RIL Q1 2022 - 2023

Media & Analyst Call Transcript

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Call Participants:

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- **Sh B. Srinivasan** 00:00:03 – 00:00:34 **(Introduction)**
- **Sh V Srikanth** 00:00:36 – 00:08:02 **(Consolidated Financials)**
- **Sh Kiran Thomas** 00:08:02 – 00:23:18 **(Digital Services)**
- **Sh Anshuman Thakur** 00:23:18 – 00:26:50 **(Digital Services - Financials)**
- **Sh Gaurav Jain** 00:26:51 – 00:46:13 **(Reliance Retail)**
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- **Sh V Srikanth** 00:51:02 – 01:04:09 **(O2C Business, Summary and Closure)**

Transcript:

Sh B. Srinivasan 00:00:03 – 00:00:34 **(Introduction)**

Good evening, everyone. Thank you for patiently waiting on a Friday evening at 8pm to listen to us. Welcome to the first quarter of the financial year 2022-23 financial results presentation. We have Srikanth, Kiran Thomas, Anshuman Thakur, Gaurav Jain and Sanjay Roy to take you through the performance of Reliance and its various business segments. So, let me first invite Srikanth to talk you through about the consolidated results. Thank you and over to you Srikanth.

Sh V Srikanth 00:00:36 – 00:08:02 **(Consolidated Financials)**

Thanks, Srini and good evening to all of you.

Starting with the highlights for the quarter. It's been a record quarter overall EBITA at Rs.40,179 crores which is up 46% year on year, net profit also up 41% year on year at Rs.19,443 crores on the back of strong O2C earnings, given firm demand and the extraordinary dislocation we saw in the energy markets causing supply constraint. But it was just not O2C when you look at, each of our businesses have done well. Record retail revenues and EBITDA. We saw margin expansion led by favourable revenue mix. We saw normalized store operations; we saw higher footfalls.

Similarly, on Jio side, we added about 9.7 million new customers. Strong rebound there. We've seen good traction in FTTH, and again, benefiting from improved ARPU.

Oil and Gas benefited from higher production in KG D6 as well as improved realization.

When you look at each of our businesses, as you can see, retail up 52% on revenue and 97% on EBIDTA. We added 792 stores taking the total to close to 15,900. We also crossed an important milestone of 200 million registered users.

Digital and new commerce continue to grow, it was 2X for a year-on-year basis and now are contributing 19% of gross revenues.

On digital services, revenues up 22%, EBITDA up 26%, ARPU at close to 176… it's again up 27%. Our EBITDA margins upward of 50% there, which is an improvement of almost 254 basis points. Overall customer at 420 million and I talked about the addition of customers. Also, data traffic up 27% healthy growth, with now almost 26 exabytes of data going through our network.

On O2C side, revenues up 57%, EBIDTA up 60% on a year-on-year basis. So, EBIDTA almost Rs.20,000 crores there on the back of spike in fuel cracks… we've been tracking the supply disruptions in Europe. On the petrochemical side, PX, PTA and PET delta's you know on a year-on-year basis helped offset weakness in Polymer and polyester Delta. Of course, here segment EBITDA was also, there was an impact of high energy costs in crude oil space, which I will talk in our O2C part of it. Also, the operating rates were good, and volume increase we saw a year-on-year basis was 16.9 million tonnes.

Oil and gas side, almost 3X revenue, EBITDA up 3.4X. Production was up on a year-on-year basis and now overall production is at almost 19 mmscmd. Price realization also saw a jump at 9.72 $ per mbtu. Overall, it is still 64% lower than Asian LNG but nevertheless it was an increase on a year-on-year basis. We are tracking for greater than 1 BCF gas a day, which is approximately 30 mmscmd of gas by FY 24.

These are the numbers, bringing them together. As I mentioned EBITDA 40,179 crores, this is up 46% on a year-on-year basis and up 18% on a quarter-on-quarter basis. We saw record revenue and EBIDTA led by O2C but as I highlighted that even in retail footfalls, store roll out, on Jio side, adding subscriber addition and the ARPU increased by 27%. On KG D6 it was production and price. So, all the businesses contributed to this strong growth. These numbers are strong and also in a way offset the increases that we saw on finance cost on the back of increased interest rates both US and Rupee as well as the depreciation in the currency. It also negated the depreciation impact on the back of both higher capacity utilization in Jio as well as the upstream part of depletion. And also helped offset the normalized tax that we saw in this quarter.

So, with all these, despite these increases, we delivered net profit of Rs.19,443 crores which is 41% up on a year-on-year basis and 8% higher on a sequential basis. RIL standalone profits were Rs.15,096 crores which is up 76%.

This is just a quick one on the bridge between, this slide is on year-on-year and the next one is on quarter-on-quarter. As you can see the big jump coming on O2C Rs.7,657 crores on the back of the extraordinary energy market that we are seeing on the back of Ukraine conflict and the EU shifting away from Russian energy supplies. It is also a fact that there was very strong demand growth across products - all that contributing. Oil and gas Rs.1,940 crores again on the back of 23% higher gas production as well as improved price realization. Retail almost Rs.2,000 crores increase in EBITDA on year-on-year basis. Digital services Rs.2,439 crores increase on a year-on-year basis. Jio on the back of ARPU and subscriber mix and tariff hike that we saw. So overall 46% growth, the traction across all businesses.

