

Reliance's Achievements in 1998-99

*Sales - Rs. 14,553 crores
(US \$ 3,430 million)*

*Gross Profit - Rs. 3,318 crores
(US \$ 782 million)*

*Cash Profit - Rs. 2,589 crores
(US \$ 610 million)*

*Net Profit - Rs. 1,704 crores
(US \$ 402 million)*

*Compounded Annual Net Profit
growth over 5 years - 24%*

*Compounded Annual Earnings Per Share
growth over 5 years - 15%*

*Total Assets - Rs. 28,156 crores
(US \$ 6,636 million)*

India's largest private sector enterprise



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21st Century Agenda

Chairman's Communication

A lot has been said and written in the recent past, about the extended downturn in commodities businesses world-wide, and the extreme adversity being faced by the global petrochemicals industry.

Much of this is, undoubtedly, true. But, I would prefer to discuss here, the many growth opportunities arising in the petrochemicals industry, as a result of this tough environment, rather than dwelling on the difficulties of doing business in such times.

The extraordinary pace of global change will remain a reality in the future, affecting our competitive environment in a fundamental and permanent way.

Reliance will endeavour in this increasingly competitive and fast-paced global economy, to adapt, learn, and respond, quickly to changing conditions.

Reliance has drawn up its plans and strategies for future growth, based on the current realities surrounding industry. An upturn in the global petrochemicals cycle will be welcome, but we are not waiting for this to happen, to achieve profitable growth.

Financial performance

First, a word about our financial performance. Reliance has achieved the distinction, of becoming one of the very few companies in this industry internationally, to have reported sales, production volume, and earnings, growth, at, or near, the bottom phase of the global petrochemicals cycle.

Sales have touched Rs. 14,553 crores (\$ 3,430 million). Net profit has touched Rs. 1,704 crores (\$ 402 million). Production volume has touched a record 7.06 million tonnes. Total assets have crossed Rs. 28,000 crores (US\$ 6,636 million).

It is a tribute, to the collective team-work, commitment and courageous spirit, of all our people, that this remarkable performance, has been achieved, despite a temporary dislocation, during the year, of the primary feedstock supply system at our Hazira petrochemicals complex.

Performance such as this, in the face of adversity, inspires me to believe that Reliance is fully equipped to enter the new millenium.

Reliance's Strengths

Over the last 2 decades, Reliance has become one of the world's largest integrated petrochemicals companies, by creation of several core strengths, within the organisation. As we embark on the next phase of our growth, I would like to highlight some of these strengths:

- setting up, and operation, of world-scale plants
- strong, proven, technology platforms
- integrated manufacturing and business processes, employing a high degree of automation
- clear market leadership
- global competitiveness, on capital and operating costs
- international quality of products
- emphasis on delivering total customer satisfaction
- conservative financial profile
- vast reservoir of intellectual capital
- unparalleled pool of in-house engineering skills
- young, committed, qualified, and skilled workforce

I believe this combination, of multi-functional strengths, is unique, not just in the domestic context, but also in the global petrochemicals scenario, and will enable us to strengthen our market leadership in the future.

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Jamnagar Petrochemicals Complex

The commissioning of the Jamnagar petrochemicals complex, being set up at an estimated capital outlay of Rs. 5,500 crores (\$1.3 billion), has already begun, and will be completed ahead of schedule, during the current financial year.

Shareowners will be happy to note that, upon commissioning of the Jamnagar petrochemicals complex, our overall production volume will have multiplied, over the past 7 to 8 years, from less than a million tonnes per annum, to over 9 million tonnes per annum.

This rapid pace of growth, and our ability to market more than 95% of our total production within the domestic markets, is a silent vindication of our abiding faith in the long term economic growth potential of India and its people.

The commissioning of the Jamnagar complex will significantly enhance our market leadership, and lead to a higher degree of vertical integration, resulting in improved global competitiveness.

Reliance Petroleum

Many of you are our valuable shareowners in Reliance Petroleum Ltd. (RPL). Reliance itself will hold 50% of RPL's equity share capital.

I am happy to take this opportunity to inform you that Reliance Petroleum will be commissioning its Rs. 14,250 crores (\$ 3.4 billion), 27 million tonnes per annum, globally competitive, high complexity refinery during the second quarter of the current financial year - well ahead of schedule.

Upon commissioning of the refinery complex, our aggregate production volume, as a group, will cross 36 million tonnes per annum. This will place us among the leading ranks in our industry globally.

We are, of course, aware that mere growth in production volumes is not a sufficient reward for our shareowners. This growth must translate into higher cash flows and sustainable earnings growth.

We are committed to making every endeavour to improve the efficiency of the capital employed in our businesses, thereby generating significant returns, and delivering value to all our stakeholders.

