Reliance's Achievements in 1998-99

Sales - Rs. 14,553 crores
(US $ 3,430 million)

Gross Profit - Rs. 3,318 crores
(US $ 782 million)

Cash Profit - Rs. 2,589 crores
(US $ 610 million)

Net Profit - Rs. 1,704 crores
(US $ 402 million)

Compounded Annual Net Profit growth over 5 years - 24%

Compounded Annual Earnings Per Share growth over 5 years - 15%

Total Assets - Rs. 28,156 crores
(US $ 6,636 million)

India's largest private sector enterprise

Page	*Contents*

21st Century Agenda

Chairman's Communication

A lot has been said and written in the recent past, about the extended downturn in commodities businesses world-wide, and the extreme adversity being faced by the global petrochemicals industry.

Much of this is, undoubtedly, true. But, I would prefer to discuss here, the many growth opportunities arising in the petrochemicals industry, as a result of this tough environment, rather than dwelling on the difficulties of doing business in such times.

The extraordinary pace of global change will remain a reality in the future, affecting our competitive environment in a fundamental and permanent way.

Reliance will endeavour in this increasingly competitive and fast-paced global economy, to adapt, learn, and respond, quickly to changing conditions.

Reliance has drawn up its plans and strategies for future growth, based on the current realities surrounding industry. An upturn in the global petrochemicals cycle will be welcome, but we are not waiting for this to happen, to achieve profitable growth.

Financial performance

First, a word about our financial performance. Reliance has achieved the distinction, of becoming one of the very few companies in this industry internationally, to have reported sales, production volume, and earnings, growth, at, or near, the bottom phase of the global petrochemicals cycle.

Sales have touched Rs. 14,553 crores ($ 3,430 million). Net profit has touched Rs. 1,704 crores ($ 402 million). Production volume has touched a record 7.06 million tonnes. Total assets have crossed Rs. 28,000 crores (US$ 6,636 million).

It is a tribute, to the collective team-work, commitment and courageous spirit, of all our people, that this remarkable performance, has been achieved, despite a temporary dislocation, during the year, of the primary feedstock supply system at our Hazira petrochemicals complex.

Performance such as this, in the face of adversity, inspires me to believe that Reliance is fully equipped to enter the new millenium.

Reliance's Strengths

Over the last 2 decades, Reliance has become one of the world's largest integrated petrochemicals companies, by creation of several core strengths, within the organisation. As we embark on the next phase of our growth, I would like to highlight some of these strengths:

- setting up, and operation, of world-scale plants
- strong, proven, technology platforms
- integrated manufacturing and business processes, employing a high degree of automation
- clear market leadership
- global competitiveness, on capital and operating costs
- international quality of products
- emphasis on delivering total customer satisfaction
- conservative financial profile
- vast reservoir of intellectual capital
- unparalleled pool of in-house engineering skills
- young, committed, qualified, and skilled workforce

I believe this combination, of multi-functional strengths, is unique, not just in the domestic context, but also in the global petrochemicals scenario, and will enable us to strengthen our market leadership in the future.

Jamnagar Petrochemicals Complex

The commissioning of the Jamnagar petrochemicals complex, being set up at an estimated capital outlay of Rs. 5,500 crores ($1.3 billion), has already begun, and will be completed ahead of schedule, during the current financial year.

Shareowners will be happy to note that, upon commissioning of the Jamnagar petrochemicals complex, our overall production volume will have multiplied, over the past 7 to 8 years, from less than a million tonnes per annum, to over 9 million tonnes per annum.

This rapid pace of growth, and our ability to market more than 95% of our total production within the domestic markets, is a silent vindication of our abiding faith in the long term economic growth potential of India and its people.

The commissioning of the Jamnagar complex will significantly enhance our market leadership, and lead to a higher degree of vertical integration, resulting in improved global competitiveness.

Reliance Petroleum

Many of you are our valuable shareowners in Reliance Petroleum Ltd. (RPL). Reliance itself will hold 50% of RPL's equity share capital.

I am happy to take this opportunity to inform you that Reliance Petroleum will be commissioning its Rs. 14,250 crores ($ 3.4 billion), 27 million tonnes per annum, globally competitive, high complexity refinery during the second quarter of the current financial year - well ahead of schedule.

Upon commissioning of the refinery complex, our aggregate production volume, as a group, will cross 36 million tonnes per annum. This will place us among the leading ranks in our industry globally.

We are, of course, aware that mere growth in production volumes is not a sufficient reward for our shareowners. This growth must translate into higher cash flows and sustainable earnings growth.

We are committed to making every endeavour to improve the efficiency of the capital employed in our businesses, thereby generating significant returns, and delivering value to all our stakeholders.

Restructuring of Industry

Restructuring, and consolidation, of industry are a way of life in the global economy. Increasing competitive pressures on business have brought about a new sense of urgency to this process.

Rationalisation of manufacturing facilities, all-round cost reduction, and productivity of capital and assets, are recognised today as an imperative for growth.

In keeping with these global trends, Reliance is committed to participating in the restructuring of the petrochemicals industry. Reliance will pursue acquisition opportunities in all its businesses, to strengthen its market leadership, improve the competitive structure of industry, and deliver value to all shareowners.

During the year, we have acquired control in India over polyester capacities of 65,000 tonnes per annum, enabling us to extend our market penetration, and enhance value integration for our polyester intermediates business. We are pursuing other similar opportunities.

The Indian Market

A liberalised economic environment has heightened the aspirations of millions of Indian consumers. Consumption patterns are being reshaped, creating a paradigm shift in the character of demand for basic goods and services in the economy.

This is a very positive development for us. The Reliance brand is one of the most recognised names in India. Given the industrial nature of most of our products, it is often forgotten that we touch the lives of millions of Indians, through the thousands of articles of day-to-day use, manufactured with our products as key raw materials.

On a per capita consumption basis, the potential for future demand growth in India is still enormous, even though we have now witnessed double-digit growth rates for over 10 years. The rise in the consumption of basic goods and services within the economy, will ensure growing markets for our products.

Our efforts at product development, expansion of the market, and building of a customer franchise continue to distinguish us from other chemical companies operating in developed markets. I believe, over time, the markets will recognise that Reliance has built a unique position in India, which is unlikely to be replicated.

The Future

Last year, in my communication to you, I had reiterated our commitment to the goal of overall shareowner value enhancement, by endeavouring to achieve earnings growth consistently through business cycles, and ensuring adequate communication to enable people to better understand Reliance's real strengths.

I am aware that many of our valuable shareowners are concerned about the performance of the Reliance share price, last year. This needs to be viewed in the context of the globalisation of the Indian economy and capital markets. The under-performance of global chemicals stocks has been a world-wide phenomenon last year. The movement of the Reliance share price only mirrors this trend.

Nonetheless, we are committed to a continuous process of taking all necessary and responsible steps to ensure that Reliance's true fundamentals and intrinsic worth are more appropriately reflected in the marketplace.

Our corporate ethics initiative, during the year, underscores our continuing efforts towards enhancing corporate governance.

Our objective is to endeavour to deliver sustainable, earnings growth, which will provide a lasting basis for increased overall returns to our shareowners - in a manner that is consistent with our principles, values and commitments.

Our current major capital expenditure programmes are now complete, as we have achieved our objective of building world scale, vertically integrated, globally competitive, manufacturing facilities.

Global benchmarking has always been a mantra for all of us, here at Reliance. We have now geared ourselves up, to raise our levels of productivity and efficiency - for capital, assets, people, and the entire organisation - well beyond comparable global benchmarks.

In the future, the nature of our challenges will be altered. Our businesses are expected to generate substantial cash flows, even at the bottom of the petrochemicals cycle, without factoring in any upside potential. We are committed to deployment of these cash flows, within a disciplined and conservative financial framework, and in the best interests of overall shareowner value enhancement.

Acquisitions in our core businesses, reduction of net debt levels, and pay-outs to shareowners, are some of the intended avenues for deployment of these expected cash flows.

My message to you, as we prepare to enter the new millenium, is one of realism, tinged, as always, with optimism. Reliance has a 21st century team and business agenda in place. Our business leaders possess a strong external focus, and a global vision. We see significant opportunities in the present environment.

I am confident that our relentless commitment to productivity, efficiency and growth in earnings and cash flows, and our impatience to live with only marginal improvements will result in lasting value enhancement to all of you, our valuable shareowners.

Dhirubhai H. Ambani
Chairman

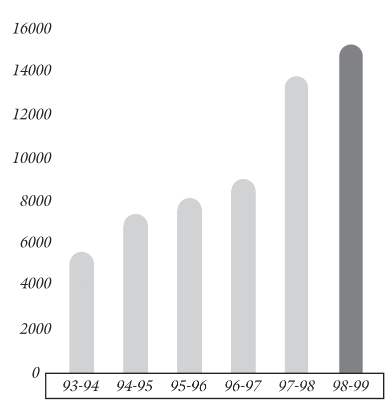
Financial Highlights

Consistent and robust growth

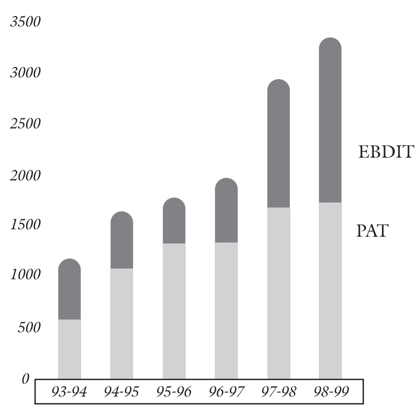
	1998-99		97-98	'96-97	'95-96	'94-95	'93-94	'92-93	'91-92	1985
	$ Mn	(Rs. in crores)								
Sales	**3,430**	**14,553**	13,404	8,730	7,786	7,019	5,345	4,106	2,953	733
Total Income	**3,573**	**15,161**	13,740	9,020	8,058	7,331	5,555	4,222	3,005	744
Earnings Before Depreciation, Interest and Tax (EBDIT)	**782**	**3,318**	2,887	1,948	1,752	1,622	1,159	929	575	139
Depreciation	**202**	**855**	667	410	337	278	255	280	193	37
Profit After Tax	**402**	**1,704**	1,653	1,323	1,305	1,065	576	322	163	71
Taxes paid to the Government	**682**	**2,893**	3,021	2,490	2,234	2,147	1,391	1,118	984	373
Equity Dividend %	**37.5**	**37.5**	35*	65	60	55	51	35	30	50
Dividend Payout	**82**	**350**	327	299	276	199	138	85	48	25
Equity Share Capital	**220**	**933**	932*	458	458	456	318	245	152	52
Reserves and Surplus	**2,636**	**11,183**	10,863	8,013	7,747	6,731	4,011	2,362	1,711	254
Net Worth	**2,915**	**12,369**	11,983	8,471	8,405	7,193	4,335	2,613	1,944	311
Gross Fixed Assets	**5,206**	**22,088**	19,918	14,665	11,374	8,390	5,132	4,641	4,314	736
Net Fixed Assets	**3,629**	**15,396**	14,973	11,173	9,233	6,585	3,600	3,368	3,338	607
Total Assets	**6,636**	**28,156**	24,388	19,536	15,038	11,529	8,121	6,083	4,880	1,046
Market Capitalisation	**2,870**	**12,176**	16,518	14,395	9,783	12,027	10,718	4,388	6,656	906
Number of Employees		**16,640**	17,375	16,778	14,255	12,560	11,873	11,944	11,940	9,066

1US$ = Rs. 42.43 (Exchange rate as on 31.3.1999)

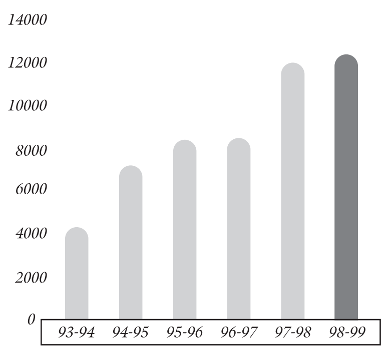
Total Income *(Rs. in crores)*



Profit *(Rs. in crores)*



Net Worth *(Rs. in crores)*



Financial Highlights

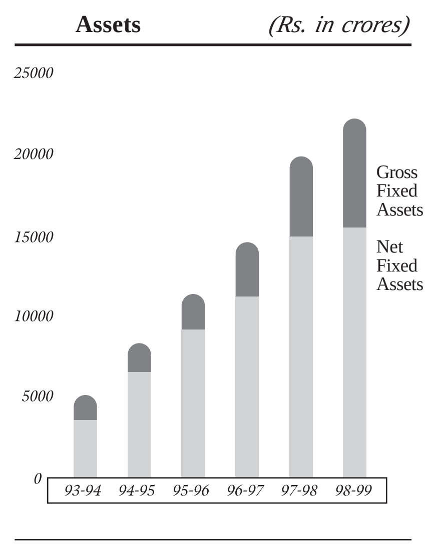
Key indicators

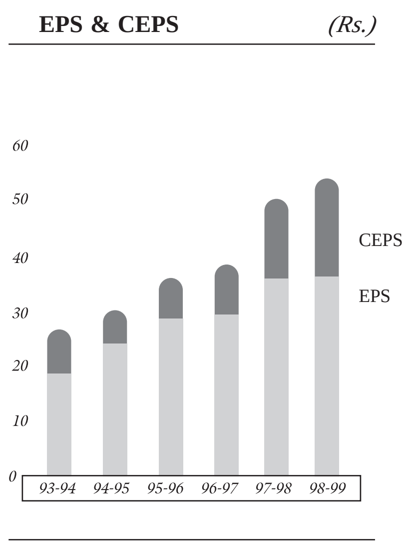
	1998-99 US$	1998-99	97-98	'96-97	'95-96	'94-95	'93-94	'92-93	'91-92	1985
Earnings Per Share - Rs.	**0.42**	**18.0**	17.6*	28.7	27.9	23.4	18.1	13.1	10.7	13.8
Cash Earning Per Share - Rs.	**0.64**	**27.1**	24.7*	37.6	35.2	29.5	26.1	24.5	23.4	21.1
Sales Per Share - Rs.	**3.67**	**155.9**	143.6*	189.6	169.9	153.9	168.1	166.9	194.1	141.0
Book Value Per Share - Rs.	**3.06**	**129.8**	128.3*	184.0	179.0	158.0	136.0	106.0	127.8	59.0
Debt : Equity Ratio	**0.86:1**	**0.86:1**	0.68:1	0.83:1	0.49:1	0.35:1	0.58:1	0.84:1	0.92:1	1.66:1
EBDIT/ Sales %	**22.8**	**22.8**	21.5	22.3	22.5	23.1	21.7	22.6	19.5	19.0
Net Profit Margin %	**11.7**	**11.7**	12.3	15.2	16.8	15.2	10.8	7.8	5.5	9.7
RONW %	**22.6**	**22.6****	21.2	22.3	25.3	23.7	18.2	20.7	17.1	30.6

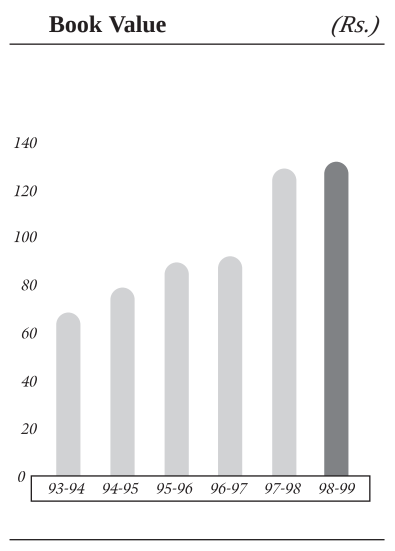
1US$ = Rs. 42.43 (Exchange rate as on 31.3.1999)

* After bonus issue of 1:1

** Excluding CWIP and revaluation







Reliance at a glance

Textiles

Naroda, near Ahmedabad, Gujarat

VIMAL	Suitings Shirtings Dress Materials Saris
HARMONY	Furnishing Fabrics Day Curtains Automotive Upholstery
SLUMBEREL	Fibrefilled Pillows Sleep Products
RECRON	Texturised Yarns Twisted / Dyed Yarns
RUEREL	Suitings
REANCE	Shirts Trousers Jackets

Fibres, Fibre Intermediates & Chemicals

Patalganga, near Mumbai, Maharashtra

RECRON	Polyester Staple Fibre (PSF) Polyester Filament Yarn (PFY)
	Polyester Chips Purified Terephthalic Acid (PTA) Paraxylene (PX)
RELAB	Linear Alkyl Benzene (LAB)
	Normal Paraffin Hydrocarbon Solvents

Polymers, Chemicals, Fibers & Fibre Intermediates

Hazira, near Surat, Gujarat

REON	Polyvinyl Chloride (PVC)
RECLAIR	Linear Low Density Polyethylene (LLDPE)
RELENE	High Density Polyethylene (HDPE)
REPOL	Polypropylene (PP)
	Purified Terephthalic Acid (PTA) Ethylene Oxide Mono-ethylene (EO) Glycol (MEG) Di-ethylene Glycol Tri-ethylene Glycol Ethylene Propylene Benzene Toluene Xylene Carbon Black Feed Stock (CBFS) Vinyl Chloride Monomer (VCM)
RECRON	Polyester Staple Fibre (PSF) Polyester Filament Yarn (PFY) Polyester Fiber Fill (PFF)
RELPET	Polyethylene Terephthalate (PET)

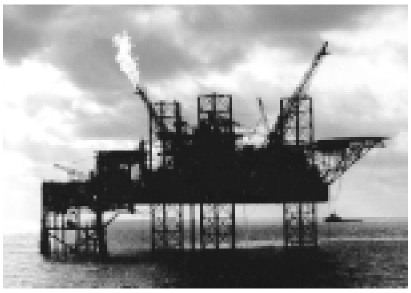
Reliance at a glance

Polymers & Fiber Intermediates

Jamnagar,
Gujarat

Paraxylene (PX)
Polypropylene (PP)

Oil & Gas



Panna & Mukta - off Bombay High
Tapti - Northwest of Mumbai

Crude Oil
Natural Gas

New Initiatives

Refining - Reliance Petroleum
Infrastructure
Power
Telecom

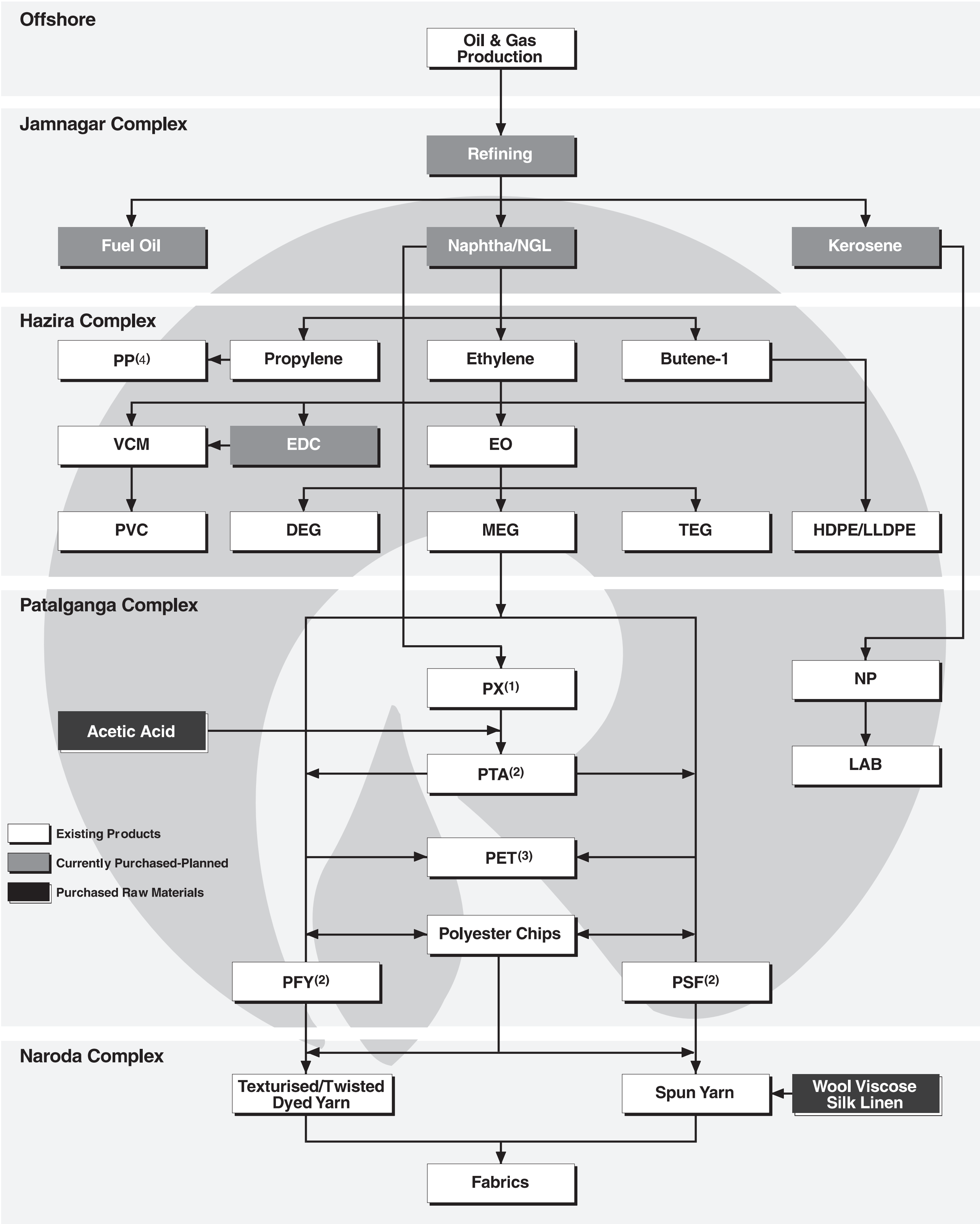
India's Largest Selling Brands

Business	Brand	Product	Market Share (% Share in Production)	No. of Other Players in the Industry
Polyesters	**Recron**	Texturised Yarn		
		Twisted/Dyed Yarn		
		Polyester Staple Fibre (PSF)	58	6
		Polyester Filament Yarn (PFY)	32	32
		Polyester Fibre Fill (PFF)	61	6
	Relpet	Polyethylene Terephthalate (PET)	69	3
Polymers	**Relene**	High Density Polyethylene (HDPE)	63	3
	Reclair	Linear Low Density Polyethylene (LLDPE)		
	Repol	Polypropylene (PP)	71	1
	Reon	Polyvinyl Chloride (PVC)	39	5
Chemicals	**Relab**	Linear Alkyl Benzene (LAB)	36	2
Fibre Intermediates		Purified Terephthalic Acid (PTA)	85	3
		Mono Ethylene Glycol (MEG)	80	4
Textiles	**Vimal**	Suitings, Shirtings, Dress material, Sarees		
	Harmony	Furnishing fabrics, Day curtains Automotive upholstery		
	SlumbeRel	Fibre filled pillows and sleep products		
	RueRel	Suitings		
	Reancé	Readymade Garments		
Oil & Gas		Crude Oil & Natural Gas		

India's Largest Selling Brands

Nearest Competitor's Market Share	Brand Logo	End Uses	Technology Partner
	RECRON A Reliance Product	Apparels, Home textiles Industrial sewing threads, Automotive Upholstery	E.I. DuPont, USA
23 10	RECRON FIBREFILL A Quality Product from Reliance	Sleep Product : Pillows, Cushions, Toys, Quilts, Mattresses	
10 19	RELPET A Reliance Product	Packaging-water, soft drinks, beverages, confectionary	E.I. DuPont, USA/Sinco, Italy
28	RELENE A Reliance Product	Packaging-woven sacks, films, containers, Household-luggage Industrial crates, pallets, gas pipes, ropes, Agriculture-water pipes	Novacor, Canada (earlier DuPont, Canada)
	RECLAIR A Reliance Product	Packaging-films, squeeze bottles. Household-lid and caps, water tanks, Industrial-storage containers, liners, cable sheathing. Agriculture-drip irrigation	
29	REPOL A Reliance Product	Packaging-Woven sacks, TQ and BOPP films, containers, strappings Household-Bathware, Kitchenware, Furniture Industrial-Dashboard, bumpers, grills, fender, other plastic components	Unipol
28	REON A Reliance Product	Pipes & fittings, profiles, films & sheets, bottles containers, wire & cables	Geon Company, USA (earlier B.F. Goodrich, USA)
25	RELAB A Reliance Product	Detergents	UOP, USA
11		Raw material-Polyester	ICI, UK/Du Pont
13		Raw material-Polyester	ABB Lummus Crest, Netherlands (Shell Process)
	VIMAL® A Reliance Product	Apparels	
	Harmony	Furnishings, home textiles	
	SlumbeRel	Sleep products	E.I. DuPont, USA
	VIMAL RueRel Suitings		
	Reancé		
		Refining, Power, Fertilizers and Petrochemicals	Enron Oil & Gas, USA

Product Flow Chart



Abbreviation	Full Name	Abbreviation	Full Name	Abbreviation	Full Name
DEG	Di-ethylene glycol	MEG	Mono-ethylene glycol	PTA	Purified terephthalic acid
DMT	Di-methyl-terephthalate	NGL	Natural gas liquid	PVC	Polyvinyl chloride
EDC	Ethylene di-chloride	NP	Normal paraffin	PX	Paraxylene
EO	Ethylene oxide	PET	Polyethylene terephthalate	TEG	Tri-ethylene glycol
HDPE	High density polyethylene	PFY	Polyester filament yarn	VCM	Vinyl chloride monomer
LAB	Linear alkyl benzene	PP	Polypropylene		
LLDPE	Linear low density polyethylene	PSF	Polyester staple fibre		

(1) Manufacturing also planned at Jamnagar complex (2) Plant also under operation at Hazira complex (3) Plant operational at Hazira Complex.
(4) Jamnagar plant has commenced operation in April 1999.

Corporate Governance

Reliance is committed to achieving the highest international standards of corporate governance, recognising that the management is accountable to all stakeholders for good governance - including shareholders, employees, the government and creditors.

Reliance believes that its key decisions must serve the underlying goals, of enhancing shareholder value over a sustained period of time, and achieving the definite and measurable performance targets that have publicly been set out by the company.

To this end, Reliance consistently aims at achieving increased levels of transparency, accountability and equity, in all facets of its operations.

Board structure and practices

Reliance's Board of Directors is comprised of 11 directors, including 5 external directors. The external directors include 2 nominees from leading investment and financial institutions.

The balanced composition of the Board ensures adequate representation to the interests of all stakeholders, and provides the company with the benefit of the accumulated skills, experience and wisdom, of an independent body of professionals.

It is the policy of the company that, in addition to matters statutorily requiring Board approval, all major decisions, involving, inter alia, mobilisation of resources, new investments and capital expenditure, acquisitions, risk management, and technology are considered by the Board.

The Board also has a committee structure in place, to balance the need for Board inputs, with the constraints on available time. The important committees are:

- Audit Committee,
- Compensation Committee,
- Finance Committee and
- Share Transfer Committee

Except for the Finance Committee, all other committees are comprised of external directors only.

The full Board met four times during the year. All directors, internal and external, have consistently demonstrated an exceptional degree of involvement, and commitment, in their participation in Board meetings.

The full Board meetings were supplemented by several meetings of the respective Board Committees, and a continuing, interactive relationship between the Board members, and senior company management.

Increased Transparency and Disclosure

Reliance believes that increased transparency and enhanced disclosure promote better corporate governance.

Reliance has set new benchmarks in adequate and timely corporate disclosure, becoming the only Indian company, with its scale and complexity of operations, to publish, for the second year in succession, its audited annual results, together with the complete Annual Report, within 3 to 4 weeks of the close of the financial year.

The accounts are audited by the statutorily appointed Indian auditors, and a firm of international accountants.

In the interests of its wide base of international debt and equity investors, Reliance also provides, as a matter of regular practice, a reconciliation of its quarterly and annual accounts with US GAAP and International Accounting Standards (IAS).

During the year, Reliance became the first Indian company to voluntarily initiate the process, of regularly making detailed presentations on current financial performance, to the leading government controlled investment institutions in the country.

This was viewed as a pioneering step in promoting corporate governance, given the substantial shareholding enjoyed by such institutions in most Indian corporates.

Reliance regularly maintains a very high degree of inter-action with its institutional debt and equity investors, in India and abroad, to keep them abreast of current developments in the company, and to address their ongoing needs for information.

During the year, Reliance became the first Indian company to publish an Intellectual Capital Report, providing insights into the value-creation processes within the company.

This was aimed at redressing the imbalance between non-financial and financial data, and in recognition of the belief that the value of organisations will, in times to come, increasingly reside in their intangible assets. The Intellectual Capital Report will now be published every year.

Reliance makes full use of the power of technology, for communicating online corporate, financial and product information, on its website, www.ril.com. Reliance's site has earned the distinction of becoming one of the most visited corporate websites in India.

Corporate Governance Chair at the National Law School

It is Reliance's endeavour to promote the best governance practices in the Indian corporate sector.

In August 1998, Reliance endowed a chair for Corporate Law and Governance at the National Law School of India University to co-ordinate and manage studies, academic courses, training, curriculum development, as well as publication and dissemination of information and documentation pertaining to Corporate Law and Governance.

The Professor of Corporate Law and Governance, apart from these academic functions, will be responsible for organising seminars, conferences, and consultative meetings, facilitating policy formulation and law reform in the area of Corporate Law and Governance.

The Professor will also have the responsibility to design courses for persons from the corporate sector. The Professor will undertake fundamental and sponsored research, as well as training, specially for and on behalf of Reliance.

Corporate Ethics Initiative

Reliance believes that an effective Corporate Governance process transcends integrity and efficiency. It begins with the role and practices of the Board of Directors, but it does not end there.

Good corporate governance encompasses all of the corporation's relationships. It refers to the total network of public and private initiatives that surround the corporation, and make it responsive and accountable to all its stakeholders.

In pursuance of this belief, Reliance has, in another pioneering initiative, set in place a policy framework for ethical business conduct by its personnel.

The Ethics Policy, published during the year, sets forth, inter alia:

- Our Values and Commitments,
- Our Code of Ethics,
- Our Business Policies,
- The Insider Trading Policy
- A detailed programme for Ethics Management at Reliance.

Reliance strives to conduct its business, and develop its relationships, in a manner that is dignified, distinctive and responsible. The principles enshrined in the ethics policy documents provide the direction to the efforts to achieve this objective.

Our Values and Commitments are the foundations on which the reputation of Reliance has been built. These will continue to be a major force in shaping Reliance's growth strategies, in the consistent endeavour to enhance the reputation of the company.

The real expression of the ethics policies must be reflected in day-to-day behaviour and actions. Reliance is committed to ensuring that these values are reflected in the actions taken by all its people.

The ethics policies describe what is expected of the people of Reliance, and what society can expect of Reliance.

Values and Commitments policy document states that Reliance believes that any business conduct can be ethical only when it rests on the nine core values of Honesty, Integrity, Respect, Fairness, Purposefulness, Trust, Responsibility, Citizenship and Caring. These values are not to be lost sight of by anyone at Reliance under any circumstances irrespective of the goals that are intended to be achieved. To us, means are as important as the ends.

In pursuit of these values outlined in the "Values and Commitments" policy document, we are committed to an ethical treatment of all our stakeholders - our employees, our customers, our environment, our shareholders, our lenders and other investors, our suppliers and the Government. A firm belief that every Reliance team member holds is that the other person’s interests count as much as their own.

Code of Ethics and Business Policies are in alignment with Reliance's Values and Commitments. The essence of of these documents is that each employee should conduct the company's business with integrity, in compliance with applicable laws, and in a manner that excludes considerations of personal advantage.

Code of Ethics Policy document contains our policy on the following:

- Conflict of Interest
- Payments and Gifting
- Receipt of Gifts
- Purchases through suppliers
- Appointment of full-time agents, consultants and representatives
- Political Contributions

Business Policies document contains our policy on the following:

- Fair Market Practices
- Inside Information
- Financial, Records and Accounting Integrity
- External Communication
- Work Ethics
- Personal Conduct
- Health Safety and Environment
- Quality

Insider Trading Policy document contains our policies prohibiting insider trading.

