improving conversion economics. Inventory timing can move reported results between periods. Investors should anchor on physical volume, spreads and cash conversion, not nominal revenue alone.

Bull — high-cost global closures. European, Northeast Asian or US closures could tighten product balances, improve utilization and support complex refiners. The bull case requires actual closures or disciplined capacity, not merely announcements. If closures are offset by strategic additions elsewhere, the benefit disappears.

Bull — chemical rationalization. Canceled projects, permanent closures and stronger demand could lift global chemical utilization from depressed levels. A recovery would have high operating leverage for integrated assets. The bull still caps terminal margin at 9.20%, below the FY2024 exact-metric margin, to avoid assuming a super-cycle.

Bull or bear — New Energy interaction. Successful internal renewable power, storage or low-carbon feedstocks could reduce cost and carbon risk; unsuccessful deployment could absorb group capital without improving O2C. Because the perimeter and earnings are not disclosed, the model gives no additive revenue credit. Reclassification of New Energy into O2C would require a fresh historical bridge.

All cases — regulatory and carbon costs. Fuel taxes, export restrictions, product specifications, emissions standards, carbon pricing and plastics regulation can alter demand and require capital. Reliance's scale may help fund compliance, but spending that merely preserves license to operate does not create growth economics.

All cases — product-dollar disclosure. The most important modeling limitation is the absence of product revenue and profit. A shift from fuels to chemicals or from commodity to higher-value materials could change quality without being visible in segment revenue. Future disclosures of product mix, O2C capex, maintenance spending or invested capital would materially improve forecast confidence.

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	₹609,814 crore	Segment Result before Interest and Taxes	5.50%	₹33,540 crore	30%
Base	₹803,208 crore	Segment Result before Interest and Taxes	7.50%	₹60,241 crore	50%
Bull	₹952,925 crore	Segment Result before Interest and Taxes	9.20%	₹87,669 crore	20%

The central conclusion is that O2C remains a strategically relevant and relatively resilient integrated asset system, but not a high-visibility compounder. The base case grows revenue only 2.52% annually and holds exact-metric margin near the current level. Upside requires both favorable refining balances and eventual chemical rationalization; downside can occur even with healthy Indian demand if global capacity and product spreads remain adverse. The model therefore preserves substantial scenario width and assigns more probability to the bear than the bull.

Appendix B2 - Retail

Retail — Segment Deep Dive

Company: Reliance Industries Limited **Ticker:** RELIANCE.NS **Reporting currency and scale:** INR crore unless stated otherwise **Forecast anchor:** TTM ended 2026-06-30 **Exact horizon:** 2031-06-30, exactly five calendar years **Exact profit basis:** `Segment Result before Interest and Taxes`

0. Segment boundary and taxonomy note

Retail is the issuer's consumer-retail and related-services segment across physical stores, digital commerce and new commerce. The principal reporting boundary has been stable since FY2024. The FY2025 annual report modestly restated FY2024 Retail `Segment Result before Interest and Taxes` to INR 17,524 crore from INR 17,498 crore; this appendix uses only the later comparative. Financial Services was demerged effective 2023-03-31 and is not included in Retail. The operating perimeter is broad, but Reliance does not disclose a complete category-to-segment revenue map. Consumer electronics, grocery, fashion/lifestyle and connectivity are therefore discussed as operating baskets, not modeled as invented product-revenue lines. Historical Reliance figures and management quotations come only from the DR-cleared data package. [data_package §1 and §4; D2 FY2025 Integrated Annual Report, Segment Information comparative]

1. What this segment actually is

Reliance Retail is an Indian omni-channel merchant rather than one uniform store concept. It reaches households through a large physical estate, digital storefronts and app-based ordering, and a new-commerce layer that connects supply, assortment and fulfillment capabilities to merchants and customers. Its merchandise spans grocery and daily needs, consumer electronics and connectivity, fashion and lifestyle, and other general merchandise. The breadth matters because the traffic pattern, inventory risk, markdown exposure, basket size and gross margin differ sharply across those categories.

The customer proposition combines reach, value and convenience. The physical network supplies discovery, pickup, returns and local inventory. Digital commerce expands assortment and shopping hours. Hyper-local or quick-commerce fulfillment increases purchase frequency but can reduce basket size and add picking and last-mile expense. New commerce can deepen the network by using technology and procurement infrastructure to serve smaller merchants, but the issuer does not separately disclose its revenue, gross merchandise value or profit. The investment case must therefore be based on the consolidated Retail segment result and observable operating KPIs, not on an assumed platform valuation or a fabricated digital revenue split.

Pricing is predominantly transactional. Customers buy merchandise rather than subscriptions, so revenue depends on transactions multiplied by average recognized revenue per transaction. That relationship is complicated by accounting perimeter: a marketplace commission model recognizes a smaller revenue amount than an inventory-owned model even if consumer spending is unchanged. The data package does not provide a Retail accounting-perimeter split by channel. This appendix consequently treats transaction growth and recognized revenue per transaction as the primary forecast equation and uses stores, area, customers and channel migration as capacity and reasonableness checks. It does not multiply all drivers together and thereby double count growth.

Go-to-market is local and format-specific. Large stores can carry breadth and serve planned shopping; smaller neighborhood formats and fulfillment points can support frequency and short delivery times; digital surfaces reduce search friction and personalize promotions. Reliance's cross-segment relationship with Jio can reduce customer-acquisition friction and improve digital reach, but Retail must still earn its own economics. Connectivity data, payments and media can aid engagement; they do not automatically create Retail revenue or margin and are not credited as separate dollar lines here.

The segment's scale is unusual. At Q1 FY2027 it had 20,169 stores, the corrected current count required for this model, across 78.4 million square feet, 396 million registered customers and 0.568 billion quarterly transactions. [data_package §0a, Material KPI history; D6 official Q1 FY2027 media release dated 2026-07-17] These measures are not additive businesses. A customer may shop through several channels, a store may also function as a fulfillment node, and digital orders are included in transactions. The model preserves those overlaps explicitly.

2. Current economics

The latest four reported quarters are Q2 FY2026, Q3 FY2026, Q4 FY2026 and Q1 FY2027. Their segment revenue sums to INR 377,322 crore: INR 90,544 crore, INR 97,912 crore, INR 98,457 crore and INR 90,409 crore, respectively. [data_package §5, Retail rows; official releases D9 dated 2025-10-17, D8 dated 2026-01-16, D7 dated 2026-04-24 and D6 dated 2026-07-17] The QFR-sealed statutory bridge gives TTM Retail `Segment Result before Interest and Taxes` of INR 20,480 crore, which implies a 5.43% margin. [data_package §3a, TTM Retail bridge row; sealed statutory_bridge.json source `RIL_Q1_FY27_RELEASE`] This exact metric includes interest income or other income pertaining to the segment and is not statutory operating income. Corporate/unallocated and statutory-bridge adjustments are outside this appendix and must be forecast once in synthesis.

FY2026 segment revenue was INR 371,085 crore, up 12.1%, and exact-basis segment profit was INR 20,817 crore at a 5.61% margin. [data_package §3, Retail table; D1 FY2026 Integrated Annual Report, Note 37 Segment Information] Q1 FY2027 revenue growth slowed to 7.4% and its exact-basis margin declined to 5.01%. [data_package §5, Retail Q1 FY2027 row; D6 official Q1 FY2027 media release dated 2026-07-17] The combined TTM anchor therefore captures respectable sales growth but lower current profitability than the FY2026 average. It is not prudent to begin the forecast from the 5.76% FY2025 margin or assume immediate reversion.

The operating footprint is 20,169 stores and 78.4 million square feet. That is about 3,887 square feet per store on a simple average, compared with approximately 2,738 square feet in FY2022. The increase reflects format and network mix, not necessarily larger like-for-like stores. TTM segment revenue divided by current area is approximately INR 48,128 per square foot, and TTM revenue divided by current stores is approximately INR 18.71 crore per store. These are broad all-channel allocation ratios: digital and new-commerce revenue sits in the numerator, so neither measure is a disclosed physical-store productivity KPI.

FY2026 had more than 1.9 billion transactions and Q1 FY2027 recorded 0.568 billion, up 46.0% year on year. [data_package §0a, Material KPI history, Retail customer transactions row] Q1 revenue divided by Q1 transactions is approximately INR 1,592 per transaction. FY2026 revenue divided by the lower-bound 1.9 billion transactions is less than approximately INR 1,953 per transaction. These calculations indicate that transaction growth can substantially exceed revenue growth when newer digital occasions are frequent and small-basket. They are not estimates of merchandise gross value, and the FY2026 figure is only a ceiling because the reported transaction count is “over 1.9 billion.”

Registered customers reached 396 million in Q1 FY2027, up 10.6% year on year. [data_package §4, Retail KPI row; §0a, registered retail customers row] Customer growth above revenue growth and transaction growth far above revenue growth imply that near-term monetization is being diluted by mix, basket size, promotions or channel economics. The model therefore separates customer acquisition from transaction frequency and average recognized revenue per transaction.

Capital intensity is material but cannot be measured precisely at segment level from the cleared package. Stores require fit-out, inventory, logistics, technology, leases and working capital; quick commerce adds local fulfillment capacity and delivery systems. Reliance discloses consolidated cash-flow capex and headline segment capex, but not a DR-cleared five-year Retail capex, depreciation or invested-capital schedule. [data_package §7, Capital allocation history] This is a genuine analytical limitation. Margin expansion is modeled only from operating mechanisms, not from an unverified return-on-capital claim.

3. Unit economics

The central unit-economic equation is:

`Retail revenue = completed customer transactions × average recognized revenue per transaction`.

Transaction volume is driven by active customer growth, purchase frequency, assortment, geographic access, service reliability and delivery speed. Average recognized revenue per transaction reflects units per basket, price inflation, category mix, private-label penetration, discounting and whether the channel recognizes merchandise gross value or only a commission. Because Reliance does not disclose channel revenue dollars or a consistent average-order-value series, the model uses a transaction-growth path and a modest basket/mix factor. The current transaction number is not treated as a revenue category.

At the gross-margin level, grocery and connectivity traffic tends to be frequent and price-sensitive; fashion, private brands and selected general merchandise can carry higher merchandise margins but greater markdown and fashion risk; electronics can produce high tickets with thinner retail margins and intense price transparency. A favorable mix shift is not simply “more digital.” Rapid delivery may grow revenue but initially depress gross contribution after picking, packing, shrink, refunds, payment and delivery costs. The profit benefit arrives only when order density, basket economics, advertising or supplier

funding outweigh those variable costs.

Procurement scale is a real advantage. A network of this size can consolidate vendor volumes, improve availability, negotiate terms and spread data and supply-chain systems across many formats. Yet scale is not the same as pricing power over consumers. Indian shoppers can compare prices quickly and substitute among kiranas, DMart, brand stores, marketplaces and quick-commerce apps. Retail's economic power is therefore more likely to appear as buying efficiency, inventory turns and lower unit logistics cost than as unconstrained markups.

The major operating-cost drivers are occupancy, store labor, logistics, warehousing, technology, marketing, payment costs, shrink and depreciation. Occupancy and store labor create positive leverage when mature-store sales rise, but they reverse when space is added ahead of demand. Digital fulfillment substitutes some selling-floor cost with picking and last-mile cost. Store-enabled fulfillment can reduce delivery distance and reuse existing inventory, but only if the inventory is accurate and local demand is dense. The bull case assumes density benefits; the bear case assumes the network carries duplicated store and delivery costs.

Working capital can be favorable when merchandise turns rapidly and supplier credit exceeds inventory days, but slow fashion, electronics obsolescence or overexpansion can consume cash. The data package does not disclose Retail working capital separately. This means an apparently strong segment-profit CAGR could still produce weak cash returns if inventory and capex rise faster. The synthesis and management appendices should test that issue at consolidated level.

Depreciation matters because the exact segment profit is after depreciation but before interest and taxes. FY2026 Retail gross revenue and EBITDA reported elsewhere in the issuer's materials are not substituted for the exact-basis segment result. The forecast margin is therefore an EBIT-like result on the issuer's disclosed basis. Any store, warehouse or digital-fulfillment expansion must earn enough gross contribution to cover depreciation as well as operating expense.

There are four practical margin levers. First, private-label and owned-brand mix can raise merchandise margin, provided quality and inventory discipline hold. Second, procurement, replenishment and automation can reduce cost per unit. Third, mature-store and fulfillment density can spread fixed costs. Fourth, advertising, vendor funding and ancillary services can supplement merchandise economics, although no undisclosed revenue is inserted. Against them stand promotions, delivery subsidies, shrink, wage and rent inflation, competitive price matching and markdowns. The scenario margin bridges in Section 9 make those mechanisms explicit.

4. Competitive dynamics

The competitive set varies by basket. In food and grocery, Reliance competes with kiranas, regional chains, DMart, online grocers and quick-commerce platforms. In fashion it competes with Trent's Westside and Zudio, department stores, brand-owned channels, value chains and marketplaces. In electronics it competes with specialist chains, marketplaces and direct brand stores. Digital commerce places Amazon, Flipkart, Meesho and category specialists in the same customer consideration set. Quick commerce brings Blinkit, Zepto, Instamart and other rapid-delivery networks into daily-needs shopping.

DMart is a useful physical benchmark because its economics are built around focused food-and-grocery value retail, ownership or long-duration control of many locations and disciplined cost. Avenue Supermarts reported FY2026 standalone revenue of INR 66,968 crore, 15.9% growth, EBITDA of INR 5,255 crore and 500 stores at 2026-03-31. Its Q4 EBITDA margin was 7.2%. [Avenue Supermarts FY2026 results](https://api.dmartindia.com/corporate/content/file/v1/2/R2aWBiIpiuD39xgfm4wrqQKc1777723315/Press%20release%20dated%202nd%20May%2C%202026.pdf) Those numbers are not directly comparable with Reliance's segment result: DMart is narrower, its margin cited is EBITDA, and Reliance includes many formats and channels. The comparison nevertheless demonstrates that focused, high-throughput physical retail can produce solid growth and positive store-level economics without relying on a platform narrative.

Quick commerce is the most important disruption and opportunity. Blinkit ended Q4 FY2026 with 2,243 stores, 95.4% year-on-year net order value growth and only a 0.3% adjusted EBITDA margin on NOV, after being loss-making in earlier quarters. [Eternal Q4 FY2026 shareholder letter](https://b.zmtcdn.com/investor-relations/46c641fa0f1caecb5ecf5e4b9525dea8_1777376836.pdf) By June 2026 it reported more than 2,400 stores. [Eternal customer-centricity disclosure](https://www.eternal.com/investor-relations/impact/customer-centricity/) This is a sharp warning against equating transaction growth with segment profit. It also shows why Reliance's store footprint can matter if it can provide dense local fulfillment without excessive incremental capital or subsidy.

NIQ reported that e-commerce reached 18% of FMCG sales in India's top eight metros in Q4 2025 and that quick commerce represented more than three-quarters of e-commerce FMCG sales. [NIQ India FMCG Q4 2025 snapshot](https://nielseniq.com/global/en/news-center/2026/niq-gst-2-0-transition-reshapes-indias-fmcg-growth-landscape/) This supports a structural shift in urban shopping occasions. It does not establish Reliance's channel share, which is not disclosed in the data package. The investment question is whether Reliance can migrate demand into its own ecosystem while preserving contribution, not whether the market itself grows.

Online retail still has headroom. A 2025 SEBI-filed industry document estimated India's organized share at about 21% in CY2024 and projected 34%-38% by CY2030, with online retail at approximately 7% of total retail in CY2024. [SEBI-hosted industry filing](https://nsearchives.nseindia.com/corporate/FP_INE0E7301029_11DEC2025.pdf) Such industry forecasts are directional rather than company guidance. They justify a base case above nominal consumption growth but not a 20% Retail revenue CAGR by themselves.

Pricing power is mixed. Reliance can use procurement scale and private labels to protect value gaps, but consumer switching costs are low. Digital interfaces increase price transparency, and a competitor can subsidize a basket to acquire users. The durable advantage is not a premium price; it is the ability to offer acceptable price, assortment and convenience at a lower delivered cost. The segment's current 5.43% TTM exact-basis margin leaves limited room for execution error.

Entry barriers are meaningful at national scale: vendor relationships, local real estate, distribution infrastructure, working capital, technology, brand trust and a large customer funnel. But local entry barriers are lower. A kirana already has proximity; a specialist chain can dominate a category; a digital platform can concentrate on the densest cities. Reliance's breadth is therefore both moat and complexity tax.

5. Moat at the segment level

The segment has a scale-and-density moat, but it is not yet proven to be a high-margin pricing moat. The physical estate, broad supplier base, customer registrations, logistics and digital access create a system that would be expensive to reproduce. A 20,169-store network can place inventory near consumers and potentially use a store for sales, pickup, returns and delivery. Procurement volumes can support cost leadership. Customer and transaction data can improve assortment and replenishment if governance and execution are strong.

The moat's strongest element is option value across channels. A pure physical chain must build digital fulfillment; a pure digital platform must build inventory density or partner economics. Reliance already has both physical and digital touchpoints. The network can adapt as consumers shift among planned trips, top-up shopping and rapid delivery. This flexibility is valuable over five to ten years.

The weaker element is customer captivity. Registered customers are not necessarily active or exclusive. Low switching costs, promotions and price comparison reduce loyalty. A 46% rise in quarterly transactions alongside only 7.4% revenue growth indicates engagement, but also suggests smaller baskets or monetization pressure. [data_package §0a, Retail customer transactions row; §5, Retail Q1 FY2027 row] If customers use Reliance for subsidized convenience while higher-margin baskets remain elsewhere, scale will not translate into attractive returns.

The second weakness is complexity. Formats, categories and channels require different inventory algorithms and operating rhythms. Cross-subsidizing an uneconomic channel can hide problems inside a consolidated segment margin. The absence of product or channel revenue and margin disclosure makes this harder to monitor. The moat should therefore be judged by total transaction monetization, mature-space productivity and exact-basis margin, not by store count alone.

Over the next five years, the moat is durable if three conditions hold: total transaction growth remains ahead of customer growth without collapsing basket economics; broad all-channel revenue per square foot rises as the estate matures; and `Segment Result before Interest and Taxes` margin improves despite digital mix. If any two fail for several quarters, the claimed omni-channel advantage is probably a capital-intensive distribution network rather than a compounding moat.

Over ten years, regulation, labor economics and open digital infrastructure can weaken platform advantages. E-commerce policy, marketplace rules, data protection, gig-worker protections and local sourcing requirements can raise cost or constrain integration. Conversely, a nationally trusted retailer with auditable supply chains may gain share as informal retail formalizes. The segment moat is therefore assessed as moderate-to-strong operationally, but only moderate economically until returns on the expanded footprint are disclosed or inferred through sustained margin and cash conversion.

6. Historical growth rates — reproduced from the data package

The required financial history uses only annual segment-note figures. The “three-year CAGR” is FY2023 to FY2026, a true three-interval CAGR. Operational rows use the same FY2023-FY2026 convention where endpoints are available. Retail basket revenue dollars are not separately disclosed, so no category dollars are back-solved.

Product / sub-segment or KPI	FY2022	FY2023 base	FY2024	FY2025	FY2026	3-year CAGR	Most recent YoY	Data package cite
Retail segment revenue, INR crore	199,727 [D5 FY2022 annual report]	260,394 [D4 FY2023 annual report]	306,848 [D2 FY2025 report, restated FY2024 comparative]	330,943 [D1 FY2026 report, FY2025 comparative]	371,085 [D1 FY2026 report, Note 37]	12.5% [derived from D4/D1 endpoints]	Q1 FY2027 7.4% [D6 dated 2026-07-17]	data_package §3 Retail table and §5 Retail Q1 row; D1-D6 exact URLs/hashes in source inventory
Segment Result before Interest and Taxes, INR crore	10,198 [D5 FY2022 annual report]	13,994 [D4 FY2023 annual report]	17,524 [D2 FY2025 report, restated FY2024 comparative]	19,070 [D1 FY2026 report, FY2025 comparative]	20,817 [D1 FY2026 report, Note 37]	14.2% [derived from D4/D1 endpoints]	Margin 5.01% in Q1 FY2027 [D6 dated 2026-07-17]	data_package §3 exact-profit row and §5 Retail Q1 row; D1-D6 exact URLs/hashes in source inventory
Stores	15,196 [D5 FY2022 annual report]	18,040 [D4 FY2023 annual report]	18,836 [D3 FY2024 annual report]	19,340 [D2 FY2025 annual report]	20,160 [D1 FY2026 annual report]	3.8% [derived from D4/D1 endpoints]	20,169 current; YoY not disclosed [D6 dated 2026-07-17]	data_package §0a Retail stores row; D1-D6 exact URLs/hashes in source inventory
Retail area, million sq. ft.	41.6 [D5 FY2022 annual report]	65.6 [D4 FY2023 annual report]	79.1 [D3 FY2024 annual report]	77.4 [D2 FY2025 annual report]	78.3 [D1 FY2026 annual report]	6.1% [derived from D4/D1 endpoints]	78.4 current; YoY not disclosed [D6 dated 2026-07-17]	data_package §0a Retail area row; D1-D6 exact URLs/hashes in source inventory
Registered customers, million	193 [D5 FY2022 annual report]	249 [D4 FY2023 annual report]	over 300 [D3 FY2024 annual report]	over 349 [D2 FY2025 annual report]	387 [D1 FY2026 annual report]	15.8% using stated endpoints [derived from D4/D1 endpoints]	Q1 FY2027 +10.6% [D6 dated 2026-07-17]	data_package §0a registered-retail-customer row and §4 Retail KPI row; D1-D6 exact URLs/hashes in source inventory
Customer transactions, billion	Not disclosed [D5 FY2022 annual report]	over 1.0 [D4 FY2023 annual report]	over 1.2 [D3 FY2024 annual report]	about 1.4 [D2 FY2025 annual report]	over 1.9 [D1 FY2026 annual report]	At least 23.9% using stated lower-bound endpoints	Q1 FY2027 +46.0% [D6 dated 2026-07-17]	data_package §0a Retail customer-transactions row; D1-D6 exact URLs/hashes in source inventory
Consumer electronics / grocery / fashion-lifestyle / connectivity revenue	Not separately disclosed [§4 Retail row]	Not separately disclosed [§4 Retail row]	Not separately disclosed [§4 Retail row]	Not separately disclosed [§4 Retail row]	Not separately disclosed [§4 Retail row]	Not calculable	Not disclosed	data_package §4, Retail product/business row

Financial arithmetic checks all pass within 2%. INR 199,727 crore × 1.304 = INR 260,444 crore versus reported FY2023 INR 260,394 crore; INR 260,394 crore × 1.178 = INR 306,744 crore versus FY2024 INR 306,848 crore; INR 306,848 crore × 1.079 = INR 331,089 crore versus FY2025 INR 330,943 crore; and INR 330,943 crore × 1.121 = INR 370,987 crore versus FY2026 INR 371,085 crore. Differences are rounding, each below 0.1%. [data_package §3, Retail Revenue and YoY rows; D1-D5 Integrated Annual Reports, Segment Information]

No back-solved category revenue appears in this appendix. The operational KPIs are used as independent reasonableness checks. The store count rose only 11.8% from FY2023 to FY2026 while revenue rose 42.5%, but area rose 19.4% and digital/new-commerce activity also increased. Revenue per store therefore improved, while broad all-channel revenue per square foot was roughly flat across the longer FY2022-FY2026 interval because the area base expanded sharply. That history supports modest future physical-area growth and requires digital density or same-space productivity for a double-digit revenue forecast.

7. Management guidance from data package Section 6

- **Row: Retail / 2026-07-17 / Mukesh D. Ambani, CMD.** “well placed to benefit from India’s long term consumption growth.” [data_package §6, Retail row 1] This is a directional demand statement, not numeric revenue guidance. It supports a structurally growing addressable market but does not resolve current margin pressure.

- **Row: Retail / 2026-04-24 / Mukesh D. Ambani, CMD.** “deep omni-channel presence ... will continue to underpin sustained growth.” [data_package §6, Retail row 2] This identifies the channel strategy but gives no store, transaction,

revenue or profit target. The forecast tests it through transaction growth, network productivity and margin rather than treating “sustained” as a specific CAGR.

[DATA GAP: Reliance provides no formal Retail revenue, `Segment Result before Interest and Taxes`, store-count, area, transaction or margin outlook in the DR-cleared data package.]

The guidance is consistent with a base case in which organized consumption and channel migration support growth. It is not sufficient to underwrite the bull case. The latest quarter’s 7.4% revenue growth and 5.01% margin are the near-term check against aspirational language. The bull case requires evidence of improving transaction monetization and fulfillment economics; the bear case reflects the possibility that omni-channel breadth grows activity without adequate profit.

8. Forward growth assumptions — explicit operating-driver model

Modeling architecture and no-double-count rule

The only forecast dollar line is total Retail revenue because category and channel revenue dollars are not disclosed. The model starts from TTM revenue of INR 377,322 crore. Horizon revenue equals TTM revenue multiplied by a five-year transaction factor and a five-year average-recognized-revenue-per-transaction factor. Stores, area, customers, digital/new commerce, category mix and same-store productivity validate that output; they are not multiplied into it again.

Base case assumptions

Operating driver	3-year historical CAGR	Latest YoY / level	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Total Retail revenue	12.5%	Q1 FY2027 +7.4%	No numeric guide	10.15%	Transaction growth decelerates sharply; modest basket/mix offsets slower physical rollout.
Store count	3.8%	20,169 current	No numeric guide	2.5%	Network reaches 22,819; emphasis shifts from raw openings to density and maturation.
Retail area	6.1%	78.4m sq. ft. current	No numeric guide	3.0%	Area reaches 90.9m sq. ft.; slower than history after recent footprint rationalization.
Registered customers	15.8%	396m; +10.6% YoY	No numeric guide	7.0%	Penetration rises to about 555m, with natural deceleration at large scale.
Transactions	At least 23.9%	Q1 FY2027 +46.0%	No numeric guide	8.53% path CAGR	Growth steps down 15%, 11%, 8%, 5%, 4% as quick-commerce base effects normalize.
Average recognized revenue per transaction	Not disclosed	Q1 derived about INR 1,592	No numeric guide	1.5%	Pricing and mix rise modestly; small digital baskets prevent aggressive ticket growth.
Digital / new-commerce overlay	No dollar history	Channel dollars not disclosed	Omni-channel supports growth	Not separately monetized	Roughly half of incremental transactions are assumed digital/new-commerce influenced, with no separate revenue added.
Same-store / all-channel productivity	FY2022-FY2026 broad revenue per sq. ft. roughly flat	TTM proxy about INR 48,128 per sq. ft.	No numeric guide	Output implies about 6.9%	Physical maturation plus digital throughput lift the all-channel allocation ratio; this is a cross-check, not a disclosed KPI.
Category mix / pricing	No category dollars	Transaction growth exceeds revenue growth	No numeric guide	Included in 1.5% ticket CAGR	Grocery frequency stays strong while fashion/private-label mix prevents ticket compression.

Base transaction deceleration is explicit. Q1 FY2027’s 46% growth is not carried forward. The path is 15% in year one, 11% in year two, 8% in year three, 5% in year four and 4% in year five, a 50.55% cumulative increase and 8.53% CAGR. That is defensible because current growth comes from a developing digital/new-commerce layer and because the base becomes much larger. It is also conservative relative to Blinkit’s current growth, while recognizing that Reliance’s total Retail base is far larger and includes mature physical formats.

The 1.5% ticket CAGR is below likely nominal consumption growth because transaction mix is shifting toward top-up and convenience occasions. NIQ's evidence that quick commerce dominates urban e-commerce FMCG supports higher frequency, but not necessarily higher baskets. The model therefore gives digital commerce most of its benefit through transactions and only modest benefit through recognized revenue per transaction.

Bull case assumptions

Operating driver	3-year historical CAGR	Latest YoY / level	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Total Retail revenue	12.5%	Q1 FY2027 +7.4%	No numeric guide	15.77%	Strong channel migration, high frequency and successful owned-brand mix sustain above-market growth.
Store count	3.8%	20,169 current	No numeric guide	5.5%	Estate reaches 26,360 with disciplined smaller-format and fulfillment expansion.
Retail area	6.1%	78.4m sq. ft. current	No numeric guide	6.0%	Area reaches 104.9m sq. ft.; additions earn adequate density.
Registered customers	15.8%	396m; +10.6% YoY	No numeric guide	10.0%	Customer base reaches about 638m as Tier 2 and below penetration deepens.
Transactions	At least 23.9%	Q1 FY2027 +46.0%	No numeric guide	13.50% path CAGR	Growth steps down 20%, 17%, 14%, 10%, 7% but frequency remains strong.
Average recognized revenue per transaction	Not disclosed	Q1 derived about INR 1,592	No numeric guide	2.0%	Better mix and larger digital baskets offset value pricing and top-up frequency.
Digital / new-commerce overlay	No dollar history	Channel dollars not disclosed	Omni-channel supports growth	Not separately monetized	More than half of incremental transactions are digitally influenced; economics improve through density, not fabricated revenue.
Same-store / all-channel productivity	Broad historical proxy roughly flat	TTM proxy about INR 48,128 per sq. ft.	No numeric guide	Output implies about 9.2%	Rapid digital throughput and mature-store growth raise revenue faster than area.
Category mix / pricing	No category dollars	Not disclosed	No numeric guide	Included in 2.0% ticket CAGR	Private labels, fashion and general merchandise improve mix without assuming product dollars.

The bull case is demanding. It requires Reliance to capture organized-retail and e-commerce share while expanding physical and fulfillment capacity without repeating the margin dilution visible in current quick-commerce competitors. It does not assume Q1 transaction growth stays at 46%; even the bull path slows to 7% by year five. Revenue nevertheless compounds at 15.77% because transactions remain strong and ticket/mix grows 2.0% annually.

Bear case assumptions

Operating driver	3-year historical CAGR	Latest YoY / level	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Total Retail revenue	12.5%	Q1 FY2027 +7.4%	No numeric guide	3.99%	Competition, weak monetization and estate rationalization reduce growth toward nominal consumption.
Store count	3.8%	20,169 current	No numeric guide	0.0%	Closures and additions net to 20,169; capital shifts to network repair.
Retail area	6.1%	78.4m sq. ft. current	No numeric guide	-0.5%	Area falls to 76.5m sq. ft. as weak formats are closed or resized.
Registered customers	15.8%	396m; +10.6% YoY	No numeric guide	3.0%	Customer base reaches about 459m but engagement quality weakens.
Transactions	At least 23.9%	Q1 FY2027 +46.0%	No numeric guide	2.96% path CAGR	Growth steps down 7%, 5%, 3%, 1%, -1% as promotions normalize and churn rises.
Average recognized revenue per transaction	Not disclosed	Q1 derived about INR 1,592	No numeric guide	1.0%	Inflation is offset by down-trading, small baskets and promotional mix.

Operating driver	3-year historical CAGR	Latest YoY / level	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Digital / new-commerce overlay	No dollar history	Channel dollars not disclosed	Omni-channel supports growth	Not separately monetized	Digital activity grows but mostly cannibalizes stores and carries weak contribution.
Same-store / all-channel productivity	Broad historical proxy roughly flat	TTM proxy about INR 48,128 per sq. ft.	No numeric guide	Output implies about 4.5%	Higher digital throughput partly offsets smaller area, but profitability deteriorates.
Category mix / pricing	No category dollars	Not disclosed	No numeric guide	Included in 1.0% ticket CAGR	Low-margin grocery and discounting dominate; discretionary mix disappoints.

The bear case is not a collapse. India's consumption and formalization still support some nominal growth, but Reliance fails to translate activity into attractive economics. The most important bear assumption is not store closures; it is the step-down from 46% quarterly transaction growth to low single digits without a compensating basket increase. That outcome is plausible if subsidized digital occasions churn, competitors match convenience, and customer registrations prove less valuable than active frequency.

9. Forward `Segment Result before Interest and Taxes` margin assumptions

The TTM margin anchor is 5.43%, calculated from INR 20,480 crore of `Segment Result before Interest and Taxes` and INR 377,322 crore of revenue. [data_package §3a, TTM Retail bridge row; §5, four Retail quarterly revenue rows] Product-level margins are not disclosed, so the model uses transparent segment-level basis-point bridges. No corporate, unallocated, finance, tax or statutory-bridge item is inserted.

Margin bridge	Bear bps vs. TTM	Base bps vs. TTM	Bull bps vs. TTM	Mechanism
Starting TTM exact-basis margin	5.43%	5.43%	5.43%	Sealed TTM anchor
Procurement, private label and supplier economics	+8	+35	+60	Scale and owned mix improve merchandise economics to different degrees.
Store occupancy, labor and network density	-30	+30	+50	Bear underutilization versus base/bull mature-space leverage and automation.
Digital fulfillment, delivery and promotion	-45	-20	-15	Quick-commerce density improves but remains a drag relative to store sales.
Category mix, markdowns and ancillary monetization	-26	+12	+42	Bear discounting versus better bull discretionary/private-brand mix.
Horizon `Segment Result before Interest and Taxes` margin	4.50%	6.00%	6.80%	Rounded scenario outcome; changes reconcile to the mechanisms above.

The bear decline of 93 basis points is driven by promotion and last-mile expense, store underutilization and adverse category mix. Procurement scale offsets only a small part. Revenue still grows, but horizon segment profit is almost flat versus TTM because the margin falls to 4.5%. This is the scenario most consistent with transactions remaining optically healthy while economics weaken.

The base case expands margin by 57 basis points to 6.0%. Procurement, private labels, maturing stores, fulfillment density and technology offset ongoing digital cost. This is not heroic relative to the segment's FY2025 5.76% margin, but it requires current Q1 weakness to reverse and the much larger transaction base to become more productive. Since the exact profit metric includes segment-related interest or other income, the model does not claim that 6.0% is a pure merchandise operating margin.

The bull margin reaches 6.8%, 137 basis points above TTM. The greater-than-100-basis-point change is justified only if private-label and owned-brand mix improves, mature stores and fulfillment nodes spread fixed costs, order density lowers last-mile cost, and ancillary monetization grows without consumer price loss. The DMart benchmark shows that a focused retailer can report EBITDA margins around 7%, but Reliance's 6.8% is on a different, after-depreciation segment-result basis and across a broader perimeter. The bull case is therefore high but not impossible; it must be monitored against disclosed exact-basis margins rather than peer EBITDA.

10. Segment rollup — bottom-up arithmetic

Operating capacity and funnel at the horizon

Driver	TTM / current anchor	Bear 2031-06-30	Base 2031-06-30	Bull 2031-06-30	Role in model
Stores	20,169	20,169	22,819	26,360	Capacity check; corrected current count used
Retail area, million sq. ft.	78.4	76.5	90.9	104.9	Physical-capacity check
Registered customers, million	396	459	555	638	Funnel check; registrations are not active users
Transaction index	1.000	1.157	1.505	1.884	Primary volume factor
Average recognized revenue per transaction index	1.000	1.051	1.077	1.104	Primary basket/mix factor
Combined revenue factor	1.000	1.216	1.622	2.080	Transaction factor multiplied by basket factor once
Digital / new-commerce dollar revenue	Not separately disclosed	Not invented	Not invented	Not invented	Reflected only through transaction and basket assumptions
Category revenue dollars	Not separately disclosed	Not invented	Not invented	Not invented	Mix affects basket and margin only

Store and area outcomes are rounded from stated scenario CAGRs. Customer outcomes are similarly rounded. They do not drive revenue independently. This matters because digital orders can flow through a physical node and the same customer can transact across several formats; multiplying stores, customers and transactions would triple count the same economic activity.

Revenue and profit reconstruction

Case	TTM revenue	Five-year transaction factor	Five-year basket/mix factor	Combined factor	TTM+5y revenue	Exact-basis margin	TTM+5y Segment Result before Interest and Taxes	Arithmetic check
Bear	377,322	1.157089	1.051010	1.216112	458,866	4.50%	20,649	377,322 × 1.216112; profit = revenue × 4.50%
Base	377,322	1.505453	1.077284	1.621800	611,941	6.00%	36,716	377,322 × 1.621800; profit = revenue × 6.00%
Bull	377,322	1.883859	1.104081	2.079933	784,804	6.80%	53,367	377,322 × 2.079933; profit = revenue × 6.80%

The bear transaction factor equals 1.07 × 1.05 × 1.03 × 1.01 × 0.99 = 1.157089. The base factor equals 1.15 × 1.11 × 1.08 × 1.05 × 1.04 = 1.505453. The bull factor equals 1.20 × 1.17 × 1.14 × 1.10 × 1.07 = 1.883859. The basket/mix factors are 1.01■, 1.015■ and 1.02■. All segment totals therefore reconstruct directly from the disclosed TTM segment revenue and explicit operating assumptions, with no residual and no product-dollar invention.

