RIL FY 2019 - 2021

Media & Analyst Call Transcript

April 2020

Call Participants:

- Mr Alok Agarwal, CFO, Reliance Industries Ltd
- Mr V Srikanth, Jt CFO, Reliance Industries Ltd
- Mr B Srinivasan, President, Reliance Industries Ltd
- Mr Pankaj Pawar, President, Reliance Jio Infocomm Ltd
- Mr Anshuman Thakur, Head of Strategy, Reliance Jio Infocomm Ltd
- Mr Dinesh Thapar, CFO, Reliance Retail Ltd

Duration: 96:00 minutes

Presentation link: https://www.ril.com/getattachment/4933af51-fdba-4d70-9a44-045f2537ce23/Financial%20Presentation%20-%20Q4%20Results.aspx

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

- **Mr B Srinivasan** 0:00:04 – 0:10:07 **(On Reliance Foundation)**
- **Mr Anshuman Thakur** 0:10:11 – 0:10:27
- **Mr Pankaj Pawar** 0:10:54 – 0:45:31 **(On Reliance Jio)**
- **Mr Anshuman Thakur** 0:45:33 – 0:49:10 **(on Jio Platforms and the recent Facebook transaction)**
- **Mr Dinesh Thapar** 0:49:11 – 0:57:42 **(Reliance Retail)**
- **Mr Anshuman Thakur** 0:57:43 - 01:01:56
- **Mr V Srikanth** 01:02:09 – 01:16:24 **(Oil2Chemicals)**
- **Mr Alok Agarwal** 01:16:30 – 01:32:39 **(Rights Issue & and Overview)**
- **Mr B Srinivasan** 01:32:00 – 01:32:59
- **Mr V Srikanth** 01:33:00 – 01:35:31 **(Response to a question)**
- **Mr B Srinivasan** 01:35:32 – 01:35:58 **(Closure)**

Transcript:

Welcome and about COVID Response

Mr. B Srinivasan 0:00:04 – 0:10:07

Welcome to the presentation for our annual results. We are genuinely happy and thrilled to have all of you here. We can see over 75 people and some more people are still joining and It is a big crowd for Thursday evening I guess.

I hope, first and foremost, all of you are staying safe. The process for today is: First, I would spend a couple of minutes on how Reliance family has actually come together to help people affected by the COVID crisis and how we are taking care of our employees. Then we will turn it over to our consumer businesses, which will be presented by Pankaj, Anshuman Thakur and Dinesh Thapar. They will speak on Jio and Retail. Then Srikanth will come in to talk about our O2C business. And, Alok will come, and talk about the consolidated financials along with Srikanth. He will also take us through the Rights Issue that has been approved by the board today.

We have received several questions by email, most of which we will be answering in our presentations. If there are additional questions, please feel free to email them to us. Because of the nature of this interaction, we won't be able to have a live Q&A session. So please feel free to write to us and we will try to respond as quickly as possible. Therefore, without much further ado, can I open the floor and start – Srikanth, Pankaj, Anshuman and Dinesh.

Now let me start. Can everybody see the screen now? Thank you.

In the interest of transparency, we are also recording this interaction just for everybody to know. We would be putting up the transcript on the website, and as always, we will be even putting all the slides on our website as well.

I will be spending the first two-three minutes talking about how we have come together as an organization and done some phenomenal work in the COVID-19 crisis. First and foremost, as soon as actually the COVID-19 crisis started in India, we partnered with BMC. We realized that India would need a dedicated COVID-19 handling facility. So we created the first dedicated hundred bed COVID-19 facility in partnership with BMC in just two weeks' time. It has all the equipment that is required, negative pressure rooms, ventilators, pacemakers, dialysis machine, patient monitoring devices, all of that in each and every one of the beds. Currently we are expanding this capacity to about 250 beds. We have already done about 222 beds. So this actually once again proves that we have the capability to very, very quickly to rise up to a crisis and meet the needs of the city and the country.

We realized there are a large number of people who would be struggling to get food. So, the second thing that we did was we launched Mission Anna Seva. To support marginalized communities and frontline workers across the nation. This is the single largest meal distribution program ever undertaken in the world by a Corporate Foundation. As we speak, we have actually provided 5 crore meals across 70 districts in 16 States and one Union Territory. This is in the form of dry ration kits, providing groceries to community kitchens as well as providing cooked food – a combination of all of this across the country.

It is something that we are very extraordinarily proud. We are working with multiple partners as well as on our own we are doing this. This is something that brings a lot of joy to all of us. We just wanted to play a short video of all of the work that we are doing in the words of our Founder Chairperson of our Reliance Foundation.

Apart from providing food to the humans, one of the things we also realized, because there was significant reduction in the human movement, large number of animals are also getting impacted. This is a very short film that will showcase what we are doing to provide stray dogs, stray cattle, stray cats and pigeons the much needed feed.

We realized that the country needs a fairly large quantity of Personal Protection Equipment and we actually brought Reliance's skill in understanding a new technology, establishing a production unit and scaling it a very, very quickly. We are currently ramping this capacity of producing the PPEs in Silvasa to about 1 lakh per day. Until we started producing fairly large numbers, we also did multi-sortie lifts from various countries to bring surgical mask, PPE suits, goggles and isolation gowns across the country. We are currently among the largest producer of high quality PPEs in India.

The other piece that we realized in this war that we wanted also to increase the testing capability for the country. So, Reliance Life Sciences started testing since the last five weeks and today they are the capacity to do nearly about 2000 tests a day.

Not to forget our large employee base and their families spread across the country.

We have set up several initiatives to take care of our employees and their families. The first one, there is a nationwide emergency response infrastructure that is available 24/7 for every one of our employees.

The second one is every employee and their family members, employee on behalf of their family members actually takes something called a Symptom Checker every day to monitor health of employees and their family members. Based on that, each employee and their family members is graded 'low risk', 'medium risk' and 'high risk', and if there is somebody with high risk and symptoms, immediately our medical team gets in touch with them to find out how we can help and whether there is an issue that we can take care of.

We have also created Jio Health App for free virtual video consultancy with all of our doctors in both of our Reliance Foundation Hospital and Reliance Industries, Jio and Retail.

We also increased our internal communication touchpoints. We have developed significant amount of resources and mental health, emotional well-being, yoga, wellness, nutrition, healthy recipes, and psychological guidance sessions with Reliance psychologists.

It is not easy time for some people, but we are trying to do the best and we are actually ensuring that everyone is taken care of and the Reliance touch is there so that people do not feel left out. That is what we are doing. I just wanted a short crisp presentation. Now I hand it over to Pankaj, Anshuman and Dinesh to take you through our consumer business performance during the year. Apart from the presentation, they will also try and answer the questions that we have received so far. Over to you Pankaj and Anshuman.

About Consumer Businesses: Jio & Retail

Mr. Anshuman Thakur 0:10:11 – 0:10:27

Thanks Srini, I am going to take control of the screen and put up the presentation and Pankaj, hope most of you know, is going to lead the first part of the presentation around the business and then Dinesh and I will present financials for the two businesses. So, let me take control of the screen now Srini, and present. I hope you all can see the screen and I will request Pankaj to start.

