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Call Participants:

- Sh V Srikanth, Jt. 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 Thapar, CFO, Reliance Retail Limited
- Sh Sanjay Roy, Senior Vice President – E&P, Reliance Industries Limited

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- **Sh B. Srinivasan** 00:00:03 – 00:00:41 **(Introduction)**
- **Sh V Srikanth** 00:00:48 – 00:09:49 **(Consolidated Financials)**
- **Sh Kiran Thomas** 00:09:50 – 00:23:59 **(Digital Services)**
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Transcript:

Sh B. Srinivasan 00:00:03 – 00:00:41 **(Introduction)**

Good evening. Thank you for your patience and apologies for starting this first quarter financial result meet a little late.

I am handing it over to Srikanth Venkatachari, who will start with overall performance of the company for this quarter. Anshuman will talk about digital business. Dinesh Thapar will present the retail section and Sanjay Roy will takes us through the Exploration and production business.

Srikanth will take us through O2C business. Over to you Srikanth.

Sh V Srikanth 00:00:48 – 00:09:49 **(Consolidated Financials)**

Gentlemen I'm sorry about the delay. So, like in usual way we will do the first 7-8 minutes on the consolidated numbers and then do the individual businesses. So moving to the first slide. So, it's been a record quarterly EBIDTA, strong performance in O2C and Digital Services.

Our EBIDTA at Rs 27,550 crore is up 28%, net profit also at the pre-exceptional basis is at Rs 13,806 crore, which is 67% higher and this is on the back of normalized tax provision.

When you look at O2C, this is the fourth sequential quarter of growth, significantly lower impact of second wave as compared to the first one. We believe that demand is on track and in the next one to two quarters we see that kind of recovery.

Retail was definitely impacted by restricted store operations, of course. We were able to mitigate to some extent by ramping up our Digital Commerce.

On the digital side, we continue to see good traction and subscriber growth, as well as data usage, in some sense, I would say, not affected by second wave barring some of the FTTH rollout, which got impacted. The fact is that the network was superior, and very high customer engagement.

On the oil and gas side, the benefit coming from ramp up of KG-D6 production. All our strategic growth initiatives are on track.

When you look at the numbers, you can see that in revenues there has been a strong year-on-year growth of 57%, as well as the profits that we saw. Overall when you look at quarter-on-quarter, revenue is lower by 8% and that is because of curtailed Retail operations. To us, you know, some (unclear) and it was offset to a great extent because of higher realization in O2C as well as the KG D6 ramp up.

The overall EBIT was improvement clearly led by O2C, digital and oil and gas, which helped to offset actually the retail weaknesses. On the finance cost, this will be the fourth consecutive quarter of lower finance costs, so now finance costs is 50% lower on a year-on-year basis, and 16% lower on a quarter-on-quarter basis. That is on the back of the fact that we have been able to repay our liabilities on the back of capital inflows, as well as very proactive optimization of liability costs.

When you look at PBT, the benefit of better EBITDA, as well as lower finance cost translates itself in PBT growth, both on a year-on-year basis as well as on a sequential basis.

On the tax side, you know the tax amount is higher on a year-on-year basis, as well as on a quarter-on-quarter basis. This is because tax provision in this financial year is at a normalized level. So even after considering this, the pre-exceptional net profit of Rs 13,860 crore is 67% higher on a year-on-year basis and only about 2.8% lower on a quarter-on-quarter basis. So, in summary, strong operating performance, despite the pandemic imposed challenges.

This is just the breakup of the EBITDA and we will see it in the subsequent quarters but, you know, strong operational performance, you can see also see up 50% year-on-year basis and also sequentially up on a 7.2%. We have benefited from very favourable margin environment as well as optimization in our feedstock, and energy costs. Retail sharply lower at 46% because of curtailment of store operations and lower footfalls but compensated by good traction in our omni channel. Our digital services both up sequentially as well as year-on-year maintained. We maintain customer addition as well as very strong usage growth that we will see.

On the oil and gas side, 66% up on quarter-on-quarter basis on the back of ramp up. So benefiting really from a diversified business mix. On the balance sheet side, you know, we continue to have more cash than debt and the levels are slightly higher than what we saw in March.

So, for us, you know we have a very strong balance sheet, we have very strong cash flow generating businesses, which will help us in our growth initiatives and to drive long term value. A few slides on each of the businesses before I hand over to Anshuman.

Overall, when we see the O2C environment for demand and margin we see very strong growth in demand, we are seeing that reflected in transportation margins, which are four to six quarter high. We are also seeing that kind of strengthened downstream chemicals.

Quarter-on-quarter domestic demand for fuels has been impacted, and in the O2C section, I will make the case that, why this compared to Q1 last year, the impact has been very muted in as far as O2C is concerned.

But when you look at it on year-on-year obviously there is a strong demand growth from an operational standpoint. We saw the numbers every EBIDTA Rs 12,231 crore which is up 7% quarter-on-quarter as well as almost 50% year on year. We had higher feedstock going through. We were able to optimize light feed cracking. We were able to very swiftly flex our business model, moving from domestic to exports when you saw the wave 2 come through, and also benefiting again, from energy cost optimization because accessing a lot more of domestic gas.

On the digital services, the healthy growth of customers 14-million-plus taking our total customer base to 441 million. Our churn rates have declined – it is below one now, at 0.95%. We are also seeing a very strong growth in as far as customer utilization, it is up 18% to almost 15.6 GB. We benefited from the ramp up of infrastructure and the customer focus right through this quarter. When you look at it from overall, therefore the revenue standpoint, 18% growth year-on-year in RJL revenue, EBITDA up 21% and EBIDTA margin now at close to 47%.

On the Retail side, beyond doubt, there has been significant restrictions, has definitely disrupted stores and logistical operations, footfall at 46% of pre-Covid, this is very similar in some sense to how it was in Q1, and while sentiment is reviving it, I would say we characterize that as being cautious. Having said that we continue to grow more than 100 stores, and actually we have 700 stores which are actually fitout ready at this point in time.

