

Asia-Pacific companies**Google to pour \$4.5bn into Reliance's digital business**

Investment in young Indian company damped by announcement of delay to Saudi Aramco deal



Reliance had struck a deal to sell 20% of its refining unit to Saudi Aramco © Bloomberg

Benjamin Parkin in New Delhi and **Anjali Raval** in London 4 MINUTES AGO

Reliance Industries announced that Google planned to invest \$4.5bn into its fast-growing digital business Jio Platforms, joining a dozen other international investors including Facebook that have poured a total of \$20bn into the group in recent months.

Mukesh Ambani, Reliance's chairman and India's richest man, said the US tech group would take a 7.7 per cent stake in Jio, part of his sprawling energy-to-retail conglomerate.

Since Facebook first said it would [invest \\$5.7bn](#) into Jio in April, Reliance has sold stakes totalling 33 per cent of the young digital company to everyone from Silver Lake to KKR to Saudi Arabia's Public Investment Fund.

"Jio is now the undisputed leader in India," Mr Ambani said at the company's annual meeting.

But the Google news was damped by an announcement by Reliance that a deal with Saudi Aramco to [sell 20 per cent](#) of the Indian conglomerate's refining unit will be delayed, sending its share price 4 per cent lower.

The proposed investment by Saudi Aramco was announced last year as part of a pledge by Reliance to cut to zero the net debt of more than \$20bn it took on in building Jio. But Mr Ambani said that target had already been achieved because of the recent [flurry of deals](#) for its digital business.

"Due to unforeseen circumstances in the energy market and the Covid-19 situation, the [Saudi Aramco] deal has not progressed as per the original timeline," Mr Ambani said. "Our equity requirements have already been met."

One person familiar with the deal said it was likely that it would need to be restructured and any payments deferred to take into account financial pressures facing Saudi Aramco, which is battling an oil-demand collapse and price crash.

The Saudi state energy giant has maintained that the agreement reached in 2019 was a letter of intent and very early in any deal process.

For Reliance, tapping India's booming market for data and online services through Jio represents what it considers its biggest future growth area.

Since its launch in 2016, Jio has attracted 388m subscribers and expanded into areas ranging from broadband to ecommerce. Reliance also operates the country's largest bricks-and-mortar retail chain.

The company said it would partner with Google to develop an Android-based smartphone operating system and had already joined forces with Facebook's messaging service WhatsApp to offer grocery delivery.

Reliance also said it had developed a 5G service that was ready for trials and deployment as soon as next year.

The alliance finally gives Google a direct way to tap the huge potential market for low-cost mobile internet handsets in India, after years of false starts.

Sundar Pichai, the India-born Google chief executive, first targeted the country with the launch in 2014 of Android One, a stripped-down version of the company's operating system for emerging markets. Three years later Google made a second attempt with Android Go, an even simpler piece of software.

A new mobile handset designed for Jio will give Google a fresh chance to create a purpose-built system for the market, as well as guaranteeing prominent placement for important services like its mobile search engine, app store and its Google Pay digital wallet. It also brings a powerful local partner, at a time when the country has looked to set tougher limits on the most powerful internet companies than exist in most other big markets.

Google earlier this week launched a fund to [invest \\$10bn](#) in Indian digital businesses in the coming years. The Jio stake is the largest investment it will make through the fund, Sundar Pichai, chief executive of Google and its parent company Alphabet, said.

The US internet company's direct entry into the Indian handset market comes as rising political tension between India and China has brought upheaval to the country's emerging mobile internet market, with bans on prominent Chinese apps. Chinese handset makers Xiaomi, Vivo and Oppo account for about 60 per cent of sales in India, according to tech research firm Counterpoint.

"Through this partnership with Jio Platforms, we see the chance to have an even greater impact than either company could have alone," Mr Pichai said. "I'm excited that our joint collaboration will increase access for the hundreds of millions of Indians who don't own a smartphone."

