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Media & Analyst Call Transcript

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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 Barman Roy, President – E&P, Reliance Industries Limited

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- **Sh B. Srinivasan** 00:00:03 – 00:00:36 (**Introduction**)
- **Sh V. Srikanth** 00:00:36 – 00:08:56 (**Consolidated Financials**)
- **Sh Kiran Thomas** 00:08:57 – 00:26:01 (**Digital Services**)
- **Sh Anshuman Thakur** 00:26:02 – 00:30:27 (**Digital Services - Financials**)
- **Sh Dinesh Taluja** 00:30:28 – 00:43:17 (**Reliance Retail**)
- **Sh Sanjay Barman Roy** 00:43:18 – 00:47:09 (**Hydrocarbons - Exploration & Production**)
- **Sh V. Srikanth** 00:47:10 – 00:59:37 (**O2C Business, Summary and Closure**)

Transcript:

Sh B. Srinivasan 00:00:03 – 00:00:36 **(Introduction)**

Good evening and welcome to the second quarter of financial year 2025. This is the presentation of our company Reliance Industries Limited.

First, Mr. Srikanth Venkatachari our group CFO will walk you through the consolidated performance of the company. He will be followed by Kiran and Anshuman walking you through the digital services business. Then Dinesh will talk about the retail business, and Sanjay Roy about the E&P business, and Srikanth will come back to the O2C and the summary section.

Over to you, Srikanth.

Sh V. Srikanth 00:00:36 – 00:08:56 **(Consolidated Financials)**

Thanks Srin. Good evening, friends. The performance for consolidated numbers and highlights. So, revenues at Rs. 2,58,027 crores up about 0.8% and EBITDA Rs. 43,934 crores lower by 2% and PAT at Rs.19,323 crores also down about 2.8%. So, when you look at the numbers for us, there has been robust growth in digital services and upstream, offset by weak O2C and we'll talk about the specific numbers there.

On retail, it has been steady quarter with the focus on enhancing customer proposition and strengthening capabilities. On digital side, benefiting from improved ARPU as well as very good momentum in FTTH. O2C has been impacted by unfavourable demand, supply fundamentals, and as you will see, subsequently, with the cracks being significantly lower; and oil and gas benefiting from sustained volume growth. Also, last time in second quarter, FY24, there was cost related to Tapti field decommissioning.

On the highlights, so, revenues down about 1.1% for retail, EBITDA about 0.3% higher, and PAT about 5.2% higher. So here, revenue growth impacted by fashion and lifestyle, which is really in line with industry trends. In our case, the growth rate was also impacted by the focus on streamlining of operations, as well as having a more calibrated approach to B2B, which were done with an objective of enhancing margins. And as you can see, we are starting to see some benefit coming through. And as you recall, this was initiated in the last quarter, we talked about that, and we are seeing some of that coming through in terms of, if you see the EBITDA margin from operations at 8.5%, which is up 40 basis points.

We are also scaling up digital commerce in two ways. One, is, of course, scaling up hyperlocal deliveries through our extensive pan India store network. So that's really what we are doing. Also, we are strengthening our portfolio in AJIO through new brand launches - ASOS, H&M, Timberland. Also, we are scaling up our 'Yousta' format, and we have now scaled it up to 50 stores, and you will see more rapid growth in this format. Our focus on strengthening of tech platforms, infrastructure, the streamlining of operations, as well as having a calibrated approach in B2B, is expected to work its way in the next couple of quarters. Post that we expect to revert to our industry leading growth momentum, as can be seen even in this quarter, because if you see the operational parameters, footfalls are up 14.2%, customer base is up 16.4%, area and square feet at 79.4 million is up at 11%, number of transactions are higher. So, we do expect this to work its way out in the next two quarters and then come back to the kind of growth rates that I talked about.

On the digital services side, revenue and EBITDA up 18% and benefiting from broader scaling up of digital services and also partial impact of the tariff hike and we continue to add to customers overall slide churn that we saw in this quarter, but nothing unusual, in fact, lower than what we have seen in the past, when there has been a tariff hike. Data traffic continues to be strong up 24% YoY, about 148 million subscribers have now migrated to Jio True5G and what is also feel good about is the fact that the strong connect is a good, this quarter has been strong for home connects with our fixed wireless operator, which they are adding about 2.8 million JioAirfiber connections so that's been a good rate.

On O2C side, revenues are down 5.1% but EBITDA down 23.7% and the context of big corrections that we saw in fuel cracks, both ATF, gasoline, gas oil, all of them down about 50% YoY. Also, downstream petrochemicals have fallen anywhere between 9% and 24%. 24% was actually PVC. Demand has been a bit softer with polymer and polyester down between 5% and 7%. We focused a lot on what we could control, which is essentially, you know, leveraging our operational flexibility, and the fact that ethane prices declined by 47% meant that our ethane crack economics was strong. We also focused a lot on placing our products through the domestic fuel retailing market, and that was 28% higher, and continuing focus on optimizing ease and cost. So, for us, the strength of the operating model was very much at play in terms of trying to negate the impact of such a sharp fall in cracks.

