RIL Q4 2023 - 2024

Media & Analyst Call Transcript

22 April 2024 20:02 IST

Call Participants:

- Sh V Srikanth, CFO, Reliance Industries Limited
- Sh B Srinivasan, President, Reliance Industries Limited
- Sh Kiran Thomas, President, Reliance Jio Infocomm Limited
- Sh Anshuman Thakur, Head of Strategy, Reliance Jio Infocomm Limited
- Sh Dinesh Taluja, CFO & Corporate Development, Reliance Retail
- Sh Sanjay Roy, Senior Executive Vice President – E&P, Reliance Industries Limited

Duration: 01:04:07 minutes

Presentation Link:
https://rilstaticasset.akamaized.net/sites/default/files/2024-04/RIL-4Q-FY24-Analyst-Presentation-22Apr24-website.pdf

Meeting Video:
https://www.ril.com/investors/events-presentations#webcast-sec

- **Sh B. Srinivasan** 00:00:03 – 00:00:43 **(Introduction)**
- **Sh V Srikanth** 00:00:44 – 00:10:35 **(Consolidated Financials)**
- **Sh Kiran Thomas** 00:10:36 – 00:21:14 **(Digital Services)**
- **Sh Anshuman Thakur** 00:21:15 – 00:25:04 **(Digital Services - Financials)**
- **Sh Dinesh Taluja** 00:25:05 – 00:41:28 **(Reliance Retail)**
- **Sh Sanjay Roy** 00:41:29 – 00:47:00 **(Hydrocarbons - Exploration & Production)**
- **Sh V Srikanth** 00:47:01 – 01:04:07 **(O2C Business, Summary and Closure)**

Transcript:

Sh B. Srinivasan 00:00:03 – 00:00:43 **(Introduction)**

Good evening and welcome to the financial results presentation for full year of 2023 and the 4Q of FY 2024. We have Srikanth who will first talk about our consolidated financials followed by Kiran who will give the highlights of our digital services business. And then Anshuman will walk you through the financials of Digital Services business. Dinesh will then take over and speak about performance of Reliance Retail, followed by Sanjay Roy who will talk about E&P. Srikanth will come back and talk to you about the O2C business, then summary and then he will close out.

Thank you for coming on a Monday evening. Over to you Srikanth.

Sh V Srikanth 00:00:44 – 00:10:35 **(Consolidated Financials)**

Yeah, Thanks Srini. And good evening to all of you.

Starting off with the 2023-24 full year picture, a year of milestones. We crossed the ₹ 1,75,000 crore in EBITDA, more than ₹ 1,00,000 crore in PBT, more than ₹ 20,00,000 crore in terms of market cap.

On JPL side, ₹ 1,00,000 crore mark we've crossed and ₹ 20,000 crore net profit, and of course completed the fastest rollout for our 5G network.

On RRVL, we have crossed the ₹ 3,00,000 crore mark and net profit of ₹ 10,000 crore plus. And you know, we have more than 75 million square feet store footprint.

So clearly, you know, we are the first Indian company to cross these milestones.

On a standalone basis if you were to look, JPL and RRVL at this level, you know, would be among the top 20 and top 30 companies respectively.

Looking at FY 2023-24, our EBITDA is at ₹ 1,79,000 crore up 16% YoY. We delivered a net profit of ₹ 79,000 crore, up 7.3% YoY. When you look at our consumer business, EBIDTA now close to ₹ 80,000 crore which is up almost 17% YoY. 5-year CAGR for consumer business at 30%. And this has been enabled on the back of larger physical- digital footprint, increase in footfalls, increase in the number of transactions, increase in the number of registered subscribers. On 5G, it is on the back of a higher customer engagement in 5G rollout and FTTH penetration.

Highlight also has been resilient O2C performance, given what we are seeing on cracks. And this has obviously been aided by significant operational flexibility. You know, focus on feedstock optimization like sweet cracking and higher domestic placement helped us overcome the challenging environment. On the oil and gas, led entirely by ramp up in KG D6 production.

Our balance sheet net debt has been falling and the capex spend also has been lowered.

All in all, we have delivered. Our EBIDTA has doubled in the last five years.

Just key highlights here…

You can see that, for Retail, revenue up 18% and EBIDTA 29%. We have seen margin expansion at 8.4% which is 60 basis points higher. As I mentioned, footfalls at a billion which is 36% higher, 300 mn registered customers we have now. Overall store addition has been 796 new stores. Area under operation is 79.1 Mn. Sq. ft. So that's an expansion of almost 21 %. Our own fashion and lifestyle brands are now driving growth. Three brands have crossed ₹ 2,000 crore of annual sales.

On digital services, it's been about 12% to 13% across revenue and EBITDA. ARPU about ₹ 182 which is about 2% higher. We have now 482 mn subscribers which is 10% higher than what it was. And EBITDA margin at 50.2% is also up by 50 bps. And overall, when you look at it, we stand out in terms of the net subscriber add of 42.4 mn. Data traffic is up 31% YoY. And you know, we have now 108 mn subscribers transitioned to Jio True5G. So outside China, this is the largest 5G subscriber base. And we are now rolling out Jio AirFiber in 5,500 towns.

