



Reliance

Industries Limited

Growth is Life

**PARTNERING
INDIA'S
NEW FUTURE.
SUSTAINABLY.**

**ANNUAL
REPORT
2011-12**

Partnering India's new future. Sustainably.



India has an interesting story to tell the world. A story of dynamism and confidence to face the future, on the strength of new capabilities and a vibrant market for consumption.

Reliance is creating opportunities for future generations by building a unique portfolio of upstream, refining and petrochemicals business with industry-leading performance, and time-critical investments in emerging sectors.

Our business growth mirrors the evolving aspirations of millions of fellow Indians to embrace an advanced quality of life. The result is an unprecedented surge in consumption across the vast social spectrum. This great Indian opportunity is the wellspring of our strength.

As India helps drive global growth, we are passionately investing our resources and energies in helping accelerate India's socio-economic progress.

We are committed to sustain a culture of operational excellence, responsible resource utilisation and creating a platform for sustainable growth to benefit all stakeholders.

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Highlights

Reliance Industries Limited (RIL) is India's largest private sector conglomerate and a Fortune Global 500 companies with business in the energy and materials value chain.

GROWING IMPORTANCE ACROSS THE GLOBE

- Largest refining capacity at any single location
- Largest producer of Polyester Fibre and Yarn
- 5th largest producer of Paraxylene (PX)
- 5th largest producer of Polypropylene (PP)
- 8th largest producer of Purified Terephthalic Acid (PTA) and Mono Ethelen Glycol (MEG)

