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Media & Analyst Call Transcript

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Call Participants:

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- Sh B Srinivasan, President, Reliance Industries Limited
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- Sh Dinesh Taluja, CFO & Corporate Development, Reliance Retail
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Transcript:

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

Good evening and welcome to the first quarter FY2024-25 financial results presentation of Reliance Industries.

As always, we will have Srikanth walk you through the consolidated performance of the quarter, followed by Anshuman Thakur who will give you the overview of Jio's performance, Dinesh Taluja on Retail, Sanjay Roy on E&P then Srikanth will come back to talk about O2C and summarize our performance. Over to you Srikanth.

Sh V Srikanth 00:00:36 – 00:09:44 (**Consolidated Financials**)

Thanks Srini and Good evening to all of you.

Starting with the performance, EBITDA at Rs 42,748 crore up 2% year-on-year. It's important for me to say that the growth in consumer business and strong upstream offset weak O2C. On retail we have seen a growth led by grocery and consumer electronics and improvements in their overall customer engagement as well as some contribution from digital channels.

On digital side benefits coming from healthy subscriber addition and increasing FTTH penetration. Overall, on the O2C side we will see it later, but you know clearly declining fuel cracks and challenging downstream margin environment.

In oil and gas led by high volumes which was offset little bit by lower price realization. For us the diversified portfolio helped deliver this performance, with consumer being more than half of the overall earnings. Specifically on retail you can see revenues at almost Rs 76,000 crores, EBITDA about Rs. 5,700 crores they add up about 8% and about 10.5%. Overall, PAT at Rs 2,549 crore up close to 5% and you can see some of the operational metrics like footfall 296 million up 19% registered customer base at 316 million up 18%.

When you look at revenue and EBITDA growth it includes the fact that we had a strong consumer electronics business growth specifically ACs and refrigerators and TV. We also had strong performance in grocery stores some of the sales that we did show, high traction with almost 30% year-on-year growth.

However, in terms of fashion and lifestyle it was much more tepid with distribution in demand being lower there so that in some sense, that was the vis-a-vis consumer electronics and grocery was on the lower side. The revenue and EBITDA growth also covers for the fact that, you know, there's a streamlining of operations with focus on margin improvement and as you can see year-on-year, there has been an improvement of margin by almost 30 basis points to 8.5%.

Also, while the gross sides (store adds) were at 331 stores you can see the net adds were about 82 stores. So, also the performance it covers for the fact that you know, we continue to focus on enhancing the tech platform, focus on supply chain and distribution. This is more for us to maintain our growth momentum both in the near and medium term.

So, for us, you know, strengthening the market leadership in a structurally long-term growth industry that's really what has been the focus yet. On digital side, revenues up at 12.8% and 11.6% for EBITDA almost Rs 15,000 crores. This is on the back of subscriber addition; we added 41 million on a year-on-year basis and 8 million in just this quarter.

Data traffic you can see it's about almost 33% at 44.1 billion GB and 130mn subscribers migrated to JioTrue5g, you know we are now at this level we are the largest operator in the world when you look at data capacity and what we handle. And, you know we'll be the second largest in terms of 5G subscribers. So, as you know the tariff hike happened and the benefits of the tariff hike will be seen in the coming quarters.

On the O2C side as you can see Rs 13,100 crores EBITDA lower 14% year-on-year basis and that is primarily driven by gasoline cracks which was down 30%, PE was down, PP was down anywhere between 16% to 17%. Polyester chain, integrated deltas were also lowered by 15%.

These are big products, and these are big falls in terms of margin, but it was partially offset by the fact that we continue to benefit from being able to crack ethane and also the domestic demand both for oil polymer and polyester held well. You see the performance in energy markets you're seeing this kind of volatility in earnings, you know, different points in time it is geopolitics, its outages, its refining capacity. So, when you look back over the last 8 quarters you know we have seen EBITDA ranging anywhere between Rs 12,000 crores to Rs 20,000 crores. But overall fair to say that the structural driver of the business remains fairly very constructive. And so, therefore, this performance would have to be seen in that context.

