

US\$1,500,000,000



Reliance Holding USA, Inc.

US\$1,000,000,000 4.50% Guaranteed Senior Notes Due 2020

US\$500,000,000 6.25% Guaranteed Senior Notes Due 2040

guaranteed by

Reliance Industries Limited

(incorporated in India with limited liability)

The 4.50% Guaranteed Senior Notes due 2020 (the “2020 Notes”) and the 6.25% Guaranteed Senior Notes due 2040 (the “2040 Notes”) and, together with the 2020 Notes, the “Notes”) 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 2020 Notes and the 2040 Notes will bear interest at a rate of 4.50% per year and 6.25% per year, respectively. Interest will be paid on the Notes semi-annually and in arrears on April 19 and October 19 of each year, beginning on April 19, 2011. Unless previously repurchased, cancelled or redeemed, the 2020 Notes and the 2040 Notes will mature on October 19, 2020 and October 19, 2040, respectively.

The Notes will be unsecured and unsubordinated obligations of the Issuer, will rank *pari passu* with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. The Guarantees will be unsecured 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 obligations and will be effectively subordinated to the secured obligations of the Guarantor and the obligations of its subsidiaries.

The Issuer will have the option to redeem all or a portion of each series of the Notes at any time at the redemption prices 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.

For a more detailed description of the Notes and Guarantees, see “Description of the Notes and Guarantees” beginning on page 144.

Offering Price for the 2020 Notes: 99.538% plus accrued interest, if any, from October 19, 2010
Offering Price for the 2040 Notes: 99.024% plus accrued interest, if any, from October 19, 2010

Investing in the Notes involves risk. You should read “Risk Factors” beginning on page 17 before investing in the Notes.

The Notes are expected to be 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 for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (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”.

Banc of America Securities LLC, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited and The Royal Bank of Scotland plc expect to deliver the Notes in book-entry form only through the facilities of The Depository Trust Company on or about October 19, 2010.

Joint Bookrunners and Lead Managers

**BofA Merrill
Lynch**

Citi

HSBC

**The Royal Bank
of Scotland**

The date of this Offering Memorandum is October 14, 2010.

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NOTICE TO INVESTORS

In this Offering Memorandum, references to “Reliance” mean 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” mean Reliance Holding USA, Inc. on a non-consolidated basis. In the Annual Financial Statements as set forth herein on pages designated as “F-”, Reliance Industries Limited is referred to as “the Company”.

In this Offering Memorandum, unless otherwise specified, all financial statements and financial data are of the Guarantor on a non-consolidated basis. In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to “\$”, “US\$”, “US dollars” and “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, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90 and Indian rupee amounts as of June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. 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 of 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, 2010 was Rs. 44.95 per US\$1.00 and as at June 30, 2010 was Rs. 46.41 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 Banc of America Securities LLC, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited and The Royal Bank of Scotland plc (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. Except as set forth in the paragraph below, 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. Except as set forth in the paragraph below, 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 have 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 (“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 Reserve Bank of India (“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, 2010 (“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 favour 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 networth 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. For further details, please 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, is 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 Guarantor, on a non-consolidated basis, as at and for the fiscal years ended March 31, 2010, 2009 and 2008 ("Annual Financial Statements") included elsewhere in this Offering Memorandum and the unaudited financial information of the Guarantor, on a non-consolidated basis, as at June 30, 2010 and for the quarters ended June 30, 2010 and 2009 ("Q1 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.

Indian GAAP differs 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, 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 Annual Financial Statements included herein, the income statement is headed "Profit and Loss Account". Furthermore, information in the Annual 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 Annual 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 Q1 FY2011 Financial Information is unaudited.

The presentation and disclosure requirements of the Annual 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 quarterly 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 “FY2010”, “FY2009” and “FY2008” refer to the Guarantor’s fiscal years ended March 31, 2010, 2009 and 2008, respectively, and references to “Q1 FY2011” and “Q1 FY2010” are to the three months ended June 30, 2010 and 2009, 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 terephthalate; 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. 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 management believes that EBITDA and other non-GAAP financial measures provide investors with additional information about the Guarantor’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 — Summary Non-Consolidated Financial and Operating Data of the Guarantor” and “Selected Non-Consolidated Financial and Operating Data of the Guarantor”. The non-GAAP financial measures described herein are not a substitute for Indian GAAP 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 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 (3P) Reserves, 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 Resource Management System, a set of definitions and guidelines approved by the Indian Society of Petroleum Engineers in 2007. The estimation of reserves involves a significant degree of judgment by the Guarantor’s management, engineers and technical personnel. See “Risk Factors — Risks Relating to the Guarantor’s Business — The Guarantor’s 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 it 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 September 30, 2010.

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
2006.....	44.61	44.28	46.33	43.30
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 (through September 28, 2010).....	45.13	45.99	47.08	44.44

Month	Period End ⁽¹⁾	Average	High	Low
March 2010	44.94	45.42	46.02	44.94
April 2010	44.44	44.50	44.73	44.33
May 2010	46.45	45.80	47.57	44.56
June 2010	46.60	46.56	47.28	45.64
July 2010	46.46	46.84	47.33	46.46
August 2010	47.08	46.57	47.08	46.02
September 2010 (through September 28, 2010).....	45.13	46.12	46.87	45.04

(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 exchange rate on the last day of each month during the period.

The exchange rate on September 28, 2010 as reported by the RBI was Rs. 45.13 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, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90 and Indian rupee amounts as of June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. These exchange rates are as published by FEDAI for the relevant period end. FEDAI exchange rates are a widely followed benchmark of 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, 2010 was Rs. 44.95 per US\$1.00, as at June 30, 2010 was Rs. 46.41 per US\$1.00 and at September 24, 2010 was Rs. 45.10 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, “Summary”, “Operating and Financial Review of the Guarantor”, “First Quarter FY2011 Unaudited Financial Results of the Guarantor” 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.

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 and other countries in which the Guarantor 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 businesses, including in the 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;
- the ability of the Guarantor'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 or in India;
- changes in laws, regulations, taxation or accounting standards or practices;
- changes in prices or demand for products produced by the Guarantor or any of its subsidiaries or affiliates, both in India and in international markets;
- the risks of increased costs in technologies related to the Guarantor'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 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 believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, 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 the management of the Guarantor with respect to 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, or doing so on a commercial basis. See "Risk Factors — Risks Relating to the Guarantor's Business — The Guarantor's 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 it from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates".

DEFINITIONS AND GLOSSARY

Units of Measurement

“acre”	approximately 0.4 hectares or 0.004 square kilometers;
“barrel”	approximately 42 US gallons;
“bbl”	a barrel which is equivalent to 42 US gallons;
“bbtu”	billion British Thermal Units;
“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;
“MMCF”	million cubic feet of gas equivalent;
“MMSCM”	million standard cubic meters;
“MMSCMD”	million standard cubic meters per day;
“MT”	metric tons;
“MTOE”	million tons of oil equivalent;
“net acres”	the sum of the fractional working interests owned in gross acres; and
“Tcfe”	trillion cubic feet of gas equivalent.

Technical Industry Terms

“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;
“GRM”	gross refining margin;
“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 exist 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”	those additional reserves which analysis of geoscience and engineering data indicated are less likely to be recovered than Probable Reserves;
“Probable Reserves”	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;
“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 Reserves that can be expected to be recovered from existing wells with existing equipment and operating methods;
“Proved Reserves”	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;
“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;
“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;
“LSWR”	low sulphur waxy residue;
“MEG”	monoethylene glycol;

“NGL”	natural gas liquids;
“PBR”	polybutadiene rubber;
“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) Regulations, 2008;
“Amendment Bill”	Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Amendment Bill, 2010;
“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;
“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;
“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;
“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;
“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; and
“Tax Act”	Income Tax Act 1961.

Other Defined Terms

“\$”, “US\$” or “US dollars”	United States dollars, the legal currency of the United States;
“Atlas”	Atlas Energy Inc. and/or certain of its affiliates;
“BG”	BG Exploration and Production India Limited;
“BOE”	Bureau of Ocean Energy Management, Regulation and Enforcement, USA;
“Carrizo”	Carrizo Oil & Gas, Inc. and/or certain of its affiliates;
“Clearstream”	Clearstream Banking, <i>société anonyme</i> ;
“CMAI”	Chemical Market Associates, Inc.;
“CRISIL”	CRISIL Limited;
“DoT”	Department of Telecom, Government of India;
“DTC”	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.;
“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;
“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;
“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 the issuer’s securities thereon;
“MAT”	minimum alternate tax;
“Moody’s”	Moody’s Investors Service, Inc.;
“NCDs”	non-convertible secured redeemable debentures;
“NELP”	New Exploration Licensing Policy;
“NTPC”	National Thermal Power Corporation Limited;
“OFAC”	US Department of Treasury’s Office of Foreign Asset Control;
“ONGC”	Oil and Natural Gas Corporation Limited;
“OPEC”	Organization of the Petroleum Exporting Countries;
“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;
“RGTEL”	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;
“Singapore Exchange”	Singapore Exchange Securities Trading Limited;
“US GAAP”	Generally Accepted Accounting Principles in the United States;
“VAT”	Value Added Tax;
“WBCSD”	World Business Council for Sustainable Development; and
“Yen” or “¥”	Japanese Yen.

In addition, certain terms taken from the Annual Financial Statements or Q1 FY2011 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 Guarantor”, “First Quarter FY2011 Unaudited Financial Results of the Guarantor” 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 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, 2010. 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 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 the fiscal year ended March 31, 2010, the Guarantor was the largest exporter in India with exports of Rs. 1,102 billion, representing 13.0% of India's total exports (source for India's total exports: www.commerce.nic.in) and 55.0% of the Guarantor's Turnover.

In the last ten years, the Guarantor expanded its operations and diversified into new business and geographic areas. Its Turnover has grown from Rs. 158.5 billion in the fiscal year ended March 31, 2000 to Rs. 2,004 billion in the fiscal year ended March 31, 2010, representing a CAGR of approximately 29%. The Guarantor has also seen Profit Before Tax rise during this period from Rs. 24.6 billion to Rs. 205.5 billion, representing a CAGR of approximately 24%. Although the Guarantor's business segments of Petrochemicals and Refining accounted for approximately 94% of Segment Revenue Before Eliminations for the fiscal year ended March 31, 2010, as compared to 98% for the fiscal year ended March 31, 2009, management believes that the Guarantor's efforts in other sectors, such as exploration, development and production of oil and gas, will contribute a larger share to the Guarantor's earnings within the next few years.

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. In the Guarantor's principal businesses of Refining, Petrochemicals and Oil and Gas, it has leading positions and a strong platform for future growth.

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 according to CMAI, Reliance is the fourth largest producer of paraxylene and the fifth largest producer of polypropylene in the world. In the Oil and Gas business, the Guarantor is the largest natural gas producer in India, and 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 and the Guarantor estimates the field has the potential to account for 40% of India's natural gas production, when fully operational.

Outside India, the Guarantor, through its subsidiaries, currently has 14 blocks in seven countries 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 in the organized retail sector and has begun to build a pan-India wireless broadband business.

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 to access capital at attractive terms. As of March

31, 2010, the Guarantor's total debt to EBITDA ratio was 1.9. In addition, as of March 31, 2010, the Guarantor had Cash and Cash Equivalents of US\$4.9 billion (converted at the exchange rate of US\$1.00 = Rs. 44.90).

According to Fortune, a leading international publication, the Guarantor was ranked 175th among Fortune Global 500 companies in terms of revenues and 100th among Fortune Global 500 companies in terms of net earnings in 2009. According to Fortune, the Guarantor is ranked 43rd in Asia in terms of revenue and is also among the top 50 fastest growing companies in the world.

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 past year alone, 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 over 1.5 million tons per annum of olefins capacity with matching downstream capacities;
- PET complex with a capacity of 540,000 tons per annum;
- polyester filament yarn plant with a capacity of 360,000 tons per annum;
- 1.4 million tons per annum of paraxylene capacity; and
- 2.3 million tons per annum of new purified terephthalic acid capacity.

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, including India, and also in North America. For example, in Oil and Gas, the Guarantor has recently 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 6.7% in the year ended March 31, 2009, to an estimated 7.4% in the year ended March 31, 2010. 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 areas of growth and building them into global-sized, world-class operations by leveraging its core competitive strengths for sustained superior value. The Guarantor's entry into new growth area of organized retail and the newly identified growth area of wireless broadband services 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 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.

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. The Guarantor believes that all injuries, occupational illness as well as safety and environmental incidents are preventable. 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 most areas of its activities and has had success in the areas of process innovation, business model innovation and management innovation. The Guarantor was ranked 15th among the top 50 innovative companies in the world by Business Week, a leading US magazine, in 2009 and 19th in the same survey in 2008. 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.

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.

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.

Recent Developments

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% interest in Atlas' core Marcellus Shale acreage position and became a partner in approximately 343,000 net acres, as reported by Atlas. Atlas

plans to continue acquiring leaseholds in the Marcellus Shale region and Reliance Marcellus LLC will have an option to acquire a 40% share in all new acreages. 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).

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 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 (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. Pursuant to the joint venture agreements, Reliance Marcellus II, LLC acquired 100% of Avista’s interest and 20% of Carrizo’s interests in the existing joint venture. Reliance Marcellus II, LLC and Carrizo thus currently own 60% and 40% interests, respectively, in a newly formed 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.

SUMMARY NON-CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The summary non-consolidated financial data for the Guarantor as of March 31, 2010 and 2009, and for each of the three fiscal years ended March 31, 2010, 2009 and 2008, respectively, set forth below have been derived or calculated from the Annual Financial Statements included elsewhere in this Offering Memorandum and is qualified thereby. Certain unaudited interim financial information is also set forth below. This financial information should be read in conjunction with “Operating and Financial Review of the Guarantor”, “First Quarter FY2011 Unaudited Financial Results of the Guarantor”, “Selected Non-Consolidated Financial and Operating Data of the Guarantor” and the Annual Financial Statements set forth in this Offering Memorandum. In the Annual 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 presentation of the respective Income Statements for the fiscal years ended March 31, 2010, 2009 and 2008 and for the three months ended June 30, 2010 and 2009 differs in certain respects.

The Annual 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 Annual 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,			
	2010	2010	2009	2008
(US\$ in millions) ⁽¹⁾		(Rs. in millions)		
(Unaudited)		(Audited)		
Income Statement Data:				
Turnover	44,632	2,003,998	1,463,281	1,392,695
Total Income ⁽²⁾	44,292	1,988,694	1,443,350	1,372,046
Depreciation (net of transfers from the Revaluation Reserve).....	2,338	104,965	51,953	48,471
Interest and Finance Charges	445	19,972	17,452	10,774
Profit After Tax	3,616	162,357	153,094	194,582

(1) Rupee amounts from the Annual Financial Statements as at March 31, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. 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,		
	2010	2010	2009
(US\$ in millions) ⁽¹⁾		(Rs. in millions)	
(Unaudited)		(Audited)	
Balance Sheet Data:			
Cash and Cash Equivalents ⁽²⁾	4,872	218,737	250,501
Total Assets	55,903	2,510,064	2,457,057
Total Secured Debt ⁽³⁾	2,599	116,705	106,979
Total Unsecured Debt ⁽⁴⁾	11,319	508,242	632,066
Total Equity ⁽⁵⁾	30,550	1,371,706	1,263,730

- (1) Rupee amounts from the Annual Financial Statements as at March 31, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. The translation into US dollars is for convenience only.
- (2) Cash and Cash Equivalents includes cash, bank balances and current investments.
- (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 is comprised of Paid-up Equity, Equity Share Suspense and Reserves and Surplus.

	As At or Year Ended March 31,		
	2010	2009	2008
	(Unaudited)		
Other Financial Data and Ratios:			
EBITDA ⁽¹⁾ (Rs. in millions).....	330,412	253,738	289,346
EBITDA ⁽¹⁾⁽²⁾⁽³⁾ (US\$ in millions).....	7,359		
EBITDA Margin ⁽⁴⁾	16.5%	17.3%	20.8%
Net Profit Margin ⁽⁵⁾	8.1%	10.5%	14.0%
EBITDA/Interest.....	16.5	14.5	26.9
Total Debt/EBITDA.....	1.9	2.9	1.3
Total Debt/Equity ⁽⁶⁾	0.46	0.63	0.45
Long-term Secured Debt/Total Fixed Assets ⁽⁷⁾	0.07	0.11	0.07
Total Secured Debt/Total Assets.....	0.05	0.04	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 amount converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. The translation into US dollars is for convenience only.
- (3) US dollar conversion of EBITDA is provided for the fiscal year ended March 31, 2010 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 is comprised of Paid-up Equity, Equity Share Suspense and Reserves and Surplus.
- (7) Total fixed assets are defined as Gross Fixed Assets less accumulated Depreciation.

The following tables sets forth the summary unaudited non-consolidated financial information of the Guarantor as at and for the three months ended June 30, 2010 and 2009. 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 “First Quarter FY2011 Unaudited Financial Results of the Guarantor” and “Selected Non-Consolidated Financial and Operating Data of the Guarantor”.

	Three Months Ended June 30,		
	2010	2010	2009
(US\$ in millions) ⁽¹⁾	(Rs. in millions)		
	(Unaudited)		
Income Statement Data:			
Turnover	13,135	610,070	324,410
Total Income ⁽²⁾	13,038	605,560	350,520
Depreciation.....	750	34,850	18,780
Interest and Finance Charges	117	5,410	4,600
Profit After Tax	1,044	48,510	36,660

- (1) Rupee amounts from the unaudited Q1 FY2011 Financial Information as at June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. 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/loss from sale of investments and fixed assets and miscellaneous income.

	As At June 30,		
	2010	2010	2009
(US\$ in millions) ⁽¹⁾	(Rs. in millions)		
	(Unaudited)		
Balance Sheet Data:			
Cash and Cash Equivalents ⁽²⁾	5,686	264,072	220,842
Total Debt.....	15,808	734,216	728,348
Total Assets	56,360	2,617,642	2,498,300
Total Secured Debt ⁽³⁾	3,686	171,209	124,745
Total Unsecured Debt ⁽⁴⁾	12,122	563,007	603,603
Total Equity ⁽⁵⁾	30,442	1,413,880	1,293,071

- (1) Rupee amounts from the unaudited Q1 FY2011 Financial Information as at June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. The translation into US dollars is for convenience only.
- (2) Cash and Cash Equivalents includes cash, bank balances and current investments.
- (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 is comprised of Paid-up Equity, Equity Share Suspense and Reserves and Surplus.

	As At or Three Months Ended June 30,	
	2010	2009
	(Unaudited)	
Other Financial Data and Ratios:		
EBITDA ⁽¹⁾ (Rs. in millions).....	100,643	70,940
EBITDA ⁽¹⁾⁽²⁾⁽³⁾ (US\$ in millions)	2,167	
EBITDA Margin ⁽⁴⁾	16.5%	21.9%
Net Profit Margin ⁽⁵⁾	8.0%	11.3%
EBITDA/Interest	18.6	15.4
Total Debt/Annualized EBITDA ⁽⁶⁾	1.8	2.6
Total Debt/Equity.....	0.52	0.56
Long-term Secured Debt/Total Fixed Assets ⁽⁷⁾	0.07	0.09
Total Secured Debt/Total Assets	0.07	0.05

- (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 amount converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. The translation into US dollars is for convenience only.
- (3) US dollar conversion of EBITDA is provided for the three months ended June 30, 2010 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 three-month period multiplied by four.
- (7) 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 its 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 or for the fiscal years ended March 31, 2010, 2009 and 2008, respectively:

	Proved Reserves			Proved Developed Reserves		
	As At or Year Ended March 31,					
	2010	2009	2008	2010	2009	2008
	(Million MT)					
Oil: ⁽¹⁾						
Beginning of the year	11.02	11.64	12.47	4.97	3.58	4.21
Additions.....	1.13	0.12	—	4.69	2.13	0.04
Deletion ⁽²⁾	—	—	0.16	—	—	—
Production	1.04	0.74	0.67	1.04	0.74	0.67
Closing balance.....	11.11	11.02	11.64	8.62	4.97	3.58

	Proved Reserves			Proved Developed Reserves		
	As At or Year Ended March 31,					
	2010	2009	2008	2010	2009	2008
	(Million cubic meters) ⁽³⁾					
Gas: ⁽¹⁾						
Beginning of the year	220,468	222,188	222,145	133,894	16,842	16,776
Additions.....	5,353	168	1,705	11,536	118,940	1,728
Production	14,607	1,888	1,662	14,607	1,888	1,662
Closing balance.....	211,214	220,468	222,188	130,823	133,894	16,842

(1) See “Risk Factors — Risks Relating to the Guarantor’s Business — The Guarantor’s 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 it from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates”.

(2) Deletion in oil reserves was due to ordinary course downgrading of reserves in the South West Panna area in the Panna-Mukta fields.

(3) 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 — The Guarantor’s 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 it from retrieving those 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 FY2010, FY2009 and FY2008, respectively:

	Unit	Year Ended March 31,		
		2010	2009	2008
Crude oil.....	MT	1,021,797	683,023	642,596
Gas	BBTU	435,157	63,393	40,884
Petroleum products.....	KT	46,076	29,733	29,532
Ethylene.....	MT	357	9,917	52,546
Propylene.....	MT	28,095	134	11,687
Benzene	MT	662,254	593,796	594,291
Paraxylene	MT	514,938	572,254	744,481
Polyvinyl Chloride	MT	624,018	613,783	579,817
Polyethylene	MT	1,057,906	990,189	1,085,224
Polybutadiene Rubber	MT	72,894	71,974	74,404
Polypropylene.....	MT	2,398,598	1,513,644	1,712,124
Ethylene Glycol.....	MT	301,509	352,182	476,568
Purified Terephthalic Acid.....	MT	610,787	648,219	804,649
Polyester Filament Yarn	MT	796,033	694,592	753,340
Polyester Staple Fiber	MT	627,857	578,462	637,857
Polyethylene Terephthalate.....	MT	314,191	297,870	244,835

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
2020 Notes	US\$1,000,000,000 aggregate principal amount of 4.50% Guaranteed Senior Notes due October 19, 2020 (the “2020 Notes”).
2040 Notes	US\$500,000,000 aggregate principal amount of 6.25% Guaranteed Senior Notes due October 19, 2040 (the “2040 Notes” and, together with the 2020 Notes, the “Notes”).
Issue Price.....	In the case of the 2020 Notes, 99.538% of principal amount, plus accrued interest, if any, from October 19, 2010. In the case of the 2040 Notes, 99.024% of principal amount, plus accrued interest, if any, from October 19, 2010.
Maturity Dates	In the case of the 2020 Notes, October 19, 2020. In the case of the 2040 Notes, October 19, 2040.
Interest	The Notes will bear interest from October 19, 2010 at the rate of 4.50% per annum (in the case of the 2020 Notes) and 6.25% per annum (in the case of the 2040 Notes), payable semi-annually in arrears.
Interest Payment Dates	April 19 and October 19 of each year, commencing April 19, 2011.
Record Dates	April 4 and October 4 of each year immediately preceding each Interest Payment Date.
Status of Notes and Guarantee.....	The Notes will be unsecured and unsubordinated obligations of the Issuer, will rank <i>pari passu</i> with all of its other existing and future 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”.

	<p>The Guarantees will be unsecured obligations of the Guarantor, will, save for such exceptions as may be provided under applicable legislation, rank <i>pari passu</i> with its other existing and future unsecured obligations and will be effectively subordinated to the secured obligations of the Guarantor and the obligations of its subsidiaries. See “Description of the Notes and Guarantees — Guarantees”, “Enforcement of the Guarantees” and “Indian Government Filings/Approvals”.</p>
Restrictive Covenants.....	<p>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”.</p>
Additional Amounts	<p>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 such 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”.</p>
Optional Redemption	<p>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 the case of the 2020 Notes and 50 basis points in the case of the 2040 Notes, in each case plus accrued and unpaid interest thereon to the redemption date. See “Description of the Notes and Guarantees — Redemption — Optional Redemption”.</p>

Tax Redemption	<p>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 to the date fixed for redemption and any Additional Amounts payable with respect thereto. See “Description of the Notes and Guarantees — Redemption — Tax Redemption”.</p>
Repurchase upon a Change of Control Triggering Event	<p>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”.</p>
Denomination, Form and Registration of Notes	<p>The Notes will be issued in minimum denominations of US\$250,000 and in integral multiples of US\$1,000 in excess thereof. Notes of each series 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 of each series 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 <i>société anonyme</i> (“Clearstream”), each of which is a participant in DTC.</p> <p>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”.</p>

Transfer Restrictions	<p>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 of such series or individual certificated Notes is also subject to certification requirements. See “Transfer Restrictions”.</p>
Further Issues	<p>The Issuer may from time to time “reopen” each series of notes and create and issue additional notes having identical terms and conditions as the 2020 Notes or the 2040 Notes, as the case may be, (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 2020 Notes or the 2040 Notes; <i>provided</i> that any notes issued as a part of a Further Issue must be fungible with the 2020 Notes or the 2040 Notes, as the case may be, for U.S. federal income tax purposes. See “Description of the Notes and Guarantees — Further Issues”.</p>
Listing and Trading	<p>Approval in-principle has been received 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 S\$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed on the Singapore Exchange and the rules of the Singapore Exchange so require.</p>
Paying Agent.....	<p>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.</p>

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\$1,480 million after deducting the underwriting discount and its and the Guarantor's estimated offering expenses. A portion of the net proceeds will be used to refinance existing debt of the Issuer and the Issuer expects to use the remainder to make other business investments 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 faced by 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 payment on the Notes and the Guarantor's ability to make payment 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

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, 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, 2010, the Guarantor's imports of crude oil amounted to Rs. 1,383 billion (2009: Rs. 851 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, 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:

- 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;
- 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.

The Guarantor's 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 it 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. Such estimates reflect the Guarantor's best judgment 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 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 has 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 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 reserve estimates, and downward revisions of its estimates could affect its 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 are specified in Industry Guide 2 under the Securities Act ("Guide 2"). The Guarantor's reporting policy is not, and is not required to be, derived from, or consistent with, Guide 2 and differs from Guide 2 in certain material respects. The Guarantor's reserves would differ from those described herein if determined in accordance with Guide 2.

The Guarantor can give no assurance that the reserves estimates upon which it has made investment decisions accurately reflect actual reserve levels, or even if accurate, that technical limitations will not prevent it from retrieving these reserves. Further, the Guarantor has 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 various license areas and are not used by the Guarantor 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 involves unpreventable risk, is 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. 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 June 30, 2010, 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. These Proved plus Probable Reserves will decline 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, 2010 amounted to Rs. 219 billion (year ended March 31, 2009: Rs. 247 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, blowouts, 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. Recent events in the Gulf of Mexico 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 may 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;
- oil spills and leaks;
- 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 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 area in which the Guarantor's principal facilities are located has experienced severe natural disasters in the past, which 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 and extreme weather conditions in the past.

The Guarantor's operations depend upon its 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 crude oil refiners and oil and natural gas companies, 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 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 materials into the environment, waste materials and abandonment of installations, or otherwise relating to the protection of the environment in connection with 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 in the Guarantor's operations for actual or alleged violations arising under applicable environmental laws.

The Guarantor's operations involve the generation, 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, 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 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 or plant operations, substantial fines and civil or criminal sanctions. If the authorities require the Guarantor to shut down all or a portion of a refinery or other plant 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 and other regulations. Changes in foreign environmental laws and regulations, or their interpretation, may require the Guarantor or its foreign subsidiaries to incur significant unforeseen expenditures to comply with such requirements, add significantly to operating costs, or may significantly limit 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, the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOE") of the US Department of Interior implemented a moratorium on deepwater drilling operations. The BOE has also implemented, and is expected to issue further, new safety and environmental guidelines or regulations in the US Gulf of Mexico and potentially in 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 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 future incidents. Such initiatives and changes 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 laws and regulations, the amount and timing of future environmental compliance expenditures could vary substantially from their current levels. The Guarantor cannot predict what additional environmental legislation 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 laws. Also, such capital expenditures and operating expenses relating to environmental 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 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 2010, gas consumption is expected to grow at 12% per year on average from 2007 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 margins 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 52% of the total primary energy consumption in 2009. Oil's share of the energy mix has remained relatively stable, representing 32% of the total primary energy consumption in 2009. However, gas's share has increased from 8% in 2008 to 10% in 2009, driven by the cost competitiveness of gas against liquid fuels and its increased availability. (Source: BP Statistical Review 2010)

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 U.S. 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 East Timor, 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 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, 2010, 2009 and 2008, the Guarantor's export sales (including deemed exports) constituted 55%, 61% and 60%, 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 ("RGTEL") 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. RGTEL'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.

The cyclical nature 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 tough 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 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 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"). 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 June 30, 2010, the Guarantor's long-term indebtedness was approximately Rs. 582 billion (June 30, 2009: Rs. 655 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 affect 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 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, 2010 was US\$27.5 billion (converted at the exchange rate of US\$1.00 = Rs. 44.90), 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 "Risk Factors — 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.

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 operator 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 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, 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'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 canceled 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 acquisition of unproved property or drilling a well, whether natural gas or oil is present or may be produced 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, equipment and crews could delay the Issuer's operations.

Higher natural gas and oil prices generally increase the demand for drilling rigs, equipment and crews and can lead to shortages of, and increasing costs for, drilling 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 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 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. 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 is also conducting an investigation of hydraulic fracturing practices. Any new laws, regulation 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 commercial 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 the 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.

There are also a number of federal and state legislative and regulatory proposals to restrict the emission of greenhouse gases, which some believe to be contributing to climate change. These legislative and regulatory proposals are in various phases of discussion or implementation and could result in a variety of regulatory programs, including potential new regulations to control or restrict emissions, 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 proposed or future greenhouse gas legislation or regulation will impact the Issuer, any legislation or regulation of greenhouse gas emissions that may be imposed in 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 fracturing process and the disposal of that water. If the Issuer is unable to 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, which results in water discharges that must be treated and disposed of in accordance with applicable regulatory requirements. 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 disposal 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 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 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 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 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 the 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, it is not uncommon for neighboring landowners and other third parties to 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 damage, and fines or penalties for related 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 that are in the core business segments of 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, 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 45% of its turnover for the fiscal year ended March 31, 2010 was derived from the Indian domestic market (fiscal year ended March 31, 2009: 39%). 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 due 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 fiscal year ended March 31, 2010, approximately 45% of the Guarantor's turnover was derived from domestic activities (year ended March 31, 2009: 39%).

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 or 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 6.7% during fiscal 2009 and was 7.4% during fiscal year 2010. The growth rate of India's GDP was 8.8% during the first quarter of fiscal year 2011. Even though the RBI has significantly reduced policy rates since October 2008, the course of market interest rates continues to be uncertain due to the increase in the fiscal deficit and the Government borrowing program. Any increase in inflation in the future, due to 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 effect 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 November 2008. 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, climate change 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 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 August 31, 2010, India's sovereign rating was Baa3 (Moody's) and BBB- (S&P). 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 "Risk Factors — 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 is 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 International Financial Reporting Standards (“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, has announced a road map for the adoption of and convergence with the IFRS, pursuant to which some public companies in India will be required to prepare their annual and interim financial statements under IFRS. Presently these standards are in the form of exposure drafts issued by the Institute of Chartered Accountants of India and are yet to be cleared for placing before the National Advisory Committee on Accounting Standards (“NACAS”). Once the standards are recommended by the NACAS, they will need to be approved by the Ministry of Corporate Affairs. The new standards will be effective based on transitional arrangements and as of dates as may be prescribed in notified standards.