On the oil and gas side, we have seen production increases both in KGD6 up 1.5% on a YoY basis, as well as CBM, which was up about 24%. And of course, it was impacted by the price in KGD6, which was down about 7% and as I was mentioning in the same time last year we had the cost related to decommissioning of Tapti field. So, when you put that in context, then we seeing growth in EBITDA of 11% for with an EBITDA of Rs.5,290 crores.

And all the numbers together, revenues are Rs.2,58,027 crores up 0.8% on a YoY. I talked about EBITDA Rs.43,934 crores being -2% and PAT at Rs.19,323 crores down about 2.8%. As, I said, overall upstream and digital supported. The growth was impacted by O2C and YoY PAT was impacted by slightly higher interest and depreciation charges. Overall, standalone RIL had a PAT of Rs.7,713 crores.

So, again the operating model that we have and the execution and the teams that we have, helped deliver a resilience performance because when you see the O2C numbers in terms of how sharp the fall has been in cracks the performance should be seen in that context. This is just a bridge, and you can go through it, but this YoY and you can see the sharp fall in O2C EBITDA compensated by on the digital side as well as oil and gas offsetting that. Retail has been flat.

So, when you look at sequential quarter again digital services, I talked about benefiting partially because of the tariff hike, and oil and gas continues to add to that profitability and O2C impacting the other portion. On the balance sheet side overall, September to March almost flat net debt and CAPEX at Rs.34,000 crores, continues to be covered by cash profits, and most of the capex now is in O2C and new energy, with significant decline in Jio capex on a YoY basis. With this, I'm going to hand it over to Anshuman and Kiran to take us through on the digital side.

Sh Kiran Thomas 00:08:57 – 00:26:01 **(Digital Services)**

Thank you, Srikanth.

So, on the digital services side, let me start with our 5G services. As you know, we call the Jio's 5G offerings Jio True 5G because we believe that there's a combination of spectrum assets and advanced technical features, especially things like carrier aggregation and, of course, the standalone architecture, which is quite unique, not just in India, but globally.

And we want to, today, start by talking about a few of the additional technology innovations that we have been able to incorporate into our True 5G network. And this is over and beyond, obviously, the India scale deployment and the fact that we are rapidly now growing the installed base of customers who are using our 5G services.

So, on the technology front, here are a few of the things which we have been able to incorporate into our network.

The introduction of what we call True 5G voice calling, which is called Voice Over New Radio or VoNR. We are, not only in our network, but we are also working with most of the premium handset OEM's to ensure that their devices are by default, choosing VoNR to be the primary mechanism of voice calling whenever the users are connected to our 5G network. So, this means that most people would, out of the box, get a voice on 5G experience, which translates into even more superior voice quality, even faster call setup time, and of course, 5G comes with even more advanced security features, so all of the communications will be even more secure than what has traditionally been possible.

Another technology innovation that we have brought in is what we call advanced interference mitigation. Since we have so many different spectrum bands operational between 4G, 5G, and even within 5G, multiple bands, and especially in dense situations, interference is always a problem.

Typically, the way you manage interference is by making sure one or the other radio backs-off so that their signal doesn't interfere with the other radio. But that has traditionally been at the expense of certain loss in capacity. But what we've been able to do with advanced time division duplex interference mitigation is that even without the loss of capacity, now we are able to better manage interference. That means 5G customers will have a much, much superior experience where traditional things like interference won't impact their throughput.

Because we are a standalone architecture, now coming to the network slicing aspect, because we are a standalone architecture, we are able to very intelligently create lanes in our network so that each type of traffic we can adequately provision and manage without any impact on the other type of traffic which is flowing through the network.

So, one example of that is AirFiber, which is our home broadband service for which we are again using our 5G network. So AirFiber and mobility have different requirements, and we want to make sure that those two lanes don't intersect so that the spike in traffic in one of those lanes does not create congestion or degradation in the services in the other lane. So that's one example of these two lanes running.

Again, for secure voice and mission critical services, where we may work with people in the safety and health and so on. Again, those are mission critical lanes for which absolutely none of the other commercial services ought to interfere. So again, we are creating those additional two lanes, and for certain very, very advanced capabilities and low latency capabilities like gaming or real time collaboration, again, the priority of the packets going through those need to be different. So again, we are creating additional lanes for that.

So, these are the six virtual lanes with different types of philosophies that we are creating, all on the same 5G network, but we can manage them quite efficiently and differently without any one of them impacting the performance of the other.

The fourth thing we want to talk about is what we call layer management. Now, layer is a technical term for each spectrum that we have, but now with improved carrier aggregation. Carrier aggregation is where you take all of these different spectrums and make it look like one consolidated unified network. But with layer management, we are able to work with some of the advanced capabilities available now in handsets to be able to appropriately give the right kind of spectrum for the right use case, so that the carrier aggregation is again very, very efficient and optimal.