Oil and Gas Rs 5,210 crores of EBITDA its up 30%. This was on the back of volume increase as you can see KGD6 production up 44% on year-on-year basis. However, there was price

correction of decrease of about 14% resulting in net EBITDA of 30%. Overall, we now have gas of almost 29 MMSCMD it was used to be 20 MMSCMD same time last year and oil condensate production of almost 22,000 barrels per day.

This is the overall financial results as I was highlighting, revenue at Rs. 2,58,000 crores up 11.5% as you know, both because of O2C revenues being higher because oil prices were much higher than what it was year back. Also, it is on the back of growth of retail. EBITDA, we spoke about overall growth of 2% with consumer businesses more than offsetting the sharp reduction in O2C performance given the broader operating context. And therefore, you can see the translation coming to terms of PAT at Rs 17,500 crore which is lower by 4.5% on year-on-year basis.

Just the bridge when you see a year-on-year comparison, I talked about cracks, gasoline PE, PP polyester chain being lower. I talked about oil and gas benefiting from higher volume but to some extent offset by lower price there, retail benefiting from store expansion and increasing footfalls, digital side benefiting from customer add of 41 billion year-on-year and the fact that people are using more 33% increase in data traffic now per user per month is almost 30 GB per customer. You're seeing good traction in terms of consumption of services.

On the quarter-on-quarter side predominantly O2C product slightly different in the sense that the fall the big fall you saw was really in gasoline, gas oil and ATF, which was down about 36% to 37%. There are there was an uptick in terms of downstream with PVC up 17% and PE up 7%. Oil and gas were marginal declines in volume that we saw, and realization also was marginally lower.

On retail, the effect of low discretionary spend, especially on fashion and lifestyle and the fact that I referred to the streamlining of operations and the focus on some of the other areas that I talked about and digital services, strong traction with 8 million customers being added to the network and also good traction on JioAirFiber.

Overall net debt at Rs 1,12,341 crores versus Rs 1,16,281 in March and CAPEX overall Rs 28,785 crores which is much less than the cash profits that we are generating and also significantly lower than the capex of close to Rs. 39,000 which we had same time last year. Overall net debt EBITDA well within the very conservative framework that we have. So, we have the balance sheets strength to deliver for the growth initiatives that we have and importantly for generating value.

Sh Anshuman Thakur 00:09:45 – 00:22:04 (Digital Services, Financials)

Thank you, Srikanth.

Good evening, everyone. I'll take you through the results of the digital services business and Jio. In terms of the highlights for the quarter, the JPL consolidated revenues came in at Rs. 29,449 crores, which was a growth of 12.8% YoY and EBITDA at Rs. 14,638 crores. So fairly healthy growth driven by combination of things.

Operating performance was good, subscriber uptake of new services was good, and we continue to see good traction across all of the service offerings. The subscriber base for the quarter ended at 489.7 million, which was a net addition of 8 million for the quarter. The 5G subscriber base was close to 130 million, which makes Jio the largest 5G subscriber base outside of China. ARPU for the quarter came in at Rs181.7, which was almost at the same level as the last previous quarter. Again, a combination of things here, some improvement because of increased utilisation, but given the promotional efforts at this point in time for promoting 5G consumption, there was an impact on ARPU. I would just remind you that this does not factor in any of the tariff increase. The tariff increase happened after the quarter had ended.

On the data consumption itself, we saw a very healthy growth trend, 33% year-on-year increase in data traffic at a bit over 44 exabytes for the quarter, which now makes Jio the world's largest operator in terms of data traffic. And this is compared with all of the other operators. So, you know, that excluding China qualifier does not apply here. Also, 5G now accounts for 31% of the overall wireless data traffic. So, very healthy growth in 5G. The subscribers are consuming a lot of data, and the per capita data consumption is growing fairly rapidly. On the fixed wireless or the homes front, our FTTH business continues to do well and grow healthily.

