

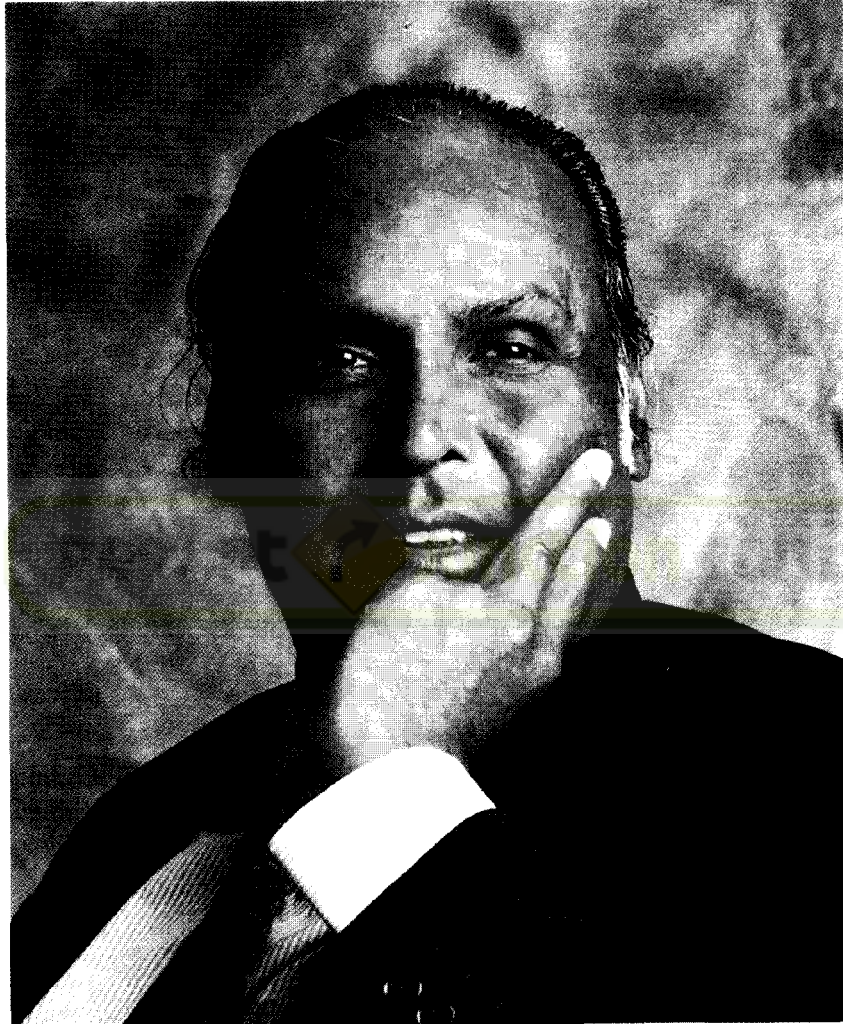
36th ANNUAL REPORT

2004-05



तमसो मा ज्योतिर्गमय ।





"If you can dream it, you can do it."

Dhirubhai H. Ambani

Founder Chairman

Reliance Industries Limited, India

December 28, 1932 - July 6, 2002

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Highlights – 2004 – 05

Turnover - Rs. 9,386 crore
(US\$ 2,146 million)

Operating Profit (PBDIT) - Rs. 1,756 crore
(US\$ 401 million)

Report  Cash Profit - Rs. 1,426 crore
(US\$ 326 million)

Net Profit - Rs. 786 crore
(US\$ 180 million)

Total Assets - Rs. 7,675 crore
(US\$ 1,754 million)

Earnings Per Share (EPS) - Rs. 31.65
(US\$ 0.72)