Again, the smart spectrum management also means that, by allocating the most efficient and energy efficient spectrum for communicating with the UE, one of the indirect benefits, in addition to the performance itself, one of the indirect benefits is also that we are able to reduce the power consumption of the handset, which means that now from the same handset, but working on our network, you are able to get about 20% to 40% extended battery life because of the better energy efficiency that some of these techniques even enable on the handset.

One of the other aspects of our 5G network is because there are advanced algorithms like the angle of arrival, that we are calculating in our network. That's part of the 5G kind of capability set, which means that now there is better triangulation of devices on our network, and we can get near GPS like accuracy up to 10 meters if you are connected on 5G, which means even if you don't have visibility to the satellite, and some of those situations we are able to geo locate, which means for anything, which is things like navigation or anything which is hyperlocal use-cases, they can now start relying on the network to give them very accurate location as compared to what has traditionally been delivered using the GPS services. And of course, the GPS is also a very energy intensive operation. So, most people, or intelligently, the handset is connecting only as needed, whereas with the network-based service, you are all the time having accurate location information in a very energy efficient way.

Also, we are bringing in advanced programmability to our network. There are a lot more moving pieces in our 5G network. Things like radio beams, traffic steering, and again, very smart algorithms to manage energy efficiency, only spending energy where needed without impacting capacity. All of these are programmable. That means it is not a one-time static configuration. But as situations evolve, we are able to sense what is happening in our network and then adapt each of these elements appropriately to unlock even more capacity and bring better energy efficiency in our network. And all of this obviously also means that there is much better customer experience.

And because of the programmable nature of our network, we are able to sense a lot of these parameters. And in many cases, even if there is a problem in our network, we are able to do automated root cause analysis and root cause fix very, very quickly to mitigate many of these issues.

Now, moving on to acquisition. Again, on the customer experience front, 5G has created, I would say, an acceleration in adoption and preference for Jio's network. And to help with the overall experience of getting onto the Jio service, we have launched a service called Jio iActivate, which is a complete self-service capability that people can have in the comfort of their living room. A simple experience where effectively you can, from our flagship customer engagement app, which is called MyJio, you can start an Aadhaar based identity verification on a self-service basis. And if you have an eSIM, automatically the service can be provisioned on the phone, even without any help from anybody else. But if you don't have eSIM, then we have also arranged for an efficient delivery of the SIM to your doorstep very quickly. And then effectively using a simple video and photo experience, we are able to authenticate the user. And then of course the user can select whatever plan that they desire and make appropriate payments. All of this is an entirely digitally enabled journey with only one step, which is basically the physical delivery of the SIM where required. And that's even eliminated with an eSIM where possible. So effectively a very seamless experience for somebody to get onboarded. And we are one of the first people to enable this to happen through the Jio iActivate service.

Coming to our home broadband. I spoke about how 5G is powering our home broadband service and it has really accelerated our acquisition rate when it comes to acquiring homes. So, you can see on the chart here, in the December of 2023, we were doing 0.6 million a quarter, the quarter of points. We were doing 0.6 million acquisitions in that quarter. But now, if you look at this quarter ending September, we have tripled the growth in terms of the homes that we are able to add, mainly using Jio AirFiber. And we are on track. We are already with this rate of acquisition where we have now grown to nearly 3 million Jio AirFiber connections in a very short while, we are already one of the fastest growing fixed wireless operators globally and this is not where we want to stop. We see that there is still much more optimisation and scale-up that we are able to do. And our target now, the next target that we have is to add nearly 1 million homes every given month. So that is the pace at which we are able to grow our home broadband service thanks to Jio AirFiber.

When it comes to the in home experience itself, now we have a great product called Jio TV+, which was a unified experience to discover all of the OTT services which are available, especially on the Jio Set Top Box, so that from a single interface, users can discover and

consume all their favourite shows and movies and so on, without having to search and jump across multiple apps and so on. So, this particular service, which was till now on the Jio Set Top Box and a very well-loved offering, we have now also enabled that to be available on other smart TV platforms. So, what that means is that if you are a JioFiber or Jio AirFiber customer, then the same Jio TV+ application which is available on the Set Top Box is now also available for additional televisions that you may have in your home without requiring an additional Set Top Box or an additional connection. So, it just becomes an additional app that you can download on your smart TV without having to take additional efforts to enable that to happen. So, what that means is, by just getting one connection, you are able to enjoy the Jio TV+ experience and all the OTT content that you are able to enjoy not just in the primary TV, which is connected to the Jio Set Top Box, but also across additional TVs in the home.

Coming to the enterprise business again, Jio is continuing to gain market share and in addition to connectivity, which of course is a very quick adoption that we are seeing across the enterprise landscape. But we are also now able to position and upsell many of our other digital services offerings to the same enterprises. So, for example, we are launching a voice based, SIP based service to enterprises. Or now we are also introducing what is called manage WiFi, so that the entire WiFi experience within the enterprise can also be taken as a managed service without expending resources or even investing in assets to make that happen in every office. So, this is a great service. Pay as you go for the enterprise. Again, it's a service that we are bringing on top of connectivity to all of the enterprises. And again, when it comes to multi-location connectivity, I think Jio just shines because the breadth of offerings that Jio is able to provide to an enterprise who, especially those who have multiple locations to connect across India, we are becoming by far the technology partner of choice. And of course, on many of our digital services, like connectivity platform as a service, CPaaS or the IoT, the enterprise IoT systems and managed WiFi, we are able to add pretty much the leading enterprises, what we call marquee logos over the past quarter.

