IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) OR (2) NON-US PERSONS (AS DEFINED BELOW) OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your representation: In order to be eligible to view the following offering memorandum or make an investment decision with respect to the securities described herein, investors must be either (I) qualified institutional buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or (II) certain persons outside of the United States (within the meaning of Regulation S under the Securities Act). By accepting the e-mail and accessing the following offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not located in the United States and not a US Person (as defined in Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (2) you consent to the delivery of such offering memorandum and any amendments or supplements thereto by electronic transmission.

You are reminded that the following offering memorandum has been delivered to you on the basis that you are a person into whose possession the following offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following offering memorandum to any other person. If this is not the case you must return this offering memorandum to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers (as defined below) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the issuer or guarantor of the Securities, Barclays Bank PLC, Citigroup Global Markets Inc. and The Hongkong and Shanghai Banking Corporation Limited (together, the "Initial Purchasers") or any of their respective directors, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The issuer of the Securities will provide a hard copy version to you upon request.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information contained in this preliminary offering memorandum is not complete and may be changed. The preliminary offering memorandum is not an offer to sell these securities and is not soliciting an offer to buy securities in any jurisdiction where such offer or sale is not permitted.

OFFERING MEMORANDUM CONFIDENTIAL

US$500,000,000

Reliance Holding USA, Inc.

US$500,000,000 5.40% Guaranteed Senior Notes Due 2022

guaranteed by

Reliance Industries Limited

(incorporated in India with limited liability)

The 5.40% Guaranteed Senior Notes due 2022 (the "Notes", and where the context so requires, will include the Existing Notes (as defined below)) will be the unsecured senior obligations of Reliance Holding USA, Inc. (the "Issuer") and will be guaranteed on an unsecured basis (the "Guarantees") by Reliance Industries Limited (the "Guarantor"). The Notes being issued pursuant to this Offering Memorandum constitute a further issuance of, will become fungible with, rank equally in all respects with, and are consolidated and form a single series with, the 5.40% guaranteed senior notes due 2022 issued by the Issuer on February 14, 2012 (the "Existing Notes"). The total principal amount of the previously issued Existing Notes and Notes now being issued will be US$1,500,000,000. The Notes will bear interest at a rate of 5.40% per year. Interest will be paid on the Notes semi-annually and in arrears on February 14 and August 14 of each year, beginning on August 14, 2012. Unless previously repurchased, cancelled or redeemed, the Notes will mature on February 14, 2022.

The Notes will be unsecured and unsubordinated obligations of the Issuer, will rank *pari passu* with all of its other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. The Guarantees will be unsecured and unsubordinated obligations of the Guarantor, will, save for such exceptions as may be provided under applicable legislation, rank *pari passu* with its other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.

The Issuer will have the option to redeem all or a portion of the Notes at any time at the redemption price set forth in this offering memorandum ("Offering Memorandum"). The Issuer may also redeem the Notes at any time in the event of certain changes in withholding taxes.

After the 40th day following the delivery of the Notes, certain selling restrictions with respect to the Notes will expire, and the Notes will become fully fungible with the Existing Notes.

For a more detailed description of the Notes and Guarantees, see "Description of the Notes and Guarantees" beginning on page 178.

Offering Price for the Notes: 101.018% plus accrued interest from February 14, 2012

Investing in the Notes involves risk. You should read "Risk Factors" beginning on page 24 before investing in the Notes.

The Notes have been assigned a rating of "Baa2" by Moody's Investors Service, Inc. ("Moody's") and a rating of "BBB" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's or S&P.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "Singapore Exchange") for the listing and quotation of the Notes on the Official List of the Singapore Exchange. Such approval will be granted when the Notes have been admitted to the Official List of the Singapore Exchange. The Singapore Exchange assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Approval in-principle for the listing and quotation of the Notes on the Singapore Exchange are not to be taken as an indication of the merits of the Notes or the Guarantees, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any).

The Notes and Guarantees have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act"), or any US state securities laws. Accordingly, the Notes and Guarantees are being offered and sold only (i) in the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A")) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) outside the United States to non-US Persons (as defined in Regulation S under the Securities Act ("Regulation S")) in compliance with Regulation S. Prospective purchasers are hereby notified that the sellers of the Notes and Guarantees may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. For a description of certain restrictions on resales and transfers, see "Transfer Restrictions".

Barclays Bank PLC, Citigroup Global Markets Inc. and The Hongkong and Shanghai Banking Corporation Limited expect to deliver the Notes in book-entry form only through the facilities of The Depository Trust Company on or about February 28, 2012.

Joint Bookrunners and Lead Managers

Barclays Capital **Citigroup** **HSBC**

The date of this Offering Memorandum is February 23, 2012.

TABLE OF CONTENTS

NOTICE TO INVESTORS

In this Offering Memorandum, references to "Reliance" are to Reliance Industries Limited and its subsidiaries on a consolidated basis, references to the "Guarantor" are to Reliance Industries Limited on a non-consolidated basis and references to the "Issuer" are to Reliance Holding USA, Inc. on a consolidated basis. In the Financial Statements of the Issuer as set forth herein beginning on page F-2, Reliance Holdings USA, Inc. is referred to as the "Company", while in the rest of this Offering Memorandum it is referred to as the "Issuer", and the term "Group" refers to the Issuer and its subsidiaries. In the Financial Statements of the Guarantor as set forth herein beginning on page F-49, Reliance Industries Limited is referred to as the "Company", while in the rest of this Offering Memorandum it is referred to as the "Guarantor".

In this Offering Memorandum, unless otherwise specified, (i) all financial statements and financial data of the Guarantor are presented on a non-consolidated basis and (ii) all financial statements and financial data of the Issuer are presented on a consolidated basis. In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "$", "US$" or "US Dollars" are to United States dollars, references to "Rs.", "rupee", "rupees" or "Indian rupees" are to the legal currency of India and references to "SGD" and "S$" are to Singapore dollars. References to a particular "fiscal" year are to the fiscal year ended March 31 of such year. In this Offering Memorandum, references to "US" or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India.

Except as otherwise stated, the Indian rupee amounts in this Offering Memorandum as of March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595 and Indian rupee amounts as of December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. These are the exchange rates published by the Foreign Exchange Dealers' Association of India ("FEDAI") for the applicable period end. FEDAI exchange rates are a widely followed benchmark for foreign exchange rates in India. For comparison purposes, the exchange rate as set forth in the H.10 statistical release of the United States Federal Reserve Board as at March 31, 2011 was Rs. 44.54 per US$1.00, as at December 31, 2011 was Rs. 53.01 per US$1.00 and as at February 1, 2012 was Rs. 49.27 per US$1.00. The translations into US Dollars set forth herein are for convenience only and are not audited. No representation is made that the Indian rupee amounts have been, could have been or could be converted into US Dollars at such rates or any other rate.

The Issuer, as well as Barclays Bank PLC, Citigroup Global Markets Inc. and The Hongkong and Shanghai Banking Corporation Limited (together, the "Initial Purchasers"), reserve the right to withdraw the offering of the Notes at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered hereby.

This Offering Memorandum is personal to the prospective investor to whom it has been delivered by the Initial Purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. Distribution of this Offering Memorandum to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto, is unauthorized, and any disclosure of its contents without the Issuer's prior written consent is prohibited. The prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees not to make any photocopies of this Offering Memorandum.

This Offering Memorandum is intended solely for the purpose of soliciting indications of interest in the Notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in the Fiscal Agency Agreement and other transaction documents described herein. The information provided is not all-inclusive. The market information in this Offering Memorandum has been obtained by the Issuer from publicly available sources deemed by it to be reliable. Notwithstanding any investigation that the Initial Purchasers may have conducted with respect to the information contained herein, the Initial Purchasers do not accept any liability in relation to the information contained in this Offering Memorandum or its distribution or with regard to any other information supplied by or on the Issuer's and the Guarantor's behalf.

The Issuer confirms that, after having made all reasonable inquiries, this Offering Memorandum contains all information with regard to it and the Notes which is material to the offering and sale of the Notes, that the information contained in this Offering Memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no omissions of any other facts from this Offering Memorandum which, by their absence herefrom, make this Offering Memorandum misleading in any material respect. The Issuer accepts responsibility accordingly.

Prospective investors in the Notes should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantor or the Initial Purchasers has authorized the provision of information different from that contained in this Offering Memorandum. The information contained in this Offering Memorandum is accurate in all material respects only as of the date of this Offering Memorandum, regardless of the time of delivery of this Offering Memorandum or of any sale of the Notes. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in the Issuer's or the Guarantor's affairs and those of each of its respective subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Prospective investors hereby acknowledge that (i) they have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or their investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Issuer, the Guarantor, the Notes or the Guarantees (other than as contained herein and information given by the Issuer's or the Guarantor's duly authorized officers and employees, as applicable, in connection with investors' examination of the Issuer and the Guarantor, and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor or the Initial Purchasers.

In making an investment decision, prospective investors must rely on their examination of the Issuer and the Guarantor, and the terms of this offering, including the merits and risks involved. Neither the Notes nor the Guarantees have been approved or recommended by any United States federal or state securities commission or any other regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes or Guarantees offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation.

In connection with this issue, Citigroup Global Markets Inc. or any of its affiliates (or any person acting on behalf of any of them) may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on Citigroup Global Markets Inc., or any of its affiliates (or any person acting on behalf of any of them), to do this. Such stabilization, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

None of the Initial Purchasers, the Issuer, the Guarantor or their respective affiliates or representatives is making any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of any investment by such offeree or purchaser under applicable legal

investment or similar laws. The Initial Purchasers have not separately verified the information contained in this Offering Memorandum. None of the Initial Purchasers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. To the fullest extent permitted by law, none of the Initial Purchasers accepts any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by the Initial Purchasers or on their behalf in connection with the Issuer and the Guarantor or the issue and offering of the Notes. Each of the Initial Purchasers accordingly disclaims all and any liability whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Memorandum or any such statement. Each prospective investor should consult with its own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

For this offering, the Issuer, the Guarantor and the Initial Purchasers are relying upon exemptions from registration under the Securities Act for offers and sales of securities, which do not involve a public offering, including Rule 144A under the Securities Act. **Prospective investors are hereby notified that sellers of the Notes and Guarantees may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A.** The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the Securities Act and applicable state securities laws. See "Transfer Restrictions". Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The distribution of this Offering Memorandum and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the European Economic Area, the United Kingdom, India, Hong Kong, Japan and Singapore, and to persons connected therewith. See "Plan of Distribution".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEABILITY OF CIVIL LIABILITIES

The Guarantor is a public limited company incorporated under the laws of India. Substantially all of its directors and key management personnel named herein reside in India, and all or a substantial portion of the assets of the Guarantor and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon the Guarantor or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "Civil Code") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees, which are not amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalty and does not apply to arbitration awards.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A, but the United States has not been so declared. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court would if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (the "RBI") to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

ENFORCEMENT OF THE GUARANTEES

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 ("FEMA"). Pursuant to FEMA, the Government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of exchange control. The Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 (as amended, the "FEMA ODI Regulations"), as well as the provisions of the RBI's Master Circulars on Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad that are periodically updated by the RBI, with the latest master circular dated July 1, 2011 (the "Master Circular") are the primary regulations governing overseas direct investments outside India by Indian residents as well as issuances of guarantees by Indian companies in favor of their overseas subsidiaries. The term "direct investment outside India" has been defined by the FEMA ODI Regulations to mean investment by way of contribution to the capital or subscription to the charter documents of a foreign entity or by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchanges, but does not include portfolio investment.

A guarantee issued by an Indian company on behalf of its non-Indian subsidiaries or joint ventures is also governed by the Foreign Exchange Management (Guarantees) Regulations, 2000 (as amended, the "FEMA Guarantees Regulations"). The FEMA Guarantees Regulations permit an Indian company to issue a guarantee on behalf of its overseas joint ventures and/or its subsidiary in connection with its business as long as such guarantee is in compliance with the FEMA ODI Regulations.

Pursuant to the FEMA ODI Regulations, an Indian company is permitted to make direct investments outside India in its subsidiaries and joint ventures without the prior approval of the RBI, subject to certain conditions, including that (i) the Indian company's (which is making the direct investment outside India) total financial commitment does not exceed 400% of its consolidated net worth set forth in its last audited balance sheet. For purposes of the FEMA ODI Regulations, "total financial commitment" includes the aggregate direct equity contributions and loans provided to, and the amount of all guarantees given by the Indian company on behalf of all non-Indian subsidiaries and joint ventures, and (ii) the Indian company (which is making the direct investment outside India) is not on the RBI's exporters' caution list or list of defaulters to the system circulated by specified entities or is under investigation by any investigation or enforcement agency or regulatory body. Additionally, the non-Indian subsidiaries or joint ventures in which the investment is being made must be engaged in bona fide business activities.

An Indian company is also permitted to extend a loan or a guarantee to or on behalf of its overseas subsidiary, within the permissible "total financial commitment" of 400% of its net worth as set out above. However, all such guarantees must specify a maximum amount and duration of the guarantee upfront; i.e., no guarantee can be open-ended or unlimited. However, the Guarantor has obtained the "no objection" of the RBI for this requirement not to be applicable to the Guarantees, which is conditional upon certain conditions being met. For further details, see "Indian Government Filings/Approvals". The Indian company is required to disclose certain terms of the guarantee to the RBI, in Form ODI, through an authorized dealer (bank) in India.

If a guarantee issued by an Indian company on behalf of its wholly owned subsidiary is enforced by a competent court in a territory other than a "reciprocal territory", the judgment must be enforced in India by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment. For further details on the recognition and enforcement of foreign judgments in India, see "Enforceability of Civil Liabilities".

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantees or any liability or obligation of the Guarantor arising thereunder.

As the Guarantees are obligations of a type which Indian courts would usually enforce, the Guarantees should be enforced against the Guarantor in accordance with their terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunctions;
- Indian courts have the sole discretion to grant specific performance of the Guarantees and the same may not be available, including where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;

- actions may become barred under the Limitation Act, 1963, or may be or become subject to set-off or counterclaim, and failure to exercise a right of action within the relevant limitation period prescribed will operate as a bar to the exercise of such right;

- any certificate, determination, notification, opinion or the like will not be binding on an Indian court which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the documents to the contrary; and

- all limitations resulting from the laws of reorganization, suretyship or similar laws of general application affecting creditors' rights.

AVAILABLE INFORMATION

For so long as the Issuer and the Guarantor, respectively, are neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer and the Guarantor, respectively, will furnish to the holder of any Notes and to each prospective purchaser designated by any such holder, upon the request of such holder or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Any such request may be made to the Guarantor at its registered office located at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021, India or to the Issuer at its registered office located at 615 South Dupont Highway, Dover, Delaware 19901, United States of America. As of the date hereof, the Guarantor is exempt from such reporting obligations under Rule 12g3-2(b) under the Exchange Act.

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Data

The audited financial statements of the Issuer, on a consolidated basis, as at and for the nine months ended December 31, 2010 (the "Issuer Financial Statements") and the unaudited financial information of the Issuer, on a consolidated basis, as at and for the nine months ended September 30, 2011 (the "Issuer's 9M2011 Financial Information") included elsewhere in this Offering Memorandum have been prepared in accordance with international financial reporting standards ("IFRS").

The Issuer Financial Statements have been audited by Ernst & Young LLP, as set forth in its audit report included herein, and the Issuer's 9M2011 Financial Information has been reviewed by Ernst & Young LLP, as set forth in its review report included herein.

In this Offering Memorandum references to "9M2010" are to the period commencing March 30, 2010 (the date on which the Issuer was formed) through December 31, 2010. References to "9M2011" are to the nine-month period ended on September 30, 2011.

The audited financial statements of the Guarantor, on a non-consolidated basis, as at and for the fiscal years ended March 31, 2011, 2010 and 2009 (the "Guarantor Financial Statements") included elsewhere in this Offering Memorandum and the unaudited financial information of the Guarantor, on a non-consolidated basis, as at December 31, 2011 and for the nine months ended December 31, 2011 (the "9M FY2012 Financial Information") and as at December 31, 2010 and for the nine months ended December 31, 2010 (the "9M FY2011 Financial Information") have each been prepared in accordance with generally accepted accounting principles in India ("Indian GAAP") and reporting guidelines prescribed by Indian regulatory authorities.

Each of Indian GAAP and IFRS differ in certain respects from generally accepted accounting principles in the United States ("US GAAP"). For a discussion of certain significant differences between Indian GAAP and US GAAP, see "Description of Certain Differences between Indian GAAP and US GAAP". In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor, the terms of the offering and the financial information contained in this Offering Memorandum. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP or IFRS, on the one hand, and US GAAP on the other hand, and how these differences might affect their understanding of the financial information contained herein.

In the Guarantor Financial Statements included herein, the income statement is headed "Profit and Loss Account". Furthermore, information in the Guarantor Financial Statements is, unless otherwise stated therein, stated in rupees in "crore", whereas in the rest of this Offering Memorandum, financial information is stated in millions of rupees, unless otherwise specified. One crore is equal to 10 million.

The Guarantor Financial Statements have been audited by Deloitte Haskins & Sells, Chaturvedi & Shah and Rajendra & Co., Chartered Accountants, as set forth in their audit reports included herein.

The presentation and disclosure requirements of the Guarantor's Financial Statements and the Guarantor's unaudited financial results published on a quarterly basis are separately governed by the Companies Act, 1956, with respect to the former, and the provisions of the Listing Agreements with the Bombay Stock Exchange and the National Stock Exchange, with respect to the latter. As a result, they differ with respect to the various line items and terminology. For example, the half-yearly income statement does not include a total income line, "Other Income" is presented below the expenditure lines and "Interest and Finance Charges" are not presented as a component of expenditure but below the expenditure lines.

In this Offering Memorandum, references to "FY2011", "FY2010" and "FY2009" are to the Guarantor's fiscal years ended March 31, 2011, 2010 and 2009, respectively, and references to "9M FY2012" and "9M FY2011" are to the nine months ended December 31, 2011 and 2010, respectively.

Reporting Segments

The Guarantor has four segments for financial reporting purposes, which are:

- the oil and gas segment ("Oil and Gas"), which includes exploration, development and production of crude oil and natural gas;
- the refining segment ("Refining"), which includes refining and marketing of petroleum products;
- the petrochemicals segment ("Petrochemicals"), which includes production and marketing of petrochemical products, including high- and low-density polyethylene, polypropylene, polyvinyl chloride, polyester yarn, polyester fibers, purified terephthalic acid, paraxylene, ethylene glycol, olefins, aromatics, linear alkyl benzene, butadiene, acrylonitrile, polybutadiene rubber, caustic soda and polyethylene terepthalate; and
- others ("Others"), which includes textiles and other smaller business segments that are not separately reportable and have been grouped together.

Rounding

Certain amounts and percentages included in this Offering Memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not equal the total figure for that column.

Non-GAAP Financial Measures

As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable Indian GAAP measures and IFRS.

From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or earnings before interest, taxes and depreciation and amortization. The Guarantor's and the Issuer's management believes that EBITDA and other non-GAAP financial measures provide investors with additional information about the Guarantor's and the Issuer's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. For more detailed information concerning EBITDA, see "Summary Non-Consolidated Financial and Operating Data of the Guarantor", "Selected Non-Consolidated Financial and Operating Data of the Guarantor", "Summary Consolidated Financial and Operating Data of the Issuer" and "Selected Consolidated Financial and Operating Data of the Issuer". The non-GAAP financial measures described herein are not a substitute for Indian GAAP or IFRS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

Oil and Gas Reserves

Oil and gas reserves are key elements in the Guarantor's and Issuer's investment decision-making process. "Reserves" are those quantities of crude oil and natural gas anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves should satisfy four criteria: they are discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

"Proved Reserves" are those quantities of oil and gas, which by analysis of geoscience and engineering data, are estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Where deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. Where probabilistic methods are used, there is at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

"Probable Reserves" are those additional reserves, which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there is at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

"Possible Reserves" are those additional reserves, which analysis of geoscience and engineering data indicate are less likely to be recovered than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible Reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there is at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

The reserves are estimated and reported in line with the Petroleum Resources Management System, a set of definitions and guidelines approved by the Indian Society of Petroleum Engineers in 2007. More information about the definitions and guidelines can be found on The Society of Petroleum Engineers's website. The estimation of reserves involves a significant degree of judgment by the Guarantor's and Issuer's management, engineers and technical personnel. See "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

Websites

Information stated to be from websites herein is from such websites as of January 31, 2012.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US Dollars. The exchange rates reflect the rates as reported by the Reserve Bank of India.

Fiscal Year Ended March 31,	Period End(1)	Average(2)	High	Low
2007	43.59	45.29	46.95	43.14
2008	39.97	40.24	43.15	39.27
2009	50.95	45.91	52.06	39.89
2010	44.94	47.43	50.53	44.94
2011	44.65	45.59	47.08	44.44
2012 (to February 1, 2012)	49.53	47.60	54.24	43.95

Month	Period End(1)	Average(2)	High	Low
June 2011	44.72	44.85	45.10	44.61
July 2011	44.16	44.42	44.69	43.95
August 2011	46.02	45.28	46.13	44.05
September 2011	48.93	47.64	49.67	45.90
October 2011	48.87	49.26	50.07	48.82
November 2011	52.17	50.84	52.70	49.08
December 2011	53.27	52.67	54.24	51.35
January 2012	49.68	51.35	53.30	49.50

(1) The exchange rate at each period end and the average rate for each period differ from the exchange rates used in the preparation of the Guarantor's financial statements and financial information.

(2) Represents the average of the daily exchange rates for the period.

The exchange rate on February 1, 2012 as reported by the RBI was Rs. 49.53 per US$1.00.

Although certain rupee amounts in this Offering Memorandum have been translated into US Dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into US Dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated, the Indian rupee amounts in this Offering Memorandum as of March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595 and Indian rupee amounts as of December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. These are the exchange rates as published by FEDAI for the applicable period end. FEDAI exchange rates are a widely followed benchmark for foreign exchange rates in India. For comparison purposes, the exchange rate as set forth in the H.10 statistical release of the United States Federal Reserve Board as at March 31, 2011 was Rs. 44.54 per US$1.00, as at December 31, 2011 was Rs. 53.01 per US$1.00 and as at February 1, 2012 was Rs. 49.27 per US$1.00.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain statements in this Offering Memorandum are not historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. This Offering Memorandum may contain words such as "believe", "could", "may", "will", "target", "estimate", "project", "predict", "forecast", "guideline", "should", "plan", "expect" and "anticipate" and similar expressions that are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. In particular, the sections entitled "Summary", "Operating and Financial Review of the Issuer", "Unaudited Financial Results of the Issuer for the Nine Months Ended September 30, 2011", "Operating and Financial Review of the Guarantor", "Unaudited Financial Results of the Guarantor for the Nine Months Ended December 31, 2011" and "Business of the Guarantor" contain forward-looking statements, including relating to production, refining, manufacturing and other activities, capital expenditure, market trends and other factors affecting the Guarantor and the Issuer.

Forward-looking statements are subject to certain risks and uncertainties, including, but not limited to:

- changes in global economic, political and social conditions;
- changes in economic and political conditions and increases in regulatory burdens in India, the United States and other countries in which the Guarantor and/or the Issuer operates, transacts business or has interests;
- accidents and natural disasters in India or in countries in the region or globally, including in India's neighboring countries;
- the availability and terms of external financing;
- variation in reserves data and estimates relating to contingent and prospective resources;
- production, equipment and transportation risks;
- changes in market environment, pricing of finished goods and cost of feedstocks that may adversely impact margins of each of the Guarantor's and the Issuer's businesses, including in the Guarantor's Refining and Petrochemicals business segments;
- inability to successfully compete with other oil and gas companies;
- cost overruns or delays in commencement of production from new projects;
- each of the Guarantor's and the Issuer's ability to obtain the permits and licenses necessary to operate and grow its and its joint ventures' businesses;
- the ability of the Guarantor's and the Issuer's joint venture partners to meet their obligations;
- changes in the Guarantor's relationship with the Government;
- changes in exchange controls, import controls or import duties, levies or taxes, either in international markets, in India or in the United States;
- changes in laws, regulations, taxation or accounting standards or practices;
- changes in prices or demand for products produced by the Guarantor, the Issuer or any of their respective subsidiaries or affiliates, both in India and in international markets;
- the risks of increased costs in technologies related to the Guarantor's and the Issuer's operations and the uncertainty of such technologies producing expected results;

- changes in the value of the rupee against major global currencies and other currency changes;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- the Guarantor's and the Issuer's ability to ensure continuity of senior management and ability to attract and retain key personnel;
- resource nationalization;
- acquisitions and divestitures; and
- other factors, including those discussed in "Risk Factors".

Forward-looking statements involve inherent risks and uncertainties. If one or more of these or other uncertainties or risks materialize, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realized. Although the Guarantor and the Issuer both believe that the expectations of their respective management as reflected by such forward-looking statements are reasonable based on information currently available to them, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they are made. Neither the Issuer nor the Guarantor undertakes any obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.

In addition, the expectations of each of the management of the Guarantor and the Issuer with respect to their respective exploration activities are subject to risks arising from the inherent difficulty of predicting the presence, yield and quality of oil and gas deposits, as well as unknown or unforeseen difficulties in extracting, transporting and processing any oil and gas found, and doing so on a commercial basis. See "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

DEFINITIONS AND GLOSSARY

Units of Measurement ("UOM")

"acre"	approximately 0.4 hectares or 0.004 square kilometers;
"barrel"	approximately 42 US gallons;
"bbl"	a barrel, which is equivalent to approximately 42 US gallons;
"bbtu"	billion British Thermal Units;
"Bcf"	billion cubic feet of gas equivalent. Approximately equal to 1 trillion Btu;
"bpd"	barrel per day;
"btu" or "British Thermal Unit"	the quantity of heat required to raise the temperature of one pound mass of water by one degree Fahrenheit;
"CAGR"	compounded annual growth rate;
"KT"	kilotons;
"Mmbbl"	million barrels;
"MMscfed"	million standard cubic feet of gas equivalent per day;
"MMscfd"	million standard cubic feet per day;
"MMSCM"	million standard cubic meters;
"MMSCMD"	million standard cubic meters per day;
"MT"	metric tons;
"net acres"	the sum of the fractional working interests owned in gross acres; and
"Tcfe"	trillion cubic feet of gas equivalent.

Technical Industry Terms

"BACT"	best available control technology;
"CBM"	coal bed methane;
"condensate"	a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature;
"crude oil"	oil including condensate;
"exploitation"	a development or other project, which may target proven or unproven reserves (such as Probable Reserves or Possible Reserves), but which generally has a lower risk than that associated with exploration projects;
"field"	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition;
"LNG"	liquefied natural gas;

"mining lease"	a lease for the purpose of searching for, winning, working, getting, making merchantable, carrying away or disposing of mineral oils, including natural gas and petroleum;
"natural gas"	a mixture of hydrocarbons that originally exists in gaseous phase in natural underground reservoirs and is classified as either associated gas or non-associated gas;
"oilfields"	areas where any operation, for the purpose of obtaining natural gas and petroleum, crude oil, refined oil, partially refined oil and any of the products of petroleum in a liquid or solid state, is to be or is being carried on;
"play"	a group of fields or prospects in the same region that are controlled by the same set of geological circumstances;
"Possible Reserves"	possible reserves are those additional reserves, which analysis of geoscience and engineering data indicate are less likely to be recovered than Probable Reserves. The total quantities ultimately recovered from the project have a low probability of exceeding the sum of Proved plus Probable plus Possible Reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there is at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate;
"Probable Reserves"	probable reserves are those additional reserves, which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves, but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there is at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate;
"prospect"	a specific geographic area, which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons;
"Proved Developed Reserves"	proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods, or in which the cost of the required equipment is relatively minor compared to the cost of a new well. The reserves must be produced through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well;

"Proved Reserves"	proved reserves are those quantities of oil and gas, which by analysis of geoscience and engineering data, are estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Where deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. Where probabilistic methods are used, there is at least a 90% probability that the quantities actually recovered will equal or exceed the estimates;
"Proved Undeveloped Reserves"	proved undeveloped reserves are reserves that are expected to be recovered from new wells on undrilled acreage in the laterally continuous part of known accumulations, or from existing wells where a relatively major expenditure is required for recompletion, deepening to a different known reservoir or infill drilling. Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time;
"reserves"	those quantities of oil and gas anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions; (Note: the Guarantor and the Issuer adopt Petroleum Resource Management System definitions for the estimation and reporting of reserves)
"reservoir"	porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs; and
"resources"	quantities of oil and gas estimated to exist in naturally occurring accumulations.

Products

"LAB"	linear alkyl benzene;
"LPG"	liquefied petroleum gas;
"MEG"	monoethylene glycol;
"NGL"	natural gas liquids;
"PE"	polyethylene;
"PET"	polyethylene terephthalate;

"PFY"	polyester filament yarn;
"PP"	polypropylene;
"PSF"	polyester staple fiber;
"PTA"	purified terephthalic acid; and
"PVC"	polyvinyl chloride.

Acts, Regulations and Codes

"Affiliate Code of Conduct Regulations"	Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2008;
"Bill"	115th Constitutional Amendment Bill, 2011;
"CAA"	United States Clean Air Act;
"CERCLA"	United States Comprehensive Environmental Response, Compensation, and Liability Act;
"Civil Code"	Code of Civil Procedure, 1908;
"Code"	United States Internal Revenue Code of 1986;
"ERDMP Regulations"	Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010;
"Exchange Act"	United States Securities Exchange Act of 1934, as amended;
"FEMA"	Foreign Exchange Management Act, 1999;
"FEMA Guarantees Regulations"	Foreign Exchange Management (Transfer or Issue of Security by Persons Resident Outside India) Regulations, 2000;
"FEMA ODI Regulations"	Foreign Exchange Management (Transfer or Issue of Foreign Security) Regulations, 2004;
"FRAC Act"	United States Fracturing Responsibility and Awareness of Chemicals Act;
"FUTP Regulations"	SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), 2003;
"Gas Sale Guidelines"	Guidelines for the sale of natural gas by NELP contractors issued by the Indian Ministry of Petroleum and Natural Gas;
"Indian Companies Act"	Companies Act 1956, of India;
"Insider Trading Regulations"	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended;
"Offshore Operation Rules"	Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008;
"Oilfields Act"	Oilfields (Regulation and Development) Act, 1948;

"OSH Act"	United States Occupational Safety and Health Act, 1970;
"P&NG Rules"	Petroleum and Natural Gas Rules, 1959;
"Petroleum Act"	Petroleum Act, 1934;
"Petroleum Rules"	Petroleum Rules, 2002;
"Pipeline Regulations"	Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008;
"PNGRB Act"	Petroleum and Natural Gas Regulatory Board Act, 2006;
"Prospectus Directive"	Directive 2003/71/EC of the European Commission and amendments hereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State, and includes any relevant implementing measure in the Relevant Member State;
"RCRA"	United States Resource Conservation and Recovery Act;
"Regulation S"	Regulation S under the Securities Act;
"Rule 144A"	Rule 144A under the Securities Act;
"Securities Act"	United States Securities Act of 1933, as amended;
"Tax Act"	Income Tax Act 1961; and
"2010 PD Amending Directive"	Directive 2010/73/EU of the European Commission.

Other Defined Terms

"$", "US$" or "US Dollars"	United States dollars, the legal currency of the United States;
"Atlas" or "Atlas/Chevron"	Atlas Energy Inc. (now Chevron AE Resources LLC) and/or certain of its affiliates, which is now an indirect wholly owned subsidiary of Chevron Corporation;
"Avista"	ACP II Marcellus LLC, an affiliate of Avista Partners;
"BP"	BP Plc;
"BG"	BG Exploration and Production India Limited;
"BOEMRE"	Bureau of Ocean Energy Management, Regulation and Enforcement, USA;
"CAG"	Comptroller and Auditor General of India;
"Carrizo"	Carrizo Oil & Gas, Inc. and/or certain of its affiliates;
"CGP"	central gathering point;
"Chevron"	Chevron Corporation;
"Clearstream"	Clearstream Banking, société anonyme;
"CMAI"	Chemical Market Associates, Inc.;
"CRISIL"	CRISIL Limited;
"DGH"	Directorate General of Hydrocarbons;

"DOI"	United States Department of Interior;
"DoT"	Department of Telecom, Government of India;
"DTC"	The Depository Trust Company;
"ECAs"	export credit agencies;
"EEA"	European Economic Area;
"EPA"	United States Environmental Protection Agency;
"Euro" or "€"	Euro;
"Euroclear"	Euroclear Bank S.A./N.V.;
"FDI"	foreign direct investment
"FEDAI"	Foreign Exchange Dealers' Association of India;
"Government"	Government of the Republic of India;
"GAIL"	GAIL (India) Limited;
"GAPCO"	Gulf Africa Petroleum Corporation Limited;
"GDP"	gross domestic product;
"GST"	Goods and Services Tax
"Jamnagar Refinery I"	the Guarantor's first refinery in Jamnagar, completed in 1999;
"Jamnagar Refinery II"	the Guarantor's second refinery in Jamnagar, completed in 2009;
"India"	the Republic of India;
"Indian GAAP"	generally accepted accounting principles in India;
"IPCL"	Indian Petrochemicals Corporation Limited;
"IRS"	United States Internal Revenue Service;
"LIBOR"	London Interbank Offering Rate;
"Listing Agreement"	an agreement between an issuer and a stock exchange in India regarding the listing of such issuer's securities thereon;
"MAT"	minimum alternate tax;
"Moody's"	Moody's Investors Service, Inc.;
"NACAS"	National Advisory Committee on Accounting Standards;
"NELP"	New Exploration Licensing Policy;
"NTPC"	National Thermal Power Corporation Limited;
"ONGC"	Oil and Natural Gas Corporation Limited;
"PCI"	Petrochemical International;
"Pioneer"	Pioneer Natural Resources USA, Inc. and/or certain of its affiliates;
"PSC"	Production Sharing Contract;

"QIBs"	qualified institutional buyers;
"RBI"	Reserve Bank of India;
"R&D"	research and development;
"Recron"	Recron (Malaysia) Sdn Bhd;
"RGTIL"	Reliance Gas Transportation Infrastructure Limited;
"RIL-C"	Reliance Innovation Leadership Center;
"RPL"	Reliance Petroleum Limited;
"RRL"	Reliance Retail Limited;
"RRTC"	Reliance Research and Technology Centre;
"Rs.", "rupee", "rupees" or "Indian rupees"	Indian rupees, the legal currency of India;
"RTG"	Reliance Technology Group;
"S&P"	Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.;
"SEBI"	Securities and Exchange Board of India;
"SGD" or "S$"	Singapore dollar;
"SEZ"	Special Economic Zone;
"SEZ Polypropylene Facility"	the Guarantor's polypropylene facility in the SEZ at Jamnagar;
"SIBUR"	SIBUR, a petrochemical company in Russia;
"Singapore Exchange" or "SGX-ST"	Singapore Exchange Securities Trading Limited;
"United States"	the United States of America, its territories and its possessions;
"US GAAP"	Generally Accepted Accounting Principles in the United States;
"VAT"	Value Added Tax; and
"Yen" or "¥"	Japanese Yen.

In addition, certain terms taken from the Issuer Financial Statements, the Issuer's 9M2011 Financial Information, the Guarantor Financial Statements or 9M FY2012 Financial Information are capitalized herein.

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SUMMARY

This overview highlights certain information contained in this Offering Memorandum. This overview does not contain all the information you should consider before investing in the Notes. You should read this entire Offering Memorandum carefully, including the sections entitled "Forward-Looking Statements and Associated Risks", "Risk Factors", "Operating and Financial Review of the Issuer", "Unaudited Financial Results of the Issuer for the Nine Months Ended September 30, 2011", "Operating and Financial Review of the Guarantor", "Unaudited Financial Results of the Guarantor for the Nine Months Ended December 31, 2011" and "Business of the Guarantor" included elsewhere in this Offering Memorandum and the financial information and the notes thereto set forth herein.

Overview

The Guarantor is an integrated energy company with domestic leadership positions in the areas of oil and gas, petroleum refining and petrochemical manufacturing and operates principally in India. The Guarantor was India's largest private sector enterprise based on Turnover and Profit After Tax for the fiscal year ended March 31, 2011 and on market capitalization as of March 31, 2011. Its operations are divided into three principal business segments: (i) exploration, development, and production of oil and natural gas, ("Oil and Gas"), (ii) refining and marketing of petroleum products ("Refining") and (iii) petrochemicals, including the manufacturing and marketing of polymers, polyester, polyester intermediates and chemicals ("Petrochemicals").

In addition to being a leading player in the Indian economy, the Guarantor also enjoys global leadership in its principal businesses. According to the Chemical Market Association, Inc. ("CMAI"), the Guarantor is among the world's top five producers of paraxylene and polypropylene and top ten producers of purified terephthalic acid, and according to Petrochemical International ("PCI"), the Guarantor, along with its subsidiaries, is the largest polyester yarn and fiber producer in the world and among the top ten producers of monoethylene glycol. According to *Oil & Gas Journal,* the Guarantor's KG-D6 oil and gas project is among the world's largest deepwater oil and gas production facilities, and it owns and operates the world's largest refining capacity at a single location. It also owns 25% of the world's most complex refining capacity and is among the world's largest producers of ultra-clean fuels.

The Guarantor's primary manufacturing operations are in India. It has significant domestic sales in India and exports to more than 100 countries around the world. The Guarantor has eight principal plants located in the Indian states of Maharashtra, Gujarat and Andhra Pradesh. In 2010, the Guarantor, through the Issuer's subsidiaries, entered into four joint ventures in the United States and thereby acquired interests in shale deposits in the Marcellus and Eagle Ford Shales. See "The Issuer — Business".

In August 2011, the Guarantor completed a transaction with BP plc ("BP") which involved BP acquiring from the Guarantor a 30% stake in 21 oil and gas production sharing contracts in India, including the producing KG-D6 block. The Guarantor has received aggregate consideration of approximately US$7.0 billion, after applicable post-completion price adjustments. The Guarantor and BP have also formed a joint venture for sourcing and marketing of gas in India.

In the fiscal year ended March 31, 2011, the Guarantor was the largest exporter in India with exports of Rs. 1,467 billion, representing 13.1% of India's total exports and 56.7% of the Guarantor's Turnover for the relevant period. In the nine months ended December 31, 2011, the Guarantor had exports of Rs. 1,568 billion, representing 13.6% of India's total exports and 62.2% of the Guarantor's Turnover for the same period (source for India's total exports: www.commerce.nic.in).

In the last ten years, the Guarantor expanded its operations and diversified into new business and geographic areas. Its Turnover has grown from Rs. 230 billion in the fiscal year ended March 31, 2001 to Rs. 2,587 billion in the fiscal year ended March 31, 2011, representing a CAGR of approximately 27%. The Guarantor has also seen Profit Before Tax rise during this period from Rs. 28 billion to Rs. 252 billion, representing a CAGR of approximately 25%.

The Guarantor's core business segments of Refining and Petrochemicals accounted for 94% of Segment Revenue Before Eliminations for FY2011 (FY2010: 94%). However, Segment Result Before Interest and Tax was more balanced with Petrochemicals, Refining and Oil and Gas segments accounting for 37% (FY2010: 43%), 36% (FY2010: 30%) and 27% (FY2010: 27%), respectively, during this period.

As of December 31, 2011, the Guarantor's foreign currency debt was rated Baa2 (Stable) by Moody's and BBB (Positive) by S&P, which is a notch above India's sovereign rating. The Guarantor's long-term debt is rated AAA by CRISIL, India's leading credit agency and a subsidiary of S&P and AAA Ind by Fitch, the highest rating awarded by both these agencies. In respect of Indian domestic ratings, the Guarantor's short-term debt is rated P1+ by CRISIL, the highest credit rating assigned in this category.

Competitive Strengths

The Guarantor believes that the following factors contribute to its strong competitive position:

World-class business platforms and diversified portfolio

The Guarantor believes in creating large-scale businesses that are built to be world-class operations, incorporating global best practices. This is integral to the Guarantor's growth plans in all its existing businesses and new initiatives. The Guarantor is a global integrated energy company with interests across the energy value chain and in recent years has diversified into new growth areas such as organized retail, telecommunications, and financial services. In the Guarantor's principal businesses of Oil and Gas, Refining and Petrochemicals, it has leading positions and a strong platform for future growth.

In the Oil and Gas business, the Guarantor believes the Indian gas market provides significant opportunities given its long-term demand potential. Its KG-D6 oil and gas production facility is one of the world's largest and most complex deepwater gas production facilities. In the Refining business, according to *Oil and Gas Journal*, the Guarantor owns 25% of the world's most complex refining capacity and has the largest refining capacity at a single location in the world. In the Petrochemicals business, the Guarantor is the market leader in India across most of the products in the petrochemical and polyester chain. According to PCI, Reliance is the largest producer of polyester fiber and yarn, and is the fifth largest producer of paraxylene. According to CMAI, Reliance is the fifth largest producer of polypropylene in the world.

Outside India, the Guarantor, through its subsidiaries, currently has 10 blocks in five countries (other than the shale gas operations of the Issuer in the United States) and these blocks are at various stages of exploration and development. Notwithstanding the strength of its core businesses, the Guarantor is actively seeking new opportunities to diversify its operations and, through its subsidiaries, is currently expanding its operations into strategic and growing sectors in the organized retail sector, has begun to build a pan-India wireless broadband business and has entered into joint ventures with established companies in the financial services sector.

Integration across the complete value chain

The Guarantor has traditionally based its business model on vertical integration and sought to achieve control over the cost of key inputs, flexibility to maximize value across the entire value chain and the creation of value for shareholders in a dynamic global market and regulatory regime. The Guarantor's Refining business produces substantially all the feedstocks used in its Petrochemicals business, which offers security of supply and the ability to minimize the impact of volatility in commodity prices.

Global competitiveness and leadership in chosen areas of business

The Guarantor has achieved a leadership position in the domestic Indian petrochemical industry and significant market strength in the global refining industry. India is one of the fastest growing markets in the world for downstream petrochemicals and offers significant prospects for growth in the future. The Guarantor's leadership positions in the domestic markets provide a strong platform for growth in these core areas of operations. In addition, in the energy deficient markets of India, the Guarantor has emerged as the largest producer of natural gas with the commissioning of its KG-D6 facility in 2009.

Stable and robust financial performance and strong cash position

The Guarantor observes conservative financial policies and maintains significant cash balances in order to be able to complete projects on a timely basis, capitalize on opportunities, attract world-class project partners and carry out capital investment programs through industry cycles. In the past ten years, the Guarantor has generated strong and steady cash flows and has traditionally maintained a strong balance sheet with conservative leverage. The Guarantor believes that its integrated operations allow it to mitigate the impact of declines in commodity prices and reduce volatility in cash flows. This, in turn, enables the Guarantor to access capital at attractive terms. As of December 31, 2011, the Guarantor's total debt to EBITDA (calculated on an annualized basis) was 1.8 and its net debt was NIL, after adjusting for Cash and Cash Equivalents of US$14.0 billion (converted at the exchange rate of US$1.00 = Rs. 53.105).

According to *Fortune*, a leading international publication, the Guarantor was ranked 134th among Fortune Global 500 companies in terms of revenues and 119th among Fortune Global 500 companies in terms of net earnings in 2010. According to *Fortune*, the Guarantor is ranked 34th and 21st in Asia in terms of revenue and net earnings, respectively, in 2010.

Strong project management skills

The Guarantor has demonstrated its ability to manage large and complex projects, across sectors. Its approach has been to ensure that projects achieve physical completion well within planned schedules and costs. During the fiscal years 2009 and 2010, the Guarantor completed two of the largest projects (the Jamnagar Refinery II and the KG-D6 oil and gas projects) in the energy sector worldwide. The Guarantor has a track record of delivering world-class, large-scale projects on accelerated timelines, including the following:

- it began gas production within six and a half years of gas discovery at the KG Basin off the east coast of India, compared to the global average of nine to ten years for similar deepwater production facilities;

- the Jamnagar Refinery II was commissioned in only 36 months despite the fact that it was executed under challenging conditions of scarce engineering resources globally; and

- the Guarantor built two of the world's largest and most complex refineries at the same location, in one decade, which it believes is unprecedented in the global refining sector. The Jamnagar complex has the largest refining capacity at a single location in the world.

Strong and experienced management team

The Guarantor is led by a highly experienced executive and operational management team, led by Mr. Mukesh D. Ambani, its Chairman and Managing Director. Most of the Guarantor's key senior executives have more than 20 years of experience in the oil and gas and/or petrochemical industry. The Guarantor's management team has successfully managed the Guarantor's growth in recent years, executing its strategy of backward integration from textiles to oil and gas, as well as the diversification into other industry sectors that led to the formation of an integrated, world-class enterprise. The Guarantor believes that an experienced and effective management team is an important competitive advantage in pursuing its growth strategy successfully in the future.

Strategy

The key elements of the Guarantor's strategy are:

Enhancing competitive advantage of existing businesses through organic growth

The Guarantor plans to continue to leverage its expertise in project execution, exploration and production skills and financial management to increase its international scale, and expects to increase its production capacity through organic growth and targeted acquisitions.

In the Oil and Gas business, the Guarantor is committed to further strengthening its domestic exploration portfolio with a continuing focus on offshore assets, while simultaneously pursuing opportunities in the international markets. The Guarantor has also, through its subsidiaries, embarked on a strategy to build a portfolio of quality assets in unconventional energy sources.

In Refining, the Guarantor is currently evaluating opportunities to build one of the largest coke gasification facilities in the world, which the Guarantor expects would, combined with the proposed off-gas cracker, increase the complexity and profitability of the refineries at Jamnagar.

In Petrochemicals, the Guarantor is exploring opportunities for organic growth, expansion of capacities, acquisitions and improved efficiencies. In particular, the Guarantor plans to add new petrochemical capacity as follows:

- off-gas cracker with 1.5 million tons per annum of olefins capacity with matching downstream capacities;
- PET complex with a capacity of 650,000 tons per annum, with an option to add 650,000 tons per annum;
- polyester filament yarn plant with a capacity of 395,000 tons per annum, and 140,000 tons of polyester texturized yarn;
- 1.8 million tons per annum of paraxylene capacity;
- 2.3 million tons per annum of new purified terephthalic acid capacity, with the ability to increase by another 1.15 million tons per annum at a later stage;
- 290,000 tons of polyester staple fiber capacity;
- expansion of existing polybutadiene rubber capacity from 74,000 tons to 115,000 tons;
- investing in new facilities for styrene butadiene rubber with a capacity of 150,000 tons; and
- butyl rubber plant with an initial capacity of 100,000 tons, in a joint venture with SIBUR.

Pursue value accretive growth opportunities in core businesses through targeted acquisitions inside and outside India

The Guarantor has traditionally focused on organic growth by pursuing green-field and brown-field expansion opportunities in India. With a view to growing the Guarantor into a truly global organization, the Guarantor has decided to pursue value accretive opportunities in promising growth markets outside India. In recent years, the Guarantor has pursued several significant opportunities in the growth markets in Asia and also in North America. For example, in Oil and Gas, the Guarantor has acquired, through the Issuer's subsidiaries, substantial shale gas assets in the United States by entering into four joint venture agreements, which are an integral part of the Guarantor's strategy of expanding its global operations.

Capitalize on strong domestic market growth opportunities in existing and new business areas

Domestic demand for many of the Guarantor's products has increased for the past several years as has the size of the Indian economy. According to the RBI, real GDP growth accelerated from 8.0% in the year ended March 31, 2010 to an estimated 8.5% in the year ended March 31, 2011. The Guarantor expects the trend of long-term demand growth in India to continue given current low per capita consumption as well as domestic economic growth. In particular, significant growth is expected in the domestic demand for petrochemicals, refining and natural gas, partly as a result of recent actions of the Government that have partially deregulated the market for natural gas and refining products.

The Guarantor has achieved strong growth by identifying businesses in emerging areas of growth and building them into global-size, world-class operations by leveraging its core competitive strengths for sustained superior value. The Guarantor's entry into the new growth area of organized retail, the newly identified growth area of wireless broadband services and the recent entry into the financial services sector are integral to this strategy, and the Guarantor will continue to seek out other growth opportunities in new business areas.

Develop and strengthen high quality upstream portfolio

The Guarantor's strategy for Oil and Gas is to identify, evaluate and capture the highest quality resource opportunities at an industry-competitive cost, by leveraging its strong balance sheet and recent experience in deepwater exploration and drilling. Apart from the production blocks of Panna-Mukta and Tapti and KG-D6 fields off the coast of India, the Guarantor has a number of discoveries that are being explored for commercial development. Successful development of these blocks could provide significant growth in the future. The Guarantor expects to achieve further growth and diversification through the development of a quality exploration portfolio, built through its subsidiaries over the years.

The Guarantor's recent joint ventures, through the Issuer's subsidiaries, for shale gas development in the United States provide it with a platform to participate in the fast growing resource base of shale gas in North America, develop operator experience and build an upstream business in North America, thus diversifying the Guarantor's upstream portfolio. The Guarantor's strategic partnership with BP, announced in February 2011 and closed in August 2011, is an integral part of this strategy to strengthen and grow its Oil and Gas business in the future. See "— Recent Developments — Strategic partnership with BP".

Integrate vertically to fully participate in the value chain and achieve economies of scale

The Guarantor will continue to seek to improve its competitive position by securing stable low-cost supplies of key raw materials by focusing on appropriate vertical integration and achieving a balanced product portfolio in its existing operations. Accordingly, the Guarantor will continue to strive to identify opportunities for capacity expansion and debottlenecking of production capacity for the raw materials used in the Guarantor's operations. The Guarantor believes that continuing this strategy will help to reduce the impact of business cycles on overall earnings in the future. See "— Recent Developments — Strategic partnership with BP".

Highest standards for health, safety and environment

"Safety of person overrides all production targets" is the essence of the Guarantor's Health, Safety and Environmental Policy. Well-equipped occupational health centers are available to cater for preventive and curative health care. The Guarantor has an employee training program to improve safety conditions at its operations. The Guarantor places great emphasis in developing greenery and landscaping as an in-built environmental protection measure.

Continue to focus on process and management innovation

The Guarantor has traditionally focused on innovation in all areas of its activities and has had success in the areas of process innovation, business model innovation and management innovation. The

Guarantor was ranked 33rd among the top 50 innovative companies in the world by *Business Week*, a leading US magazine, in 2010. The Guarantor's innovation efforts are led by the Reliance Innovation Council, which includes some of the leading global thought leaders, including Nobel laureates. The Guarantor seeks to make innovation a way of life to ensure that the next generation of growth is innovation-led.

Recent Developments

Strategic partnership with BP

In February 2011, the Guarantor announced a strategic partnership with BP in its Oil and Gas business. The partnership across the full value chain comprises BP taking a 30% stake in 23 oil and gas production sharing contracts that the Guarantor operates in India, including the producing KG-D6 block, and the formation of a 50:50 joint venture between the two companies for sourcing and marketing of gas in India. The joint venture will also endeavor to accelerate the creation of infrastructure for receiving, transporting and marketing of natural gas in India. The partnership is expected to combine BP's world-class deepwater exploration and development capabilities with the Guarantor's project management and operations expertise.

Pursuant to the partnership agreements, BP has agreed to pay the Guarantor an aggregate consideration of US$7.2 billion subject to post-completion price adjustments, for the interests to be acquired in the 23 oil and gas production sharing contracts. In addition, future performance payments of up to US$1.8 billion may be paid to the Guarantor by BP, based on exploration success that results in development of commercial discoveries. The Guarantor has received the necessary Indian regulatory approvals for the transfer of a 30% interest in 21 oil and gas production sharing contracts and the transaction was completed on August 30, 2011. The Guarantor has received aggregate consideration of approximately US$7.0 billion, after applicable post-completion price adjustments. The Guarantor is pursuing the necessary Indian regulatory approvals for the remaining two oil and gas production sharing contracts, but there can be no assurance that the required approvals will be received as initially envisaged or at all.

On November 18, 2011, the Guarantor and BP announced the incorporation of India Gas Solution Pvt. Ltd., a joint venture company which will focus on global sourcing and marketing of natural gas in India. The joint venture company will also develop infrastructure to accelerate transportation and marketing of natural gas in India.

Joint venture with the D.E. Shaw Group

On March 27, 2011, the Guarantor announced that it and the D.E. Shaw Group had agreed to the principal terms of a joint venture through which the Guarantor and the D.E. Shaw Group would, following regulatory clearance and execution of definitive documentation, seek to build a leading financial services business in India. The joint venture would combine the D.E. Shaw Group's investment and technology expertise with the Guarantor's operational knowledge and extensive presence across India and seek to offer a variety of financial services to the Indian marketplace, primarily in stock-broking, wealth/asset management and financing services. The joint venture would draw upon the core competencies of both partners to develop a platform that can serve the growing needs of Indian companies and individuals.

In November 2011, Reliance Industrial Investments and Holdings Ltd. (RIIHL), which is an associate of the Guarantor, executed an agreement with the D.E. Shaw Group to enter into stock broking and trading activities.

Commenced implementation of large scale polyester projects in India

On April 13, 2011, the Guarantor announced that it has commenced implementation of its planned large-scale projects in India across the polyester chain. This is the Guarantor's largest capacity expansion in the polyester sector and is aimed at consolidating its position as the world's largest integrated polyester producer by volume.

The Guarantor announced that the planned capacity expansion will be completed in phases over the next few years and will comprise (i) a new PTA facility at Dahej with an annual production capacity of 2.3 million tons with the ability to increase production capacity by a further 1.15 million tons; (ii) 395,000 tons of PFY production capacity and 140,000 tons of Polyester Texturized Yarn production capacity at Silvassa; (iii) 650,000 tons of PET production capacity at Dahej, with the option to double this capacity; and (iv) 290,000 tons of PSF capacity at Dahej. These new plants will be integrated with the Guarantor's captive PTA and MEG.

The Guarantor further announced that the above projects are under various stages of implementation and are expected to further strengthen its leadership position in the polyester sector.

Arbitration with the Government regarding the KG-D6 PSC

Following news reports that the Government may curtail the Guarantor's entitlement to recover its costs on the basis of there being a shortfall in production from levels specified in the development plan, the Guarantor requested the Government to confirm that no such action was being planned. According to the Guarantor, the PSC permits full "cost recovery" of its costs of exploration, development and production from the value of petroleum produced from the block. Not having received any response from the Government, on November 23, 2011, the Guarantor served an arbitration notice on the Government.

By a letter dated January 25, 2012, the Government has informed the Guarantor that in its view the notice issued by the Guarantor is premature as there is no existing dispute under the PSC.

In its response to the Government on February 2, 2012, the Guarantor reiterated its contentions in the arbitration notice and stated that there had been a failure on the part of the Government to appoint a second arbitrator.

Joint Venture with SIBUR

On February 21, 2012, the Guarantor, through its associate, RIIHL, formed a joint venture with SIBUR for the production of butyl rubber in India. SIBUR is the largest petrochemical company in Russia and Eastern Europe and covers gas processing, production of plastics, synthetic rubbers, nitrogen fertilizers, tyres, rubber products, and plastics production. The joint venture will have an initial capacity of 100,000 tons of butyl rubber at the Guarantor's integrated refining/petrochemical site in Jamnagar, India and is expected to be commissioned in 2014. The plant will initially produce regular butyl rubber and other types of butyl specialties in the future. Under the joint venture, SIBUR will provide its proprietary technology for butyl rubber polymerization and finishing, while the Guarantor will supply monomers and provide the joint venture with world-class infrastructure and utilities. The Guarantor will have a majority stake in the joint venture.

Divestiture of Interest in ETV Channels and TV18 Broadcast Limited Content Distribution Rights

On January 3, 2012, the Guarantor announced a transaction to divest part of its interest in various ETV Channels operated and managed by Eenadu Group. As part of the deal, Infotel Broadband Services Limited, a subsidiary of the Guarantor will acquire certain preferential access rights to content and media produced by TV18 Broadcast Limited ("TV18") and Network18 Media and Investments Limited ("Network18") over Infotel Broadband Services Limited's planned 4G network.

TV18 and Network18 have announced that they will raise funds for the acquisition of the ETV Channels through a rights issue of equity securities by each of Network18 and TV18. Independent Media Trust ("IMT"), a trust set up for the exclusive benefit of the Guarantor has agreed to fund the promoter companies of Network18 and TV18 to enable the promoter companies to subscribe to the rights issues of Network18 and TV18.

To this end, the Guarantor through its subsidiaries or affiliates may extend a loan facility to the IMT, to enable it to fund the promoter companies of Network18 and TV18.

Buy Back of Shares

On January 20, 2012, the Board of Directors of the Guarantor unanimously approved the buy back of up to 12 crore fully paid up equity shares of Rs. 10 each, at a price not exceeding Rs. 870 per equity share, payable in cash, up to an aggregate amount not exceeding Rs. 10,440 crore.

The maximum buy back price represents a nearly 10% premium over the last closing price of Rs. 792.65 on January 20, 2012.

The Issuer

Reliance Holding USA, Inc., the Issuer, is an indirect wholly owned subsidiary of the Guarantor and was incorporated in the State of Delaware, United States, on March 30, 2010.

The Issuer was incorporated by the Guarantor with the principal objective of developing operations in the United States in the Guarantor's core business areas. The Issuer is currently focused on developing a business relating to the production of natural gas and liquids from various shale deposits in the United States. The Issuer is also pursuing investment opportunities in the areas of unconventional energy and other core business areas of the Guarantor.

Since its incorporation, the Issuer, through its subsidiaries, has entered into joint ventures with three established shale gas companies that are active in the Marcellus Shale or the Eagle Ford Shale plays in the United States.

In April 2010, the Issuer, through its subsidiary, Reliance Marcellus LLC, entered into a joint venture with Atlas Energy Inc. ("Atlas"), one of the leading gas producers in the Marcellus Shale. Pursuant to the joint venture agreement, the Issuer acquired a 40% undivided working interest in Atlas' core Marcellus Shale acreage position and became a partner in approximately 300,000 net acres, as reported by Atlas. Subsequently, the Issuer, through a subsidiary, acquired a 40% undivided working interest in an additional 28,600 net acres (net of rejection of certain acreages for title defects) and thus, currently holds interest in approximately 328,600 net acres in total. Reliance Marcellus LLC also has the right of first offer with respect to potential future sales by Atlas of approximately 280,000 additional acres in the Appalachian Basin currently controlled by Atlas (which is not included in the joint venture). On November 8, 2010, Atlas entered into an agreement with Chevron Corporation ("Chevron") pursuant to which Chevron acquired control of Atlas. The transaction closed on February 17, 2011 and Atlas is now an indirect wholly owned subsidiary of Chevron.

In June 2010, the Issuer, through an indirect wholly owned subsidiary, Reliance Eagleford Upstream Holding LP, entered into a joint venture with Pioneer Natural Resources USA, Inc. ("Pioneer") to develop approximately 263,000 acres in the Eagle Ford Shale acreage in south Texas. Through two simultaneous transactions, Reliance Eagleford Upstream Holding LP acquired a 45% interest (approximately 118,000 net acres) in Pioneer's core Eagle Ford Shale acreage position from Pioneer and Newpek LLC, Pioneer's current partner. In addition, the Issuer, through another subsidiary, executed definitive agreements with Pioneer to form a separate midstream joint venture that will service the gathering needs of the upstream joint venture.

In August 2010, the Issuer, through another subsidiary, Reliance Marcellus II, LLC, entered into a joint venture agreement with Carrizo Oil & Gas, Inc. ("Carrizo") with a view to further strengthen its presence in the Marcellus Shale play. Under the joint venture agreements, Reliance Marcellus II, LLC acquired a 60% interest in Marcellus Shale acreage in central and northeast Pennsylvania that was held in a 50-50 joint venture between Carrizo and ACP II Marcellus LLC, an affiliate of Avista Capital Partners ("Avista"). Pursuant to the joint venture agreements, Reliance Marcellus II, LLC acquired 100% of Avista's interest and 20% of Carrizo's interest in the existing joint venture. Reliance Marcellus II, LLC and Carrizo thus currently own 60% and 40% interests, respectively, in a joint venture between the companies. The joint venture has approximately 104,400 net acres, as reported by Carrizo, of undeveloped leasehold in the core area of the Marcellus Shale in central and northeast Pennsylvania, of which Reliance Marcellus II, LLC's 60% interest represents approximately 62,600 net acres.

Following the successful completion of the joint venture transactions, the Issuer has made significant progress in implementation of the respective joint venture development plans and has progressed in line with management's expectations. See the sections entitled "Risk Factors", "The Issuer", "Operating and Financial Review of the Issuer" and "Unaudited Financial Results of the Issuer for the Nine Months Ended September 30, 2011" for more details.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE ISSUER

The summary consolidated financial data for the Issuer as at and for the nine months ended December 31, 2010 and as at and for the nine months ended September 30, 2011, set forth below has been derived or calculated respectively from the Issuer Financial Statements and the Issuer's 9M2011 Financial Information included elsewhere in this Offering Memorandum. This financial information should be read in conjunction with "Selected Consolidated Financial and Operating Data of the Issuer", "Operating and Financial Review of the Issuer", "Unaudited Financial Results of the Issuer for the Nine Months Ended September 30, 2011" and the Issuer Financial Statements and the Issuer's 9M2011 Financial Information set forth in this Offering Memorandum.

The Issuer Financial Statements relate to the period commencing March 30, 2010 (the date on which the Issuer was formed) through December 31, 2010. The Issuer's 9M2011 Financial Information relates to the nine-month period ended on September 30, 2011.

The Issuer Financial Statements have been prepared in accordance with IFRS and have been audited by Ernst & Young LLP, as set forth in its audit report included herein. The Issuer's 9M2011 Financial Information has been prepared in accordance with IFRS and has been reviewed by Ernst & Young LLP, as set forth in its review report included herein.

See "Presentation of Financial and Other Data" for further information regarding the presentation of financial information and "Operating and Financial Review of the Issuer" for a description of certain line items in the Income Statement.

Financial Information as at and for the Nine Months Ended December 31, 2010

	Nine Months Ended December 31, 2010
	(US$ in millions)
	(Audited)
Income Statement Data:	
Revenue	16.21
Gross Profit	3.54
Operating Profit/(Loss)	(0.55)
Profit/(Loss) Before Income Taxes	(10.60)
Total Comprehensive Income/(Loss)	(6.90)

	As at December 31, 2010
	(US$ in millions)
	(Audited)
Balance Sheet Data:	
Cash and Cash Equivalents(1)	513.29
Total Assets	2,039.73
Total Unsecured Debt(2)	1,468.53
Total Equity(3)	467.15

(1) Cash and Cash Equivalents includes cash, bank balances and fixed deposits with banks.

(2) Unsecured debt represents long-term notes issued by the Issuer in October 2010, which are not secured by any assets of the Issuer and are shown net of unamortized issuance cost and discounts. The notional amount of the notes is US$1,500 million and these notes are guaranteed by the Guarantor.

(3) Total Equity comprises share capital, additional paid-in capital and accumulated deficit.

	Nine Months Ended December 31, 2010
	(US$ in millions)
	(Audited)
Cash Flow Data:	
Net cash from Operations	(11.88)
Net cash from Investing	(1,416.89)
Net cash from Financing	1,942.06
Increase in cash and cash equivalents[1]	513.29

(1) Cash and Cash Equivalents includes cash, bank balances and fixed deposits with banks.

	As at and for Nine Months Ended December 31, 2010
	(Unaudited)
Other Financial Data and Ratios:	
EBITDA[1] (US$ in millions)	6.45
EBITDA Margin[2]	39.8%
Net Profit Margin[3]	—
EBITDA/Finance Cost[4]	0.24
Total Debt/Equity[5]	3.14

(1) EBITDA is calculated as Total Comprehensive Income/(Loss) before Finance Costs, Finance Income, Income Tax Expense/(Benefit), and Depletion. See "Selected Consolidated Financial and Operating Data of the Issuer — The Issuer's Key Financial Data and Ratios as at and for the Nine Months Ended December 31, 2010 — Reconciliation of Total Comprehensive Income/(Loss) to EBITDA".

(2) EBITDA Margin is calculated by dividing EBITDA by Revenue.

(3) Net Profit Margin is calculated by dividing Total Comprehensive Income by Revenue. This ratio is not applicable, because the Issuer incurred a loss for the period.

(4) Finance Cost is calculated after considering the capitalized finance cost of US$17 million in addition to expensed finance costs of US$10.17 million and after adjusting for finance income of US$0.12 million.

(5) Total Debt is equal to total unsecured debt of US$1,468.53 million. Total Equity comprises share capital, additional paid-in capital and accumulated deficit.

Financial Information as at and for the Nine Months Ended September 30, 2011 ("9M2011")

The following tables set forth the summary unaudited consolidated financial information of the Issuer as at and for the nine months ended September 30, 2011.

	Nine Months Ended September 30, 2011
	(US$ in millions)
	(Unaudited)
Income Statement Data:	
Revenue	144.24
Gross Profit	58.37
Operating Profit/(Loss)	50.61
Profit/(Loss) Before Income Taxes	20.82
Total Comprehensive Income/(Loss)	13.31

	As at September 30, 2011
	(US$ in millions)
	(Unaudited)
Balance Sheet Data:	
Cash and Cash Equivalents[1]	34.46
Total Assets	2,727.25
Total Unsecured Short-term Debt[2]	450.00
Total Unsecured Long-term Debt[3]	1,470.48
Total Equity[4]	570.46

(1) Cash and Cash Equivalents includes cash, bank balances and deposits with banks.

(2) Unsecured short-term debt includes short-term bridge loans from banks, which are not secured by any assets of the Issuer. A part of this debt is guaranteed by the Guarantor.

(3) Unsecured long-term debt represents long-term notes issued by the Issuer in October 2010, which are not secured by any assets of the Issuer and are shown net of unamortized issuance cost and discounts. The notional amount of the notes is US$1,500 million and these notes are guaranteed by the Guarantor.

(4) Total Equity comprises share capital, additional paid-in capital and retained earnings.

	Nine Months Ended September 30, 2011
	(US$ in millions)
	(Unaudited)
Cash Flow Data:	
Net cash from Operations	1.15
Net cash from Investing	(1,019.98)
Net cash from Financing	540.00
Increase/(Decrease) in cash and cash equivalents[1]	(478.83)

(1) Cash and Cash Equivalents includes cash, bank balances and deposits with banks.

	As at and for Nine Months Ended September 30, 2011
	(Unaudited)
Other Financial Data and Ratios:	
EBITDA[1] (US$ in millions)	100.54
EBITDA Margin[2]	69.7%
Net Profit Margin[3]	9.2%
EBITDA/Finance Cost[4]	1.45
Total Debt/Equity[5]	3.37

(1) EBITDA is calculated as Total Comprehensive Income/(Loss) before Finance Costs, Finance Income, Income Tax Expense/(Benefit), and Depletion. See "Selected Consolidated Financial and Operating Data of the Issuer — The Issuer's Key Financial Data and Ratios as at and for the Nine Months Ended September 30, 2011 — Reconciliation of Total Comprehensive Income/(Loss) to EBITDA".

(2) EBITDA Margin is calculated by dividing EBITDA by Revenue.

(3) Net Profit Margin is calculated by dividing Total Comprehensive Income by Revenue.

(4) Finance Cost is calculated after considering capitalized finance cost of US$39.73 million in addition to expensed finance costs of US$44.34 million and after adjusting for finance income of US$14.55 million.

(5) Total Debt is equal to the sum of total unsecured short term and long term debt. Total Equity comprises share capital, additional paid-in capital and retained earnings.

The Issuer's Key Operating Information (Unaudited)

The Issuer's engineers estimate the Issuer's share of proved oil and gas reserve quantities based on its internal surveys and data collected from third-party operators in which the Issuer has a working interest. The following tables set forth the estimated Issuer's interest (on a net basis) in Proved Reserves, i.e., Proved Developed Reserves and Proved Undeveloped Reserves as at the date indicated and the Issuer's production for the nine months ended December 31, 2010.

		For the Nine Months Ended December 31, 2010					
Nature of Hydrocarbon	**UOM**	**Opening Balance**	**Proved Developed**	**Proved Undeveloped**	**Total**	**Produced During the Period**	**Closing Balance**
Natural Gas[1]	Bcf	—	65.60	177.03	242.63	1.95	240.68
Condensate[1]	Mmbbl	—	3.09	10.50	13.59	0.09	13.50
Total......................	Bcf equivalent	—	84.46	239.93	324.39	2.51	321.88

(1) The reserves data are estimates and the Issuer's actual production, revenues and expenditure with respect to its reserves may differ from these estimates. See "Presentation of Financial and Other Data — Oil and Gas Reserves" and "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

SUMMARY NON-CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The summary non-consolidated financial data for the Guarantor as of March 31, 2011 and 2010, and for each of the three fiscal years ended March 31, 2011, 2010 and 2009, respectively, set forth below has been derived or calculated from the Guarantor Financial Statements included elsewhere in this Offering Memorandum and is qualified thereby. This financial information should be read in conjunction with "Selected Non-Consolidated Financial and Operating Data of the Guarantor", "Operating and Financial Review of the Guarantor", "Unaudited Financial Results of the Guarantor for the Nine Months Ended December 31, 2011" and the Guarantor Financial Statements set forth in this Offering Memorandum. In the Guarantor Financial Statements included herein, the income statement is headed "Profit and Loss Account" and financial information is presented in rupees in "crore" (one crore is equal to 10 million) and in "lakh" (one lakh is equal to one hundred thousand), whereas financial information is shown below in millions of rupees, unless otherwise specified.

The Guarantor Financial Statements have been prepared in accordance with Indian GAAP and reporting guidelines prescribed by Indian regulatory authorities. Indian GAAP differs in certain respects from US GAAP. For a discussion of certain significant differences between Indian GAAP and US GAAP, see "Description of Certain Differences Between Indian GAAP and US GAAP".

The Guarantor Financial Statements have been audited by Deloitte Haskins & Sells, Chaturvedi & Shah and Rajendra & Co., Chartered Accountants, as set forth in their audit reports included herein.

See "Presentation of Financial and Other Data" for further information regarding the presentation of financial information and "Operating and Financial Review of the Guarantor" for a description of certain line items in the Income Statement.

	Year Ended March 31,			
	2011	2011	2010	2009
	(US$ in millions)[1]	(Rs. in millions)		
	(Unaudited)	(Audited)		
Income Statement Data:				
Turnover	58,000	2,586,511	2,003,998	1,463,281
Total Income[2]	57,061	2,544,647	1,988,694	1,443,350
Depreciation (net of transfers from the Revaluation Reserve)	3,051	136,076	104,965	51,953
Interest and Finance Charges	522	23,276	19,972	17,452
Profit After Tax	4,549	202,863	162,357	153,094

(1) Rupee amounts from the Guarantor Financial Statements as at March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

(2) Total Income is defined as Net Turnover plus Other Income plus Variation in Stocks; Other Income includes dividends from long-term investments, interest from investments, profit/loss from sale of investments and fixed assets and miscellaneous income.

	As at March 31,		
	2011	2011	2010
	(US$ in millions)[1]	(Rs. in millions)	
	(Unaudited)	(Audited)	
Balance Sheet Data:			
Cash and Cash Equivalents[2]	9,506	423,928	218,737
Total Assets	63,846	2,847,194	2,510,064
Total Secured Debt[3]	2,370	105,712	116,705
Total Unsecured Debt[4]	12,743	568,255	508,242
Total Equity[5]	33,981	1,515,403	1,371,706

(1) Rupee amounts from the Guarantor Financial Statements as at March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

(2) Cash and Cash Equivalents includes cash, bank balances, fixed maturity plan (FMP), government securities and current investments/fixed deposits with banks.

(3) Secured debt includes short-term and long-term indebtedness from banks and others that is secured by assets of the Guarantor.

(4) Unsecured debt includes short-term and long-term indebtedness from banks and others that is not secured by assets of the Guarantor.

(5) Total Equity comprises Paid-up Equity, Equity Share Suspense and Reserves and Surplus.

	As at and for the Year Ended March 31,		
	2011	2010	2009
		(Unaudited)	
Other Financial Data and Ratios:			
EBITDA[1] (Rs. in millions)	411,774	330,412	253,738
EBITDA[1][2][3] (US$ in millions)	9,234	—	—
EBITDA Margin[4]	15.9%	16.5%	17.3%
Net Profit Margin[5]	7.8%	8.1%	10.5%
EBITDA/Interest	17.7	16.5	14.5
Total Debt/EBITDA	1.6	1.9	2.9
Total Debt/Equity[6]	0.44	0.46	0.63
Long-term Secured Debt/Total Fixed Assets[7]	0.07	0.07	0.11
Total Secured Debt/Total Assets	0.04	0.05	0.04

(1) EBITDA is calculated as Total Income less Purchases less Manufacturing and Other Expenses. See “Presentation of Financial and Other Data — Non-GAAP Financial Measures”.

(2) Rupee amounts converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

(3) US Dollar conversion of EBITDA is provided for the fiscal year ended March 31, 2011 only.

(4) EBITDA Margin is calculated by dividing EBITDA by Turnover.

(5) Net Profit Margin is calculated by dividing Profit After Tax by Turnover.

(6) Equity comprises Paid-up Equity, Equity Share Suspense and Reserves and Surplus.

(7) Total Fixed Assets are defined as Gross Fixed Assets less accumulated Depreciation.

Financial Information as at and for the Nine Months Ended December 31, 2011 and December 31, 2010

The following tables set forth the summary unaudited non-consolidated financial information of the Guarantor as at and for the nine months ended December 31, 2011 and December 31, 2010. This financial information has been prepared in accordance with Indian GAAP and reporting guidelines prescribed by Indian regulatory authorities, and should be read in conjunction with "Unaudited Financial Results of the Guarantor for the Nine Months Ended December 31, 2011" and "Selected Non-Consolidated Financial and Operating Data of the Guarantor".

	Nine Months Ended December 31,		
	2011[(1)]	2011	2010
	(US$ in millions)	(Rs. in millions)	
		(Unaudited)	
Income Statement Data:			
Turnover	47,445	2,519,580	1,833,680
Total Income[(2)]	47,230	2,508,173	1,801,482
Depreciation	1,645	87,340	102,210
Interest and Finance Charges	358	18,990	16,320
Profit After Tax	2,976	158,040	149,100

(1) Rupee amounts from the 9M FY2012 Financial Information as at December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

(2) Total Income is defined as Net Turnover plus Other Income plus Variation in Stocks. Other Income primarily includes dividends from long-term investments, interest from investments, profit from sale of investments and fixed assets and miscellaneous income.

	As at December 31,		
	2011[(1)]	2011	2010
	(US$ in millions)	(Rs. in millions)	
		(Unaudited)	
Balance Sheet Data:			
Cash and Cash Equivalents[(2)]	14,036	745,389	318,291
Total Assets	55,847	2,965,731	2,639,404
Total Secured Debt[(3)]	1,912	101,532	109,057
Total Unsecured Debt[(4)]	12,118	643,502	593,034
Total Equity[(5)]	31,195	1,656,602	1,502,588

(1) Rupee amounts from the 9M FY2012 Financial Information as at December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

(2) Cash and Cash Equivalents includes cash, bank balances, fixed maturity plan (FMP), government securities and current investments/fixed deposits with banks.

(3) Secured Debt includes short-term and long-term indebtedness from banks and others that are secured by assets of the Guarantor.

(4) Unsecured Debt includes short-term and long-term indebtedness from banks and others that are not secured by assets of the Guarantor.

(5) Total Equity includes paid up equity and reserves and surplus.

	As at or Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
Other Financial Data and Ratios:		
EBITDA[1] (Rs. in millions)	309,520	304,180
EBITDA[1] [2] [3] (US$ in millions)	5,828	
EBITDA Margin[4]	12.3%	16.6%
Net Profit Margin[5]	6.3%	8.1%
EBITDA/Interest	16.3	18.6
Total Debt/Annualized EBITDA[6]	1.8	1.7
Total Debt/Equity[7]	0.45	0.47
Long-term Secured Debt/Long-term Debt	0.15	0.18
Long-term Secured Debt/Total Fixed Assets[8]	0.08	0.07
Total Secured Debt/Total Assets	0.03	0.04

(1) EBITDA is calculated as Total Income less Purchases less Manufacturing and Other Expenses. See "Presentation of Financial and Other Data — Non-GAAP Financial Measures".

(2) Rupee amounts converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

(3) US Dollar conversion of EBITDA is provided for the nine months ended December 31, 2011 only.

(4) EBITDA Margin is calculated by dividing EBITDA by Turnover.

(5) Net Profit Margin is calculated by dividing Profit After Tax by Turnover.

(6) Annualized EBITDA is equal to EBITDA for the relevant nine-month period divided by nine and multiplied by twelve.

(7) Equity is comprised of Paid-up Equity and Reserves and Surplus.

(8) Total Fixed Assets are defined as Gross Fixed Assets less accumulated Depreciation.

Summary Reserves and Production Data of the Guarantor

The Guarantor's engineers estimate the Guarantor's proved oil and gas reserve quantities based on its internal surveys and data collected from third-party operators of production facilities in which the Guarantor has a working interest. The following tables set forth the estimated net quantities of the Guarantor's interest (on gross basis) in Proved Reserves and Proved Developed Reserves as at the dates indicated and the Guarantor's production as at and for the fiscal years ended March 31, 2011, 2010 and 2009, respectively:

	Proved Reserves			Proved Developed Reserves		
	As at and for the Year Ended March 31,			As at and for the Year Ended March 31,		
	2011	2010	2009	2011	2010	2009
	(Million MT)					
Oil: [1] [2]						
Beginning of the year	11.11	11.02	11.64	8.62	4.97	3.58
Additions	—	1.13	0.12	0.42	4.69	2.13
Deletion[3]	1.44	—	—	—	—	—
Production	1.38	1.04	0.74	1.38	1.04	0.74
Closing balance	8.29	11.11	11.02	7.66	8.62	4.97

	Proved Reserves			Proved Developed Reserves		
	As at and for the Year Ended March 31,			As at and for the Year Ended March 31,		
	2011	2010	2009	2011	2010	2009
	(Million cubic meters)[4]					
Gas: [1] [2]						
Beginning of the year	211,214	220,468	222,188	130,823	133,894	16,842
Additions	—	5,353	168	—	11,536	118,940
Deletion[3]	5,771	—	—	3,839	—	—
Production	19,622	14,607	1,888	19,622	14,607	1,888
Closing balance	185,821	211,214	220,468	107,362	130,823	133,894

(1) See "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

(2) On August 30, 2011, the Guarantor transferred certain interests in its Proved Reserves and Proved Developed Reserves to BP. See "Summary — Recent Developments — Strategic partnership with BP".

(3) Deletion in oil reserves was due to the reworking of geological models using complete field data sets such as information from additional wells drilled, reprocessing of seismic data, geological understanding and petro-physics interpretation of both the Panna-Mukta and Tapti fields.

(4) One cubic meter is equivalent to 35.315 cubic feet.

The reserves data in this Offering Memorandum are estimates and the Guarantor's actual production, revenues and expenditure with respect to its reserves may differ from these estimates. See "Presentation of Financial and Other Data — Oil and Gas Reserves" and "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

The following table sets forth the Guarantor's production of its principal products meant for sale during FY2011, FY2010 and FY2009, respectively:

		Year Ended March 31,		
	Unit	2011	2010	2009
Crude oil	MT	1,306,057	1,021,797	683,023
Gas	BBTU	564,312	435,157	63,393
Petroleum products	KT	51,525	46,076	29,733
Ethylene	MT	27	357	9,917
Propylene	MT	6,895	28,095	134
Benzene	MT	605,200	662,254	593,796
Paraxylene	MT	486,896	514,938	572,254
Polyvinyl Chloride	MT	630,780	624,018	613,783
Polyethylene	MT	970,017	1,057,906	990,189
Polybutadiene Rubber	MT	76,261	72,894	71,974
Polypropylene	MT	2,496,099	2,398,598	1,513,644
Ethylene Glycol	MT	265,244	301,509	352,182
Purified Terephthalic Acid	MT	622,097	610,787	648,219
Polyester Filament Yarn	MT	810,433	796,033	694,592
Polyester Staple Fiber	MT	631,023	627,857	578,462
Polyethylene Terephthalate	MT	352,668	314,191	297,870

THE OFFERING

The following is a brief summary of the term of this offering and is qualified in its entirety by the remainder of this Offering Memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes and Guarantees".

Issuer	Reliance Holding USA, Inc.
Guarantor	Reliance Industries Limited
Notes	US$500,000,000 aggregate principal amount of 5.40% Guaranteed Senior Notes due 2022. The Notes issued pursuant to this Offering Memorandum constitute a further issuance of, will become fungible with, rank equally in all respects with, and are consolidated and form a single series with the Existing Notes. Forty days following their date of delivery, the Notes issued pursuant to this Offering Memorandum will become fully fungible with, and trade freely with, the Existing Notes. Until such time, the Notes issued pursuant to this Offering Memorandum and sold outside the United States pursuant to Regulation S will trade under a temporary CUSIP, ISIN and Common Code.
Existing Notes	US$1,000,000,000 5.40% guaranteed senior notes due 2022 issued by the Issuer on February 14, 2012.
Issue Price	101.018% of principal amount, plus accrued interest from February 14, 2012.
Maturity Date	February 14, 2022
Interest	The Notes will bear interest from February 14, 2012 at the rate of 5.40% per annum, payable semi-annually in arrears.
Interest Payment Dates	February 14 and August 14 of each year, commencing on August 14, 2012.
Status of the Notes and the Guarantees	The Notes will be unsecured and unsubordinated obligations of the Issuer, will rank *pari passu* with all of its other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. See "Description of the Notes and Guarantees — Rank". The Guarantees will be unsecured and unsubordinated obligations of the Guarantor, will, save for such exceptions as may be provided under applicable legislation, rank *pari passu* with its other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. See "Description of the Notes and Guarantees — Guarantees", "Enforcement of the Guarantees" and "Indian Government Filings/Approvals".

Restrictive Covenants	The Issuer and the Guarantor have agreed to observe certain covenants, including, among other things, limitations on the incurrence of any Security Interest (as defined herein) to secure payment obligations under any Securities. "Securities" are generally defined as non-rupee denominated securities, which are traded on a market outside India. The Issuer and the Guarantor have also agreed not to enter into any consolidation, merger or sale of assets, unless certain conditions are met. See "Description of the Notes and Guarantees — Certain Covenants".
Additional Amounts	All payments in respect of the Notes, and all payments pursuant to the Guarantees, will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within India or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, subject to certain exceptions, the Issuer or the Guarantor, as the case may be, will pay additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received by them had no such withholding or deduction been required. Neither the Issuer nor the Guarantor will pay additional amounts with respect to taxes arising in the United States. See "Description of the Notes and Guarantees — Taxation".
Optional Redemption	The Notes may be redeemed at the option of the Issuer, at any time in whole or from time to time in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of (1) the principal amount of the Notes to be redeemed and (2) the sum of the present values of the Remaining Scheduled Payments of the Notes to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points, in each case plus accrued and unpaid interest thereon to the redemption date. See "Description of the Notes and Guarantees — Redemption — Optional Redemption".
Tax Redemption	Upon certain changes in the tax laws of India or any political subdivision or taxing authority thereof or therein (including the execution or amendment of any treaty), or certain changes in the official application or interpretation thereof, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption and any additional amounts payable with respect thereto. See "Description of the Notes and Guarantees — Redemption — Tax Redemption".

Repurchase upon a Change of Control Triggering Event	Upon a Change of Control Triggering Event, the Issuer will be required to make an offer to repurchase all or, at the option of the holder, any part of such holder's Notes at a price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest on the principal amount of Notes being repurchased to, but excluding, the date of repurchase. See "Description of the Notes and Guarantees — Repurchase Upon a Change of Control Triggering Event".
Denomination, Form and Registration of Notes	The Notes will be issued in minimum denominations of US$250,000 and in integral multiples of US$1,000 in excess thereof. Notes offered in the United States to QIBs in reliance on Rule 144A will be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons (the "Rule 144A Global Notes") deposited with Citibank, N.A., London Branch, as custodian for and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Notes offered outside the United States in reliance on Regulation S will be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons (the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes") deposited with Citibank, N.A., London Branch, as custodian for and registered in the name of a nominee of DTC for the respective accounts of the purchasers, or to other accounts as they may direct, at Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking société anonyme ("Clearstream"), each of which is a participant in DTC. DTC will credit the account of each of its participants, including Euroclear and Clearstream, with the principal amount of Notes being purchased by or through such participant. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. See "Description of the Notes and Guarantees — Notes; Delivery and Form".

Transfer Restrictions	The Notes (including beneficial interests in the Global Notes) and the Guarantees will be subject to certain restrictions on transfer and will bear a legend regarding such restrictions as set forth under "Transfer Restrictions". A transfer of a beneficial interest in the Notes, other than Notes represented by the Regulation S Global Notes to a person that takes delivery through an interest in the Regulation S Global Notes, is subject to certain certification requirements as set forth in the Fiscal Agency Agreement. A transfer of a beneficial interest in the Regulation S Global Notes to a person that takes delivery through an interest in the Rule 144A Global Notes or individual certificated Notes is also subject to certification requirements. See "Transfer Restrictions".
Further Issues	The Issuer may from time to time "reopen" the Notes and create and issue additional notes having identical terms and conditions as the Notes (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes), so that the additional notes may be consolidated and form a single series of notes with the Notes; provided that any notes issued as a part of a Further Issue that are consolidated and form a single series with the Notes must be fungible with the Notes for US federal income tax purposes. See "Description of the Notes and Guarantees — Further Issues".
Listing and Trading	Approval in-principle has been received from the Singapore Exchange for the listing and quotation of the Notes on the Official List of the Singapore Exchange. Subject to the approval of the Singapore Exchange, the Notes will be traded on the Singapore Exchange in a minimum board lot size of US$250,000 for so long as the Notes are listed on the Singapore Exchange and the rules of the Singapore Exchange so require.
Paying Agent	For so long as the Notes are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, we will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global certificate is exchanged for definitive Notes. In addition, in the event that a global certificate is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of us through the Singapore Exchange and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore, so long as the Notes are listed on the Singapore Exchange and the rules of the Singapore Exchange so require.
Fiscal Agent	Citibank, N.A., London Branch

Use of Proceeds	The Issuer estimates that the net proceeds to it from its sale of Notes pursuant to this Offering Memorandum will be approximately US$502.8 million after deducting the underwriting discount and its and the Guarantor's offering expenses. The net proceeds of this offering will be used by the Issuer to fund its ongoing capital expenditure, to make business investments, to refinance its existing debt and for general corporate purposes.
Governing Law	The Notes, the Guarantees and the Fiscal Agency Agreement will be governed by and construed in accordance with the laws of the State of New York.
Risk Factors	See "Risk Factors" and the other information in this Offering Memorandum for a discussion of factors that should be carefully considered before deciding to invest in the Notes.

RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Memorandum before making an investment in the Notes. The risks described below are not the only ones relating to the Issuer, the Guarantor or investments in India in general. The Issuer's and the Guarantor's business, financial condition and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect the Issuer's ability to make payments on the Notes and the Guarantor's ability to make payments on the Guarantees. Additional risks not presently known to the Issuer and/or the Guarantor or that the Issuer and/or the Guarantor currently deem immaterial may also impair their respective business, financial condition and/or results of operations.

Risks Relating to the Guarantor's Business

The global macroeconomic environment may adversely affect the Guarantor's business.

The Guarantor's business and performance are influenced by local and global economic conditions. A significant portion of the Guarantor's revenue is generated by export sales of petroleum and petrochemical products to global markets. A slowdown in global economic growth could exert downward pressure on the demand for these products, which could have an adverse effect on the Guarantor's export potential for its finished products and in turn adversely impact business, financial condition and results of operations of the Guarantor. Furthermore, a prolonged weakness in the global financial and economic situation may have a negative impact on third parties with whom the Guarantor does, or may do, business. Any of these factors could adversely affect the Guarantor's business, financial condition and results of operations.

Cyclical downturns in the refining and petrochemical industry may adversely affect the Guarantor's margins and operating results.

A significant portion of the Guarantor's revenue is attributable to sales of petroleum, crude oil, natural gas and petrochemical products in India, the prices of which are affected by worldwide prices of feedstock, such as crude oil, and end products such as natural gas, diesel, gasoline, jet fuel, naphtha, paraxylene, benzene, purified terephthalic acid, monoethylene glycol, polyester fibers, polyester yarns, polyethylene, polypropylene, polyvinyl chloride, polybutadiene rubber, linear alkyl benzene and other chemicals. Historically, the prices of feedstock and end products have been cyclical and sensitive to relative changes in supply and demand, the availability of feedstock and general economic conditions. From time to time, the markets for the Guarantor's petroleum and petrochemical products have experienced periods of increased imports or capacity additions, which have resulted in oversupply and declines in product prices and margins in the domestic market. In such situations in the past, the Guarantor was forced to export these products. Exports may result in lower margins as export prices are lower than domestic prices. This is because domestic prices have historically been supported to a degree by the existence of import tariffs in the Indian market and the fact that, in exporting products, the Guarantor faces higher freight charges and tariffs imposed by other countries. The withdrawal or lessening of import tariffs in India would have an adverse effect on the Guarantor's margins and operating results. Any downturn resulting from existing or future excess industry capacity or otherwise may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor's operations are affected by the volatility in the prices and availability of supply of crude oil and other feedstocks.

The Guarantor's operations largely depend on the supply of crude oil, one of the Guarantor's principal raw materials. In the fiscal year ended March 31, 2011, the Guarantor's imports of crude oil amounted to Rs. 1,583 billion (year ended March 31, 2010: Rs. 1,383 billion). The Guarantor is capable of processing a wide range of crude oil, including crude oil from the Middle East, South America, the Far East, West Africa and India, although its choice of feedstock at any time depends on relative prices and yields. The Guarantor acquires substantial portions of its requirements of crude oil from foreign sources through a combination of term purchase contracts and spot market purchases. The Guarantor typically stocks approximately 10 to 15 days of crude oil in its storage tanks. In recent years, the Guarantor has sourced a substantial part of its crude oil requirement from the Middle East region. Events, such as hostilities, strikes, natural disasters, protests and political developments in petroleum-producing regions (particularly in or affecting the Middle East), domestic and foreign government regulations and other events could interrupt the supply of crude oil, which could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

In addition, these events or other events, such as changes in the fiscal and regulatory environment in India, may adversely affect prices of crude oil generally or the price at which the Guarantor is able to obtain a supply of crude oil, which may, under some circumstances, adversely affect the Guarantor's gross refining margin. The price of crude oil has been, and is expected to continue to be, volatile. A significant increase in the price of crude oil would have an adverse effect on the Guarantor's business, financial condition and results of operations if the Guarantor were unable to pass on any such higher costs to the Guarantor's customers.

Volatile margins in the refining industry may negatively affect the Guarantor's future operating results and decrease its cash flow.

The Guarantor's performance in the Refining business is primarily affected by the relationship, or margin, between refined petroleum product prices and the prices for crude oil and other feedstocks. The cost of purchasing the required quantities of crude oil and other feedstocks and the price at which the Guarantor can ultimately sell refined petroleum products depend upon a variety of factors beyond its control. Historically, refining margins have been volatile, and they are likely to continue to be volatile in the future. Future volatility may negatively affect the Guarantor's results of operations, since the margin between refined petroleum product prices and feedstock prices may decrease below the amount needed for the Guarantor to generate positive net cash flow from operations. Specific factors that may affect the Guarantor's refining margins and financial performance include:

- Change in aggregate demand for crude oil and refined petroleum products, which is influenced by factors such as general economic conditions, weather patterns, including seasonal fluctuations, and demand for specific products such as gasoline, diesel, jet fuel, which are themselves influenced by external factors beyond the Guarantor's control;

- accidents, interruptions in transportation, inclement weather or other events that cause unscheduled shutdowns or otherwise adversely affect the Guarantor's plants, machinery, pipelines or equipment, or those of the Guarantor's suppliers or customers;

- decreases in the availability, or increases in the cost, of crude oil and other feedstocks and associated transportation costs without corresponding increases in the price of refined products;

- increases in aggregate global refining capacity and the extent of growth in global refining capacity;

- unexpected changes in fuel specifications required by environmental and other laws in the target markets of India, the Asia-Pacific region and globally;

- the Guarantor's ability to implement capital projects that may be developed in the future or to realize the benefits expected from those projects;

- global political conditions, including political conditions in oil-producing regions, such as the Middle East and the Far East;

- price, availability and acceptance of substitute petroleum products, such as biodiesel; and

- currency fluctuations.

As crude oil prices provide a benchmark for petroleum and petrochemical feedstock prices, changes in crude oil prices are likely to also have an impact on petroleum and petrochemical prices. Substantial or extended declines in crude oil prices and petroleum and petrochemical product margins may have a material adverse effect on the Guarantor's business, results of operations and financial condition.

Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates.

Evaluations of oil and gas reserves involve multiple uncertainties and require exploration and production companies to make extensive judgments as to future events based upon the information available. The crude oil and natural gas initially in place and further reserves and resources data are estimates based primarily on internal technical analyses prepared by the Guarantor and the Issuer. Such estimates reflect the best judgment of the Guarantor or the Issuer, as applicable, at the time of their preparation, based on geological and geophysical analyses and appraisal work, and may differ significantly from previous estimates, such as the estimates used in the Guarantor's governmental submissions in the past.

Crude oil and natural gas exploration and production activities are subject to various uncertainties, including those relating to the physical characteristics of crude oil and natural gas fields. These physical characteristics, including the proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields, are difficult to estimate and, as a result, actual production may be materially different from current estimates of reserves. Factors affecting the Guarantor's and the Issuer's reserve estimates include: new production or drilling activities; assumptions regarding future performance of wells and surface facilities; field reviews; the addition of new reserves from discoveries or extensions of existing fields; the application of improved recovery techniques; and changed economic conditions.

The reliability of reserve estimates depends on the quality and quantity of technical and economic data, the production performance of the fields, and consistency in oil and gas policies of the Government, as well as the governments of other countries where the Guarantor and/or the Issuer have operations. In addition, changes in the price of crude oil and natural gas may also materially adversely affect the estimates of the Guarantor's Proved plus Probable Reserves and of the Issuer's Proved plus Probable Reserves, because the reserves are evaluated based on prices and costs as of the appraisal date. The quantities of crude oil and natural gas that are ultimately recovered could be materially different from the Guarantor's and the Issuer's reserve estimates, and downward revisions of such estimates could affect their respective results of operations and business plan. Published reserves estimates may also be subject to correction due to the application of published rules and guidance.

Oil and gas reserves reporting requirements for filings with the US Securities and Exchange Commission (the "SEC") are specified in Industry Guide 2 under the Securities Act ("Guide 2"). The Guarantor's and the Issuer's reporting policies are not, and are not required to be, derived from, or consistent with, Guide 2 and differs from Guide 2 in certain material respects. The Guarantor's and the Issuer's reserves may differ from those described herein if determined in accordance with Guide 2.

Neither the Guarantor nor the Issuer can give any assurance that the reserves estimates upon which they have made investment decisions accurately reflect actual reserve levels, or even if accurate, that technical limitations will not prevent them from retrieving these reserves. Further, the Guarantor and the Issuer have provided certain estimates regarding oil and gas initially in place in this Offering Memorandum. These estimates are based solely on volumetric analysis of the Guarantor's and the Issuer's various license areas and are not used by the Guarantor and the Issuer as the primary basis for development capital expenditure decisions. Accordingly, investors should not rely on this data as the primary basis for their decision whether to invest in the Notes.

Hydrocarbon exploration is risky, capital intensive and may involve cost overruns that may adversely impact the Guarantor's and/or the Issuer's business, financial condition in the future and results of operations.

Finding oil and gas is an uncertainty in any exploration venture. Generally, only a few of the properties that are explored are ultimately developed into hydrocarbon producing fields. There is no assurance that hydrocarbons will be discovered or, even if discovered, that commercial quantities of hydrocarbons will be recovered from the Guarantor's and/or the Issuer's existing or future fields and blocks.

In addition, the business of hydrocarbon exploration involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to prevent. These risks include, but are not limited to, encountering unusual or unexpected geological formations or pressures, seismic shifts, unexpected reservoir behavior, unexpected or different fluids or fluid properties, premature decline of reservoir, uncontrollable flow of oil, natural gas or well fluids, equipment failures, extended interruptions due to, among others, inclement or adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, mechanical and technical failures, explosions, pollution, oil seepage, industrial action and shortages of manpower necessary to implement the Guarantor's or the Issuer's development plans. These risks and hazards could also result in damage to, or in the destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses, and possible legal liability as well as delays in other construction, fabrication, installation or commissioning activities.

Hydrocarbon exploration is also capital intensive and the Guarantor and the Issuer have limited financial resources. Exploration and development of the existing assets and acquisition of new assets may be dependent upon the Guarantor's and/or the Issuer's ability to obtain suitable financing or ability to generate sufficient cash from operations. There can be no assurance that such funding will be available and, if such funding is made available, that it will be offered on economical terms. Any of the foregoing may have a material adverse effect on the Guarantor's and/or the Issuer's business, financial condition and results of operations.

If the Guarantor fails to discover, otherwise acquire or develop additional reserves, the reserves within fields in production and under development, and production from these fields, will decline materially from their current levels.

As at March 31, 2011, a substantial part of the Guarantor's estimates of the Proved plus Probable Reserves in the Guarantor's oil and gas interests were in the KG-D6 block and to a lesser extent, the Panna-Mukta and Tapti blocks. These Proved plus Probable Reserves have declined and will decline further as crude oil and natural gas are produced. Future production of crude oil and natural gas is dependent on the Guarantor finding, or acquiring, and developing further reserves.

The Guarantor holds exploration licenses for various geographic areas off the east and west coasts of India and on land in eastern and western India and across various overseas blocks. Environmental, geological and infrastructural conditions in many of these areas are challenging and exploration and development costs can be high.

If the Guarantor fails to conduct successful exploration activities or to acquire additional assets holding Proved plus Probable Reserves, the Proved plus Probable Reserves in the fields in which the Guarantor has an interest will decline as it extracts crude oil and natural gas and depletes existing reserves. In addition, the volume of production of crude oil and natural gas generally declines as reserves are depleted. The Guarantor's future production depends upon its success in finding or acquiring and developing additional reserves. If the Guarantor is unsuccessful, it may not meet its production targets, and the total Proved plus Probable Reserves in the fields in which it has an interest, and production from these fields, would decline, which may adversely affect its results of operations and financial condition.

The Guarantor has limited experience in developing oil and gas reserves, including offshore and deepwater projects, which may affect the Guarantor's ability to successfully develop its reserves.

Some of the projects that the Guarantor is or may be developing are offshore and deepwater projects, where environmental conditions are challenging, limited data is available and exploration and development costs can be high. The Guarantor's management team has relatively limited experience in such development activities. In addition, the Guarantor's offshore and deepwater projects require the use of high-resolution surveys and infrastructure for interpretation and involve greater exploration expenditures than onshore exploration practices. The Guarantor has limited experience in deepwater exploration, which is a particularly high-risk and capital-intensive activity. Furthermore, the deepwater operations generally lack the physical service infrastructure present at onshore developments. As a result, a significant amount of time may pass between a deepwater discovery and the commercial production of the associated oil or gas, increasing both the financial and operational risk involved in such operations. As a consequence of the lack of, and the high cost of, infrastructure, some reserve discoveries may never be capable of being produced economically. If the Guarantor is unable to develop its offshore and deepwater projects economically or in a timely manner, or at all, the Guarantor's business, financial condition and results of operations may be adversely affected.

The Guarantor's growth plans have significant capital expenditure requirements, and its capital expenditure plans are subject to various risks.

