



My dear fellow Shareowners

It is with immense pleasure that I share with you the highlights of your Company's performance during the financial year 2016-17.

The Company over the past decade has firmly established itself as a well diversified company with strong presence across major segments of infrastructure businesses such as roads, metro rail, airports as also engineering, procurement and construction (EPC) business by leveraging its core competence in building and managing world-class infrastructure facilities. The Company is also a fully integrated entity in the entire value chain of generation, transmission and distribution.

The Company has recently taken a series of strategic initiatives to pursue its vision of actively participating in the manufacture of defence equipment and systems. In this short span of time, it has entered into several strategic partnerships with leading global original equipment manufacturers. This will help the Company establish joint ventures for transfer of niche technologies and develop state-of-the-art equipment, weapons and systems indigenously. The Company is all set to successfully seize the humongous business opportunities emerging in the defence sector in India, with a view to achieving accelerated growth.

We continue to make progress on monetisation of various assets. The Company completed the sale of its equity stake in its cement special purpose vehicle (SPV) and is in the process of divesting part of transmission business. The Company actively pursues several project related disputes which are under various stages of arbitration. The Company has won favourable arbitration awards relating to Delhi Airport Metro project and two Toll Road projects. The proceeds from the asset monetisation and arbitration awards will result in significant debt reduction and help in unlocking value for the shareholders.

Performance Review

I wish to share with you the highlights of our financial and operational performance (consolidated) during the year 2016-17.

- Total Income of ₹ 28,222 crore (US\$ 4.4 billion)
- EBITDA of ₹ 8,274 crore (US\$ 1.3 billion)
- Net Profit of ₹ 1,425 crore (US\$ 220 million)
- Earnings per Share (EPS) of ₹ 54.18 (US\$ 0.83)
- Cash Earnings per Share of ₹ 118.36 (US\$ 1.83)

With a net worth of ₹ 23,348 crore (US\$ 3.6 billion), Reliance Infrastructure ranks among the top performing Indian private sector companies in the country.

Power Generation

Our power generation plants, with aggregate installed capacity of 941 MW, continue to demonstrate significant improvement across major operational, environmental and safety performance parameters. Our power plants are certified for Integrated Management System covering Quality, Environment, Occupational Health and Safety, Energy Management, Information Security Management, Social Accountability Management and Asset Management System.

During 2016-17, Dahanu Thermal Power Station (DTPS) was conferred with the National Award by the Confederation of Indian

Industry for excellence in energy efficiency, IIPAI Power Award – 2016 as the best thermal power generator and Maharashtra Energy Development Agency (MEDA) award for excellence in energy management.

DTPS has completed the 1st cycle of Perform, Achieve and Trade as per Energy Conservation Act, 2001 and received 4,591 Energy Saving Certificates (ESCerts) which can be traded on Power Exchanges.

Power Transmission

Our Company, being one of the leading private sector players of the country in the transmission sector, owns a project portfolio of over ₹ 4,600 crore. The Mumbai Power Transmission Division caters to the need of evacuation of power from DTPS and state grid to Mumbai utilities. The transmission lines connect Mumbai system at nine points with the state grid. Our power transmission network has achieved System availability of 99.80 per cent in 2016-17, much above the norm set by the regulator resulting in consistent availing of 100 per cent incentive as per regulations.

The Company is in the process of monetizing its transmission projects in Western Region System Strengthening Scheme (WRSSS) and the Parbati Koldam Transmission project. A Share Purchase Agreement (SPA) has already been signed with Adani Transmission Limited for sale of 100 per cent stake in WRSSS Transmission Assets which is in the advanced stage of closure. The SPA for sale of our entire 74 per cent stake in Parbati Koldam Transmission Company Limited shall be executed upon receipt of approval from appropriate authorities.

Power Distribution

Mumbai Power Distribution Division being a state-of-the-art power utility network has been distributing electricity over 9 decades in the suburbs of Mumbai. The Company serves nearly 3 million customers using 21,000 kms of cable network, operating distribution network at 99.99 per cent reliability, giving our customers one of the most reliable power distribution networks in the country.

The Division has managed to reduce aggregate technical and commercial (AT&C) losses to 8.26 per cent, one of the lowest in the country.

Committed to deliver reliable and quality power supply and with a quest to introduce modern day technologies in its day to day processes, this division is perhaps the only utility in the country to have optimized use of an integrated system of network planning and management. This division is also converting conventional grid into smart grid using compact, communicable substations / receiving Stations, while adhering to all statutory compliances and Public Safety. This division has highest number of substations monitored and controlled through remote locations.

Contributing to the Government's "Digital India" campaign, this division offers all services on customer's finger-tips through Internet, Mobile App, 24X7 Toll free Power Helpline number and the widest range of Payment Avenues. The division has presence

Letter to Shareowners

on social media such as Twitter, YouTube, LinkedIn and has the highest Utility followers on Facebook in the world.

The Company's social engagement programme, Young Energy Saver (YES) campaign with 2 lakh members, has sensitized more than 6.5 lakh citizens and created a new landmark, entry into the Guinness Book of World Records.