ENGINEERED FOR THE FUTURE

Financial Highlights

	(Rs. in crore)										
	2004-05		03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
	\$Mn										
Turnover	2,146	9,386	9,019	5,797	5,527	5,818	4,920	3,850	3,692	3,430	3,804
Total Income	2,176	9,518	9,120	5,902	5,691	5,986	5,032	3,929	3,804	3,507	3,864
Earnings Before Depreciation, Interest and Tax (EBDIT)	401	1,756	1,251	1,143	868	1,180	906	572	758	945	1,265
Depreciation	116	506	472	454	424	415	319	270	237	152	122
Profit After Tax	180	786	274	204	107	249	189	29	244	510	604
Equity Dividend %		45	25	22.5	20	30	20	10	40	40	25
Dividend Payout	26	112	62	56	50	75	50	25	100	100	62
Equity Share Capital	57	249	249	249	249	249	249	249	249	249	249
Reserves and Surplus	611	2,672	2,023	2,036	2,578	2,946	2,784	2,781	2,779	2,644	2,242
Net Worth	668	2,921	2,272	2,263	2,792	3,138	2,961	2,963	2,959	2,822	2,461
Gross Fixed Assets	2,237	9,786	9,647	9,638	8,909	8,757	8,583	6,055	5,570	5,275	3,276
Net Fixed Assets	1,144	5,005	5,386	6,061	5,783	6,058	6,298	4,080	3,867	3,810	1,963
Total Assets	1,754	7,675	7,222	8,054	8,218	8,786	9,221	8,951	8,829	7,310	5,687
Market Capitalisation		4,021	4,510	2,080	2,073	1,342	1,507	2,743	1,726	3,474	3,928
No of Employees		11,088	11,294	13,306	13,740	13,731	13,854	13,904	13,319	13,013	12,379

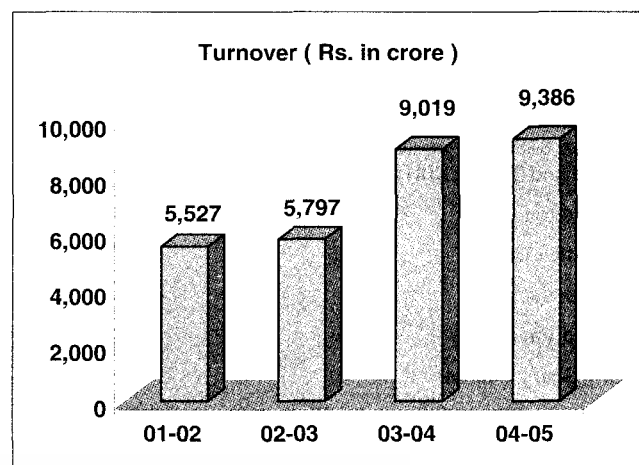
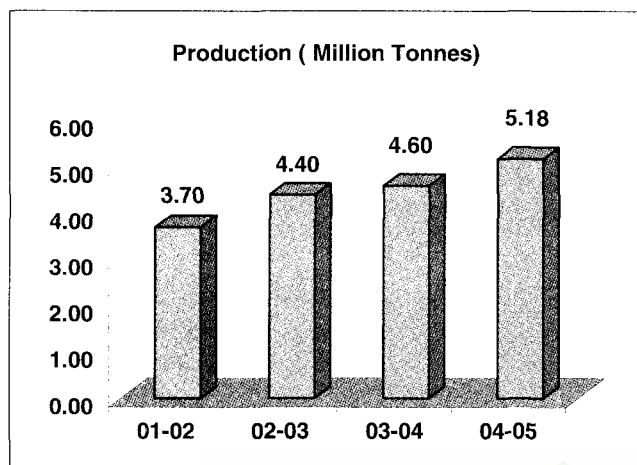
Key Indicators

	2004-05		03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
	\$										
Earnings Per Share - Rs	0.72	31.65	11.02	8.23	4.33	10.03	7.62	1.18	9.82	20.30	24.13
Cash Earning per Share -Rs	1.31	57.42	32.28	28.12	21.78	26.74	20.46	12.08	19.38	26.36	29.02
Turnover per Share - Rs	8.64	378.11	363.34	233.55	222.65	234.38	198.20	155.10	148.72	136.47	152.03
BookValue per Share - Rs	2.69	117.68	91.53	91.19	112.50	126.43	119.29	119.37	119.22	112.31	98.36
Debt - Equity Ratio	0.43	0.43	1.19	1.70	1.49	1.34	1.57	1.54	1.43	1.14	0.82
Net Profit Margin %	8.37	8.37	3.03	3.52	1.94	4.28	3.84	0.76	6.60	14.88	15.87
RONW %	26.90	26.90	12.04	9.02	3.85	7.93	6.39	0.99	8.23	18.08	24.53