Restructuring of Industry

Restructuring, and consolidation, of industry are a way of life in the global economy. Increasing competitive pressures on business have brought about a new sense of urgency to this process.

Rationalisation of manufacturing facilities, all-round cost reduction, and productivity of capital and assets, are recognised today as an imperative for growth.

In keeping with these global trends, Reliance is committed to participating in the restructuring of the petrochemicals industry. Reliance will pursue acquisition opportunities in all its businesses, to strengthen its market leadership, improve the competitive structure of industry, and deliver value to all shareowners.

During the year, we have acquired control in India over polyester capacities of 65,000 tonnes per annum, enabling us to extend our market penetration, and enhance value integration for our polyester intermediates business. We are pursuing other similar opportunities.

The Indian Market

A liberalised economic environment has heightened the aspirations of millions of Indian consumers. Consumption patterns are being reshaped, creating a paradigm shift in the character of demand for basic goods and services in the economy.

This is a very positive development for us. The Reliance brand is one of the most recognised names in India. Given the industrial nature of most of our products, it is often forgotten that we touch the lives of millions of Indians, through the thousands of articles of day-to-day use, manufactured with our products as key raw materials.

On a per capita consumption basis, the potential for future demand growth in India is still

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enormous, even though we have now witnessed double-digit growth rates for over 10 years. The rise in the consumption of basic goods and services within the economy, will ensure growing markets for our products.

Our efforts at product development, expansion of the market, and building of a customer franchise continue to distinguish us from other chemical companies operating in developed markets. I believe, over time, the markets will recognise that Reliance has built a unique position in India, which is unlikely to be replicated.

The Future

Last year, in my communication to you, I had reiterated our commitment to the goal of overall shareowner value enhancement, by endeavouring to achieve earnings growth consistently through business cycles, and ensuring adequate communication to enable people to better understand Reliance's real strengths.

I am aware that many of our valuable shareowners are concerned about the performance of the Reliance share price, last year. This needs to be viewed in the context of the globalisation of the Indian economy and capital markets. The under-performance of global chemicals stocks has been a world-wide phenomenon last year. The movement of the Reliance share price only mirrors this trend.

Nonetheless, we are committed to a continuous process of taking all necessary and responsible steps to ensure that Reliance's true fundamentals and intrinsic worth are more appropriately reflected in the marketplace.

Our corporate ethics initiative, during the year, underscores our continuing efforts towards enhancing corporate governance.

Our objective is to endeavour to deliver sustainable, earnings growth, which will provide a lasting basis for increased overall returns to our shareowners - in a manner that is consistent with our principles, values and commitments.

Our current major capital expenditure programmes are now complete, as we have achieved our objective of building world scale, vertically integrated, globally competitive, manufacturing facilities.

Global benchmarking has always been a mantra for all of us, here at Reliance. We have now geared ourselves up, to raise our levels of productivity and efficiency - for capital, assets, people, and the entire organisation - well beyond comparable global benchmarks.

In the future, the nature of our challenges will be altered. Our businesses are expected to generate substantial cash flows, even at the bottom of the petrochemicals cycle, without factoring in any upside potential. We are committed to deployment of these cash flows, within a disciplined and conservative financial framework, and in the best interests of overall shareowner value enhancement.

Acquisitions in our core businesses, reduction of net debt levels, and pay-outs to shareowners, are some of the intended avenues for deployment of these expected cash flows.

My message to you, as we prepare to enter the new millenium, is one of realism, tinged, as always, with optimism. Reliance has a 21st century team and business agenda in place. Our business leaders possess a strong external focus, and a global vision. We see significant opportunities in the present environment.

I am confident that our relentless commitment to productivity, efficiency and growth in earnings and cash flows, and our impatience to live with only marginal improvements will result in lasting value enhancement to all of you, our valuable shareowners.



Dhirubhai H. Ambani
Chairman

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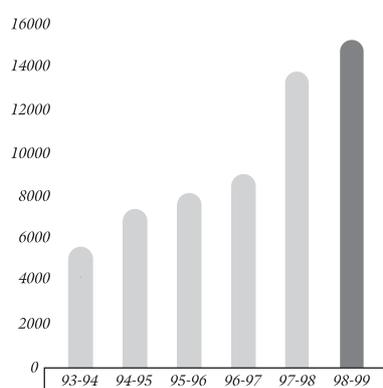
Financial Highlights