Year 2000 Compliance

The Year 2000 (Y2K) problem concerns the inability of computerised information, process control and other systems to properly recognise and process date sensitive information beyond December 31, 1999.

These problems occur because some computer systems use only the last 2 digits of the year for specifying a date, rather than all 4 digits, and thus may interpret the year 2000, represented as "00" to be the year 1900.

The implications of such failure are difficult to predict with any degree of certainty. The same, if not addressed, could result in system failures and erroneous calculations, which could possibly affect many business processes, including production, distribution, research and development, financial, administrative and communications operations.

Year 2000 Compliance implies that all computer systems are verified to be capable of correctly recognising and processing date related information beyond December 31, 1999.

Reliance's Year 2000 Policy

Reliance's Year 2000 Compliance Program is devised to commit adequate resources to assess risk, and take corrective actions, wherever required, to ensure:

- There is no risk, of injury to any person, environmental pollution, or damage to plant equipment, owing to failure of automation and control systems employed in Reliance's plants.
- There is no disruption of manufacturing activities and operations in the plants, and there is no discontinuity of product dispatch and distribution.
- There is no disruption, or inaccuracy, in the financial, accounting and other transactions undertaken by the company in the course of business activities.
- The interests of all stakeholders in the company are protected at all times.

Reliance's Y2K Organisation

Reliance has formed a Year 2000 Compliance Steering Committee under the leadership of an Executive Director. The Y2K Steering Committee is comprised of senior level executives, representing all major functions, including information technology, manufacturing, engineering, business and finance.

A senior manager has been appointed as the Chief Year 2000 Compliance Co-ordinator. He is assisted by a group of specialists, who co-ordinate and track company wide efforts, share best practices and monitor budgets.

Each of the manufacturing complexes has formed a Task Force, under the leadership of a Y2K Co-ordinator, to implement the Y2K compliance efforts. The Task Force for each manufacturing complex reports to the President of that complex.

Year 2000 Project Plan

The basic scope of Reliance's Y2K Compliance programme is divided into four major areas:

1. Business systems
2. Manufacturing systems
3. Plant/Process automation and control systems,
4. Communication systems.

The comprehensive Year 2000 Compliance programme covers the following phases:

1. Inventory
2. Assessment and Impact analysis
3. Remediation
4. Testing
5. Implementation
6. Certification
7. Contingency plan
8. Post compliance surveillance

Reliance has developed an exhaustive database on the Corporate Intranet to cover all phases of the Year 2000 Compliance activity. The information in the database is updated online, as an activity related to any particular equipment transits from one phase to another.

Cost

Reliance's project philosophy in terms of selection of equipment based on the latest technology, a rationalised approach while selecting vendors for identical equipment, and the use of common software/hardware platforms, has ensured uniformity in systems across the enterprise. This has helped in reducing the company's Year 2000 Compliance efforts and cost.

The likely final cost implications are being compiled, but the Company believes, on the basis of realistic, provisional estimates, that the costs being incurred for achieving Year 2000 Compliance will not have any significant impact on the Company's financial position or results of operations.

Status

As a result of assessments, modifications, upgrades, or replacements-planned, ongoing or already completed-the Company believes the Year 2000 issue as it relates to the Company's own date dependent systems will not pose any significant problems for the Company's business, processes and operations.

It is anticipated that all mission critical systems will be certified Year 2000 compliant by July 1999. Internal identification of all business, manufacturing, automation and IT systems has been completed and potential areas of non-compliance identified. Remedial actions, wherever required, have been initiated.

The Company will continue its Year 2000 assessment and testing efforts for new or modified business computer systems throughout 1999.

Manufacturers of various systems have been contacted to verify Year 2000 compliance, and product compliance responses have been received for more than 85% of the identified systems. A limited number of devices have been determined to be non-compliant, with most requiring only software upgrades at a minimal cost.

A part of the upgrade work may occur in the second half of 1999, owing to plant scheduling and equipment procurement lead times. A few, lower priority, non-critical devices may not be tested or remediated, and will be managed by contingency plans.

The Company believes the risk, if any, in adoption of this approach is controllable, with contingency plans being developed, and this will not pose any significant problems for the Company's various manufacturing control systems.

The critical elements of the Compliance Action Plan are on schedule, and Reliance is confident that it will enter the new millennium without any significant problems affecting any of its mission critical computerised systems.

Contingency Plan

A business contingency planning team, comprising key business managers, has been assigned to develop company-wide contingency plans. This team is actively assessing the internal and external risks posed by the Year 2000 issue, such as power, energy, telecommunications, transportation and material supply disruptions, and will use existing business continuity plans while taking into account issues unique to the Year 2000 issue.

The major elements of the plan will be completed by June 1999, with refinement and execution continuing up to and through the Year 2000 rollover.

Management Discussion and Analysis

Overall Review

Reliance Industries is one of the few petrochemicals companies in the world to have achieved sales, production volume and earnings growth, in a year when the global petrochemicals industry has faced perhaps the most adverse environment in its history.

International product selling prices touched historic lows during the year, falling, at times, to levels which were 30% to 60% below the average selling prices of the past 5 years.

Reliance's encouraging performance, in this tough environment, reflects the global competitiveness of its operations, its proven leadership in a growing domestic market, the international quality of its products, and the indomitable spirit of all its people, in overcoming the most difficult of challenges.

During the year, Reliance had to face an unprecedented situation, arising from the damage caused, by an unloading mother vessel, to the primary feedstock supply system, the Single Buoy Mooring (SBM), at the Hazira petrochemicals complex.

The accident dislocated feedstock supplies at Hazira, and had the potential to cause cessation of operations at the complex for a period of several weeks, or even, months.

Reliance's people ensured, through a collective logistics management effort, and by arranging a replacement SBM, that loss of production was minimised, and the complex resumed normal functioning within a very short time.

Reliance's financial performance for the year has to viewed in the context that the same has been achieved, after accounting for additional operating costs of Rs. 141crores ($ 33 million) incurred as a result of this accident.

As a measure of financial conservatism, Reliance's claims for loss of revenue, increased cost of working, and other similar losses, have not been set off in the financial results, against these additional costs.

Business Review

Reliance set new production records during the year, with production volume crossing the 7 million tonne mark, despite the dislocations arising from the damage caused to the SBM.

Total production volume touched 7.06 million tonnes - an increase of 26% over the previous year.

Continued robust growth of demand in domestic markets ensured that over 95% of sales revenues were derived from domestic sales.

The business mix was comprised of polyester and polyester intermediates 43.9%, polymers and polymers intermediates 36.2%, chemicals 15.3%, textiles 2.2% and oil and gas 2.4%.

During the year, Reliance has strengthened its leadership position in all its businesses, with a continuing emphasis on delivering world class quality, building its customer franchise, extending its nationwide marketing and distribution network, and offering a competitive value proposition to its customers.

Substitution, and new product applications, contributed to double-digit growth rates in Reliance's two main business segments, polyester and polymers.

This trend is expected to be maintained in the future, in view of the low per capita consumption rates still prevailing in India, as compared to the world averages, and levels in other similar countries, such as, China.

Reliance has acquired control over two polyester manufacturing facilities, with an aggregate capacity of 65,000 tonnes per annum. This move will enhance Reliance's market penetration, and lead to higher value integration of the company's production of polyester intermediates.

Export revenues, including deemed exports, increased 87% during the year, to Rs. 685 crores ($ 161 million).

In April 1999, Reliance has commenced the commissioning of its Jamnagar petrochemicals complex, being set up at a capital outlay of over Rs. 5,500 crores ($ 1.3 billion).

The complex will be fully commissioned during the current financial year, and will increase Reliance's total capacity by 50% to over 9 million tonnes per annum, besides significantly enhancing the degree of value integration.

Financial Review

Reliance has continued to lead the Indian private sector, in terms of revenues, profits, assets, and net worth.

Sales increased 9% to Rs. 14,553 crores ($ 3,430 million) for the year ended March 31, 1999. This was comprised of a positive impact of 26% from sales volume growth, partially offset by the negative impact of 17% from the decline in product selling prices.

The operating profit, after considering the additional operating costs of Rs. 141 crores ($ 33 million) incurred as a result of the damage caused to the SBM, and before other income, increased 6% to Rs. 2,710 crores ($ 639 million).

The operating margin remained stable at 18.6%, sustained by the strong growth in volumes, lower feedstock prices, cost reductions and productivity gains, higher value addition, and the cushioning impact of the depreciation of the Indian rupee during the year.

Other income, which mainly represented interest and dividend income, increased to Rs. 608 crores ($ 143 million), owing to the higher interest income arising from the larger deposits and investments held by the company.

The interest expense increased to Rs. 729 crores ($ 172 million), consequent upon commissioning and full operation of all new plants at the Hazira petrochemicals complex for the entire year.

This also resulted in a 28% increase in depreciation to Rs. 855 crores ($ 201 million). The provision for corporate tax was nominal at Rs. 30 crores ($ 8 million).

Net profit, after accounting for the additional costs of Rs. 141 crores ($ 33 million) arising from the damage caused to the SBM, was up 3% at Rs. 1,704 crores ($ 402 million).

During the year, total assets increased 16% to over Rs. 28,000 crores. Capital expenditure during the year was Rs. 2,170 crores ($ 512 million), mainly representing expenditure on the setting up of the new Jamnagar petrochemicals complex.

Resources & Liquidity

Reliance has maintained its conservative financial profile, despite the capital intensive nature of its business.

Reliance's gross debt (including long and short term debt) to equity ratio, as at March 31, 1999, remains below 1:1, even after full commissioning of the $ 2.5 billion Hazira petrochemicals complex, and with the bulk of the expenditure on the new $ 1.3 billion Jamnagar petrochemicals complex already incurred.

The company's net gearing, as at March 31, 1999, stood at 28%, even as total assets increased 16% to over Rs. 28,000 crores ($ 6.6 billion).

Reliance funds its long term and project related financing requirements from a combination of internally generated cash flows and external sources.

Reliance has issued over $ 1.3 billion of debt securities in the international capital markets since 1995, with maturities ranging from 7 years to 100 years.

Reliance demonstrated its financial flexibility during the year, by successfully tapping the domestic debt markets, at extremely competitive pricing, at a time when borrowing spreads in the international capital markets, for corporates from emerging markets, remained unattractive.

During the year, Reliance borrowed an additional amount of Rs. 2,177 crores ($ 525 million) domestically, to finance ongoing capital expenditure for its new petrochemicals complex at Jamnagar.

During the year, Reliance also raised an aggregate amount of Rs. 1,000 crores ($ 236 million), through a pioneering and innovative transaction, for securitisation of future receivables from its oil and gas business.

This was the first significant securitisation deal in the domestic capital markets, and enabled Reliance to obtain quasi-equity financing, with a final maturity of 15 years, at competitive terms.

The company bought back $ 37.44 million of its 2005 Notes during the year, and refinanced the purchase through a syndicated loan of identical maturity.

The rating of the company's long term debt from CRISIL was maintained and reaffirmed at AAA, the agency's highest rating.

The company's international debt carries ratings of BB from S&P, and Ba2 from Moodys, the latter constrained by the sovereign ceiling.

Reliance also placed Rs. 65 crores (US $15 million) by way of issue of preference share capital during the year.

The company meets its working capital requirements through committed rupee credit lines, provided by a consortium of Indian and foreign banks. The credit lines are fixed annually, and reviewed on a quarterly basis.

Reliance has established a rupee commercial paper program, to provide an alternative source of working capital. Reliance's commercial paper is rated at P1+ by CRISIL, the highest credit rating which can be assigned to this instrument.

As at March 31, 1999, Reliance had no commercial paper outstanding. The peak outstanding during the financial year was Rs. 625 crores (US $ 147 million).

During the year, the company issued two series of MIBOR (overnight call money rate) linked debentures in the domestic capital markets for Rs. 150 crores ($ 35 million). Reliance obtained the benefit of extremely competitive terms for short term debt through these instruments.

Investments as at March 31, 1999 were Rs. 4,294 crores ($ 1.01 billion), of which liquid investments stood at Rs. 1,036 crores ($ 247 million).

Cash and bank balances as at March 31, 1999 were Rs. 4,855 crores ($ 1.15 billion).

Foreign currency denominated investments and balances as at March 31, 1999 stood at Rs. 5,800 crores ($ 1.3 billion). These afford the company a substantial hedge against translation risk on its long term debt.

During the year, Reliance's total exports, including deemed exports, were Rs. 685 crores ($ 161 million), an increase of 87% compared to the previous year.

Reliance's revenues from sale of crude oil and gas, which are US dollar denominated, were Rs. 354 crores ($ 83 million).

The company's export and oil/gas revenues comfortably exceed annual debt servicing requirements of foreign currency debt.

The company is exposed to increased costs from devaluation of the rupee, on account of its foreign currency loans and exposure to imported feedstocks, mainly, naphtha, paraxylene (PX) and ethylene Di-chloride (EDC).

The company believes that any adverse effect of devaluation of the rupee, on the company's results, is unlikely to be significant, in view of several factors, such as, the holding of significant foreign currency denominated investments and balances, increasing export revenues, the dollar-based, product selling pricing strategy adopted by the company, and hedging transactions undertaken by the company.

Reliance undertakes liability management transactions, such as interest rate swaps and currency swaps, on an ongoing basis, to reduce overall cost of debt and diversify its liability mix.

Business Review

Polyesters

During the year, Reliance produced an aggregate of 601,000 tonnes of polyester products - polyester filament yarn (PFY), polyester staple fibre (PSF), polyester chips, polyester fibrefill, and poly ethylene terepthalate (PET).

This represented growth of 19% over the previous year's production of 504,000 tonnes, and surpassed the industry's growth rate of 16%.

Reliance's market share in the polyester business (PFY, PSF and PET) increased during the year, from 41% to 45%.

Domestic polyester demand has grown at an annual compounded growth rate (CAGR) of nearly 20% over the last 10 years. Nevertheless, polyester consumption in India is still among the lowest in the world, in per capita terms.

The per capita consumption of polyester in India now stands at a little over 1 kg. In contrast, the comparable per capita numbers for other countries are over 3 kgs. for China, and nearly 8 kgs. for the US. The world average is around 3 kgs.

These numbers are clearly indicative of the strong potential for continued demand growth in India in future years.

Consumer perceptions and preferences for clothing materials in India are presently undergoing a secular shift. When polyester was first introduced in India, in 1963, it was perceived as a superior textile fibre/ filament for apparel.

Over the last few years, polyester has evolved, from being a luxury and high priced product, to becoming the most widely chosen clothing material, preferred on attributes such as convenience and competitive pricing.

Polyester has also attained a firm position as a prominent industrial textile material, in addition to being a textile apparel material.

Reliance enjoys market leadership in the polyester business in India, with its world scale capacities, modern and integrated facilities, globally competitive operations, international quality of products, an extensive nationwide marketing and distribution infrastructure, and strong customer relationships.

The Indian polyester industry itself is highly fragmented, characterised by the presence of a number of small players, lacking the benefits of any scale, size and integration.

The process of restructuring and consolidation of the polyester industry in India has inevitably begun.

During the year, Reliance acquired control over two polyester manufacturing facilities - JK Corp (43,000 tonnes per annum) and India Polyfibres Limited (22,000 tonnes per annum).

The acquisition of control over these capacities will enhance Reliance's geographical reach in the eastern Indian regions, and ensure increased value-integration of Reliance's polyester intermediates' (PTA and MEG) production.

Reliance intends further participating in the restructuring of the domestic polyester industry, in a manner which will strengthen its market leadership position, improve the competitive structure of the industry, and create value for the company's shareholders.

The demand outlook for the Indian polyester industry remains strong, but all players in the industry will face continuing challenges in the future, with product pricing still under pressure.

Polyester Filament Yarn (PFY)

Reliance is the 6th largest producer of PFY in the world, with a total production capacity of 220,000 tonnes per annum.

During the year, Reliance produced over 234,000 tonnes of PFY, achieving growth of 7.5% over the previous year's production of 217,000 tonnes.

Over the last five years, Reliance's PFY production has grown at a annual compounded rate of 28%, exceeding the industry's growth rates by a wide margin.

During the year, domestic consumption of PFY rose from 595,000 tonnes to over 690,000 tonnes - representing growth of 16%.

The positive trend in demand growth is expected to continue, with the domestic market likely to expand to over 850,000 tonnes in the next 2 years.

Higher relative prices of cotton yarn have continued to drive higher consumption of PFY in India.

The demand shift towards polyester has been accentuated by clear price differentials. For instance, while the 60s cotton yarn was priced at Rs. 125 per kg, Reliance's comparable grade of polyester yarn - 80 denier - was priced more than 30% lower, at Rs. 86 per kg.

Reliance's ongoing initiatives, for growing and expanding domestic markets, have also met with continued success during the year. Reliance has been successful in channeling PFY into new applications, such as, knitting, home furnishings, caps, shoe-laces, socks, soft luggage bags and winter garments.

Reliance has undertaken several projects for modification of PFY properties, to suit specific functional requirements. This has led to the development of new products, such as, flame-retardant PFY, and PFY for geo-textiles.

Domestic consumption of PFY in the non-apparel sector is extremely low, compared to global trends. Globally, 40% of the total consumption of PFY is for non-apparel applications. In India, such non-apparel applications are presently negligible.

Reliance's initiatives in this direction have led to the development of various grades of polyester for non-textile applications.

During the year, Reliance completed substantial manufacturing technology upgradation, to improve productivity and yield. Enhancement and upgradation of product properties have also enabled Reliance to produce better value fabrics, such as, specialty, fancy fabrics and other high value-added products.

Polyester Staple Fibre (PSF)

Reliance is the 5th largest producer of PSF in the world with an installed capacity of 270,000 tonnes per annum. During the year, Reliance produced over 290,000 tonnes of PSF (including production from India Polyfibres) - representing 25% growth over the previous year's production of 232,000 tonnes.

Reliance's PSF sales have grown at a compounded annual rate of 44% since 1995-96, significantly higher than the industry's growth rate of 20% during the same period.

Reliance's ability to offer a complete range in PSF, encompassing different grades, from different locations spread across the country, has helped the company to acquire market leadership.

Domestic consumption of PSF is expected to further grow, by over 60% in the next 3 years, from the present level of 438,000 tonnes per annum to over 700,000 tonnes per annum.

Higher substitution of cotton by PSF has remained the key demand driver. PSF is the lowest cost fibre for the Indian spinning industry, as compared to cotton, viscose and acrylic fibres.

Reliance's PSF is competitively priced at Rs. 41 per kg, compared to an average price of Rs. 71 per kg for a comparable grade of cotton, and Rs. 68 per kg for comparable viscose.

The government's budgetary proposals for rationalisation of excise duties, have also reduced the differential between excise duty on blended and cotton yarn from 15% to 9%.

The relative reduction in end-prices to the consumers is likely to increase the preference for polyester blended fabrics. Removal of such anomalies will help in spurring higher cotton substitution by PSF in the future.

Reliance's market development initiatives have opened up an entirely new demand segment for PSF - cotton substitution on open end and ring frame machines.

Reliance was also successful in developing a new product - short-cut polyester staple fibre - heralding a breakthrough in polyester applications.

This special grade of PSF finds application in the hitherto unexplored segment of the paper industry, and opens up new opportunities for expanding domestic consumption.

Our other new products that have met with good customer response during the year are micro-fibres for fine count spinning and optically white fibre.

Poly Ethylene Terepthalate (PET)

After commissioning its new PET chip plant at Hazira in November 1997, the PET Business operated the full installed capacity of the plant during the current financial year.

Production climbed to 67,000 tonnes in 1998-99, representing a more than 3-fold increase over the previous year's level of 19,000 tonnes. Reliance's PET products have now been established in all important market segments, in the domestic and export markets.

Reliance's domestic market share has increased to 70%. Domestic consumption of PET has increased last year at a healthy rate of

40% per annum. The strong momentum in demand growth is expected to continue, on account of superior attributes of PET, such as price competitiveness vis-'-vis glass and other traditional materials, increasing health consciousness, heightened consumer expectations, and introduction of global standards in consumer goods packaging.

PET is also completely recyclable, and completely environment and hygiene friendly.

Recent government announcements, including the prohibition on sale of loose edible oil, the mandatory compliance of standards for mineral water packaging, and the reduction of excise duties on soft drinks, are all likely to have a very positive impact on the consumption of PET in the country.

Diverse consumer market segments, such as, mineral water, soft drinks, liquors, edible oil, and pharmaceuticals, are already using Reliance's PET products.

Reliance has also initiated a major applications development programme, for broadening the base of PET consumption.

Polyester Fibre Fill (PFF)

Reliance's 30,000 tonnes per annum Polyester Fibre Fill facility at Hazira is based on DuPont technology. PFF is used for filling/non-woven end usages, such as pillows, quilts, cushions, sleeping bags, mattresses and furniture cushions.

PFF is fast attaining the status of the preferred filling material, on account of its superior attributes, such as, lighter and cleaner feel, and better shape retention compared to traditional filling materials like cotton, cotton waste, synthetics waste, and coir.

Reliance has set up an extensive distribution network to ensure availability of PFF to consumers throughout India.

New PFF applications developed during the year include thermal bonded mattresses, sound and thermal insulation, geotextiles, and furniture.

Polyester Intermediates

Purified Terephthalic Acid (PTA)

Reliance is the 6th largest manufacturer of PTA in the world, with an installed capacity of 975,000 tonnes per annum.

Within India, Reliance is the only manufacturer of PTA, with a market share of 85%.

Reliance's PTA production during the year touched nearly a million tonnes - 983,000 tonnes. This represented growth of over 45%, as compared to the previous year's production of 684,000 tonnes.

PTA is an essential raw material for the manufacture of polyesters - PFY, PSF, PET and polyester films. Demand for PTA is expected to grow at the rate of 12%-15% per annum in the future, riding on strong demand growth in polyester production.

Reliance captively consumes nearly 50% of its PTA production in the manufacture of polyester yarn and fibre. The balance production is sold mainly in the domestic market.

Captive production of PTA leads to margin enhancement, and increased cost competitiveness, in Reliance's polyester business, apart from ensuring superior quality and uninterrupted production.

In the past, PTA imports into India at unreasonably low levels had caused distortions in the market scenario. The commissioning of Reliance's 2 new, globally competitive plants at Hazira in 1997-98, based on ICI, UK technology, and each having a capacity of 350,000 tonnes per annum, has resulted in import substitution, saving valuable foreign exchange for the country.

In the year 1998-99, imports have dropped a further 57%, compared to the previous year's level of 15,000 tonnes per month, owing to Reliance's strong competitive presence in the domestic market.

Imposition of anti-dumping duties under the WTO provisions, provides the domestic industry with an appropriate framework for seeking redressal against unfair competition from imports. This framework has suitably been tested in the past.

Paraxylene

Paraxylene (PX) is the major raw material for the production of PTA.

Reliance is setting up a 1.4 million tonnes per annum, PX manufacturing facility at its new Jamnagar petrochemicals complex.

Project implementation is at an advanced stage, and the project is likely to be fully commissioned by the third quarter of the financial year 1999-2000, several months ahead of schedule.

With the completion of this project, Reliance will rank among the top three producers of PX in the world, after BP-Amoco and Exxon-Mobil.

The commissioning of the PX facilities will enhance vertical - backward integration for Reliance, and strengthen its overall global competitiveness.

A substantial portion of Reliance's PX production will be consumed captively, and the remaining production will be sold in the domestic and exports markets.

Mono Ethylene Glycol (MEG)

Reliance is among the top ten MEG producers in the world, with an installed capacity of 340,000 tonnes per anuum.

During the year, Reliance's MEG production touched 356,000 tonnes, registering growth of 28%, over the previous year's production of 279,000 tonnes. Reliance's market share has moved up to 80%, from the previous year's level of 78%.

MEG is an essential raw material used, alongwith PTA, in the production of polyester. Growth in polyester consumption is the main driver for MEG demand growth.

Total domestic consumption of MEG is presently around 500,000 tonnes per annum. The strong trends in domestic polyester production will continue to drive MEG consumption in India.

Imports of MEG have come down to nominal levels, owing to Reliance's strong competitive presence in the domestic market.

Reliance captively consumes around 60% of its MEG production. The balance is sold mainly in the domestic market.

Reliance's cost competitiveness in MEG production is substantially strengthened by the captive availability of the major feedstock, ethylene, from the naphtha cracker at Hazira.

Polymers Business

Reliance produced an aggregate of 1.025 million tonnes of polymer products during the year - polyethylene (PE), polypropylene (PP), and Polyvinyl Chloride (PVC) - representing growth of 8%, compared to the previous year's production of 945,000 tonnes.

Domestic consumption of these polymers increased by a robust 19%, to cross 2 million tonnes. A part of the consumption was met through imports.

The per capita polymer consumption in India increased to 2.4 kgs in 1998-99, but is still well below comparable numbers for other countries.

China consumes 4 times as much polymers as India, with a per capita of 9.6 kgs, and aggregate consumption at over 11 million tonnes.

The US, with its more developed economy, consumes 72.2 kgs of polymers per capita. The world average is itself 13.2 kgs per capita, more than 5 times the Indian level.

Domestic demand for polymers (PE, PP, PVC) has already grown at an annual compounded rate of 15% over the last 10 years, but with India's per capita consumption still remaining among the lowest in the world, there is unlikely to be any slowdown in the pace of demand growth.

New product applications, and substitution of traditional packaging materials, such as, glass, metal, jute, steel and wood, owing to superior product attributes of polymers, are driving demand growth.

The steep drop in unit prices of polymers, resulting from the fall in international product prices, and the decline in customs and excise duties, over the past few years, has also contributed to the robust growth in demand.

Reliance's world scale capacities, integrated manufacturing facilities, countrywide marketing and distribution network, superior customer service, and intensive market development efforts, will ensure that the company consistently strengthens its market leadership in this fast-growing market.

International product prices of polymers had dropped to historic lows during the year. There have been signs of price recovery in the recent few weeks, but with fresh capacities coming onstream in the country, and in the Asia Pacific region, competitive pressures are expected to continue in the future.

Polyethylene (PE)

Reliance produced 366,000 tonnes of PE during the year, representing growth of 15%, compared to production of 318,000 tonnes in the previous year. Reliance leads the Indian PE market, with a 63% share.

Domestic consumption of PE increased to 783,000 tonnes during the year, compared to 665,000 tonnes last year, and is expected to further increase to a level of over 850,000 tonnes in the year 1999-2000.

During the year, the demand-supply deficit of around 200,000 tonnes in the domestic PE market was met through imports.

The commissioning of two new domestic PE manufacturing capacities in the next couple of years is expected to provide a boost to the 'supply-driven' domestic PE market.

Polyethylene is used in the manufacture of packaging materials, water storage tanks, dairy/beverage, irrigation systems and a variety of household products.

Around one third of PE and PP (Polypropylene) markets tend to overlap in the domestic environment. PP has been experiencing higher rates of consumption growth in the domestic markets relative to PE over the last couple of years.

Relative product selling prices, market development initiatives, and customer service are the factors influencing this evolving scenario. New product applications and substitution opportunities are expected to drive consumption for both, PE and PP, in the coming years.

Per capita consumption of PE in India is still among the lowest in the world. India consumes only 0.8 kgs per year of PE per capita, compared to China's level of 2.7 kgs per year.

Reliance's key market development efforts during the year included the production of cable insulation grade PE. This new grade opens up the fast growing telecom cables market for PE.

Continuous benchmarking against imported grades has enabled Reliance to develop niche markets.

The increased use of PE pouches and blow-moulded containers for edible oil and milk packaging are some of the other successful market development initiatives.

Reliance's integrated manufacturing facilities have enhanced its competitiveness in the PE market. Ethylene, the major raw material for PE, is sourced from the naphtha cracker at Hazira.

The captive supply of ethylene insulates the company from the impact of volatility in international prices, leads to efficiencies in logistics, and helps reduce costs and improve overall margins.

Polypropylene (PP)

Reliance's PP production for the year touched 384,000 tonnes - an increase of 8% over the production of 357,000 tonnes last year. Reliance enjoys leadership in the domestic PP market, with a 71% share.

Globally, PP is the fastest growing plastics product. PP is used in the production of articles of daily use, such as, packaging materials, hosiery garments, moulded articles, kitchenware, furniture and medical appliances.

Domestic PP consumption increased 21%, to reach a level of nearly 800,000 tonnes during the year. The demand-supply deficit of almost 200,000 tonnes of PP market during the year was met through imports.

Indian per capita PP consumption still stands at just 0.8 kgs, far below comparable levels for China and other countries in the region, clearly indicating the potential for continued strong demand growth.

The key demand drivers for PP include substitution of traditional packaging materials, new end-use applications, regulatory and policy changes such as dilution or withdrawal of jute packaging rules, and mandatory packaging of edible oil, and the adoption of International Labour Organization norms on limits to head-loads.

Reliance is setting up a new PP plant at the upcoming Jamnagar petrochemicals complex, with a capacity of 600,000 tonnes per annum.

One production line, with a capacity of 200,000 tonnes per annum, has already been commissioned in April 1999. The output from the new line will have a ready market, substituting imports which took place last year.

The second line, with capacity of another 200,000 tonnes per annum, is expected to be commissioned in the second quarter of the current financial year. The third line, with capacity of 200,000 tonnes per annum, will be commissioned in the fourth quarter of the current financial year.

Reliance's PP capacity will touch one million tonnes per annum, upon commissioning of the new facilities at Jamnagar.

Reliance's PP facilities enjoy the benefit of vertical backward integration at both sites, Hazira and Jamnagar. The existing plant at Hazira sources its basic raw material, propylene, from the naphtha cracker. The new facility at Jamnagar will obtain propylene from Reliance Petroleum's refinery located at the same complex.

Reliance has successfully created a commanding market leadership position, over the past few years, displacing imports from across the globe. This has been achieved by providing world-class quality, and adhering to the highest customer service standards.

Reliance anticipates no difficulty in exporting the temporary PP surplus in the domestic market, resulting from creation of new capacities this year, to export markets around the world.

The deficit Asia-Pacific region serves as a ready market, where Reliance enjoys a substantial freight cost advantage over other European and American manufacturers.

Polyvinyl Chloride (PVC)

Reliance's PVC production for the year touched an all time high of 275,000 tonnes.

Domestic consumption increased 21%, to reach a record level of over 700,000 tonnes. Substitution of traditional materials is providing the momentum for increased PVC consumption. PVC is a versatile material, with a variety of applications, such as pipes, sheets, films, footwear, wires and cables.

A constructive pricing and customer servicing strategy has enabled Reliance to effectively compete against imports and maintain its leadership in the domestic markets.

Reliance's PVC brand, `Reon' remained the first choice of most processors, owing to Reliance's successful 'customer mapping' and efficient marketing and distribution network, spread across the country.

An intensive product development effort, supported by a broad product range suitable for the entire spectrum of applications, has ensured over 90% market penetration. Demanding customers source more than 70% of their requirement from Reliance.

Reliance's market development initiatives have led to the widening of markets for water supply with pipes of size upto 400 mm substituting conventional construction materials like cast iron and asbestos. Reliance's efforts in promoting the use of PVC for sewerage conveyance and storm water drains are bearing fruit and contributing to increased consumption.

The Government's current thrust on social sector development provides growth opportunities for PVC applications in areas, such as, protected water supply systems, safe sewerage disposal systems and housing. These initiatives are likely to lead to higher growth in PVC consumption.

Over the past few years, the per capita PVC consumption in India has more than doubled from 0.32 kg to 0.69 kg. The potential for future demand growth is borne out by the much higher per capita consumption levels prevailing in countries, such as, China, at 1.6 kgs, and a per capita world average of 4 kgs.

During the year, the Hazira PVC manufacturing facility achieved economies in production, by achieving globally comparable productivity levels.

Reliance sourced the main feedstock - Ethylene Dichloride (EDC) - at competitive rates, achieving enhanced margins.

Cracker Products

Ethylene and Propylene

Reliance's cracker is the world's largest grassroots multi-feed cracker, and has the distinction of being the largest operating naphtha cracker in Asia. The cracker can use a variety of feedstocks, including naphtha, natural gas liquids and other petroleum feedstocks.

During the year, Reliance produced 733,000 tonnes of ethylene - up 17% from production of 626,000 tonnes in the previous year. Propylene production stood at 374,000 tonnes - up 21% compared to production of 309,000 tonnes last year. Total output from the cracker increased 23% in 1998-99.