The fixed wireless business is also, we crossed a million connections there and the performance has been very steady. The data consumption customer engagement matrices are all very healthy. We continue to build on the number one position that we have in our broadband services with more than 60% share of the industry net add. So, all in all fairly healthy, good robust performance, good growth. The growth momentum being driven by the 5G mobility and AirFiber, like very high data consumption uptake. So, you know, the things that we were targeting have been delivered quite well this quarter.

So, we, you know, as I said, the transition to 5G has been ahead of schedule. People are taking up 5G services very rapidly. We are already having the world's largest 5G subscriber

base outside of China at over one or close to 130 million. And the 5G data is accounting for 31% of the overall data traffic on the Jio network. All of this data has been carried on our own 5G-plus-4G combo core. So, this is our own network, you know, the core network that you had put together that is carrying all of this traffic. And our tech capabilities are getting validated on the field with extremely high utilization by in terms of both number of subscribers and overall data consumption.

Riding on the benefits of 5G, we started launching some new services in the market as well. You would have come across some of these: JioSafe, which is an app for ultra-secure communication, quantum level security on a 5G network. Now, given our standalone 5G network, we are able to do some of these things, which would not have been possible on any other network or even on 5G is only possible with the configuration, the standalone configuration that we've got. JioTranslate: another app which now fairly, the quality of networks being so much better, the latency being so much lower, it's time to launch some of these kind of apps and services which are very useful for people. We have covered almost all of the Indian languages in this app and it's a real-time conversation like feeling. So, I encourage you to go and try this app as well on the Jio 5G network.

Moving on to the AirFiber and our home offering, we are continuing to push the AirFiber offering. It is now available across the country, pan India, and we are seeing demand coming pan India from not only from the metro and tier I cities, but tier II and tier III cities as well, smaller towns. We are seeing demand coming pretty much from all across the country and we are being able to service that demand now with our network available across the country, the run rate of connecting new homes has been picking up and this quarter we have had the highest ever quarterly home connects at over 1.1 million. And, as we keep deploying across the country, we expect to be able to connect many more homes in the quarters to come. The ability I spoke about standalone 5G network, the ability to do things on that standalone network like network slicing or also deploy point to multipoint offerings is helping us give very high throughput and a fibre-like experience on our AirFiber service and in fact, in terms of data consumption, time utilization, etcetera, the AirFiber homes are currently keeping pace. In fact, most of them are doing consuming more data than the FTTH homes and the uptake has been very, very encouraging. There is clear service differentiation and, you know, innovative distribution, which is helping us increase demand for the service.

Moving on to the enterprise business, where also we have been making inroads in key verticals as per our strategic direction. This is something we've been speaking about, speaking to you about the last few quarters. We are now successfully displacing competition wherever we are getting an opportunity. As you would appreciate, enterprise deals tend to be longer tenure, so we have to wait for the opportunity where these come up for renewal

and then make our entry. And we've been able to do that. We have expanded our wallet share beyond connectivity.

So once again, for us, enterprise offering is a combination of connectivity but value-added services. And we have spoken about these value-added services with you in the past, which is what we take to the market. And this, this would include cloud, chatbots, Cpaas and several vertical solutions that we offer to our clients. So, we have been expanding wallet share across connectivity into these other services that we are offering. We are building partner ecosystems as well, to tap into opportunities, especially in some of the specialised sectors where getting access through partner ecosystem is easier and faster.

Another service or offering which is gaining traction is IoT. And here again, it's a combination of connectivity, device and the software element, the platform itself, that we offer to our clients. And we are seeing good uptake in these services as well. There have been cohort-specific propositions and in the past, we've spoken with you about some of these, like those for the hospitality segment. So, we are seeing good traction in education, manufacturing, and hospitality. BFSI continues to be very strong for us and in BFSI, therefore, we are now leveraging on the relationships to offer more services and also tie up with some of our BFSI clients to do more beyond just providing them connectivity and some enterprise offerings. All in all, seeing good traction in this enterprise segment, which is building up quite well for us.

