# RIL Q2 2020 - 2021

## Media & Analyst Call Transcript

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**Call Participants:**

- Sh V Srikanth, Jt. CFO, Reliance Industries Ltd
- Sh B Srinivasan, President, Reliance Industries Ltd
- Sh Kiran Thomas, President, Reliance Jio Infocomm Ltd
- Sh Anshuman Thakur, Head of Strategy, Reliance Jio Infocomm Ltd
- Sh Dinesh Thapar, CFO, Reliance Retail Ltd
- Sh Srinivas T, COO – S&T, Reliance Industries Ltd
- Sh Vipul Shah, COO – Petrochemicals, Reliance Industries Ltd
- Sh Sanjay Roy, Senior Vice President – E&P, Reliance Industries Ltd

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**Meeting Video:**
https://www.ril.com/InvestorRelations/FinancialReporting.aspx

- **Sh B. Srinivasan** 00:00:02 – 00:00:32 **(Introduction)**
- **Sh V Srikanth** 00:00:34 – 00:11:37 **(Consolidated Financials)**
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- **Sh Vipul Shah** 01:01:44 – 01:14:21 **(O2C - Petrochemicals)**
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# Transcript:

### **Sh B. Srinivasan** 00:00:02 – 00:00:32 **(Introduction)**

Good evening. Thank you for coming for our second quarter results.

This is our presentation now. Our sincere apologies for keeping you waiting. I know it's a Friday evening and it actually makes it even more troublesome to wait. Sincere apologies. We were waiting for the board meeting to end, which took a little longer.

We have a line-up of speakers who will be speaking on specific segments. Srikanth would cover the consolidated results first, and then he will hand it over to the respective business leader. Srikanth over to you.

### **Sh V Srikanth** 00:00:34 – 00:11:37 **(Consolidated Financials)**

Thanks, Srini for the short, crisp introduction. Thanks.

So, as Srini explained, I will just do six to seven slides on the consolidated numbers. I'll also talk about some of the key points in each of our businesses. I will talk about the capital raise, what has come, what has come before September, what has come after that, and its impact on debt. And then we have these presentations on Jio, which Kiran and Anshuman will do, which will be followed by Retail – Dinesh will do that. And then on the Oil to Chemicals side Srinivas for refining, Vipul will do for Petchem and Sanjay will do for the upstream business, and then I'll just do a closing summary slide after that.

So, starting with the consolidated numbers. The key point here is the strong growth in revenues that you have seen Rs 1,28,000 crore up on the back of oil prices, on the back of Retail sales. And you look at EBITDA at an aggregate, it is about 8% higher. I would say, 85% of this growth is coming from Retail and Jio.

The point is, net profits were Rs 10,600 crore, which is up 28% on the back of strong operating performance across our businesses. You can also see that the interest component is lower, almost Rs 650 crore lower on the back of the inflows. In fact, these interest costs, finance cost numbers, will account for only the inflows coming in during the quarter. Therefore, you should see further improvement or lowering of finance costs in the coming quarters.

Also, the overall tax rate, as you can see, is lower. And this is on the back of the effective tax rates for the year, including deferred tax, is lower this year, because of the proposed O2C segregation of the business into a separate subsidiary. So, on account of that you see a lower effective tax rate for this year.

Overall, the key point here is the strong rebound in quarterly performance. And another point I would like to highlight is that at Rs 10,600 crore, in effect, we are running at almost the same level of our FY20 net profits.

Next slide please. As you can see here, strong revival in O2C business with rebound and demand both for petchem as well as oil. So, when you look at the overall performance, petchem has been very strong, both volume and margin. And it did help offset weaker refining on the back of lower mid distillate cracks, as well as refinery throughput in this quarter. Consumer business up 16.5% led by a very strong recovery in Retail on the back of increased footfalls on store openings. Also, Digital Services has been very strong, this is a business least affected or not affected business, in some sense, by COVID.

And you can see there, we had the record quarterly EBITDA, and the growth of 7% on quarter on quarter basis. So, when you look at the numbers, consumer business now accounts for almost 50% of our consolidated business segment EBITDA.

This is about the strong rebound of quarter. So just key highlights for Oil to Chemicals, petrochemical demand – especially in that the polymer demand was up 34%, polyester up 209% thanks to easing of lockdowns.

EBITDA margin expansion we saw this quarter by 250 basis points to now EBITDA margin at about 20% plus for our petchem business, led by strong domestic sales and the fact that favourable light feed cracking margin. Ethane prices were pretty stable, while naphtha prices were higher.

Our inventory is below pre-COVID levels and it tells you about the strong domestic demand in the market. If you recall in the past, I have talked about 80% of the sales going into the domestic markets, and how we had reacted very quickly to shift this from 80:20 to 20:80 in April. Now with a strong rebound in domestic market we are back to 80:20 with the 80% going into the domestic market.

In the domestic refining product market demand was up 11% quarter-on-quarter on the back of very strong growth in diesel in gasoline and also in ATF. Our global refining margins continue to remain weak, particularly with these splits. We continue to be at premium to Singapore complex margins. This quarter our GRM was $5.7 versus $6.3 in the previous quarter, but putting all of them together still we see 9% growth in our O2C EBITDA.

The key point from this is the fact that there has been significant retracement of economic activity. Now 85% of our stores are operational, if you recall, we talked about 50%. We are also seeing higher footfalls. They also added to our activity level in retail, which is expected to be at pre-COVID in this particular quarter. And, you know, with the announcements on fund raise will help us strengthen our capabilities for new initiatives. And when you look at the numbers overall, you can see quarter and quarter revenues up 30%, EBITDA is up 85%. When you look at revenues year on year, it is flat, so it is a very strong performance.

Next slide is on digital services. Our key point is our customer base in excess of 400 million, which makes us the first operator outside China to have these many subscribers in a single country. We also saw sequential improvement in ARPU, at Rs 145 versus Rs 140. We are also seeing strong customer engagement mobility, FTTH and wireless traffic is up pretty good. Another key highlight is the fact that our quarterly EBITDA crossed a billion-dollar mark.

Next slide please.

This slide really captures all the activities that we have done, and I thought this would be of interest. The fundraise talks about the fundraise in Jio, the RRVL for retail, the Rights Issue that we did, and the BP joint venture for fuel marketing. So Rs 2,50,000 crore were announced from fundraise.

If you look at funds received in Jio, other than the global announcement. All the amounts have been received by 30th September. In Retail, of the Rs 37,710 crore, we had received Rs 7,500 by September, and the balance has already been received. Rights Issue, as you know, the balance commitments will happen in the next financial year, when you recall that. The BP joint venture the amounts were received in September. So, in short, of the Rs 2,50,000 crore, Rs 1,47,000 crore has been received before September, Rs 30,000 crore has been received post September and then the balance commitment that you see.

This is by far the largest capital base, when you look at it in whatever dimension. You would want to see it in this, and Rs 1,46,000 crore now is reflected in our balance sheet.

And a key highlight is the fact that our quarterly EBITDA crossed the billion-dollar mark.