Sh Pankaj Pawar 0:10:54 – 0:45:31

Yes, thanks Anshuman. Good Evening all, I want to today take this opportunity to set the broader context of our response to this current situation with reference to our consumer businesses, both Jio as well as Retail in these times of economic downturn. Rather than following the survival mindset, we are reinventing and building the platforms of the future.

With capabilities built both within Jio on digital platforms and within Retail that distributed physical ecosystems, we believe that we are well positioned to respond uniquely to this situation. Rather, we will be well poised for the exponential growth in our both consumer businesses.

For Jio as a technology company, the situation provides an accelerated opportunity to digitize everything, and in our view this pace of growth is going to be breath taking. It is a matter of execution now which is now left to us.

Moreover, in our retail business there are some deeper strengths of the physical operations of the business like the supply chain or the consumer centricity, and when they be leverage some of the platform capabilities from our Jio business. This will lay another growth platform for overall consumer or business for Reliance's overall framework, so that is the overall context within which I will be giving a broad framework of how we respond and what other sort of things, which we are building on clearly at least on the first sight.

We are talking about Jio now. Jio is now the digital lifeline for 388 million Indians. Therefore, it is a net addition of 17.5 million wireless subscribers during this quarter, and I think we added at a gross level 126 million subscribers within Jio over this period of one year.

Really, if you look at the churn rates at 0.57% in this fourth quarter. It is a good indication, as per the industry benchmarks.

The biggest second point is the consumer engagement and this is the most important parameter we keep looking at. That has gone up significantly during this lock down. With a very strong network performance, effectively our per capita monthly data and voice usage has been moving up as we moved into the lock down. For the quarter it is about 11.3 GB per user and about 771 minutes per user per month. Our overall data traffic has been going up and that is the growth rate, which we have seen over this period and I will be giving some more indicators as we go forward in this discussion.

At a financial level, it is a robust financial performance. Jio has demonstrated a strong double-digit revenue growth as well as EBITDA growth. Our standalone revenue is Rs 14,835 crore, which is 27% growth year-on-year. Our EBITDA has moved up 43% y-o-y to Rs 6,201 crore, our ARPU now stands at Rs 130.6.

Some of the impact of tariff increase in December – they are yet to completely flow in and then they will be coming in the subsequent months. I will talk about some of those elements as well.

The most important part of the announcement, which you all are aware about, is the Jio Platforms Limited signing the strategic partnership with Facebook. Facebook is investing Rs 43,574 crore for 9.99% equity stake. At an overall level, we believe that best-in-class consumer engagement and a very solid robust technology platform, which has been endorsed by a global technology leader. That is the summary of where we stand from a Jio perspective. Now let us take a look at our Retail business.

Reliance Retail again delivers yet another year of highest ever revenues and EBITDA. The growth has been well ahead of the market and competition as well. Interestingly, the growth has been across the categories, as such it is a broad based growth. Whether it is electronics, fashion and lifestyle and grocery, we are seeing that growth across multiple categories.

We are now operating about 11,784 stores, almost 12,000 stores. Interestingly, within that 1,500 stores we opened within this year and almost 30% of space added within this year itself. If you look at it as compared to our Jio universe of customers of 388 million, we are looking here, in Retail business of footfall of 640 million, which is again 17% year-on-year on the growth side. We are looking at a loyal customer base of about 125 million subscribers, those who are continuously shopping with us and it is a 40% year-on-year growth.

So, in summary I think, it is a balance of revenue and margin growth. Why it has happened is clearly the operating leverage and efficiencies are driving this strong EBITDA growth. It is sustaining strong record, which we have continuously done within the Retail, that is continuing in this quarter as well.

If you look at annual performance it is Rs 1,62,936 crore. That is the revenue growth which we have seen now at a EBITDA level. We are giving EBIDTA of Rs 9,654 crore.

If you look at overall level an EBIDTA growth of 64%. It is a significant reflection of what the capabilities the Retail business has built over a period of time. If you look at it, both these businesses create a consumer franchise wherein we are building, on one side digital platforms, and on the other side we have a very solid, robust consumer business of Retail, where people keep on coming to us for multiple shopping sessions.

How should we respond during this COVID period? We look at this period to not just survive out of this, but rather build opportunities out of this. So our response has been three-pronged. The simple framework of safety first, customer first and platforms for the future. That is the kind of response what we have created.

What does that mean? I am going to articulate it for both the businesses. The safety first part of the business has been critical for both our consumer businesses – the Retail as well as Jio.

These are the Frontline Warriors out there in the market, who are dealing with the consumer issues on a day-to-day basis. You see here some of the images of Jio Front Line Warriors, whether they are maintaining your network at this point in time, some of them going into the homes to make sure that your home Fiber is connected or if there are any issues that need to be resolved.

So we believe that although on one side our response was very strong of saying move out and the centralized operation we moved into work-from-home, as soon as this entire situation erupted, safety was the primary most important parameter for us. So, from overall perspective moving away from the office was a critical response.

But at the same time we needed to keep our network running. Are connected customers staying connected to the network was most critical. From that perspective, we are taking care of all these million odd family members of Jio, because we treat ourselves as a wide family of our employees, our partners and everybody. This is where we really started looking at. How do we take care of their health? Really, I think track and trace was important parameter for us.

We along with Reliance Foundation, the entire symptom checking, became a norm of the day for the entire Jio universe. This is where the safety first is the most important part within our lifecycle today.

The second pillar, what I talked about as the customer first. Within the customer first, the most important thing was how do we give seamless customer experience during this period? That means 100% network service availability and if we were to achieve that, we knew that the traffic load will move up and effectively that required a sort of capacity augmentation. We saw the traffic moving up almost to the level of 17 crore GBs per day. It is 500 crore GBs per month kind of traffic level – it is five exabytes of data of traffic moving on Jio network! That is a very significant jump.

That required a whole lot of RF capacity optimization from back-end, and that is where the elasticity of the network comes into the play. It required backhaul links of our network to be augmented to make sure that this load moves in. It required all the caching and peering links with some of the other partners – the content partners moving up in a significant way.

This entire thing as a network optimization was happening remotely. It was also important that some of the core functionalities, which were built in our network – of network automation, they came in as an advantage. To a large extent some of towers, we can adjust the tilt remotely. I think some of those investments in the capabilities and automation has given us a phenomenal power during this period, because you are managing everything remotely.

The most important part of that remote operation was our Network Operations Centre – what we call as NOC. This went into a virtualized mode. Today the entire Jio network is operated from distributed method, which means the individual engineers are operating at their homes in a secure manner. They have access to the commands what they need to operate on and effectively without having a central operation. NOC is operating with a very small base operating within our entire actual operations centre.

So this whole real time operation created a complete capability that while we created a network elasticity, the remote operation made us survive through this period. The whole capacity increase has given us a very strong ability to service our customers in a much better way.

When we were doing this, I think that it reflects in all the user engagement parameters. This is what the numbers look like. The most important number is in the centre. Almost five hours of time Jio customers are spending every day on the Jio network. So on one side, the 11.3 GB per month, the 770 minutes talk time per month, but on the other I think 5 hours of engagement on Jio Network is the most critical parameter.