Couple of updates now, which happened during the quarter or towards the end of the quarter, one was the tariff increase. You're already familiar with this. This was announced and made effective from the 3 July. So not in the previous quarter. The impact will only be seen starting this quarter. The tariff increase, you know, across the industry was in the 13% to 25% rate. But what we've done is for the JioBharat and the JioPhone, which are the entry-level devices which really are focused towards our aim of 2G Muk Bharat, and really transitioning all of the subscribers onto digital services and digital platforms, which is an aim that we have got a for them. There has been no change in tariff.

In addition, for the 5G experience that we are currently offering is still available at no additional cost to subscribers who have subscribed to certain plans, and this is to encourage 5G consumption on the network and people to adopt more and more of 5G services. We expect, as was on expected lines post tariff increase. Other operators have also raised tariffs. Overall, the industry tariff levels have gone up. There may be some transient impact, but we think in the longer term this is going to be good for the overall telecom industry and help build a premier digital society and strengthen the overall sector.

The other development in the previous quarter was the spectrum auction which happened as we have told you in the past, we have a very good spectrum bank with us which fulfils the requirements across all of the services that we are offering LTE, 5G, whatever we are doing at home and using some of that spectrum. So, we didn't really. We had, we were very focused in acquiring more spectrum, right to use spectrum, only in places where we had seen demand go up, the data consumption going up and therefore in order to ensure that the customer service never suffered, we added more spectrum in Bihar and West Bengal in the 1800-megahertz band at a total cost of 974 crores. So, we were very focused in looking at spectrum which we really needed to just ensure that our customers always get the best offering.

Otherwise, we have fairly good spectrum bank to offer all of the services that we are doing. Our spectrum footprint across brands is now at 26,801 MHz. This is combining across all of these circles in the country and uplink and downlink together. You would know already just reiterating that we are the only operator who is running 5G across low band, mid-band, and high band 700, 3300, and, 26 GHz, which gives us unique advantages like carrier aggregation and standalone network.

Moving on to the operating and financial matrices, key operating metrics for RJ IL, our connectivity business. We ended the quarter at 489.7 million subscribers. That's an addition of 8 million for the quarter. ARPU came in at 181.7, almost similar to the last quarter. For reasons that I already spoke about. The 5G consumption uptick has driven data consumption to 30.3 GB per user per month. That's more than a GB per user per day. You know something that we used to speak about when we had just about started, that consumer should be consuming more than a GB of data per day. And the voice traffic also continues to be healthy. So, all of the business KPIs or the operating KPIs going healthily.

Moving on to the RJIL financials. This is just for the connectivity business. The operating revenues increased to Rs 26,478 crores. That was a 10.1% YoY increase. And the EBITDA went up to Rs. 14,022 crores at an EBITDA margin of 53%. So, the margins have kept on constantly, steadily improving, and fairly consistent performance on this front.

Moving on to the consolidated financials for Jio Platforms Limited, the operating revenues for the quarter came in at Rs. 29,449 crores. That was a 12.8% YoY growth. The EBITDA was at Rs. 14,638 crores and EBITDA margin was 49.7%. Profit After Tax increased to Rs 5,693 crore, again around 11.7% YoY increase. So fairly steady across all of the key financial matrices as well.

With that, I will hand over to Dinesh.

Sh Dinesh Taluja 00:22:05 – 00:32:50 (**Reliance Retail**)

Thanks, Anshuman. Hi, good evening, everyone.

For the retail business, the revenue had an 8% growth Y-o-Y at Rs. 75,615 crores. EBITDA growth was at 10%, at Rs. 5,664 crores. This was led by growing footfalls, expansion of our store footprint, as well as streamlining of operations which is driving the margin improvement. Our EBITDA margin from operations came in at 8.2%, which is a 30-basis points growth on Y-o-Y basis. All our operational metrics with its registered customers footfalls, transactions show healthy growth trend.

All our channels continue to grow well. Digital commerce and New Commerce contribution stands at 18% of total revenues.

