



Reliance

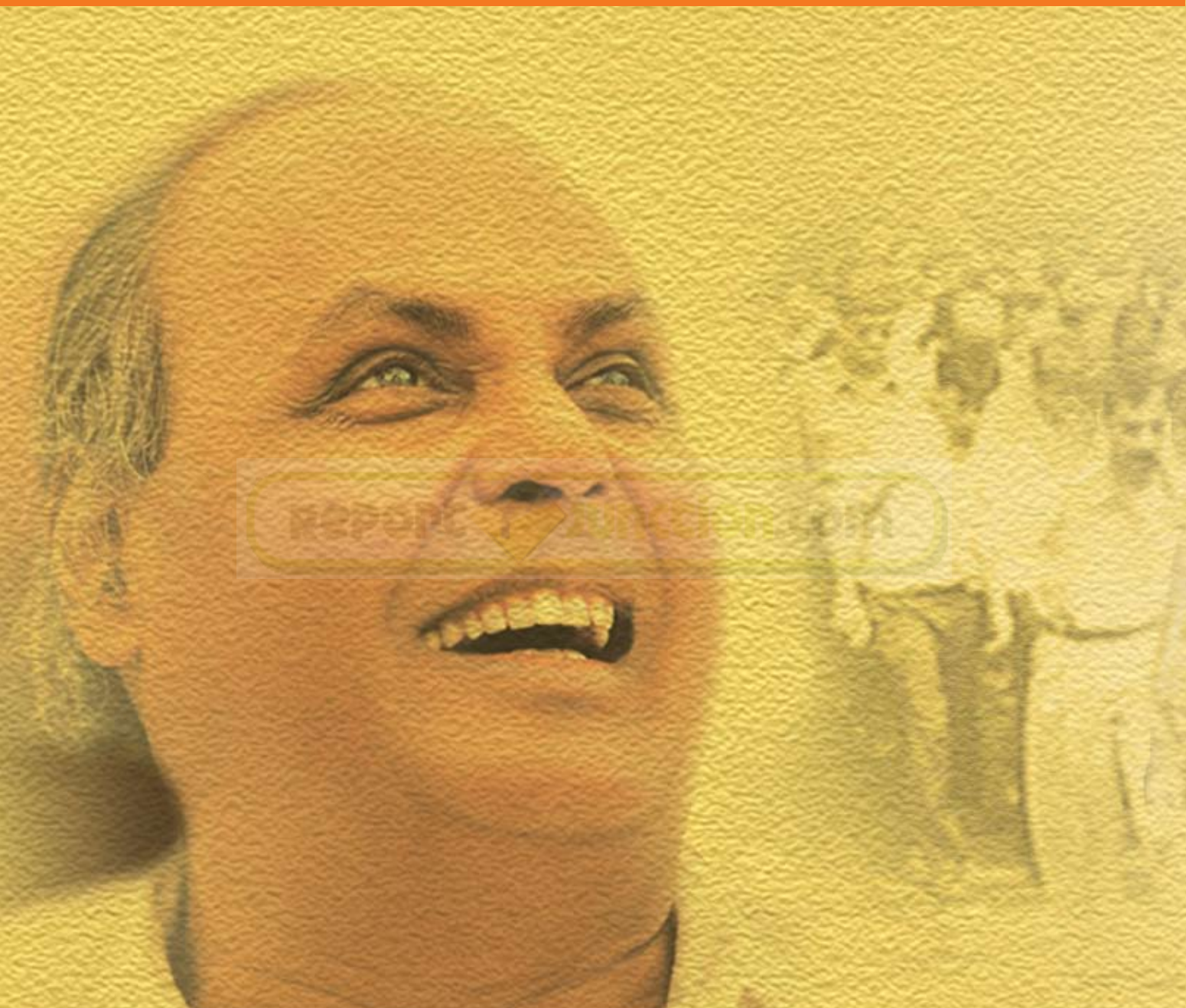
Industries Limited

Growth is Life



Enriching lives. Empowering people.

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Empowering people.