I talked about earlier 500 crore GBs as a capacity we have reached during this month. On an overall quarterly basis, the average consumption on our network was 428 crore GBs per month.

Almost more than 70% of the data moving on our network was video. The video composition achieved is significantly not only entertainment. There is a whole lot of office collaboration and other things, which are moving on the network.

So, I think it is connectivity which is giving us the capability to remain engaged. But equally important was what we do to keep the people connected.

Then the first part was how do we make sure that the value propositions are adjusted accordingly for our customers. I think the first part was we moved on and immediately introduced a work from home, learn from home and health from home kind of a composite proposition.

This was created in collaboration with Microsoft Teams as an architecture as a collaborative tool. This is where a very robust network coupled with our technology platform riding on that creates a unique capability. What we are doing the call today is on Teams, it is a secure call. I think again, a whole lot of enterprise grade security and other features keep appearing. It was equally important to sort of listen to the customers, and help them during this period to just remain connected.

The few of the things, that we did immediately, was making sure that some of the high value data packs, how do we give it to the customers. How do we make sure that the marginalized customers of JioPhone – we increased the validity of those people, so that effectively they can remain connected, their incoming calls can keep on coming. We gave them free minutes so that they can keep continuing outgoing calls. It was most critical, they are part of our family and we need to get them connected to the network on a continual basis.

I think the most important part out of this was to stay connected as a program. Besides giving the value propositions, it was equally important that we put our foot forward, we go ahead and say that you are our 388 million customers, we want you to remain recharged. We give you that facility at any cost.

When one million of our retailers were shut down during this period, we proceeded with the whole sort of Technology Solutions. A lot of consumers, we were able to migrate them onto digital recharges. They are not necessarily only self-recharges, but even assisted recharges. We created multiple methods, so that even other people can recharge for their family members, neighbours, etc.

What we did one step beyond that was a sort of a peer to peer community recharge championship as a concept. This is where we introduced the concept of POS Lite and this is the innovation from our platform capability. We said that there are community champions everywhere whether it is a small town whether it is a building society, whether it is any residential complex and how do we empower them so that effectively they can support the recharges of other people. This is what is the concept of Jio Associate.

I am happy to inform that within a span of less than one month we have one million of these Jio Associates spread out across the country. It was a very simple onboarding process, I am going to talk about it as a technology innovation. This allows us to keep people recharged even at the closest of the distance. This was again one of the reasons that why we felt that will keep our consumers continuously recharged.

Another area was how do you help your consumers answer all their queries to help them if there were any challenges in between. When most of the telcos were actually shutting down the call centres, moving away to standardized responses, which many of you have seen and reported, I think it was important for us that all our call centres, whether they are voice, social, text, chat, anything, we move to a virtualized way. With the technology innovation, we were able to move our entire technology stack of call centre onto simple mobile phones. And all our agents started handling the interactions in a remote way. Again it remains the industry-first innovation. And I think what the story I was telling was Safety First as a core pillar, the Customer First as the next pillar.

Making sure that within that, network remains continuously alive for a higher load, taking care of customers to keep them recharged. At the same time what we were doing were – we were building platforms. Some of these platforms are real technology innovation in place. Many of the components were already functionalized - were available with us, but what was critical was to stitch them together and then offer them as an end product for commercial use in the quickest possible time.

Jio POS Lite became the first example and tomorrow it creates an opportunity for us to go beyond the typical recharges. These are the people, who will be able to do activations for us. Tomorrow they have an ability to do multiple interactions for our Commerce business, and this is a way to innovate the entire entrepreneurship at the micro market level. It is a completely new paradigm getting created over here. It is not about only the recharges actually.

The second innovation, which I earlier talked about, it was all about this mobile phone based, client based remote call centres. When we are right now operating call centres in controlled spaces, now what we are saying is it is no more required. These are borderless secure spaces and people can operate from anywhere. It creates a complete new paradigm again within this industry.

It now allows you to the talent pool to get completely opened up across the country. You have an opportunity to give job opportunities to many people, who may not want to work for the entire day, but maybe for a couple of hours as well. If I were to look at two months back, if anybody would have asked us, would you would have done this? I think probably the answer would have been 'No'. But within this necessity, we looked at this as a sort of an opportunity for us to take care of our business continuity. What it created is an extremely powerful platform, which can empower millions of people around here in India.

The third innovation, is in the form of ability to connect with each other. Within this necessity, we have looked at this as a sort of an opportunity for us to take care of our business continuity. It created extremely powerful platform, which can empower millions of people around India.

There are a whole lot of solutions which started moving in within the space of video conferencing and a couple of them got challenged for the security issues. Some of them were enterprise friendly but not as much friendly for consumers. We were looking at it from a very different perspective. It is a Jio Meet as a platform, which we are working on and this is a unique platform. It has an ability to work on any device, any operating system, it has an ability to do a complete collaboration and this collaboration doesn't limit to a typical video conferencing framework.

What I am going to share with you are three use cases, and those use cases are the core to this platform, because we are not limiting ourselves to, just say, that so many people can come on a conference call.

These are the unique cases where the workflows get designed and during those workflows the unique ecosystems and communities come together and that is what we are looking for. It is not a typical video call being established between the people. The education is clearly one case. We all believe that this is the most important case at this point, when students are at home. Whether the school kids or college students and this is where a whole lot of unique situations of how do you onboard? How do you create breakout areas? How do you create testing framework?

I think these are the unique use cases which are combined. So, when a professor or a teacher wants to carry out in a most simplified manner, how can Jio Meet serve that purpose?

The second use case is about the entire healthcare. I am sure you all are aware that the telemedicine regulations have been modified by government to just make sure that everybody gets their healthcare in a remote manner. A whole lot of opportunity gets created – to serve the society at large and just making sure that the entire communication flow from the patient to appointments being taken with the doctors, the right prescriptions flow back the entire health management framework gets created.

I think this is our entire health platform enablement through a video interaction framework and that is why these workflows get designed in a unique way. In our view, this is a unique need of the market right now, but I think we are looking at it that whatever we are building, it is primarily for the societal need right now. Over a period, this has the potential to serve wider community of healthcare industry at large.

The third point is, many enterprises right now are looking for unique situations to manage their end discussions, enterprise discussions in a secure way. How do you provide that security as a core platform? That is most important. Simplicity is the most important and smartness is important. Jio Meet will make the promise of being simple, smart, and secure. It just a few days away from offering these to the all Indians, to make sure that they will be able to leverage this in a more secure environment, and at the same time even a grandma can use this in an easy kind of a framework.

What this shows overall is, while we were building the safety first and managing the customer centricity, at the same time we were building platforms, which can take care of our current needs or the societal needs. At the same time some of these platforms are going to become extremely powerful growth engines as we go forward in our journey.

From a retail perspective, the same story gets repeated. I think what the most important piece is to understand here is while in digital part of the business, everybody says digital is extremely good, everybody needs digital but in retail you are feeling challenged. I just want to lay out that picture in front of you.