This is the quarter-on-quarter… bulk of it again coming on the back of O2C and oil and gas. On oil and gas, there was a 58% improvement as far as KGD6 price realization is concerned. On retail side, both grocery and fashion and lifestyle did very well when very strong momentum as I mentioned in store addition and digital services on the back of subscriber growth and the higher ARPU.

This is the overall net debt Rs.57,655 vs March 22 number of Rs.34,815. Primarily on account of higher working capital requirement in businesses with both increase in energy and product prices. The overall capex for the quarter was funded by internal cash generation. The balance sheet is strong and well positioned to support growth as well as navigate the market volatility that you're seeing in interest rates in currencies and commodities.

With this I'm going to ask Kiran and Anshuman to take us through the digital services part of the business.

Sh Kiran Thomas 00:08:02 – 00:23:18 **(Digital Services)**

So, another stellar quarter when it comes to Jio.

Market leadership through and through. We continue to be by clear distance the number one ranked operator in India with nearly 420-odd million customer base as we speak exiting out of June. In terms of the customer market share, that would translate to 53% of the total market, which basically means that our market share is more than everybody else's shares put together so, more than half. In terms of the data traffic market share, an even higher lead, we are now nearly 60%, which means again, we carry more data on our network than all of the other operators in the country combined. This has been a result of obviously an LTE network, an unparalleled LTE network, with the widest reach and obviously the depth of distribution and very innovative distribution channels that we have created. All of which also continue to create superlative experience for our customers, as well as being the most attractive value proposition when it comes to both in terms of data as well as other value-added services that we deliver to our customers.

I think Shrikant mentioned earlier that if you look at it compared to previous year to this year, we have seen a substantial increase when it comes to per capita data usage that has translated also into growth in ARPUs, all of these are in the range of between 25-27% year on year growth. The increased usage obviously has been a result of very focused efforts in increasing capacity and obviously improving the network quality, which has translated into increased usage year-on-year per capita usage. And if you look at the total usage across our network on average, across a base of 420-odd million subscribers, we are seeing almost 20 GB per user per month, which is a phenomenal number. ARPU growth has also been this a little bit of a tariff hike effect, as Srikanth mentioned earlier, that is still rippling through. We did that a few quarters, that but as people are upgrading into those higher tariffs tax, we are still seeing an effect uplift onto ARPU from that tariff increase that we saw. The biggest contributor to that has been the per capita growth in data as well as a much better subscriber mix that we see in that 420 million base that we have now.

We also have very focused efforts not just on the network, but also on improving every aspect of the customer journey and customer interactions on our network. What we have found is nearly 60-65% of our base perform recharges digitally just to take an example and traditionally, even a digital recharge was a multi-step activity where people had to go to the apps, sometimes they have to update the app, multiple steps within the app itself, multiple screens are up until they are able to complete the journey. And many times, it is a push kind of a notification that goes towards the customer. Maybe the customer is busy. The notification is ignored at that point in time, and then the customer moves on to something else and forgets to recharge. Again, to talk about some of the innovative work that we've been doing in this area, working very closely with WhatsApp, Facebook as an investor in our parent company JPL, so we are working very closely with WhatsApp. We've been designing this experience which is just a simple message that you get on WhatsApp and with one click – because now even WhatsApp pay is a service which has been launched. We were one of the first people to adopt it – so with a single click the customer can just recharge their service if they want to continue, or even update and upgrade their service in a few steps. And this is bringing that very familiar messaging paradigm that pretty much every Indian is used to, also into the Self-Service recharge experience as well. So just an example. Obviously, there are such innovations that we are continuing to develop as well as rollout across the entire lifecycle of the customers interactions with us.

Also, I think in terms of reliability, the Jio network, not just in terms of reach, but also in terms of reliability, has risen to the occasion whenever the need has presented itself. Obviously, we all know what happened through the COVID disruption, people were more and more relying on 4G network for connectivity, but also when there are natural calamities, and we've been reading about a few of those in the recent past as well. But whenever there has been a need for people to stay connected, especially first responders etc, to stay connected during these difficult times, the Jio's network has risen to the occasion. Not just in terms of supporting our own customers, but if and when our competitors' networks are probably not available, we are allowing even their customers to roam obviously on our network. And also, we know that these are difficult times usually, and we step in also with a lot of support that we provide to our customers with respect to complimentary packs, etc. So that they can remain connected in all of those difficult times. Again, this is a reflection of a set of values where we've always put our customers first, and while it's a growing business, we are doing well from a financial perspective, etc. But it all starts with you know focusing on creating a superlative engagement and delivering continuous value to all of our customers.

Also, the reason why we think you have a differential advantage in terms of network uptime, network reliability, etc is a lot of investment that you've made in creating very strong platform and automation capabilities to be able to very proactively detect any potential service impacting events in our network and being able to close loop it with a with a response typically from the field itself. Traditionally, all of these activities have been highly human dependent, while we have telco logs, etc, network operating centres, etc. A lot of the activities within the network operating centre to detect, to troubleshoot, and then to marshal the activities back into the field. I mean, those were manual activities, typically what we have been able to do is take all of those and convert them into highly automated platforms. So, the detection of the event, the correlation of the troubleshooting and figuring out what are the potential problems which need to be remediated. And then being able to automatically workflow that to the field where those actions can be done. Most often proactively.