Vaccination overall we have done very well and more so in the context of Retail. A lot of front-facing staff there we have vaccinated 99% plus of the people. On the revenue side gross revenues of Rs 38,000 crore up 32% year on year, and EBITDA Rs 1,941 crore is about 80% year-on-year though sequentially it is a fall by about 46%. The big push here or the drivers have been really electronics and fashion where we saw better conditions compared to last year, and the scaling up of our digital commerce and merchant establishment has come in very useful. Now they contribute almost 20% of our retail sales.

And with this I will hand it over to Kiran Thomas.

Sh Kiran Thomas 00:09:50 – 00:23:59 **(Digital Services)**

Digital Services quick highlight for the quarter, some of it Srikanth mentioned but again highlighting here, the connectivity business is continuing to sustain the momentum of growth. We close this quarter with a total customer base of 440-odd million customers, and in the last quarter we have added on a net basis 14.3 million customers. Overall data traffic on Jio's network crossed 20 exabytes for the quarter. So, 20 exabytes would be 20 billion gigabytes for the quarter. ARPU is pretty stable at around Rs 138. Even though the subscriber count has been increasing steadily, ARPU has been pretty stable. There's been a very clear focus on ramping up our infrastructure, and especially operationalizing the additional spectrum that we acquired recently, as well as a number of customer-focused initiatives, all of which have contributed to a real increase in the customer experience and therefore, the customer engagement and utilization of Jio’s services.

In spite of COVID related challenges, the financial performance has been pretty strong. The revenues are at Rs 18,000 crore, which is a year-on-year growth of nearly 20%. JPL EBITDA is up nearly 21% year-on-year to now reach Rs 8,892 crores, with nearly 47% EBITDA margin

Also significant are some of the key partnership announcements that we have made in the last quarter. The most prominent of them was with Google, to use Google Cloud to power Jio's own 5G solutions, which we'll talk about in a minute, as well as for sustaining a lot of growth that we are seeing in our multiple sectors, spanning retail, both the traditional retail as well as JioMart, added a number of digital services, prominently JioSaavn in Music and JioHealth. It is not just the Hyperscale Cloud but also the relationship extending to the Edge Cloud infrastructure that Google Cloud is setting it up. And the idea being that whenever we talk about low-latency solutions like 5G, Edge becomes very important, especially in use cases like gaming, video entertainment, and so on. So again, we're looking not just to deploy our 5G, our own 5G components, but also to work very closely with Google Cloud to develop Edge use-cases based on 5G.

Likewise, the relationship with Microsoft that we had announced last year is now reaching a stage of early operationalisation. We have already operationalized 10 megawatt (MW) capacity of Jio Azure cloud data centres. To remind everybody, our partnership was to jointly create a cloud infrastructure for India. Using the Azure's capabilities, Jio is building the infrastructure to power that. So, 10 MW of initial capacity has been created in two locations – Jamnagar and Nagpur. We are currently bringing on certain pilot customers who can start using that to run their workloads, and planning and work is already underway to enhance that capacity for the coming quarters.

Similarly, we have an announcement that we have made in partnership with WhatsApp, some of the early use cases are now already in the market. There is of course a lot of exciting work which is ongoing. But talking about some of the use cases that we have already launched, certainly the ability to recharge through WhatsApp, using the WhatsApp Bot Framework is already operational, smart boards are able to recommend the top three plans that customers may want to choose. And likewise, reminders for recharge, as well as all the other notifications. WhatsApp is being increasingly used as a channel. This is just the early part of the engagement, there's a lot more joint product development work that we're doing. All of it will be unveiled in the coming quarters.

Just to also highlight, it has not always been purely about business growth. There were a lot of initiatives that we launched, keeping in mind the need to alleviate the hardships and the pain and suffering being experienced across the country. One of the concepts that we launched in the last quarter was targeted at our JioPhone users who are typically from the bottom of the economic pyramid.

We found that a lot of people were finding it difficult to make regular data recharges, but we thought we should extend an arm that even if there is some delay but we continue to offer up to 300 minutes of outgoing calls for all JioPhone users so that they are never disconnected if they have to make an emergency call or reach out to their near and dear ones. And also when they do, the data recharge, we ensure that if they are buying one, we are also giving an extra recharge. Because in these trying times you never know when that might come handy. Also, even if they run out of data, we were offering something called emergency data load where they can continue to use data for some time until they are able to get to a recharge whenever next convenient to come them.

Also the network itself. We have been very focused, very focused in increasing our network capacity. Like I mentioned a little bit earlier, we recently acquired additional spectrum in the auctions that happened. And I'm glad to report that almost all of that spectrum has been operationalized, resulting in a very significant increase in customer experience that we've been able to notice right across everything from indoor coverage to download speeds to video experience and so on.

A vast majority of customers are able to get in excess of 10 megabits per second speed. And we also find that this additional capacity has unlocked nearly 26% year-on-year increase in per capita consumption to now over 15 and a half GBs per month per customer.

Also, interestingly, what this additional spectrum investments have done in addition to increasing the customer experience is it has also created an additional step change in capacity, which we believe will hold us in good stead to onboard up to the next 200 million customers on our network. Also, talking about a significant innovation that our engineers have been able to make, which is Jio 5G, and Jio 5G is a complete end-to-end 5G stack which has been developed in-house by Jio engineers, which is completely cloud native, which is fully software defined, and an end-to-end managed; so not just the 5G components themselves but also the entire management framework to manage such a complicated network, all of those have been built internally.

As many of you may know that we have also now received the approvals and the trial spectrum to initiate 5G field trials, and we are initiating this using our own Jio 5G standard developed internally. So we have received 100 megahertz in the 3.5 Gig band, also called the n78 band which DoT has allocated for trials, entire network, which is also quite satisfyingly what we call a standalone mode, so not as an overlay on 4G but a purely standalone 5G capable network. All the components are now installed in all of the data centres across our country. And, obviously, because of the fact that we are a zero-legacy network, we'll be able to, as soon as we get the operational spectrum, be able to quite quickly and seamlessly upgrade our offerings from 4G to 5G.

