Reliance's Achievements in 1999-2000

Sales - Rs. 20,301 crores
(US $ 4,654 million)

Gross Profit - Rs. 4,746 crores
(US $ 1,088 million)

Cash Profit - Rs. 3,738 crores
(US $ 857 million)

Net Profit - Rs. 2,403 crores
(US $ 551 million)

Compounded Annual Net Profit
growth over 5 years - 18%

Compounded Annual Earnings Per Share
growth over 5 years - 14%

Total Assets - Rs. 29,369 crores
(US $ 6,733 million)

India's largest private sector enterprise

Page **Contents**

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
H.S. Kohli
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

Secretaries

Vinod M. Ambani
Rohit C. Shah

Solicitors & Advocates

Kanga & Co.

Auditors

Chaturvedi & Shah
Member - Summit International Associates Inc.
Rajendra & Co.

International Accountants

Deloitte Haskins & Sells
Member - Deloitte, Touche and
Tohmatsu International (DTTI)

Bankers

ABN AMRO Bank
Allahabad Bank
ANZ Grindlays Bank
Bank of America
Bank of Baroda
Bank of India
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
Standard Chartered Bank
Syndicate Bank
Union Bank of India
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. India

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
- **Reliance Ventures Limited**
  Shree Ram Mills Premises, Ground Floor
  G.K. Marg, Worli, Mumbai 400 013. 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
- 1103, Raheja Centre
  Free Press Journal Road
  Nariman Point, Mumbai 400 021, India.
  Tel. Nos. 91-22-2822052 / 2855587 / 2875208
  Fax No. 91-22-2852215

Notice

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of RELIANCE INDUSTRIES LIMITED will be held on Tuesday, the 13th day of June, 2000, at 11.00 a.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020 to transact the following business:

Ordinary Business:

1. To consider and adopt the Balance Sheet as at 31st March, 2000, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To note payment of dividend on shares.
3. To appoint a Director in place of Shri Ramnikbhai H. Ambani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri T.R.U. Pai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Nikhil R. Meswani, who retires by rotation and being eligible, offers himself for re-appointment.

6 To appoint M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Rajendra & Co., Chartered Accountants as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether working in India or out of India under a Scheme titled "Employee Stock Option Plan"(hereinafter referred to as the "ESOP" or "Scheme" or "Plan") such number of equity shares and/or equity linked instruments (including Options), equity shares issued through American Depository Receipt("ADRs") and/or Global Depository Receipts("GDRs") and/or any other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which could give rise to the issue of equity shares not exceeding 5% of the issued Equity Share Capital of the Company on 31st March, 2000, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time;

RESOLVED FURTHER THAT the said Securities may be allotted directly to such employees/directors or in accordance with a Scheme framed in that behalf through a trust which may be setup in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the Company;

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company; except that they shall be entitled for dividend on pro-rata basis from the date of allotment till the end of the relevant financial year in which the new Equity Shares are allotted;

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) consent of the Company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Plan proposed in the resolution under Item no. 7 in this Notice to the eligible employees/ directors of the holding/subsidiary companies, and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 77A , 77B and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and the provisions contained in the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ("Buy-back Regulations") (including any statutory modification(s) or re-enactment of the Act or Buy-back Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to purchase its own fully paid equity shares of Rs.10 each for an amount not exceeding Rs. 1,100 crores, upto a maximum price of Rs 303 per share (hereinafter referred to as "Buy-back") ;

RESOLVED FURTHER THAT the Company may implement the Buy-back in one or more tranche/tranches, from out of its free reserves and/or the securities premium account and/or the proceeds of an earlier issue of shares other than equity shares made specifically for Buy-back purposes, and that the Buy-back may be made through the methodology of open market purchases in the stock exchanges, in such manner as may be prescribed under the Act and the Buy-back Regulations, and on such terms and conditions as the Board may in its absolute discretion deem fit;

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any Shareholder to offer, or any obligation on the part of the Company or the Board to Buy-back, any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such Buy-back, if so permissible by law;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary expedient usual or proper including the appointment of Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors , Consultants or Representative , incidental to the implementation of the scheme of Buy-back as also to prefer all applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for preparation and issue of public announcement and filing of public announcement with SEBI/Stock Exchange(s), filing of declaration of solvency certificate and filing of certificate for extinguishment and physical destruction of certificates, and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise in the Buy-back and take all such steps and decisions in this regard;

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorised to sub-delegate all or any of the authorities conferred as above to any Director(s)/Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the appropriate authorities or Advisors."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Hital R. Meswani, as a Whole time Director, designated as Executive Director of the Company, for a period of 5 (five) years with effect from 4th August, 2000, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Hital R. Meswani, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Hital R. Meswani;

RESOLVED FURTHER THAT where in any financial year closing after 31st March, 2000, the Company has no profits or its profits are inadequate, the Company do pay to Shri Hital R. Meswani, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Shri H.S.Kohli, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies, Act 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies, Act 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company;

RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri H.S.Kohli, as a Whole time Director, designated as Executive Director of the Company, for a period of 5 (five) years with effect from 1st April, 2000, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri H. S. Kohli, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri H.S.Kohli;

RESOLVED FURTHER THAT where in any financial year closing after 31st March, 2000, the Company has no profits or its profits are inadequate, the Company do pay to Shri H.S.Kohli, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force and in partial modification of the Ordinary/Special Resolutions previously passed at general meetings, from time to time, of the Company, the Company hereby approves the enhancement in the salary, perquisites, allowances and commission payable to Shri Dhirubhai H. Ambani, Chairman, Shri Mukesh D. Ambani, Vice Chairman and Managing Director, Shri Anil D. Ambani, Managing Director and Shri Nikhil R. Meswani, Executive Director, with effect from 1st April, 2000, for the remainder of the tenure of their respective terms as set out in the respective draft Agreements submitted to this meeting and initialled for the purpose of identification, which Agreements are hereby specifically approved, with absolute discretion to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and vary the terms and conditions in the said Agreements as the Board of Directors/ committee may in its absolute discretion consider necessary and as may be agreed to by the respective directors;

RESOLVED FURTHER THAT where in any financial year closing after 31st March, 2000, the Company has no profits or its profits are inadequate, the Company do pay to Shri Dhirubhai H. Ambani, Shri Mukesh D. Ambani, Shri Anil D. Ambani, and Shri Nikhil R. Meswani, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Sections 258, 259 and all other applicable provisions, if any, of the Companies Act,1956 and subject to approval of the Central Government, the number of directors of the Company for the time being in the office be increased from twelve to fourteen :

RESOLVED FURTHER THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, Article No. 128 of the Articles of Association of the Company shall stand deleted and the following Article shall stand substituted in its place and stead as new Article 128 with effect from the date of Central Government's approval in accordance with the provision of the Companies Act,1956;

ARTICLE 128 :-

Unless otherwise determined by the Company in General Meeting, the number of Directors shall not be less than 3 (Three) and shall not be more than 14 (Fourteen).'

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Rohit C. Shah
Vice President and Company Secretary

Place: Mumbai

Dated: 5th May, 2000

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing proxy should, however, be deposited at the Registered office of the Company not less than forty eight hours before the commencement of the meeting.
2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
4. The Board of Directors in their meeting held on 30th March, 2000 have declared payment of interim dividend of Rs 4 per Equity Share for the year 1999-2000. At the Board meeting held on 18th April, 2000 the Board has decided to treat the interim dividend as final dividend. Accordingly, shareholders would note the payment of interim dividend made on the shares of the Company.(Refer item No. 2 of the Notice)
5. The Company has already notified closure of Register of Members and the Transfer Books from Tuesday, 25th April, 2000 to Saturday, 29th April, 2000 (both the days inclusive) for payment of interim dividend on equity shares. The Company will dispatch the dividend warrants from16th May, 2000 onwards. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
6. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. The Company has already transferred, all unclaimed dividend declared upto the financial year ended 31st March, 1996 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Kalachowki, Mumbai 400 033.
8. Pursuant to the provision of section 205A of the Companies Act,1956, as amended, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1997 or any subsequent financial years are requested to make their claim to the office of the Registrar and Transfer Agents M/s Karvy Consultants Limited. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
9. Shareholders are requested to bring their copy of Annual Report to the Meeting.
10. Appointment/Reappointment of Directors

    At the ensuing Annual General Meeting, Shri R.H. Ambani, Shri T.R.U. Pai and Shri N.R. Meswani retire by rotation and being eligible offer themselves for reappointment. Shri H.R. Meswani and Shri H.S. Kohli are being appointed as Wholetime Directors for a period of 5 years. The information or details to be provided for the aforesaid directors under Corporate Governance code are as under:

    (a) Shri Ramnikbhai H. Ambani, aged 75 years, has been one of the foremost Director of the Company since 11th January, 1977. He is the elder brother of Shri Dhirubhai H. Ambani and has been instrumental in chartering the growth of the Company during its initial years of operations from its factory at Naroda, in Ahmedabad. He set up and operated the textile plant of the Company at Naroda, Ahmedabad and was responsible in establishing the Reliance Brand name "VIMAL" in the textile market in the country. He is also a Director in the following Companies viz: Gujarat Industrial Investments Corporation Ltd., Yashraj Investments and Leasing Co. Pvt Ltd., Anjali Threads Pvt Ltd., Anjali Fiscal Pvt Ltd., Action Exports Pvt Ltd., Tirupati Fabrics Ltd. and Sintex Industries Ltd.

    (b) Shri T Ramesh U Pai, aged 75 years, hails from a family of Bankers and is a Director of the Company since 6th July, 1979. He has vast experience in banking and finance and has also set up many educational institutions. He is also a Director in the following Companies viz: Manipal Home Finance Ltd., Canara Steel Ltd., Manipal Power Co. Ltd., Manipal Holdings Ltd., Kurlon Ltd., Manipal Telephone & Telecommunications Ltd., Manipal Pharmaceuticals Ltd., Manipal Control Data Electronics Commerce Ltd., Lingapur Estates Ltd., Pushya Industrial Gases Ltd., Andhra Sugars Ltd., Sealy Kurlon Ltd., Dupont Kurlon Ltd., Manipal Gold Co. Ltd. and Maharashtra Apex Corporation Limited.

(c) Shri Nikhil R. Meswani, aged 34 years, is a Director of the Company since 26th June,1986. He has a bachelor's degree in Chemical Engineering from Bombay University. He is responsible for marketing of fibres, fibre intermediates, polymers and petrochemicals and indirect taxation. Shri Meswani is a Director of Reliance Petroleum Limited. He is also a member of the Indian Chemical Manufacturers Association (ICMA) and Young Presidents Association (YPO).

(d) Shri Hital R. Meswani, aged 31 years, is a Director of the Company since 4th August,1995. He is a B.Sc. in Chemical Engineering from School of Engineering & Applied Sciences - University of Pennsylvania and a B.B.A from Wharton Business School, University of Pennsylvania USA. He is responsible for setting up manufacturing facilities at Hazira and Jamnagar. He is also a Director of Reliance Petroleum Limited and a member of American Alumni Association (AAO) and Young Entrepreneurs' Association (YEO). He is associated with various industry organisations like the Confederation of Indian Industries (CII) and The All India Association of Industries (AIAI). He is the brother of Shri Nikhil R. Meswani.

(e) Shri H. S. Kohli, aged 65 years, an M.S (Chem), has wide experience in implementing and operation of Petrochemical complex. Since 1991 he is working at the Companys' Hazira Complex. Keeping in view his expertise in the field of petrochemicals, the Board of Directors at its meeting held on 30th March, 2000, appointed him as a Wholetime Director of the Company designated as 'Executive Director' for a period of five years with effect from 1st April, 2000, subject to the approval of shareholders at the Annual General Meeting. He is also a Director in Reliance Assam Petrochemicals Limited.

Explanatory Statement under Section 173(2) of the Companies Act, 1956

The Explanatory Statement for Item Nos. 7 to 13 of the accompanying Notice set out hereinabove is as under:

Item No. 7.

The exponential growth of the Company over the past 2 decades has, in large measure, been possible owing to the wholehearted support, commitment and team work of its personnel. The Company has been desirous of finding means to allow its personnel to participate in its growth, through an appropriate mechanism.

Stock Options have long been recognised internationally, as an effective instrument, to align the interest of employees with those of the Company, and its shareholders, provide an opportunity to employees to share in the growth of the Company, and create long term wealth in the hands of the employees.

Stock Options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value.

Stock Options provide for tax-efficient, performance linked rewards to employees, and serve as an important means, to attract, retain and motivate the best available talent for the Company.

From the Company's perspective, Stock Options also provide an opportunity to optimise personnel costs, by allowing for an additional, market-driven, mechanism to attract, retain, compensate and reward employees.

The Company had obtained the approval of its shareholders, as far back as in 1993, for the introduction of an Employee Stock Option Plan (ESOP). However, then prevailing regulations did not permit an efficient mechanism to implement the ESOP.

The Securities and Exchange Board of India (SEBI), has now introduced a comprehensive, and internationally comparable, set of regulations last year, known as the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The new Regulations have removed the constraints imposed by the earlier laws, and have provided a conducive environment for the implementation of an Employee Stock Option Plan.

The Company proposes to introduce the following two Stock Option schemes for the benefit of permanent employees of the Company, its Directors, and such other persons/entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations. The Stock Option schemes will also cover any issuance of ADRs/GDRs/other securities by the Company, as may be allowed from time to time under prevailing regulations.

SCHEME A

Stock Options: Under this scheme, employees will be given an option to acquire a certain number of shares of the face value of Rs. 10 each, at the price as mentioned hereinafter.

SCHEME B

Stock Appreciation Rights (SAR) is a means for cashless exercise of options. SAR entitles the employee to receive the difference between the price computed for the purpose of grant, and the price computed for the purpose of exercise, in the form of shares of the Company. The number of shares received by the employee is arrived at by dividing the total appreciation in value, as calculated above, by the market price of the shares on the date of exercise.

Applicable to both the Schemes.

The Company will constitute an ESOP Compensation Committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent Directors, for administration and superintendence of the ESOP.

The ESOP Compensation Committee will formulate the detailed terms and conditions of the ESOP.

The ESOP Compensation Committee will, specify, inter alia, the following:

- quantum of options to be granted to any employee, and in aggregate
- conditions under which options vested in employees may lapse
- time period within which an employee may exercise vested options in the event of temination or resignation
- rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period
- procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise
- procedure and mechanism for cashless exercise of options
- lock-in period for the shares issued pursuant to exercise of the options
- any other related or incidental matters.

The following is the explanatory statement which sets out the various disclosures as required by Clause 6 of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the ESOP Guidelines).

The salient features of the ESOP are as under:-

(a) The total number of options to be granted

The total number of Options/SARs that may, in the aggregate, be issued, under both the schemes:

Upto 5% of the issued equity share capital of the Company as of 31st March, 2000 i.e. 5% of 105,37,57,027 equity shares.

(b) Identification of classes of employees entitled to participate in the ESOP

Persons who are "employees" of the Company, including Directors, as defined in the ESOP Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time.

Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOP.

Employees will be granted Stock Option/Stock Appreciation Rights based on performance, and such other parameters as may be decided by the ESOP Compensation Committee, in its discretion, from time to time.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(c) Requirements of vesting and period of vesting

Vesting of options may commence after a period of 1 year from the date of grant, and may extend upto 5 years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion, and which will include performance appraisal of the employee.

(d) Exercise Price or Pricing Formula

The exercise price for the purposes of the grant of options will be computed at a discount of 10% on the average of the weekly high and low of the closing prices for the Company's equity shares, quoted on the Bombay Stock Exchange, during the 26 weeks preceding the date of grant of the options.

(e) Exercise Period and the process of Exercise

The exercise period may commence from the date of vesting, and will expire not later than 7 years from the date of grant of options, or such other period as may be decided by the ESOP Compensation Committee, from time to time.

The Options will be exercisable by the Employees by a written application to the Company to exercise the Options/SARs, in such manner, and on execution of such documents, as may be prescribed by the ESOP Compensation Committee from time to time.

The options will lapse if not exercised within the specified exercise period.

(f) Appraisal Process for determining the eligibility of employees to ESOP

The appraisal process for determining the eligibility of the employee will be specified by the ESOP Compensation Committee, and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee, and/or any such other criteria that may be determined by the ESOP Compensation Committee at its sole discretion.

(g) Maximum number of options/SARs to be issued per employee and in aggregate

The maximum number of Options/SARs granted per employee will not exceed 5,00,000 shares (i.e approx. 0.05% of the issued and outstanding equity shares of the Company as on 31st March, 2000). The aggregate of all such grants shall not exceed 5% of the issued and outstanding equity shares of the Company as on 31st March, 2000.

The Company will conform to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and/or such other guidelines as may be applicable, from time to time.

As the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of clause 6 of the Guidelines.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Schemes.

Your Directors, therefore, recommend the resolution to be passed as a Special Resolution by the members.

Item No. 8.

As per the SEBI Guidelines, a separate resolution is required to be passed if the benefits of ESOP are to be extended to employees of the subsidiary or holding company. This separate Resolution is being proposed accordingly, to cover those employees, and/or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations, and/or amendments thereto from time to time. This may be read with explanatory statement for Item No. 7.

None of the Directors is interested in this resolution. Your Directors commend the resolution for your approval.

Item No. 9.

The following is the explanatory statement which sets out the various disclosures as required under sub-section (3) of Section 77A of the Companies Act, 1956 (the Act) and Regulation 5 (1) read with Schedule I attached to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ("Buy-back Regulations"):

1. The Board of Directors of the Company in its meeting held on 12th April, 2000 has approved the proposal for Buy-back of its own fully paid up equity shares of Rs.10 each (hereinafter referred to as " Buy-back") in accordance with the provisions contained in the Articles of Association, Section 77A ,77B and all other applicable provisions of the Act, and the provisions contained in the Buy-back Regulations.
2. The share Buy-back programme is being proposed in pursuance of the Company's desire to maximise returns to investors, and enhance overall shareholder value, by returning cash to shareholders, in a tax efficient and investor friendly, manner. This will be done without, in any manner, compromising on the pursuit of high growth opportunities by the Company.
3. The implementation of the share Buy-back programme will also be in accordance with the statement made by the Chairman of the Company, Shri Dhirubhai H. Ambani, at the Annual General Meeting, held on June 24, 1999 that the Company will utilise a suitable portion of its cash flows for implementation of a share Buy-back programme, within the parameters of the overall framework for capital allocation for various objectives, such as capital expenditure for ongoing maintenance and expansion / debottlenecking, reduction of debt, enhanced distribution to shareholders by way of dividends and share Buy-back, etc.
4. The share price of the Company has consistently outperformed the benchmark index, the BSE Sensex, and delivered superior returns to domestic and international investors, across all timeframes, spanning 10 years, 5 years, 3 years, 2 years, 1 year, and calendar year-to date, as at the date of this notice. The details are as follows:

	% Change in		
Period	**RIL share Price**	**Sensex**	**RIL relative to Sensex**
Year to Date	+ 34%	-17%	+ 50
Year-on-Year	+ 129%	+32%	+97
2 years	+ 74%	+13%	+60
3 years	+ 122%	+25%	+97
5 years	+ 160%	+ 47%	+113
10 years	+ 929%	+505%	+424

5. Nonetheless, the Board shares the perception of a very large number of international and domestic investors and analysts that the Company's share continues to remain undervalued. This under-valuation is best reflected by the fact that the share is generally traded at a discount to the broad market multiples, despite the Company's consistent track record of consistent all round operational and financial performance and growth.
6. The implementation of a share Buy-back programme will send a strong and positive signal to the markets on this perceived under-valuation of the Company's share. The share Buy-back is expected to reduce floating stock, enhance long term price performance, and contribute to an increase in the Company's overall market capitalisation. The achievement of higher all-round valuations for the Company's share will, in the long term, facilitate the use of the share as a currency for acquisitions, in the domestic and international context.
7. The implementation of the share Buy-back programme is also expected to enable the Company to manage volatility in its share price, and attract longer term investors to hold the

share. The volatility of the Company's share vis-a-vis the benchmark index, the Sensex, as measured by its beta, has already declined from a high of around 2 a few years back, to the 1.1 - 1.3 price range in recent years. The share Buy-back is expected to lead to a further reduction of this volatility.

8. The reduction in beta will, in turn, lead to a lowering of the cost of equity, and Weighted Average Cost of Capital (WACC), for the Company, further enhancing its global competitiveness.

9. The share Buy-back programme is expected to contribute to further improvement in financial ratios, and overall enhancement of shareholder value. The share Buy-back is also expected to provide the Company with a powerful tool in its endeavour to neutralize the impact of speculative forces, and to protect the interests of its millions of long term investors. The Company will judiciously deploy the resources available for the share Buy-back, in a manner designed to maximize overall shareholder value.

10. Buy-back regulations require the Company to specify the maximum amount proposed to be utilised for a share Buy-back programme. The Board of your Company has proposed a maximum limit of Rs. 1,100 crores for the share Buy-back programme. This represents 9.93% of the aggregate of the paid up share capital and free reserves of the Company, against the maximum available 25% limit. This also represents the largest ever share Buy-back announced in India.

11. This amount will be financed out of the Company's free reserves and/or out of the securities premium account and/or the proceeds of an earlier issue of shares other than equity shares made specifically for Buy-back purposes. The funds for Buy-back will be available from current surpluses, and/or by liquidation of cash balances and financial investments, and/or out of internal accruals of the Company.

12. Buy-back regulations also require the Company to specify the maximum price at which shares may be bought back under the share Buy-back. The Board of the Company has proposed a maximum price of Rs. 303 per share, for the share Buy-back.

    This represents a 22% premium to the average of the trading price range of the Company's share for the preceding 52 weeks before the date of the Board Meeting at which the proposal for Buy-back was approved i.e. April 12, 2000, and a 52% premium to a recent low of Rs. 199 recorded on March 14, 2000.

13. The price of Rs. 303 per share also represents the share market price prevailing at the time of notification to the stock exchanges of the Company's intention to implement a share Buy-back programme. Internationally, there is no requirement to specify a maximum Buy-back price, and share Buy-backs are generally conducted at or around the market price prevailing at the time of announcement of the share Buy-back.

14. The Company proposes to implement the share Buy-back through the methodology of open market purchases in the Stock Exchanges, in the manner, and following the procedures, as may be prescribed, from time to time, under the Act, and the Buy-back Regulations, and as may be determined by the Board of Directors (including any Committee thereof) of the Company and on such terms and conditions, as may be permitted in law, from time to time. There will be no negotiated deals, spot transactions, or any private arrangements, in the implementation of the share Buy-back.

15. The promoters, and/or persons in control, of the Company, and/or their associates, and/or persons acting in concert with them, will not offer their shares to the Company under the share Buy-back.

16. As per the provisions of the Act, the special resolution passed by the shareholders approving the share Buy-back will be valid for a maximum period of twelve months from the date of passing of the special resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities). The Company proposes to complete the buy back on or before 12th June, 2001.

17. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled, and will not be held for re-issuance.

18. The Company's total debt:equity ratio, after the share Buy-back, will be well below the maximum limit of 2:1 specified in law.

19. In accordance with the provisions of the Act, the Company will not be entitled to make a fresh offering of equity shares for a period of 2 years from the date of completion of this share Buy-back programme except in cases/circumstances referred to in sub section (8) of section 77A of the Act.

20. The Company has not made any equity fresh offering for the past nearly 6 years. This will mean that the Company will not be making any equity offering for a total period of 8 years since the year 1994, while maintaining its consistent track record of growth, operational and financial performance, and also preserving a conservative gearing profile, with a debt:equity ratio of 0.82:1. During the previous six years, the Company's net worth has increased from Rs. 4,335 crores in March, 1994, to Rs. 13,983 crores in March 2,000 and the Total Assets have increased from Rs. 8,121 crores in March, 1994 to Rs. 29,369 crores in March, 2000.

21. In this entire period, RIL has completed its major capital expenditure programmes at Hazira and Jamnagar. This has raised RIL's capacities from less than 1 million tonnes per annum (tpa) to nearly 10 million tpa, and placed RIL amongst the top 5 global producers in almost all its major products.

22. The restriction on issuance of fresh equity as above, also extends to international offerings. The announcement of the Buy-back programme confirms that, as per existing regulations, RIL will not be making any international equity offering in the international markets in the aforesaid period, and intends to only launch an Exchange programme for its existing GDRs to be converted into US SEC registered, NYSE listed ADRs, at an appropriate time.

23. The share Buy-back programme will be implemented after the approval of the shareholders, subject to completion of necessary formalities as prescribed in law.

24. (a) The aggregate shareholding of the promoters of the Company, and/or persons who are in control of the Company, and/or persons acting in concert with them, as defined under the SEBI (Substantial Acquisition of Shares and Takeovers), Regulations 1997, as on the date of the notice convening the general meeting is 40.39 crores Equity Shares of Rs.10 each, constituting 38.33 % of the issued and paid up equity share capital of the Company.

    (b) Some of the Promoters, and/or persons in control of the Company, and/or persons acting in concert with them, have purchased 32,825 Equity Shares of Rs. 10 each, in a transaction at a rate of Rs. 241.36 per share on 24th March, 2000, during the period of six months preceding 12th April 2000, being the date of the meeting of the Board of Directors at which the Buy-back was approved.

25. The Company confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

26. The Board of Directors of the Company confirms that it has made the necessary and full inquiry into the affairs and prospects of the Company and the Board of Directors have formed the opinion that:

    (a) immediately following the date on which the general meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;

    (b) as regards its prospects for the year immediately following the date of the general meeting, having regard to their intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the view of the Board of Directors be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Annual General Meeting; and

    (c) in forming their opinion for the above purposes, the Board of Directors have taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

27. The text of the Report dated 5th May, 2000 received from Messers. Chaturvedi and Shah and Rajendra and Company, the Statutory Joint Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:

"In connection with the proposal of Reliance Industries Limited (the "Company") to Buy-back its shares and in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the SEBI (Buy-back of Securities) Regulations, 1998, we have examined the audited financial statements of the Company for the year ended 31st March, 2000 and the relevant records, ratios, analysis, reports and according to the information and explanations given to us and on the basis of such verification of records as we considered appropriate, we report that :-

We have enquired into the Company's state of affairs.

In our opinion, the amount of maximum permissible capital payment, being Rs. 1,100 crores which is 9.93% of the total paid-up capital and free reserves of the Company, for the shares to be bought back, is properly determined in accordance with section 77A(2)(c) of the Companies Act, 1956.

The Board of Directors in their meeting on 12th April, 2000, have formed their opinion, as specified in clause(x) of Schedule 1 of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of 1 year from the date of Annual General Meeting of the members of the Company proposed to be held on 13th June, 2000".

28. All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Association, relevant Board resolution for Buy-back of shares and the Auditors' Report on their enquiry into the state of affairs of the Company will be made available for inspection at the Registered Office of the Company on all working dates, except Saturdays and holidays, between 11.00 a.m. and 1.p.m. upto the date of Annual General Meeting.

29. As the proposal for Buy-back of Equity Shares will be in the interests of the Company, the Directors recommend the passing of the resolution as set out in the notice.

30. None of the Directors of the Company is, in anyway, concerned or interested in the resolution, save and except to the extent that, in like manner as for all other shareholders, their percentage holding in the post Buy-back equity share capital will proportionately stand enhanced as a result of the share Buy-back.

Item No. 10.

Shri Hital R Meswani, is having wide experience in setting up and running large size Petrochemical complexes. The present terms of office of Shri Hital R. Meswani expires on 3rd August, 2000. Keeping in view his expertise in the field of petrochemicals, the Board of Directors at its meeting held on 30th March, 2000, approved his re-appointment as a Wholetime Director of the Company designated as 'Executive Director' for a period of five years with effect from 4th August, 2000, subject to the approval of shareholders at the Annual General Meeting. Shri Hital R. Meswani fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act,1956

The remuneration payable to Shri Hital R. Meswani has been determined by the Remuneration committee constituted by the Board of Directors.

The Agreement proposed to be entered into by the Company with Shri Hital R. Meswani, in respect of his appointment, interalia, contains the following terms and conditions;

Salary	:	Rs. 1,25,000 per month
Perquisites & Allowances	:	Rs. 2,00,000 per month

He shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependants; club fees, medical insurance and such other perquisites and/or allowances, upto the amounts specified above, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

In addition to the salary, perquisites and allowances as above, the Executive Director shall also be entitled to receive commission in the manner as set out in the Explanatory statement under Item No 12 to this Notice.

The terms and conditions set out for re-appointment and payment of remuneration herein and/or in the Agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) or any amendments made thereto.

The Agreement may be terminated by either party (Company or the Wholetime Director) by giving the other three months prior notice of termination in writing.

The draft Agreement to be entered into between the Company and Shri Hital R. Meswani is available for inspection at the Registered Office of the Company on any working day excluding Saturdays and holidays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Your Directors commend the resolution for your approval.

The above may also be treated as an abstract of the draft agreement proposed to be entered into between the Company and Shri Hital R. Meswani pursuant to Section 302 of the Companies Act, 1956.

Shri Hital R. Meswani is deemed to be concerned or interested in the resolution as it pertains to his re-appointment and/or remuneration payable to him. Further, Shri Nikhil R. Meswani may also be deemed to be interested in the resolution pertaining to the re-appointment of and/or remuneration payable to Shri Hital R. Meswani, as they are related to each other. Save and except the above, none of the other Directors of the Company are, in any way, concerned or interested in the said resolution.

Item No. 11.

Shri H.S.Kohli was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 30th March, 2000, with effect from 1st April, 2000. Pursuant to Section 260 of the Companies Act, 1956, Shri H.S.Kohli will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri H.S.Kohli for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri H.S.Kohli, a M.S (Chem), is having wide experience in implementing and operation of Petrochemical complex. Since 1991 he is working in the Company at its Hazira Complex. Keeping in view his expertise in the field of petrochemicals, the Board of Directors at its meeting held on 30th March, 2000, appointed him as a Wholetime Director of the Company designated as 'Executive Director' for a period of five years with effect from 1st April, 2000, subject to the approval of shareholders at the Annual General Meeting. Shri H.S.Kohli fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act,1956

The remuneration payable to Shri H.S.Kohli has been determined by the Remuneration committee constituted by the Board of Directors.

The draft Agreement to be entered into by the Company with Shri H.S.Kohli, in respect of his appointment, interalia, contains the following terms and conditions:

Salary	:	Rs.80,000 per month
Perquisites and Allowances	:	Rs.50,000 per month

He shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependants; club fees, medical insurance and such other perquisites and/or allowances, upto the amounts specified above, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

Shri H.S. Kohli, shall also be eligible to an annual increment of 5% on the last drawn salary and perquisites during his tenure as wholetime Director.

The terms and conditions as set out in the draft agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

The Agreement may be terminated by either party (Company or the Wholetime Director) by giving the other three months prior notice of termination in writing.

The above may be treated as an abstract of the draft agreement proposed to be entered into between the Company and Shri H.S.Kohli, pursuant to Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Shri H.S.Kohli, is available for inspection by the Members of the Company at the registered office of the Company on any working day excluding Saturdays and holidays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Your Directors commend the resolution for your approval.

Shri H.S.Kohli is deemed to be concerned or interested in the resolution as it pertain to his appointment and remuneration payable to him. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 12.

The terms of appointment and remuneration payable to Shri Dhirubhai H. Ambani, Chairman, Shri Mukesh D. Ambani, Vice Chairman and Managing Director and Shri Anil D. Ambani, Managing Director, Shri Nikhil R. Meswani Executive Director, was approved at the Annual General Meeting of the Company held on 24th June, 1999. Their term expires on 28th February, 2004, 18th April, 2004, 30th April 2004 and 30th June, 2004 respectively. The shareholders at their meeting held on 24th June,1999 have given their consent to the effect that the overall remuneration payable by way of salary, perquisites, allowances and commission to the aforesaid Directors and Shri Hital R. Meswani Executive director of the Company shall not exceed in the aggregate 0.75% of the net profits of the Company computed under Section 349 of the Companies Act, 1956.

Subject to shareholders' approval, the Remuneration committee of Directors has, with effect from 1st April, 2000 resolved to increase the overall remuneration payable by way of salary, perquisites, allowances and commission to Shri Dhirubhai H. Ambani, Chairman, Shri Mukesh D. Ambani, Vice Chairman and Managing Director and Shri Anil D. Ambani, Managing Director, Shri Nikhil R. Meswani and Shri Hital R. Meswani Executive Directors of the Company to 1% of the net profits of the Company computed under Section 349 of the Companies Act, 1956. The commission will be paid to the aforesaid Directors, in proportion to their respective salary (excluding perquisites and allowances) after the annual accounts have been adopted by the shareholders. The committee has further proposed to enhance the salary, perquisites and allowances payable to all the Wholetime Directors as under;

Shri Dhirubhai H. Ambani, Chairman, be paid a salary of Rs. 6,25,000 per month and Perquisites and Allowances of Rs. 4,50,000 per month. Shri Mukesh D. Ambani, Vice Chairman & Managing Director be paid a salary of Rs. 5,00,000 per month and Perquisites and Allowances of Rs. 4,00,000 per month. Shri Anil D. Ambani, Managing Director, be paid a salary of Rs. 5,00,000 per month and Perquisites and Allowances of Rs. 4,00,000 per month. Shri Nikhil R. Meswani, Executive Director, be paid a salary of Rs. 1,25,000 per month and Perquisites and Allowances of Rs. 2,00,000 per month.

The Board is entitled to revise the salary, perquisites and allowances and commission payable to all or any of the aforesaid Directors of the Company, at any time such that the overall remuneration payable to them shall not exceed 1% of the net profits of the Company as computed under Section 349 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

The draft supplementary Agreements to be entered into between the Company and each of Shri Dhirubhai H. Ambani, Shri Mukesh D. Ambani, Shri Anil D. Ambani and Shri Nikhil R. Meswani respectively are available for inspection at the Registered Office of the Company on any working day excluding Saturdays and holidays upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Shri Anil D. Ambani is also the Managing Director of Reliance Petroleum Limited (RP), a Group Company. He does not draw any remuneration from RP and has been appointed as Managing Director without any remuneration by the shareholders of RP.

Your Directors commend the resolution for your approval.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Dhirubhai H. Ambani, Shri Mukesh D. Ambani, Shri Anil D. Ambani and Shri Nikhil R. Meswani respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Dhirubhai H. Ambani, Shri Mukesh D. Ambani, Shri Anil D. Ambani and Shri Nikhil R. Meswani are interested in the resolution as it pertains to remuneration payable to each of them. Further, Shri Dhirubhai H. Ambani, Shri Mukesh D. Ambani and Shri Anil D. Ambani may be also deemed to be concerned interested in the resolution pertaining to the remuneration payable to each other, as they are related to one another. Further, Shri Hital R. Meswani and Shri Nikhil R. Meswani may also be deemed to be concerned or interested in the resolution pertaining to the payment of remuneration to each other as they are inter se related. Shri R. H. Ambani, Director of the Company, being related to Shri Dhirubhai H. Ambani may be deemed to be concerned or interested in the resolution pertaining to the remuneration payable to Shri Dhirubhai H. Ambani. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 13.