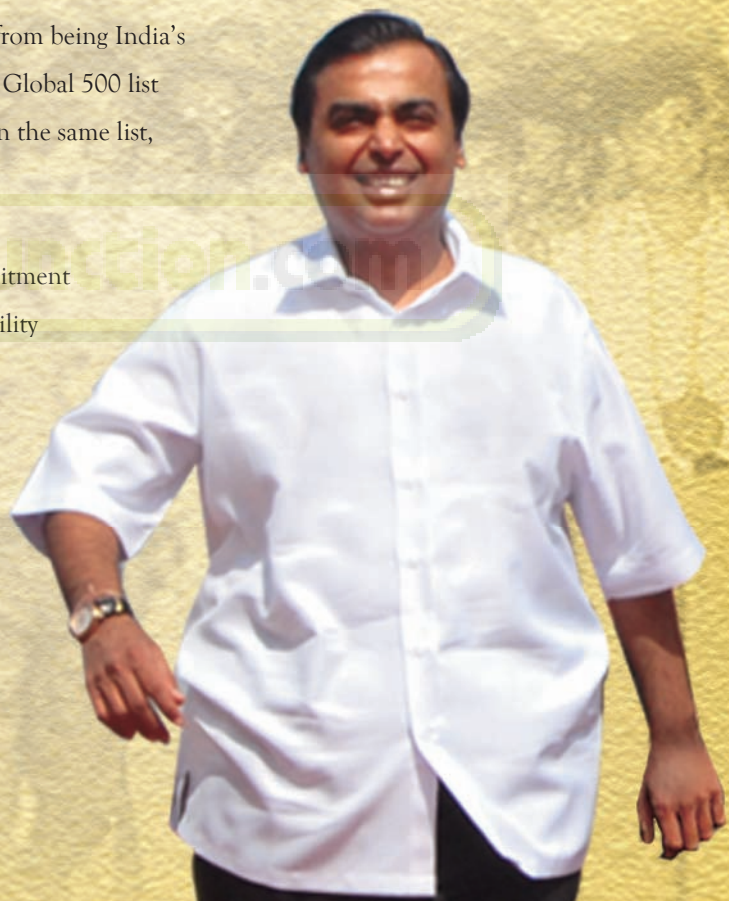


Our Founder Chairman Shri Dhirubhai H. Ambani realised his vision and dream by including not only shareholders, customers and employees but also the people of India. Our Chairman Shri Mukesh D. Ambani has taken our Founder Chairman's vision further by extending the scope of our businesses into the next orbit, enabling us to include the entire nation in our story of growth.

From textiles to oil and gas exploration and production, from being India's only private sector company to feature in the FORTUNE Global 500 list three years in a row to being part of the top 25 climbers in the same list, we have worked hard to make every Indian proud.

Keeping pace with our growth is our extraordinary commitment to individual lives through our corporate social responsibility programmes in the areas of education, healthcare and environment. Today, our entry into businesses like Special Economic Zones, Oil & Gas Exploration and Production and Retail has given us newer avenues to further enrich and empower millions of lives.

We at Reliance Industries Limited, are proud to be at the helm of this movement.



Letter to Shareholders

Dear Shareowners,

I am delighted to share with you the update on your company's excellent performance across all operating and financial parameters. This performance has cemented Reliance Industries Limited's (RIL) pre-eminent position as the largest private-sector enterprise in India in terms of revenues, profits, net worth, assets and market capitalization.

I take this opportunity to thank you for your overwhelming support to the merger of Indian Petrochemicals Corporation Limited with Reliance Industries Limited. I warmly welcome our new shareholders into the RIL Family with great pride. This merger provides us with integration, flexibility, significant growth opportunities and ability to optimise our business operations.

Continuing its rapid strides, RIL achieved several significant milestones during the year. You will be elated that Reliance Industries Limited (RIL) has become the first and only Private Sector Indian Company to record a turnover of over Rs. 1,00,000 crores and a net profit exceeding Rs. 10,000 crores. RIL's market capitalization exceeded over Rs. 273,000 crores (USD 67 billion).