We are also working to build certain, what we call, showcase applications in various verticals, everything spanning from Healthcare to Education, Entertainment and Retail, specifically highlighting the capabilities of 5G. One of the examples is a 5G connected ambulance that we are developing, so that all the capabilities of a hospital emergency room can be extended to an ambulance, no matter where it is at any point in time – we are doing it in collaboration with our HN Reliance Foundation Hospital – and similarly ability to deliver rich Augmented Reality and Virtual Reality content, again taking advantage of the low latency, high bandwidth capabilities of 5G to students at home as well as in the classroom. And again, we are developing these concepts together with the Reliance Foundation School.

All of these will hopefully showcase enough of those capabilities and in addition to delivering these use cases, we can also prompt other ecosystem partner to step up and use the 5G capability that we are creating to come up with literally hundreds and thousands of innovative solutions like this. JioFiber continues to build traction, I think, as Srikanth mentioned in his preamble that because of COVID and the fact that JioFiber requires a lot of physical activities both on the streets as well as within buildings and homes. This has been obviously a challenging year for such work. But in spite of that, I'm glad to report that JioFiber today is used by more than 3 million connected homes, and obviously, as things are improving as you're coming out of the phase two, fingers crossed, this will pick up, and we'll have a strong ability to increase this base in the coming days.

But of course, all the work which we were doing in the public spaces, fortunately, was not as impacted and today, Jio's optical fibre is physically present in more than 12 million premises. So what that means is as soon as the COVID situation improves, the ability to connect and convert those in proximity to actually consuming customers is extremely high. Engagement metrics for those people who already have JioFiber, we have been seeing a steady improvement. For example, on average, a JioFiber home consumes nearly 300 gigabytes of data every month, and we are seeing that month on month this trend is going up.

And in terms of engagement. We also have a set-top box offering. It's something that connects your TV and we have the large screen experience that we have created for this box, and we are finding that we are experiencing more than five hours of engagement on average per household. Again, multiple devices are connecting, because we extend Wi-Fi in the home, on the back of fibre, and on average we are seeing up to half-a-dozen devices per home and these numbers are increasing, so it's a winning product. I think now it's a question of physically deploying as the macro situation improves across the country.

Again, you can see, the momentum is continuing from a customer base perspective. In June last year, we were a shade under 400 million. Today we are at 440 million. Data traffic, like I mentioned, we were at 14 exabytes or 14,000 crores GBs for the quarter. And you can see that we are now at nearly 20 exabytes which is a 40% increase year-on-year.

From an operating metrics perspective again, I'm not repeating the customer base, but in terms of net additions.

Similar quarter last year, we added nearly 10 million customers. That has now grown to 40 million net additions this quarter. ARPUs are holding quite steady quarter on quarter, data consumption, 1400 crore to 2000 crore per capita, again from a shade over 12 GB per customer per month to now in excess of 15 GB per customer per month. In terms of voice minutes, shade under 1000 crore minutes per day that we were carrying on our network to now in excess of 1169 crore minutes per day. And even on a per capita basis, that number has grown from nearly 750 minutes per user per month to now in excess of 800 minutes per month. So overall, it shows an increase in customer engagement and growth in the customer base, and obviously growing consumption and therefore growing revenues. When it comes to connectivity, part of our business, maybe at this point I'll hand it over to Anshuman who can just walk us through the financials as well.

Sh Anshuman Thakur 00:24:00 – 00:27:24 **(Digital Services - Financials)**

Thanks Kiran.

So I'll quickly summarise the financial performance for the quarter starting first with RJIL, the connectivity business where we reported revenues of Rs 17,994 crore for this quarter, which on like-to-like basis was an 18% growth over the same quarter last year. The dip in March 21 that you see is on account of the IUC regime moving to bill and keep.

The EBIDTA also showed an upward growing trend. RJIL had EBIDTA of Rs 8631 crore for the quarter. That was 19.3% growth year-on-year, with a 48% EBITDA margin. So the margin has been holding fairly steady, even though we've been expanding network capacity we added more spectrum.

Moving on to the Jio Platforms Limited financials, these are consolidated financials at the Jio Platform Limited level and include the RJIL as well as other subsidiaries. We have operating revenues of Rs 18,952 crores for the quarter and EBITDA of Rs 8,892 crore. The EBITDA margins again was steady at 46.9%, 4.4% higher than the same quarter of last year. Now this quarter, it was important for us because of the tough circumstances on the ground with the second phase of COVID in April and May. We had a lot of challenges on ground, there were things beyond the normal call of duty that we were doing, and expenses went up, also because of the benefits we gave out to customers given the tough circumstances.

Kiran spoke about the JioPhone offers that we gave away during the quarter. Yet we managed to hold on to the EBIDTA margin, and that was good EBIT at Rs 5,727 crore and net profit grew of 44.9% year on year to Rs ,651 crore for the quarter.

Moving on, just a slide summarising.

You know the thoughts at this point in time. This was a tough quarter for the business because of COVID-related disruptions, you know the on-ground situation was not good, especially in April and May. And even now, the recovery is just about beginning. Hopefully things will keep getting better, but it was a tough quarter in that perspective.

However, we are very optimistic about the overall demand scenario and our ability to service that demand. And that is where while there have been challenges and delays in incremental monetization of our FTTH and digital platforms, we see a long runway ahead of us, both on the mobility side, with what we have done with our network capacity and devices, 5G rollout; and even on the fibre-to-the-home and enterprise side where the demand has been extremely strong and our services have been taken up wherever possible. Customer traction has been extremely high. So hopefully, if things keep improving, we will see more traction with our products on the field.

So with that I'm going to hand over to Dinesh to take you through the summary of the results of Reliance Retail.