We opened 331 new stores during the quarter, with a gross area addition of 3.1 million square feet. The net addition was at 82 for the quarter and the total store count stands at 18,918, with a total area of at 81.3 million square feet.

We continue to make enhancements to our technology platform, our supply chain capabilities, our distribution capabilities; all of these are, are putting us in a good position to sustain the growth momentum in the near and medium term.

We've covered this – revenue growth of 8% at Rs. 75,615 crores, EBITDA Rs. 5,664 crores at 10% growth, and Profit After Tax at Rs. 2, 549 crores.

Moving on to the highlights for each of the consumption baskets, the consumer electronics business had healthy growth on average bill values as well as growth in customer walk-ins. Our digital stores continue to deliver steady growth with high percentage LFL growth.

We had a really hot summer, so the growth in summer season was driven by ACs and refrigerators, plus we had Cricket World Cup and IPL which drove the demand for TVs.

ResQ, which is our services business: We launched 50+ new centres during the quarter. We also launched on-demand services, which are now available in 45 cities where basically the customers can book out-of-warranty services on the app, and we will service those.

Our b2b, b2b2c business, JMD continues to grow across categories. Mobile phone try is the biggest portion, but even other categories are growing well. We continue to expand our merchant base which is up 14% Y-o-Y. Our product business: we continue to launch new

products across categories as well as grow our distribution network, which is up 100% on a Y-o-Y basis. We are already getting a good volume share in the overall industry, as well as the share in our own digital stores for our own products is growing steadily.

Fashion & Lifestyle business: across the industry, discretionary spend has been tepid.

Our focus has been on ensuring that we refresh the assortment. We have trendy assortment in our stores, and we continue to expand our store footprint. Our new formats Yousta, Azorte and Gap, which we had launched last year, they continue to receive very strong traction from consumers, and we are scaling up these formats substantially.

We also announced an exclusive partnership with ASOS, the UK fast fashion retailer, to launch their brands in India across both online and offline channels. ASOS is primarily an online retailer, but we will also be opening stores for them in India.

Our online fashion business, Ajio B2C, had another very steady quarter. We added close to 2 million customers during the quarter. The focus has been on differentiating by exclusive brands, exclusive products, and we continue to expand our brand portfolio with the catalogue growing more than 20% on a Y-o-Y basis. We added multiple new brands across categories during the quarter. Also, our flagship Big Bold Sales event did very well. We had 20% higher traffic and 50% higher conversion versus BAU during this period.

Premium brands business: We continue to expand the stores. We also are looking at expanding into new categories. So, on the F&B business, we opened multiple Pret a Manger new stores. This is a franchise that we have for India.

Ajio Luxe, which is the premium luxury fashion destination, we had a strong growth in the number of brands as well as number of options. The total portfolio of luxury brands on the platform crossed 700, and it is the leading platform for luxury fashion in the country.

On our beauty business, as you would recollect, we had taken over Sephora franchise for India, and we had done a couple of big brand exclusive launches during the quarter: Kylie Cosmetics and Rare Beauty summer collections.

Jewels business also delivered a steady growth in spite of the gold prices rising substantially. We launched almost 30 new collections which helps us differentiate in the market to capitalize on both Akshay Tritiya as well as the wedding season and the business continues on a steady growth path. We continue to leverage events, festivals to really drive assortment which is relevant for the occasion and during Akshay Tritiya we had very strong growth.

Grocery had another steady quarter led by the big box formats Smart and Smart Bazaar, and expansion into tier-II and beyond cities. For many of the cities we are the first modern trade retailer in those locations. In addition, we are expanding our Premium Formats, Signature and FreshPik, in select affluent catchments. they offer an opportunity for better margins and throughput as well as differentiate our brand.

Our key flagship events, Summer Ready sale and Paisa Vasool sale, have got good traction and customer engagement with healthy growth over the same period last year.

We had broad-based growth across categories – pulses, cereals, non-food, general merchandise and apparel, their share is growing, which is helping on margins as well. Also, it was the summer season and some other seasonal categories like cold drinks, ice creams and even some of the seasonal fruits like mango did extremely well.