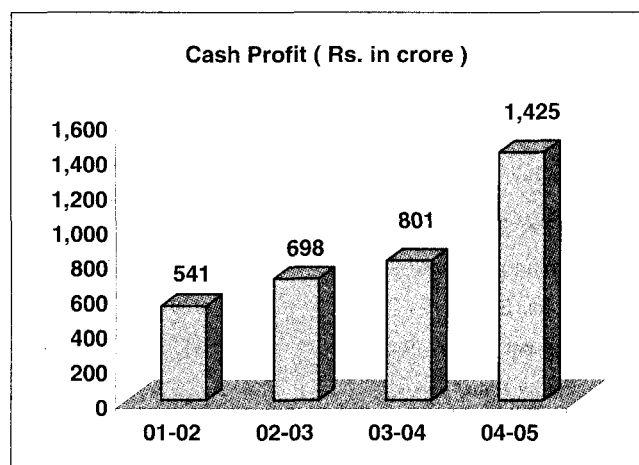
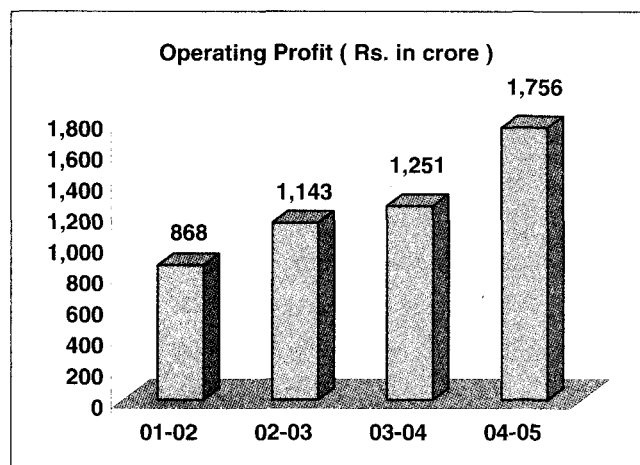
1 USD = Rs 43.745 (Exchange rate as on 31.3.2005)

All references to \$ are to USD

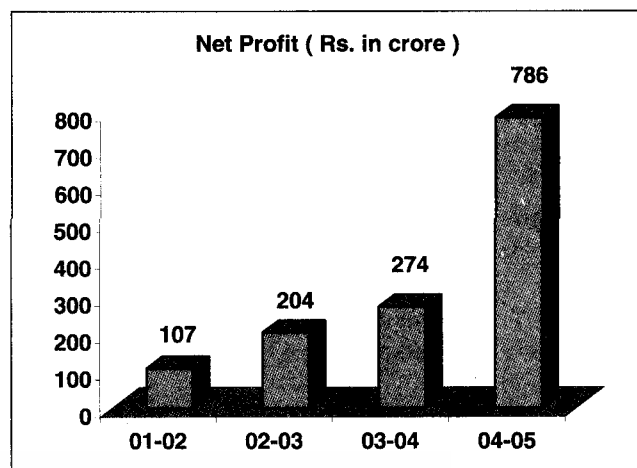
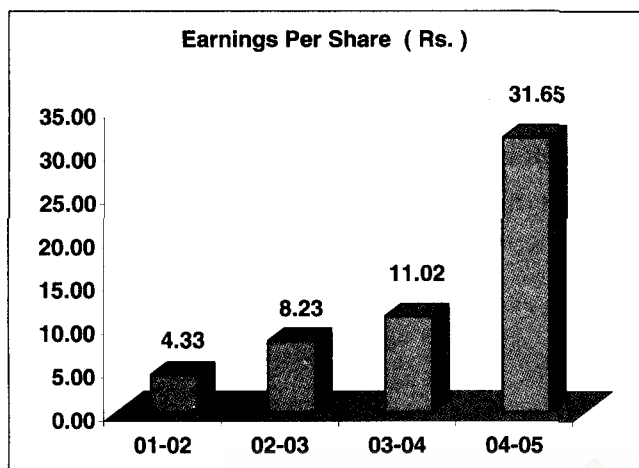
Consistent and Robust Growth