COVID-19 situation created a significant impact on the business this quarter. Irrespective of that we achieved the results, what I have shared, in a nutshell, with you earlier. So, we had to shut down most of our stores from 14th March, particularly within the malls. The full closure of non-grocery stores and any kind of retailing from 22nd of March. So, the business was disrupted.

The only operating business was grocery stores and our team has done a fantastic job of ensuring that the back-end supply chain of grocery continued moving in. We continue the operations within the limitations and logistical challenges. These are the frontline warriors of supply chain people, the front-end store associates. They moved forward despite restrictions beyond operating hours, the manpower in the store, the sale only of essential items.

We tried to do everything, just to make sure that everybody gets their grocery on time and without creating any challenge at the nearby neighbourhood grocery stores. What we are going to see is some discretionary spend challenges, which is what everybody is writing about. It is important how we got ready to handle this challenge.

Again, the three pillars which I earlier talked about – safety first: it is important now that the safety and hygiene becomes extremely important. All the customers are going to look at it whether entering a grocery store or somebody delivering it to home. Am I delivered in the most safe and secure way? It becomes critical, to manage operation in a secure way is what we are doing across India.

The customer first part of it was really the core part of our everything and this is where we are ramping up the customer reach. This is where we are helping out the Jio customers whether their need of grocery being met.

Over a period, this architecture, what we are creating of Jio customers as well as retail customers, will put us in a unique situation to offer them the commerce framework in a much easier manner. There is an important parameter here that there are some brands, which you need now, and these are emerging post COVID.

These are sort of safety food and more resilient foods. The more safety products, more safe clothing. And this is where retail again puts its core strength forward. So far retail was… people sort of were seeing it from outside as a trading company but there is a large product capability running at the back end. How do you sort of help people and consumers in this post COVID emerging categories is what retail has been working on. That is where most of our work is done and we will be coming out with those products for the consumers.

The most important pillar is the third pillar, which is Building the platforms of the future. What you have seen until now is the success of what we have achieved with the strength of our physical infrastructure… all those stores which are spread out across length and breadth of India. Our ability to do the product management in the most efficient way and our ability to manage the supply chain.

But I think now what we are unleashing is the power of our digital platforms and that unleashing of the digital platforms for consumers who order from all kinds of mechanisms including marketplaces; and creating an omni-channel Commerce capability is what will unfold a new future of Reliance Retail.

We clearly believe that there will be many other alternate ways, which we are working on which will enable the customer to completely change the shopping missions they used to carry out. And this is where the technology comes into the play. Just to give one example, the whole AR/VR part of architecture starts changing your entire shopping journey very differently. The way remote demonstrations can be given by people on using video technology platforms changes the entire shopping mission differently.

The way your grocery orders get accumulated and not ignore the traditional e-commerce, this is the new e-commerce part of it and really looking at even those who are not comfortable with the typical e-commerce… how do you enable them to do these kind of shopping missions becomes our core goal. So it is in grocery, in electronics and fashion and lifestyle where we are building up and making sure that we are ready for unleashing this capabilities of physical retail and the technology platforms jointly.

Clearly, we believe that right now, although the essential items are allowed to be sold, at some point in time, as the lockdown gets opened up, the electronics and fashion will prove to be a very different shopping journey for all of you.

We believe that within this entire architecture, one core capability of last mile delivery is extremely critical. We have been working on it for some time and what we believe is we have an ability to create a 10X experience from consumers within what people can really shop.

The last mile experience can be drastically altered and changed and this is where some of our ecosystem companies, which we have created as a part of Jio's ecosystem, will again support us. It is a rapid scale up of physical stores. What we are doing at one end and this is where our grocery smart points… we are sort of clearly positioned towards the pharma outlets as well, and, Smart Point and Pharmacy as a combination will be a growth path for the retail business.

While we lay out this entire rapid scale up or physical architecture, the technology platforms coming together creates a unique opportunity and the differentiated play against the traditional E-commerce players within Indian landscape. What I am showing you is an articulation of what you see is the consumer business of Reliance - how it comes together.

What do you see at the centre is the customer and this is where the consumers, the merchants, the small and medium businesses, the enterprises, they are all together in that bucket and we are trying to serve them. If you see from the left hand side, there is a pan-India Network and this is completely green network, which is the Jio's network of digital infrastructure.

This is the network infrastructure, which rolls out across every single district, taluk tehsil, village of India, and this is not just the digital infrastructure... It has a combination of the necessary intelligent nodes spread all across, which is I am talking about 2, 3, 4 & 5. So the second part is really the compute infrastructure, which we are layering to create a broad based infrastructure of India and this is where our cloud combination comes into the play.

Our partnership with Microsoft, which we have articulated really plays within this part. The edge computing comes into the play here. The Supercomputing comes into the play. This is where really the intelligence of the network starts coming into play, while the first part is the network infrastructure and the sheer strength and width of the infrastructure. However, the real intelligence of the infrastructure comes into the play in the compute part and the distributed computing is where most of the capabilities will get built in and they can be leveraged across multiple industries. Earlier people used to think about it as purely a part of the use case, but I think now in the healthcare part big use cases are emerging within that compute part.

The third part of it is all the technology platforms, which we have been building. This is where the uniqueness starts coming in the IoTs. This is what again we have been working on very diligently or past period and IoT provide a very complete, unique infrastructure. Interestingly, Jio's entire infrastructure is enabled with IoT ready capability, narrowband IoT capability and this is where again we will be able to serve not just the small and large enterprises, but many unique use cases across verticals, which are getting created and built.

The whole blockchain part of it. The big data for AI and ML based architectures, and this is what again Jio has invested in over a period in building the capabilities in terms of the right resources and the right infrastructure in building those platforms.

This is what again comes into play for making sure that these capabilities are deployed to offer all kinds of services to the end consumers. What do you see? Some of here are the robotics and VR capabilities. Again from a long-term perspective, these are the platforms which we have been investing in and building those capabilities.

What you have seen until now are most of our mobility part of the infrastructure. This is where most of the value generation and accretion opportunities are going to come from.

Connected devices – it is a big plate. You all know about JioPhone, but I think it is not about the phone. It is the ability to create a hardware, with lowest footprint of memories – a methodology to create an operating system, which can take the ability to deliver any kind of application throughputs at a very low footprint level.

These are all the capabilities, which are curated and built within the entire Reliance ecosystem on connected devices. So devices for us do not mean our partnerships with other OEMs, but this is where the core engineering capabilities have been built. Again the devices – the way they talk with the network, the optimizations, the way it operates the sort of NFC capabilities being built in for multiple things. These are the part of competences, which are getting built in this connected device ecosystem.

The 5th part is really the apps and content. Until now all of you have seen the mobility apps ecosystem of Jio and mostly centred around entertainment part. What comes after that is the whole education and the related parts, healthcare part, the way all these apps operate on the mobile phones.

How do you make sure that those apps work on the set top box as well and then this is where again a lot of engineering goes into the play we have optimized that infrastructure and really the curated content coming over there creates a unique opportunity.