Sh Dinesh Thapar 00:27:25 – 00:50:47 **(Reliance Retail)**

Thanks Anshuman. Good evening everyone. Before I talk about the performance of Reliance Retail, a few comments on the operating context. It has been a challenging quarter, though improving. I'll talk about how we are seeing it, but you know there were significant restrictions that were imposed. We'd spoken about it in April when we had our last call. Different states went into a staggered phase of lockdowns and restrictions. The second fortnight of April and May were particularly challenging with operations ceasing across most of the network.

We started to see some signs of easing coming across in June, and it's getting better as we look into July as well. Business for the most part of the quarter was confined to essentials, which for us was largely the grocery portfolio, not the entire portfolio. Because even within our grocery stores, it was only the essentials part of it which could have gotten sold and seamless logistics was clearly impacted due to the constraints. I want to say that between Wave One and Wave Two, while supply chains were clearly a lot better prepared, the restrictions that were imposed across the breadth of the country, across the states meant that there was some impact on mobility and ready logistics, particularly last mile fulfilment.

Across the store network, we had about 26% of our stores, the portfolio through the quarter - 35% partially open, which meant that they opened for only certain hours in the day or certain days of the week. And within that it was a story of two parts. Grocery partially opened for 70% thereabouts and non-grocery stores for about 30-odd percent. So, really 60% of the network was opened in some form, whether fully or part, which compared to about 50% last year, so marginally better trading conditions compared to same time last year. But I think it's important to also point out that while store network was open for this period of time that I just mentioned for the 60-odd percent, you're aware that even for the period of time that they were open, we could only operate for certain hours.

So therefore, what we've tried to do is to give you a sense that even though stores are open, they're not really operating at full efficiency at the moment. So if you look across the month in April, 70% was really functional from an operating cost perspective, that went down to 25% in May as more and more restrictions were imposed. It started to get better in June, as there have been progressive easing across the states. And like I said, as I look at July, we're encouraged with the direction of change. It quite hasn't gotten back to the levels of April as yet but it is trending upwards.

Footfalls have dropped to 46% which is about comparable to the same time last year when Wave One struck, but significantly lower than the 88-90% that we saw in Q4, which is just about the time that business started to see some level of normalisation comeback. And consumer sentiment, which was significantly impacted with the outbreak of Wave Two, later March, early April thereabouts, in the way we seeing, it has started to improve and started to revive, all though it remains very cautious. And therefore, as we see the situation is still quite uncertain because many moving parts across the country across the various states, but we remain very optimistic seeing the direction of change in July.

In terms of the key messages, I think I mentioned this the last time around. As a retail business, with a very very significant proportion of its team out in the field, out in operations to run store network, to run our distribution centres, our warehouses, and our frontline operations on fulfilment, it was really important to secure our operations and to secure employees, and as we exited the quarter, we had over 99% of the retail team that had been vaccinated across the breadth of the country. The last little bit that's left is really to do with conditions of people who've gone through ailments, gone through medication and therefore have lead time before which they can get vaccinated. So significant progress in that one.

In terms of business, there's been an uptick of revenues at 32%. You'll see the headline numbers at 22%. But if I stripped out the effect of the petro-retailing business that was transferred out, comparable business which has continued is up 32%. Grocery has remained very resilient. You know grocery has done well, it's served the needs for essentials right through this period ever since COVID struck us. But there's been a step-up across the other consumption baskets, most notably in fashion and lifestyle and our electronics business where we've seen better trading conditions, relative to same time last year.

EBITDA is a tad short of Rs 2000 crore this quarter, but up 80% over same time last year, buoyed by the revenue build back that has happened on the fashion and lifestyle and consumer electronics and of course, boosted by the investment income that you have now seen for a couple of quarters. Our expansion thrust continues. We were able to commission 123 odd stores primarily in the month of April, not too much that's happened after that. But there are about 700 odd stores that are ready, been fitted out and just await conditioning. So as operating curves are lifted, this will come to market and get commissioned and then of course there is another pipeline that we have that is in very various stages of development. What we continued to do is to scale up digital commerce and merchant partnerships and that you will make up from the next chart that I say is turning us in very good stead in times like this.

Double clicking on to revenue, so robust revenue performance - 32%, like I said, year on year up. That's excluding the impact of the petrol retailing business that was transferred out. Groceries remain very resilient. It's done well and it's continued right through from quarter one of last year and its continued to, to serve the needs of customers, even in a very constrained era. There's a bit of a misnomer saying, but grocery is continuing, but grocery is continuing to operate under significant restrictions as well and that business has been very resilient. There has been build back, that has happened on fashion and lifestyle and electronics and from what you just heard, on the Jio numbers and the RJIL numbers, clearly connectivity has seen its consistent uptick that you have been used to seeing now for some quarters. Here's the big piece which I think we've been investing in and talking about digital and new Commerce has partially alleviated the impact on the shutdown of the store network, And what was under 5% same time last year, and virtually nothing before COVID had struck because the only digital commerce business we had at that point of time was Ajio and fashion and lifestyle has contributed to about 20% of sales of the retail sales in this quarter. So it gives you a sense of the fact that these revenue streams which did not exist, up to about a year back or 15 months back, today have meaningfully contributed and alleviated the impact of restrictions that we've been faced with. Petro retailing, I've just spoken about – that's a drag that we've seen for a few quarters, and will be now on the base as we go forward.

EBITDA at about 2000 crores. So, so first quarter this year was a little under 2000 crores up 80%., quarter one last year was the ballpark of a 1000 crores. Fashion and lifestyle has been the biggest contributor to this because that's where revenue has come back in some way. Clearly on better trading conditions, although very constrained relative to the last quarter that we saw, which was quarter four but better than the first quarter of last year when the first set of COVID restrictions were imposed.