The Guarantor and certain of its subsidiaries, including the Issuer, require significant capital expenditure in order to implement their strategy. The Guarantor must continue to invest capital to maintain the amounts of oil and gas that it produces and processes and to maintain or increase its levels of oil and gas reserves. The Guarantor is also planning investment in new projects in its core business areas, such as petcoke gasification, and through its subsidiaries, in new growth areas, such as broadband wireless services, its organized retail business and other new growth areas. The maintenance of existing plant, machinery and equipment also requires significant capital expenditure. In addition, the Guarantor must continue to invest capital to improve the reliability and productivity of its infrastructure. The Guarantor's capital expenditure in the fiscal year ended March 31, 2011 amounted to Rs. 124 billion (year ended March 31, 2010: Rs. 219 billion).

The Guarantor's capital expenditure plans and requirements are subject to a number of risks, contingencies and other factors, some of which are beyond its control, including:

- the ability to generate sufficient cash flows from operations and external financings to fund the capital expenditure, investments and other requirements or to provide debt and/or equity contributions to its subsidiaries;
- the availability and terms of external financing;
- new investment opportunities, such as international investment opportunities and new findings of natural gas; and
- cost overruns and/or delays in commencement of commercial production from a new project.

Therefore, the Guarantor's actual future capital expenditure and investments may differ significantly from its current planned amounts. In addition, the Guarantor cannot assure you that it will be able to generate sufficient cash flow or that it will have access to sufficient external financing to continue its business activities at present levels.

Inability to obtain adequate financing to meet the Guarantor's liquidity and capital resource requirements may have an adverse effect on its results of operations.

The Guarantor has had, and expects to continue to have, substantial liquidity and capital resource requirements for meeting its working capital requirements as well as capital expenditures. The Guarantor will be required to supplement its cash flow from operations with external sources of financing to meet these requirements. The inability of the Guarantor to obtain such financing may impair its business, results of operations, financial condition or prospects. Such inability could result from, among other causes, the Guarantor's then-current or prospective financial condition or results of operations or its inability for any reason (including reasons applicable to Indian companies generally) to issue securities in the capital markets. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet the Guarantor's requirements.

The Guarantor's exploration, development and production operations are subject to various risks and natural disasters, and resulting losses may cause material liabilities that are not covered by insurance.

Exploration and production of oil and natural gas is hazardous, and man-made and natural disasters, operator error or other accidents can result in oil spills, blow-outs, fires, equipment failure, and loss of well control, which can result in the suspension of drilling operations, injure or kill people, damage or destroy wells and production facilities, and damage property and the environment. Offshore operations are subject to adverse weather conditions, vessel collisions, as well as interruptions or termination by governmental authorities based on environmental and other governmental considerations. The events relating to the Deepwater Horizon oil spill in the Gulf of Mexico during 2010 illustrate the magnitude of the operational risks inherent in oil and gas exploration and production activities, as well as the potential to incur substantial financial liabilities if those risks are not effectively managed. Such incidents have resulted or may, in the future, result in changes to environmental and other laws and regulations, which could result in operational delays and have the effect of increasing the cost of, and reducing available opportunities for, offshore exploration and production. Operational and other failures can also have a significant effect on an oil and gas company's reputation.

In addition, the Guarantor's operations are subject to certain risks generally associated with oil and gas, petroleum refining and petrochemicals operations, and the related receipt, distribution, storage and transportation of feedstocks, products and wastes. These risks are particularly significant for the Guarantor, as most of the Guarantor's operations are integrated and interdependent. These risks include certain production, equipment and transportation risks, such as:

- the risks of explosions in pipelines (oil and gas), refineries, plants, drilling wells and other facilities;
- other natural or geological disasters;
- fires, accidents and mechanical failures;
- suspension of refinery operations for scheduled and unscheduled maintenance and repairs;
- spills, leaks and other releases of oil, natural gas, and other hazardous materials;
- unexpected geological formations or pressures resulting in blow-outs (sudden, violent explosions of oil, natural gas or water from a drilling well, followed by an uncontrolled flow from the well) or cratering (the caving in and collapse of the earth's structure around a blown-out well);
- collapsed holes, particularly in horizontal well bores; and
- sabotage and terrorism risks.

The occurrence of any of these events or other accidents could result in personal injuries, loss of life, environmental damage with the resulting containment, clean up and repair expenses, equipment damage and damage to the Guarantor's facilities, and the imposition of civil and criminal liabilities. A shutdown of the affected facilities could disrupt the Guarantor's production and significantly increase its production costs. This risk is particularly significant for the Guarantor due to the importance of the operations that are conducted at a single location in Jamnagar and its reliance on a single pipeline to transport KG-D6 gas. The occurrence of such events or accidents may also have reputational consequences and affect the Guarantor's ability to conduct its business in the affected areas in the future.

The Guarantor maintains insurance coverage for a significant range of onshore and offshore risks, including business interruption at certain of its businesses and certain accidents at the Guarantor's customers' and suppliers' premises affecting the Guarantor's operations. However, the insurance policies may not cover all liabilities and insurance may not be available for all risks or on commercially reasonable terms. The Guarantor may also be unable to successfully assert its claims for any liability or loss under such insurance policies. There can be no assurance that accidents or acts of terror will not occur in the future, that insurance will adequately cover the entire scope or extent of the Guarantor's losses or that it may not be found directly liable in connection with claims arising from these and other events. The occurrence of any of these events may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

In addition, the Guarantor's policy of covering third-party risks through contractual limitations of liability, indemnities and insurance may not always be effective. The Guarantor's third-party contractors may not have adequate financial resources to meet their indemnity obligations to the Guarantor and may derive from risks not addressed in the Guarantor's indemnity agreements or insurance policies.

The areas in which the Guarantor's principal facilities are located have experienced severe natural disasters in the past, and the occurrence of any further natural disasters in these areas could have a material adverse effect on the Guarantor's business, results of operations and financial condition.

The State of Gujarat in India, where the Guarantor's refinery and petrochemicals complex is located, has experienced severe earthquakes and cyclones in the past. The State of Andhra Pradesh, where the Guarantor's onshore gas processing and terminal facility is located, and the east coast of India, where the Guarantor's offshore oil and gas production are located, have experienced severe cyclones, tsunamis and extreme weather conditions in the past.

The Guarantor's operations depend upon the Guarantor's ability to protect its principal production facilities against damage from fire, earthquakes, floods, storms, power loss and similar events and to construct facilities that are not vulnerable to the effects of such events. The occurrence of a natural disaster or other unanticipated problems at its facilities or work sites could cause interruptions in the normal operation of its principal production facilities. Any damage or failure that causes interruptions to operations of the principal production facilities may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The oil and natural gas industry in India is highly competitive.

The oil and natural gas industry in India is highly competitive. The Guarantor competes principally with leading Government-controlled companies engaged in oil and natural gas exploration and production, as well as private sector Indian companies and international oil and gas companies. Some of the competitors are well capitalized and have Government shareholding and therefore they may be able to compete more effectively than the Guarantor.

The key activities in which the Guarantor faces, or may face, competition are:

- acquisition of exploration and production licenses at auctions or sales run by the Government, particularly in the New Exploration Licensing Policy ("NELP") rounds;

- joint ventures and other types of strategic relationships with companies that may already own exploration licenses or existing hydrocarbon producing assets in India;

- engagement of leading third-party service providers;

- purchase of capital equipment;

- employment of qualified and experienced staff; and

- access to offtake arrangements.

In addition, the continued deregulation and liberalization of industries in India, combined with reductions in customs duties and import tariffs, could lead to increased competition from international companies in the Guarantor's domestic market, which may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor also faces significant competition in the development of innovative products and solutions, including the development of new technologies for its core upstream and downstream businesses. In addition, other competitive sources of energy are expected to become available in the future. Accordingly, the Guarantor expects competition in the oil and gas and refining industries to increase, which could have a material adverse effect on its business, financial condition and results of operations.

The Guarantor and its business operations are impacted by extensive regulation in India and other countries in which the Guarantor operates.

The Guarantor's operations, including exploration of oil and gas, the operation of a refinery and petrochemical plants, the distribution of petroleum, petrochemical products and the related production of by-products and wastes entail environmental risks. The Guarantor is subject to extensive regulations including regulations relating to worker health and safety and environmental laws and regulations concerning land use, air emissions, discharge of hazardous materials into the environment, waste materials and abandonment of installations, or otherwise relating to the protection of the environment in connection with its operations, including the design and operation of its upstream and downstream oil and gas facilities in India and the other countries in which the Guarantor operates, transacts business or has interests. Numerous government agencies and departments issue rules, ordinances and regulations, which are often difficult and costly to comply with and which carry substantial penalties for non-compliance. In the ordinary course of business, the Guarantor is subject to environmental inspections and monitoring by government enforcement authorities. The Guarantor may incur substantial costs, including fines, damages and criminal or civil sanctions, or experience interruptions or suspensions in the Guarantor's operations for actual or alleged violations arising under applicable environmental laws.

The Guarantor's operations involve the generation, use, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. From time to time, these operations may result in violations under environmental laws and regulations, including spills or other releases of hazardous substances into the environment. In the event of such an incident, the Guarantor could incur material costs as a result of addressing the impact thereof and implementing measures to prevent such incidents.

In addition, the Guarantor's production facilities and operations require numerous governmental permits and approvals that are subject to renewal, modification and, in some circumstances, revocation. Violations of, or the inability to obtain, such permits or approvals can also result in restrictions to, or prohibitions on, refinery, plant or other operations, substantial fines and civil or criminal sanctions. If the authorities require the Guarantor to shut down all or a portion of a refinery, plant or other operations or to implement costly compliance measures, whether pursuant to existing or new laws and regulations, such measures could have an adverse effect on the Guarantor's business, financial condition and results of operations.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that the Guarantor make additional capital expenditures or incur additional operating expenses in order to maintain the Guarantor's current or future operations or take other actions that could have a material adverse effect on its financial condition, results of operations and cash flow. The measures the Guarantor implements to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and compliance costs may significantly exceed the Guarantor's current estimates.

If the Guarantor fails to meet environmental requirements or has a major accident or disaster, it may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines, penalties and damages against the Guarantor as well as orders that could limit or halt or even cause closure of the Guarantor's operations, any of which may have a material adverse effect on its business, financial condition and results of operations.

Operational failures and associated reputational consequences may lead to an increasingly stringent regulatory environment.

Operational failures of companies operating in oil and gas exploration, development and production, together with associated reputational consequences, may lead to increasingly stringent environmental, health, safety and other regulations and permitting requirements. Changes in regulations and environmental, health and safety laws and regulations, or their interpretation, may require the Guarantor or its subsidiaries to incur significant unforeseen expenditures to comply with such requirements, add significantly to operating costs, or significantly limit or delay drilling activity. For example, following the fire and explosion onboard the semisubmersible drilling rig Deepwater Horizon leading to the oil spill affecting the Gulf of Mexico during 2010, the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEMRE") of the US Department of Interior ("DOI") implemented a moratorium on deepwater drilling operations. Although this moratorium has been lifted, the DOI and the BOEMRE have also implemented, and are expected to issue further, new safety and environmental or regulations, guidance and clarifications for the Gulf of Mexico and potentially for other geographic regions, and may take other steps that could increase the costs of exploration and production, reduce the area of operations and result in delays in obtaining, or the inability to obtain, the required permits. This incident could also result in drilling suspensions or other regulatory initiatives in other areas of the United States and it is possible that similar measures may be implemented outside the United States as a result of the Deepwater Horizon or similar future incidents. Such initiatives and changes in regions where the Guarantor operates may have an adverse effect on the Guarantor's business, financial condition and results of operations.

Given the possibility of unanticipated regulatory or other developments, including more stringent environmental, health and safety laws and regulations, the amount and timing of future environmental, health and safety compliance expenditures could vary substantially from their current levels. The Guarantor cannot predict what additional environmental, health and safety laws or regulations will be enacted in the future or the potential effects on its financial position and results of operations, and potentially significant expenditures could be necessary in order to comply with future environmental, health and safety laws and regulations. Also, such capital expenditures and operating expenses relating to environmental, health and safety matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on the Guarantor's operations. Accordingly, the Guarantor cannot assure you that it will not be subject to stricter enforcement or interpretation of existing environmental, health and safety laws and regulations, or that such laws and regulations will not become more stringent in the future.

The sale of gas produced from the New Exploration Licensing Policy blocks is regulated by the gas utilization policy adopted by the Government.

Gas is currently a minor fuel in the overall energy mix in India; however, according to International Energy Outlook 2011, gas consumption is expected to grow at 4.6% per year on average from 2008 to 2035. The Guarantor has made significant investments in gas exploration and production over the last few years, and gas remains an important element of its growth strategy.

In 2008, the Government adopted a gas utilization policy that requires contractors to sell gas produced from the NELP blocks to consumers who are engaged in industry sectors prioritized by the Government for the supply of gas. Under the NELP PSC, the Guarantor is required to sell all gas produced at arm's-length prices for the benefit of the PSC parties. The formula or basis on which prices are determined needs to be approved by the Government prior to the sale of gas. In May 2010, the Supreme Court of India upheld the power of the Government to determine the price of gas.

The order of priority and the Government's allocation of specified quantities to customers may restrict the Guarantor's ability to freely market the gas it produces. Further, the Government's decision to apply the price of gas uniformly to customers across all sectors for a period of five years may prevent the Guarantor from realizing a higher price than the price approved by the Government. This may result in a lower profit margin for the Guarantor compared to the profit margin that it would have earned at prevailing market price if such market price is higher than the price approved by the Government.

The Guarantor is required to seek the approval of the Government for certain decisions under its PSCs, which may limit its ability to take certain actions under those contracts.

The upstream segment of the Indian oil and gas industry is highly regulated and requires the Guarantor to obtain several consents and approvals from the Government at various stages of exploration, development and production under the NELP PSC. The PSC requires the Guarantor to obtain authorizations and approvals from the Government, the operating committee (represented by constituents of the contractor under the PSC) and the management committee (represented by the contractor parties and the Government). While the PSC has well-defined procedures and timelines for obtaining such approvals, any delays in critical approvals by the Government will limit the Guarantor's ability to take certain actions under those contracts or may cause a delay in taking such actions, which could have a material adverse effect on the Guarantor's business, results of operations and financial condition.

The Guarantor's inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate its business may have a material adverse effect on its business.

The Guarantor requires certain statutory and regulatory permits and approvals for its business. For example, laws or regulations in some countries may require it to obtain licenses or permits in order to bid for contracts or otherwise conduct its operations. In some jurisdictions, activities related to construction of its projects may be subject to the prior granting of environmental licenses or permits or to prior notification. In the future, the Guarantor will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any such permits or approvals in the time frame anticipated by the Guarantor, or at all. Failure by the Guarantor to renew, maintain or obtain the required permits or approvals may result in the interruption of its operations and may have a material adverse effect on its business, financial condition and results of operations.

Demand for natural gas may occur at a slower pace than the Guarantor's expectation, which could adversely affect the Guarantor's growth.

Over the past few years, demand for energy has risen in India along with India's economic growth. Coal has been the dominant fuel in the Indian energy sector, representing 53.0% of the total primary energy consumption in 2010. Oil's share of the energy mix has remained relatively stable, representing 29.7% of the total primary energy consumption in 2010. However, gas's share has increased from 8.4% in 2008 to 10.6% in 2010, driven by the cost competitiveness of gas against liquid fuels and its increased availability. (Source: BP Statistical Reviews — June 2010 and June 2011).

The rate of growth of India's economy and of the demand for energy in India may not be as high as the Guarantor anticipates and may not be sustainable in the long term. During periods of robust economic growth, energy demand may grow at rates as great as, or even greater than, that of the gross domestic product ("GDP"). On the other hand, during periods of slow growth, such demand may exhibit slow or even negative growth.

In addition, the Guarantor's expansion of natural gas production in India is currently constrained by a lack of natural gas transmission and supply infrastructure and an underdeveloped natural gas market. Development of the natural gas market depends on the establishment of long-term natural gas supply contracts with natural gas consumers, the construction of transmission and supply pipelines and other infrastructure, and growth in demand from large end users. In the event that there is no significant price differential between natural gas and existing fuel sources, new major industrial customers may be reluctant to incur the capital expenditure required to convert to natural gas.

The Guarantor may have some limited activities with persons and/or entities from certain countries that are the subject of economic embargoes and/or sanctions.

The Guarantor does not have any investment in any of the countries that are currently the subject of any international economic embargoes and/or sanctions or any sanctions administered by the US Department of the Treasury's Office of Foreign Assets Control (collectively, "Sanctions"). The Guarantor may have some limited activities with persons and/or entities from certain countries that are the subject of Sanctions but, even if such activities exist, they are not significant in the context of the Guarantor's financial conditions and results of operations.

There can be no assurance however that persons and/or entities with whom the Guarantor may engage in transactions in the future will not become the subject of Sanctions or that the countries with which the Guarantor currently may have some limited activities will not be the subject of further and more restrictive Sanctions in the future. In addition, there can be no assurance that Sanctions will not be imposed on other countries, persons, or entities with which the Guarantor currently operates or may in the future operate.

Some of the Guarantor's international interests are located in politically and economically unstable areas, which create security risks that may disrupt its operations.

The Guarantor is the operator or has interests in assets located in Kurdistan (Iraq) and Yemen, and as a result, it is subject to the jurisdiction of their respective governments and judicial systems. These countries and regions have experienced instability in the recent past, or may experience instability in the future, which may have an adverse effect on the Guarantor's operations within these countries and regions. The Guarantor may also acquire new exploration or production acreage in these or other countries and regions that are subject to instability or have underdeveloped infrastructure to support the Guarantor's operations, as compared to India. The oil and gas industry has, in the past, been subjected to regulation and intervention by governments around the world, including in the countries and regions in which the Guarantor operates, relating to matters such as environmental protection, controls, restrictions on production and trade, and potentially, nationalization, expropriation or cancellation of contract rights, as well as restrictions imposed by other governments on entities conducting business in such countries and regions. In the event that such adverse events, which are beyond the Guarantor's control, occur in the areas of its operations overseas, contractual provisions and bilateral agreements between countries may not be sufficient to safeguard the Guarantor's interests and its operations in those areas may be adversely affected.

The Guarantor operates internationally and expects to continue to expand its international activities, making it increasingly susceptible to political and economic conditions outside India.

The Guarantor derives a significant portion of its revenues from sales outside India. In the fiscal years ended March 31, 2011, 2010 and 2009, the Guarantor's export sales (including deemed exports) constituted 57%, 55% and 61%, respectively, of its turnover. The Guarantor's financial condition and results of operations are expected to be increasingly affected by international and local political, economic and operating conditions in or affecting countries where it operates, transacts business or has interests.

The Guarantor's ability to sell gas and/or receive market prices may be adversely affected by pipeline capacity constraints and various transportation interruptions.

The Guarantor's ability to exploit, in a cost-effective manner, any reserves discovered will depend upon, among other things, the availability of necessary infrastructure to transport oil and gas to potential buyers at commercially acceptable prices. Oil is usually transported by pipelines to refineries, and gas is usually transported by pipelines to processing plants and end users. Although the Guarantor has allocated capacity in dedicated pipelines and other associated infrastructure for transportation of gas, there can be no assurance that the Guarantor will be successful in its efforts to arrange suitable infrastructure for cost-effective transportation of its gas and oil production.

The Guarantor is dependent on dedicated service providers for certain of its key operational requirements, such as power, port and marine infrastructure, as well as storage and transportation at its principal facilities.

The Guarantor is currently dependent on certain service providers for each of the specialized services such as power, port and marine infrastructure (including the provision of single point mooring for movement of crude oil and refined products between storage tanks and transportation vessels) as well as transportation and logistics infrastructure required for its refinery and petrochemical plants.

The Guarantor's ability to continue to use the port and related facilities at Jamnagar, through which the Guarantor receives crude oil and evacuates petroleum and petrochemical products, is critical to the Guarantor's business. The Guarantor is also dependent on the pipelines from Vadinar to Kandla, and from Kandla to North West India, as well as rail and road links for the transportation of the Guarantor's liquid products. Any damage to or blockage at these facilities could interrupt the supply of crude oil and the evacuation of the Guarantor's petroleum products. Such damage or blockage could result from a variety of factors, including natural disasters, ship accidents, deliberate attacks on pipelines or operating problems.

If one or more of such events were to occur, it could have a material adverse effect on the Guarantor's business, financial condition and results of operations, including the temporary or permanent cessation of certain operations.

The Guarantor is dependent on the continued operation of a single pipeline to transport substantial portions of the Guarantor's gas produced from KG-D6.

The Guarantor has based its estimated production forecast from KG-D6 on the assumption that the transmission pipeline infrastructure with sufficient capacity will continue to be available. KG-D6 gas customers have entered into a gas transmission agreement with Reliance Gas Transportation Infrastructure Limited ("RGTIL") to use its pipeline to transport gas from the east coast of Andhra Pradesh to Gujarat, where a substantial portion of gas production from KG-D6 is sold. RGTIL's pipeline will require regular upgrades and maintenance to remain operational. Additionally, the pipeline traverses difficult terrain and could be subject to acts of destruction resulting from insurgency, terrorism and civil strife in the regions through which it passes. In the event of an interruption, the Guarantor may need to use other third-party pipelines, which may have a limited capacity to accommodate the Guarantor's projected gas production volumes. Therefore, a significant interruption in gas transportation infrastructure may have an adverse effect on the Guarantor's business, financial condition and results of operations.

Recovery of the Guarantor's costs incurred toward exploration, development and production are subject to Government approval.

Under the NELP PSC and the Panna-Mukta and Tapti PSCs (to which the Guarantor is a party), the Guarantor may recover all costs incurred towards exploration, development and production of oil and gas from petroleum produced from the blocks, before sharing profits among the parties to the PSC. These costs may be recovered subject to approval from a Management Committee constituted under the PSC. There can be no assurance, however, that the Management Committee will allow the Guarantor to recover any or all of its incurred costs.

In 2010, the Comptroller and Auditor General of India ("CAG"), at the request of the Government, conducted a special audit for the blocks KG-D6, Panna-Mukta and Tapti for the financial years 2006-07 and 2007-08. In June and July 2011, the Director General of Hydrocarbons ("DGH") shared with the Guarantor the audit observations made by CAG in their draft audit report. The Guarantor has made detailed responses to all of these observations. The CAG tabled its final report before the Parliament on September 8, 2011. The final report submitted by the CAG contains findings, which suggest that the terms of PSC were contravened by the Government and the partners to the PSCs. Following the tabling of the final report by the CAG, the Government may conduct further inquiries or take other actions in respect of the matters contemplated by or discussed in the CAG audit report, including denying recovery of the Guarantor's incurred costs.

On November 23, 2011, the Guarantor served an arbitration notice on the Government seeking to resolve a dispute relating to the PSC with respect to the KG-D6 block.

On January 25, 2012, the Government notified the Guarantor that in its view the notice issued by the Guarantor is premature as there is no dispute that has arisen under the PSC. In its response to the Government on February 2, 2012, the Guarantor reiterated its contentions in the arbitration notice and stated that there had been a failure on the part of the Government to appoint a second arbitrator.

Any failure to recover such costs or the imposition of other remedies may have a material adverse effect on the Guarantor's business, results of operations and financial condition. For an update on the Guarantor's cost recovery under the PSC for KG-D6, see "Summary — Recent Developments — Arbitration with the Government regarding the KG-D6 PSC".

The cyclicality and overcapacity of the global petrochemicals industry may impact the Guarantor's business, results of operations and financial condition.

The global petrochemicals industry is highly cyclical and volatile due to the nature of the supply-demand balance. The industry historically has experienced alternating periods of inadequate capacity and tight supply, causing prices and profit margins to increase, followed by periods when substantial capacity is added, resulting in oversupply, declining capacity utilization rates and declining prices and profit margins.

Currently, there is overcapacity in the global petrochemicals industry, as a number of the Guarantor's competitors in various segments have added capacity. There can be no assurance that future growth in product demand will be sufficient to utilize current or additional capacity. The global economic and political environment continues to be uncertain, contributing to low industry operating rates, adding to the volatility of raw material and energy costs, and forestalling the industry's recovery from difficult conditions, all of which may place pressure on the Guarantor's results of operations. As a result of excess industry capacity and weak demand for products, as well as rising energy costs and raw material prices, the Guarantor's operating income may decline or be volatile.

The Guarantor announced a strategic partnership with BP aimed at leveraging each partners' mutual strengths to develop the Oil and Gas business. Any failure to realize significant benefits from the partnership may impact the Guarantor's Oil and Gas business, results of operations and financial condition.

The Guarantor announced a strategic partnership with BP in its Oil and Gas business in February 2011. The partnership is expected to combine BP's world-class deepwater exploration and development capabilities with the Guarantor's project management and operations expertise for accelerated growth of the Guarantor's Oil and Gas business in the future. The Guarantor has received the necessary Indian regulatory approvals for the transfer of 30% interest in 21 oil and gas production sharing contracts, and the transaction was completed on August 30, 2011. The Guarantor is pursuing the necessary Indian regulatory approvals for the remaining two oil and gas production sharing contracts, but there can be no assurance that the required approvals for the remaining two blocks will be received as initially envisaged. Although the Guarantor and BP have completed the transaction in respect of 21 oil and gas production sharing contracts, there can be no assurance that the partnership will be able to achieve significant benefits as initially envisaged, or at all. Any failure to realize significant benefits from the partnership may impact the Guarantor's Oil and Gas business, results of operations and financial condition.

The Guarantor may invest significant amounts in new ventures, and it may be difficult to assess the timing and quantum of likely returns.

The Guarantor from time to time seeks to diversify its operations through new growth initiatives, organic growth opportunities as well as acquisitions, both in India and overseas. For example, the Guarantor, through a subsidiary, has recently established a retail network of supermarkets, convenience stores and other retail outlets throughout India. It has also invested in Infotel Broadband Services Limited, which has emerged as a successful bidder in the Indian auction of the Broadband Wireless Access spectrum conducted by the Department of Telecommunications, Government of India ("DoT"). In November 2011, Reliance Industrial Investments and Holdings Ltd. (RIIHL), which is an associate of the Guarantor, executed an agreement with the D.E. Shaw Group to enter into stock broking and trading activities. The Guarantor may also consider expansion into other growth areas in the future.

New ventures may require significant investments by the Guarantor, including by way of debt and equity contributions to subsidiaries or affiliated companies. Such subsidiaries or affiliated companies may also incur significant debt that could affect the Guarantor's total consolidated indebtedness. There can be no assurances as to the timing and amount of any returns that the Guarantor may receive on its investments in organized retail or broadband wireless or any other new sectors in which the Guarantor enters or attempts to enter.

The Guarantor has made and may continue to make certain capital investments, loans, advances and other commitments to support certain of its subsidiaries, associates and joint ventures. These investments and commitments have included capital contributions to enhance the financial condition or liquidity position of the subsidiaries of the Guarantor, its associates and joint ventures. If the business and operations of these subsidiaries, associates or joint ventures deteriorate, the Guarantor may be required to write down or write off investments or make further capital injections. Additionally, certain loans or advances may not be repaid or may need to be restructured, or the Guarantor may be required to outlay capital under the Guarantor's commitments to support such companies.

The Guarantor is subject to risks arising from interest rate fluctuations, which could adversely affect its business, results of operations and financial condition.

The Guarantor borrows funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for its operations and funding its growth initiatives. A majority of the Guarantor's borrowings are floating rate debt and hence are exposed to interest rate risk on such floating rate debt. Upward fluctuations in interest rates may increase the cost of any floating rate debt that the Guarantor incurs. In addition, the interest rate that the Guarantor will be able to secure in any future debt financing will depend on market conditions at the time, and may differ from the rates on its existing debt. If the interest rates are high when the Guarantor needs to access the markets for additional debt financing, the Guarantor's results of operations, planned capital expenditures and cash flows may be adversely affected.

The Guarantor has incurred significant indebtedness, and the Guarantor must service this debt and comply with its covenants to avoid refinancing risk.

The Guarantor has incurred significant indebtedness in connection with the Guarantor's operations and has indebtedness that is substantial in relation to the Guarantor's shareholders' equity. As of December 31, 2011, the Guarantor's long-term indebtedness was approximately Rs. 606 billion (December 31, 2010: Rs. 553 billion). Furthermore, the Guarantor may incur additional indebtedness in the future, including indebtedness incurred to fund capital contributions to its subsidiaries, subject to limitations imposed by the Guarantor's financing arrangements and applicable law. Although the Guarantor believes that its current levels of cash flows from operations and working capital borrowings are sufficient to service existing debt, the Guarantor may not be able to generate sufficient cash flow from operations in the future and future working capital borrowings may not be available in an amount sufficient to enable the Guarantor to do so.

In addition, certain of the Guarantor's loan agreements contain covenants, which restrict certain activities and require the Guarantor to obtain lenders' consent before, among other things, undertaking new projects, declaring dividends in the event of any non-payment under the respective relevant agreements and making certain investments beyond certain thresholds. These agreements also allow those lenders to sell assets of a certain value in the event of non-payment of their dues. Such provisions are standard in loan agreements with Indian lenders and are imposed on Indian borrowers, including the Guarantor, with little or no variation.

The Guarantor's loan agreements also require it to maintain certain financial ratios. If the Guarantor is in breach of any financial or other covenants contained in any of its financing agreements, it may be required to immediately repay its borrowings either in whole or in part, together with any related costs. The Guarantor may be forced to sell some or all of the assets in its portfolio if it does not have sufficient cash or credit facilities to make repayments. Furthermore, the Guarantor's financing arrangements may contain cross-default provisions, which could automatically trigger defaults under other financing arrangements, in turn magnifying the effect of an individual default.

The Guarantor's failure to comply with any of the covenants contained in the Guarantor's financing arrangements could result in a default thereunder, which would permit the acceleration of the maturity of the indebtedness under such agreements and, if the Guarantor is unable to refinance in a timely fashion or on acceptable terms, would have a material adverse effect on the Guarantor's business, financial condition and results of operations.

A failure of the Guarantor's internal controls over financial reporting may have an adverse effect on the Guarantor's business and results of operations.

The Guarantor's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Guarantor's financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit the Guarantor's ability to report its financial results accurately and in a timely manner, or to detect and prevent fraud.

Failure to effectively manage acquisitions that the Guarantor makes may adversely impact the Guarantor's growth and profitability.

The Guarantor has made acquisitions of assets in recent years and continues to evaluate merger and acquisition opportunities as part of its growth strategy and may commit itself to mergers or acquisitions in the future if suitable opportunities arise. These may require significant investments, which may not result in favorable returns. Acquisitions involve additional risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed;
- integration and management of the operations and systems;
- retention of select personnel;
- co-ordination of sales and marketing efforts; and
- diversion of management's attention from other ongoing business concerns.

If the Guarantor is unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, its growth plans may not be met and the Guarantor's cash generation and profitability may decline.

The Guarantor is involved in certain legal proceedings that, if determined against it, could have an adverse effect on its business, results of operations, financial condition and cash flows.

The Guarantor is involved, and may in the future be involved, in a number of legal and regulatory proceedings that, if determined against it, could have an adverse effect on its business, results of operations, financial condition and cash flows.

A number of legal proceedings in which the Guarantor is involved relate primarily to the Guarantor's ordinary course of business. The Guarantor is also subject to claims against it arising from securities regulation, excise duty, sales tax, service tax, income tax and other disputed demands. See "Business of the Guarantor — Litigation".

The Guarantor's ability to operate its business effectively could be impaired if it fails to attract and retain key personnel.

The Guarantor's ability to operate its business and implement its strategies depends, in part, on the continued contributions of the Guarantor's executive officers and other key employees. The loss of any of the Guarantor's key senior executives could have an adverse effect on the Guarantor's business unless and until a replacement is found. A limited number of persons exist with the requisite experience and skills to serve in the Guarantor's senior management positions. The Guarantor may not be able to locate or employ qualified executives on acceptable terms. In addition, the Guarantor believes that its future success will depend on its continued ability to attract and retain highly skilled personnel with experience in the key business areas of the Guarantor. Competition for these persons is intense and the Guarantor may not be able to successfully recruit, train or retain qualified managerial personnel.

There can be no assurance that the Guarantor will attract and retain skilled and experienced employees, and should the Guarantor fail to do so, or lose any of its key personnel, its business and growth prospects may be harmed and its results of operations and financial condition could be adversely affected.

Changes in the exchange rate between the US Dollar and the rupee may have a negative impact on the Guarantor's results of operations and financial condition.

Most of the Guarantor's revenue and costs are either linked to or denominated in US Dollars. The Guarantor maintains its accounts and reports its financial results in rupees. Further, the Guarantor makes substantial purchases of services and equipment in foreign currencies and the prices of oil and gas are linked to the international prices of such products, which are traditionally denominated in US Dollars. As such, the Guarantor is exposed to risks relating to exchange rate fluctuations, particularly US Dollars. The Guarantor uses various derivative instruments to manage the risks arising from fluctuations in exchange rates and interest rates. The Guarantor's total nominal amount of outstanding derivative instruments as at March 31, 2011 was US$22.1 billion (converted at the exchange rate of US$1.00 = Rs. 44.595), arising from hedging transactions undertaken by it for its foreign currency and interest-related exposures. See "Operating and Financial Review of the Guarantor — Factors Affecting Results of Operations" and "Operating and Financial Review of the Guarantor — Market Risk — Exchange Rate Risk". Unfavorable fluctuations in exchange rates, particularly between the US Dollar and the rupee, could have an adverse effect on the Guarantor's cash flows, results of operations and future financial performance.

Risks Relating to the Issuer

In addition to the risks described under "— Risks Relating to the Guarantor's Business", several of which are relevant to the Issuer as well, the Issuer is subject to the following additional risks. Certain of the risk factors described below relate to the Issuer's operations conducted through its subsidiaries and/or joint ventures.

Cyclical downturns in the oil and gas industry may adversely affect the Issuer's margins and operating results.

The Issuer depends almost entirely on production and sale of natural gas, condensate and other liquids for its revenues. Historically, the prices of natural gas, crude oil, condensate and other liquids have been cyclical and sensitive to relative changes in supply and demand, availability of feedstock and general economic conditions. The availability and costs of drilling and hydraulic fracturing (fracking) services as well as other services associated with drilling, development and completion of shale gas assets for production and sale of natural gas, condensate and other liquids have significant bearing on the gross margins and profitability of shale gas operations. These movements are beyond the control of the Issuer, and the Issuer cannot assure that the market conditions shall be favorable to its business operations at any time or at all. Any cyclical downturn leading to adverse market trends in prices of natural gas, crude oil, condensate and other liquids and/or costs of feedstocks and services associated with drilling, development and completion of shale gas development operations may have a material adverse effect on the Issuer's business, operational performance and financial condition.

The Issuer has no experience in the development of shale plays in the US and is aiming to build its management and organizational capability in a very competitive market.

The Issuer, through its subsidiaries, is developing shale plays in the United States and has the right to become the development operator for certain portions of the joint venture acreages in the future. The Issuer does not have any hands-on experience in operating shale plays in the United States. The Issuer is seeking to build organically the management and organizational capability to become a successful developer and operator of shale plays in the United States and also effectively manage its joint venture operations. The Issuer's ability to do so may be adversely impacted by events outside its control such as competition in the market for experienced and high-quality human resources with relevant experience in the United States. Any delays or any failure in its efforts to build organizational capability to successfully manage its joint ventures and/or develop and operate United States shale plays by exercising its right to become operator in portions of the joint venture acreages may have a significant adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer has no experience in drilling wells in the shale plays, and wells drilled in the shale plays may be deeper, more expensive and more susceptible to mechanical problems in drilling and completing than wells in the other areas.

None of the subsidiaries of the Issuer are currently the development operators in their respective joint ventures, but they each have the right to become the development operator in the future. The Issuer has no experience in drilling development wells in the shale plays. Other operators in the Marcellus and Eagle Ford Shale plays in the United States also have limited experience in drilling wells in the shale plays. As a result, the Issuer has much less information with respect to the ultimate recoverable reserves and the production decline rate in the shale plays than it has in its other areas of operation. In addition, the wells to be drilled in the shale plays are typically drilled deeper than in other areas, which makes the shale wells more expensive to drill and complete. The wells may also be more susceptible to mechanical problems associated with the drilling and completion of the wells, such as casing collapse and lost equipment in the wellbore. In addition, the fracturing of the shale plays may be more extensive and complicated than fracturing the geological formations in other areas and requires greater volumes of water than conventional gas wells. The management of water and the treatment of produced water from shale wells may be more costly than the management of produced water from other geologic formations. Any of the foregoing may have an adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's identified Marcellus and Eagle Ford Shale drilling location inventories are susceptible to uncertainties that could materially alter the occurrence or timing of the drilling activities, which may result in lower cash from operations.

The Issuer's joint venture partners have identified and scheduled drilling locations in their existing Marcellus and Eagle Ford Shale acreages. The ability to drill and develop these locations depends on a number of factors, including the availability of capital, seasonal conditions, regulatory approvals, availability of drilling and fracking related services, availability of midstream infrastructure, natural gas prices, costs and drilling results. Because of these uncertainties, the Issuer does not know if the numerous Marcellus Shale or Eagle Ford Shale drilling locations will be drilled within the expected time frame or will ever be drilled, or if the Issuer will be able to produce natural gas from these or any other potential drilling locations in anticipated quantities. As such, the Issuer's actual production from Marcellus Shale and Eagle Ford Shale wells may materially differ from the anticipated production from these wells.

The Issuer has acquired rights and interests in certain leases for drilling and development activities in each of its joint ventures. Any title defects in these leases may have an adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer has acquired rights and interests in certain leases for drilling and development activities as part of its joint venture transactions and has made significant capital investments toward acquiring these rights and interests. The Issuer is currently reviewing and confirming that it holds a valid and clear title to these leases. The Issuer cannot guarantee, however, that the rights acquired through the joint venture transactions conferred upon it a valid and clear title to these leases, which in turn may affect its right to undertake oil and gas development in the areas governed by those leases. Although the joint venture agreements provide for the curing of any title defects identified in the title review process, the Issuer cannot guarantee that it has, or will have, valid or clear title to these leases. Any title defects in these leases could be costly to remedy, and if in these circumstances the Issuer fails to secure a valid or clear title from the joint venture partner, the value of the Issuer's investments in these leases may be significantly eroded, which in turn may have an adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's development and exploratory drilling efforts and well operations may not be profitable or achieve the targeted returns.

The Issuer has acquired significant amounts of unproved property in order to further its development efforts. Development and exploratory drilling and production activities are subject to many risks, including the risk that no commercially productive reservoirs will be discovered. The Issuer acquires unproved properties and leases undeveloped acreage that it believes will enhance its growth potential and increase its earnings over time. However, the Issuer cannot assure investors that all prospects will be economically viable or that it will not abandon its initial investments. Additionally, there can be no assurance that unproved property acquired by the Issuer or undeveloped acreage leased by it will be profitably developed, that new wells drilled by the Issuer in prospects that it pursues will be productive, or that it will recover all or any portion of its investment in such unproved property or wells.

Drilling for natural gas and oil may involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient commercial quantities to cover the drilling, operating and other costs. The cost of drilling, completing and operating a well is often uncertain, and many factors can adversely affect the economics of a well or property. Drilling operations may be curtailed, delayed or cancelled as a result of unexpected drilling conditions, equipment failures or accidents, shortages of equipment or personnel, environmental issues and for other reasons. In addition, wells that are profitable may not meet the Issuer's internal return targets, which are dependent upon the current and future market prices for natural gas, condensate and crude oil, costs associated with producing natural gas and oil and the Issuer's ability to add reserves at an acceptable cost.

The Issuer relies to a significant extent on seismic data and other advanced technologies in identifying unproved property prospects and in conducting its exploration activities. The seismic data and other technologies the Issuer uses do not allow it to know conclusively, prior to drilling a well, whether natural gas or oil is present or may be extracted economically. The use of seismic data and other technologies also requires greater pre-drilling expenditures than traditional drilling strategies. Drilling results in the Issuer's shale plays may be more uncertain than in shale plays that are more developed and have longer established production histories, and the Issuer can provide no assurance that drilling and completion techniques that have proven to be successful in other shale formations to maximize recoveries will be ultimately successful when used in new shale formations.

Certain of the Issuer's undeveloped leasehold assets are subject to leases that will expire over the next several years unless production is established on units containing the acreage.

In each of the Issuer's joint ventures, through its subsidiaries, the Issuer has acquired leases in the Marcellus and Eagle Ford Shale plays. A sizeable portion of this acreage is not currently under production. Unless production in paying quantities is established on units containing these leases during their terms, the leases will expire. If these leases expire and the Issuer is unable to renew the leases, it will lose its right to develop the related properties. While the Issuer intends to drill sufficient wells to hold the vast majority of its leasehold in all its major plays, its drilling plans for these areas are subject to change based upon various factors, including drilling results, natural gas and oil prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints and regulatory approvals.

The Issuer may not be able to obtain access to pipelines, gas gathering, transmission, storage and processing facilities to market its oil and gas production.

The marketing of oil and gas production depends in large part on the availability, proximity and capacity of pipelines and storage facilities, gas gathering systems and other transportation, processing and refining facilities, as well as the existence of adequate markets. If drilling in the Marcellus Shale or Eagle Ford Shale plays continues to be successful, the amount of natural gas being produced by the Issuer and others could exceed the capacity of the various gathering and intrastate or interstate transportation pipelines currently available in these areas. Because of the current economic climate, certain projects that are planned for the Marcellus and Eagle Ford Shale areas may not occur for lack of financing, or for other reasons, if there were insufficient capacity available on these systems, or if these systems were unavailable to the joint ventures, the price offered for the Issuer's share of production (related to each of its subsidiaries in the respective joint ventures) could be significantly depressed, or the Issuer or its subsidiaries could be forced to decrease production or delay or discontinue drilling plans and commercial production following a discovery of hydrocarbons while they construct their own facilities.

The Issuer also relies (and expects to rely in the future) on facilities developed and owned by third parties in order to store, process, transmit and sell its oil and gas production. The Issuer's plans to develop and sell its oil and gas reserves could be materially and adversely affected by the inability or unwillingness of third parties to provide sufficient transmission, storage or processing facilities to the Issuer, especially in areas of planned expansion where such facilities do not currently exist.

Shortages of drilling rigs, fracking and other equipment and crews could delay the Issuer's operations.

Higher natural gas and oil prices generally increase the demand for drilling rigs, fracking and other equipment as well as crews and can lead to shortages of, and increasing costs for, drilling, fracking, equipment, services and personnel. Over the past three years, global natural gas and oil companies have experienced higher drilling and operating costs. Shortages of, or increasing costs for, experienced drilling crews and oil field equipment and services could restrict the Issuer's ability to drill the wells and conduct the operations economically which it currently has planned. Any delay in the drilling of new wells or significant increase in drilling costs could reduce the Issuer's revenues.

The Issuer is subject to comprehensive federal, state, local and other laws and regulations that could increase the cost and alter the manner or feasibility of carrying the Issuer's business.

The Issuer's operations are regulated extensively at the federal, state and local levels. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon natural gas and oil wells. Under these laws and regulations, the Issuer could also be liable for personal injuries, property damage and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of the Issuer's operations and subject it to administrative, civil and criminal penalties. Moreover, public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain drilling projects.

Part of the regulatory environment in which the Issuer operates includes, in some cases, legal requirements for obtaining environmental assessments, environmental impact studies and/or plans of development before commencing drilling and production activities. In addition, the Issuer's activities are subject to regulations regarding conservation practices and protection of correlative rights. These regulations affect the Issuer's operations and limit the quantity of natural gas it may produce and sell.

A major risk inherent in the Issuer's drilling plans is the need to obtain drilling permits from state and local authorities. Delays in obtaining regulatory approvals or drilling permits, the failure to obtain a drilling permit for a well or the receipt of a permit with unreasonable conditions or costs could inhibit the Issuer's ability to develop its properties.

Additionally, the natural gas and oil regulatory environment could change in ways that might substantially increase the financial and managerial costs of compliance with these laws and regulations and, consequently, reduce the Issuer's profitability. Furthermore, the Issuer may be put at a competitive disadvantage to larger companies in its industry who can spread these additional costs over a greater number of wells and larger operating staff.

New and proposed US federal, state and local legislative and regulatory actions relating to hydraulic fracturing and greenhouse gas emissions could increase the Issuer's costs, reduce its revenue and cash flow from natural gas sales and/or reduce its liquidity.

Hydraulic fracturing involves the injection of water, sand and small amounts of chemical additives under pressure into rock formations and is an often necessary and commonly used process for the completion of natural gas, and to a lesser extent, oil, wells in formations with low permeabilities, such as shale formations. The US Congress is currently considering legislation that would provide for federal regulation of hydraulic fracturing and require disclosure of the chemicals used in the fracturing process. In addition, some state and local governments have adopted and others are considering regulations that could restrict hydraulic fracturing in certain circumstances and require additional permits or disclosure of the chemicals used in the fracturing process. Additionally, some US states and other government bodies have enacted, and others are considering, partial or full moratoriums on hydraulic fracturing activities. Moreover, the US Environmental Protection Agency, or the EPA, has commenced a study of the potential environmental impacts of hydraulic fracturing, including the impact on drinking water sources and public health, and a committee of the US House of Representatives has conducted an investigation of hydraulic fracturing practices, and a subcommittee of the Secretary of Energy Advisory Board (the "SEAB") of the U.S. Department of Energy has recommended steps to improve the safety and environmental performance of hydraulic fracturing. These and similar studies, depending on their results, could spur initiatives to regulate hydraulic fracturing under the Safe Drinking Water Act ("SDWA") or otherwise. Any laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating and compliance costs, delay the development of unconventional gas resources from shale formations which are not commercially viable without the use of hydraulic fracturing, and reduce the amount of natural gas that the Issuer is ultimately able to produce from its reserves. In addition, the availability of the information required to be disclosed by enacted and proposed legislation could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. Moreover, disclosure to third parties or to the public, even if inadvertent, of our proprietary chemical formulas could diminish the value of those operations and result in competitive harm to us, which could impact our business, financial condition and results of operations.

There are also a number of federal, state, regional and local legislative and regulatory initiatives to restrict or otherwise regulate the emission of greenhouse gases, which some believe to be contributing to climate change. These legislative and regulatory initiatives are in various phases of discussion or implementation and have resulted, or could in the future result, in a variety of regulatory programs, including regulations to require reporting of emissions or control or restrict emissions, such as the EPA's "reporting rule", "tailoring rule", taxes or other charges to deter emissions of greenhouse gases or energy efficiency requirements to reduce demand. Although it is not currently possible to predict how any such current, proposed or future greenhouse gas legislation or regulation will impact the Issuer, any such legislation or regulation of greenhouse gas emissions affecting areas in which the Issuer conducts business could result in increased compliance and operational costs, additional operating restrictions and/or reduced demand for natural gas and could have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer's drilling and production operations require adequate sources of water to facilitate the hydraulic fracturing (fracking) process and require the disposal of significant quantities of water. If the Issuer is unable to obtain or dispose of the water it uses or removes from the strata at a reasonable cost and within applicable environmental rules, its ability to produce gas commercially and in commercial quantities could be impaired.

Much of the Issuer's natural gas extraction activity utilizes a process called hydraulic fracturing, or fracking, which requires adequate reserves of water to facilitate the fracking process, and results in water discharges that must be treated and disposed of in accordance with applicable regulatory requirements. Current or future environmental regulations governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing may increase operating costs and cause delays, interruptions or termination of operations, the extent of which cannot be predicted, all of which could have an adverse effect on the Issuer's business operations and financial condition. The Issuer's ability to remove and dispose of water will affect its production and the cost of water treatment and disposal may affect its profitability. The imposition of new environmental initiatives and regulations could include restrictions on the Issuer's ability to conduct hydraulic fracturing or dispose of produced water, drilling fluids and other substances associated with the exploration, development and production of gas and oil.

The Issuer may incur significant costs and liabilities in the future resulting from a failure to comply with new or existing environmental laws and regulations or an accidental release of hazardous substances into the environment.

The operations of the Issuer's wells and other facilities are subject to stringent and complex foreign, federal, state and local environmental laws and regulations. These include, for example:

- the federal Clean Air Act and comparable state laws and regulations that impose obligations related to air emissions;
- the federal Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;
- the Resource Conservation and Recovery Act ("RCRA") and comparable state laws and regulations that impose requirements for the handling and disposal of waste, including produced waters, from the Issuer's facilities; and
- the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and comparable state laws and regulations that regulate the clean up of hazardous substances that may have been released at properties currently or previously owned, leased or operated by the Issuer or at locations to which it has sent waste for disposal.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of liabilities related to remedial requirements or other damages and the issuance of orders enjoining future operations. Certain environmental statutes, including RCRA, CERCLA, the federal Oil Pollution Act and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released. Moreover, neighboring landowners and other third parties may file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

There is an inherent risk that the Issuer may incur environmental costs and liabilities due to the nature of its business and the substances it handles. For example, an accidental release from one of the Issuer's wells could subject it to substantial liabilities arising from environmental clean up and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property and natural resource damage, and fines or penalties for violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies may be enacted or adopted and could significantly increase the Issuer's compliance costs and the cost of any remediation that may become necessary. The Issuer may not be able to recover remediation costs under its insurance policies.

The Issuer's drilling carry commitments and its share of capital expenditure for the proposed development plan add up to substantial amounts.

Based on the joint venture agreements signed by the Issuer's subsidiaries, the Issuer is required to make capital contributions towards its subsidiaries' share of capital expenditure for the proposed development plan and also fund drilling carry commitments agreed to between its subsidiaries and their respective partners as part of the joint venture agreements. These capital commitments are substantial and will require the Issuer to mobilize significant resources to fund them. These capital commitments are expected to be funded through cash from operations and raising of new financing. The Issuer cannot guarantee that the cash from operations will be sufficient and that it will be able to raise the new financing required to meet these commitments in a timely manner, which could have a significant adverse impact on the Issuer's business, financial condition and results of operations.

The Issuer may need additional capital for pursuing other growth or acquisition opportunities in the United States.

The Issuer may pursue opportunities for further growth in the shale gas or unconventional energy or any other growth opportunities identified by the Guarantor. Such acquisition of new assets may be dependent upon the Issuer's ability to obtain suitable financing. There can be no assurance that such funding will be available, and if such funding is made available, that it will be offered on economical terms. Even if the Issuer succeeds in raising the required resources, such an effort may materially alter the risk profile of the Issuer and in turn have an adverse effect on its business, financial condition and results of operations.

The Issuer's investments in joint ventures may reduce its degree of control as well as the ability to identify and manage risks.

All of the Issuer's shale gas projects and operations are currently conducted through joint ventures, such as its joint ventures with Atlas (now Chevron AE Resources LLC), Pioneer and Carrizo to develop positions in the Marcellus and Eagle Ford Shale plays. In certain cases, the Issuer may have limited influence over, and control of, the performance and cost of operations in which it holds an equity interest. Additionally, the partners or members of a joint venture or associated company may not be able to meet their financial or other obligations to the projects, threatening the viability of a particular project and/or imposing a greater than expected burden on the Issuer, which could have an adverse effect on its business, financial condition and results of operations.

Risks Relating to India

Most of the Guarantor's plants are located in India, and approximately 43% of its turnover for the fiscal year ended March 31, 2011 was derived from the Indian domestic market (year ended March 31, 2010: 45%). Consequently, the Guarantor's performance is significantly influenced by the political and economic situation and governmental policies in India.

A significant change in the Government's economic liberalization and deregulation policies could adversely affect general business and economic conditions in India and the Guarantor's business.

Since 1991, the Government has pursued policies of economic liberalization, including significant relaxations of restrictions on the private sector. Nevertheless, the Government continues to exercise a dominant influence over many aspects of the economy, and its economic policies have had and continue to have a significant effect on private-sector entities, including the Guarantor.

India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government and the state governments in the Indian economy and the effect on producers, consumers, service providers and regulators have remained significant over the years. The Government has in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange.

In the 1990s, as India's reliance on oil imports increased, the Government embarked on a series of reforms aimed at reducing India's dependence on oil and gas imports, deregulating the oil and gas industry, improving efficiency and encouraging private and foreign investment. Measures included opening the refining segment to private investment, permitting the sale of limited amounts of LPG and kerosene by private entities outside of the state-owned distribution channels, and allowing foreign oil companies to enter the domestic lubricant market.

The Government continues to exercise substantial control over the growth of the industry, for example, by awarding blocks in the NELP rounds. Although the Guarantor has been successful in obtaining interests in blocks in these rounds in the past, there can be no assurance that it will continue to be successful. Further, through the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas, the Government plays an important role in the management of oil and gas fields and is required to approve all major decisions relating to the blocks. The Government's involvement may result in delays in achieving, or otherwise frustrate the achievement of, certain exploration, development and production targets owing to political and other factors beyond the Guarantor's control. In addition, the Government plays an important commercial role in the execution of exploration, development and production activities in India, in particular through Government-controlled companies.

Although the current Government has continued India's economic liberalization and deregulation programs, there can be no assurances that these liberalization policies will continue in the future. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India in general as well as the Guarantor's business and the Guarantor's future financial performance.

A change in the Government's policy on tariffs, direct and indirect taxation and fiscal or other incentives could adversely affect the Guarantor's business.

In the nine months ended December 31, 2011, approximately 37.8% of the Guarantor's turnover was derived from domestic activities (nine months ended December 31, 2010: 44.9%).

The Guarantor's profitability is significantly affected by the differential between import tariffs currently imposed by the Government on crude oil, which is the Guarantor's most significant raw material, and tariffs currently imposed on products that the Guarantor produces and sells in India. Increases in import tariffs on crude oil or decreases in import tariffs on products the Guarantor sells in India could have a material adverse effect on the Guarantor's business, financial condition and results of operations. There can be no assurance that there will not be a significant change in government policy in India that would adversely affect the Guarantor's financial condition and results of operations.

The Guarantor's profitability is also significantly dependent on the policies of the central and state governments in India relating to various direct and indirect taxes (including sales tax, service tax and income tax), duties and levies (including excise duties and import duties) and fiscal or other incentives related to the Special Economic Zone ("SEZ"), where the Jamnagar Refinery II and the SEZ Polypropylene Facility are located. Any change in policies relating to such taxes, duties or incentives could adversely affect the Guarantor's profitability.

A prolonged slowdown in economic growth in India or financial instability in other countries could cause the Guarantor's business to suffer.

The current slowdown in the Indian economy could adversely affect the Guarantor's business and its lenders and contractual counterparties, especially if such a slowdown were to be prolonged. The growth rate of India's GDP, which was 9.0% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 6.8% during fiscal 2009 and was 8.0% and 8.5% during fiscal years 2010 and 2011, respectively. Notwithstanding the RBI's policy initiatives, the course of market interest rates continues to be uncertain due to the high inflation, the increase in the fiscal deficit and the Government borrowing program. Any increase in inflation in the future, because of increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact the Guarantor's business.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Terrorist attacks, civil disturbances and regional conflicts in South Asia may have a material adverse effect on the Guarantor's business.

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighboring countries. There have been continuing tensions between India and Pakistan over the states of Jammu and Kashmir. From May to July 1999, there were armed conflicts over parts of Kashmir involving the Indian army, resulting in a heightened state of hostilities, with significant loss of life and troop conflicts. Isolated troop conflicts and terrorist attacks continue to take place in such regions. The potential for hostilities between India and Pakistan could be particularly threatening because both India and Pakistan are nuclear powers. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Guarantor's business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past.

Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse affect on the Guarantor's business, results of operations and financial condition. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Notes. India has witnessed localized terrorist attacks recently, including the terrorist attacks in Mumbai in 2008 and 2011, as well as in New Delhi in 2011. Such incidents could also create an increased perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Guarantor's business.

Natural calamities and health epidemics could adversely affect the Indian economy.

India has experienced natural calamities, such as earthquakes, floods and drought in recent years, including the tsunami that struck the coasts of India and other Asian countries in December 2004, the severe flooding in Mumbai in July 2005 and the earthquake that struck India in April 2006. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect the Guarantor's business, and may damage or destroy the Guarantor's facilities or other assets. Similarly, global or regional climate change or natural calamities in other countries where the Guarantor operates could affect the economies of those countries.

Since April 2009, there have been outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world, including India and several other countries in which the Guarantor operates. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect the Guarantor's business.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Notes.

As of December 31, 2011, India's sovereign rating was Baa3 (Moody's), BBB- (S&P) and BBB- (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Guarantor's ratings, terms on which the Guarantor is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on the Guarantor's capital expenditure plans, business and financial performance, and the trading price of the Notes. See "— Risks Relating to the Notes and Guarantees — The rating of the Notes may be lowered or withdrawn depending on some factors, including the rating agency's assessment of the Guarantor's financial strength and Indian sovereign risk".

Investors may not be able to enforce a judgment of a foreign court against the Guarantor or its management, except by way of a suit in India on such judgment.

The Guarantor is a public limited company incorporated under the laws of India. Substantially all of its directors and key management personnel reside in India and all or a substantial portion of the assets of the Guarantor and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon the Guarantor, or such persons outside India, or to enforce judgments obtained against such parties outside India. Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A, but the United States has not been so declared. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

There may be less company information available in the Indian securities market than in securities markets in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, and that of markets and market participants in the United States and other more developed economies. The Securities and Exchange Board of India ("SEBI") is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed economies.

As a result, investors may have access to less information about the business, results of operations and financial condition of the Guarantor and its competitors that are listed on stock exchanges in India than companies subject to reporting requirements of other more developed countries.

Indian accounting principles and audit standards differ from those which prospective investors may be familiar with in other countries.

As stated in the report of the independent auditors included in this Offering Memorandum, the Guarantor's financial statements are prepared in accordance with Indian GAAP, consistently applied during the periods stated, except as provided in such report, and no attempt has been made to reconcile any of the information given in this Offering Memorandum to any other accounting principles or to base it on any other auditing standards. Indian GAAP differs in certain respects from US GAAP and IFRS. For a discussion of certain significant differences between Indian GAAP and US GAAP, see "Description of Certain Differences Between Indian GAAP and US GAAP".

The mandatory adoption of IFRS may have a material adverse effect on the Guarantor's results of operations.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, had announced a road map for the adoption of and convergence with the IFRS, pursuant to which some public companies in India were to be required to prepare their annual and interim financial statements under Indian GAAP converged with IFRS.

On March 3, 2011, the Central Government in consultation with National Advisory Committee on Accounting Standards ("NACAS"), prescribed accounting standards converged with IFRS, called Indian Accounting Standards (Ind-ASs) to be applied by certain classes of companies from a date which is yet to be notified. The Guarantor shall be covered in the first phase of convergence. However, in view of significant lack of clarity on the date of adoption, the Guarantor has not determined with any degree of certainty, the impact that such adoption will have on its financial reporting.

There can be no assurance that the Guarantor's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As the Guarantor transitions to IFRS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. There can be no assurance that the Guarantor's adoption of IFRS and any failure to successfully adopt IFRS will not have a material adverse effect on the Guarantor's reported results of operations and financial condition.

Risks Relating to the Notes and Guarantees

Investors' right to receive payments on the Guarantees is junior to certain tax and other liabilities preferred by law.

The Guarantees will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes and certain liabilities incurred in the ordinary course of the Guarantor's business (including workers' dues), will rank *pari passu* with the Guarantor's other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. Indian laws relating to the Guarantees and to the enforcement thereof may differ, in some cases significantly, from the laws in other jurisdictions. Upon an order for a company's winding-up in India, its assets are vested in a liquidator that has wide powers to liquidate such company to pay its debt and administrative expenses. In such event, the Guarantees may not be deemed to rank senior in right of payment to any future subordinated indebtedness of the Guarantor and, as such, Noteholders may not receive any recovery on the Guarantees.

The Notes do not restrict the Issuer's or the Guarantor's ability to incur additional debt, repurchase the Notes or to take other actions that could negatively impact holders of the Notes.

Neither the Issuer nor the Guarantor is restricted under the terms of the Notes from incurring additional debt, including secured debt, or from repurchasing the Notes except as described under "Description of the Notes and Guarantees — Certain Covenants — Negative Pledge". In addition, the covenants applicable to the Notes do not require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to their respective financial positions or results of operations. The Issuer's ability to recapitalize, incur additional debt and take other actions that are not limited by the terms of the Notes could have the effect of diminishing the Issuer's ability to make payments on the Notes when due or the Guarantor's ability to make payments on the Guarantees, if required.

In addition, the subsidiaries of the Guarantor are not restricted from incurring indebtedness under the terms of the Notes and have existing indebtedness outstanding. Accordingly, the claims of holders of the Notes or the Guarantees will be structurally subordinated to the claims of such creditors on the assets of such subsidiaries. As of December 31, 2011, the Guarantor had secured debt of Rs. 101,532 million or US$1.9 billion (converted at the exchange rate of US$1.00 = Rs. 53.105).

An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited.

The Notes are new securities and the Existing Notes that will be fungible with and form a single series with the Notes being issued pursuant to this Offering Memorandum were just recently listed. Prior to this offering there has been no trading market in the Notes being issued pursuant to this Offering Memorandum. If the Notes are traded after they are issued, they may trade at a discount from their initial offering price. Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the Singapore Exchange, but there is no assurance that such approval will be granted. The liquidity of any market for the Notes will depend on a number of factors, including general economic conditions and the Issuer's and the Guarantor's own financial condition, performance and prospects, as well as recommendations of securities analysts. The Issuer has been informed by the Initial Purchasers that they currently intend to make a market in the Notes after the Issuer has completed this offering. However, the Initial Purchasers are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, market-making activity by the Initial Purchasers' affiliates may be subject to limits imposed by applicable law. As a result, neither the Issuer nor the Guarantor can assure you that any market in the Notes will develop or, if it does develop, that it will be maintained. If an active market in the Notes fails to develop or to be sustained, you may not be able to sell the Notes or may have to sell them at a lower price.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or any US state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration requirements provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the exemption provided by Rule 144A or the safe harbor provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resales and transfers, see "Transfer Restrictions".

The rating of the Notes may be lowered or withdrawn depending on some factors, including the rating agency's assessment of the Guarantor's financial strength and Indian sovereign risk.

The Notes were rated "Baa2" by Moody's and "BBB" by S&P on February 9, 2012. The rating addresses the likelihood of payment of principal on the maturity date of the Notes. The rating also addresses the timely payment of interest on each payment date. The rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and the rating does not comment on market price or suitability for a particular investor. The Issuer cannot assure you that the rating of the Notes will remain for any given period of time or that the rating will not be lowered or withdrawn. A downgrade in the rating of the Notes will not be an event of default under the terms of the Notes. The assigned rating may be raised or lowered depending, among other factors, on the rating agency's assessment of the Guarantor's financial strength as well as its assessment of Indian sovereign risk generally.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in US Dollars. If an investor measures its investment returns by reference to a currency other than US Dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the US Dollar relative to the currency by reference to which an investor measures its investment returns, because of, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the US Dollar against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

USE OF PROCEEDS

The Issuer estimates that the net proceeds to it from its sale of Notes pursuant to this Offering Memorandum will be approximately US$502.8 million after deducting the underwriting discount and its and the Guarantor's offering expenses.

The net proceeds of this offering will be used by the Issuer to fund its ongoing capital expenditure, to make business investments, to refinance its existing debt and for general corporate purposes.

THE ISSUER

Reliance Holding USA, Inc., the Issuer, is an indirect wholly owned subsidiary of the Guarantor and was incorporated in the State of Delaware, United States, on March 30, 2010.

Business

The Issuer was incorporated by the Guarantor with the principal objective of developing operations in the United States in the Guarantor's core business areas. The Issuer is currently focused on developing a business relating to the production of natural gas and liquids from various shale deposits in the United States. The Issuer is also pursuing opportunities in other areas of unconventional energy sources and investment in other business areas identified by the Guarantor.

Since its incorporation in March 2010, the Issuer, through its subsidiaries, has entered into joint ventures with three established shale gas companies that are active in the Marcellus Shale in Pennsylvania or the Eagle Ford Shale in South Texas.

Marcellus Shale

The Marcellus Shale is one of the top shale plays in the United States and covers a large area, in excess of 60 million acres, from New York through Pennsylvania to West Virginia. The Marcellus Shale is regarded by experts as one of the most attractive unconventional shale plays since it is expected to provide long-lived exposure to unconventional natural gas sources and benefits from low operating costs, proximity to consuming markets and significant infrastructure developed in recent years. The Issuer's current interests in the Marcellus Shale are principally located in Pennsylvania.

Reliance-Atlas/Chevron Joint Venture

In April 2010, the Issuer, through its subsidiary, Reliance Marcellus LLC, entered into a joint venture with Atlas Energy Inc., one of the leading gas producers in the Marcellus Shale, and certain of its affiliates. Pursuant to the joint venture agreement, Reliance Marcellus LLC acquired a 40% undivided working interest in Atlas' core Marcellus Shale acreage position and became a partner in approximately 300,000 net acres of undeveloped leasehold in the core area of the shale for an acquisition cost of US$339 million and an additional US$1.36 billion capital costs under a carry arrangement for 75% of Atlas's capital costs over an anticipated seven-and-a-half-year development program. Subsequently, the Issuer, through its subsidiary, acquired a 40% undivided working interest in an additional 28,600 net acres (net of rejections of certain acreages for title defects) and, accordingly, currently holds interests in approximately 328,600 net acres. In addition to the purchase consideration, Reliance Marcellus LLC will have to fund its share of the development plan expected to be completed over the next ten years. According to the Issuer's management estimates, the acreage is expected to support the drilling of over 3,000 wells, with a resource potential of approximately 13.3 Tcfe (5.3 Tcfe net to Reliance Marcellus LLC).

On November 8, 2010, Atlas entered into an agreement with Chevron pursuant to which Chevron acquired control of Atlas. The transaction closed on February 17, 2011 and Atlas (now Chevron AE Resources LLC) is now an indirect wholly owned subsidiary of Chevron.

While Atlas/Chevron will serve as the development operator for the joint venture, Reliance Marcellus LLC has the option to act as a development operator in certain regions in the coming years. Reliance Marcellus LLC also has the right of first offer with respect to potential future sales by Atlas of approximately 280,000 additional Appalachian acres currently controlled by Atlas.

The Reliance-Atlas/Chevron joint venture has made significant development progress since the completion of the transaction in April 2010. The joint venture had drilled 57 wells to their target depth as of September 30, 2011. As of September 30, 2011, the joint venture had 29 producing wells. Following the change of control at Atlas, during February 2011, Chevron has become the operator of the joint venture properties and Reliance Marcellus LLC continues to have the right to become the development operator in certain regions in the future.

Reliance-Carrizo Joint Venture

In August 2010, the Issuer, through another subsidiary, Reliance Marcellus II, LLC, entered into a joint venture agreement with Carrizo Oil & Gas, Inc. with a view to further strengthen its presence in the Marcellus Shale play. The joint venture transaction was completed in September 2010.

Under the joint venture agreements, Reliance Marcellus II, LLC acquired a 60% interest in Marcellus Shale acreage in central and northeast Pennsylvania that was held in a 50-50 joint venture between Carrizo and ACP II Marcellus LLC, an affiliate of Avista Capital Partners. Pursuant to the joint venture agreements, Reliance Marcellus II, LLC acquired 100% of Avista's interest and 20% of Carrizo's interest in the existing joint venture. Reliance Marcellus II, LLC and Carrizo thus currently own 60% and 40% interests, respectively, in the joint venture.

Reliance Marcellus II, LLC has agreed to pay a total consideration of US$392 million, comprising US$340 million of upfront cash and US$52 million of drilling carry obligations, subject to customary adjustments. The drilling carry obligations will provide for 75% of Carrizo's share of development costs over an anticipated two-year development program. In addition to the purchase consideration, Reliance Marcellus II, LLC will have to fund its share of the development plan. The joint venture has approximately 104,400 net acres, as reported by Carrizo, of undeveloped leasehold in the core area of the Marcellus Shale in central and northeast Pennsylvania, of which Reliance Marcellus II, LLC's 60% interest will represent approximately 62,600 net acres. According to the Issuer's management estimates, the acreage is expected to support the drilling of approximately 1,000 wells over the next ten years with a net resource potential of approximately 3.4 Tcfe (2.0 Tcfe net to Reliance Marcellus II, LLC). The transaction allows for additional growth in the development acreage, at pre-agreed terms. Carrizo will serve as the development operator for the joint venture and Reliance Marcellus II, LLC has the option to act as a development operator in certain regions in the coming years as part of the joint venture.

Following the successful completion of the Reliance Carrizo joint venture transaction in September 2010, implementation of the joint venture development plan is progressing in line with expectations. The joint venture has contracted four rigs which are already in operation in the North East Pennsylvania region. As of September 30, 2011, the joint venture had drilled 18 wells. The Carrizo joint venture commenced production during the fourth quarter of 2011.

Eagle Ford Shale

The Eagle Ford Shale is a shale formation that extends from southern to northeastern Texas in the United States. The Eagle Ford Shale is considered by industry experts as highly attractive due to the presence of high levels of liquid and condensate that enable the producer to capitalize on continued strength in crude oil prices globally. Low operating costs, high BTU gas, attractive NGL content and excellent access to services in the region combine to make the Eagle Ford Shale one of the most economically attractive unconventional resource plays in North America.

Reliance-Pioneer Joint Ventures

In June 2010, the Issuer, through an indirect wholly owned subsidiary, Reliance Eagleford Upstream Holding LP, entered into a joint venture with Pioneer Natural Resources USA, Inc. to develop 263,000 acres in the Eagle Ford Shale acreage in south Texas.

Pursuant to the joint venture agreement, Reliance Eagleford Upstream Holding LP acquired a 45% interest in Pioneer's core Eagle Ford Shale acreage position in two separate transactions. Reliance Eagleford Upstream Holding LP acquired a 45% interest in the acreage from Pioneer and Newpek LLC, Pioneer's current partner. Newpek, a wholly owned subsidiary of Alfa Sa de CV, owned an approximate 16% non-operated interest in Pioneer's core Eagle Ford Shale acreage. Following the transactions, Pioneer, Reliance Eagleford Upstream Holding LP and Newpek own 46%, 45% and 9% interests in the joint venture, respectively.

Reliance Eagleford Upstream Holding LP agreed to pay a total consideration of US$1.32 billion for its implied share of 118,000 net acres, comprising US$263 million of upfront cash and US$1.05 billion of drilling carry obligations. The drilling carry obligations will provide for 75% of Pioneer's and Newpek's capital costs over an anticipated six-year development program. In addition to the purchase consideration, Reliance Eagleford Upstream Holding LP will have to fund its share of the development plan.

The joint venture's leasehold, which is largely undeveloped, is located in the core area of the Eagle Ford Shale in south Texas. According to the Issuer's management estimates, the acreage will support the drilling of over 1,750 wells with a net resource potential to the joint venture of approximately 10 Tcfe (4.5 Tcfe net to Reliance Eagleford Upstream Holding LP).

While Pioneer serves as the development operator for the upstream joint venture, Reliance Eagleford Upstream Holding LP has the option to act as a development operator in certain areas in the coming years as part of the joint venture. Under the framework of the joint venture, Pioneer will continue acquiring leasehold in the Eagle Ford Shale and the Issuer, through Reliance Eagleford Upstream Holding LP, will have the option to acquire a 45% share in all newly acquired acres.

In addition, through another indirect subsidiary, the Issuer and Pioneer have executed definitive agreements to form a midstream joint venture (EFS Midstream LLC, a Delaware LLC) that will service the gathering needs of the upstream joint venture. The Issuer's subsidiary, Reliance Eagleford Midstream LLC, paid US$46 million to acquire a 49.9% membership interest in the joint venture. Pioneer and Reliance Eagleford Midstream LLC have equal governing rights in the joint venture and Pioneer will serve as operator.

The Reliance-Pioneer joint ventures have also made considerable progress during 2010. The upstream joint venture had drilled 106 wells as of September 30, 2011. As of September 30, 2011, the joint venture had 75 producing wells, with encouraging initial production rates and actual production being in-line with expectations. Currently, the joint venture has twelve rigs in operation and is focusing increasingly on liquid rich areas for development with a view to take advantage of the positive oil price environment.

Meanwhile, the midstream joint venture has also made substantial progress in implementing the midstream infrastructure project comprising of 12 central gathering points ("CGP") and approximately 730 miles of gathering pipelines. The joint venture commissioned three CGPs during 2010 and five additional CGPs during the first nine months of calendar 2011. The proposed midstream capacity development is progressing well and is synchronized to the accelerated development plan being pursued by the Reliance-Pioneer upstream joint venture.

Capital Commitments

In connection with expanding its business in the United States, the Issuer has made significant capital commitments towards the acquisition of acreage in the Marcellus and Eagle Ford Shale plays. Under the joint ventures, the Issuer has capital commitments in respect of its share of development costs, based on an agreed development plan in each of the above joint ventures, as described above.

The Issuer expects to invest an aggregate amount in excess of US$3.5 billion towards development of shale gas properties in the above joint ventures, both as its share of capital expenditure and drilling carry obligations, during the calendar years of 2011 and 2012.

The Issuer invested over US$1.4 billion in 2010 towards consummation of the joint venture transactions described above and subsequent development capital expenditure at these joint ventures during the year. The aggregate level of capital investments made by the Issuer in the joint ventures increased to US$2.7 billion, as at September 30, 2011. These capital commitments were met from a combination of sources including equity infusions, short-term bank borrowings and long-term debt raised through the issue of bonds in October 2010.

Credit Facilities

During the nine months ended September 30, 2011, the Issuer entered into short-term credit facility agreements, with an aggregate facility amount of US$650 million, with Citibank, HSBC Bank, USA, Sumitomo Mitsui Banking Corporation and UBS AG. As of September 30, 2011, the Issuer had borrowed a total of US$450 million under these facilities to partially finance the development costs described above.

In addition, during October and November 2011, the Issuer entered into short-term credit facility agreements with an aggregate facility amount of US$500 million with Barclays Bank PLC, Australia & New Zealand Banking Group Limited and Bank of America N.A. During October and November 2011, the Issuer had borrowed a total of US$233 million under all of these facilities to partially finance the development costs described above.

Accordingly, as of November 30, 2011, the Issuer has borrowed US$683 million under all of the above described unsecured, short-term credit facilities. The Issuer intends to use a portion of the net proceeds from the sale of the Notes to repay part of the amounts due under these facility agreements on their stated maturity date or prepay such amounts in accordance with the provisions of the relevant facility agreement. See "Use of Proceeds".

EFS Midstream LLC ("EFS") has signed a five year senior secured revolving loan with upper limit of US$300 million which is secured substantially by its assets and properties. As of November 30, 2011, EFS had drawn US$88.5 million under this credit facility.

Directors

As at the date of this Offering Memorandum, the Board of Directors of the Issuer comprises three directors, Mr. Thakur Sharma, Mr. Walter Van de Vijver and Mr. Alok Agarwal.

Mr. Thakur Sharma was appointed as a Director in March 2010 while Mr. Walter Van de Vijver and Mr. Alok Agarwal were appointed to the Board of the Issuer in October 2010. Brief profiles of the directors are as follows:

- ***Mr. Alok Agarwal***: Mr. Agarwal is currently the Chief Financial Officer of the Guarantor and has been employed with the Guarantor since 1993. He is responsible for capital market transactions, resource raising and deployment, financial risk management, banking relationships and investors relations. Mr. Agarwal has led several transactions for the Guarantor, including the issue of 50- and 100-year bonds and other US debt offerings by the Guarantor. Mr. Agarwal graduated from the Indian Institute of Technology (IIT), Kanpur in 1979 and from the Indian Institute of Management (IIM) Ahmedabad in 1981. Prior to joining the Guarantor he worked with an international bank for over 12 years.

- ***Mr. Thakur Sharma***: Mr. Sharma is a director on the board of the Issuer and has been since its inception in March 2010. Mr. Sharma has over 39 years of experience in international marketing, finance and joint ventures management in Asia, the Middle-East and Latin America. Mr. Sharma joined the Reliance group in 2000, as President — USA Operations of Reliance Infocom Inc., and managed the group's expansion in providing wholesale/retail voice and data services in USA. Prior to joining Reliance, Mr. Sharma was employed with Chemtex International Inc., a leading engineering and technology licensing firm based in New York, since 1971.

- ***Mr. Walter Van de Vijver***: Mr. Vijver is the President and CEO of the Issuer. He joined Reliance in December 2009 as its head of international E&P business and has since been actively involved in the formulation and execution of the North America shale gas strategy.

  Mr. Vijver holds an MSc degree from Delft University of Technology and has over 30 years of oil and gas sector experience. Prior to joining Reliance, Mr. Vijver was associated with Royal Dutch Shell for over 25 years and briefly also managed his own energy venture firm, Delta Hydrocarbons.

  Mr. Vijver joined Shell in 1979 and held several positions in The Netherlands, United Kingdom, United States of America, Qatar and Oman during his 25-year association with the energy major. After leaving Shell in September 2004, he provided strategic advice to a variety of clients in the energy sector whilst simultaneously setting up his own energy venture, Delta Hydrocarbons. He left Delta in September 2009.

The registered office of the Issuer is at 615 South Dupont Highway, Dover, Delaware 19901, United States.

Executive Officer

In addition to the board of directors whose profiles and appointment details are set forth above, the Issuer's chief financial officer is Mr. Howard K. Selzer.

Howard K. Selzer: Howard is the CFO and primarily responsible to oversee all of the accounting, financial reporting, tax, finance, treasury and audit functions. Prior to joining the Issuer in 2011, he was the chief accounting officer for Quantum Resources Management, LLC and its public entity QR Energy, LP. Prior to this assignment, he held senior finance and accounting roles in Terralliance Technologies, Inc., TGS-NOPEC, Santos USA and Enron Oil and Gas International. He also worked as International Petroleum Negotiator for Elf Aquitaine. He started his oil and gas career in 1981. He graduated from the University of Houston with a BBA in Accounting in 1979 and is a Certified Public Accountant.

Capitalization

The following table sets forth the capitalization of the Issuer as of September 30, 2011 as adjusted to give effect to the issuance of the Notes offered hereby and the issuance of the Existing Notes but not the use of proceeds thereof as described in "Use of Proceeds", as if such issuance had occurred at the date of this Offering Memorandum.

	As at September 30, 2011	
	Actual	As Adjusted
	(US$ in millions)	
	(Unaudited)	
Indebtedness:		
Short-term debt[(1)(2)]	450.00	450.00
Long-term debt[(3)]	1,470.48	1,470.48
Notes[(4)]	—	1,500.00
Total indebtedness	1,920.48	3,420.48
Shareholders' Equity:		
Equity Shares[(5)]	564.05	564.05
Retained earnings/(Accumulated deficit)	6.41	6.41
Total shareholders' equity	570.46	570.46
Total indebtedness and shareholders' equity	2,490.94	3,990.94

(1) US$450 million of short-term debt is in the form of unsecured bridge loans.

(2) Since September 30, 2011, the Issuer has entered into short-term credit facilities in an aggregate amount of US$500 million and has drawn an aggregate amount of US$233 million from these facilities as of November 30, 2011. Accordingly, as of November 30, 2011, the Issuer has borrowed US$683 million under all of the above described unsecured, short-term credit facilities.

(3) On October 19, 2010, the Issuer issued senior, unsubordinated debt in an aggregate amount of US$1,500 million, which was guaranteed by the Guarantor. The amount shown in the table above is net of issuance cost and discount.

(4) Includes the Existing Notes and the Notes offered hereby.

(5) Equity Shares includes share capital and additional paid-in capital. The Guarantor makes equity contributions to the Issuer from time to time in connection with the Issuer meeting its capital expenditure and other obligations and, accordingly, Equity Shares may increase as a result of such equity contributions.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE ISSUER

The summary consolidated financial data for the Issuer as at and for the nine months ended December 31, 2010 and as at and for the nine months ended September 30, 2011, set forth below have been derived or calculated respectively from the Issuer Financial Statements and the Issuer's 9M2011 Financial Information included elsewhere in this Offering Memorandum. This financial information should be read in conjunction with "Operating and Financial Review of the Issuer", "Unaudited Financial Results of the Issuer for the Nine Months Ended September 30, 2011" and the Issuer Financial Statements and the Issuer's 9M2011 Financial Information set forth in this Offering Memorandum.

The Issuer Financial Statements relate to the period commencing March 30, 2010 (the date on which the Issuer was formed) through December 31, 2010. The Issuer's 9M2011 Financial Information relates to the nine-month period ended on September 30, 2011.

The Issuer Financial Statements have been prepared in accordance with IFRS and have been audited by Ernst & Young LLP, as set forth in its audit report included herein. The Issuer's 9M2011 Financial Information has been prepared in accordance with IFRS and has been reviewed by Ernst & Young LLP, as set forth in its review report included herein.

See "Presentation of Financial and Other Data" for further information regarding the presentation of financial information and "Operating and Financial Review of the Issuer" for a description of certain line items in the Income Statement.

The Issuer's Annual Financial Data

The Issuer's Income Statement Data

	Nine Months Ended December 31, 2010
	(US$ in millions)
	(Audited)
Revenue	16.21
Cost of sales	(12.67)
Gross profit	3.54
General and administrative expenses	(3.83)
Gain on derivative financial instruments	0.66
Share of loss in an associate	(0.92)
Operating loss	(0.55)
Finance costs	(10.17)
Finance income	0.12
Loss before income taxes	(10.60)
Income tax benefit	3.70
Total Comprehensive income/(loss)	(6.90)

The Issuer's Summary Balance Sheet Data

	As at December 31, 2010
	(US$ in millions)
	(Audited)
Assets	
Noncurrent assets:	
Property, plant and equipment	0.03
Exploration and evaluation assets	1,039.93
Oil and gas properties	355.97
Deferred tax assets	3.70
Investment in an associate	117.88
Total noncurrent assets	***1,517.51***
Current assets:	
Other current assets	8.94
Cash and cash equivalents[1]	513.29
Total current assets	***522.23***
Total assets	**2,039.74**
Equity and liabilities	
Equity:	
Share capital	0.05
Additional paid-in capital	474.00
Accumulated deficit	(6.90)
Total equity	***467.15***
Non-current liabilities	
Long-term debt	1,468.53
Decommissioning provisions	1.37
Total noncurrent liabilities	***1,469.90***
Current liabilities:	
Accrued interests	15.46
Accounts payable and accrued liabilities	87.23
Total current liabilities	***102.69***
Total liabilities	***1,572.59***
Total equity and liabilities	**2,039.74**

(1) Cash and cash equivalents includes cash, bank balances and fixed deposits with banks.

The Issuer's Cash Flow Statement

	Nine Months Ended December 31, 2010
	(US$ in millions)
	(Audited)
Operating activities	
Pretax loss	(10.60)
Adjustments for:	
Depreciation on property, plant and equipment	0.00
Depletion of oil and gas properties	7.00
Amortization of debt discount and debt issue costs	0.52
Gain on derivative financial instruments	(0.66)
Interest income	(0.12)
Share of loss in an associate	0.92
	(2.94)
Increase in other current assets	(8.94)
Net cash used in operating activities	**(11.88)**
Investing activities	
Purchase of property, plant and equipment	(0.02)
Acquisitions of exploration and evaluation assets	(1,039.93)
Capital expenditures on oil and gas properties	(258.92)
Investment in an associate	(118.80)
Proceeds from gain on derivative financial instruments	0.66
Interest received	0.12
Net cash used in investing activities	**(1,416.89)**
Financing activities	
Shareholders' contributions	474.05
Proceeds from short-term bridge loans	765.00
Repayment of short-term bridge loans	(765.00)
Debt issuance cost	(14.24)
Proceeds from issuance of long-term debt, net	1,482.25
Net cash from financing activities	**1,942.06**
Increase in cash and cash equivalents	513.29
Cash and cash equivalents, beginning of period	0.00
Cash and cash equivalents, end of period	**513.29**

The Issuer's Key Financial Data and Ratios as at and for the Nine Months Ended December 31, 2010

	As at and for the Nine Months Ended December 31, 2010 (Unaudited)
EBITDA[(1)] (US$ in millions)	6.45
EBITDA Margin[(2)]	39.8%
Net Profit Margin[(3)]	—
EBITDA/Finance Cost[(4)]	0.24
Total Debt/Equity[(5)]	3.14

(1) EBITDA is calculated as Total Comprehensive Income/(Loss) before Finance Costs, Finance Income, Income Tax Expense/(Benefit), and Depletion. See "— Reconciliation of Total Comprehensive Income/(Loss) to EBITDA".

(2) EBITDA Margin is calculated by dividing EBITDA by Revenue.

(3) Net Profit Margin is calculated by dividing Total Comprehensive Income by Revenue. This ratio is not applicable, because the Issuer incurred a loss for the period.

(4) Finance Cost is calculated after considering the capitalized finance cost of US$17 million in addition to expensed finance costs of US$10.17 million and after adjusting for finance income of US$0.12 million.

(5) Total Debt is equal to total unsecured debt of US$1,468.53 million. Total Equity comprises share capital, additional paid-in capital and accumulated deficit.

Reconciliation of Total Comprehensive Income/(Loss) to EBITDA

EBITDA is calculated as Total Comprehensive Income/(Loss) before Finance Costs, Finance Income, Income Tax Expense/(Benefit), and Depletion. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS and should be viewed as a supplement to, not a substitute for, the Issuer's results of operations presented in accordance with IFRS. See "Presentation of Financial and Other Data — Non-GAAP Financial Measures". The reconciliation of Total Comprehensive Income/(Loss) for the period to EBITDA is as follows:

	For the Nine Months Ended December 31, 2010
	(US$ in millions)
Total Comprehensive Income/(Loss)	(6.90)
Add: Finance Costs[(1)]	10.17
Finance Income	(0.12)
Income Tax Expense/(Benefit)	(3.70)
Depletion	7.00
EBITDA	6.45

(1) Including amortization of debt discount and issue cost of US$0.52 million.

The Issuer's Unaudited Financial Data for the Nine Months Ended September 30, 2011

The following tables set forth the summary unaudited consolidated financial information of the Issuer as at and for the nine months ended September 30, 2011.

The Issuer's Income Statement Data for the Nine Months Ended September 30, 2011

	Nine Months Ended September 30, 2011
	(US$ in millions)
	(Unaudited)
Revenue	144.24
Cost of sales	(85.57)
Gross profit	58.37
General and administrative expenses	(10.09)
Share of profit in an associate	2.33
Operating profit	50.61
Finance costs	(44.34)
Finance income	14.55
Profit before income taxes	20.82
Income Tax benefit/(expenses)	(7.51)
Total Comprehensive income/(loss)	13.31

The Issuer's Summary Balance Sheet Data as at September 30, 2011

	As at September 30, 2011
	(US$ in millions)
	(Unaudited)
Assets:	
Non-current assets	2,625.35
Current assets	101.90
Total assets	2,727.25
Equity and Liabilities:	
Total equity	570.46
Non-current liabilities	1,471.93
Current liabilities	684.86
Total equity and liabilities	2,727.25

The Issuer's Key Financial Data and Ratios as at and for the Nine Months Ended September 30, 2011

	As at and for Nine Months Ended September 30, 2011 (Unaudited)
EBITDA(1) (US$ in millions)	100.54
EBITDA Margin(2)	69.7%
Net Profit Margin(3)	9.2%
EBITDA/Finance Cost(4)	1.45
Total Debt/Equity(5)	3.37

(1) EBITDA is calculated as Total Comprehensive Income/(Loss) before Finance Costs, Finance Income, Income Tax Expense/(Benefit), and Depletion. See "— Reconciliation of Total Comprehensive Income/(Loss) to EBITDA".
(2) EBITDA Margin is calculated by dividing EBITDA by Revenue.
(3) Net Profit Margin is calculated by dividing Total Comprehensive Income by Revenue.
(4) Finance Cost is calculated after considering the capitalized finance cost of US$39.73 million in addition to expensed finance costs of US$44.34 million and after adjusting for finance income of US$14.55 million
(5) Total Debt is equal to the sum of total unsecured short term and long term debt. Total Equity comprises share capital, additional paid-in capital and retained earnings.

Reconciliation of Total Comprehensive Income/(Loss) to EBITDA

EBITDA is calculated as Total Comprehensive Income/(Loss) before Finance Costs, Finance Income, Income Tax Expense/(Benefit), and Depletion. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS and should be viewed as a supplement to, not a substitute for, the Issuer's results of operations presented in accordance with IFRS. See "Presentation of Financial and Other Data — Non-GAAP Financial Measures". The reconciliation of Total Comprehensive Income/(Loss) for the period to EBITDA is as follows:

	For the Nine Months Ended September 30, 2011
	(US$ in millions)
Total Comprehensive Income/(Loss)	13.31
Add: Finance Costs[1]	44.34
Finance Income	(14.55)
Income Tax Expense/(Benefit)	7.51
Depletion	49.93
EBITDA	**100.54**

(1) Including amortization of debt discount and issue costs of US$1.95 million.

The Issuer's Key Operating Information (Unaudited)

The Issuer's engineers estimate the Issuer's proved oil and gas reserve quantities based on its internal surveys and data collected from third-party operators in which the Issuer has a working interest. The following tables set forth the estimated Issuer's interest (on a net basis) in Proved Reserves i.e., Proved Developed and Proved Undeveloped as at the date indicated and the Issuer's production for the nine months ended December 31, 2010.

		For the Nine Months Ended December 31, 2010					
Nature of Hydrocarbon	**UOM**	**Opening Balance**	**Proved Developed**	**Proved Undeveloped**	**Total**	**Produced During the Period**	**Closing Balance**
Natural Gas[1]	Bcf	—	65.60	177.03	242.63	1.95	240.68
Condensate[1]	Mmbbl	—	3.09	10.50	13.59	0.09	13.50
Total	Bcf equivalent	—	84.46	239.93	324.39	2.51	321.88

(1) The reserves data are estimates and the Issuer's actual production, revenues and expenditure with respect to its reserves may differ from these estimates. See "Presentation of Financial and Other Data — Oil and Gas Reserves" and "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

SELECTED NON-CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The annual financial information for the Guarantor prepared on a non-consolidated basis set forth below has been extracted without material adjustment from the Guarantor Financial Statements, or, in the case of the annual segmental financial information, from certain Guarantor audited financial information not presented elsewhere in the Offering Memorandum or Guarantor Financial Statements. The financial information set forth below should be read in conjunction with "Operating and Financial Review of the Guarantor", "Unaudited Financial Results of the Guarantor for the Nine Months Ended December 31, 2011" and the Guarantor Financial Statements set forth in this Offering Memorandum. In the Guarantor Financial Statements included herein, the income statement is headed "Profit and Loss Account" and financial information is presented in rupees in crore (one crore is equal to 10 million), whereas financial information is shown in this Offering Memorandum in millions of rupees, unless otherwise specified.

The Guarantor Financial Statements and unaudited 9M FY2012 Financial Information have been prepared in accordance with Indian GAAP and reporting guidelines prescribed by Indian regulatory authorities. Indian GAAP differs in certain respects from US GAAP. For a discussion of certain significant differences between Indian GAAP and US GAAP, see "Description of Certain Differences between Indian GAAP and US GAAP". The Guarantor Financial Statements have been audited by Deloitte Haskins & Sells, Chaturvedi & Shah and Rajendra & Co., Chartered Accountants, as set forth in their audit reports included herein. The 9M FY2012 Financial Information is unaudited. The presentation of the respective Income Statements for the fiscal years ended March 31, 2011, 2010 and 2009 and for the nine months ended December 31, 2011 and 2010 differs in certain respects.

The preparation of financial statements in accordance with Indian GAAP requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Guarantor's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the non-consolidated financial statements, are disclosed in the Guarantor Financial Statements.

See "Presentation of Financial and Other Data" for further information regarding the presentation of financial information and "Operating and Financial Review of the Guarantor" for a description of certain line items in the Income Statement.

The Guarantor's Annual Financial Data

The Guarantor's Income Statement Data

	Year Ended March 31,			
	2011	2011	2010	2009
	(US$ in millions)[1]	(Rs. in millions)		
	(Unaudited)	(Audited)		
INCOME				
Turnover	58,000	2,586,511	2,003,998	1,463,281
Less: Excise Duty/Service Tax Recovered	2,350	104,811	79,388	44,806
Net Turnover	55,650	2,481,700	1,924,610	1,418,475
Other Income	684	30,517	24,605	20,599
Variation In Stocks	727	32,430	39,479	4,276
Total Income	57,061	2,544,647	1,988,694	1,443,350
EXPENDITURE				
Purchases	328	14,643	29,958	22,053
Manufacturing And Other Expenses	47,499	2,118,230	1,628,324	1,167,559
Interest And Finance Charges	522	23,276	19,972	17,452
Depreciation (Net Of Transfers From The Revaluation Reserve)[2]	3,051	136,076	104,965	51,953
Adjustment Pursuant To The Scheme Of Amalgamation Including Write-Off Of Investments In Reliance Petroleum Limited[3]	—	—	—	77,289
Less: Transferred From General Reserve[3]	—	—	—	77,289
Total Expenditure	51,400	2,292,225	1,783,219	1,259,017
Profit Before Tax	5,661	252,422	205,475	184,333
Provision For Current Tax	969	43,204	31,118	12,065
Provision For Fringe Benefit Tax	—	—	—	569
Provision For Deferred Tax	143	6,355	12,000	18,605
Profit after Tax	4,549	202,863	162,357	153,094

(1) Rupee amounts from the Guarantor Financial Statements for the year ended March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

(2) Gross Fixed Assets included Rs. 381,220 million as at March 31, 2011, Rs. 381,220 million as at March 31, 2010 and Rs. 381,220 million as at March 31, 2009 on account of revaluations of Fixed Assets carried out in the past. As a result of such revaluations, additional depreciation charges of Rs. 26,338 million, Rs. 29,805 million and Rs. 19,871 million were recorded in FY2011, FY2010 and FY2009, respectively. An equivalent amount has been credited to the Income Statement from revaluation reserve in the respective fiscal years. This has no impact on the profits of the respective fiscal years. For information on asset revaluation and associated depreciation under Indian GAAP, see "Description of Certain Differences Between Indian GAAP and US GAAP".

(3) Reliance Petroleum Limited ("RPL"), a company then engaged in establishing crude oil refinery facilities and ancillary units in the Special Economic Zone, was amalgamated with the Guarantor through a court-sanctioned scheme of amalgamation approved on September 11, 2009 with effect from April 1, 2008 (the "Amalgamation"). As specified in the scheme, Rs. 76,839 million, representing the Guarantor's investment in RPL prior to the Amalgamation, and Rs. 450 million, being the stamp duty and other expenditure payable in connection with the Amalgamation, were written off and charged to the Income Statement. The equivalent amount has been withdrawn from the General Reserve and credited to the Income Statement.

The Guarantor's Segmental Income Statement Data

	Segment Revenue[(1)]			Segment Results Before Interest and Tax[(2)]		
	Year Ended March 31,					
	2011	2010	2009	2011	2010	2009
	(Rs. in millions)					
	(Audited)					
Refining	2,154,310	1,632,490	1,079,940	91,720	60,110	97,900
Petrochemicals	631,550	552,510	527,580	93,050	85,810	68,480
Oil and Gas	172,500	126,490	34,890	67,000	54,130	22,240
Others	6,150	3,980	5,600	330	430	380
Eliminations[(3)]	(377,999)	(311,472)	(184,729)	—	—	—
Total	2,586,511	2,003,998	1,463,281	252,100	200,480	189,000

(1) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(2) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and is presented before tax.

(3) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

The Guarantor's Summary Balance Sheet Data

	As at March 31,		
	2011	2011	2010
	(US$ in millions)[1]	(Rs. in millions)	
	(Unaudited)	(Audited)	
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	734	32,734	32,704
Equity Share Suspense	—	—	—
Reserves and Surplus[2]	33,247	1,482,669	1,339,002
	33,981	1,515,403	1,371,706
Loan Funds			
Secured Loans	2,370	105,712	116,705
Unsecured Loans	12,743	568,255	508,242
	15,113	673,967	624,947
Deferred Tax Liability	2,593	115,618	109,263
TOTAL	51,687	2,304,988	2,105,916
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	49,613	2,212,520	2,158,647
Less: Depreciation	17,613	785,455	626,048
Net Block	32,000	1,427,065	1,532,599
Capital Work-in-Progress	2,875	128,196	121,388
	34,875	1,555,261	1,653,987
Investments	8,443	376,515	232,286
Current Assets, Loans and Advances			
Current Assets			
Inventory	6,688	298,254	269,816
Sundry Debtors	3,911	174,419	116,602
Cash and Bank Balances	6,085	271,349	134,627
Other Current Assets	44	1,993	914
	16,728	746,015	521,959
Loans and Advances	3,799	169,403	101,832
	20,527	915,418	623,791
***Less*: Current Liabilities and Provisions**			
Current Liabilities	11,135	496,571	368,494
Provisions	1,023	45,635	35,654
	12,158	542,206	404,148
Net Current Assets	8,369	373,212	219,643
TOTAL	51,687	2,304,988	2,105,916

(1) Rupee amounts from the Guarantor Financial Statements as at March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

(2) Includes General Reserve and Revaluation Reserve.

The Guarantor's Segmental Balance Sheet Data — Capital Employed

	As at March 31,		
	2011	**2010**	**2009**
	(Rs. in millions)		
	(Audited)		
Refining	735,562	780,912	724,302
Petrochemicals	368,613	381,600	430,909
Oil and Gas	555,436	509,573	446,727
Others	117,297	67,323	65,216
Unallocated Corporate	528,080	366,508	432,884
Total Capital Employed[(1)]	2,304,988	2,105,916	2,100,038

(1) Capital employed is equal to segment assets less segment liabilities, each after Eliminations.

The Guarantor's Cash Flow Statement

The Guarantor's cash flow statement is set forth in "Operating and Financial Review of the Guarantor — Liquidity and Capital Resources — Cash Flow Analysis".

The Guarantor's Unaudited Financial Data for 9M FY2012 and 9M FY2011

The Guarantor's Income Statement Data

	Nine Months Ended December 31,		
	2011	2011	2010
	(US$ in millions)[1]	(Rs. in millions)	
		(Unaudited)	
Turnover	47,445	2,519,580	1,833,680
Less: Excise Duty/Service Tax Recovered	1,363	72,370	78,720
Net Turnover	46,082	2,447,210	1,754,960
(Increase)/Decrease in Stock and Trade/Work in Progress	(414)	(21,980)	(25,170)
Consumption of Raw Materials	38,282	2,032,940	1,349,750
Purchases	226	11,990	12,230
Staff Cost	427	22,650	19,380
Depreciation	1,645	87,340	102,210
Other Expenditure	2,468	131,060	115,940
Total Expenditure	42,633	2,264,000	1,574,340
Profit from Operations Before Other Income, Interest and Tax	3,450	183,210	180,620
Other Income	734	38,970	21,350
Profit Before Interest and Tax	4,184	222,180	201,970
Interest and Finance Charges	358	18,990	16,320
Profit Before Tax from Ordinary Activities	3,826	203,190	185,650
Provision for Current Tax	765	40,650	30,550
Provision for Deferred Tax	85	4,500	6,000
Net Profit for the Period[2]	2,976	158,040	149,100

(1) Rupee amounts from the unaudited 9M FY2012 Financial Information for the nine months ended December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

(2) Net Profit for the Period is equivalent to Profit After Tax on the annual Income Statement.

The Guarantor's Segmental Income Statement Data

	Segment Revenue(1)		Segment Results Before Interest and Tax(2)	
	Nine Months Ended December 31,			
	2011	2010	2011	2010
	(Rs. in millions)			
	(Unaudited)			
Refining	2,185,230	1,527,270	79,580	66,630
Petrochemicals	592,130	449,610	67,930	66,790
Oil and Gas	102,890	131,460	42,990	51,310
Others	9,520	4,420	280	240
Eliminations(3)	(370,190)	(279,080)	—	—
Total	2,519,580	1,833,680	190,780	184,970

(1) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(2) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and is presented before tax.