Our global competitiveness continues to be recognized all over the world. Our company has fortified its position as India's largest exporter. This year, our exports were over USD 15 billion, accounting for 56% of the turnover. Our company's increasing exports are a clear proof of the superior quality of our products, global competitiveness and excellent logistical capabilities.

The global economy continued its surge of prosperity, despite rising oil prices and geo-political challenges in a few regions. This continues to be the most productive value-generating era for the human civilisation in an increasingly globalised world.

The Indian economy continues its strong economic performance with almost 9% growth. By all accounts, the Indian economy has the potential to sustain and achieve even higher growth rates. It is a matter of great satisfaction that in this environment,

RIL continues to be an important catalyst in India's impressive performance and is maintaining its all round progress with poise and assurance.

As part of our commitment to propel India towards self-sufficiency and greater energy security, we are aggressively pursuing several initiatives in the Oil and Gas Exploration and Production domain. Our efforts in this aspect continue to bear fruit. This is evidenced by additional discoveries in the Mahanadi Basin, Krishna Godavari Basin and Cauvery Basin in the east coast and Gujarat Saurashtra Basin in the west coast.

Our refinery had an average utilisation of 96% which compares favourably with operating rates for refineries globally. As part of our overall strategy to overcome the challenges in the domestic market and to increase our presence in the export markets as a prelude to the impending commissioning of the new Greenfield refinery, I am delighted to inform you that we have exported 57% of our aggregate refinery product volumes in the quality conscious global markets.

Our leadership position in the polyester business is being further strengthened. I am proud to inform you about the commissioning of the world's largest polyester expansion project in a record time of just eighteen months. An annual capacity of 550,000 tonnes was added, increasing our total polyester capacity to over 2 million tonnes. Today, we account for 4% of global installed capacity and about 6% of the global production.

As part of ensuring our global leadership in the polyester business, we have also commissioned a 730,000 tonnes per annum PTA plant at Hazira.

In the coming years, we will endeavour to strengthen our global leadership position in polyester by building and acquiring new capacities at very competitive costs. We will increase our focus on capturing the significant growth opportunities in both apparel and non-apparel segments.

Our march towards global leadership in the polymer business continues unabated. During the year we increased our annual capacity of polypropylene by 280,000 tonnes at Jamnagar.

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Our new value creation efforts in the domains of exploration and production, organised retailing and the Greenfield petroleum refinery and polypropylene plant in the Special Economic Zone at Jamnagar are progressing as per schedule.

We are on the path to improving our global ranking in polymers by building extremely competitive new assets in India.

Our new value creation efforts in the domains of exploration and production, organised retailing and the Greenfield petroleum refinery and polypropylene plant in the Special Economic Zone at Jamnagar are progressing as per schedule.

Our development plan for bringing gas from the KG D6 block is on schedule. This project is the first deepwater gas development project in India. On commissioning, this will be the world's largest and most complex deepwater gas production system.

Our success in exploring for hydrocarbons in India has put India on the hydrocarbon map of the world and led to the company being recognised as an emerging global exploration and production major. We expect to make a significant contribution to enhancing the availability and security of energy for India.

Reliance Petroleum Limited (RPL) continues to make rapid progress in implementation of its large, complex refinery, coming up in an SEZ at Jamnagar. Making rapid strides on all implementation fronts, RPL has achieved overall project progress of 65% at the end of the first quarter of the current year. I am happy to inform that engineering and procurement activities are nearing completion and required site infrastructure has been mobilised to sustain the fast pace of construction. RPL refinery is well on track for completion by December 2008.

I am happy to announce that work is underway on building one of the largest integrated cracker and petrochemicals complex with a total capacity of 2 mmtpa in the SEZ at Jamnagar. This cracker will use refinery off gases and other byproducts as feedstock to manufacture ethylene, propylene and its downstream commodity and specialty derivatives.