So, this slide really captures all the activities that we have done. So, talking about the fundraise in Jio, RRVL – for retail, the Rights Issue that we did, and the BP joint venture for fuel marketing, Rs 2,50,000 crore was the announced fundraise.

If you look at funds received, in Jio, other than the Google announcement, all the amounts have been received by 30th September. In Retail, of the Rs 37,710 crore, we had received Rs 7,500 crore by September, and the balance has already been received. Rights Issue, as you know, the balance commitments will happen in the next financial year. And the BP joint venture, the amounts were received in September. So, in short, out of the Rs 2,50,000 crore – Rs 1,47,000 crore has been received before September, Rs 30,000 crore has been received post September, and then the balance are commitments.

So, this is, by far the largest capital raise, when you look at it in whatever dimension you want to see it. Rs 1,46,000 crore is now reflected in our balance sheet. And what we did was to use it entirely to retire our debt and all the other liabilities that we have. And as I mentioned in the first slide, the benefit of lower interest costs will reflect in subsequent quarters because these monies came in during this quarter. And there are also, in the period, some of the debt in this particular quarter, it also required us to recognize the amortisation, which would have otherwise happened.

So, just to put that into context, for March 2020 we had reported a net debt of Rs 1,61,000 crore. Now, when you look at gross debt versus Rs 3,36,000 crore, we are at Rs 2,79,000 crore. Cash and cash equivalents on the balance sheet are Rs 1,86,000 crore. As I showed you, funds received in the third quarter is Rs 30,000 crore, the balance commitment Rs 74,000 crore. That takes us to a net cash situation of Rs 10,256 crore.

And when you look at the overall growth from market-cap point of view since March, we have seen more than hundred billion dollar increase in market cap, which is really more than 2X. You know it is on the back of the equity raise, the Rights Issue, the investments by strategic and financial investors, and also the clear articulation of growth plans and the execution that we are in across all our businesses. The $200-billion-mark, we became the first Indian company to cross this. And now, from a market-cap standpoint, we are among the top 50 globally as well as the top 10 in Asia.

All these activities also mean that we have made our balance sheet a cast-iron balance sheet, I would say, and you know all this cash really helps us to support our future growth plans.

So, with this I'm going to hand it over to Kiran and Anshuman to take us through the key points from the digital services. Thank you.

### **Sh Kiran Thomas** 0:13:18 – 0:26:17 **(Jio - Operations)**

Thank you Srikant.

Good evening to everyone.

I will just kick it off with the Jio Platforms entity and the business that we have now restructured a lot of our software and platform activities around. The vision for Jio as a group has always been to enable a digital society to be built in India. And we do that by combining the power of a few digital capabilities, namely connectivity, core technology platforms, as well as ecosystem solutions. And I think that telecom opportunity has been the first proving point of a very powerful playbook that we are executing in a number of ecosystems. To summarize that playbook effectively, Jio Platforms, our technology arm creates very powerful technology solutions – domain specific technology solutions – which then allow our operating companies like Reliance Jio to use those technology solutions to create market leading and really disruptive solutions, starting with India. But the opportunity here really is Jio Platforms is that once these solutions are proven through our operating units at India scale –especially in a demanding market like India – these solutions then become very powerful intellectual property which we can then convert into products which can be offered to external customers, not just in India, but even globally.

So, keeping that as a backdrop, this particular slide shows you the number of cutting-edge technology areas where Jio Platforms Limited is now really establishing very strong capabilities. And these are the same building blocks which are now being used to power a number of solutions that we are now launching, addressing various ecosystems and businesses in India. So just to take a few examples everything from AI to Blockchain, to cloud and edge computing, to IoT and the Internet of Things, and speech and natural language being very focused to bring technology to the next wave of users, especially those who are not technology savvy. A lot is being spoken about around privacy and security of information. So again, we are creating platforms where we can create very secure identity as well as secure data, which gives users the assurance that their information is safe.

And of course, what every company needs; which is deep analytics, big data analytics and deep, deep learning algorithms; which can really raise the performance of the company to the next level. And this is not just JPL, but we are also working through an ecosystem of startups who are now part of the Jio family. Haptik, which is into bots; AR/VR capabilities through a startup called Tesseract; Netradyne, which is into vision-oriented fleet management; Radisys in telecom; Reverie in speech and language recognition; Sankhya Sutra in supercomputing; Embibe in AI based education solutions; and even something as powerful as robotics and drone solutions through companies like Asteria is just a few of the start-ups but this list is growing. So together with our start-ups, we are creating very powerful digital capabilities which is then being used as the foundation on which we can create a number of winning ecosystem solutions.

So now, to really talk about what has been accomplished through those initiatives of building these platforms. The first one that I want to talk about is 5G. This is a very exciting opportunity for RJIL, as a telecom operator. We are the leading broadband provider here. But, with 5G it is a completely new ballgame. Not just with respect to creating capacity but also unlocking a new class of services. And we are glad to report that a lot of the software and the platforms which are required to operate the core 5G network has been now built in internally by Jio Platforms and everything from the 5G new radio to the core systems and recently we did a proof of concept launch, working with our technology partner Qualcomm. And we have joined what is called the Gigabit club where we were able to demonstrate that using 5G, we can offer downlink speeds as high as one Gigabits per second.

Another platform worth mentioning again, this has been launched recently to the public market, but it is just three months old with respect to being publicly available, this is Jio Meet. This is again recognizing the need for providing a solution which is secure, which is free, which is without limits and which people can use while you know because of the lockdown situation people are at home. While there are other solutions in the market, but they have had problems with security as well as limits with respect to how far the free tier and can enable people to consume these services. So, Jio Meet has been launched, very well positioned as a secure and free product right now in the B2C segment. And we are seeing a good adoption there and it has really improved its features over the last few months and the journey will continue.

But, looking forward, we see again a huge opportunity to go beyond just the business to consumer segment. Where we are now looking to offer this for the enterprise market through what is called JioMeet Pro, enabling, very interesting use cases like health and education through virtual classrooms. Providing this as a platform which other developers can use in their own applications to bring the Jio Meet capabilities into other innovative applications and of course, making a marketplace solution where people who create this content can actually monetize it in a secure manner for their audiences by publishing their content onto a marketplace. All of these and much more are what is planned for this platform. So, we are very positive about how this will unfold in the coming few months.

UPI is another example, again working with our financial services arm and using MyJio, which is a widely used application, which contains a number of services offered by the various RIL Group and Jio operating companies. So, we have really rolled out on a pan India basis Jio UPI through MyJio, where consumers can go and now really have a choice of using UPI to make a number of payments, whether it be for recharges whether it be for at the store payments wherever your UPI is accepted, online payments in any website where UPIs accepted, making bill payments. And of course, the traditional manner of scanning those QR codes to just make a payment without even having to enter any information. So, all of those things, everything that people love about UPI neatly packaged into a very easy to understand and easy to use UI and offered through a widely used app like MyJio. So, we believe that adoption here will be pretty strong in the payment space.