Since there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, 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 workmen's dues), will rank *pari passu* with the Guarantor's other existing and future unsecured obligations and will be effectively subordinated to the secured obligations of the Guarantor 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 payment on the Guarantee, 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 June 30, 2010, the Guarantor had secured debt of Rs.171,209 million or US\$3.7 billion (converted at the exchange rate of US\$1.00 = 46.445).

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 for which there is currently no existing trading market. Prior to this offering there has been no trading market in the Notes. Approval in-principle has been received 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, they 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, it will be maintained. If an active market in the Notes fails to develop or 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 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 are expected to be rated "Baa2" by Moody's and "BBB" by S&P. The rating will address the likelihood of payment of principal on the relevant maturity dates of the Notes. The rating will also address the timely payment of interest on each payment date. A rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and the rating will 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, due to, 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\$1,480 million after deducting the underwriting discount and its and the Guarantor's estimated offering expenses.

A portion of the net proceeds will be used to refinance existing debt of the Issuer and the Issuer expects to use the remainder to make other business investments 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.

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 has large resource potential, with expert estimates indicating original gas in place of 1,500 Tcfe and recoverable resource estimates in excess of 260 Tcfe. The Marcellus Shale play 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 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% 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% interest in an additional 43,000 net acres and, accordingly, currently holds interests in 343,000 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 the Reliance Marcellus LLC).

While Atlas 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. Under the framework of the joint venture, Atlas will continue acquiring leasehold in the Marcellus region and Reliance Marcellus LLC will have the option to acquire a 40% share in all new acreages. 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.

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 a newly formed joint venture between the companies.

Reliance Marcellus II, LLC has agreed to pay a total consideration of \$392 million, comprising \$340 million of upfront cash and \$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.

Eagle Ford Shale

The Eagle Ford Shale is a shale formation that extends from southern to north-eastern 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, currently owns 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 will own 46%, 45% and 9%, 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 four-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). The joint venture plans to increase the current drilling program to approximately 140 wells per year within three years. Also included in the transaction is current production of 28 mmcfe/d (11 mmcfe/d net to Reliance Eagleford Upstream Holding LP) from five currently active horizontal wells.

While Pioneer will serve 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 that will service the gathering needs of the upstream joint venture. The Issuer's subsidiary, Reliance Eagleford Midstream LLC, paid \$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.

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.

Credit Facilities — Atlas, Pioneer and Carrizo Transactions

Between April 2010 and September 2010, the Issuer entered into facility agreements with a number of international banks, including Citibank N.A, Bahrain Branch, HSBC Bank USA and Bank of America N.A., to arrange short-term facilities for financing the entry into its four US joint ventures. The Issuer has borrowed a total of US\$765 million under these facilities to finance a majority of the initial acquisition costs of the Atlas, Pioneer and Carrizo shale gas joint ventures (each as described in “— Business”).

These facilities mature between October 2010 (in respect of the Atlas facilities), December 2010 (in case of the Pioneer facilities) and March 2011 (in respect of the Carrizo facilities). They bear interest at LIBOR plus a margin between 60 and 85 basis points per annum. The Issuer may prepay, in whole or in part, the above facilities upon seven days' notice, on any interest payment date without premium or penalty. Amounts repaid or prepaid may not be reborrowed. The facility agreements contain certain customary affirmative and negative covenants and certain customary events of default. The Guarantor has guaranteed the Issuer's obligations under each of these 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”. Affiliates of certain of the Initial Purchasers are lenders under the facilities related to the Atlas transaction and, accordingly, they will receive a portion of the net proceeds from the offering of the Notes.

Directors

The sole director of the Issuer at the date of this Offering Memorandum is Mr. Thakur Sharma, who was appointed in March 2010.

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

Capitalization

The following table sets forth the capitalization of the Issuer as of September 28, 2010 and as adjusted to give effect to the issuance of the Notes offered hereby 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.

	At September 28, 2010	
	Actual	As Adjusted
	(US\$ in millions)	
	(Unaudited)	
Indebtedness⁽¹⁾		
Short-term debt	765	765
Long-term debt	—	—
Notes offered hereby	—	1,500
Total indebtedness	<u>765</u>	<u>2,265</u>
Shareholders' Equity:		
Equity Shares ⁽²⁾	311	311
Reserves and surplus	<u>1</u>	<u>1</u>
Total shareholders' equity	<u>312</u>	<u>312</u>
Total indebtedness and shareholders' equity	<u><u>1,077</u></u>	<u><u>2,577</u></u>

(1) None of the Issuer's indebtedness is secured.

(2) Equity Shares includes Common Stock and 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 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 Annual 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 Annual Financial Statements. The financial information set forth below should be read in conjunction with “Operating and Financial Review of the Guarantor” and “First Quarter FY2011 Unaudited Financial Results of the Guarantor” and the Annual Financial Statements included elsewhere in the Offering Memorandum. In the Annual 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 Annual Financial Statements and unaudited Q1 FY2011 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 Annual 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 Q1 FY2011 Financial Information is unaudited. The presentation of the respective Income Statements for the fiscal years ended March 31, 2010, 2009 and 2008 and for the three months ended June 30, 2010 and 2009 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 Annual 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

Income Statement Data

	Year Ended March 31,			
	2010	2010	2009	2008
(US\$ in millions) ⁽¹⁾				
(Unaudited)			(Audited)	
INCOME				
Turnover	44,632	2,003,998	1,463,281	1,392,695
Less: Excise Duty/Service Tax Recovered	1,768	79,388	44,806	58,265
Net Turnover	42,864	1,924,610	1,418,475	1,334,430
Other Income	548	24,605	20,599	56,288
Variation in Stocks	880	39,479	4,276	(18,672)
Total Income	44,292	1,988,694	1,443,350	1,372,046
EXPENDITURE				
Purchases	667	29,958	22,053	60,077
Manufacturing and Other Expenses	36,266	1,628,324	1,167,559	1,022,623
Interest and Finance Charges	445	19,972	17,452	10,774

	Year Ended March 31,			
	2010	2010	2009	2008
	(US\$ in millions) ⁽¹⁾	(Rs. in millions)		
	(Unaudited)	(Audited)		
Depreciation (net of transfers from the Revaluation Reserve) ⁽²⁾	2,338	104,965	51,953	48,471
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	39,716	1,783,219	1,259,017	1,141,945
Profit Before Tax	4,576	205,475	184,333	230,101
Provision for Current Tax	693	31,118	12,065	26,050
Provision for Fringe Benefit Tax	—	—	569	470
Provision for Deferred Tax	267	12,000	18,605	8,999
Profit after Tax	3,616	162,357	153,094	194,582

- (1) Rupee amounts from the Annual Financial Statements for the year ended March 31, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. The translation into US dollars is for convenience only.
- (2) Gross Fixed Assets included Rs. 381,220 million as at March 31, 2010, Rs. 381,220 million as at March 31, 2009 and Rs. 252,214 million as at March 31, 2008 on account of revaluations of Fixed Assets carried out in the past. As a result of such revaluations, additional depreciation charges of Rs. 29,805 million, Rs. 19,871 million and Rs. 17,807 million were recorded in FY2010, FY2009 and FY2008, 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.

Segmental Income Statement Data

	Segment Revenue ⁽¹⁾			Segment Results Before Interest and Tax ⁽²⁾		
	Year Ended March 31,					
	2010	2009	2008	2010	2009	2008
	(Rs. in millions)					
	(Audited)					
Refining	1,632,490	1,079,940	1,007,430	60,110	97,900	103,320
Petrochemicals	552,510	527,580	530,000	85,810	68,480	71,130
Oil and Gas	126,490	34,890	27,020	54,130	22,240	15,030
Others	3,980	5,600	7,780	430	380	400
Eliminations ⁽³⁾	(311,472)	(184,729)	(179,535)	—	—	—
Total	2,003,998	1,463,281	1,392,695	200,480	189,000	189,880

- (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.

Guarantor Summary Balance Sheet Data

	As At March 31,		
	2010	2010	2009
	(US\$ in millions) ⁽¹⁾	(Rs. in millions)	
	(Unaudited)	(Audited)	
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	728	32,704	15,735
Equity Share Suspense	—	—	693
Reserves and Surplus ⁽²⁾	29,822	1,339,002	1,247,302
	30,550	1,371,706	1,263,730
Loan Funds			
Secured Loans	2,599	116,705	106,979
Unsecured Loans	11,319	508,242	632,066
	13,918	624,947	739,045
Deferred Tax Liability	2,433	109,263	97,263
TOTAL	46,901	2,105,916	2,100,038
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	48,077	2,158,647	1,496,287
<i>Less:</i> Depreciation	13,943	626,048	492,856
Net Block	34,134	1,532,599	1,003,431
Capital Work-in-Progress	2,703	121,388	690,438
	36,837	1,653,987	1,693,869
Investments	5,173	232,286	216,065
Current Assets, Loans and Advances			
Current Assets			
Inventory	6,009	269,816	148,367
Sundry Debtors	2,597	116,602	45,714
Cash and Bank Balances	2,998	134,627	221,765
Other Current Assets	20	914	479
	11,624	521,959	416,325
Loans and Advances	2,268	101,832	130,798
	13,892	623,791	547,123
<i>Less:</i> Current Liabilities and Provisions			
Current Liabilities	8,207	368,494	326,910
Provisions	794	35,654	30,109
	9,001	404,148	357,019
Net Current Assets	4,891	219,643	190,104
TOTAL	46,901	2,105,916	2,100,038

(1) Rupee amounts from the Annual Financial Statements as at March 31, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. The translation into US dollars is for convenience only.

(2) Includes General Reserve and Revaluation Reserve.

Segmental Balance Sheet Data — Capital Employed

	As At March 31,		
	2010	2009	2008
	(Rs. in millions)		
	(Audited)		
Refining	780,912	724,302	421,410
Petrochemicals	381,600	430,909	307,580
Oil and Gas	509,573	446,727	263,910
Others	67,323	65,216	64,470
Unallocated Corporate	366,508	432,884	200,640
Total Capital Employed⁽¹⁾	2,105,916	2,100,038	1,258,010

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

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 Quarterly Financial Data

Income Statement Data

	Three Months Ended June 30,		
	2010	2010	2009
	(US\$ in millions) ⁽¹⁾	(Rs. in millions)	
		(Unaudited)	
Turnover	13,135	610,070	324,410
Less: Excise Duty/Service Tax Recovered	598	27,790	12,540
Net Turnover	12,537	582,280	311,870
(Increase)/Decrease in Stock and Trade/Work in Progress	(346)	(16,060)	(31,560)
Consumption of Raw Materials	9,865	458,180	247,150
Purchases	102	4,740	3,970
Staff Cost.....	133	6,170	5,570
Depreciation.....	750	34,850	18,780
Other Expenditure	772	35,830	22,900
Total Expenditure	11,276	523,710	266,810
Profit from Operations Before Other Income, Interest and Tax....	1,261	58,570	45,060
Other Income	156	7,220	7,090
Profit Before Interest and Tax	1,417	65,790	52,150
Interest and Finance Charges	117	5,410	4,600
Profit Before Tax from Ordinary Activities	1,300	60,380	47,550
Provision for Current Tax.....	213	9,870	7,910
Provision for Deferred Tax.....	43	2,000	2,980
Net Profit for the Period ⁽²⁾	1,044	48,510	36,660

(1) Rupee amounts from the unaudited Q1 FY2011 Financial Information for the three months ended June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. 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.

Segmental Income Statement Data

	Segment Revenue ⁽¹⁾		Segment Results Before Interest and Tax ⁽²⁾	
	Three Months Ended June 30,			
	2010	2009	2010	2009
	(Rs. in millions)			
	(Unaudited)			
Refining	505,310	244,340	20,350	12,990
Petrochemicals.....	139,030	117,070	20,530	21,090
Oil and Gas	46,650	18,640	19,210	10,080
Others	1,070	830	70	90
Eliminations ⁽³⁾	(81,990)	(56,470)	—	—
Total	610,070	324,410	60,160	44,250

- (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.

Summary Balance Sheet Data

	As At June 30,		
	2010	2010	2009
	(US\$ in millions) ⁽¹⁾	(Rs. in millions)	
	(Unaudited)	(Unaudited)	(Unaudited)
Shareholders' Equity.....	704	32,707	16,429
Net Worth	30,442	1,413,880	1,293,071
Long-term Debt	12,528	581,842	654,768
Short-term Debt.....	3,281	152,374	73,580
Total Balance Sheet Debt ⁽²⁾	15,808	734,216	728,348
Cash and Cash Equivalents ⁽³⁾	5,686	264,072	220,842
Strategic Investments ⁽⁴⁾	3,367	156,377	189,277
Net Current Assets (excluding cash balance).....	4,081	189,526	28,598

- (1) Rupee amounts from the unaudited Q1 FY2011 Financial Information as at June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. The translation into US dollars is for convenience only.
- (2) Total Balance Sheet Debt includes secured debt of US\$3,686 million or Rs. 171,209 million as at June 30, 2010, Rs. 116,705 million as at March 31, 2010 and Rs. 124,745 million as at June 30, 2009.
- (3) Cash and Cash Equivalents includes cash, bank balances and current investments.
- (4) Strategic Investments is comprised 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.

Segmental Balance Sheet Data — Capital Employed

	As At June 30,	
	2010	2009
	(Rs. in millions)	
	(Unaudited)	
Refining	789,330	740,790
Petrochemicals	377,740	419,400
Oil and Gas	534,450	460,870
Others	69,490	69,330
Unallocated Corporate	488,350	431,270
Total Capital Employed⁽¹⁾	2,259,360	2,121,660

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

The Guarantor's Key Financial Data and Ratios

	As At or Year Ended March 31,		
	2010	2009	2008
	(Unaudited)		
EBITDA ⁽¹⁾ (Rs. in millions)	330,412	253,738	289,346
EBITDA ⁽¹⁾⁽²⁾⁽³⁾ (US\$ in millions)	7,359		
EBITDA Margin ⁽⁴⁾	16.5%	17.3%	20.8%
Net Profit Margin ⁽⁵⁾	8.1%	10.5%	14.0%
EBITDA/Interest	16.5	14.5	26.9
Total Debt/EBITDA	1.9	2.9	1.3
Total Debt/Equity ⁽⁶⁾	0.46	0.63	0.45
Long-term Secured Debt/Total Fixed Assets ⁽⁷⁾	0.07	0.11	0.07
Total Secured Debt/Total Assets	0.05	0.04	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 amount converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. The translation into US dollars is for convenience only.

(3) US dollar conversion of EBITDA is provided for the fiscal year ended March 31, 2010 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 is comprised of Paid-up Equity, Equity Share Suspense and Reserves and Surplus.

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

	As At or Three Months Ended June 30,	
	2010	2009
	(Unaudited)	
Other Financial Data and Ratios:		
EBITDA ⁽¹⁾ (Rs. in millions).....	100,643	70,940
EBITDA ⁽¹⁾⁽²⁾⁽³⁾ (US\$ in millions)	2,167	
EBITDA Margin ⁽⁴⁾	16.5%	21.9%
Net Profit Margin ⁽⁵⁾	8.0%	11.3%
EBITDA/Interest.....	18.6	15.4
Total Debt/Annualized EBITDA ⁽⁶⁾	1.8	2.6
Total Debt/Equity ⁽⁷⁾	0.52	0.56
Long-term Secured Debt/Long-term Debt	0.18	0.19
Long-term Secured Debt/Total Fixed Assets ⁽⁸⁾	0.07	0.09
Total Secured Debt/Total Assets	0.07	0.05

- (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 amount converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. The translation into US dollars is for convenience only.
- (3) US dollar conversion of EBITDA is provided for the three months ended June 30, 2010 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 three-month period multiplied by four.
- (7) Equity is comprised of Paid-up Equity, Equity Share Suspense and Reserves and Surplus.
- (8) Total Fixed Assets is defined as Gross Fixed Assets less accumulated Depreciation.

The Guarantor’s Key Operating Information

The Guarantor’s engineers estimate its 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, 2010, 2009 and 2008, respectively.

	Proved Reserves			Proved Developed Reserves		
	As At or Year Ended March 31,					
	2010	2009	2008	2010	2009	2008
	(Million MT)					
Oil: ⁽¹⁾						
Beginning of the year	11.02	11.64	12.47	4.97	3.58	4.21
Additions.....	1.13	0.12	—	4.69	2.13	0.04
Deletion ⁽²⁾	—	—	0.16	—	—	—
Production	1.04	0.74	0.67	1.04	0.74	0.67
Closing balance.....	11.11	11.02	11.64	8.62	4.97	3.58

	Proved Reserves			Proved Developed Reserves		
	As At or Year Ended March 31,					
	2010	2009	2008	2010	2009	2008
	(Million cubic meters) ⁽³⁾					
Gas:⁽¹⁾						
Beginning of the year	220,468	222,188	222,145	133,894	16,842	16,776
Additions.....	5,353	168	1,705	11,536	118,940	1,728
Production	14,607	1,888	1,662	14,607	1,888	1,662
Closing balance.....	211,214	220,468	222,188	130,823	133,894	16,842

- (1) See “Risk Factors — Risks Relating to the Guarantor’s Business — The Guarantor’s 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 it from retrieving these reserves. In addition, the actual size of deposits may differ materially from such estimates”.
- (2) Deletion in oil reserves in 2008 was due to ordinary course downgrading of reserves in the South West Panna area in the Panna-Mukta fields.
- (3) One cubic meter is equivalent to 35.315 cubic feet.

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, 2010, 2009 and 2008 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 Annual 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 "FY2010", "FY2009" and "FY2008" refer to the Guarantor's fiscal years ended March 31, 2010, 2009 and 2008, 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, 2010. 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 western 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 Colombia, Peru, Yemen, Oman, Kurdistan (Iraq), East Timor 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 FY2010, FY2009 and FY2008, respectively:

	Unit	Year Ended March 31,		
		2010	2009	2008
Crude oil.....	MT	1,021,797	683,023	642,596
Gas	BBTU	435,157	63,393	40,884
Petroleum products.....	KT	46,076	29,733	29,532
Ethylene.....	MT	357	9,917	52,546
Propylene.....	MT	28,095	134	11,687
Benzene	MT	662,254	593,796	594,291
Paraxylene	MT	514,938	572,254	744,481
Polyvinyl chloride	MT	624,018	613,783	579,817
Polyethylene	MT	1,057,906	990,189	1,085,224
Polybutadiene rubber.....	MT	72,894	71,974	74,404
Polypropylene.....	MT	2,398,598	1,513,644	1,712,124
Ethylene glycol.....	MT	301,509	352,182	476,568
Purified terephthalic acid	MT	610,787	648,219	804,649
Polyester filament yarn	MT	796,033	694,592	753,340
Polyester staple fiber.....	MT	627,857	578,462	637,857
Polyethylene terephthalate.....	MT	314,191	297,870	244,835

The Guarantor has a balanced mix of sales within and outside India. Export sales (including deemed exports) accounted for 55.0% of its Turnover in FY2010 (FY2009: 61.0%). Exports of refined petroleum products from the Guarantor's Refining business accounted for 85.2% of the Guarantor's total exports in FY2010 (FY2009: 82.7%).

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 FY2010, FY2009 and FY2008:

	Segment Revenue ⁽¹⁾			Segment Result Before Interest and Tax ⁽²⁾		
	Year Ended March 31,			Year Ended March 31,		
	2010	2009	2008	2010	2009	2008
	(Rs. in millions)					
	(Audited)					
Refining	1,632,490	1,079,940	1,007,430	60,110	97,900	103,320
Petrochemicals	552,510	527,580	530,000	85,810	68,480	71,130
Oil and Gas.....	126,490	34,890	27,020	54,130	22,240	15,030
Others.....	3,980	5,600	7,780	430	380	400
Eliminations ⁽³⁾	(311,472)	(184,729)	(179,535)	—	—	—
Total	<u>2,003,998</u>	<u>1,463,281</u>	<u>1,392,695</u>	<u>200,480</u>	<u>189,000</u>	<u>189,880</u>

(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 34 exploration blocks (including three CBM blocks) as at March 31, 2010. The Guarantor, through its subsidiary Reliance Exploration & Production DMCC, currently has 14 blocks in its international exploration and production portfolio, including in Peru, Yemen, Oman, Kurdistan (Iraq), Colombia, East Timor and Australia. In addition, the Guarantor has recently 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"). See "Business of the Guarantor — Business — Oil and Gas".

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 an expanding 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. Petrochemicals produces products such as polymers, polyester fiber and yarn, polyester intermediates, ethylene and propylene. 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 94.4% of Segment Revenue Before Eliminations for FY2010 (FY2009: 97.5%), management believes that the Guarantor's efforts in other sectors, such as Oil and Gas, will contribute a larger share to Turnover within the next few years. In FY2010, Oil and Gas's Segment Result Before Interest and Tax constituted 27.0% of the Guarantor's total Segment Result Before Interest and Tax (FY2009: 11.8%).

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;
- 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 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 FY2010 Annual 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 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 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.

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 except 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 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 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 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 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 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 Indian Ministry of Corporate Affairs has published a road map for convergence of Indian GAAP with IFRS. As a result, the Indian Institute of Chartered Accountants has issued exposure drafts, or consultation papers, relating to IFRS converged with Indian GAAP. There has not been a policy proposal placed before the NACAS. Once standards are recommended by the NACAS, they need to be approved by the Ministry of Corporate Affairs. The new standards are expected to include transitional arrangements. Depending on the form in which the standards are finally approved by the Ministry of Corporate Affairs or by another competent authority, their adoption will be mandatory for the Guarantor. This may have a material impact on the financial statements of the Guarantor. It is not possible to estimate the nature or extent of the impact at this stage. 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 FY2010, FY2009 and FY2008, which have been extracted without material adjustment from the Annual 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,				
	2010		2009		2008
	(Rs. in millions)	% change	(Rs. in millions)	% change	(Rs. in millions)
	(Audited)				
INCOME					
Turnover.....	2,003,998	37.0	1,463,281	5.1	1,392,695
Less: Excise Duty/Service Tax Recovered.....	79,388	77.2	44,806	(23.1)	58,265
Net Turnover.....	1,924,610	35.7	1,418,475	6.3	1,334,430
Other Income	24,605	19.4	20,599	(63.4)	56,288
Variation in Stocks.....	39,479	823.3	4,276	122.9	(18,672)
Total Income	1,988,694	37.8	1,443,350	5.2	1,372,046
EXPENDITURE					
Purchases	29,958	35.8	22,053	(63.3)	60,077
Manufacturing and Other Expenses.....	1,628,324	39.5	1,167,559	14.2	1,022,623
Interest and Finance Charges.....	19,972	14.4	17,452	62.0	10,774
Depreciation (net of transfers from the Revaluation Reserve) ⁽¹⁾	104,965	102.0	51,953	7.2	48,471
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.....	1,783,219	41.6	1,259,017	10.3	1,141,945
Profit Before Tax	205,475	11.5	184,333	(19.9)	230,101
Provision for Current Tax	31,118	157.9	12,065	(53.7)	26,050
Provision for Fringe Benefit Tax	—	(100.0)	569	21.1	470
Provision for Deferred Tax	12,000	(35.5)	18,605	106.7	8,999
Profit after Tax	162,357	6.1	153,094	(21.3)	194,582

- (1) Gross Fixed Assets included Rs. 381,220 million as at March 31, 2010, Rs. 381,220 million as at March 31, 2009 and Rs. 252,214 million as at March 31, 2008 on account of revaluations of Fixed Assets carried out in the past. As a result of such revaluations, additional depreciation charges of Rs. 29,805 million, Rs. 19,871 million and Rs. 17,807 million were recorded in FY2010, FY2009 and FY2008, 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 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 and fixed assets in the Income Statement and the tax impact thereof.

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	<u>1,988,694</u>	37.8	<u>1,443,350</u>

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 newly commissioned 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	<u>1,628,324</u>	39.5	<u>1,167,559</u>

(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 Petrochemical 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 Petrochemical 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 Petrochemical 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 Taxation

Profit Before Taxation 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 Annual 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	<u>2,003,998</u>	37.0	<u>1,463,281</u>
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	<u>200,480</u>	6.1	<u>189,000</u>

- (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 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 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.

The Guarantor's Results of Operations for FY2009 and FY2008

Total Income

Total Income for FY2009 increased by Rs. 71,304 million, or 5.2%, to Rs. 1,443,350 million from Rs. 1,372,046 million for FY2008, principally as a result of an increase in Turnover, as described below.

The following table sets forth the components of total income for FY2009 and FY2008, together with the percentage change in those items:

	Year Ended March 31,		
	2009		2008
	(Rs. in millions)	% change	(Rs. in millions)
	(Audited)		
Turnover	1,463,281	5.1	1,392,695
Less: Excise Duty/Service Tax Recovered	44,806	(23.1)	58,265
Net Turnover.....	1,418,475	6.3	1,334,430
Other Income ⁽¹⁾	20,599	(63.4)	56,288
Variation in Stocks	4,276	122.9	(18,672)
Total income	<u>1,443,350</u>	5.2	<u>1,372,046</u>

(1) Other income for FY2008 included exceptional income of Rs. 47,335 million on account of the sale of equity shares of RPL.

Turnover for FY2009 increased by Rs. 70,586 million, or 5.1%, to Rs. 1,463,281 million from Rs. 1,392,695 million for FY2008, principally as a result of an increase in average price realized, principally in respect of refined products, partly offset by a decrease in sales volumes.

The Guarantor recorded Turnover growth in its Refining and Oil and Gas businesses while Turnover was marginally down in Petrochemicals. Turnover in the Guarantor's Refining segment increased by 7.2%, or Rs. 72,510 million (to Rs. 1,079,940 million for FY 2009 from Rs. 1,007,430 million for FY 2008) principally as a result of higher crude prices during the year and incremental volumes coming from the start-up of the Jamnagar Refinery II in December 2008 and also due to a higher pricing base on account of higher average crude oil in FY2009. Turnover in Oil and Gas increased by 29.1% (to Rs. 34,890 million in FY2009 from Rs. 27,020 million in FY2008) due to higher oil and condensate price realization and higher production of oil and gas from the Panna-Mukta and Tapti fields. Turnover in Petrochemicals declined by 0.5% to Rs. 527,580 million in FY2009 from Rs. 530,000 million in FY2008. See "— The Guarantor's Results of Operations by Segment for FY2009 and FY2008".

Excise Duty/Service Tax Recovered decreased by Rs. 13,459 million, or 23.1%, to Rs. 44,806 million in FY2009 from Rs. 58,265 million for FY2008, principally due to reduced domestic sales from Refining. The Jamnagar Refinery I was converted into an export oriented unit in FY2009 which meant that it ceased to be a domestic tariff area as it was in FY2008.

Purchases

Purchases for FY2009 decreased by Rs. 38,024 million, or 63.3%, to Rs. 22,053 million from Rs. 60,077 million for FY2008, principally due to lower trading in crude oil and petroleum products.

Manufacturing and Other Expenses

Manufacturing and Other Expenses for FY2009 increased by Rs. 144,936 million, or 14.2%, to Rs. 1,167,559 million from Rs. 1,022,623 million for FY2008, principally due to increased expenditure on Raw Material Consumed resulting from higher crude oil and naphtha prices used as primary feedstock for the refineries and crackers respectively and, to a lesser extent, increases in Manufacturing expenses.

The following table sets forth the components of Manufacturing and Other Expenses for FY2009 and FY2008, together with the percentage change in those items:

	Year Ended March 31,		
	2009		2008
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Raw Material Consumed	1,048,051	16.1	903,039
Manufacturing Expenses.....	72,430	60.1	45,241
Payments to and Provisions for Employees (including Managerial Remuneration).....	23,975	13.1	21,193
Sales and Distribution Expenses	30,953	(4.2)	32,296
Establishment Expenses.....	25,693	13.6	22,609
Less: Transferred to Projects Development Expenditure (Net) ⁽¹⁾	33,543	1,811.2	1,755
Total	<u>1,167,559</u>	14.2	<u>1,022,623</u>

(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 FY2009 increased by Rs. 145,012 million, or 16.1%, to Rs. 1,048,051 million from Rs. 903,039 million for FY2008 due principally to higher crude oil and naphtha prices in the first half of FY2009.

Higher prices paid accounted for most of the increase in Raw Material Consumed while higher raw material consumption also contributed to the increase in Raw Material Consumed, principally due to higher consumption of crude oil, partly offset by lower consumption of naphtha and low sulphur wax residue.

In FY2009, the Guarantor processed 32.0 million tons of crude oil, the cost of which accounted for 79.6% of Raw Material Consumed in FY2009 (FY2008: 73.3%). Accordingly, the increase in price of crude oil, from an average of US\$77.0 per barrel in FY2008 to US\$82.8 per barrel in FY2009, had a significant effect on the Guarantor's costs.

Interest and Finance Charges

Interest and Finance Charges for FY2009 increased by Rs. 6,678 million, or 62.0%, to Rs. 17,452 million from Rs. 10,774 million for FY2008, principally due to higher borrowings (FY2009 average debt was Rs. 551.9 billion compared to FY2008 average debt of Rs. 321.5 billion) and the impact of the depreciation in the value of the rupee against the US dollar. Higher average debt in FY2009 includes the impact of amalgamation of RPL with the Guarantor.

The following table sets forth the components of Interest and Finance charges for FY2009 and FY2008, together with the percentage changes in those items:

	Year Ended March 31,		
	2009		2008
	(Rs. in millions)	% change	(Rs. in millions)
		(Audited)	
Debentures	5,456	71.0	3,191
Fixed Loans	4,241	13.3	3,742
Finance charges on Leased Assets	2	(71.4)	7
Others ⁽¹⁾	7,753	102.2	3,834
Total	17,452	62.0	10,774

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

Depreciation

Depreciation for FY2009 increased by Rs. 3,482 million, or 7.2%, to Rs. 51,953 million from Rs. 48,471 million for FY2008, principally due to higher depletion charges due to reserve depletion (which resulted in a depreciation charge) in the Oil and Gas business principally due to higher combined oil and gas production from Panna-Mukta and Tapti fields and a marginal increase due to the start-up of the Jamnagar Refinery II during FY2009.

The above-stated Depreciation is net of depreciation on revaluation which has been withdrawn from Revaluation Reserve. The depreciation on revaluation for FY2009 increased by Rs. 2,064 million, or 11.6%, to Rs. 19,871 million from Rs. 17,807 million for FY2008 because of revaluation of assets during FY2009.

Profit Before Tax

Profit Before Taxation for FY2009 decreased by Rs. 45,768 million, or 19.9%, to Rs. 184,333 million from Rs. 230,101 million for FY2008, principally due to lower exceptional income on account of gain on sale of RPL shares in FY2008 as against an expenditure in FY2009.

Taxation

Provision for Current Tax for FY2009 decreased by Rs. 13,985 million, or 53.7%, to Rs. 12,065 million from Rs. 26,050 million for FY2008, principally due to the amalgamation of RPL and the Guarantor and its related tax adjustments. The higher current tax in FY2008 included the tax paid on exceptional income of Rs. 47,335 million related to on account of the sale of shares of RPL. Provision for Fringe Benefit Tax for FY2009 increased by Rs. 99 million, or 21.1%, to Rs. 569 million from Rs. 470 million for FY2008. Provision for Deferred Tax for FY2009 increased by Rs. 9,606 million, or 106.7%, to Rs. 18,605 million from Rs. 8,999 million for FY2008, principally due to the effect of the amalgamation of RPL and the Guarantor.

Profit after Tax

Profit after Tax for FY2009 decreased by Rs. 41,488 million, or 21.3%, to Rs. 153,094 million from Rs. 194,582 million for FY2008, principally due to the factors described above.

