



**Reliance  
Industries Limited**

**Annual Report 2000 - 2001**

“ Reliance Industries Limited

ranks amongst the world's top ten producers for all its major products. Reliance's demonstrated global competitiveness, fully integrated operations, and extensive nationwide marketing and distribution network, contribute to its leadership in the Indian petrochemicals sector. Reliance has substantial interests in other growth sectors of the Indian economy, including oil and gas, refining and marketing of petroleum products, power, telecom, infocom. ”

*Reliance's Achievements  
in 2000-2001*

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*Sales - Rs. 28,008 crores  
(US \$ 6,008 million)*

*Gross Profit - Rs. 5,562 crores  
(US \$ 1,193 million)*

*Cash Profit - Rs. 4,346 crores  
(US \$ 932 million)*

*Net Profit - Rs. 2,646 crores  
(US \$ 567 million)*

*Compounded Annual Net Profit  
growth over 5 years - 15%*

*Compounded Annual Earnings Per Share  
growth over 5 years - 12.5%*

*Total Assets - Rs. 29,875 crores  
(US \$ 6,408 million)*

*India's World Class Corporation*

<b>Page</b>	<b>Contents</b>
3	Performance Highlights
5	Company Information
6	Notice
13	Chairman's Communication
17	Financial Highlights
18	Reliance Brands
19	Product Flow Chart
20	Management Discussion and Analysis <ul style="list-style-type: none"> <li>• Reliance Petroleum</li> <li>• Reliance Telecom</li> <li>• Reliance Power</li> <li>• Human Resource Development</li> <li>• Quality</li> <li>• Research and Development</li> <li>• Health, Safety and Environment</li> <li>• Energy Conservation</li> <li>• Community Development</li> <li>• Forex Savings, Taxes Paid and Exports</li> <li>• Awards - Recognition of Excellence</li> <li>• Corporate Governance and Shareholder Information</li> </ul>
40	Directors' Report
41	Annexure to Directors' Report
48	Auditors' Report
48	Annexure to Auditors' Report
49	International Accountants' Report
50	Balance Sheet
51	Profit and Loss Account
52	Schedules Forming Part of Balance Sheet and Profit and Loss Account
74	Cash Flow Statement
76	Adjusted Profit and Loss Account in accordance with US GAAP
78	Financial Ratios
79	Circular to the Shareholders for Dematerialisation
81	Nomination Request Form
83	Documents of Subsidiary Companies
143	Proxy Form and Attendance Slip

**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****Dr. D.V. Kapur****M.P. Modi****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

Tohmtsu International (DTTI)

**Registered Office:**3rd Floor, Maker Chambers IV,  
222, Nariman Point, Mumbai 400 021, India.

Tel. Nos. 91-22-2831633/2826070

Fax: 91-22-2042268`

E-Mail: investor\_relations@ril.com

Internet: http://www.ril.com

**Bankers**

ABN AMRO Bank

Allahabad 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 Grindlays Bank

Syndicate Bank

Union Bank of India

Vijaya Bank

**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 382 320  
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

**Registrar & Transfer Agents****Karvy Consultants Limited**

- 46, Avenue 4, Street No.1, Banjara Hills  
Hyderabad - 500 034, India.  
Tel. Nos. 91-40-3320666,3320711,3323031, 3323037  
Fax No. 91-40-3323058  
E-Mail: rilinvestor@karvy.com  
internet: http://www.karvy.com
- Tulsiani Chambers  
10th Floor, Nariman Point  
Mumbai 400 021, India.  
Tel. Nos. 91-22-2884769/2875951  
Fax No. 91-22-2828454

## Notice

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of RELIANCE INDUSTRIES LIMITED will be held on Friday, the 15th day of June, 2001, 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, 2001, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares and to note payment of dividend on Preference Shares.
3. To appoint a Director in place of Shri Y.P. Trivedi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri D.H. Ambani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M.L. Bhakta, 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 an **Ordinary Resolution**:

"RESOLVED THAT Dr. D.V. Kapur, 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."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri M.P. Modi, 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."