The sixth part, the large part is really the deep geographical presence. That is why what we believe is we are truly physical and digital company in an integrated manner, which is not been done by many of the tech companies before. Neither we are a telco company in a true sense. This digital physical technology company of this part of the world has been created with these competencies over here and this is what allows us to offer whether it is an entertainment, payment, New Commerce, education, healthcare, agriculture and really manufacturing framework.

In summary what we believe is with this set of architectural competencies, our consumer business is poised for a significant growth opportunity, that is what we will chase in an accelerated manner. So rather than looking at this as a survival kind of a framework, we are looking at the reinvention kind of a framework, innovation kind of a framework and we are gearing it up for taking advantage of the opportunities as they come along.

After this Anshuman can come in and give you some of the details of the digital services financials. Thank you.

Financial Performance: Jio Platforms and the recent Facebook transaction

Mr. Anshuman Thakur 0:45:33 – 0:49:10

Sure, thanks Pankaj. Let me just give the summary financials now. For Jio, we had a strong financial performance during the quarter, as you can see, we had operating revenues of Rs 14,835 crore with EBIDTA of Rs 6,201 crore. The EBIDTA margin increasing to almost 42% now, so strong customer traction.

The impact of the tariff increase that we did in December is gradually playing out. It will still take some more time as customers who were on earlier plans have not yet fully recharged. Now that they are recharging, the revenue recognition takes place over a period of time, so that will increase the ARPUs further.

The operating leverage and the traffic mix is reflected in the margins that we have been achieving. If you look at the full year performance, our operating revenue was Rs 54,316 crore for FY 2019 - 20 with EBIDTA of Rs 21,654 crore. The revenues have grown at the CAGR of 64% and EBIDTA at a CAGR of 78% over the last three years. Net profit has increased from Rs 2,964 crore in FY19 to Rs 5,562 crore. That is an annual increase of 88%.

Robust strong growth in both revenues and profitability, the margins. The operating leverage is playing out in the margins, as you can see in these numbers, and we expect that to continue further.

In terms of KPIs – subscriber base of 387.5 million, as Pankaj presented upfront. Net subscriber additional of 17.5 million. The churn was quite low, has again come back to what we have seen traditionally after the slight spike in the last quarter. The ARPU was Rs 130.6. Wireless data consumption for the full quarter was 1284 crore GBs, so that is roughly a 5-6% increase. The per capita usage at 11.3 GB. In the post lockdowns period, we are seeing a significant increase in the data consumption, which is on expected lines. The per capita data consumption is also growing and expected to grow further.

This quarter voice on the network at close to 1000 crore minutes per day, which as you all are aware, makes us the world's largest VoLTE network by far. A significantly higher than any other VoLTE or any other tech network anywhere in the world.

Looking at the financial, figures for the quarter. Operating revenues of Rs 14,835 crore and EBIDTA of Rs 6,201 crore, so that is an EBIDTA margin of 41.8%, which has grown from 37% in the same quarter of last financial year and 40.1% in Q3 of FY20. So it is been growing steadily with the operating leverage and an increase in revenues.

The net profit for the quarter was at Rs 2,331 crore, which again is a significant 178% increase over the same quarter of last financial year and reflects truly the strength, the operating leverage, the strong fundamentals of the business, and all of the financial matrix have been fairly healthy and fairly solid.

With this I am going to hand over to Dinesh to take you through the financials for the retail business and I will come back at the end for a brief couple of slides.

Business Financials: Reliance Retail

Mr. Dinesh Thapar 0:49:11 – 0:57:42

Thanks Anshuman… OK, let me give you a quick flavour of the financial results for Reliance Retail for the full year and quarter. Let us start with the full year…

You've seen this chart, Pankaj presented it. On a full year basis, revenue and profits were at all-time highs. The business has continued its momentum and strong growth trajectory across revenue, EBITDA and an expanding store footprint. The CAGR over a five-year horizon at 56% on revenue and 64% on EBITDA would give you a sense of consistency of the performance of the business and the fact that there is now a business model, which seems to be working over here, which is allowing us to be able to grow both top line and bottom line exponentially.

Our performance across the business, and we are diversified retailers, so our performance across the business has been broad based. Growth is not coming from any one category or from any one consumption basket. It is broad based. Pretty much everything is growing.

Our consumer electronics for the year grew at 14%, fashion and lifestyle was at 24%. Grocery has had a very strong year with growth of 48% and continued to be sold across this quarter. Connectivity was at 28% leading up to an overall retail growth of 25% for this year.

On EBITDA, the one thing you will notice and in the point I mentioned about the business model working, we are now starting to see the benefits of operating efficiencies and leverage kicking across the breadth of the business. You will notice that our EBITDA growths have outstripped our revenue growths in pretty much every segment, which gives you a sense that we are also growing margin alongside with the exponential growth.

Consumer Electronics EBITDA growth came at 47%, fashion and lifestyle at 52%, grocery EBITDA almost doubled in the course of this year. Very strong performance on that count. Connectivity was at 39% leading to a very strong EBITDA growth of 56% for the year.

One thing, which is very heartening is, in a study that was conducted by Deloitte, which is the Global Powers of Retailing, Reliance Retail has now officially been declared to be the fastest growing retailer in the world. Apart from that, we are the only Indian retailer, to feature in that list of global top 100. We have moved up 38 notches from what was 94th position on that list to 56th. And, the journey doesn't end there. We have clearly got our eyes set to moving even forward on this one.

Let us now talk a little bit about the quarter. So in the context, which Pankaj pointed out, it was challenging because we were fraught with store closures. We had discretionary spending and footfall starting to taper off in the latter fortnight of February. The fact that we had supply disruptions on a key product line of devices, which impacted our electronics sales growth for the quarter, we were still able to turn in growth this quarter. So, overall segment gross revenue growth 4%.

However, if it wasn't for the COVID impact to set in, our growth would settle at levels, which you had been used to seeing in the last few quarters. If I just take Jan & Feb when it was business more usual, our growth rates were at 33%, excluding the impact of devices where we were fraught with a supply shortfall arising after disruption of China. LFL, like for like, was a very, very healthy double-digit but that got offset in the March month after the store shutdowns and the lockdowns happened. So 4% growth but chugging along at 33% for Jan & Feb.

As we look at the quarter, clearly multiple moving parts across the consumption baskets… electronics and fashion & lifestyle had a challenge because clearly the stores on those businesses had to shut down, after the Janata curfew and the lockdown. Grocery, which rose to the occasion as our stores across the country stood out to really be able to support the need for essentials for our customers.. was able to make up and bridge a lot of that gap.

Profit growth was strong. EBITDA came in at 33% there was an exceptional item of Rs 234 crore which added to about 12% of that growth on account of the fact we adopted Ind AS 116, which is towards Lease Accounting, and therefore, created a fillip of about 12% on EBITDA growth and 70 basis points in margin.