(3) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

The Guarantor's Summary Balance Sheet Data

	As at December 31, 2011	As at December 31, 2011	As at December 31, 2010
	(US$ in millions)(1)	(Rs. in millions)	
	(Unaudited)	(Unaudited)	(Unaudited)
Shareholders' Equity	617	32,746	32,726
Net Worth	31,195	1,656,602	1,502,588
Long-term Debt	11,419	606,395	553,104
Short-term Debt	2,610	138,638	148,987
Total Balance Sheet Debt(2)	14,029	745,034	702,090
Cash and Cash Equivalents(3)	14,036	745,389	318,291
Strategic Investments(4)	3,791	201,320	173,132
Net Current Assets (excluding cash balance)	6,010	319,160	253,930

(1) Rupee amounts from the unaudited 9M FY2012 Financial Information as at December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

(2) Total Balance Sheet Debt includes secured debt of US$1,912 million or Rs. 101,532 million as at December 31, 2011, Rs. 105,712 million as at March 31, 2011 and Rs. 109,057 million as at December 31, 2010.

(3) Cash and Cash Equivalents includes cash, bank balances, fixed maturity plan (FMP), government securities and current investments/fixed deposit with banks.

(4) Strategic Investments comprises of investments made by the Guarantor in its subsidiaries and associates. It also includes investments by the Guarantor related to its trade which are strategic and non-current in nature.

The Guarantor's Segmental Balance Sheet Data — Capital Employed

	As at December 31,	
	2011	**2010**
	(Rs. in millions)	
	(Unaudited)	
Refining	731,350	767,030
Petrochemicals	316,050	352,280
Oil and Gas	298,860	559,590
Others	132,430	73,800
Unallocated Corporate	1,043,060	567,240
Total Capital Employed[(1)]	2,521,750	2,319,940

(1) Capital employed is equal to segment assets less segment liabilities, each after eliminations.

The Guarantor's Key Financial Data and Ratios

	As at and for Year Ended March 31,		
	2011	**2010**	**2009**
		(Unaudited)	
EBITDA[(1)] (Rs. in millions)	411,774	330,412	253,738
EBITDA[(1)(2)(3)] (US$ in millions)	9,234	—	—
EBITDA Margin[(4)]	15.9%	16.5%	17.3%
Net Profit Margin[(5)]	7.8%	8.1%	10.5%
EBITDA/Interest	17.7	16.5	14.5
Total Debt/EBITDA	1.6	1.9	2.9
Total Debt/Equity[(6)]	0.44	0.46	0.63
Long-term Secured Debt/Total Fixed Assets[(7)]	0.07	0.07	0.11
Total Secured Debt/Total Assets	0.04	0.05	0.04

(1) EBITDA is calculated as Total Income less Purchases less Manufacturing and Other Expenses. See "Presentation of Financial and Other Data — Non-GAAP Financial Measures".

(2) Rupee amounts converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

(3) US Dollar conversion of EBITDA is provided for the fiscal year ended March 31, 2011 only.

(4) EBITDA Margin is calculated by dividing EBITDA by Turnover.

(5) Net Profit Margin is calculated by dividing Profit After Tax by Turnover.

(6) Equity comprises Paid-up Equity and Reserves and Surplus.

(7) Total Fixed Assets are defined as Gross Fixed Assets less accumulated Depreciation.

	As at or Nine Months Ended December 31,	
	2011	2010
	(Unaudited)	
Other Financial Data and Ratios:		
EBITDA[(1)] (Rs. in millions)	309,520	304,180
EBITDA[(1) (2) (3)] (US$ in millions)	5,828	—
EBITDA Margin[(4)]	12.3%	16.6%
Net Profit Margin[(5)]	6.3%	8.1%
EBITDA/Interest	16.3	18.6
Total Debt/Annualized EBITDA[(6)]	1.8	1.7
Total Debt/Equity[(7)]	0.45	0.47
Long-term Secured Debt/Long-term Debt	0.15	0.18
Long-term Secured Debt/Total Fixed Assets[(8)]	0.08	0.07
Total Secured Debt/Total Assets	0.03	0.04

(1) EBITDA is calculated as Total Income less Purchases less Manufacturing and Other Expenses. See "Presentation of Financial and Other Data—Non-GAAP Financial Measures".

(2) Rupee amounts converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

(3) US Dollar conversion of EBITDA is provided for the nine months ended December 31, 2011 only.

(4) EBITDA Margin is calculated by dividing EBITDA by Turnover.

(5) Net Profit Margin is calculated by dividing Profit After Tax by Turnover.

(6) Annualized EBITDA is equal to EBITDA for the relevant nine-month period divided by nine and multiplied by twelve.

(7) Equity is comprised of Paid-up-Equity and Reserves and Surplus.

(8) Total Fixed Assets are defined as Gross Fixed Assets less accumulated Depreciation.

The Guarantor's Key Operating Information

The Guarantor's engineers estimate the Guarantor's proved oil and gas reserve quantities based on its internal surveys and data collected from third-party operators of production facilities in which the Guarantor has a working interest. The following tables set forth the estimated net quantities of the Guarantor's interest (on gross basis) in Proved Reserves and Proved Developed Reserves as at the dates indicated and the Guarantor's production for the fiscal years ended March 31, 2011, 2010 and 2009, respectively.

	Proved Reserves			Proved Developed Reserves		
	As at and for Year Ended March 31,					
	2011	2010	2009	2011	2010	2009
	(Million MT)					
Oil:[(1) (2)]						
Beginning of the year	11.11	11.02	11.64	8.62	4.97	3.58
Additions	—	1.13	0.12	0.42	4.69	2.13
Deletion[(3)]	1.44	—	—	—	—	—
Production	1.38	1.04	0.74	1.38	1.04	0.74
Closing balance	8.29	11.11	11.02	7.66	8.62	4.97

	Proved Reserves			Proved Developed Reserves		
	As at and for Year Ended March 31,					
	2011	2010	2009	2011	2010	2009
	(Million cubic meters)[4]					
Gas:[1] [2]						
Beginning of the year	211,214	220,468	222,188	130,823	133,894	16,842
Additions	—	5,353	168	—	11,536	118,940
Deletion[3]	5,771	—	—	3,839	—	—
Production	19,622	14,607	1,888	19,622	14,607	1,888
Closing balance	185,821	211,214	220,468	107,362	130,823	133,894

(1) See "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

(2) On August 30, 2011, the Guarantor transferred certain interests in its Proved Reserves and Proved Developed Reserves to BP. See "Summary — Recent Developments — Strategic partnership with BP".

(3) Deletion in oil reserves was due to reworking of geological models using complete field data sets such as information from additional wells drilled, reprocessing of seismic data, geological understanding and petro-physics interpretation of both of the Panna-Mukta and Tapti fields.

(4) One cubic meter is equivalent to 35.315 cubic feet.

OPERATING AND FINANCIAL REVIEW OF THE ISSUER

The following operating and financial review is intended to convey management's perspective on the operating performance and financial condition of the Issuer for the period from March 30, 2010 (the date on which the Issuer was formed) to December 31, 2010 ("9M2010") on a consolidated basis. This disclosure is intended to assist in understanding and interpreting the financial statements of the Issuer included in this Offering Memorandum. The discussion should be read in conjunction with "Selected Consolidated Financial and Operating Data of the Issuer", the Issuer Financial Statements and the accompanying schedules and notes included elsewhere in this Offering Memorandum.

The Issuer reports in accordance with IFRS, and its accounting policies have been established accordingly.

The following discussion may contain forward-looking statements. These statements have been based on management's current projections and expectations about future events. The Issuer's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set out under "Risk Factors" and elsewhere in this Offering Memorandum. See "Forward-Looking Statements and Associated Risks".

Overview

The Issuer is an indirect wholly owned subsidiary of the Guarantor and was incorporated in the State of Delaware, United States, on March 30, 2010. The Issuer was incorporated by Reliance International Gas B.V. and Reliance Exploration and Production B.V., both subsidiaries of the Guarantor, with the principal objective of developing operations in the United States in the Guarantor's core business areas. The Issuer and its subsidiaries are engaged in the business of exploration and production of natural resources, primarily oil and gas, from mineral properties and related businesses. The Issuer is currently focused on exploration and production in shale deposits in the United States. The Issuer has also made certain strategic investments in other areas of unconventional energy sources.

Since its incorporation in March 2010, the Issuer, through its subsidiaries, has entered into four joint ventures with three established companies actively engaged in shale gas businesses in the Marcellus Shale in Pennsylvania and the Eagle Ford Shale in South Texas. These include a separate joint venture each with Atlas (since acquired by Chevron), Pioneer and Carrizo for exploration and development of oil and gas assets as well as a joint venture for the development of midstream infrastructure in South Texas with Pioneer. The Issuer has acquired interests in these joint ventures for an aggregate cost of US$3,450 million, comprising of upfront cash payments, as well as drilling carry obligations, as detailed in the section titled "The Issuer".

Currently, exploration and production of oil and gas from these shale deposits, along with midstream processing in the Pioneer joint venture, form the core business operations of the Issuer.

The Issuer's primary capital requirements are expected to be comprised of (i) the Issuer's share of future costs incurred by the joint venture towards developing and extracting the shale reserves and (ii) funding of a portion of the joint venture partners' share of these development costs, towards drilling carry obligations, as agreed upon in the joint venture transaction agreements. The Issuer will earn its revenue principally through the transportation and sale of the natural gas and oil produced from these reserves. The Issuer may also, from time to time, pursue other growth or acquisition opportunities in North America and elsewhere.

Proved Reserves Disclosures (Unaudited)

As a result of the successful completion of the joint venture transactions in 2010, the Issuer has amassed a significant shale gas and liquids reserve base in the United States. Subsequently, development activities have commenced at each of the upstream joint ventures. The following table shows the Issuer's share of Proved Reserves i.e., Proved Developed Reserves and Proved Undeveloped Reserves (unaudited), net of royalties, on December 31, 2010.

		For the Nine Months Ended December 31, 2010					
Nature of Hydrocarbon	**UOM**	**Opening Balance**	**Proved Developed**	**Proved Undeveloped**	**Total**	**Produced During the Period**	**Closing Balance**
Natural Gas	Bcf	—	65.60	177.03	242.63	1.95	240.68
Condensate	Mmbbl	—	3.09	10.50	13.59	0.09	13.50
Total	Bcf equivalent	—	84.46	239.93	324.39	2.51	321.88

Proved Reserves shown above are based on the Issuer's engineers' estimate of the quantities of reserves of natural gas and liquids that geological and engineering data and data collected from third-party operators demonstrate with reasonable certainty to be recoverable in future years from known reservoirs and under defined economic and operating conditions. The process of estimating quantities of Proved Reserves is very complex and requires significant subjective decisions.

The reserves data are estimates and the Issuer's actual production, revenues and expenditure with respect to its reserves may differ from these estimates. See "Presentation of Financial and Other Data — Oil and Gas Reserves" and "Risk Factors — Risks Relating to the Guarantor's Business — Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the Guarantor or the Issuer from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

Critical Accounting Policies and Basis of Preparation

See the Issuer Financial Statements and the Issuer's 9M2011 Financial Information included elsewhere in this Offering Memorandum for comprehensive disclosure on the Basis of Preparation and Basis of Consolidation of the financial statements of the Issuer and its subsidiaries. A summary of Significant Accounting Policies forms part of the Issuer Financial Statements.

The Issuer's Results of Operations

The nine month period from March 30, 2010 to December 31, 2010 represents the first period of operation for the Issuer. The following table sets forth the Issuer's income statement data for 9M2010.

	Nine Months Ended December 31, 2010
	(US$ in millions)
	(Audited)
Revenue	16.21
Cost of sales	(12.67)
Gross profit	3.54
General and administrative expenses	(3.83)
Gain on derivative financial instruments	0.66
Share of profit/(loss) in an associate	(0.92)
Operating loss	(0.55)
Finance costs	(10.17)
Finance income	0.12
Loss before income taxes	(10.60)
Income tax benefit	3.70
Total Comprehensive income/(loss)	(6.90)

Revenue

Total revenues for 9M2010 were US$16.21 million, arising from the sale of the Issuer's share of natural gas and liquids/condensate produced at its joint ventures with Atlas (now Chevron AE Resources LLC) and Pioneer. The Issuer produced and sold 1.95 Bcf of natural gas and 0.09 million barrels of liquids during 9M2010, as its share in the above joint ventures.

As of December 31, 2010, the Atlas (now Chevron AE Resources LLC) joint venture had 12 producing wells and the Pioneer joint venture had 21 producing wells. The Carrizo joint venture commenced production during the fourth quarter of 2011.

Gross Profit

The Issuer earned a gross profit of US$3.54 million in 9M2010 on a consolidated basis. Against total revenues of US$16.21 million, the Issuer incurred cost of sales of US$12.67 million during 9M2010. The latter comprised operating expenses of US$4.97 million (net of inventory), production taxes of US$0.70 million and depletion of producing assets of US$7.00 million, as highlighted in the table below.

		Nine Months Ended December 31, 2010
		(US$ in millions)
Operating expenses	4.99	
Less: closing inventory	0.02	4.97
Production taxes		0.70
Depletion of producing assets		7.00
Cost of Sales		**12.67**

Operating Loss

General and administrative expenses were US$3.83 million in 9M2010, comprising staff costs, depreciation on property, plant and equipment and other operating costs. Combined with a gain of US$0.66 million on derivative financial instruments and its share of loss of US$0.92 million posted by the midstream joint venture with Pioneer, the Issuer reported aggregate expenses of US$4.09 million in 9M2010. Accordingly, the Issuer recorded an operating loss of US$0.55 million for 9M2010, associated with the commencement of drilling and production activities in the respective joint ventures.

Finance Charges and Income

The Issuer incurred finance charges of US$27 million (of which US$17 million has been capitalized under Oil and Gas Properties) for 9M2010, on funds raised for partially financing the acquisition costs as well as subsequent capital contributions to each of the joint ventures. The capital contributions consisted of the Issuer's share of the capital and operating expenses as well as drilling carry obligations to the joint venture partners. Against these charges, the Issuer paid out total interest of US$2.53 million in 9M2010. The Issuer expects that as production in the joint ventures ramps up, cash flows generated from operations will offset a portion of future financing needs.

The Issuer realized finance income of US$0.12 million, in the form of interest income on fixed deposits with banks, earned on surplus funds pending utilization.

Loss before Income Taxes

The operating loss and financing charges resulted in a loss before income taxes of US$10.60 million for 9M2010.

Total Comprehensive Loss

In view of the operating loss and finance charges incurred, adjusted for income tax benefits of US$3.70 million, the Issuer reported a total comprehensive loss of US$6.90 million in 9M2010. This was a result of limited production and sales due to the early stage of development in the joint ventures and upfront investment requirements in the joint ventures resulting in finance charges ahead of production.

Liquidity and Capital Resources

The Issuer's primary sources of capital and liquidity are long-term debt raised in the capital markets, contributions from shareholders (when required) and bank borrowings, which enable it to balance debt and equity in its capital structure.

The strength of the Issuer's business depends principally on its ability to effectively manage its cash flows and liquidity and to continuously fund its development and acquisition plans. Due to the capital intensive nature of its business, the Issuer seeks to maintain a conservative cash balance at all times.

As of December 31, 2010, the Issuer had cash and cash equivalents of US$513.29 million. The cash and cash equivalents primarily consisted of short-term fixed deposits, in order to ensure immediate access for meeting development funding requirements at each of its joint ventures.

During 9M2010, the Issuer sold US$1,500 million of 10-year and 30-year notes guaranteed on an unsecured basis by the Guarantor and raised US$474.05 million equity from capital contributions by its shareholders. The Issuer used a portion of the proceeds from the sale of notes to refinance US$765 million of bridge loans that were used to fund its acquisitions.

The Issuer's long-term unsecured debt is rated Baa2 by Moody's and BBB by S&P as of December 31, 2011.

The Issuer's future cash flow from operations depends heavily on the extent of progress achieved in development activities for exploration and production of natural gas and condensate at each of its joint ventures, as well as on oil and gas prices in the United States. As a result, declining commodity prices and adverse market conditions can limit future capital expenditures and negatively affect results. To protect itself from such events, the Issuer may, as it deems appropriate, access capital markets or establish other sources of funding when conditions are favorable.

Cash Flow Analysis

The following table sets forth the Issuer's cash flow data for 9M2010.

	Nine Months Ended December 31, 2010
	(US$ in millions)
	(Audited)
Operating activities	
Pretax loss	(10.60)
Adjustments for:	
Depreciation on property, plant and equipment	0.00
Depletion of oil and gas properties	7.00
Amortization of debt discount and debt issue costs	0.52
Gain on derivative financial instruments	(0.66)
Interest income	(0.12)
Share of loss in an associate	0.92
	(2.94)
Working capital adjustment:	
Increase in other current assets	(8.94)
Net cash used in operating activities	**(11.88)**
Investing activities	
Purchase of property, plant and equipment	(0.02)
Acquisitions of exploration and evaluation assets	(1,039.93)
Capital expenditures on oil and gas properties	(258.92)
Investment in an associate	(118.80)
Proceeds from gain on derivative financial instruments	0.66
Interest received	0.12
Net cash used in investing activities	**(1,416.89)**
Financing activities	
Shareholders' contributions	474.05
Proceeds from short-term bridge loans	765.00
Repayment of short-term bridge loans	(765.00)
Debt issuance cost	(14.24)
Proceeds from issuance of long-term debt, net	1,482.25
Net cash from financing activities	**1,942.06**
Increase in cash and cash equivalents	513.29
Cash and cash equivalents, beginning of period	—
Cash and cash equivalents, end of period	**513.29**

Operating Activities

Net cash outflow from operating activities was US$11.88 million in 9M2010. The cash outflow was principally driven by the operating loss for the period and an increase in current assets to US$8.94 million in 9M2010. The increase in current assets consisted of unimpaired trade receivables of US$7.59 million, prepayments of US$0.53 million, cash call advances of US$0.80 million and inventories valued at US$0.02 million as of December 31, 2010.

Investing Activities

Net cash used in investing activities was US$1,416.89 million in 9M2010. This consisted of US$1,039.93 million used for the acquisition of exploration and evaluation assets in three upstream joint ventures and subsequent development capital expenditure on oil and gas properties of US$258.92 million. In addition, the Issuer invested US$118.80 million in EFS Midstream LLC, the midstream joint venture with Pioneer, in 9M2010. The balance consisted of the purchase of fixed assets, interest earned and proceeds from the gain of derivative financial instruments, realized during 9M2010.

Financing Activities

Net cash from financing activities in 9M2010 was US$1,942.06 million. This consisted of US$1,468.01 million of proceeds (net of issuance cost) raised from the issuance of 10-year and 30-year notes, and US$474.05 million raised through shareholders' contributions.

Capital Expenditure

The Issuer incurs costs towards its share of development capital expenditure and outstanding carry obligations in each of its joint ventures. See "The Issuer" for details of carry obligations under each of the joint venture transactions. The Issuer's contribution towards carry obligations are included under acquisition of exploration and evaluation assets, while the Issuer's contribution towards its share of development capital expenditure in the joint ventures is included as part of capital expenditure on oil and gas properties. There is no carry obligation in the case of the midstream joint venture with Pioneer.

The Issuer's core business is significantly capital intensive and total cash capital expenditure towards the Issuer's joint ventures for 9M2010 amounted to US$1.4 billion, including the Issuer's contribution towards carry obligations.

The Issuer's on-going capital expenditures are expected to increase in the near future as operations ramp up in the upstream and midstream joint ventures. In 2011 and 2012, the Issuer expects to invest more than US$3.5 billion towards (i) its share of capital expenditure; (ii) carry obligations payable under the terms of the upstream joint venture agreements; and (iii) investment in Reliance Eagleford Midstream LLC for the development of midstream infrastructure at Pioneer.

The Issuer intends to partially finance the above capital requirement using the net proceeds of this offering. Apart from cash generated from operations, the Issuer also expects to use bank borrowings and access capital markets to fund future capital requirements. An absence of funding sources and liquidity in the future may restrict the capital expenditure plans of the Issuer and significantly impact its operating results.

Long Term Debt/Contractual Obligations

As of December 31, 2010, the Issuer's long-term debt obligations consisted of US$1,500 million of notes issued in 9M2010. Apart from this obligation, the Issuer had no other long-term or short-term debt as of December 31, 2010.

On October 19, 2010, the Issuer issued US$1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the "2020 Notes") and US$500 million of 6.25% Guaranteed Senior Notes due 2040 (the "2040 Notes"). The 2020 Notes and the 2040 Notes are unsecured and unsubordinated obligations of the Issuer, rank *pari passu* with all of its other existing and future unsecured and unsubordinated obligations and are effectively subordinated to its secured obligations and the obligations of its subsidiaries. These notes are guaranteed on an unsecured basis by the Guarantor. A portion of the proceeds was used to refinance US$765 million existing bridge loans, with the remainder used to make other business investments and for general corporate purposes.

The Issuer incurred US$31.99 million debt discount and debt issue costs in connection with the debt offering. On December 31, 2010, the gross unpaid principal balance and accrued interest on the Notes were US$1,500 million and US$15.5 million, respectively.

As of December 31, 2010, the Issuer's debt was US$1,468.53 million and it had cash and cash equivalents of US$513.29 million. The Issuer's gross debt to equity ratio was 3.14 as of December 31, 2010.

Off-Balance Sheet Arrangements

As of December 31, 2010, the Issuer had no off-balance sheet arrangements.

UNAUDITED FINANCIAL RESULTS OF THE ISSUER FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

The following summary review is intended to convey management's perspective on the operating performance and financial condition of the Issuer for the nine months ended September 30, 2011 ("9M2011") on a consolidated basis. The Issuer was incorporated on March 30, 2010 and, as a result, does not have comparable operations for the nine-month period ended September 30, 2010. 9M2011 results are, therefore, presented on a standalone basis. This disclosure is intended to assist in understanding and interpreting the selected financial information of the Issuer for 9M2011, which is included in this Offering Memorandum. The discussion should be read in conjunction with "Selected Consolidated Financial and Operating Data of the Issuer", the Issuer Financial Statements, the Issuer's 9M2011 Financial Information and the accompanying schedules and notes included elsewhere in this Offering Memorandum.

The Issuer reports in accordance with IFRS, and its accounting policies have been established accordingly.

The following discussion may contain forward-looking statements. These statements have been based on management's current projections and expectations about future events. The Issuer's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set out under "Risk Factors" and elsewhere in this Offering Memorandum. See "Forward-Looking Statements and Associated Risks".

The Issuer's Results of Operations for the Nine Months Ended September 30, 2011

The following table sets forth the Issuer's unaudited income statement data for 9M2011.

	Nine Months Ended September 30, 2011
	(US$ in millions)
	(Unaudited)
Revenue	144.24
Cost of sales	(85.87)
Gross profit	58.37
General and administrative expenses	(10.09)
Share of profit/(loss) in an associate	2.33
Operating profit	50.61
Finance costs	(44.34)
Finance income	14.55
Profit before income taxes	20.82
Income tax benefit/(expenses)	(7.51)
Total comprehensive income/(loss)	13.31

Revenue

Revenues for 9M2011 were US$144.24 million, arising from the sale of the Issuer's share of natural gas and liquids/condensate produced at its joint ventures with Atlas/Chevron and Pioneer. The Issuer produced and sold 9.92 Bcf of natural gas and 1.48 million barrels of condensate and natural gas liquids during 9M2011, as its share in these joint ventures.

As of September 30, 2011, the Atlas/Chevron joint venture had 29 producing wells with a gross exit production rate of approximately 67 MMscfd at the joint venture level and the Pioneer joint venture had 75 producing wells with a gross exit production rate of approximately 280 MMscfed, including approximately 24,700 bpd of condensate at the joint venture level. The Carrizo joint venture commenced production during the fourth quarter of 2011.

Gross Profit

The Issuer's gross profit for 9M2011 was US$58.37 million, after deducting cost of sales of US$85.87 million from its revenues. Cost of sales is comprised of operating expenses of US$28.89 million (including opening inventory of US$0.02 million), production taxes of US$7.03 million, and depletion on producing oil and gas assets of US$49.93 million, as highlighted in the table below.

	Nine Months Ended September 30, 2011
	(US$ in millions)
Opening inventory	0.02
Operating expenses	28.89
Production taxes	7.03
Depletion on producing assets	49.93
Cost of sales	85.87

Operating Profit

General and administrative expenses for 9M2011 were US$10.09 million, comprising of US$2.68 million of staff costs and US$7.41 million of other operating expenses. In 9M2011, the Issuer also earned a profit of US$2.33 million from its midstream joint venture with Pioneer. Accordingly, the Issuer's operating profit in 9M2011 was US$50.61 million.

Finance Costs and Income

The Issuer incurred finance costs of US$84.07 million for 9M2011 on its debt obligations, of which US$39.73 million has been capitalized under Oil and Gas properties. Total cash finance cost paid in 9M2011 was US$55.21 million. The Issuer also realized finance income of US$14.55 million in the form of interest income on bank fixed deposits.

Profit Before Income Taxes

Profit Before Income Taxes for 9M2011 was US$20.82 million, as a result of adding finance income of US$14.55 million and deducting finance costs of US$44.34 million from the operating profit of US$50.61 million.

Total Comprehensive Income

The Issuer incurred income tax expenses of US$7.51 million in 9M2011. Consequently, the Issuer's total comprehensive income for 9M2011 was US$13.31 million.

The Issuer's joint ventures are still in the early stage of development. As operations ramp up, management expects increased production from each of the joint ventures to drive substantial revenue and profitability growth.

Liquidity and Capital Resources

The Issuer had cash and cash equivalents of US$34.46 million as of September 30, 2011, consisting primarily of short-term deposits.

During 9M2011, the Issuer raised US$450 million through short-term bridge loans. Additionally, the Issuer has US$1,500 million of 10- and 30-year notes outstanding, which it issued in October 2010, and a part of this amount is guaranteed on an unsecured basis by the Guarantor. The Issuer's long-term unsecured debt is rated Baa2 by Moody's and BBB by S&P as of December 31, 2011.

In addition to the proceeds generated from the short-term bridge loans, the Issuer received US$90 million of equity contributions from its shareholders in 9M2011.

Cash Flow Analysis

The following table sets forth the Issuer's unaudited cash flow data for 9M2011.

	Nine Months Ended September 30, 2011
	(US$ in millions)
	(Unaudited)
Operating activities	
Pretax income	20.82
Adjustments for:	
Depreciation on property, plant and equipment	0.01
Depletion of oil and gas properties	49.93
Amortization of debt discount and debt issue costs	1.95
Interest income	(14.55)
Share of (profit)/loss in an associate	(2.33)
	55.83
Working capital adjustment:	
Increase in other current assets	(54.68)
Net cash from operating activities	**1.15**
Investing activities	
Purchase of property, plant and equipment	(0.06)
Payment for oil and gas properties & exploration and evaluation assets	(934.18)
Investment in an associate	(100.29)
Interest received	14.55
Net cash used in investing activities	**(1,019.98)**
Financing activities	
Proceeds from short-term bridge loans	450.00
Shareholders' contributions	90.00
Net cash from financing activities	**540.00**
Increase/(decrease) in cash and cash equivalents	(478.83)
Cash and cash equivalents, beginning of period	513.29
Cash and cash equivalents, end of period	**34.46**

Operating Activities

Net cash from operating activities in 9M2011 was US$1.15 million, which comprised net profit of US$20.82 million, non-cash expenses consisting of depreciation on property, plant and equipment of US$0.01 million, depletion of oil and gas properties of US$49.93 million and amortization of debt discount and debt issue costs of US$1.95 million, offset by interest income of US$14.55 million, the Issuer's share of profit of US$2.33 million in its midstream joint venture and non-cash current assets of US$54.68 million. The non-cash current assets consisted of a US$54.36 million increase in trade receivables, a US$0.14 million decrease in other advances, and US$0.46 million increase in the amount of prepayments.

Investing Activities

Net cash used in investing activities was US$1,019.98 million in 9M2011. This consisted of US$934.18 million used for the development of oil and gas properties & exploration and evaluation assets in three upstream joint ventures and US$100.29 million invested by the Issuer in EFS Midstream LLC, the midstream joint venture with Pioneer. The balance consisted of interest income earned and cash used to purchase fixed assets.

Financing Activities

Net cash from financing activities in 9M2011 was US$540 million, consisting of US$450 million from short-term bridge loans and US$90 million from equity contributions.

Capital Expenditure and Contractual Obligations

Total cash capital expenditure towards the Issuer's joint ventures for 9M2011 amounted to US$1,034.54 million, including the Issuer's drilling carry obligations for its joint venture partners.

As of September 30, 2011, the Issuer had long-term debt obligations of US$1,500 million and short-term debt obligations of USS$450 million. Long-term debt obligations consisted of US$1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the "2020 Notes") and US$500 million of 6.25% Guaranteed Senior Notes due 2040 (the "2040 Notes"), both issued in October 2010. Short-term debt obligations consisted of US$450 million of bridge loans acquired during 9M2011. In addition, during October and November 2011, the Issuer entered into short-term credit facility agreements with an aggregate facility amount of US$500 million, with Barclays Bank PLC, Australia & New Zealand Banking Group Limited and Bank of America N.A. During October and November 2011, the Issuer had borrowed a total of US$233 million under all of these facilities. Accordingly, as of November 30, 2011, the Issuer has borrowed US$683 million under all of the above described unsecured, short-term credit facilities.

On February 14, 2012, the Issuer issued US$1,000 million of 5.40% Guaranteed Senior Notes due 2022.

Off-Balance Sheet Arrangements

As of September 30, 2011, the Issuer had no off-balance sheet arrangements.

OPERATING AND FINANCIAL REVIEW OF THE GUARANTOR

The following operating and financial review is intended to convey management's perspective on the operating performance and financial condition of the Guarantor as at and for the fiscal years ended March 31, 2011, 2010 and 2009 on a non-consolidated basis, as measured in accordance with Indian GAAP. This disclosure is intended to assist in understanding and interpreting the financial statements of the Guarantor included in this Offering Memorandum. The discussion should be read in conjunction with "Selected Non-Consolidated Financial and Operating Data of the Guarantor", the Guarantor Financial Statements and the accompanying schedules and notes.

The Guarantor reports in accordance with Indian GAAP, and its accounting policies have been established accordingly. Indian GAAP differs in certain respects from US GAAP. For a discussion of certain significant differences between Indian GAAP and US GAAP, see "Description of Certain Differences Between Indian GAAP and US GAAP".

The following discussion contains forward-looking statements. These statements have been based on management's current projections and expectations about future events. The Guarantor's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set out under "Risk Factors" and elsewhere in this Offering Memorandum. See "Forward-Looking Statements and Associated Risks". Further information regarding the presentation of financial information is set out under the heading "Presentation of Financial and Other Data".

The Guarantor has four segments for financial reporting purposes. See "Presentation of Financial and Other Data — Reporting Segments" for a description of the Guarantor's segments.

In this operating and financial review, references to "FY2011", "FY2010" and "FY2009" refer to the Guarantor's fiscal years ended March 31, 2011, 2010 and 2009, respectively.

Overview

The Guarantor was India's largest private sector enterprise based on Turnover and Profit After Tax for the fiscal year ended March 31, 2011 and on market capitalization as of March 31, 2011. It has three principal businesses, each of which comprises a financial reporting segment: (i) exploration, development and production of oil and natural gas ("Oil and Gas"), (ii) refining and marketing of petroleum products ("Refining") and (iii) petrochemicals, including principally the manufacturing and marketing of polymers, polyester, polyester intermediates and chemicals ("Petrochemicals").

The Guarantor has significant domestic sales in India and exports to more than 100 countries around the world. The Guarantor has eight principal plants located in the Indian states of Maharashtra, Gujarat and Andhra Pradesh, and oil and gas interests in the Bay of Bengal and the Arabian Sea. Outside India, the Guarantor has exploration and production interests, through its wholly owned subsidiary Reliance Exploration & Production DMCC, in Yemen, Peru, Kurdistan (Iraq), Colombia and Australia. In addition, its subsidiary, Recron (Malaysia) Sdn Bhd ("Recron"), manufactures polyester products at facilities in two locations at Nilai and Malacca, Malaysia. In 2007, the Guarantor, through its subsidiary, Reliance Industries (Middle East) DMCC, acquired a majority stake in Gulf Africa Petroleum Corporation ("GAPCO"), which owns and operates large storage terminal facilities and a retail distribution network principally in Kenya, Tanzania and Uganda. In 2010, the Guarantor, through the Issuer's subsidiaries, entered into four joint ventures in the United States and thereby acquired interests in shale deposits in the Marcellus Shale and the Eagle Ford Shale in the United States.

The Guarantor earns its revenue principally through the production and sale of petroleum products, including diesel, gasoline and LPG, petrochemicals and natural gas. The volumes of these sales and the prices it receives for its products are significant drivers of the Guarantor's results of operations. The following table sets forth the Guarantor's production of its principal products meant for sale in FY2011, FY2010 and FY2009, respectively:

		Year Ended March 31,		
	Unit	2011	2010	2009
Crude oil	MT	1,306,057	1,021,797	683,023
Gas	BBTU	564,312	435,157	63,393
Petroleum products	KT	51,525	46,076	29,733
Ethylene	MT	27	357	9,917
Propylene	MT	6,895	28,095	134
Benzene	MT	605,200	662,254	593,796
Paraxylene	MT	486,896	514,938	572,254
Polyvinyl chloride	MT	630,780	624,018	613,783
Polyethylene	MT	970,017	1,057,906	990,189
Polybutadiene rubber	MT	76,261	72,894	71,974
Polypropylene	MT	2,496,099	2,398,598	1,513,644
Ethylene glycol	MT	265,244	301,509	352,182
Purified terephthalic acid	MT	622,097	610,787	648,219
Polyester filament yarn	MT	810,433	796,033	694,592
Polyester staple fiber	MT	631,023	627,857	578,462
Polyethylene terephthalate	MT	352,668	314,191	297,870

The Guarantor has a balanced mix of sales within and outside India. Export sales (including deemed exports) accounted for 56.7% of its Turnover in FY2011 (FY2010: 55.0%). Exports of refined petroleum products from the Guarantor's Refining business accounted for 88% of the Guarantor's total exports in FY2011 (FY2010: 85%).

The Guarantor has an integrated production chain and accordingly has significant inter-segment sales. The following table sets out Segment Revenue and Segment Result Before Interest and Tax for each of the Guarantor's reporting segments for FY2011, FY2010 and FY2009:

	Segment Revenue(1)			Segment Result Before Interest and Tax(2)		
	Year Ended March 31,					
	2011	2010	2009	2011	2010	2009
	(Rs. in millions)					
	(Audited)					
Refining	2,154,310	1,632,490	1,079,940	91,720	60,110	97,900
Petrochemicals	631,550	552,510	527,580	93,050	85,810	68,480
Oil and Gas	172,500	126,490	34,890	67,000	54,130	22,240
Others	6,150	3,980	5,600	330	430	380
Eliminations(3)	(377,999)	(311,472)	(184,729)	—	—	—
Total	2,586,511	2,003,998	1,463,281	252,100	200,480	189,000

(1) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(2) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and is presented before tax.
(3) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

The Guarantor's Oil and Gas business is principally engaged in the onshore and offshore exploration and production of oil and gas in India and, to a lesser extent, outside India, as well as shale gas exploration in the United States. The Guarantor is the largest exploration acreage holder in the private sector in India with 27 domestic exploration blocks (under the NELP, including one pre-NELP block), one block each in Panna-Mukta and Tapti and three coal bed methane blocks. The total area covered under the domestic blocks, excluding the three coal bed methane blocks, is approximately 243,677 square kilometers as at December 31, 2011. The Guarantor, through its subsidiary, Reliance Exploration & Production DMCC, currently has 10 blocks in its international exploration and production portfolio, including three in Yemen (one producing and two exploratory), two each in Peru, Kurdistan (Iraq) and Colombia, and one in Australia, amounting to a total acreage of approximately 50,950 square kilometers. In addition, the Guarantor has entered, through the Issuer's subsidiaries, into four joint ventures and thereby acquired interests in shale deposits in the Marcellus Shale and the Eagle Ford Shale in the United States (see "The Issuer — Business").

Recently the Guarantor has entered into a strategic partnership with BP in its Oil and Gas business. The partnership across the full value chain comprises BP taking a 30% stake in 23 oil and gas production sharing contracts that the Guarantor operates in India, including the producing KG-D6 block, and the formation of a 50:50 joint venture between the two companies for sourcing and marketing of gas in India. The Guarantor has received the necessary Indian regulatory approvals for the transfer of a 30% interest in 21 oil and gas production sharing contracts and the transaction was completed on August 30, 2011. The Guarantor is pursuing the necessary Indian regulatory approvals for the remaining two oil and gas production sharing contracts and there can be no assurance that the required approvals will be received as initially envisaged or at all. See "Business of the Guarantor — Business — Oil and Gas" and "Business of the Guarantor — Business — Oil and Gas — Recent Developments — Strategic Partnership with BP".

The Guarantor's Refining business is principally engaged in operating crude oil refineries and marketing a wide range of value-added petroleum products, including diesel, gasoline, jet fuel, bunker fuel, LPG, base oil and kerosene, through marketing and retailing network in the Indian, as well as selected international, markets. The Guarantor owns and operates two refineries: Jamnagar Refinery I in the domestic tariff area and Jamnagar Refinery II in the SEZ, a duty-free zone deemed to be a foreign territory for the purposes of trade operations and duties and tariffs. The refineries at Jamnagar have a combined total installed crude processing capacity of 1.24 million barrels per day. Refining purchases and processes significant quantities of crude oil. In ordinary conditions, its profitability is driven by the margin, called the gross refining margin, that it can earn on its refining activities. Its revenues and costs are directly related to the volume of crude oil processed and the price it pays for crude oil. The price of crude oil fluctuates widely and an increase or decrease in the oil price will increase or decrease, respectively, Refining's revenues and costs. As Refining constitutes a significant portion of the Guarantor's revenues and costs, the Guarantor results are similarly affected by increases or decreases in crude oil prices. See "Business of the Guarantor — Business — Refining".

The Guarantor's Petrochemicals business is principally engaged in converting feedstocks derived from petroleum and natural gas liquids into petrochemicals. The Petrochemicals business produces products such as polymers, polyester fiber and yarn and polyester intermediates. It principally operates facilities in India. See "Business of the Guarantor — Business — Petrochemicals".

The Guarantor's Others segment comprises the textile division, producing a wide range of synthetic textiles and other small businesses. For further details, see "Business of the Guarantor — Business — Others".

In the last ten years the Guarantor expanded its operations and diversified into new business and geographic areas. Although the Guarantor's core business segments of Petrochemicals and Refining accounted for 94% of Segment Revenue Before Eliminations for FY2011 (FY2010: 94%), Segment Result Before Interest and Tax was more balanced with Petrochemicals, Refining and Oil and Gas segments accounting for 37% (FY2010: 43%), 36% (FY2010: 30%) and 27% (FY2010: 27%), respectively, in FY2011.

Factors Affecting Results of Operations

The Guarantor is an integrated energy company with a diversified revenue base from its principal business segments of Oil and Gas, Refining and Petrochemicals. Its results of operations in any period may be influenced by changing economic, regulatory and political environments, in particular as such factors affect India. The principal factors that have affected, currently affect or may affect in the future, the Guarantor's operating and financial performance, its financial condition and its prospects are:

- global commodity prices, in particular for natural gas, refined petroleum products and petrochemical products;
- the availability and price of crude oil, the key input in the Guarantor's businesses;
- the price of products that are subject to price regulation when sold in India (principally natural gas, gasoline, diesel, LPG and kerosene);
- the price of the Guarantor's petrochemical products in the domestic market;
- the Guarantor's ability to pass on any increase in the price of crude oil through a change in prices of its refined petroleum products;
- the Guarantor's ability to pass on any increase in the price of feedstocks through a change in prices of its petrochemical products;
- the production and sales volumes for the Guarantor's products, which are affected by economic conditions in India and elsewhere;
- macroeconomic growth in India;
- changes in global economic conditions that may have an impact on demand from key international customers;
- changes in operating costs;
- the execution of the Guarantor's growth strategy and its growth and maintenance capital expenditure requirements, and its ability to recover its costs of exploration, development and production under the KG-D6 PSC (see "Summary — Recent Developments — Arbitration with the Government Regarding the KG-D6 PSC");
- regulatory changes, in particular in India;
- change in interest rates in the Indian and international markets;
- fiscal and other related regulatory changes that may have impact on depreciation rates, income tax rates and other direct and indirect taxes; and
- exchange rates, in particular between the rupee, the Guarantor's reporting currency, and the US Dollar, given a substantial portion of the Guarantor's sales and costs are either denominated in US Dollars or linked to, or influenced by movements of, the US Dollar.

Factors Affecting Comparability of Results

In 2009, RPL, which was until then a subsidiary of the Guarantor, was amalgamated with the Guarantor with effect from April 1, 2008. At the time of the Amalgamation, RPL constituted a significant business for the Guarantor in terms of assets and liabilities, although its revenue impact was limited because at the time of the Amalgamation it was principally engaged in constructing the Jamnagar Refinery II.

In FY2010, the Guarantor commissioned its KG-D6 oil and gas project, which became fully operational during the same year as did the Jamnagar Refinery II. These developments resulted in significant increases in revenue and costs and have a significant effect on the comparability of the Guarantor's results of operations for FY2009 and FY2010.

Critical Accounting Policies and Estimates and Forthcoming Changes

Basis of Preparation of Financial Statements

The Guarantor's financial statements are prepared under the historical cost convention except for certain fixed assets which are revalued in accordance with Indian GAAP and the provisions of the Companies Act 1956, of India ("Indian Companies Act").

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the Guarantor's financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Guarantor's accounting policies are set forth in full at Schedule "N" of the FY2011 Guarantor Financial Statements. The Guarantor's critical accounting policies are described below.

Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

Own Fixed Assets

Fixed Assets are stated at cost net of excise duty/value added tax paid on the capital goods used in the manufacturing processes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs until commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

Leased Assets

(a) Operating leases: Rentals are expensed with reference to lease terms and other considerations.

(b) (i) Finance leases prior to April 1, 2001: Rentals are expensed with reference to lease terms and other considerations. (ii) Finance leases on or after April 1, 2001: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amounts shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the Profit and Loss Account.

(c) However, rentals referred to in (a) or (b)(i) above and the interest component referred to in (b)(ii) above pertaining to the period up to the date of commissioning of the assets are capitalized.

(d) All assets given on finance leases are shown as receivables at an amount equal to net investment in the finance leases. Initial direct costs in respect of the finance leases are expensed in the year in which such costs are incurred. Income from lease assets is accounted by applying the interest rate implicit in the lease to the net investment.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

The consideration received for transfers of interest in development rights is reduced from the accumulated cost incurred toward such rights.

Depreciation

Depreciation on fixed assets is provided to the extent of depreciable amount on written-down value method at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act over their useful life. On fixed assets pertaining to refining segment and SEZ units, depreciation is provided on straight-line method over their useful life; on fixed-bed catalysts with a life of two years or more, depreciation is provided over its useful life; on fixed-bed catalysts having life of less than two years, 100% depreciation is provided in the year of addition; on additions or extensions forming an integral part of existing plants, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and insurance spares, depreciation is provided as aforesaid over the residual life of the respective plants; on development rights and producing properties, depreciation is provided in proportion of oil and gas production achieved vis-à-vis the Proved Reserves (net of reserves to be retained to cover abandonment costs as per the production sharing contract and the Government's share in the reserves) considering the estimated future expenditure on developing the reserves as per technical evaluation; premium on leasehold land is amortized over the period of lease; technical know-how is amortized over the useful life of the underlying assets and computer software is amortized over a period of five years; intangible assets — others are amortized over the period of agreement of right to use, provided in case of jetty the aggregate amount amortized to date is not less than the aggregate rebate utilized by the Guarantor; on amounts added on revaluation, depreciation is provided as aforesaid over the residual life of the assets as certified by the valuers; on assets acquired under finance lease from April 1, 2001, depreciation is provided over the lease term.

Foreign Currency Transactions

(a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

(b) Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as the exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

(c) Non-monetary foreign currency items are carried at cost.

(d) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximate the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.

(e) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Income Statement, except in the case of long-term liabilities, where they relate to an acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

Investments

Current investments are carried at the lower of cost and quoted/fair value, computed on a category by category basis. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is considered by management to be other than temporary.

Inventories

Items of inventories are measured at the lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on a weighted average basis. By-products are valued at net realizable value. Cost of work-in-progress and finished stock is determined on an absorption costing method.

Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods, services, sales tax, service tax, excise duty and sales during trial-run period, adjusted for discounts (net), value added tax ("VAT") and gain/loss on corresponding hedge contracts. Dividend income is recognized when right to receive the dividend is established. Interest income is recognized on a time proportion basis, taking into account the amount outstanding and rate applicable.

Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to prepare for its intended use. All other borrowing costs are charged to the Income Statement.

Financial Derivatives and Commodity Hedging Transactions

In respect of derivative contracts, premium paid, gains/losses on settlement and provision for losses for cash flow hedges are recognized in the Income Statement, except where they relate to the acquisition or construction of fixed assets, in which case they are adjusted to the carrying cost of such assets.

Accounting for Oil and Gas Activity

The Guarantor has adopted the full cost method of accounting for its Oil and Gas activity and all costs incurred in acquisition, exploration and development are accumulated considering the applicable country as a single cost center. Oil and Gas joint ventures are in the nature of jointly controlled assets. Accordingly, assets and liabilities as well as income and expenditure are accounted for on the basis of available information on a line-by-line basis with similar items in the Guarantor's financial statements, according to the participating interest of the Guarantor.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Impact of Accounting Standards and Interpretations That Are Not Yet Effective

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, had announced a road map for the adoption of and convergence with the IFRS, pursuant to which some public companies in India were to be required to prepare their annual and interim financial statements under Indian GAAP converged with IFRS.

On March 3, 2011, the Central Government, in consultation with the NACAS, prescribed accounting standards converged with IFRS, called Indian Accounting Standards (Ind-ASs) to be applied by certain classes of companies from a date which is yet to be notified. The Guarantor shall be covered in the first phase of convergence. However, in view of significant lack of clarity on the date of adoption, the Guarantor has not determined, with any degree of certainty, the impact that such adoption will have on its financial reporting. See "Risk Factors — Risks Relating to India — The mandatory adoption of IFRS may have a material adverse effect on the Guarantor's results of operations".

Results of Operations

The following table sets forth the Guarantor's income statement data for FY2011, FY2010 and FY2009, which have been extracted without material adjustment from the Guarantor Financial Statements presented elsewhere in this Offering Memorandum and also includes the percentage change between each of the consecutive fiscal years:

	Year Ended March 31,				
	2011		2010		2009
	(Rs. in millions)	% change	(Rs. in millions)	% change	(Rs. in millions)
			(Audited)		
INCOME					
Turnover	2,586,511	29.1	2,003,998	37.0	1,463,281
Less: Excise Duty/Service Tax Recovered	104,811	32.0	79,388	77.2	44,806
Net Turnover	2,481,700	28.9	1,924,610	35.7	1,418,475
Other Income	30,517	24.0	24,605	19.4	20,599
Variation in Stocks	32,430	(17.9)	39,479	823.3	4,276
Total Income	2,544,647	28.0	1,988,694	37.8	1,443,350
EXPENDITURE					
Purchases	14,643	(51.1)	29,958	35.8	22,053
Manufacturing and Other Expenses	2,118,230	30.1	1,628,324	39.5	1,167,559
Interest and Finance Charges	23,276	16.5	19,972	14.4	17,452
Depreciation (net of transfers from the Revaluation Reserve)[1]	136,076	29.6	104,965	102.0	51,953
Adjustment pursuant to the scheme of Amalgamation including write-off of Investments in Reliance Petroleum Limited[2]	—	—	—	—	77,289
Less: Transferred from General Reserve[2]	—	—	—	—	77,289
Total Expenditure	2,292,225	28.5	1,783,219	41.6	1,259,017

	Year Ended March 31,				
	2011		2010		2009
	(Rs. in millions)	% change	(Rs. in millions)	% change	(Rs. in millions)
			(Audited)		
Profit Before Tax	252,422	22.8	205,475	11.5	184,333
Provision for Current Tax	43,204	38.8	31,118	157.9	12,065
Provision for Fringe Benefit Tax	—	—	—	(100.0)	569
Provision for Deferred Tax	6,355	(47.0)	12,000	(35.5)	18,605
Profit After Tax	202,863	24.9	162,357	6.1	153,094

(1) Gross Fixed Assets included Rs. 381,220 million as at March 31, 2011, Rs. 381,220 million as at March 31, 2010 and Rs. 381,220 million as at March 31, 2009 on account of revaluations of Fixed Assets carried out in the past. As a result of such revaluations, additional depreciation charges of Rs. 26,338 million, Rs. 29,805 million and Rs. 19,871 million were recorded in FY2011, FY2010 and FY2009, respectively. An equivalent amount has been credited to the Income Statement from Revaluation Reserve in the respective fiscal years. This has no impact on the profits of the respective fiscal years. For information on asset revaluation and associated depreciation under Indian GAAP, see "Description of Certain Differences Between Indian GAAP and US GAAP".

(2) RPL, a company then engaged in establishing crude oil refinery facilities and ancillary units in the Special Economic Zone, was amalgamated with the Guarantor through a court-sanctioned scheme of amalgamation approved on September 11, 2009 with effect from April 1, 2008 (the "Amalgamation"). As specified in the scheme, Rs. 76,839 million, representing the Guarantor's investment in RPL prior to the Amalgamation, and Rs. 450 million, being the stamp duty and other expenditure payable in connection with the Amalgamation, were written off and charged to the Income Statement. The equivalent amount has been withdrawn from the General Reserve and credited to the Income Statement.

Description of Income Statement Items

"Turnover" comprises revenue from the sale of goods and services, sales tax, service tax, excise duty and sales during a facility's pre-commission trial period, net of discounts and VAT and adjusted for gain/loss on hedge contracts corresponding to sales (commodity and/or exchange hedges).

"Excise Duty/Service Tax Recovered" comprises excise duty as required by the Central Excise Act, 1944 recovered on sale of manufactured products and service tax recovered on services provided.

"Other Income" primarily comprises dividends from long-term investments, interest income, premium on investments in preference shares, profit on sale of fixed assets, profit on sale of current investments and miscellaneous income.

"Variation in Stocks" comprises the change in value of inventories of work in progress and finished goods.

"Purchases" comprises the expenditure for buying goods intended for trading, including crude oil, polyvinyl chloride and polyethylene.

"Manufacturing and Other Expenses" comprises expenditure incurred in connection with the purchase of raw materials and the conversion of raw materials into intermediate and final products. This includes expenses of both a variable and fixed nature.

"Interest and Finance Charges" comprises interest and finance charges on loans and other debt.

"Depreciation" comprises amortization of fixed assets and intangible assets.

"Provision for Current Tax" comprises tax payable on current period profit.

"Provision for Fringe Benefit Tax" comprises tax on fringe benefits provided to the employees. This levy was withdrawn with effect from April 1, 2009.

"Provision for Deferred Tax" comprises income tax deferred on account of timing differences, particularly related to the timing of the recognition of depreciation on fixed assets in the Income Statement and the tax impact thereof.

The Guarantor's Results of Operations for FY2011 and FY2010

Total Income

Total Income for FY2011 increased by Rs. 555,953 million, or 28.0%, to Rs. 2,544,647 million from Rs. 1,988,694 million for FY2010, principally as a result of an increase in Turnover and Other Income, as described below. Other Income was higher primarily due to higher average cash balances.

The following table sets forth the components of total income for FY2011 and FY2010, together with the percentage change in those items:

	Year Ended March 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Turnover	2,586,511	29.1	2,003,998
Less: Excise Duty/Service Tax Recovered	104,811	32.0	79,388
Net Turnover	2,481,700	28.9	1,924,610
Other Income	30,517	24.0	24,605
Variation in Stocks	32,430	(17.9)	39,479
Total Income	2,544,647	28.0	1,988,694

Turnover for FY2011 increased by Rs. 582,513 million, or 29.1%, to Rs. 2,586,511 million from Rs. 2,003,998 million for FY2010, principally as a result of an increase in average price realization, in turn due to higher average crude prices that led to higher product prices, and also due to a general increase in sales volumes.

The Guarantor recorded Turnover growth in all of its principal businesses — Refining, Oil and Gas and Petrochemicals. Turnover in the Guarantor's Refining segment increased by 32.0%, or Rs. 521,820 million (to Rs. 2,154,310 million for FY2011 from Rs. 1,632,490 million for FY2010) principally as a result of higher average crude oil prices in FY2011 and incremental volumes coming from the first full year of operation for the Jamnagar Refinery II which was under ramp-up during FY2010. Turnover in Oil and Gas increased by 36.4%, or Rs. 46,010 million (to Rs. 172,500 million in FY2011 from Rs. 126,490 million in FY2010), due to higher oil and condensate price realization and higher production of gas, oil and condensate from the KG-D6 fields. However, this revenue growth was partly offset by lower production and sales of gas, oil and condensate from the Panna-Mukta and Tapti fields due to natural decline in these fields. Turnover in Petrochemicals increased by 14.3%, or Rs. 79,040 million (to Rs. 631,550 million for FY2011 from Rs. 552,510 million for FY2010) due to higher average price realizations for products on the back of higher average crude oil prices and largely stable sales volume. See "— The Guarantor's Results of Operations by Segment for FY2011 and FY2010".

Excise Duty/Service Tax Recovered increased by Rs. 25,424 million, or 32.0%, to Rs. 104,812 million in FY2011 from Rs. 79,388 million for FY2010, principally due to higher domestic sales in the Refining segment and higher average price realization for the products.

Purchases

Purchases for FY2011 decreased by Rs. 15,315 million, or 51.1%, to Rs. 14,643 million from Rs. 29,958 million for FY2010, principally due to lower trading in crude oil and petroleum products.

Manufacturing and Other Expenses

Manufacturing and Other Expenses for FY2011 increased by Rs. 489,906 million, or 30.1%, to Rs. 2,118,230 million from Rs. 1,628,324 million for FY2010, principally due to increased expenditure on Raw Material Consumed resulting from increased crude oil processed at its refineries, higher prices of crude oil, higher royalties on oil and gas, higher volume of selling and distribution expenses and, to a lesser extent, increases in Manufacturing Expenses.

The following table sets forth the components of Manufacturing and Other Expenses for FY2011 and FY2010, together with the percentage change in those items:

	Year Ended March 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Raw Material Consumed	1,932,339	30.6	1,479,192
Manufacturing Expenses	82,449	12.1	73,550
Payments to and Provisions for Employees (including Managerial Remuneration)	26,242	11.6	23,504
Sales and Distribution Expenses	53,531	29.8	41,238
Establishment Expenses	23,972	4.1	23,019
Less: Transferred to Projects Development Expenditure (Net)(1)	303	(97.5)	12,179
Total	2,118,230	30.1	1,628,324

(1) Expenses, net of revenue realized, related to pre-commissioning are capitalized and not expensed.

Raw Material Consumed is the most significant component of Manufacturing and Other Expenses and accounts for approximately 91% of total Manufacturing and Other Expenses. Raw Material Consumed for FY2011 increased by Rs. 453,147 million, or 30.6%, to Rs. 1,932,339 million from Rs. 1,479,192 million for FY2010 due principally to higher crude oil and naphtha prices. While higher prices accounted for most of the increase in Raw Material Consumed, higher volumes of crude oil and LNG/NG, partly offset by lower consumption of naphtha, also contributed towards an increase in Raw Material Consumed in FY2011.

In FY2011, the Guarantor processed 66.6 million tons of crude oil, the cost of which accounted for 94.6% of Raw Material Consumed in FY2011 (FY2010: 93.1%). Accordingly, the increase in the price of crude oil, from an average of US$69.5 per barrel in FY2010 to US$84.2 per barrel in FY2011, had a significant effect on the Guarantor's costs.

Interest and Finance Charges

Interest and Finance Charges for FY2011 increased by Rs. 3,304 million, or 16.5%, to Rs. 23,276 million from Rs. 19,972 million for FY2010 principally due to lower capitalization of interest charges, higher average amount of debentures and higher average amount of short term loans outstanding due to an increased working capital requirement in the prevailing environment with high commodity prices.

The following table sets forth the components of Interest and Finance charges for FY2011 and FY2010, together with the percentage changes in those items:

	Year Ended March 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Debentures	10,823	14.4	9,464
Fixed Loans	5,415	(0.3)	5,434
Finance charges on Leased Assets	195	(9.2)	215
Others[1]	6,843	40.8	4,859
Total	23,276	16.5	19,972

(1) Others consist of interest on working capital and short term loans such as buyers' credit and suppliers' credit.

Depreciation

Depreciation for FY2011 increased by Rs. 31,111 million, or 29.6%, to Rs. 136,076 million from Rs. 104,965 million for FY2010, principally due to higher reserve depletion (which resulted in a depreciation charge) in the Oil and Gas business on the back of higher combined oil and gas production from the KG-D6 fields, and to a lesser extent due to capitalization of minor project investments in Refining and Petrochemicals.

The above-stated Depreciation is net of depreciation on revaluation which has been withdrawn from Revaluation Reserve. The depreciation on revaluation for FY2011 decreased by Rs. 3,467 million, or 11.6%, to Rs. 26,338 million from Rs. 29,805 million for FY2010.

Profit Before Tax

Profit Before Tax for FY2011 increased by Rs. 46,947 million, or 22.8%, to Rs. 252,422 million from Rs. 205,475 million for FY2010, principally due to higher operating profits, which was partly offset by higher Depreciation and Interest and Finance Charges.

Taxation

Provision for Current Tax for FY2011 increased by Rs. 12,086 million, or 38.8%, to Rs. 43,204 million from Rs. 31,118 million for FY2010, principally due to higher operating profits, which were partly offset by higher Depreciation and Interest and Finance Charges. Provision for Deferred Tax for FY2011 decreased by Rs. 5,645 million, or 47.0%, to Rs. 6,355 million from Rs. 12,000 million for FY2010 principally due to a decrease in the income tax rate from 33.22% to 32.45%.

Profit After Tax

Profit After Tax for FY2011 increased by Rs. 40,506 million, or 24.9%, to Rs. 202,863 million from Rs. 162,357 million for FY2010, principally due to the factors described above.

The Guarantor's Results of Operations by Segment for FY2011 and FY2010

The following table sets forth selected segmental income statement data for FY2011 and FY2010, which have been extracted without material adjustment from certain Guarantor audited financial information not presented elsewhere in the Guarantor Financial Statements, including the percentage change between the two fiscal years presented:

	Year Ended March 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Segment Revenue[1]			
Oil and Gas	172,500	36.4	126,490
Refining	2,154,310	32.0	1,632,490
Petrochemicals	631,550	14.3	552,510
Others	6,150	54.5	3,980
Eliminations[2]	(377,999)	21.4	(311,472)
Total	2,586,511	29.1	2,003,998
Segment Result Before Interest and Tax[3]			
Oil and Gas	67,000	23.8	54,130
Refining	91,720	52.6	60,110
Petrochemicals	93,050	8.4	85,810
Others	330	(23.3)	430
Total	252,100	25.7	200,480

(1) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(2) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

(3) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and is presented before tax.

Segment Revenue

Oil and Gas

Segment Revenue in Oil and Gas for FY2011 increased by Rs. 46,010 million, or 36.4%, to Rs. 172,500 million from Rs. 126,490 million for FY2010, principally due to higher average oil and condensate price realization and higher production and sale of gas, oil and condensate from KG-D6 fields, partly offset by lower production and sales of gas and/or condensate from the Panna-Mukta and Tapti fields.

Production from KG-D6 in FY2011 was 720 BCF (equivalent to approximately 20,400 MMSCM) of natural gas and 8.0 million barrels (equivalent to approximately 0.99 million tons) of crude oil, an increase of 42% and 98%, respectively, from FY2010, as the oil and gas production was under ramp-up during FY2010. Production of gas condensate started in FY2011 and the field produced 1 million barrels (equivalent to approximately 87,180 tons). Production from Panna-Mukta in FY2011 was 52.1 BCF (equivalent to approximately 1,477 MMSCM) of natural gas and 9.3 million barrels (1.2 million tons) of crude oil, a decrease of 25% and 31%, respectively, from FY2010, principally due to the failure of a sub-sea hose system and parting of anchor chains to the single point mooring on July 20, 2010.

Installation of new anchor chains and sub-sea hose assembly was completed and production resumed on October 25, 2010. During FY2011, production from Tapti was 95.2 BCF (equivalent to approximately 2,694 MMSCM) of natural gas and 1.2 million barrels (149,700 tons) of condensate, a decrease of 13% and 22%, respectively, from FY2010 principally due to the natural decline in reservoir levels. The production information above is on a 100% joint venture basis and not the Guarantor's attributable interest.

Refining

Segment Revenue in Refining for FY2011 increased by Rs. 521,820 million, or 32.0%, to Rs. 2,154,310 million from Rs. 1,632,490 million for FY2010, principally due to a higher pricing base on account of higher average price of crude oil and incremental volumes coming from the first full year of operation for the Jamnagar Refinery II which was under a production ramp-up during FY 2010. During FY2011, the refineries processed 66.6 million tons (FY2010: 60.9 million tons) of crude oil, reflecting an average utilization rate of 107.4% for the year (FY2010: 98.3%).

Petrochemicals

Segment Revenue in Petrochemicals for FY2011 increased by Rs. 79,040 million, or 14.3%, to Rs. 631,550 million from Rs. 552,510 million for FY2010. Increased average sales price realization principally accounted for the increase in Segment Revenue while a small increase in sales volumes also contributed to the increase in Segment Revenue.

Others

Segment Revenue in the Others segment for FY2011 increased by Rs. 2,170 million, or 54.5%, to Rs. 6,150 million from Rs. 3,980 million for FY2010.

Segment Result Before Interest and Tax

Oil and Gas

Segment Results Before Interest and Tax in Oil and Gas for FY2011 increased by Rs. 12,870 million, or 23.8%, to Rs. 67,000 million from Rs. 54,130 million for FY2010, principally due to higher overall sales volumes and price realization of oil and condensate, and higher sales volume of natural gas produced from the KG-D6 fields, which was partly offset by lower production and sales of gas, oil and condensate from Panna-Mukta and Tapti fields.

Refining

Segment Results Before Interest and Tax in Refining for FY2011 increased by Rs. 31,610 million, or 52.6%, to Rs. 91,720 million from Rs. 60,110 million for FY2010, principally due to a significant improvement in gross refining margins particularly during the second half of FY2011.

The gross refining margins increased significantly from US$6.6/bbl in FY2010 to US$8.4/bbl in FY2011. Improved performance is primarily due to wider Arab light-heavy differential (the price difference between Arab light crude oil and Arab heavy crude oil) which increased from US$1.7/bbl to US$3.2/bbl due to weakening of fuel oil cracks, increased supply of heavy crudes and higher demand for lighter products and improved middle distillate and gasoline cracks.

The Guarantor's reported gross refining margins for the year reflected a premium of US$3.2/bbl over the average Singapore complex gross refining margins, as calculated by Reuters, in FY2011, as compared to a premium of US$3.1/bbl in FY2010. The marginal increase in the premium earned by the

Guarantor is principally a result of higher prices and cracks of middle distillates as well as wider light-heavy differential. The methodologies used to calculate the Guarantor's gross refining margins and the Singapore complex gross refining margins differ in important respects and the two are not directly comparable.

Petrochemicals

Segment Results Before Interest and Tax in Petrochemicals for FY2011 increased by Rs. 7,240 million, or 8.4%, to Rs. 93,050 million from Rs. 85,810 million for FY2010, principally due to significant improvement in margins for products in the polyester chain, chemicals, PP and PVC. The integrated polyester chain witnessed its highest margin in over a decade on the back of strong domestic demand growth, lack of adequate new capacities globally and historically high cotton prices. In the chemicals business, the C4 chain (Butadiene and Synthetic Elastomers) witnessed margin expansion during the entire FY2011, primarily due to demand from the automotive and ABS segment. The markets also remained tight due to high natural rubber prices and slowdown in global availability as US crackers migrated to lighter feedstocks. The polymer business, however, saw a mixed trend in terms of product margins during FY2011 despite strong demand across key polymers. Polypropylene (PP), which is the largest part of the Guarantor's portfolio, witnessed a sharp margin expansion taking it to a level above its five-year average. PVC margin also improved due to high demand from the construction sector. The polyethylene (PE) margin was impacted due to substantial capacity additions in the Middle East and China.

Others

Segment Results Before Interest and Tax in the Others segment for FY2011 decreased marginally by Rs. 100 million, or 23.3%, to Rs. 330 million from Rs. 430 million for FY2010.

The Guarantor's Results of Operations for FY2010 and FY2009

Total Income

Total Income for FY2010 increased by Rs. 545,344 million, or 37.8%, to Rs. 1,988,694 million from Rs. 1,443,350 million for FY2009, principally as a result of an increase in Turnover, as described below. Other Income and Variation in Stocks were each higher than in FY2009. Other Income made a relatively modest contribution to Total Income in FY2010, although Variation in Stocks increased significantly principally due to the first full year of operations of the Jamnagar Refinery II.

The following table sets forth the components of Total Income for FY2010 and FY2009, together with the percentage change in those items:

	Year Ended March 31,		
	2010		2009
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Turnover	2,003,998	37.0	1,463,281
Less: Excise Duty/Service Tax Recovered	79,388	77.2	44,806
Net Turnover	1,924,610	35.7	1,418,475
Other Income	24,605	19.4	20,599
Variation in Stocks	39,479	823.3	4,276
Total Income	1,988,694	37.8	1,443,350

Turnover for FY2010 increased by Rs. 540,717 million, or 37%, to Rs. 2,003,998 million from Rs. 1,463,281 million for FY2009, principally due to a significant increase in overall sales volumes, partly offset by a small decline in average price realization. The substantial increase in volumes principally reflects the impact of the first full year of operations of the Jamnagar Refinery II, and the commissioning and ramping up of the KG-D6 oil and gas project and the SEZ Polypropylene Facility at Jamnagar.

The Guarantor recorded Turnover growth in each of its principal businesses. Turnover increased significantly in the Guarantor's Refining segment to Rs. 1,632,490 million in FY 2010 from Rs. 1,079,940 million in FY 2009, an increase of 51.2% or Rs. 552,550 million, principally as a result of the first full year of operations of the Jamnagar Refinery II. Turnover in Oil and Gas increased significantly (by 262.5% to Rs. 126,490 million in FY2010 from Rs. 34,890 million in FY2009) as the KG-D6 oil and gas project came on stream. Turnover in Petrochemicals increased by Rs. 24,930 million, or 4.7%, from Rs. 527,580 million in FY2009 to Rs. 552,510 million in FY2010, principally reflecting the impact of incremental sales volume growth coming from the SEZ Polypropylene Facility. See "— The Guarantor's Results of Operations by Segment for FY2010 and FY2009".

Excise Duty/Service Tax Recovered increased by Rs. 34,582 million, or 77.2%, to Rs. 79,388 million from Rs. 44,806 million for FY2009, principally due to an increase in Turnover for the reasons discussed above. The increase in Excise Duty/Service Tax Recovered was greater, on a proportional basis, than the increase in Turnover because of the higher proportion of domestic sales on which excise duty is payable. During FY2010, the Jamnagar Refinery I surrendered its export-oriented unit status with effect from April 16, 2009 and reverted to being in a domestic tariff area in order to cater to increasing demand for petroleum products in India.

Purchases

Purchases for FY2010 increased by Rs. 7,905 million, or 35.8%, to Rs. 29,958 million from Rs. 22,053 million for FY2009, principally due to an increase in the volume of opportunistically traded crude oil. Consistent with its past practice, the Guarantor traded a few smaller parcels of crude oil to take advantage of certain opportunities that existed in the market during FY2010. Although the Guarantor is generally not in the business of trading crude oil, from time to time it opportunistically sells small amounts of raw materials that it has purchased for consumption, principally crude oil, when pricing differences make it attractive to do so.

Manufacturing and Other Expenses

Manufacturing and Other Expenses for FY2010 increased by Rs. 460,765 million, or 39.5%, to Rs. 1,628,324 million from Rs. 1,167,559 million for FY2009, principally due to an increased consumption of raw materials, in particular crude oil, mainly attributable to the higher consumption of crude oil at the Jamnagar Refinery II due to the ramp-up of operations.

The following table sets out the components of Manufacturing and Other Expenses for FY2010 and FY2009, together with the percentage change in those items:

	Year Ended March 31,		
	2010		2009
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Raw Material Consumed	1,479,192	41.1	1,048,051
Manufacturing Expenses	73,550	1.5	72,430
Payments to and Provisions for Employees (including Managerial Remuneration)	23,504	(2.0)	23,975
Sales and Distribution Expenses	41,238	33.2	30,953
Establishment Expenses	23,019	(10.4)	25,693
Less: Transferred to Projects Development Expenditure (Net)[1]	12,179	(63.7)	33,543
Total	1,628,324	39.5	1,167,559

(1) Expenses, net of revenue realized, related to pre-commissioning are capitalized and not expensed.

Raw Material Consumed is the most significant component of Manufacturing and Other Expenses and accounts for approximately 90% of total Manufacturing and Other Expenses. Raw Material Consumed for FY2010 increased by Rs. 431,141 million, or 41.1%, to Rs. 1,479,192 million from Rs. 1,048,051 million for FY2009 due principally to higher consumption of crude oil, which is the principal raw material for the Guarantor. The Refining and Petrochemicals businesses rely on large quantities of raw materials, particularly crude oil in respect of the Guarantor's refining activities and feedstocks, such as naphtha and natural gas, in respect of its Petrochemicals business. The costs of these are included in Raw Material Consumed.

In FY2010, the Guarantor processed 61.1 million tons of crude oil (FY2009: 32.0 million tons) and the cost of crude oil consumed accounted for 93.1% of Raw Material Consumed in FY2010 (FY2009: 79.6%). Accordingly, the change in price of crude oil had a significant impact on the Guarantor's costs (the average price of Dubai crude oil in FY2009 was US$82.8 per barrel compared to US$69.5 per barrel in FY2010). Other significant raw material inputs include naphtha, natural gas and propane, which are the principal raw materials for the Petrochemicals business. Higher production volumes of products led to higher consumption of raw materials which principally accounted for the increase in Raw Material Consumed, although the effect of such increase was partly offset by lower average prices paid, which resulted in a relatively small reduction in Raw Material Consumed.

Interest and Finance Charges

Interest and Finance Charges for FY2010 increased by Rs. 2,520 million, or 14.4%, to Rs. 19,972 million from Rs. 17,452 million for FY2009, principally due to the reduction in interest capitalization on account of the completion of major projects (principally the Jamnagar Refinery II and the KG-D6 oil and gas project), partly offset by the impact of lower interest rates, favorable exchange rates and reduction in average debt for the year.

The following table sets forth the components of Interest and Finance Charges for FY2010 and FY2009, together with the percentage change in those items:

	Year Ended March 31,		
	2010		2009
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Debentures	9,464	73.5	5,456
Fixed Loans	5,434	28.1	4,241
Finance Charges on Leased Assets	215	10,650.0	2
Others[1]	4,859	(37.3)	7,753
Total	19,972	14.4	17,452

(1) Others principally consists of interest on working capital and short-term loans such as buyers' credit and suppliers' credit.

Depreciation

Depreciation for FY2010 increased by Rs. 53,012 million, or 102%, to Rs. 104,965 million from Rs. 51,953 million for FY2009, principally due to an increase in asset base on account of the KG-D6 oil and gas project and the Jamnagar Refinery II becoming fully operational and the depreciation in respect thereof being expensed.

The above-stated Depreciation is net of depreciation on revaluation, which has been withdrawn from Revaluation Reserve. The depreciation on revaluation for FY2010 increased by Rs. 9,934 million, or 50.0%, to Rs. 29,805 million from Rs. 19,871 million for FY2009 as the depreciation on assets revalued during FY2009 was for a period of three months as compared to 12 months in FY2010 (in FY2009, the Guarantor revalued some of its petrochemical assets only from January 1, 2009).

Profit Before Tax

Profit Before Tax for FY2010 increased by Rs. 21,142 million, or 11.5%, to Rs. 205,475 million from Rs. 184,333 million for FY2009, principally due to higher operating profit from the Guarantor's Oil and Gas and Petrochemicals businesses partly offset by lower operating profit from its Refining business, higher Depreciation and Interest and Finance Charges.

Taxation

Provision for Current Tax for FY2010 increased by Rs. 19,053 million, or 157.9%, to Rs. 31,118 million from Rs. 12,065 million for FY2009, principally due to an increase in the minimum alternate tax rate from 10% to 15%, higher operating profits, partly offset by higher Depreciation and Interest and Finance Charges. Provision for Fringe Benefit Tax for FY2010 decreased to Rs. NIL for FY2010 from Rs. 569 million for FY2009 because Fringe Benefit Tax was discontinued in FY2010 under applicable Indian tax law. Provision for Deferred Tax for FY2010 decreased by Rs. 6,605 million, or 35.5%, to Rs. 12,000 million from Rs. 18,605 million for FY2009. The deferred tax for FY2009 was higher principally due to the effect of the Amalgamation in FY2009.

Profit After Tax

Profit After Tax for FY2010 increased by Rs. 9,263 million, or 6.1%, to Rs. 162,357 million from Rs. 153,094 million for FY2009, principally due to the factors described above.

The Guarantor's Results of Operations by Segment for FY2010 and FY2009

The following table sets forth selected segmental income statement data for FY2010 and FY2009, which have been extracted without material adjustment from certain Guarantor audited financial information not presented elsewhere in the Guarantor Financial Statements, including the percentage change between the two fiscal years presented:

	Year Ended March 31,		
	2010		2009
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Segment Revenue[1]			
Oil and Gas	126,490	262.5	34,890
Refining	1,632,490	51.2	1,079,940
Petrochemicals	552,510	4.7	527,580
Others	3,980	(28.9)	5,600
Eliminations[2]	(311,472)	68.6	(184,729)
Total	2,003,998	37.0	1,463,281
Segment Result Before Interest and Tax[3]			
Oil and Gas	54,130	143.4	22,240
Refining	60,110	(38.6)	97,900
Petrochemicals	85,810	25.3	68,480
Others	430	13.2	380
Total	200,480	6.1	189,000

(1) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(2) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

(3) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and is presented before tax.

Segment Revenue

Oil and Gas

Segment Revenue in Oil and Gas for the period for FY2010 increased by Rs. 91,600 million, or 262.5%, to Rs. 126,490 million from Rs. 34,890 million for FY2009, principally due to the start-up of the KG-D6 oil and gas project.

In FY2010, KG-D6 produced 507,700 tons of crude oil and 14,397 MMSCM of natural gas (there was no commercial production at KG-D6 in FY2009). Panna-Mukta produced 1,965 MMSCM of natural gas and 1.8 million tons of crude oil in FY2010, an increase of 18% and 9%, respectively, from the levels achieved in FY2009. Production of natural gas from Panna-Mukta was higher in FY2010 than in FY2009, principally due to the lower base in FY2009, when the production was adversely impacted by a maintenance shutdown of the Panna-Mukta process platform. During FY2010, production from Tapti was 3,102 MMSCM of natural gas and 187,000 tons of condensate, a decrease of 26% and 31%, respectively, from FY2009 principally due to natural reserves decline. The production information above is on a 100% joint venture basis and not the Guarantor's attributable interest.

Refining

Segment Revenue in Refining for FY2010 increased by Rs. 552,550 million, or 51.2%, to Rs. 1,632,490 million from Rs. 1,079,940 million for FY2009. The significant growth in revenues reflected the impact of the first full year of operations at the Jamnagar Refinery II during FY2010, although the same was partially offset by lower average price realization.

During FY2010, the refineries processed 61.1 million tons (FY2009: 32.0 million tons) of crude oil, reflecting an average utilization rate of 98.3% for the full year (FY2009: 97.0%). All the processing units of the Jamnagar Refinery II were successfully commissioned and the facility operated in a stable manner. The average utilization would have been higher but for the planned shutdown of one crude distillation unit at the Jamnagar Refinery I for 19 days in July 2009 and the phased ramp-up of the Jamnagar Refinery II.

Petrochemicals

Segment Revenue in Petrochemicals for FY2010 increased by Rs. 24,930 million, or 4.7%, to Rs. 552,510 million from Rs. 527,580 million in FY2009 principally due to an increase in sales volumes, although the impact was partially offset by lower average sales price realization. The decline in average price realization during FY2010 principally reflects the higher pricing base in the previous year, which was principally due to the sharp rise in crude oil prices, resulting in higher average price realization during the first half of FY2009. The strong volume growth is attributed to the start of commercial production at the SEZ Polypropylene Facility during FY2010. Production of petrochemical products increased from 19.2 million tons to 21.1 million tons due to start-up and production stabilization of SEZ Polypropylene Facility at Jamnagar.

Others

Segment Revenue in the Others segment for FY2010 decreased by Rs. 1,620 million, or 28.9%, to Rs. 3,980 million from Rs. 5,600 million for FY2009, principally due to lower revenue from fabrication business following commissioning of the Jamnagar Refinery II.

Segment Result Before Interest and Tax

Oil and Gas

Segment Result Before Interest and Tax in Oil and Gas for FY2010 increased by Rs. 31,890 million, or 143.4%, to Rs. 54,130 million from Rs. 22,240 million for FY2009, principally due to higher operating profit from the KG-D6 oil and gas project that was commissioned and became fully operational during FY2010. This was partly offset by higher Depreciation and depletion of reserves, which resulted in a depreciation charge, associated with the commissioning of the KG-D6 oil and gas project.

Refining

Segment Result Before Interest and Tax in Refining for FY2010 decreased by Rs. 37,790 million, or 38.6%, to Rs. 60,110 million from Rs. 97,900 million for FY2009, principally due to lower gross refining margins, which more than offset the positive impact of incremental volumes coming from the first full year operations of the Jamnagar Refinery II.

The gross refining margins declined significantly from US$12.2/bbl in FY2009 to US$6.6/bbl in FY2010, as a result of reduced global demand for refined petroleum products, higher inventory levels and increased global supplies. A slowdown in the global economy led to lower industrial demand and reduced transport activity, negatively impacting demand for petroleum products. In addition, the differential between light and heavy crude oil narrowed considerably during the year and negatively impacted margins of complex refineries across regions.

The Guarantor's reported gross refining margins for FY2010 reflected a premium of US$3.1/bbl over the average Singapore complex gross refining margins, as calculated by Reuters, as compared to a premium of US$6.4/bbl in FY2009. The significant reduction in premium earned by the Guarantor was principally as a result of the narrowed differential between light and heavy crude oil and weaker middle distillate crack margins during the year. The methodologies used to calculate the Guarantor's gross refining margins and the Singapore complex gross refining margins differ in important respects and the two are not directly comparable.

Petrochemicals

Segment Result Before Interest and Tax in Petrochemicals for FY2010 increased by Rs. 17,330 million, or 25.3%, to Rs. 85,810 million from Rs. 68,480 million for FY2009, principally due to substantial growth in domestic markets supported by improved product margins and volumes, particularly polypropylene volumes. The strong growth of sales volumes during FY2010 reflected a strong recovery in demand from key user segments that had decreased sharply on account of the economic recession and the falling price environment during the second half of FY2009. The domestic demand for most of the petrochemical products remained strong and downstream producers operated on reduced level of inventories during FY2010.

Others

Segment Result Before Interest and Tax in the Others segment for FY2010 increased by Rs. 50 million, or 13.2%, to Rs. 430 million from Rs. 380 million for FY2009.

Liquidity and Capital Resources

The Guarantor believes that liquidity is its most important financial risk to manage, particularly in light of the capital intensive nature of its operations. The Guarantor's principal source of funding has been, and is expected to continue to be, cash generated from operations, supported by funding from bank borrowings and the capital markets. In the three fiscal years ended March 31, 2011, the Guarantor met its funding requirements, including capital expenditures, satisfaction of debt obligations, investments, taxes, other working capital requirements, dividends and other cash outlays, principally with funds generated from operations and equity issuances with the balance principally met using external borrowings.

The Guarantor focuses on ensuring that it has sufficient committed loan facilities to meet short-term business requirements, after taking into account cash flows from operations and its holding of Cash and Cash Equivalents, as well as any existing restrictions on distributions. Management believes that the Guarantor's committed loan facilities and cash generation will be sufficient to cover its likely short-term cash requirements.

The Guarantor has an extensive capital expenditure program related to all aspects of its business, which it expects to fund through a combination of cash flow from operations and external borrowings. See "— Capital Expenditure".

The Guarantor's principal sources of external financing include both secured and unsecured short-term as well as long-term facilities (in both rupees and other currencies). The Guarantor is required to secure certain of its domestic borrowings, in line with established market practices in India. As at March 31, 2011, the Guarantor had total debt of Rs. 673,967 million, or US$15.1 billion (converted at the exchange rate of US$1.00 = Rs. 44.595) (March 31, 2010: Rs. 624,947 million). Approximately 85% of the Guarantor's total debt as at March 31, 2011 was denominated in foreign currency, principally in US Dollars, with the remainder denominated in rupees. The Guarantor had total working capital facilities in India of approximately Rs. 390 billion, or US$8.7 billion, as at March 31, 2011.

As at March 31, 2011, the Guarantor had Cash and Cash Equivalents of Rs. 423,928 million, or US$9.5 billion (converted at the exchange rate of US$1.00 = Rs. 44.595) (March 31, 2010: Rs. 218,737 million). Substantially all of the Guarantor's Cash and Cash equivalents are held in rupees. The Guarantor seeks, in normal circumstances, to maintain a substantial Cash and Cash Equivalents balances to provide it with financial and operational flexibility. The Guarantor's cash is placed in bank fixed deposits, certificates of deposit, Government securities, bonds issued by corporates with high credit ratings and mutual funds. The Guarantor seeks to manage its short-term liquidity in order to generate superior returns by investing its surplus funds while ensuring safety of capital. As at March 31, 2011, the Guarantor, through certain subsidiaries, owned approximately 292 million of its own shares (approximately 9% of outstanding shares as at that date), which it could, subject to compliance with applicable law and regulatory requirements, monetize, in whole or part, to realize additional cash.

In the Guarantor's principal place of operations, India, exchange controls restrict the conversion of rupees into and from other currencies, primarily for capital account convertibility. The restrictions are not expected to have any material effect on the Issuer's ability to meet its ongoing obligations in respect of the Notes or the Guarantor's obligations in respect of the Guarantees. For information on exchange controls and the Guarantor guarantee obligations in respect of the Notes, see "Description of the Notes and Guarantees" and "Enforcement of the Guarantees".

As of the date of this Offering Memorandum, the Guarantor's international debt is rated at Baa2 (Stable) by Moody's and BBB (Positive) by S&P, which is a notch above India's sovereign rating. In terms of Indian domestic ratings, the Guarantor's long-term debt is rated AAA by CRISIL Limited ("CRISIL") and AAA Ind by Fitch, the highest rating awarded by both these agencies. The Guarantor's short-term debt is rated P1+ by CRISIL, the highest credit rating assigned in this category.

Cash Flow Analysis

The following table sets forth the Guarantor's cash flow data for FY2011, FY2010 and FY2009, which have been extracted without material adjustment from the Guarantor Financial Statements presented elsewhere in this Offering Memorandum (other than the addition of the US Dollar convenience conversion column, which has been derived on the basis set forth in note 1 to the table).

	Year Ended March 31,			
	2011	2011	2010	2009
	(US$ in millions)[(1)]	(Rs. in millions)		
	(Unaudited)	(Audited)		
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax as per Income Statement	**5,660**	**252,422**	**205,475**	**184,333**
Adjusted for:				
Net Prior Year Adjustments	1	28	13	21
Diminution in the value of investment	—	—	2	34
Investment written off (net)	—	—	184	—
Loss on Sale/Discarding of Fixed Assets (net)	8	337	6	71
Depreciation	3,642	162,413	134,770	71,824
Transferred from Revaluation Reserve	(590)	(26,337)	(29,805)	(19,871)
Effect of Exchange Rate Change	(187)	(8,334)	(18,374)	5,756
Profit on Sale of Current Investments (net)	(76)	(3,394)	(2,384)	(4,254)
Dividend Income	(1)	(24)	(24)	(298)
Interest/Other Income	(588)	(26,208)	(21,084)	(15,650)
Interest and Finance Charges	522	23,276	19,972	17,452
	2,731	121,756	83,276	55,085
Operating Profit before Working Capital Changes	**8,391**	**374,179**	**288,750**	**239,418**
Adjusted for:				
Trade and Other Receivables	(1,558)	(69,483)	(73,800)	(1,099)
Inventories	(638)	(28,438)	(121,449)	1,590
Trade Payables	2,211	98,615	142,234	(38,474)
	15	694	(53,015)	(37,983)
Cash Generated from Operations	8,406	374,873	235,735	201,435
Net Prior Year Adjustments	(1)	(28)	(14)	(22)
Taxes Paid	(942)	(42,040)	(30,819)	(18,955)
Net Cash from Operating Activities	7,463	332,805	204,902	182,458
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(2,773)	(123,661)	(219,427)	(247,128)
Sale of Fixed Assets	54	2,416	1,132	484
Deposit Received	2,019	90,040	—	—
Purchase Of Investments	(57,751)	(2,575,409)	(1,988,661)	(1,085,739)
Sale of Investments	54,597	2,434,744	1,976,607	1,109,868
Movement in Loans And Advances	(1,228)	(54,775)	26,260	(34,521)
Interest Income	522	23,292	22,019	15,897
Dividend Income	1	24	24	298
Net Cash (Used in) Investing Activities	(4,559)	(203,329)	(182,045)	(240,842)

	Year Ended March 31,			
	2011	2011	2010	2009
	(US$ in millions)[1]	(Rs. in millions)		
	(Unaudited)	(Audited)		
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds From Issue of Share Capital/Warrants	43	1,926	535	151,648
Proceeds From Long-Term Borrowings	1,103	49,205	65,306	206,908
Repayment of Long-Term Borrowings	(1,253)	(55,886)	(115,982)	(33,829)
Short-term Loans	1,437	64,111	(2,349)	(22,384)
Dividends Paid (including dividend distribution tax)	(545)	(24,309)	(22,195)	(19,085)
Interest Paid	(623)	(27,801)	(35,313)	(45,933)
Net Cash from/(used in) Financing Activities	162	7,246	(109,996)	237,326
Net Increase/(Decrease) in Cash and Cash Equivalents	3,066	136,722	(87,139)	178,942
Opening Balance of Cash and Cash Equivalents	3,019	134,626	221,765	42,801
Add: On Amalgamation	—	—	—	22
	3,019	134,626	221,765	42,823
Closing Balance of Cash and Cash Equivalents	6,085	271,348	134,626	221,765

(1) Rupee amounts from the Guarantor Financial Statements as at March 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 44.595. The translation into US Dollars is for convenience only.

Note: Loans/Deposit given to Subsidiaries/Associate aggregated to Rs. 170.0 million in FY2011 (FY2010: Rs. 1,968.6 million) have been converted into investments in Equity/Preference Shares.

Cash Flow Analysis for FY2011 and FY2010

The selected cash flow information for the Guarantor for FY2011 and FY2010 that is set forth below has been extracted from the Guarantor Financial Statements without material adjustment.

	Year Ended March 31,	
	2011	2010
	(Rs. in millions)	
	(Audited)	
Net cash flow from operating activities	332,805	204,902
Net cash (used in) investing activities	(203,329)	(182,045)
Net cash from/(used in) financing activities	7,246	(109,996)
Net increase/(decrease) in Cash and Cash Equivalents	136,722	(87,139)

Operating Activities. The net cash inflow from operating activities was Rs. 332,805 million in FY2011 compared to Rs. 204,902 million in FY2010. The higher cash inflow was principally a result of an increase in net profit before tax in FY2011. Other significant factors affecting the net cash inflow from operating activities in FY2011 included a lower outflow of Rs. 28,438 million related to inventories, compared to an outflow of Rs. 121,449 million in FY2010, and a lower outflow of Rs. 69,483 million related to trade and other receivables compared to Rs. 73,800 million in FY2010 offset by Trade Payables. Depreciation was higher, primarily on account of higher depletion charges in oil and gas and incremental depreciation due to the full year operations of all the units at the SEZ refinery.

Investing Activities. The net cash used in investing activities was Rs. 203,329 million in FY2011 compared to Rs. 182,045 million in FY2010. The net cash used in investing activities included proceeds related to (a) sales of investments (Rs. 2,434,745 million in FY2011 compared to Rs. 1,976,607 million in FY2010) and (b) expenditures related to purchases of fixed assets (Rs. 123,661 million in FY2011 compared to Rs. 219,427 million in FY2010) and purchases of investments (Rs. 2,575,409 million in FY2011 compared to Rs. 1,988,661 million in FY2010) and (c) deposit received of Rs. 90,040 million in FY2011 from M/s BP Exploration (Alpha) Limited, as compared to Rs NIL in FY2010.

Financing Activities. The net cash generated from financing activities in FY2011 was Rs. 7,246 million compared to net cash used of Rs. 109,996 million in FY2010. In FY2011, the Guarantor raised, on a gross basis, approximately US$1.0 billion by way of a syndicated loan and an additional Rs. 5.0 billion through the issue of debentures.

Cash Flow Analysis for FY2010 and FY2009

The selected cash flow information for the Guarantor for FY2010 and FY2009 that is set forth below has been extracted from the Guarantor Financial Statements without material adjustment.

	Year Ended March 31,	
	2010	**2009**
	(Rs. in millions)	
	(Audited)	
Net cash flow from operating activities	204,902	182,458
Net cash (used in) investing activities	(182,045)	(240,842)
Net cash (used in)/from financing activities	(109,996)	237,326
Net (decrease)/increase in Cash and Cash Equivalents	(87,139)	178,942

Operating Activities. The net cash inflow from operating activities was Rs. 204,902 million in FY2010 compared to Rs. 182,458 million in FY2009. The higher net cash inflow was principally a result of an 11.5% increase in net Profit Before Tax (Rs. 205,475 million in FY2010 compared to Rs. 184,333 million in FY2009). Other significant factors affecting the net cash flow from operating activities in FY2010 included increased trade and other receivables of Rs. 73,800 million (compared to Rs. 1,099 million in FY2009) due to increased sales and higher proportion of exports in sales, higher cash outflow related to inventories due to the first full year of operation for the Jamnagar Refinery II and SEZ Polypropylene Facility (Rs. 121,449 million compared to an inflow of Rs. 1,590 million in FY2009), and an inflow of Rs. 142,234 million on account of trade payables (compared to an outflow of Rs. 38,474 million in FY2009) due to higher crude creditors on account of a fully operational Jamnagar Refinery II.

Investing Activities. The net cash used in investing activities was Rs. 182,045 million in FY2010 compared to Rs. 240,842 million in FY2009. The net cash used in investing activities included expenditures related to purchases of fixed assets (Rs. 219,427 million in FY2010 compared to Rs. 247,128 million in FY2009) and purchases of investments (Rs. 1,988,661 million in FY2010 compared to Rs. 1,085,739 million in FY2009). This was partly offset by proceeds from sales of investments (Rs. 1,976,607 million in FY2010 compared to Rs. 1,109,868 million in FY2009).

Financing Activities. The net cash used in financing activities was Rs. 109,996 million in FY2010 compared to net cash generated from financing activities of Rs. 237,326 million in FY2009. The net cash used in financing activities mainly consisted of a Rs. 115,982 million outflow related to the repayment of long-term borrowings.

Capital Expenditure

The Guarantor's operations are capital intensive and the Guarantor requires significant stay-in-business, or maintenance capital expenditure as well as additional capital spending to support its growth and development strategy. The construction of the second refinery at Jamnagar and the development of KG-D6 in recent years have had a material impact on the Guarantor's level of capital expenditure in the periods under review.

The following table summarizes the Guarantor's capital expenditure, on a cash-flow basis, by segment for FY2011, FY2010 and FY2009:

	Year Ended March 31,		
	2011	**2010**	**2009**
	(Rs. in millions)		
	(Audited)		
Oil and Gas	84,509	118,130	102,700
Refining	25,932	93,830	102,870
Petrochemicals	8,116	7,300	25,140
Others	5,103	170	16,420
Total	**123,660**	**219,430**	**247,130**

The Guarantor's recent historical capital expenditures relate principally to the Oil and Gas and Refining segments. The decrease in the Guarantor's capital expenditures in FY2011 was principally attributable to lower expenditures in the Refining and Petrochemicals segments and Oil and Gas business, particularly in respect of KG-D6. The Guarantor's capital expenditures in FY2010 were principally attributable to capital expenditures in the Refining business on account of the Jamnagar Refinery II and in the Petrochemicals business for the SEZ Polypropylene Facility.

The Guarantor has substantial additional capital commitments that have been approved by its board of directors. The Guarantor's total approved and contracted amounts for capital commitments at March 31, 2011 were Rs. 95,880 million.

In addition, the Guarantor plans to significantly expand its capacity in its Petrochemicals business, as described in "Business of the Guarantor — Strategy" and "Business of the Guarantor — Business — Petrochemicals", and build its broadband and retail businesses (which are held through subsidiaries), as described in "Business of the Guarantor — New Business Initiatives". These projects, if they proceed, will require significant capital expenditures.

Since capital commitments that have been approved, but not committed to contractually, may be subject to change, and because the Guarantor may from time to time determine to undertake additional capital projects, actual capital expenditures in future years may be more or less than the amounts shown. See "Risk Factors — Risks Relating to the Guarantor's Business — The Guarantor's growth plans have significant capital expenditure requirements and its capital expenditure plans are subject to various risks".

Dividends

The Guarantor declared dividends of Rs. 23,850 million during the fiscal year ended March 31, 2011, Rs. 20,847 million during the fiscal year ended March 31, 2010, and Rs. 18,971 million during the fiscal year ended March 31, 2009.

Debt and Debt Funding

The Guarantor runs a centralized treasury function. The Guarantor has stable relationships with a large variety of debt providers, principally commercial banks. As at March 31, 2011, 22% of the Guarantor's total debt carried a fixed interest rate. As at March 31, 2011, the proportion of the Guarantor's short-term debt to total debt was 18.3% (as at March 31, 2010: 9.5%).

As at March 31, 2011, the Guarantor's gross debt (including long-term and short-term debt) to equity ratio was 0.44, the net debt to equity ratio was 0.17 and its net gearing was 13.5% (net gearing is defined as (a) net debt divided by (b) the sum of net debt, Provision for Deferred Tax and Shareholder Funds, excluding Revaluation Reserve. Net debt includes total debt as of the date of calculation, reduced for Cash and Cash Equivalents).

The Guarantor's net debt as at March 31, 2011, 2010 and 2009 was Rs. 250,039 million, Rs. 406,210 million, and Rs. 488,544 million, respectively. Net debt comprises the following:

	As at March 31,		
	2011	**2010**	**2009**
	(Rs. in millions)		
	(Audited)		
Cash and Cash Equivalents[1]	(423,928)	(218,737)	(250,501)
Short-term borrowings	123,043	59,503	62,270
Long-term borrowings	550,924	565,444	676,775
Net debt	250,039	406,210	488,544

(1) Cash and Cash Equivalents includes cash, bank balances, fixed maturity plan (FMP), government securities and current investments/fixed deposits with banks.

Net debt movements are primarily a function of cash generated by operations, cash utilized in investing activities, and cash utilized in, or inflows from, financing activities. In addition, non-cash items including fair value adjustments and exchange rate movements also influence the Guarantor's level of net debt.

Net debt to total capital (calculated as net debt divided by Net Fixed Assets) as at March 31, 2011, 2010 and 2009 was 16.1%, 24.6% and 28.8%, respectively.

During the last few years, the Guarantor raised substantial long-term resources both in the form of equity and debt. In particular, in FY2009, the Guarantor raised US$1.7 billion by way of syndicated loans, US$1.25 billion through export credit agencies-backed financing arrangements and ¥11 billion (US$142 million equivalent as of December 31, 2011) in a Japanese yen-denominated bond offering as well as Rs. 80,000 million in long-term debentures. This was done with a view to insulating the Guarantor from the impact of the global credit crisis while creating a strong platform for enhanced growth.

Funding Sources

More than 100 banks and financial institutions have made financing commitments to the Guarantor, reflecting the strength of its balance sheet, credit profile and cash-flow generation. On an ongoing basis, the Guarantor undertakes liability management to reduce its cost of debt and to diversify its liability mix.

The Guarantor's long-term funding strategy is to lengthen the average maturity of its debt (approximately 4 years as at March 31, 2011) and diversify its funding to reduce its reliance on bank borrowings.

The sources of the Guarantor's debt obligations as of March 31, 2011 are set forth below:

	As at March 31, 2011
	(Rs. in millions)
	(Audited)
Secured	
Term loans	—
Working capital facilities[(1)]	5,634
Non-convertible debentures	100,078
Total secured debt	105,712
Unsecured	
Bank loans	528,340
Other financing providers	39,762
Deferred sales tax liability	152
Total unsecured debt	568,255
Total debt	673,967

(1) Of which Rs. 2,512 million was denominated in rupees and Rs. 3,122 million was denominated in other currencies.

The Guarantor's secured loans are secured by charges over various fixed assets. Its principal secured debt is Rs. 50,000 million of debentures secured by way of mortgage/charge on real properties situated at the Jamnagar facility (other than the Jamnagar Refinery II and SEZ Polypropylene Facility), Rs. 22,830 million of debentures secured by way of a mortgage/charge on real properties situated at the Hazira facility and at the Jamnagar facility (other than the Jamnagar Refinery II and SEZ Polypropylene Facility), and Rs. 19,700 million of debentures secured by way of a mortgage/charge on all the properties situated at the Hazira and Patalganga facilities. The Guarantor's working capital facilities are secured by the hypothecation of, among other things, present and future stock of raw materials, stock-in-process, finished goods, and receivables (other than in oil and gas).

The Guarantor had total working capital facilities in India of approximately Rs. 390 billion (US$8.7 billion) (converted at the exchange rate of US$1.00 = Rs. 44.595) as of March 31, 2011.

The following table sets forth information with regard to the Guarantor's total long-term debt expected maturities, by currency, at March 31, 2011:

	Expected Maturity in Fiscal Year Ending March 31,						
	2012	2013	2014	2015	2016	Thereafter	Total
	(Rs. in millions)						
US$	34,858	69,047	100,635	37,780	57,766	107,822	407,907
Rupee	6,736	30,471	44,696	4,122	1,674	12,911	100,611
Euro	90	95	9,549	—	2,027	3,907	15,668
Yen	—	—	4,997	—	8,616	6,077	19,690
Singapore $	—	—	7,048	—	—	—	7,048
Total long-term debt [(1)]	41,683	99,613	166,925	41,902	70,083	130,718	550,924

(1) The exchange rates used for the conversions required by this table are those published by FEDAI for March 31, 2011: US$1.00 = Rs. 44.595, €1.00 = Rs. 63.3825, ¥1 = Rs. 0.5382 and Singapore $1.00 = Rs. 35.3850.

As of March 31, 2011, the average maturity of the Guarantor's debt was approximately 4 years.

The Guarantor's loan agreements and other debt arrangements contain a number of covenants that could potentially affect its ability to draw down funds. These covenants are generally similar to covenants contained in loan agreements and debt arrangements of similarly situated issuers, and include cross-default provisions, negative pledge provisions and limitations on certain sale-and-leaseback transactions. In addition, the Guarantor's term loan facilities contain a number of financial covenants. See "Description of Other Indebtedness of the Guarantor".