At current production levels, Reliance accounts for 58% of the total ethylene produced in India, up from 54% in the last year.

The cracker produces important raw materials for many of Reliance's key products, and plays a crucial position in the overall value-integration strategy.

The propylene and ethylene produced from the cracker are used for the manufacture of PP, PE, PVC and MEG at the Hazira complex. Benzene and xylenes produced in the cracker are used for manufacturing LAB and paraxylene at the Patalganga complex.

During the year, production of 34,000 tonnes of ethylene was sold to various customers within India, after meeting the internal requirement of all the ethylene based downstream plants.

The polymers, polyester and textile businesses of Reliance are now fully integrated, from naphtha to fabrics and plastics.

The cracker has eliminated Reliance's exposure to volatility in the international market vis-à-vis procurement of basic feedstocks, like ethylene and propylene, and contributed significantly to stability, and enhancement, of margins, besides ensuring uninterrupted production.

The naphtha for the cracker is received at Reliance's primary feedstock supply system, the single-buoy mooring (SBM), off the coast of Hazira. Naphtha is transferred to the Hazira petrochemicals complex through sub-sea pipelines.

During the year, the operational SBM was damaged by an unloading mother vessel. Reliance met the challenge, by demonstrating its ability to provide multiple alternate solutions, for meeting the naphtha requirement of the cracker. A new SBM has now been installed and is operational.

The international ethylene market remained depressed during a major part of 1998-99, mainly on the account of the continuing supply side imbalance, and weak demand fundamentals, in the region. In recent times, there have been signs of price recovery.

Cracker – Other Products

In addition to ethylene and propylene, the cracker also produces aromatics, such as, benzene, toluene, mixed xylene, and carbon black feed stock (CBFS).

Benzene

During the year, Reliance produced 155,000 tonnes of benzene, compared to production of 130,000 tonnes in the previous year. Reliance has a 36% market share. Domestic demand for benzene increased by 10% during the year, and the outlook remains stable.

Benzene, like ethylene and propylene, is a building block in the petrochemicals industry. It is used in the manufacture of major industrial chemicals like styrene, phenol, caprolactum, linear alkyl benzene (LAB), nitro-benzene, chloro-benzene, maleic anhydride and aniline.

Toluene

Reliance produced 61,000 tonnes of toluene during the year, giving it a market share of 65%.

Regular and large supplies of toluene have helped the downstream industry to grow faster. Domestic demand for Toluene grew at 10% during 1998-99, and is expected to grow at an even healthier pace in the coming years.

Reliance produces ultra-pure toluene, suitable for the manufacture of toluene di-isocyanate. Other applications include nitro-toluene, chloro toluene and solvents for bulk drugs.

Bulk LPG

Reliance markets commercial butane as Liquefied Petroleum Gas (LPG), under the parallel marketing scheme for oil products. Reliance is the only private sector producer in India offering this product.

Reliance sells over 100,000 tonnes of LPG per annum to over 115 industrial customers and 135 bottlers all over India. Customers include industrial units in the glass ceramics sector, automotive industry and textiles processing. Reliance's LPG sales primarily replace the imports of LPG undertaken by industrial users.

Packaged LPG - Reliance Gas

Reliance commenced marketing of packaged LPG in 15 kg cylinders in June 1998. Bulk LPG produced from the Hazira Cracker is distributed through a marketing network, under the brand name of Reliance Gas.

Within just 10 months of operations, Reliance has over 70,000 domestic customers, 16,000 commercial and industrial customers serviced through 23 distributors, and over 1,000 distribution centres located all over Gujarat.

A unique two-tier marketing and distribution system ensures that all demand centres in the state of Gujarat are covered. Reliance has now commenced marketing efforts in the states of Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh and other Northern States. Bottling plants will be set up at strategic locations to serve these markets.

Reliance provides world-class service to customers of Reliance Gas, ensuring that immediate connections, with prompt refill options, are available at competitive prices.

An affiliate company of Reliance is in the process of completing an acquisition of the LPG division of Gujrat Gas. The acquisition provides immediate access to 25,000 customers, and over 55 operating franchisees.

India has among the lowest per capita consumption of LPG in the world. Till last year, there were more than 12.7 million waitlisted gas connections with the various public sector companies in the oil sector. According to Ninth Plan projections of the government, demand for LPG is slated to double by the year 2005, from the present level of 5 million tonnes per annum.

Reliance will have over 250,000 tonnes of LPG available for marketing from the Hazira Cracker. Reliance Petroleum's refinery will produce an additional 2.1 million tonnes of LPG. The experience gained from the present marketing efforts in LPG will help Reliance, as a group, expand its leadership in this sector.

Chemicals

Linear Alkyl Benzene (LAB)

LAB is used as a intermediate in production of detergents. Its key demand drivers are primarily linked to retail consumption trends. The domestic buyers of LAB are detergent manufacturers like Hindustan Lever, Procter & Gamble and other regional detergent producers.

Reliance produced nearly 100,000 tonnes of LAB in 1998-99, attaining a market share of 36%. The domestic consumption of LAB was 240,000 tonnes. This represents a compounded annual growth rate of 8.5% over the last 3 years.

The past year saw buoyant conditions in the sector. Robust international trends are expected to keep LAB prices firm in the coming year.

Paraffins

Paraffins are used to manufacture LAB, and for chlorinated paraffin wax, a plasticiser intermediate. Reliance crossed the 100,000 tonne milestone in production in 1998-99, with production volume touching 105,400 tonnes.

The total domestic production of paraffins was 235,000 tonnes. The demand outlook for paraffins remains stable.

Oil and Gas

Reliance holds a 30% interest in an unincorporated Joint Venture with Enron and ONGC, to develop proven oil and gas fields at Panna, Mukta and Tapti. Enron has a 30% share, and ONGC the balance 40% share.

The total capital expenditure incurred by the Joint Venture as at March 31, 1999 has increased to Rs. 2,810 crores ($692 million). The total number of wells has increased to 70 in the Panna-Mukta fields, with the addition of 18 new wells, and to 15 in the Tapti fields, with the addition of 3 new wells.

The oil and gas production from the Panna-Mukta and Tapti fields is presently being sold to Indian Oil Corporation (IOC) and Gas Authority of India Ltd. (GAIL), as nominees of the Government.

Under the terms of the Production Sharing Contracts entered with the Government, revenues for Reliance from these fields are denominated in US dollars. This provides Reliance with a hedge against depreciation of the Indian rupee. The business also yields several tax benefits to Reliance.

The share of this business in Reliance's revenues has more than doubled to 2.4% during the year.

Panna-Mukta

The Panna and Mukta fields are currently producing over 27,000 barrels of crude oil, and 2.0 million cubic meters of gas per day, as compared to the production levels of 18,000 barrels of oil and 1.2 million cubic meters of gas per day, in the last year.

Total oil production increased 123% to 314,000 tons in 1998-99, from 141,000 tons in the previous year, while gas production registered 105% volume growth.

By March 2000, crude oil production is likely to reach 30,000 barrels per day and gas production will go upto 2.5 million cubic meters of gas per day.

Estimates of recoverable reserves from the Panna-Mukta fields have increased by 36% from 210 million barrels of oil and oil equivalent gas(MMBOE) to 287 MMBOE for the current development plan. The bulk of the increase has come from gas reserves, which have gone up by 215%.

The preliminary and detailed engineering of facilities has been completed for the exploitation of upside reserves, including the newly discovered Alternation Zone, and a revised plan has been submitted.

Tapti

The Tapti field is currently producing 5.7 million cubic meters of gas per day, as compared to production of 5 million cubic meters of gas per day, in the last year.

Estimates for recoverable reserves from Tapti field have been revised upwards, based upon the results of drilling and 3-D seismic interpretation, by 300% from 1.13 Trillion Cubic Feet of Gas Equivalent (TCFE) to 3.39 TCFE.

The Joint Venture partners have already approved an expenditure of $10.6 million for front end activities for Tapti development. Government approvals are awaited for implementation of the revised development plan for the Tapti gas fields, which may result in total gas production of about 22 million cubic meters per day. Implementation of the new development plan will make the Joint Venture one of the largest producers of natural gas in the country.

Textiles Division

Reliance started out as a small unit in the synthetic textiles business over two decades ago. Today, Reliance is India's largest synthetic textiles manufacturer. While maintaining its pre-eminent position in synthetics, it has over the years added a large capacity for quality Worsted Suitings and Furnishing Fabrics (Home Textiles) also.

Reliance's Textiles complex at Naroda, Ahmedabad, is one of Asia's largest and most modern textile mills. The complex houses the complete spectrum of textiles manufacturing activities, such as spinning, weaving, crimping, texturising, dyeing of yarn, warp knitting, fabric designing, printing and processing. Reliance's Textiles complex is unique in the sense that it handles diversified product range encompassing Suitings, Shirtings, Sarees, Dress Materials, Furnishing Fabrics and Sleep Products under one roof. The Unit is also home to one of the largest and most modern design studios in Asia.

Reliance's textile products are sold under the brand names of Vimal, Harmony, Reance, RueRel and SlumbRel. These brands have gained a wide acceptance as high quality premium products, both in the Indian and International markets.

These premium products are marketed through a distribution network comprising independent wholesale dealers, franchised outlets and a large number of retailers spread across the country.

Additions to the existing retail network owned & franchised show rooms improved the penetration of Textile Products during the year. This was achieved through the Retail Marketing Services Division, which focusses on widening the distribution channel. This division is a crucial link in the distribution chain, ensuring linkages with the ultimate consumers. By regularly arranging training programmes for dealers, it ensures that they were aware of the finer nuances of fabrics. This helps them in providing better service to the customer, particularly in the selection of appropriate fabrics.

The Retail Marketing Service Division also acts as a feedback mechanism for the manufacturing division, to convey the consumers' concerns and needs. This initiative has greatly helped in enhancing customer satisfaction.

The year 1998-99 witnessed a continued focus on export markets. Reliance's products met with a positive response from customers in the UK, the US, Canada, France, Italy and Germany. Besides these, exports are also focussed on Dubai, Kuwait, Sri Lanka, Hong Kong, Bangladesh, Singapore and Egypt. The most heartening feature is the general acceptance of the textile products even in the most demanding and critical markets in the developed countries.

Textiles Division is giving greater thrust to become one of the key players in the supply channel management in the developed countries.

Vimal

Vimal is India's largest selling brand of premium textiles. It offers an extensive range of latest fashions and tasteful designs. It is widely perceived as the preferred brand among consumers. Reliance continuous to invest both in the technology and human resources towards this end which ensures the sustenance of the brand image of VIMAL by regular introduction of newer designs and collections. Special emphasis is given to introduce high valueadded products, for the premium end of the market to enhance overall margins.

Harmony

HARMONY is India?s largest selling brand of premium furnishing fabrics. It offers a broad range of the latest ethnic and international designs. An annual art show, hosted in Bombay, under the auspices of the HARMONY collection to promote new talent has become a high point in the country's art circuit. The latest show, held in April 1999, has again met with an enthusiastic response. Products from the entire HARMONY collection were on display at the show.

Jamnagar Petrochemicals Complex - the new growth centre

Reliance has entered the next phase of its growth, with commissioning of facilities having commenced at the new Jamnagar petrochemicals complex, being set up at a capital outlay of over Rs. 5,500 crores (US $ 1.3 billion).

The entire Jamnagar Complex is the first world-scale manufacturing complex of its kind, having a fully integrated petroleum refinery, petrochemicals complex, captive power plants, and a captive port, with related infrastructure.

The Rs. 25,000 crore complex being set up by the Reliance group at Jamnagar represents the single largest investment ever made by the private sector at any single location in India.

Reliance's Jamnagar Petrochemicals Complex comprises an aggregate paraxylene (PX) capacity of 1.4 million tonnes per annum, and a 600,000 tonnes per annum polypropylene (PP) plant.

Upon full commissioning of this complex during the current financial year, Reliance's total capacities will increase 50% to over 9 million tonnes per annum.

The commissioning of the Jamnagar Petrochemicals complex will significantly enhance the degree of vertical integration, enabling Reliance to capture value across a broader spectrum of the energy chain.

The first production line of the new polypropylene facilities at Jamnagar, with a capacity of 200,000 tonnes per annum, has been commissioned, ahead of schedule, in April 1999.

The second polypropylene line, with a capacity of 200,000 tonnes per annum, is likely to be commissioned in the first quarter of the current financial year. The third line, with similar capacity of

200,000 tonnes per annum, is likely to be commissioned in the fourth quarter of the current financial year.

The commissioning of the new polypropylene facilities at Jamnagar will increase Reliance's total polypropylene volume to one million tonnes per annum, giving a substantial boost to the company's market share in the plastics business.

Work on Reliance's 1.4 million tonnes per annum paraxylene facilities at Jamnagar is also proceeding ahead of schedule.

The first two paraxylene production lines at Jamnagar are likely to be commissioned in the second quarter of the current financial year. The third production line is likely to be commissioned in the third quarter of the current financial year.

The commissioning of the paraxylene facilities, and integration with the refinery complex at Jamnagar, will complete the integration chain for Reliance's growing polyester business.

Foreign Exchange Savings, Taxes Paid, and Exports

Foreign Exchange Savings

Reliance primarily manufactures products that are import substitutes, thereby contributing to savings of precious foreign exchange for the country. Reliance now ranks among the top companies in India in terms of foreign exchange savings.

During the year, Reliance saved Rs. 9,487 crores ($ 2,236 million) in foreign exchange for the country - up from the foreign exchange savings of Rs. 9,174 crores ($ 2,074 million) achieved in the previous year.

Foreign exchange savings are expected to increase further in the coming years, with increase in production and exports.

Taxes paid

Reliance is among the top taxpayers to various government agencies, primarily by way of customs and excise duties. Various taxes and duties form one of the largest elements in Reliance's cost structure.

Reliance paid a total of Rs. 2,893 crores ($ 682 million) in taxes and duties during the year 1998-99.

Despite the absolute fall in the rates of custom and excise duties, the quantum increase in production volume has ensured a consistent increase over the years in the total amount of duties and taxes paid by Reliance.

Exports

Reliance's export revenues, including deemed exports, increased 87% in the year 1998-99 to Rs. 685 crores ($ 161 million). This places Reliance among the top manufacturer-exporters from India, even though exports accounted for less than 5 % of Reliance's overall revenues.

Reliance's export revenues will increase further to around Rs. 2,000 crores ($ 400 - 500 million) over the next 2 to 3 years, with the full commissioning of the Jamnagar Petrochemicals Complex.

Reliance's products have export destinations that span the globe, including developed as well as developing markets.

Reliance's international customers are based in the US, Canada, UK, France, Italy, Netherlands, Russia, Saudi Arabia, Yemen, Abu Dhabi, Oman, Qatar, Japan, Korea, Australia, Mauritius and several other countries.

Some of the biggest and most reputed international companies are buyers of Reliance's products. These include Unilever, Condea Augusta, Les Plastigues Petco, Acqua Minerals, SA Schwepps, SASA, Shell Italia, Huntsman, BP Chemicals, Mitsui, E. I. DuPont, Samsung, Hanwha, Matushita Chemicals, Hannung, Bata, Unifi, ICI Pakistan and Tolson.

Reliance exports value added quality products to discerning customers, on considerations of superior economics, and does not compete in the low end, purely price driven, commodity segments.

The global acceptance of Reliance's products is a testimony to the world-class quality of its products, and the intense focus on customer satisfaction. The continuous benchmarking in the domestic market, to compete against imported products, has helped Reliance in carving out a niche in the global arena.

Reliance Petroleum

Reliance Petroleum Ltd. (RPL), a separately listed Reliance group company, is setting up the world's largest grassroots refinery project at Jamnagar, Gujarat, with a capacity of 27 million tonnes per annum.

RPL is poised to enjoy market leadership in the hugely deficit domestic markets for petroleum products, as a result of its share of over 25% in domestic refining capacity, and its global competitiveness. Per capita consumption of petroleum products in India remains among the lowest in the world, indicating the strong potential for demand growth.

Reliance Industries Ltd., along with its subsidiary, Reliance Industrial Investments and Holdings Ltd. (RIIHL) will hold upto a maximum of 50% of RPL's fully diluted equity capital.

RPL is implementing the 27 million tonnes per annum refinery project, at a total capital outlay of only Rs. 14,250 crores ($ 3.4 billion). The capital cost per tonne has declined by 15% from Rs. 6,238 per tonne to Rs. 5,278 per tonne, as compared to initial estimates.

The unit-wise commissioning process of the project has already begun, and the refinery is likely to be fully commissioned in the second quarter of the current financial year, well ahead of schedule.

The commissioning of the refinery will further enhance the degree of vertical integration for Reliance's petrochemicals business, thereby adding to the company's already substantial global competitive edge.

RPL's globally competitive edge is derived from factors, such as the following:

Scale

RPL is the largest grassroots refinery in the world, and also the largest state-of-the-art refinery in India, accounting for over 25% of the country's refining capacity. The scale of operations will give the refinery the benefit of having the lowest capital and operating costs per tonne.

Configuration and Higher Complexity

The unique processing scheme consisting of a FCC, a Coker and a reformer alongwith the integration of the refinery, with petrochemicals and power, has resulted in high complexity.

The degree of complexity indicates the potential for higher value addition. RPL's higher complexity indicates that the company will add higher value to a given unit of crude. This will mean higher gross refining margins for RPL, compared to its domestic, regional and global peers.

The configuration and higher complexity will enable deep conversion, resulting in a better value-added product mix, with the ability to maximise output of propylene, LPG and middle distillates, and minimise bottom-of-the-barrel production. There will be no fuel oil production, which leads to negative contribution.

The configuration of Reliance Petroleum's refinery gives it tremendous process flexibility, with the ability to process virtually any traded crude, neat, or, in blend. Other Indian refineries can only process relatively sweeter and lighter crude. This will enable RPL to capture the price differential between heavy/ sour crude and sweet/light crude.

Product Mix and Specifications

Reliance Petroleum's refinery is equipped to meet the challenge of stringent world-class product quality, and environmental norms and specifications. This will enable RPL to build leadership in domestic markets, and effectively compete in export markets.

RPL's refinery has the ability to produce HSD with 0.05% sulphur content, against the maximum limit of 0.25% for the year 2000. The refinery can produce gasoline (petrol), adhering to the most stringent California (US) specifications, and unleaded gasoline with benzene content of under 1%.

Crude Procurement and Logistics

The Government has already given private sector refiners in India the freedom to independently source their own crude requirements, from any part of the world.

Reliance Petroleum has set up a world-class crude procurement planning and processing group to optimise the procurement of crude, its transportation and processing.

The location of RPL's refinery close to the major crude surplus regions in the Middle East, will lead to considerable freight savings, and easier logistics management.

The Jamnagar Complex is port-based, serviced by India's largest private sector port, set up by Reliance Ports and Terminals Ltd. There is an adequate draft for receiving large vessels. State-of-the-art marine facilities and equipment provide efficient logistics support to the refinery.

Two Single Point Mooring (SPM) systems, capable of receiving crude in Ultra Large Crude Carriers - ULCC Tankers - to transport parcels of 300,000 tonnes, will allow economies of scale, and logistics efficiencies, in receipt of crude.

Marketing and Distribution

RPL has signed an agreement with IOC for off-take of 50% of RPL's output of controlled products, primarily, HSD, gasoline, and LPG. Marketing of these controlled products is with the oil sector PSUs, during the transition period up to 2002.

Similar agreements are to be signed with BPCL and HPCL, for off-take of the balance 50% of the output of controlled products.

The oil sector PSUs will lift products on a take or pay basis, with refinery gate pricing during the transition period, based on the import parity principle.

The agreements contemplate a 50:50 joint venture with Indian Oil for marketing and distribution of controlled products which are not contracted to Indian Oil after the transition period.

Reliance group companies will consume 25% - 30% of the total production volume of decontrolled products from RPL's refinery. These include, mainly, naphtha, reformate, propylene, kerosene, and petroleum coke.

Suitable arrangements have been made for marketing and distribution of the balance decontrolled products, such as sulphur.

There exist adequate demand supply deficits in the country for all the products of RPL's refinery, excluding gasoline, for which there may be a temporary surplus, and for which RPL is tying up suitable export markets.

On the product evacuation front, the captive port facilities at Jamnagar, the setting up of the Jamnagar-Kandla pipeline (presently under implementation), and adequate provision of rail and road facilities, will allow RPL's refinery to seamlessly integrate with the network for distribution of petroleum products in the country. Reliance will hold a 10% stake in Petronet India Limited, the holding company, and a 13% stake in the Petronet Vadinar-Kandla Pipeline Limited. These stakes will help us improve our distribution capabilities in an economical way.

The port terminal at Jamnagar has been designed to handle over 50 million tonnes of crude, petro-products and petrochemicals, and will have the distinction of being the largest petroleum terminal in India.

Financing

The entire project financing, for the capacity of 27 million tonnes per annum, has been fully tied up. RPL has adopted a conservative financing approach, maintaining its debt:equity ratio at below 1:1, despite the capital intensity of the project.

Reliance Petroleum already has a base of more than 5 million, domestic and international, investors.

The company has accessed foreign equity capital through a US $ 100 million convertible bond.

Reliance Telecom

Reliance Telecom is a separate, unlisted company, which holds seven licences for the cellular mobile services business in thirteen states, namely, MP, Bihar, Orissa, West Bengal, Sikkim, Assam, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram, Tripura and HP. The six North Eastern states of Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram and Tripura are treated as one license and similarly, West Bengal and Sikkim are clubbed together and treated as another license. Reliance Telecom also has a basic fixed line telephone service license for the State of Gujarat. Reliance Telecom has two service divisions, Reliance Mobile and Reliance Basic: Reliance Mobile for the cellular businesses in the thirteen states and Reliance Basic for the fixed line telephone services license.

Cellular Mobile Services

During the year, Reliance Telecom further rolled-out its cellular mobile services in all the states encompassing seven licenses for which it had won the mandate. Services have commenced in 26 cities, spread over Himachal Pradesh, Madhya Pradesh, Bihar, Orissa, West Bengal, Assam and the North-East.

With a network of 76 base stations and 8 mobile switching centres spread across 13 states, Reliance Telecom has the largest cellular network in India. Reliance Telecom currently has a customer base of 30,000 cellular subscribers.

Reliance Telecom has won seven of the 19 cellular mobile services licenses offered by the government. The seven licenses awarded to Reliance cover 13 states, nearly a third of India's population, and 36 per cent of India's land-mass. The tele-density encompassing these regions is among the lowest in India.

The license fees committed by Reliance Telecom are the lowest on a per POP basis, among comparable circles. 12 of the 13 states except HP are contiguous to each other, leading to lower capital costs for the project. The project has been set up at the lowest capital cost for any cellular investment in India, and is also cost competitive in a global context.

Reliance Telecom is maintaining a high focus on customer satisfaction. It is automating its customer care services, and expanding its network coverage, with a view to enhancing customer satisfaction. Reliance Telecom has already established a well-supported network of customer care centres in all cities where its services are operational.

Connected via V-Sats, the customer service representatives have ready access to a centralised database, which helps them provide a high level of service to their customers.

Demand for cellular mobile services is on the rise. The Calling Party Pays (CPP) regime to be introduced from August 1999 onwards is expected to fuel demand for cellular services, as this will reduce the cost to the cellular customers.

Operating a network in six of the seven contiguous licenses, Reliance Telecom is also ideally positioned to benefit from the opening up of domestic long distance telephony.

Basic fixed-line telephone services

Reliance Telecom holds the license for providing basic services (fixed line telephony) in Gujarat. Gujarat is an attractive market, with a high rate of industrial growth, a high per capita income and a low existing telephone penetration.

Reliance Telecom has put together a core team of experienced telecom professionals for various functions, such as, Marketing, Network Planning, Operations Support Systems and Program Management.

The Government's proposed new Telecom Policy recognises the technological advances, and realities, such as convergence, that are altering the fixed lines services business. It is expected that the new policy will bring about changes in the license system - the most significant being the removal of the fixed license fee structure.

Reliance Telecom will suitably modify its plans for basic telecom services, depending upon the final shape given to the Government's new telecom policy.

Reliance Telecom has independently raised resources for implementation of its projects, without recourse to Reliance Industries. It is expected that Reliance's contribution to Reliance Telecom's equity share capital will be nominal, in the context of Reliance's existing and future cash flow streams.

Reliance Power

The long-term importance, and growth potential, of the energy sector provide attractive investment opportunities in the power business. The power sector forays represent a strategic fit, in Reliance's strategy of capturing value across the entire energy chain.

Reliance already has significant prior experience in captive power generation, with substantial in-house skills for planning and executing large projects. Captive power generation facilities at Naroda, Patalganga, Hazira and Jamnagar, aggregate over 800 MW.

Reliance is pursuing power projects with meaningful feedstock linkages. Attractive annuity based returns in the power generation business are expected to provide a strategic balance to the business portfolio.

Reliance Power has won several independent power projects, through competitive bidding, with an aggregate capacity of over 2,500 MW. These include:

- 500 MW at Jamnagar, Gujarat;
- 410 MW at Patalganga, Maharashtra;
- 500 MW at Jaymkondam, Tamilnadu

Reliance will continue to pursue other attractive opportunities in power, on a competitive bidding basis, with the objective of achieving aggregate capacity of over 5,000 MW in the medium term.

Separate, stand-alone, companies are implementing these projects, with financing structured on a non-recourse basis to RIL. Reliance's contribution to Reliance Power's equity share capital is expected to represent a small proportion of Reliance's existing and future cash flow streams.

Reliance Power's plants will supply power to the state electricity grid under pre-negotiated power purchase agreements.

Given the trend towards deregulation and privatisation of infrastructural sectors, Reliance also sees opportunities emerging in the future, in the area of transmission and distribution of power.

The long term vision is to build a dominant presence across the entire spectrum of power generation, transmission and distribution activities.

Quality

Reliance recognises that quality is no longer a debate, it is a given - a pre-requisite for conducting business in today's highly competitive, and quality conscious, environment.

Quality is an inseparable element of all activities carried out at Reliance. Key competitive parameters are benchmarked against world standards, and targets consistently raised.

Reliance's ability to sell more than 95% of its production volume in the domestic market, despite the steep reduction in import tariffs, and the abolition of quantitative barriers to imports reflects the international quality, and wide acceptability, of Reliance's products.

The percentage of delivered products, which did not satisfy customers, was less than 0.5% for almost all of Reliance's major products - reflecting the application of stringent quality assurance norms, before despatch of products from the plants.

Incorporation of Advanced Process Control systems at all plants, the use of advanced analytical instruments and methods at Reliance's fully equipped Quality Assurance laboratories, and swift customer response form the key elements of Reliance's Quality initiative.

Every customer is critical for Reliance. One of the major steps taken in 1998-99 was the mapping of customers, giving a precise insight into their specific needs. For instance, in Hazira, the quality of calendering films for clear applications has improved, with the introduction of the K 57 resin. This is a direct outcome of the mapping process.

These quality enhancement processes are constantly being strengthened, and are expected to lead to product innovation, and improved customer satisfaction. This will expand the market for Reliance's products.

In Patalganga, the commissioning of the completely automated state-of-the-art product handling system for PFY has raised the quality of the products. This has obviated the need for manual handling, and resulted in the elimination of product mix-ups and consequent damage.

The installation of the Constant Bale Handling system has led to lower weight variances, resulting in higher customer satisfaction. The increased availability of in-house chips has raised the quality of the products from the plant.

The creation of a knowledge pool of best practices in the Patalganga plant, through the corporate intranet, is helping the managers in quicker, and better, decision making.

The achievements at the Hazira plant are:

- Introduction of high quality grades in the domestic market for substituting imports.
- Development of speciality grades in the PP segment, finding application in battery casings, luggage and washing machine tubs.
- Achievement of the highest ever yield of 99.05% from the POY plant.
- Improvement in the quality of PP produced, from 94.6% to 95.9%.
- Achievement of better impact properties and colour stability in the PP ranges. The REPOL grade injection ranges in PP have received excellent response from the market.
- Elimination of metal contamination, through the installation of metal grids and detectors in the PET section - thereby resulting in higher quality delivery.
- Testing of products in the Q&A labs has been strengthened, with the installation of application testing facilities. This has resulted in substantially increased customisation of customer applications. The LLDPE grades have been benchmarked with domestic and international brands to improve quality.
- The customer complaints in the PTA section in 1998-99 have dropped to just 0.007 per MT of product.

Machines do not deliver quality, people do. To drive home the quality angle better at the Hazira plant, senior personnel stay back in night shifts, to study the processes of the plant better, and suggest improvements. A complete report is prepared each night for different areas in the plant, with a time frame to implement the change.

The Quality drive has been initiated at the new Jamnagar site, even at the plant construction stage. Pipe fabrication and welding are among the largest and most critical activities in a petroleum refinery complex. The high quality output of the pipe fabrication plant at Jamnagar, has enabled the manufacture of a large number of pipes in record time.

The production of over 7,500,000 inch diameter pipes in a single year is a big achievement in the hydrocarbons industry. In addition, the piping erection of 25 million inch meters is an achievement of equal proportion. This has been possible with the establishment of the fully automated pipe fabrication shop with ultra modern facilities.

The Quality initiative extends beyond products. The security department of the Hazira complex has earned the unique distinction of becoming the first security unit in India to independently earn the ISO 9002 certification.

Research and Development

R&D activities and the drive towards Quality go hand in hand. Reliance seeks to enhance product quality, achieve higher levels of customer satisfaction, and develop more efficient and environment friendly processes, through its R&D activities.

Innovation is the key to survival and growth in the global market place. The essence of business lies in being able to deliver superior quality, customised, inexpensive, eco-friendly and low maintenance products.

The development and introduction of new applications hinges on the critical understanding of the needs of the market place, in other words, understanding the needs of the customer. R&D is the driver behind these targets, and also the point of delivery of solutions.

New products, quality improvements and innovation are engineered at Reliance's laboratories. One example - the introduction of shortcut fibre for the paper industry.

A PSF grade fibre is blended with conventional paper pulp to lend strength to the paper. India lacks high quality conventional raw material for the paper industry - this leads to the production of paper of low strength. PSF fibre adds strength. This has been achieved, for the first time in India, by Reliance.

The R&D activity takes place at three levels in Reliance. One is in the R&D departments of the respective plants. Second, is in the PARC - Product Applications Research Centre. Thirdly, Reliance has entered into collaboration with several leading research institutes in India.

The responsibility of finding newer product applications and subsequent development lies with the PARC. All R&D centres have the latest equipment and technologies, and are manned by trained technologists, to develop and launch new products.

Reliance's PARC has been accepted as a state-of-the-art R&D centre for the Indian petrochemicals industry. The Centre comes out regularly with several well-researched publications and programmes.

R&D activities at the different plants include:

Patalganga

- Development of new products:
  - i) 235 / 34 OLY and POY for knitting and weaving
  - ii) 265 / 34 for draw texturising
  - iii) 200 / 72 FDY for mink upholstery
  - iv) 146 / 72 for upholstery
- Optimistion of the process parameters, resulting in reduced consumption of acetic acid in the PTA plant.
- Commissioning of the crystalliser unit, leading to the enhancement of the paraxylene capacity.
- Debottlenecking of the normal paraffin plant.

Textiles (Naroda)

- Improvement in the quality of all the wool worsted fabrics, enhancing product acceptance in the international markets.
- Improved productivity and performance of yarns on high speed shuttleless looms.
- Improved performance of dyed wool fibres during spinning, resulting in better feel and finish - leading to a reduced load of heavy metal on the ETP.
- Development of wool-viscose blended fabrics for uniforms.
- Substitution of moulded material headliner by 100 per cent polyester knitted fabrics for automobiles.
- Development of polyester viscose uniform fabrics, resulting in better fastness and shade consistency properties.

The textile division's future R&D plans include development of silk like finish, superfine, all wool worsted fabrics, standardisation of eco-friendly metal complex dyes for wool, resulting in minimal wool harshness and a reduced load on the ETP, and development of fabrics of wool blends using regenerated cellulose.