Electronics has continued to be on momentum, done well and on better trading conditions and higher store days has done better this time around. We've continued to remain razor-sharp focused, given that we are retail business a relatively lower margin business, on managing our costs that has continued to contribute to the resilience of our EBITDA even in times like this as revenues have been pulled out. And the results continue to have a boost from the investment income. Just this quarter been about 550-odd crores. And we've said this in the past, that the reason it's here is because over a period of time, as we deploy the resources that we've put in into surplus investments, on which we are earning this investment income, we expect it to get replaced by EBITDA from the new streams of business that we invest on.

Store expansion - at 123, that number could very well have been over 1000. This quarter, but like I said we were constrained. April was pretty much the only month we could really put up a few stores; 700 in the offing and many more at various stages of development. But the larger message I want to leave with you is that the thrust on expansion continues, and very strong emphasis around. Financial summary – quick headlines, revenue came in at 38,547. That was 22% on reported numbers basis. EBITDA was up 18% at 1941 and profit after tax was more than double over same time last year at 962 crores. Of course sequential results have been impacted by the fact that I just mentioned on significant restrictions. If I just use two data points – we had about 95% of the store network that was operational in Q4 relative to like 60% between a mix of fully open and partially open. Footfalls which were at 90% last quarter were close to 45% this quarter. So gives you a sense that the sequential results are not strictly comparable; they're not apples to apples in terms of the operating environment. To give you a quick sense of what's gone behind each of these businesses. So consumer electronics, on a year-on-year basis is up 1.8x. The investment that we made to activate Reliance Digital which is the digital commerce we have for our electronics business has meant that it has seen the highest-ever sales in this quarter, so that's a record on that one and we continue to grow in momentum on that on that part of business. Lower footfalls, for whatever little amount of time the stores that were open, we did see lower footfalls but those, as has been the case now for few quarters, was partially offset by higher conversions of casing and larger ticket sizes.

So across the breadth of our businesses this is a trend that we're seeing. Clearly conversions are much higher than pre-COVID levels and bill values clearly trending way above averages of pre-COVID. This is a business which has invested in hooking up its entire network, runs truly omni-channel, so clearly a seamless experience that you get between offline and online, entire omni-channel promotions that we ran, the financing tie ups that we have with banks, very compelling offers, exchange offers and clearly the strength of partnerships that we have with the brand vendors to really be able to launch a range of products provided the boost to sales.

So many ways, you know I keep saying this, the secret sauce that this business has to do well has continued to play out in this quarter and they just continue to execute really well despite the constraints that they've been faced with. Broad-based double-digit growth across all categories, pretty much. And I think building on our experience from the last time, around this time, recognising that there was uncertainty, there was an early phase of execution that we did on air care so that we didn't miss out the summer season. So early loading and good early execution and pre-planning that we had done on that category meant that we were able to catch clearly that season.

And we didn't need to build out our own brands. This was strategically important building out this portfolio; this is anchored around two brands primarily at this stage with BPL and Kelvinator, and between the mix of the portfolio, and its presence across general trade, not just our own stores, each of those are growing.

Looking at fashion and lifestyle, our apparel and footwear business, and this is the one I mentioned, clearly tough trading conditions, and when I talk trading conditions, I am talking about store operation days and footfalls has meant that this business has 3x, over, same time last year, and the business has continued to do well, regional activation, in-store activations because here's where we are challenged by we were not able to control the footfall, because that's restricted and constrained by the context. But as customers come into store, what we're doing is to really activate very impactfully within store and that's led to higher conversions and higher bill values at least offsetting the lower footfall.

Our small-town performance has been very resilient, and I've seen this for a few quarters that it has continued to bear out in this current quarter as well. Across the breadth of our business, small towns have been far more resilient. They did drop, but clearly not to the extent that some of the larger towns did, and they contributing meaningfully to our business right now. And in the Fashion & Lifestyle business for example, the operating metrics, the economics that we have in small towns, is clearly well above the average so very encouraging to see that.

And then of course the hyperlocal capabilities that we have in fashion, lifestyle; you know we built out our Ajio in a big way and now we're building our fashion on JioMart, we hooked up our Trends stores for hyperlocal fulfilment and that's now been extended across 451 cities.

Ajio's had a fantastic run. Ajio, in many ways, rose to the occasion first quarter last year when the store network and fashion, lifestyle was shut down, and it has grown ever since quarter after quarter. You know, pretty much an improvement on all operating and customer metrics, monthly active users, traffic onsite, orders, all up 4x, you know year-on-year and the point I think I mentioned last time around, we are growing this business significantly.

You know the revenue that we clock per quarter. Ajio now is equal to the revenue that we did for a full year in the period pre-COVID. So that's the business which has continued to be on momentum and is now contributing very meaningfully to our apparel and footwear business. Successful execution of events and with each event, clearly operating metrics getting better and customer metrics getting larger. And we've ramped up capacities and this is the next thing that we're now investing in significantly so whether it is last mile fulfilment, whether it is supply chain, or distribution centre capacity or fulfilment centre capacity, or it is indeed the technology platform, we're now investing really for new peaks that we are starting to see on this business.

And on merchant partnerships we are scaling up, of course we were constrained, many markets across the country were shut down because of the restrictions, and these were fashion and lifestyle markets, clearly not deemed to be essentials. But as markets opened out in June, we started to bring the business back. We are currently present in a little under 2,400 cities and are poised for further expansion in the months ahead as markets start to open out. We're expanding the portfolio, we doing everything that is required from a capability standpoint, right on assortment, right on seller onboarding to prepare this business for significant expansion in the months ahead.

On Jewels, I think Jewels has had a very good run, revenues are up two-and-a-half times over same time last year, higher operating days, but importantly I think we think better product mix, you know, more jewellery, lesser gold coins, and that always augurs well. Of course, when sentiment is that weak, diamond contribution does take a beating. As it did in case of diamond contribution Q1 last year as well. So then conclusions come off, but the good part is within gold, we're seeing a better mix, which is veering more towards jewellery less towards just holding gold coins.