Hedging

The Guarantor's hedging strategy and positions are described under "— Market Risk".

Contingencies and Commitments

As of March 31, 2011, the Guarantor had contractual cash obligations arising in the ordinary course of business as follows:

	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	(Rs. in millions)				
	(Audited)				
Long-term debt obligations	550,924	41,535	99,611	278,908	130,870
Short-term debt obligations	123,043	123,043	—	—	—
Other liabilities(1)	29,839	29,839	—	—	—
Total cash obligations	703,806	194,417	99,611	278,908	130,870

(1) Principally related to capital expenditure.

Off Balance Sheet Arrangements

As of the date of the Offering Memorandum, the Guarantor had no off balance sheet arrangements, as determined for purposes of Indian GAAP except to the extent of contingent liabilities disclosed in the Financial Statements. For a discussion of certain differences between Indian GAAP and US GAAP, see "Description of Certain Differences between Indian GAAP and US GAAP".

Market Risk

The Guarantor's overall approach to risk management is to identify, evaluate and manage risk in all its activities. The Guarantor manages risks with the objective of ensuring safe operations and sustainable growth in each of its businesses. The Guarantor is exposed to various operational and financial risks. The Guarantor has developed policies designed to manage the volatility inherent in some of its business, and, in accordance with these policies, the Guarantor enters into various financial and commodity-based derivative transactions. While the operational risks are managed at the individual business level, the financial risks, such as interest rate, liquidity and credit risks, are managed by the treasury department at the corporate level.

The Guarantor is exposed to market risk from changes in foreign exchange rates, interest rates, counterparty and concentration of credit risk and commodity price risk.

Exchange Rate Risk

The reported earnings of the Guarantor may be affected by fluctuations in the exchange rates between the Indian rupee and the US Dollar. These foreign currency exposures are managed through a hedging policy. Natural hedges available in the business are identified at the level of individual businesses and hedges are placed only for the net exposure. The Guarantor uses simple hedging instruments to manage the exchange rate risk associated with the fluctuations of the rupee against the US Dollar, in line with the Guarantor's risk management policy.

Typically all exposures for maturity of less than one year are managed using simple instruments such as forward contracts. As long-term exposures draw nearer, the Guarantor hedges them progressively to insulate these as appropriate from the fluctuations in the currency markets. These exposures are reviewed by appropriate levels of management on a regular basis.

Hedging activities in India are governed by the RBI, whose policies the Guarantor must comply with at all times. The policies under which the RBI regulates these hedging activities can change from time to time, and these policies may affect the effectiveness with which the Guarantor manages its exchange rate risk.

The Guarantor has in the past entered into contracts for options, swaps and other derivative instruments for purposes of mitigating its exposure to exchange rate risk. The Guarantor does not enter into hedging instruments for speculative purposes.

Interest Rate Risk

The Guarantor is exposed to the interest rate risk on short-term and long-term floating rate instruments and also on the refinancing of fixed rate debt. The Guarantor's policy is to maintain a balance of fixed and floating interest rate borrowings. As of March 31, 2011, 78% of the Guarantor's total debt was in floating rate, i.e., Rs. 525.69 billion (US$11.79 billion converted at the exchange rate of US$1.00 = Rs. 44.595) and the balance was at a fixed rate.

The Guarantor's floating rate debt is mostly linked to the US Dollar London Interbank Offering Rate ("LIBOR"). The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. The Guarantor has selectively used interest rate swaps, options and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis.

Borrowing and interest rate hedging activities in India are governed by the RBI and the Guarantor has to comply with its regulations. The policies under which the RBI regulates these borrowing and interest rate hedging activities can change from time to time and can impact the effectiveness with which the Guarantor manages its interest rate risk.

The Guarantor has in the past entered into contracts for swaps, options and other derivative instruments for purposes of mitigating its exposure to interest rate risk. The Guarantor does not enter into hedging instruments for speculative purposes.

Counterparty and Concentration of Credit Risk

The Guarantor is exposed to counterparty credit risks on its investments and receivables. Cash and liquid investments are primarily in deposits with banks, Government securities, bonds issued by corporations with high credit ratings and mutual funds. In respect of current asset investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. Substantially all of the surplus cash is invested in India, where there is a well-developed financial market.

A large majority of receivables due from third parties are secured either as an advance receipt of money or by use of trade securities such as letters of credit. There is no concentration of credit risk among the receivables of the Guarantor given the large number of customers and the business diversity. The Guarantor's history of collection of trade receivables shows a small provision for bad and doubtful debts. Therefore, the Guarantor does not currently expect any material risk on account of non-performance by any of the counterparties.

Commodity Price Risk

The Guarantor has designed a risk management policy that enables use of derivative instruments to partially hedge commodity price risks. The Guarantor uses simple derivative contracts to economically hedge its exposure to price fluctuations and reduce the variability in its cash flows associated with purchase of crude oil and margins in its refining business.

In line with the Guarantor's risk management policy, it uses simple hedging instruments to effectively manage the commodity price risk, such as swaps and options. Hedging activities in India are governed by the RBI, whose policies the Guarantor must comply with at all times. The policies under which the RBI regulates these hedging activities can change from time to time and these policies may affect the effectiveness with which the Guarantor manages its commodity price risk.

Derivative Contracts Entered into by the Guarantor

The summary of derivative contracts entered into by the Guarantor and outstanding as at March 31, 2011, 2010 and 2009, respectively, are as follows:

Currency and Interest Rate Related Risk Hedging

	As at March 31,		
	2011	**2010**	**2009**
	(Rs. in millions)		
	(Audited)		
Interest Rate Swaps	342,536	483,611	232,155
Currency Swaps	45,670	41,998	44,352
Options	281,810	448,538	24,927
Forward Contracts	315,840	260,158	302,297

Commodity-related risk hedging

	As at March 31,					
	Petroleum Product Sales			**Crude Oil Purchases**		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
	(in Kilo Barrels)					
	(Audited)					
Forward swaps	14,757	1,900	2,985	21,420	8,185	6,157
Futures	2,194	4,070	256	9,453	4,967	2,689
Spreads	33,768	9,545	1,908	51,227	32,141	13,424
Margin hedging	79,308	72,700	30,650	—	—	—
Options	—	1,800	9,387	—	12,175	10,800

UNAUDITED FINANCIAL RESULTS OF THE GUARANTOR FOR THE NINE MONTHS ENDED DECEMBER 31, 2011

The following summary review is intended to convey management's perspective on the operating performance and financial condition of the Guarantor as at and for the nine months ended December 31, 2011 and 2010 on a non-consolidated basis, as measured in accordance with Indian GAAP. This disclosure is intended to assist in understanding and interpreting the selected financial information of the Guarantor for the nine months ended December 31, 2011 ("9M FY2012") and December 31, 2010 ("9M FY2011"), which is included in this Offering Memorandum under "Selected Non-Consolidated Financial and Operating Information of the Guarantor" on a non-consolidated and unaudited basis.

The Guarantor reports in accordance with Indian GAAP, and its accounting policies have been established accordingly. Indian GAAP differs in certain respects from US GAAP. For discussion of certain significant differences between Indian GAAP and US GAAP, see "Description of Certain Differences Between Indian GAAP and US GAAP".

The following discussion contains forward-looking statements. These forward-looking statements have been based on management's current projections and expectations about future events. The Guarantor's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set out under "Risk Factors" and elsewhere in this Offering Memorandum. See "Forward-Looking Statements and Associated Risks". Further information regarding the presentation of financial information is set out under the heading "Presentation of Financial and Other Data".

The Guarantor has four segments for financial reporting purposes. See "Presentation of Financial and Other Data" for a description of the Guarantor's segments.

The Guarantor's Results of Operations for 9M FY2012 and 9M FY2011

The following table sets forth the Guarantor's unaudited income statement data for each of 9M FY2012 and 9M FY2011 and also includes the percentage change between each period:

	Nine Months Ended December 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Unaudited)	
Turnover	2,519,580	37.4	1,833,680
Less: Excise Duty/Service Tax Recovered	72,370	(8.1)	78,720
Net Turnover	2,447,210	39.4	1,754,960
(Increase)/Decrease in Stock in Trade/Work in Progress	(21,980)	(12.7)	(25,170)
Consumption of Raw Materials	2,032,940	50.6	1,349,750
Purchases	11,990	(2.0)	12,230
Staff Cost	22,650	16.9	19,380
Depreciation	87,340	(14.5)	102,210
Other Expenditure	131,060	13.0	115,940
Total Expenditure	2,264,000	43.8	1,574,340
Profit from Operations Before Other Income, Interest and Tax	183,210	1.4	180,620
Other Income	38,970	82.5	21,350
Profit Before Interest and Tax	222,180	10.0	201,970

	Nine Months Ended December 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Unaudited)	
Interest and Finance Charges	18,990	16.4	16,320
Profit Before Tax from Ordinary Activities	203,190	9.4	185,650
Provision for Current Tax	40,650	33.1	30,550
Provision for Deferred Tax	4,500	(25.0)	6,000
Net Profit for the Period	158,040	6.0	149,100

Turnover

Turnover for 9M FY2012 increased by Rs. 685,900 million, or 37.4%, to Rs. 2,519,580 million from Rs. 1,833,680 million for 9M FY2011, principally as a result of higher average price realization supported by higher crude oil prices in the global market, which is principally driven by growth in Turnover. Turnover was significantly higher in Refining, which recorded Segment Revenue growth of 43.1% to Rs. 2,185,230 million, and Petrochemicals, which recorded Segment Revenue growth of 31.7% to Rs. 592,130 million. Oil and Gas recorded a decrease in Segment Revenue of 21.7% to Rs. 102,890 million, due to lower production from KG-D6.

The Guarantor recorded a significant increase in Turnover from exports of refined petroleum and other petroleum products, which increased by 55.2% in 9M FY2012 to Rs. 1,567,530 million, compared to Rs. 1,009,950 million in 9M FY2011, due to increased global demand for these products.

Total Expenditure

Total Expenditure in 9M FY2012 was Rs. 2,264,000 million, an increase of Rs. 689,660 million, or 43.8%, from Rs. 1,574,340 million in 9M FY2011. The increase was principally due to higher Consumption of Raw Materials, which is the most significant component of the Guarantor's expenditure and accounted for 89.8% of Total Expenditure in 9M FY2012 (9M FY2011: 85.7%).

Consumption of Raw Materials increased by Rs. 683,190 million, or 50.6%, to Rs. 2,032,940 million in 9M FY2012 from Rs. 1,349,750 million in 9M FY2011, principally as a result of higher crude oil prices.

Depreciation

Depreciation for 9M FY2012 decreased by Rs. 14,870 million, or 14.5%, to Rs. 87,340 million from Rs. 102,210 million for 9M FY2011, principally due to the transfer of a 30% participating interest in 21 oil and gas blocks to BP and lower depletion charges in Oil and Gas as a consequence of lower production from KG-D6.

Interest and Finance Charges

Interest and Finance Charges for 9M FY2012 increased by Rs. 2,670 million, or 16.4%, to Rs. 18,990 million from Rs. 16,320 million for 9M FY2011 primarily due to higher foreign exchange differences. Interest capitalized increased by Rs. 330 million, or 9.3%, to Rs. 3,870 million in 9M FY2012 from Rs. 3,540 million in 9M FY2011.

Taxation

Provision for Current Tax for 9M FY2012 increased by Rs. 10,100 million, or 33.1%, to Rs. 40,650 million from Rs. 30,550 million for 9M FY2011, principally due to a higher minimum alternate tax rate, with effect from April 1, 2011. Provision for Deferred Tax for 9M FY2012 decreased by Rs. 1,500 million, or 25.0%, to Rs. 4,500 million from Rs. 6,000 million for 9M FY2011.

Profit After Tax

Profit After Tax for 9M FY2012 increased by Rs. 8,940 million, or 6.0%, to Rs. 158,040 million from Rs. 149,100 million for 9M FY2011 principally due to the factors described above.

Other Income

Other Income for 9M FY2012 increased by Rs. 17,620 million, or 82.5%, to Rs. 38,970 million from Rs. 21,350 million primarily due to higher average holdings as well as higher yield on investments.

The Guarantor's Results of Operations by Segment for 9M FY2012 and 9M FY2011

The following table sets forth selected segmental income statement data for 9M FY2012 and 9M FY2011 and the percentage change between the two periods presented:

	Nine Months Ended December 31,		
	2011		2010
	(Rs. in millions)	% change	(Rs. in millions)
		(Unaudited)	
Segment Revenue[1]			
Oil and Gas	102,890	(21.7)	131,460
Refining	2,185,230	43.1	1,527,270
Petrochemicals	592,130	31.7	449,610
Others	9,520	115.4	4,420
Eliminations[2]	(370,190)	32.6	(279,080)
Total	2,519,580	37.4	1,833,680
Segment Result Before Interest and Tax[3]			
Oil and Gas	42,990	(16.2)	51,310
Refining	79,580	19.4	66,630
Petrochemicals	67,930	1.7	66,790
Others	280	16.7	240
Total	190,780	3.1	184,970

(1) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(2) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

(3) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and stated before tax.

Segment Revenue

Oil and Gas

Segment Revenue in Oil and Gas in 9M FY2012 decreased by Rs. 28,570 million, or 21.7%, to Rs. 102,890 million from Rs. 131,460 million in 9M FY2011, principally due to lower production from KG-D6.

Production volumes declined due to reservoir complexity and natural decline in reserves in KG-D6. For 9M FY2012, production from KG-D6 was 3.87 million barrels of crude oil and 436.40 BCF of natural gas, which represented a reduction of 39.8% and 21.9%, respectively, as compared to 9M FY2011. For 9M FY2012, production of gas condensate was 0.58 million barrels, an increase of 4.0% over 9M FY2011. Gas production for 9M FY2012 was 136 BCF as compared to 147 BCF in the previous quarter.

For 9M FY2012, production from Panna-Mukta was 53.32 BCF of natural gas and 7.71 million barrels of crude oil, which represents an increase of 55% and 24%, respectively, as compared to 9M FY2011. The growth in production was due to the return to normalized production levels following a shutdown during the corresponding period of the previous year. Production from Tapti was 57.06 BCF of natural gas and 0.68 million barrels of condensate, a decrease of 23% and 28%, respectively, as compared to 9M FY2011. The decrease in production was due to natural decline in reserves. The production information above is on a 100% joint venture basis and not the Guarantor's attributable interest.

Refining

Segment Revenue in Refining in 9M FY2012 increased by Rs. 657,960 million, or 43.1%, to Rs. 2,185,230 million (US$41.1 billion) from Rs. 1,527,270 million in 9M FY2011. The increase in Segment Revenue is principally driven by high crude oil prices and, to a lesser extent, higher volume.

During 9M FY2012, the Guarantor refined 51.4 million tons of crude oil reflecting a utilization rate of 110%, compared to 49.9 million tons and a utilization rate of 107% in 9M FY2011. During 9M FY2012, exports were higher at US$26.0 billion or 30.8 million tons in 9M FY2012 compared to US$20.1 billion or 28.4 million tons in 9M FY2011, principally due to strong demand.

Petrochemicals

Segment Revenue in Petrochemicals in 9M FY2012 increased by Rs. 142,520 million, or 31.7%, to Rs. 592.130 million from Rs. 449.610 million in 9M FY2011. The increase in Segment Revenue is principally driven by higher price realization and, to a lesser extent, increased sales volumes.

Overall production in Petrochemicals was higher at 16.7 million tons in 9M FY2012 as compared with 15.9 million tons in 9M FY2011. Production of polymer products increased due to continuous operations during 9M FY2012 as against planned turnaround of crackers at Hazira, Nagothane and Gandhar in 9M FY2011. Production of fibre intermediates also increased 5% in 9M FY2012 as compared to 9M FY2011.

Others

Segment Revenue in the Others segment in 9M FY2012 increased by Rs. 5,100 million, or 115.4%, to Rs. 9,520 million from Rs. 4,420 million in 9M FY2011. This increase was due to a higher level of trading activities during this period.

Segment Result Before Interest and Tax

Oil and Gas

Segment Result Before Interest and Tax in Oil and Gas for 9M FY2012 decreased by Rs. 8,320 million, or 16.2%, to Rs. 42,990 million from Rs. 51,310 million for 9M FY2011, principally due to lower production from KG-D6.

Refining

Segment Result Before Interest and Tax in Refining for 9M FY2012 increased by Rs. 12,950 million, or 19.4%, to Rs. 79,580 million from Rs. 66,630 million for 9M FY2011 principally due to higher refining margins as compared to 9M FY2011.

The Guarantor's gross refining margin for 9M FY2012 increased 11% to US$9.0/bbl, from US$8.1/bbl in 9M FY2011. The improvement in gross refining margin was principally due to strong demand and increased economic activities in Asia and other emerging markets. Asian gas-oil cracks continued to remain strong on the back of robust demand from the power sector in China and supply disruption following from the aftermath of the natural disaster in Japan.

Petrochemicals

Segment Result Before Interest and Tax in Petrochemicals for 9M FY2012 increased by Rs. 1,140 million, or 1.7%, to Rs. 67,930 million from Rs. 66,790 million for 9M FY2011 principally due to higher volumes.

Others

Segment Result Before Interest and Tax in the Others segment for 9M FY2012 increased marginally by Rs. 40 million, or 16.7% to Rs. 280 million from Rs. 240 million for 9M FY2011.

Net Debt and Capital Expenditure

As at December 31, 2011, the Guarantor's outstanding debt was Rs. 745,034 million, or US$14.0 billion compared to Rs. 673,967 million as at March 31, 2011. The increase of Rs. 71,067 million or 10.5%, was principally due to depreciation of the Indian rupee against the US Dollar and drawdowns under working capital facilities leading to higher short-term borrowings. As at December 31, 2011, the Guarantor had cash and cash equivalents of Rs. 745,389 million, or US$14.0 billion, principally held in fixed deposits, certificates of deposits with banks, mutual funds, government securities and bonds issued by highly-rated corporates (December 31, 2010: Rs. 318,291 million). The Guarantor had no net debt as at December 31, 2011 (December 31, 2010: Rs. 383,799 million).

Capital expenditure, on a cash basis, for 9M FY2012 was Rs. 48,360 million (9M FY2011: Rs. 91,770 million) and such spending was principally in the Guarantor's Oil and Gas and Refining businesses.

CAPITALIZATION OF THE GUARANTOR

The following table sets forth the Guarantor's short-term and long-term debt and shareholders' equity at December 31, 2011 on a non-consolidated basis. You should read the following table together with "Operating and Financial Review of the Guarantor", "Unaudited Financial Results of the Guarantor for the Nine Months Ended December 31, 2011", "Description of the Notes and Guarantees" the Guarantor Financial Statements and "Selected Non-Consolidated Financial and Operating Data of the Guarantor" included herein.

	As at December 31, 2011[1][2]	As at December 31, 2011[1][2]
	(US$ in millions)[5]	(Rs. in millions)
	(Unaudited)	(Unaudited)
Indebtedness:		
Short-term debt	2,610	138,639
Long-term debt[3]	11,419	606,395
Total indebtedness[4]	14,029	745,034
Shareholders' Equity:		
Equity Shares	617	32,745
Equity share application monies	1	47
Reserves and surplus	30,577	1,623,810
Total shareholders' equity	31,195	1,656,602
Total indebtedness and shareholders' equity	45,224	2,401,636

(1) The issuance of the Notes does not affect the Guarantor's capitalization on a non-consolidated basis.

(2) Except as disclosed herein, there have been no material changes in the Guarantor's capitalization since December 31, 2011.

(3) On February 2, 2012, the Guarantor entered into a US$400 million equivalent loan agreement backed by a guarantee from SACE S.p.A. See "Description of Other Indebtedness of the Guarantor — Export Credit Agencies Guaranteed Loans".

(4) As of December 31, 2011, the Guarantor's secured and unsecured debt totaled Rs. 101,532 million and Rs. 643,502 million, respectively. For more information regarding the Guarantor's secured and unsecured debt, see "Operating and Financial Review of the Guarantor".

(5) Rupee amounts from the unaudited 9M FY2012 Financial Information as at December 31, 2011 were converted to US Dollars at the exchange rate of US$1.00 = Rs. 53.105. The translation into US Dollars is for convenience only.

BUSINESS OF THE GUARANTOR

General

The Guarantor is an integrated energy company with domestic leadership positions in the areas of oil and gas, petroleum refining and petrochemical manufacturing, and operates principally in India. The Guarantor was India's largest private sector enterprise based on Turnover and Profit After Tax for the fiscal year ended March 31, 2011 and on market capitalization as of March 31, 2011. Its operations are divided into three principal business segments: (i) exploration, development, and production of oil and natural gas ("Oil and Gas"), (ii) refining and marketing of petroleum products ("Refining") and (iii) petrochemicals, including principally the manufacturing and marketing of polymers, polyester, polyester intermediates and chemicals ("Petrochemicals").

In addition to being a leading player in the Indian economy, the Guarantor also enjoys global leadership in its principal businesses. According to CMAI, the Guarantor is among the world's top five producers of paraxylene and polypropylene and top ten producers of purified terephthalic acid and, according to PCI, the Guarantor, along with its subsidiaries, is the largest polyester yarn and fiber producer in the world and among the top ten producers of monoethylene glycol. According to *Oil & Gas Journal*, the Guarantor's KG-D6 oil and gas project is among the world's largest deepwater oil and gas production facilities and it owns and operates the world's largest refining capacity at a single location. It also owns 25% of the world's most complex refining capacity and is among the world's largest producers of ultra-clean fuels.

The Guarantor's primary manufacturing operations are in India. It has significant domestic sales in India and exports to more than 100 countries around the world. The Guarantor has eight principal plants located in the Indian states of Maharashtra, Gujarat and Andhra Pradesh:

- the crude oil refineries (Jamnagar Refinery I and Jamnagar Refinery II) and intermediates and petrochemical manufacturing (SEZ Polypropylene Facility) facility at Jamnagar;
- onshore gas processing and terminal facilities supporting the offshore gas fields in the Krishna Godavari basin at Gadimoga;
- the polymers, polyester, fiber intermediates and petrochemical products manufacturing facility at Hazira;
- the fibers, fiber and chemicals intermediates, and detergent intermediates manufacturing facility at Patalganga;
- the polymers, fibers, fiber intermediates and chemicals manufacturing facility at Vadodara;
- the polymers, fiber intermediates and caustic manufacturing facility at Dahej;
- the polymers, fiber intermediates and chemicals manufacturing facility at Nagothane; and
- the synthetic textiles and fabrics manufacturing facility at Naroda.

The Guarantor also owns smaller polyester manufacturing units at Allahabad, Barabanki, Hoshiarpur, Nagpur and Silvassa (each in India). Outside of India, the Guarantor has exploration and production interests, through its wholly owned subsidiary Reliance Exploration & Production DMCC, in Yemen, Peru, Kurdistan (Iraq), Colombia and Australia. In addition, its subsidiary, Recron, manufactures polyester products at facilities in two locations at Nilai and Malacca, Malaysia. In 2007, the Guarantor, through its subsidiary, Reliance Industries (Middle East) DMCC, acquired a majority stake in GAPCO, which owns and operates large storage terminal facilities and a retail distribution network primarily in Kenya, Tanzania and Uganda. In 2010, the Guarantor, through the Issuer's subsidiaries, entered into four joint ventures in the United States and acquired an interest in shale deposits in the Marcellus and Eagle Ford Shales in the United States. See "The Issuer — Business".

In the fiscal year ended March 31, 2011, the Guarantor was the largest exporter in India with exports of Rs. 1,467 billion, representing 13.1% of India's total exports and 56.7% of the Guarantor's Turnover for the relevant period. In the nine months ended December 31, 2011, the Guarantor had exports of Rs. 1,568 billion, representing 13.6% of India's total exports and 62.2% of the Guarantor's Turnover for the same period (source for India's total exports: www.commerce.nic.in).

The following table shows a breakdown of the Guarantor's Turnover and Profit Before Tax by financial reporting segment for FY2011, FY2010 and FY2009 and unaudited Turnover and Profit Before Tax for 9M FY2012 and 9M FY2011, respectively.

	Oil and Gas	Refining	Petrochemicals	Others	Eliminations[(1)]	Total
	(Rs. in millions)					
Segment Revenue[(2)] (audited) for the Year Ended March 31,						
2011	172,500	2,154,310	631,550	6,150	(377,999)	2,586,511
2010	126,490	1,632,490	552,510	3,980	(311,472)	2,003,998
2009	34,890	1,079,940	527,580	5,600	(184,729)	1,463,281
Segment Result Before Interest and Tax[(3)] (audited) for the Year Ended March 31,						
2011	67,000	91,720	93,050	330	—	252,100
2010	54,130	60,110	85,810	430	—	200,480
2009	22,240	97,900	68,480	380	—	189,000
Segment Revenue[(2)] (unaudited) for the Nine Months Ended December 31,						
2011	102,890	2,185,230	592,130	9,520	(370,190)	2,519,580
2010	131,460	1,527,270	449,610	4,420	(279,080)	1,833,680
Segment Result Before Interest and Tax[(3)] (unaudited) for the Nine Months Ended December 31,						
2011	42,990	79,580	67,930	280	—	190,780
2010	51,310	66,630	66,790	240	—	184,970

(1) Eliminations refers to revenue from sales by one segment to another segment, primarily from sales by Refining to Petrochemicals.

(2) Segment Revenue is revenue earned by the relevant segment prior to any Eliminations in respect of sales between segments. Total Segment Revenue, which is after Eliminations, is equal to Turnover.

(3) Segment Result Before Interest and Tax is not equivalent to any particular Income Statement line item but reflects the relevant segment's total income less expenditure (other than interest and finance charges) and is presented before tax.

In the last ten years, the Guarantor expanded its operations and diversified into new business and geographic areas. Its Turnover has grown from Rs. 230 billion in the fiscal year ended March 31, 2001 to Rs. 2,587 billion in the fiscal year ended March 31, 2011, representing a CAGR of approximately 27%. The Guarantor has also seen Profit Before Tax rise during this period from Rs. 28 billion to Rs. 252

billion, representing a CAGR of approximately 25%. Although the Guarantor's core business segments of Petrochemicals and Refining accounted for 94% of Segment Revenue Before Eliminations for FY2011 (FY2010: 94%), Segment Result Before Interest and Tax was more balanced with Petrochemicals, Refining and Oil and Gas segments accounting for 37% (FY2010: 43%), 36% (FY2010: 30%) and 27% (FY2010: 27%), respectively, during this period.

As of December 31, 2011, the Guarantor's foreign currency debt was rated Baa2 (Stable) by Moody's and BBB (Positive) by S&P, which is a notch above India's sovereign rating. The Guarantor's long-term debt is rated AAA by CRISIL, India's leading credit agency and a subsidiary of S&P and AAA Ind by Fitch, the highest rating awarded by both these agencies. In respect of Indian domestic ratings, the Guarantor's short-term debt is rated P1+ by CRISIL, the highest credit rating assigned in this category.

History

The Guarantor was founded and promoted by (the late) Mr. Dhirubhai H. Ambani and incorporated on May 8, 1973 as Mynylon Limited in the State of Karnataka in India. Mr. Mukesh D. Ambani is currently the promoter of the Guarantor. The Guarantor is controlled by him through various companies.

The Guarantor obtained the certificate of commencement of business on June 28, 1976 and subsequently shifted its registered office to the State of Maharashtra in 1977. Mynylon Limited was renamed Reliance Textile Industries Limited on March 11, 1977 and again as Reliance Industries Limited on June 27, 1985. The Guarantor was initially principally engaged in textile manufacturing and first issued its equity shares publicly in 1977.

Through the last three decades, the growth of the Indian economy and the opening up of previously regulated sectors allowed the Guarantor to pursue a strategy of backward integration from textiles into other industry sectors, such as the production of petrochemicals, the refining of crude oil and the exploration and production of oil and gas, that led to the formation of an integrated, world-class enterprise.

In the 1980s and early 1990s, the Guarantor focused on developing its petrochemicals capacity. In response to a perceived need for Indian domestic refining capacity, the Government permitted private sector ownership of refineries in India and the Guarantor began to invest in refining capacity in the mid-1990s. Its first refinery was completed in 1999 at Jamnagar in the State of Gujarat ("Jamnagar Refinery I").

In 1999, the Guarantor also expanded into oil and gas exploration and bid for exploration rights in India. Its offshore discovery in 2002 in the KG-D6 block (off the east coast of India) has provided the platform for developing the Guarantor's growing Oil and Gas business. The Guarantor continues its exploration activities, particularly off the east coast of India.

In January 2006, the Guarantor completed a court-approved scheme of arrangement to demerge its telecommunications, financial services and gas and coal-based energy undertakings to separate companies. The shareholders of the Guarantor, other than certain specified shareholders, were allotted equity shares by these companies. The initial non-compete agreement and intellectual property license in respect of the "Reliance" brand was amended in May, 2010. See "— Trademarks".

During the last decade, the Guarantor has engaged in a series of acquisitions, including its first major acquisitions outside of India. These included Indian Petrochemicals Corporation Limited ("IPCL") in 2002, Trevira GmbH, a European petrochemicals business, in 2004, GAPCO, a company engaged in storage and distribution of petroleum products in Africa, in 2007, and certain assets of Hualon Corporation, a Malaysian polyester manufacturer, in 2007. Trevira GmbH is currently not a subsidiary of the Guarantor.

In November 2006, the Guarantor, through a subsidiary, Reliance Retail Limited, began to expand into the organized retail sector and, as at December 31, 2011, had a network of more than 1,200 stores in more than 100 cities across 15 states in India.

In 2009, the Guarantor completed its second refinery at Jamnagar ("Jamnagar Refinery II"), the same location as Jamnagar Refinery I. The Guarantor set up Jamnagar Refinery II through a subsidiary, Reliance Petroleum Limited, which was amalgamated with the Guarantor in 2009, with effect from April 1, 2008.

During 2010, the Guarantor, through the Issuer's subsidiaries, entered into four major joint ventures with shale gas field operators in the United States based on the Guarantor's belief in the strong prospects for shale gas. In addition, the Guarantor acquired a 95% stake in Infotel Broadband Services Limited, which received a license from the Government relating to wireless broadband internet, at a cost of Rs. 128.5 billion (approximately US$2.8 billion using an exchange rate of US$1.00 = Rs. 46.73).

In March 2011, the Guarantor announced that it and the D.E. Shaw Group had agreed to the principal terms of a joint venture through which the Guarantor and the D.E. Shaw Group would, following regulatory clearance and execution of definitive documentation, seek to build a leading financial services business in India. In November 2011, RIIHL, which is an associate of the Guarantor, executed an agreement with the D.E. Shaw Group to enter into stock broking and trading activities.

Competitive Strengths

The Guarantor believes that the following factors contribute to its strong competitive position:

World-class business platforms and a diversified portfolio

The Guarantor believes in creating large-scale businesses that are built to be world-class operations, incorporating global best practices. This is integral to the Guarantor's growth plans in all its existing businesses and new initiatives. The Guarantor is a global integrated energy company with interests across the energy value chain, and in recent years has diversified into new growth areas such as organized retail, telecommunications, and financial services. In the Guarantor's principal businesses of Oil and Gas, Refining and Petrochemicals, it has leading positions and a strong platform for future growth.

In the Oil and Gas business, the Guarantor believes the Indian gas market provides significant opportunities given its long-term demand potential. Its KG-D6 oil and gas production facility is one of the world's largest and most complex deepwater gas production facilities. In the Refining business, according to *Oil and Gas Journal*, the Guarantor owns 25% of the world's most complex refining capacity and has the largest refining capacity at a single location in the world. In the Petrochemicals business, the Guarantor is the market leader in India across most of the products in the petrochemical and polyester chain. According to PCI, Reliance is the largest producer of polyester fiber and yarn, and the fifth largest producer of paraxylene. According to CMAI, Reliance is the fifth largest producer of polypropylene in the world.

Outside India, the Guarantor, through its subsidiaries, currently has 10 blocks in five countries (other than the shale gas operations of the Issuer in the United States) and these blocks are at various stages of exploration and development. Notwithstanding the strength of its core businesses, the Guarantor is actively seeking new opportunities to diversify its operations and, through its subsidiaries, is currently expanding its operations into strategic and growing sectors in the organized retail sector, has begun to build a pan-India wireless broadband business, and has entered into joint ventures with established companies in the financial services sector.

Integration across the complete value chain

The Guarantor has traditionally based its business model on vertical integration and sought to achieve control over the cost of key inputs, flexibility to maximize value across the entire value chain and the creation of value for shareholders in a dynamic global market and regulatory regime. The Guarantor's Refining business produces substantially all the feedstocks used in its Petrochemicals business, which offers security of supply and the ability to minimize the impact of volatility in commodity prices.

Global competitiveness and leadership in chosen areas of business

The Guarantor has achieved a leadership position in the domestic Indian petrochemical industry and significant market strength in the global refining industry. India is one of the fastest growing markets in the world for downstream petrochemicals and offers significant prospects for growth in the future. The Guarantor's leadership positions in the domestic markets provide a strong platform for growth in these core areas of operations. In addition, in the energy deficient markets of India, the Guarantor has emerged as the largest producer of natural gas with the commissioning of its KG-D6 facility in 2009.

Stable and robust financial performance and strong cash position

The Guarantor observes conservative financial policies and maintains significant cash balances in order to be able to complete projects on a timely basis, capitalize on opportunities, attract world-class project partners and carry out capital investment programs through industry cycles. In the past ten years, the Guarantor has generated strong and steady cash flows and has traditionally maintained a strong balance sheet with conservative leverage. The Guarantor believes that its integrated operations allow it to mitigate the impact of declines in commodity prices and reduce volatility in cash flows. This, in turn, enables the Guarantor to access capital at attractive terms. As of December 31, 2011, the Guarantor's total debt to EBITDA (calculated on an annualized basis) was 1.8 and its net debt was NIL, after adjusting for Cash and Cash Equivalents of US$14.0 billion (converted at the exchange rate of US$1.00 = Rs. 53.105).

According to *Fortune*, a leading international publication, the Guarantor was ranked 134th among Fortune Global 500 companies in terms of revenues and 119th among Fortune Global 500 companies in terms of net earnings in 2010. According to *Fortune*, the Guarantor is ranked 34th and 21st in Asia in terms of revenue and net earnings, respectively, in 2010.

Strong project management skills

The Guarantor has demonstrated its ability to manage large and complex projects across sectors. Its approach has been to ensure that projects achieve physical completion well within planned schedules and costs. During the fiscal years 2009 and 2010, the Guarantor has completed two of the largest projects (the Jamnagar Refinery II and the KG-D6 oil and gas projects) in the energy sector worldwide. The Guarantor has a track record of delivering world-class, large-scale projects on accelerated timelines, including the following:

- it began gas production within six and a half years of gas discovery at the KG Basin off the east coast of India, compared to the global average of nine to ten years for similar deepwater production facilities;
- the Jamnagar Refinery II was commissioned in only 36 months despite the fact that it was executed under challenging conditions of scarce engineering resources globally; and
- the Guarantor built two of the world's largest and most complex refineries at the same location, in one decade, which it believes is unprecedented in the global refining sector. The Jamnagar complex has the largest refining capacity at a single location in the world.

Strong and experienced management team

The Guarantor is led by a highly experienced executive and operational management team, led by Mr. Mukesh D. Ambani, its Chairman and Managing Director. Most of the Guarantor's key senior executives have more than 20 years of experience in the oil and gas and/or petrochemical industry. The Guarantor's management team has successfully managed the Guarantor's growth in recent years, executing its strategy of backward integration from textiles to oil and gas, as well as the diversification into other industry sectors that led to the formation of an integrated, world-class enterprise. The Guarantor believes that an experienced and effective management team is an important competitive advantage in pursuing its growth strategy successfully in the future.

Strategy

The key elements of the Guarantor's strategy are:

Enhancing competitive advantage of existing businesses through organic growth

The Guarantor plans to continue to leverage its expertise in project execution, exploration and production skills and financial management to increase its international scale, and expects to increase its production capacity through organic growth and targeted acquisitions.

In the Oil and Gas business, the Guarantor is committed to further strengthening its domestic exploration portfolio with a continuing focus on offshore assets, while simultaneously pursuing opportunities in the international markets. The Guarantor has also, through its subsidiaries, embarked on a strategy to build a portfolio of quality assets in unconventional energy sources.

In Refining, the Guarantor is currently evaluating opportunities to build one of the largest coke gasification facilities in the world, which the Guarantor expects would, combined with the proposed off-gas cracker, increase the complexity and profitability of the refineries at Jamnagar.

In Petrochemicals, the Guarantor is exploring opportunities for organic growth, expansion of capacities, acquisitions and improved efficiencies. In particular, the Guarantor plans to add new petrochemical capacity as follows:

- off-gas cracker with 1.5 million tons per annum of olefins capacity with matching downstream capacities;
- PET complex with a capacity of 650,000 tons per annum, with an option to add 650,000 tons per annum;
- polyester filament yarn plant with a capacity of 395,000 tons per annum, and 140,000 tons of polyester texturized yarn;
- 1.8 million tons per annum of paraxylene capacity;
- 2.3 million tons per annum of new purified terephthalic acid capacity, with the ability to increase by another 1.15 million tons per annum at a later stage;
- 290,000 tons of polyester staple fiber capacity;
- expansion of existing polybutadiene rubber capacity from 74,000 tons to 115,000 tons;
- investing in new facilities for styrene butadiene rubber with a capacity of 150,000 tons; and
- butyl rubber plant with an initial capacity of 100,000 tons, in a joint venture with SIBUR.

Pursue value accretive growth opportunities in core businesses through targeted acquisitions inside and outside India

The Guarantor has traditionally focused on organic growth by pursuing green-field and brown-field expansion opportunities in India. With a view to growing the Guarantor into a truly global organization, the Guarantor has decided to pursue value accretive opportunities in promising growth markets outside India. In recent years, the Guarantor has pursued several significant opportunities in the growth markets in Asia and also in North America. For example, in Oil and Gas, the Guarantor has acquired, through the Issuer's subsidiaries, substantial shale gas assets in the United States by entering into four joint venture agreements, which are an integral part of the Guarantor's strategy of expanding its global operations.

Capitalize on strong domestic market growth opportunities in existing and new business areas

Domestic demand for many of the Guarantor's products has increased for the past several years as has the size of the Indian economy. According to the RBI, real GDP growth accelerated from 8.0% in the year ended March 31, 2010 to an estimated 8.5% in the year ended March 31, 2011. The Guarantor expects the trend of long-term demand growth in India to continue given current low per capita consumption as well as domestic economic growth. In particular, significant growth is expected in the domestic demand for petrochemicals, refining and natural gas, partly as a result of recent actions of the Government that have partially deregulated the market for natural gas and refining products.

The Guarantor has achieved strong growth by identifying emerging businesses and building them into global-sized, world-class operations by leveraging its core competitive strengths for sustained superior value. The Guarantor's entry into the new growth area of organized retail, the newly identified growth area of wireless broadband services and the recent entry into the financial services sector are integral to this strategy, and the Guarantor will continue to seek out other growth opportunities in new business areas.

Develop and strengthen high quality upstream portfolio

The Guarantor's strategy for Oil and Gas is to identify, evaluate and capture the highest quality resource opportunities at an industry-competitive cost, by leveraging its strong balance sheet and recent experience in deepwater exploration and drilling. Apart from the production blocks of Panna-Mukta and Tapti and KG-D6 fields off the coast of India, the Guarantor has a number of discoveries that are being explored for commercial development. Successful development of these blocks could provide significant growth in the future. The Guarantor expects to achieve further growth and diversification through the development of a quality exploration portfolio, built through its subsidiaries over the years.

The Guarantor's recent joint ventures, through the Issuer's subsidiaries, for shale gas development in the United States provide it with a platform to participate in the fast growing resource base of shale gas in North America, develop operator experience and build an upstream business in North America, thus diversifying the Guarantor's upstream portfolio. The Guarantor's strategic partnership with BP, announced in February 2011 and closed in August 2011, is an integral part of this strategy to strengthen and grow its Oil and Gas business in the future. See "Summary — Recent Developments — Strategic partnership with BP".

Integrate vertically to fully participate in the value chain and achieve economies of scale

The Guarantor will continue to seek to improve its competitive position by securing stable low-cost supplies of key raw materials by focusing on appropriate vertical integration and achieving a balanced product portfolio in its existing operations. Accordingly, the Guarantor will continue to strive to identify opportunities for capacity expansion and debottlenecking of production capacity for the raw materials used in the Guarantor's operations. The Guarantor believes that continuing this strategy will help to reduce the impact of business cycles on overall earnings in the future.

Highest standards for health, safety and environment

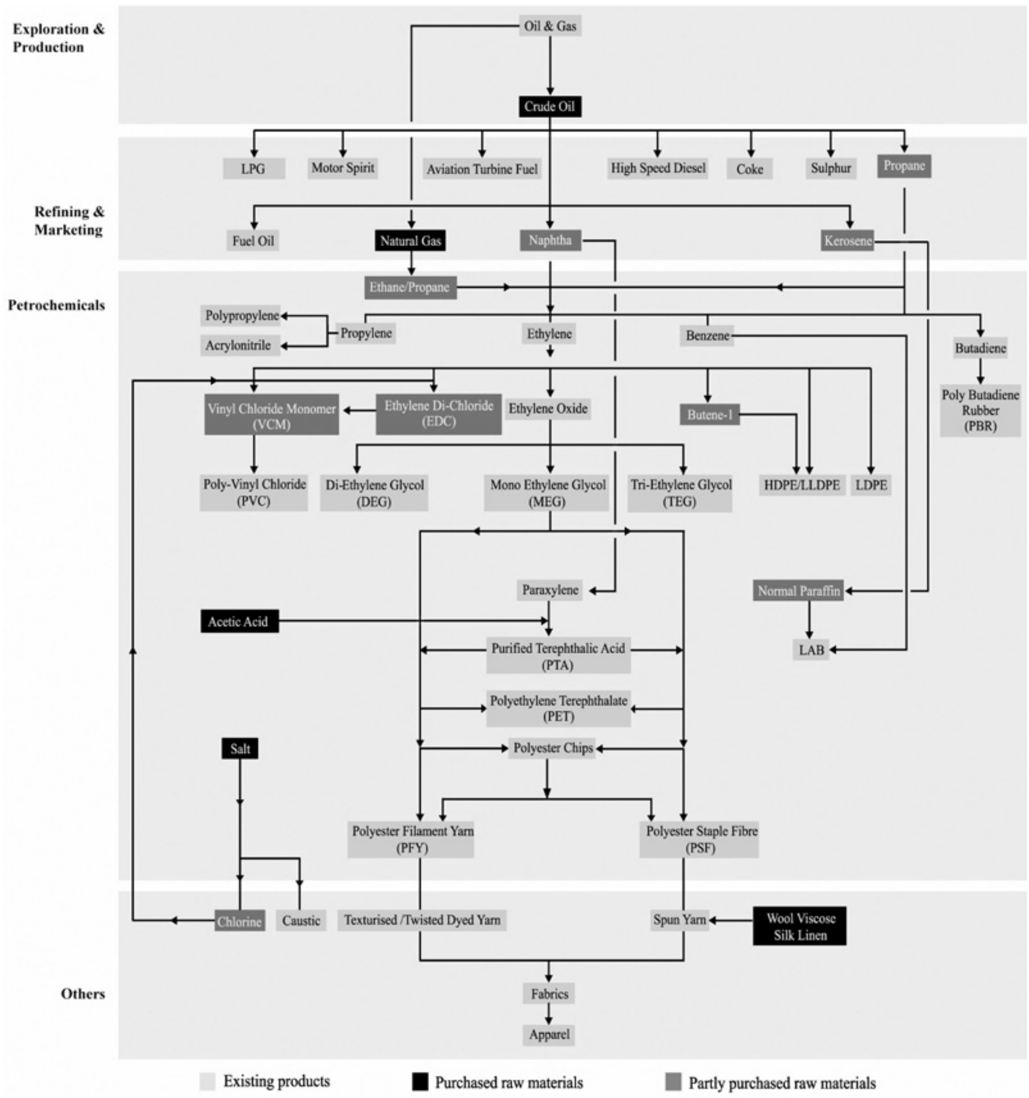
"Safety of person overrides all production targets" is the essence of the Guarantor's Health, Safety and Environmental Policy. Well-equipped occupational health centers are available to cater for preventive and curative healthcare. The Guarantor has an employee training program to improve safety conditions at its operations. The Guarantor places great emphasis in developing greenery and landscaping as an in-built environmental protection measure.

Continue to focus on process and management innovation

The Guarantor has traditionally focused on innovation in all areas of its activities and has had success in the areas of process innovation, business model innovation and management innovation. The Guarantor was ranked 33rd among the top 50 innovative companies in the world by *Business Week*, a leading US magazine, in 2010. The Guarantor's innovation efforts are led by the Reliance Innovation Council, which includes some of the leading global thought leaders, including Nobel laureates. The Guarantor seeks to make innovation a way of life to ensure that the next generation of growth is innovation-led.

Business

The Guarantor's major products and brands, from oil and gas to textiles, are well-integrated and benefit from synergies across the Guarantor. Central to the Guarantor's operations is its vertical backward integration strategy for raw materials, such as purified terephthalic acid, monoethylene glycol, ethylene, propylene and normal paraffin, that were previously imported at a higher cost and subject to import duties but more recently have been sourced from within the Guarantor. This has had a positive effect on the Guarantor's operating margins and interest costs and decreased the Guarantor's exposure to the cyclicality of markets and raw material prices. The Guarantor believes that this strategy is also important in maintaining a domestic market leadership position in its major product lines and in providing a competitive advantage. The following chart indicates the way in which these products are integrated.



Oil and Gas

The Guarantor's Oil and Gas business is principally focused on onshore and offshore exploration and production of oil and gas in India and, to a lesser extent, outside India, as well as shale gas exploration in the United States. In the fiscal year ended March 31, 2011, the Guarantor generated 6% of its Segment Revenue Before Eliminations and 27% of Segment Result Before Interest and Tax from its oil and gas exploration and production operations, compared to 5% and 27%, respectively, in the fiscal year ended March 31, 2010.

Overview

India is a net importer of crude oil. The oil and gas industry in India has traditionally been, and continues to be, dominated by public sector companies. In order to encourage growth of the domestic exploration and production sector, India introduced a competitive international bidding process called the New Exploration Licensing Policy ("NELP").

Under the NELP, the Government auctions domestic on-land, offshore and deepwater exploration blocks. Companies can bid for blocks either individually or in association with others through an incorporated or unincorporated joint venture. Unlike previous allocation policies, under the NELP, exploration and production companies from the private and the public sectors are treated equally and the new acreage is determined by a bidding process. Prior to the introduction of the NELP, crude oil and natural gas produced by private sector companies were required to be marketed and transported through public sector entities. Under the NELP, private sector companies have marketing rights of crude oil and natural gas in the domestic market subject to overall government policy guidelines. As a result of the NELP, a number of private sector enterprises have ventured into oil and gas exploration in India resulting in a larger number of oil and gas discoveries in India over the last few years.

In 2008, the Government adopted a gas utilization policy, which requires contractors to sell gas produced from the NELP blocks to consumers engaged in industry sectors prioritized by the Government for the supply of gas. The NELP PSCs also provide for a market-determined price for gas produced, subject to approval from the Government. In its decision in May 2010, the Supreme Court of India upheld the policies formulated by the Government under which it has the authority to regulate the price, production and distribution of natural gas.

Exploration and Production

The Guarantor is principally focused on gas exploration in India and, through a number of joint venture interests held by the Issuer, shale gas exploration in the United States. The Guarantor estimates that it has gross Proved plus Probable Reserves of approximately five billion barrels of oil equivalent. The Guarantor is the largest exploration acreage holder in the private sector in India with 27 domestic exploration blocks (under the NELP, including one pre-NELP block), one block each in Panna-Mukta and Tapti and three coal bed methane blocks. The total area covered under the domestic blocks, excluding the three coal bed methane blocks, is approximately 243,677 square kilometers as at December 31, 2011. The Guarantor is the operator in most of its domestic blocks. The Guarantor currently has:

- 60% stake in the KG-D6, the world's largest deepwater gas-producing facility, which commenced operations in April 2009;

- 40% to 100% participating interests in 26 additional exploration blocks in India;

- 30% participating interest in the producing blocks of Panna-Mukta and Tapti in Bombay High offshore block, along with British Gas and ONGC;

- 100% interests in three coal bed methane blocks in India covering an area of approximately 1,820 square kilometers;

- 10 blocks in its international exploration and production portfolio, including three in Yemen (one producing and two exploratory), two each in Peru, Kurdistan (Iraq) and Colombia, and one in Australia, amounting to a total acreage of approximately 50,950 square kilometers; and

- through the Issuer's subsidiaries, interests in four joint ventures holding acreages/interests in the Marcellus and Eagle Ford Shales in the United States.

The following tables set forth India's crude oil and natural gas production and the Guarantor's share of such production for the fiscal years ended March 31, 2011, 2010 and 2009.

	Year Ended March 31,		
Oil[1]	**2011**	**2010**	**2009**
	(in KT, except percentages)		
Total production in India[2]	37,712	33,690	34,118
Guarantor's share of production meant for sale	1,306	1,022	683
Guarantor's percentage share of production	3.5%	3.0%	2.0%

(1) Includes condensates.

(2) Source: Indian Ministry of Petroleum and Natural Gas website.

	Year Ended March 31,		
Natural gas	**2011**	**2010**	**2009**
	(in MMSCM, except percentages)		
Total production in India[1]	52,222	47,496	32,849
Guarantor's share of production[2]	19,611	14,549	1,762
Guarantor's percentage share of production	37.6%	30.6%	5.4%

(1) Source: Indian Ministry of Petroleum and Natural Gas website.

(2) Production includes gas used internally and flared.

The following table lists currently producing oil and gas fields in India in which the Guarantor has an interest:

			Production Average At March 31, 2011	
	Participating Interest	**Date of Commencement of Production**	**Oil[1]**	**Gas[2]**
			(KT/Day)	(MMSCMD)
Panna-Mukta	30%	December 1994	4.7	5.7
Tapti	30%	June 1997	0.4	7.4
KG-D6	60%	April 2009	3.0	55.9

(1) Includes condensate.

(2) Production is net of gas used internally and flared.

The Guarantor's gas and oil reserves will generally decline as they are brought to production, except to the extent that the Guarantor conducts revitalization activities, acquires additional properties containing Proved Reserves, or acquires exploration acreage and converts it to Proved Reserves, or a combination thereof. To increase reserves and production, the Guarantor intends to continue to explore its current acreage, to carry out development drilling and re-completion programs, to identify and produce previously overlooked or bypassed zones in shut-in wells in the KG-D6, Panna-Mukta and Tapti blocks and to acquire additional properties and/or undertake other replacement activities. The Guarantor's current strategy is to increase its reserve base, production and cash flow through the development of its existing gas fields and through the selective acquisition of other promising properties.

Domestic

KG-D6 Block. In 2002, the Guarantor discovered gas in its KG-D6 deepwater block off the east coast of India. This discovery was India's biggest gas discovery in nearly three decades and the world's largest gas discovery in the year 2002, according to *Oil and Gas Journal*.

Since production commenced in April 2009, the field has produced over 34.9 billion cubic meters of gas, contributing significantly to the country's critical industrial sectors. As at March 31, 2011, the production rate was approximately 50 million standard cubic meters per day. Production from the Dhirubhai 1 and 3 discoveries of the KG-D6 block has significantly increased gas availability in India.

The Guarantor is the operator of the field and now holds a 60% participating interest. Upon completion of the recent transaction with BP, BP now holds a 30% participating interest and Niko Resources Limited holds the remaining 10% participating interest.

Panna-Mukta and Tapti Blocks. The Guarantor holds a 30% interest in an unincorporated joint venture with British Gas and ONGC, to develop the proven reserves in the Panna-Mukta and Tapti oil and gas fields. British Gas and ONGC have a 30% and 40% share in the joint venture, respectively.

For the fiscal year ended March 31, 2011, the Panna-Mukta fields produced 1.2 million tons of crude oil and 1,477 million metric standard cubic meters of gas compared to 1.8 million tons of crude oil and 1,965 million metric standard cubic meters of gas produced during the fiscal year ended March 31, 2010. The Tapti field produced 149,700 tons of condensate and over 2,694 million metric standard cubic meters of gas during the fiscal year ended March 31, 2011, compared to 187,000 tons of condensate and over 3,100 million metric standard cubic meters of gas produced during the fiscal year ended March 31, 2010. The decrease in production was due to a natural decline in reserves.

Coal Bed Methane Blocks. The Guarantor has interests in three coal bed methane blocks covering an area of approximately 1,820 square kilometers as at March 31, 2011. The Guarantor has already commenced development activity in two coal bed methane blocks. During the third quarter of FY2012, the Guarantor drilled 10 development wells taking the total number of development wells drilled to 36. Hydraulic fracturing of these wells commenced during the third quarter of FY2012.

Other NELP Blocks. The Guarantor currently has another 26 blocks, including one pre-NELP block, with participating interests ranging from 40% to 100% in each of these blocks, secured in the NELP process, following the recent transfer of a participating interest to BP. The Guarantor has made varying levels of progress in terms of exploration of these blocks and has discovered hydrocarbon in a few of these blocks. The evaluation of commercial viability of these discoveries is underway.

Sales and Distribution. The Guarantor sells its entire production of natural gas from the KG-D6 fields in the domestic market, in line with the allocations approved by the Government.

The Guarantor is dependent on the East-West Gas Pipeline to transport a substantial portion of the Guarantor's gas produced from KG-D6. Reliance, through RGTIL, built and operates a 1,386-kilometer cross-country pipeline to transport natural gas produced by KG-D6 and other discoveries in the Krishna Godavari basin, off the eastern coast of India, to major markets on India's western coast. The pipeline extends from Kakinada to Bharuch, and has a capacity to transport up to 80 MMSCMD of natural gas. It transported an average volume of approximately 57 MMSCMD in FY2011. The other infrastructure required to transport 80 MMSCMD of natural gas is also in place and KG-D6 gas customers have entered into gas transmission agreements with RGTIL to use its pipeline to transport gas.

To encourage investment in the oil and gas sector, licenses for exploration activities in India are offered under the NELP and a successful bidder must enter into a PSC with the Government. Sales of natural gas from NELP blocks are subject to detailed regulation by the Government, in particular with respect to prices. The Government-imposed maximum prices are based on the region of production and, in some instances, type of customer, and limit the prices the Guarantor can charge within its internal supply chain and to other industry participants, as well as to end customers. See "Regulation" and "Risk Factors — Risks Relating to the Guarantor's Business — The sale of gas produced from the New Exploration Licensing Policy blocks is regulated by the gas utilization policy adopted by the Government".

According to BP Statistical Review 2011, India's per capita energy consumption is 447 kilograms of oil equivalent as against the world average of 1,750 kilograms of oil equivalent, which indicates a significant potential for growth in the demand for energy. According to the Integrated Energy Policy of the Planning Commission of the Government, India's energy need is expected to grow threefold by 6% per year until 2032, from 524 million tons of oil equivalent in 2010, to approximately 1,856 million tons of oil equivalent by 2032. However, India depends largely on imports, with 72% of oil and 19% of gas consumption imported. According to BP Statistical Review 2011, natural gas constitutes 24% of the energy basket globally, while in India it accounted for 11% in 2010. The low share of gas in India's energy consumption is attributed to limited availability and underdeveloped infrastructure. In comparison, gas accounted for 55% of the energy mix in the Russian Federation, 27% in the United States and 17% in Japan in 2010.

International

Overseas Blocks. The Guarantor, through its subsidiaries, currently has interests in exploration of 10 overseas blocks, including three in Yemen (one producing and two exploratory), two each in Peru, Kurdistan (Iraq) and Colombia, and one in Australia, amounting to a total acreage of over 50,950 square kilometers. Except for one producing block in Yemen, all these blocks are under exploration.

Shale Gas. The Guarantor has identified shale gas development as an attractive value creation opportunity. Shale gas is believed to be a large, growing source of hydrocarbons and the most promising development in the North American energy sector in recent years. Through the Issuer, the Guarantor seeks to build a significant position in the shale gas business in the United States and the recent joint ventures, which are discussed below, are expected to help it develop expertise in various activities in production of natural gas from shale rocks. Also see "The Issuer — Business".

Competition

The Guarantor competes in the oil and gas exploration and production segment primarily in the area of licenses for exploratory prospects in the NELP bidding process. The companies that have been granted petroleum exploration licenses in various rounds of the NELP include several other public sector companies, such as GAIL (India) Limited ("GAIL"), Indian Oil Corporation Limited, Oil India Limited and ONGC, as well as private companies, such as the BG Group, Cairn India Limited and Niko Resources Limited. The Guarantor faces similar competition for acquisition of exploration and production acreages internationally.

Recent Developments — Strategic partnership with BP

In February 2011, the Guarantor announced a strategic partnership with BP in its Oil and Gas business. The partnership across the full value chain comprises BP taking a 30% stake in 23 oil and gas production sharing contracts that the Guarantor operates in India, including the producing KG-D6 block, and the formation of a 50:50 joint venture between the two companies for sourcing and marketing of gas in India. The joint venture will also endeavor to accelerate the creation of infrastructure for receiving, transporting and marketing of natural gas in India. The partnership is expected to combine BP's world-class deepwater exploration and development capabilities with the Guarantor's project management and operations expertise.

Pursuant to the partnership agreements, BP has agreed to pay the Guarantor an aggregate consideration of US$7.2 billion subject to post-completion price adjustments, for the interests to be acquired in the 23 oil and gas production sharing contracts. In addition, future performance payments of up to US$1.8 billion may be paid to the Guarantor by BP, based on exploration success that results in development of commercial discoveries. The Guarantor has received the necessary Indian regulatory approvals for the transfer of a 30% interest in 21 oil and gas production sharing contracts and the transaction was completed on August 30, 2011. The Guarantor has received aggregate consideration of approximately US$7.0 billion, after applicable post-completion price adjustments. The Guarantor is pursuing the necessary Indian regulatory approvals for the remaining two oil and gas production sharing contracts, but there can be no assurance that the required approvals will be received as initially envisaged or at all.

On November 18, 2011, the Guarantor and BP announced the incorporation of India Gas Solution Pvt. Ltd., a joint venture company which will focus on global sourcing and marketing of natural gas in India. The joint venture company will also develop infrastructure to accelerate transportation and marketing of natural gas in India.

Recent Developments—Arbitration with the Government regarding the KG-D6 PSC

Following news reports that the Government may curtail the Guarantor's entitlement to recover its costs on the basis of there being a shortfall in production from levels specified in the development plan, the Guarantor requested the Government to confirm that no such action was being planned. According to the Guarantor, the PSC permits full "cost recovery" of its costs of exploration, development and production from the value of petroleum produced from the block. Not having received any response from the Government, on November 23, 2011, the Guarantor served an arbitration notice on the Government.

By a letter dated January 25, 2012, the Government has informed the Guarantor that in its view the notice issued by the Guarantor is premature as there is no existing dispute under the PSC.

In its response to the Government on February 2, 2012, the Guarantor reiterated its contentions in the arbitration notice and stated that there had been a failure on the part of the Government to appoint a second arbitrator.

Refining

The Guarantor's oil business plays a strategic role in adding further value to India's petroleum resources through its integrated operations in refining, marketing and retailing. The Guarantor operates crude oil refineries in Jamnagar and markets a wide range of value-added petroleum products, including diesel, gasoline, jet fuel, bunker fuel, LPG, base oil and kerosene, through an expanded marketing and retailing network in the Indian as well as selected international markets.

In the fiscal year ended March 31, 2011, the Guarantor generated 73% of its Segment Revenue Before Eliminations and 36% of its Segment Result Before Interest and Tax from its Refining business, compared to 71% and 30%, respectively, in the fiscal year ended March 31, 2010.

Overview

The petroleum refining industry in India primarily comprises public sector companies. India has 20 operating refineries with an aggregate capacity of 184 million tons a year, according to the Indian Ministry of Petroleum and Natural Gas data as of February 2011.

Refining

The Guarantor owns and operates two refineries in Jamnagar in the State of Gujarat: Jamnagar Refinery I in the domestic tariff area and Jamnagar Refinery II in the SEZ, a specifically delineated duty-free enclave deemed to be a foreign territory for the purposes of trade operations and duties and tariffs. The refineries have a total nominal crude processing capacity of 1.24 million barrels per day, which is approximately 1.4% of the world's refining capacity, and produce a wide range of petroleum products for both domestic consumption and export, such as LPG, propylene/polypropylene, propane, naphtha, gasoline, alkylates, jet fuel, diesel and fuel oil. In the fiscal year ended March 31, 2011, the capacity utilization rate of the refineries was 107%. In February 2012, one of the crude distillation units at Jamnager II will be shut down for maintenance and remain offline for approximately three weeks.

The management believes that the Guarantor's two Jamnagar refineries are among the largest and most complex in the world, with an average complexity of more than 12.0 on the Nelson Complexity Index (an index used in the refining industry to measure the complexity of a refinery). The configuration of complex refineries is oriented either towards maximizing the production of gasoline (catalytic cracking) or middle distillates (hydrocracking). In addition, complex refineries use enhanced secondary processing capacities to upgrade vacuum residue. Refineries which are configured to have a high conversion and desulphurization capacity can achieve higher yields of higher value-added refined petroleum products by processing heavier crude oil qualities than refineries with lower conversion and desulphurization capacity. Refinery complexity accordingly refers to an oil refinery's ability to process feedstocks, such as heavier and higher sulphur content crude oils, into value-added products. Generally, the higher the complexity and the more flexible the feedstock slate, the better positioned the refinery is to take advantage of the more cost effective crude oils, resulting in incremental gross margin opportunities for the refinery.

According to *Oil and Gas Journal*, the Guarantor owns 25% of the world's most complex refining capacity and is among the world's largest producers of ultra-clean fuels.

The following table sets forth annual throughput and capacity utilization for the Guarantor's refineries for the fiscal years ended March 31, 2011, 2010 and 2009.

	Year Ended March 31,					
	2011(1)		**2010**(1)		**2009**	
	Crude Refined	**Capacity Utilization**(2)	**Crude Refined**	**Capacity Utilization**(2)	**Crude Refined**	**Capacity Utilization**(2)
	(in million tons)		**(in million tons)**		**(in million tons)**	
Jamnagar refineries(1)	66.6	107%	61.1	98.3%	32.0	97.0%

(1) Combined operations of Jamnagar Refinery I and Jamnagar Refinery II. Jamnagar Refinery II became fully operational in FY2010.

(2) Capacity utilization is the actual throughput divided by the installed rated capacity.

Jamnagar complex. Located approximately 815 kilometers from Mumbai, the Jamnagar complex is a fully integrated manufacturing facility with petroleum refineries, an aromatics/petrochemical complex, a power generation complex and a port and terminal complex that provides access to a pipeline network. The associated infrastructure at the Jamnagar complex, comprising the power generation complex and the port and terminal complex, is not owned by the Guarantor, but is dedicated to cater to the requirements of the Jamnagar refineries and petrochemical complex. The Jamnagar complex also includes a self-contained township for the over 2,500 employees and their families.

The Jamnagar complex is designed for total water conservation. It has its own desalination plant and carries out complete recycling of effluent with zero discharge. It has a state-of-the-art centralized control center, laboratory, fire station and a large green belt.

Jamnagar Refinery I. The Jamnagar Refinery I began operations in 1999. It is a highly complex refinery with significant secondary processing facilities designed to maximize the quantity of value-added products such as propylene, jet fuel and diesel. The refinery has crude processing capacity of 660,000 barrels of crude oil per stream day and is designed to process a wide variety of grades of crude oil. Given the high levels of complexity, the Jamnagar Refinery I is capable of processing heavy and sour crude oil.

There are two trains each of crude distillation units and vacuum distillation units. Virtually any grade of crude can be processed in the crude distillation units and vacuum distillation units where crude oil is separated into its components, namely, gas, C3/C4 (saturated LPG), naphtha, light kerosene, heavy kerosene, atmospheric gas oil, vacuum gas oil and vacuum residue. The crude distillation units and vacuum distillation units are integrated for energy efficiency.

Jamnagar Refinery II. The Guarantor's new refinery in the SEZ became fully operational in 2009. The Jamnagar Refinery II is the sixth largest refinery in the world and has a Nelson Complexity Index of 14.0, making it, together with the Jamnagar Refinery I, the largest and most complex refining site in the world. The refinery has the capacity to process 580,000 barrels of crude oil per stream day and has more than 40 process units, including the world's largest coker and fluid catalytic cracker and the world's largest alkylation unit. It also benefits from a large network of off-sites, utilities and other infrastructure facilities.

The Jamnagar Refinery II has a unique design and a configuration that enables it to produce "clean fuels". It is designed with a high level of flexibility to change grades based on the economy and to capture margins based on market dynamics. The Jamnagar Refinery II is the first refinery in India to produce Euro-IV grades of gasoline and diesel. It has also been the first in India to produce a large number of US-grade gasolines such as R-BOB, RFG, US conventional and 95 Oxy-free as well as Ultra Low Sulfur Diesel, which are being supplied to the US and European markets.

The Jamnagar Refinery II benefits from certain fiscal advantages arising from its SEZ status and has to comply with the net foreign exchange earning requirements under the SEZ rules. See "Regulation — Oil and Gas, Refining and Petrochemicals — Other Regulations — Special Economic Zones".

Maintenance and Upkeep

The Guarantor's refinery operating units require regular maintenance, as well as repair and upgrade shutdowns (referred to as "turnarounds") during which they are not in operation. Turnaround cycles vary for different units. In general, refinery turnarounds are managed so that some units continue to operate while others are down for scheduled maintenance. Maintenance turnarounds are carried out by refinery personnel as well as additional contract labor. Turnaround work proceeds on a continuous 24-hour basis to minimize unit downtime. During the past three fiscal years, the Guarantor has undertaken several turnarounds for quality and yield improvements and the enhancement of throughput capacity. A partial shutdown for planned maintenance was undertaken at the Jamnagar Refinery I in October 2010 for the Crude Distillation Unit-1 and in February 2011 for the Fluid Catalytic Cracker and a shutdown at the Jamnagar Refinery II was undertaken in September 2011 for repairs to the light cycle oil hydrocracker and a vacuum gas oil hydrotreater. Those refinery units that were shut down for maintenance are now operating satisfactorily. In February 2012, one of the Crude Distillation Units of Jamnagar Refinery II will be shut down for maintenance and remain offline for approximately three weeks.

Procurement of Crude Oil

The Guarantor obtains a substantial part of its Crude Oil feedstock from suppliers in the Arabian Gulf region and balance from suppliers in South America, West Africa and the Red Sea on a regular basis and from suppliers in the North Sea, Mediterranean, China and Australia on an opportunistic basis. The Guarantor also has a cross-country pipeline connection to receive crude oil from fields in Northern India.

The Guarantor has term supply contracts, which are expected to be renewed annually subject to commercial agreement between the applicable supplier and the Guarantor. The Guarantor continues to seek opportunities to diversify its sources of supply. Optimizing the Guarantor's supply of crude oil in terms of types of crudes purchased is critical to the Guarantor's operations. Due to this strategy, the Guarantor has already processed over 100 different traded crude oil grades from International market in their two refineries.

The price of crude oil is extremely volatile and vulnerable to geopolitical events and natural calamities around the globe. The Guarantor seeks to mitigate its price exposure through risk management strategies including margin and basis risk hedging. See "Risk Factor — Risks Relating to the Guarantor's Business — The Guarantor's operations are affected by the volatility in the prices and availability of supply of crude oil and other feedstocks" and "Operating and Financial Review of the Guarantor — Market Risk".

The Guarantor procures crude oil through a mix of term (typically 50 to 55% of requirements) and spot supply contracts (typically 45 to 50% of requirements). The Guarantor believes this approach gives it both security of supply and the flexibility to respond to changes in crude requirements owing to changes in market dynamics and any unforeseen plant and operational issues. Spot contracts also help the Guarantor to optimize its mix of crude oil grades and participate in the short-term price movements in the market, enabling it to achieve higher margin in its refined products. In the fiscal year ended March 31, 2011, the Guarantor procured approximately half of its crude oil through long-term contracts of 12 months or longer with floating spot market-based pricing and the remainder through purchases in the spot market (around the same level as in FY2010). From time to time, the Guarantor opportunistically trades oil it has purchased for consumption where differences in pricing, availability and freight costs make it advantageous to do so for crude basket optimization.

Products

The table below highlights the Guarantor's principal products from its Refining business.

Product(s)	End Uses
Liquefied Petroleum Gas (LPG)	Domestic and industrial fuel
Propylene	Feedstock for polypropylene
Propane	Feedstock for petrochemical
Naphtha	Feedstock for petrochemicals, such as ethylene, propylene and fertilizers, and as a fuel in power plants
Gasoline	Transport fuel
Alkylates	Blend stock for high-quality gasoline
Jet/Aviation turbine fuel	Aviation fuel
High-speed diesel	Transport fuel
Fuel oil/Carbon black feedstock	Fuel/Feedstock for carbon black
Sulfur	Feedstock for fertilizers, pharmaceuticals
Petroleum Coke	Fuel for power plants and cement plants

Marketing

During the fiscal year ended March 31, 2011, the Guarantor sold 25.7% (fiscal year ended March 31, 2010: 27.3%) of its total refinery sales in the domestic market and exported 59.8% of its sales (fiscal year ended March 31, 2010: 58.2%), or 38.7 million tons (fiscal year ended March 31, 2010: 32.8 million tons). The remaining 14.5% of refinery production sales were used for captive purposes primarily as feedstock for the Guarantor's other plants (fiscal year ended March 31, 2010: 14.5%).

The Guarantor opened its first retail outlet in November 2003. By April 2006, it had 1,252 retail outlets, while state-owned oil companies had 29,973 retail outlets. With a network share of 4.2%, the Guarantor was able to capture a retail market share of 14.3% in high speed diesel and 7.3% in gasoline by April 2006. Due to government policy of subsidising only the state-owned oil companies, the Guarantor had to close most of its outlets. The Guarantor diverted products immediately to the export market without suffering the penalty of high input cost due to its unique locational and logistical advantage. In 2008, it re-opened some of the retail outlets and as of March 31, 2011 it had 1,429 outlets of which 695 were operational, primarily in India's western and southern states. According to the Ministry of Petroleum and Natural Gas, the total number of retail petrol outlets in India as of that date was 41,950.

The Guarantor is selling Aviation Turbine Fuel from 26 Aviation Fuelling Stations including three open access airports, i.e., Delhi, Bangalore & Hyderabad in India. The Guarantor's Aviation Fueling Stations network is the second largest fixed facility network in India.

In 2007, the Guarantor acquired a majority stake in GAPCO, which owns and operates large storage terminal facilities and a retail distribution network primarily in Kenya, Tanzania and Uganda.

Competition

The Guarantor competes in the domestic markets primarily with government-controlled companies that have been operating in the Indian market for many years. These entities have an advantage in terms of access to markets, as they control a majority of the distribution infrastructure in India such as storage and handling facilities, pipelines and retail outlets for transportation fuels.

In the fiscal year ended March 31, 2011, these government-controlled oil companies together had an approximately 91% market share in the domestic market for petroleum products. The principal competitive factors affecting the Guarantor's refining operations are the price and availability of crude oil and other feedstock, refinery efficiency, the refined product mix, and product distribution and transportation costs.

Petrochemicals

Overview

The Petrochemicals business is principally engaged in converting feedstocks derived from petroleum and natural gas liquids into petrochemicals. The Guarantor's petrochemical products include polymers, polyester, polyester intermediates, ethylene and propylene. According to CMAI, Reliance is the world's largest manufacturer of polyester and the Guarantor is a top-five producer of polypropylene, two of Petrochemicals' principal products. Of the 7 million tons of polymers estimated to have been produced in India in the fiscal year ended March 31, 2010, the Guarantor produced 4.1 million tons, 0.7 million of which were exported and the balance was sold domestically.

In the fiscal year ended March 31, 2011, the Guarantor generated 21% of its Segment Revenue Before Eliminations and 37% of its Segment Result Before Interest and Tax from its Petrochemicals business, compared to 24% and 43%, respectively, in the fiscal year ended March 31, 2010.

The table below shows the Guarantor's production of principal petrochemicals and chemicals products over the past three fiscal years.

	Year Ended March 31,		
	2011	2010	2009
		(in KT)	
Polymers	4,094	4,091	3,076
Polyester	1,710	1,666	1,534
Polyester intermediates	4,548	4,619	4,583

The Guarantor has the following six principal facilities for the production of petrochemicals, all of which are in India:

- The Hazira plant in the State of Gujarat produces polymers, polyester intermediates, chemicals, polyester fiber and yarn and polymer intermediates. The first phase of the complex was commissioned from 1991 to 1992 and the second phase from 1995 to 1997.

- The Jamnagar facility in the State of Gujarat produces polyester intermediates and polymers. These units were commissioned along with the refinery complexes in 2000 and 2009.

- The Patalganga plant in the State of Maharashtra produces polyester fiber and yarn, polyester intermediates and certain chemicals. The first unit was commissioned in 1982.

- The Vadodara plant in the State of Gujarat produces polymers, fiber intermediates, elastomers and chemicals. The first unit was commissioned in 1979.

- The Nagothane plant in the State of Maharashtra produces polymers and fiber intermediates. The plant was commissioned in 1992.

- The Dahej plant in the State of Gujarat produces polymers, fiber intermediates and plastic. The first phase of the complex was commissioned in 1997 and the second phase in 2000.

The Guarantor also owns polyester manufacturing units at Allahabad, Barabanki, Hoshiarpur, Nagpur and Silvassa in India.

In 2008, the Guarantor acquired, through its subsidiary Recron, certain polyester assets of Hualon Corporation in Malaysia. Recron has become a leading polyester producer in Malaysia with a capacity of 500,000 tons per year, along with downstream textile manufacturing capabilities spread over two locations, Nilai and Malacca, both in Malaysia.

The Guarantor's Petrochemicals business has significant competitive strengths that have enabled it to maintain a leadership position in key consumer markets of India:

- *Integrated operations*. The Guarantor's petrochemical plants are integrated with existing refinery operations and hence benefit from reliable and cost-effective supplies of feedstock.

- *Feedstock advantage*. The Guarantor has a balanced mix of feedstock for its crackers, which provides it with significant advantages in terms of conversion costs globally. According to the Guarantor's estimates, based on cost-effective expansions carried out at its crackers in the recent past and integrated nature of its operations, the Guarantor's crackers at Hazira and Vadodara are placed in the first quartile of conversion costs and the crackers at Nagothane and Vadodara are placed in the first quartile of profitability.

- *Scale*. The Guarantor produces a wide range of petrochemical products and has significant production capacity. The scale of its operations and diversity of its products contribute to its market strength.

- *Proximity to key consuming markets*. The Guarantor's petrochemical facilities are located close to large consumer markets for key products while being closer to feedstock sources. This provides the Guarantor with a significant advantage in terms of market access and logistics costs.

- *Focus on high-growth markets of India*. The Guarantor has traditionally focused on the domestic markets for growth in its Petrochemicals business. Over 80% of its production is sold in the domestic markets. As a result of strong demand for its products, the Guarantor has built leadership positions in key product segments. Industry experts believe that the growth in global demand for petrochemicals over the next decade is likely to be driven by India and China and the Guarantor is strategically well positioned to reap benefits from this strong market outlook.

- *Diversified customer base*. The Guarantor has consciously built a diversified customer base to avoid any dependence on a small number of large customers or select geographies. None of the Guarantor's customers accounted for a significant portion of its Segment Revenue Before Eliminations for the fiscal year ended March 31, 2011.

In addition, the Guarantor benefits from a favorable fiscal environment. India is an open market for petrochemical products with low tariff barriers. However, with a view to avoiding predatory pricing from global manufacturers, the Government has imposed anti-dumping duties on imports of certain products from select countries. This provides a level playing field for the Guarantor in the competitive domestic markets for petrochemical products.

Cracker Products

Ethylene is the principal petrochemical building block and a major feedstock for polymers. It is a raw material used in the manufacture of polymers, such as polyethylene, polyester, polyvinyl chloride and polypropylene, as well as organic chemicals.

The Guarantor's crackers at Hazira, Nagothane, Dahej and Vadodara are among the world's most integrated complexes with downstream chemical facilities. These facilities can use a variety of feedstock, including naphtha, natural gas liquids and other petroleum feedstock. The Guarantor operates liquid feed naphtha crackers at its Hazira and Vadodara petrochemicals complexes and gas crackers at Dahej and Nagothane.

Naphtha and propane are principally supplied by the Guarantor's refineries at Jamnagar and gas feed is supplied through state-owned oil companies at prices determined by a Government formula. The propylene and ethylene produced from the Guarantor's cracker are used for the manufacture of polymers, fiber intermediates and chemicals.

The Guarantor believes that, by operating its own crackers, it has reduced its exposure to volatility in the international market with respect to procurement of basic feedstocks, which has contributed significantly to the stability and enhancement of its margins and helped ensure that its production is uninterrupted.

Polymers/Plastics

Polymers, such as polypropylene ("PP"), polyethylene ("PE") and polyvinyl chloride ("PVC"), are used in a variety of products, including woven sacks, furniture, automobiles, food packaging, storage tanks, pipes, bottles, houseware, footwear, grocery bags and garment packaging. While India's current consumption of polymers is among the lowest in the world, the Guarantor expects polymer consumption in India to increase significantly with growing disposable income and maturing of the Indian economy. The Guarantor intends to seek to grow its polymers business based on expected demand growth in India as well as in other emerging markets.

The Guarantor manufactures polypropylene at four different sites and in multiple grades that cater to a wide range of end-use applications, such as packaging products, automobiles and consumer durable goods. Following the commissioning of new capacities at the SEZ Polypropylene Facility, the Guarantor's total polypropylene production capacity as at March 31, 2011 was 2.7 million tons per year. According to CMAI, the Guarantor is among the top five largest producers of polypropylene globally.

The Guarantor currently manufactures polyethylene at four different sites and in various grades covering a wide range of end-use applications. The Guarantor's total polyethylene production capacity as at March 31, 2011 was 1.1 million tons per year.

According to CMAI, the Guarantor holds a 39% capacity share of the Indian polyethylene market, a 72% capacity share of the Indian polypropylene market and a 48% capacity share of the Indian polyvinyl chloride market. The next closest capacity shares in these sectors are estimated to be 22%, 16% and 21%, respectively. Overall, as per CMAI, the Guarantor holds a 56% capacity share of the Indian polymers (PP, PE and PVC) market, with the remaining capacity share predominantly held by smaller regional producers.

Chemicals

The Guarantor is a leading producer of linear alkyl benzene, benzene and butadiene and the only producer of polybutadiene rubber and acrylonitrile in India. The Guarantor also produces basic aromatic building blocks of the highest purity, conforming to the product grades. These include benzene, toluene, mixed-xylene and ortho-xylene.

The Guarantor believes that it is India's largest producer of linear alkyl benzene, the surfactant used in most detergents. In the fiscal year ended March 31, 2011, the Guarantor exported approximately one-third of its linear alkyl benzene production. Linear alkyl benzene is marketed under the brand name "RELAB". The Guarantor also produces normal paraffin which is used to manufacture linear alkyl benzene.

The Guarantor believes that it is India's largest producer of benzene, a key aromatic building block used for a large number of downstream products, including linear alkyl benzene. In the fiscal year ended March 31, 2011, the Guarantor exported approximately 56% of its benzene production. The Guarantor recovers benzene as a byproduct from various streams in the cracker and aromatics complexes.

Polybutadiene rubber is the second largest synthetic rubber with an annual global consumption of 2.8 million tons. Polybutadiene rubber is used widely in tires, tread rubber, conveyor belts, footwear, sports goods and automotive products. The Guarantor is the only manufacturer of polybutadiene rubber in India with production of around 76,000 tons in the fiscal year ended March 31, 2011.

Polyester and Polyester Intermediates

The global polyester industry has experienced significant growth over the last decade, primarily as a result of the substitution of polyester for other synthetic and natural materials, technological advancements and new applications for polyester. The demand for polyester intermediates has risen in conjunction with the rise in demand for polyester. The markets for polyester products are sensitive to changes in industry capacity and output levels, cyclical changes in regional and global economic conditions and changes in consumer demand for particular fibers, all of which can have a significant impact on selling prices.

During the fiscal year ended March 31, 2011, the Guarantor's polyester production volume totaled 1,710 KT, an increase of approximately 2.6% from 1,666 KT in the fiscal year ended March 31, 2010. The Guarantor estimates that it has a domestic market share of 29% in polyester filament yarn and 66% in polyester staple fiber, with the next competitor having a market share of approximately 10% in polyester filament yarn and 17% in polyester staple fiber. The Guarantor has a wide customer base, both domestically and outside India.

The fiber intermediates business is central to the vertical integration process for the manufacture of the Guarantor's fiber products. The Guarantor produces paraxylene at its Jamnagar and Patalganga plants, purified terephthalic acid at its Patalganga and Hazira plants and monoethylene glycol at its Hazira, Nagothane, Vadodara and Dahej plants. Paraxylene is used to produce purified terephthalic acid. Purified terephthalic acid and monoethylene glycol are used in the manufacture of polyester filament yarn, polyester staple fiber and polyethylene terephthalate. The Guarantor is the major domestic producer of paraxylene. According to PCI, the Guarantor has a 54% capacity share in purified terephthalic acid and 65% capacity share of the monoethylene glycol in India.

The Guarantor has a positive view of the polyester and polyester intermediates market and intends to seek to grow its production capacity in India to supply an Indian domestic market, which is expected to continue to grow as disposable income levels in India grow and based on anticipated long-term trends in cotton prices.

Expansion plans

The Guarantor is exploring opportunities for organic growth, expansion of capacities, acquisitions and improved efficiencies in its Petrochemicals business. In particular, the Guarantor plans to add new petrochemical capacity as follows:

- off-gas cracker with 1.5 million tons per annum of olefins capacity with matching downstream capacities;
- PET complex with a capacity of 650,000 tons per annum, with an option to add 650,000 tons per annum;
- polyester filament yarn plant with a capacity of 395,000 tons per annum, and 140,000 tons of polyester texturized yarn;
- 1.8 million tons per annum of paraxylene capacity;
- 2.3 million tons per annum of new purified terephthalic acid capacity, with the ability to increase by another 1.15 million tons per annum at a later stage;
- 290,000 tons of polyester staple fiber capacity;
- expansion of existing polybutadiene rubber capacity from 74,000 tons to 115,000 tons;
- investing in new facilities for styrene butadiene rubber with a capacity of 150,000 tons; and
- butyl rubber plant with an initial capacity of 100,000 tons, in a joint venture with SIBUR.

The Guarantor estimates such expansions would require material capital expenditure once the various projects begin. The Guarantor's capital expenditure plans are subject to a number of risks, contingencies and other factors. See "Risk Factors — Risks Relating to the Guarantor's Business — The Guarantor's growth plans have significant capital expenditure requirements and its capital expenditure plans are subject to various risks".

Recent Developments — Commenced implementation of large scale polyester projects in India

On April 13, 2011, the Guarantor announced that it has commenced implementation of its planned large-scale projects in India across the polyester chain. This is the Guarantor's largest capacity expansion in the polyester sector and is aimed at consolidating its position as the world's largest integrated polyester producer by volume.

The Guarantor announced that the planned capacity expansion will be completed in phases over the next few years and will comprise (i) a new PTA facility at Dahej with an annual production capacity of 2.3 million tonnes and the ability to increase production capacity by a further 1.15 million tons; (ii) 395,000 tons of PFY and 140,000 tons of Polyester Texturized Yarn at Silvassa; (iii) 650,000 tons of PET at Dahej, with the option to double this capacity; and (iv) 290,000 tons of PSF capacity at Dahej. These new plants will be integrated with the Guarantor's captive PTA and MEG.

The Guarantor further announced that the above projects are under various stages of implementation and are expected to further strengthen its leadership position in the polyester sector.

Recent Developments — Joint Venture with SIBUR

On February 21, 2012, the Guarantor, through its associate, RIIHL, formed a joint venture with SIBUR for the production of butyl rubber in India. SIBUR is the largest petrochemical company in Russia and Eastern Europe and covers gas processing, production of plastics, synthetic rubbers, nitrogen fertilizers, tyres, rubber products, and plastics production. The joint venture will have an initial capacity of 100,000 tons of butyl rubber at the Guarantor's integrated refining/petrochemical site in Jamnagar, India and is expected to be commissioned in 2014. The plant will initially produce regular butyl rubber and other types of butyl specialties in the future. Under the joint venture, SIBUR will provide its proprietary technology for butyl rubber polymerization and finishing, while the Guarantor will supply monomers and provide the joint venture with world-class infrastructure and utilities. The Guarantor will have a majority stake in the joint venture.

Competition

The Guarantor faces competition in its Petrochemicals business from several domestic producers, including GAIL, Haldia Petrochemicals Ltd., IOCL and Indo Rama Synthetics (India) Limited. In India, many of the Guarantor's competitors have relatively small-scale operations. The Guarantor also faces competition from imports of petrochemical products from other regional producers, including the Middle East, China, Singapore, South Korea, Taiwan and Malaysia.

Others

In the fiscal year ended March 31, 2011, the Guarantor generated 0.2% of its Segment Revenue Before Eliminations and 0.1% of Segment Results Before Interest and Tax from other business activities, compared to 0.2% and 0.2%, respectively, in the fiscal year ended March 31, 2010. This segment primarily consists of textiles and other smaller businesses.

Textiles

The Guarantor's textile division, which operates a textiles complex in Naroda, Gujarat, produces a wide range of synthetic textiles, including dress material, saris, suits and shirts. The Guarantor's products are sold under the brand names Vimal (fabrics, suits, jackets, shirts and trousers), Vimal Gifting (ready-to-stitch and take-away fabric in gift packs) and V2 (ready-to-stitch and take-away fabrics).

New Business Initiatives

The Guarantor is seeking to expand into new growth business areas through subsidiaries. These include the entry into the retail sector, SEZs and, more recently, the broadband wireless telecommunication services and the financial services.

Reliance Retail

Reliance Retail Limited ("RRL"), a subsidiary of the Guarantor, was established in 2006 to build an organized retail business and since then has expanded its presence to more than 1,200 stores in more than 100 cities across 15 states in India. Growth in disposable income, improving demographics and a trend towards shopping at established, organized retail stores in India make retail business an attractive opportunity for the Guarantor.

RRL operates several "value" and "specialty" formats. The "value" formats that RRL operates are: "Reliance Fresh", a neighborhood concept, "Reliance Mart", an all under one roof supermarket (hypermarkets) concept and "Reliance Super", a mini-mart concept. The "value" formats offer a wide range and assortment of products required for daily household needs. The "specialty" formats are:

"Reliance Digital", a consumer durables and information technology concept, "Reliance Trends", an apparel and accessories concept, "Reliance Wellness", a health, wellness and beauty concept, "iStore by Reliance Digital", an exclusive Apple products concept, "Reliance Footprint", a footwear concept, "Reliance Jewels", a jewelry concept, "Reliance TimeOut", a books, music and entertainment concept, "Reliance AutoZone", an automotive products and services concept, and "Reliance Living", a homeware, furniture, modular kitchens and furnishings concept.

RRL has entered into strategic partnerships with companies such as Apple Inc. (consumer electronics, software and personal computers), Marks and Spencer plc (apparel and accessories), Ermenegildo Zegna (menswear collection and accessories), Office Depot, Inc. (office stationery), Asics Ltd. (performance footwear), Diesel S.p.A. (premium fashion brand), Dama S.p.A. (Paul & Shark luxury brand), The Timberland Company (outdoor apparel & footwear), Pearle Europe B.V. (optical products) and Hamleys of London Limited (toys).

RRL also operates a loyalty program, "Reliance One", which has more than 8 million participating customers as at December 31, 2011.

Telecommunications

With over 640 million mobile users and close to 15 million new customers every month, India is the second largest and the fastest growing telecommunications market in the world, according to data published by Cellular Operators Association of India and Association of Unified Telecom Service Providers of India.

The Guarantor has acquired a 95% stake in Infotel Broadband Services Limited, which was the only successful bidder in all the 22 circles of the auction for broadband wireless access spectrum conducted by the Indian Department of Telecommunications. The cost of the license was Rs. 128.5 billion (approximately US$2.8 billion using an exchange rate of US$1.00 = Rs. 46.73). The Guarantor believes that a significant capital expenditure will be required to develop this business and most of such capital expenditure will be incurred in the next three to four years.

The Guarantor views the broadband business as an opportunity to further diversify its business and enter the 4G network and services market in India.

The Guarantor plans to follow an asset-light approach and forge strategic partnerships with the leading global technology players, service providers, infrastructure providers, application developers and device manufacturers to maximize the benefits from its broadband business.

Financial Services

On March 27, 2011, the Guarantor announced that it and the D.E. Shaw Group had agreed to the principal terms of a joint venture through which the Guarantor and the D.E. Shaw Group would, following regulatory clearance and execution of definitive documentation, seek to build a leading financial services business in India. The joint venture would combine the D.E. Shaw Group's investment and technology expertise with the Guarantor's operational knowledge and extensive presence across India and seek to offer a variety of financial services to the Indian marketplace, primarily in stock-broking, wealth/asset management and financing services. The joint venture would draw upon the core competencies of both partners to develop a platform that can serve the growing needs of Indian companies and individuals. In November 2011, RIIHL, which is an associate of the Guarantor, executed an agreement with the D.E. Shaw Group to enter into stock broking and trading activities.

Haryana Special Economic Zone

To develop industrial infrastructure and support economic growth, the Guarantor has established Reliance Haryana SEZ Limited as a joint venture between Reliance Venture Limited (a subsidiary of the Guarantor) and Haryana State Industrial Development Corporation Limited (a Government of Haryana company). The joint venture has received approval from the Government of Haryana to undertake flexible development of the Reliance Haryana SEZ as an integrated industrial enclave with all the required facilities, such as logistics hub and social infrastructure, ensuring sustainable development of manufacturing and service activities with sufficient provision for future expansion to cater to the demands in the SEZ and non-SEZ framework.

Subject to the approval of Haryana State Industrial Development Corporation, Reliance Haryana SEZ Limited is proposed to be demerged to undertake development of model economic township in Jhajjar and has signed an agreement to induct Infrastructure Leasing & Financial Services Limited (IL&FS) into a new company to be formed. Reliance Venture Limited will have a 45% interest in the new company while IL&FS and Haryana State Industrial Development Corporation will have a 45% and 10% interest, respectively.

Property

Plants

The Guarantor owns eight principal plants located in the states of Maharashtra, Gujarat and Andhra Pradesh:

- the crude oil refineries (Jamnagar Refinery I and Jamnagar Refinery II), petrochemical and fiber intermediate manufacturing facility at Jamnagar;
- onshore gas processing and terminal supporting the offshore gas fields in the Krishna Godavari basin at Gadimoga;
- the polymers, polyester, fiber intermediates and petrochemical products manufacturing facility at Hazira;
- the fibers, fiber and chemicals intermediates, and detergent intermediates manufacturing facility at Patalganga;
- the polymers, fibers, fiber intermediates and chemicals manufacturing facility at Vadodara;
- the polymers, fiber intermediates and caustic manufacturing facility at Dahej;
- the polymers, fiber intermediates and chemicals manufacturing facility at Nagothane; and
- the synthetic textiles and fabrics manufacturing facility at Naroda.

The Guarantor also owns polyester plants at Allahabad, Barabanki, Hoshiarpur, Nagpur and Silvassa.

Jamnagar Complex

The Guarantor owns approximately 17,600 acres of land in total in the Jamnagar district in the State of Gujarat. The land is spread over the nine villages of Motikhavdi, Padana, Meghpar, Sikka, Gagva, Nanikhavdi, Navagam, Kanalus and Derachhikari. The Guarantor uses this land for refinery activities, aromatics plant and associated support infrastructure.

Other Properties

The Guarantor owns 480 acres of land and leases 749 acres of land at Hazira in the State of Gujarat, which it uses for downstream petrochemicals, fiber intermediates, polymers and cracker facilities. The Guarantor owns 98 acres of land and leases 169 acres at Patalganga in the State of Maharashtra, which it uses for the production of fiber, fiber intermediates and chemical intermediates. The Guarantor leases 1,840 acres of land at Nagothane in the State of Maharashtra, which it uses for the manufacture of polymers, fiber intermediates and chemicals. The Guarantor also owns 275 acres of land and leases 1,762 acres of land at Dahej in the State of Gujarat, which it uses for the manufacture of polymers and fiber intermediates, and owns 885 acres of land and leases 785 acres of land at Vadodara, which it uses for the manufacture of polymers, fibers, fiber intermediates and chemicals. The Guarantor also leases 118 acres of land at Naroda in the State of Gujarat for textiles and fabrics plants. In addition, the Guarantor also maintains owned and leased properties at its other polyester plants, its head office location at Mumbai and also in other parts of India as administrative and other offices.

Employees

As at March 31, 2011, the Guarantor's total number of employees was 22,661. The total number of employees as at March 31, 2010 and 2009 were 23,365 and 24,679, respectively.

There are unions, and significant unionization of the labor force, at each of the Guarantor's facilities and the Guarantor engages in periodic negotiations with the unions relating to compensation and other conditions of employment. Industrial relations at all plants and the head office have been good in recent years, and there have been no significant industrial disturbances at the Guarantor since 1985.

Each trade union has entered into a long-term settlement agreement with the Guarantor which is binding on each employee at the relevant plant. Each settlement agreement provides a comprehensive set of rules governing every aspect of the terms and conditions of employment (including productivity, manpower requirements and industrial action) of all workers at the relevant plant.

The Guarantor seeks to attract the highest quality engineering and management graduates. It arranges for employees to participate in development training programs throughout their employment, with the majority of such programs being run in-house.

The Guarantor continues to invest in its employees to upgrade their skills and competencies through various learning and development initiatives, such as e-learning.

Compensation

The Guarantor believes that it provides remuneration packages (including a variety of benefits and entitlements) that are very competitive with other employers in similar industries in India.

Each year, the Guarantor grants performance awards to certain of the Guarantor's employees, on the basis of performance and seniority. The performance of each employee is rated through a management appraisal system.

The Guarantor also has an employees stock-option scheme, which is one of the broadest programs of its kind in the Indian corporate sector. The program was introduced in 2007 and has ensured complete alignment of individual interest with the growth imperatives of the Guarantor.

In addition, employees participate in a provident fund scheme (contributed to by both employees and the Guarantor), receive a lump-sum gratuity equal to one-half month's salary for every completed year of service with the Guarantor at retirement and may elect to participate in a superannuation scheme that guarantees each employee a payment upon retirement.

Research and Development

Research and development ("R&D"), technology development and innovation continue to be an integral part of the Guarantor's agenda for achieving growth and business profitability and sustainability. Reliance Technology Group ("RTG"), created by consolidating various research and technology functions, is helping create enhanced value delivery by leveraging skills and competencies and creating new opportunities at the interfaces.

The Guarantor's focus on R&D efforts is aimed at achieving the following:

- developing fit-for-purpose and sustainable technology and its application;

- providing effective project support and assurance to manufacturing plants and businesses;

- providing technical assurance to projects, including technology selection and absorption;

- proactively identifying and supporting technical opportunities to add value across the Guarantor's businesses;

- developing technology strategies to create business growth and offset threats;

- balancing technology sourcing by a flexible strategy of smart buying, fast customization and flagship development of key technologies;

- exploiting synergies cutting across technologies/disciplines;

- improving technical productivity on a continuous basis;

- developing/recruiting staff with skills and motivation to meet current and future business needs;

- creating a fit-for-purpose, process centric organization;

- ensuring long-term technical health of the Guarantor businesses; and

- managing technology and intellectual property assets for the Guarantor.

Simultaneously, the Guarantor focuses on making "innovation a way of life" at the company. The goal of its innovation movement is to make the Guarantor one of the most innovative companies in the world with a corporate culture that fosters innovation.

The innovation agenda involves setting up the Reliance Innovation Council, comprising global thought leaders under the chairmanship of Dr. R.A. Mashelkar, an Independent Director on the Board of the Guarantor and the former Director General of the Indian Council for Scientific and Industrial Research. The innovation council is supported by Reliance Innovation Leadership Center ("RIL-C"), located in Pune near Mumbai.

The RIL-C has been created with a goal of advancing the Reliance Innovation Agenda. It is intended to provide leadership and support to the business of the Guarantor by harnessing cutting-edge science, technology and innovation initiatives from both within and outside the organization.

The Reliance Research and Technology Centre ("RRTC") is expected to be established with a floor space of more than half a million square feet in the central district of Navi Mumbai. The RRTC will act as a hub for the research centers already operating at various manufacturing locations. The Guarantor intends to seek to create a world-class physical and intellectual infrastructure in RRTC, with some of the best available scientists contributing to its innovation agenda.

R&D expenditure in the fiscal years ended March 31, 2011, 2010 and 2009 was Rs. 5,172 million, Rs. 3,450 million and Rs. 3,370 million, respectively.

Trademarks

The Guarantor's general policy is to seek intellectual property protection for those inventions and improvements likely to be incorporated into its products or to give it a competitive advantage. The Guarantor relies on a variety of patents, copyrights, trade secrets, trademarks and proprietary information to maintain and enhance its competitive position. The Guarantor's principal brand names are registered trademarks of India.

Pursuant to the scheme of arrangement to demerge certain of the Guarantor's telecommunications, financial services and gas and coal-based energy undertakings, the Guarantor and the undertakings that were demerged in January 2006 entered into a trademark management agreement under which the parties agreed that the word "Reliance" and the Guarantor logo could be used by them to the extent that it relates to their respective businesses.

Pursuant to the scheme of arrangement to demerge the Guarantor's telecommunications, financial services and gas and coal based energy undertakings, the Guarantor and the undertakings that were demerged in January 2006 entered into a non-competition agreement in January 2006 pursuant to which the Guarantor agreed not to participate in certain businesses for a period of 10 years. This agreement was replaced by a new non-compete agreement dated May 23, 2010 between the Guarantor, Reliance Communications Ltd., Reliance Infrastructure Ltd., Reliance Natural Resources Ltd. and Reliance Capital Ltd., pursuant to which the Guarantor has agreed not to enter into the gas-based power generation business (other than with respect to the Guarantor's captive gas-based power plants) for the period up to March 31, 2022.

The Guarantor does not believe that any individual property right or related group of intellectual property rights is of such importance that its expiration or termination would materially affect the business of the Guarantor.

Litigation

The Guarantor is currently a party to certain proceedings brought by various government authorities and private parties. The Guarantor is one of the largest companies in India and has diversified operations throughout the country. From time to time, the Guarantor is involved in various disputes and proceedings. In addition to the litigation disclosed below, the Guarantor is also involved in, or is a party to, many other disputes. Other than as described below, the Guarantor and its subsidiaries are not involved in any litigation that may (individually or in aggregate) have a material effect on the Guarantor's financial position.

Customs Proceedings

On March 8, 2002 the Customs Department, Ahmedabad, issued a notice to (i) Enron Oil and Gas India Limited (now known as BG Exploration and Production India Limited ("BG")), (ii) the Guarantor, (iii) ONGC and (iv) GAIL for the payment of duty in the amount of Rs. 5,437 million. The notice alleges that during the period from June 1997 to October 2001, a joint venture between the Guarantor, BG and ONGC imported gas and condensate into India from non-designated areas without payment of customs duty. The Guarantor has filed a formal reply in which it has stated that the exploration was conducted in the territorial waters of India and therefore a customs duty on import is not applicable. The Guarantor has also stated that the exploration is being conducted for the benefit of the Government and GAIL under a production-sharing contract and therefore any customs duty should be borne by the Government and GAIL. The matter is pending adjudication.