Another innovation that I want to talk about is the Jio set top box. The fiber rollout, which is now underway, really opens the door for the next generation of ultra-broadband solutions to be brought into Indian living rooms. And now we have this particular product. It is not in beta it is actually been launched it is in more than a million homes now, and effectively everything from voice activated commands that you can give to the set top box to multilingual support to live TV to, obviously, all your popular media applications including the likes of YouTube, Netflix, Disney Hotstar and so on. All of these have been brought into the set top box. And now there are more than 150 applications as well, which are now hosted here, and that ecosystem is growing so really it has become a very powerful ultra-broadband enabled companion for the, for the Indian living room.

And again, we are doing very innovative things like unlocking a completely new monetization model through targeted applications, even in a linear TV context and all of this is made possible because of the fact that it is a two-way ultra-broadband pipe which is connected to the set top box. So again, a use case where device software and connectivity has been put together to create a winning and a very world class solution for Indian customers. JioFiber itself, I think, again, JioFiber rollout continues and, and we have, we have really taken it to the next level. As you can see here, any customer, wherever our fiber is reaching, can now enjoy Jio fiber, no strings attached for 30 days free of cost. And if you don't like it, we will take it back, but we are also seeing that those people who are trying it out more than 90% of the people are actually opting to keep it. And along with that what we have done is that once you start going into the commercial framework and even during the free period. We have actually bundled all the favourite, all of the leading media and content applications as part of the JioFiber bundle absolutely free of cost. And again, the other thing that we have done again. Earlier market used to have a certain number of GBs that you would get as part of your plan and after that he would he would get throttled down to much lower speeds, the innovation that we're doing here is that we give you the same speed for the entire duration of your subscription, absolutely for the same price without having to pay anything extra so this is a truly unlimited data experience that we have launched. And obviously it is very very affordable, so commercial plans are starting as low as 399, and of course we have real super Platinum packs, which gives you tremendous value by paying a little bit more.

And of course, that is really been a lifeline to a number of customers during COVID, that, and the timing has been perfect with respect to all of these features that we've launched.

Another thing that we want to talk about is a new entry that we are making into postpaid but again, rather than being a follower, we are really setting the trend here by launching something called Jio postpaid plus, where we have a number of things that we have added on top of the well understood postpaid framework so everything from what we call entertainment plus, where we have again the same lineup of all the leading apps, as part of your postpaid plan without having to pay anything extra, including an ability to do roaming services internationally. So, especially in the US and UAE where there is there's a big diaspora of Indians and a lot of Indians traveling to and fro, we have really launched what we call unlimited roaming effectively you can carry your India rates into those markets and we have also launched, what we call data and voice and SMS services that you can even now use on a number of aircrafts in international flights as well.
Furthermore, I think through this Jio postpaid plan, a lot of new features have been launched. For example, now you can bring your entire family under a single pack. You can have data rollovers and all the things that are not typically found with established postpaid plans in the market are really made it part of this. And again, the uptake has been good. And because postpaid customers are premium customers we are even backing it up with a premium customer service that we are offering to all of our customers.

So, these were just a few of the solutions that showcase the ability of Jio platforms to support our operating companies all of this is intellectual property that we are gathering within JPL, and many of these solutions are now ready to be offered to customers outside of the Jio ecosystem, and eventually at the right time, even to a global audience.

At this point I will hand this over to Anshuman who can then talk about some of the numbers behind RJIL and the progress over the last quarter.

### **Sh Anshuman Thakur** 0:26:18 – 0:32:18 **(Jio - Financials)**

Thanks Kiran. Good Evening everyone!

So, let me start with the highlights for the quarter, in terms of our results. We become the first operator outside of China to cross 400 million subscribers in a single country market. We now have, end of September we had 405.6 million subscribers. A net addition of 7.3 million during the quarter. We saw a slightly higher churn on account of SIM consolidation, primarily related to COVID impact where people were not moving out, families are consolidated. But we still managed to get a healthy net add numbers of 7.3 million to end the quarter at 405.6.

A very robust financial performance. Despite the impact of COVID, the quarterly run rate for RJIL and JPL (Jio Platforms Ltd) crossed a billion dollars. There was very good traction on customer engagement across mobility and fiber services. The total wireless data traffic has grown 20% year on year to 14.4 Exabyte now, crossing 5 Exabyte per month as well. ARPU increased to Rs. 145 on the back of the impact of tariff increase that happened late last year, and also people upgrading their plans as the data consumption has gone up.

And, we completed the tower and fiber infrastructure investment trust transaction. So those are now being completed.

Moving on, we just look (the slide shows) the financial performance of RJIL, our connectivity business, Reliance Jio Infocomm limited. Operating revenues during the quarter of Rs. 17,481 crores and EBITDA of Rs. 7701 crores. So, revenues have grown 33% year on year EBITDA has grown 49% year on year.

So, industry leading customer traction. And again the robustness of our business model. The scalability of the, of the network itself of the business is clearly getting reflected in the operating leverage that that has seen in these numbers. So, the connectivity business continues to do very well, very strongly, despite certain challenges on the ground. More so when it came to onboarding new customers, while existing customers could be serviced, but onboarding new customers has been a bit difficult because of lockdown or restrictions, I should call it. But as those ease out hopefully we'll see some more addition there.

On the key operating metrics, as I said net customer addition as 7.3 million so, 405.6 million at the end of the quarter. ARPU of Rs. 145, which went up from Rs. 140 in the previous quarter and Rs. 127, a year ago.
The data consumption continues to be very healthy at 14 Exabyte during the quarter. 12 Gb per user per month. Voice on the network crossed 1000 crores minutes per day and continues to be fairly strong.

One of the trends, of course, also is the shift to data networks for voice. And, that's something that we're seeing more and more users using especially those who are in very good network conditions like the Jio wireless network or in the Jio WiFi zones or Jio FTTH.

Moving on, the JPL financials Jio platforms Limited which is our digital services platform and RJIL is 100% subsidiary of this company.

So, the JPL consolidated financials are summarized on this slide. Gross Revenues of 21,700 crores, which for the previous quarter was at 20,200 crores. EBITDA of 7971 crores, which has grown from 7332, EBITDA margin at the consolidated level has gone up to 43.1%.

RJIL, of course, has a higher EBITDA margin, EBIT of Rs.5000 crore and net profit of Rs 3020 crores. That's almost 20% growth over the previous quarter of 2520 crores. So, all in all, very early financial performance for the Jio business quarterly run rate EBIDTA run rate has crossed a billion dollars and continues to grow at a healthy rate.

Moving on, quick update on the InvIT transactions, the tower InvIT. As you are aware, Brookfield and its institutional partners have invested 25,215 crore to subscribe to units of the tower infrastructure trust the transaction has been completed. Brookfield is now a sponsor of the trust and we are working very closely with them for these critical infrastructure assets that we've got.

On the fibre InvIT which we have had. We've partnered with Abu Dhabi Investment Authority ADIA and the Public Investment Fund of Saudi Arabia PIF, both of whom have invested Rs.3779 crores each. So roughly half a billion dollars, little over half a billion dollars each to subscribe to or to purchase units of the fibre trust RIIHL, which is a subsidiary of Reliance Industries Limited, it will be the sponsor continues to be the sponsor of this trust. And we have now completed the transaction and the assets continue to be developed and operated. Given the criticality, it is important that we found it was important that we found the right partners for both of these InvITs and which we have, we're very glad to have found the right partners for these to InvITs.