On O2C side, EBITDA at ₹ 62,393 crore is half a percent higher. The context being a weak margin environment globally. All of you know that 20-45 % fall in fuel cracks from elevated levels and it has been offset by lower SAED. Also, when we look at some of the downstream chemical deltas, they are all at multi-decade lows on the back of supply overhang. What we have been able to offset this weak margin environment by focusing on light fuel cracking, focusing on feedstock sourcing and optimization. And of course, it has been helped by the fact that the domestic demand and environment has been pretty strong. For example, on Polymer side we have seen a 14% increase in demand YoY basis.

Oil and gas, the story… ₹ 20,191 crore, this will be the highest EBITDA that we have recorded. This is up about 49%, this is on the back of KG D6 production which itself was up to 57%. To some extent that volume growth was offset by the fact that there has been a 5% decrease in price realization.

Bringing these numbers together, revenue at ₹ 10,00,000 crore, up 2.6%, revenue growth is muted because as you observed that oil prices declined by 13.5% on a YoY basis. And overall, when you see EBIDTA growth of 16%, you saw that other than O2C the other businesses had strong growth. PBT crossed ₹ 1,00,000 crore mark, up 11.4 %. Overall, net profit was up over 7.3%. Even though PBT was up 11.4% because, as you may recall in that last year, we did avail of tax credits that were available and now we are back to normal tax.

This is the bridge on EBIDTA contribution, really led by oil and gas on volumes, retail because of categories and margin expansion, Digital Services on the back of strong subscriber growth and operating leverage, and others really reflect contributions from other businesses, higher treasury income and the focus on cost which has helped us reduce some of the unallocable expenses.

Moving to the 4Q numbers standalone… EBITDA at ₹ 47,150 crore, up 14% and net profit of ₹ 21,243 crore which is really flat on a YoY basis. And as I was mentioning, revenue is up because we saw double digit growth in both O2C and consumer business. EBITDA, we have seen contribution from across businesses and particularly big growth in KG D6 related EBITDA. Overall net profit was muted only because of the fact that we have availed a lot of tax credits, particularly in the fourth quarter of last year.

However, when you see the QoQ, you can see there is a sharp increase and that is primarily coming because of O2C where post maintenance and inspection, we saw an increase in volumes.

Also, when you look at the individual net profits… you can see that JPL is, for the quarter, is ₹ 5,600 crore, RRVL is about ₹ 2,700 crore. So strong EBITDA growth, you know, we have a portfolio of dynamic businesses which are doing well.

This is just the bridge, and you can see that the biggest contribution here is on a YoY basis is coming from oil and gas and all the other businesses have also done well.

This is 4Q vs 3Q. So, sequential big jump as I was highlighting ₹ 2,713 crore coming on the back of the fact that all units are operational, post the M&I turnaround. We also saw sustained performance with marginal declines in volume there. And on the retail side, store rationalisation and seasonality affected this performance. Digital services, we had 11 mn customer addition in this quarter which contributed towards the earnings.

And on the balance sheet side, you can see that net debt is lowered down by ₹ 10,000 crore. It was ₹ 1,26,000 crore in March 2023 and now down to ₹ 1,16,000 crore. And you can also note that the capex for the year is ₹ 1,32,000 crore which is about, you know, last time it was ₹ 1,42,000 crore. So, there has been a ₹ 10,000 crore reduction in capex. As well as the fact that the capex for the year, you know, if we compare it to the cash profits of ₹ 1,42,000 crore. So, the capex is lower than the cash profit that we have.

And clearly, we have talked about keeping net debt to EBIDTA below 1x and at these levels it will be about 0.65. You know, going forward, this kind of balance sheet provides unparalleled financial flexibility. And, you know, we continue to keep track of these ratios.

With this, I'm giving it to Kiran.

Sh Kiran Thomas 00:10:36 – 00:21:14 **(Digital Services)**

Yeah. Thank you, Srikanth. So, let's start the update on the digital services piece with our True 5G network. As on date, more than 100 million, in fact 108 million subscribers have migrated to Jio's True 5G services.

And if you look at the total traffic that is now being carried, or being contributed, by these 5G subscribers on a 5G network, it is now approaching 30% of the mobility data traffic, cumulative mobility data traffic. Just keep in mind that it is just about a year and a half since we actually started rolling out our 5G network and these are staggering numbers for such a short period of time.

In terms of quality as well, Ookla who is always monitoring the quality of various mobility services, especially now 5G services in India, has rated Jio 5G the best network in terms of pretty much every metric: availability, latency, normal data consumption, video quality across the board. On pretty much every parameter that they monitor, Jio is now number one.

As a result, you see on the infographic on the right, India is one of the shining lights across the globe with near 100% coverage of the landmass of the country using the most advanced 5G services available globally, which is the standalone 5G. And it also means that Jio on its own today has the world's largest subscriber base outside of China. So, China obviously has a head start. They have been rolling out 5G for now nearly years. But in just about an hour and a half, we have reached the number two position and just behind China.

In terms of subscriber share as well. So, all of these factors, including obviously our 4G network, but now with 5G kicking in in full gear, we continue to gain subscriber share. If you look at just over the last year or so, if you take March 23 position versus what we have in just a month back, we have seen a nearly 3% increase in subscriber market share. And this is not just in any one part of the country or the other. It is across all circles. Whether it's a metro circle, whether it is category A, B or C circle across all circle categories, we have seen strengthening in our subscriber market share numbers and it's largely also driven by the fact that now we have one of the world's best 5G networks working at scale.