Sales Tax Proceeding

The Sales Tax Department, Lucknow, State of Uttar Pradesh, issued an order to the Guarantor demanding payment of an amount of Rs. 2780 million on account of VAT on the sales of natural gas by the Guarantor to its customers in the State of Uttar Pradesh at the rate of 21% under the provisions of the Uttar Pradesh Value Added Tax Act, 2008 for sales during the years 2009 and 2010.

The Guarantor has contended that natural gas produced from its KG-D6 Basin was delivered to its purchasers, including customers in Uttar Pradesh, at Kakinada in the State of Andhra Pradesh and was transported under transport arrangements made by the customers. The Guarantor paid VAT at the rate of 2% under the Central Sales Tax Act. The assessing authority passed an order holding that VAT was payable in the State of Uttar Pradesh. The Guarantor has filed a writ petition in the Uttar Pradesh High Court challenging the order of the assessing authority. The Uttar Pradesh High Court has admitted the petition and stayed the operation of the order of the assessing authority.

The State of Uttar Pradesh filed a Special Leave Petition ("SLP") before the Supreme Court of India, seeking vacation of the interim stay passed by the Uttar Pradesh High Court.

Upon the Guarantor agreeing to pay the said tax under protest and without prejudice to its rights and contentions, the Supreme Court has disposed of the SLP filed by State of Uttar Pradesh with the request that the Uttar Pradesh High Court dispose of the matter as quickly as possible but preferably within a period of three months from January 23, 2012. The Guarantor has made an application seeking clarification of a part of this order of the Supreme Court dealing with the inter se contractual rights as between the Guarantor and its customers. This application is pending.

Securities and Exchange Board of India Proceedings

On December 16, 2010 the Securities and Exchange Board of India ("SEBI") issued a show cause notice ("SCN") to the Guarantor. The SCN alleged certain contraventions: (a) SEBI Circular No. SMDRP/DC/CIR-10/01 dated November 2, 2001; (b) NSE Circular No. NSE/CMPT/2982 dated November 7, 2001; (c) certain regulations and bye-laws of the National Stock Exchange Limited and the National Securities Clearing Corporation Limited; (e) Section 18A of the SCRA; (f) Section 12A of the SEBI Act; and (g) Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(d) and 4(2)(e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("FUTP Regulations") in connection with the trades of RIL in the shares of Reliance Petroleum Limited ("RPL"), then a subsidiary of RIL, which has since been merged with RIL. RIL has denied the allegations entirely and filed a preliminary reply dated March 30, 2011 to the SCN. The matter is currently pending before SEBI.

SEBI, by its letter dated April 16, 2010, alleged that the issue of 120,000,000 equity shares of RIL to certain entities in January 2000 ("Subscribing Entities") pursuant to conversion of warrants attached to its 14% non-convertible secured redeemable debentures issued in 1994 and alleged that such issue may have been in violation of (i) certain provisions of the Indian Companies Act by the Guarantor and its directors, (ii) certain violations of the FUTP Regulations by the Guarantor, its directors and certain of its group entities as well as their directors and (iii) certain violations of the SEBI (Substantial Acquisitions of Shares & Takeovers) Regulations, 1997 ("Takeover Regulations") by the promoters of RIL and the Subscribing Entities. SEBI has sought an explanation from RIL on these allegations. A substantially similar letter dated April 21, 2010 has also been issued by SEBI to Mr. Mukesh D. Ambani in his capacity as a director on the board of directors of RIL during 1999-2000. RIL, by letter dated June 1, 2010, has denied the allegations raised by SEBI in both of these letters, including on its own behalf as well as on behalf of its directors, including Mr. Mukesh D. Ambani. SEBI has also issued a Show Cause Notice dated February 24, 2011 alleging violation of certain provisions of the Takeover Regulations by Mr. Mukesh D. Ambani. A preliminary response to the Show Cause Notice dated February 24, 2011 was filed on June 13, 2011. The matter is currently pending before SEBI.

Environmental Proceedings

In July 2004, a private citizen filed an application before the Central Empowered Committee established by the Supreme Court of India alleging that the sites designated for offshore exploratory and drilling activity by the Guarantor in respect of oil and gas discovered in a deep water block off the coast of Orissa is located in the migratory and breeding paths of olive ridley turtles. The applicant has sought an order to prohibit the Guarantor from undertaking any offshore drilling activity in the habitat of olive ridley turtles. The application is pending adjudication.

A public interest litigation action has been filed against the Guarantor before the Calcutta High Court by a private citizen seeking to impose a ban on the production, use and indiscriminate disposal of polyvinyl chloride and certain polyvinyl chloride products and to establish a policy and/or a scheme for imposing a gradual ban on all polyvinyl chloride products. The Guarantor, being a manufacturer of polyvinyl chloride, has filed a reply to the petition.

Other

In December 2005 National Thermal Power Corporation ("NTPC") filed a suit against the Guarantor in the Bombay High Court seeking a declaration that there exists a valid, concluding and binding contract between NTPC and the Guarantor under which the Guarantor is to supply NTPC with 132 trillion btu of gas annually for a period of 17 years. The matter is pending adjudication.

In July 2001 an official of the Enforcement Directorate initiated proceedings against the Guarantor, its former General Manager and the bank that issued the letter of credit on the grounds that such alleged pre-dating violated the Foreign Exchange Regulation Act, 1973. A senior official of the Enforcement Directorate, following a hearing with the Guarantor, subsequently exonerated the Guarantor from the charges. However, the official of the Enforcement Directorate who originally initiated the proceedings filed an appeal of such exoneration before the Foreign Exchange Appellate Tribunal. This Appeal was disposed off against the Enforcement Directorate on September 30, 2008. The Union of India, through the Assistant Enforcement Directorate, has filed an Appeal against the said Order before the Hon'ble Bombay High Court. The Appeal is pending for hearing.

Criminal Proceeding

In 2002, the Central Bureau of Investigation filed a criminal complaint under the Official Secrets Act, 1930 and the Indian Penal Code, 1860 against the Guarantor and certain officials of the Guarantor for allegedly entering into a conspiracy and receiving certain documents alleged to be classified and/or secret. The complaint is pending.

Regulatory

The Guarantor's business is subject to numerous central and local governmental regulations. The Guarantor has obtained and maintained in full force and effect all licenses, consents and approvals from the central and local governmental regulatory authorities to own its assets and carry on its business. The Guarantor believes that it is in compliance with all regulations that apply to it and its properties. See "Regulation".

Environmental Protection

The Guarantor has a comprehensive environmental management policy covering air, water and noise pollution, disposal of gaseous, liquid and solid wastes and local ecology. Environmental protection is one of the important criteria for the selection of new technologies, plants and equipment. This is achieved partly through the inclusion of built-in control equipment and pollution monitoring in the plant design and partly through an emphasis on control procedures and pollution management as an integral part of the training provided by licensors, including plant operating and maintenance procedures.

The Guarantor's environmental management policy requires strict compliance with all local, state and central laws and regulations concerning environmental protection and related matters. The primary Indian legislation is the Environmental Protection Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Water (Prevention and Control of Pollution) CESS Act, 1977 and the Air (Prevention and Control of Pollution) Act, 1981. Detailed rules and regulations have been prescribed under these acts, including rules governing the manufacture, storage and import of hazardous chemicals, management of noise pollution and management of hazardous wastes. Rules requiring projects and manufacturing and processing industries to prepare environmental and risk-assessment reports and obtain comprehensive environmental clearance from state and central governments were issued by the Government in 1994. See "Regulation — Oil and Gas, Refining and Petrochemicals — Environmental Regulations".

Insurance

The Guarantor has insurance coverage, which it considers adequate to cover all normal risks (including business interruption) associated with the operation of its respective businesses. The insurance is held through seven insurers, four of which are owned by the Government.

Taxes and Duties

The Guarantor's operations are subject to a number of taxes and duties. See "Regulation — Taxation Regulations".

Cost Recovery Arbitration

Following news reports that the Government may curtail the Guarantor's entitlement to recover its costs on the basis of there being a shortfall in production from levels specified in the development plan, the Guarantor requested the Government to confirm that no such action was being planned. According to the Guarantor, the PSC permits full "cost recovery" of its costs of exploration, development and production from the value of petroleum produced from the block. Not having received any response from the Government, on November 23, 2011, the Guarantor served an arbitration notice on the Government.

By a letter dated January 25, 2012, the Government has informed the Guarantor that in its view the notice issued by the Guarantor is premature as there is no existing dispute under the PSC.

In its response to the Government on February 2, 2012, the Guarantor reiterated its contentions in the arbitration notice and stated that there had been a failure on the part of the Government to appoint a second arbitrator.

Arbitration relating to Panna Mukta and Tapti Blocks

In December 2010, the Guarantor and BG Exploration and Production India Limited (together with the Guarantor, the "Claimants") referred a number of disputes, differences and claims arising under two PSCs among the Claimants, Oil & Natural Gas Corporation Limited and the Government to arbitration.

The disputes relate to, among other things, the interpretation of the cost recovery, profit sharing, audit and accounting provisions of the PSCs and the determination of royalties and other sums payable under the PSCs. The value of these claims exceeds US$500 million. On February 1, 2012, the Government filed a defense in which it raised a number of jurisdictional objections to the claims and asserted a number of counterclaims in respect of the PSCs including claims for underpayment of profits and failure to complete agreed work programs.

Following preliminary hearings, the arbitral tribunal passed interim orders directing the parties to operate the PSCs in accordance with their terms and that no further deductions or directions be made save in accordance with the PSCs. Hearings on the merits are scheduled for May 2012 and March 2013.

MANAGEMENT AND CORPORATE GOVERNANCE OF THE GUARANTOR

Board of Directors

The Board is responsible for the management and administration of the Guarantor's affairs, and the Board (and any committee which it appoints) is vested with all of the powers of the Guarantor. Directors are not required to hold any of the Guarantor's equity shares. The Board currently consists of 13 directors out of which seven are independent directors.

At least two-thirds of the total number of directors are subject to retirement by rotation. Of those directors, one-third must retire at each annual general meeting. If eligible, such directors may offer themselves for re-election. The Guarantor's Articles of Association provide that one-third of the total number of directors are not subject to retirement by rotation. The Guarantor's Chairman and Managing Director, Mukesh D. Ambani, was appointed with the approval of the Government, as a non-rotational director by a resolution passed at the annual meeting of the Guarantor's shareholders held in September 1993.

The Guarantor's promoters and persons acting in concert with them controlled approximately 44.71% of the Guarantor's issued equity shares as at December 31, 2011 (47.2% of the voting rights).

As of the date of this Offering Memorandum, the Board consists of the following members:

Name	Position	Date Appointed
Mukesh D. Ambani	Chairman and Managing Director	April 1, 1977(1)
Nikhil R. Meswani	Executive Director	June 26, 1986
Hital R. Meswani	Executive Director	August 4, 1995
P.M.S. Prasad	Executive Director	August 21, 2009
Pawan Kumar Kapil	Executive Director	May 16, 2010
Ramniklal H. Ambani	Non-Executive Non-Independent Director	January 11, 1977
Mansingh L. Bhakta	Independent Director	September 27, 1977
Yogendra P. Trivedi	Independent Director	April 16, 1992
Dr. Dharam Vir Kapur	Independent Director	March 28, 2001
Mahesh P. Modi	Independent Director	March 28, 2001
Prof. Ashok Misra	Independent Director	April 27, 2005
Prof. Dipak C. Jain	Independent Director	August 4, 2005
Dr. Raghunath A. Mashelkar	Independent Director	June 9, 2007

(1) Mukesh D. Ambani became a director of the Guarantor on April 1, 1977 and the Chairman and Managing Director on July 31, 2002.

Mukesh D. Ambani, *Chairman and Managing Director*. Mr. Ambani is the son of Dhirubhai H. Ambani, the Founder Chairman of the Guarantor. He is a chemical engineer from the Institute of Chemical Technology, Mumbai and pursued an MBA from Stanford University, United States. He initiated Reliance's backward integration journey from textiles into polyester fibers and yarns and further into petrochemicals, petroleum refining and going upstream into oil and gas exploration and production. He created several new world-class manufacturing facilities involving diverse technologies and led the creation of the world's largest refinery complex at Jamnagar. He is the Chairman of the Finance Committee and a member of the Employees Stock Compensation Committee. He is also the Chairman of Reliance Retail Limited and the Director of Infotel Broadband Services Limited, Reliance Foundation, IMG Reliance Private Limited and Reliance Europe Limited. Mr. Ambani is a member of the Indian Prime Minister's Council on Trade and Industry, Government of India, and the Board of Governors of the National Council of Applied Economic Research in New Delhi. He is a member of Millennium Development Goals Advocacy Group constituted by the United Nations (UN), a member of The Foundation Board of the World Economic Forum and Vice Chairman of the World Business Council for

Sustainable Development. He is also a member of the Indo-US CEOs Forum, the International Advisory Board of Citigroup, the International Advisory Board of Kuwait, Advisory Council for the Graduate School of Business, Stanford University, International Advisory Board of Brookings, Member of the Business Council, McKinsey Advisory Council and Asia Business Council. Further, Mr. Ambani is the Chairman of the Board of Governors of the Indian Institute of Management in Bangalore and the Chairman of Pandit Deendayal Petroleum University in Gandhinagar. He is Co-Chair of India-Russia CEO Council, Co-Chair of Japan-India Business Leaders Forum, a member of the Governing Board of Public Health Foundation of India, and a member of the Advisory Board of D.E. Shaw India Advisory Services Private Limited. Mr. Ambani has recently been appointed as a director to the board of the Bank of America Corporation and is the first non-American to occupy such a position.

Nikhil R. Meswani, *Executive Director*. Mr. Meswani joined the Guarantor in 1986. He was appointed Executive Director in 1988. He is primarily responsible for the Petrochemicals business of the Guarantor and has played a key role in the Guarantor becoming a global leader in Petrochemicals. Mr. Meswani is a Director of Reliance Commercial Dealers Limited and the Chairman of the Audit Committee of Reliance Commercial Dealers Limited. He is a member of the Finance Committee and the Shareholders'/Investors' Grievance Committee of the Guarantor. He was the President of the Association of Synthetic Fiber Industry and the Chairman of the Asian Chemical Fiber Industries Federation. He is also a member of the Young Presidents' Organization.

Hital R. Meswani, *Executive Director*. Mr. Meswani joined the Guarantor in 1990. He was appointed as Executive Director in 1995, with overall responsibility for the petroleum business and all manufacturing activities of the Guarantor. He has been instrumental in the execution of several projects of the Guarantor, including the Hazira petrochemicals complex and the Jamnagar refinery and petrochemical complex. Mr. Meswani is a Director of Reliance Industrial Investments and Holdings Limited and Reliance Commercial Dealers Limited. He is the Chairman of the Audit Committee of Reliance Industrial Investments and Holdings Limited and a member of the Audit Committee of Reliance Commercial Dealers Limited. He is a member of the Finance Committee, Shareholders'/Investors' Grievance Committee and Health, Safety and Environment Committee of the Guarantor. He graduated with honors in the Management & Technology program from the University of Pennsylvania. He received a B.S. Degree in Chemical Engineering and B.S. Degree in Economics from the Wharton Business School, the University of Pennsylvania, United States.

P.M.S. Prasad, *Executive Director*. Mr. Prasad has worked at the Guarantor for 30 years. He has held various positions in the fibers, petrochemicals and petroleum business, including as Project Director of the Jamnagar refinery and petrochemicals complex. Mr. Prasad was appointed as a Director in August 2009. He currently heads the Upstream and Refining businesses, which consists of Exploration and Production and Refinery Supply and Trading. He holds a Bachelor's degree in Science and Engineering. He was awarded an honorary doctorate degree by the University of Petroleum Engineering Studies, Dehra Dun in recognition of his outstanding contribution to the petroleum sector. Mr. Prasad is a director of Reliance Commercial Dealers Limited and also a member of the Audit Committee of Reliance Commercial Dealers Limited.

Pawan Kumar Kapil, *Executive Director*. Mr. Kapil joined the Guarantor in 1996. He started his career in 1966 with Indian Oil Corporation and has more than 41 years of experience in the petroleum refining industry. Mr. Kapil led the commissioning and start-up of the Jamnagar refinery. He has been the Site President of the Jamnagar complex since 2001 and is responsible for its operations. Mr. Kapil is a member of the Health, Safety and Environment Committee of the Guarantor.

Ramniklal H. Ambani, *Non-Executive Non-Independent Director*. Mr. Ambani is the elder brother of Dhirubhai H. Ambani, the Founder Chairman of the Guarantor. Mr. Ramniklal Ambani, along with Dhirubhai H. Ambani, set up and operated the textile plant of the Guarantor at Naroda and was responsible for establishing the "VIMAL" brand in the textile market. He is a Director of Gujarat Industrial Investments Corporation Limited and Sintex Industries Limited. He is also the Chairman of the Audit Committee of Gujarat Industrial Investments Corporation Limited and member of the Remuneration Committee of Sintex Industries Limited.

Mansingh L. Bhakta, *Independent Director*. Mr. Bhakta is a senior partner of the law firm Kanga & Company in Mumbai. He has been practicing law for over 53 years and has vast experience in matters relating to corporate law, banking and taxation. Mr. Bhakta is the legal advisor to leading foreign and Indian companies and banks. He has been listed as one of the Leading Lawyers of Asia by Asia Law, Hong Kong for five consecutive years since 2006. He is the Chairman of the Shareholders'/Investors' Grievance Committee and Remuneration Committee of the Guarantor. He is a Director on the boards of several other Indian companies, including Ambuja Cements Limited, Micro Inks Limited, The Indian Merchant's Chamber, JCB India Limited and Lodha Developers Limited.

Yogendra P. Trivedi, *Independent Director*. Mr. Trivedi is practicing as a senior Advocate in the Supreme Court. He is a member of the Rajya Sabha, the upper house of the Parliament of India. He is the former Director of the Central Bank of India and Dena Bank. He is the former president of the Indian Merchants' Chamber and is a member of its Managing Committee. He was on the Managing Committee of The Associated Chambers of Commerce and Industry of India and International Chamber of Commerce. Mr. Trivedi is the Chairman of Trivedi Consultants Private Limited. He is a Director of Colosseum Sports & Recreation International, The Supreme Industries Limited, Birla Power Solutions Limited, Zodiac Clothing Company Limited, Seksaria Biswan Sugar Factory Limited, New Consolidated Construction Company Limited and Emami Limited. He is also the Chairman of the Audit Committee, the Corporate Governance and Stakeholders' Interface Committee and the Employees Stock Compensation Committee of the Guarantor. He is also a member of the Shareholders'/Investors' Grievance Committee of the Guarantor.

Dr. Dharam Vir Kapur, *Independent Director*. Dr. Kapur has broad experience in the power, capital goods, chemicals and petrochemical industries. He worked in the government sector and has a successful track record of building organizations and project implementation. He also held various positions at Bharat Heavy Electricals Limited. He served as Secretary to the Government in the Ministries of Power, Heavy Industry and Chemicals & Petrochemicals from 1980 to 1986. He was also a member of the Atomic Energy Commission, the Advisory Committee of the Cabinet for Science and Technology and a Chairman of the National Productivity Council. He is a member of the Corporate Governance and Stakeholders' Interface Committee, the Remuneration Committee and Health, Safety & Environment Committee of the Guarantor.

Mahesh P. Modi, *Independent Director*. Mr. Modi holds an MSc (Econ) (London) and is a Fellow at the Economic Development Institute of the World Bank. He has held several senior positions in the Government as Chairman of the Telecom Commission, Director-General in the Department of Telecommunications, Secretary in the Ministry of Coal, Special Secretary (Insurance) in the Ministry of Finance, and Joint Secretary in the Ministry of Petroleum, Chemicals and Fertilizers. He has served as a Board Director for many public and private sector companies including Gas Authority of India Limited, Bharat Petroleum Corporation Limited, Cochin Refineries Limited, Essar Shipping, ICICI Prudential Life Insurance Co. and India Advisory of BHP Billiton. He has considerable management experience, particularly in the fields of energy, petrochemicals, insurance and telecommunications. He is a member of the Audit Committee, the Employees Stock Compensation Committee and the Corporate Governance and Stakeholders' Interface Committee of the Guarantor.

Prof. Ashok Misra, *Independent Director*. Prof. Misra holds a B. Tech. Degree in Chemical Engineering from IIT Kanpur. He obtained his PhD in Polymer Science & Engineering from the University of Massachusetts and an MS in Chemical Engineering from Tufts University. He has also completed the "Executive Development Program" and "Strategies for Improving Directors' Effectiveness Program" at the Kellogg School of Management, Northwestern University. Prof. Misra is currently the Chairman India and Head of Global Alliances, Intellectual Ventures. He has co-authored a book on polymers, was awarded six patents and has over 100 international publications.

Prof. Dipak C. Jain, *Independent Director*. Prof. Jain holds an MS in Mathematical Statistics from Gauhati University. He holds a PhD in Marketing and an MS in Management Science from the University of Texas. Prof. Jain held the position as the Dean of the Kellogg School of Management at Northwestern University from July 2001 to March 2011 and has joined as Dean, INSEAD, a leading business school with three campuses — Paris, Singapore and Abu Dhabi from May 1, 2011. He is also a Director of John Deere & Company, Global Logistics Properties and Northern Trust Bank. He is a member of the Employees Stock Compensation Committee of the Guarantor. He is a Director of Reliance Retail Limited and is also a member of the Audit Committee of Reliance Retail Limited.

Dr. Raghunath Anant Mashelkar, *Independent Director*. Dr. Raghunath Anant Mashelkar holds a PhD degree in Chemical Engineering. He is the President of Global Research Alliance, a network of publicly funded R&D institutes in the Asia-Pacific region, Europe and the United States. Dr. Mashelkar was formerly the Director General of the Council of Scientific and Industrial Research and the President of the Indian National Science Academy. Dr. Mashelkar is a Director of Tata Motors Limited, Hindustan Unilever Limited, Thermax Limited, Piramal Life Sciences Limited, KPIT Cummins Infosystems Limited, Sakal Papers Limited and IKP Knowledge Park. He is a member of the Audit Committee of the Guarantor.

The Board's role, functions, responsibility and accountability are defined under the Indian Companies Act and in the Guarantor's Articles of Association. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- approving the Guarantor's corporate philosophy and mission;
- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance in light of strategic and business plans, including reviewing operating results on a regular basis;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- reviewing and approving capital raising exercises;
- dividend declaration; and
- approving the making of loans and investments, mergers and acquisitions, joint ventures and collaborations.

Committees of the Board of Directors

The Board has constituted seven committees and is authorized to constitute additional committees from time to time, depending on the business needs of the Guarantor.

Audit Committee

The Audit Committee consists of three independent directors: Yogendra P. Trivedi (Chairman), Mahesh P. Modi and Dr. Raghunath A. Mashelkar. All the members of the Audit Committee possess financial and accounting expertise. The composition of the Audit Committee meets the requirements of Section 292A of the Indian Companies Act and Clause 49 of the Listing Agreement. Vinod M. Ambani is the Secretary of the Audit Committee.

The Audit Committee oversees the quality and integrity of the accounting, auditing and reporting practices of the Guarantor and its compliance with legal and regulatory requirements. The Audit Committee's purpose is to oversee the accounting and financial reporting process of the Guarantor, the audits of the Guarantor's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Guarantor's risk management policies.

Four meetings of the Audit Committee were held during the nine months ended December 31, 2011.

Corporate Governance and Stakeholders' Interface Committee

The Corporate Governance and Stakeholders' Interface Committee of the Board consists of three independent directors: Yogendra P. Trivedi (Chairman), Dr. Dharam Vir Kapur and Mahesh P. Modi.

This committee reviews the observance of practices of corporate governance at all levels and suggests remedial measures where appropriate. The Corporate Governance and Shareholders' Interface Committee also recommends the nomination of Directors to the Board.

Two meetings of the Corporate Governance and Stakeholders' Interface Committee were held during the nine months ended December 31, 2011.

Employees Stock Compensation Committee

The Employees Stock Compensation Committee of the Board consist of four directors: Yogendra P. Trivedi (Chairman), Mahesh P. Modi, Prof. Dipak C. Jain and Mukesh D. Ambani.

This committee, among other things, determines the number and terms of options to be granted under the Guarantor's Employees Stock Option Scheme.

The Employees Stock Compensation Committee meets annually and no meetings of the Employees Stock Compensation Committee were held during the nine months ended December 31, 2011.

Finance Committee

The Finance Committee of the Board consists of three directors: Mukesh D. Ambani (Chairman), Nikhil R. Meswani and Hital R. Meswani.

This committee, among other things, reviews the Guarantor's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and makes recommendations to the Board with respect to these matters. The Finance Committee also reviews banking arrangements and cash management and exercises all powers relating to the borrowing of moneys (otherwise than by issue of debentures), giving of guarantees and issuing letter of comforts.

Five meetings of the Finance Committee were held during the nine months ended December 31, 2011.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee of the Board consists of three directors: Hital R. Meswani (Chairman), Dr. Dharam Vir Kapur and Pawan Kumar Kapil.

This committee monitors and ensures maintaining standards of environmental, health and safety norms and compliance with applicable pollution and environmental laws at all operations of the Guarantor and recommends measures for improvement in this regard.

Three meetings of the Health, Safety and Environment Committee were held during the nine months ended December 31, 2011.

Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee of the Board consists of four directors: Mansingh L. Bhakta (Chairman), Yogendra P. Trivedi, Nikhil R. Meswani and Hital R. Meswani.

This committee sets policies and frameworks for settling any investor grievances, approves the issue of duplicate share certificates and oversees and reviews all matters connected with the transfer of securities of the Guarantor. The Shareholders'/Investors' Grievance Committee also oversees the performance of the registrar and transfer agent of the Guarantor's equity shares and recommends measures for overall improvement of the quality of investor services. The Committee also monitors implementation and compliance with the Guarantor's Code of Conduct for Prohibition of Insider Trading pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992.

Three meetings of the Shareholders'/Investors' Grievance Committee were held during the nine months ended December 31, 2011.

Remuneration Committee

The Remuneration Committee of the Board consists of three independent directors: Mansingh L. Bhakta (Chairman), Yogendra P. Trivedi and Dr. Dharam Vir Kapur.

The Remuneration Committee recommends and reviews remuneration of the Managing Director and the Executive Directors, based on their performance and defined assessment criteria.

One meeting of the Remuneration Committee was held during the nine months ended December 31, 2011.

Executive Officer

In addition to the executive directors whose profiles and appointment details are set forth above, the Guarantor's chief financial officer is Mr. Alok Agarwal.

Alok Agarwal, *Chief Financial Officer*. Mr. Agarwal joined the Guarantor in 1993 and was appointed chief financial officer in 2006. He is responsible for capital market transactions, resource raising and deployment, financial risk management, banking relationships and investors relations. Mr. Agarwal has led several transactions at the Guarantor, including the issue by the Guarantor of 50- and 100-year bonds and other US debt offerings by the Guarantor. Mr. Agarwal graduated from the Indian Institute of Technology (IIT) Kanpur in 1979 and from the Indian Institute of Management (IIM) Ahmedabad in 1981. Prior to joining the Guarantor he worked with an international bank for over 12 years.

Compensation and Benefits to Directors

Remuneration

Under the Guarantor's organizational documents, each director, other than the Managing Director and Executive Directors, is entitled to remuneration for attending meetings of the Board or Board committees. The remuneration is set by the Board periodically in accordance with limitations prescribed by the Indian Companies Act. Remuneration for attending a Board or committee meeting is Rs. 20,000. The Guarantor reimburses the directors for travel and related expenses in connection with Board and committee meetings and related matters. If a director is required to perform services for the Guarantor beyond attending meetings, the Guarantor may remunerate the director as determined by the Board and this remuneration may be in addition to the remuneration discussed above. Subject to the provisions of the Indian Companies Act, a director who is in the Guarantor's full-time employment may be paid remuneration by way of a monthly payment, at a specified percentage of the Guarantor's net profits, or by a combination of a monthly payment and profit share, in accordance with the Indian Companies Act.

Remuneration to Mukesh D. Ambani, the Chairman and Managing Director, and Nikhil R. Meswani, Hital R. Meswani, P.M.S. Prasad and Pawan Kumar Kapil, the Executive Directors, is fixed by the remuneration committee within the prescribed limits under the Indian Companies Act.

The following table shows remuneration paid to the Chairman and Managing Director and the Executive Directors, including stock options, during the fiscal year ended March 31, 2011:

Name of the Director	Salary	Perquisites and Allowances	Retirement Benefits	Commission Payable	Total	Stock Options Granted (Nos.)
	(Rs. in millions)					
Mukesh D. Ambani	41.6	6.0	10.0	92.4	150.0	Nil
Nikhil R. Meswani	10.4	14.5	2.4	83.2	110.5	Nil
Hital R. Meswani	10.4	14.5	2.2	83.2	110.3	Nil
P.K. Kapil	4.4	6.6	1.2	—	12.2	Nil
P.M.S. Prasad	8.6	13.5	1.6	—	23.7	Nil

Each of the Non-Executive Directors is also paid a commission amounting to Rs. 2,100,000 on an annual basis subject to the condition that the total commission payable to such directors shall not exceed 1% of the net profits of the Guarantor.

The following table sets forth the fees and commissions paid to the Non-Executive Directors in the fiscal year ended March 31, 2011:

Name of the Non-Executive Director	Sitting Fee	Commission	Total
	(Rs. in thousands)		
Ramniklal H. Ambani	120	2,100	2,220
Mansingh L. Bhakta	280	2,100	2,380
Yogendra P. Trivedi	460	2,100	2,560
Dr. Dharam Vir Kapur	280	2,100	2,380
Mahesh P. Modi	340	2,100	2,440
Prof. Ashok Misra	160	2,100	2,260
Prof. Dipak C. Jain	180	2,100	2,280
Dr. Raghunath A. Mashelkar	240	2,100	2,340
Total	2,060	16,800	18,860

Loans to Employees

The Guarantor has internal rules and regulations governing loans to employees for acquiring assets such as property or vehicles. The Guarantor has extended loans to the Guarantor's employees at a lower rate of interest than the market rate for comparable loans. Loans to employees are generally secured by the assets owned by the employees. As of March 31, 2011, the aggregate amount of outstanding loans extended by the Guarantor to its employees was Rs. 278.6 million. The Guarantor does not have any outstanding loans to, or guarantees for the benefit of, any directors.

Interest of Management in Certain Transactions

During the fiscal year ended March 31, 2011, the Guarantor paid Rs. 6.4 million as professional fees to Kanga & Co., a firm in which M.L. Bhakta, Director of the Guarantor, is a partner. There were no other pecuniary relationships or transactions of the Executive Directors vis-à-vis the Guarantor during the fiscal year ended March 31, 2011, other than as described under "Related Parties Transactions". The Guarantor has not granted any stock options to any of its Non-Executive Directors.

SHARE OWNERSHIP OF THE GUARANTOR

As of December 31, 2011, the Guarantor's promoters and persons acting in concert (the "Promoter Group") with them held approximately 44.71% of the Guarantor's issued equity shares. A company's "promoters" under the Listing Agreement includes the person or persons who are in control of the company and the person or persons nominated as promoters to the relevant Indian stock exchanges.

Certain of the Guarantor's subsidiaries held 5.25% of the Guarantor's issued equity shares as of December 31, 2011. Under the Indian Companies Act, no voting rights are exercisable with respect to these shares. Accordingly, the voting rights of the Promoter Group aggregate to 44.71% of equity capital that carries such voting rights and may be exercised.

In addition to the foregoing, as of December 31, 2011, the Life Insurance Corporation of India held 7.31%, the Government of Singapore held 1.09% and Franklin Templeton Investment Funds held 1.08% of the Guarantor's issued equity shares. As of that date and other than the foregoing, the Guarantor is not aware of any shareholder that holds more than 1% of its issued equity shares.

The directors and officers of the Guarantor, other than those in the Promoter Group, held approximately 0.03% of the Guarantor's issued equity shares as of December 31, 2011.

RELATED PARTIES TRANSACTIONS

The Issuer, in the ordinary course of business, enters into various transactions with the Guarantor, its subsidiaries, associates and other related parties. These transactions are pursuant to terms that are no less favorable than those arranged with third parties.

See Note 19 to the Issuer Financial Statements and Note 21 to the Issuer's 9M2011 Financial Information included elsewhere in this Offering Memorandum for further information on related party transactions determined in accordance with IFRS.

The Guarantor, in the ordinary course of business, enters into various sales, asset purchases, rent, sale and redemption of investments and service transactions with its subsidiaries, joint ventures and associates and others in which the Guarantor has a material interest.

During the fiscal year ended March 31, 2011, the Guarantor made payments to key managerial personnel (Mukesh D. Ambani, Nikhil R. Meswani, Hital R. Meswani, H.S. Kohli, P.M.S. Prasad, P.K. Kapil and R. Ravimohan (since deceased)) of Rs. 407 million (2010: Rs. 409 million) and donations to the Dhirubhai Ambani Foundation of Rs. 181 million, the Jamnaben Hirachand Ambani Foundation of Rs. 57.3 million and the H N H Trust and H N H Research Society of Rs. 15.8 million (2010: Rs. 163 million, Rs. 13.0 million and Rs. 8.3 million, respectively). The Chairman and Managing Director of the Guarantor is considered to be able to exercise significant influence over each such foundation.

See Schedule "O" to the Guarantor Financial Statements for further information on related party transactions determined in accordance with Indian GAAP.

REGULATION

Regulation of the Guarantor

The following description is a summary of certain laws, regulations and policies in India, which are applicable to the Guarantor. The information provided below has been obtained from sources available in the public domain. The summary of the regulations set out below is not exhaustive, and is only intended to provide general information to potential investors and is neither designed nor intended to be a substitute for professional legal advice.

Oil and Gas, Refining and Petrochemicals

Oil and gas exploration, production and refining activities in India are subject to extensive government regulation which govern the exploration for oil and gas reserves, determining the viability of undertaking commercial extraction of oil and gas resources, extracting oil and gas resources and refining crude oil (including the marketing of oil and gas produced from the source to the relevant downstream purchasers). For example, natural gas prices in India are regulated by the Government and oil and gas operators, known as contractors, are required to sell gas produced from NELP blocks to consumers who are engaged in certain industry sectors that are prioritized by the Government for the supply of gas.

The Indian Ministry of Petroleum and Natural Gas issues guidelines related to petroleum and natural gas which include exploration and production, refining, marketing and transportation of oil and gas. The Indian Ministry of Petroleum and Natural Gas established the Directorate General of Hydrocarbons in 1993, whose main functions include, in respect of discovered fields, ensuring optimum exploitation, reviewing and approving development plans, work programs, budgets, reservoir evaluations and advising on mid-course corrections and, in respect of the exploration blocks, appraising work programs and monitoring exploration activities. The Indian Ministry of Petroleum and Natural Gas also controls the Oil Industry Safety Directorate, which develops standards for safety and conducts periodic safety audits of all petroleum-handling facilities, and the Oil Industry Development Board, which provides financial and other assistance for the development of the oil industry. The Oil Industry Safety Directorate prescribes safety standards that apply to oil companies. Companies must also comply with safety regulations prescribed by the Director General of Mines and Safety in respect of onshore petroleum mining installations.

The Petrochemicals business is not subject to an equivalent industry-specific regulatory regime; however, along with all of the Guarantor's other activities, it is subject to various labor, safety, environmental and other laws and regulations of general application.

The New Exploration Licensing Policy

To encourage investment in the oil and gas sector, licenses for exploration activities are offered under the New Exploration Licensing Policy (the "NELP"). The NELP was formulated by the Government from 1997 to 1998 in order to provide a level playing field in which all parties, public and private, could compete on equal terms for an exploration acreage award. The successful bidder must enter into a production sharing contract ("PSC") with the Government.

The most important aspects of the NELP are as follows:

- no payment of signature, discovery or production bonuses by the operators;
- no customs duty on imports required for petroleum operations;
- no minimum expenditure commitment during the exploration period;
- no mandatory state participation by national oil companies and no mandatory carried interest in their favor;

- up to 100% participation by foreign companies;
- freedom for the operator to market oil and gas in the domestic market, subject to the applicable price and allocation requirements under the gas utilization policy;
- sharing of petroleum profit based on a pre-tax investment multiple achieved by the operator;
- royalty for onshore areas payable at the rate of 12.5% for crude oil and 10% for natural gas, and royalty for offshore areas payable at the rate of 10% for both crude oil and natural gas;
- royalty for discoveries in deep water areas beyond 400 meter isobath chargeable at half the applicable rate for offshore areas for the first seven years of commercial production;
- option to amortize exploration and drilling expenditures over a period of ten years from first commercial production; and
- dispute resolution in accordance with the Indian Arbitration and Conciliation Act, 1996.

Guidelines for Announcement of New Discoveries under the Production Sharing Regime

The Indian Ministry of Petroleum and Natural Gas has issued guidelines for companies operating under exploration and production sharing regimes that relate to the announcement of new discoveries of oil and gas fields prior to such information being made available to the public. The guidelines require companies to:

- inform the Government about any new discovery made within the contract area; and
- conduct a detailed technical analysis prior to publicly disseminating any information pertaining to any new discovery.

The Oilfields (Regulation and Development) Act, 1948

Oil and natural gas exploration activities are governed by the Oilfields (Regulation and Development) Act, 1948 (the "Oilfields Act"), which provides for the regulation of oilfields and for the development of mineral oil resources. "Oilfields" are defined as any area where any operation for the purpose of obtaining natural gas and petroleum, crude oil, refined oil, partially refined oil and any of the products of petroleum in a liquid or solid state is to be or is being carried on, and "mineral oils" are defined to include natural gas and petroleum.

Under the Oilfields Act, the Government is empowered to frame rules with respect to regulating, among other things, the granting of mining leases, granting petroleum exploration or prospecting licenses and the production of oil and regulation of oilfields. The Oilfields Act also provides for payment of royalties in respect of mineral oils mined from the leased area.

The Petroleum and Natural Gas Rules, 1959

The Petroleum and Natural Gas Rules, 1959 ("P&NG Rules") provide the framework for the granting of petroleum exploration licenses and petroleum mining leases. The P&NG Rules prohibit the prospecting or exploitation of any oil or gas unless a license or lease has been granted under the P&NG Rules. A petroleum mining lease entitles the lessee to an exclusive right to extract oil and gas from the relevant contract area. Petroleum exploration licenses and petroleum mining leases are granted by the Indian Ministry of Petroleum and Natural Gas for offshore areas and by the relevant state governments, with the prior approval of the Government, for onshore areas. A petroleum exploration license or a petroleum mining lease must contain the terms and conditions specified in the P&NG Rules. However, they may also contain additional terms and conditions agreed between the licensee or the lessee and the Government.

The term of a petroleum exploration license is four years, renewable twice for a period of one year. The term of a petroleum mining lease is generally 20 years, and the area covered by it is ordinarily 250 square kilometers. Upon grant of the petroleum mining lease, the lessee has to pay either the prescribed rental or the royalty, whichever is higher, in relation to the concerned lease. While the rental is payable based on the area of the land leased, the royalty is the amount that is generally payable as a percentage of the value at well head of the natural gas obtained by the lessee. The Government has the right to order a royalty to be paid in natural gas instead of money. Under the Oilfield Act, the levy of a royalty is permitted up to 20% of the sale price of the mineral oil, which includes natural gas.

In the event of a national emergency in respect of petroleum, the Government has the right of pre-emption in relation to the refined petroleum or petroleum products produced from the crude oil or natural gas extracted from the area under a lease. Further, under the P&NG Rules, the Government may, in the interests of conservation of mineral oils (which include natural gas), restrict the amount of petroleum or natural gas that may be produced by a lessee in a particular field.

Guidelines on Sale of Natural Gas by contractors under the NELP

On June 25, 2008, the Indian Ministry of Petroleum and Natural Gas issued guidelines for the sale of natural gas by NELP contractors (the "Gas Sale Guidelines"). The Gas Sale Guidelines are applicable for an initial period of five years. Contractors are permitted to sell gas from NELP blocks to consumers in accordance with marketing priorities and at a price determined by the Government. As per the order of priority, the gas is required to be supplied to (i) existing gas-based urea plants; (ii) existing gas-based LPG plants; (iii) gas-based power plants that are idle or under-utilized and likely to be commissioned during 2008-2009, and liquid fuel plants, which are running on liquid fuel and could switch over to natural gas; and (iv) city gas distribution projects for the supply of piped natural gas to households and compressed natural gas to the transport sector. Any additional gas available is to be supplied to existing gas-based power plants.

The Gas Sale Guidelines also provide that should consumers in a particular sector, which is higher in priority, be unable to take gas when it becomes available, it would go to the next sector in the order of priority. The Gas Sale Guidelines provide that the priority would not impact the process of price discovery as all the customers would participate in the price discovery process and would be eligible for utilizing natural gas, subject to priority.

Natural Gas Pricing

Under the NELP, the Indian domestic market has a first call on utilization of natural gas produced from the NELP blocks. The contractor under a PSC is required to obtain the Government's approval of the formula or basis upon which prices of natural gas are determined prior to the sale of natural gas. When considering whether to grant such an approval, the Government will take into consideration any prevailing pricing policy and linkages with traded liquid fuels. In the recent past, the Government has approved a price formula for determining the price of natural gas which is valid for a period of five years.

The Government, by a notice dated March 6, 2007, has directed that uniform pool prices shall be charged on supply of re-gasified liquid natural gas to all customers under all long-term contracts, on a non-discriminatory basis.

Policy for Extension of Exploration Phases under the NELP and Pre-NELP PSC

This policy envisages a system of progressive penalties by increasing bank guarantee amounts and/or cash payments, pre-estimated liquidated damages vis-à-vis duration of extension sought and gives recognition to the companies who have made discoveries and understood the geology of the block. Under the policy, an extension of no longer than six months may be given by the management committee or the Government. If the contractor does not fulfill the work program within the stipulated period or extended period, as may be the case, the contractor is required to pay the Government for the unfinished work program.

The Mines Act, 1952

The Mines Act, 1952 regulates issues relating to labor and safety in mines. If an accident were to occur in a mine, the owner, agent or manager of the mine is required to give notice of the occurrence to the relevant appointed body. The Government may order a formal inquiry into the causes of and circumstances leading to the accident and appoint a competent person to hold such inquiry.

The Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008

Under the Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 (the "Offshore Operation Rules"), an operator is required to prepare information and records related to its petroleum activities to ensure that its petroleum activities are planned and carried out in a safe manner and are well documented. In addition, the operator is required to notify the Oil Industry Safety Directorate of the occurrence of any accident, decommissioning plan and design intimation. The Offshore Operation Rules also contain detailed emergency management guidelines and precautions that the operator must take to prevent any accident or hazard.

The Petroleum Act, 1934 and the Petroleum Rules, 2002

The Petroleum Act, 1934 (the "Petroleum Act") and the Petroleum Rules, 2002 (the "Petroleum Rules") regulate the import, transport, storage, production, refining and blending of petroleum. The Petroleum Act and Petroleum Rules define the various classes of petroleum, prescribe the conditions to be followed in blending, refining, storing and transporting petroleum and specify the permissions to be taken for the import and export of petroleum.

Guidelines for Management of Oil and Gas Resources

The Indian Ministry of Petroleum and Natural Gas issues guidelines for management of oil and gas resources. These guidelines give broad powers to the Directorate General of Hydrocarbons for management of oil and gas resources. The powers of the Directorate General of Hydrocarbons include, among other things, monitoring the exploration program for nomination blocks, monitoring the development of hydrocarbon discoveries, and monitoring oil and gas reservoir management.

The Petroleum and Natural Gas Regulatory Board Act, 2006

The Petroleum and Natural Gas Regulatory Board Act, 2006 (the "PNGRB Act") established the Petroleum and Natural Gas Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas (excluding production of crude oil and natural gas). The Petroleum and Natural Gas Regulatory Board protects the interests of consumers and entities engaged in specific activities relating to petroleum, petroleum products and natural gas and ensures uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and promotes competitive markets.

Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008

The Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 ("Pipeline Regulations") require all entities proposing, or directed by the Petroleum and Natural Gas Regulatory Board, to lay, build, operate, or expand a natural gas pipeline to obtain authorization from the Petroleum and Natural Gas Regulatory Board, on submission of documents demonstrating financial and technical adequacy, including possession of all requisite regulatory and corporate approvals. The Petroleum and Natural Gas Regulatory Board may cancel an existing authorization under the Pipeline Regulations, if the authorized entity fails to achieve the prescribed conditions precedent, including achievement of financial closure or submission of required documentation such as the requisite corporate approvals or the executed gas transportation agreement.

The Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008

The Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008 ("Affiliate Code of Conduct Regulations") regulate the transportation and marketing of natural gas. The objectives of the Affiliate Code of Conduct Regulations include the prevention of preferential access or cross-subsidization of costs between the regulated activity and any other non-regulated activity.

The Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010

The Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 (the "ERDMP Regulations") are applicable to, among other things, transportation of petroleum products by road and pipelines, processing installations, petroleum and gas storage facilities and terminals, and liquid petroleum product pipelines. The scope of the ERDMP Regulations covers identification of emergencies, mitigation measures that attempt to reduce and eliminate the risk of disasters and plans of action when emergencies occur.

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 apply to entities building, operating and expanding pipelines. These regulations apply to all new and existing pipelines and regulate, among other things, the applicable procedures and pipelines' parameters.

Environmental Regulations

The Guarantor is subject to a range of environmental legislation and regulations, including those particular to its lines of business.

The Government has formulated legislation for exploration and production and refining and manufacturing companies that have operations in environmentally sensitive areas. A detailed environmental impact assessment study is required to be carried out in phases before commencement of certain operations so that the impact on biodiversity and ecological sensitivity can be reduced through mitigating measures.

Production Sharing Contracts typically stipulate that the contractor must conduct its petroleum operations with regard to concerns with respect to protection of the environment and conservation of natural resources and employ modern oilfield and petroleum industry practices and take necessary and adequate steps to prevent environmental damage.

The Environmental Protection Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 provide for the prevention, control and abatement of pollution. Pollution control boards have been established in all states in India to exercise the powers under these statutes in order to prevent and control pollution. Companies must obtain the prior clearance of the relevant state pollution control board for emissions and discharge of effluents into the environment. If the project value exceeds Rs. 1 billion for a new project or Rs. 500 million for the expansion of an existing oil and gas exploration and production project, the project also requires the approval of the Ministry of Environment and Forests.

The Hazardous Waste (Management and Handling) Rules, 1989 define waste oil and oil emulsions as hazardous wastes and impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly. It also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state Pollution Control Board for collecting, storing and treating the hazardous waste.

Furthermore, the Indian Ministry of Petroleum and Natural Gas has declared coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action up to 500 meters from the high tide line, and the land between the low tide line and high tide line, as coastal regulation zones and has imposed restrictions on setting up and expanding industries, operations or processes in these zones. In addition, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 regulates the exploration and exploitation of resources of the continental shelf and exclusive economic zone. The exploration activities of the offshore blocks acquired may also be subject to this statute.

In addition, the Merchant Shipping Act, 1958 provides for liability in respect of loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship, wherever such escape or discharge occurs.

Under the Indian Forest Act, 1927 state governments have the power to declare any land covered by forests or any wasteland in a state a “reserved forest”, “village forest” or “protected forest”. The conduct of upstream operations for petroleum or natural gas in such areas requires prior approval of the competent authority. Furthermore, exploration, development or production operations for petroleum and natural gas is not permitted in areas designated as sanctuaries or reserves under the Indian Wildlife (Protection) Act, 1972.

Other Regulations

The Guarantor is also required to comply with the provisions of the Explosives Act, 1884, which regulates manufacturing, possession, use, sale, transport, import and export of explosives, including petroleum and petroleum products. Furthermore, the Essential Commodities Act, 1955, contains provisions controlling the production, supply and distribution of certain essential commodities, which include petroleum and petroleum products. The Guarantor is also subject to a number of labor laws and other laws of general application.

Textiles

In November 2000, the Government announced the National Textile Policy, 2000 aimed at liberalizing controls and regulations, providing infrastructural support to the textile industry and ensuring the active cooperation and partnership of the state governments.

The Textiles Committee Act, 1963 created the Textiles Committee in order to ensure a standard quality of textiles for both internal marketing and for export purposes and to encourage scientific, technological and economic research in the textile industry and textile machinery.

Organized Retail

The Guarantor’s subsidiaries engaged in organized retail business are required to comply with the provisions of the Standards of Weights and Measures Act, 1976 and the Prevention of Food Adulteration Act, 1954, together with the rules issued thereunder. The Guarantor’s subsidiaries engaged in organized retail business are also subject to the various shops and establishments legislation in the states in which it operates stores. This legislation regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of, among other things, registration, opening and closing hours, daily and weekly working hours, holidays, health and safety measures and wages for overtime work (see "— Employment Legislation").

Broadband Wireless Telecommunication Services

The Department of Telecommunications ("DoT") of the Government has the primary responsibility of policy, licensing and coordination matters relating to telephones, wireless, data and facsimile services and other similar forms of communications in India. The Broadband Policy, 2004 issued by the DoT provides a framework for the creation of infrastructure through various access technologies which can contribute to the growth of broadband services in India.

The broadband wireless access license owned by the Guarantor's subsidiary is governed by the provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933 and the Telecom Regulatory Authority of India Act 1997, as amended. The Telecom Regulatory Authority of India was established in 1997 by the Telecom Regulatory Authority of India Act, 1997 to regulate telecommunication services in India, including broadcasting and cable services.

The Guarantor's subsidiary engaged in the wireless broadband communication business is required to comply with all relevant and applicable regulations of the DoT.

Special Economic Zones

An SEZ is a specifically delineated duty free area, deemed to be a foreign territory for the purposes of trade operations, duties and tariffs. One of the special features of an SEZ is that no governmental license is required for imports, including second-hand machinery, and there is minimal examination of imports by customs to enable efficient operations. Companies operating in SEZs are entitled to deduction of 100% of the profits and gains derived from the export of goods manufactured or produced in an SEZ for a period of five years and up to 50% of such profits and gains for the next five years. No customs duty is levied on any goods imported into, or exported from, SEZs to any place outside India. Also, no excise duty is applicable to goods brought from within India's domestic tariff area to an SEZ. In addition, the provisions of the Minimum Alternate Tax ("MAT") do not apply to companies operating in SEZs.

The establishment, development and management of the refineries in the SEZ is regulated by Special Economic Zone Act, 2005. This act regulates, among other things, matters relating to the establishment of SEZs, a fiscal regime for developers of SEZs and units set up therein, the establishment of authority for each SEZ by central government, and designations of special courts and single enforcement agencies to ensure speedy trial and investigation of notified offences committed in an SEZ.

Employment Legislation

The employment of workers in each of the Guarantor's and its subsidiaries' lines of business is regulated by a wide variety of generally applicable labor laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, the Employees' Provident Funds and the Miscellaneous Provisions Act, 1952.

Taxation Regulations

The Guarantor is subject to a number of direct and indirect taxes and duties (both by central and state governments), including corporate tax (at the applicable rate of 30% plus a surcharge and education tax, as applicable), customs duties, excise duties, service tax and sales tax/value added tax.

The Guarantor provided for a current corporate tax liability of Rs. 43.2 billion on its profits for the fiscal year ended March 31, 2011 after taking into consideration benefits admissible under the provisions of the Income Tax Act 1961 (the "Tax Act").

Under the existing provisions of section 115JB of the Tax Act, a company is required to pay MAT on its book profit. In a situation where the tax payable computed in accordance with the normal provisions, being other than those specified under section 115JB of the Tax Act, is lower than MAT, the tax liability of the Guarantor is equal to MAT. The amount of tax paid under section 115JB can be carried forward for a set-off against the normal tax payable, if any, in the future for a period of ten years. The amount of the set-off allowed is equal to the difference between the tax computed as per the normal provisions and MAT for that year. Subsection (1) of section 115JB was amended recently to increase the MAT rate to 18.5% from 18% with effect from April 1, 2011. The above tax is also subject to a surcharge of 5% plus an education cess of 2% and a secondary and higher education cess at the rate of 1%, giving an effective rate of approximately 20.01%.

Excise Duty

Excise duty is an indirect tax levied on the manufacture of excisable goods. The excise duty is primarily levied by the Government, although state governments also levy excise duty on certain goods. Under the central excise laws, the Guarantor is eligible for credit of excise duty and service tax on inputs and capital goods purchased by the Guarantor, subject to fulfillment of certain conditions, as it is permitted to discharge excise duty liabilities on finished goods and services.

Service Tax

Currently, service tax is levied at the rate of 10% plus an education cess of 2% and a secondary and higher education cess at the rate of 1%, giving an effective rate of 10.3% on the gross value of taxable services. With respect to upstream activities in the oil and gas industry, the services included in the category of taxable services include site formation and clearance, excavation, earth moving and demolition services, survey and exploration of mineral services and mining services.

Customs Duty

Customs duties are imposed on the import of certain goods into India. In addition, a countervailing duty at a rate equal to the relevant rate of excise duty is imposed on imports to ensure no competitive advantage is obtained over domestically produced goods. The duty is collected when the goods are cleared for consumption in the domestic market. Historically, the Government has maintained high customs duties in order to protect the emerging industrial base in India and because such duties also provide a major source of government revenue. However, the Government has gradually reduced the peak customs duties over the last several years.

Sales Tax/Value Added Tax

Sales tax/VAT in India is levied by both the central and state governments. While the central sales tax, which applies to interstate transactions, is levied by the Government, sales tax/VAT is levied by state governments and applies to sales within a state. State sales tax represents the main source of income for each state and is generally levied at rates ranging from 1% to 38% (depending on the product) of the value of each sale.

Both Maharashtra and Gujarat, the main states in which the Guarantor operates, had introduced incentive schemes designed to foster the development of industries in less developed areas. Under these schemes, there are deferral incentives by which payment of all relevant state and central sales tax collected by the Guarantor may be deferred on an interest-free basis, or there are exemption incentives by which the Guarantor is exempted from the payment of both state sales tax and central sales tax for a certain period. Depending upon the scheme, payment of the deferred sales tax loan will be made in either six or seven annual installments after the exhaustion of the ceiling or period, whichever occurs earlier. Under the exemption schemes, the benefits available are generally limited in amount to 90% of eligible fixed capital investments made in the relevant state and must be used within a specified period.

In 2005, several states in India adopted a VAT system under which sales tax is payable on the "value added" in a manufacturing or processing unit. Credit is available for the amount of tax paid on inputs which can be set off against the tax payable on the value of sales.

Royalty

The Oilfields Act provides for payment of royalties in respect of any mineral oil mined, quarried, excavated or collected from the leased area. The Government may increase the rate of royalty payable for production of crude oil and natural gas up to the limits prescribed by the Oilfields Act by issuing a notification without amending the Oilfields Act. Under the Oilfields Act, royalty on crude oil and natural gas is payable as a percentage of wellhead value derived from the sales price. See "— Oil and Gas, Refining and Petrochemicals — The New Exploration Licensing Policy".

Oil Cess

The Oil Industry Development Board, constituted under the Oil Industry (Development) Act, 1974, receives grants from the Government out of the tax collected on crude oil and natural gas production in India. The Oil Industry Development Fund renders financial and other assistance for development activities in the oil and natural gas sector in India. The Oil Cess (which is a form of tax on production) is payable on crude production from all pre-NELP blocks. For the pre-NELP blocks awarded under the production sharing contracts by the Government, crude oil cess is payable at the rates specified in the relevant production sharing contract. All licenses awarded under the NELP are exempted from payment of the crude oil cess. Accordingly, in the case of the Guarantor's Oil and Gas business, only the production from Panna-Mukta and Tapti fields are subject to crude oil cess, at the rate of Rs. 900 per ton of crude oil produced from the fields.

Introduction of Goods and Services Tax

The Goods and Services Tax (the "GST") is a value added tax proposed by the Government. It will replace all indirect taxes levied on goods and services by the Indian central and state governments. It is aimed at being comprehensive for most goods and services with few tax exemptions. The GST is to be implemented concurrently by the central and state governments as the Central GST and the State GST, respectively. Currently, the Constitution of India does not provide concurrent powers of taxation to the central and state governments and therefore, the 115th Constitutional Amendment Bill, 2011 (the "Bill") was put before the Parliament by the Finance Minister on March 22, 2011. The Bill proposes to amend the Constitution to empower the central and the state governments to frame laws for levying GST on transactions involving the supply of goods and services. Originally the GST regime was proposed to be implemented from April 1, 2010, but it has been deferred twice and now the Government has proposed to introduce GST in April 2012.

Regulation of the Issuer's Activities in the United States

The following description is a summary of certain laws, regulations and policies in the United States, which are applicable to the Issuer. The information provided below has been obtained from sources available in the public domain. The summary of the regulations set out below is not exhaustive, and is only intended to provide general information to potential investors and is neither designed nor intended to be a substitute for professional legal advice.

Environmental Regulation

The Issuer's operations in the United States are regulated extensively at the federal, state, regional and local levels. Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. Some carry substantial administrative, civil and criminal penalties for failure to comply. These laws and regulations govern activities including permitting, planning, designing, drilling, installing, operating and abandoning natural gas and oil wells. Under these laws, the Issuer may be required to obtain permits or other regulatory approvals before drilling commences or certain facilities are constructed or modified, incur capital expenditures or incur liability for personal injuries, property damage and other damages or liabilities, including those resulting from clean-up costs and remedial activities. Delays in obtaining regulatory approvals or drilling permits, the failure to obtain a drilling permit for a well or the receipt of a permit with stringent conditions or costs could inhibit the Issuer's ability to develop its properties. Part of the regulatory environment in which the Issuer operates includes, in some cases, legal requirements for obtaining environmental assessments, environmental impact studies and/or plans of development before commencing drilling and production activities. In addition, the Issuer's activities are subject to regulations regarding conservation practices and protection of correlative rights.

Environmental laws and regulations which affect the Issuer's operations in the United States include, for example:

- the federal Clean Air Act ("CAA"), and comparable state laws and regulations that restrict the emission of air pollutants from certain sources;

- the federal Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants, including produced waters and other oil and gas wastes, into regulated bodies of water;

- RCRA, and comparable state laws that impose requirements for the handling and disposal of waste, including produced waters, from the Issuer's facilities; and

- CERCLA, and comparable state laws and regulations that regulate the clean up of hazardous substances that may have been released at properties currently or previously owned, leased or operated by the Issuer or at locations to which it has sent waste for disposal.

Certain environmental statutes, including RCRA, CERCLA, the federal Oil Pollution Act and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released and for damages to natural resources.

The US Congress is currently considering legislation known as the "Fracturing Responsibility and Awareness of Chemicals Act", or FRAC Act, that would amend the SDWA to repeal an exemption from regulation for hydraulic fracturing activities. If enacted, the FRAC Act could result in additional regulatory burdens for companies such as the Issuer, including relating to permitting, construction, financial assurances, monitoring, record-keeping and plugging and abandonment requirements. The FRAC Act would also require the disclosure of chemical constituents used in the fracturing process to federal or state regulatory authorities, who would then make such information publicly available. The availability of this information could make it easier for third parties to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process adversely affect groundwater and/or human health and the environment and could cause us competitive harm. In addition, some state and local governments and other governmental bodies have implemented, and others are considering, increased regulatory oversight of hydraulic fracturing through additional permit and disclosure requirements, operational restrictions, and temporary or permanent bans on hydraulic fracturing in certain areas.

The EPA has commenced a study of the potential environmental impacts of hydraulic fracturing, including the impact on drinking water sources and public health, a committee of the US House of Representatives has conducted an investigation of hydraulic fracturing practices, and a subcommittee of the SEAB of the US Department of Energy has been tasked with recommending steps to improve the safety and environmental performance of hydraulic fracturing. The SEAB subcommittee issued its final report in November 2011, recommending, among other things, measures to improve and protect air and water quality, improvements in communication among state and federal regulators, reduction of diesel fuel in shale gas production, disclosure of fracturing fluid composition, and the creation of a publicly accessible database organizing all publicly disclosed information with respect to hydraulic fracturing operations. Consequently, even if the FRAC Act is not enacted, the results of these studies could trigger further regulation of hydraulic fracturing at the federal, state or local level.

In addition, the US Congress has in the past, and may in the future, consider legislation to regulate emissions of greenhouse gases, such as carbon dioxide and methane, that are understood to contribute to global warming. The Obama Administration has indicated its support of legislation to reduce greenhouse gas emissions through comprehensive climate change legislation. In addition, at least 20 states, either individually or through multi-state regional initiatives, have begun to regulate greenhouse gas emissions, primarily through the planned development of emission inventories or regional greenhouse gas and trade programs.

Moreover, in December 2009, the EPA published its determination that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to human health and the environment. These findings have enabled the EPA to adopt and implement regulations, under existing provisions of the US Clean Air Act, that restrict emissions of greenhouse gases. In May 2010, the EPA finalized its "tailoring rule", under which certain stationary sources that exceed certain annual greenhouse gas emission thresholds are required to obtain permits to undergo construction or operate and to implement the best available control technology ("BACT") for the control of greenhouse gas emissions pursuant to the CAA Prevention of Significant Deterioration and Title V operating permit programs. The EPA has issued guidance on what BACT entails for the control of greenhouse gases and individual states are now required to determine what controls are required for facilities within their jurisdictions on a case-by-case basis. Under the tailoring rule, permitting requirements will be phased in through successive steps that expand the scope of covered sources over time. In addition, the EPA requires the reporting of greenhouse gas emissions from specified large sources, including certain upstream oil and gas facilities, in the United States for emissions occurring in the prior calendar year.

Furthermore, in July 2011, the EPA proposed standards for oil and gas drilling operations to reduce emissions of volatile organic compounds ("VOCs") (which contribute to smog) and methane (a greenhouse gas that is the primary constituent of natural gas). This would include a 95% reduction in VOCs emitted during the completion of new and modified hydraulically fractured wells. The EPA has also announced that it will propose standards for the treatment of disposal of wastewater from certain gas production operations.

Other Regulation of the Oil and Gas Industry

The oil and gas industry is regulated by numerous federal, state and local authorities and accordingly the Issuer is subject to regulations in respect of its exploration, development and production activities, among others. Legislation affecting the oil and gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, federal and state, are authorized by statute to issue rules and regulations binding on the oil and gas industry and its individual members, some of which carry substantial penalties for failure to comply.

Health and Safety

The Issuer's operations are subject to the requirements of the federal Occupational Safety and Health Act (the "OSH Act") and comparable state statutes. These laws and the related regulations strictly govern the protection of the health and safety of employees. The OSH Act hazard communication standard, EPA community right-to-know regulations under Title III of CERCLA and similar state statues require that the Issuer organize or disclose information about hazardous materials used or produced in the Issuer's operations.

DESCRIPTION OF OTHER INDEBTEDNESS OF THE GUARANTOR

The following summary of certain provisions of the Guarantor's credit arrangements, bonds and other indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying credit agreements, bonds and other documentation. Furthermore, this summary relates only to the Guarantor's principal long-term indebtedness. The Guarantor utilizes a variety of short-term debt instruments.

The Guarantor's principal sources of external financing include both secured and unsecured short-term as well as long-term facilities (in both rupees and other currencies). As at December 31, 2011, the Guarantor had total debt of Rs. 745,034 million, or US$14.0 billion (converted at the exchange rate of US$1.00 = Rs. 53.105), compared to Rs. 673,967 million as at March 31, 2011. Approximately 88% of the Guarantor's total debt as at December 31, 2011 was denominated in foreign currency, principally in US Dollars, with the remainder denominated in rupees.

The Guarantor's long-term funding strategy is to lengthen the average maturity of its debt (approximately four years as at December 31, 2011) and diversify its funding to reduce its reliance on bank borrowings.

Unsecured Indebtedness

The debt under the following instruments constitutes unsecured long-term debt obligations of the Guarantor and ranks at least equally with all of the Guarantor's other present and future unsecured and unsubordinated obligations, except as may be provided by applicable legislation.

Syndicated Term Loan Facility Agreements

The Guarantor is party to facility agreements with various international banks.

The facility agreements were entered into between February 22, 2007 and July 2, 2011. The total amount outstanding under such facilities was US$7.05 billion (Rs. 374.15 billion) as at December 31, 2011 (converted at the exchange rate of US$1.00 = Rs. 53.105). Of the total amount outstanding as at December 31, 2011, US$0.62 billion (Rs. 32.85 billion) was drawn in Japanese yen, Euros and/or Singapore dollars, and the balance was drawn in US Dollars (converted at the exchange rate of US$1.00 = Rs. 53.105).

Borrowings under the Guarantor's facility agreements bear interest at a rate equal to the sum of applicable LIBOR or an equivalent benchmark, plus the applicable margin (which is between 0.36% and 1.95% per annum). The facilities mature between March 2, 2012 and December 19, 2017. The Guarantor may voluntarily prepay outstanding amounts, typically upon seven to ten days' notice without premium or penalty on the last day of any interest period. Any amount prepaid may not be re-borrowed.

Each of the facility agreements contain customary negative covenants, including restrictions, subject to certain exceptions, on the Guarantor's ability to sell or otherwise dispose of assets beyond a specified limit, create liens on assets, effect a consolidation or merger and incur additional long-term indebtedness or any obligations in respect of such indebtedness (other than indebtedness provided by banks or financial institutions lending through offices located in India) on a secured basis.

In addition, the facility agreements require the Guarantor to maintain certain financial covenants, namely a minimum tangible net worth, maximum long-term secured debt to long-term debt ratio, maximum total external liabilities to tangible net worth ratio, minimum earnings before interest and tax to interest expenses ratio and a maximum long-term secured debt to total fixed assets ratio.

The facility agreements also contain certain customary affirmative covenants and events of default.

Export Credit Agencies Guaranteed Loans

The Guarantor is party to a number of loan agreements backed by guarantees from export credit agencies (“ECAs”). The ECA guaranteed loans were entered into between December 9, 2004 and October 15, 2009. The total amount outstanding under such agreements was US$1.6 billion as at December 31, 2011. Borrowings under the ECA guaranteed loans bear interest at a rate equal to the sum of applicable LIBOR or an equivalent benchmark, plus a margin of between 0.02% and 0.54% per annum.

The ECA guaranteed facilities contain customary negative covenants, including restrictions, subject to certain exceptions, on the Guarantor’s ability to create liens on assets, incur additional long-term indebtedness or any obligations in respect of such indebtedness on a secured basis. Some of the ECA guaranteed facilities include financial covenants, which are similar to those included in the Guarantor’s syndicated loan facility agreements described above. The ECA guaranteed loans also contain certain customary affirmative covenants and events of default.

On February 2, 2012, the Guarantor entered into a US$400 million equivalent loan agreement backed by a guarantee from SACE S.p.A., the Italian export credit agency with a term of 13 years. The loan agreement contains certain customary negative and affirmative covenants and provisions regarding prepayment and also contains certain customary events of default.

JPY Notes

On March 29, 2006, the Guarantor issued ¥17.5 billion principal amount of 2.86% Notes due 2016 (US$226 million). The yen notes bear interest at 2.86% per annum and mature on March 26, 2016. The yen notes contain certain customary negative and affirmative covenants and events of default.

JPY Fixed Rate Loan

On August 7, 2008, the Guarantor obtained a loan of ¥11 billion (US$142 million equivalent as of December 31, 2011) at a 3.63% fixed rate of interest with a bullet repayment on August 7, 2020. The loan contains certain customary negative and affirmative covenants and provisions regarding prepayment. The loan also contains certain customary events of default.

US$ Notes

In 1996 and 1997, the Guarantor issued US Dollar-denominated notes in an aggregate principal amount of US$764 million. The notes bear interest at rates between 7.625% and 10.50% per annum and mature between June 24, 2016 and January 15, 2097. The notes contain certain customary negative and affirmative covenants and events of default.

US$ Private Placements

The Guarantor has also issued private placement US Dollar-denominated notes in an aggregate principal amount of US$550 million. The notes bear interest at rates between 6.21% and 6.61% per annum and mature between September 18, 2016 and March 26, 2019. The notes contain certain customary negative and affirmative covenants and events of default.

Rupee Term Loan

The Guarantor is party to a term loan agreement under which borrowings are denominated in rupees. The loan currently bears interest at the rate of 11.25% per annum, is repayable in 32 quarterly installments and matures on April 2, 2018. The agreement contains certain customary negative and affirmative covenants and events of default. The balance as at December 31, 2011 was Rs. 355 million (US$6.7 million).

Secured Indebtedness

The following is a summary of the Guarantor's principal secured indebtedness.

Privately Placed Debentures

The Guarantor has issued rupee-denominated privately placed debentures in an aggregate principal amount of Rs. 109.5 billion (US$2.05 billion). These secured redeemable non-convertible debentures bear interest between 6.25% and 11.90%, mature between 2012 and 2020 and are secured by way of a mortgage/charge on certain properties of the Guarantor.

The Guarantor has also zero coupon secured redeemable non-convertible debentures outstanding. The zero coupon secured redeemable non-convertible debentures were originally issued by IPCL (which was amalgamated with the Guarantor in 2007) and are secured by way of a mortgage/charge on certain properties of the plants and fixed assets of the Guarantor.

Contingent Liabilities

The Guarantor has guaranteed certain debt obligations of its subsidiaries including of the Issuer Infotel Broadband Services Limited and Recron in connection with certain credit facilities. For more information, see "The Issuer — Business — Credit Facilities" and Note 20 in Schedule O of the Guarantor's Financial Statements as at and for the year ended March 31, 2011.

DESCRIPTION OF THE NOTES AND GUARANTEES

The Notes are to be issued under a Fiscal Agency Agreement (the "Fiscal Agency Agreement") executed between the Issuer, the Guarantor and Citibank, N.A., London Branch, as fiscal and paying agent (the "Fiscal Agent"). Copies of the Notes, the Guarantees (as defined below) and the Fiscal Agency Agreement are available for inspection during normal business hours at the offices of the Fiscal Agent. The following summaries of certain provisions of the Notes and the Fiscal Agency Agreement do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions thereof, including the definitions therein of certain terms. Whenever particular defined terms from the Notes or the Fiscal Agency Agreement are referred to, such defined terms are incorporated herein by reference.

General

The Notes will be issued in one series and will mature on February 14, 2022. The Notes being issued pursuant to this Offering Memorandum constitute a further issuance of, will become fungible with, rank equally in all respects with, and are consolidated and form a single series with, the 5.40% guaranteed senior notes due 2022 issued by the Issuer on February 14, 2012 (the "Existing Notes") except that the Notes being issued pursuant to this Offering Memorandum and sold outside the United States pursuant to Regulation S will be subject to certain selling restrictions during the 40 day period following delivery. The Notes will bear interest at the rate per annum shown on the front cover of this Offering Memorandum from and including February 14, 2012 or from the most recent interest payment date to which interest has been paid or provided for, to and excluding the next interest payment date or the maturity date, as applicable. Interest will be paid semi-annually and in arrears on February 14 and August 14 of each year, commencing on and including August 14, 2012, to the person in whose name the Note (or any predecessor Note) is registered at the close of business (whether or not a Business Day) on the preceding January 30 and July 30, as the case may be. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on Notes represented by individual Notes in certificated form will be made by check drawn on a bank in The City of New York by the paying agent and mailed to the holder thereof at the address of such holder appearing in the register of Notes, or in the case of any holder of more than US$1,000,000 in principal amount of such Notes, by electronic transfer of immediately available funds to an account of such holder at a bank in The City of New York; provided that such holder has delivered written wire transfer instructions to the Fiscal Agent at least 15 days prior to the relevant payment date. Payments of principal of and interest on the Global Notes will be made to the registered holder thereof in immediately available funds. Payments of the principal amount of the Notes at maturity or the principal amount to be prepaid upon redemption or repayment in full, together with accrued interest due at maturity, redemption or repayment, as the case may be, will be made to the registered holder thereof against presentation and surrender of the Notes at the specified office of the paying agent. In the event that a Singapore paying agent is required by the Listing Manual of the SGX-ST, and for so long as the Notes are listed on the SGX-ST, such payments of principal and payments of interest may be made by such Singapore paying agent. Any payments of principal of and interest on the Notes to be made on a date that is not a Business Day need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment. "Business Day" means any day, other than a Saturday or Sunday, that is not a day on which banking institutions are authorized or required by law or executive order to be closed in Mumbai, India, London, England or The City of New York, New York (or in the city where the relevant paying agent is located). The transfer of the Notes will be registrable and the Notes will be exchangeable at the Corporate Trust Office (as defined in the Fiscal Agency Agreement) in The City of London, which initially will be the office of the Fiscal Agent.

Rank

The Notes will constitute direct, unconditional, unsecured (subject to the negative pledge covenant) and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank *pari passu* with all of its other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.

Guarantees

The Guarantor will fully and unconditionally guarantee (the "Guarantees") to each holder of a Note authenticated and delivered by the Fiscal Agent the due and punctual payment of the principal of and interest on such Note (and any Additional Amounts (as described in "— Taxation") payable in respect thereof), when and as the same shall become due and payable, whether at the stated maturity date of the Note, by declaration of acceleration, call for redemption, repayment or otherwise, in accordance with the terms of such Note and of the Fiscal Agency Agreement. The Guarantees will constitute direct, unconditional, unsecured (subject to the negative pledge covenant) and unsubordinated obligations of the Guarantor. The payment obligations of the Guarantor under the Guarantees will, save for such exceptions as may be provided by applicable legislation, at all times rank *pari passu* with its other existing and future unsecured and unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. See "Enforcement of the Guarantees" and "Indian Government Filings/Approvals".

Notes; Delivery and Form

The Notes sold in offshore transactions in reliance on Regulation S will be initially in the form of one or more Regulation S Global Notes in fully registered form without interest coupons, which will be deposited with Citibank, N.A., London Branch, as custodian for DTC (in such capacity, the "Custodian"), and registered in the name of Cede & Co., as nominee of DTC, for credit to the respective accounts of the purchasers, or to other accounts as they may direct, at Euroclear or Clearstream, each of which is a participant in DTC.

The Notes sold to QIBs in reliance on Rule 144A will be issued initially in the form of one or more Rule 144A Global Notes in fully registered form without interest coupons, which will be deposited with the Custodian and registered in the name of Cede & Co., as nominee of DTC.

For the 40-day period following the date of delivery of the Notes, the Notes issued pursuant to this Offering Memorandum and sold outside the United States pursuant to Regulation S will trade under a temporary CUSIP, ISIN and Common Code. After the 40th day following the date of delivery of the Notes, the Notes issued pursuant to this Offering Memorandum and sold outside the United States pursuant to Regulation S will become fully fungible with, and trade freely with, the Existing Notes, and will have the same CUSIPs, ISINs and Common Codes as the Existing Notes.

The Notes will be issued in minimum denominations of US$250,000 and in integral multiples of US$1,000 in excess of that amount.

The Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer set forth therein and in the Fiscal Agency Agreement and will bear a legend regarding such restrictions as set forth under "Transfer Restrictions". Under certain circumstances, transfers may be made only upon receipt by the Fiscal Agent of a written certification (in the form(s) provided in the Fiscal Agency Agreement).

Prior to the 40th day after the later of the commencement of this offering and the closing date, a beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the related Rule 144A Global Note only if the transferor, and any person acting on its behalf, reasonably believes that the transferee is a QIB, and upon receipt by the Fiscal Agent of a written certification (in the form(s) provided in the Fiscal Agency Agreement) (a) from the transferee to the effect that such transferee (i) is a QIB purchasing for its own account (or for the account of one or more QIBs over which account it exercises sole investment discretion) and (ii) agrees to comply with the restrictions on transfer set forth under "Transfer Restrictions" and (b) from the transferor to the effect that the transfer was made in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Beneficial interests in a Rule l44A Global Note may be transferred to a person who takes delivery in the form of an interest in the related Rule l44A Global Note without any written certification from the transferor or the transferee. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note only upon receipt by the Fiscal Agent of written certifications (in the form(s) provided in the Fiscal Agency Agreement) from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 under the Securities Act (if available).

Any individual Notes issued in exchange for an interest in a Rule 144A Global Note under the circumstances described under "Individual Notes" below may be transferred only upon receipt by the Fiscal Agent of a written certification from the transferor (in the form(s) provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with the restrictions on transfer set forth under "Transfer Restrictions", and in the case of any resale other than a "Safe Harbor Resale" as defined under "Transfer Restrictions", the execution and delivery by the transferee of a written certification (also in the form attached to the Fiscal Agency Agreement and delivery of any additional documents or other evidence (including, but not limited to, an opinion of counsel)) that the Issuer or the Fiscal Agent may, in its sole discretion, deem necessary or appropriate to evidence compliance with such Transfer Restrictions.

Any beneficial interest in one of the Global Notes that is transferred to an entity which takes delivery in the form of an interest in another Global Note will, upon transfer, cease to have an interest in such Global Note and receive an interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it retains such an interest.

Investors may hold their interests in the Global Notes directly through DTC, Clearstream or Euroclear, as the case may be, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are participants in DTC.

Transfers between participants in DTC (the "Participants") will be effected in the ordinary way in accordance with DTC rules. Transfers between participants in Clearstream and Euroclear ("Clearstream Participants" and "Euroclear Participants", respectively) will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Initial settlement for the Notes will be made in same-day funds. So long as DTC continues to act as depositary for the Notes, the Notes will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such Notes will settle in immediately available funds.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between DTC, on the one hand, and Clearstream or Euroclear Participants, on the other hand, will be effected by DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be.

Persons who are not Participants may beneficially own interests in the Global Notes held by DTC only through Participants or Indirect Participants (as defined below) (including Euroclear and Clearstream). So long as Cede & Co., as the nominee of DTC, is the registered owner of the Global Notes, Cede & Co. for all purposes will be considered the sole holder of such Notes.

Payment of interest and principal on the Global Notes will be made to Cede & Co., the nominee for DTC, or such other nominee as may be requested by an authorized representative of DTC, as the registered owner of the Global Notes by wire transfer of immediately available funds. None of the Issuer, the Guarantor or the Fiscal Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Issuer has been informed by DTC that upon receipt of any payment of interest on or the principal of the Global Notes, DTC will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the Global Notes as shown on the records of DTC. Payments of interest on and principal of the Notes held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants, as the case may be, in accordance with the relevant system's rules and procedures. Payments by Participants to owners of beneficial interests in the Global Notes held through such Participants will be the responsibility of such Participants, as is the case with securities held by broker-dealers, either directly or through nominees, for the accounts of customers and registered in "street name".

Because DTC can only act on behalf of Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate.

So long as the Notes are represented by Global Notes and such Global Notes are held on behalf of DTC or any other clearing system, such clearing system or its nominee will be considered the sole holder of the Notes represented by the applicable Global Notes for all purposes under the Fiscal Agency Agreement, including, without limitation, obtaining consents and waivers thereunder, and none of the Fiscal Agent, the Issuer or the Guarantor shall be affected by any notice to the contrary. None of the Fiscal Agent, the Issuer or the Guarantor shall have any responsibility or obligation with respect to the accuracy of any records maintained by any clearing system or any Participant of such clearing system. The clearing systems will take actions on behalf of their Participants (and any such Participants will take actions on behalf of any Indirect Participants) in accordance with their standard procedures. To the extent that any clearing system acts upon the direction of the holders of the beneficial interests in the applicable Global Note and such beneficial holders give conflicting instructions, the applicable clearing system may take conflicting actions in accordance with such instructions.

All interests in the Global Notes, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of their respective systems.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Notes for exchange as described below) only at the direction of one or more Participants and only in respect of the principal amount of the Notes represented by the Global Note as to which such Participant or Participants has or have given such direction.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17 A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for the physical movement of certificates.

Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants").

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor or the Fiscal Agent will have any responsibility for the performance by DTC, Clearstream and Euroclear, or their respective Participants or Indirect Participants, of their respective obligations under the rules and procedures governing their operations.

Individual Notes

If DTC is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by the Issuer within 90 days or if there shall have occurred and be continuing an event of default (as described below) with respect to the Notes and the Fiscal Agent has received a request from the holders of more than 25% in aggregate principal amount of Notes outstanding (as defined in the Fiscal Agency Agreement) to issue Notes in certificated form, the Issuer will issue individual Notes in certificated, definitive registered form in exchange for the Global Notes.

Subject to the transfer restrictions set forth on the individual Notes in certificated form, the holder of such individual Notes in certificated form may transfer or exchange such Notes in whole or in part by surrendering them at the Corporate Trust Office. Prior to any proposed transfer of individual Notes in certificated form (other than pursuant to an effective registration statement), the holder may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation to the Fiscal Agent as described under "— Notes; Delivery and Form" above. Upon the transfer, exchange or replacement of individual Notes in certificated form not bearing the legend referred to under "Transfer Restrictions", the Fiscal Agent will deliver individual Notes in certificated form that do not bear the legend. Upon the transfer, exchange or replacement of individual Notes in certificated form bearing the legend, or upon specific request for removal of the legend on an individual Note in certificated form, the Fiscal Agent will deliver only individual Notes in certificated form that bear such legend or shall refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Redemption

Unless earlier redeemed in the limited circumstances set forth below, the Notes will mature on February 14, 2022 at a price equal to 100% of the principal amount thereof. Except as set forth below, the Notes are not redeemable at the option of the Issuer.

The notice of redemption will state any conditions applicable to a redemption and the amount of Notes to be redeemed. If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Issuer on a pro rata basis.

Tax Redemption

The Notes may be redeemed at the option of the Issuer, at any time in whole but not in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption and any Additional Amounts if, as a result of any change in or amendment to the laws of India (or of any political subdivision or taxing authority thereof or therein) or any regulations or rulings promulgated thereunder, or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which India (or such political subdivision or taxing authority) is a party, which change, amendment or treaty (i) in the case of the Issuer or the Guarantor becomes effective on or after the date of this Offering Memorandum and (ii) in the case of any successor that is not organized in the United States or India, becomes effective on or after the date such successor assumes the Issuer's or the Guarantor's obligations, as applicable, under the Notes and the Fiscal Agency Agreement:

(1) the Issuer is or would be required on the next succeeding due date for a payment with respect to the Notes to pay Additional Amounts with respect to the Notes as described below under "— Taxation"; or

(2) the Guarantor is or would be required on the next succeeding due date for a payment under the Guarantees with respect to the Notes to pay Additional Amounts as described below under "— Taxation"; or

(3) any payment to the Issuer by the Guarantor or any wholly owned subsidiary of the Guarantor to enable the Issuer to make payment of interest or Additional Amounts, if any, on the Notes is or would be on the next succeeding due date for a payment with respect to the Notes subject to Withholding Taxes (as defined below);

and such obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, as the case may be. Prior to any redemption of Notes, the Issuer shall deliver to the Fiscal Agent a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred. In the case of a redemption, a notice will be published.

For the avoidance of doubt, references to the Issuer or Guarantor in "— Tax Redemption" shall include any successor entity to the Issuer or the Guarantor, respectively.

Optional Redemption

In addition, the Notes may be redeemed at the option of the Issuer, at any time in whole or from time to time in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of (1) the principal amount of the Notes to be redeemed and (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) of the Notes to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 40 basis points plus accrued and unpaid interest thereon to the redemption date.

"Treasury Rate" means, for any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all of these quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer.

"redemption date", when used with respect to any security to be redeemed, means the date fixed for such redemption by or pursuant to the Notes.

"Reference Treasury Dealer" means, each of Barclays Bank PLC, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS AG, Singapore Branch (or their respective affiliates that are primary US Government securities dealers), and their respective successors, or if at any time any of the above is not a primary US Government securities dealer, one other nationally recognized investment banking firm selected by the Issuer that is a primary US Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Repurchase Upon a Change of Control Triggering Event

Unless previously redeemed under "Redemption" above, upon a Change of Control Triggering Event, the Issuer will be required to make an offer to repurchase all or, at the option of the holder, any part of such holder's Notes at a price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest on the principal amount of Notes being repurchased to, but excluding, the date of repurchase (a "Change of Control Offer").

Within 30 days following any Change of Control Triggering Event, the Issuer will be required to give written notice to holders describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase all of the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the "Change of Control Purchase Date").

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Notes properly tendered and not withdrawn under its offer.

A Change of Control will be deemed to have occurred if any Person or group of Persons acting in concert (which does not have control of the Guarantor at the date hereof) acquires control of the Guarantor (whether directly or indirectly) and for this purpose "control" of the Guarantor shall mean the holding of more than 50% of the voting rights attaching to the issued shares of the Guarantor, the power to appoint and/or remove all or a majority of the members of the board of directors of the Guarantor or otherwise directly or indirectly to control or have the power to control the affairs and policies of the Guarantor.

"Change of Control Triggering Event" means the Notes cease to be rated Investment Grade by both of the Rating Agencies on any date during the period (the "Trigger Period") commencing 60 days prior to the first public announcement by the Guarantor of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as either of the Rating Agencies has publicly announced that it is considering a possible ratings change); provided that each Rating Agency publicly announces or confirms in writing to the Guarantor that its downgrade of the Notes is principally the result of such Change of Control. If a Rating Agency is not providing a rating for the Notes at the commencement of any Trigger Period, the Notes will be deemed to have ceased to be rated Investment Grade by that Rating Agency during that Trigger Period. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P).

"Moody's" means Moody's Investors Services, Inc., a subsidiary of Moody's Corporation, and its successors.

"Person" means any individual, corporation, partnership, limited liability company, joint stock company, joint venture, association, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Rating Agency" means each of Moody's and S&P; provided that if any of Moody's and S&P ceases to provide rating services to issuers or investors, the Issuer or the Guarantor may appoint an internationally recognized securities rating agency that is reasonably acceptable to it as a replacement for such Rating Agency.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Purchases

The Issuer, the Guarantor and their respective affiliates may at any time and from time to time purchase Notes in the open market or otherwise, subject to applicable law. Such Notes may, at the option of the Issuer, the Guarantor or the relevant affiliate, be held or surrendered to the Fiscal Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective affiliates, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purpose of calculating the quorum at such a meeting.

Cancellation

All Notes redeemed or repurchased by the Issuer, the Guarantor or any of their respective affiliates may not be reissued or resold, and the Notes redeemed or repurchased by the Issuer will forthwith be cancelled and all certificates (other than a certificate representing a Global Note) in respect of cancelled Notes will be forwarded to the Fiscal Agent for destruction.

Taxation

All payments of principal and interest in respect of the Notes, and all payments pursuant to the Guarantees, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within India or any authority therein or thereof having power to tax (collectively, "Withholding Taxes"), unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by the holders of the Notes of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts will be payable in respect of any Note:

(i) to a holder (or to a third party on behalf of a holder) who is subject to Withholding Taxes by reason of being resident in India for Indian tax purposes, receiving income in India, or having some connection with India (or any political subdivision thereof) other than the mere holding of the Note; or

(ii) which is surrendered (where required to be surrendered) more than 30 days after the Relevant Date, except to the extent that the holder of it would have been entitled to such Additional Amounts on surrender of such Note for payment on the last day of such period of 30 days. "Relevant Date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders of the Notes; or

(iii) to a holder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Note (where presentation is required) to another paying agent; or

(iv) with respect to Withholding Taxes that would not have been imposed but for the failure to comply with a timely request of the Issuer or the Guarantor addressed to the holder to provide certification or information concerning the nationality, residence or identity of the holder or beneficial owner of the Note, if compliance is required as a precondition to relief or exemption from the Withholding Taxes.

In addition, Additional Amounts will not be paid with respect to any payment on a Note to a holder who is a fiduciary, a partnership or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of India (or any political subdivision thereof) to be included in the income of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder.

Neither the Issuer nor the Guarantor will pay any Additional Amounts with respect to withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United States.

Any reference in the Notes to principal and/or interest shall be deemed to include any Additional Amounts which may be payable as described above.

Certain Covenants

Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to subsist any Security Interest (as defined below) for the benefit of the holders of any Securities (as defined below) upon the whole or any part of its property or assets, present or future, to secure:

(i) payment of any sum due in respect of any Securities;

(ii) any payment under any guarantee of any Securities; or

(iii) any indemnity or other like obligation in respect of any Securities,

without in any such case at the same time according to the Notes (x) the same Security Interest as is granted to or is outstanding in respect of such Securities or (y) such guarantee, indemnity or other like obligation or such other Security Interest as shall be approved by the holders of the Notes.

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Guarantor will not create or permit to subsist any Security Interest (as defined below) for the benefit of the holders of any Securities (as defined below) upon the whole or any part of its property or assets, present or future, to secure:

(i) payment of any sum due in respect of any Securities;

(ii) any payment under any guarantee of any Securities; or

(iii) any indemnity or other like obligation in respect of any Securities,

without in any such case at the same time according to the Notes (x) the same Security Interest as is granted to or is outstanding in respect of such Securities or (y) such guarantee, indemnity or other like obligation or such other Security Interest as shall be approved by the holders of the Notes.

"Securities" means bonds, debentures, notes or other similar securities of the Issuer, the Guarantor or any other person which both:

(a) are by their terms payable, or confer a right to receive payment, in, or by reference to, any currency other than Rupees, or which are denominated in Rupees and more than 50% of the aggregate principal amount thereof is initially distributed outside India by or with the authorization of the Issuer or the Guarantor; and

(b) are for the time being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside India.

"Security Interest" means any pledge, mortgage, lien, charge, hypothecation, encumbrance or other security interest.

Consolidation, Merger and Sale of Assets

The Issuer, without the consent of the holders of any of the Notes, may consolidate with, merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, provided that (i) any successor entity expressly assumes the Issuer's obligations (including payment of Additional Amounts, if any, following any entity succeeding the Issuer, and provided that if the successor entity is organized under the laws of a jurisdiction other than India or the United States, any state thereof or the

District of Columbia, reference to such successor jurisdiction shall be included under "— Redemption — Tax Redemption" and "— Taxation" in addition to India in each place that "India" appears therein) under the Notes and the Fiscal Agency Agreement, (ii) after giving effect to the transaction, no Event of Default (as defined below) and no event, which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, and (iii) certain other conditions specified in the Notes are satisfied.

The Guarantor, without the consent of the holders of any of the Notes, may consolidate with, merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, provided that (i) any successor entity expressly assumes the Guarantor's obligations (including payment of Additional Amounts, if any, resulting from any entity succeeding the Guarantor, and provided that if the successor entity is organized under the laws of a jurisdiction other than India or the United States, any state thereof or the District of Columbia, reference to such successor jurisdiction shall be included under "— Redemption — Tax Redemption" and "— Taxation" in addition to India in each place that "India" appears therein) under the Notes, the Guarantees and the Fiscal Agency Agreement, (ii) after giving effect to the transaction, no Event of Default (as defined below) and no event, which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, and (iii) certain other conditions specified in the Notes are satisfied.

Events of Default

With respect to the Notes, the occurrence and continuance of the following events will constitute events of default ("Events of Default"):

(i) failure to pay interest on any of the Notes within 10 days of the due date or failure to pay the principal amount thereof or any other amount thereon when due; or

(ii) the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Fiscal Agency Agreement, which default is not remedied within 45 days after notice of such default shall have been given to the Issuer or the Guarantor, as the case may be, by the holders of 25% or more of the aggregate principal amount of the outstanding Notes; or

(iii) (a) any other present or future indebtedness for borrowed money of the Issuer or the Guarantor shall have been accelerated so that the same becomes due and payable prior to its stated maturity by reason of a default, and such acceleration shall not be rescinded or annulled (by reason of a remedy, cure or waiver thereof with respect to the default upon which such acceleration is based) within 21 days after such acceleration, or (b) any such indebtedness for borrowed money is not paid when due or, as the case may be, within any applicable grace period originally provided for, or (c) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds US$75,000,000 or its equivalent; or

(iv) a distress, attachment, execution or other legal process is levied, enforced or sued upon or against any material part of the property, assets or revenues of the Issuer or the Guarantor by any person or entity and is not either discharged or stayed within 120 days unless enforcement or suit is being contested in good faith and by appropriate proceedings; or

(v) an encumbrancer takes possession, or a receiver or other similar person is appointed over, or an attachment order is issued in respect of, the whole or any material part of the undertaking, property, assets or revenues of the Issuer or the Guarantor and in any such case such possession, appointment or attachment is not stayed or terminated, or the debt on account of which such possession was taken or appointment or attachment was made is not discharged or satisfied within 120 days of such possession, appointment or the issue of such order; or

(vi) the Issuer or the Guarantor is declared by a court of competent jurisdiction to be insolvent, bankrupt or unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts as they mature, or applies for, or consents to or suffers the appointment of an administrator, liquidator or receiver or other similar person in respect of the Issuer or the Guarantor or over the whole or any material part of its undertaking, property, assets or revenues pursuant to any insolvency law and such appointment is not discharged or stayed within 60 days of its taking effect or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors, except in any such case for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation not otherwise prohibited under the Notes, the Guarantees and the Fiscal Agency Agreement; or

(vii) an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor, or the Issuer or the Guarantor ceases to carry on all or substantially all of its business or operations, except in any such case for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation not otherwise prohibited under the Notes, the Guarantees and the Fiscal Agency Agreement; or

(viii) any Governmental authority or agency compulsorily purchases or expropriates all or any material part of the assets of the Issuer or the Guarantor without fair compensation; or

(ix) any of the Guarantees is not (or is claimed by the Guarantor not to be) in full force and effect; or

(x) the Guarantor ceases to control, directly or indirectly, more than 50% of the voting power of equity share capital of the Issuer; or

(xi) any event occurs, which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (vi) and (vii) above.

As used in the above Events of Default, "indebtedness for borrowed money" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or capital leases or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

If an Event of Default shall occur and be continuing, the holders of not less than 25% in aggregate principal amount of the Notes then outstanding, by notice to the Issuer, the Guarantor and the Fiscal Agent as provided in the Notes, may declare the principal of all the Notes, and the interest accrued thereon, to be immediately due and payable and/or seek payment of such amounts under the Guarantees of the Notes.

Modification and Amendment

The Fiscal Agent may agree, without the consent of the Noteholders, to any modification of any of the provisions of the Fiscal Agency Agreement, which is of a formal minor or technical nature or is made to correct a manifest error. Any such modification, authorization or waiver shall be binding on the Noteholders and such modification shall be notified to the Noteholders as soon as practicable by the Fiscal Agent.

The Issuer or the Guarantor may at any time, and the Fiscal Agent shall at any time after the Notes shall have become immediately due and payable due to an Event of Default, or upon a request in writing made by holders holding not less than 25% of the aggregate outstanding principal amount of the Notes, convene a meeting of holders of the Notes. At a meeting of the holders of the Notes, persons entitled to vote a majority in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting, the meeting may be adjourned; in the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25% in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. Any resolution at a meeting of holders of Notes to modify or amend the Fiscal Agency Agreement or the Notes, or to waive future compliance with or past defaults of the Issuer or the Guarantor of, any of the covenants or conditions referred to above (other than those set forth below as requiring the consent of each holder of a Note affected thereby), shall be adopted if passed by the lesser of (x) a majority in aggregate principal amount of the Notes then outstanding and (y) 75% in aggregate principal amount of the Notes represented and voting at the meeting.

Modifications and amendments to the Fiscal Agency Agreement or the Notes requiring consent of holders may be made, and future compliance therewith or past defaults by the Issuer and the Guarantor may be waived, with the consent of the holders of more than 50% in aggregate principal amount of the Notes at the time outstanding, or such lesser percentage as may act at a meeting of holders; provided that no such modification, amendment or waiver of the Fiscal Agency Agreement or any Note may, without the consent of each holder affected thereby, (i) change the stated maturity of the principal of or interest on any such Note; (ii) reduce the principal of or interest on any such Note; (iii) change the currency of payment of the principal of or interest on any such Note; (iv) change the provisions or procedures relating to the redemption or repayment of the Notes; or (v) reduce the above-stated percentage of aggregate principal amount of Notes outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action.

Defeasance and Covenant Defeasance

The Fiscal Agency Agreement provides that the Issuer and the Guarantor, at the option of the Issuer and the Guarantor, (i) will be deemed to have been discharged from any and all obligations in respect of the Notes (except for certain obligations to pay any Additional Amounts in respect of any withholding or deduction for Indian taxes (as described above under "— Taxation") then unknown, to register the transfer of or exchange Notes, to replace stolen, lost, destroyed or mutilated Notes upon satisfaction of certain requirements (including, without limitation, providing such security or indemnity as the Fiscal Agent, the Issuer or the Guarantor may require), to maintain paying agents and to hold certain monies in trust for payment) or (ii) need not comply with certain restrictive covenants of the Notes (including those described under "— Certain Covenants") ("Covenant Defeasance"), in each case if the Issuer or the Guarantor deposits, in trust with the Fiscal Agent, money in an amount, or US Government Obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or a combination thereof, in each case sufficient to pay all the principal of, interest on, and any Additional Amounts in respect of any withholding or deduction for Indian taxes known at such time and required to be paid with regard to, the Notes, on the dates such payments are due in accordance with the terms of the Fiscal Agency Agreement and the Notes. In the case of discharge pursuant to clause (i) above, the Issuer or the Guarantor, as the case may be, is required to deliver to the Fiscal Agent an opinion of counsel stating that (a) the Issuer or the Guarantor has received from, or there has been published by, the IRS, a ruling, or (b) since the date of the Fiscal Agency Agreement, there has been a change in the applicable United States federal income tax law, in either case to the effect that the holders of the Notes will not recognize gain or loss for United States Federal income tax purposes as a result of the exercise of the option under clause (i) above and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised.

Further Issues

The Issuer may, from time to time, without notice to or the consent of the Holders of the Notes, issue as many distinct series of debt securities under the Fiscal Agency Agreement as it wishes. It may also from time to time, without notice to or the consent of the Holders of the Notes, "reopen" the Notes and create and issue additional notes having identical terms and conditions as the Notes (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes) so that the additional notes are consolidated and form a single series of notes with the Notes (a "Further Issue"); provided that any notes issued as a part of a Further Issue must be fungible with the Notes, for US federal income tax purposes.

The period of resale restrictions applicable to any Notes previously offered and sold in reliance on Rule 144A under the Securities Act shall automatically be extended to the last day of the period of any resale restrictions imposed on any such additional Notes.

Fiscal Agent

Citibank, N.A., London Branch will be the Fiscal Agent under the Fiscal Agency Agreement. The Corporate Trust Office of the Fiscal Agent is located at 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (Fax: +44 22 07 508 3878), Attention: Agency and Trust. The Fiscal Agent is an agent of the Issuer and does not have the duties of a trustee with respect to the holders of the Notes.

The Fiscal Agent may resign at any time or may be removed by the Issuer. If the Fiscal Agent resigns, is removed or becomes incapable of acting as Fiscal Agent or if a vacancy occurs in the office of the Fiscal Agent for any cause, a successor Fiscal Agent will be appointed in accordance with the provisions of the Fiscal Agency Agreement. In such event, the Issuer will notify the SGX-ST where such appointment would have a material effect on the price or value of the Notes or on an investor's decision whether to trade in the Notes.

Paying Agent

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global certificate is exchanged for definitive Notes. In addition, in the event that a global certificate is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore, so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Listing and Trading

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$250,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Obligation Currency

The Issuer's obligation under the Notes to make all payments in US Dollars (the "Obligation Currency") will not be satisfied by any payment, recovery or any other realization or proceeds in any currency other than the Obligation Currency. The Issuer has agreed to indemnify the holders of the Notes in US Dollars for any shortfall in the aggregate amount of Obligation Currency actually received by such holders and the aggregate amount of payments due and payable.

Prescription

Claims in respect of principal and interest shall be prescribed unless made within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

Governing Law

The Fiscal Agency Agreement, the Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Notices

Notices to Noteholders will be mailed to them at their respective addresses in the register of Notes. Any such notice will be deemed to have been given on the fourth day after being so mailed. So long as and to the extent that the Notes are represented by Global Notes and such Global Notes are held by DTC, notices to owners of beneficial interests in the Global Notes may be given by delivery of the relevant notice to DTC for communication by it to entitled account holders.

