

Executing growth engines for India's future

In an unpredictable and challenging environment, agility and innovation are key to staying consistently successful.

Shri Mukesh D. Ambani
Chairman and Managing Director



Dear and Esteemed Fellow Shareowners,

I have always started this letter by sharing with you the operational and financial achievements of Reliance during the year. But the past year has been a particularly challenging one for India and its people. The COVID-19 pandemic disrupted several lives and dealt a severe blow to the economic health of the nation. It has also put tremendous burden on the healthcare infrastructure of the nation which is crucial for saving lives and reducing the impact of the pandemic. In these challenging times, the most remarkable and satisfying achievement of the company has been its humanitarian efforts in strengthening the nation's fight against the pandemic.

Right from day one, Reliance has adopted a multi-pronged prevention, mitigation, adaptation and ongoing support strategy to fight the pandemic. Last year, as soon as the first few cases of COVID-19 were reported in India, Reliance Foundation (RF) set up India's

first dedicated COVID-19 hospital in Mumbai in just two weeks. This year, in response to the sudden surge in COVID-19 cases in the city, RF rapidly scaled up its COVID operations to create 875-bed facilities dedicated to COVID care. It is the largest contribution by a philanthropic organisation to COVID care in Mumbai. RF has also set up fully equipped 1,000-bed COVID care facilities in Jamnagar. Overall, Reliance is supporting the set-up and management of over 2,300 beds across various locations.

Last year, Reliance established a manufacturing unit in Silvassa to mass produce high quality PPE kits for the frontline warriors. It became the largest producer of high-quality PPEs in India. This year, in response to the urgent need for medical oxygen across the nation, Reliance repurposed its plants in Jamnagar to produce medical-grade oxygen, soon becoming the largest producer of medical-grade oxygen

from a single location in India. Since the beginning of the pandemic, Reliance has supplied over 55,000 MT of medical grade liquid oxygen across the country. It has also taken several steps to boost India's capacity to swiftly and safely transport this life-saving resource.

The Foundation also launched Mission Anna Seva, a programme to provide free meals to marginalised communities and frontline warriors across the nation. So far, RF has provided over 5.5 crore nutritious meals through ration kits, food coupons and cooked meals across 18 states and one Union Territory. This is the single largest meal distribution programme undertaken in the world by a corporate foundation.

In order to safeguard the health and well-being of our employees and their family members, we have set up several initiatives such as a nationwide emergency response infrastructure that is available 24x7. We have also created

SUPPLIED MEDICAL GRADE LIQUID OXYGEN ACROSS THE COUNTRY

55,000 MT

the JioHealthHub app for free virtual video consultations with our doctors. Using the COVID-19 symptom checker, we are tracking the health of our employees and their family members. REFERS, our emergency response service, is constantly monitoring the symptom tracker and reaching out to those showing the risk of being COVID-positive. In addition to this, our teams of medical experts are helping employees preserve mental health and emotional well-being through yoga and wellness sessions and psychological guidance.

A key initiative to safeguard employees from the pandemic is R-Surakshaa, Reliance's own vaccination programme. Under R-Surakshaa, Reliance has initiated a tech-enabled, multi-location vaccination drive to vaccinate all employees, partners, associates, affiliates and their eligible family members for free. The vaccination drive is fully compliant with government rules and regulations.

Also, Reliance has put in place a liberal leave policy for employees affected by COVID-19. It is providing financial assistance of up to 3 months' pay as interest-free salary advance in case of an exigency. In case of unfortunate demise of an employee, Reliance is providing financial support to the family and committing to shoulder the educational expenses of the children.

While the war against COVID is far from over, we, the Reliance Family are confident that in the end we will prevail. We care for each one of our stakeholders including employees, shareholders, vendors, customers and local communities.

I will now update you on your company's operating and financial performance.

Despite unprecedented challenges, we continued to execute on our growth plans across businesses. In our Retail business, we expanded

EBITDA CONTRIBUTION FROM CONSUMER BUSINESSES

~50%

our customer outreach by growing physical and digital footprint with store additions, strengthening of supply chain infrastructure and launch of JioMart. In Digital Services business, we increased network capacity and spectrum footprint while rapidly growing our customer base.

Our consumer businesses, Reliance Jio and Reliance Retail, have proved to be digital and physical lifelines of the nation in these challenging times.



Our O2C business demonstrated resilience to rapidly evolving business environment. Agile business model, superior product placement capabilities and high utilisation rates while ensuring safe and reliable operations helped achieve industry leading performance.

