RIL Q2 FY2026 - 2027

Media & Analyst Meet Transcript

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Call Participants:

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- Sh Ishan Chatterjee, CEO - Sports, JioStar
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- **Sh V Srikanth** 00:00:01 – 00:09:00 **(Group Performance)**
- **Sh Anshuman Thakur** 00:09:07 – 00:15:37 **(Jio Platforms)**
- **Sh Dinesh Taluja** 00:15:42 – 00:41:00 **(Reliance Retail)**
- **Sh Ashutosh Goyal** 00:41:08 - 00:45:01 **(FMCG)**
- **Sh Ishan Chatterjee** 00:45:13 – 00:50:08 **(JioStar)**
- **Sh Srinivas Tuttagunta** 00:50:20 – 01:06:49 **(Refining & Marketing, O2C)**
- **Sh Amit Chaturvedi** 01:07:02 - 01:17:25 **(Petrochemicals, O2C)**
- **Sh Sanjay Barman Roy** 01:17:35 – 01:21:05 **(Exploration & Production)**
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Transcript:

PRESENTATION

Sh V Srikanth 00:00:01 – 00:09:00 **(Group Performance)**

Starting with the consol presentation. Quick highlights. One was, of course, it is an exceptionally strong quarter in a turbulent world and turbulence in macro, turbulence because of energy disruption. It was an EBITDA of Rs.62,409 Crores, which is 24% up on a year-on-year basis. This is the highest EBITDA that we have declared for consol and simultaneously, the PAT also at close to Rs.30,000 Crores, up 34%. Again, all time high, and with this, we crossed the Rs.50,000 Crores mark as far as PAT is concerned. So, O2C led the charge with EBITDA up 68%. Of course, we benefited from the unprecedented tightness that we saw in energy markets, downstream cracks, fuel cracks, all of them, that is the markets were there, but the operational excellence is something that Srini and Amit will cover. The IPO was absolutely a defining moment, making Jio the second most valuable company. It is particularly nice that it follows Reliance, which is the largest market cap company, and first day listing of almost $137 billion in terms of value. A lot of firsts, which Akash talked about. Largest from size or subscription, QIB portion, retail, those records were pretty good.

On O2C, as you recall, we have been always talking about, we have been having this very structurally positive view about this business. And when you see our results, it really vindicates, validates what we have been saying in terms of what the market has been and what are the opportunities in this market. And what is particularly impressive is that it came on the back of significantly elevated OpEx, the kind of crude premiums that we saw, the kind of surge in freight rates, insurance costs. So, it is all coming on the back of despite all these. And we have talked about flexibility and again coming in useful when you see the kind of grades of crude that we were able to switch from the Americas and from the Meds, being able to offset the impact of Gulf and the premium ethane advantage is something Amit keeps talking about. This time it is among the widest that I have seen ever between naphtha and ethane. And when you think about that, and in the context of the new ship that we have, it came in. So downstream has been enormously valuable for us. Of course, the price realization is good. Important that you have to be able to run the assets in full capacity. Asset is good, but if you cannot get the crude, it is a problem. If you cannot sell the products, it is a problem. So, to overcome and run it from an operational excellence, that has been particularly impressive. When you look forward and look at the tight global balance, if you look at the structural supply issues that we have, so we are very, very constructive. So, when you look at the first half of FY 2027 performance, it is in our minds tracking annualized EBITDA well over Rs.80,000 Crores and I think this is something, it just tells you how the markets are.

And on new energy, I just wanted to say that it is accelerating and we see the benefit, earnings contribution definitely starting in FY 2028. So, we will talk through I do not have a presentation this time, but we will take it as part of the Q&A in terms of the progress in each of these categories. Just the updates on the consumer side, this we have spent a lot of time,

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but so I do not want to go back in Jio, but just two, three points here with number of subs, but 300 million 5G customers, 30 million fixed, and that is half of it is FWA. What is important is. We are able to, in our minds at least, we see visibility of high teen growth for Jio, and those are the points that Akash was talking about. In essence, it is about customer base, be it home, be it mobility, be it enterprises, then the ability to layer a digital service on top of it, and then, of course, because of ownership of technology, IP, the ability to access international markets.

Retail performance has been, you would have seen the numbers, about 6% revenue increase, about 10% lower on the EBITDA side. But this is something that we have been consistently flagging, and definitely last quarter we spent a lot of time. So, the strategy has remained unchanged from what we said in the last quarter. We have been building online presence. It has been coming on the back of a lot of discipline. We have been trading off short term earnings growth to build a very scalable digital commerce platform. And the cash flow from our store business, in a way, is funding digital commerce growth. And the benefit of all this will be seen through FY 2028 and FY 2029 when this conversion of this scale will translate in terms of value. What is good is that we are seeing the early signs of progress are pretty good when you look at online scale, especially on grocery B2C, that number is up 42%, very impressive set of numbers. Also, the online share of digital, both in grocery and apparel and footwear, there have been also very sharp increases. We like that kind of percentage increase. And we will see this transition happening over the next few quarters.

In RCPL, the focus remains on building the manufacturing capability and the distribution there. And media, as you know, we have the widest reach when you look at it from both linear and digital. And we have a very, very disciplined content strategy. You would have seen it in a lot of media about terms of how we have been approaching this opportunity. And so, these are the numbers. I will not spend too much time except you can see that revenues up 28%, EBITDA up 24%, PAT up 34% and even when you see it and all of them on revenues really driven by O2C and Jio. And when you look at PAT, standalone PAT is higher and JPL PAT is up 14%. RRVL PAT is Rs. 2,611 crores, that is lower on the back of the transition that I talked about and this is the individual numbers. Rs.25,203 Crores in terms of O2C EBITDA. As I mentioned, 69% higher, one of the strongest that we have seen, benefiting from the tight fuel markets and the advantage of fuel sourcing. Oil and gas, almost flat, 2% lower. Digital services, we talked about 18% higher at about Rs.22,200 Crores. Retail at Rs.6,120 crores, overall 24% that we talked about. And the debt numbers are, if you analyze this kind of numbers, which is what the column on September 2026 shows, that is about 250, but it is about 0.47. So, the capex has been very much almost flat, similar looking capex that we have seen over the last quarters. But overall, I just wanted to say that we are mighty pleased with the performance that we have seen in terms of earnings. And importantly, in business like O2C that is something that we do not think it is something that happens in this quarter. I think the markets are fundamentally structurally changed, and therefore we are well positioned for that. Let us see, as time evolves, that is why the visibility is getting better on that. With this, I'm going to Jio platform just maybe because that was a separate listed company, we have done it. So, as part of RIL, we just need to do a few slides, Anshuman.

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Sh Anshuman Thakur 00:09:07 – 00:15:37 **(Jio Platforms)**

So, I will try and be very quick. You all are aware of the largest IPO that we completed earlier this week. Actually, the listing happened. We became the second largest company by market cap on the first day of the listing, listed at 26.7% premium. In terms of the business, the total subscriber base at 542 million, 36 million net adds over the last 12 months. Our 5G subscriber base has now touched 300 million. Very strong mobility net adds that has been the trend almost 2x of the industry in Q2. And in addition, we have been launching premium digital add-ons, something that you asked about. Some of these are already in the market and which are helping us to increase our realizations from customers beyond just ARPU. In the home segment as well, we have very clearly established the market leadership, both with continuing our fiber deployments, but more importantly, UBR, something that you all are very familiar with now. Our fixed wireless has been contributing quite significantly to the overall net additions in homes. We have been the world's largest fixed wireless service with 15.1 million connections and with over 78% fixed wireless market share. And we do expect that to ramp up in the coming quarters. And enterprise as well, the differentiated strategy, which is to go beyond just being a connectivity provider to being a full-service provider, becoming the digital gateway for businesses. On connectivity alone with UBR, we have been able to add significantly to the offering that we can give to the larger enterprises. But in addition to connectivity, giving a whole bunch of AI-led solutions and SaaS solutions, which will help smaller businesses improve their operations, improve efficiencies, and that we see as a good opportunity in front of us and is an area of focus for the company.

Quick highlight on the numbers 542 million subscribers at the end of the quarter, 300 million 5G based, 30 million homes we have now connected with our broadband offering. The average data consumption has gone up to 44.2 GB per user per month. That is a 14% growth year-on-year that continues to show very healthy growth. Rs.218.8 as ARPU that is a 3.5% growth year-on-year in ARPU without any tariff increases. So, this is the organic ARPU increment which we have seen somewhere in this zip code of 3.5% to 4.5% that we continue to benefit from just because our customers are consuming more, the customer mix is improving. Revenue from operations of Rs.40,475 Crores, EBITDA 21,879 Crores, and EBITDA less capex is Rs.32,130 Crores. With the bulk of the capex really behind us, having completed 5G deployment more or less across the country, and even the UBR core network is deployed across the country. So, the capex has started tapering down.