Consistent and robust growth

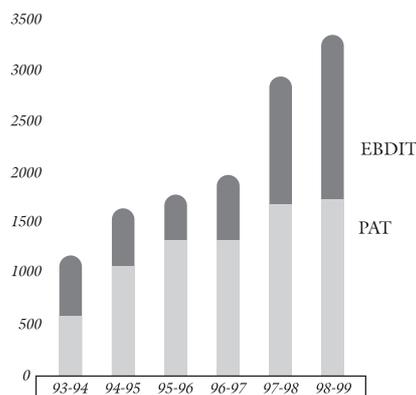
	(Rs. in crores)									
	1998-99		97-98	'96-97	'95-96	'94-95	'93-94	'92-93	'91-92	1985
	\$ Mn									
Sales	3,430	14,553	13,404	8,730	7,786	7,019	5,345	4,106	2,953	733
Total Income	3,573	15,161	13,740	9,020	8,058	7,331	5,555	4,222	3,005	744
Earnings Before Depreciation, Interest and Tax (EBDIT)	782	3,318	2,887	1,948	1,752	1,622	1,159	929	575	139
Depreciation	202	855	667	410	337	278	255	280	193	37
Profit After Tax	402	1,704	1,653	1,323	1,305	1,065	576	322	163	71
Taxes paid to the Government	682	2,893	3,021	2,490	2,234	2,147	1,391	1,118	984	373
Equity Dividend %	37.5	37.5	35*	65	60	55	51	35	30	50
Dividend Payout	82	350	327	299	276	199	138	85	48	25
Equity Share Capital	220	933	932*	458	458	456	318	245	152	52
Reserves and Surplus	2,636	11,183	10,863	8,013	7,747	6,731	4,011	2,362	1,711	254
Net Worth	2,915	12,369	11,983	8,471	8,405	7,193	4,335	2,613	1,944	311
Gross Fixed Assets	5,206	22,088	19,918	14,665	11,374	8,390	5,132	4,641	4,314	736
Net Fixed Assets	3,629	15,396	14,973	11,173	9,233	6,585	3,600	3,368	3,338	607
Total Assets	6,636	28,156	24,388	19,536	15,038	11,529	8,121	6,083	4,880	1,046
Market Capitalisation	2,870	12,176	16,518	14,395	9,783	12,027	10,718	4,388	6,656	906
Number of Employees		16,640	17,375	16,778	14,255	12,560	11,873	11,944	11,940	9,066

1US\$ = Rs. 42.43 (Exchange rate as on 31.3.1999)

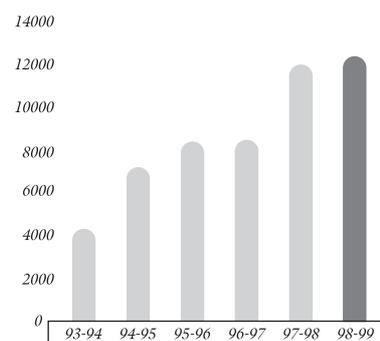
Total Income (Rs. in crores)



Profit (Rs. in crores)



Net Worth (Rs. in crores)



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Financial Highlights

Key indicators

	1998-99		97-98	'96-97	'95-96	'94-95	'93-94	'92-93	'91-92	1985
	US\$									
Earnings Per Share - Rs.	0.42	18.0	17.6*	28.7	27.9	23.4	18.1	13.1	10.7	13.8
Cash Earning Per Share - Rs.	0.64	27.1	24.7*	37.6	35.2	29.5	26.1	24.5	23.4	21.1
Sales Per Share - Rs.	3.67	155.9	143.6*	189.6	169.9	153.9	168.1	166.9	194.1	141.0
Book Value Per Share - Rs.	3.06	129.8	128.3*	184.0	179.0	158.0	136.0	106.0	127.8	59.0
Debt : Equity Ratio	0.86:1	0.86:1	0.68:1	0.83:1	0.49:1	0.35:1	0.58:1	0.84:1	0.92:1	1.66:1
EBDIT/ Sales %	22.8	22.8	21.5	22.3	22.5	23.1	21.7	22.6	19.5	19.0
Net Profit Margin %	11.7	11.7	12.3	15.2	16.8	15.2	10.8	7.8	5.5	9.7
RONW %	22.6	22.6**	21.2	22.3	25.3	23.7	18.2	20.7	17.1	30.6

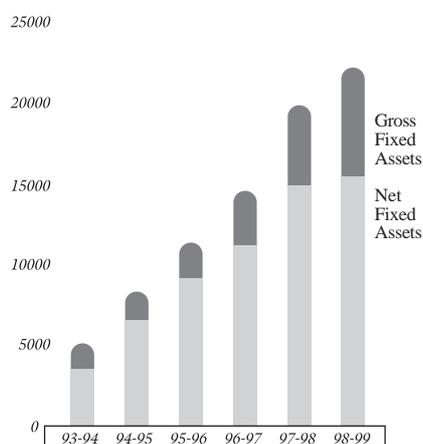
1US\$ = Rs. 42.43 (Exchange rate as on 31.3.1999)

