

**Operationalising Hyper Growth Platforms
of New Value Creation for
A Prosperous and Inclusive India**

**CHAIRMAN'S STATEMENT
39th Annual General Meeting
Post - IPO**

(42nd Annual General Meeting since incorporation)

Thursday, September 1, 2016



Reliance

Industries Limited

Growth is Life

3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021

My Dear Shareowners,

A very warm good morning to each and every one of you.

It gives me great pleasure to welcome you to the Annual General Meeting of Reliance Industries Limited.

The Company's accounts for the year ended March 31, 2016, along with the Directors' and Auditors' report, a Letter to the Shareholders, and Management's Discussion and Analysis, have already been circulated to you.

With your permission, I would like to take them as read.

1. Reliance Jio – Our Digital Services Initiative

Dear Shareholders,

I start with the newest and youngest member of the Reliance family – Jio.

Let me begin my words with a dedication.

In the journey of time, there comes a few life changing movements.

Our Prime Minister Shri Narendra Modi's inspiring vision of a "Digital India" is one such movement.

Jio is dedicated to realizing our Prime Minister's vision for 1.2 billion Indians.

Jio will give the "power of data" to each Indian to fulfil every dream and to collectively take India to Global Digital Leadership.

With these words, I want to dedicate the commencement of Jio to the Digital India Vision of our Prime Minister, 1.2 billion Indians and India.

Esteemed Shareowners

Why did we call our venture "Jio"?

Why is our motto JIO – DIGITAL LIFE?

Permit me to articulate the philosophy that has given birth to Jio.

The world is at the beginning of a digital revolution.

Anything and everything that can go digital is going digital – at an exponential rate.

Faster than you and I can imagine.

Whether it is manufacturing, commerce, healthcare, education, entertainment – life is going Digital.

Through the ages, information and knowledge have driven humanity's progress.

When you put the power of data connectivity, computing, software and information together, the price/performance of everything changes drastically.

Everything gets disrupted.

I believe, in the next 20 years as human civilization, we will collectively achieve more than what has been achieved in the last 300 years.

We are at the beginning of a new era for humanity.

In this era, if you are not digital, and if you don't have globally competitive digital tools and skills, you simply will not survive.

You will get disrupted. You will be outcompeted. You will be left behind. You will become irrelevant.

India and Indians cannot afford to be left behind.

Today, India is ranked 155th in the world for mobile broadband Internet access, out of 230 countries.

Jio is conceived to change this.

I have no doubt that with the launch of Jio, India's rank will go up to among the top ten.

1.2 Billion Indians cannot be left behind as the world enters a new era.

We have the youngest population in the world.

Give them affordable digital tools. Give them the skills. Give them the environment.

They will surprise us.

It is this opportunity to transform India, and transform the lives of our 1.2 Billion Indians that motivated Reliance to invest in this space.

And Jio is the result.

We have called it Jio because Jio means to live.

There is nothing more precious in this world for the rich or the poor than Life.

I believe it is the fundamental right of every Indian to live a life of freedom, a life of fulfilment and to realize their fullest potential.

Digital Technologies open the doors to this Life- the Digital Life.

However, Life cannot survive without oxygen.

Data is the oxygen of Digital Life, and oxygen must never be in short supply.

Worse still, the supply of oxygen for digital life must never be unaffordable to any user.

Doing so shows disrespect for Life.

Jio respects Life.

Which is why Reliance created Jio.

Jio is more than just business for us.

Jio is our solemn commitment to enrich the life of every Indian.

Jio means TO LIVE and to BE ALIVE. To every opportunity and realize the potential of every Indian.

Dear Shareowners,

The world's demand for Digital oxygen, that is data, is growing explosively.

Jio's mission is to meet this exploding need for India, and to take our nation from data shortage to data abundance.

And to enable a Digital Life for a Digital India.

A Digital India - where the Digital Life of no Indian is ever threatened by scarcity, poor quality or unaffordability of data.

Where access to information knows no barriers.

Where quality education reaches the most inaccessible corners of the country driven by digital learning.

Where quality healthcare percolates right up to the remotest regions powered by e-Healthcare.

Where farmers are empowered with real-time Information to be connected with global markets.

Where mobile and e-banking ensures financial Inclusion.

Where connected Indians drive innovation and the world looks to India for the next big idea.

This is our Prime Minister Shri Narendra Modi's Digital India vision.

And Jio's mission is to realize this Digital India vision, and to ensure that Indians have the highest quality and the highest quantity data access anywhere in the world, at the most affordable prices.

Ladies and gentlemen,

Jio is an entire ecosystem that will allow Indians to live Digital Life to the fullest.

The Jio ecosystem stands tall on FIVE fundamental pillars:

1. The best quality broadband network with the highest capacity
2. A world of affordable, 4G smartphones and wireless IP devices
3. Compelling applications and content

4. Superior digital service experiences, and
5. Affordable and simple tariffs

Let me start with the first pillar – the network.

All communication on the Internet is done using a digital language called the Internet Protocol – or IP for short.

All smartphones, all computers, all servers – in fact – each and every participant on the Internet speaks IP.

In the ensuing future, even household items like Televisions, refrigerators, air-conditioners, washing machines and even light-bulbs will talk IP.

Industrial equipment, instrumentation systems and control systems will speak IP.