Last year, in the Annual General Meeting, I talked about yet another transformational initiative - in the area of organised retailing. Our initiative in the retailing domain is being developed under the banner of Reliance Retail Limited. Currently over 300 Reliance Fresh outlets have been opened to the customers. Additionally, the first specialty stores dealing in Electronics and Consumer Durables named Reliance Digital and India's largest hypermarket called Reliance Mart also opened to tremendous customer response. The support infrastructure including farmer collection points,

distribution centres and logistics network is being developed to keep pace with the stores.

As part of our efforts to benchmark our performance globally, we have initiated publication of the Corporate Sustainability Report. RIL published its second sustainability report aligned to Global Reporting Initiative (GRI) framework. GRI has accorded "GRI Checked A+ level" rating for the second report. This is a unique feat and reaffirms the fact that the company has distinguished itself as a leader in the field of corporate sustainability reporting.

We remain firmly committed, as always, in maximising shareholder value. Our new initiatives in organised retailing, oil and gas exploration and production and infrastructure will start generating significant shareholder value in the next few years. Along with these, we will focus on consolidating and growing our leadership position in our existing businesses. This will enable us to excel in delivering superior shareholder value.

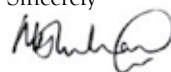
We have always betted on our youth and they have delivered results. Their youthfulness and dynamism fuels our growth plans.

I am grateful to the Board of Directors of RIL for their unwavering support. I would like to convey my gratitude to the Board, customers, suppliers, bankers, employees and our shareholders for their resolute support and belief in our ability to deliver maximum shareholder value.

Our outlook for the future continues to be optimistic. It is driven by the fact that the fulcrum of economic growth is shifting to Asia, propelled primarily by the unprecedented growth paradigm of the two most populous countries in the world - India and China.

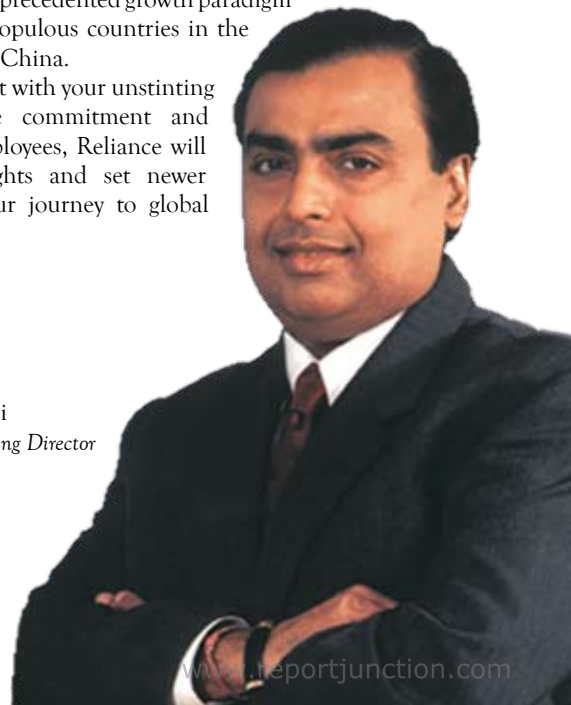
I am confident that with your unstinting support and the commitment and energy of our employees, Reliance will scale greater heights and set newer benchmarks in our journey to global leadership.

With best wishes,
Sincerely



Mukesh D Ambani
Chairman & Managing Director

September 10, 2007



Financial Highlights



Turnover	Rs. 118,354 Crore (US\$ 27,227 million)
Gross Profit	Rs. 20,525 Crore (US\$ 4,722 million)
Cash Profit	Rs. 17,678 Crore (US\$ 4,067 million)
Net Profit	Rs. 11,943 Crore (US\$ 2,747 million)
Net Profit 5 years CAGR	30%
Total Assets	Rs. 117,353 Crore (US\$ 26,996 million)

Significant contribution to India's economic growth

- Revenues equivalent to 2.9% of India's GDP
- 12% of India's total exports
- 6.5% of the Government of India's indirect tax revenues
- 5.7% of the total market capitalization
- 13.4% weightage in the BSE Sensex
- 11.7% weightage in the Nifty Index