But even when required reactively, those actions can be taken quicker and with higher efficiency than before. What you have seen is a lot of that time saved vis-a-vis the analysis and trying to make sense of what has gone on has resulted in fewer false activities in the field, as well as almost two to two and a half times higher productivity on a per agent bases with respect to the events that they can handle. And again, what we do is in addition to these platforms, a lot more of the of the KPIs, or the Key Performance Indicators, can be directly linked to the efficiency of the field force, which means that we can hold them accountable for that efficiency of the actions that need to be performed in a timely manner.

Coming to the JioFiber network, again, growing extremely fast. It's an unparalleled bundle of connectivity, content, on-demand channels, and a lot of other value-added applications that we provide. Also, our asset or box. All of it comes with zero entry cost, which means no security deposit, no installation charges. You just pay for the pack with no other additional cost for getting yourself connected on the JioFiber service. And also, we have been now rolling out our postpaid offers into the market, very attractive postpaid packages, and what we have found is almost 80% of the new homes who are coming on board are opting for those postpaid packages. And what that means is as you know, postpaid means higher stickiness, especially these long-term postpaid plans, and of course less disruption or less need for the customers to recharge out on the dot as and when these packs expire, and postpaid gives you that continuity of service. We find that both in terms of the stickiness, the quality of the of the subscriber base as well as customer satisfaction, we have seen unprecedented growth, also translating into subscriber growth as well as ARPU in the JioFiber areas.

Coming now to some of the work looking beyond the performance of our telecom, operating business, if you look to what Jio Platforms is doing in terms of creating digital products, as you know we are now gearing up to roll out 5G, everybody's waiting with great excitement as to when the spectrum and other enablers would fall in place. And we will see now rollout of 5G services probably very, very soon thereafter in the country. To support that, what they've also done is through Jio Platforms, we have created, as has been announced a few quarters back, a completely indigenous and homegrown 5G stack. And this is not just the 5G core network elements, but also moving to all of the other elements that are required to operate a 5G network, everything from management and orchestration that we call MANO, to automated troubleshooting. Some examples that I mentioned earlier but taking it again to the next level even within 5G to all the operating systems, especially the fulfilment management systems, orchestrating the network elements themselves.

As you know, most of the 5G functions are now cloud native. So even to automate the entire deployment of these services on a continuous basis as new updates come in and so on. The tools which are required to optimize and manage the coverage of the 5G network, and obviously the standard fault and performance management, as well as security management, all of these aspects when you put together, it's a total 360 degree 5G solution that we've been able to build into Jio Platforms, and obviously this will be deployed at scale within the Jio network to begin with, but on the back of that success that we fully feel confident about. Then these product lines obviously will create a new revenue line as we are able to take this to other markets even outside India.

Again, all of these elements that I spoke about have been deployed in our network. We have gone through rigorous compliance tests, especially in addition to internal testing and field trials. We have also taken these elements and its use through the regulatory bodies as well as the Department of Telecommunication, and they have seen all of the use cases that we have been able to trial on our network already, and we've taken a sign up sign off for this equipment to be now the product scale, some of the use cases that we have and of course, this has been done in nine cities in the country – Mumbai and Delhi obviously, and a few other cities also where we anticipate that we'll be introducing these services initially. All these functional tests, everything from the network itself to the security aspects to the to the performance aspects, and to showcase really a slew of I would say next-generation applications which take full advantage of the 5G capabilities, all of these have been built internally to a large degree and also trialled and demonstrated to the regulators.

In terms of what this means, just to give a snapshot, everybody kind of intuitively understand that 5G might be better than 4G, but in terms of 5G, what is worth noticing is that obviously, in addition to much higher bandwidth and much higher speeds, which is what we call enhanced mobile broadband, if you see in this triangle on your screen, the top of the pyramid is still enhanced mobile broadband which is you know, higher capacity and higher speed. But you'll see another two aspects of the 5G network, which again will unlock a completely new slew of applications. One is what we call massive machine type communication, which is really bringing the IoT devices and services to the fore. And again, creating a platform that can be delivered at scale.

And on the other hand, we have what we call ultra-reliable, low latency communication, which is able to create services which require extremely low latency, things like augmented reality and virtual reality which we believe will be the new user interface. If you think forward a few years, we believe that will be the next set of experiences that can be showcased on a mobile network. So, everything from massive data, superior experience, low latency, highly interactive applications, fixed mobile convergence also, 5G obviously creates much higher bandwidth and capacity which means that it could become a fibre replacement to literally tens of millions of homes way before the deployment of fibre reaches them. They could start enjoying fibre like connectivity right away, taking advantage of the speed of deploying a wireless network, the massive ecosystem of the Internet of Things, which obviously would also be highly automated, using AI and other techniques. Moving to the radio side, what I mentioned earlier was one of the software components, the network functions, but if you look at the radio side again, we have developed an indigenous design for the 5G radio, which we believe will give us a substantial advantage and price performance advantages in our network.

All of these have been deployed in various parts of those nine cities that I spoke about. And we have conducted extensive field trials and we are looking forward to taking this intellectual property, converting them into tangible products that we can first deploy into Jio's own network, and obviously showcase these products to the rest of the world in short order. At this point, I'll hand it over to Anshuman, who can talk about the operating and financial performance metric system.