Public infrastructure like traffic lights and safety cameras will speak IP.

This is called the Internet of things.

Most legacy telecom providers have not built their networks for data or the Internet.

They have built their network to support voice and SMS.

As the Internet revolution caught on, they have had to retrofit their legacy networks to deal with data and IP as an afterthought.

Imagine using a translator to speak a language that you don't understand, versus speaking your mother tongue.

The more you have to speak, the more cumbersome the translation process becomes.

Translation is slow. It is inefficient. It is unnatural.

As they are confronted with the explosion of data usage, legacy Telcos have been trying to push this unnatural act to its breaking point.

Jio, on the other hand, has created an all-IP network.

This means that there is only one language spoken on the Jio network – the language of the Internet.

With the launch of Jio, India's digital mother tongue will be IP.

Jio's IP.

With this single digital mother tongue, we will connect all of India into a single family and a single united nation.

The all-IP design also makes Jio's network the most extensive and future-proof network in the world.

It is a network built for ever increasing volumes of data and the best that the Internet has to offer.

Jio is a **DATA STRONG NETWORK BUILT FOR THE INTERNET** from the ground up.

Today, the Jio's 4G network already covers 18,000 cities and towns, and over 2 lakh villages.

By March 2017, we will cover 90% of India's population.

Jio is the only mobile network in the country that is **ONLY 4G LTE**.

This means that there is only 4G on the Jio network and not “mostly 2G, sometimes 3G and once-in-a-while 4G”.

In fact, it is the largest **ONLY 4G LTE** network in the world.

We have also deployed the largest 100% Voice over LTE (or VoLTE) network.

VoLTE provides crystal clear voice and video quality, instant call connectivity, the least call drops and a unique ability to use data and voice simultaneously.

Today, we know that networks are moving to High Definition Video.

Jio has the only network conceived and born as a **MOBILE VIDEO NETWORK** from the ground up.

As we progress, the Internet could offer even more compelling content than video, things like virtual reality and augmented reality.

Jio has the necessary foundation to be a leader in these areas as well.

It is future ready and it can be easily upgraded to support even more data, as technologies advance on to 5G, 6G and beyond.

Because of this, we will be able to provide an abundance of high quality, high speed data.

And to transform India from a highly priced data market to one with the lowest data rates anywhere in the world.

Now let us look at the second pillar of Jio's Digital Life – Devices.

As a result of the proactive work done by Jio and Reliance Digital teams with all leading device manufacturers, more than 70% of all smartphones sold in the country are 4G LTE smartphones.

The time is near when nearly every smartphone sold in India will support 4G LTE.

And as I had predicted during the last AGM, there are 4G LTE smartphones available in India today below Rs 4,000.

But I believe this is not enough.

A large number of phones bought in India are still feature phones – and not smartphones – because large sections of society find even the current smartphone prices unaffordable.

So, today, Reliance Digital is introducing a lineup of super-affordable 4G LTE smartphones under our popular LYF brand, starting at Rs 2,999.

More feature-rich models are available for progressively higher price-points like Rs 3999, Rs 4999 and Rs 5,999.

And for those users who want to hold on to their 2G/3G smartphones or Wi-Fi capable feature phones, we are introducing our 4G LTE personal router, called Jio-Fi, for Rs 1,999.

With this, Jio and Reliance Digital have ensured that entry price for using a 4G LTE network is affordable for all Indians.

Now let us look at the third Digital Life pillar – Jio's Applications and Content.

Jio offers a suite of applications that brings you the very best across the categories of media, entertainment, money and essential utilities.

With the JioTV entertainment app, "Anytime is Prime-time".

You can watch more than 300 live TV channels including 40 HD channels with access to all of last week's programming at any point in time.

The JioCinema app brings the cinema-theatre at your fingertips.

Watch ad-free, HD movies from the largest library of 6,000 movies, more than 60,000 music videos and 1 lakh episodes of TV shows in 10 languages.

The JioMusic app makes Ultra-HD music a reality, with a library of 10 Mn songs in over 10 languages.

JioMagazine and JioNews give access to thousands of latest magazines and your daily newspaper update.

JioMoney is your personal wallet that allows you to go cashless.

I believe that these apps will really showcase the capabilities of Jio's powerful network, and create a magical experience for Jio customers.

With this in mind, I am pleased to announce today that the Jio-Apps bouquet – which is worth Rs 15,000 for an annual subscription – will be available COMPLIMENTARY for all active Jio customers up to 31st December 2017.

Now the fourth Digital Life pillar – the Jio Service Experience

For the past few months, we have been offering Jio services to some sections of users on a preview basis, and we have had an unprecedented response.

Initially, we deployed a paper based process to on-board a few lakhs of these applicants.

We have experienced first-hand, how inefficient such a manual process can be.

Many of the applicants had to wait for multiple hours, and some even overnight, to get their services activated.

This is not acceptable to us.

We have redesigned the Jio sign-up experience and made it 100% digital using an Aadhaar based eKYC process.

We are rolling this out starting with Mumbai and Delhi, and then the top 8 cities of India where we are seeing the most demand.

Over the next 4 to 6 weeks we will have this process in all our stores.

With this digital process, we will have a capacity to acquire a million customers a day.

I request all Jio users to kindly bear with us for any inconvenience, until we fully implement this process.