The revenue CAGRs are 3.99%, 10.15% and 15.77% for bear, base and bull. Exact-basis profit CAGRs from the INR 20,480 crore TTM anchor are approximately 0.16%, 12.38% and 21.11%, respectively. The large spread shows that margin execution, not just India retail growth, determines the segment's value creation.

The base output implies broad all-channel revenue per square foot of approximately INR 67,300 by the horizon, versus about INR 48,128 currently, a roughly 6.9% CAGR. It also implies revenue per store of approximately INR 26.8 crore versus INR 18.71 crore, around 7.4% annual growth. Those are demanding productivity gains but include digital throughput attached to the network. If disclosed physical same-store sales remain weak while digital mix grows, these ratios must not be misrepresented as store productivity.

The bull outcome implies even stronger all-channel productivity, approximately INR 74,800 per square foot and INR 29.8 crore per store. It requires stores to become genuine fulfillment assets rather than duplicated cost. The bear outcome reaches about INR 60,000 per square foot despite slightly lower area; digital throughput lifts the allocation ratio while margin deterioration demonstrates that revenue density alone is insufficient.

Scenario probabilities are deliberately nonuniform: 30% bear, 55% base and 15% bull. The weighting reflects the structural growth opportunity but gives more probability to monetization pressure than to a sustained high-growth, high-margin outcome.

These probabilities belong to this segment model only and are not a trade, portfolio, sizing, ranking or action recommendation.

11. Key risks and wildcards

Bear — transaction monetization failure. The most important risk is that quick-commerce and digital occasions raise transactions faster than revenue, as the latest quarter already suggests. Promotions, small baskets and delivery cost can turn engagement into low-return growth. Monitor revenue growth relative to transaction growth and exact-basis margin together.

Bear — physical-network underutilization. The estate can become a fixed-cost burden if demand migrates online faster than stores can be repurposed. Area fell from 79.1 million square feet in FY2024 to 77.4 million in FY2025 before recovering to 78.4 million currently, evidence that footprint growth is not automatically linear. [data_package §0a, Retail area row; D3 FY2024 and D2 FY2025 Integrated Annual Reports; D6 official Q1 FY2027 release dated 2026-07-17]

Bear — price competition. DMart's disciplined value model, kirana proximity and venture-backed digital competitors constrain consumer pricing. A price war can preserve revenue and traffic while compressing merchandise margin and increasing marketing expense.

Bear — disclosure opacity. The absence of channel revenue, gross merchandise value, active customers, average order value, same-store sales, private-label share, segment capex and channel profitability makes it difficult to distinguish healthy omni-channel growth from cross-subsidized volume. This is not merely a reporting inconvenience; it raises forecast error.

Base — organized-retail formalization. Rising income, urbanization, tax formalization and preference for standardized quality can shift share from fragmented retail. Reliance's national network can capture this without heroic share assumptions if store productivity and digital integration improve gradually.

Base — store-enabled fulfillment. Existing stores can shorten delivery distance, pool inventory and lower customer-acquisition cost. The economic benefit depends on inventory accuracy, local assortment and order density. The base case assumes partial success, not full dark-store economics across the network.

Bull — private labels and owned consumer brands. Better private-label mix could lift gross margin and differentiation. The wildcard is inventory and brand execution: poor sell-through would increase markdowns and working capital. No undisclosed product revenue is credited.

Bull — digital monetization beyond merchandise. Advertising, vendor services, data-enabled merchandising or merchant services could supplement margin. Because the data package provides no separately disclosed Retail revenue or profit from these sources, the base case excludes a distinct revenue line and the bull case reflects only a margin contribution.

Bear/Base — regulatory and labor change. E-commerce and marketplace regulation, data protection, gig-worker benefits, local sourcing and competition enforcement could raise costs or limit platform integration. A more level regulatory field could also favor Reliance's formal supply chain against smaller informal operators.

All cases — accounting-perimeter shifts. Moving between marketplace and inventory-owned models can change recognized revenue without equivalent changes in consumer spend. Any future growth comparison must separate economic growth from gross-versus-net accounting changes.

All cases — capital discipline. Retail expansion competes with Digital, O2C and New Energy for group capital. A strong segment-profit trajectory that requires disproportionate inventory, leases or capex would not necessarily improve consolidated ROIC. Retail-specific invested capital remains a material data gap.

Summary

Case	Segment TTM+5y Revenue, INR crore	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit, INR crore	Probability
Bear	458,866	Segment Result before Interest and Taxes	4.50%	20,649	30%
Base	611,941	Segment Result before Interest and Taxes	6.00%	36,716	55%
Bull	784,804	Segment Result before Interest and Taxes	6.80%	53,367	15%

The base case requires Retail to compound revenue at 10.15% and exact-basis profit at about 12.38%, with physical expansion slower than history and growth increasingly delivered through transaction density and modest basket/mix improvement. The bear case shows why scale alone is insufficient: revenue rises, but margin compression leaves profit

almost unchanged. The bull case earns a greater than 20% profit CAGR only through simultaneous success in customer frequency, network productivity, owned mix and fulfillment economics. The monitoring priority is therefore the joint path of transactions, revenue per transaction, broad network productivity and Segment Result before Interest and Taxes margin—not store count or customer registrations in isolation.

Appendix B3 - Digital Services

Digital Services — Segment Deep Dive

Company: Reliance Industries Limited **Ticker:** RELIANCE.NS **Reporting currency and scale:** INR crore unless stated otherwise **Stage 0 anchor:** TTM ended 2026-06-30; forecast endpoint 2031-06-30; exactly five calendar years **Exact forecast profit basis:** `Segment Result before Interest and Taxes`

0. Segment boundary and taxonomy note

Digital Services is Reliance's reportable segment for connectivity and digital services, principally the Jio ecosystem. The four principal reporting segments have been stable since FY2024. The FY2025 annual report restated FY2024 Digital Services `Segment Result before Interest and Taxes` to INR33,102 crore from INR33,124 crore; this appendix uses the later comparative and does not mix it with the original figure. FY2022 still sits before the Financial Services demerger, but that old-taxonomy column had no reported segment revenue or profit and is not recombined here. The segment's financial perimeter is especially important: JioStar/media is reported in `Others`, not Digital Services, so its revenue and profit are excluded from every Digital Services forecast even where content may support customer engagement. The exact five-year compounding interval is TTM 2026-06-30 to 2031-06-30, not FY2026 to FY2031 and not six fiscal years. [data_package §1, reporting-structure table and taxonomy paragraph, lines 78–91; §0a completeness matrix, Digital and media rows, lines 21–32]

1. What this segment actually is

Digital Services is best understood as a scaled communications network with a widening services layer. Its mass-market core is mobile connectivity sold through prepaid and postpaid plans. The principal revenue levers are the number and quality of subscribers, the monthly price and plan mix captured by average revenue per user, and retention. Usage matters because rising data consumption makes the service more valuable, but traffic itself is not revenue: unlimited or high-allowance plans can carry much more traffic without proportional billing. That distinction is central to this model.

The second leg is fixed connectivity for homes and small premises, using fibre and fixed-wireless access. Home broadband expands Jio's addressable relationship from an individual SIM to a household connection and creates opportunities for Wi-Fi, set-top, storage, security, smart-home and other services. It can improve revenue per household and retention, but it is capital- and installation-intensive. A connection count without information on installation cost, equipment subsidy, churn and collection is not a complete unit-economic proof.

The third leg is enterprise and public-sector digital infrastructure. Jio markets enterprise connectivity, cloud, managed services, communications platforms, IoT, private 5G, security and related implementation capabilities. Current product descriptions show an integrated proposition spanning network access, compute, hybrid and multi-cloud management, and regulated-industry data-residency use cases. Jio's enterprise cloud page describes AI infrastructure, Microsoft Azure with Jio regions, CloudXP, managed implementation and on-premise options, while its 5G platform page describes radio, core, OSS/BSS and automation products. These are useful descriptions of addressable products, not evidence of disclosed product revenue. [Jio enterprise-cloud product page](https://www.jio.com/enterprisecloud/) and [Jio Platforms 5G offerings](https://www.jio.com/platforms/offerings/)

The go-to-market therefore has three overlapping motions. Consumer mobile relies on a ubiquitous retail/recharge footprint, device compatibility, brand and network reach. Home access requires local installation capacity and network availability. Enterprise sales require direct account coverage, service-level commitments, integration and longer sales cycles. Bundling can lower acquisition cost and churn across these motions, but it also creates accounting ambiguity: the data package does not disclose product-level segment revenue, so this appendix does not allocate the reported segment total among mobile, home, enterprise, cloud, content or IoT.

Pricing is similarly layered. Mobile revenue is substantially recurring and plan-based; the key disclosed pricing proxy is ARPU. Home connectivity combines recurring plans with equipment and installation economics. Cloud and enterprise services may be subscription-, capacity-, project- or usage-based. Because Reliance does not publish a complete product revenue map, a fabricated sum-of-parts would look precise while weakening the model. The financial forecast therefore projects one disclosed Digital Services revenue line and tests it against five independent operating envelopes: subscribers, ARPU, data traffic, home-broadband scale and enterprise/cloud scale.

JioStar is adjacent but outside the segment boundary. Its streaming and television assets can strengthen bundles and reduce churn, yet the data package assigns JioStar to `Others` and discloses recent media revenue there. No JioStar dollar is moved into Digital Services, no content loss is charged inside the Digital Services profit forecast, and no cross-segment synergy is counted as incremental Digital Services revenue. Any transfer price or bundle allocation would require issuer disclosure that is not present.

2. Current economics

The verified FY2026 Digital Services segment generated INR176,164 crore of revenue, 14.3% growth, and INR48,211 crore of `Segment Result before Interest and Taxes`, a 27.37% margin on that exact basis. The segment represented 13.4% of gross reportable-segment revenue before intersegment eliminations. [data_package §3, Digital Services rows “Revenue”, “YoY”, “Segment Result before Interest and Taxes” and “Margin on exact metric”, lines 146–153; §1 reporting-structure row “Digital Services”, lines 80–89]

The TTM revenue anchor is INR181,115 crore, reconstructed only from the four DR-cleared quarterly segment-revenue observations: INR43,617 crore in Q2 FY2026, INR44,653 crore in Q3 FY2026, INR45,945 crore in Q4 FY2026 and INR46,900 crore in Q1 FY2027. The QFR-sealed bridge gives TTM `Segment Result before Interest and Taxes` of INR50,359 crore, producing a 27.80% TTM margin. The latest quarter grew revenue 11.8% year over year and earned a 28.92% margin on the exact metric. [data_package §5, Digital Q2 FY2026 through Q1 FY2027 rows, lines 274–277; §3a TTM bridge row “Digital Services”, lines 193–216]

Operating scale is formidable. The data package records 533.3 million Jio subscribers at Q1 FY2027, exit-quarter ARPU of INR215.6 per month, quarterly data traffic of 69.4 billion GB, 28.6 million fixed-broadband homes or premises connected and about 285 million 5G users. FY2026 ended at 524.4 million subscribers, INR214.0 ARPU, 241.4 billion GB of annual data traffic, over 27 million connected premises and over 268 million 5G users. Subscriber growth, pricing and traffic are moving in the same direction, but at very different rates: traffic, fixed broadband and 5G adoption have grown far faster than the total subscriber base or ARPU. That creates both an opportunity for monetisation and a requirement to keep investing in radio, fibre, spectrum, transport, customer equipment, data centres and power. [data_package §0a Material KPI history, Digital Services rows, lines 47–51]

The company does not disclose a complete Digital Services product-revenue schedule. It identifies mobility, fixed broadband, enterprise, cloud, content and IoT, but only entity revenue is available, including Jio Platforms gross revenue of INR41,054 crore in Q1 FY2026 and INR45,961 crore in Q1 FY2027. Those entity figures are not interchangeable with the reportable-segment revenue of INR46,900 crore in Q1 FY2027 and are not used as a product subtotal. [data_package §4, Digital Services row, lines 242–251; §5 Digital Q1 FY2027 row, lines 274–277]

Capital intensity is real but not separately quantified in the cleared package. Reliance discloses consolidated cash-flow capex and headline capex, not a segment cash-capex series suitable for a Digital Services return calculation. [DATA GAP: Digital Services cash capex, depreciation, spectrum-payment and invested-capital schedules are not separately disclosed in the DR-cleared data package.] This appendix therefore forecasts `Segment Result before Interest and Taxes`, not free cash flow or segment ROIC. It does not allocate group capex to Digital Services and does not infer a cash-conversion rate from Jio Platforms EBITDA.

One accounting caveat matters throughout. Reliance states that segment results include interest income or other income pertaining to the segments. `Segment Result before Interest and Taxes` is consequently not statutory operating income. Corporate/unallocated items and the operating bridge removal are handled once in synthesis; they are not pushed down into Digital Services here. [data_package §3 exact-profit-basis note, lines 115–118; §3a forecast-driver schedule, lines 218–231]

3. Unit economics

The mobile economic engine begins with subscriber acquisition and retention. A larger active base spreads radio, fibre-backhaul, core-network, billing, distribution and service costs. However, headline subscribers are not enough: revenue depends on paying activity, plan mix and ARPU. At the TTM anchor, subscriber and ARPU trends are positive, while traffic growth is much faster. If tariffs rise without disproportionate churn, much of the incremental revenue should carry attractive contribution because the network has already been built. If traffic growth instead forces dense incremental investment before monetisation, accounting profit can lag revenue because depreciation and operating costs rise.

The simplest mobility value index is subscribers multiplied by ARPU. It is intentionally an index, not a claimed mobile-revenue disclosure. In the base case, subscribers grow 3.0% a year over the full horizon and ARPU 5.5%, yielding an 8.7% compound mobility-value index before timing, inactive lines, interconnection, enterprise use or ancillary services. That sits below the 10.5% total segment revenue CAGR and therefore requires the unquantified home and enterprise/cloud adjacencies to grow faster than mobile. In the bear case, the same index grows roughly 4.6%, and total revenue grows 6.5%; in the bull case it grows about 12.1%, and total revenue grows 13.5%. These relationships are the core bottom-up guardrail.

Traffic is a capacity and engagement variable, not a billing line. Data traffic grew from 91.4 billion GB in FY2022 to 241.4 billion GB in FY2026, a 27.5% CAGR, far above the 15.2% segment-revenue CAGR. The implication is that revenue per GB fell materially. That is normal for a network scaling affordable data, but it means a forecast that maps traffic one-for-one into revenue would be wrong. Base traffic growth decelerates from 24% in the first forward year to 14% in year five, while total revenue growth slows from 12% to 9.5%. The widening traffic/revenue gap absorbs spectral efficiency, 5G architecture and scale improvements; if those improvements disappoint, the margin case weakens.

Home broadband has a different cost curve. Each added premise needs access capacity, customer equipment, installation and service. Fixed-wireless access may speed deployment and reuse mobile spectrum/network assets, but high utilisation can also compete for capacity. Fibre generally has durable throughput economics but entails civil work and last-mile execution. The DR-cleared history now shows connected homes or premises rising from over 5 million in FY2022 to over 27 million in FY2026 and 28.6 million at Q1 FY2027. Because the annual endpoints are rounded qualifiers (“over” or “about”), the roughly 52% CAGR implied by 5-to-27 is indicative rather than exact. The forecast therefore starts from the disclosed 28.6 million TTM-end observation, but still does not convert connections into rupees. [DATA GAP: home-broadband ARPU, churn, installation cost and segment-revenue share remain unavailable.] Base-case connected premises reach 66.3 million by the horizon, an 18.3% five-year CAGR; bear and bull endpoints are 46.8 million and 88.1 million. [data_package §0a, “Jio fixed-broadband homes/premises connected” row, line 50]

Enterprise and cloud economics can be more attractive than commodity connectivity when managed services, security, communications software and orchestration add recurring value. They can also be sales-intensive and face strong hyperscaler and systems-integrator competition. Jio's disclosed product catalogue spans connectivity, compute, cloud, IoT and security, but the data package has no product revenue or margin. The enterprise/cloud scale model is therefore another index, not a financial subtotal. An industry report hosted in Jio's IPO materials estimates India's cloud-services market could grow from INR375 billion in FY2026 to INR964 billion in FY2031, a 21% CAGR, and enterprise communications from INR549 billion to INR1.15 trillion, a 16% CAGR. The report is useful as an addressable-market benchmark but was prepared for the Jio offering context and is not independent proof that Jio will gain share. [Analysys Mason industry report, pp. 26–27](https://myjiostatic.cdn.jio.com/cms/assets/iv3/Analysys%20Mason%20-%20Industry%20Report%20for%20Jio%202026-06-17.pdf)

The exact profit metric rose from a 25.11% margin in FY2022 to 27.37% in FY2026 and 27.80% on the TTM construction. This improvement is consistent with scale, tariff/mix and network leverage, but it is not a pure operating-margin series because segment-related interest or other income is included. The base case expands the exact-metric margin to 31.0% through tariff/mix, scale and adjacency mix, offset by depreciation and AI/cloud investment. The bear case falls to 25.5% as traffic and investment run ahead of monetisation. The bull case reaches 33.0%, which requires disciplined pricing and utilisation, not merely high data usage.

Reinvestment is the central tension. Spectrum, towers, fibre, network electronics, customer equipment and data-centre infrastructure require capital before revenue. Proprietary software and network automation can lower unit operating cost, but cloud and AI infrastructure add power, cooling and accelerator expense. Since the appendix lacks a segment cash-flow bridge, a higher `Segment Result before Interest and Taxes` margin is not asserted to equal higher cash ROIC. The synthesis should retain this distinction when translating segment profit into consolidated earnings and valuation.

4. Competitive dynamics

Digital Services competes in a concentrated Indian telecom market where scale is necessary but does not eliminate rivalry. Reliance Jio and Bharti Airtel are the two strongest national private networks; Vodafone Idea and BSNL remain relevant through spectrum, installed bases and policy or capital support. In fixed broadband, cable, fibre and fixed-wireless alternatives compete locally. In enterprise digital services, Jio faces Airtel Business, Tata Communications, systems integrators and global cloud providers including AWS, Microsoft Azure and Google Cloud.

The regulated market data confirm Jio's scale. TRAI reported that Reliance Jio held 48.67% of India's wireless-internet subscriptions, or 509.21 million, at March 2026. This regulatory definition differs from Reliance's 524.4 million company subscriber figure in the data package and is used only for market-share context. It demonstrates that Jio is already close to

half of the wireless-internet base, which makes share-led subscriber growth mathematically harder over time. [TRAI quarterly performance indicators, quarter ended March 2026, p. 49](https://trai.gov.in/sites/default/files/2026-06/QPIR_22062026.pdf)

Pricing power is present but constrained. Airtel's Q1 FY2027 official highlights reported India mobile ARPU of INR264 versus Jio's INR215.6 disclosed in the data package. The definitions and customer mixes are not perfectly identical, yet the gap suggests Jio still has room to premiumise if network quality, segmentation and affordability permit. It also warns that price increases are an industry game rather than a unilateral act: aggressive discounting by either large operator can slow ARPU progression. [Bharti Airtel Q1 FY2027 quarterly highlights](https://assets.airtel.in/static-assets/cms/investor/docs/quarterly_results/2026-27/Q1/Quarterly-Highlights.pdf)

Airtel's same release provides relevant deceleration and adjacency benchmarks: mobile revenue grew 9.2%, data traffic 36.0%, Homes revenue 33.2% and Airtel Business revenue 12.0%. These numbers reinforce three assumptions. First, traffic can grow far faster than mobile revenue. Second, home broadband can remain a high-growth adjacency at operator scale. Third, enterprise revenue need not match cloud-market growth because connectivity, hardware and mature services dilute faster categories. The Digital Services base case therefore places total revenue at 10.5%, below the historical 15.2% CAGR and far below traffic or home-scale growth.

Jio's barriers to entry include spectrum, a nationwide network, fibre/backhaul, distribution, a vast installed customer base, brand recognition and an integrated technology stack. Replicating these at national scale would require enormous capital and years of execution. However, those barriers are partly shared with Airtel and, in certain layers, with global technology vendors. The moat is strongest in domestic connectivity and distribution; it is less proven in enterprise cloud, where customers can multi-cloud and where Jio partners with or competes against established hyperscalers.

Substitution risk differs by product. Mobile connectivity is essential, but price competition and dual-SIM behaviour limit lock-in. Fixed wireless can substitute for fibre where installation is difficult, while fibre can be superior at high, consistent utilisation. Enterprise cloud can substitute for on-premise IT, yet that does not guarantee Jio captures the workload. Communications software and IoT have fragmented specialist competitors. Open standards can reduce vendor lock-in even as network integration raises switching costs.

Regulation is both barrier and risk. Spectrum allocation, tariffs, quality-of-service rules, data localisation, cybersecurity and competition policy affect returns. A large installed base creates political sensitivity around pricing. Data sovereignty can support domestic infrastructure, but compliance adds cost and does not remove competition. The base case assumes rational industry pricing and normal regulatory oversight, not protection from competition.

5. Moat at the segment level

The segment has a real scale moat, but not an unlimited one. The strongest layer is the nationwide network combined with distribution and customer data. More subscribers improve network utilisation and spread fixed costs; broad coverage attracts more subscribers; large demand justifies further investment. That flywheel is difficult for a new entrant to reproduce. Jio's 533.3 million disclosed subscriber base and the TRAI market-share context make this advantage tangible.

The second moat layer is convergence. A customer who uses mobile, home broadband, cloud storage, devices and other services can be more costly to acquire for a rival and more inconvenient to move. Enterprise customers can value one provider across access, cloud connectivity, managed security and communications. Yet convergence becomes a moat only if service quality and economics are competitive. Bundles that rely on subsidy rather than value can enlarge revenue while depressing returns.

The third layer is technology ownership. Jio markets a cloud-native 5G stack, network automation, OSS/BSS and enterprise platforms. Proprietary capability can reduce vendor dependence, improve deployment speed and create export optionality. Management's ambition to take homegrown technology abroad is strategically coherent. It is not currently a forecasted revenue stream because the data package states that no international revenue dollars are disclosed. The base case assigns zero incremental international product dollars; any success would be upside only after contracts and segment treatment are visible.

The moat is weaker in content and cloud than in connectivity. Media is economically adjacent but reported in `Others`; it cannot be treated as a Digital Services moat profit without consolidation evidence. Cloud customers can choose AWS, Azure, Google Cloud, Indian data-centre providers or multi-cloud architectures. Jio's local network, data-residency and integrated managed-service proposition are advantages, but the segment has not disclosed revenue or margins demonstrating a durable cloud franchise. [DATA GAP: Digital Services enterprise/cloud revenue, retention, backlog and margin are not separately disclosed.]

Over five to ten years, the connectivity moat should endure if Jio maintains network quality and capital discipline. Spectrum and network scale do not become obsolete, but the technology generation changes and demands reinvestment. AI-native services could increase engagement and enterprise demand; they could also commoditise software layers or force expensive compute build-outs. The margin moat therefore rests less on permanent scarcity than on repeated execution: monetise usage, automate the network, deploy capital ahead of demand without overbuilding, and preserve service quality.

The appropriate moat conclusion is `durable but contested`. Jio has structural advantages sufficient to support above-market segment growth and moderate margin expansion, but Airtel is a capable peer and cloud competition is formidable. A 33% horizon margin is possible only in the bull case. Treating it as a base certainty would confuse scale with monopoly.

6. Historical growth rates reproduced from the data package

Reliance does not disclose Digital Services product-level revenue dollars. The finest reliable financial line is the reportable segment total. Accordingly, the table reproduces the full five-year segment history and does not fabricate mobility, home, enterprise, cloud or content revenue. Every figure and growth calculation is tied to the identified DR-cleared row.

Product / sub-segment	FY2022 revenue	FY2023 revenue	FY2024 restated revenue	FY2025 revenue	FY2026 revenue	FY2022–FY2026 CAGR	Most recent YoY	Data-package row
Digital Services reportable segment	100,166 [DP §3 Digital Revenue row]	119,791 [DP §3 Digital Revenue row]	132,938 [DP §3 Digital Revenue row]	154,119 [DP §3 Digital Revenue row]	176,164 [DP §3 Digital Revenue row]	15.16% [calculated from the same row]	Q1 FY2027 11.8% [DP §5 Digital Q1 FY2027 row]	data_package §3 lines 146–153; §5 lines 274–277
Mobility	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not calculable [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	data_package §4 line 242
Fixed broadband / home	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not calculable [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	data_package §4 line 242
Enterprise / cloud / content / IoT	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	Not calculable [DP §4 Digital Services row]	Not separately disclosed [DP §4 Digital Services row]	data_package §4 line 242

The segment arithmetic passes. INR100,166 crore multiplied by 1.196 equals INR119,800 crore, within 0.01% of the reported INR119,791 crore after rounded growth; INR119,791 crore multiplied by 1.110 equals INR132,968 crore, within 0.02% of INR132,938 crore; INR132,938 crore multiplied by 1.159 equals INR154,076 crore, within 0.03% of INR154,119 crore; and INR154,119 crore multiplied by 1.143 equals INR176,160 crore, within 0.01% of INR176,164 crore. All differences are comfortably inside the 2% test and arise from one-decimal growth rounding.

The related KPI history provides the bottom-up context without pretending the KPIs are revenue lines.

Operating KPI	FY2022	FY2023	FY2024	FY2025	FY2026	Latest interim	Four-year CAGR / latest comparable change	Data-package row
Jio subscribers, million	410.2	439.3	481.8	488.2	524.4	533.3	6.33% CAGR; FY2026 +7.4%	data_package §0a, “Jio subscribers” row, line 47
Exit-quarter ARPU, INR/month	167.6	178.8	Not captured	206.2	214.0	215.6	6.30% endpoint CAGR; FY2026 +3.8%	data_package §0a, “Exit-quarter Jio ARPU” row, line 48
Data traffic, billion GB	91.4	113.3	148.5	184.5	241.4	Q1 FY2027 69.4	27.48% CAGR; FY2026 +30.8%	data_package §0a, “Jio data traffic” row, line 49
Fixed-broadband homes / premises connected, million	Over 5	Over 9	About 12	Over 18	Over 27	Q1 FY2027 28.6	Indicative ~52% from rounded 5-to-27 endpoints; not an exact CAGR	data_package §0a, “Jio fixed-broadband homes/premises connected” row, line 50
Jio 5G users, million	Not applicable	Not applicable	Over 108	191	Over 268	Q1 FY2027 about 285	Indicative ~58% from rounded 108-to-268 FY2024–FY2026 endpoints	data_package §0a, “Jio 5G users” row, line 51

No back-solved product dollars are used. The TTM total revenue of INR181,115 crore ties directly to the four disclosed quarterly reportable-segment rows: 43,617 + 44,653 + 45,945 + 46,900 = 181,115. The TTM exact-metric margin tie is 50,359 / 181,115 = 27.80%.

7. Management guidance from data package Section 6

Reliance provides no formal Digital Services revenue or `Segment Result before Interest and Taxes` outlook. The two segment-specific forward statements are qualitative and should constrain narrative confidence, not replace the operating model.

- **Digital row, 2026-07-17, Akash M. Ambani, JPL Managing Director:** “drive industry leading growth for many years to come.” [data_package §6, Digital technology-and-services row, line 298] The statement signals confidence in the breadth of the platform but supplies no subscriber, ARPU, revenue or margin target. The base case therefore decelerates reported segment revenue from a 15.16% FY2022–FY2026 CAGR and 11.8% latest-quarter growth to a 10.50% five-year CAGR.

- **Digital row, 2025-10-17, Akash M. Ambani, Jio Chairman:** “set to take our homegrown technology around the world.” [data_package §6, Digital international-expansion row, line 299] This creates export optionality for the network stack and services. The data package explicitly notes that no international revenue dollars are available, so the base case assigns no separate international revenue. Bull-case upside appears only through a faster total segment growth rate, not a fabricated product line.

A portfolio-level statement also matters for the perimeter but not operations. Mukesh D. Ambani said the group would “unlock value through the Jio IPO.” [data_package §6, Portfolio corporate-action row, line 302] An IPO can improve disclosure, create a market value and alter ownership/NCI, but it does not itself raise Digital Services revenue or profit. This appendix makes no operating uplift from the transaction. The later ownership and per-share bridge belongs in synthesis and valuation, based only on filed terms.

[DATA GAP: management has not provided a formal FY2027 or five-year Digital Services revenue, subscriber, ARPU, home-broadband, enterprise/cloud or exact-profit guidance range in data_package §6.]

8. Forward growth assumptions

Because no product revenue dollars are disclosed, the forecast has two layers. The financial layer projects one reportable Digital Services revenue line from the TTM INR181,115 crore anchor. The operating layer projects subscribers, ARPU, traffic, disclosed fixed-broadband premises and an enterprise/cloud index to test whether the financial line is plausible. Fixed broadband starts from the disclosed 28.6 million Q1 FY2027 observation; only the enterprise/cloud driver remains an index starting at 100. Neither operating driver is rupee revenue or additive to the financial line.

Base case

Product / driver	Historical CAGR	Latest YoY / trend	Management FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Digital Services reported revenue	15.16% FY2022–FY2026	Q1 FY2027 +11.8%	No numeric guide	10.50%	Maturity and already-high share drive deceleration; ARPU plus adjacencies keep growth above the mobility index.
Subscribers	6.33% FY2022–FY2026	FY2026 +7.4%; Q1 level 533.3m	No numeric guide	3.00%	Market leadership limits share-led growth; 4G/5G conversion and sector expansion still add users.
ARPU	6.30% endpoint CAGR	FY2026 +3.8%; Q1 level INR215.6	No numeric guide	5.50%	Periodic tariff repair and premiumisation are plausible, but affordability and Airtel competition cap acceleration.
Data traffic	27.48% FY2022–FY2026	FY2026 +30.8%; Q1 69.4bn GB	No numeric guide	18.55%	5G, video and AI sustain rapid usage; growth decelerates as penetration and usage mature.

Product / driver	Historical CAGR	Latest YoY / trend	Management FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Fixed-broadband homes / premises connected	Indicative ~52% from rounded FY2022 over 5m to FY2026 over 27m	Q1 FY2027 28.6m	No numeric guide	18.31%	Growth decelerates sharply from the small-base rollout as installations, addressable-premises conversion and network capacity become constraints.
Enterprise / cloud / IoT scale index	[DATA GAP]	Product catalogue disclosed; revenue unavailable	No numeric guide	15.18%	Jio participates in 16–21% addressable-market growth, tempered by hyperscaler and integrator competition.

The base year-by-year cadence avoids an unsupported step-down. Segment revenue grows 12.0%, 11.0%, 10.5%, 9.5% and 9.5%, close to the latest 11.8% observation before gradually maturing. Subscribers grow 4.0%, 3.5%, 3.0%, 2.5% and 2.0%; ARPU grows 7.0%, 6.0%, 5.0%, 5.0% and 4.5%. Their combined mobility-value index compounds at about 8.7%, so faster home and enterprise/cloud growth must supply a modest mix premium rather than an implausible leap.

Base operating path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Reported segment revenue, INR crore	181,115	202,849	225,162	248,804	272,441	298,322
Subscribers, million	533.3	554.6	574.0	591.3	606.0	618.2
ARPU, INR/month	215.6	230.7	244.5	256.8	269.6	281.7
Annualised traffic, billion GB	277.6	344.2	416.5	491.5	570.1	649.9
Fixed-broadband homes / premises connected, million	28.6	35.8	43.6	51.5	59.2	66.3
Enterprise / cloud / IoT scale index	100.0	118.0	138.1	158.8	181.0	202.7

The Airtel comparison supports this shape rather than a sharper collapse: in Q1 FY2027, Airtel reported 9.2% mobile revenue growth, 36.0% data-traffic growth, 33.2% Homes growth and 12.0% Airtel Business growth. The base Digital Services CAGR of 10.5% is therefore not predicated on matching the fastest adjacency; it is a blended, mature-platform outcome. [Bharti Airtel Q1 FY2027 quarterly highlights](https://assets.airtel.in/static-assets/cms/investor/docs/quarterly_results/2026-27/Q1/Quarterly-Highlights.pdf)

Bull case

Product / driver	Historical CAGR	Latest YoY / trend	Management FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
Digital Services reported revenue	15.16% FY2022–FY2026	Q1 FY2027 +11.8%	Qualitative industry-leading growth	13.50%	Tariff repair, strong home additions and enterprise wins hold growth close to history despite scale.
Subscribers	6.33% FY2022–FY2026	FY2026 +7.4%; Q1 level 533.3m	No numeric guide	4.60%	Jio sustains share and converts remaining lower-value users without destabilising pricing.
ARPU	6.30% endpoint CAGR	FY2026 +3.8%; Q1 INR215.6	No numeric guide	7.19%	Rational industry tariffs, 5G plan mix and cross-sell close part of the Airtel ARPU gap.
Data traffic	27.48% FY2022–FY2026	FY2026 +30.8%	No numeric guide	23.93%	5G, home fixed-wireless access and AI/video maintain elevated usage with successful capacity economics.
Fixed-broadband homes / premises connected	Indicative ~52% from rounded FY2022 over 5m to FY2026 over 27m	Q1 FY2027 28.6m	No numeric guide	25.23%	Fixed wireless sustains faster addressable-home conversion while fibre deepens high-usage markets, though growth still decelerates from history.
Enterprise / cloud / IoT scale index	[DATA GAP]	Addressable markets expand 16–21%	International ambition only	21.95%	Jio gains domestic share and converts network integration into cloud, communications and managed-services demand.

The bull revenue cadence is 15.0%, 14.0%, 13.5%, 12.5% and 12.5%. It does not assume acceleration from the historical 15.16% CAGR; it assumes unusually slow deceleration. Subscribers reach 667.7 million and ARPU INR305.1, a demanding

combination that requires both affordability and rational pricing. Traffic reaches 811.4 billion GB annualised. The total revenue path remains below home and enterprise indices because those adjacencies begin from undisclosed smaller bases, but no invented weight is applied.

Bull operating path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Reported segment revenue, INR crore	181,115	208,282	237,442	269,496	303,183	341,081
Subscribers, million	533.3	565.3	593.6	620.3	645.1	667.7
ARPU, INR/month	215.6	235.0	253.8	271.6	287.9	305.1
Annualised traffic, billion GB	277.6	360.9	458.3	568.3	687.7	811.4
Fixed-broadband homes / premises connected, million	28.6	38.6	50.2	62.7	75.3	88.1
Enterprise / cloud / IoT scale index	100.0	127.0	157.5	192.1	230.6	269.7

International technology sales are not a separate bull-case dollar line. They can help the total reach the upper trajectory only after real contracts; absent that evidence, the bull is primarily a domestic monetisation and adjacency case. The scenario is deliberately lower probability than base.

Bear case

Product / driver	Historical CAGR	Latest YoY / trend	Management FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
Digital Services reported revenue	15.16% FY2022–FY2026	Q1 FY2027 +11.8%	No numeric guide	6.50%	Penetration maturity, weak tariff discipline and slower adjacency conversion cut growth well below history.
Subscribers	6.33% FY2022–FY2026	FY2026 +7.4%	No numeric guide	1.10%	Market saturation and dual-SIM rationalisation limit net additions despite network scale.
ARPU	6.30% endpoint CAGR	FY2026 +3.8%	No numeric guide	3.50%	Affordability and competitive discounting prevent meaningful premiumisation.
Data traffic	27.48% FY2022–FY2026	FY2026 +30.8%	No numeric guide	13.96%	Usage still grows structurally, but monetisation lags and network costs absorb the benefit.
Fixed-broadband homes / premises connected	Indicative ~52% from rounded FY2022 over 5m to FY2026 over 27m	Q1 FY2027 28.6m	No numeric guide	10.36%	Installation bottlenecks, capacity constraints and price competition slow household additions sharply.
Enterprise / cloud / IoT scale index	[DATA GAP]	Revenue unavailable	No numeric guide	7.99%	Jio remains connectivity-heavy and loses higher-value workloads to established vendors.

Bear segment revenue grows 8.0%, 7.0%, 6.5%, 6.0% and 5.0%, a staged slowdown rather than a sudden collapse. Subscribers end at 563.2 million, ARPU at INR256.0 and traffic at 533.7 billion GB annualised. The key stress is that traffic still compounds much faster than revenue, forcing investment and operating cost without adequate price realisation.

Bear operating path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Reported segment revenue, INR crore	181,115	195,604	209,296	222,901	236,275	248,089
Subscribers, million	533.3	544.0	552.1	557.6	560.4	563.2
ARPU, INR/month	215.6	226.4	235.4	242.5	249.8	256.0
Annualised traffic, billion GB	277.6	327.6	380.0	433.2	485.2	533.7
Fixed-broadband homes / premises connected, million	28.6	32.9	36.8	40.5	43.8	46.8
Enterprise / cloud / IoT scale index	100.0	110.0	119.9	129.5	138.6	146.9

The bear case is not a structural-decline scenario. Connectivity demand remains resilient, but high initial market share makes subscriber growth hard, and usage without monetisation is economically insufficient. A genuinely severe regulatory or technology event could fall below this path and is addressed in risks rather than hidden inside the probability-weighted operating case.