Sh Anshuman Thakur 00:23:18 – 00:26:50 **(Digital Services - Financials)**

Thanks Kiran. Good evening, everyone.

Going through the key highlights of operating and financial performance for the quarter for Jio Platforms and our connectivity business, very strong financial performance across connectivity and the digital platform services JPL consolidated revenue came in at 23,467 crore rupees, that is a growth of almost 24% year-on-year, and the EBIDTA is growing a bit faster with operating leverage coming to 11,424 crore rupees. On the operating side, our gross adds continued to remain very strong at 35.2 million for this quarter. This quarter we saw a rebound in the net subscriber addition as well, with 9.7 million net adds during the quarter. So, we ended the quarter at 419.9 million as of June 2022, with increased focus on all of the key customer matrices and SIM consolidation and active customer engagement.

There was very good traction in the fiber businesses, where were we gaining new subscribers every month at a faster pace and gaining a significant market share of the net new subscribers in wireline segment. ARPU increased from 167.6 rupees to 175.7. And this was again on account of more engagement as you can see the last point the average data consumption per user crossed 20 GB per user per month and the overall data traffic crossed 8.5 exabytes per month. And also because of the customer mix. So, a combination of those things resulting in ARPU going up to 175.7 for this quarter. So, we basically are establishing leadership across all of the market segments.

Moving on the key operating matrices. Total customer base, as I said, 419.9 million at the end of the quarter, that was a net addition of 9.7 million. ARPU coming in at 175.7 rupees. Both data as well as voice consumption growing very significantly. So, on data, we've crossed 20 GB per user per month, and on voice we've now crossed the 1000 minutes per user per month of voice consumption as well on the network. So significant growth on the customer engagement matrices and equally good on across all of the digital platforms that we offer them.

Moving to the RJIL connectivity, business financials, the operating revenues came in at 21,873 crore rupees. So that's a growth of a 21.6% over the same quarter last year. And it's been growing fairly steadily as you can see on the chart on the left. And then on the right EBITDA grew to 11,046 crores rupees. Again, a fairly steady growth, faster than the operating revenues because of the operating leverage that we have. EBITDA margin came in at 50.5% for the quarter.

A summary of the Jio Platform Limited key financials operating revenue for the quarter at 23,467 crores, EBITDA at 11,424 crores and net profit growing to 4,530 crores for the quarter. So overall, very strong growth in revenues and profitability margins improving on the connectivity business with operating leverage and in JPL. So, a whole lot of traction across all of the business segments that JPL is involved. With that, I'm going to hand over to Gaurav to take you through the Reliance Retail results.

Sh Gaurav Jain 00:26:51 – 00:46:13 **(Reliance Retail)**

We'll start by talking through operating context to give the perspective of the environment in which we operated our business this period. It has been a fully normalized quarter since the onset of Covid two years back. This period all our stores has been fully operational. That has also resulted in regaining of footfalls across the nation through all our formats and geographies. We got to 119 percent of footfalls to pre-covid level comparison, resulting in about 175 million walk-ins across all our formats.

The growth activity on the consumer side was led by opening of malls, resumptions of offices and schools, also festivities and wedding season also contributed to all of the consumer activities. Consumer sentiments remains positive though a bit cautious on discretionary spends due to the inflationary concerns.

But that said, let me talk through the key highlights for the quarter. So, it has been another quarter of our all-time high revenues despite the macroeconomic headwinds that we faced on the inflation side. A record highest-ever operating EBITDA and EBITDA also saw strong margin improvement led by the operating leverage in the efficiencies that drove our business.

Our customer base, for the first time, crossed the 200-million benchmark, that's a major milestone for us. We ended the quarter with 208 million registered customers. To also give you the scale at which we operated the period, we undertook over 220 million transactions during the period that resulted in over 2.5 million transactions on a daily basis. That is over 60% growth over the pre-covid period, so our business is really growing on a strong note during this period. Our efforts to expand our store presence continues, we opened 792 stores across geographies. And also added 3.3 million sq ft of warehousing and fulfillment area to enhance our service capabilities.

Our digital and new commerce footprints continue to remain strong, our daily orders on our digital platforms grew 64% Y-O-Y. Our merchant base on the new commerce side has scaled up over 3 times since last year. And we continue to further strengthen our portfolio of partners through new partnerships and acquisitions that we did during the course of the quarter.

Talking about the growth for the business, we delivered the revenue of 58,554 crore at gross level, which is a growth of 52% Y-O-Y. Our fashion lifestyle business grew 3 times, as the consumers came back to stores and also refreshed their wardrobes as the COVID impact reduced and school, offices & restaurants came back to pretty much pre-covid level of activities. Our grocery, consumer electronics and pharma businesses also nearly doubled during this period. Our digital and new commerce business grew double over the last years and contribution of these channels now are at 19% of gross revenues.

While revenue remain on the strong, the profit has been actually much stronger, so our EBITDA has delivered Rs 3837 crores, up against Rs 1941 crores last year, up 98%. EBITDA margins saw strong improvements of 160 basis points Y-o-Y basis at 7.4%. EBITDA margins from operations was at 7.6%, which was 350 basis points Y-o-Y improvement, which was led by mix of businesses which as we saw fashion lifestyle, consumer electronics, and even grocery coming up, with the market opening up, also the operating leverage that we saw with strong like-for-like across consumer baskets.