We want to make the on-boarding experience for Jio users as simple and delightful as possible.

And with eKYC, in a few weeks, any Jio customer carrying an Aadhaar card will be able to walk out of a Jio store with a working connection within 15 minutes.

We are also planning to extend eKYC activation to our customers' doorsteps.

We are rolling out this facility in select markets, and will be introducing this nationally.

For our customers' journey post sign-up, we have created an app called MyJio.

MyJio is a digital companion for every stage of your Digital Life.

It is the one place from where you can conveniently initiate the signup process, get ongoing access to your accounts, check your balance and usage details, make payments, chat with a customer service agent, and even find and launch all Jio applications from one convenient location.

Even your bills and invoices will be digital and available in real-time on MyJio.

We want to transform the entire service experience and are committed to working with you to make your Jio journey transformational and delightful.

Finally, to the last, and the most awaited pillar - Jio Tariffs.

Jio's pricing principles are about solving customer pain points.

We have always put the customer first.

And if this means changing the industry, then we are prepared to do so.

Let me take you through three simple principles on which Jio's tariffs are built:

First principle: Customers should pay for only one service, either voice or data.

Not both.

World over operators charge for only data while voice and messaging are essentially free.

So, today, I have great pleasure in announcing a revolutionary concept for the Indian market.

All voice calls for Jio customers will be ABSOLUTELY FREE.

The era of paying for voice calls is ending.

Jio will usher India into a new era on the Jio network.

Across India. To any network. Always. And in the spirit of One India – no roaming charges also.

Jio will put an end to VOICE CALL charges in India.

No Jio customer will ever have to pay for voice calls again.

Our second principle is data must be affordable.

Jio's advanced technologies and scale allow us to provide cutting edge services at a fraction of its traditional cost.

I believe that Jio customers should be the first to benefit from this.

Current market practice is to charge a base rate of Rs 4,000 – 10,000 per GB of data!

Jio will have a base rate which is more than at a 90% discount over the industry.

Our data plans go even further, with an effective rate for data of only 5p/ MB, or Rs 50/ GB.

And the more data you use, the lower the rate.

I believe that these are the absolute lowest data rates anywhere in the world.

Jio makes India the highest quality, most affordable data market in the world.

Our third principle is that the pricing structure should be simple for every Indian to understand.

Today, there are more than 22,000 telecom tariffs across the country.

Jio's pricing structure has 10 main plans.

These plans are created to ensure that every user can easily find a plan that fits their budget and their data usage needs.

Without getting lost in a forest of false choices.

Today Indian citizens pay a low rate for voice services, and very high rates for data.

Jio will provide "free voice", and removes customer pain points of

1. Blackout Days,
2. Bill Shocks, and
3. Non-transparent, difficult-to-understand bills.

Now, let's take a look at Jio's Launch Tariffs.

Here they are.

Let me point out some key aspects:

1. We have price points starting from Rs 19 for the occasional data user, to a monthly Rs 149 plan for the light data user, all the way up to a monthly Rs. 4,999 plan for the heaviest data user.
2. You can see the simple lineup of 10 main plans
3. In each of these plans, we have provided the lowest LTE data rates in the world.
No separate upfront commitment to get these rates.
4. Data packs available in the market have an effective rate of about Rs 250/ GB. With Jio, you pay 5 to 10 times lower – Rs 25-50/ GB depending on your data usage.
5. Another highlight is unlimited night LTE data. This is designed to pass on the idle network capacity at night to our customers. We are also designing Jio applications in such a way that our customers can program their downloads to happen during night-time, when they have unlimited data. So, even when your are sleeping, the network is working for you to reduce your data cost.
6. Jio is rolling out Wi-Fi hotspots across India. By the middle of next year, we plan to deploy nearly 1 million Wi-Fi hotspots.
So we have added additional Wi-Fi data in our plans so that our users have another way to use broadband data in colleges, schools and public places.
7. Let me assure you that our Jio voice calls, across India, will never be charged to you on any plan.
8. The Industry today charges an average of about 60p/ minute for domestic calls. With Jio you pay 0p/ minute.
9. For International calling, Jio plans give you the best-ever International calling rates
10. And each of these plans come with an unlimited subscription to every Jio app

As you can see, Jio tariffs are explicitly designed to give you the full freedom and flexibility to use as much data as you want.

In fact, it removes the fear of high data charges.

Now Indians will no more have to turn off data on their phones.

They can use maximum data.

Dear Shareowners,

But that's not all.

Reliance has always maintained that Students are our nation's future.

The students of today are the knowledge-workers of tomorrow, and in their success lies India's ability to fulfil its digital destiny.

Students, more than anyone else, need access to data and digital services to hone their competitive edge, and to compete in the connected global marketplace.

We, at Jio, want to extend a special consideration to the students of our country.

Today, we are unveiling a Special Students Discount Offer:

Any student, with a valid student ID card, will be able to get 25% MORE data on Jio's main tariffs.

In addition, Jio is in the process of connecting the majority of India's schools and colleges with Wi-Fi to provide broadband wireless data access to students in their classrooms.

Jio has also kept in mind two other segments that are traditionally heavy users of data – Enterprises and Platinum customers.

Enterprises, both large and small, are the engines of our economy.

The power of the data strong Jio network can transform these enterprises to digital businesses.