9. Forward `Segment Result before Interest and Taxes` margin assumptions

The TTM starting margin is 27.80% on the exact issuer basis. It is computed from INR50,359 crore of TTM `Segment Result before Interest and Taxes` divided by INR181,115 crore of TTM revenue. It must not be called a statutory operating margin, and it may include interest or other income pertaining to the segment. No corporate/unallocated or statutory-bridge adjustment is inserted below.

Case	TTM margin	Tariff and mix	Network scale / automation	Home and enterprise mix	Depreciation, AI/cloud and competition	TTM+5y margin	Net change
Bear	27.80%	+0.50%	+0.40%	+0.20%	-3.40%	25.50%	-2.30%
Base	27.80%	+1.70%	+1.40%	+1.00%	-0.90%	31.00%	+3.20%
Bull	27.80%	+2.20%	+1.80%	+1.60%	-0.40%	33.00%	+5.20%

The bear decline greater than 100 basis points has a specific mechanism. Data traffic compounds at roughly 14% while revenue grows 6.5%; incremental radios, backhaul, spectrum use, customer equipment, power and depreciation therefore run ahead of billing. Weak pricing limits ARPU gains, enterprise mix disappoints and home installation economics remain heavy. Some scale benefit survives, which prevents a collapse to the pre-scale margin.

The base expansion greater than 100 basis points requires four things. First, ARPU compounds at 5.5% as tariff and customer mix improve. Second, 3.0% subscriber growth spreads fixed network and distribution costs. Third, home and enterprise/cloud grow faster than the segment and eventually contribute better incremental economics. Fourth, network automation and 5G spectral efficiency partly offset traffic. These gains are reduced by continued depreciation and investment in home access, cloud and AI. The endpoint is above the FY2026 27.37% and TTM 27.80% margins but not a straight-line extrapolation of the latest quarter.

The bull endpoint requires consistent price discipline, strong utilisation and faster software/services mix. At 33.0%, the segment would have added 520 basis points in five years. That is not justified by traffic growth alone and fails if cloud services remain low-margin resale, if fixed-wireless equipment is heavily subsidised, or if AI infrastructure is built ahead of contracted demand.

Case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Bear `Segment Result before Interest and Taxes` margin	27.80%	27.20%	26.50%	26.00%	25.70%	25.50%
Base `Segment Result before Interest and Taxes` margin	27.80%	28.60%	29.20%	29.80%	30.40%	31.00%
Bull `Segment Result before Interest and Taxes` margin	27.80%	29.00%	30.00%	31.00%	32.00%	33.00%

Product-level margins are not presented because product revenue and profit are not disclosed. Weighting invented margins for mobile, home and cloud would violate the consolidation boundary. The one segment margin is instead linked to explicit operating mechanisms and will be reviewed against the consolidated bridge by synthesis.

10. Segment rollup built from the disclosed segment line

The financial rollup uses one additive line—the issuer's reportable Digital Services segment—because no smaller product revenue lines are disclosed. The operational indices in Section 8 are validation tools and are not added to revenue. Therefore each scenario ties exactly, without a fabricated residual.

Bear rollup

Bear case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Digital Services revenue	181,115	195,604	209,296	222,901	236,275	248,089

Bear case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Revenue growth	n/a	8.0%	7.0%	6.5%	6.0%	5.0%
Segment Result before Interest and Taxes margin	27.80%	27.20%	26.50%	26.00%	25.70%	25.50%
Segment Result before Interest and Taxes	50,359	53,204	55,463	57,954	60,723	63,263
Product-line reconciliation	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Base rollup

Base case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Digital Services revenue	181,115	202,849	225,162	248,804	272,441	298,322
Revenue growth	n/a	12.0%	11.0%	10.5%	9.5%	9.5%
Segment Result before Interest and Taxes margin	27.80%	28.60%	29.20%	29.80%	30.40%	31.00%
Segment Result before Interest and Taxes	50,359	58,015	65,747	74,144	82,822	92,480
Product-line reconciliation	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Bull rollup

Bull case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Digital Services revenue	181,115	208,282	237,442	269,496	303,183	341,081
Revenue growth	n/a	15.0%	14.0%	13.5%	12.5%	12.5%
Segment Result before Interest and Taxes margin	27.80%	29.00%	30.00%	31.00%	32.00%	33.00%
Segment Result before Interest and Taxes	50,359	60,402	71,233	83,544	97,019	112,557
Product-line reconciliation	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The endpoint arithmetic is direct. Bear profit is INR248,089 crore multiplied by 25.50%, or INR63,263 crore after rounding. Base is INR298,322 crore multiplied by 31.00%, or INR92,480 crore. Bull is INR341,081 crore multiplied by 33.00%, or INR112,557 crore. The exact-metric profit CAGRs from INR50,359 crore are approximately 4.7%, 12.9% and 17.5%, respectively. The spread is wider than the revenue spread because margin is the most important economic uncertainty.

The base outcome represents 10.50% revenue growth and 320 basis points of margin expansion. It is plausible but not conservative in an absolute sense. It requires subscriber and tariff progress, home scale and enterprise mix while managing a traffic load that more than doubles. The nonuniform probabilities below therefore place more weight on base but preserve a meaningful bear probability.

11. Key risks and wildcards

Bear — tariff competition and affordability. Jio's scale does not guarantee pricing power. If Airtel or a recapitalised competitor discounts, or if regulators and consumers resist tariff repair, ARPU can lag the modeled 3.5–7.2% range. Because subscriber growth is maturing, ARPU is the most direct revenue risk.

Bear — traffic monetisation gap. Traffic has historically grown far faster than revenue. A persistent gap can be healthy when unit costs fall, but it becomes destructive if network densification, spectrum, power and equipment costs rise faster than billed value. The warning signal is traffic growth above 20% with revenue growth below 7% and a falling exact-metric margin.

Bear — fixed-wireless and fibre economics. Connected premises may grow without attractive returns if equipment subsidies, installation, service calls or capacity use are high. The disclosed history proves rollout scale, but the remaining data gap around home ARPU, churn, installation cost and revenue contribution makes unit economics one of the least observable

assumptions. The base and bull cases should be reduced if future disclosure shows weak contribution despite strong additions.

Bear — enterprise/cloud execution. The addressable market is attractive, but market growth is not Jio revenue growth. AWS, Azure, Google Cloud, Airtel, Tata Communications and integrators have established capabilities. Jio may win connectivity while higher-margin compute, software and managed-service value accrues to partners. Product revenue, backlog and gross margin disclosure would be necessary to validate the mix thesis.

Bear — capital and depreciation cycle. Segment cash capex is not disclosed in the data package. A heavy AI, cloud, fibre or spectrum build can raise depreciation and financing needs before revenue. The exact segment metric may also include segment-related other income, so margin improvement without cash conversion deserves scepticism.

Bear — regulatory and cybersecurity exposure. Spectrum policy, quality-of-service penalties, pricing intervention, data-localisation requirements, cyber incidents or service outages can raise cost and damage trust. A very large market share increases scrutiny and the impact of operational failures.

Base — Jio IPO as a transparency catalyst, not an earnings catalyst. A listing may expose product economics, ownership and capital allocation more clearly. It could improve governance and valuation discovery, but does not create operating profit by itself. This appendix assigns no uplift. The wildcard is whether proceeds fund growth, reduce parent ownership, or alter NCI; synthesis must use filed transaction terms.

Bull — rational sector pricing. Periodic industry-wide tariff increases combined with improved plan mix could close part of the ARPU gap with Airtel without large churn. This is the cleanest route to incremental margin because the network is already scaled.

Bull — home broadband acceleration. Fixed wireless can broaden reach faster than fibre-only deployment. If customer equipment economics and capacity remain attractive, home connections can increase household revenue and retention. The bull case grows disclosed connected premises from 28.6 million to 88.1 million, a 25.2% CAGR, but does not invent a revenue share.

Bull — enterprise and sovereign-cloud conversion. India's cloud, communications, IoT and managed-services markets can grow rapidly. Jio's national network, data-residency proposition and integrated stack may win regulated and distributed workloads. Evidence would be disclosed enterprise/cloud revenue, contracted backlog, retention and profit—not product launches alone.

Bull — technology export. The homegrown 5G and platform stack could be sold abroad. Management has stated the ambition, but no international product dollars are in the data package. The correct treatment is an option: zero in the base line and upside only when contracts, customer economics and segment classification are disclosed.

Boundary wildcard — JioStar/media. JioStar can improve engagement, bundles and advertising reach, but it is reported in `Others`. Its FY2026 and Q1 FY2027 revenue is not included here. If Reliance later changes segment reporting, all history and forecasts must be restated before comparisons; it cannot be silently moved into Digital Services.

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	INR248,089 crore	Segment Result before Interest and Taxes	25.50%	INR63,263 crore	25%
Base	INR298,322 crore	Segment Result before Interest and Taxes	31.00%	INR92,480 crore	55%
Bull	INR341,081 crore	Segment Result before Interest and Taxes	33.00%	INR112,557 crore	20%

The probability set is deliberately nonuniform: base receives 55%, bear 25% and bull 20%. Digital Services has strong scale and positive operating momentum, but subscriber maturity, tariff competition, unobserved segment capex and undisclosed product economics make downside more likely than the full bull combination. The probability-weighted endpoint is about INR294,316 crore of revenue and INR89,191 crore of `Segment Result before Interest and Taxes`; these are decision-support statistics, not a fourth operating scenario.

Data-gap register

- [DATA GAP: Digital Services product-level revenue for mobility, home broadband, enterprise, cloud, content and IoT is not separately disclosed in the DR-cleared data package; no product dollars were invented.]
- [DATA GAP: fixed-broadband connected-premises history is disclosed and now modeled from the 28.6 million TTM anchor, but home ARPU, churn, installation cost and revenue share remain unavailable.]
- [DATA GAP: enterprise/cloud revenue, backlog, retention and margin are unavailable; the model uses a non-dollar scale index and external market benchmarks.]
- [DATA GAP: Digital Services cash capex, depreciation, spectrum-payment, free-cash-flow and invested-capital schedules are unavailable; no segment ROIC or cash conversion is claimed.]
- [DATA GAP: management provided no formal numeric Digital Services revenue, profit, subscriber, ARPU, home or enterprise/cloud guidance in data_package §6.]

Appendix B4 - Others

Others — Segment Deep Dive

Company: Reliance Industries Limited Ticker: `RELIANCE.NS` Reporting currency and scale: INR crore unless stated otherwise Forecast anchor: TTM ended 2026-06-30 Forecast horizon: 2031-06-30, exactly five calendar years Exact profit basis: `Segment Result before Interest and Taxes`

0. Segment boundary and taxonomy note

`Others` is a reportable accounting residual, not a stable product segment. The data package describes it as businesses not separately reportable, including media and emerging activities, and explicitly warns that the FY2025-FY2026 perimeter changed. FY2022 also belongs to an old taxonomy because Financial Services was demerged effective 2023-03-31. FY2024 is usable only on the later FY2025 restated comparative: its `Others` Segment Result before Interest and Taxes was restated to INR1,206 crore from INR1,387 crore (D2, Reliance Integrated Annual Report 2024-25, Note 37 Segment Information). The consumer-products demerger became effective in Q3 FY2026, while JioStar and New Energy were moving through combination and commissioning boundaries. Accordingly, this appendix does not pretend that the historical `Others` revenue series represents one continuously owned product portfolio. Dollar comparisons use the reported aggregate with the boundary stated, and the forecast uses only two reconstructable buckets: JioStar and a deliberately heterogeneous residual. New Energy, AI, consumer products and other activities remain inside the residual or are treated as scenario overlays; they are not assigned invented standalone histories.

The Stage 0 convention is binding. Reliance's fiscal year ends March 31, the latest complete reported quarter is Q1 FY2027 ended 2026-06-30, and the TTM is FY2026 less Q1 FY2026 plus Q1 FY2027. Every forward CAGR and terminal figure in this appendix runs from 2026-06-30 to 2031-06-30, exactly five years. The model does not stretch the horizon by starting from FY2026 and ending in FY2031.

1. What this segment actually is

The shortest honest description is “media plus a changing collection of emerging and non-reportable businesses.” That is less satisfying than a tidy product map, but it is faithful to the issuer's disclosures. The segment includes JioStar, the combined Indian entertainment platform assembled from Reliance's Viacom18 interests and Disney's Indian entertainment operations, alongside activities that do not yet meet the threshold or stability needed for separate reportable-segment treatment. The data package names consumer products, New Energy and AI among the areas management discusses separately, but it does not provide a complete additive bridge from those businesses to reported `Others` revenue or profit.

JioStar is the economically legible component. It operates linear television channels and digital entertainment, sells advertising inventory, receives subscription or distribution revenue, licenses content, and uses premium sports and entertainment rights to acquire and retain viewers. The customer set is two-sided. Viewers choose channels and streaming products, while advertisers and distributors buy access to the audience. Pricing depends on reach, engagement, exclusivity, event importance, audience demographics, ad load, distribution rules and competition from other media. The go-to-market combines direct digital distribution with traditional channel carriage and advertising sales. Reliance can also place or promote the service through its broader digital and retail ecosystem, although this appendix assigns no financial value to that cross-promotion because the data package provides no transfer-price or incremental-revenue schedule.

The residual is not a single customer proposition. New Energy is being built around phased commissioning of solar PV, storage and related green-energy infrastructure. Its economics are closer to industrial manufacturing and project execution than to media. AI initiatives may resemble infrastructure, platform or enterprise services, but the data package provides neither a separate revenue series nor a contracted order book. Consumer products had an organisational perimeter change through demerger, making TTM continuity especially weak. Other activities may include businesses below separate-reporting thresholds and eliminations associated with their operations. Treating all these activities as a clean “emerging technologies” product would falsely imply common customers, pricing, gross margins and capital needs.

For forecasting, JioStar is therefore the only separately measurable business line. `Residual Others — heterogeneous perimeter` is the second line, defined mechanically as reported `Others` less JioStar wherever both can be reconstructed. It is not asserted to be an issuer-defined sub-segment. This construction contains the uncertainty instead of concealing it. It also prevents the model from adding a speculative New Energy revenue line on top of a residual that may already contain some of that revenue.

2. Current economics: FY2026 and the TTM anchor

FY2026 reported `Others` revenue was INR80,522 crore, up 44.2% year over year, and Segment Result before Interest and Taxes was INR3,448 crore, a 4.28% margin on that exact metric (D1, Reliance Integrated Annual Report 2025-26, Note 37 Segment Information). The growth rate is not an organic same-perimeter statistic: the data package attributes the line's volatility to changing media and emerging-business perimeters. JioStar's FY2026 business revenue was INR40,682 crore (D1, FY2026 annual-report JioStar business review), slightly more than half of reported `Others`, but Reliance did not disclose an additive JioStar segment-result series on the common segment-profit basis.

The TTM revenue anchor is reconstructed only from exact data-package facts. The four reported quarterly revenues are INR16,208 crore, INR17,868 crore, INR27,976 crore and INR31,204 crore for Q2 FY2026 through Q1 FY2027, respectively (D9 2025-10-17, D8 2026-01-16, D7 2026-04-24 and D6 2026-07-17 official media releases). Their sum gives TTM `Others` revenue of INR93,256.0 crore; Q1 FY2027 was up 68.9% year over year. The sealed statutory bridge supplies exact TTM Segment Result before Interest and Taxes of INR3,309 crore (source ID `RIL_Q1_FY27_RELEASE`), giving a TTM margin of 3.55% on the exact four-quarter revenue base.

The JioStar TTM revenue anchor remains an analytical estimate because the data package provides FY2026 business revenue of INR40,682 crore and Q1 FY2027 revenue from operations of INR10,946 crore, up 14% year over year (D1 FY2026 annual-report JioStar business review; D6 2026-07-17 official Q1 FY2027 release), but not the exact prior-year quarter. The implied Q1 FY2026 base is INR9,601.8 crore, and the resulting JioStar TTM estimate is INR42,026.2 crore. Subtracting that estimate from exact aggregate `Others` TTM revenue gives INR51,229.8 crore for the residual forecast bucket. Both bucket amounts are analytical reconstructions, not issuer-reported sub-segment totals, and the JioStar estimate inherits the rounding in the disclosed growth rate.

The latest quarterly pattern illustrates why straight-line extrapolation would be dangerous. `Others` revenue rose 39.4%, 46.0%, 40.4% and 68.9% year over year across Q2 FY2026 through Q1 FY2027, yet exact-metric margins were 4.36%, 5.50%, 3.92% and 1.68% (D9, D8, D7 and D6 official releases dated 2025-10-17, 2026-01-16, 2026-04-24 and 2026-07-17). Revenue scale rose while the latest quarter's margin compressed sharply. That can reflect perimeter, mix, launch costs, content expense, commissioning costs or low-margin activities, but the data package does not disclose a product-level profit bridge. The only defensible conclusion is that recent aggregate revenue growth did not automatically convert into a stable segment return.

Capital intensity is similarly heterogeneous. Media requires recurring content investment, sports-rights commitments, platform technology, marketing and distribution spending. New Energy requires manufacturing plants, supply-chain integration and working capital before utilisation and yields are proven. AI infrastructure can require data-centre and compute investment. Reliance discloses consolidated and headline capex, but not a clean `Others` capital-employed or capex schedule in the data package. This appendix therefore forecasts segment profit, not segment ROIC, and refuses to imply that a 3.55% TTM margin represents either JioStar's standalone economics or a mature return on New Energy capital.

3. Unit economics

JioStar

JioStar monetises attention. Revenue can come from advertising, consumer subscriptions, distributor payments, content licensing and ancillary rights. The gross-profit equation begins with audience scale and monetisation per unit of engagement, then subtracts content acquisition and production, sports rights, distribution or revenue shares, platform delivery, technology, sales and marketing. The central operating leverage is that a piece of owned or licensed content can be monetised across a large audience, multiple formats and several advertising or subscription windows. The central operating risk is that premium rights are often acquired at fixed or guaranteed cost before audience, ad pricing and subscription conversion are known.

Sports intensifies both effects. A must-watch event can aggregate a national audience and give the platform scarce advertising inventory. It can also become a winner's-curse asset if rights inflation outruns ad yields or if free distribution lifts engagement without sufficient monetisation. Entertainment libraries have a longer tail than live sport but face fragmentation, language-specific tastes and continuous new-content requirements. Subscription economics depend on churn and willingness to pay; advertising economics depend on the business cycle, measurement credibility and the relative effectiveness of search, social video and retail media.

The model does not assign JioStar a historical margin because Reliance does not disclose JioStar's Segment Result before Interest and Taxes within the common segment basis. Instead, it uses explicit horizon margin assumptions of 3%, 7% and

10% in bear, base and bull cases. These are forecast judgments, not claimed current facts. The base case assumes combination synergies, better content amortisation and digital monetisation improve economics, but stops well short of treating audience leadership as effortless high-margin software. The bull case requires both pricing and rights discipline. The bear case assumes audience scale survives but content and sports costs absorb much of the monetisation benefit.

Residual Others

The residual's unit economics cannot be reduced to one formula. In a commissioned solar or battery plant, revenue depends on capacity, utilisation, yield, realised price, product mix and customer qualification; profit then depends on raw materials, energy, depreciation, logistics and policy support. During ramp-up, low utilisation and start-up costs can make accounting margins poor even if the strategic asset later becomes useful. AI infrastructure would depend on compute utilisation, energy cost, hardware depreciation, customer acquisition and service mix. Consumer brands depend on distribution, gross margin, advertising and working capital. Media-adjacent activities may share some JioStar cost drivers. Because these economics conflict, a single historical residual margin has little explanatory power.

The residual forecast margins are deliberately modest: negative 0.5% in bear, 2% in base and 4% in bull at the horizon. The bear case recognises start-up costs, stranded or delayed capacity and perimeter shrinkage. The base allows phased commissioning and some scale benefits but assumes no clean high-margin transformation. The bull requires successful commissioning, reasonable utilisation and disciplined commercialisation. No case assumes that policy incentives alone create durable economic profit.

What moves the blended margin

Four mechanisms dominate. First, mix: faster JioStar growth raises the weight of the bucket with the higher modeled horizon margin. Second, content and rights discipline: a rise in exclusive-rights costs can reduce segment profit even if viewing grows. Third, industrial ramp: New Energy and adjacent manufacturing can depress profit during commissioning before utilisation catches up. Fourth, perimeter effects: demergers, mergers or reclassification can move revenue and profit without a comparable change in underlying economics. That final point is why this appendix uses a wider probability distribution and a 35% bear probability.

4. Competitive dynamics

JioStar competes across linear television, streaming video, sports, advertising and content. Relevant rivals include Sony Pictures Networks India, Zee Entertainment, Sun TV and other regional broadcasters; Netflix, Amazon Prime Video and global or local streaming services; and non-traditional attention platforms such as YouTube and social video. The competitive set changes by language, genre, screen and monetisation model. A household can watch free-to-air television, pay TV, ad-supported streaming, subscription streaming and short-form video without choosing only one provider.

The market is large but structurally fragmented. TRAI reported 329 broadcasters, 333 pay-TV channels, four pay-DTH operators, about 56.9 million active pay-DTH subscribers and roughly 60 million cable-TV households for March 2025. Those figures show a substantial distribution base, but they also show many content suppliers and multiple delivery modes rather than a single closed ecosystem. The same regulator's annual-report material describes cable, DTH, HITS and IPTV as distinct delivery routes. JioStar's audience scale is therefore an advantage in selling national advertising and assembling bundles, but it does not eliminate consumer substitution. [TRAI broadcasting indicators](https://trai.gov.in/?q=about-us%2Fannual-reports)

The Competition Commission of India's review of the Reliance-Viacom18-Disney combination is an important structural counterweight to the bullish story. The transaction was approved subject to voluntary modifications, and the CCI's annual report says commitments included channel divestments, renunciation of rights in an entity and commitments concerning sports, primarily cricket. This does not prove poor economics; it shows that scale in premium entertainment and sport attracts competition scrutiny and may constrain bundling or monetisation choices. [CCI combination press release](https://www.cci.gov.in/public/combination/press-release/details/425/0) [CCI 2024-25 annual report](https://cci.gov.in/images/annualreport/en/annual-report-2024-251765448016.pdf)

Pricing power is conditional, not universal. Premium sport and hit content can create scarce inventory, but advertisers can move budgets to measurable digital alternatives, and viewers can churn after an event or series. Distribution power helps reduce customer-acquisition cost, yet cross-subsidy can mask standalone economics. A large installed audience also raises the absolute cost of keeping the catalogue attractive. The strongest competitors are not only other broadcasters; they are global technology platforms with deep balance sheets, recommendation systems, creator ecosystems and alternative ad formats.

New Energy faces a different competitive structure. India is actively promoting domestic high-efficiency solar manufacturing. MNRE's PLI programme has a INR24,000 crore outlay, and Tranche II awarded incentives to 11 bidders for 39.6 GW of fully or partially integrated module capacity. Policy support lowers ecosystem risk but also encourages many competitors to add capacity. MNRE reported that indigenous module capacity under the approved list expanded rapidly, reaching roughly 144 GW per year by the end of calendar 2025. This creates a credible domestic demand and policy umbrella, but it also raises oversupply and price-competition risk. Reliance's integrated scale may help procurement and financing; it does not guarantee superior realised prices or utilisation. [MNRE solar PLI programme](https://mnre.gov.in/en/production-linked-incentive-pli/) [MNRE renewable-capacity release](https://nghm.mnre.gov.in/admin/uploads/176794038987418Press%20Release_Renewable%20Energy%20Capacity%20in%202025.pdf)

The residual's other activities can face brand incumbents, specialised manufacturers and fast-moving technology competitors. Reliance has advantages in capital access, distribution and the ability to place products through group channels. The offset is conglomerate complexity: a specialised competitor may have clearer accountability, faster product decisions and a more transparent cost of capital. For this segment, entry barriers exist at the asset and distribution level, but they do not yet prove that the combined residual will earn attractive returns.

5. Moat at the segment level

JioStar's moat rests on audience aggregation, premium content, sports rights, distribution reach, local-language breadth, data and the ability to spread content cost over a large viewer base. A scaled platform can offer advertisers national reach and can cross-promote through Reliance's digital footprint. The content library and relationships with talent, leagues, advertisers and distributors take time to build. These are real advantages.

They are not all permanent. Sports rights expire and must be rebid. Consumers can multi-home across applications. Advertising budgets can migrate quickly when measurement or returns change. Content taste is unpredictable, and popular talent can sell to the highest bidder. Reliance may have a lower customer-acquisition cost through Jio distribution, but a bundle can destroy rather than create value if it gives away expensive content without monetisation. The CCI commitments are another reminder that the strongest aggregation tactics can attract restrictions.

The segment's five-to-ten-year moat verdict is therefore **moderate but unproven at the accounting-segment level**. JioStar itself plausibly has scale and distribution advantages. The residual does not yet show a shared moat. New Energy could develop one through integrated manufacturing, process know-how, reliable product quality, domestic supply-chain depth and customer qualification, but plant completion is not a moat. AI could benefit from group data, distribution and infrastructure, but no separate economics are disclosed. Consumer and other brands may benefit from Reliance Retail's reach, yet the demerger boundary prevents a confident continuity claim.

The key analytical distinction is between strategic option value and proven margin protection. `Others` contains considerable option value because Reliance can fund and distribute new businesses. Option value is not the same as a durable moat. A business earns moat credit only when customers prefer it, competitors cannot readily copy or underprice it, and the resulting advantage appears in returns after the capital required. On that standard, the appendix gives JioStar partial moat credit and withholds blanket moat credit from the residual.

6. Historical growth rates

The aggregate table reproduces the data package rather than smoothing the perimeter. FY2022 is shown only as context and explicitly labelled old taxonomy. The three comparable displayed years are FY2024 restated through FY2026; their endpoint CAGR is a two-year CAGR because three annual observations span two compounding intervals.

Product / sub-segment	FY2024 revenue	FY2025 revenue	FY2026 revenue	FY2024-FY2026 CAGR	Most recent YoY	Data package cite
Reported Others	INR80,516 crore (D2 FY2025 annual report, Note 37, restated comparative)	INR55,859 crore (D1 FY2026 annual report, Note 37 comparative)	INR80,522 crore (D1 FY2026 annual report, Note 37)	0.00% (calculated from cited endpoints)	68.9% in Q1 FY2027 (D6, 2026-07-17 release)	D1/D2 annual segment notes; D6 quarterly release
JioStar	Not separately disclosed (D1-D5 annual reports; data-package §10 gap)	Not separately disclosed (D1-D5 annual reports; data-package §10 gap)	INR40,682 crore (D1 FY2026 annual-report business review)	Not calculable (recent-period boundary)	14% in Q1 FY2027 (D6, 2026-07-17 release)	D1 annual report; D6 quarterly release
Residual Others — heterogeneous perimeter	Not separately disclosed (D1-D5 annual reports; data-package §10 gap)	Not separately disclosed (D1-D5 annual reports; data-package §10 gap)	Not separately disclosed (D1-D5 annual reports; data-package §10 gap)	Not calculable (data-package §10 gap)	Not disclosed (D6-D9 quarterly releases; data-package §10 gap)	D1-D9 official reports/releases

Arithmetic checks: INR80,516 crore × 69.4% equals INR55,878 crore, within 0.04% of reported FY2025 revenue; the small difference reflects the rounded -30.6% growth rate. INR55,859 crore × 144.2% equals INR80,552 crore, within 0.04% of FY2026 revenue; again the difference is rounding. Both are inside the mandatory 2% tolerance. The reported FY2024-to-FY2026 CAGR is effectively zero despite the FY2026 surge, illustrating perimeter volatility rather than stable compounding.

TTM checks: exact reported aggregate quarters sum to INR16,208 crore + INR17,868 crore + INR27,976 crore + INR31,204 crore = INR93,256.0 crore. JioStar's INR10,946 crore ÷ 1.14 equals INR9,601.8 crore for implied Q1 FY2026; INR40,682 crore - INR9,601.8 crore + INR10,946 crore equals INR42,026.2 crore. Only the JioStar bucket is estimated from a rounded disclosed growth rate; the reportable-segment TTM revenue is exact to the data package.

The five-year aggregate history is FY2022 INR68,126 crore, FY2023 INR88,455 crore, FY2024 restated INR80,516 crore, FY2025 INR55,859 crore and FY2026 INR80,522 crore (D5-D1 annual reports, segment notes; FY2024 restatement from D2 Note 37). FY2022 remains old-taxonomy context and is not used to claim an organic CAGR. Segment Result before Interest and Taxes moved from INR5,196 crore to INR1,045 crore, INR1,206 crore, INR530 crore and INR3,448 crore over the same years (same D5-D1 annual-report segment notes). The margin series—7.63%, 1.18%, 1.50%, 0.95% and 4.28%—is too unstable and perimeter-sensitive to support a simple mean-reversion forecast.

7. Management guidance

There is no numeric aggregate `Others` revenue or profit guide. The relevant management anchors in the data package are qualitative and must not be converted into precision they do not contain.

- **Others / AI — D8 official release dated 2026-01-16; Mukesh D. Ambani, CMD (data-package §6).** Ambani said Reliance was “entering a new phase of value creation,” referring to AI and New Energy. The phrase supports strategic intent, not a revenue start date, customer contract, utilisation assumption or margin. The model therefore stages benefit through the residual scenarios and gives no separately additive base-case AI revenue.

- **New Energy — D6 official release dated 2026-07-17; Mukesh D. Ambani, CMD (data-package §6).** Ambani referred to “phased commissioning of new energy projects.” Phasing is the correct modeling anchor: the base case uses gradual residual growth and only a 2% terminal residual margin. The bull case requires commissioning, qualification and utilisation to work; the bear allows delay and start-up losses.

- **Portfolio / Jio IPO — D6 official release dated 2026-07-17; Mukesh D. Ambani, CMD (data-package §6).** Ambani said Reliance intended to “unlock value through the Jio IPO.” That is a corporate-structure and valuation statement rather than an `Others` operating-profit guide. No IPO proceeds, ownership change or multiple is introduced into this segment model.

- **JioStar operating context — D1 FY2026 annual-report business review and D6 official release dated 2026-07-17 (data-package §4).** JioStar produced FY2026 business revenue of INR40,682 crore, and the Q1 FY2027 release reported revenue growth of 14% and TV viewership share of 34%. These are current operating anchors, not formal five-year guidance. The base case begins near the current growth rate and decelerates as the platform becomes larger.

[DATA GAP: Reliance provides no numeric forward revenue, segment-result margin, capex, utilisation, order-book or product-mix guidance for the aggregate Others segment.]

8. Forward growth assumptions

The forecast maintains the heterogeneous scope. JioStar is the only separately reconstructable line. `Residual Others — heterogeneous perimeter` is a subtraction, not a claimed business segment. New Energy and AI affect the residual's growth path but are not added as separate revenue because doing so could double count amounts already inside reported `Others`.

Base case growth

Product / forecast bucket	Historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Justification
JioStar	Not disclosed on a comparable basis	14% (D6, 2026-07-17 release)	No numeric guide	10.0%	Audience scale and combined distribution support growth, but current 14% decelerates as the base expands and rights monetisation remains competitive.
Residual Others — heterogeneous perimeter	Not calculable	Not disclosed	Phased commissioning; no numeric guide (D6, 2026-07-17 release)	4.0%	Commissioning and emerging activities add revenue gradually, offset by perimeter changes and the absence of a disclosed order book or clean mix.

The base cadence is intentionally not a single flat rate. JioStar grows 12%, 11%, 10%, 9% and 8% across the five annual steps, producing a 10.0% CAGR. Residual growth is 8%, 6%, 4%, 2% and 0%, producing a 4.0% CAGR. The aggregate grows 6.85% annually to INR129,869.4 crore. The deceleration is moderate rather than abrupt: it begins below JioStar's latest 14% and declines by roughly one point per year as the revenue base expands. The residual front-loads commissioning contribution but fades to zero as early projects mature and the model refuses to assume continuous perimeter expansion.

Bull case growth

Product / forecast bucket	Historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
JioStar	Not disclosed on a comparable basis	14% (D6, 2026-07-17 release)	No numeric guide	14.0%	Better digital monetisation, strong sports inventory and cross-platform reach sustain approximately the current rate despite a larger base.
Residual Others — heterogeneous perimeter	Not calculable	Not disclosed	Phased commissioning; no numeric guide (D6, 2026-07-17 release)	9.1%	New Energy ramps on schedule, customer qualification and utilisation develop, and emerging activities offset any remaining perimeter leakage.

The bull JioStar cadence is 15%, 15%, 14%, 13% and 13%. This does not assume indefinite acceleration; it assumes the current 14% growth can be sustained through monetisation and scale. Residual growth is 14%, 12%, 9%, 7% and 4%, a 9.1% CAGR. The path explicitly decelerates as manufacturing and other launches move from commissioning to a larger base. Aggregate revenue reaches INR160,244.9 crore, an 11.43% CAGR.

Bear case growth

Product / forecast bucket	Historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
JioStar	Not disclosed on a comparable basis	14% (D6, 2026-07-17 release)	No numeric guide	5.0%	Advertising softness, rights inflation and churn reduce monetisation, although the platform's scale prevents outright collapse.
Residual Others — heterogeneous perimeter	Not calculable	Not disclosed	Phased commissioning; no numeric guide (D6, 2026-07-17 release)	-5.0%	Perimeter shrinkage and delayed or low-utilisation projects outweigh emerging-business revenue during the first three years.

The bear JioStar cadence is 8%, 6%, 5%, 4% and 2%, producing a 5.0% CAGR. That is a substantial but not implausibly instantaneous deceleration from the latest 14%. The mechanism is specific: weaker ad yields, expensive content and slower paid conversion, not generic “maturation.” Residual growth is -15%, -8%, -3%, 0% and 2%, a -5.0% CAGR, reflecting a sharp early perimeter and ramp shock followed by stabilisation. Aggregate revenue ends at INR93,225.7 crore, essentially flat over five years.

Annual revenue cadence

Case and bucket	TTM 2026-06-30	Year 1	Year 2	Year 3	Year 4	TTM+5y 2031-06-30
Bear JioStar	42,026.2	45,388.3	48,111.6	50,517.2	52,537.9	53,588.7
Bear residual	51,229.8	43,545.3	40,061.7	38,859.9	38,859.9	39,637.0
Base JioStar	42,026.2	47,069.4	52,247.0	57,471.7	62,644.2	67,655.7

Case and bucket	TTM 2026-06-30	Year 1	Year 2	Year 3	Year 4	TTM+5y 2031-06-30
Base residual	51,229.8	55,328.2	58,647.9	60,993.8	62,213.7	62,213.7
Bull JioStar	42,026.2	48,330.2	55,579.7	63,360.9	71,597.8	80,905.5
Bull residual	51,229.8	58,402.0	65,410.2	71,297.1	76,287.9	79,339.4

The table makes the thesis-consistency check visible. The base does not jump from a 14% latest JioStar growth rate to a materially lower terminal CAGR in one step; it uses a defensible glide path. The residual bears the largest uncertainty because it includes changing activities, and its scenario range is deliberately wider. The model's precision is arithmetic, not informational: all residual figures should be read as scenario containers rather than a forecast of a known product portfolio.

9. Forward Segment Result before Interest and Taxes margin assumptions

The exact metric is `Segment Result before Interest and Taxes`. It includes segment-related interest income or other income and is not statutory operating income. Corporate/unallocated items and the bridge removal to statutory operating income are left for the synthesis stage; none is allocated here.

Case and bucket	TTM margin on exact metric	TTM+5y assumed margin	Change	Specific mechanism
Bear JioStar	Not separately disclosed	3.0%	Not measurable	Rights and content inflation, advertising pressure and weak paid conversion offset scale.
Bear residual	Not separately disclosed	-0.5%	Not measurable	Delayed commissioning, low utilisation, start-up costs and perimeter shrinkage.
Bear segment blended	3.55%	1.51%	-204 bps	Residual losses and limited JioStar operating leverage compress the segment.
Base JioStar	Not separately disclosed	7.0%	Not measurable	Combination synergies, audience monetisation and content amortisation improve economics without assuming software-like margins.
Base residual	Not separately disclosed	2.0%	Not measurable	Phased commissioning reaches modest utilisation, while mixed low-margin activities remain.
Base segment blended	3.55%	4.60%	+105 bps	JioStar becomes a larger, more profitable share and residual start-up drag moderates.
Bull JioStar	Not separately disclosed	10.0%	Not measurable	Strong ad pricing, paid conversion, disciplined rights bids and platform scale create operating leverage.
Bull residual	Not separately disclosed	4.0%	Not measurable	On-time ramp, higher utilisation, manufacturing yield and commercial traction improve margins.
Bull segment blended	3.55%	7.03%	+348 bps	Both buckets improve, with faster JioStar growth raising the weight of the higher-margin line.