Of course, the Jio Bharat ecosystem on the other end is now bringing in what used to be 2G subscribers now onto our 4G network. So that's also increasing adoption and of course, there are a number of very interesting partnerships that we have been able to create with premium smartphones because 5G and premium smartphones kind of go hand in hand. Because the true power of a smartphone is showcased by our 5G network and the other way around. So, all of these engines firing would mean that we are strengthening our market leadership. And this is a story that will continue to unfold into the future as well.

Just a small infographic, I think if you can play that animation, this is just showing how our 5G network over the last, like I said, 18-odd months has really come alive. And the real picture to take from this infographic is the fact that it is not a regional phenomenon, it is not a big city phenomenon. If you look at pretty much across the landmass of India, you can see that now our 5G network is present and the growth in 5G adoption is largely now dictated only by the adoption of 5G smartphones. Otherwise, our network is now present across the country. We have seen growth in subscriber base, like I said, across all circle categories. So, this is just an infographic that gives you a visual feel for what that journey has been.

Now, turning to our other dimension of how our 5G network is helping bring broadband to India. This is on our fixed wireless strategy to go after homes and other fixed premises. We used to have what we call the JioFiber story, which has obviously been growing slowly but steadily over the past many years. But again, now with JioAirFiber coming in, we are in a position today to offer our fiber-like broadband through JioAirFiber to nearly 6,000 towns across the country.

And again, what is very heartening to see is that the AirFiber availability is really translating into a very, very healthy demand, not only in the big cities, but we are seeing that more adoption is actually coming from Tier II towns because that has been the area where the demand has been the greatest. But reaching optical fiber to those towns has been time consuming. But now with Jio AirFiber available in thousands of cities, that's really where we are seeing the strongest adoption.

And of course, just like with JioFiber, even JioAirFiber comes with a suite of digital content bundled with the tariff plan that subscribers sign up for. And all of that is really translating into very strong engagement as well. So, not just adoption, but usage in terms of almost a per capita monthly consumption of nearly 400 GB, which is like approaching half-a-terabyte per month kind of a usage on JioAirFiber. And this increased distribution and presence means that our home strategy will also see now an accelerating momentum into the future.

Coming to small businesses, which is also one of the other segments which has been hitherto underserved because they also are another category of fixed premises. So, like we speak about media bundling, when we are going to these small businesses, what we are actually talking about is a whole bundle which is relevant for businesses. So, if you look to the right, everything from connectivity through fiber and AirFiber inside their offices on premises. We are offering an end-to-end managed Wi-Fi service and in four key segments, which are very large segments in the country.

If you take for example, hotels or small manufacturers or schools and colleges and hospitals, these are four very specific categories that we have selected, where we are also taking very interesting software solutions to that market on our own and through partnerships. So, for example, if you take hotels, in addition to connectivity and Wi-Fi, we are offering an entire hotel management solution which also bundles in entertainment for the guests who are coming to those hotels.

If you look at manufacturing, we are taking in security and surveillance solutions because that's what's necessary to have governance for all of those activities that happen. If you take colleges, obviously, again, ubiquitous connectivity and school and college management solutions, and likewise with hospitals, we are giving them hospital information management solutions as well. Again, for the patients who are admitted in those hospitals, providing connectivity in room as well as also entertainment solutions for both patients as well as their guests. So, putting together some of the proven solutions but making it very relevant to these verticals is also seeing an increasing adoption, not just of connectivity, but also digital services, broadly speaking.

Talking about the numbers now, turning to revenue, the consolidated revenue for this year approaching now nearly Rs 1,10,000 crores, which is almost a 12% year-on-year growth. When you look at this financial year as compared to the previous financial year, the consolidated EBITDA is nearly Rs 55,000 crore. And that's also growing even faster at nearly 12.8 or nearly 13% year-on-year. Looking at the quarter for the fourth quarter, again, the consolidated revenues were at a higher run rate. If you look at on an annualized basis, revenues at Rs 28,871 crores and EBITDA at Rs 14,360 crores.

Today, the subscriber base stands at 481.8 million as on March 2024, and our ARPU across such a large base is now at Rs 181 or nearly Rs 182 per subscriber. The monthly traffic on Jio also now crossed 14 exabytes per month.

Total traffic for the quarter at 40 exabytes, up 35% year on year. And this is all being driven by like I mentioned the accelerating adoption of 5G, as well as the growing penetration of home broadband, both with JioFiber and JioAirFiber. And again, like I mentioned, JioAirFiber is translating into good demand, not just in the big cities, but also now going towards Tier II and beyond.

Looking at the data traffic, just giving you a growth ever since we came out of COVID really. If you see, while there was a very healthy uptick through COVID, because that was the only lifeline that people had, but even coming out of it, you can see a two-and-a-half times increase, that's 250% increase in annual traffic, if you just look at the past three years. And again, like I said, the 5G rollout and the home connects is contributing tremendously to that. And if you look at the per capita monthly data consumption, it is now nearly approaching a gigabyte of consumption per day.

Earlier, we used to talk about GBs per month. Now I think soon we'll have to talk about GBs per day. So, at 28.7 GB, very quickly approaching the 30 GB per month mark. And again, all of this is largely being driven by the fact that Jio's network continues to be not just a leader in India, but a global leader when it comes to all metrics, including availability, speed, and latency. All of this works extremely well to our growing story that we are unfolding for the country in terms of digital adoption.

With that, I will hand it over to my colleague Anshuman, who will talk about operating and financial matrix.