All enterprises have to be digital to compete in this new world.

Jio will partner with all segments of enterprises and offer them competitive and unique customized solutions.

For our platinum customers, Jio is working to raise the bar when it comes to Digital Life experiences.

Jio is partnering with a number of premium technology brands to create a set of unique solutions that combine these partners' products with the power of Jio's network and digital services.

Further, we have high-end tariff plans that are especially suited for these global citizens with features like the best international roaming rates, and access to the most exclusive international content.

We even ensure that they have the best coverage in their homes by installing tiny 4G LTE boxes, called femto-cells, within their premises.

On top of all this, we will also provide our platinum customers with a series of specialized, white-glove services, such as concierge services and video call centers.

We will be announcing more details of these partnerships, tariffs and services in the coming months.

Friends,

Let's now take a moment to review the powerful offerings that Jio has unveiled today:

1. India's only all-IP, data-strong, made-for-mobile-video, Only 4G LTE, future-ready network
2. True 4G LTE smartphones starting from Rs 2,999 and Jio-Fi for Rs 1,999 that enables all Indians to migrate to Jio's Data Strong network.
3. JioApps subscription worth Rs 15,000, complimentary until 31st December of 2017.
4. Instant eKYC digital activations – in the store and at home
5. MyJio, a digital companion app for every stage of your Digital Life
6. Free Voice calling. Across India. To any network. At all times. And no domestic roaming charges. The era of paying for voice ends today.
7. The simplest and the most attractive Tariff Plans in the market, with the lowest data rates anywhere in the world
8. All complex telecom charges eliminated. They will now Rest in Peace.
9. Special offer for Students with 25% more data & incentives to use more
10. Jio services for Enterprises to transform them to Digital Businesses, and
11. White-glove, exclusive services and features for our Platinum customers

But...

There is ONE MORE THING!

We are announcing today, that starting coming Monday, the 5th of September 2016

Jio's Data, Voice, Video and the full bouquet of Jio applications and content will be available for EVERYONE, absolutely FREE, till 31st December 2016.

We are calling this the JIO WELCOME OFFER.

This is perhaps the largest introductory offer anywhere in the World.

Again, I want to assure you, that this Welcome offer will enable all to try Jio Digital Life, absolutely free, to their hearts content, up to 31st December 2016.

So why are we doing this?

With the JIO WELCOME OFFER:

1. Firstly, every Indian gets to enjoy Jio Digital Life. We Indians have come to appreciate and applaud Gandhigiri. Now we can all do "Data-giri", which is an opportunity for every Indian to do unlimited good things, with unlimited data.
2. Secondly, every user gets to experience and get comfortable with Jio's digital service experience – especially Billing & Payments
3. Third, Jio users can experiment with Jio Digital Life, and personalize Jio's offerings in a manner that best fits their usage.
4. Fourth, Jio gets to test and stabilize Jio's interconnect with other operators and to ensure superior voice quality for calls to other networks
5. Finally, and most importantly, Jio and Jio customers, gets to co-create and build the best network experience together. We will use the FREE WELCOME OFFER period to get valuable feedback from our customers and to iron out all the defects that we jointly discover.

Dear Shareowners,

In addition to the announcements made today, Jio has a number of other interesting initiatives in the pipeline.

Let me mention a few of these.

Starting in select cities, Jio is rolling out a fiber to home wireline network.

This initiative will push the power of data even further, and will offer data speeds up to 1 Gigabit per second.

Again, this is on par with the most advanced wireline offerings anywhere in the world.

Our plan is to progressively extend this network to more and more cities.

At the same time, Jio will also be extending this optical fiber network to enterprise locations.

We intend to provide multi-gigabit per second enterprise-grade wireline data connections that are on par with those in the developed world.

Next, Jio is also partnering with some of the leading digital and Internet players in the world.

Together with Jio, these partners are keen to showcase the full power and range of their offerings to Indian customers.

In many cases, we are working jointly to create first-of-its-kind solutions that are unique to the Indian market.

We also have plans to partner with thousands of Indian entrepreneurs, whose digital ventures can bloom in the ground that Jio is preparing.

For this purpose, we have created a Jio Digital India Startup Fund and are also working to create Digital Entrepreneurship Hubs in key cities and towns of India.

Our aim is to build a platform for young Indians who want to create digital businesses of the future.

The Jio Digital India Startup fund has set aside Rs 5,000 crores to be invested over the next 5 years.

In terms of Digital solutions, an exciting new area is e-commerce, where Jio is working closely with Reliance Retail.

In the coming months, we also plan to introduce apps around Education, Health, Rural Livelihood, Agriculture and many more categories because we truly believe it is time for Digital Life to reach the remotest corners of India.

I will regularly apprise you of the progress we make.

Dear Friends

I stand before you as a very proud leader of over 60,000 Jio employees across India.

Average age at Jio is 30 years.

Jio is a creation of the young, by the young, and for the young.

Akash, and Isha – both 24 – our directors at Jio, have been hands on leaders.

They represent the large contingent of less than 30 year olds at Jio.

I want to tell all our young people at Jio –

Jio is what it is because of your passion, ownership, and an attitude of “can do”.

You have proved, that given an opportunity, Indian youth can achieve the impossible and be better than anybody in the world.

I want to appreciate and thank each and every one of you Jio employees for their contribution to Jio.