But that apart, the very strong growth in EBITDA, which even after I adjust for that 12%, which was 21% for the quarter. It was driven very strongly by our grocery business, where we saw a high portion of B2C sales, and B2C being the clearly more profitable part of the business. As our stores served customer needs quite directly, we saw higher sales productivity. Average bill values were significantly higher than what we have seen for some time right now and would almost be at historic highs. That in many ways then fuelled the very strong profit growth as a result of which segment EBITDA margin which reportedly moved up by a 150 basis points, 70 of which came from the Ind AS impact still grew a very strong 80 basis points in this quarter. And we continue to stay the course on expansion and the business continues to expand its store footprint across geographies and across consumption baskets… so in effect a resilient performance in a quarter of unparalleled and unprecedented challenge.

Looking at the revenue performance across the consumption baskets – and I've deliberately put in to give you a flavour of how business looked like in Jan & Feb because that was the normal rhythm of business and that is the kind of growth you've been used to seeing. In Jan, Feb the consumer electronics business, excluding the devices impact, where we were fraught with a supply issue, was growing at 41%. but then the store closures and devices had a bit of an aberration in terms of the growth this quarter and actually declined. Fashion and lifestyle, which was chugging along at 42% at the end of Jan and Feb came in flattish with the store closures. Grocery went from strength to strength 35% and then ended the quarter at 44%. Connectivity with all the fantastic work that happened in Jio ended up with 26% for the quarter and that is the reason why 33% at the end of Jan-Feb came down to 4% with the impact of March.

EBITDA was strongly led by the grocery business. I did mention that that is the big contributor - higher sales, more B2C, higher bill values and productivity. Apart from that, given the very strong growth rates and the high productivity we had on like-for-like basis in the months of Jan & Feb. That was really what fuelled the 33% growth, which after you strip out the impact of the Ind AS was at 21%.

Let me end up saying as a retail company we very clearly have our eyes set on what is happening. We have addressed as a here-now. You just heard from Pankaj about some of the actions that we are taking in the retail business to see this as much as it is a challenge, as much of an opportunity, to rewire parts of the way we do business to future-ready it.

There is a set of work streams that are now running within the retail business, which is about enhancing the safety and hygiene standard across the breadth of our operations, about reimagining the store in a post COVID world. And, recognising that when consumers come back, where they come back, how they come back, how the customer interaction happen, that could be very different from the way it has been happening thus far. We are being very cognizant about that.

The third is, of course, in many ways probably amongst our biggest priorities is to strengthen our digital commerce and omni channel capabilities. We are taking a full 360 degrees holistic view, where the customer will shop and ensuring that we are well positioned in every moment of that shopping experience and shopping mission. Bolstering our supply chain and fulfilment capacity to handle home delivery…. Accelerating the roll out of JioMart, New Commerce piece, which you have been hearing about. Taking that forward. We have seen very encouraging progress through these last couple of months as COVID has erupted and we worked very closely with the kiranas in the markets of Navi Mumbai, Thane and Kalyan. The idea is to really accelerate the roll out and then develop own brands portfolio. We have also recognized that with the situation, there are quite discernible consumer trends, which are coming through and we would like to participate with that through our own brands as well, particularly in the fashion and lifestyle space and grocery. Thanks. With that, let me hand it back over to Anshuman.

Consumer Businesses: Facebook Partnership

Mr. Anshuman Thakur 0:57:43 - 01:01:56

Thanks Dinesh, so before we wrap up the consumer section of the presentation today, we will just cover our partnership that we have announced with Facebook in the last few days. We have not had a chance to meet since we announced the partnership, so will cover some of the details about the investment.

Last week we finalized the documentation, we executed documentation for a strategic investment by Facebook into Jio Platforms Limited – investment of Rs 43,574 crore for a 9.99% stake. Equally important, a statement to partner across or collaborate in certain areas of business.

The first one that we have identified is a partnership between WhatsApp, Jio Platforms Limited and Reliance Retail Limited in the area of New Commerce. To really make it easier for millions of small and medium enterprises and merchants and millions of consumers to adapt to the new way of doing Commerce. It is more to facilitate how they do the business, and help them really grow their business. Our effort is going to be for them to adapt to these new ways of digital commerce more quickly in a more friendly manner.

As part of the investment, the Jio Platforms Limited was valued at an enterprise valuation of Rs 4,61,632 crore making it one of the most valuable companies in India. This is the largest minority investment by any technology company globally. I think this was a clear reaffirmation of Jio's positioning as a leading technology company not only in India, but on a global scale now.

Some of the unique achievements that we have got – the way we have deployed our network in a short span of time, deployed all the platforms and services to our customers, and many more that we are working on – are being appreciated by companies, which are in this business and which know a lot about technology and a lot about what consumers like and how consumers adopt to new technology. That has been quite heartening for us – the fact that this was a strong statement of support from one of the leading tech companies globally.

There were some questions around the structure. We just put this slide together so that it clarifies what is happening. If you recollect in October, we had announced the formation of Jio Platforms Limited – our digital services and platforms company, which would hold all of our technology developments, platforms that we have developed as well as the apps & services. In addition to our investments in the tech companies that we have been investing in over the last few years as well as hold 100% of our equity stake in Reliance Jio Infocomm Limited, the connectivity business.

Facebook will come in as an investor in Jio Platforms Limited and will subscribe to fresh equity and CCPS in Jio Platforms Limited. Reliance and the minority shareholders will continue with 90% shareholding in Jio Platforms Limited. The company got valued at Rs 4.36 lakh crore equity value. The Rs 4.62 lakh crore enterprise value translates into pre-money Rs 4.21 Lakh crore of equity value and post money Rs 4.36 Lakh crore of equity value.

Total investment amount is Rs 43,574 crore. We are going to retain Rs 14,976 crore out of this in Jio Platforms Limited while the balance Rs 28,598 crore would be used to redeem OCPS that are currently held by RIL. This cash would flow back to RIL. Facebook would have one board seat in a board which will not be more than 15. They are very keen and very excited to come and work with us on areas of collaboration.

That brings us to the end of the consumer section of the presentation. I am going to hand over to Srikant.

Business Update: O2C and E&P

Mr. V. Srikanth 01:02:09 – 01:16:24

Thanks, and good evening to all. So over the next 20 slides I will cover refining petrochemicals and upstream. I will also provide a consolidated view across all businesses. Then I will also talk about or rather explain our strategic direction and how we are positioned for strong value creation and I will end with net debt and, explain why we have reasons to be confident to be net debt free in 2020. This will then be followed by Alok's presentation on the Rights Issue.

Starting with the refining and marketing. This is on the operating environment and if you see COVID – 19, has had a negative impact on economic growth and demand and you can all see in the estimates of world and India GDP growth, global oil demand has collapsed. Additionally, you have seen the volatility in crude prices ranging between $70 a barrel to about $18. As you know, this was all caused by excess supply coming from OPCE+ not being to agree on production cuts, but more importantly also because of the demand destruction – the estimates are ranging between 25 to 30 million barrels per day through April and May.

The impact of lock down and travel restrictions is reflected in weak transportation fuel cracks. On the positive side, I would add that with over-supplied crude markets and IMO specs change, the light-heavy crude differentials widened to our advantage. So, going to the performance for the fourth quarter in refining, against the backdrop that I talked about, refining segment performance was actually stable with the benefits of crude differentials and lower field cost.