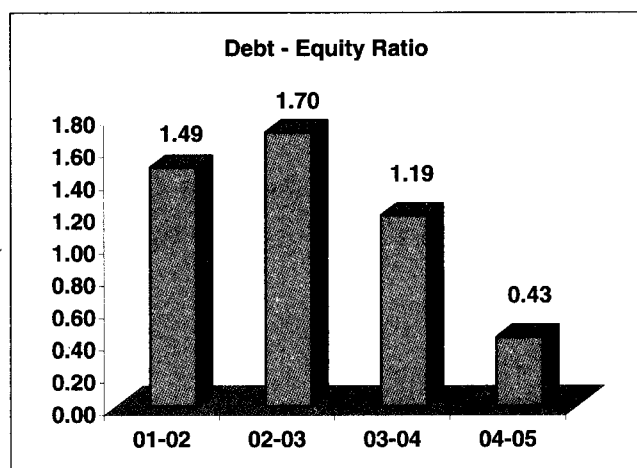
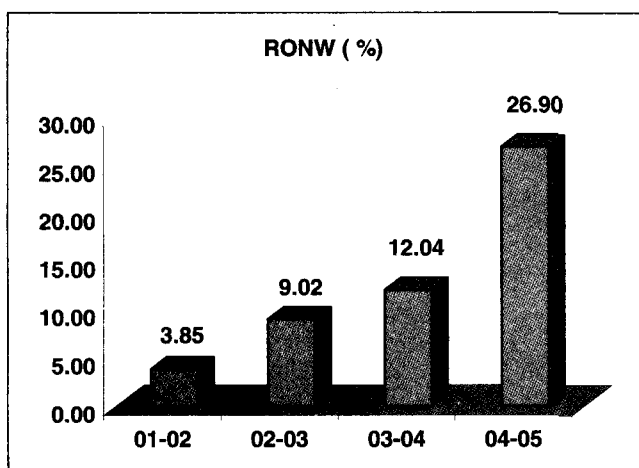
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Significant Improvement In Key Indicators



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Board of Directors

Mukesh D. Ambani	-	Chairman
Anil D. Ambani	-	Vice-Chairman (up to 20.01.05)
Nikhil R. Meswani		
Anand J. Jain		
Kamal P. Nanavaty		
Ramesh Inder Singh		
Gurdial S. Sandhu		
R. S. Lodha		
Shailesh V. Haribhakti		
Lalit Bhasin		
Sandeep H. Junnarkar		
Sandesh K. Anand	-	Whole-time Director

Audit Committee

R. S. Lodha	-	Chairman
Gurdial S. Sandhu		
Shailesh V. Haribhakti		
Sandeep H. Junnarkar		

Shareholders'/Investors' Grievance Committee

Nikhil R. Meswani	-	Chairman
Anand J. Jain		
Ramesh Inder Singh		
Kamal P. Nanavaty		

Remuneration Committee

Lalit Bhasin	-	Chairman
R. S. Lodha		
Kamal P. Nanavaty		

Deputy Company Secretary

Shashikala Rao

Auditors

Messrs Deloitte Haskins & Sells
Messrs Chaturvedi & Shah

Bankers

ABN AMRO Bank
Bank of America
Bank of Baroda
Bank of India
Citibank N.A.
HDFC Bank Limited
ICICI Bank Limited
Standard Chartered Bank
State Bank of India
State Bank of Saurashtra

Registered Office

P.O. Petrochemicals
Vadodara 391 346, Gujarat, India
Tel: (0265) 3067 221 - 30
Fax: (0265) 3067 333
Email: InvestorRelations.Corporo@ipcl.co.in
Internet: <http://www.ipcl.co.in>

Manufacturing Facilities**Gandhar Complex**

P. O. Dahej
Bharuch 392 130, Gujarat

Nagothane Complex

P.O. Petrochemicals Township,
Nagothane
Raigad 402 125, Maharashtra

Vadodara Complex

P. O. Petrochemicals
Vadodara 391 346, Gujarat

Registrars & Transfer Agents

Karvy Computershare Private Limited
46, Avenue 4, Street No. 1, Banjara Hills,
Hyderabad 500 034, India
Tel: +91-040 2332 0666, 2332 0711
2332 3031, 2332 3037
Fax: +91-040 2332 3058
Email: mailmanager@karvy.com
Internet: <http://www.karvy.com>

Chairman's letter to Shareholders



Dear Shareowners,

With Indian Petrochemicals Corporation Limited (IPCL) completing three years under the management of the Reliance Group, I have pleasure in highlighting the fact that net profits have multiplied more than seven-fold; from Rs. 107 crore (US\$ 22 million) in the year 2001-02 to Rs. 786 crore (US\$ 180 million) in the year 2004-05. The last year alone saw an increase in net profits by 188% on revenues of Rs.9,386 crore (US\$ 2,146 million).