When it comes to SMB, again, the fact that for a small business, we are able to provide the fastest broadband experience, even up to 1 GB/sec through AirFiber, means that most, a lot of the SMB's are now upgrading to these high-speed links, which is great because that's something that only we see Jio being able to provide in the market. So that engagement is very strong there. And more than 50% of the SMB's are choosing to opt for those high bandwidth options. And again, that is an exciting dimension for us to deepen our engagement into the SMB segment, which then will be followed by additional digital services that we can upsell and cross sell to the same set of customers.

Now, beyond connectivity, I think very recently we also announced a couple of offerings which are very exciting to us because it marries what is traditionally considered to be an

infrastructure play with the next advancement, which we see for the country, which is in the area of artificial intelligence, AI. So, the first of those offerings is what we call JioAICloud, which is starting by making sure that all Indians, starting with, obviously those who are on the Jio network, but certainly extending even beyond that, are able to get a completely new tier or new capacity when it comes to being able to store their content on the cloud. As you know, in most cases in India, you only get tens of gigabytes of storage from many of the other providers without having to pay for it. We are raising the bar by really bringing up that limit all the way up to 100 GB plus and effectively enabling everybody to backup a lot of their content into that cloud storage. But beyond cloud storage, what we are trying to do is really add AI algorithms on top of it, so that every artifact that you store in the cloud becomes a smart artifact, whether it's a photo, whether it's a bill, whether it's a document, there are a whole number of AI use cases that one can layer on top of it. And this is only possible if it is hosted in the cloud, married to advanced AI technologies working all the time. So, this is our vision for the future, where customer data and customer AI services, I think we can bring a completely new set of experiences to the Indian market. So, watch out for further announcements. We are looking to launch a beta very quickly, and then commercial services thereafter.

And finally, all of this is being enabled by a platform that we have created internally called Jio Brain. And Jio Brain is an AI development platform. So, if you see the inner periphery of this diagram, you can see that all the features which are required by a data scientist to do feature engineering, training, build certain advanced algorithms, including bringing the latest, which is large language models, LLMs, into an AI solution. They're all available for a user to use, so that their productivity is extremely high.

And then we can deliver a series of services, everything from whether it is intelligent services like I mentioned, in the context of the cloud, or enabling zero touch operations in an enterprise, or bringing in very, very actionable insights to enable, to drive decisions and actions in a company, and of course, a whole slew of additional AI driven services, all of this really can be done in an accelerated way. And what we are doing is obviously applying this to a lot of our own operating companies, everything from manufacturing to telecom, retail, finance and much, much more. So really proving this platform and beyond, the services that we will be able to offer to the market through our operating companies, we are also looking to then offer this platform itself as a service to a lot of the enterprises in India, so that they can build their own AI solutions as appropriate for their business. So, it's a really exciting time and we believe that there will be much more for us to talk about around AI in the coming days.

With that, let me hand it over to my colleague Anshuman, who can talk about the operating and financial performance.

Sh Anshuman Thakur 00:26:02 – 00:30:27 (Digital Services - Financials)

Thank you, Kiran. Good evening, everyone.

Let me take you through the operation and financial highlights summary for the quarter. JPL's consolidated revenue came in at Rs. 31,709 crores. That's an 18% year-on-year increase and EBITDA also grew close to 18% to Rs. 15,931 crores. This has been a combination of both, the new homes and new services that we are rolling out, as well as the impact of the tariff increase, part of which flew through in our numbers through this quarter, as Srikanth mentioned earlier.

The subscriber base came in at 478.8 million. There was some bit of SIM consolidation that we observed, though much lesser this time than what we'd observed the last time tariffs had been raised, and we expect this to taper down as well. The ARPU for the quarter came in at Rs. 195.1. Again, the partial pass-through of the tariff increase impacts, causing part of this ARPU increase.

We continue to build our market leadership with our pan India 5G services. 148 million mobility subscribers have already transitioned to 5G, and which now contributes 34% of our wireless data traffic. We are quite happy with the uptake of this service and the nature of delivery itself and we expect to keep improving on this. The total data traffic which went up to 45 Exabytes during the quarter, we expect this to keep growing.

On the home side, as Kiran mentioned, we continue to make good progress. Fastest growing fixed wireless operator globally with our Jio Air Fiber offering, we reached 2.8 million subscribers. That's almost doubling of the subscriber base with our Air Fiber in this last quarter and the run rate has ramped up significantly.