The base blended margin expansion exceeds 100 basis points, so the mechanism must be explicit. JioStar's modeled margin rises through combination synergies and monetisation, while the residual moves from an undisclosed mix of ramp-stage businesses toward modest positive economics. This is not justified by aggregate historical mean reversion: the FY2022 7.63% margin belonged to an old taxonomy and cannot serve as a clean target. The bull case's 348-basis-point expansion requires four things simultaneously—successful rights monetisation, advertising strength, disciplined content cost, and productive commissioning. The bear case shows that revenue stability does not protect profit when content and industrial start-up costs are largely fixed.

Product-level current margins are a true data gap. The terminal bucket margins are scenario assumptions introduced solely to compute a reconstructable weighted segment total. They should not be mistaken for disclosed JioStar or New Energy guidance.

10. Segment rollup

The rollup begins with the TTM base of INR42,026.2 crore for JioStar and INR51,229.8 crore for the residual. Each scenario's segment revenue is the sum of those buckets. Each bucket's terminal profit equals terminal revenue multiplied by its stated terminal margin; segment profit and blended margin are the resulting sum and quotient. No corporate or statutory bridge adjustment appears in these tables.

Case	JioStar TTM+5y revenue	Residual TTM+5y revenue	Segment TTM+5y revenue	Segment revenue CAGR
Bear	53,588.7	39,637.0	93,225.7	-0.01%
Base	67,655.7	62,213.7	129,869.4	6.85%
Bull	80,905.5	79,339.4	160,244.9	11.43%

Case	JioStar margin	JioStar profit	Residual margin	Residual profit	Blended exact-metric margin	Segment Result before Interest and Taxes
Bear	3.0%	1,607.7	-0.5%	-198.2	1.51%	1,409.5
Base	7.0%	4,735.9	2.0%	1,244.3	4.60%	5,980.2
Bull	10.0%	8,090.6	4.0%	3,173.6	7.03%	11,264.1

Arithmetic tie-outs are exact before rounding. Bear revenue is INR53,588.7 crore plus INR39,637.0 crore, or INR93,225.7 crore; profit is INR1,607.7 crore less INR198.2 crore, or INR1,409.5 crore. Base revenue is INR67,655.7 crore plus INR62,213.7 crore, or INR129,869.4 crore; profit is INR4,735.9 crore plus INR1,244.3 crore, or INR5,980.2 crore. Bull revenue is INR80,905.5 crore plus INR79,339.4 crore, or INR160,244.9 crore; profit is INR8,090.6 crore plus INR3,173.6 crore, or INR11,264.1 crore. Every total reconstructs within far less than the required 1% tolerance.

The probability set is deliberately nonuniform: 35% bear, 50% base and 15% bull. The bear receives more than twice the bull probability because the segment combines incomplete sub-business disclosure, perimeter changes, capital-intensive commissioning and costly media rights. The base remains most likely because JioStar has observable scale and New Energy is being commissioned, but the forecast does not treat strategic ambition as symmetric evidence for the upside. These probabilities are segment-model weights only; they are not a trade, portfolio or sizing instruction.

The model's most important limitation is that the residual subtraction can change meaning if Reliance reclassifies or demerges activities. Synthesis should therefore use the reportable-segment total and preserve this appendix's scenario probabilities, but should not reuse the bucket values as if they were issuer-reported products. If later disclosures provide a clean JioStar profit series, New Energy revenue, plant utilisation or a restated perimeter, the model should be rebuilt from those facts rather than rolled forward mechanically.

11. Key risks and wildcards

Bear — perimeter and comparability risk. A transaction or reclassification can make revenue appear to shrink or grow without an equivalent organic change. Because the TTM straddles the consumer-products demerger and recent media changes, the starting base is less stable than for Reliance's major segments. The correct monitoring response is to reconcile every future quarter to a restated perimeter, not to celebrate or penalise headline growth blindly.

Bear — sports-rights and content-cost inflation. JioStar may win audience but fail to earn an adequate return if rights and original-content costs rise faster than advertising, subscription and distribution revenue. A particularly adverse pattern would be engagement growth accompanied by falling segment margin and rising contractual commitments. The latest Q1 `Others` margin of 1.68% is a warning that scale alone is not enough, although it cannot be attributed to JioStar without a product-profit bridge.

Bear — advertising cyclicality and substitution. Advertisers can cut budgets in a slowdown or shift spending to search, social video, commerce media and other measurable formats. Television reach remains valuable, but digital attention is fragmented and switching costs are low for many viewers. The bear JioStar CAGR and 3% terminal margin capture weaker yield and paid conversion rather than audience collapse.

Bear — New Energy commissioning and utilisation. Large plants can be completed late, operate below nameplate capacity, suffer yield problems or enter a market with falling prices. India's policy support encourages supply as well as demand, and rapid national module-capacity growth increases competition. The bear residual assumes a 15% first-year revenue decline and a negative terminal margin to reflect this operating leverage.

Base — integration execution. Media combinations can create duplicate systems, overlapping content commitments and cultural complexity before synergies appear. The base case grants margin improvement only gradually. A clean disclosure of cost synergies, content amortisation, paying users and standalone profit would raise confidence; absent that, the 7% JioStar terminal assumption remains an analytical judgment.

Base — monetisation versus reach. JioStar's 34% TV viewership share and 14% latest revenue growth are useful demand signals, but the investment question is whether each additional unit of engagement produces attractive incremental profit. Free or heavily bundled distribution may build reach while delaying monetisation. The key KPI is not downloads or gross viewing alone; it is revenue and profit per engaged customer after content and delivery costs.

Bull — ecosystem cross-distribution. Reliance can potentially reduce acquisition costs and improve targeting through Jio connectivity and Retail reach. The bull assumes some benefit through sustained JioStar growth and margin expansion. It assigns no explicit related-party synergy revenue because the data package does not disclose transfer prices or incremental economics.

Bull — successful industrial integration. If New Energy plants commission on time, achieve competitive yields and secure demand, the residual could grow faster and earn a better margin than modeled in base. Vertical integration could improve supply reliability. The bull still caps the residual terminal margin at 4%, recognising that manufacturing remains competitive and capital intensive.

Bull — AI business-model optionality. AI may improve internal productivity, create enterprise services or increase infrastructure demand, but the current evidence is a strategic statement rather than a reported revenue line. The model includes no separate AI revenue. A disclosed contracted backlog, customer count, recurring revenue or unit-economics schedule would justify revisiting that choice.

Bear — regulatory intervention. Media concentration, sports rights, channel bundling, data use and content regulation can affect monetisation. The CCI's conditional approval demonstrates that regulation is an operating variable, not boilerplate. Future restrictions could alter bundles or rights strategy even if consumer demand stays healthy.

Base — disclosure quality and re-underwriting. Better disclosure could itself change the market's assessment. A separately reported JioStar revenue and Segment Result before Interest and Taxes series, a New Energy capacity-utilisation schedule, and a perimeter bridge would reduce the discount applied to `Others`. Conversely, continued opacity while capital deployment rises would make the bear probability more appropriate.

Summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	INR93,225.7 crore	Segment Result before Interest and Taxes	1.51%	INR1,409.5 crore	35%
Base	INR129,869.4 crore	Segment Result before Interest and Taxes	4.60%	INR5,980.2 crore	50%
Bull	INR160,244.9 crore	Segment Result before Interest and Taxes	7.03%	INR11,264.1 crore	15%

The base case does not assume that `Others` becomes a clean high-margin technology segment. It assumes JioStar compounds at 10%, the changing residual at 4%, and modest margin improvement from media integration and phased commissioning. The bear keeps revenue approximately flat but cuts profit sharply, showing the fixed-cost and perimeter risks. The bull requires simultaneous success in media monetisation, rights discipline and industrial ramp. The main conclusion is not a single point estimate; it is that the accounting segment's heterogeneity deserves a wider downside distribution and continued refusal to infer a product mix that Reliance has not disclosed.

[DATA GAP: Full five-year sub-business revenue and Segment Result before Interest and Taxes histories for JioStar, New Energy, AI, consumer products and other activities are not disclosed in the DR-cleared data package.]

[DATA GAP: Segment-specific capex, capital employed, content-rights commitments, paying digital users, advertising yield, New Energy nameplate capacity, utilisation, order book and product-level margins are unavailable in the data package.]

Appendix B5 - Oil and Gas

Oil and Gas (Upstream) — Segment Deep Dive

Company: Reliance Industries Limited **Ticker:** RELIANCE.NS **Run ID:** `pulse-cio-20260831T000158+0800` **Reporting currency:** INR; financial figures are INR crore unless stated otherwise **Forecast anchor:** TTM ended 2026-06-30 **Exact five-year horizon:** 2031-06-30 **Exact profit basis:** `Segment Result before Interest and Taxes`

This appendix is a security-underwriting input, not a trade, portfolio, ranking, queue, sizing or messaging action. It uses the DR-cleared `data_package.md` as the sole authority for Reliance historical financials, operational KPIs, management commentary and quote-related facts. External official and institutional sources are used only for industry structure, regulation and competitive context. No Reliance historical number has been re-fetched or replaced.

0. Segment boundary and taxonomy note

Reliance defines Oil and Gas as exploration, development and production of crude oil and natural gas. The segment is financially distinct from O2C: upstream produces hydrocarbons, while O2C refines and converts feedstocks into fuels and chemicals. The four principal reporting segments have been stable since FY2024. The FY2025 annual report modestly restated the FY2024 comparison elsewhere in the segment table, but the Oil and Gas revenue and profit sequence used here is the later comparative in the cleared package. The financial projection therefore uses FY2024-FY2026 on a comparable segment boundary and TTM ended 2026-06-30 as its starting point. It does not mix the pre-demerger FY2022 Financial Services taxonomy into upstream economics. [data_package §1 Reporting structure and taxonomy]

The upstream asset description available in the cleared package is narrower than the financial segment: the operating KPI set covers KG D6 deepwater gas/oil and coal-bed methane, or CBM, but Reliance does not disclose an asset-by-asset revenue schedule, complete production entitlement table, or quantitative consolidated reserve and reserve-life table. Consequently, the appendix models one financially reported Oil and Gas segment using physical gas drivers as a transparent revenue index. It does not claim that every rupee of segment revenue is gas, nor does it manufacture revenue for KG D6, CBM, crude oil or condensate separately.

1. What this segment actually is

Oil and Gas is Reliance's upstream hydrocarbon business. Its economic function is to find, develop and produce hydrocarbons, principally natural gas from the KG D6 deepwater complex and gas from CBM operations. The customer receives a commodity delivered into India's gas transmission network or through agreed delivery points; Reliance receives a realized price multiplied by saleable volume, subject to production-sharing, regulatory, contractual and operating conditions. Unlike a consumer franchise, there is no recurring subscription, brand premium or broad product assortment. The core economic assets are reservoirs, wells, subsea systems, gathering and processing infrastructure, operator capability, permits and access to downstream pipelines.

KG D6 is a technically demanding offshore system. Deepwater wells require front-loaded seismic, drilling, completion, subsea and tie-back spending. Once facilities are operating, incremental molecules can carry high contribution margins because much of the installed infrastructure cost is fixed or sunk. The inverse is equally important: reservoir decline reduces throughput through that fixed system, and infill drilling is needed to sustain production. The cleared package's only explicit forward operational commitment is that four infill wells are planned. That makes well delivery and reservoir response central to the five-year case rather than peripheral project detail. [data_package §6 Management commentary, Oil and Gas row]

CBM is an onshore gas stream with different well and decline behavior. The data package reports a Q1 FY2027 current rate of 1.0 MMSCMD, versus KG D6 production of 24.8 MMSCMD, so KG D6 is overwhelmingly the disclosed physical-volume driver at the current point. [data_package §0a Material KPI history, Average gas production row] CBM can diversify the operating base and its realized price can differ materially from KG D6, but the package does not disclose CBM revenue, well count, contract tenor or a separate segment result. It is therefore modeled as a physical sub-driver, not as a fabricated mini-income statement.

The route to market is partly shaped by public policy. India's Ministry of Petroleum and Natural Gas grants marketing and pricing freedom for gas from deepwater, ultra-deepwater and high-pressure/high-temperature discoveries, subject to a notified ceiling. The Petroleum Planning and Analysis Cell, or PPAC, displayed an April-September 2026 ceiling of USD 8.90/MMBTU on a gross-calorific-value basis. This sits almost exactly on the package's Q1 FY2027 KG D6 realization of USD

8.89/MMBTU. That relationship is powerful evidence that regulation caps near-term upside even when end-market demand is strong. [PPAC gas-price page](https://ppac.gov.in/index.php/natural-gas/gas-price?page=1) [MoPNG production-sharing-contract policy page](https://mopng.gov.in/en/exp-and-prod/psc)

The commercial architecture can include auctions and gas sale and purchase agreements rather than a simple unregulated spot sale. An official DGH-hosted KG D6 request for proposal describes gas offtake under a GSPA, delivery at Gadimoga and connection into national and regional pipeline networks. That source establishes how deepwater gas can reach customers; it is not used here to infer current volumes, contract prices or remaining tenor. [DGH-hosted KG D6 gas RFP](https://www.dghindia.gov.in/assets/downloads/5ff3f9cfa15b2RFPNoRFPKGD6202000130December2020.pdf)

[DATA GAP: The cleared data package does not disclose current customer concentration, asset-level sales volumes, take-or-pay protection, GSPA tenors, auction premia/discounts, working-interest entitlements or price-reset clauses. No contracted-revenue floor is assumed.]

2. Current economics at the TTM anchor

TTM revenue is INR 24,056 crore. This is reconstructed solely from the four cleared quarterly rows: INR 6,058 crore in Q2 FY2026, INR 5,833 crore in Q3, INR 5,867 crore in Q4 and INR 6,298 crore in Q1 FY2027. TTM `Segment Result before Interest and Taxes` is INR 13,806 crore from the sealed bridge reproduced in the data package. The resulting exact-metric margin is 57.39%. [data_package §5 Most recent quarterly trend, four Oil and Gas rows] [data_package §3a TTM statutory-profit bridge, Oil and Gas row]

Current anchor	Value	Data-package authority
TTM revenue	INR 24,056 crore	§5, Oil and Gas Q2 FY2026 through Q1 FY2027 rows
TTM `Segment Result before Interest and Taxes`	INR 13,806 crore	§3a, TTM bridge, Oil and Gas row; INR 138,060 million
TTM exact-metric margin	57.39%	13,806 / 24,056 using the two cleared rows above
FY2026 average total gas production	26.7 MMSCMD	§0a, Average gas production row
FY2026 average KG D6 gas production	25.9 MMSCMD	§4, Oil and Gas KG D6 gas-production row
Q1 FY2027 KG D6 production	24.8 MMSCMD	§0a, Average gas production latest-interim cell
Q1 FY2027 CBM current rate	1.0 MMSCMD	§0a, Average gas production latest-interim cell
Q1 FY2027 KG D6 realization	USD 8.89/MMBTU	§0a, KG D6 gas-realization row
Q1 FY2027 CBM realization	USD 12.00/MMBTU	§0a, CBM gas-realization row

The FY2026 financial result already showed the sensitivity. Revenue fell 5.4% to INR 23,861 crore while `Segment Result before Interest and Taxes` fell to INR 13,464 crore and margin contracted to 56.43% from 62.83%. [data_package §3 Oil and Gas, Revenue, YoY, profit and margin rows] Q1 FY2027 then produced a much stronger 61.73% margin despite only 3.2% revenue growth. [data_package §5, Oil and Gas Q1 FY2027 row] The segment can therefore remain highly profitable at current prices, but quarterly margin is too volatile to treat 61.73% as a new structural baseline.

The current physical picture is mature rather than growth-like. Average total gas production rose from 18.2 MMSCMD in FY2022 to 28.8 in FY2025 as fields ramped, then fell to 26.7 in FY2026. The Q1 FY2027 disclosed rates total about 25.8 MMSCMD: 24.8 KG D6 plus 1.0 CBM. That is 3.4% below the FY2026 total average. This is not proof of a 3.4% annual decline, because a quarterly/current-rate reading and an annual average are different periods. It does, however, place the four planned infill wells in context: they are required to arrest an already visible decline rather than to amplify a clean growth trend.

Capital intensity cannot be measured precisely at segment level from the cleared package. Reliance reports FY2026 cash-flow capex of INR 122,916 crore and headline capex of INR 144,271 crore at the consolidated level, but it does not allocate either figure to Oil and Gas in the package. [data_package §7 Capital allocation history] The model therefore does not compute upstream free cash flow, return on capital, depreciation per unit or capex per well. It uses revenue and `Segment Result before Interest and Taxes` only, while explicitly varying margin for fixed-cost absorption, intervention activity and depreciation burden.

[DATA GAP: No current upstream segment capex, cash tax, working-capital, depreciation, abandonment obligation, well-cost, reserve replacement or free-cash-flow schedule is disclosed in the cleared data package. Segment result is not a substitute for free cash flow.]

3. Unit economics

Revenue formation

The first-order upstream equation is saleable volume multiplied by realized price. For KG D6 and CBM gas, volume is measured in MMSCMD and realization in USD/MMBTU. Reported INR revenue additionally depends on heating value, ownership entitlement, downtime, liquids/condensate, domestic currency translation, production-sharing terms and timing. Those extra variables matter, but the package does not provide a full reconciliation. The five-year model therefore holds the undisclosed conversion/perimeter factor at 1.00 and applies disclosed physical and realization changes as an index to TTM segment revenue. This preserves the audited financial anchor without pretending to know an asset revenue split.

Q1 FY2027 provides the cleanest current gas proxy. Weighting 24.8 MMSCMD of KG D6 at USD 8.89/MMBTU and 1.0 MMSCMD of CBM at USD 12.00/MMBTU produces an analyst-derived blended realization of USD 9.01/MMBTU. The arithmetic is transparent: `(24.8 x 8.89 + 1.0 x 12.00) / 25.8 = 9.01`. This derived blend is not an issuer-disclosed KPI; it is merely the starting index for scenario analysis, and it does not allocate segment revenue to either asset.

Cost and profit conversion

Upstream cost has three layers. First are variable lifting, processing, transportation and production-linked government/contractual burdens. Second are field and infrastructure costs that do not decline proportionally when a reservoir produces fewer molecules. Third are development and sustaining costs: drilling, completion, subsea tie-backs, workovers, compression, intervention and eventual decommissioning. Because installed offshore infrastructure is fixed, a modest improvement in volume or price can lift `Segment Result before Interest and Taxes` quickly. Conversely, a price decline plus reservoir depletion can compress profit faster than revenue.

The reported metric needs care. `Segment Result before Interest and Taxes` includes interest income or other income pertaining to segments and is not statutory operating income. [data_package §3 Segment historicals introduction] Corporate/unallocated income and the bridge removal of other income are modeled separately by the synthesis stage. This appendix does not allocate corporate costs into upstream, remove segment-specific other income, or rename the profit measure. Any comparison with a peer's statutory EBIT or EBITDA is therefore qualitative unless denominator definitions are reconciled.

At the current 57.39% TTM margin, the financial base implies INR 10,250 crore of costs and other net charges between revenue and segment result. That is arithmetic, not a disclosed cost breakdown. A one-percentage-point margin movement on current revenue changes segment result by roughly INR 241 crore. A 10% revenue loss with fixed costs unchanged would cut profit by more than 10%; a 10% revenue gain with modest fixed-cost growth would raise profit faster. The scenario margins embody this operating leverage.

Reinvestment and field decline

Four planned infill wells are the only specific future upstream activity in the cleared package. Infill wells usually target remaining reservoir pockets or improve drainage from installed infrastructure. Economically, they can defend high-margin throughput with less infrastructure than a greenfield development, but their value depends on completion timing, flow rate and decline curve. The base case assumes all four are delivered sufficiently to slow, not reverse, the KG D6 decline. The bull case assumes timely delivery and strong reservoir response, producing a broadly stable total gas plateau. The bear case assumes delays and/or weaker response, so natural decline dominates.

No absolute capex is assigned to these outcomes. Instead, the margin path captures the relevant burden. Base margin moves from 57.39% to 55.0%, reflecting reduced throughput and ongoing intervention/depreciation. Bull margin rises to 64.0% as higher realization and stable volume improve fixed-cost absorption. Bear margin falls to 43.0% as lower realization, falling volume and unavoidable operating/development costs combine. This is conservative in one sense—no capex is deducted below segment result—and incomplete in another—the precise D&A and cost recovery effects are unknown. Synthesis and valuation should not treat the forecast segment result as distributable cash.

4. Competitive dynamics

Competition for supply, customers and capital

Reliance competes with ONGC, Oil India, other production-sharing-contract operators, CBM producers and imported LNG. Competition operates differently from consumer markets. Reservoir ownership and contracted acreage limit direct entry into an existing field, but customers can substitute molecules from other domestic fields or LNG when pipeline connectivity and

policy permit. The buyer generally cares about delivered reliability, specification and price rather than producer brand.

The Directorate General of Hydrocarbons reported that Indian natural-gas production was 36.109 BCM in FY2025: 18.795 BCM from ONGC nomination fields, 3.171 BCM from Oil India nomination fields, 13.378 BCM from PSC fields and 0.756 BCM from CBM. PSC production had risen to 37% of national output, driven substantially by Krishna-Godavari deepwater production. [DGH 2024-25 exploration and production report](https://dghindia.gov.in/assets/downloads/ar/2024-25/annual_report24-25.pdf) This gives Reliance a strategically significant position in India's marginal domestic supply, but not monopoly power. ONGC remains a larger national producer and its KG-D5 deepwater project creates basin-level supply competition.

The IEA expects Indian gas demand to rise nearly 60% from 2023 to 2030, to about 103 BCM, while domestic production grows only moderately to just under 38 BCM. It specifically expects plateauing KG-D6 output and incremental ONGC KG-D5 supply, with LNG imports meeting an increasing share of demand. [IEA India Gas Market Report executive summary](https://www.iea.org/reports/india-gas-market-report/executive-summary) This is favorable for utilization and market access, but it does not guarantee price upside because price-sensitive customers can reduce demand and because deepwater realization is capped under policy.

Pricing power

The segment has constrained rather than free-form pricing power. Scarce domestic gas, established pipeline access and lower import dependence support bargaining relevance. Yet the April-September 2026 deepwater ceiling was USD 8.90/MMBTU, and current KG D6 realization was USD 8.89/MMBTU. The producer was effectively at the ceiling, so stronger customer demand alone could not raise KG D6 realization much within that period. A future ceiling change, auction design or contract reset matters more than brand or customer lock-in.

CBM realization is more idiosyncratic. It moved from USD 21.63/MMBTU in FY2023 to USD 14.40 in FY2024, USD 10.95 in FY2025 and USD 9.43 in FY2026, before Q1 FY2027 reported USD 12.00. [data_package §0a, CBM gas-realization row] This volatility indicates exposure to market and contract conditions. Because CBM is currently only about 1.0 MMSCMD versus 24.8 MMSCMD for KG D6, it can influence the blended realization but cannot presently offset a large KG D6 volume decline.

Entry barriers and substitution

Deepwater acreage, geology, subsurface data, capital, technical capability, approvals and long-cycle infrastructure are strong entry barriers. A new competitor cannot replicate a producing KG D6 system quickly. However, the economic moat is asset-specific: imported LNG can compete at the customer level, and another domestic basin can supply the same network. India's pipeline expansion deepens the customer pool but also increases contestability among sources. PNGRB's continuing network expansion and unified-tariff efforts should improve gas movement across regions, supporting demand while reducing geographic captivity. [PNGRB natural-gas pipeline authorizations](https://www.pngrb.gov.in/eng-web/ngpl-auth.html)

Long-run substitution risk is two-sided. Gas can substitute for more carbon-intensive coal or liquid fuels in industrial, city-gas and power applications, supporting demand. But electrification, renewable power, efficiency, green hydrogen and policy changes can reduce gas intensity over a ten-year period. The five-year horizon is more exposed to affordability, LNG availability, regulated ceiling formulas and domestic infrastructure than to complete technological displacement.

5. Moat at the segment level

The segment has a real but depleting-asset moat. The strongest protections are the installed KG D6 offshore system, operating experience, reservoir knowledge, regulatory approvals, the producing acreage position and pipeline connectivity. These advantages reduce the time and capital required to produce the next molecule relative to a greenfield entrant. They also make successful infill wells potentially valuable because they can use existing infrastructure.

This is not a classic compounding moat. A software network can deepen as customers join; an oil and gas reservoir depletes as it is monetized. Upstream durability requires continuing capital and subsurface success. The cleared evidence shows that average gas production rose sharply during the ramp but fell from 28.8 MMSCMD in FY2025 to 26.7 in FY2026, with Q1 FY2027 disclosed rates totaling about 25.8. Without effective infill, compression or new development, the installed-base advantage turns into fixed-cost leverage against declining output.

The contract and policy regime is a partial moat and a partial constraint. Existing production-sharing rights and development approvals protect field access. Pricing freedom for difficult reservoirs recognizes high development cost. Yet the government ceiling socializes part of commodity upside away from the producer. Current realization at the ceiling means the base case

cannot simply extrapolate Indian demand growth into price growth.

Over five years, the moat can defend economics if the four planned wells arrive on time and stabilize the plateau. Over ten years, confidence is lower because the package provides no quantitative reserve life, reserve-replacement ratio or sanctioned follow-on development schedule. The correct segment-level moat conclusion is therefore **moderate and asset-bound, with weak evidence for duration beyond the explicit infill program**. The segment can produce high margins, but high margins alone do not establish a durable moat.

6. Historical growth rates reproduced from the data package

Reliance does not disclose KG D6 or CBM revenue dollars. The only compliant revenue series is the total Oil and Gas segment; no asset revenue has been back-solved. The table uses the later FY2024 comparative and the data package's exact rows.

Product / sub-segment	FY2022 revenue	FY2023 revenue	FY2024 revenue	FY2025 revenue	FY2026 revenue	FY2022-FY2026 CAGR	Most recent YoY	Data package cite
Oil and Gas segment total	INR 7,492 crore [§3 Revenue row]	INR 16,508 crore [§3 Revenue row]	INR 24,439 crore [§3 Revenue row]	INR 25,211 crore [§3 Revenue row]	INR 23,861 crore [§3 Revenue row]	+33.6% [calculated from the same row]	-5.4% [§3 YoY row]	[data_package §3, Oil and Gas Revenue and YoY rows]
KG D6	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not calculable [§4]	Not disclosed [§4]	[data_package §4, Oil and Gas / KG D6 and CBM row]
CBM	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not separately disclosed [§4 KG D6 and CBM row]	Not calculable [§4]	Not disclosed [§4]	[data_package §4, Oil and Gas / KG D6 and CBM row]

The segment-total arithmetic checks against every disclosed YoY rate. `7,492 x 2.203 = 16,506` versus INR 16,508 crore; `16,508 x 1.480 = 24,432` versus INR 24,439 crore; `24,439 x 1.032 = 25,221` versus INR 25,211 crore; and `25,211 x 0.946 = 23,850` versus INR 23,861 crore. Every difference is below 0.1%, comfortably inside the mandatory 2% tolerance. No back-solved asset revenue is present. The +33.6% four-interval CAGR describes the ramp, while the recent FY2024-FY2026 two-interval CAGR is -1.2%.

The operational history explains why revenue is not a simple secular-growth line:

Operating KPI	FY2022	FY2023	FY2024	FY2025	FY2026	FY2022-FY2026 CAGR	Latest disclosed point	Data package cite
Average total gas production	18.2 MMSCMD [§0a row 3]	20.2 MMSCMD [§0a row 3]	27.8 MMSCMD [§0a row 3]	28.8 MMSCMD [§0a row 3]	26.7 MMSCMD [§0a row 3]	+10.1% [calculated]	KG D6 24.8 plus CBM 1.0 MMSCMD in Q1 FY2027 [§0a row 3]	[data_package §0a, Average gas production row]
KG D6 realization	USD 4.92/MMBTU [§0a row 4]	USD 10.60/MMBTU [§0a row 4]	USD 10.10/MMBTU [§0a row 4]	USD 9.65/MMBTU [§0a row 4]	USD 9.81/MMBTU [§0a row 4]	+18.8% [calculated]	USD 8.89/MMBTU in Q1 FY2027 [§0a row 4]	[data_package §0a, KG D6 gas-realization row]
CBM realization	USD 6.82/MMBTU [§0a row 5]	USD 21.63/MMBTU [§0a row 5]	USD 14.40/MMBTU [§0a row 5]	USD 10.95/MMBTU [§0a row 5]	USD 9.43/MMBTU [§0a row 5]	+8.4% [calculated]	USD 12.00/MMBTU in Q1 FY2027 [§0a row 5]	[data_package §0a, CBM gas-realization row]

Average production tie-outs are exact to the displayed figures: `27.8 x (1 + 3.6%) = 28.8`, and `28.8 x (1 - 7.3%) = 26.7`. KG D6 realization changed `10.10 to 9.65 to 9.81`; CBM changed `14.40 to 10.95 to 9.43`. These KPI rows are not revenue and are not summed into the financial table.

FY2022-FY2026 provides useful cycle context but should not be mistaken for a sustainable growth rate. Segment revenue rose from INR 7,492 crore to INR 23,861 crore as production and realization ramped, a 33.6% four-year CAGR. The path was highly non-linear: +120.3%, +48.0%, +3.2% and -5.4%. [data_package §3 Oil and Gas, Revenue and YoY rows] The forward model starts from the mature TTM base, not from that ramp CAGR.

7. Management guidance quoted from the data package

The cleared package contains one upstream-specific forward statement:

- **Data-package row:** §6 Management commentary, Oil and Gas.
- **Verbatim excerpt:** “four infill wells are planned”.

- **Interpretation:** This is an activity commitment, not volume, price, revenue or profit guidance. It supports a base case in which intervention moderates KG D6 decline. It does not support an assumption that production returns to the FY2025 peak, because management did not disclose flow rates, startup dates, reservoir response or cumulative recovery for those wells.

No formal upstream revenue or `Segment Result before Interest and Taxes` outlook is disclosed. The releases contain retrospective operating commentary but no numeric five-year production guide. [data_package §6 closing paragraph]

[DATA GAP: No management target is available for 2031 KG D6 production, CBM production, segment revenue, segment result margin, reserves, reserve replacement, upstream capex, well startup dates or contract renewals.]

This absence materially lowers forecast confidence. The model treats every value beyond the four-well statement as an analyst scenario, not guidance.

8. Forward growth assumptions by product and driver

Model architecture and probabilities

The model compounds exactly five calendar years from 2026-06-30 to 2031-06-30. It uses TTM segment revenue of INR 24,056 crore and the Q1 FY2027 physical proxy of 25.8 MMSCMD at a derived blended USD 9.01/MMBTU. Horizon revenue is:

`TTM revenue x (horizon total gas / 25.8) x (horizon blended realization / 9.01) x undisclosed conversion/perimeter factor`.

The undisclosed conversion/perimeter factor is fixed at 1.00 in all cases. This deliberately avoids an unsupported forecast for liquids, heating value, working interest, INR/USD translation or production-sharing take. The trade-off is that the revenue model is an indexed gas proxy rather than a full asset sales build. This limitation is visible and should remain visible in synthesis.

Scenario probabilities are **Bear 30%, Base 50%, Bull 20%**. The weights are nonuniform because field decline is observable and the four-well program is not quantitatively guided; the upside case requires both production and price cooperation, while the base needs only partial decline offset.

Base case assumptions

Product / driver	Historical CAGR	Latest YoY or point	Management FY+1 guide	Base CAGR TTM to 2031-06-30	Justification
KG D6 gas volume	Total gas -2.0% FY2024-FY2026; KG-only CAGR not disclosed	24.8 MMSCMD	Four infill wells planned	-1.9% to 22.5 MMSCMD	Four wells slow but do not defeat mature-field decline; no disclosed new plateau supports growth.
CBM gas volume	Separate history not disclosed	1.0 MMSCMD current rate	No numeric guide	+1.9% to 1.1 MMSCMD	Modest improvement is allowed, but CBM remains too small to offset KG D6 decline.
Blended gas realization	KG -1.4%; CBM -19.1% FY2024-FY2026	Derived USD 9.01/MMBTU	No price guide	+0.1% to USD 9.07/MMBTU	KG ends at USD 9.00 and CBM at USD 10.50; current KG realization is already near the USD 8.90 ceiling.
Oil and Gas segment revenue	-1.2% FY2024-FY2026	Q1 FY2027 +3.2%	No revenue guide	-1.6% to INR 22,150 crore	Volume slips 8.5% over five years while blended price is flat; gas proxy is applied to TTM revenue.

The base path is gradual, not a cliff. It assumes timely enough infill execution to reduce KG D6 at roughly 1.9% annually, compared with the total-gas decline from 28.8 MMSCMD in FY2025 to 26.7 in FY2026. The price path initially stays around the current ceiling, then ends only slightly above the current blend. India's demand growth helps offtake but does not override the regulatory ceiling.

Base path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
KG D6 volume, MMSCMD	24.8	24.4	24.0	23.6	23.1	22.5
CBM volume, MMSCMD	1.0	1.0	1.0	1.0	1.0	1.1

Base path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Total modeled gas, MMSCMD	25.8	25.4	25.0	24.6	24.1	23.6
Blended realization, USD/MMBTU	9.01	8.90	8.85	8.90	8.98	9.07
Indexed segment revenue, INR crore	24,056	23,392	22,895	22,656	22,395	22,150

Bull case assumptions

Product / driver	Historical CAGR	Latest YoY or point	Management FY+1 guide	Bull CAGR TTM to 2031-06-30	Justification
KG D6 gas volume	Total gas -2.0% FY2024-FY2026; KG-only CAGR not disclosed	24.8 MMSCMD	Four infill wells planned	+0.6% to 25.5 MMSCMD	Strong reservoir response restores a stable plateau but does not assume a return to an undisclosed peak.
CBM gas volume	Separate history not disclosed	1.0 MMSCMD current rate	No numeric guide	+5.4% to 1.3 MMSCMD	Sustained onshore optimization adds 0.3 MMSCMD; CBM remains less than 5% of modeled gas.
Blended gas realization	KG -1.4%; CBM -19.1% FY2024-FY2026	Derived USD 9.01/MMBTU	No price guide	+4.2% to USD 11.07/MMBTU	KG reaches USD 11.00 and CBM USD 12.50 through favorable future ceilings and contract resets.
Oil and Gas segment revenue	-1.2% FY2024-FY2026	Q1 FY2027 +3.2%	No revenue guide	+5.0% to INR 30,707 crore	Volume is broadly stable and price drives most growth; no extra asset revenue is invented.

The bull case is not a volume supercycle. It assumes that the four wells and operating optimization hold KG D6 roughly flat while pricing improves over several ceiling periods. This is deliberately less aggressive than extrapolating the FY2022-FY2024 ramp. Demand growth and domestic-gas scarcity make the outcome plausible, but the government ceiling means it requires a supportive formula, not merely a tighter customer market.

Bull path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
KG D6 volume, MMSCMD	24.8	25.0	25.2	25.4	25.5	25.5
CBM volume, MMSCMD	1.0	1.0	1.1	1.1	1.2	1.3
Total modeled gas, MMSCMD	25.8	26.0	26.3	26.5	26.7	26.8
Blended realization, USD/MMBTU	9.01	9.40	9.85	10.25	10.65	11.07
Indexed segment revenue, INR crore	24,056	25,290	26,807	28,108	29,425	30,707

Bear case assumptions

Product / driver	Historical CAGR	Latest YoY or point	Management FY+1 guide	Bear CAGR TTM to 2031-06-30	Justification
KG D6 gas volume	Total gas -2.0% FY2024-FY2026; KG-only CAGR not disclosed	24.8 MMSCMD	Four infill wells planned	-6.7% to 17.5 MMSCMD	Wells are delayed or underperform and natural decline steepens after the current plateau.
CBM gas volume	Separate history not disclosed	1.0 MMSCMD current rate	No numeric guide	-4.4% to 0.8 MMSCMD	Onshore optimization is insufficient to offset decline; no new drilling program is assumed.
Blended gas realization	KG -1.4%; CBM -19.1% FY2024-FY2026	Derived USD 9.01/MMBTU	No price guide	-6.2% to USD 6.54/MMBTU	KG reaches USD 6.50 and CBM USD 7.50 under weak global benchmarks and restrictive ceilings.
Oil and Gas segment revenue	-1.2% FY2024-FY2026	Q1 FY2027 +3.2%	No revenue guide	-12.4% to INR 12,392 crore	A 29% volume loss and 27% price loss compound; fixed conversion factor prevents extra downside invention.

The bear path is materially worse than the recent annual history because it combines two adverse variables rather than extending one. It is not an immediate discontinuity: production steps down each year and price normalizes through successive

resets. The path is consistent with mature-field risk and the absence of disclosed reserve life. It does not assume operational shutdown or zero terminal value.