Sh Anshuman Thakur 00:21:15 – 00:25:04 **(Digital Services - Financials)**

Thank you, Kiran. Good evening, everyone. I'll quickly take you through the operating and the key financial matrices for both RJIL, the telecom business and JPL, which is digital services company for RJIL. Kiran spoke about the subscriber base being at 481.8 million.

That's a healthy addition of 10.9 million for this quarter at a time when most of the other operators are either losing subscribers or just about maintaining their current base. We have been continuing to add subscribers through this period because of the robust 5G network, the attraction of more users coming onto the 5G network, as well as the initiatives we've taken at the lower end of the market with JioBharat.

The ARPU was Rs. 181.7 for this quarter, given this quarter had a lesser day plus, I would like to point out here that at this point the 5G services are being offered on a promotional basis. We are trying to create the ecosystem for 5G services. We are not charging customers separately for the 5G data offering that we are giving them today, which pretty much means that 30% of the network data today or network usage is being given free of cost.

In that context, we've been able to maintain our fairly healthy ARPU and other financial numbers. The total data consumption went up to 40.9 billion GBs for the quarter. So that's, you know, if you look at the previous, the same time last year, that's 35% higher. And the per capita data consumption at 28.7 GB per user per month.

Voice also continues to grow healthily. We are at 1,008 minutes per user per month. Total voice on the network has crossed between close to 1,600 crore minutes per day. So, sustained improvement across all of the customer engagement matrices, which has always been a point of importance for us as we try and create this digital ecosystem.

The financials for the connectivity business, that is RJIL in Q4, it reported operating revenues of Rs 25,959 crores, which was a growth of 11% year on year. And the EBITDA went up to Rs 13,734 crores, which is growth by 11.5% year-on-year with some operating leverage. So, EBITDA margin at 53%. Once again, to just remind you that we are not charging for 5G services at this point in time. And despite that, we have been seeing fairly healthy growth in both revenues and EBITDA for the connectivity business.

Moving on to the full year numbers for RJIL, the operating revenues for the full year for RJIL standalone also went up to cross one lakh crore. So, at Rs 1,00,119 crores for fiscal year 23-24, that was a growth of little over 10% year-on-year. And the EBITDA came in at close to Rs 53,000 crores. Growth of 12.4% year-on-year. So almost a hundred basis points increase in margins through this period.

Moving on to Jio Platforms Limited. The operating revenue for the quarter for Jio Platforms Limited at a consolidated level came in at Rs 28,871 crores and EBITDA at Rs 14,360 crores and PAT at Rs 5,583 crores. Looking at the full year for JPL revenue, operating revenue of

Rs 1,09,558 crores and EBITDA close to Rs 55,000 crores. At an EBITDA margin of little over 50%. The profit after tax came in at Rs 21,423 crores.

So, across the board, fairly healthy growth rate, including in the digital segment of business for JPL, which saw substantial growth through this year. With this, I'll hand over to Dinesh to take you through the results for our retail business.

Sh Dinesh Taluja 00:25:05 – 00:41:28 **(Reliance Retail)**

Good evening, everyone.

In terms of key performance highlights for the retail business, it was a very important year for us. We crossed the milestone of Rs 3 lakh crores in revenues and Rs 23,000 crores in EBITDA for the full financial year. Our overall revenues grew 18% on a Y-o-Y basis and 11% on a Q-o-Q basis. Sorry, on a 18% for the year and 11% for the quarter on a Y-o-Y basis.

In terms of segmental growth, the growth for grocery for FY'24 was the highest at about 31%. Fashion lifestyle grew by about 23% and consumer electronics grew by about 18%.

Our EBITDA margins continue to expand. For the full year, the EBITDA from operations was at 8.1%, which is a 50-basis points Y-o-Y growth. For the quarter, it was 8.3%, which is a 60-basis point year-on-year growth. So, we are consistently seeing the benefits of operating leverage as the infrastructure that we have put on the ground over the last two to three years is reaping fruits.

Across channels also and across baskets the growth is strong. So, while the stores are growing, our digital and e-commerce initiatives also continue to scale up nicely. And they contributed about 18% of revenue during the FY24.

All our operating metrics have a strong upward trend. Our registered customer base grew upwards of 300 million. Both footfalls and transactions were over a billion for the financial year. We continue to expand our store footprint. During the year, we added 1,840 new stores with a gross area addition of 15.6 million. Just for reference, this is more than the total retail area for the next largest retailer in the country. For the quarter, we added 562 stores with a gross area of 7.8 million square feet. Our total retail area now stands out of close to 80 million square feet.

We completed an equity fundraise of Rs 17,800 crores last year. We had earlier announced fundraise from QIA, KKR, and ADIA and as part of the same round, Reliance Industries infused Rs 2,500 crores, taking the total equity capital raise to about Rs 17,814 crores.

In terms of overall revenue, if you look at it Rs 3,00,600 crores for the year, total EBITDA of Rs 23,000 crores and profit after tax of Rs 11,000 crores for the full year. So healthy growth in all the financial metrics.

Moving on to some of the key highlights across the various business segments, on Electronics, a consistent trend that we have been seeing and disclosing in the last few quarters is growth in average bill values as well as improving convergence. So, what we see is people are spending more on mobile phones, ACs etc. On consumer durables. So that is showing a healthy growth in average bill values, which is driving the growth for this business. We saw pretty strong sales in ACs, summers came in March and that trend continues. We had the Digital India sales event, which saw 15% Y-o-Y growth in sales.