RJIL Financials. Rs.35,307 Crores for the quarter ending September. That was a 10.8% growth year-on-year and EBITDA of Rs.20,505 Crores. EBITDA margin improved, showed a fairly healthy margin expansion over almost 200 basis points to 58.1%. And these are the JPL operating and financial KPIs for the quarter. Total customer base, we spoke about net addition of 9.1 million during the quarter, ARPU of 218. The data traffic continues to grow healthily, 71.3 billion GB on the network. On the financial KPIs, I will just shift to the next slide, which has the P&L for your reference. Operating revenues of Rs.40,475 Crores, 11.4% year-on-year increase. EBITDA showed 16.6% year-on-year increase at Rs.21,879 Crores and a good increase in profit after tax as well at Rs.8,387 Crores. With that, I am just going to summarize our unbeatable competitive advantage.

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Full stack tech company. We have spoken with you about our technology stack in the past. And for those of you who missed out, you can go back and see the JPL transcript, which, again, we have spoken about this. We are serving customers, homes, and businesses at nation scale. And that proves to be very important when we are scaling up our technologies. The fact that we have been able to operate them at such a big scale case in point, UBR, where we believe we are at least two to three years ahead of anybody else working on that technology, just by the sheer number of homes that we are serving or premises that we are serving and learning with every new premise. And that is a technology that needs a lot of evolution. We have already done four generations of that technology in the last two years.

Unmatched distribution capabilities. This is something that we have, of course, had from the beginning and we have been very focused on. We touch almost the entire population of the country. We serve over 99% or cover over 99% of the population with our services and we are distributing a whole bunch of products and services beyond just connectivity. Culture of innovation and now we have demonstrated several proof points of that, not the least of which is the UBR stack itself, but our 4G, 5G core, the fact that we have the full 5G stack, the full OSS, BSS stack that we can run, we have device OS, set-top box, and all of these are innovations that we have done, technology development that we have done. And then multiple growth engines across these tech products and services. That we are offering to our customers both in India and global markets, and of course, the core connectivity business will continue to grow with tremendous growth still ahead in terms of the market size. Proven scale, profitability, and strong balance sheet. And that is something that you have observed over a period of time. It has been fairly planned. We have now completed our capex and you can see very healthy cash flow generation over the next several quarters. With that, I am going to hand over to Dinesh to present about the retail business.

Sh Dinesh Taluja 00:15:42 – 00:41:00 **(Reliance Retail)**

Good evening, everyone. So, if you look at the quarter, what we spoke about earlier, revenue grew at a rate of 6.4% on a Y-o-Y basis. This is when the festive season, as you know, has shifted entirely to Q3. So, one should look at when you look at Q2, Q3, depending on when the festivals are, one should look at Q2 and Q3 together. So, a lot of impact of the sales with September, the festival season shifted to Q3. We see strong growth in Q3 there. Registered customer base was up 10% on a Y-o-Y basis. It is crossed 400 million. Transactions have grown in line with revenue growth of 7%. All our consumption baskets have grown, so growth is quite broad based. We opened 303 new stores. Net adds is 200 lower because we also shut down 500 stores. So, we have shut down some of the unviable stores. We are looking at a transition where we will open those under some of the formats that we are opening because real estate is difficult to get in India. But that will take two, three quarters to transition them to the newer formats.

EBITDA margin, when you look at it, is 7.8%. EBITDA of Rs.6,228 Crores. This is before a one-time exceptional charge on account of 7-eleven of Rs.108 Crores because as you might have seen in the news, we have shut down the 7-eleven format. If you look at the margin trajectory, it is consistent with last few quarters of the operating EBITDA as well as the

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reported EBITDA is down just 10 basis points and that is more the festive impact because the pull in the festival season you see most of the full price sales. So, the margin trajectory is consistent with last couple of quarters. And what we have seen as we have grown our online business, margins have come down, and that is the nature of the online business. We are going very strong on growing our digital commerce business. The online scale up is happening as planned. We had discussed last time that we are setting up a lot of infrastructure. We made a conscious call. To significantly grow our online business, invest in the infrastructure and the technology there and the benefits of that scale will come in the next couple of years. So, this year is the year of investment. So, if you look at how we are progressing on that, I think that progress is happening quite well.

Online while we are doing with discipline with the right unit economics. If you look at the early shots grocery, online revenue has grown 42% on a Y-o-Y basis. The share of online in both grocery and electronics is growing pretty steadily. So, I think the progress is quite good. And next couple of years, as the business scales up and starts contributing meaningfully to our overall scale, while individually the businesses are meaningful, but in the context of our overall revenue of Rs.90,000 Crores, they are still small. As they grow, the benefits of the scale will start reflecting in the absolute EBITDA numbers.

A few macro trends. I guess most of you are aware. Inflation is on a two year high, which is impacting the purchasing power for people. Currency has depreciated significantly. That is impacting, especially, some of the imported products. The landed products have gone up. Monsoon deficit. So that has caused some demand pressure across some of the key agri dependent states, as well as the food prices are moving up. So that is also eating into the discretionary demand. And then the festive calendar we spoke about compared to last year, this time. The festivals have started purely in October, so October is reflecting that. And Q3 you will see the full impact of the festival. Just to recap our scale, we have the largest retail platform in the country, spanning 400 million plus subscribers, close to 20,000 stores. Retail area is 77.5 million square feet, so it is roughly a million square feet lower because of closure of the stores. But as LFL is positive, so we are getting more productivity from the existing space and we are pruning some of the unproductive space to make it more productive to convert it to formats which will make more money. Warehousing space has more or less remained constant because we had built a front loaded on building the supply chain capacity and some of the investments in dark stores and all continue. Transactions have grown in line with revenues at 7%. On the B2B side, we have a base of almost 4 million customers. We continue to make investments in dark stores and some of our online digital platforms to grow the digital commerce business pretty aggressively.

Just to summarize some of the numbers revenue growth of 6.4% on a Y-o-Y basis. EBITDA from operations is down 11% Y-o-Y. It is flat on a Q-o-Q basis. The margin is down 140 basis points on a Y-o-Y and 10 basis points on a Q-o-Q. So, if you look at the margin trajectory, if you have tracked the margins as we started scaling up our quick commerce business and some of the other online businesses from Q3 last year, margins have come down and the margin trajectory is now more or less consistent. Depreciation and finance costs were higher because of the increase in asset base and increases in debt, which is reflecting in the higher profit after tax decline of 24%. So, against an EBITDA decline of 10% to 11%. This is the

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framework we had laid last time where we had clearly said and that is consistent with the strategy that we have, which is we are investing right now to build scale in online businesses. Some of the online businesses, we are a challenger because we started late. So, we are increasing infrastructure and increasing capacity there. We are investing in capabilities to improve our availability, improve the speed of delivery, improve reliability, but we were also very clear that we will prove scale, but we will also do very balanced unit economics. The focus will be on unit economics and not just the number of orders, vanity, or the reach vanity metrics. The growth will be disciplined with the economics making sense. Wherever the economics do not make sense, we will not grow, and we will continue to expand our dark store network. This will give the benefits while we touch the right levers. It takes time for the infrastructure to start reaching a threshold level of utilization. As the utilization improves and as some of the operational KPIs improve, and we are in the right trajectory, so our average order values have gone up meaningfully, our fully fulfilled orders have, the percentage has gone up, the average delivery time has gone down substantially over the last four quarters. So, it is all moving in the right direction, and with the investments scaling up, we are quite confident these will start giving us results next year where they will start being accretive to the bottom line as well.

So, just to against the priorities that we laid out for FY 2027, what progress we have made. So, if you look at growing our JioMart and omni channel, we operate the largest omni channel network in the country, and that is reflecting in the numbers 42% growth in the online grocery business. B2C grocery, the market, the share contribution of online has grown 270 basis points; in Apparel and Footwear again, where anyways, we had a pretty meaningful presence, the growth, the share has grown up by 100 basis points. And we operate the largest network of store. See, if you look at our competition, the next guy is somewhere around two-and-a-half thousand after dark stores, we look at as an omni channel network, right? We have presence across 5000 plus stores. So, we are more than double our next biggest competition on number of stores. We operate in 1000 plus cities, where most of the other people are focused on top 100 even their most of their revenues come from the top 20-30 cities. We are growing pretty rapidly in the smaller cities as well. There is no competition, their consumer demand is there, right? And for us, the incremental costs are much lower. The big competitive moat that we have is we're able to leverage our existing infrastructure which others cannot do. Every dark store people set up, any other players set up, they have to incur cost in setting that up. For us it is incremental because I am anyways paying for that fixed cost and it is getting recovered from the walk-in business.