Growing importance across the globe














- Largest producer of Polyester fibre and yarn
- 4th largest producer of Paraxylene (PX) and Purified Terephthalic Acid (PTA)
- 6th largest producer of Mono Ethylene Glycol (MEG)
- 7th largest producer of Polypropylene (PP)









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Major Products and Brands

Business/Brand	Product	Brand Logo	End Uses	Technology Partner
Exploration & Production	Crude Oil and Natural Gas		Refining, power, fertilisers, petrochemicals and other industries	
Refining	Liquefied Petroleum Gas (LPG)		Domestic and industrial fuel	
	Propylene		Feedstock for polypropylene	
	Naphtha		Feedstock for petrochemicals such as ethylene, propylene & fertilisers, etc. and as fuel in power plants	
	Gasoline		Transport fuel	
	Jet / Aviation Turbine Fuel		Aviation fuel	
	Superior Kerosene Oil		Domestic fuel	
	High Speed Diesel		Transport fuel	
	Sulphur		Feedstock for fertilisers, pharmaceuticals	
	Petroleum Coke		Fuel for power plants and cement plants	
Polymers				
Repol	Polypropylene (PP)		Woven sacks for cement, foodgrains, sugar, fertiliser, leno bags for fruits & vegetables, TQ & BOPP films and containers for packaging textiles, processed food, FMCG, office stationery, components for automobile and consumer durables, moulded furniture & luggage, houseware, geotextiles, fibres for socks, sports wear, soft luggage	DOW, USA
Relene	High Density Polyethylene (HDPE)		Woven sacks, raschel bags for fruits & vegetables, containers for packaging edible oil, processed food, FMCG, lubricants, detergents, chemicals, pesticides, industrial crates & containers, carrier bags, houseware, ropes & twines, pipes for water supply, irrigation, process industry & telecom	NOVA, Canada
Reclair	Liner Low Density Polyethylene (LLDPE)		Films for packainga milk, edible oil, salt, processed food, rotomoulded containers for storage of water, chemical storage and general purpose tanks, protective films and pipes for agriculture, cable sheathing, lids & caps, masterbatches	NOVA, Canada
Reon	Polyvinyl Chloride (PVC)		Pipes & fittings; door & window profiles, insulation & sheathing for wire & cables, rigid bottles & containers for packaging applications, footwear, flooring, partitions, roofing, I.V. fluid & blood bags	Oxyvinyl, USA
Relpipe	Poly-Olefin (HDPE & PP) Pipes		Irrigation, water supply, drainage, industrial effluents, telecom cable ducts, gas distribution	
Koylene	Polypropylene (PP)		Woven sacks for cement, sugar, food-grains; Leno bags for fruits and vegetables, Film for packaging of apparels, processed foods, FMCG products; House-ware and components for automobiles and consumer durable goods; furniture, luggage and sports goods; Ropes and twines; fibre and filaments; non-woven products for hygiene applications; geo-textiles; sheets and profiles for packaging, advertising and building applications.	Basell
Koylene	Polypropylene Copolymer (PP)			Basell
Koylene	Polypropylene Adipol (PP)			Basell
Indothene	Low-density Polyethylene		Film for packaging of processed foods, FMCG products; Agricultural films, extrusion coating on paper, foil etc.	TotalFina
Indothene	Linear Low-density Polyethylene		Film for packaging of milk, edible oil, processed foods, FMCG products; extrusion coating, roto-moulding.	Ineos
Indothene	High-density Polyethylene		Woven sacks for fertilizers; Netted bags for fruits and vegetables, Film for packaging processed foods, FMCG products; House-ware and components for automobiles and consumer durable goods; luggage and sports goods, Pipes for irrigation, water supply and gas distribution.	Ineos / Basell
Indovin	Poly Vinyl Chloride		Pipes for irrigation, water supply, drainage; Pipes and profiles for buildings and construction, wire and cable insulation; blood bags, catheters and other medical disposables.	Oxyvinyl, USA