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. 1100 crores, upto a maximum price of Rs. 303 per equity 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 a **Special Resolution**:

"RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the "FIIs"), in the shares or debentures convertible into shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that

the total holding of all FII's put together shall not exceed 49% of the paid up equity share capital or paid up value of the respective series of the convertible debentures of the Company as may be applicable or such other maximum limit as may be prescribed from time to time:

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority 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 thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Bangalore, Calcutta, Chennai, Cochin, New Delhi, Kanpur and Pune."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in terms of Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and 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 and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to offer/issue/allot, in the course of domestic and/or international offering, redeemable preference shares of the face value of Rs.100 each of an aggregate nominal amount not exceeding Rs. 1,000 crores (Rupees One Thousand crores), to be subscribed, by any person or persons, whether or not shareholders of the Company, (including one or more of the members, promoters, debentureholders, employees, financial institutions, banks, mutual funds, foreign investors, non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Multilateral Agencies, Venture Capital fund, Foreign Financial Institutions, Bodies Corporate, Companies, private or public and other entities, whether through public issue, rights issue, private placement, or otherwise, in one or more modes or combinations thereof and in one or more tranches and on such terms and conditions (including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto) as the Board may in its absolute discretion decide;

RESOLVED FURTHER THAT such of these Preference Shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion think most beneficial to the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

**By Order of the Board of Directors**

**Rohit C. Shah**

Vice President and Company Secretary

Place: Mumbai

Dated: 30th April, 2001

**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 of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**
- Members/Proxies should fill the Attendance Slip for attending the meeting.
- Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- All documents referred to in the accompanying Notice and Explanatory Statement 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.
- The Company has already notified closure of Register of Members and the Transfer Books from Saturday, 12th May, 2001 to Saturday, 19th May, 2001 (both the days inclusive) for payment of dividend on equity shares. 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. The Company will dispatch the dividend warrants from 16th June, 2001 onwards.
- Members are requested to note that the Dividend Warrants are payable at par at the branches as printed overleaf of Dividend Warrant within the initial validity period of 3 months. Thereafter, the Dividend Warrants on revalidation are payable only at the limited branches of the Bank. The members are advised to encash Dividend Warrants within the initial validity period.
- 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, C.G.O. Complex, 2nd Floor, "A" Wing, CBD-Belapur, Navi Mumbai - 400 614. Phone No.7576802.
- 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 Y.P. Trivedi, Shri D.H. Ambani and Shri M.L. Bhakta, retire by rotation and being eligible offer themselves for reappointment. Dr. D.V. Kapur and Shri M.P. Modi are being appointed as Directors liable to retire by rotation. The information or details to be provided for the aforesaid Directors under Corporate Governance code are as under:

(a) **Shri Y.P. Trivedi** is a Director of the Company since 16th April, 1992. He is practicing as Senior Advocate, Supreme Court. He is a member of various clubs and associations and is holding important positions in various fields viz. economic, professional, political, commercial, education, medical, sports and social fields. He has received various awards and merits for his contribution in various fields. He was a Director in Central Bank of India and Dena Bank amongst many other reputed companies. He is a Director in the following companies: Keswani Synthetic Industries Ltd., EZ.Comm Trade Technologies Ltd., Ripples Club, Safari Industries Limited, Siltap Chemicals Limited, Metro Exporters Limited, Birla Kennametal Limited, Sai Service Station Limited, Zandu Pharmaceuticals Works Limited and Zodiac Clothing Company Limited. He is also the past President of Indian Merchants' Chamber and presently on the Managing Committee of ASSOCHAM and International Chamber of Commerce.

(b) **Shri Dhirubhai H. Ambani** is the founder and Chairman of Reliance Industries Limited and Reliance Petroleum Limited.

Under Shri Ambani's leadership, the Reliance group has achieved the distinction of becoming India's leading private sector group, in terms of all financial parameters, including assets, sales, profits and net worth, and it is today, India's most valuable group. For the year ended March 31, 2001, the particulars of Reliance group's achievements are:

- Sales nearly Rs. 60,000 crores (over US\$ 12.5 billion)
- Cash flow over Rs. 6,000 crores (US\$ 1.3 billion)
- Profit after tax over Rs. 4,000 crores (nearly US\$ 900 million)
- Assets over Rs. 50,000 crores (over US\$ 10 billion)
- Market capitalisation over Rs. 60,000 crores (over US\$ 12.5 billion).

Shri Ambani's vision is responsible for Reliance's consistent track record of establishing integrated, world scale, and world class assets in India, with demonstrated global competitiveness, and international quality of products.

Under his direction, Reliance, a first generation enterprise, has rapidly emerged as a global ranking player in the energy industry, with activities spanning oil and gas, refining and marketing, petrochemicals, power, etc. Shri Ambani has also provided the direction for Reliance's new initiatives in the information and telecommunications sector.

Shri Ambani has consistently espoused enhancement of overall shareholder value as the underlying objective of Reliance's endeavours, and this has led to the creation of unprecedented value for millions of investors, constituting one of the largest families of shareholders in the world.