We shifted product deals to relatively better performing products like diesel and also optimized our feedstock. This helped us to protect our margins. Our premium over Singapore was at about $7.7 per barrel. As you know, Singapore is more exposed to fuel, oil and gasoline, for which our percentages are different. Also, our EBIDTA in some sense reflects maximization of our CDU utilization.

If we see the cut from an FY20 standpoint, it is a similar story with the stable performance led by strong refining utilizations. Margins were impacted by demand slow down across both light and mid distillates. The expected benefits of IMO 2020 on middle distillates did not really come through in a big way.

Also, we have 1400 retail outlets are operational, and our outlets consistently achieve more than twice the industry average. This is coming from our focus on fleet customers and the superior customer experience.

Moving to the petrochemicals and the operating environment in fourth quarter – COVID-19 is something that I have to say again – feedstock and product prices were negatively impacted. Most of the Chinese market was impacted in Jan and Feb itself, earlier than most of the world, with India also under lockdown later, both polymer and polyester demand fell 5% on a year-on-year basis. A few positives I would say, were better naphtha cracking environment, which enabled us to switch feedstock. Further, the integrated polyester chain margins improved as downstream prices held up despite the fallen intermediate prices.

If I move to the fourth quarter performance, EDIDTA was down 18% Q-on-Q with significant price volatility and collapse in demand in well-supplied market. The full impact of weaker margins were partially mitigated due to our ability to switch feedstock between naphtha and ethane, based on economics, at least during the second half of the month. The delta, as I mentioned earlier, for downstream polyester products expanded with weakness in intermediate products.

An important point for me to highlight is need of our products in essential services. We stepped up our supplies to food and milk packaging, health, hygiene and agriculture sectors. When you see from a full year standpoint, polyester and polymer demand remained healthy at 4% and 9% growth, respectively. Margins were, however, low with starting of new capacities in the weak demand environment. Our petrochemical business has inherent strength, which helps it withstand individual product volatility, while optimising feedstock and product-to-product profitability, which has come through this year.

In the Oil and Gas segment on KG-D6 side, we have clear priorities here, safety of our people, conserving resources, while working to augment production, despite challenges in the current environment. We expect to start production from R-Cluster from end of June 2020.

On the fourth quarter performance, our upstream performance continues to be hurt by low price realisation in domestic and US Shale and by continuing decline in domestic production.

On a full year basis, D1-D3 ceased production in February this year. Here I would like to say that the field life was enhanced by six months by field management and proactive reservoir surveillance.

So for the fourth quarter you can see that the consolidated EBIDTA was Rs 25,866 crore improved by 7.6% on a year-on-year, while the O2C EBIDTA fell by 16% on a year-on-year, consumer businesses more than offset by growing at more than 40%.

These are the financials, Revenue, EBIDTA, Net Profit. If we are to see revenue is largely flat on a year-on-year basis because of strong growth in retail and digital services turnover. Net profit before exceptional item is higher by 4% at Rs 10,813 crore, post exceptional item it is lower by 37%. When you put it in the context of the multiple headwinds the quarter performance is strong as compared to global peers.

I will take the next slide to explain the exceptional item. So first thing this exceptional item is related to inventory and as you know inventory is valued at cost or market value, whichever is lower. Through the quarter, you saw a dramatic fall in prices of oil falling 73% through the quarter. This resulted in a non-cash inventory holding loss of Rs 4,267 crore, which is net of taxes across our OTC business.

This crude price fall, this time has been accompanied by demand destruction caused by COVID-19. Normally price fall has an opposite effect on demand, but this time with COVID – 19 you saw a very big fall in demand as we are talking about anywhere between 25 to 30 million barrels a day of demand. In a sense this non-cash recurring item is a one-time item and it is reflected as an exceptional item.

So, if you see the net profit for the quarter at Rs 6,546 crore is down 6% year-on-year, but if I exclude the exceptional item it is up 4% at Rs 10,813 crore. I would like to highlight that when you look at the consolidated profit it is at Rs 39,880 crore which is stable despite the exceptional item.

How does the consolidated look for FY 20? With O2C down because of crude and slowdown, our consolidated performance is actually up 10% because of retail growth which Dinesh talked, about 56% and 47% in Digital, which Anshuman covered.

I would like to highlight that our consolidated EBIDTA crosses Rs 1,00,000 crore mark, a first by an Indian company.

And now I look at the aggregate as I said the full year profit, without exceptional is actually up 11% at Rs 44,324 crore, so even if I take the exceptional item yet it reflects an increase over FY19.

This mix is about the contribution of consumer in broader EBIDTA mix. It is now 35.1% v/s 24.2% in the previous year. So talking about the strategic direction and as I was mentioning to you about we are positioned to create strong value creation.

The Rights Issue, which has been announced, and which Alok will take you through in detail after my presentation, is Rs 53,125 crore.

We have maintained our dividend at Rs 6.5 per share despite the COVID – 19 challenges. Anshuman talked to us about the Facebook-Jio platform transaction, which we expect to be closed by end of this quarter that is worth about Rs 43,574 crore. In some sense, this is 50% of the target value unlocking we have in mind. And we have also mentioned that we have received interest from other global investors for similar sized additional stake.

The fuel retailing JV with BP is on track and we have got the CCI approval and this is expected to close this quarter, which is worth about Rs 7,000 crore. So we have high visibility on inflow of nearly Rs 1,04,000 crore, which makes our balance sheet cast-iron strong.

In addition, the Saudi Aramco due diligence is progressing well, and the board today approved a scheme of transferring our O2C taking Reliance O2C Limited on a going concern slump sale basis. Of course, the scheme is subject to statutory and regulatory approvals and including approval of the NCLT.

Also, on the retail side, which, Pankaj described, and Dinesh also described, we will continue to scale up rapidly, led by both the New Commerce and the pharmacy platform and again, this is also one business, which is also seeing a lot of interest from strategy and financial investors. So, all these partnerships for us will further unlock value and lead to growth in a post COVID-19 world.

Finally, if you look at the net debt number at Rs 1,65,035 crore, if we were to remove the translation impact of foreign currency debt, which is about Rs 8,543 crore, actually net debt is flat on a Q-on-Q basis. Also, the cash and cash equivalent number does not consider the value of Treasury shares, which is reflected as investments. So that is one point. The increase that you are seeing in the cash and cash equivalents by almost Rs 20,000 crore is a series of measures that we took to further strengthen our liquidity position through March and April. I mean, of course April is not part of these numbers, but we have started taking through March, so that explains the increase there. And finally, as I said, with the high visibility I would say of Rs 1,04,000 crore there is every reason for us to be confident that, we should achieve our zero net-debt target in calendar year 2020.

Rights Issue & and Overview

Mr. Alok Agarwal 01:16:30 – 01:32:39

Good evening everybody. Thanks, Pankaj, Anshuman, Dinesh, Srikanth for all the presentations. I am just going to spend a few minutes, sharing with all of you the same presentation that we made to the board on the Rights Issue, so that you get to appreciate the rationale, and the purpose behind it.