The Guarantor's Results of Operations by Segment for FY2009 and FY2008

The following table sets forth selected segmental income statement data for FY2009 and FY2008, which have been extracted without material adjustment from certain Guarantor audited financial information not presented elsewhere in the Annual Financial Statements, including the percentage change between the two fiscal years presented:

	Year Ended March 31,		
	2009		2008
	(Rs. in millions)	% change	(Rs. in millions)
	(Audited)		
Segment Revenue ⁽¹⁾			
Oil and Gas.....	34,890	29.1	27,020
Refining	1,079,940	7.2	1,007,430
Petrochemicals	527,580	(0.5)	530,000
Others.....	5,600	(28.0)	7,780
Eliminations ⁽²⁾	(184,729)	2.9	(179,535)
Total	1,463,281	5.1	1,392,695
Segment Result Before Interest and Tax ⁽³⁾			
Oil and Gas.....	22,240	48.0	15,030
Refining	97,900	(5.2)	103,320
Petrochemicals	68,480	(3.7)	71,130
Others.....	380	(5.0)	400
Total	189,000	(0.5)	189,880

- (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 FY2009 increased by Rs. 7,870 million, or 29.1%, to Rs. 34,890 million from Rs. 27,020 million for FY2008, principally due to higher average oil and condensate price realization and higher production and sale of gas and oil from the Tapti fields, partly offset by lower production and gas from Panna-Mukta.

Production from Panna-Mukta in FY2009 was 1,668 MMSCM of natural gas and 1.6 million tons of crude oil, a decrease of 18% and 15%, respectively, from FY2008, principally due to a lower production following a shutdown of Panna process platform. During FY2009, production from Tapti was 4,205 MMSCM of natural gas and 271 thousand tons of condensate, an increase of 25% and 17%, respectively, from FY2008 principally due to first full year impact of new revised plan of development. The production information above is on a 100% joint venture basis and not the Guarantor's attributable interest.

Refining

Segment Revenue in Refining for FY2009 increased by Rs. 72,510 million, or 7.2%, to Rs. 1,079,940 million from Rs. 1,007,430 million for FY2008, principally due to a higher pricing base on account of higher average price of crude oil prices and incremental volumes coming from ramp-up of Jamnagar Refinery II in December 2008. 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. During FY2009, the refineries processed 32.0 million tons (FY2008: 31.8 million tons) of crude oil, reflecting an average utilization rate of 97.0% for the year (FY2009: 96.4%).

Petrochemicals

Segment Revenue in Petrochemicals for FY2009 decreased marginally by Rs. 2,420 million, or 0.5%, to Rs. 527,580 million from Rs. 530,000 million for FY2008. Although prices were generally higher, they were more than offset by a fall in sales volumes leading to lower Segment Revenue overall. In FY2009, Petrochemicals experienced significant levels of volatility in its product margins and lower sales volumes principally due to the global economic recession which led to lower demand and a falling price environment. In contrast, for most of FY2008, Petrochemicals product margins and sales volumes were stable and strong.

Others

Segment Revenue in the Others segment for FY2009 decreased by Rs. 2,180 million, or 28.0%, to Rs. 5,600 million from Rs. 7,780 million for FY2008.

Segment Result Before Interest and Tax

Oil and Gas

Segment Results Before Interest and Tax in Oil and Gas for the period for FY2009 increased by Rs. 7,210 million, or 48.0%, to Rs. 22,240 million from Rs. 15,030 million for FY2008, principally due to higher overall sales volumes and price realization of oil and condensate, and higher sales volume of natural gas produced from the Panna-Mukta fields.

Refining

Segment Results Before Interest and Tax in Refining for FY2009 decreased by Rs. 5,420 million, or 5.2%, to Rs. 97,900 million from Rs. 103,320 million for FY2008, principally due to a significant reduction in gross refining margins during the second half of FY2009.

The gross refining margins decreased significantly from US\$15.0/bbl in FY2008 to US\$12.2/bbl in FY2009. Performance was significantly different in the first and second halves of FY2009 with the Guarantor experiencing the highest ever quarterly gross refining margin of US\$15.7/bbl in the first quarter of FY2009 as a result of high crude oil prices, strong demand for refined products and strong crude/light crude heavy differentials. However, on the other hand, the second half of FY2009 saw a sharp fall in crude oil prices and demand for refined products as a result of economic recession, which caused the gross refining margins to fall to a low of US\$9.9/bbl in the fourth quarter of FY2009.

The Guarantor's reported gross refining margins for the year reflected a premium of US\$6.4/bbl over the average Singapore complex gross refining margins, as calculated by Reuters, in FY2009, as compared to a premium of US\$7.4/bbl in FY2008. The reduction in the premium earned by the Guarantor is principally a result of the sharply lower prices of light and middle distillates as well as significant contraction in product cracks during the second half of FY2009. 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 FY2009 decreased by Rs. 2,650 million, or 3.7%, to Rs. 68,480 million from Rs. 71,130 million for FY2008, principally due to significant reduction in margins in second half of FY2009 as an effect of economic recession which led to demand destruction. Most of the petrochemical products had record high margins during FY2008.

Others

Segment Results Before Interest and Tax in the Others segment for FY2009 decreased marginally by Rs. 20 million, or 5%, to Rs. 380 million from Rs. 400 million for FY2008.

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, 2010, 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, 2010, the Guarantor had total debt of Rs. 624,947 million, or US\$13.9 billion (converted at the exchange rate of US\$1.00 = Rs. 44.90) (March 31, 2009: Rs. 739,045 million).

Approximately 83% of the Guarantor's total debt as at March 31, 2010 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, 2010.

As at March 31, 2010, the Guarantor had Cash and Cash Equivalents of Rs. 218,737 million, or US\$4.9 billion (converted at the exchange rate of US\$1.00 = Rs. 44.90) (March 31, 2009: Rs. 250,501 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, 2010, 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 (stable) by S&P, which are 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 FY2010, FY2009 and FY2008, which have been extracted without material adjustment from the Annual 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,			
	2010	2010	2009	2008
(US\$ in millions) ⁽¹⁾	(Rs. in millions)			
(Unaudited)	(Audited)			
CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax as per Income Statement	4,576	205,475	184,333	230,101
Adjusted for:				
Net Prior Year Adjustments	0.3	13	21	20
Diminution in the value of investment	0.04	2	34	139
Investment written off (net)	4	184	—	—
Loss on Sale/Discarding of Fixed Assets (net).....	0.1	6	71	18
Depreciation	3,002	134,770	71,824	66,279
Transferred from Revaluation Reserve	(664)	(29,805)	(19,871)	(17,807)
Effect of Exchange Rate Change	(409)	(18,374)	5,756	(3,986)
Profit on Sale of Current Investments (net).....	(53)	(2,384)	(4,254)	(1,189)

	Year Ended March 31,			
	2010	2010	2009	2008
	(US\$ in millions) ⁽¹⁾	(Rs. in millions)		
	(Unaudited)	(Audited)		
Exceptional Item	—	—	—	(47,335)
Dividend Income	(0.5)	(24)	(298)	(184)
Interest/Other Income	(470)	(21,084)	(15,650)	(6,624)
Interest and Finance Charges	445	19,972	17,452	10,774
	<u>1,855</u>	<u>83,276</u>	<u>55,085</u>	<u>105</u>
Operating Profit before Working Capital Changes	6,431	288,750	239,418	230,206
Adjusted for:				
Trade and Other Receivables	(1,644)	(73,800)	(1,099)	(39,302)
Inventories	(2,705)	(121,449)	1,590	(21,110)
Trade Payables	3,168	142,234	(38,474)	29,341
	<u>(1,181)</u>	<u>(53,015)</u>	<u>(37,983)</u>	<u>(31,071)</u>
Cash Generated from Operations	5,250	235,735	201,435	199,135
Net Prior Year Adjustments	(0.3)	(14)	(22)	(20)
Taxes Paid	(686)	(30,819)	(18,955)	(24,847)
Net Cash from Operating Activities	<u>(4,564)</u>	<u>204,902</u>	<u>182,458</u>	<u>174,267</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(4,887)	(219,427)	(247,128)	(191,112)
Sale of Fixed Assets	25	1,132	484	146
Purchase of Investments	(44,291)	(1,988,661)	(1,085,739)	(700,901)
Sale of Investments	44,022	1,976,607	1,109,868	691,162
Movement in Loans and Advances	585	26,260	(34,521)	(44,960)
Interest Income	490	22,019	15,897	5,930
Dividend Income	0.5	24	298	184
Net Cash used in Investing Activities	<u>(4,054)</u>	<u>(182,045)</u>	<u>(240,842)</u>	<u>(239,551)</u>
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Issue of Share Capital/Warrants	12	535	151,648	16,824
Proceeds from Long-term Borrowings	1,454	65,306	206,908	107,696
Repayment of Long-term Borrowings	(2,583)	(115,982)	(33,829)	(21,009)
Short-term Loans	(52)	(2,349)	(22,384)	5,283
Dividends Paid (including dividend distribution tax)	(494)	(22,195)	(19,085)	—
Interest Paid	(786)	(35,313)	(45,933)	(19,064)
Net Cash (used in)/from Financing Activities	<u>(2,450)</u>	<u>(109,996)</u>	<u>237,326</u>	<u>89,730</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,941)	(87,139)	178,942	24,447
Opening Balance of Cash and Cash Equivalents	4,939	221,765	42,801	18,354
Add: On Amalgamation	—	—	22	—
	<u>4,939</u>	<u>221,765</u>	<u>42,823</u>	<u>18,354</u>
Closing Balance of Cash and Cash Equivalents	<u>2,998</u>	<u>134,627</u>	<u>221,765</u>	<u>42,801</u>

(1) Rupee amounts from the Annual Financial Statements as at March 31, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 44.90. The translation into US dollars is for convenience only.

Note: Loans/Deposit given to Subsidiaries/Associate aggregated to Rs. 1,969 million in FY2010 (FY2009: Rs. 53,800 million) have been converted into investments in Preference Shares.

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 Annual 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), 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.

Cash Flow Analysis for FY2009 and FY2008

The selected cash flow information for the Guarantor for FY2009 and FY2008 that is set forth below has been extracted from the Annual Financial Statements without material adjustment.

	Year Ended March 31,	
	2009	2008
	(Rs. in millions)	
	(Audited)	
Net cash flow from operating activities	182,458	174,267
Net cash used in investing activities	(240,842)	(239,551)
Net cash from financing activities.....	237,326	89,730
Net increase in Cash and Cash Equivalents	178,942	24,447

Operating Activities. The net cash flow from operating activities was Rs. 182,458 million in FY2009 compared to Rs. 174,267 million in FY2008. The higher cash inflow was principally a result of lower tax and the positive effect of exchange rate changes in FY2009. Other significant factors affecting the net cash inflow from operating activities in FY2009 included an outflow of Rs. 38,474 related to trade payables, compared to an inflow of Rs. 29,341 million in FY2008, lower trade and other receivables of Rs. 1,099 million compared to Rs. 39,302 million in FY2008 due to significant reduction in prices in the second half of FY2009 and an inflow of Rs. 1,590 million related to inventories, compared to an outflow of Rs. 21,110 million in FY2008.

Investing Activities. The net cash used in investing activities was Rs. 240,842 million in FY2009 compared to Rs. 239,551 million in FY2008. The net cash used in investing activities included proceeds related to sales of investments (Rs. 1,109,868 million in FY2009 compared to Rs. 691,162 million in FY2008) and expenditures related to purchases of fixed assets (Rs. 247,128 million in FY2009 compared to Rs. 191,112 million in FY2008) and purchases of investments (Rs. 1,085,739 million in FY2009 compared to Rs. 700,901 million in FY2008).

Financing Activities. The net cash from financing activities in FY2009 was Rs. 237,326 million compared to Rs. 89,730 million in FY2008. The net cash inflow from financing activities primarily related to the issuance by the Guarantor of 120,000,000 shares against the warrants issued in April 2007 to entities in the Promoter Group (as defined in “Share Ownership of the Guarantor”) and incurrence of a significant amount of long-term debt. In FY2009, the Guarantor raised, on a gross basis, US\$1.7 billion by way of syndicated loans, US\$1.25 billion through export credit agencies-backed financing arrangements and JPY11 billion through Japanese Yen denominated 12-year fixed-rate loans. In addition, the Guarantor issued long-term debentures in a principal aggregate amount of Rs. 80,000 million, a significant portion of which was drawn in FY2009.

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 FY2010, FY2009 and FY2008:

	Year Ended March 31,		
	2010	2009	2008
	(Rs. in millions)		
	(Audited)		
Oil and Gas	118,130	102,700	134,430
Refining	93,830	102,870	26,610
Petrochemicals	7,300	25,140	5,060
Others	170	16,420	28,930
Total	<u>219,430</u>	<u>247,130</u>	<u>195,030</u>

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 FY2010 was principally

attributable to lower expenditures in the Refining and Petrochemicals segments, which offset the impact of an increase in capital expenditure in the Oil and Gas business, particularly in respect of KG-D6. The Guarantor's capital expenditures in FY2009 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 for capital commitments at March 31, 2010 were Rs. 152,332 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 business (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 contract 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. 20,847 million during the fiscal year ended March 31, 2010, Rs. 18,971 million during the fiscal year ended March 31, 2009 and Rs. 16,312 million during the fiscal year ended March 31, 2008.

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, 2010, 25% of the Guarantor's total debt carried a fixed interest rate. As at March 31, 2010, the proportion of the Guarantor's short-term debt to total debt was 9.5% (as at March 31, 2009: 8.4%).

As at March 31, 2010, the Guarantor's gross debt (including long-term and short-term debt) to equity ratio was 0.46, the net debt to equity ratio was 0.31 and its net gearing was 22.3% (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, 2010, 2009 and 2008 was Rs. 406,210 million, Rs. 488,544 million and Rs. 289,138 million, respectively. Net debt comprises the following:

	As At March 31,		
	2010	2009	2008
	(Rs. in millions)		
	(Audited)		
Cash and Cash Equivalents ⁽¹⁾	(218,737)	(250,501)	(75,659)
Short-term borrowings	59,503	62,270	85,225
Long-term borrowings	565,444	676,775	279,572
Net debt	<u>406,210</u>	<u>488,544</u>	<u>289,138</u>

(1) Cash and cash equivalents includes cash and bank balances and current investments.

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, 2010, 2009 and 2008 was 24.6%, 28.8% and 34.1%, 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 US\$100 million equivalent 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 four years as at March 31, 2010) and diversify its funding to reduce its reliance on bank borrowings.

The sources of the Guarantor's debt obligations as of March 31, 2010 is set forth below:

	As At March 31, 2010
	(Rs. in millions)
	(Audited)
Secured	
Term loans	5,700
Working capital facilities ⁽¹⁾	14,177
Non-convertible debentures	96,828
Total secured debt	<u>116,705</u>
Unsecured	
Bank loans ⁽²⁾	469,066
Other financing providers	38,993
Deferred sales tax liability	183
Total unsecured debt	<u>508,242</u>
Total debt	<u><u>624,947</u></u>

(1) Of which Rs. 1,830 million was denominated in rupees and Rs. 12,347 million was denominated in other currencies.

(2) Of which Rs. 5,000 million was commercial paper. All such loans are denominated in currencies other than rupees.

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. In addition, certain of the Guarantor's term loans (as at March 31, 2010: Rs. 5,700 million) are secured by certain assets and rights at the Jamnagar Refinery II. 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. 390.5 billion (US\$8.7 billion) (converted at the exchange rate of US\$1.00 = Rs. 44.90) as at March 31, 2010.

The following table sets forth information with regard to the Guarantor's total long-term debt expected maturities, by currency, at March 31, 2010:

	Expected Maturity in Fiscal Year Ending March 31,						
	2011	2012	2013	2014	2015	Thereafter	Total
	(Rs. in millions)						
US\$	36,103	35,096	69,519	101,324	38,038	127,825	407,905
Rupee	2,366	7,398	31,285	45,511	4,936	11,621	103,117
Euro	5,650	91	91	9,575	—	—	15,406
Yen	14,743	—	—	4,444	—	12,908	32,095
Singapore \$	—	—	—	6,921	—	—	6,921
Total long-term debt ⁽¹⁾	<u>58,861</u>	<u>42,585</u>	<u>100,895</u>	<u>167,774</u>	<u>42,974</u>	<u>152,354</u>	<u>565,444</u>

(1) The exchange rates used for the conversions required by this table are those published by FEDAI for March 31, 2010: US\$1.00 = Rs. 44.90, €1.00 = Rs. 60.45, ¥1 = Rs. 0.48 and Singapore \$1.00 = Rs. 32.08.

As at March 31, 2010, 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, 2010, 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	565,444	58,861	42,585	311,643	152,354
Short-term debt obligations	59,503	59,503	—	—	—
Other liabilities ⁽¹⁾	88,175	88,175	—	—	—
Total cash obligations	713,122	206,539	42,585	311,643	152,354

(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 with whose policies the Guarantor must comply 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, 2010, 75% of the Guarantor's total debt was in floating rate i.e. Rs. 471 billion (US\$10.5 billion converted at the exchange rate of US\$1.00 = Rs. 44.90) 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 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 with whose policies the Guarantor must comply 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, 2010, 2009 and 2008, respectively, are as follows:

Currency and Interest Rate Related Risk Hedging

	As At March 31,		
	2010	2009	2008
	(Rs. in millions)		
	(Audited)		
Interest Rate Swaps	483,611	232,155	102,016
Currency Swaps	41,998	44,352	6,435
Options (net)	448,538	24,927	9,752
Forward Contracts	260,158	302,297	183,091

Commodity-related risk hedging

	As At March 31,					
	Petroleum Product Sales			Crude Oil Purchases		
	2010	2009	2008	2010	2009	2008
	(in Kilo Barrels)					
	(Audited)					
Net forward swaps	1,900	2,985	236	8,185	6,157	3,457
Futures	4,070	256	—	4,967	2,689	1,470
Spreads	9,545	1,908	475	32,141	13,424	6,345
Margin hedging	72,700	30,650	15,820	—	—	—
Net Options	1,800	9,387	18,725	12,175	10,800	1,575

FIRST QUARTER FY2011 UNAUDITED FINANCIAL RESULTS OF THE GUARANTOR

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 three months ended June 30, 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 selected financial information of the Guarantor for the three months ended June 30, 2010 ("Q1 FY2011") and June 30, 2009 ("Q1 FY2010"), which is included in this Offering Memorandum under "Selected Non-Consolidated Financial and Operating Information of the Guarantor — The Guarantor's Unaudited Quarterly Financial Data". Such financial information is unaudited.

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 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 Q1 FY2011 and Q1 FY2010

The following table sets forth the Guarantor's unaudited income statement data for each of Q1 FY2011 and Q1 FY2010 and also includes the percentage change between each quarter:

	Three Months Ended June 30,		
	2010		2009
	(Rs. in millions)	% change (Unaudited)	(Rs. in millions)
Turnover.....	610,070	88.1	324,410
Less: Excess Duty/Service Tax Recovered	27,790	121.6	12,540
Net Turnover	582,280	86.7	311,870
(Increase)/Decrease in Stock and Trade/Work in Progress.....	(16,060)	(49.1)	(31,560)
Consumption of Raw Materials	458,180	85.4	247,150
Purchases	4,740	19.4	3,970
Staff Cost.....	6,170	10.8	5,570
Depreciation.....	34,850	85.6	18,780
Other Expenditure.....	35,830	56.5	22,900
Total Expenditure	523,710	96.3	266,810
Profit from Operations Before Other Income, Interest and Tax	58,570	30.0	45,060
Other Income	7,220	1.8	7,090
Profit Before Interest and Tax	65,790	26.2	52,150
Interest and Finance Charges.....	5,410	17.6	4,600
Profit Before Tax from Ordinary Activities	60,380	27.0	47,550
Provision for Current Tax	9,870	24.8	7,910
Provision for Deferred Tax	2,000	(32.9)	2,980
Net Profit for the Period⁽¹⁾	48,510	32.3	36,660

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

Turnover

Turnover for Q1 FY2011 increased by Rs. 285,660 million, or 88.1%, to Rs. 610,070 million from Rs. 324,410 million for Q1 FY2010, principally as a result of increased overall sales volumes and higher average price realization. Turnover was significantly higher at each of the Guarantor's principal businesses, including, in particular, at Refining (which recorded Segment Revenue growth of 106.8% to Rs. 505,310 million) and Petrochemical (which recorded Segment Revenue growth of 18.8% to Rs. 139,030 million). From a low base, Oil and Gas also recorded a significant increase in Segment Revenue of 150.3% to Rs. 46,650 million, reflecting the impact of the ramp-up at the KG-D6 oil and gas project.

The Guarantor recorded a significant increase in Turnover from exports, which increased by 103.5%, in Q1 FY2011 to Rs. 328,490 million compared to Rs. 161,450 million in Q1 FY2010, as demand increased as the global economy recovered from the global recession.

Total Expenditure

Total Expenditure in Q1 FY2011 was Rs. 523,710 million, an increase of Rs. 256,900 million, or 96.3%, from Rs. 266,810 million in Q1 FY2010. The increase was principally due to higher Consumption of Raw Materials, which is the most significant component of Total Expenditure and accounted for 87.5% of Total Expenditure in Q1 FY2011 (Q1 FY2010: 92.6%).

Consumption of Raw Materials increased by Rs. 211,030 million, or 85.4%, to Rs. 458,180 million in Q1 FY2011 from Rs. 247,150 million in Q1 FY2010, principally as a result of higher crude oil prices as well as higher crude oil volumes processed at the Jamnagar Refinery II.

Depreciation

Depreciation for Q1 FY2011 increased by Rs. 16,070 million, or 85.6%, to Rs. 34,850 million from Rs. 18,780 million for Q1 FY2010, principally due to higher depletion charges in the Oil and Gas business as a result of higher production of oil and gas from KG-D6 and increased depreciation in Refining as a result of the Jamnagar Refinery II being fully operational.

Interest and Finance Charges

Interest and Finance Charges for Q1 FY2011 increased by Rs. 810 million, or 17.6%, to Rs. 5,410 million from Rs. 4,600 million for Q1 FY2010, principally due to lower capitalization of interest charges following the commissioning of the KG-D6 and Jamnagar Refinery II projects, partially offset by lower gross interest costs, which decreased by Rs. 2,520 million, or 28.2%, to Rs. 6,430 million in Q1 FY2011 from Rs. 8,950 million in Q1 FY2010, principally as a result of lower average debt for the period and lower interest rates. Interest capitalized was Rs. 3,330 million, or 76.6%, lower at Rs. 1,020 million in Q1 FY2011 than the Rs. 4,350 million in Q1 FY2010.

Taxation

Provision for Current Tax for Q1 FY2011 increased by Rs. 1,960 million, or 24.8%, to Rs. 9,870 million from Rs. 7,910 million for Q1 FY2010, principally due to a higher minimum alternate tax rate, which was increased with effect from April 1, 2010. Provision for Deferred Tax for Q1 FY2011 decreased by Rs. 980 million, or 32.9%, to Rs. 2,000 million from Rs. 2,980 million for Q1 FY2010 principally due to the commissioning of the KG-D6 oil and gas project and the Jamnagar Refinery II, which were eligible for a higher rate of tax depreciation in FY2010, their first year of operation. This led to a higher provision of deferred tax in Q1 FY2010 compared to Q1 FY2011.

Net Profit for the Period

Net Profit for the Period for Q1 FY2011 increased by Rs. 11,850 million, or 32.3%, to Rs. 48,510 million from Rs. 36,660 million for Q1 FY2010 principally due to the factors described above.

The Guarantor's Results of Operations by Segment for Q1 FY2011 and Q1 FY2010

The following table sets forth selected segmental income statement data for Q1 FY2011 and Q1 FY2010 and the percentage change between the two quarters presented:

	Three Months Ended June 30,		
	2010		2009
	(Rs. in millions)	% change (Unaudited)	(Rs. in millions)
Segment Revenue⁽¹⁾			
Oil and Gas	46,650	150.3	18,640
Refining	505,310	106.8	244,340
Petrochemicals	139,030	18.8	117,070
Others	1,070	28.9	830
Eliminations ⁽²⁾	(81,990)	45.2	(56,470)
Total	610,070	88.1	324,410
Segment Result Before Interest and Tax⁽³⁾			
Oil and Gas	19,210	90.6	10,080
Refining	20,350	56.7	12,990
Petrochemicals	20,530	(2.7)	21,090
Others	70	(22.2)	90
Total	60,160	36.0	44,250

- (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 in Q1 FY2011 increased by Rs. 28,010 million, or 150.3%, to Rs. 46,650 million from Rs. 18,640 million in Q1 FY2010, principally due to the ramp-up of production at the KG-D6 oil and gas project as well as increase in prices of oil and condensate.

Production at the KG-D6 oil and gas project in Q1 FY2011 was 304,349 tons of crude oil and 5,376 MMSCM of natural gas, which represented growth of 207% and 210%, respectively, over that of Q1 FY2010. During Q1 FY2011, the Guarantor produced 12,841 tons of gas condensate from the KG-D6 block, against no condensate production during the corresponding quarter of the previous year. Production from Panna-Mukta in Q1 FY2011 was 502 MMSCM of natural gas and reflected growth of 7% compared to Q1 FY2010, principally due to incremental production from additional wells offsetting the impact of a planned shutdown in April 2010. Crude oil production from Panna-Mukta was 403,394 tons in Q1 FY2011, which was 11% less than in Q1 FY2010, principally due to a six-day planned shutdown in Panna in April 2010 for replacement of process gas compressor engine and other miscellaneous work. During Q1

FY2011, production from Tapti was 785 MMSCM of natural gas and 42,277 tons of condensate, a decrease of 6% and 18%, respectively, from Q1 FY2010, principally due to a decline in natural 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 Q1 FY2011 increased by Rs. 260,970 million, or 106.8%, to Rs. 505,310 million from Rs. 244,340 million in Q1 FY2010. Increases in overall volumes (particularly at the Jamnagar Refinery II) and higher prices each made significant contributions to the increase in Segment Revenues.

During Q1 FY2011, the Guarantor refined 16.9 million tons of crude oil reflecting a utilization rate of 109%, compared to 12.0 million tons and a utilization rate of 77% in Q1 FY2010. During Q1 FY2011, exports were significantly higher (US\$6.3 billion or 9.5 million tons in Q1 FY2011 compared to US\$2.8 billion or 5.2 million tons in Q1 FY2010) principally due to increased export volumes from the Jamnagar Refinery II following economic recovery in the Guarantor's principal markets (the United States and Europe) for refined products.

Petrochemicals

Segment Revenue in Petrochemicals in Q1 FY2011 increased by Rs. 21,960 million, or 18.8%, to Rs. 139,030 million from Rs. 117,070 million in Q1 FY2010, primarily as a result of an increase in sales volumes coupled with a higher price realization.

Overall production of products in Petrochemicals was level at approximately 4.9 million tons, although product mix changed as a result of a higher polypropylene production on account of the fully operational SEZ Polypropylene Facility that was in start-up in Q1 FY2010. The change in product mix resulted in higher volumes of high value products, which delivered Segment Revenue growth.

Others

Segment Revenue in the Others segment in Q1 FY2011 increased marginally by Rs. 240 million, or 28.9%, to Rs. 1,070 million from Rs. 830 million in Q1 FY2010.

Segment Result Before Interest and Tax

Oil and Gas

Segment Result Before Interest and Tax in Oil and Gas for Q1 FY2011 increased by Rs. 9,130 million, or 90.6%, to Rs. 19,210 million from Rs. 10,080 million for Q1 FY2010 principally due to higher operating profit associated with increased production volumes. The benefits of higher operating profit were partly offset by higher depreciation charges.

Refining

Segment Result Before Interest and Tax in Refining for Q1 FY2011 increased by Rs. 7,360 million, or 56.7%, to Rs. 20,350 million from Rs. 12,990 million for FY2010 principally due to improvement in gross refining margins.

The Guarantor's gross refining margin for Q1 FY2011 was at US\$7.3/bbl compared to US\$6.8/bbl in Q1 FY2010. The improvement in gross refining margins was principally due to gradual economic recovery and consequential improvement in demand, especially in North America. Higher demand and

increased industrial activity resulted in stronger gasoil cracks across regions. The gross refining margins were further supported by the widening of differential between light and heavy crude oil, in turn due to increased demand for lighter products, lower compliance from OPEC countries and weaker fuel oil demand.

Benefiting from the widening of the light-heavy crude oil differential, the Guarantor reported higher premium of US\$3.6/bbl in its gross refining margins over the average Singapore complex gross refining margins, as calculated by Reuters, in Q1 FY2011. This compared with an average premium of US\$2.7/bbl realized during Q1 FY2010. 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 Q1 FY2011 decreased by Rs. 560 million, or 2.7%, to Rs. 20,530 million from Rs. 21,090 million for Q1 FY2010 principally due to significantly lower margins relating to production of propylene partly offset by incremental polypropylene production at Jamnagar Refinery II.

Others

Segment Result Before Interest and Tax in the Others segment for Q1 FY2011 decreased marginally by Rs. 20 million, or 22.2% to Rs. 70 million from Rs. 90 million for Q1 FY2010.

Net Debt and Capital Expenditure

As at June 30, 2010, the Guarantor's outstanding debt was Rs. 734,216 million, or US\$15.8 billion (converted at the exchange rate of US\$1.00 = Rs. 46.445), compared to Rs. 624,947 million or US\$13.9 billion as at March 31, 2010 (converted at the exchange rate of US\$1.00 = Rs. 44.90). The increase was principally due to the issuance of Rs. 5,000 million non-convertible debentures, depreciation of the rupee against the US dollar and drawdowns under working capital facilities leading to higher short-term borrowings. As at June 30, 2010, the Guarantor had Cash and Cash Equivalents of Rs. 264,072 million, or US\$5.7 billion (converted at the exchange rate of US\$1.00 = Rs. 46.445), principally held in fixed deposits, certificates of deposits with banks, mutual funds and Government securities and bonds issued by highly rated corporates (June 30, 2009: Rs. 220,842 million). Accordingly, the Guarantor had net debt as at June 30, 2010 of Rs. 470,144 million, or US\$10.1 billion (converted at the exchange rate of US\$1.00 = Rs. 46.445), (June 30, 2009: Rs. 507,506 million).

Capital expenditure, on a cash basis, for Q1 FY2011 was Rs. 54,350 million (Q1 FY2010: Rs. 46,750 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 June 30, 2010 on a non-consolidated basis. You should read the following table together with "Operating and Financial Review of the Guarantor", "First Quarter FY2011 Unaudited Financial Results of the Guarantor", "Description of the Notes and Guarantees", the Annual Financial Statements and "Selected Non-Consolidated Financial and Operating Data of the Guarantor" (including as at June 30, 2010) included herein.

	As at June 30, 2010	As at June 30, 2010 ⁽¹⁾⁽²⁾
	(US\$ in millions) ⁽⁴⁾	(Rs. in millions)
	(Unaudited)	(Unaudited)
Indebtedness:		
Short-term debt	3,281	152,374
Long-term debt	12,528	581,842
Total indebtedness⁽³⁾	<u>15,808</u>	<u>734,216</u>
Shareholders' Equity:		
Equity Shares	704	32,707
Equity share application monies	0	8
Reserves and surplus	29,738	1,381,165
Total shareholders' equity	<u>30,442</u>	<u>1,413,880</u>
Total indebtedness and shareholders' equity	<u><u>46,250</u></u>	<u><u>2,148,096</u></u>

- (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 June 30, 2010.
- (3) As of June 30, 2010, the Guarantor's secured and unsecured debt totaled Rs. 171,209 million and Rs. 563,007 million, respectively. For more information regarding the Guarantor's secured and unsecured debt, see "Operating and Financial Review of the Guarantor".
- (4) Rupee amounts as at June 30, 2010 were converted to US dollars at the exchange rate of US\$1.00 = Rs. 46.445. The translation into US dollars is for convenience only.