If you look at on the improvement on quality of service, reliability, our delivery times have gone down pretty meaningfully and there is scope for further reduction. resQ - the TAT of 48 hours, 97% of the services are getting completed within that. If you look at, there has been a memory shortage in the industry on the electronic side. We are the largest player in electronics through our brand partnerships. We have been able to secure supply and in spite of supply chain disruptions, which other people have other players have faced. On the fashion side while we are running fast fashion, even on our mainstream business, we are doing almost 250 plus new options every week. There is freshness every week in the store because the idea is when a customer comes, he should always see fresh, fresh, merchandise in the store, right? That will help improve customer footfalls because customer finds something

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new. And we are doing it a lot more scientifically where you know what we put in the stores is based on the rate of sale, right? How each of those things, test and scale how each of those things are doing and scientifically, take those up, expand those to more stores, and do reordering based on how those are selling.

Proving the unit economics market by market, we look at every dark store that has to make sense. The market has to make sense. There has to be enough density for the cost per order. Whichever meets that threshold, we continue and we will be quite disciplined. Where beyond a certain point, if the economics do not improve for whatever reason, the market is not ready or for any other reason, we will exit that. A good point is if you look at the units per order, average bill value is the biggest driver of unit economics. Average units per order has gone up 24%, which has materially increased the average bill values. As I talked about, we continue to expand our dark store network, and that is where a lot of investment is going, both in acquiring customers, giving them margin investments on quick commerce quite competitive with six players in the market right now. So, some of the margin investment that that we are making the good part is compared to other players who are actually making a loss, we have a profitable core and we are using that to fund the growth engines, which is growth engine, which is online, and we are still making money. I think that is a big advantage we have, which most of our competitors, at least on the online side, do not have, and the offline side, they do not have the online capabilities that we have.

We talked about this last quarter as well, so I would not spend much time on it. They are very specific, customer, commercial, operational and financial KPIs that we are monitoring. The execution will be very disciplined, right? We will not do business which does not make sense. The unit economics has to be right. And as we do that, while we are funding the investment right now, from next year onwards, we start seeing that it is being accretive because of the discipline with which we are growing. We are not following, we are not targeting any vanity metric. Whether it is number of orders or GMV, for us, the business has to make sense.

Moving on to update by consumption basket. So, if we look at grocery, 3% like for like growth across our stores. And just to emphasize, the box growth is much higher because online is also growing. This is just the pure walk in sales where the billing is happening in the store, right? Share of digital commerce we spoke about has grown 270 basis points on a Y-o-Y basis. Now, this is a segment where the competition is the most intense from quick commerce. There is a lot of discounting which is happening. So, we are choosing. There are some margin pressures here because, especially in the metros and bigger cities where quick commerce competition is high, we are going for price parity. We do not want to lose out on the customers and lose out on market share. So, we are going for market share. Customers find the value proposition strong. In a store you can have much wider assortment that you can get and the replenishments are also weekly, monthly. People buy much bigger linked to their salary cycles and all. We just want to make sure that we continue to hang hold on to those customers and not lose that. And that is where we made some margin investments in this segment, even on the offline side.

If you look at across categories, performance continues to be quite strong. So, the business has quite broad-based levers on which it is growing. Going forward, also, margin recovery

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we see coming from space productivity. So, we will get higher productivity out of the same space. And how we will do that is have targeted assortment, right? Where the customer demand is there, get better margins from vendors work with a fewer set of vendors, do joint business plannings with them, work with them on very strategically so that they see us as a strategic partner. And that is how we will drive the margins, not by increasing prices. Prices where the market determines where the competition is, but we will sweat the assets more and leverage our scale to improve the margins on the business.

JioMart, this is our primary growth driver. This is where we are doing quick commerce. We also have a marketplace platform here. We spoke about the 42% growth that we saw in this quarter in this business. The units per order, which is again another metric we track, it is up 24% on a Y-o-Y basis, which is driving the growth in average order values for the business. We have the widest network through which we are servicing, especially many of the locations. The competition is not present and will not be present for a very long time beyond the top 100, 200 cities. So that gives us enough time to establish ourselves pretty strongly. Other benefit we have is we have almost half of this electronics and fashion stores, right? The entire big box electronics store assortment is available, grab and go assortment is available, versus for competition in a dark store, you can only keep very small assortment, right? So, that is a big advantage for us. There, we do a two-hour delivery because the density is not as much, which is quite acceptable for a customer that counts as quick commerce and that gives a big advantage for us.

Same thing for fashion, right? We are doing Ajio Rush. Ajio Rush has a number of orders have grown again pretty strongly at 36% on a Y-o-Y basis. Every dark store, as I said, we are pretty disciplined, it gets measured on profitability, number of new customers acquired, repeats per order, cost per order, there has to be sufficient density. As I said, deeper penetrations across smaller towns and cities, that is something that gives us the ability to establish ourselves. While we will compete hard for market share, we are not ceding ground to anyone in the bigger cities, we will do whatever it takes to get market share. But these are the markets where we can grow much faster. The markets are ready. There is very limited competition and they will take a long time to reach there. So that is again something which will give us a good moat compared to other people.

On the B2B side, steady growth of 10% on a Y-o-Y basis. Customers, we have almost 4 plus million customers, which includes Kirana, HoReCa, and institutions. We are looking at increasing the customer engagement here as well. Customer who walks into a store is definitely more profitable. But at the same time, we are also pushing online because that is where the ordering frequency is. A customer may come once or twice a month to your store, but he orders 3, 5, 7 times. So, you are trying to maximize the wallet share, right? That is where we are kind of trying to get and even here when we look at the share of online right app-based ordering is going up because that shows that the engagement with the customers is growing. We are leveraging our sourcing efficiencies. We are the largest player if you look at B2C, B2B, we are the largest player by a big margin in the grocery B2C business. And we are leveraging that scale to maximize margins, but at the same time we are looking at own brands to improve the availability, value proposition and price value proposition for the customers as well as the margins for us.

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Consumer electronics. We are the market leader by a big margin in this business. The like for like growth was pretty strong at 8%. Even here, the distribution business had a pretty strong 20% growth. The growth is driven by product availability because of the memory shortage. Other players have faced supply chain disruptions, but because of our brand relationship, we were able to secure the partnerships, we were able to secure the product. In India with premiumization happening, right? If you look at the number of premium phones selling is growing, right? We are now the largest retailer in this quarter of premium products, including mobile phones, which is the largest category there from the leading brands like Apple and Samsung. We are a strategic partner for them and we have been able to secure supply. While margins on some of these are lower, but we look at it as a strategic investment we are making in acquiring the high value customers because they have a very high lifetime value, right? If I am able to get that, I have so many other levers. I have RBL, we have our fashion business. There is so much more we can do with these customers to maximize the value, right? And compared to significant customer acquisition costs which other players have to incur in acquiring these customers, we are actually acquiring them profitably, right? While we are sacrificing some margin because of the inherent lower margin in some of these categories, but we are able to acquire those customers and monetize those customers. So that is a pretty powerful lever. We are expanding our omni channel reach across tier 2 and tier 3 cities. We talked about doing the entire grab and go delivery for the entire assortment of the big box stores within a 2-hour timeline.

Distribution business again continues to grow well. Mobile is the mainstay category there, but even laptops and some of the consumer durable categories are growing well. Festive season has just started in Q3. So, our target is to win the festive season quite big. We have made some aggressive bets on securing supply here and quite optimistic that we will further enhance our lead as well as look at some of the cross sell around warranty, around finance to improve our margins there. This is a very big quarter for the electronics business. On the fashion and lifestyle business, 3% like for like growth. This is also the segment which gets impacted most by the festive, right? Fashion is where a lot of sales happen during the festive season and October has started quite well. Q2, we had a 3% like for like growth. Again, here the share of digital commerce is increasing. We have Ajio, we have Shein. They are growing quite much faster, which is leading to increasing contribution from them.

On the margin side, we are looking at our own brands. Their market share, the share of own brands has gone up to 710 basis points. The advantage there is we design, we control the supply chain. So we have, with Project Impetus that we built, right, we have a lot of insights on what is selling, what are the designs, what are the trends, and then being able to mind to shelf, right, having the inventory always fresh because we are able to, from conceptualization to the store, we are able to get that very quickly test and scale, and then we buy further replenish based on what is the rate of sale, right? So, that we have a lot more control on our own brands, plus it gets better margins for us. Our Jio again, we are pretty aggressively expanding our catalog. We are already at 3.3 million, 20% growth over 23% growth over last year, and this is again target is to get to 4 to 5 million options pretty quickly. We talked about 250 plus new options that we are launching every week. So, we are ensuring that there is freshness in the store. Whenever the customer comes into the store, they always find fresh fashion.