Moving to the customer engagement, which has been growing steadily and now in the last few quarters fairly rapidly as well. The total data consumption on the network has doubled in the last three years. We are now at 4.5 exabytes for the quarter. The ARPU has been growing steadily. Of course, there is an impact of tariff increase but in addition, the customers upgrading, subscribers moving to higher plans as their consumption improves and then some of the additional services that we have been able to sell to customers also contributing to the increase in the ARPU.

This strong uptake of 5G and home broadband is also important and causing an increase in the overall data traffic on the network, 24% year on year. The ARPU growth of 7.4% year on

year as part of the tariff increase impact has flown through the numbers. On the key operating matrices for RJIL, our connectivity business, we ended the quarter at 478.8 million subscribers. As I mentioned, there was some bit of SIM consolidation and delays in recharges that we saw. So, there was a 10.9 million reduction in the subscriber base but that was more than compensated by the strong increase in ARPU itself going up to Rs. 195.1 for the quarter. Both data consumption and voice consumption of the networks showed very healthy growth. Data consumption is now at 31 GB per user per month. Voice consumption continues to be steady at around 977 minutes.

Moving to the RJIL financials, as you can see, quite a large increase in this quarter after some steady growth consistently over the previous few quarters. The RJIL operating revenue grew 14.5% year on year and the EBITDA increased to Rs. 15,225 crores at an EBITDA margin of 53.7%. And that's also been steadily increasing.

Moving on to the JPL, the Jio Platforms Ltd consolidated financials, Operating Revenue for the quarter came in at Rs. 31,709 crores and the EBITDA at Rs. 15,931 crores. The consolidated EBITDA margin is also slightly above 50%. The Profit After Tax increased to Rs. 6,536 crores. That was a healthy 23% year-on-year increase in Profit After Tax. So overall, a fairly steady performance, strong growth during the quarter because of a combination of the success that we've seen on the homes as well as the impact of the tariff increase and more and more data uptake that we're seeing from the customers.

With that, I'm going to hand over to Dinesh to take you through the Reliance Retail results for the quarter.

Sh Dinesh Taluja 00:30:28 – 00:43:17 (Reliance Retail)

Thanks, Anshuman. Hi, good evening, everyone.

On the retail business. We closed the quarter with revenue of Rs. 76,302 crores. There was some impact of on the revenues from the weak market demand, and especially in their fashion lifestyle segment and the streamlining of operations, which we continue to do, we've also kind of done some recalibration on our B2B business. And all these actions are towards further improving margins.

Also, we had the entire short period during this quarter, so then demand for other than grocery, electronics and fashion does go down during that period. Good thing is we are seeing some very strong, very strong growth in the first two weeks of October, as the festival season

has started kicking in. And we expect this momentum to continue going on to Diwali and beyond. So, the outlook is quite optimistic for this quarter in that respect.

The reported EBITDA came in at Rs. 5850 crores. EBITDA margin was up at 30 basis points to 8.8%. So, the actions that we have taken has had a substantial impact on improving our overall margins. All our operational metrics, whether it's registered customers, number of footfalls in our stores, number of transactions, all show healthy double-digit upticks. The contribution of digital and new commerce businesses was at 17% of our total revenues.

We opened 464 stores during the new stores during the quarter, with gross addition of 1.9 million square feet of retail area, the total store count at the end of the quarter is 18,946 with the total operational area of close to 80 million square feet. We have continued our investments in technology to improve the customer experience, to improve our infrastructure, whether on the supply chain side or on the distribution side. So those investments, those investments continue, in order to have a healthy, strong platform for future growth

During the quarter, we entered into a partnership with Delta Galil to have the back-end supply chain manufacturing for our lingerie business. This is a joint venture with them. We also launched ASOS in India during this quarter.

So, as I spoke about gross revenue was up 1% on a quarter-on-quarter basis, there was a 1% decline on Y-o-Y basis. From an EBITDA margin perspective, 40 basis points growth in EBITDA margin from operations and total EBITDA margin increased by 30 basis points due to a marginal decline in investment income, profit after tax was up 5% on a Y-o-Y basis and 20% on a q-o-q basis at Rs. 2935 crores.

Moving on to some of the key highlights across each of our businesses, digital stores, continued the momentum on improving bill values and positive LFLS. We also crossed the threshold of 650 stores, which makes us the largest retailer in this category. Some of the key events, like Digital India campaign saw 60% Y-o-Y growth. Independence Day sales saw an 11% Y-o-Y growth. We continued to launch new product categories across with several regional festivals and across categories, we saw good growth momentum.

ResQ, which is our service business, the service volume was up 28% on a Y-o-Y basis. We have scaled the on-demand services to 150 cities now, at the end of last quarter it was about 45 cities, and we'll continue to add more cities in the coming months.

Our own brand business, we continue to add new categories, as well as expand the merchant base, which was up 2x on a Y-o-Y basis, if you look at the industry volume shares are some

of our brands are showing healthy uptake in terms of the volume share, TVs, which is a largest category has a pretty healthy high single digit volume share in the industry.

