JPL Q2 FY2026 - 2027

Media & Analyst Call Transcript

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Call Participants:

- Sh Akash M Ambani, Managing Director, Jio Platforms Limited
- Sh Pankaj Pawar, Chief Executive Officer, Jio Platforms Limited
- Sh Mathew Oommen, Group President, Jio Platforms Limited
- Sh Anshuman Thakur, Chief Strategy Officer, Jio Platforms Limited
- Sh Saurabh Sancheti, Chief Financial Officer, Jio Platforms Limited
- Mr. Dan Bailey, President, Jio Platforms Limited

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- **Sh Akash M Ambani** 00:00:01 – 00:04:57 **(Introduction)**
- **Sh Pankaj Pawar** 00:05:00 – 00:28:28 **(Overview)**
- **Sh Saurabh Sancheti** 00:28:32 – 00:34:02 **(Financials)**
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Transcript:

PRESENTATION

Sh Akash M Ambani 00:00:01 – 00:04:57 **(Introduction)**

Like I said, this is the first change as a listed Company. I hope you all are kind to me, but welcome to JPL's Analyst Meeting, and we are very happy to be here. Just before I start, an introduction to the team, Mathew is the head of our technology and co-leads, our international business expansion with Dan Bailey. He has been part of the Jio leadership team from the last 15 years. Anshuman Thakur, I believe most of you all should know him. He is our head of strategy and again has been part of the business for the last 12 years. Saurabh Sancheti is our CFO, again been part of the business for the last 12 years. Pankaj Pawar is the CEO and has been part of the group for over 20 years. Dan Bailey has just joined us and is going to co-lead our international business with Mathew Oommen.

The way I thought we would structure this meeting today is to give you the highlights of what we actually saw of the IPO and go into a presentation for Q2, which Pankaj will deliver, and then we will open it up to you guys for Q&A. So, obviously, we are extremely ecstatic about what has happened over the last week and the entire process that started in the end of August. Never thought that this would be the outcome, but some of the numbers that we saw, we were raising Rs.30,000 Crores odd and we saw demand of Rs.7.4 lakh crores that is 24.5 times oversubscription. We saw records across every investor category broken, starting from QIB to small HNI, big HNI, retail, and other categories like shareholders and employees. In fact, the people who were inside the war room on the last day, the QIB category in the last 90 seconds, surpassed the previous record, and we had a big celebration at that point of time. So, obviously, very, very happy for that, but also for the overall India picture. We have known how equity markets have been not only in India but globally too. We had foreign investor outflows of close to Rs.48,000 Crores and in a market situation like that for us to make a stellar debut makes us very proud and reflects that people were realizing value of the business that we have built. Again, they say these overnight successes, I can tell you that we have put in extreme hard work over the last 10 years to build this business and we will continue to do so.

What was my personal highlights of it? I think obviously the demand that we had, I think we had a fantastic anchor book, an anchor book that has not been seen in India ever before, both by the international funds and the domestic funds. Very, very happy to see tech focused investors also come in with the likes of Dragoneer and Ninety One and really recognizing us as a technology Company. From my point of view, again, it was very heartening to see what happened to the rupee also on the second day of our IPO, so that was something that I do not think any other IPO has ever caused and from my perspective it was very, very heartening to see that. Again, as a Company we are taking the IPO as just a new milestone and we move on from here. We believe that the value that we can create over the next decade or so is even more than what we have done in our first decade and we will continue to aspire from that perspective. To conclude, I just want to say that one of the learnings that I have always

taken with me is that never let today's achievement limit tomorrow's ambition, and that is what we want to carry forward as a Company. So with that, I will hand over to Pankaj to walk us through Q2 and then handle the Q&A amongst the team. Thank you very much.

Sh Pankaj Pawar 00:05:00 – 00:28:28 **(Overview)**

Good evening, everyone. I think probably this is the first time when the entire management team of JPL is present here. So in a sense, it shows the true commitment to what we have been sort of keeping our heads down and trying to deliver over this 10-year period. I think today's objective is just to give the overall perspective on how we look at the business as well besides numbers and the real differentiators vis-a-vis other players in the market. This quarter has been an industry leading quarter. Again, 542.4 million customers, 36 million year-on-year net adds, almost 9 million adds in this quarter itself and then within this the 5G customer base has now reached 300 million. So clearly I think if we just look at the Verizon and US AT&T, I think this is equal to that size and this has been our clear objective as well, keep increasing the base of 5G, and that is happening.

Broadband homes reaching again an important milestone of 30 million numbers almost 7.3 million net adds year-on-year and this is one of our main growth engines and I will talk about it in a minute. The most important for us always has been what is the engagement and what is the usage, now that number is 44.2 GB per month, almost 14% year-on-year growth. ARPU has reached now ₹218.8 per month, 3.5% year-on-year growth.

Revenue from operations ₹40,475 Crores, it is 11.4% year-on-year growth, with that EBITDA is ₹.21,879 Crores, 16.6% Y-o-Y growth, 54.1% margin and EBITDA less capex again ₹15,449 in Q2, which is up 52.5% year-on-year. I think it is heartening to see that as we get listed in the first quarter itself, which we are reporting, we are well on our growth path and we will explain how we look at, how the trend line will move forward from here.

I think just to give a perspective, how we just look at the construct of this business, the first part is Growth is life, in the Reliance context, but whether it is growth in mobility, whether it is in home, it is enterprise where we are in that sense we have a much bigger opportunity to chase and the digital services is a major part and of course beyond digital services and beyond India's boundary, whatever Jio wants to do, that is part one.

The deepen part, deepen is the relationship with the consumers and whatever we do through our digital engagements to drive stronger retention, how we want to take it forward.

The conversion is really the monetization cycle and how do we make sure that finally the profit and the cash flows through the operating leverage starts moving in, our cost efficiencies, our disciplined capital allocation this is the pillar indicating that.