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Tira and Beauty, again, they are scaling up pretty nicely. We have Tira online platform, we have Tira stores. We have also launched Tira and the overall beauty category on Ajio to premium the widened funnel. We are selling the premium beauty products there. On our premium and luxury brands business, RBL, we have crossed the milestone of 1000 plus stores. So, we are by far the market leader with a big margin, with the biggest collection of international brands as well as a store footprint. We are also present online. We have Ajio and Ajio LUXE. Ajio LUXE has almost 1,040 brands, right? There is nobody who comes anywhere close to competition on that, right? Even on the offline side, every quarter we are adding new brands, bringing global marquee brands into India. It is a portfolio play. Brands know, we have the premium customers, we have the talent, we have the real estate. So, it is an ecosystem where new brands come in, it is plug and play. There is a very strong proposition for the brands as well when they are looking to enter India. And with the premium and luxury, while it is still small, it is growing faster than the overall fashion market. And over the next 5 to 10 years, it will become a pretty significant component of the overall fashion market. So those are the bets that brands are, taking to come to India, and we are the partner of choice for them.

We launched Fabletics during this quarter, which was the first store. We also signed exclusive brand partnership with SKIMS. We have launched some couple of interesting like Hugo Boss. We have the franchise. We have launched a sub-brand called Hugo. We have Steve Madden brand. We have launched Madden NYC. So interesting, specific for specific cohorts, sub-brands, that is something some of these are being done for India and then being taken global. So, brands are quite happy and willing to experiment with us because they trust us. They know that we have the skill set to run their brands and what they care about most is their brand image. So that is a quick update on the quarter. Just to summarize, revenues grow in spite of no major festivals, which is entirely in Q3. Every consumption basket is growing. So, the growth is quite broad based. Digital commerce, that is something that we have said very clearly we are focusing on, and that is something we are making focusing all our investments. And that is where we are seeing growth, which is much higher growth than our overall business. And that trend will continue as we make more investments.

Margins what you see is a conscious choice we have made. This is a planned investment in digital commerce that we are doing. Also, inflation has been high, we have not passed on some of that inflation, we have eaten some of that inflation for on the consumer side, but hopefully that is more of a temporary phenomena. And we are funding that from our, we have a very profitable core and we are leveraging that to build long-term value. Store network is being reshaped for productivity. We will be pruning, we have done for stores which were unviable and we will look at newer formats and expand, use that real estate to get into other formats which are profitable and which we want to expand and Q2 to Q2 and Q3 when you look at the overall festive quarter when we talk about the performance next quarter. I think you will see the full impact of the like for like performance for the two quarters. Thank you. With that, I will hand over to Ashutosh to cover FMCG.

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Sh Ashutosh Goyal 00:41:08 - 00:45:01 **(FMCG)**

Good evening, everyone. So, in Q2, we delivered a revenue of Rs.8,266 Crores, which is 1.6 times year-on-year growth right now. For the first half, our revenue was Rs.16,900 Crores, again, 1.8 times of the last year's first half. In the first six months we have achieved almost 80% of the revenue of the last year's sales. In terms of the categories, daily essentials delivered a revenue of Rs.7,000 Crores, again 1.7 times the year-on-year number. Beverages continue to grow and led by brand Campa and delivered a revenue of Rs.5,250 Crores in H1. This is again 90% of full year sales of 2026 in the six months. Home and personal care category is showing exponential growth, primarily on account of range extension and national scale up. Packaged foods is again showing positive traction due to expanded portfolio, and we have certain consumer centric innovations.

In Q2, we entered into the dairy segment with the launch of ice creams under the brand Bombay Creamery. In terms of beverages, again, we continue to be the number three NRTD player with sustained double digit market share in several states across India. Daily essential growth has been led by products of dry fruits, edible oil, and pulses under the brands Independence, Good Life, and Udhayam. Home and personal care growth, again, as I mentioned, showing exponential growth with positive traction under the brand Glimmer. Biscuits is a focus category for the group right now, and we have launched a unique range of products with both mass and premium segments. As we are scaling up in terms of the revenues, we are investing in terms of building our manufacturing capabilities. We have commissioned several high-speed beverage lines across states in the H1. We are also working in terms of setting up integrated food and beverage parks across the country right now.

Internationally, we are now present in Australia in major supermarkets like Coles and Woolworths. This is again backed by the local production in the Australian market itself. We have launched products in Kenya and African markets, along with the existing markets of Ghana and Nigeria. We are expanding our presence in GCC and Southeast Asia markets like UAE, Oman, and Malaysia. In terms of our marketing activations, as I mentioned that we have entered into the dairy segment through the launch of ice creams under the brand Bombay Creamery. This is India's first accessible premium dairy brand, and it is made from the real dairy cream. So, we are investing in terms of activations for this particular category. During festive season, we have invested in terms of on-ground activations for events like Navratri, and Ganesh Chaturthi. Campa is again a proud partner of BCCI for the match events. So, all in all, from the company's perspective, we continue to invest in terms of brand building activities right now through distribution depth, building the manufacturing capabilities across the segments and the categories right now. Thank you.

Sh Ishan Chatterjee 00:45:13 – 00:50:08 **(JioStar)**

Good evening, everyone. I will talk you through the performance of JioStar. And let me start with the digital platform. So, the way to think about this slide and the numbers you see over here are all related to the JioHotstar app across both our sports business as well as our

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entertainment business. In this quarter, we exited the quarter with a total MAU of 440 million, comparable to 400 million in the same quarter last year. So, that is a 10% year-on-year growth. And what is encouraging to us is that we have hit this 400 million number now across multiple quarters. And this happened in a quarter where there was no marquee cricket that usually drives a lot of our top of funnel engagement. The second highlight is the conversational discovery feature that we launched on the app. This is our integration that we have done with OpenAI's ChatGPT, which is now available on the app itself. We have been consistently investing in the product experience, so now you can actually engage much more deeply with the content that you are watching without ever leaving the screen. And that has led to engagement with this particular feature growing by 75% quarter-on-quarter.

The third highlight for the digital business, I spoke about this in our last meeting last quarter, was our work on the commerce revenue stream that we are aiming to build out for the media business. During IPL this year, we launched a deep partnership with Swiggy. We have now extended that partnership to entertainment as well. So, as you can see from the screenshot that is on the screen, that is a Koffee with Karan episode where now you are able to integrate this across. So, this has now become a platform feature that we are going to continue to invest in. And finally, for the digital business, this is a very exciting quarter because we launched JioHotstar in three international markets, which is now available in UK, Canada, and Singapore.

I will now move on to the sports business. So, the way to think about this slide is. This is the sports business performance across both digital as well as linear TV. This was not a marquee quarter, or it followed the IPL. So, we had a number of different sports properties. I have just put up here the biggest ones that we had. So, we kicked off the quarter with the India-England series. We then had the English Premier League kicking off. And finally, we just ended the quarter with the India-West Indies series, which was very closely fought. As you can see, the viewership across both digital, especially on CTV, was very strong across all three. However, when it comes to monetization, we had quite a bit of overhang of the Middle East situation that kicked off during IPL that we saw during the first part of the quarter, especially with England and India, but we ended India-West Indies with very strong monetization. So, we did see that turn through the quarter and we hope that this will continue. Beyond the festive season as we look to the rest of the year.

Now a quick snapshot of our entertainment business. This is also across all our channels, digital and TV. On the unscripted segment, where we have tremendous strength, we launched Bigg Boss for the first time at the same time in six different languages. And that drove watch time on a very large base by over 12%. We had another long running show, Khatron Ke Khiladi, which is now in season 15, which delivered its best ever season with almost double the growth that we saw from the previous season. If you look at some of the original shows that JioStar is creating, Pritam and Pedro turned out to be the highest performing streaming original on JioHotStar ever. And finally, if you move to the box office, Drishyam 3 crossed Rs.500 Crores in global net box office receipts. As of two weeks ago, making it the top three Hindi opening weekend of all time, this is the second big hit that has come out from JioStudios following Dhurandhar earlier in the year. I think I have covered most of these.

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So, moving finally to the financial performance, we ended the quarter with a 10% year-on-year revenue growth that was driven primarily by very strong subscription growth, especially on our D2C side and across linear TV. We saw a very strong increase in monetization on our digital entertainment ad revenue business. And finally, as I mentioned earlier, we did see festive also contribute to sports revenue growth across the ads business. And finally, at the EBITDA level, our margins continue to be industry leading. And so, we are very bullish about the rest of the financial year as well. So, with that, I will pass on to the O2C team.