Across categories, whether it is mobile phones, whether it is consumer durables, the growth is quite robust. resQ, which is a key differentiator, continues to expand its service network. We opened 24 new centres during the quarter. We have over 1,000 centres overall across the length and breadth of the country. And we serve 1.2 million customers with the resQ offering.

We have also launched out-of-warranty services and we're scaling that up pretty nicely. Our product business as well as our b2b, b2c business – JMD, continues to scale up well. We continue to add new merchants to the JMD business. We continue to expand the distribution footprint for our products, getting our products available, new and new counters, and keep adding new SKUs to expand our product offering. During the quarter, we also launched a new brand WYZR where we introduced a range of coolers, and we will be expanding it to other categories.

Fashion & Lifestyle – we had a few festivals during the quarter as well as the winter wear which drove sales and customer engagement, especially in the cooler parts of the country. Some of our new formats which we launched last year, specifically Yousta, Azorte and GAP, continue to do very well. We are seeing very strong customer reception for these formats. And we are scaling these work performers to sign up more stores across the country.

Our own brands in the fashion lifestyle business, the bulk of what we sell are our own brands, and they continue to drive growth. Three of our brands crossed the milestone of Rs 2,000 crore annual sales, which puts them amongst the largest fashion brands in the country.

We also continue to work on building a fast fashion supply chain ecosystem and increase the number of options that we launch because this helps us increase the freshness in our stores as well as reduces the inventory across the stores and some of the formats like Yousta, etc, which are the younger TG. They require a lot of new options to be launched every week. So that's something that we are working on scaling up pretty nicely.

On AJIO B2C, we continue to focus on improving the customer experience. We are looking at launching new product features. So, this quarter, we launched a product-rating feature, which we started with a pilot and then now it is available for all products across the platform. We are also working on storefront personalisation. So, if I open the AJIO app versus somebody else opening depending on preferences, past purchase behaviour, and what have they browsed in the past, the recommendations that come and what will be visible will be very different; so that does improve a lot of relevance and customer experience. Our focus is on exclusive brands and new brands on the platform. So, we continue to strengthen the portfolio. We grew the catalogue by 30% on our YOY basis.

The All Star sale, which is a March event, which we do every year, in fact, most of the fashion retailers had some event at that point in time. But we were able to demonstrate very strong traffic growth and a lot of customer additions during that period. We did outperform most of our peers.

Premium brands' business continues to do very well. That's a trend that we are seeing across consumption baskets where there is a customer focus towards premiumisation. So premium brands and premium products are doing better than their peers on the value side. In the premium, in our partner brands business, we had a 20% growth during the year. AJIO Luxe, which is a luxury part of the AJIO platform, is doing well, still, it is small compared to the overall size of the AJIO platform and continues to do well. We added 20-plus new brands. We have over 600 brands available on the platform, and we continue to increase the option count. So, options were up 44% on a YOY basis. Hamleys continues to grow its international presence. We entered the EU market and launched the first store in Italy.

Jewels – had pretty steady quarter, in spite of a steep rise in gold prices, which has impacted sales across the jewellery industry. The business model focus continues to focus on growing the diamond share, which was up 100 bps year-on-year, and as you are aware our diamond drives profit and margins and profitability, to a large extent, for the jewellery business.

Our focus in the business has been doing exclusive launches which are occasion-specific and with that theme during this quarter, we launched Makar Sankranti, Valentine's Day and Women's Day collections, which were received reasonably well by the market.

Grocery had another quarter of very steady performance. Smart and Smart Bazaars continue to drive the growth of the business. What we are seeing is average bill values are going up driven by premiumisation, which also drives better margins as well as the share of non-grocery is increasing that is driving the margins for this business.

Full Paisa Vasool sale, which is our flagship event, had a pretty strong growth of 21% Y-o-Y basis and what you see is, it is led by new categories, HPC, confectionery and snacks. Another interesting trend we are seeing is that as we are moving deeper and deeper, we are building the deepest regional network of stores in the country. There are regional nuances which are coming to play which offers us opportunity for growth. So, providing regional assortment combined with national assortment provides a very strong value proposition for the customer.

The sale during the run up period to Holi exceeded the run up period to Diwali. Now as you know, Diwali is the biggest consumption period in the country. But for the first time, we saw that the sale during the pre-Holi period was very strong in few markets, and that is driven by probably the regional insights we have on the assortment as well as the communication that we do regionally and that's where local influencers, digital marketing – we are able to communicate digitally to the right customer segment in a localised manner, helps a lot.

We are also focussing on growing new categories. So, for example international food, body mist, serums, these are some of the new categories which are growing very well. As consumer preferences are changing, we continue to refine our assortment, our merchandising strategy so that we catch the new trends and are able to attract customers to our stores with what they are looking for, which are new options as well in addition to what they are used to buying.

On our B2B Metro business, we continue to see good traction. The Metro Kirana Utsav, a key event which we executed during the quarter to drive onboarding of new kiranas as well as in addition to growing the Kirana business, we are also focusing on growing the HoReCa segment, which provides a very large opportunity that varies from you know small restaurants to large hotel chains. There is a wide opportunity which is there in the HoReCa segment as well which we are looking to tap.