And the last part is really where we build our growth engines and whether they are new services, new markets, and how do we see this as a real compounding engine going forward. I think this is the story I want to narrate in these four buckets in totality.

So, first part, is that growth exists in the market and when we were on roadshows this question kept coming up again and again is the market plateauing? has the market reached its level where there is no scope of growth? and we just want to articulate how we see that growth still being there as an opportunity both in terms of volume growth as well as the value growth. So, the first part in mobility, we see that today just the 4G and 5G broadband, if you look at what the numbers look like, we see that there is still an opportunity of 340 million new customers getting added to India's broadband mobility base of which 240 million is broadly of existing 2G base. This 2G customer base exists with the other operators right now and they are not addressable by us, but they are paying a good amount of revenue month-on-month to the other operators, but at the same point in time there is about 100 million base, which will get added over the next five years purely because they are reaching the threshold age limit and are coming into the new base to the market itself. So, 340 million, which is really the size of any large country in the Western markets, that kind of a market we see as an opportunity for mobility.

Now, if you look at currently where we exist, so Jio commands 51% CMS actually in the wireless broadband market, but 60% in the 5G subscriber base itself. So clearly, we have taken a leading position in this part, and if there is a growth opportunity, we will keep playing this game in a consistent way. The home broadband side, the way we look at it is right now, just about, if we take 330 million odd homes in India it is about 20% penetration, so almost 64 million homes are connected. We clearly see that by about FY2031 there is no reason why India should not reach almost 46% penetration of Indian homes and if you look at the rest of the world it has reached much higher percentages, so there is no reason why India should not reach. Probably in 2016, everybody said India does not need mobility broadband and even at that stage, Jio said that yes, it is an opportunity. We still believe and we are extremely optimistic on this 150 million as a potential opportunity in the fixed broadband market, and effectively that is the growth. If we take a look at why Jio is positioned better versus anybody else, it is because of the technological advantage, what we feel we have versus others and at the run rate currently what we are running in is almost twice that of the nearest operator. If you are adding that as a gross base, there is no reason why with the proprietary technology deployment we should not keep acquiring at a much faster pace going forward.

The third part, which is really the digital economy part, and as India grows, the way we see is there is no reason why India should not reach that $1.4 trillion digital economy and if that is about 22% of the gross value-added on the overall economic size actually and if really we see that this $1.4 trillion comes in the whole Jio's model of a digital gateway, and why we call it digital gateway. If any digital service provider has to reach to half a billion of Indians, Jio is the gateway which exists with them and let me just take a 2-minute break over here just to explain the concept of this digital gateway. Most of the other telcos would say that they are just bundling a digital service and offering it actually. While digital gateway as a concept, when we look at it, we say that there is a market to be created, and if the market is to be created, you do not know how that market will move in. So that means technically you are looking at I know the customer behavior, we know the propensity of the customer, which all services they would like to consume and if you know that, you are targeting them specifically, you are making them aware about the product. By making them aware, you are moving into

adoption of a product at the appropriate points in the lifecycle journey. Once that product is adopted, you are making them utilize the product, and that utilization gets converted effectively into the monetization cycle. So, it is an awareness to adoption to utilization to monetization flywheel and this is easier said than done and when you are trying to particularly create a new market for a new service, this becomes quite important. So it is not about just bundling a service just for the billing purposes and billing it to the consumer but really pushing it further. Some of the examples we will talk about later in the presentation, but it is very important that we understand this digital gateway as a concept whether it is for consumers, whether it is for homes, whether it is for businesses, is a critical part of what Jio is currently pursuing in an overall sense. So, clearly, that was all about really the opportunity which exists for Jio in an overall market when India moves towards that digital economy. Clearly, the current base in this quarter 542.4 million consumers, 300 million on 5G, but clearly the net ads year-on-year 36 million, quarter-on-quarter 9 million, so that line keeps on moving and I think it is important that clearly that 300 million outside of China becomes the largest base, top two US operators, this is more of that size and it is really important that we keep growing this base continuously because that is where the efficiency of Jio's network keeps coming into the place.

I think it is also important to take a look at when Jio is growing this customer base at a particular run rate, what is happening to the overall market at the same point in time in terms of the net adds and clearly, I think there is a trend line, which is emerging over there over the past one year, and even the numbers which got disclosed by TRAI for the last two days. 5G base moving on to that incremental additions quarter-on-quarter 15 million and year-on-year 66 million. We believe this is the great opportunity for Jio to keep continuing, particularly when we do not need any incremental spectrum and when we do not need any incremental capex to be deployed, to take our balance 4G base into 5G as well as acquire the base from other operators. So clearly from our perspective, 5G is critical. The base moving from 4G to 5G of Jio itself is important as well as moving in the customers from other networks who feel that Jio is offering a better 5G service is also part of that growth line.True 5G as a framework and that leading to adoption in the network is going to be the theme as we move forward.

Fixed wireless access will also be one of the main driver for our home business and by now you know that Jio looks at a customer base not as a service actually. We are not saying you are a mobility customer, you are a home customer, you are a one-line customer or you are a two-line customer, ultimately we are looking at them as a customer unit. So effectively you may be using my one service or two service or three services and actually we finally want to know how much is that Jio can expect from you, whether from the connectivity services or incrementally from the digital services also. So clearly home is an important element of our overall strategy. We have reached the 30 million mark, almost half of that coming from fixed wireless access actually. This is 2x of the nearest competitor, Jio continues to be the largest FWA operator anywhere in the world and of course, the UBR, by now we all know exactly how Jio is deploying that and effectively, that becomes the core technology as we move forward, of course whatever the fiber we are deploying that we use, but certainly I think the elements of the UBR evolution, the way the technology has evolved and whatever work we have done that allows us to eliminate a lot of negativities, which people feel about that

technology and that is why we feel more confident about using UBR as a primary source of our growth engine for the purpose of home broadband.