Our B2B Business, Metro, we continue to scale the store presence. We opened 30 new stores during the quarter, taking the total store count to 200+, with presence across 180+ cities. This model enables us to offer an omni-channel model to the merchants, where they come into the stores and experience the wide range of assortment. Plus, they can order online at their convenience on the app as well.

JioMart: the focus has been on enhancing the economics by increasing average order values, which were up 16% on a YOY basis. As you are aware, it started as a grocery platform, but over the last 18 months, we've kind of we've been working on a growing it as a multi-category horizontal platform, and towards that objective the non-grocery categories, both 1P as well as 3P, continue to do well.

Electronics, which is a key category after grocery, had a 50% growth on a on YOY basis. We continue to add new options as well as the seller base to expand options which are available to the consumer so that they have a wide choice when they when they come to the platform.

We're also leveraging our hyperlocal presence for customer acquisition and target them for grocery and cross-sell other categories through targeted interventions. We have a big advantage with our pan-India store network compared to any of the other online players who spend a lot on customer acquisition. We are able to take very targeted initiatives and create customer stickiness through an omni-channel offering.

We continue to improve our platform and add new functionalities. It's an ongoing endeavour to enhance the experience of the consumers. And we added some interesting options during the quarter, for example, you know if you have SKUs with multiple weights, there's a weight

drop down based on which the customer can just select what weight of that category they want.

Next, our consumer brands business which is one of our newer businesses continues to get very strong traction in the market. We now have multi-category presence across beverages, staples, home and personal care, processed food etc. And across categories we have been launching new products as well as we have been expanding our presence in the in the general trade channel, which delivered for 150% Y-o-Y growth while the business has a big advantage of leveraging our own store network as well as the b2b channel which we have. But we are also taking these brands into general trade and they're getting very strong traction there.

During the quarter, we launched products across multiple brands, including Campa, Independence, Maliban, Ravalgaon, etc. The idea is to have an expanded portfolio at attractive price points. And there are multiple pilots underway so across different categories, so you'll see a host of product launches in the coming quarters which will further enhance our product portfolio. We are also investing in strengthening the supply chain across categories through partnering with different players so that we have localised supply chain which will give us a big cost advantage over other FMCG companies.

That's it for consumer brands. We can move on to the Oil & Gas section.

Sh Sanjay Roy 00:32:50 – 00:37:13 **(Hydrocarbons - Exploration & Production)**

Thanks Dinesh. Good evening, everyone.

Just to recap the performance over the last quarter. So, in EBIDTA, we are marginally lower, quarter on quarter, with Rs 5,210 crores. But, a substantial jump YoY, almost 30%. This is mainly on the back of steady production from KG-D6. We continue to produce around 29 million standard cubic meters of gas per day and about 22,000 barrels of oil & condensate. The main impact was felt due to the price realization in the month of April, where we saw prices coming down much lower. But as the months rolled by, in the subsequent two months, we saw, in global markets, a price surge. And accordingly, we've seen better price realizations over that period.

CBM, the good news is that we're seeing a turnaround in the field. The production has been up almost 10% both quarter on quarter and year on year, and the 40 multilateral well program that is currently underway is yielding positive results. We have completed 21 wells, and the

balance wells are expected to be put online by the year end, and we expect to see an incremental 0.5 million standard cubic meters gas per day from these wells. All in all, a stronger EBIDTA driven by higher production and stable operations.

So overall, you can see that the production has grown four times, and we are currently focusing on sustaining this production, both from KG-D6 as well as ramping up of production from CBM.

In terms of the global markets. So, like I mentioned, it was an interesting quarter. The first month, there were headwinds. Prices had gone down and the price realization was around \$ 8.50 or so per MMBTU. But, at the time, with the outages globally in LNG terminals, as well as some production disruptions and maintenance activities that were undertaken, we could see - coupled with some of the strong summer demand from Asia, particularly due to the heat waves and so on, and outages in nuclear and coal plants in Asia, particularly in Japan and Korea, we saw, overall, the supplies coming down, and the demand growing stronger. Consequently, we saw prices go all the way up to slightly over \$13 in June. And we saw better realizations.