With a view to complying with the mandatory requirements stipulated in the Corporate Governance Code it is necessary to increase the representation of non executive Director on the Board of the Company, thus requiring the Company to increase the total number of Directors for the time being in the office, from twelve to fourteen.

In terms of Section 259 of the Companies Act, 1956, the aforesaid proposal requires approval of the Central Government besides obtaining approval of the shareholders by passing a Special Resolution.

Consequently Article 128 of the Articles of Association of the Company is sought to be amended in the manner set out in the resolution.

Your Directors commend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

Rohit C. Shah
Vice President and Company Secretary

Place: Mumbai
Dated: 5th May, 2000

Chairman's Communication

My dear fellow Reliance shareowners

You will be delighted to learn that Reliance Industries has once again maintained its leadership position in the entire Indian private sector. We have reported another year of record, all-round operational and financial performance.

Reliance Industries has achieved a rare distinction this year. We have become the first private sector company in India, to cross the milestone of Rs. 20,000 crores (US$ 4.6 billion) in annual sales.

Our gross profit this year (earnings before interest, depreciation and tax) has crossed a new threshold. We have become the first private sector company in India to break the billion dollar barrier. Gross profit has increased 43% to Rs. 4,746 crores (US$ 1,088 million).

Our net profit, too, has set another record. We have become the first Indian private sector company to cross the half a billion dollar mark, at Rs. 2,403 crores (US$ 551 million).

Our production volumes this year have touched record nearly 9 million tonnes.

These numbers all stand testimony to the demonstrated international scale, and global competitiveness, of our operations. I Invite all of you to join me in saluting the young Reliance team, of over 15,000 world class, fully committed people, who have made all this possible.

Operational Highlights

This year, we have completed our Rs. 25,000 crore (nearly US$ 6 billion) integrated Jamnagar complex, in a record period of less than 3 years. The Jamnagar complex houses:

- the world's largest grassroot refinery project with capacity of 27 million tonnes per annum;
- the world's largest paraxylene project, with capacity of 1.4 million tonnes per annum;
- the world's largest polypropylene project, with capacity of 600,000 tonnes per annum;

together with the country's largest all weather port, power plants, and all related infrastructure.

The completion of the Jamnagar complex, in this record time frame, is another proud moment in the evolution of Reliance, and stands in reaffirmation of our philosophy - Growth is Life !

The completion of the Jamnagar complex will further strengthen our market leadership, increase the degree of vertical integration, and enhance our global competitiveness.

During the year, in line with our announced objective of participating in consolidation of domestic industry, we have completed acquisition of control over an additional 75,000 tonnes of domestic polyester capacity. This will further enhance our leading market share in the polyester business.

We have been awarded a total of 14 offshore oil and gas exploration blocks by the Government of India. Our total acreage for exploration now exceeds 1,00,000 square kilometers, off the country's West and East coast.

This makes Reliance Industries the leading E&P (oil and gas exploration and production) player in the private sector in India.

Our Strengths

Reliance has invested over Rs. 35,000 crores (over US$ 8 billion) in the past decade, for completion of its various manufacturing complexes at Jamnagar, Hazira and Patalganga.

We have achieved this, while adopting a most conservative financial stance, ensuring that our gearing remains low. Our gross debt:equity ratio stands at just 0.82:1.

All these investments, in creation of world class, and globally competitive assets, have catapulted Reliance to the ranks of the world's largest, most integrated, highly profitable, and fastest growing, energy and petrochemicals companies.

These investments, together with our extensive nationwide marketing and distribution network, and emphasis on providing total customer satisfaction, form the bedrock of our leading market shares in all our products, in India's large, and fast growing, home market.

The creation of world class assets, here in India, has also enabled us to consistently increase our presence in global export markets. Our export revenues have multiplied more than 20 times in the past 4 years to Rs. 1,811 crores (US$ 415 million).

Importantly, the unique hands-on experience of setting up world class assets in India, on this scale and magnitude, has given birth to a rare combination of engineering, project implementation, technology absorption, and operational, skills, capabilities and talents, within our people.

This pool of intellectual capital, is a unique strength resident within Reliance. It cannot be measured, or quantified. Yet, it is this 'intangible' advantage which is giving us the driving confidence to pursue the diverse growth opportunities for the future.

The Opportunity

Reliance's growth has been driven by the economic transformation of the country since the early 1990s.

In the early 1990s, Reliance's profits were less than Rs. 400 crores (around US$ 100 million). This year, net profit has touched Rs. 2,403 crores (US$ 551 million).

We have been able to successfully deploy Reliance's entrepreneurial abilities, to seize the opportunities thrown up by economic liberalisation.

Demand growth for our products has benefitted from the rapidly growing consumption of basic goods and services in the country. Our products have application in the fastest growing areas of the economy, such as, agriculture, the household sector, clothing, automobiles, consumer goods and electronics, food and beverages, computers, and telecom.

We have experienced compounded, double-digit, growth rates for demand of our products over the past decade. With Indian per capita consumption still remaining far below levels for other similar economies, we expect demand to maintain its growth momentum, providing a good market for all our products.

We are also increasing our focus on production of speciality grades of our existing products, in the endeavour to move further up the value chain, and differentiate ourselves from other producers.

We will naturally be embracing all new and appropriate technologies, and the Internet, for improving productivity and efficiency, achieving cost reduction, and enhancing our ability to deliver a superior value proposition to all our customers and suppliers, and other constituents.

As we step into the 21st century, we are keenly conscious of the emerging opportunities in several new sectors, particularly, related to telecom and the Internet.

Our foray into cellular and basic telecom services, through Reliance Telecom, was a recognition of these new opportunities. We have gathered valuable industry knowledge and expertise, through these operations in Reliance Telecom. We will endeavour to expand our presence in this sector, through appropriate investments in the future.

Shareholder Value Enhancement

Last year, I had acknowledged the concern expressed by some shareholders about the performance of the Reliance share price in the previous year, even though the under-performance of stocks from the global chemicals industry, had been a world-wide phenomenon.

I had also stated to you that we were committed to taking all necessary, and responsible steps to ensure that Reliance's true fundamentals, and intrinsic worth, were more appropriately reflected in the marketplace.

I am delighted to report that in the last year our market capitalisation has gone up nearly 3 times, increasing by over Rs. 20,000 crores (over US$ 4.5 billion), from Rs. 12,000 crores (US$ 2.7 billion) to over Rs. 33,000 crores (over US$ 7.5 billion), and making Reliance one of the most valuable companies in India.

Our recently announced stock buyback programme of Rs. 1,100 crores (over US$ 250 million), the largest ever in India, demonstrates our confidence in future growth prospects, and reflects our perception on continued undervaluation of the Reliance Industries stock.

We will endeavour to judiciously deploy our resources to implement the stock buyback programme, as a measure to return cash to shareholders in a tax efficient, and investor friendly, manner, and to reduce excessive volatility in our share price.

The allocation of Rs. 1,100 crores (over US$ 250 million) for the stock buyback programme, represents only 30% of the cash profits of Rs. 3,738 crores (US$ 857 million) for the year.

This will still leave substantial resources with the company, for deployment in the high growth opportunities of the future.

We are committed to utilisation of our future cash flows in line with the capital allocation framework enunciated at our Annual General Meeting in June 1999, to pursue the twin objectives of maintaining our growth momentum, and simultaneously delivering strong returns to investors and enhancing overall shareholder value.

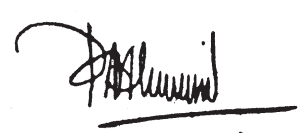
You will be happy to learn that Reliance Industries is already one of the handful of petrochemicals companies in the world, generating Return on Equity (ROE) of over 20%.

Our message to all our people for this year is to consistently endeavour to deliver higher earnings growth, and further improve our performance on all relevant financial benchmarks, such as Return on Capital Employed (ROCE) and ROE.

You, as our shareowners of Reliance Industries, may also now look forward to returns beginning to flow in, from the significant investments we have made in Reliance Petroleum Ltd. (RPL), as Reliance holds nearly 50% of RPL's equity share capital.

In conclusion, I would like to say that the completion of the Jamnagar complex is a significant event - yet, it is just one more milestone in Reliance's unending pursuit of profitable growth opportunities.

The future holds great promise, and it will be our consistent endeavour, as always, to deliver superior, all-round performance, thereby maximising overall shareholder value, and bringing increased prosperity to all of you, my dear fellow Reliance shareowners.



Dhirubhai H. Ambani
Chairman

Financial Highlights

Consistent and robust growth

(Rs. in crores)

	1999-2000 $ Mn	1999-2000	1998-99	97-98	'96-97	'95-96	'94-95	'93-94	'92-93	'91-92	1985
Sales	**4,654**	**20,301**	14,553	13,404	8,730	7,786	7,019	5,345	4,106	2,953	733
Total Income	**4,812**	**20,988**	15,161	13,740	9,020	8,058	7,331	5,555	4,222	3,005	744
Earnings Before Depreciation, Interest and Tax (EBDIT)	**1,088**	**4,746**	3,318	2,887	1,948	1,752	1,622	1,159	929	575	139
Depreciation	**293**	**1,278**	855	667	410	337	278	255	280	193	37
Profit After Tax	**551**	**2,403**	1,704	1,653	1,323	1,305	1,065	576	322	163	71
Taxes paid to the Government	**853**	**3,719**	2,893	3,021	2,490	2,234	2,147	1,391	1,118	984	373
Equity Dividend %	**40**	**40**	37.5	35	65	60	55	51	35	30	50
Dividend Payout	**88**	**385**	350	327	299	276	199	138	85	48	25
Equity Share Capital	**242**	**1,053**	933	932	458	458	456	318	245	152	52
Reserves and Surplus	**2,897**	**12,636**	11,183	10,863	8,013	7,747	6,731	4,011	2,362	1,711	254
Net Worth	**3,206**	**13,983**	12,369	11,983	8,471	8,405	7,193	4,335	2,613	1,944	311
Gross Fixed Assets	**5,654**	**24,662**	22,088	19,918	14,665	11,374	8,390	5,132	4,641	4,314	736
Net Fixed Assets	**3,542**	**15,448**	15,396	14,973	11,173	9,233	6,585	3,600	3,368	3,338	607
Total Assets	**6,733**	**29,369**	28,156	24,388	19,536	15,038	11,529	8,121	6,083	4,880	1,046
Market Capitalisation	**7,645**	**33,346**	12,176	16,518	14,395	9,783	12,027	10,718	4,388	6,656	906
Number of Employees	**–**	**15,912**	16,640	17,375	16,778	14,255	12,560	11,873	11,944	11,940	9,066

Key indicators

	1999-2000 $	1999-2000	1998-99	97-98	'96-97	'95-96	'94-95	'93-94	'92-93	'91-92	1985
Earnings Per Share - Rs.	**0.50**	**22.4**	18.0	17.6	14.4	14.0	11.7	9.05	6.55	5.4	6.9
Cash Earning Per Share - Rs.	**0.80**	**34.6**	27.1	24.7	18.8	17.6	14.8	13.05	12.25	11.7	10.6
Sales Per Share - Rs.	**4.42**	**192.7**	155.9	143.6	94.8	85.0	77.0	84.05	83.45	97.1	70.5
Book Value Per Share - Rs.	**2.98**	**129.9**	129.8	128.3	92.0	89.5	79.0	68.0	53.0	63.9	29.5
Debt : Equity Ratio	**0.82:1**	**0.82:1**	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 %	**23.4**	**23.4**	22.8	21.5	22.3	22.5	23.1	21.7	22.6	19.5	19.0
Net Profit Margin %	**11.8**	**11.8**	11.7	12.3	15.2	16.8	15.2	10.8	7.8	5.5	9.7
RONW % *	**21.8**	**21.8**	19.0	21.6	22.3	25.3	23.5	18.2	20.7	17.1	30.5

1 US$ = Rs. 43.62 (Exchange rate as on 31.3.2000)

All references to $ are to US Dollars

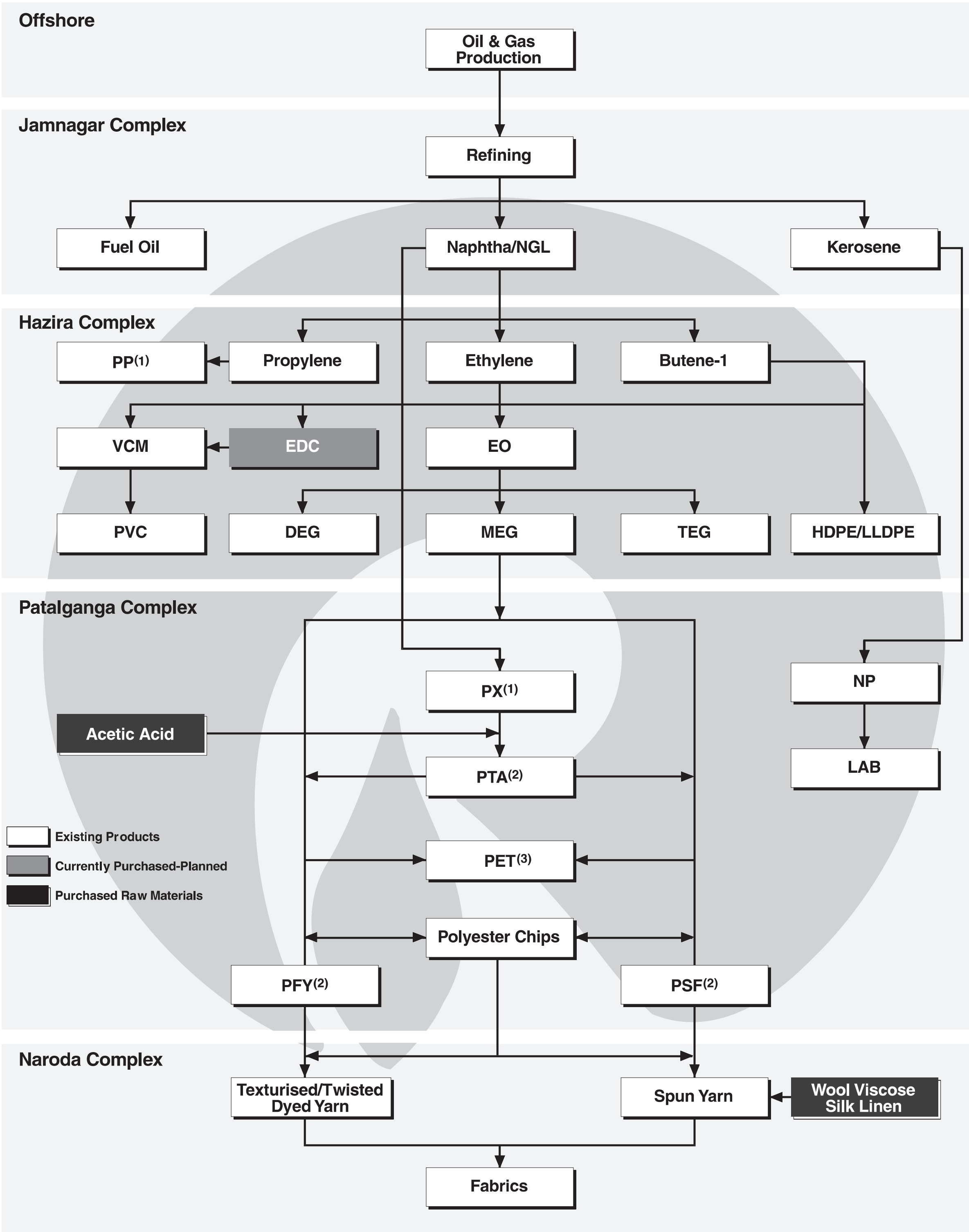
Per share figures upto 1996-97 have been recast to adjust for 1:1 bonus issue in 1997-98.

***** Adjusted for CWIP and revaluation

India's Largest Selling Brands

Business /Brand	Product	Brand Logo	End Uses	Technology Partner
Polyesters			Apparels, Home textiles	E.I. DuPont, USA
Recron	Texturised Yarn Twisted/Dyed Yarn Polyester Staple Fibre (PSF) Polyester Filament Yarn (PFY) Polyester Fibre Fill (PFF)		Industrial sewing threads, Automotive Upholstery Sleep Product : Pillows, Cushions, Toys, Quilts, Mattresses	
Relpet	Polyethylene Terephthalate (PET)		Packaging-water, soft drinks, beverages, confectionary	E.I. DuPont, USA/Sinco, Italy
Polymers				
Relene	High Density Polyethylene (HDPE)		Packaging-woven sacks, films, containers, Household-luggage Industrial crates, pallets, gas pipes, ropes, Agriculture-water pipes	Novacor, Canada (earlier DuPont, Canada)
Reclair	Linear Low Density Polyethylene (LLDPE)		Packaging-films, squeeze bottles. Household-lid and caps, water tanks, Industrial-storage containers, liners, cable sheathing. Agriculture-drip irrigation	
Repol	Polypropylene (PP)		Packaging-Woven sacks, TQ and BOPP films, containers, strappings Household-Bathware, Kitchenware, Furniture, Industrial-Dashboard, bumpers, grills, fender, other plastic components	Unipol
Reon	Polyvinyl Chloride (PVC)		Pipes and fittings, profiles, films and sheets, bottles containers, wire and cables	Geon Company, USA (earlier B.F. Goodrich, USA)
Chemicals				
Relab	Linear Alkyl Benzene (LAB)		Detergents	UOP, USA
Fibre Intermediates	Paraxylene (PX)		Raw material-PTA	UOP, USA
	Purified Terephthalic Acid (PTA)		Raw material-Polyester	ICI, UK/Du Pont
	Mono Ethylene Glycol (MEG)		Raw material-Polyester	ABB Lummus Crest, Netherlands (Shell Process)
Textiles				
Vimal	Suitings, Shirtings, Dress material, Sarees		Apparels	
Harmony	Furnishing fabrics, Day curtains Automotive upholstery		Furnishings, home textiles	
SlumbeRel	Fibre filled pillows and sleep products		Sleep products	E.I. DuPont, USA
RueRel	Suitings			
Reancé	Readymade Garments			
Oil and Gas	Crude Oil and Natural Gas		Refining, Power, Fertilizers and Petrochemicals	Enron Oil and 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) Plant also operational at Jamnagar Complex (2) Plant also under operation at Hazira complex (3) Plant operational at Hazira Complex.

Management Discussion and Analysis

Forward-Looking Statements

This report contains forward-looking statements which may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "projects," "estimates" or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The company's actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Overall Review

Reliance Industries has maintained its leadership position in the Indian private sector, in terms of total revenues, profits, assets and net worth, for the year 1999-2000.

Several new records have been set this year.

Reliance has become the first company in the private sector in India to report sales exceeding Rs. 20,000 crores ($ 4.6 billion).

Reliance has also become the first private sector company in India to report gross profit exceeding $ 1 billion - Rs. 4,746 crores ($ 1,088 million) - and net profit exceeding half a billion dollars - Rs. 2,403 crores ($ 551 million).

Total Assets have increased to nearly Rs. 30,000 crores ($ 6.7 billion).

Reliance has completed its new integrated petrochemicals complex at Jamnagar, ahead of schedule, and within the estimated capital outlay of Rs. 5,500 crores ($ 1.3 billion).

The Jamnagar complex houses the world's largest 1.4 million tonnes per annum paraxylene plant, and 6,00,000 tonnes per annum polypropylene plant.

The new facilities have increased Reliance's total capacity by 50%, from 6 million tonnes per annum to over 9 million tonnes per annum, and significantly enhanced the degree of vertical integration.

Reliance is now ranked amongst the top 10 producers globally, in almost all its products.

Reliance's sales have remained largely directed at the vast home market in India - over 90% of production has been sold within India, enabling Reliance to maintain its leading market shares in all its products.

Reflecting the global competitiveness of Reliance's operations, exports (including deemed exports) this year have increased 164% to Rs. 1,811 crores ($ 415 million).

Earnings Per Share (EPS) have increased to Rs. 22.4 ($ 0.50), and Cash Earnings Per Share to Rs. 34.6 ($ 0.80), on the fully diluted equity share capital of Rs. 1,054 crores ($ 242 million).

The broader environment was more positive this year, with Asian economies rebounding, and reporting positive GDP growth, accompanied by generally low inflation and stable foreign exchange rates.

The Indian environment, too, remained positive, with GDP growth above 5%, inflation maintained at low, single-digit levels, and stability in the value of the Indian rupee.

The major challenge Reliance had to face this year was of dealing with a steep increase in the prices of major feedstocks, and significant volatility in the prices of all major products. Reliance successfully met this challenge, reporting superior all-round operational and financial performance.

Reliance has been awarded a total of 14 offshore oil and gas exploration blocks by the Government of India. Reliance's total acreage for oil and gas exploration now exceeds 1,00,000 square kilometers, off the country's west and east coast. This includes both, deep water and shallow blocks.

This has made Reliance Industries the leading E&P (oil and gas exploration and production) player in the private sector in India.

Review of Operations

Reliance has once again set new production records during the year, with production volumes surpassing all targets, and scaling a record 8.92 million tonnes - an increase of 26% over the previous year.

The business mix has remained largely unchanged, with polyester and polyester intermediates contributing 45%, polymers and polymers intermediates 36%, chemicals 16%, oil and gas 2% and textiles 1%.

During the year, Reliance has acquired control over the polyester manufacturing facilities of Raymond Synthetics Ltd., having capacity of 75,000 tonnes per annum.

Reliance has acquired control over aggregate polyester capacity of 1,40,000 tonnes per annum in the last 2 years. This has contributed to deeper market penetration, increase in Reliance's market share in the polyester business, expansion of the product range, and a higher degree of integration for the company's production of polyester intermediates.

Continued demand growth, and expansion of the domestic markets, has ensured that over 90% of Reliance's sales revenues were derived from domestic sales.

Reliance's major products find wide application in diverse and fast growing areas, including agriculture, household sector, clothing, automobiles, consumer goods, electronics, food and beverages, computers and telecom.

Substitution of alternative materials, and new product applications, have remained the key drivers for demand growth.

Reliance has significantly increased its production of speciality grades of its various products, in the polyester and polymers businesses. This has contributed to differentiation of Reliance from other commodity producers, enabled entry into new markets, and enhanced the overall value proposition for customers.

During the year, Reliance's production of speciality grades ranged from 10% to 40% of the volumes in the respective product groups.

Reliance's extensive marketing and distribution network, international product quality, product development efforts, strong customer bonding, and competitive pricing approach, have ensured that imports into the country for Reliance's products have remained at marginal levels.

Financial Review

Sales increased nearly 40% to Rs. 20,301 crores ($ 4,654 million) for the year ended March 31, 2000. Sales volume growth contributed 22%, and the increase in average product selling prices contributed the balance nearly 18%.

Sales included inter-divisional transfers of Rs. 4,454 crores ($ 1,021 million). Net external sales for the year were up 54%.

Export revenues (including deemed exports) increased 164% to Rs. 1,811 crores ($ 415 million). This included Rs. 333 crores ($ 76 million) towards merchant exports, representing exports of petroleum products under long term arrangements with Reliance Petroleum Ltd. (RPL).

Gross profit (earnings before interest, depreciation and taxes) for the year increased 43% to Rs. 4,746 crores ($ 1,088 million).

The operating profit, excluding other income, was Rs. 4,059 crores ($ 931 million).

The operating margin improved from 18.6% to 20%, as a result of strong volume growth, higher product prices mitigating higher operational costs, gains from productivity, cost control and operational efficiencies, higher degree of integration and value addition, and rationalisation of customs duties.

Other income increased 13% to Rs. 687 crores ($ 158 million), mainly as a result of higher yields on cash balances and investments. Other income was largely comprised of interest and dividends.

Interest expense increased 38% to Rs. 1,008 crores ($ 231 million), and depreciation increased 50% to Rs. 1,278 crores ($ 293 million), consequent upon capitalisation of new assets, and a change in the method of charging depreciation.

The increase in interest expenses is after setting off the impact of considerable interest savings achieved during the year, by refinancing higher cost borrowings, to take advantage of the declining interest rate environment in the domestic capital markets.

Interest expense capitalised has come down from Rs. 363 crores ($ 86 million) to Rs. 268 crores ($ 61 million).

The corporate tax liability for the year was Rs. 57 crores ($ 13 million), as a result of the imposition of a Minimum Alternative Tax (MAT).

Net profit was up 41% at Rs. 2,403 crores ($ 551 million).

Capital expenditure during the year was nearly Rs. 2,500 crores ($ 573 million), primarily on completion of the new Jamnagar integrated petrochemicals complex.

Resources & Liquidity

Reliance continues to maintain its conservative financial profile, as reflected in both, its domestic and international ratings.

The ratings of the company's long term debt were reaffirmed at "AAA" from CRISIL, the highest rating awarded by the agency.

The company's international debt carries ratings of "BB" (positive outlook) from S&P, and Ba2 (positive outlook) from Moody's, the latter constrained by the sovereign ceiling.

Reliance's gross debt equity ratio, including (long term and short term debt) as at March 31, 2000 is a conservative 0.82:1. This is even after the completion of capital expenditure of nearly Rs. 16,000 crores (nearly $ 4 billion) by Reliance over the past 5 years, in its integrated petrochemical complexes at Hazira and Jamnagar.

Reliance's fully diluted equity share capital now stands at Rs. 1,054 crores ($ 241 million). There are no outstanding instruments, convertible into equity.

The company's equity position was strengthened by the exercise of outstanding warrants, which were converted into common share as per the terms of the original offering, thereby adding Rs. 900 crores ($ 206 million) to net worth.

The Company's net gearing as at March 31, 2000 was 38.6%, even as total assets increased to nearly Rs. 30,000 crores ($ 6.7 billion) during the year.

Cash and bank balances as at March 31, 2000 were Rs. 1,082 crores ($ 248 million). Foreign currency denominated investments and balances, as of the same date, were Rs. 2,125 crores ($ 487 million).

The company remitted approximately $ 800 million (nearly Rs. 3,500 crores) during the year from its foreign currency balances retained offshore. This was in line with the company's overall foreign exchange risk management policies, in the backdrop of rapidly growing export revenues.

The combination of cash balances and foreign currency denominated investments afford the company a substantial hedge against translation risk on its long term debt, as well as adequate standby liquidity.

The company's exports, and foreign exchange denominated oil and gas revenues, now represent a multiple of its annual debt service requirements vis-à-vis foreign currency debt, providing more than adequate coverage.

The company's exposure to direct increase in feedstock costs from devaluation of the rupee has also reduced, as it is presently importing only ethylene dichloride (EDC). With the commissioning of the refinery complex of Reliance Petroleum, the company is presently buying its principal feedstock i.e. naphtha domestically.

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. The average final maturity of the company's foreign exchange debt is 22 years.

During the year, Reliance demonstrated its financial flexibility and innovativeness by successfully exercising call options on its existing higher cost rupee debt, and refinancing the same by issuing debt paper in the domestic market, to take advantage of the declining interest rate environment.

Reliance repaid and exercised call options on domestic debt aggregating to Rs. 2,134 crores ($ 489 million), and issued a combination of fixed rate, floating rate and discounted securities aggregating to Rs. 1,522 crores ($ 349 million), with significant interest cost savings.

During the year, Reliance prepaid Rs. 1,000 crores ($ 229 million), nearly 6 years ahead of the average maturity period on its oil & gas securitisation transaction, which had been completed in the previous year.

The exercise of the call option has contributed to significant interest cost savings, even as the execution of the securitisation transaction has enhanced Reliance's financial flexibility, by establishing a standby source of liquidity for potentially more than Rs. 2,500 crores (nearly $ 600 million).

Reliance 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. In addition, Reliance issues short term debt in the form of commercial paper and unsecured bonds.

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 may be assigned to this instrument. As at March 31, 2000, Reliance had no commercial paper outstanding. The peak outstanding amount during the year was Rs. 595 crores ($ 136 million).

Reliance has significantly enhanced its pre-shipment export financing programme, owing to the substantial increase in exports. The year end outstandings were in excess of Rs. 570 crores ($ 131 million).

The combination of the above has enabled Reliance to significantly reduce the average cost of its short term debt.

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

Reliance's cash flows, at current year's levels, for less than 2 years, are adequate to extinguish its entire net debt.

Share Buyback Programme

Reliance has recently announced a share buyback programme for Rs. 1,100 crores (over $ 250 million) - the largest ever share buyback in India.

The objectives of the share buyback programme are to utilise a portion of cash flows to return cash to shareholders in a tax efficient, and investor friendly manner, while retaining adequate resources for the pursuit of attractive growth opportunities.

The allocation of an amount of Rs. 1,100 crores (over $ 250 million) for the share buyback, against the maximum available amount of nearly Rs. 3,000 crores, reflects this balanced approach towards utilisation of cash flows.

The share buyback is also intended to contribute towards improvement in Return on Equity (ROE), lower share price volatility - leading to a lower beta, reduction in weighted average cost of capital (WACC), and enhanced global competitiveness.

The share buyback is proposed to be implemented at a maximum price of Rs. 303 per share, representing a premium of 22% to the average trading price range of the Reliance share for the 52 weeks preceding the date of the Board of Directors meeting for the share buyback.

Reliance will judiciously deploy its resources within the specified price level, to contribute to maximisation of overall shareholder value.

Reliance has proposed to employ the transparent 'open market' purchases methodology for the share buyback programme.

As per prevailing regulations, Reliance will not be entitled to make a fresh offer of equity shares for a period of 2 years from the date of completion of the share buyback programme.

Opportunities

Reliance's growth over the past 2 decades has been sustained by the double digit growth rates witnessed in the domestic polyester and polymers markets.

Despite the sustained growth over the past many years, India's consumption of these products, at current levels, still remains very low on a per capita basis. China, for instance, consumes almost 3 times the polyester India does, and 4 times the polymers India consumes.

Compared to global per capita levels of consumption, the Indian numbers are even more modest. This reflects the significant potential for continued demand growth in Reliance's major products in the future.

Demand growth will continue to be driven by substitution of alternative materials, and new product applications.

Two significant government policy announcements recently made, have the promise of considerably further enhancing the demand for polymers in the country.

In the Union Budget for 2000-01, the excise duties on polymers have been cut from 24% to 16%. This has, for the first time, brought the excise duties on these polymers at par with alternative packaging materials, such as aluminium and glass.

This is likely to lead to a greater substitution of these traditional packaging materials by polymers, as consumer choice will be driven solely by product attributes, and not by artificial duty-based cost considerations. At the same time, lower end prices of polymers to customers will provide an additional impetus to demand.

In another major initiative, the government has relaxed the provisions of the Jute Packaging Material Act (JPMA) 1987, in March, 2000. The JPMA provided that 100% of foodgrains and sugar were to be packed in jute bags only, while a minimum 20% of urea had to be packed in jute bags.

With the recent relaxation, this limit for packaging of foodgrains and sugar has been reduced from 100% to 90%, and likewise, for urea, from 20% to 15%.

This has the effect of opening up a completely new market for polymers, as the packing of foodgrains and sugar stands opened to polymers for the first time in decades. This is likely to add significantly to domestic demand for these products.

With its international scale and integration of operations, demonstrated global competitiveness, leading domestic market shares, strong customer relationships, and extensive marketing and distribution network, Reliance is ideally positioned to benefit from the growing home markets for polyester and polymers.

Reliance has already announced plans to enhance its market leadership, through an appropriate mix of acquisitions, greenfield expansions, and debottlenecking of capacities, in these sectors.

Reliance also intends to capture the high growth opportunity in exploration and production (E&P) of oil and gas in the country. India is hugely deficit in both, crude oil and natural gas, and the Government has offered several incentives to attract the private sector players into this area.

Reliance's total exploration acreage for oil and gas exceeds 1,00,000 sq. kms., and it is now the country's leading E&P player in the private sector. Reliance will invest in this sector over the next few years, to capture this growth opportunity.

Reliance is pursuing significant opportunities in the emerging growth areas of power, telecom, and refining and marketing (R&M) of petroleum products, which have only recently been opened up to private sector participation. There is tremendous demand potential for products and services in these sectors in India.

Reliance's demonstrated project implementation strengths, technology absorption skills, sound financial position, strong investor franchise, and financial engineering capabilities, position the company ideally to sponsor these infrastructural projects.

The attractive growth opportunities in these new areas are being pursued through separate companies promoted by Reliance, namely, Reliance Power, Reliance Telecom and Reliance Petroleum.

Challenges

As in the past, Reliance has to contend with the threat of increased competition from overseas petrochemicals players, mainly from the Middle East and the Asia Pacific region.

Reliance's business strategies are designed to combat these perceived threats. Reliance has successfully followed a strategy of pre-emptively building world class, and globally competitive, capacities in the country, ahead of domestic demand.

Reliance has consistently delivered superior value to its customers. This, together with Reliance's strong customer franchise, and extensive marketing and distribution network, has enabled the company to successfully compete against the threat of exports to India from the largest petrochemicals producers in Asia, and the Middle East.

Reliance's continued domestic market leadership, even after the opening up of the Indian market to imports, and the steep decline in import duties, over the past several years, reflects the global competitiveness of its operations, and its unique position of strength in the Indian market.

To counter the threat of increased competition, Reliance has also adopted a strategy of consciously moving up the value chain, with a higher proportion of speciality grades in its output. This will differentiate Reliance from commodity producers, contribute to expansion into new markets, enhance margins, and deliver superior overall value to its customers.

Outlook

Reliance operated all its production capacities at full rates, to clock a record production volume of 8.9 million tonnes during 1999-2000.

Reliance is targeting to further increase its production to over 9 million tonnes during the year 2000-01. This partly represents the impact of full operation of the new PP and PX capacities at the Jamnagar complex, brought on stream during 1999-2000, and a further increase in overall production efficiencies across all manufacturing facilities.

RIL has already announced plans for doubling its polyester capacities through a mix of acquisitions, debottlenecking and fresh capacity creation, increase of PTA and MEG capacity in line with polyester expansions, debottlenecking of its cracker from 750,000 tonnes per annum to 1 million tonnes per annum of ethylene, and debottlenecking of PE capacities.

The additional capacities will be implemented at around 50% of the current replacement costs of comparable assets. This will ensure lower capital intensity and attractive returns through business cycles. New capacity creation will also have an increased focus on speciality products.

Reliance will endeavour to maintain, and enhance, its leadership position in the polyester and polymers business, while simultaneously pursuing attractive new growth opportunities in oil and gas, power, telecom, and refining and marketing of petroleum products.

Risks and Concerns

Reliance derives over 90% of its revenues from the Indian markets, and is potentially exposed to any risk of a significant shock to the Indian economy. A major shock to the economy can adversely impact demand for a large range of articles of basic consumption, indirectly affecting the growth in demand for Reliance's products.

Past experience indicates this to be a low area of concern, as Reliance's products have continued to grow at double digit rates during the last five years, at a time, when demand for many basic goods, commodities, and other economy sensitive products, suffered a setback owing to a slowdown in certain sectors of the economy.