Our B2B business, JioMart digital continues to grow, grow both in terms of number of merchant partners that we have on the platform, as well as increase the wallet share as the merchants are getting more comfortable and they see the value proposition which is driving the wallet share gains with these partners.

On the apparel and footwear business, while the market was weak, we continue our focus on ensuring that we have freshness in our stores, and we have better engagement with our customers. Our products are more in line trendy, trendy with what's the latest fashion in the market. We had several regional events during the quarter, which we leverage to drive footfalls into the stores and drive sales.

Our newest form of format, Yousta, which is our younger fast fashion format, crossed a milestone of 50 stores. We are seeing very, very strong momentum in this business, especially this format, which continues to do very well targeting the younger generation. So, while the overall macro context remained weak and we had degrowth in the business on the apparel, apparel and footwear side, but the fundamentals remain strong. We are investing in technology to improve our design to shelf cycle, we are improving our design capabilities so that these will help us continue our market leadership over a longer time frame.

On Ajio b2c, we continue to grow the business with steady growth in average bill values, as well as addition of new customers. We've been adding about upto 1.8 to 2 million transacting customers every quarter in this business. So, the unit economics with the bill, with the average bill values increasing and share of exclusive brands increasing, is in the right direction. We continue to expand our catalogue, and we cross the milestone of 2 million options live on the platform. We launched several new brands, like Asos, H&M and Timberland during the quarter, and share of external brands continues to grow.

On the premium brands business. We launched the first Armani/Caffè in India. Overall, with Pret and Armani and some of the other brands, we are expanding our F&B portfolio. Hamleys continues its international presence. We are also kind of expanding the offering. We launched the first indoor playground in Dubai.

Ajio Lux, which is our premium and luxury brands online platform, part of Ajio, we continue to add new brands. It has amongst the largest portfolio of premium and luxury brands on any platform. The options were up 28% on a Y-o-Y basis, we launched several new brands during the quarter, including Tissot and Versace.

Jewels business in the context of the growing higher gold prices, the business has grown steadily. Both Average Bill values and revenues have shown strong growth, while the volumes have not declined, in spite of the gold prices increasing substantially, so, the business has seen a good, strong growth trajectory. We continue to launch new collections to have targeted offerings which are targeted towards specific occasions, which help us differentiate ourselves in the market. We leverage several regional festivals like Haryali teej in north, Varalakshmi in South, in order to have differentiation, product differentiation, and drive customer engagement.

Grocery big box formats continue to continue to deliver steady growth on us on the offline, offline store formats. Our flagship “Paisa Vasool sale”, which is a property that we have developed over the last several years. Again, this year, we touched a new high. We registered the highest ever single day sales on Independence Day, the growth was quite broad based across categories. So, there's no single category which is driving growth, but share the multiple categories, including confectioneries and snacks, fruits, the share of apparel and general merchandise is also increasing, which is helping improve the margins.

We are expanding our premium formats, FreshPik and Fresh signature, into newer markets, even beyond the top 10 cities we are seeing we are seeing strong traction in our premium formats, which shows that people have purchasing power, and the more and more customers are looking to spend and purchase premium products.

Metro, our B2B business under the Metro brand, continues to expand its base of trader and HoReCa segments. We are offering an omni channel proposition to our customers, which expands the range that they buy from us, increases the wallet share and as well as better margins, we had several campaigns like Freedom sales, Mehengai se Azadi, Metro Aayein, Tyohaar manayein, multiple of these initiatives to get people to come to our stores, which show the growth for this business.

JioMart, we are quickly scaling up hyper local deliveries through our extensive network of stores span on a pan India basis, which helps us deliver pretty quickly. And we already have existing infrastructure, which is there, through which we are able to deliver pretty quickly, a wide assortment without any without any incremental fixed cost, which gives us a big advantage over our peers. We're also driving the share of non-grocery categories. The average order value for non-grocery categories was of up 2x led by electronics. While all our categories are present on the platform, to fill any gaps and provide consumers the widest choice, we continue to add external sellers onto the platform as well. The option count was up 13% on a Y-o-Y basis.

Milk basket, which is a premium subscription service continues to deliver steady growth as we expand and go deeper in the geographies that we are in, and drive higher AOVs, higher share of FMCG categories in our orders. So that's something that that's working well for us.

Consumer brands business continues to scale up very nicely. We are expanding our distribution network. The general trade revenues are growing at 250% plus on Y-o-Y basis. We continue to launch new products. Several new products will launch under brands like Campa, Independence, Malipaan, Ravalgaon. Campa and Independence specifically, are scaling up pretty nicely and growing from strength to strength. We are also undertaking several marketing initiatives to promote these brands, and we leverage some of the festive periods to drive, drive demand for these products.

Overall, all in all the long-term fundamentals are good, as you know, all our operational metrics are showing and with the festival season now starting, the growth is really picking up nicely. So, we remain quite optimistic about the next couple of quarters. Now, I will hand over to my colleague Sanjay to cover Oil & Gas business.