Bear path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
KG D6 volume, MMSCMD	24.8	23.5	22.1	20.6	19.0	17.5
CBM volume, MMSCMD	1.0	0.9	0.8	0.8	0.8	0.8
Total modeled gas, MMSCMD	25.8	24.4	22.9	21.4	19.8	18.3
Blended realization, USD/MMBTU	9.01	8.00	7.40	7.00	6.70	6.54
Indexed segment revenue, INR crore	24,056	20,199	17,536	15,501	13,728	12,392

9. Forward `Segment Result before Interest and Taxes` margin assumptions

The exact TTM margin is 57.39%. All projections retain the label `Segment Result before Interest and Taxes`. No line is called operating income or EBITDA, and no corporate/unallocated bridge item is inserted here.

Case	TTM exact-metric margin	2031 exact-metric margin	Change	Specific mechanism
Bear	57.39%	43.00%	-1,439 bps	Lower price and volume reduce fixed-cost absorption; intervention, depreciation and field costs do not fall proportionally.
Base	57.39%	55.00%	-239 bps	Infill activity slows decline but does not fully offset lower throughput; realization is flat and sustaining burden remains.
Bull	57.39%	64.00%	+661 bps	Stable production plus higher realization flows through installed infrastructure, creating operating leverage.

The bear margin remains positive because the segment's current margin is very high and the model does not assume a field shutdown. The base margin sits just below FY2026's 56.43%, reflecting a mature but still productive asset. The bull margin is near the upper end of the historical range: FY2023 was 66.23%, FY2024 60.69% and FY2025 62.83%. [data_package §3 Oil and Gas, Margin row] Thus 64.0% requires favorable pricing and stable volume, but it is not outside observed segment economics.

Bear margin and profit path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Revenue, INR crore	24,056	20,199	17,536	15,501	13,728	12,392
`Segment Result before Interest and Taxes` margin	57.39%	53.00%	49.00%	46.00%	44.00%	43.00%
`Segment Result before Interest and Taxes`, INR crore	13,806	10,706	8,592	7,131	6,040	5,328

Base margin and profit path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Revenue, INR crore	24,056	23,392	22,895	22,656	22,395	22,150
`Segment Result before Interest and Taxes` margin	57.39%	56.50%	56.00%	55.50%	55.20%	55.00%
`Segment Result before Interest and Taxes`, INR crore	13,806	13,217	12,821	12,574	12,362	12,182

Bull margin and profit path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Revenue, INR crore	24,056	25,290	26,807	28,108	29,425	30,707

Bull margin and profit path	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Segment Result before Interest and Taxes margin	57.39%	59.00%	60.50%	62.00%	63.00%	64.00%
Segment Result before Interest and Taxes, INR crore	13,806	14,921	16,218	17,427	18,538	19,653

The annual cadence prevents an unexplained jump from Q1 conditions to the horizon. In bear, most profit erosion occurs early because price and volume decline together. In base, revenue and profit drift down gradually. In bull, price rather than heroic production growth drives the increase. A reviewer can therefore alter either physical volume or price without rebuilding the entire segment.

10. Segment rollup and arithmetic tie-out

No asset revenue is separately disclosed, so the rollup uses multiplicative driver factors rather than fictional KG D6 and CBM revenue. Each horizon revenue number is reconstructable from the same TTM anchor.

Rollup line	Bear	Base	Bull
TTM segment revenue anchor, INR crore	24,056	24,056	24,056
Horizon total gas, MMSCMD	18.3	23.6	26.8
Volume factor versus 25.8 MMSCMD	0.7093x	0.9147x	1.0388x
Horizon blended realization, USD/MMBTU	6.54	9.07	11.07
Price factor versus USD 9.01/MMBTU	0.7262x	1.0066x	1.2289x
Undisclosed conversion/perimeter factor	1.0000x	1.0000x	1.0000x
Reconstructed 2031 revenue, INR crore	12,392	22,150	30,707
2031 Segment Result before Interest and Taxes margin	43.00%	55.00%	64.00%
2031 Segment Result before Interest and Taxes, INR crore	5,328	12,182	19,653
Probability	30%	50%	20%

Rounding explains the last rupee-level differences in displayed factors. Using unrounded values, Bear is `24,056 x (18.3 / 25.8) x (6.5437 / 9.0105) = 12,391.6`; Base is `24,056 x (23.6 / 25.8) x (9.0699 / 9.0105) = 22,149.7`; Bull is `24,056 x (26.8 / 25.8) x (11.0728 / 9.0105) = 30,707.4`. Applying the margins gives INR 5,328.4 crore, INR 12,182.3 crore and INR 19,652.8 crore respectively. Every rollup ties within far less than 1%.

The probability-weighted horizon revenue is INR 20,934 crore: `30% x 12,391.6 + 50% x 22,149.7 + 20% x 30,707.4`. Probability-weighted `Segment Result before Interest and Taxes` is INR 11,620 crore. These are expected values across scenarios, not a fourth operating case and not a claim that upstream cash flow equals segment result.

Case	TTM revenue	Five-year revenue CAGR	2031 revenue	Exact profit metric	2031 margin	2031 profit
Bear	24,056	-12.42%	12,392	Segment Result before Interest and Taxes	43.00%	5,328
Base	24,056	-1.64%	22,150	Segment Result before Interest and Taxes	55.00%	12,182
Bull	24,056	5.00%	30,707	Segment Result before Interest and Taxes	64.00%	19,653

Capital and contract interpretation of the rollup

The rollup embeds but does not numerically allocate capex. Base requires the disclosed four infill wells to be funded and delivered; bear assumes ineffective or delayed spending; bull assumes strong productivity from the same disclosed program

and operating optimization. No additional greenfield project is inserted. This prevents an internally inconsistent case in which volume stays flat without reinvestment.

Similarly, no contract floor is inserted. The price path is realized-price exposure under the prevailing policy/auction/contract framework. If synthesis later receives a verified long-term take-or-pay contract with fixed volume or formula protection, it should change the price or volume path explicitly and rerun this rollup. It should not add contract value on top of the segment revenue forecast.

11. Key risks and wildcards

- **Reservoir decline and infill productivity — Bear.** The central risk is that four planned wells do not replace decline. The package gives no expected initial production, timing or recovery per well. A fall below the bear path's intermediate production levels would require another downgrade.

- **Pricing-ceiling resets — Bear and Bull.** Q1 KG D6 realization was essentially at the April-September 2026 deepwater ceiling. Future PPAC ceilings can dominate customer demand in determining realized price. A persistent ceiling below USD 7/MMBTU would push the model toward bear; sustained ceilings above USD 10/MMBTU with offtake would support bull.

- **Contract renewal and customer concentration — Bear.** Current GSPA tenors, auction formulas, buyer mix and take-or-pay protections are not in the cleared package. A contract rollover into weaker terms can reduce realized price even if physical production meets plan. **[DATA GAP: customer and contract schedules unavailable.]**

- **Upstream capex and abandonment burden — Bear.** Segment result can stay positive while free cash flow disappoints if wells, subsea intervention or decommissioning require substantial cash. Consolidated capex cannot be allocated to this segment. **[DATA GAP: upstream capex and abandonment schedule unavailable.]**

- **Reserve sufficiency — Bear.** No quantitative reserve/resource, reserve-life or replacement table was located in the data package. That prevents a strong ten-year duration claim. **[DATA GAP: reserves and reserve life unavailable.]**

- **ONGC KG-D5 and LNG competition — Base/Bear.** New domestic supply and imported LNG increase buyer alternatives. They may not strand KG D6 in a growing market, but they can affect auction premia, utilization and policy arguments for a higher ceiling.

- **India gas-demand growth — Bull.** City-gas distribution, industrial demand, refining and power could raise Indian gas use substantially by 2030. Domestic production is expected to grow much more slowly, supporting the strategic value of reliable KG D6 supply. Demand does not, by itself, override the price ceiling.

- **Operational concentration — Bear.** Current disclosed production is dominated by KG D6. CBM at about 1.0 MMSCMD is too small to diversify a material outage or reservoir disappointment offshore.

- **FX and measurement basis — All cases.** Realization is quoted in USD/MMBTU while reported revenue is INR crore. The cleared package does not provide a complete TTM asset-level FX and heating-value bridge. The fixed 1.00 conversion factor prevents invented currency gains or losses but leaves a real sensitivity outside the proxy.

- **Policy and production-sharing changes — All cases.** Pricing freedom, ceiling methodology, cost recovery, government take, environmental approvals and decommissioning rules can change economics without altering gross production. This is sovereign/regulatory exposure, not merely commodity exposure.

- **Oil and condensate upside/downside — Bull/Bear.** The segment includes crude oil and natural gas, but the cleared package does not provide a complete liquids revenue and volume history. The model neither credits higher oil prices nor penalizes lower liquids output. **[DATA GAP: oil/condensate volume, price and revenue split unavailable.]**

- **Metric-to-cash mismatch — All cases.** `Segment Result before Interest and Taxes` includes segment-related interest or other income and is above tax, corporate bridge items and financing. It should not be used as upstream free cash flow, and its margin should not be compared naively with peer EBITDA margins.

The two most decision-useful monitoring signals are quarterly KG D6 production and the next disclosed deepwater gas ceiling. Production below 23 MMSCMD before the four-well program is substantially online would challenge base. Conversely, stable production near 25 MMSCMD after the program plus realized price above USD 10/MMBTU would begin to validate bull.

Summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	INR 12,392 crore	`Segment Result before Interest and Taxes`	43.00%	INR 5,328 crore	30%
Base	INR 22,150 crore	`Segment Result before Interest and Taxes`	55.00%	INR 12,182 crore	50%
Bull	INR 30,707 crore	`Segment Result before Interest and Taxes`	64.00%	INR 19,653 crore	20%

The segment remains economically attractive at current prices, but it is a declining-asset underwriting problem rather than a secular-growth franchise. Base assumes the disclosed four infill wells slow decline while price remains roughly flat, producing a modest fall in revenue and profit by 2031. Bull requires both plateau maintenance and supportive ceiling resets. Bear reflects the nonlinear downside from lower volume, lower price and fixed-cost absorption. The absence of reserve, contract and capex schedules is material; it limits confidence and prevents conversion of segment result into a defensible free-cash-flow forecast.

Appendix S - Synthesis (Combined Earnings Model)

Reliance Industries Limited — Synthesis (Combined Earnings Model)

This appendix consolidates the five reviewed operating appendices into one five-year earnings model for Reliance Industries Limited (`RELIANCE.NS`). It is a mechanical forecast consolidation, not a new research stage. All historical accounting classifications come from the DR-cleared data package and the sealed statutory bridge. All segment endpoints come from the post-review segment files; in particular, the reviewer-corrected Retail, Digital Services and Others figures control. The current D capital-repair data package has SHA-256 `1913632c9a952af62f22287edb96fd26d47190ab0f8ce5be5840d56b5fdc789f`. The common segment profit metric is positive `Segment Result before Interest and Taxes`. It is an issuer-disclosed segment measure that may include segment-related interest or other income and is not relabelled statutory operating income anywhere below.

The model uses INR crore when reproducing the source appendices, and converts final consolidated outputs to INR billions at 0.01 billion per crore. Revenue is consolidated on the issuer's gross reportable-segment basis because the cleared forecast inputs contain no horizon schedule for intersegment revenue eliminations. No elimination plug is invented. Statutory operating income, pretax income and owner net income are fully bridged using the separately classified sealed profit lines.

1. Anchors and gate validation

- Today: 2026-09-06 SGT.
- Fiscal year end: March 31.
- Latest complete period: Q1 FY2027 ended 2026-06-30.
- TTM anchor: FY2026 less Q1 FY2026 plus Q1 FY2027, using like-for-like April–June windows; equivalently Q2 FY2026 + Q3 FY2026 + Q4 FY2026 + Q1 FY2027.
- Latest completed fiscal year: FY2026 ended 2026-03-31.
- Horizon: 2031-06-30, exactly 5.0 calendar years after the TTM end.
- Valuation price: INR 1,322 per XNSE:RELIANCE fully paid ordinary share, raw exchange close, completed session 2026-09-04.
- Raw quote evidence SHA-256: `a1fb0496d243d8c6bf12d4eb61308368e86def36d2f7ea6b5ed925d1ed6dc216`.
- QFR-sealed quote-packet SHA-256: `baa51ec56b913f9247c4991690ca4f6a57e43da05f80a470fd1ef211ee7f2434`.
- Quote actionability expiry: 2026-09-07T18:00:00+08:00.
- QFR-sealed statutory-bridge SHA-256: `a1e534b4ee268741266ec80762162b853061ceb5297a60e20e1ea3eb54b06403`.
- The strict quote validator returned `QUOTE_PACKET_VALID`; the statutory validator returned `STATUTORY_BRIDGE_VALID`; exact byte hashes matched the expected values. The durable gate manifest records both QFR clearance and `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING` from DR.
- Security and unit bridge: one quoted NSE ordinary share equals one financial-statement equity share. Depositary ratio = 1, share-class factor = 1, financial shares per listed unit = 1, and no intervening split occurred between 2026-03-31 and 2026-09-04. The terminal path starts from 13,532,472,634 period-end basic shares, not the FY2026 diluted weighted-average denominator. The split factor of 1 leaves that basic anchor unchanged on the quote basis; dividing by the listed-unit factor of 1 gives the same listed-equivalent units. The separate FY2026 diluted weighted-average denominator of 13,532,736,424 is retained only as an EPS-period cross-check.
- Currency bridge: reporting currency INR, quote currency INR and FX quote currency per reporting currency = 1. The EPS conversion therefore changes neither amount nor unit.
- Trade execution authorized: false. This appendix contains no trade, portfolio-sizing or queue instruction.

P&C insurer lane: **NOT TRIGGERED — issuer is not a P&C insurer or reinsurer**. Reliance is an industrial, consumer and digital conglomerate. No insurer bridge is created.

2. Segment-level forward assumptions

Every endpoint below is reproduced from a reviewed appendix. TTM and horizon revenue use INR crore; margins are on the exact common metric, not statutory operating margin.

Segment	Exact profit metric	TTM revenue	Bear 2031 revenue	Base 2031 revenue	Bull 2031 revenue	Bear margin	Base margin	Bull margin
Oil to Chemicals	Segment Result before Interest and Taxes	709,400.0	609,814.0	803,208.0	952,925.0	5.50%	7.50%	9.20%
Oil and Gas	Segment Result before Interest and Taxes	24,056.0	12,391.6	22,149.7	30,707.4	43.00%	55.00%	64.00%
Retail	Segment Result before Interest and Taxes	377,322.0	458,866.0	611,941.0	784,804.0	4.50%	6.00%	6.80%
Digital Services	Segment Result before Interest and Taxes	181,115.0	248,089.0	298,322.0	341,081.0	25.50%	31.00%	33.00%
Others	Segment Result before Interest and Taxes	93,256.0	93,225.7	129,869.4	160,244.9	1.51%	4.60%	7.03%

Sources are `appendix_B_o2c.md` Sections 8–10, `appendix_B_oil_and_gas.md` Sections 8–10, `appendix_B_retail.md` Sections 8–10, `appendix_B_digital_services.md` Sections 8–10 and `appendix_B_others.md` Sections 8–10. The TTM revenue sum is INR 1,385,149 crore. TTM segment profit from the sealed statutory bridge is INR 140,361 crore. Differences between table-displayed TTM margins and bridge precision are presentation rounding only.

The segment models are intentionally heterogeneous. O2C is volume times realization; upstream is gas volume times realization with a fixed disclosed-perimeter factor; Retail is transaction growth times recognized revenue per transaction; Digital uses one disclosed reportable segment with operating KPIs as checks; Others sums modeled JioStar and residual buckets. The synthesis does not force one operating model onto five unlike businesses.

The base case is demanding in Digital and Retail but conservative in O2C and upstream. O2C grows 2.52% with almost flat exact-metric margin, upstream declines 1.64%, Retail grows 10.15% with a 57-basis-point margin lift, Digital grows 10.50% with a 320-basis-point lift, and Others grows 6.85% with a 105-basis-point lift. This mix is consistent with the moat appendix: Digital has the strongest evidence, Retail remains developing, while commodity and emerging-business economics are less protected.

3. Combined revenue build

The source appendices forecast gross reportable-segment revenue. The DR-cleared package discloses an FY2026 intersegment elimination but provides no horizon driver or allocation by scenario. Applying that single historical amount or forcing a constant ratio would be an analyst-created plug. Accordingly, the combined model reports the exact additive gross segment basis and separately marks the external-revenue conversion unavailable. It does not call gross segment revenue statutory Revenue from Operations.

Line, INR crore unless stated	Bear	Base	Bull
O2C horizon revenue	609,814.0	803,208.0	952,925.0
Oil and Gas horizon revenue	12,391.6	22,149.7	30,707.4
Retail horizon revenue	458,866.0	611,941.0	784,804.0
Digital Services horizon revenue	248,089.0	298,322.0	341,081.0
Others horizon revenue	93,225.7	129,869.4	160,244.9
Sum of segment horizon revenue	1,422,386.3	1,865,490.1	2,269,762.3
Corporate or intersegment elimination forecast	Unavailable; no plug	Unavailable; no plug	Unavailable; no plug

Line, INR crore unless stated	Bear	Base	Bull
Combined horizon revenue on gross segment basis	**1,422,386.3**	**1,865,490.1**	**2,269,762.3**
Combined horizon revenue, INR B	14,223.863	18,654.901	22,697.623
TTM to horizon CAGR, exactly 5.0 years	0.53%	6.14%	10.38%

The gross-basis CAGR is calculated as `(horizon segment revenue / 1,385,149)^(1/5) - 1`. There is no hidden sixth year. The Bear case is nearly flat because Retail and Digital growth only offset upstream decline, lower O2C realizations and a stagnant Others perimeter. The Base case is a 6.14% blended outcome: structurally growing consumer and digital activities gain weight, while O2C remains the largest revenue pool. The Bull case reaches 10.38%, requiring Retail and Digital to compound strongly while O2C realizations and margins improve.

The absence of a forward intersegment-elimination schedule constrains comparison to statutory Revenue from Operations, but it does not contaminate profit consolidation: the sealed statutory bridge is stated on the common segment-profit basis and supplies the exact corporate and operating adjustments required to reach statutory operating income.

4. Combined statutory operating income build

The common metric remains positive throughout. The bridge has two distinct layers. `Other Un-allocable Income (Net of Expenditure)` is corporate/unallocated. `Other Income excluding Interest Income embedded in segment EBIT` is the operating bridge removal. Neither is pushed into a segment.

Line, INR crore	Bear	Base	Bull
O2C Segment Result before Interest and Taxes	33,540.0	60,241.0	87,669.0
Oil and Gas Segment Result before Interest and Taxes	5,328.4	12,182.3	19,652.8
Retail Segment Result before Interest and Taxes	20,649.0	36,716.0	53,367.0
Digital Services Segment Result before Interest and Taxes	63,263.0	92,480.0	112,557.0
Others Segment Result before Interest and Taxes	1,409.5	5,980.2	11,264.1
Sum of segment profit on sealed common metric	124,189.9	207,599.5	284,509.9
Other Un-allocable Income (Net of Expenditure)	-12,000.0	-6,000.0	0.0
Consolidated horizon segment-profit metric	112,189.9	201,599.5	284,509.9
Other Income excluding Interest Income embedded in segment EBIT	-10,556.1	-15,570.0	-22,760.8
Combined statutory horizon operating income	**101,633.8**	**186,029.5**	**261,749.1**
Combined statutory operating income, INR B	1,016.338	1,860.295	2,617.491
OI margin on gross segment revenue	7.15%	9.97%	11.53%

The corporate/unallocated rule is source-bound to FY2026 income of INR 3,130 crore and TTM expense of INR 5,674 crore. Bear assumes recurring central cost and investment drag worsen to INR 12,000 crore; Base holds a normalized expense near the TTM level at INR 6,000 crore; Bull permits neutral contribution but does not assume structural unallocated income without evidence. This is a scenario forecast, not a balancing item.

The operating bridge removal was 13.58% of segment profit in FY2026 and 7.18% in the TTM. The terminal rules remain within that observed band: 8.5% in Bear, 7.5% in Base and 8.0% in Bull. The positive segment metric contains more embedded other income as the absolute segment pool grows, so the negative removal also grows in absolute terms. This preserves the sign and classification in the sealed packet and avoids the common error of treating segment result as statutory OI.

Capital-consistency is cautious. The management appendix gives a YELLOW gate and documents FY2026 cash-flow capex of INR 122,916 crore, headline capex of INR 144,271 crore and no buyback. Digital, Retail, New Energy and O2C all compete for funds, while segment capex is not disclosed. The model therefore gives no buyback-funded EPS shortcut and does not claim that segment profit growth converts one-for-one into free cash flow. The moat FAIL also supports a higher Bear weight: the combined equity has not shown 15% consolidated ROIC despite strong Digital economics.

5. Net income and EPS build

Below-line items retain their statutory classifications. Finance cost and Other Income are shown separately. Current and deferred tax are calculated independently from pretax income. Associates and NCI remain post-tax bridge lines.

Line	Bear	Base	Bull
Combined horizon OI, INR crore	101,633.758	186,029.538	261,749.108
Finance Cost, INR crore	-38,000.000	-30,000.000	-24,000.000
Other Income, INR crore	15,000.000	20,000.000	25,000.000
Pretax income, INR crore	78,633.758	176,029.538	262,749.108
Current tax rate	10.50%	10.00%	9.50%
Current Tax, INR crore	-8,256.545	-17,602.954	-24,961.165
Deferred tax rate	14.50%	14.00%	13.50%
Deferred Tax, INR crore	-11,401.895	-24,644.135	-35,471.130
Associates and JVs, INR crore	0.000	500.000	1,000.000
NCI allocation, INR crore	-18,513.708	-28,241.274	-35,924.065
Owner net income, INR crore	**40,461.611**	**106,041.174**	**167,392.748**
Owner net income, INR B	**404.616**	**1,060.412**	**1,673.927**
Quote-basis diluted financial shares, M	13,533.379686	13,533.379686	13,533.379686
EPS, INR per quote-basis financial share	29.898	78.355	123.689
Financial shares per listed unit	1.000	1.000	1.000
EPS, INR reporting currency per listed unit	29.898	78.355	123.689
FX: quote INR per reporting INR	1.000	1.000	1.000
EPS, INR per listed unit	**29.898**	**78.355**	**123.689**

Finance Cost starts from INR 28,362 crore TTM and INR 27,061 crore FY2026. Bear increases it to INR 38,000 crore as capital intensity and rates remain adverse; Base uses INR 30,000 crore, close to the latest run rate; Bull falls to INR 24,000 crore only as stronger internal generation permits funded deleveraging. The values are scenario drivers, not outputs from a missing terminal-debt plug.

Other Income starts from INR 20,393 crore TTM and INR 28,962 crore FY2026. Bear uses INR 15,000 crore, Base INR 20,000 crore and Bull INR 25,000 crore, reflecting the disclosed liquid-resource base without assuming a windfall. The current-plus-deferred tax rates are 25.0%, 24.0% and 23.0%, versus 24.62% TTM and 22.37% FY2026. Current and deferred portions remain visible rather than being collapsed or zeroed.

Associates and JVs move from INR 237 crore TTM to INR 0, INR 500 crore and INR 1,000 crore. NCI follows the line-specific subsidiary ownership drivers in the repaired data package. Jio Platforms starts with 8,939,030,830 issued shares, of which RIL owns 5,937,841,645. Full exercise of all 10,280,000 vested JPL options increases the terminal subsidiary denominator once to 8,949,310,830 and leaves the RIL numerator unchanged. RIL ownership is therefore 66.3497084613% and external NCI is exactly 33.6502915387% in Bear, Base and Bull. The proposed IPO contributes zero shares, zero proceeds, zero debt reduction and zero valuation credit in every forecast scenario because allotment and completion are not executable facts.

Jio ownership item	Bear	Base	Bull
Opening JPL shares	8,939,030,830	8,939,030,830	8,939,030,830
Full-option shares issued	10,280,000	10,280,000	10,280,000
Proposed IPO shares credited	0	0	0

Jio ownership item	Bear	Base	Bull
Terminal JPL shares	8,949,310,830	8,949,310,830	8,949,310,830
RIL-owned JPL shares	5,937,841,645	5,937,841,645	5,937,841,645
RIL ownership	66.3497084613%	66.3497084613%	66.3497084613%
External Jio NCI	33.6502915387%	33.6502915387%	33.6502915387%
IPO proceeds / debt reduction / valuation credit	0 / 0 / 0	0 / 0 / 0	0 / 0 / 0

Applying that exact Jio rate to post-tax Digital profit, plus the unchanged 16.45% Retail NCI rate, gives Digital/Retail NCI of INR 15,966.138/2,547.570 crore in Bear, INR 23,651.040/4,590.234 crore in Base and INR 29,164.334/6,759.731 crore in Bull. The exact total NCI deductions are INR 18,513.708327, INR 28,241.274427 and INR 35,924.065213 crore. No blanket percentage of consolidated earnings is applied.

The 270,000,000-share full-issue calculation is disclosure-only: if the maximum proposed fresh issue and all options were issued, external Jio NCI would be 35.5934326%. It is not a forecast, is not probability weighted, and changes no Bear/Base/Bull earnings, cash, debt or valuation input. Completion or final allotment terms would force D, Digital, S and VP to rerun.

The EPS identities are exact before rounding:

`EPS_REPORTING_PER_QUOTE_BASIS_FINANCIAL_SHARE = NI_REPORTING / QUOTE_BASIS_DILUTED_FINANCIAL_SHARES`

`EPS_QUOTE_PER_LISTED_UNIT = EPS_REPORTING_PER_QUOTE_BASIS_FINANCIAL_SHARE × 1 × 1`

5a. Return-method input bridge

S does not select the primary shareholder-return method. This table supplies the inputs for VP and CS. Terminal balance-sheet quantities absent from the cleared package remain unavailable; no residual net-debt amount is manufactured. That limits EV/NOPAT as a controlling method but leaves the fully reconciled EPS/P-E route available.

Return-method input	Bear	Base	Bull	Source-bound treatment
Statutory operating income, INR B	1,016.338	1,860.295	2,617.491	Section 4 bridge
Normalized cash and deferred tax rate	25.00%	24.00%	23.00%	Section 5 scenario schedule
Normalized NOPAT, INR B	762.253	1,413.824	2,015.468	OI multiplied by one minus tax rate
Terminal cash	Unavailable	Unavailable	Unavailable	Q1 cash-only figure not separately disclosed
Current broader liquid resources, INR crore	246,791	246,791	246,791	2026-06-30 anchor; not a terminal forecast
Terminal gross debt	Unavailable	Unavailable	Unavailable	Current Q1 debt is INR 369,705 crore; no five-year schedule
Terminal lease liabilities	Unavailable	Unavailable	Unavailable	FY2026 lease anchor INR 23,579 crore; Q1 split unavailable
Preferred equity	Unavailable	Unavailable	Unavailable	No terminal preferred-claim schedule in cleared inputs
Minority interest balance-sheet claim	Unavailable	Unavailable	Unavailable	Earnings NCI is modeled; terminal stock is not
Other senior claims	Unavailable	Unavailable	Unavailable	No forecast schedule; no zero assumption
Separately valued non-operating assets	Unavailable	Unavailable	Unavailable	No SOTP or sale proceeds introduced
Diluted listed-equivalent shares, M	13,533.379686	13,533.379686	13,533.379686	Period-end basic anchor plus the full known parent option pool in Section 6

The current anchors are disclosed only to prevent loss of context. They are not carried unchanged to the horizon. An EV/NOPAT model would require complete terminal cash, debt, lease, NCI and other-claim schedules; those foundations must be locked later by VP if that method is selected. This appendix does not use the P/E-15 gate as an exit multiple or shareholder-return model.

6. Share count path

The path begins with 13,532.472634 million period-end basic shares at 2026-03-31, not the FY2026 weighted-average diluted EPS denominator. The controlling FY2026 annual report, `RIL_AR_FY26`, is archived at `raw/pulse-cio-20260831T000158+0800/ril_annual_report_fy26.pdf` with SHA-256 `ed8affb5e7d2da16e19ed925be925b04a8ee581038ff75ada1a5d0cb7309c1e0`; Notes 14.4-14.5, 28.2 and 31 bind the share, option and EPS-denominator facts below. It reports 907,052 ESOS-2017 options outstanding at INR 10 exercise price. Of those, 840,964 were granted during FY2026 and vest from FY2027 through FY2030; the remaining earlier grants had vesting windows ending by FY2026. The option pool has a weighted-average remaining contractual life of 2,375 days at FY2026 year-end, extending beyond the 2031-06-30 horizon. Exact tranche vesting quantities inside the FY2027-FY2030 window are not disclosed. The conservative terminal bound therefore assumes no lapse and full gross exercise of the entire 0.907052 million pool by the end of that disclosed vesting window. No future grant, buyback or retirement is invented.

Year end	Starting basic shares, M	Buyback, INR B	Shares retired, M	Gross ESOS exercises, M	Ending basic / diluted shares, M	Remaining known option pool, M
2026-06-30 anchor	13,532.472634	0.000	0.000	0.000000	13,532.472634	0.907052
2027-06-30	13,532.472634	0.000	0.000	0.000000	13,532.472634	0.907052
2028-06-30	13,532.472634	0.000	0.000	0.000000	13,532.472634	0.907052
2029-06-30	13,532.472634	0.000	0.000	0.000000	13,532.472634	0.907052
2030-06-30 vesting bound	13,532.472634	0.000	0.000	0.907052	13,533.379686	0.000000
2031-06-30 terminal	13,533.379686	0.000	0.000	0.000000	13,533.379686	0.000000

The exact terminal identity in every scenario is `13,532.472634 + 0.907052 - 0 = 13,533.379686 million` quote-basis financial shares and, because the split, depositary and class factors are all one, the same 13,533.379686 million listed units. The timing rows are a conservative terminal dilution bound, not a claim that all options exercise on one date; the model needs only the exact terminal denominator and refuses to assign a lapse benefit.

The FY2026 271,711 potential equity shares are treated exactly once. They are the reported treasury-stock-method increment between FY2026 basic and diluted weighted-average denominators: `13,532.736424 - 13,532.464713 = 0.271711 million`. They are not another security pool and are not added on top of the 0.907052 million gross options. At the immutable INR 1,322 quote and INR 10 exercise price, a simple fully vested treasury-stock diagnostic would be `0.907052 × (1 - 10 / 1,322) = 0.900191 million` incremental shares; that differs from FY2026's weighted-average 0.271711 million because FY2026 reflects grant timing and vesting. The terminal model conservatively uses gross exercise, which is larger than either treasury-stock increment and fully subsumes the known pool.

Gross exercise cash is `907,052 × INR 10 = INR 9,070,520`, or INR 0.907052 crore / INR 0.00907052 billion. It belongs to the parent but receives zero separate cash, debt-reduction or valuation credit under the P/E method. This prevents the common double count of adding gross option shares, adding the FY2026 potential-share increment again, and then separately crediting exercise cash.

7. P/E 15 test

Required horizon EPS at the immutable quote price is `INR 1,322 / 15 = INR 88.1333` per listed unit. The base case controls the binary gate.

Case	EPS, INR per listed unit	EPS times 15, INR	Quote price, INR	Cushion	Pass?
Bear	29.898	448.465	1,322.000	-66.08%	No
Base	78.355	1,175.329	1,322.000	-11.09%	No
Bull	123.689	1,855.332	1,322.000	40.34%	Yes

P/E 15 gate: FAIL — base-case cushion -11.09%. The Bull case passes, but Bull does not control the framework. The base case falls INR 9.778 per share short of the required INR 88.133 EPS. This result is not rescued by applying another price,

changing the listing unit, or assigning a larger exit multiple.

8. Reflexivity and historical reconciliation

The TTM statutory profit bridge ties exactly in INR crore: segment result `140,361 - 5,674 - 10,072 = 124,615` statutory operating income. The FY2026 bridge also ties exactly: `136,698 + 3,130 - 18,567 = 121,261`. Both are within the packet tolerance of INR 1 crore because both residuals are zero in the sealed INR-million artifact.

TTM gross segment revenue is `709,400 + 24,056 + 377,322 + 181,115 + 93,256 = 1,385,149` crore. FY2026 gross segment revenue is `662,401 + 23,861 + 371,085 + 176,164 + 80,522 = 1,314,033` crore, matching the data-package reporting-structure table. The synthesis preserves that additive basis. It does not compare the gross segment total directly with statutory Revenue from Operations or pretend the reported FY2026 intersegment amount is a complete five-year conversion schedule.

Latest-interim reconciliation is triggered and valid. Every TTM financial and segment anchor uses `FY2026 - Q1 FY2026 + Q1 FY2027`, where both subperiods cover April 1 through June 30. There is no overlap with a cumulative half-year or separate quarter. The model then compounds exactly from 2026-06-30 to 2031-06-30.

The first-forward-year gross revenue recency check is shown below. Retail year-one revenue is reconstructed from its reviewed transaction and basket factors; other segment year-one figures are directly reproduced from the reviewed cadence tables.

Case	TTM gross segment revenue	First-forward-year revenue	Change from TTM	Recency result
Bear	1,385,149.0	1,400,768.5	1.13%	PASS
Base	1,385,149.0	1,496,308.7	8.03%	PASS
Bull	1,385,149.0	1,554,678.3	12.24%	PASS with explicit step-change evidence

Bull exceeds the default 10% band, but the underlying appendices quantify rather than hide the step-up: O2C year one is INR 752,532 crore, Retail INR 461,842 crore, Digital INR 208,282 crore, upstream INR 25,290 crore and Others INR 106,732 crore. Retail's reviewed Bull path begins with 20% transaction growth plus 2% basket/mix growth; Digital begins at 15%; and O2C's six-percent normalized growth remains far below its 30.4% latest quarterly price-driven increase. The exception is therefore explicit and auditable.

9. Latest interim bridge integrity

The TTM construction is exactly FY2026 ended 2026-03-31 minus the three months ended 2025-06-30 plus the three months ended 2026-06-30. The prior and current YTD windows have identical start and end month/day coverage. No quarterly value is summed into an annual value without removing its comparable prior-year window. This is the permitted cumulative-interim bridge rather than a four-standalone-quarter source presentation, even though the same economic window can be described as Q2 FY2026 through Q1 FY2027.

Revenue, statutory OI, owner NI and share anchors remain on their own appropriate bases. TTM owner NI is INR 74,727 crore in the sealed bridge. TTM statutory OI is INR 124,615 crore. The FY2026 weighted-average diluted denominator of 13,532,736,424 remains the historical EPS denominator, while 13,532,472,634 period-end basic shares are the forward capital-structure start. Both carry a split factor of one through the quote date. No quarterly EPS values are summed and no weighted-average period denominator is misused as period-end stock.

10. Sensitivity

Each row changes one variable and holds the rest of the Base case fixed. The O2C sensitivity changes its five-year revenue CAGR by 200 basis points and keeps its 7.5% exact-metric margin. Digital varies the exact-metric margin by 200 basis points. Share count varies by 5%. Tax varies the combined current-plus-deferred rate by 300 basis points, with NCI recomputed on the same post-tax Digital and Retail basis.

Variable changed from Base	Downside input	Downside EPS	Base EPS	Upside input	Upside EPS	EPS range
O2C revenue CAGR	0.52%	75.427	78.355	4.52%	81.537	6.111
Digital exact-metric margin	29.00%	76.383	78.355	33.00%	80.327	3.944

Variable changed from Base	Downside input	Downside EPS	Base EPS	Upside input	Upside EPS	EPS range
Horizon diluted shares	+5.0%	74.624	78.355	-5.0%	82.479	7.855
Total tax rate	27.00%	75.277	78.355	21.00%	81.434	6.157

The proposed Jio issue is not an upside input and is excluded from every forecast. The required disclosure-only maximum-issue sensitivity is shown separately so its 35.5934326% NCI cannot be mistaken for a scenario assumption.

Case	Forecast Jio NCI	Forecast EPS	Full-issue sensitivity NCI	Sensitivity EPS	EPS change
Bear	33.6502915387%	29.897639	35.5934326%	29.216385	-0.681254
Base	33.6502915387%	78.355279	35.5934326%	77.346120	-1.009159
Bull	33.6502915387%	123.688799	35.5934326%	122.444395	-1.244404

Share count is the largest mechanical sensitivity, although there is no evidence supporting the favorable five-percent reduction. O2C revenue normalization and tax are the next-largest. Digital margin matters, but part of its profit improvement accrues to NCI, limiting owner EPS sensitivity. None of the one-variable upside cases reaches the required INR 88.133 EPS, so the Base P/E-15 result is not a rounding call. A pass would require multiple favorable variables at once or a lower entry price.

The decisive operating monitors are therefore: O2C realization and margin after the current crude-price shock; Digital tariff/ARPU progress relative to traffic and capex; Retail margin as transactions migrate to quick commerce; and continued absence or emergence of group buybacks. A rising gross revenue total without better owner EPS would not repair the thesis.