The Scheme of Arrangement for transfer of the Company's Mumbai Power Generation, Transmission and Distribution Divisions, Samalkot Power Station Division, Goa Power Station Division and Windmill Division received the approval of the Bombay High Court on January 19, 2017, subject to obtaining the consent of the lenders and regulatory approvals.

The EPC Business

The Engineering, Procurement and Construction (EPC) Division currently focuses on EPC contracts from various Infrastructure sectors including power, transportation, defence and other mega Infra development sectors. Backed by an extraordinarily talented work force and years of experience in the field, we employ state-of-the-art technologies in every facet of our EPC operation, delivering superior value in engineering, design and project management.

A Centre of Engineering Excellence has been formed to build Knowledge Capital in order to enable the execution of large projects at optimum cost, while ensuring high standards of quality and strict adherence to timelines. Our EPC business has an order book of approximately ₹ 5,960 crore as of March 31, 2017. This year, our division bagged new orders of ₹ 4,386 crore, including the prestigious EPC order for setting up two 250 MW lignite based Thermal Power Projects near Bikaner in Rajasthan and four-laning of about 66-km stretch of National Highway between Vikkravandi to Pinalur-Sethiyahopu in Tamil Nadu.

Road Projects

Over the last decade, we have emerged as one of the largest road developers on Build, Own and Transfer basis, with a portfolio of eleven projects at an aggregate outlay of approximately ₹ 11,600 crore. We have urban centric roads in high traffic density corridors spread across six states in India and are one of the largest concessionaires of the National Highways Authority of India. We have achieved a 10 per cent increase in the revenue despite the impact of demonetisation during the year.

As part of our ongoing asset monetization plans and in line with the Government of India's initiative to promote alternative means for long term financing, our Company formed an Infrastructure Investment Trust i.e. Reliance Infrastructure InvIT Fund (the Trust) to monetize the toll road assets of the Company. The Trust is registered with the Securities and Exchange Board of India (SEBI) and shall hold assets of completed toll road projects. The Company is the Sponsor and Project manager of the Trust and Reliance Nippon Life Asset Management Limited is the Investment Manager. The Investment Manager has filed the draft offer document with SEBI for initial public offer of units representing an undivided beneficial interest in the Trust.

Metro Project

The Mumbai Metro Line 1 project covering Versova-Andheri-Ghatkopar corridor which commenced operations in June 2014 has served over 300 million passengers since inception. Since the launch of this Metro line, there has been increase of around 16 per cent in average ridership. Mumbai Metro has emerged as the eighth densest metro corridor in the world with an peak ridership of 3.8 lakh commuters per day as it is the fastest mode of East West connectivity in Mumbai. Mumbai Metro has adopted the 'green initiative' in a big way by harnessing solar energy and switching to LED lights. Metro has tied up with Paytm and other mobile wallets to help commuters opt for cashless transactions. Mumbai Metro is the first and only Metro in the country to offer WiFi connectivity at all its 12 stations and even inside the trains.

Mumbai Metro Line 1 was awarded the prestigious "Best Metro of the Year 2016" by Indian Merchants Chambers.

Defence Business

The Company is committed to developing a robust defence business contributing significantly to the national security and to be self-reliant in defence segment. In a short span of about a year, we could establish ourselves in the Indian defence industry with several tie-ups with global equipment suppliers. We have joined hands with Dassault Aviation of France as the key offset partner with respect to supply of 36 Rafael Aircrafts. The offset contract at about ₹ 30,000 crore is the largest ever offset contract of India. A separate joint venture (JV) company, namely, Dassault Reliance Aerospace Limited – a JV with Dassault Aviation holding 49 per cent equity and the Reliance Group holding the balance 51 per cent has already been incorporated for this purpose. We are also at the advanced stage for a JV with Rafael Advanced Defence Systems of Israel.

Reliance Defence and Engineering Limited (RDEL) has been selected by the US Navy for repair and maintenance work of its 7th Fleet. With this milestone, RDEL has achieved the distinction of being the only shipyard in India qualified for complex repair and alteration of US Naval Ships. RDEL won multiple contracts for supply of new vessels to the Indian Coast Guard and maintenance / upgrade of Indian Navy warships.

We have entered into strategic partnerships with LIG Nex1 of South Korea, Strata of UAE, DCNS and Thales of France and many other companies across the globe to address market opportunities worth more than ₹ 1,00,000 crore over the next 5-10 years. Having established ourselves in the Naval and Aerospace domain, we would be focusing on Land Systems opportunities in 2017-18.

Corporate Governance

Our Company has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

The Company continued to contribute actively to community welfare activities and took up several initiatives and measures related to education and healthcare. As a responsible corporate, the Company continued to undertake several initiatives to make a positive economic, social and environmental impact in the neighborhood of our power stations and other business units.

Our Commitment

Our founder, the legendary Padma Vibhushan Shri Dhirubhai Ambani always emphasized the entrepreneurial principles of quality with quantity, efficiency with equity, enterprise with excellence for improving the quality of life of Indians. We remain committed to upholding his vision and aim at creating even greater value for all our stakeholders.



Anil Dhirubhai Ambani
Chairman