



From the CMD's Desk

Our commitment to sustainable development goes beyond our operating boundaries, as we continuously aim to add value to our stakeholders by advancing knowledge and improving lives.

Dear Stakeholders,

We are living in an age of disruptive innovation. Digital technology is driving the way businesses perform. In most of the cases, this has led to enhanced efficiencies and sustainable operations. The onset of the digital age has paved the way for taking progress to the doorsteps of the most marginalised sections of the society, even in the remotest parts of the country.

Our continued efforts to align ourselves to the nation's growth path have led us to invest heavily in the digital space. We invested over ₹ 1,12,000 crore (\$17 billion) in FY 2015-16, the highest-ever by any corporate in Indian history in creating growth engines for the future. A large portion of this investment has gone into building a brand new business of digital broadband telecom services under the name Jio. It is one of the largest transformational green-field digital initiatives anywhere in the world. Apart from being present in all 29 states of the country, Jio's wireless footprint extends even further and covers over one lakh villages.

It is through this drive of digital transformation that we have been able to make our businesses more efficient, greener

and more beneficial for the society at large. Our ambition of propelling India into global leadership the digital economy is being supported by the strong pillars of our strategic framework, which draw their strength from our unwavering belief in the concept of sustainable development. Our endeavour of enhancing the nation's quality of life through sustainable measures is being met through deployment of technology-enabled platforms which are enabling us to bridge the rural-urban divide. We believe that it is this technology-enablement that will make our company more sustainable in the long run.

We have also realigned our focus areas with a global outlook and gone beyond the statute to adopt principles which are relevant and current with international developments. Last year, the United Nations redefined its approach and evolved from existing 'Millennium Development Goals' to 'Sustainable Development Goals' (SDG). We were prompt to reassess our sustainability strategy and quickly evolved from a '4-P' growth approach to a '5-P' growth approach. Our business approach now

aims to maximise value creation across the five dimensions of Planet, People, Products & Processes, Prosperity and Peace & Partnerships. This approach has been inculcated into every aspect of the way we conduct our business.

Planet

It is our conscious endeavor to ensure that our operations are ecologically efficient. We have designed our plants and facilities in a way that reduces their environmental load to the maximum extent possible. Wherever possible, we have taken steps to maximise our positive environmental impacts and look to continuously enhance operational efficiencies, thereby reducing our environmental footprint.

During the year, we have reduced emissions of oxides of Sulphur from our manufacturing operations by more than 12% compared to the previous year. We have also enhanced material recycling by nearly 14% and water recycling by nearly 5%.

Being in the energy value-chain, we take cognizance of the dwindling reserves of the non-renewable fossil fuels. Through our concerted efforts we aim to reduce the stress on these reserves and also, in the process, combat the related issue of climate change. It is our aim to reduce the carbon intensity of our energy mix on an ongoing basis. This is reflected in our long-term aspirations and targets.

During FY 2015-16, we managed to reduce the emission of greenhouse gases by nearly 2.4% per tonne of product.

People

Human capital is one of the most important resources for any company, society or nation. Our belief in building sustainable societies emanates from our people policies which aim at creating sustainable value for both our internal as well as external stakeholders.

We have put in significant efforts to enhance the learning and development opportunities for our workforce. We look at learning from a holistic development perspective. The learning environment in our organisation has been

continuously evolving and has now taken the form of an organisation in its own right. The 'R-university' which is a unified employee learning entity has been set up to take the quality of our learning and development programs to the next level. The objective is to enable talent development through technology deployment.

We also commit ourselves to provide our workforce a safe and healthy working environment. We believe that the safety of our people supersedes all production targets. We ensure the safety of our employees, contractors, suppliers and vendors, as well as communities in which we operate. A fully equipped and well-qualified HSE organisation is in place at all our locations providing necessary governance, documentation and HSE assurance. All the manufacturing divisions are certified for OHSAS 18001 safety management system and integrated with quality and environment management systems (ISO 9001 and ISO 14001).

We have also used our technological prowess to benefit the society at large. Our CSR initiatives are a testimony to our commitment to enhance rural India's quality of life. Through our Bharat India Jodo (BIJ) initiative, we have been tirelessly working to uplift the marginalised farmers and also fight the scourge of hunger and malnutrition. Through our Information Services initiative, we have used the benefits of information technology to save lives while at the same time benefiting the fisher-folk and the farmers by providing crucial information regarding weather and high-potential fishing zones. During the year, we disseminated more than 40,000 weather advisories to farmers and fisher-folk.

Products and Processes

We have, over the years, moved on from being a smart buyer of technology to a fast customiser of technology. We have focused our energies to develop innovative products, processes and catalysts to increase and sustain the profitability and growth of Reliance in a compliant, safe and reliable manner.

Eco-sustainability is at the heart of our new product development and a number of our products and processes

inculcate the principles of eco-sustainability in the design phase itself. We have also pioneered the use of light emitting diodes (LEDs) for CPVC manufacture.

Prosperity (Profit)

FY 2015-16 saw oil prices continuing their decline, as the oversupply situation continued in global oil markets. Organisation of the Petroleum Exporting Countries (OPEC) decided not to cut production even in the face of persistent US production, as operational break-evens declined further.

Global oil demand of 1.8 million barrels per day (mb/d) in Calendar Year (CY) 2015 was at a 5-year high as low prices and demand for light distillates continue to fuel demand growth.

The benefits of low commodity and crude oil prices for our downstream business outweighed the impact of these factors on the upstream segment during FY 2015-16. The refining business delivered a standout performance with record profits underpinned by a multi-year high Gross Refining Margin (GRM) and a record crude throughput. The petrochemical business also delivered a steady performance aided by strong polymer markets and better volumes. The retail business continued on its high growth trajectory – scaling annual sales of ₹ 216.12 billion, up 22.5% y-o-y.

We recorded more than 18% increase in our PBDIT which stood at ₹ 477.21 billion and our PAT increased by 20.7% to ₹ 274.17 billion. This was despite a decrease of 26.2% in our turnover which was recorded at ₹ 2,512.41 billion. We declared a dividend of 105% with the total payout of ₹ 30.95 billion alongwith the successful monetisation of investments in Eagle Ford Midstream JV.

Peace and Partnerships

We have an inclusive approach to growth and believe that the progress should reach all corners of the society. We aim to achieve this by including our stakeholders in our growth story. We engage with our stakeholders on an ongoing basis to gauge their expectations and concerns. We have

gone one step further by using their inputs to identify our focus areas and business priorities. We, along with nine other companies, will collaborate in a number of areas to reduce the GHG intensity of our energy mix.

The voice of our internal stakeholders is registered through various avenues which have been designed especially to reach out to our entire workforce. Our Human Resources (HR) policies provide them with all required opportunities to voice their concerns and expectations.

We have focused our energies to collaborate with our external stakeholder groups and instil in them a culture of entrepreneurship and innovation. This initiative aims to help high-growth startups scale up fast through mentoring, funding and other resources.

As we continue to grow and evolve, we also stay attached to our core values which guide us to continue being a responsible corporate and a catalyst for India's growth story. All our efforts are aimed to help improve livelihoods, create large-scale employment opportunities, reinforce India as a manufacturing power, unleash entrepreneurial energy and create significant value for Indian society.

We will continue to work tirelessly to create and sustain a world-class enterprise.

Yours sincerely,

Mukesh D. Ambani

*Chairman & Managing Director
September 12, 2016*