Sh Srinivas Tuttagunta 00:50:20 - 01:06:49 **(Refining & Marketing, O2C)**

Good evening to all of you. I think Srikanth has already highlighted the performance of O2C. So, the margin environment, I think, has been pretty strong with the tightness in the product markets. Structural supply constraints, of course, these continue. On the crude oil side, there is a lot of disruption that has happened very recently, I think last month. Saudi Arabia had the east west pipeline hit. So, on the crude side, there is a lot of dislocation happening. Having said that, actually, the cargos coming out of the Strait of Hormuz have actually improved. So, on the one hand you had this attack, but then you also had some improvement with the vessels, more and more vessels coming out from the Strait of Hormuz. And refining capacity both in the Middle East and Russia has been impacted badly. And the loss of capacity actually is adding to the tightness of the product balances. Now the margin remains elevated because of the factors like the outages in refining capacity and over the last five to six months of the crisis, we have had the inventories drawn down. So that is also supporting the margins.

On the chemical side, also, Amit Chaturvedi will cover it later after I finish. So, there also, the operating rates are quite low and margins are quite significant as compared to the pre-conflict level. We look at the volatility in the market, Brent crude oil price, it actually ranged from 70 to 130. That is the kind of range of physical crude movement that we have seen. And besides the flat price of the crude, there is a substantial premium also that is prevailing on the crude. So, we look at the benchmark, we do not look at the premium. But when you physically buy the oil, there's a lot of premium and freight. That is also causing an elevated OpEx because of the logistics and the high energy, because we consume a lot of energy. These are the headwinds, one can say.

Financial performance, strongest ever quarterly performance and like Srikanth said, we are well on the course to do exceedingly well in this year, Rs.80,000 Crores on the O2C basis. So, earnings, of course, I mentioned about the tight fuel balances. This is certainly helping us. The cracks actually of gasoline were about 3x year-on-year, and diesel about 3.5, and jet at 3.7. That is the level of crack increase year-on-year. One important point is that we have had a reasonably large amount of TC vessels in excess of about crude and products together in excess of 20 or close to 25 vessels, which helped us mitigate the freight rate risk because the rates of freight have gone up significantly. Polyester chain margins are also up significantly 33% led by PX and PTA. Ethane also was highlighted earlier at the beginning of the presentation that at a substantial difference to the naphtha favorably position. Domestic demand also is quite strong in India. Diesel at 7.5 and gasoline at 8.5. Of course, all of us

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are aware that the prices have not really been passed on in line with the international market. And what is dragging the margin down is the SAED levy that is contributed to the negative margins. I already mentioned about the high crude premiums, elevated freight and insurance and there is under recovery because the prices are not aligned with the international market. Also to meet the domestic market demand of LPG, we had to increase our production from the normal levels, almost double the normal levels of LPG had to be produced and that curtailed the production of alkylate and a little bit of PetChem. So, these are the ones which have dampened the market.

On the left-hand side, we have here the agility of moving in and buying the crude, so during the Q2 between months we have seen a significant change in the crude basket. We have gone to the America, sometimes we have imported from the Middle East, so we have kept changing it month to derive the benefit of the advantageous crude, so those are the highlights of this quarter.

From an operational excellence point of view, record crude runs despite the disruptions in Strait of Hormuz. I mentioned about how the crude sourcing has kind of changed between different regions, so the America, the Middle East, and mid regions is where we have kind of swung the crude import from. In addition to the crude on the product side to get the best netback, we have switched the product placement also, so we have increased to the East, West, and South African region our exports, also to the LATAM and EU markets we did supply products because of the higher netback. We also supplied the first ever low-sulfur jet fuel into South Africa so that probably opens up more revenues for us in the future.

LPG, I did mention that we have supplied twice the normal LPG production that we do. So, the significant flexibility in operations through feed mix and product optimization. I will just mention one more thing here. When I am mentioning about throughput, not only the crude unit but looking at the coker, the platformer, and FCC, all were operating at very high level, so we could derive the benefit of the margin. Again, continuing on the volatility part, Brent was 97 versus 69 earlier before the conflict. Strait of Hormuz transit 7.1 versus 16, there is an improvement and everything is not official but there are actually the movement through Strait of Hormuz is improving every day. Refinery outages have been about 11.8, currently standing at about 4 million to 5 million barrels a day, which actually is likely to support the margin going into the future that is what all the commentators and analysts are saying and global refinery runs also a little lower at 79 because of the frequent disruptions and outages that we are seeing and product inventories again diesel and gasoline they are down as compared to the five year average. So low inventories, risk of sanctions always remains there and the refineries being affected, so all these point to a favorable refining margin. What has happened to the demand initially? In Q1 we have seen the demand come off from about 105.9 to 99.1, it has recovered smartly to 102.5 and going into the winter we should see growth in demand by another million or so that is what is the forecast of IEA.

If you look at gasoline, diesel and ATF shown at the bottom, between year-on-year from 28 it is down to 27.7, slightly down 29.6 to 29.3 for diesel and jet from 8.2 to 8.1, but what is important is if you look at the previous quarter versus current quarter the demand has gone up everywhere, so things are looking up in terms of the global demand.

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Gasoline cracks, of course, these are what drive the refining margin, so if you look at the gasoline crack from 8.4 what we averaged in the previous year Q2 we are at close to $25 a barrel and what did we do to take advantage of this is we supplied into East and South African markets when we were supplying to the Middle East that got affected, so we started moving it to Africa, and our market share actually rose up to 50% of these markets. Same way, there were some premium gasoline grades, which we could sell into Australia as well as South Africa and Kenya and Tanzania, so this helped us.

Now, looking at the near-term dynamics of the market based on various commentators, inventories are pretty low so cracks are expected to remain elevated and Russian refineries have been affected, so typically gasoline they have kind of banned exports of gasoline and also diesel they are a very large producer of diesel and they have to export it if the refineries are running, even in the case of diesel exports they have done periodic bans, so we expect both the gasoline and I will cover in the next slide about the slates.

Recovery of the refineries, like the drones are hitting maybe 40% to 50% of the Russian refinery at some point of the time was affected because of these attacks. While some of it is recovering, it is really not fully getting recovered, so we believe that the recovery is going to be a gradual process and the Chinese export quota system, they have actually released something recently, but otherwise that is also pretty uncertain because the talk is that they want to be very secure with the uncertainty in the international market. So, with that uncertainty of Chinese exports, also it supports the refining margins. This is the distillate cracks, again gas and oil from about 18.7 moved up to 65.8 that is year-on-year and ATF from 16 to 59.3, so this represents about 3.7 times the kind of crack that was there in Q2 of FY2026.

On diesel, the Strait of Hormuz, there is a lot of diesel which comes out from Kuwait and other UAE, so all that got blocked because of the Strait of Hormuz or rather the flows are very, very low, so that has kind of supported the diesel cracks and we have also seen the Houthis attack Saudi refineries. In the last few days also, we have seen some attack on the Red Sea refineries particularly that has reduced the diesel supply and that is supporting the action. So, what did we do in the case of diesel and jet fuel is we found opportunities in the Mediterranean market because of the loss of supply. So, we have increased our supplies into the Mediterranean markets, which were high netback markets. I mentioned about the low-sulfur jet export already to South Africa. Now, what again is the market seeing about the cracks of distillates? Russian diesel exports, they will probably remain subdued while probably almost every day there is some attack or the other on the Russian refineries, so that is kind of very supportive for the diesel cracks and we are going into the winter so that is also a high demand period for diesel, the heating oil, so all these are supportive of the cracks.

Domestic market pretty strong demand, oil demand is at 57 million tonnes and if you look at motor spirit or gasoline, sustained personal mobility and steady automotive sales, this is supporting the cracks of MS, which is up by 8.5% year-on-year, very, very strong growth. Diesel growth is 7.5%, again we have had a deficient monsoon that is kind of helped support the diesel demand in the country because the prices are not really passed on to the

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customers, probably the demand also is remaining strong like in the rest of the world there has been some impact and demand fell, but in India because the prices have really not been increased in line with international prices, it is strong.

On Jio-bp, our retailing arm, I think we are continuing to grow. If you look at all the scoreboard here, almost all the elements, there is a growth in terms of the MS and HSD sale and if you look at the market share effectiveness, retail outlets added about 85 to 90, retail outlets are added, charge points have been added, e-mobility and CBG of course significant growth on a low base. So everywhere, even the CBG, CNG stations, and convenience stores, everything has been increased. So, we have the active technology, which is a fuel efficient, an additive which improves the fuel quality and gives better mileage, so that is adding to the gain in our fuel sales. So that is briefly on the refining and marketing piece. What we see is excluding China refining capacity additions will be pretty flat. Global oil demand, while it is declining by 2.6 that is the projection of IEA in 2026, next, of course, three months to go and then it is expected to rebound by almost 2 million barrels in next year that is the projection from IEA.