In the short term, we expect prices to be range bound. We don't expect any major new LNG capacity additions, as well as there is expected to be maintenance activities in the Norwegian fields.

Uncertainty of the Russia pipeline supplies passing through Ukraine looms in the near term. And we believe that with strong Brent prices, prices for LNG look to be in a firm place. Overall, we expect prices to remain supported in the near term.

Indian gas market looks quite robust. In fact, LNG imports increased by 30% in the first quarter, and mainly driven by CCG demand and higher gas-based power generation due to the heat waves in India. In fact, we almost saw the consumption go up to 40 million standard cubic meters in the power sector, compared to the 24 million standard cubic meters typically. As well as in the CGD, we saw the demand go up from about 37 million standard cubic meters to up to 41 million standard cubic meters. So, good demand in those sectors.

As such, in this half ceiling price remains at \$ 9.87 per MMBtu. Overall, with the pipeline infrastructure we have and surge in power demand, we expect the demand to remain robust in India.

Thank you.

Sh V Srikanth 00:37:13 – 00:47:43 (O2C Business, Summary and Closure)

Thanks, Sanjay.

So, moving to the last part of the presentation, for all to see, EBITDA Rs 13,100 crore, lower by 14% on a year-on-year basis, and about 22% on a Q-on-Q basis. As we were talking about year-on-year, the fall is primarily because of gasoline, which was down 30%, polyethylene and polypropylene about 16% to 17%, as well as the whole integrated polyester chain was down 15%.

For us the fact that low ethane prices helped because of ethane cracking capabilities and also supported by the fact that the domestic demand was good. Overall, energy market volatility is something that we have been seeing for various set of reasons. However, we do think that the structural business dynamics remains constructive.

The extent of volatility in the markets can be gauged from the fact that last eight quarters we have seen this whole range between Rs 12,000 crore to Rs 20,000 crore of EBITDA, which is the one that we reported.

On Q and Q basis, again, primarily driven by, this time, transportation fuels, gasoline gas oil and ATF down about 37%. The good news was that there was some margin improvement downstream with PVC up 17% and also PE was also up 7%, which helped offset some of the fall that we saw in transportation fuels. Continuing benefit from ethane cracking economics also supported in the quarter.

When you look at – this is the just the crude price – effectively we are looking at \$85 per barrel in as far as first quarter was concerned, which is higher by about 9% on a year-on-year basis. Overall, it has been kept higher because of demand from emerging market. Also, the fact that OPEC plus supplies were on the lower side.

I talked about ethane economics, as reflected in the fact that ethane prices were down 9% year-on-year by the same time naphtha prices increased by 16%.

We didn't see regional refining margins come off on the back of higher runs. We saw new capacity ramp up in Middle East and also demand environment in Europe and China was muted.

Overall oil demand, you can see year-on-year up 0.7 million primarily in Asia, which accounts for most of the increase. On the transportation fuel, you can see that gasoline was up 0.2

million barrels per day gas oil was down 0.2. The big jump was in jet/kero, which was up 0.6 million barrels per day led by Asia.

In India, the oil demand that almost 61 million tonnes that was up 3.5% year-on-year and flat Q-on-Q. Here gasoline demand was up by 7% on back of tourism, auto industry growth.

High speed diesel demand up about 2% and ATF up 11% given the domestic air passenger traffic increase that we saw. Fairly healthy growth in oil demand in India.

On the polyester side, 8% growth in polymer to 5% growth in polyester. Polymer growth was really led by PVC benefiting from all the government schemes on agriculture and infrastructure. Polypropylene was specifically consumer durables and food packaging that we saw in automotive demand. On the overall polyester side, big jump 27% in PET on the back of summer and also the fact that it was election. So, you saw that kind of surge in demand.