BUSINESS OF THE GUARANTOR

General

The Guarantor is an integrated energy company with 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, 2010. Its operations are divided into three principal business segments: (i) exploration, development, and production of oil and natural gas, (ii) refining and marketing of petroleum products and (iii) petrochemicals, including the manufacturing and marketing of polymers, polyester, polyester intermediates and chemicals.

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 Colombia, Peru, Yemen, Oman, Kurdistan (Iraq), East Timor 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. See "The Issuer — Business".

In the fiscal year ended March 31, 2010, the Guarantor was the largest exporter in India with exports of Rs. 1,102 billion, representing 13.0% of India's total exports (source: www.commerce.nic.in) and 55.0% of the Guarantor's Turnover.

The following table shows a breakdown of the Guarantor's Turnover and Profit Before Tax by financial reporting segment for FY2010, FY2009 and FY2008 and unaudited Turnover and Profit Before Tax for Q1 FY2011 and Q1 FY2010, respectively.

	Oil and Gas	Refining	Petrochemicals	Others	Eliminations ⁽¹⁾	Total
	(Rs. in millions)					
Segment Revenue ⁽²⁾						
(audited) for the Year Ended March 31,						
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
2008	27,020	1,007,430	530,000	7,780	(179,535)	1,392,695
Segment Result Before Interest and Tax ⁽³⁾ (audited) for the Fiscal Year Ended March 31,						
2010	54,130	60,110	85,810	430	—	200,480
2009	22,240	97,900	68,480	380	—	189,000
2008	15,030	103,320	71,130	400	—	189,880
Segment Revenue ⁽²⁾						
(unaudited) for the Three Months Ended June 30,						
2010	46,650	505,310	139,030	1,070	(81,990)	610,070
2009	18,640	244,340	117,070	830	(56,470)	324,410
Segment Result Before Interest and Tax ⁽³⁾ (unaudited) for the Three Months Ended June 30,						
2010	19,210	20,350	20,530	70	—	60,160
2009	10,080	12,990	21,090	90	—	44,250

(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. 158.5 billion in the fiscal year ended March 31, 2000 to Rs. 2,004 billion in the fiscal year ended March 31, 2010, representing a CAGR of approximately 29%. The Guarantor has also seen Profit Before Tax rise during this period from Rs. 24.6 billion to Rs. 205.5 billion, representing a CAGR of approximately 24%. Although the Guarantor's core business segments of Petrochemicals and Refining accounted for approximately 94% of Segment Revenue Before Eliminations for the fiscal year ended March 31, 2010 (fiscal year ended March 31, 2009: 98%), management believes that the Guarantor's efforts in other sectors, such as exploration, development and production of oil and gas, will contribute a larger share to the Guarantor's earnings within the next few years.

As of June 30, 2010, the Guarantor's foreign currency debt was rated Baa2 by Moody's and BBB 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 recently amended. 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 June 30, 2010, had a network of more than 1,000 stores in 85 cities across 14 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 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).

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. In the Guarantor's principal businesses of Refining, Petrochemicals and Oil and Gas, it has leading positions and a strong platform for future growth.

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 petrochemical and polyester chain. According to PCI, Reliance is the largest producer of polyester fiber and yarn, and according to CMAI, Reliance is the fourth largest producer of paraxylene and the fifth largest producer of polypropylene in the world. In the Oil and Gas business, the Guarantor is the largest natural gas producer in India, and 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 and the Guarantor estimates the field has the potential to account for 40% of India's natural gas production, when fully operational.

Outside India, the Guarantor, through its subsidiaries, currently has 14 blocks in seven countries 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 in the organized retail sector and has begun to build a pan-India wireless broadband business.

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 to access capital at attractive terms. As of March 31, 2010, the Guarantor's total debt to EBITDA ratio was 1.9. In addition, as of March 31, 2010, the Guarantor had Cash and Cash Equivalents of US\$4.9 billion (converted at the exchange rate of US\$1.00 = Rs. 44.90).

According to Fortune, a leading international publication, the Guarantor was ranked 175th among Fortune Global 500 companies in terms of revenues and 100th among Fortune Global 500 companies in terms of net earnings in 2009. According to Fortune, the Guarantor is ranked 43rd in Asia in terms of revenue and is also among the top 50 fastest growing companies in the world.

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 past year alone, 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 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 over 1.5 million tons per annum of olefins capacity with matching downstream capacities;
- PET complex with a capacity of 540,000 tons per annum;
- polyester filament yarn plant with a capacity of 360,000 tons per annum;
- 1.4 million tons per annum of paraxylene capacity; and
- 2.3 million tons per annum of new purified terephthalic acid capacity.

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 recently 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 6.7% in the year ended March 31, 2009, to an estimated 7.4% in the year ended March 31, 2010. 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 areas of growth and building them into global-sized, world-class operations by leveraging its core competitive strengths for sustained superior value. The Guarantor's entry into new growth area of organized retail and the newly identified growth area of wireless broadband services 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 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.

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. The Guarantor believes that all injuries, occupational illness as well as safety and environmental incidents are preventable. 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.

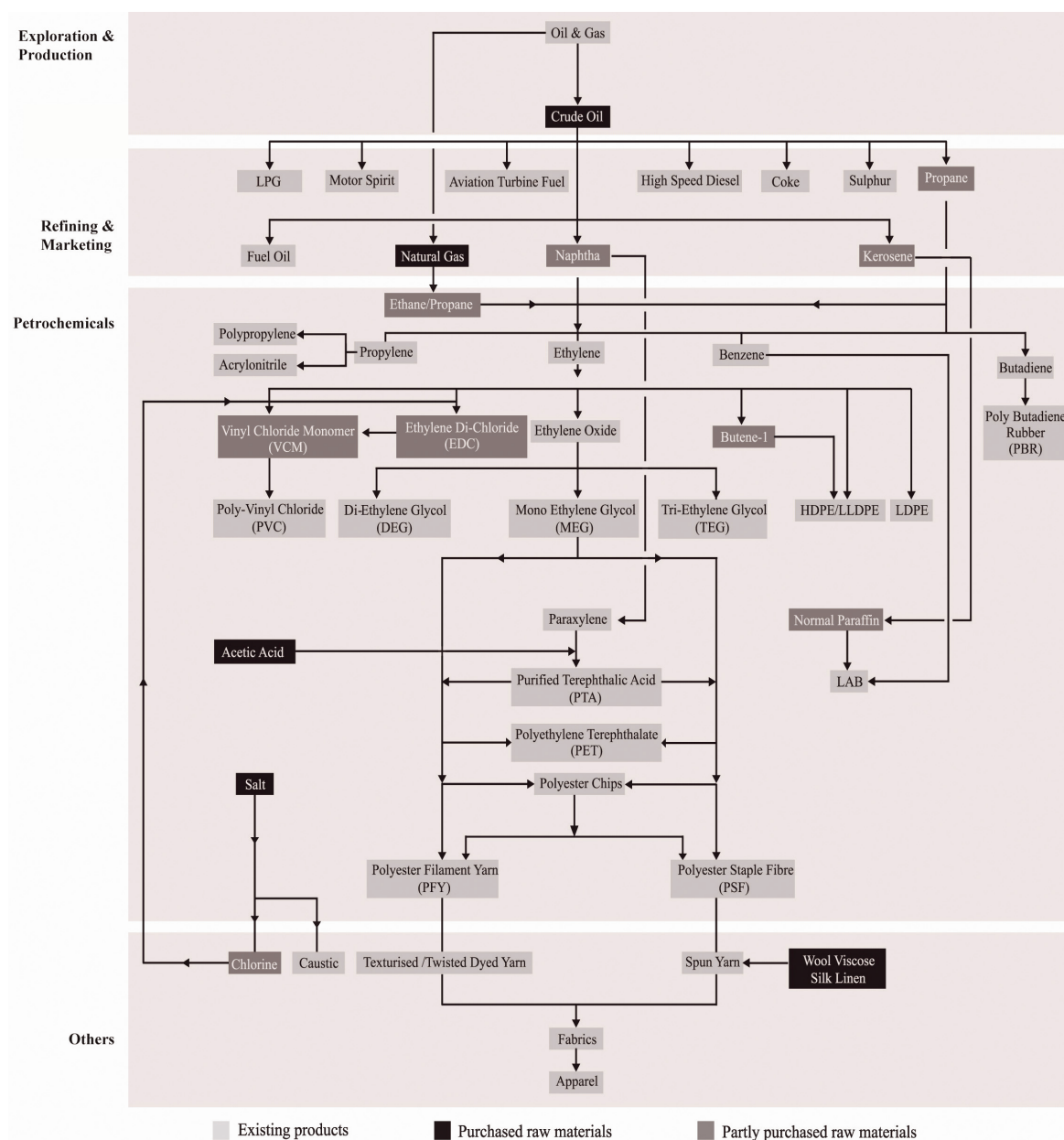
Continue to focus on process and management innovation

The Guarantor has traditionally focused on innovation in most areas of its activities and has had success in the areas of process innovation, business model innovation and management innovation. The Guarantor was ranked 15th among the top 50 innovative companies in the world by Business Week, a leading US magazine, in 2009 and 19th in the same survey in 2008. 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 cyclicity 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, 2010, the Guarantor generated 5% 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 2% and 12%, respectively, in the fiscal year ended March 31, 2009.

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 29 domestic exploration blocks (under the NELP), 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 290,633 square kilometers as at March 31, 2010. The Guarantor is the operator in most of its domestic blocks. The Guarantor currently has:

- 90% 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 28 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;
- 14 blocks in its international exploration and production portfolio, including three in Peru, three in Yemen (one producing and two exploratory), two each in Oman, Kurdistan (Iraq) and Colombia, and one each in East Timor and Australia, amounting to a total acreage of approximately 102,000 square kilometers; and
- through the Issuer’s subsidiaries, interests in four joint ventures holding acreages 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, 2010, 2009 and 2008.

Oil ⁽¹⁾	Year Ended March 31,		
	2010	2009	2008
	(in KT, except percentages)		
Total production in India ⁽²⁾	33,688	34,118	33,506
Guarantor's share of production meant for sale	1,022	683	643
Guarantor's percentage share of production	3%	2%	2%

(1) Includes condensates.

(2) Source: Indian Ministry of Petroleum and Natural Gas website.

Natural gas	Year Ended March 31,		
	2010	2009	2008
	(in MMSCM, except percentages)		
Total production in India ⁽¹⁾	47,573	32,849	32,417
Guarantor's share of production ⁽²⁾	14,549	1,762	1,617
Guarantor's percentage share of production	30%	5%	5%

(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:

	Participating Interest	Date of Commencement of Production	Production Average At March 31, 2010	
			Oil ⁽¹⁾ (KT)	Gas ⁽²⁾ (MMSCMD)
Panna-Mukta	30%	December 1994	4.9	5.4
Tapti	30%	June 1997	0.5	8.5
KG-D6	90%	April 2009	1.4	39.4

(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 14.0 billion cubic meters of gas, contributing significantly to the country's critical industrial sectors. As at March 31, 2010, the production rate was approximately 60 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 with a 90% 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, 2010, the Panna-Mukta fields produced 1.8 million tons of crude oil and 1,965 million metric standard cubic meters of gas compared to 1.6 million tons of crude oil and 1,668 million metric standard cubic meters of gas produced during the fiscal year ended March 31, 2009. The Tapti field produced 187,000 tons of condensate and 3,102 million metric standard cubic meters of gas during the fiscal year ended March 31, 2010 compared to 271,570 tons of condensate and 4,205 million metric standard cubic meters of gas produced during the fiscal year ended March 31, 2009. 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, 2010. The Guarantor has submitted a development plan for two blocks and is awaiting the requisite approvals from the Government.

Other NELP Blocks. The Guarantor currently has another 28 blocks with participating interests ranging from 40% to 100% in each of these blocks, secured in the NELP process. 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-kilometre 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 is currently transporting approximately 60 MMSCMD. 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, which are considerably lower than international market 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 2010, India’s per capita energy consumption is 411 kilograms of oil equivalent as against the world average of 1,667 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 four fold by 6% per year until 2032, from 469 million tons of oil equivalent in 2009, to approximately 1,856 million tons of oil equivalent by 2032. However, India depends largely on imports, with over 75% of oil and 24% of gas consumption imported. According to BP Statistical Review 2010, natural gas constitutes 24% of the energy basket globally, while in India it accounts for 10%. 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 23% in Japan in 2009.

International

Overseas Blocks. The Guarantor, through its subsidiaries, currently has interests in exploration of 14 overseas blocks, including three in Peru, three in Yemen (one producing and two exploratory), two each in Oman, Kurdistan (Iraq) and Colombia, and one each in East Timor and Australia, amounting to a total acreage of over 102,000 square kilometers. Except for one producing block in Yemen, all these blocks are under exploration. Average production for the quarter ended June 30, 2010 at the Yemen Block 9 was approximately 4,600 barrels per day.

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”.

Recent Developments

In April 2010, the Issuer, through its subsidiary, Reliance Marcellus LLC, entered into a joint venture with Atlas, one of the leading gas producers in the Marcellus Shale. Pursuant to the joint venture agreement, the Issuer acquired a 40% interest in Atlas’ core Marcellus Shale acreage position and became a partner in approximately 300,000 net acres, as reported by Atlas, of undeveloped leasehold in the core area of the shale for an upfront acquisition cost of US\$339 million and an additional US\$1.4 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 subsidiaries, acquired a 40% interest in 43,000 net acres and, accordingly, currently holds interests in 343,000 net acres.

In June 2010, the Issuer, through an indirect wholly owned subsidiary, Reliance Eagleford Upstream Holding LP, entered into a joint venture with Pioneer to develop 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 (118,000 net acres) in Pioneer’s core Eagle Ford Shale acreage from Pioneer and Newpek LLC, Pioneer’s current partner. Reliance Eagleford Upstream Holding LP will pay a total

consideration of US\$1.3 billion for its implied share of 118,000 net acres, comprising US\$263 million of upfront cash and US\$1.1 billion of drilling carry obligations. In addition, the Issuer, through another subsidiary, executed definitive agreements with Pioneer to form a separate midstream joint venture that will service the 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 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. Pursuant to the joint venture agreements, Reliance Marcellus II, LLC acquired 100% of Avista's interest and 20% of Carrizo's interests in the existing joint venture. Reliance Marcellus II, LLC and Carrizo thus currently own 60% and 40% interests, respectively, in a newly formed joint venture between the companies. 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. 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.

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 British Gas, Cairn Energy India Limited and Niko Resources Limited. The Guarantor faces similar competition for acquisition of exploration and production acreages internationally.

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, 2010, the Guarantor generated 71% of its Segment Revenue Before Eliminations and 30% of its Segment Result Before Interest and Tax from its Refining business, compared to 66% and 52%, respectively, in the fiscal year ended March 31, 2009.

Overview

The petroleum refining industry in India primarily comprises public sector companies. India has 20 operating refineries with an aggregate capacity of 180 million tons a year, according to the Indian Ministry of Petroleum and Natural Gas data as of September 2010.

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, 2010, the capacity utilization rate of the refineries was 98.3%.

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 desulphurisation capacity can achieve higher yields of higher value-added refined petroleum products by processing heavier crude oil qualities than refineries with lower conversion and desulphurisation 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, 2010, 2009 and 2008.

	Year Ended March 31,					
	2010 ⁽¹⁾		2009		2008	
	Capacity		Capacity		Capacity	
	Crude Refined	Utilization ⁽²⁾	Crude Refined	Utilization ⁽²⁾	Crude Refined	Utilization ⁽²⁾
	(in million tons)		(in million tons)		(in million tons)	
Jamnagar refineries ⁽¹⁾	61.1	98.3%	32.0	97.0%	31.8	96.4%

(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. The most recent partial shutdown for planned maintenance was undertaken in July 2009 in the Jamnagar Refinery I. All the refinery units that were shut down for maintenance are now operating satisfactorily.

Procurement of Crude Oil

The Guarantor obtains a substantial part of its crude oil feedstock from suppliers in the Arabian Gulf region and the balance from suppliers in South America, West Africa, the Red Sea and Mediterranean regions. 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.

The price of crude oil is extremely volatile and vulnerable to geopolitical events around the globe. The Guarantor seeks to mitigate its price exposure through risk management strategies including margin and basis risk hedgings. See "Risk Factors — 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 70% of requirements) and spot supply contracts (typically 30 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 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 margins in its refined products. In the fiscal year ended March 31, 2010, 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 (approximately two-thirds in FY2009). From time to time, the Guarantor opportunistically trades oil it has purchased for consumption where differences in pricing and availability make it advantageous to do so and 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, 2010, the Guarantor sold 20.9% (fiscal year ended March 31, 2009: 8.8%) of its refinery production in the domestic market and exported 54.2% of its production (fiscal year ended March 31, 2009: 64.4%), or 32.8 million tons (fiscal year ended March 31, 2009: 22.7 million tons). During the fiscal year ended March 31, 2010, the Guarantor used 13.6% of refinery production for captive purposes primarily as feedstock for the Guarantor's other plants (fiscal year ended March 31, 2009: 18.0%) and the remaining 11.3% represented sales of other miscellaneous products (fiscal year ended March 31, 2009: 8.8%).

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 subsidizing only the state-owned oil companies, the Guarantor had to close most of its outlets. The Guarantor diverted product 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, 2010, had 1,429 outlets, of which currently 686 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 39,431.

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, 2010, these government-controlled oil companies together had approximately 98% 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, 2010, the Guarantor generated 24% of its Segment Revenue Before Eliminations and 43% of its Segment Result Before Interest and Tax from its Petrochemical business, compared to 32% and 36%, respectively, in the fiscal year ended March 31, 2009.

The table below shows the Guarantor's production of principal petrochemicals and chemicals products over the past three fiscal years.

	Year Ended March 31,		
	2010	2009	2008
	(in KT)		
Polymers	4,091	3,076	3,374
Polyester	1,666	1,534	1,572
Polyester intermediates	4,619	4,583	4,714

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 Petrochemical 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, 2010.

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 avoid 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 the Guarantor's 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, 2010 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, 2010 was 1.1 million tons per year.

According to CMAI, the Guarantor holds a 43% capacity share of the Indian polyethylene market, a 78% share of the Indian polypropylene market and a 48% capacity share of the Indian polyvinyl chloride market. The next closest market shares in these sectors are estimated to be 25%, 11% and 20%, respectively. Overall, as per CMAI, the Guarantor holds more than a 60% capacity share of the Indian polymers (PP, PE and PVC) market, with the remaining market share predominantly held by smaller regional producers and importers.

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, 2010, 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, 2010, the Guarantor exported approximately 60% 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 2.2 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 73 thousand tons in the fiscal year ended March 31, 2010.

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, 2010, the Guarantor's polyester production volume totaled 1,666 KT, an increase of 8.6% from 1,534 KT in the fiscal year ended March 31, 2009. The Guarantor estimates that it has a domestic market share of 32% in polyester filament yarn and 65% in polyester staple fiber, with the next competitor having a market share of approximately 9% in polyester filament yarn and 20% 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 CMAI, the Guarantor has a 53% capacity share in purified terephthalic acid and 67% capacity share of the monoethylene glycol/ethylene oxide 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 over 1.5 million tons per annum of olefins capacity with matching downstream capacities;
- PET complex with a capacity of 540,000 tons per annum;
- polyester filament yarn plant with a capacity of 360,000 tons per annum;
- 1.4 million tons per annum of paraxylene capacity; and
- 2.3 million tons per annum of new purified terephthalic acid capacity.

The Guarantor estimates this expansion would require material capital expenditure once the project begins. 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".

Competition

The Guarantor faces competition in its petrochemical 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, 2010, the Guarantor generated 0.2% of its Segment Revenue Before Eliminations and 0.2% of Segment Results Before Interest and Tax from other business activities, compared to 0.3% and 0.2%, respectively, in the fiscal year ended March 31, 2009. 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, broadband wireless telecommunication 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 1,000 stores in 85 cities across 14 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, 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), 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 currently has six million participating customers.

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.

Haryana Special Economic Zone

To develop industrial infrastructure and support economic growth, the Guarantor has established Reliance Haryana SEZ Limited, a joint venture between Reliance Venture Limited (a subsidiary of the Guarantor) and Haryana State Industrial Development Corporation Limited (a Government of Haryana company), created to establish a large-scale integrated economic enclave over 25,000 acres as an SEZ.

The Guarantor has purchased approximately 9,600 acres of land and has also obtained various approvals from the Government of Haryana and the Government to establish the SEZ.

The Guarantor is currently seeking an approval from the Government of Haryana to undertake flexible development of the project as an integrated industrial enclave with all the requisite facilities, such as logistics hubs and other infrastructure ensuring sustainable development of medium- and large-scale industries and service activities with sufficient provision for future growth and expansion.

Reliance Solar

The solar energy initiative of the Guarantor aims to develop solar energy systems and solutions primarily for remote and rural areas in India and bring about a transformation in the quality of life in those areas. As part of this initiative, Reliance Solar is developing and offering a range of products, systems and solutions — from solar lanterns, home lighting systems, street lighting systems, water purification systems, refrigeration systems to solar air conditioners based on solar energy. These products, systems and solutions are part of the downstream component of the solar value chain.

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 fibre intermediate manufacturing facility at Jamnagar;
- onshore gas processing and terminal supporting the off-shore 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, 2010, the Guarantor's total number of employees was 23,365. The total number of employees as at March 31, 2009 and 2008 were 24,679 and 25,487, 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 Reliance. 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 entails setting up of 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 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, 2010, 2009 and 2008 was Rs. 3,450 million, Rs. 3,370 million and Rs. 3,080 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.

Securities and Exchange Board of India Proceedings

On April 29, 2009, the Securities and Exchange Board of India ("SEBI") issued a show cause notice to the Guarantor. The show cause notice alleged certain contraventions of Regulations 3(a) to 3(d), Regulation 4(1), Regulation 4(2)(d) and Regulation 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 Guarantor's trades in the shares of Reliance Petroleum Limited, namely that the Guarantor gained on its short positions in the derivatives segment of the stock exchange market in alleged violation of the gross open position limits set by SEBI. Subsequently, the show cause notice was amended by a letter dated October 8, 2009 issued by SEBI which alleged violation of unspecified provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 by the Guarantor, and called upon the Guarantor to show-cause as to why appropriate directions under the previously mentioned regulations should not be issued against the Guarantor. The Guarantor responded to the allegations raised in the show cause notice, as subsequently amended, by way of a letter dated November 3, 2009 denying all the allegations. No personal hearing has been held so far in connection with this matter and this matter is currently pending.

SEBI, by its letter dated April 16, 2010, alleged that the issue of 120,000,000 equity shares of the Guarantor 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 by the promoters of the Guarantor and the Subscribing Entities. SEBI has sought an explanation from the Guarantor 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 the Guarantor during 1999-2000. The Guarantor 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. The Guarantor has not received any further communication from SEBI with respect to this matter.

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 has exercised his discretion to file an appeal of such exoneration before the Foreign Exchange Appellate Board. The appeal is pending adjudication.

Criminal Proceeding

The Central Bureau of Investigation has 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".

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 44.8% of the Guarantor's issued equity shares as at March 31, 2010 (47.2% of the voting rights).

As of the date of this Offering Memorandum, the Board consists of the following members:

Name	Age	Position	Date Appointed
Mukesh D. Ambani.....	53	Chairman and Managing Director	4/1/1977 ⁽¹⁾
Nikhil R. Meswani	44	Executive Director	6/26/1986
Hital R. Meswani.....	42	Executive Director	8/4/1995
P.M.S. Prasad.....	58	Executive Director	8/21/2009
Pawan Kumar Kapil	65	Executive Director	5/16/2010
Ramniklal H. Ambani.....	85	Non-Executive Non-Independent Director	1/11/1977
Mansingh L. Bhakta	78	Independent Director	9/27/1977
Yogendra P. Trivedi	81	Independent Director	4/16/1992
Dr. Dharam Vir Kapur	81	Independent Director	3/28/2001
Mahesh P. Modi.....	70	Independent Director	3/28/2001
Prof. Ashok Misra	63	Independent Director	4/27/2005
Prof. Dipak C. Jain.....	53	Independent Director	8/4/2005
Dr. Raghunath A. Mashelkar	67	Independent Director	6/9/2007

(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*. Age 53. 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 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 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 became a Council Member of the World Business Council for Sustainable Development ("WBCSD") in 2007. He has been elected as Vice Chairman of the WBCSD Executive Committee in 2008. 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 Council on Foreign Relations, 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 Governing Board of Public Health Foundation of India, and a member of the Advisory Board of D.E. Shaw India Advisory Services Private Limited.

Nikhil R. Meswani, *Executive Director*. Age 44. 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 Fibre Industry and the Chairman of the Asian Chemical Fibre Industries Federation. He is also a member of the Young Presidents' Organisation.

Hital R. Meswani, *Executive Director*. Age 42. 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*. Age 58. Mr. Prasad has worked at the Guarantor for 29 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 Oil and Gas 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.

Pawan Kumar Kapil, *Executive Director*. Age 65. Mr. Kapil joined the Guarantor in 1996. He started his career in 1966 with Indian Oil Corporation and has more than 40 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*. Age 85. 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*. Age 78. Mr. Bhakta is a senior partner of the law firm Kanga & Company in Mumbai. He has been practicing law for over 52 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*. Age 81. 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 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 Sai Service Station Limited and Trivedi Consultants Private Limited. He is a Director of Colosseum Sports & Recreation International, The Supreme Industries Limited, Birla Power Solutions Limited, The Zandu Pharmaceutical Works Limited, Zodiac Clothing Company Limited, Seksaria Biswan Sugar Factory Limited, New Consolidated Construction Company Limited, Birla Cotsyn (India) 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*. Age 81. Dr. Kapur has broad experience in 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*. Age 70. Mr. Modi holds an M.Sc. (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*. Age 63. Prof. Misra holds a B. Tech. Degree in Chemical Engineering from IIT Kanpur. He obtained his Ph.D. in Polymer Science & Engineering from the University of Massachusetts and an M.S. 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 is on the Board of Rashtriya Chemicals & Fertilizers Limited and was on the Board of National Thermal Power Corporation Limited for six years. He has co-authored a book on polymers, was awarded six patents and has over 100 international publications.

Prof. Dipak C. Jain, *Independent Director*. Age 53. Prof. Jain holds an M.S. in Mathematical Statistics from Gauhati University. He holds a Ph.D. in Marketing and an M.S. in Management Science from the University of Texas. Since July 2001, Prof. Jain has been the Dean of the Kellogg School of

Management at Northwestern University. He is a member of the American Marketing Association and the Institute of Management Services. He is also a Director of John Deere & Company, Hartmarx Corporation 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. Age 67. Dr. Raghunath Anant Mashelkar holds a Ph.D. 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 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 ICICI 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 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.

Six meetings of the Audit Committee were held during the fiscal year ended March 31, 2010.

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 fiscal year ended March 31, 2010.

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.

One meeting of the Employees Stock Compensation Committee was held during the fiscal year ended March 31, 2010.

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/issuing letter of comforts.

Five meetings of the Finance Committee were held during the fiscal year ended March 31, 2010.

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.

Four meetings of the Health, Safety and Environment Committee were held during the fiscal year ended March 31, 2010.

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.

Six meetings of the Shareholders'/Investors' Grievance Committee were held during the fiscal year ended March 31, 2010.

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.

Two meetings of the Remuneration Committee were held during the fiscal year ended March 31, 2010.

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. Age 53. 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 R. Ravi Mohan, (since deceased), the Executive Directors are 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, 2010:

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	56.0	46.4	150.0	Nil
Nikhil R. Meswani	10.4	14.5	10.5	76.0	111.4	Nil
Hital R. Meswani.....	10.4	14.5	9.5	77.0	111.4	Nil
Hardev Singh Kohli.....	4.3	7.6	1.3	—	13.2	Nil
P.M.S. Prasad.....	5.3	8.3	1.7	—	15.3	Nil
R. Ravimohan (since deceased).....	2.2	4.8	0.7	—	7.7	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, 2010:

Name of the Non-Executive Director	Sitting Fee	Commission	Total
	(Rs. in thousands)		
Ramniklal H. Ambani.....	140	2,100	2,240
Mansingh L. Bhakta	300	2,100	2,400
Yogendra P. Trivedi	480	2,100	2,580
Dr. Dharam Vir Kapur.....	320	2,100	2,420
Mahesh P. Modi.....	240	2,100	2,340
S. Venkitaramanan	40	700	740
Prof. Ashok Misra	80	2,100	2,180
Prof. Dipak C. Jain.....	100	2,100	2,200
Dr. Raghunath A. Mashelkar	180	2,100	2,280
Total.....	1,880	17,500	19,380

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 at March 31, 2010, the aggregate amount of outstanding loans extended by the Guarantor to its employees was Rs. 322.4 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, 2010, the Guarantor paid Rs. 4.2 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, 2010, 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 at June 30, 2010, the Guarantor's promoters and persons acting in concert (the "Promoter Group") with them held approximately 44.8% 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 5.3% of the Guarantor's issued equity shares as at June 30, 2010. 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 47.2% of equity capital that carries such voting rights and may be exercised.

In addition to the foregoing, as at June 30, 2010, the Life Insurance Corporation of India held 6.9% 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 0.14% of the Guarantor's issued equity shares as at June 30, 2010.

RELATED PARTIES TRANSACTIONS

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. These transactions are pursuant to terms that are no less favorable than those arranged with third parties.

During the fiscal year ended March 31, 2010, the Guarantor made payments to key managerial personnel (Mukesh D. Ambani, Nikhil R. Meswani, Hital R. Meswani, H.S. Kohli, P.M.S. Prasad and R. Ravimohan (since deceased)) of Rs. 409 million (2009: Rs. 382.1 million) and donations to the Dhirubhai Ambani Foundation of Rs. 163 million and Jamnaben Hirachand Ambani Foundation of Rs. 13.0 million (2009: Rs. 354.7 million and Rs. 0.4 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 Annual 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 includes 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, 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;

- 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 profit petroleum based on an 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; and
- 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 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, 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 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, up to six month extensions 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 regulation, 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 notified 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 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 Labor (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 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 and sales tax.

The Guarantor provided for a current corporate tax liability of Rs. 31.1 billion on its profits for the fiscal year ended March 31, 2010 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% from 15% with effect from April 1, 2010.

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 on inputs and capital goods purchased by the Guarantor, subject to fulfillment of certain conditions, the tax on which it is permitted to reclaim to discharge excise duty liabilities on finished goods.

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, have 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. 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 production sharing contract by the Government, crude oil cess is payable at the rates specified in the production sharing contract. All licences 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 required to pay crude oil cess, at the rate of Rs.900 per tonne of crude oil produced from the fields.

Service Tax

Currently, service tax is levied at the rate of 10% plus an education tax of 2% and a secondary and higher education tax 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.

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 and local levels. Environmental and other governmental laws and regulations are complex, change frequently and tending 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 to comply, or incur liability for personal injuries, property damage and other damages or liabilities, including resulting from clean-up costs. 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 the Federal Water Pollution Control 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;

- the RCRA, and comparable state laws that impose requirements for the handling and disposal of waste, including produced waters, from the Issuer's facilities; and
- the CERCLA, and comparable state laws 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 two companion bills known as the "Fracturing Responsibility and Awareness of Chemicals Act," or FRAC Act, that would amend the US Safe Drinking Water Act 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 publically available. The availability of this information could make it easier for third parties opposing hydraulic fracturing to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. In addition, some state and local governments 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 environmentally sensitive areas such as watersheds.

