

Reliance Industries (RELIANCE) - ADD

Result Update

Current Market Price (CMP) Rs. 1,390	Fair Value (FV) Rs. 1,605
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Rationale:

- Q1FY26: Miss on retail/O2C; digital and E&P better.
- Retail: Subdued Q1 driven by consumer electronics; QC seeing good growth.
- In our view, the overall outlook is positive.
- Apart from improvement in retail, any firm announcements of telecom IPO (and likely tariff hike before that) will be a catalyst.
- Our SoTP-based fair value increases to Rs1,605 (earlier Rs1,520).
- After the recent strong run, valuations are relatively rich.

Q1FY26 Result update:

Positives:

- Digital business (EBITDA +23%/6% yoy/qoq) & E&P (EBITDA down 4.1%/2.5% yoy/qoq) were 2.2%/3.7% ahead of our estimates.
- Retail business outlook is sanguine & improved margins in telecom are positive.

Negatives:

- Consolidated EBITDA (+11% yoy, down 2% qoq) was 4% below our estimates.
- Retail EBITDA (+12.5% yoy, down 5.1% qoq) & O2C EBITDA (+11% yoy, down 3.8% qoq) were 6-7% below our estimates.

(EBITDA: Earnings before interest, depreciation, tax & amortization. E&P: Exploration & Production. O2C: Oil to Chemical. SOTP: Sum-of-the-parts. EPS: Earning Per Share. IPO: Initial Public Offer. QC: Quick Commerce. EPS: Earnings Per Share)

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For detailed report dated 21st July 2025. Note: CMP & valuation may differ due to difference in dates.



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