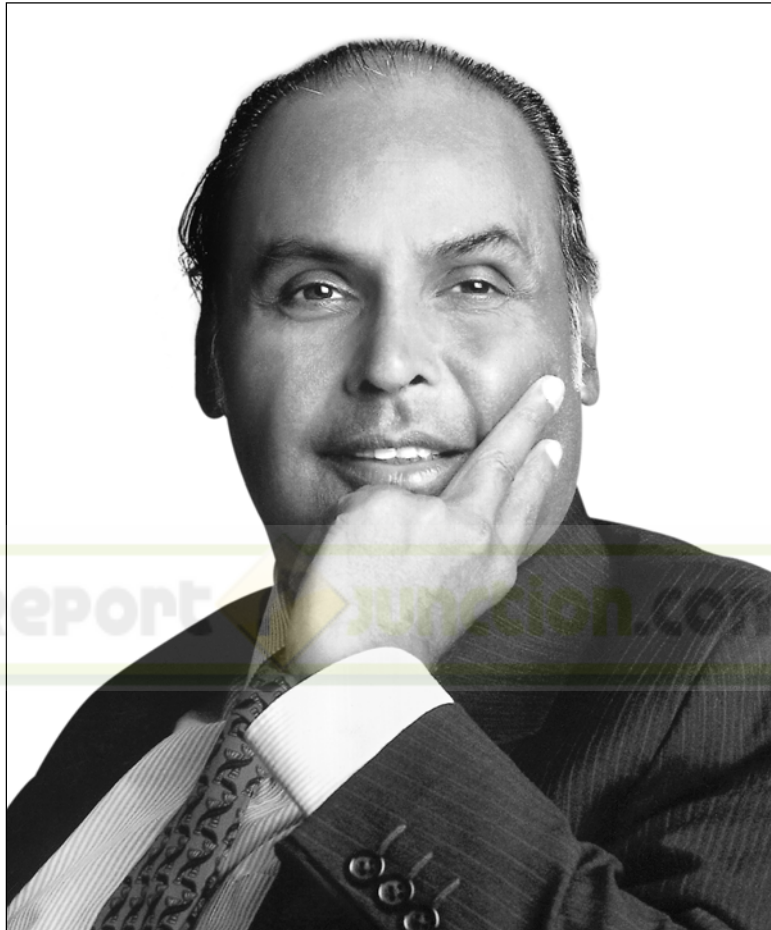




**Reliance**  
**Industries Limited**

Annual Report 2003 - 2004





**" If you can dream it, you can do it."**

Dhirubhai H. Ambani  
(28th December, 1932 - 6th July, 2002)  
Reliance Group - Founder and Visionary

GROWTH IS LIFE

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## ***Highlights – 2003-2004***

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*Gross Turnover - Rs. 74,418 crore  
(US\$ 17,022 Million)*

*Gross Profit - Rs. 10,983 crore  
(US\$ 2,512 million)*

*Cash Profit - Rs. 9,197 crore  
(US\$ 2,104 million)*

*Net Profit - Rs. 5,160 crore  
(US\$ 1,180 million)*

*Compounded Annual Net Profit  
Growth over 5 years - 17%*

*Total Assets - Rs. 71,157 crore  
(US\$ 16,277 million)*

*First Private Sector Company in India  
to record a Net Profit of Over US\$ 1 Billion*

GROWTH IS LIFE

**Board of Directors**

**Mukesh D. Ambani**  
Chairman & Managing Director

**Anil D. Ambani**  
Vice Chairman & Managing Director

**Nikhil R. Meswani**  
Executive Director

**Hital R. Meswani**  
Executive Director

**H.S. Kohli**  
Executive Director

**Ramniklal H. Ambani**

**Mansingh L. Bhakta**

**T. Ramesh U. Pai**

**Yogendra P. Trivedi**

**Dr. D.V. Kapur**

**M.P. Modi**

**S. Venkitaramanan**

**Secretaries**

Vinod M. Ambani  
Surendra Pipara

**Solicitors & Advocates**

Kanga & Co.

**Auditors**

Chaturvedi & Shah, Member, Nexia International  
Rajendra & Co.