We continue to leverage design capabilities; collections are doing well; the virtual gold voucher facility that we pioneered was to really be able to lock and go for customers who couldn't visit stores but wanted to lock in the price at that point of time and then they would redeem it you know once doors open. That was met with a very encouraging response. I think Reliance Jewels continues to receive a lot of external acclaims, now something that we've seen for many quarters and just reflects the way this business has been built up.

On our luxury and premium brands business. Clearly, the emphasis on digital commerce, which is now about 30% of this business, has really been able to salvage revenues, at a time when most of the store networks shut down. A large part of the store network is in malls, which still remain shut. We continue to expand the portfolio - Ajio Luxe which I'm hoping many of you would have experienced by now. You know, the offering on that from our premium, and our luxury brands has been extended, and there's more in the offing.

You know, strong rebound on Hamleys as UK reopened. But let's recognise a lot of the traffic that we saw in the UK business was really domestic traffic, the foreign tourists into UK which is also a sizable contributor to the Hamleys UK business has not yet happened, but at least we've seen a good rebound from the domestic traffic on the UK Hamleys business. And we need to expand partnerships and this time around, we've announced a joint venture with the Creative Artists Agency in the global brands group which is really brand management companies, which will just expand the portfolio that we have under this business.

On Grocery, I mentioned very resilient double-digit growth in the continuing business; you know the quarter-on-quarter performance was impacted by operating restrictions because it is a bit of a misnomer to say that you know grocery did not see any constraints. The reality is the grocery network was also subjected to the same limitations on operating hours and restrictions on portfolio that could be sold. So the quarter-on-quarter performance, clearly was impacted but it remains resilient otherwise in terms of the essentials part of the portfolio. Stores were reorganised to ensure dependable footfall was happening, we were absolutely offering a safe shopping environment. Broad-based growth across categories -- typical categories that do well in times like these that led to performance like this was staples, processed foods and parts of the HPC business.

We've continued to leverage relationships with key vendors to ensure better availability, and I didn't mention that supply chains were not as broken as they might have been given the suddenness of the first wave last year. Clearly, between partners and ourselves, we as a network were better prepared and that just ensured better availability this time around, and we worked very closely with them on activations and promotions really with the best customers.

We continue to focus, and it's a strong emphasis and strong priority within the business to now build our own brand portfolio. We're here, and we've now had the launch of our own brand called Puric InstaSafe, which is built on the proposition of hygiene, and we now looking to extend that into general trade as we scale up our new commerce business. JioMart has really come in many ways to the rescue, you just heard me make an overarching point saying that in a quarter when the store network was stifled, digital commerce and new commerce in many ways contributed about 20% of the business.

JioMart continues to scale up further. JioMart has just about completed a year. It was born in May of last year and it's grown from strength to strength. It's continued to grow in scale. Orders on JioMart are up 25% quarter-over-quarter, which means over the last quarter as well, so there is continuing momentum that we are seeing on JioMart. Very high levels of repeats – 70 or 75% of repeats on JioMart, which is very, very healthy. We've now extended coverage to about 218 cities and our kirana partnerships are up by a third over same time last quarter. And you know we continue now to build capabilities for faster onboarding. So, as curbs are lifted, you could expect rapid acceleration of our onboarding of kirana partners.

So therefore looking ahead, you know, let me again say it's a big priority for the retail business given you know the dispersion and where our employees are working, clearly in frontline, to continue and finish this whole journey on vaccination. So therefore, vaccinating employees and their families and partners and securing operations is clearly a foremost priority. In this period, most are due for their second shot over the next few weeks. But we remain very steadfast and committed to our medium-term and immediate-term priorities, which is to accelerate the new store opening. It's been stalled by clearly the operating restrictions. We are looking to get back on that as markets open, as operating curbs are lifted, scaling up digital commerce, we think it's a way of life.

And we are therefore preparing for this expanding capacity. JioMart will continue to expand its play. We've spoken about how we take it horizontal across categories and how we're growing the assortment on JioMart. We will continue to grow new commerce partnerships across businesses, across geographies and there's enough preparedness right from infrastructure to teams that are now in place to really be able to enable this. Launch and scale up new businesses – JioMart Digital, which is our foray of new commerce in the electronics space is due for launch in the months ahead. Subscription services is very much in the offing, building up the marketplace is in the works, expanding beauty is clearly in the offing and then new businesses that we had acquired, Urban Ladder, Zivamme, and plans that we have to exponentially grow each of them.

An integral part of the priority for retail businesses is to really also build the larger ecosystem. And what we're doing is to expand design centres and really look to see how we invest in design research and development across the country and there's a fair amount of work that we've progressed in that direction, that is awaiting execution, and we're looking to develop the vendor ecosystem and fast track the supply chain infrastructure augmentation, which, again, has been stalled by the current circumstances, but for which a lot of readiness has been built. And we will execute therefore, as the situation eases out and normalises.

And last week we announced the acquisition of a controlling interest in Just Dial, and we're very excited about the acquisition in the context of the larger retail priorities and how we will be building up new commerce and retail plans. There is some part of the process of the acquisition which needs to be completed over the next couple of months and as we do that alongside, business teams are engaging on how we can really leverage this acquisition for the retail plans and really grow the business. So very exciting space, and that's really going to be a priority for us over the next few months. So let me end by saying that we remain very optimistic about the direction of change. But clearly, July has been a better month than June in first 20 days that we've seen in terms of store operations. A tad lower than where April might have been, but it's trending upwards and we're very optimistic with that direction. And we remain very strongly committed and confident to be able to restore the growth momentum that you've been used to seeing in the Reliance Retail business in the pre-pandemic era as soon as operating conditions normalise. With that thank you, and let me hand it over to Sanjay. Sanjay, over to you.

Sh Sanjay Roy 00:50:52 – 00:56:31 **(Hydrocarbons - Exploration & Production)**

Thank you, Dinesh.