That's, that's it on Jio. I'm gonna hand over to Dinesh now to give you an update of the retail business. Over to you Dinesh.

**Sh Dinesh Thapar** 00:30:39 – 00:51:43 **(Reliance Retail)**

Thanks, Anshuman. Good evening, everyone.

As I get talking about the retail business, let me start with the headlines for the quarter. I think from a market standpoint, when you look at the markets really the operating environment for retail this quarter improved progressively, clearly better than what it was in the first quarter when we had a spate of lock downs and store closures… that has improved, although I may still say that operations still continue to be lower than normative or pre COVID levels. From a performance standpoint, we've seen a strong rebound in our revenues compared to the last quarter. And as a result of the build back of revenue streams, our EBITDA has almost doubled sequentially. Apart from the business as usual, and the team being focussed to really bring the business back on its recovery. I think there was a significant activity in the course of the quarter, which is really about the fundraise from a set of marquee global investors, and I'll talk about each of these and amplify in the charts ahead. We continue to invest in acquisitions, we've announced a few of them. And we believe that those will strengthen our capabilities. As we really build out new commerce business for retail. And expansion is back on track. You know, it went through a phase of pause as operations were suspended post COVID. For the good part is with lot of those curbs starting to get eased out. expansion is now coming back on track and total things have started to happen all over again. So, let me just quickly give you a sense on the next slide, please. Let me give you a sense on the market. So, I think the operating environment, it's fair to say continue to remain challenging because it wasn't it wasn't the normal. Although it was clearly better off than last quarter store functioning continued to be impacted. We had about 15% of our stores, which was shut right through the quarter, and therefore off the balance 85% half of them operated fully and the remaining half partially... so really an improvement from where we were previous quarter but still not at normal levels. I think footfalls have continued to recover month after month and are talking about directly trending upwards all the way from April after the lockdown was imposed - imposed March April, but continues to remain much lower. And I think on an average, if you look at the quarter footfall was about 75% of the pre COVID levels. Yeah, and like I said, improving across months, but even then, September was at 85%. So clearly, not quite there. And then if you look at across businesses…you know, the biggest hit was taken in Fashion lifestyle improved, again, across quarter, but still much lower than in some of the other businesses and across malls as well. And you can imagine, that has had an impact on clearly a lot of our mall properties, particularly in the fashion lifestyle space, and the consumer electronics space. Our seamless operations were disrupted supply chain was disrupted because there were various parts of the country, which in various points of time, went through sporadic changes in regulation between opening closing and in that cycle, we did have some level of disruption and that impacted the seamlessness and the flow of merchandise across stores and across the board supply chain. I think, to call out a customer trend, basically, what we've seen is the buying is far more sharply focused. The shopping missions are clear customers when they come to store, know what they want for. I think a lot of the window shopping a lot of the impulse buying has not recovered entirely. And I think those are some of the more premium categories and the more margin creating categories and I think, why did we see that improving? It's not fully back as yet. So, the broad message on the market I want to leave you with is that it has directionally improved over the last quarter but not quite back to where it was, before COVID struck.

When we look at the results business has clearly staged what we like to say is a sharp V shaped recovery. Has a bit of a low last quarter with store closures but if you look at our results this quarter and what I am going to talk about is sequential growth because clearly when you look at a comparison versus last quarter it's not an apples to apples comparison because the operating context which are so different… but I think when you look at it sequentially revenues have rebounded 30%, that's the story of two parts. Of the continuing businesses, and I call it continuing because these are businesses which are not as hardly impacted as hard as, as some of the others… So, the grocery and the connectivity, which were the continuing businesses for the most part, during last couple of quarters have continued to grow in momentum and continue to grow in scale. Consumer electronics and fashion lifestyle, which was severely impacted through the previous quarter, quarter one and improved in quarter two, has staged a significant recovery.

I think the other notable part from a revenue standpoint, you will notice and it's depicted on the chart on the left is that notwithstanding this challenge that we've had in store closures and footfall not having recovered entirely to normative levels, we've still been able to match our revenues and bring it at par compared to the same time last year, but 41100 versus 41200 at par, notwithstanding all these challenges. From an EBITDA standpoint I think as revenue streams have come back, clearly you've seen that reflected in the bill back of EBITDA, so EBITDA has almost doubled to where it is… it's a low from where it was in the past, but as businesses, particularly on fashion lifestyle comeback, we believe we're confident that we will be going back to a trajectory, that you are used to seeing in the past. I think what we also did was to ensure that as COVID struck and recognizing that within retail, a significant rival to the P&L is a cost base because a fair amount of the cost piece is actually fixed costs. What we did was to embark on a fairly conservative and rigorous cost management program across the business and the benefit of that is clearly, leading in the numbers at this point in time when you see the fact that, you know, as revenue streams build back, all of the effort that we have taken to really manage fixed costs, whether on rent whether on discretionary expenses is starting to pay off in terms of the EBITDA growth outstripping the revenue growth.

So, expansion is back you know as operational curves have eased out store openings, we opened 232 stores across, in this quarter, across the breadth of businesses so whether it was electronics, fashion, lifestyle and grocery, we are back to that rhythm, and the intent is to accelerate this as we move forward.

So that's the offline expansion, on the online expansion digital commerce continues to scale up you know whether it was JioMart, whether it was AJIO, whether its Reliance Digital. All of them have grown in scale, both in terms of customers, and in terms of the orders that we have served. New commerce, which is really the next frontier of growth for Reliance Retail that proposition now is landing well across merchants, as we're looking to onboard them and work in partnership with them, and that is something that we will augment and accelerate, in the months ahead. And then from a category dimension or a portfolio dimension we made our entry into the pharma category during this quarter. So really expansion is now back on track, and it's something that we will look to accelerate as operating conditions ease.

So, this is the other part… so one it was about bringing the business back into this V shaped recovery, the other was about a set of landmark initiatives that we took over the course of this quarter, we announced the acquisition of Future Groups retail, wholesale and logistic and Warehousing business, and currently we going through the process of seeking regulatory approvals on that front. We completed the acquisition of a range of other composition which will really bolt on to our capabilities and really strengthen our capabilities as we look to build up a new e commerce business, ranging from Netmeds which is enabling our entry into the pharma business, Grab which is into last mile fulfilment and then a range of digital platforms, NowFloats, C-Square and Fynd, which goes under the name of Shop Sense… really all of them have now gotten integrated within the retail business and will really augment our capabilities as we build up new commerce. And I think the landmark event for the quarter and the most noteworthy in recent times and you've heard this sporadically across a range of announcements that have been made over the last couple of months but in record time what we've done is to really raise the largest amount of funding in the consumer and retail sector from a range of marque global investors and while you've heard it across over a period of time, what we thought was to put it down onto a chart so we could get a look at it. So across eight investors that we, we announced, we've raised about Rs 37,700 crores thereabouts and that is about 8% of the shareholding. I think all of these items that you see on this chart, really are investments that will strengthen our business, strengthen Reliance Retail's prospects as we look to build up the next frontier of growth with new commerce.