Middle East uncertainty continues. I do not think there is any resolution we are seeing in the geopolitics, be it Russia, Ukraine, or be it the Middle East. So, all these point to supported refining margins and for us the actions that we take and business priorities for us are how to remain agile so that we capture the opportunities, be it feedstock or be it products that is what is our focus area. High asset utilization is something which we have always been focused on, and that will continue to be a priority for us. Margin maximization, of course, through end-to-end value chain optimization and then on LNG capacity, also, lower inventories and continuing product supply tightness. I mentioned about this throughout the presentation. That is going to be supporting the refining margins. That is what is the general commentary in the market and we believe that that is likely to play out. Thank you.

Sh Amit Chaturvedi 01:07:02 - 01:17:25 **(Petrochemicals, O2C)**

So, this was quite a volatile quarter, one of the most volatile ones that we have seen in recent history. Things were changing almost on a day-to-day basis. Two things, the whole industry in Southeast Asia, Far East Asia, was struggling to get the feed and most of the crackers, even if they were getting feed they were getting it at exorbitant prices I will cover later in the presentation. Not only the prices were higher, but the freight rates were also astronomical. There was a serious shortage of tankers, oil tankers, a whole lot of them were stuck in Hormuz, and whatever were available were paying a huge amount of insurance charges, etc., so the cost of freight skyrocketed to some unheard of numbers. In this situation we had two blessings one was that Srinivas running his refineries well, which he mentioned in the previous part, so we were getting our naphtha feedstock part decently and adequately from them and second one was that, as I have been saying in the last many quarters a good amount of feed was coming from US, which was coming steady, not impacted in any case by this Middle East crisis and it was coming at a steady price as well. So, two things this significantly while the product benchmark prices, which were driven by the increased cost of naphtha in the whole of Southeast Asia, Far East Asia region, the product prices went up,

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but our cost levels remained the same. So, we had an absolutely fantastic quarter actually the half year, and we are still in the midst of that sweet spot if I can say that. naphtha flows from Middle East as I said, dropped from almost 12.5 million tonnes to 6.5 million tonnes in the quarter, which meant that there was a serious shortage of material all across the region. In the previous quarter, we had seen a lot of Russian material coming here, but as Srini mentioned there has been a lot of damage to Russian refineries of late by the Ukrainian drones and that has resulted in a situation where even the Russian material has disappeared from the Asian markets. So, which meant that there was a serious challenge of getting the material. Ethane prices, as I said, were quite steady during the quarter 24.3 versus 23.2 in the last one. Lot of capacity global capacity was impacted because of the war, two wars actually: Middle East war and the Russia Ukraine.

Polyethylene almost 41 million tonnes, which is roughly about 30% of the global capacity. MEG 12.8 million tonnes, again 30% of the global capacity and PTA 32 million tonnes, which is about 25% of the global capacity was impacted in this oil turmoil. Cracker utilization rates, global rates dropped from 81 to 71, now 71 is a very pretty low level, mainly because a whole lot of them were either struggling for feed or were in a war zone and therefore down. Primarily, the biggest impact was coming from the Middle East, where the operating rates dropped from 80% last year to 50% this year in this quarter and primarily because this region was just simply not able to evacuate their product out.

We saw, Srini talked about it sharp escalation in crude and naphtha prices year-on-year. Availability of naphtha I talked about it, it remained a huge concern, almost dropped to half compared to the same quarter previous year. The third point I mentioned about it, the absolute numbers are naphtha AG to Japan freight increased from $86 in July to $186 a tonne in September of this year almost like 100% increase during the quarter and our quarterly average number was $122 a tonne, which was like three times higher compared to the same quarter last year. Now this increased the cost of naphtha in the region absolutely significantly. As such the base price was higher, there was a premium on the shortage, there was a premium of significantly higher premium numbers also and on top of this, this significant freight and as the cost of naphtha for the Southeast Asian and Far East Asian producers. Ethane prizes were steady as I said, and ethane and naphtha cracking differential therefore widened to $557 in Q2, and this was up 2.3 times from a year-on-year basis. There are cracker operating rates in different parts of the world, and as I said, Middle East was the biggest impacted region, dropped almost like 30% lower compared to the same time last year, and which resulted in global numbers going down by almost 10% and the reason was, of course the Middle East was just not able to evacuate their products so they had to cut down their operating rates. Feedstock margin in this half year as Srikanth also mentioned earlier we have not seen this kind of deltas on ethane 708 and 439. Naphtha margins were of course -117 in last quarter and primarily because naphtha cost itself as shot through the roof.

Talking about downstream margin environment, naphtha numbers the cost was up 43% year-on-year, US ethane prices were almost flat 5% increase. Polyethylene to naphtha delta was higher by only 5% and PP was higher by about 8%. PVC had a different story. PVC, a lot of PVC comes in the region from coal origin and there was no impact on the coal prices,

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therefore, PVC prices remained under pressure thanks to supplies from China. However, the EDC prices went up and therefore PVC to EDC delta went down by 19%. Polyester chain, this primarily China is the headquarter for this, and of course they were also struggling with the availability of crude and therefore naphtha and feed stocks for it. So, paraxylene prices went up by 33%, PTA 15%, and the whole chain delta was up by about 33%. In terms of domestic demand, polymer demand was down by 3% because primarily supply constrained demand, the availability of material itself was restricted, the imports were completely blocked, and even the domestic supplies were impacted because of the raw material availability.

On the polyester side except PET, which was driven primarily from the beverage sector demand, as delayed monsoon resulted in good demand from that sector. The filament and staple demand was weaker, and it was because of the volatility and very cautious buying, the prices in this sector ultimately sailed into the textiles and garments and there was a weakness seen in that particular sector. Talking about dynamics, geopolitical disruptions kept on rocking us all through the quarter we are still very much in the turmoil, not out of the woods and domestic demand has been fortunately resilient. There was a lot of inventory replenishment in the quarter because the previous quarter we had seen a lot of slowdown because of again supply driven constraints. There was LPG control order in the previous quarter which had restricted the availability of all the polymers and this quarter it got relaxed so there was an inventory replenishment and there was of course festive season demand and agriculture and infrastructure demand was also pretty healthy in this quarter. Textile and polyester export opportunities we believe like the new FTAs, which Government of India is signing with UK, with US and things are on the anvil and others also we believe that we will have significant advantage in terms of textile exports and which will give a fillip to the polyester demand. Overcapacity in China is likely to emerge as more and more ethylene capacities get started in about next two years, quite a lot of plants are scheduled to start. However, the markets today, these markets have become very local compared to global which they used to be earlier because of supply chain constraints and therefore, we believe that a lot of these new capacity challenges will get mitigated or partly softened down because of that. Our priorities of course will be to keep optimizing our raw materials, our product portfolio, our distribution channels, all through that as we have been doing all along running a very extensive elaborate complex linear programming model to optimize this. Also we have out of the three new ethane vessels that we had ordered we have got delivery of one which has started operating, the second delivery has also happened, the second vessel is now on its way to US for the first load and very shortly we will be getting the delivery of the third vessel also and considering the amount of arbitrage which is there today between naphtha and ethane, these three vessels will significantly add to our bottomline and of course keep working on having a differentiated product portfolio and customer relationships because these are times when the customers need support, there is a shortage of material, imports are not there and domestic supplies are also restricted. So, working closely with customers is of paramount importance in these times.

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Sh Sanjay Barman Roy 01:17:35 - 01:21:05 **(Exploration & Production)**

Good evening, everyone. Let us do a recap of the quarter gone by. So, this has been a steady quarter. The natural decline in KG-D6 has been offset by the elevated oil and gas prices. We obviously continue to see an uptrend in CBM, and that should continue. Also, the exchange rate has been good. The one development that we have during this quarter is we have got a deepwater rig back in our block in KG-D6, which means it is going to undertake a campaign for workovers and additional development wells, this is all to augment and sustain the production from KG-D6. If we look at the overall performance, compared to Q1 it has been flat practically. Yes, compared to the last fiscal quarter on quarter, yes, you see the impact of the production. Overall, we continue to sustain the production better than what we had expected, obviously at the time of the field development plan, but again, we are now trying to see how we can maximize the recovery. So, we stand at about 25 million standard cubic meters. We will continue to see an uptrend in CBM production. We are trying to manage the decline in D6 and sustain the production as far as possible. Just an overview or recap of the global market. We all know the state in the Strait of Hormuz and consequently that has impacted the offtake of LNG nearly about 32 million tonnes. On the converse side, we have also seen more LNG capacity come in from North America, and we can see about 25 million tonnes, but overall prices remain quite elevated. We are looking at something like $29 even as we speak. However, we know that ceiling prices that prevailed until the end of this quarter was set in March of this year, so that prevailed and that was capping of the prices. So, however, what we are now seeing is in India, again, the demand has been quite robust, even though the prices have been elevated, which is a good sign it means there is a lot of demand for gas. However, there still is a distortion from what the market pricing is as well as what we are realizing because of the ceiling price. Our own sense is with the onset of Samudra Manthan and the government taking such positive reforms and a lot of investments coming in, particularly targeting deep water, we are looking forward to them taking positive steps towards giving more pricing freedom and marketing freedom going forward. As such, the price for this half is going to go up by a dollar so that is nearly $9.9 ceiling price. So that should give us some upside. Thank you.

