

## **MEDIA RELEASE**

**RELIANCE INDUSTRIES LIMITED TO SETUP A WHOLLY OWNED SUBSIDIARY  
("WOS") FOR DIGITAL PLATFORM INITIATIVES**

**FORMATION OF THE LARGEST DIGITAL SERVICES PLATFORM COMPANY IN INDIA**

**RIL TO INFUSE INCREMENTAL RS 1,08,000 CRORE EQUITY (OCPS) IN THE WOS**

**TOTAL CAPITALISATION IN DIGITAL PLATFORM SERVICES AT RS 1,73,000 CRORE  
(INCLUDING EXISTING RS 65,000 CRORE)**

**WOS TO INVEST THE SAME IN EQUITY OF RJIL TO REDUCE DEBT**

**DIGITAL PLATFORM COMPANY, INCLUDING RJIL, TO BE VIRTUALLY NET DEBT-  
FREE IN LINE WITH GLOBAL TECHNOLOGY PEERS**

**MULTIPLE GROWTH OPPORTUNITIES ACROSS DIGITAL TECHNOLOGY  
LANDSCAPE**

**ENABLING ACCESS TO WORLD CLASS TECHNOLOGY PLATFORMS ACROSS  
HEALTHCARE, EDUCATION AND AGRICULTURE THAT HAVE SOCIETAL BENEFITS**

**STREAMLINED, OPTIMAL CAPITAL STRUCTURE TO FACILITATE EARLY  
MONETISATION**

**Mumbai, 25 October 2019:** Reliance Industries Limited ("**RIL**"), through its digital platform and connectivity initiatives including Reliance Jio Infocomm Limited ("**RJIL**"), has transformed the digital eco-system in the country, catapulting India from 155<sup>th</sup> rank in broadband penetration to the 1<sup>st</sup> rank in mobile data consumption within a span of less than three years.

Reliance Jio has built world class digital infrastructure and ecosystem, comprising of:

- i) Best in class end-to-end all IP network
- ii) Tower and Fiber infrastructure
- iii) Content Delivery Network
- iv) Digital Applications and Platforms
- v) Cloud Infrastructure
- vi) Technology capabilities

## Digital Connectivity:

RJIL has emerged as the platform of choice with industry leading operating metrics, that rank amongst the highest globally:

- Second largest single-country operator globally, with 355 million subscribers
- Strong customer engagement metrics
- Wireless network carries more than 400 crore GBs of data per month, and nearly 1,000 crore of voice minutes per day
- Per capita mobile data usage of 11.7 GB/user/month
- Trending towards half a billion customers, with net additions of 8-10 million per month

This strong operating performance and customer engagement is backed by an end-to-end all IP network offering converged wireless and wireline solutions.

## Digital Connectivity Platform and Passive infrastructure separation:

With completion of majority of RJIL's capital expenditure, for optimizing operational efficiencies and better monetization of the Core Digital Connectivity Platform, tower and fiber passive infrastructure assets of approximately Rs. 1,25,000 crore were demerged from RJIL in March 2019 to Infrastructure Investment Trusts (InvITs).

Post this demerger, RJIL has become asset light having a balance sheet size of Rs. 2,37,000 crore.

## Digital Platforms:

The Group has been developing and fostering a vibrant digital ecosystem through various digital applications, tools and platforms (Digital Platforms) spanning self-care, information, entertainment, chat, utility tools etc.

Most of these Platforms are best in class with high customer engagement metrics and differentiated features in their respective categories:

- **MyJio:** An omni and self-care through single login app, ranks amongst the largest self-care apps in the world;
- **JioTV:** India's #1 live TV app; with wide bouquet of channels spanning 16 languages, 11 genres, 630+ channels, 135+ HD channels;
- **JioCinema:** Amongst the top video entertainment apps in the country; built on state-of-the-art tech platform;

- **JioNews:** India's leading news and magazines app with the best-in-class content bouquet covering 900+ magazines, 300+ newspaper editions; varied contents formats including Live TV, Short videos, News articles;
- **JioSaavn:** #1 music app in the country; continues to be the fastest growing streaming platform, with 45+ million tracks under license across 16 languages with differentiation through Artist Originals Program.

### **Emerging Platforms:**

The Group continues to focus on cutting edge, technology enabled Digital Platforms that enable and accelerate Digital society with, frictionless and seamless universal access and adoption:

- i) Healthcare
  - ii) Education
  - iii) Agriculture
  - iv) Commerce
  - v) Government-to-Citizen services
  - vi) Gaming
  - vii) Manufacturing
- and many others.