So quick snapshot on our financial summaries, you know, I did mention that I'm going to refer to the sequential commentary because that's really the task at hand, that's really the context, it’s in the context of recovery. So revenues are up 30% although on a full year basis on a, on a competitive basis with last year we've been at par… EBITDA is up 85% to little over Rs 2000 crores and as businesses come back EBITDA margin has improved and this is lower than what it was last year but as businesses like fashion lifestyle which have been hit harder and wherefore footfall hasn't entirely recovered comes back, you will start to see EBITDA margin trend back to the levels at which it was, prior to the COVID outbreak.

I spoke about more stores opening; we have opened 232 stores across the breath of the country on the back of the country. And we have opened it up across the breadth of consumption baskets, and this is something that we will look to accelerate, in the times ahead. It's something that you've been used to seeing from Reliance Retail. We did take a pause, with the whole operational restrictions that were imposed, but we're getting back on track on this one.

So let me give you a sense on some of the underlying drivers of each of the businesses… you know in consumer electronics, our revenues are 2X up, over the previous quarter, so that's the bottomline that we've seen, but even if you look at it on a year on year basis, notwithstanding the fact that footfall has not quite recovered in this business either although it's directionally moved up, we still registered a double digit growth in the electronics business and this is just keeping the Jio devices business aside… And if we just look at the rest of the electronics business that we have, this has registered year on year double digit growth, notwithstanding the challenges. The growth has been broad-based, and you will relate to it, if you put on the consumers hat given work from home, given stay at home, and given a lot of the pieces around appliances and managing the home front. We've seen broad based growth across categories led by productivity devices and large domestic appliances as well. Event activations have continued to lead performance.

We clearly believe that we have industry leading performance on that front with strong activations, compelling offers and compelling financing which has been a key enabler of this business coming in to play to deliver very strong performance.

I think one of the big priorities of our business and this is true across the board and you will see this theme play out as I speak about all was to really grow our capabilities and build our capabilities of digital commerce and in the digital business what we then did was to rush to omni-enable our stores which fundamentally meant that all our stores are now connected we use by leveraging the entire store network for inventory and last mile fulfilment. As a result of which we now over the last quarter, almost 90% of our orders being delivered from our stores is in under 6 hours and now if you think of that and that is almost an unmatched delivery service proposition that you can’t think of too many people in the or too many retailers in the market offering it and I think that's the uniqueness that we have given the expansiveness of our network and the capability that we now created.

We did have a drag from the Jio devices, we spoke about it last quarter as well and we cued it, saying that we were short given COVID related issues, supply chain was disrupted, we didn’t have enough inventory to sell. Thankfully that’s largely behind us now, we put that piece in place and we addressed it and supplies are being restored as we speak, and hopefully, this will be a thing of the past as we get into quarter 3.

Moving to the next segment, which is fashion & lifestyle – a strong sequential recovery over here. And this was a business which was impacted the hardest because clearly fashion lifestyle was deemed to be non-essential, and therefore, most of the operations were suspended for the first quarter and that started to come back. Our fashion & lifestyle revenues are at 3x over the previous quarter. So, it’s a strong sequential recovery, I think, footfalls haven’t recovered over here and you know, this is where footfalls are substantially lower from what it was in the previous period. And I think the business did a smart thing about it saying, look if we cannot control footfalls because of local restrictions, people choosing to stay indoors. For those who came to store, what we did was to really focus lot of our in store activation on driving higher conversions and bill values and really items purchased and so therefore what we did to deliver, notwithstanding the weak footfall is record conversions and build values to a level that has never been seen before… so those are clearly at record highs and, I said, many ways salvaged revenues on the fashion and lifestyle front.

Small town stores are doing really well… that business in now double of what it was at the same time last year. Digital commerce and omni-channel capabilities continue to get scaled over here… this was a business where we had headstart here of digital commerce with AJIO but we continued to build that capability up to see some scale. A 100% of our Trends, footwear stores are omni-enabled just like the point I made on digital which essentially means that as we expand, hypothetically as we get on to JioMart, we now have the whole network of Trends stores to be able to leverage… to really be able to serve customers far and wide and really to be able to enable last mile fulfilment. Ajio has continued to scale up… Ajio has had a fantastic run. Orders are up 4X from pre-COVID and I think a big comment on AJIO to give you a sense of how well its done and continues to grow in scale is the fact that the quarterly revenue run rate for AJIO for this quarter is equal to what it did last full year. So, it gives you a sense of expansion and growth we have seen on AJIO. And the partnerships with merchants which is an essential part of the new commerce proposition that we have, the partnership with merchants is now across 1700 cities, we've expanded. As markets have reopened… it was stalled for a bit, it took a bit of a break but as markets have started to reopen we’ve expanded and therefore orders are up 4x and business is poised for even faster expansion in the months ahead.

Our next piece is on our jewellery business, I think we’ve had one of the strongest quarters on our jewellery business in the second quarter. Very very robust, very high double-digit growth on this one. On the diamond share which went down post COVID has continued to recover and we are trending back to pre-COVID levels. The designing capability that we built within the business is now showing the business in good stead… you know the occasion based Abhar and Elora collection that we launched in the last quarter were significant drivers of the overall performance.

This was a business which did not have a digital commerce presence… what we have then done is to really expand the product portfolio of jewellery on AJIO and as get on to the AJIO site you will see listings of Reliance Jewels as well and the business has also activated its own mono brand site. So, the digital commerce has bolted on in addition to the store support that we have for our jewellery business.

I think the business which has been hit the hardest within the fashion and lifestyle business has been our Luxury and premium brands. That part of the business has a lot of its stores really in mall and you know the fact malls were shut for a large part of the quarter and even after they opened out clearly footfalls have been very low. To really thought of business which has been faced with uneasy operating environment and I think what the business then really did was to activate digital commerce so went through with a host of mono brand sites and also to pioneer what is fairly unique across over 38 cities was an initiative that we call distance selling which is really where the store associates and store teams reached out to customers whether through video chats, through messaging, and through curb side selling and through a host of alternative routes to really engage customers and to drive commerce. I can tell you that between digital commerce and alternative distance selling, we were able to generate about 60% of our business in the luxury and premium brands. Those are absolutely new ways of doing business.

They didn't exist earlier but clearly given the need of the hour that’s something that the business actually pioneered.

Coming down to the next segment which is really grocery and this is really where the momentum of the business has continued and I think from a host of other indicators that we have and we have performance clearly which is ahead of the market on this one. The business is continued to be led by staples and processed foods as we've seen in recent quarters particularly after… in the COVID outbreak. But this quarter we also had very robust growth of home and personal care categories as well. It's a business where the trend of lower footfalls has continued but this has been more or less offset with higher bill values and therefore that helping in driving growth of this business. So, growth is really coming then from higher bill values.