This is where I want to again take a little bit of time to explain the philosophy because I think now it is important that if our journey is going to move forward from here how we move our flywheel section. The first flywheel is the way our technology element operates actually, and this is where Jio's technology edge comes into the play. Many of those things go under appreciated, but we are saying that if there are unique capabilities within the Jio architecture, those we can leverage much better than other telco operators, that allows us to actually play and offer better services in a differential way to the consumers, that allows us to, of course, not just attract the new customers but include the monetization as well and that allows us to make sure that we can keep reinvesting in the newer capabilities in the network and there are many examples of this. One of the examples which you saw in our recent AGM was how we embed the AI capabilities into our voice calls itself and I think these are some of the capabilities which are unique because of the core network we have deployed, the way the network has been deployed within Jio's architecture and there is a series of such capabilities, which will allow us to keep offering the services in a better way.

The second part is when you offer this service and customer is using 44.2 GB, and actually you are using the data insights in a meaningful way. Of course, the data is anonymized, but having said that, if you are able to use that data more meaningfully to deliver more meaningful personalized services, that is where the adoption of service starts happening and that is why the data flywheel starts operating over there and again that allows us to offer relevant services that allow us to monetize the services in a better way.

The third part is really if you are doing this, how do you do the distribution in a better way and distribution is not only about physical distribution, the way the physical and the digital part kicks in, and how you create those markets.

So, if you are moving these three flywheels in a systematic way that is where you are saying that we are not dependent on one line item for increasing the revenue. This is where the line items of how you use this machine to get more revenue per customer starts coming into the play and that is the way Jio operates in. Now, when we do that, what are the sort of evidences of doing that in a differential way? Gemini was one of the first examples and you see some of the other brands mentioned over here in the slide. This is a select list of names within productivity, performance, media, and even in financial services, but really, there is a long list which is behind this actually. So virtually, if there is a product that needs to be pushed in and that product is going to create value for the consumer that is where the wallet share of the consumer I can get. If I am able to give something to the consumers where I can get that wallet share, that money comes to us and that it is more valuable because rather than just saying that I will keep charging you in one particular for connectivity, here you are giving more value to the customer, and you are getting more wallet share back. I think it does not get restricted only to digital services it goes beyond digital services also. So, some of the financial services, what you look at, this is like saying, can I create a market, which is a systematic investment plan market, in the markets where it never existed? There are first time to SIP individuals. Will you get them to do an invest in a SIP? That is extremely valuable.

If you are selling a wealth management plan why a wealth management plan cannot be taken by somebody who is a first-time job person, and if you make him invest that, that whole logic changes, actually. So, really, what Jio is moving towards is that the connectivity is an enabler, but keep on bringing on the top of that an ecosystem of 1P services, that is the services which we have brought, but the 3P services which come from the ecosystem partners and if both of these play together you are creating value. In most of these cases, there are sort of three tenets. The first tenet is the cost of creating this belongs to the other partner, so if I am creating Gemini as an ecosystem, Gemini's cost of offering service did not come to us. That cost was borne by the partner actually. Second tenet is when you do this, you are actually playing the role of how you are creating India as a market and again, in the Gemini context, it was not about just saying that how many million customers you offered the service, but it was about if AI is to be used by young consumers is it a voice AI? If it is a voice AI can we drive it in not just 12 languages, but you can go into language variants like Tulu and Magadhi and all kinds of Brijwasi language? Can you drive that consumption from two minutes to seven minutes? Right now it has gone beyond seven minutes actually. So you are actually looking at how the consumption can happen, which finally results into the monetization. This is where Jio plays a role. It is not just limited to that I had done a joint billing and achieved everything. Third tenet is the cost, there is a way of creating a product and till you are saying it is not only the acquisition of a consumer. A distributor typically would say that you pay me for distributing your product, but in this case, you are co-creating a market. When you co-create a market, there is a revenue stream, which flows to you over a lifecycle of the consumer. So whenever the consumer starts getting monetized, the money keeps coming to you. So that is the logic of this whole digital gateway concept. I think it takes time for people to figure out how that works but as we move along that each line item keeps creating value addition to Jio's revenue stream. This does not work only on mobility or home and I am just giving an example of how this plays on in the mobility and how it goes on into the home as well. In mobility the basic mobility SA network makes sure that the services get offered in an appropriate way, whether you do the slice, whether you do the unique way of embedding certain things in the core network, everything, but beyond that are the digital service capabilities that are getting added. Now, one may say that I am just bundling it. That is not this play and I want to make a difference between a pure bundled product versus where we can create a market and there is a difference in the revenue stream coming from both the things. I think when you need to do this, you need to give the basic underlying product properly and create the value for the consumer. That means the service experience needs to be precise. Then only your consumption will increase and that converts into GB and that is why you see GB per consumer continuously going up in Jio's case.

How do you do this at home actually, and home is a critical piece because once in a home you exist it is literally like you are becoming an OS for the home and it is connectivity to the home is not just the last point, connectivity or getting a customer connect is the point number one, but what you are doing is you are layering a whole lot of services on the top of that. Everybody will say basic internet is a must or TV is a must. Let us take that as a given. What you keep adding on top of that, this is where the compute comes in, this is where the cloud gaming comes in. Compute as a hardware in India does not exist, and Jio is giving that for Rs.400, Rs.500 per month. Imagine that somebody is paying Rs.600, Rs.700 as a baseline product and paying that Rs.400 on top of that, just because your data security gets taken

care, compute gets taken care. You put a gaming terminal on top of that. You do not need to buy a full console or you do not need to buy the subscription to the gaming titles. You get Rs.300 for that. You put on top of that video analytics. Your set-top box starts acting as an AI gateway into the home. So it is a whole series of digital services you are layering on the top of that, that is the way the digital gateway model gets manifested, whether it is in the hand or at the home.