Reliance has also managed its market risk, with rapid growth in export revenues over the past 4 years. Reliance's international quality products are widely accepted, by leading customers in developed markets, providing a measure of market diversification.

The petrochemicals industry is essentially global in nature, with unhindered and relatively low cost movement of goods in the international markets. A significant demand slowdown in the global markets, or a major setback to the global economy, may also adversely impact the demand and supply dynamics in the global petrochemicals industry, of which Reliance is an integral part.

Reliance is relatively insulated from this risk, owing to the strong and rapidly growing domestic markets for its products, and its ability to maintain its market leadership position in these markets.

All petrochemicals producers globally have to manage their exposure to the lead and lag trends in the prices of feedstocks and end products.

The prices of the basic building blocks, intermediates, and end products along the petrochemicals chain, generally move together, which means large price declines and increases normally tend to flow through the chain. In a shorter term perspective, owing to considerations of demand, product inventories and other factors, the price movements may not be synchronised, giving rise to lead and lag trends.

As a result, volatility in margins may be experienced by petrochemicals producers in the interim periods, when the feedstock prices and end product prices move out of synchronisation. This is more representative of times of significant volatility in prices, or abnormal demand and supply situations, in some of the feedstock and product markets.

Reliance is relatively less exposed to this risk than most petrochemicals producers, owing to its strategy of building a high degree of vertical integration into its operations.

Reliance has progressively reduced feedstock supply risks to the minimum, by adopting the vertical integration strategy, and reducing its exposure to relatively less liquid feedstock markets. After the commissioning of Reliance Petroleum Ltd. (RPL), Reliance has the ability to source its entire naphtha requirement from RPL, thereby removing the feedstock supply and quality risks earlier faced by the company.

Reliance's products are subject to certain levels of import tariffs. There is a risk of pressure on margins in the event of any steep decline in import tariffs.

Import tariffs have already been substantially reduced from levels of over 100% in the early 1990s, to the present levels of 5% to 35% for most of Reliance's products. Reliance also adopts competitive pricing policies. This provides for reasonable pricing flexibility, in the event of any decline in import tariffs.

A general decline in import tariffs will benefit Reliance on its imports of capital equipment, catalysts, stores and spares, etc.

Based on past trends, it is also expected that in the medium to longer term, the impact of any further decline in import tariffs will be offset by the annual depreciation in the value of the Indian rupee, as the benchmark landed price of imports would broadly remain unchanged.

Reliance's global competitiveness, and superior capital and operating cost position, will also enable the company to maintain its market leadership, in the event of any decline in import tariffs.

Reliance has raised foreign currency denominated external commercial borrowings for $ 1.3 billion. Any adverse movement in the value of the Indian rupee will increase the company's liability on this acount in rupee terms.

Reliance has adopted conservative foreign exchange risk management policies, in this regard.

The combination of cash balances, and foreign currency denominated investments, maintained by the company affords significant foreign exchange risk cover.

The company's rapidly growing export revenues, and foreign exchange denominated oil and gas revenues, provide more than adequate cover for the external debt service requirements every year.

The outlook for the Indian rupee is also now considered to be relatively stable. Historically, the Indian rupee has depreciated at an annual rate of around 5% over the past few decades.

In recent times, there has been a greater degree of stability. The country's official foreign exchange reserves have climbed to a record level of over $ 37 billion. For the year ended March 31, 2000, the Indian rupee has depreciated by less than 3% per annum.

Reliance operates a large number of complex manufacturing facilities, spread across 4 locations, having a significant degree of vertical integration, employing different technologies, and manned by over 15,000 personnel.

Reliance manages potential operational risks by adopting leading edge technologies, world class manufacturing practices, modern HRD (Human Resource Development) policies, and an appropriate HSE (Health, Safety and Environment) framework.

Reliance has further insured its assets and operations against a wide range of risks, as part of its overall risk management strategies.

Reliance continues to follow suitable strategies to positively modify its risk profile by eliminating and significantly reducing key business risks, and developing and implementing strategies to achieve the maximum possible degree of insulation from broad macroeconomic risks.

Adequacy of Internal Controls

Reliance has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.

The internal controls system is supplemented by an extensive programme of internal audits, review by management, and documented policies, guidelines and procedures. The internal control system is designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

The company's business ethics policy is an integral part of the internal control system. This policy sets forth management's commitment to conduct business with the highest ethical standards and in conformity with applicable laws. The business ethics policy also requires that the documents supporting all transactions clearly describe their true nature and that all transactions be properly reported and classified in the financial records.

The adequacy of internal controls is reviewed by the Audit Committee of the Board of Directors.

Business Review

Industry Structure and Developments

Reliance Industries is the leading producer of polyester, polyester intermediates, and polymers, in the country. Reliance has significantly enhanced its production capacities in the last decade, and is presently ranked among the ten largest producers in the world, in all its major products.

Polyester (POY, PSF, and PET)

Reliance is the 4th largest producer of polyester filament yarn (PFY), and 5th largest producer of polyester staple fibre (PSF) in the world.

Within the country, Reliance is the largest among over 40 polyester producers. Reliance leads the industry, with a market share of approximately 47%.

There is a significant gap in capacities and market shares, between Reliance and the second player in each product category.

Total production by the industry was up 5%, at 1.4 million tonnes in the year 1999-2000. Demand growth during the year was 7%.

The Indian polyester industry is completely fragmented, with the large majority of the producers lacking economies of scale, and integration. Reliance is the only fully integrated producer, with captive supplies of all key raw materials, namely, paraxylene (PX), purified terephthalic acid (PTA) and mono ethylene glycol (MEG).

Reliance is also presently the only profitable producer in the polyester business in India, as structural and other weaknesses have led to chronic losses for almost all other producers.

In keeping with the global trend towards consolidation, the Indian polyester industry is undergoing a phase of restructuring. Reliance has been playing a leading role in this process, and has acquired control over capacities aggregating more than 1,40,000 tonnes per annum, from several polyester producers over the last few years.

RIL's focus is on creating long term value through these arrangements, by leveraging its technological expertise, captive availability of raw materials, nation-wide marketing and distribution network, strong customer relationships, and healthy financial position.

Reliance has also announced, in June, 1999, its intention to double its total polyester capacity, in phases over the next three years, through a combination of acquisitions, fresh capacity creation, and debottlenecking of existing capacities.

This will enable the company to participate in the growth of the polyester sector in the domestic markets, and enhance its market leadership, as well as strengthening its overall competitive position.

No other polyester producer in the country has announced plans for any significant capacity expansions in the near term.

Reliance also operates a unique 30,000 tonnes per annum polyester fibrefill plant, for manufacturing "hollow fibres" specially designed for filling and non-woven applications.

Polyester intermediates (PX, PTA, MEG)

Reliance is the 3rd largest paraxylene (PX), and 6th largest PTA, producer in the world.

Within India, Reliance was the only producer of PX and PTA during the year, and the largest among 5 producers of MEG.

Reliance's aggregate market share in the polyester intermediates business was 87%. Total production by the industry was up 40%, at nearly 2.5 million tonnes in the year 1999-2000.

During the year, RIL commissioned the world's largest 1.4 million tonnes per annum PX plant at its new petrochemicals complex at Jamnagar. This has eliminated Reliance's dependence on imports of PX for consumption in its PTA plants, besides leaving a surplus for external sales.

RIL has announced plans to increase its PTA and MEG capacities further, in line with the announced increases in its polyester capacities, to maintain the overall level of integration in its operations.

A second player has entered the PTA market in the country after the close of the financial year, with capacity of 3,50,000 tonnes per annum.

Polymers (PP, PE and PVC)

Reliance is the 6th largest polypropylene (PP) producer, and 10th largest polyethylene (PE) producer (based on swing capacities) in the world.

Within the country, Reliance is the largest producer of polypropylene (PP), polyethylene (PE) and polyvinyl chloride (PVC).

There were 2 producers of PP, 4 for PE, and 6 for PVC in the country. RIL's market share in these products is 56%.

Total domestic output of these products was up 27%, at 2.3 million tonnes, during the year. Demand growth during the year was 7%.

Reliance completed its 6,00,000 tonnes per annum PP plant during the year, at its new, integrated petrochemicals complex at Jamnagar. This has taken Reliance's total PP capacity to a million tonnes per annum.

A new producer has entered the industry, after the close of the financial year, with PP capacity of 2,10,000 tonnes per annum, and PE capacity of 4,20,000 tonnes per annum. It is expected that a significant portion of the new capacity will be directed towards export markets.

Reliance has announced plans to debottleneck its PE capacities, as the same can be accomplished at marginal costs, significantly lower than replacement cost of new capacity. No other new capacities have been announced in PP, PE and PVC by any of the other players.

During 1999-2000, the Government of India (GOI), initiated the process for disinvesting part of its stake, and handing over management control, in Indian Petrochemicals Corporation Ltd. (IPCL) to a private sector company. IPCL is the second largest petrochemicals producer in the country. The process is currently underway.

Product-wise Performance - Polyester and Polymers

During the year, Reliance produced 6,58,000 tonnes of polyester products - PFY, PSF and PET. This represented an increase of 11% over the previous year, and surpassed the industry growth rate of 5%.

PFY production was up 14% at 2,67,000 tonnes, PSF up 19% at 3,17,000 tonnes, and PET up 10% at 74,000 tonnes.

Reliance's production of polyester intermediates (PX, PTA and MEG) during the year, was up 45% at 2.18 million tonnes, surpassing the industry's growth rate of 40%.

Reliance's PX production was up 300% at 6,63,000 tonnes, PTA production crossed the million tonne mark for the first time, increasing 17% to 1,150,000 tonnes, and MEG production rose 4% to 3,70,000 tonnes.

Reliance's production of polymers (PP, PE and PVC) during the year stood at 1.3 million tonnes, reflecting an increase of 27%. Reliance produced 6,33,000 tonnes of PP, 3,84,000 tonnes of PE, and 2,87,000 tons of PVC.

Cracker Products - Ethylene and Propylene

Reliance's cracker is the world's largest grassroots multi-feed cracker, and the largest operating naphtha cracker in Asia, with capacity of 7,50,000 tonnes per annum of ethylene.

Apart from Reliance, there are 4 other petrochemicals manufacturers in India, operating crackers for the production of ethylene, propylene and other co-products.

During the year, Reliance's cracker at the integrated Hazira petrochemicals complex produced 7,76,000 tonnes of ethylene, representing growth of 6% over 7,33,000 tonnes produced in the previous year. Propylene production touched 3,82,000 tonnes during 1999-2000, representing 2% growth over the previous year.

More than 90% of ethylene produced by the cracker is consumed by Reliance's own PE, PVC, and MEG plants, situated within the Hazira petrochemicals complex. The entire propylene produced from the cracker is consumed by the PP plant within the Hazira complex.

The switchover from imported naphtha feedstock for the cracker, to naphtha from Reliance Petroleum's refinery, was achieved this year in a smooth and well coordinated manner.

Cracker - Other Products

Reliance increased benzene production by 37% during the year, to 212,000 tonnes. This contributed to an increase in Reliance's market share to 47%. Part of the benzene is consumed captively for the production of LAB at Reliance's Patalganga complex.

The increase in production was partly owing to the completion of the aromatics complex at Jamnagar, with capacity to produce 1.4 million tonnes per annum of PX, leading to production of benzene as a co-product.

Benzene, like ethylene and propylene, is a basic building block in the petrochemicals industry, and is used in manufacturing major industrial chemicals like styrene, phenol, caprolactum (key raw material for nylon), LAB, and aniline.

Production of toluene declined marginally during the year to 58,000 tonnes from 61,000 tonnes last year, owing to differences in the composition of naphtha feed for the cracker. Domestic demand increased 14% during the year. Reliance's market share is 40%.

Reliance produces ultra pure toluene suitable for the manufacture of toluene di-isocynate, benzoic acid, and chloro toluene.

Reliance markets commercial butane as Liquefied Petroleum Gas (LPG) under the parallel marketing scheme of the Government of India. Reliance is the only private sector producer in India offering this product. Bulk LPG movement from the Hazira cracker was over 1,50,000 tonnes during the year.

In just two years of operation, 11% of the bulk LPG demand of the industrial customers and 70% of the bulk LPG demand of the private bottlers, is being met by Reliance.

Glass ceramics, automotive and textile processing industries are the major bulk industrial users of this product.

Private bottlers have benefited greatly from Reliance's entry in the market, as they are now able to reduce their dependence on much costlier imports.

Packaged LPG - Reliance Gas

Based on the availability of Commercial Butane from the Hazira cracker, Reliance Petroleum has entered the market for Packed LPG for the domestic sector, under the Parallel Marketing Scheme of the Government of India.

Reliance has already developed a customer base of over 400,000 retail customers for its packaged gas in the states of Maharashtra, Gujarat, Madhya Pradesh, and Rajasthan.

Over 2 million tonnes of LPG will become available for direct marketing from Reliance Petroleum's Jamnagar refinery, upon decontrol of the marketing of controlled refined products in the year 2002.

The marketing experience gained from the present marketing efforts in LPG is expected to help Reliance, as a group, expand its leadership in this sector.

Chemicals

Reliance produced 1,12,000 tonnes of LAB during the year. This represents a 12% growth over the previous year. Reliance leads the domestic market with a 34% market share. The current domestic market of LAB is around 2,70,000 tonnes.

LAB is used as an intermediate in the production of detergents.

Reliance continues to be the most competitive producer, and a preferred supplier in the domestic market, owing to its large economies of scale, backward integration, locational advantage, superior product quality, and strong customer focus.

Reliance produced 1,16,000 tonnes of normal paraffin during the year, representing 10% growth over last year's production of 105,000 tonnes. Most of the production was consumed captively for the production of LAB.

Oil and Gas

Reliance's oil and gas interests form an operating division of Reliance Industries.

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 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.

Reliance has been awarded 12 new, offshore oil and gas exploration blocks during this year, in a consortium with Niko Resources, Canada. The new blocks cover a wide range of geological settings, spanning shallow and deep waters. Reliance has a 90% stake in the consortium, and Niko has 10%.

Together with the 2 blocks awarded from the earlier rounds, Reliance now has 14 blocks, with a total oil and gas exploration acreage exceeding 1,00,000 sq. kms., off the West and East coast of India.

These blocks have been awarded through a process of open, competitive, international bidding, under the Government's New Exploration Licensing Policy (NELP). The NELP provides for several attractive fiscal, tax and other benefits.

Reliance will deploy state-of-the-art technology for the project, covering all activities, such as seismic studies, processing and interpretation of data, and drilling.

The Panna and Mukta fields are currently producing over 25,000 barrels of crude oil, and 2.5 million cubic meters of gas per day. Total oil production has increased by 10% to 8.71 million barrels in 1999-00, from 7.93 million barrels in the previous year, while gas production has registered 34% volume growth at 854 million cubic meters.

An expanded plan for development is under consideration by the JV. This envisages crude oil production of 30,000 barrels per day, and gas production of 3 million cubic meters per day.

Estimates of recoverable reserves from the Panna - Mukta fields have increased by 28% from 210 million barrels of oil and oil equivalent gas (MMBOE) to 269 MMBOE for the expanded development plan. The bulk of the increase has come from estimated gas reserves, which have gone up by 84%. The Joint Venture has plans to drill an additional three exploration wells, to probe the leads and establish the upside reserves.

The Tapti field has maintained production at 5.7 million cubic meters of gas per day. Estimates for inplace reserves from Tapti field have been revised upwards, by about 200% from 1.7 Trillion Cubic Feet of Gas Equivalent (TCFE) to 3.7 TCFE, based upon the results of drilling and 3D seismic interpretation. The new revised plan of development is at an advanced stage of discussions amongst the JV partners.

Textiles

The Indian textiles industry is highly fragmented. Reliance is India's largest synthetic textiles manufacturer. Reliance's textiles complex at Naroda, Ahmedabad, is one of Asia's largest and most modern textile mills. The complex also houses 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, Micro, and Slumberel. Vimal, Reliance's flagship brand, is India's largest selling brand of premium textiles.

Reliance's premium product quality ensures a ready export market for its textile products. Reliance's premium textile products have found acceptance even in the most demanding markets in the developed economies of the West.

The exports thrust was intensified during the previous year. A considerable breakthrough was made in markets like Europe, the US, Far East and West Asia. During the past 4 years, textiles exports have more than doubled to Rs. 76 crores ($ 17 million).

Many manufacturers in developed countries are exiting the textile business or relocating their textile manufacturing facilities owing to regulatory issues and expensive labour. This presents an excellent opportunity for manufacturers from countries like India, with a well developed industry and rich tradition.

During the year, a fillip was given to increase the reach of Reliance's products by augmenting the existing retail network, through owned as well as franchisee show rooms. The textile division's retail marketing services cell is actively involved in setting high performance standards for services in retail outlets.

Several new flagship stores and boutiques have been opened or identified for opening this year, in order to extend the reach of the company's nationwide marketing and distribution network.

This included 49 prestige shops and 22 prestige boutiques for the HARMONY range, India's largest selling brand for premium furnishing fabrics.

The annual HARMONY art show, hosted in April 2000 in Mumbai, has met with its usual enthusiastic response.

Among other significant developments, Reliance obtained ISO 9001 and 14001 certification during the year for all its textile operations.

Reliance Petroleum

Reliance Industries, together with its wholly owned subsidiary, Reliance Industrial Investments and Holdings Ltd. (RIIHL), holds nearly 50% of the equity share capital of Reliance Petroleum Ltd. (RPL), which is itself a separately listed and publicly traded company.

RPL's market capitalisation as on March 31, 2000 was nearly Rs. 26,000 crores ($ 6 billion).

RPL has completed its 27 million tonnes per annum (540,000 barrels per day) refinery - the world's largest grassroots refinery - at Jamnagar in Gujarat, ahead of schedule, and within the budgeted costs.

RPL's refinery has been set up at a globally competitive project cost of approx. Rs. 14,250 crores ($ 3.4 billion). The refinery's capital cost per tonne is around 30% to 50% lower than the per tonne capital cost of other refineries recently set up in the Asian region, by leading international oil companies.

RPL's refinery is among the most technically complex refineries in the world. This enables RPL to produce a higher value-added product mix, and enhances its overall competitiveness and profitability.

The refinery has been built adhering to the highest international standards of safety and environment protection, and has the technical capability to deliver products of international specifications, even beyond the Euro II norms.

This is among the few refineries in India which are capable of producing gasoline with less than 1% benzene content, and diesel with less than 0.05% sulphur content.

Based on full operating rates and commercial production, RPL is likely to achieve a turnover of over Rs. 25,000 crores (nearly $ 5.7 billion) per annum, placing it among the top five companies in India on all major financial parameters.

RPL's refinery accounts for over 25% of the country's refining capacity, and fulfills a major national priority, by substantially reducing the country's dependence on petroleum product imports, thereby providing a higher level of energy security and conserving valuable foreign exchange.

The domestic consumption of all petroleum products for the year 1999-2000 is expected to be 95.22 million tonnes, indicating growth of 5.1% over the previous year. The demand for diesel, which accounts for 41% of the total consumption, is estimated to have increased by 5% over the previous year. The demand for LPG and Naphtha has also grown at a brisk pace.

The total crude oil processed in all Indian refineries in 1999-2000 is estimated to be 86 million tonnes. This is 25.5% higher than 68.54 million tons processed during 1998-99. The completion of RPL's refinery has significantly altered the petroleum products demand supply situation in India. The net product import requirement, which was as high as 17.4 million tonnes in 1998-99, has come down to an estimated 8.6 million tonnes of net imports for the year 1999-2000.

RPL has an agreement with the major public sector oil companies, IOC, HPCL and BPCL, for off-take of its controlled products, namely, LPG, gasoline, aviation fuel, kerosene and diesel. Marketing of the controlled products is with these oil companies, during the transition period up to the year 2002. The Oil Co-ordination Committee determines the price realisation for RPL's production of controlled products, based on the principle of import parity pricing.

Reliance group companies consume approximately 25% - 30% of the total production of decontrolled products from RPL's refinery. These include, mainly, naphtha, reformate, propylene, kerosene and coke. Some of the decontrolled products like sulphur and a part of naphtha and coke are sold directly in the market.

Reliance Telecom

Reliance Telecom Ltd. (RTL), is a separate, unlisted company, from the Reliance group.

Reliance Telecom has two operating divisions, Reliance Mobile and Reliance Basic. Reliance Mobile provides cellular telephony services in thirteen states, namely, Madhya Pradesh, Bihar, Orissa, West Bengal, Sikkim, Assam, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram, Tripura and Himachal Pradesh.

Reliance Basic holds the license to provide fixed line telecom services in the state of Gujarat.

The territories under Reliance Telecom cover over 350 million people, nearly a third of India's population, and approximately 36 per cent of India's geographical area. The tele-density in these territories is amongst the lowest in India.

The license fees committed by Reliance Telecom, under the original bidding process, were the lowest on a relative basis, among comparable circles. Under the New Telecom Policy announced by the Government this year, Reliance Telecom has now opted to move from the fixed licence fees regime, to the revenue sharing model.

Reliance Telecom's licences will thereby be extended, from 10 years to 20 years for the cellular services, and from 15 years to 20 years for the basic services.

12 of the 13 states (except HP) under Reliance Telecom 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.

The state of Gujarat, where Reliance Telecom hold the basic services license, is considered to be one of the most attractive markets in India, with a high rate of industrial growth, high per capita income and low existing telephone penetration.

Reliance Mobile has covered 36 locations in the first phase of its cellular roll-out implementation programme. The subscriber base has increased by 135% to reach 70,000. The average revenues per customer are comparable with numbers for the metro areas in India.

Reliance Mobile is maintaining its focus on delivering the highest levels of customer satisfaction, and has established an extensive network of customer care centres in all its cities, with ready access to a centralised database.

Reliance Basic has commenced fixed line telecom services in the state of Gujarat in March 2000.

Reliance Power

Reliance Power intends pursuing attractive opportunities in the power sector, with the objective of achieving aggregate capacity of over 10,000 MW in the next 10 years.

Reliance is pursuing power projects holding significant potential for feedstock linkages, thereby enhancing the value addition across a broader spectrum of the energy chain.

Reliance already has substantial experience in power generation, having implemented power plants at all its manufacturing sites. The aggregate power generation capacity, for captive consumption, at the various manufacturing locations at Naroda, Patalganga, Hazira, and Jamnagar, is over 800 MW.

Reliance Power has recently agreed with Southern Energy Asia-Pacific Limited, formerly Consolidated Electric Power Asia Limited (CEPA), to jointly develop the 3,960 MW coal based thermal power project at Hirma, in the state of Orissa, India. Reliance and CEPA have signed a Joint Development Agreement to develop the project with equal interest.

This will be one of the largest independent power projects ever undertaken in the country. Coal mines in the Ib Valley will be tapped to provide more than 19 million tonnes per annum of fuel. State of the art power generators will deliver electricity to the east, north and west of the country, along a power grid involving 3,300 km of transmission lines.

Electricity will be sold to the Power Trading Corporation, which in turn will sell it to power deficit areas, such as Madhya Pradesh and Gujarat in the west, and Rajasthan, Punjab and Haryana in the north.

The Ministry of Power and Power Trading Corporation are reviewing the Power Purchase Agreement and payment security structure. Tariff approval from the Central Electricity Regulatory Commission is awaited.

Reliance Power is independently actively pursuing several Independent Power projects (IPP) projects, and is currently developing several projects with an aggregate capacity of around 1,900 MW.

An amended Power Purchase Agreement (PPA) has been signed for the 447 MW Patalganga, Maharashtra project. Financial closure is likely to be achieved during this year.

The Techno-Economic clearance for the 500 MW Jamnagar, Gujarat project has been received from the Central Electricity Authority (CEA) during the year. This project, too, is expected to achieve financial closure during this year.

The PPA for the 500 MW Jayamkondam, Tamilnadu project was concluded last year, and activities to obtain various clearances have been initiated. The project is expected to move towards financial closure next year.

During the year, Reliance has been awarded a 375 MW lignite based project at Ghogha, Gujarat. Developmental activities have been commenced.

Reliance Power will also explore opportunities in the power transmission and distribution business, as and when the trend towards deregulation and privatisation of this sector gathers momentum.

Human Resources Development (HRD)

Reliance has always recognised its people as its key resource. The people of Reliance have been the driving force behind its success, its all-round performance, and its exponential growth. A few of the important accomplishments of the HRD function this year are described below.

Reliance as a Learning Organisation

Today in Reliance, learning is a continuous process. There is a recognition that individual, divisional and organisational growth is achieved through continuous learning, mastering change, and maintaining the competitive edge.

Reliance recognises that training and development, as well as continuous learning by individuals, is a necessity for organisational survival, growth and renewal, in the rapidly changing business environment.

Reliance believes that training can be a competitive differentiator.

Learning at Reliance is linked to organisation strategy and individual goals.

At Reliance, specialist training courses are available across the entire knowledge-skill-value spectrum. Some of the highlights of our learning initiatives are captured below.

Management Programme for Reliance Engineers (MPRE)

Reliance, in association with the Indian Institute of Management, Bangalore, has created a customised 18-week management course for engineers working in the company. This year, the fifth such batch successfully completed the course.

The MPRE course provides knowledge, skills, techniques, and managerial insights to engineers, based on the content and business framework relevant and specific to the needs of Reliance. So far, the course was focussed on Operations Management. Last year, participants were trained to excel in techno-commercial skills, oriented towards different facets of commercial management. On completion of the programme, participants were placed on a new career path in the commercial/ business function.

Training Matrices

The key to creating a cutting-edge organisation depends upon its ability to transform itself into a learning organisation. Reliance started from the fundamentals, determining what to learn and how to learn, at all levels of management. Consequently, the concept of knowledge, skill, and ability (KSA) matrices was born, which helped to evolve the following :

- KSA required to do the present job
- KSA required to do the present job better
- KSA required to prepare for the next job

As a starting point, KSA matrices were prepared for all managerial positions. These helped individuals to determine the gaps in terms of "current" and "required" KSAs. These, in turn, led to the concept of Individual Needs Assessment (INAs). INAs are uncovered, based on the gaps between current and required KSAs for every manager. INAs are classified as -

- functional
- cross-functional
- soft skill based
- conceptual

These also form the basis for career progression. While functional skills are a must for growth at lower levels, it is the existence of the other three skills that ensure advancement at higher levels.

Working out INAs is a continuous process at Reliance. There are a large number of training modules that are being used to augment the KSA gaps that have been identified. Most of the training is conducted at our state-of-the-art learning centres at the sites.

Site Learning Centres

Our Learning Centres at Patalganga, Hazira, Jamnagar, and Thane coordinate and implement the plant-wise training efforts. They act as the fountainhead of all training activities at the location, including coordination of the annual INA exercise, development of training programmes in consultation with line/ staff management, publishing of training calendars, developing the content, identifying faculty, organising and conducting the programmes, feedback and evaluation, etc.

Reliance believes in self selection for the training process. Much of the self-study material is available through the intranet. Trainees are able to register online, and credit is accorded to trainees for spending time online. Reliance Gyan Mandir is a learning portal that provides industry specific data, public documents provided by process licensors, and access to Reliance libraries at sites.

Plant Training Teams

Plants and departments have constituted training teams headed by plant/department heads, plant training coordinators (PTCs) and section training coordinators. The role of the PTC is as follows :

- additional responsibility for training & development of everyone in the plant
- updating current KSA matrices
- updating training manuals and modules
- coordinating annual INA process
- publishing Plant Training Calendars
- updating individual training records & feedback

Human Resource Support Systems (HRSS)

"Information is Power"

In order to provide an online HR information system, a virtual Human Resource ERP model was evolved and developed in-house, and is being implemented. This is a dynamic, interactive and online HR Support & Information System, which operates in real-time. It will be a treasure trove of information when fully operational.

Phase I consists of modules on recruitment, joining, confirmation, deputation, transfer, separation, etc. This has eliminated the traditional Personal Administration systems such as timekeeping, leave administration, etc. Phase II consists of Performance Appraisal, Potential Appraisal, Training, etc.

Performance Management Systems

New Performance Appraisal System

A new appraisal system has been implemented for the year 1999-2000. The classic objectives of performance appraisal systems are twofold -

- rewarding employee merit and contribution
- development through identification of training needs and implementation

In order to do away with the subjectivity in performance appraisal, Reliance, in a unique endeavour, has evolved a two-tiered integrated performance management system. The first tier of this system is based on Key Result Areas (KRAs) linked by measurable parameters to Plant, Departmental and Functional objectives. For each employee, an individual performance matrix has been evolved with credit and debit points linked to pre-set, quantified targets. Progress is tracked online through a computerised Individual Performance Diary. This tier focuses on rewards.

The second tier consists of assessment of a set of carefully evolved and defined, cadre-based key managerial dimensions. The focus of this tier is on development, through assessment of gaps in behaviour.

This Appraisal system reflects synergies in organisational performance, that are created largely due to joint efforts and teamwork across departments, function and levels. At the same time, the system also encourages individual excellence and value addition through projects, assignments, and tasks aimed at tapping every individual's full potential.

Mapping of Individual Career Paths

A systemic exercise of developing individual career paths, in sync with KSA matrices and key managerial dimensions, has been undertaken for middle and senior level managers.

The process involves mapping of career paths with actual jobs and roles defined with time frames for realising the potential, at different career points. Interventions include job rotation, training, and special assignments for augmenting identified gaps vis-a-vis what is required for progressing to the higher job.

Cross-functional exposure is a prerequisite for progression beyond certain levels, particularly for occupying senior level jobs in General/ Operations management. Career progression by way of promotion / upgradation is a systemic process, undertaken centrally to ensure consistency and uniformity across the entire organisation.

Quality

The Quality Policy of Reliance speaks unequivocally of "Total Customer satisfaction in terms of Quality and Services for the entire range of our Products".

Reliance's increasing exports, and consistent success in selling more than 90% of its products in the domestic markets, despite the opening up of Indian markets to imports, and steep lowering of import tariffs, demonstrate the international quality of Reliance's products.

There is a constant reference to customers' satisfaction in all activities undertaken by all Reliance employees. Proactive efforts are carried out to determine customers' requirements. Subsequent efforts are directed not only towards satisfying the customers, but delighting them.

Customers' complaints, however small, are resolved at the earliest by a uniquely designed quality assurance procedure under ISO 9000. To ensure promptness in carrying out remedial actions, the communications are built in on-line systems. The field staff under Technical Services is the first point of contact with customers, however big or small.

Reliance has commissioned automated product handling systems at its manufacturing complexes to ensure that manual handling of products is avoided and mix-ups/handling damage to products are prevented. All relevant information, including process data, is made available on the Intranet leading to faster decision making and improved quality of products.

Advanced Process Control systems at all plants, and the use of advanced analytical instruments at sophisticated Quality Assurance laboratories, form the key elements of the Quality drive.

Reliance's Hazira manufacturing complex bagged the prestigious Golden Peacock National Quality Award instituted by the "Institute of Directors". The award was received at the 10th World Congress on Total Quality held at Mumbai during January 2000. The award was given to Reliance in recognition of its outstanding performance in the field of Total Quality Improvements.

In the quest towards Total Quality, Reliance reached a landmark when all its plants and four service departments were awarded the ISO-9002 certificates. Realising that excellence is a moving target, Reliance has decided to initiate Total Quality Management movement at Hazira, and take planned action for its successful implementation at all levels. The basic objective is to involve people at various levels for continuous improvement to attain excellence in everything that is done in the complex.

Nine business areas at the Hazira Manufacturing Complex have received ISO-9002 certification this year making a total of 16 such Certified areas in Hazira. The areas which received their certificates this year are PET, PSF, Cracker, Aromatics, PTA, PP, CES, QA/QC and Personnel, Administration and Human Resource Development.

At the Jamnagar Manufacturing Complex, a state of the art central laboratory with satellite labs at PP, Aromatics and MTF has been set-up to provide valuable support for monitoring the quality of products. The state of the art equipment in these laboratories include gas chromotographs, spectro photo meter, IC Engines for Cetane index/ RON/ MON, and on-line analyzers for sulfur, moisture, H2S.

The Jamnagar Complex also has state of the art computer programmes like Laboratory Information Management System that has an interface with DCS. These advanced systems provide all laboratory results and analysis reports to ensure that the overall quality standards are maintained.

Research and Development (R&D)

Reliance's ability to deliver value to its customers through its products and processes is a key competitive strength that differentiates it from other domestic and international producers competing in the Indian market.

Value is delivered by making available the largest range of product grades, providing world class quality products at extremely competitive rates, customising products and processes to satisfy the specific needs of the local markets and customers, and assisting the customers in serving their target markets in an effective manner.

Research and Development (R&D) efforts at Reliance revolve around new product development, quality improvements, and introduction of new applications.

The R&D activities at Reliance take place at different levels in the R&D departments of the respective plants, the Product Research and Application Centre (PARC) at Mumbai, the Reliance Technology Centre at Mumbai, and through the technical collaborations with several leading research institutes in India.

At present Reliance Technology Centre at Mumbai is focussed on product and process innovations with polymeric materials and fibres. Separate R&D groups, in the form of modules are being established for focussing R&D in different areas.

Reliance has recently entered into a long term Research Alliance Agreement with National Chemical Laboratories (NCL), Pune effective from August 1, 1999 to July, 2004. The agreement covers all petrochemicals/ chemicals related research and analytical initiatives.

As part of strategic planning, a full scale R&D centre set up at Hazira, has launched an extensive R&D program towards development of polyolefin catalysts. The approval of the Centre by the Department of Science and Technology is under progress.

Some of the important projects on hand at the Reliance Technology Centre are:

1. Speciality Fibres/Filaments based on polyesters (PET, PBT, PTT, blends & alloys, etc.) and Polyolefins (PP, HDPE, etc.):
   - Easy/ "Ecofriendly" Dyeable Polyester
   - "Spiral Crimp Hollow" for high filling power/resilience
   - PET/PP bicomponent S/P fibres and filaments for thermal insulation fabrics (replacing wool and acrylic)
   - COPET/PET or HDPE/PET bicomponent S/C fibres for thermally bonded non-fabrics
   - Flame retardant polyester
   - "High Bulk" POY through "asymmetric quench" technology
   - "Self-texturizing" POY
   - Low pill polyester
2. Speciality Polymer Resins & Compounds based on polyesters and polyolefins:
   - Slow crystallizing PET for extruded sheet applications (replacing glass)
   - "Dyeable PP"
   - Blends & alloys
3. Novel process technology, based on "oligomer" melt compounding, for dope dyed (black) polyester staple fibres.