Sh Sanjay Barman Roy 00:43:18 – 00:47:09 **(Hydrocarbons - Exploration & Production)**

Good evening, everyone. Just as a recap of the quarter gone by, we recorded the highest EBITDA in a quarter at Rs. 5,290 crores with a healthy 85% EBITDA margin up 70 basis points quarter on quarter, and almost 1,300 basis points year-on-year, mainly driven by steady production from KGD6. We continue to produce about 28.5 million standard cubic meters (SCM), and an upside in production from CBM that we've seen – the multilateral wells that are currently being drilled and connected are giving us three to four times more productivity than the vertical wells that we had drilled earlier. So overall, we are seeing a higher production.

In terms of price realisations, year-on-year, the price is almost \$1.10 lower. However, quarter-on-quarter, we've seen almost an upside of 30 cents. Overall, we also saw a lowering of prices in CBM relative to last year, but still at a healthy \$11.40 per MMBtu. As such, during the first half, the ceiling price was at about \$9.86, which has now been revised to \$10.16 for the second half. Next slide, please.

Again, we continue to remain a material contributor to India's gas economy – we are sustaining the production at about 28.5 million SCM. Overall, the outlook for demand and price looks good. The strong summer demand, mainly the heat waves that were witnessed in China and India, led to a 10% upside in demand. We have seen LNG prices almost 16%

higher quarter-on-quarter at about \$13. Again, on the supply side, there were LNG terminal outages, mainly in the US and in Canada, in Australia and Malaysia, and also the project maintenance activities that were undertaken in Norway, Russia and Algeria.

Overall, the European demand has been more tepid. But as such, what we see going forward is the prices should be supported or should remain elevated on the back of a delay in the startup of new terminals, particularly in the US, Canada, and, also, similarly, the weather gods forecasting a potentially harsher winter with a high probability of La Nina. So overall, we feel the prices should be much better. Also, the ceiling price will be higher, \$10.16 per MMBtu. Next slide, please.

Indian gas market – the demand remains very resilient, quite robust. In fact, when compared to the first half of last fiscal versus the first half of this fiscal, we have seen the demand go up to 202 million SCM versus 180 million SCM in last fiscal. So, mainly the demand has come from CGD and gas-based power generation – more or less about 60% of the incremental demand has come from there. And this all bodes very well for the second half of this year. We hope to have improvement in CBM gas production, steady gas production from KG-D6 and higher prices in the second half.

Thank you.

Sh V. Srikanth 00:47:10 – 00:59:37 **(O2C Business, Summary and Closure)**

The O2C revenues were close to Rs. 1,56,000 crores, up 5% year-on-year while EBITDA was at Rs. 12,413 crores which was down 24%.

As you can see from the table below, in terms of where the margins were, you can see year-on-year gasoline, gasoil, ATF, all down about 50%. When you look at downstream chemicals, apart from polypropylene, the most of them have been down with PE has been down 9%, PVC, even sharply lower with that 24%, the whole polyester chain about 9%. The quarter-on-quarter story is the same. The story also has been weak, particularly for gasoline down 30% otherwise downstream chemicals have been lower anywhere 6% to 8%. So that's been the broader environment.

And you may recall one aspect at the same time last year – the cracks were pretty elevated. As you know, there were significant supply disruptions, exports from Russia were banned, as well as some of the outages at the refineries. We are also seeing demand being weaker now, as well as the product supply coming in from new refineries in West Africa, as well as the Gulf.

Overall, downstream chemicals have been weak on the back of there has been a brute force I would say – a weaker recovery in demand in that market, which is pretty well supplied. From our point of view, we tried to compensate with the benefits coming from the ethane cracking economics that helped to negate some of this negative impact. We also saw the improved domestic fuel economics that was profitable. So, we did see our own fuel retailing volumes up 28% on a year-on-year basis.

Broadly the production meant for sale has been flat with slight increase in throughput. We have been focusing on what we can really control in this quarter. Some aspects where the FCC, debottlenecking, meant that we could handle incremental throughput. We could also handle high severity operations. This did its bit in terms of improving margin. This continuous optimization period within between PX and gasoline continued, even though both of them were weak in their own way. But yes, there was, a value in optimizing at different points in time. We tried to maximize just not the overall thing, but also the primary and secondary units in terms of utilization.

From fuel cost point of view, our gasifiers, all of them worked nicely, and therefore no really need for LNG imports. We won one of the very prestigious awards on this, Global Water Tech, which was for smart water and water conservation and wastewater project. This was for Jamnagar.

This is just the slide which talks about you can see that average Brent prices were down 8% on a year-on-year basis, and about 6% quarter-on-quarter. Significant volatility that we have been seeing in all the oil prices as well as downstream products. Also, at the same breath, you can see that ethane prices were pretty soft, at 16 cents per gallon, and this is down 47% year-on-year, on the back of how US gas prices behaved, as well as the higher availability of ethane. The operating rates were at 79.2% down about almost close to 2% lower but the operating rates for crackers have been slightly higher at 80%.