RIL'S CONTRIBUTION TO INDIA'S ECONOMIC GROWTH

14%
of India's
total exports

5.5%
of the
Government of
India's indirect
tax revenues

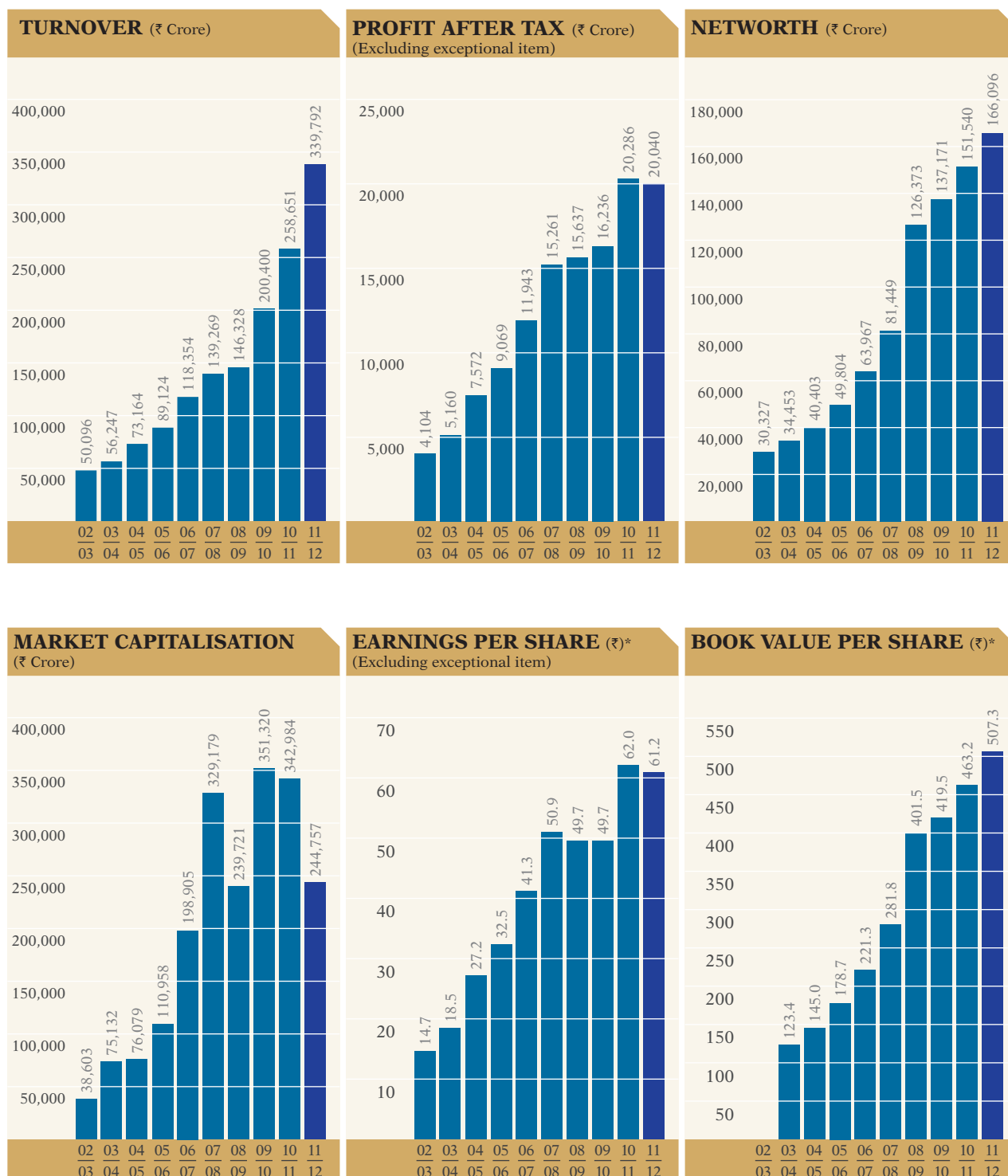
7.8%
Weightage in
the NSE Nifty

9.3%
Weightage in
the BSE Sensex

4%
of the total
market
capitalisation
in India



10 Years Trend (Fiscal Year)



* Normalised on account of issue of Bonus Shares in the ratio of 1:1 in 2009-10

Letter to Shareholders

Dear Fellow Shareowners,

FY 2011-12 has been a challenging year with unprecedented economic uncertainty in Europe, geo-political upheaval in the Middle East and a slowing down of economic growth across Asia. These events had a profound effect on demand and margin outlook for industrial products across the world. In many ways, we are still feeling the after-shocks of the financial meltdown of 2008 and 2009 with leading economies continuing to suffer from low growth and the resultant adverse impact on demand for most products and services. We have been successful in insulating and de-risking our portfolio of businesses by following a prudent operating discipline and further strengthening our rock solid foundation for investments in future growth engines.

Even under these tough times, RIL delivered sustained operating and financial results from its core businesses. RIL achieved a turnover of ₹ 339,792 Crore (\$ 66.8 Billion) and net profit of ₹ 20,040 Crore (\$ 3.9 Billion). This was mainly achieved as a result of resilient demand for petroleum products in developing economies from around the world and on-going consumer demand in India for products and services linked to a better quality of life.

Reliance was able to realise the true potential of its high quality manufacturing assets, its deep talent pool, globally accepted products and strong access to Indian markets.

Reliance's refineries continued to be recognised as the best-in-class refining assets built in recent times. Besides winning several accolades for their track record in safety, energy conservation and environment friendliness, they consistently operated at over 100% of design capacity. The refineries achieved their highest ever crude processing of 67.6 Million tonnes, surpassing their previous record by over a Million tonnes. The refining industry was particularly impacted by events that were not foreseeable a year ago. The natural disaster in Japan left the world shaken and created unprecedented demand for fuel oil in the region. This, combined with geo-political issues in the Middle-east resulted in sharp hike in crude prices and increased demand for heavy crudes; narrowing both product margins and light-heavy differentials. All of this resulted in lower than expected Asian complex refining margins. In this environment, Reliance was able to improve its performance with higher throughput and better margins.

Our partnership with BP has redefined our strategy for the domestic oil and gas business. This partnership will endeavour to unlock the true potential of RIL's deep-water exploration blocks by leveraging BP's skills in sub-sea engineering and reservoir management. India Gas Solutions Private Limited, a 50:50 joint venture with BP has been set up to focus on global sourcing and marketing of natural gas in India. Demand for natural gas has been growing at an exponential rate in

India and is expected to be the preferred choice of fuel given its environment friendly properties and ready acceptance by users.

Production from the KG-D6 block has been adversely impacted mainly due to unforeseen reservoir complexities and water ingress in the producing fields. Significant steps have been taken by the joint technical teams in assessing options for overall reservoir management based on which, an integrated plan for work-overs and additional wells can be executed, subject to necessary regulatory and government approvals.

We are committed to strengthening India's energy security and investing in expanding our upstream business in India. As we are all aware, India acutely needs sizeable investments to develop its hydrocarbon reserves and needs to do more in creating an equitable investment climate that recognises the integral risk-reward paradigm of the upstream business. We need to take into consideration the fact that slow-down in these investments impacts the overall import bill for the nation as India continues to increase its dependence on imported LNG, benefitting producers around the world.

We invested significantly in the shale gas joint ventures which are now all operational. We are contributing technical expertise and capital in development of this new business which is likely to be a growing contributor to our earnings in the future. Prevailing low gas prices have necessitated a prudent approach towards production ramp-up with focus being on the more liquid rich areas in our Eagle Ford asset.

Domestic demand for petrochemical products remained strong although margins were impacted due to high feedstock prices and increased supply from the Middle East. India remained an importer of several polymer products. Our planned expansions in the petrochemical segment have commenced and are aimed principally at addressing the growing consumption in India. These expansions will leverage from downstream integration with RIL's refining complex and the resultant feedstock security. We are creating a world-scale elastomer

portfolio taking advantage of this feedstock integration and the growth of the automobile sector in India.