On the Oil & Gas segment, as you are aware, we commissioned the R-cluster field in December of last year and the satellite cluster field in April of this year. On the back of that, the production ramp up is underway and we are very much on track. In the quarter gone by, we produced about 36 BCFe, which is actually on par with what we had produced in the entire year in FY20. Based on the strong production growth, we are now seeing revenues at 10-quarter high and EBITDA at 22-quarter high.

As you're aware, we have now achieved a production of about 18 million standard cubic meters, which is slightly ahead of our plans. As part of our monetization, we had conducted four rounds of bidding – one round for CBM and three rounds for KGD6. As you know, we pioneered the auction process in India for domestically produced gas, and we have successfully contracted 18 million standard cubic meters of gas.

What he saw was the demand levels have been restored to the Pre-COVID levels. And there has been strong intense competition in the auctions. We had participants from the fertilizer, power, steel, as well as refining and petrochemicals and resellers. So all in all, most intense competition and we were quite pleased with the outcomes.

Now, with the strong rally in gas prices we expect that we should at least have a 50% to 60%, increase in gas prices starting from the next half onwards. So that's the outlook. We believe that gas has an important role to play as we transition towards decarbonisation. That’s the outlook.

Can we go to next slide please.

Just as a comparison as I was mentioning earlier, in FY20 the production of 39 BCFe, the first quarter of this year itself we produced 36 BCFe. So that is the kind of growth and we expect to sustain this growth and augment it over time. Nearly 95 per cent of the production has been from KG-D6. Currently, we are contributing nearly 20% of India’s gas production.

Next slide please.

On the basis of this production growth, we can now see the top line growth in the revenues at high levels when we look over the last 10 quarters. Similarly, EBITDA margins will continue to improve. We have seen an improvement of almost 940 basis points Q on Q. This will continue to improve as we see the increase in production and increase in prices and the operating efficiencies that we expect to play out to improve the EBITDA margins.

Once again, you know, the whole point out here is that prices are expected to improve, based on the sustained rally in gas prices. As I mentioned earlier that we expect that from next half onwards, we should get a higher realisation by 50% to 60% in KG-D6.

The KG-D6 MJ field, which is currently under development. This is not the deepwater field; it is a gas, and condensate field. It comprises of wells, connected to a subsea production system, which is tied back to a floating production, storage and offloading vessel. Now, all of this is currently underway.

Our second offshore installation campaign will commence from later this year around November, and our development well campaign is currently under way. The drilling and completions are under way right now.

The FPSO as well as the subsea production system is on track for first gas in the third quarter of FY23. Now, with the augmentation of production from MJ field we expect to cross the 30 million standard cubic meter mark from KGD6 by 2023.

That is the production outlook. Meanwhile, we are also making efforts to consolidate, and leverage our understanding of the basin, the geology, and even leverage the existing the core infrastructure we have. We are looking at exploration, prospects in the block KG UDW1, which we expect to mature this fiscal and potentially look at drilling. If successful, we can now we can tie it back to an existing infrastructure. That is the outlook in terms of future growth. Thank you

Sh V Srikanth 00:56:32 – 01:11:44 **(O2C Business, Summary and Closure)**

The environment as you know, the consumer sentiment has been rising, vaccination drive and monetary policy support has meant you are seeing it in global oil demand, which went up by 1.2 million barrel per day on a quarter-on-quarter basis. Also, we saw on a similar trend in demand for both polymer and polyester demand in the US and Europe.

Mobility indices wise it is at 88% of the pre-pandemic level. In early part of January it was closer to 60% you can see the demand there and the mobility there. Quarter-on-quarter demand was impacted by second wave, and as I will try to make a case in the subsequent part of the presentation that the demand for both Polymer and Polyester were significantly lower than what we saw in the first quarter of FY 21. When you look at it from an year-on-year growth for oil up 19%, Polymer demand is up 28% Polyester up about 200%+.

Also, it is reflected in operating rates, if you see the cracker operating rates globally. It was at 82% slightly higher than what it was in the previous quarter, and we saw that even in the refining operating rates at 76% versus 74%. So clearly, there is the demand environment and increase in mobility is showing, as far as the business is concerned.

When you look at the feedstock price environment close to USD$69, an increase in the average price of 13% quarter-on-quarter, this is 11-quarter high. It was, you know, obviously, supported because of global fuel demand, and supply management by OPEC+.

We also saw that translate in terms of higher cracker feedstock prices. Both naphtha and ethane were up between 8 to 9%. Also, you know, the prices were higher because crackers started operation post the Arctic freeze. We continue to see global supply chains being impacted with high sea freight and container shortages.

When you look at the product margin environment, you can see that in the margins again with transportation fuels at four to six quarter high, we are also seeing it in the downstream petrochemicals where year-on-year PVC delta up 43%, Polypropylene is up about 15%, PTA 72%, PX 14%. So, a strong rebound as far as the margin is concerned.

So, this was the slide I was referring to. If you look at the numbers on the left, we have plotted the deltas for PE, PVC and PP. These are the bar graphs, and we have plotted the demand on the left hand side and delta is on the right hand side. But the demand is really robust which is the fourth quarter of FY20. So if you want to see a first quarter of FY21 demand, the weighted average demand, dropped by a 25% in first quarter of FY21, but when you look at it in the first quarter of FY22, the demand is down by 15%.

But I would like to highlight that, you can see that demand is almost at the pre-COVID levels. And again, when you see the year-on-year, the growth is about 28% And we have seen it in the demand coming through in health and hygiene, in FMCG and packaging, in polypropylene, polypropylene copolymer for oxygen concentrators.

And when you see the delta – you can see that quarter-on-quarter PVC delta has been actually stable, while PP and PE delta is down between 6% to 13%, but still year-on-year the deltas are actually 30% to 40% higher than the pre-Covid levels. This is further aided by the fact that it is coming on the background of global recovery and the fact that logistic constraints are helping maintain these kind of deltas. When you look at standalone products like PP, PP and PVC, they are well above the five-year averages that we have seen.