Our store footprint remains on track. We opened 792 stores compared to 793 stores that we opened last quarter, taking our total store count to 15,866 stores, we added nearly 4 million sq ft space this quarter. We also added

79 new warehouses and fulfillment centers to enhance our service capabilities to both our consumers & channel partners and all the deliveries we do on digital platforms. We added 17,000 new jobs, taking our employees base to over 3,79,000 across all our offices and store operations.

We talked about how we have been strengthening our portfolio of brands and offerings. We announced our franchise relationship with GAP, GAP is one of the leading American fashion brands. We also entered into a franchise relationship with Italian luxury brand TODS, the relationship with Pret also helps us enter into the F&B space as they are one of the leading players in Food & Organic coffee chain business. We acquired the Catwalk brand, which is a leading footwear player in the Indian market. Also took over the franchise rights for the Sunglass Hut, which is a multi-brand premium eyewear retail chain in India. Also formed a JV to manufacture toys in India to help strengthen our play in Hamley's business. So strong reach out to various brands across various verticals.

On the financial performance side, gross revenues as I talked through Rs 58,554 crores, up 52%, EBITDA from operations at Rs 3,897 crores, up 180% from Rs 1,390 crores. It also up 9% on sequential basis from Rs 3,584 crores. EBITDA margins from operations, margin expansion of 350 basis points from 4.1% to 7.6%. Our EBITDA at overall level at Rs 3,837 crores is up by 98%. And profit after tax is over 2000 crores now, which is more than double than Rs 962 crores last year. So very strong revenue and profit performance that we have delivered this period.

Talking through the key businesses, in consumer electronics our revenues has doubled as all our stores, especially the mall stores have performed very well, with higher traffic and also higher bill value that we could deliver. The growth was not only just through some key categories but was very broad based. We saw phones, ACs, Laptops, high end TVs, all these categories grew more than double Y-o-Y. Our relationships with the brands helped us create specific launches, events, models that we could retail across our stores on exclusive basis. And also, our relationship banks, which also help create lots of excitement and offer activities that help create more footfalls into our stores and helped customers come back to our digital platforms for shopping. Various events that were centred around seasonal events, festivities and also occasions like IPL, which helped us to push TV sales, "Back to School", which helped us to push categories like laptops, calculators, headphones, and many accessories around such event.

Our own brands business that has scaled up 6 times Y-o-Y, and we continue to look at wider and deeper general trade penetration across geographies. And also undertaking nationwide campaigns to build these brands across geographies.

The JioMart digital business that was launched two quarters back that had a 3X growth quarter-on-quarter. It's not yet comparable business on a year-on-year basis, still new, but well settling down. The merchant base has grown twice on quarterly sequential basis.

On fashion, lifestyle, talking of the apparel business which is led by Trends and also various extension formats of Trends. That business was at its best ever quarter. Businesses was three times year-on-year, largely driven by festivities, wedding season, and opening up of mall stores.

We delivered very strong growth over pre-COVID levels, strong double-digit growth, largely relying on festive celebrations and also customer engagements. Thus, the traction on small towns again very strong. We talked about crossing the milestone of 600 stores last quarter. We still continue to see a lot of traction from small towns in apparel-footwear business. The men's formal, women western wear and footwear categories registered very strong growth as travel and offices resumed. We saw uptick in saris business. We entered into the saris business through Kalanikethan and also Avantra – Trends has these two formats. With festive and wedding season, we saw big uptick in the sari sales as well. On Ajio, the Ajio business continues on the roll, the momentum of growth continued. That business doubled year-on-year, registered its highest ever revenues this quarter as well. The increased customer experience is really about how we are able to personalise and also get more intuitiveness into and better experience on the app and the site, which is also helping us to bring back our customers and we see that the customer loyalty is really improving.

We saw an improvement of 500 basis points on repeat shoppers. And these are our loyal customers who have been now spending more than twice than the new customers who are coming on to the platforms. On new commerce side, our presence is across 3,500 cities. We continue to strengthen our portfolio of offerings. We added over 32% options on to our platform through addition of over 660 new brands across various BUs. Our share of own brands grew to 30%. We launched 14 new brands during this period, which has helped us to grow over 300 basis points on the own brand share into overall performance for the business.

Our relationships with merchants remain extremely strong. Older merchants have been now using the benefit of our larger sourcing offerings. They're spending over three times as compared to the newer merchants and customers who are now coming who have joined maybe over a month or so. On the partner brand side, our revenues have grown 5x or so over last year. This is a period when we saw new collaborations coming to life. So, we saw a lot of activities within the stores that grow footfalls, malls are back to full operations. So, a lot of growth in the partner businesses that we saw across brands AJIO Luxe which is the luxury segment on Ajio, that is also an authority for consumers who are looking at premium and luxury brands. That part of the business grew 6x year-on-year, we have now over 400 brand and 38,000 options live on the platform.

Jewellery business grew three times year-on-year, which was led by festive sales as well as the expansion of new stores and also SIS locations across geographies. The period is also led by the presence of Akshay Tritiya, which is a big event for jewellery, and we had record sales in this quarter on that particular event. Our capability in design is really coming all together as we continue to launch new collections and that is also helping us improve our share of diamond jewellery and diamond collections in overall sales. And we saw that improvement of 600 basis points over last year in its contribution.