Growth in our organised retail business is reflective of the changing habits and increasing aspirations of millions of fellow Indians who seek modern conveniences without losing focus on value. Over 7 Million farmers in India benefit from our farm to fork consumer retail strategy and this number is growing exponentially day by day. In a short period and as a reflection of consumer preferences, Reliance now has leadership positions in food, apparel and consumer electronics retailing in the country. With over 1,300 stores operational and more being opened, Reliance is positioned to be India's premier retailer even as organised retailing becomes a more meaningful part of the changing consumer preference in the country.

The broadband market in India is expected to leapfrog from its current user base of around 20 Million wireless and wire-line subscribers. Our foray in Broadband Access is aimed at achieving a leadership status in providing digital services to a large base of consumers and providing next generation data services.

We have strengthened our balance sheet and are focused on managing our costs and prudent use of capital. Our investment grade ratings, cash balance and low net gearing place us in a unique position for creating a foundation for growth. At Reliance, we have been and continue to remain focused on creating long-term shareholder value. It is with this in mind that we have introduced India's largest share buy-back programme in January 2012.

We are passionate towards investing in Reliance's future. I know that I am not alone in this passion and that over 50,000 Reliance employees share this hunger for outperformance and growth. We are committed to doing so with integrity and humility and are steadfast in our endeavour to achieving our goals.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

With best wishes,

Sincerely,



Mukesh D. Ambani
Chairman & Managing Director

20 April 2012

“We have strengthened our balance sheet and are focused on managing our costs and prudent use of capital. Our investment grade ratings, cash balance and low net gearing place us a unique position for creating a foundation for growth.”



The Board of Directors



Shri Mukesh D. Ambani
**Chairman and
Managing Director**



Shri P. M. S. Prasad
Executive Director



Shri Hital R. Meswani
Executive Director



Shri Mansingh L. Bhakta
Independent Director



Shri Yogendra P. Trivedi
Independent Director



Dr. Dharam Vir Kapur
Independent Director



Shri Nikhil R. Meswani
Executive Director



Shri Pawan Kumar Kapil
Executive Director



Shri Ramniklal H. Ambani
**Non-Executive
Non-Independent
Director**



Shri Mahesh P. Modi
Independent Director



Prof. Ashok Misra
Independent Director



Prof. Dipak C. Jain
Independent Director



**Dr. Raghunath A.
Mashelkar**
Independent Director

Reliance Foundation

Reliance Foundation focuses on five core pillars of rural transformation, education, health, urban renewal and arts, culture & heritage. It seeks to bring corporate systems and processes to social sector with an overall aim to create and support meaningful and innovative activities that address some of India's most pressing developmental challenges.

Reliance Foundation launched Reliance BIJ in October 2010. BIJ stands for 'Bharat India Jodo' and aims to bridge the gap between rural and urban India by strengthening sustainable agriculture practices amongst small and marginal farmers. Reliance BIJ today is present across 8 states and is set to expand to cover most of the agro-climatic zones of India. Reliance Foundation has embarked upon a new initiative called Reliance Knowledge for Sustainable Development (RK4SD) which aims at capacity building of farmers, fisher folk and micro-enterprises for better livelihood security. RK4SD will further provide timely advisories on climatic conditions, water and weather related risks, methods of handling new pests and diseases and sharing of best practices and better farming methods.

In FY 2011-12, Reliance Foundation and its associate institutions provided education to 15,000 children across 12 schools. Reliance Foundation is in the process of setting up Reliance Institute of Technology in Jamnagar and Reliance Polytechnic in Dwarka in partnership with the Gujarat government.

For promoting healthcare, Reliance Foundation is creating a world class tertiary care hospital in Mumbai. The hospital will incorporate a community outreach programme catering to health needs of the underprivileged. Reliance Drishti, an initiative of Reliance Foundation, working in association with National Association for the Blind, is committed to

bring the gift of sight to the visually impaired and to improve their quality of life. Since its beginning in 2003, Reliance Drishti has conducted over 10,000 cornea transplants across India. An important milestone was achieved on 19 March 2012 when Reliance Drishti launched India's first registered national braille newspaper in Hindi. This newspaper will bring the gift of information to over 25,000 visually differently abled.

Reliance Foundation has also instituted "Real Heroes", an award that recognises and acknowledges ordinary Indians who are making a difference to people's lives. In its 5th edition held in March 2012, this annual felicitation honoured 24 unsung heroes of India. The efforts of these 24 real heroes, selected from across the country and working in diverse fields of women empowerment, environment, youth, social welfare, health & disability, education & children and sports, have significantly contributed to the betterment of their communities.