11. Combined earnings summary

Synthesis probabilities are Bear 30%, Base 55% and Bull 15%. They are not a mechanical average of segment probabilities. Base gets the largest weight because Digital and Retail have structural growth and the most recent quarters remain positive. Bear receives twice the Bull weight because the management gate is YELLOW, the moat gate is FAIL, consolidated ROIC remains well below the Gideon hurdle, O2C and upstream retain commodity exposure, and Others carries perimeter and commissioning risk.

Case	Revenue, INR B	OI, INR B	OI margin	NI, INR B	EPS, INR per listed unit	Probability	EPS times 15	Versus INR 1,322
Bear	14,223.863	1,016.338	7.15%	404.616	29.898	30%	448.465	-66.08%
Base	18,654.901	1,860.295	9.97%	1,060.412	78.355	55%	1,175.329	-11.09%
Bull	22,697.623	2,617.491	11.53%	1,673.927	123.689	15%	1,855.332	40.34%
Probability-weighted EPS diagnostic	Not a fourth case	Not a fourth case	Not applicable	Not additive	70.618	100%	1,059.270	-19.87%

Probability-weighted EPS is `30% × 29.897639 + 55% × 78.355279 + 15% × 123.688799 = INR 70.618015`. It is a diagnostic expected earnings value, not a shareholder IRR and not a substitute operating scenario.

12. Eleven arithmetic tie-out checks

1. Reported-financial and statutory-bridge tie-out — PASS

TTM common segment profit is INR 140,361 crore. Adding corporate/unallocated expense of INR 5,674 crore and the operating bridge removal of INR 10,072 crore reproduces statutory OI of INR 124,615 crore exactly. FY2026 similarly ties INR 136,698 crore plus INR 3,130 crore less INR 18,567 crore to INR 121,261 crore. All five statutory residuals are zero for both periods in `statutory_bridge.json`. TTM and FY gross segment revenue sums reproduce the corresponding additive segment tables exactly; the model retains this basis and does not fabricate a statutory-revenue elimination schedule.

2. NI, shares, listed unit and FX equal EPS — PASS

Bear: INR 404.616105479B divided by 13,533.379686M shares equals INR 29.897639. Base: INR 1,060.411740726B divided by 13,533.379686M equals INR 78.355279. Bull: INR 1,673.927479466B divided by 13,533.379686M equals INR 123.688799. In each case, financial shares per listed unit and INR/INR FX are both one, so listed-unit EPS is unchanged.

3. Segment sum tie-out at horizon — PASS

Bear segment revenue sums to INR 1,422,386.3 crore, Base to INR 1,865,490.1 crore and Bull to INR 2,269,762.3 crore. Each displayed combined gross-basis total equals its segment sum, so the ratio is 100.000%. No corporate elimination value is inserted because the cleared forecast driver is unavailable; the basis limitation is named rather than plugged.

4. Product-to-segment rollup — PASS

O2C reconstructs revenue from saleable volume times realization and profit from revenue times the exact-basis margin. Upstream reconstructs revenue from volume and realization factors and profit from its exact-basis margin. Retail's transaction factor times basket factor reproduces 1.216112, 1.621800 and 2.079933 revenue factors. Digital is a single disclosed additive line, with operating KPIs used only as checks. Others adds JioStar and residual revenue and profit: Base INR 67,655.7 + INR 62,213.7 = INR 129,869.4 crore, while INR 4,735.9 + INR 1,244.3 = INR 5,980.2 crore. All reviewer-controlled rollups are within 1% and in fact tie to displayed precision.

5. Weighted margin check — PASS

Only Others provides multiple dollar buckets with terminal profit margins. Bear profit of INR 1,607.7 crore less INR 198.2 crore divided by INR 93,225.7 crore equals 1.51%. Base INR 5,980.2 divided by INR 129,869.4 equals 4.60%. Bull INR 11,264.1 divided by INR 160,244.9 equals 7.03%. The other segments do not disclose product-level profit dollars; the reviewed appendices correctly avoid invented weighted margins.

6. Share count and security-unit path — PASS

Period-end basic shares of 13,532,472,634 times split factor one equal quote-basis starting shares of 13,532,472,634. Dividing by depositary ratio one times class factor one gives the same listed-unit equivalents. The full known parent option pool is 907,052 shares and is counted once through conservative gross exercise by the FY2030 vesting endpoint. The separate FY2026 treasury-stock-method increment is `13,532,736,424 diluted weighted-average shares - 13,532,464,713 basic weighted-average shares = 271,711`; it is not added again. The terminal identity is 13,532.472634M + 0.907052M gross exercise - zero retirement = 13,533.379686M. Gross exercise cash of INR 0.907052 crore receives no P/E credit. The path is in financial shares, never ADR units.

7. Growth plausibility — PASS

O2C Base CAGR of 2.52% is below 1.2 times its 3.66% disclosed history. Upstream Base declines 1.64% and is supported by field-decline evidence. Retail Base of 10.15% is below 1.2 times its 12.5% history and explicitly decelerates transaction growth. Digital Base of 10.50% is below 1.2 times its 15.16% history. Others lacks a stable comparable aggregate history; its 6.85% Base case is instead built from a 10% JioStar path and 4% residual path with explicit perimeter and commissioning constraints. No unjustified segment growth breach remains.

8. Historical arithmetic and five-year compounding — PASS

O2C Base: INR 709,400 × 1.0252^5 approximates INR 803,208 crore. Upstream Base: INR 24,056 × the reviewed five-year volume and realization factors equals INR 22,149.7 crore. Retail Base: INR 377,322 × 1.505453 × 1.077284 equals INR 611,941 crore. Digital's staged 12%, 11%, 10.5%, 9.5% and 9.5% cadence takes INR 181,115 to INR 298,322 crore. Others' separate JioStar and residual cadences sum to INR 129,869.4 crore. Corresponding Bear and Bull paths use the same five annual intervals. No row compounds for six years.

9. Recency anchor — PASS

Bear first-forward-year gross revenue is 1.13% above TTM and Base is 8.03% above, both within the default 10% band. Bull is 12.24% above, but the reviewed appendices provide quantified first-year step-change evidence by segment and explicit drivers, satisfying the allowed evidence exception. The comparison uses the same gross segment basis at both dates.

10. Period and horizon integrity — PASS

The TTM bridge uses FY2026 minus Q1 FY2026 plus Q1 FY2027 with like-for-like April–June windows. No overlapping cumulative period is included. Every segment forecast starts at 2026-06-30 and ends 2031-06-30, a 5.0-year span. FY2026 is used only for historical sanity checks, not as the compounding base.

11. Valuation, unit bridge, packet hashes and probability arithmetic — PASS

Recomputed SHA-256 values match the exact sealed quote packet `baa51ec56b913f9247c4991690ca4f6a57e43da05f80a470fd1ef211ee7f2434` and statutory packet

a1e534b4ee268741266ec80762162b853061ceb5297a60e20e1ea3eb54b06403; the current capital-repair data package hash is 1913632c9a952af62f22287edb96fd26d47190ab0f8ce5be5840d56b5fdc789f. XNSE:RELIANCE, INR 1,322, raw completed close, split factor one, depositary ratio one, class factor one and INR/INR FX one all reproduce. Scenario EPS multiplied by 15 equals INR 448.465, INR 1,175.329 and INR 1,855.332 within rounding. Probabilities sum to exactly 100%. Weighted EPS equals INR 70.618015. Cushions recompute against the same INR 1,322 listed-unit price, and Base controls the binary P/E-15 result. Jio NCI is 33.6502915387% after full option exercise in every scenario; the 35.5934326% maximum-IPO case remains a sensitivity only.

13. Synthesis conclusion

All 11 arithmetic checks pass. The model is deliberately less flattering than a simple segment-growth rollup because it preserves corporate cost, removes embedded other income before statutory OI, retains finance cost, separates current and deferred tax, allocates NCI by the disclosed Digital and Retail ownership perimeters, and refuses to assume buybacks. The resulting Base case reaches INR 18,654.901B of gross segment revenue, INR 1,860.295B of statutory operating income, INR 1,060.412B of owner net income and INR 78.355 EPS at the exact five-year horizon.

At INR 1,322, required EPS for P/E 15 is INR 88.133. Base falls short by 11.09%; only Bull clears. The most consequential uncertainty is not whether Reliance remains large or strategically important. It is whether Digital and Retail can improve owner-level earnings quickly enough to overcome O2C cyclicality, upstream decline, central costs, capital intensity and minority leakage. Management YELLOW and moat FAIL reinforce the asymmetric probability assignment and argue against treating the Bull as the confident case.

This cleared synthesis is a financial-model gate only. It does not select a return valuation method, calculate shareholder IRRs, decide CIO actionability, authorize a trade, size a position, or place anything in an execution queue.

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED

Appendix CS - Compounder Score

Reliance Industries Limited — Compounder Score

Ticker: RELIANCE.NS / XNSE:RELIANCE **Analysis date:** 2026-09-06 **Price anchor:** INR 1,322 raw NSE close on 2026-09-04 **TTM end:** 2026-06-30 **Exact horizon:** 2031-06-30, exactly 5.0 years **Primary valuation method:** P/E **Valuation-preflight SHA-256:** `d5dc58398c03dc86ba756089e1db9fcd49c77693e259c2628ceeef8141679cc2` **Trade execution authorized:** NO

1. Executive Verdict

The evidence supports a **Compounder Score of 38/100**, comprising a **Business Quality Score of 36/80** and a **20% Return Underwriting/Stretch Score of 2/20**. The score-implied classification is **Reject**. This is a diagnostic classification, not an order, portfolio recommendation, or substitute for the three ER2 gates. The conclusion is driven by a simple mismatch: Reliance has created valuable national-scale platforms, but consolidated returns on the capital employed remain far below the Gideon standard and the current price does not compensate for that shortfall.

The strongest business evidence sits inside Digital Services. Subscribers, traffic, ARPU and segment profit have all grown while margins expanded. Retail also has genuine density, procurement and distribution advantages. Those strengths do not describe the whole listed equity. O2C and Oil and Gas generated about 47% of FY2026 segment profit and remain exposed to commodity spreads, depletion and regulation. Others combines media, consumer products, New Energy and emerging activities without a separately auditable five-year return record. The moat appendix therefore reaches **FAIL**, while the 2046 test is only YELLOW. Management is also **YELLOW**: execution is exceptional, but promoter control, dynastic succession, opaque project-level hurdle rates and subsidiary-minority treatment remain unresolved.

The valuation conclusion is more severe. Under the validator-cleared P/E method, Bear/Base/Bull terminal owner EPS is INR 29.897639383 / INR 78.355278972 / INR 123.688798977 and the RT-resolved exit P/Es are 20x / 18x / 22x. With no unsupported distribution credit, the corresponding gross INR IRRs are **-14.67% / 1.30% / 15.53%**. Probability-weighted terminal wealth is INR 1,363.2761347449 per share under 30% / 55% / 15% weights, producing a **0.62%** probability-weighted gross INR IRR. That figure is the CAGR of expected terminal wealth, not an average of scenario IRRs.

The conservative net-SGD diagnostic assumes INR depreciates 2.5% a year against SGD, 35 basis points of entry cost, 35 basis points of exit cost, and 20% withholding on distributions. Forward cumulative distributions are explicitly set to zero because the frozen model contains no supportable dividend schedule; the withholding assumption therefore has no numerical effect. Net-SGD IRRs are **-16.92% / -1.37% / 12.49%**, with a **-2.04%** probability-weighted result. Both Base and probability-weighted returns fail the CIO 10% hurdle and trail the frozen memo's 3.9% cash return. Combined with Moat FAIL and the P/E-15 FAIL, CIO actionability is **PASS**, meaning pass on actionability, with proposed sizing **none**.

2. Data Source Map

The CS stage did not re-fetch or reinterpret valuation inputs. The controlling preflight was validated with evidence-file checking before any return calculation.

Information	Controlling source	Period / use	CS treatment
Price, listing, security unit and quote currency	`quote_packet.json`	INR 1,322 on 2026-09-04; one NSE ordinary share	Preserved exactly; no alternate listing or price
Valuation method, normalized denominator and exit P/Es	`valuation_preflight.json`	P/E; 20x / 18x / 22x	Preserved exactly; RT-resolved file SHA-256 bound above
Material exit-multiple challenge	`appendix_red_team.md` as bound by the preflight	RT correction completed before CS rerun	Prior double-punishment and unsupported quality-multiple objections resolved through VP
Income statement, balance sheet, cash flow and shares	`quant_foundation.md` and `data_package.md`	FY2022-FY2026 plus TTM ended 2026-06-30	Official-source overrides control; zero-filled quarterly cash flow rejected
Historical and terminal statutory bridge	`statutory_bridge.json` and `appendix_synthesis.md`	FY2026, TTM and 2031-06-30	Owner EPS and NCI treatment reproduced without alteration
Segment history and forecast drivers	Five reviewed `appendix_B_*.md` files	O2C, Oil and Gas, Retail, Digital, Others	Reviewed terminal revenue and exact segment-profit metrics reproduced
Management, governance and allocation	`appendix_management.md`	Assessment dated 2026-08-31	YELLOW gate accepted; no independent rescoring of that gate

Information	Controlling source	Period / use	CS treatment
Moat, competitors and 2046 durability	`appendix_moat.md`	Assessment dated 2026-08-31	FAIL moat and YELLOW 2046 test accepted
Portfolio fit and incumbent displacement	`pulse_summary_codex_gpt55_brief.md`; `pulse_summary_evidence.json`	Frozen 2026-09-04 CIO context	Read-only; Reliance is not a direct holding; no ranking, funding or mutation proposed

Current market capitalization is a CS arithmetic diagnostic: INR 1,322 multiplied by the corrected 13,532.809750 million TTM diluted shares equals INR 17,890.3744895 billion. A current enterprise value on a complete 2026-09-04 claim perimeter is unavailable. A mixed-date FY2026 cash-only lease-inclusive diagnostic is INR 20,410.6044895 billion, calculated as that market capitalization plus INR 3,980 billion of FY2026 debt including leases less INR 1,459.77 billion of FY2026 cash. It is not used in the P/E return bridge.

3. Key Financial and Quality Metrics

Only five comparable annual observations are available, so ten-year metrics are unavailable and no false five-year interval is created from FY2022-FY2026. That series spans four compounding intervals.

Metric	Result	Interpretation
FY2022-FY2026 revenue CAGR	10.65%	Strong nominal scale growth over four intervals
FY2022-FY2026 NOPAT CAGR	10.37%	Similar to revenue; limited group-level operating leverage
Five-observation median simple ROIC	7.00%	Far below the 15% Gideon screen
Simple ROIC range	6.5%-7.6%	Stable, but stably inadequate
Credible 3-year / 5-year ROIIC	Insufficient evidence	Net capex, working capital and growth-opex bridge is incomplete
Aggregate FY2022-FY2026 FCF / NOPAT	4.04%	INR 16,438 crore cumulative FCF on INR 407,298 crore NOPAT
Aggregate FY2022-FY2026 CFO / owner NI	1.94x	Cash generation exists, but most is absorbed by capex
FY2026 FCF / NOPAT	73.48%	Important improvement after three negative-FCF years
FY2022-FY2026 diluted-share CAGR	0.32%	Mild dilution; no buyback offset
FY2026 cash-only lease-inclusive net debt / EBITDA	1.21x	Balance sheet is manageable
FY2026 dividend per share	INR 5.50	Only 0.42% of the current price
TTM FCF conversion	Unavailable	Q1 FY2027 has no valid cash-flow statement
SBC / revenue and SBC / FCF	Unavailable	SBC is not separately populated; no zero substituted

Reported/simple ROIC is the best available consolidated measure, not a claim of exact economic ROIC. The denominator is not artificially tiny: invested capital rose from INR 847,373 crore in FY2022 to INR 1,415,476 crore in FY2026, while goodwill plus intangibles reached INR 419,107 crore. However, the source chain does not support complete adjusted ROIC variants for leases, capitalized R&D, goodwill exclusions and acquisition-inclusive reinvestment. This missing bridge prevents a credible ROIIC score, and the scorer assigns zero rather than manufacturing a favorable incremental-return number.

The cash-flow picture is mixed. FCF was INR -9,888 crore, INR -36,483 crore and INR -20,545 crore in FY2022-FY2024, then improved to INR 14,157 crore and INR 69,197 crore in FY2025-FY2026. The turn is real, but one good year does not establish through-cycle conversion after the enormous investment programme. TTM FCF cannot be calculated because Q1 FY2027 OCF and cash-flow capex are not disclosed.

4. Rubric Scorecard

Category	Score	Maximum	Evidence-led judgment
Incremental Returns on Capital	5	25	Low consolidated ROIC, no credible ROIIC bridge, mixed cash conversion
Reinvestment Runway	13	20	Large markets and scaled platforms, but return proof is incomplete

Category	Score	Maximum	Evidence-led judgment
Durability of Moat	8	15	Digital strong; Retail conditional; commodity and emerging pools dilute the whole
Accounting Honesty and Financial Quality	7	10	Clean statutory tie-outs and manageable leverage; TTM cash flow and SBC gaps remain
Capital Allocation Discipline	3	10	Large-scale execution, but low consolidated returns and weak disclosed hurdle-rate accountability
Price and 20% Return Underwriting	2	20	Base and expected returns are far below 20%; Bear is destructive
Business Quality Score	**36/80**	**80**	Quality, moat and incremental-return evidence is too weak for dream-business status
Compounder Score	**38/100**	**100**	Evidence does not support dream-investment status at the current price

Sub-score detail is intentionally conservative. Incremental Returns receives 1/5 for normalized ROIC, 0/8 for ROIIC, 0/3 for non-deteriorating ROIIC, 1/3 for unit-economics support, 1/3 for cash conversion and 2/3 for avoiding an obviously artificial capital denominator. Reinvestment Runway receives 4/5 for market opportunity, 3/5 for reinvestment at scale, 3/4 for organic opportunity, 2/3 for repeatability, 1/2 for market structure and 0/1 for avoiding a return collapse. Durability receives 2/4 for a clear group-wide advantage, 1/3 for pricing power, 2/3 for competitive evidence, 1/2 for stickiness, 1/2 for resilience and 1/1 for relatively low direct AI displacement risk.

Accounting and Financial Quality receives 2/2 for clean revenue/earnings classification, 1/2 for cash conversion, 1/2 for conservative SBC/dilution treatment, 2/2 for balance-sheet strength, 1/1 for disclosure quality and 0/1 for the absence of governance/accounting flags. Capital Allocation receives 1/2 for rational strategic priorities, 0/2 for acquisition-return proof, 0/2 for buyback discipline, 0/2 for explicit incentive alignment, 1/1 for owner mentality and 1/1 for evidence from the Jio/Retail build-outs.

Price and Return Underwriting receives 0/6 because Base IRR is 1.30%, 2/4 because the 18x Base exit P/E is independently justified and below the comparable normalized current 23.940978x even though it does not clear the hurdle, 0/3 because Bear IRR is -14.67%, 0/3 because the 20% reverse-return hurdle exceeds even the Bull EPS, 0/2 because today's price requires strong execution for a modest return, and 0/2 because the return bridge takes no unsupported cash-return credit.

5. ROIIC and Reinvestment Analysis

The evidence does not support a credible 3-year or 5-year ROIIC calculation. The required denominator needs net capex, non-cash working-capital investment, justified growth-opex or capitalized-R&D adjustments, acquisitions and disposals. The source package provides gross cash capex and an M&A cash-flow field but not the complete annual reinvestment bridge. Treating gross capex as net reinvestment would ignore depreciation and working-capital movements; treating it as maintenance-free growth capital would be equally misleading.

A non-score-bearing gross-spend warning illustrates the issue. NOPAT increased by INR 30,714 crore from FY2022 to FY2026. Cash capex plus the M&A cash-flow field over FY2023-FY2026 was roughly INR 604,725 crore, implying only about 5.1% incremental NOPAT per rupee of that deliberately overinclusive gross spend. This is not ROIIC and is not recorded as one. It simply demonstrates why a high incremental-return claim would need much better project-level evidence.

The segment evidence is heterogeneous. Digital Services has the clearest operating leverage: FY2022-FY2026 revenue increased from INR 100,166 crore to INR 176,164 crore, segment profit from INR 25,150 crore to INR 48,211 crore, and margin from 25.11% to 27.37%. Retail nearly doubled revenue and profit while margins stayed around 5%-6%, but the low margin and fulfillment investment make capital turns decisive and undisclosed. O2C margins compressed to 7.66% in FY2026, upstream returns depend on resource depletion and prices, and Others lacks a stable perimeter. Segment success therefore cannot be translated into a high consolidated ROIIC without capital denominators and parent-retained cash returns.

6. Runway Analysis

Reliance has a large reinvestment runway in Indian data consumption, fixed broadband, enterprise connectivity, organized retail, quick commerce, consumer brands, media, AI infrastructure and energy transition. The company has demonstrated the

ability to fund and build national-scale platforms. Digital and Retail together provide credible organic growth channels, and the physical-plus-digital distribution network can support repeat launches.

The score is capped because opportunity is not return. The Base case requires Digital revenue to compound 10.50% with a 320-basis-point exact-metric margin lift and Retail revenue to compound 10.15% with a 57-basis-point lift. Those assumptions may be achievable, but the benefits are diluted by 33.6502915387% external Jio NCI and 16.45% Retail NCI. O2C remains the largest revenue pool, upstream declines in Base, and New Energy/AI capital precedes verified segment cash returns. A long list of projects increases optionality but also raises the probability of cross-subsidy and low-return deployment.

7. Moat Analysis

The evidence supports a strong Digital moat based on network scale, spectrum, coverage, low unit cost, distribution and a broad service ecosystem. Jio increased ARPU and subscribers together, which is tangible monetization evidence. Retail has a credible but conditional density and procurement moat. Stores, registered customers, transactions and local fulfillment create advantages that are expensive to replicate quickly.

The evidence does not support a group-wide high-return moat. O2C and upstream sell globally or formula-priced commodities; operational flexibility protects relative economics but does not create unilateral pricing power. Retail customers can switch basket by basket, and quick-commerce competitors can match software functionality. Others contains valuable assets but also media-rights inflation, consumer-brand execution risk and technology-sensitive New Energy manufacturing. The 2046 business is imaginable, but high returns depend on a major mix shift that has not yet appeared in consolidated ROIC. The Moat gate is therefore FAIL and the 2046 test remains YELLOW.

8. Accounting and Capital Allocation Analysis

Financial statement integrity is a relative strength. The latest FY and TTM statutory bridges reconcile segment result through corporate/unallocated items, the operating bridge, finance cost, other income, tax, associates, NCI and owner income with zero residuals. The P/E method properly uses parent-owner diluted EPS after line-specific Jio and Retail NCI. Shares, subsidiary options and the proposed Jio IPO are handled conservatively. The filed but incomplete IPO receives zero shares, proceeds, debt reduction or valuation uplift.

The limitations are material rather than fatal. TTM OCF and FCF are unavailable. SBC is not separately populated. R&D is not available on a consistent consolidated basis. The `Others` perimeter changes across years. Current enterprise value cannot be constructed on a complete same-date claim perimeter. These gaps constrain confidence but do not corrupt the selected P/E bridge.

Capital allocation is the larger problem. FY2022-FY2026 cash-flow capex totaled INR 656,899 crore, yet simple consolidated ROIC stayed between 6.5% and 7.6%. No buybacks occurred; dividends increased but remained small. Management does not publish project-level hurdle rates or a consolidated post-investment return scorecard. Family control, combined chair/CMD authority and a family-led succession plan increase key-person and minority-governance risk. The Jio listing could improve transparency, but its final economics are not known and cannot be credited.

9. 20% Return Underwriting

The preflight lock passed all five foundations and selected P/E because statutory parent-owner diluted EPS is fully reconciled, whereas EV/NOPAT lacks a complete terminal capital-structure path and P/B-ROE is not natural for this conglomerate. Every scenario uses the same P/E method. Cash, debt, leases, NCI balance-sheet claims and non-operating assets are not separately added or subtracted. Finance cost, Other Income and earnings NCI are already captured once in owner EPS.

Measure	Bear	Base	Bull	Probability-weighted
Probability	30%	55%	15%	100%
Terminal owner EPS, INR	29.897639383	78.355278972	123.688798977	Not a fourth scenario
Exit P/E	20.0x	18.0x	22.0x	Scenario-weighted wealth
Terminal equity value/share, INR	597.952787660	1,410.395021496	2,721.153577494	1,363.2761347449 expected wealth
Cumulative distributions/share, INR	0	0	0	0
Terminal shareholder wealth/share, INR	597.952787660	1,410.395021496	2,721.153577494	1,363.2761347449

Measure	Bear	Base	Bull	Probability-weighted
Gross INR IRR	-14.67%	1.30%	15.53%	0.62%

Probability-weighted wealth is `30% × 597.952787660 + 55% × 1,410.395021496 + 15% × 2,721.153577494 = INR 1,363.2761347449`. Its CAGR from INR 1,322 over exactly five years is 0.6167940714134401%. No scenario-IRR averaging is used.

The 20% reverse-return requirement is INR 3,289.55904 of terminal wealth per share. At the central 18x exit P/E and zero distributions, required terminal EPS is INR 182.75328, 133.24% above Base EPS and 47.75% above Bull EPS. The Base-case maximum purchase price for a 20% annual return is INR 566.8061268229167, 57.13% below the current price. Even using the locked Bull 22x multiple and Bull EPS, the maximum price is INR 1,093.5705928071957, 17.28% below INR 1,322. The 20% case therefore does not clear even in Bull.

Gross local-currency underwriting is shown in INR; net-SGD adjustments appear separately below. All operating values are INR billion except shares in millions.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	13,851.490	14,223.863	0.53%	Retail and Digital growth only offset O2C realization pressure, upstream decline and stagnant Others
Operating margin	9.00%	7.15%	-1.85 pp	Statutory OI on gross segment revenue; central costs and weak segment mix depress conversion
Operating earnings	1,246.150	1,016.338	-4.00%	Statutory operating income after the exact segment-to-statutory bridge
Diluted share count	13,532.472634	13,533.379686	0.0013%	Full known parent option pool exercises; no buyback or lapse benefit
EPS	55.219131415	29.897639383	-11.55%	Parent-owner statutory diluted EPS after finance, tax and line-specific NCI
Valuation denominator	TTM owner EPS INR 55.219131415	Terminal owner EPS INR 29.897639383	Comparable	Current and terminal denominators use the exact NSE share and parent-owner perimeter
Valuation	23.940978x normalized P/E	20.0x exit P/E	-3.940978x	Sub-median but above trough because the severe EPS collapse already carries the cyclical punishment
Share value	INR 1,322.00	INR 597.952787660	-14.67%	INR 29.897639383 EPS × 20x; no separate cash/debt/NCI adjustment
Annual dividend	INR 5.50 observed FY2026	Unavailable — not separately modelled	unavailable	No frozen forward dividend path; terminal dividend is not fabricated
Dividend yield	0.42%	Unavailable — not separately modelled	unavailable	Current DPS divided by price; terminal annual dividend unavailable
Five-year dividends	-	INR 0.00	cumulative	Conservative zero-distribution diagnostic
Total ending value	INR 1,322.00	INR 597.952787660	-14.67% gross INR IRR	Terminal P/E value plus zero distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	13,851.490	18,654.901	6.14%	Digital and Retail compound while O2C grows slowly and upstream declines

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Operating margin	9.00%	9.97%	+0.98 pp	Digital/Retail mix and margins improve, partly offset by corporate costs
Operating earnings	1,246.150	1,860.295	8.34%	Statutory operating income after the exact segment-to-statutory bridge
Diluted share count	13,532.472634	13,533.379686	0.0013%	Full known parent option pool exercises; no buyback or lapse benefit
EPS	55.219131415	78.355278972	7.25%	Parent-owner statutory diluted EPS after finance, tax and line-specific NCI
Valuation denominator	TTM owner EPS INR 55.219131415	Terminal owner EPS INR 78.355278972	Comparable	Same statutory owner denominator and listed-unit basis
Valuation	23.940978x normalized P/E	18.0x exit P/E	-5.940978x	Normalized recovery is already in EPS; absent terminal ROIC/FCF proof requires a lower-history-band multiple
Share value	INR 1,322.00	INR 1,410.395021496	1.30%	INR 78.355278972 EPS × 18x; no separate cash/debt/NCI adjustment
Annual dividend	INR 5.50 observed FY2026	Unavailable — not separately modelled	unavailable	No frozen forward dividend path; terminal dividend is not fabricated
Dividend yield	0.42%	Unavailable — not separately modelled	unavailable	Current DPS divided by price; terminal annual dividend unavailable
Five-year dividends	-	INR 0.00	cumulative	Conservative zero-distribution diagnostic
Total ending value	INR 1,322.00	INR 1,410.395021496	1.30% gross INR IRR	Terminal P/E value plus zero distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	13,851.490	22,697.623	10.38%	Retail/Digital growth combines with stronger O2C realization and emerging-business execution
Operating margin	9.00%	11.53%	+2.54 pp	Digital/Retail mix, O2C improvement and neutral unallocated contribution lift conversion
Operating earnings	1,246.150	2,617.491	16.00%	Statutory operating income after the exact segment-to-statutory bridge
Diluted share count	13,532.472634	13,533.379686	0.0013%	Full known parent option pool exercises; no buyback or lapse benefit
EPS	55.219131415	123.688798977	17.50%	Parent-owner statutory diluted EPS after finance, tax and line-specific NCI
Valuation denominator	TTM owner EPS INR 55.219131415	Terminal owner EPS INR 123.688798977	Comparable	Same statutory owner denominator and listed-unit basis
Valuation	23.940978x normalized P/E	22.0x exit P/E	-1.940978x	Stronger mix is recognized without a quality rerating; still discounted for unproven ROIC/FCF conversion
Share value	INR 1,322.00	INR 2,721.153577494	15.53%	INR 123.688798977 EPS × 22x; no separate cash/debt/NCI adjustment

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Annual dividend	INR 5.50 observed FY2026	Unavailable — not separately modelled	unavailable	No frozen forward dividend path; terminal dividend is not fabricated
Dividend yield	0.42%	Unavailable — not separately modelled	unavailable	Current DPS divided by price; terminal annual dividend unavailable
Five-year dividends	-	INR 0.00	cumulative	Conservative zero-distribution diagnostic
Total ending value	INR 1,322.00	INR 2,721.153577494	15.53% gross INR IRR	Terminal P/E value plus zero distributions

The three tables reconcile exactly to terminal EPS multiplied by the locked exit P/E. Terminal diluted shares are 13,533.379686 million in every scenario. Under P/E, borrowings, leases and cash are counted once through finance cost and Other Income inside parent-owner EPS; Digital and Retail NCI are also removed once inside EPS. There is no separate cash, debt, NCI, SOTP or IPO adjustment.

Net-SGD diagnostic and CIO actionability

The diagnostic assumes 2.5% annual INR depreciation against SGD, producing a five-year FX factor of 0.8810956933593749. The entry cost is 0.35% of price and the exit cost is 0.35% of terminal proceeds. The formula is `net SGD wealth ratio = [terminal P/E value + distributions × (1 - 20% withholding)] × (1 - 0.35%) × 0.975^5 / [INR 1,322 × (1 + 0.35%)]`. Because cumulative distributions are zero, withholding has no effect. The same P/E values, multiples, shares and capital-structure treatment control gross and net returns.

Measure	Result	Notes
Status	PASS	Moat FAIL and Base net-SGD IRR below 8% require PASS
Bear / Base / Bull net-SGD IRR	-16.92% / -1.37% / 12.49%	Exactly five years; full-precision values retained in JSON
Probability-weighted net-SGD IRR	-2.04%	CAGR of probability-weighted net terminal wealth; weights 30% / 55% / 15%
10% mandate hurdle	FAIL	Base and probability-weighted returns both fail
15% stretch hurdle	FAIL	Bull clears 15%, but Base and expected outcomes do not
Downside and portfolio fit	FAIL	Bear is severe; Base trails 3.9% cash; EM and INR exposure are already material
Incumbent-displacement test	FAIL	Reliance is not held directly and does not improve on the frozen cash or funded-return baseline
Proposed sizing ceiling	none	Hard gates and expected return block actionability; no funding or mutation proposed

The frozen CIO context shows Emerging Markets at 12.2% versus a 10.0% VT reference and INR/other emerging-currency exposure at 5.3%. Energy is underweight and communication services are underweight, but Reliance is a mixed conglomerate rather than a clean factor hedge. A candidate must displace an incumbent or cash on risk-adjusted expected return; Reliance's -1.37% Base and -2.04% expected net-SGD returns do not clear the 3.9% cash comparator. No direct Reliance holding exists. This finding does not authorize ranking, sizing, funding, selling an incumbent, placing an order or changing a queue.

10. Hard Veto Checklist

Hard veto	Result	Evidence
ROIIC below cost of capital with no credible path	FAIL	Credible ROIIC is unavailable; five-observation ROIC median is only 7.0% and no group return bridge proves improvement
High ROIC caused by tiny or negative capital	PASS	ROIC is low and invested capital is large; no artificial high-return illusion
Growth requires persistent external financing	PASS	Leverage is manageable and FY2026 FCF improved, although capex remains high

Hard veto	Result	Evidence
Material dilution without per-share value creation	PASS	Parent dilution is small and fully inventoried; no buyback benefit assumed
Large acquisitions without disclosed returns	WATCH	FY2024 M&A cash field is material; deal-level outcome bridge is unavailable
FCF structurally lags earnings	FAIL	Three negative-FCF years and only 4.04% aggregate FCF/NOPAT over five observations
Concentration, regulation, cyclicality or leverage can impair equity	WATCH	Commodity mix, regulation and capital intensity are material; leverage alone is manageable
20% return requires terminal multiple expansion	FAIL	Even Bull at 22x gives 15.53%; 20% requires still more EPS or multiple
Today's price requires flawless execution	FAIL	Base yields 1.30%; Bull needs favorable outcomes across several segments
Moat cannot be explained as a durable group advantage	FAIL	Digital moat does not confer protection on commodity and unproven pools
Accounting, governance or related-party trust is impaired	WATCH	Clean current audit, but promoter/succession/NCI and historical regulatory issues remain
Balance sheet could wipe out equity in a downturn	PASS	FY2026 net debt/EBITDA is 1.21x; no current solvency evidence supports wipeout

11. Final Decision

Score-implied classification: Reject. The evidence does not support dream-investment status. Reliance's scale, Digital franchise and consumer runway are real, but group ROIC, cash conversion, moat durability and parent-minority capital allocation are insufficient for the quality bar. At INR 1,322, the current price also produces low Base and expected returns, while Bear implies severe permanent-value impairment over the five-year horizon.

Compounder Score note: 38/100 means the evidence does not support dream-investment status under the 20% rubric. **Business Quality Score note:** 36/80 indicates that low consolidated returns, mixed moat durability and capital-allocation opacity outweigh strong Digital/Retail execution. **20% Return UW Score note:** 2/20 indicates that the current price does not support a 20% annualized return; the RT-resolved Bull case reaches only 15.53% gross INR.

Confidence is **Medium**. Accounting and valuation arithmetic are high confidence because they are hash-bound and reconcile. Business-quality confidence is lower because only five comparable annual observations exist, TTM cash flow is unavailable, ROIIC cannot be calculated credibly, SBC/R&D are not separately populated, Others changes perimeter, and terminal distribution policy is not modeled.

12. Machine-Readable JSON

The companion `compounder_score.json` preserves full precision for every gross INR and net-SGD return, the expected-terminal-wealth method, scenario inputs, the P/E double-count treatment, fixed score denominators, hard-veto results, CIO actionability and `trade_execution_authorized=false`. It binds the validator-cleared preflight path and SHA-256 and does not alter any VP-controlled input.

Appendix CSA - Scoring Audit

Reliance Industries Limited - Scoring Audit

Ticker: RELIANCE.NS / XNSE:RELIANCE **Analysis date:** 2026-09-06 **Audit status: CLEARED Primary valuation method:** P/E **Valuation-preflight SHA-256:** `d5dc58398c03dc86ba756089e1db9fcd49c77693e259c2628ceeef8141679cc2` **Controlling exit P/Es:** Bear 20x / Base 18x / Bull 22x **Trade execution authorized:** NO

The RT-resolved Compounder Scorer artifacts clear this independent audit. The preflight validator returns `VALUATION_PREFLIGHT_VALID`, its exact bytes match the dispatched SHA-256, all five foundations pass, and its blocker list is empty. The score Markdown and JSON match the resealed preflight on the corrected TTM denominator, P/E method, terminal EPS, terminal shares, capital-structure treatment and 20x/18x/22x scenario exits. The three supplied CS/VP hashes all match current bytes. Searches of the controlling return fields find no stale scenario-exit set or stale terminal values.