The same way it gets manifested in the enterprises as well. The way we look at it, is a three-tiered market - large enterprises, medium enterprises, small enterprises and really, those small merchants., The market is almost 80 million small merchants out there who do not have any CIO, who do not have any ability to get those services in and when you look at that, the connectivity is the first part, but the cloud and compute the platforms and security are next. So you are not offering the services just as vertical line items and saying I am giving this to you, you take it. But you are saying, I will offer that full framework to you and you may be a bank branch, or you may be a pharmacy store. This is an area where we believe the real opportunity of digital services starts coming in. This is where our highest growth opportunity is, and this is what we are focusing on.

From all these three things, the way we start rolling it up, it adds into the connectivity revenue and effectively that is the digital services play. Now may be Saurabh will talk about the financials.

Sh Saurabh Sancheti 00:28:32 – 00:34:02 **(Financials)**

Thank you. So basically, how do we operate? We have Growth, which is about getting more users in or acquiring more users, Deepen, which means engage them more, and give them more services. Going to Convert which is about the whole monetization flowing into the overall revenue and EBITDA and cash flows and finally Build, use this cashflow to build on further the three flywheels Pankaj was talking about. The first part which is grow, 9.1 million user additions for the quarter, industry beating numbers, taking the total base to 542.4 million users and like Pankaj said we added 66 million 5G users, 36 million overall net adds, growing very strong and we have plenty of room here for growth. 340 million new users to come to 4G and 5G and more importantly like we have always maintained a 50% plus market share, so I think the volume growth is there. The second part which is Deepen is on engagement and the best measure of engagement and the best measure of even quality of customer is the number of GBs a consumer consumes because that means the consumer was totally attached to the network. 44.2 GB per user per month that is the kind of metric. See how it has moved consistently every quarter since the last one year from 38.7 GB per user per month. The second metric, which is ARPU, which all of you are fascinated about, is ₹211.4 going to ₹218.8. So, ₹7 purely on a better subscriber mix. But one thing which is very important here is this is just the connectivity business and the connectivity revenue. The digital part of the monetization does not sit here. So, where does it sit? Which is the second part of the metric, if you go to financial KPI, standalone JPL up 23% year-on-year to ₹4,881 Crores. And this is also part of the convert. If you look at the consol, 11.4% revenue growth going to ₹40,475 crores of revenue. And EBITDA, growing faster, 16.6% year-on-year growth to ₹21,879 Crores. And just look at the operating leverage playing out, the overall 250 basis

point Y-o-Y expansion in margins. So, almost 78% of all incremental revenues are flowing through to EBITDA during the quarter. Of course, all of this flows through to EBIT, PBT and finally PAT as well. PAT growing 13.7% year-on-year to ₹8,387 crores and this is substantial because now all of the 5G assets is capitalized so the costs are flowing through to P&L. On cashflows, EBITDA less cash capex which is what we keep focus on, for the H1 it is at ₹32,130 crores and for this quarter itself it is Rs.15,449 Crores. That has led to our net leverage going down to 0.11x as of 30th September. With the IPO proceeds, we are net debt positive. I think one more important metric, in one quarter itself we have seen a 80 basis point improvement in return on capital employed to now 11%. So, what is the debt looking like in the balance sheet, almost ₹59,000 crores of borrowings. All of these are, of course, 30th September number. You can add ₹30,188 crores of issue proceeds to this to know the actual cash position and plus the business cash flows also. ₹50,000 crores of marketable cash and marketable securities means a net debt on 30th September, was ₹8,822 crores and a leverage of 0.1 times. So, very healthy set of metrics across. Like I said, you have Grow, acquire more users, Deepen, which means higher engagement, and you get more services per user, the whole digital gateway, which Pankaj spoke about. The Convert, the financial set of numbers are already there for you to see, and the growth there. And finally, for the Build part, also we have a few slides on which we will talk about. If you talk about the connectivity entity ₹35,307 crores of revenue for the quarter, up 10.8% year-on-year. EBITDA growing faster, the operating leverage is playing here, 14.7% Y-o-Y to ₹20,505 crores, and margin now touching 58.1%.

So, just summarizing the consolidated numbers, I have spoken about these numbers 11.4% Y-o-Y growth, revenue growing to ₹40,475 crores, 16.6% EBITDA growth growing to ₹21,879 crores, and of course the EBITDA margins at 54.1%, 250 basis point improvement Y-o-Y and profit after tax also healthy at ₹.8,387 crores, 13.7% Y-o-Y growth. On the build part, there are some exciting things, but I would invite Mr. Akash to just brief us.

Sh Akash M Ambani 00:34:08 – 00:37:37 **(Summary)**

Thank you. So, really, what I want to summarize is the pillars of our future growth. And I think we spent a lot of time speaking about how we operate very differently than a telco. The basis of that is our proprietary technology. Today, we have all our integrated 4G, 5G stack covering all our customers. We built our UBR. You have seen that now fixed wireless is 50% of our entire fixed broadband base. New additions are also being majorly led by our fixed wireless base. Pankaj explained in detail the concept of a digital gateway and how that is very, very different from a bundling offer. The word that I would use is, especially regarding the Gemini one, is a new market creation rather than really saying that these are benefits that were passed on to users. And that is why we are seeing the numbers that we have with Gemini. Again, enterprise is something that we think is a major growth opportunity. The bottom line here is that India has 350,000 lease lines and, it accounts to maybe 5% of the total ICT spend. So what we want to double down here and do is to ensure that our digital solutions are the ones that help us churn those users to us and of course, the small medium businesses that are existing in our country is a unique opportunity. Again, we are the only ones that can address it from broadband connectivity and then layer it with digital services. The international opportunity, I am sure you all will have questions about, but what I want to say

is that we will be very, very selective about the international markets that we will go to. We will not be selling our proprietary stacks as a hardware on commission basis or our software as a SaaS service. What we imagine the business model here to be actually is to be a managed service partner with our customers. It is not going to be a heavy capex rollout. You would not see us going and putting up towers and fiber and infrastructure, but this is something that we think that will be enabled because of the only proprietary stack that we have.