INDIAN GOVERNMENT FILINGS/APPROVALS

As per the FEMA ODI Regulations, in order to qualify for the automatic route, a guarantee issued by an Indian company in favor of its overseas subsidiary or joint ventures must specify a maximum amount and duration of such guarantee upfront. In view of the same, the Guarantor has, by its letters dated August 11, 2011, August 16, 2011 and January 23, 2012 applied to the RBI for approval for the issuance of the Guarantees without a maximum amount being fixed up-front with respect to the Guarantees. The RBI has, by its letters dated August 12, 2011, August 23, 2011 and February 1, 2012, conveyed its 'no-objection' for the issuance by the Guarantor of the Guarantees, subject to the following conditions stipulated thereunder, namely:

(i) The Guarantor collapses all step-down special purpose vehicles between the Guarantor and the Issuer by no later than July 31, 2012 (with no further extension of time to be granted by the RBI in this regard) and the Guarantor will apprise the RBI and the authorized dealer in this regard;

(ii) The financial commitment of the Guarantor towards overseas direct investment is as per the limits prescribed by the FEMA ODI Regulations;

(iii) The Guarantor complies with the provisions of the FEMA ODI Regulations;

(iv) The Guarantees shall be reported to the RBI through the authorized dealer immediately after the Guarantor has extended the same;

(v) The funds raised abroad by way of issue of corporate guarantee will not be brought back into India;

(vi) A certificate from the statutory auditors of the Guarantor to the effect that the funds so raised have not been utilized for direct or indirect investment in India shall be submitted to the authorized dealer, and

(vii) In the event of the Guarantee being invoked, the Guarantor will not remit any amounts outside India in excess of the prescribed limit on overseas investments, without the prior approval of the RBI.

The Guarantor will make all required filings, registrations or reports with any court or governmental agency or body in India from time to time, including, but not limited to, the filing of Form ODI prescribed under the FEMA ODI Regulations of India in relation to the Guarantees within 30 days of the date of the Guarantees through the authorized dealer in India with the RBI.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Memorandum are to be regarded as advice on the tax position of, or implications to, any holder of Notes or of any person acquiring, selling or otherwise dealing in Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Notes) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any applicable US federal, state or local tax laws, as well as the tax laws of India or any political sub-division thereof. In particular, in view of the number of different jurisdictions where local laws may apply, this Offering Memorandum does not discuss the local tax consequences to a potential holder arising from the acquisition, holding or disposition of the Notes. Prospective investors must therefore inform themselves as to any tax laws and regulations in force relating to the purchase, holding or disposition of the Notes in their countries of residence and in the countries of which they are citizens or in which they purchase, hold or dispose of Notes.

Indian Taxation

The following summary describes certain Indian tax consequences applicable to the ownership and disposition of Notes by persons who are not tax residents in India and who do not hold Notes in connection with an Indian trade or business or permanent establishment.

The Income Tax Act 1961 (the "Tax Act") is the law relating to taxation of income in India. The Tax Act provides for the taxation of persons resident in India on their global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India. This summary is based on the provisions of the Tax Act in effect as of the date of this Offering Memorandum.

Based on advice from its Indian tax advisors, the Issuer and the Guarantor believe that holders of the Notes (other than holders who are tax residents of India or holders who receive payments in India of interest, principal or any payment pursuant to the Guarantee) should not be subject to income or withholding tax in India in connection with payments of principal or interest made by the Issuer on the Notes or by the Guarantor pursuant to its Guarantee of the Notes, or in respect of any gains on disposition of Notes, under Indian tax laws in effect as of the date of this Offering Memorandum. However, absent a ruling from the Indian tax authorities, the Issuer and the Guarantor cannot assure holders of Notes that this will be the case.

It may be noted that if Indian tax were to apply, it would be subject to any benefits available to holders of the Notes who are not tax residents of India under the provisions of any Double Taxation Avoidance Agreement ("DTAA") entered into by the Government with the country of tax residence of such non-resident holder.

This discussion is a general summary and is not intended to constitute a complete analysis of all the Indian tax consequences that may be relevant to a holder of the Notes. It does not cover all tax matters that may be of importance to a particular purchaser. Each prospective investor is strongly urged to consult its tax advisor about the tax consequences to it of an investment in the Notes.

Certain US Federal Income Tax Considerations

This disclosure is limited to the US federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the US federal tax treatment of the Notes. This tax disclosure was written in connection with the promotion or marketing of the Notes by the Issuer, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code of 1986, as amended (the "Code"). Holders should seek their own advice based on their particular circumstances from an independent tax adviser.

The following summary describes certain US federal income tax consequences of ownership and disposition of the Notes. This discussion applies only to Notes that are:

- purchased by initial holders in this offering at the offering price; and
- held as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding Notes as part of a hedge, "straddle," integrated transaction or similar transaction;
- persons whose functional currency for US federal income tax purposes is not the US Dollar;
- entities classified as partnerships for US federal income tax purposes;
- tax-exempt entities;
- persons subject to the alternative minimum tax;
- former citizens or residents of the United States; or
- persons holding the Notes in connection with a trade or business outside the United States.

If an entity that is classified as a partnership for US federal income tax purposes owns Notes, the US federal income tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Partnerships owning Notes and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of owning and disposing of the Notes.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date hereof may affect the tax consequences described herein. Persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the US federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-US taxing jurisdiction.

US Holders

As used herein, a "US Holder" is a person that, for US federal income tax purposes, is a beneficial owner of a Note and is:

- a citizen or resident of the United States;

- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

- an estate or trust the income of which is subject to US federal income taxation regardless of its source.

Payments of Interest

Stated interest paid on a Note (including any additional amounts paid pursuant to the obligations described in "Description of the Notes and Guarantees — Taxation") will be taxable to a US Holder as ordinary interest income at the time it accrues or is received in accordance with the US Holder's method of accounting for US federal income tax purposes. However, US Holders may exclude from income the portion of the interest payment paid on August 14, 2012 that relates to the period from February 14, 2012 to the date the Notes sold in this offering are issued ("pre-issuance accrued interest").

Amortizable Bond Premium

If the offering price of the Notes (excluding pre-issuance accrued interest not included in income, as described above) exceeds the principal amount of the Notes, US Holders that purchase Notes in this offering may elect to amortize any such premium as an offset to interest income, using a constant-yield method, over the term of the Notes. Because the Notes may be redeemed by the Issuer prior to maturity at a premium, special rules apply that may reduce or eliminate the amount of premium that a US Holder may amortize with respect to a Note. US Holders should consult their tax advisors about these special rules. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the US Holder and may be revoked only with the consent of the US Internal Revenue Service ("IRS"). US Holders may also make an election to include in income all stated interest that accrues on a note (as adjusted by any amortizable bond premium) in accordance with a constant-yield method. If a US Holder makes constant-yield election for a Note with amortizable bond premium, that election will result in a deemed election to amortize bond premium for all of such US Holder's debt instruments with amortizable bond premium, and may be revoked only with the permission of the IRS with respect to debt instruments acquired after revocation.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note, a US Holder will recognize gain or loss equal to the difference between the amount realized on the sale or disposition and the US Holder's tax basis in the Note. A US Holder's tax basis in a Note will generally equal its cost of the Note (excluding any pre-issuance accrued interest and decreased by any amortized bond premium and payments other than stated interest if any). For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest will be treated as interest as described in "— Payments of Interest" above.

Gain or loss realized on the sale or other taxable disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale or disposition the Note has been held for more than one year. Long-term capital gains recognized by non-corporate US Holders currently are subject to US federal income tax at rates that are lower than the rates applicable to ordinary income. The deductibility of capital losses may be subject to limitations.

Information Reporting and Backup Withholding

Information reports will be filed with the IRS in connection with payments on the Notes, and may be filed in connection with the payment of proceeds from a sale or other disposition of the Notes unless a US Holder is an exempt recipient. A US Holder will be subject to US backup withholding on such payments if the US Holder fails to provide its taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is timely furnished to the IRS.

Non-US Holders

As used herein, a "Non-US Holder" is a person that, for US federal income tax purposes, is a beneficial owner of a Note and is:

- a nonresident alien individual (except for any individual described below);
- a foreign corporation; or
- a foreign estate or trust.

The term "Non-US Holder" does not include an individual who is present in the United States for 183 days or more in the taxable year of disposition of a Note, even if the individual is not a resident of the United States for US federal income tax purposes. Such a holder is urged to consult his or her tax adviser regarding the US federal income tax consequences of the sale, exchange or other disposition of the Notes.

Payments on the Notes

Subject to the discussion below concerning backup withholding, payments of principal, interest and any premium on the Notes will not be subject to US federal withholding tax, provided that, in the case of interest,

- the Non-US Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of the Guarantor's stock entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership; and
- the certification requirement described below has been fulfilled with respect to the beneficial owner.

Certification Requirement

Interest on a Note will be exempt from US withholding tax if the beneficial owner of the Note certifies, generally on a properly executed IRS Form W-8BEN, under penalties of perjury, that it is not a US person.

If a Non-US Holder of a Note is engaged in a trade or business in the United States, and if interest on the Note is effectively connected with the conduct of this trade or business (and, if required by an applicable income tax treaty, is attributable to a permanent establishment in the United States), the Non-US Holder, although exempt from US withholding tax, will generally be taxed in the same manner as a US Holder (see "US Holders" above), except that the Non-US Holder will be required to provide to the Issuer a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax.

Non-US Holders whose interest on Notes may be effectively connected with the conduct of a trade or business in the United States are urged to consult their own tax advisers with respect to other US tax consequences of the ownership and disposition of Notes, including the possible imposition of an additional branch profits tax at a rate of 30% (or a lower treaty rate).

Sale, Exchange or Other Disposition of Notes

Subject to the discussion below concerning backup withholding, a Non-US Holder will not be subject to US federal income tax on gain recognized on a sale or other disposition of Notes, unless the gain is effectively connected with a trade or business of the Non-US Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment in the United States). If a Non-US Holder is engaged in a trade or business in the United States and gain recognized by the Non-US Holder on a sale or other disposition of Notes is effectively connected with the conduct of this trade or business (and, if required by an applicable income tax treaty, is attributable to a permanent establishment in the United States), the Non-US Holder will generally be taxed in the same manner as a US Holder (see "US Holders" above). Non-US Holders whose gain from dispositions of Notes may be effectively connected with the conduct of a trade or business in the United States are urged to consult their tax advisers with respect to the US tax consequences of the ownership and disposition of Notes, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate).

Information Reporting and Backup Withholding

Information reports will be filed with the IRS in connection with payments on the Notes. Unless a Non-US Holder complies with certification procedures to establish that it is not a US person, information reports will be filed with the IRS in connection with the proceeds from a sale or other disposition of the Notes if payments are made within the United States or through certain US-related financial intermediaries, and the Non-US Holder may be subject to backup withholding on payments on the Notes and on the proceeds from a sale or other disposition of the Notes. The certification procedures required to claim the exemption from withholding tax on interest described above will also satisfy the certification requirements necessary to avoid backup withholding. The amount of any backup withholding from a payment to a Non-US Holder will be allowed as a credit against the Non-US Holder's US federal income tax liability and may entitle the Non-US Holder to a refund, provided that the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement among the Issuer, the Guarantor and Barclays Bank PLC, Citigroup Global Markets Inc. and The Hongkong and Shanghai Banking Corporation Limited as the Initial Purchasers, the Issuer has agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from the Issuer, the principal amount of the Notes set forth opposite its name below.

Initial Purchaser	Principal Amount of the Notes
Barclays Bank PLC	US$166,666,666
Citigroup Global Markets Inc.	US$166,666,668
The Hongkong and Shanghai Banking Corporation Limited	US$166,666,666
Total	US$500,000,000

Subject to the terms and conditions set forth in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to the delivery of certain legal opinions and to certain other conditions. The Initial Purchasers may offer and sell the Notes through their respective affiliates.

The purchase agreement provides that the Issuer and the Guarantor, on the one hand, and the Initial Purchasers, on the other hand, will indemnify each other against certain liabilities, including liabilities under the Securities Act, and will contribute to payments the other may be required to make in respect of those liabilities.

Commissions and Discounts

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Memorandum. After the initial offering, the offering price or any other term of this offering may be changed.

Notes Are Not Being Registered

The Notes and Guarantees have not been registered under the Securities Act or any state securities laws and may only be offered or sold in the United States or to or for the account of US Persons (as defined in Regulation S) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. The Initial Purchasers will not offer or sell the Notes except (1) in the United States to persons they reasonably believe to be "qualified institutional buyers" as defined in Rule 144A in accordance with Rule 144A or (2) outside the United States to non-US Persons in offshore transactions in reliance on Regulation S. Each of the Initial Purchasers has acknowledged and agreed that, except as permitted by the preceding sentence, it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the date upon which this offering of the Notes commences and the closing date, within the United States or to, or for the account or benefit of, US persons. Each of the Initial Purchasers has agreed that at or prior to confirmation of a sale of Notes (other than a sale of Notes pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from or through it prior to the expiration of such 40-day period a confirmation or notice setting forth the restrictions on offers and sales of Notes within the United States or to, or for the account or benefit of, US Persons. In addition, until 40 days following the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions".

New Issue of Notes

The Notes are a new issue of securities with no established trading market. Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange. The Issuer has been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of this offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The Issuer cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the Issuer and the Guarantor's respective operating performances and financial conditions, general economic conditions and other factors.

No Sales of Similar Securities

The Issuer and the Guarantor have agreed that they will not, for a period of 30 days after the date of this Offering Memorandum, without first obtaining the prior written consent of the Initial Purchasers, directly or indirectly, offer, sell, contract to sell, pledge or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement. The Initial Purchasers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Settlement

The Issuer expects that delivery of the Notes will be made to investors on or about the closing date specified on the cover page of this Offering Memorandum, which will be the third business day following the date of this Offering Memorandum (such settlement being referred to as "T+3"). Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

Short Positions and Stabilizing Transactions

In connection with this offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing purchases. Short sales involve the sale by the Initial Purchasers of a greater principal amount of the Notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions involve bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales and stabilizing purchases may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer, the Guarantor or any of the Initial Purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Issuer, the Guarantor or any of the Initial Purchasers makes any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

The communication of this Offering Memorandum is not being made and this Offering Memorandum has not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, the Offering Memorandum is not being distributed to, and must not be passed on to, the general public in the United Kingdom. This Offering Memorandum is only directed at and is only for circulation to (i) persons within the United Kingdom falling within the definition of Investment Professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"); or (iii) persons falling within Article 43 of the Order, or other persons to whom it may lawfully be communicated in accordance with the Order.

Insofar as the communication in this Offering Memorandum and such documents and/or materials is made to or directed at relevant persons, any investment or investment activity to which it relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in India

The Notes will not be offered or sold, directly or indirectly, in India or to, or for the account or benefit of, any resident in India.

Notice to Prospective Investors in Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Please note that (i) the Notes may not be offered or sold in Hong Kong by means of this document or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("SFO") and any rules made thereunder ("professional investors"), or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) ("CO") or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO, and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes that is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes, which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1984, as amended, the "FIEA") and each Initial Purchaser has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any applicable laws, regulations and guidelines of Japan.

Notice to Prospective Investors in Singapore

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for acquisition, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance of an exemption under Sections 274 or 275 of the SFA, the Notes shall not be sold within the period of six months from the date of the initial acquisition of the Notes, except to any of the following persons:

(a) an institutional investor (as defined in Section 4A of the SFA);

(b) a relevant person (as defined in Section 275(2) of the SFA); or

(c) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person, which is:

(i) a corporation, (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor (under Section 274 of the SFA), or to a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions specified in Section 275 of the SFA;

(ii) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(iii) where no consideration is or will be given for the transfer;

(iv) where the transfer is by operation of law; or

(v) as specified in Section 276(7) of the SFA.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In particular, affiliates of certain of the Initial Purchasers are lenders to the Issuer under the respective facility agreements with the Issuer entered into in 2011, and funds were drawn down under these facilities to finance the ongoing business expenditure of the Issuer (such facilities and transactions described under "The Issuer — Business").

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

Each purchaser of the Notes and Guarantees, by accepting the delivery of this Offering Memorandum, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

1. It is purchasing the Notes and Guarantees for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account (A) (i) is a "qualified institutional buyer" as defined in Rule 144A and (ii) is aware that the sale of the Notes and the Guarantees to it is being made in reliance on Rule 144A or (B) is outside the United States and is not a US Person (as defined in Regulation S).

2. It understands and acknowledges that the Notes and Guarantees are being offered only in a transaction not involving any public offering in the United States, within the meaning of the Securities Act, and the Notes and Guarantees have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except as set forth below.

3. It understands and agrees that if in the future it decides to offer, sell, resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes other than Notes represented by a Regulation S Global Note, such Notes may be offered, sold, resold, pledged or otherwise transferred only (A) by an initial investor (i) to the Issuer or to the Guarantor or any subsidiary thereof, (ii) so long as the Notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) that purchases for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) (resales described in subclauses (i) through (iv) of this clause (A), "Permitted Resales"), or (B) by a subsequent investor, in a Permitted Resale or pursuant to any other available exemption from the registration requirements under the Securities Act (provided that, as a condition to the registration of transfer of any Notes otherwise than in a Permitted Resale, the Issuer, the Guarantor or the Fiscal Agent may require delivery of any documents or other evidence (including but not limited to an opinion of counsel) that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption), or (C) pursuant to an effective registration statement under the Securities Act, and in each of such cases, in accordance with any applicable securities laws of any state of the United States and any other jurisdiction. It understands that no representation has been made as to the availability of Rule 144A or any other exemption under the Securities Act or any state securities laws for the offer, sale, resale, pledge or transfer of the Notes.

4. It agrees to, and each subsequent holder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph 3 above, if then applicable.

5. It understands and agrees that (A) Notes initially offered in the United States to qualified institutional buyers will be represented by Rule 144A Global Notes and (B) that Notes offered outside the United States in reliance on Regulation S will be represented by Regulation S Global Notes.

6. It understands that the Rule 144A Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

"THIS SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF RELIANCE HOLDING USA, INC. (THE "ISSUER") AND RELIANCE INDUSTRIES LIMITED (THE "GUARANTOR") THAT THIS SECURITY MAY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) BY AN INITIAL INVESTOR (AS DEFINED BELOW) (1) TO THE ISSUER OR TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) (RESALES DESCRIBED IN SUBCLAUSES (1) THROUGH (4) OF THIS CLAUSE (A), "PERMITTED RESALES"), OR (B) BY A SUBSEQUENT INVESTOR, IN A PERMITTED RESALE OR PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT (PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF TRANSFER OF ANY SECURITIES OTHERWISE THAN IN A PERMITTED RESALE, THE ISSUER, THE GUARANTOR OR THE FISCAL AGENT MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE (INCLUDING BUT NOT LIMITED TO AN OPINION OF COUNSEL) THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION), OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.

FOR ALL PURPOSES OF THIS SECURITY, THE TERM "INITIAL INVESTOR" MEANS ANY PERSON WHO, IN CONNECTION WITH THE INITIAL DISTRIBUTION OF THIS SECURITY, ACQUIRES SUCH SECURITY FROM THE ISSUER OR THE INITIAL PURCHASERS (AS SUCH TERM IS DEFINED IN THE FISCAL AGENCY AGREEMENT) PARTICIPATING IN SUCH DISTRIBUTION OR ANY AFFILIATE OF ANY OF THE FOREGOING."

7. It understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any Notes represented by Regulation S Global Notes or any beneficial interest in any Notes represented by Regulation S Global Notes, such Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph 8 below.

8. It understands that the Notes represented by Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor.

"THIS SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED IN THE UNITED STATES TO OR FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON (AS DEFINED IN REGULATION S), UNLESS SUCH SECURITIES AND GUARANTEES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND SHALL BE REMOVED AFTER THE EXPIRATION OF 40 DAYS FROM THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND GUARANTEES AND THE CLOSING DATE, AS DEFINED IN THE PURCHASE AGREEMENT DATED FEBRUARY 23, 2012."

9. It acknowledges that, prior to any proposed transfer of Notes in certificated form or of beneficial interests in Notes represented by a global certificate (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in Notes represented by a global certificate, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the relevant Fiscal Agency Agreement.

10. It acknowledges that the Issuer, the Guarantor and the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgments, representations or warranties deemed to have been made by it by its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and the Guarantor, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the relevant Fiscal Agency Agreement to effect exchanges of transfer of interests in Notes represented by a global certificate and of Notes in certificated form, see "Description of the Notes and Guarantees — Notes; Delivery and Form".

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN INDIAN GAAP AND US GAAP

The Guarantor Financial Statements and the unaudited Financial Information of the Guarantor have been prepared in accordance with Indian GAAP, which differs in certain material respects from US GAAP.

The following table summarizes certain of the areas in which differences between Indian GAAP and US GAAP could be significant to the financial position and results of operations of the Guarantor. US GAAP is an exhaustive set of standards, rules and interpretations issued by various authoritative agencies, and accordingly, no assurance can be given that the differences listed below cover all differences.

Further, no attempt has been made to identify future differences between Indian GAAP and US GAAP as a result of prescribed changes in accounting standards. The respective regulatory bodies that promulgate Indian GAAP and US GAAP are engaged in significant projects that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP and US GAAP that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own advisors for an understanding of the principal differences between Indian GAAP and US GAAP, and how these differences might affect the financial statements appearing in this Offering Memorandum.

Description	Indian GAAP	US GAAP
Contents of Financial Statements	Companies are required to present a balance sheet, a profit and loss account and (if applicable) a cash flow statement along with detailed schedules, descriptions of accounting policies and notes. A statement of changes in equity is not required. Comparative financial information is required for one year.	Companies are required to present a balance sheet, an income statement, a statement of shareholders' equity (including comprehensive income) and cash flows, together with descriptions of accounting policies and notes to the financial statements. SEC regulations generally require three years of comparative financial information (two years for the balance sheet).
Format	The format of the balance sheet is prescribed under the Indian Companies Act. No format is prescribed for the profit and loss account, but it should comply with certain requirements on disclosure of income and expenses under the Indian Companies Act.	No specific format is mandated for the financial statements. Generally, items are presented on the face of the balance sheet in decreasing order of liquidity. Income statement items may be presented using a single-step or a multiple-step format. Expenditures must be presented by function.
Accounting Convention	Historical cost, but fixed assets, other than intangibles, may be revalued.	Historical cost, though no revaluation is permitted except for some securities and derivatives at fair value.

Description	Indian GAAP	US GAAP
Revaluation of Property, Plant and Equipment	Revaluation of an entire class of fixed assets on a systematic basis is permitted based on an appraisal by a competent valuer. Any revision in value is accounted for in revaluation reserve, a component of equity. Usually, an amount equivalent to incremental depreciation on revaluation is transferred to the profit and loss account, or income statement, from revaluation reserve. Any depreciation is capitalized, and not expensed, and, accordingly, depreciation is stated net of depreciation that is capitalized.	Revaluations are not permitted.
Other Comprehensive Income	All items of income are included in net income, unless specifically permitted to be adjusted to equity.	Certain revenues and expenses are excluded from net income and classified as other comprehensive income. Items included in other comprehensive income are classified based on their nature. Other comprehensive income is classified separately into (i) foreign currency items, (ii) minimum pension liability adjustments and unrealized gains and (iii) losses on certain investments in debt and equity securities.
Accounting Treatment for Changes in Accounting Policies	Includes effect in the income statement of the period in which the change is made except as specified in certain standards (transitional provisions) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.	Generally includes effect in the current year income statement through the recognition of a cumulative effect adjustment. Discloses pro forma comparatives. Retrospective adjustments for specific items. Further, it requires restating comparatives and prior year retained earnings. The amendment is applicable to accounting changes that are made in fiscal years beginning after December 15, 2005.

Description	Indian GAAP	US GAAP
Consolidation and Investment in Subsidiaries	Companies listed on stock exchanges are generally required to prepare consolidated financial statements under the relevant listing norms. However, separate stand-alone financial statements of the parent only are also required. In standalone financial statements of the parent, investments in subsidiaries are accounted for at cost less an allowance for other than temporary impairments. Current investments are carried at the lower of cost and fair value.	Consolidation is required for entities where the parent has majority financial control. Separate financial statements of the parent only are not required.
	For the purposes of identifying the voting interests held in an investee, direct interests and those indirect interests held through a subsidiary are considered.	For the purposes of identifying the voting interests held in an investee, all direct and indirect interests are considered. Entities where the minority shareholder has protective rights only are consolidated. Entities where the minority shareholder has substantive participating rights overcome the presumption that the majority shareholder controls the entity thus precluding consolidation of the results of that entity. In such cases, the equity method of accounting applies.
	Reporting date differences between the parent and the subsidiary cannot be more than six months. Adjustments should be made for effects of significant transactions occurring between two dates.	Reporting date difference between the parent and the subsidiary cannot be more than three months. Disclosures should be made for significant intervening transactions.
	Consolidated financial statements should be prepared using uniform accounting policies. If not practicable, the proportions of the items accounted for using the different accounting policies should be disclosed.	In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities", an interpretation of Accounting Research Bulletin 51, that applies to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. Variable interest entities in which a party could face risk of loss without having an equity interest are consolidated.

Description	Indian GAAP	US GAAP
Investments in Associates or Affiliates	The equity method of accounting for investments in associates is required in consolidated financial statements wherever the same are prepared (generally for listed companies). There is no requirement to apply the equity method of accounting in the standalone financial statements of the parent and the same are accounted for in the same manner as other investments in the standalone financial statements of the parent.	Investments over which the investor can exert significant influence (generally presumed when the investor owns between 20% and 50% of the voting stock). Such investments are required to be accounted for using the equity method.
Interests in Joint Ventures in Consolidated Financial Statements	In the consolidated financial statements, the venturer should consolidate the joint venture if it is also a subsidiary or else report its interest in the jointly controlled entity using the proportionate consolidation method. The consolidation of such an entity does not preclude other venturer(s) from treating such an entity as a joint venture.	Predominantly uses the equity method, while the practice of proportional consolidation is found in the oil and gas industry in limited circumstances.
Contents of Financial Statements — Disclosures	Generally, disclosures are not as extensive as under US GAAP. Disclosures are driven by the requirements of the Indian Companies Act and the accounting standards collectively referred to as Indian GAAP.	In general, US GAAP has extensive disclosure requirements. Areas where US GAAP requires specific additional disclosures include, among other things, concentrations of credit risk, significant customers and suppliers, use of estimates, income taxes, pensions and comprehensive income.
Business Combinations	No comprehensive accounting standard on business combinations. Existing standard applies to amalgamation under the Indian Companies Act and permits merger as well as acquisition method of accounting depending upon compliance with certain criteria.	Contains detailed guidelines. A business combination occurs when an entity acquires net assets that constitute a business or acquires equity interests of one or more entities and obtains control over that entity or entities.

Description	Indian GAAP	US GAAP
	An entity acquired, other than on amalgamation, is taken at book value (actual cost incurred for acquiring the entity) for the purpose of consolidation. No fair value adjustments are considered in the consolidated accounts for such acquired entities. On consolidation, the assets and liabilities of the acquired entity are incorporated at their existing carrying amounts.	The use of the purchase method of accounting for business combinations is mandated. It requires intangible assets to be recognized. In case an intangible asset does not arise from contractual or other legal rights, it shall be recognized as an asset apart from goodwill only if it is separable.
	Under pooling method, the difference between consideration paid and the amount of share capital of transferor company is accounted in "Reserves/Goodwill". Under purchase method, net asset of the transferor company is recorded either at their existing carrying amounts or at its fair value. The difference between consideration paid and net asset acquired is taken to Goodwill/Capital Reserve.	Under purchase accounting, the consideration is measured at fair value, the purchase price is allocated to the fair values of the net assets acquired including intangibles, and goodwill is recognized for the difference between the consideration paid and the fair value of the net assets acquired. In case the sum of the amounts assigned to net assets exceed the cost of the acquired entity, the excess shall be allocated as a pro rata reduction of the amounts that otherwise would have been assigned to all of the acquired assets. If any excess remains after reducing the assets, the remaining excess shall be recognized as an extraordinary gain.
Start-up Costs and Intangible Assets	Expenditure incurred from the date of incorporation to the date of commencement of commercial operations and directly attributable to fixed assets is capitalized as part of the cost of the respective asset.	Costs in respect of any start-up are expensed as incurred.
	The useful life of an intangible asset may be very long, but is always finite.	All intangible assets that have an indefinite useful life are required to be tested at least annually for impairment.

Description	Indian GAAP	US GAAP
	If an intangible asset is amortized over a period exceeding ten years from the date when the asset is available for use, the company should estimate the recoverable amount of an intangible asset at least at each financial year-end, even if there is no indication that the asset is impaired. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	
Research and Development Cost	Research expenses are expensed when incurred. Expenses on development are allowed to be capitalized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.	All research and development costs are expensed when incurred except for such costs of materials and equipment or facilities that are acquired or constructed for research and development activities that have alternative future uses (such costs are capitalized).
Depreciation	A company selects the most appropriate method of depreciation based on factors such as the type, nature and use of such asset and circumstances prevailing in the business so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset, subject to the minimum depreciation requirements as per the provisions of the relevant statute.	Depreciation is provided in a systematic and rational manner over the estimated useful economic life of the assets.
Impairment of Assets	Companies must assess whether there is any indication that an asset is impaired at each balance sheet date. If such an indication exists, the company is required to estimate the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of such asset is reduced to its recoverable amount. Such reduction is reported as an impairment loss.	Impairment is indicated, and a detailed calculation must be performed, if an asset's carrying amount exceeds the expected future cash flows to be derived from the asset on an undiscounted basis. Impairment is measured based on fair value. The impairment review is based on undiscounted cash flows at the lowest level of independent cash flows. If the undiscounted cash flows are less than the carrying amount, the impairment loss must be measured using fair value.

Description	Indian GAAP	US GAAP
	Reversal of an impairment loss is subjected to certain conditions.	Reversal of an impairment loss is prohibited.
Borrowing Costs and Capitalized Interest	Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalized as a cost of such asset. The capitalization period begins when activities to ready the asset for use commence and ends when the asset is ready for use. Other borrowing costs are recognized as an expense in the period in which they are incurred. Capitalized interest is expensed over the estimated useful life of the asset as part of the depreciation charge.	Interest costs are capitalized as part of the cost of an asset that is constructed or produced for a company's own use. The capitalization period begins when activities to ready the asset for use commence, and ends when the asset is ready for use. Capitalized interest is expensed over the estimated useful life of the asset as part of the depreciation charge. Borrowing costs generally include only interest. Income on temporary investments of funds borrowed for construction of an asset generally does not reduce borrowing costs eligible for capitalization.
	As per Accounting Standard 16, foreign exchange losses arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost are treated as a part of borrowing cost.	Foreign exchange gains or losses are not included in interest cost.
Investments	Investments are classified as long-term investments or current investments.	Investments in marketable equity and all debt securities are classified, according to management's holding intent and ability, into one of the following categories: trading, available-for-sale ("AFS") or held-to-maturity ("HTM").
	Long-term investments are measured at cost. Diminution in value of a long-term investment is provided for if it is considered as other than temporary in nature.	Trading securities are marked to fair value, with the resulting unrealized gain or loss recognized in the income statement.
	Current investments are carried at lower of cost and net realizable value.	AFS securities are marked to fair value, with the resulting unrealized gain or loss recorded directly in a separate component of equity called "other comprehensive income" until realized, at which time the gain or loss is reported in income.
		HTM debt securities are carried at amortized cost.

Description	Indian GAAP	US GAAP
		Non-temporary impairments in the value of HTM and AFS investments are accounted for as realized losses. Reclassification is required from AFS into trading if the asset is put in a portfolio with a pattern of short-term profit taking. No reclassification from trading to AFS. If investments classified as HTM are sold, such assets cannot be classified as HTM again.
Derivative Financial Instruments	In respect of forward contracts or instruments that are in substance forward exchange contracts with an underlying premium/discount at the inception is amortized over the life of contract. At each balance sheet date, these forward contracts are revalued at the closing rate.	US GAAP contains detailed guidance on accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other contracts, and requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure them at fair value, with changes in fair value being recognized in earnings, unless it uses the effective hedge criterion, in which case the changes in fair value are recognized as other comprehensive income under shareholder's equity. The gain or loss on derivative financial instruments that are designated and effective as hedges is generally recognized as earnings in the same period as the corresponding gain or loss on the underlying transaction being hedged. In a fair value hedge, a derivative instrument is marked to its fair value through earning with an offsetting partial mark-to-fair-value of the hedged item (for the risk being hedged) through earnings.

Description	Indian GAAP	US GAAP
		In a cash flow hedge, a derivative instrument is first marked to its fair value with the effective portion of the gain or loss reported initially in comprehensive income (equity) and the ineffective portion reported in earnings. The gain or loss on the derivative instrument is reclassified from equity into earnings in the same period as the loss or gain on the hedged cash flow.
Revenue Recognition	Principles of revenue recognition are promulgated. Revenue can be recognized when no uncertainty as to determination/realization exists.	Normative guidance prescribed for revenue recognition including segregation of transactions to reflect economic values.
Deferred Taxation	Deferred tax is generally recognized for all timing differences. Timing differences are the differences between taxable income and accounting income for a period, which originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the enacted or the substantially enacted tax rate.	Deferred tax liabilities and assets are recorded for the tax effect of all temporary differences between the tax and book bases of assets and liabilities and operating loss carry-forwards, at currently enacted tax rates expected to be in force when the temporary differences reverse. Changes in tax rates are reported in the income statement in the period of enactment.
	A deferred tax asset should be recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets under existence of unabsorbed depreciation and carried forward losses under tax laws should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet, separately from current assets and current liabilities.	A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. For companies entitled to a tax holiday, the tax consequences of temporary differences that reverse after the tax holiday, and which give rise to a liability, are recognized.

Description	Indian GAAP	US GAAP
Retirement Benefits	AS-15 deals with accounting for retirement benefits. Actuarial gains or losses are recognized in the income statement.	Actuarial gains or losses are recognized in "Other Comprehensive Income" ("OCI") and amortized in the income statement over the remaining service period of the employees. Past service costs is presented within OCI with unrecognized actuarial gains and losses.
Compensated Absences	Leave encashment for compensated absences is viewed as retirement/long-term benefit and is reported based on actuarial valuation.	Compensated absences earned but not taken are reported as a liability based on the actual number of days of entitlement, priced at the balance sheet salary rate.
Employee Stock Compensation	Listed companies have to comply with stipulations of Employee Stock Options Schemes and Employee Stock Purchase Scheme guidelines of the SEBI. The guidelines permit intrinsic and fair valuation accounting with detailed disclosure requirements.	Detailed guidelines prescribed with only fair valuation permitted for the purposes of measurement.
Foreign Exchange Differences	All exchange differences relating to monetary assets and liabilities are required to be charged to profit and loss account with an option up to March 31, 2012 in respect of long-term monetary items in relation to acquisition of fixed assets, where the exchange difference can be adjusted to the carrying value of such fixed assets or for other long-term monetary items, in which case the exchange difference is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized by March 31, 2012 or settlement of such assets/liabilities, whichever is earlier.	Exchange differences relating to monetary assets and liabilities are recognized in the income statement.
Dividends	Presented as an appropriation to the income statement. Dividends are accounted in the years for which they are proposed.	Dividends are recorded when they are declared and notice has been given to the shareholders.

Description	Indian GAAP	US GAAP
Issuance and Redemption Costs for Certain Borrowings	Certain debts (bonds and securities), issuance costs and redemption premium payable upon the redemption of certain debts may be charged to the Securities Premium Account as per Section 78 of the Indian Companies Act.	All debt issuance costs are amortized using the effective interest rate method over the life of the debt. Redemption premiums are accrued as a yield adjustment over the life of the debt.
Provisions	Discounting of liabilities is not permitted and all provisions are carried at their full values.	Where the effect of the time value of money is material, the amount of a provision may be the present value of the expenditures expected to be required to settle the obligation. The discount rate should be a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate should not reflect risks for which future cash-flow estimates have been adjusted and any change in present value of a provision is recognized as interest cost. A provision must only be discounted when the timing of the cash flows is fixed.
Guarantees	Guarantees are required to be disclosed as contingent liabilities.	A guarantor is required to recognize at inception a liability for the fair value of the obligation undertaken in issuing the guarantee, except for certain types of guarantees that are accounted for as derivatives or are reported as equity or guarantees between parents and subsidiaries.
Mandatorily Redeemable Preferred Shares	Instruments characterized as preferred shares are recorded as equity, even if they are mandatorily redeemable. Payment related to them is characterized as a dividend.	Mandatorily redeemable preferred shares are generally classified as a liability and any payments related to them, even if characterized as a dividend, are recorded as interest expense.
Segment Reporting	Reports primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure.	Reports based on operating segments and the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance.
	Uses group accounting policies or entity accounting policy.	Uses internal financial reporting policies (even if accounting policies differ from group accounting policy).

Description	Indian GAAP	US GAAP
Cash Flow Statements	Standard headings, but limited flexibility of contents. Uses direct or indirect method. However, for listed companies, only indirect method is required.	Similar headings to Indian GAAP, but more specific guidance for items included in each category. Uses direct or indirect method.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for the Guarantor and the Issuer by Davis Polk & Wardwell LLP, the Guarantor's US counsel, as to matters of United States federal and New York State law and by AZB & Partners, the Guarantor's Indian law counsel, as to matters of Indian law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Shearman & Sterling, the Initial Purchasers' US counsel, as to matters of United States federal and New York State law, and by J. Sagar Associates, the Initial Purchasers' Indian counsel, as to matters of Indian law.

INDEPENDENT AUDITORS

The financial statements of the Guarantor as at and for each of the fiscal years ended March 31, 2011, 2010 and 2009 included in this Offering Memorandum have been audited by Deloitte Haskins & Sells, Chaturvedi & Shah and Rajendra & Co., Chartered Accountants, as stated in their reports included herein.

The consolidated financial statements of the Issuer as of December 31, 2010 and for the period from March 30, 2010 to December 31, 2010, included in this Offering Memorandum, have been audited by Ernst & Young LLP, independent auditors, as stated in their audit report appearing herein.

The interim consolidated financial statements of the Issuer as of September 30, 2011 and for the nine months then ended, included in this Offering Memorandum, have been reviewed by Ernst & Young LLP, independent accountants, as set forth in its review report appearing herein.

INDEX TO FINANCIAL STATEMENTS

Important Information

In the Guarantor Financial Statements included herein, Reliance Industries Limited is referred to as the "Company" while in the rest of this Offering Memorandum, it is referred to as the "Guarantor".

In the Guarantor Financial Statements included herein, the income statement is headed "Profit and Loss Account". Furthermore, information in the Guarantor Financial Statements is stated in rupees in "crore" or "lakh" (unless otherwise stated therein), whereas in the rest of this Offering Memorandum, financial information is stated in millions of rupees unless otherwise specified. One "crore" is equal to ten million. One "lakh" is equal to one hundred thousand.

Capitalized terms used in the Guarantor Financial Statements included herein may be defined differently than in the rest of this Offering Memorandum.

References in the Guarantor Financial Statements to "previous year" are to the financial year ended March 31 of the year immediately preceding that indicated in the header of the relevant page.

In the Issuer Financial Statements and the Issuer's 9M2011 Financial Information, Reliance Holdings USA, Inc. is referred to as the "Company" while in the rest of this Offering Memorandum, it is referred to as the "Issuer", and the term "Group" refers to the Issuer and its subsidiaries.

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Report of Independent Accountants

Board of Directors
Reliance Holding USA, Inc.

We have reviewed the accompanying interim consolidated statement of financial position of Reliance Holding USA, Inc. (the Company) as of 30 September 2011, and the related interim consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the nine months ended 30 September 2011. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim financial information referred to above for them to be in conformity with IAS 34.

Ernst & Young LLP

4 November 2011

Reliance Holding USA, Inc.

Interim Consolidated Statement of Comprehensive Income

For the Nine Months Ended 30 September 2011
(Unaudited)

	Notes	USD
Revenue		$144,244,237
Cost of sales	3	(85,872,588)
Gross profit		58,371,649
General and administrative expenses	4	(10,092,607)
Share of profit in an associate	11	2,332,116
Operating profit		50,611,158
Finance costs	5	(44,341,324)
Finance income	6	14,554,501
Profit before income taxes		20,824,335
Income tax expense	17	(7,510,274)
Total comprehensive income		$13,314,061

See accompanying notes.

Reliance Holding USA, Inc.

Interim Consolidated Statement of Financial Position

	Notes	30 September 2011 (Unaudited)	31 December 2010 (Audited)
		USD	USD
Assets			
Noncurrent assets:			
Property, plant, and equipment	7	$70,390	$25,395
Exploration and evaluation assets	8	1,227,310,879	1,039,930,604
Oil and gas properties	9	1,177,467,278	355,975,942
Investment in associates	11	220,504,181	117,879,741
Deferred tax asset	17	—	3,695,727
Total noncurrent assets		2,625,352,728	1,517,507,409
Current assets:			
Other current assets	12	67,438,335	8,938,736
Cash and cash equivalents	13	34,458,723	513,286,866
Total current assets		101,897,058	522,225,602
Total assets		$2,727,249,786	$2,039,733,011
Equity and liabilities			
Equity:			
Share capital	14	$50,000	$50,000
Additional paid-in capital	14	564,000,000	474,000,000
Retained earnings (accumulated deficit)		6,409,887	(6,904,174)
Total equity		570,459,887	467,145,826
Noncurrent liabilities:			
Long-term debt	10	1,470,480,404	1,468,526,401
Decommissioning provisions		1,450,752	1,369,169
Total noncurrent liabilities		1,471,931,156	1,469,895,570
Current liabilities:			
Accrued interest	15	35,238,461	15,461,812
Accounts payable and accrued liabilities	15	195,805,735	87,229,803
Deferred tax liability	17	3,814,547	—
Short-term loans	15	450,000,000	—
Total current liabilities		684,858,743	102,691,615
Total liabilities		2,156,789,899	1,572,587,185
Total equity and liabilities		$2,727,249,786	$2,039,733,011

See accompanying notes.

Reliance Holding USA, Inc.

Interim Consolidated Statement of Cash Flows

For the Nine Months Ended 30 September 2011
(*Unaudited*)

	Notes	USD
Operating activities		
Pretax income		$20,824,335
Adjustments for:		
Depreciation on property, plant, and equipment	7	13,281
Depletion of oil and gas properties	9	49,925,053
Amortization of debt discount and debt issue costs	10	1,954,003
Interest income	6	(14,554,501)
Share of (profit)loss in an associate	11	(2,332,116)
		55,830,055
Working capital adjustments:		
Increase in other current assets	12	(54,676,573)
Net cash from operating activities		1,153,482
Investing activities		
Purchase of property, plant, and equipment	7	(58,276)
Capital expenditures on oil and gas properties and exploration and evaluation assets	8	(934,185,526)
Investment in associates	11	(100,292,324)
Interest received	6	14,554,501
Net cash used in investing activities		(1,019,981,625)
Financing activities		
Proceeds from short-term loans	10	450,000,000
Shareholders' contributions	14	90,000,000
Net cash flow from financing activities		540,000,000
Change in cash and cash equivalents		(478,828,143)
Cash and cash equivalents, beginning of period	13	513,286,866
Cash and cash equivalents, end of period		$34,458,723

See accompanying notes.

Reliance Holding USA, Inc.

Interim Consolidated Statement of Changes in Shareholders' Equity
(*Unaudited*)

	Share Capital	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
		(In USD)		
Balance at 31 December 2010	$50,000	$474,000,000	$(6,904,174)	$467,145,826
Shareholders' contributions	—	90,000,000	—	90,000,000
Comprehensive income	—	—	13,314,061	13,314,061
Balance at 30 September 2011	$50,000	$564,000,000	$6,409,887	$570,459,887

See accompanying notes.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements

30 September 2011
(*Unaudited*)

1. Corporate Information

Reliance Holding USA, Inc. (the Company or Reliance) was incorporated as a Delaware corporation on 30 March 2010 under Delaware General Corporation Law. Reliance Holding USA, Inc. and its subsidiaries (the Group) are engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties and related businesses. The group is also having small investment in other business. The address of the registered office is 615 South Dupont Highway, Dover, Delaware 19901, USA.

The shares of the Company are held by Reliance International Gas BV (70%) and Reliance Exploration and Production BV (30%). Reliance is an indirectly wholly owned subsidiary of Reliance Industries Limited, India.

The interim consolidated financial statements of the Group for the nine months ended 30 September 2011 were authorized for issuance in accordance with a resolution of the directors on 4 November 2011.

The extent of the Group's shareholding in and the principal business activities of the subsidiaries and associates are:

Company	Country of Incorporation	Percentage of Shareholding	Principal Business Activities
Reliance Marcellus LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Midstream LLC	USA	100%	Midstream business for oil and gas
Reliance Eagleford Upstream Holding LP	USA	100%	Exploration and production of oil and gas
Reliance Marcellus II LLC	USA	100%	Exploration and production of oil and gas
Omni Symmetry LLC	USA	100%	Development of mobile applications, services, and communication
EFS Midstream LLC	USA	49.90%	Midstream business for oil and gas

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

2. Basis of Preparation

The interim consolidated financial statements for the nine months ended 30 September 2011, have been prepared in accordance with IAS 34, *Interim Financial Reporting*. There were no comparable interim periods in 2010 because the Company was incorporated in March 2010 and had limited revenue-generating activities from March to September of 2010. The interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and they should be read in conjunction with the Group's annual financial statements as of 31 December 2010.

New Standards, Interpretations, and Amendments Thereof, Adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

IAS 24, Related Party-Transactions (Amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related-party relationships as well as clarifying in which circumstances persons and key management personnel affect related-party relationships of an entity. Secondly, the amendment introduces an exemption from the general related-party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled, or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

2. Basis of Preparation (continued)

Improvements to IFRSs (issued May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

- IFRS 3, *Business Combinations*: The measurement options available for noncontrolling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

- IFRS 7, *Financial Instruments — Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- IAS 1, *Presentation of Financial Statements*: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements. The Group elects to provide this analysis in a note should such components arise in future periods.

- IAS 34, *Interim Financial Statements*: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

3. Cost of Sales

	For the Nine Months Ended 30 September 2011
	(in USD)
Opening inventory	$21,537
Operating expenses	28,888,974
Production taxes	7,037,024
Depletion of producing assets *(Note 9)*	49,925,053
	$85,872,588

4. General and Administrative Expenses

	For the Nine Months Ended 30 September 2011
	(in USD)
Depreciation on property, plant, and equipment	$13,281
Staff cost	2,677,839
Other operating expenses	7,401,487
	$10,092,607

5. Finance Cost

	For the Nine Months Ended 30 September 2011
	(in USD)
Bank charges	$30,746
Other finance costs	42,356,575
Amortization of debt issue costs	1,954,003
	$44,341,324

Finance cost paid for the nine months ended 30 September 2011, was $55,209,480.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

6. Finance Income

	For the Nine Months Ended 30 September 2011
	(in USD)
Interest income on fixed deposits with banks	$14,554,501
	$14,554,501

7. Property, Plant, and Equipment

	Computers	Furniture and Fixtures	Office Equipment	Vehicles	Total
			(in USD)		
Cost:					
At 31 December 2010	$—	$—	$26,896	$—	$26,896
Additions during the period	—	—	58,276	—	58,276
At 30 September 2011	—	—	**85,172**	—	**85,172**
Depreciation:					
At 31 December 2010	—	—	**1,501**	—	**1,501**
Charge for the period	—	—	**13,281**	—	**13,281**
At 30 September 2011	—	—	**14,782**	—	**14,782**
Net carrying amount:					
At 30 September 2011	$—	$—	**$70,390**	$—	**$70,390**

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

8. Exploration and Evaluation Assets

	Leasehold Interest	Tangible	Intangible	Total
	(in USD)			
Cost:				
At 31 December 2010	$987,421,718	$167,160	$52,341,726	$1,039,930,604
Additions during the period	53,764,584	89,956,308	915,075,772	1,058,796,664
Less: Transferred to oil and gas properties	(5,554,519)	(75,610,392)	(790,251,478)	(871,416,389)
At 30 September 2011	$1,035,631,783	$14,513,076	$177,166,020	$1,227,310,879

9. Oil and Gas Properties

	Leasehold Interest	Tangible	Intangible	Total
	(in USD)			
Costs:				
At 31 December 2010	$30,347,753	$31,925,855	$300,704,482	$362,978,090
Transferred from exploration and evaluation assets	5,554,519	75,610,392	790,251,478	871,416,389
At 30 September 2011	$35,902,272	$107,536,247	$1,090,955,960	1,234,394,479
Depletion:				
At 31 December 2010				(7,002,148)
Change for the period				(49,925,053)
At 30 September 2011				(56,927,201)
Net carrying amount:				
At 30 September 2011				$1,177,467,278

Borrowing costs relating to developmental drilling that have been capitalized within oil and gas properties during the period amounted to $39.73 million.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

10. Long-Term Debt and Related Costs

	30 September 2011 (Unaudited)
	(in USD)
Carrying value of long-term debt at 1 January 2011	$1,468,526,401
Current-period amortization of original issue discount	473,708
Current-period amortization of issuance expenses	1,480,295
Carrying value of long-term debt at 30 September 2011	$1,470,480,404

At 30 September 2011, the gross unpaid principal balance and accrued interest on the notes were $1,500,000,000 and $35,159,850 respectively.

11. Investment in Associates

	30 September 2011 (Unaudited)
	(in USD)
Investment in EFS Midstream LLC:	
Beginning balance at 1 January 2011	$117,879,741
Contributions during the period	89,262,324
Share of income during the period	2,332,116
Investments in other associates	11,030,000
	$220,504,181

EFS Midstream LLC, in which the Group holds 49.9% interest, is a Company incorporated under the laws of Delaware.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

12. Other Current Assets

	30 September 2011 (Unaudited)	31 December 2011 (Audited)
	(in USD)	
Trade receivables	$61,950,867	$7,589,314
Cash call advance	4,420,225	597,199
Other advances	—	203,136
Prepayments	987,243	527,550
Inventories	—	21,537
Advance income tax	80,000	—
	$67,438,335	$8,938,736

At 30 September 2011, the aging of unimpaired trade receivables is as follows:

	Neither Past Due Nor Impaired	Past Due But Not Impaired				
		< 30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
	(In USD)					
2011	$61,950,867	$—	$—	$—	$	$—

The Company's credit period is defined in respective contracts, after which trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

13. Cash and Cash Equivalents

	30 September 2011 (Unaudited)	31 December 2010 (Audited)
	(in USD)	
Bank balances	$1,956,800	$1,985,029
Overnight investment in banks	32,501,923	11,301,837
Fixed deposits maturing within 12 months	—	500,000,000
	$34,458,723	$513,286,866

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

14. Issued Capital

	30 September 2011 (Unaudited)	31 December 2010 (Audited)
	(in USD)	
Authorized:		
500,000 ordinary shares of $0.10 each share, allotted, issued, and fully paid	$50,000	$50,000
Additional paid-in capital	564,000,000	474,000,000

15. Current Liabilities

	30 September 2011 (Unaudited)	31 December 2010 (Audited)
	(in USD)	
Trade payables	$18,000,775	$8,770,527
Payable against cash call	177,804,960	78,459,276
Interest on long-term debts	35,159,850	15,461,812
Interest on short-term debts	78,611	—
	$231,044,196	$102,691,615

The table below summarizes the maturities of the Company's undiscounted financial liabilities, based on contractual payment dates and current market interest rates:

At 30 September 2011	< 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
			(In USD)		
Accounts payable and accruals	$231,044,196	$—	$—	$—	$231,044,196

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

16. Short-term loans

During the nine months ended 30 September 2011, the Company obtained loan facilities from several international financial institutions with aggregate available borrowings of $650 million. These facilities expire no later than the first calendar quarter of 2012.

At 30 September 2011, $450 million was outstanding under these facilities. The applicable interest rates are based on LIBOR plus a margin of 85 basis points.

On 4 October 2011, the Company obtained an additional $200 million line of credit that will expire nine months from the signing date.

17. Income Tax

The major components of income tax expense for the period ended 30 September 2011, are:

	30 September 2011 (Unaudited)
	(in USD)
Current tax expense	$26,634
Deferred tax expense	7,483,640
Income tax expense	$7,510,274

18. Capital Commitments and Contingent Liabilities

		30 September 2011 (Unaudited)
		(in USD)
i)	Capital commitment	$718,500,312
ii)	Contingent liabilities:	
	Guarantees:	
	a. Corporate guarantees	1,185,516,638
	b. Standby letters of credit	727,779,000

In addition to the above, the Company also secures payment obligations by Reliance Eagleford Upstream LP under a Gas Processing Agreement (GPA) and Crude Oil Marketing Agreement (COMA).

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

19. Fair Values of Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Financial Instrument Classification	Carrying Amount	Fair Value
		(In USD)	
Financial assets:			
Cash and cash equivalents	Held for trading	$34,458,723	$34,458,723
Accrued revenue	Loans and receivables	61,950,867	61,950,867
Financial liabilities:			
Accounts payable and accrued liabilities	Liabilities	195,805,735	195,805,735
Senior notes	Liabilities	1,470,480,404	1,303,250,000

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

> Cash, accrued revenue, accounts payables, and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of these financial instruments are not materially different from their carrying values. Fair value of senior notes is based on price quotations at the reporting date.

Reliance Holding USA, Inc.

Notes to Interim Consolidated Financial Statements (continued)

20. Financial Risk Management Objectives and Policies

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company with the support of its parent will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required.

Commodity Price Risk

The Company is exposed to the risks of fluctuations in prevailing market prices on the mix of oil and gas products it produces. The Company is not exposed to any significant commodity risk, as the inventory of hydrocarbons at year-end is not significant.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes during the period ended 30 September 2011. Capital comprises senior notes and equity infused.

21. Related-Party Disclosure

		30 September 2011
Name of the Company/Firm/Associate/Affiliate	**Nature of Transaction**	**Amount (In USD)**
EFS Midstream LLC	Investment in Associates	$208,064,628
Reliance Industries Limited	Parent Company Guarantee Commission - Accrued	15,579,552
Reliance Industries Limited	Other payables - Accrued	2,421,223
Reliance Industries Limited	Guarantee taken	4,357,500,000
Reliance Inter. Gas BV	Share capital	35,000
Reliance Inter. Gas BV	Additional share capital	394,800,000
Reliance E&P BV	Share capital	15,000
Reliance E&P BV	Additional share capital	169,200,000
EFS Midstream LLC	Guarantee taken	150,000,000

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Report of Independent Auditors

Board of Directors
Reliance Holding USA, Inc.

We have audited the accompanying consolidated statement of financial position of Reliance Holding USA, Inc. (the Company) and subsidiaries as of 31 December 2010, and the related consolidated statements of comprehensive income (loss), changes in shareholders' equity, and cash flows for the period from 30 March 2010 (date of inception) through 31 December 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Reliance Holding USA, Inc. and subsidiaries at 31 December 2010, and the consolidated results of their operations and their cash flows for the period from 30 March 2010 (date of inception) through 31 December 2010, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young LLP

20 April 2011

Reliance Holding USA, Inc.

Consolidated Statement of Comprehensive Income (Loss)

For the Period From 30 March (Date of Inception) Through 31 December 2010

	Notes	USD
Revenue		$ 16,206,157
Cost of sales	3	(12,666,146)
Gross profit		3,540,011
General and administrative expenses	4	(3,827,747)
Gain on derivative financial instruments		660,787
Share of loss in an associate	11	(922,563)
Operating loss		(549,512)
Finance costs	5	(10,168,331)
Finance income	6	117,942
Loss before income taxes		(10,599,901)
Income tax benefit	16	3,695,727
Total comprehensive loss		$ (6,904,174)

See accompanying notes.

Reliance Holding USA, Inc.

Consolidated Statement of Financial Position

31 December 2010

	Notes	USD
Assets		
Noncurrent assets:		
Property, plant and equipment	7	$ 25,395
Exploration and evaluation assets	8	1,039,930,604
Oil and gas properties	9	355,975,942
Deferred tax assets	16	3,695,727
Investment in associate	11	117,879,741
Total noncurrent assets		1,517,507,409
Current assets:		
Other current assets	12	8,938,736
Cash and cash equivalent	13	513,286,866
Total current assets		522,225,602
Total assets		$ 2,039,733,011
Equity and liabilities		
Equity:		
Share capital	14	$ 50,000
Additional paid-in capital	14	474,000,000
Accumulated deficit		(6,904,174)
Total equity		467,145,826
Non-current liabilities		
Long-term debt	10	1,468,526,401
Decommissioning provisions		1,369,169
Total noncurrent liabilities		1,469,895,570
Current liabilities:		
Accrued interests	15	15,461,812
Accounts payable and accrued liabilities	15	87,229,803
Total current liabilities		102,691,615
Total liabilities		1,572,587,185
Total equity and liabilities		$ 2,039,733,011

See accompanying notes.

Reliance Holding USA, Inc.

Consolidated Statement of Cash Flows

For the Period Ended 31 December 2010

	Notes	USD
Operating activities		
Pretax loss		$ (10,599,901)
Adjustments for:		
Depreciation on property, plant and equipment	7	1,501
Depletion of oil and gas properties	9	7,002,148
Amortization of debt discount and debt issue costs	10	515,342
Gain on derivative financial instruments		(660,787)
Interest income	6	(117,942)
Share of loss in an associate	11	922,563
		(2,937,076)
Working capital adjustment:		
Increase in other current assets	12	(8,938,736)
Net cash from operating activities		(11,875,812)
Investing activities		
Purchase of property, plant and equipment	7	(26,896)
Acquisitions of exploration and evaluation assets	8	(1,039,930,604)
Capital expenditures on oil and gas properties	9	(258,917,306)
Investment in associate	11	(118,802,304)
Proceeds from gain on derivative financial instruments		660,787
Interest received	6	117,942
Net cash used in investing activities		(1,416,898,381)
Financing activities		
Shareholders' contributions	14	474,050,000
Proceeds from short-term bridge loans	10	765,000,000
Repayment of short-term bridge loans	10	(765,000,000)
Debt issuance cost	10	(14,238,941)
Proceeds from issuance of long-term debt, net	10	1,482,250,000
Net cash from financing activities		1,942,061,059
Increase in cash and cash equivalents		513,286,866
Cash and cash equivalents, beginning of period		–
Cash and cash equivalents, end of period	13	$ 513,286,866

See accompanying notes.

Reliance Holding USA, Inc.

Consolidated Statement of Changes in Shareholders' Equity

For the Period From 30 March 2010 (Date of Inception) Through 31 December 2010

	Share Capital	Additional Paid-In Capital	Accumulated Deficit	Total
	(In USD)			
Balance at 30 March 2010	$ –	$ –	$ –	$ –
Issue of share capital	50,000	–	–	50,000
Shareholders' contributions	–	474,000,000	–	474,000,000
Comprehensive loss	–	–	(6,904,174)	(6,904,174)
Balance at 31 December 2010	$ 50,000	$ 474,000,000	$ (6,904,174)	$ 467,145,826

See accompanying notes.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements

31 December 2010

1. Corporate Information

Reliance Holding USA, Inc. (the Company or Reliance) was incorporated as a Delaware corporation on 30 March 2010 under Delaware General Corporation Law. Reliance Holding USA, Inc. and its subsidiaries (the Group) are engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties and related businesses. The address of the registered office is 615 South Dupont Highway, Dover, Delaware 19901, USA.

The shares of the Company are held by Reliance International Gas BV (70%) and Reliance Exploration and Production BV (30%). Reliance is an indirectly wholly owned subsidiary of Reliance Industries Limited, India.

The consolidated financial statements of the Group for the period ended 31 December 2010 were authorized for issue in accordance with a resolution of the directors on 20 April 2011.

The extent of the Group's shareholding in and the principal business activities of the subsidiaries and associates are

Company	Country of Incorporation	Percentage of Share-holding	Principal Business Activities
Reliance Marcellus LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Midstream LLC	USA	100%	Midstream business for oil and gas
Reliance Eagleford Upstream Holding LP	USA	100%	Exploration and production of oil and gas
Reliance Marcellus II LLC	USA	100%	Exploration and production of oil and gas
EFS Midstream LLC	USA	49.90%	Midstream business for oil and gas

On 9 April 2010, Reliance Marcellus LLC (Reliance LLC) executed definitive agreements to enter into a joint venture with Atlas Energy, Inc. (Atlas) under which Reliance LLC acquired a 40% interest in Atlas' core Marcellus Shale acreage position for US$339 million in cash and an additional US$1357 million in capital costs under a carry arrangement for 75% of Atlas' capital

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

1. Corporate Information (continued)

costs over an anticipated seven-and-a-half-year development program. In addition, Reliance LLC will have to fund its share of the development plan. Reliance LLC became a partner in approximately 329,256 net acres of undeveloped leasehold in the core area of the Marcellus Shale in southwestern Pennsylvania. Atlas is the operator with 60% interest in the joint venture. Atlas was acquired by Chevron Corporation on 17 February 2011.

On 23 June 2010, Reliance Eagleford Upstream Holding LP (Reliance LP) executed definitive agreements to enter into a joint venture with Pioneer Natural Resources USA Inc. (Pioneer) under which Reliance LP acquired a 45% interest in Pioneer's core Eagle Ford Shale acreage position in two separate transactions for a total of US$264 million in cash and US$1052 million of drilling carry obligations. The drilling carry obligations provided for 75% of the other joint venture partners' capital costs over an anticipated six-year development program. In addition, Reliance LP will have to fund its share of the development plan. Pioneer and Newpek LLC, Pioneer's then current partner in the Eagle Ford Shale, simultaneously conveyed 45% of their respective interests in the Eagle Ford Shale to Reliance LP. Reliance LP became a partner in approximately 262,683 net acres. Pioneer continues to be the operator with 46.354% participating interest.

Additionally, Reliance Eagleford Midstream LLC and Pioneer Natural Resources Midstream Holding LLC executed definitive agreements to form a midstream joint venture that will service the gathering needs of the upstream joint venture. Reliance Eagleford Midstream LLC acquired a 49.90% membership interest in the joint venture, EFS Midstream LLC for US$46 million. The balance membership interest of the Joint Venture is held by Pioneer Natural Resources Midstream Holding LLC.

On 4 August 2010, Reliance Marcellus II LLC (Reliance II LLC) executed definitive agreements to enter into a joint venture with Carrizo Oil & Gas Inc. and ACP Marcellus II LLC under which Reliance II LLC acquired a 60% interest in the existing joint venture's Marcellus Shale acreage position for US$340 million in cash and US$52 million of drilling carry obligations. The drilling carry obligations provide for 75% of Carrizo's share of development costs over an anticipated two-year development program. In addition, Reliance II LLC will have to fund its share of the development plan. Carrizo conveyed 20% of its acreage and Avista conveyed 100% of its acreage. Reliance II LLC holds 60% of the acreage of the newly formed joint venture, the net acreage of which is 104,376 net acres. Carrizo is the operator with 40% participating interest.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

1. Corporate Information (continued)

The Group accounted for the initial acquisitions of interests in shale properties and EFS Midstream LLC at cost, which included the purchase price and other costs directly attributable to the asset acquisitions. The acquisition costs were allocated to exploration and evaluation assets. Subsequently, the interests in shale properties are accounted for as jointly controlled assets. The investment in EFS Midstream LLC is considered as an investment in associate.

2.1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been presented in United States Dollars (USD), which is the functional currency of the Group.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is fully consolidated from the date of its acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain direct benefit from its activities and is achieved through direct and indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement.

Interests in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties (venturers) undertake an economic activity that is subject to joint control.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.1. Basis of Preparation (continued)

A jointly controlled entity is a joint venture that involves the establishment of a company, partnership or other entity to engage in economic activity that the Group jointly controls with its fellow venturers. The Group's investments in jointly controlled entities are accounted for using the equity method. Under the equity method, the investment is carried on the balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the jointly controlled entity, less distributions received and less any impairment.

A jointly controlled asset involves joint control and offers ownership by the Group and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity. The venturers have a direct ownership interest and joint control in the assets of the venture. The Group recognizes on a line-by-line basis in the consolidated financial statements, its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, along with the Group's income from the sale of its share of the output and any expenses incurred in relation to its interest in the venture.

Investment in Associate

The Group's investment in associates is accounted for using the equity method. An associate is an entity in which the Group exercises significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

2.2 Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding royalties, discounts and rebates.

Revenue from sale of oil, natural gas, and other hydrocarbons is recognized when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This generally occurs when product is physically delivered and the customer has assumed the risks and rewards of ownership. Revenue from the production of oil and gas in which the Group has an interest with other producers is recognized based on the Company's working interest (the entitlement method).

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.2. Summary of Significant Accounting Policies (continued)

Interest revenue is recognized as the interest accrues.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. All other borrowing costs are recognized as finance cost in the consolidated statement of comprehensive income in the period in which they are incurred.

Oil and Gas Properties

The Group accounts for each oil and gas venture as a cost center. For each cost center, leasehold property acquisition costs and geological and geophysical costs are initially capitalized as intangible exploration and evaluation assets. The costs in exploration and evaluation assets are transferred to oil and gas properties ratably based on the drilling progress made under the overall capital expenditure program for each cost center.

Exploration and evaluation assets for each cost center are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, or immediately before reclassification into oil and gas properties.

Oil and gas properties include cumulative capital expenditures incurred and transfers from exploration and evaluation assets. Oil and gas properties are stated at cost, less accumulated depletion and accumulated impairment losses for each cost center.

Depletion of Oil and Gas Properties

Costs capitalized under oil and gas properties are depleted using the unit-of-production method based upon proved oil and natural gas reserves, taking into account expenditures incurred to date and approved future development expenditures required to develop reserves.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.2. Summary of Significant Accounting Policies (continued)

Impairment of Oil and Gas Properties

Oil and gas properties are tested for impairment when reclassified from exploration and evaluation assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognized for the amount by which the property's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the property's estimated fair value less cost to sell or the estimated value in use. For the purpose of assessing impairment, the oil and gas properties subject to testing are grouped with existing cash-generating units of producing fields that are located in the same cost center.

Inventories

Inventories of crude oil and gas are measured at net realizable value based on estimated selling price or cost of sales, whichever is lower, at the consolidated statement of financial position date.

Accounts Receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances in current accounts, bank deposits free of encumbrance with a maturity date of 12 months or less from the date of deposit and highly liquid investments with a maturity date of 12 months or less from the date of investment.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.2. Summary of Significant Accounting Policies (continued)

Decommissioning Liability

Decommissioning liability is recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Decommissioning costs are provided at the present value of expected costs to settle the obligation using the estimated cash flows and are recognized as part of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the cost of the asset. The Company recognizes neither the deferred tax asset regarding the temporary difference on the decommissioning liability nor the corresponding deferred tax liability regarding the temporary difference on a decommissioning asset.

Decommissioning costs will be incurred by the Group at the end of the operating life of certain facilities and properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established, which would affect future financial results.

Foreign Currencies

Transactions in foreign currencies are recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. All differences are recorded in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.2. Summary of Significant Accounting Policies (continued)

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Interest-Bearing Loans and Borrowings

All interest-bearing loans and borrowings are initially recognized at the fair value of the consideration received gross of issue costs directly attributable to the borrowing. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

Income Taxes

Income tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on the taxable profits for the period. Tax profit differs from net profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts from financial reporting purposes. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or a part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.2. Summary of Significant Accounting Policies (continued)

Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period and amounts of revenues and expenses recognized during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods:

Carrying Values of Oil and Gas Properties

Oil and gas properties are depleted using the unit-of-production method over proved mineral reserves. The calculation of the unit-of-production rate of depletion could be impacted to the extent that actual production in the future is different from current forecast production based on proved reserves. This would generally result from changes in any of the factors or assumptions used in estimating reserves. These factors could include:

- changes in proved reserves;
- the effect on proved reserves of differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues.

Impairment Indicators

The recoverable amounts of cash-generating units and individual assets are determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the oil and gas price assumptions may change, which may then impact the estimated life of the field and require a material adjustment to the carrying value of exploration and evaluation assets or oil and gas properties. The Company monitors internal and external indicators of impairment relating to its tangible and intangible assets.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.2. Summary of Significant Accounting Policies (continued)

Reserve Base

Oil and gas development and production properties are depleted on a unit-of-production basis at a rate calculated by reference to the proved reserves determined in accordance with standard industry rules and incorporating the estimated future cost of developing and extracting those reserves. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future oil and gas prices. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

Reserve Disclosures (Unaudited)

The following table depicts Reliance's share of the proved reserves, net of royalty at 31 December 2010.

			Addition During the Period				
Nature of Hydrocarbon	**UOM**	**Opening Balance**	**Proved Developed**	**Proved Undeveloped**	**Total**	**Produced During the Period**	**Closing Balance**
Natural Gas	Bcf	–	65.60	177.03	242.63	1.95	240.68
Condensate	Mmbbl	–	3.09	10.50	13.59	0.09	13.50
Total	Bcf equivalent	–	84.46	239.93	324.39	2.51	321.88

2.3. Standards Issued but Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued that the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

(a) IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduced a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

2.3. Standards Issued but Not Yet Effective (continued)

(b) Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted, as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below are considered to have a reasonable possible impact on the Group:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

3. Cost Of Sales

		30 March to 31 December 2010
		(In USD)
Operating expenses	4,995,776	
Less: closing inventory	21,537	$ 4,974,239
Production taxes		689,759
Depletion of producing assets (Note 9)		7,002,148
		$ 12,666,146

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

4. General and Administrative Expenses

	30 March to 31 December 2010
	(In USD)
Depreciation on property, plant and equipment	$ 1,501
Staff cost	40,914
Other operating cost	3,785,332
	$ 3,827,747

5. Finance Cost

	30 March to 31 December 2010
	(In USD)
Bank charges	$ 35,954
Other finance costs	10,132,377
	$ 10,168,331

Total interest paid in 2010 was $2,534,136.

6. Finance Income

	30 March to 31 December 2010
	(In USD)
Interest income on fixed deposits with banks and investment in bonds	$ 117,942
	$ 117,942

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

7. Property, Plant and Equipment

	Computers	Furniture and Fixtures	Office Equipment	Vehicles	Total
			(In USD)		
Cost:					
At 30 March 2010	$ –	$ –	$ –	$ –	$ –
Additions during the period	–	–	26,896	–	26,896
At 31 December 2010	–	–	26,896	–	26,896
Depreciation:					
At 30 March 2010	–	–	–	–	–
Charge for the period	–	–	1,501	–	1,501
At 31 December 2010	–	–	1,501	–	1,501
Net carrying amount at 31 December 2010	$ –	$ –	$ 25,395	$ –	$ 25,395

8. Exploration and Evaluation Assets

	Leasehold Interest	Tangible	Intangible	Total
		(In USD)		
Costs:				
At 30 March 2010	$ –	$ –	$ –	$ –
Additions during the period	1,017,769,471	167,160	52,341,726	1,070,278,357
Less: transferred to oil and gas properties	(30,347,753)	–	–	(30,347,753)
At 31 December 2010	$ 987,421,718	$ 167,160	$ 52,341,726	$ 1,039,930,604

Borrowing costs relating to developmental drilling that have been capitalized within oil and gas properties during the period amount to US$17 million.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

9. Oil and Gas Properties

	Leasehold Interest	Tangible	Intangible	Total
		(In USD)		
Costs:				
At 30 March 2010	$ –	$ –	$ –	$ –
Additions during the period	–	31,925,855	300,704,482	332,630,337
Add: transferred from exploration and evaluation assets	30,347,753	–	–	30,347,753
At 31 December 2010	30,347,753	31,925,855	300,704,482	362,978,090
Depletion:				
At 30 March 2010	–	–	–	–
Charge for the period	–	–	–	(7,002,148)
At 31 December 2010	–	–	–	(7,002,148)
Net carrying amount at 31 December 2010	$ –	$ –	$ –	$ 355,975,942

10. Long-Term Debt and Related Costs

		31 December 2010
		(In USD)
Principal balance of long-term debt		$1,500,000,000
Discount on issue of bonds	9,500,000	
Less: amortization of discount	(124,934)	(9,375,066)
Expenses on issue of bonds	22,488,941	
Less: amortization of expenses	(390,408)	(22,098,533)
		(31,473,599)
Carrying value of long-term debt		$1,468,526,401

On 19 October 2010, Reliance issued $1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the 2020 Notes) and $500 million of the 6.25% Guaranteed Senior Notes due 2040 (the 2040 Notes and, together with the 2020 Notes, the Notes). The Notes are guaranteed on an unsecured basis by Reliance Industries Limited. The 2020 Notes and the 2040 Notes bear interest at a rate of 4.50% per year and 6.25% per year, respectively. Interest is paid on the Notes semiannually and in arrears on 19 April and 19 October of each year, beginning on 19 April,

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

10. Long-Term Debt and Related Costs (continued)

2011. Unless previously repurchased, canceled or redeemed, the 2020 Notes and the 2040 Notes will mature on 19 October 2020 and 19 October 2040, respectively. The Notes are unsecured and unsubordinated obligations of Reliance, rank pari passu with all of its other existing and future unsubordinated obligations and are effectively subordinated to secured obligations of the guarantor and the obligations of its subsidiaries. Reliance has the option to redeem all or a portion of each series of the Notes at any time. The Notes are traded on the Singapore Exchange.

A portion of the proceeds was used to refinance US$765 million existing bridge loans, with the remainder used to make other business investments and for general corporate purposes. Reliance incurred $32 million debt discount and debt issue costs in connection with the debt offering. At 31 December 2010, the gross unpaid principal balance and accrued interest on the Notes were $1,500 million and $15 million, respectively.

11. Investment in an Associate

	31 December 2010
	(In USD)
EFS Midstream LLC	$ 118,802,304
Less: share of loss in an associate	922,563
	$ 117,879,741

EFF Midstream LLC, in which the Group holds 49.9% interest, is a Company incorporated under the laws of Delaware.

12. Other Current Assets

	31 December 2010
	(In USD)
Inventories	$ 21,537
Trade receivables	7,589,314
Cash call advance	800,335
Prepayments	527,550
	$ 8,938,736

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

12. Other Current Assets (continued)

At 31 December 2010, the aging of unimpaired trade receivables is as follows:

	Neither Past Due Nor Impaired	Past Due But Not Impaired				
		< 30 Days	30–60 Days	60–90 Days	90–120 Days	>120 Days
	(In USD)					
2010	$ 7,589,314	$ –	$ –	$ –	$ –	$ –

The Company's credit period is defined in respective contracts, after which trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

13. Cash and Cash Equivalents

	31 December 2010
	(In USD)
Cash on hand	$ –
Bank balance	1,985,029
Overnight investment in banks	11,301,837
Fixed deposits maturing within 12 months	500,000,000
	$ 513,286,866

14. Issued Capital

	31 December 2010
	(In USD)
Authorized:	
Ordinary share capital (of US$0.10 each share)	$ 50,000
500,000 ordinary shares	
Ordinary shares issued and fully paid	
Additional paid-in capital	$ 474,000,000

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

15. Accounts Payable and Accruals

	31 December 2010
	(In USD)
Trade payables	$ 75,294,110
Payable against cash call	11,935,693
Interest on long-term debt	15,461,812
	$ 102,691,615

The table below summarizes the maturities of the Company's undiscounted financial liabilities, based on contractual payment dates and current market interest rates:

At 31 December 2010	< 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
			(In USD)		
Accounts payable and accruals	$102,691,615	$ –	$ –	$ –	$ –

16. Income Tax

The major components of income tax benefit for the period ended 31 December 2010 are:

	2010
	(In USD)
Consolidated statement of comprehensive income (loss)	
Current income tax benefit:	
Federal	$ (51,368,924)
State	(2,266,190)
Deferred tax:	
Federal	47,718,949
State	2,220,438
Income tax benefit	$ (3,695,727)

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

16. Income Tax (continued)

A reconciliation between tax benefit and the product of accounting profit multiplied by the Company's domestic tax rate for the period ended 31 December 2010 is as follows:

	2010
	(In USD)
Accounting loss before tax	$ (10,599,901)
At statutory rate of 35%	(3,709,966)
Other	14,239
At the effective income tax rate of 34.9%	$ (3,695,727)

Deferred Tax

Deferred tax relates to the following:

	Consolidated Statement of Financial Position	**Consolidated Statement of Comprehensive Income**
	(In USD)	
Accelerated depletion	$ (41,933,288)	$ (41,933,288)
Losses available for offsetting against future taxable income	53,634,663	53,634,663
Other	(8,005,648)	(8,005,648)
Deferred tax benefit		$ 3,695,727
Net deferred tax assets	$ 3,695,727	

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Deferred tax assets of the Company relate to income tax levied by the United States federal and state tax authorities.

The Group has estimated tax losses that arose in the United States of approximately $146,768,354 as of 31 December 2010 that are available for the next three years for offset against future taxable profits of the Company in which the losses arose.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

17. Capital Commitments and Contingent Liabilities

	31 December 2010
	(In USD)
i) Capital commitment	$ 770,701,591
ii) Contingent liabilities:	
Guarantees:	
a. Corporate guarantee	1,312,259,831
b. Standby letter of credit	770,000,000

In addition to the above, RHUSA Inc also secures payment obligations by Reliance Eagleford Upstream Holding LP under a Gas Processing Agreement (GPA) and Crude Oil Marketing Agreement (COMA).

18. Fair Values of Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Financial Instrument Classification	Carrying Amount	Fair Value
		(In USD)	
Financial assets:			
Cash and cash equivalent	Held for trading	$ 513,286,866	$ 513,286,866
Accrued revenue	Loans and receivables	7,589,314	7,589,314
Financial liabilities:			
Accounts payable and accrued liabilities	Loans and receivables	87,229,803	87,229,803
Senior notes	Loans and receivables	1,468,526,401	1,450,550,000

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

18. Fair Values of Financial Instruments (continued)

The following methods and assumptions were used to estimate the fair values:

Cash, accrued revenue, accounts payables and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of financial instruments are not materially different from their carrying values.

Fair values of senior notes are based on price quotations at the reporting date.

19. Related Party Disclosures

The financial statements include the financial statements of the company and its subsidiaries. The following are the related parties to the Company and the transactions among them.

Related Parties

Name of the Company/Firm	Country of Incorporation	Relation	Equity Interest
Reliance International Gas BV	Netherland	Parent	70%
Reliance Exploration and Production BV	Netherland	Parent	30%
Reliance Industries Limited	India	Group Parent	
RIL USA Inc.	USA	Affiliate	
EFS Midstream LLC	USA	Note (i)	

i. Reliance Eagleford Midstream LLC, one of the Subsidiaries, has entered into a joint venture holding 49.9% interest.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

19. Related Party Disclosures (continued)

Related Party Transactions

Name of the Company/Firm/Associate/Affiliate	Nature of Transaction	Amount *(In USD)*
RIL USA Inc.	Advance Paid	$ 203,125
EFS Midstream LLC	Investment in Associates	118,802,304
Reliance Industries Limited	Parent Company Guarantee (PCG) Commission	6,648,741
Reliance Industries Limited	Corporate office support	321,223
Reliance International Gas BV	Share Capital	35,000
Reliance Exploration and Production BV	Share Capital	15,000
Reliance International Gas BV	Additional Paid-In Capital	331,800,000
Reliance Exploration and Production BV	Additional Paid-In Capital	142,200,000
Reliance Industries Limited	Guarantee – Note 1	4,447,000,000
EFS Midstream LLC	Guarantee	260,000,000

Note 1: In addition, Reliance Industries Limited provided parent company guarantee valuing at US$1,078 million for short-term borrowing by the Company. Against this the Company has availed a short-term loan of US$765 million, which has since been repaid during the year.

20. Financial Risk Management Objectives and Policies

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The company with the support of its parent will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required.

Reliance Holding USA, Inc.

Notes to Consolidated Financial Statements (continued)

20. Financial Risk Management Objectives and Policies (continued)

Commodity Price Risk

The Company is exposed to the risks of fluctuations in prevailing market prices on the mix of oil and gas products it produces. The Company is not exposed to any significant commodity risk, as the inventory of hydrocarbons at the year-end is not significant.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the period ended 31 December 2010. Capital comprises senior notes and equity infused.

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Auditors' Report

To the Members of
Reliance Industries Limited

1. We have audited the attached Balance Sheet of **RELIANCE INDUSTRIES LIMITED** as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub–section (3C) of Section 211 of the Companies Act, 1956.
   e) On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub – section (1) of Section 274 of the Companies Act, 1956;
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Chaturvedi & Shah** Chartered Accountants (Registration No. 101720W)	For **Deloitte Haskins & Sells** Chartered Accountants (Registration No. 117366W)	For **Rajendra & Co.** Chartered Accountants (Registration No. 108355W)
D. Chaturvedi **Partner** Membership No.: 5611	**A. Siddharth** **Partner** Membership No.: 31467	**A. R. Shah** **Partner** Membership No.:47166

Mumbai

April 21, 2011

Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

1. In respect of its fixed assets:
   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
   b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
   c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
   a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
   a) The Company has given loans to two subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year was Rs. 7,196.72 crore and the year-end balance is Rs. 6,997.07 crore.
   b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
   c) The principal amounts are repayable on demand and there is no repayment schedule. The interests is payable on demand.
   d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, there are no overdue amounts.
   e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. In respect of statutory dues:
   a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than six months from the date of becoming payable. Amounts due and outstanding for

Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

a period exceeding 6 months as at March 31, 2011 to be credited to Investor Education and Protection Fund of Rs. 7.81 crore, which are held in abeyance due to pending legal cases, have not been considered.

b) The disputed statutory dues aggregating Rs. 1,201.74 crore that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sr. No	Name of the Statute	Nature of the Dues	Amount (Rs in crore)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income-Tax (TDS) / Penalties	605.41	Various years from 2007-08 to 2009-10	Commissioner of Income-Tax (Appeals)
2.	Central Excise Act, 1944	Excise Duty and Service Tax	16.91	Various years from 1995-96 to 2010-11	Commissioner of Central Excise (Appeals)
			85.50	Various years from 1991-92 to 2009-10	Central Excise & Service Tax Appellate Tribunal
3.	Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax/ VAT and Entry Tax	34.41	Various years from 1991-92 to 2009-10	Joint/Deputy Commissioner/ Commissioner (Appeals)
			29.61	Various years from 1993-94 to 2009-10	Sales Tax Appellate Tribunal
			394.11	Various years from 1997-98 to 2009-10	High Court
			0.90	2007-08	Supreme Court
4.	Customs Act, 1962	Custom Duty	34.89	2005-06 and 2007-08	Central Excise & Service Tax Appellate Tribunal
	TOTAL		**1201.74**		

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
15. The Company has given guarantees for loans taken by Others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised new terms loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has created securities / charges in respect of secured debentures issued.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **Chaturvedi & Shah**	For **Deloitte Haskins & Sells**	For **Rajendra & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
(Registration No. 101720W)	(Registration No. 117366W)	(Registration No. 108355W)
D. Chaturvedi	**A. Siddharth**	**A. R. Shah**
Partner	**Partner**	**Partner**
Membership No.: 5611	Membership No.: 31467	Membership No.:47166

Mumbai
April 21, 2011

Reliance Industries Limited
Balance Sheet as at 31st March, 2011

(Rs. in crore)

	Schedule		As at 31st March, 2011		As at 31st March, 2010
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	'A'	3,273.37		3,270.37	
Reserves and Surplus	'B'	1,48,266.95		1,33,900.24	
			1,51,540.32		1,37,170.61
Loan Funds					
Secured Loans	'C'	10,571.21		11,670.50	
Unsecured Loans	'D'	56,825.47		50,824.19	
			67,396.68		62,494.69
Deferred Tax Liability			11,561.80		10,926.30
TOTAL			2,30,498.80		2,10,591.60
APPLICATION OF FUNDS					
Fixed Assets	'E'				
Gross Block		2,21,251.97		2,15,864.71	
Less: Depreciation		78,545.50		62,604.82	
Net Block		1,42,706.47		1,53,259.89	
Capital Work-in-Progress		12,819.56		12,138.82	
			1,55,526.03		1,65,398.71
Investments	'F'		37,651.54		23,228.62
Current Assets, Loans and Advances					
Current Assets	'G'				
Inventories		29,825.38		26,981.62	
Sundry Debtors		17,441.94		11,660.21	
Cash and Bank Balances		27,134.86		13,462.65	
Other Current Assets		199.32		91.40	
		74,601.50		52,195.88	
Loans and Advances	'H'	16,940.33		10,183.22	
		91,541.83		62,379.10	
Less: Current Liabilities and Provisions	'I'				
Current Liabilities		49,657.12		36,849.40	
Provisions		4,563.48		3,565.43	
		54,220.60		40,414.83	
Net Current Assets			37,321.23		21,964.27
TOTAL			2,30,498.80		2,10,591.60
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 21, 2011

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Directors

Reliance Industries Limited
Profit and Loss Account for the year ended 31st March, 2011

(Rs. in crore)

	Schedule		2010-11		2009-10
INCOME					
Turnover		**2,58,651.15**		2,00,399.79	
Less: Excise Duty / Service Tax Recovered		**10,481.15**		7,938.77	
Net Turnover			**2,48,170.00**		1,92,461.02
Other Income	**'J'**		**3,051.71**		2,460.32
Variation in Stocks	**'K'**		**3,243.05**		3,947.89
			2,54,464.76		1,98,869.23
EXPENDITURE					
Purchases			**1,464.31**		2,995.82
Manufacturing and Other Expenses	**'L'**		**2,11,823.01**		1,62,832.23
Interest and Finance Charges	**'M'**		**2,327.62**		1,997.21
Depreciation		**16,241.33**		13,477.01	
Less: Transferred from Revaluation Reserve		**2,633.75**		2,980.48	
[Refer Note 4, Schedule 'O']			**13,607.58**		10,496.53
			2,29,222.52		1,78,321.79
Profit before Tax			**25,242.24**		20,547.44
Provision for Current Tax			**4,320.44**		3,111.77
Provision for Deferred Tax			**635.50**		1,200.00
Profit after Tax			**20,286.30**		16,235.67
Add: Balance brought forward from Previous Year			**4,999.45**		5,384.19
Amount Available for Appropriations			**25,285.75**		21,619.86
APPROPRIATIONS					
General Reserve		**16,000.00**		14,000.00	
Debenture Redemption Reserve		**-**		189.50	
Proposed Dividend on Equity Shares		**2,384.99**		2,084.67	
Tax on Dividend		**386.90**		346.24	
			18,771.89		16,620.41
Balance Carried to Balance Sheet			**6,513.86**		4,999.45
Basic and Diluted Earnings per Share of face value of Rs. 10 each (in Rupees)			**62.00**		**49.65**
[Refer Note 14, Schedule 'O']					
Significant Accounting Policies	**'N'**				
Notes on Accounts	**'O'**				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 21, 2011

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Directors

Reliance Industries Limited
Cash Flow Statement for the year 2010-11

					(Rs. in crore)
			2010-11		2009-10
A:	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit before tax as per Profit and Loss Account		**25,242.24**		20,547.44
	Adjusted for:				
	Net Prior Year Adjustments	**2.83**		1.35	
	Investment written off (net)	**-**		18.38	
	Loss on Sale / Discarding of Fixed Assets (net)	**33.66**		0.60	
	Depreciation	**16,241.33**		13,477.01	
	Transferred from Revaluation Reserve	**(2,633.75)**		(2,980.48)	
	Effect of Exchange Rate Change	**(833.37)**		(1,837.42)	
	Profit on Sale of Current Investments (net)	**(339.47)**		(238.28)	
	Dividend Income	**(2.40)**		(2.41)	
	Interest / Other Income	**(2,620.79)**		(2,108.41)	
	Interest and Finance Charges	**2,327.62**		1,997.21	
			12,175.66		8,327.55
	Operating Profit before Working Capital Changes		**37,417.90**		28,874.99
	Adjusted for:				
	Trade and Other Receivables	**(6,948.32)**		(7,379.98)	
	Inventories	**(2,843.76)**		(12,144.90)	
	Trade Payables	**9,861.53**		14,223.40	
			69.45		(5,301.48)
	Cash Generated from Operations		**37,487.35**		23,573.51
	Net Prior Year Adjustments		**(2.83)**		(1.35)
	Taxes Paid		**(4,204.00)**		(3,081.94)
	Net Cash from Operating Activities		**33,280.52**		20,490.22
B:	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of Fixed Assets		**(12,366.12)**		(21,942.67)
	Sale of Fixed Assets		**241.57**		113.19
	Deposit Received		**9,004.00**		-
	Purchase of Investments		**(2,57,540.89)**		(1,98,866.11)
	Sale of Investments		**2,43,474.45**		1,97,660.74
	Movement in Loans and Advances		**(5,477.46)**		2,626.01
	Interest Income		**2,329.17**		2,201.93
	Dividend Income		**2.40**		2.41
	Net Cash used in Investing Activities		**(20,332.88)**		(18,204.50)

Cash Flow Statement for the year 2010-11 (Contd.)

(Rs. in crore)

	2010-11	2009-10
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	**192.57**	53.54
Proceeds from Long Term Borrowings	**4,920.48**	6,530.64
Repayment of Long Term Borrowings	**(5,588.64)**	(11,598.22)
Short Term Loans	**6,411.15**	(234.86)
Dividends Paid (including dividend distribution tax)	**(2,430.91)**	(2,219.45)
Interest Paid	**(2,780.08)**	(3,531.25)
Net Cash from / (used in) Financing Activities	**724.57**	(10,999.60)
Net Increase / (Decrease) in Cash and Cash Equivalents	**13,672.21**	(8,713.88)
Opening Balance of Cash and Cash Equivalents	**13,462.65**	22,176.53
Closing Balance of Cash and Cash Equivalents	**27,134.86**	13,462.65

Note :
Share application money given to Subsidiary / Associate aggregating to Rs. 17.00 crore (Previous Year Rs. 196.86 crore) have been converted into investments in Equity / Preference Shares.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 21, 2011

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Directors

Schedules forming part of the Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL (Rs. in crore)

			As at 31st March, 2011		As at 31st March, 2010
Authorised:					
500,00,00,000 (500,00,00,000)	Equity Shares of Rs. 10 each		**5,000.00**		5,000.00
100,00,00,000 (100,00,00,000)	Preference Shares of Rs. 10 each		**1,000.00**		1,000.00
			6,000.00		6,000.00
Issued, Subscribed and Paid up:					
327,33,74,008 (327,03,74,360)	Equity Shares of Rs. 10 each fully paid up	**3,273.37**		3,270.37	
	Less: Calls in arrears - by others [Rs. 3,652.50 (Previous Year Rs. 3,922.50)]	**-**		-	
			3,273.37		3,270.37
	TOTAL		**3,273.37**		3,270.37

Notes:

1.	210,85,63,630 (210,85,63,630)	Shares out of the issued and subscribed share capital were allotted as Bonus Shares by capitalisation of Securities Premium and Reserves.
2.	65,25,91,982 (65,25,91,982)	Shares out of the issued and subscribed share capital were allotted pursuant to the various Schemes of amalgamation without payments being received in cash and includes 10,46,60,154 shares allotted to Petroleum Trust.
3.	45,04,27,345 (45,04,27,345)	Shares out of the issued and subscribed share capital were allotted on conversion / surrender of Debentures and Bonds, conversion of Term Loans, exercise of warrants, against Global Depository Shares (GDS) and re-issue of forfeited equity shares.

4. The Company has reserved issuance of 13,52,79,244 (Previous year 13,82,78,892) Equity Shares of Rs. 10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year, the Company has granted 35,200 [Previous year NIL] Options to the eligible employees which includes 16,000 options at a price of Rs. 995/- per option and 19,200 options at a price of Rs. 929/- per option plus all applicable taxes, as may be levied in this regard on the Company. The options would vest over a maximum period of 7 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specified criteria.

   During the year, the Company has issued and allotted 29,99,648 (Previous Year 5,30,426) equity shares to the eligible employees of the Company and its Subsidiaries under ESOS.

Schedules forming part of the Balance Sheet

SCHEDULE 'B'

RESERVES AND SURPLUS

(Rs. in crore)

		As at 31st March, 2011		As at 31st March, 2010
Revaluation Reserve				
As per last Balance Sheet	**8,804.27**		11,784.75	
Less: Transferred to Profit and Loss Account [Refer Note 4, Schedule 'O']	**2,633.75**		2,980.48	
Less: Utilised on Demerger Adjustments [Refer Note 9, Schedule 'O']	**703.52**		-	
		5,467.00		8,804.27
Capital Reserve				
As per last Balance Sheet		**291.28**		291.28
Capital Redemption Reserve				
As per last Balance Sheet	-		887.94	
Less: Capitalized on Issue of Bonus Shares	-		887.94	
		-		-
Securities Premium Account				
As per last Balance Sheet	**50,688.69**		51,456.76	
Add: Premium on issue of shares	**189.57**		50.97	
	50,878.26		51,507.73	
Less: Premium on redemption / buy back of debentures / Bonds	-		80.19	
Less: Capitalized on Issue of Bonus Shares	-		738.85	
	50,878.26		50,688.69	
Less: Calls in arrears - by others	**0.02**		0.02	
		50,878.24		50,688.67
Debenture Redemption Reserve				
As per last Balance Sheet	**1,116.57**		927.07	
Add: Transferred from Profit and Loss Account	-		189.50	
		1,116.57		1,116.57
General Reserve*				
As per last Balance Sheet	**68,000.00**		54,000.00	
Add: Transferred from Profit and Loss Account	**16,000.00**		14,000.00	
		84,000.00		68,000.00
Profit and Loss Account		**6,513.86**		4,999.45
TOTAL		**1,48,266.95**		1,33,900.24

* Cumulative amount withdrawn on account of Depreciation on Revaluation is Rs. 2,563.43 crore.

Schedules forming part of the Balance Sheet

SCHEDULE 'C'

SECURED LOANS

(Rs. in crore)

			As at 31st March, 2011		As at 31st March, 2010
A.	**DEBENTURES**				
	Non Convertible Debentures		**10,007.82**		9,682.82
B.	**TERM LOANS**				
	From Banks				
	Rupee Loans		**-**		570.00
C.	**WORKING CAPITAL LOANS**				
	From Banks				
	Foreign Currency Loans	**312.17**		1,234.67	
	Rupee Loans	**251.22**		183.01	
			563.39		1,417.68
	TOTAL		**10,571.21**		11,670.50

1. Debentures referred to in A above to the extent of:

   a) Rs. 2,283.00 crore are secured by way of first mortgage / charge on the immovable properties situated at Hazira Complex and at Jamnagar Complex (other than SEZ unit) of the Company.

   b) Rs. 5,000.00 crore are secured by way of first mortgage / charge on the immovable properties situated at Jamnagar Complex (other than SEZ unit) of the Company.

   c) Rs. 1,970.00 crore are secured by way of first mortgage / charge on all the properties situated at Hazira Complex and at Patalganga Complex of the Company.

   d) Rs.110.34 crore are secured by way of first mortgage / charge on certain properties situated at village Mouje Dhanot, District Kalol in the State of Gujarat and on fixed assets situated at Hoshiarpur Complex of the Company.

   e) Rs. 49.43 crore are secured by way of first mortgage / charge on certain properties situated at Ahmedabad in the State of Gujarat and on fixed assets situated at Nagpur Complex of the Company.

   f) Rs. 44.05 crore are secured by way of first mortgage / charge on certain properties situated at Surat in the State of Gujarat and on fixed assets situated at Allahabad Complex of the Company.

   g) Rs. 51.00 crore are secured by way of first mortgage / charge on movable and immovable properties situated at Thane in the State of Maharashtra and on movable properties situated at Baulpur Complex of the Company.

   h) Rs. 500.00 crore are secured by way of first mortgage / charge on the immovable properties situated at Jamnagar Complex (SEZ unit) of the Company.

Schedules forming part of the Balance Sheet

2. Debentures referred to in A above are redeemable at par, in one or more installments, on various dates with the earliest redemption being on 17th June, 2011 and the last being on 7th May, 2020. The debentures are redeemable as follows: Rs. 655.00 crore in financial year 2011-12, Rs. 3,043.69 crore in financial year 2012-13, Rs. 4,466.26 crore in financial year 2013-14, Rs. 408.83 crore in financial year 2014-15, Rs. 164.04 crore in financial year 2015-16, Rs. 133.33 crore in financial year 2016-17, Rs. 133.33 crore in financial year 2017-18, Rs. 503.34 crore in financial year 2018-19 and Rs. 500.00 crore in financial year 2020-21.

3. Working capital loans are secured by hypothecation of present and future stock of raw materials, stock-in-process, finished goods, stores and spares (not relating to plant and machinery), book debts, outstanding monies, receivables, claims, bills, materials in transit, etc. save and except receivables of Oil and Gas Division.

SCHEDULE 'D'

UNSECURED LOANS

(Rs. in crore)

		As at 31st March, 2011		As at 31st March, 2010
A. Long Term				
i) From Banks	**41,093.06**		42,373.97	
ii) From Others	**3,976.24**		3,899.30	
		45,069.30		46,273.27
B. Short Term				
From Banks		**11,740.95**		4,532.61
C. Deferred Sales Tax Liability		**15.22**		18.31
TOTAL		**56,825.47**		50,824.19

Note:

Short term loan from banks include commercial paper of Rs. NIL (Previous Year Rs. 500.00 crore). Maximum balance outstanding at any time during the year being Rs. 4,825.00 crore (Previous Year Rs. 8,500.00 crore).