The corrected current bridge remains exact: INR 747,270 million TTM owner net income divided by 13,532.809750 million QF TTM diluted shares equals INR 55.21913141504113 EPS. At INR 1,322, the comparable normalized current P/E is 23.94097781190199x. Every controlling exit P/E is below that current multiple. Bear uses 20x because its EPS already embeds a severe 45.9% cyclical decline and a trough multiple would double-charge the same stress. Base uses 18x because normalized earnings recovery is not supported by a terminal ROIC or cash-conversion bridge. Bull uses 22x, below current and below the 23.36x self median, recognizing better mix without granting a quality rerating. These changes directly resolve the prior red-team terminal-multiple objection.

The audited score remains **Compounder Score 38/100**, **Business Quality Score 36/80**, and **20% Return Underwriting/Stretch Score 2/20**. The score-implied classification is **Reject**. CIO actionability is separately **PASS**, sizing is `null` / `none`, and all trade, portfolio-mutation and owner-action authority flags are false.

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	36/80	36/80	Every category and subscore remains evidence-supported
Valuation / 20% Return UW Score / 20	2/20	2/20	Only exit-multiple conservatism receives partial credit
Total Score / 100	38/100	38/100	36 + 2 = 38; Markdown and JSON agree
Classification	Reject	Reject	Below 70, hard vetoes remain, and the 20% case fails

The Business Quality categories sum to 5 + 13 + 8 + 7 + 3 = 36/80. Adding 2/20 for valuation produces 38/100. Fixed denominators are printed whenever the three aggregate scores are visible. Category detail uses separate score and maximum columns and is not a bare aggregate numerator.

2. Score Reductions and Reasons

No further audit reductions are required. The scorer already assigns zero to ROIIC and its trend because the complete reinvestment denominator is missing. Acquisition-inclusive ROIIC and reinvestment rate remain null. Five-year aggregate FCF/NOPAT is only 4.04%, after three negative-FCF years, so cash conversion earns only 1/3 and financial-quality cash support only 1/2. SBC is unavailable rather than treated as zero; known parent and subsidiary dilution are captured, limiting that subscore to 1/2. Acquisition returns, buyback discipline and explicit incentive alignment receive zero. Base IRR is far below 10%, Bear remains destructive, and Bull remains below 20%, so 6A, 6C, 6D, 6E and 6F remain zero.

The 2/4 in 6B is supportable rather than inflated. The Base 18x exit P/E is independently justified and materially below the comparable current 23.94098x and self median 23.36037x. Bear 20x and Bull 22x are also contractions from current. Full points are unavailable because no scenario set clears the 20% hurdle at the current price.

Subscore audit

Subscore	Original	Audited	Evidence conclusion
1A Normalized ROIC	1/5	1/5	Positive but below 10%; adjusted variants unavailable
1B ROIIC	0/8	0/8	Complete net-reinvestment denominator unavailable
1C ROIIC trend	0/3	0/3	No credible ROIIC series
1D Unit economics	1/3	1/3	Digital strong, Retail conditional, commodity pools dilute the blend
1E Cash conversion	1/3	1/3	Aggregate FCF/NOPAT only 4.04%
1F ROIC not artifact	2/3	2/3	Invested capital is large; adjusted perimeter incomplete
2A Market opportunity	4/5	4/5	Large sourced telecom, broadband, retail and transition markets
2B Reinvest at scale	3/5	3/5	Platforms built, but consolidated returns remain low
2C Organic growth	3/4	3/4	Subscriber/ARPU and retail-density evidence supports growth
2D Repeatability	2/3	2/3	Jio/Retail execution proven; group-wide repeatability unproven
2E Market structure	1/2	1/2	Digital concentration helps; other pools remain contested
2F No ROIC collapse	0/1	0/1	Capital deployment has not lifted consolidated ROIC
3A Clear advantage	2/4	2/4	Digital moat does not cover the whole listed equity
3B Pricing power	1/3	1/3	Bounded in Digital, weak in Retail, absent in commodities
3C Competitive evidence	2/3	2/3	Concrete KPI and rival evidence, but uneven durability
3D Stickiness	1/2	1/2	Network relationships exist; retail/media switching is easy
3E Stress resilience	1/2	1/2	Scale helps, but cycles and low returns constrain
3F Low disruption risk	1/1	1/1	Direct AI replacement low; capital-intensity risk recognized
4A Clean earnings	2/2	2/2	Statutory bridges reconcile and audit is unmodified
4B Cash supports earnings	1/2	1/2	Latest improvement does not erase weak five-year conversion
4C SBC/dilution	1/2	1/2	SBC unavailable; known dilution modeled conservatively
4D Balance sheet	2/2	2/2	Net debt/EBITDA diagnostic is 1.21x
4E Disclosure	1/1	1/1	Strong operating detail; return-data gaps disclosed
4F No red flags	0/1	0/1	Promoter, succession, NCI and regulatory flags remain
5A Rational priorities	1/2	1/2	Strategy coherent; return proof incomplete
5B Acquisition discipline	0/2	0/2	Deal-level return bridge unavailable
5C Buyback discipline	0/2	0/2	No buybacks or offsetting per-share credit
5D Incentive alignment	0/2	0/2	No explicit ROIC/per-share FCF targets
5E Owner mentality	1/1	1/1	Promoter ownership aligns economics with entrenchment caveat
5F Past decisions	1/1	1/1	Jio/Retail creation is tangible evidence
6A Base IRR	0/6	0/6	1.30%, below 10%
6B Exit multiple	2/4	2/4	18x Base is independently supported and below current P/E

Subscore	Original	Audited	Evidence conclusion
6C Bear acceptable	0/3	0/3	-14.67% gross INR IRR
6D Reverse hurdle	0/3	0/3	Required EPS exceeds Bull EPS
6E Price perfection	0/2	0/2	Modest Base return requires substantial execution
6F Cash returns	0/2	0/2	Zero-distribution diagnostic receives no credit

3. Unsupported Claims

No material score-earning claim is unsupported. The missing adjusted ROIC variants, ROIIC, reinvestment rate, TTM FCF, consolidated SBC/R&D, same-date EV, segment invested capital and forward dividend path are disclosed and denied favorable points. Qualitative runway scores use reported operating evidence rather than management TAM claims. Digital's subscribers, ARPU, traffic, revenue and margin are observed; Retail's stores, customers, transactions, revenue and exact-metric profit are observed; and O2C/upstream are treated as commodity or formula-priced rather than awarded broad pricing power. The group Moat gate remains FAIL and the 2046 test YELLOW.

4. Calculation Errors

No unresolved calculation error remains.

Denominator and exit-multiple integrity

Field	Audited value
TTM owner net income	INR 747,270 million
QF TTM diluted shares	13,532.809750 million
TTM statutory diluted EPS	INR 55.21913141504113
Current price	INR 1,322.00
Comparable normalized current P/E	23.94097781190199x
Controlling Bear / Base / Bull exit P/E	20x / 18x / 22x

The native historical P/E series remains labeled with its provider denominator; no row-level conversion is required. The raw current multiple is comparable and was not used mechanically as a cap. Scenario multiples were selected from state-specific EPS-cycle and quality evidence, not from a desired IRR, score, verdict or P/E-15 entry gate. Excessive optimism and excessive bearishness challenges both pass. The prior material red-team exit-multiple objection is classified `MATERIAL_RESOLVED` in CS.

Scenario wealth and gross INR returns

Case	Probability	Terminal EPS	Exit P/E	Terminal wealth/share	Gross INR IRR
Bear	30%	29.897639383	20x	INR 597.952787660	-14.672879886363011%
Base	55%	78.355278972	18x	INR 1,410.395021496	1.3028962991795012%
Bull	15%	123.688798977	22x	INR 2,721.153577494	15.532539511511789%

Terminal diluted shares are 13,533.379686 million in all scenarios. Terminal shareholder wealth equals terminal EPS multiplied by the controlling exit P/E because cumulative distributions are zero. Expected wealth is `30% x 597.952787660 + 55% x 1,410.395021496 + 15% x 2,721.153577494 = INR 1,363.2761347449`. Annualizing from INR 1,322 over exactly five years produces 0.6167940714134401%. The scorer correctly uses CAGR of probability-weighted terminal wealth, not an arithmetic average of IRRs.

The reverse-return bridge also reproduces. A 20% five-year target requires INR 3,289.55904 terminal wealth. At the 18x Base exit, required terminal EPS is INR 182.75328 and maximum purchase price is INR 566.8061268229167. At the 22x Bull exit, required terminal EPS is INR 149.52541090909088 and maximum purchase price is INR 1,093.5705928071957. The actual Bull EPS of INR 123.688798977 does not clear.

Net-SGD translation

The same P/E terminal wealth controls net-SGD. INR depreciation is 2.5% annually, giving `0.975^5 = 0.8810956933593749`. Entry and exit costs are 35bp each. Twenty-percent withholding has no numerical effect because distributions are zero. Replayed net-SGD IRRs are Bear **-16.922448391059997%**, Base **-1.3678583758373386%**, Bull **12.486633804081015%**, and probability-weighted **-2.0358721698143678%**. Probability weighting is performed on net terminal wealth before annualization. Reader-facing Markdown shows exactly **-16.92% / -1.37% / 12.49%** and **-2.04%**, satisfying the two-decimal rule.

Double-count and scenario-table audit

Finance cost and Other Income enter owner earnings once. Digital and Retail NCI are removed once inside owner EPS. Parent ESOS dilution is included once in terminal shares; the treasury-stock increment is not added again and exercise cash receives no separate P/E credit. Jio options dilute subsidiary ownership once. The proposed Jio IPO receives zero shares, cash, debt reduction and valuation uplift. No cash, debt, lease, balance-sheet NCI, SOTP or non-operating-asset adjustment is added after EPS times P/E. Zero distributions cannot be duplicated. The double-count check passes.

All Bear/Base/Bull operating-and-return tables retain the mandatory row order and exact 2026-06-30 to 2031-06-30 horizon. They show the corrected current denominator, controlling 20x/18x/22x exits, correct share values, zero distributions and matching gross IRRs. Revenue, margin, operating earnings, diluted shares and terminal EPS remain tied to synthesis. No stale scenario exit controls appear in the tables or structured return objects.

5. Missing Data

The important gaps are unchanged: a complete net-reinvestment denominator for credible 3-year, 5-year and acquisition-inclusive ROIIC; Q1 FY2027 cash flow and TTM FCF; consolidated SBC and R&D; segment cash capex and invested capital; a stable Others sub-business return bridge; and a frozen forward distribution schedule. These gaps justify Medium confidence and the low score. They do not block the complete P/E shareholder-return bridge.

6. Hard-Veto and Threshold Test Audit

All threshold tests support Reject. Total score is below 80/100, Business Quality below 65/80, valuation below 15/20, ROIIC plus runway below 35/45, Base below 20%, Bear far below 8%-10%, and hard vetoes remain. No controlling scenario requires exit-multiple expansion relative to current P/E, but no modeled scenario clears 20%; success would require EPS above Bull or a higher multiple. Management YELLOW, Moat FAIL, 2046 YELLOW and P/E-15 FAIL are copied consistently. The score remains diagnostic and does not override ER2 gates.

7. Final 20% Hurdle Pass/Fail

FAIL. Base gross INR IRR is 1.30%, expected gross INR IRR is 0.62%, and Bull reaches only 15.53%. CIO actionability is correctly **PASS** because Base net-SGD is -1.37%, expected net-SGD is -2.04%, Moat fails, downside remains poor, and expected returns trail the 3.9% cash comparator.

The incumbent-displacement conclusion is supported by hash-matched portfolio context. Reliance is not directly held, Emerging Markets is already 12.2% versus the 10.0% VT reference, INR/other emerging-currency exposure is 5.3%, and Reliance does not improve upon cash or a funded-return baseline. Sizing is `null` in JSON and `none` in Markdown. No ranking, funding, sale, order, queue or portfolio mutation is authorized.

8. Dream Business / Dream Investment Classification

Neither. Reliance contains a strong Digital franchise and credible Retail platform, but the listed blend has low consolidated ROIC, weak through-cycle FCF conversion, large commodity exposure, incomplete ROIIC evidence and unresolved capital-allocation/minority-governance questions. The RT-resolved valuation now removes both an over-optimistic quality multiple and an overly punitive Bear double charge, yet the supported return envelope is still inadequate. The single biggest reason is that very large reinvestment has not produced group-level returns near the Gideon standard.

9. Stage 7 Scorecard Notes

- **Compounder Score note:** 38/100 indicates that Reliance does not qualify as a dream investment under the 20% diagnostic.

- **Business Quality Score note:** 36/80 reflects valuable Digital/Retail execution offset by low consolidated returns, weak cash conversion, mixed moat durability and opaque capital allocation.
- **20% Return UW Score note:** 2/20 reflects a Base return of only 1.30% and an RT-resolved Bull case of 15.53%, still below 20%.

10. Auditor JSON

The companion `compounder_score_audit.json` preserves full-precision audited gross INR and net-SGD returns, scenario wealth, corrected denominator, resealed VP binding, RT resolution status, score/actionability fields, evidence hashes, missing-data inventory and `trade_execution_authorized=false`.

Exact controlling hashes

Artifact	SHA-256
`valuation_preflight.json`	`d5dc58398c03dc86ba756089e1db9fcd49c77693e259c2628ceeef8141679cc2`
`appendix_compounder_score.md`	`b058e0da945a51b2ee0c6aa2c66a5e8aed2ef4ae521b1480b666836508720951`
`compounder_score.json`	`f92fc67876df36e23884d08bcaab5a1999f4db49a65c15ea2accbe2a70c9bc7e`
`appendix_red_team.md` challenge input	`21b1292a0191157cf6f15b14f5c3a8f699f29b3f6d1cd315855f5e616285969a`
`quant_foundation.md`	`87b8866b8c9b41a4248f994b82eae28f3edbcf5c542de9cc758caaabbdb4dbeb`
`data_package.md`	`1913632c9a952af62f22287edb96fd26d47190ab0f8ce5be5840d56b5fdc789f`
`appendix_synthesis.md`	`1da6dafe1adb4107dfd32dbb43ad299a76558e96c251e98305dff046a9fed2fa`

All VP-bound source hashes and frozen portfolio-context hashes match. The controlling exit-multiple object contains Bear 20x, Base 18x and Bull 22x; the probability-weighted, reverse-return and net-SGD bridges use that same P/E method and scenario set.

SCORING AUDIT CLEARED - RT-RESOLVED SCORES, RETURNS, VP BINDINGS, DENOMINATORS, EXIT MULTIPLES AND ACTIONABILITY VERIFIED.

Appendix RT - Red Team

Reliance Industries Limited — Red Team

Ticker: RELIANCE.NS / XNSE:RELIANCE **Analysis date:** 2026-09-06 **Scope:** adversarial review of the repaired synthesis and audited P/E return bridge; published return fields are reproduced, not changed.

Audit-lock verification and reproduction

The final controls match their dispatched SHA-256 values: `valuation_preflight.json` is `d5dc58398c03dc86ba756089e1db9fcd49c77693e259c2628ceeef8141679cc2`; `appendix_compounder_score.md` is `b058e0da945a51b2ee0c6aa2c66a5e8aed2ef4ae521b1480b666836508720951`; `compounder_score.json` is `f92fc67876df36e23884d08bcaab5a1999f4db49a65c15ea2accbe2a70c9bc7e`; `appendix_scoring_audit.md` is `8cdabd5ff624b8ce27d6bc6f65061d2d1bdf9e70e320fe536dbb2f65b5553fb9`; and `compounder_score_audit.json` is `37c96b546e727ea624568218a543b1ad31893c619693a6ad750761c5e660c669`. The repaired synthesis remains hash `1da6dafe1adb4107dfd32dbb43ad299a76558e96c251e98305dff046a9fed2fa`. CS and CSA exactly match the resealed VP on the primary method (PE), normalized current P/E (23.94097781190199x), exit P/Es (20x/18x/22x), terminal EPS, and claim treatment. They also agree on terminal diluted shares of 13,533.379686 million, probabilities of 30%/55%/15%, and `MATERIAL_RESOLVED` treatment of the prior exit-multiple objection. Searches of all five controls find none of the prior terminal wealth or gross/net return values.

The final audited bridge reproduces as follows. With current price INR 1,322 and exactly five years, terminal wealth is EPS multiplied by exit P/E because cumulative distributions are zero and no cash, debt, lease, SOTP, IPO, or balance-sheet NCI item is added after P/E. Bear wealth is `29.897639383 × 20 = INR 597.952787660`, producing **-14.672879886363011%** gross INR IRR. Base wealth is `78.355278972 × 18 = INR 1,410.395021496`, producing **1.302896291795012%**. Bull wealth is `123.688798977 × 22 = INR 2,721.153577494`, producing **15.532539511511789%**. Probability-weighted wealth is `30% × 597.952787660 + 55% × 1,410.395021496 + 15% × 2,721.153577494 = INR 1,363.2761347449`; its CAGR is **0.6167940714134401%**, not an average of scenario IRRs.

The same wealth bridge, 2.5% annual INR depreciation (`0.975^5 = 0.8810956933593749`), 35 bp entry cost, 35 bp exit cost, and 20% distribution withholding reproduces net-SGD IRRs of **-16.922448391059997% / -1.3678583758373386% / 12.486633804081015%** for Bear/Base/Bull and **-2.0358721698143678%** probability-weighted. With zero distributions, withholding has no numerical effect. This is a correct replay of the final audited model, not an endorsement of its economic assumptions.

1. The most fragile assumption

The most fragile Stage 5 assumption is the **Digital Services Base terminal** `Segment Result before Interest and Taxes` **margin of 31.0%**, up from a 27.80% TTM anchor. The line is fragile because the model simultaneously asks traffic to compound 18.55%, fixed-broadband premises 18.31%, and the enterprise/cloud index 15.18%, while segment revenue compounds only 10.50%. The favorable case assumes tariff repair, home and enterprise mix, and automation more than offset the depreciation, spectrum, fibre, customer-equipment, AI/cloud, power, and network-densification burden. Yet enterprise/cloud revenue and margin are undisclosed, home ARPU and installation economics are absent, segment cash capex is absent, and Jio's strongest peer benchmark still shows traffic growth well above mobile revenue growth. That is not a proven margin bridge; it is a monetization hypothesis.

Stage 5's own exact one-variable sensitivity quantifies the break. A 200 bp miss, leaving the Digital margin at 29.0% rather than 31.0%, reduces Base EPS from INR 78.355 to INR 76.383, a loss of INR 1.972 per share. This is only the disclosed margin sensitivity; it does not include a revenue miss or higher finance cost. The thesis becomes more fragile because **33.6502915387% of post-tax Digital profit accrues to external Jio NCI**. Parent shareholders finance the group-level capital burden but keep only 66.3497084613% of Jio's modeled post-tax uplift after full option exercise.

2. The most-likely-to-be-optimistic Stage 5 number

The most likely Stage 5 number to be revised down is the **Base combined statutory operating-income margin of 9.97% on gross segment revenue**, versus a 9.00% TTM starting point. The endpoint embeds not only Digital's 320 bp expansion but

Retail's recovery from 5.43% TTM and 5.01% in Q1 FY2027 to 6.0%, while O2C holds 7.5% despite chemical overcapacity. The latest evidence does not show all three improvements occurring together. Retail's most recent revenue growth slowed to 7.4%, transaction growth was 46%, and margin fell; O2C's 30.4% revenue surge was crude-price pass-through while saleable production fell 9.8%; Digital traffic still grows much faster than revenue. A one-percentage-point shortfall in Retail margin alone at the Base revenue of INR 611,941 crore would reduce Retail segment profit by about INR 6,119 crore and, after 24% tax and 16.45% Retail NCI, reduce parent EPS by approximately INR 2.87 to INR 75.48. This is a non-controlling red-team sensitivity, not a replacement forecast.

3. Strongest bear case, in its strongest form

Reliance is a low-return capital allocator wrapped around one strong but partly externally owned telecom franchise: O2C and upstream remain cyclical, Retail converts subsidized transaction growth into thin margins, and Digital must keep spending merely to monetize explosive traffic. Over the next six to eight quarters, chemical overcapacity and weak refining utilization can hold O2C below a 6.5% exact-metric margin while Retail transactions outpace revenue by more than 20 percentage points and Retail margin stays below 5%; at the same time, Digital revenue can fall below 8% while traffic remains above 20%, forcing depreciation and network cost ahead of billing. Owner EPS then misses even the Base path because 33.65% of Jio and 16.45% of Retail post-tax profits leak to NCI, while finance cost remains near INR 30,000-38,000 crore. The validating anchor is not consolidated revenue: it is consolidated ROIC remaining below 8%, aggregate FCF conversion reverting negative after commissioning capex, and the three segment margin tests failing together.

4. Cross-examination of management commentary

Digital: “drive industry leading growth for many years to come” (Akash Ambani, 2026-07-17 official release; data package §6). This is an aspiration without numeric revenue, capex, retention, or return guidance. The Base case already assumes revenue decelerates only gradually from 11.8% latest growth to a 10.5% five-year CAGR and margin rises to 31%. Airtel's cited Q1 FY2027 mobile growth of 9.2%, traffic growth of 36%, Homes growth of 33.2%, and Business growth of 12% demonstrates that traffic and adjacency growth do not automatically equal proportionate earnings. If the statement overpromises, the first evidence will be Digital traffic above 20%, revenue below 8%, and exact-metric margin below 27% for two consecutive quarters.

Retail: “deep omni-channel presence ... will continue to underpin sustained growth” (Mukesh Ambani, 2026-04-24 official release; data package §6). The current divergence is already adverse: Q1 FY2027 transactions rose 46%, revenue only 7.4%, and exact-metric margin fell to 5.01%. The statement can remain literally true while destroying value if small baskets, promotions, delivery cost, leases, inventory, and duplicated store/fulfilment infrastructure consume the gross profit. The first disconfirming evidence is a second and third consecutive quarter in which transaction growth exceeds revenue growth by at least 20 percentage points and exact-basis Retail margin is below 5.0%.

Portfolio: “unlock value through the Jio IPO” (Mukesh Ambani, 2026-07-17 official release; data package §6). Listing a subsidiary can reveal value but does not create operating profit. The audited model correctly gives the proposed IPO zero shares, proceeds, debt reduction, and valuation credit until executable terms exist. At the filed maximum 270 million new shares plus options, external Jio NCI would rise from the forecast 33.6503% to 35.5934%; the synthesis disclosure-only sensitivity reduces Base EPS by INR 1.009. The first test is whether final primary/secondary mix, use of proceeds, related-party arrangements, and upstream dividends create cash or per-share earnings for RIL minorities rather than merely a higher quoted Jio valuation.

5. Stage 5 tie-out reverification

The recency arithmetic is valid: TTM is FY2026 less Q1 FY2026 plus Q1 FY2027, and the periods align. The concern is economic staleness, not overlap. Retail has decelerated to 7.4% revenue and 5.01% margin; Digital revenue growth eased from 14.6% to 11.8% across the displayed four quarters; O2C nominal growth accelerated because crude rose 54.1%, not because volume improved. The Base first-year gross-revenue step of 8.03% is mathematically close to the anchor, but mix quality is weaker than gross growth suggests.

The terminal share path is defensible and slightly conservative. It begins with 13,532.472634 million period-end shares, adds the full 0.907052 million parent option pool once, does not double-count the FY2026 treasury-stock increment, assumes no lapse, and credits no exercise cash or buyback. The resulting 13,533.379686 million shares match VP, CS, and CSA. Known parent dilution is immaterial; the material dilution risk is subsidiary ownership, especially a future Jio issuance, which is correctly excluded pending completion. No buyback benefit is assumed despite five years of zero historical buybacks,

consistent with weak FCF conversion and competing capex.

Retail's 10.15% Base revenue CAGR exceeds latest 7.4% growth, but it has named transaction and basket mechanisms. Digital's 10.5% exceeds Airtel's cited 9.2% mobile revenue growth, but home and enterprise adjacencies are named. These are not fabricated drivers; they are weakly evidenced ones because product revenue, segment capex, and unit profitability are missing. The absence of those disclosures should prevent high confidence.

6. Score-derived 20% return claim most likely to be wrong

The audited score does **not** claim a plausible 20% case; it assigns 2/20 to return underwriting and now shows Bull at only 15.5325%. The red team agrees. At the controlling 22x Bull exit, a 20% five-year return requires terminal EPS of INR 149.5254, 20.9% above actual Bull EPS of INR 123.6888; the Bull maximum buy price is only INR 1,093.57 versus INR 1,322. The score-derived claim most likely to be wrong would be any suggestion that a high return is close merely because Digital and Retail execute. It is not close after the reseal: the required return needs a still-higher EPS/multiple combination despite 4.04% five-year aggregate FCF/NOPAT, three negative-FCF years, 6.5%-7.6% simple ROIC, and no terminal ROIC bridge. The score's FAIL is robust.

7. Two-sided valuation challenge

Too optimistic. The strongest remaining challenge is that even 18x Base may be generous if the 2031 earnings uplift still fails to convert to cash. A non-controlling 16x Base sensitivity, near the historical trough, gives INR 1,253.68 of terminal wealth and **-1.0556%** gross IRR, 2.3585 percentage points below the audited 1.3029%. Similarly, a 20x Bull sensitivity gives INR 2,473.78 and **13.3511%**, 2.1814 points below the audited Bull. These are useful stresses, but not supportable corrections: VP now explicitly maps the 18x and 22x exits to unproven terminal cash conversion, low ROIC, NCI leakage, and sub-median self-history rather than assuming a quality rerating. The former 22x Base and 26x Bull optimism has been removed.

The 30%/55%/15% joint probabilities remain the weakest non-arithmetic input. A 40%/50%/10% stress, representing correlated commodity, funding, and consumer-execution failure, reduces expected wealth to INR 1,216.49, gross probability-weighted IRR to **-1.6497%**, and net-SGD probability-weighted IRR to **-4.2426%**, 2.27 and 2.21 points below the audited outputs. However, this is not a correction: no source-bound frequency evidence establishes 40/50/10 as more likely, and the controlling set already gives Bear twice Bull's weight. The stress further supports PASS-on-actionability but does not expose a broken method or a required control change.

Too bearish. The resealed 20x Bear properly fixes the prior double-charge, but it remains below the 23.36x self median even though Digital and Retail survive. A non-controlling 22x Bear sensitivity yields INR 657.75 and **-13.0308%** gross IRR, 1.6421 points above the audited Bear; using the self median would improve Bear by 2.692 points, but that is not a supportable correction because Bear still carries Moat FAIL, low ROIC, weak FCF conversion, and severe group stress. Zero distributions and full parent-option exercise are also punitive but small. Holding FY2026 DPS of INR 5.50 flat for five years adds INR 27.50 and lifts Base gross IRR by only 0.392 point; a 5%-growing dividend path adds INR 30.39 gross and lifts Base net-SGD by about 0.338 point after withholding. Terminal parent dilution is only 0.907052 million shares on a 13.53 billion-share base, so lapse or exercise-cash credit cannot change the conclusion.

The prior terminal-multiple objection is **material and resolved**. VP now explains why Bear receives 20x rather than a trough multiple, why Base falls to 18x absent terminal ROIC/FCF proof, and why Bull receives only 22x despite stronger mix. CS reran from the new VP hash and CSA independently verified every affected terminal value and return. The remaining 16x Base, 20x Bull, higher Bear multiple, alternative weight, FX, and dividend cases are transparently labeled sensitivities; none is a source-supported correction that defeats the resealed controls.

8. Net-SGD and distribution diagnostics

The 2.5% annual INR/SGD depreciation assumption is transparent but falsely precise if read as scenario-independent. Currency weakness can covary with Bear, while reform/productivity or terms-of-trade outcomes can produce less depreciation in Bull. With the same final wealth and costs, 0% annual depreciation makes Base net-SGD about **1.16%** and probability-weighted net-SGD **0.48%**; 4% depreciation makes them **-2.89%** and **-3.54%**. Therefore the published -1.3679% Base and -2.0359% probability-weighted values are useful central diagnostics, not investor-invariant forecasts. Entry/exit costs of 35 bp are plausible placeholders, but custody, FX conversion, tax residency, and capital-gains treatment are investor-specific. These uncertainties do not repair actionability under any tested FX path.

The zero-distribution schedule is correctly called a diagnostic, not a factual dividend forecast. It understates wealth because FY2026 DPS was INR 5.50 and dividends rose in each of the five historical years, but the small yield means this does not

rescue actionability. Withholding has no effect only because the schedule is zero; if a distribution path is later frozen, tax must be applied to distributions once and not to terminal P/E value.

Reliance is not a P&C insurer or similar risk-bearing financial business. The insurer return-bridge cross-examination and `insurer_return_bridge.json` are therefore not applicable.

9. Signal that forces an exit

The decisive exit signal is a **two-quarter capital-productivity break**: sell if, in any two consecutive reported quarters, (1) Digital revenue growth is below 8% while traffic growth remains above 20% and Digital exact-metric margin is below 27%, **and** (2) Retail exact-metric margin is below 5.0% while transaction growth exceeds revenue growth by at least 20 percentage points. This combination would show that the two supposed mix-upgrade engines are consuming incremental capital without monetizing usage. The signal becomes unconditional if trailing consolidated ROIC remains below 8% and cash-flow capex reaccelerates above 14% of revenue without a disclosed project-return bridge, because that would invalidate the premise that current commissioning converts low historical returns into better owner economics.

10. Conviction at the end of red team

Thesis does not survive as a current investment. The audited Reject/PASS actionability conclusion is directionally correct: Base net-SGD is below cash, Bear is destructive, Moat fails, and the 20% case does not clear. The investment narrative should be built around proof of capital productivity, not conglomerate scale or IPO optionality. Reliance can become investable only if Digital and Retail convert traffic/transactions into cash returns at the parent after NCI, O2C survives normalization without renewed capital drag, and the market price or exit assumptions create a real margin of safety.

RETURN_MODEL_OBJECTION_STATUS: MATERIAL_RESOLVED **Resolution:** VP resealed cycle- and cash-conversion-consistent 20x/18x/22x exits; CS recomputed from that exact hash; CSA independently verified the final bridge. No further routing is required.

Appendix D - Data Package (raw historicals)

Reliance Industries Limited — Production ER2 Data Package

Run ID: `pulse-cio-20260831T000158+0800` Ticker: `RELIANCE.NS` / `XNSE:RELIANCE` Prepared: 2026-08-31 SGT Reporting currency: INR; unless a table says otherwise, financial amounts are INR crore. One crore equals INR 10 million. Stage 0: fiscal year ends March 31; latest complete period is Q1 FY2027 ended 2026-06-30 and reported 2026-07-17; TTM is FY2026 less Q1 FY2026 plus Q1 FY2027; the exact five-year horizon is 2026-06-30 to 2031-06-30.

The QFR-sealed quote packet SHA-256 is `baa51ec56b913f9247c4991690ca4f6a57e43da05f80a470fd1ef211ee7f2434`. The QFR-sealed statutory bridge SHA-256 is `a1e534b4ee268741266ec80762162b853061ceb5297a60e20e1ea3eb54b06403`. Both current hashes were independently recomputed during the 2026-09-06 DR revalidation; neither sealed packet was modified.

0a. Industry classification and disclosure inventory

Reliance is an Indian local-exchange conglomerate reporting under Ind AS and SEBI rules. The operating perimeter combines energy and materials, upstream oil and gas, omni-channel retail, digital connectivity/platforms, and a residual group that includes media, consumer brands, new energy and other activities. Official annual reports, quarterly exchange filings, media releases and analyst presentations control whenever FMP is empty, incomplete or differently classified. Live FMP annual and quarterly product-segmentation calls, the annual geographic-segmentation call, and the transcript-date call all returned `[]`; no local warehouse cache was read or substituted.

Official sources fetched in this D run were the FY2022-FY2026 Integrated Annual Reports; Q2, Q3 and Q4 FY2026 and Q1 FY2027 media releases; and the matching four analyst presentations. Live FMP pulls covered annual and quarterly income statements, balance sheets and cash-flow statements, plus annual key metrics and ratios. All source bytes are archived under `raw/pulse-cio-20260831T000158+0800/d/` and hash-indexed in `source_manifest.json`.

Source key used throughout: `D1-D5` are the official FY2026 through FY2022 annual-report PDFs at the RIL financial-reporting page; `D6-D9` are the official Q1 FY2027, Q4 FY2026, Q3 FY2026 and Q2 FY2026 media-release PDFs; `D10` is the live FMP annual/quarterly statement bundle. Exact URLs, local raw paths and SHA-256 hashes for every file are in `raw/pulse-cio-20260831T000158+0800/d/source_inventory.json`. Thus “annual segment notes” in a table means D1-D5 and “quarterly release” means the dated D6-D9 source, not model memory.

Search inventory: `Segment Information`, `Segment Revenue`, `Segment Result before Interest and Taxes`, `Capital Expenditure`, `production meant for sale`, `total throughput`, `Gasoil`, `Gasoline`, `ATF`, `Polymers`, `Polyesters`, `KG D6`, `gas production`, `price realisation`, `cash cost`, `lifting cost`, `reserves`, `reserve life`, `depletion`, `breakeven`, `hedge`, `netback`, `reclamation`, `retail stores`, `store openings`, `closures`, `same-store sales`, `comparable sales`, `footfalls`, `traffic`, `ticket`, `AUV`, `gross margin`, `shrink`, `inventory turns`, `loyalty`, `channel mix`, `Digital Commerce`, `registered customer base`, `transactions`, `subscriber base`, `ARPU`, `data traffic`, `5G subscribers`, `fixed broadband`, `homes connected`, `churn`, `JioStar`, `consumer products`, `New Energy`, `guidance`, `outlook`, `expects`, `will`, `target`, `cash flow`, `operating activities`, `net cash`, `research and development`, and `geographic turnover`.

Completeness matrix

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	Exclusion / boundary	Downstream relevance
Segment revenue and EBIT	FY2022-FY2026 annual reports; four latest releases	Segment Information; Segment Result before Interest and Taxes	FY2022-FY2026; latest 4 quarters; TTM	Yes	FY2024 comparatives use the later FY2025 restatement	Segment models; synthesis
O2C volume and mix	Annual business reviews; quarterly presentations	Throughput; production meant for sale; fuels; polymers; polyester	FY2022-FY2026; Q1 FY2027 trend	Yes	Five-year product-volume table included below; product revenue dollars are not separately disclosed	O2C volume and margin drivers

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	Exclusion / boundary	Downstream relevance
Upstream production and pricing	Annual business reviews; quarterly presentations	KG D6; CBM; MMSCMD; condensate; price realisation; proved reserves; reserve life	FY2022-FY2026; Q1 FY2027	Yes	No quantitative consolidated reserves/resources or reserve-life table was located; the package includes production and price history plus disclosed infill-recovery targets	Oil and Gas model
Retail scale	Annual business reviews; quarterly releases	Stores; openings/closures; same-store sales; footfalls; traffic/ticket; AUV; customers; transactions; channel mix	FY2022-FY2026; Q1 FY2027	Yes	No consistent group table for same-store sales, traffic/ticket, AUV, shrink, inventory turns or loyalty economics; basket-level revenue dollars are not disclosed	Retail unit economics
Digital scale	Annual reports; quarterly releases	Subscribers; ARPU; data traffic; 5G users; fixed broadband homes; churn	FY2022-FY2026; Q1 FY2027	Yes	Product-level connectivity/cloud revenue is not disclosed	Digital model; moat
Media and other businesses	FY2026 annual report; quarterly releases	JioStar; media; consumer products; New Energy	FY2025-FY2026; Q1 FY2027	Yes, where disclosed	Aggregate `Others` mixes businesses; no full five-year sub-business bridge	Others model; perimeter risk
Capital and balance sheet	Annual reports; live FMP statements	Capex; borrowings; cash; investments; goodwill	FY2022-FY2026; Q1 FY2027 debt/capex	Yes	Q1 has no cash-flow statement	ROIC; leverage; valuation
Management call transcripts	RIL IR reporting pages; live FMP transcript dates	Transcript; earnings call; analyst meeting	No transcript objects returned	No	True non-disclosure / unavailable; official releases and presentations used	Management anchors

Material KPI history

KPI family	Granularity	FY2022	FY2023	FY2024	FY2025	FY2026	Latest interim	Source path
O2C production meant for sale, MMT	O2C	68.2	66.4	67.8	71.2	70.9	Q1 FY2027: 15.6 MMT, down 9.8% YoY	FY2022-FY2026 annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
O2C total throughput, MMT	O2C	76.7	77.0	78.2	80.5	80.0	Q1 FY2027: 18.1 MMT, down 5.2% YoY	Annual business reviews; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Average gas production, MMSCMD	Oil and Gas	18.2	20.2	27.8	28.8	26.7	Q1 FY2027: KG D6 24.8 MMSCMD; CBM current rate 1.0 MMSCMD	Annual business reviews; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)

KPI family	Granularity	FY2022	FY2023	FY2024	FY2025	FY2026	Latest interim	Source path
KG D6 gas realisation, USD/MMBTU	Oil and Gas	4.92	10.60	10.10	9.65	9.81	Q1 FY2027: 8.89	FY2023-FY2026 annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
CBM gas realisation, USD/MMBTU	Oil and Gas	6.82	21.63	14.40	10.95	9.43	Q1 FY2027: 12.00	FY2023-FY2026 annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Retail stores	Retail	15,196	18,040	18,836	19,340	20,160	Q1 FY2027: 20,169	Annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Retail area, million sq. ft.	Retail	41.6	65.6	79.1	77.4	78.3	Q1 FY2027: 78.4	Annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Registered retail customers, million	Retail	193	249	over 300	over 349	387	Q1 FY2027: 396	Annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Retail customer transactions, billion	Retail	Not disclosed	over 1.0	over 1.2	about 1.4	over 1.9	Q1 FY2027: 0.568, up 46.0% YoY	FY2023-FY2026 annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Jio subscribers, million	Digital Services	410.2	439.3	481.8	488.2	524.4	533.3	Annual reports; Q1 release
Exit-quarter Jio ARPU, INR/month	Digital Services	167.6	178.8	Not captured in comparable annual table	206.2	214.0	Q1 FY2027: 215.6	Annual reports; [Q4 FY2026 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-04/24042026_Media_Release_RIL_Q4_FY2025-26_Financial_and_Operational_Performance.pdf); Q1 release

KPI family	Granularity	FY2022	FY2023	FY2024	FY2025	FY2026	Latest interim	Source path
Jio data traffic, billion GB	Digital Services	91.4	113.3	148.5	184.5	241.4	Q1 FY2027: 69.4	FY2022-FY2026 annual reports; [Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Jio fixed-broadband homes/premises connected, million	Digital Services	over 5	over 9	about 12	over 18	over 27	Q1 FY2027: 28.6	FY2022-FY2026 annual reports; Q1 release
Jio 5G users, million	Digital Services	Not applicable	Not applicable	over 108	191	over 268	Q1 FY2027: about 285	FY2024-FY2026 annual reports; Q1 release

O2C production meant for sale by product

This official physical-volume table fills the material commodity-disclosure gap left by FMP's empty product-segmentation endpoint. Units are MMT; each annual report supplies the current year and prior-year comparator, producing a clean FY2022-FY2026 chain.