Again, to summarize our competitive advantage, the results that you saw is a virtue of all of this, we are the only ones that have a full stack technology across seven layers with a deep engineering and proprietary IP contribution from JPL itself. We are serving consumer homes, and businesses at a nation scale. The infrastructure is already rolled out to really serve this. We have unmatched distribution capabilities, both on the consumer side and on the enterprise side. A culture of innovation that is driving execution and operating excellence. You have seen our EBITDA margin improve, our ARPU go up in these quarters. Multiple growth engines across mobility, home, enterprise, and international that we see. And again, we are the ones that are proving this at scale. We are the ones that have a clear path of growth and profitability improving with a very, very strong balance sheet even before the IPO proceeds come to us. Thank you. We will be very happy to take your questions as a management team.

Q&A Session (00:37:41 – 01:09:31)

Questioner (Sanjesh Jain, ICICI Securities)

Good evening. Sanjesh here. I got three questions. First, on India, great story on digital. Can you help us understand the go-to-market strategy in digital? Which are the products we are looking for, which will convert into revenue? What is the scale we are looking for in the digital services over the next two to three years? That is one. Number two, on the international business, we have been talking about it for now a year. Great progress made in India in terms of showcasing the capability. How far are we from doing the partnership, which we have been aspiring for last 12 months and how should we think about the revenue contribution from the international business? And we have been talking about the partnership model and how are those discussions evolving because this technology edge we have today may not be perpetual, right? We have a lead time and how are we trying to take advantage of that? Number three is on the capital allocation, we have a very strong balance sheet now. Over next two years, what are the priority of investment? Where is our capital getting invested, both in terms of capex and the capability building? These are my questions. Thank you.

Company Speaker (Akash Ambani)

Thank you. I will give opening comments and then hand over to the domain people to handle that. Let me take question number two for you. The international opportunity, I agree with you, it has a lead time, but we are the only ones that have. Let me take our home broadband because I want to answer digital services in the same regard. We are the only ones that have actually had this technology operationalized on an unlicensed band that is available across

any country that we go. What we want to be very, very careful about is the business model. I just gave you how we want to do this. You know, majority of the research reports that I have read is saying that will Jio go and be a heavy capex business as we roll this out? No, we want to be a technology led business there. Speaking about just our home broadband, in a matter of three years, we have rolled out now four generations of technology that have proven that we are the ones that are moving at scale, operationalizing this, and moving faster. In terms of the market opportunities and moving faster in terms of the market opportunity, see, it has to be sizable. You know, our numbers right now, from our perspective, going international and being a niche player, having that build up is not going to be the opportunity that we chase. We want to think maybe 10 to 15 partners that give us sheer scale and again, what I want to highlight to everyone is like you will think this is only for the developing markets, it is not, it is for the developed markets also.

And just a simple fact FWA consumption in USA, right? 3% of the customers clog up 65% of the FWA capacity on 5G. And those are the kind of markets that we have. If you go east of India also, you will see very, very high ARPU markets that we can go and chase. Again, to remind everyone, we have ARPU of almost $6, and our operating cost of our UBR is almost $3. So, we can really play from the high ARPU markets to the low ARPU markets. We want to be very patient to have the right partnership model that we go in and do. What I can tell you is that is on our home broadband stack, but as much as on our integrated 5G stack, we have had numerous numbers of CEOs and CTOs visit us to see our technology and see how we have scaled this in India. And the way you should think about it is that we want to design this, we deploy it in India, and then we export this. So sooner rather than later, I have two gentlemen who are here, Dan Bailey and Mathew Oommen, and they have the mandate to take this global, and that is something that we will focus on.

On the digital services side, I think you have seen our revenue growth already quarter-on-quarter. I would say you take our home example today, we have 30 million homes. The stat I want to take you to is that 93% of our customers use our OS or connected TV OS to really connect to their digital services. What we do not want to do is we do not want to split this into saying he is a tele-OS, he is a broadband customer. It is a single customer much like the Apple ecosystem. Today you do not say I am iPhone customer, I am a different iPad customer, I am a different Mac customer, I am a different Apple Music customer. There is one view of the customer. So, that is what we will keep on driving for the digital business. For example, our home proposition, the customer ends up paying even for the 13 OTT apps that we integrate, almost 15% higher costs. So that is what we want to keep on working on. But of course, our focus is the customer experience that we deliver . Our voice AI, we are very, very optimistic about the use cases that we are going to bring to it. And again, you will see that play out in the coming quarters.

Sorry, the last question was capital allocation, right? I think for us we are finding a sweet spot in developing these technologies. We recognize that these are the things that we have done now with internal JPL engineers and everything, but that may not be the only way to grow. I think if we find in a traditional Indian way, one-plus-one-equals-eleven kind of acquisition, then we can evaluate those and then do that because what we see is that we are the only ones that can actually operate at a scale and drive leverage. I mean Our FWA numbers is

also showcasing that our 5G mobility numbers, as Pankaj said, is the combine of AT&T and Verizon put together. It is almost more 5G customers on Jio's network than all of the European operators. So that is what we will keep on focusing on, and then we want to make sure that there is a very healthy balance sheet also for any opportunity that we want to look to address because we think we are uniquely positioned to address opportunities compared to anyone else.

Questioner (Sanjesh Jain, ICICI Securities)

Just one follow-up here. We think convergence is all of the conversation, right? But we still do not have a converged offering where we do a one billing to the customer. Any particular reason?