**International Accountants**

Deloitte Haskins & Sells  
Member – Deloitte Touche and  
Tohmatsu (DTT)

**Registered Office**

3<sup>rd</sup> Floor, Maker Chambers IV  
222, Nariman Point  
Mumbai 400 021, India  
Tel. Nos. +91-22-30325000  
Fax No. +91-22-30322268  
E-mail: investor\_relations@ril.com  
Website: www.ril.com

**Bankers**

ABN AMRO Bank  
Allahabad Bank  
Andhra Bank  
Bank of America  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Citibank N.A.  
Corporation Bank  
Credit Lyonnais  
Deutsche Bank  
HDFC Bank  
Hongkong Bank  
ICICI Bank  
IDBI Bank  
Indian Bank  
Indian Overseas Bank  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of Hyderabad  
State Bank of India  
State Bank of Patiala  
State Bank of Saurashtra  
Standard Chartered Grindlays Bank  
Syndicate Bank  
Union Bank of India  
Vijaya Bank

**Manufacturing Facilities****Hazira Complex**

Village Mora, Bhatha P.O.  
Surat-Hazira Road  
Surat - 394 510  
Gujarat State, India.

**Jamnagar Complex**

Village Meghpar/Padana, Taluka Lalpur  
District Jamnagar - 361 280  
Gujarat State, India

**Naroda Complex**

103/106, Naroda Industrial Estate Naroda,  
Ahmedabad - 382 320 Gujarat State, India

**Patalganga Complex**

B-4, Industrial Area,  
Patalganga Off Bombay-Pune Road,  
Near Panvel, District Raigad - 410 207,  
Maharashtra State, India.

**Registrar & Transfer Agents**

Karvy Computershare Private Limited  
46, Avenue 4, Street No.1, Banjara Hills  
Hyderabad 500 034, India.  
Tel. Nos. +91-40-23320666, 23320711,  
23323031, 23323037  
Fax No. +91-40-23323058  
E-mail: rilinvestor@karvy.com  
Webstie: www.karvy.com

Tulsiani Chambers  
10<sup>th</sup> Floor, Nariman Point  
Mumbai 400 021, India  
Tel. Nos. +91-22-30325645/30325624  
Fax No. +91-22-22855731

GROWTH IS LIFE

## Notice

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of RELIANCE INDUSTRIES LIMITED will be held on Thursday, the 24<sup>th</sup> day of June, 2004, 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 audited Balance Sheet as at 31st March, 2004, 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.
3. To appoint a Director in place of Shri M. L. Bhakta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. D.V. Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M.P. Modi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Messrs Chaturvedi & Shah, Chartered Accountants, and Messrs Rajendra & Co., Chartered Accountants, the retiring Auditors of the Company, 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.

**By Order of the Board of Directors**

**Surendra Pipara**  
Joint Company Secretary

Mumbai

Dated: 29<sup>th</sup> April, 2004.

### **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.**
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
7. (a) The Company has already notified closure of Register of Members and Transfer Books thereof from Saturday, the 22<sup>nd</sup> May, 2004 to Saturday, the 29<sup>th</sup> May, 2004 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- (b) The dividend on Equity Shares, if declared at the Annual General Meeting, will be paid on or after 24<sup>th</sup> June, 2004.
- (c) Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of 3 months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centres/branches. The members are, therefore, advised to encash Dividend Warrants within the initial validity period.
8. (a) In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend Warrants:
  - (i) Name of the Sole/First joint holder and the Folio Number.
  - (ii) Particulars of Bank Account, viz.:
    - (a) Name of the Bank
    - (b) Name of Branch
    - (c) Complete address of the Bank with Pin Code Number
    - (d) Account type, whether Savings (SB) or Current Account (CA)
    - (e) Bank Account number allotted by the Bank
- (b) Shareholders holding shares in electronic form may kindly note that their Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.**

9. Shareholders are requested to note that pursuant to the approval granted by the Securities and Exchange Board of India, the license of the Registrar and Transfer Agents of the Company has been changed from Karvy Consultants Limited to Karvy Computershare Private Limited. Accordingly Karvy Computershare Private Limited, having their address at: 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034, are the Registrar and Transfer Agents of the Company.

#### 10. Electronic Clearing Service (ECS) Facility

With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, residing in the following cities:

**Ahmedabad, Bangalore, Bhubhaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Pune and Thiruvananthapuram.**

Shareholders holding shares in the physical form who wish to avail ECS facility, may authorize the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's website (www.ril.com under the section 'Investor Relations') or can be obtained from the Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited. Requests for payment of dividend through ECS for the year 2003-2004 should be lodged with M/s. Karvy Computershare Private Limited on or before 5<sup>th</sup> June, 2004.

11. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31st March, 1995 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. Shareholders who have so far not claimed or collected their dividends up to the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD-Belapur, Navi Mumbai - 400 614, Telephone (091) (022) 2757 6802, in the prescribed form which will be furnished on receipt of request by the Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited.
12. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividend for the year ended 31st March, 1996 to the IEPF.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.1997	26.06.1997	25.06.2004	23.07.2004
31.03.1998	26.06.1998	25.06.2005	25.07.2005
31.03.1999	24.06.1999	23.06.2006	21.07.2006
31.03.2000	30.03.2000	29.03.2007	27.04.2007
31.03.2001	15.06.2001	14.06.2008	14.07.2008
31.03.2002	31.10.2002	30.10.2009	27.11.2009
31.03.2003	16.06.2003	15.06.2010	15.07.2010

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

13. Non-Resident Indian Shareholders are requested to inform M/s. Karvy Computershare Private Limited immediately:

- The change in the Residential status on return to India for permanent settlement.
- The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.

14. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.

15. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited. The said Form 2B can also be downloaded from the Company's web site www.ril.com.

#### 16. Re-appointment of Directors:

At the ensuing Annual General Meeting, Shri M.L. Bhakta, Dr. D.V. Kapur and Shri M.P. Modi, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.



## Letter to Shareholders

### Dear fellow Reliance shareowners,

The year 2003-04 was another turbulent year for the global economy. Hostilities in the Middle East, and the spread of the deadly SARS epidemic in China and the Asia Pacific region, contributed to increased economic uncertainty, particularly during the first half of the year. Towards the end of the year, rising crude prices, fears of a slowdown in China, and the likelihood of higher global interest rates, added to concerns on the general outlook for businesses worldwide.

Reflecting its new confidence, India stood out in this volatile environment as a beacon of hope, growth and prosperity. GDP growth accelerated to 8.1 per cent. The Indian rupee appreciated 8 per cent in value against the US Dollar. Interest rates remained at historic lows. Our foreign exchange reserves increased to US\$ 113 billion as on March 31, 2004 – the 6<sup>th</sup> highest in the world, and ahead of even developed countries like the UK, Canada and Italy.

For Reliance, 2003-04 proved to be another landmark year.

Reinforcing its leadership, and setting new milestones of growth, Reliance Industries became India's first private sector company to cross the US\$ 1 billion mark in net profits.

Reliance's net profit for the year was Rs 5,160 crore (US\$ 1,180 million), the highest ever achieved in the private sector by any Indian company.

We now rank among the top 150 companies in the world, in terms of net profits.

Reliance Industries' revenues for the year were Rs 74,418 crore (US\$ 17,022 million).

Our cash profit was Rs 9,197 crore (US\$ 2,104 million).

Reliance's exports were Rs 14,969 crore (US\$ 3,424 million) during the year.

Reliance's market capitalisation was Rs 75,132 crore (US\$ 17.2 billion), making it India's most valuable private sector company.

These glorious achievements are the result of the extraordinary vision and inspiration of our legendary founder, Dhirubhai Ambani. He taught Reliance to think big, and think world class in every respect. He accepted only excellence. He truly believed and practiced the philosophy - "Growth is Life."

We are committed to the continuing future growth of Reliance in line with his thinking, his principles, and his values.

### Future Growth Opportunities

India is marching forward to meet its second tryst with destiny, to become an economic superpower.

Sustained domestic growth in the future will bring improvement in standards of living for over a billion Indians.

International markets are beckoning Indian corporations. Competitiveness of Indian products and services is well recognised the world over.

Global outsourcing of services to India from higher cost developed economies is leading to transfer of incomes on an unprecedented, and increasing, scale to millions of our

people. This will fuel the growth in domestic demand and consumption on a sustained basis.

These exciting developments translate into immense opportunity for Reliance.

We have major interests in both, the manufacturing and services sectors, which will be contributing to India's sustained economic growth.

The existing scale of our operations, our demonstrated project execution and management capabilities, our strong cash flows, and our unique reservoir of human and intellectual capital, have created an unparalleled platform to pursue future growth.

We are committed to growing, and enhancing our leadership in, each of our businesses, thereby contributing to the economic development of the country.

### Our Future Investments

Our major investments in the future are being made in the energy chain, and the information and communications business.

We are India's largest private sector player in the upstream oil and gas exploration and production sector. In the year 2002, we discovered natural gas in the very first exploration well drilled in the deep-water exploration block KG-D6 in the Krishna-Godavari basin, off Andhra Pradesh coast.

The in-place reserves have been estimated at 14 trillion cubic feet of gas, based on the initial 8 wells drilled in the first exploratory drilling campaign, adequate to produce upto 60 million cubic meters of gas per day.

During the year 2003-04, we have commenced the second exploratory drilling campaign in the KG-D6 block. Two wells have been drilled during the year, and both wells have struck gas. The extent of discovery from these two wells is being ascertained.