   Besides the above initiatives, several developmental activities have been undertaken by the sites, by sponsoring research oriented projects, which are detailed below:

1. PTA waste water quality improvement: RIL has entered into an agreement with the M. S. University, Baroda to carry out research on biodegradability of PTA and paratoulic acid present in PTA plant effluent by anaerobic route.
2. Recovery of metals and chemicals from PTA plant effluent: RIL has entered into an agreement with UDCT, Mumbai, to carry out research on recovery of metals, mainly cobalt and other organic acids, in their usable form from PTA plant effluent. This will be a path-breaking step, as RIL will achieve "zero discharge" status on liquid effluent front. The products recovered represent cost saving potential of Rs. 3 crores per annum.
3. Kinetic reaction model of oxidation reactor: RIL and UDCT, Mumbai, are jointly developing real time kinetic model for the PTA oxidation reactor. It will predict the performance of reaction and hence the quality of product on line. This will result in high degree of product quality and consistency, in addition to an improvement in the reactor yields.
4. Value addition to the dry by-product: Efforts to minimize the iron pickup in the dry by-product generated in the VCM plant and removal of iron from the dry by-product are underway on a semi-commercial scale. If this project is successful, there will be potential to utilise this dry by-product as a fuel. This will be a technological breakthrough for disposal of this byproduct.
5. High Performance Coating Chemicals: In the PVC plant new alternative polymeriser coating has been commercially implemented in low K-value grades to improve the product quality specially with respect to film defects.
6. New Catalyst Recipe: Triple catalyst system has been successfully tried in pipe grade of PVC to improve the polymeriser productivity by reducing the reaction time.
7. New Generation Alternative Emulsifier: A new generation alternative emulsifier was tried and implemented in all the grades of PVC, in place of conventional primary emulsifier, to reduce PVC operating cost and COD of the effluent.
8. New grades in PP: 8 new polypropylene grades have been successfully launched and accepted well in the Indian market. These include grades for battery containers, automotive parts, fibres, rigid packing, extrusion coating raffia fabrics and furniture mouldings.
9. Development of high flow LLD grades: Reliance has developed the toughest high flow LLD grades in PE for master batch application for the first time in India. These grades have found high degree of acceptability in the Indian market in a short time.

   Besides this, the Product Application and Research Centre (PARC) at Mumbai has taken up several developmental tasks on its hands. These include:

   1. Sacks made out of PP for food grain and sugar packaging
   2. Material and technology development programs on customer driven projects: bumper/ dashboard

compounds/glass fibre reinforced PP/wood flour filled PP/ thermoplastic elastomers and valcanisates/ laminates for nitrogen flushed pouches/ refrigerator liners

3. Retrotable pouches from PP/ preservation films for fruits and vegetables

4. PP fibres and filaments: PP for geotextiles/ colouration of PP fibres/ low shrink PP fibres

5. Agri-films: Green house films/ mulch films from polyethylene

6. Development of cling, twist wrap, films from Repol and Relene on cast lines

Health, Safety and Environment

Reliance is committed to ensuring the health and safety of every person at its various locations, and protecting and nurturing the environment.

Reliance's Health, Safety and Environment (HSE) 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

Health

Reliance accords a very high priority to the provision of adequate medical services at all its locations, and places emphasis on the prevention of work related health hazards.

Senior health specialists, fully supported by qualified doctors and trained paramedical staff are available at all plant locations.

There is a continuing emphasis on upgradation of health standards, through improvement in production processes.

Health related activities at the Patalganga Manufacturing Complex this year, included Health Awareness Campaigns conducted to address common health concerns like heart diseases and back ache prevention. A unique hospitalization scheme was also launched. This scheme allows employees and their dependents to get treated in any of the 33 hospitals around Mumbai without any immediate cash outflow. This has provided emotional and financial security to the employees.

Activities at the Hazira Manufacturing Complex, in the area of Health included a 100% compliance of medical check-ups. Health audit, and a comparative study of interdepartmental health status, were also conducted, and based on the same, health ranking of the various departments was completed.

Handy pocket size laminated health cards giving all the relevant details of health check-up and investigation reports were issued to all employees at the Complex to ensure better Health Management. A physiotherapy unit fully equipped with Short wave Diathermy, Digital Ultra Sound, Electric Stimulator, Infra Red / Ultra Violet Lamp, Computerised Interferential Therapy, and various exercise equipment for treatment and early rehabilitation of employees suffering from muscle skeletal disorders, was established during the year.

At the new Jamnagar Manufacturing Complex, an active Health department has been set up for the overall benefit of all employees. A fully equipped Occupational Health & Family Welfare Centre (OHC) has been established at Jamnagar. The centre is equipped with state of the art equipment to provide the highest standards of health care to all personnel at the complex.

Annual medical check-up for all employees, and pre-employment examinations, are carried out in the centre, in addition to routine and emergency medical care for all the residents of the township. Medical services rendered by the OHC also include organisation of regular programmes of polio vaccination, eye and ENT camps, and malarial immunisation programs. All medical investigations at the centre are computerised to facilitate analysis of the history of patients.

The Naroda complex, too, houses a full-fledged health centre, with facilities for emergency and routine health care.

Safety

Reliance's Safety policy states - "the safety of persons overrides all production targets."

All plants are designed with the safety element foremost in mind. The following steps to promote safety have been initiated at all of 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.

Under the Responsible Care Initiative, the Hazira Manufacturing Complex regularly organises community safety awareness programs in the villages surrounding the complex. This comprehensive community awareness program is developed for explaining to the citizens, about in-built safety measures taken to avoid any contingency, and how the technical staff is always geared up to combat any emergency that may arise. Trained HSE staff also visit villages, even during the evening hours, to educate the people, and to increase awareness on Home Safety, Traffic Safety, First Aid Training, Environment Awareness, etc. Video films and leaflets on the subject are also distributed.

An offsite emergency plan rehearsal was conducted this year at the Hazira Manufacturing Complex under the guidance of the local administration. This rehearsal was organised as per the Off Site Emergency Plan of the Surat District. All Government agencies such as the Police Department, RTO, GPCB, Subdivisional District Magistrate, Factories Inspectorate, etc. participated in the rehearsal. Medical services and fire fighting Services of the neighbouring industries, and also the Surat Municipal Corporation, participated in the rehearsal. The Sarpanches (local leaders) of nearby village Gram Panchayats of Bhatlai, Vansva, Junagam and Suvali, and senior officials of neighbouring industries, witnessed the rehearsal and expressed their deep sense of satisfaction at the high level of preparedness.

The National Safety Council of India, a nationally reputed institution, conducted a Safety Audit of the Hazira manufacturing complex during October 1999. The safety audit was carried out to verify the status of Occupational Health and Safety in the operating plants, and to ensure the efficacy of all systems and procedures, work standards, safety practices, maintenance practices, statutory compliance, emergency preparedness, and employee safety awareness.

The Jamnagar manufacturing complex also remained committed to maintaining the highest standards of operational safety. An extensive safety audit was carried out by SIOP (Shell International Oil Products-Netherlands) for the entire plant, and results were found to be satisfactory. All personnel at the Jamnagar Complex are provided with protective equipment, and use of the same is constantly monitored to inculcate a safety culture.

The Jamnagar Complex has prepared an onsite emergency plan for efficient management of any possible situation. Mock drills are organised to familiarise the plant personnel regarding the steps to be taken during such emergencies.

The Jamnagar complex houses three fire stations that are manned round the clock. A fire training ground has been designed in house, with various modules, to impart hands on training in fire fighting. All operating personnel and the auxiliary fire squad have been trained.

The Jamnagar complex has been provided with mobile and fixed fire protection systems/facilities. A mobile van has been designed, constructed and commissioned with all necessary communication and rescue equipment to work as a field emergency control centre during major emergencies. A specialised Hydraulic Platform with boom of 30 meters height has also been procured for specialised emergencies like rescue operations and elevated height emergencies.

Personnel at the Naroda manufacturing complex performed a safety mime at the Gujarat State Safety Conference, organized by the Gujarat Safety Council, Baroda. This effort was well received. The Naroda Complex continued to excel in safety measures and kept up its record of lowest number of injuries and accidents amongst the textile mills operating at Ahmedabad.

Environment

As an integral part of its environment protection drive, Reliance employs proven, world class technologies 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.

The Hazira manufacturing complex has received the ISO - 14001: 1996 certification from the international certification agency, Lloyd's Register Quality Assurance (LRQA) for its Environmental Management Systems. Hazira is the only integrated petrochemicals complex in India to receive the ISO - 14001 certification for the entire complex.

The maximum water cess rebate was granted by Gujarat Pollution Control Board for the year 1998-99 to the Hazira manufacturing complex signifying their satisfaction with the measures taken by Reliance for treatment of waste water generated from various process plants.

The Hazira complex has also been honoured with the "Golden Jubilee Memorial Trust Award instituted by the South Gujarat Chamber of Commerce & Industry for an Outstanding Pollution Control Programme for the year 1998-99.

The Hazira complex was audited three times during the year 1999-2000, by the Gujarat Pollution Control Board's recognised auditors. The Board expressed their fullest satisfaction with the Environmental Management System developed, and pollution prevention and control measures taken by Reliance.

Other significant achievements of the Hazira Complex in the area of environment management included:

An overall 10% reduction in liquid effluent generation in Cracker plant;

Implementation of "Environmentally Conscious Plant" award system (an in-house competition in the complex) to promote environment awareness;

Usage of high efficiency emulsifier to reduce COD in effluent from PVC Plant;

Effluent load in PE-I reduction by 300 cum/day by recycling pump seal water;

Recovery of 3 TPH of steam condensate from reslurry heater in PE-I plant;

Phasing out of CFC based silicon spray used in POY spinning

Reduction of water consumption in POY cooling towers by 23 %.

The Patalganga complex has continued to meet the highest standards of environment protection, as in the past, and has satisfactorily passed all regular tests and audits.

The continued improvement in overall environmental performance achieved by the Naroda manufacturing complex is the key reason behind the complex's ISO 14001 certification. Naroda today houses the only composite mill in India with this prestigious certification.

The Jamnagar Manufacturing Complex has set up a state of the art effluent treatment plant to ensure the safety of the environment. This sophisticated and modern effluent treatment plant treats the effluents generated in the complex. Treated sewage, industrial effluent and stack emissions are extensively monitored regularly, to ensure that no harm is done to the environment. The complex ensures that all effluents meet specifications laid down in the statutory regulations. All emission/ effluent parameters are well within limits.

The complex's production processes have been designed to ensure that the products meet not just present norms, but even future environmental regulations without requiring any major modifications.

Reliance is committed to transform the arid land in and around the Jamnagar complex into a lush green environment with green belt and agroforestry plantations. Tree plantation, green belt and agroforestry plantations will cover about 2,200 acres of the total area.

Over 2.3 million trees have already been planted in and around the complex as a part of this initiative. The trees being grown in the complex are mango, teak, neem, guava and custard apple, among others. In all, over 200 species are being planted in the green belt. This diversity of plants and fruits slated to be grown in and around the complex will prove to be a source of pride for the environment friendly complex.

The Jamnagar complex has been designed in a way to ensure that groundwater is not depleted. Seawater is the source of water for the refinery complex. Seawater desalination plants meet all domestic and process water requirements. The Jamnagar operations will not affect the quality of air, surface water, ground water, seawater and soil. A well planned monitoring system has been set in place to monitor the quality of the environment.

Energy Conservation

Reliance has always focussed on energy conservation as a key component of its overall strategy for remaining globally competitive, by maintaining overall energy costs below comparable costs for its global peer group.

Energy costs are typically a significant cost in petrochemicals operations. The company's fundamental strategy for being globally competitive in terms of energy costs revolves around relying on captive power generation for all its complexes, and continuously working towards conserving energy and optimising its usage in all aspects of its operations.

Energy conservation measures are being taken up in the areas of steam, power and fuel consumption at all sites. The manufacturing sites depend on gas and steam turbines for power generation, and heat recovery steam generators and boilers for steam generation.

Consumption of power and steam in the process plants has been steadily brought down to below benchmark plant norms. Also, cheaper fuels are being utilised in the gas turbines and waste heat boilers, in order to improve fuel consumption.

Some of the measures to improve fuel efficiency include:

- chilling of inlet air to the gas turbines,
- operation at base load to realise minimum heat rates, and
- export of power to the state grid

During the year, 70 schemes relating to energy conversation were implemented at the various manufacturing sites. Some of these schemes include converting fixed speed motor drives to variable speed drives, change of cooling water fans from metallic blades to FRP blades, increase in process furnace efficiency by changing the air/fuel ratio, optimisation of CW header pressure drop, heat integration between waste heat streams and process streams requiring heat, and installation of photocells for lighting.

In addition to the above, 28 other schemes are at various stages of implementation relating to energy conservation in process plants.

Some of the more significant energy conservation initiatives and achievements at the Hazira and Patalganga complexes are discussed here.

The Hazira complex bagged the first prize in the National Energy conservation Award - 1999 contest instituted by the Ministry of Power, Government of India.

The energy index of the Hazira complex has come down from 2.45 Gcal/MT in 1998-99 to 2.26 Gcal/MT in 1999-2000.

The total cost reduction potential for all the energy saving schemes at their full potential, works out to Rs. 28 crores per annum.

Some of the major energy conservation schemes implemented at Hazira are listed below:

- Optimisation of modified plant air compressor operation in CPP, resulted into stopping of one compressor in POY.
- Scheme for utilising aromatics plant condensate as boiler feed water in cracker de-aerator to achieve savings in LP steam, power and chemicals.
- Implementation of quench water waste heat recovery and steam drum blowdown recovery in the cracker plant.
- Improvement in furnace efficiency to 85% by optimising air - fuel ratio in the VCM plant.
- Optimization of CP 1/2/3 and CP 4/5/6 HCT pump operation resulted into stoppage of 2 numbers of pumps - leading to savings of 324 MW of power per annum.
- Optimization of chilled water circulation pump during winter operation in POY plant resulted into power savings of 510 MW per annum.
- In POY plant, Dowtherm fuel consumption reduced by increasing the Dow condensate temperature from 280 deg. C to 285 deg. C.
- Additional schemes that are under progress/ implementation include revamp of solvent stripper column in PTA plant, replacement of conventional air washers with cell type air washers in POY plant, heat recovery from recycle cyclohexane stream to heat the hot flush flow for reduction of heat losses in PE plant, etc.

The Patalganga complex received the second prize from the Ministry of Power, Government of India in the National Energy Conservation Award - 1999 contest. The unit has been getting first prize for the last 3 years. This year, the first prize was awarded to the Hazira site.

A cost saving of Rs. 5 crores per annum has been achieved from energy conservation measures taken up at the cooling water, boiler feed water and LP steam system.

Some of the schemes that have been implemented at Patalganga are:

- Changing of connections from delta to star of under-loaded motors in PTA and LAB plants for maximum utilization of available power.
- Total recycling of process water in PTA plant for saving DM water and also reducing effluent generation.
- Saving in Boiler feed water in PTA plant by optimizing the operating pressure of condensate collection drum.
- Utilization of liquid byproducts from PX plants as fuel for gas turbine as well as for supplementary firing in HRSG.
- Power saving by virtue of replacement of conventional packs cleaning system by hydrotherm process in the polyester yarn plants.
- Additional schemes that are under progress/ implementation include installation of back pressure turbine to eliminate letdown of steam, optimization of LAB (FE) feed kerosene preheat train, GT inlet air cooling to lower the fuel specific consumption, and implementation of changes arising out of the pinch analysis study in the PX and PTA plants.

Community Development

Reliance's community development programmes are designed to meet the obligations of a responsible corporate citizen, and to support the development of the people in the neighbouring communities.

During the year, Reliance has made a contribution of nearly Rs. 8.5 crores ($ 2 million) towards the Sir Hurkisondas Nurrotumdas Hospital and Research Centre (HNH), located in the heart of Mumbai.

HNH is among the oldest hospitals in the city, with a history of 75 years of service to the society. The hospital has 330 beds, and the facilities are intended to be significantly upgraded to international levels, by installation of state-of-the-art equipment.

Reliance has contributed an amount of approximately Rs. 2 crores (approx. $ 0.5 million) this year towards support for the families of the martyrs of the Kargil conflict, and other related army welfare activities.

Other important initiatives by Reliance include the establishment of a modern 82 bed Dhirubhai Ambani hospital, and the setting up of the Jamnaben Hirachand Ambani school, at Lodhivali (Patalganga complex) to provide education to more than 2,000 students.

A fully equipped school is functioning at Hazira, with provision for education of more than 2,000 students. The school at the Jamnagar complex is located on an area of 6 acres, and has facilities for education of over 1,200 students.

Responding to a severe water shortage, the Jamnagar complex has recently arranged the supply of 16 lakh gallons of water per day, for the people of Jamnagar city. This is equivalent to nearly 700 tankers of water per day, and represents almost 10% of the water consumption of the city. Supply of water has also been commenced to affected areas in Rajasthan.

The Patalganga manufacturing complex has arranged the supply of potable water to nearby villages, provided financial support to Balwadis, and facilitated implementation of government schemes in nearby areas to promote education. The complex also constructed a civic centre in the Township for promoting social, cultural and educational interaction.

The community development initiatives undertaken by the Hazira manufacturing complex included the following:

- Extending financial support to Junagam for the construction of the school building;
- Organising sewing classes in villages, Damka and Suvali, throughout the year to provide training to 75 women;
- Extending financial support to Ichhapore Gram Panchayat for the construction of a Gram Panchayat Bhavan.
- Provision of mobile health services to the villages of Vansva, Rajgari, Mora, Suvali, Junagam, Bhatlai and Damka on regular basis. The health unit on wheels has rendered free treatment to over 5,800 needy patients in 7 villages spread over an area of 35 kms.

The following medical camps were organized during the year: diabetic/hypertension/ anemia detection camp, camp for orthopaedically handicapped persons, diagnostic and operative eye camp; camp for skin diseases; children health check-up camp; blood donation camp; and gynaecology/cancer detection camp for women.

The community development initiatives undertaken by the Jamanagar manufacturing complex included the following:

- Provided water facilities through a 3 Km pipe line and underground as well as overhead water tank to the village of Motikhavdi.
- Construction of Community Health Center, and providing mobile dispensary services and free medical facilities round the clock to all villagers at Motikhavdi.
- Extending financial support for construction of school buildings, community halls, medical camps, temples, roads, water tanks, in the neighbouring villages of Padana, Meghpar, Sikka, Mithapur, Nana Lakhiya, Nani Khavdi, Jogvad and Navagam.
- Provision of cattle fodder to the surrounding 8 villages for the year 1999-2000.

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.

During the year, Reliance saved Rs. 14,293 crores ($ 3,277 million) in foreign exchange for the country - representing an increase of 51% from the foreign exchange savings of Rs. 9,487 crores ($ 2,236 million) achieved in the last year.

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

Taxes Paid

Reliance is one of India's largest contributors to the national exchequer, primarily by way of payment of customs and excise duties to various government agencies.

During the year, Reliance paid a total of Rs. 3,719 crores ($ 853 million) in taxes and duties - representing an increase of 29% over the Rs. 2,893 crores ($ 682 million) contributed in the form of taxes and duties during the year 1998-99.

Reliance's payment of duties and taxes has risen consistently over the years despite the decline in the rates of custom and excise duties. This is on account of the continued growth in production and sales volumes.

Exports

Reliance's total export revenues, including deemed exports, increased 164% from Rs. 685 crores ($ 161 million) last year, to Rs. 1,811 crores ($ 415 million) during the year 1999-2000.

This represents an increase of 116%, from Rs. 685 crores ($ 161 million) to Rs. 1,478 crores ($ 339 million) for Reliance's own products.

Reliance has also entered into long term arrangements with Reliance Petroleum (RPL), for exports of various petroleum products. During the year, the company exported petroleum products worth Rs. 333 crores ($ 76 million) sourced from RPL.

Reliance's export revenues have increased more than 20 times in the past 4 years, from a small beginning of Rs. 86 crores ($ 25 million).

Reliance's exports, even at these levels, account for only around 9% of its total revenues.

Reliance's export revenues are likely to increase further to over Rs. 2,200 - 2,600 crores ($ 500 - 600 million) during the current year.

Reliance's requirement of its principal feedstock, namely, naphtha, can now be met entirely from the new Jamnagar refinery and petrochemicals complex. This will lead to the company turning into a net earner of foreign exchange during the current year.

Reliance's products are exported to every part of the world. Its international customers are based in the US, Canada, UK, Ireland, France, Germany, Spain, Netherlands, Italy, Greece, Belgium, Hungary, Australia, New Zealand, Argentina, Mexico, Chile, Brazil, Colombia, Hong Kong, Singapore, China, and several other countries.

Buyers of Reliance's products include some of the largest industrial companies and trading enterprises in the world, such as, Shell, DuPont, BP Chemicals, Wellman, Huntsman, Unifi, Mitsubishi, Mitsui, Sumitomo, Unilever, Samsung, LG International, Marubeni, Matsushita, and Acqua Minerale.

Reliance endeavours to export value added quality products to discerning customers, on considerations of superior economics. This is in line with the company's strategy of moving up the value chain by focusing on speciality products across its product categories and markets.

Based on current exports, Reliance already ranks among the top manufacturer - exporters from India, and is likely to emerge as the largest manufacturer exporter from the country in the future.

Corporate Governance

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance. The code is required to be implemented on or before March 31, 2001.

Reliance has voluntarily complied with a substantial portion of the code for corporate governance in the year ended March 31, 2000 itself.

Reliance has set new benchmarks in adequate and timely corporate disclosure, becoming the only Indian company, with its scale and complexity of operations, to regularly publish its audited annual results, together with the complete Annual Report, soon after the close of each financial year.

Reliance has taken the lead in having its accounts audited by a firm of international accountants, in addition to the regular audit by the statutorily appointed Indian auditors.

Reliance provides, as a matter of regular practice, a reconciliation of its quarterly and annual accounts with US GAAP, for the convenience of its wide base of international debt and equity investors.

Reliance was also the first Indian company to voluntarily initiate the process, of regularly making detailed presentations on current financial performance, to international and domestic debt and equity investors, including the leading government-controlled investment institutions in the country.

This has been appreciated as a welcome step in promoting corporate governance, given the large shareholding of the institutional investors in leading Indian corporates.

Reliance communicates corporate, financial and product information, online, on its website, www.ril.com. During the year, Reliance's website was rated amongst the most informative corporate Indian sites, by a leading international securities house.

Reliance has endowed a chair for Corporate Law and Governance, at the National Law School Of the 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.

Corporate Ethics

Reliance has a defined policy framework for ethical business conduct by its personnel.

The Ethics Policy 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.

These policies support the consistent endeavour to enhance the reputation of the company.

During this year, Reliance has become the first Indian company to voluntarily articulate its capital allocation framework, transparently disclosing the detailed guidelines followed by the company for utilisation of its cash flows towards capital expenditure, acquisitions, debt reduction, distributions to shareholders, and investments in affiliate companies.

A detailed report on Corporate Governance, in line with the SEBI prescribed format incorporated in the Listing Agreements follows:

1. Company's Philosophy on Code of Governance

Reliance's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its inter-actions with its stakeholders, including shareholders, employees, the government and lenders.

Reliance is committed to achieving the highest international standards of corporate governance.

Reliance believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

The Board of Directors of the Company is comprised of:

- 5 promoter, executive Directors
- 1 non-promoter, executive Director
- 2 independent, non executive, nominee Directors representing ICICI as lender, and GIC as investors, respectively
- 4 non-executive Directors (of whom 3 are independent).

Attendance of each Director at the Board of Directors meetings and the last AGM is as follows:

Director	No. of meetings Held	Attended	Last AGM Attended
D.H. Ambani	6	6	Yes
M.D. Ambani	6	4	Yes
A.D. Ambani	6	5	Yes
N.R. Meswani	6	5	Yes
H.R. Meswani	6	1	Yes
H.S. Kohli*	-	-	No
R.H. Ambani	6	6	Yes
M.L. Bhakta	6	5	Yes
Y.P. Trivedi	6	5	Yes
T.R.U. Pai	6	6	Yes
S. Venkitaramanan	6	5	No
U. Mahesh Rao	6	6	Yes

*Appointed as additional Director with effect from 1st April, 2000

Number of Board of Directors meetings held, and the dates on which held

6 Board meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows: 22nd April, 25th May, 8th July, 20th October in 1999, and 20th January, and 30th March in the year 2000.

The "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, the 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 persons' interests count as much as their own.

The "Code of Ethics" and the "Business Policies" are in alignment with Reliance's Values and Commitments. The essence 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.

The "Code of Ethics" policy document contains the 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

The "Business Policies" document contains the 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

The "Insider Trading Policy" document contains the policies prohibiting insider trading.

Information placed before the Board of Directors

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

The following information is already regularly placed before the Board, as will also be required in the future by SEBI's code for corporate governance:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of audit committee meetings.
- Information on recruitment and remuneration of senior officers just below the board level
- Material communications from government bodies
- Fatal or serious accidents, dangerous occurences, any material effluent, pollution problems.
- Details of any joint venture or collaboration agreement.
- Labour Relations
- Material transactions which are not in the ordinary course of business.
- Disclosures by the management on material transactions, if any, with potential for conflict of interest
- Quarterly details of foreign exchange exposures and risk management strategies
- Compliance with all regulatory and statutory requirements

3. Audit Committee

Reliance had already constituted an Audit Committee, comprising of four independent, non executive Directors in 1999:

Y.P. Trivedi, Chairman

S. Venkitaramanan

U. Mahesh Rao

T. R. U. Pai

The broad terms of reference of the Audit committee are as follows:

- Review of the Company's financial reporting process, and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit systems
- Review of risk management policies and practices

The Committee has met 4 times for the financial year ended March 31, 2000, as against the minimum requirement of 3 meetings. All the committee members were present for all 4 meetings, except Mr. T.R.U. Pai who has attended 1 meeting.

4. Remuneration Committee

Reliance has constituted a Remuneration Committee, comprising of 3 independent, non executive Directors:

M.L. Bhakta, Chairman

Y. P. Trivedi

U. Mahesh Rao

The Remuneration Committee is responsible for determining the compensation payable to the wholetime directors, based on performance and defined criteria.

The Committee has met once for the financial year ended March 31, 2000. All 3 members attended the meeting.

The remuneration policy is directed towards rewarding performance, based on review of achievements.

Details of remuneration to all the directors for the year:

The aggregate value of salary, perquisites and commission paid for the year 1999-2000 to Mr. D.H. Ambani, Chairman, was Rs. 5.09 crores, Mr. M.D. Ambani, Vice Chairman and Managing Director, Rs. 4.06 crores, Mr. A.D. Ambani, Managing Director, Rs. 4.06 crores, Mr. N.R. Meswani, Executive Director, Rs. 1.09 crores, and Mr. H.R. Meswani, Executive director, Rs. 1.09 crores.

The sitting fees paid for the year 1999-2000 to Mr. R.H. Ambani, Director, was Rs. 12,000, Mr. M.L. Bhakta, Director, Rs. 34,000, Mr. Y.P. Trivedi, Director, Rs. 50,000, Mr. T.R.U. Pai, Director, Rs. 14,000, Mr. S. Venkitaramanan, Nominee Director - ICICI, Rs. 20,000, and Mr. U. Mahesh Rao, Nominee Director - GIC, Rs. 20,000. No sitting fees was paid to any of the other Directors.

5. Shareholders' Committee

Reliance has constituted a Shareholders' Committee, comprising of M. L. Bhakta, Y. P. Trivedi, M. D. Ambani and A. D. Ambani.

The Committee will oversee the performance of the Registrar and Transfer Agents, and recommend measures to improve the level of investor services.

The company has authorised the Managing Directors and the Company Secretary severally to approve the share transfers.

The Board has designated Rohit C. Shah, Vice President and Company Secretary, as the Compliance Officer.

The total number of complaints received, and replied to the satisfaction of shareholders during the year, was 70,549.

Outstanding complaints as on 31st March, 2000 were 1,070. These have been attended/replied to by April 12, 2000.

The number of pending share transfers as on 31st March, 2000 was 1,667. These have been approved/dealt with by April 3, 2000.

6. General Body Meetings

Location and time for last 3 Annual General Meetings were:

Year	AGM	Location	Date	Time
1996-97	AGM	Birla Matushri Sabhagar, 19 Marine Lines, Mumbai 400020	26/6/97	11.00a.m.
1997-98	AGM	Same as above	24/6/98	11.00a.m.
1998-99	AGM	Same as above	26/6/99	11.00a.m.

No special resolution was put through postal ballot last year, and nor is any proposed for this year, as there is no procedure for the same presently.

7. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

There are no such transactions during the year.

8. Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None.

9. Means of communication

Half-yearly report sent to each household of shareholders

This will be done for the half year ending 30th September, 2000.

Quarterly results

The quarterly results are published in all leading national newspapers, and displayed on the corporate website, www.ril.com, alongwith the official news release, and the detailed presentations made to the media, analysts, institutional investors, etc.

The Management Discussion and Analysis (MD&A) is a part of the annual report, and each quarterly official media release.

10. General Shareholder Information

Detailed information in this regard is provided in the Shareholder Information section of this Annual Report.

Awards - Recognition of Excellence at Reliance

Reliance has received several national and international awards over the years, in recognition of its consistent performance, and the pursuit of excellence by its people.

Corporate recognition

Reliance has been named amongst the "World's 100 best managed companies" by Industry Week - a leading US magazine, in August, 1999.

Reliance was one of the two Indian companies to be included in Industry Week's 1999 list of the world's 100 best-managed companies. Reliance was chosen as one of the best managed companies thorough a rigorous selection procedure, highlighting its superior and consistent financial performance, and also its investment in such areas as research and development, new markets, employees and society.

Reliance has been selected as the "Leading Company in India", in December, 1999, in the Asia's Leading Companies Survey, of "Far Eastern Economic Review - AC Nielsen Research (Singapore)". Reliance was also rated as No. 1 on "Financial Soundness" and "Long Term Vision", and as No. 2 among "Companies others try to emulate", as part of this survey.

Recognition for the Chairman, Mr. D.H. Ambani

The Chairman of the company, Mr. D.H. Ambani has been conferred the "Indian Entrepreneur of the 20th Century" award in March, 2000 by FICCI (Federation of Indian Chambers of Commerce and Industries), for his meticulous scripting of one of the most remarkable stories of business endeavour of the 20th Century.

He has also been voted as the most admired Indian of the millennium in the field of Business of Economics in "Legends - A celebration of Excellence" poll audited by Ernst & Young for Zee Network, in January, 2000.

Mr. D. H. Ambani has been awarded the prestigious Dean's Medal in June, 1998, by the Wharton School, University of Pennsylvania, for setting an outstanding example of leadership.

Hazira Petrochemicals Complex

Awards/ recognition in the areas of Health, Safety, and Environment

British Safety Council National Safety Award for the year 1996 and 1999.

British Safety Council Sword of Honour for the year 1993-94. Reliance was placed among the safest 30 companies in the world by getting this award.

Five Star Rating Award (91.6%) for outstanding performance in the field of Safety & Health by British Safety Council, in the year 1994-95.

British Safety Council Award for Lowest Accident / Incident rate for the year 1992.

Federation of Gujarat Industries Award for Excellence in Environmental Preservation & Pollution Control for the year 1995 and 1999.

Golden Jubilee Memorial Trust Award instituted by South Gujarat Chamber of Commerce & Industry for Outstanding Pollution Control Programme for the year 1994-95, 1995-96 & 1998-99.

Gujarat Safety Council Award for Achieving the Lowest Disable Injury Index for the year 1993, 1995 & 1996.

Indian Chemical Manufacturers Association Award for Environmental Control Strategies & Safety in Chemical plants for the year 1995.

Indian Merchants Chamber Award for Outstanding Achievement towards control of Air & Water Pollution in Industry for the year 1994.

National Safety Award from the Ministry of Labour (Govt. of India) for the longest accident free period for the year 1991.

Award for Good Housekeeping

Baroda Productivity Council 1st rank trophy for Good Housekeeping Contest for Petrochemical Complex for the years 1993, 1995 & 1996.

Patalganga Petrochemicals Complex

Awards/ recognition in the areas of Health, Safety, and Environment

5 Star Grading (British Safety Council) - 1992, 1994 & 1996

Award of Honour (National Safety Council, (U.S.A.) - 1992, 1994 & 1995

Sword of Honour (British Safety Council) - 1992, 1993 & 1994

Directors' Report

The Directors have pleasure in presenting the 26th Annual Report and the audited accounts for the financial year ended 31st March, 2000.

Financial Results

		1999-2000			1998-99	
		Rs. Crs.	**US$ Mn***		Rs. Crs.	US$ Mn
Gross profit before interest and depreciation		**4,746.61**	**1,088.17**		3,317.54	781.89
Less :Interest		**1,008.00**	**231.09**		728.81	171.77
Depreciation	**2,533.59**			1,776.66		
Less : Transfer from General Reserve	**1,255.23**	**1,278.36**	**293.06**	921.62	855.04	201.52
Profit before Tax		**2,460.25**	**564.02**		1,733.69	408.60
Less :Provision for Taxation		**57.00**	**13.07**		30.00	7.07
Profit after Tax		**2,403.25**	**550.95**		1,703.69	401.53
Balance in Profit and Loss Account		**1,132.67**	**259.67**		1,047.89	246.97
Investment Allowance (Utilised) Reserve Written Back		**30.00**	**6.88**		–	–
Debenture Redemption Reserve Written back		**232.12**	**53.21**		–	–
Surplus Available for Appropriation		**3,798.04**	**870.71**		2,751.58	648.50
Appropriations :						
Capital Redemption Reserve		**192.12**	**44.04**		–	–
Debenture Redemption Reserve		**–**	**–**		204.50	48.20
General Reserve		**1,400.00**	**320.96**		1,000.00	235.68
Dividend on Preference Shares		**35.57**	**8.15**		23.39	5.51
Interim Dividend on Equity Shares		**384.65**	**88.18**		–	–
Recommended dividend on Equity Shares		**–**	**–**		350.16	82.53
Tax on dividend		**46.22**	**10.60**		40.86	9.63
Balance carried to Balance Sheet		**1739.48**	**398.78**		1,132.67	266.95
		3,798.04	**870.71**		2,751.58	648.50

* 1 US $ = Rs. 43.62 (Exchange rate as on 31-3-2000)

JAMNAGAR MANUFACTURING COMPLEX

During the year, the company has commissioned the paraxylene and the polypropylene plants at its Jamnagar manufacturing complex ahead of schedule and within the budgeted cost.

The company's Jamnagar manufacturing complex now houses the world's largest paraxylene facility of 1.4 million tonnes per year. Similarly, the polypropylene plant at the complex with a capacity to produce 600,000 tonnes per year also ranks amongst the largest in the world. These plants make the company the third largest paraxylene producer and fifth largest polypropylene producer in the world.

With the completion of the petrochemical manufacturing complex at Jamnagar, the company's total production capacity has increased by 50% - to 9 million tonnes.

Dividends

The Directors have declared an interim dividend of Rs. 4 per Equity share on 933757027 Equity shares of Rs. 10 each and pro-rata dividend of Re.0.92 per Share on 12,00,00,000 Equity Shares, for the financial year ended 31st March, 2000. The Interim Dividend will be paid to all those Equity Shareholders whose names appear in the Register of Members as on 25th April, 2000.