A few of his major recognitions include:

- \* Civic reception by the City of Mumbai, India, India's financial capital, in December, 2000.
- \* 'Man of the Century' award by leading industry association, Chemtech Foundation and Chemical Engineering World, in recognition of his outstanding contribution to the growth and development of the chemical industry in India, in November, 2000.
- \* 'Indian Entrepreneur of the 20th Century' award by India's leading business organisation, FICCI (Federation of Indian Chambers of Commerce and

Industries), for his meticulous scripting of one of the most remarkable stories of business endeavor of the 20th century, in March, 2000.

- \* Thrice nominated as one of the 'Power 50 - the most powerful people in Asia' by the leading Asiaweek magazine (2000, 1998 and 1996).
- \* Awarded the Dean's Medal by The Wharton School, University of Pennsylvania, USA, for setting an outstanding example of leadership, in June, 1998.
- \* Voted as 'Creator of Wealth of the Century' in a poll conducted by India's leading newspaper, The Times of India, in January, 2000.
- \* Chosen as one of the three 'Makers of Equity' by the country's leading newsmagazine, India Today, in its special millennium issue entitled '100 People Who Shaped India in the 20th Century', in January, 2000.

(c) **Shri M.L. Bhakta** is a Director of the Company since 27th September, 1977. He is a Senior Partner of Messrs. Kanga & Company, a leading firm of Advocates and Solicitors in Mumbai. He has been in practice for over 40 years and has vast experience in the legal field and particularly on matters relating to corporate laws, banking and taxation. He is the legal advisor to leading foreign and Indian companies and banks. He has also been associated with a large number of Euro issues made by Indian companies. He was the Chairman of the Taxation Law Standing Committee of LAWASIA, an Association of Lawyers of Asia and Pacific which has its headquarters in Australia. He is also a Director in the following companies viz.: Gujarat Ambuja Cements Ltd., Hindustan Inks and Resins Ltd., The Indian Merchants' Chamber, Bombay, Larsen & Toubro Ltd., Lazard India Ltd., Reliance Petroleum Ltd. and SKF Bearings India Ltd.

(d) **Dr. D.V. Kapur** who has joined the Board as an Additional Director is a Graduate with Honours in Electrical Engineering and is having wide experience in Chemicals and Petrochemicals Industries. He has an illustrious career in Government Sector with successful track record of building vibrant organisation and successful project implementation. He serviced BHEL in various positions with distinction but perhaps the most remarkable achievement of Dr. Kapur's career is the establishment of systems oriented National Thermal Power Corporation (NTPC) of which he was the founder Chairman-cum-Managing Director. Under his leadership the fledgling organisation undertook and successfully implemented a series of 2000 MW power projects which today form the main stay of the Indian power sector.

He has made significant contributions in the field of Technology Management and Industrial Development and in recognition of his services, Jawaharlal Nehru Technological University, Hyderabad conferred the degree of D.Sc. on him. He has also been associated with a number of national institutions as Chairman, Board of Governors, Indian Institute of Technology, Bombay, Chairman, National Productivity Council, Member, Atomic Energy Commission etc. He is Director in the following companies viz.: Reliance Power Ltd., Jacobs H&G Ltd., GKN Driveshafts (India) Ltd., Larsen & Toubro Ltd., Tata Chemicals Ltd., Tal Ishikawa Ltd., Zenith Ltd., DLF Power Ltd., DCM Hyundai Ltd., Drivetech Accessories Ltd., Reliance Salgaocar Power Co. Ltd.

(e) **Shri M.P. Modi** who has joined the Board as an Additional Director has held high positions in Government of India as Chairman of Telecom Commission, Secretary, Ministry of Coal, Special Secretary, Insurance. He has considerable management experience, particularly in the fields of energy, insurance, petrochemicals and telecom. At present he is Director on the Boards of several companies, including ICICI Prudential Life Insurance Company Ltd., Gujarat State Electricity Corporation, BSES Ltd., BSES Telecom Ltd., Essar Shipping Ltd., Mangalore Refinery & Petrochemicals Ltd.

**Explanatory Statement under Section 173(2) of the Companies Act, 1956**

The Explanatory Statement for Item Nos. 7 to 12 of the accompanying Notice set out hereinabove is as under:

**Item No. 7.**

Dr. D.V. Kapur was appointed as an Additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, Dr. D.V. Kapur, 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 Dr. D.V. Kapur for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Dr. D.V. Kapur, a Graduate with Honours in Electrical Engineering, is having wide experience in Chemicals and Petrochemicals Industries. Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Dr. D.V. Kapur is appointed as a Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Dr. D.V. Kapur none of the Directors are, in any way, concerned or interested in this resolution.