All of you have made Jio what it is today.

Born for the Internet.

And born as a customer obsessed organisation.

You are the founders of a revolutionary movement that puts the power of Digital Life in the hands of 1.2 billion citizens of the largest democracy in the world.

I have always set impossible goals for the Jio team.

And they have exceeded my expectations.

Today, I set a target for team Jio to acquire 100 million customers on Jio network in the shortest possible time, and create a new world record.

This translates to a data usage of 250 Crore GBs a month, and I am counting on the Jio network team to ensure that Jio's all-IP, only-LTE network delivers flawlessly with the highest quality in the world.

Jio is proud of all the channel partners it has created with Reliance Digital.

Across India, we have over 5 lakh partners, and we consider them part of the Jio family.

In this digital age, we are committed to their continued prosperity by introducing new win-win opportunities.

Together with all our partners, the Jio family is nearly 50 lakh strong.

This is the employment across India that Jio has created.

Dear Shareowners,

At this time, I also want to direct my words to another important constituency – existing Indian telecom operators.

Healthy competition is the lifeblood of a vibrant economy. It is the engine that drives innovation and customer value.

No doubt, all of us operators will compete vigorously in the marketplace.

I am also sure that, while doing so, we will inspire each other to rise to even greater heights in our quest to serve Indian customers.

However, Incumbent operators have significant advantages over new entrants, since incumbents have well-established networks and existing customers.

New entrants require fair access to both.

Therefore, the onus is rightly on the incumbent operators not to misuse their market power by creating unfair hurdles, when it comes to providing points of interconnect between their networks and Jio's network.

Such hurdles will serve only to create a poor experience for Jio customers who are trying to make calls to incumbent operators' networks.

In fact, in the last week alone, Jio customers suffered over 5 crores call failures to other networks because of insufficient interconnect capacity provided by incumbents.

Giving the impression to common Jio customers that voice is not working, when actually the incumbent operators are deliberately dropping calls.

This is the reason why telecom operators have legal obligations, as part of their license conditions, to provide Points of Interconnect to other operators.

Likewise, they have an obligation to also not to limit customers' right to migrate to Jio using Mobile Number Portability.

I appeal to my fellow operators to do their part, both in letter and spirit, to create a fair and reciprocal framework of co-competition that is good for India and good for Indian customers.

Dear Friends,

Now, I want to spend a few minutes talking about what Jio truly means for all of us.

Firstly, as I mentioned before, Jio is about affordable, high quality and abundant data, enabling Digital Life for Digital India.

Secondly, Jio is about connected Intelligence.

There are two kinds of intelligence in the world – machine intelligence and human imagination.

Now combine the power of 6 billion brains with all the computers in the world – that is what connected intelligence means.

Imagine the power that we will be putting in the hands of common Indians, if we can give them a smartphone in their hands and use an always-available, broadband connection to link them to the power of the Internet.

Third, Jio is about doing things in a smart, simple and secure way.

Digital technologies gives us an opportunity not just to do things a little bit better, but to reimagine how we do things.

What used to take hours of skilled people, is just a few clicks on your mobile.

That's smart.

There are many parents and some grandparents in the audience today, and you know that even a 3 year old can use a smartphone.

That's simplicity.

And we have ensured that we treat all the information that flows through our networks are handled in the most secure manner possible.

Finally, Jio is also about bringing people together.

It's about inspiring people to join a movement.

Jio is not about Reliance.

But it is about you, our family, our friends, our community and all Indians together in a movement to embrace and win in the digital world.

Friends,

When it comes to India, I am an eternal optimist.

I have no doubt that Jio and Jio-enabled Indians will create a whole new digital economy, and we will witness a period of unprecedented growth, empowerment, employment and prosperity for our nation.

To put it simply, everything that Jio believes, and everything that Jio does, is driven by a vision of this future.

A future, where every Indian can say without hesitation – that with Jio, Life is digital.

And Life is beautiful.

Dear Shareowners,

With great humility and great love, I present Jio Digital Life to the nation, and invite each and every one of you to sign up and experience Jio services first-hand.

And to all my fellow Indians, I have a promise and an appeal.

From Sept 5 India will change forever.

I invite you to come and participate in this change.

Let us be this change together, and Jio together.

2. Strategic Perspective

Dear Shareowners,

With this historic announcement of Jio, let me now turn to our traditional format.

We are meeting at a momentous time in our company's history

Five years ago, we put immense faith in India and undertook the largest capital expenditure programme by any company in India's history.

We demonstrated our faith by investing over **Rs.250,000** crores, all in India.

India is now the fastest growing economy in the world and we are proud to have invested in its growth.

We have invested more in the last 5 years than in the first 35 years of the company.

We are investing in excess of 110,000 in our petrochemicals and refining business for growth.

It improves our cost positions, strengthens integration and adds new products to our portfolio.

We are also de-risking this business model by transitioning from a cyclical commodity type earnings profile to an annuity like strong cash-flow generating portfolio.

In the past two years, our earnings have grown while oil prices have dropped from USD 100 to below USD 40 per barrel, demonstrating the success of the new business model.

In addition with Jio, we are bringing to all Indians the most disruptive technology of this century – mobile internet.

I firmly believe that this is a once in a generation opportunity that we have seized not only to transform the lives of millions of individuals and small businesses but also to create unprecedented value for all our stake holders.