Hazira

- Development and production of new grades of PVC like the K 65, K 74 and K 57.
- Introduction of new fire retardant grades of PE for wire and cable sheeting and cable insulation.
- Introduction of new POY products like the 90 / 34, 100 / 68 and 150 / 108 for the first time in the country. Spinning speeds of more than 3,500 metres per second attained for the first time.
- In the PET segment, RELPET resin was launched in the first quarter of 1997-98. In the following year, it has garnered a 70 per cent market share. Approval from the US FDA and the European Union authorities was received for applications in their markets.
- Development of 2 new PET grades for the mineral water and soft drinks market.
- Introduction of short-cut staple in PPF, virgin PPF and micro denier in PSF.

Health, Safety and Environment

As mankind reaches the end of this millennium, in which science has made several quantum and outstanding discoveries, man has still not found any other life form in this planetary system, much less outside of it.

Reliance recognises that this places tremendous responsibility on the present generation, not just for preserving fragile eco-systems, but also making them sustainable for future generations.

This responsibility does not end with protecting and nurturing the environment. Reliance seeks to make all its plants safe places to work, to protect the interests of its employees and stakeholders. Reliance also strives to protect the health of all persons who work at its plants.

Reliance's Health, Safety and Environment (HSE) policy:

'The safety of persons overrides all production targets' - is Reliance's Safety Policy.

Reliance's Health, Safety and Environment policy prescribes the following:

- Protection of the Health and Safety of people
- Protection of the environment
- Use of materials and energy efficiently, to achieve maximum productivity
- Adoption of the best HSE practices of global industry
- Managing HSE aspects as a critical business activity
- Promoting safety culture among all the employees
- Ensuring commitment from contractors to manage HSE in line with the company's policy

Safety Management

In pursuance of the HSE policy, and Reliance's commitment to achieve production without compromising on safety, Reliance has embarked on a three-pronged approach to safety management:

- Hazards identification and analysis
- Risk evaluation
- Programmed action plan

All plants are designed with the safety element foremost in mind. The following steps to promote safety have also been initiated at Reliance's manufacturing complexes:

- A ready reckoner pertaining to all issues on health, safety and environment issues has been drafted. This includes details on safe working practices, and clearly defined procedures for inspection, operation and emergency shutdown of plants.
- A Central Safety Committee represented by management and union members has been constituted.
- A crisis and emergency management procedure document has been drafted, preparing the plants for all kinds of disasters.
- Accidents, and near-misses, within the industry have been documented, and preventive measures spelt out.
- Special training for security personnel has been imparted to enable them to handle emergency situations.
- Incentives have been provided, for improving the safety and productivity.

The Hazira plant operated without any lost time due to accidents during 1998-99. Minor accident rates were brought further down by 33 per cent, during the year.

Health

Reliance's vision is to develop world class occupational health services, with an emphasis on prevention of work related health hazards. For this purpose, a modern occupational health centre with state-of-the-art equipment has been installed.

The management accords a high priority to provision of adequate medical services, at all locations. These are headed by a senior health specialist, and staffed with appropriately trained and qualified doctors and paramedical staff.

Health standards are consistently sought to be upgraded, through the use of improved production processes. For instance, health standards at the Hazira plant have improved, with the introduction of 1 MT jumbo bagging line, which has resulted in the elimination of dust.

Other occupational health and preventive activities include periodic medical monitoring of all employees, conduct of health awareness programmes, and periodic first aid training.

Periodic medical monitoring comprises an exhaustive and compulsory medical check-up for all employees at least once every year, followed by feedback through a novel system of health cards. Medical check-up of contract employees like canteen workers, bus drivers and others has also been introduced.

Health awareness is created through various health education programmes, individual counselling, and the publication of informative articles in house magazines. A periodical publication, devoted to health, safety and environment issues, has recently been introduced.

The Reliance Health Index:

A novel feature Health Audit has been introduced, to introduce a competitive element for remaining healthy. The department wise status on 'Health Audit' is presented during weekly HSE meetings at the plants, chaired by the site President, and attended by the departmental heads. The Reliance Health Index is based on routine parameters, such as, hypertension, over weight, high blood pressure, high cholesterol, liver functions, renal functions, and lung function.

Environment

Reliance employs proven technologies from world-class licensers, like E.I. DuPont, ICI, B.F. Goodrich (now Geon), and Shell, at all its plants, to ensure the minimum quality/quantity of waste generation per unit of output, low emission of pollutants, minimum solid waste generation per unit of output, low noise pollution level during plant operations, and in-built measures for waste reduction, waste recycling and waste utilisation.

Reliance's philosophy has been to use clean fuel wherever possible. In the gas turbines, Reliance uses kerosene and naphtha, as an alternative to conventional fuels. By utilising off-gas and hydrogen from the process plants in the fired heaters, Reliance has reduced the consumption of fuels like LSHS and fuel oil.

Steam integration, and the use of low pressure steam in the vapour absorption chillers, has resulted in substantial savings for the company.

Reliance encourages recycling. For polyester filament yarn packaging, wooden/plastic pellets are recycled, and reused. PVC and PTA, at Hazira, are packed in jumbo bags, which have a capacity of 1000 kgs, thereby reducing the need for more packing. Bobbins used for the wrapping of POY are retrieved from the vendors and reused.

Reliance's Jamnagar refinery and petrochemicals complex has incorporated the environment protection mandate from the design stage. Some of the unique features of the complex include:

- gas turbines and extraction type steam turbines, which are expected to have a higher efficiency, have been provided in the captive power plant;
- air preheater and economisers are provided in auxiliary boilers for utilising the maximum amount of energy from the flue gases before venting into the atmosphere;
- high efficiency low NOx burners will be used in boilers and process heaters, to ensure complete combustion with low excess air, resulting in a lower fuel requirement than the conventional burners;
- process heaters have been provided with air pre-heaters to minimise the fuel requirement;
- heat integration inside each unit and with other units is also expected to reduce the overall fuel consumption;
- power recovery turbines are provided in various units like the FCC and VGO Hydro Treater to recover power, while reducing the pressure, instead of wasting it across a control valve;
- high speed diesel (HSD) with low sulphur content and motor spirit (MS) with no lead and low benzene will be produced in the Jamnagar complex.
- Sulphur recovered from these products will be converted into elemental sulphur which would otherwise be imported;
- crude unloading and product loading operations will be completely automated so that there is no possibility of any leakage through hoses and other fittings, with the facility of an automatic shutdown in the event of the detection of any leakage;
- cathodic protection for all the HC storage tanks, to protect tank bottoms from corrosion and leakages, is being done for the first time in the world on this scale.

An extensive green belt of around 850 acres is being developed around the Jamnagar complex. This will sustain nearly two million trees of various species. This green belt will be developed around the periphery of the refinery, as well as the marine tank farm.

Agro forestry will also be attempted in the area. Trees will be planted along the roads all across the refinery complex. Mangrove forestation over 50 acres is being done in the marine area to stabilise the loose soils and protect the hinterland from tidal surges, cyclonic storms and high velocity winds.

This will function as a buffer against potential oil slicks washed down from the sea, as well as sea incursion, in addition to fixing the sediments of the sea with the detritus, producing a rich ecosystem, creating a haven for fish, marine invertebrates, molluscs, colourful living corals and birds.

No activity is perfect, unless constant training and validation is incorporated in the system. Reliance has introduced training manuals and modules, to impart training to employees involved in activities having a bearing on environment protection.

The degree to which the knowledge has been absorbed is periodically evaluated. Apart from this, induction and orientation programmes are also conducted, to give a thorough idea about the activities at the complex, from an environmental angle.

The environmental initiatives undertaken by Reliance have been recognised globally, and in India. Over the years, Reliance has received various awards, including:

Patalganga

- Award of Honour (National Safety Council, USA) - 1992, 1994 and 1995
- 5 Star Grading (British Safety Council) - 1992, 1994 and 1996
- National Award (ICMA) for Novel Technology of PTA - 1992
- National Award (DGTD) for Technology Development of PSF waste recovery through glycolysis - 1990
- National Award (Ministry of Power) for Energy Conservation in the petrochemical sector - 1994, 1995 and Special Award for the year 1996 and 1997
- Sword of Honour (British Safety Council) - 1992, 1993, 1994 and 1996

Hazira

- British Safety Council 5 star award and Sword of Honour - 1994
- British Safety Council award for the lowest accident / incident rate - 1992
- National Safety Award from the Ministry of Labour (Government of India) for the highest accident free period - 1991
- ICMA Award for Environmental Control Strategies and Safety in Chemical Plants - 1996
- Golden Jubilee Memorial Trust Award instituted by South Gujarat Chamber of Commerce and Industry for Outstanding Pollution Control Programme - 1995-96 and 1994-95
- Federation of Gujarat Industries Award for Excellence in Environment Preservation and Pollution Control - 1995
- Indian Merchants' Chamber Award for Outstanding Achievement towards Control of Air and Water Pollution in Industry - 1994
- Gujarat Safety Council Award for Achieving the Lowest Disable Injury Index - 1992 and 1996
- Baroda Productivity Council 1st rank trophy for Good House Keeping Contest for Petrochemical Complex - 1992-93

Energy Conservation

Energy is the driving force behind all industrial operations. As industrialisation grows, energy consumption levels are growing exponentially, placing tremendous pressure on natural reserves and the environment of the planet.

Conservation of energy is a critical priority, both in terms of conservation of scarce resources, and the consequent savings generated. Reliance has inculcated a missionary spirit in its employees in this direction, with energy conservation placed at the heart of all activities.

Energy conservation efforts at Reliance are proactive, and not reactive. The priority at the plants has been to deploy energy efficient systems at the design stage itself. This helps in achieving a critical objective - building efficient systems from the starting block, and avoiding the subsequent cost of adding expensive energy efficient systems.

Reliance has relied upon captive power plants at all its manufacturing locations. This ensures steady and uninterrupted production, and leads to considerable savings in cost. Reliance's cost of captive power generation has been recognised as being among the lowest in the world. The establishment of captive power plants also ensures minimal transmission losses.

Savings generated through conservation efforts help the company fund further investments in energy efficient systems.

Reliance has always believed in setting up global scale plants, using the latest technologies. Apart from the obvious advantage of resultant economies of scale, and cost efficiencies, large sized plants use optimum levels of energy, serving the goal of energy conservation.

Energy monitoring is a critical activity. The installation of automated equipment in all the plants facilitates continuous monitoring of all energy consumption parameters. An elaborate energy accounting system, and energy audits, are a regular feature at all Reliance complexes.

Regular studies are conducted to analyse quantitative energy consumption patterns, and variances are rigorously scrutinised. Reliance regularly benchmarks its energy conservation levels with global standards, and consistently works towards further improving efficiencies.

Some of the successful conservation efforts during the year are:

Patalganga

- The plant received a Special Award from the Ministry of Power, Government of India for its energy conservation efforts. It has won this award three years in a row.
- The stoppage of low efficiency DG sets and steam boilers, with the installation of high efficiency Dow Vaporisers, has led to lower energy consumption.

Textiles division

- Conservation measures have resulted in a saving of 45,000 cubic metres of water per month.
- Modification of the water distribution system has resulted in savings of 350,000 units of power per year.
- Auxiliary power consumption in the CPP has reduced from 7.15% to 6.12%.
- Replacement of axial flow A1 fans with FRP fans in humidification plants of worsted spinning, Sulzer, Waterjet and PV spinning have resulted in substantial power savings.

Hazira

- Lower fuel gas consumption has resulted in a saving of Rs. 6 crores per annum.
- An overall 12% reduction in chemical consumption based on per MT of C2 and C3 has been achieved during the year.
- A 6.7% energy reduction based on BTU / lb of high value chemicals has been achieved during the year.
- Elimination of carrier gas cylinders with the usage of in-house PSA hydrogen and ASU nitrogen.
- Major raw materials and specific utilities consumption are substantially lower compared to budgeted norms.
- Water lines modified to reduce consumption of DMW and power in the plant.
- A saving of Rs 5.75 crores was made arising from conservation measures taken up at the cooling water DMW, HPS, LPS and BFW sections.
- The recovery of vent gases from the PP section has resulted in an annualised savings of Rs. 0.48 crores.

Reliance is committed to strengthening its energy conservation efforts.

Human Resources Development

Reliance's people constitute its key competitive edge. Reliance's people, are the key reason for its success, providing the platform of innovative ideas, across all functions. Reliance recognises that development of its people is among its primary obligations as a responsible corporate citizen.

The average age of Reliance personnel is just a little over 36 years. Not surprisingly, innovative thinking, and a relentless, youthful pursuit of goals, are key attributes of Reliance people.

Recruitment in Reliance targets the world market for the right individuals, ensuring a global perspective for people responsible for global scale plants and operations. Reliance is one of the few Indian companies, with a significant number of expatriates within the organisation.

Knowledge activities at Reliance form a unique basket. The existing plants at Hazira and Patalganga require skills that drive efficiency and performance, apart from project management skills. The establishment of a world scale refinery at Jamnagar requires skills in project management and turnkey operations.

The Jamnagar complex is using captive talent from Hazira and Patalganga, even as it draws on a vast skill pool of global talent. This amalgam of in-house experience with global exposure has resulted in the creation of world class facilities at all the three major locations.

The collective experience across diverse functions in Reliance forms the bedrock of Reliance's global competitiveness. There is an additional focus on updating skills of employees on a continual basis.

Reliance is conscious that constant training and development, and continuous learning, will alone ensure retention of the best talent, besides providing Reliance with a sustainable platform for growth, in a business environment where change is the only constant.

Training programmes have been devised to develop cross-functional skills. The objective is to provide Reliance's people with an opportunity to address areas, not immediately relevant to their job profile, but important from the perspective of all-round development.

Matrices have been developed in Hazira, for several disciplines for which training has to be imparted. These matrices have been created for each function and level. The focus is on development of multiple skills and job rotation.

A best practices approach has been adopted at all plant locations to acquire the highest levels of skills relevant for the global petrochemicals industry.

Mapping of jobs has been initiated to ensure that the right person is allocated the right job. Modern HR practices, and new internal processes, have been introduced.

Mentorship as a HR tool has been introduced in Hazira. The emphasis is on developing creativity, self-awareness and team building. The exercise covered 1,804 employees totalling 61,440 hours.

The role of the Plant Training Coordinator has been made more meaningful in Hazira, with the introduction of new mediums like CD ROMs to assist in the transfer of knowledge.

Training needs for all employees have been identified. Seven hundred training modules have been developed at Patalganga alone, to impart structured training for all levels of employees. At Hazira, 250 managers worked to analyse over 900 different job positions, and recommended more than 26,000 individual training templates.

Chemical engineering and related engineering courses are regularly conducted, with the help of professors from reputed institutes to enhance skills. Computer training has been imparted at all levels.

In the textiles division, a total of 114 training programmes were organised, covering 818 employees, during the year. The focus has been on self-development, technical, marketing and safety programmes for all levels, starting from workers, supervisors and managers.

All plant locations house well stocked libraries, with the latest business and technical publications and books. Reliance's people are encouraged to make full use of these facilities, and enhance their personal knowledge levels.

Quality of personnel often decides the success of an operation. For the Jamnagar complex, Reliance has created a highly skilled technical team, for its EPC requirements. It has also recruited personnel for the operating and commissioning teams.

Individuals from leading construction and consultancy organisations have been recruited from India and abroad. Around 3,000 personnel have been recruited and put into place within a span of one year – most of them in the supervisory and management cadre.

Human issues are of deep concern for Reliance. To enhance the quality of life for its people, Reliance has introduced several benefits, including:

- Subsidised housing facilities for more than 38 per cent of its employees in Patalganga.
- Extended medical help in the textiles division to over 63 seriously ill employees over and above the normal provision of medical benefits.

- Deserving children scoring high academic marks were extended financial help towards fees and books.
- Housing has been provided to the working community close to the plant in Jamnagar.
- Children of employees are given counselling on their strengths and weaknesses in relation to academics, behavioural and vocational areas.
- A housing complex in Surat consisting of 924 houses has been constructed for Reliance employees. The complex is equipped with sports equipment, medical assistance, and a library, amongst other amenities. A school building has also been constructed with library, laboratory and computer facilities.

Community Development

A citizen's role extends beyond his or her call of duty. A responsible corporate citizen needs to look beyond the financial numbers of sales and profit growth, from year to year.

Reliance is committed to the development of the community around its manufacturing complexes. Over the years, Reliance has not just supported communities financially, but has worked towards providing people with skills to earn a sustainable livelihood. Reliance's long-term aim is to raise economic standards of these communities, through self-sustainable measures.

Some of the community development programmes initiated by Reliance include:

- Opened a modern 82 bed Dhirubhai Ambani Hospital, one of its kind in the region. This will also cater to individuals hurt by accidents on the Mumbai-Pune highway, and provide free OPD treatment to residents of nearby villages.
- Opened the Jamnaben Hirachand Ambani School at Lodhivali. One of the best schools in the region, the school provides education to more than 2,000 students by applying unique and innovative methods in teaching.
- Supplying potable water to nearby villages.
- Provided financial support to Balwadis in the nearby areas, to promote education.
- Three of Reliance's employees have been appointed as Gunwant Kamgars, a distinction instituted by the Government of Maharashtra. The Gunwant Kamgars are responsible citizens who help the residents of their area, by counselling and providing other assistance.
- The neighbourhood of Muthia village, near Reliance's textiles mill, used to get flooded during the monsoon season, in absence of an adequate outlet. Reliance has constructed a permanent drainage system to overcome this problem.
- The Jamnagar complex has initiated provision of medical services in the areas around the plant. Free medical services to surrounding villages, round the clock presence of doctors and para-medical staff in the Motikhvadi Medical Centre, and a mobile medical van, are some of the highlights.
- Village roads and overhead water tanks have been constructed in Jamnagar's nearby areas. Satellite projects, like the building of community halls, temples and cattle sheds have been undertaken to provide shelter, support and assistance to people living in those areas.

Reliance also made a major contribution, to counter the impact of the cyclone in Jamnagar in June 1998. Resources were mobilised for round-the-clock operations. Thirty six doctors and 43 paramedical staff were deployed to attend to relief operations. 19 lives were saved, and 378 injured persons were treated.

One hundred water tankers were pressed into relief, and 200,000 food packets were distributed in 11 villages. Additionally, more than 20 trucks of foodstuffs, 7.5 tonnes of milk, and 20 tons of vegetable oil were provided.

Chartered aircraft were pressed into service for supplying medicines and equipment to a hospital, and DG set power supplies were installed restoring power supply to the operation theatre. DG sets were also pressed into service to help the Municipal Corporation to restore water supplies in the region.

Calendar

Audited annual results	:	End April
Annual general meeting	:	Second fortnight June
First quarter results	:	Third week July
Second quarter results	:	Third week October
Third quarter results	:	Third week January

Reliance Industries Limited's
Equity Shares are listed
on the stock exchanges in the following cities :

• Mumbai • Ahmedabad • Bangalore • Calcutta • New Delhi • Chennai • Cochin • Kanpur • Pune
as also with
The National Stock Exchange (NSE)

◆

Trading Symbol Bombay Stock Exchange	:	**'RIL 325'**
Trading Symbol Bombay Stock Exchange (Demat Segment)	:	**'RILDM500325'**
Trading Symbol National Stock Exchange	:	**'RELIANCE EQ'**
Trading Symbol National Stock Exchange (Demat Segment)	:	**'RELIANCEAE'** (For T+5 settlement) and **'RELIANCEBE'** (For T+1 settlement)

Global Depository Shares

are listed on the Luxembourg Stock Exchange and traded on PORTAL System (NASDAQ, USA) and SEAQ System (London Stock Exchange).

Symbol on SEAQ System is **'RIDGq.LT'**

Euro-convertible Bonds

are listed on the Luxembourg Stock Exchange and are traded on PORTAL System (NASDAQ, USA).

◆

Toll Free Number for Investors in Delhi : 1600157777
Voice Mail Number for Investors in Mumbai : 9729044

◆

List of Investor Service Centres of Karvy Consultants Ltd.

CITY	STD CODE	TEL. NO.	FAX	
Agra	(0562)	352368	(0562)	352368
Ahmedabad	(079)	6420422 / 6443702	(079)	6565551
Allahabad	(0532)	400588	(0532)	400988
Alwar	(0144)	22752		——
Ambala	(0171)	530891	(0171)	442929/ 445795
Amritsar	(0183)	220370	(0183)	229473
Asansole	(0341)	204968 / 200169		——
Bangalore	(080)	6621184 / 6621192 6621193	(080)	6621196
Bangalore	(080)	5253249 / 5362930	(080)	5257926
Baroda	(0265)	361514 / 363207	(0265)	363207
Bellary	(08392)	77592	(08392)	77592
Bhopal	(0755)	554165 /555732	(0755)	555732
Bhubaneshwar	(0674)	500909 / 503777	(0674)	501657
Calcutta	(033)	4644891 / 4647232	(033)	4644866
Chandigarh	(0172)	705543		——
Chennai	(044)	8258034 / 8253445	(044)	8273181
Cochin	(0484)	310884 / 322152	(0484)	323104
Coimbatore	(0422)	497562	(0422)	497562
Dhanbad	(0326)	302838 / 304068 303000	(0326)	303021
Erode	(0424)	221671		——
Goa	(0832)	226150 / 228470	(0832)	223742
Gulbarga	(08472)	27635	(08472)	26794
Guwahati	(0361)	543322	(0361)	515251
Gwalior	(0751)	321524		——
Hyderabad	(040)	3353758 / 3351988	(040)	3351969
Indore	(0731)	432837		——
Jabalpur	(0761)	312009		——
Jaipur	(0141)	363321 / 375039 / 375099	(0141)	364660
Jammu	(0191)	547246		——
Jamnagar	(0288)	540998		
Jamshedpur	(0657)	432064	(0657)	423061
Jodhpur	(0291)	627918 / 641533		——
Kanpur	(0512)	357672 /295125		——
Kolhapur	(0231)	651716	(0231)	652108
Lucknow	(0522)	230273 / 285782	(0522)	230552
Ludhiana	(0161)	424862	(0161)	402125
Madurai	(0452)	537948	(0452)	537948
Mumbai	(022)	2675829	(022)	2671237
Mumbai	(022)	Voice Mail 9729044 6367226 / 6369044	(022)	6310882
Mumbai	(022)	2004090 / 2004091	(022)	2004094
Mangalore	(0824)	492302		——
Mysore	(0821)	510781		——
Nagpur	(0712)	537531 / 538131 533428	(0712)	538133
New Delhi	(011)	Toll Free 1600157777 5154978 / 5154940	(011)	5105993
Patna	(0612)	263604 / 268292		——
Pondicherry	(0413)	330291	(0413)	330291
Pune	(0212)	323291 / 321130	(0212)	323292
Rajahmundry	(0883)	444318	(0883)	494318
Rajkot	(0281)	223733 / 232229	(0281)	232229
Ranchi	(0651)	203166	(0651)	201979
Rourkela	(0661)	506116 / 505388		——
Salem	(0427)	419515 / 415898	(0427)	419515
Shimoga	(08182)	78199	(08182)	78199
Solapur	(0217)	311027	(0217)	311219
Sirsi	(08384)	75319	(08384)	77929
Surat	(0261)	667365 / 670636		——
Tanjore	(04362)	23406		——
Varanasi	(0542)	323930		——
Vijayawada	(0866)	436965 / 437250	(0866)	436241
Visakhapatnam	(0891)	575202 / 573143	(0891)	550328

Directors' Report

The Directors have pleasure in presenting the 25th Annual Report and the audited accounts for the financial year ended 31st March, 1999.

Financial Results

		1998-99			1997-98	
		Rs. Crs.	**US$ Mn***		Rs. Crs.	US$ Mn
Gross profit before interest and depreciation		**3,317.54**	**781.89**		2,886.54	730.86
Less : Interest		**728.81**	**171.77**		503.55	127.50
Depreciation	**1,776.66**			1,460.27		
Less : Transfer from General Reserve	**921.62**	**855.04**	**201.52**	792.95	667.32	168.96
Profit before Tax		**1,733.69**	**408.60**		1,715.67	434.40
Less : Provision for Taxation		**30.00**	**7.07**		63.00	15.95
Profit after Tax		**1,703.69**	**401.53**		1,652.67	418.45
Add : Taxation for earlier years		–	–		(85.67)	(21.69)
Balance in Profit & Loss Account		**1,047.89**	**246.97**		662.79	167.82
Investment Allowance (Utilised) Reserve Written Back		–	–		36.00	9.11
Surplus Available for Appropriation		**2,751.58**	**648.50**		2,265.79	573.69
Appropriations :						
Debenture Redemption Reserve		**204.50**	**48.20**		64.47	16.32
General Reserve		**1,000.00**	**235.68**		752.65	190.57
Dividends paid on Preference Shares		**23.39**	**5.51**		10.33	2.62
Recommended dividend on Equity Shares		**350.16**	**82.53**		326.81	82.75
Tax on dividend		**40.86**	**9.63**		63.64	16.12
Balance carried to Balance Sheet		**1,132.67**	**266.95**		1,047.89	265.31
		2,751.58	**648.50**		2,265.79	573.69

* 1 US $ = Rs. 42.43 (Exchange rate as on 31-3-99)

Commissioning of Polypropylene Plant

The Company has commissioned the first line of 2,00,000 tonnes of Polypropylene at Jamnagar. This plant the largest in the world has been commissioned ahead of schedule. On the commissioning of all the plants at Jamnagar, the total production capacity will stand increased to 9 million tonnes from the present 6 million tonnes.

Dividends

The Directors have recommended a dividend of Rs. 3.75 per Equity share on 93,37,49,403 Equity shares of Rs. 10 each, for the financial year ended 31st March, 1999, which if approved at the forthcoming Annual General Meeting will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 29th May, 1999.

The Directors have declared interim dividend on 10% - 1,27,45,000 Redeemable Preference Shares of Rs. 100 each, 10.5% - 10,50,000 Redeemable Preference Shares of Rs. 100 each and 10.5% - 50,00,000 Redeemable Preference Shares of Rs. 100 each and 9.75% - 65,00,000 Redeemable Preference Shares of Rs. 100 each. As no final dividend has been recommended on these preference shares, the interim dividend paid, shall be fully adjusted as final dividend for the financial year ended 31st March, 1999.

Energy, Technology & Foreign Exchange

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

Subsidiary Companies

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of the Directors of Devti Fabrics Limited and Reliance Industrial Investments & Holdings Limited and the respective Auditors' Report thereon for the year ended 31st March, 1999, are annexed.

Fixed Deposits

The Company has not accepted/renewed any deposits during the year. Deposits of Rs. 0.33 crore due for repayment on or before 31st March, 1999 were not claimed by 555 depositors as on that date and as on date of this report.

Personnel

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

Directors

During the year Shri U. Mahesh Rao was appointed as Nominee Director of General Insurance Corporation of India (GIC) on the Board in place of Shri A.N. Poddar. The Board places on record its appreciation for the valuable guidance received from Shri A.N. Poddar during his tenure as Director.

Shri Dhirubhai H. Ambani, Shri M.L. Bhakta and Shri Hital R. Meswani, retire by rotation and being eligible offer themselves for reappointment.

Auditors and Auditors' Report

Messrs. Chaturvedi & Shah and Messrs. Rajendra & Co. Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, the said auditors will be appointed as auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

International Accountants

The report submitted by M/s. Deloitte Haskins & Sells, member firm of Deloitte Touche Tohmatsu International (DTTI), appointed as International Accountants of the Company, for the year under review to the Board of Directors, is circulated with this report for the information of members.

Acknowledgment

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks, during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

For and on behalf of the Board of the Directors

Dhirubhai H. Ambani
Chairman

Mumbai
Dated: 22nd April, 1999

Annexure to Directors' Report

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. Conservation of Energy

(a) Energy Conservation Measures Taken : -

1. Optimisation of recycle paraffin pumping system in the LAB plant.
2. Installation of additional module in BE APH of the LAB plant.
3. Annealer roll rotary joint's sealing improved leading to steam savings in the PSF plant.
4. Conversion of Delta connected motors to Star wherever possible.
5. Stoppage of low efficiency Dow vaporisers & commissioning of a new high efficiency Dow vaporiser.
6. On-line monitoring of fouling of GT compressor blades leading to timely water wash of the system.
7. Reduction in refrigeration load by optimisation of the running of AHUs in PFY lag area.
8. Implementation of Advanced Process Control Systems in Cracker, MEG-III and PTA plants.
9. Reduction in blow down water quantity by 2 % in steam boilers of Captive Power Plant and Cracker plant.
10. Optimisation of cooling water consumption in Cracker, PTA -I, MEG-II and Captive Power Plant has led to stoppage of three cooling water circulation pumps and reduction in power consumption by 50 MWH per day.
11. Reduction in deaeration steam quantity by 6 tonnes per hour in steam boilers of Captive Power Plant.
12. Optimisation of inlet steam pressures for Steam Turbine Generator of Captive Power Plant and Charge Gas Compressor Turbine of Cracker has resulted in savings of 3 tonnes per hour of super high pressure steam.
13. Replacement of solid GRP fan blades with hollow FRP blades in POY cooling tower has resulted in power savings of 135 MWH per year.
14. Provision of alternate cooling water supply to SSP dow pump located at 33 metres has resulted in stopping of one high pressure cooling water pump.
15. Connected two esterifiers to a single stripper column. This has resulted in savings of 1.3 MWH per day of power required for the blower.
16. Reduction in LP air consumption by 2200 Nm^3/hr in CR - 2 jets by PLC modifications in spinning unit of POY plant.
17. Modification implemented for bypassing of draw stand heating system in draw-lines of PSF plants.
18. Substitution of high pressure steam (25 kg/cm^2) with LP steam in the dryers of PSF plant.
19. Optimisation of dryer fan operation for PSF draw lines, HCT / CCT / VCT and liquid dow coolers in Fiberfill plant.
20. Steam to feed ratio reduction in Heads-II Column of VCM plant has resulted in reduction of steam consumption by 8000 MTA.
21. Optimisation of VCM column and high boil column has resulted in savings of 16000 MTA of IP steam.
22. Imported EDC feed pump was uprated. This has resulted in power savings of 10 KWH per hour.
23. Improvement in COC (cycle of concentration) of various cooling towers in the complex from an average value of 3.5 to 4.2 has resulted in savings of makeup water to the extent of 3200 m^3/day.
24. Condensate and flash steam recovery from boiler blow down in naphtha Cracker.
25. Plant condensate recycle to deaerators of PTA plants has led to savings of 13 tonnes per hour of DM water.
26. Uprating of condensate pump in MEG-I plant has resulted in power savings of 1.2 MWH per day.
27. Transfer of glycol bleed stream started with pressure difference instead of pumping in MEG-I, II and III plants and the transfer pump has been stopped.
28. Reduction in excess oxygen by 1 % in flue gases of furnaces in Cracker plant.
29. Optimisation of Charge Gas Compressor suction pressure.
30. Stoppage of electrolysers in PE plant and utilization of excess hydrogen from Cracker in place of electrolyser hydrogen.
31. Diversion of pumps seal cooling water to cooling tower sump in PE-I plant.
32. Condensate recovery from reslurry heaters in PE-I plant.
33. 3 Nos. Aluminium Fans of PV Spinning Humidification plant replaced by FRP Fans. This shall generate a Power Saving of 32000 Units/year.
34. Steps taken for water conservation has resulted in saving of 45000 m^3 of water per month.

35. Modification of water distribution system resulted in saving of man power as well as power saving of 350000 units / year.
36. 20 HP and 30HP sludge transfer pump in ETP replaced by 7.5 HP pumps without effecting the performance of ETP. Power saving is 11000 units / month.
37. Replacement of inverted bucket type steam traps - 10 nos. by float type steam traps in stenter processing unit I. Steam saving 540 MTS / year.
38. Replacement of old copper chokes by electronic chokes 160 nos. in Waterjet sulzer looms. Power saving 27400 units / year.
39. Aux. Power consumption in CPP is reduced from 7.15% to 6.12% resulted in saving of 1580535 units / year.