We will be making substantial investments over the next few years, to develop these significant finds, and bring gas to energy deficit customers across the country.



Our investments in the upstream oil and gas business will bring increased energy and economic security and higher geopolitical confidence for the country, contribute to increased competitiveness of Indian industry, and lead to significant improvement in profitability for Reliance.

In the downstream business, our refinery at Jamnagar has become the third largest in the world, after completion of the debottlenecking programme, leading to enhanced benefits of scale and productivity.

We are now making investments to build a retail presence across the country, for the marketing of transportation fuels, diesel and gasoline, thereby becoming an integrated refining and marketing company.

The entry into retail marketing of petroleum products will complete our integration across the value chain, from crude oil to the end customer, deliver superior value to millions of customers, and contribute to further enhancement of overall shareholder value.

The petrochemicals business has shown clear signs of entering into an upcycle. We enjoy leadership rankings in this business, not just in India, but globally.

Over the next few years, we are making investments to increase our existing manufacturing capacities by up to 20 per cent, from the existing 12 million tonnes per annum to over 14 million tonnes per annum. Upon completion of the proposed expansion plan, Reliance will become the world's largest producer of polyester fibre and yarn.

The increase in the scale of our petrochemicals business, and improving business conditions, are expected to increase contribution of this segment to revenues and profitability.

In the last two years, we made two significant acquisitions in the energy business, namely, IPCL and Reliance Energy (formerly BSES).

The integration of both companies into the Reliance group has been completed seamlessly, leading to considerable synergies and benefits, and enhancement of value for all stakeholders.

IPCL, India's second largest petrochemicals company, has seen a remarkable turnaround in its overall performance from the time of acquisition by Reliance. IPCL's production has seen a sharp jump of 24 per cent, and its net profits have increased by 155 per cent over the last two years.

Reliance Energy Ltd. (REL) has reported a 127 per cent increase in its net profits in the very first year after acquisition by Reliance, and has become India's most valuable power company, with market capitalization of Rs. 13,400 crore (US\$ 3,064 million) as on March 31, 2004.

Pursuant to the enactment of the Electricity Act, 2003 ushering in comprehensive reforms, REL is now implementing growth plans to enhance its leadership across the full spectrum of generation, transmission, distribution and trading of power, and to provide reliable, quality, competitive, clean, green power to millions of customers across the country.

REL's integrated growth philosophy is "Well Head to Wall Socket" – taking gas from the well-head, and delivering power at the wall socket.

On the information and communications front, Reliance Infocomm (RIC) commercially launched its services in May 2003, and within the first 7 months, emerged as India's largest mobile service operator. As of the end of March 2004, RIC had almost 7 million subscribers.

The successful rollout of the Infocomm services fulfils the vision of our founder, Dhirubhai Ambani, to provide affordable telecommunications services to tens of millions of our citizens across the entire country, providing them the ability to stay connected in today's networked world.

In January 2004, RIC acquired the undersea cable company, FLAG Telecom. This international acquisition – the first by Reliance – provides RIC with a gateway to global markets, and makes RIC the only Indian operator to own an international undersea cable network with a truly global footprint.

The second phase of the Infocomm project will soon usher in a Broadband revolution, providing 100 mbps Ethernet links to corporate customers. RIC will also launch a consumer convergence revolution, providing high speed Ethernet links to homes, thereby reconfiguring and transforming the entire communications paradigm in India.

### Looking Forward

We are committed to maximization of value for all of you, our dear fellow Reliance shareowners.

During the year 2003-04, Reliance Industries added market capitalization of Rs. 36,500 crore (US\$ 8,355 million) – the largest such addition across all private sector companies in India.

We thank each one of you, our over 2.3 million shareholders, for your unstinted support and loyalty, which has made this possible.

We are focused on delivering superior value to customers in all our businesses, ensuring international quality for all our products and services.

We are committed to enhancing the scale, competitiveness, efficiency and productivity of our businesses, benchmarked to global, world-class standards.

We will always maintain our conservative financial profile, ensuring a high degree of liquidity and financial flexibility at all times.

The health, safety, well-being and development of our people transcends all our financial objectives.

We are committed to achieve our goals as responsible citizens, respecting and protecting the environment, and making our humble contributions to healthcare, education, welfare of society and development of the community.

We believe these commitments and beliefs will contribute to the successful accomplishment of all our future growth endeavors.



**Mukesh D. Ambani**  
Chairman & Managing Director



**Anil D. Ambani**  
Vice Chairman & Managing Director