We are also going to build on the foundation of our successful retail business by initiatives that offer fulfilment through multiple channels and an unparalleled breadth of products and services.

Our petroleum retailing business is now a part of overall retailing as also a very large distribution network for mobile and digital services.

Our consumer business has media & entertainment, digital services and retailing.

We are creating a very consumer centric business founded on technology, logistics and customer satisfaction as its defining principles.

There are very few other parallels of creating such a new business anywhere in the world.

As we fully execute this strategy, we will have among the most diversified growth oriented businesses globally.

We will also be a proxy for the new India that is transitioning to become an economic super power.

With these investments, I state with pride that we are the largest contributors to both the visionary Make in India and Digital India movements of our Prime Minister.

3. Business and Financial Performance

Dear Shareowners,

I am delighted to report yet another year of record breaking performance by your company.

The net profit for the year stood at Rs 27,630 crore, the highest in the Indian corporate sector.

Our operating and net profits grew by 14% and 17% respectively.

Reliance demonstrated among the best earnings growth not only among the large companies in India but also among the strongest in our global peer group.

We set several milestones during the year.

The gross refining margin at \$10.8/barrel was the highest in 7 years.

It is also among the highest in the industry globally and at a record outperformance relative to Singapore complex refining margins.

Our petrochemical business had the highest ever volumes and earnings.

Its margins were among the top 5 companies globally.

We had record net profits despite no contribution from our upstream business and largest ever capital expenditure in a year.

Our integrated business model combining strong downstream positions and risk management enabled us to grow profits despite soft oil and gas prices.

Our capital expenditure in the year was in excess of Rs.112,000 crore.

This is not only the highest capital expenditure by us in a single year.

It is also the highest by any Indian company ever in a year.

We have funded this huge capex programme while maintaining a conservative balance sheet structure and our investment grade credit ratings.

Our strong credit profile helps us access local and international debt markets to raise funds at very competitive rates.

Dear Shareowners,

Reliance is India's largest exporter accounting for **8.5 %** of India's total merchandise exports with a value of **Rs.146,855** crore and access to markets in 110 countries.

Reliance is a significant contributor to the national exchequer.

Reliance paid **Rs.23,786** crore of customs and excise duty during the year, which is almost **4.8 %** of India's total revenues from customs and excise duty.

Reliance is also the highest Income tax payer in the private sector in India and paid **Rs.7,826** crore as income tax during the year.

3A. Petrochemicals

Dear Shareowners,

Petrochemicals is one of the core growth engines of Reliance.

Our business today consists of polyesters, fibre intermediates, polymers, synthetic rubbers and a variety of chemicals and solvents.

This diversified portfolio is integrated with our refinery and has delivered amongst the best margins globally for over 2 decades.

This segment achieved record EBIT of Rs. 10,221 Crores, representing a 23% growth, year-on-year and in turn delivering one of the best performances in the global petrochemical industry.

We are now investing to double the capacity of this business.

We are building amongst the world's largest and most integrated crackers in Jamnagar that will use "off gases" from the refinery as feedstock with a capacity in excess of 1.5 mmtpa.

This unique configuration is possible only due to the scale and complexity of our refinery.

It is a matter of great pride for all of us at Reliance that we can execute a project of this scale at about half the capital cost of similar crackers being built in North America.

This cracker is being built at Jamnagar, which is today the busiest industrial site in the world with over 120,000 people engaged in project execution.

We have made substantial progress in this project and target it to be mechanically complete by December of this year.

Our cracker portfolio is currently dependent on domestic sources of feedstock including from our refinery.

The portfolio needs dedicated long-term supply of feedstock for sustained competitiveness.

Ethane is the feedstock for over 65 % of cracker capacity in North America.

We were the first company globally to conceptualize large scale imports of Ethane from USA as feedstock for our cracker portfolio.

This project involves dedicated ships, pipelines and modifications to existing facilities.

The ships are expected to be delivered over the next 2 quarters and the full project will be ready by the end of this financial year.

This innovation will provide us feedstock assurance and flexibility for the long term.

We are global leaders in the polyester chain.

We are making investments to meet the ever growing demand for nation's clothing, lifestyle products and water conservation.

Last year, we commissioned 650,000 tonne Polyethylene Terephthalate (PET) plant and state-of-the-art 2.3 million tonne Purified Terephthalic Acid (PTA) plant at Dahej.

These plants are operating at name plate capacity and serving both domestic and export markets.

We are expanding our polyester presence in executing one of the largest PX plants in the world at Jamnagar.

The new Paraxylene (PX) plant is mechanically complete and pre-commissioning activities have commenced with production slated to begin in the next few weeks.

We are also the largest domestic producer of synthetic rubbers. Our Poly-Butadiene Rubber plant and our Styrene Butadiene Rubber plant are now operational.

These investments will position Reliance among the top 10 petrochemical players globally with a portfolio of products that continue to meet the growing demands of India.

The petrochemical business will have a unique earnings model based on integration, top-decile cost positions and annuity earnings stream.

3B. Petroleum Refining

Dear Shareowners,

Let me now turn to Petroleum Refining business.

The refining business continues to be a significant value driver for Reliance, accounting for over 60% of its earnings last year.

Global oil demand growth at about 1.8 million barrels per day was among the strongest seen in the last five years.