Financial Performance and Balance Sheet

In a volatile environment, Reliance generated an EBITDA of ₹97,580 crore (US\$13.3 billion), which is 4.6% lower than last year. Diversified earnings stream and resilient consumer businesses helped the company navigate through the unprecedented pandemic headwinds. Reliance recorded a consolidated net profit of ₹53,739 crore (US\$7.4 billion) during the year, registering a growth of 34.8% y-o-y.

Our consumer businesses retained their leadership positions and recorded robust growth on all operating and financial parameters during the year in spite of challenging hurdles. They now constitute nearly 50% of consolidated segment EBITDA compared to 36% in FY 2019-20.

LARGEST EVER CAPITAL RAISE IN INDIA

₹2,60,074 crore

We executed the largest ever capital raise in India, of ₹2,60,074 crore (US\$36 billion), through rights issue and asset monetisation. The fund raised, along with capital commitments, exceeded net debt levels, helping your company achieve a Net Debt Free balance sheet ahead of the stated timeline of March 2021.

We successfully completed India's largest ever Rights Issue of ₹53,124 crore (oversubscribed by 1.59 times), which is also the largest in the world by a Non-Financial Institution in the last 10 years.

During the year, Jio Platforms and Reliance Retail raised ₹1,52,056 crore and ₹47,265 crore respectively from strategic and financial investors, including Facebook and Google. bp invested ₹7,629 crore for a 49% stake in our fuel retailing business.

Strong operating cash flow and largest ever capital raise further strengthened our balance sheet, enabling us to deleverage and meet our net-debt zero commitment ahead of stated timeline.

During the year, RIL made pre-payment of US\$7.8 billion of long-term foreign currency debt, with requisite approvals from the RBI. This is the highest ever pre-payment of debt undertaken by any corporate borrower in India.

We now have a strong balance-sheet with high liquidity that will support growth plans for our three hyper-growth engines – Jio, Retail and O2C.

Retail

The business delivered a healthy performance with record profit delivery in an operating environment that continued to remain challenging. During the year, the business was impacted by restrictions with 80% stores operational and lower footfalls which were at 65% of last year.



PG 50

Reliance Retail fulfilled its commitment to serve customers at scale by providing grocery and essential supplies to millions of Indians at their doorstep, overcoming enormous constraints during the lockdown.

Reliance Retail opened 1,456 new stores taking the total store count to over 12,700 stores across the country. Our Retail business operations ensured support for the entire retail ecosystem including consumers, farmers, merchants, small and medium-scale manufacturers and supply-chain service providers. The business generated >65,000 new jobs providing vital support to the community.

Reliance Retail's New Commerce initiative, JioMart, continues to grow in scale with more traffic, active users and orders. Rapid scale-up of digital commerce solutions, including JioMart, compensated for curtailed store operations and lower footfalls. Digital commerce channel Ajio.com witnessed 3x increase in business on higher orders and improvement across all key operating metrics.

Digital Services

During FY 2020-21, Jio led subscriber growth in the country with gross addition of 99 million subscribers. Jio became the first operator outside China to achieve 400 million subscribers in a single-country market.



PG 68

With its next generation all-IP data network, Jio continued to revolutionise digital adoption in India at an unprecedented rate.

Jio's high-speed connectivity services enabled millions of Indians to work from home, study from home, shop from home. It also enabled delivery of food and wellness at home, medical consultation at home and above all kept families connected through the pandemic. Higher acceptance of digital services reflects in 27% y-o-y growth in Jio's total data traffic to 1,668 crore GB in 4Q FY 2021.

Jio Platforms is building a massive digital ecosystem for a billion Indians by providing world-class connectivity and digital solutions across business verticals and customer lifecycle. Jio launched and scaled-up multiple digital platforms like JioMart, JioMeet, JioHaptik and JioUPI during the year. Jio's impact on internet usage in India has been recognised by Brand Finance, who recognised Jio as the 5th strongest brand globally, terming its impact on the market as the 'Jio Effect'.

We are also excited with the development of a new generation cloud native 5G RAN technology that is truly open, and software defined. Qualcomm and Jio successfully tested 5G solutions in India, achieving the 1 Gbps milestone on Jio 5G solution.

Jio's innovation has spearheaded the transformation of India into one of the world's largest consumers of mobile broadband service.

Oil to Chemicals

Market environment during the first half of the year witnessed a highly volatile crude and feedstock price environment.