Company Speaker (Akash Ambani)

From our home service and mobility you are talking?

Questioner (Sanjesh Jain, ICICI Securities) Yes, home mobility and the digital services.

Company Speaker (Akash Ambani)

Again in our home business, you are not getting a different broadband bill, you are not getting a separate OS bill, you are not getting a separate Jio bill, you are getting one bill from customer point of view right and from a converged offering we are focusing on the converged go to market.On one converged bill for everyone at home, I think those stories are still to play out.

Questioner (Sachin Salgaonkar, BoFA Securities) Three questions. First question clearly, what differentiates you guys versus competition is the digital story. So, I would love to understand, what are some of the aspects which will take digital ARPU up. Pankaj did mention about enterprise being a key focus. So, beyond enterprise, what are some of the areas we should think about and what could be the impact of these services on margins? So, that is question one. Question two, again when we think about capex and investments, clearly 5G standalone investment is done. JPL is an asset light entity. We do not have content costs, we do not have data center investments. So logically free cash flow should improve in a meaningful manner. So is the growth is life philosophy of reliance is also applicable here, or we should see some dividends coming from JPL at some point in future. And third, just wanted to double click on this point about taking the business internationally. And would love to understand what kind of technologies is something which is gaining traction? Is it let us say your UBR stack? Is it this entire full stack technology? Is it a disaggregated 5G network between hardware and software? So, where are you having highest engagements? Does it vary from emerging market and developed market telcos? And when could we start seeing more contracts being signed up out here? Thanks.

Company Speaker (Akash Ambani)

Dan, you want to take the last question and then hand over to Mathew on BSS stacks?

Company Speaker (Dan Bailey)

Sure. Thank you for that. In terms of the international, where is the most engagement? We are most focused, really, I think, on two product areas, which is UBR obviously, we keep on stressing it is a unique product. I do not want to in any way sound complacent, but the question came before about the window of opportunity there. We still believe we are several years ahead, and we are obviously not standing still, we are continuing to iterate generations very rapidly. So, we feel confident we will maintain that lead. And that is a product that nobody else can talk to anyone about, frankly at this point. The second one, of course, is the full stack, the OSS/BSS. That is a more complicated delivery conversation with a telco, as you can imagine, because this is absolutely the guts of their business. And that is something where there is a lot of interest, and we have had people, as Akash prior mentioned, coming to talk to us about both for quite a long period of time. I would say we are having an equal degree of engagement on both. In terms of locations and places and timing, obviously, I am not going to pre-empt anything at this stage. We are obviously trying to move quickly, but these are not something that you can force. This is a two way conversation because we are talking about partnership discussions here. Again, to reiterate, this is not something where we go and buy company X or we just turn up and take large stakes in company X and then have a conversation. This is about we have a joint venture, we have some kind of partnership arrangement where the two of us come together recognizing the value creation that is there.

Company Speaker (Mathew Oommen)

Sure. I think what Akash had earlier said and what Dan explained, any market whether it is India or the world, I think what we are seeing is entities are capital constrained, spectrum constrained, and then there is the new growth area that is driving it. To your specific question, we believe home broadband is the biggest driver and delivering not just connectivity but also as intelligence as a capability on home broadband so that is one. What is the uniqueness? The home broadband technology stack end to end, which is the system stack and the technology stack. Why is it that we will be extremely credible? It is not just because we have deployed such a scalable number in India, but because the technology leadership that we have. You scan the world. I know the other gentleman had a great question. We do not always continue to have the leadership because leadership has, a time domain attached to that and it is a great question. What we have done is we have scaled globally on all the different players who have now UBR and or we would say LBR. Why I am going to use the word LBR, licensed broadband radio. We saw a big announcement from a US carrier in their earnings call a couple of days ago. First time in the world, that carrier said, I am going to do a non-3GPP technology. You know, 3GPP, i.e. the basic standards on which 4G, 5G, and the planned 6G is. So, the world is adopting a technology that is so prevalent even in our room right now, which is called Wi-Fi, across the ability to deliver FWA, whether it is in a millimeter wave spectrum, which is the licensed spectrum, or an unlicensed spectrum, which is ours. To answer our technology leadership, we do find another three players in the market

without naming the technology company. When we looked at the analysis about a few weeks ago as part of our own road show, we think we are at least two-and-a-half, three years ahead of the nearest competition. So that edge we will have in addition to all the collective things that we did. Hopefully, that helps.

Company Speaker (Akash Ambani)

Growth is definitely life. There is no thinking any which way, otherwise, on dividends, Reliance has always led the way and we will be trying to follow the same things. But obviously, we need to see our first year as a listed company, learn as a company, know what we want to do, and definitely want to focus on the market opportunity ahead. On the free cash flow I will let Saurabh take that question.

Company Speaker (Saurabh Sancheti)

I think what we as management are very clear about is maximizing free cash flows and it can be done through two things. One is the operating leverage. We spoke about the 250 basis points improvement, Y-o-Y in EBITDA margins and that efficiency is going to continue. That is how we are driving the business. The second part is on capex, because the peak capex is behind us and for all the growth and opportunity which Pankaj was speaking about, whether it be about these 340 million new users, in mobility or homes, the large part of capex is already done. So for the next four or five years I do not see it exceeding what we did in last year. So that way the free cash flows would grow and all the growth trajectory therefore in front of us does not require a significant amount of capex than what we spent last year. So there would be dividends and more.

Questioner (Sachin Salgaonkar, BoFA Securities)

And in the first question, in terms of integration.

Company Speaker (Pankaj Pawar)

I think, Sachin, the digital services revenue will come in all three parts, not just in enterprise, it will come in home. Home more so, actually, because virtually there is no single highway running over there, and you keep running on the top of that, and mobility as well,. So home is some of the services which I talked about. The biggest opportunity is in enterprise. Followed by home and mobility, just because of the scale, it will keep coming. So, clearly, there are identified opportunities in 1P and identified opportunities in 3P, goes all the way up to democratisation of AI services for consumers. Thank you.