Business/ Brand	Product	Brand Logo	End Uses	Technology Partner
Chemicals				
Relab	Linear Alkyl Benzene (LAB)		Detergents	UOP, USA
Indolab	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/DuPont/Investa
	Mono Ethylene Glycol (MEG)		Raw material - Polyester	ABB Lummus Crest Netherlands (Shell Process)
Polyester				
Recron	Staple Fibre Filament Yarn Texturised Yarn Twisted/Dyed Yarn	Recron™	Apparel, home textile, industrial sewing thread, automotive upholstery, carpets, canvas, luggage, spunlace & non woven fabrics	E.I. DuPont, USA Zimmer, Germany Barmag, Germany Toray, Japan, Murata, Japan, ICI, UK, Rieter, Switzerland
Recron Stretch	Stretch yarns for comfortable fit and freedom of movement	Recron™ Stretch	Blouse material, denim, shirting, suiting, dress material, T-shirt, sportswear, swimwear, medical bandages, diapers	
Recron Cotluk	Cotton Look, Cotton Feel Yarns	Recron™ Cotluk	Dress material, shirting, suiting, furnishing fabric, curtain, bed sheet	
Recron Dyefast	Can dye at boiling water temperature with high colour fastness	Recron™ Dyefast	Ladies outerwear, feather yarn for knitted cardigan, decorative fabric & home furnishing	
Recron Superblack	Dope dyed black with high consistency in shade	Recron™ Superblack	Apparel, automotive, non-woven & interlining	
Recron Superdye	Bright, brilliant colours and soft feel, low pill	Recron™ Superdye	Woven & knitted apparel, furnishing & home textile	
Recron Kooltex	Moisture management yarns	Recron™ Kooltex	Active sports and high performance wear applications	
Recron Fibrefill	Hollow fibres with high bounce and resilience	Recron™ Fibrefill	Pillows, cushions, quilts, mattresses, furniture, toys & non-wovens	E.I. DuPont, USA
Recron 3S	Secondary Reinforcement Products	Recron™ 3s	Construction industry (concrete/mortar), asbestos cement (sheet & pipe), paper industry (conventional & speciality), battery industry, wetlaid industry (wall papers, filtration, wipes & hygiene products)	
Recron Certified	Quality Certified Sleep Products	Recron™ CERTIFIED	India's first certified Pillows, Cushions & Bedcovers, made as per the quality norms and inputs specified by Reliance	
Relpet	Polyethylene Terephthalate (PET)		Packaging-water, soft drinks, beverages, confectionary, pharmaceutical, agro-chemical, food products	E.I. DuPont, USA Sincro, Italy
Textiles				
Vimal	Suitings, Shirtings, Readymade Garments		Fabrics, Suits, Jackets, Shirts & Trousers	
Harmony	Furnishing fabrics, Day curtains, Automotive upholstery		Furnishings, home textiles	
RueRel	Suitings		Fabrics	
V2	Ready-to-stitch, Take away fabric		Fabrics	

Business/ Brand	Product	Brand Logo	End Uses
Retail			
	Fresh produce, food & grocery		
	Transportation fuels		
	Fleet Management Services		
	Highway Hospitality Services		
	Vehicle Care Services		
Trivira			
	The sports marque		Basis for breathable textiles that withstand all weathers. Protects against wind and weather, thanks to its climate control properties.
	The fine marque		Basis for light and elegant fashion, finer than found in nature, with high weather comfort and pleasant to the bare skin.
	The versatile marque		Basis for fleecy winter fashion and ultra light summer wear. Heat regulating even at extreme temperatures.
	The elastic marque		Basis for optimised stretch performance. With good stretch and excellent recovery, moulds perfectly to the body.
	The cosy marque		Basis for pillow and duvet interiors that are soft and gentle, ideal for all seasons.
	The receptive marque		Basis for home textiles that are easy care, durable and in every way comfortable.
	The high performance marque		Basis for long lasting lowpill, functional and prestigious fabrics. In blends or by itself, the perfect balance between looks and comfort.
	The classic marque		Basis for easy care, hardwearing fabrics of durable quality. The pure delight of comfort with style.
	The flame retardant marque		Basis for fabrics that are both safe and comfortable. Flame retardant to all appropriate fire protection requirements.