(b) Additional Investments and proposals, if any, being implemented for reduction in Consumption of Energy:

1. Installation of back pressure turbine in place of existing letdown between 100 Barg & 30 Barg.
2. Prefractionation stripper side cut recovery in the FE section of the LAB plant.
3. Advanced simulation package for optimising distillation column operation.
4. Optimisation of LAB (FE), feed Kerosene Preheat train.
5. Gas Turbines Inlet Air Cooling to increase capacity utilisation & lower specific fuel consumption/kWh.
6. Utilisation of PX plant's liquid by-products as fuel for supplementary firing in the HRSGs.
7. Replacement of LAB plant FE APH by a better design.
8. Condensate recycle from Aromatics plant to deaerators of Cracker plant.
9. Preheating quench water in GHU coolers.
10. Preheating naphtha utilising surplus heat available in quench water.
11. Recover additional heat from quench water in the stripper of propylene tower.
12. Recovery of condensate from PVC dryer.
13. Variable frequency drive for RFP of PE-II.
14. Utilisation of flash steam from blow down drums in deaerators of the Power Plant.
15. Substitution of HP steam with MP steam in MEG-I, II, III plants.
16. Recycle of condensate to process cooling towers in MEG-I, II, III plants.
17. Conversion of Thermopac from F.O. to NG fired in furnishing dept. Expected saving of 270 KL of F.O. per year.
18. Conversion of fuel from solvent to NG in sinzing m/c Unit I processing.
19. Replacement of Axial flow A1 fans by FRP fans in Humidification plants of Worsted Spg, Sulzer, Waterjet and PV Spinning Dept. There will be a power saving of 2000000 units / year.
20. It is proposed to replace existing 25 numbers mercury street light fittings by sodium vapor fixtures. The energy saving will be 237600 units / year.
21. It is proposed to replace existing 1000 nos. 40 watts TL by 36 watts TL in the administration office - block. There will be a saving of 15000 units of electricity / year.

(c) Impact of Measures at (a) and (b) above for Reduction of Energy Consumption and on the Cost of Production of Goods:

1. Steam integration through back pressure turbine would lead to saving of Rs. 420 lakhs/year.
2. Optimisation of recycle paraffin pumping system has led to saving of Rs.10 lakhs/year.
3. Prefractionation stripper side cut recovery operation for better heat integration will save Rs. 90 lakhs/year.
4. Saving of fuel to the extent of Rs.116 lakhs will be achieved by optimisation of LAB (FE) feed Kerosene preheat train.
5. LAB(BE) APH installation has led to savings of fuel of Rs.37 lakhs/annum.
6. Capacity utilisation & reduced specific fuel consumption at lower inlet air temperature to GT will enable savings of fuel upto Rs.107 lakhs/GT.
7. LAB(FE) APH upgradation will lead to savings of fuel of Rs.10 lakhs/annum.
8. Usage of improved efficiency Dow vaporisers has led to fuel savings of Rs. 19 lakhs/annum.
9. On-line monitoring of fouling of GT compressor blades, leading to timely water wash has enabled fuel savings of Rs.13 lakhs/annum
10. Reduction in refrigeration load by optimisation of running AHUs in PFY lag area has led to savings of Rs. 55 lakhs/annum.
11. Recovery of N - Pentane from stabilizer overhead liquid.
12. Development of soft sensor for PTA - Y colour improvement.
13. Implementation of Advanced Process Controls in Cracker / PTA-I / PTA-II /PE / MEG-II / MEG-III has resulted in savings worth Rs. 6.5 crores per annum on account of reduced fuel / utilities consumption and improved raw material efficiencies.
14. Reduction in blow down water quantity by 2 % in CPP and Cracker has resulted in savings of Rs. 1.7 crores per annum.
15. Optimisation of cooling water consumption in Cracker, PTA -I, MEG-II and Captive Power Plant has led to stoppage of three cooling water

circulation pumps resulting in savings of power worth Rs. 1.85 crores per annum.

16. Reduction in deaeration steam quantity by 6 tonnes per hour in steam boilers of Captive Power Plant. This has resulted in savings of Rs. 2.5 crores per annum.
17. Optimisation of inlet steam pressures for Steam Turbine Generator of Captive Power Plant and Charge Gas Compressor Turbine of Cracker has resulted in savings of Rs. 1.2 crores per annum.
18. Replacement of solid GRP fan blades with hollow FRP blades in POY cooling tower has resulted in power savings of Rs. 1.35 lakhs per annum.
19. Provision of alternate cooling water supply to SSP dow pump located at 33 metres has resulted in savings of Rs. 12 lakhs per annum.
20. Connected two esterifiers to a single stripper column. This has led to savings of Rs. 5 lakhs per annum.
21. Reduction in LP air consumption by 2200 Nm^3/hr in CR - 2 jets by PLC modifications in spinning unit of POY plant. This has resulted in savings of Rs. 42.3 lakhs per annum.
22. Modification implemented for bypassing of draw stand heating system in draw-lines of PSF plants. This has given a saving of Rs. 27.0 lakhs per annum.
23. Substitution of high pressure (25 kg/cm^2) with LP steam in the dryers of PSF plant has resulted in savings of Rs. 1.2 lakhs per annum.
24. Optimisation of dryer fan operation for PSF draw lines, HCT / CCT / VCT and liquid dow coolers in Fiberfill plant has resulted in savings of Rs. 13.8 lakhs per annum.
25. Steam to feed ratio reduction in Heads-II Column of VCM plant has resulted in reduction of steam consumption by 8000 MTA equivalent to Rs. 45 lakhs per annum.
26. Optimisation of VCM column and high boil column has resulted in savings of 16000 MTA of IP steam. This has resulted in savings of Rs. 90 lakhs per annum.
27. Imported EDC feed pump was uprated. This has resulted in power savings of 10 KWH per hour equivalent to Rs. 1 lakh per year.
28. Improvement in COC (cycle of concentration) of various cooling towers in the complex from an average value of 3.5 to 4.2 has resulted in savings of makeup water to the extent of 3200 m^3/day worth Rs. 75 lakhs per year.
29. Condensate and flash steam recovery from boiler blow down in naphtha Cracker has resulted in savings of Rs. 47 lakhs per annum.
30. Plant condensate recycle to deaerators of PTA plants has led to savings of 13 tonnes per hour of DM water equivalent to Rs. 13 lakhs per annum.
31. Uprating of condensate pump in MEG-I plant has resulted in power savings of 1.2 MWH per day equivalent to Rs. 4.5 lakhs per annum.
32. Reduction in excess oxygen by 1 % in flue gases of furnaces in Cracker plant has resulted in savings of fuel gas worth Rs. 4.0 crores per annum.
33. Stoppage of electrolysers in PE plant and utilization of excess hydrogen from Cracker in place of electrolyser hydrogen has resulted in savings of Rs. 48 lakhs per annum.
34. Diversion of pumps seal cooling water to cooling tower sump in PE-I plant has resulted in savings of Rs. 6.0 lakhs per annum.
35. Condensate recovery from reslurry heaters in PE-I plant has given a saving of Rs. 1.0 lakh per annum.
36. Condensate recycle from Aromatics plant to deaerators of Cracker plant results in a saving of Rs. 36.0 lakh per annum.
37. Preheating quench water in GHU coolers. This result in savings of Rs. 2.87 crores per annum.
38. Preheating naphtha utilising surplus heat available in quench water. This results in savings of Rs. 2.87 crores per annum.
39. Recover additional heat from quench water in the stripper of propylene tower. This results in savings of Rs. 2.0 crores per annum.
40. Recovery of condensate from PVC dryer. This results in a saving of Rs. 8.4 crores per annum.
41. Variable frequency drive for RFP of PE-II. This results in savings of Rs. 20 lakhs per annum.
42. Utilisation of flash steam from blowdown drums in deaerators of the Power Plant. The savings are estimated to be Rs. 50 lakhs per annum.
43. Substitution of HP steam with MP steam in MEG-I, II, III plants. This will result in savings of Rs. 2.0 lakhs per annum.
44. Recycle of condensate to process cooling towers in MEG-I, II, III plants. This will result in a saving of Rs. 2.7 lakhs per annum

B. Technology Absorption

FORM - 'B'

Form for Disclosure of Particulars with respect to:

Research and Development (R&D)

1. Specific Areas in which Research and Development (R&D) is being carried out by the Company:
    1. Research and Development activity is focused in the fields of Purified terephthalic acid, Paraxylene, Linear Alkyl Benzene, Polyester Filament Yarn and Polyester Staple Fibre plants. The stress has been on process development, process modification, product development, energy conservation, pollution control, import substitution and technology

upgradation.

2. Decarboxylation studies of acetic acid and in presence and absence of p- xylene and its oxidation intermediates to improve quality.
3. Reduction of Y- colour impurities in crude terephthalic acid by further oxidation.
4. Oxidation reactor residence time estimation for dead volume prediction in the reactor.
5. Non - HF Pilot - plant trials for generating design parameters in Linear Alkyl Benzene.
6. Improvements in MOLEX and PAREX process by Simulation model.
7. Value addition of PX by-products i.e. REMAX TO BTX.
8. In the PVC plant four new grades have been developed and accepted in the market. Out of the four new grades, two have been targeted to meet electrical applications and rest two for calendering and film applications.
9. New coating chemical for poly-reactors and new emulsifiers for better control of resin properties and new catalyst system to improve base color and thermal stability of resin, have been introduced in PVC.
10. M/s. RIL have entered into a strategic alliance with M/s NCL in some of the key areas of development PE grades. It includes providing customized information on Polyolefins, bench marking of grades specially for films and roto moulding applications.
11. New PE grades for mono filament applications, lamination, insulation for cables, sheathing/jacketing for cables have been developed.
12. Alternate sources of absorbents for removal of impurities and catalysts have been commercialized in PE process towards cost reduction.
13. M/s. RIL/NCL have entered into a strategic alliance in areas of development for bench marking of PP grades and indigenisation of catalyst system. So far this has led to the development of cost effective alternate catalysts from sources outside India.
14. Two new PP grades have been launched and accepted well in the market. These grades are primarily for Battery covers and washing machine basket applications. Trial runs have also been conducted after development of a third product grade for lamination purpose.
15. Usage of alternative additives and their indigenisation in PP plant.
16. Developed various POY "Short heater texturing products" to meet exports requirements (126/34,80/34,115/108 & 265/34 POY)
17. "Highly oriented yarn products" like 90/34, 100/68 & 150/108 produced for first time in the country and is in the trial stage. This product will increase the processing throughput with reduced processing steps. It finds its major market application in direct weaving/knitting areas.
18. Development work in the field of modified polymers. This modified polymer along with the normal POY increases the spinning potential processing capability to the extent of 7 to 8% beside increasing the product quality.
19. "Micro denier" PSF product on commercial scale was made. This product finds its application in the area of exclusive garment manufacture.
20. Two new grades have been successfully manufactured in our PFF plant. The "Medium tenacity fibre" finds its major application to impart soft touch and the " Short cut staple fibre" as developed, finds its major application in the paper industry.
21. Process optimization and development of silk like finish superfine all wool worsted fabrics for international market.
22. Development of Wool woven jacquard by using intermingled 100% Polyester Filament Yarn for automotive fabrics.
23. Process optimisation to reduce hairiness and fly generation for better weavability on high speed shuttleless looms.
24. Standardisation of eco-friendly metal complex dyes for wool resulting into minimal wool harshness and reduced load on ETP of heavy metal.
25. Development of fabrics of wool blends with re-generated cellulose for uniforms.
26. Development of high light fast 100% polyester headliner fabrics substituting moulded material for automobiles.
27. Development of superior light fast polyester / viscose blended fabrics using dope dyed fibres for uniforms.

2. Benefits derived as a result of the above R&D :
   a. Product Development/ Improvement :-
      1. Recovery of acetic acid to reduce the load on effluent treatment by separation techniques.
      2. To achieve improved consumption of Acetic acid in oxidation of p-xylene to PTA by stabilising process parameters.
      3. Simulation models for MOLEX and PAREX to achieve optimization of Zone

ratios and hence utilities consumption.

4. Use of alternate equipment in existing Px- facility to achieve 100 % on - stream day.
5. Maximize throughput in the Px-adsorption section by process parameter optimization.
6. Eco friendly non-HF catalyst for LAB process have given encouraging data in pilot plant trials.
7. High severity operation in Back-end section to enhance through puts and optimise yields.
8. New Deniers like 235/34/OLY/ POY, 265/34/POY have been successfully developed for achieving better performance and texture of fabric.
9. Development of FDY products like 200/72/FDY, 146/72/FDY for special use.
10. Development of alternate sources of catalysts, additives.
11. Polymer modification trials for higher spinning speeds.
12. Trials conducted for improving FDY productivity.
13. Four new PVC grades have been successfully launched and accepted in the market.
14. Trial of new emulsifiers resulted in 20% reduction in emulsifier consumption.
15. Change of emulsifier system enabled in better control of resin properties and reduction of reaction time.
16. Use of new catalyst system in PVC improved the base colour and thermal stability of resin.
17. Cost effective alternate catalyst systems for PP.
18. Significant cost reduction achieved due to the usage of alternative additives and their indigenisation in PP plant.
19. "POY" yarn products increase the processing throughput with reduced processing steps.
20. Modified polymer in POY increases the spinning potential processing capability to the extent of 7 to 8% beside increasing the product quality.
21. New grades Micro denier in PSF, Medium tenacity fibre and short cut staple fibre have enabled new areas of product application.
22. Improved all wool worsted fabrics and their acceptance in the international market.
23. Development and acceptability of woven jacquards in automobile industry as seat cover fabrics.
24. Better performance of yarns on high speed shuttleless looms and improved productivity.
25. Improved performance of dyed wool fibres during spinning better feel / finish of fabrics and reduced load of heavy metal on ETP.
26. Development of wool-viscose blended fabrics for Uniforms.
27. Substitution of moulded material head-liner by 100% polyester light-fast knitted fabrics for automobiles.
28. Developed polyester-viscose uniform fabrics having better fastness properties and shade consistency.

b. Import substitution : -

1. LAB Rotary valve plate bellow developed indigenously.
2. ENC Boiler superheater PRV springs developed indigenously.
3. PTA Sundyne Pump (G1209) seals developed indigenously.
4. PSF Booster Pump gearbox shaft developed indigenously.
5. PFY Finish Application pump earbox developed indigenously.
6. Indigenisation of a number of engineering spares & Accessories in Polyester & Petrochemical area yielded a net Saving of Rs. 120 Lacs in 1998-1999.
7. PTA plant atmospheric centrifuge back drive units were developed indigeneously
8. PTA plant sundyne pump shafts were developed indigeneously.
9. Gear set for Carrier compressor of PE plant were import substituted.
10. Indigenisation of number of spares and accessories yielded a net saving of Rs 65 lacs.

3. Future Plan of Action :

1. Improved mass transfer in Oxidation reactor with new Iso - pentane production for NP from existing pilot plant agitator design.
2. Recovery of cobalt from PTA residue and incinerator ash.
3. Reduction of diolefins in LAB Process.
4. Use of chain transfer agent in low-K value grades of PVC to improve the product quality, specially with respect to thermal stability.
5. Work has been planned to introduce new

chemicals in the polymerisation recipe in place of existing one (like suspending agents) and combination of various catalyst systems for PVC. This is aimed to improve product quality and productivity, thus leading to reduction in cost of production.

6. New generation coating materials to improve poly-reactor up-time at reduced cost is planned in PVC.
7. Special grades for mono-filament applications in PE aimed to improve the product quality of mono-filament grades and that of raffia.
8. Development of Grades for LLDPE high flow applications.
9. Soft sensor for polymer properties : A joint collaborative work shall be taken between RIL and IIT Bombay for Continuous and online monitoring of product quality. Reduction in transition time between resin grades and hence reduction in off-spec grade material during the changeover, Reduction in off-spec product due to direct and tighter control of quality and. increase in yield.
10. Development of cost effective additives for PE grades.
11. Developmental work has been undertaken in the areas of replacement of glass bottles and jute bags with PP.
12. Development of alternate indigenous source of catalyst in PP.
13. As a joint collaborative approach, the project for the recovery of cobalt/manganese from residue in PTA plant has been sponsored to UDCT Bombay. Identically recovery of cobalt manganese from purified mother liquor has also been sponsored.
14. Development of Kinetic Reaction model for Oxy-reactor in PTA has also been entrusted to IIT, Bombay for better understanding of Reactor mechanism.
15. Development of worsted and synthetic fabrics having superior fastness properties and shade constancy for uniforms.
16. Development of all-wool and blended worsted single yarn suitable as warp yarn using Solo-spun technique.
17. Improvement in woven jacquards by using spun yarn in warp to have softer handle and comfort during use for automobiles seat covers.
18. Development of pigment prints for disruptive-printed uniform jackets fabrics and tapestry using non-kerosene based binders.
19. Development of hydrophilic and anti-static finish for 100% polyester fabrics and their blends.
20. Development of wrinkle-free, easy care and durable press suitings fabrics for apparels.
21. Development of durable fire-retardent fabrics using fire-retardant polyester fibres.
22. Standardisation of PV double yarn parameters to eliminate warp sizing before weaving.

Expenditure on R&D :

		Rs. Crs.
a)	Capital	NIL
	Recurring	41.30
	Total	41.30
b)	Total R& D expenditure as percentage of turnover.	0.28%

Technology absorption, adaption and innovation:

Efforts in brief, made towards technology absorption and innovation and benefits derived as a result thereof :

1. Non HF catalyst manufacturing on commercial scale and generation of process variables for designing commercial non-HF LAB Plant.
2. New Deniers developed for achieving better performance and modified texture of fabric.
3. New FDY products developed for special use.
4. Application of PAREX and MOLEX simulation in plant operation and optimisation.

Information regarding imported technology

Product	Technology from	Year of import	Status of implementation/ absorption
Ethylene & Cracker Products	Stone & Webster Engineering Corp. (USA)	1992	Full
Purified Terephthalic Acid	John Brown Engineers, UK (ICI PLC,UK)	1994	Full
Mono Ethylene Glycol	Shell (Lummus Crest B.V. Holland)	1996	Full
PVC Expansion	Geon Co., U.S.A.	1994	Full
Polypropylene	John Brown Engineers, UK (Shell/Union Carbide)	1994	Full
Polyethylene Terephthalate	Sinco Engineering Italy	1994	Full
High Density Polyethylene	Novacor, Canada	1995	Full
Polyester Staple Fibre Fill	Dupont (U.S.A.)/Chemtex (U.S.A.)	1998	Full

C. Foreign Exchange Earnings and Outgo

1. Activities relating to Export, initiatives to increase exports, Development of New Export Markets for Products and Services and Export Plan.

   The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year, the Company had exports worth Rs. 589.56 crores (US$ 138.95 million)

2. Total Foreign exchange used and earned

		Rs. Crs.
a.	Total Foreign Exchange earned	**961.25**
b.	Total savings in foreign exchange through products manufactured by the Division and deemed exports (US$ 2,248.29 million)	**9,487.10**
	Sub total (a + b)	**10,448.35**
c.	Total Foreign exchange used	**3,957.26**

Annexure to Directors' Report

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy

Part 'A'

Power & Fuel Consumption	April '98 to March '99	April '97 to March '98
1. Electricity		
a) Purchased Units (Lakhs)	**2,027.52**	801.79
Total Cost (Rs. in crores) (Note)	**49.11**	32.13
Rate/ Unit (Rs.)	**2.42**	4.01
b) Own Generation		
1) Through Diesel Generator		
Units (Lakhs)	**53.24**	200.82
Units per unit of fuel	**3.44**	3.63
Cost/ Unit (Rs.)	**2.37**	2.18
2) Through Steam Turbine/ Generator		
Units (Lakhs)	**22,335.55**	20,576.97
Units per unit of fuel	**4.23**	4.39
Cost/ Unit (Rs.)	**0.98**	1.03
2. Furnace Oil		
Quantity (K. Ltrs)	**147,119.30**	113,501.40
Total Cost (Rs. in crores)	**76.75**	67.24
Average Rate per Ltr. (Rs.	**5.22**	5.92
3. Diesel Oil		
Quantity (K. Ltrs)	**31,846.15**	77,906.14
Total Cost (Rs. in crores)	**31.61**	69.28
Average Rate per Ltr. (Rs.)	**9.93**	8.89
4. Others		
Gas		
Quantity (1000 M^3)	**343,019.40**	412,568.94
Total Cost (Rs. in crores)	**84.43**	111.83
Average Rate per 1000M^3 (Rs.)	**2,461.50**	2,710.63

Note: Excluding demand charges.

Part 'B'

Consumption per Unit of Production

	Fabrics Per 1000 Mtrs.		PFY Per MT		PSF Per MT		PTA Per MT		LAB Per MT		MEG Per MT		PVC Per MT		HDPE Per MT		PP Per MT		FF Per MT		CRACKER Per MT		PET Per MT	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Electricity (KWH)	2559	2281	1047	1116	605	637	539	574	553	591	719	741	575	607	323	339	359	358	1310	2109	175	212	356	394
Furnace Oil (Ltrs)/ HSD/HFHSD	8	10	21	31	12	25	22	17	248	250	-	–	–	–	–	–	10	10	3	1	4	17	1	–
LSHS (Kgs)	–	–	28	28	57	58	48	14	270	288	-	–	–	–	–	–	–	–	14	65	–	–	5	21
Gas (SM3)	1637	1429	67	60	47	55	27	38	-	-	10	37	54	76	71	94	–	1	177	169	43	69	57	55

Note : The above figures in addition to direct consumption also include allocated consumption in the supporting utilities and facilities applicable to respective products. Accordingly previous year figures have been recomputed.

Auditors' Report

To the Members,
RELIANCE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 31st March 1999 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, we give in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books.
   c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
   d) In our opinion the Balance Sheet and the Profit and Loss Account complies with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956.
   e) In our opinion and to the best of our information and according to explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
      (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
      (ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 22nd April, 1999

Annexure to Auditors' Report

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available, except in respect of certain items of furniture and fixtures, which is being updated. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the stock of stores, spare parts, raw materials and finished goods have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, there were no material discrepancies noticed on physical verification of the stocks of raw materials, stores and spares and finished goods, having regard to the size of the operations of the Company.
6. The valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year except for the inclusion of taxes or duties incurred as required by Section 145A of the Income Tax Act, 1961 and the same has no impact on the profit for the year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or from Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 and/or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956, except interest free loans to its subsidiary companies and advance towards promoters contribution. Attention is invited to Note No. 10 of Schedule 'O' to the accounts. In our opinion, having regard to the long term involvement with these companies and considering the explanations given to us in this regard, the terms and conditions of the above are not, prima facie, prejudicial to the interests of the Company.
9. In respect of the loans and advances in the nature of loans given by the Company to parties, other than to the companies mentioned in para 8 above, they are generally repaying the principal amounts as stipulated/rescheduled and are also generally regular in the payment of interest, wherever stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 (Rupees Fifty Thousand only) or more in respect of any party.
12. According to the information and explanations given to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from the public.
14. In our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scrap, wherever significant.
15. In our opinion the internal audit system of the Company is commensurate with its size and the nature of its business.
16. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company.

We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

17. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as on 31st March, 1999 for a period of more than six months from the date of becoming payable.
19. According to the information and explanations given to us and on the basis of records examined by us, no personal expenses of employees or Directors have been charged to Revenue Account other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In relation to trading activities of the company, we are informed that there are no damaged goods.

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 22nd April, 1999

International Accountants' Report

To the Board of Directors of
RELIANCE INDUSTRIES LIMITED

We have audited the Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 31st March 1999 and the Profit and Loss Account of the Company for the year ended on that date (the financial statements) attached hereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India.

Respective Responsibilities of the Management and Auditors

The Management of the company is responsible for the preparation of these financial statements. The financial statements have also been audited by firm of Chartered Accountants appointed as Auditors under the statute (The Companies Act) who submit separately their report in accordance with the provisions of the Companies Act. It is our responsibility to form an independent opinion, based on our audit of the statements and to report our opinion to you as a concurrent special assignment.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assignment of the significant estimates and judgements made by the management in the preparation of the financial statements, and whether the accounting policies are appropriate to the circumstances to the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

The financial statements dealt with by this report are in agreement with books of account of the company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes thereon give a true and fair view:

(i) In the case of the Balance Sheet, the state of affairs of the Company as at 31st March, 1999 and

(ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

(P. R. Barpande)
Partner

Mumbai
Dated : 22nd April, 1999

Balance Sheet as at 31st March, 1999

(Rs. in crores)

	Schedule	As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital - Equity	'A'	**933.39**		931.90	
Share Capital - Preference	'A'	**252.95**		187.95	
Reserves and Surplus	'B'	**11,183.00**		10,862.75	
			12,369.34		11,982.60
Securitisation/Advance Against Future Receivables			**965.02**		300.00
Loan Funds					
Secured Loans	'C'	**5,477.64**		2,736.78	
Unsecured Loans	'D'	**5,207.65**		5,510.55	
			10,685.29		8,247.33
TOTAL			**24,019.65**		20,529.93
APPLICATION OF FUNDS					
Fixed Assets	'E'				
Gross Block		**18,650.33**		17,848.33	
Less: Depreciation		**6,691.93**		4,944.47	
Net Block		**11,958.40**		12,903.86	
Capital Work-in-Progress		**3,437.83**		2,069.43	
			15,396.23		14,973.29
Investments	'F'		**4,294.59**		4,282.33
Current Assets, Loans and Advances					
Current Assets	'G'				
Interest Accrued on Investments		**25.61**		21.07	
Inventories		**1,408.61**		1,343.96	
Sundry Debtors		**457.10**		642.72	
Cash and Bank Balances		**4,897.60**		2,133.51	
		6,788.92		4,141.26	
Loans and Advances	'H'	**1,676.26**		991.05	
		8,465.18		5,132.31	
Less: **Current Liabilities and Provisions**	'I'				
Current Liabilities		**3,591.98**		3,382.01	
Provisions		**544.37**		475.99	
		4,136.35		3,858.00	
Net Current Assets			**4,328.83**		1,274.31
TOTAL			**24,019.65**		20,529.93
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 22nd April, 1999

For and on behalf of the Board

D.H. Ambani	Chairman
M.D. Ambani	V. Chairman & Managing Director
A.D. Ambani	Managing Director
N.R. Meswani	Executive Director
S.Venkitaramanan	Nominee Director
U. Mahesh Rao	Nominee Director
R.H. Ambani	Directors
M.L. Bhakta	Directors
T.Ramesh U. Pai	Directors
Y.P. Trivedi	Directors
V.M. Ambani	Secretary

Profit and Loss Account for the year ended 31st March, 1999

(Rs. in crores)

	Schedule	1998-99 Rs.	1998-99 Rs.	1997-98 Rs.	1997-98 Rs.
INCOME					
Sales			**14,553.26**		13,403.78
Other Income	'J'		**607.55**		335.60
Variation in Stock	'K'		**(152.43)**		368.28
			15,008.38		14,107.66
EXPENDITURE					
Purchases			**190.32**		14.19
Manufacturing and Other Expenses	'L'		**11,500.52**		11,206.93
Interest	'M'		**728.81**		503.55
Depreciation		**1,776.66**		1,460.27	
Less : Transferred from General Reserve [Refer Note 3, Schedule 'O']		**921.62**		792.95	
			855.04		667.32
			13,274.69		12,391.99
Profit Before Tax			**1,733.69**		1,715.67
Provision for Taxation			**30.00**		63.00
Profit for the year			**1,703.69**		1,652.67
Add : Taxation for earlier years			-		(85.67)
Balance brought forward from last year			**1,047.89**		662.79
Investment Allowance (Utilised) Reserve Written Back			-		36.00
Amount Available For Appropriations			**2,751.58**		2,265.79
APPROPRIATIONS					
Debenture Redemption Reserve		**204.50**		64.47	
General Reserve		**1,000.00**		752.65	
Interim Dividend on Preference Shares		**23.39**		10.33	
Proposed Dividend on Equity Shares		**350.16**		326.81	
Tax on Dividend		**40.86**		63.64	
			1,618.91		1,217.90
Balance Carried to Balance Sheet			**1,132.67**		1,047.89
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 22nd April, 1999

For and on behalf of the Board

D.H. Ambani Chairman
M. D. Ambani V. Chairman & Managing Director
A.D. Ambani Managing Director
N.R. Meswani Executive Director
S.Venkitaramanan Nominee Director
U. Mahesh Rao Nominee Director
R.H. Ambani
M.L. Bhakta
T.Ramesh U. Pai
Y.P. Trivedi } Directors
V.M. Ambani Secretary

Schedules forming part of the Balance Sheet

SCHEDULE 'A'

(Rs. in crores)

SHARE CAPITAL		As at 31st March, 1999 Rs.	As at 31st March, 1999 Rs.	As at 31st March, 1998 Rs.	As at 31st March, 1998 Rs.
Authorised:					
120,00,00,000 (120,00,00,000)	Equity Shares of Rs. 10 each		**1,200.00**		1,200.00
10,00,00,000 (10,00,00,000)	Preference Shares of Rs. 100 each		**1,000.00**		1,000.00
			2,200.00		2,200.00
Issued, Subscribed and Paid up:					
Equity					
93,37,49,403 (93,37,49,403)	Equity Shares of Rs. 10 each fully paid up	**933.75**		933.75	
	Less: Calls in arrears - by others	**0.36**		1.85	
			933.39		931.90
Preference					
1,27,45,000 (1,27,45,000)	10% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at par on 15th September, 2000)	**127.45**		127.45	
10,50,000 (10,50,000)	10.5% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at par on 15th September, 2002)	**10.50**		10.50	
50,00,000 (50,00,000)	10.5% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at par on 17th September, 2002)	**50.00**		50.00	
65,00,000 (-)	9.75% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at par on 28th July, 1999)	**65.00**		-	
			252.95		187.95
			1,186.34		1,119.85

Of the above Equity Shares:

1. (a) 48,17,70,552 (48,17,70,552) Shares were allotted as Bonus Shares by capitalisation of Share Premium and Reserves.

   (b) 18,05,78,290 (18,05,78,290) Shares were allotted pursuant to Schemes of Amalgamation without payments being received in cash.

   (c) 21,04,19,721 (21,04,19,721) Shares were allotted on conversion / surrender of Debentures and Bonds, conversion of Term Loans, exercise of warrants, against Global Depository Shares (GDS) and re-issue of forfeited equity shares.

2. Refer Note 1(e)(iii) of Schedule 'C' and Note 1 of Schedule 'D' in respect of option on unissued share capital.

Schedules forming part of the Balance Sheet

SCHEDULE 'B'

(Rs. in crores)

RESERVES & SURPLUS	**As at 31st March, 1999**		As at 31st March, 1998	
	Rs.	**Rs.**	Rs.	Rs.
Revaluation Reserve				
As per last Balance Sheet	**2,771.06**		–	
Add : On Revaluation of Fixed Assets	**–**		2,771.06	
		2,771.06		2,771.06
Capital Reserves				
As per last Balance Sheet	**183.24**		185.26	
Add : On Redemption of Bonds/Debentures	**4.58**		0.01	
	187.82		185.27	
Less : Adjusted on Sales Tax Assessment	**0.25**		2.03	
		187.57		183.24
Capital Redemption Reserve				
As per last Balance Sheet	**–**		205.80	
Less : Capitalised on Issue of Bonus Shares	**–**		205.80	
		–		–
Securities Premium Account				
As per last Balance Sheet	**4,737.09**		4,823.75	
Add : Received during the year	**–**		180.05	
	4,737.09		5,003.80	
Less : Capitalised on Issue of Bonus Shares	**–**		260.29	
Issue Expenses	**0.07**		6.42	
Premium on Redemption of Bonds	**59.26**		–	
	4,677.76		4,737.09	
Less : Calls in arrears - by others	**3.15**		10.74	
		4,674.61		4,726.35
Debenture Redemption Reserve				
As per last Balance Sheet	**535.51**		471.04	
Add: Transferred from Profit and Loss Account	**204.50**		64.47	
		740.01		535.51
Investment Allowance (Utilised) Reserve				
As per last Balance Sheet	**238.70**		274.70	
Less : Transferred to Profit and Loss Account to the extent no longer required	**–**		36.00	
		238.70		238.70
Taxation Reserve				
As per last Balance Sheet		**10.00**		10.00

Schedules forming part of the Balance Sheet

SCHEDULE 'B' (Contd.)