The US Environmental Protection Agency (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 is also conducting an investigation of hydraulic fracturing practices. Consequently, even if the FRAC Act is not enacted, the performance of these studies could trigger future regulation of hydraulic fracturing at the federal, state or local level.

In addition, the US Congress is also currently considering new legislation to regulate emissions of greenhouse gases, such as carbon dioxide and methane, that are understood to contribute to global warming. For example, the US House of Representatives passed the "American Clean Energy and Security Act of 2009" which, if passed into law, would establish an economy-wide "cap-and-trade" program to reduce US emissions of greenhouse gases by 17% from 2005 levels by 2020 and just over 80% from 2005 levels by 2050. The US Senate has been considering a number of comparable measures with similar reduction targets. The Obama Administration has indicated its support of legislation to reduce greenhouse gas emissions through an emission allowance system. 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 cap 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", which sets forth criteria for determining which stationary sources are required to obtain permits to construct, modify or operate on account of, and to implement the best available control technology for, their greenhouse gas emissions pursuant to the CAA Prevention of Significant Deterioration and Title V operating permit programs. Under the tailoring rule, permitting requirements will be phased in through successive steps that expand the scope of covered sources over time. In addition, beginning in 2011, the EPA will require the reporting of greenhouse gas emissions from specified large sources in the United States for emissions occurring in the prior calendar year. There are several proposals pending that could expand the scope of these reporting requirements in subsequent years, including as they relate to certain upstream oil and gas facilities.

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 statutes 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 June 30, 2010, the Guarantor had total debt of Rs. 734,216 million, or US\$15.8 billion (converted at the exchange rate of US\$1.00 = 46.445), compared to Rs. 624,947 million as at March 31, 2010. Approximately 76% of the Guarantor's total debt as at June 30, 2010 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 March 31, 2010) 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 October 7, 2005 and August 29, 2008. The total amount outstanding under such facilities was US\$7.1 billion (Rs. 330.2 billion) as at June 30, 2010 (converted at the exchange rate of US\$1.00 = 46.445). Of the total amount outstanding as at June 30, 2010, US\$0.72 billion (Rs. 33.5 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 = 46.445).

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 2.15% per annum). The facilities mature between October 12, 2010 and May 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.

In addition, on August 29, 2010, the Guarantor entered into a US\$1 billion facility agreement, which has a US\$500 million 5-year bullet tranche and a US\$500 million 7-year bullet tranche. Borrowings under the facility agreement bear interest at a rate equal to the sum of applicable LIBOR or equivalent benchmark plus a margin of 1.45% per annum for the 5-year tranche and a margin of 1.70% per annum for the 7-year tranche, respectively.

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\$1.9 billion as at June 30, 2010. 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.

JPY Notes

On March 29, 2006, the Guarantor issued ¥17.5 billion principal amount of 2.86% Notes due 2016 (US\$197 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\$124 million) 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 8.50% per annum, is repayable in 32 quarterly installments commencing July 2, 2010 and matures on April 2, 2018. The agreement contains certain customary negative and affirmative covenants and events of default. The balance drawn as at June 30, 2010 was Rs. 406 million (US\$9 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 billion (US\$2.3 billion) as at June 30, 2010. These secured redeemable non-convertible debentures bear interest between 6.25% and 11.90%, mature between 2010 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.

Secured Term Loans

The Guarantor is party to two secured term loan agreements. The loans are denominated in rupees and were originally provided to RPL, which was amalgamated with the Guarantor effective as of April 2008. The loans bear interest at a rate between 6.78% and 9.50% per annum, are repayable in 28 equal quarterly installments commencing on December 31, 2010 and mature on September 30, 2017. The loans are secured against the movable and immovable properties of the Jamnagar Refinery II. The amount drawn under the loans as at June 30, 2010 was Rs. 5.7 billion (US\$124 million) (converted at the exchange rate of US\$1.00 = 46.445). The secured term loan agreements contain customary covenants and events of default.

DESCRIPTION OF THE NOTES AND GUARANTEES

The Notes are to be issued under a Fiscal Agency Agreement (the “Fiscal Agency Agreement”) to be 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 two series and will mature on October 19, 2020 (in the case of the 2020 Notes) and October 19, 2040 (in the case of the 2040 Notes). The aggregate principal amount of the 2020 Notes will be US\$1,000,000,000 and the aggregate principal amount of the 2040 Notes will be US\$500,000,000. The Notes will bear interest at the respective rates per annum shown on the front cover of this Offering Memorandum from and including October 19, 2010 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, payable semiannually in arrears on April 19 and October 19 of each year, commencing and including April 19, 2011, 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 April 4 and October 4, 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 or any 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 interest payment date or principal payment date, as the case may be. 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. 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 or The City of New York (and in the city where the relevant paying agent is located). Provided that 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. 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 at least equally with all its other existing and future unsecured and unsubordinated obligations.

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 and unsecured (subject to the negative pledge covenant) 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 at least equally with all its other existing and future unsecured obligations and will be effectively subordinated to the secured obligations of the Guarantor and the obligations of its subsidiaries. See “Enforcement of the Guarantees” and “Indian Government Filings/Approvals”.

Notes; Delivery and Form

The Notes of each series 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 of each series 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.

The Notes of each series 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 the 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 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the related Rule 144A 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 the other Global Note of such series will, upon transfer, cease to have an interest in such Global Note and receive an interest in the 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 in 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 the Global Notes 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 depository and a successor depository 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 2020 Notes will mature on October 19, 2020 and the 2040 Notes will mature on October 19, 2040 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 of any series to be redeemed. If less than all the Notes of any series are to be redeemed, the Notes of such series 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 the 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 in the case of the 2020 Notes and 50 basis points in the case of the 2040 Notes, in each case 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 Banc of America Securities LLC, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited and The Royal Bank of

Scotland plc (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 U.S. Government securities dealer, one other nationally recognized investment banking firm selected by the Issuer that is a primary U.S. 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 any series of 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 any series of the Notes at the commencement of any Trigger Period, such series of 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 of such series 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, resulting from 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 each series of 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 of such series 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 of such series 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 of such series; 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 of any series 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 of such series, and the interest accrued thereon, to be immediately due and payable and/or seek payment of such amounts under the Guarantees of such series 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 of any series 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 of any series, convene a meeting of holders of the Notes of such series. At a meeting of the holders of the Notes of any series, persons entitled to vote a majority in aggregate principal amount of the Notes of such series 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 of such series 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 of any series to modify or amend the Fiscal Agency Agreement or the Notes of such series, 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 of such series then outstanding and (y) 75% in aggregate principal amount of the Notes of such series represented and voting at the meeting.

Modifications and amendments to the Fiscal Agency Agreement or the Notes of any series 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 of such series 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 of such series; 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 of any series (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 of such series, to replace stolen, lost, destroyed or mutilated Notes of such series 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 of such series (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 U.S. 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 of such series, on the dates such payments are due in accordance with the terms of the Fiscal Agency Agreement and the Notes of such series. 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 United States Internal Revenue Service, 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 of such series 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” each series of notes and create and issue additional notes having identical terms and conditions as the 2020 Notes or the 2040 Notes, as the case may be, (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 2020 Notes or the 2040 Notes, as the case may be (a “Further Issue”); provided that any notes issued as a part of a Further Issue must be fungible with the 2020 Notes or the 2040 Notes, as the case may be, for U.S. 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 (or its equivalent in foreign currencies) 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 27, 2010 and September 1, 2010 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 letter dated September 13, 2010, conveyed its no-objection for the issuance by the Guarantor of the Guarantees, subject to the following conditions stipulated thereunder, namely:

- (i) In the event of the Guarantee being invoked, the Guarantor will not remit any amounts outside India in excess of the prevailing limit on overseas investment, without the prior approval of the RBI;
- (ii) The funds raised through the issuance of the Notes will not be brought back into India; and
- (iii) The Guarantees shall be reported to the RBI on-line immediately after the Guarantor has extended the same.

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 any holder of Notes or of any person acquiring, selling or otherwise dealing in securities or on any tax implications arising from the acquisition, sale of or other dealings 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 taxes as well as the tax laws of India or any political sub division thereof. Additionally, 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 country 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 the above is 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 “issue price”, which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money; 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;
- US Holders (as defined below) 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

It is expected, and therefore this discussion assumes, that the Notes will be issued without original issue discount for US federal income tax purposes. Accordingly, 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, if the Notes’ principal amount exceeds the issue price by more than a *de minimis* amount, as determined under applicable Treasury Regulations, then in addition a US Holder will be required to include such excess in income as original issue discount, as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. Interest on the Notes and any payments made by the Guarantor under the Guarantees will constitute US-source income for US federal income tax purposes.

Sale or other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note, a US Holder will recognize taxable 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. 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 reduced tax rates. The deductibility of capital losses may be subject to limitations.

Information Reporting and Backup Withholding

Information reports will be filed with the Internal Revenue Service (“IRS”) in connection with payments on the Notes, and may be filed in connection with the 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 the Notes and is:

- a nonresident alien individual;
- 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 and who is not otherwise 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 Issuer’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, as discussed below.

Certification Requirement

Interest on a Note will not be exempt from US withholding tax unless 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 United States 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 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 generally 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 such 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 a 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.

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 United States person, information reporting 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 the 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 Banc of America Securities LLC, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited and The Royal Bank of Scotland plc, 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 2020 Notes	Principal Amount of 2040 Notes
Banc of America Securities LLC.....	US\$250,000,000	US\$125,000,000
Citigroup Global Markets Inc.....	US\$250,000,000	US\$125,000,000
The Hongkong and Shanghai Banking Corporation Limited	US\$250,000,000	US\$125,000,000
The Royal Bank of Scotland plc	US\$250,000,000	US\$125,000,000
Total	<u>US\$1,000,000,000</u>	<u>US\$500,000,000</u>

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 the 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 the 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 the 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 the 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 the 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

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), as implemented in each Relevant Member States (as defined below) of the European Economic Area (the “EEA”), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any of the Initial Purchasers to produce a prospectus for such offer.

In any EEA Member State that has implemented the Prospectus Directive (each a “Relevant Member State”), this Offering Memorandum is only addressed to and is only directed at “qualified investors” in that Member State within the meaning of the Prospectus Directive.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Notes under, the offers contemplated in this Offering Memorandum will be deemed to have represented, warranted and agreed to and with the Issuer, the Guarantor and each Initial Purchaser that:

(a) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any Notes acquired or to be acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offers have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive; or (ii) where the Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an “offer” 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 any 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 includes any relevant implementing measure in each Relevant Member State.

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 authorised 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 offered in this Offering Memorandum have not been registered under the Securities and Exchange Law of Japan. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This Offering Memorandum has not been 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 on 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 2010, and funds were drawn down under these facilities to finance the majority of the purchase price of the Atlas and Pioneer joint ventures (such facilities and transactions described under "The Issuer — Business"). The Issuer expects to use a portion of the net proceeds of the offering and sale of the Notes to repay all amounts outstanding under such facilities, and accordingly, certain affiliates of the Initial Purchasers will receive a portion of the net proceeds of the offering.

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 , 2010.”

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; and
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 Annual Financial Statements and unaudited Q1 FY2011 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.
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.	Consolidation is required for entities where the parent has majority financial control. Separate financial statements of the parent only are not required.

Description	Indian GAAP	US GAAP
	<p>In stand-alone 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.</p>	
	<p>For the purposes of identifying the voting interests held in an investee, direct interests and those indirect interests held through a subsidiary are considered.</p>	<p>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.</p>
	<p>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.</p>	<p>Reporting date difference between the parent and the subsidiary cannot be more than three months. Disclosures should be made for significant intervening transactions.</p>
	<p>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.</p>	<p>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.</p>

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 stand-alone financial statements of the parent and the same are accounted for in the same manner as other investments in the stand-alone 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	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

Description	Indian GAAP	US GAAP
	<p>Under pooling method, the difference between consideration paid and the amount of share capital of transferor company is accounted in “Reserves/Goodwill”.</p> <p>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.</p>	<p>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 <i>pro rata</i> 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.</p>
Start-up Costs and Intangible Assets	<p>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.</p> <p>The useful life of an intangible asset may be very long, but is always finite.</p> <p>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.</p>	<p>Costs in respect of any start-up are expensed as incurred.</p> <p>All intangible assets that have an indefinite useful life are required to be tested at least annually for impairment.</p>

Description	Indian GAAP	US GAAP
Research and Development Cost	<p>Research expenses are expensed when incurred.</p> <p>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.</p>	<p>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).</p>
Depreciation	<p>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.</p>	<p>Depreciation is provided in a systematic and rational manner over the estimated useful economic life of the assets.</p>
Impairment of Assets	<p>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.</p> <p>Reversal of an impairment loss is subjected to certain conditions.</p>	<p>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.</p> <p>Reversal of an impairment loss is prohibited.</p>

Description	Indian GAAP	US GAAP
Borrowing Costs and Capitalized Interest	<p>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.</p> <p>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.</p>	<p>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.</p> <p>Foreign exchange gains or losses are not included in interest cost.</p>
Investments	<p>Investments are classified as long-term investments or current investments.</p> <p>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.</p> <p>Current investments are carried at lower of cost and net realizable value.</p>	<p>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").</p> <p>Trading securities are marked to fair value, with the resulting unrealized gain or loss recognized in the income statement.</p> <p>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.</p> <p>HTM debt securities are carried at amortized cost.</p> <p>Non-temporary impairments in the value of HTM and AFS investments are accounted for as realized losses.</p>

Description	Indian GAAP	US GAAP
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.	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.
		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.
		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.

Description	Indian GAAP	US GAAP
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	<p>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.</p> <p>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.</p> <p>Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet, separately from current assets and current liabilities.</p>	<p>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.</p> <p>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.</p>
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.

Description	Indian GAAP	US GAAP
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, 2011 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, 2011 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.
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.

Description	Indian GAAP	US GAAP
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 pre-tax 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. Uses group accounting policies or entity accounting policy.	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 internal financial reporting policies (even if accounting policies differ from group accounting policy).
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 of and for each of the fiscal years ended March 31, 2010, 2009 and 2008 included in this Offering Memorandum have been audited by Deloitte Haskins & Sells, Chaturvedi & Shah and Rajendra & Co., Chartered Accountants, as stated in their reports appearing herein.

The auditor of the Issuer is Ernst & Young LLP.

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Important information

In the Annual Financial Statements included herein, Reliance Industries Limited is referred to as “the Company” while in the remainder of this Offering Memorandum, it is referred to as “the Guarantor”.

In the Annual Financial Statements included herein, the income statement is headed “Profit and Loss Account”. Furthermore, information in the Annual 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 Annual Financial Statements included herein may be defined differently than in the remainder of this Offering Memorandum.

References in the Annual 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.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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)
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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

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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)
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D. Chaturvedi Partner Membership No.: 5611	A. Siddharth Partner Membership No.: 31467	A. R. Shah Partner Membership No.: 47166
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Mumbai
April 23, 2010

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

Reliance Industries Limited
Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 2010	(Rs. in crore) 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'	<u>1,33,900.24</u>	<u>1,24,730.19</u>
		1,37,170.61	1,26,372.97
Loan Funds			
Secured Loans	'C'	11,670.50	10,697.92
Unsecured Loans	'D'	<u>50,824.19</u>	<u>63,206.56</u>
		62,494.69	73,904.48
Deferred Tax Liability		10,926.30	9,726.30
TOTAL		<u>2,10,591.60</u>	<u>2,10,003.75</u>
APPLICATION OF FUNDS			
Fixed Assets	'E'		
Gross Block		2,15,864.71	1,49,628.70
Less: Depreciation		<u>62,604.82</u>	<u>49,285.64</u>
Net Block		<u>1,53,259.89</u>	<u>1,00,343.06</u>
Capital Work-in-Progress		<u>12,138.82</u>	<u>69,043.83</u>
		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		<u>91.40</u>	<u>47.86</u>
		<u>52,195.88</u>	<u>41,632.49</u>
Loans and Advances	'H'	<u>10,183.22</u>	<u>13,079.78</u>
		<u>62,379.10</u>	<u>54,712.27</u>
Less: Current Liabilities and Provisions	'I'		
Current Liabilities		36,849.40	32,691.00
Provisions		<u>3,565.43</u>	<u>3,010.90</u>
		<u>40,414.83</u>	<u>35,701.90</u>
Net Current Assets		21,964.27	19,010.37
TOTAL		<u>2,10,591.60</u>	<u>2,10,003.75</u>
Significant Accounting Policies	'N'		
Notes on Accounts	'O'		

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

A. Siddharth
Partner

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	}	Executive Directors
H.R. Meswani		
P.M.S. Prasad	}	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		

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

Reliance Industries Limited
Profit and Loss Account for the year ended 31st March, 2010

	Schedule	2009-10	(Rs. in crore) 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
		<u>1,98,869.38</u>	<u>1,44,334.91</u>
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
		<u>-</u>	<u>-</u>
		<u>1,78,321.94</u>	<u>1,25,901.68</u>
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
		<u>16,620.41</u>	<u>14,288.42</u>
Balance Carried to Balance Sheet		<u>4,999.45</u>	<u>5,384.19</u>
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	For Deloitte Haskins & Sells Chartered Accountants	For Rajendra & Co. Chartered Accountants	For and on behalf of the Board M.D. Ambani - Chairman & Managing Director N.R. Meswani H.R. Meswani P.M.S. Prasad 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
D. Chaturvedi Partner	A. Siddharth Partner	A.R. Shah Partner	Executive Directors
			Directors
Mumbai April 23, 2010		V.M. Ambani Company Secretary	

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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
	<u>8,327.55</u>	<u>5,508.57</u>
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)
	<u>(5,301.48)</u>	<u>(3,798.26)</u>
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)

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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	<u>(10,999.60)</u>	<u>23,732.58</u>
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	<u>-</u>	<u>2.24</u>
	22,176.53	4,282.29
Closing Balance of Cash and Cash Equivalents	<u><u>13,462.65</u></u>	<u><u>22,176.53</u></u>

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

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

A. Siddharth
Partner

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	}	Executive Directors
H.R. Meswani		
P.M.S. Prasad		
H.S. Kohli		
R.H. Ambani	}	Directors
M.L. Bhakta		
Y.P. Trivedi		
Dr. D.V. Kapur		
M.P. Modi		
Prof. Ashok Misra		
Prof. Dipak C. Jain		
Dr. R. A. Mashelkar		

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL

	(Rs. in crore)
	As at
	31st March, 2010
	As at
	31st March, 2009
Authorised:	
500,00,00,000 Equity Shares of Rs. 10 each (250,00,00,000)	5,000.00 2,500.00
100,00,00,000 Preference Shares of Rs. 10 each (50,00,00,000)	1,000.00 500.00
	<u>6,000.00</u> <u>3,000.00</u>
Issued, Subscribed and Paid up:	
327,03,74,360 Equity Shares of Rs. 10 each fully (157,37,98,233) paid up	3,270.37 1,573.79
Less: Calls in arrears - by others (Rs. 3,922.50)	- 0.26
	<u>3,270.37</u> <u>1,573.53</u>
TOTAL	<u>3,270.37</u> <u>1,573.53</u>

Notes:

- 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.
- 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.
- 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.
- In the year 2004-05 the Company bought back and extinguished 28,69,495 equity shares.
- 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.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'B'

RESERVES AND SURPLUS

	As at 31st March, 2010	(Rs. in crore) As at 31st March, 2009
Revaluation Reserve		
As per last Balance Sheet	11,784.75	871.26
Add: On Revaluation	-	12,900.63
	<u>11,784.75</u>	<u>13,771.89</u>
Less: Transferred to Profit and Loss Account [Refer Note 4, Schedule 'O']	<u>2,980.48</u>	<u>1,987.14</u>
	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: Capitalised on Issue of Bonus Shares	<u>887.94</u>	<u>-</u>
	-	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
	<u>51,507.73</u>	<u>51,469.93</u>
Less: Premium on redemption / buy back of debentures / Bonds	80.19	13.17
Less: Capitalised on Issue of Bonus Shares	<u>738.85</u>	<u>-</u>
	50,688.69	51,456.76
Less: Calls in arrears - by others	<u>0.02</u>	<u>1.80</u>
	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	<u>189.50</u>	<u>340.05</u>
	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	<u>14,000.00</u>	<u>11,728.92</u>
	68,000.00	61,728.92
Less: Transferred to Profit and Loss Account	<u>-</u>	<u>7,728.92</u>
	68,000.00	54,000.00
Profit and Loss Account	4,999.45	5,384.19
TOTAL	<u><u>1,33,900.24</u></u>	<u><u>124,730.19</u></u>

* Cumulative amount withdrawn on account of Depreciation on Revaluation is Rs. 2,563.43 crore.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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
B. TERM LOANS	
From Banks	
Rupee Loans	570.00
C. WORKING CAPITAL LOANS	
From Banks	
Foreign Currency Loans	1,234.67
Rupee Loans	183.01
	35.80
	1,417.68
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.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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

	As at 31st March, 2010	As at 31st March, 2009
(Rs. in crore)		
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)].

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Non-Consolidated Financial Statements

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

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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 Petronet India Limited of Rs. 10 each (1,00,00,000)	10.00	10.00
11,08,500 Reliance Europe Limited of Sterling (11,08,500) Pound 1 each	3.93	3.93
62,63,125 Indian Vaccines Corporation Limited (62,63,125) of Rs. 10 each	0.61	0.61
12,04,20,000 Gujarat Chemicals Port Terminal Company (12,04,20,000) Limited of Re. 1 each	12.04	30.42
20,50,000 Reliance Utilities Private Limited Class 'A' (20,50,000) Shares of Re. 1 each	0.21	0.21
19,90,000 Reliance Utilities and Power Private Limited (19,90,000) Class 'A' Shares of Re. 1 each	0.20	0.20
	<u>26.99</u>	<u>45.37</u>
In Preference Shares - Unquoted, fully paid up		
50,00,00,000 9% Non Cumulative Redeemable Preference (50,00,00,000) Shares of Reliance Gas Transportation Infrastructure Limited of Rs. 10 each	2,000.00	2,000.00
	<u>2,000.00</u>	<u>2,000.00</u>
	2,026.99	2,045.37
Other Investments		
In Equity Shares - Quoted, fully paid up		
68,60,064 Reliance Industrial Infrastructure Limited of (68,60,064) Rs. 10 each	16.30	16.30
- Portland General Electric Company Common (8,572) Stock Equity	-	0.82
	<u>16.30</u>	<u>17.12</u>
In Equity Shares - Unquoted, fully paid up		
22,500 Reliance LNG Limited of Rs. 10 each (22,500)	0.02	0.02
	<u>0.02</u>	<u>0.02</u>
	16.32	17.14
In Equity Shares of Subsidiary Companies - Unquoted, fully paid up		
14,75,04,400 Reliance Industrial Investments and Holdings (14,75,04,400) Limited of Rs.10 each	147.50	147.50
26,91,150 Reliance Ventures Limited of Rs. 10 each (26,91,150)	2,351.05	2,351.05
20,20,200 Reliance Strategic Investments Limited of (20,20,200) Rs. 10 each	2.02	2.02
50,00,001 RIL (Australia) Pty Limited of Aus \$ 1 each (50,00,001)	17.46	17.46
42,450 Reliance Industries (Middle East) DMCC of (42,450) AED 1000 each	46.19	46.19

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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

Reliance Industries Limited 2010
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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	0% Unsecured Convertible Debentures	441.58	441.58
(8,83,143)	of Reliance Industrial Investments and Holdings Limited of Rs 5,000 each		
		<u>721.48</u>	<u>721.48</u>
		12,757.40	16,668.52
In Others			
88	Pass Through Certificates (PTC) issued by	0.33	1.87
(88)	Indian Residential MBS Trust		
	Total (A)	<u>14,801.06</u>	<u>18,732.92</u>

B. CURRENT INVESTMENTS

Other Investments

In Government Securities - Quoted			
6.05% GOI 2019	-		372.96
7.59% GOI 2016	5.04		-
	<u>5.04</u>		<u>372.96</u>
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			
- Citi Financial Consumer Finance India Limited	-		60.00
(600)			
1,250 EXIM Bank of India	125.00		150.00
(1,500)			
7,537 Housing Development Finance Corporation Limited	774.43		359.06
(3,600)			
3,600 Infrastructure Development Finance Company Limited	346.52		234.52
(2,350)			
2,050 Indian Railway Finance Corporation Limited	206.16		-
(-)			
8,500 LIC Housing Finance Limited	850.03		-
(-)			
- National Bank for Agricultural and Rural Development	-		135.21
(1,350)			

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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
		<u>3,670.18</u>	<u>943.79</u>
In Commercial Paper - Unquoted			
	Housing Development Finance Corporation	-	95.97
	Infrastructure Development Finance Company Limited	-	92.59
		<u>-</u>	<u>188.56</u>
		<u>7,648.49</u>	<u>2,873.57</u>
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	-
		<u>779.07</u>	<u>-</u>
Total (B)		<u>8,427.56</u>	<u>2,873.57</u>
Total (A+B)		<u>23,228.62</u>	<u>21,606.49</u>

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)	
		As at 31st March, 2010	As at 31st March, 2009
AGGREGATE VALUE OF		Book Value	Market Value
Quoted Investments		7,664.79	8,248.22
Unquoted Investments		15,563.83	-

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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'

	As at 31st March, 2010	As at 31st March, 2009	(Rs. in crore)
CURRENT ASSETS			
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

Reliance Industries Limited 2010
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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 \$	<u>-</u>	<u>0.27</u>
	91.40	47.86
TOTAL	<u><u>52,195.88</u></u>	<u><u>41,632.49</u></u>

Includes Rs. 2,978.18 crore (Previous Year Rs. 359.29 crore) receivable from Subsidiaries.

* Includes balances with non scheduled banks as follows:

	As at 31st March, 2010	As at 31st March, 2009	(Rs. in crore) 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'

	As at 31st March, 2010	(Rs. in crore) 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	<u>69.88</u>	<u>69.88</u>
	2,506.33	3,971.92
Deposits*	2,240.53	2,263.22
Balance with Customs, Central Excise Authorities, etc.	<u>1,232.85</u>	<u>1,142.80</u>
TOTAL	<u><u>10,183.22</u></u>	<u><u>13,079.78</u></u>

* 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.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'I'

	As at 31st March, 2010	(Rs. in crore) 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:

Sr. No.	Particulars	As at 31st March, 2010	(Rs. in crore) 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.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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	<u>2.41</u>	<u>2.41</u>
	2.41	29.81
Interest:		
From Current Investments	169.92	226.86
From Others	<u>1,938.26</u>	<u>1,338.06</u>
[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	<u>82.54</u>	<u>118.65</u>
	2,460.47	2,148.40
Less : Transferred to Project Development Expenditure		
- Interest Income	-	23.80
- Others	<u>-</u>	<u>64.72</u>
	-	88.52
TOTAL	<u>2,460.47</u>	<u>2,059.88</u>

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	<u>2,878.85</u>	<u>2,193.89</u>
	9,156.91	5,209.02
STOCK-IN-TRADE (at commencement)		
Finished Goods / Traded Goods	3,015.13	3,257.50
Stock-in-Process	<u>2,193.89</u>	<u>1,523.96</u>
	5,209.02	4,781.46
TOTAL	<u>3,947.89</u>	<u>427.56</u>

Reliance Industries Limited 2010
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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)	<u>(676.42)</u>	<u>494.68</u>
	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	<u>224.22</u>	<u>215.91</u>
	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	<u>564.77</u>	<u>211.41</u>
	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	<u>(90.00)</u>	
	18.38	-
Wealth Tax	13.20	13.43
Charity and Donations	<u>103.37</u>	<u>82.59</u>
	2,301.89	2,569.28
	164,050.30	120,110.06
Less : Transferred to Projects Development Expenditure (Net)	<u>1,217.92</u>	<u>3,354.17</u>
TOTAL	<u>162,832.38</u>	<u>116,755.89</u>

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.

Reliance Industries Limited 2010
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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 centvat / 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 capitalised.

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 capitalised 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 capitalised.
- 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.

Reliance Industries Limited 2010
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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 capitalised 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.

Reliance Industries Limited 2010
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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'

- 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.
- 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

Reliance Industries Limited 2010
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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)		Leave Encashment (Unfunded)	
	As at 31st March		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

Reliance Industries Limited 2010
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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	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(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

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SCHEDULE 'O' (Contd.)

7. Managerial Remuneration:

(Included under the head "Payments to and Provisions for Employees")

	(Rs. in crore)	
	2009-10	2008-09
(a) Remuneration to Managing Director / Executive Directors		
(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
	<u>40.90</u>	<u>38.21</u>
(b) Commission to Non-Executive Directors	<u>1.75</u>	<u>1.89</u>

Computation of net profit in accordance with Section 349 of the Companies Act, 1956:

	(Rs. in crore)	
	2009-10	2008-09
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
	<u>31,127.81</u>	<u>23,684.87</u>
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	<u>17,383.46</u>	<u>16,067.42</u>
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	<u>53.44</u>	<u>62.56</u>
Commission Restricted to	<u>19.94</u>	<u>34.23</u>

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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 31 st March		Future interest on Outstanding Lease Payments		Present value of Minimum Lease Payments As at 31 st 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.

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SCHEDULE 'O' (Contd.)

11. (a) (i) Assets given on finance lease on or after 1st April, 2001

Particulars	Total		Not later than one year		Later than one year and not later than five years		(Rs. in crore) 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	<u>69.02</u>	<u>91.45</u>	<u>24.97</u>	<u>22.58</u>	<u>44.05</u>	<u>68.87</u>	<u>-</u>	<u>-</u>

(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	<u>242.95</u>	<u>247.51</u>
	<u>10,926.30</u>	<u>9,726.30</u>

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.

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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 Capitalised	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 Capitalised during the year	17,843.72	3,067.57
Closing Balance	1,453.20	17,095.19

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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	Subsidiary Companies
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	
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	

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SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
36	Reliance Lifestyle Holdings Limited	Subsidiary Companies
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	
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	

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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	

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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	238.54 908.00	- 0.35	- -	- -	238.54 908.35
2.	Purchase / Subscription of Investments	2,415.80 4,292.16	24.51 2,000.41	- -	- -	2,440.31 6,292.57
3.	Sale / redemption of Investments	6,326.92 0.06	155.63 102.23	- -	- -	6,482.55 102.29
4.	Premium Accrued on Investment in Preference Shares	- 0.27	- -	- -	- -	- 0.27
5.	Net Loans and advances given / (returned)	(2,812.43) (193.54)	(8.00) (4.89)	- -	- -	(2,820.43) (198.43)
6.	Turnover	9,124.51 3,304.04	212.72 29.53	- -	- -	9,337.23 3,333.57
7.	Other Income	450.45 205.50	6.45 5.35	- -	- -	456.90 210.85
8.	Purchases	56.46 598.93	45.00 -	- -	- -	101.46 598.93
9.	Electric Power, Fuel and Water	- -	960.30 685.74	- -	- -	960.30 685.74
10.	Hire Charges	- -	559.00 76.34	- -	- -	559.00 76.34
11.	Manpower Deputation Charges	40.69 40.12	85.93 4.47	- -	- -	126.62 44.59
12.	Payment to Key Managerial Personnel	- -	- -	40.90 38.21	- -	40.90 38.21
13.	Sales and Distribution Expenses	72.13 73.61	2,532.84 1,263.23	- -	- -	2,604.97 1,336.84
14.	Rent	0.13 4.50	- 2.25	- -	- -	0.13 6.75
15.	Professional Fees	91.75 39.01	21.32 16.60	- -	- -	113.07 55.61

Reliance Industries Limited 2010
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SCHEDULE 'O' (Contd.)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
16.	General expenses	392.21 <i>66.04</i>	9.87 <i>9.05</i>	- -	- -	402.08 <i>75.09</i>
17.	Donations	- -	- -	- -	18.97 <i>37.23</i>	18.97 <i>37.23</i>
18.	Interest Expenses	21.45 <i>3.64</i>	- -	- -	- -	21.45 <i>3.64</i>
19.	Investment written off (net)	- -	18.38 -	- -	- -	18.38 -
Balance as at 31st March, 2010						
20.	Investments	12,757.40 <i>16,668.52</i>	2,033.31 <i>2,051.69</i>	- -	- -	14,790.71 <i>18,720.21</i>
21.	Sundry Debtors	2,978.18 <i>359.29</i>	20.01 <i>119.91</i>	- -	- -	2,998.19 <i>479.20</i>
22.	Loans & Advances	3,890.31 <i>6,459.73</i>	1,427.19 <i>1,449.64</i>	- -	- -	5,317.50 <i>7,909.37</i>
23.	Sundry Creditors	170.08 <i>86.31</i>	414.80 <i>257.17</i>	- -	- -	584.88 <i>343.48</i>
24.	Financial Guarantees	1,588.85 <i>1,598.31</i>	563.47 <i>431.12</i>	- -	- -	2,152.32 <i>2,029.43</i>
25.	Performance Guarantees	- <i>1.50</i>	7.03 <i>11.07</i>	- -	- -	7.03 <i>12.57</i>

Note : Figures in italics represent Previous Year's amounts.