On the lingerie side, I think we have now full play across segments starting from Clovia which is on the more value side, to Zivame mid-segment and Amante upper-mid segment to premium segment. We also have Marks & Spencer and Hunkemoller which takes the more premium side of the offering. So, these brands have contributed over 5x year-on-year in sales. Its digital platform is seen to be a destination for customers looking at innerwear and that continues to grow.

Talking on the grocery side, our offline business led by Smart stores that grew 2x over last year. It was supported by a lot of impactful omni-channel activities which is integrating JioMart with our physical stores, which is leading to better footfalls as well as more uptake on the digital platform.

Daily subscription business through Milkbasket is also on a growth path and that has been doubling over the last year. Our catalogue size has also improved by 44% during this period as compared to last year, that is helping us to offer a much wider set of products on JioMart as well as our stores to complete the shopping mission for our customers. Our grocery business is vertically integrated which allows us to source our products from small and large suppliers and manufacturers directly and that helps to keep the prices low. During the times when consumers are facing inflationary pressures, our sourcing efficiencies have helped us to pass on price benefits, especially in the key value items, to millions of consumers helping them buffer the impact of the patient patients. So that's really where all our efforts in backend supply chain and sourcing really comes to play and there, we have really helped our consumers to buy at the right prices and also face the or maybe just get the benefit of the right pricing from all our formats.

Performance in our tier two cities has been very strong for grocery business. The growth in these cities has been more than twice than what we've been seeing in tier one markets and events like the Tak Dhina Din sale which is one of our largest events during this particular period, has created a lot of excitement for customers to come back to stores.

And when we look at the contribution of non-food within the stores, I think all of these make a lot of impact on consumers shopping. So, with very concerted efforts, we have been looking at increasing the share of non-food into our own offering that went up by 470 basis points for categories like general merchandise, apparel, stationary, toys, there are a lot of categories that could fall under non-food and that completes the entire shopping basket for households when they come to our stores. We continue to send them our own brands play as well. We launched Bubbles soft drink as well as Joyland confectionery during this period.

New commerce, we are at 4x merchant partners on year-on-year basis. Our play has been not only just to partner with merchant - with the good kirana stores, but also on board HORECAs and small institutions. And we have been investing immensely in putting together the supply chain capabilities to service them. During this period, we have launched 33 new facilities including 4 cold chain facilities and also creating very specific offers and catalogues for our HORECA and institutional customers.

On pharma side, business doubled over the period led by better footfalls into our pharmacy stores as well as digital commerce orders on the Netmeds platform. 80% of our stores are hyperlocal enabled, which allows us faster delivery performances to our customers. Our merchant base, which is really where we partner with smaller chemists and drug retailers. That is up 50% quarter-on-quarter, again, not comparable on last year basis and our presence for our merchant base is now spread in more than 2400 cities.

Urban Ladder, which we acquired over the last year, that business has also doubled over last year with some of the key big events like the Full House sale, which creates a lot of customer engagement activities resulting in uptick in footfalls and web visits. And one of the big focus areas for the business has been to strengthen its product offers and during the course of this quarter the business launched products like Create which is about custom sofas, LazeOn which is on recliners. Aara craft and Gypsy Trunk which is on furniture and décor product categories as well.

So, as we look ahead, our focus remains clearly defined. Our intent is to continue store expansion across all our businesses. Out digital commerce and omni-channel capabilities have been resulting into much stronger engagement with our customers as they shop between the stores as well as our platforms, so we continue to strengthen that part of our channel.

Our New Commerce business is accelerating with onboarding of new merchants, and we are now looking at how we further increase the share of wallet in partnership with our merchant partners. We look at strengthening the entire supply chain infrastructure as well as the product and design capabilities. And, of course, looking at how do we further scale of all the businesses that we have acquired and also partnered over the period of time.

With that I hand over, back to the team. Thank you!

Sh Sanjay Roy 00:46:14 – 00:51:01 **(Hydrocarbons - Exploration & Production)**

Good evening, everyone and thank you Hemen.

On the oil and gas performance, I will take you through the EBITDA performance and revenues. We did significantly better quarter on quarter, primarily driven by marginal growth in production in KG-D6 which was slightly over 19 Million Standard Cubic Meters. The production is about 20% of India's current gas production and in CBM we've been able to sustain production at about 0.76 MMSCMD.

Apart from this higher gas price realizations contributed to the stronger revenue and EBITDA. As you can see, in KG-D6, we realized $9.72 on a weighted average basis and that is because of the ceiling prices were raised from $6.13 to $9.92 during this half. Similarly, in CBM we had stronger realizations taking it to nearly $ 22.5. So, these are the key drivers to the growth.

Now, we are also expecting the MJ field to be on stream by the third quarter of this fiscal year. So that should add further growth in EBITDA and value in the quarters to come and in the years to come.

Next slide please.

So just to give you a recap on where we are on the MJ gas and condensate field. It comprises of three major components - the subsea production system, the risers that connected to the FPSO which is a floating production storage and offloading vessel.

Now, just to give you an update, in terms of the subsea installation of the subsea production system, this has been on track, and we expect to complete all the activities by the second quarter.