* After bonus issue of 1:1

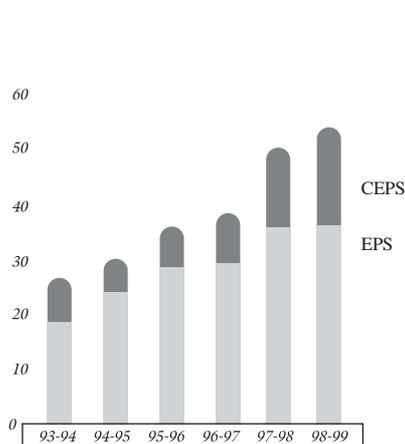
** Excluding CWIP and revaluation



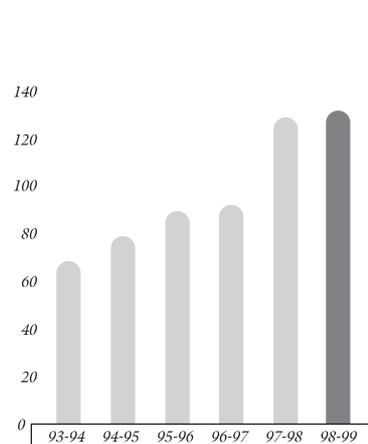
Assets (Rs. in crores)



EPS & CEPS (Rs.)



Book Value (Rs.)



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Reliance at a glance

Textiles



Naroda, near Ahmedabad, Gujarat

VIMAL	Suitings Shirtings Dress Materials Saris
HARMONY	Furnishing Fabrics Day Curtains Automotive Upholstery
SLUMBEREL	Fibrefilled Pillows Sleep Products
RECRON	Texturised Yarns Twisted / Dyed Yarns
RUEREL	Suitings
REANCE	Shirts Trousers Jackets

Fibres, Fibre Intermediates & Chemicals



Patalganga, near Mumbai, Maharashtra

RECRON	Polyester Staple Fibre (PSF) Polyester Filament Yarn (PFY)
	Polyester Chips Purified Terephthalic Acid (PTA) Paraxylene (PX)
RELAB	Linear Alkyl Benzene (LAB) Normal Paraffin Hydrocarbon Solvents

Polymers, Chemicals, Fibers & Fibre Intermediates



Hazira, near Surat, Gujarat

REON	Polyvinyl Chloride (PVC)
RECLAIR	Linear Low Density Polyethylene (LLDPE)
RELENE	High Density Polyethylene (HDPE)
REPOL	Polypropylene (PP) Purified Terephthalic Acid (PTA) Ethylene Oxide Mono-ethylene (EO) Glycol (MEG) Di-ethylene Glycol Tri-ethylene Glycol Ethylene Propylene Benzene Toluene Xylene Carbon Black Feed Stock (CBFS) Vinyl Chloride Monomer (VCM)
RECRON	Polyester Staple Fibre (PSF) Polyester Filament Yarn (PFY) Polyester Fiber Fill (PFF)
RELPET	Polyethylene Terephthalate (PET)

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Reliance at a glance

Polymers & Fiber Intermediates



Jamnagar,
Gujarat

Paraxylene (PX)
Polypropylene (PP)

Oil & Gas



Panna & Mukta - off Bombay High
Tapti - Northwest of Mumbai

Crude Oil
Natural Gas

New Initiatives



Refining - Reliance Petroleum
Infrastructure
Power
Telecom



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India's Largest Selling Brands

Business	Brand	Product	Market Share (% Share in Production)	No. of Other Players in the Industry	
Polyesters	Recron	Texturised Yarn			
		Twisted/Dyed Yarn			
		Polyester Staple Fibre (PSF)	58	6	
		Polyester Filament Yarn (PFY)	32	32	
		Relpet	Polyethylene Terephthalate (PET)	61	6
Polymers	Relene	High Density Polyethylene (HDPE)	69	3	
			63	3	
		Reclair	Linear Low Density Polyethylene (LLDPE)		
		Repol	Polypropylene (PP)	71	1
	Reon	Polyvinyl Chloride (PVC)	39	5	
Chemicals	Relab	Linear Alkyl Benzene (LAB)	36	2	
Fibre Intermediates		Purified Terephthalic Acid (PTA)	85	3	
		Mono Ethylene Glycol (MEG)	80	4	
Textiles	Vimal	Suitings, Shirtings, Dress material, Sarees			
	Harmony	Furnishing fabrics, Day curtains Automotive upholstery			
	SlumbeRel	Fibre filled pillows and sleep products			
	RueRel	Suitings			
	Reancé	Readymade Garments			
Oil & Gas		Crude Oil & Natural Gas			