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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

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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. 19.97 crore), 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).

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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).

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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 loanes 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.

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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 M³)		Proved Developed Reserves (Million M³)	
	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

Reliance Industries Limited 2010
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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	As at
31st March, 2010	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	2,992.66
(ii) In respect of others	22,901.77
(B) Uncalled liability on partly paid Shares (Net of calls in advance)	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	-
(b) In respect of others	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	2,032.94
(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	1,347.88
(iv) Claims against the Company / disputed liabilities not acknowledged as debts	
(a) In respect of joint Ventures	-
(b) In respect of others	1,268.99
(v) Performance Guarantees	
(a) In respect of joint Ventures	-
(b) In respect of others	112.80
(vi) Sales tax deferral liability assigned	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.	

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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
O	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

Reliance Industries Limited 2010
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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

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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		As at 31st March, 2009	
		Petroleum product sales	Crude Oil purchases	Petroleum product sales	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

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

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
	<u>1,47,919.21</u>	<u>100.00</u>	<u>104,805.05</u>	<u>100.00</u>

Reliance Industries Limited 2010
Non-Consolidated Financial Statements

SCHEDULE 'O' (Contd.)

27. VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED

	2009-10	2008-09
	Rs. in crore	Rs. in crore
	% of Consumption	% of Consumption
Imported	1,412.28	1,164.25
Indigenous	1,361.70	1,109.77
	<u>2,773.98</u>	<u>2,274.02</u>
	<u>100.00</u>	<u>100.00</u>

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
Interest	25.08
Others	20.32

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

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

A. Siddharth
Partner

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	}	Executive Directors
H.R. Meswani		
P.M.S. Prasad		
H.S. Kohli		
R.H. Ambani	}	Directors
M.L. Bhakta		
Y.P. Trivedi		
Dr. D.V. Kapur		
M.P. Modi		
Prof. Ashok Misra		
Prof. Dipak C. Jain		
Dr. R. A. Mashelkar		

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Reliance Industries Limited 2009
Non-Consolidated Financial Statements

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, 2009, 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, 2009 and taken on record by the Board of Directors, we report that none

of the Directors is disqualified as on March 31, 2009 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, 2009;
 - (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

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner
Membership No.: 5611

A. Siddharth
Partner
Membership No.: 31467

A. R. Shah
Partner
Membership No.: 47166

Mumbai
October 7, 2009

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 with 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. 6,648.59 crore and the year-end balance is Rs. 4,104.04 crore.
 - b. In our opinion and according to the information and explanations given to us, the rate of interest, where applicable and other terms and conditions, 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 interest, where applicable, 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, where applicable, 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 purchase of inventory and fixed assets and also 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 any 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, 2009 for a

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

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, 2009 to be credited to Investor Education and Protection Fund of Rs. 7.21 crore, which are held in abeyance due to pending legal cases, have not been considered.

- b. The disputed statutory dues aggregating to Rs. 814.80 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	54.82	Various years from 2001-02 to 2007-08	Commissioner of Income-Tax (Appeals)
			427.43	1994-95 and 2006-07	Income-Tax Appellate Tribunal
2.	Central Excise Act, 1944	Excise Duty and Service Tax	16.83	Various years from 1991-1992 to 2007-2008	Commissioner of Central Excise (Appeals)
			89.44	Various years from 1986-87 to 2007-08	Central Excise and Service Tax Appellate Tribunal
3.	Central Sales Tax Act, 1956 and Sales Tax Act of various states	Sales Tax/ VAT and Entry Tax	22.29	Various years from 1991-92 to 2006-07	Joint/ Deputy Commissioner/ Commissioner (Appeals)
			55.57	Various years from 1992-93 to 2006-07	Sales Tax Appellate Tribunal
			96.60	Various years from 1996-97 to 2003-04	High Court
4.	Customs Act, 1962	Custom Duty	0.89	2007-08	Supreme Court
			30.67	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			814.80		

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 interests of the Company.
16. The Company has raised new term 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. During the year, the Company has allotted equity shares on preferential basis to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 consequent upon conversion of warrants. The price at which these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, which in our opinion, is not prejudicial to the interest of the Company.
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 For **Deloitte Haskins & Sells** Chartered Accountants For **Rajendra & Co.** Chartered Accountants

D. Chaturvedi
Partner
Membership No.: 5611

A. Siddharth
Partner
Membership No.: 31467

A. R. Shah
Partner
Membership No.: 47166

Mumbai
October 7, 2009

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Reliance Industries Limited
Balance Sheet as at 31st March, 2009

	Schedule	As at 31st March, 2009	(Rs. in crore) As at 31st March, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'A'	1,573.53	1,453.39
Equity Share Suspense [Refer Note 3, Schedule 'O']		69.25	-
Equity Share Warrants		-	1,682.40
Reserves and Surplus	'B'	1,24,730.19	78,312.81
		1,26,372.97	81,448.60
Loan Funds			
Secured Loans	'C'	10,697.92	6,600.17
Unsecured Loans	'D'	63,206.56	29,879.51
		73,904.48	36,479.68
Deferred Tax Liability		9,726.30	7,872.54
TOTAL		<u>2,10,003.75</u>	<u>1,25,800.82</u>
APPLICATION OF FUNDS			
Fixed Assets	'E'		
Gross Block		1,49,628.70	1,04,229.10
Less: Depreciation		49,285.64	42,345.47
Net Block		1,00,343.06	61,883.63
Capital Work-in-Progress		69,043.83	23,005.84
		1,69,386.89	84,889.47
Investments	'F'	21,606.49	22,063.60
Current Assets, Loans and Advances			
Current Assets	'G'		
Inventories		14,836.72	14,247.54
Sundry Debtors		4,571.38	6,227.58
Cash and Bank Balances		22,176.53	4,280.05
Other Current Assets		47.86	72.54
		41,632.49	24,827.71
Loans and Advances	'H'	13,079.78	18,058.13
		54,712.27	42,885.84
Less: Current Liabilities and Provisions	'I'		
Current Liabilities		32,691.00	21,045.47
Provisions		3,010.90	2,992.62
		35,701.90	24,038.09
Net Current Assets		19,010.37	18,847.75
TOTAL		<u>2,10,003.75</u>	<u>1,25,800.82</u>
Significant Accounting Policies	'N'		
Notes on Accounts	'O'		

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

A. Siddharth
Partner

A.R. Shah
Partner

Mumbai
October 7, 2009

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani	-	Chairman & Managing Director
N.R. Meswani	}	Executive Directors
H.R. Meswani		
H.S. Kohli		
P.M.S. Prasad		
R. Ravimohan		
R.H. Ambani	}	Directors
M.L. Bhakta		
Y.P. Trivedi		
Dr. D.V. Kapur		
M.P. Modi		
Dr. R. A. Mashelkar		

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Reliance Industries Limited
Profit and Loss Account for the year ended 31st March, 2009

	Schedule	2008-09	(Rs. in crore) 2007-08
INCOME			
Turnover		1,46,328.07	1,39,269.46
Less: Excise Duty / Service Tax Recovered		<u>4,480.60</u>	<u>5,826.46</u>
Net Turnover		1,41,847.47	1,33,443.00
Other Income	'J'	2,059.88	5,628.79
Variation in Stocks	'K'	427.56	(1,867.16)
		<u>1,44,334.91</u>	<u>1,37,204.63</u>
EXPENDITURE			
Purchases		2,205.27	6,007.71
Manufacturing and Other Expenses	'L'	1,16,755.89	1,02,262.28
Interest and Finance Charges	'M'	1,745.23	1,077.36
Depreciation		7,182.43	6,627.85
Less: Transferred from Revaluation Reserve		<u>1,987.14</u>	<u>1,780.71</u>
[Refer Note 6, Schedule 'O']		5,195.29	4,847.14
Adjustment Pursuant to the Scheme of Amalgamation including write off of Investments in Reliance Petroleum Limited		7,728.92	-
Less: Transferred from General Reserve		<u>7,728.92</u>	-
[Refer Note 3, Schedule 'O']		-	-
		<u>1,25,901.68</u>	<u>1,14,194.49</u>
Profit before Tax		18,433.23	23,010.14
Provision for Current Tax		1,206.50	2,604.96
Provision for Fringe Benefit Tax		56.87	47.00
Provision for Deferred Tax		<u>1,860.54</u>	<u>899.89</u>
Profit after Tax		15,309.32	19,458.29
Add: Balance brought forward from Previous year		4,363.29	2,765.37
Excess Provision for Tax for earlier years		-	48.10
Amount Available for Appropriations		19,672.61	22,271.76
APPROPRIATIONS			
General Reserve		11,728.92	16,000.00
Debenture Redemption Reserve		340.05	-
Interim Dividend on Equity Shares		1,897.05	-
Proposed Dividend on Equity Shares		-	1,631.24
Tax on Dividend		<u>322.40</u>	<u>277.23</u>
		14,288.42	17,908.47
Balance Carried to Balance Sheet		<u>5,384.19</u>	<u>4,363.29</u>
Basic and Diluted Earnings per Share of face value of Rs. 10 each (in Rupees)		96.76	134.19
Basic and Diluted Earnings per Share of face value of Rs. 10 each (in Rupees) (Before exceptional items)		98.83	105.32
[Refer Note 15, Schedule 'O']			
Significant Accounting Policies			
Notes on Accounts			
As per our Report of even date			
For Chaturvedi & Shah Chartered Accountants	For Deloitte Haskins & Sells Chartered Accountants	For Rajendra & Co. Chartered Accountants	For and on behalf of the Board M.D. Ambani - Chairman & Managing Director N.R. Meswani H.R. Meswani H.S. Kohli P.M.S. Prasad R. Ravimohan R.H. Ambani M.L. Bhakta Y.P. Trivedi Dr. D.V. Kapur M.P. Modi Dr. R. A. Mashelkar
D. Chaturvedi Partner	A. Siddharth Partner	A.R. Shah Partner	Executive Directors
			Directors
Mumbai October 7, 2009		V.M. Ambani Company Secretary	

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Reliance Industries Limited
Cash Flow Statement for the year 2008-09

		(Rs. in crore)
	2008-09	2007-08
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Profit and Loss Account	18,433.23	23,010.14
Adjusted for:		
Net Prior Year Adjustments	2.14	2.02
Diminution in the value of investment	3.44	13.92
(Profit) / Loss on Sale / Discarding of Fixed Assets (net)	7.08	1.79
Depreciation	7,182.43	6,627.85
Transferred from Revaluation Reserve	(1,987.14)	(1,780.71)
Effect of Exchange Rate Change	575.57	(398.62)
Profit on Sale of Investments (net)	(425.40)	(118.87)
Exceptional Item	-	(4,733.50)
Dividend Income	(29.81)	(18.37)
Interest / Other Income	(1,564.97)	(662.40)
Interest and Finance Charges	1,745.23	1,077.36
	<u>5,508.57</u>	<u>10.47</u>
Operating Profit before Working Capital Changes	23,941.80	23,020.61
Adjusted for:		
Trade and Other Receivables	(109.91)	(3,930.18)
Inventories	159.01	(2,111.03)
Trade Payables	(3,847.36)	2,934.09
	<u>(3,798.26)</u>	<u>(3,107.12)</u>
Cash Generated from Operations	20,143.54	19,913.49
Net Prior Year Adjustments	(2.14)	(2.02)
Taxes Paid	(1,895.54)	(2,484.73)
Net Cash from Operating Activities	<u>18,245.86</u>	<u>17,426.74</u>
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(24,712.78)	(19,111.22)
Sale of Fixed Assets	48.35	14.61
Purchase of Investments	(1,08,573.91)	(70,090.07)
Sale of Investments	1,10,986.78	69,116.24
Movement in Loans and Advances	(3,452.11)	(4,496.00)
Interest Income	1,589.66	592.99
Dividend Income	29.81	18.37
Net Cash Used in Investing Activities	<u>(24,084.20)</u>	<u>(23,955.08)</u>

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Cash Flow Statement for the year 2008-09 (Contd.)

		(Rs. in crore)
	2008-09	2007-08
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital / Warrants	15,164.79	1,682.44
Proceeds from Long Term Borrowings	20,690.86	10,769.61
Repayment of Long Term Borrowings	(3,382.93)	(2,100.86)
Short Term Loans	(2,238.39)	528.25
Dividends Paid (including dividend distribution tax)	(1,908.47)	-
Interest Paid	(4,593.28)	(1,906.40)
Net Cash From Financing Activities	<u>23,732.58</u>	<u>8,973.04</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	17,894.24	2,444.70
Opening Balance of Cash and Cash Equivalents	4,280.05	1,835.35
Add: On Amalgamation	<u>2.24</u>	-
	4,282.29	<u>1,835.35</u>
Closing Balance of Cash and Cash Equivalents	<u><u>22,176.53</u></u>	<u><u>4,280.05</u></u>

Note :

Loans / Deposit given to Subsidiaries / Associate aggregating to Rs. 5,380.04 crore (Previous Year Rs. NIL) have been converted into investments in Preference Shares.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

A. Siddharth
Partner

A.R. Shah
Partner

Mumbai
October 7, 2009

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani	-	Chairman & Managing Director
N.R. Meswani	}	Executive Directors
H.R. Meswani		
H.S. Kohli		
P.M.S. Prasad		
R. Ravimohan		
R.H. Ambani	}	Directors
M.L. Bhakta		
Y.P. Trivedi		
Dr. D.V. Kapur		
M.P. Modi		
Dr. R. A. Mashelkar		

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL

	As at 31st March, 2009	(Rs. in crore) As at 31st March, 2008
Authorised:		
250,00,00,000 Equity Shares of Rs. 10 each (250,00,00,000)	2,500.00	2,500.00
50,00,00,000 Preference Shares of Rs. 10 each (50,00,00,000)	500.00	500.00
	<u>3,000.00</u>	<u>3,000.00</u>
Issued, Subscribed and Paid up:		
157,37,98,233 Equity Shares of Rs. 10 each fully paid up (145,36,48,601)	1,573.79	1,453.65
Less: Calls in arrears - by others	<u>0.26</u>	<u>0.26</u>
	<u>1,573.53</u>	<u>1,453.39</u>
TOTAL	<u>1,573.53</u>	<u>1,453.39</u>

1. Of the above Equity Shares:

- | | |
|------------------------------------|---|
| (a) 48,17,70,552
(48,17,70,552) | Shares out of the issued and subscribed share capital before the buyback of shares were allotted as Bonus Shares by capitalisation of Securities Premium and Reserves. |
| (b) 52,31,98,799
(52,31,98,799) | Shares out of the issued and subscribed share capital before the buyback of shares 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. |
| (c) 33,04,27,345
(33,04,27,345) | Shares out of the issued and subscribed share capital before the buyback of shares 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. |
| (d) 6,01,40,560
(6,01,40,560) | Shares were issued pursuant to a scheme of amalgamation of erstwhile Indian Petrochemicals Corporation Limited with the Company without payments being received in cash. |

2. In the year 2004-05 the Company bought back and extinguished 28,69,495 equity shares.

3. The Company has reserved issuance of 6,95,25,770 (Previous year 6,96,75,402) 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 50,100 Options to the eligible employees at a price of Rs. 1,289/- [Previous year 27,000 options at a price of Rs. 1,684/- and 10,08,000 options at a price of Rs. 2,292/-] 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 from the date of grant based on specified criteria.

During the year, the Company has issued and allotted 1,49,632 (Previous Year NIL) equity shares to the eligible employees of the Company under ESOS.

4. In terms of the approval of the shareholders of the Company and as per the applicable statutory provisions including Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, the Company, on April 12, 2007, had issued and allotted 12,00,00,000 warrants on preferential basis to entities in the Promoter Group entitling them to acquire equivalent number of fully paid up equity shares of Rs. 10/- each of the Company, at a price of Rs. 1,402/- per equity share. As per the entitlement, the warrant holders applied for and were allotted 12,00,00,000 equity shares of the Company, during the year.

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'B'

RESERVES AND SURPLUS

	As at 31st March, 2009	(Rs. in crore) As at 31st March, 2008
Revaluation Reserve		
As per last Balance Sheet	871.26	2,651.97
Add: On Revaluation	<u>12,900.63</u>	<u>-</u>
	13,771.89	2,651.97
Less: Transferred to Profit and Loss Account	<u>1,987.14</u>	<u>1,780.71</u>
[Refer Note 6, Schedule 'O']	11,784.75	871.26
Capital Reserve		
As per last Balance Sheet	291.28	291.28
Capital Redemption Reserve		
As per last Balance Sheet	887.94	887.94
Securities Premium Account		
As per last Balance Sheet	21,313.80	21,331.99
Add : Premium on issue of shares	16,727.04	-
Add: On Amalgamation	<u>13,429.09</u>	<u>-</u>
[Refer Note 3, Schedule 'O']	51,469.93	21,331.99
Less: Premium on redemption / buy back of debentures / bonds	13.17	18.19
	<u>51,456.76</u>	<u>21,313.80</u>
Less: Calls in arrears - by others	<u>1.80</u>	<u>1.78</u>
	51,454.96	21,312.02
Debentures Redemption Reserve		
As per last Balance Sheet	587.02	587.02
Add: Transferred from Profit and Loss Account	<u>340.05</u>	<u>-</u>
	927.07	587.02
General Reserve*		
As per last Balance Sheet	50,000.00	34,000.00
Add: Transferred from Profit and Loss Account	<u>11,728.92</u>	<u>16,000.00</u>
	61,728.92	50,000.00
Less: Transferred to Profit and Loss Account	<u>7,728.92</u>	<u>-</u>
[Refer Note 3, Schedule 'O']	54,000.00	50,000.00
Profit and Loss Account	5,384.19	4,363.29
TOTAL	<u><u>1,24,730.19</u></u>	<u><u>78,312.81</u></u>

* Cumulative amount withdrawn on account of Depreciation on Revaluation is Rs. 2,563.43 crore.

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'C'

SECURED LOANS

	(Rs. in crore)
	As at 31st March, 2009
	As at 31st March, 2008
A. DEBENTURES	
Non Convertible Debentures	8,642.12
	4,118.12
B. TERM LOANS	
From Banks	
Rupee Loans	2,020.00
	-
C. WORKING CAPITAL LOANS	
From Banks	
Foreign Currency Loans	-
	1,075.22
Rupee Loans	35.80
	1,406.83
	35.80
	2,482.05
TOTAL	10,697.92
	6,600.17

1. Debentures referred to in A above to the extent of:

- a) Rs. 5,500.00 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. 2,115.00 crore are secured by way of first mortgage / charge on all the properties situated at Hazira Complex and at Patalganga Complex of the Company.
- c) Rs. 772.30 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.
- d) 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.
- 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.

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

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, 2009 and the last being on 8th December, 2018. The debentures are redeemable as follows: Rs. 742.30 crore in financial year 2009-10, Rs. 175.00 crore in financial year 2010-11, Rs. 750.00 crore in financial year 2011-12, Rs. 1,793.70 crore in financial year 2012-13, Rs. 3,708.26 crore in financial year 2013-14, Rs. 408.82 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. 633.34 crore in financial year 2018-19.
3. Rupee 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 including Agreements in respect of utilities.
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, 2009
	As at 31st March, 2008
A. Long Term	
i) From Banks	52,480.53
ii) From Others	4,512.46
	<u>56,992.99</u>
	23,811.44
B. Short Term	
i) From Banks	6,188.49
ii) From Others	2.68
	<u>6,191.17</u>
	6,040.45
C. Deferred Sales Tax Liability	22.40
	27.62
TOTAL	<u><u>63,206.56</u></u>
	<u><u>29,879.51</u></u>

Note :

Long term loans from banks include Rs. 16,610.80 crore loan taken by erstwhile Reliance Petroleum Limited as secured loans secured on pari passu basis with Rupee term loans as described in schedule C. These loans have become unsecured loans as provided in the Scheme of Amalgamation.

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'E'

FIXED ASSETS

(Rs. in crore)

Description	Gross Block				Depreciation		Net Block	
	As at 01-04-2008	Additions	Deductions/ Adjustments	As at 31-03-2009	For the Year	Upto 31-03-2009	As at 31-03-2009	As at 31-03-2008
OWN ASSETS :								
Leasehold Land	481.17	1,074.51	-	1,555.68	34.30	70.71	1,484.97	444.76
Freehold Land	976.51	177.32	9.72	1,144.11	-	-	1,144.11	976.51
Buildings	5,581.34	1,305.29	1.85	6,884.78	285.25	1,714.48	5,170.30	4,152.04
Plant & Machinery	87,928.75	33,143.39	172.17	1,20,899.97	6,232.75	42,850.19	78,049.78	51,155.23
Electrical Installations	2,188.20	543.80	0.05	2,731.95	141.10	1,041.27	1,690.68	1,287.99
Equipments	1,556.10	1,884.52	2.47	3,438.15	111.59	717.39	2,720.76	949.78
Furniture & Fixtures	434.00	34.71	3.21	465.50	41.36	241.58	223.92	231.98
Vehicles	188.45	97.69	10.24	275.90	38.01	126.33	149.57	94.18
Ships	274.94	121.52	-	396.46	10.70	220.63	175.83	65.01
Aircrafts & Helicopters	185.82	-	106.93	78.89	18.14	20.80	58.09	105.35
Sub-Total	99,795.28	38,382.75	306.64	1,37,871.39	6,913.20	47,003.38	90,868.01	59,462.83
LEASED ASSETS :								
Plant & Machinery	123.19	-	-	123.19	17.03	68.77	54.42	71.45
Ships	9.98	-	-	9.98	-	9.98	-	-
Sub-Total	133.17	-	-	133.17	17.03	78.75	54.42	71.45
INTANGIBLE ASSETS :								
Technical Knowhow fees**	2,097.59	438.03	-	2,535.62	107.18	1,281.12	1,254.50	923.65
Software**	388.94	58.12	-	447.06	45.52	326.18	120.88	108.28
Others	1,814.12	6,827.34	-	8,641.46	99.50	596.21	8,045.25	1,317.42
Sub-Total	4,300.65	7,323.49	-	11,624.14	252.20	2,203.51	9,420.63	2,349.35
Total	1,04,229.10	45,706.24	306.64	1,49,628.70	7,182.43*	49,285.64	1,00,343.06	61,883.63
Previous Year	99,532.77	4,867.44	171.11	1,04,229.10	6,627.85	42,345.47	61,883.63	
Capital Work-in-Progress							69,043.83	23,005.84

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. 0.06 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, 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. 1,167.15 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. 17,095.19 crore on account of Project development expenditure (Previous Year Rs. 1,419.04 crore).
 - ii) Rs. 2,610.23 crore on account of cost of construction materials at site (Previous Year Rs. 1,779.03 crore).
 - iii) Rs. 5,509.61 crore on account of advance against capital expenditure (Previous Year Rs. 3,329.85 crore).
- e) Additions include Rs. 12,900.63 crore on revaluation of Building, Plant & Machinery and Equipments as at 01.01.2009, based on report issued by international valuers.
- f) Additions include Rs. 183.97 crore and Capital Work-in-Progress include Rs. 21,081.87 crore acquired on amalgamation of Reliance Petroleum Limited with the Company on the appointed date.
- g) Gross Block also includes Rs. 22,497.34 crore being the amount added on revaluation of Building, Plant & Machinery, Electrical Installations and Equipments as at 01.08.2005, based on report issued by international valuers.
- h) Additions and Capital Work-in-Progress include Rs. 1,174.14 crore [Previous Year Rs. 129.42 crore (net gain)] on account of exchange difference during the year.

* Refer to Note 6, Schedule 'O'

** Other than internally generated

Reliance Industries Limited 2009
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Schedules forming part of the Balance Sheet

SCHEDULE 'F'

INVESTMENTS

		(Rs. in crore)
		As at
		31st March, 2009
		As at
		31st March, 2008
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	Petronet India Limited of Rs. 10 each	10.00
(1,00,00,000)		
11,08,500	Reliance Europe Limited of Sterling	3.93
(11,08,500)	Pound 1 each	
62,63,125	Indian Vaccines Corporation Limited	0.61
(62,63,125)	of Rs. 10 each	
12,04,20,000	Gujarat Chemicals Port Terminal	30.42
(12,04,20,000)	Company Limited of Rs. 10 each	
20,50,000	Reliance Utilities Private Limited of Re. 1 each	-
(-)		
19,90,000	Reliance Utilities and Power Private Limited	-
(-)	of Re. 1 each	
2,00,000	Reliance Global Business B.V. of	-
(-)	Euro 0.01 each	
	45.38	44.96
In Preference Shares - Unquoted, fully paid up		
50,00,00,000	9% Non Cumulative Redeemable Preference	-
(-)	Shares of Reliance Gas Transportation	
	Infrastructure Limited of Rs. 10 each	
	2,000.00	-
	2,045.38	44.96
Other Investments		
In Equity Shares - Quoted, fully paid up		
68,60,064	Reliance Industrial Infrastructure Limited	16.30
(68,60,064)	of Rs. 10 each	
8,572	Portland General Electric Company	0.78
(8,043)	Common Stock Equity	
	17.12	17.08
In Equity Shares - Unquoted, fully paid up		
22,500	Reliance LNG Limited of Rs. 10 each	0.02
(22,500)		
	0.02	0.02
	17.14	17.10
In Equity Shares of Subsidiary Company - Quoted, fully paid up		
-	Reliance Petroleum Limited of Rs.10 each	6,333.92
(316,69,58,030)		
	-	6,333.92
In Equity Shares of Subsidiary Companies - Unquoted, fully paid up		
14,75,04,400	Reliance Industrial Investments and	147.50
(14,75,04,400)	Holdings Limited of Rs. 10 each	

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

		(Rs. in crore)
	As at 31st March, 2009	As at 31st March, 2008
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
- (10,000)	Reliance Netherland B.V. of Euro 1 Each -	0.06
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
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
	6,265.31	6,265.37
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 (Re 1 paid up) 610.00	610.00
	610.00	610.00
In Preference Shares of Subsidiary Companies - Unquoted, fully paid up		
10,00,000 (10,00,000)	5% Cumulative Redeemable Non Convertible Preference Shares of Reliance Ventures Limited of Re. 1 each 10.00	10.00
1,50,60,415 (1,50,60,415)	9% Compulsorily Convertible Preference Shares of Reliance Strategic Investments Limited of Re. 1 each 4,216.92	4,216.92
- (4,99,089)	5% Redeemable Cumulative Convertible Preference Shares of Reliance Exploration & Production DMCC of AED 1000 each -	552.65
2,57,600 (-)	5% Non Cumulative Compulsorily Convertible Preference Shares of Reliance Industries (Middle East) DMCC of AED 1000 each 355.04	-
11,55,316 (-)	5% Non Cumulative Compulsorily Convertible Preference Shares of Reliance Exploration & Production DMCC of AED 1000 each 1,464.76	-
25,50,000 (-)	10% Non-Cumulative Optionally Convertible Preference Shares of Reliance Jamnagar Infrastructure Limited of Rs. 10 each 1,275.00	-
35,00,000 (-)	10% Non-Cumulative Optionally Convertible Preference Shares of Reliance Industrial Investments and Holdings Limited of Rs. 10 each 1,750.00	-
	9,071.72	4,779.57
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

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

(Rs. in crore)

		As at 31st March, 2009	As at 31st March, 2008
8,83,143	0% Unsecured Convertible Debentures	441.58	441.58
(8,83,143)	of Reliance Industrial Investments and Holdings Limited of Rs. 5000 each		
		<u>721.48</u>	<u>721.48</u>
		16,668.51	18,710.34
In Others			
88	Pass Through Certificates (PTC) issued by	1.87	5.33
(88)	Indian Residential MBS Trust		
	Total (A)	<u>18,732.92</u>	<u>18,777.75</u>

B. CURRENT INVESTMENTS

Other Investments

	In Government Securities-Quoted		
	7.99% GOI 2017	-	150.45
	8.20% GOI 2022	-	80.00
	6.05% GOI 2019	372.96	-
		<u>372.96</u>	<u>230.45</u>
	In Treasury Bills-Quoted		
	364 Days Treasury Bills	6.66	0.93
		<u>6.66</u>	<u>0.93</u>
	Collateral Borrowing & Lending Obligation	23.29	-
		<u>23.29</u>	<u>-</u>
	In Certificate of Deposit with Scheduled Banks -Quoted	1,338.31	1,547.49
		<u>1,338.31</u>	<u>1,547.49</u>
	In Public Sector Undertaking / Public Financial Institution & Corporate Bonds -Quoted		
-	Bank of India	-	45.06
(450)			
600	Citi Financial Consumer Finance India Limited	60.00	60.00
(600)			
1,500	EXIM Bank of India	150.00	148.94
(1,500)			
3,600	Housing Development Finance Corporation Limited	359.06	200.09
(2,000)			
-	Indian Railway Finance Corporation Limited	-	50.10
(500)			
2,350	Infrastructure Development Finance Company	234.52	-
(-)	Limited		
-	LIC Housing Finance Limited	-	50.00
(500)			
1,350	National Bank For Agricultural And	135.21	185.20
(1,850)	Rural Development		

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'F' (Contd.)

	(Rs. in crore)	
	As at 31st March, 2009	As at 31st March, 2008
- Power Finance Corporation Limited (3,200)	-	316.12
- Punjab National Bank (100)	-	10.01
50 State Bank of Mysore (250)	5.00	24.75
- State Bank of Bikaner & Jaipur (250)	-	25.00
- State Bank of India (700)	-	71.71
	<u>943.79</u>	<u>1,186.98</u>
In Commercial Paper - Unquoted		
Housing Development Finance Corporation Limited	95.97	-
Infrastructure Development Finance Company Limited	92.59	-
	<u>188.56</u>	<u>-</u>
	<u>2,873.57</u>	<u>2,965.85</u>
In Units-Unquoted		
- Birla Cash Plus - Institutional Premium - (10,76,38,459) Growth of Rs. 10 each	-	139.00
- ICICI Prudential Fixed Maturity Plan (1,00,00,000) of Rs. 10 each - Growth	-	10.00
- Mirae Asset Liquid Fund Super Institutional (4,96,686) Growth Option of Rs. 1000 each	-	50.00
- SBI Premier Liquid Fund Super Institutional (3,58,56,822) Growth of Rs. 10 each	-	46.00
- Templeton India Treasury Management (6,25,354) Account Super Institutional Plan Growth of Rs. 1000 each	-	75.00
	<u>-</u>	<u>320.00</u>
Total (B)	2,873.57	3,285.85
Total (A+B)	<u>21,606.49</u>	<u>22,063.60</u>

Note :

Provision for diminution in the value of Investments is Rs. 3.44 crore (Previous Year Rs. 13.92 crore).