On JioMart again, this is something that we've talked about in the last few quarters, our focus has been on improving the average order values, which were 30% on a year-on-year basis, as well as an increase in the number of units per order, which is up 37% on a Y-o-Y basis. While a lot of our selection is driven by 1P, given the wide breadth of categories that we are present in, whether it is electronics, whether it is grocery, whether it is fashion, but to fill the increased assortment and provide customers with a wide variety of choices, we are also bringing 3P onto the platform. Our seller base was up 94% on a Y-o-Y basis and the 3P selection available on our platform was up 32% on a Y-o-Y basis. So, we are able, to provide the choice to the consumers in addition to our entire on-store assortment which is available on JioMart platform.

We continue to look at events, like Holi Ready Sale, and Republic Day Sale to drive customer engagement and grow the business. These events act as good points to acquire new customers as well as get them to try new categories, to get them to buy more from us, we use a lot of basket builder initiatives, to drive growth in customer engagement as well as new categories during these events.

We also continued to enhance the functionalities of the platform to improve the shopping experience for the customers. So, 'Buy Again' is one widget which we launched during the quarter, we also have customer ratings for products so independent customer ratings, which is available on the platform and incentivise customers to provide genuine reviews.

The consumer brands business, which is one of our newer businesses last year, was the first full year of operations. The business continues to scale up nicely. We had a 3x Y-o-Y growth in in general trade channel in addition to selling through the network of our stores and our B2B network. You would have seen a lot of new brands and new products getting launched from a consumer brands business.

Two key brands that we launched last year were, Campa in the beverages space and Independence in the staples space. Both of them had very strong traction and got very strong customer acceptance. The products were liked by the customers and the price points are quite attractive. We are building the supply chain for these products so that we have a localised supply chain in different parts of the country and looking to scale up these businesses.

We launched several new products during the quarter. We launched an energy drink called Campa Runner. We launched Necto, which is an aerated beverage. We also launched brewed tea, which is a growing category and has substantial potential, and there are a lot of other substantial, other interesting products in the pipeline as well.

Acquisitions and partnerships continue to be a core part of our strategy for our consumer brands business. During the quarter, we completed the acquisition of IP rights and trade including trademarks and a recipe for Ravalgaon, as many of you may recollect at one point in time they had a very well-known confectionery brand, and they still do, we did some research and realised that these brands still have a very strong brand recall amongst consumers. So, we acquired these brands, as well as the recipes, and this will be a key part of our confectionery strategy.

We have also partnered with Elephant House of Sri Lanka. We will manufacture and sell their beverages under the Elephant House brand in India. It is a very popular brand in Sri Lanka, and have also given them reciprocal rights to sell Campa in Sri Lanka so that we are able to target markets beyond India as well.

So that is a quick update on the Retail business.

Sh Sanjay Roy 00:41:29 – 00:47:00 **(Hydrocarbons - Exploration & Production)**

Thank you, Dinesh.

Hemen, can we go to next slide please.

Very good evening to you all on the call.

So, we ended the year FY ‘24 on a high note. As you can see, we have registered an EDIBTA of over Rs 20,000 crores, which is 1 ½ times of the previous year, which is on the back of higher production from the fields. The fields have ramped up, performing as per expectations, producing around 30,000 standard cubic meters at the current juncture, and about 23,000 barrels of condensate.

Price realization was slightly lower during the course of the year, but that has been more than offset by the higher production.

Next slide please.

I will just recap what we've seen in the quarter gone by. So, having ramped up the fields over all in terms of production, the price realisation has more or less been flat.

One good aspect of this quarter gone by was that we had an incremental development plan approved by the government, which has the potential to deliver incremental production of 4 to 5 million standard cubic meters in the coming few years, which would augment the production that we have.

Also, in terms of CBM, we have successfully now contracted 0.9 cubic meters of gas a day and got a realization of 12.67%, + $0.78 cents for the next two years.

There were five successful bidders. So, overall, this was a good outcome, given the contracts that we have currently been seeing are just slightly over 12% of the Brent, really, a very good result for us.

So, when we look at the production, we can see clearly there's been a sharp increase in production since FY 21. And although, the overall domestic production, besides KG-D6 has been flat. KG-D6 production is almost 90% of the incremental domestic gas production.

Next slide please.

The outlook for the gas markets, we've seen two consecutive winters that have been mild. Consequently, EU storages is higher than previous years, in fact, almost - 59% versus the 42% that we've seen in the five years average.

However, we've seen that there has been some price support particularly at lower prices. We've seen the revival of demand from China, India and Southeast Asia. And we have also seen prices coming back from $8.0 per MMBtu to about $10.5.

In the near term, we feel there is a support for the gas demand on the basis of strong Brent pricing, which implies that alternate fuels are more expensive and also with support coming from Asia.

Also, there is potential uncertainty of Russian supplies going forward with the contract expiry expected in September ‘24. For the moment, we do not expect substantial capacity addition at least till the winter of 2024.

So, we expect the gas prices to be more stable going forward, supported by high demand and the current price.

So, in the Indian gas market scenario, we have clearly seen demand coming back in a big way, particularly in city gas distribution, Fertilisers, and Refinery sectors.

We've seen 12% growth year on year. We see that this should continue to sustain mainly on the basis that prices have been far more competitive as compared to alternate fuel prices which are driven by high brent price levels. Also, policy framework is much more positive.

Essentially, with the uniform price tariff will enable customers to get gas, as the transportation of gas will be far more economical.

Also, the recent initiative by the government to ensure that gas-based power is available as compared to more hydro generation during summer.