Company Speaker (Akash Ambani)

If I can request, for everyone to get a chance, maybe stick to one question.

Questioner (Sumangal Nevatia, Kotak Securities)

This is Sumangal from Kotak Securities. I have one question on. ARPU. Saurabh correctly said that we all are quite obsessed with tariffs and ARPU. So, I mean, it has been now almost two-and-a-half years, and a lot of investors who have been now a part are anticipating some action. We have also seen the Jio Prime introduction and some modifications by a few peers in their entry level plans. So, what are your thoughts on external tariff hikes? Also, these macro issues, what we are facing, and elections, all these things are a driver there. So, thoughts on ARPU and tariff hikes would be useful.

Company Speaker (Akash Ambani)

I was anticipating this as the first question, so I am grateful that it is the seventh. On ARPU and tariff hikes, you have seen our ARPU increase. Firstly, what it was in Q2 of last financial year and where we are right now, and then quarter-on-quarter also. What we want to stress as a company. We do not want to use that as the only lever of growth. We have a capability of creating a technology moat, and we want to stress that that is a more sustainable way of doing it. Like you rightly pointed out, almost two-and-a-half years since we last did it. And on the specifics, I will let Anshuman handle this, because he feels very passionately about it.

Company Speaker (Anshuman Thakur)

Look tariff related decision has several considerations that go into it. It is not only the investors who have come in, or it is about the market dynamics, it is about macro, a bunch of things. We do not want to be dependent on it, at the right time, those can happen. We want to focus on how we are adding more value to customers and thereby increasing the realizations that we have from the customers. Even today, if you look at our growth trajectory, ARPU has grown by almost 3.5%, just because of the customer mix changing, people consuming more, it is happening organically. Our realizations from customers have grown faster. The bit which goes into JPL, which is where we are offering digital services and customers are paying for that separately, is growing faster. And that is a focus area for us. And for us as JPL consolidated, we want to maximize what we get from customers by offering the best value to them. ARPU is just one part which comes from the connectivity that we provide to them. That, at the right time, based on all the considerations, we will take a decision. But we want to focus much more on the digital services that we are offering to our customers.

Questioner (Gaurav Rateria, Morgan Stanley)

Just would like to dive deeper into your international strategy. You talked about 10, 15 partnerships. If you could spill the beans in terms of whether it is going to be technology companies, whether it is going to be telecom companies with which we can strike partnerships. And if it is going to be a telecom company, while we have a significant comparative advantage of being a connectivity player, tested the technology, deployed it at scale, but at the same time, it could create some conflict of interest. Because we are already a connectivity player, and any other connectivity player may be wanting not to take offering from another global competitor. So, how are you trying to address that conflict of interest?

Company Speaker (Akash Ambani)

We do not plan to give our technology to any of the domestic players firstly. As a global competitor really is opening up new growth engines for our potential partners. And that I think we have been visited by every single company that has interest in growing their home broadband base and add more services integrated into its core on top of our voice AI and again data capabilities that Pankaj spoke about with Gemini. So really from that point of view, we have not seen that kind of friction coming from the early stages of our conversations with these potential partners. The 10-15 number is because we want this to be material. Obviously, around the world, countries that have 5G SA rolled out and are doing FWA rollout. We obviously can go to all of them. We have the capabilities of serving each market, but we want to make sure that these are sizable and that is why I spoke about the 10-15 number. You will be able to triage that list very, very quickly. Mathew, Dan, you want to add anything to this?

Company Speaker (Mathew Oommen)

I am happy to add. I think Akash explained it well, but just to the gentleman's question from Morgan Stanley with respect to conflict of interest. As you know, we already own a company called Radisys, which is a technology player. It gives technology to several operators globally today. And what we are going to do is we are not going to go compete in the market for ourselves directly. We would make sure that that is the partnership model. There will not be a scenario by which you can be the provider and the partner together to answer your question. And I do not think you will see such a partnership from us. You will see a partnership that is extremely strong in line with effectively and efficiently managing that conflict. But we have had this model through Radisys as an example of testing the market to see how that is happening. And I think as Anshuman mentioned about the team coming to India and experiencing that. Thank you.

Company Speaker (Dan Bailey)

Sorry not to pile on, but I think the critical thing here is that every one of these telcos is facing the same issues that we have already faced, and we are going there to solve their issues. So, it is fundamentally as Mathew said, it is a partnership, there really is no conflict, they have a problem, they have no solution to it. We come to them, and their eyes open wide.

Company Speaker (Anshuman Thakur)

In the interest of time, maybe last couple of questions. There are a few hands raised already.

Questioner (Kunal Vora, BNP Paribas)

My question is on AI monetization, just wanted to check, like in China, we are seeing some telcos starting to charge for AI tokens. Is that something which you would look to start, not immediately but in the medium term? Do you see that as an opportunity? And also, as the

Gemini offer which you have right now, which is free for about 18 months, once that expires, would this become pay? How do you think about monetization for a retail perspective?

Company Speaker (Akash Ambani)

Sorry, can you repeat the Gemini question again?

Questioner (Kunal Vora, BNP Paribas)

Gemini currently is being offered for free. Once the free period expires, would you look to start charging for that service?

Company Speaker (Akash Ambani)

Yes, I think but there i still a lot of time for the free period to expire. The initial deal that we signed was for 18 months. I think we are not even close to almost 12 months.

Company Speaker (Anshuman Thakur)

And then 18 months of service for anybody who had subscribed to it, free service from the time they subscribed.