The Directors have also 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, 10.5% - 50,00,000 Redeemable Preference Shares of Rs. 100 each, 8.75-9.75% -117,12,000 Redeemable Preference Shares of Rs. 100 each, 9.50% -1,15,00,000 Redeemable Preference Shares of Rs. 100 each and 9.75% -65,00,000 Redeemable Preference Shares of Rs. 100 each which has been paid on 23rd March, 2000.

As no final dividend has been recommended on the equity and preference shares, the interim dividend, shall be fully adjusted as final dividend for the financial year ended 31st March, 2000.

Allotment of Shares

During the year ended 31st March, 2000 the holders of 7 (seven) 3.5% Convertible Bonds (FCCB) issued in international market have opted for conversion and accordingly the company has allotted 7624 Equity Shares of Rs 10 each. The company has also allotted 12,00,00,000 Equity Shares of Rs. 10 each against exercise of option by the warrantholders.

Energy, Technology and 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

During the year Reliance Ventures Limited has become a subsidiary company and Reliance Strategic Investments Limited has become and ceased to be a subsidiary company. 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 , Reliance Industrial Investments and Holdings Limited and Reliance Ventures Limited and the respective Auditors' Report thereon for the year ended 31st March, 2000, are annexed.

Fixed Deposits

The Company has not accepted/renewed any deposits during the year. Deposits of Rs. 0.31 crores due for repayment on or before 31st March, 2000 were not claimed by 524 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

Shri H.S.Kohli was appointed as an Additional Director designated as Executive Director with effect from 1st April,2000. He holds office until the conclusion of this Annual General Meeting and is eligible for reappointment. The company has received a notice under Section 257 of the Companies Act,1956, proposing his appointment as a Director, subject to retirement by rotation.

Shri Nikhil R. Meswani, Shri R.H.Ambani and Shri T.R.U. Pai, retire by rotation and being eligible offer themselves for reappointment.

Auditors and Auditors' Report

Messrs. Chaturvedi and Shah and Messrs. Rajendra and 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. 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 and 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, Banks, Government Authorities and Share Holders 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: 5th May, 2000

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. Optimization of cooling water consumption over the heat exchangers network in PTA and Energy centre which led to stoppage of one cooling water circulation pump along with one CT fan.
2. One Boiler feed water pump stopped after lowering the pressure drop in the system.
3. Elimination of double pumping raw water system by rerouting the pretreater outlet system feeding DMW system.
4. Replacement of metallic fin fans blades in PTA and PX by FRP blades resulting in lower power consumption.
5. Modification in LP steam header pressure control logic for maximum utilization of steam generated in PTA plant.
6. One each of two sets of pumps in PTA plant which were running in parallel without any standby was stopped, making efficient use of single drives which otherwise were operating at lower efficiencies.
7. Changing of connections from delta to star of under-loaded motors in PTA and LAB plants for maximum utilization of available power.
8. Optimum distribution of load on the two processes air compressors in PTA plant to arrive at minimum total cost towards energy consumption.
9. Utilization of PTA purification second crystallizes excess flash steam in process water heater after study of heat integration.
10. Total recycle of process water in PTA plant saving DM water and also reducing effluent generation.
11. Reduction in blow down water quantity in PTA plant steam drum by installation of automatic blow down system.
12. Saving in Boiler feed water in PTA plant by optimizing the operating pressure of condensate collection drum.
13. Pinch analysis studies carried out for process heat integration in PX and PTA plant.
14. Steam leaks index calculations developed for regular monitoring of steam leaks in the plants and taking corrective actions in time.
15. Optimizations of atomizing steam pressure in LAB plant.
16. PFY CP Quench AHUs-Cell deck type Air washers were installed and Cooling coils were relocated to save Refrigeration and Steam consumption and improve quench screen life.
17. Variable Speed drive provided on the FD fan motor of Dow vaporizer.
18. Modification of steam traps assembly in PX plant to reduce wastage of steam.
19. Reduction in nitrogen consumption in PTA plant by optimizing the purging flows.
20. Up-gradation of simulation package for better results on optimizing the process design.
21. Improvement in LAB plant FE APH design for saving on fuel.
22. Utilization of liquid byproducts from PX plants as fuel for gas turbine as well as for supplementary firing in HRSG.
23. Installation of photocells to optimize on plant lighting thereby

avoiding any unnecessary illumination.

24. Dow venting system optimization at PFY CP-I saving on Dow heat.
25. Power saving by virtue of replacement of conventional packs cleaning system by hydrotherm process.
26. Cooling cost reduction by replacement of water-cooled condensers by air-cooled condensers in all Dow vent condensate tanks in Fibre complex.
27. Reduction in O2 in flue gas of Dow vaporizer at RPU by 1.5%
28. Replacement of conventionally heated dryers by Heat of Compression Air Dryers.
29. More efficient pump installed for Dow Vaporizer at RPU.
30. Optimization of Compressed Air and Refrigeration System in Fibre Complex (1 MW).
31. Elimination of continuous blow down by the use of filming amines replacing the conventional three chemical treatments in boilers at EC.
32. Optimization in cooling water supply to MEG 3 plant led to substitution of a 900 KW pump by a 400 KW pump.
33. Providing insulation on make-up waterline to de-aerators in CPP to save 13 T/Hr LP steam in de-aerator.
34. Installation of moisture traps in cooler and moisture separator of plant air system in CPP to stop compressed air loss.
35. Optimisation of modified Plant Air compressor operation in CPP resulted into stopping of one compressor in POY.
36. During Silent Hours, AC unit operation optimised in MRS-3 building to save power of 550 kWh /Day.
37. Improved heat recovery of return condensate by cleaning of Raw Condensate - Treated Condensate Inter-changer in CPU has resulted into savings of 7 Tons / Hr. of LP steam in de-aerator.
38. Increased extraction of 40K steam in cracker plant from propylene refrigeration turbine, has resulted in decreased generation of 40K steam
39. Quench Water waste heat recovery and steam drum blowdown recovery in Cracker plant implemented
40. Steam from Fuel Gas Turbine exhaust to de-aerator has led to saving of 12K steam @10 T/Hr in Cracker plant.
41. After conducting study of Charge gas compressor circuit pressure, a line size was changed resulting in power saving of 350 kWh.
42. Use of TDP Xylene product pump for Toluene service during MSTDP unit shut down results in power saving in Aromatics plant.
43. Cooling water system audit conducted in PTA-1 plant to reduce the circulation rate, which resulted in stoppage of one pump.
44. Diversion of clean condensate from cooling tower to condensate drum and diversion of dirty condensate to cooling tower in MEG plant, has resulted in saving in fresh condensate generation
45. Furnace efficiency improved to 85% by optimising Air - Fuel ratio in VCM plant.
46. Condensate recovery system upgraded in PVC plant resulting in better condensate recovery
47. Utilisation of fuel gas in place of MP steam in PVC dryer has resulted in saving in fuel
48. Reduction of the excess air in the dowtherm vaporiser by density correction in PE plant has resulted in saving in fuel
49. Recovery of cooling water from PE-II pumps seal coolers.
50. Recovery of re-slurry heater condensate using pumping trap in PE plant.
51. DM water recycle in Palletizing Section in PP plant.
52. In PP Plant, 4 Nos. of motors of 110 kW replaced with 90 kW motor.
53. Optimization of Dow feed pump operation in POY utility to save power of 468.6 MW/annum.
54. CP/4/5 jet water pump optimization has resulted into saving of 420 MW/annum power.
55. Optimization of CP1/2/3 and CP 4/5/6 HCT pump operation has resulted into stoppage of 2 nos. of pumps to save 324.45 MW/annum power.
56. POY quench unit operation optimization has resulted in saving of 6744 MT/annum LP steam and 739.3 MW/annum power in the chillers.
57. Optimization of chilled water circulation pump during winter operation in POY plant resulted into power saving of 510 MW/ annum.
58. In POY plant, Dowtherm fuel consumption reduced by increasing the Dow condensate temperature from 280 DEG C to 285 DEG C.
59. Filter water saving in POY Cooling Tower by rerouting the once through cooling water to cooling tower.
60. Bypassing of draw Stand-1 Heating System in PSF draw lines resulted in saving of 262.8 MW/annum power and 10161.6 MT/annum LP steam.
61. In PFF, CP-8 cooling system audit resulted in stoppage of coolers of hot and cold condensate tank, stoppage of two out of four dow coolers of vent condensate tank; stoppage of glycolysis liquid dow system cooler; and stoppage of vent ejector system.
62. Optimisation of CP-7 cooling tower fan operation in PSF plant.
63. In PFF, optimisation of EG Recovery steam ejector resulted in saving in steam.
64. In PSF, optimization of condenser Fans of HCT and CCT in CP-7 resulting in stoppage of 4 Nos. 37 kW fans.
65. Stopping the TOW conveyer belt blower after crimper in PSF draw line.
66. Utilization of flash steam in PFF for 1.4 bar and 4.5 bar users.
67. Interconnection of New Spinning and Old Spinning AC Plants - saving of electrical energy/year is approx.1.8 lacs units.
68. Replacement of Aluminium fan by FRP fan in Sulzer AC Plant - saving of electrical energy/year is approx.20000 units.
69. Saving in water by re-circulation and recovery.

b) Additional Investments / Proposals, being implemented for reduction in Consumption of Energy: -

1. GT Suction air filter replacements to reduce pressure drops and improve GT heat rate to save fuel.
2. Diversions of flash steam from blowdown drum to CPP de-aerator to save 2 T/Hr. low-pressure steam in de-aerator.
3. Preheating quench water in GHU coolers in Cracker Plant to save about 7 T/Hr. LP steam.

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4. Naphtha pre-heating in Cracker plant being implemented to save energy of 5.6 Gcal/hr.
5. Additional 10" MP steam header to avoid let down 12 T/Hr. of HP steam to MP steam in Aromatic Plant during MSTDP unit shutdown.
6. Replacement of DH Column fans by FRP fans in PTA plant would result into power saving of 228 kW.
7. Revamp of solvent stripper column in PTA plant resulting in savings of LP steam by 4 T/Hr.
8. Trimming of carbonate pump impeller for lower flow for all MEG plants for power savings of 600 MWH/annum.
9. Condensate routing to feed pre-heater for all MEG plants resulting in savings of 1.5 T/Hr. of equivalent boiler feed water.
10. Optimizing VCM plant EDC Cracking Furnaces resulting in savings of 150 ksm3/annum of fuel gas.
11. Use of low-pressure flash steam in stripper in PE plant. Total LP steam savings 4 T/Hr.
12. Heat recovery from recycle Cyclohexane stream to heat the hot flush flow for reduction of heat losses in PE plant.
13. Use of variable speed drive for reactor feed pump in PE-II plant to save power of about 1620 MWH/annum.
14. Power savings by replacing conveying blower motors of both the lines in PP plant by lower rating motors. Power savings estimated at 320 MWH/annum
15. To modify the chilled water circuit in Polyester plant, bypassing the hot well and directly hooking plant return to chiller inlet. Power savings estimated at 350 kW.
16. In POY plant, replace conventional air washers with cell type air washers. Savings potential is 30 kWh/AHU.
17. In PSF Plant, improve drawline condensate recovery by taking the original flash tank in line. LP steam savings estimated at 7 T/Hr.
18. Scheme for utilising Aromatics plant condensate as boiler feed water in cracker de-aerator being implemented. Achieved saving in LP steam, power and chemicals.
19. Installation of back pressure turbine in place of existing letdown between 100 bar to 30 bar steam.
20. Optimization of LAB (FE) feed kerosene preheat train.
21. Gas turbine inlet air cooling to increase the capacity utilization and lower specific fuel consumption.
22. Recovery of methane from ETP plant for use as fuel.
23. Explore more efficient heat transfer equipment in polyester plants.
24. Implementation of modifications suggested by pinch analysis studies in PX and PTA plants.
25. SDY chips drying by dehumidified LP air instead of HP Nitrogen.
26. Installation of cell deck type Air Washers and Relocation of cooling coils to be done for AHUs of CP-2/3 to save refrigeration and steam consumption and improve the quench screen life.
27. Provision of variable speed drive for FD fans of new Dow vaporizer at RPU.
28. Study of old cooling water system at RPU so as to stop cooling water circulation pump.
29. Replace gland packing of chilled water pumps at RPU by mechanized seals.
30. Collection, polishing and reusing of steam condensate in CPP - @120000 M3 of DM water/year.

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

1. Changing over of cooling water supply for MEG#3 from CT# 1 to CT#3 has led to saving of Rs. 35 lacs/annum in CPP.
2. Providing insulation on make-up water line to de-aerators in CPP has resulted into savings of Rs.3 crores/annum
3. Installation of moisture traps in cooler and moisture separator of plant air system in CPP has led to savings of Rs.4 lacs/annum.
4. Optimisation of Plant Air compressor operation in CPP has resulted in power savings equivalent to Rs.78 lacs/annum.
5. During Silent Hour, AC unit operation optimised in MRS-3 building. This has led to power savings of 550 kWh/Day, equivalent cost savings of Rs. 4.41 lacs/annum.
6. Improved heat recovery from return condensate has given a savings of 7 Tons / Hr of LP steam in de-aerator. This has led to saving of Rs.3 crores/annum.
7. Direct utilization of Aromatics plant condensate as boiler feed water in cracker de-aerator would lead to total savings of Rs. 2 crores/annum in LP steam, power and chemicals.
8. Increased extraction of 40K steam in cracker plant from propylene refrigeration turbine has resulted into SHP steam saving 10 MT/hr, equivalent to Rs. 3.3 crores/annum
9. Quench Water waste heat recovery in Cracker has resulted into saving of Rs.1.7 crores/annum. Recovery of steam drum blowdown in Cracker plant has led to saving of Rs.0.5 crores/annum.
10. Steam from Fuel Gas Turbine exhaust to de-aerator has given a savings of 12K steam @10 T/Hr. in Cracker plant.
11. Naphtha pre-heating in Cracker plant would lead to saving of Rs.287 lacs/annum.
12. Increased line size of Charge Gas Compressor circuit in Cracker has resulted into power savings of 350 kWh equivalent to Rs. 1.4 crores/annum.
13. Use of TDP Xylene product pump for Toluene service during MSTDP unit shut down has led to saving on power consumption by Rs. 4 lacs/annum in Aromatics plant.
14. Reduce cooling water circulation in PTA-1 plant has enabled to stop one circulation pump. Saving through reduced power consumption is Rs.40 lacs/year.
15. Stopping of one Compressor in MEG plant during July and August has resulted into power saving of 153205 kWh, equivalent to Rs.1.65 lacs / Month.
16. Diversion of clean condensate from cooling tower to condensate drum and diversion of dirty condensate to cooling tower in MEG plant has led to savings of Rs. 24 lacs/annum.
17. Furnace efficiency improved to 85% by optimising Air - Fuel ratio in VCM plant.
18. Condensate recovery system upgraded. Energy saving is Rs.10 lacs/annum. And productivity increase by 0.3 to 0.5 MT per hour due to increased steam pressure in PVC plant.
19. Utilisation of fuel gas instead of MP steam in PVC dryer has resulted into savings of Rs.6 crores/annum.
20. Reduction of excess air in the dowtherm vaporiser by density correction has resulted into fuel saving of Rs. 6 lacs /annum in PE plant
21. Heat recovery from recycle Cyclohexane stream would lead to savings of Rs.40 lacs/annum.

22. Recovery of cooling water from PE II pumps seal coolers. Equivalent savings achieved Rs.5.15 lacs/annum.
23. Recovery of re-slurry heater condensate using pumping trap in PE plant would lead to recovery of LP condensate 2.5 T/Hr, equivalent cost savings of Rs.2.2 lacs/annum.
24. DM water recycle in Pelletising Section in PP plant has resulted into saving of Rs. 4.75 lacs/annum.
25. In PP Plant, 4 Nos. of motors of 110 kW replacement with 90 kW motor has resulted in savings of Rs.8 lacs/annum.
26. Optimization of Dow feed pump operation in POY utility has led to power saving of 468.6 MW/annum, equivalent to Rs. 11.57 lacs/annum.
27. CP/4/5 jet water pump optimization has resulted into power saving of 420 MW/annum, equivalent to Rs. 10.3 lacs/ annum.
28. Optimization of CP1/2/3 and CP 4/5/6 HCT pump operation has resulted into stoppage of 2 nos. of pumps. This has led to power saving of 324.45 MW/annum, equivalent to Rs. 8.0 lacs/annum.
29. POY quench unit operation optimization has resulted in 6744 MT/annum LP steam and 739.3 MW/annum power in the chillers, equivalent savings Rs. 50 lacs/annum
30. Optimization of chilled water circulation pump during winter operation in POY plant has led to power saving of 510 MW/ annum, equivalent to Rs. 12.6 lacs/annum.
31. In POY plant, Dowtherm fuel consumption reduced by increasing the Dow condensate temperature from 280 DEG C to 285 DEG C. This has resulted into fuel saving of 146 NM3/hr, equivalent to Rs 100 lacs/annum.
32. Filter water saving in POY Cooling Tower by rerouting the once through cooling water to cooling tower has resulted into saving of Filter water, equivalent to Rs. 8.7 lacs/annum.
33. Bypassing of draw Stand-1 Heating System in PSF draw lines has resulted in saving of 262.8 MW/annum power and 10161.6 MT/annum LP steam, equivalent to Rs 55 lacs/ annum.
34. In PFF, CP-8 : stoppage of coolers has resulted in cost saving of Rs 26 lacs/annum
35. Optimization of CP-7 cooling tower fan operation has resulted into saving of Rs. 1.2 lacs/annum
36. In PFF, optimization of EG Recovery steam ejector and stoppage of the ejector while EG Recovery in stopped condition has resulted into saving of 2234 MT/annum steam, equivalent to Rs. 13.51 lacs/annum.
37. In PSF, optimization of condenser Fans of HCT and CCT in CP-7 has led to cost saving of Rs. 32 lacs/annum
38. Stopping the TOW conveyer belt blower after crimper in PSF draw line has resulted into stoppage of 8 nos. blowers. This has led to 60 KW/hr power saving, equivalent to Rs. 13 lacs/annum
39. Utilization of low-pressure flash steam in PFF has resulted into savings of Rs. 42 lacs/annum.
40. Replacement of GT Suction air filter to reduce pressure drop would result into naphtha saving of 168 MT/annum per GT, equivalent to Rs.18 lacs/GT.
41. Diversion of flash steam from blowdown drum to CPP de-aerators would lead to savings of 2 MT/Hr. low pressure steam, equivalent to Rs.80 lacs / annum.
42. Preheating quench water in GHU coolers in Cracker Plant would result into saving of about 7 T/Hr. LP steam, estimated to be Rs.230 lacs / annum.
43. Additional 10" MP steam header to avoid let down 12 T/Hr. of HP steam to MP steam in Aromatic Plant during MSTDP unit shutdown would result into saving of Rs.130 lacs / annum.
44. Replacement of DH Column fans by FRP fans in PTA plant would lead to power saving of 228 kW, equivalent to Rs. 45 lacs/annum.
45. Revamp of solvent stripper column in PTA plant would result into saving of LP steam by 4 T/Hr, equivalent to Rs.150 lacs / annum.
46. Trimming of carbonate pump impeller for lower flow for all MEG plants would lead to power saving of 600 MWH/ annum. Estimated savings is Rs.15 lacs /annum.
47. Condensate routing to feed pre-heater for all MEG plants would result into saving of 1.5 T/Hr. of boiler feed water, equivalent to Rs.9 lacs / annum.
48. Optimizing VCM plant EDC Cracking Furnaces would lead to saving of 150 ksm3/annum of fuel gas, equivalent to Rs.4 lacs /annum.
49. Use of low-pressure flash steam in stripper in PE plant would result into LP steam savings of 4 T/Hr, equivalent to Rs.153 lacs / annum.
50. Use of variable speed drive for reactor feed pump in PE-II plant would lead to power saving of 1620 MWH / annum.
51. Power savings by replacing conveying blower motors of both the lines in PP plant by lower rating motors would result into power savings of 320 MWH/annum, equivalent to Rs.8 lacs/annum.
52. Modification of chilled water circuit in Polyester plant, bypassing the hot well and directly hooking plant return to chiller inlet would lead to power saving of 350 kW, equivalent to Rs.139 lacs/annum.
53. In POY plant, replacement of conventional air washers with cell type air washers would result into savings of 30 kWh/ AHU, equivalent to Rs.26 lacs/annum.
54. In PSF Plant, improvement of drawline condensate recovery by taking the original flash tank in line would result into LP steam saving of 7 T/Hr, equivalent to Rs.29 lacs/annum.
55. Stopping of cooling water circulation pump and the cooling tower fan resulted into power saving of 900 kWh.
56. Stopping of one boiler feed water pump resulted into power saving of 485 kWh.
57. Elimination of double pumping of raw water system by rerouting of pretreater outlet stream feeding DMW system saved on power by 37 kWh.
58. Replacement of metallic fin fan blades saved on power by 30KW.
59. Modification in LP steam header pressure control system effectively stopped the venting of steam from PTA steam drum to the tune of 65 TPD.
60. Optimum division of loading of process air compressors in PTA plant resulted in power saving.
61. Utilization of PTA purification second crystallizes excess flash steam in process water heater saved 150 TPD of steam.
62. 50 TPD of boiler feed water saved by installation of automatic blow down system for PTA steam drum.
63. Optimization of operating pressure of condensate collection drum in PTA plant resulted in 100 TPD saving of makeup DM water.

64. Modification in PFY CP quench AHU resulted in saving of Rs.17 lacs/annum.
65. Provision of variable speed drive for FD fan of Dow vaporizer saved power by 17 kWh
66. Dow venting system optimization resulted in saving 0.3 mbtu/hr of Dow heat.
67. Use of Hydrotherm process for cleaning of packs resulted in saving of Rs.1.63 crores/annum.
68. Reduction of %O2 in Dow vaporizer flue gases saved on fuel by Rs.1.3 lacs/annum.
69. Replacement of conventionally heated dryers by Heat of Compression Air Dryers led to saving of Rs.1.6 lacs/annum.
70. More efficient pump installed for Dow Vaporizer at RPU saving Rs.5.5 lacs/annum.
71. Optimization of compressed Air and refrigeration systems in Fibre complex saved power to the tune of 1 MW.
72. Steam integration through backpressure turbine would lead to generation of 4 MW power.
73. Savings of Rs.24 lacs/annum can be achieved by using LP air in place of HP N2 for drying of SDY chips.
74. Implementation of revamping suggested by Pinch analysis studies in PX and PTA plants would enable the savings to the tune of Rs.6.5 crores/annum.
75. Stopping of old offsite cooling water pump at RPU would result in saving of Rs.11 lacs/annum.
76. The potential of saving Rs.25 lacs/annum is expected by optimum performance of cooling water pumps at RPU.

Technology Absorption

FORM - 'B'

Form for disclosure of particulars with respect to:

B. Research and Development (R&D)

1. Specific Areas in which Research and Development (R&D) is being carried out by the company:

   1. PTA wastewater quality improvement

      RIL has entered into agreement with M.S.University, Baroda to carry out research on biodegradability of purified terephthalic acid and paratoulic acid present in PTA plant effluent by anaerobic route. Upon implementation of recommendations it is expected to generate additional methane gas, which can be used as a fuel in RIL complex. This unique research, being carried out for first time in the country, is multipurpose vehicle to achieve pollution abatement and energy conservation by using renewable energy source.

   2. Recovery of metals and chemicals from PTA plant effluent

      RIL has entered into agreement with UDCT, Mumbai to carry out research on recovery of metals mainly Cobalt and other organic acids in their usable form from PTA plant effluent. This will be a path-breaking step, as RIL will achieve "Zero Discharge" status on liquid effluent front. The products recovered will yield Rs. 3 crores per annum.

   3. Kinetic reaction model of oxidation reactor in PTA plant

      RIL and UDCT, Mumbai are jointly developing real time kinetic model for oxidation reactor. It will predict the performance of reaction and hence the quality of product on line. This will result in high degree of product quality consistency, required in today's competitive world.

   4. Recovery of product and cobalt metal from PTA plant effluent

      RIL carried out experiments in the laboratory to settle the Purified Terephthalic acid (Product), Paratoluic acid (Product intermediate) and metals in the form of their compounds. By use of different polyelectrolytes and optimising conditions for product and metal salt settlement, high recovery % is achieved. Plant scale design of equipment is in progress. Upon implementation, it will result in saving of Rs 2.5 crores per annum and reduce the COD load by half.

   5. Solid waste disposal from effluent treatment plant

      Till recently clariflocculator sludge from central effluent treatment plant were subjected to sludge drying in conventional drying beds, followed by disposal. A novel method was indigenously developed and commissioned using sludge dryer to dry the sludge from 90% to 10%.

      This has reduced manual handling of sludge from 14 TPD to less than 1.5 TPD. The dried product is finding end use as briquette fuel.

   6. Dry By-product Disposal from VCM plant

      The Dry By-product is being generated during the manufacturing of VCM. The conventional method for its disposal is burning in Incinerator. Due to the presence of over 500 ppm iron in this by-product, the tubes of waste heat recovery unit (WHRU) of incinerator get clogged, thereby forcing its shutdown within a month.

      In order to mitigate this problem and increase the run length of incinerator, two concepts have been simultaneously developed.

      To take steps to minimize iron pick up along with this Dry By-product

      To remove iron from the dry by-product with the simplest unit operation, so that iron-free Dry By-product can be easily fired.

      We have achieved successful results on both counts upto semi-commercial scale and our endeavour will be to implement these on commercial scale. This innovative technological approach is unique in the world and shall be a breakthrough in the disposal of VCM by-product.

   7. In PVC plant, new alternative Polymerizer coating has been commercially implemented in low K-value grades to improve the product quality specially with respect to Film defects

   8. Triple catalyst system has been successfully tried in PVC pipe grade to improve the Polymerizer productivity by reducing the reaction time.

   9. A new generation/alternative emulsifier was tried and implemented in all PVC grades, in place of conventional primary emulsifier, to reduce PVC operating cost and COD of the effluent.

   10. Alternative Polymerization chain terminator has been tried, to reduce PVC operating cost and to significantly improve thermal stability of the product.

   11. To maintain product grades superiority edge in polymers, the process of benchmarking with the

preferred international grades has been launched.

12. To improve Aromatics product quality as per customer demand, RIL has taken up characterisation of undesirable impurities and identification of streams where they concentrate.
13. POY modified polymer trials conducted for different deniers 115/34, 235/34, 51/14, 115/108, 265/108, 126/34.
14. Trials conducted for development of 4 new POY grades.
15. RE-15 Spin Finish trial conducted for better product performance in POY.
16. SS powder recovery trial conducted in POY for cost saving.
17. PSF Finish oil related R&D trials carried out to improve fibre performance in textile mills.
18. Oxidation reactor tracer experiments carried out by injecting radioactive tracer to determine the Residence time distribution in the reactor. This was done to determine the cleanliness of reactor internals and make an estimation of its fouling.
19. Development of soft sensors done to predict quality of product and incorporate changes in process to enhance quality.
20. Development of alternate sources of catalysts, additive and spin finish oil in PFY plant.
21. Trials conducted for improving FDY productivity
22. Introduction of cranking air system for starting of DG Sets has resulted in improvement of the reliability of DG Sets' instantaneous starting.
23. Catalyst recovery from oxidation of mother liquor in PTA plant.
24. Water recovery from purification of mother liquor in PTA plant.
25. Organic and catalyst recovery from purification of mother liquor in PTA plant.
26. Development of kinetic reaction model for oxy-reactor in PTA plant.
27. Effect of reflux cooling on reactor operation and it's effect on CTA quality.
28. Process parameter optimization in PACOL section of LAB plant.
29. Development of process and optimization of process parameters for conversion of heavy aromatics stream to xylenes in PX plant.
30. Process heat integration using pinch technology approach in PX, PTA, LAB and Fibre plants.
31. Metallurgy study of various imported machinery components to develop the components locally.

2. Benefits derived as a result of the above R&D :

a. Product Development/Improvement:

1. For the first time in India, RIL has successfully developed the toughest high flow LLD grades for master batch application. These grades have found high degree of acceptability in Indian market
2. 8 new polypropylene grades have been successfully launched and accepted in Indian market. These include grades for battery containers, Automotive parts, fibre, rigid packing, extrusion coating raffia fabrics and furniture moulding.
3. PP Fibre grade cracking ratio has been increased which has improved product physical properties considerably.
4. PP product specifications optimized to attain good flexural/stiffness balance for ICP grades.
5. Superior quality of benzene manufactured by identifying and eliminating impurties.
6. 6 new grades have been developed in Staple and Tow.
7. 4 new PFY grades developed.
8. Reduction in specific consumption of acetic acid in PTA plant.
9. Reduction of catalyst specific consumption by recovery and recycle of catalyst from residue in PTA plant.
10. PTA oxidation reactor operation optimized using the reactor model.
11. Higher LAB production achieved due to improved PACOL operation.
12. PAREX operation optimized and hence utilities consumption reduced by using simulation.

b. Import substitution

1. PTA plant control valve gate manufactured locally
2. PTA plant geared pump gears developed indigenously.
3. PP plant gear box bearing sleeve developed indigenously.
4. PTA and PVC plant backdrive components manufactured indigenously.
5. PE plant pump body manufactured indigenously
6. Nash compressor body manufactured indigenously.
7. VCM plant Oxy reactor sparger component manufactured indigenously.
8. Indigenisation of various spares and accessories resulted in a savings of Rs 95 lacs.
9. Indigenisation of various chemicals and additives resulted in savings of Rs 11 crores

c. Future plan of action

1. To establish separate R and D groups, in the form of modules, for focussing on different areas of research relevant to current business viz. fibres, polymeric materials, catalysts, petrochemical process and energy.
2. To have R and D interaction with leading universities / research institutes in USA, Europe and Asia in the form of joint projects, training, lectures, seminars, workshops etc.
3. Some specific areas in which the research efforts to be concentrated in the near future -
   a. Development of polyolefin catalysts
   b. Reduction in reaction time in PVC.
   c. New generation scavengers to improve thermal stability in PVC
   d. Development of new grades in PP, PE, POY, and PTY for new applications.

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Expenditure on R&D :		**Rs. Crores**
a)	Capital	NIL
	Recurring	49.65
	Total	**49.65**
b)	Total R and D expenditure as percentage of turnover	0.24%

Information regarding imported technology

Product	**Technology from**	**Year of Import**	**Status of implementation/ Absorption**
Ethylene and Cracker Products	Stone and 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	Navacor, Canada	1995	Full
Polyester Staple Fibre Fill	Dupont - U.S.A. /Chemtex - U.S.A.	1998	Full
Paraxylene	UOP Inter America Inc. - U.S.A.	1999	Full
Polypropylene	Union Carbide U.K.	1999	Full

C. Foreign Exchange Earnings and Outgo

1. Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and Services and Export Plan.

   The Company has continued to maintain focus and avail of export oppurtunities based on economic considerations. During the year, the Company had exports worth Rs.1,475.99 crores (US$ 338.37 million)

2.	Total Foreign exchange used and earned	Rs. Crores
a.	Total Foreign exchange earned	**1,948.41**
b.	Total savings in foreign exchange through products manufactured by the Division and deemed exports (US$ 3,276.75 million)	**14,293.21**
	Sub total (a + b)	**16,241.62**
c.	Total Foreign Exchange used	**4,093.00**

Annexure to Directors' Report

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy

Part 'A'

		April '99 to March '2000	April '98 to March '99
	Power and Fuel Consumption		
1.	**Electricity**		
	a) Purchased Units (lacs)	5,583.47	2,027.52
	Total Cost (Rs. in crores)*	194.62	49.11
	Rate/ Unit (Rs.)	**3.49**	2.42
	b) Own Generation		
	1) Through Diesel Generator		
	Units (lacs)	68.97	53.24
	Units per unit of fuel	3.48	3.44
	Cost/ Unit (Rs.)	**2.11**	2.37
	2) Through Steam Turbine/ Generator		
	Units (lacs)	22,641.89	22,335.55
	Units per unit of fuel	4.19	4.23
	Cost/ Unit (Rs.)	**1.56**	0.98
2.	**Furnace Oil**		
	Quantity (K. Ltrs)	136,463.88	147,119.30
	Total Cost (Rs. in crores)	89.68	76.75
	Average Rate per Ltr. (Rs.)	**6.57**	5.22
3.	**Diesel Oil/GT Fuel**		
	Quantity (K. Ltrs)	39,027.48	31,846.15
	Total Cost (Rs. in crores)	48.06	31.61
	Average Rate per Ltr. (Rs.)	**12.31**	9.93
4.	**Others**		
	Gas		
	Quantity (1000 M^3)	208,836.60	343,019.40
	Total Cost (Rs. in crores)	66.84	84.43
	Average Rate per 1000M^3 (Rs.)	**3,200.59**	2,461.50

***** 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		PX 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	Current Year	Previous Year
Electricity (KWH)	2726	2559	959	1047	556	605	456	539	532	553	631	719	564	575	316	323	369	359	1023	1310	166	175	302	356	343	–
Furnace Oil (Ltrs)/ HSD/HFHSD	14	8	39	21	23	12	17	22	321	248	–	–	–	–	–	–	–	10	7	3	1	4	9	1	–	–
LSHS (Kgs)	–	–	11	28	45	57	–	48	225	270	–	–	–	–	–	–	–	–	–	14	–	–	–	5	–	–
Gas (SM3)	1840	1637	51	67	35	47	16	27	–	–	6	10	50	54	48	71	–	–	42	177	34	43	54	57	–	–

Note : The above figures in addition to direct consumption also include allocated consumption in the supporting utilities and facilities applicable to respective products.