Schedules forming part of the Balance Sheet

SCHEDULE 'E'

FIXED ASSETS (Rs. in crore)

Description	Gross Block				Depreciation		Net Block	
	As at 01-04-2010	Additions	Deductions/ Adjustments	As at 31-03-2011	For the Year	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
OWN ASSETS :								
Leasehold Land	1,556.01	0.66	0.01	**1,556.66**	53.64	**186.67**	**1,369.99**	1,422.98
Freehold Land	1,136.29	30.67	4.93	**1,162.03**	-	**-**	**1,162.03**	1,136.29
Buildings	7,366.66	273.88	47.40	**7,593.14**	286.83	**2,298.12**	**5,295.02**	5,350.63
Plant & Machinery	1,30,478.49	2,195.06	306.16	**1,32,367.39**	7,762.86	**54,965.23**	**77,402.16**	83,027.47
Electrical Installations	3,480.33	35.11	2.91	**3,512.53**	176.53	**1,392.90**	**2,119.63**	2,263.27
Equipments	5,804.77	540.32	58.89	**6,286.20**	302.86	**1,247.01**	**5,039.19**	4,839.79
Furniture & Fixtures	477.32	44.72	3.54	**518.50**	30.70	**303.97**	**214.53**	201.55
Vehicles	277.80	43.48	37.25	**284.03**	36.54	**155.64**	**128.39**	139.52
Ships	385.76	0.10	-	**385.86**	14.28	**239.79**	**146.07**	160.25
Aircrafts & Helicopters	68.42	114.79	114.79	**68.42**	11.85	**28.16**	**40.26**	48.05
Sub-Total	**1,51,031.85**	**3,278.79**	**575.88**	**1,53,734.76**	**8,676.09**	**60,817.49**	**92,917.27**	**98,589.80**
LEASED ASSETS :								
Plant & Machinery	317.80	-	-	**317.80**	39.72	**151.30**	**166.50**	206.22
Ships	9.98	-	-	**9.98**	-	**9.98**	-	-
Sub-Total	**327.78**	-	-	**327.78**	**39.72**	**161.28**	**166.50**	**206.22**
INTANGIBLE ASSETS:**								
Technical Knowhow fees	3,021.93	188.78	-	**3,210.71**	153.27	**1,565.17**	**1,645.54**	1,610.03
Software	467.31	18.74	-	**486.05**	42.54	**411.53**	**74.52**	98.32
Development Rights #	52,374.38	2,084.37	-	**54,458.75**	7,251.45	**14,827.54**	**39,631.21**	44,798.29
Others	8,641.46	392.46	-	**9,033.92**	78.26	**762.49**	**8,271.43**	7,957.23
Sub-Total	**64,505.08**	**2,684.35**	-	**67,189.43**	**7,525.52**	**17,566.73**	**49,622.70**	**54,463.87**
Total	**2,15,864.71**	**5,963.14**	**575.88**	**2,21,251.97**	**16,241.33***	**78,545.50**	**1,42,706.47**	**1,53,259.89**
Previous Year	1,49,628.70	66,507.61	271.60	**2,15,864.71**	**13,477.01**	**62,604.82**	**1,53,259.89**	
Capital Work-in-Progress							**12,819.56**	**12,138.82**

NOTES :

a) Leasehold Land includes Rs. 203.19 crore (Previous Year Rs. 203.19 crore) in respect of which lease-deeds are pending execution.

b) Buildings include :
   i) Cost of shares in Co-operative Housing Societies Rs. 1.00 crore (Previous Year Rs. 1.00 crore).
   ii) Rs. 4.88 crore (Previous Year Rs. 4.88 crore) in respect of which conveyance is pending.
   iii) Rs. 93.20 crore (Previous Year Rs. 93.20 crore) in shares of Companies / Societies with right to hold and use certain area of Buildings.

c) Intangible assets - Others include :
   i) Jetties amounting to Rs. 646.97 crore (Previous Year Rs. 646.97 crore), the Ownership of which vests with Gujarat Maritime Board. However, under an agreement with Gujarat Maritime Board, the Company has been permitted to use the same at a concessional rate.
   ii) Rs. 8,386.95 crore (Previous Year Rs. 7,994.49 crore) in preference shares of subsidiaries and lease premium paid with right to hold and use Land and Buildings.

d) Capital Work-in-Progress includes :
   i) Rs. 1,886.03 crore (Previous Year Rs. 1,453.20 crore) on account of project development expenditure.
   ii) Rs. 665.84 crore (Previous Year Rs. 810.44 crore) on account of cost of construction materials at site.
   iii) Rs. 591.30 crore (Previous Year Rs. 453.07 crore) on account of advance against capital expenditure.

e) Gross Block includes Rs. 12,900.63 crore added on revaluation of Building, Plant & Machinery and Equipments as at 01.01.2009 and Rs. 22,497.34 crore added on revaluation of Building, Plant & Machinery, Electrical Installations and Equipments as at 01.08.2005, based on reports issued by international valuers.

f) Additions and Capital Work-in-Progress include Rs. 121.03 crore (net loss) [Previous Year Rs. 5,313.81 crore (net gain)] on account of exchange difference during the year.

* Refer Note 4, Schedule 'O'

** Other than internally generated

\# Regrouped from Plant & Machinery.

Schedules forming part of the Balance Sheet

SCHEDULE 'F'

INVESTMENTS

(Rs. in crore)

			As at 31st March, 2011		As at 31st March, 2010
A. LONG TERM INVESTMENTS					
Government and other Securities - Unquoted					
	6 Years National Savings Certificate (Deposited with Sales Tax Department and other Govt. Authorities)		**0.02**		0.02
Trade Investments					
In Equity Shares - Unquoted, fully paid up					
64,29,20,000 (12,04,20,000)	Gujarat Chemicals Port Terminal Company Limited of Re. 1 each	**64.29**		12.04	
62,63,125 (62,63,125)	Indian Vaccines Corporation Limited of Rs.10 each	**0.61**		0.61	
1,00,00,000 (1,00,00,000)	Petronet India Limited of Rs. 10 each	**10.00**		10.00	
11,08,500 (11,08,500)	Reliance Europe Limited of Sterling Pound 1 each	**3.93**		3.93	
19,90,000 (19,90,000)	Reliance Utilities and Power Private Limited Class 'A' shares of Re. 1 each	**0.20**		0.20	
20,50,000 (20,50,000)	Reliance Utilities Private Limited Class 'A' shares of Re. 1 each	**0.21**		0.21	
		79.24		26.99	
In Preference Shares - Unquoted, fully paid up					
50,00,00,000 (50,00,00,000)	9% Non-Cumulative Redeemable Preference Shares of Reliance Gas Transportation Infrastructure Limited of Rs. 10 each	**2,000.00**		2,000.00	
		2,000.00		2,000.00	
			2,079.24		2,026.99
Other Investments					
In Equity Shares - Quoted, fully paid up					
68,60,064 (68,60,064)	Reliance Industrial Infrastructure Limited of Rs. 10 each	**16.30**		16.30	
		16.30		16.30	
In Equity Shares - Unquoted, fully paid up					
22,500 (22,500)	Reliance LNG Limited of Rs. 10 each	**0.02**		0.02	
		0.02		0.02	
			16.32		16.32
In Equity Shares of Subsidiary Companies - Unquoted, fully paid up					
51,96,90,000 (-)	Infotel Broadband Services Limited of Rs. 10 each	**519.69**		-	
1,76,200 (1,76,200)	Reliance Exploration & Production DMCC of AED 1000 each	**210.84**		210.84	
33,65,75,000 (-)	Reliance Exploration & Production Mauritius Limited of USD 1 each	**1,554.38**		-	
2,00,000 (2,00,000)	Reliance Global Business B.V. of Euro 0.01 each	**0.01**		0.01	
- (250,000)	Reliance Global Management Services Limited of Rs. 10 each	**-**		0.25	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.) (Rs. in crore)

		As at 31st March, 2011	As at 31st March, 2010
14,75,04,400 (14,75,04,400)	Reliance Industrial Investments and Holdings Limited of Rs.10 each	**147.50**	147.50
42,450 (42,450)	Reliance Industries (Middle East) DMCC of AED 1000 each	**46.19**	46.19
10,00,00,000 (10,00,00,000)	Reliance Jamnagar Infrastructure Limited of Rs. 10 each	**100.00**	100.00
50,000 (-)	Reliance Oil & Gas Mauritius Limited of USD 1 each	**0.23**	-
339,00,00,000 (339,00,00,000)	Reliance Retail Limited of Rs. 10 each	**3,390.00**	3,390.00
20,20,200 (20,20,200)	Reliance Strategic Investments Limited of Rs. 10 each	**2.02**	2.02
26,91,150 (26,91,150)	Reliance Ventures Limited of Rs. 10 each	**2,351.05**	2,351.05
55,00,001 (50,00,001)	RIL (Australia) Pty Limited of Aus $ 1 each	**19.74**	17.46
		8,341.65	6,265.32
In Equity Shares of Subsidiary Companies - Unquoted, partly paid up			
427,80,00,000 (-)	Infotel Broadband Services Limited of Rs. 10 each (Rs. 8.50 each paid up)	**3,636.30**	-
610,00,00,000 (610,00,00,000)	Reliance Retail Limited of Rs. 10 each (Rs. 3 each paid up)	**1,830.00**	1,830.00
		5,466.30	1,830.00
In Preference Shares of Subsidiary Companies - Unquoted, fully paid up			
20,62,316 (17,00,316)	5% Non-Cumulative Compulsorily Convertible Preference Shares of Reliance Exploration & Production DMCC of AED 1000 each	**2,562.89**	2,123.23
1,46,500 (-)	5% Non-Cumulative Compulsorily Convertible Preference Shares of Reliance Exploration & Production Mauritius Limited of USD 1000 each	**653.32**	-
660,77,27,511 (499,57,55,311)	Reliance Global Business B.V. 'A' Class Shares of Euro 0.01 each	**425.80**	324.40
3,54,156 (3,37,824)	5% Non-Cumulative Compulsorily Convertible Preference Shares of Reliance Industries (Middle East) DMCC of AED 1000 each	**474.15**	454.36
18,50,000 (18,50,000)	10% Non-Cumulative Optionally Convertible Preference Shares of Reliance Jamnagar Infrastructure Limited of Rs. 10 each	**925.00**	925.00
62,000 (62,000)	Reliance Netherlands B.V. Class 'A' Shares of Euro 1 each	**0.38**	0.38
1,37,622 (-)	5% Non-Cumulative Compulsorily Convertible Preference Shares of Reliance Oil & Gas Mauritius Limited of USD 1000 each	**613.73**	-
4,02,800 (4,02,800)	9% Non-Cumulative Compulsorily Convertible Preference Shares of Reliance Strategic Investments Limited of Re. 1 each	**112.78**	112.78
		5,768.05	3,940.15

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.) (Rs. in crore)

		As at 31st March, 2011	As at 31st March, 2010
In Preference Shares of Subsidiary Company - Unquoted, partly paid up			
1,37,000 (1,37,000)	Reliance Netherlands B.V. Class 'A' Shares of Euro 1 each [Euro 0.60 each paid up (Euro 0.54 each paid up)]	**0.50**	0.45
		0.50	0.45
In Debentures of Subsidiary Companies - Unquoted, fully paid up			
2,79,90,000 (2,79,90,000)	0% Unsecured Convertible Debentures of Reliance Industrial Investments and Holdings Limited of Rs 100 each	**279.90**	279.90
8,83,143 (8,83,143)	0% Unsecured Convertible Debentures of Reliance Industrial Investments and Holdings Limited of Rs 5,000 each	**441.58**	441.58
		721.48	721.48
In Others			
- (88)	Pass Through Certificates (PTC) issued by Indian Residential MBS Trust	**-**	0.33
		-	0.33
In Units of Fixed Maturity Plan - Quoted, fully paid up (Face Value of Rs. 10 each)			
6,00,00,000 (-)	Axis Fixed Term Plan Series 13 - Growth	**60.00**	-
1,50,00,000 (-)	Baroda Pioneer Series 1 - Growth Plan	**15.00**	-
19,00,00,000 (-)	Birla Sun Life Fixed Term Plan Series CM - Growth	**190.00**	-
31,50,00,000 (-)	Birla Sun Life Fixed Term Plan Series CO Growth	**315.00**	-
12,00,00,000 (-)	Birla Sun Life Fixed Term Plan Series CP Growth	**120.00**	-
5,00,00,000 (-)	Birla Sun Life Fixed Term Plan Series CQ Growth	**50.00**	-
13,50,00,000 (-)	Birla Sun Life Fixed Term Plan Series CR Growth	**135.00**	-
5,00,00,000 (-)	Birla Sun Life Fixed Term Plan Series CS Growth	**50.00**	-
24,00,00,000 (-)	Birla Sun Life Fixed Term Plan Series CT Growth	**240.00**	-
10,50,00,000 (-)	Birla Sun Life Fixed Term Plan Series CU Growth	**105.00**	-
3,00,00,000 (-)	Birla Sun Life Fixed Term Plan Series CV Growth	**30.00**	-
14,50,00,000 (-)	Birla Sun Life Fixed Term Plan Series CW Growth	**145.00**	-

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.) (Rs. in crore)

			As at 31st March, 2011	As at 31st March, 2010
5,00,00,000 (-)	Canara Robeco Series 6-13 Months (Plan A) - Growth	**50.00**		-
6,00,00,000 (-)	Canara Robeco Series 6 - 13 Months (Plan B) - Growth	**60.00**		-
30,00,00,000 (-)	DSP Blackrock Series 13 - Growth	**300.00**		-
15,00,00,000 (-)	DSP Blackrock - 12 M Series 14 - Growth	**150.00**		-
10,00,00,000 (-)	DSP Blackrock - 12 M Series 15 - Growth	**100.00**		-
6,00,00,000 (-)	DSP Blackrock Series 16 - Growth	**60.00**		-
14,00,00,000 (-)	DSP Blackrock - 12 M Series 17 - Growth	**140.00**		-
15,00,00,000 (-)	DSP Blackrock - 12 M Series 18 - Growth	**150.00**		-
3,50,00,000 (-)	Fidelity Series 5 - Plan F - Growth	**35.00**		-
3,00,00,000 (-)	HDFC 370 D (1) - Growth Series XVI	**30.00**		-
4,80,00,000 (-)	HDFC 370 D (2) - Growth Series XVI	**48.00**		-
6,00,00,000 (-)	HDFC 370 D (3) Growth Series XVI	**60.00**		-
7,50,00,000 (-)	HDFC 370 D (4) - Growth Series XVI	**75.00**		-
10,00,00,000 (-)	HDFC 370 D (5) - Growth Series - XVI	**100.00**		-
10,00,00,000 (-)	HSBC Fixed Term Series 79 Growth UCC	**100.00**		-
13,50,00,000 (-)	ICICI Prudential Series 51 - 1 Year Plan F Cumulative	**135.00**		-
3,00,00,000 (-)	ICICI Prudential Series 54 - 1 Year Plan A Cumulative	**30.00**		-
25,00,00,000 (-)	ICICI Prudential Series 55 - 1Year Plan A Cumulative	**250.00**		-
22,50,00,000 (-)	ICICI Prudential Series 55-1 Year Plan B Cumulative	**225.00**		-
9,00,00,000 (-)	ICICI Prudential Series 55 - 1 Year Plan - C Cumulative	**90.00**		-
7,00,00,000 (-)	ICICI Prudential Series 55 - 1 Year Plan D Cumulative	**70.00**		-
5,00,00,000 (-)	ICICI Prudential Series 55 - 1 Year Plan E Cumulative	**50.00**		-

SCHEDULE 'F' (Contd.)

(Rs. in crore)

			As at 31st March, 2011		As at 31st March, 2010
20,00,00,000 (-)	ICICI Prudential Series 56 - 1 Year Plan A Cumulative	**200.00**		-	
16,50,00,000 (-)	ICICI Prudential Series 56 - 1 Year Plan B Cumulative	**165.00**		-	
8,00,00,000 (-)	ICICI Prudential Series 56 - 1 Year Plan D Cumulative	**80.00**		-	
2,50,00,000 (-)	IDBI - 367 days Series - 1 A Growth	**25.00**		-	
2,50,00,000 (-)	IDBI Series - 1 - C - Growth	**25.00**		-	
2,50,00,000 (-)	IDBI 367 D Series - 1 - D Growth	**25.00**		-	
15,00,00,000 (-)	IDFC Yearly Series 37 - Growth	**150.00**		-	
5,00,00,000 (-)	IDFC Fixed Maturity Yearly Series 38 Growth	**50.00**		-	
7,50,00,000 (-)	IDFC Fixed Maturity Yearly Series 40 Growth	**75.00**		-	
5,50,00,000 (-)	IDFC Yearly Series 41 - Growth	**55.00**		-	
14,00,00,000 (-)	IDFC - Yearly Series 42 - Growth	**140.00**		-	
3,00,00,000 (-)	JPMorgan India 367 D Series 1-Growth Plan	**30.00**		-	
15,00,00,000 (-)	JPMorgan India 400 D Series - 1 Growth	**150.00**		-	
20,00,00,000 (-)	SBI Debt Fund Series 370 days - 10 Growth	**200.00**		-	
25,00,00,000 (-)	SBI Debt Fund Series 370 days - 11 - Growth	**250.00**		-	
15,00,00,000 (-)	SBI Debt Fund Series - 370 days - 12 - Growth	**150.00**		-	
12,50,00,000 (-)	SBI Debt Fund Series 9 - Growth	**125.00**		-	
2,50,00,000 (-)	Sundaram Fixed Term Plan BA 366 days Growth	**25.00**		-	
4,00,00,000 (-)	Tata Series 31 Scheme B - Growth	**40.00**		-	
2,40,00,000 (-)	Tata Series 31 Scheme C - Growth	**24.00**		-	
15,00,00,000 (-)	UTI Fixed Term Income Fund Series IX - 1 Growth Plan	**150.00**		-	
		5,897.00		-	
			26,194.98		12,757.73
	Total (A)		**28,290.56**		14,801.06

SCHEDULE 'F' (Contd.) (Rs. in crore)

		As at 31st March, 2011	As at 31st March, 2010
B. CURRENT INVESTMENTS			
Other Investments			
	In Government Securities - Quoted		
	7.59% GOI 2016	**4.92**	5.04
		4.92	5.04
	In Certificate of Deposit with Scheduled Banks -Quoted	**4,632.27**	3,973.27
	In Public Sector Undertakings / Public Financial Institutions & Corporate Bonds - Quoted		
1,000 (-)	CitiFinancial Consumer Finance India Limited	**98.31**	-
2,250 (1,250)	EXIM Bank of India	**219.48**	125.00
15,187 (7,537)	Housing Development Finance Corporation Limited	**1,531.17**	774.43
5,000 (3,600)	Infrastructure Development Finance Company Limited	**483.32**	346.52
1,450 (2,050)	Indian Railway Finance Corporation Limited	**138.49**	206.16
12,500 (8,500)	LIC Housing Finance Limited	**1,217.86**	850.03
- (1,250)	National Housing Bank	-	124.48
5,500 (3,400)	Power Finance Corporation Limited	**551.45**	348.11
920 (-)	Power Grid Corporation of India Limited	**112.34**	-
1,350 (8,950)	Rural Electrification Corporation Limited	**131.43**	895.45
1,500 (-)	Steel Authority of India Limited	**146.45**	-
		4,630.30	3,670.18
	In Commercial Paper - Quoted		
	Housing Development Finance Corporation Limited	**93.49**	-
		93.49	**-**
		9,360.98	7,648.49

SCHEDULE 'F' (Contd.)

(Rs. in crore)

		As at 31st March, 2011		As at 31st March, 2010	
	In Units - Unquoted				
- (4,95,83,326)	HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth of Rs. 10 each	-		100.07	
- (13,00,69,316)	HDFC Liquid Fund - Premium Plan - Growth of Rs. 10 each	-		240.00	
- (58,39,951)	ICICI Prudential Flexible Income Plan Premium - Growth of Rs. 100 each	-		100.00	
- (1,75,66,322)	ICICI Prudential Institutional Liquid Plan - Super Institutional Growth of Rs. 100 each	-		239.00	
- (6,61,43,253)	LIC Mutual Fund Floating Rate Fund - Short Term Plan - Growth Plan of Rs. 10 each	-		100.00	
		-		779.07	
	Total (B)		**9,360.98**		8,427.56
	Total (A+B)		**37,651.54**		23,228.62

(Rs. in crore)

AGGREGATE VALUE OF	As at 31st March, 2011 Book Value	As at 31st March, 2011 Market Value	As at 31st March, 2010 Book Value	As at 31st March, 2010 Market Value
Quoted Investments	**15,274.28**	**15,839.31**	7,664.79	8,248.22
Unquoted Investments	**22,377.26**	-	15,563.83	-

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

Investments purchased and sold during the year

	Face Value (Rs.)	Nos. (in lakhs)	Cost (Rs. in crore)
Mutual Fund Units			
Axis Liquid Fund - Institutional Growth	1,000	184.15	1,950.06
Axis Treasury Advantage Fund - Institutional Growth	1,000	29.14	300.09
Birla Sunlife Cash Plus - Institutional Prem. - Growth	10	82,173.79	12,594.00
Birla Sun Life Savings Fund - Institutional Growth	10	1,131.84	200.03
Baroda Pioneer Liquid Fund - Institutional Growth Plan	1,000	13.44	150.00
Canara Robeco Liquid Super - Institutional Growth Fund	10	5,766.29	680.00
DSP BlackRock Floating Rate Fund - Institutional Plan - Growth	1,000	13.06	175.03
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	1,000	291.12	4,017.01
DWS Insta Cash Plus Fund - Super Institutional Plan Growth	10	33,021.46	4,958.50
HDFC Liquid Fund - Premium Plan - Growth	10	214,963.18	40,585.00
HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Growth	10	65,130.57	13,251.93
HDFC High Interest Fund -Short Term Plan - Growth	10	1,074.79	200.00
ICICI Prudential Flexible Income Plan Premium - Growth	100	7,184.28	12,403.62
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	100	35,895.84	50,059.28
ICICI Prudential Ultra Short Term Plan Super Premium Growth	10	1,924.28	200.02
IDBI Liquid Fund - Growth	10	2,903.14	425.04
IDFC Cash Fund - Super Institutional Plan C - Growth	10	38,621.91	4,535.00
IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C - Growth	10	906.25	100.01
JPMorgan India Liquid Fund - Super Institutional - Growth Plan	10	29,623.73	3,667.00
JPMorgan India Treasury Fund - Super Institutional - Growth Plan	10	411.49	50.00
LIC Mutual Fund Liquid Fund - Growth Plan	10	45,072.23	7,783.28
LIC Mutual Fund Floating Rate Fund - Short Term Plan - Growth Plan	10	10,245.74	1,566.84
SBI - Magnum Insta Cash Fund - Cash Option	10	31,820.36	6,669.40
SBI Premier Liquid Fund - Institutional - Growth	10	7,494.13	1,125.00
SBI Premier Liquid Fund - Super Institutional - Growth	10	52,420.87	7,949.00
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	10	7,759.72	940.10
Tata Floater Fund - Growth	10	726.47	100.02
Tata Liquid Super High Investment Fund - Appreciation	1,000	248.70	4,428.34
Templeton India Treasury Management Account Super Institutional Plan - Growth	1,000	551.62	7,895.00
UTI Liquid Cash Plan Institutional - Growth Option	1,000	270.10	4,238.01
UTI Treasury Advantage Fund - Institutional Plan - Growth Option	1,000	57.96	722.11
UTI Money Market Mutual Fund - Institutional Growth Plan	1,000	733.60	7,929.00
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option	1,000	48.05	500.06

	Face Value (Rs.)	Nos. (in lakhs)	Cost (Rs. in crore)
Government Securities			
7.27% GOI 2013	100	275	280.79
7.32% GOI 2014	100	280	282.56
7.17% GOI 2015	100	2,220	2,176.28
7.38% GOI 2015	100	220	217.06
7.02% GOI 2016	100	420	408.53
7.99% GOI 2017	100	1,560	1,562.76
7.80% GOI 2020	100	3,685	3,704.31
8.08% GOI 2022	100	400	400.56
8.13% GOI 2022	100	950	954.58

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)
Investments purchased and sold during the year

	Face Value (Rs.)	Nos.	Cost (Rs. in crore)
Corporate Bonds			
5.90% EXIM Bank of India 2013	1000000	2500	250.00
6.23% Housing Development Finance Corporation Limited 2011	1000000	2000	199.24
6.84% Housing Development Finance Corporation Limited 2011	1000000	250	24.85
0.00% Housing Development Finance Corporation Limited 2012	1000000	750	76.40
0.00% Housing Development Finance Corporation Limited 2012	1000000	750	75.92
9.50% Housing Development Finance Corporation Limited 2012	1000000	1000	99.49
9.80% Housing Development Finance Corporation Limited 2012	1000000	250	24.99
7.95% Housing Development Finance Corporation Limited 2014	1000000	250	25.00
9.20% Housing Development Finance Corporation Limited 2016	1000000	50	5.16
9.90% Housing Development Finance Corporation Limited 2018	1000000	50	5.33
8.45% Indian Railway Finance Corporation Limited 2018	1000000	250	24.77
8.60% Indian Railway Finance Corporation Limited 2019	1000000	500	50.09
0.00% Infrastructure Development Finance Company Limited 2011	1000000	450	42.00
0.00% Infrastructure Development Finance Company Limited 2011	1000000	1150	110.57
8.35% Infrastructure Development Finance Company Limited 2011	1000000	1300	129.33
8.88% Infrastructure Development Finance Company Limited 2011	1000000	300	30.28
0.00% National Bank for Agricultural and Rural Development 2019	1000000	200	10.33
6.21% National Housing Bank 2013	1000000	1250	124.71
0.00% National Housing Bank 2019	1000000	250	12.65
8.40% ONGC Videsh Limited 2014	1000000	1450	145.80
8.70% Power Finance Corporation Limited 2015	1000000	2950	300.20
8.95% Power Finance Corporation Limited 2015	1000000	100	10.10
8.70% Power Finance Corporation Limited 2020	1000000	2750	273.84
8.90% Power Finance Corporation Limited 2020	1000000	50	5.01
8.95% Power Finance Corporation Limited 2020	1000000	750	75.39
8.84% Power Grid Corporation of India Limited 2016	1250000	280	35.44
8.64% Power Grid Corporation of India Limited 2017	1250000	220	27.57
8.80% Power Grid Corporation of India Limited 2017	1250000	120	15.06
8.84% Power Grid Corporation of India Limited 2017	1250000	80	10.09
8.64% Power Grid Corporation of India Limited 2018	1250000	220	27.58
8.84% Power Grid Corporation of India Limited 2018	1250000	80	10.07
8.64% Power Grid Corporation of India Limited 2019	1250000	220	27.59
8.64% Power Grid Corporation of India Limited 2020	1250000	220	27.59
8.64% Power Grid Corporation of India Limited 2021	1250000	140	17.50
8.64% Power Grid Corporation of India Limited 2022	1250000	140	17.50
8.64% Power Grid Corporation of India Limited 2023	1250000	140	17.50
8.64% Power Grid Corporation of India Limited 2024	1250000	140	17.50
8.64% Power Grid Corporation of India Limited 2025	1250000	140	17.50
11.75% Rural Electrification Corporation Limited 2011	1000000	250	25.27
7.90% Rural Electrification Corporation Limited 2012	1000000	200	20.41
7.60% Rural Electrification Corporation Limited 2013	1000000	750	75.45
8.80% Rural Electrification Corporation Limited 2019	1000000	350	34.97
8.80% Rural Electrification Corporation Limited 2020	1000000	500	50.00
9.50% State Bank of India 2025	1000000	105	10.50
8.72% Steel Authority of India Limited 2020	1000000	1450	145.00
8.75% Steel Authority of India Limited 2020	1000000	50	5.00

Schedules forming part of the Balance Sheet

SCHEDULE 'G'

(Rs. in crore)

CURRENT ASSETS		As at 31st March, 2011		As at 31st March, 2010
INVENTORIES				
Stores, Chemicals and Packing Materials	**2,848.92**		2,801.31	
Raw Materials	**14,576.50**		15,023.40	
Stock-in-Process	**4,909.10**		2,878.85	
Finished Goods / Traded Goods	**7,490.86**		6,278.06	
		29,825.38		26,981.62
SUNDRY DEBTORS (Unsecured and Considered Good)				
Over six months	**14.36**		12.91	
Others #	**17,427.58**		11,647.30	
		17,441.94		11,660.21
CASH AND BANK BALANCES				
Cash on hand	**14.36**		11.84	
Balance with Banks				
In Current Accounts :				
with Scheduled Banks	**586.68**		349.16	
with Others*	**3.53**		1.36	
In Fixed Deposit Accounts :				
with Scheduled Banks	**26,530.29**		13,100.29	
		27,134.86		13,462.65
OTHER CURRENT ASSETS				
Interest Accrued on Investments		**199.32**		91.40
TOTAL		**74,601.50**		52,195.88

\# Includes Rs. 3,423.35 crore (Previous Year Rs. 2,978.18 crore) receivable from Subsidiaries.

* Includes balances with non scheduled banks as follows:

(Rs. in crore)

	As at 31st March, 2011	As at 31st March, 2010	Maximum Balance at any time during the year	
			2010-11	2009-10
Bank of China	**0.07**	-	**0.09**	0.07
Citi, China, Guangzhou	**-**	0.05	**0.05**	0.07
Citi, London	**-**	0.05	**0.05**	0.64
Hongkong and Shanghai Banking Corporation, New York	**2.98**	0.76	**14.76**	3.59
Hongkong and Shanghai Banking Corporation, Turkey	**0.07**	0.05	**0.24**	0.20
Hongkong and Shanghai Banking Corporation, Vietnam	**0.04**	0.03	**0.16**	0.09
Royal Bank of Scotland, Jakarta	**0.24**	0.27	**0.53**	0.27
Royal Bank of Scotland, Jebel Ali	**0.05**	0.04	**0.40**	0.22
Royal Bank of Scotland, Shanghai	**-**	-	**0.09**	0.35
Stadtsparkasse Koln, Frankfurt	**0.08**	0.11	**0.31**	0.19

Schedules forming part of the Balance Sheet

SCHEDULE 'H'

(Rs. in crore)

		As at 31st March, 2011		As at 31st March, 2010
LOANS AND ADVANCES				
UNSECURED - (Considered Good Unless Otherwise Stated)				
Loans to subsidiary companies		**7,088.73**		2,936.02
Advance Income Tax (Net of Provision)		**1,228.56**		1,267.49
Advances recoverable in cash or in kind or for value to be received*	**5,376.88**		2,576.21	
Less: Considered Doubtful	**69.88**		69.88	
		5,307.00		2,506.33
Deposits*		**2,092.74**		2,240.53
Balance with Customs, Central Excise Authorities, etc.		**1,223.30**		1,232.85
TOTAL		**16,940.33**		10,183.22

* Advances recoverable includes Rs. 2,389.49 crore (Previous Year Rs. 602.32 crore) and Deposits include Rs. 299.00 crore (Previous Year Rs. 351.97 crore) recoverable from Subsidiaries.

SCHEDULE 'I'

(Rs. in crore)

		As at 31st March, 2011		As at 31st March, 2010
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors - Micro, Small and Medium Enterprises @	**8.17**		8.25	
- Others * ^	**48,837.95**		36,047.35	
Liability for Leased Assets *	**206.49**		223.03	
Unpaid Dividend #	**110.87**		98.61	
Unpaid Matured debentures #	**1.38**		1.39	
Interest accrued on above #	**0.08**		0.19	
Unpaid Share Application Money #	**1.36**		1.36	
Interest accrued but not due on Loans	**490.82**		469.22	
		49,657.12		36,849.40
PROVISIONS				
Provision for Wealth Tax	**64.08**		50.88	
Provision for Leave encashment/ Superannuation / Gratuity	**245.55**		329.21	
Other Provisions $	**1,481.96**		754.43	
Proposed Dividend	**2,384.99**		2,084.67	
Tax on Dividend	**386.90**		346.24	
		4,563.48		3,565.43
TOTAL		**54,220.60**		40,414.83

Schedules forming part of the Balance Sheet

SCHEDULE 'I' (Contd.)

@ The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(Rs. in crore)

Sr. No.	Particulars	**As at 31st March, 2011**	As at 31st March, 2010
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

* Includes Rs. 339.01 crore (Previous Year Rs. 170.08 crore) payable to Subsidiaries and Rs. 2,983.89 crore (Previous Year Rs. 8,817.49 crore) for capital expenditure.

^ Includes advance application money received against Employees Stock Options Scheme (ESOS) pending allotment Rs. 8.53 crore (Previous Year Rs. NIL).

These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 7.81 crore (Previous Year Rs 7.02 crore) which is held in abeyance due to legal cases pending.

$ The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2010 of Rs. 323.88 crore as per the estimated pattern of despatches. During the year, Rs. 323.88 crore was utilised for clearance of goods. Provision recognised under this class for the year is Rs. 345.28 crore which is outstanding as on 31st March, 2011. Actual outflow is expected in the next financial year. The Company had recognised customs duty liability on goods imported under advance license of Rs. 429.55 crore as at 31st March, 2010. During the year, further provision of Rs. 3,148.54 crore was made and sum of Rs. 2,443.09 crore was reversed on fulfillment of export obligation. Closing balance on this account as at 31st March, 2011 is Rs. 1,135.00 crore. Other class of provisions where recognition is based on substantial degree of estimation relate to disputed customer / supplier / third party claims, rebates or demands against the Company. Any additional information in this regard can be expected to prejudice seriously the position of the Company.

Schedules forming part of the Profit and Loss Account

SCHEDULE 'J'

(Rs. in crore)

		2010-11		2009-10
OTHER INCOME				
Dividend:				
From Long Term Investments		**2.40**		2.41
Interest:				
From Current Investments	**481.91**		169.92	
From Others	**2,138.88**		1,938.26	
[Tax Deducted at Source Rs. 215.35 crore (Previous Year Rs. 222.14 crore)]		**2,620.79**		2,108.18
Premium on Investments in Preference Shares		**-**		0.23
Profit on Sale of Current Investments (net)*		**339.47**		238.28
Profit on Sale of Fixed Assets		**24.26**		28.68
Miscellaneous Income		**64.79**		82.54
TOTAL		**3,051.71**		2,460.32

* Net of diminution in value of investments Rs. 90.48 crore (Previous Year Rs. 0.15 crore).

Schedules forming part of the Profit and Loss Account

SCHEDULE 'K'

(Rs. in crore)

		2010-11		2009-10
VARIATION IN STOCKS				
STOCK-IN-TRADE (at close)				
Finished Goods / Traded Goods	**7,490.86**		6,278.06	
Stock-in-Process	**4,909.10**		2,878.85	
		12,399.96		9,156.91
STOCK-IN-TRADE (at commencement)				
Finished Goods / Traded Goods	**6,278.06**		3,015.13	
Stock-in-Process	**2,878.85**		2,193.89	
		9,156.91		5,209.02
TOTAL		**3,243.05**		3,947.89

SCHEDULE 'L'

(Rs. in crore)

		2010-11		2009-10
MANUFACTURING AND OTHER EXPENSES				
RAW MATERIAL CONSUMED		**1,93,233.88**		1,47,919.21
MANUFACTURING EXPENSES				
Stores, Chemicals and Packing Materials	**3,378.02**		2,773.98	
Electric Power, Fuel and Water	**2,255.07**		2,706.71	
Machinery Repairs	**631.72**		378.74	
Building Repairs	**29.17**		25.22	
Labour, Processing, Production Royalty and Machinery Hire Charges	**2,283.72**		1,774.93	
Excise Duty #	**33.94**		369.15	
Lease Rent	**0.68**		2.74	
Exchange Differences (Net)	**(367.40)**		(676.42)	
		8,244.92		7,355.05
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES (including Managerial Remuneration)				
Salaries, Wages and Bonus	**2,179.21**		1,978.15	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employee's State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	**243.31**		148.01	
Employee Welfare and other amenities	**201.65**		224.22	
		2,624.17		2,350.38

Schedules forming part of the Profit and Loss Account

SCHEDULE 'L' (Contd.)

(Rs. in crore)

		2010-11		2009-10
SALES AND DISTRIBUTION EXPENSES				
Samples, Sales Promotion and Advertisement Expenses	**118.02**		50.49	
Brokerage, Discount and Commission	**283.71**		228.02	
Warehousing and Distribution Expenses	**4,195.35**		3,280.49	
Sales Tax / VAT / Service Tax	**756.02**		564.77	
		5,353.10		4,123.77
ESTABLISHMENT EXPENSES				
Insurance	**528.57**		486.58	
Rent	**102.79**		105.15	
Rates & Taxes	**54.27**		40.39	
Other Repairs	**243.16**		256.22	
Travelling Expenses	**74.13**		59.72	
Payment to Auditors	**14.12**		12.82	
Professional Fees	**665.53**		524.82	
Loss on Sale / Discarding of Fixed Assets	**57.92**		29.28	
General Expenses	**500.52**		651.81	
Investments Written Off	**-**		108.38	
Less: Provision Written Back	**-**		(90.00)	
Wealth Tax	**13.20**		13.20	
Charity and Donations	**142.99**		103.37	
		2,397.20		2,301.74
		2,11,853.27		1,64,050.15
Less : Transferred to Projects Development Expenditure (Net)		**30.26**		1,217.92
TOTAL		**2,11,823.01**		1,62,832.23

\# Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.

SCHEDULE 'M'

(Rs. in crore)

INTEREST AND FINANCE CHARGES	**2010-11**	2009-10
Debentures	**1,082.27**	946.36
Fixed Loans	**541.46**	543.38
Finance charges on Leased Assets	**19.53**	21.53
Others	**684.36**	485.94
TOTAL	**2,327.62**	1,997.21

Significant Accounting Policies

SCHEDULE 'N'

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

C. Own Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

D. Leased Assets

a) Operating Leases: Rentals are expensed with reference to lease terms and other considerations.

b) (i) Finance leases prior to 1st April, 2001: Rentals are expensed with reference to lease terms and other considerations.

(ii) Finance leases on or after 1st April, 2001: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss account.

c) However, rentals referred to in (a) or (b) (i) above and the interest component referred to in (b) (ii) above pertaining to the period upto the date of commissioning of the assets are capitalized.

d) All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Initial direct costs in respect of lease are expensed in the year in which such costs are incurred. Income from lease assets is accounted by applying the interest rate implicit in the lease to the net investment.

E. Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation / depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

F. Depreciation

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life except,: on fixed assets pertaining to refining segment and SEZ units, depreciation is provided on Straight Line method (SLM) over their useful life; on fixed bed catalyst with a life of 2 years or more, depreciation is provided over its useful life; on fixed bed catalysts having life of less than 2 years, 100% depreciation is provided in the year of addition; on additions or extensions forming an integral part of existing plants, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and insurance spares, depreciation is provided as aforesaid over the residual life of the respective plants; premium on leasehold land is amortised over

SCHEDULE 'N' (Contd.)

the period of lease; technical know how is amortised over the useful life of the underlying assets and computer software is amortised over a period of 5 years; on intangible assets - development rights, depletion is provided in proportion of oil and gas production achieved vis-a-vis the proved reserves (net of reserves to be retained to cover abandonment costs as per the production sharing contract and the Government of India's share in the reserves) considering the estimated future expenditure on developing the reserves as per technical evaluation; intangible assets - others are amortised over the period of agreement of right to use, provided in case of jetty the aggregate amount amortised to date is not less than the aggregate rebate availed by the Company; on amounts added on revaluation, depreciation is provided as aforesaid over the residual life of the assets as certified by the valuers'; on assets acquired under finance lease from 1st April 2001, depreciation is provided over the lease term.

G Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

H. Foreign Currency Transactions

(a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

(b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

(c) Non monetary foreign currency items are carried at cost.

(d) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

(e) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

I. Investments

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

J. Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis. By-products are valued at net realisable value.

K. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net), Value Added Tax (VAT) and gain / loss on corresponding hedge contracts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

SCHEDULE 'N' (Contd.)

L. Excise Duty / Service Tax and Sales Tax / Value Added Tax

Excise duty / Service tax is accounted on the basis of both, payments made in respect of goods cleared / services provided as also provision made for goods lying in bonded warehouses. Sales tax / Value added tax paid is charged to Profit and Loss account.

M. Employee Benefits

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

(iii) In respect of employees stock options, the excess of fair price on the date of grant over the exercise price is recognised as deferred compensation cost amortised over the vesting period.

N. Employee Separation Costs

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company is charged to the Profit and Loss account in the year of exercise of option.

O. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

P. Financial Derivatives and Commodity Hedging Transactions

In respect of derivative contracts, premium paid and gains / losses on settlement are recognised in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

Q. Accounting for Oil and Gas Activity

The Company has adopted Full Cost Method of accounting for its Oil and Gas activity and all costs incurred in acquisition, exploration and development are accumulated considering the country as a cost centre. Oil and Gas Joint Ventures are in the nature of Jointly Controlled Assets. Accordingly, assets and liabilities as well as income and expenditure are accounted on the basis of available information on line by line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

R. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

S. Premium on Redemption of Bonds / Debentures

Premium on redemption of bonds / debentures, net of tax impact, are adjusted against the Securities Premium Account.

SCHEDULE 'N' (Contd.)

T. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes on Accounts

SCHEDULE 'O'

1. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
2. As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

Defined Contribution Plans (Rs. in crore)

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

	2010-11	2009-10
Employer's Contribution to Provident Fund	**63.89**	53.06
Employer's Contribution to Superannuation Fund	**12.98**	11.70
Employer's Contribution to Pension Scheme	**14.80**	15.00

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.

Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India for SEZ unit of the Company) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

I) Reconciliation of opening and closing balances of Defined Benefit Obligation

(Rs. in crore)

	Gratuity (Funded)		**Leave Encashment (Unfunded)**	
	2010-11	2009-10	**2010-11**	2009-10
Defined Benefit obligation at beginning of year	**300.56**	246.98	**297.41**	476.77
Current Service Cost	**36.04**	22.15	**16.14**	5.27
Interest Cost	**24.08**	17.97	**16.57**	28.13
Actuarial (gain) / loss	**39.64**	28.19	**41.56**	(9.35)
Benefits paid	**(17.34)**	(14.73)	**(193.01)**	(203.41)
Defined Benefit obligation at year end	**382.98**	300.56	**178.67**	297.41

SCHEDULE 'O' (Contd.)

II) Reconciliation of opening and closing balances of fair value of Plan Assets

(Rs. in crore)

	Gratuity (Funded)	
	2010-11	2009-10
Fair value of Plan assets at beginning of year	**268.88**	256.14
Expected return on plan assets	**23.52**	18.77
Actuarial gain / (loss)	**2.18**	5.72
Employer contribution	**49.89**	2.98
Benefits paid	**(17.34)**	(14.73)
Fair value of Plan assets at year end	**327.13**	268.88
Actual return on plan assets	**25.70**	24.49

III) Reconciliation of fair value of assets and obligations

(Rs. in crore)

	Gratuity (Funded) As at 31st March		Leave Encashment (Unfunded) As at 31st March	
	2011	2010	**2011**	2010
Fair value of Plan assets	**327.13**	268.88	**-**	-
Present value of obligation	**382.98**	300.56	**178.67**	297.41
Amount recognised in Balance Sheet	**55.85**	31.68	**178.67**	297.41

IV) Expenses recognised during the year (Under the head "Payments to and Provisions for Employees"- Refer Schedule 'L')

(Rs. in crore)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	**2010-11**	2009-10
Current Service Cost	**36.04**	22.15	**16.14**	5.27
Interest Cost	**24.08**	17.97	**16.57**	28.13
Expected return on Plan assets	**(23.52)**	(18.77)	**-**	-
Actuarial (gain) / loss	**37.46**	22.47	**41.56**	(9.35)
Net Cost	**74.06**	43.82	**74.27**	24.05

V) Investment Details :

	% Invested	
	As at 31st March, 2011	As at 31st March, 2010
GOI Securities	**9.15**	11.03
Public Securities	**9.51**	12.76
State Government Securities	**4.04**	6.38
Private Sector Securities [includes Equity Shares of Reliance Industries Limited, of Rs. NIL (Previous Year Rs. 0.15 crore)]	**-**	0.05
Insurance Policies	**77.12**	69.45
Others (including bank balances)	**0.18**	0.33
	100.00	100.00

SCHEDULE 'O' (Contd.)

VI) Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	**2010-11**	2009-10
Mortality Table (LIC)	**1994-96 (Ultimate)**	1994-96 (Ultimate)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate (per annum)	**8.25%**	7.5%	**8,25%**	7.5%
Expected rate of return on plan assets (per annum)	**8.25%**	7.5%	-	-
Rate of escalation in salary (per annum)	**6 %**	6%	**6 %**	6%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

3. Turnover includes Income from Services of Rs. 79.95 crore (Previous Year Rs. 70.98 crore) and sales during trial run period of Rs. NIL (Previous Year Rs. 143.26 crore).

4. The Gross Block of Fixed Assets includes Rs. 38,121.98 crore (Previous Year Rs. 38,121.98 crore) on account of revaluation of Fixed Assets carried out in the past. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 2,633.75 crore (Previous Year Rs. 2,980.48 crore) and an equivalent amount, has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account. This has no impact on profit for the year.

5. The Company announced a Voluntary Separation Scheme (VSS) for the employees of one of the units during the year. A sum of Rs. 2.58 crore (Previous Year Rs. 19.56 crore) has been paid during the year and debited to Profit and Loss Account under the head "Payments to and Provisions for Employees".

6. (a) Payment to Auditors:

(Rs. in crore)

	2010-11	2009-10
(i) Audit Fees	**6.45**	5.70
(ii) Tax Audit Fees	**0.50**	0.50
(iii) For Certification and Consultation in finance and tax matters	**6.95**	6.38
(iv) Expenses Reimbursed	**-**	0.02
	13.90	12.60
(b) Cost Audit Fees	**0.22**	0.22

7. Managerial Remuneration:
(Included under the head "Payments to and Provisions for Employees")
(a) Remuneration to Managing Director / Executive Directors

(Rs. in crore)

	2010-11	2009-10
(i) Salaries	**7.54**	7.42
(ii) Perquisites and allowances	**5.52**	5.57
(iii) Commission	**25.88**	19.94
(iv) Leave salary / Encashment	**0.55**	0.55
(v) Contribution to Provident fund and Superannuation fund	**0.95**	1.06
(vi) Provision for Gratuity	**0.23**	6.36
	40.67	40.90
(b) Commission to Non-Executive Directors	**1.68**	1.75

SCHEDULE 'O' (Contd.)

Computation of net profit in accordance with Section 349 of the Companies Act, 1956:

		(Rs. in crore)
	2010-11	2009-10
Profit before Taxation	**25,242.24**	20,547.44
Add: Depreciation as per accounts	**13,607.58**	10,496.53
Loss on sale / discarding of Fixed Assets	**57.92**	29.28
Investment written off (net)	-	18.38
Managerial Remuneration	**35.81**	36.03
	38,943.55	31,127.66
Less: Depreciation as per Section 350 of Companies Act, 1956	**16,241.33**	13,477.01
Premium on Investment in Preference Shares	**-**	0.23
Profit on sale of Fixed Assets	**24.26**	28.68
Profit on Sale of Current Investments (net)	**339.47**	238.28
Net Profit for the year	**22,338.49**	17,383.46
Salaries, Perquisites and Commission to Managing Director / Executive Directors calculated @ 0.40% of the Net profit. (Previous Year @ 0.40%)	**89.35**	69.53
Less: Salaries & Perquisites of the Managing Director / Executive Directors eligible for commission	**9.92**	16.09
Commission eligible	**79.43**	53.44
Commission Restricted to	**25.88**	19.94

(c) General Expenses include Rs. 0.21 crore (Previous Year Rs. 0.19 crore) towards sitting fees paid to non-executive directors.

8. A sum of Rs. 2.83 crore (net debit) [Previous Year Rs. 1.35 crore (net debit)] is included under establishment expenses representing Net Prior Period Items.

9. Pursuant to the scheme of arrangement to demerge certain undertakings which was approved by the Hon'ble High Court of Bombay on 9th December, 2005, the Company had demerged assets and liabilities relatable to those demerged undertakings on the close of business on 31st August 2005. There have been certain claims relating to the above demerger / demerged undertakings which have been settled by the Company during the year and an additional amount of Rs. 703.52 crore has been appropriated against Revaluation Reserve.

10. Expenditure on account of Premium on forward exchange contracts to be recognised in the Profit and Loss account of subsequent accounting period aggregates Rs. 55.37 crore (Previous Year Rs. 81.66 crore).

SCHEDULE 'O' (Contd.)

11. (a) Fixed assets taken on finance lease prior to 1st April, 2001, amount to Rs. 512.36 crore (Previous Year Rs. 512.36 crore). Future obligations towards lease rentals under the lease agreements as on 31st March, 2011 amount to Rs. 4.27 crore (Previous Year Rs. 4.87 crore).

(Rs. in crore)

	2010-11	2009-10
Within one year	**0.58**	0.58
Later than one year and not later than five years	**2.34**	2.34
Later than five years	**1.35**	1.95
Total	**4.27**	4.87

(b) In respect of Fixed Assets acquired on finance lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March, 2011 are as follows:

(Rs. in crore)

	Total Minimum Lease Payments outstanding As at 31st March		**Future interest on Outstanding Lease Payments**		**Present value of Minimum Lease Payments As at 31st March**	
	2011	2010	**2010-11**	2009-10	**2011**	2010
Within one year	**36.51**	37.30	**17.95**	20.06	**18.56**	17.24
Later than one year and not later than five years	**145.71**	148.73	**52.94**	63.36	**92.77**	85.37
Later than five years	**109.77**	148.71	**14.61**	28.28	**95.16**	120.43
Total	**291.99**	334.74	**85.50**	111.70	**206.49**	223.04

(c) General Description of Lease terms:

(i) Lease rentals are charged on the basis of agreed terms.

(ii) Assets are taken on lease over a period of 3 to 15 years.

12. (a) (i) Assets given on finance lease on or after 1st April, 2001

(Rs. in crore)

Particulars	Total		Not later than one year		Later than one year and not later than five years		Later than five years	
	2010-11	2009-10	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10
Gross Investment	**48.47**	79.22	**27.72**	30.75	**20.75**	48.47	-	-
Less: Unearned Finance Income	**4.42**	10.20	**3.22**	5.78	**1.20**	4.42	-	-
Present Value of Minimum Lease Rental	**44.05**	69.02	**24.50**	24.97	**19.55**	44.05	-	-

(ii) General Description of Lease terms:

• Lease rentals are charged on the basis of agreed rate of interest.

• Assets are given on lease for a period of five years.

(b) Miscellaneous income includes income from finance lease of Rs. 5.78 crore (Previous Year Rs. 8.14 crore).

SCHEDULE 'O' (Contd.)

13. The deferred tax liability comprise of the following:

(Rs. in crore)

		As at 31st March, 2011	As at 31st March, 2010
a.	**Deferred Tax Liability**		
	Related to fixed assets	**11,742.75**	11,169.25
b.	**Deferred Tax Assets**		
	Disallowance under the Income Tax Act, 1961	**180.95**	242.95
		11,561.80	10,926.30

14. EARNINGS PER SHARE (EPS)

		2010-11	2009-10
i)	Net Profit after tax as per Profit and Loss Account attributable to Equity Shareholders (Rs. in crore)	**20,286.30**	16,235.67
ii)	Weighted Average number of equity shares used as denominator for calculating EPS	**3,27,18,51,032**	3,26,98,62,848*
iii)	Basic and Diluted Earnings per share (Rs.)	**62.00**	49.65
iv)	Face Value per equity share (Rs.)	**10.00**	10.00

* Adjusted for issue of bonus shares in 2009-10 in the ratio of 1:1.

15. PROJECT DEVELOPMENT EXPENDITURE

(in respect of Projects up to 31st March, 2011, included under Capital work-in-progress)

(Rs. in crore)

	2010-11		2009-10	
Opening Balance		**1,453.20**		17,095.19
Add: Transferred from Profit and Loss Account				
Schedule – L	**30.26**		1,217.92	
Interest Capitalized	**474.07**		983.81	
		504.33		2,201.73
		1,957.53		19,296.92
Less: Project Development Expenses Capitalized during the year		**71.50**		17,843.72
Closing Balance		**1,886.03**		1,453.20

SCHEDULE 'O' (Contd.)

16. RELATED PARTY DISCLOSURES :

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industrial Investments and Holdings Limited	
2	Reliance Ventures Limited	
3	Reliance Strategic Investments Limited	
4	Reliance Industries (Middle East) DMCC	
5	Reliance Jamnagar Infrastructure Limited	
6	Reliance Retail Limited	
7	Reliance Netherlands B.V.	
8	Reliance Haryana SEZ Limited	
9	Reliance Fresh Limited	
10	Retail Concepts and Services (India) Limited	
11	Reliance Retail Insurance Broking Limited	
12	Reliance Dairy Foods Limited	
13	Reliance Exploration & Production DMCC	
14	Reliance Retail Finance Limited	
15	RESQ Limited	
16	Reliance Global Management Services Limited (amalgamated with Reliance Corporate IT Park Limited w.e.f. 01.04.2010)	
17	Reliance Commercial Associates Limited	
18	Reliancedigital Retail Limited	
19	Reliance Financial Distribution and Advisory Services Limited	Subsidiary Companies
20	RIL (Australia) Pty Limited	
21	Reliance Hypermart Limited	
22	Gapco Kenya Limited	
23	Gapco Rwanda SARL	
24	Gapco Tanzania Limited	
25	Gapco Uganda Limited	
26	Gapoil (Zanzibar) Limited	
27	Gapoil Tanzania Limited (amalgamated with Gapco Tanzania Limited w.e.f. 01.08.2010)	
28	Gulf Africa Petroleum Corporation	
29	Transenergy Kenya Limited	
30	Recron (Malaysia) Sdn Bhd	
31	Reliance Retail Travel & Forex Services Limited	
32	Reliance Brands Limited	
33	Reliance Footprint Limited	
34	Reliance Trends Limited	
35	Reliance Wellness Limited	
36	Reliance Lifestyle Holdings Limited	
37	Reliance Universal Ventures Limited	

SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
38	Delight Proteins Limited	
39	Reliance Autozone Limited	
40	Reliance F&B Services Limited	
41	Reliance Gems and Jewels Limited	
42	Reliance Integrated Agri Solutions Limited	
43	Strategic Manpower Solutions Limited	
44	Reliance Agri Products Distribution Limited	
45	Reliance Digital Media Limited	
46	Reliance Food Processing Solutions Limited	
47	Reliance Home Store Limited	
48	Reliance Leisures Limited	
49	Reliance Loyalty & Analytics Limited	
50	Reliance Retail Securities and Broking Company Limited	
51	Reliance Supply Chain Solutions Limited	
52	Reliance Trade Services Centre Limited	
53	Reliance Vantage Retail Limited	
54	Wave Land Developers Limited	
55	Reliance-Grand Optical Private Limited	
56	Reliance Universal Commercial Limited	
57	Reliance Petroinvestments Limited	
58	Reliance Global Commercial Limited	
59	Reliance People Serve Limited	
60	Reliance Infrastructure Management Services Limited	Subsidiary Companies
61	Reliance Global Business, B.V.	
62	Reliance Gas Corporation Limited	
63	Reliance Global Energy Services Limited	
64	Reliance One Enterprises Limited	
65	Reliance Global Energy Services (Singapore) Pte. Ltd.	
66	Reliance Personal Electronics Limited	
67	Reliance Polymers (India) Limited	
68	Reliance Polyolefins Limited	
69	Reliance Aromatics and Petrochemicals Limited	
70	Reliance Energy and Project Development Limited	
71	Reliance Chemicals Limited	
72	Reliance Universal Enterprises Limited	
73	International Oil Trading Limited	
74	Reliance Review Cinema Limited	
75	Reliance Replay Gaming Limited	
76	Reliance Nutritional Food Processors Limited	
77	RIL USA Inc.	
78	Reliance Commercial Land & Infrastructure Limited	
79	Reliance Corporate IT Park Limited	
80	Reliance Eminent Trading & Commercial Private Limited	
81	Reliance Progressive Traders Private Limited	

SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
82	Reliance Prolific Traders Private Limited	
83	Reliance Universal Traders Private Limited	
84	Reliance Prolific Commercial Private Limited	
85	Reliance Comtrade Private Limited	
86	Reliance Ambit Trade Private Limited	
87	Reliance Petro Marketing Limited	
88	LPG Infrastructure (India) Limited	
89	Reliance Infosolutions Private Limited (amalgamated with Reliance Corporate IT Park Limited w.e.f. 01.04.2010)	
90	Reliance Corporate Center Limited	
91	Reliance Convention and Exhibition Center Limited	
92	Central Park Enterprises DMCC	
93	Reliance International B. V.	
94	Reliance Corporate Services Limited	
95	Reliance Oil and Gas Mauritius Limited	
96	Reliance Exploration and Production Mauritius Limited	
97	Reliance Holding Cooperatief U.A.	
98	Indiawin Sports Private Limited	
99	Reliance Holding Netherlands B. V.	
100	Reliance International Gas B. V.	
101	Reliance Exploration and Production B. V.	
102	Reliance Exploration and Production Limited	Subsidiary Companies
103	Reliance Holding USA Inc.	
104	Reliance Marcellus LLC	
105	Infotel Broadband Services Limited	
106	Reliance Strategic (Mauritius) Limited	
107	Reliance Eagleford Midstream LLC	
108	Reliance Eagleford Upstream LLC	
109	Reliance Eagleford Upstream GP LLC	
110	Reliance Eagleford Upstream Holding LP	
111	Mark Project Services Private Limited	
112	Reliance Energy Generation and Distribution Limited	
113	Reliance Marcellus II LLC	
114	Reliance Security Solutions Limited	
115	Reliance Industries Investment and Holding Limited	
116	Reliance Office Solutions Private Limited	
117	Reliance Style Fashion India Limited	
118	GenNext Innovation Ventures Private Limited	
119	GenNext Ventures Private Limited	
120	Reliance Home Products Limited	
121	Infotel Telecom Limited	
122	Reliance Styles India Private Limited	
123	Rancore Technologies Private Limited	

SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
124	Reliance Industrial Infrastructure Limited	Associates
125	Reliance Europe Limited	
126	Reliance LNG Limited	
127	Indian Vaccines Corporation Limited	
128	Gujarat Chemicals Port Terminal Company Limited	
129	Reliance Utilities and Power Private Limited	
130	Reliance Utilities Private Limited	
131	Reliance Ports and Terminals Limited	
132	Reliance Gas Transportation Infrastructure Limited	
133	Shri Mukesh D. Ambani	Key Managerial Personnel
134	Shri Nikhil R. Meswani	
135	Shri Hital R. Meswani	
136	Shri P.M.S. Prasad	
137	Shri P.K.Kapil (w.e.f. 16th May 2010)	
138	Dhirubhai Ambani Foundation	Enterprises over which Key Managerial Personnel are able to exercise significant influence
139	Jamnaben Hirachand Ambani Foundation	
140	Hirachand Govardhandas Ambani Public Charitable Trust	
141	HNH Trust and HNH Research Society	
142	Reliance Foundation	

(ii) Transactions during the year with related parties :

(Rs. in crore)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
1.	Purchase of Fixed Assets	**-**	**-**	**-**	**-**	**-**
		238.54	-	-	-	*238.54*
2.	Purchase / Subscription of Investments	**7,540.83**	**52.25**	-	-	**7,593.08**
		2,415.80	*24.51*	-	-	*2,440.31*
3.	Sale / Redemption of Investments	**0.25**	**-**	**-**	**-**	**0.25**
		6,326.92	*155.63*	-	-	*6,482.55*
4.	Net Loans and advances given / (returned)	**5,399.56**	**18.90**	**-**	**-**	**5,418.46**
		(2,812.43)	*(8.00)*	-	-	*(2,820.43)*
5.	Turnover	**16,993.80**	**218.77**	**-**	**-**	**17,152.57**
		9,124.51	*212.72*	-	-	*9,337.23*
6.	Other Income	**1,037.38**	**5.84**	**-**	**-**	**1,043.22**
		450.45	*6.45*	-	-	*456.90*
7.	Purchases / Material Consumed	**505.42**	**1.24**	**-**	**-**	**506.66**
		429.63	*45.00*	-	-	*474.63*
8.	Electric Power, Fuel and Water	**-**	**917.26**	**-**	**-**	**917.26**
		-	*960.30*	-	-	*960.30*

SCHEDULE 'O' (Contd.) (Rs. in crore)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
9.	Hire Charges	**-**	**789.62**	**-**	**-**	**789.62**
		-	*559.00*	*-*	*-*	*559.00*
10.	Manpower Deputation Charges	**40.79**	**21.48**	**-**	**-**	**62.27**
		40.69	*85.93*	*-*	*-*	*126.62*
11.	Payment to Key Managerial Personnel	**-**	**-**	**40.67**	**-**	**40.67**
		-	*-*	*40.90*	*-*	*40.90*
12.	Sales and Distribution Expenses	**50.42**	**2,571.61**	**-**	**-**	**2,622.03**
		72.13	*2,532.84*	*-*	*-*	*2,604.97*
13.	Rent	**-**	**-**	**-**	**-**	**-**
		0.13	*-*	*-*	*-*	*0.13*
14.	Professional Fees	**111.50**	**17.18**	**-**	**-**	**128.68**
		91.75	*21.32*	*-*	*-*	*113.07*
15.	General Expenses	**42.82**	**9.00**	**-**	**-**	**51.82**
		19.04	*9.87*	*-*	*-*	*28.91*
16.	Donations	**-**	**-**	**-**	**26.26**	**26.26**
		-	*-*	*-*	*18.97*	*18.97*
17.	Interest Expenses	**19.48**	**-**	**-**	**-**	**19.48**
		21.45	*-*	*-*	*-*	*21.45*
18.	Investment written off (net)	**-**	**-**	**-**	**-**	**-**
		-	*18.38*	*-*	*-*	*18.38*
	Balance as at 31st March, 2011					
19.	**Investments**	**20,297.98**	**2,085.56**	**-**	**-**	**22,383.54**
		12,757.40	*2,033.31*	*-*	*-*	*14,790.71*
20.	**Sundry Debtors**	**3,423.35**	**13.67**	**-**	**-**	**3,437.02**
		2,978.18	*20.01*	*-*	*-*	*2,998.19*
21.	**Loans & Advances**	**9,777.22**	**1,431.83**	**-**	**-**	**11,209.05**
		3,890.31	*1,427.19*	*-*	*-*	*5,317.50*
22.	**Sundry Creditors**	**339.01**	**331.17**	**-**	**-**	**670.18**
		170.08	*414.80*	*-*	*-*	*584.88*
23.	**Financial Guarantees**	**20,921.87**	**715.72**	**-**	**-**	**21,637.59**
		1,588.85	*563.47*	*-*	*-*	*2,152.32*
24.	**Performance Guarantees**	**120.50**	**7.03**	**-**	**-**	**127.53**
		-	*7.03*	*-*	*-*	*7.03*

Note :

1. Figures in italics represent Previous Year's amounts.
2. The Company has issued guarantees against future cash calls to be made by JV Partners of its wholly owned subsidiary Reliance Holding USA, Inc amounting to Rs. 9,409.55 crore. During the year, cash calls to the extent of Rs. 1,356.69 crore have been made by the JV Partners and settled by the subsidiary.

SCHEDULE 'O' (Contd.)

Disclosure in Respect of Material Related Party Transactions during the year :

1. Purchase of Fixed Assets include Reliance Home Store Limited Rs. NIL (Previous Year Rs. 0.05 crore), Reliance Corporate IT Park Limited Rs. NIL (Previous Year Rs. 238.38 crore).
2. Purchase / Subscription of Investments include Reliance Strategic Investments Limited Rs. NIL (Previous Year Rs. 112.78 crore), Reliance Industries (Middle East) DMCC Rs. 19.79 crore (Previous Year Rs. 99.32 crore), Reliance Exploration & Production DMCC Rs. 439.66 crore (Previous Year Rs. 658.47 crore), Reliance Retail Limited Rs. NIL (Previous Year Rs. 1,220.00 crore), Reliance Global Business B.V. Rs. 101.40 crore (Previous Year Rs. 324.40 crore), Reliance Exploration & Production Mauritius Limited Rs. 2,207.70 crore (Previous Year Rs. NIL), Reliance Oil & Gas Mauritius Limited Rs. 613.96 crore (Previous Year Rs. NIL), Infotel Broadband Services Limited Rs. 4,155.99 crore (Previous Year Rs. NIL), RIL (Australia) Pty Limited Rs. 2.28 crore (Previous Year Rs. NIL), Reliance Gas Transportation Infrastructure Limited Rs. NIL (Previous Year Rs. 24.51 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 52.25 crore (Previous Year Rs. NIL) (Including conversion of share application money of Rs. 17.00 crore of Previous Year into Equity Shares).
3. Sale / redemption of Investments include Reliance Strategic Investments Limited Rs. NIL (Previous Year Rs. 4,216.92 crore), Reliance Ventures Limited Rs. NIL (Previous Year Rs. 10.00 crore), Reliance Industrial Investments and Holdings Limited Rs. NIL (Previous Year Rs. 1,750.00 crore), Reliance Jamnagar Infrastructure Limited Rs. NIL (Previous Year Rs. 350.00 crore), Reliance Gas Transportation Infrastructure Limited Rs. NIL (Previous Year Rs. 65.68 crore), Reliance Ports and Terminals Limited Rs. NIL (Previous Year Rs. 89.95 crore).
4. Loans given during the year include Reliance Industrial Investments and Holdings Limited Rs. 4,347.53 crore (Previous Year Rs. NIL), Reliance Exploration & Production DMCC Rs. NIL (Previous Year Rs. 22.45 crore), Reliance Infosolutions Private Limited Rs. NIL (Previous Year Rs. 4.70 crore), Reliance Corporate IT Park Limited Rs. NIL (Previous Year Rs. 6.00 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 18.90 crore (Previous Year Rs. 17.00 crore). Loans returned during the year include Reliance Industries (Middle East) DMCC Rs. NIL (Previous Year Rs. 87.31 crore), Reliance Industrial Investments and Holdings Limited Rs. NIL (Previous Year Rs. 1,454.51 crore), Gapco Kenya Limited Rs. NIL (Previous Year Rs. 19.78 crore), Gapco Tanzania Limited Rs. 180.17 crore (Previous Year Rs. 40.19 crore), Gapoil Tanzania Limited Rs. NIL (Previous Year Rs. 19.39 crore), Reliance Retail Limited Rs. NIL (Previous Year Rs. 1,027.61 crore), Reliance Global Business B.V. Rs. NIL (Previous Year Rs. 196.86 crore), Reliance Exploration & Production DMCC Rs. 14.65 crore (Previous Year Rs. NIL), Reliance Gas Corporation Limited Rs. 6.03 crore (Previous Year Rs. NIL), Reliance Corporate IT Park Limited Rs. 52.97 (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. NIL (Previous Year Rs. 25.00 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 17.00 crore (Previous Year Rs. NIL) (Including conversion of share application money of Rs. 17.00 crore of Previous Year into Equity Shares).

   Advances in the nature of application / call money advances to Reliance Retail Limited Rs. 726.00 crore (Previous Year Rs. NIL), Infotel Broadband Services Limited Rs. 45.65 crore (Previous Year Rs. NIL), Reliance Exploration & Production DMCC Rs. 11.15 crore (Previous Year Rs. NIL), Reliance Prolific Traders Private Limited Rs. 523.05 crore (Previous Year Rs. NIL).
5. Turnover include to Reliance Jamnagar Infrastructure Limited Rs. 0.35 crore (Previous Year Rs. 0.03 crore), Reliance Retail Limited Rs. 135.40 crore (Previous Year Rs. 39.46 crore), Gapco Kenya Limited Rs. 3,749.84 crore (Previous Year Rs. 2,492.30 crore), Gapco Tanzania Limited Rs. 749.88 crore (Previous Year Rs. 262.92 crore), Gapoil Tanzania Limited Rs. NIL (Previous Year Rs. 230.01 crore), Recron (Malaysia) Sdn Bhd Rs. 41.19 crore (Previous Year Rs. 71.87 crore), Reliance Trends Limited Rs. 3.09 crore (Previous Year Rs. 2.37 crore), LPG Infrastructure (India) Limited Rs. 226.22 crore (Previous Year Rs. 191.55 crore), Reliance Petro Marketing Limited Rs. 808.47 crore (Previous Year Rs. 364.19 crore), Reliance Food Processing Solutions Limited Rs. NIL (Previous Year Rs. 1.28 crore), RIL USA Inc. Rs. 10,209.59 crore (Previous Year Rs. 4,875.63 crore), Reliance Industrial Investments and Holdings Limited Rs. 948.19 crore (Previous Year Rs. 592.31 crore), Reliance Fresh Limited Rs. 2.15 crore (Previous Year Rs. 0.07 crore), Reliance Gems and Jewels Limited Rs. 58.45 crore (Previous Year Rs. NIL), Reliance Utilities Private Limited Rs. 0.13 crore (Previous Year Rs. 0.03 crore), Reliance Ports and Terminals Limited Rs. 4.72 crore (Previous Year Rs. 3.31 crore), Reliance Gas Transportation Infrastructure Limited Rs. 213.05 crore (Previous Year Rs. 209.37 crore).
6. Other Income from Reliance Industrial Investments and Holdings Limited Rs. 883.58 crore (Previous Year Rs. 373.62 crore), Reliance Ventures Limited Rs. 19.02 crore (Previous Year Rs. 2.10 crore), Reliance Strategic Investments Limited Rs. 10.39 crore (Previous Year Rs. 33.07 crore), Reliance Industries (Middle East) DMCC Rs. 0.16 crore (Previous Year Rs. 0.81 crore), Reliance Jamnagar Infrastructure Limited Rs. 2.16 crore (Previous Year Rs. NIL), Reliance Exploration & Production DMCC Rs. 0.63 crore (Previous Year Rs. 12.25 crore), Gapco Kenya Limited Rs. 1.66 crore (Previous Year Rs. 1.70 crore), Gapco Tanzania Limited Rs. 7.83 crore (Previous Year Rs. 6.07 crore), Gapoil

SCHEDULE 'O' (Contd.)

Tanzania Limited Rs. NIL (Previous Year Rs. 6.61 crore), Recron (Malaysia) Sdn Bhd Rs. 4.90 crore (Previous Year Rs. 4.62 crore), Reliance Infosolutions Private Limited Rs. NIL (Previous Year Rs. 8.14 crore), Infotel Broadband Services Limited Rs. 13.33 crore (Previous Year Rs. NIL), Reliance Retail Limited Rs. 2.69 crore (Previous Year Rs. NIL), RIL USA Inc. Rs. 13.26 crore (Previous Year Rs. NIL), Reliance Holdings USA Inc. Rs. 60.30 crore (Previous Year Rs. NIL), Reliance Eagleford Upstream Holding LP Rs. 1.51 crore (Previous Year Rs. NIL), Reliance Marcellus LLC Rs. 9.14 crore (Previous Year Rs. NIL), Reliance Corporate IT Park Limited Rs. 5.78 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 2.40 crore (Previous Year Rs. 3.88 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 0.45 crore (Previous Year Rs. 0.83 crore), Reliance Europe Limited Rs. 2.99 crore (Previous Year Rs. 1.74 crore).

7. Purchases / material consumed from Recron (Malaysia) Sdn Bhd Rs. 5.60 crore (Previous Year Rs. 2.25 crore), Reliance Petro Marketing Limited Rs. 107.43 crore (Previous Rs. 54.21 crore), Reliance Jamnagar Infrastructure Limited Rs. 392.39 crore (Previous Year Rs. 373.17 crore), Reliance Gas Transportation Infrastructure Limited Rs. NIL (Previous Year Rs. 34.43 crore), Reliance Ports and Terminals Limited Rs. 1.24 crore (Previous Year Rs. 10.57 crore).
8. Electric Power, Fuel and Water charges paid to Reliance Utilities and Power Private Limited Rs. 291.96 crore (Previous Year Rs. 285.83 crore), Reliance Utilities Private Limited Rs. 625.30 crore (Previous Year Rs. 674.47 crore).
9. Hire Charges paid to Reliance Industrial Infrastructure Limited Rs. 21.31 crore (Previous Year Rs. 32.01 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 43.97 crore (Previous Year Rs. 48.86 crore), Reliance Gas Transportation Infrastructure Limited Rs. 652.25 crore (Previous Year Rs. 314.56 crore), Reliance Ports and Terminals Limited Rs. 72.09 crore (Previous Year Rs. 163.57 crore).
10. Manpower Deputation Charges to Reliance Retail Limited Rs. 33.42 crore (Previous Year Rs. 33.72 crore), Reliance People Serve Limited Rs. 2.40 crore (Previous Year Rs. 3.00 crore), Strategic Manpower Solutions Limited Rs. 3.47 crore (Previous Year Rs. 3.97 crore), Reliance Fresh Limited Rs. 1.50 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 21.48 crore (Previous Year Rs. 11.81 crore), Reliance Ports and Terminals Limited Rs. NIL (Previous Year Rs. 74.12 crore).
11. Payment to Key Management Personnel include to Shri Mukesh D. Ambani Rs. 15.00 crore (Previous Year Rs. 15.00 crore), Shri Nikhil R. Meswani Rs. 11.05 crore (Previous Year Rs. 11.14 crore), Shri Hital R. Meswani Rs. 11.03 crore (Previous Year Rs. 11.14 crore), Shri H. S. Kohli Rs. NIL (Previous Year Rs. 1.32 crore), Shri P.M.S. Prasad Rs. 2.37 crore (Previous Year Rs. 1.53 crore), Shri R. Ravimohan Rs. NIL (Previous Year Rs. 0.77 crore), Shri P.K. Kapil Rs. 1.22 crore (Previous Year Rs. NIL).
12. Sales and Distribution Expenses include to Reliance Retail Limited Rs. NIL (Previous Year Rs. 72.13 crore), Reliance Fresh Limited Rs. 48.63 crore (Previous Year Rs. NIL), Reliance Netherlands B.V. Rs. 1.04 crore (Previous Year Rs. NIL), Reliance Ports and Terminals Limited Rs. 2,561.86 crore (Previous Year Rs. 2,524.35 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 9.75 crore (Previous Year Rs. 8.49 crore).
13. Rent paid to Reliance Supply Chain Solutions Limited Rs. NIL (Previous Year Rs. 0.13 crore).
14. Professional Fees paid to Reliance Financial Distribution and Advisory Services Limited Rs. NIL (Previous Year Rs. 5.00 crore), Reliance Universal Ventures Limited Rs. NIL (Previous Year Rs. 2.30 crore), Reliance Supply Chain Solutions Limited Rs. 9.00 crore (Previous Year Rs. 36.00 crore), Reliance Infosolutions Private Limited Rs. NIL (Previous Year Rs. 48.00 crore), Reliance Corporate IT Park Limited Rs. 102.00 crore (Previous Year Rs. NIL), Reliance Europe Limited Rs. 17.18 crore (Previous Year Rs. 20.20 crore), Reliance Ports and Terminals Limited Rs. NIL (Previous Year Rs. 1.12 crore).
15. General Expenses include to Reliance Hypermart Limited Rs. 1.84 crore (Previous Year Rs. 0.03 crore), Reliance Retail Travel & Forex Services Limited Rs. NIL (Previous Year Rs. 0.05 crore), Reliance Retail Limited Rs. 7.66 crore (Previous Year Rs. 4.60 crore), Reliance Footprint Limited Rs. 1.85 crore (Previous Year Rs. 1.47 crore), Reliance Fresh Limited Rs. 20.05 crore (Previous Year Rs. 2.51 crore), Reliance Polyolefins Limited Rs. 4.48 crore (Previous Year Rs. 9.00 crore), Reliance Trends Limited Rs. 3.01 crore (Previous Year Rs. NIL), Reliance Gems and Jewels Limited Rs. 1.74 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 9.00 crore (Previous Year Rs. 9.00 crore).
16. Donations to Dhirubhai Ambani Foundation Rs. 18.10 crore (Previous Year Rs. 16.25 crore), Jamnaben Hirachand Ambani Foundation Rs. 5.73 crore (Previous Year Rs. 1.30 crore), HNH Trust and HNH Research Society Rs. 1.58 crore (Previous Year Rs. 0.83 crore).
17. Interest Expenses include to Reliance Corporate IT Park Limited Rs. 19.48 crore (Previous Year Rs. 21.45 crore).
18. Investment written off (net) includes Gujarat Chemicals Port Terminal Company Limited Rs. NIL (Previous Year Rs. 18.38 crore).

SCHEDULE 'O' (Contd.)

17. Loans and Advances in the nature of Loans given to Subsidiaries and Associates :

A) Loans and Advances in the nature of Loans

(Rs. in crore)

Sr No.	Name of the Company		As at 31st March, 2011	As at 31st March, 2010	Maximum Balance during the year
1.	Reliance Industrial Investments and Holding Limited*	Subsidiary	**6,997.07**	2,649.54	6,997.07
2.	Reliance Ventures Limited	Subsidiary	-	-	514.73
3.	Reliance Strategic Investments Limited	Subsidiary	-	-	576.34
4.	Reliance Retail Limited	Subsidiary	-	-	199.65
5.	Gapoil Tanzania Limited	Subsidiary	**-**	149.61	154.76
6.	Gapco Tanzania Limited	Subsidiary	**83.86**	114.42	150.17
7.	Reliance Exploration & Production DMCC	Subsidiary	**7.80**	22.45	30.55
8.	Reliance Jamnagar Infrastructure Limited	Subsidiary	-	-	136.96
9.	Gujarat Chemicals Port Terminal Company Limited	Associate	**24.50**	5.60	24.50

* Excluding Debentures of Rs. 721.48 crore (Previous Year Rs. 721.48 crore)

Notes:

(a) Loans and Advances shown above, to Subsidiaries fall under the category of 'Loans & Advances' in nature of Loans where there is no repayment schedule and are re-payable on demand.

(b) All the above loans and advances are interest bearing except for an amount of Rs. 18.90 crore paid to Gujarat Chemicals Port Terminal Company Limited for setting up of facility for storage.

(c) Loans to employees as per Company's policy are not considered.

B) (i) Investment by the loanee in the shares of the Company

*None of the loanees and loanees of subsidiary companies have, per se, made investments in shares of the Company. These investments represent shares of the Company allotted as a result of amalgamation of erstwhile Reliance Petroleum Limited (amalgamation in 2001-02) and Indian Petrochemicals Corporation Limited with the Company under the Schemes approved by the Hon'ble High Court of Bombay and Gujarat and certain subsequent inter se transfer of shares.

(Rs. in crore)

Sr No.	Name of the Company	No. of Shares	Amount
1.	*Reliance Aromatics and Petrochemicals Limited	2,98,89,898	273.82
2.	*Reliance Energy and Project Development Limited	20,58,000	303.34

(ii) Investment by Reliance Industrial Investments and Holdings Limited in subsidiaries

In Equity Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance Commercial Land & Infrastructure Limited	4,30,10,000
2.	Reliance Global Business B.V.	18,00,000
3.	Reliance Gas Corporation Limited	50,000
4.	Reliance Universal Enterprises Limited	38,55,000
5.	Indiawin Sports Private Limited	26,05,000
6.	Reliance Corporate Services Limited	10,000
7.	Reliance Industries Investment and Holding Limited	50,000

SCHEDULE 'O' (Contd.)

Sr No.	Name of the Company	No. of Shares
8.	Reliance Security Solutions Limited	50,000
9.	Mark Project Services Private Limited	5,000
10.	GenNext Ventures Private Limited	5,000
11.	GenNext Innovation Ventures Private Limited	10,000
12.	Reliance Commercial Associates Limited	50,000

In Preference Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance Industries Investment and Holding Limited	24,82,300
2.	Infotel Broadband Services Limited	12,50,00,000

(iii) Investment by Reliance Exploration & Production DMCC in subsidiaries

In Equity Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance International B. V.	20,000
2.	Central Park Enterprises DMCC	367

18. (a) Disclosure of the Company's Interest in Oil and Gas Joint Ventures:

Sr. No.	Name of the Fields in the Joint Ventures	% Interest	Sr. No.	Name of the Fields in the Joint Ventures	% Interest
1.	Panna Mukta	30% (30%)	7.	CB - ON/1	NIL (40%)
2.	Tapti	30% (30%)	8.	AS – ONN - 2000/1	90% (90%)
3.	NEC – OSN - 97/2	90% (90%)	9.	KG – DWN - 2001/1	90% (90%)
4.	KG – DWN - 98/3	90% (90%)	10.	KG – DWN – 2003/1	90% (90%)
5.	GS – OSN - 2000/1	90% (90%)	11.	MN – DWN – 2003/1	85% (85%)
6.	GK - OSJ – 3	60% (60%)	12.	KG-DWN-2005/2	50% (70%)

Figures in bracket represent Previous Year's (%) Interest.

(b) Net Quantities of Company's interest (on gross basis) in proved reserves and proved developed reserves :

	Proved Reserves (Million MT)		**Proved Developed Reserves (Million MT)**	
	2010-11	2009-10	**2010-11**	2009-10
Oil:				
Beginning of the year	**11.11**	11.02	**8.62**	4.97
Additions	**-**	1.13	**0.42**	4.69
Deletion	**1.44**	-	**-**	-
Production	**1.38**	1.04	**1.38**	1.04
Closing balance	**8.29**	11.11	**7.66**	8.62

	Proved Reserves (Million M3*)		**Proved Developed Reserves (Million M3*)**	
	2010-11	2009-10	**2010-11**	2009-10
Gas:				
Beginning of the year	**2,11,214**	2,20,468	**1,30,823**	1,33,894
Additions	**-**	5,353	**-**	11,536
Deletion	**5,771**	-	**3,839**	-
Production	**19,622**	14,607	**19,622**	14,607
Closing balance	**185,821**	2,11,214	**107,362**	1,30,823

* 1 cubic meter (M3) = 35.315 cubic feet and 1 cubic feet = 1000 BTU

SCHEDULE 'O' (Contd.)

(c) The Company has entered into an arrangement with M/s BP Exploration (Alpha) Limited (BP), which is a wholly owned subsidiary of BP Exploration Operating Company Limited, where BP has agreed to take 30% stake in 23 Oil & Gas production sharing contracts, that the Company operates in India, including KG D6 block subject to obtaining regulatory approvals.

Pursuant to the arrangement, BP Exploration (Alpha) Limited will pay to the Company an aggregate consideration of US$ 7.20 billion (inclusive of any adjustments for revenue and costs from 1st January, 2011 to the closing date). Further, future perfomance payments of up to US$ 1.8 billion could be paid based on exploration success that results in development of commercial discoveries.

The Company has received US$ 2.0 billion (Rs. 9,004.00 crore) as a deposit, under current liabilities, against the above transaction. The accounting entries of the above transaction will be made in the books of account of the Company on the receipt of final regulatory approvals.

19. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

20. ADDITIONAL INFORMATION

(Rs. in crore)

	As at 31st March, 2011	As at 31st March, 2010
(A) Estimated amount of contracts remaining to be executed on Capital account and not provided for:		
(i) In respect of joint Ventures	**9.71**	12.71
(ii) In respect of others	**9,578.28**	15,220.45
(B) Uncalled liability on partly paid Shares	**4,912.05**	4,270.38
(C) Contingent Liabilities		
(i) Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of credit		
(a) In respect of joint Ventures	**23.53**	243.50
(b) In respect of others	**3,473.34**	2,136.74
(ii) Guarantees to Banks and Financial Institutions against credit facilities extended to third parties		
(a) In respect of joint Ventures	-	-
(b) In respect of others	**21,637.60**	2,152.97
(iii) Liability in respect of bills discounted with Banks (Including third party bills discounting)		
(a) In respect of joint Ventures	-	-
(b) In respect of others	**2,295.80**	1,834.44
(iv) Claims against the Company / disputed liabilities not acknowledged as debts		
(a) In respect of joint Ventures	-	-
(b) In respect of others	**1,616.93**	822.35
(v) Performance Guarantees		
(a) In respect of joint Ventures	-	-
(b) In respect of others	**235.56**	108.04
(vi) Sales tax deferral liability assigned	**4,467.57**	5,380.25

Note : The Company has issued guarantees against future cash calls to be made by JV Partners of its wholly owned subsidiary Reliance Holding USA Inc. amounting to Rs. 9,409.55 crore. During the year, cash calls to the extent of Rs. 1,356.69 crore have been made by the JV Partners and settled by the subsidiary.

SCHEDULE 'O' (Contd.)

(D) The Income-Tax assessments of the Company have been completed up to Assessment Year 2008-09. The disputed demand outstanding up to the said Assessment Year is Rs. 1,983.68 crore. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

21. LICENSED AND INSTALLED CAPACITY

(As certified by the Management)

				Licensed Capacity As at 31st March,		Installed Capacity As at 31st March,	
			UNIT	**2011**	2010	**2011**	2010
A		Refining of Crude Oil	Mill. MT	**N.A.**	N.A.	**60**	60
B	i	Ethylene	MT	**N.A.**	N.A.	**1,883,400**	1,883,400
	ii	Propylene	MT	**N.A.**	N.A.	**759,800**	759,800
	iii	Benzene	MT	**N.A.**	N.A.	**730,000**	730,000
	iv	Toluene	MT	**N.A.**	N.A.	**197,000**	197,000
	v	Xylene	MT	**N.A.**	N.A.	**165,000**	165,000
	vi	Hydro Cynic Acid	MT	**3,600**	3,600	**3,600**	3,600
	vii	Ethane Propane Mix	MT	**N.A.**	N.A.	**450,000**	450,000
	viii	Caustic Soda Lye/Flakes	MT	**N.A.**	N.A.	**168,150**	168,000
	ix	Chlorine	MT	**N.A.**	N.A.	**141,200**	141,200
	x	Acrylonitrile	MT	**N.A.**	N.A.	**41,000**	41,000
	xi	Linear Alkyl Benzene	MT	**N.A.**	N.A.	**182,400**	182,400
	xii	Butadiene & Other C4s	MT	**N.A.**	N.A.	**419,000**	419,000
	xiii	Cyclohexane	MT	**N.A.**	N.A.	**40,000**	40,000
C	i	Paraxylene	MT	**N.A.**	N.A.	**1,856,000**	1,856,000
	ii	Orthoxylene	MT	**N.A.**	N.A.	**420,000**	420,000
	iii	Toluole	MT	**N.A.**	N.A.	**180,000**	180,000
D		Poly Vinyl Chloride	MT	**N.A.**	N.A.	**625,000**	625,000
E		High/Linear Low Density Poly Ethylene	MT	**N.A.**	N.A.	**1,117,500**	1,115,000
F		High Density Polyethylene Pipes	MT	**N.A.**	N.A.	**80,000**	80,000
G		Poly Butadiene Rubber	MT	**N.A.**	N.A.	**74,000**	74,000
H		Polypropylene	MT	**N.A.**	N.A.	**2,685,200**	2,685,200
I	i	Mono Ethylene Glycol	MT	**N.A.**	N.A.	**733,400**	733,400
	ii	Higher Ethylene Glycol	MT	**N.A.**	N.A.	**52,080**	52,080
	iii	Ethylene Oxide	MT	**N.A.**	N.A.	**116,000**	116,000
J		Ethyl Vinyl Acetate	MT	**N.A.**	N.A.	**15,000**	-
K		Purified Terephthalic Acid	MT	**N.A.**	N.A.	**2,050,000**	2,050,000
L		Polyester Filament Yarn/Polyester Chips	MT	**N.A.**	N.A.	**822,725+**	822,725+
M		Polyester Staple Fibre/ Acrylic Fibre / Chips	MT	**N.A.**	N.A.	**741,612**	741,612
N		Poly Ethylene Terephthalate	MT	**N.A.**	N.A.	**290,000**	290,000
O		Polyester Staple Fibre Fill	MT	**N.A.**	N.A.	**42,000**	42,000
P		Man-made Fibre Spun Yarn on worsted system	Nos	**N.A.**	N.A.	**24,094**	24,094
Q		Man-made fibre on cotton system (Spindles)	Nos	**N.A.**	N.A.	**23,040**	23,040
R	i	Man-made Fabrics (Looms)	Nos	**N.A.**	N.A.	**263**	335
	ii	Knitting M/C	Nos	**22**	22	**20**	20
S		Solar Photovoltaic Modules	M.W.	**N.A.**	N.A.	**30**	30

NA - Delicensed vide notification No 477(E) dated 27th July 1991 and Press Note No 1 (1998 series) dated 8th June 1998

+ Includes 32,300 MT based on average denier of 40

SCHEDULE 'O' (Contd.)

22. (a) The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301(E) dated 8th February 2011 issued under Section 211(3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit and loss account. The Company being an 'export oriented company' is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act,1956 have not been provided.

(b) The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

23. PRODUCTION MEANT FOR SALE :

Products	**Unit**	**2010-11**	**2009-10**
Crude Oil	MT	**1,306,057**	1,021,797
Gas	BBTU	**564,312**	435,157
Petroleum Products	'000 MT	**51,525**	46,076
Ethylene	MT	**27**	357
Propylene	MT	**6,895**	28,095
Benzene	MT	**605,200**	662,254
Toluene	MT	**102,036**	108,963
Caustic Soda lye / Flakes	MT	**128,631**	124,138
Acrylonitrile	MT	**37,608**	39,462
Linear Alkyl Benzene	MT	**162,667**	162,813
Butadiene	MT	**96,158**	102,934
Cyclohexane	MT	**46,195**	29,269
Paraxylene	MT	**486,896**	514,938
Orthoxylene	MT	**399,831**	357,983
Poly Vinyl Chloride	MT	**630,780**	624,018
Polyethylene	MT	**970,017**	1,057,906
High Density Polyethylene Pipes	Mtrs. In lacs	**93**	96
Poly Butadiene Rubber	MT	**76,261**	72,894
Polypropylene	MT	**2,496,099**	2,398,598
Ethylene Glycol	MT	**265,244**	301,509
Purified Terephthalic Acid	MT	**622,097**	610,787
Polyester Filament Yarn	MT	**810,433**	796,033
Polyester Staple Fibre	MT	**631,023**	627,857
Poly Ethylene Terephthalate	MT	**352,668**	314,191
Polyester Staple Fibre Fill	MT	**69,614**	59,601
Fabrics	Mtrs. in Lacs	**180**	163

SCHEDULE 'O' (Contd.)

24. Financial and Derivative Instruments

a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2011

(i) **For hedging Currency and Interest Rate Related Risks:**

Nominal amounts of derivative contracts entered into by the Company and outstanding as on 31st March amount to Rs 98,585.59 crore (Previous Year Rs. 1,23,430.42 Crore). Category wise break up is given below:

(Rs in crore)

Sr. No.	Particulars	As at 31st March, 2011	As at 31st March, 2010
1	Interest Rate Swaps	**34,253.65**	48,361.08
2	Currency Swaps	**4,567.03**	4,199.76
3	Options	**28,180.96**	44,853.83
4	Forward Contracts	**31,583.95**	26,015.75

(ii) For hedging commodity related risks :

Category wise break up is given below :

(in Kbbl)

Sr. No.	Particulars	As at 31st March, 2011 Petroleum product sales	As at 31st March, 2011 Crude Oil purchases	As at 31st March, 2010 Petroleum product sales	As at 31st March, 2010 Crude oil purchases
1	Forward swaps	**14,757**	**21,420**	1,900	8,185
2	Futures	**2,194**	**9,453**	4,070	4,967
3	Spreads	**33,768**	**51,227**	9,545	32,141
4	Options	**-**	**-**	1,800	12,175

In addition the Company has net margin hedges outstanding for contracts relating to petroleum product sales of 79,308 kbbl (Previous Year 72,700 kbbl).

b) In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules 2006, the Company has charged an amount of Rs. NIL (Previous Year Rs. 94.09 crore) to the Profit and Loss Account in respect of derivative contracts.

c) Foreign currency exposures that are not hedged by derivative instruments as on 31st March,2011 amount to Rs. 65,893.02 crore. (Previous Year Rs. 50,442.30 crore)

25. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(Rs. in crore)

	2010-11	2009-10
Raw Materials and Traded Goods	**1,74,914.39**	1,52,083.05
Stores, Chemicals and Packing Materials	**2,050.50**	1,430.63
Capital goods	**501.83**	1,190.22

SCHEDULE 'O' (Contd.)

26. EXPENDITURE IN FOREIGN CURRENCY :

(Rs. in crore)

	2010-11	2009-10
Capital Contracts	**165.59**	37.70
Oil and Gas Activity	**3,803.97**	7,106.51
Technical and Engineering Fees (Includes Rs.154.28 crore for SEZ unit)	**192.02**	1,011.51
Machinery Repairs (Includes Rs. 2.36 crore for SEZ unit)	**92.31**	30.10
Building Repairs	**3.66**	0.12
Lease Rent	**-**	2.14
Payments To and Provisions For Employees (Includes Rs. 0.02 crore for SEZ unit)	**19.78**	17.50
Sales Promotion Expenses (Includes Rs. 20.90 crore for SEZ unit)	**30.52**	21.86
Brokerage and Commission (Includes Rs. 14.04 crore for SEZ unit)	**54.58**	37.94
Ocean Freight (Includes Rs. 932.18 crore for SEZ unit)	**1,487.99**	1,307.02
Warehousing and Distribution Expenses (Includes Rs. 924.81 crore for SEZ unit)	**1,035.76**	896.70
Insurance (Includes Rs. 0.16 crore for SEZ unit)	**2.30**	2.69
Rent	**5.34**	3.43
Rates & Taxes	**0.88**	0.31
Other Repairs (Includes Rs. 1.55 crore for SEZ unit)	**8.49**	9.68
Travelling Expenses	**7.09**	7.28
Professional Fees (Includes Rs. 4.63 crore for SEZ unit)	**113.47**	263.30
Charity & Donations	**15.87**	7.09
Hire Charges	**0.32**	0.26
Bank Charges (Includes Rs. 8.05 crore for SEZ unit)	**19.92**	50.93
Establishment Expenses (Includes Rs. 0.04 crore for SEZ unit)	**35.72**	56.09
Interest Charges (Includes Rs. 387.59 crore for SEZ unit)	**1,224.81**	1,175.29
Other Finance Charges (Includes Rs. 80.23 crore for SEZ unit)	**161.08**	296.41
Premium on Redemption of Bonds	-	11.62

27. VALUE OF RAW MATERIALS CONSUMED :

	2010-11		2009-10	
	Rs. in crore	**% of Consumption**	Rs. in crore	% of Consumption
Imported	**1,77,225.47**	**91.72**	1,41,108.21	95.40
Indigenous	**16,008.41**	**8.28**	6,811.00	4.60
	1,93,233.88	**100.00**	1,47,919.21	100.00

SCHEDULE 'O' (Contd.)

28. VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED

	2010-11		2009-10	
	Rs. in crore	**% of Consumption**	Rs. in crore	% of Consumption
Imported	**1,724.28**	**51.04**	1,412.28	50.91
Indigenous	**1,653.74**	**48.96**	1,361.70	49.09
	3,378.02	**100.00**	2,773.98	100.00

29. EARNINGS IN FOREIGN EXCHANGE

(Rs. in crore)

	2010-11	2009-10
FOB value of exports [Excluding captive transfers to Special Economic Zone of Rs. 13,178.23 crore (Previous Year Rs. 6,363.27 crore)]	**1,40,546.15**	1,02,655.60
Interest	**6.98**	25.08
Others	**4.48**	20.32

30. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

	2010-11 (Final Dividend)	2009-10 (Interim Dividend)
a) Number of Non Resident Shareholders	**40,299**	38,072
b) Number of Equity Shares held by them	**59,60,33,421***	28,99,24,139
c) (i) Amount of Dividend Paid (Gross) (Rs. in Crore)	**417.22**	376.90
(ii) Tax Deducted at Source	**-**	-
(iii) Year to which dividend relates	**2009-10**	2008-09

* Includes issue of bonus shares in Financial Year 2009-10.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 21, 2011

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Directors

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Auditors' Report

To the Members of
Reliance Industries Limited

1. We have audited the attached Balance Sheet of **RELIANCE INDUSTRIES LIMITED** as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub–section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub – section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Chaturvedi & Shah** Chartered Accountants (Registration No. 101720W)	For **Deloitte Haskins & Sells** Chartered Accountants (Registration No. 117366W)	For **Rajendra & Co.** Chartered Accountants (Registration No. 108355W)
D. Chaturvedi **Partner** Membership No.: 5611	**A. Siddharth** **Partner** Membership No.: 31467	**A. R. Shah** **Partner** Membership No.:47166

Mumbai
April 23, 2010

Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

1. In respect of its fixed assets:
   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
   b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
   c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
   a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
   a) The Company has given loans to a wholly owned subsidiary of the Company. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 5,541.44 crore and the year-end balance is Rs. 2,649.54 crore.
   b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
   c) The principal amounts are repayable on demand and there is no repayment schedule. The interests is payable on demand.
   d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, there are no overdue amounts.
   e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. In respect of statutory dues:
   a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a

Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

period of more than six months from the date of becoming payable. Amounts due and outstanding for a period exceeding 6 months as at March 31, 2010 to be credited to Investor Education and Protection Fund of Rs. 7.02 crore, which are held in abeyance due to pending legal cases, have not been considered.

b) The disputed statutory dues aggregating Rs. 311.76 crore, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sr. No	Name of the Statute	Nature of the Dues	Amount (Rs in crore)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income-Tax / Penalties	5.43	2006-07	Commissioner of Income-Tax (Appeals)
			0.58	Various years from 2002-03 to 2005-06	Income-Tax Appellate Tribunal
2.	Central Excise Act, 1944	Excise Duty and Service Tax	17.02	Various years from 1991-92 to 2007-08	Commissioner of Central Excise (Appeals)
			69.38	Various years from 1986-87 to 2007-08	Central Excise and Service Tax Appellate Tribunal
3.	Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax/ VAT and Entry Tax	48.84	Various years from 1991-92 to 2008-09	Joint/Deputy Commissioner/ Commissioner (Appeals)
			17.52	Various years from 1992-93 to 2006-07	Sales Tax Appellate Tribunal
			115.15	Various years from 1997-98 to 2004-05	High Court
			0.90	2007-08	Supreme Court
4.	Customs Act, 1962	Custom Duty	16.68	Various years from 2002-03 to 2007-08	Commissioner of Customs (Appeals)
			20.26	2004-05 and 2005-06	Central Excise and Service Tax Appellate Tribunal
	TOTAL		311.76		

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
15. The Company has given guarantees for loans taken by Others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised new terms loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has created securities / charges in respect of secured debentures issued.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **Chaturvedi & Shah** Chartered Accountants (Registration No. 101720W)	For **Deloitte Haskins & Sells** Chartered Accountants (Registration No. 117366W)	For **Rajendra & Co.** Chartered Accountants (Registration No. 108355W)
D. Chaturvedi **Partner** Membership No.: 5611	**A. Siddharth** **Partner** Membership No.: 31467	**A. R. Shah** **Partner** Membership No.:47166

Mumbai
April 23, 2010

Reliance Industries Limited
Balance Sheet as at 31st March, 2010

(Rs. in crore)

	Schedule		As at 31st March, 2010		As at 31st March, 2009
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	'A'	**3,270.37**		1,573.53	
Equity Share Suspense		-		69.25	
Reserves and Surplus	'B'	**1,33,900.24**		1,24,730.19	
			1,37,170.61		1,26,372.97
Loan Funds					
Secured Loans	'C'	**11,670.50**		10,697.92	
Unsecured Loans	'D'	**50,824.19**		63,206.56	
			62,494.69		73,904.48
Deferred Tax Liability			**10,926.30**		9,726.30
TOTAL			**2,10,591.60**		2,10,003.75
APPLICATION OF FUNDS					
Fixed Assets	'E'				
Gross Block		**2,15,864.71**		1,49,628.70	
Less: Depreciation		**62,604.82**		49,285.64	
Net Block		**1,53,259.89**		1,00,343.06	
Capital Work-in-Progress		**12,138.82**		69,043.83	
			1,65,398.71		1,69,386.89
Investments	'F'		**23,228.62**		21,606.49
Current Assets, Loans and Advances					
Current Assets	'G'				
Inventories		**26,981.62**		14,836.72	
Sundry Debtors		**11,660.21**		4,571.38	
Cash and Bank Balances		**13,462.65**		22,176.53	
Other Current Assets		**91.40**		47.86	
		52,195.88		41,632.49	
Loans and Advances	'H'	**10,183.22**		13,079.78	
		62,379.10		54,712.27	
Less: Current Liabilities and Provisions	'I'				
Current Liabilities		**36,849.40**		32,691.00	
Provisions		**3,565.43**		3,010.90	
		40,414.83		35,701.90	
Net Current Assets			**21,964.27**		19,010.37
TOTAL			**2,10,591.60**		2,10,003.75
Significant Accounting Policies	'N'				
Notes on Accounts	'O'				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 23, 2010

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

H.S. Kohli
R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Dr. R. A. Mashelkar
Directors

Reliance Industries Limited
Profit and Loss Account for the year ended 31st March, 2010

(Rs. in crore)

	Schedule		2009-10		2008-09
INCOME					
Turnover		**2,00,399.79**		1,46,328.07	
Less: Excise Duty / Service Tax Recovered		**7,938.77**		4,480.60	
Net Turnover			**1,92,461.02**		1,41,847.47
Other Income	'J'		**2,460.47**		2,059.88
Variation in Stocks	'K'		**3,947.89**		427.56
			1,98,869.38		1,44,334.91
EXPENDITURE					
Purchases			**2,995.82**		2,205.27
Manufacturing and Other Expenses	'L'		**1,62,832.38**		1,16,755.89
Interest and Finance Charges	'M'		**1,997.21**		1,745.23
Depreciation		**13,477.01**		7,182.43	
Less: Transferred from Revaluation Reserve		**2,980.48**		1,987.14	
[Refer Note 4, Schedule 'O']			**10,496.53**		5,195.29
Adjustment pursuant to the scheme of Amalgamation including write off of Investments in Reliance Petroleum Limited		**-**		7,728.92	
Less: Transferred from General Reserve		**-**		7,728.92	
			-		-
			1,78,321.94		1,25,901.68
Profit before Tax			**20,547.44**		18,433.23
Provision for Current Tax			**3,111.77**		1,206.50
Provision for Fringe Benefit Tax			**-**		56.87
Provision for Deferred Tax			**1,200.00**		1,860.54
Profit after Tax			**16,235.67**		15,309.32
Add: Balance brought forward from Previous Year			**5,384.19**		4,363.29
Amount Available for Appropriations			**21,619.86**		19,672.61
APPROPRIATIONS					
General Reserve		**14,000.00**		11,728.92	
Debenture Redemption Reserve		**189.50**		340.05	
Interim Dividend on Equity Shares		**-**		1,897.05	
Proposed Dividend on Equity Shares		**2,084.67**		-	
Tax on Dividend		**346.24**		322.40	
			16,620.41		14,288.42
Balance Carried to Balance Sheet			**4,999.45**		5,384.19
Basic and Diluted Earnings per Share of face value of Rs. 10 each (in Rupees)			**49.65**		**48.63**
Basic and Diluted Earnings per Share of face value of Rs. 10 each (in Rupees) (Before exceptional items)			**49.65**		**49.68**
[Refer Note 13, Schedule 'O']					
Significant Accounting Policies	**'N'**				
Notes on Accounts	**'O'**				

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 23, 2010

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

H.S. Kohli
R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Dr. R. A. Mashelkar
Directors

Reliance Industries Limited
Cash Flow Statement for the year 2009-10

(Rs. in crore)

			2009-10		2008-09
A:	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit before tax as per Profit and Loss Account		**20,547.44**		18,433.23
	Adjusted for:				
	Net Prior Year Adjustments	**1.35**		2.14	
	Diminution in the value of investment	**0.15**		3.44	
	Investment written off (net)	**18.38**		-	
	Loss on Sale / Discarding of Fixed Assets (net)	**0.60**		7.08	
	Depreciation	**13,477.01**		7,182.43	
	Transferred from Revaluation Reserve	**(2,980.48)**		(1,987.14)	
	Effect of Exchange Rate Change	**(1,837.42)**		575.57	
	Profit on Sale of Current Investments (net)	**(238.43)**		(425.40)	
	Dividend Income	**(2.41)**		(29.81)	
	Interest / Other Income	**(2,108.41)**		(1,564.97)	
	Interest and Finance Charges	**1,997.21**		1,745.23	
			8,327.55		5,508.57
	Operating Profit before Working Capital Changes		**28,874.99**		23,941.80
	Adjusted for:				
	Trade and Other Receivables	**(7,379.98)**		(109.91)	
	Inventories	**(12,144.90)**		159.01	
	Trade Payables	**14,223.40**		(3,847.36)	
			(5,301.48)		(3,798.26)
	Cash Generated from Operations		**23,573.51**		20,143.54
	Net Prior Year Adjustments		**(1.35)**		(2.14)
	Taxes Paid		**(3,081.94)**		(1,895.54)
	Net Cash from Operating Activities		**20,490.22**		18,245.86
B:	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of Fixed Assets		**(21,942.67)**		(24,712.78)
	Sale of Fixed Assets		**113.19**		48.35
	Purchase of Investments		**(1,98,866.11)**		(1,08,573.91)
	Sale of Investments		**1,97,660.74**		1,10,986.78
	Movement in Loans and Advances		**2,626.01**		(3,452.11)
	Interest Income		**2,201.93**		1,589.66
	Dividend Income		**2.41**		29.81
	Net Cash used in Investing Activities		**(18,204.50)**		(24,084.20)

Cash Flow Statement for the year 2009-10 (Contd.)