Reliance delivered yet another stellar performance, delivering EBIT growth of 49.1% year-on year, in a period of continuing volatility.

Our realized margins were amongst the highest globally.

We now have a track record of over 15 years of operating this business with the highest standards of safety and delivering among the best returns on capital.

Our refinery business is truly global.

We export to every major market in the world.

We continue to be a major supplier to every large retailer and trader in the world.

No matter how you travel globally, by car, air or train – you would probably be consuming our fuels.

We are also retailing fuel from over 1000 outlets in India.

In India, we sell to other oil companies, transport undertakings and airlines.

Our Aviation Fuel stations are present at 25 airports across India and these fuel an aircraft every 4.25 minutes on an average.

We are now making a large investment to ensure that our refinery complex has amongst the lowest costs of energy globally.

We are taking petroleum coke and converting it to syngas in a highly complex high pressure and high temperature process.

It is one of the largest clean initiatives in the world.

We will add six-fold value to petroleum coke making this investment, one of the most productive.

These gases will be a source of fuel for the refinery complex as well as feedstock for petrochemicals.

This is the largest project ever executed globally of this scale and dimensions.

We are now close to completing the construction of this mammoth project and target it to be mechanically complete in the first half of next year.

3C. Oil and Gas Exploration And Production

Dear Shareowners,

Let me now come to the performance and plans for our Exploration and Production (E&P) business.

We are proud of our partnership with BP in the domestic portfolio.

Our KG D6 block has produced 2.6 TCF of gas and 29 million barrels of crude oil since commencement of output.

We are making our best efforts to sustain production from this complex deep water basin.

We are also evaluating, along with our partner BP, development plans to monetize the remaining resources of 4-5 TCF from this block, in the framework of the new gas pricing policy.

Reliance has developed 'unconventional' coal-bed methane (CBM) blocks in Madhya Pradesh along with a 300 km pipeline to transport gas to customers.

This development is in advanced stages of completion and production is expected to commence in the current financial year.

Our portfolio investments in the shale gas business is in the capital preservation mode in this environment of low commodity prices.

Our joint ventures are in the best basins and have resources of about 6 TCF.

We divested our midstream interest for over \$ 1 Billion in the past year and will look for further monetization opportunities.

4. Consumer Business

The Indian consumer sector has been undergoing transformational change.

Based on a combination of factors – demographics, aspirations to have the best of products and services that are on par with the world, increase in discretionary spending, fast adoption of technology and India's economic growth over the last few years.

At Reliance, we have always believed in building India-focused global scale next-generation businesses on the back of technology and the energy of our nation's youth.

The consumer business is one of the few opportunities for building businesses of scale.

Over the last few years, we have been steadily investing in building a large-scale consumer business.

Today it includes omni-channel retail with large physical presence and digital presence, content and distribution across platforms and digital services initiatives.

The benefits of our supply-chain infrastructure and technological solutions are shared with lakhs of small and medium businesses.

4A. Consumer Business - Media & Entertainment

Let me talk about our media and entertainment business.

This business spans television channels and digital media properties.

We are aggressively investing in this space to sustain and grow our leadership – in partnership with global leaders such as CNBC, CNN, Viacom, Forbes and A+E.

Today, we own the highest number of channels - **58** spanning news, entertainment and including 11 channels that cater to Indian audiences in international markets.

Our channels collectively reach out to more than **500 million** viewers every month – nearly two out of every five Indians.

Network18 has the most number of news channels in India.

It has **21** news channels catering to both national and regional viewers and is offered across 18 states in 11 languages. Our entertainment and infotainment business, including our partnership with Viacom 18, has **26** channels. Colors is among the top 2 channels in the country, while Nick, MTV, Vh1 and Comedy Central are top channels across genres.

On the digital side, our combined Network18's digital sites attracts over 27 million unique visitors every month which will be the largest in India.

We continue to be leaders in multiple segments such as BookMyShow for tickets, MoneyControl in finance, news18.com and Firstpost for news and opinion.

And with Home Shopping and Yatra, the group has invested in some of the most successful digital properties in India.

We are aggressively investing in content by rolling out new channels, new formats and launching local production shows in line with our vision of putting creativity and innovation at the core of our programming.

4B. Organised Retail

Dear Shareholders,

Retail business is central to our consumer facing businesses.

The retail business is growing across each of the five business lines:

- i. petroleum retailing,
- ii. value formats that includes Reliance Fresh, Smart and Market,
- iii. apparel that includes Reliance Trends, Ajo.com and several exclusive partnerships with global brands,
- iv. consumer electronics under the brand name of Digital and
- v. distribution of connectivity services for Jio.

Over 1050 Fuel retail outlets are operational across India and another 200 are in advanced stages of being re-commissioned.

Reliance has the best fleet management program and unmatched IT/digital backbone to enable unique and delightful experience at all customer touch points.

This has enabled us to achieve per outlet sales that is amongst highest in the industry.

Once all our old assets are re-commissioned, we will continue our investments to expand this business and dominate fuel sales across the highways in India.

Dear Shareowners,

Reliance Retail continues to be India's most admired, most profitable and largest retail company.

It enjoys leadership in multiple formats – from grocery to apparel to digital products.

The overall business has **nearly tripled in the last five years**.