Q&A Session 01:21:10 - 01:45:05

Questioner (Probal Sen – ICICI Securities)

Just on the refinery business, you mentioned one number of 11.8 million barrels a day that was impacted during Q2, and you mentioned that 4 million to 5 million barrels still remains affected more or less, now this is obviously the combined capacity split between what is impacted in Russia, as well as what is still not online in the Middle East, I would believe and you also did mention that you do not expect the geopolitics to change much, at least in your assumptions going forward, so is it fair to assume this 5 million barrels is probably six to nine months away from normalization in a best case scenario, and worst case it could be it could stretch for even longer?

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Company Speaker (Sh Srinivas Tuttagunta)

Yes. I think, what you said, I agree with that. See, firstly, when we talk about the 11.8 if you look at the Middle East refineries, the refinery in Kuwait, the refinery in Bahrain and Qatar and Ruwais and UAE and Saudi Arabia is all together, I am saying at different points of time were impacted and they have started coming up. So today when we talk about 5 million, we talk about the ones which are yet to come up in the Middle East and Russia, where maybe 40% of the capacity is concerned. So, I agree with what you have summed up based on what I have mentioned. On the resolution, I think nobody knows, but what we have seen in the last five to six months, their talks and everything is announced that it is all done and they have agreed. This party has agreed to that. That party is agreed to that. Finally, five days later, you find that no one has agreed to anything. So, it does not seem to be a resolution the way attacks are happening. Even today, if you see the number of vessels, though, people are taking the risk and bringing out the vessels through Strait of Hormuz, the attacks are continuing. So, the uncertainty is very high and we expect with such uncertainty, low inventories and this is what almost all leaders are saying that we do not see an immediate change in the situation it is going to continue.

Questioner (Probal Sen – ICICI Securities)

Thank you, Sir. Let me ask one more follow up. Yes. Just to stay on that same point, what you mentioned about the increased risk. Now, obviously in the Q3, we have seen that the flows, particularly from Saudi Arabia have obviously improved quite a bit and the overall Middle East flows are, as per some estimates, were even back to close to pre-war levels at certain points of time, but with the kind of risk that is inherent in terms of both the actual cost delivered of crude and the kind of uncertainty of supplies. How are you positioning the sourcing mix, is there a realignment back to Middle East flows because the product deal obviously is fairly different for Middle Eastern based crude for your refinery versus let us say a US-based or an Africa-based crude, so how are you looking at it? That was my question.

Company Speaker (Sh Srinivas Tuttagunta)

I think during the presentation I mentioned that we swung between East of Suez and West of Suez quite dramatically in Q2 itself from month-to-month. So that to be a constant feature we will be looking at all opportunities kind of swing between what gives us the most opportunistic crude so that we are doing even for the next quarter. That is October-December.

Questioner (Jal Irani – Nuvama)

Excellent performance by the O2C business. Good to see that. I am just wondering if we can try and maybe bifurcate where the profit growth, the significant profit growth has come from, has it come from the refineries on a sequential quarter-on-quarter basis, has it come from petrochemicals or has it come due to the additional ethane carriers that you have added from the US? The reason I ask this question is because if you look at the refinery crack spreads quarter-on-quarter other than gasoline I do not think they are dramatically up and in fact the

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freight cost was significantly higher, of course, the production of the refinery was higher given that, there was a shut down the last quarter. So, there are those elements there, but petrochemicals seem to have done a lot better in terms of margins and of course, there is the ethane new carrier. So, I am just wondering among the three which was the main pivotal can you give us a more in-depth sense?

Company Speaker (Sh Srinivas Tuttagunta)

I kind of, will say two or three things. I think it is a combined effect, but if you have to put a number, petrochemicals definitely have contributed, but refining also if you look at diesel, I think it is almost $2.8 a barrel higher sequentially. So even diesel, which is a large production from a refinery has been quite significant. While the freight trade has gone up, I mentioned to you that we have a significant TC fleet, so that helped us mitigate the freight impact, so that has not been significant as compared to refinery, which depends on the spot market a lot. So that was one contributing factor in favor of the refining and of course, I mentioned about the refinery, various secondary unit utilization. So, there I did not mention about the gasifier. The gasifier also gave a huge uplift in terms of the margin because the gas prices are 30 bucks BTU nowadays, but let us say even say last quarter, if you look at JKM or something is a little more than $20 a barrel against, if you look at the coke and all that, it is maybe just in high single digit. So that differential also contributed to the refining margin. I would say it is a combined effort and then there is another element, which is the product premiums which you do not see again. We mentioned about the headline where there is a headline price for crude and there is a premium. Same way on the product also, there is a headline price for let us say Arab Gulf or Singapore, but then there is a premium and you sell because Europe, Asia Pacific, Australia, and Africa everyone is buying also at a premium because of the uncertainty, though, the uncertainties on the crude, the products also are reacting to that.

Questioner (Jal Irani – Nuvama)

If I may ask, second part of the question, there seems to be a significant amount of demand destruction especially in China they are moving to EVs very rapidly and to LNG as a fuel, now I am just wondering is there a structural destruction of demand and if we go back to a normalized level will we actually see refining margins lower than the previous normalized levels, so are we seeing high right now and then a plunge which is going to be more permanent?

Company Speaker (Sh Srinivas Tuttagunta)

I think China you are right that it is a structural thing they have consciously moved to more EVs and same way on trucks also trying to use more gas-based LNG type of trucks that is something structurally they are doing. In the rest of the world, the demand is expected to rise, so it will more than offset the Chinese demand going out if you look at this particular reduction of about 2.5 million barrels to 2.6 million barrels in 2026. In 2027, we are saying that we strongly rebound to 2 million or maybe even 2.2 to 2.3 million barrels a day, so most of it is going to come back. If you look at margins particularly, my take would be what happened?

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We will just go back in history 1970 to 1973, when we had the Arab embargo on exports to the US and Europe because of the support to Israel at that time. That has been in the market memory for even, let us say some skirmish between Israel and Lebanon or something like this, or the Palestine problem coming up suddenly the market reacts, both not produce any crude or hardly impact the supply demand, but the memory of sanctions or some action by the Arab countries, though probably it never happened after that, but that memory in the market takes some time to go away and that is like more than three or four decades or more than five decades it has continued. This is very, very fresh in memory there, so it hits that are happening, so I think for the market to forget these events and say that insurance will be normal freight is going to be normal, today many people go into if you look at the far Eastern players, most of the people do not want to go into the Middle East. It is only the countries because they are suffering are trying to bring the product out. So, I think this is not going to normalize is a view that we think.

Questioner (Sanjay Mookim – J.P. Morgan)

Yes. Can we get a quick update on the commissioning of the various new energy lines, please?

Company Speaker (Sh Karan Suri)

I think we are well on target as what we had earlier indicated with the commissioning. The new energy lines are split into the solar value chain and the battery. When it comes to the solar value chain, as indicated, I think our module capacity is now six plus gigawatt, and we will be achieving up to 20 gigawatt early next year. Similarly, solar cell is now nearing around 5-gigawatt and we will be achieving again 20-gigawatt capacity sometime first half next year. We are well progressing on ingot, wafer, polysilicon and glass manufacturing. On the battery side, in next half year we will commission our BESS facility, which is a pack and container up to 40-gigawatt hour and cell will come sometime I would say late next year, which is again around 35-gigawatt to 40-gigawatt hour.

Questioner (Sanjay Mookim – J.P. Morgan)

Sorry. When you say next half year, do you mean 1H FY2028?

Company Speaker (Sh Karan Suri)

This is calendar year next half.

Questioner (Sanjay Mookim – J.P. Morgan)

By June?

Company Speaker (Sh Karan Suri)

June to December is when we will start ramping up cell.

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Questioner (Sanjay Mookim – J.P. Morgan)

Lastly, you suggested that you start the installation of modules post monsoon has that started?

Company Speaker (Sh Karan Suri)

It is still on track. I will not say that the first module has gone, but the project development work is now picked up the pace. The transmission capacity we will start seeing the connectivity by first half or actually Q1 of next year and we will have the necessary modules installed for that. I think we have already given the indication that we will see the revenues for FY2028 from the new energy complex.

Questioner (Sanjay Mookim – J.P. Morgan)

Thank you.