(Rs. in crore)

			2009-10		2008-09
C:	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from Issue of Share Capital / Warrants		**53.54**		15,164.79
	Proceeds from Long Term Borrowings		**6,530.64**		20,690.86
	Repayment of Long Term Borrowings		**(11,598.22)**		(3,382.93)
	Short Term Loans		**(234.86)**		(2,238.39)
	Dividends Paid (including dividend distribution tax)		**(2,219.45)**		(1,908.47)
	Interest Paid		**(3,531.25)**		(4,593.28)
	Net Cash (used in) / from Financing Activities		**(10,999.60)**		23,732.58
	Net (Decrease) / Increase in Cash and Cash Equivalents		**(8,713.88)**		17,894.24
	Opening Balance of Cash and Cash Equivalents	**22,176.53**		4,280.05	
	Add: On Amalgamation	-		2.24	
			22,176.53		4,282.29
	Closing Balance of Cash and Cash Equivalents		**13,462.65**		22,176.53

Note :
Loans / Deposit given to Subsidiaries / Associate aggregating to Rs. 196.86 crore (Previous Year Rs. 5,380.04 crore) have been converted into investments in Preference Shares.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 23, 2010

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

H.S. Kohli
R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Dr. R. A. Mashelkar
Directors

Schedules forming part of the Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL

			As at 31st March, 2010		As at 31st March, 2009
					(Rs. in crore)
Authorised:					
500,00,00,000 (250,00,00,000)	Equity Shares of Rs. 10 each		**5,000.00**		2,500.00
100,00,00,000 (50,00,00,000)	Preference Shares of Rs. 10 each		**1,000.00**		500.00
			6,000.00		3,000.00
Issued, Subscribed and Paid up:					
327,03,74,360 (157,37,98,233)	Equity Shares of Rs. 10 each fully paid up	**3,270.37**		1,573.79	
	Less: Calls in arrears - by others (Rs. 3,922.50)	-		0.26	
			3,270.37		1,573.53
	TOTAL		**3,270.37**		1,573.53

Notes:

1. 210,85,63,630 (48,17,70,552) Shares out of the issued and subscribed share capital were allotted as Bonus Shares by capitalisation of Securities Premium and Reserves.
2. 65,25,91,982 (58,33,39,359) Shares out of the issued and subscribed share capital were allotted pursuant to the various Schemes of amalgamation without payments being received in cash and includes 10,46,60,154 shares allotted to Petroleum Trust.
3. 45,04,27,345 (45,04,27,345) Shares out of the issued and subscribed share capital were allotted on conversion / surrender of Debentures and Bonds, conversion of Term Loans, exercise of warrants, against Global Depository Shares (GDS) and re-issue of forfeited equity shares.
4. In the year 2004-05 the Company bought back and extinguished 28,69,495 equity shares.
5. The Company has reserved issuance of 13,82,78,892* (Previous Year 13,88,09,318*) Equity Shares of Rs. 10 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year, the Company has not granted any Options to the eligible employees [Previous Year 1,00,200* options at a price of Rs. 644.50/-* plus all applicable taxes, as may be levied in this regard on the Company]. The options would vest over a maximum period of 7 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specified criteria.

   During the year, the Company has issued and allotted 5,30,426 (Previous Year 1,49,632) equity shares to the eligible employees of the Company and its Subsidiaries under ESOS of which 2,42,222 equity shares were allotted pre-bonus and 2,88,204 equity shares post bonus.

   * Adjusted for issue of bonus shares in 2009-10 in the ratio of 1:1.

Schedules forming part of the Balance Sheet

SCHEDULE 'B'

RESERVES AND SURPLUS

(Rs. in crore)

		As at 31st March, 2010		As at 31st March, 2009
Revaluation Reserve				
As per last Balance Sheet	**11,784.75**		871.26	
Add: On Revaluation	**-**		12,900.63	
	11,784.75		13,771.89	
Less: Transferred to Profit and Loss Account	**2,980.48**		1,987.14	
[Refer Note 4, Schedule 'O']		**8,804.27**		11,784.75
Capital Reserve				
As per last Balance Sheet		**291.28**		291.28
Capital Redemption Reserve				
As per last Balance Sheet	**887.94**		887.94	
Less: Capitalized on Issue of Bonus Shares	**887.94**		-	
		-		887.94
Securities Premium Account				
As per last Balance Sheet	**51,456.76**		21,313.80	
Add : Premium on issue of shares	**50.97**		16,727.04	
Add: On Amalgamation	**-**		13,429.09	
	51,507.73		51,469.93	
Less: Premium on redemption / buy back of debentures / Bonds	**80.19**		13.17	
Less: Capitalized on Issue of Bonus Shares	**738.85**		-	
	50,688.69		51,456.76	
Less: Calls in arrears - by others	**0.02**		1.80	
		50,688.67		51,454.96
Debentures Redemption Reserve				
As per last Balance Sheet	**927.07**		587.02	
Add: Transferred from Profit and Loss Account	**189.50**		340.05	
		1,116.57		927.07
General Reserve*				
As per last Balance Sheet	**54,000.00**		50,000.00	
Add: Transferred from Profit and Loss Account	**14,000.00**		11,728.92	
	68,000.00		61,728.92	
Less: Transferred to Profit and Loss Account	**-**		7,728.92	
		68,000.00		54,000.00
Profit and Loss Account		**4,999.45**		5,384.19
TOTAL		**1,33,900.24**		124,730.19

* Cumulative amount withdrawn on account of Depreciation on Revaluation is Rs. 2,563.43 crore.

Schedules forming part of the Balance Sheet

SCHEDULE 'C'

SECURED LOANS

(Rs. in crore)

			As at 31st March, 2010		As at 31st March, 2009
A.	**DEBENTURES**				
	Non Convertible Debentures		**9,682.82**		8,642.12
B.	**TERM LOANS**				
	From Banks				
	Rupee Loans		**570.00**		2,020.00
C.	**WORKING CAPITAL LOANS**				
	From Banks				
	Foreign Currency Loans	**1,234.67**		-	
	Rupee Loans	**183.01**		35.80	
			1,417.68		35.80
	TOTAL		**11,670.50**		10,697.92

1. Debentures referred to in A above to the extent of:

   a) Rs. 2,283.00 crore are secured by way of first mortgage / charge on the immovable properties situated at Hazira Complex and at Jamnagar Complex (other than SEZ unit) of the Company.

   b) Rs. 5,000.00 crore are secured by way of first mortgage / charge on the immovable properties situated at Jamnagar Complex (other than SEZ unit) of the Company.

   c) Rs. 1,970.00 crore are secured by way of first mortgage / charge on all the properties situated at Hazira Complex and at Patalganga Complex of the Company.

   d) Rs. 175.00 crore are secured by way of first mortgage / charge on all the properties, both present and future, of the Refinery Division (other than SEZ unit) of the Company and excluding book debts, office premises and certain other properties thereof.

   e) Rs.110.34 crore are secured by way of first mortgage / charge on certain properties situated at village Munja Dhanot, District Kalol in the State of Gujarat and on fixed assets situated at Hoshiarpur Complex of the Company.

   f) Rs. 49.43 crore are secured by way of first mortgage / charge on certain properties situated at Ahmedabad in the State of Gujarat and on fixed assets situated at Nagpur Complex of the Company.

   g) Rs. 44.05 crore are secured by way of first mortgage / charge on certain properties situated at Surat in the State of Gujarat and on fixed assets situated at Allahabad Complex of the Company.

   h) Rs. 51.00 crore are secured by way of first mortgage / charge on movable and immovable properties situated at Thane in the State of Maharashtra and on movable properties situated at Baulpur Complex of the Company.

Schedules forming part of the Balance Sheet

2. Debentures referred to in A above are redeemable at par, in one or more installments, on various dates with the earliest redemption being on 30th May, 2010 and the last being on 8th December, 2018. The debentures are redeemable as follows: Rs. 175.00 crore in financial year 2010-11, Rs. 655.00 crore in financial year 2011-12, Rs. 3,043.69 crore in financial year 2012-13, Rs. 4,466.26 crore in financial year 2013-14, Rs. 408.83 crore in financial year 2014-15, Rs. 164.04 crore in financial year 2015-16, Rs. 133.33 crore in financial year 2016-17, Rs. 133.33 crore in financial year 2017-18 and Rs. 503.34 crore in financial year 2018-19.

3. Term loans from banks are secured by a first ranking pari passu mortgage over leasehold interests of the Company's SEZ unit at Jamnagar under the Land Lease Agreement and the fixed assets (including plant and machinery) affixed thereon; a first ranking pari passu charge over movable assets (other than current assets and investments) of the Company's SEZ unit; a floating second ranking charge over such of the current assets of Company's SEZ unit that are charged on a first ranking basis to the working capital lenders and an assignment of SEZ unit's right, title and interest under the key Project Agreements.

4. Working capital loans are secured by hypothecation of present and future stock of raw materials, stock-in-process, finished goods, stores and spares, book debts, outstanding monies, receivable claims, bills, materials in transit, etc. save and except receivables of Oil and Gas Division.

SCHEDULE 'D'

UNSECURED LOANS

(Rs. in crore)

		As at 31st March, 2010		As at 31st March, 2009
A. Long Term				
i) From Banks	**42,373.97**		52,480.53	
ii) From Others	**3,899.30**		4,512.46	
		46,273.27		56,992.99
B. Short Term				
i) From Banks	**4,532.61**		6,188.49	
ii) From Others	**-**		2.68	
		4,532.61		6,191.17
C. Deferred Sales Tax Liability		**18.31**		22.40
TOTAL		**50,824.19**		63,206.56

Note:

Short term loan from banks include commercial paper of Rs. 500.00 crore. (Previous Year Rs. NIL).

[Maximum balance outstanding at any time during the Year being Rs. 8,500.00 crore (Previous Year Rs. NIL)].

Schedules forming part of the Balance Sheet

SCHEDULE 'E'

FIXED ASSETS (Rs. in crore)

Description	Gross Block				Depreciation		Net Block	
	As at 01-04-2009	Additions	Deductions/ Adjustments	**As at 31-03-2010**	For the Year	**Upto 31-03-2010**	**As at 31-03-2010**	As at 31-03-2009
OWN ASSETS :								
Leasehold Land	1,555.68	0.33	-	**1,556.01**	62.32	**133.03**	**1,422.98**	1,484.97
Freehold Land	1,144.11	23.89	31.71	**1,136.29**	-	**-**	**1,136.29**	1,144.11
Buildings	6,884.78	483.64	1.76	**7,366.66**	301.81	**2,016.03**	**5,350.63**	5,170.30
Plant & Machinery	1,20,899.97	62,068.35	115.45	**1,82,852.87**	12,271.22	**55,027.11**	**1,27,825.76**	78,049.78
Electrical Installations	2,731.95	750.28	1.90	**3,480.33**	176.50	**1,217.06**	**2,263.27**	1,690.68
Equipments	3,438.15	2,414.82	48.20	**5,804.77**	261.10	**964.98**	**4,839.79**	2,720.76
Furniture & Fixtures	465.50	15.89	4.07	**477.32**	36.12	**275.77**	**201.55**	223.92
Vehicles	275.90	47.23	45.33	**277.80**	38.98	**138.28**	**139.52**	149.57
Ships	396.46	1.01	11.71	**385.76**	15.20	**225.51**	**160.25**	175.83
Aircrafts & Helicopters	78.89	-	10.47	**68.42**	9.34	**20.37**	**48.05**	58.09
Sub-Total	**1,37,871.39**	**65,805.44**	**270.60**	**2,03,406.23**	**13,172.59**	**60,018.14**	**1,43,388.09**	**90,868.01**
LEASED ASSETS :								
Plant & Machinery	123.19	194.61	-	**317.80**	42.81	**111.58**	**206.22**	54.42
Ships	9.98	-	-	**9.98**	-	**9.98**	-	-
Sub-Total	**133.17**	**194.61**	**-**	**327.78**	**42.81**	**121.56**	**206.22**	**54.42**
INTANGIBLE ASSETS :								
Technical Knowhow fees**	2,535.62	486.31	-	**3,021.93**	130.78	**1,411.90**	**1,610.03**	1,254.50
Software**	447.06	21.25	1.00	**467.31**	42.81	**368.99**	**98.32**	120.88
Others	8,641.46	-	-	**8,641.46**	88.02	**684.23**	**7,957.23**	8,045.25
Sub-Total	**11,624.14**	**507.56**	**1.00**	**12,130.70**	**261.61**	**2,465.12**	**9,665.58**	**9,420.63**
Total	**1,49,628.70**	**66,507.61**	**271.60**	**2,15,864.71**	**13,477.01***	**62,604.82**	**1,53,259.89**	**1,00,343.06**
Previous Year	1,04,229.10	45,706.24	306.64	**1,49,628.70**	7,182.43	**49,285.64**	**1,00,343.06**	
Capital Work-in-Progress							**12,138.82**	**69,043.83**

NOTES :

a) Leasehold Land includes Rs. 203.19 crore (Previous Year Rs. 203.19 crore) in respect of which lease-deeds are pending execution.

b) Buildings include :

i) Cost of shares in Co-operative Housing Societies Rs. 1.00 crore (Previous Year Rs. 1.00 crore).

ii) Rs. 4.88 crore (Previous Year Rs. 4.88 crore) in respect of which conveyance is pending.

iii) Rs. 93.20 crore (Previous Year Rs. 93.20 crore) in shares of Companies / Societies with right to hold and use certain area of Buildings.

c) Intangible assets - Others include :

i) Jetties amounting to Rs. 646.97 crore (Previous Year Rs. 646.97 crore), the Ownership of which vests with Gujarat Maritime Board. However, under an agreement with Gujarat Maritime Board, the Company has been permitted to use the same at a concessional rate.

ii) Rs. 7,994.49 crore (Previous Year Rs. 7,994.49 crore) in preference shares of subsidiaries and lease premium paid with right to hold and use Land and Buildings.

d) Capital Work-in-Progress includes :

i) Rs. 1,453.20 crore (Previous Year Rs. 17,095.19 crore) on account of Project development expenditure.

ii) Rs. 810.44 crore (Previous Year Rs. 2,610.23 crore) on account of cost of construction materials at site.

iii) Rs. 453.07 crore (Previous Year Rs. 5,509.61 crore) on account of advance against capital expenditure.

e) Gross Block includes Rs. 12,900.63 crore added on revaluation of Building, Plant & Machinery and Equipments as at 01.01.2009 and Rs. 22,497.34 crore added on revaluation of Building, Plant & Machinery, Electrical Installations and Equipments as at 01.08.2005, based on reports issued by international valuers.

f) Additions and Capital Work-in-Progress include Rs. 5,313.81 crore (net gain) [Previous Year Rs. 1,174.14 crore (net loss)] on account of exchange difference during the year.

* Refer to Note 4, Schedule 'O'

** Other than internally generated

Schedules forming part of the Balance Sheet

SCHEDULE 'F'

INVESTMENTS

(Rs. in crore)

			As at 31st March, 2010		As at 31st March, 2009
A. LONG TERM INVESTMENTS					
Government and other Securities - Unquoted					
	6 Years National Savings Certificate (Deposited with Sales Tax Department and other Govt. Authorities)		**0.02**		0.02
Trade Investments					
In Equity Shares - Unquoted, fully paid up					
1,00,00,000 (1,00,00,000)	Petronet India Limited of Rs. 10 each	**10.00**		10.00	
11,08,500 (11,08,500)	Reliance Europe Limited of Sterling Pound 1 each	**3.93**		3.93	
62,63,125 (62,63,125)	Indian Vaccines Corporation Limited of Rs. 10 each	**0.61**		0.61	
12,04,20,000 (12,04,20,000)	Gujarat Chemicals Port Terminal Company Limited of Re. 1 each	**12.04**		30.42	
20,50,000 (20,50,000)	Reliance Utilities Private Limited Class 'A' Shares of Re. 1 each	**0.21**		0.21	
19,90,000 (19,90,000)	Reliance Utilities and Power Private Limited Class 'A' Shares of Re. 1 each	**0.20**		0.20	
		26.99		45.37	
In Preference Shares - Unquoted, fully paid up					
50,00,00,000 (50,00,00,000)	9% Non Cumulative Redeemable Preference Shares of Reliance Gas Transportation Infrastructure Limited of Rs. 10 each	**2,000.00**		2,000.00	
		2,000.00		2,000.00	
			2,026.99		2,045.37
Other Investments					
In Equity Shares - Quoted, fully paid up					
68,60,064 (68,60,064)	Reliance Industrial Infrastructure Limited of Rs. 10 each	**16.30**		16.30	
- (8,572)	Portland General Electric Company Common Stock Equity	**-**		0.82	
		16.30		17.12	
In Equity Shares - Unquoted, fully paid up					
22,500 (22,500)	Reliance LNG Limited of Rs. 10 each	**0.02**		0.02	
		0.02		0.02	
			16.32		17.14
In Equity Shares of Subsidiary Companies - Unquoted, fully paid up					
14,75,04,400 (14,75,04,400)	Reliance Industrial Investments and Holdings Limited of Rs.10 each	**147.50**		147.50	
26,91,150 (26,91,150)	Reliance Ventures Limited of Rs. 10 each	**2,351.05**		2,351.05	
20,20,200 (20,20,200)	Reliance Strategic Investments Limited of Rs. 10 each	**2.02**		2.02	
50,00,001 (50,00,001)	RIL (Australia) Pty Limited of Aus $ 1 each	**17.46**		17.46	
42,450 (42,450)	Reliance Industries (Middle East) DMCC of AED 1000 each	**46.19**		46.19	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.) (Rs. in crore)

			As at 31st March, 2010	As at 31st March, 2009
10,00,00,000 (10,00,00,000)	Reliance Jamnagar Infrastructure Limited of Rs. 10 each	**100.00**		100.00
339,00,00,000 (339,00,00,000)	Reliance Retail Limited of Rs. 10 each	**3,390.00**		3,390.00
1,76,200 (1,76,200)	Reliance Exploration & Production DMCC of AED 1000 each	**210.84**		210.84
250,000 (250,000)	Reliance Global Management Services Limited of Rs. 10 each	**0.25**		0.25
2,00,000 (2,00,000)	Reliance Global Business B.V. of Euro 0.01 each	**0.01**		0.01
		6,265.32		6,265.32
In Equity Shares of Subsidiary Company - Unquoted, partly paid up				
610,00,00,000 (610,00,00,000)	Reliance Retail Limited of Rs. 10 each (Rs. 3.00 each paid up)	**1,830.00**		610.00
		1,830.00		610.00
In Preference Shares of Subsidiary Companies - Unquoted, fully paid up				
499,57,55,311 (-)	Reliance Global Business B.V. 'A' Class Shares of Euro 0.01 each	**324.40**		-
- (10,00,000)	5% Cumulative Redeemable Non Convertible Preference Shares of Reliance Ventures Limited of Re. 1 each	**-**		10.00
4,02,800 (1,50,60,415)	9% Compulsorily Convertible Preference Shares of Reliance Strategic Investments Limited of Re. 1 each	**112.78**		4,216.92
3,37,824 (2,57,600)	5% Non Cumulative Compulsorily Convertible Preference Shares of Reliance Industries (Middle East) DMCC of AED 1000 each	**454.36**		355.04
17,00,316 (11,55,316)	5% Non Cumulative Compulsorily Convertible Preference Shares of Reliance Exploration & Production DMCC of AED 1000 each	**2,123.23**		1,464.76
18,50,000 (25,50,000)	10% Non-Cumulative Optionally Convertible Preference Shares of Reliance Jamnagar Infrastructure Limited of Rs. 10 each	**925.00**		1,275.00
- (35,00,000)	10% Non-Cumulative Optionally Convertible Preference Shares of Reliance Industrial Investments and Holdings Limited Rs. 10 each	**-**		1,750.00
62,000 (-)	Reliance Netherlands B.V. - 'A' Class Shares of Euro 1 each	**0.38**		-
		3,940.15		9,071.72
In Preference Shares of Subsidiary Company - Unquoted, partly paid up				
1,37,000 (-)	Reliance Netherlands B.V. 'A' Class Shares of Euro 1 each (Euro 0.54 each paid up)	**0.45**		-
		0.45		-
In Debentures of Subsidiary Companies - Unquoted, fully paid up				
2,79,90,000 (2,79,90,000)	0% Unsecured Convertible Debentures of Reliance Industrial Investments and Holdings Limited of Rs 100 each	**279.90**		279.90

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.) (Rs. in crore)

		As at 31st March, 2010		As at 31st March, 2009	
8,83,143 (8,83,143)	0% Unsecured Convertible Debentures of Reliance Industrial Investments and Holdings Limited of Rs 5,000 each	**441.58**		441.58	
		721.48		721.48	
			12,757.40		16,668.52
In Others					
88 (88)	Pass Through Certificates (PTC) issued by Indian Residential MBS Trust		**0.33**		1.87
	Total (A)		**14,801.06**		18,732.92
B. CURRENT INVESTMENTS					
Other Investments					
	In Government Securities - Quoted				
	6.05% GOI 2019	-		372.96	
	7.59% GOI 2016	**5.04**		-	
		5.04		372.96	
	In Treasury Bills - Quoted				
	364 Days Treasury Bills	-		6.66	
	Collateralized Borrowing & Lending Obligation	-		23.29	
	In Certificate of Deposit with Scheduled Banks - Quoted	**3,973.27**		1,338.31	
	In Public Sector Undertaking / Public Financial Institution & Corporate Bonds - Quoted				
- (600)	Citi Financial Consumer Finance India Limited	-		60.00	
1,250 (1,500)	EXIM Bank of India	**125.00**		150.00	
7,537 (3,600)	Housing Development Finance Corporation Limited	**774.43**		359.06	
3,600 (2,350)	Infrastructure Development Finance Company Limited	**346.52**		234.52	
2,050 (-)	Indian Railway Finance Corporation Limited	**206.16**		-	
8,500 (-)	LIC Housing Finance Limited	**850.03**		-	
- (1,350)	National Bank for Agricultural and Rural Development	-		135.21	

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.) (Rs. in crore)

			As at 31st March, 2010		As at 31st March, 2009
1,250 (-)	National Housing Bank Limited	**124.48**		-	
3,400 (-)	Power Finance Corporation Limited	**348.11**		-	
8,950 (-)	Rural Electrification Corporation Limited	**895.45**		-	
- (50)	State Bank of Mysore	**-**		5.00	
		3,670.18		943.79	
In Commercial Paper - Unquoted					
	Housing Development Finance Corporation	**-**		95.97	
	Infrastructure Development Finance Company Limited	**-**		92.59	
		-		188.56	
		7,648.49		2,873.57	
In Units-Unquoted					
1,75,66,322 (-)	ICICI Prudential Institutional Liquid Plan - Super Institutional Growth of Rs. 100 each	**239.00**		-	
13,00,69,316 (-)	HDFC Liquid Fund - Premium Plan - Growth of Rs. 10 each	**240.00**		-	
58,39,951 (-)	ICICI Prudential Flexible Income Plan Premium - Growth of Rs. 100 each	**100.00**		-	
4,95,83,326 (-)	HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Growth of Rs. 10 each	**100.07**		-	
6,61,43,253 (-)	LIC MF Floating Rate Fund - Short Term Plan - Growth of Rs. 10 each	**100.00**		-	
		779.07		-	
	Total (B)		**8,427.56**		2,873.57
	Total (A+B)		**23,228.62**		21,606.49

Note :

Pursuant to the Debt Restructuring Scheme of Gujarat Chemicals Port Terminal Company Limited, the face value of the Equity Shares has reduced from Rs.10 per share to Re. 1 per share.

(Rs. in crore)

AGGREGATE VALUE OF	As at 31st March, 2010		As at 31st March, 2009	
	Book Value	**Market Value**	Book Value	Market Value
Quoted Investments	**7,664.79**	**8,248.22**	2,678.84	2,930.63
Unquoted Investments	**15,563.83**	**-**	18,927.65	-

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

Investments purchased and sold during the year

	Face Value (Rs.)	Nos. (in lakhs)	Cost (Rs. in crore)
Mutual Fund Units			
Axis Liquid Fund - Growth	1,000	39.35	400.00
Axis Short Term Fund - Growth	10	1,001.02	100.10
Axis Treasury Advantage Fund - Growth	1,000	9.88	100.01
Birla Sunlife Cash Plus - Institutional Premium - Growth	10	62,816.48	9,145.14
Birla Sun Life Saving Fund Institutional - Growth	10	19,175.74	3,312.40
DSP BlackRock Cash Manager Fund - Institutional Plan - Growth	1,000	17.20	200.00
DSP BlackRock Floating Fund - Institutional Plan - Growth	1,000	15.25	200.01
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	1,000	19.07	250.00
HDFC Liquid Fund - Premium Plan - Growth	10	2,76,304.09	49,908.50
HDFC Liquid Fund - Premium Plus Plan - Growth	10	197.85	35.00
HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Growth	10	60,901.55	12,092.75
ICICI Prudential Flexible Income Plan Premium - Growth	100	44,062.72	16,523.38
ICICI Prudential Gilt Fund - Investment Plan - Growth	10	318.30	100.00
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	100	2,80,832.55	60,387.27
ICICI Prudential Ultra Short Term Plan Super Premium Growth	10	2,196.51	225.00
IDFC Cash Fund - Super Institutional Plan - C Growth	10	1,794.78	200.00
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan - C Growth	10	925.04	100.01
LICMF Liquid Fund - Growth Plan	10	40,740.81	6,772.94
LICMF Income Plus Fund - Growth Plan	10	183.49	22.00
LICMF Floating Rate Fund - Short Term Plan - Growth Plan	10	14,871.03	2,228.42
LICMF Savings PlusFund - Growth Plan	10	1,047.16	150.02
SBI - Magnum Insta Cash Fund - Cash Option	10	4,980.87	1,009.00
SBI Premier Liquid Fund - Institutional - Growth	10	1,720.75	250.00
SBI Premier Liquid Fund - Super Institutional - Growth	10	8,677.14	1,250.00
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	10	8,961.31	1,066.17
Tata Floater Fund - Growth	10	735.40	100.01
Tata Liquid Super High Investment Fund - Appreciation	1,000	11.83	200.00
Templeton India Treasury Management Super Institutional Plan - Growth	1,000	7.36	100.00
UTI Liquid Cash Plan Institutional - Growth	1,000	113.36	1,685.24
UTI Treasury Advantage Fund - Institutional Plan - Growth	1,000	175.55	2,152.32
UTI Money Market Mutual Fund Institutional Plan - Growth	1,000	428.39	4,402.00
Government Securities :			
6.05% GOI 2019	100	1,225.00	1,183.08
7.56% GOI 2014	100	240.00	255.65
6.07% GOI 2014	100	625.00	614.86
6.35% GOI 2020	100	2,155.00	2,010.50
6.49% GOI 2015	100	300.00	296.93
7.35% GOI 2024	100	50.00	50.00
7.94% GOI 2021	100	440.00	465.11
6.90% GOI 2019	100	610.00	592.95
7.02% GOI 2016	100	1,845.00	1,806.89

	Face Value (Rs.)	Nos.	Cost (Rs. in crore)
Corporate Bonds			
8% HDFC 2011	10,00,000	1,000	100.00
8% IDFC 2011	10,00,000	1,650	166.27
6.05% LICHF 2011	10,00,000	50	4.93
11.25% PFC 2018	10,00,000	250	29.16
8.55% IRFC 2019	10,00,000	250	25.20
6.84% HDFC 2011	10,00,000	5,600	557.82
6.90% LIC 2011	10,00,000	2,550	254.27

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)
Investments purchased and sold during the year

	Face Value (Rs.)	Nos.	Cost (Rs. in crore)
6.75% LIC 2011	10,00,000	150	14.93
8.88% IDFC 2011	10,00,000	350	36.01
8.49% PFC 2011	10,00,000	600	61.74
11.75% REC 2011	10,00,000	250	27.51
8.60% IRFC 2019	10,00,000	400	40.00
7.60% LIC 2012	10,00,000	400	40.12
11.40% PFC 2013	10,00,000	600	66.88
8% REC 2014	10,00,000	250	24.80
8.60% PFC 2014	10,00,000	250	25.38
9.90% HDFC 2018	10,00,000	171	18.19
0% HDFC 2012	10,00,000	250	25.04
9.90% HDFC 2011	10,00,000	250	26.20
7.90% REC 2012	10,00,000	2,150	215.46
0% HDFC 2011	10,00,000	3,600	367.22
9.22% PFC 2012	10,00,000	250	26.16
11.50% REC 2013	10,00,000	450	50.25
11.25% HDFC 2018	10,00,000	100	11.45
0% LIC 2010	10,00,000	1,500	141.36
6.42% NHB 2012	10,00,000	1,500	150.00
0% IDFC 11-Jan-11	10,00,000	1,650	154.45
6.55% NHB 2012	10,00,000	500	49.97
0% IDFC 15-Apr-11	10,00,000	250	22.95
6.77% NHB 2013	10,00,000	250	24.90
0% HDFC 8-Feb-2012	10,00,000	500	50.00
6.75% NHB 2012	10,00,000	250	24.78
7.24% LIC 23-Jun-11	10,00,000	250	24.92
8.40% OVL 23-Dec-14	10,00,000	350	34.55

SCHEDULE 'G'

(Rs. in crore)

CURRENT ASSETS		**As at 31st March, 2010**		As at 31st March, 2009
INVENTORIES				
Stores, Chemicals and Packing Materials	**2,801.31**		3,514.85	
Raw Materials	**15,023.40**		6,112.85	
Stock-in-Process	**2,878.85**		2,193.89	
Finished Goods / Traded Goods	**6,278.06**		3,015.13	
		26,981.62		14,836.72
SUNDRY DEBTORS (Unsecured and Considered Good)				
Over six months	**12.91**		13.55	
Others #	**11,647.30**		4,557.83	
		11,660.21		4,571.38
CASH AND BANK BALANCES				
Cash on hand	**11.84**		11.72	
Balance with Banks				
In Current Accounts :				
with Scheduled Banks	**349.16**		487.03	
with Others*	**1.36**		1.38	
In Fixed Deposit Accounts :				
with Scheduled Banks	**13,100.29**		21,676.40	
		13,462.65		22,176.53

Schedules forming part of the Balance Sheet

SCHEDULE 'G' (Contd.)

CURRENT ASSETS

		As at 31st March, 2010		(Rs. in crore) As at 31st March, 2009
OTHER CURRENT ASSETS				
Interest Accrued on Investments	**91.40**		47.59	
Premium Accrued on Investments in Preference Shares $	**-**		0.27	
		91.40		47.86
TOTAL		**52,195.88**		41,632.49

\# Includes Rs. 2,978.18 crore (Previous Year Rs. 359.29 crore) receivable from Subsidiaries.

* Includes balances with non scheduled banks as follows:

(Rs. in crore)

	As at 31st March, 2010	As at 31st March, 2009	Maximum Balance at any time during the year 2009-10	2008-09
Bank of China	**-**	0.02	**0.07**	0.10
Citi, China, Guangzhou	**0.05**	0.04	**0.07**	0.15
Citi, London	**0.05**	-	**0.64**	-
ABN Amro Bank, Shanghai	**-**	0.13	**0.35**	0.30
ABN Amro Bank, Jakarta	**0.27**	0.15	**0.27**	0.40
ABN Amro Bank, Jebel Ali	**0.04**	0.09	**0.22**	0.67
Hongkong and Shanghai Banking Corporation, Turkey	**0.05**	0.05	**0.20**	0.30
Hongkong and Shanghai Banking Corporation, Vietnam	**0.03**	0.03	**0.09**	0.18
Hongkong and Shanghai Banking Corporation, New York	**0.76**	0.85	**3.59**	5.91
Stadtsparkasse Koln, Frankfurt	**0.11**	0.02	**0.19**	0.54

$ Premium accrued on Investments in Preference Shares represents Rs. NIL (Previous Year Rs. 0.27 crore) receivable on investments in Non Convertible Preference Shares of Reliance Ventures Limited, a wholly owned subsidiary of the Company.

SCHEDULE 'H'

(Rs. in crore)

		As at 31st March, 2010		As at 31st March, 2009
LOANS AND ADVANCES				
UNSECURED - (Considered Good Unless Otherwise Stated)				
Loans to subsidiary companies		**2,936.02**		4,534.74
Advance Income Tax (Net of Provision)		**1,267.49**		1,167.10
Advances recoverable in cash or in kind or for value to be received*	**2,576.21**		4,041.80	
Less: Considered Doubtful	**69.88**		69.88	
		2,506.33		3,971.92
Deposits*		**2,240.53**		2,263.22
Balance with Customs, Central Excise Authorities, etc.		**1,232.85**		1,142.80
TOTAL		**10,183.22**		13,079.78

* Advances recoverable includes Rs. 602.32 crore (Previous Year Rs. 1,583.72 crore) and Deposits include Rs. 351.97 crore (Previous Year Rs. 341.27 crore) recoverable from Subsidiaries.

Schedules forming part of the Balance Sheet

SCHEDULE 'I'

(Rs. in crore)

		As at 31st March, 2010		As at 31st March, 2009
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors - Micro, Small and Medium Enterprises @	**8.25**		7.32	
- Others *	**36,047.35**		31,571.77	
Liability for Leased Assets *	**223.03**		1.87	
Unpaid Dividend #	**98.61**		88.98	
Unpaid Matured debentures #	**1.39**		2.19	
Interest accrued on above #	**0.19**		0.19	
Unpaid Share Application Money #	**1.36**		1.42	
Interest accrued but not due on Loans	**469.22**		1,017.26	
		36,849.40		32,691.00
PROVISIONS				
Provision for Wealth Tax	**50.88**		37.68	
Provision for Leave encashment/ Superannuation / Gratuity	**329.21**		477.78	
Other Provisions $	**754.43**		275.99	
Proposed / Interim Dividend	**2,084.67**		1,897.05	
Tax on Dividend	**346.24**		322.40	
		3,565.43		3,010.90
TOTAL		**40,414.83**		35,701.90

@ The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(Rs. in crore)

Sr. No.	Particulars	As at 31st March, 2010	As at 31st March, 2009
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

* Includes Rs. 170.08 crore (Previous Year Rs. 86.31 crore) payable to Subsidiaries and Rs. 8,817.49 crore (Previous Year Rs. 16,796.74 crore) for capital expenditure.

These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 7.02 crore (Previous Year Rs 7.21 crore) which is held in abeyance due to legal cases pending.

$ The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2009 of Rs. 56.26 crore as per the estimated pattern of despatches. During the year, Rs. 56.26 crore was utilised for clearance of goods. Provision recognised under this class for the year is Rs. 323.88 crore which is outstanding as on 31st March, 2010. Actual outflow is expected in the next financial year. The Company had recognised customs duty liability on goods imported under advance license of Rs. 218.05 crore as at 31st March, 2009. During the year, further provision of Rs. 767.10 crore was made and sum of Rs. 555.60 crore was reversed on fulfillment of export obligation. Closing balance on this account as at 31st March, 2010 is Rs. 429.55 crore. Other class of provisions where recognition is based on substantial degree of estimation relate to disputed customer / supplier / third party claims, rebates or demands against the Company. Any additional information in this regard can be expected to prejudice seriously the position of the Company.

Schedules forming part of the Profit and Loss Account

SCHEDULE 'J'

				(Rs. in crore)
		2009-10		2008-09
OTHER INCOME				
Dividend:				
From Current Investments	-		27.40	
From Long Term Investments	**2.41**		2.41	
		2.41		29.81
Interest:				
From Current Investments	**169.92**		226.86	
From Others	**1,938.26**		1,338.06	
[Tax Deducted at Source Rs. 222.14 crore (Previous Year Rs. 260.97 crore)]		**2,108.18**		1,564.92
Premium on Investments in Preference Shares		**0.23**		0.05
Profit on Sale of Current Investments (net)		**238.43**		425.40
Profit on Sale of Fixed Assets		**28.68**		9.57
Miscellaneous Income		**82.54**		118.65
		2,460.47		2,148.40
Less : Transferred to Project Development Expenditure				
- Interest Income	-		23.80	
- Others	-		64.72	
		-		88.52
TOTAL		**2,460.47**		2,059.88

SCHEDULE 'K'

				(Rs. in crore)
		2009-10		2008-09
VARIATION IN STOCKS				
STOCK-IN-TRADE (at close)				
Finished Goods / Traded Goods	**6,278.06**		3,015.13	
Stock-in-Process	**2,878.85**		2,193.89	
		9,156.91		5,209.02
STOCK-IN-TRADE (at commencement)				
Finished Goods / Traded Goods	**3,015.13**		3,257.50	
Stock-in-Process	**2,193.89**		1,523.96	
		5,209.02		4,781.46
TOTAL		**3,947.89**		427.56

Schedules forming part of the Profit and Loss Account

SCHEDULE 'L'

(Rs. in crore)

			2009-10		2008-09
MANUFACTURING AND OTHER EXPENSES					
RAW MATERIAL CONSUMED			**1,47,919.21**		1,04,805.05
MANUFACTURING EXPENSES					
Stores, Chemicals and Packing Materials		**2,773.98**		2,274.02	
Electric Power, Fuel and Water		**2,706.71**		3,355.98	
Machinery Repairs		**378.74**		322.70	
Building Repairs		**25.22**		37.59	
Labour, Processing, Production Royalty and Machinery Hire Charges		**1,774.93**		840.28	
Excise Duty #		**369.15**		(111.53)	
Lease Rent		**2.74**		29.24	
Exchange Differences (Net)		**(676.42)**		494.68	
			7,355.05		7,242.96
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES (including Managerial Remuneration)					
Salaries, Wages and Bonus		**1,978.15**		1,913.48	
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employee's State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.		**148.01**		268.11	
Employee Welfare and other amenities		**224.22**		215.91	
			2,350.38		2,397.50
SALES AND DISTRIBUTION EXPENSES					
Samples, Sales Promotion and Advertisement Expenses		**50.49**		71.08	
Brokerage, Discount and Commission		**228.02**		388.16	
Warehousing and Distribution Expenses		**3,280.49**		2,424.62	
Sales Tax / VAT / Service Tax		**564.77**		211.41	
			4,123.77		3,095.27
ESTABLISHMENT EXPENSES					
Insurance		**486.58**		325.11	
Rent		**105.15**		121.21	
Rates & Taxes		**40.39**		54.61	
Other Repairs		**256.22**		229.41	
Travelling Expenses		**59.72**		125.89	
Payment to Auditors		**12.82**		10.74	
Professional Fees		**524.82**		654.18	
Loss on Sale / Discarding of Fixed Assets		**29.28**		16.65	
General Expenses *		**651.96**		935.46	
Investments Written Off	**108.38**				
Less: Provision Written Back	**(90.00)**				
		18.38		-	
Wealth Tax		**13.20**		13.43	
Charity and Donations		**103.37**		82.59	
			2,301.89		2,569.28
			164,050.30		120,110.06
Less : Transferred to Projects Development Expenditure (Net)			**1,217.92**		3,354.17
TOTAL			**162,832.38**		116,755.89

\# Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.

* Includes diminution in value of investments Rs. 0.15 crore (Previous Year Rs. 3.44 crore) and Rs. NIL (Previous Year Rs. 369.60 crore) towards liabilities on account of corporate guarantees given on behalf of a subsidiary, being an exceptional item.

Schedules forming part of the Profit and Loss Account

SCHEDULE 'M'		(Rs. in crore)
INTEREST AND FINANCE CHARGES	**2009-10**	2008-09
Debentures	**946.36**	545.61
Fixed Loans	**543.38**	424.07
Finance charges on Leased Assets	**21.53**	0.24
Others	**485.94**	775.31
TOTAL	**1,997.21**	1,745.23

Significant Accounting Policies

SCHEDULE 'N'

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

C. Own Fixed Assets

Fixed Assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

D. Leased Assets

a) Operating Leases: Rentals are expensed with reference to lease terms and other considerations.

b) (i) Finance leases prior to 1st April, 2001: Rentals are expensed with reference to lease terms and other considerations.

(ii) Finance leases on or after 1st April, 2001: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss account.

c) However, rentals referred to in (a) or (b) (i) above and the interest component referred to in (b) (ii) above pertaining to the period upto the date of commissioning of the assets are capitalized.

d) All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Initial direct costs in respect of lease are expensed in the year in which such costs are incurred. Income from lease assets is accounted by applying the interest rate implicit in the lease to the net investment.

E. Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation.

F. Depreciation

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life except,: on fixed assets pertaining to refining segment and SEZ units, depreciation is provided on Straight Line method (SLM) over their useful life; on fixed bed catalyst with a life of 2 years or more, depreciation is provided over its useful life; on fixed bed catalysts having life of less than 2 years, 100% depreciation is provided in the year of addition; on additions or extensions forming an integral part of existing plants, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and insurance spares, depreciation is provided as aforesaid over the residual life of the respective plants; on development rights and producing properties, depreciation is provided in proportion of oil and gas production achieved vis-a-vis the proved reserves (net of reserves to be retained to cover abandonment costs as per the production sharing contract and the Government

SCHEDULE 'N' (Contd.)

of India's share in the reserves) considering the estimated future expenditure on developing the reserves as per technical evaluation; premium on leasehold land is amortised over the period of lease; technical know how is amortised over the useful life of the underlying assets and computer software is amortised over a period of 5 years; intangible assets - others are amortised over the period of agreement of right to use, provided in case of jetty the aggregate amount amortised to date is not less than the aggregate rebate availed by the company; on amounts added on revaluation, depreciation is provided as aforesaid over the residual life of the assets as certified by the valuers'; on assets acquired under finance lease from 1st April 2001, depreciation is provided over the lease term.

G Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

H. Foreign Currency Transactions

(a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

(b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

(c) Non monetary foreign currency items are carried at cost.

(d) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

(e) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

I. Investments

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

J. Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis. By-products are valued at net realisable value. Cost of work-in-progress and finished stock is determined on absorption costing method.

K. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net), Value Added Tax (VAT) and gain / loss on corresponding hedge contracts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

SCHEDULE 'N' (Contd.)

L. Excise Duty and Sales Tax / Value Added Tax

Excise duty is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses. Sales tax / Value added tax paid is charged to Profit and Loss account.

M. Employee Benefits

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

(iii) In respect of employees stock options, the excess of fair price on the date of grant over the exercise price is recognised as deferred compensation cost amortised over the vesting period.

N. Employee Separation Costs

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company is charged to the Profit and Loss account in the year of exercise of option.

O. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

P. Financial Derivatives and Commodity Hedging Transactions

In respect of derivative contracts, premium paid, gains / losses on settlement and provision for losses for cash flow hedges are recognised in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

Q. Accounting for Oil and Gas Activity

The Company has adopted Full Cost Method of accounting for its Oil and Gas activity and all costs incurred in acquisition, exploration and development are accumulated considering the country as a cost centre. Oil and Gas Joint Ventures are in the nature of Jointly Controlled Assets. Accordingly, assets and liabilities as well as income and expenditure are accounted on the basis of available information on line by line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

R. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

S. Premium on Redemption of Bonds / Debentures

Premium on redemption of bonds / debentures, net of tax impact, are adjusted against the Securities Premium Account.

SCHEDULE 'N' (Contd.)

T. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes on Accounts

SCHEDULE 'O'

1. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

2. As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

Defined Contribution Plans (Rs. in crore)

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

	2009-10	2008-09
Employer's Contribution to Provident Fund	**53.06**	52.19
Employer's Contribution to Super annuation Fund	**11.70**	11.72
Employer's Contribution to Pension Scheme	**15.00**	15.53

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.

Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India for SEZ unit of the Company) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

I) Reconciliation of opening and closing balances of Defined Benefit Obligation

(Rs. in crore)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	**2009-10**	2008-09
Defined Benefit obligation at beginning of year	**246.98**	291.46	**476.77**	518.47
On Amalgamation	**-**	0.78	**-**	3.75
Current Service Cost	**22.15**	16.86	**5.27**	5.52
Interest Cost	**17.97**	22.30	**28.13**	31.00
Actuarial (gain) / loss	**28.19**	(57.41)	**(9.35)**	187.50
Benefits paid	**(14.73)**	(27.01)	**(203.41)**	(269.47)
Defined Benefit obligation at year end	**300.56**	246.98	**297.41**	476.77

SCHEDULE 'O' (Contd.)

II) Reconciliation of opening and closing balances of fair value of Plan Assets

(Rs. in crore)

	Gratuity (Funded)	
	2009-10	2008-09
Fair value of Plan assets at beginning of year	**256.14**	190.04
On Amalgamation	**-**	0.08
Expected return on plan assets	**18.77**	17.05
Actuarial gain / (loss)	**5.72**	3.98
Employer contribution	**2.98**	72.00
Benefits paid	**(14.73)**	(27.01)
Fair value of Plan assets at year end	**268.88**	256.14
Actual return on plan assets	**24.49**	21.03

III) Reconciliation of fair value of assets and obligations

(Rs. in crore)

	Gratuity (Funded) As at 31st March		Leave Encashment (Unfunded) As at 31st March	
	2010	2009	**2010**	2009
Fair value of Plan assets	**268.88**	256.14	-	-
Present value of obligation	**300.56**	246.98	**297.41**	476.77
Amount recognized in Balance Sheet	**31.68**	(9.16)	**297.41**	476.77

IV) Expenses recognised during the year (Under the head "Payments to and Provisions for Employees"- Refer Schedule 'L')

(Rs. in crore)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	**2009-10**	2008-09
Current Service Cost	**22.15**	16.86	**5.27**	5.52
Interest Cost	**17.97**	22.30	**28.13**	31.00
Expected return on Plan assets	**(18.77)**	(17.05)	**-**	-
Actuarial (gain) / loss	**22.47**	(61.39)	**(9.35)**	187.50
Net Cost	**43.82**	(39.28)	**24.05**	224.02

SCHEDULE 'O' (Contd.)

V) Investment Details :

	% Invested	
	As at 31st March, 2010	As at 31st March, 2009
GOI Securities	**11.03**	13.34
Public Securities	**12.76**	14.24
State Government Securities	**6.38**	7.66
Private Sector Securities [includes Equity Shares of Reliance Industries Limited, of Rs. 0.15 crore (Previous Year Rs. 0.15 crore)]	**0.05**	0.16
Insurance Policies	**69.45**	64.45
Others (including bank balances)	**0.33**	0.15
	100.00	100.00

VI) Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	**2009-10**	2008-09
Mortality Table (LIC)	**1994-96 (Ultimate)**	1994-96 (Ultimate)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate (per annum)	7.5%	8%	7.5%	8%
Expected rate of return on plan assets (per annum)	7.5%	8%	-	-
Rate of escalation in salary (per annum)	6%	4%	6%	4%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

3. Turnover includes Income from Services of Rs. 70.98 crore (Previous Year Rs. 59.96 crore) and sales during trial run period of Rs. 143.26 crore (Previous Year Rs. 2,604.53 crore).

4. The Gross Block of Fixed Assets includes Rs. 38,121.98 crore (Previous Year Rs. 38,121.98 crore) on account of revaluation of Fixed Assets carried out in the past. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 2,980.48 crore (Previous Year Rs. 1,987.14 crore) and an equivalent amount, has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account. This has no impact on profit for the year.

5. The Company announced a Voluntary Separation Scheme (VSS) for the employees of certain units during the year. A sum of Rs. 19.56 crore (Previous Year Rs. 110.79 crore) has been paid during the year and debited to Profit and Loss Account under the head "Payments to and Provisions for Employees".

6. (a) Payment to Auditors:

(Rs. in crore)

	2009-10	2008-09
(i) Audit Fees	**5.70**	5.10
(ii) Tax Audit Fees	**0.50**	0.50
(iii) For Certification and Consultation in finance and tax matters	**6.38**	4.89
(iv) Expenses Reimbursed	**0.02**	0.04
	12.60	10.53
(b) Cost Audit Fees	**0.22**	0.21

SCHEDULE 'O' (Contd.)

7. Managerial Remuneration:
(Included under the head "Payments to and Provisions for Employees")

(a) Remuneration to Managing Director / Executive Directors

	2009-10	2008-09
		(Rs. in crore)
(i) Salaries	**7.42**	1.34
(ii) Perquisites and allowances	**5.57**	1.66
(iii) Commission	**19.94**	34.23
(iv) Leave salary / Encashment	**0.55**	0.55
(v) Contribution to Provident fund and Superannuation fund	**1.06**	0.36
(vi) Provision for Gratuity	**6.36**	0.07
	40.90	38.21
(b) Commission to Non-Executive Directors	**1.75**	1.89

Computation of net profit in accordance with Section 349 of the Companies Act, 1956:

	2009-10	2008-09
		(Rs. in crore)
Profit before Taxation	**20,547.44**	18,433.23
Add Depreciation as per accounts	**10,496.53**	5,195.29
Loss on sale / discarding of Fixed Assets	**29.28**	16.65
Investment Provided for	**0.15**	3.44
Investment written off (net)	**18.38**	-
Managerial Remuneration	**36.03**	36.26
	31,127.81	23,684.87
Less Depreciation as per Section 350 of Companies Act, 1956	**13,477.01**	7,182.43
Premium on Investment in Preference Shares	**0.23**	0.05
Profit on sale of Fixed Assets	**28.68**	9.57
Profit on Sale of Investments	**238.43**	425.40
Net Profit for the year	**17,383.46**	16,067.42
Salaries, Perquisites and Commission to Managing Director / Executive Directors calculated @ 0.40% of the Net profit. (Previous Year @ 0.402%)	**69.53**	64.59
Less: Salaries & Perquisites of the Managing Director / Executive Directors eligible for commission	**16.09**	2.03
Commission eligible	**53.44**	62.56
Commission Restricted to	**19.94**	34.23

SCHEDULE 'O' (Contd.)

(c) General Expenses include Rs. 0.19 crore (Previous Year Rs. 0.20 crore) towards sitting fees paid to non-executive directors.

8. A sum of Rs. 1.35 crore (net debit) [Previous Year Rs. 2.14 crore (net debit)] is included under Establishment expenses representing Net Prior Period Items.

9. Expenditure on account of Premium on forward exchange contracts to be recognised in the Profit and Loss account of subsequent accounting period aggregates Rs. 81.66 crore (Previous Year Rs. 9.28 crore).

10. (a) Fixed assets taken on finance lease prior to 1st April, 2001, amount to Rs. 512.36 crore (Previous Year Rs. 512.36 crore). Future obligations towards lease rentals under the lease agreements as on 31st March, 2010 amount to Rs. 4.87 crore (Previous Year Rs. 5.45 crore).

(Rs. in crore)

	2009-10	2008-09
Within one year	**0.58**	0.58
Later than one year and not later than five years	**2.34**	2.34
Later than five years	**1.95**	2.53
Total	**4.87**	5.45

(b) In respect of Fixed Assets acquired on finance lease on or after 1st April, 2001, the minimum lease rentals outstanding as on 31st March, 2010 are as follows:

(Rs. in crore)

	Total Minimum Lease Payments outstanding As at 31st March		**Future interest on Outstanding Lease Payments**		**Present value of Minimum Lease Payments As at 31st March**	
	2010	2009	**2009-10**	2008-09	**2010**	2009
Within one year	**37.30**	1.51	**20.06**	0.08	**17.24**	1.43
Later than one year and not later than five years	**148.73**	0.39	**63.36**	0.06	**85.37**	0.33
Later than five years	**148.71**	0.20	**28.28**	0.09	**120.43**	0.11
Total	**334.74**	2.10	**111.70**	0.23	**223.04**	1.87

(c) General Description of Lease terms:

(i) Lease rentals are charged on the basis of agreed terms.

(ii) Assets are taken on lease over a period of 3 to 15 years.

SCHEDULE 'O' (Contd.)

11. (a) (i) Assets given on finance lease on or after 1st April, 2001

(Rs. in crore)

Particulars	Total		Not later than one year		Later than one year and not later than five years		Later than five years	
	2009-10	2008-09	**2009-10**	2008-09	**2009-10**	2008-09	**2009-10**	2008-09
Gross Investment	**79.22**	109.74	**30.75**	30.71	**48.47**	79.03	**-**	-
Less: Unearned Finance Income	**10.20**	18.29	**5.78**	8.13	**4.42**	10.16	**-**	-
Present Value of Minimum Lease Rental	**69.02**	91.45	**24.97**	22.58	**44.05**	68.87	**-**	-

(ii) General Description of Lease terms:

• Lease rentals are charged on the basis of agreed rate of interest.

• Assets are given on lease for a period of five years.

(b) Miscellaneous income includes income from finance lease of Rs. 8.14 crore (Previous Year Rs. 9.01 crore).

12. The deferred tax liability comprise of the following:

(Rs. in crore)

		As at 31st March, 2010	As at 31st March, 2009
a.	**Deferred Tax Liability**		
	Related to fixed assets	**11,169.25**	9,973.81
b.	**Deferred Tax Assets**		
	Disallowance under the Income Tax Act 1961	**242.95**	247.51
		10,926.30	9,726.30

13. EARNINGS PER SHARE (EPS)

		2009-10	2008-09
i)	Net Profit after tax as per Profit and Loss Account attributable to Equity Shareholders(Rs. in crore)	**16,235.67**	15,309.32
ii)	Net Profit before Exceptional item (Rs. in crore)	**16,235.67**	15,637.04
iii)	Weighted Average number of equity shares used as denominator for calculating EPS	**3,26,98,62,848***	3,14,78,35,738*
iv)	Basic and Diluted Earnings per share (Rs.)	**49.65**	48.63
v)	Basic and Diluted Earnings (before exceptional items) per share (Rs.)	**49.65**	49.68
vi)	Face Value per equity share (Rs.)	**10.00**	10.00

* Adjusted for issue of bonus shares in 2009-10 in the ratio of 1:1.

SCHEDULE 'O' (Contd.)

14. PROJECT DEVELOPMENT EXPENDITURE

(in respect of Projects up to 31st March,2010, included under Capital work-in-progress)

(Rs. in crore)

		2009-10		2008-09
Opening Balance	**17,095.19**		1,419.04	
Add: On Amalgamation	**-**		1,141.41	
		17,095.19		2,560.45
Add: Transferred from Profit and Loss Account				
Schedule – L	**1,217.92**		3,354.17	
Schedule – J	**-**		(88.52)	
Interest Capitalized	**983.81**		3,396.91	
Exchange Difference	**-**		10,939.75	
		2,201.73		17,602.31
		19,296.92		20,162.76
Less: Project Development Expenses Capitalized during the year		**17,843.72**		3,067.57
Closing Balance		**1,453.20**		17,095.19

SCHEDULE 'O' (Contd.)

15. RELATED PARTY DISCLOSURES :

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industrial Investments and Holdings Limited	
2	Reliance Ventures Limited	
3	Reliance Strategic Investments Limited	
4	Reliance Industries (Middle East) DMCC	
5	Reliance Jamnagar Infrastructure Limited	
6	Reliance Retail Limited	
7	Reliance Netherlands B.V.	
8	Reliance Haryana SEZ Limited	
9	Reliance Fresh Limited	
10	Retail Concepts and Services (India) Limited	
11	Reliance Retail Insurance Broking Limited	
12	Reliance Dairy Foods Limited	
13	Reliance Exploration & Production DMCC	
14	Reliance Retail Finance Limited	
15	RESQ Limited	
16	Reliance Global Management Services Limited	Subsidiary Companies
17	Reliance Commercial Associates Limited	
18	Reliancedigital Retail Limited	
19	Reliance Financial Distribution and Advisory Services Limited	
20	RIL (Australia) Pty Limited	
21	Reliance Hypermart Limited	
22	Gapco Kenya Limited	
23	Gapco Rwanda SARL	
24	Gapco Tanzania Limited	
25	Gapco Uganda Limited	
26	Gapoil (Zanzibar) Limited	
27	Gapoil Tanzania Limited	
28	Gulf Africa Petroleum Corporation	
29	Transenergy Kenya Limited	
30	Recron (Malaysia) Sdn Bhd	
31	Reliance Retail Travel & Forex Services Limited	
32	Reliance Brands Limited	
33	Reliance Footprint Limited	
34	Reliance Trends Limited	
35	Reliance Wellness Limited	

SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
36	Reliance Lifestyle Holdings Limited	
37	Reliance Universal Ventures Limited	
38	Delight Proteins Limited	
39	Reliance Autozone Limited	
40	Reliance F&B Services Limited	
41	Reliance Gems and Jewels Limited	
42	Reliance Integrated Agri Solutions Limited	
43	Strategic Manpower Solutions Limited	
44	Reliance Agri Products Distribution Limited	
45	Reliance Digital Media Limited	
46	Reliance Food Processing Solutions Limited	
47	Reliance Home Store Limited	
48	Reliance Leisures Limited	
49	Reliance Loyalty & Analytics Limited	
50	Reliance Retail Securities and Broking Company Limited	
51	Reliance Supply Chain Solutions Limited	
52	Reliance Trade Services Centre Limited	
53	Reliance Vantage Retail Limited	
54	Reliance International Exploration and Production Inc.	
55	Wave Land Developers Limited	
56	Reliance-GrandOptical Private Limited	Subsidiary Companies
57	Reliance Universal Commercial Limited	
58	Reliance Petroinvestments Limited	
59	Reliance Global Commercial Limited	
60	Reliance Cyprus Limited	
61	Reliance People Serve Limited	
62	Reliance Infrastructure Management Services Limited	
63	Reliance Global Business B.V.	
64	Reliance Gas Corporation Limited	
65	Reliance Global Energy Services Limited	
66	Reliance One Enterprises Limited	
67	Reliance Global Energy Services (Singapore) Pte. Ltd.	
68	Reliance Personal Electronics Limited	
69	Reliance Polymers (India) Limited	
70	Reliance Polyolefins Limited	
71	Reliance Aromatics and Petrochemicals Private Limited	
72	Reliance Energy and Project Development Private Limited	
73	Reliance Chemicals Limited	
74	Reliance Universal Enterprises Limited	

SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
75	International Oil Trading Limited	Subsidiary Companies
76	Reliance Review Cinema Limited	
77	Reliance Replay Gaming Limited	
78	Reliance Nutritional Food Processors Limited	
79	RIL USA Inc.	
80	Reliance Commercial Land & Infrastructure Limited	
81	Reliance Corporate IT Park Limited	
82	Reliance Eminent Trading & Commercial Private Limited	
83	Reliance Progressive Traders Private Limited	
84	Reliance Prolific Traders Private Limited	
85	Reliance Universal Traders Private Limited	
86	Reliance Prolific Commercial Private Limited	
87	Reliance Comtrade Private Limited	
88	Reliance Ambit Trade Private Limited	
89	Reliance Petro Marketing Limited	
90	LPG Infrastructure (India) Private Limited	
91	Reliance Infosolutions Private Limited	
92	Reliance Corporate Center Limited	
93	Reliance Convention and Exhibition Center Limited	
94	Central Park Enterprises DMCC	
95	Reliance International B. V.	
96	Reliance Corporate Services Private Limited	
97	Reliance Industrial Infrastructure Limited	Associates
98	Reliance Europe Limited	
99	Reliance LNG Limited	
100	Indian Vaccines Corporation Limited	
101	Gujarat Chemicals Port Terminal Company Limited	
102	Reliance Utilities and Power Private Limited	
103	Reliance Utilities Private Limited	
104	Reliance Ports and Terminals Limited	
105	Reliance Gas Transportation Infrastructure Limited	
106	Shri Mukesh D. Ambani	Key Managerial Personnel
107	Shri Nikhil R. Meswani	
108	Shri Hital R. Meswani	
109	Shri H.S. Kohli	
110	Shri P.M.S. Prasad	
111	Shri R. Ravimohan	
112	Dhirubhai Ambani Foundation	Enterprises over which Key Managerial Personnel are able to exercise significant influence
113	Jamnaben Hirachand Ambani Foundation	
114	Hirachand Govardhandas Ambani Public Charitable Trust	
115	HNH Trust and HNH Research Society	

SCHEDULE 'O' (Contd.)

(ii) Transactions during the year with related parties :

(Rs. in crore)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
1.	Purchase of Fixed Assets	**238.54**	**-**	**-**	**-**	**238.54**
		908.00	*0.35*	*-*	*-*	*908.35*
2.	Purchase / Subscription of Investments	**2,415.80**	**24.51**	**-**	**-**	**2,440.31**
		4,292.16	*2,000.41*	*-*	*-*	*6,292.57*
3.	Sale / redemption of Investments	**6,326.92**	**155.63**	**-**	**-**	**6,482.55**
		0.06	*102.23*	*-*	*-*	*102.29*
4.	Premium Accrued on Investment in Preference Shares	**-**	**-**	**-**	**-**	**-**
		0.27	*-*	*-*	*-*	*0.27*
5.	Net Loans and advances given / (returned)	**(2,812.43)**	**(8.00)**	**-**	**-**	**(2,820.43)**
		(193.54)	*(4.89)*	*-*	*-*	*(198.43)*
6.	Turnover	**9,124.51**	**212.72**	**-**	**-**	**9,337.23**
		3,304.04	*29.53*	*-*	*-*	*3,333.57*
7.	Other Income	**450.45**	**6.45**	**-**	**-**	**456.90**
		205.50	*5.35*	*-*	*-*	*210.85*
8.	Purchases	**56.46**	**45.00**	**-**	**-**	**101.46**
		598.93	*-*	*-*	*-*	*598.93*
9.	Electric Power, Fuel and Water	**-**	**960.30**	**-**	**-**	**960.30**
		-	*685.74*	*-*	*-*	*685.74*
10.	Hire Charges	**-**	**559.00**	**-**	**-**	**559.00**
		-	*76.34*	*-*	*-*	*76.34*
11.	Manpower Deputation Charges	**40.69**	**85.93**	**-**	**-**	**126.62**
		40.12	*4.47*	*-*	*-*	*44.59*
12.	Payment to Key Managerial Personnel	**-**	**-**	**40.90**	**-**	**40.90**
		-	*-*	*38.21*	*-*	*38.21*
13.	Sales and Distribution Expenses	**72.13**	**2,532.84**	**-**	**-**	**2,604.97**
		73.61	*1,263.23*	*-*	*-*	*1,336.84*
14.	Rent	**0.13**	**-**	**-**	**-**	**0.13**
		4.50	*2.25*	*-*	*-*	*6.75*
15.	Professional Fees	**91.75**	**21.32**	**-**	**-**	**113.07**
		39.01	*16.60*	*-*	*-*	*55.61*

SCHEDULE 'O' (Contd.)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
16.	General expenses	**392.21**	**9.87**	**-**	**-**	**402.08**
		66.04	*9.05*	*-*	*-*	*75.09*
17.	Donations	**-**	**-**	**-**	**18.97**	**18.97**
		-	*-*	*-*	*37.23*	*37.23*
18.	Interest Expenses	**21.45**	**-**	**-**	**-**	**21.45**
		3.64	*-*	*-*	*-*	*3.64*
19.	Investment written off (net)	**-**	**18.38**	**-**	**-**	**18.38**
		-	*-*	*-*	*-*	*-*
	Balance as at 31st March, 2010					
20.	**Investments**	**12,757.40**	**2,033.31**	**-**	**-**	**14,790.71**
		16,668.52	*2,051.69*	*-*	*-*	*18,720.21*
21.	**Sundry Debtors**	**2,978.18**	**20.01**	**-**	**-**	**2,998.19**
		359.29	*119.91*	*-*	*-*	*479.20*
22.	**Loans & Advances**	**3,890.31**	**1,427.19**	**-**	**-**	**5,317.50**
		6,459.73	*1,449.64*	*-*	*-*	*7,909.37*
23.	**Sundry Creditors**	**170.08**	**414.80**	**-**	**-**	**584.88**
		86.31	*257.17*	*-*	*-*	*343.48*
24.	**Financial Guarantees**	**1,588.85**	**563.47**	**-**	**-**	**2,152.32**
		1,598.31	*431.12*	*-*	*-*	*2,029.43*
25.	**Performance Guarantees**	**-**	**7.03**	**-**	**-**	**7.03**
		1.50	*11.07*	*-*	*-*	*12.57*

Note : Figures in italics represent Previous Year's amounts.

SCHEDULE 'O' (Contd.)

Disclosure in Respect of Material Related Party Transactions during the year :

1. Purchase of Fixed Assets include Reliance Jamnagar Infrastructure Limited Rs. NIL (Previous Year Rs. 730.64 crore), Reliance Retail Limited Rs. NIL (Previous Year Rs. 171.34 crore), Reliance Home Store Limited Rs. 0.05 crore (Previous Year Rs. 5.48 crore), Reliance Corporate IT Park Limited Rs. 238.38 crore (Previous Year Rs. NIL), Reliance Europe Limited Rs. NIL (Previous Year Rs. 0.35 crore).

2. Purchase / Subscription of Investments include Reliance Industrial Investments and Holdings Limited Rs. NIL (Previous Year Rs. 1,750.00 crore), Reliance Strategic Investments Limited Rs. 112.78 crore (Previous Year Rs. NIL), Reliance Industries (Middle East) DMCC Rs. 99.32 crore (Previous Year Rs. 355.04 crore), Reliance Jamnagar Infrastructure Limited Rs. NIL (Previous Year Rs. 1,275.00 crore), Reliance Exploration & Production DMCC Rs. 658.47 crore (Previous Year Rs. 912.11 crore), Reliance Retail Limited Rs. 1,220.00 crore (Previous Year Rs. NIL), Reliance Global Business B.V. Rs. 324.40 crore (Previous Year Rs. NIL) (including conversion of share application money of Rs. 196.86 crore of Previous Year into 'A' Class Preference Shares), Reliance Gas Transportation Infrastructure Limited Rs. 24.51 crore (Previous Year Rs. 2,000.00 crore).

3. Sale / redemption of Investments include Reliance Strategic Investments Limited Rs. 4,216.92 crore (Previous Year Rs. NIL), Reliance Ventures Limited Rs. 10.00 crore (Previous Year Rs. NIL), Reliance Industrial Investments and Holdings Limited Rs. 1,750.00 crore (Previous Year Rs. NIL), Reliance Jamnagar Infrastructure Limited Rs. 350.00 crore (Previous Year Rs. NIL), Reliance Gas Transportation Infrastructure Limited Rs. 65.68 crore (Previous Year Rs. 102.23 crore), Reliance Ports and Terminals Limited Rs. 89.95 crore (Previous Year Rs. NIL).

4. Loans given during the year include Reliance Industrial Investments and Holdings Limited Rs. NIL (Previous Year Rs. 1,211.15 crore), Reliance Retail Limited Rs. NIL (Previous Year Rs. 1,156.32 crore), Reliance Exploration & Production DMCC Rs. 22.45 crore (Previous Year Rs. 19.97 crore), Gapco Kenya Limited Rs. NIL (Previous Year Rs. 22.94 crore), Gapco Tanzania Limited Rs. NIL (Previous Year Rs. 166.06 crore), Gapoil Tanzania Limited Rs. NIL (Previous Year Rs. 179.35 crore), Reliance Global Business B.V. Rs. NIL (Previous Year Rs. 200.57 crore), Reliance Gas Corporation Limited Rs. NIL (Previous Year Rs. 5.96 crore), Reliance Infosolutions Private Limited Rs. 4.70 crore (Previous Year Rs. 107.59 crore), Reliance Corporate IT Park Limited Rs. 6.00 crore (Previous Year Rs. NIL), Gujarat Chemicals Port Terminal Company Limited Rs. 17.00 crore (Previous Year Rs. 0.14 crore). Loans returned during the year from Reliance Ventures Limited Rs. NIL (Previous Year Rs. 1,001.49 crore), Reliance Strategic Investments Limited Rs. NIL (Previous Year Rs. 14.05 crore), Reliance Industries (Middle East) DMCC Rs. 87.31 crore (Previous Year Rs. 447.63 crore), Reliance Jamnagar Infrastructure Limited Rs. NIL (Previous Year Rs. 1,619.00 crore), Reliance Netherlands B.V. Rs. NIL (Previous Year Rs. 145.99 crore), Reliance Industrial Investments and Holdings Limited Rs. 1,454.51 crore (Previous Year Rs. NIL), Recron (Malaysia) Sdn Bhd Rs. NIL (Previous Year Rs. 35.30 crore), Gapco Kenya Limited Rs. 19.78 crore (Previous Year Rs. NIL), Gapco Tanzania Limited Rs. 40.19 crore (Previous Year Rs. NIL), Gapoil Tanzania Limited Rs. 19.39 crore (Previous Year Rs. NIL), Reliance Retail Limited Rs. 1,027.61 crore (Previous Year Rs. NIL), Reliance Global Business B.V. Rs. 196.86 crore (Previous Year Rs. NIL) (conversion of share application money of Previous Year into 'A' Class Preference Shares), Reliance Industrial Infrastructure Limited Rs. 25.00 crore (Previous Year Rs. 10.00 crore).

5. Turnover include to Reliance Industries (Middle East) DMCC Rs. NIL (Previous Year Rs. 234.07 crore), Reliance Jamnagar Infrastructure Limited Rs. 0.03 crore (Previous Year Rs. 14.25 crore), Reliance Retail Limited Rs. 39.46 crore (Previous Year Rs. 1.25 crore), Gapco Kenya Limited Rs. 2,492.30 crore (Previous Year Rs. 2,341.53 crore), Gapco Tanzania Limited Rs. 262.92 crore (Previous Year Rs. 139.56 crore), Gapoil Tanzania Limited Rs. 230.01 crore (Previous Year Rs. 272.07 crore), Recron (Malaysia) Sdn Bhd Rs. 71.87 crore (Previous Year Rs. 143.24 crore), Reliance Supply

SCHEDULE 'O' (Contd.)

Chain Solutions Limited Rs. NIL (Previous Year Rs. 1.29 crore), International Oil Trading Limited Rs. NIL (Previous Year Rs. 155.11 crore), Reliance Trends Limited Rs. 2.37 crore (Previous Year Rs.0.78 crore), LPG Infrastructure (India) Private Limited Rs. 191.55 crore (Previous Year Rs. 0.44 crore), Reliance Petro Marketing Limited Rs. 364.19 crore (Previous Year Rs. 0.10 crore), Reliance Food Processing Limited Rs. 1.28 crore (Previous Year Rs. NIL), RIL USA Inc. Rs. 4,875.63 crore (Previous Year Rs. NIL), Reliance Industrial Investments and Holdings Limited Rs. 592.31 crore (Previous Year Rs. NIL), Reliance Utilities Private Limited Rs. 0.03 crore (Previous Year Rs. 25.02 crore), Reliance Ports and Terminals Limited Rs. 3.31 crore (Previous Year Rs. 0.03 crore), Reliance Gas Transportation Infrastructure Limited Rs. 209.37 crore (Previous Year Rs. 4.48 crore).

6. Other Income from Reliance Industrial Investments and Holdings Limited Rs. 373.62 crore (Previous Year Rs. 14.14 crore), Reliance Ventures Limited Rs. 2.10 crore (Previous Year Rs. 112.91 crore), Reliance Strategic Investments Limited Rs. 33.07 crore (Previous Year Rs. 17.96 crore), Reliance Industries (Middle East) DMCC Rs. 0.81 crore (Previous Year Rs. 5.49 crore), Reliance Jamnagar Infrastructure Limited Rs. NIL (Previous Year Rs. 1.04 crore), Reliance Exploration & Production DMCC Rs. 12.25 crore (Previous Year Rs. 19.97crore), Gapco Kenya Limited Rs. 1.70 crore (Previous Year Rs. 3.16 crore), Gapco Tanzania Limited Rs. 6.07 crore (Previous Year Rs. 11.45 crore), Gapoil Tanzania Limited Rs. 6.61 crore (Previous Year Rs. 10.35 crore), Recron (Malaysia) Sdn Bhd Rs. 4.62 crore (Previous Year Rs. 5.24 crore), Reliance Global Business B. V. Rs. NIL (Previous Year Rs. 3.71 crore), Reliance Infosolutions Private Limited Rs. 8.14 crore (Previous Year Rs. 0.08 crore), Reliance Industrial Infrastructure Limited Rs. 3.88 crore (Previous Year Rs. 2.14 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 0.83 crore (Previous Year Rs. 1.92 crore), Reliance Europe Limited Rs. 1.74 crore (Previous Year Rs. 1.29 crore).

7. Purchases from Reliance Industrial Investments and Holdings Limited Rs. NIL (Previous Year Rs. 32.06 crore), Reliance Industries (Middle East) DMCC Rs. NIL (Previous Year Rs. 566.87 crore), Recron (Malaysia) Sdn Bhd Rs. 2.25 crore (Previous Year Rs. NIL), Reliance Petro Marketing Limited Rs. 54.21 crore (Previous Year Rs. NIL), Reliance Gas Transportation Infrastructure Limited Rs. 34.43 crore (Previous Year Rs. NIL), Reliance Ports and Terminals Limited Rs. 10.57 crore (Previous Year Rs. NIL).

8. Electric Power, Fuel and Water charges paid to Reliance Utilities and Power Private Limited Rs. 285.83 crore (Previous Year Rs. 289.88 crore), Reliance Utilities Private Limited Rs. 674.47 crore (Previous Year Rs. 395.86 crore).

9. Hire Charges paid to Reliance Europe Limited Rs. NIL (Previous Year Rs. 4.63 crore), Reliance Industrial Infrastructure Limited Rs. 32.01 crore (Previous Year Rs. 22.53 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 48.86 crore (Previous Year Rs. 42.05 crore), Reliance Gas Transportation Infrastructure Limited Rs. 314.56 crore (Previous Year Rs. 7.14 crore), Reliance Ports and Terminals Limited Rs. 163.57 crore (Previous Year Rs. NIL).

10. Manpower Deputation Charges to Reliance Retail Limited Rs. 33.72 crore (Previous Year Rs. 20.81 crore), Reliance Trends Limited Rs. NIL (Previous Year Rs. 12.00 crore), Reliance Petroinvestments Limited Rs. NIL (Previous Year Rs. 2.75 crore), Reliance People Serve Limited Rs. 3.00 crore (Previous Year Rs. 4.20 crore), Strategic Manpower Solutions Limited Rs. 3.97 crore (Previous Year Rs. 0.35 crore), Reliance Industrial Infrastructure Limited Rs. 11.81 crore (Previous Year Rs. 4.47 crore), Reliance Ports and Terminals Limited Rs. 74.12 crore (Previous Year Rs. NIL).

11. Payment to Key Management Personnel include to Shri Mukesh D. Ambani Rs. 15.00 crore (Previous Year Rs. 15.00 crore), Shri Nikhil R. Meswani Rs. 11.14 crore (Previous Year Rs. 10.93 crore), Shri Hital R. Meswani Rs. 11.14 crore (Previous Year Rs. 10.93 crore), Shri H. S. Kohli Rs. 1.32 crore (Previous Year Rs. 1.35 crore), Shri P. M. S. Prasad Rs. 1.53 crore (Previous Year Rs. NIL), Shri R. Ravimohan Rs. 0.77 crore (Previous Year Rs. NIL).

12. Sales and Distribution Expenses include to Reliance Retail Limited Rs. 72.13 crore (Previous Year Rs. 72.84 crore), Reliance Ports and Terminals Limited Rs. 2,524.35 crore (Previous Year Rs. 1,255.26 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 8.49 crore (Previous Year Rs. 7.97 crore).

13. Rent paid to Reliance Supply Chain Solutions Limited Rs. 0.13 crore (Previous Year Rs. 4.50 crore), Reliance Industrial Infrastructure Limited Rs. NIL (Previous Year Rs. 2.25 crore).

14. Professional Fees paid to Reliance Financial Distribution and Advisory Services Limited Rs. 5.00 crore (Previous Year Rs. 14.00 crore), Reliance Universal Ventures Limited Rs. 2.30 crore (Previous Year Rs. 3.50 crore), Reliance Supply Chain Solutions Limited Rs. 36.00 crore (Previous Year Rs. 21.00 crore), Reliance Infosolutions Private Limited Rs. 48.00 crore (Previous Year Rs. NIL), Reliance Europe Limited Rs. 20.20 crore (Previous Year Rs. 16.60 crore), Reliance Ports and Terminals Limited Rs. 1.12 crore (Previous Year Rs. NIL).

15. General Expenses include to Reliance Jamnagar Infrastructure Limited Rs. 373.17 crore (Previous Year Rs. 60.01 crore), Reliance Hypermart Limited Rs. 0.03 crore (Previous Year Rs. 1.95 crore), Reliance Retail Travel & Forex Services Limited Rs. 0.05 crore (Previous Year Rs. 1.63 crore), Reliance Retail Limited Rs. 4.60 crore (Previous Year Rs. NIL), Reliance Footprint Limited Rs. 1.47 crore (Previous Year Rs. 0.39 crore), Reliance Fresh Limited Rs. 2.51 crore (Previous Year Rs. 0.13 crore), Reliance Polyolefins Limited Rs. 9.00 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 9.00 crore (Previous Year Rs. 9.00 crore).

16. Donations to Dhirubhai Ambani Foundation Rs. 16.25 crore (Previous Year Rs. 35.47 crore), Jamnaben Hirachand Ambani Foundation Rs. 1.30 crore (Previous Year Rs. 0.04 crore).

17. Interest Expenses include to LPG Infrastructure (India) Private Limited Rs. NIL (Previous Year Rs. 3.64 crore), Reliance Corporate IT Park Limited Rs. 21.45 crore (Previous Year Rs. NIL).

18. Investment written off (net) includes Gujarat Chemicals Port Terminal Company Limited Rs. 18.38 crore (Previous Year Rs. NIL).

SCHEDULE 'O' (Contd.)

16. Loans and Advances in the nature of Loans given to Subsidiaries and Associates :

A) Loans and Advances in the nature of Loans

(Rs. in crore)

Sr No.	Name of the Company		As at 31st March, 2010	As at 31st March, 2009	Maximum Balance during the year
1.	Reliance Industrial Investments and Holdings Limited*	Subsidiary	**2,649.54**	4,104.04	5,541.44
2.	Reliance Ventures Limited	Subsidiary	-	-	25.55
3.	Reliance Strategic Investments Limited	Subsidiary	-	-	1,101.45
4.	Reliance Industries (Middle East) DMCC	Subsidiary	**-**	87.31	87.31
5.	Gapco Kenya Limited	Subsidiary	**-**	19.78	23.22
6.	Gapoil Tanzania Limited	Subsidiary	**149.61**	169.00	233.73
7.	Gapco Tanzania Limited	Subsidiary	**114.42**	154.61	213.83
8.	Reliance Exploration & Production DMCC	Subsidiary	**22.45**	-	363.31
9.	Gujarat Chemicals Port Terminal Co Limited	Associate	**5.60**	22.38	22.38

* Excluding Debentures of Rs. 721.48 crore (Previous Year Rs. 721.48 crore)

Notes:

(a) Loans and Advances shown above, to Subsidiaries fall under the category of 'Loans & Advances' in nature of Loans where there is no repayment schedule and are re-payable on demand.

(b) All the above loans and advances are interest bearing.

(c) Loans to employees as per Company's policy are not considered.

B) (i) Investment by the loanee in the shares of the Company

*None of the loanees and loanees of subsidiary companies have, per se, made investments in shares of the Company. These investments represent shares of the Company allotted as a result of amalgamation of erstwhile Reliance Petroleum Limited (amalgamation in 2001-02) and Indian Petrochemicals Corporation Limited with the Company under the Schemes approved by the Hon'ble High Court of Bombay and Gujarat and certain subsequent inter se transfer of shares.

(Rs. in crore)

Sr No.	Name of the Company	No. of Shares**	Amount
1.	*Reliance Aromatics & Petrochemicals Private Limited	2,98,89,898	273.81
2.	*Reliance Energy & Project Development Private Limited	20,58,000	304.92

** After considering bonus shares issued.

SCHEDULE 'O' (Contd.)

(ii) Investment by Reliance Industrial Investments and Holdings Limited in subsidiaries

In Equity Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance Commercial Land & Infrastructure Limited	4,30,10,000
2.	Reliance Global Business B.V.	18,00,000
3.	Reliance Gas Corporation Limited	50,000
4.	Reliance Universal Enterprises Limited	38,55,000

(iii) Investment by Reliance Exploration & Production DMCC in subsidiaries

In Equity Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance International B. V.	20,000
2.	Central Park Enterprises DMCC	367

17. (a) Disclosure of the Company's Interest in Oil and Gas Joint Ventures:

Sr. No.	Name of the Fields in the Joint Ventures	% Interest	Sr. No.	Name of the Fields in the Joint Ventures	% Interest
1.	Panna Mukta	30% (30%)	8.	CB - ON/1	40% (40%)
2.	Tapti	30% (30%)	9.	AS – ONN - 2000/1	90% (90%)
3.	NEC – OSN - 97/2	90% (90%)	10.	KG – DWN - 2001/1	90% (90%)
4.	KG – DWN - 98/3	90% (90%)	11.	KG – DWN – 2003/1	90% (90%)
5.	GS – OSN - 2000/1	90% (90%)	12.	MN – DWN – 2003/1	85% (85%)
6.	GK - OSJ – 3	60% (60%)	13.	KG-DWN-2005/2	70% (70%)
7.	GK - OS - 5	NIL (40%)			

Figures in bracket represent Previous Year's (%) Interest.

(b) Net Quantities of Company's interest (on gross basis) in proved reserves and proved developed reserves :

	Proved Reserves (Million MT)		Proved Developed Reserves (Million MT)	
	2009-10	2008-09	**2009-10**	2008-09
Oil:				
Beginning of the year	**11.02**	11.64	**4.97**	3.58
Additions	**1.13**	0.12	**4.69**	2.13
Deletion	**-**	-	**-**	-
Production	**1.04**	0.74	**1.04**	0.74
Closing balance	**11.11**	11.02	**8.62**	4.97

	Proved Reserves (Million M^{3*})		Proved Developed Reserves (Million M^{3*})	
	2009-10	2008-09	**2009-10**	2008-09
Gas:				
Beginning of the year	**2,20,468**	2,22,188	**1,33,894**	16,842
Additions	**5,353**	168	**11,536**	1,18,940
Deletion	**-**	-	**-**	-
Production	**14,607**	1,888	**14,607**	1,888
Closing balance	**2,11,214**	2,20,468	**1,30,823**	1,33,894

* 1 cubic meter (M3) = 35.315 cubic feet and 1 cubic feet = 1000 BTU

SCHEDULE 'O' (Contd.)

18. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

19. ADDITIONAL INFORMATION

(Rs. in crore)

	As at 31st March, 2010	As at 31st March, 2009
(A) Estimated amount of contracts remaining to be executed on Capital account and not provided for:		
(i) In respect of joint Ventures	**12.71**	2,992.66
(ii) In respect of others	**15,220.45**	22,901.77
(B) Uncalled liability on partly paid Shares (Net of calls in advance)	**4,270.38**	4,310.00
(C) Contingent Liabilities		
(i) Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of credit		
(a) In respect of joint Ventures	**243.50**	-
(b) In respect of others	**2,136.74**	4,316.25
(ii) Guarantees to Banks and Financial Institutions against credit facilities extended to third parties		
(a) In respect of joint Ventures	**-**	-
(b) In respect of others	**2,152.97**	2,032.94
(iii) Liability in respect of bills discounted with Banks (Including third party bills discounting)		
(a) In respect of joint Ventures	**-**	-
(b) In respect of others	**1,834.44**	1,347.88
(iv) Claims against the Company / disputed liabilities not acknowledged as debts		
(a) In respect of joint Ventures	**-**	-
(b) In respect of others	**822.35**	1,268.99
(v) Performance Guarantees		
(a) In respect of joint Ventures	**-**	-
(b) In respect of others	**108.04**	112.80
(vi) Sales tax deferral liability assigned	**5,380.25**	5,406.89

(D) The Income-Tax assessments of the Company have been completed up to Assessment Year 2007-08. The disputed demand outstanding up to the said Assessment Year is Rs. 701.39 crore. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

SCHEDULE 'O' (Contd.)

20. LICENSED AND INSTALLED CAPACITY

(As certified by the Management)

				Licensed Capacity As at 31st March,		Installed Capacity As at 31st March,	
			UNIT	2010	2009	2010	2009
A		Refining of Crude Oil	Mill. MT	N.A.	N.A.	60	33
B	i	Ethylene	MT	N.A.	N.A.	1,883,400	1,883,400
	ii	Propylene	MT	N.A.	N.A.	759,800	759,800
	iii	Benzene	MT	N.A.	N.A.	730,000	730,000
	iv	Toluene	MT	N.A.	N.A.	197,000	197,000
	v	Xylene	MT	N.A.	N.A.	165,000	165,000
	vi	Hydro Cynic Acid	MT	3,600	3,600	3,600	3,600
	vii	Ethane Propane Mix	MT	N.A.	N.A.	450,000	450,000
	viii	Caustic Soda Lye/Flakes	MT	N.A.	N.A.	168,000	168,000
	ix	Chlorine	MT	N.A.	N.A.	141,200	141,200
	x	Acrylonitrile	MT	N.A.	N.A.	41,000	41,000
	xi	Linear Alkyl Benzene	MT	N.A.	N.A	182,400	182,400
	xii	Butadiene & Other C4s	MT	N.A.	N.A.	419,000	419,000
	xiii	Cyclohexane	MT	N.A.	N.A.	40,000	40,000
C	i	Paraxylene	MT	N.A.	N.A.	1,856,000	1,904,600
	ii	Orthoxylene	MT	N.A.	N.A.	420,000	467,900
	iii	Toluole	MT	N.A.	N.A.	180,000	180,000
D		Poly Vinyl Chloride	MT	N.A.	N.A.	625,000	625,000
E		High/Linear Low Density Poly Ethylene	MT	N.A.	N.A.	1,115,000	1,115,000
F		High Density Polyethylene Pipes	MT	N.A.	N.A.	80,000	80,000
G		Poly Butadiene Rubber	MT	N.A.	N.A.	74,000	74,000
H		Polypropylene	MT	N.A.	N.A.	2,685,200	1,735,200
I	i	Mono Ethylene Glycol	MT	N.A.	N.A.	733,400	733,400
	ii	Higher Ethylene Glycol	MT	N.A.	N.A.	52,080	52,080
	iii	Ethylene Oxide	MT	N.A.	N.A.	116,000	116,000
J		Purified Terephthalic Acid	MT	N.A.	N.A.	2,050,000	2,050,000
K		Polyester Filament Yarn/Polyester Chips	MT	N.A.	N.A.	822,725+	822,725+
L		Polyester Staple Fibre/ Acrylic Fibre / Chips	MT	N.A.	N.A.	741,612	741,612
M		Poly Ethylene Terephthalate	MT	N.A.	N.A.	290,000	290,000
N		Polyester Staple Fibre Fill	MT	N.A.	N.A.	42,000	42,000
0		Man-made Fibre Spun Yarn on worsted system	Nos	N.A.	N.A.	24,094	24,094
P		Man-made Fibre on cotton system (Spindles)	Nos	N.A.	N.A.	23,040	23,040
Q	i	Man-made Fabrics (Looms)	Nos	N.A.	N.A.	335	364
	ii	Knitting M/C	Nos	22	22	20	20
R		Solar Photovoltaic Modules	M.W.	N.A.	N.A.	30	30

SCHEDULE 'O' (Contd.)

NA - Delicensed vide notification No 477(E) dated 27th July 1991 and Press Note No 1 (1998 series) dated 8th June 1998

+ Includes 32,300 MT based on average denier of 40

21. (a) The Ministry of Corporate Affairs, Government of India vide its Order No. 46/92/2010-CL-III dated 16-04-2010 issued under Section 211(4) of the Companies Act, 1956 has exempted the Company from disclosure of quantitative details in the Profit and Loss Account under paras 3(i)(a), 3(ii)(a) (1) & (2), 3(ii)(b) of Part II, Schedule VI to the Companies Act,1956.

(b) The Ministry of Corporate Affairs, Government of India vide its Order No. 47/165/2010-CL-III dated 15-04-2010 has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of section 212 of the Companies Act, 1956, shall not apply to the Company. As per the Order, the financial information of each subsidiary is attached.

22. PRODUCTION MEANT FOR SALE :

Products	**Unit**	**2009-10**	**2008-09**
Crude Oil	MT	**1,021,797**	683,023
Gas	BBTU	**435,157**	63,393
Petroleum Products	'000 MT	**46,076**	29,733
Ethylene	MT	**357**	9,917
Propylene	MT	**28,095**	134
Benzene	MT	**662,254**	593,796
Toluene	MT	**108,963**	104,580
Caustic Soda lye / Flakes	MT	**124,138**	133,779
Acrylonitrile	MT	**39,462**	30,445
Linear Alkyl Benzene	MT	**162,813**	154,586
Butadiene	MT	**102,934**	88,307
Cyclohexane	MT	**29,269**	18,057
Paraxylene	MT	**514,938**	572,254
Orthoxylene	MT	**357,983**	223,976
Poly Vinyl Chloride	MT	**624,018**	613,783
Polyethylene	MT	**1,057,906**	990,189
High Density Polyethylene Pipes	Mtrs. In lacs	**96**	95
Poly Butadiene Rubber	MT	**72,894**	71,974
Polypropylene	MT	**2,398,598**	1,513,644
Ethylene Glycol	MT	**301,509**	352,182
Purified Terephthalic Acid	MT	**610,787**	648,219
Polyester Filament Yarn	MT	**796,033**	694,592
Polyester Staple Fibre	MT	**627,857**	578,462
Poly Ethylene Terephthalate	MT	**314,191**	297,870
Polyester Staple Fibre Fill	MT	**59,601**	39,729
Fabrics	Mtrs. in Lacs	**163**	174

SCHEDULE 'O' (Contd.)

23. Financial and Derivative Instruments

a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2010

(i) **For hedging Currency and Interest Rate Related Risks:**

Nominal amounts of derivative contracts entered into by the Company and outstanding as on 31st March amount to Rs 1,23,430.42 crore (Previous Year Rs. 60,373.04 Crore). Category wise break up is given below:

(Rs in crore)

Sr. No.	Particulars	As at 31st March, 2010	As at 31st March, 2009
1	Interest Rate Swaps	**48,361.08**	23,215.50
2	Currency Swaps	**4,199.76**	4,435.15
3	Options (net)	**44,853.83**	2,492.71
4	Forward Contracts	**26,015.75**	30,229.68

(ii) For hedging commodity related risks :

Category wise break up is given below :

(in Kbbl)

Sr. No.	Particulars	As at 31st March, 2010 Petroleum product sales	As at 31st March, 2010 Crude Oil purchases	As at 31st March, 2009 Petroleum product sales	As at 31st March, 2009 Crude oil purchases
1	Forward swaps (net)	**1,900**	**8,185**	2,985	6,157
2	Futures	**4,070**	**4,967**	256	2,689
3	Spreads	**9,545**	**32,141**	1,908	13,424
4	Options (net)	**1,800**	**12,175**	9,387	10,800

In addition the Company has net margin hedges outstanding for contracts relating to petroleum product sales of 72,700 kbbl (Previous Year 30,650 kbbl).

b) In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules 2006, the Company has charged an amount of Rs. 94.09 crore (Previous Year Rs. 35.32 Crore) to the Profit and Loss Account in respect of derivative contracts other than those contracts which are effective hedges.

c) Foreign currency exposures that are not hedged by derivative instruments as on 31st March, 2010 amount to Rs. 50,442.30 crore. (Previous Year Rs. 51,432.57 crore).

24. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(Rs. in crore)

	2009-10	2008-09
Raw Materials and Traded Goods	**1,52,083.05**	1,02,072.93
Stores, Chemicals and Packing Materials	**1,430.63**	1,407.80
Capital goods	**1,190.22**	6,592.69

SCHEDULE 'O' (Contd.)

25. EXPENDITURE IN FOREIGN CURRENCY :

(Rs. in crore)

	2009-10	2008-09
Capital Contracts (Includes Rs. 16.45 crore for SEZ unit)	**37.70**	122.81
Oil and Gas Activity	**7,106.51**	12,084.66
Technical and Engineering Fees (Includes Rs. 1,011.51 crore for SEZ unit)	**1,011.51**	231.91
Production Royalty	**-**	3.32
Machinery Repairs (Includes Rs. 1.19 crore for SEZ unit)	**30.10**	28.68
Building Repairs	**0.12**	0.11
Lease Rent	**2.14**	28.44
Payments To and Provisions For Employees	**17.50**	23.62
Sales Promotion Expenses	**21.86**	39.28
Brokerage and Commission (Includes Rs. 3.49 crore for SEZ Unit)	**37.94**	176.17
Ocean Freight (Includes Rs. 762.35 crore for SEZ unit)	**1,307.02**	727.06
Warehousing and Distribution Expenses (Includes Rs. 813.65 crore for SEZ unit)	**896.70**	130.54
Insurance (Includes Rs. 0.13 crore for SEZ Unit)	**2.69**	5.18
Rent	**3.43**	2.87
Rates & Taxes	**0.31**	0.64
Other Repairs (Includes Rs. 0.35 crore for SEZ unit)	**9.68**	58.14
Travelling Expenses (Includes Rs. 0.07 crore for SEZ unit)	**7.28**	12.18
Professional Fees (Includes Rs. 65.71 crore for SEZ unit)	**263.30**	257.50
Charity & Donations	**7.09**	2.83
Hire Charges	**0.26**	3.96
Bank Charges	**50.93**	32.30
Establishment Expenses (Includes Rs. 21.62 crore for SEZ unit)	**56.09**	36.48
Claims against guarantee relating to subsidiary	**-**	369.60
Interest Charges (Includes Rs. 394.11 crore for SEZ unit)	**1,175.29**	2,135.07
Other Finance Charges (Includes Rs. 205.33 crore for SEZ unit)	**296.41**	507.63
Premium on Redemption of Bonds	**11.62**	19.96

26. VALUE OF RAW MATERIALS CONSUMED :

	2009-10		2008-09	
	Rs. in crore	**% of Consumption**	Rs. in crore	% of Consumption
Imported	**1,41,108.21**	**95.40**	1,00,350.46	95.75
Indigenous	**6,811.00**	**4.60**	4,454.59	4.25
	1,47,919.21	**100.00**	104,805.05	100.00

SCHEDULE 'O' (Contd.)

27. VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED

	2009-10		2008-09	
	Rs. in crore	**% of Consumption**	Rs. in crore	% of Consumption
Imported	**1,412.28**	**50.91**	1,164.25	51.20
Indigenous	**1,361.70**	**49.09**	1,109.77	48.80
	2,773.98	**100.00**	2,274.02	100.00

28. EARNINGS IN FOREIGN EXCHANGE

(Rs. in crore)

	2009-10	2008-09
FOB value of exports [Excluding captive transfers to Special Economic Zone of Rs. 6,363.27 crore]	**1,02,655.60**	86,827.52
Interest	**25.08**	70.01
Others	**20.32**	19.25

29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

	2009-10 (Interim Dividend)	2008-09 (Final Dividend)
a) Number of Non Resident Shareholders	**38,072**	27,123
b) Number of Equity Shares held by them	**28,99,24,139**	26,89,52,851
c) (i) Amount of Dividend Paid (Gross) (Rs. in Crore)	**376.90**	349.64
(ii) Tax Deducted at Source	**-**	-
(iii) Year to which dividend relates	**2008-09**	2007-08

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

D. Chaturvedi
Partner

For **Deloitte Haskins & Sells**
Chartered Accountants

A. Siddharth
Partner

For **Rajendra & Co.**
Chartered Accountants

A.R. Shah
Partner

Mumbai
April 23, 2010

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani - Chairman & Managing Director

N.R. Meswani
H.R. Meswani
P.M.S. Prasad
Executive Directors

H.S. Kohli
R.H. Ambani
M.L. Bhakta
Y.P. Trivedi
Dr. D.V. Kapur
M.P. Modi
Prof. Ashok Misra
Prof. Dipak C. Jain
Dr. R. A. Mashelkar
Directors

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US$500,000,000

Reliance Holding USA, Inc.

US$500,000,000 5.40% Guaranteed Senior Notes Due 2022

guaranteed by

Reliance Industries Limited

OFFERING MEMORANDUM

February 23, 2012

Barclays Capital
Citigroup
HSBC