Company Speaker (Akash Ambani)

I think we and Google obviously have a great relationship there on our cap table, and what they also want to see is the growth of AI in India. On the question of token charging, first we are in the business of actually democratizing technology, And that we are seeing evolving business models around that in the world. Of course, we are learning from what China does, but China's market is very, very different to anywhere, in the world. And we want to be learning from everyone and then taking a firm view of how we want to go ahead with what I would say is that the diffusion of AI products we think is best done through a telecom harness. And what I mean by that is take our voice AI product that we are going to launch immediately, We will be providing this to our entire base of our customers. But we will be reaching the full scale of our customers and providing this as a universal access to these products through a telecom harness. So, those are a little bit of beams that I have just built for you to think about and model as we go on.

Company Speaker (Anshuman Thakur)

Maybe one last question now. Thank you.

Questioner (Deepti Chaturvedi, CLSA)

So, US telecoms are beginning to reel under a Starlink mobile risk. Although recently whether it is T Mobile CEO or Verizon, they have said that Starlink will need a terrestrial network, they will need Spectrum, and in the US, Spectrum is for life. Those companies are already

dismissing that threat, but the market is thinking otherwise. Obviously, Starlink has aspirations for India as well. How does you know like, do you think, not immediately, obviously, because their service has also been called an inferior FWA. So, but in the longer term, three years, do you foresee, particularly when there is a terrestrial network available, in India, for probably a strategic partnership?

Company Speaker (Akash Ambani)

Mathew has been part of the leadership teams of the US telecos, so I will ask him to try and give specific details. What I would say is that if you just break down the two use cases, which is mobile and then home usage, what we are able to do today is that cover 99% of India's homes, and you know the statistics in regard to data connectivity in our homes. From my perspective, as long as we keep on giving that value to the customers, we will see a growth rate and what we want to stand for is that, as we said in our statement, is that we always welcome competition, but let the customer choose which one. On the specifics of what the US one, Mathew will have the best insights amongst us as a management team, so I will let him answer it.

Company Speaker (Mathew Oommen)

Thank you. I think, great question, madam. I think when you think about satellite, you should think about it in four different domains. There is broadband, there is direct to device on your phone, there is navigation, and then there is earth observation. Those are the four categories of services the satellite offers. The good thing is, I do not think it is the Verizon CEO or the T Mobile CEO who saw that even if you could have 15,000 satellites or 50,000 satellites, this was said by the Starlink CEO that they might need about 80,000 terrestrial things on top of that. Just a simple metric, madam. Direct to device. A satellite covers a beam of about 50 kilometers to 100, 200 kilometers, one beam that means that comes from the sky. A terrestrial network covers 700 meters, one kilometer, two kilometers. That, if you just imagine, just a simple math for all of us 20 megahertz of an LTE spectrum that we are used to, if it can deliver spectral efficiency of two, that is 40 megabits in a 50 kilometer beam. What that translates from a direct to device is only 20 kilobits per square kilometer. That is the reality of satellite from D2D. Having said that, madam, we do not underestimate any competition. We sincerely believe we have to respect competition learn from it. And as you know, we ourselves have announced, without you asking a question, in terms of a LEO satellite system as a complementary solution, but also we believe more as a nation building because India needs a sovereign ecosystem outside of the four categories that I said. Hopefully that helps.

Questioner (Deepti Chaturvedi, CLSA)

Thank you.

Company Speaker (Anshuman Thakur)

Maybe we could wrap up.

Questioner (Deepti Chaturvedi, CLSA)

And on the Homes bit, just one bit. Since now UBR is morefull blown versus earlier where there was a greater focus on 5G FWA, can we expect more acceleration on the homes front?

Company Speaker (Mathew Oommen)

Definitely our aspiration.

Questioner (Deepti Chaturvedi, CLSA)

Thank you.

Company Speaker (Akash Ambani)

We will take one last question. I know he has been raising his hand, so.

Questioner (Manish Adukia, Goldman Sachs)

Thank you for taking my question, Manish from Goldman Sachs. Now that you are a separately listed company and you have talked about qualitatively your growth aspirations, the different buckets in which you want to grow, but are there any financial metrics that you can share with us which will make you happy over, let us say, a five, seven-year period? Could it be returns, market share, margins, any of those? That is my first question. I will let you maybe answer that and come to my second question.

Company Speaker (Akash Ambani)

No, Definitely all three. Not one of them, but see, what we want to really do and the way we run the business on a daily basis is saying, can we give more benefits that no one else in this country can give? And that is also the play that we want to do internationally. And that we will be very, very focused on. I think if we continue to solve those hard problem solution and I think the finance will only follow like a I do not know if you realize this about our full year results last year. We ended FY 2026 with over $8 billion of EBITDA, were amongst three other companies globally that have done so, right? So we want to improve on all, but the basis of expanding our business will always be providing disproportionate value to our customers. From a KPI standpoint, we want to improve on every single one of them market share, actual deployment of our technologies, seeing an ARPU uplift because of the services that we are going to give and we will keep on tracking those. But would not change the way we want to approach the business from giving disproportionate value to our customers.

Questioner (Manish Adukia, Goldman Sachs)

Thank you. If I can just squeeze in one more question. You of course have market leadership in a lot of products and services that you operate in particularly wireless and homes. But in your opinion, are there parts of your businesses where you think competition is doing better

than you? Could be domestic competitors or elsewhere in the world where you think you have maybe places where you can catch up to and replicate what they are doing and get better in those aspects?

Company Speaker (Akash Ambani)

Elsewhere in the world, like I said, we are setting up this international team with zero customers and zero revenue. So, they have only to grow from here. We spoke about the segment that you missed out on. And I think that we see as a major growth unlock strategy, which is the enterprise. And we, again, to reiterate, we do not want to play for only 350,000 leased lines that are prevalent in the country, but we want to expand that market very, very quickly.

Questioner (Manish Adukia, Goldman Sachs)

Thank you and congratulations on the listing.

Company Speaker (Akash Ambani)

Thank you very much everybody.