In Polyester, actually you can see it starker. You know the first quarter of FY21. You saw that demand had effectively collapsed by 72%, but in this quarter, that is Q1 of FY22, you can see that the fall is only 30%. And even though it is 84% of Pre-COVID, but you can see the sharp growth versus same time last year, so in that sense the growth has been 203%.

PET demand continued to be impacted by lockdowns. In fact, this will be the second consecutive summer season where it has got impacted. However, when you look at the delta, it is very interesting because, you see that the deltas have in fact, in Q4 FY20 and Q1 FY21 were flat at 540, and then when you compare it to year-on-year, it has seen a 15% year-on-year growth.

In the first wave, when you know demand collapsed, yet you saw the deltas were maintained because China inventory buildup of both PX and PTA. They did that well because it was driven by low absolute prices, therefore, prices really didn't fall. Similarly, in the second wave too, while delta is about maintained because there has been a strong growth in polyester and chain margins or polyester chain in China. So therefore the prices remained the chain Delta has remained in that since flat. Now the broader Polyester market integrated chain margins are actually approaching five year averages.

On the fuel demand side, you can see that if I were to work with Q3 FY20 as the base – because for transportation fuel that is a better proxy of pre-Covid levels – you can see that gasoline is almost 97%, gasoil is at about 94% of the pre-Covid. Clearly ATF at 62%, you know, is a little far away from that kind of number.

You may notice that the global mobility indices are only about 12% lower than where they were pre-Covid. You are seeing gasoline and gas oil demand coming up. As I said, there is increased leisure travel, pushing up hotel room rates and gasoline demand in the US. When you look at some of the data on domestic air travel in the US, they have actually come back to the March 2020 levels. The clear driver for demand is going to be still Jet Fuel, which has been 38% away from the levels in pre-Covid.

As the economy's open up, you should see a bounce back there.

This is just a pictorial representation of the direct relation between mobility and transportation cracks in all the three geographies - Europe, the US and the UK. You can see the sharp rebound in mobility, and you can also see corresponding cracks go up.

Gasoline is now at a six quarter high and gasoil has also seen quarter on quarter improvement. But, the fact that there is weak ATF, that does weigh on gasoil cracks. ATF can improve as airlines are seeing increase in load base and there is a quarter on quarter improvement with domestic travel in both the US and Europe.

So bringing it together, overall, you see that revenues are up sharply at Rs 1,03,212 crore is sharply higher than where we were in the first quarter last year. EBITDA, as I mentioned earlier on higher by almost 50% year on year and about 7.2% higher on quarter on quarter basis.

There has been a margin expansion, by almost 60 basis points. This is on the back of transportation fuel cracks. It is also on the back of QoQ improvement and deltas especially of PX, PTA and yarn. For us, the feedstock flexibility that is Naphtha versus ethane helped. The fact that, we are accessing enhanced domestic gas that helped to reduce our energy cost. We are working at full capacity, and most importantly we were able to flex our business model from domestic back to exports, similar in some sense to what we did in first quarter of FY 21.

Here, just on the operating performance side, our throughputs were indeed higher by 1.6% on a QoQ basis. We did maximise straight run for fuel oil, and also some of the arbitrage barrels from a cost point of view, we did have an unplanned FCCU shortage which impacted gasoline, PE, PP but then the FCCU restarted and the production normalized.

As a strategy, we did push more of jet fuel because there was a sequential improvement in demand, so we focused on that. And, as I mentioned earlier on the placement and export markets helped mitigate the consumption in the domestic market.

I also did want to take a second to really highlight the extraordinary work by our Jamnagar team in as far as medical grade oxygen is concerned, they were able to meet the daily requirements of almost 1,00,000 patients during peak COVID. They increased operations of air separation units. We also curtailed our gasifier operations to maximise oxygen production, and we didn't even hesitate for a fraction of a second to substitute that by imported LNG. So, this has been something which has given us great satisfaction to be of a small help in the second wave of COVID.

On the near term drivers, we do see oil demand picking up but still going to be short of what it was at the peak, and also the global polyolefin supply is coming through but we are confident that strong Asian demand will absorb this. As vaccination pace increases and COVID containment happens, it will drive consumer confidence.

On the margin side, the reduction in Chinese export quota, as well as demand recovery, especially in the US, we believe will support gasoline margins. International logistics constraints continues, and in that sense we are better off in maintaining margins.

We continue to be very constructive on the polyester agenda, integrated deltas.

On the demand driver side, clearly, it is linked to mobility - road, air and as and when it recovers, it will pull the demand up.

From the domestic side, we are seeing across the board demand in healthcare, food packaging and FMCG as far as petrochemicals are concerned.

PE and PVC continue to benefit from some of the favourable policy initiatives. Of course, what we have to look out for more lockdowns, especially in Southeast Asia, and yeah, that could have an impact.

Similarly, domestic side if there are strict restrictions, then that could have an impact and it depends on the pace of it. Also, very high crude oil prices can have an impact on demand, but we'll have to watch that.

I will just bring all this together in a summary. This quarter, it is a record EBITDA. Overall, when we put all the businesses together, I would say, the impact of second wave has been minimal on financial performance. With overall global mobility expected to improve, we do expect demand to remain firm, and in that context, we remain constructive about both the demand and margin environment.

As Sanjay highlighted, the oil and gas is poised to be a significant value and growth-driver in the coming years. Jio will continue in a leadership position with new offerings in both the JioPhone Next, the JioFiber, as well as enterprises business and not to forget mentioning about 5G.

On the retail side, we are positioned for strong recovery, led by digital commerce, Dinesh talked about the fact that, the digital and the new merchants' share is now close to 20% versus what it was at 4%. We are also adding stores and we are expecting strong revival in consumer sentiment.

Our focus now is on accelerated start to the clean and green energy business initiative that were announced in the detail by Chairman in his AGM speech.

So, all in all, diversified portfolio across consumption markets and baskets and very strong balance sheet underpins our robust growth outlook for RIL.

Thank you, thank you all for being on the call.