In PSF 9% was driven by the fact that we did see downstream operating rates improve and therefore, by definition the PSF volumes went up because of fabric exports, but on the other side polyester filament yarn we saw a fall of 4% because of fabric imports.

This is the transportation cracks. You can see that year-on-year gas oil and ATF has been a little bit lower but not too much. While on gasoline you can see year-on-year cracks come off very sharply as we saw earlier on.

The Q-on-Q has been more pronounced in all the three products, which is the 37% that I talked to you about. And in Q-on-Q it was really driven by the fact that we did see supply glut in Asia, because of the Red Sea tensions, because of the higher freight and therefore lower exports, and therefore there was a significant surplus that we saw in this part of the world. So that explains the shortfall there.

As I was mentioning, polymer deltas were around 17% lower on year-on-year basis, though on Q-o-Q basis it improved by about 7%. PVC specifically went up very sharply at about 17%. And as I mentioned about the ethane economics was pretty favorable here.

Polyester has been a year-on-year 15% fall, more driven by weaker global demand and also a much slower China recovery. Q-on-Q has been just about a percent improvement there. We didn't see improvement in PX margins, because of shutdowns. PTA margins have remained under pressure. But we did see PFY and PSF margin improve with Chinese downstream demand.

There has been an increase in throughput as you can see from 17.1 to 17.7. We continue to do the things which are effectively controllable in terms of maximizing our primary and major secondary units by continuing to focus on crude sourcing, by maximizing fuel sales domestically. Also, in terms of optimizing PX versus gasoline there and also given the quarter-on-quarter improvement in deltas we maximized production on petrochemical side, and we continue to sweat the gasifier complex to full capacity.

Overall, when you look at the business environment, the global oil demand expected to normalize this year at about a million barrels per day, as you know that was pretty strong last year at about 2.1. Overall, when you see in the near term to medium term, there are factors at play like driving season demand normally results in increase in demand for gasoline. International aviation, expectation of further recovery there. There are possibilities of active hurricane season. People are talking about it looking with high probability. So, as you know almost a million barrels per day of capacity gets affected when there is a hurricane there.

Then if there is a ban on Russian gasoline exports given their shortfall then that could also have an impact in terms of, you know, the deltas for gasoline. Overall, downstream as I mentioned you are seeing a gradual improvement with demand recovering, and also importantly the slowing pace of new supply, and the fact that India demand both for fuels and downstream is expected to remain fairly resilient. So that should aid in terms of margin improvement.

Overall, from a challenges point of view, clearly it is all about geopolitical tensions in the Middle East, in Russia-Ukraine, the disruptions in the Red Sea, the impact on freight. So, all these have kept the markets volatile, and in the short term, increase in supply with whatever balance capacities that come in, as well as the fact that some of the refineries will come back from post maintenance. But when you see the last two years that almost two and a half million barrels of refining capacity that got added. It has been a very, very long time since so much of capacity has come in. Going forward, it is not very obvious that there will be surges in this kind of capacity increase, so we'll have to wait and watch there. Overall, that is really some of the thought process saying that structurally refining looks strong.

Just to summarize, it has been a strong operating quarter. Consumer businesses and upstream fully negating the impact of a weak O2C. Overall, as I was highlighting, fuel markets are likely to remain supported by seasonal demand drivers for gasoline. For ATF demand also because of weather and, geopolitical disruption. So, these things have an impact on the overall price and deltas.

The fact that there is strong demand for India helps, and also the fact that, you know, thanks to a fairly integrated O2C operation, we can leverage that kind of integration there.

On the consumer side, we are strengthening our market leadership in structurally long-term growth business. Dinesh talked about the whole focus on tech platform, on supply chain and distribution. All this is to support sustain growth momentum in both near and medium term.

On Jio side, clearly the traction that we are seeing in home and enterprises, and the fact that the impact of revised tariffs will start getting reflected in the coming quarters. And finally, the balance sheet remains strong, as you saw net debt was lower than what it was in the previous quarter.

With this I come to the end of my presentation. Thank you so much for being here.