JioMart continues to have very good run, continues to grow rapidly, exponentially and serving many more customer orders, month after month. We strengthened our own brand portfolio with launches across categories even as we continue to leverage our partnerships with brand partners, and then those across the spectrum… so clearly that's helping us bring the best of offerings across our stores and across our digital commerce platforms in grocery. And on kiranas we have now extended kirana partnerships. We were at six cities prior to this quarter, we not at 20… we're expanding even further. This proposition is well received. I think a lot of the kiranas have seen us as a trusted and preferred partner during this time because we've been able to ensure uninterrupted supplies in times like these even when supply chains have been challenged. Our order are up 4x and poised to go even higher in the months ahead.

So, let me summarise by giving you a sense that leaving you with the thought as a business the way we are seeing it. We think we are well positioned and well geared at this point of time to restore momentum to pre-COVID levels assuming all goes well and directionally operations start to ease out and in the operating environment fewer restrictions happen. I think we are geared to restore momentum to pre COVID. What are we looking to do accelerate new store opening, and this is particularly going to be in the grocery and lifestyle where we have got plans to really restore the rhythm of expansion that you may have been used to seeing in the pre COVID era. every retailer will tell you that the biggest priority this quarter is really impactful festive activation, to really garner a larger share of wallet and no different for us, you know, across the breadth of the business this is a big priority to ensure that a lot of our offerings are competitive and our value propositions are compelling enough to be able to draw a larger share of customer wallets we're looking to scale up digital commerce even further that continues to remain a priority within the business the percentage of digital commerce to the overall business now becoming meaningful, not just in fashion lifestyle whether it has always been the case in head start, but even in grocery and in electronics as well.

And on Jio Mart we are really looking to build the fullness of the assortment go horizontal search currently focusing on grocery because that was the need of the hour but we're looking to launch electronics fashion lifestyle and pharma on Jio Mart, in the next few months, so it will be a full horizontal play serving a broad spectrum of customer needs, expanding new commerce partnerships with merchants across many more geographies is clearly a priority we will embark on that. And we've geared up to accelerate that level of expansion.

And then as we do all of this. I think we had blueprinted, the expansion on supply chain, because it was quite clear that as we were going to expand across all our categories we were going to need augmented capacities are we blueprint to that but we'd have to hold on to it given the limitations imposed by COVID and I think as a lot of that sounds to ease out the infrastructure ramp up will resume and clearly that is a priority if we have to really deliver on consistency and consistently deliver on our customer promise proposition and service with, with the broader set of partners that we will be working with. So, so let me leave you with the thought saying, we geared to restore momentum and we continue to now invest for growth. You know, very similar to what you might have been seen in the pre COVID item. With that, let me hand over to Srinivas for the next part of the session. Thank you.

**Sh Srinivas T** 00:51:46 – 01:01:42 **(O2C – Refining & Marketing)**

Thank you, Dinesh. Good evening, ladies and gentlemen.

It's been a long evening for you all, I think I have about seven slides and I'll try to keep it short. So, to start with the business environment. We all know that it doesn't need too much of emphasis there the economy is contracting global oil demand is down.

And one bright spot is China, where both in terms of the economy as well as in terms of demand they're rebounding, and India also showing some signs I'll cover that in a while.

In terms of food supply, it's pretty important for refinery.

We've seen that OPEC plus the non-OPEC countries about 10 of them have come together and through their concerted action, have ensured that most of the excess supplies is removed, which has actually strengthened the crude oil price by more than, close to $14 a barrel. From 30 to 43, that's a kind of sharp rise in price because of the management of the supply, which the government companies have been able to.
Refineries they are not a group like OPEC. So, they have been lagging the kind of demand erosion that has happened. And we have inventory build-up, which is keeping the margins under pressure. I will just show you in the next slide, how the demand is recovered but the cracks have not recovered in the same proportion.

Another important aspect for refining businesses is the crude differentials.

Because of OPEC cuts, which produce they produce a lot of heavy and medium grade. That's one factor and second is also they've been sanctions on Iran and Venezuela, which has the supplier of heavy crude oil, and that's caused the differentials to narrow.

So, this curve I think is quite revealing. In April, we've had the demand plummet almost 26, 27 million barrels was taken out of the system. But see how quickly it's rebounded between last quarter, I mean, July September quarter. We are up by 10.6 million barrels so very swift kind of rebound and recovery is seen in the oil demand, and we expect by December we will improve further by another 2.7 million barrels, as compared to the third quarter. What is the reason? I think largely led by gasoline. People prefer to use personal transport in these times of COVID, and that's resulted in quick recovery. Same way, naphtha has also recovered both like in same lines, gasoline and naphtha recover that I leave it for Mr Vipul Shah to cover, because I think that there's a lot of bullishness around Naphtha as well. Next year we should see a recovery of almost 5.5 million barrels per day as per the forecast by IEA. Another thing which the entire market is looking forward to is winter demand, typically winter demand supports gas, oil, so we look forward to the winter that's coming.

So, let's look at the individual cracks I was mentioning about light distillates which is gasoline which is on the extreme left and then naphtha which is the penultimate one on the right. So, both these cracks naphtha from minus three has gone up to 0.2 plus so there is $ 3.2 increase in the cracks significant jump dollar per barrel, and gasoline from 0.5 to 2.9 again a significant jump. So, this is because of personal transport that's what I mentioned for gasoline, naphtha is because this material goes in for plastics which helps them, acting as a barrier for the spread of COVID. And then look at jet kerosene, airlines are struggling, not much traction their cracks have come off. Gas, oil, used for public transport, as well as the industries, because of the lock downs. We've seen the gas, oil and jet kerosene cracks have come off. Fuel oil, not too much of world trade. That's also have come off. So, these are broadly what we've seen in the market, which has depressed the refining margins.

Turning our attention to the India story. It's a bright spot Indian demand is recovering. Overall 11% kind of an increase that's happened in these products and gasoline itself is actually a 41% jump from 5 million to 7.1 million tonnes in quarter and diesel from 15 to 15.8 million tonnes that's 5% up, significant and the early indications we're getting for October is we may vary about 1.50% to 2% higher than what we saw in October last year, so I would say that demand is certainly picked up after the unlock, and we are seeing both the transportation fuel which is gasoline and diesel demand rising rapidly, which I think should help the international markets are also watching these trends and hopefully there will be some, some support to the cracks, coming to our own fuel retailing marketing JV JioBP, in both petrol which is MS and diesel, we have exceeded last year's levels, and all our retail outlets are fully operational. Also, we've done some, you know, advance in the e-commerce space by increasing our mobile dispensing units to 940 locations to be the largest e-commerce Delivery Network supplying fuel to these mobile dispensing units. So that's what we've done on the marketing side.

Now this is the financial performance I think Shrikant has spoken at length about this has given you the various highlights. I'll briefly touch upon this that yes indeed the margins have come off from 6.3 to 5.7. But considering the kind of headwinds that we faced because of the drop in the middle distillate cracks, more jet fuel and diesel, I would say it's reasonably decent performance, we've exceeded both the European as well as the Asian now margins which I've showed you just now. And how had we done this. A few things; we've worked on the product mix and maximized products which give higher value. For example, jet fuel we have reduced significantly and converted to diesel. Similarly, on the light distillates also, some of the petrochemicals feedstocks were giving higher value, so we've maximized those kinds of feedstocks. So, we've done a few things on the product slate, and same similarly on the crude slate, we've reached out, gone into different regions and actually bought crude oil from diverse countries, taking advantage of the arbitrage. And also, we’ve supplemented that with some heavy feedstock. So, these are the actions specifically we took in the business despite the challenging times to ensure that we perform better than the peers.