Similarly, the FPSO is expected to arrive in India by the second quarter. So, once both of them come together then the activities to connect the subsea production system to the FPSO will be undertaken.

Meanwhile, we are looking at the lower and upper completions to be done for the wells and currently, we are on the first well and we are progressing towards commissioning each of these wells in subsequent months.

In KGUD W1, this is a block which is contiguous to KG-D6, we are pursuing infrastructure lead exploration over there. Our idea is to, any resources that we accrete, we can monetize based on the existing infrastructure. So, the prospect maturation is underway, and we expect to undertake an exploration well next year.

Overall, the outlook is, once the MJ field is commissioned, we should be progressively moving towards delivering more than a Bcf per day by FY 24.

Just to give you a perspective on global gas markets, as you all know, the gas prices continue to remain elevated. There are two major drivers, one is European demand is now shifting from Russian gas to LNG supplies, and which also impacts the Asian consumers. Also, there's been supply destruction. As, we've seen the Freeport LNG terminal in the US, as well as the Nord Stream one pipeline disruptions. So, that's a substantial amount of volume that has been impacted. And as you can see, the prices even at the current day in terms of the TTF which is reflective of the European market prices. You know, here we see $ 31.59, but currently it is at about $45 and similarly JKM is at about $38. So, prices continue to remain elevated and are expected to, given the challenges that are there today.

In terms of the Indian gas market the outlook remains robust and one of the big reasons is the availability of the domestic gas. Because the domestic gas particularly like in KG-D6, where there is a price ceiling and that is much in demand as compared to the market prices that are currently prevailing at these times.

Now, in terms of price ceiling, as you all are aware and I mentioned earlier, the price must move up and we will see higher realizations. It is expected that based on higher energy prices across this will go further up.

Now, we do see that the domestic price ceiling remains disconnected, whether the prices are elevated or when prices fall. And you know we are continuing our advocacy for removal of ceiling prices. Overall, we expect higher gas price realizations in FY 23 and in the quarters to come. Thank you very much. All the best.

Sh V Srikanth 00:51:02 – 01:04:09 **(O2C Business, Summary and Closure)**

Thanks Sanjay.

Hello all, this is the last presentation, which is O2C. This quarter it is about the dislocation in the energy markets, and we saw supply of crude, gas and refined products being impacted by Ukraine and the resulting embargo on Russian supplies. But the same quarter, we also saw strong travel demand and a lot more of gas-oil switching, which meant tighter fuel market.

Sanjay talked about LNG prices being elevated not only because of the Russian issue, but also because of disruption at Freeport LNG, so all that meant that LNG prices continued to remain firm. Ethane in a way, tracked LNG for most of the quarter.

This kind of dislocation meant that, you know, there was significant increase in logistic costs. And, you know, energy prices itself does drive up the overall operating costs.

When you look at the performance, both revenues are higher. EBITDA that I thought in the first part of my presentation, almost Rs 20,000 crores you know, which is 63% higher on a year-on-year basis and 40% on a quarter-on-quarter basis. This is the highest-ever O2C EBITDA on the back of strong fuel cracks and stable downstream contribution.

Many focused on the strong fuel cracks, you know, saying that fuel cracks more than doubled, but they do also miss the multiple offsets that were to that environment. For example, if you were to look at Asian oil space from the Middle East, now in just in this quarter, the OSPs were $4 to $5 higher than what it was in the previous quarter. So that is significant change when you look at quarter on quarter costs.

Similarly, of course in this quarter we all know about the domestic fuel retailing losses because of capped realization. Also in this quarter, you know there were lower volumes for us on the back of cracker turnaround at Hazira and the diesel hydrodesulfurization plant that also underwent planned turnaround.

Overall. You also see that, the opex does go up on the back of high energy and freight costs.

So overall a very, very strong performance when you look at the numbers, but I just wanted to highlight that there are offsets that people miss while just focusing only on the fuel cracks.

This is on the margin strength. We talked about transportation fuel, you can see the actual cracks on the right – Gasoline, gasoil, ATF. So, this strength is on the back of both strong demand because of reopening, higher travel restrictions from China and importantly, lower Chinese exports and the fact that there has been low global inventory. So that's one of several reasons for the transportation fuel being high.

We saw a sharp fall in naphtha cracks on a quarter-on-quarter basis on the back of lower cracker operations in Asia. We also saw that the LPG cracks declined sharply on weak propane economics.

Overall, of course, polymer margins benefited from lower naphtha prices and stable product prices. Also, we did see a sharp rebound on PX margins, which supported the polyester chain.

When you look at the demand levels, clearly when you look at India and India oil demand, polymer demand and polyester demand, you can see that on a year-on-year basis, up very sharply. Of course, we had the impact of COVID in Q1 FY22. Sure, that was only one factor. But when you look at a quarter-on-quarter basis, we do see that it was soft.

Similarly, when you look at oil demand up 1.6 million barrels per day on a year-on-year basis. But when you look at on a quarter it is sequentially lower by 1.5 million barrels on the back of both the Russian-Ukrainian conflict and the stringent lockdowns that we saw in China.

Refinery operating rates declined to 76.1%, which is 140 basis points lower on the back of severe lockdown in China and constrained runs in Russia. The cracker operating rates were also impacted by fresh lockdowns as well as planned shutdowns that we saw.