**Item No. 8.**

Shri M.P. Modi was appointed as an Additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, Shri M.P. Modi, 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 M.P. Modi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri M.P. Modi, is having wide experience in corporate management. Keeping in view his vast experience and knowledge it will be in the interest of the company that Shri M.P. Modi is appointed as a director of the company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Shri M.P. Modi, none of the Directors are, in any way, concerned or interested in this resolution.

**Item No. 9.**

At the Annual General Meeting held on 13th June, 2000, the Shareholders had by Special Resolution, approved the Buy-back of the Company's shares of Rs. 10 each, for an amount not exceeding Rs. 1100 crores, upto a maximum price of Rs. 303 per share, through open market purchases from the Stock Exchanges.

The Company's share price has closed below the specified maximum Buy-back price of Rs. 303 per share, on only 11 days, out of the total 264 trading days that have elapsed since the Buy-back announcement.

The Company has not bought back any of its shares in those limited number of days when the share price has dropped below the maximum specified Buy-back price, as the share has consistently been outperforming all benchmark indices by a wide margin, and the temporary decline for a limited number of days had also been more a reflection of short term volatility in the global, regional and domestic stock markets.

The Company has consistently set forth its philosophy of viewing share Buy-back as a measure to enhance overall shareholder value and returns, and not a mechanism to artificially support any particular price level for the Company's share, or to respond to short term speculative pressures.

From the perspective of investors, the maximum specified Buy-back price has effectively served as a floor price for the Company's share, even though the Company, for the reasons stated above, has not deployed any portion of the approved amount for the share Buy-back. The aforesaid Special Resolution will lapse on 12th June, 2001.

This is in sharp contrast to the experience of most other Indian companies, which have seen their share prices generally trading well below their specified Buy-back prices, even after such companies have deployed significant amounts towards their Buy-back programmes.

It is accordingly, proposed once again to obtain the approval of shareholders for a share Buy-back programme, as detailed hereinafter.

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 30th April, 2001 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. 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 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, NSE Nifty 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	Sensex	Nifty
Year to Date	3%	-14%	-13%
FY 2000-01	24%	-28%	-25%
Year 2000	45%	-21%	-15%
1 year	1%	-27%	-22%
2 years	190%	5%	18%
3 years	76%	-16%	-5%
5 years	180%	-9%	-2%
10 years	415%	166%	-

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 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, and from a level of 1.16 at the time of announcement of the buyback last year, to the range of 0.8 presently. 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. 1100 crores for the share Buy-back programme. This represents 9.80% 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 in India 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.
  13. 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.
  14. 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.
  15. 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 14th June, 2002.
  16. 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.
  17. 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.
  18. In accordance with the provisions of the Act, the Company will not be entitled to make a fresh offering of equity shares, of this class, 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.
  19. The Company has not made any equity fresh offering for the past nearly 7 years. This will mean that the Company will not be making any equity offering for a total period of 9 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 0.69:1. During the previous 7 years, the Company's net worth has increased from Rs. 7,193 crores in March, 1995, to Rs. 14,765 crores in March, 2001 and the Total Assets have increased from Rs. 11529 crores in March, 1995 to Rs. 29875 crores in March, 2001.
  20. In this entire period, the Company has completed its major capital expenditure programmes at Hazira and Jamnagar. This has raised the Company's capacities from less than 1 million tonnes per annum (tpa) to nearly 10 million tpa, and placed the Company amongst the top 5 global producers in almost all its major products.
  21. (a) The aggregate shareholding of the promoters of the Company, and/or persons who are in control of the Company, as on the date of the notice convening the general meeting is 6.86 crores Equity Shares of Rs.10 each, constituting 6.51% of the issued and paid up equity share capital of the Company.
  - (b) None of the Promoters, and/or persons in control of the Company, have purchased any Equity Shares of Rs. 10 each, during the period of six months preceding the date of the meeting of the Board of Directors at which the Buy-back was approved.
  22. 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.
  23. 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).
  24. The text of the Report dated 30th April, 2001 received from Messrs. Chaturvedi & Shah and Rajendra & Co., 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 Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, we have examined the audited financial statements of the Company for the year ended 31st March, 2001 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. 1100 crores which is 9.80% 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 held on 30th April, 2001, 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 15th June, 2001".
  25. The share Buy-back programme will be implemented after the approval of the shareholders, subject to completion of necessary formalities as prescribed in law.
  26. 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