And our DTA refinery actually got the Safety Award 2020, which is given by the World Safety Forum. I thought these are the highlights I just like to talk about, and then if you look at the global margins. This is Q1 and on the right we have Q2, which is most current quarter we are talking about. If look at the bars, 0.05, so the Singapore margin is 0.05 positive for the quarter, it was actually struggling negative all the time, except on a few days, when it was positive, that's how it’s just able to have head over water and 0.05. European margins are - 0.3, and the Reliance’s margin is at 5.7. So, that’s the reason why I am saying that despite the headwinds and the challenging environment we have done decent performance. The US margins are also down.

Quickly I’ll just once again summarize the highlights. We’ve outperformed both the Asia-Pacific as well as the European refining benchmarks, despite the challenging environment. We’ve delivered top-decile performance, we will be focused on operational excellence, reliability and energy efficiency. These are the specific actions we took at the operating level. We didn't let our plants suffer in any way because of COVID. We kept it operational. We have sourced differentiated and value-added crude oil and feedstocks, and this we could do because of the superior configuration that we have.

We switched products. I mentioned about jet to diesel, and also on the light distillates, we have maximized some of the feedstocks. So, this has also enabled higher capacity utilization and better margins. We stress on the next point which is a very high level of integration with petrochemicals that I would say is pretty unique to us. There are few companies in the world which have a large-scale petrochemical integration; that has also stood us in good stead.

And finally, the domestic market, we have seen has recovered in October already. And we believe that this provides us a good opportunity to increase our domestic sale and enhance our margins to JioBP, with its unique offering. So, we are well poised to outperform the peers in the volatile environment. So, these are the slides from me and now I'll hand it over to Vipul Shah. Thank you

### Sh Vipul Shah 01:01:44 – 01:14:21 (O2C - Petrochemicals)

Thanks, Srini, So I'll cover the global environment for cracker polymer chain first and then I'll talk about the intermediate and elastomer next. On a macro- environment basis, the global industry has experienced a revival in Q2. And largely this was led through consumer durable and FMCG, as well as the housing spending in US and China. A lot more people in the US are actually doing home improvement while they are home. They're getting a lot of work done and that demand has really led to the goods which they need for the construction industry.

We've also seen in the mobility sector, the whole preferences of the people have changed and that has, sort of, revived the demand for two-wheelers, three-wheelers, as well as small cars. This has impacted us in a positive way in the elastomer business as well. When you look at our industry, on the back of this demand revival, we've seen the global cracker operating rates improving. They are at about more than 84%. India had a much stronger domestic demand recovery and our crackers were running at almost 95% in the country, and I'll show you on our next slide the chart, in terms of each region what they're doing. When you talk about the margins, polymer prices really strengthened quarter-on-quarter. It ranged from 13% to 25% Q-o-Q; 25% being PVC. PVC molecule right now is very hot.

The demand for pipes for construction has gone up significantly. While you know not much capacity is been added globally at PVC. So purely economics 101 on supply-demand and there were a couple of shutdowns in US, which aided the whole pricing power into PVC market. What also benefited the global US crackers as well as us is the ethane cracking economics. The first quarter was more about naphtha, second quarter was more about cracking, like Ethane and Propane.

When you're looking at operating rates on a global basis, somewhere from under 70% to India being 95%, in that range it happened. In US you are seeing drop from Q1-Q2, largely due to the two big hurricanes that shut most of the crackers on the Louisiana side. But now those crackers will revive back. And I think the story remains really around India growth, and India growth story on the petrochemical, polymer and cracker demand.

Global polyester demand really started reviving because of easing of lockdown, especially in Asia and Middle East, and this is where we've seen, and you heard the retail story in India as well, but we are seeing the garments and the fabric on the retail is moving much faster. However, having said that, paraxylene, PTA continues to remain as a challenge molecule, because China has been driving towards self-sufficiency, especially in paraxylene and they are adding capacities.

When we look at things at home, as the availability of labour force increased due to ease of lockdown, we saw textile demand really reviving. And you all know that the textile industry is very people-intensive industry. That labour if it is there then only the industry can run. And the overall improvement in the capacity utilisation also we saw because of the festival seasons coming and the channels were so dry, so the entire restocking also started happening ahead of the seasonal demand. So, the entire restocking also started happening ahead of this seasonal demand. I think that really shows the demand revival in the textile industry. When you talk about margins, what we saw month on month is a real improvement in polyester delta. While Chinese capacities will continue to influence price and delta for PT and PX, the downstream really becomes a stronger part. Since we are fully integrated into the chain, we benefit out of that integration, and we are clearly seeing signs of revival as Srini said October is almost over and we are seeing that this industry is poised. Diwali fever season is here.

When we talk about the performance I think Srikant already covered strong Q-on-Q recovery. And we are now at our 20% EBITDA level. If you compare any of our global majors, 20% in our industry is as good as it gets. And, yeah, if somebody can say it's lower than 23% year on year, but I think in this COVID time to reach there, it was significant. How did we really reach here? If you hear the story of the first quarter, the whole story was around how do we export while Indian markets were shut or slowed down. And the whole switch back to domestic and that's where you see the improvement in performance, because our margin in domestic market is a lot better. We were able to do this in a multiple way. First, our nationwide reach, our multimodal capability which we had created. So now instead of supplying to five ports, we started supplying to 61 warehouses across the country. Because availability of drivers, commercial vehicle for long distance, is still an issue. Because we have a multi modal capability, we were able to fill our warehouses and allow the last mile connectivity, which gave us a differentiated higher domestic share of the demand. And the other thing which we saw was imports customers are getting very uncertain at times and they were very jittery about it. Because if we import it and months later, something happens, and a lockdown happens then what happens to your goods at the port. So, I think we saw two-fold increase. Because of our pan-India reach, we were able to reach our customers faster than the local domestic competition and the customer preferring domestic players over the imports in these uncertain times. That actually led to our inventory level which is now lower than pre COVID level, which is a significant message and undertone that the revival in the domestic demand is here and our agile operation at Reliance will capture maximum share of that revival.
This becomes fairly evident in each of the polymer, polyester you see 200 to 400% growth, obviously, because the first quarter was so much impacted. But even then, you are really seeing the growth happening. The entire spinning, weaving, every part of the industry still not at 100%, but our supply is more than hundred percent because the import substitution, as well as our last mile connectivity allows us to reach those customers. And PET remains you know healthy in the beverage pharma and hygiene sector. While in polymer when you look at, it is the essential sectors of health, hygiene FMCG, agriculture, the demand in the auto, which really drove our growth in the country.