Further, with pipeline infrastructure projects currently underway, we expect the current 24,000 kilometres of pipeline in the country to be augmented by another 10,000 kilometres which will give good reach to the customers.

So, overall, there is a strong growth visibility for the Indian gas market.

This bodes well for E&P, and particularly for gas.

Thank You.

Sh V Srikanth 00:47:01 – 01:04:07 **(O2C Business, Summary and Closure)**

Thanks, Sanjay.

Moving to the O2C side – Full year FY24 EBITDA was marginally higher than what it was last year at Rs 62,400 crores. I talked about the margin environment remaining challenging, and you have seen that in fuel cracks which fell anywhere between 20% and 45%. Of course, they were from elevated levels to some extent offset by lower SAED.

On the petrochemical side, you know, the decline was also sharp, anywhere between 8% to 21% for polymers, and when you look at the (polyester) chain Delta, it's about 6%. Individual products were significantly lower.

We were able to offset that by focusing on light feed cracking economics, which has given that almost two-thirds of our cracking happens on light feed, which is an advantage for us, given where the prices of ethane eased versus naphtha.

Also, the focus on optimizing crude procurement. Also, we were helped by the fact that the demand environment was good as far as domestic is concerned. So, a lot of placements was done domestically. So even this context, you know, it's a good outcome to have, you know, maintain if not slightly grow the EBITDA for our O2C business.

Just for the quarter, you can see that Rs. 16,777 up 3% year-on-year, and up 19% on a quarter-on-quarter. Overall, as I mentioned, the margin environment has been weak. However, as I mentioned that the set of actions, be it on crude processing or light cracking advantage that we have and the fact that there was also a slightly marginal increase in volumes.

On the quarter-on-quarter side that was much sharper, sharply higher like 19% growth, because all the units were available post the planned maintenance and inspection activity in the last quarter. Also, we did see some rebound in gasoline cracks. Also, PE and PP deltas were also higher 6% and 7%, respectively.

The context about overall, the key takeaways here are that for the fourth quarter global oil demand up 1.6 million barrels per day. Look at the geography wise, led by China at about 0.8 million barrels per day, and then the other Asian countries. Product-wise if you see, led by really Jet up 0.7 million barrels per day and gasoil 0.26.

Overall, from a corporate point of view, polymer demand was stable, polyester marginally weaker. However, I will show you in the subsequent slides that when you look at it from a year-on-year point of view, the demand has been pretty robust.

Operating rates, lower refinery operating rates down by almost 260 basis points because of unplanned refinery outages and maintenance on the cracker side lower by 340 basis points because of new capacity additions mainly in Middle East, Asia and also the global demand trend has not been good.

This is the oil demand as far as India is concerned. And I'm just focusing on the lower part of the box, which is the year-on-year you can see that overall demand for oil at 4.6% strong growth and if you look at the components, you can see that ATF has been close to 12% growth, diesel about 4.5% growth, gasoline about 6.5% growth. So strong numbers that you're seeing. Almost mirrored, when you look at it from a quarter-on-quarter point of view. And, you know, gasoline, obviously led by the trends in personal mobility, diesel on the back of demand for agri as well as mining activities, industrial activities, growth and ATF on the back of passenger traffic, and you can see that passenger traffic at 39 million passengers is up about 4.5% year-on-year.

On the polymer side again looking at the lower part of the box. This is what I was referring to year-on-year growth in Polymer up 14% of which PE has been very strong 20% PP and PVC also have been about 9%. and we have seen this trend about demand for PE coming on the back of infrastructure pipes and also the packaging sector, be it FMCG and retail.

PP is up on the back of demand for consumer durables, automotive and household appliances. PVC up driven by agriculture and infrastructure and a lot of government projects and that's something that people have seen in the quarter-on-quarter basis. The aberration in PVC is really more to do with the fact that the same time in fourth quarter FY23 there were significantly higher imports because as EDC prices collapsed in the US and there was a lot of reports, but other than that, you can see that PE and PP grew by 6% and 7% respectively.

Polyester side again lower part of the box 4% growth led by PET, and you know, the beverage segment has been doing well. With increase in tourism, cricket world cup, you have seen that kind of growth. The PSF demand has been weak due to the weakness in the textile export market and same thing mirrored in the fourth quarter as well. You can see that PET demand up on the back of the summer that is coming, and yarn and fiber has been on the back of weak textile export demand.

Overall, when you see the quarter-on-quarter trends a bit mixed in as far as fourth quarter is concerned. PE/PP went up, PVC lower by 7%. Of course, the ethane prices falling 16% quarter-on-quarter did help improve the ethane versus naphtha cracking economics.

On a year-on-year basis, you can see that deltas fell anywhere between 8% and 21% and this is coming on the back of commissioning of new capacities. You know demand I talked about and so in a way market was very well supplied. Overall, the product prices also decreased significantly more within 10% to 19%, while naphtha prices decreased by only 11%. So that's the weakness you saw there.

Polyester chain on year-on-year basis has been lower by 6%. There was an improvement in PX deltas led by tight supplies. And of course, if you're an integrated producer, you continue to optimize production based on PX versus gasoline economics. That's what we did. And PTA margins were affected by the capacity expansion in China.

On quarter-on-quarter basis, probably stable, MEG deltas did improve because of higher freights and PX Deltas were lower because of firm feedstock prices there.