(Rs. in crores)

RESERVES & SURPLUS	**As at 31st March, 1999**		As at 31st March, 1998	
	Rs.	**Rs.**	Rs.	Rs.
General Reserve				
As per last Balance Sheet	**1,350.00**		1,390.30	
Less : Transferred to Profit and Loss Account* [Refer Note 3(a) & 3(b), Schedule 'O']	**921.62**		792.95	
	428.38		597.35	
Add : Transferred from Profit and Loss Account	**1,000.00**		752.65	
		1,428.38		1,350.00
Profit and Loss Account		**1,132.67**		1,047.89
		11,183.00		10,862.75

* Cumulative amount transferred on account of Depreciation on Revaluation Rs. 1,521.21 Crores (Previous Year Rs.792.95 Crores)

SCHEDULE 'C'

SECURED LOANS

	As at 31st March, 1999		As at 31st March, 1998	
A) DEBENTURES				
Non-Convertible Debentures	**3,578.04**		2,413.54	
Less : Calls in arrears - by others	**0.67**		0.68	
		3,577.37		2,412.86
B) TERM LOANS				
1. From Banks				
a) Foreign Currency Loans	–		0.53	
b) Rupee Loans	**1,527.00**		200.00	
	1,527.00		200.53	
2. From Financial Institutions				
a) Foreign Currency Loans	**12.52**		38.15	
b) Rupee Loans	**33.72**		19.26	
	46.24		57.41	
		1,573.24		257.94
C) WORKING CAPITAL LOANS				
From Banks		**327.03**		65.98
		5,477.64		2,736.78

Notes

1. (a) Debentures referred to in A to the extent of Rs. 341.54 crores are secured by way of mortgage / charge on all the properties situated at Naroda, District Ahmedabad and Hazira, District Surat in the State of Gujarat and at Patalganga, District Raigad in the State of Maharashtra.

(b) Debentures referred to in A to the extent of Rs.1,702.50 crores are secured by way of mortgage / charge on all the properties situated at Hazira, District Surat, in the state of Gujarat and at Patalganga, District Raigad, in the State of Maharastra.

(c) Debentures referred to in A to the extent of Rs. 1,080.00 crores are secured by way of mortgage / charge on all the properties situated at Patalganga, District Raigad in the State of Maharashra and on the

Schedules forming part of the Balance Sheet

properties situated at Jamnagar, in the State of Gujarat and on the movable properties situated at Hazira, District Surat, in the State of Gujarat.

(d) Debentures referred to in A to the extent of Rs. 454.00 crores are secured by way of second and subservient charge, created on all the properties situated at Patalganga, District Raigad in the State of Maharashtra.

(e) Debentures referred to in A (i) 12.5% Debentures of Rs. 95 each aggregating Rs. 341.54 Crores, are redeemable at par on the expiry of 10 years from the date of allotment i.e. 26th February, 2002 with an option to the Board to redeem at any time after 26th February, 1999. The Company has decided to redeem the debentures at any time on or before 26th February, 2002. (ii) 18% Debentures of Rs. 100 each aggregating Rs. 60.00 Crores which are redeemable at par in three equal instalments on the expiry of sixth, seventh and eighth year from the date of allotment; the redemption will commence from July, 1999. (iii) 14 % Debentures of Rs. 50 each aggregating Rs. 300.00 Crores which are redeemable at par on the expiry of sixth year from the date of allotment i.e. 12th January, 2000. Warrants issued with the debentures entitle the holders thereof to apply at the option of the warrant holders for 12, 00, 00, 000 Equity Shares of Rs. 10 each of the Company. (iv) 16.5% Debentures of Rs. 100 each, aggregating Rs. 285.00 Crores which are redeemable at par on the expiry of seven years from the respective dates of allotment, commencing September, 2002. (v) 14.08% Debentures of Rs. 100 each aggregating Rs. 312.50 Crores which are redeemable at par in three equal annual instalments, commencing from the expiry of fifth year from the respective dates of allotment; commencing February, 2000. (vi) 14.5% Debentures of Rs. 10,00,000 each, aggregating Rs. 112.00 Crores which are redeemable at par on the expiry of fifth year from the date of allotment; i.e. 19th May, 2002. (vii) 13.5% Debentures of Rs. 1,00,00,000 each, aggregating Rs. 50.00 Crores which are redeemable at par in three instalments on the expiry of the fifth, sixth and seventh year from the date of allotment; the redemption to commence from 15th September, 2002. (viii) 13.5% Debentures of Rs. 1,00,00,000 each aggregating Rs. 100.00 Crores are redeemable at par on the expiry of the tenth year from the date of allotment; i.e. on 28th November, 2007. (ix) 12.25% Debentures of Rs. 1,00,00,000 each aggregating Rs. 325.00 Crores, are redeemable at par in three equal instalments on the expiry of fifth, sixth and seventh year from the date of allotment; the redemption will commence from January, 2003. (x) 12.5% Debentures of Rs. 1,00,00,000 each aggregating Rs. 110.00 Crores which are redeemable at par on the expiry of seventh year from the date of allotment i.e. January, 2005. (xi) 13.75% Debentures of Rs. 1,00,00,000 each aggregating Rs. 110.00 Crores which are redeemable at par on the expiry of the tenth year from the respective dates of allotment i.e. January, 2008. (xii) 13.75% Debentures of Rs. 1,00,00,000 each aggregating Rs. 80.00 Crores which are redeemable at par on the expiry of the tenth year from the respective dates of allotment i.e. January, 2008. (xiii) 14.75% Debentures of Rs. 1,00,00,000 each aggregating Rs. 200.00 Crores which are redeemable at par in three equal annual instalments, commencing from the expiry of eighth year from the respective dates of allotment; redemption will commence from February, 2006. (xiv) 14.25% Debentures of Rs. 1,00,00,000 each aggregating Rs. 200.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. May, 2008. (xv) 15.03% Debentures of Rs. 1,00,00,000 each aggregating Rs. 150.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. June, 2008. (xvi) Debentures of Rs. 50,00,000 each carrying an interest rate linked to Mumbai Interbank Overnight Rate (MIBOR) aggregating Rs. 67.00 Crores which are redeemable after the expiry of one year from the date of allotment, in July, 1999. (xvii) 15.03 % Debentures of Rs. 25,00,000 each aggregating Rs. 75.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. June, 2008. (xviii) 13.25% Debentures of Rs. 50,00,000 each aggregating Rs. 225.00 Crores which are redeemable on the expiry of one year from the date of allotment; i.e. July, 1999. (xix) 14.25% Debentures of Rs. 1,00,00,000 each aggregating Rs. 150.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. September, 2008. (xx) 15.03% Debentures of Rs. 1,00,00,000 each aggregating Rs. 100.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. September, 2008. (xxi) 15.03% Debentures of Rs. 1,00,00,000 each aggregating Rs. 100.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. September, 2008. (xxii) 14.25% Debentures of Rs. 1,00,00,000 each aggregating Rs. 100.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. November, 2008. (xxiii) 15.03% Debentures of Rs. 1,00,00,000 each aggregating Rs. 25.00 Crores which are redeemable on the expiry of the tenth year from the date of allotment; i.e. October, 2008. (xxiv) Debentures aggregating Rs. 0.03 Crore are held by Directors.

Schedules forming part of the Balance Sheet

2. (a) The Term Loans referred to in B(1) (b) above, to the extent of Rs. 1,327 Crores are secured on all the properties situated at Patalganga, District Raigad in the State of Maharashtra and Jamnagar, in the State of Gujarat and on the moveable properties situated at Hazira, District Surat, in the State of Gujarat.
   (b) Term Loans referred to in B(1) (b) above, to the extent of Rs. 200 Crores are secured on the movable properties situated at Naroda, District Ahmedabad and Hazira, District Surat both in the State of Gujarat and at Patalganga, District Raigad in the State of Maharashtra.
   (c) Term Loan referred to in B(2) (a) above, to the extent of Rs. 12.52 Crores are secured on all the properties situated at Hazira, District Surat in the State of Gujarat and Patalganga, District Raigad in the State of Maharashtra
   (d) The Term Loans referred to in B(2) (b) above, to the extent of Rs. 33.72 Crores are secured / to be secured only on the dwelling units constructed / to be constructed for the employees of the Company.
3. The charges created on the Debentures referred to in Note 1(b) and Term Loans referred to in Note 2(c) above, shall rank pari passu, inter-se and charges created on the Debentures referred to in Note 1(c) and Term Loans referred to in Note 2(a) above, shall rank pari passu, inter-se.
4. Working Capital Loans from Banks referred to in C above are secured by hypothecation of present and future stock of raw materials, stock-in-process, stores and spares, book debts, outstanding monies, receivable claims, trust receipts etc. save and except receivables of the Oil & Gas Division.
5. Secured Loans include loans of Rs.4.55 Crores and Debentures of Rs. 687.00 Crores repayable / redeemable within one year.

SCHEDULE 'D'

(Rs. in crores)

UNSECURED LOANS	**As at 31st March, 1999 Rs.**	**As at 31st March, 1999 Rs.**	As at 31st March, 1998 Rs.	As at 31st March, 1998 Rs.
i) From Banks		**751.71**		592.43
ii) From Others		**4,455.94**		4,918.12
		5,207.65		5,510.55

Note : 1. Included in (ii) above are short term loans of Rs. 1.51 crores which are either convertible into 77,335 equity shares of Rs. 10 each of the company at the option of the bondholders or repayable within one year.
2. Short Term Loans raised by issue of commercial paper and outstanding at year end Rs. NIL (Previous Year Rs. NIL) (Maximum amount outstanding at any time during the year Rs. 625 crores.)

Schedules forming part of the Balance Sheet

SCHEDULE 'E'

FIXED ASSETS

(Rs. in crores)

	Gross Block				Depreciation				Net Block	
Description	As At 1-4-98 Rs.	Additions Rs.	Deductions Rs.	**As At 31-3-99 Rs.**	Upto 1-4-98 Rs.	For the Year Rs.	Deductions Rs.	**Upto 31-3-99 Rs.**	**As At 31-3-99 Rs.**	As At 31-3-98 Rs.
Leasehold Land	54.41	0.24	-	**54.65**	2.22	0.52	-	**2.74**	**51.91**	52.19
Freehold Land	12.15	11.52	-	**23.67**	–	-	-	-	**23.67**	12.15
Development Rights/ Producing Properties	598.40	223.97	-	**822.37**	19.87	39.27	-	**59.14**	**763.23**	578.53
Buildings	1,056.42	212.79	0.03	**1,269.18**	82.69	26.79	0.01	**109.47**	**1,159.71**	973.73
Plant & Machinery	14,949.18	411.08	20.23	**15,340.03**	4,624.14	1,565.38	12.55	**6,176.97**	**9,163.06**	10,325.04
Electrical Installation	441.66	5.69	-	**447.35**	70.40	21.08	-	**91.48**	**355.87**	371.26
Factory Equipments	202.69	28.00	0.42	**230.27**	25.39	12.54	0.06	**37.87**	**192.40**	177.30
Furniture & Fixtures	62.54	12.54	0.40	**74.68**	20.63	5.77	0.08	**26.32**	**48.36**	41.91
Vehicles	67.84	18.68	4.83	**81.69**	13.42	7.20	1.77	**18.85**	**62.84**	54.42
Ships	198.30	-	-	**198.30**	55.71	75.79	-	**131.50**	**66.80**	142.59
Aircrafts	46.70	0.17	-	**46.87**	6.20	11.89	-	**18.09**	**28.78**	40.50
Jetties	158.04	-	96.77	**61.27**	23.80	10.43	14.73	**19.50**	**41.77**	134.24
Total	17,848.33	924.68	122.68	**18,650.33**	4,944.47	1,776.66*	29.20	**6,691.93**	**11,958.40**	12,903.86
Previous Year	10,955.92	6,904.11	11.70	**17,848.33**	3,491.20	1,460.27	7.00	**4,944.47**	**12,903.86**	
Capital Work-in-Progress									**3,437.83**	2,069.43

NOTES :

a) Leasehold Land includes Rs. 0.11 crore in respect of which lease-deeds are pending execution.

b) Buildings include cost of shares in Co-operative Societies Rs. 0.01 crore (Previous year Rs. 0.01 crore).

c) Capital Work-in-Progress includes :

(i) Rs.558.98 crores on account of Pre-operative Expenses (Previous year Rs. 189.86 crores).

(ii) Rs.82.04 crores on account of cost of construction materials at site (Previous year Rs. 35.96 crores).

(iii) Rs.58.58 crores on account of advance against Capital Expenditure (Previous year Rs. 76.47 crores).

d) Additions and Capital Work-in-Progress include Rs. 21.68 crores on account of exchange difference during the year (Previous year Rs. 349.37 crores)

e) Ownership of Jetties vests with Gujarat Maritime Board. However, under an agreement with Gujarat Maritime Board, the company has been permitted to use the same at a concessional rate.

f) Gross Block includes Rs. 2,771.06 crores being the amount added on revaluation of Plant & Machinery as at 01-04-1997.

* Refer to Note 3(a) & 3 (b), Schedule 'O'.

Schedules forming part of the Balance Sheet

SCHEDULE 'F'

(Rs. in crores)

INVESTMENTS		As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	Rs.
A. LONG TERM INVESTMENTS					
Government and other securities					
Unquoted					
	Post Office Time Deposit	**0.20**		0.20	
	7 Years National Savings Certificate (Deposited with Sales Tax Dept.) (Face value Rs. 5,000; Previous year Rs. 5,000)	–		–	
	Indira Vikas Patra	**0.51**		0.52	
	Kisan Vikas Patra (Deposited with Sales Tax Dept.) (Rs. 20,000; Previous year Rs. 20,000)	–		–	
		0.71		0.72	
Trade Investments					
In Equity Shares					
Quoted, fully paid up					
6,05,79,809 (6,05,79,809)	Reliance Capital Ltd. of Rs. 10 each	**486.54** *		486.54	
69,80,000 (69,80,000)	Reliance Industrial Infrastructure Ltd. of Rs. 10 each	**16.58**		16.58	
		503.12		**503.12**	
Unquoted, fully paid up					
60 (60)	New Piece Goods Bazar Co. Ltd. of Rs.100 each, (Rs. 17,000; Previous year Rs. 17,000)	–		–	
5 (5)	Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouse Society Ltd. of Rs. 200 each, (Rs. 1,000; Previous year Rs. 1,000)	–		–	
165 (165)	The Art Silk Co-operative Society Ltd. of Rs.100 each, (Rs.16,500; Previous year Rs. 16,500)	–		–	
20 (20)	The Bombay Market Art Silk Co-operative (Shops & Warehouses) Society Ltd., of Rs.200 each, (Rs. 4,000; Previous year Rs. 4,000)	–		–	
15 (15)	Pandesara Industrial Co-operative Society Ltd. of Rs.100 each (Rs.1,500; Previous year Rs. 1,500)	–		–	
11,08,500 (11,08,500)	Reliance Europe Ltd. of Sterling Pound 1 each	**3.93**		3.93	
300 (300)	Reliance Petroproducts Private Ltd. of Rs.10 each (Rs. 3,000; Previous year Rs. 3,000)	–		–	
800 (800)	Reliance Global Trading Private Ltd. of Rs.10 each (Rs. 8,000; Previous year Rs. 8,000)	–		–	
51,02,080 (12,800)	Reliance Telecom Limited of Rs. 10 each	**5.10**		0.01	
		9.03		3.94	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

(Rs. in crores)

INVESTMENTS		**As at 31st March, 1999 Rs.**	**Rs.**	As at 31st March, 1998 Rs.	Rs.
Unquoted, partly paid up					
225 (225)	Crimpers Industrial Co-operative Society Ltd. of Rs. 100 each Rs. 25 paid up (Rs. 5,625; Previous year Rs. 5,625)	**–**		–	
1,000 (1,000)	Reliance Petroproducts Private Ltd. of Rs. 10 each Rs. 2.50 paid up (Rs. 2,500; Previous year Rs. 2,500)	**–**		–	
1,250 (1,250)	Reliance Global Trading Private Ltd. of Rs.10 each Rs. 2.50 paid up (Rs. 3,125; Previous year Rs. 3,125)	**–**		–	
		–		–	
In Preference Shares					
Unquoted, fully paid up					
86,00,000 (86,00,000)	6% Cumulative Redeemable Preference Shares of Reliance Enterprises Limited, of Rs. 100 each	**86.00**		86.00	
32,00,000 (32,00,000)	14% Cumulative Redeemable Preference Shares of Reliance Ports & Terminals Ltd., of Rs. 100 each	**32.00**		32.00	
37,50,000 (-)	14% Cumulative Redeemable Preference Shares of Reliance Utilities and Power Limited, of Rs. 100 each	**37.50**		–	
		155.50		118.00	
In Debentures					
Unquoted, fully paid up					
2,23,52,830 (2,23,52,830)	14% Optionally Fully Convertible Debentures of Reliance Petroleum Ltd. of Rs. 770 each (Previous year Rs. 38.50 paid up) (Company under the same management)	**1,721.17**		86.06	
		1,721.17		86.06	
			2,388.82		711.12
In Equity Shares of Subsidiary Companies					
Unquoted, fully paid up					
2,10,070 (2,10,070)	Devti Fabrics Ltd. of Rs. 10 each	**0.21**		0.21	
14,75,04,400 (14,75,04,400)	Reliance Industrial Investments and Holdings Ltd. of Rs. 10 each	**147.50**		147.50	
		147.71		147.71	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

(Rs. in crores)

INVESTMENTS		**As at 31st March, 1999**		As at 31st March, 1998	
		Rs.	**Rs.**	Rs.	Rs.
In Debentures of Subsidiary Companies					
Unquoted, fully paid up					
8,83,143 (8,83,143)	Zero Coupon Optionally Convertible Unsecured Debentures of Reliance Industrial Investments and Holdings Ltd. of Rs. 5,000 each	**441.58**		441.58	
2,79,90,000 (2,79,90,000)	0% Unsecured Convertible Debentures of Reliance Industrial Investments and Holdings Ltd. of Rs. 100 each	**279.90@**		279.90	
		721.48		721.48	
			869.19		869.19
Other Investments					
In Equity Shares					
Quoted, fully paid up					
15,51,549 (15,51,574)	BSES Ltd. of Rs. 10 each	**33.73**		33.73	
17,82,347 (17,82,602)	Larsen & Toubro Ltd. of Rs. 10 each	**43.36**		43.37	
		77.09		77.10	
Unquoted, fully paid up					
1,000 (1,000)	Air Control & Chemical Engineering Co. Ltd. of Rs. 100 each	**0.01**		0.01	
			77.10		77.11
	TOTAL (A)		**3,335.82**		1,658.14

B. CURRENT INVESTMENTS			
Other Investments			
In Equity Shares			
Quoted, fully paid up			
– (80)	ICICI Ltd. of Rs. 10 each (previous year Rs. 1,491)	**–**	–
– (120)	Indian Petrochemicals Corporation Ltd.of Rs. 10 each (previous year Rs. 15,360)	**–**	–
– (100)	Container Corporation of India Ltd. of Rs. 10 each (previous year Rs. 7,187.40)	**–**	–
		–	–

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

(Rs. in crores)

INVESTMENTS		As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	Rs.
Unquoted, fully paid up					
–	HIM Teknoforge Ltd. of Rs. 10 each				
(4,80,000)		–		1.20	
		–		1.20	
In Debentures					
Quoted, fully paid up					
–	12.5% Fully convertible Debentures of				
(624)	ICICI Ltd. of Rs. 450 each	–		0.03	
		–		0.03	
In Bonds					
Taxable, unquoted, fully paid up					
–	14% Sardar Sarovar Nigam Ltd. Bonds of				
(8)	Rs. 50,000 each	–		0.04	
		–		0.04	
In Units					
Quoted					
3,05,200	SBI Magnum Multiplier	**0.31**		0.31	
(3,06,400)	Plus 1993 units of Rs.10 each				
85,600	Units of Unit Scheme 1964,	**0.13**		0.13	
(85,600)	Unit Trust of India of Rs.10 each				
25,00,000	Reliance Capital Growth Fund	**2.50**		5.00	
(50,00,000)	Units of Rs.10 each				
		2.94		5.44	
Unquoted					
–	Kothari Pioneer Prima Fund	–		1.43	
(14,28,262)	Units of Rs.10 each				
1,06,42,017	Reliance Capital Vision Fund	**10.64**		10.64	
(1,06,42,017)	Units of Rs.10 each				
–	Reliance Liquid Fund Units	–		0.01	
(10,000)	of Rs. 10 each				
		10.64		12.08	
In Investment Management Account					
	– With Union Bank of Switzerland	**539.34**		1,777.73	
	– With Credit Suisse	**405.85**		827.67	
		945.19		2,605.40	
TOTAL (B)			**958.77**		2,624.19
TOTAL INVESTMENTS (A) + (B)			**4,294.59**		4,282.33

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

(Rs. in crores)

INVESTMENTS	**As at 31st March, 1999**		As at 31st March, 1998	
AGGREGATE VALUE OF	**Book Value Rs.**	**Market Value Rs.**	Book Value Rs.	Market Value Rs.
Quoted Investments	**583.14**	**296.35**	585.69	491.12
Unquoted Investments	**3,711.45**	-	3,696.64	

Movements during the year Purchased & Sold	**Face Value Rs.**	**Nos. in crores**	**Cost Rs. in crores**
Mutual Fund Units			
Reliance Income Fund	10.00	197.09	2,045.00

* Includes 3,57,14,300 shares having a lock-in-period upto January, 2000.
@ Interest rate revised from 6.25% to 0% with effect from 1st April, 1998.

Schedules forming part of the Balance Sheet

SCHEDULE 'G'

(Rs. in crores)

CURRENT ASSETS	**As at 31st March, 1999**		As at 31st March, 1998	
	Rs.	**Rs.**	Rs.	Rs.
INTEREST ACCRUED ON INVESTMENTS		**25.61**		21.07
INVENTORIES				
(Certified and Valued by the Management)				
Stores, spares, dyes, chemicals, etc.	**556.46**		464.66	
Raw Materials	**312.60**		187.32	
Stock-in-Process	**52.57**		54.78	
Finished Goods	**486.98**		637.20	
		1,408.61		1,343.96
SUNDRY DEBTORS (Unsecured)				
Over six months				
Considered good	**58.40**		90.13	
Considered doubtful	**44.35**		21.35	
	102.75		111.48	
Less : Provision for doubtful debts	**44.35**		21.35	
	58.40		90.13	
Others, considered good	**398.70**		552.59	
		457.10		642.72
CASH AND BANK BALANCES				
Cash on hand	**1.08**		0.56	
Balance with Banks				
In Current Accounts with Scheduled Banks	**40.15**		40.56	
In Fixed Deposit Accounts :				
With Scheduled Banks	**1.21**		0.80	
With Others	**4,855.16** *		2,091.59	
		4,897.60		2,133.51
		6,788.92		4,141.26

* Represents deposits of

a) Rs. 3,273.65 crores with Union Bank of Switzerland (Previous year Rs. 648.29 crores) (Maximum amount outstanding at anytime during the year Rs. 3,273.65 crores.)

b) Rs. 1,581.51 crores with Credit Suisse (Previous year Rs. 1,443.30 crores) (Maximum amount outstanding at anytime during the year Rs. 1,581.51 crores.)

Schedules forming part of the Balance Sheet

SCHEDULE 'H'

(Rs. in crores)

LOANS AND ADVANCES	As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	Rs.
UNSECURED - (CONSIDERED GOOD)				
Loans to subsidiary companies		**359.48**		13.33
Advances recoverable in cash or in kind or for value to be received		**1,032.61**		763.41
Deposits		**163.64**		75.98
Balance with Customs, Central Excise Authorities, etc.		**120.53**		138.33
		1,676.26		991.05

NOTES :

Advances includes :

(i) Rs. 0.21 crore to Officers (Maximum amount outstanding at any time during the year Rs. 0.21 crore)

(ii) Rs. 40.77 crores to Reliance Petroleum Limited, a Company under the same management towards advance against promoters' contribution. (Previous year Rs. 120.00 crores) (Maximum amount outstanding anytime during the year Rs. 2,044.97 crores.)

(iii) Rs. 134.71 crores towards Preference Shares/Debenture Application money pending allotment. (Previous year Rs. 51.96 crores)

SCHEDULE 'I'

CURRENT LIABILITIES AND PROVISIONS	As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	Rs.
CURRENT LIABILITIES				
Sundry Creditors	**3,345.20** *		3,193.59	
Unclaimed Dividends	**12.42**		12.89	
Interest accrued but not due on loans	**234.36**		175.53	
		3,591.98		3,382.01
PROVISIONS				
Provision for Wealth Tax	**6.73**		2.73	
Provision for Income Tax	**138.00**		108.00	
Provision for Leave Encashment	**10.96**		5.77	
Proposed Dividend	**350.16**		326.81	
Tax on Dividend	**38.52**		32.68	
		544.37		475.99
		4,136.35		3,858.00

* Includes for capital expenditure Rs. 331.54 crores. (Previous year Rs. 610.05 crores), acceptances of Rs. 6.47 crores (Previous year Rs. 95.45 crores) and Rs. 2.19 crores due to small scale industrial undertakings , listed below, exceeding Rs. 1 lakh, each outstanding for more than 30 days, within the agreed terms.

(Aashit Engineering Company, Agencies (India) Corporation, Anil Industrial Components, Anil Trading Co., Associated Products, Associated Rasayan Agencies, Associated Chemicals, Bilimoria (India), Chhaya Engineering Corporation, Fibro Chemicals, Fine Polycolloids Pvt. Ltd., Jay Nakoda Industries, Shree Laxmi Krupa Engineering Work, Shree Mahesh Engineering Works, Pioneer Fabrics & Packaging (P.) Ltd., Reliance Industrial Products, Sarex Overseas, Smruti Agency, Shrijay Packaging, Sumeto Resins & Chemicals Inds. (I), Talwar Industrial Products, Vijay Box Mfg. Co., Vimal Chemicals, K S Industries, Patel Airtemp Pvt. Ltd., Detriv Instrument & Elec. Ltd., Lunar Eng. (P) Ltd., Chemtech Intermediates, Gamma Manganese Chemical, Metal Salt Catalyst, Satyam Pharma Chemical, Aakar Packaging (P) Ltd., Brown Craft Industries, Kagaz Packaging, Tex Tube Mfg. Co., Accurate Paper Tube (P) Ltd., Brown Craft Industries Ltd., India Corrugating Ltd., Nice Pack Industries, PLA Chem. Industries, Super Forge, Greenaries.)

Schedules forming part of the Profit and Loss Account

SCHEDULE 'J'

(Rs. in crores)

OTHER INCOME		1998-99		1997-98
	Rs.	**Rs.**	Rs.	Rs.
Export Incentives		**–**		0.34
Dividends :				
From Current Investments	**0.06**		0.07	
From Long Term Investments	**20.63**		20.48	
		20.69		20.55
[Tax Deducted at source Rs. 0.01 crores; (Previous year Rs. 34,240)]				
Interest Received :				
From Current Investments	**367.89**		244.03	
From Long Term Investments	**124.15**		17.50	
From Others	**70.42**		27.40	
		562.46		288.93
[Tax Deducted at source Rs. 3.13 crores; (Previous year Rs. 9.23 crores)]				
Profit on Sale of Current Investments (net)		**3.39**		9.38
Profit on Sale of Assets		**4.72**		0.46
Miscellaneous Income		**16.29**		15.94
		607.55		335.60

SCHEDULE 'K'

VARIATION IN STOCKS				
STOCK-IN-TRADE (at close)				
Finished goods	**486.98**		637.20	
Stock-in-process	**52.57**		54.78	
		539.55		691.98
STOCK-IN-TRADE (at commencement)				
Finished goods	**637.20**		272.96	
Stock-in-process	**54.78**		50.74	
		691.98		323.70
		(152.43)		368.28

Schedules forming part of the Profit and Loss Account

SCHEDULE 'L'

				(Rs. in crores)
MANUFACTURING AND OTHER EXPENSES		**1998-99**		1997-98
	Rs.	**Rs.**	Rs.	Rs.
RAW MATERIALS CONSUMED		**3,210.94**		3,646.43
INTER-DIVISIONAL TRANSFERS		**3,929.11**		3,684.60
MANUFACTURING EXPENSES				
Stores, Chemicals and Packing Materials	**826.61**		639.58	
Electric Power, Fuel and Water	**270.00**		301.69	
Machinery Repairs	**72.20**		56.21	
Building Repairs	**20.42**		21.85	
Labour, Processing and Machinery Hire Charges	**85.77**		118.33	
Excise Duty	**1,929.46**		1,893.13	
Lease Rent	**50.15**		54.33	
Exchange Differences (Net)	**(21.64)**		(27.49)	
		3,232.97		3,057.63
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages and Bonus	**262.96**		229.06	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employee's State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	**35.92**		25.75	
Employee's Welfare and other amenities	**59.42**		55.05	
		358.30		309.86
SALES & DISTRIBUTION EXPENSES				
Samples, Sales Promotion and Advertisement Expenses	**30.90**		55.27	
Brokerage and Commission	**78.08**		70.75	
Warehousing and Distribution Expenses	**179.34**		109.14	
Sales Tax	**2.12**		0.04	
		290.44		235.20
ESTABLISHMENT EXPENSES				
Insurance	**49.56**		44.58	
Rent	**25.16**		31.31	
Rates and Taxes	**73.34**		35.30	
Other Repairs	**28.88**		22.80	
Travelling Expenses	**30.91**		46.86	
Payment to Auditors	**1.95**		1.90	
Professional Fees	**95.37**		88.00	
Loss on Sale of Discarded Assets	**1.33**		2.15	
General Expenses	**172.58**		119.88	
Wealth Tax	**4.00**		2.50	
Charity & Donations	**7.21**		10.30	
		490.29		405.58
		11,512.05		11,339.30
Less : Pre-operative Expenses of Projects Under Commissioning (net)		**11.53**		132.37
		11,500.52		11,206.93

SCHEDULE 'M'

INTEREST		
Debentures	**608.21**	426.85
Fixed Loans	**60.00**	73.74
Others	**60.60**	2.96
	728.81	503.55

Significant Accounting Policies

SCHEDULE 'N'

A. Basis of Preparation of Financial Statements

a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the company, except for certain fixed assets which have been revalued.

b) The company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

B. Fixed Assets

Fixed Assets are stated at cost net of Modvat and includes amounts added on revaluation, less accumulated depreciation. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised.

C. Depreciation

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except: on all power plants, ships, aircrafts, computer systems acquired to date and on plant & machinery which has commenced commercial production before 1/4/95, depreciation has been provided on written down value basis (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956; on additions, or extensions forming an integral part of existing plants, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets, depreciation has been provided, as aforesaid over the residual life of the respective plants; on development rights and producing properties depreciation has been provided in proportion of oil and gas production achieved; premium on lease hold land is amortised over the period of lease; cost of jetty has been amortised over the period of agreement, so however that the aggregate depreciation provided to date is not less than the aggregate rebate availed by the company; on revalued assets the depreciation has been charged over the residual life of the assets.

D. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

b) In the case of interrelated assets and liabilities the net balance is restated at year end rates.

Subject to the above

(i) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract.

(ii) Non monetary foreign currency items are carried at cost.

c) Branch income and expenses are translated at average rate. Branch monetary assets and liabilities are translated at year-end rates. Non monetary items are translated at the rates on the date of transaction.

d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit & loss account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

E. Investments

a) Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if, such a decline is other than temporary in the opinion of the management.

b) Cost is arrived at by applying specific identification method.

Significant Accounting Policies

SCHEDULE 'N' (Contd.)

F. Inventories

Inventories are valued at cost except for finished goods and by-products. Finished goods are valued at lower of cost or market value and by-products are valued at net realisable value; cost is inclusive of any taxes or duties incurred.

G. Sales

Sales include inter-divisional transfers, sales during trial run and are net of discounts.

H. Excise Duty

Excise Duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses.

I. Employee Retirement Benefits

Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave encashment benefit at the time of retirement are charged to Profit and Loss Account on the basis of actuarial valuation.

J. Research and Development Expenses

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the year in which they are incurred.

K. Leases

Lease rentals are expensed with reference to lease terms and other considerations, except for rentals pertaining to the period up to the date of commissioning of the assets which are capitalised.