These Platforms are also backed by investment in following emerging and next generation technologies:

- Blockchain
- Artificial Intelligence & Machine Learning
- Virtual, Augmented/Mixed Realty
- Computer Vision
- High Performance and Edge Computing
- Natural Language Processing and Voice enabled services

### **Digital Platforms Holding Company:**

A world class New-age Digital Technology Platform entity is proposed for:

- Holding all Digital Platforms including RJIL, the Digital Connectivity Platform
- Further development initiatives of cutting-edge technologies
- Fostering inclusive Digital Society through collaborations & partnerships
- Capital and organization structure that is benchmarked to global digital technology players
- Compelling Investment Thesis with unencumbered capital structure, and
- Enabling early monetization opportunities

The Board of Directors of RIL today approved the formation of a wholly-owned subsidiary (“WOS”) for Digital Platform initiatives and investment of Rs. 1,08,000 crore in the WOS through OCPS.

The WOS will also acquire RIL’s equity investment of Rs. 65,000 crore in RJIL.

### **Debt reduction in RJIL**

The Board of Directors of RJIL approved:

- A scheme of arrangement between RJIL and certain classes of its creditors including debenture holders for transfer of identified liabilities of up to Rs. 1,08,000 crore to RIL;
- Rights Issue of Optionally Convertible Preference Shares (‘OCPS’) aggregating up to Rs. 1,08,000 crore for the purpose of payment of consideration for transfer of identified liabilities - WOS to subscribe to this issue.

Consequent to the above, RJIL will become virtually net debt free company by 31<sup>st</sup> March 2020, with exception of spectrum related liabilities.

Like global technology peers, the Digital Platform Company with negligible leverage makes a compelling investment proposition for both strategic and financial investors, many of whom have evinced strong interest in partnering with us. It will have significant financial strength to address the Digital Services opportunity in India.

The proposed consolidated structure will be compliant with all statutory requirements.

**Commenting on the formation of the Platform Company, Shri Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Limited said:** *“This new Company will be a truly transformational and disruptive digital services platform. It will bring together India’s No.1 connectivity platform, leading digital app ecosystem and world’s best tech capabilities globally, to create a truly Digital Society for each Indian. Jio has been heralding the digital services revolution in India and will continue to do so in the years to come.*

*Given the reach and scale of our digital ecosystem, we have received strong interest from potential strategic partners. We will induct the right partners in our Platform Company, creating and unlocking meaningful value for RIL shareholders.”*

## Summary of Impact

- Ensures monetization opportunities accrue to shareholders efficiently;
- There is no impact in the value pre and post reorganization for any shareholder;
- There is no impact on the consolidated debt of RIL;
- Consolidation of liabilities in RIL creates an efficient structure to manage debt and cash;
- It does not impact RIL's standalone credit profile given its robust cash flows and conservative leverage.

### About Reliance Industries Limited:

- Reliance Industries Limited (RIL) is India's largest private sector company, with a consolidated turnover of INR 622,809 crore (\$90.1 billion), cash profit of INR 64,478 crore (\$ 9.3 billion), and net profit of INR 39,588 crore (\$5.7 billion) for the year ended March 31, 2019.
- RIL's activities span hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and digital services.
- RIL is the top most ranked company from India to feature in Fortune's Global 500 list of 'World's Largest Corporations' – currently ranking 106th in terms of both revenues and profits. The company stands 71st in the 'Forbes Global 2000' rankings for 2019 – top-most among Indian companies. It ranks 10th among LinkedIn's 'The Best Companies to Work For In India' (2019).

### About Reliance Jio Infocomm Limited:

- Reliance Jio Infocomm Limited ("Jio"), a subsidiary of RIL, has built a world-class all-IP data strong future proof network with latest 4G LTE technology. It is the only network conceived and born as a Mobile Video Network from the ground up and supporting Voice over LTE technology. It is future ready and can be easily upgraded to support even more data, as technologies advance on to 5G, 6G and beyond.
- Jio will bring transformational changes in the Indian digital services space to enable the vision of Digital India for 1.2 billion Indians and propel India into global leadership in the digital economy. It has created an eco-system comprising of network, devices, applications and content, service experience and affordable tariffs for everyone to live the Jio Digital Life.
- As part of its customer offers, Jio has revolutionised the Indian telecom landscape by making voice calls for Jio customers absolutely free, across India, to any network, and always. Jio makes India the highest quality, most affordable data market in the world so that every Indian can do Datagiri.

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