Moving to the transportation, cracks on gasoil demand as I mentioned, up 0.26 million barrels per day led by Asia Pacific, and to some extent offset by Europe. And both on quarter-on-quarter and year-on-year, you can see that the cracks are moderated from the heights, but, yet at $23, it does remain in the healthy category. The fall is really more to do with seasonal weakness in demand, supply from new refineries, as well as those coming from maintenance. Russian diesel exports continue to be resilient, which weighed on the cracks. And you can see from the inventory levels there has been a gasoline drawdown from the inventory.

Jet / Kero demand up by 0.7 million barrels per day more led by Asia Pacific. Quarter-on-quarter cracks moderated with Chinese exports. It's also seasonal demand being lower and year-on-year cracks came off from 26 to 21.2. And clearly you can see the increase of the inventory levels building from 101 to 170 on a year-on-year basis.

Gasoline cracks, you've seen about 0.2 million barrels per day across North America and Europe. Quarter-on-quarter you saw a sharp jump in cracks from 7.6 to 13.3. On the back of unplanned refinery outages, maintenance in the US and Asia, we also saw lower inventories and also lower exports from China. And then the part about the anticipation of the US driving season which drove our quarter-on-quarter cracks. Year-on-year you can see 15 in last year and 13.3 now so it's basically stable there.

Overall, this is the fuel cracks when you see full year picture all of them year-on-year you can see FY23 versus FY24, all of them coming off historic highs because FY23 was the year of significant dislocation in the energy markets.

As I was mentioning gas oil impacted by the resilience in Russian supplies and also higher supplies from new refineries. Gasoline declined again coming from new refineries and also there has been rising demand in China which supported to some extent the cracks otherwise it would have been significantly lower.

ATF has moderated in line with gasoil cracks and the fact that there is a continuing recovery in global oil travel has also kept the cracks well supported.

Yet the takeaway from this slide is the fact that production meant for sale went up from 16.4 to 17.2, as we came out of major M&I activity in the last quarter. The other points clearly you can see, focus has been on crude and ethane sourcing, focus on domestic fuel sales, optimization of gasoline versus PX, focus on gasoline in the US markets and really sustaining our gasifier operations so that we have very minimal dependence on LNG sourcing.

So, the broad dynamics here when you look at it the point being that oil demand still in 24 is expected to be 1.2 million barrels per day and it is coming after growth of 2.3 that we saw in 23.

The domestic demand continues to be strong for fuel and downstream chemicals, given the emphasis on infra, mobility being there, and you know, the whole consumer sentiment leading to buoyancy. The gasoline cracks, we think, is expected to be supported by strong seasonal demand, the fact that there is lower inventory.

Middle distillates likely to remain firm given the disruptions and refinery vulnerability in conflict zones. And downstream chemical margins are expected to recover gradually with a slowing pace of capacity addition.

Overall, when you think of it challenges from a volatility standpoint really is the whole OPEC+ members extending voluntary production cuts, geopolitical tensions in Middle East and the whole Russian - Ukraine aspect and its impact on oil prices. Any attack on energy infrastructure, like we saw, does result in loss of refining capacity. So, these kinds of things are, you know, challenges which also impart a lot of volatility. Geopolitics, you know, you are seeing it in higher voyage time, in bunker consumption increases, as well as the increase in freight rates. And the new refineries starting up in China, Middle East and West Africa, will pose a challenge in the sense that you can have incremental product supply, outpacing demand in major markets.

So, the point here is, there is a whole play of geopolitics, there is these incremental supplies, production cut, this can influence energy and commodity prices. But overall, you can see that transportation fuel, given the more product construct, it does look healthy from a product demand point of view and downstream chemical demand will post all the increases that we have seen in capacity in China and elsewhere. You know that pace is really slowing down. And, you know, we do hope that for a more gradual recovery and as far as petchem deltas are concerned.

Yeah, just to summarize. You are seeing the operating performance, very strong, very robust. On the back of strong execution, we have doubled our EBITDA in five-year period. Consumer EBITDA particularly is up 4x in the same period, and when you think about each of the businesses, in our minds there is strong visibility of continuing growth trajectory, as well as, overall, when you put the numbers together our earnings it does show very, very subdued volatility, when you look at the whole portfolio, take the portfolio as a whole on the energy business for us, the next phase will be led more by India-centric capacity expansion, the final change we have talked about, customer-centricity the whole focus there and circularity, our focus on green energy investment involves integrated managing ecosystem and the ability to deliver round-the-clock (RTC) power.

With lower cost as well as least amount of volatility and as far as energy costs are concerned. KGD6, coming in at the right time providing valuable transition fuel for the economy. On the Retail and Jio side, we have a clear-cut strategy as some aspects that Kiran talked about. The strategies for individuals, for homes, for enterprises and digital platform.

Retail the whole focus is on expanding the omni-channel offering, the focus on logistics, product development and premiumization.

And as Anshuman highlighted today's capacity, 5g traffic is almost 30%. And if you think about it from a broader monetization point, you can see a larger runway for growth there.

Overall, here we have companies to have a very robust balance sheet. You saw the capex intensity being lower, you're seeing that the Capex spend is lower than you know the cash profits that we are making and the heavy the capex in as far as Jio is concerned a lot of that got completed in the last financial year. So, overall direction looks good. Balance sheet looks strong, businesses delivering strong results and Outlook also remains pretty, pretty robust.

Thank you so much.