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Auditors' Report

To the Members,

RELIANCE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of RELIANCE INDUSTRIES LIMITED as at 31st March 2000 and the Profit and Loss Account of the Company for the year ended on that dated 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, 2000 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 and Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 5th May, 2000

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 regular 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 us 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 changes of cost formula from FIFO to weighted average cost and exclusion of recoverable taxes and duties incurred as required by Accounting Standard 2 issued by the Institute of Chartered Accountants of India (Refer Note 4, Schedule 'O') and the same has no material 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 Section301 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, where stipulated, they are generally repaying the principal amounts as stipulated/reschedule and are also generally regular in the payment of interest, where applicable.
10. In our opinion and according to the information 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 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 the 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, 2000 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 and Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai

Dated : 5th May, 2000

00081020.p65 (005100029.p65) May 25, 2000 @ 12:07 pm

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, 2000 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 and Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

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 assessment 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 audit so as to obtain all information and explanation, 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 accounts 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, 2000 and
(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **Deloitte Haskins and Sells**
Chartered Accountants

(P. R. Barpande)
Partner

Mumbai
Dated: 5th May, 2000

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Balance Sheet as at 31st March, 2000

(Rs. in crores)

	Schedule	As at 31st March, 2000 Rs.	Rs.	As at 31st March, 1999 Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital - Equity	'A'	**1,053.45**		933.39	
Share Capital - Preference	'A'	**292.95**		252.95	
Reserves and Surplus	'B'	**12,636.35**		11,183.00	
			13,982.75		12,369.34
Securitisation of Future Receivables			**–**		965.02
Loan Funds					
Secured Loans	'C'	**5,988.11**		5,477.64	
Unsecured Loans	'D'	**5,532.13**		5,207.65	
			11,520.24		10,685.29
TOTAL			**25,502.99**		24,019.65
APPLICATION OF FUNDS					
Fixed Assets	'E'				
Gross Block		**24,330.95**		18,650.33	
Less: Depreciation		**9,214.06**		6,691.93	
Net Block		**15,116.89**		11,958.40	
Capital Work-in-Progress		**331.42**		3,437.83	
			15,448.31		15,396.23
Investments	'F'		**6,066.56**		4,294.59
Current Assets, Loans and Advances					
Current Assets	'G'				
Interest Accrued on Investments		**47.48**		25.61	
Inventories		**1,823.20**		1,408.61	
Sundry Debtors		**842.46**		457.10	
Cash and Bank Balances		**1,081.55**		4,897.60	
		3,794.69		6,788.92	
Loans and Advances	'H'	**4,059.26**		1,676.26	
		7,853.95		8,465.18	
Less: **Current Liabilities and Provisions**	'I'				
Current Liabilities		**3,600.03**		3,591.98	
Provisions		**265.80**		544.37	
		3,865.83		4,136.35	
Net Current Assets			**3,988.12**		4,328.83
TOTAL			**25,502.99**		24,019.65
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 5th May, 2000

For and on behalf of the Board

A.D. Ambani
Managing Director

N.R. Meswani
Executive Director

H.R. Meswani
Executive Director

Rohit C. Shah
Vice President and Company Secretary

Profit and Loss Account for the year ended 31st March, 2000

(Rs. in crores)

	Schedule	1999-2000 Rs.	1999-2000 Rs.	1998-99 Rs.	1998-99 Rs.
INCOME					
Sales			**20,301.39**		14,553.26
Other Income	'J'		**687.30**		607.55
Variation in Stock	'K'		**343.68**		(152.43)
			21,332.37		15,008.38
EXPENDITURE					
Purchases			**486.01**		190.32
Manufacturing and Other Expenses	'L'		**16,099.75**		11,500.52
Interest	'M'		**1,008.00**		728.81
Depreciation		**2,533.59**		1,776.66	
Less : Transferred from General Reserve [Refer Note 3, Schedule 'O']		**1,255.23**		921.62	
			1,278.36		855.04
			18,872.12		13,274.69
Profit Before Tax			**2,460.25**		1,733.69
Provision for Taxation			**57.00**		30.00
Profit for the year			**2,403.25**		1,703.69
Add : Balance brought forward from last year			**1,132.67**		1,047.89
Debenture Redemption Reserve Written back			**232.12**		–
Investment Allowance (Utilised) Reserve Written Back			**30.00**		–
Amount Available For Appropriations			**3,798.04**		2,751.58
APPROPRIATIONS					
Capital Redemption Reserve		**192.12**		–	
Debenture Redemption Reserve		**–**		204.50	
General Reserve		**1,400.00**		1,000.00	
Interim Dividend on Preference Shares		**35.57**		23.39	
Interim Dividend on Equity Shares		**384.65**		–	
Proposed Dividend on Equity Shares		**–**		350.16	
Tax on Dividend		**46.22**		40.86	
			2,058.56		1,618.91
Balance Carried to Balance Sheet			**1,739.48**		1,132.67
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 5th May, 2000

For and on behalf of the Board

A.D. Ambani
Managing Director

N.R. Meswani
Executive Director

H.R. Meswani
Executive Director

Rohit C. Shah
Vice President and Company Secretary

Schedules forming part of the Balance Sheet

SCHEDULE 'A'

(Rs. in crores)

SHARE CAPITAL		**As at 31st March, 2000**		As at 31st March, 1999	
		Rs.	**Rs.**	Rs.	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					
105,37,57,027 (93,37,49,403)	Equity Shares of Rs. 10 each fully paid up	**1,053.76**		933.75	
	Less: Calls in arrears - by others	**0.31**		0.36	
			1,053.45		933.39
Preference					
1,17,45,000 (1,27,45,000)	10% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at par on 15th September, 2000)	**117.45**		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	
1,15,00,000 (-)	9.50% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at par on 31st July, 2004)	**115.00**		–	
			292.95		252.95
			1,346.40		1,186.34

Notes:

1. Of the above Equity Shares:

   (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) 33,04,27,345 (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. During the year company has issued and redeemed 117,12,000 Cumulative Redeemable Preference Shares of Rs. 100 each aggregating Rs. 117.12 crores at par.

Schedules forming part of the Balance Sheet

SCHEDULE 'B'

(Rs. in crores)

RESERVES and SURPLUS	**As at 31st March, 2000**		As at 31st March, 1999	
	Rs.	**Rs.**	Rs.	Rs.
Revaluation Reserve				
As per last Balance Sheet		**2,771.06**		2,771.06
Capital Reserves				
As per last Balance Sheet	**187.57**		183.24	
Add : On Redemption of Bonds/Debentures	**–**		4.58	
	187.57		187.82	
Less: Adjusted on Sales Tax Assessment	**–**		0.25	
		187.57		187.57
Capital Redemption Reserve				
As per last Balance Sheet	**–**		–	
Add : Transferred from Profit and Loss Account	**192.12**		–	
		192.12		–
Securities Premium Account				
As per last Balance Sheet	**4,677.76**		4,737.09	
Add : Received during the year	**780.10**		–	
	5,457.86		4,737.09	
Less: Issue Expenses	**2.65**		0.07	
Premium on Redemption of Debentures/Bonds	**5.99**		59.26	
	5,449.22		4,677.76	
Less : Calls in arrears - by others	**2.84**		3.15	
		5,446.38		4,674.61
Debenture Redemption Reserve				
As per last Balance Sheet	**740.01**		535.51	
Add : Transferred from/(to) Profit and Loss Account	**(232.12)**		204.50	
		507.89		740.01
Investment Allowance (Utilised) Reserve				
As per last Balance Sheet	**238.70**		238.70	
Less: Transferred to Profit and Loss Account to the extent no longer required	**30.00**		–	
		208.70		238.70
Taxation Reserve				
As per last Balance Sheet		**10.00**		10.00
General Reserve				
As per last Balance Sheet	**1,428.38**		1,350.00	
Less: Transferred to Profit and Loss Account* [Refer Note 3(a) and 3(b), Schedule 'O']	**1,255.23**		921.62	
	173.15		428.38	
Add : Transferred from Profit and Loss Account	**1,400.00**		1,000.00	
		1,573.15		1,428.38
Profit and Loss Account		**1,739.48**		1,132.67
		12,636.35		11,183.00

*** Cumulative amount transferred on account of Depreciation on Revaluation Rs. 1,895.27 crores (Previous Year Rs.1521.21 crores)**

Schedules forming part of the Balance Sheet

SCHEDULE 'C'

SECURED LOANS

(Rs. in crores)

		As at 31st March, 2000		As at 31st March, 1999	
		Rs.	**Rs.**	Rs.	Rs.
A)	**DEBENTURES**				
1	Non-Convertible Debentures	**3,406.50**		3,578.04	
	Less : Calls in arrears - by others	**–**		0.67	
		3,406.50		3,577.37	
2	Deep Discount Debenture	**616.00**		–	
	Less : Unamortised Discounts	**242.65**		–	
		373.35	**3,779.85**	**–**	3,577.37
B)	**TERM LOANS**				
1.	**From Banks**				
	a) Foreign Currency Loans	**750.87**		–	
	b) Rupee Loans	**650.07**		1,527.00	
		1,400.94		1,527.00	
2.	**From Financial Institutions**				
	a) Foreign Currency Loans	**7.97**		12.52	
	b) Rupee Loans	**150.54**		33.72	
		158.51		46.24	
			1,559.45		1,573.24
C)	**WORKING CAPITAL LOANS**				
	From Banks		**648.81**		327.03
			5,988.11		5,477.64

Note: Secured Loans include loans of Rs. 4.55 crores and Debentures of Rs. 370.00 crores repayable / redeemable within one year.

SCHEDULE 'D'
UNSECURED LOANS

(Rs. in crores)

		As at 31st March, 2000		As at 31st March, 1999	
		Rs.	**Rs.**	Rs.	Rs.
i)	From Banks		**778.37**		751.71
ii)	From Others		**4,753.76**		4,455.94
			5,532.13		5,207.65

Note : 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. 595.00 crores.)

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Schedules forming part of the Balance Sheet

SCHEDULE 'E'

FIXED ASSETS

(Rs. in crores)

	Gross Block				Depreciation				Net Block	
Description	As At 1-4-99 Rs.	Additions Rs.	Deductions Rs.	**As At 31-3-2000 Rs.**	Upto 1-4-99 Rs.	For the Year Rs.	Deductions Rs.	**Upto 31-3-2000 Rs.**	**As At 31-3-2000 Rs.**	As At 31-3-99 Rs.
Leasehold Land	54.65	4.55	-	**59.20**	2.74	0.52	-	**3.26**	**55.94**	51.91
Freehold Land	23.67	0.55	-	**24.22**	-	-	-	**-**	**24.22**	23.67
Development Rights/ Producing Properties	822.37	123.40	-	**945.77**	59.14	52.62	-	**111.76**	**834.01**	763.23
Buildings	1,269.18	191.19	4.19	**1,456.18**	109.47	31.16	0.31	**140.32**	**1,315.86**	1,159.71
Plant and Machinery	15,340.03	5,062.12	20.63	**20,381.52**	6,176.97	2,360.52	5.92	**8,531.57 ***	**11,849.95**	9,163.06
Electrical Installation	447.35	231.45	-	**678.80**	91.48	26.15	-	**117.63**	**561.17**	355.87
Factory Equipments	230.27	21.17	3.72	**247.72**	37.87	12.96	0.22	**50.61**	**197.11**	192.40
Furniture and Fixtures	74.68	7.30	0.70	**81.28**	26.32	5.42	0.25	**31.49**	**49.79**	48.36
Vehicles	81.69	8.65	7.56	**82.78**	18.85	7.80	3.01	**23.64**	**59.14**	62.84
Ships	198.30	18.35	3.34	**213.31**	131.50	12.02	1.75	**141.77**	**71.54**	66.80
Aircrafts	46.87	0.05	-	**46.92**	18.09	4.67	-	**22.76**	**24.16**	28.78
Jetties	61.27	51.98	-	**113.25**	19.50	19.75	-	**39.25**	**74.00**	41.77
Total	18,650.33	5,720.76	40.14	**24,330.95**	6,691.93	2,533.59	11.46	**9,214.06 ***	**15,116.89**	11,958.40
Previous Year	17,848.33	924.68	122.68	18,650.33	4,944.47	1,776.66	29.20	6,691.93	11,958.40	
Capital Work-in-Progress									**331.42**	3,437.83

NOTES :

a) Leasehold Land includes Rs. 0.11 crores in respect of which lease-deeds are pending execution.
b) Buildings include cost of shares in Co-operative Societies Rs. 0.01 crores (Previous Year Rs. 0.01 crores).
c) Capital Work-in-Progress includes :
   (i) Rs.8.73 crores on account of Pre-operative Expenses (Previous Year Rs. 558.98 crores).
   (ii) Rs.100.80 crores on account of cost of construction materials at site (Previous Year Rs. 82.04 crores).
   (iii) Rs.78.62 crores on account of advance against Capital Expenditure (Previous Year Rs. 58.58 crores).
d) Additions and Capital Work-in-Progress include Rs. 214.13 crores on account of exchange difference during the year (Previous Year Rs. 21.68 crores)
e) The 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 and Machinery as at 01-04-1997.

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

Schedules forming part of the Balance Sheet

SCHEDULE 'F'

(Rs. in crores)

INVESTMENTS		**As at 31st March, 2000**		As at 31st March, 1999	
		Rs.	**Rs.**	Rs.	Rs.
A. LONG TERM INVESTMENTS					
Government and other securities					
Unquoted					
	Post Office Time Deposit	**–**		0.20	
	7 Years National Savings Certificate (Deposited with Sales Tax Dept.) (Rs. Nil : Previous Year Rs. 5,000)	**–**		–	
	Indira Vikas Patra	**0.51**		0.51	
	Kisan Vikas Patra (Deposited with Sales Tax Dept.) (Rs. 20,000; Previous Year Rs. 20,000)	**–**		–	
			0.51		0.71
Trade Investments					
In Equity Shares					
Quoted, fully paid up					
6,01,08,033 (6,05,79,809)	Reliance Capital Ltd. of Rs. 10 each	**487.85**		486.54	
69,80,000 (69,80,000)	Reliance Industrial Infrastructure Ltd. of Rs. 10 each	**16.58**		16.58	
111,23,37,100 (-)	Reliance Petroleum Ltd. of Rs. 10 each (Company under the same management)	**2,157.62 ***		–	
		2,662.05		**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 and 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 and 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 (51,02,080)	Reliance Telecom Limited of Rs. 10 each	**5.10**		5.10	
		9.03		9.03	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (contd.)

INVESTMENTS (Rs. in crores)

		As at 31st March, 2000		As at 31st March, 1999	
		Rs.	**Rs.**	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	
1,08,00,000 (32,00,000)	14% Cumulative Redeemable Preference Shares of Reliance Ports and Terminals Ltd., of Rs. 100 each	**108.00**		32.00	
37,50,000 (37,50,000)	14% Cumulative Redeemable Preference Shares of Reliance Utilities and Power Limited, of Rs. 100 each	**37.50**		37.50	
		231.50		155.50	
In Warrant Equity Shares					
Quoted, partly paid up					
16,02,52,100 (-)	Warrant Equity Shares 2000 of Reliance Petroleum Ltd. of Rs. 10 each, Rs. 3 paid-up (Company under the same management)	**48.08**		–	
16,02,52,100 (-)	Warrant Equity Shares 2001 of Reliance Petroleum Ltd. of Rs. 10 each, Rs. 3 paid-up (Company under the same management)	**48.08**		–	
		96.16		–	
In Debentures					
Unquoted, fully paid up					
- (2,23,52,830)	14% Optionally Fully Convertible Debentures of Reliance Petroleum Ltd. of Rs. 770 each, fully paid up (Company under the same management)	**–**		1,721.17	
			2,998.74		2,388.82
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	
20,20,000 (-)	Reliance Ventures Ltd. of Rs. 10 each	**2.02**		–	
		149.73		147.71	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (contd.)

INVESTMENTS

(Rs. in crores)

		As at 31st March, 2000 Rs.	Rs.	As at 31st March, 1999 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	
			871.21		869.19
Other Investments					
In Equity Shares					
Quoted, fully paid up					
15,51,549 (15,51,549)	BSES Ltd. of Rs. 10 each	**33.73**		33.73	
9,52,347 (17,82,347)	Larsen and Toubro Ltd. of Rs. 10 each	**28.37**		43.36	
		62.10		77.09	
Unquoted, fully paid up					
1,000 (1,000)	Air Control and Chemical Engineering Co. Ltd. of Rs. 100 each	**0.01**		0.01	
			62.11		77.10
	TOTAL (A)		**3,932.57**		3,335.82
B. CURRENT INVESTMENTS					
Other Investments					
In Units					
Quoted					
1,61,100 (3,05,200)	SBI Magnum Multiplier Plus 1993 units of Rs. 10 each	**0.16**		0.31	
85,600 (85,600)	Units of Unit Scheme 1964, Unit Trust of India of Rs. 10 each	**0.13**		0.13	
		0.29		0.44	
Unquoted					
78,25,116 (1,06,42,017)	Reliance Capital Vision Fund Units of Rs. 10 each	**7.83**		10.64	
10,00,000 (25,00,000)	Reliance Capital Growth Fund Units of Rs. 10 each	**1.00**		2.50	
		8.83		13.14	
In Investment Management Account					
	With Union Bank of Switzerland	**2,081.86**		539.34	
	With Credit Suisse	**43.01**		405.85	
		2,124.87		945.19	
	TOTAL (B)		**2,133.99**		958.77
	TOTAL (A+B)		**6,066.56**		4,294.59

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (contd.)

INVESTMENTS

(Rs. in crores)

AGGREGATE VALUE OF	As at 31st March, 2000 Book Value Rs.	As at 31st March, 2000 Market Value Rs.	As at 31st March, 1999 Book Value Rs.	As at 31st March, 1999 Market Value Rs.
Quoted Investments	**2,820.60**	**8,689.71**	583.14	296.35
Unquoted Investments	**3,245.96**	**–**	3,711.45	–

Movements during the year Purchased and Sold	Face Value Rs.	Nos. (In crores)	Cost (Rs. in crores)
Mutual Fund Units			
Reliance Liquid Fund	**10.00**	**201.50**	2,273.72

	Face Value Rs.	Nos.	Cost Rs. in crores
Debentures			
12.75% Reliance Petroleum Ltd. Non Convertible Debenture	**10,000,000.00**	**120**	120
Equity Shares			
Larsen and Toubro Ltd.	**10.00**	**50,000**	2.05
Reliance Capital Ltd.	**10.00**	**535,600**	9.27
Reliance Strategic Investments Private Liumited (Rs. 2,000)	**10.00**	**200**	–

*The Company's investment in Reliance Petroleum Ltd., a Company under the same management is towards promoters contribution. It includes 85,62,300 shares subject to lock-in-period upto February, 2001. The Company has given an undertaking to financial institutions not to dispose off 32,00,37,700 shares till the loans granted by them to Reliance Petroleum Ltd. are outstanding.

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Schedules forming part of the Balance Sheet

SCHEDULE 'G'

(Rs. in crores)

CURRENT ASSETS	**As at 31st March, 2000**		As at 31st March, 1999	
	Rs.	**Rs.**	Rs.	Rs.
INTEREST ACCRUED ON INVESTMENTS		**47.48**		25.61
INVENTORIES				
(Certified and Valued by the Management)				
Stores, Chemicals and Packing Materials.	**642.62**		556.46	
Raw Materials	**297.35**		312.60	
Stock-in-Process	**96.09**		52.57	
Finished Goods	**787.14**		486.98	
		1,823.20		1,408.61
SUNDRY DEBTORS (Unsecured)				
Over six months				
Considered good	**61.01**		58.40	
Considered doubtful	**62.59**		44.35	
	123.60		102.75	
Less : Provision for doubtful debts	**62.59**		44.35	
	61.01		58.40	
Others, considered good	**781.45**		398.70	
		842.46		457.10
CASH AND BANK BALANCES				
Cash on hand	**1.00**		1.08	
Balance with Banks				
In Current Accounts with Scheduled Banks	**41.37**		40.15	
In Fixed Deposit Accounts :				
With Scheduled Banks	**29.30**		1.21	
With Others	**1,009.88**		4,855.16	
		1,081.55		4,897.60
		3,794.69		6,788.92

SCHEDULE 'H'

(Rs. in crores)

LOANS AND ADVANCES	**As at 31st March, 2000**		As at 31st March, 1999	
	Rs.	**Rs.**	Rs.	Rs.
UNSECURED - (CONSIDERED GOOD)				
Loans to subsidiary companies		**2,411.16**		359.48
Advances recoverable in cash or in kind or for value to be received		**1,221.45**		1,032.61
Deposits		**297.91**		163.64
Balance with Customs, Central Excise Authorities, etc.		**128.74**		120.53
		4,059.26		1,676.26

NOTES :

Advances includes:

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

(ii) Rs NIL to Reliance Petroleum Limited, a Company under the same management towards advance against promoters' contribution.(Previous Year Rs 40.77 crores)(Maximum amount outstanding anytime during the year Rs 401.17 crores.)

(iii) Rs. 165.41 crores towards Preference Shares / Debentures Application money pending allotment. (Previous Year Rs 134.71 crores)

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Schedules forming part of the Balance Sheet

SCHEDULE 'I'

CURRENT LIABILITIES AND PROVISIONS

(Rs.in crores)

	As at 31st March, 2000 Rs.	Rs.	As at 31st March, 1999 Rs.	Rs.
CURRENT LIABILITIES				
Sundry Creditors	**2,959.29***		3,345.20	
Interim Dividend	**384.65**		–	
Unclaimed Dividend	**21.65**		12.42	
Interest accrued but not due on loans	**234.44**		234.36	
		3,600.03		3,591.98
PROVISIONS				
Provision for Wealth Tax	**13.90**		6.73	
Provision for Income Tax	**195.00**		138.00	
Provision for Leave Encashment	**14.59**		10.96	
Proposed Dividend	–		350.16	
Tax on Dividend	**42.31**		38.52	
		265.80		544.37
		3,865.83		4,136.35

* Includes for capital expenditure Rs. 372.43 crores.(Previous Year Rs 331.54 crores), acceptances of Rs 5.33 crores (Previous Year Rs 6.47 crores)

Schedules forming part of the Profit and Loss Account

SCHEDULE 'J'

OTHER INCOME

(Rs. in crores)

	Rs.	1999-2000 Rs.	Rs.	1998-99 Rs.
Dividends :				
From Current Investments	**0.01**		0.06	
From Long Term Investments	**20.74**		20.63	
		20.75		20.69
[Tax Deducted at source Rs. Nil; (Previous Year Rs. 0.01 crores)]				
Interest Received :				
From Current Investments	**472.09**		367.89	
From Long Term Investments	**87.44**		124.15	
From Others	**35.15**		70.42	
		594.68		562.46
[Tax Deducted at source Rs. 0.69 crores; (Previous Year Rs. 3.13 crores)]				
Profit on Sale of Long Term Investments (net)		**55.96**		–
Profit on Sale of Current Investments (net)		**2.73**		3.39
Profit on Sale of Assets		**0.42**		4.72
Miscellaneous Income		**12.76**		16.29
		687.30		607.55

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Schedules forming part of the Profit and Loss Account

SCHEDULE 'K'

(Rs. in crores)

VARIATION IN STOCKS	1999-2000		1998-99	
	Rs.	**Rs.**	Rs.	Rs.
STOCK-IN-TRADE (at close)				
Finished goods	**787.14**		486.98	
Stock-in-process	**96.09**		52.57	
		883.23		539.55
STOCK-IN-TRADE (at commencement)				
Finished goods	**486.98**		637.20	
Stock-in-process	**52.57**		54.78	
		539.55		691.98
		343.68		(152.43)

SCHEDULE 'L'

(Rs. in crores)

MANUFACTURING AND OTHER EXPENSES	1999-2000		1998-99	
	Rs.	**Rs.**	Rs.	Rs.
RAW MATERIALS CONSUMED		**6,642.44**		3,210.94
INTER-DIVISIONAL TRANSFERS		**4,454.23**		3,929.11
MANUFACTURING EXPENSES				
Other Materials and Utilities Consumed	**1,229.49**		1,096.61	
Machinery Repairs	**49.02**		72.20	
Building Repairs	**19.96**		20.42	
Labour, Processing and Machinery Hire Charges	**199.69**		85.77	
Excise Duty	**2,451.53**		1,929.46	
Lease Rent	**37.83**		50.15	
Exchange Differences (Net)	**(289.26)**		(21.64)	
		3,698.26		3,232.97
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages and Bonus	**281.33**		262.96	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employee's State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	**36.17**		35.92	
Employee's Welfare and other amenities	**57.30**		59.42	
		374.80		358.30
SALES and DISTRIBUTION EXPENSES				
Samples, Sales Promotion and Advertisement Expenses	**41.16**		30.90	
Brokerage and Commission	**100.28**		78.08	
Warehousing and Distribution Expenses	**226.61**		179.34	
Sales Tax	**8.31**		2.12	
		376.36		290.44
ESTABLISHMENT EXPENSES				
Insurance	**48.56**		49.56	
Rent	**28.45**		25.16	
Rates and Taxes	**85.17**		73.34	
Other Repairs	**27.37**		28.88	
Travelling Expenses	**25.53**		30.91	
Payment to Auditors	**2.15**		1.95	
Professional Fees	**123.49**		95.37	
Loss on Sale of Discarded Assets	**7.50**		1.33	
General Expenses	**183.76**		172.58	
Wealth Tax	**4.00**		4.00	
Charity and Donations	**21.55**		7.21	
		557.53		490.29
		16,103.62		11,512.05
Less : Pre-operative Expenses of Projects Under Commissioning (net)		**3.87**		11.53
		16,099.75		11,500.52

Schedules forming part of the Profit and Loss Account

SCHEDULE 'M'

INTEREST	As at 31st March, 2000 Rs.	Rs.	As at 31st March, 1999 Rs.	(Rs. in crores) Rs.
Debentures		**794.73**		608.21
Fixed Loans		**156.99**		60.00
Others		**56.28**		60.60
		1,008.00		728.81

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 and plant and machinery at Patalganga, Naroda and Hazira excluding Cracker and Aromatics plants, 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 inter-related assets and liabilities the net balances are 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 and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

E. Investments

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.

F. Inventories

Inventories are valued at lower of cost or net realisable value except for by products. By products are valued at net realisable value. Cost is determined using weighted average cost method.

G. Sales

Sales include inter-divisional transfers and sales during trial run; adjusted for discounts (net).

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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. 4,454.23 crores (Previous Year Rs. 3,929.11 crores).
3. (a) On account of technological advancements and increasing obsolescence, the Company has changed the method of depreciation for its plant and machinery at Hazira commissioned between 1-4-1995 and 31-3-1999 except Cracker and Aromatics plants from Straight Line to Written Down Value method with effect from April 1, 1999.

   In compliance with the Accounting Standards (AS 6) issued by the Institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning of these plants at WDV rates applicable to those years. Consequent to this, there is an additional charge for depreciation during the year of Rs. 881.17 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 and Loss Account.

   Had there been no change in the method of depreciation, the charge for the year would have been lower by Rs 299.86 crores, excluding the charge relating to the previous years.

   Consequently, the Net Block of Fixed Assets and Reserves and Surplus are lower by Rs. 1,181.03 crores.

   (b) The Gross Block of Fixed Assets include Rs 2771.06 crores (Previous Year Rs 2771.06 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 374.06 crores (Previous Year Rs 728.26 crores) and an equivalent amount has been withdrawn from General Reserve and credited to the Profit and Loss Account.
4. The Company has during the year valued inventories of raw materials at weighted average cost as permissible under the Accounting Standard 2 (AS 2) "Valuation of Inventories" issued by the Institute of Chartered Accountants of India instead of First In First Out (FIFO) formula hitherto followed, as in the opinion of the company such change would result in a more appropriate presentation of the financial statements. The Company has also excluded recoverable taxes and duties incurred from valuation of inventories as required by AS 2.

   However consequent to this, there is no material impact on the profits for the year.
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. NIL. (Previous Year Rs 0.14 crores)
6. (a) Auditors' Remuneration :

	1999-2000	1998-99 (Rs. in crores)
i) Audit Fees	**1.00**	1.00
ii) Tax Audit Fees	**0.40**	0.20
iii) For Certification and Consultation in finance and tax matters	**0.65**	0.65
iv) Expenses reimbursed	**0.10**	0.10
	2.15	1.95
(b) Cost Audit Fees	**0.03**	0.03

Notes on Accounts

SCHEDULE 'O' (Contd.)

7. Managerial Remuneration :

(Rs. in crores)

		1999-2000	1998-99
i)	Salaries	**2.61**	2.12
ii)	Perquisites	**0.99**	0.90
iii)	Commission	**11.78**	2.70
		15.38	5.72
iv)	Contribution to Provident Fund and Superannuation Fund	**0.45**	0.30
v)	Provision for Gratuity	**0.58**	0.06
		16.41	6.08

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

(Rs. in crores)

		1999-2000		1998-99	
		Rs.	**Rs.**	Rs.	Rs.
Profit before taxation			**2460.25**		1,733.69
Add	Depreciation as per accounts	**2,533.59**		1,776.66	
Less	Transfer from General Reserve	**1,255.23**	**1,278.36**	921.62	855.04
Add	Provision for Doubtful Debts		**18.24**		23.00
	Loss on Sale of Assets		**7.50**		1.33
	Managerial Remuneration		**15.38**		5.72
			3779.73		2,618.78
Less	Depreciation under Section 350 of the Companies Act, 1956		**1,670.10**		1,467.53
	Profit on Sale of Assets		**0.42**		4.72
	Profit on Sale of Investments		**58.69**		3.39
	Net Profit for the year		**2050.52**		1,143.14
	Salaries, Perquisites and Commission @ 0.75 % of the above.		**15.38**		5.72
Less	Salaries and Perquisites		**3.60**		3.02
Balance commission			**11.78**		2.70

8. A sum of Rs. 0.07 crores (net debit) (Previous Year Rs. 0.65 crores net debit) 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 1997-98. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 467.30 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.

10. The company has an investment of Rs.0.21 crores in the Share Capital, loan of Rs. 12.72 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 2000. 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. 434.22 crores. (Previous Year Rs. 436.47 crores). Future obligations towards lease rentals under the lease agreements as on 31st March 2000 amount to Rs. 54.20 crores. (Previous Year Rs. 91.71 crores)

Notes on Accounts

SCHEDULE 'O' (Contd.)

12. **PRE-OPERATIVE EXPENSES**
(In respect of Projects up to 31st March 2000, to be capitalised.)

(Rs. in crores)

	1999-2000		1998-99	
	Rs.	**Rs.**	Rs.	Rs.
Opening Balance		**558.98**		189.86
Add : Pre-operative expenditure transferred from Profit and Loss account	**3.87**		11.53	
Lease Expenses and Hire Charges	**7.49**		4.11	
Interest	**267.52**		363.25	
Issue Expenses	**–**		24.94	
		278.88		403.83
		837.86		593.69
Less : Capitalised during the year		**829.13**		34.71
Closing Balance		**8.73**		558.98

13. **CONTINGENT LIABILITIES**

(Rs. in crores)

		As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
(a)	Estimated amount of contracts remaining to be executed on capital accounts and not provided for	**63.92**	923.58
(b)	Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of Credit	**150.34**	635.16
(c)	Guarantees to Banks and Financial Institutions against credit facilities extended to third parties	**203.38**	1623.00
(d)	Liability in respect of bills discounted with Banks	**370.74**	61.33
(e)	Uncalled liability on partly paid Shares/Warant Equity Shares/Debentures	**865.36**	–
(f)	Claims against the company/disputed liabilities not acknowledged as debts	**110.75**	200.92
(g)	Sales tax deferral liability assigned	**235.27**	235.27

Notes on Accounts

SCHEDULE 'O' (Contd.)

14. **LICENSED AND INSTALLED CAPACITY**
(As certified by the management)

			Licensed Capacity		Installed Capacity	
		UNIT	**1999-2000**	1998-99	**1999-2000**	1998-99
(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	**291,000**	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.	**960,000**	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
(i)	Linear Alkyl Benzene	M.T.	**N.A.**	N.A.	**100,000**	100,000
(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**	607
	(ii) Knitting M/c	Nos.	**22**	N.A.	**20**	28
(m)	(i) Chlorine	M.T.	**708,800**	1,104,800	**–**	–
	(ii) Caustic Soda	M.T.	**800,000**	1,268,000	**–**	–
	(iii) Hydrogen	M.T.	**20,160**	31,860	**–**	–
(n)	(i) Paraxylene	M.T.	**1,646,000**	1,400,000	**1,646,000**	246,000
	(ii) Orthoxylene	M.T.	**150,000**	–	**150,000**	–
(o)	LDPE	M.T.	**150,000**	150,000	**–**	–
(p)	Poly Ethylene Terephthalate	M.T.	**N.A.**	N.A.	**80,000**	80,000
(q)	Polyester Staple Fibre Fill	M.T.	**N.A.**	N.A.	**30,000**	30,000

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

\+ Includes 32,300 MT based on average Denier of 40.

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Notes on Accounts

SCHEDULE 'O' (Contd.)

15. The Department of Company Affairs, Government of India vide its Order No. 46/12/2000/CL-III dated May 3, 2000 and issued under Section 211 (4) of the Companies Act, 1956 has exempted the company from publication of certain information in the Balance Sheet viz. disclosure of nature of security and terms of redemption of secured loans, balances with non scheduled banks, amounts due to small scale industrial undertakings and in the Profit and Loss Account under paras 3(i)(c), 3(i)(d), 3(ii)(a)(1) and (2), 3(ii)(b), 3(x)(a), 3(x)(b) and 4-D(c) of Part II, Schedule VI to the Companies Act, 1956.

16. **PRODUCTION MEANT FOR SALE**

Products	**Unit**	**1999-2000**	1998-99
Fabrics	Meters in lacs	**309.62**	352.09
Polyester Filament Yarn	MT	**2,43,755**	2,32,278
PET	MT	**73,786**	67,132
Polyester Staple Fibre	MT	**3,13,129**	2,63,381
Fibre Fill	MT	**17,367**	11,746
PTA	MT	**6,06,023**	4,66,913
LAB	MT	**1,12,608**	99,789
Normal Paraffin	MT	**2,133**	8,719
Ethylene Glycol	MT	**2,08,282**	2,07,876
PVC	MT	**2,89,848**	2,74,476
Ethylene	MT	**40,362**	34,277
Paraxylene	MT	**5,00,220**	–
Propylene	MT	**–**	915
Benzene	MT	**1,88,267**	1,22,123
Xylene	MT	**28,583**	31,823
Orthoxylene	MT	**38,978**	-
Toluene	MT	**58,645**	59,967
PE	MT	**3,82,218**	3,64,676
PP	MT	**6,19,397**	3,76,924
Crude Oil	MT	**3,42,138**	3,13,134
Gas	BBTU	**30,780**	24,209

17. **SALES (excluding inter divisional transfers)**

Products	**Unit**	1999-2000		1998-99	
		Quantity	**Rs. in crores**	Quantity	Rs. in crores
Fabrics	Meters. In lacs	**365.17**	**271.86**	377.95	312.73
Polyester Filament Yarn	MT	**2,51,349**	**1,820.66**	2,31,831	1,512.68
PET	MT	**78,454**	**270.94**	66,733	214.44
Polyester Staple Fibre	MT	**3,43,009**	**1,774.16**	2,68,957	1,285.86
Fibre Fill	MT	**18,887**	**75.94**	14,212	54.61
PTA	MT	**6,05,423**	**1,756.82**	4,98,427	1,081.04
LAB	MT	**1,10,544**	**569.82**	1,02,756	476.52
Normal Paraffin	MT	**2,133**	**7.53**	8,719	31.07
Ethylene Glycol	MT	**2,08,864**	**707.61**	2,32,845	577.96
PVC	MT	**2,58,096**	**1,127.73**	2,67,676	832.40
Ethylene	MT	**40,362**	**130.06**	34,277	59.15
Paraxylene	MT	**4,76,069**	**852.97**	–	–
Propylene	MT	**–**	**–**	915	1.51
Benzene	MT	**1,74,147**	**287.84**	1,26,872	145.52
Xylene	MT	**28,532**	**53.80**	28,388	42.17
Orthoxylene	MT	**35,315**	**73.08**	–	–
Toluene	MT	**58,245**	**102.85**	60,126	77.41
PE	MT	**3,65,462**	**1,689.91**	3,66,961	1,441.72
PP	MT	**6,09,023**	**2,296.27**	3,79,659	1,318.32
Crude Oil	MT	**3,42,138**	**174.35**	3,13,134	107.81
Gas	BBTU	**30,780**	**309.40**	24,209	246.42
Petroleum Products			**332.86**		–
Others			**1,160.70**		804.81
			15,847.16		10,624.15

Notes on Accounts

SCHEDULE 'O' (Contd.)