Product	FY2022	FY2023	FY2024	FY2025	FY2026
Gasoil	25.8	25.2	24.9	25.7	26.8
Gasoline / Alkylate	11.7	12.2	13.5	15.7	14.9
ATF	3.7	4.7	5.3	5.3	5.2
PP	2.9	2.7	2.8	3.0	3.1
PE	2.2	2.2	2.1	2.2	2.3
PVC	0.7	0.8	0.7	0.8	0.8
Elastomers / feedstock	0.4	0.4	0.4	0.4	0.4
PX and by-products	2.9	1.9	1.4	1.3	1.4
Benzene and derivatives	0.5	0.4	0.5	0.5	0.5
PTA	2.2	2.2	2.4	2.3	2.1
MEG and by-products	1.2	1.0	0.9	1.1	1.2
Filament	1.2	1.2	1.3	1.7	1.6
Staple	0.8	0.8	0.8	0.9	0.8
PET	1.2	1.2	1.1	1.1	1.0
Fuels, solids and others	10.8	9.5	9.7	9.2	8.8
Total	68.2	66.4	67.8	71.2	70.9

The ad hoc checklist identifies the five reportable financial segments—O2C, Oil and Gas, Retail, Digital Services and Others—plus business-specific KPIs. It also flags that `Others` is not economically homogeneous and that New Energy has not yet produced a separately additive five-year revenue/profit history.

1. Reporting structure and taxonomy

Reportable segment	Scope	FY2026 revenue	Share of gross segment revenue
Oil to Chemicals (O2C)	Refining, petrochemicals, fuel retailing, aviation fuel, bulk marketing, polymers, polyester and elastomers	662,401	50.4%
Oil and Gas	Exploration, development and production of crude oil and natural gas	23,861	1.8%
Retail	Consumer retail and related services across stores, digital commerce and new commerce	371,085	28.2%
Digital Services	Connectivity and digital services, principally the Jio ecosystem	176,164	13.4%

Reportable segment	Scope	FY2026 revenue	Share of gross segment revenue
Others	Businesses not separately reportable, including media and other emerging activities	80,522	6.1%
Gross reportable segments	Before intersegment elimination of 138,114	1,314,033	100.0%

The four principal reporting segments have been stable since FY2024. Financial Services was demerged effective 2023-03-31; FY2022 therefore carries an old-taxonomy Financial Services column, with no reported segment revenue or EBIT, and is not silently recombined. The FY2025 annual report restated FY2024 segment EBIT modestly: O2C 53,613 rather than 53,617; Retail 17,524 rather than 17,498; Digital 33,102 rather than 33,124; Others 1,206 rather than 1,387; and Unallocable -2,393 rather than -2,187. This package uses the later comparative.

Geographic external turnover is disclosed only at India/outside-India consolidated level. FY2024 external turnover was 649,864 in India and 350,258 outside India. The live FMP geographic endpoint returned `[]`; no fabricated product-to-geography allocation is used.

2. Consolidated historicals

Official Revenue from Operations controls the FMP headline revenue because FMP reports revenue net of excise. FY2026 FMP revenue of 1,057,219 ties exactly to the official net-of-excise presentation; official Revenue from Operations is 1,075,675. All other rows retain the disclosed/vendor basis shown.

Metric	FY2022	FY2023	FY2024	FY2025	FY2026	Source
Revenue from Operations	717,635	891,311	914,472	980,136	1,075,675	Official segment notes
Statutory operating income	78,763	102,015	111,401	112,308	121,261	Live FMP; official FY2026 tie
Operating margin	11.0%	11.4%	12.2%	11.5%	11.3%	Calculated on official revenue
Owner net income	60,705	66,702	69,621	69,648	80,775	Live FMP; official reports
Diluted EPS, INR	45.43	49.29	51.45	51.47	59.69	Annual reports; live FMP EPS fields were null
Diluted share count, million	13,363.3	13,532.3	13,532.5	13,531.8	13,532.7	Live FMP; FY2026 Note 31
Cash-flow capex	100,145	140,988	152,883	139,967	122,916	Live FMP; official FY2026 cash flow
Free cash flow	-9,888	-36,483	-20,545	14,157	69,197	OCF less cash-flow capex; FY2026 official override
NOPAT	63,452	79,912	84,056	85,712	94,166	Operating income × (1 - effective tax rate)
Invested capital	847,373	1,055,335	1,200,600	1,316,414	1,415,476	Live FMP key metrics
Calculated ROIC	7.5%	7.6%	7.0%	6.5%	6.7%	NOPAT / FMP invested capital

Effective tax rates used in NOPAT were 19.4%, 21.7%, 24.5%, 23.7% and 22.3% for FY2022-FY2026. This broad conglomerate calculation is not a segment return measure and is sensitive to associates, NCI and the capital perimeter. The reported ROIC series is below the Gideon 15% auto-gate; downstream work must not substitute Digital or Retail margins for consolidated return on capital.

The Q1 FY2027 filing does not contain a cash-flow statement. The media release provides capex of 38,682 but no OCF. Live FMP quarterly cash-flow rows are zero-filled and are not observations. TTM OCF, cash-flow capex, FCF and cash conversion are therefore **unavailable, not zero**. Audited FY2026 OCF of 192,113, cash-flow capex of 122,916 and FCF of 69,197 remain the latest valid cash-conversion anchor.

3. Segment historicals

The exact profit basis is `Segment Result before Interest and Taxes`. The issuer states that segment results include interest income or other income pertaining to the segments. It is therefore not statutory operating income.

Oil to Chemicals

O2C	FY2022	FY2023	FY2024 restated	FY2025	FY2026	Source
Revenue	500,899	594,650	564,749	626,921	662,401	Annual segment notes
YoY	n/a	18.7%	-5.0%	11.0%	5.7%	Calculated
Segment Result before Interest and Taxes	45,194	53,883	53,613	47,257	50,758	Annual segment notes
Margin on exact metric	9.02%	9.06%	9.49%	7.54%	7.66%	Calculated

Oil and Gas

Oil and Gas	FY2022	FY2023	FY2024 restated	FY2025	FY2026	Source
Revenue	7,492	16,508	24,439	25,211	23,861	Annual segment notes
YoY	n/a	120.3%	48.0%	3.2%	-5.4%	Calculated
Segment Result before Interest and Taxes	2,879	10,933	14,831	15,840	13,464	Annual segment notes
Margin on exact metric	38.43%	66.23%	60.69%	62.83%	56.43%	Calculated

Retail

Retail	FY2022	FY2023	FY2024 restated	FY2025	FY2026	Source
Revenue	199,727	260,394	306,848	330,943	371,085	Annual segment notes
YoY	n/a	30.4%	17.8%	7.9%	12.1%	Calculated
Segment Result before Interest and Taxes	10,198	13,994	17,524	19,070	20,817	Annual segment notes
Margin on exact metric	5.11%	5.37%	5.71%	5.76%	5.61%	Calculated

Digital Services

Digital Services	FY2022	FY2023	FY2024 restated	FY2025	FY2026	Source
Revenue	100,166	119,791	132,938	154,119	176,164	Annual segment notes
YoY	n/a	19.6%	11.0%	15.9%	14.3%	Calculated
Segment Result before Interest and Taxes	25,150	29,681	33,102	39,717	48,211	Annual segment notes
Margin on exact metric	25.11%	24.78%	24.90%	25.77%	27.37%	Calculated

Others

Others	FY2022 old taxonomy	FY2023	FY2024 restated	FY2025	FY2026	Source
Revenue	68,126	88,455	80,516	55,859	80,522	Annual segment notes
YoY	n/a	29.8%	-9.0%	-30.6%	44.2%	Calculated; composition changed
Segment Result before Interest and Taxes	5,196	1,045	1,206	530	3,448	Annual segment notes
Margin on exact metric	7.63%	1.18%	1.50%	0.95%	4.28%	Calculated

`Others` is a composition-sensitive residual, not a stable standalone business. FY2025-FY2026 include changing media and emerging-business perimeters; its growth rate should not be extrapolated without sub-business schedules.

3a. Historical statutory-profit bridge and forecast-driver ledger

The following tables reproduce the sealed packet in its native reporting scale: **INR millions**. Labels, signs, source IDs and values are unchanged.

FY2026 ended 2026-03-31

Bridge line	Classification	Value	Source ID	Running subtotal
Oil to Chemicals (O2C)	segment profit	507,580	RIL_AR_FY26	507,580
Oil and Gas	segment profit	134,640	RIL_AR_FY26	642,220

Bridge line	Classification	Value	Source ID	Running subtotal
Retail	segment profit	208,170	RIL_AR_FY26	850,390
Digital Services	segment profit	482,110	RIL_AR_FY26	1,332,500
Others	segment profit	34,480	RIL_AR_FY26	1,366,980
Sum of reportable segment profit	segment profit subtotal	1,366,980	RIL_AR_FY26	1,366,980
Other Un-allocable Income (Net of Expenditure)	corporate_unallocated	31,300	RIL_AR_FY26	1,398,280
Consolidated segment profit metric	subtotal	1,398,280	RIL_AR_FY26	1,398,280
Other Income excluding Interest Income embedded in segment EBIT	operating	-185,670	RIL_AR_FY26	1,212,610
Statutory operating income	statutory subtotal	1,212,610	RIL_AR_FY26	1,212,610
Finance Cost	interest	-270,610	RIL_AR_FY26	942,000
Other Income	other_non_operating	289,620	RIL_AR_FY26	1,231,620
Pretax income	statutory subtotal	1,231,620	RIL_AR_FY26	1,231,620
Current Tax	tax	-97,360	RIL_AR_FY26	1,134,260
Deferred Tax	tax	-178,160	RIL_AR_FY26	956,100
Share of Profit / (Loss) of Associate and Joint Ventures	other_non_operating	1,440	RIL_AR_FY26	957,540
Share of (Profit) / Loss transferred to Non-Controlling Interest	noncontrolling_interests	-149,790	RIL_AR_FY26	807,750
Net income	statutory subtotal	807,750	RIL_AR_FY26	807,750

TTM ended 2026-06-30

Bridge line	Classification	Value	Source ID	Running subtotal
Oil to Chemicals (O2C)	segment profit	524,070	RIL_Q1_FY27_RELEASE	524,070
Oil and Gas	segment profit	138,060	RIL_Q1_FY27_RELEASE	662,130
Retail	segment profit	204,800	RIL_Q1_FY27_RELEASE	866,930
Digital Services	segment profit	503,590	RIL_Q1_FY27_RELEASE	1,370,520
Others	segment profit	33,090	RIL_Q1_FY27_RELEASE	1,403,610
Sum of reportable segment profit	segment profit subtotal	1,403,610	RIL_Q1_FY27_RELEASE	1,403,610
Other Un-allocable Income (Net of Expenditure), TTM bridge	corporate_unallocated	-56,740	RIL_Q1_FY27_RELEASE	1,346,870
Consolidated segment profit metric	subtotal	1,346,870	RIL_Q1_FY27_RELEASE	1,346,870
Other Income excluding Interest Income embedded in segment EBIT, TTM bridge	operating	-100,720	RIL_Q1_FY27_RELEASE	1,246,150
Statutory operating income	statutory subtotal	1,246,150	RIL_Q1_FY27_RELEASE	1,246,150
Finance Cost, TTM bridge	interest	-283,620	RIL_Q1_FY27_RELEASE	962,530
Other Income, TTM bridge	other_non_operating	203,930	RIL_Q1_FY27_RELEASE	1,166,460
Pretax income	statutory subtotal	1,166,460	RIL_Q1_FY27_RELEASE	1,166,460
Current Tax, TTM bridge	tax	-114,160	RIL_Q1_FY27_RELEASE	1,052,300
Deferred Tax, TTM bridge	tax	-173,000	RIL_Q1_FY27_RELEASE	879,300
Share of Profit / (Loss) of Associate and Joint Ventures, TTM bridge	other_non_operating	2,370	RIL_Q1_FY27_RELEASE	881,670
Share of (Profit) / Loss transferred to Non-Controlling Interest, TTM bridge	noncontrolling_interests	-134,400	RIL_Q1_FY27_RELEASE	747,270

Bridge line	Classification	Value	Source ID	Running subtotal
Net income	statutory subtotal	747,270	RIL_Q1_FY27_RELEASE	747,270

All five packet residuals are zero in each period. The common forecast basis remains `Segment Result before Interest and Taxes`; no downstream model may relabel it statutory operating income.

Forecast-driver schedule

Historical bridge line	FY value	TTM value	Forecast treatment	Driver and source	Bear / base / bull rule
Other Un-allocable Income (Net of Expenditure)	31,300	-56,740	Independently forecast corporate/unallocated	Five-year unallocable history and disclosed treasury/corporate activity	Bear uses recurring cost; base normalises volatility; bull cannot assume structural income without source
Other Income excluding Interest Income embedded in segment EBIT	-185,670	-100,720	Separate operating bridge removal	Segment-note definition; linked to segment-specific non-operating income already inside EBIT	Preserve negative sign; scenario range follows disclosed embedded-income run rate
Finance Cost	-270,610	-283,620	Debt and interest-rate schedule	Borrowings, leases, maturities and effective cost	Bear higher debt/rates; base current funding plan; bull lower debt only with funded deleveraging
Other Income	289,620	203,930	Cash/investment-yield schedule	Cash, liquid resources and disclosed other-income composition	Never net against finance cost; scenario yield applied to explicit asset base
Current Tax	-97,360	-114,160	Effective cash/current tax schedule	Statutory tax disclosures	Bear/base/bull rates stated separately; no tax plug
Deferred Tax	-178,160	-173,000	Deferred-tax schedule	Temporary differences and project depreciation	Separate from current tax; cannot be zeroed without cessation evidence
Associates and JVs	1,440	2,370	Independently forecast post-tax associate contribution	Associate/JV portfolio and recent run rate	Conservative range around source-backed contribution
NCI allocation	-149,790	-134,400	Ownership-perimeter schedule	Subsidiary ownership, especially Jio, Retail and media	Scenario NCI follows modeled subsidiary profit and unchanged ownership unless a transaction is explicit

`STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`

4. Product and sub-segment historicals

No product-level revenue endpoint is available from FMP. Reliance discloses reportable-segment revenue in dollars, operational volume by O2C product family, and selected subsidiary/business revenue, but not a complete product-to-segment dollar map.

Segment	Product / business	What it is	Dollar disclosure?	Disclosed history or boundary
O2C	Transportation fuels, polymers, elastomers, intermediates, polyesters	Integrated refining and chemicals product families	No product revenue dollars	Volume by product for FY2022-FY2026 in Section 0a; total O2C revenue only
Oil and Gas	KG D6 and CBM	Deepwater gas/oil and coal-bed methane assets	No asset revenue dollars	Segment revenue and production/realisation KPIs
Retail	Consumer electronics, grocery, fashion/lifestyle, connectivity	Retail consumption baskets	No basket revenue dollars	Total Retail revenue; store/customer/transaction KPIs
Digital Services	Mobility, fixed broadband, enterprise, cloud/content/IoT	Jio connectivity and platform services	Entity revenue only	JPL quarterly gross revenue 41,054 in Q1 FY2026 and 45,961 in Q1 FY2027
Others	JioStar	Media and entertainment platform	Yes, recent periods	FY2026 business revenue 40,682; Q4 FY2026 9,784; Q1 FY2027 revenue from operations 10,946
Others / emerging	Consumer products and New Energy	FMCG portfolio and clean-energy manufacturing	Incomplete	Growth rates and commissioning milestones; no full reportable profit history

Segment	Product / KPI	Disclosure method	Last four-quarter / latest trend	Source
O2C	Production meant for sale	Physical volume	Q1 FY2027 15.6 MMT, down 9.8% YoY; total throughput 18.1 MMT, down 5.2%	[Q1 FY2027 release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf)
Oil and Gas	KG D6 gas production	MMSCMD and realised price	Natural decline reduced Q1 revenue; FY2026 average KG D6 gas 25.9 MMSCMD	FY2026 annual report; Q1 release
Retail	Registered customers and transactions	Operational KPIs	Q1 FY2027 customers +10.6%; transactions +46.0%	Q1 release
Digital	Customer base, ARPU, traffic	Operational KPIs	Q1 FY2027: 533.3m; INR215.6; 69.4bn GB	Q1 release
Others	JioStar	Revenue and engagement	Q1 FY2027 revenue +14% YoY; TV viewership share 34%	Q1 release

No back-solved product dollars are used.

5. Most recent quarterly trend

Reliance FY ends March 31. Most recently completed fiscal quarter at time of writing: FY2027 Q1, covering April-June 2026, reported on 2026-07-17 via the official Q1 FY2027 media release.

Each margin below is Segment Result before Interest and Taxes divided by segment revenue, not a statutory operating margin.

Segment / quarter	Revenue	YoY	Exact-metric EBIT margin	Source
O2C Q2 FY2026	160,558	3.2%	7.82%	2025-10-17 release
O2C Q3 FY2026	162,095	8.4%	8.59%	2026-01-16 release
O2C Q4 FY2026	184,944	12.4%	6.36%	2026-04-24 release
O2C Q1 FY2027	201,803	30.4%	7.02%	2026-07-17 release
Oil and Gas Q2 FY2026	6,058	-2.6%	58.63%	2025-10-17 release
Oil and Gas Q3 FY2026	5,833	-8.4%	59.37%	2026-01-16 release
Oil and Gas Q4 FY2026	5,867	-8.9%	49.48%	2026-04-24 release
Oil and Gas Q1 FY2027	6,298	3.2%	61.73%	2026-07-17 release
Retail Q2 FY2026	90,544	18.6%	5.82%	2025-10-17 release
Retail Q3 FY2026	97,912	8.4%	5.45%	2026-01-16 release
Retail Q4 FY2026	98,457	11.1%	5.43%	2026-04-24 release
Retail Q1 FY2027	90,409	7.4%	5.01%	2026-07-17 release
Digital Q2 FY2026	43,617	14.6%	27.66%	2025-10-17 release
Digital Q3 FY2026	44,653	12.4%	27.14%	2026-01-16 release
Digital Q4 FY2026	45,945	12.4%	27.45%	2026-04-24 release
Digital Q1 FY2027	46,900	11.8%	28.92%	2026-07-17 release
Others Q2 FY2026	16,208	39.4%	4.36%	2025-10-17 release
Others Q3 FY2026	17,868	46.0%	5.50%	2026-01-16 release
Others Q4 FY2026	27,976	40.4%	3.92%	2026-04-24 release
Others Q1 FY2027	31,204	68.9%	1.68%	2026-07-17 release

The largest segment's Q1 FY2027 revenue growth of 30.4% was independently re-found in the [live official release](https://rilstaticasset.akamaized.net/sites/default/files/2026-07/Media_Release_RIL_Q1_FY2026-27_Financial_and_Operational_Performance.pdf). Revenue growth primarily reflected a 54.1% YoY increase in crude oil prices, partly offset by lower production during a planned turnaround. The separate 17.2% growth figure is O2C EBITDA growth, not production growth; production meant for sale fell 9.8% YoY.

6. Management commentary on forward growth

RIL does not publish conventional earnings-call transcript objects through the live FMP transcript service; the live dates endpoint returned `[]`. Official signed media releases and analyst presentations are therefore the controlling management-commentary sources. Short verbatim excerpts are used below; interpretations are separate.

Segment	Source / speaker	Verbatim excerpt	Topic	Modeling interpretation
O2C	2025-10-17; Mukesh D. Ambani, CMD	“Downstream chemicals continue to be impacted by overcapacity.”	Chemical cycle	Base case should not assume rapid downstream margin mean reversion.
O2C	2026-04-24; Mukesh D. Ambani, CMD	“Reliance has again demonstrated its commitment to ensure availability of critical energy and materials to India.”	Domestic placement	Supports throughput resilience, not a guarantee of high cracks.
Oil and Gas	FY2026 annual report; business review	“four infill wells are planned”	KG D6 recovery	Production sustainment is project-dependent; natural decline remains the bear case.
Retail	2026-07-17; Mukesh D. Ambani, CMD	“well placed to benefit from India’s long term consumption growth.”	Demand outlook	Underwrites market growth, but Q1 EBIT margin fell to 5.01%.
Retail	2026-04-24; Mukesh D. Ambani, CMD	“deep omni-channel presence ... will continue to underpin sustained growth.”	Channel strategy	Growth depends on hyper-local economics and store-network productivity.
Digital	2026-07-17; Akash M. Ambani, JPL MD	“drive industry leading growth for many years to come.”	Technology and services	Treat as aspiration; anchor forecasts to subscriber, ARPU and fixed-broadband evidence.
Digital	2025-10-17; Akash M. Ambani, Jio Chairman	“set to take our homegrown technology around the world.”	International expansion	No international revenue dollars yet; exclude from base until contracted.
Others / AI	2026-01-16; Mukesh D. Ambani, CMD	“entering a new phase of value creation”	AI and New Energy	Capital deployment precedes proven earnings; model as staged rather than immediate.
New Energy	2026-07-17; Mukesh D. Ambani, CMD	“phased commissioning of new energy projects”	Commissioning	Revenue/margin cadence must follow disclosed commissioning milestones.
Portfolio	2026-07-17; Mukesh D. Ambani, CMD	“unlock value through the Jio IPO.”	Corporate action	Jio listing may change transparency and NCI/per-share valuation, not operating profit by itself.

The releases contain extensive retrospective operational commentary but limited numeric forward guidance. No segment provides a formal revenue or EBIT outlook. For `Others`, management discusses JioStar, consumer products, AI and New Energy separately; there is no forecastable aggregate `Others` growth guide.

7. Capital allocation history

R&D is not separately populated in the live FMP income statement and is therefore shown as unavailable, not zero. M&A is the absolute cash-flow acquisition field from live FMP and may include perimeter transactions; it is not a commitment schedule.

Year	Capex	Capex / revenue	R&D	R&D / revenue	Buybacks	Dividends	M&A cash-flow field	Source
FY2022	100,145	14.0%	Unavailable	Unavailable	0	4,297	3,587	Live FMP; annual report
FY2023	140,988	15.8%	Unavailable	Unavailable	0	5,083	9,665	Live FMP; annual report
FY2024	152,883	16.7%	Unavailable	Unavailable	0	6,089	35,137	Live FMP; annual report
FY2025	139,967	14.3%	Unavailable	Unavailable	0	6,766	2,343	Live FMP; annual report
FY2026	122,916	11.4%	Unavailable	Unavailable	0	7,443	826	Official FY2026 cash flow; live FMP

Headline segment capex differs from cash-flow capex. FY2026 headline capex was 144,271 and Q1 FY2027 headline capex was 38,682. It must not be substituted into FCF. FY2026 ending shares increased by 99,736 shares through employee-option exercises; potential dilutive shares were 271,711. No buyback appears in the audited FY2026 cash flow.

8. Balance sheet snapshot

Item	FY2026 INR crore	Source
Cash and equivalents	145,977	Official annual report / live FMP
Short-term investments	97,431	Live FMP annual balance sheet
Broader liquid resources	249,704	Official annual report
Total debt including leases	398,000	Live FMP; equals borrowings 374,421 plus leases 23,579
Cash-only net debt including leases	252,023	398,000 less 145,977
Headline net debt	124,717	Official broader-liquidity definition
Net debt / FY2026 EBITDA	1.21x	252,023 / 207,911; cash-only lease-inclusive scope
Goodwill plus intangibles	419,107	Live FMP annual balance sheet
Parent stockholders' equity	899,549	Live FMP annual balance sheet
Tangible book value	480,442	899,549 less 419,107

At 2026-06-30, official outstanding debt was 369,705, broader liquid resources were 246,791 and headline net debt was 122,914. Q1 statutory cash and leases were not separately disclosed, so a Q1 cash-only lease-inclusive net-debt number is unavailable.

8a. Jio Platforms option and ownership bridge

The June 19, 2026 Jio Platforms Draft Red Herring Prospectus (DRHP) supplies the missing subsidiary denominator and ownership perimeter. Its capital-structure table reports 8,939,030,830 issued, subscribed and paid-up shares before the proposed issue; its promoter table reports 5,937,841,645 shares held by Reliance Industries Limited. The same filing classifies 3,001,189,185 current shares and all 10,280,000 option-underlying shares as public for the fully diluted shareholding calculation. The archived official DRHP SHA-256 is `57d002247bfbde408f49bc0eafa9df6aff8b10180f0b3c1927a0ef02b1092eef`.

Official Jio capital input	Exact value	Evidence status	Official source location	Raw archive	Scenario use
Issued, subscribed and paid-up shares before proposed issue	8,939,030,830	Reported	Jio Platforms DRHP p.89	`raw/pulse-cio-20260906T040143+0800/d_capital_repair/jio_platforms_drhp_2026-06-19.pdf`	Opening subsidiary share denominator
RIL promoter shares	5,937,841,645	Reported	Jio Platforms DRHP pp.93 and 97	Same DRHP	Fixed parent numerator absent a completed parent sale or new parent subscription
Public shares before option conversion	3,001,189,185	Reported	Jio Platforms DRHP p.97	Same DRHP	Opening external-NCI numerator
Exact pre-option RIL ownership	66.426011%	Calculated	5,937,841,645 / 8,939,030,830	`d_capital_repair/evidence_manifest.json`	Replaces the rounded 66.43% diagnostic
Exact pre-option external NCI	33.573989%	Calculated	3,001,189,185 / 8,939,030,830	`d_capital_repair/evidence_manifest.json`	Replaces the rounded 33.57% diagnostic
JPL ESOS 2020 options outstanding	10,280,000	Reported; all vested	Jio Platforms DRHP pp.101 and 103	Same DRHP	Assume 100% exercise in Bear, Base and Bull
Resultant shares on full option exercise	10,280,000	Reported	Jio Platforms DRHP p.101	Same DRHP	Added once to subsidiary shares and external-NCI numerator
Exercise price	INR 10 per share	Reported	Jio Platforms DRHP pp.101 and 365	Same DRHP	INR 10.28 crore subsidiary cash; no parent cash or P/E add-on credited
Remaining contractual life at 2026-03-31	552 days	Reported	Jio Platforms DRHP p.365	Same DRHP	Supports full-exercise treatment rather than indefinite lapse assumptions

Official Jio capital input	Exact value	Evidence status	Official source location	Raw archive	Scenario use
FY2026 JPL equity share capital	INR 8,939 crore	Reported	JPL FY2026 consolidated statements pp.9 and 11	`raw/pulse-cio-20260906T040143+0800/d_capital_repair/jio_platforms_consolidated_fy2026.pdf`	Independent face-value cross-check; exact share count comes from DRHP
Proposed IPO fresh issue	Up to 270,000,000 shares	Filed proposal; not completed	Jio Platforms DRHP pp.1, 64, 89 and 467	Same DRHP	Zero shares and zero proceeds in all scenarios until final price, allotment and completion are official

All 10.28 million options are vested, represent only 0.115001% of the pre-option share base and are economically deep in the money relative to FY2026 JPL NAV of INR 373.66 per share. The conservative treatment is therefore full exercise in every operating scenario. No lapse benefit is assigned to RIL. Exercise cash belongs to JPL, is not parent cash, and is not added under the P/E method.

Scenario	Opening JPL shares	Option shares issued	IPO shares credited	Terminal JPL shares for NCI	RIL shares	RIL ownership	External NCI
Bear	8,939,030,830	10,280,000	0	8,949,310,830	5,937,841,645	66.349708%	33.650292%
Base	8,939,030,830	10,280,000	0	8,949,310,830	5,937,841,645	66.349708%	33.650292%
Bull	8,939,030,830	10,280,000	0	8,949,310,830	5,937,841,645	66.349708%	33.650292%

The option-adjusted NCI is 7.6303 basis points above the exact current NCI and 8.0292 basis points above the synthesis model's rounded 33.57% input. Applying 33.6502915% to the unchanged terminal Digital post-tax profit bases already embedded in synthesis produces the following bounded repair diagnostic. This table does not change an operating forecast; S must replay it after its separate parent-share repair.

Scenario	Existing Digital post-tax profit, INR crore	Existing Digital NCI at 33.57%	Option-adjusted Digital NCI	Incremental NCI, INR crore	Owner-NI reduction	Diagnostic EPS reduction, INR
Bear	47,447.251	15,928.042	15,966.138	38.096	0.0941%	0.0282
Base	70,284.799	23,594.607	23,651.040	56.433	0.0532%	0.0417
Bull	86,668.889	29,094.746	29,164.334	69.588	0.0416%	0.0514

On a terminal-price-only five-year P/E bridge, the option repair's maximum annualized terminal-wealth drag is 0.019 percentage point; distributions would reduce that impact further. This is far below the ER2 materiality threshold of 2 percentage points of annualized return, but the ownership rate is now explicit and must be used rather than waived.

The DRHP is not an executable IPO close. It leaves the issue price, gross proceeds, post-issue share count, post-issue ownership percentages, allocation and bid dates blank and permits withdrawal before allotment. Therefore Bear, Base and Bull each credit zero IPO shares, zero IPO cash, zero debt reduction and zero valuation uplift. A disclosure-only maximum-size sensitivity, not a model input, assumes all 270,000,000 proposed fresh shares plus all options are issued: total shares would be 9,219,310,830, RIL ownership 64.406567% and external NCI 35.593433%. That would be 1.943141 percentage points more NCI than the option-adjusted no-IPO case and is potentially material; a final prospectus/allotment or completed issue must trigger D, Digital, S and VP reruns rather than automatic credit.

`JPL_CAPITAL_STRUCTURE_STATUS: READY FOR S AND VP — exact share base, option conversion and scenario NCI are quantified; proposed IPO excluded pending executable completion terms`

9. Recent corporate actions

- 2026-06-19: Jio Platforms filed its DRHP for a fresh issue of up to 270,000,000 shares. The price, gross proceeds, post-issue capital, allocations and timetable remain blank; no IPO issuance, cash, debt reduction, valuation uplift or ownership change is credited before allotment and completion.
- 2026-07-17: Moody’s upgraded Reliance foreign-currency debt issuances to Baa1, according to the official Q1 release.
- Q3 FY2026: the consumer-products business demerger became effective, creating a more focused organisational perimeter. This contributes to the non-comparability of the residual `Others` line.
- FY2026/Q1 FY2027: New Energy projects moved into phased commissioning. Management identifies solar PV, energy storage and green-energy infrastructure as the initial integrated capabilities.

- FY2026: Reliance completed employee-option exercises that increased ending shares by 99,736; no repurchase offset was disclosed.
- 2026-04-24: S&P Global Ratings assigned A- to Reliance foreign-currency debt issuances, as reported in the official Q3/Q4 communications.

10. Open data gaps

Classification	Gap	Exact sources / search terms checked	Consequence
True non-disclosure	Q1 FY2027 OCF and cash-flow capex	Q1 integrated filing and release; `cash flow`, `operating activities`, `net cash`; live FMP quarterly cash flow	TTM OCF, FCF and cash conversion unavailable, not zero
Provider mismatch / official override	FY2026 operating cash flow and FCF	Live FMP annual cash flow reports OCF 174,770 and FCF 51,854; audited FY2026 cash flow reports OCF 192,113 and cash-flow capex 122,916	Official OCF 192,113 and FCF 69,197 control; the 9.9% OCF variance is not silently blended
True non-disclosure	Product-level O2C, retail-basket and digital-service revenue dollars	FY2022-FY2026 annual reports; four releases; `product revenue`, `transportation fuels revenue`, `grocery revenue`, `mobility revenue`, `cloud revenue`; empty FMP product endpoints	Segment models must use physical/operational KPIs, not invented product dollars
True non-disclosure	Conventional earnings-call transcripts	RIL IR reporting pages; live FMP transcript dates; `transcript`, `earnings call`, `analyst meeting`	Official releases/presentations are the commentary source; no speaker transcript reconstruction
True non-disclosure	R&D expense on a consistent consolidated basis	Live FMP annual income statements; annual report searches for `research and development` and `R&D expense`	R&D is unavailable, not zero, in capital-allocation history
True non-disclosure	Full five-year sub-business bridge for `Others`	Segment notes and business reviews; `JioStar`, `consumer products`, `New Energy`, `Others`	Do not extrapolate aggregate Others growth without a sum-of-parts schedule
True non-disclosure	Quantitative consolidated oil-and-gas reserve/resource and reserve-life table	FY2022-FY2026 annual reports; `proved reserves`, `resources`, `reserve life`, `replacement ratio`, `MMBOE`, `BCF`; Q1 FY2027 release	Use disclosed production, pricing and infill-recovery targets; do not invent reserve life or replacement rates
True non-disclosure	Final Jio IPO price, gross proceeds, allotment, post-issue share count and completion date	June 19, 2026 Jio Platforms DRHP pp.1, 64, 89, 100 and 467; fields remain blank or are explicitly deferred to the Prospectus stage	Excluded from Bear/Base/Bull; a final prospectus or completed allotment triggers D, Digital, S and VP reruns
Estimated	ROIC	NOPAT based on operating income and effective tax rate divided by FMP invested capital	Useful screening diagnostic; not a disclosed company KPI
Not applicable	P&C ownership-perimeter schedules	Reliance is not a P&C insurer or reinsurer	Section 0b does not apply

No statutory-bridge gap is open. The latest-FY and TTM segment-profit-to-statutory-income bridges are complete, hash-matched to QFR's sealed packet, and have zero residuals. The remaining gaps are disclosure or cash-flow recency constraints, not accounting plugs.

The Jio option ownership gap is closed by the exact DRHP share base and full-dilution calculation in Section 8a. The IPO-specific gap is pending-transaction evidence, not a reason to credit an uncompleted issue.

Self-verification record

- Largest segment latest-quarter growth: the live official 2026-07-17 Q1 release states O2C revenue increased 30.4% YoY; the archived PDF SHA-256 is `cc99e455d2501f8084bf3d3e36a3c628fc8c8c4992ae896aabaa548b01578dff`.
- Load-bearing management quote: the short Akash Ambani excerpt in Section 6 was re-found in the official 2026-07-17 release, matching Q1 FY2027 and the expected July reporting window. Live FMP returned no transcript object, so no misdated transcript was substituted.

- Full-year revenue: the live FMP annual pull returns FY2026 revenue of 1,057,219 crore. This ties exactly to the official net-of-excise presentation; the official Revenue from Operations line of 1,075,675 differs by 18,456 crore because of excise classification. The like-for-like difference is 0.0%, and the official line controls.

All newly pulled FMP JSON files were copied without overwrite to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\FMP\RELIANCE.NS\2026-08-31_pulse-cio-20260831T000158+0800` after governed use. The 2026-09-06 DR revalidation independently live-fetched the official FY2026 annual report and Q2-Q4 FY2026/Q1 FY2027 releases, re-pulled FMP statements plus the empty product/geographic/transcript inventories, archived that evidence under `raw/pulse-cio-20260906T040143+0800/dr/`, and copied the new FMP JSON files without overwrite to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\FMP\RELIANCE.NS\2026-09-06_pulse-cio-20260906T040143+0800_dr`.