On the business outlook for what we see in the coming quarters, the demand growth in polymer cracker chain will continue over the next two quarters. There are two things happening first the demand is reviving, the second thing is lot of because of COVID, the investments which were happening, either are been slowed down. And that actually will delay the supply side. So, if the demands coming back and supplies slightly tighten, you're going to have a growth which will be in the margin, which is basic economics 101. Favourable outlook for PVC remains, as I said earlier, the other thing which you are seeing is the entire non-woven growth, which is because of the health and hygiene sector which is growing, whether be it mask, PPEs, and that I think is going to be the story going forward and that's a new norm in the world, till we find the vaccine.

When we talk about intermediate and polyester. I think China capacity additions are expected to continue in fiber intermediates, but the downstream demand revival with the onset of festivity is really going to have an impact positively on the margin. Further removal of the restrictions, ease of the labour, migrant labour coming back, will drive further demand for polyester. And if the demand goes up, we will see the margins moving up as well and which we actually saw it in July, August, September month on month as well. So, our view is that textile market will remain firm. And part of the reason also the demand from medical health hygiene as well as technical textiles go up. So, recovery is on the way. Opening up the economy which is going to really steadily improve the next two quarters,

Just to sum it up, what made us outperform the entire global peers in our portfolio, which was really a revival of our domestic demand was the number one specially in the sectors like agriculture, because you know the monsoon was very good. The auto sector is growing. FMCG sector is also growing rapidly, and this will continue to really drive some of the stuff which will be happening. The second thing which really happens is you know our crackers are multi-feed. Our ability to switch feed is very good and that really allows us to maximize margin, in first quarter we are running more on naphtha in our Hazira and other crackers. And in the second and in the current quarter. We are now running more on ethane and propane. And I think that will really allow us to do that. We have now proven track record that, we can swing from export a domestic to export to domestic. If you recall, it was two and a half times our export in the first quarter, and the current quarter we just reverse the entire trend and we manage the overall global customer base extremely well. Our last mile connectivity and the pan India reach is really superior to anybody in the country and we continue to benefit from that as we were used to benefit from it before COVID, but I think it became a star differentiator in the COVID and times to come.

The whole operational excellence which we drive in Reliance by continuously optimize our product mix, because you know, we have multiple plants in multiple locations with multiple technologies, and we can really cater to certain downstream application. For example, now we could ramp up the non-woven polypropylene grade fabric in multiple plants very quickly to capture the growth of that molecule setting and that's how we're looking at sequentially. The robust demand is going to happen, we expect rebound to continue and our operational agility will ensure that we capture the margins available to us. Thank you with this I'll hand over to Sanjay.

### **Sh Sanjay Roy** 01:14:25 – 01:19:04 **(Hydrocarbons Exploration & Production)**

Thank you, Vipul. And a very good evening to everyone.

Just to give you all a perspective. The major focus is now the deepwater projects in the East coast. I'll give you a quick recap of the quarter gone by.

In terms of production in the US shale assets and the CBM production, it was pretty much flat. The production was, you know, despite all the challenges of the pandemic and disruptions, we managed to sustain the production. The key challenge was the lower realization. In US shale, the blended realizations were almost 34% lower from 2.39 per Mcfe to about 1.53 per Mcfe.

In CBM too, we got a realization of 3.6, and again that is reflective of the Brent prices, which is reflective of the demand destruction due to COVID-19.

Now, we do expect a turnaround in gas prices particularly and we are seeing recovery in oil prices also. But gas prices, you may be familiar already that LNG prices had dipped down to $1.50 - $1.60 cents.

Now, we are pretty much moving towards, the $4 and above, because of the winter effect also, and the economic recovery that we have seen.

Further in India, we've seen that the demand recovery has come back at a rapid pace. We are pretty much back to the demand consumption levels, which are back to pre-COVID levels in India. So that's a good sign. Particularly as we are progressing towards production from the KG D6 fields.

So just to give you an overview and understanding of the R-cluster field. Despite the setbacks in terms of mobilization of resources and manpower, equipment, material, because the projects are being undertaken in almost 30 countries, and despite all these setbacks you know we made steady progress, and we are very close, near to completion of this project.

And, you know, once we commission the field, we should expect a steady ramp up from this field, over the next six months. And over those next six months we are also expecting another field to come on-stream.

But the important part is that once the R-Cluster field is commissioned, we are then looking at two more projects. One is the SAT cluster which is coming up in the middle of next year. Thereafter the MJ field, which is in the following year, in the second half of the following year which is 2022.

So, the SAT cluster field is also very much on track. The wells have been drilled, three out of the five wells have been completed. And we expect to complete the drilling by this year, and we'll have the installation campaign, so we can commission this field by the middle of next year, that's the plan.

The MJ field, as you can see from this pictorial, it comprises of the subsea production system which includes the wells tied back into a floating production storage and offloading vessel. So, we expect that, production from this field should be starting by the second half of 2022. The engineering and fabrication is underway for the FPSO and the Subsea system. So, all of that is happening at this time. There were a few setbacks initially, but we've been able to make up on time over there.

So, with this we are expecting to produce a combined production of about one Bcfe per day, by around 2023. So that's the target, that's what we're looking at.

Gas prices are expected to continue an uptrend. Gas is transition fuel of choice, if I may say so. There's a good demand for it and we expect that to sustain and we expect better prices in the coming quarters and months and years.

So, on that note, thank you. Srikanth.

### **Sh V Srikanth** 01:19:05 – 01:22:49 **(Summary and closure)**

So last two slides. If you can go to the next slide, please. Yeah, so here I just wanted to summarise.

When you look at it, business activities are back to near pre-COVID levels and when I say that, I'm talking about capacity utilisation, our domestic sales, our operational stores, footfalls, customer acquisition etc. When you see all that that is how we reached the conclusion we are at very near to pre-COVID levels.

Earnings, as I discussed in my first slide, the run rate is in the same zone at which we ended our FY 20. The retail business that Dinesh talked about, consumer electronics being 2X; he talked about fashion and lifestyle being 3X. So, you can see that kind of momentum coming through.

Also, on the O2C side, Vipul and Srini talked about sharp increases in you know, 34% higher on polymers, more than 200% on polyester and 11% on oil. So, you are seeing those kind of trends happening there.

When you look at the balance sheet with equity at Rs 6,13,000 crore and with Rs 1,86,000 crore of cash. Ironclad and robust balance sheet you can call. That is where we are in terms of post all the capital raise. I did want to talk about the $200 billion market cap. Let's go to the last slide.

Here I wanted to say that we are very proud of our contribution to the digitalization of India. It is so relevant when you see the impact of COVID. This is visible in the data consumption of our mobility as well as our fibre to Home Services.

You would have seen from the presentations that we continue to make strong progress versus the vision that we articulated for our digital and consumer business. Some of these are reflected in the in the resilience as well as sharp rebound in our performance. More importantly, we believe this will have a positive impact on performance and growth going into the future and more so with the digitization of services and commerce in India.

In our O2C business, we have among the best portfolios globally and we do expect to see supply and demand normalise over the coming quarters. We have also made significant progress in laying the framework for New Energy and Materials business and we will, as we always do, articulate the same at the appropriate time.

Let me also take this opportunity to wish you all a Happy Diwali.

And, please continue to stay safe.

Thank you so much and thank you for being on the call.