This seven-fold increase in net profit and associated shareholder returns, was possible by an accent on significant improvements in operational and labour productivity, synergistic integration with Reliance operations and prudent financial management. An early phase of a cyclical upswing in petrochemical markets in the last year also contributed to IPCL's stellar profit performance. As a result,

the Board of Directors of IPCL have recommended to raise the dividend rate to 45% from 25% paid last year. This is the highest dividend ever in IPCL.

During the year, the entire energy value chain was marked by an upswing. Global economic recovery, combined with strong domestic and overseas demand, created conditions for robust operating rates and earnings. Global polymer demand at 5% outpaced capacity growth at 2.8% and exerted pressure on prices.

However, on the cost front, IPCL had to contend with high input costs, specifically for naphtha and propane, as a consequence of high crude oil prices.

Over the last few years, IPCL has been gaining ground in international markets, consequent to greater global competitiveness. Exports of manufactured products evidenced this trend, showing a sharp rise of 154% to Rs. 1,638 crore (US\$ 374 million) in the year 2004-05.

The next two years will continue to see low addition to petrochemical capacities globally. This has the potential to translate into higher operating rates and margins, on the expectation of continued buoyancy in economic growth rates in leading economies in the world. IPCL has the benefits of integration, a diverse product range, high operating rates and low cost position to gain from this economic and market context.

I would like to take this opportunity to express my gratitude to each one of you for your unstinted faith, support and confidence and look forward to further growing IPCL from strength to strength.

With best wishes,
Sincerely

Mukesh D. Ambani
Chairman

April 26, 2005

Notice

Notice is hereby given that the Thirty-sixth Annual General Meeting of the Members of Indian Petrochemicals Corporation Limited will be held on Monday, June 27, 2005 at 2.00 p.m. at the Company's R & D Auditorium, P.O. Petrochemicals, Vadodara 391 346, Gujarat to transact the following ordinary business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Messrs Deloitte Haskins & Sells, Chartered Accountants and Messrs Chaturvedi & Shah, Chartered Accountants, the retiring Auditors of the Company, as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Mumbai
April 26, 2005

Shashikala Rao
Deputy Company Secretary

Registered Office:
P.O. Petrochemicals
Vadodara-391 346, Gujarat, India

NOTES:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. 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. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are advised to send a certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.

3. Re-appointment / Appointment of Directors:

At the ensuing Annual General Meeting, Shri R. S. Lodha, Shri Sandeep H. Junnarkar and Shri Ramesh Inder Singh, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment. The details pertaining to these Directors as required to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Report on Corporate Governance published in this Annual Report. The Board of Directors of the Company commends the re-appointments.

4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members, who hold shares in dematerialised form, are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
7. (a) The Company has already notified closure of Register of Members and Share Transfer Books from Saturday, May 14, 2005 to Saturday, May 21, 2005 (both days inclusive) for ascertaining the Shareholders entitled to receive dividend, if declared at the meeting.
(b) Dividend on equity shares, if declared at the Annual General Meeting, will be paid on or after June 27, 2005 to those Shareholders whose names appear on the Company's Register of Members on Friday, May 13, 2005. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as at the end of business on Friday, May 13, 2005 for this purpose.
(c) Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on the reverse side of the Dividend Warrant for an initial period of three months only. Thereafter, the Dividend Warrant on revalidation, is payable only at limited centres / branches of the said Bank. The Members are therefore advised to encash Dividend Warrants within the initial validity period.
8. (a) In order to provide protection against fraudulent encashment of the warrants, members holding shares in physical form, are requested to intimate Karvy Computershare Private Limited, the Company's Registrars & Transfer Agents, under the signature of the Sole/First Joint holder, the following information for printing on the Dividend Warrants:
 - i) Name of the Sole/First Joint holder and the Folio Number
 - ii) Particulars of Bank Account namely
 - a) Name of the Bank
 - b) Name of the branch
 - c) Complete address of the Bank with PIN Code Number
 - d) Account type, whether Savings (SB) or Current Account (CA)
 - e) Bank Account number allotted by the Bank