Overall, the demand helped, but it did look soft for the quarter. When you go to specifically oil demand and you can see that overall HSD demand up 20% year-on-year basis on the back of improved economic activity, tourism, transportation demand and harvesting season, which aided rural demand.

We also saw ATF going up very sharply on the back of very sharp increase in domestic air traffic, which was higher by 3x year on year basis. Gasoline demand also strong again at 29% on the back of preference for personal mobility.

Moving to the polymer and polyester side, you can see that year-on-year polymer demand up 9%, polyester demand up 44%. When you look at Polymer demand, across the board, we do see demand being strong, be it agriculture, food packaging, infra.

You are seeing that really strong demand when you look at PVC at 29% On the back of softer prices and also pre-monsoon agricultural demand.

Overall, PE demand has been muted, but we saw a lot of downstream pre buying in fourth quarter because of the plant shutdowns that we saw from major producers.

On the polyester side, as I mentioned, 44% growth year-on-year, but flat on QoQ basis. Polyester we saw big impact in first quarter of FY 22. Also of course in a broader sense cotton-polyester prices deltas are high which supported PSF. And when you look at PET very strong growth that we saw on the back of summer demand for PET that we see.

On the chain delta side, polymer deltas are between 2% and 28%. PE especially at 28% on firm product prices and benefiting from lower naphtha that we saw. PP deltas over naphtha that was marginally higher by about 2%. PVC saw a sharp jump of 28% and that was on the back of a sharp fall in EDC prices, which fell by almost 20%, and the fact that demand continued to be strong.

Overall polyester chain deltas were 6% higher. Actually, downstream polyester demand was impacted by China lockdown. MEG was also weak at -54%. But the overall chain delta has improved because of PX delta improvement. PX went up by almost 76% on a QoQ basis led by gasoline blending.

Moving to individual transportation fuels as you can see from this graph, gasoil demand remained broadly flat at about 28.3 mbpd, but the cracks surged on the back of EU embargo on Russian products and gas-oil switching, that I talked about, and lower inventories and limited exports from China. This this aspect of lower inventories and limited exports from China cascades in many other products also.

So, if you see Jet/kero, overall increase by 0.1 million barrels in terms of demand, but the cracks again more than jumped double because of prioritizing of gasoil over Jet/kero because of the economics. Also rising air travel demand meant that, cracks went up very sharply.

On gasoline, the year was a case where the demand also went up sharply a million barrels per day of which 70% was in North America. And apart from demand, lower exports from China and India demand 11% higher, so all of them played a part in terms of how we saw cracks behave in gasoline.

When you look at the operating performance, clearly for us, we absolutely maximize the primary and secondary units, we focused on gasoline grades. We did the yield adjustments to benefit from the high gasoil-fuel oil deltas as well as gasoline-naphtha spreads. So, we focused a lot on extracting every bit of value from the refinery.

The fact that we have a further increase the improvement and gasifier utilization, meant lead in terms of high-cost liquid fuel firing as well as being that there being no need for high-cost LNG imports. Of course, fuel production was lower as you can see 10.5MMT versus 10.7MMT Because of the DHDS shut down. Also, when you look at the polymers 1.4 MMT versus 1.5 MMT that is on the back of the planned turnaround that I mentioned at Hazira

All this just brings the various factors at play, but you know, just to touch the main one macro, we do expect oil demand to go up to be at about 99.2mbpd, which is up 1.7 million barrels per day YoY. Impact of EU decision to phase out oil and gas by year end is a clear factor in terms of how it plays out. It also means that demand for mid distillates especially and therefore demand for export to EU both from Asia as well as from the Middle East.

On margin side. You know it has been well talked about that there is limited spare refining capacity and with the strong oil demand, will keep refining margins higher. There is clear recovery in aviation demand because the pandemic woes are subsiding. And the fact that there are lower exports from China are supporting margins. Though of course on specific products PX, PTA and MEG, we do expect it to be range-bound due to the overall capacity overhang that we see.

The demand drivers. It is transportation fuel, and with the lockdowns in China to be eased. We will see demand coming there too. Overall polyester / polymer demand we do expect to see some improvements in the in the coming season.

On the challenges side, we have been seeing the whole concern of recession, slowdown on the back of both higher prices as well as the responses by various central banks all over the world in terms of wanting to take interest rates up to curb inflation. So, we are seeing the impact of that. Those factors definitely fall in the category of challenges when you look at what would be the outlook for the next three to four quarters and of course, any duty on exports will have an impact on overall realizations that we have.

And just to bring together the overall performance, very strong earnings growth that we saw both on EBITDA, as well as net profit, and as we have highlighted right through, led on the back of O2C but also every business Retail, Jio, as well as upstream have contributed meaningfully in terms of the year-on-year growth.

Sanjay talked about being on track to deliver 1 Bcf per day of gas in FY 24. Retail you know the focus continues to be on onboarding merchant partners, new store addition and gearing up of our omni channel capabilities. And on Jio, both the leadership and connectivity with mobility as well as FTTH, as well as the broader 5G deployment that Kiran had talked about.

Overall, we have a strong balance sheet and multiple growth drivers to deliver value creation.

Thank you so much. Appreciate you all being on this call.