	(Rs. in crore)			
	As at 31st March, 2009		As at 31st March, 2008	
AGGREGATE VALUE OF	Book Value	Market Value	Book Value	Market Value
Quoted Investments	2,678.84	2,930.63	9,316.85	53,126.09
Unquoted Investments	18,927.65	-	12,746.75	-

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

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			
ABN AMRO Flexible Short Term Plan	10.00	5.23	0.52
AIG India Liquid Systematic Investment Plan - Growth	1,000.00	70.12	750.00
AIG India Treasury Plus Fund Super Institutional - Growth	10.00	1,391.07	150.04
Bharti AXA Liquid Fund- Super Institutional- Growth Plan	1,000.00	4.99	50.00
Birla Cash Plus Institutional Plan	10.00	98,033.08	12,974.00
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend	10.00	5,034.38	504.42
Birla Sunlife Interval Fund - Institutional - Quarterly Dividend	10.00	3.67	0.37
Birla Sunlife Interval Income Fund - Institutional - Quarterly Dividend	10.00	3.50	0.35
Canara Robeco Liquid Institutional Plan - Growth	10.00	3,195.42	475.00
Canara Robeco Liquid Super Institutional Plan - Growth	10.00	11,759.90	1,200.00
DBS Chola Liquid Super Institutional Plan - Cumulative	10.00	428.82	50.00
DSP Black Rock Cash Manager fund Institutional Plan - Daily Dividend	1,000.00	10.28	102.83
DSP Black Rock Money Manager Fund Institutional Plan - Daily Dividend	1,000.00	0.16	1.61
DSP Merrill Lynch Cashplus Fund Plan - Growth	1,000.00	64.65	700.00
DWS Insta Cash Plus Fund - Super Institutional - Growth Plan	10.00	7,405.96	800.00
DWS Liquid Ultra Short term Fund - Institutional - Daily Dividend	10.00	383.05	38.36
Fortis Money Plus Institutional Plan - Daily Dividend	10.00	1.04	0.10
Franklin Templeton Treasury Management Systematic Investment Plan	1,000.00	825.54	10,250.00
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	10.00	13,645.77	1,451.42
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	10.00	252.37	25.32
HDFC Cash Management Fund- Call Plan - Growth	10.00	1,385.48	200.00
HDFC Liquid Fund Premium Plus Plan - Growth	10.00	39,145.81	6,522.00
HSBC Cash Fund - Institutional Plan - Growth	10.00	6,915.42	900.00
HSBC Floating Rate Long Term Institutional Plan - Daily Dividend	10.00	437.72	43.84
HSBC Interval Fund - Plan - Institutional Dividend	10.00	3.42	0.34
ICICI Pru Sweep Plan - Growth	10.00	3,310.03	400.00
ICICI Prudential - Flexible Income Plan - Daily Dividend	10.00	2,460.53	260.16
ICICI Prudential Floating Rate Plan - Daily Dividend	10.00	655.25	65.54
ICICI Prudential Institutional Plan - Super Institutional - Daily Dividend	10.00	27,963.69	2,796.51
ICICI Prudential Quarterly Interval Plan - Retail Dividend	10.00	3.42	0.34
ICICI Prudential Liquid Systematic Investment Plan - Growth	10.00	160,269.57	19,685.00
IDFC Cash Fund -Super Institutional Plan - Daily Dividend	10.00	481.55	48.16
IDFC Money Manager Fund Investment Plan - Institutional Plan - Daily Dividend	10.00	928.33	92.88
ING Treasury Advantage Fund - Institutional - Daily Dividend	10.00	822.78	82.31
ING Vysya super Institutional Plan - Growth	10.00	23,289.75	2,900.00
LIC MF Floating Rate Fund -Short term plan - Growth	10.00	2,236.73	300.00
LICMF Liquid Fund - Dividend Plan	10.00	876.03	96.19
LICMF Liquid Fund - Growth Plan	10.00	7,919.84	1,205.00
Lotus India Liquid Fund Super Institutional - Growth	10.00	14,741.81	1,680.00
Mirae Asset liquid Plus Fund - Super Institutional Dividend Plan - Daily	1,000.00	5.76	57.63
Mirae Asset Liquid Systematic Investment Plan - Growth	1,000.00	72.03	750.00
Mirae Asset Ultra Short Term Bond Fund Super Institutional - Daily Dividend	1,000.00	0.09	0.89
Principal PNB Cash Management - Growth	10.00	757.66	100.00
Religare Liquid Fund Super Institutional - Daily Dividend	10.00	51.10	5.11
Religare Fixed Maturity Plan - Dividend	10.00	4.93	0.49
Religare Quarterly Interval Fund - Plan - Dividend	10.00	1.06	0.11
Religare Ultra Short Fund Institutional - Daily Dividend	10.00	3.81	0.38
SBI Debt Fund Series - Dividend	10.00	5.09	0.51
SBI Magnum Insta Cash Fund - Daily Dividend	10.00	390.64	65.43
SBI Magnum Insta Cash Fund - Growth	10.00	3,314.62	623.64
SBI Premier Liquid Fund - Growth	10.00	12,129.90	1,577.40
SBI Premier Liquid Fund Super Institutional - Daily Dividend	10.00	50.47	5.06
SBI -SHF Liquid plus - Institutional Plan - Growth	10.00	4,361.06	471.00
SBI SHF Ultra Short Term Fund Institutional Plan - Daily Dividend	10.00	1,073.02	107.36

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

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)
Standard Chartered Fixed Maturity Plan - Quarterly Dividend	10.00	4.93	0.49
Sundaram BNP Paribas Money Fund Super Institutional - Growth	10.00	851.79	127.36
Tata Dynamic Bond Fund - Dividend	10.00	1.57	0.17
Tata Floating Rate Short Term Institutional Plan - Growth	10.00	4,962.34	647.00
Tata Floater Fund - Daily Dividend	10.00	502.47	50.43
Tata Liquid SHIF - Growth	1,000.00	551.91	8,504.00
Templeton India Treasury Management Account Regular Plan - Daily Dividend	1,000.00	0.01	0.13
Templeton India Treasury Management Account Super Institutional Plan	1,000.00	80.11	801.61
Daily Dividend Reinvestment			
UTI Fixed Maturity Plan Institutional Dividend Plan	10.00	2.92	0.29
UTI Liquid Cash plan Institutional - Growth	1,000.00	29.55	400.00
UTI Money Market - Growth	10.00	3,850.35	900.00
Government Securities :			
7.99% GOI 2017	100.00	75.00	74.95
7.38% GOI 2015	100.00	100.00	96.02
8.24% GOI 2018	100.00	3,710.00	4,038.71
7.59% GOI 2016	100.00	100.00	97.94
6.05% GOI 2019	100.00	180.00	172.34
Corporate Bonds			
5.85% HDFC 2009 Bond of Face Value of Rs. 10,00,000 (200 units)			19.44
10.90% REC 2013 Bond of Face Value of Rs. 10,00,000 (500 units)			50.00

SCHEDULE 'G'

	As at 31st March, 2009	(Rs. in crore) As at 31st March, 2008
CURRENT ASSETS		
INVENTORIES		
Stores, Chemicals and Packing Materials	3,514.85	1,072.38
Raw Materials	6,112.85	8,393.70
Stock-in-Process	2,193.89	1,523.96
Finished Goods / Traded Goods	3,015.13	3,257.50
	14,836.72	14,247.54
SUNDRY DEBTORS (Unsecured and Considered Good)		
Over six months	13.55	13.06
Others #	4,557.83	6,214.52
	4,571.38	6,227.58
CASH AND BANK BALANCES		
Cash on hand	11.72	11.51
Balance with Banks		
In Current Accounts :		
With Scheduled Banks	487.03	204.62
With Others*	1.38	1.66
In Fixed Deposit Accounts :		
With Scheduled Banks	21,676.40	4,062.26
	22,176.53	4,280.05

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'G' (Contd.)

CURRENT ASSETS

	As at 31st March, 2009	(Rs. in crore) As at 31st March, 2008
OTHER CURRENT ASSETS		
Interest Accrued on Investments	47.59	72.32
Premium Accrued on Investments in Preference Shares \$	<u>0.27</u>	<u>0.22</u>
	47.86	72.54
TOTAL	<u>41,632.49</u>	<u>24,827.71</u>

Includes Rs. 359.29 crore (Previous Year Rs. 917.14 crore) receivable from Subsidiaries.

* Includes balances with non-scheduled banks as follows:

	As at 31st March, 2009	As at 31st March, 2008	(Rs. in crore) Maximum Balance at any time during the year	
			2008-09	2007-08
Bank of China	0.02	0.02	0.10	0.14
Citi, China, Guangzhou	0.04	0.05	0.15	0.15
ABN Amro Bank, Shanghai	0.13	0.16	0.30	1.03
ABN Amro Bank, Jakarta	0.15	0.05	0.40	0.12
ABN Amro Bank, Jebel Ali	0.09	0.08	0.67	0.55
Hongkong and Shanghai Banking Corporation, Turkey	0.05	0.10	0.30	0.31
Hongkong and Shanghai Banking Corporation, Vietnam	0.03	0.03	0.18	0.14
Hongkong and Shanghai Banking Corporation, New York	0.85	1.05	5.91	4.31
Stadtsparkasse Koln, Frankfurt	0.02	0.12	0.54	0.77

\$ Premium accrued on Investments in Preference Shares represents Rs. 0.27 crore (Previous Year Rs. 0.22 crore) receivable on investments in Non Convertible Preference Shares of Reliance Ventures Limited, a wholly owned subsidiary of the Company.

SCHEDULE 'H'

	As at 31st March, 2009	(Rs. in crore) As at 31st March, 2008
LOANS AND ADVANCES		
UNSECURED - (Considered Good Unless Otherwise Stated)		
Loans to subsidiary companies	4,534.74	6,038.45
Advance Income Tax (net of Provision)	1,167.10	375.28
Advances recoverable in cash or in kind or for value to be received *	4,041.80	6,456.35
Less: Considered Doubtful	<u>69.88</u>	<u>69.88</u>
	3,971.92	6,386.47
Deposits *	2,263.22	3,981.63
Balance with Customs, Central Excise Authorities, etc.	1,142.80	1,276.30
TOTAL	<u>13,079.78</u>	<u>18,058.13</u>

* Advances recoverable includes Rs. 1,583.72 crore (Previous Year Rs. 272.56 crore) and deposits include Rs. 341.27 crore (Previous Year Rs. NIL) recoverable from Subsidiaries.

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Balance Sheet

SCHEDULE 'I'

	(Rs. in crore)
As at 31st March, 2009	As at 31st March, 2008
CURRENT LIABILITIES AND PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors - Micro, Small and Medium Enterprises @	8.86
- Others *	20,581.59
Liability for Leased Assets	5.33
Unpaid Dividend #	70.32
Unpaid Matured debentures #	2.19
Interest accrued on above #	0.19
Unpaid Share Application Money #	-
Interest accrued but not due on Loans	376.99
	32,691.00
	21,045.47
PROVISIONS	
Provision for Wealth Tax	24.25
Provision for Leave encashment / Superannuation / Gratuity	620.81
Other Provisions \$	439.09
Proposed / Interim Dividend	1,631.24
Tax on Dividend	277.23
	3,010.90
	2,992.62
TOTAL	35,701.90
	24,038.09

@ The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Sr. No.	Particulars	(Rs. in crore)
		As at 31st March, 2009
		As at 31st March, 2008
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. 86.31 crore (Previous Year Rs. 30.35 crore) payable to Subsidiaries and Rs. 16,796.74 crore (Previous year Rs. 2,254.48 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. 7.21 crore (Previous Year Rs. 6.11 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, 2008 of Rs. 176.47 crore as per the estimated pattern of despatches. During the year Rs. 162.48 crore was utilised for clearance of goods and unused balance of Rs. 13.99 crore was reversed. Provision recognised under this class for the year is Rs. 56.26 crore which is outstanding as on 31st March, 2009. Actual outflow is expected in the next financial year. The Company had recognised customs duty liability on goods imported of Rs. 258.73 crore as on 31st March, 2008. During the year further provision of Rs. 180.38 crore was made and sum of Rs. 221.06 crore was reversed on fulfillment of export obligation. Closing balance on this account as at 31st March, 2009 is Rs. 218.05 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.

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

Schedules forming part of the Profit and Loss Account

SCHEDULE 'J'

	2008-09	(Rs. in crore) 2007-08
OTHER INCOME		
Dividend:		
From Current Investments	27.40	18.36
From Long Term Investments	<u>2.41</u>	<u>0.01</u>
	29.81	18.37
Interest:		
From Current Investments	226.86	70.47
From Others	<u>1,338.06</u>	<u>591.88</u>
[Tax Deducted at Source Rs. 260.97 crore (Previous Year Rs. 150.09 crore.)]	1,564.92	662.35
Premium on Investments in Preference Shares	0.05	0.05
Profit on Sale of Current Investments (net)	425.40	118.87
Profit on Sale of Fixed Assets	9.57	4.25
Miscellaneous Income	118.65	91.40
Exceptional Items *	<u>-</u>	<u>4,733.50</u>
	2,148.40	5,628.79
Less : Transferred to Project Development Expenditure		
- Interest Income	23.80	-
- Others	<u>64.72</u>	<u>-</u>
	88.52	-
TOTAL	<u><u>2,059.88</u></u>	<u><u>5,628.79</u></u>

* Represents gains primarily arising out of transactions concerning Reliance Petroleum Limited shares (Long Term Investments).

SCHEDULE 'K'

	2008-09	(Rs. in crore) 2007-08
VARIATION IN STOCKS		
STOCK-IN-TRADE (at close)		
Finished Goods / Traded Goods	3,015.13	3,257.50
Stock-in-Process	<u>2,193.89</u>	<u>1,523.96</u>
	5,209.02	4,781.46
STOCK-IN-TRADE (at commencement)		
Finished Goods / Traded Goods	3,257.50	4,759.88
Stock-in-Process	<u>1,523.96</u>	<u>1,888.74</u>
	4,781.46	6,648.62
TOTAL	<u><u>427.56</u></u>	<u><u>(1,867.16)</u></u>

Reliance Industries Limited 2009
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Schedules forming part of the Profit and Loss Account

SCHEDULE 'L'

		(Rs. in crore)
	2008-09	2007-08
MANUFACTURING AND OTHER EXPENSES		
RAW MATERIAL CONSUMED	1,04,805.05	90,303.85
MANUFACTURING EXPENSES		
Stores, Chemicals and Packing Materials	2,274.02	2,520.58
Electric Power, Fuel and Water	3,355.98	2,052.84
Machinery Repairs	322.70	479.32
Building Repairs	37.59	50.12
Labour Processing, Production Royalty and Machinery Hire Charges	840.28	685.26
Excise Duty #	(111.53)	(362.78)
Lease Rent	29.24	85.54
Exchange Differences (Net)	<u>494.68</u>	<u>(986.83)</u>
	7,242.96	4,524.05
PAYMENTS TO AND PROVISIONS		
FOR EMPLOYEES (including Managerial Remuneration)		
Salaries, Wages and Bonus	1,913.48	1,652.49
Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Employee's State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	268.11	273.50
Employee Welfare and other amenities	<u>215.91</u>	<u>193.34</u>
	2,397.50	2,119.33
SALES AND DISTRIBUTION EXPENSES		
Samples, Sales Promotion and Advertisement Expenses	71.08	72.34
Brokerage, Discount and Commission	388.16	409.37
Warehousing and Distribution Expenses	2,424.62	2,229.22
Sales Tax / VAT / Service Tax	<u>211.41</u>	<u>518.66</u>
	3,095.27	3,229.59
ESTABLISHMENT EXPENSES		
Insurance	325.11	291.45
Rent	121.21	216.41
Rates & Taxes	54.61	53.57
Other Repairs	229.41	216.12
Travelling Expenses	125.89	169.46
Payment to Auditors	10.74	9.38
Professional Fees	654.18	644.26
Loss on Sale / Discarding of Fixed Assets	16.65	6.04
General Expenses *	935.46	531.32
Wealth Tax	13.43	8.00
Charity and Donations	<u>82.59</u>	<u>114.91</u>
	2,569.28	2,260.92
	1,20,110.06	1,02,437.74
Less : Transferred to Project Development Expenditure (Net)	<u>3,354.17</u>	175.46
TOTAL	<u>1,16,755.89</u>	<u>1,02,262.28</u>

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. 3.44 crore (Previous Year Rs. 13.92 crore) and Rs. 369.60 crore (Previous Year Rs. NIL) towards liabilities on account of corporate guarantees given on behalf of a subsidiary, being an exceptional item.

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Schedules forming part of the Profit and Loss Account

SCHEDULE 'M'		(Rs. in crore)
INTEREST AND FINANCE CHARGES	2008-09	2007-08
Debentures	545.61	319.10
Fixed Loans	424.07	374.24
Finance Charges on Leased Assets	0.24	0.63
Others	775.31	383.39
TOTAL	1,745.23	1,077.36

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 capitalised.

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 capitalised 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 capitalised.
- 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 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, 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

SCHEDULE 'N' (Contd.)

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; 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 assets 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 or 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 or 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 Turnover

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.

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 capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for 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. The 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. Provision, 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 recognised 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. The figures for the current year include figures of Reliance Petroleum Limited (RPL) which is amalgamated with the Company with effect from 1st April, 2008 and are therefore to that extent not comparable with those of previous year.
3. Reliance Petroleum Limited (RPL), (the amalgamating company) engaged in setting up of integrated crude oil refinery facilities along with ancillary units in a Special Economic Zone, has been amalgamated with the Company. The Scheme of Amalgamation (the Scheme) was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated 29th June, 2009 and by the Hon'ble High Court of Gujarat at Ahmedabad vide its Order dated 29th July, 2009. The Scheme became effective on 11th September, 2009, the appointed date of the Scheme being 1st April, 2008. In accordance with the said Scheme and as per the approval of the Hon'ble High Courts :
 - a) The assets, liabilities, rights and obligations of erstwhile RPL have been transferred to and vested with the Company with effect from 1st April, 2008 and have been recorded at their respective fair values, under the purchase method of accounting for amalgamation.
 - b) 6,92,52,623 Equity shares of Rs 10/- each fully paid up are to be issued to the equity share holders of the amalgamating Company whose names are registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense". The Company has since allotted the shares on 30th September, 2009.
 - c) 339,19,58,030 Equity shares of erstwhile RPL held by the Company (including 22,50,00,000 equity shares held by Chevron India Holding Pte Limited, Singapore subsequently purchased by the Company) have been cancelled.
 - d) Excess of the fair value of net assets taken over by the Company over the paid up value of Equity Shares to be issued and allotted (as referred to under (b) above) of Rs. 13,429.09 crore has been credited to Securities Premium Account.

Rs. 7,683.92 crore representing investments in erstwhile RPL prior to the Amalgamation and Rs. 45.00 crore being the stamp duty and other expenditure payable on Amalgamation is written off and charged to the profit and loss account and an equivalent amount has been withdrawn from General Reserve and credited to the profit and loss account.

Had the Scheme not prescribed this accounting treatment, the aggregate amount of Rs. 5,700.17 crore would have been credited to the Capital Reserve.
 - e) From the effective date the authorised share capital will stand increased to Rs. 6,000.00 crore consisting of 500,00,00,000 Equity Shares of Rs. 10 each and 100,00,00,000 Preference Shares of Rs. 10 each.

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SCHEDULE 'O' (Contd.)

4. 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 are as under :

	2008-09	2007-08
Employer's Contribution to Provident Fund	52.19	44.61
Employer's Contribution to Super annuation Fund	11.72	10.00
Employer's Contribution to Pension Scheme	15.53	14.60

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemptions 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 erstwhile RPL) 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.

D) Reconciliation of opening and closing balances of Defined Benefit Obligation

(Rs. In crore)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
Defined Benefit obligation at beginning of year	291.46	261.27	518.47	441.99
On Amalgamation	0.78	-	3.75	-
Current Service Cost	16.86	20.78	5.52	22.80
Interest Cost	22.30	18.34	31.00	33.47
Actuarial (gain) / loss	(57.41)	55.12	187.50	67.40
Benefits paid	(27.01)	(64.05)	(269.47)	(47.19)
Defined Benefit obligation at year end	246.98	291.46	476.77	518.47

II) Reconciliation of opening and closing balances of fair value of Plan Assets

(Rs. in crore)

	Gratuity (Funded)	
	2008-09	2007-08
Fair value of plan assets at beginning of year	190.04	210.40
On Amalgamation	0.08	-
Expected return on plan assets	17.05	15.37
Actuarial gain / (loss)	3.98	0.87
Employer contribution	72.00	27.45
Benefits paid	(27.01)	(64.05)
Fair value of plan assets at year end	256.14	190.04
Actual return on plan assets	21.03	16.24

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SCHEDULE 'O' (Contd.)

III) Reconciliation of fair value of assets and obligations

	(Rs. In crore)			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March		As at 31st March	
	2009	2008	2009	2008
Fair value of Plan assets	256.14	190.04	-	-
Present value of obligation	246.98	291.46	476.77	518.47
Amount recognized in Balance Sheet	(9.16)	101.42	476.77	518.47

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)	
	2008-09	2007-08	2008-09	2007-08
Current Service Cost	16.86	20.78	5.52	22.80
Interest Cost	22.30	18.34	31.00	33.47
Expected return on plan assets	(17.05)	(15.37)	-	-
Actuarial (gain) / loss	(61.39)	54.25	187.50	67.40
Net Cost	(39.28)	78.00	224.02	123.67

V) Investment Details :

	% Invested	
	As at 31st March, 2009	As at 31st March, 2008
GOI Securities	13.34	19.02
Public Securities	14.24	19.72
State Govt. Securities	7.66	11.14
Private Sector Securities [(includes equity shares of Reliance Industries Limited, of Rs. 0.15 crore (Previous year Rs. 0.15 crore)]	0.16	1.12
Insurance Policies	64.45	48.76
Others (including bank balances)	0.15	0.24
	100.00	100.00

VI) Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Mortality Table (LIC)				
Discount rate (per annum)	8 %	8%	8 %	8%
Expected rate of return on plan assets (per annum)	8 %	8%	-	-
Rate of escalation in salary (per annum)	4 %	6.5%	4 %	6.5%

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SCHEDULE 'O' (Contd.)

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.

5. Turnover includes Income from Services of Rs. 59.96 crore (Previous Year Rs. 67.58 crore) and sales during trial period of Rs. 2,604.53 crore (Previous Year Rs. NIL).

6. The Company based on the report issued by international valuers has revalued plant & machinery, equipment and buildings situated at Gandhar and Nagothane as at 1st January, 2009 by an amount of Rs. 12,900.63 crore and an equivalent amount has been credited to Revaluation Reserve Account.

The Gross Block of Fixed Assets also includes Rs. 25,221.35 crore (Previous Year Rs. 25,221.35 crore) on account of revaluation of Fixed Assets carried out in the past.

Consequent to the said revaluations there is an additional charge of depreciation of Rs. 1,987.14 crore (Previous Year Rs. 1,780.71 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.

7. The Company announced a Voluntary Separation Scheme (VSS) for the employees of Patalganga unit during the year. About 430 employees accepted the VSS offered by the Company. A sum of Rs. 110.79 crore (Previous Year Rs. 29.11 crore) has been paid during the year and debited to Profit and Loss Account under the head "Payment to and Provisions for Employees".

8. (a) Payment to Auditors:

	(Rs. in crore)	
	2008-09	2007-08
(i) Audit Fees	5.10	5.10
(ii) Tax Audit Fees	0.50	0.50
(iii) For Certification and Consultation in finance and tax matters	4.89	3.55
(iv) Expenses Reimbursed	0.04	0.03
	10.53	9.18
(b) Cost Audit Fees	0.21	0.20

9. Managerial Remuneration:

(Included under the head "Payments to and Provisions for Employees")

- (a) Remuneration to Managing Director / Executive Directors

	(Rs. in crore)	
	2008-09	2007-08
(i) Salaries	1.34	1.32
(ii) Perquisites and allowances	1.66	1.63
(iii) Commission	34.23	64.13
(iv) Leave salary / Encashment	0.55	0.04
(v) Contribution to Provident fund and Superannuation fund	0.36	0.33
(vi) Provision for Gratuity	0.07	0.08
	38.21	67.53
(b) Commission to Non-Executive Directors	1.89	1.85

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SCHEDULE 'O' (Contd.)

Computation of net profit in accordance with Section 349 of the Companies Act, 1956:

	(Rs. in crore)	
	2008-09	2007-08
Profit before Taxation	18,433.23	23,010.14
Add: Depreciation as per accounts	5,195.29	4,847.14
Loss on sale / discarding of Fixed Assets	16.65	6.04
Investment Provided for	3.44	13.92
Managerial Remuneration	36.26	66.16
	<u>23,684.87</u>	<u>27,943.40</u>
Less: Depreciation as per Section 350 of Companies Act, 1956	7,182.43	6,627.85
Premium on Investment in Preference Shares	0.05	0.05
Profit on buyback of Bonds/ Redemption of Debentures	-	1.84
Profit on sale of Fixed Assets	9.57	4.25
Profit on Sale of Investments	425.40	4,852.37
Net Profit for the year	<u>16,067.42</u>	<u>16,457.04</u>
Salaries, Perquisites and Commission to Managing Director / Executive Directors calculated @ 0.402% of the Net profit. (Previous Year @ 0.402%)	64.59	66.16
Less: Salaries & Perquisites of the Managing Director / Executive Directors eligible for commission	2.03	2.03
Commission payable	<u>62.56</u>	<u>64.13</u>
Commission Restricted to	<u>34.23</u>	<u>64.13</u>

(c) General Expenses include Rs. 0.20 crore (Previous year Rs. 0.23 crore) towards sitting fees paid to non-executive directors.

10. A sum of Rs. 2.14 crore (net debit) [Previous Year Rs. 2.02 crore (net debit)] is included under Establishment expenses representing Net Prior Period Items.
11. Expenditure on account of Premium on forward exchange contracts to be recognised in the profit and loss account of subsequent accounting period aggregates to Rs. 9.28 crore (Previous Year Rs. 0.47 crore)
12. (a) Fixed assets taken on finance lease prior to 1st April, 2001, amount to Rs. 512.36 crore (Previous year Rs. 527.52 crore). Future obligations towards lease rentals under the lease agreements as on 31st March, 2009 amount to Rs. 5.45 crore (Previous year Rs. 6.04 crore).

	(Rs. in crore)	
	2008-09	2007-08
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	2.53	3.12
Total	<u>5.45</u>	<u>6.04</u>

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SCHEDULE 'O' (Contd.)

- (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, 2009 are as follows:

	(Rs. in crore)					
	Total Minimum Lease Payments outstanding As at 31 st March		Future interest on Outstanding Lease Payments		Present value of Minimum Lease Payments As at 31 st March	
	2009	2008	2008-09	2007-08	2009	2008
Within one year	1.51	3.39	0.08	0.28	1.43	3.11
Later than one year and not later than five years	0.39	2.24	0.06	0.14	0.33	2.10
Later than five years	0.20	0.18	0.09	0.06	0.11	0.12
Total	2.10	5.81	0.23	0.48	1.87	5.33

- (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.

- (d) The Company had taken aircrafts on non-cancellable operating lease and lease rent amounting to Rs. 27.24 crore (Previous Year Rs. 27.17 crore) has been charged to Profit and Loss Account. The future minimum lease payments as at 31st March, 2009 are Rs. NIL (Previous Year Rs. 143.05 crore).

During the year, the aircraft lease has been transferred to Reliance Commercial Dealers Limited, one of the associates under an agreement.

13. (a) (i) Assets given on finance lease on or after 1st April, 2001

Particulars	(Rs. in crore)							
	Total		Not later than one year		Later than one year and not later than five years		Later than five years	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Gross Investment	109.74	106.04	30.71	23.76	79.03	82.28	-	-
Less: Unearned Finance Income	18.29	20.56	8.13	7.57	10.16	12.99	-	-
Present Value of Minimum Lease Rental	<u>91.45</u>	<u>85.48</u>	<u>22.58</u>	<u>16.19</u>	<u>68.87</u>	<u>69.29</u>	<u>-</u>	<u>-</u>

- (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. 9.01 crore (Previous Year Rs. 4.63 crore)

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SCHEDULE 'O' (Contd.)

14. The deferred tax liability comprise of the following:

	(Rs. in crore)
	As at 31st March, 2009
a. Deferred Tax Liability	
Related to fixed assets	9,973.81
b. Deferred Tax Asset	
Disallowances under the Income Tax Act 1961	247.51
	<u>9,726.30</u>
	As at 31st March, 2008
	8,183.07
	310.53
	<u>7,872.54</u>

15. EARNINGS PER SHARE (EPS)

	2008-09	2007-08
i) Net Profit after tax as per Profit and Loss Account (Rs. in crore)	15,309.32	19,458.29
ii) Excess provision for tax of earlier years (Rs. in crore)	-	48.10
iii) Net profit attributable to Equity Shareholders (Rs. in crore)	15,309.32	19,506.39
iv) Net Profit before Exceptional item (Rs. in crore)	15,637.04	15,309.20
v) Weighted Average number of equity shares used as denominator for calculating EPS	158,21,67,869*	145,36,48,601
vi) Basic and Diluted Earnings per share (Rs.)	96.76	134.19
vii) Basic and Diluted Earnings (before exceptional items) per share (Rs.)	98.83	105.32
viii) Face Value per equity share (Rs.)	10.00	10.00

* Including 6,92,52,623 equity shares issued to erstwhile RPL shareholders.

16. PROJECT DEVELOPMENT EXPENDITURE

(in respect of Projects up to 31st March, 2009, included under Capital work-in-progress)

			(Rs. in crore)
		2008-09	2007-08
Opening Balance	1,419.04		410.41
Add: On Amalgamation	<u>1,141.41</u>		<u>-</u>
		2,560.45	410.41
Add: Transferred from profit & loss account :			
Schedule - L	3,354.17		175.46
Schedule - J	(88.52)		-
Interest Capitalised	3,396.91		884.96
Exchange Difference	<u>10,939.75</u>		<u>45.30</u>
		17,602.31	1,105.72
		<u>20,162.76</u>	<u>1,516.13</u>
Less: Project Development Expenses Capitalised during the year		3,067.57	97.09
Closing Balance		<u>17,095.19</u>	<u>1,419.04</u>

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SCHEDULE 'O' (Contd.)

17. 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	Subsidiary Companies
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 Netherland 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 (Formerly Reliance Global Management Services Private Limited)	
17.	Reliance Commercial Associates Limited	
18.	Reliance Digital 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	

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SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
35.	Reliance Wellness Limited	Subsidiary Companies
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 (Formerly Advantage Retail Private Limited)	
54.	Reliance International Exploration and Production, Inc.	
55.	Wave Land Developers Limited (Formerly Peninsula Land Kenya Limited)	
56.	Reliance Vision Express Private Limited (Upto 25.07.2008) (Formerly Abcus Retail Private Limited)	
57.	Reliance-Grand Optical Private Limited (Formerly Bigdeal Retail Private Limited)	
58.	Reliance Universal Commercial Limited (Formerly Reliance Neutraceuticals Private Limited)	
59.	Reliance Petroinvestments Limited	
60.	Reliance Global Commercial Limited (Formerly Reliance Pharmaceuticals (India) Private Limited)	
61.	Reliance Cyprus Limited (Formerly Wavely Investments Limited)	
62.	Reliance People Serve Limited (From 01.04.2008)	
63.	Reliance Infrastructure Management Services Limited (From 01.04.2008)	
64.	Reliance Global Business, B.V. (From 04.04.2008)	
65.	Reliance Gas Corporation Limited (From 03.06.2008)	
66.	Reliance Global Energy Services Limited (From 20.06.2008)	
67.	Reliance One Enterprises Limited (From 01.08.2008)	
68.	Reliance Global Energy Services (Singapore) Pte. Ltd. (From 18.08.2008)	
69.	Reliance Personal Electronics Limited (From 01.08.2008)	
70.	Reliance Polymers (India) Limited (From 26.09.2008)	
71.	Reliance Polyolefins Limited (From 27.09.2008)	
72.	Reliance Aromatics and Petrochemicals Private Limited (From 27.09.2008)	

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SCHEDULE 'O' (Contd.)