We have built the widest geographical footprint with physical stores now covering nearly 3500 stores in **679** cities spread over 13 million square feet and many more through our ecommerce reach.

Serving grocery and products for daily needs, Reliance Fresh and Smart continue to be the preferred convenience and supermarket destinations for over 27.5 lakh Indians every week.

Our engagements with 25 lakh small businesses through our Reliance Market cash and carry stores has extended the gains of sourcing and modern supply chain making them more efficient and productive.

In the apparel business, we have invested significantly to bring affordable fashion to our customers, and actively work with a large number of partners.

Reliance Trends has emerged as the favorite fashion retail chain in the country built on the principle of democratizing fashion for aspiring Indian customers.

We retail over 17 lakh garments every week making our consumers more fashionable each day.

Ajo.com the curated fashion online store launched this April has been steadily gaining loyal customers in the fashion

segment.

We are proud to represent over 25 prestigious international brands as our **exclusive partners** across the country.

Today when India thinks of technology products, it thinks Reliance Digital.

Reliance Digital is the undisputed leader in the electronics retail space and has been voted India's best CDIT Retail Brand for 4 consecutive years.

In order to support the entry of Jio, Reliance Digital been aggressively expanding the network by a mix of own stores and supporting small retailers using our supply chain, technology and logistics infrastructure.

We have successfully set up a large distribution network with a presence of over 500,000 retailers across the country for Jio.

We currently retail nearly 12 lakh handsets per month reflecting the strength of our distribution business.

Dear Shareholders,

We would extend the distribution infrastructure to a larger number of kiranas to cover products and services across all consumption baskets.

We are making strategic investments for convergence of physical retail and ecommerce to establish leadership through an omni-commerce presence.

I am confident that Reliance Retail would become a major growth pillar for us in the years to come.

5. Reliance Foundation

Dear Shareowners,

Under Nita's able guidance, Reliance Foundation continues to be the largest corporate Foundation in India working on diverse development challenges.

Reliance Foundation has built a strong team of over 500 people who reach out to more than 10,000 villages spread over 14 states, impacting the lives of over 7 million.

We continue to work in the areas of education, healthcare, rural transformation, promoting Indian arts and culture, sports for development and disaster relief.

In the last year, in the area of education, Reliance Foundation and Jio set up virtual classrooms in 96 schools in Andhra Pradesh and Gujarat, reaching out to over 20,000 students with the objective of improving the quality of teaching and learning outcomes.

We envision Reliance's education initiative to expand nationally in this important area on the back of our Jio network.

Foundation continued its efforts in the area of sports towards development of youth and to revive the sporting culture in the country.

The Foundation recently launched Reliance Foundation Youth Sports that aims to develop grassroots sports in India by creating organized school and college sports competitions.

In addition to working on various planned initiatives, the Foundation continues to respond to unforeseen natural disasters.

Our relief operations provided solace to 85,000 people across 4 districts during the floods in Tamil Nadu.

During the drought in *Marathwada* region in Maharashtra, our team delivered drinking water to over 50,000 families in over 100 villages.

I offer my sincere appreciation to the Foundation's team for its spirit and commitment to alleviate human suffering and transform people's lives.

6. Value Creation Roadmap

My dear shareowners,

Reliance has a unique globally competitive, world-scale, fully integrated petrochemicals and refining business operating in the fastest growing market in the world.

We also have among the lowest cost positions and a long history of safe operations.

The consumer businesses portfolio comprising of media and entertainment, retailing and digital services will have unparalleled breadth, geographic coverage and technology as its main drivers.

As we enter our 40th year, we are proud that we have consistent performance over all the 39 years since our IPO.

We have delivered CAGR of 27.2% in net profits and our total shareholder returns are in excess of **20%** compounded.

With this capital investments, both of the above numbers will change significantly better in the next few years.

As we complete the current investment programme and forty years of Reliance's history as a public company, we will have created a solid foundation for continuing growth for many years to come.

Our petrochemicals and refining business is poised for a 40-50% growth in earnings and cash flows with an annuity like profile.

Our consumer businesses, led by digital services will see rapid growth as we provide services to over 100 million consumers in the shortest time.

I am confident that our consumer businesses will, over several years be of the same size and earnings as our petrochemicals and refining business.

These two growth platforms will create continuing value for all stake holders.

Reliance will have a large platform of sustainable annuity earnings from its petrochemicals and refining business and growth platforms from its consumer business.

7. Conclusion

In conclusion, today and this year is a milestone for Reliance.

We have consistently delivered on our promise of putting India first.

All of our initiatives and projects are designed to improve the quality of life of every Indian.

They are conceptualised to empower and enhance the spirit of every Indian.

It gives me immense pride on what Reliance has achieved for the country and its citizens.

As I have consistently promised to you in the past, returns to shareholders is at the top of my mind.

I will work with your Board to share generously the returns of our investment cycle with you which I will report to you in the next AGM.

8. Acknowledgements

I will like to thank the Central and State Governments, shareholders, investors, suppliers and customers for their consistent and resolute support.

I thank all my colleagues on the Board for their unanimous support and immense encouragement.

I have special words to acknowledge the collective efforts of the entire Reliance team, working tirelessly to creating and sustaining a world-class enterprise.

Thank you.

Mumbai
September 1, 2016

Mukesh D. Ambani
Chairman and Managing Director