L. Accounting for Oil and Gas Activity

Assets and liabilities as well as income and expenditure in respect of the un-incorporated joint venture with Oil and Natural Gas Corporation Ltd. and Enron Oil and Gas India Ltd. are accounted on the basis of available information on line by line basis with similar items in the company's financial statements, according to the participating interest of the company.

M. Issue Expenses

Issue Expenses pertaining to the projects are capitalised.

Notes on Accounts

SCHEDULE 'O'

1. (a) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

   (b) Figures have been presented in 'crores' of rupees with two decimals in accordance with the approval received from the Company Law Board. Figures less than Rs. 50,000 have been shown at actuals in brackets.

2. Sales include Inter divisional transfers of Rs. 3,929.11 crores (Previous Year Rs. 3,684.60 crores).

3. (a) On account of technological advancements and increasing obsolescence, the Company has changed the method of depreciation for plant & machinery situated at Naroda and all power plants, ships, aircrafts and computer systems from Straight Line to Written Down Value method with effect from April 1, 1998.

   In compliance with the Accounting Standards (AS6) issued by the Institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning/installation of these plants, computer systems, acquisition of ships and aircrafts at WDV rates applicable to those years. Consequent to this, there is an additional charge for depreciation during the year of Rs. 193.36 crores due to the said change which relates to the previous years and an equivalent amount has been withdrawn from General Reserve and credited to the Profit & Loss Account.

   Had there been no change in the method of depreciation, the charge for the year would have been lower by Rs. 35.73 crores, excluding the charge relating to the previous years and due to revaluation.

   Consequently, the Net Block of Fixed Assets and Reserves & Surplus are lower by Rs. 229.09 crores.

   (b) The Gross Block of Fixed Assets include Rs. 2,771.06 crores (Previous Year Rs. 2,771.06 crores) on account of revaluation of Fixed Assets carried out in the past. Consequent to the said revaluation there is an additional charge of depreciation of Rs 728.26 crores (Previous Year Rs. 792.95 crores) and an equivalent amount has been withdrawn from General Reserve and credited to the Profit & Loss Account.

4. During the year one of the jetties viz. Single Buoy Mooring (SBM) system, at the Hazira Petrochemicals Complex was damaged. The Company has inter alia filed a claim for loss of revenue, increased cost of working and other like losses. The additional operating cost, aggregating to Rs. 141.04 crores, has been charged under respective heads of expenses in the Profit & Loss Account. Further necessary adjustments will be made in the year in which the claim is settled.

5. The expense on account of exchange difference on outstanding forward exchange contracts to be recognised in the Profit and Loss account of subsequent accounting period aggregate to Rs. 0.14 Crores. (Previous year Rs 2.24 Crores)

6. (a) Auditors' Remuneration :

		(Rs. in crores)
	1998-99	1997-98
i) Audit Fees	**1.00**	0.90
ii) Tax Audit Fees	**0.20**	0.20
iii) For Certification and Consultation in finance and tax matters	**0.65**	0.70
iv) Expenses reimbursed	**0.10**	0.10
	1.95	1.90
(b) Cost Audit Fees :	**0.03**	0.02

Notes on Accounts

SCHEDULE 'O' (Contd.)

7. Managerial Remuneration :

	1998-99	1997-98
		(Rs. in crores)
i) Salaries	**2.12**	2.22
ii) Perquisites	**0.90**	0.78
iii) Commission	**2.70**	2.57
	5.72	5.57
iv) Contribution to Provident Fund and Superannuation Fund	**0.30**	0.30
v) Provision for Gratuity	**0.06**	0.06
	6.08	5.93

The above includes Rs. 0.61 crores being remuneration to the wholetime directors for part of the year, which is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956

(Rs. in crores)

		1998-99		1997-98	
		Rs.	**Rs.**	Rs.	Rs.
Profit before taxation			**1,733.69**		1,715.67
Add	Depreciation as per accounts	**1776.66**		1,460.27	
Less	Transfer from General Reserve	**921.62**	**855.04**	792.95	667.32
Add	Provision for Doubtful Debts		**23.00**		12.85
	Loss on Sale of Assets		**1.33**		2.15
	Managerial Remuneration		**5.72**		5.57
			2,618.78		2,403.56
Less	Depreciation under Section 350 of the Companies Act, 1956		**1467.53**		1,280.70
	Profit on sale of Assets		**4.72**		0.46
	Profit on Sale of Investments		**3.39**		9.38
	Net Profit for the year		**1,143.14**		1,113.02
	Salaries, Perquisites and Commission @ 0.50 % of the above.		**5.72**		5.57
Less	Salaries and Perquisites		**3.02**		3.00
Balance commission			**2.70**		2.57

8. A sum of Rs. 0.65 crores (net) (Previous Year Rs. 1.14 crore net credit) is adjusted to General Expenses representing Net Prior Period Items.

9. The income-tax assessments of the Company have been completed up to Assessment Year 1996-97. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 467.09 crores, which is disputed. Based on the decisions of the appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and hence the reserves created in the past would be adequate enough to meet the liabilities, if any, in respect of disputed matters which are pending in appeals.

   Provision for Taxation for the current year has been made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Notes on Accounts

SCHEDULE 'O' (Contd.)

10. The company has an investment of Rs. 0.21 crore in the Share Capital, loan of Rs. 12.47 crores in Devti Fabrics Ltd., (DFL), a wholly owned subsidiary company. The losses of DFL exceed its paid-up Capital and Reserves as on 31st March 1999. In view of the long-term involvement of the company in the said company, no provision has been made in the accounts for the probable loss that may arise.
11. Fixed assets taken on lease amount to Rs.436.47 Crores. (Previous year Rs. 399.92 crores). Future obligations towards lease rentals under the lease agreements as on 31st March,1999 amount to Rs. 91.71 Crores. (Previous year Rs. 126.87 crores)
12. **PRE-OPERATIVE EXPENSES**

(In respect of Projects up to 31st March 1999, to be capitalised.) (Rs. in crores)

		1998-99		1997-98
	Rs.	**Rs.**	Rs.	Rs.
Opening Balance		**189.86**		302.04
Add: Preoperative expenditure transferred from				
Profit and Loss account	**11.53**		132.37	
Lease Expenses and Hire Charges	**4.11**		20.57	
Interest	**363.25**		254.29	
Issue Expenses	**24.94**		21.64	
		403.83		428.87
		593.69		730.91
Less : Capitalised during the year		**34.71**		541.05
Closing Balance		**558.98**		189.86

13. **CONTINGENT LIABILITIES**

(Rs. in crores)

	As at 31st March, 1999 Rs.	As at 31st March, 1998 Rs.
(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	**923.58**	1,725.56
(b) Outstanding guarantees furnished to Banks and Financial institutions including in respect of Letters of Credit	**635.16**	1,001.61
(c) Guarantees to Banks and Financial institutions against credit facilities extended to third parties	**1623.00**	1,385.98
(d) Liability in respect of bills discounted with Banks	**61.33**	65.30
(e) Uncalled liability on partly paid Shares/Debentures (Rs. 33,750)	**–**	1,635.11
(f) Claims against the company/disputed liabilities not acknowledged as debts	**200.92**	155.87
(g) Sales tax deferral liability assigned	**235.27**	235.56

14. The Department of Company Affairs, Government of India vide its Order No. 48/38/99/CL III dated March 11, 1999 & issued under section 211 (4) of the Companies Act, 1956 has exempted the company from publication of certain information in the Profit and Loss Account under paras 3 (i) (a), 3 (ii) (a) and 3 (ii) (b) of Part II, Schedule VI to the Companies Act, 1956.

Notes on Accounts

SCHEDULE 'O' (Contd.)

15. **LICENSED AND INSTALLED CAPACITY**

			Licensed Capacity		Installed Capacity	
		UNIT	**1998-99**	1997-98	**1998-99**	1997-98
(a)	(i) Ethylene	M.T.	**1,550,000**	1,550,000	**750,000**	750,000
	(ii) Propylene	M.T.	**755,000**	755,000	**365,000**	365,000
	(iii) Benzene	M.T.	**291,000**	291,000	**235,000**	235,000
	(iv) Butadiene and Other C4s	M.T.	**465,000**	465,000	**225,000**	225,000
	(v) Toluene	M.T.	**197,000**	197,000	**197,000**	197,000
	(vi) Xylene	M.T.	**165,000**	165,000	**165,000**	165,000
(b)	Purified Terepthalic Acid	M.T.	**N.A.**	N.A.	**975,000**	975,000
(c)	Polypropylene	M.T.	**N.A.**	N.A.	**360,000**	360,000
(d)	Poly Vinyl Chloride	M.T.	**N.A.**	N.A.	**270,000**	270,000
(e)	Polyester Staple Fibre/Polyester Chips	M.T.	**N.A.**	N.A.	**235,000**	235,000
(f)	High/Linear Low Density Polyethylene (Swing Plant)	M.T.	**N.A.**	N.A.	**320,000**	320,000
(g)	Polyester Filament Yarn/Polyester Chips	M.T.	**N.A.**	N.A.	**152,300+**	152,300+
(h)	(i) Mono Ethylene Glycol	M.T.	**600,000**	600,000	**300,000**	300,000
	(ii) Higher Ethylene Glycol	M.T.	**75,000**	75,000	**37,500**	37,500
	(iii) Ethylene Oxide	M.T.	**75,000**	75,000	**50,000**	50,000
	(iv) Ethylene Glycol (Non-Fibre)	MT	-	-	-	-
	(v) Carbon Dioxide	MT	-	-	-	-
(i)	Linear Alkyl Benzene	M.T.	**N.A.**	N.A.	**100,000**	80,000
(j)	Man-made Fibre spun yarn on worsted system (Spindles)	Nos.	**N.A.**	N.A.	**24,094**	24,094
(k)	Man-made Fibre on cotton system (Spindles)	Nos.	**N.A.**	N.A.	**23,040**	23,040
(l)	(i) Man-made Fabrics (Looms)	Nos.	**N.A.**	N.A.	**607**	602
	(ii) Knitting M/c	Nos.	**N.A.**	N.A.	**28**	28
(m)	(i) Chlorine	M.T.	**1,104,800**	708,800	**–**	–
	(ii) Caustic Soda	M.T.	**1,268,000**	800,000	**–**	–
	(iii) Hydrogen	M.T.	**31,860**	20,160	**–**	–
(n)	Paraxylene	M.T.	**1,400,000**	1,400,000	**–**	–
(o)	(i) Naphtha	M.T.	**N.A.**	720,000	**–**	–
	(ii) LPG	M.T.	**N.A.**	110,000	**–**	–
	(iii) Kerosene	M.T.	**N.A.**	180,000	**–**	–
	(iv) Diesel	M.T.	**N.A.**	360,000	**–**	–
(p)	LDPE	M.T.	**150,000**	150,000	**–**	–
(q)	Poly Ethylene Terephthalate	M.T.	**N.A.**	N.A.	**80,000**	80,000
(r)	Polyester Staple Fibre Fill	M.T.	**N.A.**	N.A.	**30,000**	30,000

NA- Delicensed vide notification No 477(E) dated 27th July 1991 and press note No. 1 (1998 series), dated 8th June, 1998.

\+ Includes 32300 MT based on average Denier of 40.

Notes on Accounts

SCHEDULE 'O' (Contd.)

16. **PRODUCTION MEANT FOR SALE**

	UNIT	1998-99	1997-98
Fabrics	Meters in lacs	**352.09**	401.84
Polyester Filament Yarn	MT	**2,32,278**	2,20,573
PET	MT	**67,132**	18,839
Polyester Staple Fibre	MT	**2,63,381**	2,41,522
Fibre Fill	MT	**11,746**	7,447
PTA	MT	**4,66,913**	2,16,833
LAB	MT	**99,789**	94,908
Normal Paraffin	MT	**8,719**	18,800
Ethylene Glycol	MT	**2,07,876**	1,59,770
PVC	MT	**2,74,476**	2,70,067
Ethylene	MT	**34,277**	43,006
Propylene	MT	**915**	1,102
Benzene	MT	**1,22,123**	1,00,456
Xylene	MT	**31,823**	18,773
Toluene	MT	**59,967**	6,510
PE	MT	**3,64,676**	3,16,377
PP	MT	**3,76,924**	3,56,788
Crude Oil	MT	**3,13,134**	1,40,906
Gas	BBTU	**24,209**	11,493

17. **VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF** (Rs. in crores)

	1998-99 Rs.	1997-98 Rs.
Raw Materials	**1,766.82**	2,726.58
Stores & Spares, Chemicals & Packing Materials	**360.76**	224.08
Capital Goods	**627.52**	1,307.51

18. **EXPENDITURE IN FOREIGN CURRENCY**

	1998-99 Rs.	1997-98 Rs.
Interest on Foreign Currency Loans	**475.11**	413.96
Premium on Redemption of Bonds (Excluding withholding Tax)	**53.37**	–
Interest on Debentures held by Non residents on repatriation basis (Gross)	**0.39**	1.11
Technical Know-how and Engineering Fees	**241.87**	104.39
Oil and Gas Activity	**158.86**	211.74
Other Matters	**185.18**	115.81

Notes on Accounts

SCHEDULE 'O' (Contd.)

19. **VALUE OF RAW MATERIALS CONSUMED**

	1998-99		1997-98	
	Rs. in crores	**% of total Consumption**	Rs. in crores	% of total Consumption
Imported	**1,981.17**	**61.70**	3,176.16	87.10
Indigenous	**1,229.77**	**38.30**	470.27	12.90
	3,210.94	**100.00**	3,646.43	100.00

20. **VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED**

	1998-99		1997-98	
	Rs. in crores	**% of total Consumption**	Rs. in crores	% of total Consumption
Imported	**431.30**	**52.18**	219.49	34.32
Indigenous	**395.31**	**47.82**	420.09	65.68
	826.61	**100.00**	639.58	100.00

21. **EARNINGS IN FOREIGN EXCHANGE**

(Rs. in crores)

	1998-99	1997-98
	Rs.	Rs.
FOB Value of Exports	**589.56**	321.27
Interest	**370.99**	244.65
Others	**0.70**	–

22. **EXPENDITURE ON RESEARCH & DEVELOPMENT**

Total Revenue Expenditure including amortisation of deferred cost and Unamortised Deferred Research & Development Expenditure	**41.30**	38.96

23. **REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**

The Company has paid Dividend in respect of shares held by Non-Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

(a) Number of Non Resident Shareholders	**18,085**	19,006
b) Number of Equity Shares held by them	**24,96,80,562**	11,00,13,404
c) (i) Amount of Dividend Paid (Gross) (Rs. in Crores)	**87.38**	71.51
Tax Deducted at Source Rs. Nil (Previous Year Nil)		
(ii) Year to which dividend relates	**1997-98**	1996-97

Notes on Accounts

24. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. :	11-19786	State Code:	11
Balance sheet Date :	31-03-99		

II. Capital Raised during the year (Amount Rs. Crores)

Public Issue :	NIL	Rights Issue :	NIL
Bonus Issue :	NIL	Private Placement :	65.00
Conversion of Bonds :	NIL		

III. Position of Mobilisation and Deployment of Funds (Amount Rs. crores)

Total Liabilities :	28156.00	Total Assets :	28156.00
Sources of Funds			
Paid-up Capital :	1186.34	Reserves & Surplus :	11183.00
Advance Against Future Receivables:	965.02		
Secured Loans :	5477.64	Unsecured Loans :	5207.65
Application of Funds			
Net Fixed Assets :	15396.23	Investments :	4294.59
Net Current Assets:	4328.83		

IV. Performance of Company (Amount Rs. crores)

Turnover :	14553.26	Total Expenditure :	13274.69
Profit Before Tax :	1733.69	Profit After Tax :	1703.69
Earnings per share in Rs.	18.00	Dividend : Rs. per share	3.75

V. Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code) :

29172.00

Product Description :

PURIFIED TEREPHTHALIC ACID (PTA)

Item Code No. (ITC Code) :

540242.00

Product Description :

POLYESTER FILAMENT YARN (PFY)

Item Code No. (ITC Code) :

390120.00

Product Description :

POLYETHYLENE (PE)

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 22nd April, 1999

For and on behalf of the Board

D.H. Ambani	Chairman
M. D. Ambani	V. Chairman & Managing Director
A.D. Ambani	Managing Director
N.R. Meswani	Executive Director
S.Venkitaramanan	Nominee Director
U. Mahesh Rao	Nominee Director
R.H. Ambani	Directors
M.L. Bhakta	Directors
T.Ramesh U. Pai	Directors
Y.P. Trivedi	Directors
V.M. Ambani	Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies.

Name of Subsidiary Company	Devti Fabrics Ltd.	Reliance Industrial Investments and Holdings Ltd.
1. The financial year of the Subsidiary Companies ended on	31st March, 1999	31st March, 1999
2. Date from which they become subsidiary companies	30th September, 1985	30th December, 1988
3. a. Number of shares held by Reliance Industries Ltd. with its nominees in the subsidiaries at the end of the financial year of the subsidiary companies.	2,10,070 Equity Shares of the face value of Rs. 10 each fully paid-up	14,75,04,400 Equity Shares of the face value of Rs. 10 each fully paid-up
b. Extent of interest of holding company at the end of the financial year of the subsidiary companies.	100 %	100 %
4. The net aggregate amount of the subsidiary companies Profit/(Loss) so far as it concerns the members of the holding Company.		
a. Not dealt with in the holding Company's accounts.		
i) For the financial year ended 31st March, 1999	Rs. 1.51 Lakhs	Rs. 883.49 Lakhs
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries.	(Rs. 1,197.17 Lakhs)	Rs. 39.19 Lakhs
b. Dealt with in holding company's accounts:		
i) For the financial year ended 31st March, 1999	NIL	NIL
ii) For the previous financial years of the subsidiary Companies since they became the holding Company's subsidiaries	NIL	Rs. 2,673.89 Lakhs

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 22nd April, 1999

For and on behalf of the Board

D.H. Ambani	Chairman
M. D. Ambani	V. Chairman & Managing Director
A.D. Ambani	Managing Director
N.R. Meswani	Executive Director
S.Venkitaramanan	Nominee Director
U. Mahesh Rao	Nominee Director
R.H. Ambani	Directors
M.L. Bhakta	Directors
T.Ramesh U. Pai	Directors
Y.P. Trivedi	Directors
V.M. Ambani	Secretary

Cash Flow Statement Annexed to the Balance Sheet for the period April 1998-March 1999

Rs. in crores

	1998-99		1997-98	
	Rs.	Rs.	Rs.	Rs.
A: CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit after tax as per P & L Account		**1,703.69**		1,652.67
Adjusted for :				
Net Prior Year Adjustments	**0.65**		(1.14)	
Tax Provision	**30.00**		63.00	
Provision for Doubtful Debts	**23.00**		12.85	
Profit/Loss on Sale of Discarded Assets	**(3.39)**		1.69	
Depreciation	**1,776.66**		1,460.27	
Transferred from General Reserve	**(921.62)**		(792.95)	
Adjusted on Sales Tax Assessment	**(0.25)**		(2.03)	
Effects of Exchange Rate Change	**(8.43)**		(34.46)	
Profit on Sale of Investments/Dividend Income	**(24.08)**		(29.92)	
Interest/Other Income	**(562.48)**		(288.93)	
Interest Expenses	**728.81**		503.55	
		1,038.87		891.93
Operating Profit before Working Capital Changes		**2,742.56**		2,544.60
Adjusted for :				
Trade & Other Receivables	**97.96**		312.99	
Inventories	**(64.65)**		(258.59)	
Trade Payables	**30.55**		713.12	
		63.86		767.52
Cash Generated from Operations		**2,806.42**		3,312.12
Interest Paid		**(1,034.69)**		(737.54)
Net Prior Year Adjustments		**(0.65)**		1.14
Taxes Paid		**(25.00)**		(100.67)
Net Cash From Operating Activities		**1,746.08**		2,475.05
B: CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		**(1,822.28)**		(2,324.77)
Sale of Fixed Assets		**14.83**		3.00
Purchase of Investments		**(3,722.70)**		(1,209.58)
Sale of Investments		**2,053.61**		1,118.68
Movement in Investment Management Account		**1,660.22**		273.64
Movement in Loan		**(481.91)**		(93.92)
Interest Income		**554.78**		317.27
Dividend Income		**20.69**		20.54
Net Cash Used in Investing Activities		**(1,722.76)**		(1,895.14)

Cash Flow Statement Annexed to the Balance Sheet for the period April 1998-March 1999

Rs. in crores

	1998-99		1997-98	
	Rs.	**Rs.**	Rs.	Rs.
C: CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Share Capital (net)		**74.01**		182.01
Securitisation/Advance Against Future Receivables		**665.02**		300.00
Proceeds from Long Term Borrowings		**2,875.76**		3,488.26
Repayment of Long Term Borrowings		**(777.25)**		(2,757.87)
Short Term Loans		**246.86**		(431.83)
Dividends Paid		**(385.69)**		(339.83)
Effects of exchange rate change		**42.06**		249.11
Net Cash used in Financing Activities		**2,740.77**		689.85
Net Increase in Cash & Cash Equivalents (A+B+C)		**2,764.09**		1,269.76
Opening Balance of Cash & Cash Equivalents		**2,133.51**		863.75
Closing Balance of Cash & Cash Equivalents		**4,897.60**		2,133.51

For and on behalf of the Board

Mumbai
Dated: 22nd April, 1999

A.D. Ambani
Managing Director

Auditors' Report

We have verified the attached Cash Flow Statement of Reliance Industries Ltd., derived from audited financial statements and the books and records maintained by the Company for the year ended 31st March, 1999 and 31st March, 1998 and found the same in agreement therewith.

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 22nd April, 1999

Reconciliation of Profit determined under Indian GAAP to Net Income in accordance with US GAAP and International Accounting Standards (IAS)

The following reconciliations between accounting principles generally accepted in India ("Indian GAAP"), accounting principles generally accepted in the United States of America ("US GAAP") and International Accounting Standards ("IAS") have been provided as additional disclosure to assist readers who may be unfamiliar with Indian GAAP.

It may, however be noted that 95 % of the revenue of the Company is earned in India and therefore the accounts should be read as per Indian GAAP.

Reconciliation of Profit determined under Indian GAAP with Net Income according to US GAAP.

Year ended 31st March, 1999	**Notes**	**Rs. (Crores)**	**US $ (Millions)**
Profit after tax determined under Indian GAAP		**1,704**	**402**
Adjustments to conform with US GAAP			
Share in Income of Affiliates	1	(18)	(4)
Consolidation of Subsidiaries	2	69	16
Leases	3	15	3
Foreign Currency	4	(22)	(5)
Depreciation	5	48	11
Deferred Income Tax	6	(301)	(71)
Issue Expenses	7	(2)	–
Income before cumulative effect of accounting changes		**1,493**	**352**
Cumulative effect of change in depreciation method, (net of Rs. 62 crores of deferred income taxes)	8	(115)	(27)
Consolidated net income in accordance with US GAAP		**1,378**	**325**

1 US $= Rs. 42.43 (Exchange rate as on 31.03.99)

Notes to Reconciliation of Profit determined under Indian GAAP with Net Income according to US GAAP.

1. **Share in Income of Affiliates**

   Under Indian GAAP, investments in affiliates, where RIL generally owns 20% to 50%, are carried at cost. Income from such affiliates is recognised to the extent dividends are declared.

   Under US GAAP, investments in unconsolidated affiliates are accounted for using the equity method, whereby the investment is carried at RIL's related share of the net assets of such affiliates. RIL records as income, its share of the net earnings, determined in accordance with US GAAP, of such affiliates.

2. **Consolidation of Subsidiaries**

   US GAAP requires the preparation of consolidated financial statements, whereas Indian GAAP has no such requirement. Accordingly, under US GAAP, net income includes the earnings of subsidiaries, determined in accordance with US GAAP.

3. **Leases**

   Under Indian GAAP, no distinction is made between an operating and a capital lease. Under US GAAP, leases are classified into operating or capital, based on the underlying characteristics of the lease. Capital leases are accounted for as though the company had entered into an obligation and invested in an asset, resulting in the charge to operations being the aggregate of depreciation on the asset and interest on the outstanding obligation. For leases under Indian GAAP, the charge to operations consists of the lease rental. Adjustment has been made for reversal of lease rental and the revenue charge of depreciation and interest for capital leases.

4. **Foreign Currency**

   Under Indian GAAP foreign exchange difference relating to acquisition of fixed assets is adjusted to the carrying cost of such assets. Under US GAAP, such gains or losses are required to be included in the determination of net income.

5. **Depreciation**

   Under Indian GAAP indirect preoperative expenses incurred during construction are capitalised. Under US GAAP, such indirect costs must be expensed as incurred. Depreciation has been adjusted to take account of the adjustments to fixed assets for indirect preoperative expenses and foreign currencies.

6. Deferred Income Tax

The provision for taxation under Indian GAAP is based on the estimated tax currently payable and no provision is required to be made for deferred income taxes for the future tax effects of past transactions. US GAAP requires that a provision for such deferred income taxes be made.

7. Issue Expenses

Under Indian GAAP debt issue expenses may be capitalised or charged to share premium. Under US GAAP, debt issue cost are amortised over the life of the debt. The amortization pertaining to projects still under construction is recapitalised.

8. Cumulative effect of change in accounting principle

On account of technological advancements and increasing obsolescence, the Company has changed the method of depreciation for plant & machinery situated at Naroda and all power plants, ships, aircrafts and computer systems from Straight Line to Written Down value method with effect from April 1, 1998. The new method has been applied retrospectively to plant & equipment acquisitions of prior years.

Under Indian GAAP consequent to this, there is an additional charge for depreciation during the year relating to previous years and an equivalent amount has been withdrawn from General Reserve and credited to Profit & Loss Account.

Under US GAAP, the cumulative effect of the change in depreciation method for previous years has reduced the consolidated net income by Rs. 115 crores (net of Rs. 62 crores in deferred income taxes) after taking into account the adjustments to fixed assets for indirect preoperative expenses and foreign currencies. Had there been no change in the method of depreciation, the charge for the year would have been lower by Rs. 33 crores, excluding the charge relating to the previous years.

9. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the use of estimates. Actual results could differ from those estimates.

Reconciliation of Profit determined under Indian GAAP with Net Income according to IAS.

Year ended 31st March, 1999	**Notes**	**Rs. (Crores)**	**US $ (Millions)**
Profit after tax determined under Indian GAAP		**1,704**	**402**
Adjustments to conform with IAS			
Share in Income of Affiliates	1	(5)	(1)
Consolidation of Subsidiaries	2	111	26
Leases	3	15	3
Foreign Currency	4	(22)	(5)
Depreciation	5	(15)	(3)
Deferred Income Tax	6	(279)	(66)
Consolidated net income in accordance with IAS		**1,509**	**356**

1 US $= Rs. 42.43 (Exchange rate as on 31.03.99)

Notes to Reconciliation of Profit determined under Indian GAAP with Net Income according to IAS.

1. Share in Income of Affiliates

Under Indian GAAP, investments in affiliates, where RIL generally owns 20% to 50%, are carried at cost. Income from such affiliates is recognised to the extent dividends are declared.

Under IAS, investments in unconsolidated affiliates are accounted for using the equity method, whereby the investment is carried at RIL's related share of the net assets of such affiliates. RIL records as income, its share of the net earnings, determined in accordance with IAS, of such affiliates.

2. Consolidation of Subsidiaries

IAS requires the preparation of consolidated financial statements, whereas Indian GAAP has no such requirement. Accordingly, under IAS, net income includes the earnings of subsidiaries, determined in accordance with IAS.

3. Leases

Under Indian GAAP, no distinction is made between an operating and a capital lease. Under IAS, leases are classified into operating or capital, based on the underlying characteristics of the lease. Capital leases are accounted for as though the company had entered into an obligation and invested in an asset, resulting in the charge to operations being the aggregate of depreciation on the asset and interest on the outstanding obligation. For leases under Indian GAAP, the charge to operations consists of the lease rental. Adjustment has been made for reversal of lease rental and the revenue charge of depreciation and interest for capital leases.

4. **Foreign Currency**
   Under Indian GAAP foreign exchange difference relating to acquisition of fixed assets is adjusted to the carrying cost of such assets. Under IAS, such gains or losses are required to be included in the determination of net income.
5. **Depreciation**
   Under Indian GAAP indirect preoperative expenses incurred during construction are capitalised. Under IAS, such indirect costs must be expensed as incurred. Depreciation has been adjusted to take account of the adjustments to fixed assets for indirect preoperative expenses and foreign currencies.
   On account of technological advancements and increasing obsolescence, the Company has changed the method of depreciation for plant & machinery situated at Naroda and all power plants, ships, aircrafts and computer systems from Straight Line to Written Down value method with effect from April 1, 1998. The new method has been applied prospectively and depreciation has been adjusted accordingly.
6. **Deferred Income Tax**
   The provision for taxation under Indian GAAP is based on the estimated tax currently payable and no provision is required to be made for deferred income taxes for the future tax effects of past transactions. IAS requires that a provision for such deferred income taxes be made.
7. **Use of Estimates**
   The preparation of financial statements in conformity with IAS requires the use of estimates. Actual results could differ from those estimates.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P.R. Barpande
Partner
Mumbai
22nd April, 1999

For and on behalf of the Board

A.D. Ambani Managing Director
N. R. Meswani Executive Director

International Accountants' Report

To The Board of Directors
RELIANCE INDUSTRIES LIMITED

We have audited the accompanying reconciliations of (1) Profit after Tax determined under accounting principles generally accepted in India ("Indian GAAP") to Consolidated Net Income in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), and (2) Profit after tax determined under Indian GAAP to Consolidated Net Income in accordance with International Accounting Standards ("IAS") ("the Reconciliations") for the year ended 31st March, 1999 for Reliance Industries Limited ("Reliance"). These Reconciliations are the responsibility of Reliance's management. Our responsibility is to express an opinion on the Reconciliations based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Reconciliations are free of material misstatement. An audit also includes assessing the accounting principles used, as well as evaluating the overall Reconciliation presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Reconciliations referred to above present fairly, in all material respects, the adjustments required to restate Profit After Tax as determined under Indian GAAP to Consolidated Net Income in accordance with US GAAP and IAS, respectively.

For Deloitte Haskins & Sells
Chartered Accountants

P.R. Barpande
Partner
Mumbai
22nd April, 1999

Directors' Report

To the Members,

Your Directors present the 15th Annual Report together with the audited Statement of Accounts for the financial year ended 31st March, 1999.

Operations

The Company has earned profit of Rs 1.51 lacs during the year under review as against Rs. 96.66 lacs in the previous year.

Dividend

In view of the carried forward losses, your Directors have not recommended any dividend for the financial year under review.

Directors

Shri V.M. Ambani retires by rotation and being eligible offers himself for re-appointment.

Personnel

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished in this report under Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. There was no foreign exchange earnings or outgo during the year.

Deposits

The Company has not accepted any deposits from the Public. Hence, no information is required to be appended to this report.

Auditors

The Auditors of the Company, M/s. Chaturvedi & Shah and M/s. Rajendra & Co. hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting.

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi } Directors
J.B. Dholakia

Mumbai
Dated : 19th April, 1999

Auditors' Report

To

The Members of Devti Fabrics Limited.

We have audited the attached Balance Sheet of DEVTI FABRICS LIMITED as at 31st March, 1999, and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.

   (c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet and Profit and Loss Account complies with the requirements of the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

   (e) Although the Company had incurred substantial losses in the past resulting in the erosion of its net worth, the accounts of the Company are prepared on a going concern basis. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

   (i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and

   (ii) in so far as it relates to the Profit and Loss Account of the 'Profit' of the Company for the year ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 19th April, 1999

Annexure to Auditors' Report

Referred to in Paragraph 1 of our Report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. We are informed that most of the assets have been physically verified by the management at the year end and that no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
2. None of the fixed assets have been revalued during the year.
3. According to the information and explanations given to us, the stock of raw materials have been physically verified by the Management at the end of the year. In our opinion, the frequency of such verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the

Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. As explained to us, there were no material discrepancies noticed on physical verification of the stocks.

6. In our opinion and on the basis of our examination of stock and other records the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on same basis as in the preceding year.

7. The Company has taken an interest free unsecured loans from the holding Company. It has not taken any other loan, secured or unsecured, from companies, firms and other parties as listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. The terms and conditions of the loan are not, in our opinion, prima-facie prejudicial to the interests of the Company.

8. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

9. The Company has not given any loans and advances in the nature of loans.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase and sale of goods.

11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods or materials and sale of goods materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party.

12. As explained to us, in the opinion of the management the raw materials are not damaged or unserviceable and hence no provision is made for the same.

13. The Company has not accepted any deposit from the Public.

14. As there was no manufacturing activity during the year the question of by products or realisable scrap does not arise.

15. In our opinion the Company has an internal audit system commensurate with its size and the nature of its business.

16. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company. Since there is no manufacturing activity during the year we have no comments to offer on the said clause.

17. We have been informed that provisions of the Provident Fund and Employees' State Insurance are not applicable to the Company for the year.

18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Excise Duty and Customs Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.

19. According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account.

20. According to the information and explanations given to us and in our opinion the Company has become a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of trading activities, we are informed that the company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 19th April, 1999

Balance Sheet as at 31st March, 1999

(Rs. in lacs)

	Schedule	As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'		**21.01**		21.01
Loan Funds					
Unsecured Loans (From Holding Company)			**1,247.01**		1,302.79
TOTAL			**1,268.02**		1,323.80
APPLICATION OF FUNDS:					
Fixed Assets	'B'				
Gross Block		**30.83**		30.93	
Less : Depreciation		**12.58**		11.51	
Net Block			**18.25**		19.42
Current Assets, Loans and Advances					
Current Assets	'C'				
Inventories		**6.50**		3.87	
Sundry Debtors		**40.43**		99.70	
Cash and Bank Balances		**0.37**		5.80	
		47.30		109.37	
Loans and Advances	'D'	**13.77**		13.75	
		61.07		123.12	
Less : Current Liabilities and Provisions					
Current Liabilities	'E'	**6.96**		15.91	
		6.96		15.91	
Net Current Assets			**54.11**		107.21
Profit and Loss Account			**1,195.66**		1,197.17
TOTAL			**1,268.02**		1,323.80
Notes on Accounts	'I'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 19th April, 1999

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi
J.B. Dholakia
Directors

Profit and Loss Account for the year ended 31st March, 1999

(Rs. in lacs)

	Schedule	1998-99 Rs.	1998-99 Rs.	1997-98 Rs.	1997-98 Rs.
INCOME					
Sales		**48.86**		1,057.11	
Other Income	'F'	**2.45**		30.74	
Variation in stock	'G'	**4.58**		-	
			55.89		1,087.85
EXPENDITURE					
Purchases		**44.54**		981.20	
Manufacturing and Other Expenses	'H'	**8.73**		7.37	
Depreciation		**1.11**		2.62	
			54.38		991.19
Profit for the year			**1.51**		96.66
Add : Balance brought forward from last year			**(1,197.17)**		(1,293.83)
Balance carried to Balance Sheet			**(1,195.66)**		(1,197.17)
Notes on Accounts	'I'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 19th April, 1999

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi } Directors
J.B. Dholakia

Schedules Forming Part of the Balance Sheet

SCHEDULE 'A'

(Rs. in lacs)

SHARE CAPITAL		**As at 31st March, 1999 Rs.**	As at 31st March, 1998 Rs.
Authorised:			
2,50,000	Equity Shares of Rs. 10 each	**25.00**	25.00
Issued, Subscribed & Paid up:			
2,10,070	Equity Shares of Rs. 10 each fully paid up (Held by Reliance Industries Limited, the Holding Company)	**21.01**	21.01
		21.01	21.01

SCHEDULE 'B'

FIXED ASSETS

(Rs. in lacs)

Description	Gross Block				Depreciation				Net Block	
	As at 1.4.98 Rs.	Additions Rs.	Deductions Rs.	**As at 31.3.99 Rs.**	As at 1.4.98 Rs.	For the year Rs.	Deductions Rs.	**Up to 31.3.99 Rs.**	**As at 31.3.99 Rs.**	As at 31.3.98 Rs.
Buildings	27.48	-	-	**27.48**	9.61	0.92	-	**10.53**	**16.95**	17.87
Furniture & Fixture	3.44	-	0.10	**3.34**	1.89	0.19	0.04	**2.04**	**1.30**	1.55
Vehicles	0.01	-	-	**0.01**	0.01	-	-	**0.01**	-	-
Total	30.93	-	0.10	**30.83**	11.51	1.11	0.04	**12.58**	**18.25**	19.42
Previous Year	225.61	36.90	231.58	**30.93**	181.14	2.62	172.25	**11.51**	**19.42**	

Schedules Forming Part of the Balance Sheet

SCHEDULE 'C'

(Rs. in lacs)

CURRENT ASSETS	**As at 31st March, 1999** Rs.	**As at 31st March, 1999** Rs.	As at 31st March, 1998 Rs.	As at 31st March, 1998 Rs.
Inventories				
(as verified, valued and certified by the management)				
Stores, spares, dyes & chemicals	-		1.95	
Raw materials	**1.92**		1.92	
Stock in Trade	**4.58**		-	
		6.50		3.87
Sundry Debtors (Unsecured, considered good)*				
Over Six months	**35.79**		56.77	
Others	**4.64**		42.93	
		40.43		99.70
Cash and Bank Balances				
Balance with Scheduled Banks:				
In Current Account		**0.37**		5.80
		47.30		109.37

* Includes Rs. 24.64 lacs due from Reliance Petroleum Ltd., a Company under the same management (previous year Rs. 33.22 lacs)

SCHEDULE 'D'

(Rs. in lacs)

LOANS AND ADVANCES	**As at 31st March, 1999 Rs.**	As at 31st March, 1998 Rs.
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	**0.10**	0.08
Deposits	**13.67**	13.67
	13.77	13.75

SCHEDULE 'E'

(Rs. in lacs)

CURRENT LIABILITIES AND PROVISIONS	**As at 31st March, 1999 Rs.**	As at 31st March, 1998 Rs.
Current Liabilities		
Sundry Creditors	-	0.32
Other Liabilities	**6.96**	15.59
	6.96	15.91

Schedules Forming Part of the Profit and Loss Account

SCHEDULE 'F'

(Rs. in lacs)

OTHER INCOME	**1998-99**	1997-98
	Rs.	Rs.
Profit on sale of fixed assets, stores and spare parts	-	27.61
Excess provision for expenses no longer required	**2.45**	3.13
	2.45	30.74

SCHEDULE 'G'

(Rs. in lacs)

VARIATION IN STOCK	**1998-99**	1997-98
	Rs.	Rs.
Stock at close	**4.58**	-
Stock at Commencement	-	-
	4.58	-

SCHEDULE 'H'

(Rs. in lacs)

MANUFACTURING AND OTHER EXPENSES	**1998-99**		1997-98	
	Rs.	**Rs.**	Rs.	Rs.
Raw Materials Consumed				
Stock at commencement	**1.92**		1.92	
Add : Purchases	-		–	
	1.92		1.92	
Less : Stock at close	**1.92**		1.92	
		–		–
Manufacturing Expenses				
Electric Power, fuel and water	**4.46**		5.52	
Stores and spares written off (net)	**1.79**		-	
		6.25		5.52
Payment to and Provisions for Employees				
Retrenchment/Voluntary Retirement Scheme Compensation		**1.37**		–
Establishment Expenses				
Insurance	**0.39**		0.88	
Rates and taxes	**0.20**		0.07	
Payment to Auditors	**0.37**		0.35	
General Expenses	**0.13**		0.55	
Loss on sale of assets	**0.02**		–	
		1.11		1.85
		8.73		7.37

Notes on Accounts

SCHEDULE 'I'

1. **SIGNIFICANT ACCOUNTING POLICIES**

   a) **Basis of preparation of Financial Statements**

      i) The Financial Statements have been prepared under the Historical Cost Convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. The same are prepared on a going concern basis.

      ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

   b) **Fixed Assets and Depreciation**

      i) Fixed assets are stated at acquisition cost less accumulated depreciation.

      ii) Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

   c) **Inventories**

      Raw Material is valued at cost and Stock in Trade is valued at cost or market value whichever is lower.

2. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

3. Auditors' Remuneration: (Rs. in lacs)

	1998-99	1997-98
(a) Audit fees	**0.26**	0.25
(b) Tax audit fees	**0.11**	0.10
	0.37	0.35

4. As the company has not carried out any manufacturing activity during the year, information required under paragraphs 3 and 4 of schedule VI of the Companies Act, 1956 is given to the extent applicable.

(Rs. in lacs)

	As at 31st March, 1999	As at 31st March, 1998
5. Contingent Liability		
Claims against the company/disputed liabilities not acknowledged as debts for ex-employees.	**10.50**	–

6. Licensed & Installed Capacity	**Licensed Capacity**		**Installed Capacity**	
	31.3.99	31.3.98	**31.3.99**	31.3.98
	N.A.	N.A.	**N.A.**	N.A.

7. Quantitative Information		**1998-99**		1997-98	
	UNIT	**Quantity**	**Rs. in lacs**	Quantity	Rs. in lacs
a) Opening stock		–	–	–	–
b) Closing stock					
Fabrics	Mtrs/lacs	**0.09**	**4.58**	–	–
c) Purchases					
Fabrics	Mtrs/lacs	**0.58**	**44.54**	25.67	981.20
d) Sales					
Fabrics	Mtrs/lacs	**0.49**	**48.86**	25.67	1,057.11
e) Raw Material Consumed			–		–

Notes on Accounts

SCHEDULE 'I' (Contd.)

8. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.
   Balance Sheet Abstract and Company's General Business Profile:

1. **Registration Details:**

Registration No.	11-31593	State Code	11
Balance Sheet Date	31-03-99		

2. **Capital raised during the year:** (Rs. in lacs)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. **Position of mobilisation and deployment of funds:** (Rs. in lacs)

Total Liabilities	1268.02	Total Assets	1268.02
Source of Funds:			
Paid-up Capital	21.01	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	1247.01
Application of Funds:			
Net Fixed Assets	18.25	Investments	NIL
Net Current Assets	54.11		
Accumulated Losses	1195.66	Miscellaneous Expenditure	NIL

4. **Performance of Company:** (Rs. in lacs)

Turnover	51.31	Total Expenditure	49.80
Profit before tax	1.51	Profit after tax	1.51
Earnings per Share (Rs)	0.72	Dividend Rate (%)	NIL

5. **Generic names of principal products, services of the Company:**

Item Code No.	551511.00
Product Description	FABRICS

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 19th April, 1999

For and on behalf of the Board

V.M. Ambani
N.M. Sanghavi
J.B. Dholakia
Directors

Directors' Report

To the Members,

Your Directors present the 13th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1999.

Financial results

		(Rs. in lacs)	
		1998-99	1997-98
Profit for the year		**883.49**	53.66
Add :	Taxes for the earlier years	**4.19**	(69.73)
	Balance brought forward from last year	**39.19**	55.26
Balance carried forward to Balance sheet		**926.87**	39.19

Income

During the year, the Company has received dividend income of Rs. 1070.31 Lacs from its investments.

Dividend

The Directors have not recommended dividend on Equity shares for the financial year ended 31st March, 1999.

Directors

Shri Alok Agarwal retires by rotation and being eligible offers himself for re-appointment.

Personnel

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

Being an investment company, there are no particulars furnished in this report as required under Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption. There was no foreign exchange earnings or outgo during the year.

Non-Banking Financial Companies (Reserve Bank) Directions

The Company's application for registration under Section 45 I A of the Reserve Bank of India Act, 1934, to carry on the business as a Non-Banking Financial institution is pending for its consideration.

Deposits

The Company has not accepted any public deposit during the year. Hence, no information is required to be appended to this report in terms of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1988.

Auditors

The Auditors of the Company, M/s. Chaturvedi & Shah and M/s Rajendra & Co. hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting.

For and on behalf of the Board

Alok Agarwal

S. Seth } Directors

Sandeep Junnarkar

Mumbai
Dated : 20th April, 1999

Auditors' Report

To,
The Members of Reliance Industrial Investments and Holdings Limited.

We have audited the attached Balance Sheet of Reliance Industrial Investments and Holdings Limited as at 31st March, 1999, and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.
   c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of account.
   d) In our opinion, the Balance sheet and Profit and Loss Account complies with the requirements of the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
   e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
      i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
      ii) in so far as it relates to the Profit and Loss Account of the 'Profit' of the Company for the year ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 20th April, 1999

Annexure to Auditors' Report

Referred to in Paragraph 1 of our Report of even date

1. The only fixed assets of the company is a building in respect whereof the company has maintained proper records showing full particulars including quantitative details and its situation. According to information and explanations given to us, the documents thereof have been verified by the management at the year end and no material discrepancies were noticed on such verification as compared to the available records. In our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
2. None of the fixed assets have been revalued during the year.
3. Since the Company has not commenced any manufacturing and / or trading activity, items (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv) and (xvi) of the Clause A of paragraph 4 of the aforesaid Order are not applicable.
4. The Company has received unsecured loans from the holding Company. It has not taken any other loan, secured or unsecured, from companies, firms and other parties as listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. The terms and conditions of such loans are not, in our opinion, prima-facie prejudicial to the interests of the Company.
5. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has granted a loan to its Holding Company, the rate of interest and other terms and conditions of the said loan are not, in our opinion, prima facie prejudicial to the interest of the Company.
6. In respect of the loans and advances in the nature of loans given by the Company, there are no specific stipulations as to repayment of principal amounts and interest has been charged wherever stipulated.
7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public.
8. In our opinion the Company has an internal audit arrangement commensurate with its size and the nature of its business.
9. According to the information and explanations given to us, the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948 are not applicable to the Company.
10. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Excise Duty and Customs Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
11. In our opinion and according to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account.
12. The Company is not a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
13. Adequate documents and records are maintained by the Company for the loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the provisions of any special statute applicable to Chit-Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
15. In our opinion, the Company has maintained proper records and made timely entries in respect of investments dealt in or traded by the Company. The Company's investments are held in its own name, save and except, those in the process of being transferred in its name.

For **Chaturvedi & Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 20th April, 1999

Balance Sheet as at 31st March, 1999

	Schedule	As at 31st March, 1999 Rs.	Rs.	As at 31st March, 1998 Rs.	(Rs. in lacs) Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'	**14,750.44**		14,750.44	
Reserves and Surplus	'B'	**1,322.03**		434.35	
			16,072.47		15,184.79
Loan Funds					
Secured Loans	'C'	**11,338.77**		–	
Unsecured Loans	'D'	**106,848.55**		72,177.15	
			118,187.32		72,177.15
TOTAL			**134,259.79**		87,361.94
APPLICATION OF FUNDS:					
Fixed Asset	'E'				
Gross Block		**4.57**		–	
Less : Depreciation		**0.04**		–	
Net Block			**4.53**		–
Investments	'F'		**175,360.56**		128,223.15
Current Assets, Loans and Advances	'G'				
Current Assets					
Cash and bank balances		**4.12**		22.32	
Loans and advances		**744.43**		398.22	
		748.55		420.54	
Less : Current Liabilities and Provisions	'H'				
Current Liabilities		**41,852.90**		41,106.75	
Provisions		**0.95**		175.00	
		41,853.85		41,281.75	
Net Current Assets			**(41,105.30)**		(40,861.21)
TOTAL			**134,259.79**		87,361.94
Notes on Accounts	'K'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

Alok Agarwal
S. Seth } Directors
Sandeep Junnarkar

Kalpana Srinivasan Assistant Secretary

Mumbai
Dated : 20th April, 1999

Profit and Loss Account for the year ended 31st March, 1999

(Rs. in lacs)

	Schedule	1998-99 Rs.	1998-99 Rs.	1997-98 Rs.	1997-98 Rs.
INCOME					
Income on Investments	'I'	**1,072.70**		1,002.59	
Interest received [Tax Deducted at source Rs. NIL, previous year Rs. 0.81 lacs]		**344.23**		4.04	
Income from Stock Lending		–		813.02	
			1,416.93		1,819.65
EXPENDITURE					
Establishment & Other Expenses	'J'	**35.69**		14.24	
Discount on debentures		**98.77**		–	
Premium on redemption of debentures		–		1.75	
Provision for diminution in market value of investments		**0.20**		0.62	
Interest					
Debentures		–		1,749.38	
Others		**398.74**		–	
Depreciation		**0.04**		–	
			533.44		1,765.99
Profit for the year			**883.49**		53.66
Add : Taxation for earlier years		**4.19**		(69.73)	
Balance brought forward from last year		**39.19**		55.26	
			43.38		(14.47)
Balance carried to Balance Sheet			**926.87**		39.19
Notes on Accounts	'K'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 20th April, 1999

For and on behalf of the Board

Alok Agarwal
S. Seth
Sandeep Junnarkar
Directors

Kalpana Srinivasan
Assistant Secretary

Schedules Forming Part of the Balance Sheet

SCHEDULE 'A' (Rs. in lacs)

SHARE CAPITAL		As at 31st March, 1999 Rs.	As at 31st March, 1998 Rs.
Authorised:			
14,99,90,000	Equity Shares of Rs. 10 each.	**14,999.00**	14,999.00
10,000	11% Non-Cumulative Redeemable Preference Shares of Rs. 10 each	**1.00**	1.00
		15,000.00	15,000.00
Issued, Subscribed & Paid up:			
14,75,04,400	Equity Shares of Rs. 10 each fully paid up (Held by Reliance Industries Limited, the Holding Company)	**14,750.44**	14,750.44
		14,750.44	14,750.44

Note: Refer Note of Schedule 'D' in respect of option on unissued share capital.

SCHEDULE 'B' (Rs. in lacs)

RESERVES AND SURPLUS	As at 31st March, 1999 Rs.	As at 31st March, 1998 Rs.
General Reserves:		
As per last Balance Sheet	**395.16**	395.16
Profit and Loss Account	**926.87**	39.19
	1,322.03	434.35

SCHEDULE 'C' (Rs. in lacs)

SECURED LOANS		As at 31st March, 1999 Rs.	As at 31st March, 1999 Rs.	As at 31st March, 1998 Rs.	As at 31st March, 1998 Rs.
A. 12,40,000	Secured, Redeemable, Not-Interest Bearing, Non-Convertible Debentures				
	Redemption value	**3,720.00**		–	
	Less : Discount to be written off in future	**2,381.23**		–	
			1,338.77		–
B.	Secured loan from a Bank		**10,000.00**		–
			11,338.77		–

NOTE:

a. The debentures referred to in A above are redeemable at Rs. 300 each on maturity i.e. on 28-02-2006 (issued at Rs. 100 each) and are secured by way of a second and subservient charge on the Company's immovable property situated at Mumbai and by way of pledge of securities.

b. The loan referred to in B above is repayable not later than 23-12-1999 and is secured by way of pledge of securities.

SCHEDULE 'D' (Rs. in lacs)

UNSECURED LOANS

	As at 31st March, 1999 Rs.	As at 31st March, 1999 Rs.	As at 31st March, 1998 Rs.	As at 31st March, 1998 Rs.
A. Zero Coupon Convertible Unsecured Redeemable Debentures of Rs. 5,000 each	**44,157.15**		44,192.15	
Less : Redeemed	–		35.00	
		44,157.15		44,157.15
B. Fully-Convertible Unsecured Debentures of Rs. 100 each.		**27,990.00**		27,990.00
C. Loans from Holding Company		**34,701.40**		30.00
		106,848.55		72,177.15

NOTE:

a. In respect of Debentures referred to in A above, the Company may give at its option a three months notice to the Debentureholders to opt for conversion of the Debentures into Equity Shares at par at any time after the expiry of 15 years, from the respective dates of allotment of such Debentures. The debentures are redeemable at a premium of 5% of the face value of the debentures. In the event of the option not being granted by the Company or debentureholders not exercising their option to convert it may redeem the said debentures in part or in full at any time during the tenure of the said debentures but not later than 25 years commencing from the respective dates of allotment. Premium payable on debentures redeemed during any financial year will become due at the end of the said financial year.

b. Debentures referred to in B above are fully convertible into equity shares of the Company at prevailing book value at any time after the expiry of 15 years but not later than 20 years from the respective date of allotments. As per revised terms of the said debentures interest rate has been reduced from 6.25% p.a. to Zero % p.a. w.e.f. 01.04.1998 with the consent of the debentureholders for the remaining tenure of the Debenture.

SCHEDULE 'E'

FIXED ASSETS

(Rs. in lacs)

Description	Gross Block			Depreciation			Net Block	
	As at 1.4.98 Rs.	Additions Rs.	**As at 31.3.99 Rs.**	As at 1.4.98 Rs.	Additions Rs.	**As at 31.3.99 Rs.**	**As at 31.3.99 Rs.**	As at 31.3.98 Rs.
Building	-	4.57	**4.57**	-	0.04	**0.04**	**4.53**	-
Total	-	4.57	**4.57**	-	0.04	**0.04**	**4.53**	-
Previous Year	-	-	-	-	-	-	-	

Schedules Forming Part of the Balance Sheet

SCHEDULE 'F'

INVESTMENTS		As at 31st March, 1999 Rs.	(Rs. in lacs) As at 31st March, 1998 Rs.
Investments : (Valued, Verified & Certified by Management)			
(A) Long Term Investments			
Quoted:			
Equity Shares - Fully paid-up			
1,31,63,772	Larsen & Toubro Ltd. of Rs. 10 each	**13,415.30**	13,415.30
8,82,370	Kothari Sugars and Chemicals Ltd. of Rs. 10 each	**337.30**	337.30
38,31,84,000 (19,15,92,000)	Reliance Petroleum Ltd. of Rs. 10 each	**57,477.60**	19,159.20
1,27,14,783 (68,39,078)	BSES Ltd. of Rs. 10 each	**20,107.67**	11,288.58
Debentures - Fully paid-up			
– (9,57,96,000)	Secured Triple Option Convertible Debentures (TOCDs) of Reliance Petroleum Ltd. of Rs. 40 each.	**–**	38,318.40
Warrant Equity Shares (WES) - Fully paid-up			
9,57,96,000 (-)	WES 1999 of Reliance Petroleum Ltd. of Rs. 10 each.	**9,579.60**	–
9,57,96,000 (-)	WES 2000 of Reliance Petroleum Ltd. of Rs. 15 each.	**14,369.40**	–
9,57,96,000 (-)	WES 2001 of Reliance Petroleum Ltd. of Rs. 15 each.	**14,369.40**	–
Unquoted:			
Equity Shares - Fully paid-up			
22,900	Observer (India) Ltd. of Rs. 10 each	**3.79**	3.79
1,700	Farvision Securities Private Ltd. of Rs. 100 each	**9.35**	9.35
3,500	Neha Real Estates Private Limited of Rs. 10 each	**24.69**	24.57
1,150	Reliance Aromatics & Petrochemicals Pvt. Ltd. of Rs. 10 each	**0.11**	0.11
1,200	Reliance Energy & Project Development Pvt. Ltd. of Rs. 10 each	**0.12**	0.12
50	Reliance Telecom Ltd. of Rs. 10 each	**0.01**	0.01
Debentures - Fully paid-up			
@ 48,06,897	Reliance Petroleum Ltd. Unsecured Fully-Convertible Non Interest bearing Debentures of Rs. 950 each.	**45,665.52**	45,665.52
	TOTAL (A)	**175,359.86**	128,222.25

Schedules Forming Part of the Balance Sheet

SCHEDULE 'F' (Contd.)

(Rs. in lacs)

(B) Current Investments	**As at 31st March, 1999 Rs.**	As at 31st March, 1998 Rs.
Quoted:		
Equity Shares - Fully paid-up		
2,500 M H Mills and Industries Ltd. of Rs. 10 each	**0.94**	0.94
200 HDFC Bank Ltd. of Rs. 10 each	**0.02**	0.02
Debentures - Fully Paid-up		
1,250 14% Non-Convertible Debentures of M H Mills and Industries Ltd. of Rs. 45 each.	**0.56**	0.56
	1.52	1.52
Less : Provision for diminution in the value of investments	**0.82**	0.62
TOTAL (B)	**0.70**	0.90
TOTAL (A+B)	**175,360.56**	128,223.15

The Company's investment in Reliance Petroleum Ltd., a Company under the same management is towards promoters' contribution. This is subject to lock in period of five years from the date of commercial production and the Company has also given an undertaking to Financial Institutions not to dispose off the said holdings, till the loans granted by them to Reliance Petroleum Ltd. are outstanding, save and except on 19,15,92,000 Equity shares alloted during the year.

@ Since converted into 48,06,89,700 Equity shares of Rs. 10 each, Rs. 5 paid up.

AGGREGATE VALUE OF	**As at 31st March, 1999**		As at 31st March, 1998	
	Book Value Rs.	**Market Value Rs.**	Book Value Rs.	MarketValue Rs.
Quoted Investments	**129,656.97**	**165,708.46**	82,519.68	129,782.03
Unquoted Investments	**45,703.59**		45,703.47	
	175,360.56		128,223.15	

SCHEDULE 'G'

(Rs. in lacs)

CURRENT ASSETS, LOANS AND ADVANCES	**As at 31st March, 1999 Rs.**	**Rs.**	As at 31st March, 1998 Rs.	Rs.
Current Assets:				
Cash and Bank Balances:				
Cash on hand	**0.04**		0.01	
Balance with Scheduled Banks:				
In Current Account	**4.08**		22.31	
		4.12		22.32
Loans and Advances				
Advances recoverable in cash or in kind or for value to be received	**558.60**		42.44	
Advance Payment of Taxes	**185.83**		355.78	
		774.43		398.22
		748.55		420.54

Schedules Forming Part of the Balance Sheet

SCHEDULE 'H'

(Rs. in lacs)

CURRENT LIABILITIES AND PROVISIONS	As at 31st March, 1999		As at 31st March, 1998	
	Rs.	Rs.	Rs.	Rs.
Current Liabilities				
Sundry Creditors	**342.58**		–	
Other Liabilities	**41,510.32**		41,106.75	
		41,852.90		41,106.75
Provisions				
For Taxation	–		175.00	
For Super annuation	**0.39**		–	
For Gratuity	**0.56**		–	
		0.95		175.00
		41,853.85		41,281.75

Schedules Forming Part of the Profit and Loss Account

SCHEDULE 'I'

(Rs. in lacs)

INCOME ON INVESTMENTS	1998-99		1997-98	
	Rs.	Rs.	Rs.	Rs.
Dividend				
From Long Term Investments		**1,070.31**		1,002.04
Interest				
From Current Investments [Tax Deducted at Source Rs. NIL, previous year Rs. 0.84 lacs]		–		0.15
Profit on Sale of Investments (Net)				
From Long Term Investments	–		0.40	
From Current Investments	**2.39**		–	
		2.39		0.40
		1,072.70		1,002.59

SCHEDULE 'J'

(Rs. in lacs)

ESTABLISHMENT & OTHER EXPENSES	1998-99		1997-98	
	Rs.	Rs.	Rs.	Rs.
Salary, Wages and Bonus		**6.13**		2.91
Contribution to Super annuation, Gratuity etc.		**0.95**		–
Legal & Professional charges		**5.50**		0.50
Trusteeship Fee		**0.25**		–
Filing Fees		**0.01**		0.01
Custodian fees		**16.86**		5.26
Bad Debts		–		3.98
Miscellaneous expenses		**4.41**		0.08
Auditors' Remuneration :				
Audit Fees	**1.05**		1.00	
Tax Audit Fees	**0.53**		0.50	
		1.58		1.50
		35.69		14.24

Notes on Accounts

SCHEDULE 'K'

1. Significant accounting policies:-

   a) Basis of Preparation of Financial Statements

   i) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

   ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

   b) Fixed Assets and Depreciation

   i) Fixed Assets are stated at cost of acquisition less accumulated depreciation.

   ii) Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

   c) Investments

   i) Long term investments are carried at cost and provision for diminution in value is made only if such decline is other than temporary in the managements opinion. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

   ii) Cost is arrived at by applying specific identification method.

2. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

3. No provision is made for premium on redemption of debentures since the amount so payable is uncertain. The premium paid will therefore be accounted for in the year of redemption.

4. As the Company is not a manufacturing company, information required under paragraphs 3 and 4 of Schedule VI of the Companies Act, 1956 is not given.

Notes on Accounts

SCHEDULE 'K' (Contd.)

5. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956:
Balance Sheet Abstract and Company's General Business Profile:

1. **Registration Details:**

Registration No.	11-41081	State Code	11
Balance Sheet Date	31-03-99		

2. **Capital raised during the year:** (Rs. in lacs)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. **Position of mobilisation and deployment of funds:** (Rs. in lacs)

Total Liabilities	134259.79	Total Assets	134259.79
Source of Funds:			
Paid-up Capital	14750.44	Reserves & Surplus	1322.03
Secured Loans	11338.77	Unsecured Loans	106848.55
Application of Funds:			
Net Fixed Assets	4.53	Investments	175360.56
Net Current Assets	(41105.30)		
Accumulated Losses	NIL	Miscellaneous Expenditure	NIL

4. **Performance of Company:** (Rs. in lacs)

Turnover/Income	1416.93	Total Expenditure	533.44
Profit before extraordinary item and taxation	883.49	Profit before tax	883.49
Profit after tax	883.49	Dividend Rate(%)	NIL
Earnings per Share (Rs)	0.60		

5. **Generic names of principal products, services of the Company:**

Item Code No.	NA
Product Description	NA

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra & Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 20th April, 1999

For and on behalf of the Board

Alok Agarwal
S. Seth
Sandeep Junnarkar
Directors

Kalpana Srinivasan Assistant Secretary

Board of Directors

Dhirubhai H. Ambani
Chairman

Mukesh D. Ambani
Vice Chairman & Managing Director

Anil D. Ambani
Managing Director

Nikhil R. Meswani
Executive Director

Hital R. Meswani
Executive Director

S. Venkitaramanan
Nominee Director - ICICI

U. Mahesh Rao
Nominee Director - GIC

Ramniklal H. Ambani

Mansingh L. Bhakta

T. Ramesh U. Pai

Yogendra P. Trivedi

Secretary

Vinod M. Ambani

Rohit C. Shah

Solicitors & Advocates

Kanga & Co.

Auditors

Chaturvedi & Shah
Rajendra & Co.

International Accountants

Deloitte Haskins and Sells
Member - Deloitte, Touche and Tohmatsu International (DTTI)

Bankers

ABN AMRO Bank
Allahabad Bank
Bank of America
Bank of Baroda
Canara Bank
Central Bank of India
Citibank N.A.
Deutsche Bank
HDFC Bank Ltd.
Hongkong Bank
Indian Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
Syndicate Bank
Vijaya Bank

Registered Office:

3rd Floor, Maker Chambers IV,
222, Nariman Point
Mumbai 400 021, India.
Tel. Nos. 91-22-2831633/16-2826070
Fax No. 91-22-2042268
E-Mail: investor@ril.com
Internet: http://www.ril.com

Manufacturing facilities at:

- **Patalganga Complex**
  B-4, Industrial Area, Patalganga
  Off Bombay-Pune Road
  Near Panvel, Dist. Raigad 410 207
  Maharashtra State, India.
- **Naroda Complex**
  103/106, Naroda Industrial Estate
  Naroda, Ahmedabad 382 330
  Gujarat State, India.
- **Hazira Complex**
  Village Mora, Bhatha P.O.
  Surat-Hazira Road
  Surat 394 510, Gujarat State, India.
- **Jamnagar Complex**
  Village Motikhavdi
  P.O. Digvijay Gram, Dist. Jamnagar
  Gujarat 361 140

Subsidiary Companies

- **Devti Fabrics Limited**
  3rd Floor, Maker Chambers IV,
  222, Nariman Point, Mumbai 400 021. India
- **Reliance Industrial Investments and Holdings Ltd.**
  3rd Floor, Maker Chambers IV,
  222, Nariman Point, Mumbai 400 021. India

Registrars & Transfer Agent

Karvy Consultants Limited

- 46, Avenue 4, Street No.1, Banjara Hills
  Hyderabad - 500 034, India.
  Tel. Nos. 91-40-3320251/3320751/3312454
  Fax No. 91-40-3311968
  E-Mail: reliance@indl.vsnl.net.in
- 7, Andheri Industrial Estate
  Off Veera Desai Road
  Andheri (West), Mumbai 400 053, India.
  Tel. Nos. 91-22-6267226/6269044/6271802
  Fax No. 91-22-6290882