Sr. No.	Name of the Related Party	Relationship
73.	Reliance Energy and Project Development Private Limited (From 27.09.2008)	Subsidiary Companies
74.	Reliance Chemicals Private Limited (From 27.09.2008)	
75.	Reliance Universal Enterprises Private Limited (From 27.09.2008)	
76.	International Oil Trading Limited (From 24.11.2008)	
77.	Reliance Review Cinema Private Limited (From 01.02.2009)	
78.	Reliance Replay Gaming Private Limited (From 01.02.2009)	
79.	Reliance Nutritional Food Processors Private Limited (From 01.01.2009)	
80.	RIL USA Inc. (From 26.02.2009)	
81.	Reliance Commercial Land & Infrastructure Private Limited (From 30.03.2009)	
82.	Reliance Corporate IT Park Limited (From 30.03.2009)	
83.	Reliance Eminent Trading & Commercial Private Limited (From 31.03.2009)	
84.	Reliance Progressive Traders Private Limited (From 31.03.2009)	
85.	Reliance Prolific Traders Private Limited (From 31.03.2009)	
86.	Reliance Universal Traders Private Limited (From 31.03.2009)	
87.	Reliance Prolific Commercial Private Limited (From 31.03.2009)	
88.	Reliance Comtrade Private Limited (From 31.03.2009)	
89.	Reliance Ambit Trade Private Limited (From 31.03.2009)	
90.	Reliance Petro Marketing Private Limited (From 31.03.2009)	
91.	LPG Infrastructure (India) Private Limited (From 31.03.2009)	
92.	Reliance Infosolutions Private Limited (From 31.03.2009)	
93.	Reliance Industrial Infrastructure Limited	Associates
94.	Reliance Europe Limited	
95.	Reliance LNG Limited	
96.	Indian Vaccines Corporation Limited	
97.	Gujarat Chemicals Port Terminal Company Limited	
98.	Reliance Utilities and Power Private Limited (formerly Reliance Utilities and Power Limited)	
99.	Reliance Utilities Private Limited (formerly Reliance Utilities Limited)	
100.	Reliance Ports and Terminals Limited	
101.	Reliance Gas Transportation Infrastructure Limited	
102.	Shri Mukesh D. Ambani	Key Managerial Personnel
103.	Shri Nikhil R. Meswani	
104.	Shri Hital R. Meswani	
105.	Shri H.S. Kohli	
106.	Dhirubhai Ambani Foundation	Enterprises over which Key Managerial Personnel are able to exercise significant influence
107.	Jamnaben Hirachand Ambani Foundation	
108.	Hirachand Govardhandas Ambani Public Charitable Trust	
109.	HNH Trust and HNH Research Society	

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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	908.00 146.87	0.35 71.58	- -	- -	908.35 218.45
2.	Sale of Fixed Assets	- 0.42	- -	- -	- -	- 0.42
3.	Purchase / Subscription of Investments	4,292.16 5,575.90	2,000.41 -	- -	- -	6,292.57 5,575.90
4.	Sale / redemption of Investments	0.06 450.00	102.23 -	- -	- -	102.29 450.00
5.	Premium Accrued on Investment in Preference Shares	0.27 0.22	- -	- -	- -	0.27 0.22
6.	Loans and advances given/ (returned)	(193.54) (2.33)	(4.89) 23.10	- -	- -	(198.43) 20.77
7.	Turnover	3,304.04 1,212.44	29.53 30.10	- -	- -	3,333.57 1,242.54
8.	Other Income	205.50 287.20	5.35 12.59	- -	- -	210.85 299.79
9.	Purchases	598.93 501.92	- -	- -	- -	598.93 501.92
10.	Electric Power, Fuel and Water	- -	685.74 318.81	- -	- -	685.74 318.81
11.	Hire Charges	- -	76.34 92.36	- -	- -	76.34 92.36
12.	Manpower Deputation Charges	40.12 -	4.47 -	- -	- -	44.59 -
13.	Payment to Key Managerial Personnel	- -	- -	38.21 67.53	- -	38.21 67.53
14.	Sales and Distribution Expenses	73.61 -	1,263.23 1,051.88	- -	- -	1,336.84 1,051.88
15.	Rent	4.50 -	2.25 84.00	- -	- -	6.75 84.00
16.	Professional Fees	39.01 -	16.60 14.92	- -	- -	55.61 14.92

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SCHEDULE 'O' (Contd.)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others	Total
17.	General expenses	66.04 <i>1.00</i>	9.05 <i>10.11</i>	- -	- -	75.09 <i>11.11</i>
18.	Donations	- -	- -	- -	37.23 <i>82.21</i>	37.23 <i>82.21</i>
19.	Interest Expenses	3.64 -	- -	- -	- -	3.64 -
Balance as at 31st March, 2009						
20.	Investments	16,668.52 <i>18,710.34</i>	2,051.69 <i>51.28</i>	- -	- -	18,720.21 <i>18,761.62</i>
21.	Sundry Debtors	359.29 <i>917.14</i>	119.91 <i>15.26</i>	- -	- -	479.20 <i>932.40</i>
22.	Loans & Advances	6,459.73 <i>6,311.01</i>	1,449.64 <i>3,160.01</i>	- -	- -	7,909.37 <i>9,471.02</i>
23.	Sundry Creditors	86.31 <i>30.35</i>	257.17 <i>149.80</i>	- -	- -	343.48 <i>180.15</i>
24.	Financial Guarantees	1,598.31 <i>7,448.56</i>	431.12 <i>360.02</i>	- -	- -	2,029.43 <i>7,808.58</i>
25.	Performance Guarantees	1.50 <i>137.74</i>	11.07 <i>137.68</i>	- -	- -	12.57 <i>275.42</i>

Note :

- Figures in italic represent previous year's amount including transactions with Erstwhile Reliance Petroleum Limited.
- The Company has recognised Rs. 369.60 crore towards liabilities on account of corporate guarantees issued on behalf of Reliance Netherland B.V.

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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. 730.64 crore (Previous Year Rs. 138.28 crore), Reliance Retail Limited Rs. 171.34 crore (Previous Year Rs. 8.57 crore), Reliance Home Store Limited Rs. 5.48 crore (Previous Year Rs. NIL), Reliance Europe Limited Rs. 0.35 crore (Previous Year Rs. 1.39 crore), Reliance Ports and Terminals Limited Rs. NIL (Previous Year Rs. 70.19 crore).
2. Purchase / Subscription of Investments include Reliance Industrial Investments and Holdings Limited Rs. 1,750.00 crore (Previous Year Rs. NIL), Reliance Ventures Limited Rs. NIL (Previous Year Rs. 749.00 crore), Reliance Strategic Investments Limited Rs. NIL (Previous Year Rs. 4,216.92 crore), Reliance Industries (Middle East) DMCC Rs. 355.04 crore (Previous Year Rs. 39.64 crore), Reliance Jamnagar Infrastructure Limited Rs. 1,275.00 crore (Previous Year Rs. NIL), Reliance Exploration & Production DMCC Rs. 912.11 crore (Previous Year Rs. 552.65 crore), RIL (Australia) Pty Limited Rs. NIL (Previous Year Rs. 17.46 crore), Reliance Gas Transportation Infrastructure Limited Rs. 2,000.00 crore (Previous Year Rs. NIL).
3. Sale / redemption of Investments include Reliance Strategic Investments Limited Rs. NIL (Previous Year Rs. 450.00 crore), Reliance Gas Transportation Infrastructure Limited Rs. 102.23 crore (Previous Year Rs. NIL).
4. Loans given during the year include Reliance Industrial Investments and Holdings Limited Rs. 1,211.15 crore (Previous year Rs. 2,519.46 crore), Reliance Retail Limited Rs. 1,156.32 crore (Previous year Rs. 23.20 crore), Reliance Exploration & Production DMCC Rs. 19.97 crore (Previous year Rs. NIL), Gapco Kenya Limited Rs. 22.94 crore (Previous year Rs. NIL), Gapco Tanzania Limited Rs. 166.06 crore (Previous year Rs. NIL), Gapoil Tanzania Limited Rs. 179.35 crore (Previous year Rs. NIL), Reliance Global Business B.V. Rs. 200.57 crore (Previous year Rs. NIL), Reliance Gas Corporation Limited Rs. 5.96 crore (Previous year Rs. NIL), Reliance Infosolutions Private Limited Rs. 107.59 crore (Previous year Rs. NIL), Gujarat Chemicals Port Terminal Company Limited Rs. 0.14 crore (Previous year Rs. 22.25 crore). Loans returned during the year from Reliance Ventures Limited Rs. 1,001.49 crore (Previous year Rs. 2,489.90 crore), Reliance Strategic Investments Limited Rs. 14.05 crore (Previous year Rs. 1,636.81 crore), Reliance Industries (Middle East) DMCC Rs. 447.63 crore (Previous year Rs. 546.19 crore), Reliance Jamnagar Infrastructure Limited Rs. 1,619.00 crore (Previous year Rs. 964.00 crore), Reliance Netherland B.V. Rs. 145.99 crore (Previous year Rs. 148.39 crore), Reliance Exploration & Production DMCC Rs. NIL (Previous year Rs. 115.69 crore), Recron (Malaysia) Sdn Bhd Rs. 35.30 crore (Previous year Rs. 42.11 crore), Reliance Industrial Infrastructure Limited Rs. 10.00 crore (Previous year Rs. NIL).
5. Turnover include to Reliance Industries (Middle East) DMCC Rs. 234.07 crore (Previous Year Rs. 358.69 crore), Reliance Jamnagar Infrastructure Limited Rs. 14.25 crore (Previous Year Rs. 12.65 crore), Reliance Retail Limited Rs. 1.25 crore (Previous Year Rs. 149.26 crore), Reliance Netherland B.V. Rs. NIL (Previous Year Rs. 84.81 crore), Reliance Dairy Foods Limited Rs. NIL (Previous Year Rs. 12.14 crore), Gapco Kenya Limited Rs. 2,341.53 crore (Previous Year Rs. 154.56 crore), Gapco Tanzania Limited Rs. 139.56 crore (Previous Year Rs. NIL), Gapoil Tanzania Limited Rs. 272.07 crore (Previous Year Rs. NIL), Recron (Malaysia) Sdn Bhd Rs. 143.24 crore (Previous Year Rs. NIL), Reliance Supply Chain Solutions Limited Rs. 1.29 crore (Previous Year Rs. NIL), International Oil Trading Limited Rs. 155.11 crore (Previous Year Rs. NIL), Reliance Utilities Private Limited Rs. 25.02 crore (Previous Year Rs. 17.10 crore), Reliance Ports and Terminals Limited Rs. 0.03 crore (Previous Year Rs. 2.37 crore), Reliance Gas Transportation Infrastructure Limited Rs. 4.48 crore (Previous Year Rs. 10.63 crore).
6. Other Income from Reliance Industrial Investments and Holdings Limited Rs. 14.14 crore (Previous Year Rs. 24.75 crore), Reliance Ventures Limited Rs. 112.91 crore (Previous Year Rs. 213.02 crore), Reliance Strategic Investments Limited Rs. 17.96 crore (Previous Year Rs. 11.29 crore), Reliance Industries (Middle East) DMCC Rs. 5.49 crore (Previous Year Rs. 14.80 crore), Reliance Jamnagar Infrastructure Limited Rs. 1.04 crore (Previous Year Rs. 1.59 crore).

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SCHEDULE 'O' (Contd.)

- crore), Reliance Netherland B.V. Rs. NIL (Previous Year Rs. 2.66 crore), Reliance Exploration & Production DMCC Rs. 19.97 crore (Previous Year Rs. 16.40 crore), Gapco Kenya Limited Rs. 3.16 crore (Previous Year Rs. NIL), Gapco Tanzania Limited Rs. 11.45 crore (Previous Year Rs. NIL), Gapoil Tanzania Limited Rs. 10.35 crore (Previous Year Rs. NIL), Recron (Malaysia) Sdn Bhd Rs. 5.24 crore (Previous Year Rs. 1.57 crore), Reliance Global Business B.V. Rs. 3.71 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 2.14 crore (Previous Year Rs. 2.45 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 1.92 crore (Previous Year Rs. NIL), Reliance Ports and Terminals Limited Rs. NIL (Previous Year Rs. 8.56 crore), Reliance Europe Limited Rs. 1.29 crore (Previous Year Rs. 1.22 crore)
7. Purchases from Reliance Industrial Investments and Holdings Limited Rs. 32.06 crore (Previous Year Rs. 184.68 crore), Reliance Industries (Middle East) DMCC Rs. 566.87 crore (Previous Year Rs. NIL), Reliance Jamnagar Infrastructure Limited Rs. NIL (Previous Year Rs. 1.71 crore).
 8. Electric Power, Fuel and Water charges paid to Reliance Utilities and Power Private Limited Rs. 289.88 crore (Previous Year Rs. 318.81 crore), Reliance Utilities Private Limited Rs. 395.86 crore (Previous Year Rs. NIL).
 9. Hire Charges paid to Reliance Europe Limited Rs. 4.63 crore (Previous Year Rs. 8.88 crore), Reliance Industrial Infrastructure Limited Rs. 22.53 crore (Previous Year Rs. 21.35 crore), Gujarat Chemicals Port Terminal Company Limited Rs. 42.05 crore (Previous Year Rs. 62.13 crore), Reliance Gas Transportation Infrastructure Limited Rs. 7.14 crore (Previous Year Rs. NIL).
 10. Manpower Deputation Charges to Reliance Retail Limited Rs. 20.81 crore (Previous Year Rs. NIL), Reliance Trends Limited Rs. 12.00 crore (Previous Year Rs. NIL), Reliance Petroinvestments Limited Rs. 2.75 crore (Previous Year Rs. NIL), Reliance People Serve Limited Rs. 4.20 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 4.47 crore (Previous Year Rs. NIL).
 11. Payment to Key Management Personnel include to Shri Mukesh D. Ambani Rs. 15.00 crore (Previous Year Rs. 44.02 crore), Shri Nikhil R. Meswani Rs. 10.93 crore (Previous Year Rs. 11.13 crore), Shri Hital R. Meswani Rs. 10.93 crore (Previous Year Rs. 11.12 crore), Shri H.S. Kohli Rs. 1.35 crore (Previous Year Rs. 1.26 crore).
 12. Sales and Distribution Expenses include to Reliance Retail Limited Rs. 72.84 crore (Previous Year Rs. NIL), Reliance Ports and Terminals Limited Rs. 1,255.26 crore (Previous Year Rs. 1,050.82 crore) Gujarat Chemicals Port Terminal Company Limited Rs. 7.97 crore (Previous Year Rs. NIL).
 13. Rent paid to Reliance Supply Chain Solutions Limited Rs. 4.50 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 2.25 crore (Previous Year Rs. NIL), Reliance Ports and Terminals Limited Rs. NIL (Previous Year Rs. 84.00 crore).
 14. Professional Fees paid to Reliance Financial Distribution and Advisory Services Limited Rs. 14.00 crore (Previous Year Rs. NIL), Reliance Universal Ventures Limited Rs. 3.50 crore (Previous Year Rs. NIL), Reliance Supply Chain Solutions Limited Rs. 21.00 crore (Previous Year Rs. NIL), Reliance Europe Limited Rs. 16.60 crore (Previous Year Rs. 14.92 crore).
 15. General expenses include to Reliance Jamnagar Infrastructure Limited Rs. 60.01 crore (Previous Year Rs. NIL), Reliance Hypermart Limited Rs. 1.95 crore (Previous Year Rs. NIL), Reliance Retail Travel & Forex Services Limited Rs. 1.63 crore (Previous Year Rs. NIL), Reliance Industrial Infrastructure Limited Rs. 9.00 crore (Previous Year Rs. 10.11 crore).
 16. Donations to Dhirubhai Ambani Foundation Rs. 35.47 crore (Previous Year Rs. 14.55 crore), Jamnaben Hirachand Ambani Foundation Rs. 0.04 crore (Previous Year Rs. 66.06 crore).
 17. Interest Expenses include to LPG Infrastructure (India) Private Limited Rs. 3.64 crore (Previous Year Rs. NIL).

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SCHEDULE 'O' (Contd.)

18. Loans and Advances in the nature of Loans given to Subsidiaries and Associates:

A) Loans and Advances in the nature of Loans

Sr No.	Name of the Company		(Rs. in crore)		
			As at 31st March, 2009	As at 31st March, 2008	Maximum Balance during the year
1.	Reliance Industrial Investments and Holdings Limited *	Subsidiary	4,104.04	2,887.87	6,648.59
2.	Reliance Ventures Limited	Subsidiary	-	836.74	1,810.23
3.	Reliance Strategic Investments Limited	Subsidiary	-	8.37	511.12
4.	Reliance Industries (Middle East) DMCC	Subsidiary	87.31	540.44	688.99
5.	Gapco Kenya Limited	Subsidiary	19.78	-	19.78
6.	Gapoil Tanzania Limited	Subsidiary	169.00	-	169.00
7.	Gapco Tanzania Limited	Subsidiary	154.61	-	154.61
8.	Reliance Exploration & Production DMCC	Subsidiary	-	-	590.24
9.	Reliance Jamnagar Infrastructure Limited	Subsidiary	-	1,619.00	2,018.00
10.	Reliance Netherland B.V.	Subsidiary	-	146.03	146.03
11.	Gujarat Chemicals Port Terminal Company Limited	Associate	22.38	19.00	22.38

* Excluding Debentures of Rs. 721.48 crore (Previous Year Rs.721.48 crore)

Notes:

- 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.
- All the above loans and advances are interest bearing except for an amount of Rs. 3,861.23 crore to Reliance Industrial Investments and Holdings Limited and Rs. 87.31 crore to Reliance Industries (Middle East) DMCC.
- 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 loanes 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) with the Company under the Scheme approved by the Hon'ble High Court of Bombay and Gujarat and subsequent inter se transfer of shares amongst them.

Sr No.	Name of the Company	No. of Shares	(Rs. in crore)	
			Amount	
1.	*Reliance Chemicals Private Limited	3,11,19,999	544.14	
2.	*Reliance Aromatics and Petrochemicals Private Limited	29,71,000	528.19	
3.	*Reliance Energy and Project Development Private Limited	10,29,000	649.48	
4.	*Reliance Polyolefins Limited	3,05,97,462	346.10	

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SCHEDULE 'O' (Contd.)

(ii) Investments by Reliance Industrial Investments and Holdings Limited in subsidiaries

(a) In Equity Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance Commercial Land & Infrastructure Private Limited	4,30,10,000
2.	Reliance Global Business B.V.	18,00,000
3.	Reliance Gas Corporation Limited	50,000
4.	Reliance Polymers (India) Limited	10,000

(b) In Preference Shares :

Sr No.	Name of the Company	No. of Shares
1.	Reliance Chemicals Private Limited	13,44,700
2.	Reliance Aromatics and Petrochemicals Private Limited	2,28,080
3.	Reliance Polyolefins Limited	1,92,320
4.	Reliance Petromarketing Private Limited	40,56,000

(iii) Investments by Reliance Industries (Middle East) DMCC in subsidiaries

(a) In Equity Shares :

Sr No.	Name of the Company	No. of Shares
1.	Gulf Africa Petroleum Corporation	16,720
2.	Reliance Global Energy Services Limited	1
3.	Reliance Global Energy Services (Singapore) Pte. Limited	15,00,000

19. (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% (NIL)
7.	GK - OS - 5	40% (40%)			

Figures in bracket represents Previous Year's percentage (%) 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)	
	2008-09	2007-08	2008-09	2007-08
Oil:				
Beginning of the year	11.64	12.47	3.58	4.21
Additions	0.12	-	2.13	0.04
Deletion	-	0.16	-	-
Production	0.74	0.67	0.74	0.67
Closing balance	11.02	11.64	4.97	3.58

Reliance Industries Limited 2009
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SCHEDULE 'O' (Contd.)

	Proved Reserves (Million M³)		Proved Developed Reserves (Million M³)	
	2008-09	2007-08	2008-09	2007-08
Gas:				
Beginning of the year	2,22,188	2,22,145	16,842	16,776
Additions	168	1,705	1,18,940	1,728
Deletion	-	-	-	-
Production	1,888	1,662	1,888	1,662
Closing balance	<u>2,20,468</u>	<u>2,22,188</u>	<u>1,33,894</u>	<u>16,842</u>

* 1 cubic meter (M3) = 35.315 cubic feet and 1 cubic feet = 1000BTU

20. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

21. ADDITIONAL INFORMATION

	(Rs. in crore)	
	As at 31st March, 2009	As at 31st March, 2008
(A) Estimated amount of contracts remaining to be executed on Capital accounts and not provided for:		
(i) In respect of joint Ventures	2,992.66	9,889.25
(ii) In respect of others	22,901.77	12,682.82
(B) Uncalled liability on partly paid Shares (Net of calls in advance)	4,310.00	5,490.00
(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	-	79.26
(b) In respect of others	4,316.25	2,456.91
(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	2,032.94	7,817.26
(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	1,347.88	501.63
(iv) Claims against the Company / disputed liabilities not acknowledged as debts		
(a) In respect of joint Ventures	-	43.22
(b) In respect of others	1,268.99	781.63

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SCHEDULE 'O' (Contd.)

(v) Performance Guarantees		
(a) In respect of joint Ventures	-	-
(b) In respect of others	112.80	275.44
(vi) Sales tax deferral liability assigned	5,406.89	5,441.80

(D) The Income-Tax assessments of the Company have been completed up to Assessment Year 2006-07. The disputed demand outstanding up to the said Assessment Year is Rs. 482.25 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.

22. LICENSED AND INSTALLED CAPACITY

(As certified by the Management)

			Licensed Capacity		Installed Capacity	
			As at 31st March,		As at 31st March,	
		UNIT	2009	2008	2009	2008
A	Refining of Crude Oil	Mill. MT	N.A.	N.A.	33	33
B	i Ethylene	MT	N.A.	N.A.	1,883,400	1,883,400
	ii Propylene	MT	N.A.	N.A.	759,800	759,740
	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	165,825
	ix Chlorine	MT	N.A.	N.A.	141,200	105,000
	x Acrylonitrile	MT	N.A.	N.A.	41,000	41,000
	xi Linear Alkyl Benzene	MT	N.A.	N.A.	182,400	182,338
	xii Butadiene & Other C4s	MT	N.A.	N.A.	419,000	419,000
	xiii Cyclohexane	MT	N.A.	N.A.	40,000	-
C	i Paraxylene	MT	N.A.	N.A.	1,904,600	1,904,600
	ii Orthoxylene	MT	N.A.	N.A.	467,900	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	1,055,000
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	73,920
H	Polypropylene	MT	N.A.	N.A.	1,735,200	1,735,190
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	91,000
J	Purified Terephthalic Acid	MT	N.A.	N.A.	2,050,000	2,050,000

Reliance Industries Limited 2009
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SCHEDULE 'O' (Contd.)

K	Polyester Filament Yarn/Polyester Chips	MT	N.A.	N.A.	822,725+	815,725+
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
O	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.	364	309
	ii Knitting M/C	Nos	22	22	20	20
R	Solar Photovoltaic Modules	M.W.	N.A.	N.A.	30	N.A.

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

23. (a) The Ministry of Corporate Affairs, Government of India vide its Order No. 46/66/2009-CL-III dated 10th July, 2009 and modified on 25th August, 2009 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. 47/242/2009-CL-III dated 12th May, 2009, 4th August, 2009, 13th August, 2009 has granted approval that the requirement to attach various documents in respect of subsidiaries 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, financial information of each subsidiary is attached.

24. PRODUCTION MEANT FOR SALE :

Products	Unit	2008-09	2007-08
Crude Oil	MT	683,023	642,596
Gas	BBTU	63,393	40,884
Petroleum Products	'000 MT	29,733	29,532
Ethylene	MT	9,917	52,546
Propylene	MT	134	11,687
Benzene	MT	593,796	594,291
Toluene	MT	104,580	109,499
Caustic Soda lye / Flakes	MT	133,779	137,968
Acrylonitrile	MT	30,445	39,005
Linear Alkyl Benzene	MT	154,586	198,287
Butadiene	MT	88,307	108,409
Cyclohexane	MT	18,057	-
Paraxylene	MT	572,254	744,481
Orthoxylene	MT	223,976	268,789

Reliance Industries Limited 2009
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SCHEDULE 'O' (Contd.)

Poly Vinyl Chloride	MT	613,783	579,817
Polyethylene	MT	990,189	1,085,224
High Density Polyethylene Pipes	Mtrs. In lacs	95	56
Poly Butadiene Rubber	MT	71,974	74,404
Polypropylene	MT	1,513,644	1,712,124
Ethylene Glycol	MT	352,182	476,568
Purified Terephthalic Acid	MT	648,219	804,649
Polyester Filament Yarn	MT	694,592	753,340
Polyester Staple Fibre	MT	578,462	637,857
Poly Ethylene Terephthalate	MT	297,870	244,835
Polyester Staple Fibre Fill	MT	39,729	43,490
Fabrics	Mtrs. in Lacs	174	215

25. Financial and Derivative Instruments

a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2009

(i) For hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March, 2009 amount to Rs. 60,373.04 crore (Previous Year Rs. 30,129.40 crore). Category wise break up is given below :

		(Rs in crore)	
Sr. No.	Particulars	As at 31st March, 2009	As at 31st March, 2008
1	Interest Rate Swaps (Net)	23,215.50	10,201.64
2	Currency Swaps	4,435.15	643.48
3	Options (Net)	2,492.71	975.20
4	Forward Contracts (Net)	30,229.68	18,309.08

(ii) For hedging commodity related risks :

Category wise break up is given below :

		(in Kbbbl)			
		As at 31st March, 2009		As at 31st March, 2008	
Sr. No.	Particulars	Petroleum product sales	Crude Oil Purchases	Petroleum product sales	Crude oil purchases
1	Net forward swaps	2,985	6,157	236	3,457
2	Futures	256	2,689	-	1,470
3	Spreads	1,908	13,424	475	6,345
4	Margin hedging	30,650	-	15,820	-
5	Net Options	9,387	10,800	18,725	1,575

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

SCHEDULE 'O' (Contd.)

- 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. 35.32 crore (Previous Year Rs. 43.78 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, 2009 amount to Rs. 51,432.57 crore (Previous Year Rs. 23,561.76 crore).

26. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

	(Rs. in crore)	
	2008-09	2007-08
Raw Materials and Traded Goods	1,02,072.93	90,619.95
Stores, Chemicals and Packing Materials	1,407.80	963.87
Capital goods	6,592.69	3,404.98

27. EXPENDITURE IN FOREIGN CURRENCY :

	(Rs. in crore)	
	2008-09	2007-08
Capital Contracts (Includes Rs. 63.64 crore for SEZ unit)	122.81	68.00
Oil and Gas Activity	12,084.66	8,000.22
Technical and Engineering Fees (Includes Rs. 231.91 crore for SEZ unit)	231.91	7.36
Production Royalty	3.32	12.72
Machinery Repairs	28.68	44.54
Building Repairs	0.11	0.06
Lease Rent	28.44	27.17
Payments to and Provisions for Employees	23.62	19.93
Sales Promotion Expenses	39.28	16.01
Brokerage and Commission	176.17	147.53
Ocean Freight (Includes Rs. 12.91 crore for SEZ unit)	727.06	515.22
Warehousing and Distribution Expenses (Includes Rs. 94.81 crore for SEZ unit)	130.54	1.35
Insurance	5.18	2.21
Rent	2.87	1.70
Rates & Taxes	0.64	3.78
Other Repairs (Includes Rs. 0.18 crore for SEZ unit)	58.14	35.49
Travelling Expenses (Includes Rs. 0.32 crore for SEZ unit)	12.18	7.27

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

SCHEDULE 'O' (Contd.)

Professional Fees (Includes Rs. 115.96 crore for SEZ unit)	257.50	155.01
Charity & Donations	2.83	8.99
Hire Charges	3.96	3.26
Bank Charges	32.30	22.40
Establishment Expenses (Includes Rs. 0.20 crore for SEZ unit)	36.48	31.55
Provision for claims against guarantee relating to subsidiary	369.60	-
Interest Charges (Includes Rs. 642.20 crore for SEZ unit)	2,135.07	1,192.06
Other Finance Charges (Includes Rs. 244.45 crore for SEZ unit)	507.63	113.21
Premium on Redemption of Bonds	19.96	-

28. VALUE OF RAW MATERIALS CONSUMED :

	2008-09		2007-08	
	Rs. in crore	% of Consumption	Rs. in crore	% of Consumption
Imported	1,00,350.46	95.75	84,851.75	93.96
Indigenous	4,454.59	4.25	5,452.10	6.04
	<u>1,04,805.05</u>	<u>100.00</u>	<u>90,303.85</u>	<u>100.00</u>

29. VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED

	2008-09		2007-08	
	Rs. in crore	% of Consumption	Rs. in crore	% of Consumption
Imported	1,164.25	51.20	1,284.28	50.95
Indigenous	1,109.77	48.80	1,236.30	49.05
	<u>2,274.02</u>	<u>100.00</u>	<u>2,520.58</u>	<u>100.00</u>

30. EARNINGS IN FOREIGN EXCHANGE

	(Rs. in crore)	
	2008-09	2007-08
FOB value of exports [Excluding captive transfers to Special Economic Zone of Rs. 299.78 crore (Previous Year Rs. NIL)]	86,827.52	75,974.22
Interest	70.01	33.92
Others	19.25	2.62

Reliance Industries Limited 2009
Non-Consolidated Financial Statements

SCHEDULE 'O' (Contd.)

31. 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:

Final Dividend (2007-08)

	2008-09	2007-08
a) Number of Non Resident Shareholders	27,123	-
b) Number of Equity Shares held by them	26,89,52,851	-
c) (i) Amount of Dividend Paid (Gross) (Rs. in Crore)	349.64	-
(ii) Tax Deducted at Source	-	-
(iii) Year to which dividend relates	2007-08	-

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Rajendra & Co.**
Chartered Accountants

D. Chaturvedi
Partner

A. Siddharth
Partner

A.R. Shah
Partner

Mumbai
October 7, 2009

V.M. Ambani
Company Secretary

For and on behalf of the Board

M.D. Ambani	-	Chairman & Managing Director
N.R. Meswani	}	Executive Directors
H.R. Meswani		
H.S. Kohli		
P.M.S. Prasad		
R. Ravimohan		
R.H. Ambani	}	Directors
M.L. Bhakta		
Y.P. Trivedi		
Dr. D.V. Kapur		
M.P. Modi		
Dr. R. A. Mashelkar		

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US\$1,500,000,000



Reliance Holding USA, Inc.

US\$1,000,000,000 4.50% Guaranteed Senior Notes Due 2020

US\$500,000,000 6.25% Guaranteed Senior Notes Due 2040

guaranteed by

Reliance Industries Limited

OFFERING MEMORANDUM

October 14, 2010

BofA Merrill Lynch

Citi

HSBC

The Royal Bank of Scotland