18. **VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF**

(Rs. in crores)

	1999-2000 Rs.	1998-99 Rs.
Raw Materials	**2,410.05**	1,766.82
Stores, Chemicals and Packing Materials	**313.06**	360.76
Capital Goods	**114.40**	627.52

19. **EXPENDITURE IN FOREIGN CURRENCY**

(Rs. in crores)

	1999-2000 Rs.	1998-99 Rs.
Interest on Foreign Currency Loans	**488.69**	475.11
Premium on Redemption of Bonds	**–**	53.37
Interest on Debentures held by Non residents on repatriation basis (Gross)	**0.01**	0.39
Technical Know-how and Engineering Fees	**472.92**	241.87
Oil and Gas Activity	**133.84**	158.86
Other Matters	**71.81**	185.18

20. **EARNINGS IN FOREIGN EXCHANGE**

(Rs. in crores)

	1999-2000 Rs.	1998-99 Rs.
FOB Value of Exports	**1475.99**	589.56
Interest	**472.42**	370.99
Others	**–**	0.70

21. **EXPENDITURE ON RESEARCH AND DEVELOPMENT**

(Rs. in crores)

	1999-2000 Rs.	1998-99 Rs.
Total Revenue Expenditure including amortisation of deferred cost and Unamortised Deferred Research and Development Expenditure	**49.65**	41.30

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

	1999-2000 Rs.	1998-99 Rs.
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	**32,131**	18,085
(b) Number of Equity Shares held by them	**23,52,66,428**	24,96,80,562
(c) (i) Amount of Dividend Paid (Gross) (Rs. in crores)	**88.22**	87.38
Tax Deducted at Source Rs. Nil (Previous Year Nil)		
(ii) Year to which dividend relates	**1998-99**	1997-98

Notes on Accounts

23. **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No. :	11-19786	State Code:	11
Balance Sheet Date :	31-03-00		

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

Public Issue :	NIL	Rights Issue :	NIL
Bonus Issue :	NIL	Private Placement : (Preference Shares)	232.12
Conversion of Bonds :	0.01	Exercise of warrants	120.00

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

Total Liabilities :	29368.82	Total Assets :	29368.82
Sources of Funds			
Paid-up Capital :	1346.40	Reserves and Surplus :	12636.35
Secured Loans :	5988.11	Unsecured Loans :	5532.13
Application of Funds			
Net Fixed Assets :	15448.31	Investments :	6066.56
Net Current Assets:	3988.12		

IV. Performance of Company (Amount Rs. crores)

Turnover :	20301.39	Total Expenditure :	18872.12
Profit Before Tax :	2460.24	Profit After Tax :	2403.25
Earnings per share in Rs.	22.43	Dividend : Rs. per share	4.00

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) :

390210.00

Product Description :

POLYPROPYLENE (PP)

Item Code No. (ITC Code) :

540242.00

Product Description :

POLYESTER FILAMENT YARN (PFY)

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 5th May, 2000

For and on behalf of the Board

A.D. Ambani
Managing Director

N.R. Meswani
Executive Director

H.R. Meswani
Executive Director

Rohit C. Shah
Vice President and Company 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.	Reliance Ventures Ltd
1.	The financial year of the Subsidiary Companies ended on	31st March, 2000	31st March, 2000	31st March, 2000
2.	Date from which they become Subsidiary Companies	30th September, 1985	30th December, 1988	7th October, 1999
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	20,20,000 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 %	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, 2000	Rs. 0.10 lacs	Rs. 6,917.11 lacs	Rs. 0.10 lacs
	ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries.	(Rs. 1,195.66 lacs)	Rs. 926.87 lacs	NIL
	b. Dealt with in holding company's accounts:			
	i) For the financial year ended 31st March, 2000	NIL	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 lacs	NIL

For and on behalf of the Board

A.D. Ambani
Managing Director

N.R. Meswani
Executive Director

H.R. Meswani
Executive Director

Rohit C. Shah
Vice President and Company Secretary

Mumbai
Dated: 5th May, 2000

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Cash Flow Statement Annexed to the Balance Sheet for the period April 1999-March 2000

(Rs. in crores)

	1999-2000		1998-99	
	Rs.	**Rs.**	Rs.	Rs.
A: CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit after tax as per P and L Account		**2,403.25**		1,703.69
Adjusted for :				
Net Prior Year Adjustments	**0.07**		0.65	
Tax Provision	**57.00**		30.00	
Provision for Doubtful Debts	**18.24**		23.00	
Profit/(Loss) on Sale of Discarded Assets	**7.07**		(3.39)	
Depreciation	**2,533.59**		1,776.66	
Transferred from General Reserve	**(1,255.23)**		(921.62)	
Adjustment on Sales Tax Assessment	**–**		(0.25)	
Effect of Exchange Rate Change	**(331.87)**		(8.43)	
Profit on Sale of Investments/Dividend Income	**(79.45)**		(24.08)	
Interest/Other Income	**(594.67)**		(562.48)	
Interest Expenses	**1,008.00**		728.81	
		1,362.75		1,038.87
Operating Profit before Working Capital Changes		**3,766.00**		2,742.56
Adjusted for :				
Trade and Other Receivables	**(1,080.70)**		97.96	
Inventories	**(414.59)**		(64.65)	
Trade Payables	**(583.59)**		30.55	
		(2,078.88)		63.86
Cash Generated from Operations		**1,687.12**		2,806.42
Net Prior Year Adjustments		**(0.07)**		(0.65)
Taxes Paid		**(56.50)**		(25.00)
Net Cash From Operating Activities		**1,630.55**		2,780.77
B: CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		**(2,111.89)**		(1,822.28)
Sale of Fixed Assets		**21.61**		14.83
Purchase of Investments		**(2,998.41)**		(3,722.70)
Sale of Investments		**2,464.83**		2,053.61
Movement in Investment Management Account		**(1,179.68)**		1,660.22
Movement in Loans		**(1,789.38)**		(481.91)
Interest Income		**572.11**		554.78
Dividend Income		**20.75**		20.69
Net Cash Used in Investing Activities		**(5,000.06)**		(1,722.76)

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Cash Flow Statement Annexed to the Balance Sheet for the period April 1999-March 2000

				(Rs. in crores)
		1999-2000		1998-99
	Rs.	**Rs.**	Rs.	Rs.
C: CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Share Capital (net)		**1,129.83**		74.01
Securitisation of Future Receivables		**(965.02)**		665.02
Redemption of Preference Share Capital		**(192.12)**		–
Proceeds from Long Term Borrowings		**2,645.19**		2,875.76
Repayment of Long Term Borrowings		**(2,372.83)**		(777.25)
Short Term Loans		**631.19**		246.86
Dividends Paid		**(418.93)**		(385.69)
Interest Paid		**(1,241.95)**		(1,034.69)
Effects of exchange rate change		**338.10**		42.06
Net Cash used in Financing Activities		**(446.54)**		1,706.08
Net Increase/(Decrease) in Cash and Cash Equivalents		**(3,816.05)**		2,764.09
Opening Balance of Cash and Cash Equivalents		**4,897.60**		2,133.51
Closing Balance of Cash and Cash Equivalents		**1,081.55**		4,897.60

For and on behalf of the Board

Mumbai
Dated: 5th May, 2000

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, 2000 and 31st March, 1999 and found the same in agreement therewith.

For **Chaturvedi and Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated: 5th May, 2000

Reconciliation of Profit determined under Indian GAAP to Net Income in accordance with US GAAP

The following reconciliation between accounting principles generally accepted in India ("Indian GAAP") and accounting principles generally accepted in the United States of America ("US GAAP") has been provided as additional disclosure to assist readers who may be unfamiliar with Indian GAAP.

It may, however be noted that 91% 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, 2000	**Notes**	**Rs. (crores)**	**US $ (Millions)**
Profit after tax determined under Indian GAAP		**2,403**	**551**
Adjustments to conform with US GAAP			
Share in Income of Affiliates and Subsidiaries	1	517	118
Leases	2	(5)	(1)
Indirect Preoperative Expenses	3	(4)	(1)
Foreign Currency	4	(338)	(77)
Depreciation	5	71	16
Deferred Income Tax	6	(276)	(63)
Issue Expenses	7	(4)	(1)
Income before cumulative effect of accounting changes and extraordinary item		**2,364**	**542**
Loss on extinguishment of debt - extraordinary item	8	(6)	(1)
Cumulative effect of change in depreciation method, (net of Rs. 310 crores of deferred income taxes)	9	(495)	(114)
Consolidated net income in accordance with US GAAP		**1,863**	**427**

1 US $= Rs. 43.62 (Exchange rate as on 31.03.2000)

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

1. **Share in Income of Affiliates and Subsidiaries**
   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.
   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.
2. **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.
3. **Indirect Preoperative Expenses**
   Under Indian GAAP indirect preoperative expenses incurred during construction are capitalised. Under US GAAP, such indirect costs must be expensed as incurred.
4. **Foreign Currency**
   Under Indian GAAP foreign exchange difference relating to acquisition of fixed assets is adjusted to the carrying cost of such assets. Other foreign exchange differences are recognised in profit and loss account. Under US GAAP, all gains or losses arising out of foreign exchange differences 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.

8. Loss on extinguishment of debt.
Under Indian GAAP debt extinguishment premiums are adjusted against Securities Premium account. Under US GAAP, such premium for early extinguishment of debt are expensed as incurred and treated as extraordinary item.

9. 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 and machinery situated at Hazira commissioned between April1, 1995 and March 31, 1999, except Cracker and aromatics plants, from Straight Line to Written Down value method with effect from April 1, 1999. The new method has been applied retrospectively to plant and 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 and 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. 495 crores (net of Rs. 310 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. 274 crores, excluding the charge relating to the previous years.

10. 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.

As per our report of even date

For **Deloitte Haskins and Sells**
Chartered Accountants

P.R. Barpande
Partner

Mumbai
5th May, 2000.

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 reconciliation of 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 ("the Reconciliation") for the year ended 31st March, 2000 for Reliance Industries Limited ("Reliance"). This Reconciliation is the responsibility of Reliance's management. Our responsibility is to express an opinion on the Reconciliation 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 Reconciliation is 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 Reconciliation 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.

As per our report of even date

For Deloitte Haskins and Sells

Chartered Accountants

P.R. Barpande
Partner

Mumbai
5th May, 2000.

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Financial Ratios

	1999-00	1998-99	1997-98	1996-97	1995-96
Profitability Ratios					
EBIDTA / total revenue (%)	22.6	21.9	21.0	21.6	21.7
Operating profit margin (%)*	20.0	18.6	19.0	19.0	19.0
PAT / total revenue (%)	11.5	11.2	12.0	14.7	16.2
Operating expenses / total revenue (%)	72.9	72.5	73.8	72.5	72.2
Establishment expenses / total revenue (%)	2.7	3.2	3.0	3.2	3.7
Employee costs / total revenue (%)	1.8	2.4	2.3	2.6	2.4
Selling expenses / total revenue (%)	1.8	1.9	1.7	1.5	1.9
Tax / PBT (%)	2.3	1.7	3.7	3.3	–
Domestic revenue / total revenue (%)	88.1	91.5	94.9	95.6	95.6
Export revenue / total revenue (%)	8.6	4.5	2.7	1.2	1.1
Other income / total revenue (%)	3.3	4.0	2.4	3.2	3.4
Cash profit / total revenue (%)	17.5	16.9	16.9	19.2	16.5
Balance Sheet Ratios					
Acid test ratio	1.1	1.5	1.4	1.3	1.0
Cash and cash equivalents / current liabilities	0.8	1.4	1.2	1.1	0.8
Current ratio	1.5	1.9	1.7	1.6	1.4
Debt - equity ratio	0.8	0.9	0.7	0.9	0.6
Depreciation for the year / average gross block (%)	5.9	4.7	4.6	4.6	5.5
Capital expenditure / depreciation (%)	201.4	253.8	372.0	802.2	886.7
Capital expenditure / cash profit (%)	69.9	84.8	107.0	189.9	223.9
Capital expenditure / pre-tax profit (%)	104.6	125.2	144.7	240.6	228.7
Capital expenditure / total revenue (%)	12.3	14.3	18.1	36.5	37.0
Capital expenditure / total assets (%)	8.8	7.7	10.2	16.8	19.8
CWIP / total assets (%)	1.1	12.2	8.5	19.0	29.8
Efficiency Ratios					
ROE (PAT / average net worth**) (%)	21.8	19.0	21.6	22.3	24.7
ROCE (PBIT / average capital employed) (%)	18.4	17.1	17.2	16.5	20.5
Cash profit / average net worth (%)	34.0	28.9	30.6	29.2	25.8
Growth in total revenue (%)	38.4	10.3	52.3	11.9	9.9
Growth in net profit (%)	41.1	3.1	24.9	1.4	22.5
Growth in export revenue (%)	164.5	87.2	241.9	24.4	(49.6)
Sales / total assets (%)	94.2	91.6	88.9	79.7	113.1
Inventory / sales (%)	9.0	9.7	10.0	12.4	9.8
Inventory turnover (no of days)	32.9	35.3	36.6	45.4	35.7
Debtors turnover (no of days)	19.5	15.7	24.1	34.1	21.1
EBITDA / net debt (%)	57.5	69.6	84.1	51.2	57.2
Cash and cash equivalents / total revenue (%)	15.3	38.5	34.5	41.5	19.3
Cash and cash equivalents / total assets (%)	10.9	20.8	19.4	19.2	10.3
Employee Related Ratios					
Cost per employee (Rs lakhs)	2.4	2.2	1.8	1.4	1.3
Value added per employee (Rs lakhs)	57.8	44.6	35.0	26.9	30.1
Total Assets per employee (Rs lakhs)	184.6	169.2	140.4	116.4	105.5
Sales per employee (Rs lakhs)	127.6	87.5	77.1	52.0	54.6
PBT per employee (Rs lakhs)	15.5	10.4	9.9	8.2	9.2
Other Ratios					
Book value (Rs.)	129.9	129.8	128.3	92.0	89.5
Cash Earning Per Share (Rs.)	34.6	27.1	24.7	18.8	17.6
Dividend (%)	40.0	37.5	35.0	32.5	30.0
Dividend per share (Rs.)	4.0	3.8	3.5	3.3	3.0
Dividend payout (%)	19.7	24.5	22.6	22.6	23.8
EPS - Earning Per Share (Rs.)	22.4	18.0	17.6	14.4	13.9
EPS growth (%)	24.8	2.1	22.1	3.6	19.1
Price / book value, end of year	2.4	1.0	1.4	1.7	1.2
Price / cash earnings, end of year	9.2	4.8	7.2	8.3	6.1
Price / earnings, end of year	14.1	7.3	10.1	10.9	7.7
Price / total revenue, end of year	1.6	0.8	1.2	1.6	1.2
Enterprise value / total revenue (%)	213.8	150.8	180.3	244.1	180.0

***** excluding other income
****** adjusted for CWIP and revaluation
EBITDA : Earnings before interest, tax, depreciation, and amortisation
PBIT: Profit before interest and tax
PBT: Profit before tax

PAT: Profit after tax
CWIP: Capital work in progress
ROE: Return on equity
ROCE: Return on capital employed

Directors' Report

To the Members,

Your Directors present the 16th Annual Report together with the audited Statement of Accounts for the financial year ended 31st March, 2000.

Operations

The Company has earned profit of Rs 0.10 lacs during the year under review as against Rs. 1.51 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 N. M. Sanghavi 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 and Shah and M/s. Rajendra and 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.

Mumbai
Dated : 17th April, 2000

For and on behalf of the Board

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

Auditors' Report

To

The Members of Devti Fabrics Limited.

We have audited the attached Balance Sheet of DEVTI FABRICS LIMITED as at 31st March, 2000, 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, 2000 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 and Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

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 during 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 or 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, 2000 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 and Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

Balance Sheet as at 31st March, 2000

(Rs. in lacs)

	Schedule	As at 31st March, 2000 Rs.	Rs.	As at 31st March, 1999 Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'		**21.01**		21.01
Loan Funds					
Unsecured Loans (From Holding Company)			**1,271.88**		1,247.01
TOTAL			**1,292.89**		1,268.02
APPLICATION OF FUNDS:					
Fixed Assets	'B'				
Gross Block		**30.46**		30.83	
Less : Depreciation		**13.33**		12.58	
Net Block			**17.13**		18.25
Current Assets, Loans and Advances					
Current Assets	'C'				
Inventories		**1.92**		6.50	
Sundry Debtors		**70.96**		40.43	
Cash and Bank Balances		**0.67**		0.37	
		73.55		47.30	
Loans and Advances	'D'	**13.75**		13.77	
		87.30		61.07	
Less : Current Liabilities and Provisions					
Current Liabilities	'E'	**7.10**		6.96	
		7.10		6.96	
Net Current Assets			**80.20**		54.11
Profit and Loss Account			**1,195.56**		1,195.66
TOTAL			**1,292.89**		1,268.02
Notes on Accounts	'I'				

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

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, 2000

(Rs. in lacs)

	Schedule	1999-2000		1998-1999	
		Rs.	**Rs.**	Rs.	Rs.
INCOME					
Sales		**128.35**		48.86	
Other Income	'F'	**0.01**		2.45	
Variation in stock	'G'	**(4.58)**		4.58	
			123.78		55.89
EXPENDITURE					
Purchases		**116.84**		44.54	
Manufacturing and Other Expenses	'H'	**5.73**		8.73	
Depreciation		**1.11**		1.11	
			123.68		54.38
Profit for the year			**0.10**		1.51
Add : Balance brought forward from last year			**(1,195.66)**		(1,197.17)
Balance carried to Balance Sheet			**(1,195.56)**		(1,195.66)
Notes on Accounts	'I'				

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

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'

SHARE CAPITAL (Rs. in lacs)

		As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Authorised:			
2,50,000	Equity Shares of Rs. 10 each	**25.00**	25.00
Issued, Subscribed and 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 1.4.1999 Rs.	Additions Rs.	Deductions Rs.	**As at 31.3.2000 Rs.**	As at 1.4.1999 Rs.	For the year Rs.	Deductions Rs.	**Up to 31.3.2000 Rs.**	**As at 31.3.2000 Rs.**	As at 31.3.1999 Rs.
Buildings	27.48	-	-	**27.48**	10.53	0.92	-	**11.45**	**16.03**	16.95
Furniture and Fixture	3.34	-	0.37	**2.97**	2.04	0.19	0.36	**1.87**	**1.10**	1.30
Vehicles	0.01	-	-	**0.01**	0.01	-	-	**0.01**	**-**	-
Total	30.83	-	0.37	**30.46**	12.58	1.11	0.36	**13.33**	**17.13**	18.25
Previous Year	30.93	-	0.10	**30.83**	11.51	1.11	0.04	**12.58**	**18.25**	

SCHEDULE 'C'

CURRENT ASSETS (Rs. in lacs)

	As at 31st March, 2000 Rs.	Rs.	As at 31st March, 1999 Rs.	Rs.
Inventories				
(as verified, valued and certified by the management)				
Raw materials	**1.92**		1.92	
Stock in Trade	**-**		4.58	
		1.92		6.50
Sundry Debtors (Unsecured, considered good)*				
Over Six months	**36.60**		35.79	
Others	**34.36**		4.64	
		70.96		40.43
Cash and Bank Balances				
Balance with Scheduled Banks:				
In Current Account		**0.67**		0.37
		73.55		47.30

* Includes Rs. 12.30 lacs due from Reliance Petroleum Ltd., a Company under the same management (previous year Rs. 24.64 lacs)

Schedules Forming Part of the Balance Sheet

SCHEDULE 'D'

LOANS AND ADVANCES

(Rs. in lacs)

	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	**0.08**	0.10
Deposits	**13.67**	13.67
	13.75	13.77

SCHEDULE 'E'

CURRENT LIABILITIES AND PROVISIONS

(Rs. in lacs)

	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Current Liabilities		
Sundry Creditors	**0.56**	-
Other Liabilities	**6.54**	6.96
	7.10	6.96

Schedules Forming Part of the Profit and Loss Account

SCHEDULE 'F'

OTHER INCOME

(Rs. in lacs)

	1999-2000 Rs.	1998-1999 Rs.
Profit on sale of fixed assets	**0.01**	-
Excess provision for expenses no longer required	**-**	2.45
	0.01	2.45

SCHEDULE 'G'

VARIATION IN STOCK

(Rs. in lacs)

	1999-2000 Rs.	1998-1999 Rs.
Stock at close	**-**	4.58
Stock at Commencement	**4.58**	-
	(4.58)	4.58

SCHEDULE 'H'

MANUFACTURING AND OTHER EXPENSES

(Rs. in lacs)

	1999-2000		1998-1999	
	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	**4.50**		4.46	
Stores and spares written off (net)	**–**		1.79	
		4.50		6.25
Payment to and Provisions for Employees				
Retrenchment/Voluntary Retirement Scheme Compensation		**–**		1.37
Establishment Expenses				
Insurance	**0.25**		0.39	
Rates and taxes	**0.44**		0.20	
Payment to Auditors	**0.37**		0.37	
General Expenses	**0.17**		0.13	
Loss on sale of assets	**–**		0.02	
		1.23		1.11
		5.73		8.73

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:

	1999-2000 Rs.	(Rs. in lacs) 1998-1999 Rs.
(a) Audit fees	**0.26**	0.26
(b) Tax audit fees	**0.11**	0.11
	0.37	0.37

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.

	As at 31st March, 2000 Rs.	(Rs. in lacs) As at 31st March, 1999 Rs.
5. Contingent Liability		
Claims against the company/disputed liabilities not acknowledged as debts for ex-employees.	**13.99**	10.50

6. Licensed and Installed Capacity

	Licensed Capacity		**Installed Capacity**	
	31.3.2000	31.3.1999	**31.3.2000**	31.3.1999
	N.A.	N.A.	**N.A.**	N.A.

7. Quantitative Information

	UNIT	**1999-2000** Quantity	**1999-2000** Rs./lacs	1998-1999 Quantity	1998-1999 Rs./lacs
a) Opening stock					
Fabrics	Mtrs/lacs	0.09	4.58	–	–
b) Closing stock					
Fabrics	Mtrs/lacs	**–**	**–**	0.09	4.58
c) Purchases					
Fabrics(net of purchase return)	Mtrs/lacs	**1.07**	**116.79**	0.58	44.54
Pillows	Nos.	**32**	**0.05**	–	–
d) Sales					
Fabrics	Mtrs/lacs	**1.16**	**128.29**	0.49	48.86
Pillows	Nos.	**32**	**0.06**	**–**	**–**
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.	31593	State Code	11
Balance Sheet Date	31-03-00		

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	1292.89	Total Assets	1292.89
Source of Funds:			
Paid-up Capital	21.01	Reserves and Surplus	NIL
Secured Loans	NIL	Unsecured Loans	1271.88
Application of Funds:			
Net Fixed Assets	17.13	Investments	NIL
Net Current Assets	80.20		
Accumulated Losses	1195.56	Miscellaneous Expenditure	NIL

4. **Performance of Company:** (Rs. in lacs)

Turnover	128.36	Total Expenditure	128.26
Profit before tax	0.10	Profit after tax	0.10
Earnings per Share (Rs)	0.05	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 and Shah**
Chartered Accountants

H.P. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

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 14th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2000.

Financial results

					(Rs. in lacs)
			1999-2000		1998-1999
		Rs.	**Rs.**	Rs.	Rs.
Profit before taxation			**7467.11**		883.49
Less: Provision for taxation			**550.00**		–
Profit after taxation			**6917.11**		883.49
Add :	Taxes for the earlier years	**(33.23)**		4.19	
	Balance brought forward from last year	**926.87**		39.19	
			893.64		43.38
Balance carried forward to Balance sheet			**7810.75**		926.87

Income

During the year, the Company has received dividend income of Rs. 1314.18 Lacs from its investments.

Dividend

The Directors have not recommended dividend on Equity shares for the financial year ended 31st March, 2000.

Directors

Shri. Sandeep Junnarkar 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 and Shah and M/s Rajendra and 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 : 17th April, 2000

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, 2000, 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, 2000 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 and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

Mumbai
Dated : 17th April, 2000

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

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. According to information and explanations given to us, the fixed assets have been physically 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 its 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, 2000 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 and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

Mumbai
Dated : 17th April, 2000

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Balance Sheet as at 31st March, 2000

	Schedule	As at 31st March, 2000 Rs.	Rs.	(Rs. in lacs) As at 31st March, 1999 Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds					
Capital	'A'	**14,750.44**		14,750.44	
Reserves and Surplus	'B'	**8,205.91**		1,322.03	
			22,956.35		16,072.47
Loan Funds					
Secured Loans	'C'	**5,052.05**		11,338.77	
Unsecured Loans	'D'	**170,257.50**		106,848.55	
			175,309.55		118,187.32
TOTAL			**198,265.90**		134,259.79
APPLICATION OF FUNDS:					
Fixed Asset	'E'				
Gross Block		**5.04**		4.57	
Less : Depreciation		**0.18**		0.04	
Net Block			**4.86**		4.53
Investments	'F'		**197,966.56**		175,360.56
Current Assets, Loans and Advances	'G'				
Current Assets					
Cash and bank balances		**4.53**		4.12	
Loans and advances		**1,043.97**		744.43	
		1,048.50		748.55	
Less : Current Liabilities and Provisions	'H'				
Current Liabilities		**203.41**		41,852.90	
Provisions		**550.61**		0.95	
		754.02		41,853.85	
Net Current Assets			**294.48**		(41,105.30)
TOTAL			**198,265.90**		134,259.79
Notes on Accounts	'K'				

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

For and on behalf of the Board

Alok Agarwal
S. Seth
Sandeep Junnarkar
Directors

Kalpana Srinivasan Assistant Secretary

Profit and Loss Account for the year ended 31st March, 2000

(Rs. in lacs)

	Schedule	1999-2000 Rs.	Rs.	1998-1999 Rs.	Rs.
INCOME					
Income on Investments	'I'	**7,980.39**		1,071.75	
Miscellaneous receipts		**2.74**		0.95	
Interest received [Tax Deducted at source Rs. NIL, previous year Rs. NIL]		**1,335.02**		344.23	
			9,318.15		1,416.93
EXPENDITURE					
Establishment and Other Expenses	'J'	**32.05**		35.69	
Discount on debentures		**213.28**		98.77	
Provision for diminution in market value of investments		**300.74**		0.20	
Interest - Others		**1,304.83**		398.74	
Depreciation		**0.14**		0.04	
			1,851.04		533.44
Profit before tax			**7,467.11**		883.49
Less: Provision for taxation			**550.00**		–
Profit after tax			**6,917.11**		883.49
Add : Taxation for earlier years		**(33.23)**		4.19	
Balance brought forward from last year		**926.87**		39.19	
			893.64		43.38
Balance carried to Balance Sheet			**7,810.75**		926.87
Notes on Accounts	'K'				

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

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, 2000 Rs.	As at 31st March, 1999 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 and 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, 2000 Rs.	As at 31st March, 1999 Rs.
General Reserves:		
As per last Balance Sheet	**395.16**	395.16
Profit and Loss Account	**7,810.75**	926.87
	8,205.91	1,322.03

SCHEDULE 'C'

(Rs. in lacs)

SECURED LOANS			As at 31st March, 2000 Rs.	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.	As at 31st March, 1999 Rs.
A.	12,40,000	Secured, Redeemable, Not-Interest Bearing, Non-Convertible Debentures				
		Redemption value	**3,720.00**		3,720.00	
		Less : Discount to be written off in future	**2,167.95**		2,381.23	
				1,552.05		1,338.77
B.		Secured loan from a Bank		**3,500.00**		10,000.00
				5,052.05		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 20-04-2000 and is secured by way of pledge of securities.

Schedules Forming Part of the Balance Sheet

SCHEDULE 'D'

(Rs. in lacs)

UNSECURED LOANS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
A. Zero Coupon Convertible Unsecured Redeemable Debentures of Rs. 5,000 each	**44,157.15**	44,157.15
B. Zero % Fully-Convertible Unsecured Debentures of Rs. 100 each.	**27,990.00**	27,990.00
C. Loans from Holding Company	**98,110.35**	34,701.40
	170,257.50	106,848.55

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.

SCHEDULE 'E'

FIXED ASSETS

(Rs. in lacs)

Description	Gross Block			Depreciation			Net Block	
	As at 1.4.1999 Rs.	Additions Rs.	**As at 31.3.2000 Rs.**	As at 1.4.1999 Rs.	for the year Rs.	**As at 31.3.2000 Rs.**	**As at 31.3.2000 Rs.**	As at 31.3.1999 Rs.
Building	4.57	—	**4.57**	0.04	0.08	**0.12**	**4.45**	4.53
Computer	—	0.47	**0.47**	—	0.06	**0.06**	**0.41**	—
Total	4.57	0.47	**5.04**	0.04	0.14	**0.18**	**4.86**	4.53
Previous Year	—	4.57	**4.57**	—	0.04	**0.04**	**4.53**	

Schedules Forming Part of the Balance Sheet

SCHEDULE 'F'

INVESTMENTS

		As at 31st March, 2000 Rs.	(Rs. in lacs) As at 31st March, 1999 Rs.
Investments : (Valued, Verified and Certified by Management)			
(A) Long Term Investments			
Quoted:			
Equity Shares - Fully paid-up			
1,36,22,707 (1,27,14,783)	BSES Ltd. of Rs. 10 each	**21,488.64**	20,107.67
8,82,370	Kothari Sugars and Chemicals Ltd. of Rs. 10 each	**337.30**	337.30
1,06,63,308 (1,31,63,772)	Larsen and Toubro Ltd. of Rs. 10 each	**10,906.58**	13,415.30
95,96,69,700 (38,31,84,000)	Reliance Petroleum Ltd. of Rs. 10 each	**136,757.21**	57,477.60
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**	14,369.40
9,57,96,000	WES 2001 of Reliance Petroleum Ltd. of Rs. 15 each.	**14,369.40**	14,369.40
Unquoted:			
Equity Shares - Fully paid-up			
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**	24.69
22,900	Observer (India) Ltd. of Rs. 10 each	**3.79**	3.79
1,150	Reliance Aromatics and Petrochemicals Pvt. Ltd. of Rs. 10 each	**0.11**	0.11
1,200	Reliance Energy and 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
	TOTAL (A)	**198,266.60**	175,359.86
(B) Current Investments			
Quoted:			
Equity Shares - Fully paid-up			
200	HDFC Bank Ltd. of Rs. 10 each	**0.02**	0.02
2,500	M H Mills and Industries Ltd. of Rs. 10 each	**0.94**	0.94
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
	TOTAL (B)	**1.52**	1.52
	TOTAL (A+B)	**198,268.12**	175,361.38
Less : Provision for diminution in the value of investments		**301.56**	0.82
		197,966.56	175,360.56

Schedules Forming Part of the Balance Sheet

SCHEDULE 'F' (Contd.)

The Company's investment in Reliance Petroleum Ltd., a Company under the same management is towards promoters' contribution. This investment (excluding investment in 19,15,92,000 Equity shares) is subject to lock in up to June 30,2001 and the Company has given an undertaking to Financial Institutions for non-disposal of the said investment, till the loans granted by them to Reliance Petroleum Ltd. are outstanding.

AGGREGATE VALUE OF	**As at 31st March, 2000**		As at 31st March, 1999	
	Book Value	**Market Value**	Book Value	Market Value
	Rs.	**Rs.**	Rs.	Rs.
Quoted Investments	**197,928.49**	**745,710.26**	129,656.97	165,708.46
Unquoted Investments	**38.07**		45,703.59	
	197,966.56		175,360.56	

SCHEDULE 'G'

(Rs. in lacs)

CURRENT ASSETS, LOANS AND ADVANCES	**As at 31st March, 2000**		As at 31st March, 1999	
	Rs.	**Rs.**	Rs.	Rs.
Current Assets				
Cash and Bank Balances:				
Cash on hand	**0.03**		0.04	
Balance with Scheduled Banks:				
In Current Account	**4.50**		4.08	
		4.53		4.12
Loans and Advances				
Advances recoverable in cash or in kind or for value to be received	**427.14**		558.60	
Advance Payment of Taxes	**616.83**		185.83	
		1,043.97		744.43
		1,048.50		748.55

SCHEDULE 'H'

(Rs. in lacs)

CURRENT LIABILITIES AND PROVISIONS	**As at 31st March, 2000**		As at 31st March, 1999	
	Rs.	**Rs.**	Rs.	Rs.
Current Liabilities				
Sundry Creditors	–		342.58	
Other Liabilities	**203.41**		41,510.32	
		203.41		41,852.90
Provisions				
For Taxation	**550.00**		–	
For Super annuation	**–**		0.39	
For Gratuity	**0.17**		0.56	
For Leave encachment	**0.44**		–	
		550.61		0.95
		754.02		41,853.85

Schedules Forming Part of the Profit and Loss Account

SCHEDULE 'I'

(Rs. in lacs)

INCOME ON INVESTMENTS	**1999-2000**		1998-1999	
	Rs.	**Rs.**	Rs.	Rs.
Dividend				
From Long Term Investments		**1,314.18**		1,070.31
Profit on Sale of Investments (Net)				
From Long Term Investments	**6,666.21**		—	
From Current Investments	**—**		1.44	
		6,666.21		1.44
		7,980.39		1,071.75

SCHEDULE 'J'

(Rs. in lacs)

ESTABLISHMENT AND OTHER EXPENSES	**1999-2000**		1998-1999	
	Rs.	**Rs.**	Rs.	Rs.
Salary, Wages and Bonus		**5.71**		6.13
Contribution to Super annuation, Gratuity etc.		**0.37**		0.95
Legal and Professional charges		**0.18**		5.50
Trusteeship Fee		**1.00**		0.25
Filing Fees(Rs. 360/-)		—		0.01
Travelling expenses		**0.22**		—
Custodian fees and demat charges		**22.52**		16.86
Miscellaneous expenses		**0.47**		4.41
Auditors' Remuneration :				
Audit Fees	**1.05**		1.05	
Tax Audit Fees	**0.53**		0.53	
		1.58		1.58
		32.05		35.69

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.

00081040.p65 May 25, 2000 @ 12:09 pm

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.	41081	State Code	11
Balance Sheet Date	31-03-00		

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	198265.90	Total Assets	198265.90
Source of Funds:			
Paid-up Capital	14750.44	Reserves and Surplus	8205.91
Secured Loans	5052.05	Unsecured Loans	170257.50
Application of Funds:			
Net Fixed Assets	4.86	Investments	197966.56
Net Current Assets	294.48		
Accumulated Losses	NIL	Miscellaneous Expenditure	NIL

4. **Performance of Company:** (Rs. in lacs)

Turnover/Income	9318.15	Total Expenditure	1851.04
Profit before Tax	7467.11	Profit after Tax	6917.11
Earnings per Share (Rs)	4.69	Dividend Rate(%)	NIL

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 and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Mumbai
Dated : 17th April, 2000

For and on behalf of the Board

Alok Agarwal
S. Seth } Directors
Sandeep Junnarkar

Kalpana Srinivasan Assistant Secretary

Directors' Report

To the Members,

Your Directors present the 1st Annual Report together with the Audited Statement of Accounts for the period 27th July, 1999 (date of incorporation) to 31st March, 2000.