When you look at overall demand, you can see that for second quarter it was up 0.8 million barrels per day year-on-year. And the context being last time, the same time, it was up 2.5 million barrels per day. So, you can see the difference. And this growth has been primarily Asia, excluding China, as well as developed markets in Americas.

When you look at transportation fuel, gasoline was higher at about 0.35 million barrels per day, led by Middle East and North Americas. Gas oil was flat, jet and kero were up by about point 0.35 million barrels per day, mainly in Asia. So, I would say, it characterized a normalized demand growth across both oil as well as fuel, downstream.

On the domestic side, you can see that it is, it was demand environment was bit weak. Oil demand was up 2.2% but lower on a quarter-on-quarter basis, really led by gasoline at 7% plus, high speed diesel was flat and ATF was up about 9%. This indicates the trends for personal mobility and air travel. That's keeping the gasoline and ATF demand on the higher side.

On the polymer and polyester side, both of them were weak in this quarter, down 5% and 7%. Other than PVC, which was higher by about 3% led by agriculture, PE was down 12% and it also was because it had a much higher base – we saw a significant increase in the PE demand at the same time in the last quarter.

PET, you can see, it's about 10% lower on the back of extended monsoon, and also on the polyester side, both for fiber and yarn were down on the back of lower activity in the fabric market.

When you look at cracks, this is the 50% that I talked to you about for gas oil, jet, kero and gasoline. And you can see that again, the context being, you recall it was pretty elevated last time, but it was also compounded by the fact that demand has been weak and weak economic conditions in China has also played a part. Quarter-on-Quarter again, has been impacted by seasonal factors. For ATF in a way tracked gasoline cracks, but overall, it remained stable on quarter-on-quarter basis on the back of rise in air travel.

Gasoline was more about continuing weak demand. And also, you know, rising EV penetration in China. Quarter-on-quarter was more from the higher runs in gasoline there in the US.

In regional polymers, overall deltas, you can see that Polymer deltas were down on weak demand. Also, when you look at the percentages, it was down about 12% for PE and flat for polypropylene, as producers struggled to pass on the higher feedstock prices. PVC delta was lower on the back of higher EDC prices, and the fact that absolute price of PVC itself was lower and on a quarter-on-quarter basis, you know, coming from the back of weakness, coming on the back of market, which was very well supplied. The ethane crackling economics versus naphtha helped. As you can see, ethane prices declined 18% while naphtha prices declined only a percent on a quarter-on-quarter basis.

On the overall polyester delta, you can see that it was down 9% and primarily because of the impact on paraxylene deltas that we saw. On a quarter-on-quarter basis also it was lower by

about 3% and again, weakness in PX, although MEG margins were better on the back of lower inventory in China.

When you look at the demand and margin environment, the point here is that overall demand growth for oil is expected to be a million barrels per day, and this is coming on the back of strong growth that we saw of 2.1 million barrels per day in '23.

Some of the factors in the near term could be if there are refinery cuts in Europe and Asia on the back of the weakness that you're seeing in the refining margins. Also jet demand could also see some growth, typically in third quarter, which is when people do a lot more of travel, and in that more so you can see that coming in Asia, which will account for 70% of the growth.

Also, heating demand could be higher based on anticipation of colder winters this time. And the other aspects, which could play a part is improvement in margins coming on the back of significant stimulus package in China that could have an impact on overall demand.

For India's downstream demand, we do expect to benefit from the upcoming festive season, and also the fact that cotton versus staple fibre deltas are very high, and which makes the demand for PSF quite likely here.

And on challenges side, geopolitics continues to play a part. You know, OPEC policy has an impact. Capacity addition, and also some of the refineries that will come back. These are normally the factors which have a play. But, you know, it is a complex and volatile world where many, many aspects are playing its role.

Also from an India standpoint, downstream exports, again, if there is a slowdown in demand in US and EU, could have an impact.

So, very complex set of dynamics at play, both for the demand and margin environment and the volatility and cost because of the volatility of all these factors.

So just summarizing. It's been resilient earnings. You know, overall, when you see strong upstream and Digital Services largely offset by muted O2C earnings here, and clearly when you see from a cashflow point of view, it remains strong, and the balance sheet and liquidity continue to be strong.

On the overall energy business side, you know, price and margin volatility on the back of geopolitics is a continuing theme that we have been talking about, and some of the drivers of

demand can come on the back of some of the actions on economic stimulus, as well as monetary policies stimulus.

And on the consumer side, the focus on, of course, as Dinesh talked about the upcoming festive season, demand has at least started off well. And our own focus is on strengthening of operations that I talked about.

Overall, all of them are on the tech platforms, the streamlining their calibrated approach to B-to-B. So as the underlying thematic of the business continues to be well, but for the next one or two quarters it could be a little bit more volatile. As all these actions work its way in the next couple of quarters, post that you can see the whole. We expect it to revert back to the industry leading momentum that we have seen. And what Dinesh talked about, you can see that we expect to remain strong there.

So, with this, I come to the end of this presentation. Thank you so much.