

## ***Reliance's Achievements in 1999-2000***

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*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*

GROWTH IS LIFE

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GROWTH IS LIFE

**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 &amp; Co.

**Auditors**

Chaturvedi &amp; Shah

Member - Summit International Associates Inc.

Rajendra &amp; Co.

**International Accountants**

Deloitte Haskins &amp; 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 from 16th 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 Wholtime 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 (AII). 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 Company's 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 termination 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:

Period	% Change in		
	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 Wholtime 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 Wholtime 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 Wholtime 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