Questioner (Sachin Salgaonkar – Bank of America)

First question, Dinesh, on retail. You said there is a conscious decision to sort of invest, and hence margins are getting impacted. Directionally, we do see competition from quick commerce coming down, so do want to understand is there a specific timeframe or any particular milestones we are looking till we realize that most of the investments will be largely done and is there a flow in terms EBITDA margin where we could look and let me also say I say the second question? Second question I wanted to understand on when we look at the next 12 months from Reliance Industries point of view where are some of the incremental capex investments will go, one perhaps is data center, IPL is coming up for renewal early 2027, so I would like to understand how you guys are looking at these investments?

Company Speaker (Sh Dinesh Taluja)

See on the retail side, the competition, I would say still quite intense on the online side. We also started much later than most of the other people. So, we are investing in infrastructure. We are also investing in margin in customer acquisition. The discounts are pretty steep. So, the discounting is today pretty steep. Everyone hopes that competition should go down. Over a period of time things should normalize we would also hope that that happens. Inherently remember, as the share of online grows, online has lesser margins one there is discounting, second you have to incur the incremental cost of delivery, so inherently margin is lower. The good thing is incremental. Beyond the dark stores if we look at it, a large part of our orders in the infrastructure is the walk-in stores where my incremental costs are not that high, but I still need dark stores to fill the gaps because my walk-in stores are designed for the network is designed to cover a certain area. Dark stores, you have to have, in the metros you need to have 15 to 20 minutes delivery metro bigger cities. You can go to 30 minutes in the smaller cities. So that network is still required and that network scaling up, scaling the orders takes that much more time, which is getting reflected in the numbers. It will be margin accretive.

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When I say margin accretive absolute and we expect we have outlined in the framework that we have put in from next year onwards we expect the benefits to start accruing in absolute EBITDA. I would say margin flow, it depends on what is the share because inherently it is lower margin, if it is 20:80 versus 30:70 the margins will look very different, but remember from an ROCE perspective it is okay because of online has lower capital investment required to an offline business where you have to set up the full store and everything. So, it depends on how the mix evolves and secondly how the competitive dynamics really plays out is how long the margin investments continue because not just as other people are players are also investing in margins and customer acquisition.

Questioner (Sachin Salgaonkar – Bank of America)

Follow up when you talk about your dark stores, is it mainly into urban areas or also going into Tier-2 and Tier-3 cities?

Company Speaker (Sh Dinesh Taluja)

See it depends. It is a network that we look at it. I would say more in the bigger cities because that is where I have to meet the 15 to 20 minutes as I said that is the competition is the most intense. From a customer perspective, he does not care, he gets delivery from a dark store or a walk-in store. He looks at is he is getting the assortment and is he getting the assortment on time? Dark store is more for us to fill the gaps. Bigger cities are where you need to have much more density is where a lot of that investment goes in, but it is not necessary that it is only in the bigger cities.

Questioner (Sachin Salgaonkar – Bank of America)

Sorry, the capex question?

Company Speaker (Sh V Srikanth)

So, on capex 44 megawatt is something that we are in the process of getting it done, so I think the next four to six months that will be done. Plan wise, we are thinking about another 120-megawatt, but that will take some time and in addition, the one that we are doing for one of the hyperscalers that is more building the infra part. So, GPU is to the hyperscalers account, but we will build the infra part of it and then the electricity part of it and the telecom, so that is really the breakup.

Questioner (Sachin Salgaonkar – Bank of America)

IPL bidding is this something you guys are keen?

Company Speaker (Sh V Srikanth)

The answer is absolutely yes. At what price? That is a different one.

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Company Speaker (Sh Ishan Chatterjee)

I think Srikanth answered it, but IPL and marquee properties like this are a very core part of our strategic agenda, but we will address this objectively once the tender comes out, keeping the group's philosophy in mind of profitable growth. So, to Srikanth's point, it depends on what the tender is.

Company Speaker (Sh V Srikanth)

The only line I put for Jio was the disciplined bidding or something to that effect. You must have seen it in the presentation absolutely. We have seen it. It is also seen the way we have been bidding in some of the other ones too.

Questioner (Vikash Jain – CLSA)

So, on retail, the revenue growth number for online grocery that has been given about 46% or something this if we compare it to the biggest quick commerce players also, it is still underwhelming, to say the least. Given that we are maybe two quarters away from ending the year of consolidation and moving to the high growth years of next year, do you think that we are getting to that point that you can still be confident of doubling your EBITDA practically in two years because nothing is going to happen this year?

Company Speaker (Sh Dinesh Taluja)

We are not changing ours that is the target that we are going for. There is no reason, at least as of now, for us to change that target. That is what we have given directional guidance, what we are targeting to achieve. We are making the investments. You have to put on the ground infrastructure. You have to get customers. All of that is happening this year. The economics will start improving from next year that is the expectation that we have that customer acquisitions is a one time, once you acquire a customer you acquire a customer. Once you set up infrastructure every incremental order is accretive. So as of now, I do not see any reason to change that is the target that we have taken for ourselves to which we are executing, now it could be one year here or there who knows. But as per the plan that is what we have.

Company Speaker (Sh Jeyandran Venugopal)

Yes, I can add a bit more on that. To kind of like step back a little bit and answer your question. While yes, you may say that like the 42% growth that we called out in terms of our YoY numbers on our online platform and how it compares with other QC players. I think, we even while we consciously decide to invest in a channel and grow it, we want to make sure that we are doing it in a mindful way, and we leverage our existing assets to do it, so what kind of growth you can do on online platform is purely a function of how much you are willing to burn and how much couponing money, how much discounts you are willing to throw on the table. So as a philosophy, we want actually, while we will invest in customer acquisition,

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we will do it in a much more measured way and a meaningful way and that is reflected in the growth numbers that you see. So that is how I would answer it. So, we do not want to see growth to anyone and at the same time we want to be meaningfully cautious about how we spend the money that we are investing so that we can get the right kind of LTV over CAC over a period of time. So, we unlike other players, we already have a large consumer franchise. So, we have 400 million customers who we have already acquired through the largest retail business today in the country. So, it is more about how we cross acquire them intelligently and do it in a sensible fashion, which is cost efficient. So, it is not about acquiring them at one go and suddenly showing high OPD numbers, but doing it in a way that is sustainable. So that is why our pace may look a bit different, but it is built on a strong existing base, and as long as the investments we are making in terms of the capex investments, growing capacity and a lot of our warehousing supply chain infrastructure, which is today geared to feed, which is one of the largest in the country today, is geared to feed the 20,000 stores that we have in our network. So, it is a store delivery-based network. We are retooling a lot of it, modernizing our warehousing systems to make sure that it is equally capable and efficient in both primary transport, middle mile and everything right to feed even our B2C network, so all of these things take time to do it right. It is a platform investment, but once we do it, the pressing the pedal on it, once we make the right investment on top of existing large infrastructure base, customer base that we have will give us accelerating and exponential return. So that is why we are confident that the operating EBITDA growth that we are all pushing to achieve once we go past the investment phase, is still a realistic one, even though it may look very, very aggressive it is not starting from zero. It is not a bootstrapping story. It is about how do we leverage the existing large asset base that we already have by doing these incremental investments, which are significant, but we get the high leverage effect once we do the investments on the existing base. So, I hope that answered the question.

Questioner (Vikash Jain – CLSA)

Thank you. Just one on O2C please. I think the one although spreads did not show that they changed so much last quarter versus this quarter, but I think what you complained of last quarter was the difficulty of capturing the spreads. That seems to have possibly improved this quarter, so do you think that it will be an improving trend of being able to capture those spreads also because the advantage, if anything, will only expand from here given the two new vessels, so is it correct to imagine that although I have to say that it is a great growth that you have shown, but if someone was to just work on the spreads that one can see on the screen, then of course your numbers can be much bigger. So, is it that as the capture improves better, the numbers will continue to improve, of course the environment can change that is a different story?

Company Speaker (Sh Amit Chaturvedi)

I will speak from the petrochemicals perspective. So, you mentioned ethane benefit is here to stay, and it will only go up as we absorb the incremental vessels. The other piece is comparing the previous quarter to this quarter. In the previous quarter, we also had an issue of LPG control order, which meant that a lot of our feedstock actually got diverted to LPG for supporting the nation. That was not completely out, but it was relaxed in this particular quarter

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much more milder version was there. So that helped us increasing the volumes. On the refinery product side would you like to comment something?

Company Speaker (Sh Srinivas Tuttagunta)

I think fairly you have covered it on the petrochemical side. On refining also, there has been a significant improvement in terms of the feedstock capture like the landed price and all that. This time I was mentioning, I think a few times that we swung between different regions, so that has also given us some benefit and capture. So that was how we achieved a better capture.

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