Operations

During the period, the Company has earned a profit of Rs. 0.10 lacs. Your Company has not recommended any dividend on equity shares for the period under review.

Income

During the year, the Company has received interest income of Rs. 0.41 lacs.

Wholly owned subsidiary of Reliance Industries Ltd

Reliance Industries Limited has acquired entire equity share capital on 7th October 1999. The Company has therefore become the wholly owned subsidiary of Reliance Industries Ltd. consequently, the Company became a deemed public company under section 43A of the Companies Act, 1956.

Change of name

The Company has changed its name to Reliance Ventures Limited w.e.f 1st November, 1999.

Directors

Shri L. V. Merchant and Shri M. D. Sudharsan were appointed as Additional Directors in terms of Section 260 of the Companies Act, 1956. They shall hold office upto the date of ensuing Annual General Meeting. Necessary resolutions have been set out in the notice for appointment of Shri L V. Merchant and Shri M. D. Sudharsan as directors at the ensuing Annual General Meeting.

Shri Bimal C. Pathak and Ms. Mangal K. Kulkarni, resigned as Directors of the Company. The Board wishes to place on record the valuable services rendered by them during their tenure as Directors.

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.

Registration As Non-Banking Financial Company

The Company received certificate of registration under Section 45 I A of the Reserve Bank of India Act, 1934, to commence the business of Non-Banking Financial institution on 18th October, 1999.

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 and Shah and M/s Rajendra and 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

L.V. Merchant
M. D. Sudharsan
} Directors

Mumbai
Dated : 17th April, 2000

Auditors' Report

To ,

The Board of Directors of **RELIANCE VENTURES LIMITED**

We have audited the attached Balance Sheet of Reliance Ventures Limited as at 31st March, 2000 and the Profit and Loss Account of the company for the period 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 2000, and
      ii) in so far as it relates to the Profit and Loss Account of the 'Profit' of the Company for the period ended on that date.

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

Mumbai
Dated : 17th April, 2000

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Annexure to Auditors' Report

Referred to in Paragraph 1 of our Report of even date

1. As the Company has no Fixed Assets during the year, clauses 4(A) (i) and (ii) of the said Order are not applicable.
2. Since the Company has not carried out 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.
3. The Company has taken interest-free unsecured loans from its holding Company. It 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 within the meaning of sub section (1B) of Section 370 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.
4. The Company has not granted any loan, 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 sub section (1B) of Section 370 of the Companies Act, 1956.
5. The Company has not given any loans or advances in the nature of loans during the year, and hence clause regarding repayment is not applicable.
6. 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.
7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public, as defined under Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 during the year.
8. In our opinion the Company has an internal audit arrangement commensurate with its size and the nature of its busienss.
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, 2000 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 Directors have been charged to revenue account.
12. The Company is not a Sick Industrial Company within the meaning of clause (0) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
13. 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.
14. In our opinion, the Company has maintained proper records and made timely entries in respect of investments made by the Company. The Company's investments are held in its own name.

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

Mumbai
Dated : 17th April, 2000

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

Balance Sheet as at 31st March, 2000

(Rs. In lacs)

	Schedule	As at 31st March, 2000 Rs.	Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	**202.00**	
Reserves and Surplus:			
Profit and Loss Account		**0.10**	
			202.10
Loan Funds			
Unsecured loan from the Holding Company			**141,733.62**
Total			**141,935.72**
APPLICATION OF FUNDS			
Investments	B		**141,933.62**
Current Assets, Loans and Advances			
Current Assets	C		
Cash and Bank balances		**0.94**	
Loans and Advances		**0.09**	
		1.03	
Less : Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors		**0.06**	
Provisions			
Provision for taxation		**0.02**	
		0.08	
Net Current Assets			**0.95**
Miscellaneous Expenditure (To the extent not written off or adjusted)	D		**1.15**
Total			**141,935.72**
Notes on Accounts	E		

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

L.V. Merchant
M. D. Sudarshan
Directors

Mumbai
Dated : 17th April, 2000

Profit and Loss Account for the Period ended 31st March, 2000

(Rs. In lacs)

	Schedule	For the period ended 31st March, 2000 Rs.	Rs.
INCOME			
Interest (Tax Deducted at source Rs. 0.09 lacs)			**0.41**
EXPENDITURE			
Audit fees		**0.06**	
Filling fees		**0.03**	
General expenses		**0.02**	
Miscellaneous Expenditure written off		**0.18**	
			0.29
Profit befor tax			**0.12**
Less : Provision for Taxation			**0.02**
Balance carried to Balance Sheet			**0.10**
Notes on Accounts	E		

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

L.V. Merchant
M. D. Sudarshan
Directors

Mumbai
Dated : 17th April, 2000

Schedules Forming Part of the Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL

		(Rs. in lacs) **As at 31st March, 2000 Rs.**
Authorised:		
20,20,000	Equity Shares of Rs.10 each	**202.00**
4,80,000	Unclassified Shares of Rs.10 each	**48.00**
		250.00
Issued, Subscribed and Paid up:		
20,20,000	Equity Shares of Rs.10 each fully paid up (held by Reliance Industries Limited, the Holding Company)	**202.00**
		202.00

SCHEDULE 'B'

INVESTMENTS

		(Rs. in lacs) **As at 31st March, 2000 Rs.**
Long Term Investments (other Investments)		
Unquoted		
In Debentures - fully paid up		
(Zero coupon Optionally Fully Convertible Debentures of Rs.1000 each)		
42,00,000	Reliance Polyolefins Pvt. Ltd.	**42,000.00**
3,21,000	Reliance Chemicals Pvt. Ltd. - (Series I)	**3,210.00**
28,84,042	Reliance Chemicals Pvt. Ltd. - (Series II)	**28,840.42**
33,94,160	Reliance Aromatics and Petrochemicals Pvt. Ltd.	**33,941.60**
33,94,160	Reliance Energy and Project Development Pvt. Ltd.	**33,941.60**
		141,933.62

Schedules Forming Part of the Balance Sheet

SCHEDULE 'C'

CURRENT ASSETS, LOANS AND ADVANCES

	(Rs. in lacs) **As at 31st March, 2000 Rs.**
Current Assets	
Cash and Bank Balances	
Balance with Bank	
In Current Account with a Scheduled Bank	**0.94**
Loans and Advances	
Advances recoverable in cash or in kind or for value to be received	**0.09**
	1.03

SCHEDULE 'D'

MISCELLANEOUS EXPENDITURE

	(Rs. in lacs) **As at 31st March, 2000 Rs.**
Preliminary Expenses	**1.33**
Less: Written off during the period	**0.18**
	1.15

Notes on Accounts

Schedule 'E'

1. SIGNIFICANT ACCOUNTING POLICIES

a) General
The financial statements have been prepared in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

b) Revenue recognition
The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

c) Preliminary expenses are amortised over a period of five years on pro-rata basis.

2. The Company was incorporated on 27th July, 1999 and the Accounts are therefore prepared for the period 27th July, 1999 to 31st March, 2000. This being the first financial year of the Company, no corresponding figures for the previous year are available.

3. Consequent to fresh Certificate of Incorporation dated 1st November, 1999 received from the Registrar of Companies Maharashtra, name of the Company has been changed from "Reliance Fertilizers Private Limited" to "Reliance Ventures Private Limited".

4. During the year the Company became a Public Limited Company by virtue of Section 43A of the Companies Act, 1956.

5. As the Company is not a manufacturing company, information required under paragraphs 3 and 4 of Schedule VI of the Companies Act, 1956 are given to the extent applicable.

Notes on Accounts

Schedule 'E' (contd..)

6. **Balance sheet abstract and Company's General Business Profile as per Part IV of Schedule VI to the Companies Act, 1956.**

1. **Registration Details:**

Registration No.	121009	State Code	11
Balance Sheet Date	31-03-00		

2. **Capital raised during the year:** (Rs. in lacs)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	202.00

3. **Position of mobilisation and deployment of funds:** (Rs. in lacs)

Total Liabilities	141935.72	Total Assets	141935.72
Source of Funds:			
Paid-up Capital	202.00	Reserves and Surplus	0.10
Secured Loans	NIL	Unsecured Loans	141733.62
Application of Funds:			
Net Fixed Assets	NIL	Investments	141933.62
Net Current Assets	0.95		
Accumulated Losses	NIL	Miscellaneous Expenditure	1.15

4. **Performance of Company:** (Rs. in lacs)

Turnover/Income	0.41	Total Expenditure	0.29
Profit before Tax	0.12	Profit after Tax	0.10
Earnings per Share (Rs)	0.0053	Dividend per Share (Rs)	NIL

5. **Generic names of principal products, services of the Company:**

Item Code	NA
Product Description	NA

As per our Report of even date

For **Chaturvedi and Shah**
Chartered Accountants

Rajesh D. Chaturvedi
Partner

For **Rajendra and Co.**
Chartered Accountants

R.J. Shah
Partner

For and on behalf of the Board

L.V. Merchant
M. D. Sudarshan
Directors

Mumbai
Dated : 17th April, 2000

Investor Guide

Share Buyback - Frequently Asked Questions

Reliance has announced the largest ever share buyback programme in India. As part of the ongoing investor relations programme, Reliance's management and investor relations team have met large numbers of retail and institutional, domestic and international, investors, ever since the company announced the share buyback programme on April 12, 2000.

For the benefit and understanding of investors at large, many of the commonly asked questions, alongwith the company's responses, are tabulated below. This is in addition to the detailed explanatory statement provided as a part of the notice for the Annual General Meeting, and other information contained in this annual report.

Why is Reliance proposing to buy back its own shares ?

The key objectives of RIL's share buyback programme are to:

- Reward shareholders by returning cash to them, in a tax efficient, and investor friendly, manner
- Endeavour to manage share price volatility, lower "beta" (relative volatility of the Reliance share compared to the Sensex), neutralise the impact of pure speculative forces, and attract longer term investors
- Send a powerful signal to the market on perceived under-valuation of the Reliance share
- Improve financial parameters, such as Return of Equity (ROE), and optimise weighted average cost of capital (WACC), thereby enhancing global competitiveness
- Achieve higher all-round valuation for the Reliance share, enabling use of the share, in the longer term, as "currency" for acquisitions
- Achieve even higher overall shareholder value enhancement

Why has the company proposed an amount of just Rs. 1,100 crores (over $ 250 million) for the share buyback programme, when its cash resources are much larger ?

The maximum amount the company may allocate, at this stage, for the share buyback is approximately Rs. 3,000 crores (nearly $ 700 million).

The company has proposed an allocation of Rs. 1,100 crores (over $ 250 million) for the buyback, representing over 35% of the maximum permissible amount. This itself makes the buyback the largest ever in India.

In the best overall interests of shareholders, the company has naturally to balance the utilisation of its cash resources for different objectives, such as capital investments for attractive future growth opportunities, reduction of debt, distribution to shareholders, etc. The company has already articulated a capital allocation framework in this regard, in the Chairman's Speech at its Annual General Meeting held in June, 1999.

Why has the company proposed a maximum buyback price of Rs. 303, when it considers the share price to be under-valued ?

The maximum share buyback price of Rs. 303 represents a significant 52% premium to the low of Rs. 199, touched as recently as in March, 2000. The price of Rs. 303 also represents a 22% premium to the average trading range for the Reliance share for the past year.

This price represents a nominal premium to the price on the day the company filed the notice with the stock exchanges, giving intimation of the proposal to consider the share buyback. Internationally, share buybacks are implemented at or around the price prevailing at the time of announcement of the buyback.

The maximum price has been specified, in a manner that will lead to judicious utilisation of shareholders' resources, improvement in all financial parameters, and to achieve maximisation of overall shareholder value.

As the company itself is willing to buy its own shares only up to Rs. 303 per share, should this be considered as the "cap" price for the share ?

The price of Rs. 303 per share is, conceptually, more in the nature of a "floor" price, rather than a "cap." This is because the company itself is willing to invest substantial resources, and to emerge as a "buyer" upto that price.

Can the company increase either the maximum amount allocated for the buyback, or the maximum price specified for this purpose ?

The company may, at any time, call for an extraordinary general meeting (EGM) of its shareholders, for increasing the maximum amount allocated for the buyback, and/or the maximum buyback price, if this is required to be done. This process would typically entail a timeframe of around 6 to 8 weeks.

How many shares will the company buyback under this programme ?

Reliance intends to utilise the entire allocated amount of Rs. 1,100 crores (over $ 250 million) to buyback its shares, within a maximum price of Rs. 303 per share.

The actual number of shares that will be bought back will depend upon the price at which shares become available for the buyback.

Assuming the entire amount of Rs. 1,100 crores (over $ 250 million) is deployed at the maximum price of Rs. 303 per share, Reliance will buyback over 3.6 crore shares, from the secondary markets.

This represents approximately 3.4% of the company's total equity capital, and obviously, a much larger percentage of the company's floating stock in the secondary markets.

When will the company actually start buying back its own shares ?

The resolution for approving the share buyback programme is being placed before the shareholders of the company at the company's forthcoming annual general meeting (AGM) on June 13, 2000.

The buyback programme can be launched after the resolution is approved, subject to completion of necessary formalities, such as making of a Public Announcement, etc. This would typically involve a further timeframe of 2 to 3 weeks.

For how long will the company keep buying back its own shares ?

The shareholders' resolution remains effective for a period of one year after approval. Reliance can buyback its shares over this period of one year i.e. till June 12, 2001.

How will the company actually buyback its own shares ?

The company is proposing to use the "open market" purchases methodology for buying back its shares. This means the company will buyback its shares in the secondary market, by placing buying orders, from time to time, on the electronic screens of the stock exchanges.

How will I know that Reliance is actually buying back its shares from time to time ?

Reliance will make a Public Announcement, and publish the same

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in leading newspapers, before commencing the share buyback.

In accordance with prevailing SEBI regulations, Reliance's name will be disclosed as a "buyer" on the exchanges' trading screens, whenever the company is buying back its own shares, through its notified broking firms.

Reliance will provide details of the actual share buyback, on a daily basis, to the stock exchanges. These details will also be published in leading national newspapers, on a daily basis, as required by SEBI regulations.

What is the advantage of making "open market" purchases ?

Internationally, the "open market" purchases methodology is recognised as the most transparent, and cost and time efficient, manner of implementing a share buyback.

This method provides maximum flexibility to the company and its shareholders, and is considered more likely to have a lasting and positive impact on floating stock, share price performance, etc.

As per SEBI guidelines, the company will make full disclosure, on a daily basis, of shares actually bought back under this methodology.

This is also the only share buyback method, under which, the company's promoters are not allowed to participate in the buyback, and are restrained from offering/selling any portion of their own shareholdings in the company.

Is there any possibility that Reliance's promoters may indirectly sell off their own shares during the buyback?

Reliance's promoters have made a public statement that they will not sell any part of their shareholdings in the company, either under the buyback or otherwise.

Reliance's promoters have, to the contrary, publicly disclosed their intention to increase their shareholdings in the company, from time to time, through purchases of shares from the secondary markets, utilising SEBI's "creeping acquisition" provisions.

What will be the impact of the share buyback programme on Reliance's financial performance?

As a matter of policy, Reliance does not make any comments and/or projections regarding its future financial performance.

Leading global securities research houses, using their own proprietary earnings models, have estimated that a share buyback, as per the proposed terms, will impact Reliance's financial performance in the following manner:

- Improvement in Return on Equity (ROE) by 70 to 100 basis points, to nearly 23%
- Improvement in Earnings Per Share (EPS) by 2% to 3%

How will the share buyback affect the company's equity and/or floating stock?

As per the SEBI's guidelines, any shares bought under the share buyback programme compulsorily have to be cancelled. This will lead to a reduction in Reliance's equity share capital, to the extent the shares are bought back.

The buyback will lead to reduction of the floating stock of the company's shares, to the extent shares are bought back by the company.

If Reliance wants to return money to its shareholders, why doesn't it simply increase dividends?

Under the prevailing corporate and direct taxes environment in India, share buyback is a more tax efficient way of returning cash to shareholders, as compared to dividends.

This is because the company has presently to pay a tax of 22% on the amounts paid as dividends. There is no such tax on the amount deployed for the share buyback.

The share buyback also provides a higher degree of flexibility as to the timing and pattern of the cash flows, for the company as well as the shareholders.

Besides, there are several other advantages of the buyback, as discussed above, which cannot be achieved by simply increasing dividends.

If Reliance is talking of returning money to shareholders, should I understand that the company can not find sufficient attractive growth opportunities?

Reliance has significant opportunities for profitable growth in the future, in its petrochemicals and oil and gas businesses, as well as in the refining and marketing, telecom, power and other businesses being pursued by other group companies.

Reliance will continue to pursue all these growth opportunities, in a manner consistent with the objective of maximising overall shareholder value.

It is for this reason, Reliance has allocated only a portion of its overall cash resources for the share buyback programme.

Is there any possibility of Reliance making a fresh equity offering, to take advantage of the higher share price that may result because of the buyback ?

As per existing laws, Reliance can not issue any fresh equity shares, for a minimum period of 2 years, from the date of completion of the share buyback programme.

I am a long term shareholder in Reliance, and have no desire to sell my shares to the company. How does the company's share buyback programme affect me ?

As you do not wish to sell your shares, you are not required to do anything. The buyback is intended to achieve the diverse objectives as described above. Reliance is implementing the buyback in the interests of enhancing overall shareholder value, and endeavouring to bring increased returns to millions of its long term investors.

Nomination facility

The Companies (Amendment) Act, 1999 has introduced through Section 109A, the facility of nomination to share/debenture/deposit holders. This facility is mainly useful for all holders holding the shares/debentures/deposits in single name. In cases where the securities/deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.

Investors are advised to avail of this facility, especially investors holding securities in single name, to avoid the process of transmission by law.

Investors holding shares in physical form may send enclosed nomination form to the registrar and transfer agent of the company at Hyderabad. However, if the shares are held in dematerialised form, the nomination has to to be conveyed to your depository participants directly, as per the format prescribed by them.

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Dematerialisation of Securities

The Securities and Exchange Board of India through a Press Release, dated December 4, 1998, indicated that delivery of shares of Reliance Industries Limited in dematerialised form will be compulsory on all stock exchanges with facilities for trading in electronic form, for all categories of investors with effect from April 5, 1999; the concept of a market lot in respect of the Company's shares will also stand abolished, with effect from the same date. During the year, several members particularly Individual including small shareholders of the Company, availed the facility of dematerialisation of shares of the Company.

In case you have any queries or seek any clarifications with regard to the process of dematerialisation of securities or the functioning of a Depository Participant (DP), you may contact your nearest IRC of Karvy Consultants Limited (KCL), the Registrars and Transfer Agents of the Company. The investor relation officer present there would guide you through the process of opening an account and help clarify your doubts regarding trading of securities in dematerialised form.

Reliance was one of the first to offer the facility of transfer cum demat, once SEBI announced that the shares should be traded only in electronic form.

In order to facilitate better understanding of the process and to enable the investor to avail of this facility, the following points may be noted while lodging documents for transfer-cum-demat.

DOs

- Lodge documents for transfer together with a request for simultaneous demat with KCL.
- Specify at the IRC counter at the time of lodgement, your desire for transfer-cum-demat.
- Await the confirmation letter from KCL giving details of shares transferred.
- Submit the confirmation letter received from KCL after transfer with your Depository Participant (DP) along with the Demat Request Form (DRF).
- Sign the DRF in the same manner as signed on the transfer deed submitted for transfer.
- Ensure that the DRF is submitted by you mentioning your Client ID where the names are in similar pattern as mentioned in the transfer deed.
- Mention the quantity of shares on the DRF that has been transferred as mentioned in the confirmation letter.
- Mention on the DRF the details of the distinctive numbers/ certificate numbers as given in the confirmation letter.
- Ensure that the demat request is generated and forwarded by your DP within the prescribed time as mentioned in the confirmation letter.

DONT's

- Lodge the documents for transfer with your DP.
- Submit a DRF to the DP without the confirmation letter from KCL.
- Submit the DRF without signature of all the joint holders.
- Sign the DRF in a different pattern from the signature on the transfer deed.

If there is a delay in submitting the DRF to your DP, the physical certificates will be despatched by KCL.

Payment of dividend through Electronic Clearing Service

The Reserve Bank of India has introduced a new method of payment which provides you an option to collect your dividend/ interest directly through your bank accounts rather than receiving them through post. Under the new method, your bank account would be directly credited through the new payment mechanism and an advice thereof would be issued by us after the transaction is effected. Your bank branch will credit your account and indicate the credit entry as "ECS" in your pass book/statement of account. Initially, only individual transactions upto Rs. 1,00,000 would be covered under the Scheme. If you maintain more than one bank account, payment can be received at any one of your accounts. You do not have to open a new bank account for the purpose. The highlights of this service are:

a. Instant credit to the bank account of the Investor through electronic clearing at no extra cost.

b. Exposure to delays in postal service avoided.

c. As there can be no loss in transit of the instruments, issue of duplicate instrument is avoided;

d. Prompt credit of dividend/interest is assured.

e. No chance of fraudulent encashment of instrument.

The new method will enable you to receive the dividend/interest quickly and safely and will minimize the risk of loss of warrants sent through post or fraudulent encashment of the same.

If you would like to avail of this new method of payment, you are requested to fill up the Mandate Form attached herewith. The information provided by you will be kept confidential and would be utilized only for the purpose of effecting the payments meant for you.

This would be an additional mode of payment. You would have the right to withdraw from this mode of payment by giving an advance notice of six weeks. If you have furnished the bank account number and name of the bank and its branch for printing those details on the dividend/interest warrant in response to our previous circular, you may still avail this new method of payment in substitution of your earlier instructions.

The above information may kindly be provided only in the enclosed format and mailed to the Company's Registrar and Transfer Agents - M/s. Karvy Consultants Limited, Unit: U-31, 46, Avenue 4 , Street No. 1, Banjara Hills, Hyderabad 500 034.

It may be noted that this facility is presently made available to the investors residing at sixteen centres, viz., Mumbai, New Delhi, Calcutta, Chennai, Ahmedabad, Bangalore, Hyderabad, Pune, Kanpur, Nagpur, Jaipur, Chandigarh, Patna, Bhubaneswar, Guwahati and Thiruvananthapuram. As per Reserve Bank of India (RBI), this service will shortly be extended to 30 more Centres to include Lucknow, Coimbatore, Amritsar, Ludhiana, and Baroda. Information from the investors residing in other areas will be used as and when RBI issues necessary directions to this effect.

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Shareholders' Information

1. Annual General Meeting	**:**	
- Date and Time		June 13, 2000 at 11.00 a.m.
- Venue		Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020

2. Financial Calendar (tentative) **:**

Annual General Meeting	June 13, 2000
Results for quarter ending June 30, 2000	Third week of July, 2000
Results for quarter ending September 30, 2000	Third week of October, 2000
Results for quarter ending December 31, 2000	Third week of January, 2001
Results for year ending March 31, 2001	Third week of April, 2001

3. Book closure date **:** 25th April, 2000 to 29th April, 2000, on account of interim dividend

4. Dividend payment date **:** 16th May, 2000 onwards

5. (a) Listing of Equity Shares on Stock Exchanges at : Mumbai • Ahmedabad • Bangalore • Calcutta • New Delhi • Chennai • Cochin • Kanpur • Pune and the National Stock Exchange (NSE).

(b) Listing of Non-Convertible Debentures (Series PPD-III and PPD-VIII) : Bombay Stock Exchange and National Stock Exchange on Wholesale Debt Market Segment.

(c) Listing of Global Depository Receipts (GDRs) at : Luxembourg Stock Exchange and traded on PORTAL System (NASDAQ, USA) and SEAQ System (London Stock Exchange).

6. Stock Code :

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) (For T+5 settlement) and **'RELIANCEBE'** (For T+1 settlement)	: **'RELIANCEAE'**

7. Stock Market Data

	Bombay Stock Exchange (BSE) (In Rs.)		**National Stock Exchange (NSE) (In Rs.)**	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 99	136.30	116.10	137.95	116.05
May 99	191.00	130.50	190.85	134.25
June 99	192.45	164.85	196.15	165.10
July 99	200.80	171.50	199.80	170.15
August 99	195.00	166.20	194.85	167.00
September 99	250.00	181.60	250.00	182.50
October 99	268.85	228.30	238.20	222.00
November 99	241.50	214.30	223.45	212.50
December 99	242.50	215.25	220.30	216.20
January 2000	339.50	240.00	341.90	237.50
February 2000	380.00	311.45	374.00	306.45
March 2000	322.50	199.00	329.85	197.15

8. Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

RIL share price performance relative to BSE Sensex based on share price on 31st March, 2000

Period	% Change in		
	RIL share price	Sensex	RIL relative to Sensex
Year to Date	+25%	-11%	+36
Financial Year 1999-2000	+139%	+36%	+103
Year-on-Year	+141%	+34%	+107
2 years	+78%	+28%	+49
3 years	+141%	+49%	+92
5 years	+137%	+53%	+83
10 years	+861%	+540%	+320

RIL share price performance relative to Nifty based on share price on 31st March, 2000

Period	% Change in		
	RIL share price	Nifty	RIL relative to Nifty
Year to Date	+25%	-4%	+29
Financial Year 1999-2000	+139%	+44%	+95
Year-on-Year	+141%	+42%	+99
2 years	+78%	+37%	+41
3 years	+141%	+58%	+83
5 years	+137%	+54%	+82

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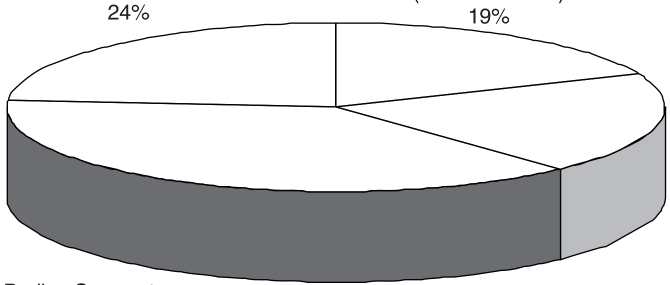
9. Registrar and Transfer Agents: (Share transfer and communication regarding share certificates, dividends and change of address) : Karvy Consultants Ltd.
21, Avenue 4, Street No.1
Banjara Hills
Hyderabad 500 034

10. Share Transfer System : Share transfer requests received in physical form with demat requests are registered within an average of 10 days from the date of receipt. Share transfer requests received in physical form without demat requests are registered within an average of 20 days.

11. Distribution of Shareholding as on 31st March, 2000:



12. Dematerialisation of Shares : Over 64% of the outstanding shares have been dematerialised up to 31st March, 2000.

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 5th April, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity:
RIL shares are among the most liquid and actively traded shares on the Indian stock exchanges. RIL shares consistently rank among the top few traded shares, both in terms of number of shares traded, as well as in terms of value. The highest trading activity is witnessed on the NSE and BSE stock exchanges. Relevant data for the **average daily turnover** for the financial year 1999-2000 is given below:

	Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	BSE + NSE
In no. of shares (in lakhs)	67.79	89.56	157.35
In value terms (Rs. crores)	152.57	200.16	352.73
($ million)	34.98	45.89	80.86

13. Outstanding GDR/Warrants and Convertible Bonds, Conversion date and likely impact on the Equity : Outstanding GDRs as on 31st March, 2000 represent 3,44,88,175 shares (6.55%). There are no further outstanding instruments, which are convertible into equity in the future.

14. Plant locations :

- **Patalganga Complex**
  B-4, Industrial Area, Patalganga
  Off Bombay-Pune Road
  Near Panvel, Dist. Raigad 410 207
  Maharashtra State, India.
- **Hazira Complex**
  Village Mora, Bhatha P.O.
  Surat-Hazira Road
  Surat 394 510, Gujarat State, India.
- **Naroda Complex**
  103/106, Naroda Industrial Estate
  Naroda, Ahmedabad 382 330
  Gujarat State, India.
- **Jamnagar Complex**
  Village Motikhavdi
  P.O. Digvijay Gram, Dist. Jamnagar
  Gujarat 361 140, India.

15. (i) **Investor Correspondence** : For transfer / dematerilisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

Karvy Consultants Ltd.
21, Avenue 4, Street No. 1
Banjara Hills
Hyderabad 500 034

(ii) **Any query on Annual Report** : Secretarial Department
"Chitrakoot", 'C' & 'D' Block, Ground Floor
Shree Ram Mills Compound
Ganpatrao Kadam Marg, Worli
Mumbai 400 013

List of Investor Service Centres of Karvy Consultants Ltd.

City	STD Code	Tel. No.		Fax No.
Agra	(0562)	352368	(0562)	352368
Ahmedabad	(079)	6420422 / 6400528	(079)	6565551
Allahabad	(05352)	400588	(05352)	400988
Alwar	(0144)	22752		--
Ambala	(0171)	530891	(0171)	442929/ 445795
Amritsar	(0183)	220370 / 551679	(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)	76073 / 78358	(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 / 452437	(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 / 426112	(0161)	402125
Madurai	(0452)	537948	(0452)	537948
Mumbai (Fort)	(022)	2675829 / 2676283	(022)	2671237
Mumbai (Andheri)	(022)	Voice Mail 9729044		
		6367226 / 6369044	(022)	6310882
Mumbai (Raheja Centre)	(022)	2855587 / 2855814	(022)	2852215
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)	654020		--
Pondicherry	(0413)	330291	(0413)	330291
Pune	(020)	5530204 / 5	(020)	323292
Rajahmundry	(0883)	74318	(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)	227365 / 226036		--
Tanjore	(04362)	23406		--
Varanasi	(0542)	323930		--
Vijayawada	(0866)	436965 / 437250	(0866)	436241
Visakhapatnam	(0891)	575202 / 573143	(0891)	550328

00081060.p65 May 25, 2000 @ 12:11 pm

Nomination Request Form

(For shares held in physical form)

To,
Reliance Industries Limited
C/o Karvy Consultants Ltd.
46, Avenue 4, Street No.1
Banjara Hills
Hyderabad 500 034

From ____________________

____

Folio No. ____________________

No. of Shares/
Debentures ____________________

I am / we are holder(s) of Shares / Debentures of the Company as mentioned above. I/We nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares/debentures shall vest in the event of my/our death.

Nominee's name														**Age**			
To be furnished in case the nominee is a minor								**Date of Birth**									
Guardian's Name *																	
Occupation of Nominee Tick (✓)	1	Service			2	Business		3	Student			4	Household				
	5	Professional			6	Farmer		7	Others								
Nominee's Address																	
								Pin Code									
Telephone No.											**Fax No.**						
Email Address											**Std Code**						
Specimen signature of Nominee / Guardian (in case nominee is minor)																	

* To be filled in case nominee is a minor

Kindly take the aforesaid details on record.

Thanking you,
Yours faithfully,

	Name of all the holder(s) (as appearing on the Certificate(s))	Signature as per specimen recorded with company
Sole / 1st holder		
2nd holder		
3rd holder		
4th holder		

Signature of two Witnesses

	Name and Address	Signature with date
1.		
2.		

INSTRUCTIONS :

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.

2. The nomination can be made by individuals only. Non individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares / debentures are held jointly all joint holders will sign (as per the specimen registered with the Company) the nomination form.

3. A minor can be nominated by a holder of shares / debentures and in that event the name and address of the Guardian shall be given by the holder.

4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.

5. Transfer of share/debenture in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a company against the legal heir.

6. Only one person can be nominated for a given folio.

7. Details of all holders in a folio need to be filled; else the request will be rejected.

8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the company) and (b) the nominee.

9. Whenever the Shares / Debentures in the given folio are entirely transferred or transposed with some other folio, then this nomination will stand rescinded.

10. Upon receipt of a duly executed nomination form, the Registrar and Transfer Agent of the company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.

11. The nomination can be varied or cancelled by executing fresh nomination form.

12. The company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.

FOR OFFICE USE ONLY
Nomination Registration Number
Date of Registration
Checked by and Signature of Employee

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To
Karvy Consultants Limited
Unit : U-31, 46, Avenue 4 , Street No. 1, Banjara Hills
Hyderabad 500 034

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND/INTEREST.

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK ☑ wherever is applicable.

For shares held in physical form

Master Folio No.								

---------------- FOR OFFICE USE ONLY --------

ECS Ref.No.	

For shares held in electronic form

DP. Id								
Client Id								

Name of First holder	
Bank name	
Branch name	
Branch code	(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type ----→ Savings ☐ Current ☐ Cash Credit ☐

A/c. No. (as appearing in the cheque book) ----→

Effective date of this mandate ----→

I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Karvy Consultants Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Reliance Industries Limited.

I further undertake to inform the Company any change in my Bank/branch and account number.

(Signature of First holder)

Dated: ______________

Note : On dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.

ATTENDANCE SLIP

Reliance Industries Limited

Registered Office: 3rd floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint shareholders may obtain additional Slip on request.

DP. Id*	
Client Id*	

Master Folio No.	

NAME AND ADDRESS OF THE SHAREHOLDER
No. of Share(s) held:

I hereby record my presence at the **26TH ANNUAL GENERAL MEETING** of the company held on Tuesday, the 13th June, 2000 at 11.00 a.m. at Birla Matushri Sabhagrah, New Marine Lines, Mumbai 400 020.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

— — — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — — —

Reliance Industries Limited

Registered Office: 3rd floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021.

PROXY FORM

DP. Id*	
Client Id*	

Master Folio No.	

I/We ____ of

______________________________ being a member/members of Reliance Industries Limited

hereby appoint ____ of

____ or failing him

______________________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting to be held on Tuesday the 13th June, 2000. at 11.00 a.m. or at any adjournment thereof.

Affix a 30
paise
Revnue
Stamp

Signed this __________ day of ____________ 2000.

* Applicable for investors holding shares in electronic form.

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

00081060.p65 May 25, 2000 @ 12:11 pm

Book Post

To,

If undelivered please return to:

Karvy Consultants Limited
46, Avenue 4, Street No. 1
Hyderabad 500 034
India.
Tel. Nos.: 91-40-3320251/3320751/3312454
Fax No.: 91-40-3311968
E-mail: reliance@indl.vsnl.net.in

Reliance
Industries Limited

Annual Report 1999 - 2000

00081060.p65 May 25, 2000 @ 12:11 pm

“Reliance Industries Limited,

India’s largest private sector enterprise,

is a major player in the Indian Petrochemicals sector.

Reliance’s operations capture value addition

at every stage from producing crude oil and gas to

polyester and polymer products

and are vertically integrated

to the production of textiles.

Reliance has one of the largest

marketing networks in the Indian industry.

All its brands are market leaders.”