What we all know by now that the Rights Issue will be priced at Rs 1257, and the ratio will be 1:15. The issue amount with that is Rs 53,125 crore, expected to open in a month, as we try and get fast-track approvals from

SEBI. We are doing everything to make sure that this Rights Issue is investor friendly, particularly keeping in mind our very large number of retail investors. So, it has 25% on application and balance in one or more calls over a period of time as the Board may decide.

Srikanth, Pankaj and Dinesh have talked a lot about the consumer businesses, the strong business model, and very simplistically as we look at it. Reliance, we believe is uniquely and very well positioned to navigate any macro headwinds. We have a robust and resilient business model and the diversified earnings stream with 35% of EBITDA coming from consumer businesses. Investment cycle has completed in our hydrocarbon business.

The amount of investments that we are making in our technology businesses and consumer businesses is small in the bigger scheme of things. Finally, even before the board meeting, it was heartening to see that S&P has reaffirmed our rating at two notches above sovereign, which is pretty remarkable, if you think about what is happening in the world.

One of the decisions that we took at the board today about retaining dividend at the same level as last year, also shows our confidence in the robust and resilient business model with diversity of earnings.

So, what we are sharing here as I said, we shared with the board. This is a fairly simple view of the world, which is based on facts, that if you look at the last 10 years three tech companies got over $1 trillion in market cap each. And all the energy companies in S&P are struggling to get to a market cap now of $600 billion.

So, essentially, investors have taken to the tech and consumer, as you can see, Amazon Apple, Microsoft etc. as new investment themes. This is really what we are seeing. And this is how Anshuman and Dinesh talked about the fact that we are taking digital services and optimized retail platforms to yet another level, which will get Reliance Industries to participate in the next level, next leg up, very substantial value creation in India.

Mr Mukesh Ambani talked about three years ago that the Golden Decade of value creation at Reliance was just starting. That is what we believe in. This is how the repositioning of the company has helped. Let me just make this simple point. From the launch of Jio In many ways, this price-equity is up from where it was 14.5 to roughly 20 now, price-to-book which used to be 1.6-1.7 is up to 2.1. And EV/EBITDA has moved up from 11.3 to 12.5. In many ways, a lot of the investors have seen the transition of the company. And it is moving to a consumer and technology company, which has already been reflected in the valuation multiples.

As we look ahead, we think that the percentage of our consolidated earnings coming from consumer businesses will continue to increase. We will hopefully continue to see the same trajectory in terms of rerating of this company.

A lot has been talked about COVID the global pandemic, but some things we know for now, for sure. One is that digital services are the lifeline. The digital services have become an absolutely integral part of how we work, how we interact and they are built for digital services, and the various things, and the platforms within Digital Services are stronger today than it has ever been.

We also know that for consumers to get delivery of basic products, grocery, consumer electronics and all that, investments in supply chain and investments in, what we call New Commerce, are absolutely essential. And that is what Reliance Retail is all about.

Now, as we talk to various investors, they see this, they see the positioning of the company as a consumer technology company with Jio and Retail platforms.

We talked about Facebook coming into Jio platforms. And also about, the confidence that other investors show, either strategic or financial, might also join at some point in time later this year.

Whichever way we look at it, the investors are coming in our high growth businesses. The Rights Issue is the simplest way in our mind to reward existing shareholders of Reliance Industries Limited, and get them to participate in the explosive growth of our consumer and technology businesses.

Hence, this is a rare opportunity for existing shareholders to participate in the new shares issued by Reliance. It is the first Rights Issue in nearly three decades. The board approved the Rights Issue after a fair amount of discussion on the fact that it ensures all investors get to participate at the same level as promoters do in upcoming opportunities.

The promoters have shown their absolute commitment and confidence in the prospects of Reliance by not only taking up their own entitlements, but all of the unsubscribed portion of the Rights Issue. There can be no better way to demonstrate the deep conviction in Reliance's future and value creation other than what the promoters are committing to.

Last is, we have seen a lot of value erosion across the world. In India also, we are seeing Nifty-50 stocks at 35% below their 52-week high. Only five stocks out of the fifty are within 10% of their 52-week high. And Reliance is pretty much there. Thus, we are bringing the Rights Issue at a time when the story about Reliance's performance, the confidence has already been demonstrated in the stock price performance of the past couple of weeks, and it is in that context that we are asking the shareholders to participate in the great growth from a position of conviction.

This is a very simple accretion-dilution analysis. I have just tried to simplify it for the sake of illustration. What it essentially says is if you look at basic numbers – number of RIL's equity shares is nearly 634 crore; without exceptional items the EPS is roughly Rs 70. This basically says that, if we issue shares, and we use it only to retire debt and don't invest in anything new, then we need to issue shares at a price higher than Rs 1077 to keep EPS neutral.

As you know the board accepted the Rs 1257 price point and issue size of Rs 53,125 crore. So, the basic accretive analysis shows that it is accretive in the immediate term. And of course, it will be hugely accretive in the years to come. As I said, this is the presentation that I made to simply explain the accretive nature of the Rights Issue.

The whole idea here is that this is an opportunity for all shareholders to participate in what we think the most exciting phase of value creation. As we reposition our company to a consumer and technology company. All shareholders are participating at exactly the same terms as what the promoters are doing. They are going to take up their own share as well as anything additional if needed.

Final remarks and Answers to Questions

Mr. V Srikanth 01:33:00 – 01:35:31

So, a lot of questions that we have got have been on the Rights Issue, its rationale, pricing etc. With the presentation, all these points have been taken and addressed, so there is no need to go through it again.

Similarly, a lot of questions have been asked on this Aramco deal, whether it is still on, what is the status of fuel retailing BP JV, and so on and the completion of timelines of Facebook, net debt-free and all that. In some sense, I just wanted to tell the audience that if you have seen the structure of presentation, it anticipates and tries to provide most of the answers, if not all. The only two deals, which are not covered were, on tower deal with Brookfield, which, we expect that to be completed this quarter and also the fibre deal, where negotiations are at an advanced stage with potential investors.

Then there have been questions about what is the break-up of the gross debt of Rs 3,36,000 crore. I will just talk about the main entities Reliance standalone is Rs 262,000 crore, Jio Rs 23,000 crore, Reliance Retail about Rs 4,600 crore and Shale around Rs 36,000 crore.

I am sure there will be questions about gasification project and whether we had started to provide for deposition and I just wanted to say that all the gasifiers have been commissioned, and the gasification complex in both DTA and SEZ, are stabilized and are capitalized during fourth quarter of FY20.

There were questions on KG-D6 production schedule, especially on R-series and all that. While there has been some impact of COVID on mobilization of personnel, we are working hard towards getting the production from our cluster by the end of June 2020. So, thank you. And any incremental questions we will take as part of the process earlier described.

Closure

Sh B Srini 01:35:32 – 01:35:58

Thank you, Srikanth. Thank you Alok, Dinesh, Pankaj and Anshuman. Thank you everyone for joining us. I see over 120 people joined us today. Deep thank you for everyone who has taken the time to join us and if there are any additional questions, feel free to reach out the usual modes of email and we would be happy to look at the questions and respond as quickly as possible. Thank you everyone. Stay safe and goodnight. Thank you.