PG 94

Demand destruction in the first half resulted in sharpest global oil demand contraction in decades, with a decline of 9.5 mb/d to ~90.5 mb/d in CY 2020. Travel restrictions significantly impacted the global demand for transportation fuels. For downstream products, demand destruction in automotive, housing & construction, consumer durables were partially offset by heightened demand from health & hygiene, packaging and e-commerce.

Business environment for O2C segment improved sharply in the second half of the year with gradual easing of lockdowns and revival in economic activities, resulting in demand recovery to near pre-COVID levels by the end of the year. Margin environment also improved in the second half of the year with rising demand and supply disruptions.

Agile business operations through the COVID-19 crisis enabled Reliance to operate its O2C facilities at near 100% by shifting products to export markets. High operating levels helped Reliance meet commitments to suppliers, vendors and consumers, ensuring continuity of operations for the entire ecosystem.

Recently, we initiated process of reorganising our O2C business into a separate subsidiary. The reorganisation will facilitate value creation through strategic partnerships and attract dedicated pool of investor capital. O2C's goal is to maximise crude to chemicals conversion and create a sustainable growth business. The scheme received an overwhelming support from our shareholders and creditors.

Oil and Gas E&P

Despite extraordinary constraints during the period, Reliance successfully commissioned R Cluster field in KG D6 Block.



PG 112

Located at a water depth of greater than 2,000 meters, R Cluster is Asia's deepest and India's first ultra-deepwater gas field.

This was followed by commissioning of Satellite Fields in April 2021, which was done ahead of schedule. It showcases your company's commitment towards India's transition into a cleaner and greener gas-based economy.

These complex deepwater projects have been executed in over 34 countries and at peak more than 4,000 people have been working offshore and onshore. Additionally, the pandemic constrained movement of people and material across the globe. Despite these odds, the projects had flawless and safe commissioning.

R Cluster and Satellite Fields are two of the three new developments in the KG D6 block, the other being MJ fields which together are expected to meet ~15% of India's gas demand by 2023 and account for ~25% of domestic production. Peak gas production from the three fields is expected to be ~1 bcf/day by 2023. It will help reduce India's dependence on imported gas.

Sustainability

Our philosophy of inclusive growth is depicted in the way we conduct our businesses. Growth and development are often defined conventionally in terms of net profit, revenue, and other financial performance. While we realise that all these are important, our mission remains to continue growing as a responsible organisation that believes in enriching lives.



PG 136

We continue undertaking social initiatives in the areas of Education, Healthcare, Community Infrastructure, Skill Enhancement and Social Security.

The growing demand for energy is causing an imbalance in limited resources, especially in developing and emerging countries like India. We are committed to develop and grow in a responsible manner while meeting the expectations of all our stakeholders. We believe that business priorities co-exist with social commitments and our activities support inclusive growth. While we work towards achieving our goals, we see the need to meet the society's evolving expectations. And therein lies the need to form enriching partnerships that will help us create a sustainable future.

The world is now closing ranks for a strong global action on Climate Change. This gives Reliance the right opportunity to accelerate our own ambitious New Energy and New Materials business wedded to the vision of clean and green development. To combat climate change, Reliance has set itself a target to become Net Carbon Zero by 2035. This is part of a wider ambition to achieve best-in-class standards across environmental, social and governance

parameters under the oversight of our Board. Our vibrant Board consists of independent thought leaders with requisite skill sets and domain expertise to guide our businesses on their future growth path.

Conclusion

As we passionately strive for a better future, we continue to set new paradigms every single day. In an unpredictable and challenging environment, agility and innovation are key to staying consistently successful. As technology becomes a driving force in all businesses and facets of life, the future belongs to organisations that can lead and leverage the digital revolution.

I would like to place on record my sincere appreciation to the Board of Directors for their guidance. I would also like to express my gratitude to all our stakeholders for their unwavering faith in Reliance. And I would like to thank the entire team at Reliance for their untiring efforts and unflinching commitment to achieve the lofty goals we have set ourselves for our Golden Decade.

I also want to express my deepest gratitude to scientists, doctors, nurses, police, volunteers and many others who are waging the battle against COVID-19. We all owe a great deal to them. I am confident that we are going to ultimately win the fight against COVID-19. Because each one of us is engaged in this fight and the human spirit to fight and survive is greater than any disease or pandemic. With our collective effort, India will eventually triumph over the crisis and emerge stronger, bigger and better than ever.

With best wishes,
Sincerely,

Mukesh D. Ambani
Chairman and Managing Director

May 27, 2021